

SECRETARY OF LABOR
WASHINGTON

JAN - 3 2006

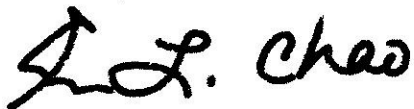
The Honorable President of the Senate
The Honorable Speaker
of the House of Representatives

Dear Gentlemen:

Transmitted herewith is the twelfth report prepared in accordance with section 207 of the Andean Trade Preference Act (ATPA). Section 207 provides that the Secretary of Labor, in consultation with other appropriate Federal agencies, shall undertake a continuing review and analysis of the impact that implementation of the provisions of the ATPA have with respect to United States labor, and shall submit an annual report to Congress on the results of such review and analysis. The twelfth report analyzes the impact of the ATPA on U.S. trade and employment from 2003 to 2004.

The report describes the ATPA and the benefits it provides to beneficiary countries, and analyzes changes in U.S. international merchandise trade with the ATPA beneficiary countries. Trends in U.S. employment in those industries that have been identified as having undergone the most significant changes in trade flows are analyzed. The report closes with some general conclusions on the impact on U.S. labor after the twelfth year of operation of the ATPA.

Sincerely,



Elaine L. Chao

Enclosure

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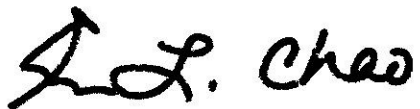
The Honorable Richard B. Cheney
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

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Elaine L. Chao

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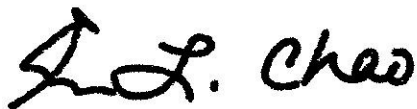
The Honorable J. Dennis Hastert
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

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Elaine L. Chao

Enclosure

**TRADE AND EMPLOYMENT EFFECTS OF THE
ANDEAN TRADE PREFERENCE ACT**

Twelfth Annual Report for 2005
Submitted to the Congress
Pursuant to Section 207 of the
Andean Trade Preference Act

Prepared by
The U.S. Department of Labor
Bureau of International Labor Affairs

November, 2005

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EXECUTIVE SUMMARY

The submission of this report to the Congress continues a series of reports by the U.S. Department of Labor on the impact of the Andean Trade Preference Act (ATPA) on U.S. employment. The current report covers calendar year 2004 and represents the twelfth in the series.

The ATPA, enacted on December 4, 1991, authorized the President to proclaim duty-free treatment for eligible articles from Bolivia, Colombia, Ecuador, and Peru. The ATPA expired on December 4, 2001, but was subsequently expanded in product coverage and renewed to December 31, 2006 by the Andean Trade Promotion and Drug Eradication Act (ATPDEA) that was signed into law by the President on August 6, 2002. Section 207 of the ATPA directs the Secretary of Labor to undertake a continuing review and analysis of the impact of the agreement on U.S. employment and submit a summary report of such analysis annually to the Congress.

During 2004, \$1.8 billion in U.S. imports from the beneficiary countries entered the United States duty-free under provisions in the ATPA; however, a significant portion of these duty-free entries (about 42 percent) probably would have qualified for duty-free entry under other existing U.S. trade preference programs such as the Generalized System of Preferences. In addition, \$6.5 billion in U.S. imports from the beneficiary countries benefited exclusively from the ATPDEA and entered the United States duty-free under its provisions for expanded product coverage. ATPA duty-free benefits in 2004 represented 12 percent of total U.S. imports from the beneficiary countries and only 0.1 percent of total U.S. imports from all nations. ATPDEA duty-free benefits in 2004 accounted for 42 percent of total U.S. imports from the beneficiary countries, but only 0.4 percent of total U.S. imports from all sources. Overall, U.S. imports from the beneficiary countries that benefited exclusively from the ATPA (on eligible products not eligible for GSP) and the ATPDEA (all covered products) amounted to \$7.6 billion in 2004, which represented about 49 percent of all U.S. imports from the beneficiary countries, but just 0.5 percent of total U.S. imports from all sources.

The main finding of this report is that preferential tariff treatment under the ATPA/ATPDEA has neither had an adverse impact on nor posed a significant threat to U.S. employment.

INTRODUCTION

The Andean Trade Preference Act (ATPA), which was enacted on December 4, 1991 (Public Law 102-182, Title II), contains the trade component of the Andean Initiative that was launched by the United States in 1991. The primary goal of the Initiative was to expand private sector opportunities and investment in nontraditional sectors of the Andean countries as an alternative to production of illegal drugs and to help them diversify their economies and expand their exports. The ATPA authorized the President to proclaim duty-free treatment for eligible articles from Bolivia, Colombia, Ecuador, and Peru (hereafter, “the beneficiary countries”). The President proclaimed duty-free treatment of certain eligible articles from Bolivia and Colombia on July 2, 1992, Ecuador on April 13, 1993, and Peru on August 11, 1993. ATPA preferential duty treatment expired on December 4, 2001, but was renewed retroactively by the Andean Trade Promotion and Drug Eradication Act (ATPDEA) as part of the Trade Act of 2002 (Public Law 107-210, Title XXXI) on August 6, 2002. The ATPDEA significantly expanded the product coverage of the ATPA program and is scheduled to expire on December 31, 2006. On October 31, 2002, all four ATPA beneficiary countries were designated as ATPDEA beneficiary countries, entitled to duty-free entry of specific items previously excluded from the original ATPA program as well as renewal of benefits under the ATPA.

Section 207 of the ATPA requires the Secretary of Labor, in consultation with other appropriate federal agencies, to undertake a continuing review and analysis of the impact of the implementation of the ATPA on U.S. labor. The legislation also directs the Secretary to submit an annual report to the Congress that presents a summary of the results of the review and analysis. This report is the twelfth in a series of annual reports to the Congress pursuant to Section 207 of the ATPA. It presents a summary of the analysis of the impact of duty-free treatment of U.S. imports from beneficiary Andean nations under the ATPA/ATPDEA on U.S. trade and employment during calendar year 2004.

First, this report reviews trends in U.S. trade with the four beneficiary nations and identifies the leading items in U.S. trade (imports and exports) with those nations. Next, U.S. imports from the beneficiary nations are examined with regard to the various U.S. import programs, e.g., the ATPA/ATPDEA and the Generalized System of Preferences (GSP).¹ The report then identifies U.S. trade preferences that are exclusively available to the beneficiary countries under the ATPA/ATPDEA and the import product groups that have increased significantly or established significant U.S. market share as a result of duty-free benefits offered exclusively by the ATPA/ATPDEA. Finally, the report reviews domestic employment trends in the domestic industries that produce goods similar to those imports which received significant exclusive duty-free benefits under the ATPA/ATPDEA. The report closes with some general conclusions on the impact of the ATPA/ATPDEA on U.S. employment. All of the referenced data tables appear at the end of this report.

¹ The U.S. GSP program was initiated in 1976 and provides for duty-free treatment of approximately 4,650 tariff items from more than 140 designated beneficiary developing countries and territories.

The value of U.S. imports for consumption and domestic exports used in this report are based on compilations of official statistics by the U.S. Department of Commerce, Bureau of the Census. U.S. employment is tabulated from establishment and household survey data of the U.S. Department of Labor's Bureau of Labor Statistics.

U.S. TRADE WITH THE ATPA/ATPDEA BENEFICIARY COUNTRIES IN 2004

Total U.S. Trade with the Beneficiary Countries

U.S. imports from the four beneficiary countries in 2004 accounted for 1.1 percent of total U.S. merchandise imports from all sources and amounted to \$15.5 billion, a 33.1 percent increase over their level in 2003 (see Table 1). This increase is due in large part to a 48.6 percent increase in imports of oil and gas products from the beneficiary countries. This increase includes both an increase in quantity (approximately 21.2 percent) and a price increase (approximately 22.6 percent).

U.S. exports to the beneficiary countries in 2004 accounted for 1.1 percent of all U.S. merchandise exports to the world and amounted to \$7.7 billion, a 17.4 percent increase over their level in 2003 (see Table 2).

By broad industrial sector, 43.0 percent of U.S. imports from the beneficiary countries in 2004 were manufactured products; 39.1 percent were oil, gas, minerals and ores; 13.9 percent were agricultural, livestock, forestry and fishery products; and 4.1 percent were other miscellaneous items. By comparison, 85.1 percent of U.S. exports to the beneficiary countries in 2004 were manufactured products; 10.2 percent were agricultural products; 4.4 percent were other miscellaneous items; and less than one percent was oil, gas, minerals and ores.

The leading 5-digit North American Industry Classification System (NAICS)-based industries² of U.S. imports from the beneficiary nations in 2004 included: oil and gas (\$5.4 billion); nonferrous metal smelting and refining (\$2.3 billion); noncitrus fruits and tree nuts (\$981 million); petroleum refinery products (\$974 million); men's and boys' apparel (\$634 million); women's and girls' apparel (\$611 million); coal (\$583 million); nursery products, flowers, seeds, and foliage (\$558 million); fresh, chilled or frozen fish and other marine products (\$431 million); items imported under special classification provisions (\$397 million); jewelry and silverware (\$216 million); U.S. goods

² For the purposes of relating foreign trade statistics to U.S. industrial output and employment, the Bureau of the Census has mapped 10-digit Harmonized Tariff Schedule (HTS) numbers used for U.S. exports and import statistics to their closest NAICS-based code. Some categories of traded items have no direct domestic counterpart and are classified in specially created NAICS-based 91000-99000 categories which have no direct domestic counterpart. For example, NAICS 99000—Special Classification Provisions, not otherwise specified or included, contains primarily imports and exports of low-value shipments not specified by kind, exposed film and prerecorded tapes, articles imported for repairs, returned goods, and articles donated to charity.

returned and reimported (\$194 million); prepared, canned and packaged seafood products (\$131 million); vegetables and melons (\$130 million); iron, steel, and ferroalloy (\$130 million); and cements (\$106 million). These top sixteen industries accounted for 88.9 percent of all U.S. imports from the beneficiary countries in 2004 (see Table 3).

The leading 5-digit NAICS-based industries of U.S. exports to the ATPA/ATPDEA beneficiary nations in 2004 included: other basic organic chemicals (\$700 million); resin and synthetic rubbers (\$468 million); petroleum refinery products (\$366 million); mining and oil and gas field machinery (\$359 million); computer equipment (\$358 million); construction machinery (\$301 million); radio and television broadcasting and wireless communication equipment (\$297 million); wheat (\$286 million); corn (\$283 million); items exported under special classification provisions (\$259 million); paper mill products (\$183 million); navigational, measuring, electromedical, and control instruments (\$147 million); aerospace products and parts (\$128 million); cotton (\$127 million); engines, turbines, and power transmission equipment (\$121 million); other general purpose machinery (\$120 million); fertilizers (\$120 million); pharmaceuticals and medicines (\$111 million); and pumps and compressors (\$101 million). These top nineteen industries accounted for 63.1 percent of all U.S. exports to the ATPA/ATPDEA beneficiary countries in 2004 (see Table 4).

U.S. Imports under the ATPA/ATPDEA and Other U.S. Import Programs

Several U.S. programs are available to beneficiary countries that permit duty-free access to the United States market for qualifying goods. The major U.S. programs utilized by the Andean countries include the ATPA, ATPDEA, and GSP programs as well as negligible amounts under other import programs based on WTO agreements that the United States has signed on trade in pharmaceuticals and civil aircraft.

ATPA/ATPDEA

To be eligible for duty-free treatment under the ATPA/ATPDEA, all products unless specifically excluded must meet one of these conditions: (1) be wholly grown, produced, or manufactured in a ATPA beneficiary country; or (2) have at least 35 percent of the direct processing costs and materials produced in any one or more of the ATPA beneficiary countries, any of the 24 Caribbean Basin Economic Recovery Act (CBERA) beneficiary countries,³ Puerto Rico, or the U.S. Virgin Islands—inputs from the United States (up to 15 percent of the value) are allowed to account for a portion of the 35 percent content rule. In addition, the articles must be exported directly to the customs territory of the United States.

³ The CBERA is a U.S. trade initiative similar to the ATPA that was implemented in 1984 and directed toward countries and dependent territories in Central America and the Caribbean as part of a broader Caribbean Basin Initiative (CBI). The 24 CBERA beneficiary countries and territories are: Antigua and Barbuda; Aruba; the Bahamas; Barbados; Belize; the British Virgin Islands; Costa Rica; Dominica; the Dominican Republic; El Salvador; Grenada; Guatemala; Guyana; Haiti; Honduras; Jamaica; Montserrat; the Netherlands Antilles; Nicaragua; Panama; St. Kitts-Nevis; St. Lucia; St. Vincent and the Grenadines; and Trinidad and Tobago. Anguilla, the Cayman Islands, Suriname, and the Turks and Caicos Islands are potentially eligible for CBERA benefits, but they have not been designated so by the United States. Suriname has requested designation.

Products specifically excluded from ATPA duty-free treatment include most textile and apparel items; certain footwear; rum and tafia; canned tuna; certain agricultural products subject to tariff rate quotas including sugar, syrup, and molasses products.

The ATPDEA came into force on November 1, 2002 and significantly increased the amount of U.S. imports from the beneficiary countries that was eligible for duty-free treatment. Newly eligible items included petroleum and petroleum products; some leather items including certain gloves and footwear; tuna packaged in foil; and certain watches and watch parts. In 2001, only 20 percent of the value of U.S. imports from the beneficiary countries was eligible for ATPA duty-free treatment; with the implementation of the ATPDEA, the ATPA/ATPDEA benefits extended to the beneficiary countries increased to 50 percent of all U.S. imports from the beneficiary countries. Beginning in 1992, reduced rates of duty were applied to handbags, luggage, flat goods, work gloves, and leather wearing apparel from the beneficiary countries, and duties on these items were reduced by a maximum of 20 percent over the following five-year period; most of these items were granted duty-free eligibility under the ATPDEA.

GSP

All of the ATPA beneficiary countries are also eligible for the tariff preferences provided by the U.S. GSP program. The ATPA differs from the GSP program in three significant ways: (1) the number of items eligible for duty-free entry is greater under the ATPA; (2) the percentage of value-added that must be produced in the exporting country is lower under the ATPA; and (3) there are no dollar limits on the amount of an item that can enter duty-free from a beneficiary country under the ATPA program, while there are limits (referred to as competitive need limitations) under the GSP program.⁴

Nearly all products eligible for GSP duty-free entry are also eligible for duty-free entry under the ATPA. For products that were already eligible for GSP treatment when the ATPA came into effect in 1992, the ATPA beneficiaries have increased their utilization of available U.S. tariff preferences (i.e., the percentage of eligible products that actually entered duty-free under either GSP or ATPA has risen moderately). For products eligible for ATPA, but not GSP, utilization has been substantial. Thus, almost all items that are eligible for duty-free treatment under either the ATPA or the GSP are actually imported duty free.

Due to temporary lapses of the GSP and ATPA programs during 2001-2002, this report presents U.S. trade data with the ATPA/ATPDEA beneficiary countries over the period 2001-2004. The GSP program expired on September 30, 2001 and the ATPA program expired on December 4, 2001;⁵ although both of these programs were reauthorized in the Trade Act of 2002 and made retroactive to their expiration dates, monthly U.S. import statistics only reflect the initial declaration of duty

⁴ Under the GSP program, a beneficiary developing country may lose duty-free eligibility for a product (defined at the HTS-8 level) if, during a calendar year, U.S. imports of a GSP article from that country account for 50 percent or more of the value of total U.S. imports of that product, or exceed a certain inflation-indexed dollar value. Any loss of eligibility takes effect on July 1 of the calendar year following the year in which the competitive need limitation was exceeded.

⁵ When a trade preference program expires, importers are required to pay the normal rate of duty; if the program is re-authorized and made retroactive, importers that have complied with Customs procedures for such shipments may obtain refunds of duties paid.

treatment upon entry into the United States and not the final determination of duty treatment that an item ultimately received.⁶ Thus, the value of U.S. imports that ultimately received ATPA and (to a lesser extent) GSP duty-free treatment during 2001 and 2002 may be undercounted. The fact that these programs had expired probably did not significantly reduce imports of items eligible for duty-free entry because there was a strong expectation that these programs would be renewed retroactively as has happened several times in the past with the GSP program.

U.S. customs procedures make it administratively easier for importers to obtain a retroactive duty rebate for a qualifying item under the GSP program than under the ATPA program. As a result, some items which qualified for both GSP and ATPA duty-free entry that had historically entered duty free under the ATPA program were probably entered under the GSP program between December 4, 2001 and August 6, 2002, with the expectation of more timely rebates when the GSP program was renewed. It is partially for this reason that GSP duty-free imports increased during 2001 and 2002 even though total ATPA duty-free imports declined during 2001 and 2002.

U.S. Imports from the ATPA/ATPDEA Beneficiary Countries in 2004

Approximately 90 percent of all U.S. imports from the beneficiary countries entered the United States duty-free in 2004, while the remaining 10 percent was subject to an average 2.7 percent rate of duty. The duty-free entries included: \$1.8 billion under the ATPA; \$6.5 billion under the ATPDEA; and \$360 million under the GSP program.⁷ (see Table 5).

In 2004, U.S. imports of items entered duty-free under the ATPA increased by 13 percent over their level in 2003. Duty-free U.S. imports under the ATPDEA jumped 55 percent from \$4.2 billion in 2003, the first full year that the program was in operation, to \$6.5 billion in 2004. Approximately one-third of all U.S. imports from the beneficiary countries entered NTR duty-free and consisted mainly of traditional products from the region such as gold and silver bullion, coal, coffee, and bananas. The dutiable value of U.S. imports from the beneficiary countries fell in 2004 to \$1.5 billion from its level of \$1.6 billion in 2003. However, since the level of total U.S. imports from the beneficiary countries increased significantly during this time period, the dutiable value expressed as a percentage of total imports fell from 14 percent in 2003 to 10 percent in 2004.

Peru accounted for 42 percent of the value of ATPA duty-free U.S. imports in 2004, followed by Colombia (39 percent), Ecuador (15 percent), and Bolivia (4 percent). Colombia accounted for 49 percent of the value of ATPDEA duty-free U.S. imports in 2004, followed by Ecuador (38 percent), Peru (13 percent), and Bolivia (0.7 percent). Finally, Colombia accounted for 52 percent of the value of GSP duty-free U.S. imports from the ATPA/ATPDEA beneficiary countries in 2004,

⁶ Since there are administrative costs (filing forms, etc.) for requesting duty-free entry under these programs, importers often wait until the programs are re-authorized and made retroactive before they submit the required forms. If the corrections are available before June of the following year, they are reported in an addendum to that year's statistics; there were no corrections for the 2001 statistics and only a partial correction for the 2002 statistics.

⁷ Another \$5.3 million entered either normal trade relations (NTR) duty-free or duty-free under special temporary rate provisions. Almost all nations, except several communist nations, are eligible for NTR duty treatment, which was formerly known as most-favored-nation (MFN) duty treatment. Provisions in Chapter 99 of the HTS provide for temporary tariff reductions that are often available only to certain specified countries and may only cover a subset of the products in an eight-digit tariff line item.

followed by Peru (30 percent), Ecuador (14 percent), and Bolivia (5 percent). The average rate of duty paid on imports subject to duty from the beneficiary countries was 2.7 percent in 2004 and ranged from 1.7 percent for items from Ecuador to 5.7 percent for items from Peru (see Table 6).

The leading industrial sectors of duty-free U.S. imports under the ATPA in 2004 were: agricultural products (\$723 million); primary metal manufacturing (\$493 million); food manufacturing (\$186 million); miscellaneous manufactured commodities (\$166 million); nonmetallic mineral products (\$66 million); beverages and tobacco products (\$60 million); chemicals (\$42 million); wood products (\$25 million); plastics and rubber products (\$21 million); and fabricated metal products (\$19 million). These ten 3-digit NAICS-based sectors accounted for 98 percent of all duty-free U.S. imports under the ATPA in 2004 (see Table 7).

The leading industrial sectors of duty-free U.S. imports under the ATPDEA in 2004 were: oil and gas (\$4,634 million); apparel and accessories (\$1,156 million); petroleum and coal products (\$672 million); food manufacturing (\$35 million); and leather and allied products (\$25 million). These five 3-digit NAICS-based sectors accounted for virtually all duty-free U.S. imports under the ATPDEA in 2004 (see Table 7).

The leading industrial sectors of duty-free U.S. imports from the ATPA/ATPDEA beneficiary countries under the GSP program in 2004 were: food manufacturing (\$96 million); nonmetallic mineral products (\$61 million); plastics and rubber products (\$50 million); primary metal manufacturing (\$25 million); agricultural products (\$24 million); chemicals (\$23 million); fabricated metal products (\$18 million); miscellaneous manufactured commodities (\$18 million); wood products (\$18 million); and electrical equipment, appliances, and components (\$14 million). These ten 3-digit NAICS-based sectors accounted for 96 percent of all GSP duty-free U.S. imports from the ATPA/ATPDEA beneficiary countries in 2004 (see Table 7).

The U.S. tariff provision covering the assembly of articles made from U.S. parts and materials (HTS 9802.00.80) permits duty-free entry of the U.S.-content value of a good and is available for U.S. imports from any country. Effective November 1, 2002, the ATPDEA permitted apparel from the Andean region to enter the U.S. duty free under HTS heading 9821, provided the apparel is made from U.S. or regional fabric from U.S. or regional yarn. The ATPA/ATPDEA beneficiary countries have taken advantage of this provision. The U.S. imported \$756.6 million in Multifiber Arrangement (MFA) fibers from the Andean countries under the HTS heading 9821 provisions in 2003 and \$1.2 billion in 2004. Nearly 90% of these imports are apparel articles sewn or assembled in the beneficiary countries from qualifying fabrics and yarns. Total U.S. imports of MFA fibers from the ATPA/APTDEA beneficiary countries have increased since the provision was introduced – from \$799 million in 2002 to \$1.1 billion in 2003 and to \$1.4 billion in 2004.

U.S. Trade Preferences Provided Exclusively by the ATPA /ATPDEA

The leading NAICS-based industries of ATPA duty-free U.S. imports in 2004 were: nursery products, flowers, seeds, and foliage (\$552 million); nonferrous metal (except aluminum) smelting and refining (\$448 million); jewelry and silverware (\$153 million); vegetables and melons (\$120 million); tobacco products (\$58 million); fruits and vegetables (\$56 million); non-citrus fruits and tree nuts (\$41 million); frozen foods (\$34 million); sugars (\$31 million); and copper rolling, drawing, extruding, and alloying (\$24 million). These ten 5-digit NAICS-based industries accounted for 83 percent of all ATPA duty-free U.S. imports in 2004 (see Table 8). Some of the constituent HTS-8 items that are classified in these import-based industries are also eligible for duty-free entry under the U.S. GSP program.

The ATPA provided beneficiary nations exclusive duty-free treatment of their exports to the United States in 2004 in the following cases: (1) products eligible for ATPA duty-free entry, but not eligible for duty-free entry under GSP; and (2) products eligible for both ATPA and GSP duty-free entry that were imported from an ATPA/ATPDEA beneficiary country that had lost its GSP eligibility with respect to those products because it exceeded the program's competitive need limitations in the previous year.

The products associated with the constituent HTS-8 numbers in each of the 10 leading NAICS-based import industries (in terms of ATPA duty-free entries in 2004), which are listed above, were examined to determine if they were also eligible for duty-free entry under the GSP program and, if so, whether any ATPA beneficiary country had exceeded the GSP competitive need limitation for that item. The total value of ATPA duty-free imports for products benefiting exclusively from the ATPA in each industry was then compared to the total value of ATPA duty-free imports for all products.

Based on the above analysis, there were five import-based industries in which more than 60 percent of the ATPA duty-free value was accounted for products benefiting exclusively from the ATPA in 2004:

- **NAICS 33141—Nonferrous metal (except aluminum) smelting and refining**
(\$423 million in ATPA duty-free industry imports that benefited exclusively from the ATPA, which was 94 percent of industry imports entered ATPA duty-free and 2.8 percent of industry imports from all sources);
- **NAICS 11142—Nursery products, flowers, seeds, and foliage**
(\$337 million in ATPA duty-free industry imports that benefited exclusively from the ATPA, which was 61 percent of industry imports entered ATPA duty-free and 24.1 percent of industry imports from all sources);
- **NAICS 11121—Vegetables and melons**
(\$102 million in ATPA duty-free industry imports that benefited exclusively from the ATPA, which was 85 percent of industry imports entered ATPA duty-free and 2.8 percent of industry imports from all sources);
- **NAICS 31222—Tobacco products**
(\$58 million in ATPA duty-free industry imports that benefited exclusively from the ATPA, which was 100 percent of industry imports entered ATPA duty-free and 10.3 percent of industry imports from all sources); and

- **NAICS 31141—Frozen foods**

(\$25 million in ATPA duty-free industry imports that benefited exclusively from the ATPA, which was 73 percent of industry imports entered ATPA duty-free and 1.7 percent of industry imports from all sources).

In addition to the above NAICS-based import industries that benefited significantly from the ATPA, there were ten industries (listed in Table 10) that benefited significantly from the duty-free provisions of the ATPDEA in 2004:

- **NAICS 21111—Oil and gas**

(\$4,634 million in ATPDEA duty-free imports, which was 3.5 percent of industry imports from all sources);

- **NAICS 32411—Petroleum refinery products**

(\$672 million in ATPDEA duty-free imports, which was 1.2 percent of industry imports from all sources);

- **NAICS 31522—Men’s and boys’ apparel**

(\$559 million in ATPDEA duty-free imports, which was 2.3 percent of industry imports from all sources);

- **NAICS 31523—Women’s and girls’ apparel**

(\$527 million in ATPDEA duty-free imports, which was 1.4 percent of industry imports from all sources);

- **NAICS 31511—Hosiery and socks**

(\$36 million in ATPDEA duty-free imports, which was 2.7 percent of industry imports from all sources);

- **NAICS 31171—Seafood products, prepared, canned and packaged**

(\$35 million in ATPDEA duty-free imports, which was 2.2 percent of industry imports from all sources);

- **NAICS 31529—Other apparel**

(\$32 million in ATPDEA duty-free imports, which was 0.9 percent of industry imports from all sources);

- **NAICS 31699—Other leather products**

(\$20 million in ATPDEA duty-free imports, which was 0.3 percent of industry imports from all sources);

- **NAICS 31621—Footwear**

(\$6 million in ATPDEA duty-free imports, which was 0.04 percent of industry imports from all sources); and

- **NAICS 31599—Apparel accessories**

(\$3 million in ATPDEA duty-free imports, which was 0.1 percent of industry imports from all sources).

U.S. EMPLOYMENT AND TRADE WITH THE ANDEAN NATIONS

Any adverse U.S. employment effects due to the exclusive benefits of the ATPA/ATPDEA would result from increased imports of items due to these tariff preferences. Given the availability of several U.S. trade preference programs with different requirements, it is often not possible to isolate the effects of the ATPA.

This report examines the value of ATPA/ATPDEA duty-free imports that benefited exclusively from the ATPA/ATPDEA provisions (i.e., items entered ATPA duty-free that were not eligible for duty-free entry under the GSP program and items entered ATPDEA duty-free), focusing on the import industries that showed a significant value of duty-free imports benefiting exclusively from the ATPA/ATPDEA and represented a significant share of total U.S. industry imports from all sources in 2004.

Three import industries (based on the 5-digit NAICS) were identified for which exclusive ATPA/ATPDEA duty-free benefits in 2004 exceeded \$20 million *and* accounted for more than 3 percent of total U.S. industry imports from all sources:

- NAICS 11142—Nursery products, flowers, seeds, and foliage
- NAICS 31222—Tobacco products
- NAICS 21111—Oil and gas.

The nursery products, flower, seeds, and foliage and the tobacco products import industries benefited from the ATPA. The oil and gas import industry benefited from the ATPDEA.

Trends in U.S. imports in the three NAICS-based product groups above and trends in industry employment in each of the U.S. industries producing products like those in the three import product groups are examined below. Significant increases in U.S. imports of these products from the beneficiary countries may, in part, reflect the availability of exclusive duty-free treatment under the ATPA/ATPDEA. To place the analysis of domestic employment trends in perspective, the overall U.S. employment situation in 2004 and the first quarter of 2005 is discussed first.

The U.S. Employment Situation, 2004 – 1st Quarter 2005

U.S. nonagricultural payroll employment showed growth in 2004 and the first quarter of 2005. Annual average employment increased to 131.5 million in 2004, up from 130.2 million in 2002 and 130.3 million in 2003. In January 2005, payroll enrollment surpassed its previous peak that was reached in February 2001. The largest segment of the U.S. workforce is the service-providing sector which has showed continuing growth. Employment in the service-providing sector was 108.2 million in 2003 and 109.6 million in 2004 (see Table 10).

The goods-producing sector experienced a sustained period of employment growth from 1992 to 2000 before declining sharply between 2001 and 2003. Since December 2003, employment in this sector has shown a modest increase due to the economic recovery, reaching 21.9 million in 2004. Employment in manufacturing accounts for approximately two-thirds of goods-producing industry

employment. Manufacturing employment has not yet experienced a recovery – it stood at 15.3 million in 2002, 14.5 million in 2003, and 14.3 million in 2004.

Agricultural employment was 2.3 million in 2002 and 2003, and 2.2 million in 2004.⁸

The civilian unemployment rate, which is based on household survey data, fell from 6.0 percent in 2003 (8.8 million workers) to 5.5 percent in 2004 (8.1 million workers).

U.S. Import and Domestic Employment Trends in Selected Industrial Sectors Receiving Significant Benefits Provided under the ATPA in 2004

Nursery products, flowers, seeds, and foliage (NAICS 11142)

In 2004, U.S. imports of nursery products, flowers, seeds, and foliage from the beneficiary countries increased 22.3 percent to \$557.8 million from \$456.0 million in 2003 (see Table 3). ATPA duty-free imports of these items increased by 22.3 percent to \$551.5 million in 2004 from \$451.2 million in 2003 (see Table 8). ATPA duty-free imports accounted for 39.5 percent of total U.S. imports of nursery products, flowers, and seeds from all sources in 2004, up from their share of 35.7 percent in 2003.

U.S. imports of nursery products, flowers, and seeds include: bulbs and tubers (HTS 0601); live plants and cuttings (HTS 0602); fresh cut flowers and buds (HTS 0603); foliage, branches, and Christmas trees (HTS 0604); and seeds, fruits, and spores used for sowing (HTS 1209). Nearly all U.S. imports of these items from the beneficiary countries in 2004 were fresh cut flowers (99 percent), followed by foliage (0.9 percent) and live plants (0.2 percent). Close to 45 percent of all U.S. imports of fresh cut flowers (HTS 0603) from the beneficiary countries were fresh cut roses, which are not eligible for duty-free entry under the GSP program. In addition to roses, the tariff classification for fresh cut flowers covers a number of other flower types (including chrysanthemums, carnations, anthuriums, orchids, flower buds, alstroemeria, gypsophila, lilies, and snapdragons), which are normally eligible for duty-free entry under the GSP program.

Approximately 60 percent of the ATPA duty-free imports of nursery products, flowers, and seeds benefited exclusively from the ATPA. ATPA duty-free imports in this sector were items in two HTS-8 categories: HTS 0603.1060—Fresh cut roses from all beneficiary countries and HTS

⁸ Agricultural employment is derived from the Current Population Survey (CPS), which is administered by the U.S. Census Bureau for the U.S. Department of Labor's Bureau of Labor Statistics. Nonagricultural payroll employment, hours, and earnings are from the Bureau of Labor Statistics' Current Employment Statistics (CES) survey. Caution should be exercised in comparing employment in agricultural and non-agricultural sectors because the data are collected using different survey instruments and from different populations (e.g., the CPS collects information from households, and the CES collects information from business establishments).

0603.1070—Fresh-cut chrysanthemums, standard carnations, anthuriums, and orchids from Colombia. While fresh cut roses are not eligible for GSP duty-free treatment, fresh cut chrysanthemums, standard carnations, anthuriums, and orchids are eligible for duty-free treatment under both programs; however, Colombia has lost its GSP eligibility with respect to those products because it exceeded the program's competitive need limitations.

U.S. imports of Colombian chrysanthemums, standard carnations, anthuriums, and orchids amounted to \$98.1 million in 2004; by flower type, 64.7 percent were chrysanthemums, 35.1 percent were carnations, 0.2 percent were orchids, and none were anthuriums.

ATPA duty-free entries of fresh cut roses from all the beneficiary countries and Colombian chrysanthemums, standard carnations, anthuriums, and orchids, which were \$302.7 million in 2003, rose to \$336.5 million in 2004 and accounted for 61 percent of the ATPA duty-free entries of nursery products, flowers, seeds, and foliage products in 2004.

U.S. Imports of Fresh Cut Roses from All the Beneficiary Countries: In 2004, U.S. ATPA duty-free imports of fresh cut roses increased to \$238.8 million from their level of \$204.5 million in 2003. ATPA duty-free fresh cut roses accounted for 95.5 percent of all U.S. imports of fresh cut roses in 2004.⁹

U.S. imports of fresh cut roses from all sources accounted for 85 percent, and the ATPA beneficiaries for 82 percent (Colombia accounting for 58 percent and Ecuador for 24 percent), of U.S. consumption in 2004. The ATPA beneficiary countries have accounted for an increasing share of domestic consumption of fresh cut roses, growing from 34 percent in 1993 to the current level.

U.S. Imports of Fresh Cut Chrysanthemums, Standard Carnations, Anthuriums, and Orchids from Colombia: U.S. ATPA duty-free imports of chrysanthemums and standard carnations (HTS 0603.10.70) from Colombia decreased slightly to \$97.7 million in 2004 from their level of \$98.2 million in 2003, but remained 18.2 percent below their level of \$119.5 million in 2000. ATPA duty-free imports of these items from Colombia accounted for 90.3 percent of U.S. imports of these items from all sources in 2004, up slightly from 88.0 percent in 2000.

In 2004, 92 percent of U.S. imports under this tariff line were pompon chrysanthemums and standard carnations. U.S. imports of fresh cut pompon chrysanthemums from all sources accounted for 75 percent of the value of U.S. consumption in 2004. U.S. imports from Colombia, the source of virtually all of the ATPA duty-free entries of these items, accounted for 70 percent of U.S. consumption in 2004. U.S. imports of fresh cut standard carnations from all sources accounted for 95 percent of the value of U.S. consumption in 2004. U.S. imports from Colombia, which accounted for virtually all of the ATPA duty-free entries of these items, accounted for 94 percent of U.S. consumption in 2004.

⁹U.S. imports of fresh cut roses from the NAFTA and CBERA beneficiary countries are also eligible for duty-free entry. In 2004, NAFTA duty-free entries of fresh cut roses accounted for 1.8 percent of total fresh cut rose imports and CBERA duty-free entries for 1.8 percent.

Domestic Production, Sales, Wholesale Prices of Production, and Number of Hired Workers for Fresh Cut Roses, Chrysanthemums, Carnations, and Orchids: While the Department of Labor's Bureau of Labor Statistics does not collect information on industry employment in agriculture, the U.S. Department of Agriculture does collect and publish information on the number of domestic growers, quantity and value sold at wholesale, wholesale production price, and number of hired workers for a number of agricultural crops. As part of its survey on floriculture crops, which include fresh cut flowers, the Department of Agriculture reports some information on fresh cut flowers grown by large growers (commercial growers with \$100,000 or more in sales located in 36 states) and some information by fresh cut flower type.¹⁰

Cut flower types that are comparable to those receiving significant exclusive ATPA duty-free benefits include all roses, pompon chrysanthemums, standard carnations, and all orchids (referred to hereafter as the "like ATPA cut flowers"). The most recent information available on these domestically produced fresh cut flower types is presented below:

- The number of domestic rose growers and the quantity and value of roses sold have declined steadily over the last thirteen years. The number of growers has fallen from 357 in 1992 to 66 in 2004 (4.3 percent less than in 2003); the quantity of production sold has dropped from 533.6 million units in 1992 to 108.3 million units in 2004 (12.3 percent less than in 2003); the value of production sold at wholesale has declined from \$174.5 million in 1992 to \$43.1 million in 2004 (8.3 percent less than in 2003). Over this same time period, the wholesale price of production has risen from 32.7 cents per unit in 1992 to 39.8 cents per unit in 2004 (4.5 percent more than in 2003).
- The number of domestic pompon chrysanthemum growers has fallen from 172 in 1992 to 61 in 2004, while the quantity sold has declined from 15.4 million units in 1992 to 15.1 million units in 2004 and the value sold has increased from \$18.0 million in 1992 to \$20.0 million in 2004.¹¹ Over the same period, the wholesale price of production has risen from 1.16 cents per unit to 1.33 cents per unit, and the share of domestic consumption accounted for by imports has averaged 77 percent.
- The number of domestic standard carnation growers has fallen from 139 in 1992 to 28 in 2004, while the quantity sold has declined from 213.6 million units in 1992 to 9.6 million units in 2004 and the value sold has decreased from \$30.8 million in 1992 to \$1.8 million in 2004. Over the same period, the wholesale price of production has risen from 14.4 cents per unit to 18.2 cents per unit, and the share of domestic consumption accounted for by imports has risen from 67 percent to 95 percent. Most domestic standard carnations are grown in California.

¹⁰ See *Floriculture and Nursery Crops Situation and Outlook Yearbook/FLO-2005* (U.S. Department of Agriculture, Economic Research Service, June 2005). Large growers account for about 93-94 percent of the value of sales at wholesale of all floriculture crops and about 86 percent of all hired workers in floriculture crops; about 95-96 percent of the large grower floriculture operations have hired workers.

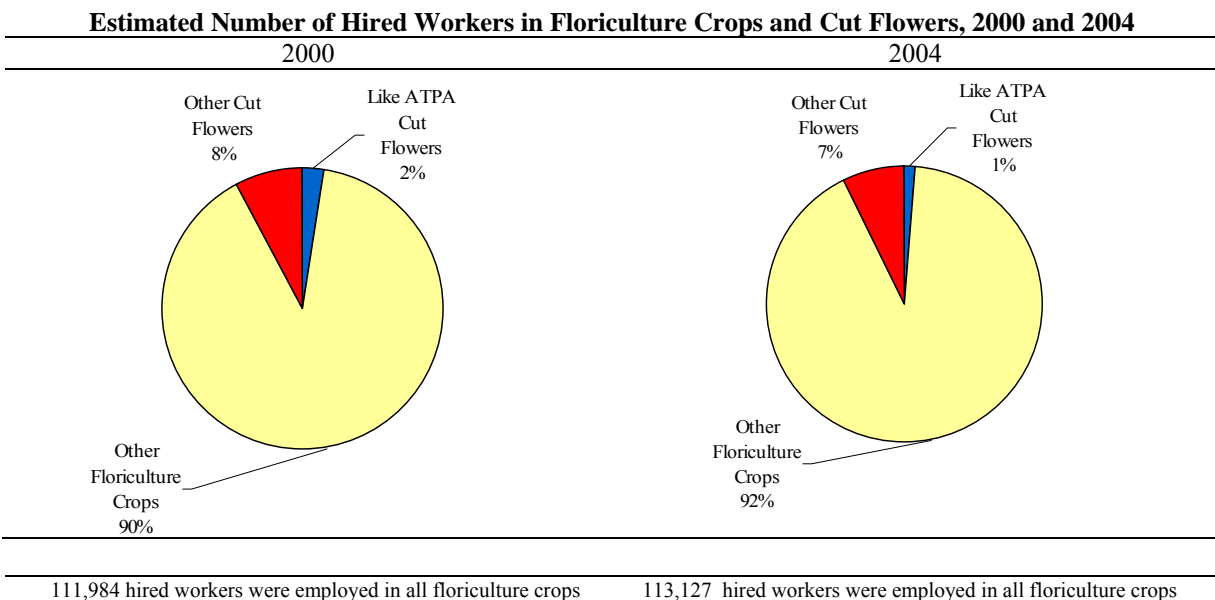
¹¹ See *Floriculture and Nursery Crops Situation and Outlook Yearbook/FLO-2005* (U.S. Department of Agriculture, Economic Research Service, June 2005), p. 52. Starting in 2000, the U.S. Department of Agriculture discontinued reporting domestic production of standard chrysanthemums, but continued reporting domestic production of pompon chrysanthemums, which are sold in bunches.

- The number of domestic orchid growers has increased from 52 in 2000 (earliest year for which national data are available) to 56 in 2004, while the quantity sold has stayed steady at 11.7 million units. The value sold has increased from \$8.1 million in 2000 to \$8.2 million in 2004. Over the same period, the wholesale price of production has risen from 68.9 cents per unit to 70.0 cents per unit, and the share of domestic consumption accounted for by imports has averaged 36 percent.

The Department of Agriculture only publishes estimates of the number of hired workers in all floriculture crops, which include cut flowers, foliage plants, bedding garden plants, herbaceous perennials, and cut cultivated greens. For large growers of floriculture crops, cut flowers account for about 12-13 percent of the number of growers and 9-10 percent of the value of sales at wholesale. The number of domestic hired workers in cut flowers and “like ATPA cut flowers” was estimated, based on cut flowers’ annual share of sales at wholesale of all floriculture crops and “like ATPA cut flowers” annual share of all cut flower sales at wholesale.

In 2004, there were an estimated 113,127 hired workers in floriculture crops (about 1.0 percent above its level in 2000), 9,760 hired workers in cut flowers of all types (about 13.8 percent below its level in 2000), and 1,692 hired workers in “like ATPA cut flowers” (about 36.4 below its level in 2000).

Clearly, the number of hired workers involved in the domestic production of “like ATPA cut flower” types represents an extremely small segment (about 1 percent) of the total number of hired workers in the floriculture industry (see text figure below).



Considering the domestic production trends over the period 2000-2004 for the “like ATPA cut flower” types, the share of domestic cut flower growers producing standard carnations has fallen from 7.9 percent in 2000 to 5.2 percent, those producing pompon chrysanthemums from 12.9 percent

to 11.4 percent, and those producing roses from 16.2 percent to 12.3 percent, while those producing orchids has risen from 7.8 percent to 10.4 percent (perhaps reflecting a slight shift to higher valued added flower types). Given the complexities involved, it is difficult to isolate conclusively the factors responsible for this trend; however, it would appear that imports from the ATPA and other foreign producers may have been responsible for the contraction of domestic production of standard carnations and roses.

Trends in U.S. domestic production and U.S. imports from the ATPA beneficiary countries since implementation of the ATPA suggest that increased imports of fresh roses, standard carnations, and standard and pompon chrysanthemums due to the ATPA trade preferences may have displaced some domestic growers and workers. Despite the large increases in U.S. imports of these items from the ATPA beneficiary countries in 2004 over levels in prior years, it is nevertheless difficult to determine the extent to which these increases may have been responsible for any domestic employment displacements since U.S. imports of these items from the ATPA beneficiary countries were up only slightly over the levels in 2000.

Domestic production of chrysanthemums appears to have stabilized over the last several years, while domestic production of roses and especially carnations continues to fall by significant percentages each year. Although the number of hired workers directly affected is likely to have been small, the employment opportunities in the cut flower and floriculture industries are probably limited and it is difficult to determine the degree of adjustment difficulty such workers may face should they seek employment in other industries. As import competition has increased in certain cut flower types (such as the “like ATPA cut flowers” group), growers have switched to growing other flowers types or other floriculture crops which face less import competition. The share of hired workers in floriculture crops other than cut flowers has increased slightly from 90 percent in 2000 to 92 percent in 2004 (see text figure above). However, the availability of lower cost, imported types of cut flowers may have created more choices for consumers and boosted retail florists’ sales and employment.

Tobacco products (NAICS 31222)

U.S. imports of tobacco products from the beneficiary countries increased to \$58.3 million in 2004 from their level of \$55.7 million in 2003. U.S. imports of these items from the beneficiary countries have been increasing dramatically each year since 2000 when they were valued at \$1.1 million and subsequently \$16.4 million in 2001 and \$33.4 million in 2002. U.S. imports of these items from the beneficiary countries accounted for 10.3 percent of U.S. tobacco product imports from all sources in 2004. Nearly all (99.9 percent) of these imports from the beneficiaries were eligible for ATPA, but not GSP, duty-free treatment. During 2004, \$58.02 million entered ATPA duty-free, of which \$57.99 million benefited exclusively from ATPA preferences.

The primary tobacco product that benefited exclusively from the ATPA was paper-wrapped cigarettes containing tobacco but not clove (HTS 2402.20.80).¹² ATPA duty-free imports of this

¹² Two other HTS-8 categories of tobacco products benefited exclusively from the ATPA (HTS 2402.1030—Cigars, cheroots and cigarillos containing tobacco, each less than 15 cents and HTS 2402.1060—Cigars, cheroots and cigarillos containing tobacco, each valued 15 cents or over but less than 23 cents), but amounted to only \$42,000 in 2004.

item were \$57.9 million in 2004, up from \$55.3 million in 2003, and accounted for 26.3 percent of U.S. imports from all sources (Canada accounted for 18.3 percent, South Korea for 16.4 percent, and Japan for 9.2 percent). The NTR tariff on this item is \$1.05 per kilogram plus 2.3 percent of the value; the *ad valorem* equivalent of both components is calculated to be about 12 percent.

According to the USITC, ATPA duty-free imports of paper-wrapped cigarettes containing tobacco but not clove represented less than one percent of U.S. apparent consumption of cigarettes in 2003. The United States is the world's largest producer and exporter of cigarettes, and U.S. imports from Colombia are mostly inexpensive discount items that are sold primarily in Latino niche markets.¹³

The text chart below presents the trend in U.S. employment in the tobacco manufacturing industry group for the years 1990 to 2004.¹⁴ Employment has declined steadily over this time period, with the exception of a temporary increase in 2002 to 33,500 workers. Employment in tobacco manufacturing was 30,900 workers in 2003 and 29,400 workers in 2004.

Annual unemployment rates for the industry group tobacco manufacturing (NAICS 3122) increased sharply from 1.5 percent in 2002 to 9.6 percent in 2003, and 8.7 percent in 2004. Hourly wage rates are available only for the tobacco and beverage products subsector (NAICS 312). While employment has declined in this subsector, the hourly wage of production workers has increased by 1.3 percent in 2003 and 6.5 percent in 2004.¹⁵

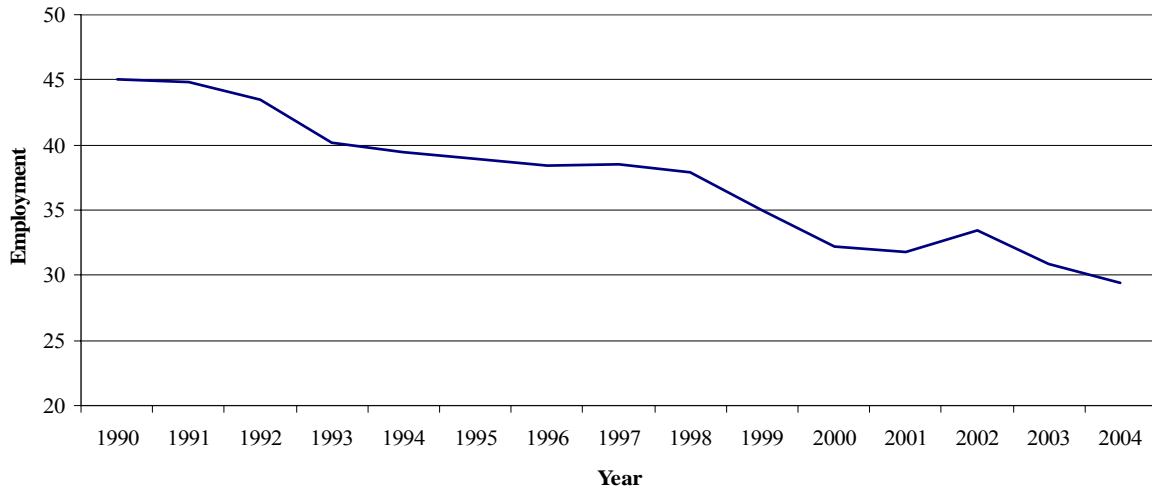
Although the tariff preference provided by the ATPA is substantial, U.S. imports from the ATPA beneficiaries account for only 10.3 percent of total U.S. tobacco products imported in 2004, and ATPA cigarettes account for less than one percent of U.S. apparent consumption. Thus, it is unlikely that the exclusive duty-free benefits of the ATPA program have had any measurable impact on U.S. employment in the tobacco industry group.

¹³ See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Tenth Report* (Investigation No. 332-352; USITC Publication 3725; September 2004), p. 2-25.

¹⁴ The tobacco manufacturing industry group (NAICS 3122) encompasses the tobacco stemming and redrying industry (NAICS 31221) and tobacco product manufacturing industry (NAICS 31222).

¹⁵ The average annual hourly wage for tobacco and beverage manufacturing production workers was \$17.67 in 2001, \$17.73 in 2002, \$17.96 in 2003, and \$19.12 in 2004.

U.S. Employment in Tobacco Manufacturing (NAICS 3122), 1990-2004
(annual average, in thousands)



Oil and Gas (NAICS 21111)

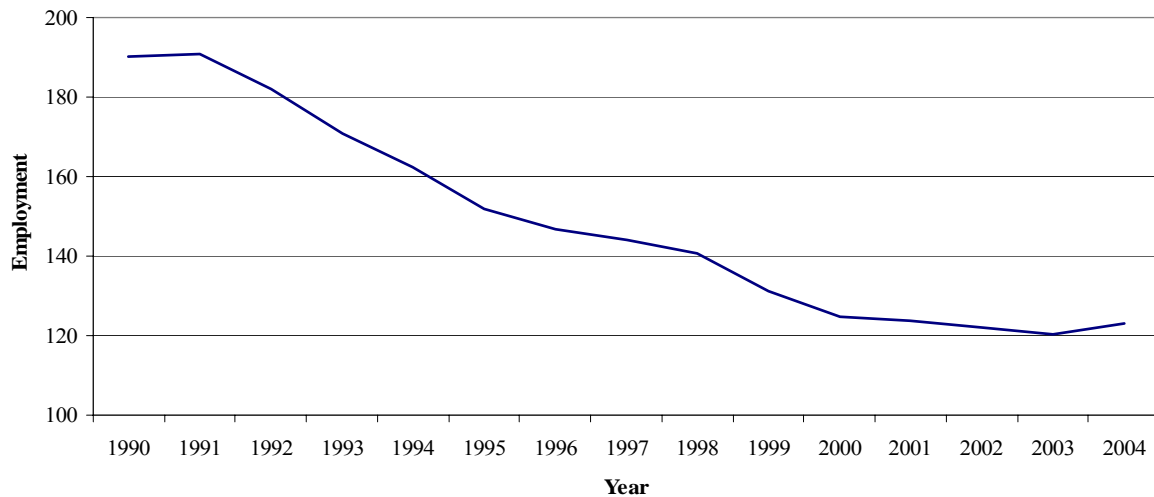
U.S. imports of oil and gas products became eligible for ATPA duty-free treatment with the implementation of the ATPDEA on October 31, 2002. Although these products accounted for a significant percentage of exports from the ATPA beneficiary countries even prior to their obtaining duty-free status, exports have grown significantly each year since the implementation of the ATPDEA. U.S. imports of oil and gas from the ATPA beneficiary countries in 2004 were \$5.4 billion (up from \$1.9 billion in 2001) and accounted for 34.7 percent of all U.S. imports from those countries (up from 19.4 percent in 2001). This represents 4.0 percent of U.S. imports of oil and gas from all sources (up from 2.5 percent in 2001). ATPDEA duty-free imports of these items increased from \$3.0 billion in 2003 to \$4.6 billion in 2004 (3.5 percent of industry imports from all sources). Oil and gas imports represent 71 percent of all imports under the ATPDEA program.

Two HTS-8 petroleum oils (HTS 2709.00.10 and 2709.00.20) are eligible for duty-free access under the ATPDEA. ATPDEA duty free imports of HTS 2709.00.10 nearly doubled from \$1.7 billion in 2003 to \$3.3 billion in 2004. Imports from the ATPA beneficiary countries accounted for 9.1 percent of U.S. imports from all sources. ATPDEA duty free imports of HTS 2709.00.20 increased from \$1.9 billion in 2003 to \$2.1 billion in 2004. Imports from the ATPA beneficiary countries accounted for 3.2 percent of U.S. imports from all sources. The NTR tariff on these two items is quite low – 5.25 cents per barrel for HTS 2709.00.10 and 10.5 cents per barrel for HTS 2709.00.20.

The text chart below presents the trend in U.S. employment in the oil and gas extraction subsector (NAICS 211) for the years 1990 to 2004. Employment has declined sharply between 1991 and 2003, but advanced in 2004. Employment in the industry group was 120,200 workers in 2003 and 123,100 workers in 2004. The hourly wages of production workers in this industry group peaked in 2001 at \$19.97. Wages declined by 3.5 percent in 2002, by 1.7 percent in 2003, and by 2.0 percent in

2004.¹⁶

U.S. Employment in Oil and Gas Extraction (NAICS 211), 1990-2004
(annual average, in thousands)



Given the fairly small percentage of U.S. imports of oil and gas accounted for the ATPA beneficiary countries and the insignificant tariff rate avoided under the ATPDEA, it is unlikely that the duty-free provisions of the ATPA have had any measurable effect on domestic employment in the oil and gas extraction sector.

¹⁶ The average annual hourly wage for oil and gas extraction production workers was \$19.27 in 2002, \$18.95 in 2003, and \$18.58 in 2004.

CONCLUSIONS

Although a definitive evaluation of the domestic employment impact of the ATPA/ATPDEA cannot be made because the effects of the duty-free provisions on U.S. imports cannot be isolated from the effects of other trade preference programs such as the GSP, it is unlikely that the ATPA/ATPDEA has had a significant effect on overall U.S. employment. In addition, U.S. imports from the beneficiary countries have remained small, accounting for only 1.1 percent of U.S. imports from all sources in 2004. Further, U.S. imports from the beneficiary countries that benefited from ATPA/ATPDEA duty-free entry amounted to \$8.4 billion, or just 0.6 percent of total U.S. merchandise imports from all sources.¹⁷

Neither the dollar amount nor the rate of increase of U.S. imports from the beneficiary countries has been extraordinary or threatening. The long-term benefit to the beneficiary countries has been in the increased utilization of the duty-free benefits under the ATPA (especially for products not eligible for GSP duty-free treatment) and the inclusion of additional products (in late 2001 under the ATPDEA) that were previously excluded from the ATPA; nevertheless, the amounts entered duty-free have remained quite modest.

U.S. imports of products similar to those produced by three domestic industries received substantial or increasing exclusive ATPA and ATPDEA duty-free benefits in 2004: nursery products, flowers, and seeds (fresh cut roses, standard carnations, and chrysanthemums); cigarettes (paper-wrapped cigarettes); and oil and gas. These import industries were among the leading import industries in terms of exclusive ATPA and ATPDEA duty-free imports, but it is difficult to identify major adverse effects on U.S. employment in each of the U.S. industries that produced products similar to those in the three import product groups

Generally, the current level and composition of the beneficiary countries' exports to the United States do not appear to pose a threat to U.S. employment. As the Andean region continues to develop, it is anticipated that it will attract increasing levels of U.S. exports which will generate additional job opportunities in the United States. On the other hand, the duty-free benefits of the ATPA/ATPDEA offer an incentive for diversification of production and development of exports to the U.S. market. The implications of the recently passed ATPDEA will become more apparent over the next several years.

While the ATPA/ATPDEA offers beneficiary countries an incentive to diversify their export structure and take advantage of greater access to the U.S. market, the negotiation and entry into force of several comprehensive free trade agreements by the United States (with Israel in 1986, Canada in 1989, Canada and Mexico in 1994, Jordan in 2001, Singapore and Chile in 2004, and Australia in 2005) has reduced the margin of tariff preference available to the ATPA/ATPDEA beneficiaries. In addition, the United States has granted unilateral trade preferences with no expiration date to the CBERA beneficiary countries and expanded GSP benefits to a number of developing sub-Saharan African nations that provide duty-free entry for many of the same items covered by the

¹⁷ U.S. imports that benefited exclusively from the ATPA (on eligible products not eligible for GSP) and the ATPDEA (all covered products) were calculated to be \$7.6 billion in 2004, or 0.5% of total U.S. merchandise imports from all sources.

ATPA/ATPDEA. Finally, many U.S. trade barriers have been reduced for all NTR trading partners as the result of the conclusion and implementation of the WTO's Uruguay Round of multilateral trade negotiations.

Tables

Table 1: U.S. Imports from ATPA Beneficiary Countries by NAICS-based Sector, 2001-2004
(customs value, thousands of dollars)

NAICS-based U.S. Import Sector	Value of U.S. Imports from the Beneficiary Countries				2004 Percent of Total	
	2001	2002	2003	2004	U.S. Sector Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	9,568,661	9,611,482	11,639,464	15,489,766	1.1	100.0
11 - Agriculture and Livestock Products	1,719,488	1,768,092	1,947,480	2,146,740	7.7	13.9
111 - Agricultural Products	1,332,393	1,401,765	1,534,437	1,708,354	11.9	11.0
112 - Livestock and Livestock Products	6,752	5,633	6,993	6,393	0.2	0.0
113 - Forestry Products, not elsewhere specified or included	579	439	936	968	0.0	0.0
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	379,765	360,254	405,114	431,024	5.0	2.8
21 - Oil, Gas, Minerals and Ores	2,270,319	2,659,808	4,100,859	6,051,654	4.4	39.1
211 - Oil and Gas	1,852,562	2,308,278	3,618,007	5,379,792	4.0	34.7
212 - Minerals and Ores	417,757	351,529	482,853	671,862	13.9	4.3
31-33 - Manufacturing	5,099,882	4,743,795	5,045,904	6,658,052	0.5	43.0
311 - Food Manufacturing	377,862	431,435	491,776	530,297	1.9	3.4
312 - Beverages and Tobacco Products	21,749	40,612	62,752	66,192	0.6	0.4
313 - Textiles and Fabrics	17,152	16,523	16,932	19,700	0.3	0.1
314 - Textile Mill Products	36,102	34,242	41,588	49,686	0.4	0.3
315 - Apparel and Accessories	761,840	759,025	1,060,734	1,330,178	1.9	8.6
316 - Leather and Allied Products	39,967	36,919	39,760	42,212	0.2	0.3
321 - Wood Products	106,356	123,657	127,937	142,251	0.6	0.9
322 - Paper	19,168	15,769	20,976	24,366	0.1	0.2
323 - Printing, Publishing and Similar Products	20,735	23,361	34,576	35,354	0.7	0.2
324 - Petroleum and Coal Products	1,680,941	1,260,163	742,200	974,487	1.8	6.3
325 - Chemicals	624,837	399,567	133,079	179,212	0.2	1.2
326 - Plastics and Rubber Products	46,243	55,484	61,974	72,009	0.3	0.5
327 - Nonmetallic Mineral Products	136,670	170,068	208,521	256,095	1.5	1.7
331 - Primary Metal Manufacturing	838,837	976,680	1,628,291	2,509,112	4.4	16.2
332 - Fabricated Metal Products, not elsewhere specified or	28,834	34,396	37,026	49,777	0.1	0.3
333 - Machinery, Except Electrical	17,652	24,831	19,979	27,123	0.0	0.2
334 - Computer and Electronic Products	12,848	8,649	8,664	9,117	0.0	0.1
335 - Electrical Equipment, Appliances, and Component	23,299	22,798	23,253	28,248	0.1	0.2
336 - Transportation Equipment	10,756	13,221	11,155	11,636	0.0	0.1
337 - Furniture and Fixtures	38,701	37,049	42,696	51,478	0.2	0.3
339 - Miscellaneous Manufactured Commodities	239,332	259,345	232,032	249,523	0.3	1.6
51 - Information	321	11	7	76	0.1	0.0
511 - Publishing Industries (Except Internet)	321	11	7	76	0.1	0.0
91-99 - Special Classification Provisions	478,650	439,778	545,213	633,244	1.0	4.1
910 - Waste and Scrap	12,797	11,032	20,073	33,817	1.1	0.2
920 - Used or Second-hand Merchandise	4,117	7,314	4,758	8,661	0.2	0.1
980 - U.S. Goods Returned and Reimported Items	152,803	132,711	182,346	194,192	0.6	1.3
990 - Special Classification Provisions, not elsewhere specified or included	308,933	288,721	338,036	396,574	2.0	2.6

⁽¹⁾ Less than \$500

⁽²⁾ Less than 0.05 percent

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

Table 2: U.S. Exports to ATPA Beneficiary Countries by NAICS-based Sector, 2001-2004
(thousands of dollars)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2004 Percent of Total	
	2001	2002	2003	2004	U.S. Sector Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	6,363,334	6,463,762	6,525,695	7,663,571	1.1	100.0
11 - Agriculture and Livestock Products	522,028	621,240	617,597	783,799	2.1	10.2
111 - Agricultural Products	503,129	606,141	601,804	764,425	2.4	10.0
112 - Livestock and Livestock Products	11,214	9,881	9,223	6,768	0.7	0.1
113 - Forestry Products, not elsewhere specified or included	3,607	3,180	2,618	3,836	0.2	0.1
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	4,078	2,038	3,951	8,770	0.3	0.1
21 - Oil, Gas, Minerals and Ores	18,282	30,245	15,640	15,500	0.2	0.2
211 - Oil and Gas	1,856	17,266	74	106	0.0	0.0
212 - Minerals and Ores	16,426	12,979	15,566	15,394	0.3	0.2
31-33 - Manufacturing	5,537,073	5,489,919	5,577,670	6,525,116	1.0	85.1
311 - Food Manufacturing	249,476	253,899	238,936	247,941	1.0	3.2
312 - Beverages and Tobacco Products	9,305	8,216	5,271	6,646	0.2	0.1
313 - Textiles and Fabrics	68,232	63,077	104,784	113,545	1.4	1.5
314 - Textile Mill Products	23,521	20,671	20,308	25,785	1.3	0.3
315 - Apparel and Accessories	43,498	34,042	43,123	41,805	1.0	0.5
316 - Leather and Allied Products	11,558	12,282	9,987	7,195	0.3	0.1
321 - Wood Products	5,406	4,185	5,623	10,932	0.3	0.1
322 - Paper	252,474	256,566	257,751	284,758	1.9	3.7
323 - Printing, Publishing and Similar Products	27,469	27,408	22,918	17,032	0.3	0.2
324 - Petroleum and Coal Products	130,748	154,551	259,877	366,871	2.9	4.8
325 - Chemicals	1,273,796	1,365,049	1,465,511	1,925,800	1.8	25.1
326 - Plastics and Rubber Products	130,959	117,577	104,074	119,061	0.7	1.6
327 - Nonmetallic Mineral Products	48,912	45,093	47,889	58,052	0.9	0.8
331 - Primary Metal Manufacturing	150,865	116,802	92,292	77,291	0.4	1.0
332 - Fabricated Metal Products, not elsewhere specified or included	126,599	138,210	147,824	138,681	0.7	1.8
333 - Machinery, Except Electrical	1,304,819	1,139,344	1,174,613	1,329,540	1.5	17.3
334 - Computer and Electronic Products	964,440	927,505	883,126	995,986	0.8	13.0
335 - Electrical Equipment, Appliances, and Component	196,847	189,790	180,354	221,310	0.9	2.9
336 - Transportation Equipment	353,085	450,254	335,713	343,583	0.3	4.5
337 - Furniture and Fixtures	18,419	11,081	7,922	9,766	0.4	0.1
339 - Miscellaneous Manufactured Commodities	146,645	154,317	169,774	183,535	0.8	2.4
51 - Information	0	610	1,372	2,246	0.5	0.0
511 - Publishing Industries (Except Internet)	0	610	1,372	2,246	0.5	0.0
91-99 - Special Classification Provisions	285,952	321,748	313,415	336,909	0.9	4.4
910 - Waste and Scrap	12,999	15,764	25,734	55,562	0.7	0.7
920 - Used or Second-hand Merchandise	32,996	71,398	48,064	22,360	1.1	0.3
990 - Special Classification Provisions, not elsewhere specified or	239,957	234,586	239,617	258,986	1.0	3.4

(¹) Less than \$500

(²) Less than 0.05 percent

Note: The value of U.S. exports is the free alongside ship (FAS) value of domestic U.S. exports at the U.S. port of export.

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

**Table 3: Total and Leading 5-digit NAICS-based Industry U.S. Imports
from the ATPA Beneficiary Countries, 2001-2004
(customs value, millions of dollars)**

(5-digit NAICS-based industries with more than \$100 million in U.S. imports from the ATPA countries in 2004, ranked by 2004 value)

NAICS-based U.S. Export Sector	Value of U.S. Imports from the Beneficiary Countries				2004 Percent of Total	
	2001	2002	2003	2004	U.S. Industry Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	9,568.7	9,611.5	11,639.5	15,489.8	1.1	100.0
<u>The leading NAICS-based Industries in 2004 were:</u>						
21111 - Oil and Gas	1,852.6	2,308.3	3,618.0	5,379.8	4.0	34.7
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	767.8	892.9	1,519.0	2,315.6	15.5	14.9
11133 - Noncitrus Fruits and Tree Nuts	828.3	911.0	941.1	980.8	14.7	6.3
32411 - Petroleum Refinery Products	1,680.9	1,260.0	742.2	974.5	1.8	6.3
31522 - Men's and Boys' Apparel	386.7	366.8	520.4	633.9	2.6	4.1
31523 - Women's and Girls' Apparel	324.5	337.5	471.8	611.0	1.6	3.9
21211 - Coal	329.5	284.1	442.1	582.9	57.0	3.8
11142 - Nursery Products, Flowers, Seeds, and Foliage	408.2	382.4	456.0	557.8	40.0	3.6
11411 - Fish, Fresh, Chilled or Frozen and Other Marine Products	379.8	360.3	405.1	431.0	5.0	2.8
99000 - Special Classification Provisions, not elsewhere specified or included	308.9	288.7	338.0	396.6	2.0	2.6
33991 - Jewelry and Silverware	223.0	239.4	204.7	216.3	0.9	1.4
98000 - U.S. Goods Returned and Reimported Items	152.8	132.7	182.3	194.2	0.6	1.3
31171 - Seafood Products, Prepared, Canned and Packaged	89.5	143.4	156.8	131.3	8.1	0.8
11121 - Vegetables and Melons	71.2	85.9	105.8	130.3	3.6	0.8
33111 - Iron and Steel and Ferroalloy	35.3	38.8	68.0	130.2	0.5	0.8
32731 - Cements	72.2	69.6	79.3	105.5	9.3	0.7

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

**Table 4: Total and Leading 5-digit NAICS-based Industry U.S. Exports
to the ATPA Beneficiary Countries, 2001-2004
(millions of dollars)**

(5-digit NAICS-based industries with more than \$100 million in U.S. exports to the ATPA countries in 2004, ranked by 2004 value)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2004 Percent of Total	
	2001	2002	2003	2004	U.S. Industry Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	6,363.3	6,463.8	6,525.7	7,663.6	1.1	100.0
<u>The leading NAICS-based Industries in 2004 were:</u>						
32519 - Other Basic Organic Chemicals	421.7	432.8	535.9	700.1	2.6	9.1
32521 - Resin and Synthetic Rubbers	267.6	293.2	303.2	468.4	2.5	6.1
32411 - Petroleum Refinery Products	130.5	153.9	259.1	366.2	3.0	4.8
33313 - Mining and Oil and Gas Field Machinery	438.7	414.8	363.8	358.6	5.1	4.7
33411 - Computer Equipment	406.3	372.0	365.8	357.7	1.3	4.7
33312 - Construction Machinery	258.2	147.0	162.5	301.5	3.7	3.9
33422 - Radio and Television Broadcasting and Wireless Communications Equipment	204.2	181.9	217.7	296.6	5.3	3.9
11114 - Wheat	164.5	204.9	229.1	285.6	5.5	3.7
11115 - Corn	189.4	230.4	200.7	283.0	4.6	3.7
99000 - Special Classification Provisions, not elsewhere specified or included	240.0	234.6	239.6	259.0	1.0	3.4
32212 - Paper Mill Products	187.4	159.3	153.5	183.4	3.4	2.4
33451 - Navigational, Measuring, Electromedical, and Control Instruments	143.1	132.9	108.3	147.0	0.5	1.9
33641 - Aerospace Products and Parts	148.9	265.5	162.5	127.9	0.2	1.7
11192 - Cotton	81.6	86.7	107.2	127.4	3.0	1.7
33361 - Engines, Turbines and Power Transmission Equipment	116.0	99.9	90.2	121.2	0.8	1.6
33399 - Other General Purpose Machinery	124.0	145.2	155.5	120.1	0.8	1.6
32531 - Fertilizers	92.3	87.6	95.0	120.0	4.4	1.6
32541 - Pharmaceuticals and Medicines	99.1	107.8	99.9	110.9	0.4	1.4
33391 - Pumps and Compressors	83.1	71.4	93.0	101.0	2.5	1.3

Note: The value of U.S. exports is the free alongside ship (FAS) value of domestic U.S. exports at the U.S. port of export.

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

**Table 5: U.S. Imports from the ATPA/ATPDEA Beneficiary Countries
by U.S. Import Program, 2001-2004
(customs value, thousands of dollars)**

U.S. Import Program	2001	2002	2003	2004
<u>No Program Claimed</u>				
Customs Value	7,709,392	8,134,542	5,476,687	6,770,431
Dutiable Value	3,776,408	4,380,967	1,612,727	1,477,418
Calculated Duties	142,712	168,513	63,209	40,459
Average Rate of Duty	3.8%	3.8%	3.9%	2.7%
<u>ATPA</u>				
Customs Value	1,674,607	788,547	1,624,648	1,836,369
Dutiable Value	22,440	5,238	0	0
Calculated Duties	1,386	245	0	0
Average Rate of Duty	6.2%	4.7%	0	0
<u>ATPDEA</u>				
Customs Value	0	212,269	4,211,384	6,522,889
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>GSP</u>				
Customs Value	184,242	475,847	326,644	360,016
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>Pharmaceuticals</u>				
Customs Value	300	178	0	0
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>Civil Aircraft</u>				
Customs Value	120	100	101	61
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>Total</u>				
Customs Value	9,568,661	9,611,482	11,639,464	15,489,766
Dutiable Value	3,798,848	4,386,205	1,612,727	1,477,418
Calculated Duties	144,098	168,758	63,209	40,459
Average Rate of Duty	3.8%	3.8%	3.9%	2.7%

Note: The following U.S. import programs are available to the ATPA countries:

ATPA: Reduced duty or duty-free under the Andean Trade Preference Act of 1991 (ATPA), as amended.

ATPDEA: Duty-free under the Andean Trade Promotion and Drug Eradication Act of 2002 (ATPDEA), as amended.

GSP: Duty-free under the Generalized System of Preferences (GSP). [Section 503(a)(1)(B) of the Trade Act of 1974, as amended]

Pharmaceuticals: Duty-free under the WTO Agreement on Trade in Pharmaceutical Products.

Civil Aircraft: Duty-free under the WTO Agreement on Trade in Civil Aircraft.

The dutiable value represents the customs value of the foreign merchandise imported into the United States that is subject to duty. The dutiable value includes the U.S. content value of items entered under HTS 9802 and 9821 provisions. The calculated duty represents the estimated import duties collected.

Estimated duties are calculated based on the applicable rates of duty as shown in the Harmonized Tariff Schedule of the United States Annotated for Statistical Reporting Purposes. Estimates of calculated duty do not necessarily reflect amounts of duty paid. The average rate of duty is computed as the ratio of calculated duties over the dutiable value, expressed as a percent. Because of rounding, figures may not add to total shown.

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

**Table 6: U.S. Imports from the ATPA/ATPDEA Beneficiary Countries
by U.S. Import Program and Country, 2004
(customs value, thousands of dollars)**

Beneficiary Country	No Program Claimed	ATPA	ATPDEA	GSP	Civil Aircraft	Total
<u>Bolivia</u>						
Customs Value	123,835	75,609	44,753	16,632	0	260,830
Dutiable Value	24,363	0	0	0	0	24,363
Calculated Duties	516	0	0	0	0	516
Average Rate of Duty	2.1%	0	0	0	0	2.1%
<u>Colombia</u>						
Customs Value	3,285,041	717,113	3,171,775	186,569	61	7,360,558
Dutiable Value	802,834	0	0	0	0	802,834
Calculated Duties	25,652	0	0	0	0	25,652
Average Rate of Duty	3.2%	0	0	0	0	3.2%
<u>Ecuador</u>						
Customs Value	1,386,679	272,202	2,475,133	49,604	0	4,183,617
Dutiable Value	573,716	0	0	0	0	573,716
Calculated Duties	9,919	0	0	0	0	9,919
Average Rate of Duty	1.7%	0	0	0	0	1.7%
<u>Peru</u>						
Customs Value	1,974,877	771,445	831,228	107,211	0	3,684,761
Dutiable Value	76,505	0	0	0	0	76,505
Calculated Duties	4,372	0	0	0	0	4,372
Average Rate of Duty	5.7%	0	0	0	0	5.7%
<u>Total U.S. Imports from the Beneficiary Countries</u>						
Customs Value	6,770,431	1,836,369	6,522,889	360,016	61	15,489,766
Dutiable Value	1,477,418	0	0	0	0	1,477,418
Calculated Duties	40,459	0	0	0	0	40,459
Average Rate of Duty	2.7%	0	0	0	0	2.7%

Note: See the note to Table 5 for the definitions of the U.S. import programs. The dutiable value represents the customs value of the foreign merchandise imported into the United States that is subject to duty. The dutiable value includes the U.S. content value of items entered under HTS 9802 and 9821 provisions. The calculated duty represents the estimated import duties collected. Estimated duties are calculated based on the applicable rates of duty as shown in the Harmonized Tariff Schedule of the United States Annotated for Statistical Reporting Purposes. Estimates of calculated duty do not necessarily reflect amounts of duty paid. The average rate of duty is computed as the ratio of calculated duties over the dutiable value, expressed as a percent. Because of rounding, figures may not add to total shown.

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

**Table 7: U.S. Imports from the ATPA/ATPDEA Beneficiary Countries
by U.S. Import Program and NAICS-based Sector, 2004
(customs value, thousands of dollars)**

NAICS-based Sector	No Program Claimed	ATPA	ATPDEA	GSP	Civil Aircraft	Total
Total U.S. Imports from the Beneficiary Countries	6,770,431	1,836,369	6,522,889	360,016	61	15,489,766
11 - Agriculture and Livestock Products	1,396,780	725,750	0	24,210	0	2,146,740
111 - Agricultural Products	961,692	723,116	0	23,546	0	1,708,354
112 - Livestock and Livestock Products	5,761	546	0	86	0	6,393
113 - Forestry Products, not elsewhere specified or included	912	0	0	56	0	968
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	428,415	2,087	0	522	0	431,024
21 - Oil, Gas, Minerals and Ores	1,411,652	2,742	4,633,862	3,398	0	6,051,654
211 - Oil and Gas	745,931	0	4,633,862	0	0	5,379,792
212 - Minerals and Ores	665,722	2,742	0	3,398	0	671,862
31-33 - Manufacturing	3,328,941	1,107,817	1,889,027	332,207	61	6,658,052
311 - Food Manufacturing	213,654	185,645	34,750	96,248	0	530,297
312 - Beverages and Tobacco Products	5,650	59,920	0	621	0	66,192
313 - Textiles and Fabrics	19,623	78	0	0	0	19,700
314 - Textile Mill Products	47,161	1,495	198	832	0	49,686
315 - Apparel and Accessories	171,216	1,921	1,156,477	565	0	1,330,178
316 - Leather and Allied Products	10,673	3,761	25,227	2,551	0	42,212
321 - Wood Products	99,662	25,012	0	17,577	0	142,251
322 - Paper	17,187	4,569	0	2,610	0	24,366
323 - Printing, Publishing and Similar Products	35,351	3	0	0	0	35,354
324 - Petroleum and Coal Products	301,701	444	672,342	0	0	974,487
325 - Chemicals	114,556	41,683	0	22,973	0	179,212
326 - Plastics and Rubber Products	1,033	21,373	0	49,603	2	72,009
327 - Nonmetallic Mineral Products	130,048	65,526	0	60,521	0	256,095
331 - Primary Metal Manufacturing	1,990,432	493,238	0	25,442	0	2,509,112
332 - Fabricated Metal Products, not elsewhere specified or included	12,684	19,235	0	17,859	0	49,777
333 - Machinery, Except Electrical	24,779	1,304	0	1,040	0	27,123
334 - Computer and Electronic Products	8,085	732	0	300	0	9,117
335 - Electrical Equipment, Appliances, and Component	1,420	12,323	0	14,446	59	28,248
336 - Transportation Equipment	6,911	3,551	0	1,174	0	11,636
337 - Furniture and Fixtures	51,456	22	0	0	0	51,478
339 - Miscellaneous Manufactured Commodities	65,660	165,983	34	17,846	0	249,523
51 - Information	76	0	0	0	0	76
511 - Publishing Industries (Except Internet)	76	0	0	0	0	76
91-99 - Special Classification Provisions	632,983	60	0	201	0	633,244
91 - Waste and Scrap	33,817	0	0	0	0	33,817
92 - Used or Second-hand Merchandise	8,661	0	0	0	0	8,661
98 - U.S. Goods Returned and Reimported Items	194,192	0	0	0	0	194,192
99 - Special Classification Provisions, not elsewhere specified or included	396,313	60	0	201	0	396,574

Note: See the note to Table 5 for the definitions of the U.S. import programs.

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

**Table 8: The Leading 20 ATPA Duty-Free U.S Imports from the Beneficiary Countries
by NAICS-based Industry, 2004
(customs value, thousands of dollars)**

NAICS-based Industry	Value of ATPA Duty-Free U.S. Imports			
	2001	2002	2003	2004
AGRICULTURE AND LIVESTOCK PRODUCTS				
<i>Agricultural Products</i>				
11121 - Vegetables and Melons	59,525	61,542	96,675	119,638
11133 - Noncitrus Fruits and Tree Nuts	21,562	14,743	41,213	41,340
11142 - Nursery Products, Flowers, Seeds, and Foliage	382,544	172,875	451,159	551,542
MANUFACTURED PRODUCTS				
<i>Food Manufacturing</i>				
31131 - Sugars*	33,074	7,388	38,864	31,282
31134 - Nonchocolate Confectionery Products	11,339	3,174	8,392	12,768
31141 - Frozen Foods	17,209	9,768	26,839	33,723
31142 - Fruits and Vegetables	31,740	15,568	38,548	56,374
31171 - Seafood Products, Prepared, Canned and Packaged	29,442	4,377	18,917	21,427
<i>Beverages and Tobacco Products</i>				
31222 - Tobacco Products	13,925	20,635	55,352	58,018
<i>Wood Products</i>				
32121 - Veneer, Plywood, and Engineered Wood Products	9,746	6,303	16,134	18,397
<i>Chemicals</i>				
32521 - Resin and Synthetic Rubbers*	6,824	847	12,176	20,749
<i>Plastics and Rubber Products</i>				
32619 - Other Plastics Products	28,819	8,938	11,818	15,726
<i>Nonmetallic Mineral Products</i>				
32711 - Pottery, Ceramics and Plumbing Fixtures	10,069	3,775	11,066	20,002
32712 - Clay and Refractory Building Materials	10,620	6,863	17,042	22,745
32721 - Glass and Glass Products	5,947	2,914	6,635	12,484
<i>Primary Metal Manufacturing</i>				
33131 - Alumina and Aluminum and Processing	6,133	3,604	10,273	20,626
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	464,057	255,267	459,925	448,409
33142 - Copper Rolling, Drawing, Extruding, and Alloying*	10,889	5,056	16,433	23,580
<i>Fabricated Metal Product Manufacturing</i>				
33232 - Ornamental and Architectural Metal Products*	6,014	5,035	8,110	10,962
<i>Miscellaneous Manufactured Commodities</i>				
33991 - Jewelry and Silverware	149,198	77,586	123,341	153,371

* = All constituent HTS tariff lines were also eligible for duty-free entry under the U.S. GSP program.

Note: Excludes duty-free entries under the ATPDEA. The ATPA was not in effect from December 5, 2001 to October 31, 2002 and the reported ATPA duty-free values during that period may be understated; subsequently, the ATPA was renewed retroactively.

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

**Table 9: The Leading 10 ATPDEA Duty-Free U.S Imports from the Beneficiary Countries
by NAICS-based Industry, 2004
(customs value, thousands of dollars)**

NAICS-based Industry	Value of ATPDEA Duty-Free U.S. Imports		
	2002	2003	2004
MINED PRODUCTS			
<i>Oil and Gas Extraction</i>			
21111 - Oil and Gas	186,376	2,991,572	4,633,862
MANUFACTURED PRODUCTS			
<i>Food Manufacturing</i>			
31171 - Seafood Products, Prepared, Canned and Packaged	0	28,236	34,750
<i>Apparel Manufacturing</i>			
31511 - Hosiery and Socks	0	25,577	35,709
31522 - Men's and Boys' Apparel	0	366,892	558,831
31523 - Women's and Girls' Apparel	0	338,494	526,888
31529 - Other Apparel	65	23,475	32,301
31599 - Apparel Accessories	0	2,065	2,747
<i>Leather and Allied Product Manufacturing</i>			
31621 - Footwear	339	3,935	5,696
31699 - Other Leather Products	1,890	16,891	19,532
<i>Petroleum and Coal Products Manufacturing</i>			
32411 - Petroleum Refinery Products	23,593	414,226	672,342

Note: The ATPDEA came into force on November 1, 2002.

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

Table 10: Nonagricultural U.S. Payroll Employment by Industry Sector and Subsectors, 1998-2004
(all employees in thousands, annual average)

Industry	1998	1999	2000	2001	2002	2003	2004
GOODS-PRODUCING	24,354.0	24,465.0	24,649.0	23,873.0	22,557.0	21,816.0	21,884.0
Natural resources and mining	645.0	598.0	599.0	606.0	583.0	572.0	591.0
Mining	564.7	517.4	520.2	532.5	512.2	502.7	523.2
Construction	6,149.0	6,545.0	6,787.0	6,826.0	6,716.0	6,735.0	6,964.0
Manufacturing	17,560.0	17,322.0	17,263.0	16,441.0	15,259.0	14,510.0	14,329.0
Durable goods	10,910.0	10,830.0	10,876.0	10,335.0	9,483.0	8,963.0	8,923.0
Wood products	609.2	620.3	613.0	574.1	554.9	537.6	548.4
Nonmetallic mineral products	535.3	540.8	554.2	544.5	516.0	494.2	504.8
Primary metals	641.5	625.0	621.8	570.9	509.4	477.4	465.9
Fabricated metal products	1,739.5	1,728.4	1,752.6	1,676.4	1,548.5	1,478.9	1,497.5
Machinery	1,511.9	1,466.1	1,454.7	1,368.3	1,229.5	1,149.4	1,141.5
Computer and electronic products	1,830.9	1,780.5	1,820.0	1,748.8	1,507.2	1,355.2	1,326.2
Electrical equipment and appliances	591.6	588.0	590.9	556.9	496.5	459.6	446.8
Transportation equipment	2,077.0	2,087.3	2,055.8	1,937.9	1,828.9	1,774.1	1,763.5
Furniture and related products	641.2	664.8	679.7	642.4	604.1	572.9	572.7
Miscellaneous manufacturing	731.7	729.0	733.0	714.5	688.3	663.3	655.5
Nondurable goods	6,650.0	6,492.0	6,388.0	6,107.0	5,775.0	5,547.0	5,406.0
Food manufacturing	1,554.9	1,549.8	1,553.1	1,551.2	1,525.7	1,517.5	1,497.4
Beverages and tobacco products	208.9	208.3	207.0	209.0	207.4	199.6	194.3
Textile mills	424.5	397.1	378.2	332.9	290.9	261.3	238.5
Textile product mills	217.1	217.3	216.3	205.7	194.6	179.3	177.7
Apparel	639.0	555.6	496.8	426.5	359.7	312.3	284.8
Leather and allied products	82.9	74.9	68.8	58.0	50.2	44.5	42.9
Paper and paper products	624.9	615.6	604.7	577.6	546.6	516.2	499.1
Printing and related support activities	827.9	814.6	806.8	768.4	706.6	680.5	665.0
Petroleum and coal products	134.5	127.8	123.2	121.1	118.1	114.3	112.8
Chemicals	992.6	982.5	980.4	959.0	927.5	906.1	887.0
Plastics and rubber products	942.8	948.3	952.2	897.4	848.0	815.4	806.6
SERVICE-PROVIDING	101,576.0	104,528.0	107,136.0	107,952.0	107,784.0	108,182.0	109,596.0
Trade, transportation, and utilities	25,186.0	25,771.0	26,225.0	25,983.0	25,497.0	25,287.0	25,510.0
Wholesale Trade	5,795.2	5,892.5	5,933.2	5,772.7	5,652.3	5,607.5	5,654.9
Retail Trade	14,609.3	14,970.1	15,279.8	15,238.6	15,025.1	14,917.3	15,034.7
Transportation and Warehousing	4,168.0	4,300.3	4,410.3	4,372.0	4,223.6	4,185.4	4,250.0
Utilities	613.4	608.5	601.3	599.4	596.2	577.0	570.2
Information	3,218.0	3,419.0	3,631.0	3,629.0	3,395.0	3,188.0	3,138.0
Financial activities	7,462.0	7,648.0	7,687.0	7,807.0	7,847.0	7,977.0	8,052.0
Professional and business services	15,147.0	15,957.0	16,666.0	16,476.0	15,976.0	15,987.0	16,414.0
Education and health services	14,446.0	14,798.0	15,109.0	15,645.0	16,199.0	16,588.0	16,954.0
Leisure and hospitality	11,232.0	11,543.0	11,862.0	12,036.0	11,986.0	12,173.0	12,479.0
Other services	4,976.0	5,087.0	5,168.0	5,258.0	5,372.0	5,401.0	5,431.0
Government	19,909.0	20,307.0	20,790.0	21,118.0	21,513.0	21,583.0	21,618.0
TOTAL NONFARM	125,930.0	128,993.0	131,785.0	131,826.0	130,341.0	129,999.0	131,480.0

Source: Payroll Employment Establishment Survey, U.S. Department of Labor, Bureau of Labor Statistics.