SECRETARY OF LABOR
WASHINGTON, D.C. 20210

DEC 16 2008

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

Dear Mr. President:

Transmitted herewith is the fifteenth 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 fifteenth report analyzes the impact of the ATPA on U.S. trade and employment through 2007.

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

Sincerely,

E.L. Chao

Elaine L. Chao

Enclosure

SECRETARY OF LABOR
WASHINGTON, D.C. 20210

DEC 16 2008

The Honorable Nancy Pelosi
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Madam Speaker:

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Sincerely,

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Elaine L. Chao

Enclosure

TRADE AND EMPLOYMENT EFFECTS OF THE ANDEAN TRADE PREFERENCE ACT

Fifteenth Annual Report for 2008
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

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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 2007 and represents the fifteenth 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. ATPA preferential duty treatment expired on December 4, 2001, but was renewed retroactively by the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The ATPDEA significantly expanded the product coverage of the ATPA program. The ATPA, as amended and expanded by the ATPDEA, was scheduled to expire on December 31, 2006. Since then, Congress has extended the programs four times, and currently the ATPA/ATPDEA will expire on December 31, 2009. Section 207 of the ATPA directs the Secretary of Labor to undertake a continuing review and analysis of the impact of ATPA/ATPDEA preferences on U.S. employment and submit a summary report of such analysis annually to the Congress.

During 2007, \$12.3 billion in U.S. imports from the beneficiary countries entered the United States duty-free under the provisions of the ATPA/ATPDEA. This represented 59 percent of all U.S. imports from the beneficiary countries in 2007, but just 0.6 percent of total U.S. imports from all sources. This \$12.3 billion in imports included \$2.8 billion in imports that entered duty-free under the provision of the original ATPA (excluding the ATPDEA amendments) and \$9.5 billion in imports that entered duty-free under the ATPDEA's provisions for expanded product coverage. Of the \$2.8 billion in imports that entered duty-free under the provision of the original ATPA (excluding the ATPDEA amendments), approximately one-third or \$913.0 million, could have qualified for duty-free entry under the Generalized System of Preferences (GSP) and were not exclusive benefits of the ATPA. All items that entered under the ATPDEA's provisions for expanded product coverage were exclusive benefits of the ATPA. Overall, U.S. imports from the beneficiary countries that benefited exclusively from the original ATPA (on eligible products not eligible for GSP) and the ATPDEA amendments (all covered products) amounted to \$11.4 billion in 2007, which represented about 54 percent of all U.S. imports from the beneficiary countries, but just 0.6 percent of total U.S. imports from all sources.

The main finding of this report is that preferential tariff treatment under the provisions of the original ATPA and the ATPDEA amendments 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 (Pub. L. No. 102-182, Title II, 105 Stat. 1233), was part of a larger Andean Initiative that was launched by the United States that year. 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.[1] 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 (Pub. L. No. 107-210, Div. C, Title XXXI, 116 Stat. 1023) on August 6, 2002. The ATPDEA significantly expanded the product coverage of the ATPA program. The ATPA, as amended and expanded by the ATPDEA, was scheduled to expire on December 31, 2006. Since then, Congress has extended the programs four times, and currently the ATPA/ATPDEA will expire on December 31, 2009.[2] The ATPA, as amended and expanded by the ATPDEA, will be referred to hereafter in this report as 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 fifteenth 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 on U.S. trade and employment during calendar year 2007.

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 and the Generalized System of Preferences (GSP).[3] The report then identifies U.S. trade

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[1] The Office of the U.S. Trade Representative published a notice on October 1, 2008, in the *Federal Register* announcing the President's proposed action to suspend Bolivia's designation as a beneficiary country under the ATPA based on the Bolivian government's failure to meet the programs' counter-narcotics cooperation criteria. See 73 Fed. Reg. 57158-57159 (October 1, 2008), available at http://www.ustr.gov/assets/Document_Library/Federal_Register_Notices/2008/October/asset_upload_file375_15185.pdf

[2] Two of the beneficiary countries, Colombia and Peru, have signed bilateral trade promotion agreements with the United States that once implemented will make permanent benefits similar to the ones that these countries receive under the ATPA and liberalize further trade with the United States in other areas. These agreements will also eliminate many tariffs faced by U.S. firms seeking to do business in Colombia and Peru, thereby giving U.S. firms access to benefits long enjoyed by their Colombian and Peruvian counterparts in U.S. markets. When these FTAs enter into force, the ATPA benefits will cease.

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

preferences that are exclusively available to the beneficiary countries under the ATPA and the import product groups that have increased significantly or established significant U.S. market share since the extension of duty-free benefits offered exclusively by the ATPA. 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. The report closes with some general conclusions on the impact of the ATPA on U.S. employment. All of the referenced data tables appear at the end of this report.

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, and are extracted from the U.S. International Trade Commission's (USITC) Interactive Tariff and Trade Dataweb.[4] U.S. employment is tabulated from establishment and household survey data of the U.S. Department of Labor's Bureau of Labor Statistics (BLS).[5]

[4] The USITC Interactive Tariff and Trade Dataweb is available at http://dataweb.usitc.gov/. All trade data are in nominal terms.

[5] Data from the Current Employment Statistics (or establishment) Survey are available at www.bls.gov/ces. Data from the Current Population Statistics (or household) Survey are available at www.bls.gov/cps.

U.S. MERCHANDISE TRADE WITH THE ATPA BENEFICIARY COUNTRIES IN 2007

Total U.S. Trade with the Beneficiary Countries

U.S. imports from the four beneficiary countries in 2007 amounted to $20.9 billion (see Table 1). These imports accounted for 1.1 percent of total U.S. imports from all sources in 2007, down from 1.2 percent in 2006. U.S. exports to the beneficiary countries in 2007 amounted to $14.6 billion (see Table 2). These exports accounted for 1.4 percent of all U.S. exports to the world in 2007, up from 1.3 in 2006.

By broad industrial sector, 44.6 percent of U.S. imports from the beneficiary countries in 2007 were oil, gas, minerals and ores; 37.4 percent were manufactured products; 14.0 percent were agricultural, livestock, forestry and fishery products; and 4.1 percent were other miscellaneous items (see Table 1). By comparison, 85.7 percent of U.S. exports to the beneficiary countries in 2007 were manufactured products; 9.7 percent were agricultural products; 4.2 percent were other miscellaneous items; and less than one percent was oil, gas, minerals and ores (see Table 2).

Table 3 presents the 5-digit North American Industry Classification System (NAICS)-based industries[6] where U.S. imports from the beneficiary countries in 2007 exceeded $150 million. These leading import industries were: oil and gas ($7.9 billion); nonferrous metal smelting and refining ($2.4 billion); non-citrus fruits and tree nuts ($1.4 billion); petroleum refinery products ($1.3 billion); coal ($1.2 billion); nursery products, flowers, seeds, and foliage ($666.2 million); men's and boys' apparel ($624.7 million); fresh, chilled, or frozen fish and other marine products ($586.5 million); items imported under special classification provisions ($537.5 million); women's and girls' apparel ($510.7 million); jewelry and silverware ($296.6 million); iron, steel, and ferroalloy ($291.3 million); vegetables and melons ($205.0 million); fruits and vegetables ($183.4 million); and waste and scrap ($157.5 million). These leading 15 industries accounted for 86.9 percent of all U.S. imports from the beneficiary countries in 2007.

Table 4 presents the 5-digit NAICS-based industries where U.S. exports to the beneficiary countries in 2007 exceeded $150 million. These leading export industries were: petroleum refinery products ($1.3 billion); resin and synthetic rubbers ($992.9 million); other basic organic chemicals ($959.2 million); corn ($680.6 million); computer equipment ($651.7 million); construction machinery ($593.7 million); mining and oil and gas field machinery ($538.2 million); items exported under special classification provisions ($468.5 million); wheat ($402.3 million); navigational, measuring, electromedical, and control instruments ($332.7 million); paper mill products ($308.4 million); aerospace products and parts ($299.1 million); telephone apparatus ($290.2); other general purpose machinery ($283.6 million); fertilizers ($227.3 million); petrochemicals ($223.3 million); radio and television broadcasting and wireless

[6] 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, based on NAICS 2002. 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.

communication equipment ($221.4 million); engines, turbines, and power transmission equipment ($219.4 million); starch and vegetable fats and oils ($192.3 million); iron, steel, and ferroalloy ($188.8 million); pharmaceuticals and medicines ($186.8 million); pumps and compressors ($170.2 million); all other chemical products and preparations ($165.7 million); cotton ($160.9 million); electrical equipment ($157.0 million); and semiconductors and other electronic components ($153.8 million). These leading 26 industries accounted for 71.2 percent of all U.S. exports to the beneficiary countries in 2007.

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

Several U.S. programs are available that permit duty-free access to the United States market for qualifying foreign goods. The major U.S. programs utilized by the Andean countries include the ATPA and GSP programs.[7]

ATPA

Unless it is specifically excluded, a product must meet one of the following conditions to be eligible for duty-free treatment under the ATPA: (1) be wholly grown, produced, or manufactured in an 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 Caribbean Basin Economic Recovery Act (CBERA) beneficiary countries,[8] 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.

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 amendments to the ATPA (hereinafter referred to as the ATPDEA amendments) 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 include petroleum and petroleum products; some leather items including certain gloves and footwear; tuna packaged in foil pouches; and certain watches and watch parts. Many items from the beneficiary countries that had previously been granted reduced rates of duty under the ATPA,

[7] These countries also receive a negligible amount of duty-free access under import programs based on World Trade Organization (WTO) agreements that the United States has signed concerning trade in pharmaceuticals and civil aircraft.

[8] 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). During the period covered by this report, the 20 CBERA beneficiary countries and territories were: Antigua and Barbuda; Aruba; the Bahamas; Barbados; Belize; the British Virgin Islands; Costa Rica; Dominica; the Dominican Republic; Grenada; Guyana; Haiti; Jamaica; Montserrat; the Netherlands Antilles; Panama; St. Kitts and 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. The Dominican Republic lost CBERA beneficiary status in 2007, when they implemented the United States – Central America – Dominican Republic Free Trade Agreement (CAFTA-DR).

including handbags, luggage, flat goods, work gloves, and leather wearing apparel from the beneficiary countries, were also granted duty-free eligibility under the ATPDEA amendments. Additionally, the ATPDEA amendments permit certain apparel from the Andean region to enter the United States duty-free provided that special rule of origin requirements are met. In 2001, only 20 percent of the value of U.S. imports from the beneficiary countries qualified for ATPA duty-free treatment. However, in 2003, the first full year for which the ATPDEA amendments were in effect, the value of U.S. imports from the beneficiary countries benefited from duty-free treatment under the expanded ATPA increased to 50 percent. Imports under the expanded ATPA have continued to increase and reached 59 percent in 2007.

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.[9]

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.

U.S. Imports from the ATPA Beneficiary Countries in 2007

Approximately 94 percent of all U.S. imports from the beneficiary countries entered the United States duty-free in 2007, while the remaining 6 percent was subject to an average 1.5 percent rate of duty (see Table 5). In order of decreasing value, imports from the beneficiary countries were eligible for duty-free treatment as follows:[10]

- Duty-free U.S. imports under the **ATPDEA amendments** were $9.5 billion in 2007 and accounted for 45.4 percent of all imports from the beneficiary countries in 2007, down from 46.9 percent in 2006.

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[9] 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.

[10] In addition, in 2007, a small amount of imports from the beneficiary countries entered duty-free under the WTO Agreement on Trade in Civil Aircraft ($713,714) and the WTO Agreement on Trade in Pharmaceutical Products ($2,821).

- **NTR duty-free** U.S. imports were \$6.7 billion and accounted for 32.2 percent of all imports from the beneficiary countries in 2007, the same as in 2006.[11]
- Duty-free U.S. imports under **original ATPA** (excluding the ATPDEA amendments) were \$2.8 billion and accounted for 13.4 percent of all imports from the beneficiary countries in 2007, up from 13.0 percent in 2006.
- Duty-free U.S. imports under the **GSP** were \$599.3 million and accounted for 2.9 percent of all imports from the beneficiary countries in 2007, up from 2.0 percent in 2006.

Peru accounted for 56 percent of the value of duty-free U.S. imports under the original ATPA (excluding the ATPDEA amendments) in 2007, followed by Colombia (31 percent), Ecuador (10 percent), and Bolivia (3 percent).[12] Ecuador accounted for 46 percent of the value of duty-free U.S. imports under the ATPDEA amendments in 2007, followed by Colombia (39 percent), Peru (15 percent), and Bolivia (1 percent). Peru accounted for 41 percent of the value of GSP duty-free U.S. imports from the beneficiary countries in 2007, followed by Colombia (39 percent), Ecuador (13 percent), and Bolivia (7 percent). In 2007, the average rate of duty paid on imports subject to duty ranged from 1.0 percent for items from Ecuador to 4.0 percent for items from Bolivia (see Table 6).

Tables 7 and 8 show the 5-digit NAICS-based industries that had the highest level of duty-free imports under the original ATPA (excluding the ATPDEA amendments) and the ATPDEA amendments.

[11] NTR duty-free U.S. imports are calculated as the difference between the customs value of imports entered with "no program claimed" and the dutiable value of the imports entered with "no program claimed".
[12] Totals may not add to 100 percent due to rounding.

U.S. EMPLOYMENT EFFECTS OF TRADE BENEFITS EXCLUSIVE TO THE ATPA

The ATPA provided beneficiary nations exclusive duty-free treatment of their exports to the United States in 2007 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 a 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.[13] In 2007, U.S. imports from the beneficiary countries that benefited exclusively from the ATPA amounted to $11.4 billion, which represented about 54 percent of all U.S. imports from the beneficiary countries, but just 0.6 percent of total U.S. imports from all sources.

This report examines the value of ATPA duty-free imports that benefited exclusively from the ATPA provisions, focusing on the import industries that showed a significant value of duty-free imports benefiting exclusively from the ATPA and represented a significant share of total U.S. industry imports from all sources in 2007. Any adverse U.S. employment effects due to the exclusive benefits of the ATPA would result from increased imports of items due to these tariff preferences. In addition to the value of imports and the market share of total U.S. industry imports, any potential employment effect would also be dependent upon the size of the tariff avoided by the ATPA preferences and the substitutability between domestic and imported products.[14] 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.

Seven import industries (based on the 5-digit NAICS) were identified for which exclusive ATPA duty-free benefits in 2007 exceeded $20 million *and* accounted for more than 3.0 percent of total U.S. industry imports from all sources. Four of these industries benefited from the original ATPA and three industries benefited from the ATPDEA amendments.

Original ATPA

- **NAICS 33141—Nonferrous metal (except aluminum) smelting and refining**
- **NAICS 11142— Nursery products, flowers, seeds, and foliage**
- **NAICS 11121—Vegetables and melons**
- **NAICS 31222—Tobacco products**

ATPDEA Amendments

- **NAICS 21111—Oil and gas**
- **NAICS 31171—Prepared, canned, and packaged seafood products**
- **NAICS 31511—Hosiery and socks**

[13] The products associated with the constituent eight-digit Harmonized Tariff Schedule (HTS-8) items in each 5-digit NAICS-based industry 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 calculated.
[14] Estimating and employing elasticities of substitution between domestic and imported items is beyond the scope of this report and are not discussed further.

Trends in U.S. imports in the seven NAICS-based product groups above and trends in industry employment in each of the U.S. industries producing products like those in the seven 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. To place the analysis of domestic employment trends in perspective, the overall U.S. employment situation in 2007 is discussed first.

The U.S. Employment Situation, 2007

U.S. nonagricultural payroll employment continued to grow in 2007. Annual average employment increased to 137.6 million in 2007, up from 136.1 million in 2006 (see Table 9). In 2007, agricultural employment was 2.1 million down slightly from 2.2 million in 2006.[15]

The largest segment of the U.S. non-agricultural workforce is the service-providing sector which has showed continuing growth. Employment in the service-providing sector was 115.4 million in 2007, up from 113.6 million in 2006.

The goods-producing sector experienced a sustained period of employment growth from 1992 to 2000 peaking at 24.6 million in 2000 before declining sharply over the following three years reaching 21.8 million in 2003. Employment in this sector showed modest gains between 2004 and 2006, due to economic recovery in natural resources and mining and construction, but fell again in 2007 to 22.2 million. Employment levels in this sector remain well below its 2000 level of 24.6 million. Employment in manufacturing, which accounts for approximately two-thirds[16] of goods-producing industry employment, has not yet experienced a recovery − it stood at 14.2 million in 2006 and 13.9 million in 2007, well below its 2000 level of 17.3 million.

The civilian unemployment rate, which is based on household survey data, was 4.6 in both 2006 (7.0 million workers) and 2007 (7.1 million workers).

U.S. Import and Domestic Employment Trends in Selected Industries Receiving Significant Benefits Provided under the Original ATPA in 2007

<u>Nonferrous Metals (NAICS 33141)</u>

U.S. imports of nonferrous metals from the beneficiary countries in 2007 were $2.4 billion and accounted for 7.8 percent of U.S. imports of nonferrous metals from all sources (down from 11.2 percent in 2006 and 15.7 percent in 2005). This represented 11.3 percent of all U.S. imports from the beneficiary countries (down from 13.7 percent in 2006). ATPA duty-free imports that benefited exclusively from the ATPA amounted to $989.1 million in 2007 (3.3 percent of

[15] Agricultural employment is derived from the Current Population Survey (CPS), which is administered by the U.S. Census Bureau for the BLS. Non-agricultural payroll employment, hours, and earnings are from the BLS's 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 (i.e., the CPS collects information from households, and the CES collects information from business establishments).

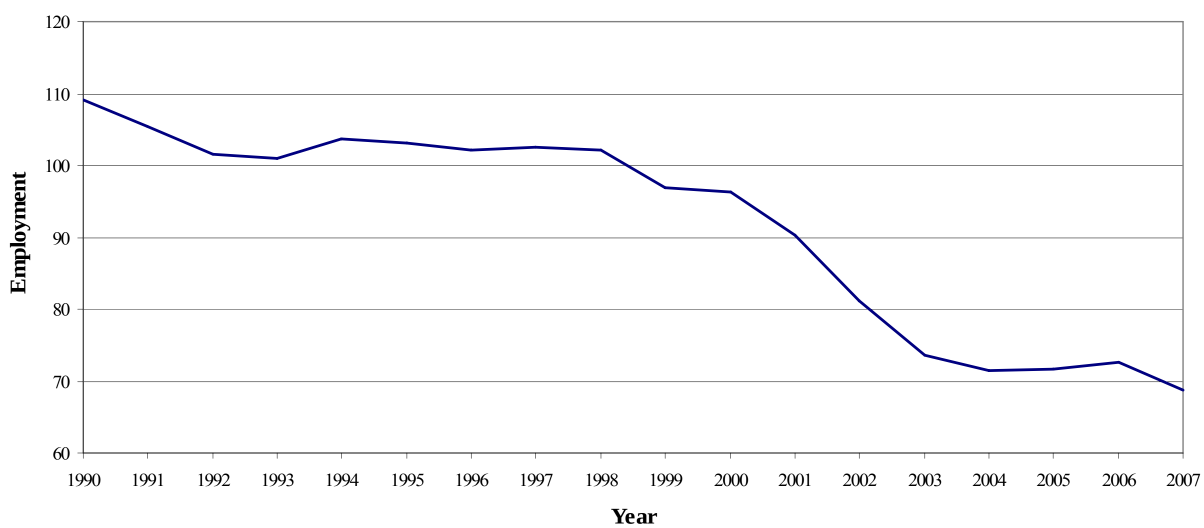
[16] From 1998 to 2007, employment in the manufacturing sector accounted for an average of 67.1 percent of all employment in the goods-producing sector. This ratio has fallen from 72.1 percent in 1998 to 62.5 percent in 2007.

industry imports from all sources). These ATPA exclusive benefits consisted solely of imports of refined copper cathodes and sections of cathodes (HTS 7403.11.00) from Peru, which lost its eligibility for GSP duty-free entry due to exceeding the program's competitive need limit.

This item faces a NTR tariff rate of 1.0 percent. In 2007, 99.4 percent of imports of this item from all sources were granted duty-free entry through various U.S. free trade agreements and trade preference programs. ATPA duty-free imports of this HTS-8 item accounted for 17.5 percent of all U.S. imports of this item from all sources. The leading supplying countries of this item to the U.S. market were Chile and Canada, which combined accounted for 74.4 percent of all U.S. imports of this items and benefited from duty-free entry under the U.S.-Chile FTA and the North American Free Trade Agreement (NAFTA), respectively.

The text chart below presents the trend in U.S. employment in the other nonferrous metal production industry group (NAICS 3314), which includes the nonferrous metal (except aluminum) smelting and refining industry (NAICS 33141), for the years 1990 to 2007. Employment in this industry group showed a slight downward trend over the period between 1990 and 1998 before declining sharply between 1999 and 2004. Employment was slightly up in both 2005 and 2006, before declining to a new low in 2007 at 68,800 workers. The average hourly earnings of production workers had been rising steadily over the period until 2005 when it reached $20.08, but fell in 2006 to $19.93 and 2007 to $19.46.

Figure 1. U.S. Employment in Other Nonferrous Metal Production (NAICS 3314), 1990-2007 (annual average, in thousands)



Source: BLS, Current Employment Statistics

Given the very low tariff rate avoided under the ATPA and the high percentage of total U.S. imports that receive duty-free treatment under other programs, it is unlikely that the duty-free provisions of the ATPA have had any measurable effect on domestic employment in the nonferrous metal production sector.

Nursery Products, Flowers, Seeds, and Foliage (NAICS 11142)

In 2007, U.S. imports of nursery products, flowers, seeds, and foliage from the beneficiary countries were $666.2 million and accounted for 42.7 percent of U.S. imports of these items from all countries (up from 40.8 percent in 2006). This represented 3.2 percent of all U.S. imports from the beneficiary countries (up from 2.7 percent in 2006). ATPA duty-free imports of these items were $651.5 million in 2007, and accounted for 41.8 percent of total U.S. imports of nursery products, flowers, and seeds from all sources in 2007, up from 40.3 percent in 2006. ATPA duty-free imports that benefited exclusively from the ATPA amounted to $433.9 million in 2007 (27.8 percent of industry imports from all sources).

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). However, nearly all U.S. imports of these items from the beneficiary countries in 2007 were fresh cut flowers (98.2 percent), followed by foliage (1.5 percent) and live plants (0.3 percent). Half 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, but are eligible under the ATPA. In addition to roses, the tariff classification for fresh cut flowers covers a number of other flower types (including chrysanthemums, carnations, anthuriums, alstroemeria, gypsophilia, lilies, snapdragons, flower buds, and lilies), which are normally eligible for duty-free entry under the GSP program.

Approximately two-thirds of the ATPA duty-free imports of nursery products, flowers, and seeds benefited exclusively from the ATPA. The exclusive benefits were for the following four HTS-8 items:

- HTS 0603.1100—Fresh cut sweetheart, spray, and other roses from all beneficiary countries
- HTS 0603.1270—Fresh-cut carnations from Colombia
- HTS 0603.1300—Fresh-cut orchids from Colombia[17]
- HTS 0603.1400—Fresh-cut chrysanthemums from Colombia

While fresh cut roses are not eligible for GSP duty-free treatment, the other three HTS-8 items are normally 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.

- In 2007, U.S. exclusive ATPA duty-free imports of fresh cut sweetheart, spray, and other roses (HTS 0603.1100)[18] from all the beneficiary countries were $327.2 million and accounted for 96.3 percent of all U.S. imports of fresh cut roses. This item faces a NTR tariff rate of 6.8 percent. However, in 2007, only 0.4 percent of U.S. imports of fresh cut roses from all sources were subject to duty while the rest were granted duty-free entry

[17] U.S. exclusive ATPA duty-free imports of this item from Colombia amounted to just $19,000 in 2007. Given this small amount, this item is not discussed further.
[18] Due to changes in the HTS code, fresh cut roses were classified as 0603.10.60 prior to January 1, 2007.

through various U.S. free trade agreements and trade preference programs.[19] Colombia and Ecuador were, by far, the leading suppliers of fresh cut roses to the United States in 2007 accounting for 72.0 percent and 24.3 percent of all U.S. imports respectively.

- In 2007, U.S. exclusive ATPA duty-free imports of fresh cut other carnations (HTS 0603.12.70) [20] from Colombia were $41.6 million and accounted for 97.3 percent of all U.S. imports of these items. This item faces a NTR tariff rate of 6.4 percent. However, in 2007, only 0.1 percent of U.S. imports of fresh cut other carnations from all sources were subject to duty while the rest were granted duty-free entry through various U.S. free trade agreements and trade preference programs.[21] Colombia was, by far, the leading supplier of fresh cut other carnations to the United States in 2007.

- In 2007, U.S. exclusive ATPA duty-free imports of fresh cut chrysanthemums (HTS 0603.14.00) [22] from Colombia were $65.0 million and accounted for 95.0 percent of all U.S. imports of these items. This item faces a NTR tariff rate of 6.4 percent. However, in 2007, only 0.2 percent of U.S. imports of fresh cut chrysanthemums from all sources were subject to duty while the rest were granted duty-free entry through various U.S. free trade agreements and trade preference programs.[23] Colombia was, by far, the leading supplier of fresh cut chrysanthemums to the United States in 2007.

The exclusive benefits provided by the ATPA have allowed for the ATPA countries to become the dominant suppliers of fresh cut roses, other carnations, and chrysanthemums to the U.S. market.

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.[24]

Cut flower types that are comparable to those receiving significant exclusive ATPA duty-free benefits include all roses, standard carnations, and chrysanthemums (referred to hereafter as the

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[19] In 2007, U.S. imports of fresh cut roses were granted duty-free entry under the NAFTA, CAFTA-DR, CBI, AGOA, and the U.S. – Israel FTA in addition to the ATPA.

[20] This HTS classification for "fresh cut other carnations" covers all fresh cut carnations that are not miniature (spray) carnations. Due to changes in the HTS code, fresh cut other carnations, together with several other flower types, were classified as 0603.10.70 prior to January 1, 2007.

[21] In 2007, U.S. imports of fresh cut other carnations were granted duty-free entry under the NAFTA, the U.S. – Morocco FTA, and the U.S. – Israel FTA in addition to the ATPA.

[22] Due to changes in the HTS code, fresh cut chrysanthemums, together with several other flower types, were classified as 0603.10.70 prior to January 1, 2007.

[23] In 2007, U.S. imports of fresh cut chrysanthemums were granted duty-free entry under the CBI and the NAFTA in addition to the ATPA.

[24] See *Floriculture Crops 2007 Summary* (U.S. Department of Agriculture, National Agricultural Statistics Service, April 2008). Available online at http://usda.mannlib.cornell.edu/usda/current/FlorCrop/FlorCrop-04-24-2008.pdf. See also See *Floriculture and Nursery Crops Situation and Outlook Yearbook/FLO-2007* (U.S. Department of Agriculture, Economic Research Service, September 2007). This annual report ceased publication in 2007, and these data are the latest available. Data are based on a 15 state survey. The 15 states were selected by the USDA and accounted for 75 percent of cash receipts received by greenhouse and nursery crop farmers in 2006.

"like ATPA cut flowers"). The most recent information available on these domestically produced fresh cut flower types is presented below:

- The number of domestic commercial rose growers and the quantity and value of roses sold have declined steadily since 1992.[25] The number of growers has fallen from 357 in 1992 to 37 in 2007, the quantity of production sold has dropped from 533.6 million stems in 1992 to 71.6 million stems in 2007, and the value of production sold at wholesale has declined from $174.5 million in 1992 to $28.8 million in 2007. Over this same time period, the wholesale price has risen from 32.7 cents per stem in 1992 to 40.2 cents per stem in 2007. The share of domestic consumption accounted for by imports has risen from 34 percent in 1992 to 91 percent in 2006.[26]

- The number of domestic commercial standard carnation growers has fallen from 139 in 1992 to 11 in 2007, while the quantity sold has declined from 213.6 million stems in 1992 to 3.5 million stems in 2007, and the value sold has decreased from $30.8 million in 1992 to $649,000 in 2006. Over the same period, the wholesale price has risen from 14.4 cents per stem to 18.8 cents per stem. The share of domestic consumption accounted for by imports has risen from 67 percent in 1992 to 97 percent in 2006.

- The number of domestic commercial pompon chrysanthemum growers has fallen from 172 in 1992 to 23 in 2007, while the quantity sold has declined from 15.4 million bunches in 1992 to 10.1 million bunches in 2007, and the value sold has decreased from $18.0 million in 1992 to $12.9 million in 2007. Over the same period, the wholesale price has risen from $1.16 per bunch to $1.28 per bunch. The share of domestic consumption accounted for by imports has remained steady and averaged 77 percent over the period from 1992 to 2006.

The USITC estimates that in 2007, ATPA imports of fresh cut flowers displaced 1.1 to 6.6 percent of U.S. output of roses and 1.1 to 6.5 percent of U.S. output of chrysanthemums.[27]

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 accounted for about 13 percent of the number of growers and 11 percent of the value of sales at wholesale in 2006.[28] Further, sales of "like ATPA cut flowers" accounted for just 1.2 percent of the value of sales at wholesale of all floriculture crops in 2006.

For the purposes of this report, the number of hired workers in cut flowers and "like ATPA cut flowers" industries in the United States was roughly estimated based on cut flowers' annual

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[25] Unless otherwise noted, data are available for 1992 through 2007. Historical data are from the *FLO-2007*. Data for 2007 are from the *Floriculture Crops 2007 Summary* and are preliminary.
[26] The most recent year for which data on the import share of domestic consumption are available is 2006.
[27] See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Thirteenth Report* 2007 (Investigation No. 332-352; USITC Publication 4037; November 2008), p. 3-10. Available online at http://hotdocs.usitc.gov/docs/pubs/332/pub4037.pdf. Displacement effects for carnations were not calculated due to unavailability of U.S. production and/or export data.
[28] 2006 is the most recent year available.

share of sales at wholesale of all floriculture crops and "like ATPA cut flowers'" annual share of all cut flower sales at wholesale. In 2006, based on this calculation and in the 15 states surveyed, there were an estimated 80,579 hired workers in floriculture crops, 8,638 hired workers in cut flowers of all types, and 999 hired workers in "like ATPA cut flowers."

Trends in U.S. domestic production and U.S. imports from the beneficiary countries since implementation of the ATPA suggest that increased imports of fresh cut roses, carnations, and chrysanthemums due to the ATPA trade preferences may have displaced some domestic growers and workers located in the United States. 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.

Vegetables and Melons (NAICS 11121)

U.S. imports of vegetables and melons from the ATPA beneficiaries in 2007 were $205.0 million and accounted for 4.4 percent of U.S. imports of vegetables and melons from all sources (up from 3.8 percent in 2006). This represented 1.0 percent of all U.S. imports from the beneficiary countries in 2007 (up from 0.7 percent in 2006). ATPA duty-free imports which benefited exclusively from the ATPA amounted to $163.4 million in 2007 (3.5 percent of industry imports from all sources).

Imports of two HTS-8 items, both covering fresh or chilled asparagus, accounted for 99.5 percent of the exclusive ATPA benefits in the vegetable and melons industry: fresh or chilled asparagus not elsewhere specified (HTS 0709.20.90) from all the beneficiary countries and fresh or chilled asparagus entered between September 15 and November 15 and transported to the U.S. by air (HTS 0709.20.10) from Peru (which has lost GSP eligibility due to competitive need considerations).

- U.S. exclusive ATPA duty-free imports of HTS 0709.20.90 from the beneficiary countries amounted to $159.3 million in 2007 and accounted for 57.9 percent of U.S. imports from all sources (up from 50.6 percent in 2006). Peru was the leading supplier of this item to the U.S. market in 2007 and accounted for nearly all (99 percent) of U.S. imports of this item from the beneficiary countries. This item faces a NTR tariff rate of 21.3 percent. However, in 2007, 99.9 percent of imports of this item entered the United States duty-free. Mexico was the second largest supplying country of this item to the U.S. market accounting for 40.9 percent, and these imports benefited from duty-free entry under the NAFTA. Combined, Peru and Mexico supplied 98.3 percent of all U.S. imports of this item in 2007.

- Imports of HTS 0709.20.10 from Peru amounted to $3.2 million in 2007 and accounted for 87.0 percent of U.S. imports from all sources (down slightly from 89.9 percent in 2006). Peru was by far the largest supplier of this item to the U.S. market in 2007. Only two other countries supplied this item to the U.S. market in 2007: Chile (8.3 percent of all U.S. imports) and Argentina (4.7 percent of all U.S. imports). This item faces a NTR tariff rate of 5 percent. In 2007, 97.2 percent of imports of this item entered the United States duty-free.

U.S. employment data for asparagus farming or the vegetables and melons industry are not available; however, the U.S. Department of Agriculture (USDA) makes estimates of annual domestic production of asparagus.[29] According to the USDA, domestic production of fresh asparagus was 91.8 million pounds in 2007, up slightly from 91.1 million pounds in 2006. However, these figures are much lower than they have been historically. Over the ten-year period from 1996 to 2005, U.S. production of asparagus averaged 130.9 million pounds. The dollar value of U.S. production of fresh asparagus increased from $81.0 million in 2006 to $91.0 million in 2007 due to the small increase in production and an increase in price. Per capita use of asparagus has been slowly, but steadily, increasing over the past three decades and was 1.1 pounds per capita in 2007. Imports of fresh asparagus account for a large percent of U.S. consumption of asparagus. The share of U.S. consumption derived from imports for fresh asparagus has shown a long-term increasing trend, rising from 10.8 percent in 1980, to 29.8 percent in 1990, to 59.0 percent in 2000, to 77.9 percent in 2007.

The USITC estimates that in 2007, ATPA imports of asparagus (HTS 0709.20.90) accounted for 56.1 percent of apparent U.S. consumption and displaced 4.5 to 17.1 percent of U.S. output of asparagus.[30] It may be the case that the duty-free provisions of the ATPA are partly responsible for the overall production declines in the U.S. output of fresh and processed asparagus. Given the lack of data on the employment of workers involved in the production of asparagus, it is difficult to determine if increased ATPA duty-free imports of asparagus have created any significant adjustment problems for domestic workers producing asparagus.

Tobacco Products (NAICS 31222)

U.S. imports of tobacco products from the beneficiary countries in 2007 were $26.5 million and accounted for 4.5 percent of U.S. imports of this item from all sources (down from 6.7 percent in 2006). Imports of tobacco products increased dramatically each year between 2000 and 2004, but have declined in each of the years since, particularly in 2007.[31] In 2007, nearly all (99.6 percent) of these imports from the beneficiaries were eligible for ATPA. During 2007, $26.44 million entered ATPA duty-free, of which nearly all ($26.39 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).[32] ATPA duty-free imports of this

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[29] See the USDA's Vegetable and Melon Handbook, available online at http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1212.

[30] See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Thirteenth Report* 2007 (Investigation No. 332-352; USITC Publication 4037; November 2008), pp. 3-10 and 3-12. Available online at http://hotdocs.usitc.gov/docs/pubs/332/pub4037.pdf.

[31] In 2000, they were valued at $1.1 million and subsequently $16.4 million in 2001, $33.4 million in 2002, $55.7 million in 2003, and $58.3 million in 2004. In 2005, they declined to $40.0 million, $39.0 million in 2006, and then to $26.5 million in 2007.

[32] Three other HTS-8 tobacco product items benefited exclusively from the ATPA in 2007 (HTS 2402.10.30—Cigars, cheroots and cigarillos containing tobacco, each valued less than 15 cents, HTS 2403.10.20—Smoking

item were $25.4 million in 2007, and accounted for 16.3 percent of U.S. imports from all sources (down significantly from 21.6 percent in 2006). 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 10.4 percent. In 2007, 56.8 percent of imports of this item were granted duty-free entry through various U.S. free trade agreements and trade preference programs. Canada, the leading supplier of this item to the United States, accounted for 34.8 percent of all U.S. imports of this item in 2007 and benefited from duty-free entry under the NAFTA.

Cigarette consumption in the United States peaked in 1981 at 640 billion cigarettes, and has since shown a strong and steady decline to 371 billion cigarettes in 2006.[33] 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. 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.[34]

The text chart below presents the trend in U.S. employment in the tobacco manufacturing industry group (NAICS 3122), which includes the tobacco products industry (NAICS 31222), for the years 1990 to 2007. Employment has declined steadily over this time period, with the exception of a temporary increase in 2002. Employment in tobacco manufacturing was 21,500 in 2007, down from 23,500 in 2006. Average hourly earnings are available only for the tobacco and beverage products subsector (NAICS 312) which covers a much wider group of industries. The hourly wage of production workers had been increasing steadily until 2004 when it peaked at $19.14. Average hourly earnings fell in both 2005 and 2006 reaching a low of $18.18, before rising in 2007 to $18.49, still well below the 2004 peak.

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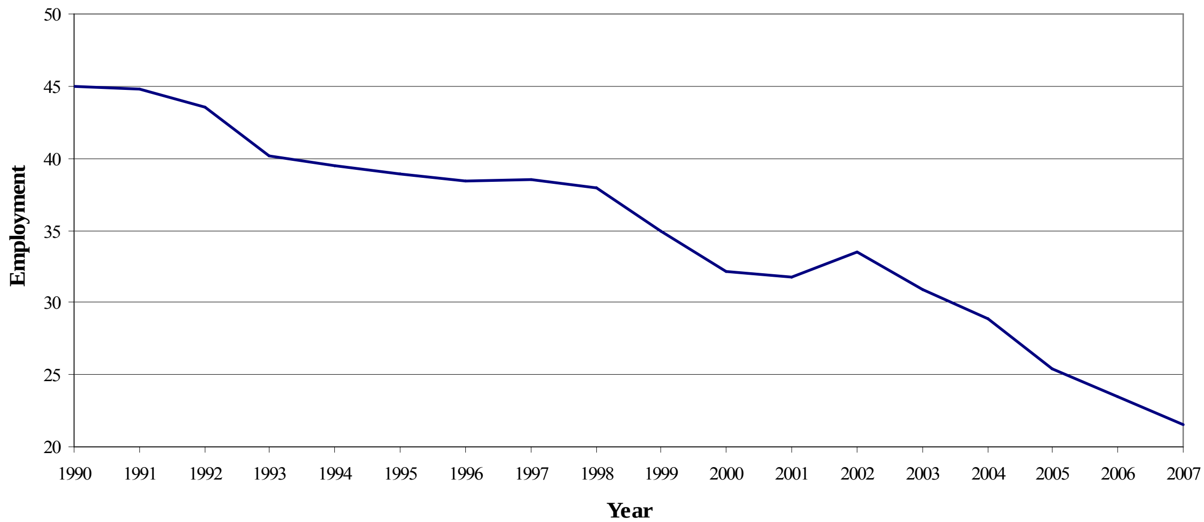
tobacco, whether or not containing tobacco substitutes, prepared for marketing directly to consumer as packaged, and HTS 2402.10.60—Cigars, cheroots and cigarillos containing tobacco, each valued 15 cents or over but less than 23 cents). U.S. imports of these three items combined in 2007 amounted to $936,816.

[33] See United States Department of Agriculture, Economic Research Service, *Tobacco Yearbook 2006*, table 1. Available online at http://usda.mannlib.cornell.edu/usda/ers/92015/Tab01.xls. The Tobacco Yearbook ceased publication in the fall of 2007, and the 2006 data are the most recent available.

[34] 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), pp. 2-25. Available at http://hotdocs.usitc.gov/docs/pubs/332/pub3725.pdf.

Figure 2. U.S. Employment in Tobacco Manufacturing (NAICS 3122), 1990-2007
(annual average, in thousands)



Source: BLS, Current Employment Statistics

Although the tariff preference provided by the ATPA is substantial, U.S. imports from the ATPA beneficiaries account for only 4.5 percent of total U.S. tobacco products imported in 2007, 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.

U.S. Import and Domestic Employment Trends in Selected Industrial Sectors Receiving Significant Benefits Provided under the ATPDEA Amendments in 2007

Oil and Gas (NAICS 21111)

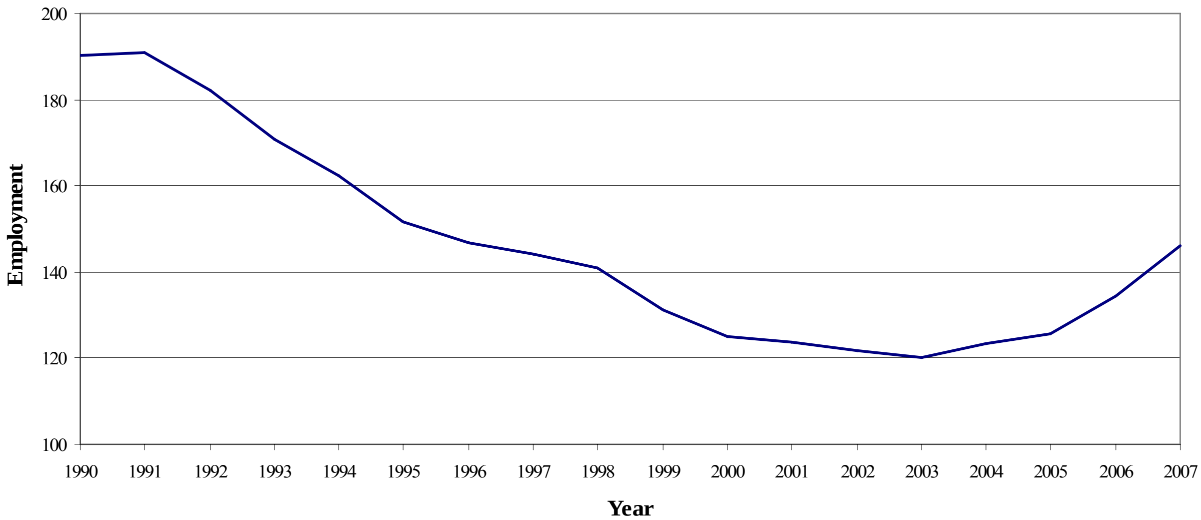
U.S. imports of oil and gas products from the beneficiary countries became eligible for duty-free treatment with the ATPDEA amendments that took effect on October 31, 2002. Although these products accounted for a significant percentage of exports from the beneficiary countries even prior to their obtaining duty-free status, exports of these products to the United States had grown significantly each year since being provided duty-free treatment in 2002 up until 2006, before declining in 2007. U.S. imports of oil and gas from the beneficiary countries in 2007 were $7.9 billion (down from $8.7 billion in 2006, but up significantly from $1.9 billion in 2001) and accounted for 37.6 percent of all U.S. imports from the beneficiary countries (down from 38.7 percent in 2006, but up from 19.4 percent in 2001). This represented 3.4 percent of U.S. imports of oil and gas from all sources (down from 4.1 percent in 2006, and up from 2.5 percent in 2001). In 2007, about 95 percent of these items, or $7.5 billion, entered duty-free under the ATPDEA amendments. Oil and gas imports represented over three-quarters (79 percent) of all imports under the ATPDEA amendments in 2007. The value of U.S. imports of oil and gas from all sources has risen dramatically during this period rising from $72.7 billion in 2001 to $229.5 billion in 2007 due to strong U.S. demand, rising oil prices, and insufficient domestic supply.

Two eight-digit Harmonized Tariff Schedule (HTS-8) petroleum oils (HTS 2709.00.10 and 2709.00.20) are eligible for duty-free access under the ATPDEA amendments. ATPDEA duty-free imports of HTS 2709.00.10 from the beneficiary countries amounted to $5.8 billion in 2007 and accounted for 8.5 percent of U.S. imports from all sources (down slightly from 9.4 percent in 2006). ATPDEA duty-free imports of HTS 2709.00.20 from the beneficiary countries amounted to $1.6 billion in 2007 and accounted for 1.4 percent of U.S. imports from all sources (down from 1.5 percent in 2006).

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. In 2007, the *ad valorem* equivalent rates were calculated to be around 0.1 percent and 0.2 percent, respectively.

The text chart below presents the trend in U.S. employment in the oil and gas extraction subsector (NAICS 211), which includes the oil and gas industry (NAICS 21111), for the years 1990 to 2007. Employment declined sharply between 1991 and 2003, but advanced in the following years. Employment in the subsector rose to 146,000 workers in 2007, up from 134,500 workers in 2006. The average hourly earnings of production workers in this subsector hit a peak in 2001 at $19.97, and declined in each of the following three years hitting a low in 2004 at $18.58. Average hourly earnings have increased since 2004, reaching $24.20 in 2007.[35]

Figure 3. U.S. Employment in Oil and Gas Extraction (NAICS 211), 1990-2007
(annual average, in thousands)



Source: BLS, Current Employment Statistics

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

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[35] Average hourly earnings are in nominal terms. Official estimates of real hourly earnings are not made available at this level of industry detail.

Prepared, Canned, and Processed Seafood Products (NAICS 31171)

U.S. imports of canned, prepared, and processed seafood products from the beneficiary countries in 2007 were $105.0 million and accounted for 5.4 percent of U.S. imports of canned, prepared, and processed seafood products from all sources (down from 6.4 percent in 2006). This represented 0.5 percent of all U.S. imports from the beneficiary countries (the same as in 2006). U.S. imports of items in this industry from the beneficiary countries peaked in 2003 at $156.8 million and have declined by nearly one-third in the years since. ATPA duty-free imports which benefited exclusively from the ATPA amounted to $76.9 million in 2007 which includes $72.4 million that benefited exclusively under the ATPDEA amendments.[36] Nearly all (99.7 percent) of the exclusive benefits in this industry were for tuna products from Ecuador.

U.S. imports of tuna in flexible pouches and subject to certain conditions[37] became eligible for ATPA duty-free treatment with the ATPDEA amendments that took effect on October 31, 2002. Under the ATPDEA, there are two eight-digit tariff lines covering tuna under which some of the imports qualify for duty-free treatment (1604.14.30 - tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota and 1604.14.10 - tunas and skipjack, whole or in pieces, but not minced, in oil, in airtight containers). These items face a NTR tariff rate of 12.5 percent and 35 percent respectively. In 2007, duty-free imports of these two items under the ATPDEA amendments amounted to $72.4 million all of which was imported from Ecuador. Imports from the beneficiary countries under these two tariff lines including those that were not eligible for duty-free treatment (presumably because they were packaged in cans or not processed or harvested according to the qualifying conditions) were $89.2 million in 2007. Therefore, more than four-fifths (81 percent) of all imports from the beneficiary countries under these two tariff lines received duty-free treatment in 2007 under the ATPDEA amendments, up from 74 percent in 2006 (and just 22 percent in 2003, the first year in which the ATPDEA amendments was in effect). The increased percentage of imports of these items eligible for duty-free treatment under the ATPDEA amendments suggest that Ecuadorian exporters have altered their processing procedures in order to take advantage of the duty-free treatment offered by the ATPDEA.

Currently Ecuador is the second largest exporter of these two items (combined) to the United States, well behind the leading supplier, Thailand. In 2007, total U.S. imports of these two items from all sources were $524.3 million. Ecuador accounted for 17.0 percent ($89.1 million) of imports from all sources, while imports from Thailand accounted for 48.2 percent ($252.7

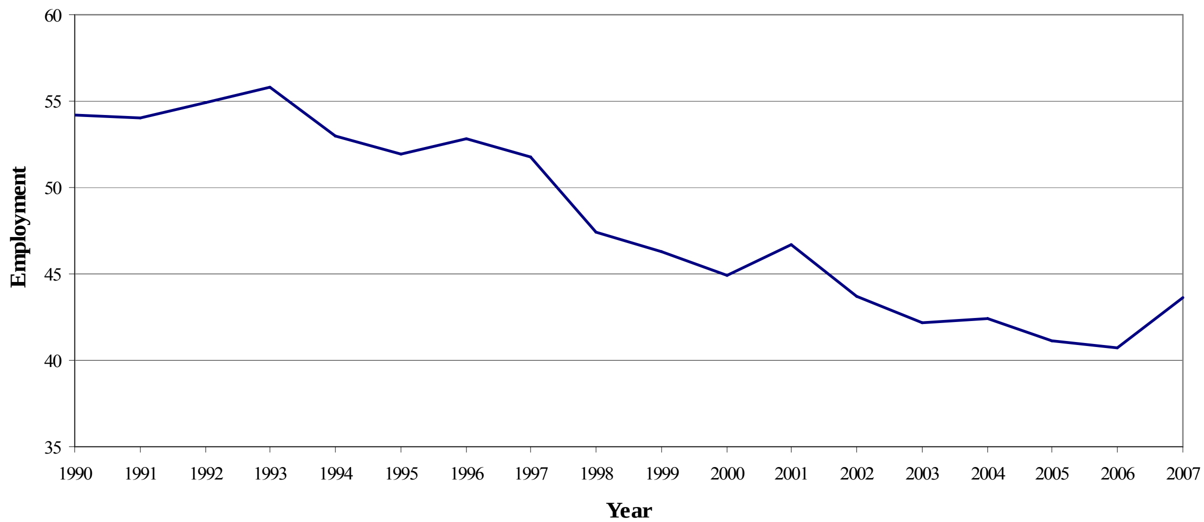
[36] An additional $4.5 million of U.S. imports from the beneficiary countries benefited exclusively under the original ATPA. Nearly all of the items that benefited exclusively from the original ATPA ($4.3 million) were bulk tuna not packed in airtight containers (HTS 1604.14.40) from Ecuador. This item faces a NTR tariff rate of 1.1 cents per kilogram; the ad valorem equivalent is calculated to be about 0.3 percent.

[37] Chapter 98, subchapter XXI, of the HTS of the United States lists these conditions which are that the tuna must be harvested by U.S. vessels or vessels of the ATPDEA beneficiary countries and must have been prepared or preserved in any manner in an ATPDEA beneficiary country.

million). For comparison, the USITC estimates that U.S. production of tuna[38] was estimated to be $550.0 million in 2007. They find that in 2007, ATPA imports of tuna account for 6.1 percent of apparent U.S. consumption of tuna and may have displaced 1.9 to 3.4 percent of U.S. output of tuna.[39]

The text chart below presents the trend in U.S. employment in the seafood product preparation and packaging industry group (NAICS 3117), which includes the canned, prepared, and processed seafood products industry (NAICS 31171), for the years 1990 to 2007. Employment in this industry group has shown a long term negative trend over this period, much like the U.S. manufacturing sector as a whole. However, employment rose slightly in 2007 to 43,600, up from 40,700 in 2006. The average hourly earnings of production workers have been rising steadily and were $12.43 in 2007, up from $11.74 in 2006 and $11.29 in 2005.

Figure 4. U.S. Employment in Seafood Product Preparation and Packaging (NAICS 3117), 1990-2007 (annual average, in thousands)



Source: BLS, Current Employment Statistics

Overall, imports of these items from the beneficiary countries account for a small and declining percentage of total U.S. imports. Although the tariff preference provided by the ATPDEA amendments for the two eight-digit tariff lines identified above is substantial, Thailand, which does not receive duty-free entry, is still by far the leading exporter to the U.S. market. It is unlikely that the duty-free provisions of the ATPA have had a significant effect on domestic employment in this sector.

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[38] The USITC focuses its analysis on just one HTS-8 item (HTS 1604.14.30 - Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota). This item accounts for 94 percent of the combined two items that benefit exclusively from the ATPDEA discussed in this report (1604.14.30 and 1604.14.10).

[39] See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Thirteenth Report* 2007 (Investigation No. 332-352; USITC Publication 4037; November 2008), pages 3-10 and 3-12. Available online at http://hotdocs.usitc.gov/docs/pubs/332/pub4037.pdf.

Hosiery and Socks (NAICS 31511)

U.S. imports of qualifying hosiery and socks became eligible for ATPA duty-free treatment when the ATPDEA amendments took effect on October 31, 2002. Under the ATPDEA amendments, apparel assembled in the Andean region from U.S. fabric or fabric components or components knit-to-shape in the United States may enter the United States duty-free in unlimited quantities. Apparel assembled from Andean regional fabric or components knit-to-shape in the region may enter duty-free subject to a quantitative limit. U.S. imports of hosiery and socks from the beneficiary countries in 2007 were $54.1 million. This represented 3.6 percent of U.S. imports of hosiery and socks from all sources, down slightly from 3.7 percent in 2006. Duty-free imports of these items under the ATPDEA amendments increased from $53.2 million in 2006 to $53.9 million in 2007.

Two HTS-8 items, cotton stockings and socks (HTS 6115.95.90) and synthetic stockings and socks (HTS 6115.96.90), accounted for nearly 80 percent of the duty-free imports under the ATPDEA amendments in this industry.

- U.S. imports of HTS 6115.95.90 from the beneficiary countries in 2007 were $25.4 million and accounted for 3.1 percent of all U.S. imports of this item from all countries (down from 3.6 percent in 2006).[40] This item faces a NTR tariff rate of 13.5 percent. The five leading supplying countries of this item to the United States in 2007 were Pakistan, Honduras, Korea, China, and Mexico; which combined accounted for 70.8 percent of all U.S. imports of this item in 2007. In 2007, 42.1 percent of imports of this item entered duty-free entry under various U.S. free trade agreements and trade preference programs. This included imports from two of the leading suppliers, Honduras and Mexico, which benefited from duty-free entry under the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and NAFTA, respectively.

- U.S. imports of HTS 6115.92.90 from the beneficiary countries in 2007 were $17.3 million and accounted for 4.3 percent of all U.S. imports of this item from all countries (up from 4.2 percent in 2006).[41] This item faces a NTR tariff rate of 14.6 percent. In 2007, just 12.3 percent of imports of this item entered duty-free entry under various U.S. free trade agreements and trade preference programs. China was by far the leading supplying country of this item to the United States in 2007 and accounted for more than half (51.4 percent) of all U.S. imports of this item. Other major supplying countries in 2007 included Korea (13.9 percent) and Taiwan (9.0 percent).

The text chart below presents the trend in U.S. employment in apparel knitting mills industry group (NAICS 3151), which includes the hosiery and sock mills industry (NAICS 31511), for the years 1990 to 2007. Employment has continuously declined over the period. Employment in the industry group stood at 36,600 workers in 2005, 34,500 in 2006, and 30,200 in 2007. The hourly wage of production workers had been rising steadily, but fell in 2007 to $11.15 down from $11.49 in 2006.

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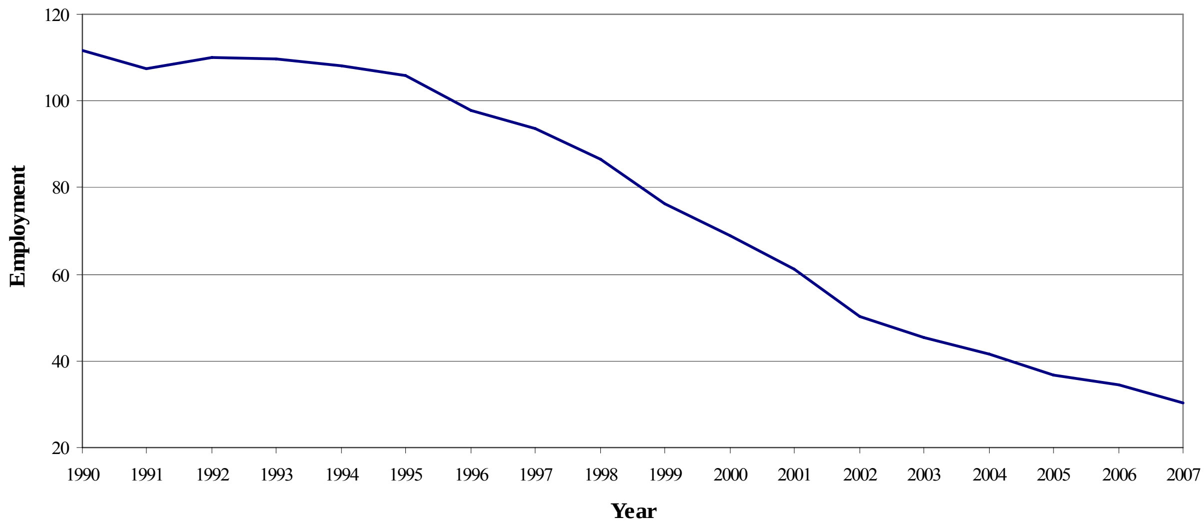
[40] Due to changes in the HTS code, this item was classified as 6115.95.90 prior to January 1, 2007.
[41] Due to changes in the HTS code, this item was classified as 6115.93.90 prior to January 1, 2007.

Figure 5. U.S. Employment in Apparel Knitting Mills (NAICS 3151), 1990-2007
(annual average, in thousands)



Source: BLS, Current Employment Statistics

Although the tariff preference provided by the ATPDEA amendments is substantial, the beneficiary countries account for a small percentage of U.S. imports. Imports of these items are dominated by Asian countries (such as China, Korea, and Taiwan) that do not receive duty-free entry and other Latin American countries (e.g., Mexico and Honduras) that may receive duty-free entry under NAFTA, CAFTA-DR, or CBERA. Given the fairly small percentage of U.S. imports of hosiery and socks accounted for by the beneficiary countries and the other major supplying countries, it is unlikely that the duty-free provisions of the ATPDEA amendments have had any measurable effect on domestic employment in the hosiery and socks sector. Further, due to the requirements of the ATPDEA for use of U.S. fabric or fabric components, increased exports of U.S. textiles to the beneficiary countries since the implementation of the ATPDEA may have offset any employment loss from the preferences.

CONCLUSIONS

It is unlikely that the ATPA itself has had a significant effect on overall U.S. employment. U.S. imports from the beneficiary countries have remained small, accounting for only 1.1 percent of U.S. imports from all sources in 2007. Further, U.S. imports from the beneficiary countries that benefited exclusively from ATPA duty-free entry amounted to $11.4 billion or just 0.6 percent of total U.S. imports from all sources.

Neither the dollar amount nor the rate of increase of U.S. imports from the beneficiary countries has been 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 2002 under the ATPDEA amendments) 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 seven domestic industries received substantial exclusive ATPA duty-free benefits in 2007: oil and gas; nonferrous metals (copper cathodes); nursery products, flowers, seeds, and foliage (fresh cut roses, standard carnations, and chrysanthemums); vegetables and melons (asparagus); prepared, canned, and packaged seafood products (tuna in pouches); hosiery and socks; and tobacco products (paper-wrapped cigarettes). These industries were among the leading industries in terms of exclusive ATPA 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 seven 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 overall U.S. employment. At the industry-level, trends in U.S. domestic production and U.S. imports from the beneficiary countries since implementation of the ATPA suggest that increased imports of certain fresh cut flowers and asparagus due to the ATPA trade preferences may have displaced some growers and workers in the United States; however, given the complexities involved it is difficult to isolate conclusively the factors responsible for these trends. For other industries, the likelihood of such displacement is even less pronounced.

While the ATPA 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 has reduced the margin of tariff preference available to the ATPA beneficiaries.[42] 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 ATPA. Further, 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. A successful

[42] Free trade agreements (FTAs) implemented in 2007 and earlier are agreements with Israel (1986), Canada (1989), Canada and Mexico (1994), Jordan (2001), Singapore (2004), Chile (2004), Australia (2005), Bahrain (2006), Morocco (2006), and the Central American countries (El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic) (2006-07).

conclusion of the WTO's Doha Round could result in further reductions. Two of the beneficiary countries, Colombia and Peru, have signed bilateral trade promotion agreements with the United States that, once implemented, will lock in the benefits they receive under the ATPA and further liberalize trade with the United States. 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.

Tables

Table 1. U.S. Imports from the Beneficiary Countries by NAICS-based Sector, 2004-2007 (customs value, thousands of dollars)

NAICS-based U.S. Import Sector	Value of U.S. Imports from the Beneficiary Countries				2007 Percent of Total	
	2004	2005	2006	2007	U.S. Sector Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	**15,489,766**	**20,060,117**	**22,510,596**	**20,922,939**	**1.1**	**100.0**
11 - Agriculture and Livestock Products	2,146,740	2,512,865	2,713,379	2,919,794	7.7	14.0
111 - Agricultural Products	1,708,354	2,001,409	2,148,547	2,323,907	11.8	11.1
112 - Livestock and Livestock Products	6,393	6,560	5,935	7,623	0.2	([1])
113 - Forestry Products, not elsewhere specified or included	968	1,979	2,467	1,783	0.1	([1])
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	431,024	502,918	556,429	586,481	5.5	2.8
21 - Oil, Gas, Minerals and Ores	6,051,654	8,662,949	10,108,126	9,329,266	3.9	44.6
211 - Oil and Gas	5,379,792	7,591,266	8,700,357	7,866,517	3.4	37.6
212 - Minerals and Ores	671,862	1,071,684	1,407,769	1,462,749	18.0	7.0
31-33 - Manufacturing	6,658,052	8,216,836	8,723,298	7,821,382	0.5	37.4
311 - Food Manufacturing	530,297	617,084	731,696	704,026	2.0	3.4
312 - Beverages and Tobacco Products	66,192	49,054	48,846	34,980	0.2	0.2
313 - Textiles and Fabrics	19,700	31,160	30,781	33,277	0.4	0.2
314 - Textile Mill Products	49,686	42,037	42,510	41,607	0.3	0.2
315 - Apparel and Accessories	1,330,178	1,436,498	1,401,801	1,239,089	1.6	5.9
316 - Leather and Allied Products	42,212	49,588	47,335	53,589	0.2	0.3
321 - Wood Products	142,251	152,418	175,729	159,314	0.9	0.8
322 - Paper	24,366	36,590	37,828	32,858	0.1	0.2
323 - Printing, Publishing and Similar Products	35,354	43,624	46,257	59,265	0.9	0.3
324 - Petroleum and Coal Products	974,487	1,478,282	1,451,695	1,262,490	1.2	6.0
325 - Chemicals	179,212	318,063	215,836	245,270	0.2	1.2
326 - Plastics and Rubber Products	72,009	79,208	87,847	89,909	0.3	0.4
327 - Nonmetallic Mineral Products	256,095	300,052	341,014	287,169	1.5	1.4
331 - Primary Metal Manufacturing	2,509,112	3,088,873	3,448,074	2,888,813	3.3	13.8
332 - Fabricated Metal Products, not elsewhere specified or	49,777	61,471	85,341	99,053	0.2	0.5
333 - Machinery, Except Electrical	27,123	34,009	52,457	73,821	0.1	0.4
334 - Computer and Electronic Products	9,117	15,869	24,539	26,271	([1])	0.1
335 - Electrical Equipment, Appliances, and Component	28,248	36,312	51,167	72,776	0.1	0.3
336 - Transportation Equipment	11,636	16,873	20,842	21,415	([1])	0.1
337 - Furniture and Fixtures	51,478	52,837	59,588	59,397	0.2	0.3
339 - Miscellaneous Manufactured Commodities	249,523	276,936	322,116	336,992	0.4	1.6
51 - Information	76	26	55	8	([1])	([1])
511 - Publishing Industries (Except Internet)	76	26	55	8	([1])	([1])
91-99 - Special Classification Provisions	633,244	667,441	965,737	852,490	1.0	4.1
910 - Waste and Scrap	33,817	39,776	191,693	157,515	3.1	0.8
920 - Used or Second-hand Merchandise	8,661	5,535	14,022	16,325	0.2	0.1
980 - U.S. Goods Returned and Reimported Items	194,192	113,863	182,479	141,193	0.4	0.7
990 - Special Classification Provisions, not elsewhere specified or included	396,574	508,267	577,543	537,457	1.9	2.6

([1]) Less than 0.05 percent

Note: The value of U.S. imports is the customs value of U.S. imports for consumption.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 2. U.S. Exports to the Beneficiary Countries by NAICS-based Sector, 2004-2007 (thousands of dollars)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2007 Percent of Total	
	2004	2005	2006	2007	U.S. Sector Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	**7,663,571**	**8,919,120**	**11,636,520**	**14,620,503**	**1.4**	**100.0**
11 - Agriculture and Livestock Products	783,799	724,977	853,901	1,423,822	2.7	9.7
111 - Agricultural Products	764,425	704,687	826,807	1,396,950	3.0	9.6
112 - Livestock and Livestock Products	6,768	12,799	12,576	13,823	1.0	0.1
113 - Forestry Products, not elsewhere specified or included	3,836	2,867	3,657	4,542	0.2	([1])
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	8,770	4,623	10,861	8,508	0.2	0.1
21 - Oil, Gas, Minerals and Ores	15,500	37,774	36,949	51,613	0.3	0.4
211 - Oil and Gas	106	19,929	14,410	26,627	0.5	0.2
212 - Minerals and Ores	15,394	17,845	22,539	24,986	0.2	0.2
31-33 - Manufacturing	6,525,116	7,787,021	10,257,147	12,531,528	1.4	85.7
311 - Food Manufacturing	247,941	278,081	351,842	457,560	1.2	3.1
312 - Beverages and Tobacco Products	6,646	5,616	9,754	11,436	0.3	0.1
313 - Textiles and Fabrics	113,545	118,765	151,170	113,613	1.4	0.8
314 - Textile Mill Products	25,785	23,943	28,023	34,509	1.3	0.2
315 - Apparel and Accessories	41,805	42,138	37,521	35,354	1.1	0.2
316 - Leather and Allied Products	7,195	10,624	13,466	13,473	0.6	0.1
321 - Wood Products	10,932	8,441	10,008	13,743	0.3	0.1
322 - Paper	284,758	304,777	369,351	445,718	2.3	3.0
323 - Printing, Publishing and Similar Products	17,032	34,893	32,825	41,708	0.7	0.3
324 - Petroleum and Coal Products	366,871	686,472	1,328,757	1,348,919	4.4	9.2
325 - Chemicals	1,925,800	2,012,756	2,460,822	3,256,208	2.2	22.3
326 - Plastics and Rubber Products	119,061	160,585	195,466	251,897	1.1	1.7
327 - Nonmetallic Mineral Products	58,052	52,056	66,070	88,717	1.0	0.6
331 - Primary Metal Manufacturing	77,291	111,793	167,766	272,129	0.6	1.9
332 - Fabricated Metal Products, not elsewhere specified or included	138,681	248,247	249,881	313,299	1.1	2.1
333 - Machinery, Except Electrical	1,329,540	1,468,230	2,009,581	2,447,841	2.0	16.7
334 - Computer and Electronic Products	995,986	1,199,614	1,462,016	1,756,747	1.3	12.0
335 - Electrical Equipment, Appliances, and Component	221,310	227,820	323,656	391,935	1.2	2.7
336 - Transportation Equipment	343,583	548,203	682,864	885,659	0.4	6.1
337 - Furniture and Fixtures	9,766	11,940	14,890	21,025	0.6	0.1
339 - Miscellaneous Manufactured Commodities	183,535	232,027	291,418	329,858	0.9	2.3
51 - Information	2,246	8,419	8,595	13,579	1.5	0.1
511 - Publishing Industries (Except Internet)	2,246	8,419	8,595	13,579	1.5	0.1
91-99 - Special Classification Provisions	336,909	360,930	479,928	599,961	0.9	4.1
910 - Waste and Scrap	55,562	37,855	49,789	55,716	0.2	0.4
920 - Used or Second-hand Merchandise	22,360	24,160	48,221	75,758	1.3	0.5
990 - Special Classification Provisions, not elsewhere specified or included	258,986	298,915	381,918	468,487	1.3	3.2

([1]) 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 Beneficiary Countries, 2004-2007 (customs value, millions of dollars)

(5-digit NAICS-based industries with more than $150 million in U.S. imports from the beneficiary countries in 2007, ranked by 2007 value)

NAICS-based U.S. Export Sector	Value of U.S. Imports from the Beneficiary Countries				2007 Percent of Total	
	2004	2005	2006	2007	U.S. Industry Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	15,489.8	20,060.1	22,510.6	20,922.9	1.1	100.0
The leading NAICS-based Industries in 2007 were:						
21111 - Oil and Gas	5,379.8	7,591.3	8,700.4	7,866.5	3.4	37.6
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	2,315.6	2,796.5	3,080.2	2,363.7	7.8	11.3
11133 - Noncitrus Fruits and Tree Nuts	980.8	1,242.1	1,328.4	1,388.7	15.1	6.6
32411 - Petroleum Refinery Products	974.5	1,478.2	1,451.6	1,262.3	1.2	6.0
21211 - Coal	582.9	950.9	1,189.3	1,244.6	71.9	5.9
11142 - Nursery Products, Flowers, Seeds, and Foliage	557.8	556.4	600.8	666.2	42.7	3.2
31522 - Men's and Boys' Apparel	633.9	717.4	690.6	624.7	2.3	3.0
11411 - Fish, Fresh, Chilled or Frozen and Other Marine Products	431.0	502.9	556.4	586.5	5.5	2.8
99000 - Special Classification Provisions, not elsewhere specified or included	396.6	508.3	577.5	537.5	1.9	2.6
31523 - Women's and Girls' Apparel	611.0	629.3	606.7	510.7	1.2	2.4
33991 - Jewelry and Silverware	216.3	243.3	282.5	296.6	0.9	1.4
33111 - Iron and Steel and Ferroalloy	130.2	171.9	202.1	291.3	0.9	1.4
11121 - Vegetables and Melons	130.3	153.8	167.4	205.0	4.4	1.0
31142 - Fruits and Vegetables	79.1	117.2	166.0	183.4	4.2	0.9
91000 - Waste and Scrap	33.8	39.8	191.7	157.5	3.1	0.8

Note: The value of U.S. imports is the customs value of U.S. imports for consumption.
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 Beneficiary Countries, 2004-2007 (millions of dollars)

(5-digit NAICS-based industries with more than $150 million in U.S. exports to the ATPA countries in 2007, ranked by 2007 value)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2007 Percent of Total	
	2004	2005	2006	2007	U.S. Industry Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	7,663.6	8,919.1	11,636.5	14,620.5	1.4	100.0
The leading NAICS-based Industries in 2007 were:						
32411 - Petroleum Refinery Products	366.2	685.4	1,327.8	1,347.4	4.4	9.2
32521 - Resin and Synthetic Rubbers	468.4	469.0	574.9	992.9	3.4	6.8
32519 - Other Basic Organic Chemicals	700.1	743.5	864.0	959.2	2.6	6.6
11115 - Corn	283.0	281.6	464.4	680.6	6.7	4.7
33411 - Computer Equipment	360.8	403.0	609.4	651.7	2.3	4.5
33312 - Construction Machinery	301.5	299.1	485.7	593.7	3.7	4.1
33313 - Mining and Oil and Gas Field Machinery	358.6	319.6	439.6	538.2	4.2	3.7
99000 - Special Classification Provisions, not elsewhere specified or included	259.0	298.9	381.9	468.5	1.3	3.2
11114 - Wheat	28.56	225.1	115.9	402.3	4.8	2.8
33451 - Navigational, Measuring, Electromedical, and Control Instruments	147.0	205.9	249.4	332.7	0.9	2.3
32212 - Paper Mill Products	180.9	194.1	257.9	308.4	4.3	2.1
33641 - Aerospace Products and Parts	127.9	175.9	270.7	299.1	0.3	2.0
33421 - Telephone Apparatus	60.1	69.1	84.9	290.2	2.8	2.0
33399 - Other General Purpose Machinery	120.1	161.6	236.2	283.6	1.5	1.9
32531 - Fertilizers	120.0	121.3	174.5	227.3	6.6	1.6
32511 - Petrochemicals	97.8	110.9	148.6	223.3	13.9	1.5
33422 - Radio and Television Broadcasting and Wireless Communications Equipment	296.6	354.8	313.9	221.4	3.7	1.5
33361 - Engines, Turbines and Power Transmission Equipment	121.2	152.7	184.7	219.4	1.1	1.5
31122 - Starch and Vegetable Fats and Oils	89.2	106.3	145.3	192.3	3.1	1.3
33111 - Iron and Steel and Ferroalloy	35.2	64.5	95.2	188.8	1.5	1.3
32541 - Pharmaceuticals and Medicines	110.9	139.9	167.3	186.8	0.5	1.3
33391 - Pumps and Compressors	99.5	111.9	123.2	170.2	2.8	1.2
32599 - All Other Chemical Products and Preparations	94.7	106.0	127.1	165.7	2.4	1.1
11192 - Cotton	127.4	113.3	127.8	160.9	3.4	1.1
33531 - Electrical Equipment	91.0	91.7	125.1	157.0	1.2	1.1
33441 - Semiconductors and Other Electronic Components	85.5	108.2	121.1	153.8	0.3	1.1

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 Beneficiary Countries by U.S. Import Program, 2004-2007 (customs value, thousands of dollars)

U.S. Import Program	2004	2005	2006	2007
No Program Claimed				
Customs Value	6,770,431	8,147,890	8,571,991	8,016,110
Dutiable Value	1,477,418	1,543,412	1,331,517	1,279,318
Calculated Duties	40,459	30,969	21,807	19,476
Average Rate of Duty	2.7%	2.0%	1.6%	1.5%
ATPA (excluding the ATPDEA Amendments)				
Customs Value	1,836,369	2,110,242	2,925,048	2,810,112
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
ATPDEA Amendments				
Customs Value	6,522,889	9,353,708	10,559,400	9,496,730
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
GSP				
Customs Value	360,016	448,234	453,900	599,270
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Pharmaceuticals				
Customs Value	0	2	11	3
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Civil Aircraft				
Customs Value	61	42	246	714
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Total				
Customs Value	15,489,766	20,060,117	22,510,596	20,922,939
Dutiable Value	1,477,418	1,543,412	1,331,517	1,279,318
Calculated Duties	40,459	30,969	21,807	19,476
Average Rate of Duty	2.7%	2.0%	1.6%	1.5%

Note: The following U.S. import programs are available to the ATPA countries:
ATPA (excluding the ATPA amendments): Reduced duty or duty-free under the Andean Trade Preference Act of 1991 (ATPA), as amended.
ATPDEA Amendments: Duty-free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA) amendments of the ATPA in 2002.
GSP: Duty-free under the Generalized System of Preferences (GSP). [Section 503(a1)(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 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 Beneficiary Countries by U.S. Import Program and Country, 2007 (customs value, thousands of dollars)

Beneficiary Country	No Program Claimed	ATPA (excluding the ATPDEA Amendments)	ATPDEA Amendments	GSP	Civil Aircraft	Pharmaceuticals	Total
Bolivia							
Customs Value	144,716	91,282	56,865	40,727	21	0	333,611
Dutiable Value	6,049	0	0	0	0	0	6,049
Calculated Duties	241	0	0	0	0	0	241
Average Rate of Duty	4.0%	0	0	0	0	0	4.0%
Colombia							
Customs Value	4,486,724	864,673	3,662,986	236,416	431	3	9,251,233
Dutiable Value	804,084	0	0	0	0	0	804,084
Calculated Duties	10,087	0	0	0	0	0	10,087
Average Rate of Duty	1.3%	0	0	0	0	0	1.3%
Ecuador							
Customs Value	1,440,445	289,145	4,324,647	76,599	189	0	6,131,024
Dutiable Value	318,146	0	0	0	0	0	318,146
Calculated Duties	3,190	0	0	0	0	0	3,190
Average Rate of Duty	1.0%	0	0	0	0	0	1.0%
Peru							
Customs Value	1,944,224	1,565,012	1,452,232	245,529	73	0	5,207,070
Dutiable Value	151,039	0	0	0	0	0	151,039
Calculated Duties	5,958	0	0	0	0	0	5,958
Average Rate of Duty	3.9%	0	0	0	0	0	3.9%
Total U.S. Imports from the Beneficiary Countries							
Customs Value	8,016,110	2,810,112	9,496,730	599,270	714	3	20,922,939
Dutiable Value	1,279,318	0	0	0	0	0	1,279,318
Calculated Duties	19,476	0	0	0	0	0	19,476
Average Rate of Duty	1.5%	0	0	0	0	0	1.5%

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 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. The Leading 20 Duty-Free U.S Imports under the ATPA (excluding the ATPDEA Amendments) from the Beneficiary Countries by NAICS-based Industry, 2007 (customs value, thousands of dollars)

NAICS-based Industry	Value of ATPA Duty-Free U.S. Imports			
	2004	2005	2006	2007
AGRICULTURE AND LIVESTOCK PRODUCTS				
Agricultural Products				
11121 - Vegetables and Melons	119,638	139,657	155,167	186,960
11133 - Noncitrus Fruits and Tree Nuts	41,340	51,430	60,010	60,898
11142 - Nursery Products, Flowers, Seeds, and Foliage	551,542	549,651	594,133	651,490
MINED PRODUCTS				
Mining (except Oil and Gas)				
21229 - Other Metal Ores	2,729	15,518	71,470	72,027
MANUFACTURED PRODUCTS				
Food Manufacturing				
31141 - Frozen Foods	33,723	37,888	49,264	57,163
31142 - Fruits and Vegetables	56,247	81,657	117,752	119,552
31194 - Seasonings, Dressings, and Other Prepared Sauces	5,654	10,018	26,015	35,609
Wood Product Manufacturing				
32121 - Veneer, Plywood, and Engineered Wood Products	18,397	17,825	18,220	14,823
Beverages and Tobacco Products				
31222 - Tobacco Products	58,018	39,436	38,977	26,440
Chemicals				
32521 - Resin and Synthetic Rubbers	20,749	53,032	43,641	53,112
Plastics and Rubber Products				
32619 - Other Plastics Products	15,726	22,367	29,783	39,876
Nonmetallic Mineral Products				
32711 - Pottery, Ceramics and Plumbing Fixtures	20,002	31,252	35,610	25,253
32712 - Clay and Refractory Building Materials	22,745	25,306	40,530	29,799
32799 - All Other Nonmetallic Mineral Products	9,866	11,362	14,720	15,656
Primary Metal Manufacturing				
33131 - Alumina and Aluminum and Processing	20,768	37,432	43,079	27,903
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	448,409	557,782	994,762	1,001,211
33142 - Copper Rolling, Drawing, Extruding, and Alloying	23,796	30,909	43,310	41,844
Fabricated Metal Product Manufacturing				
33232 - Ornamental and Architectural Metal Products	10,962	17,677	45,504	27,076
Other General Purpose Machinery Manufacturing				
33991 - Jewelry and Silverware	153,371	168,022	176,947	114,162
33999 – Other Manufactured Commodities	8,217	10,398	14,112	16,038

Note: Excludes duty-free entries under the ATPDEA.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 8. The Leading 10 Duty-Free U.S Imports under the ATPDEA Amendments from the Beneficiary Countries by NAICS-based Industry, 2007 (customs value, thousands of dollars)

NAICS-based Industry	Value of ATPDEA Duty-Free U.S. Imports			
	2004	2005	2006	2007
MINED PRODUCTS				
Oil and Gas Extraction				
21111 - Oil and Gas	4,633,862	6,952,466	8,038,812	7,485,193
MANUFACTURED PRODUCTS				
Food Manufacturing				
31171 - Seafood Products, Prepared, Canned and Packaged	34,750	51,262	69,897	72,420
Apparel Manufacturing				
31511 - Hosiery and Socks	35,709	42,964	53,180	53,870
31522 - Men's and Boys' Apparel	558,831	662,929	655,183	589,789
31523 - Women's and Girls' Apparel	526,888	580,112	575,359	484,015
31529 - Other Apparel	32,301	29,538	32,832	32,778
31599 - Apparel Accessories	2,747	3,021	6,186	6,738
Leather and Allied Product Manufacturing				
31621 - Footwear	5,696	8,020	4,952	4,114
31699 - Other Leather Products	19,532	23,953	23,439	27,896
Petroleum and Coal Products Manufacturing				
32411 - Petroleum Refinery Products	672,342	999,382	1,099,464	739,754

Note: The ATPDEA amendments came into force on November 1, 2002.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 9. Nonagricultural U.S. Payroll Employment by Industry Sector and Subsectors, 2004-2006 (all employees in thousands, annual average)

Industry	2004	2005	2006	2007
GOODS-PRODUCING	21,882	22,190	22,531	22,221
Natural resources and mining	591	628	684	723
Mining	523	562	620	662
Construction	6,976	7,336	7,691	7614
Manufacturing	14,315	14,226	14,155	13,884
Durable goods	8,925	8,956	8,981	8,816
Wood products	550	559	559	520
Nonmetallic mineral products	506	505	510	503
Primary metals	467	466	464	456
Fabricated metal products	1,497	1,522	1,553	1,563
Machinery	1,145	1,166	1,183	1,188
Computer and electronic products	1,323	1,316	1,308	1,272
Electrical equipment and appliances	445	434	433	427
Transportation equipment	1,767	1,772	1,769	1,711
Furniture and related products	576	568	560	535
Miscellaneous manufacturing	651	647	644	641
Nondurable goods	5,390	5,271	5,174	5,068
Food manufacturing	1,494	1,478	1,479	1481
Beverages and tobacco products	195	192	194	196
Textile mills	237	218	195	170
Textile product mills	183	176	167	158
Apparel	278	251	232	213
Leather and allied products	42	40	37	34
Paper and paper products	496	484	471	461
Printing and related support activities	663	646	634	624
Petroleum and coal products	112	112	113	113
Chemicals	887	872	866	863
Plastics and rubber products	805	802	786	754
SERVICE-PROVIDING	109,553	111,513	113,556	115,402
Trade, transportation, and utilities	25,533	25,959	26,276	26,608
Wholesale Trade	5,663	5,764	5,905	6,028
Retail Trade	15,058	15,280	15,353	15,491
Transportation and Warehousing	4,249	4,361	4,470	4,536
Utilities	564	554	549	553
Information	3,118	3,061	3,038	3,029
Financial activities	8,031	8,153	8,328	8,308
Professional and business services	16,394	16,954	17,566	17,962
Education and health services	16,953	17,372	17,826	18,327
Leisure and hospitality	12,493	12,816	13,110	13,474
Other services	5,409	5,395	5,438	5,491
Government	21,621	21,804	21,974	22,203
TOTAL NONFARM	**131,435**	**133,703**	**136,086**	**137,623**

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

ACRONYMS

ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
BLS	Bureau of Labor Statistics
CAFTA-DR	U.S.-Central America-Dominican Republic Free Trade Agreement
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
FTA	Free Trade Agreement
GSP	Generalized System of Preferences
HTS	Harmonized Tariff Schedule
NAFTA	North American Free Trade Agreement
NAICS	North American Industrial Classification System
NTR	Normal Trade Relations
USITC	U.S. International Trade Commission
WTO	World Trade Organization