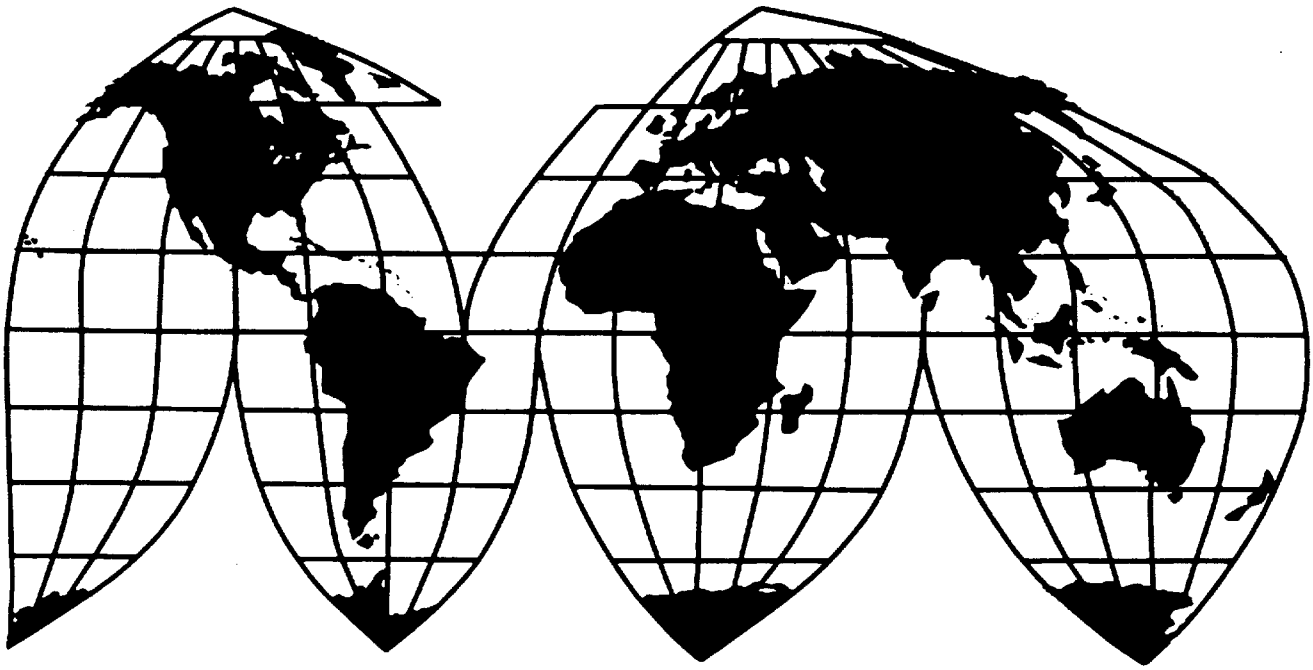
Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences

Report to the President on
Investigation No. 332-447

Note.—This report is a declassified version of the confidential probable economic effect advice report submitted to the President on December 3, 2002

Publication 3567 **December 2002**

U.S. International Trade Commission



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Report to the President on
Investigation No. 332-447

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NOTICE

THIS REPORT IS A DECLASSIFIED VERSION OF THE CONFIDENTIAL PROBABLE ECONOMIC EFFECT ADVICE REPORT SUBMITTED TO THE PRESIDENT ON DECEMBER 3, 2002. ALL PROBABLE ECONOMIC EFFECT ADVICE HAS BEEN REMOVED AND ALL BUSINESS PROPRIETARY INFORMATION HAS BEEN REPLACED WITH "*.'**

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INTRODUCTION[1]

The U.S. International Trade Commission (USITC or Commission) received a letter from the United States Trade Representative (USTR), dated August 22, 2002, requesting an investigation under section 332(g) of the Tariff Act of 1930 for the purpose of providing advice concerning possible modifications to the U.S. Generalized System of Preferences (GSP). The USTR request letter is included in appendix A. Following receipt of the request, the Commission instituted investigation No. 332-447 to provide as follows--

(A) advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties for all beneficiary countries under the GSP for the following HTS subheadings: 0406.90.41, 1202.10.40, 1202.20.40, 1901.90.42, 2008.11.25, 2008.11.45, 2009.41.20, 2009.49.20, 2009.61.00, 2009.69.00, 2204.30.00, 3806.90.00, 7202.99.50, 8482.10.10, 8482.10.50, and 8482.20.00; in providing its advice on these articles, the USTR asked that the Commission assume that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits; and

(B) advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the Trade Act of 1974 for the following HTS subheadings: for Argentina for HTS subheadings 1202.20.40, 2008.11.25, 2009.61.00, 2009.69.00; for the Philippines for HTS subheading 2009.49.20; and for Turkey for HTS subheading 7113.19.50. The Commission was requested to use the dollar value limit of $100,000,000.

The Commission instituted the investigation on September 4, 2002, and indicated that it would seek to provide its advice no later than December 4, 2002, as requested by USTR. The Commission's notice of investigation and notice of correction are contained in appendix B.

All interested parties were afforded an opportunity to provide the Commission with written comments and information. In addition, the Commission held a public hearing on the investigation in Washington, DC, on October 17, 2002. The list of witnesses testifying before the Commission is contained in appendix C.

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[1] The following *Federal Register* notices were issued by the USTR and the Commission relating to investigation No. 332-447:

Date	Notice	Subject
Aug. 28, 2002	67 F.R. 55297	The USTR notice of GSP review
Sept. 10, 2002	67 F.R. 57450	Notice of USITC investigation
Sept. 19, 2002	67 F.R. 59550	Correction of notice of investigation

DIGEST STRUCTURE

This report contains 10 digests covering 17 HTS subheadings with each digest containing the following sections:

I. Introduction

This section provides basic information on the item, including description and uses, rate of duty, and an indication of whether there was a like or directly competitive article produced in the United States on January 1, 1995.

II. U.S. market profile

This section provides information on U.S. producers, employment, shipments, exports, imports, consumption, import market share, and capacity utilization. When exact information is not obtainable, estimates based on the following coding system are provided:

* = Based on partial information/data adequate for estimation with a moderately high degree of confidence, or

** = Based on limited information/data adequate for estimation with a moderate degree of confidence.

III. GSP import situation, 2001

This section provides 2001 U.S. import data, including world total and certain GSP country-specific data.

IV. Competitiveness profiles, GSP suppliers

This section provides background information on GSP-eligible countries for the digest, their ranking as an import source, the price elasticities of supply and demand for imports from that country, and the price and quality of the imports versus U.S. and other foreign products.[2]

V. Position of interested parties

This section provides a brief summary of the petition, hearing testimony, and any written submissions from interested parties.

VI. Summary of probable economic effect advice

This section provides advice on the short-term (1 to 5 years) impact of the proposed GSP-eligibility modifications on U.S. industries producing like or directly competitive articles and on U.S. consumers. In the course of providing this advice, the Commission also estimates changes in the U.S. import levels resulting from the GSP modifications. The probable economic effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price

---

[2] Price elasticity is a measure of the changes in quantities supplied or demanded that result from a percent change in price. Generally, price elasticities of supply are positive and price elasticities of demand are negative. The elasticity is considered low when its absolute value is less than 1.0 because the change in quantity demanded or supplied is less than proportional to the change in price. The elasticity is moderate when its absolute value is between 1 and 2, with percentage changes in quantity being one to two times greater than the change in price. The elasticity is high when its absolute value exceeds 2.0, as percentage changes in quantities exceed percentage changes in price by more than two times. It should be noted that the elasticity levels (low, moderate, and high) are estimates based on staff analysis of industry.

sensitivity of supply and demand. Appendix D provides a brief textual and graphic presentation on the model used for evaluating the probable economic effect of changes in the GSP. .

It should be noted that the probable economic effect advice with respect to changes in import levels is presented in terms of the degree to which GSP modifications could affect the level of U.S. trade with the world. Consequently, if GSP beneficiaries supply a very small share of the total U.S. imports of a particular product or if imports from beneficiaries readily substitute for imports from developed countries, the overall effect on U.S. imports could be minimal. The digests contain a coded summary of the probable economic effect advice. The coding scheme for both "addition" and "competitive-need-limit waiver" digests is as follows:

Level of total U.S. imports:

Code A: Little or no increase (less than 5 percent).
Code B: Moderate increase (6 to 15 percent).
Code C: Significant increase (greater than 15 percent).
Code N: No impact.

U.S. industry and employment:

Code A: Little or negligible adverse impact.
Code B: Significant adverse impact (significant proportion of workers unemployed, declines in output and profit levels, and departure of firms; effects on some segments of the industry may be substantial even though they are not industrywide).
Code C: Substantial adverse impact (substantial unemployment, widespread idling of productive facilities, substantial declines in profit levels; effects felt by the entire industry).
Code N: None.

U.S. consumer:[3]

Code A: The bulk of duty saving (greater than 75 percent) is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly.
Code B: Duty saving is expected to benefit both the foreign suppliers and the domestic consumer (neither absorbing more than 75 percent of the costs).
Code C: The bulk of duty saving (greater than 75 percent) is expected to benefit the U.S. consumer.
Code N: None.

The probable economic effect advice for U.S. imports and the domestic industry is based on estimates of what is expected in the future with the proposed change in GSP eligibility compared with what is expected without it. That is, the estimated effects are independent of and in addition to any changes that will otherwise occur. Although other factors, such as exchange rate changes, relative inflation rates, and relative rates of economic growth, could have a significant effect on imports, these other factors are not within the scope of the USTR request.

[3] For effects advice, "U.S. consumer" is limited to the first-level consumer and may be a firm receiving an intermediate good for further processing or an end-use consumer receiving a final good.

DIGEST LOCATOR

Report digests are listed in sequential order by HTS subheading. This listing provides the following information on the individual digests: the proposed action, the HTS subheadings, the digest title, the petitioner, the column 1 rate of duty as of January 1, 2002, the existence of U.S. production on January 1, 1995, the probable economic effect advice, and the name of the International Trade Analyst assigned.

DIGEST LOCATOR

HTS subheadings	Digest title	Petitioners	Col. 1 duty rate as of 1/1/02	U.S. production on 1/1/95?	Probable economic effect advice	Analyst
ADDITIONS:						
0406.90.41	Certain Italian-type cheeses	Govt. of Argentina, SanCor Cooperativas, Unidas Limitada, Argentina	15.0%	Yes	***	Coleman
1202.10.40 1202.20.40[1] 2008.11.25[1] 2008.11.45	Peanuts	Govt. of Argentina, Argentine Peanut Chamber, Argentina	11.4% 8.2% 7.4% 5.5%	Yes Yes Yes Yes	*** *** *** ***	Bonarriva
1901.90.42	Dairy preparations containing over 10% by weight of milk solids	Govt. of Argentina, SanCor Cooperativas, Unidas Limitada, Argentina	16.0%	Yes	***	Payne
2009.41.20 2009.49.20[2]	Pineapple juice	Dole Food Co., Inc., Westlake Village, CA	9.1% 9.1%	Yes Yes	*** ***	Dennis
2009.61.00[1] 2009.69.00[1]	Grape juice	Govt. of Argentina, Argentine Chamber, Producers/Exporters of Grape Must, Argentina	15.7% 15.7%	Yes Yes	*** ***	Dennis
2204.30.00	Other grape must	Govt. of Argentina, Argentine Chamber, Producers/Exporters of Grape Must, Argentina	4.9%	Yes	***	Serletis
3806.90.00	Other rosin and resin acids	Govt. of Argentina, Akzo Nobel Coatings, S.A., Argentina	4.2%	Yes	***	Randall
7202.99.50	Certain ferroalloys	Govt. of Argentina, Stein Ferroaleaciones S.A.C.I.F.A., Argentina	5.0%	Yes	***	Houck
8482.10.10 8482.10.50 8482.20.00	Ball and tapered roller bearings	Govt. of Argentina, SKF Argentina S.A., Argentina	2.4% 9.0% 5.8%	Yes Yes Yes	*** *** ***	Colby-Oizumi
COMPETITIVE NEED-LIMIT WAIVER (TURKEY):						
7113.19.50	Jewelry of gold or platinum other than necklaces and neck chains	Arpas Ihracat Ithracat ve Pazarlama A.S., Turkey	5.5%	Yes	***	Leggesse

[1] Advice, which was requested on the granting of a waiver of the competitive need limits for Argentina on the articles provided for in this HTS subheading, is provided in the "Probable economic effect advice" column to the right of the addition advice.

[2] Advice, which was requested on the granting of a waiver of the competitive need limits for the Philippines on the articles provided for in this HTS subheading, is provided in the "Probable economic effect advice" column to the right of the addition advice.

COMMODITY DIGESTS

DIGEST NO. 0406.90.41

Certain Italian-Type Cheeses

Certain Italian-Type Cheeses

I. Introduction

__X__ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
0406.90.41	Certain Italian-type cheeses	15	Yes

Description and uses.–The products in this digest include the hard Italian-type cheeses, such as romano made from cow's milk, reggiano, parmesan, provolone and provoletti. These cheese are sold directly to consumers in retail grocery stores, as well as to food manufacturers that use these cheeses as ingredients in processed food products (such as frozen dinners and pizza).

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)[1]	92	96	95	89	91
Employment (***1,000 employees***)	4.6	4.8	4.8	4.5	4.6
Shipments (***1,000 dollars***)[2]	923,000	1,013,000	936,000	929,000	1,100,000
Exports (***1,000 dollars***)[3]	36,401	37,774	33,677	47,086	44,374
Imports (***1,000 dollars***)[4]	42,648	38,183	42,224	53,026	56,354
Consumption (***1,000 dollars***)	929,247	1,013,409	944,547	934,940	1,111,980
Import-to-consumption ratio (***percent***)	4.6	3.8	4.5	5.7	5.1
Capacity utilization (***percent***)	85	85	85	85	85

[1] International Dairy Foods Association, *Cheese Facts*, 2002 Edition.

[2] Based on price and production data for provolone, romano, and parmesan cheese. Source: USDA, Agricultural Market Service, *Dairy Market Statistics*, various issues; and, USDA, National Agricultural Statistical Service, *Dairy Products*, various issues.

[3] The export data shown in this table include the items that are subject of this digest. However, there are also a number of other items included within this basket HTS subheading.

[4] The import data shown in this table are for 0406.90.41 which is the HTS subheading for product entering the United States below the quota. Products entering above the quota (under HTS subheading 0406.90.42) average about $11 million annually during 1997-2001.

Comment.–U.S. production of Italian-type cheeses amounted to about 450 million pounds in 2002, of which almost 85 percent was accounted for by provolone and parmesan cheese. Production of Italian-type cheeses is centered in three States—Wisconsin, California, and New York, and typically produced in small-scale, specialty cheese plants. Product is sold to final consumers as branded specialty cheeses, as well as to food manufacturers that use cheese as ingredients in further processed products, such as frozen pizza or ready-to-eat Italian dinners.

Imports of Italian-type cheeses are subject to a tariff-rate quota. As a result, imports are limited to only 5 percent of domestic consumption. The quota is 13,481 metric tons, of which Argentina is allocated 6,383 metric tons. Because U.S. prices have been close to 50-percent higher than import prices, the quota has filled in recent years. HTS item 0406.90.41 is the in-quota tariff (i.e., the tariff imposed on product imported below the quota limit).

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	56,354	100	([1])	5.1
Imports from GSP countries:				
GSP total	26,599	47.2	100.0	2.4
Argentina	18,596	33.0	69.0	1.7
Uruguay	4,186	7.4	15.7	([2])
Poland	3,805	6.8	14.3	([2])
Romania	12	([2])	([2])	([2])

[1] Not applicable.
[2] Less than 0.5 percent.

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

Comment.–Of the $56 million of imports in 2001, almost half were supplied by GSP countries. All other imports were supplied by Italy. Imports from Argentina increased substantially during the past 5 years, from $6.4 million in 1997 to $18.6 million in 2001. Imports are limited by quotas so that imports are only 5 percent of domestic consumption.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2001	2		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes X		No ___
Is the product an intermediate good used as an input in the production of another good?	Yes X		No ___
Is the product an agricultural or food product?	Yes X		No ___
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate X	Low ___
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___
Supply elasticity for affected imports:			
Can production in the country be easily expanded or contracted in the short term?	Yes X		No ___
Does the country have significant export markets besides the United States?	Yes X		No ___
Could exports from the country be readily redistributed among its foreign export markets?	Yes X		No ___
What is the price elasticity of supply for affected imports?	High X	Moderate ___	Low ___
Price level compared with--			
U.S. products	Above ___	Equivalent ___	Below X
Other foreign products	Above ___	Equivalent X	Below ___
Quality compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–Italian-type cheeses supplied by Argentina are highly substitutable with domestically-produced cheese. However, due to tariff-rate quota restrictions, which limit total imports to 5 percent of domestic consumption, supply elasticities are moot. As a result, import prices are higher than domestic prices and import levels are not affected by changes in the U.S. market price.

IV. Competitiveness profile, All GSP Suppliers

Ranking as a U.S. import supplier, 2001 ..... NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes X No ___

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate X Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the substitution elasticity? ..... High X Moderate ___ Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate ___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Italian-type cheeses supplied by all GSP suppliers are highly substitutable with domestically-produced cheese. However, due to tariff-rate quota restrictions, which limit total imports to 5 percent of domestic consumption, supply elasticities are moot. As a result, import prices are higher than domestic prices and import levels are not affected by changes in the U.S. market price.

V. Position of interested parties

Petitioner.–SanCor Cooperativas Unidas Limitada, claims that gaining GSP status will increase exports to the United States, as well as increase employment and reduced the cost per employee by $15,600 annually. SanCor is a dairy cooperative consisting of about 77 members, representing 2,890 dairy farmers and producers of parmesan and other Italian-type cheeses. SanCor, which represents about 60 percent of the total U.S. imports of products under this HTS subheading, stated that the granting of GSP for this HTS subheading will not likely have any negative effects on the U.S. industry producing a like or competitive product and could have a beneficial effect on U.S. consumers of the product. As a result of the quota already in place on the items covered in this HTS subheading, the level of U.S. imports should not be impacted; however, with the alleviation of the current rate of duty, which currently adds to the overall price of cheese, consumers should benefit from the granting of GSP.

Support.–Mastellone Hnos, S.A., a dairy processing company in Buenos Aires, has been manufacturing and exporting reggianito argentino cheese in original loaves under the subject HTS subheading. This cheese is mainly used as grated cheese for toppings in hot meals, such as pasta, soup, and stuffing. The Argentine dairy industry has been experiencing a period of declining production and prices due to sharply lower consumption in response to Argentina's economic crisis. Representatives of Mastellone stated that the export market is a key component to the survival of the Argentine industry and that the granting of GSP will not lead to a substantial increase in exports to the U.S. market because the volume is limited by the quota. However, granting of GSP status would enable Mastellone to maintain its current level of production and employment by preventing the closure of some of its factories.

Centro de la Industria Lechera stated that the Argentine dairy industry presently is faced with the devaluation of the peso, which has reduced Argentina's competitiveness in international markets. Because of the loss of consumer purchasing power in the domestic market, dairy production has declined, with several dairy farms going out of business. As a result, the Argentine dairy industry must find ways to boost farmer incomes through increasing the producer price of milk by increasing the prices of dairy exports since little improvement is expected in the purchasing power of the Argentine market. Therefore, the granting of GSP for this HTS subheading, would be a positive contribution to the survival of the Argentine dairy industry. Based on Argentina's quota of 6,383 tons, the elimination of the 15 percent tariff would mean an increase in revenue for Argentina on a f.o.b. basis of around $3.5 million annually, equivalent to 3.5 cents per liter of milk used.

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1
Certain Italian-type cheeses: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Italy	33,351	29,999	26,706	26,640	29,431	13,115	13,598
Argentina	6,387	5,610	11,052	18,308	18,596	5,996	7,557
Uruguay	785	1,071	2,003	4,389	4,186	247	378
Poland	72	226	938	2,874	3,805	915	480
Canada	1,215	979	1,193	379	169	0	0
France	342	173	275	410	130	0	8
Netherlands	0	0	0	0	25	0	0
Romania	0	0	0	0	12	0	46
Denmark	0	0	0	0	0	0	0
Germany	237	0	8	17	0	0	0
All Other	259	125	49	9	0	0	1
Total	**42,648**	**38,183**	**42,224**	**53,026**	**56,354**	**20,273**	**22,068**
Total from GSP-eligible nations	**7,244**	**6,906**	**13,993**	**25,572**	**26,599**	**7,158**	**8,461**
	Percent						
Italy	78.2%	78.6%	63.2%	50.2%	52.2%	64.7%	61.6%
Argentina	15.0%	14.7%	26.2%	34.5%	33.0%	29.6%	34.2%
Uruguay	1.8%	2.8%	4.7%	8.3%	7.4%	1.2%	1.7%
Poland	0.2%	0.6%	2.2%	5.4%	6.8%	4.5%	2.2%
Canada	2.8%	2.6%	2.8%	0.7%	0.3%	0.0%	0.0%
France	0.8%	0.5%	0.7%	0.8%	0.2%	0.0%	0.0%
Netherlands	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Romania	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Denmark	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Germany	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All Other	0.6%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**17.0%**	**18.1%**	**33.1%**	**48.2%**	**47.2%**	**35.3%**	**38.3%**

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

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

Table 2
Certain Italian-type cheeses: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Mexico	8,790	9,104	7,173	12,544	13,37 1	6,763	5,746
Canada	10,151	11,332	14,515	20,838	11,965	5,894	3,402
South Korea	3,509	1,217	386	1,869	4,378	2,763	2,813
United Kingdom	160	322	338	566	1,770	870	686
Dominican Republic	869	796	795	1,080	1,415	529	1,174
Japan	2,389	4,845	1,799	1,479	1,078	367	1,247
Israel	260	247	183	598	1,030	224	190
Panama	66	329	315	457	814	361	450
Saudi Arabia	257	87	81	65	782	372	612
Bermuda	425	644	665	815	772	472	286
All Other	9,525	8,851	7,427	6,774	7,000	3,305	3,668
Total	**36,401**	**37,774**	**33,677**	**47,086**	**44,374**	**21,920**	**20,274**
	Percent						
Mexico	24.1%	24.1%	21.3%	26.6%	3.0%	30.9%	28.3%
Canada	27.9%	30.0%	43.1%	44.3%	27.0%	26.9%	16.8%
South Korea	9.6%	3.2%	1.1%	4.0%	9.9%	12.6%	13.9%
United Kingdom	0.4%	0.9%	1.0%	1.2%	4.0%	4.0%	3.4%
Dominican Republic	2.4%	2.1%	2.4%	2.3%	3.2%	2.4%	5.8%
Japan	6.6%	12.8%	5.3%	3.1%	2.4%	1.7%	6.2%
Israel	0.7%	0.7%	0.5%	1.3%	2.3%	1.0%	0.9%
Panama	0.2%	0.9%	0.9%	1.0%	1.8%	1.6%	2.2%
Saudi Arabia	0.7%	0.2%	0.2%	0.1%	1.8%	1.7%	3.0%
Bermuda	1.2%	1.7%	2.0%	1.7%	1.7%	2.2%	1.4%
All Other	26.2%	23.4%	22.1%	14.4%	15.8%	15.1%	18.1%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 1202.10.40

Peanuts

Peanuts[1]

I. Introduction

_X_ Addition

_X_ Competitive-need-limit waiver: Argentina[2]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
1202.10.40	Peanuts, in shell	11.4[1]	Yes
1202.20.40	Peanuts, shelled	8.2[1]	Yes
2008.11.25	Peanuts, blanched	7.4[1]	Yes
2008.11.45	Peanuts, otherwise prepared or preserved	5.5[1]	Yes

[1] Duty rate is an ad valorem equivalent of all rate components (estimate based on 2002 Normal Trade Relations rates and 2001 imports).

Description and uses.–Peanuts, also known as ground nuts, are the seeds of an annual legume, which grows close to the ground and bears nuts below the surface. The majority of peanuts grown worldwide are crushed to produce peanut oil (used for cooking) and peanut meal (used as livestock food). Peanut production in the United States, however, is primarily used domestically for human consumption either directly in snacks (i.e., salted shelled nuts and nuts roasted in the shell) or in further processed foods (i.e., peanut butter and candy).

[1] This digest includes the following HTS subheadings: 1202.10.40, 1202.20.40, 2008.11.25, and 2008.11.45.

[2] Competitive-need-limit-waivers were requested for HTS subheadings 1202.20.40 and 2008.11.25.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)[1]	12,221	12,000	12,000	12,000	12,000
Employment (***1,000 employees***)	(2)	(2)	(2)	(2)	(2)
Shipments (***1,000 dollars***)	1,002,703	1,125,919	971,608	896,097	1,003,099
Exports (***1,000 dollars***)	241,505	195,742	191,223	223,292	142,962
Imports (***1,000 dollars***)	34,834	42,498	41,405	44,717	50,536
Consumption (***1,000 dollars***)	796,032	972,675	821,790	717,522	910,673
Import-to-consumption ratio (***percent***)	4.4	4.4	5.0	6.2	5.5
Capacity utilization (***percent***)	(3)	(3)	(3)	(3)	(3)

[1] Data represent the number of farms producing peanuts. The last year for which data are available is 1997. Data for 1998-2001 are estimated.

[2] Data on employment in the U.S. peanut industry are not available because workers used to produce peanuts may be used to produce a variety of other agricultural crops.

[3] Capacity utilization is not meaningful in this industry.

Comment.–Peanuts are an annual crop replanted each year. Peanut production requires a relatively large land commitment because peanuts need to be rotated with other crops to enhance yield and quality by reducing diseases, pests, and recycling nutrients. Most rotations require two to four times as much land to be out of peanut production as in production. In the last decade, the number of farms harvesting peanuts has declined while the average number of acres harvested per farm has increased. Major expenses of growers are land preparation, irrigation equipment, and specialized planting, harvesting, and processing equipment. The industry has become more capital-intensive, making economies of scale more important and giving larger growers a competitive advantage.

The United States peanut program, which was designed to stabilize domestic peanut prices, was changed significantly in 2002. The old program provided for a national poundage quota system which guaranteed quota-holders a minimum price for their peanuts; peanuts grown in excess of the quota had to be sold for export at the lower world price or for crushing into oil and meal at or around the world price. The new program does away with the quota system and instead provides for a direct payment to peanut growers, a countercyclical payment, and a marketing loan with a loan deficiency payment. U.S. tariff-rate quotas on peanuts have increased incrementally since their implementation in 1995; however, the high over-quota duty rates have limited imports above the quota level.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	50,536	100	([1])	6
Imports from GSP countries:				
GSP total	44,340	88	100	5
Argentina	41,554	82	94	5
South Africa	2,486	5	6	([2])
Indonesia	171	([2])	([2])	([2])
Philippines	62	([2])	([2])	([2])

[1] Not applicable.
[2] Less than 0.5 percent.

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

Comment.–Peanut imports in this digest are subject to a tariff-rate quota. Imports of peanuts which fall within the quota are limited to 52,906 metric tons for the quota year (the 12-month period from April 1 in any year through the following March 31). Special allocations within the peanut quota for this digest are provided to Argentina (43,901 metric tons in 2001) and to all other countries (9,005 metric tons in 2001).[1] Argentina generally fills its entire quota allocation each year making that country by far the largest supplier of peanuts to the United States. While still subject to quota limitations, peanut imports from least-developed beneficiary countries became eligible for duty-free status under GSP in 1997, thus resulting in increases in imports.

[1] Imports of peanuts and certain peanut products from Mexico are not subject to the overall tariff-rate quota. However, imports from Mexico are subject to a separate tariff-rate quota under NAFTA (4,153,000 kilograms in 2001).

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2001 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate ___ Low X

U.S. producers? ..... High ___ Moderate ___ Low X

What is the substitution elasticity? ..... High ___ Moderate ___ Low X

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate ___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above X Equivalent ___ Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above X Equivalent ___ Below ___

Comment.– U.S. peanuts and peanut products are recognized by end users and consumers as being of high quality as compared to imported nuts. Due to tariff-rate quota restrictions, which make supply elasticities moot, a price change in the U.S. market would not affect the quantity of Argentine peanut imports into the United States.

IV. Competitiveness profile, All GSP Suppliers

Ranking as a U.S. import supplier, 2001 ..... NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the substitution elasticity? ..... High ___ Moderate X Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above X Equivalent ___ Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above X Equivalent ___ Below ___

Comment.–U.S. peanuts and peanut products are recognized by end users and consumers as being of high quality as compared to imported nuts. Due to tariff-rate quota restrictions, which make supply elasticities moot, a price change in the U.S. market would not affect the quantity of peanut imports from any GSP supplier into the United States.

V. Position of interested parties

Petitioner.–The Argentine Peanut Chamber, Cordoba, Argentina, requested the addition of peanuts and peanut paste from Argentina to the GSP. The Chamber maintains that although Argentine peanuts and peanut paste have been allocated an annual quota for imports into the United States, much of the benefit of this special allocation has be usurped by third parties as a result of the U.S. Government's failure to enforce the certification of origin requirement stipulated in the agreement between the two countries. The Chamber also maintains that the U.S. peanut industry itself has repeatedly expressed interest in acquiring unrestricted access to Argentine peanuts.

Support.–The Star Snacks Co., Inc., New Jersey, stated that it has maintained a positive relationship with its Argentinian peanut supplier for many years but that the economic conditions in Argentina have resulted in many of the peanut suppliers going out of business. Because of the financial hardship on Argentina's peanut industry, Star Snacks supports the granting of GSP status for these HTS subheadings.

VI. Summary of probable economic advice-Addition (HTS 1202.10.40)

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VI. Summary of probable economic advice-Addition (HTS 1202.20.40)

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VI. Summary of probable economic advice-Competitive-need-limit waiver (Argentina) (HTS 1202.20.40)

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VI. Summary of probable economic advice-Addition (HTS 2008.11.25)

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VI. Summary of probable economic advice-Competitive-need-limit waiver (Argentina) (HTS 2008.11.25)

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VI. Summary of probable economic advice-Addition (HTS 2008.11.45)

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Table 1
Peanuts (digest-level): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Argentina	28,967	34,996	34,184	34,949	41,554	41,554	38,675
China	1,417	1,939	2,967	3,694	3,684	3,684	3,500
South Africa	2,440	1,544	907	2,363	2,486	2,486	894
Nicaragua	1,059	2,116	1,856	3,013	2,269	2,269	4,004
Singapore	560	713	549	208	243	243	258
Indonesia	173	625	114	137	171	171	106
Philippines	18	104	109	82	62	62	54
Gambia	0	0	0	0	28	28	218
Paraguay	0	0	0	0	18	18	0
Thailand	18	25	16	11	12	12	76
All Other	184	436	703	259	10	10	94
Total	**34,834**	**42,498**	**41,405**	**44,717**	**50,536**	**50,536**	**47,878**
Total from GSP-eligible nations	**31,672**	**37,604**	**35,955**	**37,542**	**44,340**	**44,340**	**40,074**
	Percent						
Argentina	83.2%	82.3%	82.6%	78.2%	82.2%	82.2%	80.8%
China	4.1%	4.6%	7.2%	8.3%	7.3%	7.3%	7.3%
South Africa	7.0%	3.6%	2.2%	5.3%	4.9%	4.9%	1.9%
Nicaragua	3.0%	5.0%	4.5%	6.7%	4.5%	4.5%	8.4%
Singapore	1.6%	1.7%	1.3%	0.5%	0.5%	0.5%	0.5%
Indonesia	0.5%	1.5%	0.3%	0.3%	0.3%	0.3%	0.2%
Philippines	0.1%	0.2%	0.3%	0.2%	0.1%	0.1%	0.1%
Gambia	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.5%
Paraguay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Thailand	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%
All Other	0.5%	1.0%	1.7%	0.6%	0.0%	0.0%	0.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**90.9%**	**88.5%**	**86.8%**	**84.0%**	**87.7%**	**87.7%**	**83.7%**

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

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

Table 1
Peanuts (HTS Subheading 1202.10.40): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Argentina	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0
Saudi Arabia	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total from GSP-eligible nations	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percent						
Argentina	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canada	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Saudi Arabia	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Share from GSP-eligible nations	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

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

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

Table 1
Peanuts (HTS Subheading 1202.20.40): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Argentina	28,967	26,686	33,248	30,430	37,132	37,132	29,927
South Africa	2,440	1,544	907	2,363	2,486	2,486	894
Nicaragua	1,059	2,116	1,856	3,013	2,269	2,269	4,004
Gambia	0	0	0	0	28	28	218
Ethiopia	0	0	0	0	10	10	0
Australia	0	0	0	157	0	0	0
Zambia	0	0	435	0	0	0	0
Uruguay	0	0	0	0	0	0	0
Saudi Arabia	0	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0
All other	52	144	187	0	0	0	71
Total	**32,518**	**30,490**	**36,633**	**35,963**	**41,925**	**41,925**	**35,114**
Total from GSP-eligible nations	**31,460**	**28,374**	**34,759**	**32,793**	**39,656**	**39,656**	**31,090**
	Percent						
Argentina	89.1%	87.5%	90.8%	84.6%	88.6%	88.6%	85.2%
South Africa	7.5%	5.1%	2.5%	6.6%	5.9%	5.9%	2.5%
Nicaragua	3.3%	6.9%	5.1%	8.4%	5.4%	5.4%	11.4%
Gambia	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.6%
Ethiopia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Australia	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%
Zambia	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%
Uruguay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Saudi Arabia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All other	0.2%	0.5%	0.5%	0.0%	0.0%	0.0%	0.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**96.7%**	**93.1%**	**94.9%**	**91.2%**	**94.6%**	**94.6%**	**24.3%**

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

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

Table 1
Peanuts (HTS Subheading 2008.11.25): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Argentina	0	8,310	923	3,953	4,244	4,244	8,747
China	1,350	1,877	2,774	3,558	3,589	3,589	3,385
Canada	24	0	0	0	0	0	0
India	0	165	20	0	0	0	0
Indonesia	0	151	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0
Philippines	0	0	13	13	0	0	0
Switzerland	0	0	0	0	0	0	0
Taiwan	15	4	0	0	0	0	0
Total	**1,388**	**10,507**	**3,730**	**7,524**	**7,833**	**7,833**	**12,133**
Total from GSP-eligible nations	**0**	**8,626**	**956**	**3,966**	**4,244**	**4,244**	**8,747**
	Percent						
Argentina	0.0%	79.1%	24.7%	52.5%	54.2%	54.2%	72.1%
China	97.3%	17.9%	74.4%	47.3%	45.8%	45.8%	27.9%
Canada	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
India	0.0%	1.6%	0.5%	0.0%	0.0%	0.0%	0.0%
Indonesia	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Philippines	0.0%	0.0%	0.3%	0.2%	0.0%	0.0%	0.0%
Switzerland	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**0.0%**	**82.1%**	**25.6%**	**52.7%**	**54.2%**	**54.2%**	**9.0%**

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

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

Table 1
Peanuts (HTS Subheading 2008.11.45): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Singapore	560	713	549	208	243	243	258
Argentina	0	0	12	566	178	178	0
Indonesia	173	474	114	137	171	171	106
China	67	62	193	137	95	95	114
Philippines	18	104	96	69	62	62	54
Paraguay	0	0	0	0	18	18	0
Thailand	18	25	16	11	12	12	76
Belgium	0	0	0	4	0	0	0
Viet Nam	0	0	22	0	0	0	0
Mexico	0	12	0	0	0	0	0
All Other	89	110	40	99	0	0	23
Total	**925**	**1500**	**1042**	**1231**	**778**	**778**	**631**
Total from GSP-eligible nations	**212**	**603**	**240**	**783**	**440**	**440**	**236**
	Percent						
Singapore	60.5%	47.5%	52.7%	16.9%	31.2%	31.2%	40.9%
Argentina	0.0%	0.0%	1.2%	46.0%	22.9%	22.9%	0.0%
Indonesia	18.7%	31.6%	10.9%	11.1%	22.0%	22.0%	16.8%
China	7.2%	4.1%	18.5%	11.1%	12.2%	12.2%	18.1%
Philippines	1.9%	6.9%	9.2%	5.6%	8.0%	8.0%	8.6%
Paraguay	0.0%	0.0%	0.0%	0.0%	2.3%	2.3%	0.0%
Thailand	1.9%	1.7%	1.5%	0.9%	1.5%	1.5%	12.0%
Belgium	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%
Viet Nam	0.0%	0.0%	2.1%	0.0%	0.0%	0.0%	0.0%
Mexico	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
All Other	9.6%	7.3%	3.8%	8.0%	0.0%	0.0%	3.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**22.9%**	**40.2%**	**23.0%**	**63.6%**	**56.6%**	**56.6%**	**37.4%**

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

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

Table 2
Peanuts: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Canada	71,499	63,675	59,668	62,689	47,592	22,648	27,417
Netherlands	48,463	35,836	35,513	58,195	28,634	12,789	31,255
Mexico	26,957	22,968	26,671	33,118	17,294	9,006	9,609
United Kingdom	22,564	15,667	22,066	21,780	11,823	5,536	12,312
Spain	17,527	11,332	9,814	8,413	7,127	4,026	4,176
Japan	6,265	4,011	6,834	8,679	5,896	2,932	3,557
Germany	8,411	5,366	2,363	3,659	3,862	566	4,447
Norway	3,081	3,058	4,390	2,756	3,498	1,790	1,947
Belgium	1,075	1,601	640	1,193	2,694	564	4,542
Trinidad & Tobago	1,346	2,562	2,380	1,998	2,014	1,260	1,026
All Other	34,317	29,666	20,884	20,813	12,528	5,602	14,092
Total	**241,505**	**195,742**	**191,223**	**223,293**	**142,962**	**66,719**	**114,380**
	Percent						
Canada	29.6%	32.5%	31.2%	28.1%	33.3%	33.9%	24.0%
Netherlands	20.1%	18.3%	18.6%	26.1%	20.0%	19.2%	27.3%
Mexico	11.2%	11.7%	13.9%	14.8%	12.1%	13.5%	8.4%
United Kingdom	9.3%	8.0%	11.5%	9.8%	8.3%	8.3%	10.8%
Spain	7.3%	5.8%	5.1%	3.8%	5.0%	6.0%	3.7%
Japan	2.6%	2.0%	3.6%	3.9%	4.1%	4.4%	3.1%
Germany	3.5%	2.7%	1.2%	1.6%	2.7%	0.8%	3.9%
Norway	1.3%	1.6%	2.3%	1.2%	2.4%	2.7%	1.7%
Belgium	0.4%	0.8%	0.3%	0.5%	1.9%	0.8%	4.0%
Trinidad & Tobago	0.6%	1.3%	1.2%	0.9%	1.4%	1.9%	0.9%
All Other	14.2%	15.2%	10.9%	9.3%	8.8%	8.4%	12.3%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 1901.90.42

Dairy Preparations Containing Over 10 Percent by Weight of Milk Solids

Dairy Preparations Containing Over 10 Percent by Weight of Milk Solids

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
1901.90.42	Dairy preparations containing over 10 percent by weight of milk solids: Described in additional U.S. note 10 to chapter 4 and entered pursuant to its provisions.	16	Yes

Description and uses.–HTS 1901.90.42 represents the in-quota tariff line for a dairy TRQ. This tariff line exists to prevent the circumvention of the U.S. dairy program through the importation of milk mixed or prepared in combination with other products. Products classified under this subheading cover a wide variety of milk-based products. These include various forms of condensed and evaporated milk, butterfat, and milk mixed with other products such as cocoa or sugar. These products are generally used as intermediate or input goods for further prepared or processed food products, although a small portion of products classified under this subheading are sold at the retail level. At least one importer of these products imports foreign branded products for sale in ethnic stores.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)	175	170	172	*172	*172
Employment (***1,000 employees***)	16	17	16	18	*18
Shipments (***1,000 dollars***)	9,217,542	9,121,869	9,042,309	9,600,417	*9,600,000
Exports (***1,000 dollars***)	4,702	4,592	4,744	12,773	27,644
Imports (***1,000 dollars***)	550	397	665	810	614
Consumption (***1,000 dollars***)	9,213,390	9,117,674	9,038,230	9,588,454	*9,572,970
Import-to-consumption ratio (***percent***)	(1)	(1)	(1)	(1)	(1)
Capacity utilization (***percent***)	77	78	75	74	* 74

[1] Less than 0.05 percent.

Comment.–This HTS subheading exists to prevent the circumvention of the dairy program through the importation of milk mixed or prepared in combination with other products and, as such, does not necessarily

correspond with any particular U.S. industry. Data for the number of producers, employment, shipments, and capacity utilization corresponds to North American Industry Classification System (NAICS) code 311514, dry, condensed & evaporated dairy product manufacturers. This industry classification broadly covers the variety of products classified under HTS subheading 1901.90.42; however, imports of evaporated and condensed milk not containing or mixed with other preparations are classified in HTS chapter 4.

This subheading, in combination with 22 other tariff subheadings in HTS chapters 4, 15, 17, 18, 19, 21, and 22, is subject to a tariff rate quota of 4,105,000 kilograms per year; 1,170,267 kilograms of this quota are allocated to Australia, Belgium, and Denmark, with the remaining quota allocated on a first-come basis. Recently, import volumes have nearly met or exceeded this quota. In 2000, imports filled approximately 88 percent of the total quota. In 2001, imports filled approximately 105 percent of the quota. During January-June 2002, imports filled 146 percent of the full year 2002 quota. In contrast, during January-June 2001, imports filled approximately 55 percent of the quota. In 2000, 2001, and January-June 2002, imports classified under HTS subheading 1901.90.42 accounted for 14 percent, 8 percent, and 6 percent of the imports subject to the quota respectively. The over-quota rate for products classified under this subheading is $1.035/kg plus 13.6 percent ad valorem equivalent.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	614	100	[1]	[2]
Imports from GSP countries:				
GSP total	353	57	100	[2]
Venezuela	127	21	36	[2]
Argentina	62	10	18	[2]
Chile	51	8	14	[2]
Trinidad and Tobago	50	8	14	[2]
Jamaica	40	7	11	[2]
Ecuador	16	3	5	[2]

[1] Not applicable.
[2] Less than 0.05 percent.

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

Comment.–Imports from GSP countries rose irregularly between 1997 and 2001, peaking at $486,000 in 2000. Total imports also rose irregularly between 1997 and 2001, peaking in 2000 at $810,000. Historically, one of the largest sources of imports classified under HTS 1901.90.42 has been Italy. Further, Italy's share of total imports has increased from 12 percent in 1997 to 42 percent in 2001. During 1997-2000, Italy was the second largest source of imports (second to Belgium in 1997, Jamaica in 1998, and Chile in 1999 and 2000) but became the largest single source of imports in 2001.

IV. Competitiveness profile, Venezuela

Ranking as a U.S. import supplier, 2001 2

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes X No ___

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate X Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the substitution elasticity? ..... High ___ Moderate X Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate ____ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Due to tariff-rate quota restrictions, which make supply elasticities moot, a price change in the U.S. market would not affect the amount of imported product. U.S. imports from Venezuela do not have any allocated quota rights for these products. U.S. imports are awarded in-quota status on a first-come basis. During 1999-2002, the portion of the quota allocated on a first-come-first serve basis has filled very early in the year.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2001 3

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes X No ___

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate X Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the substitution elasticity? ..... High ___ Moderate X Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate ___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Due to tariff-rate quota restrictions, which make supply elasticities moot, a price change in the U.S. market would not affect the amount of imported product. U.S. imports from Argentina do not have any allocated quota rights for these products. U.S. imports are awarded in-quota status on a first-come basis. During 1999-2002, the portion of the quota allocated on a first-come basis has filled very early in the year.

IV. Competitiveness profile, Chile

Ranking as a U.S. import supplier, 2001 4

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes X		No ___
Is the product an intermediate good used as an input in the production of another good?	Yes X		No ___
Is the product an agricultural or food product?	Yes X		No ___
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate X	Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate X	Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term?	Yes X		No ___
Does the country have significant export markets besides the United States?	Yes X		No ___
Could exports from the country be readily redistributed among its foreign export markets?	Yes X		No ___
What is the price elasticity of supply for affected imports? .	High X	Moderate ___	Low ___

Price level compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Quality compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–Due to tariff-rate quota restrictions, which make supply elasticities moot, a price change in the U.S. market would not affect the amount of imported product. U.S. imports from Chile do not have any allocated quota rights for these products. U.S. imports are awarded in-quota status on a first-come basis. During 1999-2002, the portion of the quota allocated on a first-come basis has filled very early in the year.

IV. Competitiveness profile, All GSP Suppliers

Ranking as a U.S. import supplier, 2001 ..... NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes X No ___

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate X Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High ___ Moderate X Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the substitution elasticity? ..... High ___ Moderate X Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate ___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Due to tariff-rate quota restrictions, which make supply elasticities moot, a price change in the U.S. market would not affect the amount of imported product. U.S. imports from GSP-eligible countries do not have any allocated quota rights for these products. U.S. imports are awarded in-quota status on a first-come basis. During 1999-2002, the portion of the quota allocated on a first-come basis has filled very early in the year.

V. Position of interested parties

Petitioner.–SanCor Cooperativas Unidas Limitada (SanCor), an Argentine dairy cooperative, stated that the dairy industry in Argentina has suffered significant setbacks as a result of the economic turmoil that currently affects that country, including the rapid devaluation of the Argentine currency, which has reduced domestic consumption of dairy products. The Argentine dairy industry stated that GSP status for "dulce de leche" will enable them to increase their exports of this product to the United States, which would aid in stabilizing the Argentine dairy industry. SanCor additionally stated that U.S. production of "dulce de leche" is performed by Argentine firms that have built production facilities in the United States.

SanCor indicated that there are no plans to export other products classified under this subheading to the United States and proposed the creation of a new HTS subheading for "dulce de leche," which would not be subject to the TRQs attached to HTS 1901.90.42. SanCor estimated that the granting of GSP status for "dulce de leche," under a new HTS subheading would allow for future imports of this product to enter the U.S. market without TRQs. SanCor further stated that "dulce de leche" currently enters the U.S. market in a basket HTS category with 22 or so other products, the quota fills quickly, therefore a separate HTS subheading is necessay.

Support.–Andyson S.A., an Argentinian company, supports the granting of GSP status for subheading 1901.90.42. Andyson S.A. states that "dulce de leche" is an important value-added milk product and that one of the principal markets is the United States.

Centro De La Lechera, the Argentinian dairy industry association, supports the granting of GSP status for subheading 1901.90.42. Centro De La Lechera noted that the devaluation of the Argentinian peso has undercut the competitiveness of the dairy industry compared to other alternative uses of land, which has caused a sharp reduction in milk production. The Argentine dairy industry needs to find a way of increasing income and the proposed elimination of U.S. import duties under GSP would be a positive contribution to the Argentine dairy sector.

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1
Dairy preparations containing over 10 percent by weight of milk solids: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Italy	65	58	169	195	239	239	366
Venezuela	0	0	0	0	127	127	81
Argentina	53	18	19	29	62	24	41
Chile	0	0	312	311	51	51	0
Trinidad & Tobago	6	0	14	15	50	50	0
Jamaica	24	90	6	30	40	40	0
Belgium	141	18	43	48	17	13	0
Ecuador	0	0	0	0	16	16	0
Denmark	0	0	0	0	6	6	11
Honduras	51	26	25	56	4	4	0
All Other	210	187	77	126	2	0	157
Total	**550**	**397**	**665**	**810**	**614**	**570**	**656**
Total from GSP-eligible nations	**249**	**198**	**431**	**486**	**353**	**313**	**270**
	Percent						
Italy	11.8%	14.6%	25.4%	24.1%	38.9%	41.9%	55.8%
Venezuela	0.0%	0.0%	0.0%	0.0%	20.7%	22.3%	12.3%
Argentina	9.6%	4.5%	2.9%	3.6%	10.1%	4.2%	6.3%
Chile	0.0%	0.0%	46.9%	38.4%	8.3%	8.9%	0.0%
Trinidad & Tobago	1.1%	0.0%	2.1%	1.9%	8.1%	8.8%	0.0%
Jamaica	4.4%	22.7%	0.9%	3.7%	6.5%	7.0%	0.0%
Belgium	25.6%	4.5%	6.5%	5.9%	2.8%	2.3%	0.0%
Ecuador	0.0%	0.0%	0.0%	0.0%	2.6%	2.8%	0.0%
Denmark	0.0%	0.0%	0.0%	0.0%	1.0%	1.1%	1.7%
Honduras	9.3%	6.5%	3.8%	6.9%	0.7%	0.7%	0.0%
All Other	38.2%	47.1%	11.6%	15.6%	0.3%	0.0%	23.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**45.3%**	**49.9%**	**64.8%**	**60.0%**	**57.5%**	**54.9%**	**41.2%**

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

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

Table 2
Dairy preparations containing over 10 percent by weight of milk solids: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Saudi Arabia	0	0	0	0	10,18 8	5,932	1,383
Taiwan	324	18	58	4,114	3,462	3,097	368
Mexico	422	226	674	798	3,238	1,342	1,322
China	7	21	0	1,151	2,296	1,121	1,366
Hong Kong	7	130	291	911	1,011	950	70
Singapore	74	174	47	266	657	637	4
Malta & Gozo	0	0	0	306	613	403	191
Kuwait	6	6	0	0	577	577	585
Colombia	164	52	50	43	525	394	373
Japan	452	204	202	442	520	302	206
All Other	3,246	3,761	3,422	4,741	14,745	2,722	1,709
Total	**4,702**	**4,592**	**4,744**	**12,772**	**27,644**	**17,477**	**7,577**
	Percent						
Saudi Arabia	0.0%	0.0%	0.0%	0.0%	3.7%	33.9%	18.3%
Taiwan	6.9%	0.4%	1.2%	32.2%	12.5%	17.7%	4.9%
Mexico	9.0%	4.9%	14.2%	6.2%	11.7%	7.7%	17.4%
China	0.1%	0.5%	0.0%	9.0%	8.3%	6.4%	18.0%
Hong Kong	0.1%	2.8%	6.1%	7.1%	3.7%	5.4%	0.9%
Singapore	1.6%	3.8%	1.0%	2.1%	2.4%	3.6%	0.1%
Malta & Gozo	0.0%	0.0%	0.0%	2.4%	2.2%	2.3%	2.5%
Kuwait	0.1%	0.1%	0.0%	0.0%	2.1%	3.3%	7.7%
Colombia	3.5%	1.1%	1.1%	0.3%	1.9%	2.3%	4.9%
Japan	9.6%	4.4%	4.3%	3.5%	1.9%	1.7%	2.7%
All Other	69.0%	81.9%	72.1%	37.1%	53.3%	15.6%	22.6%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 2009.41.20

Pineapple Juice

Pineapple Juice[1]

I. Introduction

X Addition

X Competitive-need-limit waiver: Philippines[2]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
2009.41.20	Pineapple juice of a Brix value not exceeding 20	9.1[1]	Yes
2009.49.20	Other pineapple juice	9.1[1]	Yes

[1] Duty rate is an ad valorem equivalent of all rate components (estimate based on 2002 Normal Trade Relations rates and 2001 imports).

Description and uses.–The subject product is unconcentrated pineapple juice and mainly consists of pineapple juice that has never been concentrated or frozen and is generally of a Brix level of about 12.8. Pineapple juice is a co-product in the manufacture of other pineapple products such as canned pineapple chunks, slices, and pieces; fresh pineapple sections, chunks, and slices; and dried pineapple. Pineapples are picked, washed, and graded by size. All pineapples are processed through a Ginaca machine which mechanically peels and cores them, while scraping remaining flesh from the peels for juice processing. The flesh is inspected for quality. Juice is then extracted from the flesh and is subjected to centrifugation to the desired level of pulp. The single-strength juice may then be canned. Concentrated pineapple juice undergoes further processing. In general, fresh pineapple juice that has been neither concentrated nor frozen is considered a premium product. Pineapple juice may be used in products such as juice drinks, fruit gelatins, ice creams and sherbets, other deserts, frozen cocktails, and as pineapple flavoring.

[1] This digest includes HTS subheading 2009.41.20, pineapple juice of a Brix value not exceeding 20, and HTS subheading 2009.49.20, pineapple juice of a Brix value exceeding 20. Prior to January 1, 2002, these two HTS subheadings were both included in a single HTS subheading. The subheading was divided, in part, to harmonize U.S. tariff classifications with other countries.

[2] A competitive-need-limit waiver was requested for HTS subheading 2009.49.20.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)[1]	16	16	16	16	16
Employment (***1,000 employees***)[2]	5,000	5,000	5,000	5,000	5,000
Shipments (***1,000 dollars***)[3]	17,000	18,000	18,000	16,000	18,000
Exports (***1,000 dollars***)	734	455	1,330	2,264	1,195
Imports (***1,000 dollars***)	21,250	22,297	20,311	20,861	28,733
Consumption (***1,000 dollars***)	37,516	39,842	36,981	34,597	45,538
Import-to-consumption ratio (***percent***)	56.6	56.0	54.9	60.3	63.1
Capacity utilization (***percent***)	([4])	([4])	([4])	([4])	([4])

[1] This number includes 15 pineapple growers (all in Hawaii) and one processor (in Hawaii), but does not include pineapple juice importers, blenders, distributors, and retailers. USDA/ERS, Fruit and Tree Nuts Situation and Outlook Yearbook, October 2001, p. 37.

[2] The number of pineapple field workers, processing plant workers, and packing house workers in Hawaii is estimated.

[3] Shipment data are estimated based on U.S. production data for pineapple juice and U.S. import values derived from official data of the U.S. Department of Commerce and USDA/ERS, Fruit and Tree Nuts Situation and Outlook Yearbook, Oct. 2001, p. 85.

[4] Capacity utilization is not meaningful in this industry.

Comment.–U.S. pineapple juice production, which is located almost exclusively in Hawaii, has gradually declined over the years as land has been taken out of production, in part because of high land prices in Hawaii and in part because of increased competition from imports. Imports have increased over the years and supply about 63 percent of U.S. consumption. The number of growers is relatively small, about 15, who grow pineapples on about 21,000 acres, down from 31,000 acres in 1990. There is one commercial processor who processes mainly for the domestic U.S. market, though a small amount is exported. This processor sells mainly through private label sales. In addition to the domestically produced product, there are 2 large importer/processor food corporations, Dole and Del Monte, that account for most imports and sell mainly through brand name labelling.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	28,733	100	([1])	63.1
Imports from GSP countries:				
GSP total	28,291	98.5	100	62.1
Philippines	27,259	94.9	96.4	59.9
Thailand	675	2.3	2.4	1.2

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

Comment.–Imports from the Philippines accounted for about 95 percent of total imports, 96 percent of GSP imports, and about 60 percent of total U.S. consumption. The Philippines has gained U.S. market share, rising from 67 percent of total U.S. imports in 1997 to 95 percent in 2001. During the same period, Thailand has lost U.S. market share, declining from 29 percent in 1997 to 2 percent in 2001.

IV. Competitiveness profile, Philippines

Ranking as a U.S. import supplier, 2001 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the substitution elasticity? ..... High X Moderate ___ Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Much of the increase in imports from the Philippines can be attributed to the move by a major U.S. pineapple juice producer, Dole, to the Philippines where it located most of its processing facilities. As a consequence, pineapple area harvested and production have increased rapidly, reaching about 50,000 hectares in 2000.

IV. Competitiveness profile, Thailand

Ranking as a U.S. import supplier, 2001 2

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes X	No ___	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term?	Yes X	No ___	
Does the country have significant export markets besides the United States?	Yes X	No ___	
Could exports from the country be readily redistributed among its foreign export markets?	Yes X	No ___	
What is the price elasticity of supply for affected imports? .	High X	Moderate___	Low ___

Price level compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Quality compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–Thailand is the world's largest producer of pineapple and pineapple products and was traditionally the dominant U.S. supplier of pineapple juice, until it was surpassed by the Philippines in the mid-1990s when a major U.S. corporation, Dole, located most of its processing facilities in the Philippines.

IV. Competitiveness profile, all GSP countries

Ranking as a U.S. import supplier, 2001 ..... NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?		Yes ___	No X
Is the product an intermediate good used as an input in the production of another good?		Yes X	No ___
Is the product an agricultural or food product?		Yes X	No ___
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term?		Yes X	No ___
Does the country have significant export markets besides the United States?		Yes X	No ___
Could exports from the country be readily redistributed among its foreign export markets?		Yes X	No ___
What is the price elasticity of supply for affected imports? .	High X	Moderate___	Low ___

Price level compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Quality compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–GSP-eligible countries accounted for about 98 percent of all U.S. imports of pineapple juice.

V. Position of interested parties

Petitioner.–Dole Food Company, Inc. (Dole) petitioned for the designations of HTS subheadings 2009.41.20 and 2009.49.20, pineapple juice, not concentrated, as an eligible product under the GSP program. Dole also requests a competitive-need-limit waiver for imports of pure juice from the Philippines.

Dole was founded in Hawaii in 1851 and is presently the largest producer and marketer of fresh fruit and vegetables in the world. The current tariff on imports of pure pineapple juice is over four times higher than the tariff on imports of pineapple juice concentrate. While pure pineapple juice is a premium product, and consumers are willing to pay more for it, the imposition of these higher duties creates an even greater cost disadvantage that has inhibited purchases of the product. Granting duty-free treatment to pineapple juice not from concentrate will reduce costs, increase profitability, and expand production in the developing countries where the product is made. It will create jobs throughout the production chain and increase capital investment in the developing countries consistent with the goals of the GSP program. Dole's primary pineapple processing facilities are located in the Philippines, and Dole would expect to export the majority of its pure juice from the Philippines were duty-free treatment granted under this petition. Its products are branded products that compete with other branded products in the U.S. market for which there are no domestic producers. Therefore, Dole does not anticipate adverse effects on the domestic production and sale of pineapple juice. Dole anticipates that imports of its fresh pineapple juice would predominantly come from the Philippines, and therefore requests a waiver of competitive-need limits for imports from that country, should the GSP petition be granted and the limits be exceeded.

Opposition.–The Honorable Neil Abercrombie (U.S. House of Representatives, 1st District, Hawaii) opposes the granting of the petition for GSP treatment for pineapple juice from the Philippines. Congressman Abercrombie states that Maui Pineapple, which is in a fragile financial state, would be furthered harmed by GSP imports. He further states that the granting of GSP benefits is contrary to the statute's intent of promoting the development of an industry as the Philippine industry is not in a pre-development stage.

Maui Pineapple Company, Ltd. (Maui) is the sole U.S. producer of a variety of pineapple products, including single-strength pineapple juice. Maui opposes Dole's petition to designate pineapple juice classified under HTS subheadings 2009.41.20 and 2009.49.20 as articles eligible for GSP treatment, and is also opposed to the same petition to waive the imposition of competitive need limits of pineapple juice classified under the same HTS subheadings. Maui is the largest supplier of private label pineapple juice in the United States. This product, which is typically sold under the store brands of grocery retailers such as Safeway, Giant, and America's Choice, offers a value alternative to that of national brands Dole and Del Monte, and typically sells at prices 10 to 15 percent below those of the branded products. The private label market could be threatened by the granting of GSP status for pineapple juice. Dole and Del Monte account for virtually all production of fresh pineapple juice in the Philippines and would thus be the primary beneficiaries of lower tariff duties. Maui would be vulnerable to further injury if GSP benefits are provided to fresh pineapple juice from the Philippines, or if a waiver of the competitive-need-limit is granted.

VI. Summary of probable economic advice-Addition (HTS 2009.41.20 and 2009.49.20)[3]

* * * * * * *

[3] These HTS subheadings were not broken out prior to Jan. 1, 2002, therefore, import data for both items are combined and probable economic advice is the same for each subheading.

VI. Summary of probable economic advice-Competitive-need-limit waiver (Philippines) (HTS 2009.49.20)

* * * * * * *

Table 1
Pineapple juice: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Philippines	14,271	13,744	14,865	19,695	27,259	12,831	12,274
Thailand	6,162	7,912	5,055	665	675	510	525
Canada	59	90	110	74	341	141	164
Honduras	8	30	41	78	199	94	325
Mexico	132	126	56	111	100	62	80
Brazil	0	0	0	21	62	62	0
Dominican Republic	210	104	8	78	51	24	3
Costa Rica	114	0	24	26	15	15	18
Indonesia	49	20	20	99	13	0	0
Chile	0	0	0	0	7	2	0
All Other	245	271	132	14	11	2	76
Total	**21,250**	**22,297**	**20,311**	**20,861**	**28,733**	**13,743**	**13,465**
Total from GSP-eligible nations	**20,818**	**21,861**	**20,028**	**20,676**	**28,291**	**13,540**	**13,168**
	Percent						
Philippines	67.2%	61.6%	73.2%	94.4%	94.9%	93.4%	91.2%
Thailand	29.0%	35.5%	24.9%	3.2%	2.3%	3.7%	3.9%
Canada	0.3%	0.4%	0.5%	0.4%	1.2%	1.0%	1.2%
Honduras	0.0%	0.1%	0.2%	0.4%	0.7%	0.7%	2.4%
Mexico	0.6%	0.6%	0.3%	0.5%	0.3%	0.5%	0.6%
Brazil	0.0%	0.0%	0.0%	0.1%	0.2%	0.5%	0.0%
Dominican Republic	1.0%	0.5%	0.0%	0.4%	0.2%	0.2%	0.0%
Costa Rica	0.5%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Indonesia	0.2%	0.1%	0.1%	0.5%	0.0%	0.0%	0.0%
Chile	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All Other	1.2%	1.2%	0.7%	0.1%	0.0%	0.0%	0.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**98.0%**	**98.0%**	**98.6%**	**99.1%**	**98.5%**	**98.5%**	**97.8%**

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

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

Table 2
Pineapple juice: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Germany	9	0	0	0	382	382	0
South Korea	152	123	76	536	341	40	17
Bahamas	25	36	82	116	71	32	48
United Arab Emirates	18	0	0	105	66	40	20
Cayman Islands	5	11	3	27	47	22	13
Netherlands Antilles	50	19	6	32	36	14	26
Aruba	12	7	10	17	34	14	16
Sweden	59	25	0	11	32	13	39
Netherlands	0	60	0	21	30	30	0
Barbados	0	0	0	25	28	17	15
All Other	404	174	1,153	1,374	128	76	334
Total	**734**	**455**	**1,330**	**2,264**	**1,195**	**680**	**528**
	Percent						
Germany	1.2%	0.0%	0.0%	0.0%	32.0%	56.2%	0.0%
South Korea	20.7%	27.0%	5.7%	23.7%	28.5%	5.9%	3.2%
Bahamas	3.4%	7.9%	6.2%	5.1%	5.9%	4.7%	9.1%
United Arab Emirates	2.5%	0.0%	0.0%	4.6%	5.5%	5.9%	3.8%
Cayman Islands	0.7%	2.4%	0.2%	1.2%	3.9%	3.2%	2.5%
Netherlands Antilles	6.8%	4.2%	0.5%	1.4%	3.0%	2.1%	4.9%
Aruba	1.6%	1.5%	0.8%	0.8%	2.8%	2.1%	3.0%
Sweden	8.0%	5.5%	0.0%	0.5%	2.7%	1.9%	7.4%
Netherlands	0.0%	13.2%	0.0%	0.9%	2.5%	4.4%	0.0%
Barbados	0.0%	0.0%	0.0%	1.1%	2.3%	2.5%	2.8%
All Other	55.0%	38.2%	86.7%	60.7%	10.7%	11.2%	63.3%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 2009.61.00

Grape Juice

Grape Juice[1]

I. Introduction

_X_ Addition

_X_ Competitive-need-limit waiver: Argentina[2]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
2009.61.00	Grape juice of a Brix value not exceeding 30	15.7%[1]	Yes
2009.69.00	Other grape juice	15.7%[1]	Yes

[1]Duty rate is an ad valorem equivalent of all rate components (estimate based on 2002 Normal Trade Relations rates and 2002 imports).

Description and uses.–Grape juice is derived from grapes that are pressed to extract their juice; separated from the pulp, seeds, and skin; and pasteurized at 185 degrees. The juice may further be concentrated and/or frozen. More expensive grapes may be grown specifically for grape juice and may not necessarily be concentrated or frozen. An example is Concord grape juice, derived from a seeded, purple, slip-skin grape which is grown primarily as a juice grape. Grape juice concentrate is red or white. Most grape juice is a byproduct of grapes that are grown primarily for wine, raisins, and table grapes, and becomes white grape juice. White grape juice with essence removed may be used as a filler for other fruit juices since it does not have a distinct flavor and competes with apple and pear juice as primary fruit juice fillers. Grape juice essence can also be added to give the final product a grape taste. Besides juice, end uses for grape juice include jellies, jams, juice drinks, desserts, and grape flavorings. Partially fermented grape juice, or grape must, is used in the wine industry or in certain food recipes. Recently, the domestic producers of concentrated white grape juice have sought to establish grape juice concentrate as a primary product rather than as a by-product of the wine, raisin, and table grape industries.

[1] This digest includes HTS subheading 2009.61.00, grape juice (including grape must) of a Brix value not exceeding 30, and HTS subheading 2009.69.00, grape juice (including grape must) of a Brix value exceeding 30. Prior to January 1, 2002, these two subheadings were both included in a single HTS subheading. The breakout was done, in part, to harmonize U.S. tariff classifications with other countries.

[2] Competitive-need-limit waivers were requested for both HTS subheadings.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)[1]	8,000	8,200	8,300	8,400	8,500
Employment (***1,000 employees***) [2]	100,000	100,000	100,000	100,000	100,000
Shipments (***1,000 dollars***)[3]	236,424	188,662	262,096	223,182	184,186
Exports (***1,000 dollars***)	68,116	68,085	68,050	65,882	63,314
Imports (***1,000 dollars***)	96,087	57,060	78,395	65,208	45,214
Consumption (***1,000 dollars***)	264,395	177,637	272,441	222,508	166,086
Import-to-consumption ratio (***percent***)	36.3	32.1	28.8	29.3	27.2
Capacity utilization (***percent***)	(4)	(4)	(4)	(4)	(4)

[1] Data represent the number of farms producing grapes from which grape juice may be derived and come from the California Department of Agricultural Statistics.

[2] Employment data are only a rough estimate since the work is highly seasonal and/or consists mainly of part-time workers who may harvest grapes and other fruits for uses other than grape juice.

[3] Shipments are derived from adding an estimated margin to the farm price.

[4] Capacity utilization is not meaningful in this industry.

Comment.-- The United States is a leading world producer of grapes. Most grapes are processed into wine, dried into raisins, or sold as fresh table grapes. Nearly 90 percent of U.S. grape production is in California. The United States is a leading producer and exporter of raisins and is also an important wine producer. Most U.S. grape juice is a byproduct of grapes grown for these industries, and is distinct from the juice produced from Concord and Niagara grapes which are grown primarily for juice and wine in States with colder climates such as Washington, New York, Michigan, and Pennsylvania. The United States is the leading producer of Concord grapes, which are not produced to any extent outside the United States, except for a small quantity in Brazil. Most grape juice imports, over 60 percent in 2001, came from Argentina, followed by Chile. Grape juice and must imports from Argentina are used for grape juice and by the wine industry for sweetening wine and compete primarily with grape juice from California and with domestic and imported apple juice concentrates.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	45,214	100	([1])	27.2
Imports from GSP countries:				
GSP total	37,210	82.3	100	22.4
Argentina	27,301	60.4	73.4	16.4
Chile	6,139	13.6	16.5	3.7
Brazil	3,423	7.6	9.2	2.1
Dominican Republic	264	0.6	0.7	0.2

[1] Not applicable.

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

Comment.–Argentina would need a competitive-need-limit waiver to qualify for GSP treatment since it accounts for over 50 percent of total U.S. imports. Imports from Argentina reached about 60 percent of total imports, about 73 percent of total GSP imports, and about 16 percent of total U.S. consumption. The Argentine industry estimates that eliminating tariffs by adding grape juice to GSP would result in a 30 percent increase in exports to the United States. Argentine grape juice concentrate and must sales are highly dependent on the U.S. market because only about a quarter of production is consumed domestically and about 65 percent of exports are to the United States. Much of the Argentine grape juice is purchased by California grape juice producers who may blend the lower-cost Argentine product with domestic grape juice. Chile and Brazil are the second and third most important suppliers to the U.S. market, with a 14 and 8 percent share, respectively, of total U.S. imports, and are both GSP eligible. Chilean exports are similar to those of Argentina, but Brazil also exports some Concord grape juice, a higher-valued product.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2001 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the substitution elasticity? ..... High X Moderate ___ Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes ___ No X

What is the price elasticity of supply for affected imports? . High ___ Moderate X Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Argentina is the primary import supplier of these products to the U.S. market, accounting for 60 percent of total imports and 16 percent of domestic consumption in 2001.

IV. Competitiveness profile, Chile

Ranking as a U.S. import supplier, 2001	2		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes X	No ___	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___
Supply elasticity for affected imports:			
Can production in the country be easily expanded or contracted in the short term?	Yes X	No ___	
Does the country have significant export markets besides the United States?	Yes ___	No X	
Could exports from the country be readily redistributed among its foreign export markets?	Yes ___	No X	
What is the price elasticity of supply for affected imports?	High ___	Moderate X	Low ___
Price level compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___
Quality compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–Chile, the second-largest import supplier to the U.S. market, accounted for 14 percent of U.S. imports in 2001.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2001 3

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes X No ___

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the substitution elasticity? ..... High X Moderate ___ Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? .. Yes ___ No X

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes ___ No X

What is the price elasticity of supply for affected imports? ... High ___ Moderate X Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Brazil is one of the few producers of Concord grapes outside the United States, competing with Concord grape juice products in the United States.

IV. Competitiveness profile, all GSP countries

Ranking as a U.S. import supplier, 2001	NA		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes X	No ___	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___
Supply elasticity for affected imports:			
Can production in the country be easily expanded or contracted in the short term?	Yes X	No ___	
Does the country have significant export markets besides the United States?	Yes ___	No X	
Could exports from the country be readily redistributed among its foreign export markets?	Yes ___	No X	
What is the price elasticity of supply for affected imports?	High ___	Moderate X	Low ___
Price level compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___
Quality compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–GSP-eligible countries accounted for about 82 percent of all U.S. imports of grape juice, but nearly all of the trade was accounted for by Argentina, Chile, and Brazil.

V. Position of interested parties

Petitioner.–Camara Argentina de Productores y Exportadores de Mosto de Uva (CAFEMU) submitted a petition in support of the addition of certain grape juice and must from Argentina classified under HTS 2009.69.00 and 2009.61.00 to the list of eligible articles under the GSP. In addition, the petition requests a waiver for Argentina of competitive need limits of the same products. The economic effects derived from the removal of import tariffs under GSP, would benefit the Argentine industry and American consumers, as well as the U.S. industries of like or directly competitive products, including apple juice, pear juice, grape juice, and wine. Such an outcome would also contribute to a sustainable contribution to the severe social, political, and economic problems resulting from the external debt crisis in Argentina. U.S. imports of grape juice, including that from Argentina, have steadily declined since 1997. In 1997, imports from Argentina totaled $57 million, but by 2001 had fallen to about $27 million. A potential increase in U.S. imports of grape juice and must will benefit the U.S. industry, particularly the U.S. wine industry that might otherwise face restricted supplies as it competes with other potential users such as grape juice consumers.

Opposition.–The California Association of Winegrape Growers (CAWG) opposes the extension of GSP treatment for grape juice and grape juice concentrate and is opposed to waiving the competitive need limits for Argentina. CAWG represents growers producing over 60 percent of California's grape tonnage that is crushed for wine and concentrate. California produces more than 90 percent of all the grapes grown in the United States, and about 20 percent of the total Statewide crush is processed into concentrate. The industry is in serious economic trouble and any reduction in the import tariffs will significantly contribute to further economic decline and loss of jobs in California. More than 3,000 jobs will be lost, 2,100 of those will be farm related. Industry experts estimate that as many as 75,000 tons of grapes may be left rotting on the vines this year because of disappearing markets. Imports of grape juice concentrate from Argentina have long dominated the concentrate market because of Argentina's significant price advantage in the marketplace. Argentina is the U.S. industry's primary competitor for sales of white grape juice concentrate. U.S. prices for this product in the 2002 harvest year have been between $4.00 and $4.50 per gallon. By contrast, Argentina is quoting its sales at $3.75 to $4.00 per gallon delivered to the east or west coasts of the United States. Any reduction in the tariff rate would further undercut U.S. producers and result in the loss of U.S. jobs. U.S. grape supply of generic grapes coupled with the extensive manufacturing facilities in California give the U.S. industry the ability to far exceed U.S. demand. The portion of the market being filled by domestic product is 75 percent and imports account for 25 percent. The effect on the consumer of GSP treatment of grape juice and concentrate is negligible since grape concentrate is an input to the final product and it will not likely reduce the price of the final product to the consumer.

The National Juice Products Association (NJPA) is a trade association whose membership consists of major packers and distributors of a wide variety of fruit and vegetable juices, juice beverages, and drinks located throughout the United States and abroad. NJPA opposes the petition filed by the Government of Argentina to obtain duty-free treatment for imports of grape juice and concentrate from all beneficiary countries and to waive the competitive need limits for its grape juice and concentrate exports. Elimination of these tariffs would encourage increased imports of grape juice and concentrate by countries that are already highly competitive in the U.S. market and exacerbate the injury currently being suffered by the U.S. grape juice and concentrate industry. In opposing the petition, NJPA speaks as an association representing U.S. wholesale and retail juice and concentrate processors. Argentina provided 70 percent or more of total imports, based on quantity, for 4 out of the past 5 years and attained a 75 percent total import share during the first 7 months of 2002. In addition, NJPA states that the U.S. prices for grape juice concentrate ranges from $4.85 to $5.35 per gallon to the East Coast on a delivered basis and from $4.25 to $4.75 per gallon delivered to the West Coast. In comparison, Argentina can sell concentrate in a range of $3.75 to $4.00 per gallon delivered to either coast. If the tariffs on imported juice and concentrate products were reduced, U.S. juice and concentrate processors would be harmed by the adverse effects on U.S. extractors producing bulk manufacturing concentrate, and might be compelled to desert the extraction business. As a result, U.S. processors of retail juice products would be totally dependent upon foreign sources of supply, harming U.S. growers.

VI. Summary of probable economic advice-Addition. (HTS 2009.61.00 and 2009.69.00)[3]

* * * * * * *

[3] These HTS subheadings were not broken out prior to January 1, 2002, therefore; import data for both items are combined and probable economic advice is the same for each subheading.

VI. Summary of probable economic advice-Competitive-need-limit waiver (Argentina) (HTS 2009.61.00 and 2009.69.00)[4]

* * * * * * *

[4] These HTS subheadings were not broken out prior to January 1, 2002; therefore, import data for both items are combined and probable economic advice is the same for each subheading.

Table 1
Grape juice: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Argentina	57,502	23,001	43,303	38,309	27,301	14,724	15,916
Chile	8,518	3,731	7,751	5,892	6,139	2,949	3,912
Brazil	8,808	4,454	5,262	3,839	3,423	1,501	1,523
Mexico	8,461	8,777	6,727	7,360	3,020	1,458	1,152
Canada	1,440	1,209	1,846	2,379	2,876	1,536	1,412
Italy	3,046	5,363	3,465	3,422	1,052	449	508
Spain	7,258	8,291	8,913	3,283	521	483	172
France	288	110	360	101	429	164	114
Dominican Republic	213	279	101	348	264	128	122
South Africa	7	2	0	70	64	20	1,430
All Other	545	1,843	666	205	124	78	424
Total	**96,087**	**57,060**	**78,395**	**65,208**	**45,214**	**23,490**	**26,685**
Total from GSP-eligible nations	**75,145**	**31,750**	**56,430**	**48,474**	**37,210**	**19,334**	**23,073**
	Percent						
Argentina	59.8%	40.3%	55.2%	58.7%	60.4%	62.7%	59.6%
Chile	8.9%	6.5%	9.9%	9.0%	13.6%	12.6%	14.7%
Brazil	9.2%	7.8%	6.7%	5.9%	7.6%	6.4%	5.7%
Mexico	8.8%	15.4%	8.6%	11.3%	6.7%	6.2%	4.3%
Canada	1.5%	2.1%	2.4%	3.6%	6.4%	6.5%	5.3%
Italy	3.2%	9.4%	4.4%	5.2%	2.3%	1.9%	1.9%
Spain	7.6%	14.5%	11.4%	5.0%	1.2%	2.1%	0.6%
France	0.3%	0.2%	0.5%	0.2%	0.9%	0.7%	0.4%
Dominican Republic	0.2%	0.5%	0.1%	0.5%	0.6%	0.5%	0.5%
South Africa	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	5.4%
All Other	0.6%	3.2%	0.9%	0.3%	0.3%	0.3%	1.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**78.2%**	**55.6%**	**72.0%**	**74.3%**	**82.3%**	**82.3%**	**86.5%**

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

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

Table 2
Grape juice: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Canada	23,916	28,223	28,838	33,313	29,665	13,755	12,133
Japan	22,155	25,133	24,312	22,627	18,914	13,113	9,737
South Korea	13,613	5,377	6,791	3,419	7,183	4,114	5,601
Hong Kong	1,887	2,391	2,270	1,768	1,651	863	588
Taiwan	1,956	2,405	2,394	1,531	1,301	665	863
Chile	62	58	0	0	699	0	7
Philippines	319	452	408	422	640	258	399
Thailand	716	418	293	314	391	211	140
Dominican Republican	90	118	131	333	355	181	64
Mexico	216	327	211	482	332	201	221
All Other	3,186	3,183	2,402	1,673	2,182	1,469	1,558
Total	**68,116**	**68,085**	**68,050**	**65,882**	**63,313**	**34,830**	**31,311**
	Percent						
Canada	35.1%	41.5%	42.4%	50.6%	46.9%	39.5%	38.8%
Japan	32.5%	36.9%	35.7%	34.3%	29.9%	37.6%	31.1%
South Korea	20.0%	7.9%	10.0%	5.2%	11.3%	11.8%	17.9%
Hong Kong	2.8%	3.5%	3.3%	2.7%	2.6%	2.5%	1.9%
Taiwan	2.9%	3.5%	3.5%	2.3%	2.1%	1.9%	2.8%
Chile	0.1%	0.1%	0.0%	0.0%	1.1%	0.0%	0.0%
Philippines	0.5%	0.7%	0.6%	0.6%	1.0%	0.7%	1.3%
Thailand	1.1%	0.6%	0.4%	0.5%	0.6%	0.6%	0.4%
Dominican Republican	0.1%	0.2%	0.2%	0.5%	0.6%	0.5%	0.2%
Mexico	0.3%	0.5%	0.3%	0.7%	0.5%	0.6%	0.7%
All Other	4.7%	4.7%	3.5%	2.5%	3.4%	4.2%	5.0%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 2204.30.00

Other Grape Must

Other Grape Must

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
2204.30.00	Other grape must (grape juice and pulp)	4.9[1]	Yes

[1] Duty rate is an advalorem equivalent of all rate components (estimate based on 2002 Normal Trade Relations rates and 2001 imports).

Description and uses.–Grape must is the juice, pulp, skin, and other parts of the grape that are derived from crushing grapes. Other grape must is partially fermented or has fermentation arrested by the addition of ethyl alcohol. Grape must is an intermediate product and primary ingredient used in the production of wine. Yeast cultures are usually introduced into the grape must to begin the process of fermentation, whereby the sugar in the grape must is converted to ethyl alcohol. The resultant fermented mixture is strained and allowed to age, producing wine.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)	**1,994	**1,994	**2,000	**2,648	**2,648
Employment (***1,000 employees***)	**18	**20	**21	**22	**23
Shipments (***1,000 dollars***)	**2,459,200	**2,649,000	**2,643,300	**2,220,200	**2,236,500
Exports (***1,000 dollars***)	1,943	1,184	1,355	2,458	2,380
Imports (***1,000 dollars***)	235	8	9	0	12
Consumption (***1,000 dollars***)	**2,457,492	**2,647,824	**2,641,954	**2,217,742	**2,234,132
Import-to-consumption ratio (***percent***)	(1)	(1)	(1)	**0	(1)
Capacity utilization (***percent***)	**80	**79	**79	**80	**82

[1] Less than 0.05 percent.

Comment.–The grape must data presented in this table (except for imports and exports) are estimated from data for the entire U.S. wine industry. Grape must is an intermediate product used to produce wine.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	12	100	([1])	([2])
Imports from GSP countries:				
GSP total	0	0	0	**0

[1] Not applicable.
[2] Less than 0.05 percent.

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

Comment.–There were no imports of other grape must from any GSP-eligible countries in 2001.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2001 ..... NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?		Yes ___	No _X_
Is the product an intermediate good used as an input in the production of another good?		Yes _X_	No ___
Is the product an agricultural or food product?		Yes _X_	No ___
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ____	Low _X_

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate _X_	Low ___
U.S. producers?	High ___	Moderate ____	Low _X_
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate _X_	Low ___
U.S. producers?	High ___	Moderate ____	Low _X_
What is the substitution elasticity?	High ___	Moderate ____	Low _X_

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term?		Yes ___	No _X_
Does the country have significant export markets besides the United States?		Yes _X_	No ___
Could exports from the country be readily redistributed among its foreign export markets?		Yes _X_	No ___
What is the price elasticity of supply for affected imports? .	High ___	Moderate _X_	Low ___

Price level compared with--

U.S. products	Above ___	Equivalent _X_	Below ___
Other foreign products	Above ___	Equivalent _X_	Below ___

Quality compared with--

U.S. products	Above ___	Equivalent _X_	Below ___
Other foreign products	Above ___	Equivalent _X_	Below ___

Comment.–Argentina is a low-cost producer of grape must; however, export opportunities to the United States are limited for grape must categorized under HTS 2204.30.00. U.S. wine is almost exclusively produced from grape must produced from wine grapes harvested in the United States. Opportunities for Argentine exports are limited as U.S. wine grape production has been increasing during 1997-2001 leading to a surplus of U.S. wine grapes.

V. Position of interested parties

Petitioner.–The Government of Argentina, the Argentine Chamber, Producers and Exporters of Grape Must requested the addition of HTS subheading 2204.30.00 to the GSP. The petitioner stated that removal of the import tariffs under the provisions of the GSP would benefit both the Argentine industry and U.S. consumers.[1]

Opposition.–Sun-Maid Growers of California, a non-profit, farmer-owned cooperative that markets raisins for its member companies, opposed the petition for GSP treatment of grape juice (including grape must, HTS subheading 2204.30.00).

[1] During the Commission's hearing, the petitioners stated they did not produce or export concentrate juice with alcohol (which is HTS subheading 2204.30.00) and therefore decided not to include that HTS subheading for consideration for GSP treatment (see the hearing transcript, pp. 106-107). However, USTR has not withdrawn this HTS subheading from consideration for addition to the GSP.

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1
Other grape must: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Italy	0	0	2	0	12	0	0
Chile	164	0	0	0	0	0	0
Panama	0	0	0	0	0	0	2
France	71	8	6	0	0	0	0
Total	**235**	**8**	**9**	**0**	**12**	**0**	**2**
Total from GSP-eligible nations	**164**	**0**	**0**	**0**	**0**	**0**	**2**
	Percent						
Italy	0.0%	0.0%	22.2%	N/A	100.0%	N/A	0.0%
Chile	69.8%	0.0%	0.0%	N/A	0.0%	N/A	0.0%
Panama	0.0%	0.0%	0.0%	N/A	0.0%	N/A	100.0%
France	30.2%	100.0%	66.7%	N/A	0.0%	N/A	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**N/A**	**100.0%**	**N/A**	**100.0%**
Share from GSP-eligible nations	**69.8%**	**0.0%**	**0.0%**	**N/A**	**0.0%**	**N/A**	**9.0%**

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

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

Table 2
Other grape must: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
China	51	0	111	305	993	840	17
United Kingdom	67	101	275	283	417	285	204
Japan	776	718	436	1,102	254	151	5
Belgium	15	10	19	45	208	87	24
Philippines	35	12	18	209	100	52	49
Singapore	0	45	3	12	83	8	32
Israel	7	0	30	108	54	46	16
Dominican Republic	0	0	12	28	52	34	57
South Korea	0	0	24	0	49	20	17
France	41	0	232	44	46	31	20
All Other	951	298	195	322	124	76	70
Total	**1,943**	**1,184**	**1,355**	**2,458**	**2,380**	**1,630**	**511**
	Percent						
China	2.6%	0.0%	8.2%	12.4%	41.7%	51.5%	3.3%
United Kingdom	3.4%	8.5%	20.3%	11.5%	17.5%	17.5%	39.9%
Japan	39.9%	60.6%	32.2%	44.8%	10.7%	9.3%	1.0%
Belgium	0.8%	0.8%	1.4%	1.8%	8.7%	5.3%	4.7%
Philippines	1.8%	1.0%	1.3%	8.5%	4.2%	3.2%	9.6%
Singapore	0.0%	3.8%	0.2%	0.5%	3.5%	0.5%	6.3%
Israel	0.4%	0.0%	2.2%	4.4%	2.3%	2.8%	3.1%
Dominican Republic	0.0%	0.0%	0.9%	1.1%	2.2%	2.1%	11.2%
South Korea	0.0%	0.0%	1.8%	0.0%	2.1%	1.2%	3.3%
France	2.1%	0.0%	17.1%	1.8%	1.9%	1.9%	3.9%
All Other	48.9%	25.2%	14.4%	13.1%	5.2%	4.7%	13.7%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 3806.90.00

Other Rosin and Resin Acids

Other Rosin and Resin Acids

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
3806.90.00	Other rosin and resin acids	4.2	Yes

Description and uses.– The products included in this digest are derivatives of rosin and resin acids and by-products of rosin and resin acid production. The oleoresinous rosin starting material for these chemical derivative products is obtained from pine trees by three distinctly different production and extraction processes. Most rosin is sold in chemically derivatized forms.[1] Examples of the products included in this basket are oxidized rosin and resin acids, hydrogenated rosin and resin acids, disproportionated rosin and resin acids, polymerized rosin and resin acids, monohydric alcohol esters of rosin or resin acids, abietyl alcohol, rosin adducts and derivatives thereof, rosin spirit, and rosin oils. Most rosin products are sold as proprietary special grades/formulations to meet customer needs in formulating their own products. The products included in this digest are used primarily in varnishes, inks, coatings, and adhesives.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)	7	7	6	6	6
Employment (***1,000 employees***)	3	3	3	3	3
Shipments (***1,000 dollars***)	**238,600	**240,300	**236,500	**237,800	**235,600
Exports (***1,000 dollars***)	40,824	29,342	38,984	38,862	30,911
Imports (***1,000 dollars***)	3,655	7,674	6,843	8,194	9,539
Consumption (***1,000 dollars***)	**201,431	**218,632	**204,359	**207,132	**214,228
Import-to-consumption ratio (***percent***)	**1.8	**3.5	**3.3	**4.0	**4.5
Capacity utilization (***percent***)	85	85	85	85	85

[1] The most important rosin products, metallic salts and polyhydric alcohol esters, which are rosin derivatives, as well as rosin and its constituent resin acids, are not included in this residual basket category.

Comment.–Rosin products compete with synthetic hydrocarbon resins for many end uses, but this natural/synthetic product competition is not marketed as many U.S. companies produce and sell both synthetic and natural resins to serve their end-use markets. Inasmuch as most domestic production of rosin is from tall oil, a by-product of kraft paper production, domestic rosin supply fluctuates cyclically with kraft paper demand, with imports and exports fluctuating accordingly. While rosin products are sold in proprietary grades and formulations, functionally equivalent rosin products for any particular end use are generally available from most U.S. producers.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	9,539	100	([1])	4.5
Imports from GSP countries:				
GSP total	30	0.3	100	([2])
Argentina	30	0.3	100	([2])

[1] Not applicable.
[2] Less than 0.05 percent.

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

Comment.–Brazil and Costa Rica have been GSP-eligible country suppliers of "other rosin products" in previous periods, though not within the past two years.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2001	11		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
Can production in the country be easily expanded or contracted in the short term?	Yes ___	No X	
Does the country have significant export markets besides the United States?	Yes X	No ___	
Could exports from the country be readily redistributed among its foreign export markets?	Yes ___	No X	
What is the price elasticity of supply for affected imports?	High ___	Moderate X	Low ___
Price level compared with--			
U.S. products	Above X	Equivalent ___	Below ___
Other foreign products	Above X	Equivalent ___	Below ___
Quality compared with--			
U.S. products	Above X	Equivalent ___	Below ___
Other foreign products	Above X	Equivalent ___	Below ___

Comment.–Argentine rosin product suppliers have developed some special products for U.S. end use markets, which are considered to be more sophisticated than those of other consuming countries. Argentine production of other rosin derivatives is based on gum rosin tapped from living pine trees, which is more expensive than wood or tall oil rosin though of higher quality, and which carries forward into rosin derivative products.

V. Position of interested parties

Petitioner.–The Argentine Government stated in its petition that the main benefit of addition is stimulation of labor-intensive gum rosin collection in economically depressed and militarily sensitive border areas.

The industrial proponent, Akzo Nobel Coatings, an Argentine producer, stated in the petition that it has invested in extensive product development especially for the U.S. market but may be denied access if this subheading is not added to the GSP.

No statements were received in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1
Other rosin and resin acids: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Canada	2,156	3,689	4,172	5,237	4,513	1,876	2,636
China	37	625	215	721	3,130	248	1,161
Switzerland	0	0	451	554	500	299	195
Netherlands	1,005	2,429	991	557	491	186	251
France	105	104	0	19	224	153	107
New Zealand	0	0	0	9	193	52	365
Belgium	84	337	448	423	181	23	17
Mexico	74	48	189	398	144	90	53
Germany	6	17	51	15	40	26	3
Taiwan	44	48	31	137	31	8	14
All Other	144	377	295	124	92	75	15
Total	**3,655**	**7,674**	**6,843**	**8,194**	**9,539**	**3,036**	**4,817**
Total from GSP-eligible nations	**10**	**168**	**80**	**0**	**30**	**30**	**0**
	Percent						
Canada	59.0%	48.1%	61.0%	63.9%	47.3%	61.8%	54.7%
China	1.0%	8.1%	3.1%	8.8%	32.8%	8.2%	24.1%
Switzerland	0.0%	0.0%	6.6%	6.8%	5.2%	9.8%	4.0%
Netherlands	27.5%	31.7%	14.5%	6.8%	5.1%	6.1%	5.2%
France	2.9%	1.4%	0.0%	0.2%	2.3%	5.0%	2.2%
New Zealand	0.0%	0.0%	0.0%	0.1%	2.0%	1.7%	7.6%
Belgium	2.3%	4.4%	6.5%	5.2%	1.9%	0.8%	0.4%
Mexico	2.0%	0.6%	2.8%	4.9%	1.5%	3.0%	1.1%
Germany	0.2%	0.2%	0.7%	0.2%	0.4%	0.9%	0.1%
Taiwan	1.2%	0.6%	0.5%	1.7%	0.3%	0.3%	0.3%
All Other	3.9%	4.9%	4.3%	1.5%	1.0%	2.5%	0.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**0.3%**	**2.2%**	**1.2%**	**0.0%**	**0.3%**	**1.0%**	**0.0%**

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

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

Table 2
Other rosin and resin acids: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Canada	9,154	9,627	13,077	18,560	17,388	9,146	8,093
Japan	3,627	2,076	1,966	1,679	6,208	631	522
Hong Kong	1,291	1,208	2,020	1,487	890	418	521
Mexico	1,554	1,374	1,362	1,624	823	349	534
Argentina	40	140	143	251	767	643	84
Taiwan	1,375	892	1,245	1,712	693	379	345
Netherlands	5,975	2,764	1,360	3,816	483	298	281
United Kingdom	2,358	1,399	3,830	1,865	423	177	202
Costa Rica	106	72	82	59	304	139	44
Venezuela	111	417	474	409	295	191	184
All Other	15,233	9,373	13,425	7,400	2,637	1,400	2,131
Total	**40,824**	**29,342**	**38,984**	**38,862**	**30,911**	**13,771**	**12,941**
	Percent						
Canada	22.4%	32.8%	33.5%	47.8%	56.3%	66.4%	62.5%
Japan	8.9%	7.1%	5.0%	4.3%	20.1%	4.6%	4.0%
Hong Kong	3.2%	4.1%	5.2%	3.8%	2.9%	3.0%	4.0%
Mexico	3.8%	4.7%	3.5%	4.2%	2.7%	2.5%	4.1%
Argentina	0.1%	0.5%	0.4%	0.6%	2.5%	4.7%	0.6%
Taiwan	3.4%	3.0%	3.2%	4.4%	2.2%	2.8%	2.7%
Netherlands	14.6%	9.4%	3.5%	9.8%	1.6%	2.2%	2.2%
United Kingdom	5.8%	4.8%	9.8%	4.8%	1.4%	1.3%	1.6%
Costa Rica	0.3%	0.2%	0.2%	0.2%	1.0%	1.0%	0.3%
Venezuela	0.3%	1.4%	1.2%	1.1%	1.0%	1.4%	1.4%
All Other	37.3%	31.9%	34.4%	19.0%	8.5%	10.2%	16.5%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 7113.19.50

Jewelry of Gold or Platinum Other than Necklaces and Neck Chains

Jewelry of Gold or Platinum Other than Necklaces and Neck Chains

I. Introduction

__X__ Competitive-need-limit waiver: Turkey

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
7113.19.50[1]	Jewelry of gold or platinum other than necklaces and neck chains	5.5[2]	Yes

[1] Turkey has been found sufficiently competitive and is subject to lower competitive need limits. Advice is requested on restoring normal limits for Turkey as well as a waiver of all competitive need limits. Turkey was proclaimed by the President as non-eligible for GSP treatment for articles imported under subheading 7113.19.50 effective July 1, 1998, because imports of the subject articles from Turkey exceeded the competitive need limit in terms of absolute value in 1997.

[2] This HTS subheading is not subject to further scheduled normal trade relations staged tariff reductions.

Description and uses.–Jewelry of gold or platinum other than necklaces and neck chains are worn for personal adornment. Such jewelry may also be used as a store of wealth during times of political, economic, or financial uncertainty. This category of jewelry includes rings, bracelets, earrings, charms, pins, and broaches.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)	490	*490	*480	*480	*460
Employment (***1,000 employees***)	22	*21	*19	*19	*18
Shipments (***1,000 dollars***)	3,236,128	*3,200,000	*3,200,000	*3,200,000	*3,100,000
Exports (***1,000 dollars***)	364,285	374,153	524,002	540,286	1,334,748
Imports (***1,000 dollars***)	2,353,517	2,658,640	3,147,781	3,741,552	3,720,963
Consumption (***1,000 dollars***)	5,225,360	*5,484,487	*5,823,779	*6,401,266	*5,486,215
Import-to-consumption ratio (***percent***)	45.0	* 48.5	* 54.1	* 58.5	* 67.8
Capacity utilization (***percent***)	78	75	74	73	70

Comment.–The price of gold or platinum on the world market is an important cost of production and a chief determinant of the retail price and demand for articles of gold or platinum jewelry. Demand is also dependent upon the strength of the economy and consumer confidence. Political, economic, and financial

uncertainty in many parts of the world in 2001 may have led some parties to convert a portion of their wealth into physical articles that are likely to maintain their value, such as gold jewelry. Valuable assets are often stored in secure financial institutions, which, in part, explains the increase in U.S. exports of gold jewelry in 2001 to countries that are home to the world's financial centers: Japan, Switzerland, Hong Kong, France, and the United Kingdom.

The production of rings, bracelets, earrings, charms, pins, and broaches is moderately labor intensive, particularly if it involves the setting or inlay of gems. Prior to 2001, lower gold prices combined with a robust U.S. economy and high consumer confidence resulted in increased demand and a steady rise in gold jewelry consumption. U.S. producers continued to experience increased competition from imports during 1997-2001. The production of earrings typically has a high ratio of labor costs to total value, making this segment of the gold jewelry industry more sensitive to competition from supplying countries with low labor costs. U.S. producers of rings (specifically fraternal, college, and school rings), however, continued to have a competitive advantage over imported rings because of service, relatively small customized production runs, speed of delivery, and brand loyalty.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	3,720,964	100	([1])	68
Imports from GSP countries:				
GSP total	1,486,521	40	100	27
Turkey	91,210	3	6	2

[1] Not applicable.

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

Comment.–U.S. imports of jewelry of gold or platinum other than necklaces and neck chains rose by $1.4 billion (58 percent) during 1997-2001. Loss of GSP-status for Turkey on the subject items correlates with decreased U.S. imports of gold or platinum jewelry from Turkey since 1998.

IV. Competitiveness profile, Turkey

Ranking as a U.S. import supplier, 2001	11		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes X		No ___
Is the product an intermediate good used as an input in the production of another good?	Yes ___		No X
Is the product an agricultural or food product?	Yes ___		No X
What is the aggregate price elasticity of U.S. demand?	High X	Moderate ___	Low ___
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
Can production in the country be easily expanded or contracted in the short term?	Yes X		No ___
Does the country have significant export markets besides the United States?	Yes X		No ___
Could exports from the country be readily redistributed among its foreign export markets?	Yes X		No ___
What is the price elasticity of supply for affected imports?	High X	Moderate ___	Low ___
Price level compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___
Quality compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–Italy is the most significant source of U.S. imports of gold or platinum jewelry. Turkey's share of total imports has been continually deceasing since 1998. Turkey's major export to the United States under the HTS subheading 7113.50.90 is gold bracelets. The quality and design of the gold bracelets from Turkey is increasingly becoming competitive with gold bracelets from other GSP suppliers, such as India and Thailand.

According to Mr. Cumhur Isbirakmaz, Deputy Commercial Officer at the Embassy of Turkey, there is no U.S. or other foreign investment in Turkey's gold jewelry industry. Most of the manufacturers in Turkey are small- or medium-sized and production is labor intensive. Mr. Isbirakmaz stated that the jewelry industry is

very important to the Turkish economy. Gold jewelry is the fifth-leading item exported by Turkey to the United States. In rank order, the leading markets for Turkey's export of gold jewelry are Germany, the United States, Italy, United Kingdom, France, Russia, and the Middle East.

V. Position of interested parties

Petitioner.–Istanbul Metal and Minerals Exporters' Association (IMMEA) requested a wavier of the GSP competitive need limit for Turkey on U.S. imports of gold jewelry under HTS 7113.19.50, contending that such a waiver will not adversely affect the U.S. industry. IMMEA stated that U.S. imports of gold jewelry from Turkey should not result in a decline in prices in the U.S. gold jewelry market. Based on the past performance of U.S. jewelry manufacturers, IMMEA stated that continued or expanded imports of gold jewelry from Turkey should pose no threat to the U.S. industry as U.S. precious metal jewelry manufacturers have experienced an increase in production, employment, and profit margins in the past several years. IMMEA also stated that Turkey accounts for a very small share of total U.S. imports of gold jewelry (2.4 percent of total imports in 2001) and the competitive- need waiver is needed in order for Turkey's jewelry exporters to improve their profit margins.

No additional statements were received in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic advice-Competitive-need-limit waiver (Turkey)

* * * * * * *

Table 1
Jewelry of gold or platinum other than necklaces and neck chains: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Italy	673,691	666,399	685,493	723,901	723,815	319,276	367,621
India	234,106	309,899	449,835	564,674	492,644	203,793	303,512
Thailand	194,275	198,606	314,719	421,464	450,719	190,235	182,370
Hong Kong	311,702	335,549	435,375	525,186	408,870	178,545	204,136
China	36,136	51,800	91,946	166,735	231,657	93,866	132,683
Israel	159,329	154,867	171,114	171,608	186,006	80,012	93,461
Canada	89,113	113,870	145,595	206,975	173,794	81,862	88,775
Dominican Republic	94,163	130,891	133,964	132,802	161,024	58,695	75,180
South Korea	20,195	37,979	83,572	108,375	113,933	60,069	52,222
Mexico	79,988	108,481	96,746	104,928	108,556	50,831	49,512
All Other	460,819	550,299	539,422	614,904	669,946	323,076	310,219
Total	**2,353,517**	**2,658,640**	**3,147,781**	**3,741,552**	**3,720,964**	**1,640,260**	**1,859,691**
Total from GSP-eligible nations	**792,466**	**958,461**	**1,219,030**	**1,479,843**	**1,486,521**	**641,473**	**734,713**
	Percent						
Italy	28.6%	25.1%	21.8%	19.3%	19.5%	19.5%	19.8%
India	9.9%	11.7%	14.3%	15.1%	13.2%	12.4%	16.3%
Thailand	8.3%	7.5%	10.0%	11.3%	12.1%	11.6%	9.8%
Hong Kong	13.2%	12.6%	13.8%	14.0%	11.0%	10.9%	11.0%
China	1.5%	1.9%	2.9%	4.5%	6.2%	5.7%	7.1%
Israel	6.8%	5.8%	5.4%	4.6%	5.0%	4.9%	5.0%
Canada	3.8%	4.3%	4.6%	5.5%	4.7%	5.0%	4.8%
Dominican Republic	4.0%	4.9%	4.3%	3.5%	4.3%	3.6%	4.0%
South Korea	0.9%	1.4%	2.7%	2.9%	3.1%	3.7%	2.8%
Mexico	3.4%	4.1%	3.1%	2.8%	2.9%	3.1%	2.7%
All Other	19.6%	20.7%	17.1%	16.4%	18.0%	19.7%	16.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**33.7%**	**36.1%**	**38.7%**	**39.6%**	**40.0%**	**39.1%**	**39.5%**

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

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

Table 2
Jewelry of gold or platinum other than necklaces and neck chains: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Japan	14,337	22,511	30,374	30,179	269,799	174,893	85,737
Switzerland	103,934	54,491	55,185	17,891	175,909	109,354	121,747
Canada	64,683	73,588	79,910	131,502	109,750	49,631	46,873
Hong Kong	10,871	20,130	37,987	30,310	102,204	55,347	56,403
Mexico	9,310	37,949	89,145	89,372	96,457	38,575	70,280
Netherland Antilles	12,543	42,634	59,358	69,513	89,902	54,706	58,111
Dominican Republic	7,107	10,134	19,025	19,006	77,278	28,792	41,190
France	20,156	9,753	18,146	12,921	72,986	28,968	22,843
United Kingdom	13,949	19,688	29,604	22,475	70,453	34,069	33,607
Israel	3,714	12,206	12,635	6,880	40,279	15,803	3,699
All Other	103,681	71,069	92,633	110,237	229,731	105,330	167,729
Total	**364,285**	**374,153**	**524,002**	**540,286**	**1,334,748**	**695,468**	**708,219**
	Percent						
Japan	3.9%	6.0%	5.8%	5.6%	20.2%	25.1%	12.1%
Switzerland	28.5%	14.6%	10.5%	3.3%	13.2%	15.7%	17.2%
Canada	17.8%	19.7%	15.3%	24.3%	8.2%	7.1%	6.6%
Hong Kong	3.0%	5.4%	7.2%	5.6%	7.7%	8.0%	8.0%
Mexico	2.6%	10.1%	17.0%	16.5%	7.2%	5.5%	9.9%
Netherland Antilles	3.4%	11.4%	11.3%	12.9%	6.7%	7.9%	8.2%
Dominican Republic	2.0%	2.7%	3.6%	3.5%	5.8%	4.1%	5.8%
France	5.5%	2.6%	3.5%	2.4%	5.5%	4.2%	3.2%
United Kingdom	3.8%	5.3%	5.7%	4.2%	5.3%	4.9%	4.7%
Israel	1.0%	3.3%	2.4%	1.3%	3.0%	2.3%	0.5%
All Other	28.5%	19.0%	17.7%	20.4%	17.2%	15.1%	23.7%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 7202.99.50

Certain Ferroalloys

Certain Ferroalloys

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
7202.99.50	Unspecified ferroalloys	5[1]	Yes

[1] Ferroboron to be used for manufacturing amorphous metal strip is duty-free through December 31, 2003.

***

Description and uses.–Ferroalloys are alloys of iron and one or more other elements, used as an additive in steel or other ferrous metal production for the purpose of adding the other elements to the steel or iron, or for the purpose of deoxidizing, desulfurizing, or refining the product. The unspecified alloys covered in this digest are those of least commercial significance and do not have their own specific HTS subheading. While the number of alloys potentially included in this digest is unlimited, three particular alloys appear to be of most significance: calcium-silicon,[1] an alloy imported from Argentina and Brazil; ferroboron, an alloy imported from Chile; and ferrophosphorus, an alloy not known to have been imported from any GSP nation in 2001. There were imports of each of these ferroalloys and other alloys included in this digest from numerous non-GSP nations in 2001.

A common method of using calcium-silicon is by cored wire-injection. Calcium-silicon powder is enclosed in a hollow, tubular steel wire, which is mechanically fed into molten steel. Cored wire containing calcium-silicon is classified within this digest, and is produced in Argentina and Brazil.

[1] Stein Ferroaleaciones ("Stein"), an Argentine producer, refers to its product, which typically contains 6 percent of iron, as "ferro calcium silicon," and refers to a similar product containing less than 4 percent of iron as "calcium silicon." Prehearing brief of Stein Ferroaleaciones. ASTM Standard Specification A 495-94 describes calcium-silicon as having 5.0 percent maximum of iron with 28.0 to 32.0 percent of calcium, and ferro-calcium-silicon as having 14.0 to 18.0 percent of iron and only 14.0 to 18.0 percent of calcium, a much different product. Both the Stein product and the similar product containing less than 4 percent of iron would be called "calcium-silicon" in the U.S. market, although the Stein product is somewhat higher in iron content than allowed by the ASTM standard specification. For classification purposes under the HTSUS, only product containing 4 percent or more of iron is considered a ferroalloy and included within this digest; product containing less than 4 percent of iron is classified in HTS subheading 2850.00.50. Calcium-silicon containing less than 4 percent of iron is imported duty-free from Brazil, which enjoys GSP status for this HTS subheading. Such imports from Argentina are not eligible for GSP treatment and would be subject to the Column 1-General duty rate of 3.7 percent.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001[2]

Item	1997	1998	1999	2000	2001
Producers (***number***)[1]	**6	**6	**6	**5	**5
Employment (***1,000 employees***)[1]	(2)	(2)	(2)	(2)	(2)
Shipments (***1,000 dollars***)[1]	**30,000	**30,000	**20,000	**20,000	**20,000
Exports (***1,000 dollars***)	7,426	4,274	6,734	9,494	11,972
Imports (***1,000 dollars***)	61,465	59,750	45,659	45,700	33,349
Consumption (***1,000 dollars***)	84,039	85,476	58,925	56,206	41,377
Import-to-consumption ratio (***percent***)	73.1	69.9	77.5	81.3	80.6
Capacity utilization (***percent***)	(3)	(3)	(3)	(3)	(3)

[1] Estimated by Commission.

[2] Fewer than 500 employees.

[3] Capacity utilization could not be meaningfully calculated for this industry.

Comment.–There is little or no U.S. production of calcium-silicon or ferroboron, the alloys being imported from Argentina, Brazil, and Chile, or of ferrophosphorus. There are, however, a number of U.S. ferroalloys producers that have the capability to produce these alloys and have produced them in the past, but currently choose not to do so. Alloys produced in the United States that would be included in this digest but are not currently being imported from GSP-eligible countries include: ferroaluminum, ferrosilicon-zirconium, certain proprietary boron alloys, and specialized remelt alloys for the production of specialty castings. The U.S. industry producing these products consists of a number of companies that also produce other ferroalloys not contained in this digest. The United States also has an industry producing calcium-silicon cored wire, utilizing imported calcium-silicon powder. Such wire is included in this digest, and is thought to account for a portion of the reported exports.

[2] Data are for total U.S. production of ferroalloys.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	33,349	100	([1])	81
Imports from GSP countries:				
GSP total	6,440	19	100	16
Argentina	4,075	12	63	10
Brazil	1,808	5	28	5
Chile	456	1	7	1
Russia	94	([2])	1	([2])

[1] Not applicable.
[2] Less than 0.5 percent.

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

Comment.–During 1997-2001, U.S. imports of these products from GSP-eligible countries averaged less than 20 percent of total U.S. imports. Argentina has consistently accounted for an increasing share of total U.S. imports with its share rising from about 5 percent in 1997 to 12 percent in 2001.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2001 4

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes ___ No X

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High ___ Moderate ___ Low X

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High ___ Moderate X Low ___

What is the substitution elasticity? ..... High ___ Moderate X Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Although there is currently little or no U.S. production of the products imported from Argentina, there are U.S. producers who have previously produced these alloys and are capable of producing an equivalent product in the future.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2001	6		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___		No X
Is the product an intermediate good used as an input in the production of another good?	Yes X		No ___
Is the product an agricultural or food product?	Yes ___		No X
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate ___	Low X
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
Can production in the country be easily expanded or contracted in the short term?	Yes X		No ___
Does the country have significant export markets besides the United States?	Yes X		No ___
Could exports from the country be readily redistributed among its foreign export markets?	Yes X		No ___
What is the price elasticity of supply for affected imports?	High X	Moderate ___	Low ___
Price level compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___
Quality compared with--			
U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.–Although there is currently little or no U.S. production of the products imported from Brazil, there are U.S. producers who have previously produced these alloys and are capable of producing an equivalent product in the future.

IV. Competitiveness profile, Chile

Ranking as a U.S. import supplier, 2001 9

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?		Yes ___	No X
Is the product an intermediate good used as an input in the production of another good?		Yes X	No ___
Is the product an agricultural or food product?		Yes ___	No X
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate ___	Low X

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term?		Yes X	No ___
Does the country have significant export markets besides the United States?		Yes X	No ___
Could exports from the country be readily redistributed among its foreign export markets?		Yes X	No ___
What is the price elasticity of supply for affected imports? .	High X	Moderate ___	Low ___

Price level compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Quality compared with--

U.S. products	Above ___	Equivalent X	Below ___
Other foreign products	Above ___	Equivalent X	Below ___

Comment.--Although there is currently little or no U.S. production of the products imported from Chile, there are U.S. producers who have previously produced these alloys and are capable of producing an equivalent product in the future.

IV. Competitiveness profile, All GSP Suppliers

Ranking as a U.S. import supplier, 2001 ..... NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes ____ No X

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes ____ No X

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ____ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High ____ Moderate ___ Low X

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ____ Low ___

U.S. producers? ..... High ____ Moderate X Low ___

What is the substitution elasticity? ..... High ____ Moderate X Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate ____ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Although there is currently little or no U.S. production of the products imported from all GSP suppliers, there are U.S. producers who have previously produced these alloys and are capable of producing an equivalent product in the future.

V. Position of interested parties

Petitioner.–Stein Ferroaleaciones, a producer of calcium-silicon in Argentina, states that if GSP status were awarded, it would benefit U.S. consumers. Stein also states that, because there is no domestic U.S. production of calcium-silicon, there would be no effect on the U.S. domestic market.

Stein asserts that the "few" U.S. companies that produce calcium-silicon cored wire should not be considered to be a U.S. industry producing calcium-silicon, because their operations are simply packing or fabricating of calcium-silicon powder imported from Argentina or other countries, rather than the production of the calcium-silicon from primary raw materials in electric-arc furnaces. Moreover, Stein feels that the granting of GSP status would not adversely affect even these U.S. producers, which are Stein's competitors for the sale of calcium-silicon cored wire, because their costs for calcium-silicon powder would be reduced.

Stein recognizes that because HTS 7202.99.50 is a "basket category," the proposal to designate it as GSP-eligible would affect a number of alloys in addition to calcium-silicon. Stein notes that the effect on other alloys could be avoided by designating a separate 8-digit HTS subheading for calcium-silicon. In this way, the GSP designation could be granted only to calcium-silicon, without extending the GSP benefit to other products being imported under the basket category.

Support.–Minteq International Inc., an importer of calcium-silicon from Argentina, supports the petition. Minteq resells the product to the U.S. steel industry. Minteq states that there are no producers of calcium-silicon in the United States; therefore, importing this product does not adversely affect any U.S. producer, and a reduction in import prices would aid Argentina's industry.

Alloys and Coke Company, an importer of calcium-silicon from Argentina, supports the petition. Alloys and Coke sells the material to the steel and foundry industry throughout the United States. Alloys and Coke states that there are no producers of calcium-silicon in the United States and that the granting of GSP status for calcium-silicon will provide a direct benefit to the U.S. steel industry by reducing their costs for this product.

CC Metals and Alloys, Inc., an importer of calcium-silicon from Argentina, distributes the product in the U.S. market. CC Metals and Alloys states that calcium-silicon is not produced in the United States and that a reduction in duties will help all consumers by lowering the production costs on downstream products, and would also make downstream products more competitive in the global market economy.

VI. Summary of probable economic advice-Addition.

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Table 1
Certain ferroalloys: U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January-June 2001	January-June 2002
	Value (1,000 dollars)						
France	7,084	8,672	9,093	7,519	9,091	3,904	1,667
China	12,205	18,542	14,530	15,261	8,218	5,409	3,513
Japan	8,578	6,195	5,349	5,880	4,544	2,806	1,501
Argentina	3,349	5,021	3,707	4,250	4,075	1,658	2,143
Norway	14,523	11,069	7,845	6,968	3,334	2,113	2,859
Brazil	7,479	5,248	1,383	1,703	1,808	531	1,526
United Kingdom	5,806	2,832	1,455	859	675	463	335
Sweden	1,171	951	1,247	1,029	581	360	110
Chile	0	0	690	288	456	60	141
Germany	415	196	44	223	144	102	26
All Other	855	1,024	316	1,720	423	179	34
Total	**61,465**	**59,750**	**45,659**	**45,700**	**33,349**	**17,585**	**13,855**
Total from GSP-eligible nations	**11,340**	**10,425**	**5,957**	**7,122**	**6,540**	**2,256**	**3,810**
	Percent						
France	11.5%	14.5%	19.9%	16.5%	27.3%	22.2%	12.0%
China	19.9%	31.0%	31.8%	33.4%	24.6%	30.8%	25.4%
Japan	14.0%	10.4%	11.7%	12.9%	13.6%	16.0%	10.8%
Argentina	5.4%	8.4%	8.1%	9.3%	12.2%	9.4%	15.5%
Norway	23.6%	18.5%	17.2%	15.2%	10.0%	12.0%	20.6%
Brazil	12.2%	8.8%	3.0%	3.7%	5.4%	3.0%	11.0%
United Kingdom	9.4%	4.7%	3.2%	1.9%	2.0%	2.6%	2.4%
Sweden	1.9%	1.6%	2.7%	2.3%	1.7%	2.0%	0.8%
Chile	0.0%	0.0%	1.5%	0.6%	1.4%	0.3%	1.0%
Germany	0.7%	0.3%	0.1%	0.5%	0.4%	0.6%	0.2%
All Other	1.4%	1.7%	0.7%	3.8%	1.3%	1.0%	0.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**18.5%**	**17.4%**	**13.0%**	**15.6%**	**19.6%**	**12.8%**	**27.5%**

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

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

Table 2
Certain ferroalloys: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
China	327	4	940	1,931	3,669	1,395	776
Mexico	2,186	731	958	2,857	2,537	1,390	1,396
Belgium	37	139	9	38	1,309	323	910
Canada	3,427	1,975	2,059	1,785	1,177	696	435
South Korea	46	388	2,299	1,495	774	511	8
Singapore	16	0	55	0	541	541	0
United Kingdom	269	94	147	866	531	140	449
Spain	115	6	0	75	324	87	228
Brazil	0	89	38	15	220	10	116
Finland	116	318	93	143	213	106	29
All Other	887	530	136	289	677	438	257
Total	**7,426**	**4,274**	**6,734**	**9,494**	**11,972**	**5,637**	**4,604**
	Percent						
China	4.4%	0.1%	14.0%	20.3%	30.6%	24.7%	16.9%
Mexico	29.4%	17.1%	14.2%	30.1%	21.2%	24.7%	30.3%
Belgium	0.5%	3.3%	0.1%	0.4%	10.9%	5.7%	19.8%
Canada	46.1%	46.2%	30.6%	18.8%	9.8%	12.3%	9.4%
South Korea	0.6%	9.1%	34.1%	15.7%	6.5%	9.1%	0.2%
Singapore	0.2%	0.0%	0.8%	0.0%	4.5%	9.6%	0.0%
United Kingdom	3.6%	2.2%	2.2%	9.1%	4.4%	2.5%	9.8%
Spain	1.5%	0.1%	0.0%	0.8%	2.7%	1.5%	5.0%
Brazil	0.0%	2.1%	0.6%	0.2%	1.8%	0.2%	2.5%
Finland	1.6%	7.4%	1.4%	1.5%	1.8%	1.9%	0.6%
All Other	11.9%	12.4%	2.0%	3.0%	5.7%	7.8%	5.6%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

DIGEST NO. 8482.10.10

Ball and Tapered Roller Bearings

Ball and Tapered Roller Bearings

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/02)	Like or directly competitive article produced in the United States on Jan. 1, 1995
		Percent ad valorem	
8482.10.10	Ball bearings with integral shafts	2.4[1]	Yes
8482.10.50	Other ball bearings, including thrust, linear, radial, and angular contact ball bearings	9[1]	Yes
8482.20.00	Tapered roller bearings, including cone and tapered roller assemblies	5.8[1]	Yes

[1]This HTS subheading is not subject to further scheduled normal trade relations staged tariff reductions.

Description and uses.--Ball and tapered roller bearings are machine components that permit free motion between moving and fixed parts by holding or guiding the moving parts to minimize friction and wear. In a ball bearing, a series of balls are usually mounted in a separator called a cage and enclosed between two rings called races. In a tapered roller bearing, a series of tapered rollers are held between an inner race or "cup" and an outer race or "cone." The rollers, cage, and cone combine to form a cone assembly. When joined with a cup, the cone assembly and cup become a tapered roller bearing assembly. In each of these types of bearing, the rolling elements transmit the physical load or force from the moving parts to the stationary support. Ball and tapered roller bearings range in size from a few millimeters to several meters in diameter and are used in a wide variety of applications.

II. U.S. market profile

Profile of U.S. industry and market, 1997-2001

Item	1997	1998	1999	2000	2001
Producers (***number***)	59	92	91	90	90
Employment (***1,000 employees***)	22,383	22,629	22,026	21,954	21,500
Shipments (***1,000 dollars***)	3,516,800	3,563,000	3,505,900	3,479,900	3,173,500
Exports (***1,000 dollars***)	480,239	456,440	449,480	497,418	473,816
Imports (***1,000 dollars***)	912,333	962,371	908,497	975,249	834,031
Consumption (***1,000 dollars***)	3,948,894	4,068,931	3,964,917	3,957,731	3,533,715
Import-to-consumption ratio (***percent***)	23	24	23	25	24
Capacity utilization (***percent***)	83	78	80	73	70

Comment.–The U.S. ball and tapered roller bearing industry is well developed and highly competitive. U.S. producers maintain technologically advanced facilities and enjoy a global reputation for high quality and service. The U.S. industry includes both indigenous U.S. firms and subsidiaries of most, if not all, major foreign producers. The U.S. market for bearings is large and diverse, with major end users being the automotive, electrical, and aerospace industries.

III. GSP import situation, 2001

U.S. imports and share of U.S. consumption, 2001

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	834,031	100	([1])	24
Imports from GSP countries:				
GSP total	98,474	12	100	3
Brazil	20,098	2	20	1
Thailand	15,883	2	16	([2])
Slovakia	13,735	2	14	([2])
Argentina	6,222	1	6	([2])

[1] Not applicable.
[2] Less than 0.5 percent.

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

Comment.–Ball and tapered roller bearing operations in the GSP countries noted above are primarily, and in some cases exclusively, foreign-owned subsidiaries of the world's large bearings producers. Because certain types of bearings are relatively easy to make, global manufacturers have been able to set up production facilities in a number of less developed countries and take advantage of lower operating costs. Quality has increasingly become standard among bearings producers; thus, competition in the bearing industry is global in nature and very intense.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2001 10

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes X No ___

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes ___ No X

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the substitution elasticity? ..... High X Moderate ___ Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with--

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–A number of the world's large bearings producers have production facilities in Brazil, including SKF (Sweden), FAG (Germany), Koyo Seiko (Japan), Timken (United States), and Torrington (United States). Imports from Brazil of ball and tapered roller bearings of HTS subheadings 8482.10.10, 8482.10.50, and 8482.20.00 increased by over 228 percent during 1997-2001, and imports accounted for under 1 percent of total U.S. consumption in 2001.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2001 21

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes X No ___

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes ___ No X

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the substitution elasticity? ..... High X Moderate ___ Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with–

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–There is reportedly only one producer of bearings in Argentina. U.S. imports of ball and tapered roller bearings from Argentina (entering under HTS subheadings 8482.10.10, 8482.10.50, and 8482.20.00) increased by almost 17 percent during 1997-2001 and accounted for less than 0.5 percent of total U.S. consumption in 2001.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2001 ..... N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? ..... Yes X No ___

Is the product an intermediate good used as an input in the production of another good? ..... Yes X No ___

Is the product an agricultural or food product? ..... Yes ___ No X

What is the aggregate price elasticity of U.S. demand? ..... High ___ Moderate ___ Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? ..... High X Moderate ___ Low ___

U.S. producers? ..... High X Moderate ___ Low ___

What is the substitution elasticity? ..... High X Moderate ___ Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term? ..... Yes X No ___

Does the country have significant export markets besides the United States? Yes X No ___

Could exports from the country be readily redistributed among its foreign export markets? ..... Yes X No ___

What is the price elasticity of supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

U.S. products ..... Above ___ Equivalent ___ Below X

Other foreign products ..... Above ___ Equivalent X Below ___

Quality compared with–

U.S. products ..... Above ___ Equivalent X Below ___

Other foreign products ..... Above ___ Equivalent X Below ___

Comment.–Major multinational bearings manufacturers maintain production facilities in multiple GSP-eligible nations, including Brazil, Argentina, India, Poland, Thailand, and Romania. Imports from GSP-eligible countries accounted for 12 percent of total U.S. imports and 3 percent of total U.S. consumption in 2001.

V. Position of interested parties

Petitioner.–SKF Argentina, in conjunction with the Government of Argentina, originally filed a request for GSP status for subheadings 8482.10.10, 8482.10.50, and 8482.20.00. SKF Argentina later submitted a withdrawal of its request for GSP consideration for products classified under HTS subheadings 8482.10.10 and 8482.20.00. On September 24, 2002, SKF Argentina filed a submission to support its position concerning GSP consideration for ball bearings without integral shafts (HTS subheading 8482.10.50). In this submission, SKF Argentina indicated that GSP status would benefit Argentina by giving the country a stable commercial environment in which to sell bearings. SKF Argentina also stated that it will be able to preserve employment and eventually rehire laid off workers should GSP status be granted. The company believes that there will be little if any negative effect on the U.S. industry if its request is fulfilled, given the low level of imports of ball bearings from Argentina, the relatively high price of Argentine ball bearings, and the inability of the company to significantly increase exports to the United States from Argentina.

Opposition.–Citing the potential negative effects on the domestic bearings industry, U.S.-based bearings producers Timken and Torrington filed statements in opposition to the extension of duty-free treatment to ball bearing exports from GSP countries (classified under HTS 8482.10.50). Both parties state that the bearings industry has long been recognized as import sensitive and vital to national security. Timken and Torrington further stress that price competition in the market for ball bearings is intense, and duty-free treatment for imports from GSP nations would likely lead to an immediate price drop on bearings produced in GSP countries, increased import competition for domestic producers, and downward pressure on domestic prices. Further, Timken notes that ball bearings are produced in numerous GSP-eligible nations besides Argentina, including Poland, Thailand, Romania, Brazil, India, Hungary, Malaysia, and Indonesia. Both companies state that the current cumulative import share from these nations is significant and that granting duty-free access would further benefit bearings producers that have already made considerable inroads into the U.S. market.

VI. Summary of probable economic advice-Addition. (HTS 8482.10.10)

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VI. Summary of probable economic advice-Addition. (HTS 8482.10.10)–Continued

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VI. Summary of probable economic advice-Addition. (HTS 8482.10.50)

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VI. Summary of probable economic advice-Addition. (HTS 8482.10.50)–Continued

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VI. Summary of probable economic advice-Addition. (HTS 8482.20.00)

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VI. Summary of probable economic advice-Addition. (HTS 8482.20.00)–Continued

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Table 1
Ball and tapered roller bearings (digest-level): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Japan	297,509	309,287	285,798	330,280	255,454	146,030	101,265
Canada	129,530	146,554	145,171	149,562	137,581	70,990	76,694
China	116,235	112,835	119,429	110,838	110,436	61,033	62,269
Germany	52,989	60,018	49,326	46,088	39,751	21,344	19,999
France	27,258	29,995	21,189	30,950	27,992	15,471	12,045
Korea	26,756	15,659	18,796	23,139	25,853	14,713	12,354
Taiwan	23,244	23,665	27,981	29,737	24,886	12,219	9409
Singapore	41,144	38,534	33,842	31,647	24,704	13,577	10,671
Mexico	20,381	28,476	35,865	34,284	22,794	12,420	11,613
Brazil	6,121	10,766	12,038	21,796	20,098	10,357	8,713
All Other	171,166	186,581	159,061	166,928	144,481	79,750	69,860
Total	**912,333**	**962,371**	**908,497**	**975,249**	**834,031**	**457,904**	**394,892**
Total from GSP-eligible nations	**100,303**	**113,340**	**109,631**	**116,017**	**98,473**	**54,429**	**48,397**
	Percent						
Japan	32.6%	32.1%	31.5%	33.9%	30.6%	31.9%	25.6%
Canada	14.2%	15.2%	16.0%	15.3%	16.5%	15.5%	19.4%
China	12.7%	11.7%	13.1%	11.4%	13.2%	13.3%	15.8%
Germany	5.8%	6.2%	5.4%	4.7%	4.8%	4.7%	5.1%
France	3.0%	3.1%	2.3%	3.2%	3.4%	3.4%	3.1%
Korea	2.9%	1.6%	2.1%	2.4%	3.1%	3.2%	3.1%
Taiwan	2.5%	2.5%	3.1%	3.0%	3.0%	2.7%	2.4%
Singapore	4.5%	4.0%	3.7%	3.2%	3.0%	3.0%	2.7%
Mexico	2.2%	3.0%	3.9%	3.5%	2.7%	2.7%	2.9%
Brazil	0.7%	1.1%	1.3%	2.2%	2.4%	2.3%	2.2%
All Other	18.8%	19.4%	17.5%	17.1%	17.3%	17.4%	17.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**11.0%**	**11.8%**	**12.1%**	**11.9%**	**11.8%**	**11.9%**	**12.3%**

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

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

Table 1
Ball and tapered roller bearings (HTS Subheading 8482.10.10): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Canada	33,168	36,563	32,101	28,826	24,716	12,379	12,734
Slovakia	2,380	3,372	4,631	6,500	10,215	3,978	6,915
Japan	5,508	7,857	6,672	7,116	6,712	3,728	2,512
China	4,660	3,359	2,566	3,918	5,973	2,854	2,933
Germany	827	596	307	1,054	889	597	285
France	142	302	243	218	570	406	94
Italy	198	204	82	184	566	292	189
Brazil	18	0	12	27	475	76	434
Venezuela	0	0	0	0	360	360	0
United Kingdom	277	294	133	310	330	245	202
All Other	3,113	2,873	8,310	5,815	1,598	710	601
Total	**50,291**	**55,420**	**55,057**	**53,968**	**52,404**	**25,625**	**26,899**
Total from GSP-eligible nations	**4,519**	**5,740**	**7,900**	**8,904**	**11,305**	**4,619**	**7,495**
	Percent						
Canada	66.0%	66.0%	58.3%	53.4%	47.2%	48.3%	47.3%
Slovakia	4.7%	6.1%	8.4%	12.0%	19.5%	15.5%	25.7%
Japan	11.0%	14.2%	12.1%	13.2%	12.8%	14.5%	9.3%
China	9.3%	6.1%	4.7%	7.3%	11.4%	11.1%	10.9%
Germany	1.6%	1.1%	0.6%	2.0%	1.7%	2.3%	1.1%
France	0.3%	0.5%	0.4%	0.4%	1.1%	1.6%	0.3%
Italy	0.4%	0.4%	0.1%	0.3%	1.1%	1.1%	0.7%
Brazil	0.0%	0.0%	0.0%	0.1%	0.9%	0.3%	1.6%
Venezuela	0.0%	0.0%	0.0%	0.0%	0.7%	1.4%	0.0%
United Kingdom	0.6%	0.5%	0.2%	0.6%	0.6%	1.0%	0.8%
All Other	6.2%	5.2%	15.1%	10.8%	3.0%	2.8%	2.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**9.0%**	**10.4%**	**14.3%**	**16.5%**	**21.6%**	**18.0%**	**27.9%**

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

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

Table 1
Ball and tapered roller bearings (HTS Subheading 8482.10.50): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Japan	256,586	259,007	236,221	281,908	213,816	124,088	81,041
China	88,162	89,861	96,204	96,559	93,901	52,564	52,811
Canada	64,726	77,550	82,803	84,682	84,535	42,401	49,907
Germany	35,046	34,371	29,739	31,018	27,210	15,020	12,105
South Korea	26,466	15,448	17,853	21,938	24,888	14,085	12,061
Singapore	41,122	38,493	33,842	31,628	24,676	13,559	10,667
Taiwan	23,156	23,500	27,749	29,444	24,554	12,030	9,349
France	20,998	21,673	15,371	23,727	21,449	11,666	9,520
Mexico	17,475	24,913	25,480	26,846	17,702	9,878	8,995
Thailand	26,781	30,460	25,400	21,918	15,879	9,437	6,136
All Other	103,780	109,096	98,522	114,253	97,181	54,047	44,995
Total	**704,298**	**724,372**	**689,184**	**763,921**	**645,791**	**358,775**	**297,587**
Total from GSP-eligible nations	**76,778**	**84,181**	**80,959**	**78,556**	**59,655**	**34,850**	**26,729**
	Percent						
Japan	36.4%	35.8%	34.3%	36.9%	33.1%	34.6%	27.2%
China	12.5%	12.4%	14.0%	12.6%	14.5%	14.7%	17.7%
Canada	9.2%	10.7%	12.0%	11.1%	13.1%	11.8%	16.8%
Germany	5.0%	4.7%	4.3%	4.1%	4.2%	4.2%	4.1%
South Korea	3.8%	2.1%	2.6%	2.9%	3.9%	3.9%	4.1%
Singapore	5.8%	5.3%	4.9%	4.1%	3.8%	3.8%	3.6%
Taiwan	3.3%	3.2%	4.0%	3.9%	3.8%	3.4%	3.1%
France	3.0%	3.0%	2.2%	3.1%	3.3%	3.3%	3.2%
Mexico	2.5%	3.4%	3.7%	3.5%	2.7%	2.8%	3.0%
Thailand	3.8%	4.2%	3.7%	2.9%	2.5%	2.6%	2.1%
All Other	14.7%	15.1%	14.3%	15.0%	15.0%	15.1%	15.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**10.9%**	**11.6%**	**11.7%**	**10.3%**	**9.2%**	**9.7%**	**9.0%**

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

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

Table 1
Ball and tapered roller bearings (HTS Subheading 8482.20.00): U.S. imports for consumption, by principal sources, 1997-2001, January-June 2001-2002

Source	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Japan	35,415	42,424	42,905	41,255	34,926	18,215	17,712
Canada	31,636	32,441	30,267	36,054	28,330	16,209	14,050
Brazil	4,894	6,679	6,845	14,508	13,456	6,623	5,383
Germany	17,116	25,051	19,280	14,016	11,652	5,727	7,608
China	23,413	19,615	20,659	10,360	10,562	5,615	6,526
United Kingdom	14,421	19,985	11,593	10,799	7,273	4,795	2,727
France	6,118	8,020	5,575	7,005	5,973	3,398	2,432
Romania	1,789	1,724	4,362	3,054	5,722	2,869	4,421
Mexico	2,569	3,509	5,991	5,229	5,079	2,541	2,654
India	2,044	6,648	97	2,142	3,083	2,633	485
All Other	18,329	16,482	16,682	12,937	9,780	4,877	5,756
Total	**157,744**	**182,578**	**164,256**	**157,359**	**135,836**	**73,502**	**69,754**
Total from GSP-eligible nations	**19,006**	**23,419**	**20,772**	**28,557**	**27,513**	**14,960**	**14,173**
	Percent						
Japan	22.5%	23.2%	26.1%	26.2%	25.7%	24.8%	25.4%
Canada	20.1%	17.8%	18.4%	22.9%	20.9%	22.1%	20.1%
Brazil	3.1%	3.7%	4.2%	9.2%	9.9%	9.0%	7.7%
Germany	10.9%	13.7%	11.7%	8.9%	8.6%	7.8%	10.9%
China	14.8%	10.7%	12.6%	6.6%	7.8%	7.6%	9.4%
United Kingdom	9.1%	10.9%	7.1%	6.9%	5.4%	6.5%	3.9%
France	3.9%	4.4%	3.4%	4.5%	4.4%	4.6%	3.5%
Romania	1.1%	0.9%	2.7%	1.9%	4.2%	3.9%	6.3%
Mexico	1.6%	1.9%	3.6%	3.3%	3.7%	3.5%	3.8%
India	1.3%	3.6%	0.1%	1.4%	2.3%	3.6%	0.7%
All Other	11.6%	9.0%	10.2%	8.2%	7.2%	6.6%	8.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share from GSP-eligible nations	**12.0%**	**12.8%**	**12.6%**	**18.1%**	**20.3%**	**20.4%**	**20.3%**

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

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

Table 2
Ball and tapered roller bearings: U.S. exports of domestic merchandise, by principal markets, 1997-2001, January-June 2001-2002

Market	1997	1998	1999	2000	2001	January- June 2001	January- June 2002
	Value (1,000 dollars)						
Canada	202,338	197,864	188,639	196,332	171,932	91,130	95,557
Mexico	64,418	57,650	73,568	92,636	70,386	33,333	45,808
France	10,499	11,340	10,849	19,126	27,353	15,626	19,233
Japan	21,762	19,873	15,327	16,897	25,761	14,654	8,999
Germany	29,745	29,065	31,140	25,717	23,368	13,359	10,107
United Kingdom	18,490	17,075	14,659	20,903	21,185	10,795	12,741
South Korea	10,869	10,773	14,110	19,072	16,150	7,237	9,229
Singapore	7,491	8,592	6,646	7,501	13,888	5,821	12,237
Brazil	14,857	10,895	7,549	9,581	12,412	7,143	9,637
Australia	10,236	9,356	11,947	10,432	8,175	4,195	6,233
All Other	89,534	83,957	75,046	79,221	83,206	44,110	39,300
Total	**480,239**	**456,440**	**449,480**	**497,418**	**473,816**	**247,403**	**269,081**
	Percent						
Canada	42.1%	43.3%	42.0%	39.5%	36.3%	36.8%	35.5%
Mexico	13.4%	12.6%	16.4%	18.6%	14.9%	13.5%	17.0%
France	2.2%	2.5%	2.4%	3.8%	5.8%	6.3%	7.1%
Japan	4.5%	4.4%	3.4%	3.4%	5.4%	5.9%	3.3%
Germany	6.2%	6.4%	6.9%	5.2%	4.9%	5.4%	3.8%
United Kingdom	3.9%	3.7%	3.3%	4.2%	4.5%	4.4%	4.7%
South Korea	2.3%	2.4%	3.1%	3.8%	3.4%	2.9%	3.4%
Singapore	1.6%	1.9%	1.5%	1.5%	2.9%	2.4%	4.5%
Brazil	3.1%	2.4%	1.7%	1.9%	2.6%	2.9%	3.6%
Australia	2.1%	2.1%	2.7%	2.1%	1.7%	1.7%	2.3%
All Other	18.6%	18.4%	16.7%	15.9%	17.6%	17.8%	14.6%
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

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

APPENDIX A

U.S. Trade Representative's Request Letter

Chair rec'd 8/22/

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

2262

AUG 22 2002

The Honorable Deanna Tanner Okun
Chairman
United States International Trade
Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Okun:

The Trade Policy Staff Committee (TPSC) has recently decided and will announce in the Federal Register the acceptance of certain product petitions for modification of the Generalized System of Preferences (GSP). Modifications to the GSP which may result from this special review will be announced and become effective as soon as possible thereafter. In this connection, I am making the requests listed below.

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the Trade Act of 1974, as amended ("the 1974 Act"), and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the Commission that the articles identified in Part A of the enclosed annex are being considered for designation as eligible articles for purposes of the United States GSP, as set forth in 503(a)(1)(A) of the 1974 Act.

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act, and under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice, with respect to the articles identified in Part A of the enclosed annex, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties for all beneficiary developing countries under the GSP.

In providing its advice on the articles in Part A of the enclosed annex, I request the Commission to assume that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act.

Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request, in accordance with section 503(d)(1)(A) of the 1974 Act, that the Commission provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina in case nos. SR-03, SR-05, SR-09 and SR-10 and for the Philippines in case no. SR-08 in Part A, and for Turkey with respect to the article specified in Part B of the enclosed Annex.

With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission is requested to use the dollar value limit of $100,000,000.

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein in accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act on Part A of the enclosed Annex. However, it would be greatly appreciated if all of the requested advice could be provided by December 4, 2002. To the maximum extent possible, it would be greatly appreciated if the probable economic effect advice and statistics (profile of the United States industry and market and United States import and export data) and any other relevant information or advice be provided separately and individually for each Harmonized Tariff Schedule of the United States (HTS) subheading for the cases in this investigation.

I direct you to mark as "Confidential" those portions of the Commission's report and related working papers that contain the Commission's advice on the probable economic effect on United States industries producing like or directly competitive articles and on consumers. All other parts of the report are unclassified, but the overall classification marked on the front and back covers of the report should be "Confidential" to conform with the confidential sections contained therein. All business confidential information contained in the report should be clearly identified.

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

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

Sincerely,

Peter F. Allgeier

Peter F. Allgeier
Acting

Annex

Case No.	HTS Subheading	Article	Petitioner
		[The bracketed language in this Annex has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]	
A.		Petitions to add products to the list of eligible articles for the Generalized System of Preferences.	
		Cheese and curd:	
		[Fresh (unripened or uncured) cheese, including whey cheese, and curd; grated or powdered cheese, of all kinds; processed (process) cheese, not grated or powdered; blue-veined cheese]	
		Other cheese	
		Romano made from cow's milk, Reggiano, Parmesan, Provolone and Provoletti cheeses:	
		[Described in general note 15 of the tariff schedule and entered pursuant to its provisions]	
		Other:	
		Made from cow's milk:	
SR-01	0406.90.41	Described in additional U.S. note 21 to this chapter and entered pursuant to its provisions	Government of Argentina; Sancor Cooperativas Unidas Limitada, Argentina
		Peanuts (ground-nuts), not roasted or otherwise cooked, whether or not shelled or broken:	
		In shell:	
SR-02	1202.10.40	Described in additional U.S. note 2 to this chapter and entered pursuant to its provisions	Government of Argentina; Argentine Peanut Chamber, Argentina
		Shelled, whether or not broken:	
SR-03	1202.20.40 1/	Described in additional U.S. note 2 to this chapter and entered pursuant to its provisions	do.
		Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 percent by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 0401 to 0404, not containing cocoa or containing less than 5 percent by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included:	
		[Preparations for infant use, put up for retail sale; Mixes and doughs for the preparation of bakers' wares of heading 1905]	
		Other:	
		[Articles provided for in subheading 1901.90.10 through 1901.90.36, inclusive]	
		Other:	
		Dairy products described in additional U.S. note 1 to chapter 4:	
		Dairy preparations containing over 10 percent by weight of milk solids:	
SR-04	1901.90.42	Described in additional U.S. note 10 to chapter 4 and entered pursuant to its provisions	Government of Argentina; SanCor Cooperativas Unidas Limitada, Argentina
		Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included:	
		Nuts, peanuts (ground-nuts) and other seeds, whether or not mixed together:	
		Peanuts (ground-nuts):	
		[Peanut butter and paste]	
		Blanched peanuts:	
SR-05	2008.11.25 1/	Described in additional U.S. note 2 to chapter 12 and entered pursuant to its provisions	Government of Argentina; Argentine Peanut Chamber, Argentina

1/ The TPSC also requests advice on the granting of a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina on the articles provided for in this subheading.

Case No.	HTS Subheading	Article	Petitioner
A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)			
		Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included:	
		Nuts, peanuts (ground-nuts) and other seeds, whether or not mixed together:	
		Peanuts (ground-nuts):	
		[Peanut butter and paste; blanched peanuts]	
		Other:	
SR-06	2008.11.45	Described in additional U.S. note 2 to chapter 12 and entered pursuant to its provisions	Government of Argentina; Argentine Peanut Chamber, Argentina
		Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter:	
		Pineapple juice:	
		Of a Brix value not exceeding 20:	
SR-07	2009.41.20	Not concentrated, or having a degree of concentration of not more than 3.5 (as determined before correction to the nearest 0.5 degree)	Dole Food Company, Inc., Westlake Village, CA
		Other:	
SR-08	2009.49.20 2/	Not concentrated, or having a degree of concentration of not more than 3.5 (as determined before correction to the nearest 0.5 degree)	do.
		Grape juice (including grape must):	
SR-09	2009.61.00 1/	Of a Brix value not exceeding 30	Government of Argentina; Argentine Chamber Producers/Exporters of Grape Must, Argentina
SR-10	2009.69.00 1/	Other	do.
		Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009:	
		[Sparkling wine; other wine; grape must with fermentation prevented or arrested by the addition of alcohol]	
SR-11	2204.30.00	Other grape must	do.
		Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums:	
		[Rosin and resin acids; salts of rosin, of resin acids or of derivatives of rosin or resin acids, other than salts of rosin adducts; ester gums]	
SR-12	3806.90.00	Other	Government of Argentina; Akzo Nobel Coatings, S.A., Argentina

1/ The TPSC also requests advice on the granting of a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina on the articles provided for in this subheading.

2/ The petitioner also requests a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for the Philippines on the articles provided for in this subheading.

Case No.	HTS Subheading	Article	Petitioner
A.		Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)	
		Ferroalloys:	
		[Ferromanganese; ferrosilicon; ferrosilicon manganese; ferrochromium; ferrosilicon chromium; ferronickel; ferromolybdenum; ferrotungsten and ferrosilicon tungsten]	
		Other:	
		[Ferrotitanium and ferrosilicon titanium; ferrovanadium; ferroniobium]	
		Other:	
		[Ferrozirconium]	
SR-13	7202.99.50	Other	Government of Argentina; Stein Ferroaleaciones S.A.C.I.F.A., Argentina
		Ball or roller bearings, and parts thereof:	
		Ball bearings:	
SR-14	8482.10.10	Ball bearings with integral shafts	Government of Argentina; SKF Argentina S.A., Argentina
SR-15	8482.10.50	Other	do.
SR-16	8482.20.00	Tapered roller bearings, including cone and tapered roller assemblies	do.
B.		Petitions for waiver of competitive need limits for a product on the list of eligible products for the Generalized System of Preferences.	
		Articles of jewelry and parts thereof, of precious metal or of metal clad with precious metal:	
		Of precious metal whether or not plated or clad with precious metal:	
		[Of silver, whether or not plated or clad with other precious metal]	
		Of other precious metal, whether or not plated or clad with precious metal:	
		[Articles provided for in subheading 7113.19.10]	
		Other:	
		[Necklaces and neck chains, of gold; clasps and parts thereof]	
SR-17	7113.19.50 (Turkey)	Other	Arpas Ihracat Ithalat ve Pazarlama A.S., Turkey

APPENDIX B

U.S. International Trade Commission's *Federal Register* Notice of Investigation and Notice of Correction

Dated: August 30, 2002.

Mary Smelcer,

Acting District Manager.

[FR Doc. 02–22797 Filed 9–9–02; 8:45 am]

BILLING CODE 4310–33–M

DEPARTMENT OF THE INTERIOR

National Park Service

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Notice of Meeting of the National Parks Overflights Advisory Group

ACTION: Notice of meeting.

SUMMARY: The National Park Service (NPS) and Federal Aviation Administration (FAA), in accordance with the National Parks Air Tour Management Act of 2000, announce the next meeting of the National Parks Overflight Advisory Group (NPOAG). The meeting will take place October 4–5, 2002, in Tusayan, Arizona. This notice informs the public of the dates, location, and agenda for the meeting.

DATES: The NPOAG will meet October 4–5, 2002, at the Best Western Grand Canyon Squire Inn, Highway 64, Tusayan, Arizona 86023 (telephone 1–800–622–6966). The meeting will begin at 8:00 a.m. on Friday, October 4, and end at approximately 3:00 p.m. October 5.

FOR FURTHER INFORMATION CONTACT: Barry Brayer, Manager, Executive Resource Staff, Western Pacific Region, Federal Aviation Administration, 15000 Aviation Blvd., Hawthorne, CA 90250, telephone: (310) 725–3800, or *Barry.Brayer@faa.gov* or Marvin Jensen, Soundscapes Office, National Park Service, 1201 Oak Ridge Drive, Suite 200, Ft. Collins, Colorado, 80525, telephone: (970) 225–3563, or *Marv_Jensen@nps.gov*

SUPPLEMENTARY INFORMATION:

Background

The National Parks Air Tour Management Act of 2000, enacted on April 5, 2000, as Public Law 106–181 (Pub. L. 106–181), required the establishment of a National Parks Overflights Advisory Group within 1 year after its enactment. The NPOAG was to be a balanced group representative of general aviation, commercial air tour operations, environmental concerns, and Indian tribes. The duties of the NPOAG included providing advice, information, and recommendations to the Director, NPS, and to the Administrator, FAA, on the implementation of Public Law 106–181, on quiet aircraft technology, on other measures that might accommodate interests to visitors to national parks, and, at the request of the Director and Administrator, on safety, environmental, and other issues related to commercial air tour operations over national parks or tribal lands.

On March 12, 2001, the FAA and NPS announced the establishment of the NPOAG (48 FR 14429). Current members of the NPOAG are Andy Cebula (general aviation), David Kennedy, Joe Currao, and Alan Stephens (commercial air tour operations), Chip Dennerlein, Charles Maynard, Boyd Evison, and Susan Gunn (environmental interests), and Germaine White and Richard Deertrack (Indian tribes).

The first meeting of the advisory group was held August 28–29, 2001, in Las Vegas, Nevada.

Agenda for the October 2002 Meeting

The meeting on October 5, 2002, will include a review of the status of documents pertaining to development of air tour management plans, discussion noise analysis, new development in quiet aircraft technology, issues of historical and cultural preservation in the national parks, and a review of plans for noise data collection in national parks in Hawaii. On Saturday, October 6, the NPOAG will visit a Grand Canyon air tour operator and possibly travel to the Grand Canyon rim to observe air tour overflights.

Attendance at the Meeting

Although this is not a public meeting, interested persons may attend. Because seating is limited, if you plan to attend, please contact one of the persons listed under **FOR FURTHER INFORMATION CONTACT** so that meeting space may accommodate your attendance.

Record of the Meeting

If you cannot attend the meeting, a summary record of the meeting will be made available by the Office of Rulemaking (ARM), 800 Independence Ave., SW., Washington, DC 20591. Contact is Linda Williams, (202) 267–9685, or *linda.l.williams@faa.gov.*

Issued in Washington, DC, on September 4, 2002.

Louis C. Cusimano,

Acting Director, Flight Standards Service.

[FR Doc. 02–22945 Filed 9–9–02; 8:45 am]

BILLING CODE 4910–13–M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–447]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences (GSP)

AGENCY: International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on August 22, 2002, of a request from the United States Trade Representative (USTR) under section 332(b) of the Tariff Act of 1930 (19 U.S.C. 1332 (g)), the Commission instituted investigation No. 332–447, Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences.

Background: As requested by the USTR, in accordance with sections 503(a)(1)(A) 503(e), and 131(a) of the Trade Act of 1974 (1974 Act), and under section 332(g) of the Tariff Act of 1930, the Commission will provide advice as to the probable economic effort on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties for all beneficiary countries under the GSP for the following HTS subheadings: 0406.90.41, 1202.10.40, 1202.20.40, 1901.90.42, 2008.11.25, 2008.11.45, 2009.41.20, 2009.49.20, 2009.60.00, 2009.69.00, 2204.30.00, 3806.90.00, 7202.99.50, 8482.10.10, 8482.10.50, and 8482.20.00.

In providing its advice on these articles, the USTR asked that the Commission assume that the benefits of the GSP would not apply to imports that would be excluded from receiving from receiving such benefits by virtue of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act.

As requested under section 332(g) of the Tariff Act of 1930 and in accordance with section 503(d)(1)(A) of the 1974 Act, the Commission will provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina for the following HTS subheadings: 1202.20.40, 2008.11.25, 2009.61.00, 2009.69.00; for the Philippines or HTS subheading 2009.49.20; and for Turkey for HTS subheading 7113.19.50.

With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission, as requested, will use the dollar value limit of $100,000,000.

As requested by the USTR, the Commission will seek to provide its advice not later than December 4, 2002.

EFFECTIVE DATE: September 4, 2002.

FOR FURTHER INFORMATION CONTACT:
(1) Project Manager, Cynthia B. Foreso (202–205–3348)
(2) Deputy Project Manager, Judith-Anne Webster (202–205–3489)
(3) Deputy Project Manager, Eric Land (202–205–3349)

The above persons are in the Commission's Office of Industries. For information on legal aspects of the investigation, contact William Gearhart of the Commission's Office of the General Counsel at 202–205–3091.

Public Hearing: A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on October 17, 2002, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. All persons have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file a letter with the Secretary, United States International Trade Commission, 500 E St., SW., Washington, DC 20436, not later than the close of business (5:15 p.m.) on September 20, 2002. In addition, persons appearing should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on September 24, 2002. Posthearing briefs should be filed with the Secretary by the close of business on October 22, 2002. In the event that no requests to appear at the hearing are received by the close of business on September 21, 2002, the hearing will be canceled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary to the Commission (202–205–1816) after September 22, 2002 to determine whether the hearing will be held.

Written Submissions: In lieu of or in addition to appearing at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on October 22, 2002. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. The Commission may include such confidential business information in the report it sends to USTR. All submissions should be addressed to the Secretary at the Commission's office in Washington, DC. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means. Hearing-impaired individuals are advised that information on this matter can be obtained by contracting our TDD terminal on (202) 205–1810.

Issued: September 5, 2002.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 02–22920 Filed 9–09–02; 8:45 am]

BILLING CODE 7020–02–M

JUDICIAL CONFERENCE OF THE UNITED STATES

Meeting of the Judicial Conference Advisory Committee on Rules of Evidence

AGENCY: Judicial Conference of the United States, Advisory Committee on Rules of Evidence.

ACTION: Change of time for open meeting on October 18, 2002, in Seattle, Washington.

SUMMARY: The time for the open meeting of the Advisory Committee on Rules of Evidence has been changed. The new time for the meeting is from 7:30 a.m. to 5 p.m. The meeting will be held at the original location: Renaissance Madison Hotel, 515 Madison Street, Seattle, Washington.

[Original notice of meeting appeared in the **Federal Register** of July 19, 2002.]

FOR FURTHER INFORMATION CONTACT: John K. Rabiej, Chief, Rules Committee Support Office, Administrative Office of the United States Courts, Washington, DC 20544, telephone (202) 502–1820.

Dated: September 4, 2002.

John K. Rabiej,

Chief, Rules Committee Support Office.

[FR Doc. 02–22869 Filed 9–9–02; 8:45 am]

BILLING CODE 2210–55–M

DEPARTMENT OF JUSTICE

Office of Justice Programs

[OJP(OJP)–1362]

Meeting of the Global Justice Information Network Federal Advisory Committee

AGENCY: Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), Justice.

ACTION: Notice of meeting.

SUMMARY: Announcement of a meeting of the Global Justice Information Network (Global) Federal Advisory Committee (GAC) to discuss the Global Initiative, as described in Initiative A07 "Access America: Re-Engineering Through Information Technology."

DATES: The meeting will take place on Tuesday, October 15, 2002, from 9 a.m. to 5:30 p.m. E.D.T.

ADDRESSES: The meeting will take place at the J.W. Marriott Hotel, 1331 Pennsylvania Avenue, NW., Washington, DC 20004; Phone: (202) 393–2000. All attendees will be required to sign in at the meeting registration desk. Please bring photo identification and allow extra time prior to the meeting.

FOR FURTHER INFORMATION CONTACT: This meeting is open to the public. However, due to security measures, members of the public who wish to attend the meeting must register with Mr. Patrick McCreary, Global Designated Federal Employee (DFE), at least (7) days in advance of the meeting. Access to the meeting will not be allowed without registration.

Mr. McCreary may be contacted as follows: Address: Patrick McCreary—Global DFE, Bureau of Justice Assistance, Office of Justice Programs, 810 7th Street, NW., Fourth Floor, Washington, DC 20531; Phone: (202) 616–0532 (**Note:** this not a toll free number); e-mail: *mccrearj@ojp.usdoj.gov.*

Anyone requiring special accommodations should contact Mr. McCreary at least seven (7) days in advance of the meeting.

SUPPLEMENTARY INFORMATION:

Authority

The GAC was established pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Public Law 92–463), as amended.

Purpose

The GAC will act as the focal point for justice information systems integration activities in order to facilitate the

and cultural resources and related educational opportunities associated with the primary themes for which the PHNST corridor is nationally significant:

(a) The Potomac River and upper Ohio River tributaries as an East-West transportation corridor, especially George Washington's vision of a connection between the Atlantic Ocean and the Forks of the Ohio River;

(b) Migration, establishment and conflict of cultures; and evolution, stress on and restoration of river ecosystems.

2. The trail provides opportunities for at least one form of non-motorized travel (*e.g.*, hiking, jogging or running, bicycling, horseback riding, canoeing, kayaking and/or sailing).

3. The trail contributes to the quality of life for residents of communities in the trail corridor and to the experience of visitors to the trail corridor.

4. The trail acts as a primary route in and contributes to a developing network of trails for non-motorized travel between the Chesapeake Bay and the Laurel Highlands, providing a logical connection, on land or water, between public resources (*e.g.*, other trails, parks, river access points, etc.) within one or more of the following jurisdictions:

—The District of Columbia.
—The following counties in the State of Maryland: St. Mary's; Charles; Prince George's; Montgomery; Frederick; Washington; and Allegheny.
—The following counties in the Commonwealth of Pennsylvania: Somerset; Fayette; and Westmoreland.
—The following counties in the Commonwealth of Virginia: Northumberland; Westmoreland; Lancaster; Richmond; King George; Stafford; Prince William; Fairfax; Arlington; and Loudoun.

5. The applicant agrees to maintain some combination of regional informational exhibits (describing, among other points, the trail and its contribution to the PHNST), educational exhibits, and/or staffed visitor centers to serve as "gateways" to the trail corridor, to communities associated with the trail corridor and to the history and ecology of the region.

6. The trail will be administered at no additional cost to the federal government.

(7) The applicant, in partnership with the National Park Service, has completed a management plan which describes:

(a) The trail corridor, trail (including location) and the contribution, as a component of the region's infrastructure, that the trail makes to the quality of life for residents of and visitors to communities associated with the trail corridor;

(b) Permitted public uses and types of experiences provided by the trail;

(c) Policies, objectives, practices and agreements employed to maintain the trail and to conserve the trail corridor (*i.e.*, to maintain the scenic, natural, cultural and/or recreational values for which the trail qualifies as a segment of the PHNST), including planned seasonal closures to maintain the integrity of the resource or to reduce conflicts between and among various user groups (*e.g.*, to protect wildlife breeding or migrating areas or to permit hunting);

(d) Compliance with applicable Federal regulations;

(e) Related conservation and/or development plans (including plans to provide recreational, educational and interpretive opportunities); and

(f) A marking system used to identify the trail route.

Applications for designation of trails as segments of the PHNST should be sent to the Regional Director, National Capital Region, National Park Service, 1100 Ohio Drive SW., Washington, DC 20242, attn: Superintendent, Potomac Heritage National Scenic Trail.

Dated: June 28, 2002.

Terry R. Carlstrom,

Regional Director, National Capital Region.

[FR Doc. 02–24061 Filed 9–20–02; 8:45 am]

BILLING CODE 4310–70–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–447]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences (GSP)

AGENCY: International Trade Commission.

ACTION: Correction of notice of investigation.

SUMMARY: Due to a typographical error, the Commission's notice published in the **Federal Register** on September 10, 2002 (67 FR 57450) incorrectly identified one of the HTS subheadings upon which the Commission will provide advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties for all beneficiary countries under the GSP for HTS subheading 2009.61.00; it will not provide advice on HTS subheading 2009.60.00.

Issued: September 19, 2002.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 02–24240 Filed 9–20–02; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Office of Justice Programs

[OJP(NIJ)–1361]

Meeting Notice for the Attorney General's Initiative on DNA Laboratory Backlog Working Group

AGENCY: Office of Justice Programs, National Institute of Justice, Justice.

ACTION: Notice of meeting.

SUMMARY: Announcement of a meeting of the Attorney General's Initiative on DNA Laboratory Backlog Working Group.

SUPPLEMENTARY INFORMATION: The working group meeting of the Attorney General's Initiative on DNA Laboratory Backlogs will take place beginning on October 21, 2002 at 1 p.m. Eastern Daylight Time and will continue on October 22, 2002 at 9 a.m. Eastern Daylight Time. The meeting will take place at the Courtyard by Marriott located at 2899 Jefferson Davis Highway, Arlington, Virginia. Phone: 703–549–3434.

This meeting will be open to the public.

FOR FURTHER INFORMATION CONTACT: Dr. Lisa Forman, Director, Investigative and Forensic Sciences Division, Office of Science and Technology, National Institute of Justice (202) 307–6608.

SUPPLEMENTARY INFORMATION:

Authority

This action is authorized under the Omnibus Crime Control and Safe Streets Act of 1968, §§ 201–03, as amended, 42 U.S.C. 3721–23 (1994).

Sarah V. Hart,

Director, National Institute of Justice.

[FR Doc. 02–24157 Filed 9–20–02; 8:45 am]

BILLING CODE 4410–18–P

APPENDIX C

Calendar of the Public Hearing on October 17, 2002

As of October 16, 2002

TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below are scheduled to appear as witnesses at the United States International Trade Commission's hearing:

Subject: Advice Concerning Possible Modifications the Generalized System of Preferences (GSP)

Inv. No.: 332-447

Date and Time: October 17, 2002 - 9:30 a.m.

Sessions will be held in connection with the investigation in the Main Hearing Room, (Room 101), 500 E Street, S.W., Washington, D.C.

ORGANIZATION AND WITNESS:	**TIME ALLOCATION/ COMMODITY:**
PANEL 1	
Collier, Shannon and Scott Washington, D.C. on behalf of	10 minutes **Pineapple juice**

Maui Pineapple Company, Ltd. ("Maui")
International Longshoremen's and Warehousemen's Union ("ILWU")

William B. Hudgens, Economic Consultant, Georgetown Economic Services, Washington, D.C.

Paul C. Rosenthal)
David C. Smith, Jr.)--OF COUNSEL
Jennifer E. McCadney)

ORGANIZATION AND WITNESS:	TIME ALLOCATION/ COMMODITY:
PANEL 1 - *Cont'd*	
California Association of Winegrape Growers Sacramento, California **Stephen Schafer**, Chairman of the Board, California Association of Winegrape Growers	10 minutes **Grape juice**
PANEL 2	
Porter, Wright, Morris & Arthur Washington, D.C. on behalf of The Camara de Exportadores de Mosto Uva **Edgardo Galeano**, Export Manager, Camara de Exportadores de Mosto Uva **Arthur Kupperman**, Importer, PITTRA G.B. International **Alberto E. de las Carreras**, Consultant, Alberto de las Carreras y Asociados **Oscar Gonzalez**, Sales Executive, CEPAS ARGENTINAS, San Isidro e Isasc Estrella **Leslie Alan Glick**)--OF COUNSEL	10 minutes **Grape must**
Argentine Cheese Corporation Miami, Florida **Alberto J. Senosiain**, Second Vice President, Argentine Cheese Corporation	10 minutes **Italian-type cheeses and dairy preparations from milk solids**

ORGANIZATION AND WITNESS:	TIME ALLOCATION/ COMMODITY:
PANEL 2- *Cont'd*	
Aerenisima Mastellone Hnos, S.A. Buenos Aires, Argentina **Osvaldo Cappellini,** Director of Institutional Affairs, Aerenisima Mastellone Hnos, S.A.	10 minutes **Italian-type cheeses and dairy preparations from milk solids**
Centro de la Industria Lechera (Argentine Dairy Industry Federation) Buenos Aires, Argentina **Richard A. James**, Member of Board, Centro de la Industria Lechera	10 minutes **Italian-type cheeses and dairy preparations from milk solids**
Porter, Wright, Morris & Arthur Washington, D.C. on behalf of Sancor Cooperativas Limitadas Buenos Aires, Argentina Arthur Schuman, Inc. Fairfield, New Jersey **Hernan Tevez**, Export Manager, SanCor Cooperativas Unidas Limitadas **Neal Schuman,** President, Arthur Schuman, Inc. **Leslie Alan Glick**)--OF COUNSEL	10 minutes **Italian-type cheeses and dairy preparation from milk solids**
SanCor Cooperatives Unidas Limitadas Buenos Aires, Argentina **Alejandro Saiz**, Bilateral Affairs Assistant, SanCor Cooperatives Unidas Limitadas **Hernan Tevez**, Export Manager, SanCor Cooperativas Unidas Limitadas	10 minutes **Dulche de Leche** (milk caramel spread)

ORGANIZATION AND WITNESS:	**TIME ALLOCATION/ COMMODITY**
PANEL 3	
Stein Ferroaleaciones Buenos Aires, Argentina	10 minutes **Ferro calcium silicon**
Horacio Reggiardo, Commercial Manager, Stein Ferroaleaciones	
Butch Braasch, President, Alloys and Coke Company	
Baker, Donelson, Bearman & Caldwell Washington, D.C. on behalf of	10 minutes **Gold jewelry**
Istanbul Mineral and Metals Exporters Association ("IMMIB")	
Charles R. Johnston, Jr.))--OF COUNSEL **Turgut I. Cankorel**)	

APPENDIX D

Model for Evaluating Probable Economic Effect

MODEL FOR EVALUATING THE PROBABLE ECONOMIC EFFECT OF CHANGES IN GSP STATUS

This appendix presents the method used to analyze the effects of immediate tariff elimination for selected products from GSP suppliers on total U.S. imports of affected products, competing U.S. industries, and U.S. consumers. First, the method is introduced. Then the derivation of the model for estimating changes in imports, U.S. domestic production, and consumer effects is presented. These processes are discussed in chapter 1 of the text.

Introduction

Commission staff used partial equilibrium modeling to estimate probable economic effects (PE) of immediate tariff elimination on total U.S. imports, competing U.S. industries, and U.S. consumers. The model used in this study is a nonlinear, imperfect substitutes model.[1] Trade data were taken from official statistics of the U.S. Department of Commerce. U.S. production data were estimated by USITC industry analysts. Elasticities were estimated by industry analysts in consultation with the assigned economist based on relevant product and market characteristics. Trade and production data used were for 1999, and tariff rates used were for 2000.

The following model illustrates the case of granting a product GSP duty-free status. The illustration is for a product for which domestic production, GSP imports, and non-GSP imports are imperfect substitutes, and shows the basic results of a tariff removal on a portion of imports.

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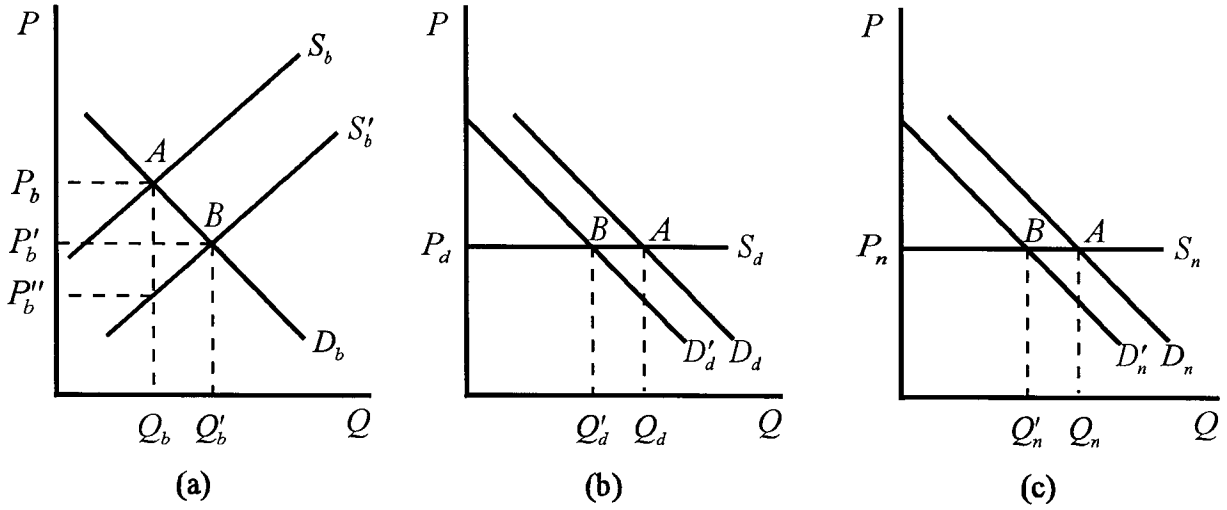
[1] For derivations, see Paul S. Armington, "A Theory of Demand for Products Distinguished by Place of Production," *IMF Staff Papers*, vol. 16 (1969), pp. 159-176, and J. Francois and K. Hall, "Partial Equilibrium Modeling," in J. Francois and K. Reinert, eds., *Applied Methods for Trade Policy Analysis, A Handbook* (Cambridge: Cambridge University Press, 1997).

Figure D-1
U.S. markets for GSP beneficiary imports (panel a), domestic production (panel b), and nonbeneficiary imports (panel c)



Consider the market for imports from GSP suppliers illustrated in fig. D-1, panel (a). The line labeled D_b is the U.S. demand for imports from GSP suppliers, the line labeled S_b is the supply of imports from GSP suppliers with the tariff in place, and the line labeled S'_b is the supply of imports from GSP suppliers without the tariff (i.e., the product is receiving duty-free treatment under GSP). Point A is the equilibrium with the tariff in place, and point is the equilibrium without the tariff. Q_b and Q'_b are equilibrium quantities at and , respectively. P_b and P'_b are equilibrium prices at and , and P''_b is the price received by GSP suppliers producers when the tariff is in place. The difference between P_b and P''_b denotes the tariff, t.

In the model, a tariff reduction leads to a decrease in the price of the imported good and an increase in sales of the good in the United States. The lower price paid for the import in the United States leads to a reduction in the demand for U.S. production of the good, as well as for

imports from non-GSP countries. These demand shifts, along with supply responses to the lower demand, determine the reduction in U.S. output and non-GSP imports.

The changes that take place in panel (a) lead to the changes seen in panels (b) and (c), where the demand curves shift from D_d and D_n to D'_d and D'_n, respectively. Equilibrium quantity in the market for domestic production moves from Q_d to Q'_d, and in a similar manner for the market for nonbeneficiary imports, equilibrium quantity falls from Q_n to Q'_n.

Derivation of Import, U.S. Production, and Consumer Effects

The basic building blocks of the model are shown below. Armington shows that if consumers have well-behaved constant elasticity of substitution (CES) utility functions, demand for a good in a product grouping can be expressed as follows:

$$q_i = b_i^{\sigma} q \left(\frac{p_i}{p} \right)^{-\sigma}$$

where denotes quantity demanded for good i in the U.S. market;[2] is the price of good i in the U.S. market; is the elasticity of substitution for the product grouping; is the demand for the aggregate product (that is, all goods in the product grouping); is a price index for the aggregate product (defined below); and b is a constant.[3] As Armington states, the above equation "... can be written in a variety of useful ways."[4] One of these useful ways can be derived as follows. The aggregate price index p is defined as

---

[2] The product grouping consists of similar goods from different sources. For example, goods *i*, *j*, and *k* would indicate three similar goods from three different sources. See Armington (1969) for further discussion of the concept.

[3] Armington (1969), p. 167.

[4] Ibid., p. 168.

$$p = \left(\sum_i b_i^{\sigma} p_i^{1-\sigma} \right)^{\frac{1}{1-\sigma}} . \tag{2}$$

In addition the aggregate quantity index q can be defined as

$$q = k_A p^{\eta_A} \tag{3}$$

where k_A is a constant and η_A is the aggregate demand elasticity for the product grouping (natural sign). Substituting equation (3) into equation (1) yields

$$q_i = b_i^{\sigma} k_A p^{\eta_A} \left(\frac{p_i}{p} \right)^{-\sigma} .$$

Further manipulation and simplification yields

$$q_i = b_i^{\sigma} k_A \frac{p^{(\sigma+\eta_A)}}{p_i^{\sigma}},$$

which establishes the demand for q_i in terms of prices, elasticities, and constants.

The supply of each good in the product grouping is represented in constant supply elasticity form:

$$q_i = K_{si} p_i^{\varepsilon_{si}},$$

where K_{si} is a constant and ε_{si} is the price elasticity of supply for good i.

Excess supply functions are set up for each good in the product grouping with the following general form:

$$K_{si} p_i^{\varepsilon_{si}} - b_i^{\sigma} k_A \frac{p^{\sigma+\eta_A}}{p^{\sigma}} = 0. \tag{4}$$

The model is calibrated using initial trade and production data and setting all internal prices to

unity in the benchmark calibration. It can be shown that calibration yields $K_{si} = b_i^{\sigma} k_A$ for the i^{th} good so that equation (4) can be rendered as

$$p_i^{\varepsilon_{si}} - \frac{p^{\sigma+\eta_A}}{p_i^{\sigma}} = 0 \ . \qquad (4')$$

If there are n goods, the model consists of n equations like (4′) plus an equation for the price aggregator p, which are solved simultaneously in prices by an iterative technique.

For the case of adding a product to the list of products eligible for GSP duty-free treatment, the equations are as follows:

$$\left[p_b(1+t)\right]^{\varepsilon_{sb}} - \frac{p^{\sigma+\eta_A}}{p_b^{\sigma}} = 0 \quad \text{for imports from GSP beneficiary countries,}$$

$$p_n^{\varepsilon_{sn}} - \frac{p^{\sigma+\eta_A}}{p_n^{\sigma}} = 0 \quad \text{for imports from nonbeneficiary countries,}$$

$$p_d^{\varepsilon_{sd}} - \frac{p^{\sigma+\eta_A}}{p_d^{\sigma}} = 0 \quad \text{for U.S. domestic production, and}$$

$$p = \left(\sum_{i=b,n,d} b_i^{\sigma} p_i^{1-\sigma} \right)^{\frac{1}{1-\sigma}} \quad \text{for the price aggregator.}$$

The prices obtained in the solution to these equations are used to calculate trade and production values, and resulting percentage changes in total imports and domestic production are computed relative to the original (benchmark) import and production values.

Consumer effects

Consumer effects are estimated in terms of the portion of the duty reduction that is passed on to U.S. consumers on the basis of the import demand and supply elasticity estimates. The formula for determining the division of the duty savings between U.S. consumers and foreign

exporters is approximated by $SV = \frac{\eta_{ii}}{(\eta_{ii} - \varepsilon_{si})}$, where S is the percentage of duty savings retained by exporters from source i, η_{ii} is the own price elasticity of demand,[5] and ε_{si} is the price elasticity of supply from source i. An "A" code indicates that more than 75 percent of the duty savings are retained by foreign exporters $\left(\frac{\eta_{ii}}{\eta_{ii} - \varepsilon_{si}} > 0.75\right)$, and less than 25 percent passed through to U.S. consumers. A "B" code covers the range between 75 percent and 25 percent $\left(0.75 > \frac{\eta_{ii}}{\eta_{ii} - \varepsilon_{si}} > 0.25\right)$. A "C" code covers the case where less than 25 percent of the duty savings are retained by foreign exporters and more than 75 percent of the savings are passed through to U.S. consumers $\left(\frac{\eta_{ii}}{\eta_{ii} - \varepsilon_{si}} < 0.25\right)$.

The default assumption for the probable effect on consumers is a "B" code. This assumption reflects the possibility that short-run supply elasticities may be less than perfectly elastic and the world supply price may rise in the short run in the face of increased demand when U.S. duties are reduced. In the long run, unless there are extraordinary market structure circumstances, supply elasticities are likely to be perfectly elastic for any one product considered in isolation, implying that a "C" code for the consumer effects is probably more appropriate in the long run in most cases. "A" and "C" codes for consumer effects are assigned when analysts have information indicating that they are appropriate.

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[5] At any given vector of prices, such as at the benchmark equilibrium, $\eta_{ii} = S_i \eta_A - (1 - S_i)\sigma$ is the own price elasticity of demand from imports from source i, where is the share of total expenditures on the product grouping spent on good i at that vector of prices. See Armington, p. 175.