

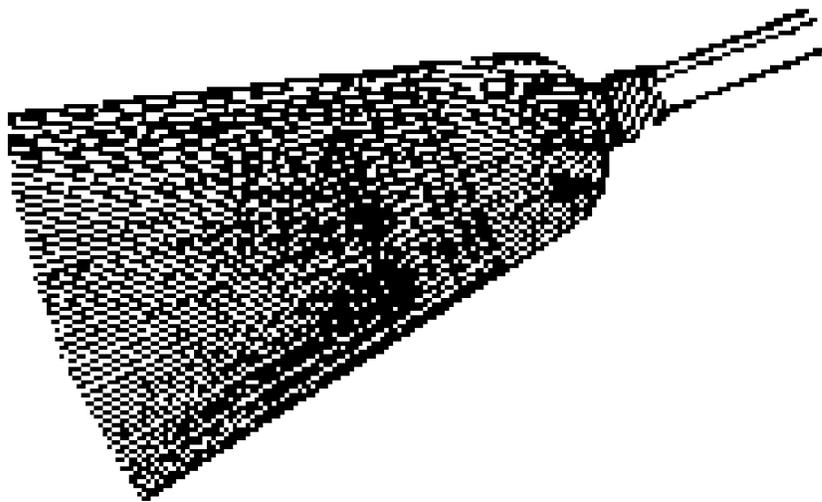
Broom Corn Brooms: Efforts of Workers and Firms in the Industry to Make a Positive Adjustment to Import Competition

Investigation No. 332-394

Publication 3122

August 1998

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Lynn M. Bragg, Chairman
Marcia E. Miller, Vice-Chairman
Carol T. Crawford
Jennifer A. Hillman
Stephen Koplan
Thelma J. Askey

Robert A. Rogowsky
Director of Operations

Staff assigned

Jim McClure, Investigator
Gail Burns, Industry Analyst
Michael Anderson, Economist
James Stewart, Accountant
William Gearhart, Attorney

Vera Libeau, Supervisory Investigator

Address all communication to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436

Broom Corn Brooms: Efforts of Workers and Firms in the Industry to Make a Positive Adjustment to Import Competition

Publication 3122



August 1998

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Introduction | 1 |
| Previous and related investigations | 1 |
| The product | 2 |
| Description, end uses, and production process | 2 |
| U.S. tariff treatment | 6 |
| Apparent U.S. consumption | 8 |
| The domestic broom corn broom industry | 10 |
| Efforts of workers and firms in the industry to make a positive adjustment to import competition | 10 |
| U.S. broom corn broom producers' trade and financial data | 13 |
| U.S. imports and importers | 15 |
| Other comments received | 17 |
| Appendixes | |
| A. <i>Federal Register</i> notice | A-1 |
| B. USTR letter requesting investigation | B-1 |
| Figures | |
| 1. Broom corn brooms: Shares of apparent U.S. consumption based on quantity, by sources, 1995-97 | 8 |
| Tables | |
| 1. Broom corn brooms: U.S. tariff treatment for brooms made, wholly or in part, of broom corn, HTS subheadings 9603.10.50 and 9603.10.60, 1994-2004 | 7 |
| 2. Broom corn brooms: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1995-97 | 9 |
| 3. Broom corn brooms: 1997 U.S. shipment data and type of information provided by producers returning questionnaires, by firm | 11 |
| 4. Broom corn brooms: U.S. producers' trade and financial data, 1995-97 | 14 |
| 5. Broom corn brooms: U.S. imports, HTS subheadings 9603.10.50 and 9603.10.60, by sources, 1995-97 | 16 |

Note.-Confidential business information may not be disclosed and is identified in the text and tables by asterisks. The information provided in this report is for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation covering the same or similar subject matter conducted under this or any other statutory authority.

GLOSSARY OF ABBREVIATIONS
(In alphabetical order)

| <u>Name/agency/phrase</u> | <u>Abbreviation</u> |
|---|---------------------|
| *** | *** |
| Andean Trade Preference Act | ATPA |
| Canadian Free Trade Agreement | CFTA |
| Caribbean Basin Economic Recovery Act | CBERA |
| Chickasaw Broom Company | Chickasaw Broom |
| Crystal Lake Manufacturing | Crystal Lake |
| Federal Register | FR |
| Generalized System of Preferences | GSP |
| Greenwood Mop and Broom Company | Greenwood |
| Hamburg Industries, Inc. | Hamburg Industries |
| Harmonized Tariff Schedule of the United States | HTS |
| Libman Company | Libman |
| Thomas A. Monahan Company | Monahan |
| Most favored nation | MFN |
| National Broom Company | National Broom |
| National Broomcorn Company | National Broomcorn |
| Newton Broom Company | Newton Broom |
| North American Free Trade Agreement | NAFTA |
| O’Cedar Brands, Inc. | O’Cedar |
| Quickie Manufacturing Corporation | Quickie |
| Quinn Broom Works | Quinn Broom |
| Rubbermaid Cleaning Products | Rubbermaid |
| Selling, general, and administrative | SG&A |
| U.S. Department of Agriculture | USDA |
| U.S. Department of Commerce | Commerce |
| U.S. International Trade Commission | Commission |
| U.S. Trade Representative | USTR |
| Zephyr Manufacturing Company | Zephyr |

INTRODUCTION

This investigation results from a request from the USTR that the Commission provide the USTR with a report on developments in the domestic broom corn broom industry, including efforts of workers and firms in the industry to make a positive adjustment to import competition, since November 28, 1996, when the President, pursuant to section 203 of the Trade Act of 1974 (19 U.S.C. 2253), issued Proclamation 6961, temporarily increasing duties on imports of certain types of broom corn brooms.¹ Accordingly, effective May 11, 1998, the Commission instituted investigation No. 332-394, *Broom Corn Brooms: Efforts of Workers and Firms in the Industry to Make a Positive Adjustment to Import Competition*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)).² The USTR requested that the Commission transmit its report to the USTR by no later than August 10, 1998; the report was transmitted on August 7, 1998.

PREVIOUS AND RELATED INVESTIGATIONS

On August 1, 1996, the Commission reported to the President that, as a result of an investigation conducted under section 202 of the Trade Act of 1974 (19 U.S.C. 2252), it had determined that broom corn brooms are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing an article like or directly competitive with the imported article.³ Additionally, the Commission reported to the President that, as a result of an investigation conducted under section 302 of the NAFTA Implementation Act (19 U.S.C. 3352), it had determined that, as a result of the reduction or elimination of a duty provided for under the NAFTA, broom corn brooms produced in Mexico are being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of serious injury to the domestic industry producing an article like or directly competitive with the imported article.^{4 5} The

¹ These brooms are brooms (including broom heads) made, wholly or in part, of broom corn provided for in subheadings 9603.10.50 and 9603.10.60 of the HTS. The temporary relief, set forth in HTS chapter 99, is scheduled to expire Nov. 27, 1999. For a more detailed discussion of the temporary relief, see *U.S. Tariff Treatment*.

² 63 FR 30254, June 3, 1998. A copy of the cited *Federal Register* notice is presented in appendix A. A copy of the USTR's letter requesting the investigation is presented in appendix B.

³ 61 FR 42264, Aug. 14, 1996. See, *Broom Corn Brooms* (Invs. Nos. TA-201-65 and NAFTA-302-1), USITC Pub. No. 2984, August 1996. The brooms covered by this finding were brooms made, wholly or in part, of broom corn (including broom heads), provided for in subheadings 9603.10.05, 9603.10.15, 9603.10.35, 9603.10.40, 9603.10.50, and 9603.10.60 of the HTS.

⁴ *Id.*

⁵ With regard to Inv. No. NAFTA-302-1, the petitioner alleged the existence of critical circumstances and requested that, pursuant to section 302(d) of the NAFTA Implementation Act, provisional relief be provided in order to avoid circumstances in which a delay in taking action would cause such harm that it would significantly impair the effectiveness of final import relief. On May 3, 1996, the Commission advised the President that it had made a negative determination with respect to provisional relief. 61 FR 24952, May 17, 1996. See, *Broom Corn Brooms* (Inv. No. NAFTA-302-1 (Provisional Relief Phase)), USITC Pub. No. 2963, May 1996.

Commission's investigations were the result of petitions filed on March 4, 1996,⁶ on behalf of the U.S. Cornbroom Task Force and its individual members.⁷

Prior to the 1996 investigations and in accordance with Executive Order 11377 of October 23, 1967, the Commission was directed to provide annual reports of its judgment as to the estimated domestic consumption of broom corn brooms. These reports to the President were provided on an annual basis (including a biennial judgment concerning other brooms considered to be competitive with corn brooms) through the 1986 calendar year when they were discontinued when the President revoked the Executive Order.⁸ From 1979 forward, the Commission conducted the annual reviews under the aegis of investigation No. 332-97 (*Certain Brooms: U.S. Producers' Shipments, Imports for Consumption, Exports, and Apparent Consumption, Calendar Year . . .*).⁹ Prior to 1979, the reports were transmitted to the President via letter.

THE PRODUCT

Description, End Uses, and Production Process

Broom corn brooms are cleaning tools of stiff fiber, made from broom corn, textile products, handles composed of wood or other materials, wire, and steel products and packaged in corrugated cardboard and plastic packaging. There are three primary types of brooms; upright, push, and whisk.¹⁰ Upright brooms generally have a length ranging from 50 inches to 60 inches and are intended for use in sweeping and cleaning surfaces by an individual from an upright position. Push brooms are mounted or set in a head, usually of wood, with the handles offset at an angle. These brooms are used for cleaning large areas, such as school or hospital hallways. Whisk brooms are generally smaller, ranging up to 12 inches in length. Whisk brooms are primarily used for smaller cleanups or hard to reach surface areas.

Virtually all of the broom corn used in the production of brooms is harvested by hand. Due to the labor-intensive nature of the harvesting process and the lower wage rates in Mexico, virtually all of the broom corn used by U.S. producers is imported from Mexico.¹¹ After harvest, the Mexican processors sort, clean, and bundle the harvested broom corn. The broom corn is weighed and sold under three classifications: "insides," "stems," and "hurl." Insides and stems are the less desirable grades, cost less than hurl, and are used in the inner construction of the broom corn head. Hurl, which is finer and cleaner broom corn,

⁶ See, 61 FR 11061, Mar. 18, 1996.

⁷ The members of the U.S. Cornbroom Task Force are National Broom, Stockton CA; Chickasaw Broom, Memphis, TN; Newton Broom, Newton, IL; Quinn Broom, Greenup, IL; Libman, Arcola, IL; O'Cedar, Springfield, OH; Hamburg Industries, Hamburg, PA; Crystal Lake, Autaugaville, AL; Zephyr, Sedalia, MO; and, Signature Works, Hazelhurst, MS.

⁸ 52 FR 34617, Sept. 14, 1987.

⁹ USITC Publication Nos. 878, 967, 1049, 1140, 1232, 1373, 1518, 1675, and 1835.

¹⁰ The President's order temporarily increasing duties on broom imports does not apply to whisk brooms of subheadings 9603.10.05, 9603.10.15, and 9603.10.35 of the HTS.

¹¹ During the 1960s, broom corn was grown in the Midwest; production subsequently shifted to the western United States and then to Mexico in search of lower wage rates related to its harvest.

represents the outer layer of the broom head bristles and provides superior sweeping performance than insides or stems. Broom corn bundles are also sold by length, depending on the size of the broom being produced.

With few exceptions, nearly all U.S. producers of broom corn brooms purchase their broom corn feed stock from two domestic dealers, National Broomcorn¹² of San Antonio, TX, and Monahan of Arcola, IL. Typical inventory for broom corn is 60-90 days; however, as was the case in 1995, drought conditions in the growing areas of Mexico can sometimes lead producers to hold inventories of up to 6 months.¹³ The dealers provide financing, inventory services, and product knowledge of the foreign crop. They purchase broom corn from various growing regions of Mexico based on the U.S. customers' needs, including bristle length, quantity, and delivery time, and, in a number of instances, inventory the product until needed. By purchasing broom corn through dealers rather than directly from Mexican processors, U.S. producers avoid the risks of currency and price fluctuations and inventory costs, and obtain the best crop for their needs. Both Monahan and National Broomcorn also sell other vegetable fibers, handles (both wood and metal), and broom and mop components, but do not produce brooms.¹⁴ For ***.¹⁵ From 1995 to 1997, imports of broom corn fell nearly 40 percent from nearly 5,700 tons to just under 3,500 tons. According to ***, this drop in imports reflects the closure of a number of U.S. production facilities in the last three years as some full-line cleaning products manufacturers have moved toward overseas sourcing of the broom corn broom portion of their product line.¹⁶

Mexican broom corn grows in 4-5 different regions (primarily in the States of Nuevo Leon, Coahuila, and Sinoloa) with varying harvest periods. Most Mexican broom corn is harvested in May or June, but a smaller fall crop, weather permitting, could be planted for an October/November harvest in certain regions. Mexican crop yields fluctuate depending on weather and the quality of seed used. As an agricultural commodity, prices for broom corn fluctuate based on market supply and demand considerations. Typically, broom corn prices decline during harvest periods, unless the forthcoming crop is of poor quality or low yield.¹⁷

Mexican broom corn also serves as a feed stock for the broom corn broom industries in both Honduras and Panama, with ***.¹⁸ Most of the Colombian feed stock is locally grown for the *** who produces for export.¹⁹

The actual production of broom corn brooms is also very labor intensive, requiring skilled workers in both the winding and stitching of the product. The manufacture of the sweeping portion of the broom is achieved primarily through two processes. The most commonly used process is the "wire-wound cornbroom," which requires months or even years of experience for workers to become

¹² National Broomcorn is a subsidiary of AMEX International of Fort Worth, TX.

¹³ ***.

¹⁴ ***.

¹⁵ ***.

¹⁶ ***.

¹⁷ ***.

¹⁸ ***.

¹⁹ ***.

proficient.²⁰ An experienced worker can produce 18 to 20 dozen brooms via this process over an eight hour shift.²¹ The wire-wound method involves the hand-winding of tufts of broom corn by workers at individual work stations²² using a simple winding machine operated by a foot pedal. The worker inserts a handle into the machine and affixes the wire by nailing.²³ Then broom corn “insides” are secured around the rotating handle by wire fed from the machine. Offsetting broom corn stems are then wound onto the handles, producing a “shoulder effect” on the broom head. Then hurl is secured to the handle and all three layers of broom corn are tightly wound, trimmed at the top, and nailed by the worker. The wound brooms are then stacked and sent to a drying room. During the winding phase, broom corn is kept moist to prevent splitting and cracking of the bristles. Following drying, brooms are sent to sewing stations where a different worker inserts the broom head into a sewing machine and feeds the appropriate color and length of stitching. Broom corn brooms are typically stitched with 2-5 rows of polypropylene yarn. The heavier the broom, the more rows of stitching. Loose stitching is trimmed and the end trimmed uniformly by a worker using a cutting machine. Brooms are packaged with a plastic sheath over the bristles, then boxed in dozens or half dozens. For the most part, broom corn broom handles are not detachable. However, in the last two years ***.²⁴ As was the case in the 1996 report, 80 to 85 percent of the broom corn brooms produced in the United States are produced using the wire-wound process.²⁵

The second process of manufacture for broom corn brooms is the “nailed machine-made” process, in which the broom fibers, after being cut, are sewn together, generally by machine.²⁶ A worker places the pre-cut amount of broom corn on the machine. The machine then moves the broom corn to a position where a metal or plastic band (11 to 12 inches long) is wrapped around the blunt end of the broom corn fiber bundle. In the next stage of the automated process, a wooden handle is compressed into the completed broom corn fiber bundle and nails are shot through, attaching the broom head and handle.²⁷ Once these steps in the nailed-machine process have taken place, the broom is removed from the basic production machine, sent to a station for stitching, and then to a station where a plastic “shoulder” is slipped over the handle and stapled to the broom head. Approximately 120 dozen brooms can be produced over the course of an eight hour shift using this method.²⁸ ***.²⁹ As in the 1996 report, between 15 and 20 percent of the broom corn brooms currently produced in the United States are produced using the nailed-machine method, with three firms (***, ***, and ***) accounting for nearly all of the broom production using this process.³⁰

²⁰ ***.

²¹ ***.

²² In many instances, workers are paid on a “piece-work” basis.

²³ ***.

²⁴ ***.

²⁵ Figures based on interviews with all companies providing usable data in producer questionnaires.

²⁶ ***.

²⁷ Most of the machines used by U.S. producers employing this process are manufactured by Dal Maschio, S.R.L. of Italy and cost in excess of \$100,000.

²⁸ ***.

²⁹ ***.

³⁰ Figures based on interviews with all companies providing usable data in producer questionnaires.

There have been few major technological changes in the manufacture of broom corn brooms in recent years. However, in the 1996 investigation, the U.S. industry cited two changes that it believed would allow them to make significant advances in the reduction of their raw material costs and in the finished production process if temporary relief were granted. The changes cited were: (1) development of a disease resistant, mechanically harvestable, commercially viable, broom corn hybrid, and (2) use of robotic technology developed by Australian manufacturers to produce wire-wound brooms automatically.

Prior to the 1996 investigations, a broom corn seed variety had been developed at the University of Illinois that will grow broom corn suitable for mechanical harvesting, thereby making that process less expensive than the present “by-hand” method of harvesting broom corn. Then, as now, this effort has been funded by U.S. broom producers under the aegis of the Nolan Broomcorn Trust.³¹ Efforts are continuing to develop a new variety that will yield broom corn with pale green or wheat-colored bristles because the current purple color of the new broom corn variety is considered a potential drawback to public acceptance. Additionally, problems relative to the hybrid’s susceptibility to the diseases anthracnose, zonate leaf spot, and bacterial stripe must be solved before it becomes commercially viable. ³² ³³ ³⁴ ³⁵

With regard to the development of a machine to manufacture wire-wound brooms automatically, the efforts of Australian manufacturers ³⁶ ³⁷ ³⁸ ³⁹ ⁴⁰ ⁴¹ ⁴² ⁴³

U.S. Tariff Treatment

On November 28, 1996, the President issued Proclamation 6961, temporarily modifying duty rates applicable to broom corn brooms⁴⁴ for the period November 29, 1996 through November 27, 1999. At the close of November 27, 1999, all of the temporary tariff provisions affecting the dutiable status of these brooms (except those applicable to other brooms valued over 96 cents each imported from Mexico under NAFTA) will expire.

31 ***.

32 ***.

33 ***.

34 ***.

35 ***.

36 ***.

37 ***.

38 ***.

39 ***.

40 ***.

41 ***.

42 ***.

43 ***.

⁴⁴ HTS subheadings 9603.10.50 and 9603.10.60. The first 121,478 dozen brooms, not over 96 cents each, imported in a calendar year are eligible for in-quota rates (HTS subheading 9603.10.40) and are not subject to Presidential Proclamation 6961. These “in-quota” brooms are dutiable at a rate of 8 percent *ad valorem*, and are free of duty from least developed GSP beneficiary countries, from NAFTA beneficiary countries, from CBERA beneficiary countries, from Israel, and from ATPA beneficiary countries.

Table 1 presents the tariff treatment of brooms under HTS subheadings 9603.10.50 and 9603.10.60 for the period 1994 through 2004 for MFN imports and imports from Mexico under NAFTA. This covers the period prior to the issuance of Presidential Proclamation 6961, the period during which it is scheduled to be in effect, and the period subsequent to its expiration and the completion of the NAFTA-related tariff reductions at the end of 2004.

Table 1

Broom corn brooms: U.S. tariff treatment for brooms made, wholly or in part, of broom corn, HTS subheadings 9603.10.50 and 9603.10.60, 1994-2004

| Period | Presidential Proclamation 6961 in effect-- | | | | | | | | | |
|---|--|---|---|---|---|---|---|---|---------------------|---------------------|
| | 1994-11/27/96 | | 11/28/96-11/27/97 | | 11/28/97-11/27/98 | | 11/28/98-11/27/99 | | 11/28/99-12/31/2004 | |
| HTS No.: | MFN ¹ | Mexico ² | MFN ¹ | Mexico ² | MFN ¹ | Mexico ² | MFN ¹ | Mexico ² | MFN ¹ | Mexico ² |
| 9603.10.50 Other brooms, <i>not over 96¢ each, in excess of quota</i> ³ | 32¢ each | Free | GSP: ⁴ 32¢ each Other: 33¢ each | 33¢ each | GSP: ⁴ 32¢ each Other: 32.5¢ each | 32.5¢ each | GSP: ⁴ 32¢ each Other: 32.1¢ each | 32.1¢ each | 32¢ each | Free |
| 9603.10.60 Other brooms, <i>over 96¢ each, in excess of quota</i> ⁵ | 32% | First 100,000 doz. in a calendar year: Free Other: 22.4% | GSP: ⁶ 32% Other: 33% | First 100,000 doz. in a calendar year: Free Other: 33% | GSP: ⁶ 32% Other: 32.5% | First 100,000 doz. in a calendar year: Free Other: 32.5% | GSP: ⁶ 32% Other: 32.1% | First 100,000 doz. in a calendar year: Free Other: 32.1% | 32% | 16% |

¹ MFN refers to the HTS Col.1-General rate of duty. The MFN duty rates for goods of these two subheadings are "bound" and thus not subject to further reductions under GATT 1994.

² Qualifying imports from Mexico under NAFTA. All eligible imports under NAFTA are scheduled to become free of duty on January 1, 2005.

³ Brooms *in excess* of the first 121,478 dozen brooms imported in a calendar year. The first 121,478 dozen brooms imported in a calendar are eligible for in-quota rates (HTS subheading 9603.10.40) and are not subject to Presidential Proclamation 6961.

⁴ With respect to subheading 9603.10.50, GSP treatment applies to eligible products of countries enumerated in general note 4(a) to the HTS as that note existed on November 28, 1996, except products of Panama and except goods of Canada under terms of general note 12 to the tariff schedule.

⁵ Note that special tariff-rate quotas covering goods of subheading 9603.10.60 imported from Panama, Honduras, Colombia, and countries other than Mexico, Canada, and Israel, during the period November 28, 1996 and November 27, 1999, are provided for under HTS subheadings 9903.96.10 through 9903.96.13.

⁶ With respect to subheading 9603.10.60, GSP treatment applies to eligible products of countries enumerated in general note 4(a) to the HTS (except Panama, Honduras, and Colombia) as that note existed on November 28, 1996, except products of Panama and goods of Canada under terms of general note 12 to the tariff schedule.

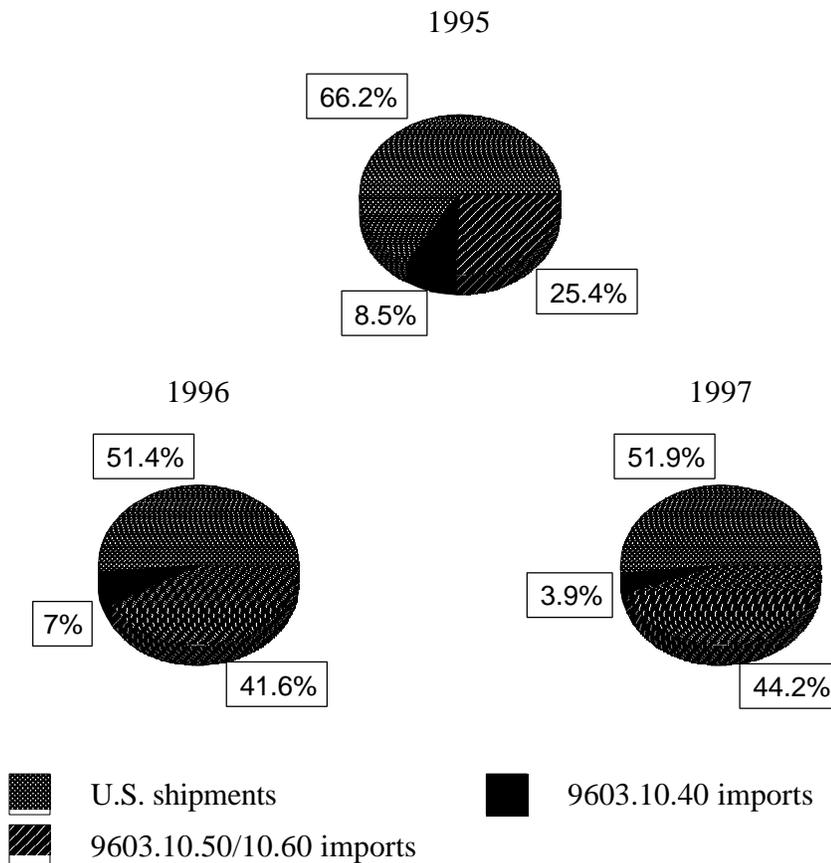
Source: HTS

APPARENT U.S. CONSUMPTION

Apparent consumption for broom corn brooms is presented in figure 1 and table 2. Twelve U.S. producers provided usable shipment data and accounted for 80 percent of U.S. producer shipments in 1997. To the extent some producers did not provide usable shipment data or chose not to respond, consumption figures are necessarily understated. Import numbers are compiled from official statistics from Commerce and include imports of brooms eligible for in-quota duty rates (HTS subheading 9603.10.40), as well as brooms subject to Presidential Proclamation 6961 (HTS subheadings 9603.10.50 and 9603.1060).

Figure 1

Broom corn brooms: Shares of apparent U.S. consumption based on quantity, by sources, 1995-97



Source:
Table 2

THE DOMESTIC BROOM CORN BROOM INDUSTRY

Efforts of Workers and Firms in the Industry to Make a Positive Adjustment to Import Competition

Information for this section was developed from questionnaires sent to the producers that provided the data base during the 1996 investigations, from interviews with other firms thought to be producing broom corn brooms in the United States, and information from the U.S. Department of Labor relative to applications for Trade Adjustment Assistance. Based on the responses and interviews, it is estimated that there are 45 to 50 broom corn broom producers operating in the United States. A majority of the operations are small shops with fewer than five winders and, in a number of instances, only one or two winders. These small producers sell in small local, specialty, and craft markets. Among these producers are eight "Industries for the Blind" operations. Most of their product is marketed to governments and service organizations.⁴⁵ With the exception of ***, the other "Industries for the Blind" operations are located in the southeastern United States.⁴⁶

Table 3 provides data with regard to shipments by the responding producers and a guide to the nature of the information they provided (e.g., narrative, trade, and/or financial). In its questionnaire, the Commission asked producers to comment with regard to their competitive efforts and adjustments during the period of temporary relief and requested information relative to investments made, cost reductions with existing equipment, diversification and/or expansion, research and development, organizational changes, changes in production practices, marketing changes, and any other efforts to compete. Of the 15 firms that returned questionnaires, three smaller companies, Charleston Mop and Broom, Hub City, and the Mobile Association for the Blind, ***.⁴⁷ A fourth firm, Premier Mop and Broom of Corona, CA, ***.

In its response, Cornelia of Cornelia, SC, offered the following comment with respect to ***:⁴⁸ With respect to "diversification/expansion" efforts, Cornelia reported that it has ***.⁴⁹ Insofar as "research and development" is concerned, Cornelia made the following comment: ***.⁵⁰

In 1997, Crystal Lake⁵¹ of Autaugaville, AL, reported that it ***.⁵² Insofar as other competitive efforts and adjustments, Crystal Lake reported that it has attempted to ***. However, Crystal Lake reports that with ***.⁵³ With respect to "changes in production practices," Crystal Lake noted: ***.⁵⁴

⁴⁵ ***.

⁴⁶ ***.

⁴⁷ ***.

⁴⁸ Cornelia questionnaire. Cornelia was the ***.

⁴⁹ Id.

⁵⁰ Id.

⁵¹ Member of the U.S. Cornbroom Task Force.

⁵² Crystal Lake questionnaire. Crystal Lake was the ***.

⁵³ Id.

⁵⁴ Id.

Table 3

Broom corn brooms: 1997 U.S. shipment data and type of information provided by producers returning questionnaires, by firm

| Firm | 1997 shipments (dozens) | Type of information provided— | | |
|----------------------------------|-------------------------------|-------------------------------|-------|-----------|
| | | Narrative | Trade | Financial |
| Charleston Mop & Broom | *** | *** | *** | *** |
| Cornelia | *** | *** | *** | *** |
| Crystal Lake | *** | *** | *** | *** |
| Greenwood | *** | *** | *** | *** |
| Hamburg Industries | *** | *** | *** | *** |
| Hub City | *** | *** | *** | *** |
| Libman | *** | *** | *** | *** |
| Mobile Association for the Blind | *** | *** | *** | *** |
| National Broom | *** | *** | *** | *** |
| Newton Broom | *** | *** | *** | *** |
| O’Cedar | *** | *** | *** | *** |
| Premier Mop & Broom | *** | *** | *** | *** |
| Quickie | *** | *** | *** | *** |
| Quinn Broom | *** | *** | *** | *** |
| Zephyr | *** | *** | *** | *** |

Source: Compiled from data submitted in response to Commission questionnaires.

Greenwood of Greenwood, SC, reported ***.⁵⁵

Hamburg Industries,⁵⁶ of Hamburg, PA, reported that its competitive efforts had been focused on ***.⁵⁷ To that end, ***.⁵⁸ In addition to the manufacture of broom corn brooms, Hamburg Industries ***. With respect to its broom corn broom operations, Hamburg Industries noted: ***.⁵⁹

During 1997 and 1998, Libman⁶⁰ of Arcola, IL, made ***.⁶¹ Additionally, Libman states that the ***. With respect to other competitive efforts, Libman has ***.⁶² With regard to “diversifications and/or expansions,” Libman reported ***.⁶³ As far as other thoughts concerning the period of temporary relief, Libman commented: ***.⁶⁴

National Broom⁶⁵ of Stockton, CA, reported nearly ***.⁶⁶ In addition to broom corn broom investments, National Broom reported a ***.⁶⁷

Newton Broom⁶⁸ of Newton, IL, reported a ***.⁶⁹ Insofar as its broom corn broom operations, ***.⁷⁰

During 1996 and 1997, ***, O’Cedar⁷¹ of Springfield, OH, made investments of ***. These investments took the form of ***.⁷² As noted earlier in the report, O’Cedar ***. O’Cedar states that it will use ***.⁷³

Quickie, which ***.⁷⁴ ***.⁷⁵ ***.⁷⁶

⁵⁵ Greenwood questionnaire. Greenwood was the ***.

⁵⁶ Member of the U.S. Cornbroom Task Force.

⁵⁷ Hamburg Industries questionnaire.

⁵⁸ Id.

⁵⁹ Id.

⁶⁰ Member of the U.S. Cornbroom Task Force.

⁶¹ Libman questionnaire. Libman was the ***.

⁶² Id.

⁶³ Id.

⁶⁴ Id.

⁶⁵ Member of the U.S. Cornbroom Task Force.

⁶⁶ National Broom questionnaire and ***. National Broom also reported ***.

⁶⁷ National Broom questionnaire.

⁶⁸ Member of the U.S. Cornbroom Task Force.

⁶⁹ Newton Broom questionnaire. Newton Broom is ***.

⁷⁰ Id.

⁷¹ Member of the U.S. Cornbroom Task Force.

⁷² O’Cedar questionnaire. ***.

⁷³ O’Cedar questionnaire.

⁷⁴ ***.

⁷⁵ ***.

⁷⁶ ***.

During 1997 and 1998, Quinn Broom⁷⁷ of Greenup, IL, made ***.⁷⁸ Of this activity, Quinn Broom notes: ***.⁷⁹ Quinn Broom further reported that in the *** and noted in a general comment: ***.⁸⁰

Zephyr⁸¹ reported ***.⁸² Additionally, Zephyr reported that it ***. In that regard, Zephyr noted: ***.⁸³

The U.S. Department of Labor's Trade Adjustment Assistance program is available to U.S. workers who are separated from employment because of imports. The program, along with the NAFTA Trade Adjustment Assistance program, provides reemployment services such as training, job search and relocation allowances, and weekly cash payments to unemployed workers. In the case of the NAFTA program, the efforts are directed to workers who become dislocated as a result of increased trade with Mexico and Canada. In the proclamation granting temporary relief, the President noted:

"The Trade Adjustment Assistance (TAA) program of the Department of Labor has already provided support for employees of broom corn broom manufacturers that have been laid off due to import competition. This assistance remains available, and I instruct the Secretary of Labor to give priority consideration to processing such TAA requests."⁸⁴

According to the U.S. Department of Labor, former workers from A-1 Broom & Supply of Los Angeles, CA (September 1995), Sun Broom of Mattoon, IL (September 1996), Assembly Services of El Paso, TX⁸⁵ (December 1996), and Rubbermaid of Sparks, NV (April 1997) petitioned for and were approved to receive Trade Adjustment Assistance.

U.S. Broom Corn Broom Producers' Trade and Financial Data

U.S. broom corn broom production, shipment, inventory, employment, and financial data, as supplied by U.S. producer questionnaire respondents, are presented in table 4. Twelve of the 15 responding firms,⁸⁶ accounting for approximately 82 percent of 1997 production, provided usable trade data. Nine firms, accounting for approximately 75 percent of 1997 production, provided usable financial data.

⁷⁷ Member of the U.S. Cornbroom Task Force.

⁷⁸ Quinn Broom questionnaire. Quinn Broom was the ***.

⁷⁹ Id.

⁸⁰ Id.

⁸¹ Member of the U.S. Cornbroom Task Force.

⁸² Zephyr questionnaire.

⁸³ ***.

⁸⁴ Presidential Proclamation 6961, Nov. 28, 1996.

⁸⁵ ***.

⁸⁶ ***.

Table 4

Broom corn brooms: U.S. producers' trade and financial data, 1995-97

(Quantity=dozens, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per dozen; period changes=percent, except where noted)

| Item | Reported data | | | Period changes | | |
|--|---------------|-----------|---------|----------------|---------|---------|
| | 1995 | 1996 | 1997 | 1995-97 | 1995-96 | 1996-97 |
| U.S. producers': | | | | | | |
| Average capacity quantity | 1,217,182 | 1,096,817 | 963,553 | -20.8 | -9.9 | -12.2 |
| Production quantity | 987,954 | 808,673 | 733,512 | -25.8 | -18.1 | -9.3 |
| Capacity utilization (1) | 81.2 | 73.7 | 76.1 | -5.0 | -7.4 | 2.4 |
| U.S. shipments: | | | | | | |
| Quantity | 1,001,480 | 819,672 | 756,904 | -24.4 | -18.2 | -7.7 |
| Value | 34,187 | 27,711 | 25,962 | -24.1 | -18.9 | -6.3 |
| Unit value | \$34.14 | \$33.81 | \$34.30 | 0.5 | -1.0 | 1.5 |
| Ending inventory quantity | 67,657 | 59,017 | 62,288 | -7.9 | -12.8 | 5.5 |
| Inventories/total shipments (1) | 6.8 | 7.2 | 8.2 | 1.5 | 0.4 | 1.0 |
| Production workers | 518 | 438 | 394 | -23.9 | -15.4 | -10.0 |
| Hours worked (1,000s) | 995 | 744 | 685 | -31.2 | -25.2 | -7.9 |
| Wages paid (\$1,000s) | 8,660 | 6,851 | 6,699 | -22.6 | -20.9 | -2.2 |
| Hourly wages | \$8.70 | \$9.21 | \$9.78 | 12.4 | 5.8 | 6.2 |
| Productivity (dozens per hour) | 0.9 | 1.0 | 1.1 | 15.9 | 11.7 | 3.7 |
| Unit labor costs | \$9.42 | \$8.92 | \$9.13 | -3.0 | -5.3 | 2.4 |
| Net sales: | | | | | | |
| Quantity | 865,628 | 721,642 | 689,218 | -20.4 | -16.6 | -4.5 |
| Value | 27,267 | 23,373 | 22,716 | -16.7 | -14.3 | -2.8 |
| Unit value | \$31.50 | \$32.39 | \$32.96 | 4.6 | 2.8 | 1.8 |
| Cost of goods sold (COGS) | 20,261 | 17,333 | 16,356 | -19.3 | -14.5 | -5.6 |
| Gross profit or (loss) | 7,006 | 6,040 | 6,360 | -9.2 | -13.8 | 5.3 |
| SG&A expenses | 7,012 | 5,588 | 5,585 | -20.4 | -20.3 | -0.1 |
| Operating income or (loss) | (6) | 452 | 775 | (2) | (2) | 71.5 |
| Capital expenditures | 228 | 324 | 169 | -25.9 | 42.1 | -47.8 |
| Unit COGS | \$23.41 | \$24.02 | \$23.73 | 1.4 | 2.6 | -1.2 |
| Unit SG&A expenses | \$8.10 | \$7.74 | \$8.10 | 0.0 | -4.4 | 4.6 |
| Unit operating income or (loss) | (\$0.01) | \$0.63 | \$1.12 | (2) | (2) | 79.5 |
| COGS/sales (1) | 74.3 | 74.2 | 72.0 | -2.3 | -0.1 | -2.2 |
| Operating income or (loss)/ sales (1) | (3) | 1.9 | 3.4 | 3.4 | 1.9 | 1.5 |

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

(3) Operating loss of less than 0.05 percent.

Note.—Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS AND IMPORTERS

Commerce statistics for imports of broom corn brooms subject to Presidential Proclamation 6961 (HTS subheadings 9603.10.50 and 9603.10.60) are presented in table 5. Collectively, Mexico, Panama, Honduras, and Colombia accounted for at least 98 percent of imports each year during 1995-97. Mexico was the largest source of imports each year.

As was the case in the 1996 investigations, the number of firms importing broom corn brooms⁸⁷ was fairly concentrated. Imports of broom corn brooms from Mexico came primarily through importers located in Texas (***)⁸⁸ and (***)⁸⁹ of (***), (***) of (***), (***) of (***), (***) of (***)⁹⁰ and (***) of (***)⁹¹. Imports of Honduran and Colombian product came almost exclusively through Miami, FL (***) and (***), respectively) and imports of Panamanian product were brought into the United States almost exclusively by (***)

Importers that furnished information in the 1996 investigations were provided with a copy of the Commission's *Federal Register* notice of investigation to make them aware of the investigation and to advise them of the opportunity to offer comment. No comments were received from any importers.

87 ***.

88 ***.

89 ***.

90 ***.

91 ***.

OTHER COMMENTS RECEIVED

Following the U.S. Government's decision to apply tariff safeguard relief on broom corn broom imports from Mexico, the Mexican Government responded by applying retaliatory tariffs on a range of products. Five groups claiming to be impacted by that retaliatory action commented with respect to this investigation. The groups that offered comments and the products affected are: the American Forest and Paper Association (exercise books), Brown-Forman Beverages Worldwide (bourbon and Tennessee whiskey), the Distilled Spirits Council of the United States (bourbon, Tennessee whiskey, and brandy), Guardian Industries Corp. (flat glass products), and the Wine Institute (wine products). In each instance, those submitting comments urged the U. S. Government to terminate the broom corn broom safeguard action in the interest of the wider range of U.S. industries affected by the Mexican retaliation.⁹²

⁹² See letters to the Commission from the American Forest and Paper Association (June 25, 1997); Brown-Forman Beverages Worldwide (June 24, 1998); Distilled Spirits Council of the United States (June 23, 1998); Guardian Industries Corp. (June 23, 1998); and JBC International (on behalf of the Wine Institute) (June 25, 1998).

APPENDIX A

FEDERAL REGISTER NOTICE
(Not included in electronic version)

APPENDIX B

USTR LETTER REQUESTING INVESTIGATION
(Not included in electronic version)

