United States
International Trade Commission

Generalized System of Preferences: Possible Modifications, 2015 Review

Publication Number: 4609
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United States International Trade Commission

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NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO THE UNITED STATES TRADE REPRESENTATIVE ON APRIL 26, 2016. ALL CONFIDENTIAL NATIONAL SECURITY INFORMATION AND CONFIDENTIAL BUSINESS INFORMATION HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (***)

Table of Contents

Tables

Chapter 1
Introduction and Summary of Advice

Introduction[1]

This report by the U.S. International Trade Commission (Commission or USITC) provides advice relating to the probable economic effect of certain proposed modifications to the U.S. Generalized System of Preferences (GSP) program, as requested by the U.S. Trade Representative (USTR).[2] Specifically, the report provides advice concerning:

1. The probable economic effect on total U.S. imports, on U.S. industries producing like or directly competitive articles and on U.S. consumers of the elimination of U.S. import duties for certain articles considered for addition to the GSP program for all beneficiary developing countries (BDCs). These articles, and the respective Harmonized Tariff Schedule of the United States (HTS) subheadings are effervescent wine (HTS 2204.21.20), essential oil of lemons (HTS 3301.13.00), and high-carbon ferromanganese (HTS 7202.11.50).

2. The probable economic effect on total U.S. imports, on U.S. industries producing like or directly competitive articles and on U.S. consumers of the elimination of U.S. import duties on certain handbags and travel goods ("travel goods") for all BDCs, least-developed beneficiary countries (LDBDCs), and both LDBDCs and AGOA beneficiary countries combined under GSP program. These articles include certain luggage (HTS 4202.11.00; 4202.11.0030; 4202.11.0090; 4202.12.2020; 4202.12.2050; 4202.12.40; 4202.12.8030; and 4202.12.8070); certain handbags (HTS 4202.21.60; 4202.21.90; 4202.22.15; 4202.22.45; and 4202.22.8050); certain pocket goods (HTS 4202.31.60; 4202.32.40; 4202.32.80; 4202.32.9550; and 4202.32.9560); and certain travel bags, sports bags, backpacks and other containers (HTS 4202.91.0030; 4202.91.0090; 4202.92.15; 4202.92.20; 4202.92.3020; 4202.92.3031; 4202.92.3091; 4202.92.45; 4202.92.9026; 4202.92.9060; and 4202.99.90).

3. The probable economic effect of the removal from eligibility for duty-free treatment under the GSP program ("removals") of the articles from the countries specified below

[1] The information in these chapters is for the purpose of this report only. Nothing in this report should be construed as indicating how the Commission would find in an investigation conducted under any other statutory authority.

[2] The request consisted of the initial request letter dated December 30, 2015, and two additional letters, dated January 12, 2016, and February 16, 2016, that made certain modifications to the initial request. See appendix A for copies of each of the three letters, and see appendix B for copies of each of the Commission notices published in the *Federal Register* in response to the three letters.

on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers. These articles, and countries, and the respective HTS subheadings are fluorescent brightening agents, excluding benzoxazole from India and Indonesia (HTS 3204.20.10 and 3204.20.80), polyethylene terephthalate (PET) resin from India (HTS 3907.60.00), and polyethylene terephthalate film (PET film) and associated films from Brazil (HTS 3920.62.00 and 3921.90.40).

4. Whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limitation (CNLs)[3] specified in section 503(c)(2)(A) of the 1974 Trade Act for the following countries and articles: certain pitted dates from Tunisia (HTS 0804.10.60); certain inactive yeasts and other dead single-cell microorganisms from Brazil (HTS 2102.20.60); certain non-alcoholic beverages from Thailand (HTS 2202.90.90); and half-shafts for drive axles of certain motor vehicles from India (HTS 8708.50.95).[4]

5. Whether like or directly competitive products were being produced in the United States on January 1, 1995 for all proposed additions, removals and CNL waivers in this report.

Analytical Approach

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Summary of Advice

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[3] The 2015 dollar value limit for CNLs was $170 million.

[4] In its February 16, 2016 letter to the Commission, USTR advised the Commission that several petitioners have withdrawn requests for waivers of the competitive need limitation (CNL) under the GSP program, and that in view of the withdrawals USTR is withdrawing its request for Commission advice for these four HTS subheadings which were included in the December 30, 2015 request letter: certain virgin olive oil from Tunisia (HTS 1509.10.40); certain rare gases from Ukraine (HTS 2804.29.00); insulated beverage bags from the Philippines (HTS 4202.92.04); and porcelain household tableware sets from Indonesia (HTS 6911.10.37).

Chapter 2
Addition: Effervescent Wine (BDCs)[5]

Table 2.1: Effervescent wine

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2204.21.20[a]	Effervescent wine	19.8¢ per liter or 5.7 percent ad valorem equivalent	Yes

[a] HTS subheading 2204.21.20 is not currently eligible for duty-free treatment under the provisions of the GSP.

Description and Uses

The product classified under HTS subheading 2204.21.20 is effervescent wine, which has similar characteristics to sparkling wine, but a lower level of carbonation.[6] Many effervescent wines are artificially carbonated by injecting carbon dioxide into the wine before bottling. Other effervescent wines are carbonated through fermentation processes like those used to produce traditional sparkling wines. The primary fermentation occurs in temperature-controlled tanks, but many sparkling and effervescent wines will also ferment a second time in the bottle when yeast and sugar are added to create additional carbonation. The difference in effervescent wine is that less sugar and yeast are added in either or both fermentation stages, which leads to less carbon dioxide and less pressure. Effervescent wine is consumed in the same way as table and sparkling wines, but they tend to have slightly lower alcohol content, and certain consumers prefer the lower carbonation level.

[5] The Ministry of Foreign Affairs of Bolivia filed a petition with the USTR requesting the addition of this HTS subheading to the list of articles eligible for duty-free treatment under the provisions of the GSP for all beneficiary developing countries (BDCs).

[6] According to the notes in HTS Chapter 22, "Beverage, Spirits and Vinegar," effervescent wine (HTS 2204.21.20) is alcoholic and by definition must contain at least 0.392 grams of carbon dioxide per 100 milliliters of wine, but less than 3 bars of excess pressure. If a wine has more than 3 bars of excess pressure it is classified as a sparkling wine.

Advice

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Profile of U.S. Industry and Market, 2011–15

Even though the United States is the world's largest wine consumer, effervescent wines make up a very small portion of the total U.S. wine market, likely less than 1 percent. As a result, U.S. production of effervescent wine (not including sparkling) also typically accounts for less than 1 percent of the total volume of U.S. wine production.[7] U.S. production of these wines was estimated to be approximately $90 million in 2015, while imports totaled $1.9 million and accounted for only 2.3 percent of consumption (table 2.2). The Commission estimates that there were about 60 producers of effervescent wine in the United States in 2015.[8] The majority of these producers are wineries in California, but some production occurs in other wine-producing states, including Oregon, Washington, New York, and Virginia. There is significant variation in the size and structure of effervescent wine producers, ranging from small, local operations to large, fully integrated wineries owned by multinational beverage corporations. While domestic production supplies the majority of U.S. consumption, U.S. producers face competition from imports from European wine-producing countries.

Table 2.2: Effervescent wine (HTS subheading 2204.21.20): U.S. producers, employment, production, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number) [a]	50	50	55	55	60
Employment (1,000 employees)	(b)	(b)	(b)	(b)	(b)
Production (1,000 $) [c]	85,000	85,000	85,000	90,000	90,000
Exports (1,000 $)	27,814	7,607	6,019	7,933	6,483
Imports (1,000 $)	3,543	1,863	5,190	1,472	1,923
Consumption (1,000 $)	60,729	79,256	84,174	83,539	85,440
Import-to-consumption ratio (percent)	5.8	2.4	6.2	1.8	2.3
Capacity utilization (percent)	(c)	(c)	(c)	(c)	(c)

Source: Trade data compiled from official statistics from the U.S. Department of Commerce.
[a] Commission estimates based on information from a U.S. government official, email to USITC staff, January 19, 2016.
[b] Not available.
[c] Commission staff estimates based on TTB, *Wine Statistical Report 2014*, April 29, 2015.

[7] The U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB) definition of effervescent wine includes all carbonated wines. According to TTB, effervescent wine production accounted for approximately 3 percent of the total volume of wine produced. U.S. Treasury, TTB, *Wine Statistical Report 2014*, April 29, 2015.
[8] U.S. government official, email message to USITC staff, January 19, 2016.

GSP Import Situation, 2015

Imports of effervescent wine from GSP suppliers are negligible, and shipments tend to be limited. Only two GSP-eligible countries, India and Uruguay, exported effervescent wine to the United States during 2011–15. Both India and Uruguay are very small producers and exporters of wine.[9] In 2015, U.S. imports from all GSP-eligible countries under HTS subheading 2204.21.20 were valued at approximately $5,000 (table 2.3), which accounted for less than one-half percent of both total U.S. imports and total U.S. consumption. India was the only GSP-eligible country supplier under this HTS subheading in 2015, but there were no U.S. imports from India between 2011 and 2014. Uruguay accounted for all U.S. imports from GSP-eligible countries during 2011–13, but there were no U.S. imports from 2014 to 2015.

While export data specific to effervescent wine are unavailable, Indian exports of all wine categories totaled $8.4 million in 2014, with the two largest markets, the United Arab Emirates and Vietnam, accounting for almost one-third of the total. The United States is not a major export destination for Indian wine. Uruguayan wine exports totaled $8.4 million in 2015, with the largest market, Brazil, accounting for almost one-half of the total. The United States is Uruguay's second-largest wine market, accounting for 18 percent of total exports in 2015.

Table 2.3: Effervescent wine (HTS subheading 2204.21.20): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	1,923	100	(a)	2.3
Imports from GSP-eligible countries:				
Total	5	(b)	100	(c)
India	5	(b)	100	(c)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] Less than 0.05 percent.

U.S. Imports and Exports

The largest suppliers of effervescent wine to the United States are large wine-producing countries in the European Union (EU) (table 2.4). In 2015, imports from Italy, France, and Germany together accounted for approximately 95 percent of total U.S. imports. Australia, a large wine producer and exporter with duty-free access to the U.S. market under the U.S.-Australia Free Trade Agreement (FTA), has consistently been the fourth-largest U.S. supplier, but shipments fluctuated significantly during 2011–14, ranging between $1.9 million in 2011 and $57,588 in 2014. Outside of the major wine-producing countries, there is variability in imports from other suppliers, who tend to export sporadically.

[9] In 2014, total Indian wine production was estimated to be 17.3 million liters. Effervescent wine likely makes up a small percentage of the total. For comparison, total U.S. production in 2014 was 3.2 billion liters. USDA, FAS, "*India: Wine Production and Trade*," October 22, 2014, 4; Wine Institute website, "US/California Wine Production" http://www.wineinstitute.org/resources/statistics/article83 (last updated Aug 26, 2015).

Table 2.4: Effervescent wine (HTS subheading 2204.21.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Italy	593,334	512,864	4,128,721	571,645	709,350
France	839,971	621,992	225,266	455,808	627,765
Germany	110,213	270,277	270,411	362,188	486,519
Australia[a]	1,873,991	378,147	538,916	57,588	80,543
New Zealand	48,344	0	0	0	5,605
India	0	0	0	0	5,031
Spain	52,185	43,073	15,019	25,282	4,479
Argentina[b]	0	0	0	0	3,864
Uruguay	6,300	33,516	12,474	0	0
Belgium	15,929	0	0	0	0
All other	3,123	3,312	0	0	0
Total	3,543,390	1,863,181	5,190,807	1,472,511	1,923,156
Imports from GSP-eligible countries					
India	0	0	0	0	5,031
Uruguay	6,300	33,516	12,474	0	0
Total	6,300	33,516	12,474	0	5,031

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] On March 26, 2012, President Obama issued Presidential Proclamation 8788 (77 Fed. Reg. 18899 (March 29, 2012) suspending Argentina's GSP eligibility. Imports from Argentina lost GSP eligibility if entered or withdrawn from warehouse for consumption on or after May 28, 2012.

In 2011, the United States exported a record $27.8 million worth of effervescent wine (table 2.5), with over a third of U.S. exports destined for the United Kingdom. From 2012-2015, U.S. exports of effervescent wine were lower, between about $6 million and $8 million per year and Germany, Mexico, China, and Poland were the four largest export markets in 2015. U.S. exports to Mexico are duty-free under the North American Free Trade Agreement (NAFTA).

Table 2.5: Effervescent wine (Schedule B 2204.21.2000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Germany	845,039	1,616,210	1,264,621	2,042,782	1,087,179
Mexico	887,826	352,539	758,645	1,211,648	1,034,982
China	750,579	904,033	530,008	529,355	968,077
Poland	557,046	27,750	603,383	1,198,116	593,115
South Korea	358,307	170,780	533,992	443,586	565,207
Bermuda	202,300	10,864	162,288	22,782	344,083
United Kingdom	10,175,876	32,097	374,373	254,184	306,750
Norway	250,109	34,600	38,500	4,896	295,585
Japan	4,382,281	122,127	236,403	288,986	221,896
Hong Kong	777,829	542,320	30,870	328,439	144,842
All other	8,627,337	3,794,010	1,485,425	1,608,645	920,919
Total	27,814,529	7,607,330	6,018,508	7,933,419	6,482,635

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

Positions of Interested Parties

Petitioner. The Vice Ministry of International Trade and Integration of the Ministry of Foreign Affairs of Bolivia filed a petition with USTR under the provisions of the GSP requesting the addition of HTS subheading 2202.21.20.

No other statements were received by the Commission in support of, or in opposition to, the proposed modifications to the GSP considered for this HTS subheading.

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Chapter 3 Addition: Essential Oil of Lemon (BDCs)[10]

Table 3.1: Essential oil of lemon

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2015 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3301.13.00[a]	Essential oil of lemon	3.8	Yes

[a] HTS subheading 3301.13.00 is not currently eligible for duty-free treatment under the provisions of the GSP. This HTS subheading was denied for addition to the GSP in 1991.

Description and Uses

Essential oil of lemon,[11] classified under HTS subheading 3301.13.00, is a liquid made by the mechanical processing of lemon peels.[12] This production method, known as expression or cold-pressing, is used to extract essential oils from a variety of citrus peels (orange and lime are two other widely popular citrus essential oils). Essential oil of lemon is usually less expensive than non-citrus-peel essential oils due to the large quantities of oil in the peel compared to the oil found in raw materials such as citrus seeds or leaves; the relatively low cost of growing and harvesting the raw material; and the fact that the commercial lemon industry treats the raw material as a byproduct.

Essential oil of lemon is used to add flavor and scent to beverages, fragrances, soaps and household chemicals, food, and confectionery products.[13] Soft drinks account for the largest share (one source estimated 80 percent) of consumption of essential oil of lemon.[14] It is also used in medicinal or pharmaceutical products to add taste or smell or to suppress the less desirable flavor of medications.[15]

[10] The government of Bolivia filed a petition with the USTR requesting the addition of this HTS subheading to the list of articles eligible for duty-free treatment under the provisions of the GSP for all BDCs.
[11] Chemical Abstracts Service (CAS) number 8008-56-8.
[12] The oil is released from the peel by a spiked machine that punctures the peel. The resulting material is then centrifuged. Industry representative, telephone interview by USITC staff, February 5, 2016; National Association for Holistic Aromatherapy, "How Are Essential Oils Extracted?" n.d. (accessed January 28, 2016); For a graphical representation of the production process, see Ventura Coastal website, http://venturacoastal.com/processing/oil.php (accessed February 5, 2016).
[13] Perfumer and Flavorist, "IFEAT Insights: Lemon Oil Crisis," September 23, 2008; Brud, "Industrial Uses of Essential Oils," 2010, 843–53. See generally Luis Haro, "Mexican Lime and Lemon Essential Oils," n.d. (accessed January 27, 2016).
[14] Brud, "Industrial Uses of Essential Oils," 2010, 843–53.
[15] Trade and Industrial Policy Strategies and Government of Australia, "Trade Information Brief: Essential Oils," n.d., 8 (accessed January 15, 2016).

Advice

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Profile of U.S. Industry and Market, 2011–15

Industry sources indicate that the sole commercially significant domestic producer of essential oil of lemon is Ventura Coastal LLC, located in California.[16] There are also reportedly a few small producers that each serve a single client or a niche market (table 3.2).[17]

The Commission estimates that U.S. production increased from ***. Commission staff research indicates that the largest U.S. importers of essential oil of lemon may further process the imported product before using some and exporting the remainder.[18] Industry sources indicate that U.S. purchasers of essential oil of lemon include multinational beverage corporations, such as ***, and large flavorings companies, such as ***.[19] These purchasers are the largest U.S. importers and exporters of essential oil of lemon as well.[20]

The U.S. market for essential oil of lemon is directly correlated to the demand for downstream products using this oil, in particular soft drinks, hard candies, and bakery goods, and can be influenced by price competition with artificial flavorings.[21] The U.S. market is also affected by fluctuations in the supply of its raw materials due to the variable seasonal yield of lemon crops in growing regions.[22]

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[16] Industry representatives, telephone interviews by USITC staff, January 29, and February 5, 2016.
[17] Ibid.
[18] Ibid.; Essential oil of lemon that is further processed is exported under the Schedule B number 3301.13.0000, comparable to imports under HTS 3301.13.00.
[19] Industry representatives, telephone interviews by USITC staff, January 29, and February 5, 2016.
[20] Ibid.
[21] Essential oil of lemon does not face competition from artificial flavorings in products that market themselves as “all natural.” Industry representative, telephone interview by USITC staff, February 5, 2016.
[22] Industry representative, telephone interview by USITC staff, February 5, 2016.

Table 3.2: Essential oil of lemon (HTS subheading 3301.13.00), 2011–15: U.S. producers, employment, production, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	2-10	2-10	2-10	2-10	2-10
Employment (1,000 employees)	***	***	***	***	***
Production (1,000 $)	***	***	***	***	***
Exports (1,000 $)[a]	(a)	(a)	(a)	(a)	(a)
Imports (1,000 $)	102,078	79,849	116,671	114,483	176,283
Consumption (1,000 $)[a]	(a)	(a)	(a)	(a)	(a)
Import-to-consumption ratio (percent)	(b)	(b)	(b)	(b)	(b)
Capacity utilization (percent)	(b)	(b)	(b)	(b)	(b)

Source: Trade data compiled from official statistics from the U.S. Department of Commerce. Figures for domestic producers and U.S. production were estimated by USITC staff from various industry sources.
[a] Data for exports and U.S. consumption are not available because essential oil of lemon may be imported into the United States, purified, and then re-exported under the same Schedule B number.
[b] Not available.

GSP Import Situation, 2015

GSP-eligible countries accounted for 6 percent of total U.S. imports of essential oil of lemon in 2015. South Africa, Bolivia, Uruguay,[23] and Brazil are the largest individual GSP-eligible import sources (table 3.3).[24] South Africa, overall the 10th-largest supplier of essential oil of lemon to the United States, accounted for 41 percent of GSP-eligible imports in 2015. South Africa had “about 100 small commercial producers and 33 commercial stills in operation” in 2008 (latest data available).[25] Teubes Oils of Africa is one of the largest South African exporters of essential oil of lemon.[26] Totai Citrus S.A. states that it is “Bolivia's leading citrus producer” and produces lemon fruit, juice concentrate, and essential oil.[27] A large Brazilian producer and exporter of essential oil of lemon is Louis Dreyfus, which is a Netherlands-based multinational company.[28] Imports of this product from GSP-eligible countries fell 87 percent by value during 2011–15.

[23] Based on Commission research, import data for lemon oil from Uruguay in 2015 may be overstated because Uruguay does not appear to have commercial production of essential oil of lemon.
[24] In general, countries that are large producers of lemons are large producers of essential oil of lemon. The top global GSP-eligible lemon producers are India, Brazil, and Turkey. None of the top four non-U.S. exporters of essential oil of lemon in 2015—Argentina, the EU, China, and Mexico—are GSP-eligible countries.
[25] Erasmus, “Eastern Cape: Essential Oils Hub,” April 17, 2008. The South African government had developed programs to promote essential oil production in general. Ibid.; SA Essential Oil Business Incubator website, http://www.seobi.co.za/html/about.html (accessed February 5, 2016).
[26] Teubes website, http://www.teubes.co.za/index.php?id=5 (accessed February 8, 2016).
[27] Totai Citrus may produce only lemons and lemon products. Totai Citrus website, http://www.totaicitrus.com/en/products.html (accessed February 29, 2016).
[28] Louis Dreyfus Commodities website, https://www.ldcom.com/global/en/our-business/our-platforms/juice (accessed February 8, 2016).

Table 3.3: Essential oil of lemon (HTS subheading 3301.13.00): U.S. imports and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	176,283	100	[a]	[b]
Imports from GSP-eligible countries:				
Total	9,723	6	100	[b]
South Africa	4,024	2	41	[b]
Bolivia	2,178	1	22	[b]
Uruguay[b]	1,568	1	16	[b]
Brazil	1,491	1	15	[b]

Source: Trade data compiled from official statistics from the U.S. Department of Commerce.
[a] Not applicable.
[b] Not available.

U.S. Imports and Exports[29]

Despite losing GSP eligibility in May 2012, Argentina was the largest source of U.S. imports of essential oil of lemon in 2015, with a 65 percent share, while Italy, the second-largest source, accounted for 6 percent (table 3.4). Imports from non-GSP-eligible countries increased by a factor of 3 to 4 times during 2011–15.[30]

[29] There is no comparable U.S. export data available for essential oil of lemon.
[30] In general, countries that are large producers of lemons are large producers of essential oil of lemon. The top five lemon producers globally are China, India, Mexico, Argentina, and Brazil; the next five largest producers are the United States, Turkey, Spain, Iran, and Italy (exact order may vary depending on annual yield and specific variety). The top five global exporters of essential oil of lemon in 2014 were Argentina, the EU, China, the United States, and Mexico.

Table 3.4: Essential oil of lemon (HTS subheading 3301.13.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Argentina [a]	65,804,033	53,688,284	83,711,131	55,667,453	114,086,412
Italy	6,521,394	3,948,837	4,894,943	11,744,235	9,990,847
China	234,459	149,588	58,734	1,608,703	7,079,577
Germany	4,261,815	3,448,653	3,668,530	4,980,051	6,995,123
Spain	2,092,474	2,831,993	2,040,898	2,403,939	6,782,948
Canada [b]	5,371,781	5,095,533	5,499,010	9,533,312	4,544,412
Ireland	738,412	300,600	4,382,303	9,538,759	4,525,605
Mexico [b]	4,454,449	6,452,332	3,162,876	5,428,871	4,501,520
Switzerland	2,679,607	1,306,582	2,643,902	3,426,417	4,027,331
South Africa [c]	4,849,766	304,200	1,327,655	3,365,103	4,024,261
All other	5,069,675	2,322,268	5,281,439	6,785,799	9,724,681
Total	102,077,865	79,848,870	116,671,421	114,482,642	176,282,717
Imports from GSP-eligible countries:					
South Africa [c]	4,849,766	304,200	1,327,655	3,365,103	4,024,261
Bolivia	983,780	36,000	1,605,370	2,361,590	2,178,360
Uruguay [d]	338,544	341,085	446,998	740,535	1,567,800
Brazil	677,751	613,397	708,981	447,133	1,491,470
India	374,013	238,562	82,051	23,918	445,827
Sri Lanka	0	0	0	0	11,562
Paraguay	0	0	0	39,182	3,960
Pakistan	0	0	0	264,000	0
Turkey	5,688	5,400	2,700	0	0
Philippines	94,500	0	0	0	0
All other	65,804,033	53,690,584	71,863	198,510	0
Total	73,128,075	55,229,228	4,245,618	7,439,971	9,723,240

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] In 2011 and through March 25, 2012, Argentina was a GSP-eligible country. On March 26, 2012, President Obama issued Presidential Proclamation 8788 (77 Fed. Reg. 18899 (March 29, 2012)) suspending Argentina's GSP eligibility. Imports from Argentina lost GSP eligibility if entered or withdrawn from warehouse for consumption on or after May 28, 2012.
[b] FTA partner.
[c] AGOA country.
[d] The import figure for Uruguay in 2015 may be overstated.

Positions of Interested Parties

Petitioner. The government of Bolivia filed a petition with the USTR requesting the addition of this HTS subheading to the list of articles eligible for duty-free treatment under the provisions of the GSP for all BDCs.

No other statements were received by the Commission in support of, or in opposition to, the proposed modification to the GSP considered for this HTS subheading.

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Chapter 4 Addition: High-carbon Ferromanganese[31] (BDCs)

Table 4.1: High-carbon ferromanganese

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
7202.11.50[a]	High-carbon ferromanganese	1.5	Yes

[a] HTS subheading 7202.11.50 was denied for addition to the list of GSP-eligible items in 1990.

Description and Uses

High-carbon ferromanganese is an alloy of manganese and iron and contains 4 percent or more of carbon. The manganese content of the alloy is within the range of 75 to 80 percent. High-carbon ferromanganese is used to add manganese as an alloying or a deoxidizing element to molten steel. Manganese is a necessary element in all types of steel and is the most prevalent steel-alloying element after carbon. The market for high-carbon ferromanganese is primarily steel companies and producers of iron castings. A small amount is also used in the welding industry.

High-carbon ferromanganese is sold in lump or crushed form in a series of sizes ranging from 8-inch by 4-inch lumps to particles small enough to pass through a 20-wires-per-inch sieve. The choice of size depends upon the user's methods of handling and adding the alloy to steel. High-carbon ferromanganese is mostly shipped either in bulk or in super-sacks containing about one to two tons of alloy each.

High-carbon ferromanganese is produced by smelting together manganese ore with coke and flux materials in a special-purpose electric-submerged-arc furnace. It is produced in many locations worldwide where suitable ore and reasonably priced labor, raw materials, and electricity can be made available. As a widely used commodity, quality discrimination among sources is at a minimum.

Globally, most producers of high-carbon ferromanganese use slag generated from ferromanganese production as a raw material for the production of silicomanganese, another widely used manganese alloy. Such co-production of high-carbon ferromanganese and silicomanganese results in more complete utilization of manganese and lower overall costs.[32]

[31] The government of Ukraine filed a petition with the USTR requesting the addition of this HTS subheading to the list of articles eligible for duty-free treatment under the provisions of the GSP for all BDCs.

[32] Some producers directly transfer molten high-carbon ferromanganese to special-purpose reactor vessels to produce refined ferromanganese containing lower levels—generally less than 2 percent—of carbon. Such use of high-carbon ferromanganese to produce refined ferromanganese is not usually accounted for as either production or consumption of high-carbon ferromanganese and is not included in the production and consumption data in this report.

Advice

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Profile of U.S. Industry and Market, 2011–15

One firm produces high-carbon ferromanganese in the United States, Eramet Marietta Inc. ("Eramet"), located in Marietta, Ohio. Under normal market conditions, Eramet operates two furnaces, one producing high-carbon ferromanganese primarily for the production of refined ferromanganese products and the second producing silicomanganese.[33] High-carbon ferromanganese that Eramet does not use to produce refined ferromanganese is crushed and screened for sale. The production and capacity reported in table 4.2 are estimates of only the high-carbon ferromanganese available for sale.

The United States depends heavily on imports to meet its demand for high-carbon ferromanganese. U.S. consumption of high-carbon ferromanganese is driven by steel production because it is a steelmaking raw material with no economical substitutes.

Table 4.2: High-carbon ferromanganese (HTS subheading 7202.11.50): U.S. producers, employment, production, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	1	1	1	1	1
Employment	200	200	200	200	200
Production (1,000 $)	***	***	***	***	***
Exports (1,000 $)[a]	40,274	26,710	23,854	31,355	20,029
Imports (1,000 $)	268,370	316,262	249,027	242,257	150,393
Consumption (1,000 $)[b]	***	***	***	***	***
Import-to-consumption ratio (percent) [b]	***	***	***	***	***
Capacity utilization (percent) [c]	***	***	***	***	***

Source: Producers, employment, and production data estimated based on USITC interviews with Eramet representatives (January 2016—February 2016). Trade data compiled from official statistics from the U.S. Department of Commerce.

[a] Export data exactly comparable to U.S. import data for this HTS subheading are not available. Reported exports may include a small amount of ferromanganese containing more than 2 percent but less than 4 percent of carbon.

[b] For purposes of estimating U.S. consumption and the import-to-consumption ratio, reported imports for consumption are reduced by the amount of foreign-produced goods exported each year (see table 4.6). High-carbon ferromanganese is held in the National Defense Stockpile of strategic and critical materials, by the Defense Logistics Agency, U.S. Department of Defense. When the ferromanganese in the stockpile is determined to be unneeded, it is sold; the value sold from the stockpile during 2011-15 amounted to $16 million, $9 million, $2 million, $23 million, and $39 million. U.S. consumption of high-carbon ferromanganese in this table includes this material from the National Defense Stockpile (Derived from official statistics of the Defense Logistics Agency).

[c] The price of high-carbon ferromanganese declined significantly over the period. ***

[33] Industry representatives, telephone interviews by USTR staff, January—February 2016.

GSP Import Situation, 2015

U.S. imports in 2015 of high-carbon ferromanganese from all GSP-eligible countries were valued at $115 million and accounted for 76 percent of total imports (table 4.3). The dominant GSP-eligible country supplier was South Africa, which accounted for $96 million in U.S. imports of high-carbon ferromanganese in 2015. U.S. imports of high-carbon ferromanganese from South Africa were eligible for duty-free entry under AGOA in 2015. South Africa has been the principal source of U.S. high-carbon ferromanganese imports for many years, supplying 64 percent of all U.S. imports in 2015 and 73 percent during the period 2011–15.

Ukraine was the second-largest GSP-eligible supplier of this commodity, accounting for $15 million in imports in 2015. Ukraine is the principal country that would have benefited from GSP eligibility for high-carbon ferromanganese in 2015, as it accounted for 82 percent of imports from GSP-eligible countries that don't already have duty-free access under AGOA. Countries that would have benefited to a lesser degree from ferromanganese being added to the list of GSP-eligible items are Georgia, Brazil, and India. Georgia began exporting high-carbon ferromanganese to the United States in 2015. Brazil has been a regular but minor exporter of high-carbon ferromanganese to the United States. India is a major producer—the second largest in the world—and a major exporter of high-carbon ferromanganese; however, its exports have in the past gone to non-U.S. markets, primarily the EU and Asia.

Table 4.3: High-carbon ferromanganese (HTS subheading 7202.11.50): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	150,393	100	(a)	***
Imports from GSP-eligible countries:				
Total	114,621	76	100	***
South Africa	96,482	64	84	***
Ukraine	14,893	10	13	***
Georgia	2,655	2	2	***

[a] Not applicable.

U.S. Imports and Exports[34]

Imports accounted for 94 percent of U.S. consumption in 2015 because the U.S. industry maintains little capacity for the production of high-carbon ferromanganese (table 4.3). U.S. imports of high-carbon ferromanganese totaled $150 million that year (table 4.4). As mentioned above, South Africa was the dominant supplier, accounting for 64 percent of U.S imports in 2015. Australia was the second-largest source, supplying $26.3 million of U.S imports in 2015. Imports from Australia are duty-free under the U.S.-Australia FTA. South Korea was also a major source, accounting for $4.9 million of U.S. imports in 2015. Imports of high-carbon ferromanganese from South Korea are duty-free under the United States-Korea FTA starting in 2016, following a four-year phase-out period.

[34] Export data comparable to U.S. import data for this HTS subheading are not available.

Table 4.4: High-carbon ferromanganese (HTS subheading 7202.11.50): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
South Africa[a]	208,131,747	209,338,396	189,168,361	190,371,447	96,482,300
Australia[b]	8,950,747	31,379,647	29,909,856	40,455,791	26,269,715
Ukraine	33,598,909	52,783,442	201,981	3,278,372	14,892,608
South Korea[b]	2,079,360	3,296,721	12,009,820	548,420	4,922,865
Norway	10,645,240	13,342,368	2,344,455	5,987	3,625,222
Georgia	0	0	0	0	2,654,750
Spain	702,719	288,691	772,598	405,573	829,191
Brazil	233,614	412,376	610,163	1,361,623	486,297
Canada[b]	0	53,874	234,229	252,856	80,639
India	522,872	496,119	7,463	0	75,700
All other	3,505,010	4,869,983	13,768,434	5,576,852	73,496
Total	268,370,218	316,261,617	249,027,360	242,256,921	150,392,783
Imports from GSP-eligible countries:					
South Africa[a]	208,131,747	209,338,396	189,168,361	190,371,447	96,482,300
Ukraine	33,598,909	52,783,442	201,981	3,278,372	14,892,608
Georgia	0	0	0	0	2,654,750
Brazil	233,614	412,376	610,163	1,361,623	486,297
India	522,872	496,119	7,463	0	75,700
Zambia[a]	0	0	0	0	29,604
Macedonia	0	0	0	141,203	0
All other	0	0	0	0	0
Total	242,487,142	263,030,333	189,987,968	195,152,645	114,621,259

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] AGOA country.
[b] FTA partner.

U.S. domestic exports of high-carbon ferromanganese are small and are primarily to Canada. Analysis of export data is limited, because the Schedule B reporting number under which exports of high-carbon ferromanganese are reported also applies to ferromanganese containing less than 4 percent but more than 2 percent of carbon. Despite the inclusion of such nonsubject exports, reported U.S. domestic exports for 2015 were only $3.8 million equaling 3 percent of apparent U.S. consumption (table 4.5).

Total U.S. exports of high-carbon ferromanganese are much greater than U.S. domestic exports because they include exports of product previously imported into the United States (table 4.6). For logistical efficiency, suppliers of high-carbon ferromanganese to Canada often import product into the United States, store it in U.S. warehouses, and then ship it to Canadian consumers.[35] Such imports are included in U.S. imports for consumption in tables 4.3 and 4.4. The amount of such exports, based upon reported total U.S. exports, was $16.2 million in 2015, or 11 percent of reported imports for consumption (table 4.6). For purposes of estimating U.S. consumption and the import-to-consumption ratio, reported imports for consumption were reduced by the amount of foreign-produced goods exported each year (table 4.2).

[35] Industry representatives, telephone interviews by USITC staff, February 2016 (various dates).

Table 4.5: High-carbon ferromanganese (Schedule B 7202.11.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014
Canada	2,129,288	906,501	548,587	590,710
Mexico	0	130,127	13,880	10,782
Germany	109,299	0	0	0
Equatorial Guinea	0	0	0	116,432
Congo, Republic of	0	0	9,136	0
United Kingdom	0	2,910	62,118	0
All other	1,164,150	2,207,236	398,359	600,738
Total	3,402,737	3,246,774	1,032,080	1,318,662

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

Table 4.6: High-carbon ferromanganese: U.S. total exports and percentage of foreign-produced goods to imports for consumption (thousand dollars)

Schedule B 7202.11	2011	2012	2013	2014	2015
U.S. total exports	40,274	26,710	23,854	31,355	20,029
less: U.S. domestic exports	3,403	3,247	1,032	1,319	3,788
U.S. exports of foreign-produced goods	36,871	23,463	22,822	30,036	16,241
Exported foreign-produced goods share of U.S. imports for consumption (percent)	14	7	9	12	11

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

Positions of Interested Parties

Petitioner. The Embassy of Ukraine to the United States of America, on behalf of the Ukrainian Association of Ferroalloys and other Electrometallurgical Products Manufacturers, filed a petition with USTR under the provisions of the GSP requesting the addition of ferromanganese containing by weight more than 4 percent of carbon (HTSUS 7202.11.50) as an eligible article under the GSP. The petitioner also appeared at the USITC hearing and submitted the following written comments:[36]

"Ukraine is facing economic siege from Russia. The Russian Federation has illegally and unilaterally suspended the Free Trade Zone Agreement towards Ukraine, introduced additional import duties on goods from Ukraine, prohibited import of agricultural produce, raw materials and food articles originating from Ukraine, restricted the freedom of transit of goods from Ukraine through the Russian Federation's territory. As a result, the revenue shortfall of the Ukrainian producers in 2016 should be between $800 million and $1.1 billion.

"We are requesting the Government of the United States to consider including Ferromanganese containing by weight more than 4 percent of carbon as an eligible article under GSP so that it can enter duty-free to the U.S. market under such program. The claimed product is currently eligible for duty-free treatment under GSP only for the least developed countries, designated in the HTSUS Column 1 (Special) by 'A+'.

"South Africa is the most important supplier of Ferromanganese containing by weight more than 4 percent of carbon with 64.2 % share of the US market (as of 2015), followed by Australia

[36] Embassy of Ukraine, summary of statement to USITC, March 3, 2016.

with 17.5%. South Africa has a preferential treatment through the African Growth and Opportunity Act. Australia has free trade agreement with the United States. Therefore, the inclusion of the Ferromanganese containing by weight more than 4 percent of carbon to the GSP for all beneficiary countries would give Ukraine among the most important suppliers of this product a strong opportunity to compete on the U.S. market on equal terms with other beneficiaries.

“Granting duty free entrance for Ukraine and other GSP eligible countries will carry out the GSP program objectives. Export volume coming from Ukraine and other beneficiary developing countries is relatively low (as of 2015, Ukraine exported to the US only $14.9 million of Ferromanganese containing by weight more than 4 percent of carbon). Allowing the GSP eligible countries to export to the U.S. will not have a significant effect on the U.S. market and other main suppliers. At the same time, our country and other beneficiary suppliers will receive benefits that will encourage economic growth and development. We also believe that American customers will be interested to receive benefits from additional competition among foreign suppliers of Ferromanganese containing by weight more than 4 percent of carbon.

“Export of ferromanganese is existentially critical for the Ukrainian enterprises producing it and very important for the economy. More than 7,500 employees are working in companies that produce ferromanganese. Indirectly, their contribution to the local, regional and national employment picture is substantial.

“A large part of Ukraine’s export of Ferromanganese containing by weight more than 4 percent of carbon, comes from Kramatorsk, city in Donetsk region, which was severely affected by Russian aggression. City of Kramatorsk is a new home for a large amount of internally displaced persons, who fled from the horrors of war. Working enterprises of the region are the source of survival for these people. That is why it is so important for us that U.S. market remains open for Ukraine’s industry.”

Opposition. Eramet Marietta Inc. (“Eramet”)[37] opposes the petition of the Ukrainian Association of Ferroalloys and other Electrometallurgical Products Manufacturers (“UkrFA”) to seek duty-free access to the U.S. market under the Generalized System of Preferences (“GSP”) for high-carbon ferromanganese (“HCFeMn”). Eramet also appeared at the USITC hearing and the following written comments were received in opposition to the petition:

“Eramet submits that, like other ferroalloys, HCFeMn is ‘import sensitive’ within the meaning of 19. U.S.C. § 2463(b)(1)(G) because the article is particularly susceptible to competition from imports. HCFeMn is a commodity product where there is head-to-head competition between all domestic and foreign sources of supply. Additionally, demand for HCFeMn is derivative of demand for U.S.-produced steel products, meaning that demand is relatively inelastic. Consequently, incremental volumes of HCFeMn put downward pressure on commodity prices and displace volumes that cannot compete at the lower price levels. Moreover, in assessing the anticipated impact of GSP benefits on U.S. producers of the like or directly competitive products under 19 U.S.C. § 2461(3), Eramet notes that market conditions for HCFeMn are depressed and Eramet is currently experiencing operating losses on its ferromanganese sales.

[37] Eramet Marietta Inc., written submission to the USITC, March 3, 2016.

HCFeMn prices are at all-time lows and U.S. steel production is at depressed levels. The result is that competition for ferromanganese sales is fierce – with suppliers aiming to undercut one another to win orders.

"The UkrFA has stated in its petition that upon the removal of the 1.5 percent duty, the UkrFA 'hopes to increase production level of Ukrainian factories and more actively participate in U.S. market in case of {sic} GSP benefits are granted.' UkrFA Petition at Question 5. This increase is over and above the already significant increase in shipments from Ukraine from 2013 to 2015, where imports surged by over 11,000%. If the UkrFA is successful, it is possible that the increased supply to the U.S. market would displace Eramet's volume in whole or in part. What is certain, though, is that the availability of additional supply will depress U.S. market prices for all producers.

"Given Eramet's current vulnerability, extending GSP benefits to Ukraine would disadvantage the competitiveness of the U.S. HCFeMn industry. While Eramet sympathizes with the difficult political and economic situation Ukraine and its ferromanganese producers find themselves, Eramet simply cannot support UkFra's petition in these market conditions."

No other statements were received by the Commission in support of or in opposition to the proposed modifications to the GSP considered for these HTS subheadings.

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Chapter 5
Addition: Certain Luggage Articles[38] (BDCs, LDBDCs, and AGOA Countries)

Table 5.1: Certain luggage articles

HTS subheading or statistical reporting number[a]	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4202.11.00[b]	Certain leather luggage articles and attaché cases	8	Yes
4202.11.0030[b]	Certain leather attaché cases and similar articles	8	Yes
4202.11.0090[b]	Certain leather luggage articles and similar articles	8	Yes
4202.12.2020[b]	Certain rigid plastic luggage articles and attaché cases	20	Yes
4202.12.2050[b]	Certain non-rigid plastic luggage articles and attaché cases	20	Yes
4202.12.40	Certain cotton luggage articles and attaché cases	6.3	Yes
4202.12.8030	Certain manmade fiber attaché cases and similar articles	17.6	Yes
4202.12.8070	Certain manmade fiber luggage articles and similar articles	17.6	Yes

[a] The Trade Preferences Extension Act of 2015 (Public Law 114-27) allows certain luggage and travel articles to be considered for designation for duty-free treatment under the GSP, including the certain luggage classified under the specific HTS subheadings and HTS statistical reporting numbers listed in the table above. These products were previously prohibited by law (19 USC 2463) from receiving GSP treatment.
[b] HTS subheadings and statistical reporting numbers 4202.11.00, 4202.11.0030, 4202.11.0090, 4202.12.2020, and 4202.12.2050 are currently eligible for duty-free treatment for beneficiary countries under AGOA.

Description and Uses

Certain luggage articles include trunks, suitcases (with or without wheels), vanity and make-up cases, hatboxes, and similar containers that are designed to provide protection, organization, and portability for clothing and personal effects during travel. Also included are attaché cases, briefcases, school satchels, messenger bags, portfolios, and similar articles designed for the storage, protection, organization, and portability of documents and other items usually carried to and from school or the office, as well as occupational luggage, such as briefcases specially designed and fitted for medical instruments. These luggage articles may be rigid or with a rigid foundation, or soft and without a foundation. The outer surface may be of leather or

[38] A number of entities filed petitions with the USTR requesting the addition of these HTS subheadings and statistical reporting numbers to the list of eligible articles for duty-free treatment under the provisions of the GSP (see list of petitioners in the Position of Interested Parties section of this chapter).

composition leather,[39] of plastic sheeting, or of cotton or manmade fiber textile materials. Other than specifying the material used for the outer surface, the tariff classifications make no distinction for style or quality of materials, and luggage articles of varying degrees of complexity, quality, craftsmanship, and price may all be classified under the same HTS subheading or reported under the same statistical reporting number.

Advice

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Profile of U.S. Industry and Market, 2011–15

The Commission estimates that less than 25 producers actively engage in the production of certain luggage articles in the United States (table 5.2). A handful of these American producers rely on Berry Amendment[40] contracts to make goods for the U.S. Department of Defense,[41] but also sell a small volume of comparable bags directly to consumers via the Internet.[42] Other U.S. producers design and make higher-end luxury items for a niche market of U.S. consumers who either wish to buy American-made products or who want a custom-made, high-quality, or artisan luggage article.[43] Company representatives of firms producing or importing goods in larger commercial quantities, on the other hand, state there is little to no U.S. production of

[39] "Composition leather" is made from recycled leather offcuts, trimmings, and shavings, which would normally be waste. "Wet blue" is used to describe leather (normally blue in color, hence the name) that comes straight from tanning and has had no other treatments. The fibers of offcuts and trimmings from wet blue waste leather are recycled and used to create more ecologically sound forms of leather such as composition leather. The process of making composition leather is considered eco-friendly, as it recycles waste leather that is normally sent to landfill and uses just water alone (rather than resins and glues) to bind the fibers together. The fibers are combined with a high-tensile textile core and sealed to maintain strength and durability. The composition leather or bonded leather may be dyed, embossed, polished, grained or stamped, suede finished by grinding with carborundum or emery, varnished or metalized. The resulting product gives a higher yield than genuine leather since it is cut from a uniform roll rather than from hides. It is different from imitation or faux leather which is made from materials such as plastics, rubber, paper and paperboard, or coated textile fabrics, rather than from natural leather off-cuts, trimmings or shavings. Composition Leather website, http://www.compositionleather.com (accessed February 15, 2016); WCO, Harmonized Tariff System (HTS) database (accessed February 15, 2016).

[40] According to the U.S. Department of Commerce, "the Berry Amendment is a statutory requirement that restricts the U.S. Department of Defense (DoD) from using funds appropriated or otherwise available to DoD for procurement of clothing, fabrics, fibers, yarns, and other made-up textiles that are not grown or produced in the United States. The Berry Amendment has been critical to the viability of the textile and clothing production base in the United States." USDOC, ITA, OTEXA: The Berry Amendment (accessed February 29, 2016).

[41] Industry representative, telephone interview by USITC staff, February 22, 2016; USITC hearing transcript, February 24, 2015, 151 (testimony of Steve Lamar, American Apparel and Footwear Association, AAFA).

[42] These producers' websites generally noted that goods are made in the USA, and also offered goods for sale direct to the consumer.

[43] Korchmar website, http://www.korchmar.com/index.php?level2=about (accessed March 1, 2016); Allen Edmonds website (customer of Korchmar), http://www.allenedmonds.com/accessories/bags-wallets-cases/bags-briefcases/ (accessed March 1, 2016).

certain luggage articles.[44] According to these industry sources, some tried to establish production facilities in the United States, and failed because of the lack of skilled labor, high wage rates, and scarce raw materials.[45]

The broader leather goods and luggage manufacturing[46] industry consists of roughly 4,400 businesses[47] in the United States. However, some of these firms, such as Coach Inc., do not manufacture in the United States, though they retain domestic design operations.[48] U.S. domestic shipments of other leather and allied products[49] totaled $1.4 billion in 2014. Most of the manufacturing in this sector has moved offshore to lower-cost foreign countries.[50] U.S. labor is relatively higher cost, and manufacturing in this sector is labor intensive. Producers remaining in the United States focus on higher-value niche products (i.e. those products for consumers with unique or customized requests, or desiring American-made products) for the North American market.[51] There is some increased demand for American-made products that increases the competitiveness of domestic suppliers.[52]

Although most types of certain luggage articles are not manufactured in the United States, many U.S.-based and foreign producers maintain corporate offices and employ management, design, sales, and distribution staff in the United States. Additionally, several companies use U.S.-based distribution centers to help fulfill orders for other markets in the Western Hemisphere, such as Canada or Latin American countries.[53] Firms that market these goods as high-quality investment pieces pride themselves in both brand recognition and their reputation for excellent customer service, and offer warranty, repair, or replacement services for their products.[54] These repair centers are also located in the United States.

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[44] Several witnesses from the U.S. travel goods industry testified that there is no major U.S. production. USITC, hearing transcript, February 24, 2015, 126, 129 (testimony of Angus McRae, Coach Inc.), 148–49 (testimony of David Wunderli, Ogio International), 150–51, (testimony of Steve Lamar, AAFA), 153–54, 156 (testimony of Rich Harper Outdoor Industry Association, OIA).

[45] USITC, hearing transcript, February 24, 2015, 130, 164 (testimony of Angus McRae, Coach Inc.), 199 (testimony of Daniel Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA), 199 (testimony of David Olave Sandler, Travis & Rosenberg, P.A. on behalf of Jaclyn, Inc.), 200 (testimony of Davin Wunderli, Ogio International).

[46] This industry grouping manufactures belts, hats, luggage, handbags, wallets, and various other leather and non-leather goods and accessories. The grouping is broader than the petition items covered by this chapter.

[47] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 3.

[48] Ibid., 6.

[49] This industry, classified under NAICS 31699, comprises establishments primarily engaged in manufacturing products made of leather or leather substitutes (e.g., fabric, plastics) such as wallets, pet collars, luggage, purses, cosmetic cases, watch bands, and other articles.

[50] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 4.

[51] Ibid., 4, 9.

[52] For example, brands such as American Apparel and Shinola have expanded U.S. leather goods operations in recent years. American Apparel website, http://store.americanapparel.net/l-epicier-leather-bag_rsalh530 (accessed March 2, 2016); Shinola website, http://www.shinola.com/our-story/about-shinola (accessed March 2, 2016); IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 8.

[53] Industry representatives, telephone interviews by USITC staff, February 18, February 22, February 23, and March 1, 2016; USITC, Hearing transcript, February 24, 2016, 129 (testimony of Angus McRae, Coach Inc.), 142 (testimony of David Wunderli, Ogio International), 151, 188 (testimony of Steve Lamar, AAFA).

[54] USITC, hearing transcript, February 24, 2016, 129, 164, 195–96 (testimony of Angus McRae, Coach Inc.), 161 (testimony of Nate Herman, AAFA); industry representatives, telephone interview by USITC staff, March 1, 2016, 2.

Certain luggage articles may be sold in a range of retail, mass merchandising, outlet, and department stores, via e-commerce websites, through wholesale outlets, and in niche specialty markets for artisan and "fair trade" merchandise. Some importers market luggage and attaché cases to schools, universities, sports tournaments, or corporate events and embellish the bags with logos or other custom messages, generally with embroidery done by employees in the United States.[55]

The estimated U.S. market for certain luggage articles exceeded $1 billion in 2015 (table 5.2), supplied in large part by imports. The United States is considered a major market for these goods. Other important markets are the EU and Japan.

Table 5.2: Certain luggage articles (HTS subheadings and statistical reporting numbers 4202.11.00, 4202.11.0030, 4202.11.0090, 4202.12.2020, 4202.12.2050, 4202.12.40, 4202.12.8030, and 4202.12.8070): U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(a)	(a)	(a)	(a)	(a)
Employment (1,000 employees) [b]	(c)	2.9	2.7	2.7	(c)
Shipments (1,000 $) [d]	(c)	307,189	286,807	280,800	290,000
Exports (1,000 $) [e]	96,693	93,699	105,150	91,522	92,827
Imports (1,000 $)	904,679	931,603	967,197	1,018,632	1,060,030
Consumption (1,000 $)	(c)	1,145,093	1,148,854	1,207,910	1,257,203
Import-to-consumption ratio (percent)	(c)	81	84	84	84
Capacity utilization (percent)	(c)	(c)	(c)	(c)	(c)

Source: Figures for U.S. imports compiled from USITC DataWeb/USDOC unless otherwise noted.
Note: The share of U.S. consumption accounted for by imports in this table and all GSP-import situation tables is a calculation of each referenced product as a share of consumption of all subject products.
[a] The Commission estimates that there are less than 25 domestic producers of the subject product.
[b] Employment data based on U.S. Census Bureau, Annual Survey of Manufactures (ASM), "2014 Statistics for Industry Groups and Industries," NAICS code 3169981, luggage (accessed March 4, 2016).
[c] Not available.
[d] Production data based on U.S. Census, ASM, "2014 Value of Product Shipments," NAICS code 3169981, luggage.
[e] Exports are a basket category and may contain non-subject products in addition to the subject HTS subheadings and statistical reporting numbers. Exports may also include some re-exports of foreign-produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada, and Latin American countries.

GSP/AGOA Import Situation, 2015

GSP

Overall U.S. imports of certain luggage articles from GSP-eligible countries in 2015 totaled $61.2 million, or 6 percent of total U.S. imports of these goods (table 5.3). Thailand, India, Brazil, and the Philippines were the leading GSP-eligible suppliers of these articles in 2015.

[55] Industry representatives, telephone interviews by USITC staff, February 18, 2016 and March 1, 2016, 2; USITC, hearing transcript, February 24, 2016, 142 (testimony of David Wunderli, Ogio International).

Table 5.3: Certain luggage articles (HTS subheading and statistical reporting numbers 4202.11.00, 4202.11.0030, 4202.11.0090, 4202.12.2020, 4202.12.2050, 4202.12.40, 4202.12.8030 and 4202.12.8070): U.S. imports and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	1,060,030	100	[a]	84
Imports from GSP-eligible countries:				
Total	61,216	6	100	5
Thailand	44,840	4	73	4
India	10,547	1	17	1
Brazil	2,613	[b]	4	[b]
Philippines	1,454	[b]	2	[b]
Imports from GSP-eligible LDBDCs				
Total	187	[b]	[b]	[b]
Imports from AGOA				
Total	188	[b]	[b]	[b]

[a] Not applicable.
[b] Less than 0.5 percent.

U.S. imports from Thailand totaled $44.8 million and accounted for 73 percent of U.S. imports from GSP-eligible countries in 2015. Up to 2005, Thailand was a major supplier of certain luggage articles to the U.S. market under the Multi-Fibre Arrangement quota system. Observers state that the Thai industry is well-positioned in terms of labor costs, workforce skills, and raw materials to recapture a larger share of global production. In general, Thai factories are small to midsized, ranging from 200 to 1,000 employees. Many U.S. buyers have established relationships with their vendors in Thailand and speak favorably of the quality, workmanship, and delivery terms for these goods. Some buyers noted they followed an established Chinese vendor when the Chinese firm decided to relocate to Thailand for cost-cutting purposes.[56]

Thailand was the United States' largest GSP-eligible supplier of certain rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2020) and certain manmade fiber attaché cases and similar articles (HTS statistical reporting number 4202.12.8030). It supplied 70 percent of U.S. imports from GSP-eligible countries of the first group of products, and 89 percent of those from the second group of products.

India was the second-largest GSP-eligible supplier of certain luggage articles to the U.S. market in 2015. These imports totaled $10.5 million and represented a 17 percent share of total U.S. imports of these goods from GSP-eligible countries. These goods are produced in India in small to midsized facilities with less than 1,000 employees. A number of buyers noted that India is particularly known for its specialization and expertise in leather goods.[57] India was the top GSP-eligible supplier of leather luggage articles and attaché cases (HTS subheading 4202.11.00) providing 68 percent of total GSP-eligible U.S. imports as well as certain cotton luggage articles and attaché cases (HTS subheading 4202.12.40), of which it provided 89 percent.

Brazil was the third-largest GSP-eligible supplier of certain luggage articles to the U.S. market in 2015. These imports were worth $2.6 million and represented a 4 percent share of U.S. imports

[56] Industry representatives, telephone interviews by USITC staff, February 22, February 23, and March 1, 2016.
[57] Industry representatives, telephone interviews by USITC staff, February 18, and February 23, 2016; USITC, hearing transcript, February 24, 2016, 131 (testimony of Angus McRae, Coach Inc.).

from GSP-eligible countries. Nearly all of the U.S. imports from Brazil were certain rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2020).[58] In 2015, the value of these articles from Brazil totaled $2.6 million, a very sharp increase from the $3,733 shipped to the United States in 2014.

The Philippines accounted for $1.5 million or 2 percent of total U.S. imports from GSP-eligible suppliers in 2015. Approximately 80 percent of that $1.5 million was certain leather luggage articles and attaché cases (HTS subheading 4202.11.00), valued at $1.2 million. A number of buyers and brands stated that producers in the Philippines make a good product and they expect to place more orders in the Philippines in the future. For some, expansion into the Philippines will include a considerable investment in training so that producers can make higher-quality goods and meet the desired delivery time frames.[59] As with Thailand, some buyers noted that they followed an established Chinese vendor when the Chinese firm decided to relocate to the Philippines to cut costs.[60] Factories in the Philippines are large, ranging from 5,000 to as many as 20,000 employees. As employees' skills and experience improve, the Philippines is expected to increase its production of travel goods generally, but perhaps more so in products other than luggage articles.

According to industry sources, a majority of GSP-eligible producers will continue to rely on both imported and locally sourced materials to make these GSP-eligible certain luggage articles. The GSP value content rule requires 35 percent of the value of the finished good to be added (either by materials or labor costs) in the GSP beneficiary country. Petitioners acknowledged that producers import most of their raw materials (e.g., sheets of leather[61] or plastic or textile materials) from China, South Korea, or Taiwan, and these materials would have to be cut to shape in addition to being assembled and finished in the GSP country of production in order to meet the GSP program rule.[62] Over time, buyers expect that increased investments in materials and trims production in the GSP-eligible countries will permit luggage producers to source more of the inputs locally. In some cases, the handwork is so labor intensive that the labor costs alone are enough to satisfy the GSP preference rule.[63]

[58] The German firm, Rimowa, assembles a line of its plastic luggage in Brazil. Rimowa website, http://www.rimowa.com/en-us/ (accessed March 3, 2016).
[59] Industry representatives, telephone interviews by USITC staff, February 18, February 23, and February 25, 2016; USITC, hearing transcript, February 24, 2016, 133–34 (testimony of Angus McRae, Coach Inc.), 145–47 (testimony of David Wunderli, Ogio International).
[60] Industry representatives, telephone interview by USITC staff, February 22, 2016.
[61] Although high-quality leather hides originate in the United States (Texas), the raw hides are tanned at facilities overseas (usually South Korea or Taiwan). Industry representatives state that the few tanning facilities in the United States are focused on specialized goods, such as military boots. USITC, hearing transcript, February 24, 2016, 164 (testimony of Angus McRae, Coach Inc.).
[62] A number of Customs and Border Protection (CBP) rulings, including HQ 560466, explain the concept of "double substantial transformation" by which the cost of imported fabric or leather may be counted as local content for the purposes of determining preferential treatment, provided the material is both cut to specific shapes and then assembled in an eligible country. The raw materials pass through an intermediary stage, becoming something different from the imported product, and by doing so the materials become a locally transformed input for the finished good. If the cutting occurs in a country other than the GSP country, then the costs of those materials may not be included in the calculation of value added for GSP eligibility. USCBP, Customs Ruling Online Search System (CROSS) database (accessed March 3, 2016).
[63] USITC, hearing transcript, February 24, 2016, 181–82 (testimony of Angus McRae, Coach Inc.).

LDBDCs

Imports of certain luggage articles from LDBDC suppliers in 2015 totaled just $187,252 (less than 1 percent of imports from GSP-eligible countries). Cambodia accounted for nearly one-half of that total, with U.S. imports of certain manmade fiber attaché cases and similar articles (HTS statistical reporting number 4202.12.8030). Industry representatives indicated a prospective interest in Cambodia, but noted that Cambodian producers are currently making simple products suited to lower price points of the market.[64]

Ethiopia accounted for one-third of the overall imports of these goods from LDBDCs. All of Ethiopia's shipments of certain luggage articles to the U.S. market in 2015 were of certain leather luggage articles and attaché cases (HTS subheading 4202.11.00). These goods already qualify for duty-free entry because Ethiopia is an AGOA beneficiary country.

AGOA

Overall imports from AGOA countries of these products totaled $187,681 (less than 1 percent of total imports from GSP-eligible countries). With the exception of certain leather luggage articles and attaché cases from Ethiopia (HTS subheading 4202.11.00),[65] U.S. imports from AGOA countries were low or negligible for most goods covered by this chapter. This is despite the fact that certain leather luggage articles and attaché cases (HTS subheading 4202.11.00) and certain rigid and non-rigid plastic luggage and attaché cases (HTS statistical reporting numbers 4202.12.2020 and 4202.12.2050) are already eligible for duty-free treatment under AGOA. Additionally, there are a number of AGOA folklore article agreements[66] in place that extend duty-free access to the U.S. market for qualifying textile articles, which could include certain luggage articles of textile materials if made in one of the designated AGOA beneficiary countries.[67] [68]

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[64] Industry representatives, telephone interviews by USITC staff, February 18, February 23, and February 25, 2016.

[65] U.S. imports from AGOA countries for certain leather luggage articles and attaché cases (HTS subheading 4202.11.00) were approximately $185,000 in 2015.

[66] Among AGOA's textile benefits is visa grouping 9, "folklore articles," which extends duty-free treatment for hand-loomed fabrics, hand-loomed articles, hand-made articles from hand-loomed fabrics, or specifically named garments or articles of indigenous significance, if a country-specific AGOA folklore agreement is negotiated and implemented by the U.S. Committee for the Implementation of Textile Agreements (CITA). Use of this AGOA visa category requires certification of the folklore article by the designated authority in the exporting AGOA country. Under an AGOA folklore article agreement, "articles may not include metal snaps or zip fasteners and must be ornamented in characteristic folk style. An article may not include modern features such as zippers, elastic, elasticized fabrics, or hook-and-pile fasteners (such as Velcro or similar holding fabric). An article may not incorporate patterns that are not traditional or historical, such as airplanes, buses, cowboys, or cartoon characters and may not incorporate designs referencing holidays or festivals not common to traditional culture in the exporting country, such as Halloween and Thanksgiving." USDOC, ITA, OTEXA, "AGOA" (accessed March 3, 2016).

[67] The following AGOA beneficiary countries are parties to an AGOA folklore article agreement with CITA: Benin, Botswana, Burkina Faso, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Nigeria, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, and Zambia. Mali and Niger also negotiated an AGOA folklore article agreement, but neither has reapplied for their AGOA visa arrangement (necessary in order to claim any textile benefits) since the reinstatement of their AGOA eligibility on October 25, 2011. USDOC, ITA, OTEXA, "AGOA" (accessed March 2, 2016).

Certain leather luggage articles and attaché cases

India was the largest GSP-eligible supplier of certain leather luggage articles and attaché cases. These goods are classified in HTS subheading 4202.11.00 and each of the statistical breakouts of that subheading, certain leather attaché cases and similar articles classified under 4202.11.0030, and certain leather luggage articles and similar articles under 4202.11.0090 (tables 5.4–5.6). In 2015, India shipped $6 million of these goods to the United States and accounted for nearly 70 percent of total imports from GSP-eligible countries for each of the three tariff classifications. For certain leather attaché cases and similar articles (HTS statistical reporting number 4202.11.0030), the Philippines shipped more than $1 million (20 percent of imports from GSP-eligible countries), and Thailand accounted for another 7 percent of the GSP total with goods valued at just $416,034. For certain leather luggage articles and similar articles (HTS statistical reporting number 4202.11.0090), the second-largest GSP-eligible supplier was Tunisia, with a 16 percent share of the GSP total and total shipments valued at $469,880. Turkey, Pakistan, and South Africa also shipped smaller amounts of such leather goods to the United States in 2015.

U.S. imports from LDBDC suppliers of certain leather articles and attaché cases (HTS subheading 4202.11.00) in 2015 totaled $96,907 (just 1 percent of the GSP-eligible total). Ethiopia, both a LDBDC and an AGOA beneficiary country, accounted for 88 percent of that amount ($85,179).

Table 5.4: Certain leather luggage articles and attaché cases (HTS subheading 4202.11.00): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	111,333	100	(a)	9
Imports from GSP-eligible countries:				
Total	8,869	8	100	1
India	6,034	5	68	(b)
Philippines	1,201	1	14	(b)
Thailand	475	(b)	5	(b)
Imports from GSP-eligible LDBDCs				
Total	97	(b)	1	(b)
Imports from AGOA countries				
Total	185	(b)	2	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

[68] Global Mamas of Ghana manufactures custom luggage, handbags, pocket goods, and travel bags and totes from hand-batiked cotton fabric. However, these goods do not qualify for preferential treatment under the AGOA folklore article provision because the plain weave fabric is imported from China, not handmade in sub-Saharan Africa, and the finished goods frequently incorporate modern features. Therefore, Global Mamas bags are not considered traditional folklore articles. USITC, hearing transcript, February 24, 2016, 179–80 (testimony of Jan Forest, J. Forest Consulting, on behalf of Global Mamas).

Table 5.5: Certain leather attaché cases and similar articles (HTS statistical reporting number 4202.11.0030): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	89,707	100	[a]	7
Imports from GSP-eligible countries:				
Total	5,863	7	100	[b]
India	3,964	4	68	[b]
Philippines	1,201	1	20	[b]
Thailand	416	[b]	7	[b]
Imports from GSP-eligible LDBDCs				
Total	42	[b]	[b]	[b]
Imports from AGOA countries				
Total	59	[b]	1	[b]

[a] Not applicable.
[b] Less than 0.5 percent.

Table 5.6: Certain leather luggage articles and similar articles (HTS statistical reporting number 4202.11.0090): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	21,626	100	[a]	2
Imports from GSP-eligible countries:				
Total	3,006	14	100	[b]
India	2,070	10	69	[b]
Tunisia	470	2	16	[b]
Turkey	128	1	4	
Imports from GSP-eligible LDBDCs				
Total	55	[b]	2	[b]
Imports from AGOA countries				
Total	125	[b]	4	[b]

[a] Not applicable.
[b] Less than 0.5 percent.

Certain rigid and non-rigid plastic luggage and attaché cases

Thailand was the United States' largest GSP-eligible supplier of certain rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2020) (table 5.7). Shipments of these goods from Thailand totaled $12.1 million in value and accounted for 70 percent of such imports from GSP-eligible countries. The second-largest GSP-eligible supplier of these goods to the United States was India, with shipments worth $2.6 million and representing 15 percent of the GSP total. For certain non-rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2050), the Philippines was the top GSP-eligible supplier to the United States (table 5.8). With goods valued at just $114,539, imports from the Philippines accounted for 87 percent of the total U.S. imports from GSP-eligible countries.

Nepal accounted for all ($406) of the LDBDC shipments of certain non-rigid plastic luggage articles and attaché cases under HTS statistical reporting number 4202.12.2050.

Table 5.7: Certain rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2020): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	253,919	100	(a)	20
Imports from GSP-eligible countries:				
Total	17,341	7	100	(b)
Thailand	12,121	5	70	(b)
India	2,642	1	15	(b)
Brazil	2,575	1	15	(b)
Imports from GSP-eligible LDBDCs				
Total	0	(a)	(a)	(a)
Imports from AGOA countries				
Total	277	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

Table 5.8: Certain non-rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2050): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	32,289	100	(a)	3
Imports from GSP-eligible countries:				
Total	132	(b)	100	(b)
Philippines	115	(b)	87	(b)
India	16	(b)	12	(b)
Imports from GSP-eligible LDBDCs				
Total	0	(b)	(b)	(b)
Imports from AGOA countries				
Total	0	(a)	(a)	(a)

[a] Not applicable.
[b] Less than 0.5 percent.

Certain cotton luggage articles and attaché cases

For certain cotton luggage articles and attaché cases (HTS subheading 4202.12.40), India was the United States' leading GSP-eligible supplier in 2015; these imports were worth $1.4 million and accounted for 89 percent of U.S. imports from GSP countries (table 5.9). Several other countries shipped small quantities of these goods to the United States, including Indonesia ($89,369), Thailand ($43,646), Turkey ($16,050), and South Africa ($2,052). Nepal accounted for more than 94 percent of the LDBDC total of $13,163 for these goods.

Table 5.9: Certain cotton luggage articles and attaché cases (HTS subheading 4202.12.40): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	20,211	100	[a]	2
Imports from GSP-eligible countries:				
Total	1,548	8	100	[b]
India	1,382	7	89	[b]
Indonesia	89	[b]	6	[b]
Thailand	44	[b]	3	[b]
Imports from GSP-eligible LDBDCs				
Total	13	[b]	[b]	[b]
Imports from AGOA countries				
Total	3	[b]	[b]	[b]

[a] Not applicable.
[b] Less than 0.5 percent.

Certain manmade fiber luggage articles, attaché cases and similar articles

Thailand provided over 90 percent of U.S. imports from GSP-eligible countries of certain manmade fiber luggage articles, attaché cases, and similar articles (HTS statistical reporting numbers 4202.12.8030 and 4202.12.8070) (tables 5.10 and 5.11). U.S. imports of manmade fiber attaché cases and similar articles from Thailand were valued at $5.8 million in 2015, or 89 percent of the GSP total. U.S. imports of manmade fiber luggage articles and similar articles from Thailand were valued at $26.4 million, or 98 percent of the GSP total. Cambodia was the sole LDBDC souce of U.S. imports of manmade fiber attaché cases and similar articles (HTS statistical reporting number 4202.12.8030). These imports were valued at $76,776 in 2015.

Table 5.10: Certain manmade fiber attaché cases and similar articles (HTS statistical reporting number 4202.12.8030): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	159,279	100	[a]	13
Imports from GSP-eligible countries:				
Total	6,501	4	100	1
Thailand	5,815	4	89	[b]
India	465	[b]	7	[b]
Imports from GSP-eligible LDBDCs				
Total	77	[b]	[b]	[b]
Imports from AGOA countries				
Total	0	[a]	[a]	[a]

[a] Not applicable.
[b] Less than 0.5 percent.

Table 5.11: Certain manmade fiber luggage articles and similar articles (HTS statistical reporting number 4202.12.8070): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	482,998	100	(a)	38
Imports from GSP-eligible countries:				
Total	26,825	6	100	2
Thailand	26,386	5	98	2
Moldova	201	b	1	(b)
Imports from GSP-eligible LDBDCs				
Total	0	(a)	(a)	(a)
Imports from AGOA countries				
Total	0	(a)	(a)	(a)

[a] Not applicable.
[b] Less than 0.5 percent.

U.S. Imports and Exports

China was the primary supplier of certain luggage articles in each HTS subheading and statistical reporting number in 2015, accounting for 80 percent of total U.S. imports. China's share of the overall import market varied by tariff classification and ranged from 45 percent for the leather luggage articles, to 75 percent for plastic luggage articles, to 80 percent for cotton luggage articles, and roughly 90 percent for manmade fiber luggage articles.

China has certain advantages in the production of these products, such as economies of scale, lower cost labor and materials, skilled workers, supportive infrastructure, and developed transportation services. However, a number of U.S. buyers, retailers, and importers expressed concerns about depending on a single supplier country and the associated exposure to risk this entails for their business. Most U.S. buyers, retailers, and importers stated they are interested in or exploring options to diversify their sourcing for certain luggage articles beyond China.[69]

Vietnam emerged as an important source for certain luggage articles between 2011 and 2015. Some industry representatives attribute the increase in shipments from Vietnam to the anticipated approval and implementation of the Trans-Pacific Partnership (TPP) agreement.[70] Others point out that for markets other than the United States (Europe and most Asian countries), goods from Vietnam are already duty-free.[71] Many brands and retailers produce goods in the Vietnamese factories and ship to all markets worldwide. U.S. buyers consider goods made in Vietnam to be comparable in quality and delivery speed to those obtained from established vendors in China, for a lower cost. A number of companies note they followed an

[69] USITC, hearing transcript, February 24, 2016, 123–25 (testimony of Bob Chestov, Jaclyn Inc.), 134 (testimony of Angus McRae, Coach Inc.), 144–45 (testimony of David Wunderli, Ogio International), 150 (testimony of Steve Lamar, AAFA), 156 (testimony of Rich Harper, OIA), 185–86, 190 (testimony of Daniel Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA), 205 (testimony of David Olave, Sandler, Travis & Rosenberg, P.A. on behalf of Jaclyn Inc.).
[70] USITC, hearing transcript, February 24, 2016, 169–70 (testimony of Daniel Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA).
[71] USITC, hearing transcript, February 24, 2016, 170 (testimony of Angus McRae, Coach Inc.).

established Chinese vendor when the Chinese firm relocated to Vietnam.[72] The factories in Vietnam are large and comparable in size to those in China.

Tables 5.12-5.20 detail the U.S. import situation during 2011–15 for each of the subject HTS subheadings and statistical reporting numbers for certain luggage articles.

Table 5.12: Certain luggage articles (HTS subheadings and statistical reporting numbers 4202.11.00, 4202.11.0030, 4202.11.0090, 4202.12.2020, 4202.12.2050, 4202.12.40, 4202.12.8030, and 4202.12.8070): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	753,475,101	762,987,401	783,789,532	823,824,895	851,067,124
Vietnam	20,546,873	22,425,209	24,028,363	31,448,324	45,732,774
Thailand	26,710,614	30,632,257	35,619,943	40,526,365	44,840,131
Canada[a]	25,900,060	26,586,811	26,107,269	29,103,968	29,864,418
France	26,066,105	24,929,329	21,908,212	20,640,577	23,776,516
Italy	15,966,606	21,535,602	21,356,059	22,712,630	19,605,467
India	7,205,093	7,840,265	7,504,368	8,809,566	10,547,700
Hong Kong	3,304,720	3,333,311	4,698,408	3,677,128	5,186,366
Hungary	3,299,236	2,020,596	4,247,101	3,937,085	3,772,470
Mexico[a]	2,863,932	4,412,856	6,468,696	9,400,482	3,621,590
All other	19,340,423	24,899,335	31,468,817	24,551,026	22,015,110
Total	904,678,763	931,602,972	967,196,768	1,018,632,046	1,060,029,666
Imports from GSP-eligible countries:					
Thailand	26,710,614	30,632,257	35,619,943	40,526,365	44,840,131
India	7,205,093	7,840,265	7,504,368	8,809,566	10,547,700
Brazil	23,046	11,897	21,365	23,962	2,613,289
Philippines	1,898,448	1,524,522	3,658,174	1,780,939	1,454,397
Tunisia	608,208	377,288	377,149	425,631	528,755
Turkey	223,225	135,435	238,100	320,389	272,335
Moldova	2,199	42,423	4,123	158,336	210,905
Indonesia	1,056,958	3,011,284	1,585,742	403,748	189,173
Pakistan	127,893	156,820	203,433	340,632	154,741
Ethiopia[bc]	0	0	1,820	71,473	85,179
All other	2,032,815	2,107,196	591,421	158,491	319,461
Total	39,888,499	45,839,387	49,805,638	53,019,532	61,216,066
Imports from other country groups:					
GSP-LDBDCs	110,432	347,246	359,459	117,498	187,252
AGOA countries	37,200	52,645	86,823	116,011	187,681

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.
[c] AGOA country.

[72] Industry representatives, telephone interviews by USITC staff, February 22, and March 1, 2016.

Table 5.13: Certain leather luggage articles and attaché cases (HTS subheading 4202.11.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	50,616,193	63,930,403	60,078,557	61,238,758	50,108,881
Vietnam	695,024	2,565,065	5,006,566	10,261,091	16,876,182
Italy	11,215,393	15,202,155	15,714,162	16,961,954	15,229,646
France	13,000,303	14,169,653	12,088,398	10,230,630	9,044,877
India	4,737,844	5,178,704	5,192,602	5,769,370	6,033,708
Mexico[a]	2,638,489	4,306,631	6,177,344	9,037,292	2,931,651
Spain	432,775	972,787	1,795,373	1,745,807	1,949,896
Colombia[ad]	1,570,469	1,540,481	2,000,898	1,850,255	1,486,584
United Kingdom	1,459,185	1,710,016	1,583,979	1,502,776	1,419,501
Philippines	11,664	50,182	25,594	658,168	1,201,406
All other	4,065,904	4,441,029	3,562,114	5,123,631	5,050,807
Total	90,443,243	114,067,106	113,225,587	124,379,732	111,333,139
Imports from GSP-eligible countries:					
India	4,737,844	5,178,704	5,192,602	5,769,370	6,033,708
Philippines	11,664	50,182	25,594	658,168	1,201,406
Thailand	398,199	507,909	276,965	349,973	474,719
Tunisia	608,208	377,288	377,149	406,785	472,165
Turkey	192,817	122,830	192,761	287,377	220,051
Pakistan	120,475	146,560	199,636	172,132	132,655
Ethiopia[bc]	0	0	1,820	71,473	85,179
South Africa[c]	19,492	2,708	5,863	6,178	80,159
Paraguay	116,402	66,809	74,942	51,826	58,957
Indonesia	166,756	360,669	138,397	19,679	17,822
All other	1,701,457	1,654,215	56,237	92,144	92,053
Total	8,073,314	8,467,874	6,541,966	7,885,105	8,868,874
Imports from other country groups:					
GSP-LDBDCs	38,811	685	3,365	96,764	96,907
AGOA countries	34,328	33,667	22,668	111,429	184,628

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

[a] FTA partner.

[b] LDBDC.

[c] AGOA country.

[d] On May 14, 2012, Colombia was removed from eligibility for the GSP as a result of the implementation of the United States-Colombia Trade Promotion Agreement (Presidential Proclamation 8818, May 14, 2012).

Table 5.14: Certain leather attaché cases and similar articles (HTS statistical reporting number 4202.11.0030): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	42,903,058	56,927,938	53,236,217	53,969,559	40,731,407
Vietnam	648,387	2,548,454	4,991,654	9,907,348	16,448,537
Italy	7,657,130	11,238,432	11,812,831	13,209,469	12,462,341
France	7,554,714	11,694,063	9,096,774	8,169,807	6,907,246
India	3,714,031	4,392,480	4,480,887	4,262,259	3,963,922
Spain	145,168	210,820	1,312,630	1,510,430	1,828,069
Mexico[a]	117,977	249,353	476,584	1,048,724	1,468,770
Colombia[ad]	1,500,212	1,496,924	1,800,437	1,651,289	1,403,322
Philippines	7,042	48,331	23,103	656,473	1,200,782
United Kingdom	937,353	1,273,861	1,098,973	1,067,305	837,502
All other	1,782,967	2,134,663	1,583,682	2,971,956	2,455,241
Total	66,968,039	92,215,319	89,913,772	98,424,619	89,707,139
Imports from GSP-eligible countries:					
India	3,714,031	4,392,480	4,480,887	4,262,259	3,963,922
Philippines	7,042	48,331	23,103	656,473	1,200,782
Thailand	261,725	407,935	220,364	306,553	416,034
Turkey	86,128	57,900	115,280	227,669	91,647
Ethiopia[bc]	0	0	1,820	68,335	42,000
Paraguay	99,234	47,886	73,339	43,443	40,600
Pakistan	9,446	810	22,313	29,943	36,909
Bosnia	0	0	0	0	15,165
South Africa[c]	19,136	0	4,118	5,449	9,597
Indonesia	159,539	347,926	33,809	0	8,852
All other	1,534,763	1,533,113	25,751	70,856	37,354
Total	5,891,044	6,836,381	5,000,784	5,670,980	5,862,862
Imports from other country groups:					
GSP-LDBDCs	13,011	0	2,735	90,516	42,000
AGOA countries	19,496	5,398	14,772	103,919	59,168

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.
[c] AGOA country.
[d] On May 14, 2012, Colombia was removed from eligibility for the GSP as a result of the implementation of the United States-Colombia Trade Promotion Agreement (Presidential Proclamation 8818, May 14, 2012).

Table 5.15: Certain leather luggage articles and similar articles (HTS statistical reporting number 4202.11.0090): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	7,713,135	7,002,465	6,842,340	7,269,199	9,377,474
Italy	3,558,263	3,963,723	3,901,331	3,752,485	2,767,305
France	5,445,589	2,475,590	2,991,624	2,060,823	2,137,631
India	1,023,813	786,224	711,715	1,507,111	2,069,786
Mexico[a]	2,520,512	4,057,278	5,700,760	7,988,568	1,462,881
Canada[a]	361,955	328,079	312,383	484,200	624,134
United Kingdom	521,832	436,155	485,006	435,471	581,999
Tunisia	608,208	372,394	373,829	402,820	469,880
Vietnam	46,637	16,611	14,912	353,743	427,645
South Korea[a]	97,242	29,186	79,942	235,817	387,011
All other	1,578,018	2,384,082	1,897,973	1,464,876	1,320,254
Total	23,475,204	21,851,787	23,311,815	25,955,113	21,626,000
Imports from GSP-eligible countries:					
India	1,023,813	786,224	711,715	1,507,111	2,069,786
Tunisia	608,208	372,394	373,829	402,820	469,880
Turkey	106,689	64,930	77,481	59,708	128,404
Pakistan	111,029	145,750	177,323	142,189	95,746
South Africa[c]	356	2,708	1,745	729	70,562
Thailand	136,474	99,974	56,601	43,420	58,685
Ethiopia[bc]	0	0	0	3,138	43,179
Paraguay	17,168	18,923	1,603	8,383	18,357
Lebanon	0	0	0	0	15,665
Tanzania[bc]	0	0	0	0	10,422
All other	178,533	140,590	140,885	46,627	25,326
Total	2,182,270	1,631,493	1,541,182	2,214,125	3,006,012
Imports from other country groups:					
GSP-LDBDCs	25,800	685	630	6,248	54,907
AGOA countries	14,832	28,269	7,896	7,510	125,460

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDCs.
[c] AGOA country.

Table 5.16: Certain rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2020): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	66,630,546	87,173,501	128,098,787	143,430,738	187,050,965
Canada[a]	25,025,542	25,639,925	25,230,980	26,489,421	27,673,251
Thailand	0	1,897,828	5,794,229	6,706,021	12,120,794
France	1,490,797	2,063,730	4,843,396	4,242,419	8,669,977
Hungary	3,149,354	1,984,120	4,227,500	3,847,030	3,696,428
India	1,012,054	1,215,731	1,133,248	1,220,827	2,641,717
Brazil	4,226	0	0	3,733	2,574,530
Hong Kong	598,726	935,230	1,434,050	1,257,012	1,827,753
Germany	1,943,206	1,951,460	2,466,294	2,050,971	1,789,542
Italy	738,627	1,060,231	1,194,548	1,723,713	1,580,169
All other	4,938,073	6,406,286	11,271,793	7,603,562	4,293,612
Total	105,531,151	130,328,042	185,694,825	198,575,447	253,918,738
Imports from GSP-eligible countries:					
Thailand	0	1,897,828	5,794,229	6,706,021	12,120,794
India	1,012,054	1,215,731	1,133,248	1,220,827	2,641,717
Brazil	4,226	0	0	3,733	2,574,530
Philippines	0	0	0	700	3,342
Indonesia	92,536	63,778	291,302	19,020	766
Cameroon[b]	0	800	0	0	277
Uruguay	0	0	16,120	0	0
South Africa[b]	0	12,532	0	0	0
Tunisia	0	0	0	13,569	0
Bangladesh	0	0	2,490	0	0
All other	76,946	0	0	0	0
Total	1,185,762	3,190,669	7,237,389	7,963,870	17,341,426
Imports from other country groups:					
GSP-LDBDCs	0	0	2,490	0	0
AGOA countries	0	13,332	0	0	277

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.

Table 5.17: Certain non-rigid plastic luggage articles and attaché cases (HTS statistical reporting number 4202.12.2050): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	18,590,938	18,955,052	20,499,041	20,720,419	23,455,536
France	9,674,525	6,950,493	3,510,841	5,048,821	5,220,410
Vietnam	571,763	781,203	1,939,463	1,791,131	2,302,748
Italy	522,923	445,151	992,971	886,287	417,198
Taiwan	6,675	42,389	90,534	72,865	150,772
United Kingdom	58,511	109,548	79,238	40,919	140,797
Germany	91,923	44,263	103,715	43,610	131,623
South Korea[a]	0	1,600	2,196	90,445	130,232
Philippines	52,763	13,794	1,961	26,774	114,539
Netherlands	8,565	6,400	12,674	68,228	72,899
All other	64,709	126,334	184,606	338,285	152,559
Total	29,643,295	27,476,227	27,417,240	29,127,784	32,289,313
Imports from GSP-eligible countries:					
Philippines	52,763	13,794	1,961	26,774	114,539
India	0	400	0	2,846	16,140
Egypt	0	0	0	0	873
Nepal[b]	0	0	0	338	406
Turkey	0	0	0	1,970	0
South Africa[c]	726	0	1,618	322	0
Venezuela	0	0	0	500	0
Mauritius[c]	0	0	0	4,260	0
Ukraine	1,164	608	1,176	0	0
Colombia[d]	542	0	0	0	0
All other	338	2,127	69,325	22,125	0
Total	55,533	16,929	74,080	59,135	131,958
Imports from other country groups:					
GSP-LDBDCs	0	0	66,000	338	406
AGOA countries	726	0	1,618	4,582	0

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.
[c] AGOA country.
[d] On May 14, 2012, Colombia was removed from eligibility for the GSP as a result of the implementation of the United States-Colombia Trade Promotion Agreement (Presidential Proclamation 8818, May 14, 2012).

Table 5.18: Certain cotton luggage articles and attaché cases (HTS subheading 4202.12.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	37,419,113	33,698,657	30,102,392	19,738,562	16,625,257
India	1,383,247	1,374,388	1,114,127	1,341,089	1,382,154
France	1,303,402	744,909	1,232,539	999,100	791,125
Vietnam	506,583	1,046,293	1,599,174	523,403	426,551
Italy	365,437	124,189	138,898	134,137	204,372
Mexico[a]	19,883	33,696	47,203	37,888	155,956
Hong Kong	43,231	80,253	391,424	620,971	101,148
Indonesia	66,397	309,746	768,460	172,154	89,684
Japan	37,190	10,837	2,197	9,052	69,302
Bangladesh[e]	0	0	99,677	183,273	58,073
All other	408,240	706,045	437,205	342,420	307,294
Total	41,552,723	38,129,013	35,933,296	24,102,049	20,210,916
Imports from GSP-eligible countries:					
India	1,383,247	1,374,388	1,114,127	1,341,089	1,382,154
Indonesia	66,397	309,746	768,460	172,154	89,684
Thailand	3,841	14,201	109,796	5,018	43,646
Turkey	13,579	4,021	38,084	22,147	16,050
Nepal[b]	2,279	4,545	6,909	11,030	12,439
South Africa[c]	0	1,482	8,769	0	2,052
Pakistan	958	518	0	2,322	1,500
Mali[bc]	0	783	0	0	724
Argentina[d]	0	771	0	0	0
Kenya[c]	914	0	0	0	0
All other	13,410	30,127	102,912	949	0
Total	1,484,625	1,740,582	2,149,057	1,554,709	1,548,249
Imports from other country groups:					
GSP-LDBDCs	5,062	12,711	107,741	11,377	13,163
AGOA countries	1,803	4,900	10,849	0	2,776

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDCs.
[c] AGOA country.
[d] On March 26, 2012, President Obama issued Presidential Proclamation 8788 (77 Fed. Reg. 18899 (March 29, 2012)) suspending Argentina's GSP eligibility. Imports from Argentina lost GSP eligibility if entered or withdrawn from warehouse for consumption on or after May 28, 2012.
[e] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

Table 5.19: Certain manmade fiber attaché cases (HTS statistical reporting number 4202.12.8030): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	189,520,007	158,764,590	137,836,848	132,276,969	133,485,912
Vietnam	4,630,255	4,952,588	6,368,487	8,087,426	13,988,274
Thailand	4,789,859	5,411,629	6,676,709	5,608,663	5,814,696
Italy	1,500,400	2,632,310	1,902,827	1,722,770	1,394,617
Canada[a]	376,087	415,635	406,123	1,848,208	1,357,302
Hong Kong	988,851	1,005,064	836,934	495,640	736,439
Mexico[a]	41,026	57,811	61,015	277,893	478,864
India	67,498	45,387	47,329	472,757	465,449
South Korea[a]	4,174	21,080	26,030	517,787	299,688
Taiwan	568,041	789,656	1,124,391	291,843	272,736
All other	3,979,423	6,187,775	5,597,637	2,430,240	985,350
Total	206,465,621	180,283,525	160,884,330	154,030,196	159,279,327
Imports from GSP-eligible countries:					
Thailand	4,789,859	5,411,629	6,676,709	5,608,663	5,814,696
India	67,498	45,387	47,329	472,757	465,449
Cambodia[b]	0	242,477	94,724	7,751	76,776
Indonesia	654,744	2,191,656	386,066	192,585	42,522
Brazil	6,234	0	3,130	0	35,918
Philippines	1,655,310	1,240,137	3,517,811	993,001	30,829
Turkey	0	2,948	5,090	3,831	28,315
Pakistan	6,460	9,172	1,743	14,879	5,674
Venezuela	0	2,642	0	0	597
Nepal[b]	0	0	4,320	0	0
All other	95,421	90,919	161,607	1,377	0
Total	7,275,526	9,236,967	10,898,529	7,294,844	6,500,776
Imports from other country groups:					
GSP-LDBDCs	63,225	323,396	179,296	7,751	76,776
AGOA countries	343	0	51,396	0	0

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.

Table 5.20: Certain manmade fiber luggage articles and similar articles (HTS statistical reporting number 4202.12.8070): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	390,698,304	400,465,198	407,173,907	446,419,449	440,340,573
Thailand	21,518,715	22,798,563	22,762,244	27,856,690	26,386,276
Vietnam	13,908,237	12,824,987	8,708,364	10,685,412	11,858,421
Hong Kong	1,311,989	760,530	1,736,156	822,396	2,089,486
Italy	1,623,826	2,071,566	1,412,653	1,283,769	779,465
Taiwan	727,538	1,322,943	1,546,036	424,208	302,445
United Kingdom	22,369	15,487	9,396	16,175	229,136
Moldova	0	30,199	1,441	138,515	201,481
Germany	14,246	17,716	32,087	314,514	183,538
Bangladesh[a]	0	10,454	0	0	107,332
All other	1,217,506	1,001,416	659,206	455,710	520,080
Total	431,042,730	441,319,059	444,041,490	488,416,838	482,998,233
Imports from GSP-eligible countries:					
Thailand	21,518,715	22,798,563	22,762,244	27,856,690	26,386,276
Moldova	0	30,199	1,441	138,515	201,481
Philippines	178,711	220,409	112,808	102,296	104,281
Tunisia	0	0	0	0	56,590
Indonesia	76,525	85,435	1,517	310	38,379
Pakistan	0	570	2,054	151,299	14,912
India	4,450	25,655	17,062	2,677	8,532
Turkey	16,829	5,636	2,165	5,064	7,919
Sri Lanka	11,101	1,069	1,875	3,750	3,400
Venezuela	350	0	851	0	1,867
All other	7,058	18,830	2,600	1,268	1,146
Total	21,813,739	23,186,366	22,904,617	28,261,869	26,824,783
Imports from other country groups:					
GSP-LDBDCs	3,334	10,454	567	1,268	0
AGOA countries	0	746	292	0	0

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

U.S. export statistics for certain luggage articles and attaché cases (table 5.21) are divided into two categories based on whether the outer surface is made of 1.) leather (Schedule B 4202.11.0000) (table 5.22), or 2.) plastic sheeting or textile materials (Schedule B 4202.12.0000) (5.23). Re-exports from U.S. distribution centers to other markets accounted for a portion of the export figures tabulated below.[73]

[73] USITC hearing transcript, February 24, 2016, 162–63 (testimony of David Wunderli, Ogio International), 163 (testimony of Angus McRae, Coach Inc.); industry representatives, telephone interview by USITC staff, February 23, 2016; industry representatives, telephone interview by USITC staff, March 1, 2016.

Table 5.21: Certain luggage articles and attaché cases (Schedule B 4202.11.0000 and 4202.12.0000): U.S. exports of domestic merchandise by market, 2011–15 ($)

Country	2011	2012	2013	2014	2015
Canada	19,477,503	20,520,549	21,410,365	25,012,548	22,916,512
Netherlands	10,796,420	10,455,642	11,711,711	14,108,030	14,391,144
Japan	11,098,463	16,714,754	10,303,647	8,708,418	8,911,483
Mexico	9,798,248	5,257,494	8,400,741	5,241,023	5,854,117
South Korea	2,820,644	1,134,963	3,197,561	3,774,616	5,016,929
China	3,137,876	3,292,082	3,881,313	4,207,275	4,830,738
Germany	7,390,278	8,171,455	7,894,550	3,697,280	4,431,875
Australia	4,542,209	4,438,249	2,819,653	3,723,271	3,937,531
Hong Kong	2,163,804	1,109,124	1,206,743	1,744,972	2,620,237
United Kingdom	5,208,423	2,796,117	2,805,186	2,621,884	2,273,050
All other	20,259,207	19,808,150	31,518,120	18,683,178	17,642,920
Total	96,693,075	93,698,579	105,149,590	91,522,495	92,826,536

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

U.S. exports of certain luggage articles and attaché cases with an outer surface of leather (Schedule B 4202.11.0000) totaled $12.5 million in 2015 (table 5.22). Exports increased by 23 percent during 2011–15. The top destination markets in 2015 were Canada (30 percent), South Korea (16 percent), Hong Kong (11 percent), and Japan (10 percent).

Table 5.22: Certain luggage articles and attaché cases with an outer surface of leather (Schedule B 4202.11.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	2,915,636	3,432,304	3,661,185	3,163,293	3,733,629
South Korea	312,630	297,595	1,389,509	1,444,499	2,040,143
Hong Kong	680,236	435,591	329,959	233,353	1,415,804
Japan	1,429,361	5,633,843	1,918,657	3,256,191	1,251,212
United Kingdom	398,666	616,424	328,645	692,310	601,380
Italy	108,800	173,910	19,290	77,274	504,411
China	174,660	309,062	511,604	667,804	433,097
Germany	750,548	1,212,428	1,135,999	741,944	408,081
Australia	131,430	332,986	162,744	328,826	327,848
Belgium	57,709	41,418	69,023	46,698	197,979
All other	3,188,278	2,778,974	3,311,767	2,093,567	1,591,896
Total	10,147,954	15,264,535	12,838,382	12,745,759	12,505,480

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

U.S. exports of certain luggage and attaché cases, with outer surface of plastic sheeting or textile materials (Schedule B 4202.12.0000), totaled $80.3 million in 2015 (table 5.23). U.S. exports of these goods declined by 7 percent from 2011 to 2015. The main markets in 2015 were Canada (24 percent) and the Netherlands (18 percent).

Table 5.23: Luggage and attaché cases with an outer surface of plastic sheeting or textile materials (Schedule B 4202.12.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	16,561,867	17,088,245	17,749,180	21,849,255	19,182,883
Netherlands	10,382,636	10,193,355	11,370,668	13,924,048	14,274,562
Japan	9,669,102	11,080,911	8,384,990	5,452,227	7,660,271
Mexico	9,455,078	5,145,398	8,271,438	5,130,543	5,737,813
China	2,963,216	2,983,020	3,369,709	3,539,471	4,397,641
Germany	6,639,730	6,959,027	6,758,551	2,955,336	4,023,794
Australia	4,410,779	4,105,263	2,656,909	3,394,445	3,609,683
South Korea	2,508,014	837,368	1,808,052	2,330,117	2,976,786
Belgium	373,043	975,533	549,557	241,872	1,747,072
United Kingdom	4,809,757	2,179,693	2,476,541	1,929,574	1,671,670
All other	18,771,899	16,886,231	28,915,613	18,029,848	15,038,881
Total	86,545,121	78,434,044	92,311,208	78,776,736	80,321,056

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

Positions of Interested Parties

Petitioners. Petitioners for the addition of certain luggage articles to the list of items eligible for duty-free treatment under the provisions of the GSP are presented in table 5.24:

Table 5.24: Petitioners for certain luggage articles

HTS subheading or statistical reporting number	Petitioner(s)
4202.11.00	Council for Leather Exports, Garment Manufacturers Association in Cambodia (GMAC), Government of the Philippines, Luggage Coalition, Royal Thai Government, Tumi Holdings, TWT Manufacturing
4202.11.0030	Council for Leather Exports, GMAC, Government of the Philippines, Luggage Coalition
4202.11.0090	Council for Leather Exports, GMAC, Government of the Philippines, Luggage Coalition
4202.12.2020	GMAC, Government of the Philippines, Jaclyn, Luggage Coalition, Michael Kors (Indonesia, Philippines, Thailand), Royal Thai Government, Tumi Holdings, TWT Manufacturing
4202.12.2050	GMAC, Government of the Philippines, Jaclyn, Luggage Coalition, Royal Thai Government
4202.12.40	GMAC, Global Mamas, Government of the Philippines, Luggage Coalition, Royal Thai Government
4202.12.8030	GMAC, Government of the Philippines, Luggage Coalition, Royal Thai Government, Tory Burch, TWT Manufacturers
4202.12.8070	GMAC, Government of the Philippines, Luggage Coalition, Royal Thai Government, Tumi Holdings, TWT Manufacturing, Victorinox Swiss Army

Support. The following written comments were received from parties in support of the petition:

American Apparel and Footwear Association (AAFA), the Travel Goods Association (TGA), the Fashion Accessories Shippers Association (FASA). "The American Apparel & Footwear Association (AAFA), the Travel Goods Association (TGA), and the Fashion Accessories Shippers Association (FASA) collectively represent many U.S. companies that make, market, and sell travel goods for the $36.5 billion market. Many of our members submitted petitions, either individually or collectively, to add travel goods to the Generalized System of Preferences (GSP) program. These organizations strongly support adding travel goods – items like luggage, backpacks, purses, and wallets – to the list of products eligible to be imported duty-free from all GSP beneficiary countries.

"We support this move for all the following reasons:

"First, the addition of these products will provide opportunities for U.S. companies to diversify their sourcing. Such diversification will provide important development benefits for GSP beneficiary countries. This is especially true given the wide variety of products under consideration and given that most travel goods are currently made in just a handful of countries. The top four countries – China, Vietnam, Italy, and France – account for approximately 86 percent (by value) of all U.S. travel goods imports.

"Second, these products are not considered import-sensitive. With import penetration at 98 percent, very few travel goods are currently made in the United States. Products that are, or could potentially be, made in the United States are for Berry Amendment or niche markets that do not face import competition. Therefore, making these goods GSP-eligible does not adversely affect domestic production of these articles. In fact, other trade agreements, including the forthcoming Trans Pacific Partnership (TPP) agreement, already provide duty-free access to the U.S. market with flexible rules of origin for these same products.

"Third, granting these products GSP eligibility will confer important benefits to the U.S. economy. Among other things, GSP status for these products for all countries will:

- Support the more than 100,000 high-value-added travel goods industry jobs in retail, design, brand management, and distribution throughout the United States.
- Reduce approximately $75 million in duty costs, freeing up resources that can be used to increase employment, spur innovation, or promote competitiveness of our member companies.
- Benefit U.S. consumers through lower prices or more choices on such basic, everyday items as purses or children's backpacks."

Coach Inc. "The Coach brand is one of the most recognized fine accessories brands in both North America and in targeted international markets. Our product offering uses a broad range of high quality leathers, fabrics and materials.

"Coach currently sources 18 of the 28 10-digit subheadings currently under review by the Commission from BDCs. Duty free for these items would provide a tremendous benefit to Coach, enabling us to expand production in these markets, and grow our American retail business.

"While meaningful production in the United States is not possible due to comparatively high labor costs, all other aspects of our business occur in the United States. From our headquarters in New York, we design, develop and market our product, and our retail stores are established throughout the country. Coach product is imported into the United States, stored, shipped, and sold here in a broad range of sales channels, including Coach-branded stores. Our products also support jobs other channels, such as department stores, cattle ranchers, and the suppliers and service providers we utilize in our business.

"Six years ago, Coach began to strategically examine sourcing options outside China, as depending on a single sourcing country did not provide Coach with any flexibility to prevent disruptions in our supply chain. Coach began to move production from China to Vietnam, but quickly added several GSP BDCs, including the Philippines and now Thailand. We also expanded the products we sourced from India.

"While many GSP BDCs have lower labor costs than China, they have significant costs in other areas that work against them. Coach often makes significant and ongoing investments in facilities and worker training to ensure the high quality and flexibility necessary for the rapidly changing fashion industry. In the past, Coach has helped to invest equipment upgrades at partner factories and develop management tools such as automated costing and supply management communications tools. Furthermore, materials, including high quality textiles and leather and other component materials are not available within these markets and must be imported, adding to lead times and costs. By counterbalancing these factors, duty-free access would allow us to more aggressively push into GSP countries, allowing Coach to develop a more secure and balanced sourcing strategy. Coach estimates that it would shift the majority of its production currently taking place in China to a point where we rely on China for no more than 10 percent of our sourcing for travel goods within a few years.

"Adding these travel goods subheadings to GSP would benefit Coach's U.S. employment. Our U.S. employees are involved in all aspects of the design, marketing, and retail of these travel goods. Duty-free would also allow Coach to lower costs, which in turn will allow us to create more fashion forward products, selling at more affordable price points to our customers, and enabling an expansion and growth of our business in the U.S.

"I strongly urge you to recommend that all travel goods subheadings under review be made duty-free under the GSP program."

Global Mamas. Global Mamas submitted written statements, which can be found on the USITC's EDIS website, www.edis.usitc.gov. Global Mamas also appeared at the USITC's February 24, 2016 hearing.

Jaclyn Inc. "Jaclyn is a U.S. based company engaged in the design, manufacture, distribution and sale of women's and children's apparel, fabric handbags, sport bags, backpacks, cosmetic bags, and related products. For the most part, the company's products are made to order and marketed and sold to a range of retailers, primarily national mass merchandisers, and cosmetics companies. The company is headquartered in Maywood, NJ, and it is a publicly owned company, with current annual sales of approximately $175 million.

"The U.S. is home to a significant number of bag designers and travel goods brand owner companies, such as Jaclyn who add U.S. value to goods manufactured abroad. Jaclyn believes that GSP eligibility will be positive for the U.S. travel goods industry because it will incentivize production diversification into a wider array of GSP eligible countries. Currently, industry production is heavily concentrated in China. While Jaclyn does not currently source products from GSP eligible countries, the company expects to begin sourcing from GSP developing countries as soon as travel goods products are eligible for GSP. Jaclyn is unaware of domestic manufacturing in the U.S. today capable to meet the U.S. travel goods market demands.

"Production costs in China are increasing while the costs of production in GSP eligible countries such as Cambodia are becoming more competitive. Chinese workforce is generally more efficient, but in GSP countries that have started producing travel goods in the last five to ten years the factories are more modern and there is little to none subcontracting, an issue that when present often feeds into diminished workers' conditions for workers in the industry.

"In addition to potential tariff cost reductions, one other very important sourcing consideration for Jaclyn is that GSP will enable the company to better compete with Chinese manufacturers. Currently, some local Chinese factories who were at first Jaclyn suppliers are gaining U.S. market share by undercutting Jaclyn's prices and going directly to U.S. customers. Such actions not only harm U.S. private label companies financially but they create a race to the bottom, which affects product quality and reliability.

"Jaclyn is only one example of a U.S. company making significant sourcing changes as a result of the possible GSP designation for travel goods. However, the industry as a whole is making similar moves to shift China production into GSP countries. The industry's combined action will have significantly positive effects on the economies of GSP countries and help maintain the profitability of U.S. companies. We encourage the U.S. government to promptly accept this petition."

Michael Kors. "Michael Kors submitted post-hearing comments on the above-captioned investigation, in particular with respect to the proposed addition of certain luggage, handbags, flat goods, and travel goods, to the list of products eligible for duty free entry under the Generalized System of Preferences (GSP).

"As a major importer of handbags, accessories, and travel goods, Michael Kors is firmly in support of the addition of travel goods to the GSP, from all Beneficiary Developing Countries (BDCs), and in fact, the company is one of the parties that filed petitions with the GSP Subcommittee, on behalf of suppliers in Indonesia, Thailand, and the Philippines.

"The Michael Kors company, established in 1981 by the designer of the same name, employs approximately 11,000 employees. Not only will the elimination of duties on travel goods be beneficial to the company and its employees, but to the industry as a whole. In this regard, travel goods hold a significant presence in the consumer goods market, most of which are sourced outside the United States. Michael Kors is unaware of the existence of any significant manufacturing facilities in the United States for the travel goods industry. Rather, it is the company's understanding that almost all production has long since been outsourced to other countries.

"Consequently, the U.S. travel goods industry, which has now become globalized, can only benefit from duty free treatment of its products. It is anticipated that this benefit can also result in additional employment in the industry and be passed to the consumer, in terms of competitive pricing.

"Finally, while at the outset granting GSP status will benefit the Beneficiary Developing Countries (BDCs) that already have a foothold in the industry, the prospect of duty free treatment will serve to encourage additional investment and expansion of production capacity in other BDCs. The experiences of the BDC countries already established in the travel goods industry are examples of what can occur in other BDCs and eventually even Lesser Developed Developing Countries (LDDCs).

"Accordingly, Michael Kors supports granting GSP treatment to all of the listed travel goods provisions for all BDCs. Since there does not appear to be any threat of market disruption in the United States, granting GSP treatment to this product area is a positive outcome for all concerned."

Ogio International. "OGIO hires talented U.S. designers and U.S. based sourcing and quality assurance teams responsible for developing and then sourcing the products from various foreign factories. All of the intellectual property associated with OGIO is created in the United States. In fact, the only aspect of our business that is not carried out in the United States is the physical manufacturing of our bags. Our ability to retain our talented team and expand will be supported by granting GSP duty-free treatment.

"OGIO has tried to source production in the U.S. by enlisting the help of a few cut and sew operations in the South. These remaining facilities survive almost exclusively on military contracts and cannot achieve the price/value proposition needed in today's non-military markets. Consumers simply cannot afford to pay double or triple the price for a school pack or recreational golf bag. There is no U.S manufacturing industry that is being protected under the current duty policy as it applies to golf bags, back packs, and soft sided luggage.

"Presently, OGIO sources the majority of our bags from Chinese factories, with a small volume of production from Southeast Asia. This puts us at risk for bilateral tensions and economic factors that could negatively impact trade, such as China's currency policies. Although heavily dependent on China, OGIO has been sourcing limited styles from the Philippines and Indonesia since late 2012. Both of these countries are GSP Beneficiary Developing Countries. OGIO also sources one model of our Golf bags from Myanmar.

"While labor can be less expensive in these markets, other factors specific to production offset those lower labor rates, including underdeveloped infrastructure. While production in these factories is more expensive than those within China, the benefits of diversification and more consistent quality, for OGIO, have outweighed the higher costs.

"Duty-free access will help counteract these costly market inefficiencies. GSP benefits will allow OGIO to significantly reduce its China dependence. Our team estimates that within 18 months of GSP passage, OGIO's imports from China will drop to less than half of our total supply of travel goods.

"For OGIO, the Philippines and Indonesia would pick up the lion's share of the shift. Both countries have quality factories that could immediately meet our growth needs and expand easily. Eventually, other BDCs could see investment and grow into significant suppliers as well. However, given the more technical nature of our product mix, OGIO's factory selections tend to be those that have developed a higher level of expertise. OGIO does not have the resources to invest in infrastructure improvements while also investing in the training and quality control needed. OGIO therefore strongly supports granting duty-free access to all GSP countries.

"OGIO estimates that for every $5 of cost reduction on an imported product, the price to the consumer drops approximately $20. Lower prices to consumers will translate into higher sales volumes, which will spawn investments in more design personnel and support staff here in the U.S."

Outdoor Industry Association (OIA). "Outdoor Industry Association (OIA) strongly supports granting all eligible travel goods tariff subheadings duty-free treatment under the Generalized System of Preferences (GSP) program to all GSP Beneficiary Developing Countries (BDCs). OIA is a petitioner in four such petitions, which cover all subheadings recently made eligible for review.

"These petitions are a critical part of OIA's trade program and fully consistent with our balanced trade agenda.

"Travel goods, including backpacks, sports and travel bags are often a required item for Americans to enjoy the outdoors and are an integral part of the business for many of our members. Whether they are used for hiking, skiing, camping or other outdoor sports, our industry produces a broad scope of travel goods. These products face tariffs from 4 percent to 20 percent. There is no significant domestic production in the United States, and China controls approximately 90 percent of the import market by volume.

"It is important to note that the GSP UPDATE Act -- legislation that created the travel goods petition process -- was conceived, crafted, and introduced with the support of the U.S. industry. The bill was a direct response to the needs and realities of the global marketplace for travel goods. To that end, the bill was designed to support the manufacturing of travel goods in all GSP eligible countries. Congress could have limited eligibility to only least developed beneficiary developing countries (LDBDCs) or African Growth and Opportunity Act (AGOA) countries, but did not do so. In fact, the bill is explicit in stating the goal is to shift production to both BDCs and LDBDCs.

"Given the potential of many BDCs for more sourcing opportunities, OIA member companies quickly saw the benefit that adding travel goods to GSP eligible countries would have in the U.S. Since there is no meaningful domestic production of these products, helping the industry to diversify its supply chain to BDCs in the GSP program drew strong support from OIA members looking to move out of China. We believe this will help cut costs, bring more products to customers and free up capital to fund innovation, all of which will benefit U.S. employment. While travel goods are not manufactured domestically for the civilian market, research, design, marketing and sales all occur here. By lowering the cost of production, you give companies the ability to expand operations in the U.S.

"Simply put, these products are not import sensitive. Many of these goods are included in which they were given flexible rules of origin and immediate duty phase-outs.

"Given Congressional intent, industry demand and the diverse supply chain, OIA requests that duty-free treatment on relevant travel goods be granted to all BDCs in the GSP program."

Tory Burch. "Tory Burch submitted post-hearing comments on the above referenced investigation in support of the proposed addition of certain travel goods, including luggage, handbags, flat goods and travel bags, to the list of eligible products under the Generalized System of Preferences (GSP). Tory Burch has a substantial interest in obtaining GSP status for the subject travel goods and filed a petition with the GSP Subcommittee on behalf of several Philippine suppliers, but also supports GSP benefits for India, which has become an increasingly important supplier, and all other Beneficiary Developing Countries (BDCs), since Tory Burch views several BDCs as potential supply sources.

"The travel goods industry is a globalized industry, with very limited production in the United States, virtually all of which is for niche markets that are insulated from import competition. As there is no major U.S. industry to protect, granting GSP duty free treatment to imports from BDCs will provide a positive outcome on all fronts. Benefits will extend to the U.S. travel goods industry, the consumer, and to the BDCs the GSP program is designed to help.

"Gaining GSP benefits for the subject travel goods will enable Tory Burch and other industry members to continue to remain competitive in the high quality fashion accessories market and will reduce the risks associated with sourcing from only one or two countries, which has been the case in prior years. GSP treatment will provide meaningful alternatives to sourcing in China, which has dominated the industry for years, and will assist BDCs, which is the intent of the GSP program. Of equal significance is the fact that duty free status will also provide an opportunity to pass along savings to U.S. consumers. Thus, granting GSP would be a "win-win" solution for all parties concerned."

Tumi. "Tumi is a U.S. based company headquartered in South Plainfield, NJ. The company employs approximately 1,000 people worldwide with 750 people of these located in the U.S. Our company has 150 company owned stores in 35 states, including Washington, D.C., and distribution facilities in the state of Georgia. While Tumi does not directly manufacture travel goods, the company is a large designer and buyer of travel goods.

"Tumi believes that GSP eligibility for travel goods will have a very positive economic impact on U.S. companies, as well as on GSP developing sourcing countries. The tariff rates on travel goods range from 4.5 percent to 20 percent. These tariffs are among the highest remaining tariffs in the U.S. Reduction of these tariffs will result in increased competitiveness and profitability for GSP suppliers, diversification of sourcing operations and profitability for U.S. companies, and lower priced goods for U.S. consumers.

"Perhaps the greatest impact that GSP eligibility for travel goods will have on the industry is that it will help lower the industry's dependency on China. China is by far the largest supplier of travel goods to the U.S. On each of the type of travel good groupings, China represents well over two thirds of U.S. imports. In contrast, GSP countries generally represent only 5% of the U.S. import market. Although the share of U.S. imports from GSP eligible countries is currently low, the travel goods industry is sufficiently established in many of these countries and with the foundation already laid there are great opportunities for growth.

"The growth of the travel goods industry in developing countries will not come at the expense of any U.S. companies as there is no U.S. industry of either travel goods or materials that will be affected by acceptance of this petition. We want to take the opportunity to also comment on Tumi's sourcing from the Caribbean Basin. We currently import a small number of products from this region and we have no plans to change our Caribbean sourcing as a result of the GSP change. The product that we source from the Caribbean has different characteristics in terms of price and delivery compared with the product that we source from Asia.

"In short, the most likely outcome from GSP inclusion for travel goods is that buyers in the U.S. will have very significant incentives to source from GSP countries. Such changes in sourcing patterns are already taking place, but GSP eligibility will help accelerate ongoing plans. As a result of this petition, we expect economic growth both in GSP developing countries and in the U.S."

Victorinox Swiss Army, Inc. (VSA). "Victorinox Swiss Army, Inc. (VSA) is a well-known designer and producer of cutlery, watches, apparel, fragrances and travel goods. The company is based in Ibach, Schwyz, Switzerland, but it has significant presence and operations in the United States, specifically in New York, Connecticut and Missouri. VSA's travel gear line was developed in 1999. In 2014 VSA acquired St. Louis based luggage manufacturer TRG Accessories. In addition to high quality goods, the company is well known for its positive social and labor footprint.

“VSA is interested in the inclusion of two products in the GSP program. The first product is generally described as luggage classified under 4202.12.8070, HTSUS. The second product is described as travel bags classified under 4202.92.3031, HTSUS. The tariff on these products is 17.6%. Together, these two product categories comprise over 500 product SKUs in the VSA luggage line.

“VSA’s travel gear and apparel items are produced abroad, including in GSP eligible countries such as Thailand, where the technical, staff and material resources needed for efficient manufacture can be accessed. To ensure that these products also meet the highest standards, partners are chosen carefully and high quality standards are stringently enforced. VSA is not aware of any significant U.S. production of these goods.

“Because the 17.6% tariff rate on these products is commercially significant, designation of GSP-eligibility will create a large incentive for VSA and others in the industry to source more products from the GSP eligible countries. Stability and potential increased orders and production are expected to result in added jobs and economic growth to the GSP eligible countries producing luggage and travel bags for the U.S. The production moving into GSP countries will be predominantly Chinese.

“We encourage the Administration to be as liberal as possible with regard to the countries that are eligible to receive duty free treatment under GSP for their travel goods. From VSA’s perspective, Thailand will be one of the major beneficiaries from the proposed change, but U.S. import figures show that other GSP countries such as Indonesia, Philippines, India and Turkey will also benefit. For this reason, the GSP designation should be for all GSP countries, not just a select few.”

The Royal Thai Government. “The Royal Thai Government has submitted a petition in support of adding 27 travel goods and handbag items to the list of GSP-eligible products when imported from all GSP beneficiary developing countries, including Thailand, because the potential for export growth would benefit U.S. importers, Thai SMEs, Thai workers and Thailand’s artisans. In addition, the Royal Thai Government’s petition emphasizes the eligibility should be for all GSP beneficiary countries because the range of products and their production requirements vary tremendously. It is very important for all GSP countries to receive the benefits in order to satisfy U.S. sourcing demand for such a wide-range of tariff lines as well as for the diverse range of product sophistication within each tariff line.

“First, the Royal Thai Government believes that adding these 27 tariff lines to the GSP-eligible product list will not adversely affect U.S. industry and will have positive impact for the U.S. market. Currently, sourcing of these products is concentrated among a small number of countries. Adding these tariff lines to GSP eligibility will create greater sourcing diversity and reduced risk by facilitating U.S. industry’s consideration of GSP countries as sourcing locations. Because of their less developed infrastructures and lengthier transport options to the U.S. market, GSP countries are slightly higher-cost production centers but offer talented labor pools and high-quality production for U.S. travel bag companies.

"Second, GSP duty-free treatment would promote the return and expansion of travel goods' production to Thailand and help preserve Thailand's artisanal heritage. Travel bag manufacturing was well-established in Thailand and elsewhere in Southeast Asia until manufacturers started moving to China in 1990. As all U.S. travel goods imports, overall, increased by a modest 16.7% from 1999 to 2003, those from China grew by 63.3% and from Vietnam by 7,120.6%. In stark comparison, those from Thailand declined significantly during the same period by 64.4%. Thailand still exports 26 of the 27 travel goods tariff lines to the United States, but at much lower trade levels than previously. GSP duty-free treatment would promote the return and expansion of travel goods' production to Thailand. These travel good suppliers are value-oriented companies that have strong commitments to workers, care for the environment, and bring social and economic benefits to their host communities. In addition to the mass-produced handbags and travel goods, Thailand's artisans make ornate and unique products, including handbags and coin purses. These items currently carry duties of up to 17.6%. Thus, U.S. importers of artisanal items cannot purchase these high-duty items and sell them at a competitive price.

"Finally, GSP-eligibility for travel goods from all GSP-beneficiary countries would provide diverse and growing sourcing options for U.S. companies. Currently, the 122 GSP beneficiaries supply just over 7% of the value of all U.S. imports of travel bags. This shows that each of the GSP countries would greatly benefit from the grant of GSP-eligibility. The Royal Thai Government would like to emphasize that the benefits of adding travel goods to GSP, such as to maximize U.S. importer options, benefit U.S. consumers, and help GSP emerging markets and its citizens increase employment and their economic livelihoods. This can only be realized if travel goods become GSP-eligible when imported from all GSP beneficiary countries."

Opposition. The following written comment was received from a party in opposition of the petition:

Korchmar. "I am the owner and operator of my family's 99-year-old travel goods manufacturing company with production facilities in Naples, Florida (made in USA) and The Dominican Republic. I have also served on ITAC 13 for over 20 years and have served as Chairman of the Travel Goods Association.

"Prior to providing background I would like to mention that there ARE over 20 companies actually MANUFACTURING "like or directly competitive products in the USA" that the suggested GSP modification will severely impact. A new and re-growing US MANUFACTURING Industry that is hiring and training Americans with a trade skill is and will be negatively impacted resulting in the loss of US jobs in this manufacturing sector.

"This bill will eliminate duties on the largest producing Asian countries for Travel Goods just when our US manufacturing industry is starting to recover from being devastated by Asian imports in the 1980s, 90s and early 2000s. The threat alone of such a bill passing has already caused my company to put any further investment in our US manufacturing facilities and any further hiring. We were running employment adds for up to 40 people and were considering buying new capital equipment from US companies. ALL these plans have been put on hold pending the results of this legislation. Thus, I can tell you with surety that The GSP Update Act not only will but already has impacted US manufacturing jobs.

"This bill is strongly supported by giant billion dollar corporations who do NOT manufacture in the USA! The trade associations for apparel and footwear and travel goods also support it because most of their members are now importers, not manufacturers. Passage will reduce duty revenues for the US Government and increase the bottom line of giant corporations. It will NOT employ any more Americans, it will NOT reduce prices to consumers and it WILL cost the good new manufacturing jobs of American workers created in this sector over the last 7 years. Wall Street will win and U.S. manufacturing jobs and our middle class will lose."

No other statements were received by the Commission in support of, or in opposition to, the proposed modifications to the GSP considered for these HTS subheadings and statistical reporting numbers.

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Chapter 6
Addition: Certain Handbags[74] (BDCs, LDBDCs, and AGOA Countries)

Table 6.1: Certain handbags

HTS subheadings or statistical reporting number[a]	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4202.21.60[b]	Certain leather handbags, value less than or equal to $20.	10	Yes
4202.21.90[b]	Certain leather handbags, value greater than $20	9	Yes
4202.22.15[b]	Certain plastic handbags	16	Yes
4202.22.45	Certain cotton handbags	6.3	Yes
4202.22.8050	Certain manmade fiber handbags	17.6	Yes

[a] The Trade Preferences Extension Act of 2015 (Public Law 114-27) allows certain luggage and travel articles to be considered for designation for duty-free treatment under the GSP, including certain handbags classified under the specific HTS subheadings and statistical reporting numbers listed in the table above. These products were previously prohibited by law (19 USC 2463) from receiving GSP treatment.
[b] HTS subheadings 4202.21.60, 4202.21.90, and 4202.22.15 are currently eligible for duty-free treatment for BDCs under AGOA.

Description and Uses

A handbag is a bag or a small case that is designed to hold personal effects that would normally be carried on a daily basis; it may or may not have a shoulder strap and/or handles. The handbags under consideration for designation as eligible products for GSP benefits include those with an outer surface of either leather or composition leather,[75] sheeting of plastic, cotton, or manmade fiber textile materials. For leather handbags, the HTS subheadings distinguish between handbags valued less than or equal to $20, and those valued at more than $20. For the remainder of the handbags covered by this chapter, other than specifying the material used for the outer surface, the HTS subheading or statistical reporting number makes no distinction for style, type, or quality of materials. Likewise, different handbags of varying degrees of complexity, quality, craftsmanship, and price may all be classified under the same number.

[74] A number of entities filed petitions with the USTR requesting the addition of these HTS subheadings to the list of eligible articles for duty-free treatment under the provisions of the GSP (see list of petitioners in the Position of Interested Parties section of this chapter).
[75] See footnote 39, p. 50.

Advice

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Profile of U.S. Industry and Market, 2011–15

The Commission estimated that there are less than 50 producers actively engaged in the production of handbags in the United States, many of them are independent craftsman who design and make higher-end luxury items for a niche market of U.S. consumers who either wish to buy American-made products or who want a custom-made, high-quality or artisan bag.[76] Buyers and brand-name producers of handbags in large commercial quantities stated that there is little to no U.S. production of handbags.[77] According to these industry sources, many have attempted to establish production facilities in the United States, but have failed because of high wage rates, a lack of skilled labor, and scarce raw materials.[78]

The broader leather goods and luggage manufacturing[79] industry consists of roughly 4,400 businesses[80] in the United States. Some of these firms, such as Coach Inc., do not manufacture in the United States, but retain domestic design operations.[81] U.S. domestic shipments of other leather and allied products[82] totaled $1.4 billion in 2014. Most of the manufacturing in this sector has moved offshore to lower-cost countries.[83] Although U.S. labor is relatively higher cost and manufacturing in this sector is labor intensive,[84] producers that remain in the United States focus on high-value, niche products (i.e. those products for consumers with unique or customized requests, or desiring American-made products) for the North American market.[85]

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[76] Korchmar website, http://www.korchmar.com/index.php?level2=about (accessed March 1, 2016); Allen Edmonds website (customer of Korchmar), http://www.allenedmonds.com/accessories/bags-wallets-cases/bags-briefcases/ (accessed March 1, 2016).

[77] USITC, hearing transcript, February 24, 2015, 126 (testimony of Bob Chestov, Jaclyn Inc.), 129 (testimony of Angus McRae, Coach Inc.), 150–51 (Steve Lamar, American Apparel and Footwear Association, AAFA), 153–54, 156 (testimony of Rich Harper, Outdoor Industry Association (OIA)).

[78] USITC, hearing transcript, February 24, 2015, 130, 164 (testimony of Angus McRae, Coach Inc.), 199 (Daniel Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA), 199 (David Olave, Sandler, Travis & Rosenberg, P.A., on behalf of Jaclyn Inc.).

[79] This industry grouping manufactures belts, hats, luggage, handbags, wallets, and various other leather and non-leather goods and accessories. The grouping is broader than the petition items covered by this chapter.

[80] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 3.

[81] Ibid., 6.

[82] This industry, classified under NAICS 31699, comprises establishments primarily engaged in manufacturing products made of leather or leather substitutes (e.g., fabric, plastics) products such as wallets, pet collars, luggage, purses, cosmetic cases, watchbands, and other articles.

[83] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 4.

[84] Part of the reason these costs are higher in the United States is that the production of handbags and perhaps smaller pocket goods requires a lot of handwork. For example, there might be 80 pieces to assemble for a wallet and up to 200 pieces for handbag. For goods such as apparel or sleeping bags, which are still made in the United States, there is room for more automation, and less hands-on labor is required. USITC, hearing transcript, February 24, 2016, 201 (testimony of Angus McRae, Coach Inc.).

[85] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 4, 9.

There is increased demand for products that are "Made in the USA" that increases the competitiveness of domestic suppliers.[86]

Although many types of handbags are not manufactured in the United States, many U.S.- based and foreign producers maintain corporate offices and employ management, design, sales, and distribution staff in the United States, as they do for luggage articles. Additionally, several companies utilize U.S.-based distribution centers to help fulfill orders for other Western Hemisphere markets such as Canada or Latin American countries.[87] Firms that market these goods as high-quality investment pieces pride themselves in both brand recognition and their reputation for excellent customer service, and offer warranty, repair, or replacement services for their products.[88] These repair centers are also located in the United States.

According to industry representatives, a small number of handbag consumers may still demand traditional, high-quality bags considered to be a staple of their accessory wardrobe, and intended to be cared for and to last a long time. However, more and more, these items are considered fashion accessories, which are more susceptible to changing fashion trends. Experts observe that the average consumer may demand multiple bags of different styles or colors to coordinate with different outfits or occasions, and may purchase new handbags more often now than in the past.[89] Additionally, the consumer may covet certain bags for the brand or designer name. They state that U.S.-designed bags, some considered iconic American name-brands even though they are produced in Asia, are in greater demand in markets overseas for this reason.[90] By the same token, a certain segment of the U.S. market is drawn to European brand handbags, particularly French or Italian. These bags are usually highly priced luxury items. In the case of lower-priced handbags, factors other than prestige make more of a difference to the consumer.[91]

Handbags may be sold in a range of retail, mass merchandising, outlet, and department stores, via e-commerce sites, through wholesale outlets, and in niche specialty markets for artisan and "fair trade" merchandise.

The U.S. market for certain handbags is very large, estimated at more than $3 billion in 2015 (table 6.2), and is supplied in large part by imports. The United States is considered the largest global market for handbags, followed by the EU and Japan.

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[86] For example, brands such as American Apparel or Shinola have expanded operations in recent years. American Apparel website, http://store.americanapparel.net/l-epicier-leather-bag_rsalh530 (accessed March 2, 2016); Shinola website, http://www.shinola.com/our-story/about-shinola (accessed March 2, 2016); IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 8.
[87] Industry representatives, telephone interviews by USITC staff, February 22, and February 23, 2016.
[88] USITC, hearing transcript, February 24, 2016, 129, 164, 195–96 (testimony of Angus McRae, Coach Inc.).
[89] USITC, hearing transcript, February 24, 2016, 195–96 (testimony of Angus McRae, Coach Inc.).
[90] Industry representatives, telephone interviews by USITC staff, February 18, February 22, February 23, and February 25, 2016.
[91] USITC, hearing transcript, February 24, 2016, 203–4 (testimony of Angus McRae, Coach Inc. and Daniel Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA).

Table 6.2: Certain handbags (HTS subheading and statistical reporting numbers 4202.21.60, 4202.21.90, 4202.22.15, 4202.22.45, 4202.22.8050): U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(a)	(a)	(a)	(a)	(a)
Employment (1,000 employees) [b]	(c)	1.7	1.6	1.5	(c)
Shipments or production (1,000 $) [d]	(c)	314,328	298,551	313,110	315,000
Exports (1,000 $) [e]	97,749	85,081	99,974	115,157	134,387
Imports (1,000 $)	2,372,132	2,565,698	2,776,416	2,899,240	3,081,233
Consumption (1,000 $)	(c)	2,794,945	2,974,993	3,097,193	3,261,846
Import-to-consumption ratio (percent)	(c)	92	93	94	94
Capacity utilization (percent)	(c)	(c)	(c)	(c)	(c)

Source: Imports compiled from official statistics from the U.S. Department of Commerce.
Note: The share of U.S. consumption accounted for by imports in this table and all GSP-import situation tables is a calculation of each referenced product as a share of consumption of all subject products.
[a] USITC staff estimates there are fewer than 50 domestic producers of the subject product.
[b] Employment data based on U.S. Census Bureau, Annual Survey of Manufactures (ASM), "2014 Statistics for Industry Groups and Industries," NAICS code 316992, women's handbags.
[c] Not available.
[d] Production data based on U.S. Census Bureau, ASM, "2014 Value of Product Shipments," NAICS code 316992, women's handbags.
[e] Export figures may include some re-exports of foreign-produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin America countries.

GSP/AGOA Import Situation, 2015

GSP

Overall U.S. imports of certain handbags from GSP-eligible countries in 2015 totaled $173 million, or 6 percent of total U.S. imports (table 6.3). The Philippines, India, and Indonesia were the leading GSP-eligible suppliers of these articles in 2015. Together, the top three suppliers provided 83 percent of total U.S. imports from GSP-eligible countries (table 6.3).

Table 6.3: Certain handbags (HTS subheadings and statistical reporting number 4202.21.60, 4202.21.90, 4202.22.15, 4202.22.45, 4202.22.8050): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	3,081,233	100	(a)	94
Imports from GSP-eligible countries:				
Total	172,780	6	100	5
Philippines	75,055	2	43	2
India	35,716	1	21	1
Indonesia	32,435	1	19	1
Cambodia[c]	14,846	(b)	9	(b)
Imports from GSP-eligible LDBDCs				
Total	15,889	(b)	9	(b)
Imports from AGOA countries				
Total	1,579	(b)	1	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDCs.

The Philippines was the leading GSP-eligible supplier of certain handbags to the U.S. market in 2015 with shipments valued at $75 million or 43 percent of total GSP-eligible shipments. Of total shipments of these handbags from the Philippines in 2015, certain leather handbags, valued at greater than $20 (HTS subheading 4202.21.90) accounted for nearly 60 percent ($44.5 million); certain plastic handbags (HTS subheading 4202.22.15) accounted for another 23 percent ($18 million). A number of buyers and brands stated that producers in Philippines make a good-quality product and they expect to place more business in the Philippines in the future. For some, that expansion will include a considerable investment in training and development.[92] Some buyers noted they followed an established Chinese vendor when the Chinese firm decided to relocate to the Philippines in order to cut costs.[93] Factories in the Philippines are large, ranging from 5,000 to as many as 20,000 employees. As employees' skills and experience improve, the Philippines is expected to increase its production of travel goods generally, particularly handbags.

India was the second-largest GSP-eligible supplier of handbags to the U.S. market in 2015, shipping handbags valued at $36 million that represented 21 percent of GSP-eligible imports. More than two-thirds of India's shipments to the United States were of certain leather handbags, valued at either less than or equal to $20 (HTS subheading 4202.21.60) ($6.5 million), or valued over $20 (HTS subheading 4202.21.90) ($18.7 million). A number of buyers noted that India is particularly known for its specialization and expertise in leather goods.[94] Indian companies produce these goods in smaller facilities, usually with fewer than 1,000 employees.

Total shipments to the United States from Indonesia in 2015 were $32 million, or 19 percent of GSP-eligible imports. The bulk of the certain handbags imported from Indonesia were of leather, valued at over $20 (HTS subheading 4202.21.90) ($21 million), followed by certain plastic handbags (HTS subheading 4202.22.15) ($9 million). According to U.S. buyers currently sourcing handbags in Indonesia, the vendors are reliable and the quality of merchandise good, but the bags are generally less expensive and sold in retail outlet stores. As with the Philippines, buyers rely on established relationships with known Chinese vendors who invested in Indonesia for cost-cutting purposes. The same buyers continue to place orders for the higher-end handbags with the same vendor at factories in China or Vietnam.[95] Some industry representatives expressed interest in expanding into Indonesia in the future.[96] Factories in Indonesia are small to mid-size, ranging from 500 to 3,000 employees.

According to industry sources, a majority of GSP-eligible producers would continue to rely on both imported and locally sourced materials to make GSP-eligible handbags, if handbags are added to the list of GSP-eligible items. The GSP value content rule requires 35 percent of the value of the finished good to be added (either by materials or labor costs) in the GSP BDCs. Industry representatives acknowledged that producers import most of their raw materials

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92 Industry representatives, telephone interviews by USITC staff, February 18, and February 25, 2016.

93 Industry representatives, telephone interview by USITC staff, February 22, 2016.

94 Industry representatives, telephone interviews by USITC staff, February 18, and February 23, 2016; USITC, hearing transcript, February 24, 2016, 131 (testimony of Angus McRae, Coach Inc.).

95 Industry representatives, telephone interviews by USITC staff, February 22, and February 25, 2016.

96 Industry representatives, telephone interview by USITC staff, February 23, 2016.

(e.g., sheets of leather[97] or plastic or textile materials) from China, South Korea, or Taiwan, and these materials would have to be cut to shape, assembled, and finished in the GSP country of production in order to meet the GSP program rule.[98] Over time, buyers say that they expect to increase investments in production of materials and trims in the GSP-eligible countries, which will permit handbag producers to source more of the inputs locally. In some cases, the handwork is so labor intensive that the labor costs alone should be enough to satisfy the GSP preference rule.[99]

LDBDCs

In 2015, U.S. imports of certain handbags from LDBDCs totaled $16 million or 9 percent of total U.S. imports from GSP-eligible countries. Cambodia ($15 million) was the leading LDBDC supplier of these handbags. Some industry buyers indicated a prospective interest in Cambodia, but noted that producers there are currently making a simpler product suited to lower price points of the market, such as handbags sold at mass merchandising stores.[100]

AGOA

The value of certain handbags imported from AGOA countries in 2015 was relatively low at $1.6 million or just under 1 percent of all U.S. imports from GSP-eligible countries. Among the AGOA countries that shipped these goods to the United States in 2015 were Ethiopia (notably certain leather handbags, valued at less than or equal to $20 classified under HTS subheading 4202.21.60); South Africa (certain leather handbags, value greater than $20 and classified under HTS subheading 4202.21.90); and Rwanda (certain cotton handbags classified under HTS subheading 4202.22.45). The value of this trade is low despite the fact that certain leather handbags (HTS subheadings 4202.21.60 and 4202.21.90) and certain plastic handbags (HTS subheading 4202.22.15) are already eligible for duty-free treatment under AGOA. Additionally, there are a handful of AGOA folklore article agreements[101] in place that extend duty-free access to the U.S. market for qualifying textile articles, which could include handbags of textile materials, if the handbags are handmade in one of the designated AGOA countries.[102] [103]

Certain leather handbags (HTS subheadings 4202.21.60 and 4202.21.90)

GSP-eligible suppliers provided handbag imports to the United States valued at $12 million or 12 percent of total U.S. imports of certain leather handbags valued less than or equal to $20 each (HTS subheading 4202.21.60) (table 6.4). The top GSP-eligible suppliers were India

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[97] Although high quality leather hides originate in the United States (Texas), the raw hides are tanned at facilities overseas (usually South Korea or Taiwan). Industry representatives state that the few tanning facilities in the United States are focused on specialized goods, such as military boots. USITC, hearing transcript, February 24, 2016, 164 (testimony of Angus McRae, Coach Inc.).
[98] See footnote 62, p. 54.
[99] USITC, hearing transcript, February 24, 2016, 181–82 (testimony of Angus McRae, Coach Inc.).
[100] Industry representatives, telephone interviews by USITC staff, February 23 and February 25, 2016.
[101] See footnote 66, p. 55.
[102] See footnote 67, p. 55.
[103] See footnote 68, p. 56.

(56 percent of total imports from GSP-eligible countries) and the Philippines (34 percent). The top LDBDC supplier of these leather handbags was the AGOA country Ethiopia, which provided $57,625 worth of handbag imports or 0.06 percent of total imports of certain leather handbags from GSP-eligible countries. Ethiopia's shipments of these goods doubled from the $24,988 shipped to the United States in 2014.

Table 6.4: Certain leather handbags, valued at less than or equal to $20 (HTS subheading 4202.21.60): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	93,524	100	[a]	3
Imports from GSP-eligible countries:				
Total	11,685	12	100	[b]
India	6,493	7	56	[b]
Philippines	3,937	4	34	[b]
Indonesia	527	1	5	[b]
Imports from GSP-eligible LDBDCs				
Total	65	[b]	[b]	[b]
Imports from AGOA countries				
Total	64	[b]	[b]	[b]

[a] Not applicable.
[b] Less than 0.5 percent.

For certain leather handbags valued at over $20 (HTS subheading 4202.21.90), imports from GSP-eligible suppliers accounted for $96 million or 6 percent of total U.S. imports in 2015 (table 6.5). The leading GSP-eligible suppliers were the Philippines ($45 million or 46 percent of total GSP imports), Indonesia ($21 million or 22 percent), and India ($19 million or 19 percent). The value of shipments from the Philippines rose sharply over the past year, from $14 million in 2014 to $45 million in 2015. Cambodia was the top LDBDC supplier of these leather handbags to the U.S. market, with shipments doubling over the past year from $558,492 in 2014 to $1,073,305 in 2015. South Africa is the leading AGOA supplier of these handbags, with goods valued at $583,342 in 2015.

Table 6.5: Certain leather handbags, value greater than $20 (HTS subheading 4202.21.90): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	1,584,369	100	[a]	49
Imports from GSP-eligible countries:				
Total	96,345	6	100	3
Philippines	44,518	3	46	1
Indonesia	20,725	1	22	1
India	18,654	1	19	1
Imports from GSP-eligible LDBDCs				
Total	1,489	[b]	2	[b]
Imports from AGOA countries				
Total	1,335	[b]	1	[b]

[a] Not applicable.
[b] Less than 0.5 percent.

Certain plastic handbags (HTS Subheading 4202.22.15)

The Philippines ($18 million or 48 percent of total imports from GSP-eligible countries) and Indonesia ($9 million or 25 percent) were the top GSP-eligible suppliers of certain plastic handbags to the U.S. market in 2015 (table 6.6). The value of U.S. imports from the Philippines increased sharply, from $3 million in 2014 to $18 million in 2015. LDBDC supplier Cambodia, with goods valued at $8 million, accounted for another 22 percent of the U.S. imports of plastic handbags from GSP-eligible suppliers. Cambodia accounted for nearly all of the imports from LDBDCs.

Table 6.6: Certain plastic handbags (HTS subheading 4202.22.15): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	1,000,312	100	(a)	31
Imports from GSP-eligible countries:				
Total	36,662	4	100	1
Philippines	17,760	2	48	1
Indonesia	9,163	1	25	(b)
Cambodia[c]	8,247	1	22	(b)
Imports from GSP-eligible LDBDCs				
Total	8,263	1	23	(b)
Imports from AGOA countries				
Total	17	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

Certain cotton handbags (HTS Subheading 4202.22.45)

For certain cotton handbags, the leading GSP-eligible suppliers were India ($8 million and 54 percent of total imports from GSP-eligible countries) and the Philippines ($5 million and 31 percent) (table 6.7). LDBDC suppliers provided $1.6 million or 10 percent of the total imports from GSP-eligible countries, led by Cambodia ($1 million), followed by Nepal ($391,112) and the AGOA supplier Rwanda ($52,398). Rwanda provided 40 percent of the total imports of these handbags from AGOA countries.

Table 6.7: Certain cotton handbags (HTS subheading 4202.22.45): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	181,511	100	[a]	6
Imports from GSP-eligible countries:				
Total	15,193	8	100	[b]
India	8,170	5	54	[b]
Philippines	4,739	3	31	[b]
Cambodia[c]	1,059	1	7	[b]
Imports from GSP-eligible LDBDCs				
Total	1,576	1	10	[b]
Imports from AGOA countries				
Total	129	[b]	[b]	[b]

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

Certain Manmade Fiber Handbags (HTS Statistical Reporting Number 4202.22.8050)

For certain manmade fiber handbags, total U.S. imports were $222 million, and imports from GSP-eligible suppliers accounted for 6 percent in 2015 (table 6.8). U.S. imports from leading GSP-eligible supplier Cambodia increased nearly fourfold from 2014 to 2015, from $1.25 million to $4.5 million. Cambodia accounted for 35 percent of total imports from GSP-eligible countries. The second-largest GSP-eligible supplier of these handbags in 2015 was the Philippines ($4 million or 32 percent of total GSP imports), followed by India ($2 million or 17 percent). Cambodia accounted for nearly all of the imports from LDBDCs.

Table 6.8: Certain manmade fiber handbags (HTS statistical reporting number 4202.22.8050): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	221,517	100	[a]	7
Imports from GSP-eligible countries:				
Total	12,894	6	100	[b]
Cambodia[c]	4,465	2	35	[b]
Philippines	4,101	2	32	[b]
India	2,197	1	17	[b]
Indonesia	1,786	1	14	[b]
Imports from GSP-eligible LDBDCs				
Total	4,494	2	32	[b]
Imports from AGOA countries				
Total	34	[b]	[b]	[b]

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

U.S. Imports and Exports

Overall, China was the largest supplier of certain handbags to the U.S. market in 2015, accounting for $1.7 billion and providing 56 percent of total U.S. imports. Interestingly, with the exception of certain leather handbags valued at more than $20 (HTS subheading 4202.21.90), China provided about 70 percent of total U.S. imports of each of the goods classified in the HTS subheadings and statistical reporting number of this chapter. For the higher-value subject handbags, China provided just 40 percent of total U.S. imports; an import share matched by high-end European suppliers Italy and France (40 percent collectively).[104]

China has a number of competitive advantages including economies of scale, low labor and materials costs, skilled employees, supportive infrastructure, and transportation services. However, several U.S. buyers, retailers, and importers expressed concern about their dependency on one supplier country and the exposure to risk this entails for their business. Therefore, most U.S. buyers stated they are exploring options to diversify their sourcing base for handbags and other travel goods beyond just China.[105]

The second-largest supplier of certain handbags to the U.S. market is Italy, with goods valued at $534 million. Italy provided 17 percent of total U.S. imports of certain handbags. When combined with U.S. imports from France ($262 million) and Spain ($50 million), the European suppliers provided 28 percent of overall U.S. imports of these goods. According to industry representatives, whereas handbags from Italy and France tend to be high-end, high-value designer bags; the handbags imported from China and Vietnam are lower-priced goods intended for a different segment of the U.S. consumer market.

Industry representatives state that Vietnam is an up-and-coming supplier of certain handbags to the U.S. market, showing an overall increase in value each year since 2011 (table 6.9). In 2015, Vietnam provided $256 million or 8 percent of total U.S. imports. Some industry representatives attribute Vietnam's increase in shipments to buyers' anticipation of the approval and implementation of the Trans-Pacific Partnership (TPP) Agreement.[106] Others point out that for markets other than the United States (Europe and most Asian countries), goods from Vietnam are already duty-free.[107] Many brands produce goods in the Vietnamese factories and ship globally. U.S. buyers consider the quality and delivery speed of goods made in Vietnam to be comparable to those demanded of established vendors in China, for a lower cost. Industry

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[104] There is a lower standard for products to be labeled "made in France" or "made in Italy" than for products to be labeled "made in the USA"—the European bags are mostly made in Asia and finished in Europe. Additionally, because the European handbags are so expensive, the market share by value is much higher than by quantity. USITC, hearing transcript, February 24, 2016, 202–3 (testimony of Angus McRae, Coach Inc. and Steve Lamar, AAFA).

[105] USITC, hearing transcript, February 24, 2016, 123–25 (testimony of Bob Chestov, Jaclyn Inc.), 134 (testimony of Angus McRae, Coach Inc.), 144–45 (testimony of David Wunderli, Ogio International), 156 (testimony of Rich Harper, OIA), 185–86, 190 (testimony of Danial Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA), 205 (testimony of David Olave on behalf of Jaclyn Inc.).

[106] USITC, hearing transcript, February 24, 2016, 169–70 (testimony of Danial Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA).

[107] USITC, hearing transcript, February 24, 2016, 170 (testimony of Angus McRae, Coach Inc.); industry representatives, telephone interview by USITC staff, February 25, 2016.

representatives note that U.S. companies followed established Chinese vendors when the Chinese firm relocated to Vietnam.[108] The factories in Vietnam are large and are comparable in size to those in China.

Tables 6.9–6.14 detail the U.S. import situation for each of the subject HTS subheadings and statistical reporting numbers for certain luggage articles from 2011–15.

Table 6.9: Certain handbags (HTS subheading and statistical reporting numbers 4202.21.60, 4202.21.90, 4202.22.15, 4202.22.45, 4202.22.8050): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	1,684,318,301	1,735,325,453	1,730,570,879	1,641,113,274	1,719,906,246
Italy	324,721,139	350,565,314	450,246,557	545,746,758	534,204,903
France	150,089,021	184,696,626	246,888,129	263,788,270	262,191,450
Vietnam	53,601,228	97,589,042	132,640,899	191,030,086	255,727,043
Philippines	5,569,303	18,028,145	35,676,828	39,416,809	75,054,944
Spain	17,617,704	20,056,240	27,155,372	36,590,942	49,990,683
India	37,599,817	40,239,554	33,670,652	34,243,363	35,715,516
Indonesia	29,002,972	42,609,497	36,515,763	33,518,717	32,434,761
Hong Kong	15,325,373	11,125,369	10,090,846	18,556,937	16,049,020
Cambodia[a]	17,614	513,788	2,166,747	10,249,681	14,845,874
All other	54,269,150	64,948,588	70,792,929	84,985,462	85,112,947
Total	2,372,131,622	2,565,697,616	2,776,415,601	2,899,240,299	3,081,233,387
Imports from GSP-eligible countries:					
Philippines	5,569,303	18,028,145	35,676,828	39,416,809	75,054,944
India	37,599,817	40,239,554	33,670,652	34,243,363	35,715,516
Indonesia	29,002,972	42,609,497	36,515,763	33,518,717	32,434,761
Cambodia[a]	17,614	513,788	2,166,747	10,249,681	14,845,874
Turkey	8,241,050	6,798,491	7,184,677	7,352,804	5,247,488
Tunisia	2,174,243	2,838,893	3,058,277	3,398,522	3,006,953
Thailand	1,964,118	4,054,847	1,748,111	1,282,309	1,423,987
Paraguay	1,175,765	1,226,889	1,155,172	997,506	759,363
Moldova	35,432	146,728	621,472	772,459	678,492
South Africa[b]	422,975	617,144	391,021	572,433	589,729
All other	5,926,701	6,603,976	2,959,102	2,276,492	3,022,434
Total	92,129,990	123,677,952	125,147,822	134,081,095	172,779,541
Imports from other country groups:					
GSP-LDBDCs	1,877,555	2,940,745	3,559,810	11,017,913	15,888,624
AGOA countries	1,093,569	1,112,268	843,944	1,171,312	1,579,316

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] AGOA country.

[108] Industry representatives, telephone interviews by USITC staff, February 22, and February 25, 2016.

Table 6.10: Certain leather handbags, value less than or equal to $20 (HTS subheading 4202.21.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	85,575,246	84,551,145	79,544,058	64,191,967	71,858,550
Vietnam	2,186,705	7,062,676	6,440,143	9,403,950	7,104,612
India	5,061,642	5,654,940	5,847,884	5,215,501	6,493,232
Philippines	296,555	2,650,484	6,137,513	4,705,691	3,936,684
Mexico[a]	846,706	911,221	720,921	697,339	844,272
Hong Kong	390,680	253,486	520,664	506,863	620,635
Italy	358,465	427,516	406,535	341,630	612,023
Indonesia	257,250	142,871	233,188	1,136,621	526,558
Burma (Myanmar)	0	0	0	0	269,073
Thailand	40,982	460,403	288,574	36,619	238,321
All other	1,646,488	1,435,230	1,327,637	1,149,833	1,020,256
Total	96,660,719	103,549,972	101,467,117	87,386,014	93,524,216
Imports from GSP-eligible countries:					
India	5,061,642	5,654,940	5,847,884	5,215,501	6,493,232
Philippines	296,555	2,650,484	6,137,513	4,705,691	3,936,684
Indonesia	257,250	142,871	233,188	1,136,621	526,558
Thailand	40,982	460,403	288,574	36,619	238,321
Paraguay	564,250	275,192	275,741	305,134	187,618
Pakistan	38,262	52,226	87,404	121,881	150,588
Ethiopia[bc]	0	0	0	24,988	57,625
Turkey	10,434	6,804	8,341	22,855	53,970
Ecuador	0	8,282	1,463	2,627	12,843
Tunisia	0	0	0	2,464	9,626
All other	433,448	379,099	63,517	104,242	17,523
Total	6,702,823	9,630,301	12,943,625	11,678,623	11,684,588
Imports from other country groups:					
GSP-LDBDCs	17,271	49,037	25,221	49,078	65,071
AGOA countries	5,012	12,574	24,420	33,086	64,431

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.
[c] AGOA.

Table 6.11: Certain leather handbags, greater than value $20 (HTS subheading 4202.21.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	488,434,079	543,689,493	596,570,206	620,867,611	632,093,550
Italy	266,432,366	284,417,368	393,017,871	480,047,400	475,674,045
France	113,334,963	133,859,947	165,098,439	161,035,918	153,634,580
Vietnam	14,931,077	35,464,133	64,907,456	92,643,122	147,920,717
Philippines	139,264	1,680,946	3,301,291	13,830,395	44,517,533
Spain	8,725,735	10,093,959	17,703,587	21,770,900	28,001,406
Indonesia	20,440,132	28,046,543	20,426,705	20,576,153	20,725,389
India	17,863,047	14,558,554	12,777,232	16,637,086	18,653,900
Romania	3,434,178	4,186,302	7,695,985	11,840,962	11,000,996
United Kingdom	5,231,209	6,911,715	6,249,665	8,409,959	7,675,187
All other	34,553,022	36,632,681	34,975,630	39,388,089	44,471,529
Total	973,519,072	1,099,541,641	1,322,724,067	1,487,047,595	1,584,368,832
Imports from GSP-eligible countries:					
Philippines	139,264	1,680,946	3,301,291	13,830,395	44,517,533
Indonesia	20,440,132	28,046,543	20,426,705	20,576,153	20,725,389
India	17,863,047	14,558,554	12,777,232	16,637,086	18,653,900
Turkey	7,296,874	5,723,058	6,022,970	6,848,635	4,955,296
Tunisia	1,796,387	2,272,059	2,417,931	2,295,800	2,098,860
Cambodia[a]	0	1,500	0	558,492	1,073,305
Moldova	18,509	99,900	135,002	36,451	677,638
Thailand	1,065,411	1,041,108	576,239	558,127	664,993
South Africa[b]	389,252	595,743	383,119	570,623	583,342
Paraguay	610,168	951,697	879,431	692,372	571,745
All other	3,296,502	3,519,246	1,306,327	978,108	1,822,730
Total	52,915,546	58,490,354	48,226,247	63,582,242	96,344,731
Imports from other country groups:					
GSP-LDBDCs	245,387	113,251	92,645	650,527	1,489,321
AGOA countries	845,099	964,992	695,835	918,013	1,334,672

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] AGOA country.

Table 6.12: Certain plastic handbags (HTS subheading 4202.22.15): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	547,740,637	629,225,180	685,458,204	674,944,973	735,901,026
France	29,259,201	42,174,010	73,151,123	91,230,529	98,750,775
Vietnam	5,354,315	8,738,404	17,335,614	59,582,722	72,663,141
Spain	7,735,174	7,899,105	8,313,339	13,632,110	21,613,905
Italy	17,059,848	18,422,860	17,819,023	21,924,641	17,995,562
Philippines	658,583	765,094	2,158,546	3,399,190	17,760,389
Indonesia	3,228,731	7,032,921	11,150,248	9,189,653	9,162,949
Cambodia[a]	8,986	188,686	1,409,093	7,867,369	8,247,285
Hong Kong	5,048,060	2,761,018	2,785,194	7,727,435	6,639,780
Mexico[b]	3,380,984	5,690,483	3,856,416	4,485,007	3,520,579
All other	2,286,026	4,198,701	10,128,480	15,534,035	8,056,593
Total	621,760,545	727,096,462	833,565,280	909,517,664	1,000,311,984
Imports from GSP-eligible countries:					
Philippines	658,583	765,094	2,158,546	3,399,190	17,760,389
Indonesia	3,228,731	7,032,921	11,150,248	9,189,653	9,162,949
Cambodia[a]	8,986	188,686	1,409,093	7,867,369	8,247,285
Tunisia	296,241	478,066	570,886	981,476	804,647
Thailand	46,929	122,138	8,578	407,986	291,592
India	70,381	843,600	913,342	1,065,208	201,626
Cocos Islands	0	0	30,023	0	50,544
Turkey	9,742	23,074	20,531	8,371	44,620
Brazil	20,700	22,195	31,834	30,444	40,113
Venezuela	0	1,400	0	0	20,768
All other	248,862	43,010	502,231	876,561	37,935
Total	4,589,155	9,520,184	16,795,312	23,826,258	36,662,468
Imports from other country groups:					
GSP-LDBDCs	29,422	193,480	1,409,673	7,890,702	8,263,331
AGOA countries	130,625	5,726	3,383	63,372	17,314

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDCs.
[b] FTA partner.

Table 6.13: Certain cotton handbags (HTS subheading 4202.22.45): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	351,110,402	289,156,459	205,851,916	134,572,803	128,839,347
Vietnam	27,205,924	38,538,707	38,839,263	22,764,950	17,241,318
India	12,586,082	17,245,385	12,746,988	9,707,269	8,169,790
Italy	9,467,531	12,889,769	8,258,268	8,943,324	7,734,818
France	3,707,567	5,171,289	6,476,260	7,741,932	6,473,973
Philippines	3,765,180	12,370,034	23,000,988	15,665,215	4,739,195
Hong Kong	527,062	918,179	390,485	1,821,723	2,493,943
Bangladesh[c]	25,926	0	344,397	618,654	1,214,223
Cambodia[a]	2,750	263,332	106,393	564,412	1,059,395
Burma (Myanmar)	0	0	0	223,809	689,949
All other	8,637,423	10,767,805	8,600,245	5,236,000	2,855,355
Total	417,035,847	387,320,959	304,615,203	207,860,091	181,511,306
Imports from GSP-eligible countries:					
India	12,586,082	17,245,385	12,746,988	9,707,269	8,169,790
Philippines	3,765,180	12,370,034	23,000,988	15,665,215	4,739,195
Cambodia[a]	2,750	263,332	106,393	564,412	1,059,395
Nepal[a]	1,472,274	2,149,412	827,200	458,912	391,112
Indonesia	3,403,893	4,168,002	1,041,021	1,769,084	233,443
Thailand	216,772	683,223	418,893	134,498	203,182
Turkey	103,585	263,682	321,006	159,715	114,422
Pakistan	89,404	120,542	18,305	40,158	73,733
Rwanda[ab]	34,236	60,623	66,758	72,817	52,398
Haiti[a]	2,000	720	4,737	35,458	37,950
All other	323,536	171,482	430,294	138,486	118,841
Total	21,999,712	37,496,437	38,982,583	28,746,024	15,193,461
Imports from other country groups:					
GSP-LDBDCs	1,578,638	2,503,858	1,362,425	1,174,115	1,576,407
AGOA countries	97,520	103,307	106,932	141,915	129,313

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] AGOA country.
[c] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

Table 6.14: Certain manmade fiber handbags (HTS statistical reporting number 4202.22.8050): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	211,457,937	188,703,176	163,146,495	146,535,920	151,213,773
Italy	31,402,929	34,407,801	30,744,860	34,489,763	32,188,455
Vietnam	3,923,207	7,785,122	5,118,423	6,635,342	10,797,255
Cambodia[a]	5,878	29,702	650,601	1,247,408	4,465,189
Philippines	709,721	561,587	1,078,490	1,816,318	4,101,143
France	3,765,670	3,480,299	2,137,668	3,750,898	3,311,118
Mexico[b]	191,229	204,552	385,143	2,810,440	2,868,146
India	2,018,665	1,937,075	1,385,206	1,618,299	2,196,968
Bangladesh[d]	0	5,050	0	106,650	1,918,033
Indonesia	1,672,966	3,219,160	3,664,601	847,206	1,786,422
All other	8,007,237	7,855,058	5,732,447	7,570,691	6,670,547
Total	263,155,439	248,188,582	214,043,934	207,428,935	221,517,049
Imports from GSP-eligible countries:					
Cambodia[a]	5,878	29,702	650,601	1,247,408	4,465,189
Philippines	709,721	561,587	1,078,490	1,816,318	4,101,143
India	2,018,665	1,937,075	1,385,206	1,618,299	2,196,968
Indonesia	1,672,966	3,219,160	3,664,601	847,206	1,786,422
Lebanon	0	0	0	0	97,930
Turkey	820,415	781,873	811,829	313,228	79,180
Tunisia	9,099	24,690	50,613	59,591	71,951
Thailand	594,024	1,747,975	455,827	145,079	25,899
Rwanda[ac]	0	0	0	0	21,778
Ecuador	5,358	13,807	13,532	14,952	11,922
All other	86,628	224,807	89,356	185,867	35,911
Total	5,922,754	8,540,676	8,200,055	6,247,948	12,894,293
Imports from other country groups:					
GSP-LDBDCs	6,837	81,119	669,846	1,253,491	4,494,494
AGOA countries	15,313	25,669	13,374	14,926	33,586

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDCs.
[b] FTA partner.
[c] AGOA country.
[d] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh’s GSP eligibility.

U.S. exports statistics for certain handbags (table 6.15) are split into leather handbags (Schedule B 4202.21.0000), and handbags with an outer surface of plastic sheeting or other textile materials (Schedule B 4202.22.0000). Re-exports from U.S. distribution centers to other markets are expected to account for a portion of the export figures tabulated below.[109]

Table 6.15: Certain handbags (Schedule B 4202.21.0000 and 4202.22.0000): U.S. exports of domestic merchandise by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	22,753,670	31,233,744	39,031,428	44,421,499	56,274,282
China	1,272,327	692,035	1,228,238	4,469,759	17,832,399
Japan	30,374,809	20,155,456	25,787,772	24,079,406	17,264,651
Hong Kong	4,752,118	3,720,098	3,889,949	5,208,175	12,749,541
United Kingdom	2,656,786	2,543,612	3,074,989	2,549,055	3,590,318
Singapore	2,211,923	691,351	1,120,794	2,102,770	3,122,486
Mexico	1,939,716	2,031,982	1,234,340	1,829,921	2,815,193
South Korea	15,381,682	5,221,365	4,939,001	4,738,460	2,239,051
Italy	1,147,445	2,930,753	1,906,838	2,157,327	2,015,433
Panama	3,305,870	1,613,180	2,084,389	2,337,118	1,839,488
All other	11,952,641	14,247,069	15,675,943	21,263,681	14,644,049
Total	97,748,987	85,080,645	99,973,681	115,157,171	134,386,891

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

U.S. exports of certain handbags with an outer surface of leather totaled $65 million in 2015 (table 6.16). U.S. exports of these goods increased by 30 percent from 2011 to 2015. The main destination markets in 2015 were Canada (37 percent), Japan (17 percent), and Hong Kong (13 percent).

Table 6.16: Certain handbags with an outer surface of leather (Schedule B 4202.21.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	6,566,088	9,913,498	14,309,471	16,710,646	24,048,757
Japan	16,947,991	13,332,217	15,619,242	14,405,122	10,958,661
Hong Kong	3,944,812	3,211,522	3,183,048	4,777,776	8,295,669
China	1,143,862	385,218	503,292	2,880,045	5,470,119
United Kingdom	856,536	928,118	829,901	1,071,823	1,774,124
South Korea	9,235,272	3,102,921	4,102,036	3,860,831	1,559,940
Mexico	330,346	901,021	227,821	902,650	1,441,801
Singapore	1,826,433	409,962	639,526	607,826	901,297
Australia	282,128	991,262	280,889	927,787	881,496
United Arab Emirates	306,332	544,024	238,805	803,206	847,356
All other	8,584,699	8,410,406	9,717,380	13,109,205	9,049,162
Total	50,024,499	42,130,169	49,651,411	60,056,917	65,228,382

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

[109] Export figures include some re-exports of foreign produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin American countries. USITC hearing transcript, February 24, 2016, 162–63 (testimony of Angus McRae, Coach Inc.); industry representatives, telephone interview by USITC staff, February 23, 2016.

U.S. exports of certain handbags with an outer surface of plastic sheeting or of textile materials totaled $69 million in 2015 (table 6.17), and increased 31 percent from 2011 to 2015. The main destination markets in 2015 were Canada (47 percent), China (18 percent), and Japan (9 percent).

Table 6.17: Certain handbags with an outer surface of plastic sheeting or textile materials (Schedule B 4202.22.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	16,187,582	21,320,246	24,721,957	27,710,853	32,225,525
China	128,465	306,817	724,946	1,589,714	12,362,280
Japan	13,426,818	6,823,239	10,168,530	9,674,284	6,305,990
Hong Kong	807,306	508,576	706,901	430,399	4,453,872
Singapore	385,490	281,389	481,268	1,494,944	2,221,189
United Kingdom	1,800,250	1,615,494	2,245,088	1,477,232	1,816,194
Mexico	1,609,370	1,130,961	1,006,519	927,271	1,373,392
Panama	2,132,835	967,400	1,603,859	1,318,599	1,203,901
Italy	385,520	1,160,358	1,464,491	1,650,753	1,201,444
United Arab Emirates	186,439	610,558	247,074	350,663	773,745
All other	10,674,413	8,225,438	6,951,637	8,475,542	5,220,977
Total	47,724,488	42,950,476	50,322,270	55,100,254	69,158,509

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

Positions of Interested Parties

Petitioners. Petitioners for the addition of certain handbags to the list of items eligible for duty-free treatment under the provisions of the GSP are presented in table 6.18:

Table 6.18: Petitioners for certain handbags

HTS subheadings or statistical reporting number	Petitioner(s)
4202.21.60	Council for Leather Exports, Garment Manufacturers Association in Cambodia (GMAC), Government of the Philippines, Handbag Coalition, Michael Kors, Royal Thai Government
4202.21.90	Council for Leather Exports, GMAC, Government of the Philippines, Handbag Coalition, Michael Kors, Royal Thai Government, Tory Burch, Unison
4202.22.15	GMAC, Government of the Philippines, Handbag Coalition, Jaclyn, Michael Kors, Royal Thai Government, Tory Burch, Tumi, Unison
4202.22.45	GMAC, Global Mamas, Government of the Philippines, Handbag Coalition, Jaclyn, Michael Kors, Royal Thai Government, Tory Burch, Tumi
4202.22.8050	GMAC, Government of the Philippines, Handbag Coalition, Jaclyn, Michael Kors, Royal Thai Government, Tory Burch, TWT Manufacturing

Support and Opposition. For complete summaries of the positions of those parties that support or oppose the addition of travel goods (including certain handbags) to the list of GSP-eligible items, see chapter 5: "Position of Interested Parties."

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Chapter 7
Addition: Certain Pocket Goods[110] (BDCs, LDBDCs, and AGOA)

Table 7.1: Certain pocket goods

HTS subheading or statistical reporting number[a]	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4202.31.60[b]	Certain leather pocket goods	8.0	Yes
4202.32.40	Certain cotton pocket goods	6.3	Yes
4202.32.80	Certain non-cotton vegetable fiber pocket goods	5.7	Yes
4202.32.9550	Certain manmade fiber pocket goods	17.6	Yes
4202.32.9560	Certain other textile fiber pocket goods[c]	17.6	Yes

[a] The Trade Preferences Extension Act of 2015 (Public Law 114-27) allows certain luggage and travel articles to be considered for designation for duty-free treatment under the GSP, including certain pocket goods classified under the specific HTS subheadings and statistical reporting numbers listed in the table above. These products were previously prohibited by law (19 USC 2463) from receiving GSP treatment.
[b] HTS subheading 4202.31.60 is currently eligible for duty-free treatment for beneficiary countries under AGOA.
[c] This HTS subheading includes pocket goods other than silk, cotton, or manmade fibers.

Description and Uses

Certain pocket goods are articles of a kind normally carried in the pocket or in the handbag, and may include wallets, coin purses, map cases, cigarette cases, tobacco pouches, spectacle cases, lipstick cases, and pencil cases. The specific articles under consideration for designation as eligible for the GSP program are those with an outer surface of leather or of composition leather[111] (but not of reptile leather), or of textile materials, including cotton, non-cotton vegetable fiber, manmade fiber, and other textile fibers. Other than specifying the material used for the outer surface, the HTS subheadings or statistical reporting numbers make no distinction for style, type, end use, or quality of materials, and different pocket goods of varying degrees of complexity, quality, craftsmanship, and price may all be classified under the same subheading or statistical reporting number.

[110] A number of entities filed petitions with USTR requesting the addition of these HTS subheadings and statistical reporting numbers to the list of eligible articles for duty-free treatment under the provisions of the GSP (see list of petitioners in the Position of Interested Parties section of this chapter).
[111] See footnote 39, p. 50.

Advice

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Profile of U.S. Industry and Market, 2011–15

The Commission estimates there are fewer than 50 producers actively engaged in the production of pocket goods in the United States, a number of them individual craftsmen, artisans or leathersmiths who make wallets and similar articles by hand. The broader leather goods and luggage manufacturing[112] industry consists of roughly 4,400 businesses[113] in the United States, though some of these firms, such as Coach Inc., do not manufacture in the United States but retain domestic design operations.[114] U.S. shipments of other leather and allied products[115] totaled $1.4 billion in 2014. Most of the manufacturing in this sector has moved offshore to lower-cost foreign countries.[116] Although U.S. labor is relatively higher-cost, and manufacturing in this sector is labor-intensive, producers that remain in the United States focus on higher-value niche products for the North American market.[117] A modest increase in the demand for American-made products has strengthened the competitiveness of domestic suppliers.[118]

These articles may be sold in a range of retail, mass merchandising, outlet, and department stores, via e-commerce websites, through wholesale outlets, and in niche specialty markets for artisan and “fair trade” merchandise.

The estimated U.S. market for pocket goods was $800 million in 2015 (table 7.2), supplied almost completely by imports. The United States is considered a major market for these goods, along with the EU and Japan.

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[112] This industry grouping manufactures belts, hats, luggage, handbags, wallets, and various other leather and non-leather goods and accessories. The grouping is broader than petition items covered by this chapter.
[113] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 3.
[114] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 6.
[115] This industry, classified under NAICS 31699, comprises establishments primarily engaged in manufacturing leather or leather substitutes (e.g., fabric, plastics) products such as wallets, pet collars, luggage, purses, cosmetic cases, watch bands, and other articles.
[116] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 4.
[117] Ibid. at 4, 9.
[118] For example, brands such as American Apparel or Shinola have expanded operations in recent years. American Apparel website, http://store.americanapparel.net/l-epicier-leather-bag_rsalh530 (accessed March 2, 2016); Shinola website, http://www.shinola.com/our-story/about-shinola (accessed March 2, 2016); IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 8.

Table 7.2: Certain pocket goods (HTS subheadings and statistical reporting numbers 4202.31.60, 4202.32.40, 4202.32.80, 4202.32.9550 and 4202.32.9560), U.S. producers, employment, production, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(a)	(a)	(a)	(a)	(a)
Employment (thousand employees)[b]	(c)	1.5	1.5	1.4	(c)
Production (1,000 $)[d]	(c)	146,245	175,188	148,559	150,000
Exports (1,000 $)[e]	30,182	35,654	40,797	45,408	45,619
Imports (1,000 $)	574,418	623,514	665,592	640,169	695,812
Consumption (1,000 $)	(c)	734,105	799,983	743,320	800,193
Import-to-consumption ratio (percent)	(c)	85	83	86	87
Capacity utilization (percent)	(c)	(c)	(c)	(c)	(c)

Source: U.S. imports compiled from official statistics from the U.S. Department of Commerce.
Note: The share of U.S. consumption accounted for by imports in this table and all GSP-import situation tables is a calculation of each referenced product as a share of consumption of all subject products.
[a] Staff estimates there are fewer than 50 domestic producers of the subject product.
[b] Employment data based on U.S. Census, ASM, “2014 Statistics for Industry Groups and Industries,” NAICs code 3169982, wallets.
[c] Not available.
[d] Production data based on U.S. Census, ASM, “2014 Value of Product Shipments,” NAICs code 3169982, wallets.
[e] Export figures include some re-exports of foreign produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin American countries.

GSP/AGOA Import Situation, 2015

GSP

Overall U.S. imports of certain pocket goods from GSP-eligible countries in 2015 totaled $161 million and accounted for 23 percent of total U.S. imports of the goods (table 7.3). India, the Philippines, and Thailand were the leading GSP-eligible suppliers of pocket goods to the United States in 2015.

Table 7.3: Certain pocket goods (HTS subheadings and statistical reporting numbers 4202.31.60, 4202.32.40, 4202.32.80, 4202.32.9550 and 4202.32.9560): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	695,812	100	(a)	87
Imports from GSP-eligible countries:				
Total	161,100	23	100	20
India	110,375	16	69	14
Philippines	22,599	3	14	3
Thailand	20,710	3	13	3
Imports from GSP-eligible LDBDCs				
Total	1,665	(b)	1	(b)
Imports from AGOA countries				
Total	257	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

U.S. imports from India totaled $110 million and accounted for 69 percent of imports from GSP-eligible countries. Production in India is done in smaller facilities, generally with fewer than 500 employees. A number of buyers remarked that India is particularly known for its specialization and expertise in leather goods. Several indicated that they intended to increase their sourcing of small leather goods from India in the near future.[119]

U.S. imports from the Philippines in 2015 totaled $23 million (14 percent of imports from GSP-eligible countries). A number of buyers and companies stated that producers in the Philippines make a good-quality product and that they expect to direct more business to the Philippines in the future. For some, producing in the Philippines will require considerable investment in training and development if producers are to make higher-quality goods and meet the desired delivery time frames.[120] Some buyers noted that they followed an established Chinese vendor when the Chinese firm decided to relocate to the Philippines to lower costs.[121] Factories in the Philippines are large, ranging from 5,000 to as many as 20,000 employees. With the anticipated honing of skills and more experience, the Philippines is expected to increase its production of travel goods generally, but perhaps in products other than wallets or other small pocket goods.

U.S. imports of certain pocket goods from Thailand in 2015 were valued at $21 million (13 percent of total GSP-eligible imports). Industry sources report factories in Thailand are small to midsized, ranging from 200 to 1,000 employees. As with the Philippines, some buyers note they followed an established Chinese vendor when the Chinese firm decided to relocate to Thailand to save on costs.[122]

According to industry representatives, a majority of GSP-eligible producers would continue to rely on both imported and locally sourced materials to make GSP-eligible pocket goods. The GSP value content rule requires 35 percent of the value of the finished good to be added (either by materials or labor costs) in the GSP beneficiary country. Petitioners acknowledge that producers currently import most of their raw materials (e.g., sheets of leather[123] or plastic or textile materials) from China, South Korea, or Taiwan, and that these materials would have to be cut to shape in addition to being assembled and finished in the GSP-eligible country of production in order to meet the GSP program rule.[124] Over time, buyers expect increased investments in materials and trims production in the GSP-eligible countries will permit producers to source more of the inputs locally. In some cases, especially with smaller pocket goods such as wallets, the hand-work is so labor intensive that the labor costs alone are enough to satisfy the GSP preference rule.[125]

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[119] Industry representatives, telephone interview by USITC staff, February 25, and February 18, 2016.
[120] Industry representatives, telephone interview by USITC staff, February 23, 2016.
[121] Industry representatives, telephone interview by USITC staff, February 22, and February 23, 2016.
[122] Industry representatives, telephone interview by USITC staff, February 18, February 22, and February 23, 2016.
[123] Although high-quality leather hides originate in the United States (Texas), the raw hides are tanned at facilities overseas (usually South Korea or Taiwan). Industry representatives state the few tanning facilities in the United States are focused on specialized goods, such as military boots. USITC, hearing transcript, February 24, 2016, 164 (testimony of Angus McRae, Coach Inc.).
[124] See footnote 62, p. 54.
[125] USITC, hearing transcript, February 24, 2016, 181–82 (testimony of Angus McRae, Coach Inc.).

LDBDCs

LDBDCs, notably Cambodia and Nepal, accounted for only $1.7 million or just 1 percent of U.S. imports from GSP-eligible countries in 2015. A number of industry buyers indicate a prospective interest in Cambodia, but note that Cambodian producers are currently making a simple product suited to the lower-priced points of the market.[126] The value of imports from Nepal in 2015 totaled only $230,177; all of these were pocket goods with an outer surface of textile materials.

AGOA

Collectively, the AGOA countries shipped slightly more than $250,000 of certain pocket goods to the United States in 2015. South Africa was the leading AGOA supplier providing more than 50 percent of the AGOA total for certain leather pocket goods ($141,074). Other AGOA suppliers that shipped certain pocket goods to the United States in 2015 included Madagascar, Rwanda, and Uganda. The volume of imports from AGOA countries is relatively low despite the fact that certain leather pocket goods (HTS subheading 4202.31.60) are already eligible for duty-free treatment under AGOA. Additionally, there are a number of AGOA folklore article agreements[127] in place which extend duty-free access to the U.S. market for qualifying textile articles, which include pocket goods of textile materials made in one of the designated AGOA beneficiary countries.[128] [129]

The following tables detail the GSP/AGOA import situation in 2015 for certain pocket goods classified under each of the five tariff classifications covered by this chapter.

Certain leather pocket goods

The leading GSP-eligible suppliers of certain leather pocket goods (HTS subheading 4202.31.60) to the United States in 2015, were India, which supplied goods valued at $104 million and representing 71 percent share of GSP-eligible imports, followed by Thailand ($19 million and a 13 percent share), and the Philippines ($18 million and a 12 percent share) (table 7.4). For each of these three countries, certain leather pocket goods accounted for the bulk of their shipments of certain pocket goods (94 percent for India, 92 percent for Thailand, and 79 percent for the Philippines). Indonesia also shipped a relatively small quantity of these goods to the United States in 2015.

[126] Industry representatives, telephone interview by USITC staff, February 23, 2016.
[127] See footnote 66, p. 55.
[128] See footnote 67, p. 55.
[129] See footnote 68, p. 56.

Table 7.4: Certain leather pocket goods (HTS subheading 4202.31.60): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	549,512	100	(a)	69
Imports from GSP-eligible countries:				
Total	146,079	27	100	18
India	103,974	19	71	13
Thailand	18,969	3	13	2
Philippines	17,859	3	12	2
Indonesia	2,366	(b)	2	(b)
Imports from GSP-eligible LDBDCs				
Total	61	(b)	(b)	(b)
Imports from AGOA countries				
Total	220	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

Certain cotton pocket goods

For certain cotton pocket goods (HTS subheading 4202.32.40), the Philippines was the leading GSP-eligible country; it accounted for shipments worth $4.2 million, or 46 percent of imports from GSP-eligible countries (table 7.5). India ($3.2 million and a 35 percent share), and Thailand ($1.5 million and a 16 percent share) also shipped a significant amounts of these goods to the United States in 2015.

Table 7.5: Pocket goods, outer surface of textiles, not of pile or tufted construction, of cotton (HTS subheading 4202.32.40): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	58,551	100	(a)	7
Imports from GSP-eligible countries:				
Total	9,133	16	100	1
Philippines	4,200	7	46	1
India	3,241	6	35	(b)
Thailand	1,491	3	16	(b)
Imports from GSP-eligible LDBDCs				
Total	115	(b)	1	(b)
Imports from AGOA countries				
Total	23	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

Non-cotton textile material pocket goods (of non-cotton vegetable fiber, of manmade fiber, and of other textile fiber)

India was the top GSP-eligible supplier of certain non-cotton textile material pocket goods, with an 83 percent share of non-cotton vegetable fiber; a 52 percent share of manmade fiber; and a 43 percent of other textile fiber. Other GSP-eligible suppliers of these non-cotton products were Cambodia, Ecuador, Indonesia, Madagascar, Nepal, the Philippines, Thailand, and Turkey, which all provided relatively low-value shipments of these goods (tables 7.6–7.8).

LDBDC supplier Cambodia is the second-largest GSP-eligible supplier of manmade fiber pocket goods in HTS statistical reporting number 4202.32.9550. Cambodia provided $1.4 million of these products in 2015, or 26 percent of the total imports from GSP-eligible countries. The value of Cambodia's shipments in this HTS statistical reporting number doubled from 2014, when the country's shipments were worth $676,448.

Among the GSP-eligible suppliers of certain non-cotton vegetable fiber pockets goods (HTS subheading 4202.32.80) were AGOA countries Madagascar and Rwanda, which accounted for U.S. imports valued at $8,210 and $257, respectively, in 2015. Uganda shipped about $3,000 of certain other textile fiber pocket goods (other than silk, cotton or manmade fibers) classified under HTS statistical reporting number 4202.32.9560 in 2015.

Table 7.6: Certain non-cotton vegetable fiber pocket goods (HTS subheading 4202.32.80): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	6,278	100	(a)	1
Imports from GSP-eligible countries:				
Total	407	6	100	(b)
India	340	5	83	(b)
Nepal[c]	27	(b)	7	(b)
Turkey	25	(b)	6	(b)
Madagascar[d]	8	(b)	2	(b)
Imports from GSP-eligible LDBDCs				
Total	35	(b)	9	(b)
Imports from AGOA countries				
Total	8	(b)	2	(b)

[a] Not applicable.
[b] Less than 1 percent.
[c] LDBDCs.
[d] AGOA countries.

Table 7.7: Certain manmade fiber pocket goods (HTS statistical reporting number 4202.32.9550): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	74,662	100	(a)	9
Imports from GSP-eligible countries:				
Total	5,147	7	100	1
India	2,679	4	52	(b)
Cambodia[c]	1,352	2	26	(b)
Philippines	540	1	10	(b)
Indonesia	317	(b)	6	(b)
Thailand	200	(b)	4	(b)
Imports from GSP-eligible LDBDCs				
Total	1,364	2	26	(b)
Imports from AGOA countries				
Total	(d)	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.
[d] Less than $500.

Table 7.8: Certain other textile fiber pocket goods (HTS statistical reporting number 4202.32.9560): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	6,809	100	(a)	1
Imports from GSP-eligible countries:				
Total	333	5	100	(b)
India	142	2	43	(b)
Nepal[c]	85	1	26	(b)
Thailand	46	1	14	(b)
Indonesia	16	b	5	(b)
Ecuador	13	b	4	(b)
Imports from GSP-eligible LDBDCs				
Total	90	1	27	(b)
Imports from AGOA countries				
Total	5	(b)	1	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDCs.

U.S. Imports and Exports

China is the primary supplier of U.S. imports for HTS subheadings and statistical reporting numbers covering certain pocket goods. The country accounted for a share of the U.S. market ranging from 39 percent (for certain leather pocket goods in HTS 4202.31.60) to 90 percent (for certain non-cotton vegetable fiber pocket goods classified in HTS subheading 4202.32.80). Overall, China is a low-cost supplier of certain pocket goods to the U.S. market, which illustrates China's relative advantages that result from economies of scale and workers' skill and experience.

India, the leading GSP-eligible import source, is already a competitive supplier of these goods to the U.S. market. This is especially true of certain leather pocket goods in HTS subheading 4202.31.60, where India held an import share of nearly 20 percent in 2015.

Tables 7.9–7.14 detail the import situation for each of the subject HTS subheadings and statistical reporting numbers for certain pocket goods articles from 2011 to 2015.

Table 7.9: Certain pocket goods (HTS subheadings and statistical reporting numbers 4202.31.60, 4202.32.40, 4202.32.80, 4202.32.9550 and 4202.32.9560): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	368,898,949	372,320,304	374,577,752	316,095,075	320,929,393
India	79,700,040	81,439,877	96,334,808	97,311,884	110,375,083
Italy	57,672,293	68,881,353	76,247,707	80,429,321	85,672,136
Vietnam	15,268,150	16,618,238	28,664,241	42,668,009	52,464,446
France	24,776,926	37,197,457	32,640,974	34,120,099	42,232,702
Philippines	1,483,157	3,952,485	6,794,889	13,545,942	22,599,466
Thailand	1,285,087	4,888,621	13,385,063	17,550,801	20,709,969
Spain	9,011,015	16,983,968	16,136,830	14,987,606	14,914,119
Hong Kong	2,405,450	3,247,986	2,818,949	2,956,823	3,223,381
Indonesia	734,305	1,060,542	2,017,845	1,521,410	2,715,582
All other	13,182,738	16,922,802	15,973,395	18,981,894	19,976,447
Total	574,418,110	623,513,633	665,592,453	640,168,864	695,812,724
Imports from GSP-eligible countries:					
India	79,700,040	81,439,877	96,334,808	97,311,884	110,375,083
Philippines	1,483,157	3,952,485	6,794,889	13,545,942	22,599,466
Thailand	1,285,087	4,888,621	13,385,063	17,550,801	20,709,969
Indonesia	734,305	1,060,542	2,017,845	1,521,410	2,715,582
Cambodia[a]	8,481	125,939	306,871	744,099	1,392,492
Moldova	443,882	561,054	526,828	734,696	1,072,847
Turkey	1,630,722	1,651,551	1,239,384	1,153,513	844,186
Tunisia	379,338	319,224	272,596	295,154	312,475
Pakistan	175,834	128,241	233,551	234,869	250,970
Nepal[a]	281,718	319,530	299,055	260,343	230,177
All other	1,156,145	2,027,681	568,119	684,772	596,811
Total	87,278,709	96,474,745	121,979,009	134,037,483	161,100,058
Imports from other country groups:					
GSP-eligible LDBDCs	334,814	1,158,159	617,280	1,022,107	1,664,996
AGOA countries	247,944	228,148	175,660	300,978	257,009

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDCs.

Table 7.10: Certain leather pocket goods (HTS subheading 4202.31.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	203,065,673	213,328,016	231,438,631	204,804,636	215,800,259
India	73,966,605	74,367,605	91,468,305	93,674,457	103,974,054
Italy	51,380,773	61,595,113	70,651,425	76,559,715	80,281,858
Vietnam	8,229,013	10,372,286	19,386,535	32,783,551	40,747,918
France	23,645,852	35,859,970	31,550,358	32,462,131	39,373,878
Thailand	1,160,210	2,528,689	6,981,316	14,263,275	18,968,724
Philippines	146,472	275,418	2,114,128	6,923,740	17,858,706
Spain	8,546,648	16,523,438	15,992,184	14,955,868	14,881,734
Indonesia	291,920	516,308	1,575,849	1,189,889	2,365,734
Mexico[a]	1,439,975	2,671,923	3,198,960	2,747,618	1,862,715
All other	10,652,895	13,372,039	11,057,795	13,657,977	13,396,029
Total	382,526,036	431,410,805	485,415,486	494,022,857	549,511,609
Imports from GSP-eligible countries:					
India	73,966,605	74,367,605	91,468,305	93,674,457	103,974,054
Thailand	1,160,210	2,528,689	6,981,316	14,263,275	18,968,724
Philippines	146,472	275,418	2,114,128	6,923,740	17,858,706
Indonesia	291,920	516,308	1,575,849	1,189,889	2,365,734
Moldova	353,621	464,051	524,378	734,696	1,049,926
Turkey	1,618,384	1,461,334	1,225,687	1,137,947	795,931
Tunisia	373,857	294,434	241,181	293,046	294,140
Pakistan	171,380	120,365	206,104	208,560	226,481
Paraguay	218,314	211,793	192,136	159,185	198,743
South Africa[b]	125,502	121,899	107,454	121,673	141,074
All other	713,217	1,568,424	144,783	307,245	205,390
Total	79,139,482	81,930,320	104,781,321	119,013,713	146,078,903
Imports from other country groups:					
GSP-LDBDCs	40,735	694,169	8,438	81,872	60,926
AGOA countries	231,967	199,181	156,955	277,269	220,047

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.

Table 7.11: Certain cotton pocket goods (HTS subheading 4202.32.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	86,377,389	87,908,489	67,076,246	40,848,438	36,367,890
Vietnam	5,825,565	4,838,220	7,954,552	8,729,667	8,075,581
Philippines	1,145,432	3,216,432	4,224,637	6,219,032	4,200,112
India	5,226,473	6,015,461	3,021,820	1,754,354	3,240,898
France	1,002,213	1,112,831	997,664	1,385,461	2,641,580
Italy	470,865	1,200,296	915,767	1,144,392	1,533,835
Thailand	78,844	2,113,784	6,166,029	3,120,150	1,490,995
Hong Kong	46,461	236,532	444,977	451,116	415,105
Guatemala[a]	252,987	183,861	150,902	119,185	123,539
Romania	0	2,396	16,489	33,469	119,441
All other	811,071	1,229,521	751,129	784,294	342,483
Total	101,237,300	108,057,823	91,720,212	64,589,558	58,551,459
Imports from GSP-eligible countries:					
Philippines	1,145,432	3,216,432	4,224,637	6,219,032	4,200,112
India	5,226,473	6,015,461	3,021,820	1,754,354	3,240,898
Thailand	78,844	2,113,784	6,166,029	3,120,150	1,490,995
Nepal[b]	93,176	116,290	116,240	130,973	105,134
Moldova	0	20,587	724	0	22,921
Turkey	2,655	476	0	813	18,962
Kenya[c]	0	0	12,167	1,798	15,315
Indonesia	51,660	301,551	70,386	57,899	14,327
Pakistan	300	1,088	17,698	4,588	5,630
Cambodia[b]	0	4,516	29,104	4,752	4,518
All other	50,431	63,969	11,648	11,475	14,553
Total	6,648,971	11,854,154	13,670,453	11,305,834	9,133,365
Imports from other country groups:					
GSP-eligible LDBDCs	101,322	135,083	148,962	139,350	115,338
AGOA countries	12,173	22,029	18,430	9,283	23,389

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

[a] FTA partner.

[b] LDBDC.

[c] AGOA country.

Table 7.12: Certain non-cotton vegetable fiber pocket goods (HTS subheading 4202.32.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	2,989,236	2,690,659	6,066,948	6,240,182	5,621,424
India	14,892	43,915	68,560	166,668	339,768
United Kingdom	1,411	21,679	204,542	54,335	49,475
Hong Kong	48,886	62,077	73,730	47,643	40,459
Italy	15,548	14,120	26,139	16,343	39,551
France	964	91,425	46,458	68,294	27,784
Nepal[a]	28,991	25,197	24,078	14,340	26,548
Taiwan	6,425	8,355	7,731	5,642	25,915
Turkey	0	0	6,098	743	25,135
Vietnam	1,172	39,681	15,237	5,278	13,458
All other	301,584	309,404	302,786	232,277	68,318
Total	3,409,109	3,306,512	6,842,307	6,851,745	6,277,835
Imports from GSP-eligible countries:					
India	14,892	43,915	68,560	166,668	339,768
Nepal[a]	28,991	25,197	24,078	14,340	26,548
Turkey	0	0	6,098	743	25,135
Madagascar[a b]	0	0	0	0	8,210
Thailand	13,121	9,391	67,780	0	3,746
Indonesia	277	107,187	898	4,714	2,323
Tunisia	2,976	2,414	15,239	0	1,057
Ecuador	0	522	0	0	392
Rwanda[a b]	2,028	264	0	360	257
Brazil	0	0	338	0	0
All other	5,208	10,474	3,211	1,091	0
Total	67,493	199,364	186,202	187,916	407,436
Imports from other country groups:					
GSP-eligible LDBDCs	33,655	30,776	24,078	14,980	35,015
AGOA countries	2,286	264	275	640	8,467

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] AGOA country.

Table 7.13: Certain manmade fiber pocket goods (HTS statistical reporting number 4202.32.9550): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	70,295,053	65,597,457	65,485,842	59,508,990	57,955,183
Italy	5,539,530	5,936,811	4,442,468	2,225,330	3,736,153
Vietnam	1,201,979	1,367,024	1,295,784	1,148,934	3,427,271
India	441,475	909,709	1,630,029	1,684,470	2,678,792
Taiwan	600,272	634,071	549,108	757,454	2,064,134
Cambodia[a]	7,071	118,052	277,767	676,448	1,351,850
Hong Kong	513,686	655,369	567,401	663,139	846,168
Mexico[b]	35,680	127,921	177,659	313,424	576,766
Philippines	190,848	456,115	444,983	385,040	540,142
Indonesia	374,243	127,820	358,694	223,717	317,416
All other	1,105,133	1,292,107	1,005,647	1,249,877	1,168,469
Total	80,304,970	77,222,456	76,235,382	68,836,823	74,662,344
Imports from GSP-eligible countries:					
India	441,475	909,709	1,630,029	1,684,470	2,678,792
Cambodia[a]	7,071	118,052	277,767	676,448	1,351,850
Philippines	190,848	456,115	444,983	385,040	540,142
Indonesia	374,243	127,820	358,694	223,717	317,416
Thailand	30,983	235,324	168,913	167,376	200,005
Pakistan	4,154	5,828	9,749	21,721	18,093
Nepal[a]	24,110	12,873	5,949	29,691	12,006
Lebanon	0	0	718	0	9,919
Tunisia	1,812	2,247	449	1,233	5,404
Sri Lanka	1,777	2,396	28,183	14,761	5,093
All other	136,988	324,910	61,920	112,348	8,626
Total	1,213,461	2,195,274	2,987,354	3,316,805	5,147,346
Imports from other country groups:					
GSP-eligible LDBDCs	31,181	134,307	283,716	706,434	1,363,856
AGOA countries	1,518	6,251	0	7,910	318

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] FTA partner.

Table 7.14: Certain other textile fiber pocket goods (HTS statistical reporting number 4202.32.9560): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	6,171,598	2,795,683	4,510,085	4,692,829	5,184,637
South Korea[a]	1,010	29,403	2,751	27,059	356,719
Taiwan	60,915	22,800	39,635	55,232	328,969
Vietnam	10,421	1,027	12,133	579	200,218
India	50,595	103,187	146,094	31,935	141,571
France	21,614	39,949	27,072	41,514	93,834
Nepal[b]	127,261	163,824	152,086	79,471	85,473
Italy	265,577	135,013	211,908	483,541	80,739
Hong Kong	53,805	24,853	71,789	115,677	73,630
United Kingdom	18,065	27,136	11,636	27,031	50,994
All other	159,834	173,162	193,877	313,013	212,693
Total	6,940,695	3,516,037	5,379,066	5,867,881	6,809,477
Imports from GSP-eligible countries:					
India	50,595	103,187	146,094	31,935	141,571
Nepal[b]	127,261	163,824	152,086	79,471	85,473
Thailand	1,929	1,433	1,025	0	46,499
Indonesia	16,205	7,676	12,018	45,191	15,782
Ecuador	3,157	11,063	8,268	900	13,322
Tunisia	302	0	15,087	875	10,688
Brazil	2,733	1,881	9,534	1,295	10,000
Uganda[b c]	0	0	0	0	3,138
Mongolia	0	0	0	0	1,559
Lebanon	0	0	0	452	1,406
All other	7,120	6,569	9,567	53,096	3,570
Total	209,302	295,633	353,679	213,215	333,008
Imports from other country groups:					
GSP-eligible LDBDCs	127,921	163,824	152,086	79,471	89,861
AGOA countries	0	423	0	5,876	4,788

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.
[c] AGOA country.

U.S. export statistics for certain pocket goods are split into two types: those with an outer surface of leather (Schedule B 4202.31.0000), or those with an outer surface of plastic sheeting or textile materials (Schedule B 4202.32.0000) (both of these schedule B numbers are combined in table 7.15). Exports under Schedule B 4202.32.0000 include shipments of certain plastic pocket goods, which are not under consideration for designation as GSP-eligible products. Re-exports from U.S. distribution centers to other markets accounted for a portion of the export figures tabulated below.[130]

[130] Export figures include some re-exports of foreign produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin American countries. Industry representatives, telephone interview by USITC staff, February 22, February 25, and March 1, 2016.

Table 7.15 Certain pocket goods (Schedule B numbers 4202.31.0000 and 4202.32.0000), U.S. exports of domestic merchandise by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	12,900,939	17,490,410	21,442,511	24,141,234	26,680,462
Japan	5,398,155	5,666,040	8,700,394	10,262,487	8,858,820
United Kingdom	2,361,809	2,389,172	1,412,899	1,209,414	1,116,461
South Korea	604,935	842,391	988,743	716,275	1,078,542
Hong Kong	569,345	807,441	732,976	1,347,046	1,000,360
Mexico	2,695,304	1,985,617	1,514,865	1,188,298	775,651
China	143,506	30,158	461,695	471,112	671,157
Australia	277,871	275,968	1,007,402	488,881	531,562
Netherlands	73,103	135,690	166,936	258,837	515,089
Dominican Rep	225,265	195,433	195,822	361,736	445,718
All other	4,931,710	5,835,463	4,172,647	4,962,316	3,945,397
Total	30,181,942	35,653,783	40,796,890	45,407,636	45,619,219

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

U.S. exports of pocket goods, with outer surface of leather (Schedule B 4202.31.0000) totaled $28.5 million in 2015 (table 7.16). The value of these U.S. exports almost doubled from 2011 to 2015. The main export markets were Canada (49 percent of total U.S. exports) and Japan (29 percent) in 2015.

Table 7.16: Pocket goods with an outer surface of leather (Schedule B 4202.31.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	5,100,218	6,813,881	9,018,716	11,686,122	13,963,080
Japan	5,077,033	5,146,786	8,501,871	10,057,041	8,182,817
South Korea	318,300	446,714	798,915	614,967	948,300
Hong Kong	301,995	656,206	605,945	1,294,939	901,915
United Kingdom	557,286	879,776	591,019	857,471	773,829
China	75,986	0	84,528	351,103	581,559
Netherlands	12,264	62,655	131,428	196,106	472,050
Australia	101,956	96,629	624,423	177,982	471,186
Taiwan	93,980	178,685	197,437	555,118	213,956
Singapore	56,237	42,632	138,332	253,535	202,359
All other	2,714,925	3,025,250	2,707,398	2,684,914	1,793,108
Total	14,410,180	17,349,214	23,400,012	28,729,298	28,504,159

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

U.S. exports of pocket goods with outer surface of plastic sheeting or of textile materials (Schedule B 4202.32.0000) totaled $17 million in 2015 (table 7.17). Values of these U.S. exports remained relatively stable from 2011 to 2015. Canada was the major export market (74 percent of total exports) in 2015.

Table 7.17: Pocket goods with an outer surface of plastic sheeting or of textile materials (Schedule B 4202.32.0000): U.S. exports of domestic merchandise, by market, 2011–15 ($)

Country	2011	2012	2013	2014	2015
Canada	7,800,721	10,676,529	12,423,795	12,455,112	12,717,382
Japan	321,122	519,254	198,523	205,446	676,003
Mexico	1,133,671	327,402	306,935	502,307	578,953
Dominican Republic	225,265	159,639	27,211	197,356	399,083
United Kingdom	1,804,523	1,509,396	821,880	351,943	342,632
Brazil	126,750	211,609	18,530	222,728	225,618
Taiwan	307,328	0	12,233	215,027	216,303
France	57,892	45,658	38,230	36,211	214,128
Chile	261,984	356,285	354,622	233,568	199,057
Germany	342,046	847,295	369,353	201,961	154,634
All other	3,390,460	3,651,502	2,825,566	2,056,679	1,391,267
Total	15,771,762	18,304,569	17,396,878	16,678,338	17,115,060

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

Positions of Interested Parties

Petitioners. Petitioners for the addition of certain pocket goods to the list of items eligible for duty-free treatment under the provisions of the GSP are:

Table 7.18: Petitioners for certain pocket goods

HTS subheading or statistical reporting number	Petitioner(s)
4202.31.60	Council for Leather Exports, Garment Manufacturers Association in Cambodia (GMAC), Government of the Philippines, Jaclyn, Inc., Michael Kors, Performance Sports Group (PSG), Pocket Goods Coalition, Royal Thai Government, Tory Burch, Unison
4202.32.40	GMAC, Global Mamas, Government of the Philippines, Jaclyn Inc., Michael Kors, Pocket Goods Coalition, Royal Thai Government, Tory Burch, Unison
4202.32.80	GMAC, Government of the Philippines, Jaclyn Inc., Pocket Goods Coalition, Royal Thai Government
4202.32.9550	GMAC, Government of the Philippines, Jaclyn Inc., Michael Kors, PSG, Pocket Goods Coalition, Royal Thai Government, Tory Burch
4202.32.9560	GMAC, Government of the Philippines, Jaclyn Inc., Pocket Goods Coalition, Royal Thai Government

Support and Opposition. For complete summaries of the positions of those parties that support or oppose the addition of travel goods (including certain pocket goods) to the list of GSP-eligible items, see chapter 5: “Positions of Interested Parties.”

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Chapter 8
Addition: Certain Travel Bags, Sports Bags, Backpacks, and Other Containers[131] (BDCs, LDBDCs, and AGOA Countries)

Table 8.1: Certain travel bags, sports bags, backpacks, and other containers

HTS subheading or statistical reporting number[a]	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4202.91.0030[b]	Certain leather travel bags	4.5	Yes
4202.91.0090[b]	Certain other leather containers	4.5	Yes
4202.92.15	Certain cotton travel bags	6.3	Yes
4202.92.20	Certain non-cotton vegetable fiber travel bags	5.7	Yes
4202.92.3020	Certain manmade fiber backpacks	17.6	Yes
4202.92.3031	Certain manmade fiber travel bags, other than backpacks	17.6	Yes
4202.92.3091	Certain travel bags of other textile materials (other than of cotton or of manmade fiber)	17.6	Yes
4202.92.45[b]	Certain plastic travel bags	20.0	Yes
4202.92.9026	Certain other manmade fiber containers	17.6	Yes
4202.92.9060	Certain other plastic containers, other than CD player cases	17.6	Yes
4202.99.90[b]	Certain other containers and cases	20.0	Yes

[a] The Trade Preferences Extension Act of 2015 (Public Law 114-27) allows certain luggage and travel articles to be considered for designation for duty-free treatment under the GSP, including certain travel bags, sports bags, backpacks, and other containers classified under the specific HTS subheadings and statistical reporting numbers listed in the table above.
[b] HTS statistical reporting numbers 4202.91.0030 and 4202.91.0090, and subheadings 4202.92.45 and 4202.99.90, are currently eligible for duty-free treatment for beneficiary countries under AGOA.

Description and Uses

The HTS subheadings and statistical reporting numbers covered under this chapter are "travel, sports, and similar bags," as well as other containers or organizers other than luggage, handbags, or pocket goods. The category "travel, sports, and similar bags" includes travel bags, tote bags, knapsacks and backpacks, duffle bags, garment bags, and similar bags intended to provide storage, organization, protection, and portability for garments and other personal effects during travel. The outer surface may be of leather or of composition leather,[132] of textile materials (cotton, non-cotton vegetable fiber, manmade fiber, or other), or of plastic sheeting. Other than specifying the material used for the outer surface, the HTS subheadings or statistical reporting numbers make no distinction for style, type, or quality of materials; travel bags,

[131] A number of entities filed petitions with the USTR requesting the addition of these HTS subheadings and statistical reporting numbers to the list of eligible articles for duty-free treatment under the provisions of the GSP (see list of petitioners in the "Positions of Interested Parties" section of this chapter).
[132] See footnote 39, p. 50.

backpacks, and similar articles of varying degrees of complexity, quality, craftsmanship, and price may all be classified under the same number.

Other containers or organizers (not luggage, handbags, or pocket goods) include travel bags, sport bags, pouches, passport or travel document organizers, fanny packs, toiletry bags, unbelted tool cases, knife sheaths, gun cases, watch cases, cellular phone cases, laptop sleeves, tablet or e-reader cases, camera cases, pet carriers, automotive organizers, and CD/DVD or cassette carrier cases. The containers are intended to provide storage, organization, protection, and portability to their contents. The outer surface may be of leather or of composition leather, of sheeting, of plastics, of textile materials, of vulcanized fiber, or of paperboard, or may be wholly or mainly covered with such materials or with paper. Other than specifying the material used for the outer surface, the HTS subheadings or statistical reporting numbers make no distinction for style, type, or quality of materials, and articles of varying degrees of complexity, quality, craftsmanship, and price may all be classified under the same number. Some importers market travel bags and other containers to schools, universities, sports tournaments, or corporate events and embellish the bags with logos or other custom messages, generally with embroidery done by employees in the United States.[133]

Advice

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Profile of U.S. Industry and Market, 2011–15

Industry representatives indicated that the U.S. industry producing travel bags, backpacks, and other containers is small.[134] The number of U.S. companies that produce articles that are covered in this chapter is estimated to be about 15 to 20.[135] Industry sources reported that many of the travel bags, sports bags, backpacks, and other containers produced in this chapter are made for the U.S. military under the Berry Amendment.[136] Commission staff research and input from U.S. manufacturers indicate that U.S. producers also manufacture niche products in this category (i.e. those products for consumers with unique or customized requests, or desiring American-made products). Examples include higher-priced leather briefcases and tote bags that are sold at retailers, such as Allen Edmonds, at prices ranging from $495 to $695.[137] Other niche products made in the United States range from expensive custom-made, handcrafted all-

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[133] Industry representatives, telephone interviews by USITC staff, February 18, and March 1, 2016; USITC, hearing transcript, February 24, 2016, 142 (testimony of David Wunderli, Ogio International).
[134] Industry representatives, telephone interviews by USITC staff, February 18 and 23, 2016.
[135] Industry representatives, telephone interview by USITC staff, February 22, 2016.
[136] See footnote 40, p. 50.
[137] Industry representative, interview by USITC staff, Washington, DC, February 19, 2016; Allen Edmonds website, http://www.allenedmonds.com/accessories/bags-briefcases/ (accessed March 2, 2016).

leather bags[138] and gun holsters[139] to recycled, low-cost tote bags of U.S.-made materials.[140] The rise in demand for U.S.-made products[141] increases the competitiveness of domestic suppliers.[142]

The production of some of the products discussed in this chapter, like that of related products discussed earlier, is highly labor intensive, and U.S. labor costs more than the labor used by many Asian suppliers. Industry representatives also emphasized that there is no large- scale U.S. production of these articles.[143]

Most of the manufacturing in this sector has thus moved offshore to lower-cost countries,[144] primarily China and Vietnam. Imports account for the great majority of the U.S. market for these products, supplying about 93 percent by value of U.S. consumption in 2015 (table 8.2).[145]

Table 8.2: Certain travel bags, sports bags, backpacks, and other containers (HTS subheadings and statistical reporting numbers 4202.91.0030, 4202.91.0090, 4202.92.15, 4202.92.20, 4202.92.3020, 4202.92.3031, 4202.92.3091, 4202.92.45, 4202.92.9026, 4202.92.9060, 4202.99.90), U.S. producers, employment, production, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(a)	(a)	(a)	(a)	(a)
Employment (1,000 employees)	(a)	5.2	5	4.9	(a)
Shipments (1,000 $)	(a)	**377,992	**376,522	**389,309	**390,000
Exports (1,000 $)[b]	**25,615	**23,500	**21,363	**24,841	**25,338
U.S. imports (1,000 $)	4,021,995	4,681,620	4,916,649	5,172,723	5,150,178
Consumption (1,000 $)[d]	(c)	**5,059,612	**5,293,171	**5,562,032	**5,515,178
Import-to-consumption ratio (percent)	(c)	**93	**93	**93	**93
Capacity utilization (percent)	(c)	(c)	(c)	(c)	(c)

Source: U.S. imports compiled from official statistics from the U.S. Department of Commerce.
Note: **refers to staff estimates based on limited information; data are adequate for estimation with a moderate degree of confidence.
Note: The share of U.S. consumption accounted for by imports in this table and all GSP-import situation tables is a calculation of each referenced product as a share of consumption of all subject products
[a] Staff was unable to identify domestic producers of the subject product.
[b] Exports are likely re-exports, and therefore U.S. production will account for only a small portion of these export data.
[c] Not available.
[d] Export data are not included in the calculation for U.S. consumption.

[138] Belding USA website, http://www.beldingusa.com/ (accessed February 29, 2016).
[139] Manta website, "Holster Manufacturers in the United States," http://www.manta.com/mb_35_B00C705N_000/holsters (accessed March 2, 2016).
[140] Enviro-Tote website, http://www.enviro-tote.com/ (accessed February 25, 2016).
[141] In addition, brands such as American Apparel and Shinola have expanded U.S. leather goods operations in recent years. American Apparel website, http://store.americanapparel.net/l-epicier-leather-bag_rsalh530 (accessed March 2, 2016); Shinola website, http://www.shinola.com/our-story/about-shinola (accessed March 2, 2016); IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 8.
[142] LL Bean is an example of a U.S. company that continues to manufacture a small part of its line domestically. They produce footwear and canvas tote bags in Maine, employing approximately 350 people. LL Bean website, http://www.llbean.com/customerService/aboutLLBean/company_information.html?nav=ftlink.
[143] Industry representatives, interviews by USITC staff, Washington, DC, February 22, 2016.
[144] IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 4.
[145] Ibid., 9.

A few companies that have their travel bags and related articles made primarily in Asia, nonetheless have large distribution centers in the United States. They import these products directly to these distribution centers and then ship products primarily to Canada, Mexico, and, to a lesser extent, Central and South America. In written comments to the Commission, industry representatives emphasized that the centers provide employment for U.S. workers. One U.S. firm stated that it "creates small specialty items" and also makes repairs and refurbishes its products in the United States.

The broader leather good and luggage manufacturing industry consists of roughly 4,400 businesses in the United States. While some of these firms, such as Coach Inc., do not manufacture in the United States, they retain design operations there. U.S. shipments of other leather and allied products totaled $1.4 billion in 2014.

The estimated U.S. market for certain travel bags and other containers was very large, estimated at $5.5 billion in 2015 (table 8.2). The United States is considered a major market for these goods. Other important markets are the EU and Japan. These articles may be sold in a range of retail, mass-merchandising, and outlet stores, via e-commerce websites, through wholesale outlets, and in niche specialty markets for artisan and "fair trade" merchandise.

The travel bags, sports bags, backpacks, and other containers discussed in this chapter cover not only a broad spectrum of products, but also varying types of the same product. For example, many types of backpacks are included in this chapter, ranging from children's backpacks to high-quality, higher-priced backpacks used for hiking.

GSP/AGOA Import Situation, 2015

GSP

With few exceptions, total U.S. imports from GSP-eligible countries accounted for only a small share of total U.S. imports for all the goods covered in this chapter. With just a few exceptions, the GSP-eligible share of U.S. imports of these goods ranged from less than 1 percent to about 9 percent. U.S. imports from GSP-eligible countries accounted for just under 11 percent of total U.S. imports for both certain leather travel bags (HTS statistical reporting number 4202.91.0030) and certain cotton travel bags (HTS subheading 4202.92.15). On the other hand, U.S. imports from GSP-eligible countries accounted for 23 percent of total U.S. imports of certain non-cotton vegetable fiber travel bags (HTS subheading 4202.92.20).

Overall U.S. imports of certain travel bags, sports bags, backpacks, and other containers from GSP-eligible countries in 2015 totaled $336 million, or 7 percent of total U.S. imports (table 8.3). The Philippines, Indonesia, and India were the leading GSP-eligible suppliers of these articles in 2015. Together, the top three suppliers provided 77 percent of total U.S. imports from GSP-eligible countries. LDBDC Cambodia also shipped these goods to the United States in 2015. The competitive position of each of the top GSP-eligible countries varied from product to product.

Table 8.3: Certain travel bags, sports bags, backpacks, and other containers (HTS subheadings and statistical reporting numbers 4202.91.0030, 4202.91.0090, 4202.92.15, 4202.92.20, 4202.92.3020, 4202.92.3031, 4202.92.3091, 4202.92.45, 4202.92.9026, 4202.92.9060, 4202.99.90): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	5,150,178	100	(a)	93
U.S. imports from GSP-eligible countries:				
Total	336,316	7	100	7
Philippines	125,189	2	37	2
Indonesia	75,169	1	22	1
India	60,712	1	18	1
Cambodia[c]	32,051	1	10	1
Thailand	23,227	(b)	7	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	33,477	1	10	1
U.S. imports from AGOA countries				
Total	904	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

The Philippines, which accounted for 37 percent ($125 million) of the value of U.S. imports of these goods from all GSP-eligible countries, was noted as an important supplier of travel bags, backpacks, and other articles discussed in this chapter.[146] A number of buyers and brands indicated their interest in the Philippines for future sourcing, but noted the need for additional investment in training and development if producers are to make higher-quality goods with on-time delivery. Some buyers stated they followed an established Chinese vendor when the Chinese firm decided to relocate to the Philippines to save on costs. Factories in the Philippines are large, ranging from 5,000 to as large as 20,000 employees. With the anticipated honing of skills and more experience, the Philippines is expected to increase its production of travel goods generally, and particularly in products such as the types of travel bags discussed in this chapter.

Indonesia, which supplied U.S. imports valued at $75 million in 2015 (22 percent of GSP-eligible imports), received mixed reviews from industry representatives. One stated that Indonesia had excellent factories, capable of producing high-quality travel bags and related articles.[147] Another stated that Indonesia's costs are about 20 percent higher than in China because of high freight costs and undeveloped infrastructure. One source stated that the quality is sufficient for products sold at lower price points, such as for outlet business.[148] However, many industry representatives stated that they were planning on diversifying some of their production to Indonesia.[149]

In 2015, India accounted for U.S. imports valued at just under $61 million (18 percent of GSP-eligible imports), and it was the third-largest GSP-eligible supplier of travel bags, sports bags,

[146] Industry representatives, telephone interview by USITC staff, February 18, 2016.
[147] USITC, hearing transcript, 145–46 (testimony of David Wunderli, Ogio International).
[148] Industry representatives, telephone interview by USITC staff, February 22, 2016.
[149] Industry representatives, telephone interviews by USITC staff, February 18, February 22, and February 23, 2016.

backpacks, and similar articles that year. India produces these goods in smaller facilities with fewer than 1,000 employees. A number of buyers noted that India can supply quality leather suitable for use in the production of travel bags and related articles. India was the top GSP-eligible supplier to the United States of other cases made of leather (HTS statistical reporting number 4202.91.0090) and the third-largest supplier of leather travel bags (HTS statistical reporting number 4202.91.0030), with U.S. imports valued at $8 million and $14 million, respectively, in 2015.

Cambodia accounted for 10 percent of GSP-eligible imports in 2015 ($32 million). A majority of industry representatives indicated a prospective interest[150] in Cambodia, but stated that producers there are currently making a simpler product suited to a lower-priced market.

Thailand was an important and growing supplier of travel and sports bags and other articles discussed in this chapter in 2015, supplying $23 million in U.S. imports and accounted for 7 percent of GSP-eligible U.S. imports in 2015. The Thai industry is well positioned in terms of labor cost, workforce skill, and availability of materials to capture a larger share of production. In general, Thai factories are small to midsized, ranging from 200 to 1,000 employees. Many buyers have established relationships with their vendors in Thailand and speak favorably of the quality, workmanship, and delivery terms for these goods. Similar to the case with the Philippines, some buyers noted they followed an established Chinese vendor when the Chinese firm decided to cut costs by relocating to Thailand.

According to industry sources, a majority of GSP-eligible producers would continue to rely on both imported and locally sourced materials to make GSP-eligible travel bags, backpacks, and related articles. The GSP value content rule requires 35 percent of the value of the finished good to be added (either by materials or labor costs) in the GSP beneficiary country. Petitioners acknowledge that producers import most of their raw materials (e.g., sheets of leather or plastic or textile materials) and that these materials would have to be cut to shape, assembled, and finished in the GSP country of production in order to meet the GSP program rule.[151] Over time, buyers expect that increased investments in materials and trims production in the GSP-eligible countries will permit luggage producers to source more of the inputs locally. In some cases, the handwork is so labor intensive that the labor costs alone are enough to satisfy the GSP preference rule.[152]

LDBDCs

In 2015, U.S. imports of certain travel bags, sports bags, backpacks, and other containers from LDBDCs totaled $33 million (or 10 percent of total U.S. imports from GSP-eligible countries). Cambodia accounted for 96 percent ($32 million) of the total value from LDBDC suppliers in 2015. For a handful of the articles covered by this chapter, Cambodia and Nepal were among the top three GSP-eligible countries.

[150] Industry representatives said that they are interested in Cambodia because of low labor costs. Industry representatives, telephone interview by USITC staff, February 25, 2016.
[151] See footnote 62, p. 54.
[152] USITC, hearing transcript, February 24, 2016, 181–2 (testimony of Daniel Neumann, Sorini, Samet & Associates on behalf of Coach Inc. and OIA).

AGOA

The value of U.S. imports from AGOA countries in 2015 was relatively low at $904,173 or less than 1 percent of total U.S. imports from GSP-eligible countries. Among the AGOA beneficiary countries that shipped the products covered in the chapter to the United States in 2015 were Ethiopia, Kenya, Mauritius, and South Africa. The value of this trade is low despite the fact that certain leather travel bags (HTS statistical reporting number 4202.91.0030), certain plastic travel bags (HTS subheading 4202.92.45), certain other leather containers (HTS statistical reporting number 4202.91.0090), and certain other containers and cases (HTS subheading 4202.99.90) are already eligible for duty-free treatment under AGOA. Additionally, there are a handful of AGOA folklore article agreements[153] in place that extend duty-free access to the U.S. market for qualifying textile articles, which include travel bags of textile materials such as tote or duffle bags made in one of the designated AGOA beneficiary countries.[154]

Tables 8.4–8.14 detail the GSP/AGOA import situation in 2015 for certain travel bags and other containers classified under each of the twelve tariff provisions included in this chapter.

Certain leather travel bags and other containers

The Philippines was the top GSP-eligible supplier of certain leather travel bags (HTS statistical reporting number 4202.91.0030) to the United States in 2015, shipping goods valued at almost $55 million (55 percent share of U.S. imports from GSP-eligible countries). It was followed by Indonesia (just under $27 million, or a 27 percent share) and India ($14 million, or a 14 percent share) (table 8.4). Together, these three suppliers provided 97 percent of all U.S. imports of goods under this statistical reporting number from GSP-eligible countries. Shipments of these goods from the Philippines more than doubled, rising from $24 million in 2014, to almost $55 million in 2015.

Table 8.4: Certain leather travel bags (HTS statistical reporting number 4202.91.0030): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	920,310	100	[a]	17
U.S. imports from GSP-eligible countries:				
Total	99,201	11	100	2
Philippines	54,940	6	55	1
Indonesia	26,949	3	27	1
India	14,058	2	14	[b]
U.S. imports from GSP-eligible LDBDCs				
Total	69	[b]	[b]	[b]
U.S. imports from AGOA countries				
Total	97	[b]	[b]	[b]

[a] Not applicable.
[b] Less than 0.5 percent.

[153] See footnote 66, p. 55.
[154] See footnote 67, p. 55.

For certain other leather containers (HTS statistical reporting number 4202.91.0090), India was the top GSP-eligible supplier to the United States ($8 million or a 45 percent share of total GSP-eligible imports), followed by Thailand[155] ($3 million or a 17 percent share), Paraguay ($2 million or a 12 percent share), Turkey ($1.9 million or a 10 percent share), and Indonesia ($1.3 million or a 7 percent share) (table 8.5). Of the leading GSP-eligible countries supplying these goods to the United States, the fastest growing was Indonesia, whose U.S. imports increased in this category from $288,679 in 2014 to $1.3 million in 2015.

Table 8.5: Certain other leather cases (HTS statistical reporting number 4202.91.0090): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	202,904	100	(a)	4
U.S. imports from GSP-eligible countries:				
Total	18,809	9	100	(b)
India	8,483	4	45	(b)
Thailand	3,141	2	17	(b)
Paraguay	2,168	1	12	(b)
Turkey	1,858	1	10	(b)
Indonesia	1,306	1	7	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	32	(b)	(b)	(b)
U.S. imports from AGOA countries				
Total	484	(b)	3	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

Certain cotton travel bags

India was the leading GSP-eligible supplier of certain cotton travel bags to the U.S. market in 2015, shipping goods valued at $26 million and accounting for 61 percent of all U.S. imports of these products from GSP-eligible suppliers (table 8.6). The second-largest GSP-eligible supplier was Pakistan (almost $7 million or a 15 percent share), followed by the Philippines (almost $6 million or a 13 percent share). Additionally, Indonesia and Thailand each shipped more than $1 million of these travel bags to the United States in 2015.

[155] The Thai Government's Ministry of Commerce is actively promoting Thailand's leather products with the aim of making Thailand the hub for the trade, development, and manufacturing of leather goods within the Association of Southeast Asian Nations (ASEAN). Royal Thai Embassy, written submission to USITC, February 3, 2016, 7.

Table 8.6: Certain cotton travel bags (HTS subheading 4202.92.15): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	387,263	100	(a)	7
U.S. imports from GSP-eligible countries:				
Total	43,365	11	100	1
India	26,292	7	61	1
Pakistan	6,613	2	15	(b)
Philippines	5,650	1	13	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	1,280	(b)	3	(b)
U.S. imports from AGOA countries				
Total	131	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

Certain non-cotton vegetable fiber travel bags

Overall, U.S. imports of certain non-cotton vegetable fiber travel bags from GSP-eligible countries totaled $8.3 million, accounting for 23 percent of total U.S. imports of subject goods in 2015. India alone shipped subject goods valued at $8.0 million and accounted for 96 percent of the total U.S. imports from GSP-eligible suppliers (table 8.7).

Table 8.7: Certain non-cotton vegetable fiber travel bags (HTS subheading 4202.92.20): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	36,308	100	(a)	1
U.S. imports from GSP-eligible countries:				
Total	8,347	23	100	(b)
India	8,035	22	96	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	53	(b)	(b)	(b)
U.S. imports from AGOA countries				
Total	9	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

Certain manmade fiber backpacks

The Philippines was the leading GSP-eligible supplier of certain manmade fiber backpacks to the United States in 2015 ($25.8 million, or a 40 percent share of total U.S. imports of these goods from GSP-eligible countries), followed closely by Indonesia (just under $24 million or a 38 percent share). LDBDC Cambodia was the third-largest GSP-eligible supplier ($13 million or a 21 percent share) (table 8.9). Shipments from all three of the top GSP-eligible countries increased over the previous year.

Imports from LDBDCs of certain manmade fiber backpacks accounted for 21 percent of all U.S. imports from GSP-eligible countries. Cambodia accounted for nearly all

(99.9 percent) of the U.S. imports from LDBDCs in 2015 (table 8.8). Cambodia's shipments of these backpacks almost tripled, from $4.6 million in 2014 to $13.2 million in 2015.

Table 8.8: Certain manmade fiber backpacks (HTS statistical reporting number 4202.92.3020): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP U.S. imports	Percent of U.S. consumption
Grand total	858,532	100	(a)	16
U.S. imports from GSP-eligible countries:				
Total	63,762	7	100	1
Philippines	25,784	3	40	1
Indonesia	23,997	3	38	(b)
Cambodia[c]	13,177	2	21	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	13,182	2	21	(b)
U.S. imports from AGOA countries				
Total	13	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

Certain manmade fiber travel bags, other than backpacks

Indonesia was the United States' top GSP-eligible supplier of certain manmade fiber travel bags, other than backpacks, shipping goods in this category valued at $16.6 million and providing 32 percent of total GSP-eligible U.S. imports of these goods (table 8.9). Thailand, the Philippines, and LDBDC Cambodia were also among the top GSP-eligible countries that supplied these goods to the United States in 2015. The value of U.S. imports of certain manmade fiber travel bags from Thailand, the Philippines, and Cambodia were $12.1 million, $10.7 million and $9.6 million, respectively, in 2015. Additionally, India shipped such goods totaling almost $2 million in 2015. The GSP-eligible countries with the fastest-growing shipments of these travel bags over the past year were second-ranked Thailand (increased from 5.1 million to $12.2 million), and fourth-ranked Cambodia (shipments increased from $2.2 million to $9.6 million).

Table 8.9: Certain other manmade fiber travel bags, other than backpacks (HTS statistical reporting number 4202.92.3031): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	1,105,939	100	[a]	20
U.S. imports from GSP-eligible countries:				
Total	52,683	5	100	1
Indonesia	16,649	2	32	[b]
Thailand	12,121	1	23	[b]
Philippines	10,695	1	20	[b]
Cambodia [c]	9,602	1	18	[b]
U.S. imports from GSP-eligible LDBDCs				
Total	9,615	1	18	[b]
U.S. imports from AGOA countries				
Total	28	[b]	[b]	[b]

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

Total U.S. imports from LDBDCs of certain manmade fiber travel bags, other than backpacks, accounted for 18 percent of all U.S. imports from GSP-eligible countries. Much as it did for backpacks, Cambodia provided nearly all (99.9 percent) of the U.S. imports of these goods from LDBDCs in 2015 (table 8.9). Cambodia's shipments of these goods increased sharply over the previous year, from $1.5 million in 2014 to more than $9 million in 2015.

Certain travel bags of other textile materials

Although India is the number one GSP-eligible supplier of certain travel bags of other textile materials to the United States, the dollar values imported under this tariff line are relatively low (table 8.10). India shipped goods valued at $269,377, accounting for 33 percent of total U.S. imports from GSP-eligible suppliers in 2015. LDBDCs Cambodia and Nepal together accounted for 42 percent of all such U.S. imports from GSP-eligible countries, with goods valued at just $340,148. Thailand also shipped a modest quantity of these goods to the U.S. market in 2015 ($99,561 or 12 percent of imports from GSP-eligible countries).

Table 8.10: Certain travel bags of other textile materials (other than of cotton or of manmade fibers) (HTS statistical reporting number 4202.92.3091): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	17,685	100	(a)	(b)
U.S. imports from GSP-eligible countries:				
Total	813	5	100	(b)
India	269	2	33	(b)
Cambodia[c]	186	1	23	(b)
Nepal[c]	154	1	19	(b)
Thailand	100	1	12	(b)
Indonesia	38	b	5	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	341	2	42	(b)
U.S. imports from AGOA countries				
Total	3	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

Total U.S. imports from LDBDCs of certain travel bags of other textile materials accounted for more than 40 percent of all such U.S. imports from GSP-eligible countries in 2015. Nepal ($153,956) and Cambodia ($186,192) accounted for 99 percent of total U.S. imports from LDBDC GSP-eligible suppliers that year.

Certain plastic travel bags

The Philippines was the leading GSP-eligible supplier of certain plastic travel bags to the United States in 2015, shipping $25 million and accounting for 70 percent of total U.S. imports from GSP-eligible countries (table 8.11). LDBDC Cambodia is the second-leading GSP-eligible supplier ($5.8 million or 16 percent of GSP-eligible imports), followed by Indonesia (almost $4 million or 11 percent).

Table 8.11: Certain plastic travel bags (HTS subheading 4202.92.45): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	561,439	100	(a)	10
U.S. imports from GSP-eligible countries:				
Total	35,556	6	100	1
Philippines	25,035	4	70	(b)
Cambodia[c]	5,830	1	16	(b)
Indonesia	3,734	1	11	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	5,855	1	16	(b)
U.S. imports from AGOA countries				
Total	26	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

Total U.S. imports from LDBDCs of certain plastic travel bags accounted for 16 percent of all U.S. imports from GSP-eligible countries. The leading LDBDC supplier was Cambodia ($5.8 million), which provided more than 99 percent of total U.S. imports from LDBDCs. Similar to the trend for other products, Cambodia's shipments more than tripled over the previous year, from $1.8 million in 2014 to $5.8 million in 2015.

Certain other manmade fiber containers

The top GSP-eligible supplier of certain other manmade fiber containers is LDBDC Cambodia, which had shipments in 2015 that were valued at more than $3 million and that accounted for 39 percent of total U.S. imports from GSP-eligible countries (table 8.12). The United States also imported these goods in 2015 from Pakistan (almost $1.5 million or 20 percent of total GSP-eligible imports), Thailand ($1 million or 13 percent), the Philippines ($942,476 or 12 percent), India ($687,534 or 9 percent), and Indonesia ($375,363 or 5 percent).

Table 8.12: Certain other manmade fiber containers (HTS statistical reporting number 4202.92.9026): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP –eligibile U.S. imports	Percent of U.S. consumption
Grand total	349,428	100	(a)	6
U.S. imports from GSP-eligible countries:				
Total	7,651	2	100	(b)
Cambodia[c]	3,013	1	39	(b)
Pakistan	1,495	(b)	20	(b)
Thailand	1,029	(b)	13	(b)
Philippines	942	(b)	12	(b)
India	688	(b)	9	(b)
Indonesia	375	(b)	5	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	3,013	1	39	(b)
U.S. imports from AGOA countries				
Total	6	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] LDBDC.

Total U.S. imports from LDBDCs of certain other manmade fiber containers in 2015 accounted for 39 percent of total U.S. imports from GSP-eligible countries. All of the LDBDC shipments came from Cambodia (valued at $3 million) and increased dramatically over the previous year, from $94,423 in 2014 to $3,013,369 in 2015.

Certain other plastic containers, other than CD player cases

Thailand is the top GSP-eligible supplier of certain other plastic containers, other than CD player cases, to the United States, shipping goods valued at $2.9 million and providing 54 percent of total U.S. imports from GSP-eligible countries in 2015 (table 8.13). The Philippines shipped $1.4 million (for a share of 26 percent of total GSP-eligible imports), followed by Indonesia ($505,905 or 9 percent) and India ($353,014 or 7 percent).

Table 8.13: Certain other plastic containers, other than CD player cases (HTS statistical reporting number 4202.92.9060): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	240,760	100	(a)	4
U.S. imports from GSP-eligible countries:				
Total	5,346	2	100	(b)
Thailand	2,864	1	54	(b)
Philippines	1,387	1	26	(b)
Indonesia	506	(b)	9	(b)
India	353	(b)	7	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	18	(b)	(b)	(b)
U.S. imports from AGOA countries				
Total	12	(b)	(b)	(b)

[a] Not applicable.
[b] Less than 0.5 percent.

Certain other containers and cases

The Philippines and Thailand were the top two GSP-eligible suppliers of certain other containers and cases to the United States in 2015. The Philippines shipped goods valued at $252,581 and Thailand shipped goods valued at $249,651, each accounting for 32 percent of total U.S. imports from GSP-eligible countries. India ($130,017 or 17 percent of total GSP-eligible imports), and AGOA beneficiary Mauritius ($81,470 or 10 percent) also shipped these containers to the U.S. market in 2015 (table 8.14).

Table 8.14: Certain other containers and cases (HTS subheading 4202.99.90): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Percent of total U.S. imports	Percent of GSP-eligible U.S. imports	Percent of U.S. consumption
Grand total	469,611	100	(a)	8
U.S. imports from GSP-eligible countries:				
Total	785	(b)	100	(b)
Philippines	253	(b)	32	(b)
Thailand	250	(b)	32	(b)
India	130	(b)	17	(b)
Mauritius[c]	81	(b)	10	(b)
U.S. imports from GSP-eligible LDBDCs				
Total	18	(b)	2	(b)
U.S. imports from AGOA countries				
Total	96	(b)	12	(b)

[a] Not applicable.
[b] Less than 0.5 percent.
[c] AGOA country.

Total U.S. imports from AGOA countries of certain other containers and cases accounted for 12 percent of all such U.S. imports from GSP-eligible countries in 2015. Eighty-five percent of the AGOA shipments came from Mauritius ($81,470) (table 8.14). Shipments from Mauritius over the previous year grew from $24,177 in 2014 to $81,470 in 2015, or by more than 200 percent. These goods are eligible for duty-free treatment under AGOA.

U.S. Imports and Exports

China, the primary supplier of all of the subject products, accounted for 68 percent of total U.S. imports of such goods in 2015. China's share was 47 percent that year for certain leather travel bags, and about 70 to 80 percent for all other subject products. China enjoys substantial economies of scale (some factories employ more than 5,000 employees),[156] low-cost materials, a skilled workforce, supportive infrastructure, and developed transportation services. However, China has been experiencing increasing labor costs.[157] A significant share of the cost of producing these goods in GSP-eligible countries is the labor, and wages are lower in GSP beneficiary countries.

A number of U.S. buyers, retailers, and importers expressed concerns about dependency on one supplier country and the associated risk this entails to their business. Most stated that, to varying degrees, they are exploring options to diversify their sourcing base for certain travel bags, sports bags, backpacks, and other containers in this chapter, beyond just China.[158] In fact, as mentioned earlier, some companies noted that they have followed established Chinese vendors when the Chinese firms decided to relocate to Thailand, Vietnam, or the Philippines to lower costs.[159]

Vietnam is emerging as an important U.S. import source for these products, with its share rising from 6 percent of total U.S. imports in 2011 to 11 percent in 2015. Vietnam is the second largest U.S. supplier for certain travel bags, sports bags, backpacks, and other containers.

Two European suppliers, France and Italy, together provided 6 percent of total U.S. imports of these products. Most of their shipments in 2015 were of high-end certain leather travel bags (HTS statistical reporting number 4202.91.0030) or certain other leather containers (HTS statistical reporting number 4202.91.0090).

Mexico, one of the United States’ partners in the North American Free Trade Agreement (NAFTA), and U.S. FTA partner South Korea were among the top three suppliers of certain other plastic containers, other than CD player cases (HTS statistical reporting number 4202.92.9060) and of certain other containers and cases (HTS subheading 4202.99.90).[160] South Korea was the third-largest supplier of certain other plastic containers, other than CD player cases ($16 million or 7 percent of total subject imports), behind top-ranked China and Vietnam and the third

[156] Industry representatives, telephone interview by USITC staff, February 18, 2016.
[157] Ibid.
[158] USITC, hearing transcript, February 24, 2016, 123–25 (testimony of Bob Chestov, Jaclyn Inc.), 134 (testimony of Angus McRae, Coach Inc.), 144–45 (testimony of David Wunderli, Ogio International), 156 (testimony of Rich Harper, Outdoor Industry Association, OIA), 185–86, 190 (testimony of Daniel Neumann, Sorini, Samet & Associates LLC on behalf of Coach Inc. and OIA), 205 (testimony of David Olave, Sandler, Travis and Rosenberg, P.A on behalf of Jaclyn Inc.).
[159] Industry representatives, telephone interviews by USITC staff, February 18, February 22, and February 23, 2016.
[160] Under either the NAFTA (Mexico) or the U.S.-Korea Free Trade Agreement (South Korea), these goods were eligible for duty-free treatment provided the respective product specific preference rule was satisfied.

largest supplier of other containers and cases ($46 million or 11 percent), behind top-ranked China and second-ranked Mexico ($55 million or 13 percent).

Tables 8.15—8.26 detail the U.S. import situation for each of the subject HTS subheadings and statistical reporting numbers for certain travel bags, backpacks, and other containers.

Table 8.15: Travel bags, sports bags, backpacks, and other containers (HTS subheadings and statistical reporting numbers 4202.91.0030, 4202.91.0090, 4202.92.15, 4202.92.20, 4202.92.3020, 4202.92.3031, 4202.92.3091, 4202.92.45, 4202.92.9026, 4202.92.9060, 4202.99.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	3,121,414,174	3,488,896,310	3,600,545,470	3,663,279,975	3,526,037,281
Vietnam	224,484,850	313,057,809	475,808,679	582,422,349	590,923,572
France	128,231,125	167,605,125	122,510,470	160,214,067	169,105,727
Italy	190,348,914	229,220,051	179,764,857	158,748,393	145,510,659
Philippines	36,440,526	46,614,889	52,737,639	82,245,663	125,188,923
Mexico[a]	31,745,705	73,092,980	79,413,338	105,432,196	102,508,431
Korea[a]	12,659,959	28,620,454	81,717,543	71,370,833	79,327,818
Indonesia	50,999,929	50,174,520	60,198,363	64,541,815	75,169,315
India	44,840,068	48,022,956	49,052,069	54,707,329	60,712,406
Taiwan	36,018,937	73,292,910	50,115,687	56,108,000	46,824,722
All other	144,811,299	163,022,549	164,784,901	173,652,855	228,868,689
Total	4,021,995,486	4,681,620,553	4,916,649,016	5,172,723,475	5,150,177,543
Imports from GSP-eligible countries:					
Philippines	36,440,526	46,614,889	52,737,639	82,245,663	125,188,923
Indonesia	50,999,929	50,174,520	60,198,363	64,541,815	75,169,315
India	44,840,068	48,022,956	49,052,069	54,707,329	60,712,406
Cambodia[b]	206,347	818,539	1,608,925	8,935,970	32,051,012
Thailand	22,816,223	29,889,987	24,966,475	16,790,808	23,226,886
Pakistan	6,396,533	7,342,231	8,938,096	10,630,488	10,543,599
Turkey	4,149,398	5,537,351	5,846,824	2,484,613	2,415,209
Paraguay	910,393	1,038,315	963,713	2,142,212	2,308,989
Tunisia	655,173	834,283	780,310	1,938,959	1,549,069
Nepal[b]	1,011,445	1,365,334	1,054,479	907,216	1,128,857
All other	9,622,732	13,136,636	10,497,665	2,617,979	2,022,010
Total	178,048,767	204,775,041	216,644,558	247,943,052	336,316,275
Imports from other country groups:					
GSP-LDBDCs	3,850,899	7,876,239	11,054,686	10,045,305	33,476,870
AGOA countries	1,134,751	853,418	896,839	1,067,715	904,173

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.

Table 8.16: Certain leather travel bags (HTS statistical reporting number 4202.91.0030): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	324,607,913	409,853,490	443,890,332	458,847,717	432,626,439
Vietnam	24,816,075	65,972,930	136,586,217	164,190,647	147,262,191
France	53,879,663	75,213,958	60,828,103	105,927,987	120,614,765
Italy	122,771,046	148,603,039	113,996,508	108,569,683	87,753,594
Philippines	47,121	3,220,081	7,284,649	24,046,128	54,939,556
Indonesia	24,475,932	15,686,421	27,598,277	23,388,096	26,949,074
India	11,897,912	11,171,518	13,232,175	12,693,820	14,058,308
Bangladesh[d]	0	0	946	1,491,505	12,696,046
Colombia[a b]	4,040,065	4,267,209	4,269,012	4,755,119	4,660,786
Mexico[a]	143,279	1,339,463	2,019,381	3,508,060	4,476,150
All other	13,159,609	13,949,438	12,829,348	12,012,121	14,272,804
Total	579,838,615	749,277,547	822,534,948	919,430,883	920,309,713
Imports from GSP-eligible countries:					
Philippines	47,121	3,220,081	7,284,649	24,046,128	54,939,556
Indonesia	24,475,932	15,686,421	27,598,277	23,388,096	26,949,074
India	11,897,912	11,171,518	13,232,175	12,693,820	14,058,308
Thailand	984,453	1,624,033	1,486,931	1,064,288	1,678,540
Tunisia	452,294	713,832	596,615	1,047,566	572,376
Pakistan	238,257	337,770	321,341	379,643	407,387
Turkey	44,667	423,898	1,811,344	264,331	301,394
Paraguay	132,620	149,902	121,221	144,147	141,249
Ethiopia[c]	9,378	2,742	3,700	57,587	49,034
Moldova	0	0	891	68,256	19,566
All other	4,303,770	4,376,386	146,826	181,473	84,309
Total	42,586,404	37,706,583	52,603,970	63,335,335	99,200,793
Imports from other country groups:					
GSP-eligible LDBDCs	10,759	2,742	7,010	61,075	68,935
AGOA countries	236,858	70,813	63,234	145,685	97,172

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

[a] FTA partner.

[b] On May 14, 2012, Colombia was removed from eligibility for the GSP as a result of the implementation of the United States-Colombia Trade Promotion Agreement (Presidential Proclamation 8818, May 14, 2012).

[c] LDBDC and AGOA country.

[d] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

Table 8.17: Certain other leather containers (HTS statistical reporting number 4202.91.0090): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	102,788,150	90,029,908	106,354,407	111,757,966	96,445,496
Italy	22,755,546	31,628,182	37,492,661	30,287,941	34,291,650
Vietnam	5,361,463	6,416,539	13,131,557	16,406,941	14,261,937
Mexico[a]	6,567,204	7,858,626	7,405,535	7,461,104	13,506,431
Switzerland	13,541,270	8,126,370	12,507,729	17,120,930	13,501,937
India	7,460,134	8,611,523	10,994,450	10,720,589	8,483,117
South Korea[a]	575,116	7,545,382	13,930,942	3,976,084	4,512,175
Thailand	2,917,128	5,553,365	3,315,135	3,811,099	3,140,752
Paraguay	777,773	886,437	842,492	1,996,264	2,167,740
Turkey	3,718,834	4,621,390	3,709,594	1,856,708	1,858,094
All other	11,330,533	16,041,760	12,675,731	10,673,273	10,734,242
Total	177,793,151	187,319,482	222,360,233	216,068,899	202,903,571
Imports from GSP-eligible countries:					
India	7,460,134	8,611,523	10,994,450	10,720,589	8,483,117
Thailand	2,917,128	5,553,365	3,315,135	3,811,099	3,140,752
Paraguay	777,773	886,437	842,492	1,996,264	2,167,740
Turkey	3,718,834	4,621,390	3,709,594	1,856,708	1,858,094
Indonesia	103,417	130,443	341,582	292,739	1,306,487
Pakistan	600,988	478,152	281,947	262,413	587,441
Tunisia	53,725	90,847	85,447	288,929	400,035
Philippines	106,025	53,908	38,033	136,465	320,195
Mauritius[b]	331,935	119,625	304,215	204,536	292,629
South Africa[b]	216,892	268,369	239,282	174,658	132,322
All other	666,205	1,218,354	443,394	218,194	120,007
Total	16,953,056	22,032,413	20,595,571	19,962,594	18,808,819
Imports from other country groups:					
GSP-eligible LDBDCs	89,272	134,206	138,878	3,869	32,430
AGOA countries	555,046	430,028	614,191	387,894	483,940

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.

Table 8.18: Certain cotton travel bags (HTS subheading 4202.92.15): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	331,502,343	388,679,911	352,749,084	331,170,283	283,723,136
Vietnam	25,126,626	48,634,723	53,986,369	38,279,306	31,810,191
India	19,429,562	20,470,214	16,069,714	21,069,506	26,291,278
Bangladesh[b]	1,010,542	2,476,554	3,603,138	7,809,827	11,063,660
Pakistan	3,725,940	3,946,295	4,955,368	5,838,120	6,612,953
Burma (Myanmar)	0	0	0	0	5,676,635
Philippines	1,141,741	3,823,788	11,995,159	18,503,083	5,650,239
Italy	5,360,218	4,828,709	2,677,404	3,005,544	4,976,323
France	6,176,272	8,922,881	5,182,180	4,371,125	3,230,750
Thailand	205,933	700,301	407,647	486,942	1,604,083
All other	7,472,754	8,170,687	8,114,913	8,586,343	6,624,012
Total	401,151,931	490,654,063	459,740,976	439,120,079	387,263,260
Imports from GSP-eligible countries:					
India	19,429,562	20,470,214	16,069,714	21,069,506	26,291,278
Pakistan	3,725,940	3,946,295	4,955,368	5,838,120	6,612,953
Philippines	1,141,741	3,823,788	11,995,159	18,503,083	5,650,239
Thailand	205,933	700,301	407,647	486,942	1,604,083
Indonesia	1,722,618	3,006,430	2,388,983	3,060,462	1,568,213
Nepal[a]	677,107	1,214,732	784,817	631,534	922,687
Cambodia[a]	33,176	5,201	46,361	277,070	209,827
Sri Lanka	55,893	105,788	89,470	191,179	134,916
Turkey	51,878	46,228	167,267	43,572	52,307
Egypt	1,048	730	1,100	6,045	43,426
All other	1,258,210	2,869,610	3,708,288	210,285	274,743
Total	28,303,106	36,189,317	40,614,174	50,317,798	43,364,672
Imports from other country groups:					
GSP-eligible LDBDCs	1,773,742	3,742,485	4,453,307	980,504	1,279,632
AGOA countries	113,849	173,704	47,278	115,425	130,615

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

Table 8.19: Certain non-cotton vegetable fiber bags (HTS subheading 4202.92.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	24,669,436	27,162,891	23,012,320	22,956,502	25,762,020
India	2,383,172	2,834,360	5,514,211	6,940,124	8,035,186
Hong Kong	679,643	304,934	590,286	371,936	653,680
Vietnam	94,547	446,233	884,837	205,943	364,808
Philippines	162,071	83,063	19,671	33,978	169,887
Bangladesh[d]	5,037	7,447	22,948	102,472	157,994
Italy	272,054	292,958	252,923	659,962	141,861
Germany	54,630	48,383	72,751	52,868	133,154
Taiwan	481,552	98,506	142,500	116,461	110,022
South Korea[a]	40,123	39,953	173,544	57,253	106,055
All other	921,661	807,140	894,337	1,097,818	673,540
Total	29,763,926	32,125,868	31,580,328	32,595,317	36,308,207
Imports from GSP-eligible countries:					
India	2,383,172	2,834,360	5,514,211	6,940,124	8,035,186
Philippines	162,071	83,063	19,671	33,978	169,887
Nepal[b]	160,528	118,115	73,110	39,849	31,695
Pakistan	2,561	4,844	11,283	18,749	27,404
Indonesia	58,678	62,578	21,320	33,739	26,009
Turkey	4,387	310	4,580	1,106	21,248
Cambodia[b]	5,825	6,816	0	28,750	14,559
Thailand	15,083	11,940	138,993	22,788	9,615
Madagascar[c]	3,381	565	0	425	6,771
Ecuador	0	0	14,238	284	2,363
All other	93,976	72,707	51,700	12,174	2,400
Total	2,889,662	3,195,298	5,849,106	7,131,966	8,347,137
Imports from other country groups:					
GSP-eligible LDBDCs	174,771	132,943	96,638	75,804	53,350
AGOA countries	43,418	922	1,486	11,047	8,524

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.
[c] LDBDC and AGOA country.
[d] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

Table 8.20: Certain manmade fiber backpacks (HTS statistical reporting number 4202.92.3020): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	458,234,354	446,706,621	467,362,358	520,779,934	579,142,460
Vietnam	95,286,489	93,823,003	121,811,792	155,844,045	192,967,909
Philippines	22,908,238	26,515,050	18,507,033	16,907,761	25,784,327
Indonesia	5,248,575	6,419,804	10,682,274	14,173,841	23,997,196
Cambodia[a]	901	2,357	332,420	4,555,148	13,176,521
Bangladesh[d]	1,033,680	1,770,722	2,412,349	2,788,101	3,969,268
Taiwan	4,079,226	3,502,849	4,124,504	3,558,547	3,780,503
Hong Kong	1,967,651	2,749,854	3,649,397	2,611,803	3,682,098
Italy	638,455	607,859	1,280,818	1,649,558	3,209,032
Mexico[b]	590,200	903,203	2,425,238	2,479,458	2,787,134
All other	8,442,804	8,997,754	9,073,671	4,170,309	6,035,122
Total	598,430,573	591,999,076	641,661,854	729,518,505	858,531,570
Imports from GSP-eligible countries:					
Philippines	22,908,238	26,515,050	18,507,033	16,907,761	25,784,327
Indonesia	5,248,575	6,419,804	10,682,274	14,173,841	23,997,196
Cambodia[a]	901	2,357	332,420	4,555,148	13,176,521
Thailand	5,158,504	5,804,420	6,511,545	1,124,157	281,235
India	113,479	266,078	362,261	294,014	233,304
Pakistan	99,697	80,722	84,864	173,834	146,496
Sri Lanka	1,990	95,688	3,038	2,316	70,836
Turkey	511	9,628	15,691	14,021	26,328
Lebanon	0	0	0	0	24,041
South Africa[c]	373	0	0	0	5,729
All other	1,145,616	1,814,652	2,462,553	48,358	15,508
Total	34,677,884	41,008,399	38,961,679	37,293,450	63,761,521
Imports from other country groups:					
GSP-eligible LDBDCs	1,040,322	1,776,682	2,749,764	4,555,148	13,182,452
AGOA countries	1,277	0	24,301	0	13,196

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] FTA partner.
[c] AGOA country.
[d] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

Table 8.21: Certain travel bags, other than backpacks (HTS statistical reporting number 4202.92.3031): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	880,939,433	898,034,098	903,810,790	885,606,273	919,076,723
Vietnam	46,068,049	55,850,899	78,203,903	90,739,939	93,261,184
Indonesia	17,549,844	21,613,857	17,312,411	18,539,201	16,648,879
Thailand	10,955,293	12,573,766	8,982,211	5,143,205	12,120,719
Philippines	7,249,146	9,117,593	11,405,321	12,596,744	10,694,660
Cambodia[a]	83,097	694,639	1,038,454	2,181,786	9,602,183
Taiwan	11,854,480	12,789,904	10,029,702	9,897,376	9,338,623
Hong Kong	6,116,321	5,781,339	4,384,077	4,671,758	5,925,793
Mexico[b]	2,309,393	2,490,652	2,634,720	3,090,115	5,204,586
Italy	23,781,309	26,869,090	12,066,447	5,855,370	4,747,127
All other	15,758,708	13,263,302	13,274,693	15,359,840	19,318,070
Total	1,022,665,073	1,059,079,139	1,063,142,729	1,053,681,607	1,105,938,547
Imports from GSP-eligible countries:					
Indonesia	17,549,844	21,613,857	17,312,411	18,539,201	16,648,879
Thailand	10,955,293	12,573,766	8,982,211	5,143,205	12,120,719
Philippines	7,249,146	9,117,593	11,405,321	12,596,744	10,694,660
Cambodia[a]	83,097	694,639	1,038,454	2,181,786	9,602,183
India	1,750,433	1,578,445	972,627	1,174,121	1,967,054
Pakistan	397,669	554,953	788,847	703,263	755,851
Tunisia	6,240	5,528	51,068	541,856	404,501
Sri Lanka	307,538	318,947	354,251	258,081	202,802
Moldova	391	9,371	1,388	79,809	126,491
Lebanon	0	0	307	0	46,401
All other	673,828	1,437,806	2,011,750	379,050	113,393
Total	38,973,479	47,904,905	42,918,635	41,597,116	52,682,934
Imports from other country groups:					
GSP-eligible LDBDCs	512,985	1,899,866	2,952,042	2,239,292	9,614,819
AGOA countries	67,084	63,017	45,475	206,433	27,978

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] FTA partner.

Table 8.22: Certain travel bags of other textile materials (other than of cotton or of manmade fibers) (HTS statistical reporting number 4202.92.3091): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	13,791,493	14,049,415	13,137,266	10,446,593	13,443,684
Vietnam	220,278	102,563	1,798,576	787,452	1,320,475
Italy	1,054,523	655,400	584,006	776,336	641,545
France	65,738	344,984	45,596	40,717	307,452
India	187,289	146,507	100,846	344,472	269,377
Hong Kong	395,012	426,338	40,602	125,223	256,028
Czech Republic	800	8,779	843	523	197,641
Taiwan	292,959	167,207	145,981	139,245	186,659
Cambodia[a]	3,596	1,478	0	11,724	186,192
Nepal[a]	152,298	5,070	184,493	203,117	153,956
All other	445,733	437,329	667,655	472,772	721,889
Total	16,609,719	16,345,070	16,705,864	13,348,174	17,684,898
Imports from GSP-eligible countries:					
India	187,289	146,507	100,846	344,472	269,377
Cambodia[a]	3,596	1,478	0	11,724	186,192
Nepal[a]	152,298	5,070	184,493	203,117	153,956
Thailand	28,489	2,936	52,550	59,819	99,561
Indonesia	7,211	17,826	20,313	2,881	38,000
Tunisia	268	0	15,084	13,797	25,308
Pakistan	1,664	10,621	24,082	12,015	14,079
Philippines	19,603	9,790	14,371	17,190	13,671
Ecuador	58,451	6,178	1,776	1,955	3,641
South Africa [b]	0	0	657	0	3,402
All other	27,009	37,704	2,277	52,708	5,749
Total	485,878	238,110	416,449	719,678	812,936
Imports from other country groups:					
GSP-eligible LDBDCs	155,894	17,488	184,493	214,841	341,320
AGOA countries	2,381	0	1,697	39,108	3,402

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] AGOA country.

Table 8.23: Certain plastic travel bags (HTS subheading 4202.92.45): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	318,278,876	380,132,126	402,520,029	417,311,691	392,004,386
Vietnam	11,180,549	21,558,526	39,786,667	70,790,477	65,367,966
France	59,789,351	72,937,451	50,446,530	41,623,078	37,484,819
Philippines	2,874,977	2,612,650	2,154,821	8,718,770	25,034,547
Italy	10,459,540	12,945,045	8,724,594	4,756,898	7,070,193
Cambodia[a]	14,369	36,459	152,361	1,778,384	5,830,408
Burma (Myanmar)	0	0	0	280,741	5,174,447
Mexico[b]	1,990,717	2,571,999	2,938,585	5,413,100	4,551,171
Bangladesh[d]	0	44,029	265,881	2,774,639	3,953,575
Indonesia	1,341,927	2,099,869	800,168	4,593,666	3,734,169
All other	15,523,300	24,742,594	15,527,438	13,995,608	11,233,019
Total	421,453,606	519,680,748	523,317,074	572,037,052	561,438,700
Imports from GSP-eligible countries:					
Philippines	2,874,977	2,612,650	2,154,821	8,718,770	25,034,547
Cambodia[a]	14,369	36,459	152,361	1,778,384	5,830,408
Indonesia	1,341,927	2,099,869	800,168	4,593,666	3,734,169
Pakistan	494,891	548,426	677,745	436,260	406,450
India	239,676	1,497,257	496,295	193,248	204,217
Thailand	423,274	200,868	428,964	77,598	149,718
Tunisia	38,782	862	8,543	16,832	74,169
Sri Lanka	0	24,527	1,638	49,461	63,863
Turkey	2,942	26,900	33,585	11,484	24,544
Rwanda[a c]	0	0	0	7,858	19,399
All other	138,247	61,256	284,824	89,563	14,242
Total	5,569,085	7,109,074	5,038,944	15,973,124	35,555,726
Imports from other country groups:					
GSP-eligible LDBDCs	16,793	86,894	418,242	1,791,224	5,854,728
AGOA countries	64,930	1,424	5,138	96,221	25,990

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] LDBDC.
[b] FTA partner.
[c] AGOA country.
[d] On June 27, 2013, President Obama issued Presidential Proclamation 8997 (78 Fed. Reg. 39949 (July 2, 2013)) suspending Bangladesh's GSP eligibility.

Table 8.24: Certain other manmade fiber containers (HTS statistical reporting number 4202.92.9026): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	314,726,791	330,838,051	329,111,611	293,220,189	298,053,079
Vietnam	14,249,475	16,795,137	22,208,156	22,228,320	21,515,117
Mexico[a]	4,647,520	4,655,562	4,597,344	4,711,955	4,707,064
Taiwan	5,885,399	7,752,891	6,049,480	4,614,026	4,213,766
Hong Kong	2,181,427	3,256,173	3,256,674	3,052,825	4,207,078
South Korea[a]	1,987,923	3,698,741	17,287,540	2,775,410	3,345,687
Cambodia[b]	36,138	36,912	9,003	94,423	3,013,369
Pakistan	763,041	1,202,643	1,643,084	2,683,918	1,494,518
Italy	1,019,074	989,434	1,104,859	825,042	1,206,255
Thailand	621,576	1,425,489	1,853,403	1,292,165	1,029,121
All other	7,065,886	7,945,863	6,227,651	6,373,916	6,642,724
Total	353,184,250	378,596,896	393,348,805	341,872,189	349,427,778
Imports from GSP-eligible countries:					
Cambodia[b]	36,138	36,912	9,003	94,423	3,013,369
Pakistan	763,041	1,202,643	1,643,084	2,683,918	1,494,518
Thailand	621,576	1,425,489	1,853,403	1,292,165	1,029,121
Philippines	1,373,028	997,219	919,782	919,160	942,476
India	751,724	1,027,211	767,479	574,059	687,534
Indonesia	455,078	1,023,514	811,177	392,827	375,363
Bosnia-Herzegovina	14,811	70,704	115,647	113,907	52,448
Turkey	200,206	149,148	74,902	99,891	20,197
Tunisia	37,255	596	1,609	12,827	17,820
South Africa[c]	900	2,000	318	712	3,845
All other	285,092	151,058	90,029	94,054	13,897
Total	4,538,849	6,086,494	6,286,433	6,277,943	7,650,588
Imports from other country groups:					
GSP-eligible LDBDCs	37,527	39,594	27,184	94,817	3,013,369
AGOA countries	900	9,754	879	5,651	5,765

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.
[c] AGOA country.

Table 8.25: Certain other plastic containers, other than CD cases (HTS statistical reporting number 4202.92.9060): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	196,855,791	218,843,465	215,201,022	210,473,781	166,537,237
Vietnam	2,020,233	2,564,292	6,019,383	22,753,319	22,648,281
South Korea[a]	2,206,496	9,438,926	39,740,992	23,356,614	17,484,227
Mexico[a]	951,802	1,143,858	6,532,557	7,127,859	8,044,580
Taiwan	2,691,652	2,255,100	2,252,214	4,297,533	3,869,181
Hong Kong	4,252,892	2,126,488	1,748,027	2,778,087	3,692,397
Spain	373,513	556,488	1,111,361	673,987	3,256,200
Thailand	1,076,593	1,093,323	1,030,990	3,170,068	2,863,891
Canada[a]	1,622,440	2,207,544	1,148,366	1,173,428	2,210,855
France	1,414,228	1,152,609	715,393	1,089,029	1,392,541
All other	7,713,968	10,453,204	6,636,212	9,180,709	8,760,915
Total	221,179,608	251,835,297	282,136,517	286,074,414	240,760,305
Imports from GSP-eligible countries:					
Thailand	1,076,593	1,093,323	1,030,990	3,170,068	2,863,891
Philippines	77,762	32,825	179,782	205,584	1,386,784
Indonesia	19,926	71,691	102,755	12,780	505,905
India	390,529	291,729	396,297	553,214	353,014
Pakistan	70,415	153,758	130,214	108,715	74,861
Turkey	47,681	10,285	5,806	112,644	72,696
Brazil	9,035	8,903	10,038	6,177	27,041
Serbia	14,630	5,852	0	5,012	17,010
Cambodia[b]	29,245	29,339	4,941	8,685	14,819
Tunisia	5,063	15,312	2,648	5,093	11,329
All other	94,879	101,138	83,171	97,785	18,319
Total	1,835,758	1,814,155	1,946,642	4,285,757	5,345,669
Imports from other country groups:					
GSP-eligible LDBDCs	31,633	30,316	19,303	11,082	17,749
AGOA countries	47,531	54,302	24,084	18,473	11,903

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.

Table 8.26: Certain other containers and cases (HTS subheading 4202.99.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	155,019,594	284,566,334	343,396,251	400,709,046	319,222,621
Mexico[a]	14,245,774	51,889,446	50,615,837	71,256,866	58,842,254
South Korea[a]	3,360,355	4,860,161	8,650,914	38,680,570	50,202,480
Taiwan	8,019,044	44,140,084	25,034,413	31,111,422	23,912,975
France	96,894	283,349	1,422,454	4,743,457	3,394,212
Israel[a]	5,900,027	6,900,236	15,245,387	10,152,986	2,803,980
Hong Kong	1,275,118	1,879,433	3,523,700	2,253,155	2,650,921
Germany	973,636	1,267,124	3,815,560	3,054,072	1,695,413
United Kingdom	235,139	731,190	476,438	635,350	846,847
Canada[a]	393,435	542,508	691,764	559,519	796,405
All other	10,406,018	7,647,502	7,246,970	5,819,913	5,242,886
Total	199,925,034	404,707,367	460,119,688	568,976,356	469,610,994
Imports from GSP-eligible countries:					
Philippines	480,814	148,922	219,017	160,800	252,581
Thailand	429,897	899,546	758,106	538,679	249,651
India	236,158	128,114	145,714	150,162	130,017
Mauritius[b]	0	2,914	50,333	24,177	81,470
Indonesia	16,723	42,087	119,103	51,583	20,020
Pakistan	1,410	24,047	19,321	13,558	16,159
Tanzania[b]	0	0	0	0	8,621
Turkey	35,136	148,705	14,758	4,802	7,511
Brazil	17,253	8,836	27,648	66,980	6,240
Nepal[c]	7,201	1,885	2,998	10,762	5,651
All other	11,014	85,237	55,957	26,788	7,559
Total	1,235,606	1,490,293	1,412,955	1,048,291	785,480
Imports from other country groups:					
GSP-eligible LDBDCs	7,201	13,023	7,825	17,649	18,086
AGOA countries	1,477	49,454	69,076	41,778	95,688

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.
[c] LDBDC.

U.S. export statistics for certain travel bags, sports bags, backpacks, and other containers are split into three sets: certain leather travel bags and similar articles (Schedule B 4202.91.0040), certain plastic or textile material travel bags and similar articles (Schedule B 4202.92.7000), and certain other travel bags and similar articles (Schedule B 4202.99.0000) (tables 8.27–8.29). Re-exports from several companies' U.S. distribution centers to other markets are expected to account for a portion of the export figures tabulated in the U.S. export statistics below.

U.S. exports of certain leather travel bags and similar articles (Schedule B 4202.91.0040) totaled $21.3 million in 2015 (table 8.27). U.S. exports of these products increased by 6 percent during 2011–15. This increase was fueled by a 32 percent increase in exports to Canada, the largest export market in 2015. Canada accounted for 52 percent of U.S. export market.

Table 8.27: Certain leather travel bags and similar articles (Schedule B 4202.91.0040): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	8,351,896	9,318,962	11,602,830	12,070,782	11,022,261
Japan	1,225,886	603,336	842,175	977,886	1,326,891
Italy	186,021	628,465	386,574	98,184	952,729
United Kingdom	369,840	204,066	816,876	612,906	948,867
Hong Kong	338,312	585,110	736,848	823,120	710,651
China	102,808	443,365	130,713	113,770	671,364
Netherlands	213,859	68,904	706,529	579,909	664,980
France	236,883	107,878	197,111	115,146	573,921
South Korea	4,507,407	1,821,673	1,583,573	913,518	477,645
Brazil	267,918	539,706	393,177	115,556	451,698
All other	4,191,829	5,219,401	6,452,415	2,789,646	3,483,840
Total	19,992,659	19,540,866	23,848,821	19,210,423	21,284,847

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

U.S. exports of certain plastic or textile material travel bags and similar articles (Schedule B 4202.92.7000) totaled $131.6 million in 2015 (table 8.28). The total value of exports increased by 21 percent during 2011–15 and was driven by U.S. exports to Canada, the largest U.S. export market (52 percent of total exports).

Table 8.28: Certain plastic or other textile material travel bags and similar articles (Schedule B 4202.92.7000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	56,436,662	62,918,123	67,322,524	67,642,045	68,501,803
Japan	10,974,001	6,716,637	6,161,284	8,349,909	10,400,358
Mexico	2,797,230	3,359,961	9,568,253	12,702,460	10,170,962
United Kingdom	3,654,506	3,992,382	2,690,896	4,572,038	4,462,108
Germany	1,904,454	2,091,096	2,825,744	3,862,275	4,332,522
China	906,672	1,054,355	1,592,439	1,213,664	1,972,033
Netherlands	1,438,028	2,233,023	1,791,682	1,667,341	1,954,313
Australia	2,040,526	2,612,898	1,831,227	1,966,098	1,937,901
South Korea	1,217,736	1,991,513	1,711,203	1,837,322	1,694,785
France	1,068,101	1,605,449	601,294	1,020,249	1,549,582
All other	26,143,978	23,800,585	24,876,122	23,196,162	24,589,156
Total	108,581,894	112,376,022	120,972,668	128,029,563	131,565,523

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

U.S. exports of certain other travel bags and similar articles (Schedule B 4202.99.0000) totaled $78 million in 2015 (table 8.29). These exports fell by 11 percent during 2011–15. Although exports to Canada, the leading destination, fluctuated during this period, they increased overall by 76 percent. Canada accounted for 33 percent of U.S. exports in 2015, followed by Mexico with 19 percent.

Table 8.29: Certain other travel bags and similar articles (Schedule B 4202.99.0000): U.S. exports of domestic merchandise, by market, 2011–14 and year to date through November for 2014 and 2015 (dollars)

Country	2011	2012	2013	2014	2015
Canada	14,854,216	27,847,386	30,660,189	26,761,705	26,133,794
Mexico	19,207,975	22,800,631	20,020,193	14,299,144	15,043,687
Japan	13,338,871	14,374,274	9,248,119	5,525,120	4,692,218
Switzerland	2,232,199	2,236,719	3,323,779	4,501,054	3,786,982
South Korea	2,298,055	3,239,883	9,349,462	2,717,967	3,058,476
Australia	3,978,456	3,429,651	6,913,029	2,025,210	2,777,929
Germany	3,690,837	2,685,471	1,703,902	1,512,981	2,152,145
United Kingdom	4,301,004	3,698,208	6,341,501	2,190,045	1,908,326
Israel [a]	406,385	191,096	582,583	403,681	1,361,742
Costa Rica	201,125	144,286	204,163	141,918	1,111,776
All other	23,386,071	24,340,360	28,764,209	20,540,169	16,221,451
Total	87,895,194	104,987,965	117,111,129	80,618,994	78,248,526

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

Positions of Interested Parties

Petitioners. Petitioners for the addition of certain travel bags, sports bags, backpacks, and other containers to the list of items eligible for duty-free treatment under the provisions of the GSP are presented in table 8.30:

Table 8.30: Petitioners for certain travel bags, sports bags, backpacks, and other containers

HTS subheading or statistical reporting number	Petitioner(s)
4202.91.0030	Backpack Coalition, Council for Leather Exports, GMAC, Government of the Philippines, Michael Kors, Royal Thai Government, Tory Burch, Tumi, Unison
4202.91.0090	Backpack Coalition, Council for Leather Exports, GMAC, Government of the Philippines, Michael Kors, Royal Thai Government, Unison
4202.92.15	Backpack Coalition, GMAC, Global Mamas, Government of the Philippines, Jaclyn, Michael Kors, Royal Thai Government, Tory Burch
4202.92.20	Backpack Coalition, GMAC, Government of the Philippines, Jaclyn, Royal Thai Government
4202.92.3020	Backpack Coalition, GMAC, Government of the Philippines, Jaclyn, Michael Kors, PSG, Royal Thai Government, Tory Burch, Tumi, TWT Manufacturing
4202.92.3031	Backpack Coalition, Callaway, GMAC, Government of the Philippines, Jaclyn, Michael Kors, PSG, Royal Thai Government, Tory Burch, Tumi, TWT Manufacturing, Victorinox Swiss Army
4202.92.3091	Backpack Coalition , GMAC, Government of the Philippines, Jaclyn, Royal Thai Government, Tumi
4202.92.45	Backpack Coalition, GMAC, Government of the Philippines, Jaclyn, Michael Kors, Royal Thai Government, Tory Burch
4202.92.9026	Backpack Coalition, GMAC, Government of the Philippines, Jaclyn, Royal Thai Government, Tumi, Unison
4202.92.9060	Backpack Coalition, GMAC, Government of the Philippines, Jaclyn, Michael Kors, Royal Thai Government, Tumi, Unison
4202.99.90	Backpack Coalition, GMAC, Government of the Philippines, Jaclyn, Royal Thai Government

Support and Opposition. For complete summaries of the positions of parties that support or oppose the addition of travel goods including certain travel bags, sports bags, backpacks, and other containers to the list of GSP-eligible items, see chapter 5: "Position of Interested Parties."

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Chapter 9
Removal: Fluorescent Brightening Agents, Excluding Benzoxazole (India and Indonesia)[161]

Table 9.1: Fluorescent brightening agents

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3204.20.10[a]	Fluorescent brightening agent 32	6.5	Yes
3204.20.80[a]	Other fluorescent brightening agents	6.5	Yes

[a] Prior to this review, there have been no requests for the removal from GSP of products under HTS subheadings 3204.20.10 and 3204.20.30 from India and Indonesia.

Description and Uses

Fluorescent brightening agents are dyes used in the paper, detergent, plastics, and textile industries to make products appear brighter, whiter, and bluer.[162] The ultraviolet component of the light spectrum energizes the electrons in these chemicals to a higher level when the brightener-infused product is exposed to light. When the electrons return to their ground state, they emit blue light, making the final product appear much brighter, whiter, and bluer.[163] Without the brightener, plastics and textiles appear duller and paper generally appears somewhat yellowish.[164]

Fluorescent brightening agents are classified according to the sulfonation of the molecule.[165] The level of sulfonation determines the price of the brightening agent and when the chemical

[161] Archroma U.S. Inc. ("Archroma") filed a petition with the USTR requesting the removal of these HTS subheadings for India and Indonesia from the list of articles eligible for duty-free treatment under the provisions of the GSP.
[162] The Commission identified other optical brightening agents in the antidumping investigations on *Certain Stilbenic Optical Brightening Agents from China and Taiwan* (inv. nos. 731-TA-1186-1187) (Final). These additional brightening agents were classified under HTS statistical reporting number 2921.59.4000 (other aromatic polyamines and their derivatives; salts thereof) and also may have been imported under residual or "basket" categories covering HTS statistical reporting numbers 2921.59.8090 and 2933.69.6050. USITC, *Certain Stilbenic Optical Brightening*, 2012, I-1.
[163] Archroma U.S. Inc., written submission to USTR, October 16, 2015.
[164] USITC, *Certain Stilbenic Optical Brightening*, 2012, I-6.
[165] "Sulfonation" refers to the attachment of a sulfonate group, which comprises a sulfur atom and three oxygen atoms, to the molecule. All optical brightening agents are built upon diaminostilbene disulfonic acid (DAS), a synthetic organic chemical. Attached to the DAS structure are two 1,3,5-triazinyl rings. Attached to each of the 1,3,5-triazinyl groups are an aniline derivative and an additional chemical component, typically an amine. The aniline derivative used can be either aniline itself; sulfanilic acid, which contains one sulfonate group; or aniline disulfonic acid, which contains two sulfonate groups. The specific derivative of aniline that is used determines whether the molecule is classified as a "di," "tetra," or "hexa" optical brightening agent. USITC, *Certain Stilbenic Optical Brightening*, 2012, I-6.

can be applied–for example, to paper fibers during production or to the surface of finished paper.

Advice

* * * * * * *

Profile of U.S. Industry and Market, 2011–15

Two major U.S. producers of fluorescent brightening agents are covered by this petition: Archroma and 3V Inc. Another U.S. producer, BASF, stopped producing fluorescent brightening agents in 2012, reportedly in response to import competition.

In recent years, U.S. producers of fluorescent brightening agents have seen weakening demand from the U.S. dye and textile industries, although this has been offset somewhat by increased U.S. pulp and paper production. The overall value of U.S. production declined during 2011–15 (table 9.2). The U.S. paper industry consumes about 75 percent of fluorescent brighteners, with the bulk of the remaining one-quarter divided between detergents and textiles.

The U.S. industry typically uses three categories of fluorescent brightening agents: di-sulfonated products; tetra-sulfonated products; and hexa-sulfonated products.[166] According to market information for 2015 provided by Archroma, di-sulfonated products were the most expensive (***), followed by hexa-sulfonated products (***) and tetra-sulfonated products (***).[167] The paper industry consumes the largest quantity of fluorescent brightening agents in the United States, and uses di-sulfonated, tetra-sulfonated, and hexa-sulfonated brighteners in the following shares: 15 percent, 60 percent, and 25 percent, respectively.

The U.S. fluorescent brightening agent industry is typically segmented into three groups: (1) producers, who manufacture dyes; (2) formulators, who import or buy intermediate dye products, usually as presscake or powder, and sell finished dyes; and (3) finishers and repackagers, who generally import or buy dye and act as distributors without substantially modifying the product.

Downstream manufacturers generally use the fluorescent brightening agents in solution. Therefore, U.S. producers typically ship the product domestically in liquid form. Archroma reported that it produces its brighteners in slurry form. Since it is cheaper to ship the material in dry form, imported product is brought into the U.S. market as powder or presscake.[168]

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[166] Archroma U.S. Inc., written submission to USTR, October 16, 2015, 3.
[167] Ibid.
[168] Russ Gibson, a representative from Archroma also stated that “there’s no difference in actual application or the purity” between dry and liquid forms of fluorescent brightening agents. USITC, Hearing Transcript, February 24, 2016, 87 (testimony of Russ Gibson, Archroma).

Table 9.2: Fluorescent brightening agents (HTS subheadings 3204.20.10 and 3204.20.80): U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number) [a]	3	3	2	2	2
Employment (employees)	(b)	(b)	***	(b)	***
Shipments (1,000 $)	(b)	(b)	***	***	***
Exports (1,000 $) [c]	(c)	(c)	(c)	(c)	(c)
Imports (1,000 $)	61,634	68,055	70,453	71,985	75,845
Consumption (1,000 $) [d]	(b)	(b)	***	***	***
Import-to-consumption ratio (percent)	(b)	(b)	***	***	***
Capacity utilization (percent)	(b)	(b)	***	***	***

Source: Trade data compiled from official statistics from the U.S. Department of Commerce. U.S. shipments are estimated by the Commission staff based on telephone interviews with companies comprising the U.S. industry.
Note: *Indicates that the estimates are based on information/data that are adequate for estimation with a moderately high degree of confidence.
[a] One U.S. producer, BASF, stopped producing these products in 2012.
[b] Not available.
[c] Export data comparable to U.S. import data for this HTS subheading are not available. The export data overstate the value of the fluorescent brightening agents because they include benzoxazole, a product excluded from HTS subheadings 3204.20.10 and 3204.20.80.
[d] Consumption data are estimated by the Commission staff based on U.S. shipments plus U.S. imports.

GSP Import Situation, 2015

The largest GSP supplier of fluorescent brightening agents classified in HTS subheadings 3204.20.10 and 3204.20.80 was India, accounting for 16 percent of total U.S. imports in 2015. Indonesia, with a 2 percent share of total U.S. imports, was the second-largest GSP supplier and the seventh-largest global supplier in 2015 (table 9.3).[169] Brazil and Thailand were the only other GSP-eligible import sources identified during 2011–15, but their import values were minimal.

India has a dynamic and growing dye industry (including fluorescent brightening agents) that supports both burgeoning local demand and increased exports. India’s overall dye production and consumption rates are estimated to increase about 8 percent per year. While fluorescent brighteners are not broken out in these forecasts, historical estimates show that India’s production of fluorescent brightening agents has grown steadily and has doubled in the last decade. The Indian textile industry is the largest consumer of dyes at 65 percent, followed by its paper industry at 15 percent.

India’s trade in fluorescent brighteners has increased over the last decade; Indian import values have almost doubled, and export values have increased by over 50 percent. India’s primary export destinations for fluorescent brighteners are developed countries; the United States was estimated to be the third-largest export destination, accounting for 9 percent of India’s total exports in 2015. There are numerous Indian producers of fluorescent brightening agents,

[169] According to an industry source, the Archroma Group has dye production facilities in both India and Indonesia. However, Archroma claims that the company does not produce the subject products in either India or Indonesia. USITC, hearing Transcript, February 24, 2016, 107 (testimony of Russ Gibson, Archroma); Archroma U.S. Inc., written submission to the USITC, February 29, 2016, 2.

including multinationals such as BASF India Ltd. The largest Indian supplier to the U.S. market is Deepak Nitrite Ltd.

The Indonesian fluorescent brightening agent industry has only two major producers: Archroma Indonesia PT[170] (a subsidiary of a Swiss-based multinational company) and Sinar Syno Kimia PT (a local Indonesian company). Indonesia's production and consumption estimates do not differentiate among the various fluorescent brightening agents. However, overall dye consumption was estimated to have increased by about 50 percent over the last decade, and estimated dye production was less than that needed to meet local demand. That said, the volumes of Indonesia's imports and exports of fluorescent dyes were estimated to have increased by about 20 percent during 2011–14 with exports generally exceeding imports by a factor of 2 to 3 times.

Table 9.3: Fluorescent brightening agents (HTS subheadings 3204.20.10 and 3204.20.80): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	75,845	100	(a)	***
Imports from GSP-eligible countries:				
Total	14,258	19	100	***
India	12,593	16	88	***
Indonesia	1,631	2	11	***

Note: *Indicates that the estimates are based on information/data that are adequate for estimation with a moderately high degree of confidence.
[a] Not applicable.

U.S. Imports and Exports

In 2011–15, the two largest U.S. import sources of fluorescent brightening agents were Switzerland and Taiwan. These two countries each had a 28 percent share of total U.S. imports respectively in 2015. The third-largest U.S. supplier in 2015 was India, a GSP-eligible country, with a 17 percent share (tables 9.4 and 9.5). U.S. imports of fluorescent brightening agents from GSP-eligible countries increased by 225 percent during 2011–15, while total imports of these goods increased by only 23 percent.[171] U.S. imports from non-GSP-eligible countries increased by 8 percent during the same period.

As explained earlier, U.S. export data based on Schedule B overstate the value of the fluorescent brightening agents, and estimates are unavailable. However, Canada has been the primary destination for U.S. exports of fluorescent brightening agents during 2011–15; other markets include Mexico, the United Kingdom, and China. The global fluorescent brightening agent industry has undertaken significant reorganization over the last several years.[172] For example, BASF exited the industry in the U.S. market and the Archroma Group, a Swiss

[170] Archroma stated that it does not produce the subject products in Indonesia, asserting that Clariant retained the assets to manufacture these products and continues to produce fluorescent brightening agents in Indonesia. Archroma Inc., written submission to the USITC, February 29, 2016.
[171] In 2012, the United States imposed antidumping duties on imports from China and Taiwan of fluorescent brightening agents under HTS subheading 3204.20.80 from China and Taiwan. USITC, *Certain Stilbenic Optical Brightening*, 2012, 1.
[172] Industry representative, email message to the USITC staff, February 5, 2016.

company, acquired more facilities around the globe.[173] Fluctuations in global trade flows may have resulted during the period from large companies changing the locations of various intermediate and downstream production facilities.

Table 9.4: Fluorescent brightening agent 32 (HTS subheadings 3204.20.10): U.S. imports for consumption by principal sources, 2011-2015 (dollars)

Country	2011	2012	2013	2014	2015
India	386,359	277,335	1,046,144	1,721,491	4,122,930
China	6,942,247	4,995,113	2,503,923	2,440,182	2,407,557
Germany	32,425	2,498,086	636,099	236,488	880,769
Indonesia	372,516	1,289,215	1,925,376	788,080	675,290
South Korea[a]	126,539	56,523	175,091	162,861	259,740
United Kingdom	0	172,678	94,180	340,922	198,087
Thailand	0	0	73,000	72,930	34,380
Canada[a]	44,624	21,454	6,080	4,569	26,707
Belgium	440,456	130,971	297,521	209,087	25,367
Taiwan	22,848	6,672	0	3,648	7,296
All other	624,867	60,960	66,403	78,027	2,277
Total	8,992,881	9,509,007	6,823,817	6,058,285	8,640,400
Imports from GSP-eligible countries:					
India	386,359	277,335	1,046,144	1,721,491	4,122,930
Indonesia	372,516	1,289,215	1,925,376	788,080	675,290
Thailand	0	0	73,000	72,930	34,380
Total	758,875	1,566,550	3,044,520	2,582,501	4,832,600

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.

[173] Ibid.; Amy, "BASF to cut 250 workers," February 5, 2016; Archoma website, "Archoma to come to life," October 13, 2013.

Table 9.5: Other fluorescent brightening agents (HTS subheading 3204.20.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Switzerland	12,760,058	16,093,555	15,423,670	19,536,034	21,525,765
Taiwan	18,034,974	18,655,203	20,561,702	20,556,064	21,456,704
India	3,332,936	2,589,996	6,181,306	8,376,637	8,469,519
China	4,113,272	5,564,578	6,814,792	9,227,891	6,566,160
Germany	8,588,189	7,370,334	4,976,936	3,542,948	4,741,047
South Korea[a]	1,179,359	1,546,814	2,715,047	1,708,346	2,176,527
Indonesia	295,568	260,441	1,005,198	687,519	956,121
Belgium	1,428,832	1,390,577	898,020	679,414	385,627
United Kingdom	310,210	175,164	246,703	237,522	310,572
Czech Republic	0	70,088	40,198	97,381	226,820
All other	2,597,259	4,829,497	4,765,004	1,276,836	389,720
Total	52,640,657	58,546,247	63,628,576	65,926,592	67,204,582
Imports from GSP-eligible countries:					
India	3,332,936	2,589,996	6,181,306	8,376,637	8,469,519
Indonesia	295,568	260,441	1,005,198	687,519	956,121
Thailand	0	9,070	0	72,930	0
Brazil	106,210	0	0	7,560	0
Total	3,734,714	2,859,507	7,186,504	9,144,646	9,425,640

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.

Position of Interested Parties

Petitioner. Archroma filed a petition with USTR under the provisions of the GSP requesting the removal of fluorescent brightening agents classified under HTS subheadings 3204.20.10 and 3204.20.80 from India and Indonesia.

The petitioner also appeared at the USITC hearing and submitted the following written comments:

"Archroma U.S., Inc. is a U.S. producer of Optical Brightening Agents (OBA), also known as Fluorescent Whitening Agents. OBAs are additives that paper manufacturers add during the paper production process that make paper look whiter and brighter. Archroma, supported by local government in South Carolina, its vendors and suppliers, and the only other domestic producer of OBA, 3V, seeks removal of OBA as an eligible article for duty free treatment under the Generalized Systems of Preferences, or GSP. The HTS numbers under which OBA is imported from GSP countries is 3204.20.10 and 3204.20.80, and both HTS numbers are listed under the GSP duty preference program.

"Because the two GSP countries, India and Indonesia, are globally competitive and have established themselves in the U.S. OBA market, GSP treatment for OBA is not needed and is now providing a direct subsidy in the nature of duty-free imports for these world class competitors. India gained market share from Archroma and other U.S. producers even before GSP duty-free treatment for OBA was reinstated. Now, the major Indian producer, Deepak Nitrite, Ltd. informed its shareholders that its profitability has been significantly enhanced as a result of duty-free treatment for its OBA exports to the U.S. That market share and profitability is at the expense of U.S. OBA production and jobs. Current duty-free treatment for OBA imports under the GSP program is providing supracompetitive profit margins for Indian and Indonesia

OBA producers. This windfall creates an unlevel playing field in the U.S. market with respect to pricing of OBA. At the same time, India's and Indonesia's U.S. market share increased since 2013 even after the imposition of a 6.5% duty on OBA upon expiration of the GSP on July 31, 2013. Archroma realized a significant loss in market share for OBA sales during the same period.

"GSP-eligible OBA producers have targeted the U.S. as an export market and made significant inroads into the U.S. market taking market share from domestic producers. The renewal of the GSP program in August 2015 once again provided duty-free treatment for OBA imports, and gives those GSP-eligible producers an unwarranted competitive advantage against U.S. OBA producers. Both India and Indonesia have highly competitive specialty chemical industries, and these foreign producers successfully compete world-wide with developed countries such as the U.S., Taiwan, and Germany.

"Removal of OBA from the list of eligible GSP articles will eliminate a significant price advantage that is not needed for Indian and Indonesian OBA producers or to gain access to the U.S. market, and thus, will substantially benefit the U.S. OBA industry by leveling the playing field in the U.S. market. Reinstating the 6.5% duty on OBA imports from GSP beneficiary countries will allow U.S. OBA producers to regain lost market share and help maintain and create U.S. jobs, while having a negligible, if any, effect on pricing for U.S. OBA consumers."

Support. The following written comment was received from Nation Ford Chemical in support of the petition:

"Nation Ford Chemical, (NFC) [174] is a supplier of sulfanilic acid to the Archroma USA, Inc. plant in Martin, SC. We have been heavily dependent upon Archroma as a customer for many years. NFC is the only U.S. producer of sulfanilic acid and therefore represents the entire domestic industry.

"We support Archroma's GSP petition to USTR for removal of OBA from the list of eligible articles under GSP. Reinstating the 6.5 percent duty imposed on OBA imported from India and Indonesia is essential to establishing a level playing field in the US.

"NFC subscribes to the Global Trade Atlas for certain HTS numbers, including HTS 320420, Synthetic Organic Products Used as Fluorescent Brightening Agents. The most recent period for which data is available from all countries is August 2015. The data previously submitted as Table I for the 12 months ending August 2013 through August 2015 show that in 2015 India ranked third in World trade behind Germany and China. Indonesia ranked sixth behind India, Spain and Italy. The United States ranked ninth, well behind both India and Indonesia. These data demonstrate that both India and Indonesia are highly competitive in the world market.

"In addition, Article 27.5 of the WTO Agreement on Subsidies stipulates that any developing country member reaches export competitiveness for a product when its share of world trade reaches 3.25 percent of world trade for two consecutive years. Both India and Indonesia are parties to this agreement and classified as developing countries. The data previously submitted as Table II contains the GTA export data which shows the India shares were 11.83 percent for 2013 and 13.12 percent for 2014, the most recent data available for two consecutive calendar

[174] Nation Ford Chemical, written submission to the USITC, February 18, 2016.

years. By these rules, India should have discontinued subsidies to its OBA industries years ago. There is certainly no indication that any subsidy has been discontinued. Archroma has documented at least part of these subsidies in its prehearing brief to the USITC.

"We ask for your support of Archroma's petition and we urge that OBA be removed from the GSP list of eligible articles for duty free treatment."

Opposition. The following written comment was received from a party in opposition of the petition:

Deepak Nitrite Ltd. Deepak Nitrite Ltd. submitted written statements, which can be found on the USITC's EDIS website, www.edis.usitc.gov.

No other statements were received by the Commission in support of or in opposition to the proposed modifications to the GSP considered for these HTS subheadings.

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Chapter 10
Removal: Polyethylene Terephthalate (PET) Resin[175] (India)

Table 10.1: PET resin

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3907.60.00[a]	Polyethylene terephthalate (PET) resin	6.5	Yes

[a] In 2003, the PET Resin Producers Coalition requested the removal of HTS subheading 3907.60.00 from the GSP for all BDCs; the request was accepted for review but was denied. In 2008, the PET Resin Coalition requested the removal of this subheading from India and Indonesia; the request was accepted for review but denied. In 2008, Indonesia requested a waiver of the CNL for this subheading; the request was accepted for review but denied.

Description and Uses

PET resin is a commodity-grade thermoplastic[176] polyester resin produced from purified terephthalic acid and monoethylene glycol in large volumes. PET resin is primarily sold in bulk form as chips or pellets to downstream end users/converters. Converters primarily use bottle-grade PET resin to manufacture bottles and other sterile containers that house liquid and solid products for human consumption or contact. Major end-use applications for bottle-grade PET resin include carbonated soft-drink bottles, water bottles, and other containers such as those for juices, peanut butter, jams and jellies, salad dressings, cooking oils, household cleaners, and cosmetics.

[175] The PET Resin Coalition filed a petition with the USTR requesting the removal of this HTS subheading from India from the list of articles eligible for duty-free treatment under the provisions of the GSP. The PET Resin Coalition is an ad hoc group of U.S. PET resin producers and composed of DAK Americans, LLC, Indorama Ventures, M&G Chemicals, and NanYa Plastics Corporation America.

[176] A thermoplastic polymer is a material which has been softened or melted by heat and hardened by cooling. About Education website, http://chemistry.about.com/od/chemistryglossary/g/Thermoplastic-Definition.htm (accessed February 2, 2016).

Advice

*   *   *   *   *   *   *

Profile of U.S. Industry and Market, 2011–15

The U.S. PET resin industry consists principally of four large producers with facilities in the United States and other countries. These producers are DAK, a wholly owned subsidiary of Mexico-based ALFA with U.S. plants in North Carolina, South Carolina, and Mississippi; Indorama Ventures, based in Thailand, with plants located in North Carolina, South Carolina, and Alabama; M&G, based in Italy, with a plant located in West Virginia; and Nan Ya Plastics Corporation USA, a wholly owned subsidiary of Nan Ya Plastics Corporation of Taiwan with a plant in South Carolina.

The value of U.S. shipments of PET resin ***. Total U.S. imports were relatively steady (table 10.2). PET resin produced in the United States is considered similar to that produced in other countries.[177]

U.S. producers *** in 2015. Overall capacity of U.S. PET resin production ***. However, ***. The ***.[178]

During 2011–15, the U.S. PET resin industry experienced numerous plant openings and closings as well as capacity adjustments. DAK, which accounted for an average of ***. Indorama, which accounts ***. ***. On average, M&G accounts for about *** and Nan Ya for ***. Nan Ya ***. M&G has started construction on a new plant in Corpus Christi, Texas, which is expected to become operational in late-2016, making it the world's largest integrated PET plant with total capacity of about 2 billion pounds. [179] Between 650 million and 1 billion pounds of PET capacity could exit North America in 2017 as demand for the material continues to drop with lower carbonated soft drink consumption and from the production of thinner bottles that use less PET.[180]

[177] The PET Resin Coalition, written submission to the USITC, February 12, 2016, 3.
[178] In August 2014, a PTA production unit in South Carolina was shut down due to a fire, which created a domestic shortage of PTA. Conference transcript, p. 93-94 (Behm), investigation nos. 701-TA-531-533 and 731-TA-1270-1273 (Preliminary): *Certain Polyethylene Terephthalate Resin from Canada, China, India, and Oman*, May 2015. Further, a producer of IPA in Flint Hills, Michigan, lost a cooling tower due to cold temperatures which resulted in a three-to-four-month shutdown. Chinese Producers Brief, p. 16, investigation nos. 701-TA-531-533 and 731-TA-1270-1273 (Preliminary): *Certain Polyethylene Terephthalate Resin from Canada, China, India, and Oman*, May 2015. In addition, the U.S. supply of PET resin was disrupted by the west coast longshoremen strike. Conference Transcript, p. 168 (Behm), investigation nos. 701-TA-531-533 and 731-TA-1270-1273 (Preliminary): *Certain Polyethylene Terephthalate Resin from Canada, China, India, and Oman*, May 2015.
[179] Conference transcript, p. 30 (Adlam), investigation nos. 701-TA-531-533 and 731-TA-1270-1273 (Preliminary): *Certain Polyethylene Terephthalate Resin from Canada, China, India, and Oman*, May 2015 and M&G Chemicals website.
[180] USITC staff telephone interview with an official of M&G Chemicals, April 19, 2016.

Table 10.2: PET resin (HTS subheading 3907.60.00); U.S. producers, employment, shipments, trade, consumption, capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	4	4	4	4	4
Employment (employees)	***	***	***	***	***
Shipments (1,000 $)	***	***	***	***	***
Exports (1,000 $)	615,771	623,183	545,766	499,540	422,554
Imports (1,000 $)	1,015,912	1,020,548	1,101,934	1,218,812	997,485
Consumption (1,000 $)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***

Source: Trade data derived from official statistics from the U.S. Department of Commerce; all other data derived from ***.
Note: *Indicates that the estimates are based on information/data that are adequate for estimation with a moderately high degree of confidence.

GSP Import Situation, 2015

In 2015, imports from GSP-eligible countries accounted for 12 percent of the total value of U.S. imports classified under HTS subheading 3907.60.00 (table 10.3). Indian producers are large, are highly competitive, and continue to increase production capacity.[181] India accounts for 4 percent of total U.S. imports of PET resin and possibly *** percent of U.S. consumption. Indian production has increased in recent years and recently a new plant in India was opened reportedly in part to export to the United States.[182]

[181] The PET Resin Coalition, written submission to the USITC, February 12, 2016, 5.
[182] USITC hearing transcript, 39 (testimony of Matthew Nolan, counsel representing Reliance Industries).

Table 10.3: PET resin (HTS subheading 3907.60.00): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	997,485	100	[a]	***
Imports from GSP-eligible countries:				
Total	95,328	10	100	***
India	34,651	4	36	***

[a] Not applicable.

There are approximately 12 export-oriented PET resin producers in India. The largest Indian producers are Dhunseri Petrochem Ltd. (Dhunsei); Reliance Industries Ltd. (Reliance); JBF Industries; Garden Silk Mill Limited; Ester Industries Limited; Polypex Corporation; Micro PolyPET; Uflex; and Futura.[183] Dhunsei stated that it is the largest Indian producer and that it doubled its production capacity when its second PET resin facility became operational in December 2012, enabling it to increase its exports of PET resin by more than 100 percent.[184] Reliance, another larger Indian producer of PET resin, is India's largest exporter to markets worldwide, including the United States.[185]

U.S. Imports and Exports

Mexico and Canada continued to be the largest sources of U.S. imports of PET resin during 2011–15, as both benefit from close proximity to the U.S. market and from duty-free treatment under NAFTA (table 10.4).

The three largest markets for U.S. exports in 2015 were the Netherlands (28 percent), Canada (21 percent), and Mexico (18 percent) (table 10.5).

[183] PET Resin Coalition, written submission to USTR, October 16, 2015, 13.
[184] Ibid., 13–14.
[185] Ibid., 14.

Table 10.4: PET resin (HTS subheading 3907.60.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Mexico[a]	383,130,843	300,389,136	239,087,267	353,051,767	307,345,906
Canada[a]	128,380,275	237,202,834	276,775,101	266,951,303	191,118,215
Taiwan	26,296,667	57,733,620	65,749,857	57,964,860	99,399,416
Oman[a]	16,941,063	24,949,201	95,313,946	129,613,957	83,165,648
South Korea[a]	64,212,067	79,571,118	104,618,408	94,308,188	79,312,381
China	144,901,513	93,093,030	89,326,281	121,745,384	46,801,472
India	27,549,492	40,439,184	67,586,114	62,622,331	34,651,083
Brazil	4,374,365	4,184,336	5,322,885	3,180,517	24,964,988
Indonesia	69,834,396	30,494,018	27,780,439	31,197,228	22,194,983
Pakistan	20,332,651	24,536,669	50,293,115	18,020,416	19,283,934
All other	129,959,060	127,954,374	80,080,768	80,155,700	89,247,310
Total	1,015,912,392	1,020,547,520	1,101,934,181	1,218,811,651	997,485,336
Imports from GSP-eligible countries:					
India	27,549,492	40,439,184	67,586,114	62,622,331	34,651,083
Brazil	4,374,365	4,184,336	5,322,885	3,180,517	24,964,988
Pakistan	20,332,651	24,536,669	50,293,115	18,020,416	19,283,934
Egypt	0	44,080	151,050	5,502,100	12,390,136
Venezuela	956,671	1,264,842	2,707,979	1,941,815	2,429,961
Bolivia	526,188	822,337	1,472,769	1,076,021	740,033
Turkey	357,708	344	107,004	464,896	725,142
All other	4,205,918	1,939,363	3,112,749	264,021	142,241
Total	58,302,993	73,231,155	130,753,665	93,072,117	95,327,518

Source: Compiled from official statistics from the U.S. Department of Commerce.
Note: Indonesia and Thailand are not eligible for duty-free treatment for this HTS subheading under the provisions of the GSP.
[a] FTA partner.

Table 10.5: Pet resin (Schedule B 3907.60.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Netherlands	73,211,014	97,684,369	132,067,019	127,736,358	122,265,217
Canada	214,213,121	174,793,898	129,885,316	108,183,143	88,417,949
Mexico	76,022,202	79,319,925	78,773,906	100,556,127	75,757,691
China	28,278,601	19,685,682	21,930,970	25,759,953	26,761,740
United Kingdom	16,178,720	16,916,701	17,568,398	19,311,455	16,507,078
Argentina	7,670,356	5,096,365	16,328,319	22,845,914	13,037,344
Japan	16,170,581	17,156,616	14,096,145	12,131,057	9,895,961
Venezuela	13,856	35,263,944	22,196,250	4,598,494	9,062,435
France	8,324,568	7,556,762	7,711,168	9,340,838	8,349,264
Hong Kong	5,703,868	5,229,474	5,807,575	5,385,030	7,667,807
All other	169,983,765	164,479,003	99,400,678	63,691,336	44,831,827
Total	615,770,652	623,182,739	545,765,744	499,539,705	422,554,313

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

Positions of Interested Parties

Petitioner: The PET Resin Coalition filed a petition with the USTR requesting the removal of products from India classified under this HTS subheading from the list of articles eligible for duty-free treatment under the provisions of the GSP. The PET Resin Coalition is an ad hoc group of U.S. PET resin producers and composed of DAK Americans, LLC, Indorama Ventures, M&G Chemicals, and NanYa Plastics Corporation, America.

The petitioner also appeared at the USITC hearing and submitted the following written comments:

"The PET Resin Coalition is an ad hoc group of U.S. PET resin producers that account for virtually all PET resin produced in the United States, and is the petitioner seeking the removal of duty free treatment under the GSP program for PET resin from India, classified under HTSUS subheading 3907.60.00. USTR accepted the PET Resin Coalition's petition on January 11, 2016, and this product is identified in Table B of the Commission's January 19, 2016 scheduling notice for this proceeding.

"The Commission's role, in this investigation per USTR's request, is to provide advice as to the probable economic effect on total U.S. imports, U.S. industries producing the like or directly competitive articles, and on U.S. consumers of the removal of GSP benefits for PET resin from India. Statutory guidance for this investigation, including steps the Commission should take in preparing this advice, are set forth in Section 131(d) of the Trade Act of 1974, as amended (19 U.S.C. § 2151(d)). Among these steps include an investigation of the conditions, causes and effects relating to competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles. See Section 131(d)(1); 19 U.S.C. § 2151(d)(1). In addition, the Commission should also describe the 'probable nature and extent' of any significant change in employment, profit level, competitiveness and any other relevant conditions it 'believes such modifications would cause.' See Section 131(d)(3); 19 U.S.C. § 2151(d)(3).

"The nature of this investigation differs from an injury determination in a Title VII investigation, where the domestic industry must show that it has suffered material injury or threat of such injury by reason of unfairly traded imports. In assisting the USTR in making a GSP determination, the Commission need not establish material injury or causation. Rather, its task is to investigate current trade conditions and describe the changes that would probably occur within the domestic industry if the requested action is granted.

"Based on the foregoing, the Commission should find a domestic PET resin industry that has been adversely affected, both financially and operationally, by the importation of significant volumes of low-priced, duty free PET resin from India. These imports, aided with GSP benefits, have contributed to import surges and price depressions that have injured domestic producers and contributed to the present injured condition of the U.S. PET resin industry. It should follow that imposition of the 6.5 percent ad valorem tariff would significantly reduce import levels and have a positive impact on U.S. producers.

"The provision of duty free benefits under the GSP program has enabled imports from India to increase from 2012-2014. For example, imports from India rose from 54.8 million pounds in 2012 to 102.4 million pounds in 2014, or a surge of 86.9 percent. The increase in imports from India has been particularly significant from 2012-2013, with even further growth in 2014. In one year alone, imports from India grew by 73 percent from 2012-2013. Notably, PET resin imports from India maintained high volumes in the U.S. market for full year 2015 even with an antidumping and countervailing duty case filing on March 10, 2015. Imports from India were on track in 2015 to exceed import levels in 2014, if it were not for the filing of the trade case. See Polyethylene Terephthalate Resin from Canada, China, India and Oman, Inv. Nos. 701-TA-531-533 and 731-TA-1270-1273 (Final), Prehearing Brief (Public Version) of DAK Americas, LLC, M&G

Chemicals and Nan Ya Plastics Corporation (February 23, 2016) (Petitioners' Prehearing Brief) at 30-33. This brief is included as an Attachment to this submission, with excerpted Exhibits 9, 12 and 14.

"The U.S. PET resin market is marked by the high degree of substitutability and price sensitivity, which creates incentives to displace domestic product with imports of unfairly low- priced PET resin. See Attachment (Petitioners' Prehearing Brief at 22-30). As a result, subject, low-priced imports from India have captured U.S. sales and market share by underselling domestic producers' prices and have caused price depression of U.S. prices. Moreover, these low-priced imports from India, not raw material costs, are a cause of U.S. price declines.

"The domestic industry has undergone consolidation over the years in order to compete effectively with unfair imports. This consolidation, however, has not been sufficient to off-set the negative effect of low-priced imports. The domestic industry, presently, is severely injured and in a weak financial condition as evidenced by a number of factors, including declining production, shipments and employment, as well as plant closures and financial loss.

"The Indian PET resin industry is currently a world-class competitor, with over a dozen PET resin producers. (Petitioners' Prehearing Brief at 62-64; and Exhibit 12). These producers demonstrate expanding capacity and production, as well as excess capacity to continue high levels of exports to the United States.

"The large and increasing capacity to produce PET resin in India threatens to cause further injury to the domestic industry, particularly given the existence of several third country trade barriers, which create an incentive for PET resin producers in India to target the U.S. market. Given India's high export-orientation, India PET resin producers can easily divert shipments from other export markets to the United States.

"As summarized in this statement, and set forth in further detail in the Coalition's Petition, the removal of GSP treatment for PET resin from India would have an overall favorable and positive effect on U.S. domestic producers."

Opposition: The following written comment was received from a party in opposition to the petition:

"Reliance Industries, Ltd., an Indian producer of PET resin, requests that the Commission deny the U.S. Pet Resin Coalition's Petition to withdraw GSP duty free treatment for polyethylene terephthalate (PET) imported from India. Petitioners have not been adversely affected by the modest level of Indian imports that currently enter the U.S market. Conversely, GSP benefits have significantly furthered the economic development of Indian producers and the Indian people. Without continued benefits, India will be at a significant competitive disadvantage to other major PET producers like Canada, Mexico, and Oman who receive duty-free treatment.

"In past proceedings, US International Trade Commission ('ITC' or 'Commission') and/or GSP Subcommittee have repeatedly examined PET imports from India in the context of trade remedy and GSP proceedings. In each case India retained GSP status and was found not to be injuring the US industry. The findings of ITC remain valid today.

"Indian PET resin constitutes an insignificant share of the U.S. PET market. U.S. PET producers' shipments account for an 'overwhelming share' of the U.S. PET resin market. The U.S. PET resin market is dominated by four U.S. producers who are part of large multi-national companies that produce and source PET resin around the world. The U.S. industry continues to benefit from a huge market share, the ability to construct new gleaming facilities and dominate key segments of the market.

“Mexican and Canadian imports dwarf lndian PET resin imports. The U.S. producers' position in the U.S. market is further fortified by imports from affiliates in Mexico that U.S. producers' control. The largest source of imports is from Mexico. 100% of Mexican PET resin production facilities are owned and controlled by the same corporate groups that control two of the key U.S. producers. The domestic industry treats North America as a single integrated market, drawing upon substantial imports from its Mexico and Canada plants to supply the U.S. market.

“Finally, India's PET imports into the U.S. have continued to be small and are expected to remain at very modest levels. The Indian PET resin market is growing rapidly and with high growth at home and in third country export markets, India will continue to be a marginal supplier to the U.S. market. Under these circumstances, it is inconceivable that continuation of duty-free treatment will adversely affect the U.S. PET resin industry.”

No other statements were received by the Commission in support of or in opposition to the proposed modifications to the GSP considered for this HTS subheading.

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Chapter 11
Removal: PET Film, Sheet, Foil, and Strip, and Certain Associated Film from Brazil[186]

Table 11.1: PET film, sheet, foil and strip and certain associated film

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3920.62.00[a]	PET film, sheet, foil and strip	4.2	Yes
3921.90.40[b]	Associated film, sheet, foil and strip	4.2	Yes

[a] In 2007, DuPont Teijin Films requested the removal of HTS subheading 3920.62.00 from the GSP for Brazil; the request was not accepted for review. An antidumping order on HTS statistical reporting number 3920.62.0090 from Brazil was revoked as a result of the 2015 sunset review. In addition, India was removed from the GSP for HTS subheading 3920.62.00 in 1998 and Thailand in 2004. There are also antidumping and countervailing duty orders on this HTS subheading from India and Taiwan (2014 sunset review) and an antidumping order on HTS statistical reporting number 3920.62.0090 from China and the United Arab Emirates.
[b] The products covered by HTS 3921.90 are defined by the World Customs Organization (WCO) as cellular films and sheet of plastic of all types, or those products which have been reinforced, laminated, supported or similarly combined with materials other than plastics (see Explanatory Notes, Vol. 2, Chapters 29 - 43, World Customs Organization, Fifth Edition (2012), pp. VII-3920-2; VII-3921-1).

Description and Uses

PET film, sheet, foil, and strip classified under HTS subheading 3920.62.00 (hereinafter referred to as PET film) and certain associated film classified under HTS subheading 3921.90.40 (hereinafter referred to as “specialty PET film”) are high-performance, flexible materials produced from molten polyethylene terephthalate polymer, a linear thermoplastic polyester resin. PET film is a clear, flexible, and transparent or translucent plastic film produced by the BOPET[187] process, which provides light, flexible films having superior tensile strength, durability, temperature range stability, electrical insulation, gas-barrier properties, and chemical inertness, as well as relatively low moisture absorption.

PET film's combination of physical and chemical properties provides the basis for a myriad of downstream applications, such as:

- packaging films used for food packaging (e.g., chip or cracker bags);
- industrial film used as building materials (e.g., windows for residential, industrial, or greenhouse applications), clothing accessories, office supplies (e.g., folders, binders, and covers), and for insulation;

[186] DuPont Teijin Films, Mitsubishi Polyester Film, and SKC Inc. filed a petition with the USTR requesting the removal of these HTS subheadings from Brazil from the list of articles eligible for duty-free treatment under the provisions of the GSP.
[187] BOPET is a polyester film made from biaxially stretched polyethylene terephthalate (PET).

- imaging film used for nonmagnetic images (e.g., microfilm, masking film, layout film, and reprographic film);
- electrical film used for motor insulation, electronic cables, and other products; and
- magnetic film used for magnetic recording and playback video, audio, and computer tapes and disks.

Specialty PET film is primarily used for packaging and other sealable applications, particularly polyvinylidene chloride (PVDC)[188] packaging because it increases the barrier properties of the film. This trait reduces the permeability of the film to oxygen and flavors and thus extends the shelf life of the food inside the package.

Advice

* * * * * * *

Profile of U.S. Industry and Market, 2011–15

There are currently 11 U.S. producers of PET film, the majority of which produce base PET films for sale downstream in the merchant market to converters who use the film to produce finished PET products. The remainder are principally captive producers who produce both base PET film and finished PET film products. PET film is generally only produced in dedicated plants with dedicated equipment and employees, which typically operate on a 24/7 schedule owing to the complexities and capital-intensive nature of the industry. The leading U.S. producers are large multinational companies—DuPont Teijin, Mitsubishi, and SKC. Together, these three firms ***.[189]

During 2011–15, the U.S. industry has experienced restructuring, capacity additions, and two new entrants into the U.S. market. DuPont Teijin has rationalized capacity and experienced a period of restructuring, while SKC has added a new PET film line designed to produce value-added products. The two new entrants into the market, Flex Films and Polyplex, began operating new, state-of-the-art packaging film lines in 2013, and Mitsubishi recently announced plans for a major expansion facility in Greer, South Carolina.[190]

U.S. production of PET products covered under HTS subheadings 3920.62.00 and 3921.90.40 *** (table 11.2). These products are generally interchangeable, whether produced domestically or imported, as long as they meet specific standards for the various end uses and applications.

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[188] PVDC is a homopolymer of vinylidene chloride applied as a water-based coating to other plastic films such as biaxially-oriented polypropylene (BOPP) and PET.
[189] DuPont Teijin Films, Mitsubishi Polyester Film Inc., and SKC Inc., written submission to the USTR, October 16, 2015.
[190] Mitsubishi, "Mitsubishi Polyester Film, Inc. to Expand," September 29, 2015.

Table 11.2: PET film and specialty PET film (HTS subheading 3920.62.00 and 3921.90.40); U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	***	***	***	***	***
Employment (1,000 employees)	***	***	***	***	***
Shipments (1,000 $)	***	***	***	***	***
Exports (1,000 $)	1,048,176	905,963	894,576	898,039	812,373
Imports (1,000 $)	1,181,686	1,139,192	1,113,965	1,154,248	1,207,835
Consumption (1,000 $)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent)	82	80	76	80	82

Source: Trade data compiled from official statistics from the U.S. Department of Commerce; all other data are derived from USITC estimates.

GSP Import Situation, 2015

U.S. imports of the subject products account for an estimated *** percent of total U.S. consumption, with GSP imports accounting for about *** percent of total U.S. imports and Brazil specifically accounting for *** percent (table 11.3). Brazil accounts for less than 0.5 percent of total U.S. imports under HTS subheading 3920.62.00 and for about 4 percent under HTS subheading 3921.90.40.

Terphane Ltd., which is the sole producer of BOPET film in Brazil, stated that it produces a full line of advanced polyester films and specialty products. Terphane also stated that ***.[191] Terephane states that ***.[192] Terphane's imports[193] of the higher-priced, value-added specialty products from Brazil support and complement Terphane's U.S. production.[194]

Demand is expected to grow at average annual rates of ***.[195]

Table 11.3: PET film and specialty PET film (HTS subheadings 3920.62.00 and 3921.90.40): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	1,207,835	100	(a)	***
Imports from GSP-eligible countries:				
Total	87,316	7	100	***
Brazil	18,904	2	22	***

[a] Not applicable.

[191] Terephane Inc., written submission to the USITC, February 3, 2016, 3–6.
[192] Ibid., 3.
[193] On November 18, 2008, Terphane, the lone producer of PET film in Brazil, received an Informed Customs Compliance Notice from CBP stating that the PET film from Brazil entered under HTS 3920.62.0090/4.2 percent had at least one of its surfaces modified by the application of a performance-enhancing resinous layer more than 0.00001 inches thick, and as such, the correct classification of this merchandise should be HTS 3921.90.4090/ 4.2 percent. Terphane was instructed to correct this error for future entries of identical merchandise. Thereafter, Terphane complied with CBP's direction and began classifying imports of copolymer resinous surface films under HTS statistical reporting number 3921.90.4090. In 2014, Terphane's copolymer coated film shipments accounted for *** percent of total shipments from Brazil.
[194] USITC, hearing transcript, February 24, 2016, 44.
[195] Terephane Inc., written submission to the USITC, February 3, 2016, 4–6.

U.S. Imports and Exports

U.S. imports of PET film classified under HTS subheading 3920.62.00 have decreased slightly during the period 2011–2015 with Oman, South Korea, Mexico, and Canada remaining the primary suppliers (table 11.4). U.S. imports from all four of these countries enjoy duty-free treatment under provisions of relevant FTAs. Canada, China, and Mexico are the primary sources of imports of the specialty PET film classified under HTS subheading 3921.90.40, with U.S. imports from Canada and Mexico benefiting from duty-free treatment under NAFTA (table 11.5).

Table 11.4: PET film (HTS subheading 3920.62.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Oman[a]	120,963,766	164,857,063	195,753,877	192,510,409	215,848,437
South Korea[a]	72,694,156	51,950,668	57,068,387	54,650,565	70,356,586
Mexico[a]	84,132,581	104,820,748	78,866,074	72,128,250	65,148,035
Canada[a]	51,190,571	64,612,448	56,019,667	56,606,399	54,001,845
Bahrain[a]	0	0	1,274,966	31,415,777	38,142,362
Japan	54,058,209	32,687,902	33,675,479	37,753,015	37,736,349
Germany	31,857,064	37,631,189	39,181,942	33,107,360	35,809,881
China	37,689,193	25,393,080	29,012,127	28,462,598	27,143,145
Taiwan	28,915,711	18,534,045	17,421,149	23,243,782	22,741,013
United Kingdom	21,916,668	21,215,776	18,872,640	18,425,485	20,009,608
All other	218,484,392	171,052,308	135,262,582	107,575,926	114,627,812
Total	721,902,311	692,755,227	662,408,890	655,879,566	701,565,073
Imports from GSP-eligible countries:					
India	50,906,367	27,920,515	22,918,236	18,270,636	19,531,796
Thailand	26,794,720	21,223,619	20,016,072	14,769,664	17,963,798
Indonesia	17,822,738	16,207,822	14,320,214	12,207,872	11,261,916
Turkey	34,351,564	24,933,440	10,990,125	3,039,030	2,558,160
Pakistan	0	0	262,055	3,171,718	2,443,530
Brazil	163,814	6,096	207,867	209,505	1,083,700
Philippines	23,266	54,384	35,371	18,000	60,831
South Africa[b]	1,810	9,007	22,219	62,742	38,787
Ecuador	0	0	0	0	14,099
Sri Lanka	5,000	0	6,900	0	0
All other	326,982	461,780	340,717	266,858	0
Total	130,396,261	90,816,663	69,119,776	52,016,025	54,956,617

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.

Table 11.5: Specialty PET film (HTS subheading 3921.90.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada[a]	105,071,860	111,776,767	107,934,127	126,879,904	137,988,401
China	53,774,891	57,186,588	63,475,043	74,249,358	74,019,714
Mexico[a]	44,932,965	47,921,617	48,779,941	49,742,734	55,532,194
Japan	34,290,191	42,818,431	53,035,888	46,124,430	54,724,205
South Korea[a]	34,915,462	37,720,803	34,248,745	38,465,509	31,999,480
United Kingdom	22,880,862	25,983,523	30,511,269	28,356,079	24,605,574
Germany	17,624,949	13,871,881	14,028,941	24,593,494	21,775,659
Brazil	29,264,559	16,664,543	20,083,429	21,000,217	17,819,864
India	11,635,271	7,829,927	6,175,395	7,207,013	9,723,172
Italy	10,925,755	12,305,317	13,573,170	11,888,098	8,010,078
All other	94,466,500	72,357,752	59,710,528	69,862,003	70,071,595
Total	459,783,265	446,437,149	451,556,476	498,368,839	506,269,936
Imports from GSP-eligible countries:					
Brazil	29,264,559	16,664,543	20,083,429	21,000,217	17,819,864
India	11,635,271	7,829,927	6,175,395	7,207,013	9,723,172
Indonesia	6,179,394	5,770,515	7,665,440	2,584,291	3,990,463
Turkey	107,653	37,855	100,780	103,230	309,784
Thailand	960,278	497,693	885,141	350,668	247,376
South Africa	581,108	281,484	653,160	397,174	201,227
Pakistan	166,689	39,028	56,309	0	27,805
Philippines	2,880	16,960	6,776	17,311	18,266
Cameroon	0	0	0	0	18,192
Jordan	0	0	296	0	1,873
All other	40,561	656,372	4,738	3,034	989
Total	48,938,393	31,794,377	35,631,464	31,662,938	32,359,011

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.

Canada and Mexico are the principal markets for U.S. exports of both PET film and speciality PET film due to the benefits associated with NAFTA and proximity to the U.S. market (tables 11.6 and 11.7).

Table 11.6: PET film: (Schedule B 3920.62.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	91,087,230	82,085,572	101,937,627	93,470,750	89,838,577
Mexico	43,026,910	57,506,539	72,119,579	80,530,446	85,250,991
United Kingdom	55,586,933	60,153,250	48,960,799	50,388,317	72,480,838
China	72,268,925	71,730,360	66,964,469	61,429,720	48,882,521
Germany	44,438,948	35,273,385	40,601,281	33,350,128	34,471,763
Singapore	84,148,070	109,434,843	92,511,064	61,692,888	32,702,796
Belgium	9,367,566	6,376,261	8,035,012	9,810,091	17,325,569
South Korea	25,177,851	11,788,394	7,818,986	37,527,891	12,369,442
Australia	15,971,539	15,256,078	13,811,724	14,523,214	10,209,073
Brazil	16,323,018	16,048,792	13,199,775	13,414,476	8,327,078
All other	227,959,450	156,702,254	121,462,966	177,961,293	107,519,938
Total	685,356,440	622,355,728	587,423,282	634,099,214	519,378,586

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

Table 11.7: Specialty PET film: (Schedule B 3921.90.4000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Mexico	85,845,273	95,442,671	102,006,044	90,475,453	89,175,910
China	124,285,314	33,479,502	54,428,252	52,287,084	73,054,769
Germany	17,231,281	15,845,384	15,540,308	13,982,687	14,239,005
Hong Kong	20,630,607	13,275,853	17,289,451	11,698,813	11,217,890
United Kingdom	12,218,281	16,361,023	12,138,850	11,334,154	11,027,699
Japan	7,654,619	7,255,126	10,387,990	10,041,081	10,397,535
Italy	5,067,827	5,668,254	6,189,893	5,004,168	9,885,556
South Korea	4,165,975	5,791,760	4,163,858	3,838,889	9,334,420
Taiwan	3,857,416	5,705,581	3,283,106	3,645,793	5,316,576
Thailand	867,892	1,450,612	3,593,082	4,684,877	5,215,666
All other	80,995,940	83,331,346	78,132,694	56,946,894	54,129,214
Total	362,820,425	283,607,112	307,153,528	263,939,893	292,994,240

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

Positions of Interested Parties

Petitioner: DuPont Teijin Films, Mitsubishi Polyester Film, and SKC Inc. filed a petition with the USTR requesting the removal of products from Brazil classified in these HTS subheadings from the list of articles eligible for duty-free treatment.

Opposition: The following written comments were received from parties in opposition to the petition:

"Terphane, Inc.,[196] a U.S. producer and importer of biaxially-oriented polyethylene terephthalate film ('PET film') from Brazil, and its Brazilian affiliate, Terphane, Ltda., the only Brazilian producer of PET film (collectively 'Terphane') oppose the petition of DuPont Teijin Films ('DuPont Teijin'), Mitsubishi Polyester Film Inc. ('Mitsubishi'), and SKC, Inc. ('SKC') (collectively 'Petitioners'), which seeks to remove Brazilian PET Film, Sheet, and Strip, as classified under item numbers 3920.62.00 and 3921.90.40 of the Harmonized Tariff Schedule of the United States ('HTSUS'), from the list of products eligible for duty-free treatment under the Generalized System of Preferences ('GSP').

"Terphane Inc. and its 53 employees in Bloomfield, New York depend on the duty savings from GSP benefits to ensure the company's continued competitiveness in the face of competition from large-scale multinational producers of PET film. Terphane Inc. operates within a narrow niche of specialty, value-added PET film, which is a small subset of the broader U.S. PET film market dominated by the larger multinational companies (including Petitioners). Terphane's imports of higher-priced, value-added specialty products support and complement Terphane's U.S. production – imports from Brazil, however, are miniscule (less than 1.6 percent of total imports) compared to the massive quantities of low-priced imports of commodity film entering the United States from the Middle East and Asia. Similarly, Terphane's total U.S. sales (of U.S. and Brazilian-origin PET films) make up less than four percent of the U.S. market, which is dominated by commodity films produced by Petitioners and recent Indian transplants Polyplex USA LLC and Flex Films (USA) Inc. Terphane does not seek to compete for sales of commodity

[196] Terphane, Inc., written submission filed to the USITC, February 4, 2016.

film, and its competition with other U.S. producers is therefore attenuated. Instead, Terphane is a niche player focusing on specialty films, which explains its small market share. Notably, in 2014 the Commission examined Terphane's PET film operations in the context of a sunset review of the antidumping order on commodity grade PET film from Brazil. The antidumping order was revoked as a result of the Commission's determination that imports of subject film from Brazil were not likely to cause injury to U.S. producers in the reasonably foreseeable future. In those proceedings, Terphane demonstrated that its focus in the U.S. market was on "specialty, niche . . . products that require a high degree of technical support and service" and that imports from Brazil were not likely to have any discernible adverse impact on the U.S. industry. Nothing has changed.

"Withdrawal of GSP benefits with respect to such a small volume of merchandise that does not compete against the vast bulk of U.S. production could not possibly have a beneficial impact on the U.S. industry. Withdrawal, instead, will have a significant negative impact on Terphane, a small PET film producer in upstate New York."

No other statements were received by the Commission in support of or in opposition to the proposed modifications to the GSP considered for these HTS subheadings.

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Chapter 12 Competitive Need Limitation (CNL) Waiver: Certain Fresh or Dried Pitted Dates[197] (Tunisia)

Table 12.1: Certain pitted dates

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0804.10.60[a]	Fresh or dried whole pitted dates, packed in units weighing more than 4.6 kg	2.8 cents/kilogram (2.2 percent ad valorem equivalent)	Yes

[a] Tunisia exceeded the 50 percent CNL threshold for this HTS subheading in 2015 and is not eligible for a de minimis waiver.

Description and Uses

The products classified under HTS subheading 0804.10.60 are fresh or dried whole pitted dates ("pitted dates") packed in units weighing more than 4.6 kilograms. These pitted dates are primarily sold in bulk containers.[198] Whole dates can be stored for a year or more, depending on how they are stored.[199] Dates are harvested by hand from date palms, while pitting, sorting, and packing may be done by hand or by machine, depending in part on the type of date.[200] Processors pit the dates by mechanically crushing and sieving the fruits or piercing the seed out, which can be done mechanically or by hand.[201] Pitted dates may be consumed directly. However, most are further processed[202] into various products including date paste or stuffed dates, or used as an ingredient in cereal, snack bars, baked goods, and candy.[203] Pitted dates are sold through most channels, including retail outlets and the foodservice industry.

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[197] The Ministry of Trade of Tunisia filed a petition with the USTR requesting the waiver of the competitive need limitation for Tunisia for this HTS subheading.

[198] Fresh dates are a naturally dry fruit at harvest and are not dried fruit. Dried fruit has had the majority of its water content removed either through sun drying or mechanical drying. Depending on the moisture content, dates may either be mechanically dehydrated or rehydrated to reach the desired moisture level.

[199] When kept at near-freezing temperatures, dates can be stored for up to a year or more. However, when not in cold storage, they have a shorter shelf life. Medjool Dates website, http://www.medjooldates.com/wholesale.asp (accessed February 9, 2016).

[200] Since not all dates in a cluster and not all clusters on a palm ripen at the same time, several pickings maximize yield. J. Morton, "Fruits of Warm Climates," 1987 cited in Purdue University, Center for New Crops and Plant Products.

[201] J. Morton, "Fruits of Warm Climates," 1987 cited in Purdue University, Center for New Crops and Plant Products.

[202] Industry representative, telephone interview by Commission staff, February 26, 2016.

[203] J. Morton "Fruits of Warm Climates" 1987 cited in Purdue University, Center for New Crops and Plant Products.

Advice

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Profile of U.S. Industry and Market, 2011–15

The U.S. date industry is composed of small producers and is highly concentrated in two regions in the United States. U.S. production accounts for less than 1 percent of global date production.[204] Total U.S. date production has been generally stable, with some variability due to the age of the trees in production (table 12.2).[205] Currently, California is the largest U.S. date producer due to its unique climate and growing conditions, followed by Arizona.[206] The Deglet Noor date cultivar currently represents about 75 percent of total California production, and the Medjool date accounts for most of the remainder.[207] Deglet Noor dates are primarily produced in the northern Coachella Valley in California, which has approximately 100 growers and 12 processors.[208] Medjool date production is concentrated in the southern Bard Valley, which encompasses both California and Arizona.[209] About 60 percent of U.S. date production is consumed as a pitted or whole fruit, and the remainder is further processed.[210]

Overall U.S. date consumption of both pitted and unpitted dates is growing.[211] Pitted and unpitted dates are highly substitutable when sold for consumption as a fruit; when sold as ingredients, the market is likely more segmented. Current total U.S. date demand appears to be exceeding the total quantity of domestic date production. As a result, the volume of U.S. imports of dates, including pitted dates, increased between 2011 and 2015 (table 12.2).[212] Date sales, both in the United States and globally, are seasonal, with peaks around two holiday seasons: the Judeo-Christian December holidays and during the Islamic holy month of

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[204] 2014.
[205] Industry representative, telephone interview by USITC staff, February 4, 2016.
[206] USDA, NASS, "California Agricultural Statistics 2013 Crop Year," 2, 43; industry representative, telephone interview with USITC staff, February 26, 2016.
[207] USDA, NFA, "Crop Profile for Dates in California" January 2000, http://www.ipmcenters.org/cropprofiles/docs/CAdates.pdf (accessed February 10, 2016).
[208] California Date Administrative Committee, California Date Commission website. http://www.datesaregreat.com/date-suppliers (accessed February 12, 2016)
[209] Medjool dates are produced in the Bard Valley region, which is on the border of California and Arizona. Many Bard Valley date growers supply DatePac LLC, which is a major processor and packer of Medjool dates. Medjool date production in the Bard Valley area is expanding and reportedly could rival that of the Coachella Valley in three to five years. Karp, "Farmers Markets: Medjool Date Line," September 14, 2013; Date Pac website, http://www.datepac.com/ (accessed February 10, 2016); industry representative, telephone interview by USITC staff, February 25, 2016.
[210] Industry representative, telephone interview by USITC staff, February 4, 2016.
[211] It is not possible to discuss pitted date production and consumption separately from non-pitted date consumption because, once harvested, a date may or may not be pitted by processors. Nor is it possible to separately discuss consumption by container size (e.g. retail-ready packaging vs. bulk).
[212] David, "Date Production Grows to Meet Higher Demand," September 21, 2012; GTIS World Trade Atlas database (accessed February 9, 2016).

Ramadan.[213] Demand is also extending beyond the traditional holiday season[214] as consumers become increasingly aware of the health benefits of dates.[215]

Table 12.2: Certain pitted dates (HTS subheading 0804.10.60): U.S. producers, employment, production, trade, consumption, and capacity utilization, 2011-2015

Item	2011	2012	2013	2014	2015
Producers (number) [b]	125	125	125	125	125
Employment (1,000 employees) [b]	2.5	2.5	2.5	2.5	2.5
Production (1,000 $)[c]	43,956	41,674	37,210	34,150	**34,000
Exports (1,000 $)[d]	30,300	37,167	41,548	39,976	49,526
Imports (1,000 $)[e]	12,253	17,707	17,406	21,942	31,873
Consumption (1,000 $)	(a)	(a)	(a)	(a)	(a)
Import-to-consumption ratio (percent)	(a)	(a)	(a)	(a)	(a)
Capacity utilization (percent)	(a)	(a)	(a)	(a)	(a)

Source: Trade data compiled from official statistics from the U.S. Department of Commerce.
Note: Producer, employment, production, and export data are only available for total dates, whether or not pitted, regardless of weight.
Note: **Indicates that staff estimates are based on limited information; data are adequate for estimation with a moderate degree of confidence.
[a] Not available.
[b] Commission estimates for producers and employment figures are based on California Date Administrative Committee, California Date Commission (accessed February 12, 2016).
[c] Data for production covers all dates, and not just the product covered under this chapter. Production data are based on USDA, NASS, January 2015 data. ***
[d] Export data based on total date exports, which includes all dates, not only those covered in this chapter.
[e] Import data are collected for whole fresh or dried pitted dates in containers weighing 4.6 kilograms or more.

GSP Import Situation, 2015

In 2015, the majority of U.S. date imports (HTS 0804.10.60) were from GSP-eligible countries, primarily Tunisia.[216] Tunisia was the largest single source of date shipments to the United States, with a 53 percent of share of total U.S. imports and a 70 percent share of U.S. imports from GSP-eligible countries in 2015 (table 12.3).[217]

While Tunisia is not among the top-10 global date producers, it is one of the largest exporters of dates globally.[218] The Tunisian date industry is composed of thousands of small farmers.[219] Tunisia has been investing in date processing facilities so that it can supply the date market

[213] Ramadan is based on the Islamic lunar calendar and moves forward approximately 10 days every year. As a result, the date harvest season and Ramadan do not necessarily coincide.
[214] Bukaty. “Strong Date Demand Boosted by Holidays and Health,” October 1, 2014.
[215] Fresh Plaza. “US Date Consumption Increases,” March 9, 2015.
[216] As of 2013, the United States was Tunisia's sixth-largest date export market for HS 0840.10. By value, Tunisia's top five largest export markets that year were Morocco, France, Indonesia, Malaysia, and Germany. GTIS, World Trade Atlas database (accessed February 8, 2016).
[217] The Deglet Noor date, the main cultivar grown in California, also accounts for almost 70 percent of Tunisia's date production.
[218] As of 2013, the most recent year available, the five largest date exporters are Tunisia, Israel, Saudi Arabia, Pakistan, and the United States. The five largest date producers are Saudi Arabia, Egypt, Iran, the United Arab Emirates, and Pakistan. GTIS, World Trade Atlas database (accessed February 8, 2016); *Cracker*, “Global Statistical Review: Dates,” July 2014.
[219] Smith, “Tunisian Dates Fuel Economic Growth,” December 20, 2009.

irrespective of the shifting dates for Ramadan and the seasonal nature of the date harvest.[220] Pakistan, the third-largest global source of U.S. imports and the second-largest GSP-eligible country supplier, has been a inconsistent source of imported pitted dates, with large swings in shipments between 2011 and 2013.

Table 12.3: Certain pitted dates (HTS subheading 0804.10.60): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	31,873	100	(a)	(b)
Imports from GSP-eligible countries:				
Total	24,003	75	100	(b)
Tunisia	16,769	53	70	(b)
Pakistan	4,903	15	20	(b)

[a] Not applicable.
[b] Not available.

U.S. Imports and Exports

Total U.S. imports of fresh or dried pitted dates increased by 160 percent between 2011 and 2015 (table 12.4). Three suppliers dominated the U.S. import market in 2015: Tunisia (accounting for 53 percent of total U.S. imports), Israel (20 percent), and Pakistan (15 percent). Israel receives duty-free market access for pitted dates under the U.S.-Israel FTA. U.S. imports from Tunisia have consistently increased, despite the lapse in the authorization of the GSP program between August 2013 and June 2015. Tunisia became the majority U.S. supplier during 2011–15, while Israel and Pakistan lost U.S. market share to Tunisia.[221] Together, Israel and Pakistan accounted for 61 percent of total imports in 2011, but only 35 percent in 2015. Overall, imports from GSP-eligible countries have increased faster than those from non-GSP-eligible countries—210 percent versus 74 percent, respectively, between 2011 and 2015.

[220] Smith, "Tunisian Dates Fuel Economic Growth," December 20, 2009.
[221] Between 2011 and 2015, imports from Tunisia increased 863 percent, by volume.

Table 12.4: Certain pitted dates (HTS subheading 0804.10.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Tunisia	3,595,573	6,117,318	9,035,454	10,195,896	16,768,861
Israel[a]	3,971,162	3,981,519	4,518,518	5,266,457	6,266,400
Pakistan	3,517,064	6,248,582	1,405,724	4,294,698	4,902,828
Algeria	473,206	221,799	417,888	502,213	1,683,521
Mexico[a]	167,858	0	1,078,701	824,436	700,148
China	264,055	525,954	451,673	603,688	625,802
South Africa	147,085	289,810	429,485	111,340	318,191
Saudi Arabia	40,460	6,210	6,300	0	165,383
Jordan[a]	0	0	0	0	135,925
West Bank	0	0	0	128,116	128,116
All other	76,396	316,178	61,951	15,000	177,645
Total	12,252,859	17,707,370	17,405,694	21,941,844	31,872,820
Imports from GSP-eligible countries:					
Tunisia	3,595,573	6,117,318	9,035,454	10,195,896	16,768,861
Pakistan	3,517,064	6,248,582	1,405,724	4,294,698	4,902,828
Algeria	473,206	221,799	417,888	502,213	1,683,521
South Africa[b]	147,085	289,810	429,485	111,340	318,191
Jordan[a]	0	0	0	0	135,925
West Bank	0	0	0	128,116	128,116
Turkey	0	88,920	41,454	0	56,869
Thailand	0	0	0	0	9,061
Egypt	0	82,000	0	0	0
All other	0	0	0	0	0
Total	7,732,928	13,048,429	11,330,005	15,232,263	24,003,372

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.

Total U.S. date exports, which includes both pitted and unpitted dates, increased by 63 percent between 2011 and 2015 (table 12.5). Australia and Canada are the largest export markets, accounting for 64 percent of total U.S. exports in 2015. U.S. dates enter both countries duty-free under the U.S.-Australia FTA and under NAFTA for Canada.[222]

Table 12.5: Dates, fresh or dried (Schedule B 0804.10.0000): U.S. exports of domestic merchandise, by market, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Australia	8,395,430	12,888,814	16,162,872	16,262,789	18,249,400
Canada	10,286,287	11,454,037	11,720,392	11,900,423	13,478,487
United Kingdom	844,202	611,202	968,419	748,209	4,554,069
Netherlands	3,204,775	3,063,633	2,135,437	1,941,497	2,138,732
Indonesia	1,581,333	2,773,707	2,782,128	1,538,868	1,801,824
Mexico	782,557	909,380	1,043,859	1,629,325	1,738,300
Malaysia	887,690	1,074,281	1,529,567	860,332	1,302,781
Norway	166,900	182,385	708,696	885,870	1,063,044
France	646,261	706,774	921,358	600,303	965,073
Japan	166,529	415,434	391,475	468,063	764,962
All other	3,337,587	3,087,804	3,183,667	3,140,192	3,469,412
Total	30,299,551	37,167,451	41,547,870	39,975,871	49,526,084

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

[222] 2015 Harmonized Tariff Schedule of the United States.

Positions of Interested Parties

Petitioner. The Ministry of Trade of the Republic of Tunisia filed a petition with the USTR under the provisions of the GSP requesting a CNL waiver for “dates, fresh or dried, whole, without pits, packed in units weighing over 4.6 kg” from Tunisia.

No statements were received by the Commission in support of, or in opposition to, the proposed modifications to the GSP considered for this HTS subheading.

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Chapter 13
Competitive Need Limitation (CNL) Waiver: Certain Inactive Yeasts and Other Dead, Single-cell Microorganisms (Brazil)[223]

Table 13.1: Certain inactive yeasts and other dead, single-cell microorganisms

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2102.20.60[a]	Certain inactive yeasts and other dead, single-cell micro-organisms	3.2	Yes

[a] Brazil exceeded the percent CNL for HTS subheading 2102.20.60 in 2015 and is not eligible for a de minimis waiver.

Description and Uses

This category—certain inactive yeasts and other dead, single-cell microorganisms—classified under HTS subheading 2102.20.60[224]—includes preparations of inactive yeasts[225] such as selenium yeasts[226] and inactive brewers' yeast powder;[227] microalgae products such as chlorella

[223] Alltech Inc. filed a petition with the USTR requesting the waiver of the competitive need limitation for Brazil for this HTS subheading.
[224] Explanatory Note 21.02(A), Harmonized System Explanatory Notes, characterizes inactive yeasts as follows: "Inactive yeasts, obtained by drying, are generally brewery, distillery or bakers' yeasts which have become insufficiently active for further use in those industries. They are used for human consumption or for feeding animals." The subject subheading excludes inactive yeast and dried brewer's yeast, but includes preparations of these products.
[225] Inactive yeasts are sterilized, so retain no leavening properties, but have high protein and vitamin B content. Cook's Info, "Inactive Yeast," www.cooksinfo.com/inactive-yeast (accessed February 8, 2016).
[226] Selenium yeast is defined in 21 CFR § 593.20 (h)(1) as "dried, nonviable yeast (*Saccharomyces cerevisiae*) cultivated in a fed-batch fermentation which provides incremental amounts of cane molasses and selenium salts in a manner which minimizes the detrimental effects of selenium salts on the growth rate of the yeast and allows for optimal incorporation of inorganic selenium into cellular organic material. Residual inorganic selenium is eliminated in a rigorous washing process and must not exceed 2 percent of the total selenium content in the final selenium yeast product." USITC, Rulings and Harmonized Tariff Schedule, Tariff classification of Sel-Plex® Selenium Yeast from Serbia and Montenegro, May 17, 2005.
[227] One version of inactive brewers' yeast ("NATURAL VITAMINOR" brewers' yeast powder) is mixed with pigeon feed because it is rich in protein and B vitamins. USITC, Rulings and Harmonized Tariff Schedule, Tariff classification of "NATURAL VITAMINOR" brewers' yeast powder, July 13, 1993, 1.

tablets and powder,[228] and spirulina powder;[229] and potentially other products not identified. These products are largely used as nutritional supplements and food and feed ingredients for both human and animal consumption. There is limited substitutability among these products because they have different chemical and organic structures and different flavor and nutritional properties from one another. This leads to various specialty uses based on the individual characteristics of the particular product. For example, selenium yeasts and inactive brewers' yeast powders,[230] two products imported by the United States from Brazil, are largely used as nutritional ingredients for feed additives for horses and farm animals, including poultry, swine, cattle, and sheep.[231]

Advice

* * * * * * *

Profile of U.S. Industry and Market, 2011–15

Many, although not all, types of the inactive yeast preparations and other dead, single-cell microorganisms covered under HTS subheading 2102.20.60 are produced in the United States. U.S. production data under this specific HTS subheading are unavailable because it is a basket category containing many niche products (table 13.2). Commission research does indicate that there is sizable U.S. production of spirulina and inactive yeasts. Although many U.S.-based companies (Alltech Inc. and Red Star Yeast Co. LLC) or multinational companies with U.S. manufacturing facilities (e.g., Canadian-based Lallemand Inc.) produce inactive yeasts, they use various inputs and production methods that may or may not result in preparations included in HTS subheading 2202.20.60. Additionally, the specifications of the products can vary, with some using proprietary processes. Moreover, the products can have different end uses, some for human consumption and some for animal consumption. For example, selenium yeast is produced by using a specially prepared medium for the yeast cultivation and adding a selenite solution during cultivation, followed by washing and drying. The two largest U.S. producers of spirulina are Cyanotech Corporation (based in Kailua-Kona, Hawaii) and Earthrise Nutritionals (based in southern California).[232]

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[228] Chlorella tablets are composed of pure chlorella, a green, single-cell algae, whose cell walls have been disintegrated. USITC, Rulings and Harmonized Tariff Schedule, Tariff classification of Sun Chlorella Tablets, April 5, 1994, 1. Chlorella powder is pure chlorella subjected to physical sterilization and spray-dried to form a powder. USITC, Rulings and Harmonized Tariff Schedule, Tariff classification of Chlorella G-Powder, March 7, 2000, 1.

[229] Spirulina powder consists of a dark-green powder, composed of nonviable, unicellular, blue-green algae belonging to the genus Spirulina. USITC, Rulings and Harmonized Tariff Schedule, Tariff classification of powdered Spirulina, August 14, 2001, 1.

[230] Inactive yeasts are dead and do not make food ingredients rise while cooking, compared to active yeasts (not contained in HTS 2102.20.60), which are used in cooking and baking.

[231] Alltech, Inc., written submission to USTR, December 4, 2015, 1; USITC, Rulings and Harmonized Tariff Schedule, Tariff classification of Sel-Plex® Selenium Yeast from Serbia and Montenegro, May 17, 2005, 1.

[232] Townsend, "US Spirulina Companies Drop Organic Label," May 1, 2006.

Trends in U.S. production, trade, and consumption of inactive yeast preparations and dead single-cell microorganisms are largely driven by the global food and livestock feed industries. Rising global demand for natural feed and technological innovation in livestock feed has led feed manufacturers to incorporate more additives into their products, using inactive yeast preparations and other dead, single-cell microorganisms.[233] U.S.-produced additives are consumed domestically, as well as exported worldwide. There is also demand for inactive yeast preparations for food ingredients for human consumption.

Although U.S. production supplies much of U.S. consumption of inactive yeast preparations and other dead, single-cell microorganisms used as ingredients for feed additives,[234] imports serve specific segments of the domestic market. In particular, inactive yeast products can be produced from different materials, which affect the manufacturing processes, characteristics, and applications for end products as well as export markets in which they can be sold.[235] Specific inactive yeast products with precise nutritional properties may not be available from domestic production.

Table 13.2: Certain inactive yeasts and other dead, single-cell microorganisms (HTS subheading 2102.20.60): U.S. producers, employment, production, trade, consumption, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(a)	(a)	(a)	(a)	(a)
Employment (1,000 employees)	(a)	(a)	(a)	(a)	(a)
Production (1,000 $)	(a)	(a)	(a)	(a)	(a)
Exports (1,000 $)	(b)	(b)	(b)	(b)	(b)
Imports (1,000 $)	37,046	45,292	51,180	43,957	54,003
Consumption (1,000 $)	(a)	(a)	(a)	(a)	(a)
Import-to-consumption ratio (percent)	(a)	(a)	(a)	(a)	(a)
Capacity utilization (percent)	(a)	(a)	(a)	(a)	(a)

Source: Trade data compiled from official statistics from the U.S. Department of Commerce.
[a] This HTS subheading is a large basket category and includes a number of products, such as spirulina, dried brewer's yeast powder, spirulina and chlorella powder and tablets, preparations of selenium yeast, yeast cell walls, yeast autolysates, and other products. As a result, precise data are on HTS subheading 2102.20.60 are not available for producers, U.S. employment, U.S. production, or U.S. consumption.
[b] Export data comparable to U.S. import data for this HTS subheading are not available.

GSP Import Situation, 2015

In 2015, imports from GSP-eligible countries of certain inactive yeasts and other dead, single-cell microorganisms accounted for 53 percent of total U.S. imports (table 13.3). Brazil was the dominant GSP-eligible country supplier, accounting for 99 percent of imports from GSP-eligible countries and 52 percent of total imports in 2015 (table 14.3). Between 2011 and 2015, imports from Brazil trended upward, except for a drop of 22 percent in 2014, which was likely the result

[233] Alltech Inc., written submission to USTR, December 4, 2015, 2–3.
[234] Most U.S.-produced inactive yeasts used for feed additives use corn as an ingredient. Industry representative, telephone interview by USITC staff, January 29, 2016.
[235] Some markets pose restrictions on sales of food and feed products with genetically engineered ingredients. For example, inactive yeast preparations derived from corn or sugar beet molasses may face restrictions in certain markets. Alltech Inc., written submission to USITC, February 29, 2016, 5.

of the lapse in GSP authorization between August 2013 and June 2015. In 2015, U.S. imports from Brazil reached a record $28.3 million (table 14.4), ***[236] ***[237].

Brazil is an important producer and exporter of inactive yeast preparations. Many Brazilian producers use sugar cane byproducts, not widely available in the United States, to derive inactive yeast preparations. One of the largest exporters to the United States is ***[238] U.S. imports from *** under HTS subheading 2102.20.60 *** between 2013 and 2015.[239]

Table 13.3: Certain inactive yeasts and other dead, single-cell microorganisms (HTS subheading 2102.20.60): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	54,003	100	(a)	(b)
Imports from GSP-eligible countries:				
Total	28,694	53	100	(b)
Brazil	28,284	52	99	(b)

[a] Not applicable.
[b] Not available.

U.S. Imports and Exports[240]

The total value of U.S. imports of certain inactive yeasts and other dead, single-cell microorganisms is largely determined by imports from Brazil. Imports grew steadily between 2011 and 2013, fell in 2014, and then recovered in 2015 (table 13.4). Brazil was the largest supplier of U.S. imports of these goods, accounting for over half of the total. China and Japan were the next largest suppliers, jointly accounting for another 29 percent of total U.S. import values in 2015. While imports from Brazil fluctuated, total imports from non-GSP-eligible countries were relatively stable during 2011–15. There is no comparable export category that corresponds to this HTS subheading.

[236] *** Industry representative, telephone interview by USITC staff, January 12, 2016.
[237] Alltech Inc., "Sel-Plex®," http://www.alltech.com/product/sel-plex (accessed February 8, 2016).
[238] Industry representative, telephone interview by USITC staff, January 12, 2016.
[239] Alltech Inc., written submission to the USITC, February 3, 2016, 3.
[240] Export data comparable to U.S. import data for this HTS subheading are not available.

Table 13.4: Certain inactive yeasts and other dead, single-cell microorganisms (HTS subheading 2102.20.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Brazil	16,227,570	21,646,333	26,639,721	20,691,153	28,284,207
China	6,022,868	3,737,522	4,612,886	6,856,563	8,592,551
Japan	6,655,096	8,791,244	7,041,610	6,049,858	7,008,057
South Korea[a]	659,888	1,289,764	1,650,777	2,148,194	2,649,640
Belgium	1,186,134	3,378,946	3,687,686	2,290,055	2,462,211
Taiwan	983,428	678,908	1,194,599	1,068,987	1,625,907
Mexico[a]	1,116,634	2,090,903	3,219,325	3,174,765	880,489
Sweden	0	0	0	19,221	471,300
Serbia	85,732	0	1,654,038	568,071	355,279
Germany	816,577	740,526	259,258	167,210	348,032
All other	3,292,079	2,938,581	1,220,105	923,743	1,325,710
Total	37,046,006	45,292,727	51,180,005	43,957,820	54,003,383
Imports from GSP-eligible countries:					
Brazil	16,227,570	21,646,333	26,639,721	20,691,153	28,284,207
Serbia	85,732	0	1,654,038	568,071	355,279
Bolivia	0	0	0	0	27,900
Ecuador	0	4,000	68,717	73,813	26,114
South Africa[b]	0	20,696	0	0	0
Russia	2,570	21,773	254,162	0	0
Sri Lanka	0	5,103	2,041	4,737	0
India	3,250	5,357	0	0	0
Thailand	20,672	0	2,470	0	0
All other	0	0	0	0	0
Total	16,339,794	21,703,262	28,621,149	21,337,774	28,693,500

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.

Positions of Interested Parties

Petitioner. Alltech Inc. filed a petition with the USTR under the provisions of the GSP requesting a waiver to the CNL for HS 2102.20.60) from Brazil.

Support: The petitioner also appeared at the USITC hearing and submitted the following written comment:[241]

"Alltech respectfully submits that granting a competitive need limitation ('CNL') waiver to single-cell micro-organisms, dead, excluding yeasts (but not including vaccines of heading 3002) from Brazil classifiable under subheading 2102.20.60 of the U.S. Harmonized Tariff Schedule ('HTSUS') ('subject products' or 'inactive yeast') would advance the purposes of the GSP program and the U.S. national economic interest, because it would support continued U.S. production of Alltech's natural animal feed supplements, U.S. exports, and U.S. jobs.

"Alltech, headquartered in Nicholasville, Kentucky, imports the internally developed, proprietary yeast product from our Brazilian subsidiary, Alltech do Brasil Agroindustrial Ltda, for further processing in the United States. This product is used as an ingredient in the

[241] Hogan Lovells, written submission to USITC, February 4, 2016, 3–4.

manufacture of many of our U.S. natural animal feed supplements. We use inactive yeast in many of the finished goods we manufacture in the United States at our Nicholasville facility. Thus the production of animal feed products that incorporate imported yeast from Brazil supports production jobs in Nicholasville. We also maintain sales offices and warehouses in Kentucky, California, New Mexico, North Carolina, Vermont, Georgia, Wisconsin, South Dakota, Idaho, Pennsylvania, and Iowa, which support additional U.S. jobs. Our U.S. exports have grown because of rising global demand for natural feed and our innovative nutritional technologies.

"The only effect of re-imposing U.S. tariffs on HTSUS 2102.20.60 would be to drive up the cost of manufacturing animal feed products containing subject products in the United States, and undermine U.S. competitiveness. The imported inactive yeast at issue is a proprietary strain that was developed by Alltech for exclusive use in our own products. Because our products involve innovative applications of yeast fermentation developed through the science of nutrigenomics, it is not possible to substitute off-the-shelf yeasts from a U.S. or foreign supplier in our manufacturing processes. Cost increases from re-imposing tariffs would serve only to drive up prices for farmers and pet owners worldwide, undermine U.S. production, sales, and exports, and reduce the use of Alltech's U.S. products to support animal health, nutrition, and production. Agricultural production and the global animal feed business are fiercely competitive, and even small increases in prices and costs can have damaging effects on a company's sales.

"Consequently, any increase in U.S. duties for imported inactive yeast could compel a reexamination of our current production strategies, putting continued U.S. manufacturing of certain animal feed additives at risk. By raising U.S. ingredient costs, an increase in U.S. duties risks rendering certain U.S. products uncompetitive and thus compelling a review of the feasibility of shifting certain U.S. production abroad. Any shift of U.S. production to Alltech's plants abroad would cost U.S. production, jobs, and exports. The negative impact on U.S. suppliers of other ingredients used in our manufacture of natural animal feed supplements may cost additional U.S. production and jobs.

"In short, the imposition of U.S. duties on imports from Brazil under HTSUS 2102.20.60 would be contrary to the U.S. national economic interest, which strongly supports a CNL waiver."

No other statements were received by the Commission in support of, or in opposition to, the proposed modifications to the GSP considered for this HTS subheading.

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Chapter 14
Competitive Need Limitation (CNL) Waiver: Certain Non-alcoholic Beverages[242] (Thailand)

Table 14.1: Certain non-alcoholic beverages

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2202.90.90[a]	Certain non-alcoholic beverages	0.2¢/liter or 0.2 percent ad valorem equivalent	Yes

[a] Thailand exceeded the dollar value CNL for HTS subheading 2202.90.90 in 2015 and is not eligible for a de minimis waiver.

Description and Uses

The products classifiable under HTS subheading 2202.90.90 are certain non-alcoholic beverages, including those made of water containing flavorings ("certain non-alcoholic beverages") (table 15.1). This HTS subheading encompasses a wide variety of beverages, including coconut water, aloe vera and other fruit nectars, ginseng drinks, sparkling apple juice, nutritional energy drinks, bottled coffee beverages, certain juice-based smoothies, and non-alcoholic beers.[243] This product group does not contain sodas classifiable under HTS subheading 2202.10 or fruit and vegetable juices (unfortified and unfermented) of HTS heading 2009, including orange juice and grape juice. These beverages are consumed in the same way as juices and other non-alcoholic drinks.

[242] The Royal Thai Government and Sappe Public Company Ltd. filed petitions with the USTR requesting the waiver of the competitive need limitation for Thailand for this HTS subheading.
[243] See, for example, Customs and Border Protection rulings,
http://rulings.cbp.gov/index.asp?ru=r00878&qu=2202%2E90%2E9090&vw=detail
http://www.faqs.org/rulings/rulings1996NY816865.html, http://www.faqs.org/rulings/rulings1994NY893447.html
http://www.faqs.org/rulings/rulings1991NY0862922.html (accessed January, 2016).

Advice

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Profile of U.S. Industry and Market, 2011–15

The U.S. industry for the beverages covered in this chapter contains diverse producers of a wide variety of beverages, including both small niche suppliers and major multinational companies. For example, Martinelli & Company is a small California-based non-alcoholic beverage producer which specializes in sparkling juice made of apples and fruit blends.[244] Some of the largest beverage companies in the United States, such as Coca-Cola Co. (Coke) and PepsiCo, produce nutritional energy drinks, juice based smoothies, and other non-alcoholic beverages in addition to their well-known sodas. Sales of certain non-alcoholic beverages appear to have been growing in response to rising U.S. consumption, driven, in part, by increasing demand for a wider variety of healthier beverages.[245] Some certain non-alcoholic beverages are perceived to be healthy, including juice-based smoothies and coconut water.

The diversity of the non-alcoholic beverage industry means that, depending on the type of beverage they produce, some U.S. producers probably face direct competition from rising imports (table 14.2), while other producers face little import competition.[246] Additionally, in some cases certain non-alcoholic beverage imports can compete with non-identical U.S.-produced beverages based on claims of desirable qualities, including health benefits or better flavor. For example, some sources have touted coconut water as a healthier alternative to sports drinks, putting it in competition with traditional U.S.-produced sports drinks (e.g., Gatorade and Powerade).[247]

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[244] They also specialize in apple cider, which is not classifiable under HTS 2202.90.90. Martinelli’s website, “About Martinelli's” http://www.martinellis.com/about.shtml (accessed February 1, 2016); Martinelli’s website, “Online Shopping,” http://store.martinellis.com/page1.html (accessed February 1, 2016); First Beverage Group, “The Evolving Non-Alcoholic Beverage Landscape,” March 2015.

[245] First Beverage Group, “The Evolving Non-Alcoholic Beverage Landscape,” March 2015.

[246] To a certain extent, all beverages are substitutable and, therefore, compete with each other. For example, U.S. soda sales have stagnated while sales of certain other types of beverages, including flavored waters, sports drinks, and ice teas, have been growing. Some, but not all of these type of beverages are covered by HTS 2209.90.90. Sanger-Katz, “The Decline of Big Soda,” October 2, 2015; and King County, Washington, website, http://www.kingcounty.gov/healthservices/health/nutrition/~/media/health/publichealth/documents/sugarydrinks/RuddCenterFactSheetVitaminWater.ashx (accessed January 22, 2016).

[247] However, it is far from universally agreed that coconut water is a better sports drink than traditional sports drinks. Oaklander, “Health Food Face-Off,” 2014; Blaszczak-Boxe, “Why Coconut Water Could Replace Your Sports Drink;”and Nisevich Bede, “Is Coconut Water Better for Runners than Sports Drinks?,” 2014.

Table 14.2: Certain non-alcoholic beverages (HTS subheading 2202.90.90): U.S. producers, employment, shipments or production, trade, consumption, and capacity utilization, 2011–15 (dollars)

Item	2011	2012	2013	2014	2015
Producers (number)	(a)	(a)	(a)	(a)	(a)
Employment (1,000 employees)	(a)	(a)	(a)	(a)	(a)
Shipments or production (1,000 $)	(a)	(a)	(a)	(a)	(a)
Exports (1,000 $)	311,565	438,397	515,484	619,641	703,959
Imports (1,000 $)	334,618	448,225	496,143	544,549	587,607
Consumption (1,000 $)	(a)	(a)	(a)	(a)	(a)
Import-to-consumption ratio (percent)	(a)	(a)	(a)	(a)	(a)
Capacity utilization (percent)	(a)	(a)	(a)	(a)	(a)

Source: Trade data compiled from official statistics from the U.S. Department of Commerce.
[a] Not available.

GSP Import Situation, 2015

In 2015, approximately half of all U.S. imports of beverages covered in this chapter were from GSP-eligible countries, primarily Thailand, Brazil, and the Philippines. U.S. imports from GSP-eligible countries reached a new high in 2015 as U.S. demand grew for certain non-alcoholic beverages.[248] Thailand was consistently the largest GSP-eligible country supplier and on average accounted for about 30 percent of total U.S. imports in 2015 (table 14.3). U.S. imports from Philippines and Brazil were collectively only half as much as those from Thailand in 2015. However, these imports have also increased rapidly in recent years. Between 2011 and 2015 imports from the Philippines increased by a factor of 15, while imports from Brazil increased fourfold, albeit from relatively small bases.

U.S. imports from Thailand[249] and the Philippines are primarily of coconut water and juices, but also include aloe vera nectar and other beverages.[250] The United States also imports coconut water from the other GSP-eligible countries, including Brazil and Indonesia. U.S. consumption of coconut water and juices has experienced notable growth in recent years, driving an increase in imports because of the lack of domestic production.[251] Some U.S. beverage companies, such as Vida Coca and Zico (owned by Coke), are likely among the major U.S. importers of coconut water. An undefined share of coconut-based beverages come into the U.S. in final packaged form (cans and bottles), and some of the product undergoes further packaging within the United States.

[248] First Beverage Group, "The Evolving Non-Alcoholic Beverage Landscape," March 2015; Roolant, "Why Coconut Water is now a $1 billion industry" (accessed January 15, 2016).
[249] Thailand's coconut milk and water industry is composed of some large food and beverage companies as well as small to medium sized producers. The top 10 Thai producers of coconut milk and water are: ***. Royal Thai Government, written submission to USTR, December 4, 2015, 8.
[250] Ibid. at 6–8
[251] Roolant, "Why Coconut Water is now a $1 billion industry" (accessed January 15, 2016).

Table 14.3: Certain non-alcoholic beverages (HTS subheading 2202.90.90): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	587,607	100	[a]	[b]
Imports from GSP-eligible countries:				
Total	298,189	51	100	[b]
Thailand	174,078	30	58	[b]

[a] Not applicable.
[b] Not available.

U.S. Imports and Exports

During 2011–15, U.S. imports of certain non-alcoholic beverages consistently increased by about 9 percent annually (table 14.4). Over half of total U.S. imports in 2015 originated from three countries: Thailand, Mexico, and South Korea. These three suppliers currently have duty-free access to the U.S. market for non-alcoholic beverages under the GSP program or FTAs.[252] While U.S. imports from all three countries rose during the period, imports from Thailand accounted for the largest change. Mexico and South Korea's import market shares have been consistent since 2012, averaging 16 percent and 11 percent, respectively.

[252] North American Free Trade Agreement (NAFTA); U.S.-Korea Free Trade Agreement. Annex 2-B.

Table 14.4: Certain non-alcoholic beverages (HTS subheading 2202.90.90): U.S. imports for consumption by principal sources, 2011—15 (dollars)

Country	2011	2012	2013	2014	2015
Thailand	85,282,488	110,952,556	113,090,629	144,660,229	174,077,585
Mexico[a]	69,346,802	71,138,455	77,782,077	84,708,039	88,538,179
South Korea[a]	37,790,194	54,915,236	56,962,807	62,532,503	62,088,800
Philippines	2,998,634	12,569,091	24,822,778	32,763,105	49,271,132
Brazil	9,821,179	18,158,019	30,467,731	40,105,877	36,767,786
Indonesia	967,701	7,236,828	15,628,425	15,413,286	15,389,678
China	5,568,797	17,436,682	18,520,064	20,929,053	14,895,938
Germany	10,809,341	11,887,584	11,247,998	13,481,320	14,512,831
Taiwan	13,966,212	16,833,450	13,757,117	11,683,111	12,514,252
Malaysia	1,912,596	2,397,744	8,185,944	11,320,210	12,123,215
All other	96,154,151	124,698,900	125,676,988	106,951,870	107,427,554
Total	334,618,095	448,224,545	496,142,558	544,548,603	587,606,950
Imports from GSP-eligible countries:					
Thailand	85,282,488	110,952,556	113,090,629	144,660,229	174,077,585
Philippines	2,998,634	12,569,091	24,822,778	32,763,105	49,271,132
Brazil	9,821,179	18,158,019	30,467,731	40,105,877	36,767,786
Indonesia	967,701	7,236,828	15,628,425	15,413,286	15,389,678
Sri Lanka	99,412	2,103,726	5,831,104	8,131,985	9,611,495
Jamaica	3,805,006	4,644,549	4,015,800	4,183,618	4,585,627
Egypt	3,313,312	2,823,168	3,079,188	2,976,683	2,914,480
India	1,730,199	2,259,406	2,378,507	1,930,195	2,416,863
Pakistan	778,264	871,361	1,054,155	1,177,542	1,314,091
Haiti[b]	0	0	231,390	330,950	422,584
All other	6,698,385	8,070,524	2,820,660	1,376,369	1,417,618
Total	115,494,580	169,689,228	203,420,367	253,049,839	298,188,939

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] LDBDC.

U.S. exports of non-alcoholic beverages doubled during 2011–15 (tables 14.5). The largest U.S. export market was Canada, which accounted for 58 percent of U.S. exports in 2015. Mexico was the second-largest export market, with about 9 percent of exports. Exports of certain non-alcoholic beverages to Canada and Mexico enjoy duty-free access under NAFTA.

Table 14.5: Certain non-alcoholic beverages (Schedule B 2202.90.9010 and 2202.90.9090): U.S. exports of domestic merchandise, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Canada	217,941,344	289,796,760	330,104,932	395,095,375	408,408,945
Mexico	27,832,085	53,628,241	56,315,021	55,894,383	66,228,724
Taiwan	3,236,927	13,859,089	30,056,769	37,236,010	56,953,112
Vietnam	140,076	6,828,704	9,829,649	15,623,054	38,264,945
Colombia	367,489	1,643,227	2,867,892	9,160,784	16,213,381
Japan	8,452,644	8,240,012	9,462,873	8,551,009	10,089,687
Panama	1,661,218	3,101,820	3,841,632	7,502,123	9,194,331
Trinidad and Tobago	897,211	1,615,998	6,131,041	8,804,579	8,887,205
China	231,196	439,447	2,106,348	4,409,379	6,058,438
Netherlands	2,843,557	1,493,392	3,615,750	9,571,129	5,486,433
All others	47,961,246	57,749,870	61,152,203	67,793,631	78,173,411
Total	311,564,993	438,396,560	515,484,110	619,641,456	703,958,612

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

Positions of Interested Parties

Petitioners. The Royal Thai Government and Sappe Public Company Ltd. filed petitions with the USTR requesting a CNL waiver for U.S. imports of certain nonalcoholic beverages (HTS 2202.90.90) when imported from Thailand.

Support. Dr. Prayoth Benyasut, on behalf of the petitioner, also appeared at the USITC hearing and submitted the following written comments:

"The main U.S. import from Thailand under this tariff line is coconut water. In 2015, Thailand's import share for this tariff line was 29.6%, which is far below 50%. The total U.S. imports from Thailand under this tariff line were 174 million USD, which exceeded the CNL statutory threshold by only 4 million USD. Thailand's per liter cost of $1.17 under this tariff line illustrates the high costs of coconut-water production and the supply chain's lower cost-efficiencies, and the grant of a CNL waiver is critical to Thailand's continued production of coconut water.

"First, the Royal Thai Government anticipates U.S. industry will not be adversely affected by such waiver. The U.S. domestic coconut supply and coconut water production capacity cannot meet commercial demand. Only a south Florida company, Florida Coconuts, sells coconuts from their 40-acre farm. Thai coconut water production is an important part of the U.S. commercial beverage supply chain, and companies throughout the United States rely on these imports from Thailand to meet customer demand. U.S. companies such as Eastland Food Corporation, JFC International, and Goya Foods maintain extensive logistics operations and employment throughout the U.S. to distribute coconut water from Thailand. The competitiveness and continued production of coconut water in Thailand is integral to the sustainability of rural communities in southern Thailand because this industry provides essential employment and economic opportunities, which are limited in rural areas. Coconut cultivation in Thailand is generally concentrated in family or small-sized farms. In 2014, it was estimated that over a quarter million households grew coconuts for a major part of their livelihoods.

"Production of coconut water is costly and labor-intensive. Farm-owners traditionally employ local men with special harvesting skills to collect the coconuts from the top of the tall trees. About 65,000 rural people are employed in the coconut industry. They typically have less education, earn lower-than-average incomes and have limited employment opportunities. These jobs help families maintain self-sufficiency and viable livelihoods, rather than needing to abandon the countryside for Thailand's urban cities. The viability of this industry also averts the negative environmental impact of families selling off their increasingly valuable land for hotels and resorts.

"Coconut water producers are mostly small- and medium-sized companies with limited resources. These companies, however, have worked to comply with U.S. food-safety standards and achieved other certifications because these Thai companies rely on the U.S. market as their major export destination. Thus, the success of Thailand's coconut water industry is reliant on the continuation of the GSP eligibility in order for Thailand's supply chain participants to increase their efficiencies, decrease their per-unit costs, and become generally more well-established. To conclude, the Royal Thai Government respectfully requests approval of a CNL waiver for the tariff line of nonalcoholic beverages."

No other statements were received by the Commission in support of, or in opposition to, the proposed modifications to the GSP considered for this HTS subheading.

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Chapter 15
Competitive Need Limitation (CNL) Waiver: Half-shafts for Drive Axles of Certain Motor Vehicles (India)[253]

Table 15.1: Certain half-shafts for drive axles

HTS subheading	Short description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8708.50.95[a]	Half-shafts, other than cast iron, for use in vehicles other than tractors or of heading 8703	2.5	Yes

[a] India exceeded the percent CNL for HTS subheading 8708.50.95 in 2015 and is not eligible for a de minimis waiver.

Description and Uses

The motor vehicle components classifiable under HTS subheading 8708.50.95 are half-shafts, other than cast-iron, for use in vehicles other than passenger vehicles or tractors (HTS heading 8703). Vehicles that may use half-shafts covered in this chapter include buses and vans (HTS heading 8702), trucks, including light trucks (HTS heading 8704); and special-purpose vehicles, such as mobile cranes and concrete mixers (HTS heading 8705). Half-shafts are components of drive axles, which transfer engine power to the wheels. Depending on the vehicle engine and drive axle configuration, the vehicle may have a transaxle or a differential.[254] The half-shafts are rotating components that transfer power from the transaxle or differential to the hub and drive wheels of the vehicle, allowing the drive axle to swivel at various angles.[255] Half-shafts may be tubular or solid and are typically made of steel.

[253] Liners India Limited (India) filed a petition with the USTR requesting the waiver of the competitive need limitation for India for HTS subheading 8708.50.95.

[254] A transaxle is a single assembly that combines the functionality of the transmission, the differential, and associated components of the drive axle. They are most commonly found in vehicles with the engine placed at the same end of the car as the driven wheels. For those vehicles with different configurations (e.g., rear wheel drive with front engine), a differential is a set of planetary gears that allows the outer drive wheel to rotate faster than the inner drive wheel during a turn.

[255] Andel, "How U.S. Manufacturers Save on Logistics South of the Border," (accessed February 10, 2016).

Advice

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Profile of U.S. Industry and Market, 2011–15

The U.S. market for certain half-shafts is driven by demand for new buses and vans, trucks, including light trucks; and special purpose vehicles , supplied by original equipment manufacturers, or OEMs. It is also driven by demand for aftermarket parts used for replacement or modification. These aftermarket parts can be new manufactured goods, or remanufactured or rebuilt. With the rebound of the U.S. motor vehicle industry (including trucks) since 2008 leading to record-high U.S. production levels in 2014 and 2015,[256] U.S. demand for the subject half-shafts has likely increased, benefiting U.S. industry employment and increasing capacity utilization rates of motor vehicle component manufacturers. The United States is the world's only motor vehicle manufacturer that produces more buses and vans, trucks (including light trucks), and special-purpose vehicles than automobiles.[257]

The U.S. industry producing certain OEM half-shafts is concentrated and consists of fewer than 10 producers (table 15.2). Leading U.S. producers of certain half-shafts during the period include GKN PLC, Neapco Holdings LLC, and Nexteer Automotive Group Limited. These U.S. producers typically manufacture the subject half-shafts as part of a line of vehicle driveline components, such as axles and propshafts. Like other motor vehicle component manufacturers, producers of these half-shafts have manufacturing facilities in leading regional markets for motor vehicles, such as North America and Europe, as well as in lower-cost producing regions, such as China and India.[258]

The U.S. industry is considered to be highly specialized and capital-intensive, with a focus on technical knowledge and the capability to manufacture half-shafts that meet the balancing, straightening, and modification requirements of its customers.[259] Like other vehicle component suppliers, U.S. producers compete on the basis of quality, price, delivery terms, innovation, and technical and design expertise, among other factors. After being selected as a supplier, they are subject to first-party audits and/or inspections by their vehicle customers to verify continued compliance with customer standards.

[256] U.S. truck production reached nearly 8.2 million units in 2015, up 44 percent from the 2011 total of 5.7 million units. Automotive News, "North America Light-vehicle Production by Nameplate" January 25, 2016, 29.
[257] OICA, "2014 Production Statistics" (accessed February 10, 2016).
[258] Nexteer Automotive, "Global Offering," September 24, 2013, 90.
[259] Ibid.

Table 15.2: Certain half-shafts for drive axles (HTS subheading 8708.50.95): U.S. producers, employment, shipments or production, trade, consumption, and capacity utilization, 2011–15 (dollars)

Item	2011	2012	2013	2014	2015
Producers (number)	5-10	5-10	5-10	5-10	5-10
Employment (1,000 employees)	(a)	(a)	(a)	(a)	(a)
Production (1,000 $)	**460,000	**530,000	**590,000	**700,000	**700,000
Exports (1,000 $)	(b)	(b)	(b)	(b)	(b)
Imports (1,000 $)	61,654	74,118	78,011	73,541	30,333
Consumption (1,000 $)	(b)	(b)	(b)	(b)	(b)
Import-to-consumption ratio (percent)	(b)	(b)	(b)	(b)	(b)
Capacity utilization (percent)	(c)	(c)	(c)	(a)	(a)

Source: Number of producers and shipments estimated by USITC staff from various industry and government sources; U.S. imports compiled from official statistics from the U.S. Department of Commerce.
Note: ** refers to staff estimates based on limited information; data are adequate for estimation with a moderate degree of confidence.
[a] Not available.
[b] Export data comparable to U.S. import data for this HTS subheading are not available.
[c] Capacity utilization rates are unavailable for the entire U.S. industry producing certain half-shafts. However, Nexteer reported that its capacity utilization rates for its global operations for all half-shafts (not solely for the products covered in HTS subheading 8708.50.95) as 80 percent in 2011, 85 percent in 2012, and 76 percent in 2013. Nexteer Automotive, "Global Offering,"September 24. 2013, 2.

GSP Import Situation, 2015

India became the largest global and GSP-eligible supplier of U.S. imports of certain half-shafts (HTS subheading 8708.50.95) in 2015, surpassing the leading U.S. source in 2014, Canada. U.S. imports of certain half-shafts from India reached $16 million in 2015, more than triple the total U.S. imports from India in 2014, to account for 53 percent of total U.S. imports ($30.3 million) (table 15.3). India accounted for nearly all imports of these components from GSP-eligible countries in 2015, with minor volumes of imports from Turkey, Thailand, and Brazil.

India is an emerging motor vehicle producer and a regional manufacturing locale for many U.S. and foreign vehicle and parts manufacturers. Although no Indian industry data that are specific to certain half-shafts are available, both GKN and Nexteer have noted India's growth potential and have made significant investments in driveline systems in that country.[260] GKN, Delphi, GNA Axles, and SonaKoyo Steering Systems are believed to be major players in the Indian drive shaft market.[261]

[260] Nexteer Automotive, "Nexteer Automotive Announces New Manufacturing Facility," September 21, 2011; GKN, "India Continues to Be a Key Growth Market," January 5, 2012.
[261] ASA & Associates, "A Brief Report on Autos and Auto Ancillaries in India," July 2015, 12.

Table 15.3: Certain half-shafts for drive axles (HTS subheading 8708.50.95): U.S. imports for consumption and share of U.S. consumption, 2015 (thousand dollars)

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total	30,333	100	(a)	(b)
Imports from GSP-eligible countries:				
Total	16,069	53	100	(b)
India	16,014	53	99	(b)

[a] Not applicable.
[b] Not available.

U.S. Imports and Exports[262]

As previously noted, India was the largest foreign supplier of these half-shafts to the U.S. market in 2015. China accounted for another 24 percent ($7.2 million) of the total that year, and was the leading non-GSP-eligible import source of these products (table 15.4). While imports from GSP-eligible countries increased nearly 50-fold during 2011–15, imports from non-GSP-eligible countries fell by 77 percent to $14.3 million during the same period.[263]

China's market for drive shafts, including certain half-shafts, is forecast to maintain about an 8 percent average growth rate through 2017. Most of these components, however, are destined for passenger vehicles rather than buses, trucks, and special-purpose vehicles,[264] which accounted for only 16 percent of China's motor vehicle production of 23.7 million units in 2014.[265] China's drive shaft industry is reportedly dominated by a few large manufacturers, while also encompassing a number of smaller-scale producers with fewer technical capabilities and lower brand-name recognition. Leading producers include Wanxiang Transmission Shaft Co. Ltd., Shanghai GKN HUAYU Driveline Systems Co. Ltd., and Xuchang Yuangdong Drive Shaft.[266]

[262] Export data comparable to U.S. import data for this HTS subheading are not available. U.S. exports of certain half-shafts are included in a broader classification (Schedule B 8708.50.7200) that includes all parts for drive-axles for motor vehicles.
[263] U.S. imports of certain half-shafts from Canada in 2015 nearly ceased, likely reflecting a sourcing shift or other exceptional event.
[264] ResearchandMarkets, “China Automotive Drive Shaft Market Report 2014–2017,” March 25, 2015.
[265] OICA, “2014 Production Statistics” (accessed February 10, 2016).
[266] Research and Markets, “China Automotive Drive Shaft Market Report 2014-2017,” March 25, 2015.

Table 15.4: Half-shafts for drive axles (HTS subheading 8708.50.95): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	312,725	127,478	63,249	4,115,369	16,014,111
China	3,124,092	2,476,221	2,823,362	4,438,853	7,184,066
Japan	5,724,541	7,717,513	7,140,278	6,847,953	3,796,966
Italy	63,011	52,692	568,083	852,458	887,735
Germany	758,695	819,488	1,013,688	1,104,556	810,075
Canada[a]	51,274,561	58,866,464	58,738,732	45,663,788	763,251
Mexico[a]	49,641	3,865,111	7,315,435	10,043,364	354,860
Switzerland	214,898	44,616	67,688	80,401	174,340
Poland	0	0	0	0	85,712
South Korea[a]	2,700	0	3,145	3,369	68,466
All other	129,115	148,253	276,945	391,229	193,630
Total	61,653,979	74,117,836	78,010,605	73,541,340	30,333,212
Imports from GSP-eligible countries:					
India	312,725	127,478	63,249	4,115,369	16,014,111
Turkey	2,151	3,163	6,798	0	43,157
Thailand	0	0	5,184	2,117	9,468
Brazil	0	0	0	0	2,101
South Africa[b]	0	0	0	4,249	0
Argentina[c]	7,526	0	0	0	0
Ecuador	0	0	0	5,469	0
All other	0	0	0	0	0
Total	322,402	130,641	75,231	4,127,204	16,068,837

Source: Compiled from official statistics from the U.S. Department of Commerce.
[a] FTA partner.
[b] AGOA country.
[c] On March 26, 2012, President Obama issued Presidential Proclamation 8788 (77 Fed. Reg. 18899 (March 29, 2012)) suspending Argentina's GSP eligibility. Imports from Argentina lost GSP eligibility if entered or withdrawn from warehouse for consumption on or after May 28, 2012.

Positions of Interested Parties

Petitioner. Liners India Limited (India) filed a petition with the USTR under the provisions of the GSP requesting a CNL for half-shafts classifiable under HTS subheading 8708.50.95 from India.

Opposition. The following written comments were received from parties in opposition to the petition:

"The AFL-CIO recommends that the ITC reject the proposal to waive competitive need limitations for tariff subheading 8708.50.95 (parts & accessories of motor vehicle of 8701, nesoi, 8702, and 8704-8705, half-shafts) from India.

"The proposed Trans-Pacific Partnership (TPP), which includes countries that manufacture a variety of auto parts, including those classified under 8708.50.95, will eliminate all tariffs for this particular tariff line upon entry into force of this agreement for 10 of 11 TPP partners and will eliminate all tariffs for this line for Vietnam over a short period of years after entry into force.

"The AFL-CIO is concerned that eliminating tariffs on this particular item for additional countries will only exacerbate the job loss expected throughout the auto supply chain as a result of the TPP.

"Moreover, there are known labor law violations in the auto supply chain in India, and rewarding India with more market access for parts made under conditions inconsistent with internationally recognized worker rights would be counterproductive.

"The U.S. should be doing everything it can to promote auto supply chain jobs in the U.S. and waiving CNLs for 8708.50.95 from India would do the opposite at this time. Please deny the waiver."

No other statements were received by the Commission in support of or in opposition to the proposed modifications to the GSP considered for this HTS subheading.

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Appendix A
Request Letters

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

DOCKET NUMBER 3110

Office of the Secretary Int'l Trade Commission

DEC 30 2015

RECEIVED
DEC 30 2015
OFFICE OF THE SECRETARY
U.S. INT'L. TRADE COMMISSION

The Honorable Meredith Broadbent
Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Broadbent:

As part of the 2015/2016 Annual Review for modification of the Generalized System of Preferences (GSP), the Trade Policy Staff Committee (TPSC) has recently decided to accept certain product petitions, including petitions for waivers of competitive need limitations (CNLs). Modifications to the GSP program that may result from this review are expected to be announced on or before June 30, 2016, and to become effective on or before July 1, 2016.

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, and pursuant to section 332(g) of the Tariff Act of 1930, I hereby notify the Commission that the articles identified in Table A of the enclosed Annex are being considered for designation as eligible articles for purposes of the GSP program. Additionally, in accordance with sections 503(a)(1)(B), 503(e), 506A(b)(1), and 131(a) of the 1974 Trade Act, and pursuant to the authority of the President delegated to the USTR by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, and pursuant to section 332(g) of the Tariff Act of 1930, I hereby notify the Commission that the certain handbags and travel goods products articles identified in Table A of the enclosed Annex are also being considered for designation as eligible articles for countries designated as least-developed beneficiary developing countries (LDBDCs) and for countries listed in section 107 of the African Growth and Opportunity Act (AGOA) (19 U.S.C. 3706).

I therefore request that the Commission provide its advice as to the probable economic effect on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on the articles in Table A for all beneficiary developing countries under the GSP program. Additionally, I request that the Commission provide its advice as to the probable economic effect on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on certain handbags and travel goods products articles identified in Table A for LDBDCs, AGOA beneficiary developing countries, and both LDBDCs and AGOA beneficiary developing countries combined under the GSP program.

I hereby notify the Commission that certain articles are being considered for removal from eligibility for duty-free treatment under the GSP program from specified countries. Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, with respect to articles listed in Table B of the enclosed Annex, I request that the Commission provide its advice as to the probable economic effect of the removal from eligibility for duty-free treatment under the GSP program for such articles from the specified country on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers.

Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, and in accordance with section 503(d)(1)(A) of the 1974 Act, I request that the Commission provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the CNLs specified in section 503(c)(2)(A) of the 1974 Act for the countries and articles specified in Table C of the enclosed Annex. Further, in accordance with section 503(c)(2)(E) of the 1974 Act, I request that the Commission provide its advice with respect to whether like or directly competitive products were being produced in the United States on January 1, 1995. I also request that the Commission provide its advice as to the probable economic effect on total U.S. imports, as well as on consumers, of the requested waivers. 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 $170,000,000.

To the extent possible, I would appreciate it if the probable economic effect advice and statistics (profile of the U.S. industry and market and U.S. import and export data) and any other relevant information or advice is provided separately and individually for each U.S. Harmonized Tariff Schedule subheading for all products subject to this request.

In accordance with USTR policy on implementing Executive Order 13526, as amended, I direct you to mark or identify as "Confidential," for a period of ten years, such portions of the Commission's report and its working papers that contain the Commission's advice and assessment of probable economic effects on domestic industries producing like or directly competitive articles, on U.S. imports, and on U.S. consumers. Consistent with the Executive Order, this information is being classified on the basis that it concerns economic matters relating to the national security. In addition, USTR considers the Commission's report to be an inter-agency memorandum that will contain pre-decisional advice and be subject to the deliberative process privilege.

I request that you submit an outline of this report as soon as possible to enable USTR officials to provide you with further guidance on its classification, including the extent to which portions of the report will require classification and for how long. Based on this outline, an appropriate USTR official will provide you with written instructions. All confidential business information contained in the report should also be clearly identified.

I would greatly appreciate if the requested advice, including those portions indicated as "Confidential" be provided to my Office by no later than 120 days from receipt of this letter. Once the Commission's confidential report is provided to my Office, and we review and approve the classification marking, the Commission should issue, as soon as possible thereafter, a public version of the report containing only the unclassified information, with any confidential business information deleted.

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

Sincerely,

Ambassador Michael B. G. Froman

ANNEX

Products are listed by Harmonized Tariff Schedule of the United States (HTS) subheadings. The product descriptions in this list are for informational purposes only; the definitive tariff nomenclature for the products listed below can be found in the HTS (except in those cases where only part of a subheading is the subject of a petition). The descriptions below are not intended to delimit in any way the scope of the relevant subheadings. The HTS may be viewed at http://www.usitc.gov/tata/index.htm. The petitions cited below may be found on www.regulations.gov in Docket 2015-0013.

Table A: 2015/2016 GSP Annual Review-Petitions submitted for products to be considered for addition to the list of GSP-eligible products

HTS Subheading	Brief Description	Petitioner(s)
2204.21.20	Effervescent wine	Government of Bolivia
3301.13.00	Essential oils of lemon	Government of Bolivia
7202.11.50	Ferromanganese containing by weight more than 4 percent of carbon	Government of Ukraine
4202.11.00; 4202.11.00.30; 4202.11.00.90; 4202.12.40; 4202.21.60; 4202.21.90; 4202.22.15; 4202.22.45; 4202.31.60; 4202.32.40; 4202.32.80; 4202.92.15; 4202.92.20; 4202.92.45; 4202.99.90; 4202.12.20.20; 4202.12.20.50; 4202.12.80.30; 4202.12.80.70; 4202.22.80.50; 4202.32.95.50; 4202.32.95.60; 4202.91.00.30; 4202.91.00.90	Certain handbags and travel goods products	20 petitioners from a wide variety of governments, trade associations, and companies.

Table B: 2015/2016 GSP Annual Review- Petitions submitted to remove duty-free status from the specified country for a product on the list of eligible articles for the Generalized System of Preferences

HTS Subheading	Brief Description	Country	Petitioner(s)
3204.20.10	Fluorescent brightening agent 32	India and Indonesia	Archroma
3204.20.80	Other fluorescent brightening agents	India and Indonesia	Archroma
3907.60.00	PET resin (polyethylene terephthalate in primary forms)	India	PET Resin Coalition
3920.62.00	Nonadhesive plates, sheets, film, foil and strip, noncellular, of polyethylene terephthalate	Brazil	DuPont Teijin Films, Mitsubishi Polyester Film, and SKC, Inc.
3921.90.40	Nonadhesive plates, sheets, film, foil and strip, flexible, nesoi, of noncellular plastics	Brazil	DuPont Teijin Films, Mitsubishi Polyester Film, and SKC, Inc.

Table C: 2015/2016 GSP Annual Review- Petitions submitted for waiver of GSP CNLs

HTS Subheading	Brief Description	Country	Petitioner
0804.10.60	Dates, fresh or dried, whole, without pits, packed in units weighing over 4.6 kg	Tunisia	Government of Tunisia
1509.10.40	Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container 18 kg or over	Tunisia	Government of Tunisia
2102.20.60	Single-cell micro-organisms, dead, excluding yeasts, (but not including vaccines of heading 3002)	Brazil	Alltech, Inc.
2202.90.90	Nonalcoholic beverages, nesi, not including fruit or vegetable juices of heading 2009	Thailand	Government of Thailand and Sappe Public Co.
2804.29.00	Rare gases, other than argon	Ukraine	Government of Ukraine
4202.92.04	Insulated beverage bag w/outer surface textiles, interior only flexible plastic container storing/dispensing beverage thru flexible tubing	Philippines	Camelbak Product
6911.10.37	Porcelain or china (o/than bone china) household table & kitchenware in sets in which aggregate val. of arts./US note 6(b) o/$56 n/o $200	Indonesia	Lenox Corporation
8708.50.95	Parts & accessories of motor vehicle of 8701, nesoi, 8702 and 8704-8705, half-shafts	India	Liners India Limited

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

January 12, 2016

The Honorable Meredith Broadbent
Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

332-556

Dear Chairman Broadbent:

Pursuant to my letter to you of December 30, 2015 regarding probable economic effect advice on product petitions under the Generalized System of Preferences (GSP) program, please add the following five HTS statistical reporting numbers to the certain handbags and travel goods products listed in Table A of the annex to that letter: 4202.92.30.20; 4202.92.30.31; 4202.92.30.91; 4202.92.90.26; 4202.92.90.60. I request that the Commission provide its advice as to the probable economic effect on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on these five articles for all beneficiary developing countries under the GSP program, least-developed beneficiary developing countries (LDBDCs), beneficiary developing countries of the African Growth and Opportunity Act (AGOA), and both LDBDCs and AGOA beneficiary developing countries combined under the GSP program.

I also request that the Commission provide its advice with respect to whether like or directly competitive products were being produced in the United States on January 1, 1995 for these additional 5 articles as well as for all of the products being considered for addition to and removal from the list of GSP-eligible products listed in Tables A and B of the Annex to the December 30, 2015 request letter, attached.

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

Sincerely,

Michael Froman

Ambassador Michael B. G. Froman

Table B: 2015/2016 GSP Annual Review- Petitions submitted to remove duty-free status from the specified country for a product on the list of eligible articles for the Generalized System of Preferences

HTS Subheading	Brief Description	Country	Petitioner(s)
3204.20.10	Fluorescent brightening agent 32	India and Indonesia	Archroma
3204.20.80	Other fluorescent brightening agents	India and Indonesia	Archroma
3907.60.00	PET resin (polyethylene terephthalate in primary forms)	India	PET Resin Coalition
3920.62.00	Nonadhesive plates, sheets, film, foil and strip, noncellular, of polyethylene terephthalate	Brazil	DuPont Teijin Films, Mitsubishi Polyester Film, and SKC, Inc.
3921.90.40	Nonadhesive plates, sheets, film, foil and strip, flexible, nesoi, of noncellular plastics	Brazil	DuPont Teijin Films, Mitsubishi Polyester Film, and SKC, Inc.

Table C: 2015/2016 GSP Annual Review- Petitions submitted for waiver of GSP CNLs

HTS Subheading	Brief Description	Country	Petitioner
0804.10.60	Dates, fresh or dried, whole, without pits, packed in units weighing over 4.6 kg	Tunisia	Government of Tunisia
1509.10.40	Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container 18 kg or over	Tunisia	Government of Tunisia
2102.20.60	Single-cell micro-organisms, dead, excluding yeasts, (but not including vaccines of heading 3002)	Brazil	Alltech, Inc.
2202.90.90	Nonalcoholic beverages, nesi, not including fruit or vegetable juices of heading 2009	Thailand	Government of Thailand and Sappe Public Co.
2804.29.00	Rare gases, other than argon	Ukraine	Government of Ukraine
4202.92.04	Insulated beverage bag w/outer surface textiles: interior only flexible plastic container storing/dispensing beverage thru flexible tubing	Philippines	Camelbak Product
6911.10.37	Porcelain or china (o/than bone china) household table & kitchenware in sets in which aggregate val. of arts./US note 6(b) o/$56 n/o $200	Indonesia	Lenox Corporation
8708.50.95	Parts & accessories of motor vehicle of 8701, nesoi, 8702 and 8704-8705, half-shafts	India	Liners India Limited

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

February 16, 2016

Ms. Lyn Schlitt
Director, Office of External Relations
United States International Trade Commission
500 E St., SW
Washington, DC 20436

Dear Ms. Schlitt:

On behalf of United States Trade Representative Michael B. G. Froman, I write to advise you that several petitioners have withdrawn requests for waivers of the competitive need limitation (CNLs) under the Generalized System of Preferences (GSP) program. The withdrawn petitions are listed in the Annex attached to this letter.

In view of the withdrawal of the petitions listed in the Annex to this letter and with respect to those petitions, USTR withdraws its request (*see* attached letters of December 30, 2015 and January 12, 2016) that the U.S. International Trade Commission (USITC) provide advice as to whether any industry in the United States is likely to be adversely affected by the waiver of the CNLs, whether like or directly competitive products were being produced in the United States on January 1, 1995, and what would be the probable economic effect on total U.S. imports, as well as on consumers, of the of the subject CNL waivers. The USITC should continue with its analysis of all other petitions cited in the December 30, 2015 and January 12, 2016 letters from Ambassador Froman.

Please let me know if you have any questions.

Sincerely,

Jim C. Sanford

Jim Sanford
Assistant U.S. Trade Representative
for Small Business, Market Access,
and Industrial Competitiveness

Attachments: Annex listing withdrawn CNL waiver petitions
December 30, 2016 and January 12, 2016 letters from Ambassador Froman to USITC Chairman Broadbent

ANNEX

The following previously accepted petitions for waivers of the competitive need limitations under the Generalized System of Preferences have been withdrawn by the petitioners and will no longer be considered in the 2015 Annual Review.

HTS Subheading	Brief Description	Country	Petitioner
1509.10.40	Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container 18 kg or over	Tunisia	Government of Tunisia
2804.29.00	Rare gases, other than argon	Ukraine	Government of Ukraine
4202.92.04	Insulated beverage bag w/outer surface textiles, interior only flexible plastic container storing/dispensing beverage thru flexible tubing	Philippines	Camelbak Product
6911.10.37	Porcelain or china (o/than bone china) household table & kitchenware in sets in which aggregate val. of arts./US note 6(b) o/$56 n/o $200	Indonesia	Lenox Corporation

Appendix B
Federal Register Notices

of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the **Federal Register** as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce ('Commerce'') of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

Background

On June 25, 2015, American HFC Coalition, and its members: Amtrol, Inc., West Warwick, Rhode Island; Arkema, Inc., King of Prussia, Pennsylvania; The Chemours Company FC LLC, Wilmington, Delaware; Honeywell International Inc., Morristown, New Jersey; Hudson Technologies, Pearl River, New York; Mexichem Fluor Inc., St. Gabriel, Louisiana; Worthington Industries, Inc., Columbus, Ohio; and District Lodge 154 of the International Association of Machinists and Aerospace Workers filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured by reason of LTFV imports of hydrofluorocarbon blends and components from China. Accordingly, effective July 2, 2015, the Commission, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), instituted antidumping duty investigation No. 731–TA–1279 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** of July 2, 2015 (80 FR 38231). The conference was held in Washington, DC, on July 16, 2015, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission made this determination pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)). It completed and filed its determination in this investigation on August 10, 2015. The views of the Commission are contained in USITC Publication 4558 (August 2015), entitled *Hydrofluorocarbon Blends and Components from China: Investigation No. 731–TA–1279 (Preliminary).*

By order of the Commission.

Dated: August 11, 2015.

William R. Bishop,

Supervisory Hearings and Information Officer.

EDITORIAL NOTE: This document was received for publication by the Office of the Federal Register on January 13, 2016.

[FR Doc. 2016–00874 Filed 1–15–16; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–556]

Generalized System of Preferences: Possible Modifications, 2015 Review

AGENCY: United States International Trade Commission.

ACTION: Notice of institution of investigation and scheduling of public hearing.

SUMMARY: Following receipt of a request on December 30, 2015, from the United States Trade Representative (USTR), the U.S. International Trade Commission (Commission) instituted investigation No. 332–556, *Generalized System of Preferences: Possible Modifications, 2015 Review,* for the purpose of providing advice and information relating to the possible designation of additional articles, removal of articles, and waiver of competitive need limitations.

DATES:

February 1, 2016: Deadline for filing requests to appear at the public hearing.

February 3, 2016: Deadline for filing pre-hearing briefs and statements.

February 24, 2016: Public hearing.

February 29, 2016: Deadline for filing post-hearing briefs and statements.

February 29, 2016: Deadline for filing all other written submissions.

April 28, 2016: Transmittal of Commission report to the United States Trade Representative.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://www.usitc.gov/secretary/edis.htm.*

FOR FURTHER INFORMATION CONTACT: Information specific to this investigation may be obtained from Mahnaz Khan, Project Leader, Office of Industries (202–205–2046 or *mahnaz.khan@usitc.gov*), Jessica Pugliese, Deputy Project Leader, Office of Industries (202–205–3064 or *jessica.pugliese@usitc.gov*), or Cynthia Foreso, Technical Advisor, Office of Industries (202–205–3348 or *cynthia.foreso@usitc.gov*). For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Web site (*http://www.usitc.gov*). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

Background

In his letter, the USTR requested the advice and information described below.

(1) Advice concerning the probable economic effect of elimination of U.S. import duties on certain articles from all beneficiary developing countries under the GSP program. In accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974, as amended (''the 1974 Act'') (19 U.S.C. 2463(a)(1)(A), 2463(e), and 2151(a)), and pursuant to the authority of the President delegated to the USTR by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, and pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the USTR notified the Commission that the articles identified in Table A of the Annex to the USTR request letter are being considered for designation as eligible articles for purposes of the GSP program. The USTR requested that the

Commission provide its advice as to the probable economic effect on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on the articles identified in Table A of the Annex to the USTR request letter for all beneficiary developing countries under the GSP program (see Table A below).

(2) Advice concerning the probable economic effect of elimination of U.S. import duties on certain handbags and travel goods products for least-developed beneficiary developing countries (LDBDCs) and certain African Growth and Opportunity (AGOA) countries. In accordance with sections 503(a)(1)(B), 503(e), 506A(b)(1), and 131(a) of the 1974 Act, and pursuant to the authority of the President delegated to the USTR by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, and pursuant to section 332(g) of the Tariff Act of 1930, the USTR notified the Commission that certain handbags and travel goods products identified in Table A of the Annex to the USTR request letter are also being considered for designation as eligible articles for countries designated as least-developed beneficiary developing countries (LDBDCs) and for countries listed in section 107 of the African Growth and Opportunity Act (AGOA) (19 U.S.C. 3706). The USTR requested that the Commission provide its advice as to the probable economic effect on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on certain handbag and travel goods products identified in Table A for LDBDCs, AGOA beneficiary developing countries, and both LDBDCs and AGOA beneficiary developing countries combined under the GSP program (see Table A below).

TABLE A—POSSIBLE ADDITIONS TO THE LIST OF PRODUCTS ELIGIBLE FOR THE GSP ELIGIBLE PRODUCTS

HTS Subheading or statistical reporting number	Brief description	Country(ies)
2204.21.20	Effervescent wine	Beneficiary Developing Countries.
3301.13.00	Essential oils of lemon	Beneficiary Developing Countries.
7202.11.50	Ferromanganese containing by weight more than 4 percent of carbon.	Beneficiary Developing Countries.
4202.11.00; 4202.11.00.30; 4202.11.00.90; 4202.12.40; 4202.21.60; 4202.21.90; 4202.22.15; 4202.22.45; 4202.31.60; 4202.32.40; 4202.32.80; 4202.92.15; 4202.92.20; 4202.92.45; 4202.99.90; 4202.12.20.20; 4202.12.20.50; 4202.12.80.30; 4202.12.80.70; 4202.22.80.50; 4202.32.95.50; 4202.32.95.60; 4202.91.00.30; 4202.91.00.90.	Certain handbags and travel goods products	Beneficiary Developing Countries, Less Developed Beneficiary Developing countries, and AGOA countries.

(3) Advice concerning the probable economic effect of removal of certain articles from specified countries from eligibility for duty-free treatment. The USTR notified the Commission that certain articles are being considered for removal from eligibility for duty free treatment under the GSP program from specified countries. Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, with respect to articles listed in Table B of the Annex to the USTR request letter, the USTR requested that the Commission provide its advice as to the probable economic effect of the removal from eligibility for duty-free treatment under the GSP program for such articles from the specified country on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers (see Table B below).

TABLE B—POSSIBLE REMOVALS FROM DUTY-FREE STATUS FROM THE SPECIFIED COUNTRY FOR A PRODUCT ON THE LIST OF ELIGIBLE ARTICLES FOR THE GSP

HTS Subheading	Brief description	Country
3204.20.10	Fluorescent brightening agent 32	India and Indonesia.
3204.20.80	Other fluorescent brightening agents	India and Indonesia.
3907.60.00	PET resin (polyethylene terephthalate in primary forms)	India.
3920.62.00	Nonadhesive plates, sheets, film, foil and strip, noncellular, of polyethylene terephthalate.	Brazil.
3921.90.40	Nonadhesive plates, sheets, film, foil and strip, flexible, nesoi, of noncellular plastics.	Brazil.

(4) Advice concerning waiver of certain competitive need limitations. Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, and in accordance with section 503(d)(1)(A) of the 1974 Act, the USTR requested 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 limitations specified in section 503(c)(2)(A) of the 1974 Act for the countries and articles specified in Table C of the attached Annex to the request letter (see Table C below). Further, in accordance with section 503(c)(2)(E) of the 1974 Act, the USTR requested that the Commission provide its advice with respect to whether like or directly competitive products were being produced in the United States on January 1, 1995. The USTR also requested that the Commission provide its advice as to the probable economic effect on total U.S. imports, as well as on consumers, of the requested waivers. With respect to the competitive need limit in section 503(c)(2(A)(i)(I) of the 1974 Act, the USTR requested that the

Commission use the dollar value limit of $170,000,000.

TABLE C—POSSIBLE WAIVERS OF THE CNL FROM A SPECIFIC COUNTRY

HTS Subheading	Brief description	Country
0804.10.60	Dates, fresh or dried, whole, without pits, packed in units weighing over 4.6 kg.	Tunisia.
1509.10.40	Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container 18 kg or over.	Tunisia.
2102.20.60	Single-cell micro-organisms, dead, excluding yeasts, (but not including vaccines of heading 3002).	Brazil.
2202.90.90	Nonalcoholic beverages, nesi, not including fruit or vegetable juices of heading 2009.	Thailand.
2804.29.00	Rare gases, other than argon	Ukraine.
4202.92.04	Insulated beverage bag w/outer surface textiles, interior only flexible plastic container storing/dispensing beverage thru flexible tubing.	Philippines.
6911.10.37	Porcelain or china (o/than bone china) household table & kitchenware in sets in which aggregate val. of arts./U.S. note 6(b) o/$56 n/o $200.	Indonesia.
8708.50.95	Parts & accessories of motor vehicle of 8701, nesoi, 8702 and 8704–8705, half-shafts.	India.

Time for reporting, HTS detail, portions of report to be classified. As requested by the USTR, the Commission will provide the requested advice and information by April 28, 2016. The USTR asked that the Commission issue, as soon as possible thereafter, a public version of the report containing only the unclassified information, with any confidential business information deleted. As requested, the Commission will provide its advice and statistics (profile of the U.S. industry and market and U.S. import and export data) and any other relevant information or advice separately and individually for each U.S. Harmonized Tariff Schedule subheading for all products subject to the request. The USTR indicated that those sections of the Commission's report and working papers that contain the Commission's advice and assessment will be classified as ''confidential.'' The USTR also stated that his office considers the Commission's report to be an inter-agency memorandum that will contain pre-decisional advice and be subject to the deliberative process privilege.

Public Hearing

A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC, beginning at 9:30 a.m. on February 24, 2016. Requests to appear at the public hearing should be filed with the Secretary no later than 5:15 p.m., February 1, 2016. All pre-hearing briefs and statements should be filed no later than 5:15 p.m., February 3, 2016; and all post-hearing briefs and statements should be filed no later than 5:15 p.m., February 29, 2016. All requests to appear, and pre- and post-hearing briefs and statements should be filed in accordance with the requirements of the ''written submissions'' section below.

Written Submissions

In lieu of or in addition to appearing at the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., February 29, 2016. All written submissions must conform with the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8). Section 201.8 and the Commission's *Handbook on Filing Procedures* require that interested parties file documents *electronically* on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202–205–1802).

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

The Commission may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR. Additionally, all information, including confidential business information, submitted in this investigation may be disclosed to and used: (i) By the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel (a) for cybersecurity purposes or (b) in monitoring user activity on U.S. government classified networks. The Commission will not otherwise disclose any confidential business information in a manner that would reveal the operations of the firm supplying the information.

Summaries of Written Submissions

The Commission intends to publish summaries of the positions of interested persons. Persons wishing to have a summary of their position included in the report should include a summary with their written submission. The summary may not exceed 500 words, should be in MSWord format or a format that can be easily converted to MSWord, and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will identify the name of the organization furnishing the summary and will include a link to the Commission's Electronic Document Information System (EDIS) where the full written submission can be found.

By order of the Commission.

Issued: January 12, 2016.

Lisa R. Barton,

Secretary to the Commission.

[FR Doc. 2016–00771 Filed 1–15–16; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–392]

Importer of Controlled Substances Registration: Lipomed, Inc.

ACTION: Notice of registration.

SUMMARY: Lipomed, Inc. applied to be registered as an importer of certain basic classes of controlled substances. The Drug Enforcement Administration (DEA) grants Lipomed, Inc. registration as an importer of those controlled substances.

SUPPLEMENTARY INFORMATION: By notice dated June 25, 2015, and published in the **Federal Register** on July 6, 2015, 80 FR 38468, Lipomed, Inc., One Broadway, Cambridge, Massachusetts 02142 applied to be registered as an importer of certain basic classes of controlled substances. No comments or objections were submitted for this notice.

The DEA has considered the factors in 21 U.S.C. 823, 952(a) and 958(a) and determined that the registration of Lipomed, Inc. to import the basic classes of controlled substances is consistent with the public interest and with United States obligations under international treaties, conventions, or protocols in effect on May 1, 1971. The DEA investigated the company's maintenance of effective controls against diversion by inspecting and testing the company's physical security systems, verifying the company's compliance with state and local laws, and reviewing the company's background and history.

Therefore, pursuant to 21 U.S.C. 952(a) and 958(a), and in accordance with 21 CFR 1301.34, the above-named company is granted registration as an importer of controlled substances:

Controlled substance	Schedule
Cathinone (1235)	I
Methcathinone (1237)	I
Mephedrone (4-Methyl-N-methylcathinone) (1248)	I
N-Ethylamphetamine (1475)	I
N,N-Dimethylamphetamine (1480)	I
Fenethylline (1503)	I
Aminorex (1585)	I
4-Methylaminorex (cis isomer) (1590)	I
Gamma Hydroxybutyric Acid (2010)	I
Methaqualone (2565)	I
Mecloqualone (2572)	I
JWH–250 (1-Pentyl-3-(2-methoxyphenylacetyl) indole) (6250)	I
SR–18 (Also known as RCS–8) (1-Cyclohexylethyl-3-(2-methoxyphenylacetyl) indole) (7008)	I
JWH–019 (1-Hexyl-3-(1-naphthoyl)indole) (7019)	I
JWH–081 (1-Pentyl-3-(1-(4-methoxynaphthoyl) indole) (7081)	I
SR–19 (Also known as RCS–4) (1-Pentyl-3-[(4-methoxy)-benzoyl] indole (7104)	I
JWH–018 (also known as AM678) (1-Pentyl-3-(1-naphthoyl) indole) (7118)	I
JWH–122 (1-Pentyl-3-(4-methyl-1-naphthoyl) indole) (7122)	I
JWH–073 (1-Butyl-3-(1-naphthoyl)indole) (7173)	I
JWH–200 (1-[2-(4-Morpholinyl)ethyl]-3-(1-naphthoyl) indole) (7200)	I
AM–2201 (1-(5-Fluoropentyl)-3-(1-naphthoyl) indole) (7201)	I
JWH–203 (1-Pentyl-3-(2-chlorophenylacetyl) indole) (7203)	I
Alpha-ethyltryptamine (7249)	I
Ibogaine (7260)	I
CP–47,497 (5-(1,1-Dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl-phenol) (7297)	I
CP–47,497 C8 Homologue (5-(1,1-Dimethyloctyl)-2-[(1R,3S)3-hydroxycyclohexyl-phenol) (7298)	I
Lysergic acid diethylamide (7315)	I
2,5-Dimethoxy-4-(n)-propylthiophenethylamine (2C–T–7) (7348)	I
Marihuana (7360)	I
Tetrahydrocannabinols (7370)	I
Parahexyl (7374)	I
Mescaline (7381)	I
2-(4-Ethylthio-2,5-dimethoxyphenyl) ethanamine (2C–T–2) (7385)	I
3,4,5-Trimethoxyamphetamine (7390)	I
4-Bromo-2,5-dimethoxyamphetamine (7391)	I
4-Bromo-2,5-dimethoxyphenethylamine (7392)	I
4-Methyl-2,5-dimethoxyamphetamine (7395)	I
2,5-Dimethoxyamphetamine (7396)	I
JWH–398 (1-Pentyl-3-(4-chloro-1-naphthoyl) indole (7398)	I
2,5-Dimethoxy-4-ethylamphetamine (7399)	I
3,4-Methylenedioxyamphetamine (7400)	I
5-Methoxy-3,4-methylenedioxyamphetamine (7401)	I

telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339 to contact either of the above individuals. The FIRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION: The purpose for the extension of the duration of the withdrawal created by Public Land Order No. 7179 is to continue protecting seismic monitoring instruments and the seismic integrity of the University of California–Berkeley Seismic Observatory, located on 45 acres of National Forest System land, from future mining activities that either disturb the seismic equipment or create seismic noise in the general area that would interfere with the accuracy of the seismograph.

Order

By virtue of the authority vested in the Secretary of the Interior by Section 204 of the Federal Land Policy and Management Act of 1976, 43 U.S.C. 1714, it is hereby ordered as follows:

Public Land Order No. 7179 (61 FR 2137 (1996)) which withdrew 45 acres of National Forest System land from location and entry under the United States mining laws, but not from leasing under the mineral leasing laws to protect the seismic integrity of the University of California–Berkeley Seismic Observatory, is hereby extended for an additional 20-year period. This withdrawal will expire on January 24, 2036, unless, as a result of a review conducted before the expiration date pursuant to Section 204(f) of the Federal Land Policy and Management Act of 1976, 43 U.S.C. 1714(f), the Secretary determines that the withdrawal shall be further extended.

Dated: January 10, 2016.

Janice M. Schneider,

Assistant Secretary—Land and Minerals Management.

[FR Doc. 2016–01295 Filed 1–21–16; 8:45 am]

BILLING CODE 3411–15–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–556]

Generalized System of Preferences: Possible Modifications, 2015 Review

AGENCY: United States International Trade Commission.

ACTION: Expansion of scope of the investigation.

SUMMARY: Following receipt of an amended request on January 12, 2016, from the United States Trade Representative (USTR), the U.S. International Trade Commission (Commission) has expanded the scope of investigation No. 332–556, *Generalized System of Preferences: Possible Modifications, 2015 Review,* to include five additional HTS statistical reporting numbers relating to certain handbags and travel goods products: 4202.92.30.20; 4202.92.30.31; 4202.92.30.91; 4202.92.90.26; and 4202.92.90.60. The USTR asked that the Commission provide its advice as to the probable economic effect on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on these five articles for all beneficiary developing countries under the GSP program, least-developed beneficiary developing countries (LDBDCs), beneficiary developing countries of the African Growth and Opportunity Act (AGOA), and both LDBDCs and AGOA beneficiary developing countries combined under the GSP program. In his January 12, 2016 letter, the USTR also requested that the Commission provide its advice with respect to whether like or directly competitive products were being produced in the United States on January 1, 1995 for these additional 5 articles as well as for all of the products being considered for addition to and removal from the list of GSP-eligible products listed in Tables A and B of the Annex to the December 30, 2015 request letter.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://www.usitc.gov/secretary/edis.htm.*

FOR FURTHER INFORMATION CONTACT: Information specific to this investigation may be obtained from Mahnaz Khan, Project Leader, Office of Industries (202–205–2046 or *mahnaz.khan@usitc.gov*), Jessica Pugliese, Deputy Project Leader, Office of Industries (202–205–3064 or *jessica.pugliese@usitc.gov*), or Cynthia Foreso, Technical Advisor, Office of Industries (202–205–3348 or *cynthia.foreso@usitc.gov*). For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Web site (*http://www.usitc.gov*). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

Background

The Commission initially instituted this investigation in response to a request letter from the USTR dated December 30, 2015. The Commission published notice of institution of this investigation and the scheduling of a public hearing in the **Federal Register** on January 19, 2016 (81 FR 2904). As previously announced, the public hearing in this investigation will be held on February 24, 2016, and it will include the articles covered by the five additional HTS statistical reporting numbers as well as the articles described in the January 19, 2016 notice. The deadlines for filing requests to appear at the public hearing (February 1, 2016), pre-hearing briefs and statements (February 3, 2016), post-hearing briefs and all other written submissions in this investigation (February 29, 2016) remain the same as previously announced. All other information in the January 19, 2016, notice remains the same, including with respect to the procedures relating to the filing of written submissions and the submission of confidential business information.

The Commission expects to transmit its report to the USTR by April 28, 2016, the date indicated in the earlier notice).

By order of the Commission.

Issued: January 19, 2016.

Lisa R. Barton,

Secretary to the Commission.

[FR Doc. 2016–01267 Filed 1–21–16; 8:45 am]

BILLING CODE 7020–02–P

be considered for deferred action for childhood arrivals, except in exceptional circumstances.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* 58,314 respondents responding for initial request at 3 hours per response and 200,306 respondents responding for renewal request at 3 hours per response.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The total estimated annual hour burden associated with this collection is 775,860 hours.

(7) *An estimate of the total public burden (in cost) associated with the collection:* The estimated total annual cost burden associated with this collection of information is $44,353,330.

Dated: February 25, 2016.

Samantha Deshommes,

Acting Chief, Regulatory Coordination Division, Office of Policy and Strategy, U.S. Citizenship and Immigration Services, Department of Homeland Security.

[FR Doc. 2016–04663 Filed 3–2–16; 8:45 am]

BILLING CODE 9111–97–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–NER–SARA–19331; PS.SSARA0003.00.1]

Minor Boundary Revision at Saratoga National Historical Park

AGENCY: National Park Service, Interior.

ACTION: Notification of boundary revision.

SUMMARY: The boundary of Saratoga National Historical Park is modified to include approximately 169 acres of land, more or less, located in Saratoga County, New York, immediately adjoining the boundary of Saratoga National Historical Park. Subsequent to the boundary revision, the National Park Service will acquire the land by purchase from Open Space Conservancy, Inc., a nonprofit conservation organization.

DATES: The effective date of this boundary revision is March 3, 2016.

ADDRESSES: The map depicting this boundary revision is available for inspection at the following locations: National Park Service, Land Resources Program Center, Northeast Region, New England Office, 115 John Street, 5th Floor, Lowell, MA 01852, and National Park Service, Department of the Interior, 1849 C Street NW., Washington, DC 20240.

FOR FURTHER INFORMATION CONTACT: Deputy Realty Officer Rachel McManus, National Park Service, Land Resources Program Center, Northeast Region, New England Office, 115 John Street, 5th Floor, Lowell, MA 01852, telephone (978) 970–5260.

SUPPLEMENTARY INFORMATION: Notice is hereby given that, pursuant to 54 U.S.C. 100506(c), the boundary of Saratoga National Historical Park is modified to include an adjoining tract containing 169 acres of land. The boundary revision is depicted on Map No. 374/127824, dated February 5, 2015.

54 U.S.C. 100506(c) provides that, after notifying the House Committee on Natural Resources and the Senate Committee on Energy and Natural Resources, the Secretary of the Interior is authorized to make this boundary revision upon publication of notice in the **Federal Register**. The Committees have been notified of this boundary revision. This boundary revision and subsequent acquisition will ensure preservation and protection of the park's scenic and historic resources.

Dated: January 6, 2016.

Michael A. Caldwell,

Regional Director, Northeast Region.

[FR Doc. 2016–04644 Filed 3–2–16; 8:45 am]

BILLING CODE 4310–WV–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–SERO–SAJU–19519; PPSESEROC3, PMP00UP05.YP0000]

Environmental Impact Statement for the San Juan Promenade Extension Project From El Morro Floating Battery Area to San Juan Bautista Plaza

AGENCY: National Park Service, Interior.

ACTION: Notice of termination.

SUMMARY: The National Park Service (NPS) is terminating preparation of an environmental impact statement (EIS) for the San Juan Promenade Extension project from El Morro Floating Battery Area to San Juan Bautista Plaza in San Juan National Historic Site, Puerto Rico. Instead, the NPS will be preparing an environmental assessment (EA) to assist the NPS in evaluating the impacts of the proposed extension of Paseo del Morro.

DATES: The EA for the extension of Paseo del Morro National Recreational Trail is expected to be distributed for public comment in the winter of 2016. The public comment period for the EA and the dates, times, and locations of public meetings will be announced through the NPS Planning, Environment, and Public Comment (PEPC) Web site *http://parkplanning.nps.gov/saju* the San Juan National Historic Site Web site, and in local media outlets.

ADDRESSES: San Juan National Historic Site, 501 Calle Norzagaray, San Juan, Puerto Rico 00901.

FOR FURTHER INFORMATION CONTACT: Walter J. Chavez, San Juan National Historic Site, 501 Calle Norzagaray, San Juan, Puerto Rico 00901, by phone at (787) 729–6777.

SUPPLEMENTARY INFORMATION: Pursuant to the National Environmental Policy Act, 42 U.S.C. 4321 *et seq.,* NPS announces the termination of the EIS for the Paseo del Morro National Recreational Trail Extension, San Juan National Historic Site, San Juan, Puerto Rico. A Notice of Intent to prepare an EIS was published in the **Federal Register** on November 15, 2012 (77 FR 68146, Column 3). The NPS then engaged in a scoping process which included public meetings and consultation with federal agencies, and the initial development of a range of management alternatives with preliminary environmental impact assessment. Due to the results of the preliminary analysis of the alternatives and removal of a proposed project element, the NPS has determined that there is no potential for significant impacts to park resources and values. In addition, no concerns or issues were expressed during the public scoping process that would indicate the potential for highly controversial impacts. For these reasons, the NPS determined the proposal would not constitute a major federal action requiring an EIS.

The responsible official is the Regional Director, NPS Southeast Region, 100 Alabama Street SW., 1924 Building, Atlanta, Georgia 30303.

Dated: February 2, 2016.

Shawn T. Benge,

Acting Regional Director, Southeast Region.

[FR Doc. 2016–04645 Filed 3–2–16; 8:45 am]

BILLING CODE 4310–JD–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–556]

Generalized System of Preferences: Possible Modifications, 2015 Review

AGENCY: United States International Trade Commission.

ACTION: Change in scope of investigation.

SUMMARY: Following receipt of a letter on behalf of the United States Trade Representative (USTR) dated February 16, 2016, advising that several petitioners have withdrawn requests for waivers of the competitive need limitation under the Generalized System of Preferences (GSP) program and that USTR accordingly was withdrawing its request for advice regarding such petitions, the U.S. International Trade Commission (Commission) has amended the scope of its investigation and will not provide advice regarding the withdrawn petitions.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

FOR FURTHER INFORMATION CONTACT: Information specific to this investigation may be obtained from Mahnaz Khan, Project Leader, Office of Industries (202–205–2046 or *mahnaz.khan@usitc.gov*), Jessica Pugliese, Deputy Project Leader, Office of Industries (202–205–3064 or *jessica.pugliese@usitc.gov*), or Cynthia Foreso, Technical Advisor, Office of Industries (202–205–3348 or *cynthia.foreso@usitc.gov*). For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Web site (*http://www.usitc.gov*). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

SUPPLEMENTARY INFORMATION:

Background: The February 16, 2016, letter from USTR advised the Commission that several petitioners have withdrawn requests for waivers of the competitive need limitation (CNL) under the GSP program, and that in view of the withdrawals USTR is withdrawing its request for Commission advice as to whether any industry in the United States is likely to be adversely affected by the waiver of the CNLs, whether like or directly competitive products were being produced in the United States on January 1, 1995, and what would be the probable economic effect on total U.S. imports, as well as on consumers, of the subject CNL waivers. The letter asked that the Commission continue with its analysis of all other petitions cited in the December 30, 2015 and January 12, 2016 letters from Ambassador Michael Froman.

As a result, the Commission is terminating the portion of its investigation that concerns the waivers that are the subject of the withdrawn petitions and will not provide advice regarding them. The withdrawn petitions concern the following articles, HTS subheadings, countries, and petitioners:

HTS subheading	Brief description	Country	Petitioner
1509.10.40	Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container 18 kg or over.	Tunisia	Government of Tunisia.
2804.29.00	Rare gases, other than argon	Ukraine	Government of Ukraine.
4202.92.04	Insulated beverage bag w/outer surface textiles, interior only flexible plastic container storing/dispensing beverage thru flexible tubing.	Philippines	Camelbak Products.
6911.10.37	Porcelain or china (o/than bone china) household table & kitchenware in sets in which aggregate val. of arts./US not 6 (b) o/$56 n/o $200.	Indonesia	Lenox Corporation.

In response to the USTR's letter of December 30, 2015, the Commission published its notice of institution of this investigation and the scheduling of a public hearing in connection therewith in the **Federal Register** on January 19, 2016 (81 FR 2904). As stated in that notice, the public hearing in this investigation (concerning the remaining articles) was held on February 24, 2016. In response to the USTR's letter of January 12, 2016, the Commission published a notice in the **Federal Register** on January 22, 2016 (81 FR 3819) to expand the scope of the investigation to provide probable economic effect advice with regard to certain handbags and travel goods products covered by five additional HTS statistical reporting numbers.

The hearing date and deadlines for filing pre-hearing and post-hearing briefs and all other written submissions in this investigation remain the same as previously announced, as does the information relating to the filing of those documents. As previously announced, the Commission expects to transmit its report in this investigation to the USTR by April 28, 2016.

By order of the Commission.

Issued: February 26, 2016.

William R. Bishop,

Supervisory Hearings and Information Officer.

[FR Doc. 2016–04649 Filed 3–2–16; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF LABOR

Employment and Training Administration

Comment Request for Information Collection for Contractor Information Gathering, Extension Without Changes

AGENCY: Employment and Training Administration (ETA), Department of Labor (Department).

ACTION: Notice.

SUMMARY: The Department, as part of its continuing effort to reduce paperwork and respondent burden, is conducting a preclearance consultation to provide the public and Federal agencies with an opportunity to comment on continuing collection for contractor information in accordance with the Paperwork Reduction Act of 1995 [44 U.S.C. 3506(c)(2)(A)].

Appendix C
Calendar of Hearing Witnesses

CALENDAR OF PUBLIC HEARING

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

Subject:	Generalized System of Preferences (GSP), Possible Modifications, 2015 Review
Inv. No.:	332-556
Dates and Time:	February 24, 2016 – 9:30 a.m.

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

PANEL 1:

ORGANIZATION AND WITNESS: | **TIME ALLOCATION:**

Addition to the GSP

High-Carbon Ferromanganese | 10 minutes

Embassy of Ukraine (PETITIONER)
Washington, D.C.

Minister-Counselor Vitalii Tarasiuk, Head of the Economic and Trade Office

Cassidy Levy Kent (USA) LLP (OPPOSITION) | 10 minutes
Washington, DC
on behalf of

Eramet Marietta, Inc.

Jack Levy)
) – OF COUNSEL
Andrew Lanouette)

PANEL 1 (continued):

ORGANIZATION AND WITNESS: **TIME ALLOCATION:**

Removals from the GSP

Fluorescent Brightening Agents (India and Indonesia)

Jones Walker LLP (PETITIONER) 10 minutes
New Orleans, LA
on behalf of

Archroma U.S., Inc.
Charlotte, NC

Robin McCann, Head of Paper Solutions, Archroma

Russell Gibson, Head of Operations, Archroma

Dean DeVries, Product Manager, Archroma

Marc C. Hebert) – OF COUNSEL

PET Resin (India): Opposition

Arent Fox LLP (OPPOSITION) 10 minutes
Washington, DC
on behalf of

Reliance Industries, Ltd.

Matthew M. Nolan) – OF COUNSEL

PET Film and Sheet (Brazil)

King & Spalding LLP (OPPOSITION) 10 minutes
Washington, DC
on behalf of

Terphane, Inc. and Terphane, Ltda. (“Terphane”)

Danis J. Roy, General Manager, Terphane, Inc.

Stephen A. Jones)
) – OF COUNSEL
J. Michael Taylor)

PANEL 1 (continued):

ORGANIZATION AND WITNESS:	TIME ALLOCATION:

Competitive Needs Limitation (CNL) Waivers

Certain Inactive Yeasts and Other Dead Single-Cell Microorganisms (Brazil)

Hogan Lovells US LLP (PETITONER) 10 minutes
Washington, DC
on behalf of

Alltech, Inc.

Dan Haney, Director of Manufacturing, Alltech, Inc.

C. Bradford Harris, Corporate Counsel, Alltech, Inc.

Warren H. Maruyama) – OF COUNSEL

Certain Nonalcoholic Beverages (Thailand)

The Royal Thai Embassy (PETITIONER) 10 minutes
Washington, DC

Minister Dr. Prayoth Benyasut, Office of Commercial Affairs

PANEL 2:

ORGANIZATION AND WITNESS: **TIME ALLOCATION:**

Travel Goods

Additions to the GSP Program: Petitioners and Support

Royal Thai Embassy 10 minutes
Washington, DC

Minister Dr. Prayoth Benyasut, Office of Commercial Affairs
Sandler, Travis & Rosenberg, P.A. 10 minutes
Washington, DC
on behalf of

Jaclyn, Inc.

Bob Chestnov, President and CEO, Jaclyn, Inc.

Nicole B. Collinson, President, Trade and Legislative Affairs, Sandler, Travis & Rosenberg, P.A.

David Olave, Director, Trade and Legislative Affairs, Sandler, Travis & Rosenberg, P.A.

Sorini, Samet & Associates LLC 10 minutes
Washington, DC
on behalf of

Coach, Inc.

Angus McRae, Global Supply Chain Officer, Coach, Inc.

Daniel Neumann, Director of Government Affairs, Sorini, Samet & Associates LLC

J. Forest Consulting 10 minutes
Washington, DC
on behalf of

Global Mamas

Anna Rose Ott, Former Employee at Global Mamas (Capacity Building Manager)

Jan Forest) – OF COUNSEL

PANEL 2 (continued):

ORGANIZATION AND WITNESS: **TIME ALLOCATION:**

Travel Goods

Additions to the GSP Program: Petitioners and Support

Sorini, Samet & Associates LLC 10 minutes
Washington, DC
on behalf of

Ogio International

David Wunderli, President, Ogio International

Daniel Neumann, Director of Government Affairs,
Sorini, Samet & Associates LLC

American Apparel & Footwear Association ("AAFA") 10 minutes
The Travel Goods Association ("TGA")
The Fashion Accessories Shippers Association ("FASA")
Landover, MD; Princeton, NJ; New York, NY

Stephen Lamar, Executive Vice President, AAFA

Nate Herman, Vice President of International Trade,
AAFA; Director of Government Relations,
FASA; *and* Director of Government Relations,
TGA

Sorini, Samet & Associates LLC 10 minutes
Washington, DC
on behalf of

Outdoor Industry Association ("OIA")

Rich Harper, Manager of International Trade

Daniel Neumann, Director of Government Affairs,
Sorini, Samet & Associates LLC

-END-

Appendix D
Description of the Models Used For Evaluating Probable Economic Effects

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