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COM.TD/W/403
28 May 1984
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GENERAL AGREEMENT ON TARIFFS AND TRADE

Original: English

Committee on Trade and Development
Fifty-Third Session
20-22 June 1984

PART IV CONSULTATIONS: BACKGROUND INFORMATION

Submission by the United States

In GATT/AIR/1907 Contracting Parties were invited to provide relevant information for the program of consultations in regard to the application of the provisions of Part IV of the GATT mandated at the 38th Session of the CONTRACTING PARTIES. This document responds to that invitation and contains an explanation of U.S. policies regarding trade with developing countries and a description of U.S. efforts to implement the provisions of Part IV of the General Agreement.

I. Introduction

The United States is committed to achieving sustained global economic growth through the expansion of international trade. A strong international trading system, predicated on the free operation of market forces and based on the principles of non-discrimination and transparency, must be maintained in order to provide the conditions necessary for the growth and diversification of developing economies. All GATT member countries must assume the obligations of the international trading system, to the extent permitted by their respective levels of economic development, if such efforts are to be successful. The continued integration of developing countries into the existing institutional framework of the GATT is essential to the future well being of the trading system. To facilitate this process of integration, the United States is committed to the implementation of Part IV of the General Agreement.

II. U.S. Trade Trends

A. General

Historically, the United States has been less dependent on foreign trade as a factor contributing to economic growth than most GATT member countries. However, in recent years, the importance of trade to the U.S. economy has grown significantly. In 1980, nearly one third of all farm acreage in the United States was planted for export, while twenty percent of all goods manufactured in the United States were exported abroad--twice the figures of a decade earlier.

International trade accounts for a growing percentage of the U.S. gross national product (GNP). Whereas U.S. exports as a percentage of GNP grew slowly between 1960 and 1970, from 4.1 percent to 4.4 percent, by 1980 the share of total output accounted for by exports had nearly doubled to 8.2 percent. During the same period, U.S. imports more than doubled, rising from 4.1 percent to 9.3 percent of GNP.

The importance of trade to the U.S. economy is further demonstrated by the dramatic increase in the value of U.S. trade since 1970. Since that time, the value of U.S. two-way trade has grown from $83 billion to nearly $459 billion in 1983, an increase of 453 percent. During that period, U.S. trade with the European Community grew from $21 billion to $83 billion (319 percent), while trade with Canada increased from $20 billion to $90 billion (350 percent). During the same period, trade with Japan rose from $11 billion to $63 billion (473 percent). Especially dramatic was the growth in trade between the United States and the developing countries (LDCs): from $5 billion to $52 billion with oil-exporting LDCs (940 percent) and from $18 billion to $159 billion with non-oil-exporting LDCs (783 percent).

In addition to the dramatic increase in the value of U.S. trade during the past decade, a marked shift has occurred in the relative importance of various world regions to U.S. trade. Trade with traditional U.S. developed country (DC) trading partners has declined in relative importance as developing countries have emerged as growing sources of U.S. imports and important new markets for U.S. exports. United States trade (imports and exports) with developing countries as a percent of total U.S. trade rose from 28.3 percent in 1970 to 45.4 percent in 1980. During the same period, U.S. trade with Europe as a percent of total trade fell from 24.8 percent to 19.4 percent, trade with Canada declined from 24.4 percent to 16.7 percent, and trade with Japan fell from 12.8 percent to 11.2 percent.

B. <u>U.S. Trade with the Developing Countries</u>

A major result of U.S. trade policies during the 1970s and early 1980s has been the shift in U.S. trade patterns from traditional markets in developed countries to emerging markets in the developing countries. Imports from developing countries as a percentage of total U.S. imports increased from 29 percent in 1973 to 48 percent in 1980. Over the same period, the percentage of U.S. exports purchased by developing countries grew from 29 percent to 37 percent. A significant element in the growth of U.S. exports to developing countries has been exports of manufactured goods, which have increased as demand for construction equipment and other capital goods has grown in the developing countries. The percentage of total U.S. exports of manufactured goods purchased by developing countries grew from 29 percent in 1970 to 45 percent in 1981. The developing countries also purchased a growing share of U.S. agricultural exports--40 percent in 1982, up from 29 percent in 1970. (See Appendix; Tables 1-4.)

Since 1980, U.S. imports from non-petroleum-exporting developing countries have risen substantially, while U.S. imports from oil-exporting developing countries have fallen. (See Figure 1.) During this time the United States has improved its trade position with the oil exporters; its trade balance with non-oil exporters, however, has steadily deteriorated. In fact, the U.S. trade deficit with non-petroleum-exporting developing countries now exceeds that with any other single country or regional grouping.

Figure 1

U.S. Trade balance with LDCs, 1980-83*
($ Billions)

	1980	1981	1982	1983
All LDCs	-36.0	-27.3	-16.3	-30.0
OPEC	-37.6	-27.9	- 8.3	- 8.2
Non-OPEC	+ 1.7	+ 0.5	- 8.0	-21.8

* fas/fas valuations for 1980-1, fas/cus for 1982-3.

C. Changes in Trade Composition with Developing Countries

Overall trends among developing countries suggest increasing specialization in the composition of their exported products over time. Whereas in 1979 U.S. imports from developing countries comprised 23.7 percent of total U.S. imports of manufactures, in 1983 their share had risen to 28.3 percent. Between 1979 and 1983 the value of U.S. imports of manufactured products from developing countries rose 80 percent, while imports from developed countries increased by only 42 percent. In that period, the developing countries' share of U.S. chemical imports rose from 8.9 percent to 13.7 percent, of manufactured goods by material from 24.6 percent to 28.9 percent, of machinery and transport equipment from 14.9 percent to 19.7 percent, and of miscellaneous manufactured articles from 50.8 percent to 54.9 percent. (See Appendix; Table 5.)

At a lower level of data aggregation these trends are more readily apparent. The leading items imported by the United States at the two-digit SITC level from developing countries in 1983 after petroleum ($29.1 billion) were apparel and clothing ($7.9 billion), electrical machinery ($6.8 billion), and telecommunications equipment ($4.7 billion). Imports of coffee, tea, cocoa and spices, the second largest import category in 1979, fell to sixth by 1983. Conversely, imports of office machines, the twenty-third largest category in 1979, rose to tenth place by 1983. Between 1982 and 1983 imports of office machines from developing countries rose by 119 percent. (See Appendix; Table 6.)

United States import trade data reflects the increasing technological and production capabilities of the fast-growing economies of certain developing countries. For example, total U.S. imports from Korea, Hong Kong and Singapore grew at a rate of 25.4 percent annually during the period from 1962 to 1980. But much faster growth, ranging from 37 percent to 69 percent annually, occurred in U.S. imports of non-electrical and electrical machinery, office machines and telecommunications equipment from these countries. Electrical machinery imports alone totaled $2.6 billion in 1980, nearly a quarter of the value of total U.S. imports from these three countries.

A similar pattern, albeit not yet as fully developed, can be seen in aggregate trade data for Mexico and Brazil. The areas of highest growth in U.S. imports from these two countries are in electrical machinery, telecommunications equipment and electro-medical equipment. Electrical machinery imports, which grew 68 percent annually between 1962 and 1980, totaled $1.7 billion in 1980, 10 percent of the value of total U.S. imports from these two countries. U.S. imports of aircraft, motor vehicles and other manufactured goods from Brazil and Mexico have grown rapidly as well. Foodstuffs and raw materials still dominate U.S. imports from these two countries, accounting for roughly 60 percent of total U.S. imports, although this percentage has been declining in recent years.

These patterns are not limited only to U.S. trade with the more developed developing countries. The Philippines in 1963 exported to the United States about $300 million worth of products of which sugar amounted to over 50 percent. By 1981, electrical machinery was the leading Phillipine export to the United States while sugar had fallen to fifth place, and the total value of Philipine exports to the United States had exceeded $1 billion.

Similarly, in 1963, Malaysia's exports to the United States totaled $170 million with 97 percent of the total comprised of non-ferrous metals and rubber. In 1981, U.S. imports of electrical machinery alone from Malaysia reached $1.0 billion, accounting for nearly half of total Malaysian exports to the U.S. market in that year.

D. <u>Trade in Agricultural Goods</u>

U.S. agricultural imports from developing countries totaled $9.6 billion in 1983, compared with $8.8 billion in 1982, and $10.4 billion in 1981. Agricultural imports from developing countries in those three years averaged 44 percent higher than in the years 1975-1977. Comparison of the two periods shows the largest increases in imports to have been from the more advanced developing countries.

U.S. agricultural exports to developing countries totaled $14.4 billion in 1983, compared with $12.8 billion in 1982, and $16.0 billion in 1981. Since the mid-1970's annual exports of U.S. agricultural products to developing countries have more than doubled. As was the case with imports, the largest increases in exports have been to the more advanced developing countries. In 1983, the share of total U.S. agricultural exports to developing countries was 40 percent and in 1982 and 1981 it was 35 and 37 percent, respectively. In most earlier years the developing country share was below 35 percent. Approximately three-fifths of all U.S. agricultural exports to developing countries consist of bulk commodities such as grain and cotton and two-fifths of higher value products such as fresh fruits and vegetables and processed foods.

E. Summary

It is clear that the international trade policies implemented by the United States in the fifteen years since the establishment of Part IV have resulted in the growth, evolution, and diversification of trade between the United States and the developing countries. Most importantly, these polices reflect the continuing commitment of the United States to the creation and maintenance of the dynamic trading environment that has offered unprecedented opportunities for economic growth to developing countries which have followed sound economic and trade policies.

III. U.S. Trade Policy Toward Developing Countries and Part IV of the General Agreement

Since the establishment of Part IV in 1968, the United States has consistently implemented national and international economic policies designed to provide opportunities for developing countries pursuing sound economic and trade policies to enhance their economic development. These policies have contributed significantly to the growth and diversification of the economies of the developing countries, and to their assumption of a greater role in the international trading system.

From the U.S. perspective, one of the most important elements in the integration of the developing countries into the GATT system has been the increased willingness of the developing countries to participate in multilateral efforts to liberalize international trade. Working together during the Tokyo Round of Multilateral Trade Negotiations, developed and developing countries made meaningful improvements in the operation of the GATT through the Framework Agreement, and for the first time GATT members negotiated seriously to curtail the less transparent nontariff disruptions to trade.

The United States encouraged the participation of the developing countries in the negotiation of the MTN codes on nontariff measures. These agreements demonstrated that the GATT can be strengthened to accomodate the changing international economic environment, and in particular the needs of developing countries. The United States strongly believes that the continued participation of all GATT members, developed and developing alike, in the implementation of the MTN agreements is essential if their full benefits are to be realized by all GATT members.

The tariff negotiations conducted during the Tokyo Round also were a significant step in the integration of the developing countries into the GATT framework. Although the importance of tariffs as barriers to trade has diminished somewhat, the tariff concessions agreed to in the Tokyo Round negotiations have contributed to free world trade. More importantly, developing countries actively participated to an unprecedented extent in multilateral efforts to reduce tariff barriers to international trade.

The United States negotiated bilateral tariff and nontariff agreements with 28 developing countries during the Tokyo Round. In so doing, the United States sought to provide special and differential treatment for developing countries to the maximum extent possible. Where possible, deeper-than-formula cuts were made on products principally supplied by developing countries; small suppliers were not expected to make contributions for U.S. concessions; tariff reclassifications were made whenever possible to accomodate developing country interests; and developing countries were not expected to provide full reciprocity. In addition, the benefits of concessions negotiated with Tokyo Round participants were extended on a most-favored nation basis to those developing countries which did not participate in the MTN. The ability of the United States to provide special and differential treatment on this basis was enhanced greatly by the Contracting Parties' acceptance of the principle that developing countries should accept greater obligations as the level of their economic development progresses, thereby preserving the fundamental balance of rights and obligations inherent in the GATT system.

For the United States and many developing countries, the benefits of this relationship have expanded and increased significantly since the conclusion of the Tokyo Round. Although there has been a substantial increase in bilateral trade, greater gains could have been achieved in a more open trading environment. Recognition of this fact has led the United States to continue to implement trade policies appropriate to the differing needs of developing countries. These policies have had one common objective--the continuous liberalization of trade and the progressive integration of developing countries into the world economy in order to achieve sustainable economic growth.

The departures from the GATT principle of nondiscriminatory treatment authorized under the Enabling Clause have been important mechanisms for assisting the economic development efforts of developing countries. However, in order to preserve the integrity of the General Agreement, and to ensure that preferential treatment benefits those most in need, it is important that the special and differential treatment envisioned by the Enabling Clause be provided in a dynamic manner, i.e. in a way which takes into account changing levels of economic development in individual developing countries.

The United States will continue to provide special and differential treatment for the benefit of developing countries, in accordance with the provisions of Part IV and the Enabling Clause. However, this policy can continue to benefit all developing countries in an effective manner only through the assumption by the developing countries of the obligations of the GATT system to the maximum extent permitted by their respective levels of development. Developing countries' adherence to this principle will continue to be an important consideration governing U.S. trade policy in the years ahead.

If the GATT is to continue to function as the framework for international trade and to effectively address the emerging problems which will confront the international trading system in the coming decades, it will require increased cooperation among all GATT members, developed and developing alike. The commitments made by Contracting Parties to resist protectionist pressures and to explore additional measures to liberalize trade can only be realized if a common will exists among all countries to adopt national policies which contribute to a strengthened international trading system.

At the 1982 GATT Ministerial meeting, ministers took the first in a series of steps to address the problems facing the GATT system. As a result, work is now underway on many of the issues contained in the Ministerial Declaration, including the problems of trade among developed and developing countries, agriculture, and trade in natural resource products. Work has only recently begun on several other issues, such as trade in services and trade in counterfeit goods. Other emerging issues confronting the GATT system remain to be addressed by the Contracting Parties, including trade in high technology products and trade-related investment issues. The United States is convinced that the GATT system can meet the challenges presented by these issues, and looks forward to working with other contracting parties, developed and developing alike, to produce solutions which will enhance the economic benefits of trade for all GATT members.

IV. U.S. Implementation of the Principles and Objectives of GATT Article XXXVI

A. Duty-Free Tariff Treatment under the U.S. Generalized System of Preferences

The United States maintains a Generalized System of Preferences in accordance with the provisions of Article XXXVI of the General Agreement and those of the Enabling Clause. Authorized by Congress for a period of ten years, and implemented in 1976, the U.S. GSP program grants duty-free treatment to certain imports from beneficiary developing countries. The statutory authority for the U.S. scheme is contained in Title V of the Trade Act of 1974 (hereafter referred to as Title V), and the regulations for the administration of the GSP are contained in the Code of U.S. Federal Regulations (15 CFR 2007).

The U.S. GSP program has made a positive contribution to the economic development of developing contracting parties, by facilitating their efforts to expand and diversify production for export. Since implementation of the program in 1976, U.S. GSP imports from beneficiaries have increased dramatically, growing from $3.2 billion to $10.8 billion in 1983. During this period, the percentage of total GSP imports comprised of non-agricultural products grew from 83 percent to 90 percent, reflecting the contribution of the Program to the export diversification efforts of developing countries. (See Appendix; Tables 7-14.)

The U.S. GSP program will expire on January 3, 1985. In keeping with President Reagan's pledge to ensure that trade continues to be an effective force for development in the Third World, the Administration is currently seeking Congressional authority to extend the program for an additional ten years.

1. GSP Beneficiary Countries

Title V established certain statutory requirements for designation of beneficiary countries for purposes of GSP eligibility. Developing countries which met the statutory provisions of Title V were designated as eligible for GSP status on the principle of self-election. Subsequently, the Trade Agreements Act of 1979 provided for the designation in certain circumstances of members of the Organization of Petroleum Exporting Countries (OPEC) as beneficiary countries. Under these provisions, Venezuela, Ecuador and Indonesia were added to the list of eligible beneficiaries in 1980. Some 140 developing countries and non-independent countries and territories are now eligible to receive duty-free benefits under the U.S. scheme. (A complete list of eligible beneficiaries is contained in Annex 1.)

2. Product Coverage of the U.S. GSP Program

The U.S. GSP program provides for duty-free treatment on imports of over 3,000 products identified at the 5-digit level in the Tariff Schedule of the United States (TSUS). Over 300 of these products have been added to the original list of eligible articles through the annual review procedures of the GSP (15 CFR 2007). While the majority of eligible products are in the manufactured and semi-manufactured sectors, the list also includes some 400 agricultural products of export interest to developing countries.

Title V statutorily excludes some products from duty-free eligibility. These products are textile and apparel articles subject to textile agreements concluded in accordance with the Multifibre Arrangement (MFA); watches; footwear; and import sensitive electronic, glass, iron and steel articles. Also, GSP eligibility for a product is suspended for the period any article is subject to import relief pursuant to Section 203 of the Trade Act of 1974 or Sections 232 or 351 of the Trade Expansion Act of 1962. The President also may exclude other products which are determined to be import sensitive in the context of the GSP.

3. Limitations to Preferential Treatment

In keeping with the objective of the GSP--i.e. to provide tariff preferences to imports from beneficiary countries so that they are able to compete in the U.S. market with imports from developed countries--as well as to provide necessary safeguards for U.S. industries, Title V established statutory limitations affecting preferential treatment granted under the program. These "competitive need" limitations provide for the automatic exclusion of a beneficiary country from GSP eligibility on an article whenever imports of the article from the beneficiary exceed 50 percent of the value of total U.S. imports of that article, or a certain dollar value which is increased in proportion to the nominal growth in the U.S. Gross National Product (GNP). Originally set at $25 million in Title V, by 1983 the dollar value limit had grown to $57.7 million.

The 50 percent competitive need limitation does not apply to any articles for which the President has determined that a like or directly competitive article was not produced in the United States on January 3, 1975. The list of such articles, which has been modified through the annual review procedures of the program, has increased from 50 articles in 1976 to 92 in 1983. In addition, Title V was amended in the Trade Agreements Act of 1979 to allow the President to waive the percentage competitive need limitation in instances where total U.S. imports of an article are *de minimis*. The *de minimis* level, originally set at $1 million, was increased to $1.37 million in 1983, to reflect the nominal growth in the U.S. GNP. As a result of this provision, an average of $40 million worth of trade per year of otherwise ineligible imports from beneficiaries has continued to enjoy duty-free treatment under the U.S. scheme.

Administration of the competitive need limits is highly transparent in the U.S. scheme. Each year, a notice is published in January in the U.S. Federal Register of articles which have exceeded, or are likely to exceed, the competitive need limitations based on statistics collected during the first ten-months of the calendar year. Modifications in GSP eligibility as a result of the competitive need limitations required by statute must be implemented 90 days after the close of the calendar year in which the limits were exceeded.

Competitive need exclusions have increased from $1.9 billion in 1976 to $10.6 billion in 1983. Once removed from GSP eligibility for a particular beneficiary country, an article may be redesignated if U.S. imports from the affected country fall below the competitive need limitations in any subsequent year. Although redesignation is not automatic, the President redesignated to duty-free status all eligible trade under this provision until 1981. Since that time, all eligible trade from 133 of the 140 beneficiary countries has been redesignated.

4. Rules of Origin in the U.S. Scheme

Pursuant to Title V, a beneficiary may receive duty-free treatment for an article when the sum of the cost or value of materials produced in the beneficiary country plus the direct costs of processing equal at least 35 percent of the appraised value of the article at the time of entry into the United States. Imported materials may be counted towards the 35-percent value-added requirement if they are substantially transformed into new and different constituent materials of which the eligible article is composed.

Recognizing the importance of intra-LDC trade, particularly within regional associations, Title V also provided for cumulative rules of origin in order to treat an association as one country for purposes of the origin requirement. Congress originally set the value-added requirement for regional associations at 50 percent. However, this requirement was amended in the Trade Agreements Act of 1979, which allowed duty-free treatment to be accorded to articles imported from GSP-eligible regional associations, provided the member countries of the association together account for at least 35 percent of the appraised value of the article (the same as for a single country). The regional associations currently eligible to be treated as one country for the purposes of the origin requirement are the ANDEAN GROUP (Bolivia, Colombia, Ecuador, Peru and Venezuela); ASEAN (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand); and CARICOM (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Christopher-Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago).

5. The Annual Review Process

Throughout the program's operation, the United States has utilized the established annual review procedures to expand the base of benefits available under the GSP. This process has enabled beneficiary countries to participate actively in any changes in GSP product eligibility. As a result of the annual reviews, over 300 products of interest to beneficiaries have been added to the list of products eligible for GSP treatment. The review process is consistent with paragraph 3(c) of the Enabling Clause, as it provides for modification of the GSP in order to respond positively to the changing needs of developing countries.

The annual review is a highly transparent, ten-month process which begins on June 1 of each year, the deadline for submission of petitions to modify the list of eligible GSP articles. The petitions are evaluated for adequacy of information and conformity with the GSP regulations. A notification of all petitions accepted for consideration is published in the Federal Register in mid-July. Simultaneously, U.S. Embassies in beneficiary countries also provide this information to the appropriate beneficiary country authorities. The review provides for public hearings in September or October, at which any interested party may appear to support or oppose a requested modification. Parties may also submit written comments on any of the cases under review. Consistent with paragraph 4 of the Enabling Clause, the United States encourages beneficiary country participation in this part of the review as it provides a good opportunity to ensure that modifications in GSP eligibility reflect the individual development objectives of beneficiaries.

The U.S. International Trade Commission (ITC), which provides the President with advice on the probable economic effects of modifying the GSP pursuant to a petitioner's request, also conducts public hearings and provides an opportunity for written comments. All information obtained during the course of the review is evaluated, and recommendations for changes in the GSP product list are formulated for approval by the President. Changes to the list of eligible articles are implemented by Executive Order, generally on March 31 of the following year. This order also includes changes in eligibility which are required by statute. The order appears in the Federal Register and is explained in detail by a press release provided to all interested parties. In addition, U.S. embassies are instructed to inform host countries of the changes.

The addition of new products to the GSP may also occur at the initiative of the U.S. Government. As a part of United States interest in adding special items of export interest to less developed developing countries, five tariff categories covering certified hand-loomed and folklore textile articles were designated as eligible for GSP treatment in 1981 at the initiative of the Administration. Because textile articles subject to textile agreements cannot be granted GSP treatment, the U.S. established a certification procedure in order to grant duty-free treatment to certain articles that are not subject to textile agreements, such as hand-made cottage industry products, and traditional handicraft textile products. Certification arrangements have been completed with Uruguay, Thailand, Korea, Macao, Peru and Romania. Similar arrangements are pending between the United States and Malta, Guatemala and Mauritius.

6. Results of the Most Recent GSP Annual Product Review

In COM.TD/W/395/Add.2, the United States notified the GATT that 65 petitions requesting the modification of the list of GSP-eligible articles had been taken under consideration in the 1983 GSP annual product review. As a result of this review, based on 1983 trade data, 22 products valued at $7.2 million were added to the GSP; $155.4 million of trade was redesignated to GSP eligibility; $52 million of trade remained eligible for GSP under the de minimis provisions of the GSP; and an additional $2.2 billion of trade affecting 15 beneficiary countries was excluded for reasons of competitive need. These changes were implemented on March 30, 1984.

7. Mid-Term Review of the GSP in 1980

On April 17, 1980 the President sent Congress A Report to the Congress on the First Five Year's Operation of the U.S. Generalized System of Preferences. This report included a review of the major provisions and regulations governing the administration of the U.S. scheme and an analysis of the impact of the U.S. GSP on developing country economies. As required by the Congress, the report also included a review of the operation of the competitive need limits and a consideration of various measures that would reinforce U.S. objectives of providing preferential treatment in a dynamic manner resulting in a greater distribution of benefits to the less advanced developing countries, and further integrating beneficiary countries into the GATT system. In conjunction with the preparation of the report, the Administration sought the views of interested parties on the operation of the program and their suggestions for improvements to the scheme through public hearings and a comment period for written submissions. Beneficiary countries participated actively in this review, commenting favorably on the contribution of GSP to their country's economic development.

As a result of this review, the Administration made several improvements in the operation of the U.S. program. The first was a commitment to add additional items of special interest to less developed developing countries to the list of GSP eligible articles. Handicrafts, as discussed earlier, were a part of this effort. Similarly, in the annual reviews following the report to Congress, the United States expanded GSP product coverage in the agricultural sector by including an additional 80 agricultural products to the GSP.

Secondly, the Administration established a GSP Information Center within the Office of the United States Trade Representative to provide additional assistance to interested parties regarding changes in GSP eligibility. Establishment of the Center has provided a vehicle for representatives of beneficiary governments to review changes in the GSP and consult informally on the addition of new items of interest for GSP eligibility. The Center's activities have supplemented the on-going participation of U.S. representatives in GSP seminars sponsored by the UNCTAD/UNDP project and seminars undertaken unilaterally by the U.S. Government at the request of beneficiary governments. U.S. officials have participated in recent UNDP regional seminars in the Ivory Coast, Nepal, Chile and the Dominican Republic, and have conducted U.S. sponsored seminars in Yugoslavia, Romania, Cyprus, Morocco, Egypt, ASEAN, and Mexico.

The mid-term evaluation pointed out that the benefits of the U.S. GSP program were not evenly distributed among GSP beneficiary countries. For example, the review revealed that 5 of the 140 beneficiary countries accounted for more than 70% of the benefits extended under the program. The leading recipients of duty-free treatment under the U.S. scheme were and continue to be the largest developing country trading partners of the United States. The Administration and Congress were particularly concerned that the competitive need limits were not leading to a wider distribution of benefits among beneficiary countries; nor were the benefits of the program resulting in an increased adherence to the disciplines of the international trading system commensurate with the development levels of some of the beneficiary countries.

In keeping with U.S. policies to integrate developing countries into the international trading system, the United States implemented new measures designed to reflect the competitiveness and development needs of beneficiaries. The President announced his intention to exercise this authority under a policy of product-specific graduation. The President determined that these measures would be applied when considering the addition of new items to the GSP; in considering whether to reinstate a beneficiary to GSP eligibility after the country had exceeded the competitive need limit; and in considering petitions from interested parties requesting the removal of one or more beneficiaries from eligibility on a particular article.

The report further stipulated that product-specific graduation actions would be based on a review of three elements: (1) the overall level of economic development of the beneficiary country; (2) the beneficiary's competitiveness in the particular product of concern; and (3) the overall economic interests of the United States, including the potential for future redistribution to less competitive beneficiaries, consumer benefits and the import sensitivity of the relevant domestic industry.

Under this policy of product-specific graduation, the United States has been able to respond to the changing economic needs of individual developing countries by allowing beneficiaries to continue to enjoy preferential treatment on products on which the tariff preference is necessary to enable them to compete in the U.S. market. At the same time, the policy is intended to assure that preferential treatment is preserved for those countries most in need. These measures, which are consistent with paragraphs 3(c) and 7 of the Enabling Clause, supplement the automatic competitive need limitations contained in the U.S. program. They have been implemented only after ample opportunity has been provided during the annual review process for public comment from interested parties.

While this policy has not led immediately to a redistribution of benefits to less developed developing countries, product specific graduation has provided an additional opportunity for less competitive beneficiaries to compete on a more equal basis with imports from more advanced developing countries. It is anticipated that the redistribution of benefits accruing from such measures will be realized over the longer term.

The value of trade affected by product specific graduation has increased from $443 million in 1981, the first year in which discretionary graduation was applied, to $1.2 billion in 1983. Significantly, approximately 90 percent of the affected trade is trade on which the graduated country had been previously ineligible for GSP treatment due to competitive need exclusions. Thus far, product specific graduation actions have affected only seven beneficiaries: Taiwan, Korea, Hong Kong, Mexico, Brazil, Singapore and Israel. It is important to note that although the value of graduation actions has increased since the implementation of the policy in 1981, each of the countries affected by graduation has realized a significant increase in their level of GSP benefits. Together, they still account for more than 70 percent of GSP imports.

8. Renewal of the U.S. GSP Program

Statutory authority for the U.S. GSP program will expire on January 3, 1985. Under U.S. law, Congress must provide additional authority to continue the program beyond its expiration. The Administration has submitted a proposal to Congress for renewal of the program. It is committed to securing Congressional approval for an extended GSP program which continues to be responsive in a predictable and transparent manner to the changing needs of the economies of developing countries.

In preparing its proposal, the Administration solicited the views of interested parties regarding renewal of the GSP program through a series of public hearings and a written comment period in April 1983. Comments from foreign and domestic parties were invited on a wide range of issues, including the general operation of the program, suggestions for modifications which would stimulate the growth of exports of less developed beneficiaries, particularly the least developed, and the role of graduation in an extended scheme. Testimony and submissions were received from several hundred interested parties, including a significant number from beneficiary country officials and representatives from their business communities. These consultations provided the basis upon which the United States developed the parameters of its legislative proposal to extend the GSP for ten years.

The Administration has been guided by several objectives in seeking renewal of the GSP program, the most important of which is to foster the economic development of developing countries, while encouraging their further integration into the international trading system. The proposed renewal legislation is intended to provide additional incentives for the expansion of trade among beneficiaries and the United States, while enhancing developing countries' acceptance of the obligations of the international trading system. The legislation also would seek to ensure that the benefits of the program are preserved for products from those beneficiaries most in need of preferential treatment in order to compete in the U.S. market. Accordingly, the Administration's proposal would facilitate both increased liberalization and further product-specific graduation. Greater attention will be paid to the progress of beneficiaries in undertaking liberalization of their trading regimes, commensurate with their individual levels of development, as provided for in paragraph 7 of the Enabling Clause. This concern is elaborated in the proposal's references to the extent to which beneficiaries provide equitable and reasonable access to their markets.

The proposed legislation also recognizes U.S. obligations under the Enabling Clause to address the special needs of the least developed developing countries. The Administration has requested authority to exempt the least-developed countries from the statutory competitive need limitations of the program. It is hoped that this exemption will provide an additional incentive for investment and the transfer of resources to aid these countries' economic development.

The Administration's proposal envisages a further expansion of product coverage in the scheme through the annual review process. Furthermore, the proposed legislation would allow the President to waive competitive need limits on a product-specific basis, based on a review of a number of factors, including the effect such a waiver would have on the relevant domestic industry or producer, and the extent to which beneficiaries provide equitable and reasonable access to their markets. If Congress enacts this provision, beneficiary countries could realize substantial additional benefits under the U.S. program for certain products already on the GSP list.

The Administration also is interested in improving its discretionary graduation policy in a manner which enhances the predictability of the program. The renewal legislation includes a provision to supplement the current competitive need limits, with additional limits set at 25 percent of the value of total U.S. imports and $25 million. Under this provision, the President would undertake a static assessment of all GSP-eligible items and beneficiary countries, and then subject some products from suppliers determined to be highly competitive to these lower limits. In conducting this review, the President would consider a number of factors, including the overall level of development of the beneficiary country, its competitiveness in the particular product, and the extent to which the beneficiary is providing equitable and reasonable market access commensurate with its level of development. Application of the lower competitive need limits would be applied at the conclusion of the review, which would be completed within two years of the enactment of the renewal legislation.

The Administration's legislative proposal was introduced in the Senate on August 1, 1983, as S. 1718. Hearings on GSP renewal were held in the Senate and House in August 1983 and in January and February 1984. The legislation is currently being considered by the Congress.

B. THE TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS: NEGOTIATIONS BETWEEN THE UNITED STATES AND DEVELOPING COUNTRIES

The United States actively encouraged the participation of developing contracting parties, especially those with significant trade relations with the United States, in the Tokyo Round of Multilateral Trade Negotiations (MTN). These efforts were a factor influencing the decision of many developing countries to participate in the Tokyo Round. As a result of this decision to participate, the agreements reached in the Tokyo Round reflect to the extent possible the interests of developed and developing countries alike, and are of much greater significance than those reached in preceding rounds. Beyond the specific benefits to both U.S. and developing country exporters, these agreements represent a concrete commitment by all the countries involved to the continued liberalization of world trade and the reform of the rules of the international trading system.

1. Tariff Negotiations

During the Tokyo Round, the United States negotiated bilateral agreements with 28 developing countries, including all its major developing trading partners. These agreements were concluded on the basis of a satisfactory balance of concessions between the United States and each developing country partner. In reaching a satisfactory balance, U.S. negotiators not only took into account the relative value of each concession to each country but also the relative economic level of the developing country involved. Consistent with the general principle regarding reciprocity set forth in the Tokyo Declaration which launched the MTN, the United States did not expect developing countries to provide full reciprocity in these negotiations but to make concessions that reflected their individual trade, financial, and development needs.

Concessions agreed to by the United States in negotiations with developing countries consisted primarily of tariff reductions to be bound at lower levels, and, in a few cases, bindings of existing tariff rates. Duty reductions were agreed to on a number of items of particular export interest to developing countries, including canned beef; various metals and mineral products, particularly iron and steel, copper and tungsten; a limited number of textile products including carpets; fertilizer; electrical equipment; light industrial goods; edible oils; plywood; canned fruits and vegetables; cigar tobacco; and paper products.

Concessions negotiated by the United States with developing countries included ceiling bindings, bindings of tariffs at current rates, bound tariff reductions, removal or liberalization of licensing requirements, and liberalization of other nontariff measures over a wide variety of product sectors, both agricultural and industrial.

2. Special and Differential Treatment

In keeping with the provisions of the 1973 Tokyo Declaration, the United States agreed, where appropriate and feasible, to the inclusion of measures providing special and differential treatment for developing countries in both the nontariff and tariff agreements reached during the Round. In accepting inclusion of the concept of special and differential treatment in the Tokyo Round agreements, the United States took the position, which it continues to hold, that developing countries should be expected to assume to a greater extent the obligations of the international trading system, as their level of economic development progresses.

The United States sought to implement the Tokyo Declaration's provisions on reciprocity in its tariff negotiations with developing countries by seeking concessions which reflected the respective countries' trade, financial and development status. Special and differential treatment was provided in several other ways. Where possible, and taking into account the domestic impact, the United States made greater than average tariff reduction on products principally supplied by developing countries. The United States also agreed to accelerate the implementation of tariff reductions on certain products principally supplied by developing countries with whom bilateral MTN agreements were concluded.

The United States also has been mindful of its commitment to provide special and differential treatment in its application of the nontariff measures codes to developing countries. The United States has recognized those provisions of the Standards, Licensing and Customs Valuation codes which allow derogations for developing countries experiencing problems in meeting certain code obligations. Similarly, in the case of the Standards Code and the Customs Valuation Code, the United States has recognized those provisions which call for special technical assistance for developing countries. For example, in 1983, the U.S. Customs Service developed a training course for foreign customs officers from developing countries in the adminstration and application of the Valuation Code. Customs officers from 13 Caribbean nations attended the first course session, held in August 1983.

In applying the Subsidies/Countervailing Measures Code to developing countries, the United States has attempted to encourage developing countries to make commitments to phase out existing export subsidies over time, according to their development needs, in order to foster a greater reliance on prices and market forces as determinants of trade flows.

3. <u>Measures for the Least Developed Countries: Accelerated Staging of MTN Tariff Reductions</u>

As a general rule, the tariff concessions agreed to by the United States in the Tokyo Round are to be implemented in eight annual stages, with the first cuts generally having taken place on January 1, 1980, and the last to take effect on January 1, 1987. However, the United States agreed to implement fully, without staging, all negotiated U.S. duty reductions (except textile and apparel products subject to the Multifiber Agreement) on imports from 27 countries and territories considered to be the poorest and least developed of the developing countries, as defined in the United Nations General Assembly list of "Least Developed Countries" and which are beneficiaries under the U.S. Generalized System of Preferences (GSP) program. The full reduction on products imported from these countries became effective January 1, 1980.

C. OFFICIAL DEVELOPMENT ASSISTANCE

1. Programs of the Agency for International Development (AID)

The United States has been, and continues to be, the largest provider of official development assistance, contributing approximately 25 percent of the total contributions by all OECD Development Assistance Committee (DAC) member countries. Moreover, the level of U.S. economic assistance has been increasing despite overall budgetary constraints and reductions in domestic spending programs.

In its bilateral economic assistance program the United States has pursued a strategy of addressing the basic long-term development constraints of a country. The removal of these constraints is essential to long-term stability and continued economic growth. Accordingly, all U.S. assistance efforts and programs have emphasized and encouraged the adoption of sound economic policies by the recipient with the objective of promoting sustained growth, and an increased reliance on the private sector as a vehicle for promoting development, while creating and strengthening the country's institutional capacity, and increasing the capacity of the country to develop indigenous technology as well as adapt technology to domestic conditions.

Some projects sponsored by AID are directly related to increased export production. Furthermore, by strengthening a country's capacity to produce an increased volume of goods and services more efficiently, most AID assistance, even when not directly focused on increasing developing countries' export production, will have indirectly the long term effect of increasing their export potential.

2. Trade and Development Program

The Trade and Development Program (TDP) was established in 1980 for the purpose of financing feasibility studies to be used in the identification and development of high priority projects in developing countries. A typical feasibility study assists a developing country government with the design, engineering, and construction of a high priority project and enables it to evaluate the economics of the project and incorporate its implementation in a development plan, and then seek financing from appropriate sources. The Program has sponsored feasibility studies in such areas as energy development, telecommunications, transportation, minerals development, agribusiness, and industrial development. While one of the objectives of this program is to facilitate the sale of U.S. goods and services which may result as a follow-up to a feasibility study, many of the projects it is assisting directly or indirectly enhance the export earning capacity of the host country and broaden its export base through production diversification.

Below are a few illustrative examples of ongoing or proposed U.S. assistance projects and studies which are directly related to LDC export potential:

-- Support for the Export Promotion Fund throughout Central America. This fund provides pre-export and/or export financing for non-traditional agricultural commodities.

-- Support for the Caribbean Action Trade Company (CATCO) which will facilitate increased exports of a number of CARICOM countries.

-- Funding of a series of projects in Somalia which have supported livestock production, that country's predominant foreign exchange earner. This year, a Livestock Marketing project will be initiated to facilitate access to foreign markets.

-- A major effort to assist small to medium size private and cooperative agricultural and industrial enterprises (e.g., coffee and oil seed processing, cotton ginning, etc.) to resume full productive potential in order to help Uganda restore its former export capacity.

-- A cost-sharing reimbursement agreement with Caribbean Agri-Systems, an affiliate of the Caribbean Basin Corporation, to study the feasibility of growing and exporting winter vegetables to the United States, and the production of field crops, vegetables and spices for export during the "off-season."

-- Feasibility studies which when carried out as projects will enhance and facilitate significantly the export potential of countries and promote export earnings stability through economic diversification. These studies cover industrial development surveys in China, coal mining and coal utilization in Indonesia and the Philippines, cobalt mining in Peru, phosphate mining in Tunisia, agribusiness in Turkey and the Caribbean, and a mineral shipping port in Gabon.

D. TRADE FINANCE PROGRAMS

United States trade finance programs have helped finance a large volume of U.S. exports to developing countries since 1970. Between 1970 and 1983, the Export-Import Bank authorized $70.3 billion in credits, guarantees, and insurance to support exports to developing countries, accounting for almost two-thirds of Exim-bank's total authorizations. Direct credits, which were usually offered at subsidized rates to counter foreign, subsidized competition, totaled $26.3 billion from 1970-1983. Current Eximbank exposure in developing countries amounts to $21.9 billion, or 70.7 percent of its total exposure.

Since 1956, the Commodity Credit Corporation (CCC) has helped finance developing countries' imports of U.S. agricultural commodities, totaling $10.8 billion dollars. This represents over 60 percent of total financial assistance extended during that 28 year period. Between 1956 and 1980, developing countries received $4.3 billion in direct credits. Between 1981 and 1983, CCC authorized $6.5 billion in guarantees to developing countries, or 76 percent of the total guarantee budget. CCC's current exposure to developing countries is $7.3 billion, or 73 percent of its total exposure.

The programs funded by CCC are of two types--credit guarantees and blended credit. The blended credit is a combination of credit guarantees and interest-free direct credit. The repayment period for credit guarantees and blended credit can be up to three years. In this fiscal year, $4 billion is available for the credit guarantee program and up to $175 million of direct credit is available for the blended credit program.

E. OTHER MEASURES

1. The Caribbean Basin Economic Recovery Program

Together with Canada, Mexico, Venezuela, and Colombia, the United States has undertaken efforts to restore stability and prosperity to the Caribbean Basin. The small and fragile economies of this region have been seriously affected by escalating costs of imported oil, declining prices for their major exports (sugar, coffee, etc.), a shrinking of export markets due to world-wide recession, and a decline in tourism. To meet the soaring cost of imports--imports which are essential to the smooth functioning of their economies--these nations must now sell far greater quantities of their traditional export goods than was the case only five years ago.

In an effort to respond to the situation faced by these countries, the Administration proposed the Caribbean Basin Economic Recovery Act (CBERA), which was approved by the Congress in July and signed into law by the President on August 5, 1983. The CBERA is a multi-faceted development program combining trade and tax liberalization with tailored financial assistance programs. Intended to promote self-sustaining revitalization of the economies of the 27 nations of the Caribbean basin, the measures are designed to catalyze expansion of local productive capacity in response to the opening of new markets for Caribbean exports, and to assist the development of key service sectors of their economies, especially tourism.

The centerpiece of the U.S. program is the temporary extension of one-way, duty-free access to the U.S. market for goods from the Caribbean nations. Duty-free treatment is to be extended on all products with the exception of textiles and apparel, footwear, petroleum, leather apparel, and canned tuna fish. The granting of duty-free access will be uninterrupted for a period of 12 years. The duty-free tariff provisions of the CBERA will result in improved access to the U.S. market for the exports of the Caribbean countries. At the present time, approximately 80 percent of these countries' non-petroleum exports enter the United States duty-free, either on a most-favored nation basis or under the U.S. GSP program. The CBERA will ensure a security of market access for these products, while providing an incentive for Caribbean countries to diversify their production of goods to be exported to the U.S. market.

The program also offers the beneficiary nations the prospect of important new investors in the agricultural and manufacturing sectors of their economies. By providing the Caribbean special access to the U.S. market, under a concessionary trade regime, the attractiveness of the Caribbean as a target for new venture capital will be enhanced. New capital will soon generate new export income in non-traditional as well as traditional export products. For the Caribbean states, these export earnings will provide the wherewithal to reduce social tensions, through improved living conditions for all members of their societies.

The trade, investment and tax elements of the CBERA were developed in close consultation with the governments of the region, and with the private sectors and labor movements represented in each of the countries. Of equal importance has been the input of U.S. entrpreneurs with experience in this region. Both groups contributed greatly to the choice of specific program elements. There has been a strong positive reaction from the public and private groups who are the targets of this program's incentives.

2. U.S. Bilateral Investment Treaty Program

In 1982, U.S. direct investment abroad totalled $221 billion, one-fourth of which was in developing countries. Despite the large amount of U.S. direct investment already in developing countries, the Administration is convinced that the U.S. private sector can play an even greater role in the future in the global development process. Accordingly, in December 1981 the Administration launched the Bilateral Investment Treaty (BIT) Program, to facilitate, inter alia, greater U.S. investment in developing countries.

The BIT program can assist developing countries in maintaining a favorable foreign attitude towards their foreign investment policies. As world wide competition for capital intensifies, developing countries will have to maintain an open investment climate if they wish to attract foreign investment. This will requires that they specify and guarantee the "rules of the game" that will apply to foreign investors in their development plans. Bilateral investment treaties are designed to provide an agreed and stable legal framework for those interested in pursuing investment opportunities in developing countries. Conclusion of a BIT will allow a developing country to send a positive signal to prospective investors as to that country's favorable investment environment. Accordingly, the BIT program can be especially valuable to developing countries which wish to use it as a complement to their other efforts to attract foreign direct investment.

To date, the United States has discussed the BIT program with over 40 developing countries, and has entered into negotiations with 15 of them. By the end of 1983, the United States had signed BITs with Egypt, Panama, Haiti and Senegal. The United States expects to conclude several more BITS in 1984, and to initiate negotiations with 5-10 additional countries.

V. U.S. TRADE POLICY MEASURES IN LIGHT OF THE COMMITMENTS CONTAINED IN GATT ARTICLE XXXVII

A. TARIFF MEASURES

1. Benefits for Developing Countries from U.S. MTN Concessions

As a result of the Tokyo Round negotiations, the United states made tariff reductions averaging 26 percent on $10 billion of U.S. imports of industrial products from developing countries. Reductions in sectors of particular interest to developing countries included consumer electronics, where average duties were reduced to 4.6 percent, other electronics, where average tariffs were lowered to 4.7 percent, and certain manufactures, where average duties were cut by over 50 percent to 4.7 percent. Developing country exports to the United States in these three sectors alone amounted to $4 billion (1976 trade).

In the agricultural sector, approximately $860 million (1976 trade) in imports were covered by U.S. duty reductions made at the request of developing countries. The average depth of cut of these reductions was 49 percent. The U.S. market was generally open to agricultural imports from developing countries before the Tokyo Round negotiations, with duties averaging about 4 percent and approximately 40 percent of all agricultural products entering duty free. Once the Tokyo Round concessions are fully implemented, the average duty on agricultural imports from developing countries will be 2.6 percent.

2. Other Tariff Actions

In recent years, the United States Congress has temporarily suspended or permanently eliminated tariffs on a number of items principally supplied by developing countries. These products include such diverse items as silk yarn, cantaloupes, and clock radios. Approximately $156 million in annual U.S. imports benefitted from these suspensions.

3. Tariff Negotiations under GATT Article XXVIII

The United States has sought reciprocity from developing countries in negotiations held under GATT Article XXVIII. However, in conducting these negotiations, the United States has not requested that developing countries make concessions which are inconsistent with their development, financial, or trade needs. In some cases, this has meant accepting substantial across the board tariff increases on bound items and the reduction of the number of products subject to tariff bindings in GATT schedules. The United States has requested some reasonable concessions in return in these instances, as developing countries should not be excused entirely from their obligations under this Article of the GATT.

B. NONTARIFF BARRIERS

As a general tenet of its trade policy, the United States has strived to avoid imposing nontariff barriers to trade, preferring instead to regulate trade through the use of tariffs. In this regard, the United States has been particularly mindful of the provisions of GATT Article XXXVII which encourage contracting parties to refrain from introducing, or increasing the incidence of, nontariff barriers on products of export interest to developing countries.

The United States maintains a minimum number of nontariff measures, notwithstanding those regulating trade in certain agricultural products and certain textile and apparel products (described below) which are maintained pursuant to international agreement or joint action by the Contracting Parties.

C. FISCAL MEASURES

The United States does not maintain fiscal measures which are intended to hinder the exports of developing countries. The few excise taxes in existence, such as Federal and State excise taxes on tobacco products and alcoholic beverages, are collected on a non-discriminatory basis, and have not had an inordinate effect on exports of developing countries. State sales taxes are also non-discriminatory, and in some cases food items and other necessities are not taxed.

Import fees on certain agricultural products, authorized by Section 22 of the Agricultural Adjustment Act of 1933, are not considered fiscal measures as their intent is to protect the domestic price support system and not to raise revenue.

D. TRADE IN AGRICULTURAL PRODUCTS

The average rate of duty on all agricultural products imported in to the United States in 1983 was 3.4 percent. The average tariff rate on dutiable imports was 6.8 percent. Nearly half of all imported agricultural products entered duty free, either on a most-favored nation basis or under the GSP program. Imports of agricultural products under the GSP program in 1983 amounted to $1.03 billion.

Imports of most agricultural products are subject only to tariffs, with the following exceptions:

Imports of peanuts, cotton, certain dairy products, and certain sugar blends, mixtures, and syrups are subject to quota restriction under Section 22 of the Agricultural Adjustment Act of 1933, as amended. The quota for peanuts is global and no licenses are required. Global quotas are in effect for some cotton items. For other cotton items, quotas are allocated on a country basis. In both cases, no licenses are required and the quotas are administered on a first come, first served basis.

Similarly, the quotas on some dairy products are global, while others are allocated on a country basis. The quotas for several dairy products are administered through licenses. The application period for such licenses begins each year on August 1 and ends on November 1. The quotas on dairy products include quotas on chocolate and animal feeds that contain milk or milk derivatives.

Imports of sugar are subject to quota restriction under the Trade Expansion Act of 1962. They also are subject to import fees imposed under the authority of Section 22 of the Agricultural Adjustment Act of 1933, as amended.

The Meat Import Act of 1979 requires quotas on certain meats (primarily beef and veal) under certain circumstances. No such quotas are in effect now.

E. TRADE IN TEXTILE AND APPAREL PRODUCTS

The United States is a signatory to the current Multifibre Arrangement (MFA). In 1981, U.S. negotiators played a leading and constructive role in bringing about agreement between the major importing and exporting countries to extend the MFA through July 31, 1986.

Under the umbrella of the MFA, the United States currently maintains 27 bilateral agreements which contain specific restraint levels with supplying countries. Each of these bilateral agreements provides for trade growth, assured market access, and consultation procedures to resolve questions which may arise, including possible action with respect to products not under restraint. The United

States also has consultation agreements with eleven other countries which prescribe the procedures to be followed in establishing specific restraint levels.

As envisioned in the objectives of the MFA--i.e., inter alia, to facilitate the orderly expansion of trade in textiles, U.S. policies have contributed to the expansion of import trade into the U.S. market. Imports of textiles and apparel have increased substantially since the MFA was implemented in January 1974, with the growth in imports particularly marked in recent years. For example, in 1983, U.S. imports of textiles, fiber, and apparel increased by 25 percent over the previous year. During the period 1980-1983, U.S. imports grew about 50 percent, an increase which far exceeded growth in the U.S. domestic market and which occurred during a period of relatively flat production in the United States.

Last December, the Administration announced additional criteria for use by the U.S. Government in identifying imports of particular products from particular suppliers which might be contributing to disruption or the threat thereof in the U.S. market, as set forth in the MFA. These criteria do not modify U.S. application of the procedures of the MFA or the terms of bilateral agreements negotiated by the United States under it. They are intended to help the U.S. Government resolve the very important problem of facilitating a continuing expansion of trade in textiles while at the same time avoiding unacceptable disruption of the U.S. domestic market.

In deciding when to request consultations, preparing market assessments, conducting bilateral consultations, and discussing U.S. actions with other MFA signatories, the United States will continue to base its requests for consultations on the criteria of market disruption contained in Annex A of the MFA. The MFA will continue to be the governing framework with which U.S. textile trade policy will be conducted, and the United States will continue to implement its textile program and the bilateral agreements it has negotiated, in accordance with the MFA's provisions.

F. CONSULTATIONS

The United States has actively participated in bilateral and plurilateral consultations within the Committee on Trade and Development (CTD) and other GATT fora with the purpose of exploring possibilities for further action to promote the economic development of developing countries and to expand trade between developing and developed countries.

As evidenced by its participation in the present series of consultations, the United States is willing to consult with the Contracting Parties on matters relating to its implementation of Part IV of the General Agreement, in accordance with the objectives set out in Article XXXVI.

VI. JOINT ACTION UNDER GATT ARTICLE XXXVIII

A. TRADE IN PRIMARY PRODUCTS: PRIMARY COMMODITY AGREEMENTS

Since the adoption of Part IV of the GATT, the United States has participated in many joint actions to improve access to world markets for primary products of particular export interest to developing countries. The United States also has participated in efforts to devise measures designed to stabilize and improve conditions in world markets for primary products, including measures designed to attain stable, equitable and remunerative prices for exports. In particular, the United States has helped to negotiate and implement international commodity agreements designed to stabilize world market prices for coffee, sugar, rubber and tin. The United States elected not to join the present tin and cocoa agreements because those agreements did not provide for large enough buffer stocks to defend the negotiated price ranges.

The United States has consistently viewed price stabilizing commodity agreements as economic instruments that should be designed to moderate price fluctuations around long term trends thereby protecting the interests of consuming as well as producing countries. Consequently, the United States examines each proposed commodity agreement to weigh its economic provisions as well as the need and feasibility of such an agreement. The United States has signed the agreement for a common fund for commodities. It will consider ratifying that agreement when there is an indication of which, if any, of the buffer stocking international commodity agreements intend to associate with the Common Fund.

The United States believes that international commodity agreements designed to promote market transparency and research and development may fulfill some of the objectives of Part IV, as noted in Article XXXVI, paragraph 4. For that reason, the United States recently joined the International Jute Organization and has participated in the negotiations of the International Tropical Timber Agreement. These two agreements should serve as focal points for producers and consumers to exchange market information and to cooperate on research, development and marketing efforts. Consequently, producers of these two primary products should gain greater access to the international markets for these commodities and the rates of production and consumption of these commodities should become more stable as the market becomes more transparent.

In addition, the United States belongs to four international commodity study groups: the International Lead and Zinc Study Group, the International Rubber Study Group, the International Cotton Advisory Committee, and the UNCTAD Committee on Tungsten.

These groups also promote market stability by gathering and publishing data on historical and projected rates of production and demand for those primary products.

B. JOINT ACTION IN COOPERATION WITH OTHER INTERNATIONAL ORGANIZATIONS

The United States is a member of UNCTAD, and believes that UNCTAD has the potential to contribute to international understanding of the global problems surrounding trade and development.

The United States is a major supporter of the UNCTAD/GATT International Trade Center (ITC) through its payments to the regular UNCTAD and GATT budgets. The UNCTAD and GATT contributions to the ITC provide almost a third of ITC operating funds. In addition, the United States supports ITC activities through direct contributions to the United Nations Development Program (UNDP) which finances a number of ITC projects in developing countries.

APPENDIX

- 1 -

Table 1

U.S. Imports by 1 Digit SITC
U.S. imports for consumption

(In thousands of dollars; customs value basis)

Commodity/Country	1979	1980	1981	1982	1983
0 Food & live animals:					
LDCs:	9,866,840	10,372,968	9,670,600	8,721,455	9,236,893
ALL OTHER:	5,233,228	5,356,034	5,445,154	5,640,472	6,173,183
1 Beverages & tobacco:					
LDCs:	428,427	481,885	570,690	572,929	770,078
ALL OTHER:	1,969,200	2,116,075	2,361,174	2,451,940	2,671,784
2 Crude matl--inedible,not fuel:					
LDCs:	3,154,690	3,250,090	3,492,383	2,561,364	2,466,719
ALL OTHER:	7,190,151	7,009,645	7,546,047	6,109,138	7,139,868
3 Mineral fuels, lubricants, etc:					
LDCs:	19,162,452	27,232,076	28,661,309	27,945,532	29,668,868
ALL OTHER:	40,628,736	51,405,756	51,970,906	37,031,287	27,641,457
4 Oils & fats--animal & veg prod:					
LDCs:	606,220	456,632	402,721	320,326	394,164
ALL OTHER:	82,193	85,925	85,251	81,012	83,756
5 Chemicals:					
LDCs:	658,939	827,801	984,296	1,001,898	1,457,962
ALL OTHER:	6,745,758	7,541,955	8,155,528	8,375,700	9,218,014
6 Mand goods by chief material:					
LDCs:	7,480,801	8,056,605	9,183,783	7,894,622	10,076,219
ALL OTHER:	22,927,872	24,339,856	27,996,814	25,243,574	24,832,462
7 Machinery & transport equip:					
LDCs:	8,065,436	9,684,652	11,557,940	12,906,693	16,915,415
ALL OTHER:	46,091,634	51,364,263	57,963,933	60,371,561	68,829,649
8 Miscellaneous mand articles:					
LDCs:	10,550,520	12,144,087	14,143,413	15,219,061	17,237,853
ALL OTHER:	10,223,103	11,399,243	11,737,627	12,512,692	14,141,946
9 Commodities & transactions nec:					
LDCs:	970,865	1,492,921	1,686,643	1,813,195	2,058,748
ALL OTHER:	3,885,599	5,324,999	5,395,764	5,565,538	5,580,995
Total					
LDCs:	60,945,189	73,999,718	80,353,778	78,957,075	90,282,919
ALL OTHER:	144,977,473	165,943,751	178,658,198	163,382,914	166,313,114

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

Table 2

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Leading items in U.S. imports for consumption from LDCs in 1983, 1979, 1980, 1981, 1982, and 1983

(In thousands of dollars; customs value)

SITC number	Description	1979	1980	1981	1982	1983
33	Petroleum, petroleum products---	18,988,884	26,529,275	27,894,436	27,235,917	29,116,769
84	Articles of apparel and clothi--	4,905,082	5,415,119	6,291,331	6,766,439	7,861,461
77	Electrical machinery, apparatu--	3,358,003	4,299,147	4,992,267	5,721,875	6,757,580
76	Telecommunications and sound r--	2,638,928	2,942,199	3,418,508	3,593,958	4,700,160
89	Miscellaneous manufactures ar---	2,375,870	2,756,528	3,307,152	3,778,465	3,624,321
07	Coffee, tea, cocoa, spices and--	5,149,443	4,917,514	3,698,963	3,496,210	3,473,141
85	Footwear------------------------	1,525,731	1,964,199	2,156,515	2,286,898	2,818,814
05	Vegetables and fruit------------	1,607,721	1,623,367	2,010,496	2,234,611	2,289,272
68	Non-ferrous metals--------------	2,147,086	2,401,847	2,222,248	1,697,228	2,176,063
75	Office machines and automatic---	457,441	580,093	698,966	914,606	1,998,044
66	Non-metallic mineral manufactu--	1,147,099	1,427,669	1,589,090	1,436,675	1,834,024
03	Fish, crustaceans and molluscs--	1,285,318	1,254,948	1,354,634	1,526,326	1,740,440
69	Manufactures of metal, nes------	940,790	1,011,368	1,211,114	1,273,664	1,527,312
67	Iron and steel------------------	834,886	890,685	1,402,155	1,038,992	1,439,638
93	Special transactions, n.e.s.----	891,158	1,070,337	1,238,311	1,295,339	1,413,357
65	Textile yarn, fabrics, made-up--	922,031	1,051,038	1,228,952	1,070,656	1,308,102
06	Sugar, sugar preparations and---	1,025,456	1,890,347	1,940,970	813,040	1,038,749
71	Power generating machinery and--	347,280	302,387	402,309	650,110	962,082
28	Metalliferous ores and metal s--	1,328,716	1,448,901	1,488,361	1,067,016	930,890
74	General industrial machinery a--	286,253	438,222	711,703	724,838	848,095
88	Photographic apparatus, equipm--	578,049	654,280	805,300	728,313	822,714
83	Travel goods, handbags and sim--	490,597	555,647	646,343	704,967	817,563
63	Cork and wood manufactures (ex--	870,886	671,504	747,383	604,155	810,310
82	Furniture and parts thereof-----	410,473	464,272	561,657	586,277	784,595
78	Road vehicles (including air c--	405,367	414,428	450,203	466,273	703,556
23	Crude rubber (including synthe--	916,596	831,226	787,815	545,366	675,688
12	Tobacco and tobacco manufactur--	325,156	358,781	423,433	427,531	634,986
97	Gold----------------------------	63,130	401,873	422,095	491,479	620,180
34	Gas, natural and manufactured---	172,021	695,956	750,567	706,352	540,766
51	Organic chemicals---------------	168,256	211,700	284,557	264,078	511,715
79	Other transport equipment-------	259,251	369,598	412,643	370,735	499,246
01	Meat and meat preparations------	598,164	490,510	458,144	364,948	383,153
42	Fixed vegetable oils and fats---	592,490	439,333	385,830	305,839	380,763
61	Leather, leather manufactures,--	271,233	228,762	342,048	324,137	373,350
29	Crude animal and vegetable mat--	334,723	377,579	383,697	392,035	367,063
62	Rubber manufactures, nes--------	195,413	233,475	255,550	256,140	356,616
87	Professional, scientific and c--	179,143	231,775	261,200	251,181	321,389
52	Inorganic chemicals-------------	173,885	222,669	270,034	263,884	301,709
72	Machinery specialized for part--	159,781	174,939	285,939	290,849	293,937
64	Paper, paperboard, and article--	151,377	140,256	185,241	192,974	256,003
27	Crude fertilizers and crude mi--	265,241	296,210	350,750	289,332	230,301

Table 2 (cont.)

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Leading items in U.S. imports for consumption from LDCs in 1983, 1979, 1980, 1981, 1982, and 1983--Continued

(In thousands of dollars; customs value)

SITC number	Description	1979	1980	1981	1982	1983
58	Artificial resins and plastic---	64,822	77,753	99,788	123,486	224,777
81	Sanitary, plumbing, heating an--	85,575	97,853	111,585	115,765	186,946
73	Metalworking machinery----------	153,133	163,639	185,401	173,450	153,076
00	Live animals chiefly for food---	99,637	93,229	78,281	129,711	151,866
11	Beverages-----------------------	103,271	123,104	147,257	145,397	135,092
54	Medicinal and pharmaceutical p--	55,801	82,851	100,960	112,194	123,124
24	Cork and wood-------------------	164,776	128,263	131,556	83,873	110,870
56	Fertilizers, manufactured-------	34,601	52,053	59,645	67,928	94,314
55	Essential oils and perfume mat--	84,191	95,403	69,050	70,689	87,187
59	Chemical materials and product--	45,090	56,255	67,753	70,871	80,319
09	Miscellaneous edible products---	34,028	40,954	54,598	62,249	67,190
26	Textile fibres and their waste--	70,552	80,605	89,907	77,395	64,762
25	Pulp and waste paper------------	15,418	33,436	59,429	55,074	45,242
04	Cereals and cereal preparation--	26,267	31,791	43,364	46,066	44,961
22	Oil seeds and oleaginous fruit--	41,996	38,765	174,301	35,250	36,439
08	Feeding stuff for animals (not--	24,948	14,840	19,483	28,536	28,131
53	Dyeing, tanning and colouring---	21,512	20,511	24,290	21,034	26,716
02	Dairy products and birds' eggs--	15,858	15,469	11,668	19,757	19,988
94	Animals, live, n.e.s.-----------	7,628	10,411	14,011	13,643	14,702
43	Animal and vegetable oils and---	13,512	15,822	16,446	14,290	13,368
32	Coal, coke and briquettes-------	1,547	6,846	16,306	3,263	11,334
95	Armaments-----------------------	8,949	10,300	12,226	12,734	10,509
57	Explosives and pyrotechnic pro--	10,781	8,607	8,220	7,735	8,103
21	Hides, skins and furskins, raw--	16,671	15,104	21,567	16,023	5,464
86	XXXXX---------------------------	0	4,414	2,331	757	49
41	Animal oils and fats------------	218	1,477	444	197	34
	Total---------------------------	60,945,189	73,999,718	80,353,778	78,957,075	90,288,480
	Total, all items imported from LDCs----------------	60,945,189	73,999,718	80,353,778	78,957,075	90,288,480

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

Table 3

- 1 -

U.S. EXPORTS BY 1 DIGIT SITC
U.S. domestic exports

(In thousands of dollars; f.a.s. value basis)

Commodity/Country	1979	1980	1981	1982	1983
0 Food & live animals:					
LDCs	6,877,485	10,405,742	11,614,101	8,430,347	10,008,149
ALL OTHER	15,285,253	17,249,270	18,564,365	15,399,724	14,061,421
1 Beverages & tobacco:					
LDCs	837,896	887,731	1,023,069	1,096,579	852,893
ALL OTHER	1,498,803	1,775,118	1,891,774	1,929,659	1,960,088
2 Crude matl--inedible,not fuel:					
LDCs	4,869,669	5,728,124	5,366,707	5,189,145	5,322,445
ALL OTHER	15,850,125	17,984,570	15,553,716	14,003,854	13,225,489
3 Mineral fuels, lubricants, etc:					
LDCs	1,126,333	1,671,266	2,058,474	3,441,623	2,820,659
ALL OTHER	4,521,791	6,345,319	8,234,974	9,301,674	6,691,801
4 Oils & fats--animal & veg prod:					
LDCs	1,168,205	1,342,100	1,123,117	1,046,142	1,037,715
ALL OTHER	713,711	632,831	651,306	522,516	448,716
5 Chemicals:					
LDCs	8,399,530	10,809,100	10,484,441	9,675,988	9,822,190
ALL OTHER	10,084,815	11,620,738	12,484,339	12,273,298	12,382,167
6 Mand goods by chief material:					
LDCs	5,670,793	8,192,465	8,328,953	6,646,619	5,164,087
ALL OTHER	10,484,684	14,411,998	12,686,603	10,470,691	10,080,326
7 Machinery & transport equip:					
LDCs	24,035,780	30,675,730	34,836,314	30,710,646	24,194,322
ALL OTHER	45,363,670	52,323,398	59,198,327	54,525,341	56,105,089
8 Miscellaneous mand articles:					
LDCs	3,712,296	4,547,613	5,251,612	4,875,462	4,168,203
ALL OTHER	9,001,631	11,512,443	11,115,383	10,733,227	10,696,788
9 Commodities & transactions nec:					
LDCs	1,014,753	1,263,777	1,269,537	943,103	819,744
ALL OTHER	8,060,780	7,212,884	7,132,473	5,942,002	6,107,060
Total					
LDCs	57,712,738	75,523,649	81,356,327	72,055,656	64,210,408
ALL OTHER	120,865,265	141,068,570	147,513,258	135,101,985	131,758,946

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

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Table 4

Leading items in U.S. domestic exports to LDCs in 1983, 1979, 1980, 1981, 1982, and 1983

(In thousands of dollars; f.a.s. value)

SITC number	Description	1979	1980	1981	1982	1983
04	Cereals and cereal preparation--	5,083,596	7,665,240	8,157,416	5,977,900	7,807,647
79	Other transport equipment-------	4,137,096	5,536,935	6,102,595	4,905,990	4,547,277
77	Electrical machinery, apparatu--	2,815,874	3,445,990	4,052,105	3,873,684	3,822,973
72	Machinery specialized for part--	4,301,306	5,660,595	6,616,652	6,167,456	3,665,881
59	Chemical materials and product--	2,301,141	2,968,819	3,124,481	3,188,433	3,496,348
75	Office machines and automatic---	1,337,491	1,850,656	2,234,468	2,322,329	2,703,187
74	General industrial machinery a--	3,413,248	4,326,433	4,932,945	4,081,908	2,691,772
71	Power generating machinery and--	2,416,349	3,181,008	3,382,431	3,380,743	2,467,720
78	Road vehicles (including air c--	3,665,377	4,233,470	4,691,757	3,411,514	2,124,532
51	Organic chemicals---------------	1,917,098	2,225,688	2,264,796	2,088,275	2,104,055
33	Petroleum, petroleum products---	532,493	851,647	1,124,246	2,482,670	1,943,858
76	Telecommunications and sound r--	1,364,703	1,712,768	1,868,641	1,895,245	1,774,285
22	Oil seeds and oleaginous fruit--	1,054,199	1,241,530	1,357,191	1,432,784	1,646,728
87	Professional, scientific and c--	1,205,012	1,463,188	1,782,014	1,830,711	1,565,887
58	Artificial resins and plastic---	1,510,419	1,833,451	1,650,416	1,528,383	1,545,208
89	Miscellaneous manufactures ar---	1,197,964	1,412,920	1,621,085	1,450,422	1,277,316
26	Textile fibres and their waste--	1,364,060	1,570,324	1,345,726	1,318,381	1,199,122
64	Paper, paperboard, and article--	814,943	1,138,910	1,295,054	1,197,980	1,076,734
69	Manufactures of metal, nes------	1,078,137	1,465,744	1,780,698	1,420,174	1,055,597
52	Inorganic chemicals-------------	857,954	1,163,801	1,147,396	878,644	908,296
65	Textile yarn, fabrics, made-up--	1,084,312	1,264,429	1,406,423	1,114,898	863,408
12	Tobacco and tobacco manufactur--	764,342	802,056	943,247	1,023,417	789,038
93	Special transactions, n.e.s.----	772,489	1,006,604	1,157,800	854,298	751,829
32	Coal, coke and briquettes-------	518,755	671,964	777,126	772,032	646,917
42	Fixed vegetable oils and fats---	767,196	873,407	683,434	630,389	625,759
67	Iron and steel------------------	1,057,901	1,748,739	1,455,496	1,080,556	622,425
54	Medicinal and pharmaceutical p--	484,386	559,963	594,829	592,700	594,868
66	Non-metallic mineral manufactu--	751,404	853,660	844,084	712,213	591,202
05	Vegetables and fruit------------	455,334	800,827	1,043,227	738,612	585,046
56	Fertilizers, manufactured-------	793,176	1,404,134	980,521	720,137	568,239
25	Pulp and waste paper------------	437,625	627,620	595,448	519,401	544,870
88	Photographic apparatus, equipm--	581,584	690,361	728,843	636,621	522,060
84	Articles of apparel and clothi--	470,710	609,995	666,920	559,488	493,998
28	Metalliferous ores and metal s--	638,628	828,756	621,485	508,933	491,918
08	Feeding stuff for animals (not--	428,052	547,390	589,363	454,250	452,116
21	Hides, skins and furskins, raw--	370,908	280,619	304,373	343,110	398,580
73	Metalworking machinery----------	589,252	730,549	956,419	674,819	398,319
41	Animal oils and fats------------	355,843	413,263	390,616	349,280	382,279
55	Essential oils and perfume mat--	340,299	404,227	461,092	424,011	374,447
68	Non-ferrous metals--------------	453,929	921,549	678,189	444,261	347,138
27	Crude fertilizers and crude mi--	360,719	396,233	366,823	349,968	327,732

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Table 4 (cont.)

Leading items in U.S. domestic exports to LDCs in 1983,
1979, 1980, 1981, 1982, and 1983--Continued

(In thousands of dollars; f.a.s. value)

SITC number	Description	1979	1980	1981	1982	1983
24	Cork and wood-------------------	255,244	298,828	308,175	311,599	321,745
01	Meat and meat preparations------	300,360	390,197	464,986	347,538	299,556
62	Rubber manufactures, nes--------	210,198	471,358	571,770	369,512	273,012
09	Miscellaneous edible products---	233,252	254,141	336,761	343,086	272,219
02	Dairy products and birds' eggs--	100,352	160,955	225,553	249,419	263,176
34	Gas, natural and manufactured---	75,094	147,655	157,111	186,956	229,909
61	Leather, leather manufactures,--	146,976	151,645	183,585	194,205	224,343
29	Crude animal and vegetable mat--	139,534	191,609	210,563	195,206	198,084
82	Furniture and parts thereof-----	115,063	166,303	240,695	217,620	183,400
53	Dyeing, tanning and colouring---	159,537	192,201	205,477	197,424	183,254
23	Crude rubber (including synthe--	206,357	244,287	224,641	185,890	173,509
63	Cork and wood manufactures (ex--	73,074	176,549	113,783	114,624	110,786
03	Fish, crustaceans and molluscs--	92,584	105,281	127,593	99,583	110,182
00	Live animals chiefly for food---	79,569	69,415	94,114	100,785	91,483
81	Sanitary, plumbing, heating an--	75,342	107,595	117,700	106,826	72,682
06	Sugar, sugar preparations and---	58,932	361,790	512,142	54,995	70,066
11	Beverages-----------------------	73,569	85,680	79,842	73,193	63,895
07	Coffee, tea, cocoa, spices and--	45,633	50,589	63,815	65,674	57,141
97	Gold----------------------------	232,183	242,822	95,591	65,657	52,894
57	Explosives and pyrotechnic pro--	35,629	56,893	57,917	58,884	47,586
85	Footwear------------------------	35,519	56,442	54,734	46,605	33,473
43	Animal and vegetable oils and---	45,169	55,431	49,070	66,475	29,678
20	--Special U.N. category---------	42,397	48,319	32,373	24,056	20,292
83	Travel goods, handbags and sim--	31,360	41,133	40,067	28,580	19,961
95	Armaments-----------------------	6,834	11,656	12,368	20,347	11,958
94	Animals, live, n.e.s.-----------	2,866	2,016	3,029	3,478	3,292
96	Coins---------------------------	1,032	1,027	1,370	327	361
	Total---------------------------	57,718,958	75,527,277	81,362,693	72,065,565	64,214,546
	Total, all items exported to LDCs------------------	57,718,958	75,527,277	81,362,693	72,065,565	64,214,546

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

Table 5

- 1 -

U.S. Imports by 1 Digit SITC
U.S. Imports for consumption

(Percent of customs value basis)

Commodity/Country	1979	1980	1981	1982	1983
0 Food & live animals:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	65.3430	65.9480	63.9770	60.7262	59.9406
ALL OTHER:	34.6570	34.0520	36.0230	39.2738	40.0594
1 Beverages & tobacco:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	17.8688	18.5486	19.4651	18.9406	22.3739
ALL OTHER:	82.1312	81.4514	80.5349	81.0594	77.6261
2 Crude matl--inedible,not fuel:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	30.4953	31.6781	31.6384	29.5411	25.6774
ALL OTHER:	69.5047	68.3219	68.3616	70.4589	74.3226
3 Mineral fuels, lubricants, etc:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	32.0490	34.6297	35.5457	43.0085	51.7688
ALL OTHER:	67.9510	65.3703	64.4543	56.9915	48.2312
4 Oils & fats--animal & veg prod:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	88.0605	84.1629	82.5295	79.8145	82.4749
ALL OTHER:	11.9395	15.8371	17.4705	20.1855	17.5251
5 Chemicals:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	8.8989	9.8904	10.7693	10.6840	13.6565
ALL OTHER:	91.1011	90.1096	89.2307	89.3160	86.3435
6 Mand goods by chief material:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	24.6009	24.8688	24.7005	23.8233	23.8645
ALL OTHER:	75.3991	75.1312	75.2995	76.1767	71.1355
7 Machinery & transport equip:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	14.8927	15.8638	16.6249	17.6133	19.7276
ALL OTHER:	85.1073	84.1362	83.3751	82.3867	80.2724
8 Miscellaneous mand articles:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs:	50.7881	51.5819	54.6478	54.8796	54.9330
ALL OTHER:	49.2119	48.4181	45.3522	45.1204	45.0670
9 Commodities & transactions nec:					
Total	100.0000	100.0000	100.0000	100.0000	100.0000

Table 5 (cont.)

U.S. Imports by 1 Digit SITC
U.S. imports for consumption--Continued

(Percent of customs value basis)

Commodity/Country	1979	1980	1981	1982	1983
9 Commodities & transactions noc:					
LDCs	19.9912	21.8970	23.8145	24.5733	26.9479
ALL OTHER	80.0088	78.1030	76.1855	75.4267	73.0521
Total					
Total	100.0000	100.0000	100.0000	100.0000	100.0000
LDCs	29.5962	30.8405	31.0232	32.5811	35.1848
ALL OTHER	70.4038	69.1595	68.9768	67.4189	64.8152

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

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Leading items in U.S. imports for consumption from LDCs in 1983, 1979, 1980, 1981, 1982, and 1983

Table 6

(Percent of total customs value)

SITC number	Description	1979	1980	1981	1982	1983
33	Petroleum, petroleum products---	31.1573	35.8505	34.7145	34.4946	32.2486
84	Articles of apparel and clothi--	8.0483	7.3178	7.8295	8.5698	8.7070
77	Electrical machinery, apparatu--	5.5099	5.8097	6.2129	7.2468	7.4844
76	Telecommunications and sound r--	4.3390	3.9760	4.2543	4.5518	5.2057
89	Miscellaneous manufactures ar---	3.8984	3.7251	4.1157	4.7855	4.0142
07	Coffee, tea, cocoa, spices and--	8.4493	6.6453	4.6033	4.4280	3.8467
85	Footwear------------------------	2.5034	2.6543	2.6838	2.8964	3.1220
05	Vegetables and fruit------------	2.6380	2.1937	2.5021	2.8302	2.5355
68	Non-ferrous metals--------------	3.5230	3.2458	2.7656	2.1496	2.4101
75	Office machines and automatic---	0.7506	0.7839	0.8699	1.1584	2.2130
66	Non-metallic mineral manufactu--	1.8822	1.9293	1.9776	1.8196	2.0313
03	Fish, crustaceans and molluscs--	2.1090	1.6959	1.6858	1.9331	1.9276
69	Manufactures of metal, nes------	1.5437	1.3667	1.5072	1.6131	1.6916
67	Iron and steel------------------	1.3699	1.2036	1.7450	1.3159	1.5945
93	Special transactions, n.e.s.----	1.4622	1.4464	1.5411	1.6406	1.5654
65	Textile yarn, fabrics, made-up--	1.5129	1.4203	1.5294	1.3560	1.4488
06	Sugar, sugar preparations and---	1.6826	2.5545	2.4155	1.0297	1.1505
71	Power generating machinery and--	0.5698	0.4086	0.5007	0.8234	1.0656
28	Metalliferous ores and metal s--	2.1802	1.9580	1.8523	1.3514	1.0310
74	General industrial machinery a--	0.4697	0.5922	0.8857	0.9180	0.9393
88	Photographic apparatus, equipm--	0.9485	0.8842	1.0022	0.9224	0.9112
83	Travel goods, handbags and sim--	0.8050	0.7509	0.8044	0.8928	0.9055
63	Cork and wood manufactures (ex--	1.4290	0.9074	0.9301	0.7652	0.8975
82	Furniture and parts thereof-----	0.6735	0.6274	0.6990	0.7425	0.8690
78	Road vehicles (including air c--	0.6651	0.5600	0.5603	0.5905	0.7792
23	Crude rubber (including synthe--	1.5040	1.1233	0.9804	0.6907	0.7484
12	Tobacco and tobacco manufactur--	0.5335	0.4848	0.5270	0.5415	0.7033
97	Gold----------------------------	0.1036	0.5431	0.5253	0.6225	0.6869
34	Gas, natural and manufactured---	0.2823	0.9405	0.9341	0.8946	0.5989
51	Organic chemicals---------------	0.2761	0.2861	0.3541	0.3345	0.5668
79	Other transport equipment-------	0.4254	0.4995	0.5135	0.4695	0.5529
01	Meat and meat preparations------	0.9815	0.6629	0.5702	0.4622	0.4244
42	Fixed vegetable oils and fats---	0.9722	0.5937	0.4802	0.3873	0.4217
61	Leather, leather manufactures,--	0.4450	0.3091	0.4257	0.4105	0.4135
29	Crude animal and vegetable mat--	0.5492	0.5102	0.4837	0.4965	0.4065
62	Rubber manufactures, nes--------	0.3206	0.3155	0.3180	0.3244	0.3950
87	Professional, scientific and c--	0.2939	0.3132	0.3251	0.3181	0.3560
52	Inorganic chemicals-------------	0.2853	0.3009	0.3361	0.3342	0.3342
72	Machinery specialized for part--	0.2622	0.2364	0.3559	0.3684	0.3256
64	Paper, paperboard, and article--	0.2464	0.1895	0.2305	0.2444	0.2835
27	Crude fertilizers and crude mi--	0.4352	0.4003	0.4365	0.3664	0.2551

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Leading items in U.S. imports for consumption from LDCs in 1983, 1979, 1980, 1981, 1982, and 1983--Continued

Table 6 (cont.)

(Percent of total customs value)

SITC number	Description	1979	1980	1981	1982	1983
58	Artificial resins and plastic---	0.1064	0.1051	0.1242	0.1564	0.2490
81	Sanitary, plumbing, heating an--	0.1404	0.1322	0.1389	0.1466	0.2071
73	Metalworking machinery----------	0.2513	0.2211	0.2307	0.2197	0.1695
00	Live animals chiefly for food---	0.1635	0.1260	0.0974	0.1643	0.1682
11	Beverages---------------------	0.1694	0.1664	0.1833	0.1841	0.1496
54	Medicinal and pharmaceutical p--	0.0916	0.1120	0.1256	0.1421	0.1364
24	Cork and wood-----------------	0.2704	0.1733	0.1637	0.1062	0.1228
56	Fertilizers, manufactured-------	0.0568	0.0703	0.0742	0.0860	0.1045
55	Essential oils and perfume mat--	0.1381	0.1289	0.0859	0.0895	0.0966
59	Chemical materials and product--	0.0740	0.0760	0.0843	0.0898	0.0890
09	Miscellaneous edible products---	0.0558	0.0553	0.0679	0.0788	0.0744
26	Textile fibres and their waste--	0.1158	0.1089	0.1119	0.0980	0.0717
25	Pulp and waste paper-----------	0.0253	0.0452	0.0740	0.0698	0.0501
04	Cereals and cereal preparation--	0.0431	0.0430	0.0540	0.0583	0.0498
22	Oil seeds and oleaginous fruit--	0.0689	0.0524	0.2169	0.0446	0.0404
08	Feeding stuff for animals (not--	0.0409	0.0201	0.0242	0.0361	0.0312
53	Dyeing, tanning and colouring---	0.0353	0.0277	0.0302	0.0266	0.0296
02	Dairy products and birds' eggs--	0.0260	0.0209	0.0145	0.0250	0.0221
94	Animals, live, n.e.s.-----------	0.0125	0.0141	0.0174	0.0173	0.0163
43	Animal and vegetable oils and---	0.0222	0.0214	0.0205	0.0181	0.0148
32	Coal, coke and briquettes-------	0.0025	0.0093	0.0203	0.0041	0.0126
95	Armaments---------------------	0.0147	0.0139	0.0152	0.0161	0.0116
57	Explosives and pyrotechnic pro--	0.0177	0.0116	0.0102	0.0098	0.0090
21	Hides, skins and furskins, raw--	0.0274	0.0204	0.0268	0.0203	0.0061
86	XXXXX-------------------------	0.0000	0.0060	0.0029	0.0010	0.0001
41	Animal,oils and fats------------	0.0004	0.0020	0.0006	0.0002	0.0000

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

Table 7

U.S. 1976 TOP 15 GSP BENEFICIARIES
BASED UPON GSP FREE TRADE

	BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1.	TAIWAN	$727,987,182	23.0%
2.	HONG KONG	$346,916,594	11.0%
3.	KOREA, SOUTH	$327,459,733	10.4%
4.	MEXICO	$253,062,120	8.0%
5.	BRAZIL	$214,741,992	6.8%
6.	YUGOSLAVIA	$154,316,121	4.9%
7.	ZAMBIA	$151,218,923	4.8%
8.	ISRAEL	$116,155,684	3.7%
9.	GUATEMALA	$77,070,449	2.4%
10.	SINGAPORE	$73,238,336	2.3%
11.	ARGENTINA	$71,761,832	2.3%
12.	INDIA	$61,434,953	1.9%
13.	PHILIPPINES	$59,349,060	1.9%
14.	BOTSWANA	$54,317,807	1.7%
15.	PERU	$43,654,752	1.4%
	ALL OTHERS	$427,107,413	13.5%
	TOTAL	$3,160,292,951	

Table 8

U.S. 1977 TOP 15 GSP BENEFICIARIES
BASED UPON GSP FREE TRADE

	BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1.	TAIWAN	$911,577,105	23.5%
2.	KOREA, SOUTH	$531,509,129	13.7%
3.	HONG KONG	$485,995,869	12.5%
4.	MEXICO	$368,309,728	9.5%
5.	BRAZIL	$343,319,410	8.9%
6.	ISRAEL	$146,204,589	3.8%
7.	YUGOSLAVIA	$115,614,377	3.0%
8.	SINGAPORE	$106,692,255	2.8%
9.	PHILIPPINES	$77,462,959	2.0%
10.	ARGENTINA	$77,322,726	2.0%
11.	INDIA	$76,218,117	2.0%
12.	PORTUGAL	$54,358,191	1.4%
13.	GUATEMALA	$42,887,987	1.1%
14.	PERU	$38,305,498	1.0%
15.	MALAYSIA	$33,335,836	0.9%
	ALL OTHERS	$468,392,358	12.1%
	TOTAL	$3,878,007,353	

Table 9

U.S. 1978 TOP 15 GSP BENEFICIARIES
BASED UPON GSP FREE TRADE

	BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1.	TAIWAN	$1,433,371,890	27.5%
2.	KOREA, SOUTH	$647,601,150	12.4%
3.	HONG KONG	$537,478,245	10.3%
4.	BRAZIL	$468,051,054	9.0%
5.	MEXICO	$458,253,697	8.8%
6.	ISRAEL	$192,019,422	3.7%
7.	SINGAPORE	$153,231,359	2.9%
8.	YUGOSLAVIA	$152,283,027	2.9%
9.	ARGENTINA	$148,023,162	2.8%
10.	INDIA	$120,094,381	2.3%
11.	CHILE	$87,003,475	1.7%
12.	PERU	$78,327,224	1.5%
13.	PORTUGAL	$72,885,091	1.4%
14.	PHILIPPINES	$70,964,637	1.4%
15.	URUGUAY	$53,939,372	1.0%
	ALL OTHERS	$530,192,215	10.2%
	TOTAL	$5,204,219,401	

Table 10

U.S. 1979 TOP 15 GSP BENEFICIARIES
BASED UPON GSP FREE TRADE

	BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1.	TAIWAN	$1,720,898,541	27.4%
2.	KOREA, SOUTH	$749,927,248	11.9%
3.	HONG KONG	$629,279,665	10.0%
4.	MEXICO	$545,960,542	8.7%
5.	BRAZIL	$545,532,865	8.7%
6.	ISRAEL	$282,988,704	4.5%
7.	SINGAPORE	$231,654,208	3.7%
8.	YUGOSLAVIA	$166,444,078	2.7%
9.	INDIA	$137,366,153	2.2%
10.	PHILIPPINES	$136,761,138	2.2%
11.	ARGENTINA	$101,626,783	1.6%
12.	PORTUGAL	$93,415,517	1.5%
13.	PERU	$91,659,318	1.5%
14.	ROMANIA	$82,648,656	1.3%
15.	CHILE	$70,773,119	1.1%
	ALL OTHERS	$693,040,255	11.0%
	TOTAL	$6,279,976,790	

Table 11

U.S. 1980 TOP 15 GSP BENEFICIARIES BASED UPON GSP FREE TRADE

BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1. TAIWAN	$1,811,890,063	25.0%
2. HONG KONG	$795,070,607	11.0%
3. KOREA, SOUTH	$765,060,829	10.6%
4. MEXICO	$506,645,357	7.0%
5. BRAZIL	$438,025,926	6.1%
6. SINGAPORE	$299,558,837	4.1%
7. ISRAEL	$230,321,782	3.2%
8. ARGENTINA	$210,824,994	2.9%
9. YUGOSLAVIA	$176,763,813	2.4%
10. COLOMBIA	$138,771,651	1.9%
11. INDIA	$136,650,194	1.9%
12. PHILIPPINES	$134,735,090	1.9%
13. CHILE	$119,870,050	1.7%
14. ZAMBIA	$106,326,540	1.5%
15. THAILAND	$104,216,247	1.4%
ALL OTHERS	$1,265,346,947	17.5%
TOTAL	$7,240,079,427	

Table 12

U.S. 1981 TOP 15 GSP BENEFICIARIES
BASED UPON GSP FREE TRADE

	BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1.	TAIWAN	$2,224,907,558	26.5%
2.	KOREA, SOUTH	$890,091,913	10.6%
3.	HONG KONG	$795,440,582	9.5%
4.	MEXICO	$633,478,087	7.5%
5.	BRAZIL	$514,592,282	6.1%
6.	SINGAPORE	$382,347,301	4.6%
7.	ISRAEL	$324,493,693	3.9%
8.	ARGENTINA	$278,398,904	3.3%
9.	YUGOSLAVIA	$189,970,446	2.3%
10.	THAILAND	$172,782,086	2.1%
11.	INDIA	$160,898,574	1.9%
12.	PHILIPPINES	$133,216,835	1.6%
13.	PORTUGAL	$113,607,134	1.4%
14.	COLOMBIA	$112,370,330	1.3%
15.	ROMANIA	$108,544,433	1.3%
	ALL OTHERS	$1,359,358,757	16.2%
	TOTAL	$8,395,499,065	

Table 13

U.S. 1982 TOP 15 GSP BENEFICIARIES
BASED UPON GSP FREE TRADE

BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1. TAIWAN	$2,333,387,753	27.7%
2. KOREA, SOUTH	$1,089,231,837	12.9%
3. HONG KONG	$794,891,424	9.4%
4. MEXICO	$599,494,939	7.1%
5. BRAZIL	$563,875,112	6.7%
6. SINGAPORE	$429,378,869	5.1%
7. ISRAEL	$407,196,577	4.8%
8. INDIA	$187,534,910	2.2%
9. YUGOSLAVIA	$179,479,096	2.1%
10. ARGENTINA	$173,224,344	2.1%
11. THAILAND	$161,841,238	1.9%
12. CHILE	$149,997,519	1.8%
13. PHILIPPINES	$137,454,607	1.6%
14. PERU	$103,981,952	1.2%
15. PORTUGAL	$102,632,896	1.2%
ALL OTHERS	$1,012,007,610	12.0%
TOTAL	$8,425,610,683	

Table 14

U.S. 1983 TOP 15 GSP BENEFICIARIES
BASED UPON GSP FREE TRADE

	BENEFICIARY	GSP FREE IMPORTS	% OF TOTAL
1.	TAIWAN	$2,981,387,842	27.7%
2.	KOREA, SOUTH	$1,523,890,366	14.2%
3.	HONG KONG	$1,102,186,009	10.2%
4.	MEXICO	$724,594,436	6.7%
5.	BRAZIL	$632,784,233	5.9%
6.	SINGAPORE	$512,090,083	4.8%
7.	ISRAEL	$474,027,816	4.4%
8.	PHILIPPINES	$257,615,647	2.4%
9.	VENEZUELA	$239,050,823	2.2%
10.	ARGENTINA	$224,964,947	2.1%
11.	INDIA	$181,361,027	1.7%
12.	YUGOSLAVIA	$162,262,945	1.5%
13.	PERU	$150,205,034	1.4%
14.	THAILAND	$118,268,273	1.1%
15.	PORTUGAL	$106,798,694	1.0%
	ALL OTHERS	$1,372,916,419	12.3%
	TOTAL	$10,764,404,594	

ANNEX

ANNEX I

BENEFICIARY COUNTRIES IN THE U.S. GENERALIZED SYSTEM OF PREFERENCES.

Independent Countries

Angola
Antigua and Barbuda
Argentina
Bahamas, The
Bahrain
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Botswana
Brazil
Brunei
Burma
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Chile
Colombia
Comoros
Congo
Costa Rica
Cyprus
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Fiji
Gambia, The
Ghana
Grenada
Guatemala
Guinea
Guinea Bissau
Guyana
Haiti
Honduras
India
Indonesia
Israel
Ivory Coast
Jamaica
Jordan
Kenya
Kiribati
Korea, Republic of
Lebanon
Lesotho
Liberia
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Nauru
Nepal
Nicaragua
Niger
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Portugal
Romania
Rwanda
Saint Lucia
Saint Vincent and The Grenadines
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Singapore
Solomon Islands
Somalia
Sri Lanka
Sudan
Suriname
Swaziland
Syria
Taiwan
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Tuvalu
Uganda
Upper Volta
Uruguay
Vanuatu
Venezuela
Western Samoa
Yemen (Sanaa)
Yugoslavia
Zaire
Zambia
Zimbabwe

Non-Independent Countries and Territories

Bermuda
British Indian Ocean Territory
Cayman Islands
Christmas Island (Australia)
Cocos (Keeling) Islands
Cook Islands
Falkland Islands (Islas Malvinas)
French Polynesia
Gibraltar
Heard Island and McDonald Island
Hong Kong
Macau
Montserrat
Netherlands Antilles
New Caledonia
Niue
Norfolk Island
Pitcairn Islands
Saint Christopher-Nevis
Saint Helena
Tokelau
Trust Territory of the Pacific Islands
Turks and Caicos Islands
Virgin Islands, British
Wallis and Futuna
Western Sahara