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SUBCOMMITTEE ON TRADE
OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

BACKGROUND INFORMATION AND COMPILATION
OF MATERIALS ON ITEMS 807.00 AND 806.30
OF THE
TARIFF SCHEDULES OF THE UNITED STATES



JULY 12, 1976

NOTE: This material is printed for information only so as to make it generally available, and is not to be construed as the statement or position of the Committee on Ways and Means or any Member thereof.

Prepared by the staff for the use of the Committee on Ways and Means

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LETTER OF TRANSMITTAL

COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON TRADE,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D. C., July 12, 1976.

HON. AL ULLMAN,
*Chairman, Committee on Ways and Means,
House of Representatives.*

DEAR MR. CHAIRMAN: Transmitted herewith are updated materials on items 807.00 and 806.30 of the United States Tariff Schedules, including "*Background Materials and Articles Assembled and Fabricated Abroad, Items 806.30 and 807.00 of the Tariff Schedules of the United States*," prepared by the United States International Trade Commission at the request of the Subcommittee on Trade. Also attached are other pertinent materials assembled by the staff of the Subcommittee on Trade, which we feel will be helpful to an updated study of these items.

The purpose of this compilation of materials is to inform the Committee on Ways and Means on the current status of the operation of items 807.00 and 806.30 in its consideration of pending bills relating to these items.

Sincerely,

WILLIAM J. GREEN, *Chairman.*

Attachments.

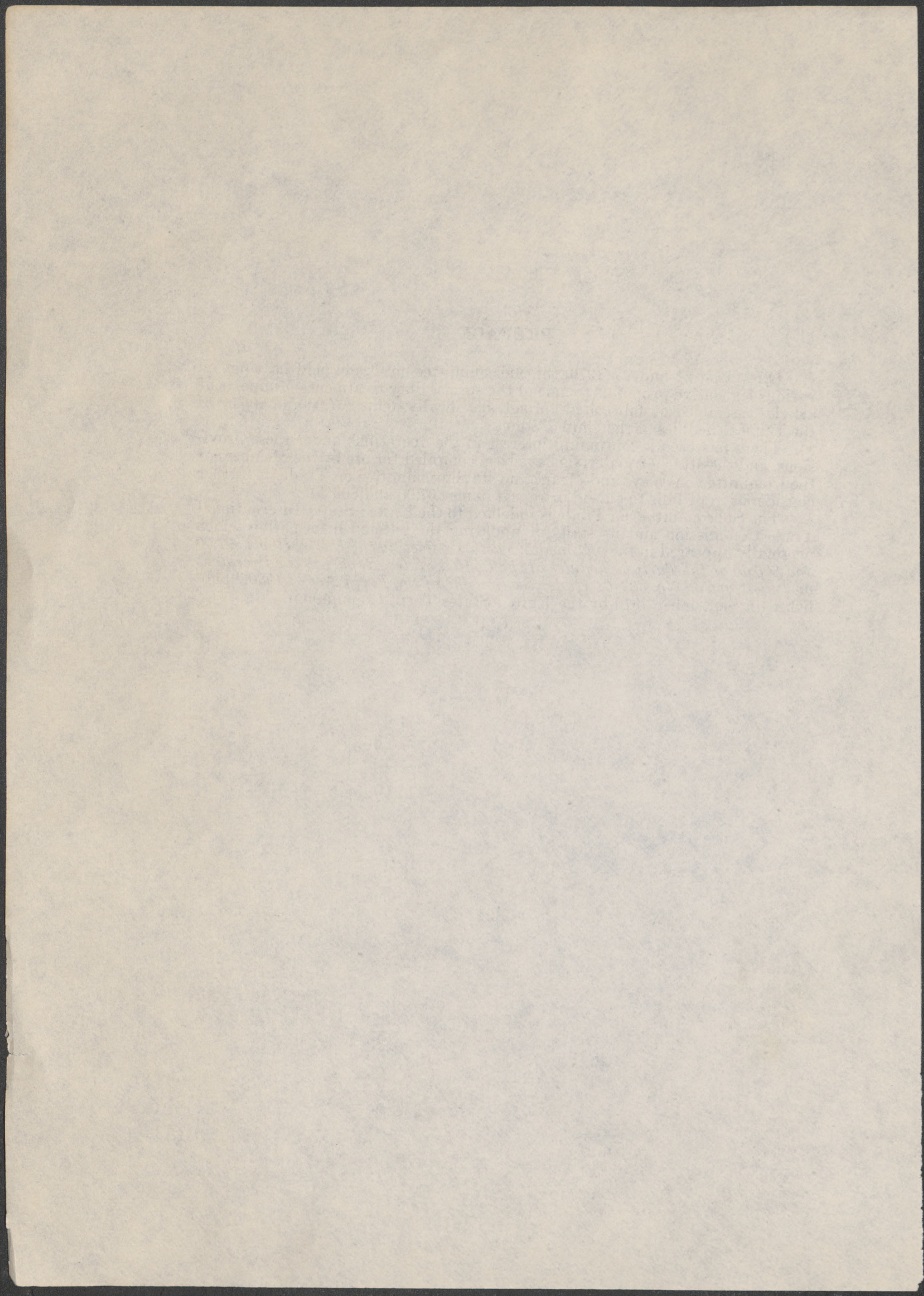
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PREFACE

On March 24 and 25, 1976, the Subcommittee on Trade held hearings on various legislative proposals to amend the special duty treatment on imports of articles assembled or fabricated abroad, specifically items 807.00 and 806.30 of the Tariff Schedules of the United States.

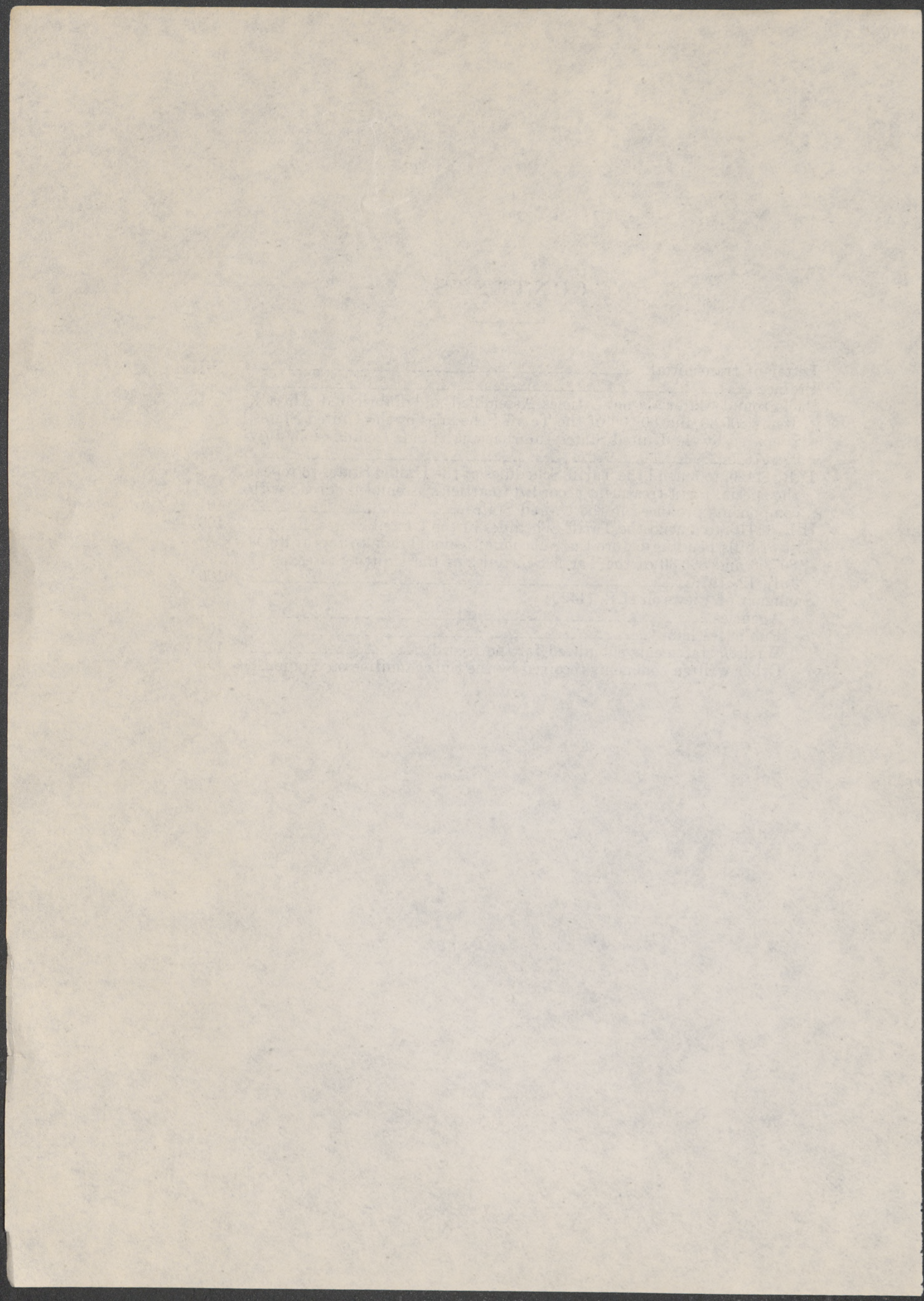
There has been a continuing interest in the operations under these provisions, and the attached materials have been compiled for use by the Members of the Committee on Ways and Means and its Subcommittee on Trade in further consideration of bills to amend or repeal items 807.00 and 806.30.

The Subcommittee on Trade is indebted to the United States International Trade Commission and its staff for updating the selected information which originally appeared in the "*Economic Factors Affecting the Use of Items 807.00 and 806.30 of the Tariff Schedules of the United States, Report to the President on Investigation No. 332-61 Under Section 332 of the Tariff Act of 1930*," published in September 1970 by the United States Tariff Commission.



CONTENTS

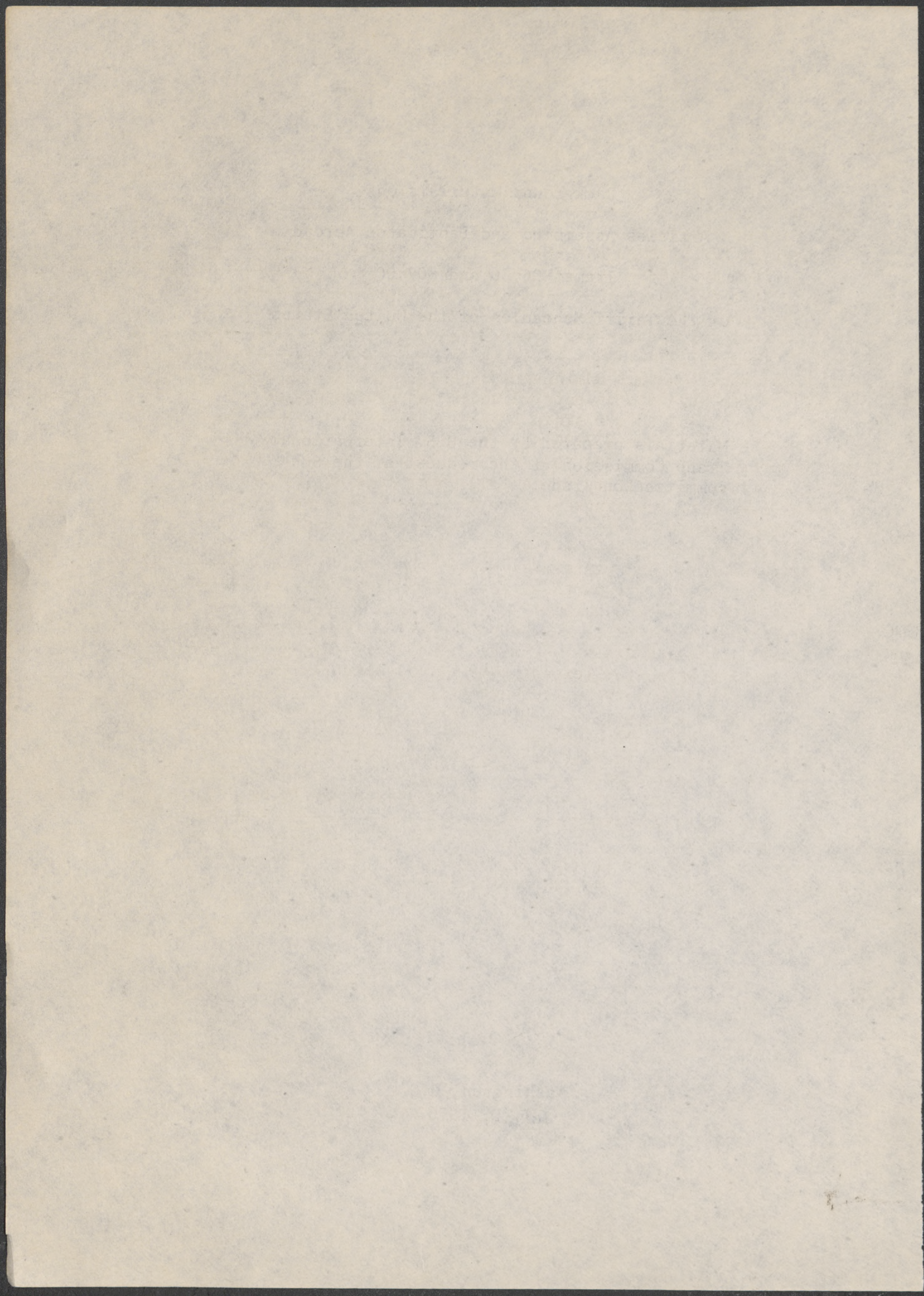
	Page
Letter of transmittal-----	III
Preface -----	V
Background Materials on Articles Assembled and Fabricated Abroad, Items 806.30 and 807.00 of the Tariff Schedules of the United States, prepared by the United States International Trade Commission, July 9, 1976-----	1
H.R. 11420, to amend the Tariff Schedules of the United States to repeal the special tariff treatment accorded to articles assembled abroad with components produced in the United States-----	101
H.R. 11416, to amend the Tariff Schedules of the United States-----	103
List of bills pending before the Subcommittee on Trade to repeal items 807.00 and 806.30 of the Tariff Schedules of the United States, as of July 12, 1976-----	105
Summary of Views on H.R. 11420:	
Agencies -----	107
Public testimony-----	108
Written statements submitted for the record-----	112
Other written comments received by the Subcommittee on Trade---	115



Background Materials on
Articles Assembled and Fabricated Abroad
Items 806.30 and 807.00
of the Tariff Schedules of the United States

Materials prepared by the U.S. International
Trade Commission at the request of the Sub-
committee on Trade.

Washington, D.C.
July 9, 1976



C O N T E N T S

	<u>Page</u>
Introduction-----	1
U.S. customs treatment-----	5
Legislative history-----	10
Item 806.30-----	10
Item 807.00-----	11
Customs practices-----	16
Item 806.30-----	16
Item 807.00-----	18
Problems of customs administration-----	22
Total imports and imports entered under the provisions of items 806.30 and 807.00 since 1969-----	23
Imports under item 807.00-----	24
Imports under item 806.30-----	26
Brief analysis of activity since 1969 under item 807.00 by major commodity groupings-----	28
Wearing apparel-----	28
Motor vehicles-----	36
Semiconductors and parts-----	43
Radio apparatus and parts-----	44
Office machines and parts-----	45
Electronic memories-----	47
Television receivers-----	49
Television apparatus (except complete receivers)-----	50
Non-piston type internal combustion engines-----	51
Nonmilitary aircraft-----	52
Household sewing machines-----	56
Toys, dolls, and models-----	58
Scientific instruments-----	60
Brief analysis of activity since 1969 under item 806.30 by major commodity groupings-----	66
Parts of aircraft-----	66
Semiconductors and parts-----	68
Appendix A. Rules and regulations-----	A-1
Appendix B. Statistical tables-----	A-8
Appendix C. Summary tables-----	A-17

Tables

	<u>Page</u>
1. Value of imports for consumption: Total imports and imports under tariff items 806.30 and 807.00, 1970, 1972, 1974, and 1975-----	A-9
2. Share of total and dutiable imports represented by imports under items 806.30 and 807.00, 1970, 1972, 1974, and 1975-----	A-9
3. Tariff item 807.00: U.S. imports from developed countries and less-developed countries, 1970, 1972, 1974, and 1975-----	A-10
4. Tariff item 807.00: Share of total value of imports entered duty free from developed and less-developed countries, 1970, 1972, 1974, and 1975-----	A-11
5. Tariff item 807.00: U.S. imports for consumption, by commodity group, 1970, 1972, 1974, and 1975-----	A-12
6. Tariff item 807.00: Share of total value of imports entered duty free, by commodity group, 1970, 1972, 1974, and 1975-----	A-13
7. Tariff item 806.30: U.S. imports from developed and less-developed countries, 1970, 1972, 1974, and 1975-----	A-14
8. Tariff item 806.30: Share of total value of imports entered duty free from developed and less-developed countries, 1970, 1972, 1974, and 1975-----	A-15
9. Tariff item 806.30: U.S. imports for consumption, by commodity group, 1970, 1972, 1974, and 1975-----	A-16
10. Tariff item 806.30: Share of total value of imports entered duty free, by commodity group, 1970, 1972, 1974, and 1975-----	A-16

Introduction

The total value of U.S. imports under tariff items 806.30 and 807.00, combined, increased annually from \$2,213 million in 1970 to \$5,373 million in 1974, before decreasing to \$5,162 million in 1975. Trade under both provisions rose during 1969-74, except for a slight dip in item 806.30 trade in 1971. In 1975, trade under both provisions decreased significantly, but the level, combined, was higher than in 1973.

Imports under items 806.30 and 807.00 have caused concern by small firms and labor groups who contend that the allowable duty-saving is an incentive for U.S. firms to produce goods offshore. Firms utilizing items 806.30 and 807.00 contend that offshore operations utilizing the provisions of items 806.30 and 807.00 reduce costs and allow U.S. products to remain competitive with wholly foreign-produced imports.

In 1968, President Nixon requested the United States International Trade Commission (then the U.S. Tariff Commission) to investigate the economic factors affecting the use of items 806.30 and 807.00. The Commission forwarded the results of its investigation in September 1970. The President did not send a request for legislation on items 806.30 or 807.00 to the Congress after receiving the report.

In 1976, numerous bills regarding the provisions of items 806.30 and 807.00 have been introduced into the House Committee on Ways and

Means. The Committee conducted open hearings on March 24 and March 25, 1976, with regard to these bills. The information contained herein is intended to supplement the Commission's report to the President and to serve as background material for the Committee during its deliberations.

Note.--The following section on U.S. customs treatment is a modified version of the "U.S. Customs Treatment" section of the report of the Commission to the President on Investigation No. 332-61 under section 332 of the Tariff Act of 1930, concerning economic factors affecting the use of items 807.00 and 806.30 of the Tariff Schedules of the United States, reflecting changes which have occurred since the issuance of that report. The sections devoted to "Customs practices" and "Problems of customs administration" are in need of considerable amplification by virtue of the numerous significant interpretive decisions of the Customs Court and Court of Customs and Patent Appeals (CCPA) over the last several years and the corresponding modification of tariff treatment by the Customs Service based on those decisions.

We refer specifically to the series of General Instrument cases where the CCPA in *General Instrument Corporation v. United States*, 59 CCPA 171, 462 F. 2d 1156, C.A.D. 1062 (1972) held that wire is used directly in the assembly process "without further fabrication" within the meaning of that phrase in condition (a) of item 807.00, although it was cut into pieces abroad, when, for practical reasons, the assembly process requires handling the wire directly from the spool and cutting it during that process. The CCPA then extended its reasoning in

General Instrument Corporation v. United States, 60 CCPA 178, 480 F. 2d 1402, C.A.D. 1106 (1973) in holding that "no reason is found for considering articles cut to length prior to assembly subject to any different treatment" than the wire bonded to a semiconductor chip and then severed in *General Instrument Corporation v. United States*, supra. In a third case, *General Instrument Corporation v. United States*, 61 CCPA 86, 499 F.2d 1318, C.A.D. 1128 (1974) the court went even further in holding that the despooling, cementing, winding and taping of wire are not "further fabrication" steps, but rather assembly steps within the meaning of item 807.00. The court stated that "we can perceive no substantial differences between the instant assembly steps and those of *General Instrument* which were held not to constitute "further fabrication."

These interpretive rulings by the CCPA, which appear to be contrary to the legislative intent with respect to item 807.00, as evidenced by the following statement from the Tariff Classification Study, Seventh Supplemental Report, 1963, at page 103:

Item 807.00--Imports assembled with U.S. components. Item 807.00 contemplates that, when a finished component of U.S. origin is sent abroad and there assembled--without otherwise changing its condition--with one or more other components, the cost or value of such U.S. components shall not be included in the dutiable value of the assembled article in which it has been incorporated. *U.S. wire and tape, on spools, sent abroad where they are cut to length and then assembled with other components into a finished article are not finished components the cost of which may be deducted from the dutiable value of the imported article. (Emphasis added.)*

together with an intensified supervision of the administration of items 807.00 and 806.30 by the Customs Service have added new dimensions to the customs treatment of those items and should be examined in depth.

U.S. Customs Treatment

Tariff items 806.30 and 807.00 are provided for in schedule 8, part 1, subpart B, of the Tariff Schedules of the United States (TSUS). Pursuant to the provisions of item 806.30, articles of metal (except precious metal) that have been manufactured, or subjected to a process of manufacture, in the United States and exported for processing and return to the United States for further processing, are subject to duty only on the value of the foreign processing. Under tariff item 807.00, imported articles assembled in foreign countries with fabricated components that have been manufactured in the United States are subject to duty upon the full value of the imported product less the value of the U.S. fabricated components contained therein. No further processing in the United States is required for articles imported under item 807.00. The provisions of the respective items are shown below:

Tariff Schedules of the United States: Schedule 8--
Special Classification Provisions: Part 1
Articles Exported and Returned

Subpart B headnotes:

1. This subpart shall not apply to any article exported--

(a) from continuous customs custody with remission, abatement, or refund of duty;

(b) with benefit of drawback;

(c) to comply with any law of the United States or regulation of any Federal agency requiring exportation; or

(d) after manufacture or production in the United States under item 864.05 of this schedule.

2. Articles repaired, altered, processed, or otherwise changed in condition abroad.--The following provisions apply only to items 806.20 and 806.30:

(a) The value of repairs, alterations, processing, or other change in condition outside the United States shall be --

(i) the cost to the importer of such change; or

(ii) if no charge is made, the value of such change,

as set out in the invoice and entry papers; except that, if the appraiser concludes that the amount so set out does not represent a reasonable cost or value, then the value of the change shall be determined in accordance with section 402 or 402a of this Act.

(b) No appraisalment of the imported article in its changed condition shall be required unless necessary to a determination of the rate or rates of duty applicable to such article.

(c) The duty upon the value of the change in condition shall be at the rate which would apply to the article itself, as an entirety without constructive separation of its components, in its condition as imported if it were not within the purview of this subpart. If the article, as returned to the United States, is subject to a specific or compound rate of duty, such rate shall be converted to the ad valorem rate which when applied to the full value of such article determined in accordance with section 402 or 402a of this Act would provide the same amount of duties as the specific or compound rate. In order to compute the duties due, the ad valorem rate so obtained shall be applied to the value of the change in condition made outside the United States.

3. Articles assembled abroad with components produced in the United States.--The following provisions apply only to item 807.00:

(a) The value of the products of the United States assembled into the imported article shall be --

(i) the cost of such products at the time of the last purchase; or

(ii) if no charge is made, the value of such products at the time of the shipment for exportation,

as set out in the invoice and entry papers; except that, if the appraiser concludes that the amount so set out does not represent a reasonable cost or value, then the value of such products shall be determined in accordance with section 402 or 402a of this Act.

(b) The duty on the imported article shall be at the rate which would apply to the imported article itself, as an entirety without constructive separation of its components, in its condition as imported if it were not within the purview of this subpart. If the imported article is subject to a specific or compound rate of duty, the total duties shall be reduced in such proportion as the cost or value of such products of the United States bears to the full value of the imported article.

4. No imported article shall be accorded partial exemption from duty under more than one item in this subpart.

* * * * *

<u>Item</u>	<u>Articles</u>	<u>Rates of duty</u>
	: Articles returned to the United States	:
	: after having been exported to be	:
	: advanced in value or improved in con-	:
	: dition by any process of manufacture	:
	: or other means:	:
	: * * * * *	:
806.30	: Any article of metal (except	: A duty upon the
	: precious metal) manufactured in	: value of such
	: the United States or subjected to	: processing
	: a process of manufacture in the	: outside the
	: United States, if exported for	: United States
	: further processing, and if the ex-	: (see headnote 2
	: ported article as processed out-	: of this subpart)
	: side the United States, or the	:
	: article which results from the	:
	: processing outside the United	:
	: States, is returned to the United	:
	: States for further processing.....	:
	: * * * * *	:
807.00	: Articles assembled abroad in whole or in	: A duty upon the
	: part of fabricated components, the	: full value of
	: product of the United States, which	: the imported
	: (a) were exported in condition ready	: article, less
	: for assembly without further fabrica-	: the cost or
	: tion, (b) have not lost their physical	: value of such
	: identity in such articles by change in	: products of
	: form, shape, or otherwise, and (c)	: the United
	: have not been advanced in value or im-	: States (see
	: proved in condition abroad except by	: headnote 3 of
	: being assembled and except by opera-	: this subpart)
	: tions incidental to the assembly proc-	:
	: ess such as cleaning, lubricating, and	:
	: painting.....	:

As provided in the above headnotes, no imported article may be accorded partial exemption from duty under more than one of these tariff items. 1/ Neither may an article benefit from these tariff provisions if the article had previously been exported with remission, abatement, or refund of duty; or with the benefit of drawback, or after manufacture or production in bond under the provisions of tariff item 864.05.

With respect to entries under item 806.30, the duty, as noted, is assessed only against the value of processing outside the United States. The form of the metal article may be changed in the process so long as the resultant product imported is returned for further processing. Under item 807.00, the duty exemption is limited to those fabricated components, the product of the United States, which have not lost their physical identity by a change in form, shape, or otherwise, and which have not been advanced in condition abroad except by their having been assembled.

The rate of duty upon the dutiable portion of the value of the articles imported under each of these tariff items is the rate which would apply to the article itself, as an entity, as if it were not

1/ An article could, however, be exported and returned to the United States under one item and be subsequently re-exported and returned under another if this were economically feasible and if the form of the article had been sufficiently changed after its first importation. Thus, for example, a metal article exported and returned to the United States under item 806.30 for further processing in such a way to constitute a new "fabricated" article as defined under tariff item 807.00 could then be reshipped abroad for assembly and return under the provisions of the latter item.

under the purview of schedule 8. 1/ While the great bulk of the applicable rates of duty are subject to trade-agreement concessions, the provisions of the tariff schedules (items 806.30 and 807.00) providing for a duty allowance on the U.S. materials contained in the imported articles are not. Thus the elimination or amendment of these tariff provisions may be effected by the Congress without impairment of U.S. trade-agreement concessions, notwithstanding that the result would be an increase in the amount of duty collected.

With respect to entries under item 806.30, if the applicable rate of duty is a specific or compound rate, such rate is converted to an ad valorem equivalent which, when applied to the full value of the article, would provide the same amount of duty as the specific or compound rate. Under item 807.00 if the imported article is subject to a specific or compound rate of duty the total duties are reduced in such proportion as the cost or value of the products of the United States bear to the full value of the imported article. For customs purposes, the value is determined in accordance with section 402 or 402a of the Tariff Act of 1930, as amended. 2/

1/ In this connection it is to be noted that the admission of an article under either of these two tariff items does not relieve it from quantitative limitations imposed under other provisions of law, e.g., certain articles of cotton covered by the Long Term Arrangement Regarding International Trade in Cotton Textiles (LTA).

2/ Section 402 of the Tariff Act of 1930, as amended, is the basic method of valuation, for customs purposes, of merchandise imported into the United States. It was made effective in 1958 pursuant to the Customs Simplification Act of 1956 (Public Law 927, 84th Cong.) and is applicable to most articles imported into the United States. Under section 402a of that act, valuation standards that had previously been in effect are applied to a "final list" of articles for which the new standards would result in a reduction of 5 percent or more in the appraised value of the merchandise based on imports in fiscal 1954 (see T.D. 54521).

Legislative history

Item 806.30.--Tariff item 806.30, which provides a partial duty exemption for certain U.S. metal articles exported for processing and return for further processing, incorporates in the Tariff Schedules of the United States, without significant change, the provisions of paragraph 1615(g) of the Tariff Act of 1930, as amended.

The provision had its origin in the Customs Simplification Act of 1956. According to its sponsor, the Honorable Victor A. Knox (R., Michigan), the purpose of the provision was to facilitate the processing of U.S. metal articles in contiguous areas of Canada during breakdowns or other emergencies at nearby plants in the United States. In explanation, Mr. Knox stated on the floor of the House of Representatives 1/ that the provision would:

. . . permit manufacturers to send (metal articles) into Canada principally for processing . . . (when) . . . they are unable to process that particular metal product within their own plants. There have been periods of time when the industry has had breakdowns in the manufacturing plant and did not have the facilities to continue on with the work It has been necessary for industry--I speak of the Detroit area--to ship to Algoma . . . Canada . . . metal products in order to have them processed, because there was no other plant accessible to the manufacturer to have this particular work done I believe there is no possibility that these particular products would ever be shipped to such countries as Belgium, Spain, Portugal, and so forth, because of high transportation cost

Debate on the United States Senate floor regarding the provision focused on whether it would tend to encourage importations of metal articles from low-wage countries. However, the Senate Committee on

1/ Congressional Record, House of Representatives, July 13, 1953, pp. 8850 to 8859.

Finance in reporting favorably on the provision expressed no desire that its use be limited to imports from contiguous countries. In its analysis of the provision, it stated:

Section 202 will permit manufacturers of any article of metal (except precious metal) processed in the United States to export such articles for further processing and at the time of reimportation to pay duty on the cost of the processing done in the foreign country. 1/

The provision has not been amended since it was incorporated in the TSUS.

Item 807.00.--The provisions of item 807.00--providing for a duty allowance on imported products containing U.S. fabricated components assembled therein--were formulated by the Tariff Commission, now the United States International Trade Commission, as part of the Tariff Classification Study, which led to the adoption of the new Tariff Schedules of the United States, effective August 31, 1963 (P.L. 87-456, Pres. Proc. 3548). Item 807.00 had no direct counterpart in the former tariff schedules in effect prior to August 31, 1963; it was designed to provide a tariff provision in the new schedules covering an anomalous, but well established, practice which arose under paragraph 1615(a) of the Tariff Act of 1930 as a result of a 1954 ruling of the U.S. Customs Court (CD 1628) reversing an administrative ruling, an abstract of which was published as T.D. 52191.

Paragraph 1615(a) provided for the duty-free entry of American products returned to the United States that had not been "advanced in

1/ Customs Simplification Act of 1954, Committee on Finance, United States Senate, Report No. 2326 to accompany H.R. 10009, 83d Cong., 2d sess., p. 5.

value or improved in condition by any process of manufacture or other means." The Customs Court, in its 1954 ruling (C.D. 1628), held that the labor expended abroad in installing an American motor in a Canadian-built motorboat did not advance the value of the American motor or improve it in condition. The court was of the opinion that the U.S. parts contained in the imported articles would qualify for duty-free entry if--

. . . by physical examination at the time of importation, they could be identified in the imported article as the identical American product exported from the United States and as not having been changed in any manner other than by their assembly with other parts into a new or different article.

If any work, other than assembly with other parts, was performed directly upon the American product, the allowance of duty would not have been accorded under paragraph 1615(a).

The Customs Service, in numerous rulings applying the principle of C.D. 1628 after 1954, allowed free entry to American-made components assembled into foreign articles if, "under the theory of constructive segregation," the components were "capable of being identified and removed without injury" to themselves or to the articles into which they have been assembled.

Item 807.00 in the Tariff Schedules of the United States, effective August 31, 1963, continued the substance of earlier practice, but without the assumption that the American components had not been advanced or improved by assembly and without reference to whether they could be removed without injury or constructively segregated.

In its report on the Tariff Classification Study, the Commission commented on C.D. 1628 and the Customs Service practices based thereon as follows:

. . . there is no logic to attributing the labor costs involved in assembly exclusively to foreign parts, nor is there any logic in holding that assembly operations do not advance or improve the component parts assembled therein. Such component parts reach their ultimate value only when they have been assembled into an article where they can in fact perform the function for which they were designed and made.

. . . whether or not an American component can be separated from a foreign article "without injury" to either is an unrealistic and arbitrary condition upon which to predicate partial exemption from duty.

The real issue is not whether you can remove "without injury" or "constructively segregate" the American part in order to "classify" it under paragraph 1615(a). The only classification of the imported article which must be made for tariff purposes is the classification of the imported article as an entirety. The substance of the issue is what proof shall be required to satisfy customs officers--

- (1) that an American part has been assembled into the imported article, and
- (2) that such part was assembled therein without having been changed in condition.

If (1) and (2) are satisfactorily proved, the question then arises as to how much allowance or deduction is to be made from the full value of the imported article on account of its having such "unimproved" American parts.

To assist in the identification of the U.S. components, the products returned free of duty were limited to U.S. products exported for

the purpose of assembly abroad. The original language of the article description in item 807.00 was as follows:

Articles assembled abroad in whole or in part of products of the United States which were exported for such purposes and which have not been advanced in value or improved in condition by any means other than by the act of assembly.

The above language appeared to be ambiguous in certain respects, and to preclude minor operations, incidental to assembly abroad, such as painting. Therefore, in 1965, item 807.00 was amended by Public Law 89-241, as follows:

Articles assembled abroad in whole or in part of fabricated components, the product of the United States, which (a) were exported, in condition ready for assembly without further fabrication, for the purpose of such assembly and return to the United States, (b) have not lost their physical identity in such articles by change in form, shape, or otherwise, and (c) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating, and painting.

Subsequently, in November 1966, the clause "for the purpose of such assembly and return to the United States" was deleted from the language of item 807.00, pursuant to Public Law 89-806. In a summary report of pending House-passed bills prepared for the use of the Senate Committee on Finance, 1/ the bill (H.R. 11216) which became Public Law 89-806 is commented upon as follows:

In the Tariff Schedules of the United States, item 807.00 continued this court-approved practice. However, the new provision eliminated the anomalies involved in the old practice, first by recognizing that U.S. components do increase in value by assembly operations and second by making it unnecessary to show that the U.S.

1/ Committee on Finance, United States Senate, Summary of Minor-Passed Bills Pending Before the Committee on Finance, Jan. 19, 1966, p. 14.

component could be removed without injury to the assembled article. At the same time it was provided that for the duty-free treatment to apply on its return the U.S. component must have been sent abroad "for the purpose of assembly."

In the Tariff Schedules Technical Amendments Act of 1965 item 807.00 was clarified to make it clear that cleaning, lubricating, and painting could be performed in connection with the assembly function without subjecting the U.S. components to duty on their return to this country. In making this clarification, however, an additional restrictive clause was added to the duty-free provision. It requires that at the time of exportation of the U.S. component there be an intention that the assembled article is to be shipped to the United States. This additional restriction has raised complaints by interested importers and foreign shippers, and has also been said to introduce problems of customs administration.

H.R. 11216 would eliminate both the requirement that the American component be exported "for the purpose of such assembly" and the requirement that there be an intention at the time of exportation that it be returned to the United States. It would still be necessary, however, for the importer to establish by satisfactory proof that the components of an imported article for which duty-free treatment is claimed are, in fact, components produced in the United States. Moreover, it must be shown that they have not lost their physical identity in the assembled article and have not been advanced in value or improved in condition abroad except by the assembly operation, or operations, incidental to assembly.

There has been no further legislation on item 807.00.

Customs practices

Item 806.30.--Under headnotes to this item, the value of the foreign processing on which the duty is levied is its cost to the importer or, if no charge is made, the value as set out in the invoice and entry papers. Generally the value used for customs purposes is that stated in the entry papers. If the appropriate customs officer concludes that the amount so set out does not represent a reasonable cost or value, then such value is determined in accordance with the valuation provisions of the tariff act.

An article of metal (except precious metal) imported under item 806.30 must have been exported for processing abroad and the article as processed, or the new article which results from the processing, must be further processed in the United States after its return from abroad. The Customs Service has held that melting, machining, grinding, drilling, tapping, threading, cutting, punching, rolling, forming, plating, and galvanizing are among the operations that qualify as "processing."

Examples of articles subject to duty allowance under this tariff item are aluminum sheets, processed from ingots of U.S. origin and returned to the United States to be cut to size and shape; lead ingots produced from lead scrap of U.S. origin and returned for further processing; metal screws made abroad from domestic wire and returned for plating; stainless steel tubing coated abroad with chromium and returned for rounding and buffing; tungsten carbide powder sent abroad

for sintering and returned for further processing; and electronic circuits printed on silicon wafers, exported for splitting and returned for further processing.

Before the exportation of an article for processing abroad under item 806.30, the owner or exporter must file (as provided in section 10.9 of the Customs Regulations), a certificate of registration showing the article(s) exported. The owner or exporter must state the name of the U.S. manufacturer, or, if of foreign origin the name of the U.S. processor and the process of manufacture. The owner or exporter must further provide the name of the person who will further process the articles upon their return to the United States, or if not known, the reasons for believing the articles will be returned for further processing and the reason the person is not presently known. The article must be examined by a customs officer and laded for export under customs supervision. Upon its return from abroad the owner, importer, consignee, or agent must declare that the article has been processed from the merchandise covered by the certificate of registration and must declare the nature and cost of the processing abroad and the processing to be performed in the United States. The declaration as to the origin of the article, and as to the nature and cost of the processing abroad, must be supported, moreover, by a declaration of the foreign processor. The foregoing requirements may be waived by the appropriate customs officer at the port of entry,

but only when he is satisfied that the article is entitled to enter under item 806.30 and that all of the requirements of the provisions have been met.

Pursuant to a decision of the Customs Service (T.D. 54572(22)) item 806.30 is applicable only when the U.S. metal article sent abroad for processing is to be returned for further processing by or for account of the person or firm which exported the article for processing abroad.

Item 807.00.--Under the circumstances surrounding the foreign assembly of the merchandise, it is usually impossible to establish an export value or a U.S. value, as those terms are defined in section 402 of the Tariff Act of 1930, as amended, with respect to the imported articles. A large part of the trade is by U.S. firms and their foreign affiliates that operate and transfer goods on a manufacturing cost basis rather than on the basis of values established in the marketplace. Moreover, there are frequently no other producers of merchandise of the same general class or kind in the country of exportation or, if they do exist, their usual overhead and gross-profit markup cannot be established for use in customs valuation. Accordingly, the Customs Service generally computes a constructed value.

A constructed value, for customs purposes represents the sum of all costs, actual or estimated, for materials used, labor, overhead, depreciation, transportation, other general expenses, a normal profit, and export packing expenses. In most cases, only the cost of materials,

labor, and export packing can be readily ascertained. To this is added a markup for overhead and profit in line with the usual markup in the country of exportation, if it can be ascertained, or, if not, the usual markup in the "trade" in a comparable third country or the United States. In actual practice it appears that the usual markup in the trade in the United States is the markup most frequently used. From this gross-constructed value, the value of those elements of the export packing which are of U.S. origin and the value of those U.S. components for which allowance is claimed under item 807.00 is deducted. These deductions are generally represented by the value as shown on Department of Commerce "Shipper's Export Declaration" (Form 7525V) filed when articles are exported from the United States. When the values shown thereon appear unreasonable, other proof of value may be required.

After the implementation of the TSUS in 1963, no specific regulations were issued with respect to the administration of the provisions of item 807.00. Rather, customs officers were informally advised to adapt section 10.1 of the Customs Regulations, relating to American goods returned without advancement in value. It was not until January 1968 that subsection (g) was added to section 10.1, specifically providing for the documentary proof to be filed in connection with the entry of articles containing U.S. fabricated components claimed to be exempt from duty under item 807.00.

In October 1975 the Customs Service amended Part 10 of the Customs Regulations by adding sections 10.11 through 10.24 (appendix A) setting forth definitions and interpretative regulations adopted by the

Commissioner of Customs pertaining to the construction of item 807.00, Tariff Schedules of the United States, and related provisions of law. The sections include examples describing specific situations in which the exemptions from duty provided by item 807.00 may or may not be applicable. Section 10.24 sets forth the following documentary requirements applicable to the entry of assembled articles claimed to be subject to the exemption provided under item 807.00--

- (1) a declaration by the person who performed the assembling operations abroad listing and describing the U.S. components and describing the operations performed abroad on such components, and
- (2) an endorsement of the importer declaring the declaration in (1) to be correct to the best of his knowledge or belief.

Section 10.24 also makes provision under which the district director may revise the format of either of the documents specified above, may waive specific details for each entry, and may waive the foregoing documents if he is "satisfied that unusual circumstances make the production of either or both of the documents . . . or of any information specified therein, impractical and is further satisfied that the requirements of item 807.00 . . . and related headnotes have been met."

As noted earlier, the exemption from duty provided under item 807.00 applies to fabricated components, the product of the United States. The components must be in condition ready for assembly without further fabrication at the time of their exportation from the United States to qualify for the exemption. Components will not lose their entitlement to the exemption by being subjected to operations incidental to the assembly either before, during, or after their assembly with other components.

Materials undefined in final dimensions and shapes, which are cut into specific shapes or patterns abroad, are not considered fabricated components.

The assembly operations performed abroad may consist of any method used to join or fit together solid components, such as welding, soldering, riveting, force fitting, gluing, laminating, sewing, or the use of fasteners, and may be preceded, accompanied, or followed by operations incidental to the assembly as illustrated below. The mixing or combining of liquids, gases, chemicals, food ingredients, and amorphous solids with each other or with solid components is not regarded as an assembly.

Operations incidental to the assembly process whether performed before, during, or after assembly, do not constitute further fabrication, and do not preclude the application of the exemption. The following are examples of operations which are incidental to the assembly process:

- (1) Cleaning;
- (2) Removal of rust, grease, paint, or other preservative coating;
- (3) Application of preservative paint or coating, including preservative metallic coating, lubricants, or protective encapsulation;
- (4) Trimming, filing, or cutting off of small amounts of excess materials;
- (5) Adjustments in the shape or form of a component to the extent required by the assembly being performed abroad;
- (6) Cutting to length of wire, thread, tape, foil, and similar products exported in continuous length; separation by cutting of finished components, such as prestamped integrated circuit lead frames exported in multiple unit strips; and

- (7) Final calibration, testing, marking, sorting, pressing, and folding of assembled articles.

Any significant process, operation, or treatment other than assembly whose primary purpose is the fabrication, completion, physical, or chemical improvement of a component, or which is not related to the assembly process, whether or not it effects a substantial transformation of the article, shall not be regarded as incidental to the assembly and shall preclude the application of the exemption to such article. The following are examples of operations not considered incidental to the assembly as provided under item 807.00:

- (1) Melting of exported ingots and pouring of the metal into molds to produce cast metal parts;
- (2) Cutting of garment parts according to pattern from exported material;
- (3) Painting primarily intended to enhance the appearance of an article or to impart distinctive features or characteristics;
- (4) Chemical treatment of components or assembled articles to impart new characteristics, such as showerproofing, permapressing, sanforizing, dying, or bleaching of textiles;
- (5) Machining, polishing, burnishing, peening, plating (other than plating incidental to the assembly), embossing, pressing, stamping, extruding, drawing, annealing, tempering, case hardening, and any other operation, treatment, or process which imparts significant new characteristics or qualities to the article affected.

Problems of customs administration

It is evident from the foregoing that the provisions of items 806.30 and 807.00 are complex in their requirements and are therefore difficult to administer and lend themselves to possible misuse.

Prerequisite to the allowance of the partial exemptions from duty authorized is the presence in the imported article of the exported U.S. metal article or fabricated component--not a substitute foreign equivalent. It is necessary to know precisely what U.S. articles were exported from the United States, that they were effectively segregated from and not commingled with foreign articles prior to their being processed or assembled, and exactly how they were used abroad in production or manufacture of the imported article. Moreover, as indicated, the data required for valuation purposes is generally more complex and detailed than is required under ordinary circumstances.

Ascertainment of the relevant facts is almost wholly dependent upon extrinsic paper proof rather than physical examination of imports by customs officers. By reason of the large volume of trade under these provisions and the intricacy and mass of detailed information involved in each transaction, customs officers are, in practice, obliged to accept entries as submitted with only a limited opportunity for verification of their factual content.

Total Imports for Consumption and Imports Entered Under
the Provisions of Items 806.30 and 807.00 since 1969

The total value of U.S. imports for consumption increased from \$35,870 million in 1969 to \$100,126 million in 1974 before decreasing to \$96,515 million in 1975 (table 1). The share of the total value of imports for consumption represented by imports subject to duty ranged between 64 percent in 1969 and 48 percent in 1974 and was 68

percent in 1975. Imports under items 806.30 and 807.00 are subject to duty and the share of these imports as a percentage of dutiable imports rose to 1.1 percent and 10 percent, respectively, in 1974 before decreasing to 0.7 percent and 7.2 percent, respectively, in 1975 (table 2). The decreased share in 1975 may be explained by the severe recession in the United States in 1975, but other factors such as the revision of Customs regulations in the administration of imports under items 806.30 and 807.00 and internal economic factors in foreign countries which are trading partners of the United States may have had a significant effect on the decline.

Imports under item 807.00

The total value of imports under item 807.00 increased steadily through 1974 before decreasing in 1975. Imports from developed countries rose steadily from \$1,281 million in 1969 to \$2,900 million in 1974, before decreasing to \$2,817 million in 1975 (table 3). Developed countries accounted for a decreasing share of total imports under item 807.00. In 1969 that share was 78 percent; in 1975 the share was 60 percent. West Germany, the major source of imports under item 807.00 from developed countries accounted for a decreasing share of imports; its share decreasing from 38 percent in 1969 to 27 percent in 1975.

The less-developed countries were the source of rapidly increasing imports under item 807.00. Such imports increased from \$368 million in 1969 to \$1,928 million in 1974 before decreasing to \$1,891 million in 1975 and accounted for 40 percent of total imports under item

807.00 in 1975. The major sources of imports from the less-developed countries were Mexico, Taiwan, Singapore and Hong Kong.

The duty-free value of imports under item 807.00 ranged between 20 and 22 percent of the total value during 1969-75. The duty-free component from developed countries ranged between 8 and 12 percent and from less-developed countries decreased from 57 percent to 42 percent during that period (table 4).

Imports under item 807.00 are concentrated in 13 commodity groupings which accounted for 85 percent of the value of 807.00 imports in 1974. A brief analysis of the activity in each commodity group is presented in a later section commencing on page 28.

The commodities accounting for the largest value of imports under item 807.00 in 1975 were motor vehicles and semiconductors and parts. The value of motor vehicles entered under item 807.00 increased from \$742 million in 1969 to \$1,960 million in 1974 before decreasing to \$1,904 million in 1975 (table 5) and accounted for 40 percent of the total value of imports under item 807.00 in 1975. The duty-free value included in the value of imports of motor vehicles was quite small, ranging between 1 and 2 percent during 1969-75 (table 6).

The value of semiconductors and parts, entered under item 807.00, increased from \$106 million in 1969 to \$346 million in 1974 before decreasing to \$312 million in 1975 and accounted for 7 percent of the total value of imports under item 807.00 in 1975. The duty-free value of imports included in the value of imports of semiconductors and parts decreased from 59 percent of the total in 1969 to 36 percent in 1975.

Imports under item 806.30

The total value of imports under item 806.30 increased sharply between 1969 and 1974 (except for a dip in 1971) before decreasing in 1975. Such imports from developed countries ranged between a high of \$209 million in 1972 and a low of \$90 million in 1975 (table 7).

Imports under item 806.30 from developed countries accounted for 20 percent of the total value of such imports in 1975. Canada, the major source of imports under item 806.30 among the developed countries, accounted for a decreasing share of imports, its share decreasing from 50 percent in 1969 to 13 percent in 1975.

The less-developed countries were the source of rapidly increasing imports under item 806.30. Such imports increased from \$27 million in 1969 to \$401 million in 1974 before decreasing to \$365 million in 1975 and accounted for 80 percent of the total value in 1975. The major sources of imports from the less-developed countries were Mexico, Malaysia, and Singapore.

The duty-free value of imports under item 806.30 ranged between 50 and 62 percent of the total value during 1969-75. The duty-free component from developed countries ranged between 50 and 65 percent during 1969-75 and from less-developed countries from 52 to 61 percent during 1970-75 after a low of 34 percent in 1969 (table 8).

Imports under item 806.30 are concentrated in two commodity groupings which accounted for 80 percent of the value of 806.30 imports in 1974. A brief analysis of the activity in each commodity group is

presented in a later section commencing on page 65. The value of semiconductors and parts entered under item 806.30 increased from \$20 million in 1969 to \$338 million in 1974 before decreasing to \$305 million in 1975 (table 9) and accounted for 67 percent of the total value of imports under item 806.30 in 1975. The duty-free value included in the value of imports of semiconductors and parts increased, generally, from 30 percent in 1969 to 58 percent in 1975 (table 10).

The value of parts of aircraft entered under item 806.30 decreased from \$68 million in 1969 to \$22 million in 1971 before increasing to \$138 million in 1973 and decreasing to \$50 million in 1975. The duty-free value included in the value of imports of parts of aircraft decreased from 39 percent in 1969 to 21 percent in 1970 before increasing to 54 percent in 1975.

Brief Analysis of Activity since 1969 under Item 807.00
by Major Commodity Groupings

Wearing apparel 1/

Textile products represented about 5.1 percent of the total value and 15.5 percent of the duty-free value of imports of all articles under item 807.00 in 1975, compared to 2.1 percent and 6.4 percent, respectively, in 1970. Wearing apparel and accessories of textile materials valued at \$236.4 million accounted for nearly all (99.4 percent) of the value of imports of textile products under item 807.00 in 1975. The following tabulation shows employment and value added in 1970 and 1972 for industries affected the most by 807.00 imports.

Industry	Number of employees (1,000)		Value added by manufacturer (million dollars)	
	1970	1972	1970	1972
Corsets and allied garments-----	33	33	347	383
Men's and boys' suits and coats-----	122	121	1,034	1,340
Men's and boys' shirts and nightwear-----	100	120	810	999
Women's and misses' outerwear, n.e.c.---	73	82	614	781
Women's and misses' blouses and waists--	55	47	440	467
Women's and misses' dresses-----	200	204	1,731	1,998
Women's and misses' suits and coats-----	80	71	808	754

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

1/ Included in Part 6, Schedule 3 of the Tariff Schedules of the United States, 1976.

Prior to 1970, U.S. imports of apparel entered under item 807.00 were small relative to those in recent years--their value totaled \$33.5 million in 1969 or less than 14 percent of the \$236.4 million in 1975.

The total value of apparel imports under item 807.00 increased more rapidly from 1970 to 1975 than the value of total apparel imports, both those under and not under item 807.00--at an average annual rate of 41 percent for 807.00 imports compared to about 15 percent for total imports of apparel--as shown in the following tabulation (in millions of dollars).

	<u>1970</u>	<u>1972</u>	<u>1974</u>	<u>1975</u>
Apparel:				
807.00 imports----	42	85	219	236
Non-807.00 im-				
ports-----	<u>1,067</u>	<u>1,572</u>	<u>1,780</u>	<u>2,027</u>
Total imports---	<u>1,109</u>	<u>1,657</u>	<u>1,999</u>	<u>2,263</u>
Ratio of import				
value:				
807.00 imports				
to total imports-	3.8%	5.1%	11.0%	10.4%

U.S. imports of apparel that were entered without the benefit of the 807.00 provision increased at an average annual rate of nearly 12 percent from 1970 to 1975.

The tabulation on the following page shows, for apparel imports entered under item 807.00, the duty-free value, the dutiable value, and the total value of such shipments (in millions of dollars).

<u>Item</u>	<u>1970</u>	<u>1972</u>	<u>1974</u>	<u>1975</u>
Duty-free value-----	27.5	53.7	144.9	154.3
Dutiable value-----	14.8	31.1	74.5	82.0
Total-----	42.3	84.8	219.4	236.3
Ratio (percent) of duty-free value to total value-----	65.0	63.3	66.0	65.3

The ratio of duty-free value to total value of apparel imports in 1970, 1972, 1974, and 1975 was about two-thirds of total value. The savings in duty were rather large, particularly for apparel of manmade fibers where the rates range from about 32 percent ad valorem equivalent to 42.5 percent ad valorem.

While the total value of 807.00 imports of apparel increased more than fourfold from 1970 to 1975, the trend in the volume of such imports varied considerably between apparel articles, as shown in the table on the following page. The wearing apparel items imported in greatest dollar volume in 1975 were body-supporting garments, mostly brassieres, women's slacks and shorts, men's shirts, women's blouses, and men's coats and jackets.

The value of imports of apparel, except body-supporting garments, entered under item 807.00 in 1974 (the latest year data on production are available) was less than 5 percent of the value of U.S. production of similar garments. For brassieres the value of 807.00 imports was an estimated 13 percent of the value of U.S. output of such articles.

Data on apparel articles entered under item 807.00 in 1970, 1972, 1974, and 1975

Article	Total value				Percent of total value of 807.00 apparel imports				Duty-free value				Ratio (percent) of duty-free value to total value			
	1970	1972	1974	1975	1970	1972	1974	1975	1970	1972	1974	1975	1970	1972	1974	1975
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars					1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars				
Body-supporting garments-----	9,890	22,467	43,820	55,468	23.4	26.5	20.0	23.5	6,412	11,870	23,220	30,279	64.8	52.8	53.0	54.6
Women's dresses 1/-----	4,758	8,705	14,327	12,100	11.3	10.3	6.5	5.1	3,175	6,122	9,732	8,005	66.7	70.3	67.9	66.2
Women's slacks and shorts 1/-----	5,281	11,331	31,553	31,971	12.5	13.4	14.4	13.5	4,304	9,294	25,026	24,923	81.5	82.0	79.3	78.0
Women's suits, coats, jackets, and skirts 1/-----	3,188	5,430	18,378	25,496	7.5	6.4	8.4	10.8	1,959	3,691	12,807	17,537	61.4	68.0	69.7	68.8
Women's blouses 1/-----	7,262	10,486	21,519	25,961	17.2	12.4	9.8	11.0	5,055	6,861	13,574	16,462	69.6	65.4	63.1	63.4
Men's trousers, slacks, and shorts 2/-----	1,606	3,673	13,246	11,314	3.8	4.3	6.0	4.8	1,173	2,865	9,825	8,058	73.0	78.0	74.2	71.2
Men's shirts 2/-----	3,224	8,434	23,745	29,898	7.6	9.9	10.8	12.6	1,121	3,694	14,385	18,866	34.8	43.8	60.6	63.1
Men's coats and jackets 2/-----	865	3,296	21,513	14,494	2.0	3.9	9.8	6.1	545	2,481	15,839	10,444	63.0	75.3	73.6	72.1
Underwear-----	862	1,651	3,540	5,553	2.0	1.9	1.5	2.3	681	1,063	2,373	4,101	79.0	64.4	71.0	73.9
Certain textile rainwear coated, filled, or laminated with rubber or plastics-----	1,624	1,368	1,420	92	3.8	1.6	.6	3/	744	598	760	36	45.8	43.7	53.5	39.1
Men's other apparel 2/-----	1,033	2,822	7,724	7,773	2.4	3.3	3.5	3.3	695	2,043	5,533	5,640	67.3	72.4	71.6	72.6
Women's other apparel 1/-----	2,672	5,118	18,856	16,282	6.3	6.0	8.6	6.9	1,647	3,075	11,840	9,973	61.6	60.1	62.8	61.3
Total, 807.00 apparel imports-----	42,265	84,781	219,441	236,402	100.0	100.0	100.0	100.0	27,511	53,657	144,914	154,324	65.1	63.3	66.0	65.3

1/ Includes girls' and infants'.

2/ Includes boys'.

3/ Less than .05%.

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

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

Imports of men's and boys' apparel entered under item 807.00 increased at a greater rate than imports of women's, girls', and infants' apparel. Although declining in 1975, value of imports of men's and boys' coats and jackets, showed the largest percentage increase--from \$865,000 in 1970 to \$21.5 million in 1974 and then down to \$14.5 million in 1975. However, imports of body-supporting garments and women's, girls', and infants' slacks and shorts increased the most in terms of absolute value. Value of imports of body-supporting garments under item 807.00 rose from \$9.9 million in 1970 to \$55.5 million in 1975, while value of imports of women's, girls', and infants' slacks and shorts advanced from \$5.3 million to \$32.0 million during the corresponding years.

As indicated previously, the value of the duty-free component was significantly larger than the dutiable (foreign) component and, in most cases, the rates of duty are relatively high. For example, in 1974, 69 percent of the imports of apparel (in chief value of man-made fibers) entered under item 807.00 were dutiable at rates ranging from 31.9 percent ad valorem (or equivalent) to 42.5 percent ad valorem (rates not changed in the Kennedy Round of trade negotiations). Thus, the savings in duty were large relative to the total value of the apparel article. Data on imports of apparel entered under item 807.00 by TSUS items or rate lines are shown in the table on the following page.

Data on apparel showing total imports and 807.00 imports by TSUS item and rate of duty

TSUS item	Rate of duty in 1975	Total imports				807.00 imports				Ratio of 807.00 imports to total imports				Ratio of 807.00 imports by TSUS item to total 807.00 imports			
		1970	1974	1975	1,000 dollars	1970	1974	1975	1,000 dollars	1970	1974	1975	Percent	1970	1974	1975	Percent
		Percent	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
382.78 1/-	*37.9	229,191	590,174	591,635	6,613	46,758	41,938	2.9	7.9	7.1	15.6	21.3	17.7	2.9	7.9	7.1	15.6
380.84 1/-	*33.5	134,979	154,584	167,651	3,437	31,337	28,013	2.5	20.3	16.7	8.1	14.3	11.8	2.5	20.3	16.7	8.1
382.81 1/-	*32.4	87,495	113,854	129,627	8,648	28,029	35,441	9.9	24.6	27.3	20.5	12.8	15.0	9.9	24.6	27.3	20.5
382.04 1/-	42.5	41,399	86,064	109,218	2,761	22,693	25,134	6.7	26.4	23.0	6.5	10.3	10.6	6.7	26.4	23.0	6.5
380.81 1/-	*38.4	35,848	186,301	179,584	318	22,026	19,728	.9	11.8	11.0	.8	10.0	8.3	.9	11.8	11.0	.8
380.27	21.0	27,672	82,127	75,165	1,500	2,834	2,662	5.4	3.5	3.5	3.5	1.3	1.1	5.4	3.5	3.5	3.5
382.33	16.5	74,770	135,570	203,210	2,266	1,657	2,204	3.0	1.2	1.1	5.4	.8	.9	3.0	1.2	1.1	5.4
380.39	16.5	36,769	65,561	91,963	613	1,276	1,328	1.7	1.9	1.4	1.5	.6	.6	1.7	1.9	1.4	1.5
382.06	21.0	18,430	45,029	68,371	235	330	486	1.3	.7	.7	.6	.2	.2	1.3	.7	.7	.6
380.12	8.0	27,395	7,663	45,862	107	145	155	.4	1.9	.3	.3	2/	.1	.4	1.9	.3	.3
376.24 1/-	32.0	16,108	26,664	32,247	9,079	25,536	30,375	56.4	95.8	94.2	21.5	11.6	12.8	56.4	95.8	94.2	21.5
376.28	18.0	6,049	22,169	30,021	812	18,285	25,093	13.4	82.5	83.6	1.9	8.3	10.6	13.4	82.5	83.6	1.9
Other	3/	372,981	483,271	538,018	5,876	18,535	23,845	1.6	3.8	4.4	13.9	8.4	10.1	1.6	3.8	4.4	13.9
Total	3/	1,109,086	1,999,031	2,262,572	42,265	219,441	236,402	3.8	11.0	10.4	100.0	100.0	100.0	3.8	11.0	10.4	100.0

* Ad valorem equivalent.

1/ Rate of duty not reduced in Kennedy Round.

2/ Less than half of 1 percent.

3/ Not applicable.

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

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

Apparel entered under item 807.00 is imported primarily from less-developed countries and, in particular, from Mexico, which accounted for about 53 percent of the total value of 807.00 apparel imports in 1975. This was true in 1969 also. In 1975, imports from industrially developed countries were relatively insignificant. Haiti, Colombia, the Philippines, and Costa Rica also were principal suppliers, as shown in the following tabulation (in millions of dollars).

<u>Country</u>	<u>1970</u>	<u>1972</u>	<u>1974</u>	<u>1975</u>
Mexico-----	21.0	50.6	117.4	124.2
Haiti-----	1.5	4.1	19.7	19.2
Colombia-----	.3	1.5	18.5	20.4
Philippines-----	.8	4.8	13.1	13.8
Costa Rica-----	2.1	4.8	10.1	10.8
Other-----	16.6	19.0	1/40.6	2/48.0
Total	42.3	84.8	219.4	236.4

Imports of apparel entered under item 807.00 from Mexico increased nearly fivefold from 1970 to 1975. The value of U.S. components returned duty free accounted for 68 percent of the total value of apparel imports from Mexico under item 807.00 in 1975, compared to 73 percent in 1970 (see table on following page). The Government-sponsored Border Industrialization Program played an important role in the growth of U.S.-Mexican trade. Mexico's proximity to the United States, low wage rates relative to the United States, and the twin plant concept promoted by U.S. border cities have also been factors in the growth of trade with Mexican border areas.

1/ El Salvador and the Dominion Republic accounted for \$9.0 million and \$5.5 million, respectively, of the total value of apparel entered under item 807.00.

2/ El Salvador and the Dominican Republic accounted for \$12.6 million and \$10.9 million, respectively, of the total value of apparel entered under item 807.00.

Data on imports of apparel entered under item 807.00, from principal sources

Country	Total value				Percent of total value of 807.00 apparel imports				Duty-free value				Percent of duty-free value of 807.00 apparel imports			
	1970	1972	1974	1975	1970	1972	1974	1975	1970	1972	1974	1975	1970	1972	1974	1975
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars					1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars				
Mexico-----	20,997	50,629	117,449	124,151	49.7	59.7	53.5	52.5	15,374	36,504	82,223	84,756	73.2	72.1	70.0	68.3
Haiti-----	1,504	4,146	19,729	19,245	3.6	4.9	9.0	8.1	927	2,691	14,731	14,425	61.6	64.9	74.7	75.0
Colombia-----	309	1,517	18,514	20,362	.7	1.8	8.4	8.6	90	726	13,087	14,344	29.1	47.9	70.7	70.4
Philippines-----	778	4,786	13,054	13,802	1.8	5.6	5.9	5.8	432	4,324	1,305	1,405	55.5	90.3	10.0	10.2
Costa Rica-----	2,107	4,847	10,098	10,786	5.0	5.7	4.6	4.6	1,439	3,466	7,478	7,644	68.3	71.5	74.1	70.9
All other-----	16,571	18,855	40,599	48,056	39.2	22.2	18.5	20.3	9,250	5,947	26,080	31,750	55.8	31.5	64.2	66.1
Total-----	42,266	84,780	219,443	236,402	100.0	100.0	100.0	100.0	27,512	53,658	144,914	154,324	65.1	63.3	66.0	65.3

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

Note.--Due to rounding, the figures may not add to totals shown.

Imports of apparel, including those entered under item 807.00, are subject to quantitative restraints under the Arrangement Regarding International Trade in Textiles or, as it is commonly known, the Multifiber Agreement (MFA).

All apparel and accessories, except for certain handkerchiefs, imported into the United States, including those entered under item 807.00, are not eligible for duty-free treatment under the Generalized System of Preferences (GSP). Imports of certain handkerchiefs eligible for duty-free treatment under the GSP are relatively small.

Motor vehicles

U.S. imports of motor vehicles under the provisions of TSUS item 807.00 in 1969 were valued at \$742 million, of which only \$10 million, or 1.4 percent of the total value, consisted of duty-free value. The duty saved in 1969 was about \$0.7 million, or 6.5 percent of the duty-free value of the imports.

Although new passenger automobiles accounted for 97 percent of the total value and 98 percent of the dutiable value of imports of motor vehicles under item 807.00 in 1969, they accounted for only 40 percent of the duty-free value. About 0.6 percent of the total value of passenger automobiles imported under item 807.00 in 1969 was duty free. About 31 percent of the duty saved on motor vehicle imports under item 807.00 in 1969 was accounted for by new passenger automobiles, dutiable at that time at 5 percent ad valorem.

Motor buses accounted for only 1.4 percent of the total value and only 1.1 percent of the dutiable value of motor vehicles imported under item 807.00 in 1969, but accounted for 29 percent of the duty-

free value of such imports. About 28 percent of the value of motor buses imported under item 807.00 in 1969 was duty free. About 29 percent of the duty saved on motor vehicles imported under item 807.00 in 1969 was accounted for by motor buses, dutiable at that time at a rate of 6.5 percent ad valorem.

Special purpose motor vehicles accounted for only 1.1 percent of the total value and only 0.7 percent of the dutiable value of motor vehicles imported under item 807.00 in 1969, but accounted for 30 percent of the duty-free value of such imports. About 37 percent of the total value of special purpose motor vehicles imported under item 807.00 in 1969 was duty free. About 37 percent of the duty saved on motor vehicles imported under item 807.00 in 1969 was accounted for by special purpose motor vehicles, most of which were dutiable at 8 percent ad valorem in 1969.

Motor vehicles of other types accounted for very small proportions of motor vehicles imported under item 807.00 in 1969 in terms of total value, dutiable value, duty-free value or in duties saved.

West Germany accounted for over 82 percent of the total value, 83 percent of the dutiable value, and 61 percent of the U.S. value of passenger automobiles imported under item 807.00 in 1969. Sweden accounted for 8 percent of the total value, 8 percent of the dutiable value, and 6 percent of the duty-free value of passenger automobiles imported under item 807.00 in 1969. Belgium accounted for 8 percent of the total value, 8 percent of the dutiable value, and 24 percent of the duty-free value of passenger automobiles imported under item 807.00 in 1969. The United Kingdom accounted for 1.5 percent of the total value, 1.4 percent of the dutiable value, and 6 percent of the

duty-free value of passenger automobiles imported under item 807.00 in 1969. Japan, Italy, and the Netherlands accounted for the remaining imports of passenger automobiles under item 807.00 in 1969.

Belgium accounted for virtually all motor buses imported under item 807.00 in 1969. West Germany the only other supplier in that year, accounting for less than 0.1 percent of the total value, dutiable value, or the duty-free value of U.S. imports of motor buses under item 807.00 in 1969. Whereas 28 percent of the value of such imports from Belgium was duty free, only 0.5 percent of the value of motor buses from West Germany was duty free.

Canada accounted for 82 percent of the total value, 76 percent of the dutiable value, and 93 percent of the duty-free value of U.S. imports of special purpose motor vehicles during 1969. The Netherlands, France, West Germany, Italy, Australia, and the United Kingdom were the only other suppliers of special purpose motor vehicles under item 807.00. Whereas 41 percent of the value of U.S. imports of special purpose vehicles from Canada was duty free, the duty-free portion of imports from most other countries was substantially lower.

The value of U.S.-fabricated components in passenger automobiles and motor buses imported from Canada in 1969 was substantial, but such vehicles were imported completely free of duty under the United States-Canadian Automotive Agreement, and the provisions of item 807.00 were not used. The United States-Canadian Automotive Agreement is not applicable to special purpose motor vehicles and therefore Canadian special purpose motor vehicles are imported under item 807.00 if they contain U.S.-fabricated components. No countries eligible for GSP supplied any motor vehicles under the provisions of item 807.00 in 1969.

In general the use of item 807.00 has increased substantially in the motor-vehicle field since 1969. By 1975, U.S. imports of motor vehicles under item 807.00 were valued at \$1.9 billion, and the duty-free value of such imports amounted to \$30 million, or 1.6 percent of the total. The duty saved in 1975 was \$1.1 million, or 3.6 percent of the duty-free value of the imports.

New passenger automobiles accounted for 98.3 percent of the total value and 98.7 percent of the dutiable value of imports of motor vehicles under item 807.00 in 1975, but only accounted for 73.4 percent of the duty-free value of such imports. Only 1.2 percent of the total value of passenger automobiles imported under item 807.00 was duty free (double the proportion of 1969). However, 61.3 percent of the duty saved on motor vehicle imports under item 807.00 in 1975 was accounted for by new passenger automobiles, dutiable at 3 percent ad valorem.

Motor buses accounted for only 0.7 percent of the total value and only 0.5 percent of the dutiable value of motor vehicles imported under item 807.00 in 1975 but accounted for 8.3 percent of the duty-free value of such imports. About 20.2 percent of the value of motor buses imported under item 807.00 in 1975 was duty free (almost a third less than in 1969). About 9.3 percent of the duty saved on motor vehicles imported under item 807.00 in 1975 was accounted for by motor buses, dutiable at 4 percent ad valorem.

Special purpose motor vehicles accounted for only 0.9 percent of the total value and 0.7 percent of the dutiable value of motor vehicles imported under item 807.00 in 1975, but accounted for 16 percent of the duty-free value of such imports. About 27.8 percent of the value

of special purpose vehicles imported under item 807.00 in 1975 was duty free. About 22.7 percent of the duty saved on motor vehicles imported under item 807.00 in 1975 was accounted for by special purpose motor vehicles, most of which were dutiable at 5 percent ad valorem.

Other types of motor vehicles were even less important in imports under item 807.00 in 1975 than they had been in 1969.

West Germany accounted for 66.1 percent of the total value, 66.3 percent of the dutiable value, and 55.6 percent of the duty-free value of imports of new passenger automobiles under item 807.00 in 1975. Belgium accounted for 7.6 percent of the total value, 7.7 percent of the dutiable value, and 3.2 percent of the duty-free value of imports of new passenger automobiles under item 807.00 in 1975. Sweden accounted for 10.1 percent of the total value and dutiable value, and 13.0 percent of the duty-free value of imports of new passenger automobiles under item 807.00 in 1975. Japan, increasing sharply from its 1969 position, accounted for 12.8 percent of the total value, 12.7 percent of the dutiable value, and 21.6 percent of the duty-free value of imports of new passenger automobiles under item 807.00 in 1975. The United Kingdom accounted for 1.8 percent of the total value, 1.7 percent of the dutiable value, and 5.3 percent of the duty-free value of imports of new passenger automobiles under item 807.00 in 1975. Canada supplied small quantities of new passenger automobiles under item 807.00 in 1975.

U.S. imports of motor buses from Belgium under item 807.00 in 1975 were substantially lower than in most previous years.

In 1975 Belgium accounted for 68.5 percent of the total value, 65.2 percent of the dutiable value, and 81.6 percent of the duty-free value of imports of motor buses under item 807.00. West Germany, the United Kingdom, and Belgium, accounted for all of the remainder of such imports. The duty-free proportion of U.S. imports of motor buses under item 807.00 from Belgium amounted to 24.0 percent in 1975 and the comparable ratio for the other countries combined was 11.8 percent.

Canada accounted for 97.8 percent of the total value, 97.5 percent of the dutiable value, and 98.6 percent of the duty-free value of U.S. imports of special purpose motor vehicles under item 807.00 in 1975. Mexico, France, and Sweden were the only other suppliers. Whereas 28.0 percent of the value of the imports from Canada were duty-free, only 18.1 percent of the value of the imports from the other countries combined was free of duty.

Except in relation to the assembly of motor buses and special purpose vehicles, virtually all foreign activity under item 807.00 consists of passenger automobile assembly operations in which small quantities of U.S.-manufactured parts are incorporated into essentially foreign motor vehicles. The bulk of the U.S. components exported for incorporation in motor vehicles are purchased in the United States by the foreign motor-vehicle producers or their U.S. affiliates; lesser quantities are produced by automobile manufacturers in the United States who incorporate such parts in the automobiles they assemble abroad for entry under item 807.00.

U.S. produced passenger automobile parts that are exported for assembly and return under item 807.00 include sealed beam headlamps,

window glass, tires, automatic transmissions, and seat belts. All of the motor vehicles imported into the United States under item 807.00 are complete assemblies which require no further processing other than the installation of a limited number of dealer-installed options or accessories. One of the major West German users of item 807.00 will begin U.S. production of passenger automobiles in the United States in 1977. A Swedish user of item 807.00 will also begin the assembly of passenger automobiles in the United States in 1977. These actions will substantially reduce the use of item 807.00 with respect to passenger automobiles and motor vehicles.

The major supplier of buses under item 807.00 is a Belgian firm that in the past was the exclusive supplier of intercity buses to a major U.S. intercity bus line. That firm assembled buses in Belgium using essentially U.S.-made components. The Belgian operation was necessary to compete in cost with the major U.S. producers of intercity buses. Changes in exchange rates and higher costs in Belgium have made this operation less economically advantageous than it had been in 1969 even with duty savings resulting from the use of item 807.00. West German buses are of types not made in the United States but use a few major U.S. components such as air conditioning systems, engines, and parts.

Special purpose motor vehicles from Canada that are imported under item 807.00 are manufactured primarily by subsidiaries of U.S. firms, using a wide variety of U.S. fabricated components, or are made by independent Canadian firms, many of which purchase chassis made by

U.S. motor-vehicle manufacturers, upon which they install special purpose equipment.

Passenger automobiles and trucks are not subject to GSP. Motor buses and special purpose motor vehicles are subject to GSP, but imports from GSP countries are very small, especially imports of such articles under item 807.00. In 1975 Mexico supplied special purpose vehicles under item 807.00 valued at \$106,000, of which \$85,827 was dutiable value, and \$20,173 or 19.0 percent of the total value of such imports under 807.00 was duty-free.

Semiconductors and parts

The major producers of semiconductors and parts, in 1969, accounted for virtually all imports of semiconductors and parts, and all such imports were entered under items 806.30 and 807.00. Since 1969, imports under items 806.30 and 807.00 by the U.S. producers have declined to 75 percent of the value of total imports of semiconductors and parts.

The value of imports entered under item 807.00 increased from \$106.2 million in 1969 to \$345.6 million in 1974 before decreasing to \$312.4 million in 1975. However, these imports represented a decreasing share of total imports, declining from 84 percent in 1969 to 38 percent in 1975. The declining share has resulted from three principal factors:

1. Increased use of item 806.30 by U.S. producers.
2. Increased imports of finished semiconductors by U.S. firms from their foreign subsidiaries in developing countries.
3. Increased imports of semiconductors and parts from developed countries such as Canada, Japan, and countries in the EEC.

The increased imports of semiconductors have resulted from the rapid increase in applications of semiconductors. The major sources of imports are developing countries where U.S. producers operate subsidiaries engaged in the assembly of U.S. components exported for that purpose.

The value of fabricated U.S. components exported for foreign assembly and returned to the United States under item 807.00 increased from \$62.4 million in 1969 to \$120.4 million in 1974 before decreasing to \$113.9 million in 1975. However, the share of the value of imports entered duty free under item 807.00 decreased from 59 percent in 1969 to 36 percent in 1975. The decrease is attributed to improved technology in the manufacture of semiconductors and the flow of technology to the foreign subsidiaries.

In the latter part of 1974, the U.S. Customs Service modified its regulations respecting the use of item 807.00. The effects of the modification were more strict accountability and increased cost of administration. The increased cost of administration is expected to curtail the use of item 807.00.

Semiconductors and parts are not eligible articles under the GSP in 1976.

Radio apparatus and parts

Imports of radio apparatus consists mostly of solid-state consumer-type radios (with and without clocks), automobile radios, parts, and recently, citizens band (CB) transceivers. Major users of item 807.00 are firms manufacturing radio receivers, importers of radio receivers, and wholesalers. The chief components exported are clock or timer mechanisms and, more recently, semiconductors.

Between 1969 and 1975, imports of radio apparatus and parts doubled in value. Of these imports, some 14 to 18 percent were entered under item 807.00. The U.S. content of item 807.00 imports has varied between 17 and 23 percent (except for 1970 which was 28 percent). In 1975, U.S. content returned accounted for \$31.2 million (3.8 percent) of total imports of \$820 million.

Since 1969, there has been a shift in the countries supplying most of the imports under item 807.00. In 1970, the major countries doing 807.00 assembly of radios and radio apparatus were Japan, Hong Kong, and Taiwan, accounting for over 70 percent of such imports. By 1975, the three largest 807.00 countries were Brazil (automobile radios), Singapore (clock radios), and Mexico (subassemblies). This shift was due to higher costs in the original Far East countries, increased competition from Far East radio manufacturers, the guaranteed supply of low wage labor offered by Singapore and Brazil, and the lower transportation costs from Mexican border operations.

Automobile radios are not subject to the Generalized System of Preferences. Consumer-type solid-state radios are subject to the GSP. However, Taiwan, Hong Kong, and Singapore have exceeded the \$25 million import limitation and thus their consumer-type receivers do not receive duty-free treatment. The remainder of the radio apparatus and parts is subject to the GSP and all designated countries are eligible.

Office machines and parts

The principal concerns that use item 807.00 to import office machines (primarily calculating machines, computing and other data processing machines, and parts for office machines) continue to be large multinational corporations that enter the articles from their foreign subsidiaries. In 1969, total U.S. imports amounted to \$257 million, of which \$97 million, or 38 percent, consisted of articles entered under item 807.00.

Between 1969 and 1975, total imports of office machines and parts have increased over three-fold and amounted to \$899 million in

1975, of which \$231 million or 26 percent, consisted of articles entered under item 807.00.

Imports of computing and other data processing machines, calculating machines, and parts for office machines brought into the United States in 1975 under item 807.00 accounted for almost 90 percent, by value, of the total 807.00 imports for all office machines covered under this section.

During the 1969-75 period, due to far-reaching technological developments in solid-state electronic technology, calculating machines--which account for the largest dollar value of imports of any single class of office machines--have evolved from primarily electro-mechanical machines to completely solid-state electronic machines. Because the resulting unit value reduction caused greatly increased demand for electronic calculators, many U.S. multinational firms established facilities, primarily in Mexico and the Far East, for the purpose of producing these articles under the provisions of TSUS item 807.00. However, since 1975 several of these firms have closed some, or all, of their foreign facilities. Some of these firms have ceased calculator production entirely while others are either producing calculators in the United States or purchasing them from foreign firms mostly in the Far East. Severe price erosion of electronic calculators has caused this situation.

Before 1969, most imports of office machines, being electro-mechanical in nature, were entered from European countries such as West Germany, Italy and Sweden where there were highly skilled

machinists available. However, in the early 1970's, with the change to electronic solid-state office machines, the source of most U.S. imports has switched to the Far East including such countries as Japan, Taiwan, Hong Kong, and Singapore.

During the 1970-75 period, for all office machines and parts covered in this section, the value of the non-dutiable components in total 807.00 imports increased from a minimum of \$62 million in 1970 to a maximum of \$124 million in 1972, and decreased thereafter to \$74 million in 1975. It is believed that the decrease since 1972 is due to the increasing availability of components locally.

Thus far, the GSP has had little effect on imports of office machines. Most of these articles are entered from countries not on the GSP list, such as Japan, or from countries in which the value of certain articles is too great for eligibility under the GSP, such as calculators and office machine parts from Mexico.

Electronic memories

In 1969, about 20 U.S. producers of computers and computer peripheral equipment (add-on memories) accounted for substantially all imports of ferrite core memories. As early as 1965, tedious labor intensive operations were being moved abroad and by 1969, operations such as core stringing were no longer performed in the United States. The assembly operations abroad, however, represent only one stage in the manufacture of a memory system. The U.S. producers continued to manufacture components and perform final assembly and testing operations in the United States.

Since 1969, as specialized producers have taken over a number of original equipment accounts, the number of U.S. firms producing computer and computer peripheral equipment has increased, but the number of importers of core memories has decreased. From 1970-75, an increase in demand for computers and computer add-on memories brought about an increase in industry employment and also a significant increase in the value of imports. During this period, the total value of imports entered under item 807.00 increased from about \$42.4 million to about \$87.2 million in 1974 before decreasing to \$59.2 million in 1975. This decrease was due mostly to the competitive price advantage now held by semiconductors in most computer memory applications.

Although the types of operations performed abroad remained the same from 1970 to 1975, the dutiable and non-dutiable content of 807.00 shipments changed significantly during that time. In 1970, 67.4 percent of the value of imports under 807.00 was entered duty free, but by 1975 that percentage had dropped to 46.4 percent. This reversal was due to decreasing costs of U.S. materials entitled to duty-free treatment, increasing foreign labor costs, and the stricter enforcement by U.S. Customs of entry requirement on 807.00 shipments.

Due to the labor intensive nature of core stringing, all major sources of imports of electronic memories under 807.00 are from developing countries, where U.S. corporations are guaranteed a supply of low-wage labor. The number of countries involved in 807.00

electronic memories assembly has increased, as U.S. companies have continuously searched for lower wage rates. As recently as mid-1974, one large U.S. importer had 807.00 assembly operations in four different developing countries.

The total duty savings for the years 1970 through 1975 was about \$13.0 million. During this period, however, two importers of electronic memories were found guilty of intentionally submitting false documents to U.S. Customs to avoid payment of duty. The penalties (both criminal and civil) in these cases may total over \$3 million.

On January 1, 1976, the Generalized System of Preferences went into effect and duty-free status was granted to all developing countries, except Hong Kong, for TSUS item 688.40 (electronic memories). Importers with plants in Taiwan and Korea have experienced relatively few problems in obtaining duty-free entry. However, not all memories meet the 35 percent foreign content requirement. On those products, 807.00 is still an important factor.

Television receivers

In 1969, a number of U.S. producers assembled television receivers abroad in facilities either owned or operated by such producers. Since 1969, however, competition from the Far East, notably Japan, has forced virtually all U.S. producers to acquire manufacturing facilities abroad. As a result, U.S. producers account for a substantial share of imports entering under item 807.00.

In 1969, imports entered under item 807.00 accounted for about 16 percent of the value of total imports of television receivers and U.S. materials content accounted for about 38 percent (\$17.7 million) of imports entered under item 807.00.

Total imports of television receivers increased steadily from \$204 million to about \$520 million during 1969-74. In 1975, imports declined sharply to \$401 million due to a severe recession in the U.S. Imports entered under item 807.00 increased until 1972 reaching a high of \$144 million in 1972 or about 29 percent of total imports. U.S. material content amounted to about 21 percent of imports entered under item 807.00. Since 1972, U.S. material content in imports entered under item 807.00 declined both in absolute value and as a percentage of item 807.00. In 1975, U.S. material content amounted to only 9 percent of imports entered under item 807.00.

The decline in U.S. material content of imported television receivers is attributed to increased availability, decreased costs, and improved quality of foreign parts and components. Both U.S. and foreign multinational firms own or operate component manufacturing facilities abroad, many of which are in less developed countries.

Television receivers are not an eligible article under the GSP. The \$25 million limitation under the GSP, however, would likely restrict imports from less-developed countries and thus the GSP is expected to have little effect on the value of imports.

Television apparatus (except complete receivers)

Imports of television apparatus except receivers consist principally of accessories for receivers (such as antennas) and components, subassemblies, and parts of receivers (such as tuners, yokes, flybacks, etc.). Both assemblers of television receivers and suppliers of the components and accessories for television receivers own or operate overseas facilities. Since 1969 virtually all manufacturers have been forced to acquire offshore operations in order to compete with imports. Most of these operations are in the less-developed countries.

The total value of imports of television receiver parts, components, and accessories increased rapidly from \$53.3 million in 1969 to \$446.8 million in 1974. In 1975, imports declined to \$384.9 million as a result of a severe inflation in the United States.

Imports of television receiver parts, components, and accessories involving item 807 have varied between 65 and 75 percent of all imports of such articles since 1969. Of these 807.00 imports, the U.S. content was 49 percent in 1969 (\$20.4 million). In 1975, the U.S. content was 38 percent (\$110.8 million). Although the percentage of U.S. content shows a slight decline between 1969 and 1970, the actual value of U.S. goods returned increased in proportion to total imports. In 1975, however, the value of U.S. goods returned declined relative to total imports.

The large U.S. content of item 807.00 imports is of basic materials and parts (such as wire, resistors, metal chassis, ferrite cores, etc.) The labor intensive operations involving manufacture of special parts and subassemblies are done offshore mostly in the less-developed countries. These special parts and subassemblies are then returned to the U.S.-television-receiver manufacturer for final assembly into finished articles.

Television parts and accessories are not eligible articles under the GSP.

Non-piston type internal combustion engines

The U.S.-made components exported in the past several years for assembly abroad into non-piston type engines that have been imported under the provisions of item 807.00 include the following: rotors for turbines and compressors, among other mechanical parts, as well as auxiliary rocket engines and parts for the fuel and ignition systems. The non-piston type engines entered under the 807 provision include jet engines, turbine-jet engines, and turbo-prop engines for installation on aircraft and also gas turbines for use in electric power

generating stations and in railway locomotives. Of the exported components, some were products of the domestic engine manufacturers-consignees and others were products of firms not associated with the consignees.

The ratio of the duty-free value of the U.S. components to the total value of imports under the provisions of item 807.00 decreased from about 45 percent in 1970 to 10 percent in 1975. The decline in the ratio from 1970 to 1975 reflects a multiple rise in the total value of imports of non-piston type engines while the duty-free value of the U.S. components increased only moderately, i.e., the duty-free value grew from \$15.6 million in 1970 to \$19.4 million in 1975. The total value of imports of non-piston type internal combustion engines under the 807.00 provision in 1975 was \$202.9 million, just 2 percent below the level in 1974; the duty-free value was \$19.4 million, 27 percent above 1974 and the dutiable value was \$183.5 million, 5 percent below 1974.

Non-piston type internal combustion engines are eligible articles under the Generalized System of Preferences (GSP). The GSP became effective January 1, 1976, but data are not available to assess the impact of the GSP on both total imports and imports entering under item 807.00.

Nonmilitary aircraft

In 1969, U.S. imports of nonmilitary aircraft under the provisions of TSUS item 807.00 were valued at \$98 million, of which \$18 million, or 19 percent of the total value, consisted of duty-free value. The duty saved in 1969 was about \$1.3 million, or 7 percent of the duty-free value of the imports. About 70 percent of the total value, 71 per-

cent of the dutiable value, and 64 percent of the duty-free value of the aircraft imported under item 807.00 consisted of new airplanes of 10,000-33,000 pounds empty weight. About 14 percent of the total value, 15 percent of the dutiable value, and 12 percent of the duty-free value of the aircraft imported under item 807.00 in 1969 consisted of new airplanes of less than 10,000 pounds empty weight. About 14 percent of the total value, 13 percent of the dutiable value, and 20 percent of the duty-free value of the aircraft imported under item 807.00 consisted of airplanes of more than 33,000 pounds empty weight. The remaining aircraft were used or rebuilt airplanes.

Of the aircraft weighing 10,000-33,000 pounds, France accounted for 28 percent of the total value, 22 percent of the dutiable value, and 51 percent of the duty-free value of the imports under item 807.00. Imports of such aircraft from the United Kingdom accounted for 22 percent of the total value, 31 percent of the dutiable value, and 11 percent of the duty-free value of the imports under item 807.00. Imports of such aircraft from Canada accounted for 22 percent of the total value, 22 percent of the dutiable value, and 21 percent of the duty-free value of the 1969 imports under item 807.00.

Of the aircraft weighing less than 10,000 pounds, Japan accounted for 42 percent of the total value, 45 percent of the dutiable value, and 26 percent of the duty-free value of imports in 1969 under item 807.00. Canada accounted for 26 percent of the total value, 27 percent of the dutiable value, and 18 percent of the duty-free value of such imports; the only other major supplier, the United Kingdom,

accounted for 20 percent of the total value, 18 percent of the dutiable value, and 29 percent of the duty-free value of the imports of such aircraft under item 807.00.

Of the aircraft weighing over 33,000 pounds, the United Kingdom accounted for 77 percent of the total value, 94 percent of the dutiable value, and 27 percent of the duty-free value of imports in 1969 under item 807.00. Canada the only other major supplier accounted for 20 percent of the total value, 3 percent of the dutiable value, and 67 percent of the duty-free value of such imports. No countries now eligible for GSP supplied nonmilitary aircraft under item 807.00 in 1969.

Imports of nonmilitary aircraft under TSUS item 807.00 declined after 1969 to a total value of \$31 million in 1971, and fluctuating increased each year thereafter. In 1975, such aircraft imported under item 807.00 were valued at \$60 million, of which \$22 million, or 37 percent of the total value, consisted of duty-free value. The duty saved in 1975 amounted to about \$1.1 million, or 5 percent of the duty-free value of the aircraft. About 49 percent of the total value, 48 percent of the dutiable value, and 50 percent of the duty-free value of the aircraft imported in 1975 under item 807.00 consisted of new airplanes weighing less than 10,000 pounds. About 29 percent of the total value, 25 percent of the dutiable value, and 36 percent of the duty-free value of the aircraft imported in 1975 under item 807.00 consisted of new airplanes weighing 10,000-33,000 pounds. Airplanes

weighing over 33,000 pounds, used or rebuilt airplanes, and airplanes having rotary wings accounted for the remainder of imports under item 807.00 in 1975.

Of the airplanes weighing less than 10,000 pounds, France accounted for 70 percent of the total value, 56 percent of the dutiable value, and 95 percent of the duty-free value of imports under item 807.00 in 1975. Japan accounted for 24 percent of the total value, 36 percent of the dutiable value, and 3 percent of the duty-free value of such imports in 1975 while Canada, the United Kingdom and Mexico accounted for the remainder.

Of the airplanes in the 10,000-33,000 pound category, there were only three suppliers of imports under item 807.00 in 1975--France, Israel and Canada. France accounted for 76 percent of the total value, 76 percent of the dutiable value, and 77 percent of the duty-free value of imports under item 807.00 in 1975; Israel and Canada accounted for the remainder. Canada and the United Kingdom supplied all U.S. imports under item 807.00 of aircraft of over 33,000 pounds, and the United Kingdom, Israel, Canada, Italy, and Japan supplied all U.S. imports under item 807.00 of rotary-wing aircraft and used or rebuilt aircraft.

U.S. fabricated components incorporated into aircraft entered under item 807.00 include such articles as jet engines, flight control and communication equipment, pressurization systems, valves, brakes, and generators. A large proportion of the aircraft imported under item 807.00 consists of small executives planes, especially executive jets. U.S. components are often utilized because of the availability of parts and service from domestic vendors or because the incorporation of U.S.-made components that meet FAA specifications facilitate the certification of the aircraft and increases its marketability.

Nonmilitary aircraft are subject to GSP. Israel and Mexico, however, are the only two countries in 1975 to have supplied non-military aircraft under item 807.00. Both Israel and Mexico are currently accorded GSP treatment. Imports from Israel have consisted of used or rebuilt aircraft and of new non-military airplanes within the 10,000-33,000 pound category; imports from Mexico have consisted solely of new non-military airplanes in the less than 10,000 pound category.

Household Sewing Machines

Only one firm made household sewing machines in the United States in 1969 and the same firm remains the sole U.S. producer in 1976. U.S. production of sewing machines, including industrial units, increased fairly steadily from \$138 million in 1969 to \$180 million in

1975. Employment at the one producer probably declined somewhat during the early 1970's. Imports of household sewing machines rose generally, from \$74.1 million in 1969 to \$120 million in 1975. Imports under item 807.00 have been made by the sole U.S. producer and by other importers, including former U.S. producers which now import from manufacturing subsidiaries or affiliates abroad. The duty-free U.S. parts embraced by 807.00 imports have been those which foreign manufacturers have been unable to make or with respect to which they have not met U.S. standards (including Underwriters Laboratory standards). Notable among such parts have been electrical components.

The total value of such 807.00 imports in 1969 was \$22.6 million. In 1975, imports amounted to \$32.6 million, a drop of \$925,000 from the 1974 peak. Although the general trend in total 807.00 imports since 1969 was upward, the value of the duty-free components fell sharply--the duty-free value dropped from \$2.4 million, or 10.8 percent of the total value in 1969, to \$170,000, or 0.5 percent in 1975. This decrease reflects the increased manufacturing capabilities of the foreign subsidiaries of the U.S. producer and the more extensive compliance with U.S. standards among foreign producers.

Japan was by far the principal source of 807.00 imports of household sewing machines during 1969-75, with 94.1 percent in 1969 and 90.5 percent in 1975. The United Kingdom remained a minor source of imports throughout 1969-75. Other minor sources at times during 1969-74 were Canada, Brazil, Hong Kong, and Taiwan. A small volume of imports came in from Singapore in 1975. The sharpest change consisted of an increase in the imports from Taiwan from about \$82,500 in 1973 to \$743,000 in

1974 and to \$3.0 million in 1975. Concomitantly, imports from Japan fell from \$32.8 million in 1974 to \$29.5 million in 1975. Of the sources of the 807.00 imports, Brazil, Hong Kong, Singapore, and Taiwan are among the beneficiary countries in the U.S. Generalized System of Preferences.

Toys, Dolls, and Models

Imports, exports, and domestic production of toys, dolls, and models were approximately \$176 million, \$40 million, and \$1.2 billion, respectively in 1969. Imports of these products under item 807.00 totaled about \$22 million during the same year, with operations by one U.S. manufacturer from foreign branch plants accounting for the bulk of the imports. Dolls accounted for about one-half of the articles imported under item 807.00; models accounted for about 13 percent; and toys, the remainder. Mexico was the source of approximately 78 percent of these imports, and most of the remainder (17 percent) was supplied by Hong Kong. The principal reason for assembly of toys, dolls, and models abroad were the lower labor costs. In Mexico, labor costs were one-fourth that of the United States, and in the Far East labor costs ranged from one-fifth to one-twentieth that of the U.S.

Since 1970, economic factors have favored a greater concentration in the toy industry, with a concurrent exit of marginal firms, resulting in a reduction of approximately 15 percent in the number of U.S. firms. Employment has fluctuated resulting in a net increase of less than 3 percent. Domestic shipments increased about 30 percent to an estimated

\$1.6 billion in 1975 and exports more than doubled to \$100 million in 1975. Imports of toys, models, and dolls increased fairly steadily to about \$310 million in 1974, then declined to \$268 million in 1975. Most of the decrease was caused by decreases in doll and rubber and plastic toy imports. Presently several large U.S. firms account for the major part of articles imported under item 807.00. The value of these imports more than doubled to \$47 million in 1974, then dropped to under \$23 million in 1975. The recent decreases are due to the decision of many firms to manufacture the complete article either abroad or domestically, as well as the general decline in toy imports. In the case of plastic models and kits, this move was forced by increased freight rates. Of toy, model and doll imports under 807.00, presently, models account for about 10 percent, toys account for about 46 percent, and dolls for the remainder.

The percentage of foreign value as compared to domestic value of toys, dolls, and models imported under item 807.00 has risen steadily from about 60 percent in 1970 to more than 74 percent in 1975. This trend is likely to continue, reflecting the increasing sophistication of foreign manufacturing facilities, especially in the Far East. Concurrently, the effective duty on these products as a whole, caused by the duty-free treatment of the U.S. value returned, has declined with the rise in foreign value. Since 1970, a change in relative labor costs among countries has changed the composition of countries supplying imports under item 807.00. The trend toward equalization of wages along

the Mexican border (the site of almost all of Mexican 807.00 operations) with U.S. wages has contributed toward a return of operations to the U.S. and to the Far East, especially with regard to dolls. In 1975, Hong Kong became the largest supplier of toy imports under item 807.00 with about 43 percent of the total; Mexico supplied 28 percent; and Haiti supplied 13 percent.

About 44 percent of 807.00 imports in 1975 were dolls, doll parts, and doll clothing, which are not eligible for duty-free treatment under the Generalized System of Preferences. In addition, certain toy figures of animate objects and other toys and parts (TSUS item 737.40; 737.50; and 737.95, formerly 737.90) from Hong Kong, representing 5 percent of 807.00 imports, are ineligible for GSP. Of the remaining \$11.7 million of imports under item 807.00 in 1975, about 84 percent were supplied by countries now eligible for GSP. This situation is tending to cause the reduction of 807.00 operations in favor of total foreign manufacture. This is especially true for the Far East, where toy production is quite sophisticated in some countries (principally Hong Kong) and rapidly gaining greater sophistication in others, while retaining a significant labor cost advantage.

Scientific instruments

The principal scientific instruments imported under item 807.00 are electrical measuring instruments, navigational instruments, liquid, gas, and temperature gauges and meters, counting devices and similar articles, and parts of scientific instruments for further assembly.

In 1969, imports of scientific instruments under item 807.00 were valued at \$13 million, while total imports of such instruments were valued at \$100 million. U.S. exports of scientific instruments amounted to \$786 million and domestic shipments amounted to about \$4 billion.

The major part of total U.S. imports of scientific instruments in 1969 was supplied by West Germany, Japan, and the United Kingdom; by far the greatest part of the instruments imported under item 807.00 was supplied by Mexico and Canada.

Virtually all of the scientific instruments imported under item 807.00 are assembled in foreign branch plants of U.S. firms; a small part is accounted for by U.S. jobbers and contractors. The bulk of the participating U.S. firms are multinational corporations whose foreign establishments shipping products to the United States under item 807.00 are generally multi-product plants which service markets in the host country, as well as other countries. Most of the U.S. firms entering articles under item 807.00 also import products from their foreign facilities without the use of the provisions of item 807.00. The foreign branch plants are located in sixteen countries, the greater number of which are in Mexico, Canada and Japan.

The number of U.S. establishments producing scientific instruments increased from about 2,000 in 1969 to about 3,000 in 1975. Employment rose from 100,000 production workers in 1969 to 120,000 workers in 1975. Domestic shipments amounted to about \$6.5 billion in 1975 and exports totaled \$1.8 billion.

Total U.S. imports of scientific instruments amounted to more than \$277 million in 1975, about 6 percent of apparent consumption. Of the total, about \$34 million, or 12 percent, entered under the provisions of item 807.00. The relationship between imports under item 807.00 and total imports of such instruments in 1969-75 is shown below.

(In thousands of dollars)			
Year	: Total : imports	: Imports : under item : 807.00	: Ratio (percent) of 807.00 : imports to total imports : of scientific instruments
1969-----	: 100,255	: 12,892	: 13
1970-----	: 126,101	: 21,334	: 17
1972-----	: 168,773	: 16,731	: 10
1974-----	: 262,800	: 34,447	: 13
1975-----	: 277,239	: 34,017	: 12
	: :	: :	: :

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

The major part of total U.S. imports of scientific instruments continue to be supplied by West Germany, Japan, and the United Kingdom; such imports under item 807.00 continue to be supplied principally by Mexico and Canada.

For 807.00 imports, the value of U.S. components incorporated into scientific instruments assembled abroad generally increased as

a proportion of the total value during 1969-74, as shown in the following tabulation (in thousands of dollars):

Year	: Total : value	: Dutiable : value	: Duty-free : value	: Ratio (percent) : of duty-free : value to : total value
1969-----	: 12,892	: 8,943	: 3,949	: 31
1970-----	: 21,334	: 9,737	: 11,597	: 54
1972-----	: 16,731	: 9,611	: 7,120	: 43
1974-----	: 34,447	: 18,717	: 15,730	: 46
1975-----	: 34,017	: 19,260	: 14,757	: 43
	: :	: :	: :	: :

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

In 1969, about 31 percent of the total value consisted of U.S. components entering free of duty; by 1975, the U.S. share was 43 percent. The change occurred mainly in components for electrical measuring instruments as shown on the following page in the comparative tabulation of the major types of scientific instruments imported

under item 807.00 in 1969 and 1975, in thousands of dollars, along with the dutiable and duty-free component:

Type of instrument	Total value	Dutiable value	Duty-free value	Ratio (percent) of duty-free value to total value
1969				
Electrical measuring-----	9,476	7,741	1,735	18
Navigational-----	1,786	437	1,349	76
Gauges and meters-----	699	390	309	44
Counting devices-----	586	248	338	58
Other-----	345	127	218	63
Total-----	12,892	8,943	3,949	31
1975				
Electrical measuring-----	15,181	9,822	5,359	35
Navigational-----	223	108	115	52
Gauges and meters-----	6,305	4,204	2,101	33
Counting devices-----	420	228	192	46
Other-----	11,888	4,898	6,990	59
Total-----	34,017	19,260	14,757	43

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

With the exception of electrical measuring instruments, the share of foreign components incorporated into instruments or subassemblies increased for all other instruments. Overall, there was an effective reduction of the duty from about a third to about two-fifths as a result of the increase in the amount of U.S. components used.

Of the countries currently assembling scientific instruments for imports under the provisions of item 807.00, Mexico, Israel, and Barba-

dos are designated as beneficiary countries under the U.S. Generalized System of Preferences. Mexico accounts for about half of U.S. imports of such instruments under item 807.00; virtually all of the imports from Mexico were entered under item 807.00. Imports of instruments from Israel and Barbados amounted to less than one percent of such imports under the item. The remainder of the instrument imports under the item was supplied by industrialized countries.

It is highly unlikely that elimination of the duty as a result of the Generalized System of Preferences will have an appreciable effect on 807.00 operations. Components used in assembling scientific instruments are generally high precision parts with close tolerances usually produced in semiautomatic operations characterized by a high degree of technology and large capital investment. Such production is generally found only in the industrialized countries. Accordingly, 807.00 operations involving scientific instruments are located mainly in close proximity to a ready source of supply. Those in Mexico and Canada together account for four-fifths of such operations. Canada, which assembles all of the navigational instruments and about half of the gauges and meters, supplied a larger share of the components in 1975 than in 1969; Mexico, which assembles mainly electrical measuring instruments, supplied a smaller share of the components in 1975 than in 1969.

Brief Analysis of Activity since 1969 under Item 806.30
by Major Commodity Groupings

Parts of aircraft

U.S. imports of aircraft parts under the provisions of TSUS item 806.30 in 1969 were valued at \$68 million, of which \$27 million, or 39 percent of the total value, consisted of duty-free value. The duty saved in 1969 was about \$1.9 million or 7 percent of the duty-free value of the imports. Canada accounted for 81 percent of the total value of imports of aircraft parts under item 806.30 in 1969, the United Kingdom was the second largest supplier, and Italy accounted for virtually all remaining parts. One U.S. aircraft manufacturer accounted for virtually all U.S. imports under item 806.30 in 1969.

Imports of aircraft parts under the provisions of TSUS item 806.30 fluctuated widely during the period 1969-75, reflecting the production levels of the major U.S. user, between a low of \$22 million in total value in 1971 and a high of \$138 million in 1973; the total value of such imports in 1975 declined to \$49 million. In 1975, the duty-free value of imports under item 806.30 was \$27 million or 55 percent of the total value of the imports. The duty saved in 1975 was \$1.4 million or 5 percent of the duty-free value of the imports.

Canada accounted for 45 percent of the total value, 63 percent of the dutiable value, and 30 percent of the duty-free value of imports of aircraft parts under item 806.30 in 1975. Mexico accounted for 40 percent of the total value, 16 percent of the dutiable value,

and 61 percent of the duty-free value of U.S. imports of aircraft parts under item 806.30 in 1975. Italy accounted for 14 percent of the total value, 21 percent of the dutiable value, and 8 percent of the duty-free value of U.S. imports of aircraft parts under item 806.30 in 1975. Less than one percent of the total value, dutiable value, or duty-free value of U.S. imports was supplied from all other sources in 1975. Those countries were the United Kingdom, Spain, Israel, and Sweden.

One U.S. aircraft manufacturer is the major user of item 806.30 in imported aircraft parts; others have begun to use the provision since 1969. The basic types of operations involved continue essentially unchanged since 1969, however. Most of the U.S. imports under item 806.30 consist of wing and tail assemblies, fuselage and floor panels, and wing barrels for use in the assembly, in the United States, of commercial jet transports. The exported articles, most of which are purchased in the United States by the foreign processors consist mainly of aluminum sheets, extrusions, forgings, and fasteners. The foreign processing consists primarily of machining and fastening operations. After shipping the metal subassemblies back to the United States, further machining, fastening, checking and testing is performed prior to assembly of the articles into complete airplanes in the importers' U.S. assembly plants.

Exports of airplanes containing articles imported duty-free account for a substantial share of total U.S. exports of commercial jet aircraft and for a substantial share of total shipments of

U.S.-made aircraft to all markets, domestic and foreign. The duty savings under item 806.30 is reported to be a significant factor in the pricing of aircraft in a highly competitive domestic and world market.

Aircraft parts are subject to GSP. A substantial proportion of 1975 U.S. imports of aircraft parts is from Mexico and a minor proportion is from Israel; both are accorded GSP benefits under the Trade Act of 1974. No other GSP countries are sources of aircraft parts under the provisions of item 806.30.

Semiconductors and parts

The major producers of semiconductors and parts, in 1969, accounted for virtually all imports of semiconductors and parts, and all such imports were entered under items 806.30 and 807.00. Since 1969, imports under items 806.30 and 807.00 by the U.S. producers have declined to 75 percent of the value of total imports of semiconductors and parts.

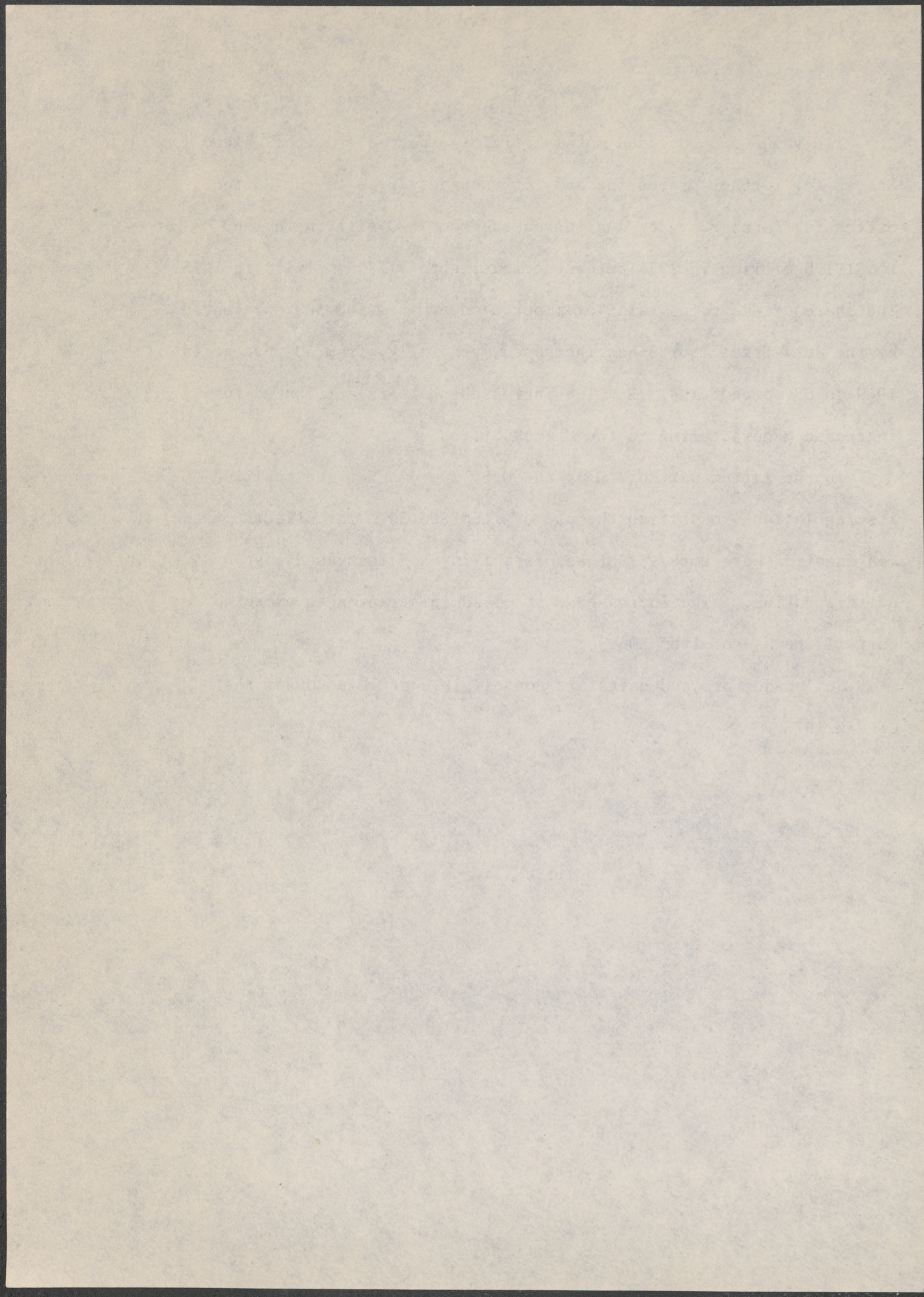
The value of imports entered under item 806.30 increased from \$20.3 million in 1969 to \$338.4 million in 1974 before decreasing to \$305.1 million in 1975. Such imports represented an increasing share of total imports, from 16 percent in 1969, to 37 percent in 1975. The increasing share is the result of greater allowable duty reductions under item 806.30 than under item 807.00.

The increased imports of semiconductors has resulted from the rapid increase in applications of semiconductors. The major sources of imports are developing countries where U.S. producers operate subsidiaries processing metal articles which are returned to the United States for further processing.

The value of processed metal articles exported from the United States for further processing and returned duty free to the United States for further processing increased from \$6.0 million in 1969 to \$191.0 million in 1974 before decreasing to \$177.9 million in 1975. The share of the total value of imports under item 806.30 represented by the duty-free imports has increased, generally, from 30 percent in 1969 to 58 percent in 1975. The increased share is attributed to increased manufacturing in the United States.

In the latter part of 1974, the U.S. Customs Service modified its regulations respecting the use of item 806.30. The effects of the modification were more strict accountability and increased cost of administration. The increased cost of administration is expected to curtail the use of item 806.30.

Semiconductors and parts are not eligible articles under the GSP in 1976.



APPENDIX A
RULES AND REGULATIONS

RULES AND REGULATIONS

43021

4. After review of several lengthy and significant comments objecting to the basis upon which intangible assists were to be handled under the proposed regulations, it has been determined that further study of this matter is required. Therefore, proposed § 10.23(f), relating to the element of assists, has been deleted. When this question has been fully resolved, a notice of proposed rulemaking will be published in the *FEDERAL REGISTER* giving interested persons ample opportunity in which to submit relevant written data, views or arguments regarding the proposed amendments.

5. Section 10.24(a)(2) (formerly § 10.17(a)(2) of the proposed amendments) has been changed by deleting the sentence requiring the endorsement to be signed by the actual importer when the importer of record is a customhouse broker. This will allow a customhouse broker to sign the endorsement on behalf of the actual importer. However, as stated in § 10.24(g) (formerly § 10.17(g)), the importer retains the responsibility for the correctness of the information presented.

6. Section 10.24(d) (formerly § 10.17(d)) has been changed to permit the district director to waive certain specified details normally required in the documentation submitted at the time of each entry, if he is satisfied that the importer and assembler have established reliable controls to insure that all components for which the exemption provided for by item 807.00, Tariff Schedules of the United States, is claimed are in fact products of the United States. This addition was necessary because where large quantities of United States components are purchased from various sources or exported at various ports and dates on a continuing basis, it is impracticable to identify the exact source, port, and date of export for each particular component included in an entry of merchandise claimed to be the subject of the exemption under item 807.00, Tariff Schedules of the United States.

7. Proposed § 10.25, relating to advice before importation has been omitted in its entirety because most of its content was determined not to be a proper subject of these regulations.

8. The proposed amendment to § 10.112 which would have provided an exception to the section by requiring certain documents to be filed within six months after the entry of assembled articles claimed to be entitled to the exemption provided for in item 807.00, Tariff Schedules of the United States, has been withdrawn because it would impose an unnecessary burden upon the importing public. The references to this requirement which were found in paragraphs (a) and (d) of § 10.17 have also been deleted.

In addition to the above changes, a number of editorial corrections have been made in the text. Further, certain sections of the proposed regulations have been renumbered or otherwise modified, necessitating additional conforming changes. The authority provision for Part 10 has also been amended to in-

clude specific authority for these regulations.

Accordingly, Part 10 of the Customs Regulations (19 CFR Part 10) is amended by deleting § 10.2, by amending the authority provision, and by adding a new centerhead and §§ 10.11 through 10.24 to read as set forth below.

Effective date. These amendments shall become effective October 20, 1975.

VERNON D. ACREE,
Commissioner of Customs.

Approved: September 9, 1975.

DAVID R. MACDONALD,
Assistant Secretary of the
Treasury.

1. Part 10 of the Customs Regulations is amended by revising the authority provision to read as follows:

AUTHORITY: The provisions of this Part 10 issued under R.S. 251, as amended, sec. 624, 46 Stat. 759, 77A Stat. 14; 5 U.S.C. 301, 19 U.S.C. 66, 1202 (General Headnote 11, Tariff Schedules of the United States), 1624. Secs. 10.11 through 10.24 also issued under sec. 502, 46 Stat. 731, as amended, 77A Stat. 14; 19 U.S.C. 1202 (General Headnote 12, Tariff Schedules of the United States), 1503. Additional authority and statutes interpreted or applied are cited in the text or following the sections affected.

§ 10.2 [Removed]

2. Part 10 of the Customs Regulations is further amended by deleting § 10.2 and by adding a new centerhead and §§ 10.11 through 10.24 to read as follows:

ARTICLES ASSEMBLED ABROAD WITH UNITED STATES COMPONENTS

- | | |
|-------|---|
| Sec. | |
| 10.11 | General. |
| 10.12 | Definitions. |
| 10.13 | Statutory provision: item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202). |
| 10.14 | Fabricated components subject to the exemption. |
| 10.15 | Fabricated components not subject to the exemption. |
| 10.16 | Assembly abroad. |
| 10.17 | Valuation of exempted components. |
| 10.18 | Valuation of assembled articles. |
| 10.19 | Elements involved in determining constructed value or cost of production. |
| 10.20 | Cost data required if other statutory basis applicable. |
| 10.21 | Updating cost data and other information. |
| 10.22 | Marking. |
| 10.23 | Standards, quotas, and visas. |
| 10.24 | Documentation. |

ARTICLES ASSEMBLED ABROAD WITH UNITED STATES COMPONENTS

§ 10.11 General.

(a) Section 10.12 through 10.23 set forth definitions and interpretative regulations adopted by the Commissioner of Customs pertaining to the construction of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202) and related provisions of law. These provisions concern claims for the exemption from duty provided by item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), for American-made fabricated components which are returned to the United States as parts of articles as-

Title 19—Customs Duties

CHAPTER I—UNITED STATES CUSTOMS SERVICE, DEPARTMENT OF THE TREASURY

[T.D. 75-230]

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

Articles Assembled Abroad with U.S. Components

On July 5, 1974, a notice of proposed rulemaking pertaining to amendments to Part 10 of the Customs Regulations (19 CFR Part 10) relating to the partial exemption from duty provided by item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), for articles which are assembled abroad in whole or in part of fabricated United States components, was published in the *FEDERAL REGISTER* (39 FR 24651). Interested persons were given 60 days from the date of publication of the notice in which to submit relevant written data, views, or arguments regarding the proposed amendments.

After consideration of the numerous comments received, the following changes have been made in the amended provisions originally proposed:

1. Section 10.11 was rewritten to explain the difference between interpretative and procedural regulations. Further, the numbering of the sections was changed and the sections were so organized that their sequence reflects the difference between interpretative and procedural matters.

2. The definitions of the term "Not advanced in value or improved in condition", "Physical identity", and "Without further fabrication", which were contained in proposed § 10.12, have been deleted. However, their use has been retained in the substance of the interpretative regulations, where their meaning is clear within the technical context of the particular section.

3. Additional examples to illustrate specific situations involving the applicability of the exemption provided for under item 807.00, Tariff Schedules of the United States, have been included after several of the proposed sections.

RULES AND REGULATIONS

sembled abroad. The examples included in these sections describe specific situations in which the exemption may or may not be applicable. The definitions and regulations that follow are promulgated to inform the public of the constructions and interpretations that the United States Customs Service shall give to relevant statutory terms and to assure the impartial and uniform assessment of duties upon merchandise claimed to be partially exempt from duty under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), at the various ports of entry. Nothing in these regulations purports or is intended to restrict the legal right of importers or others to a judicial review of the matters contained therein.

(b) Section 10.24 sets forth the documentary requirements applicable to the entry of assembled articles claimed to be subject to the exemption provided under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202). Allowance of an importer's claim is dependent upon meeting the statutory requirements for the exemption under item 807.00 and his complying with the documentary requirements set forth in § 10.24.

§ 10.12 Definitions.

As used in §§ 10.11 through 10.24, the following terms shall have the meanings indicated:

(a) *American-made.* The term "American-made" is used to refer to a product of the United States as defined in paragraph (e) of this section.

(b) *Assembly.* "Assembly" means the fitting or joining together of fabricated components.

(c) *Exemption.* "Exemption" means the deduction of the cost or value of products of the United States which were assembled abroad in accordance with the requirements of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), from the full value of the assembled article.

(d) *Fabricated component.* "Fabricated component" means a manufactured article ready for assembly in the condition as exported except for operations incidental to the assembly.

(e) *Product of the United States.* A "product of the United States" is an article manufactured within the Customs territory of the United States and may consist wholly of United States components or materials, of United States and foreign components or materials, or wholly of foreign components or materials. If the article consists wholly or partially of foreign components or materials, the manufacturing process must be such that the foreign components or materials have been substantially transformed into a new and different article, or have been merged into a new and different article.

§ 10.13 Statutory provision: Item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202).

Item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), provides that articles assembled abroad in whole or in part of fabricated components, the

product of the United States, which (a) were exported in condition ready for assembly without further fabrication, (b) have not lost their physical identity in such articles by change in form, shape, or otherwise, and (c) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating, and painting, are subject to a duty upon the full value of the imported article, less the cost or, if no charge is made, the value of such products of the United States. The rate of duty which is assessed upon the dutiable portion of the imported article is that which is applicable to the imported article as a whole under the appropriate provision of the Tariff Schedules of the United States (19 U.S.C. 1202) for such article. If that provision requires a specific or compound rate of duty, the total duties assessed on the imported article are reduced in such proportion as the cost or value of the returned United States components which qualify for the exemption bears to the full value of the assembled article.

Example 1. A transistor radio is assembled abroad from foreign-made components and American-made transistors. Upon importation, the transistor radio is subject to the ad valorem rate of duty applicable to transistor radios upon the value of the radio less the cost or value of the American-made transistors assembled therein.

Example 2. A solid-state watch movement is assembled abroad from foreign-made components and an American-made integrated circuit. If the movement in question is subject to the specific rate of duty of 75 cents, if the value of the assembled movement is \$30, and if the value of the American-made integrated circuit is \$10, then the value of the integrated circuit represents one third of the total value of the assembled article and the duty on the assembled article will be reduced by one third (\$.25). Therefore, the duty on the assembled movement is 50 cents.

§ 10.14 Fabricated components subject to the exemption.

(a) *Fabricated components, the product of the United States.* Except as provided in § 10.15, the exemption provided under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), applies to fabricated components, the product of the United States. The components must be in condition ready for assembly without further fabrication at the time of their exportation from the United States to qualify for the exemption. Components will not lose their entitlement to the exemption by being subjected to operations incidental to the assembly either before, during, or after their assembly with other components. Materials undefined in final dimensions and shapes, which are cut into specific shapes or patterns abroad are not considered fabricated components.

Example 1. Articles identifiable in their exported condition as components or parts of the article into which they will be assembled, such as transistors, diodes, integrated circuits, machinery parts, or precut parts of wearing apparel, are regarded as fabricated components.

Example 2. Prestamped metal lead frames for semiconductor devices exported in mul-

multiple unit strips in which the individual frame units are connected to each other, or integrated circuit wafers containing individual integrated circuit dice which have been scribed or scored in the United States, are regarded as fabricated components. The separation of the individual frames by cutting, or the segmentation of the wafer into individual dice by flexing and breaking along scribed or scored lines, is regarded as an operation incidental to the assembly process.

Example 3. Wires of various type, electrical conductors, metal foils, insulating tapes, ribbons, findings used in dressmaking, and similar products, which are in a finished state when exported from the United States, and are ready for use in the assembly of the imported article, are regarded as fabricated components if they are only cut to length or subjected to operations incidental to the assembly process while abroad.

Example 4. Uncut textile fabrics exported in bolts from which wearing apparel components will be cut according to a pattern are not regarded as fabricated components. Similarly, other materials, such as lumber, leather, sheet metal, plastic sheeting, exported in basic shapes and forms to be fabricated into components for assembly, are not eligible for treatment as fabricated components.

(b) *Substantial transformation of foreign-made articles or materials.* Foreign-made articles or materials may become products of the United States if they undergo a process of manufacture in the United States which results in their substantial transformation. Substantial transformation occurs when, as a result of manufacturing processes, a new and different article emerges, having a distinctive name, character, or use, which is different from that originally possessed by the article or material before being subjected to the manufacturing process. The mere finishing or modification of a partially or nearly complete foreign product in the United States will not result in the substantial transformation of such product and it remains the product of a foreign country.

Example 1. A cast metal housing for a valve is made in the United States from imported copper ingots, the product of a foreign country. The housing is a product of the United States because the manufacturing operations performed in the United States to produce the housing resulted in a substantial transformation of the foreign copper ingots.

Example 2. An integrated circuit device is assembled in a foreign country and imported into the United States where its leads are formed by bending them to a specified angle. It is then tested and marked. The imported article does not become a product of the United States because the operations performed in the United States do not result in a substantial transformation of the foreign integrated circuit device.

Example 3. A circuit board assembly for a computer is assembled in the United States by soldering American-made and foreign-made components onto an American-made printed circuit board. The finished circuit board assembly has a distinct electronic function and is ready for incorporation into the computer. The foreign-made components have undergone a substantial transformation by becoming permanent parts of the circuit board assembly. The circuit board assembly, including all of its parts is regarded as a fabricated component, the product of the United States, for purposes of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202).

RULES AND REGULATIONS

43023

§ 10.15 Fabricated components not subject to the exemption.

Fabricated components which are not products of the United States are excluded from the exemption. In addition, the exemption is not applicable to any component exported from the Customs territory of the United States:

(a) From continuous Customs custody with remission, abatement, or refund of duty;

(b) With benefit of drawback;

(c) To comply with any law of the United States or regulation of any Federal agency requiring exportation; or

(d) After manufacture or production in the United States under item 864.05, Tariff Schedules of the United States (19 U.S.C. 1202).

Example. Partially completed components of an electric motor are imported in several separate shipments and are entered under a temporary importation bond to be manufactured into finished motors under the provisions of item 864.05, Tariff Schedules of the United States (19 U.S.C. 1202). The components are completed and assembled into finished electric motors. The finished motors are exported and are assembled abroad into electric fans which are subsequently imported into the United States. Irrespective of the fact that the assembly of the motors might involve such a substantial change that the motor could be considered a product of the United States, no exemption may be given for the value of the electric motors, since they were exported after manufacture or production in the United States under the provision of item 864.05, Tariff Schedules of the United States (19 U.S.C. 1202).

§ 10.16 Assembly abroad.

(a) *Assembly operations.* The assembly operations performed abroad may consist of any method used to join or fit together solid components, such as welding, soldering, riveting, force fitting, gluing, laminating, sewing, or the use of fasteners, and may be preceded, accompanied, or followed by operations incidental to the assembly as illustrated in paragraph (b) of this section. The mixing or combining of liquids, gases, chemicals, food ingredients, and amorphous solids with each other or with solid components is not regarded as an assembly.

Example 1. A television yoke is assembled abroad from American-made magnet wire. In the foreign assembly plant the wire is despoiled and wound into a coil, the wire cut from the spool, and the coil united with other components, including a terminal panel and housing which are also American-made. The completed article upon importation would be subject to the ad valorem rate of duty applicable to television parts upon the value of the yoke less the cost or value of the American-made wire, terminal panel and housing, assembled therein. The winding and cutting of the wire are either assembly steps or steps incidental to assembly.

Example 2. An aluminum electrolytic capacitor is assembled abroad from American-made aluminum foil, paper, tape, and Mylar film. In the foreign assembly plant the aluminum foil is trimmed to the desired width, cut to the desired length, interleaved with paper, which may or may not be cut to length or despoiled from a continuous length, and rolled into a cylinder wherein the foil and paper are cut and a section of seal-

ing tape fastened to the surface to prevent these components from unwinding. Wire or other electric connectors are bonded at appropriate intervals to the aluminum foil of the cylinder which is then inserted into a metal can, and the ends closed with a protective washer. As imported, the capacitor is subject to the ad valorem rate of duty applicable to capacitors upon the value less the cost or value of the American-made foil, paper, tape, and Mylar film. The operations performed on these components are all either assembly steps or steps incidental to assembly.

Example 3. The manufacture abroad of cloth on a loom using thread or yarn exported from the United States on spools, cops, or pirns is not considered an assembly but a weaving operation, and the thread or yarn does not qualify for the exemption. However, American-made thread used to sew buttons or garment components is qualified for the exemption because it is used in an operation involving the assembly of solid components.

(b) *Operations incidental to the assembly process.* Operations incidental to the assembly process whether performed before, during, or after assembly, do not constitute further fabrication, and shall not preclude the application of the exemption. The following are examples of operations which are incidental to the assembly process:

(1) Cleaning;

(2) Removal of rust, grease, paint, or other preservative coating;

(3) Application of preservative paint or coating, including preservative metallic coating, lubricants, or protective encapsulation;

(4) Trimming, filing, or cutting off of small amounts of excess materials;

(5) Adjustments in the shape or form of a component to the extent required by the assembly being performed abroad;

(6) Cutting to length of wire, thread, tape, foil, and similar products exported in continuous length; separation by cutting of finished components, such as pre-stamped integrated circuit lead frames exported in multiple unit strips; and

(7) Final calibration, testing, marking, sorting, pressing, and folding of assembled articles.

(c) *Operations not incidental to the assembly process.* Any significant process, operation, or treatment other than assembly whose primary purpose is the fabrication, completion, physical or chemical improvement of a component, or which is not related to the assembly process, whether or not it effects a substantial transformation of the article, shall not be regarded as incidental to the assembly and shall preclude the application of the exemption to such article. The following are examples of operations not considered incidental to the assembly as provided under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202):

(1) Melting of exported ingots and pouring of the metal into molds to produce cast metal parts;

(2) Cutting of garment parts according to pattern from exported material;

(3) Painting primarily intended to enhance the appearance of an article or to impart distinctive features or characteristics;

(4) Chemical treatment of components or assembled articles to impart new characteristics, such as showerproofing, permapressing, sanforizing, dyeing or bleaching of textiles;

(5) Machining, polishing, burnishing, peening, plating (other than plating incidental to the assembly), embossing, pressing, stamping, extruding, drawing, annealing, tempering, case hardening, and any other operation, treatment or process which imparts significant new characteristics or qualities to the article affected.

(d) *Joining of American-made and foreign-made components.* An assembly operation may involve the use of American-made components and foreign-made components. The various requirements for establishing entitlement to the exemption apply only to the American-made components of the assembly.

Example. Diodes are assembled abroad from American-made components. The process includes the encapsulation of the assembled components in a plastic shell. The plastic used for the encapsulation is in the form of a pellet, and is of foreign origin. After the prefabricated diode components are assembled, the assembled unit is placed in a transfer molding machine, where, by use of the pellet, molten epoxy is caused to flow around the perimeters of the assembled components, forming upon solidification a plastic body for the diode. Upon importation, exemption may be granted for the value of the American-made components, but not for the value of the plastic pellet. If the plastic pellet used for encapsulation was of United States origin, its value would still be a part of the dutiable value of the diode, because the plastic pellet is not a fabricated component of a type designed to be fitted together by assembly, but merely a premeasured quantity of material which was applied to the assembled unit by a process not constituting an assembly.

(e) *Subassembly.* An assembly operation may involve the joining or fitting of American-made components into a part or subassembly of an article, followed by the installation of the part or subassembly into the complete article.

Example. Rolls of foil and rolls of paper are exported and cut to specific length abroad and interleaved and rolled to form the electrodes and dielectric of a capacitor. Following this procedure, the rolls are assembled with cans and other parts to form a complete capacitor. The foil and paper are entitled to the exemption.

(f) *Packing.* The packing abroad of merchandise into containers does not in itself qualify either the containers or their contents for the exemption. However, assembled articles which otherwise qualify for the exemption and which are packaged abroad following their assembly will not be disqualified from the exemption by reason of their having been so packaged, whether for retail sale or for bulk shipment. The tariff status of the packing materials or containers will be determined in accordance with General Headnote 6, Tariff Schedules of the United States (19 U.S.C. 1202).

§ 10.17 Valuation of exempted components.

The value of fabricated components to be subtracted from the full value of the

RULES AND REGULATIONS

assembled article is the cost of the components when last purchased, f.o.b. United States port of exportation or point of border crossing as set out in the invoice and entry papers, or, if no purchase was made, the value of the components at the time of their shipment for exportation, f.o.b. United States port of exportation or point of border crossing, as set out in the invoice and entry papers. However, if the appraising officer concludes that the cost or value of the fabricated components so ascertained does not represent a reasonable cost or value, then the value of the components shall be determined in accordance with section 402 or section 402a, Tariff Act of 1930, as amended (19 U.S.C. 1401a, 1402).

§ 10.18 Valuation of assembled articles.

(a) *Statutory basis used in valuation.* As in the case of the appraisement of any other imported merchandise (see subpart C of Part 152 of this chapter), the full value of assembled articles imported under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), is determined in accordance with the appropriate statutory basis.

(b) *Use of constructed value or cost of production as basis for valuation.* A preponderance of the merchandise entitled to the item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), exemption, is appraised on the basis of constructed value or cost of production.

(1) *Constructed value.* Constructed value is the statutory basis of appraisement authorized by section 402(d), Tariff Act of 1930, as amended (19 U.S.C. 1401a(d)), and is applicable to imported articles which are not on a list compiled by the Department of the Treasury, known as the "final list" (T.D. 54521).

(2) *Cost of production.* Cost of production is the statutory basis of appraisement authorized by section 402a(f), Tariff Act of 1930, as amended (19 U.S.C. 1402(f)), and is applicable to imported articles which are on the "final list" (T.D. 54521).

§ 10.19 Elements involved in determining constructed value or cost of production.

Both constructed value and cost of production of assembled articles are determined from the following cost data:

(a) *Cost of materials.* The cost of materials to be reported in connection with a claim for an item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), exemption, where constructed value or cost of production is the basis of appraisement includes, but is not limited to:

(1) The cost or value of all American-made components and other American-made materials f.o.b. the United States port of exportation or point of border crossing. If these items were purchased, there should be included, in addition to the purchase price, all costs incurred up to the time of the items' arrival at the port of exportation, such as packing, freight, insurance, warehousing, sorting, and repacking. If the items were not purchased, the estimated market value f.o.b.

port of exportation or point of border crossing shall be used, based on the normal selling price to independent purchasers or other available market information. If market value information is not available, the value of the items shall be the sum of all costs incurred in producing the items, including general expenses, an amount for profit, and all costs incurred from the time the items are completed to the time they arrive at the port of exportation or point of border crossing.

(2) Freight, insurance, lading and unloading, and other costs incurred in transporting the American-made components and materials from the port of exportation or point of border crossing to the assembler's plant;

(3) The cost or value of all other components and materials added in the country of assembly as well as the costs incurred in transporting these components and materials to the assembler's plant, including packing, freight, insurance, and lading and unloading;

(4) The value of waste or spoilage, including scrap, such as trimmings, cuttings, and turnings from a lathe, and United States components delivered to the assembler and found to be unusable. The value of waste or spoilage shall be determined from the actual cost of the materials less the market value of recovered scrap or rejected components. Where the assembler returns rejected components to its supplier and receives credit for the rejected components so returned, the credit received by the assembler may be applied as an offset against the assembler's cost of materials; and

(5) Taxes on materials assessed by the country of assembly, but remitted or refunded upon exportation of the finished articles from the country of assembly, such as sales taxes and value added taxes. Such taxes are included under the cost of materials when cost of production is the basis of valuation, but are excluded when constructed value is the basis of valuation.

(b) *Cost of fabrication.* The cost of fabrication of an assembled article includes, but is not limited to:

(1) All actual labor costs involved in the assembly operations, including fringe benefits such as paid holidays, vacations, social security, school taxes, seventh-day pay, on-the-job training, housing allowance, and idle time. Deviation from normal production efficiency to adjust for actual production should be reflected, if necessary, to insure that the total actual labor costs incurred in the assembly are shown in the cost data sheets. For instance, if the efficiency of the production workers does not meet projected expectations, with a consequent increase in unit labor costs, the increased costs should be reflected in the cost data furnished Customs. The costs of engineering, supervisory functions, quality control, and similar personnel expenses shall be included;

(2) Cost of dies, molds, tooling, special machinery, and similar equipment costs which are allocable to the particular merchandise under consideration (as op-

posed to general costs for plant equipment or machinery, which are included under general expenses);

(3) Costs of research, development, design, engineering, and blueprints, except where they are directly allocable to American-made components. Where they are directly allocable to American-made components they are to be included in the value of those components, and are not to be included in the cost of fabrication.

(4) Costs of inspecting and testing by the assembler; and

(5) Costs of subcontract work, including the general expenses and profit involved in such work, when a foreign assembler has a portion of the assembly work accomplished by a subcontractor. These costs are considered to be part of the cost of fabrication to the foreign assembler.

(c) *General expenses.* General expenses, which are all of the assembler's expenses other than the cost of components, materials, fabrication, and packaging, include, but are not limited to:

(1) Building rent or depreciation;

(2) Costs for utilities, including heat, light, power, and water;

(3) Telephone, telegraph, and cable costs;

(4) Depreciation of machinery and equipment other than dies, molds, tooling, special machinery, and similar equipment allocable to the particular merchandise under consideration;

(5) Expenses for maintenance, repairs, and renewals;

(6) Fire and liability insurance costs;

(7) Taxes on buildings;

(8) Factory storage costs;

(9) Expenses for office and factory supplies;

(10) Administration salaries and expenses (executives', managers', and office workers' salaries), and salesmen's salaries, commissions, and expenses;

(11) Travel expenses;

(12) Advertising expenses;

(13) Licensing fees paid to a foreign government;

(14) Legal expenses;

(15) Nonrefundable expenses relating to the importation of articles into a foreign country, such as foreign brokerage fees;

(16) Auditing expenses of the foreign assembly operation;

(17) Start up costs (other than on-the-job training costs). These include legal fees for the consultant or entrepreneur, a fee for setting up the assembler corporation, costs for construction of buildings and installation of manufacturing machinery, engineering fees and material costs to acquire electricity or other power for the plant, fees for the issuance of any permits required, the cost of a bond given to show good faith, charges for telephone service, roads and rail spurs, charges for securing a labor force as well as for their pre-training, costs of trusts established to satisfy foreign ownership, the cost of a plant bond to insure exportation of all materials imported into a foreign country for assembly and to insure return of all im-

ported machinery, and expenses of relocating plant management and production supervisors and their families. Start up costs may be amortized over the period of time for which such expenditures are ordinarily amortized by assemblers of the same general class or kind of merchandise in the country of exportation, in keeping with generally accepted accounting practices; and

(18) All other general administrative and overhead expenses including janitorial services, security services, and the services of a foreign warehouse officer.

(d) *Profit.* The assembler's actual profit or loss and the basis upon which it was calculated must be reported. Appraisal by Customs shall be based on the amount of profit which is found to be usual or ordinary in the trade, subject to limitations and requirements more particularly described in the applicable statutory provisions.

(e) *Packing expenses.* All costs of packing or otherwise preparing assembled articles for shipment to the United States must be reported. These costs include, but are not limited to, the cost of containers, the cost of packing materials such as excelsior, straw, and string, the cost of spraying and fumigating packing materials, and the cost of labor for packing. Packing materials of United States origin may be separately exempt from duty under the exemption provided in item 800.00, Tariff Schedules of the United States (19 U.S.C. 1202), for American goods returned without advancement in value or improvement in condition while abroad.

§ 10.20 Cost data required if other statutory basis applicable.

Where it is determined that appraisal is to be made on a value base other than constructed value or cost of production, the importer shall be required to submit cost data of a different nature than required in this part.

Example. If United States value is determined to be the proper basis of valuation, the importer may be required to furnish information on his resale price at the wholesale level in the United States, his general expenses and profit on the resale, and other data which is needed to determine United States value, rather than the cost data required to establish constructed value or cost of production.

§ 10.21 Updating cost data and other information.

When a claim for the exemption is predicated on estimated cost data furnished either in advance of or at the time of entry, this fact should be clearly stated in writing at the time of entry, and suspension of liquidation may be requested by the importer or his agent pending the furnishing of actual cost data. Actual cost data must be submitted as soon as accounting procedures permit. To insure that information used for Customs purposes is reasonably current, the importer shall ordinarily be required to furnish updated cost and assembly data at least every six months, regardless of whether

he considers that significant changes have occurred. The 6-month period for the submission of updated cost or other data may be extended by the district director if such extension is appropriate for the type of merchandise involved, or because of the accounting period normally used in the trade, or because of other relevant circumstances.

§ 10.22 Marking.

Assembled articles entitled to the exemption are considered products of the country of assembly for the purposes of the country of origin marking requirements of section 304, Tariff Act of 1930, as amended (19 U.S.C. 1304). If an imported assembled article is made entirely of American-made materials, the United States origin of the material may be disclosed by using a legend such as "Assembled in ----- from material of U.S. origin," or a similar phrase.

I, -----, declare that to the best of my knowledge and belief the ----- were assembled in whole or in part from fabricated components listed and described below, which are products of the United States:

Marks of identification, numbers	Description of component	Quantity	Unit value at time and place of export from United States ¹	Port and date of export from United States	Name and address manufacturer
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¹ In accordance with Headnote 3, part 1B, schedule 8, Tariff Schedules of the United States (19 U.S.C. 1202). Description of the operations performed abroad on the exported components (in sufficient detail to enable Customs officers to determine whether the operations performed are within the purview of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202) (attach supplemental sheet if more space is required)):

 Date Signature

 Address Capacity

(2) *Endorsement by the importer.* An endorsement, in substantially the following form, shall be signed by the importer:

I declare that to the best of my knowledge and belief the (above) (attached) declaration, and any other information submitted herewith, or otherwise supplied or referred to, is correct in every respect and there has been compliance with all pertinent headnotes of the Tariff Schedules of the United States (19 U.S.C. 1202).

 Date Signature

 Address Capacity

(b) *Revision of format.* In specific cases, the district director may revise the format of either of the documents specified in paragraph (a) of this section and may make such changes as conditions warrant, provided the data and information required to be supplied in these documents are presented. For example, if the components were furnished by the importer, the information on components may be supplied as part of the importer's endorsement, rather than as part of the assembler's declaration.

(c) *Reference to previously filed documents.* In lieu of filing duplicate lists of components and descriptions of assembly operations with each entry, the documents specified in paragraph (a) of this section may refer to assembly descriptions and lists of components previously filed with and approved by the district director, or to records showing costs,

(Sec. 304, 46 Stat. 687, as amended (19 U.S.C. 1304))

§ 10.23 Standards, quotas, and visas.

All requirements and restrictions applicable to imported merchandise, such as labeling, radiation standards, flame-retarding properties, quotas, and visas, apply to assembled articles eligible for the exemption in the same manner as they would apply to all other imported merchandise.

§ 10.24 Documentation.

(a) *Documents required.* The following documents shall be filed in connection with the entry of assembled articles claimed to be subject to the exemption under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202).

(1) *Declaration by the assembler.* A declaration by the person who performed the assembly operations abroad shall be filed in substantially the following form:

names of manufacturers, and other necessary data on components, provided the importer has arranged with the district director to maintain such records and keep them available for examination by authorized Customs officers.

(d) *Waiver of specific details for each entry.* There are cases where large quantities of United States components are purchased from various sources or exported at various ports and dates on a continuing basis, so that it is impractical to identify the exact source, port and date of export for each particular component included in an entry of merchandise claimed to be subject to the exemption under item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202). In these cases, specific details such as the port and date of export and the name of the manufacturer of the United States components may be waived if the district director is satisfied that the importer and assembler have established reliable controls to insure that all components for which the exemption is claimed are in fact products of the United States. These controls shall include strict physical segregation of United States and foreign components, as well as records of United States components showing quantities, sources, costs, dates shipped abroad, and other necessary information. These records shall be maintained by the importer and assembler in such manner as to be readily available for audit, inspection, copying, reproduction or other official use by authorized Customs officers.

(e) *Waiver of documents.* When the district director is satisfied that unusual circumstances make the production of

43026

either or both of the documents specified in paragraph (a) of this section, or of any of the information set forth therein, impractical and is further satisfied that the requirements of item 807.00, Tariff Schedules of the United States (19 U.S.C. 1202), and related headnotes have been met, he may waive the production of such document(s) or information.

(f) *Unavailability of documents at time of entry.* If either or both of the documents specified in paragraph (a) of this section are not available at the time of entry, an appropriate bond for the production of the document(s) may be given pursuant to §§ 113.41-113.46 and 141.66 of this chapter.

(g) *Responsibility of correctness.* Subject to the civil and criminal sanctions provided by law for false or fraudulent entries, the importer has the ultimate responsibility for supplying all information needed by the Customs Service to process an entry, and for the completeness and truthfulness of such information. If certain information cannot be supplied by the assembler, it must be provided by the importer.

(R.S. 251, as amended, secs. 502, 624, 46 Stat. 731, as amended, 759, 77A Stat. 14 (19 U.S.C. 66, 1202 (Gen. Hdntes. 11, 12, Tariff Schedules of the United States), 1502, 1624))

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APPENDIX B
STATISTICAL TABLES

Table 1.--Value of imports for consumption: Total imports and imports under tariff items 806.30 and 807.00, 1970, 1972, 1974 and 1975

(In million of dollars)

Year	Total imports			Imports under tariff items 806.30 and 807.00		
	Free	Dutiable	Total	Tariff item 806.30	Tariff item 807.00	Total
1970-----	13,877.3	25,890.4	39,767.7	204.0	2,008.7	2,212.7
1972-----	18,911.8	36,370.5	55,282.3	317.5	3,091.2	3,408.7
1974-----	52,025.6	48,100.2	100,125.8	544.5	4,828.0	5,372.5
1975-----	31,029.6	65,485.5	96,515.1	453.8	4,707.7	5,161.5

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

Note.--The data for tariff items 806.30 and 807.00 represent the total value of imports, including both dutiable and duty-free imports.

Table 2.--Share of total and dutiable imports represented by imports under tariff items 806.30 and 807.00, 1970, 1972, 1974, and 1975

(In percent)

Year	Share of total imports			Share of dutiable imports		
	Tariff item 806.30	Tariff item 807.00	Total- Tariff items 806.30 and 807.00	Tariff item 806.30	Tariff item 807.00	Total- Tariff items 806.30 and 807.00
1970-----	0.5	5.1	5.6	0.8	7.8	8.5
1972-----	0.6	5.6	6.2	0.9	8.5	9.4
1974-----	0.5	4.8	5.4	1.1	10.0	11.2
1975-----	0.5	4.9	5.3	0.7	7.2	7.9

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

Note.--Because of rounding, the figures may not add to the totals shown. The data for tariff items 806.30 and 807.00 used to compute these percentages represent the total value of imports under each item, including both dutiable and duty-free imports.

Table 3.--Tariff item 807.00: U.S. imports from developed and less developed countries, 1970, 1972, 1974, and 1975

Country	(Value in millions of dollars)											
	1970			1972			1974			1975		
	Total : value	Duty-free : value	Dutiable : value	Total : value	Duty-free : value	Dutiable : value	Total : value	Duty-free : value	Dutiable : value	Total : value	Duty-free : value	Dutiable : value
Grand total-----	2,008.7	436.4	1,572.3	3,091.2	680.9	2,410.3	4,828.0	1,009.4	3,818.5	4,707.7	1,003.8	3,703.8
Total developed countries-----	1,506.3	161.2	1,345.1	2,167.5	245.9	1,921.6	2,899.9	199.8	2,700.1	2,816.5	197.5	2,619.0
West Germany-----	762.6	11.2	751.3	1,000.1	13.4	986.7	1,448.8	20.5	1,428.4	1,277.6	17.0	1,260.6
Canada-----	265.5	83.3	182.8	447.0	159.0	288.0	359.1	101.3	293.8	453.1	107.6	345.5
United Kingdom-----	59.3	8.0	51.3	197.5	20.8	176.6	268.7	21.3	247.4	239.9	17.1	222.9
Belgium and Luxembourg-----	100.7	5.9	94.7	112.0	4.6	107.5	224.3	4.4	219.8	157.3	3.6	153.7
Japan-----	144.8	24.5	120.4	162.5	16.2	146.3	212.5	12.7	199.7	349.1	13.9	335.2
Sweden-----	88.0	0.6	87.4	122.3	0.7	121.7	177.4	2.4	174.9	199.0	5.2	193.8
Other-----	85.4	27.7	57.2	126.1	31.2	94.8	209.1	37.2	136.1	140.5	33.1	107.2
Total, less developed countries 1/-----	502.2	275.2	226.9	923.5	435.0	488.5	1,927.6	809.5	1,118.0	1,891.0	806.3	1,084.7
Mexico-----	211.4	133.6	77.9	395.8	234.8	161.0	917.9	487.2	430.7	914.6	473.1	441.5
Republic of China (Taiwan)-----	85.9	26.6	59.3	209.8	49.2	160.6	318.5	59.8	258.7	263.0	46.7	216.4
Hong Kong-----	120.5	64.1	56.3	125.4	55.4	70.0	200.1	56.9	143.2	137.6	39.4	98.1
Singapore-----	20.1	11.2	8.9	80.1	30.3	49.8	137.4	26.5	110.8	146.9	34.1	112.9
Brazil-----	2.9	1.6	1.3	6.6	3.6	2.9	68.8	22.3	46.4	73.0	22.1	50.9
Republic of Korea-----	20.8	14.8	6.0	36.5	22.8	13.7	66.8	31.8	35.0	80.2	44.8	35.4
Haiti-----	6.1	4.0	2.1	16.1	11.0	5.1	51.4	38.0	13.4	54.7	40.2	14.5
Malaysia-----	0.6	0.2	0.4	0.8	0.4	0.3	33.1	10.2	22.9	66.5	21.5	45.0
Philippines-----	6.1	3.9	2.2	8.8	2.5	6.4	22.3	5.2	17.1	20.7	4.9	15.9
El Salvador-----	0.4	0.3	0.1	1.6	1.2	0.4	20.4	12.5	7.9	30.5	16.3	14.2
Columbia-----	0.3	0.1	0.2	1.5	0.7	0.8	18.7	13.1	5.6	20.4	14.4	6.0
Jamaica-----	9.1	4.7	4.4	12.9	5.9	7.0	15.4	10.6	4.8	10.4	6.4	4.0
Other-----	17.7	10.1	7.6	27.3	17.2	10.2	56.4	35.4	21.2	72.2	42.7	29.7
Total communist countries-----	0.3	2/	0.2	0.3	2/	0.3	0.4	2/	0.3	0.2	2/	.2

1/ All of the countries listed as "less developed countries" are eligible for the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 of February 26, 1976.

2/ Less than \$50,000.

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

Note.--Data in this table have been adjusted to exclude imports erroneously reported as having been entered under TSUS item 807.00. Because of rounding, figures may not add to totals shown.

A-11

Table 4.--Tariff item 807.00: Share of total value of imports entered duty free from developed and less developed countries, 1970, 1972, 1974, and 1975

(In percent)				
Country	1970	1972	1974	1975
Grand total-----	21.7	22.0	20.9	21.3
Total, developed countries-----	10.7	11.3	6.9	7.0
West Germany-----	1.5	1.3	1.4	1.3
Canada-----	31.4	35.6	28.2	23.7
United Kingdom-----	13.5	10.5	7.9	7.1
Belgium and Luxembourg-----	5.9	4.1	2.0	2.3
Japan-----	16.9	10.0	6.0	4.0
Sweden-----	0.7	0.6	1.4	2.6
Other-----	32.4	24.7	17.8	23.6
Total, less developed countries ^{1/} -----	54.8	47.1	42.0	42.6
Mexico-----	63.2	59.3	53.1	51.7
Republic of China (Taiwan)-----	31.0	23.5	18.8	17.8
Hong Kong-----	53.2	44.2	28.4	28.6
Singapore-----	55.7	37.8	19.3	23.2
Brazil-----	55.2	54.5	32.4	30.3
Republic of Korea-----	71.2	62.5	47.6	55.9
Haiti-----	65.6	68.3	73.9	73.5
Malaysia-----	33.3	50.0	30.8	32.3
Philippines-----	63.9	28.4	23.3	23.7
El Salvador-----	75.0	75.0	61.3	53.4
Columbia-----	33.3	46.7	70.1	70.6
Jamaica-----	51.6	45.7	68.8	61.5
Other-----	57.1	63.0	62.8	59.1
Total, Communist countries-----	-	-	-	-

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

^{1/} All of the countries listed as "less developed countries" are eligible for the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 dated February 26, 1976.

A-12

Table 5.--Tariff item 807.00: U.S. imports for consumption, by commodity group, 1970, 1972, 1974, and 1975

(Value in thousands of dollars)							
Commodity group	1970			1972			
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	
Grand total (all products)-----	2,008,714	436,407	1,572,307	3,091,216	680,904	2,410,312	
Textile products, total-----	43,039	27,820	15,219	86,774	55,077	31,698	
Wearing apparel and accessories 1/-----	42,266	27,512	14,754	84,780	53,658	31,123	
Other textile products-----	773	308	465	1,994	1,419	575	
Internal combustion engines, non-piston types 1/-----	34,927	15,561	19,366	152,669	16,441	136,228	
Sewing machines, household types 1/-----	22,180	1,663	20,517	30,603	251	30,353	
Office machines and parts, other than typewriters and cash registers 1/-----	137,890	61,612	76,278	251,034	124,347	126,687	
Television receivers-----	56,069	19,677	36,392	144,234	30,350	113,884	
Television apparatus and parts, other than cameras, receivers, and picture tubes-----	57,180	28,106	29,074	128,068	56,841	71,227	
Radio apparatus and parts 1/-----	58,141	16,478	41,663	80,349	16,649	63,700	
Semiconductors and parts-----	126,758	74,792	51,966	161,560	74,976	86,584	
Electronic memories 1/-----	42,429	28,596	13,833	61,231	41,759	19,472	
Motor vehicles 1/-----	968,014	16,438	951,576	1,287,294	23,547	1,263,747	
Aircraft, nonmilitary 1/-----	33,725	5,107	28,618	43,858	7,212	36,647	
Scientific instruments 1/-----	21,334	11,597	9,737	16,731	7,120	9,611	
Toys, dolls, and models 1/-----	38,521	15,252	23,269	35,807	11,622	24,184	
Other 1/-----	325,468	85,888	239,580	524,230	159,635	364,592	
	1974			1975			
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	
Grand total (all products)-----	4,827,952	1,009,433	3,818,519	4,707,665	1,003,845	3,703,820	
Textile products, total-----	220,781	145,695	75,085	237,815	155,240	82,575	
Wearing apparel and accessories 1/-----	219,443	144,914	74,528	236,315	154,264	82,051	
Other textile products-----	1,338	781	557	1,500	976	524	
Internal combustion engines, non-piston types 1/-----	207,838	15,186	192,652	202,876	19,354	183,522	
Sewing machines, household types 1/-----	33,567	160	33,407	32,642	170	32,472	
Office machines and parts, other than typewriters and cash registers 1/-----	267,802	95,049	172,752	230,920	74,222	156,698	
Television receivers-----	143,768	16,028	127,740	103,379	9,234	94,145	
Television apparatus and parts, other than cameras, receivers, and picture tubes-----	300,157	128,252	171,904	287,736	110,762	176,973	
Radio apparatus and parts 1/-----	127,173	21,660	105,513	133,690	31,157	102,532	
Semiconductors and parts-----	345,647	120,379	225,268	312,381	113,946	198,435	
Electronic memories 1/-----	87,241	41,445	45,796	59,178	27,485	31,694	
Motor vehicles 1/-----	1,959,895	32,038	1,927,857	1,903,800	30,344	1,873,455	
Aircraft, nonmilitary 1/-----	82,091	21,023	61,069	60,462	21,903	38,559	
Scientific instruments 1/-----	34,447	15,730	18,717	34,017	14,757	19,259	
Toys, dolls, and models 1/-----	47,347	13,740	33,607	22,818	5,877	16,941	
Other 1/-----	749,417	197,353	552,067	1,085,951	389,394	696,560	

1/ Includes an article or articles subject to duty-free treatment under the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 dated February 26, 1976.

2/ Not available.

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

Note.--Data in this table have been adjusted to exclude imports erroneously reported as having been entered under TSUS item 807.00. Due to rounding, figures may not add to totals shown.

Table 6.--Tariff item 807.00: Share of total value of imports entered duty free, by commodity group, 1970, 1972, 1974, and 1975

(In percent)

Commodity group	1970	1972	1974	1975
Grand total (all products)-----	21.7	22.0	20.9	21.3
Textile products, total-----	64.6	63.5	66.0	65.3
Wearing apparel and accessories <u>2/</u> -----	65.1	63.3	66.0	65.3
Other textile products <u>2/</u> -----	39.8	71.2	58.4	65.1
Internal combustion engines, non-piston types <u>2/</u> -----	44.6	10.8	7.3	9.5
Sewing machines, household types <u>2/</u> -----	7.5	.8	.5	.5
Office machines and parts other than typewriters and cash registers <u>2/</u> -----	44.7	49.5	35.5	32.1
Television receivers-----	35.1	21.0	11.1	8.9
Television apparatus and parts, other than cameras, receivers, and picture tubes-----	49.2	44.4	42.7	38.5
Radio apparatus and parts <u>2/</u> -----	28.3	20.7	17.0	23.3
Semiconductors and parts-----	59.0	46.4	34.8	36.5
Electronic memories <u>2/</u> -----	67.4	68.2	47.5	46.4
Motor vehicles <u>2/</u> -----	1.7	1.8	1.6	1.6
Aircraft, nonmilitary <u>2/</u> -----	15.1	16.4	25.6	36.2
Scientific instruments <u>2/</u> -----	54.4	42.6	45.7	43.4
Toys, dolls, and models <u>2/</u> -----	39.6	32.5	29.0	25.8
Other <u>2/</u> -----	26.4	30.5	26.3	35.9

1/ Not available.

2/ Includes an article or articles subject to duty-free treatment under the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 dated February 26, 1976.

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

A-14

Table 7.--Tariff item 806.30: U.S. imports from developed and less developed countries, 1970, 1972, 1974, and 1975

Country	(In millions of dollars)											
	1970			1972			1974 1/			1975		
	Total value	Duty-free: value	Dutiable: value	Total value	Duty-free: value	Dutiable: value	Total value	Duty-free: value	Dutiable: value	Total value	Duty-free: value	Dutiable value
Grand total-----	204.0	102.6	101.3	317.5	187.4	130.1	544.5	303.9	240.7	453.8	262.0	191.8
Total, developed countries-----	164.7	82.3	82.4	209.2	121.8	87.5	143.4	74.0	69.3	89.0	47.7	41.4
Canada-----	101.1	40.2	61.0	99.4	54.9	44.5	88.3	47.9	40.4	57.9	31.7	26.2
Italy-----	11.7	7.5	4.2	35.7	19.1	16.6	18.3	5.9	12.5	7.1	2.1	4.9
Belgium and Luxen- bourg-----	17.0	12.8	4.2	15.8	9.4	6.4	14.7	6.8	7.9	5.9	3.0	2.8
West Germany-----	9.5	6.0	3.5	9.0	5.6	3.4	7.8	4.8	3.0	5.6	3.3	2.3
France-----	11.2	8.3	2.9	19.1	15.0	4.1	4.4	3.1	1.3	1.7	1.5	.2
Switzerland-----	2.1	1.1	.9	2.1	1.1	1.0	3.4	1.7	1.7	4.3	2.6	1.7
United Kingdom-----	3.2	1.8	1.3	2.6	1.1	1.5	2.4	1.4	1.0	1.8	1.0	.8
Japan-----	5.2	3.0	2.2	8.9	4.8	4.1	2.0	1.1	1.0	1.6	.8	.8
Other-----	3.7	1.6	2.2	16.6	10.8	5.9	2.0	1.3	.5	3.1	1.6	1.5
Total, less- developed countries 2/-----	39.3	20.3	19.0	108.2	65.6	42.7	401.2	229.9	171.4	364.8	214.3	150.5
Mexico-----	7.4	4.7	2.6	30.6	21.5	9.1	114.7	81.6	33.2	105.2	79.3	26.0
Malaysia-----	-	-	-	.2	.1	.1	84.0	42.4	41.6	101.2	50.7	50.5
Singapore-----	11.4	4.8	6.6	39.2	22.2	17.0	80.3	39.3	41.1	66.1	32.3	33.8
Republic of Korea-----	6.6	4.8	1.8	20.6	12.5	8.1	66.9	34.0	32.9	31.8	17.0	14.8
Republic of China (Taiwan)-----	4.2	1.9	2.3	4.5	2.6	2.0	23.6	11.1	12.5	18.3	10.3	8.0
Hong Kong-----	3.9	2.4	1.5	10.2	5.8	4.4	9.8	4.8	4.9	10.4	6.1	4.3
Philippines-----	-	-	-	-	-	-	7.3	5.1	2.1	24.9	15.1	9.8
Netherlands Antilles--	5.4	1.5	3.8	1.5	.3	1.2	5.9	4.8	1.1	2.5	1.4	1.1
Haiti-----	3/	3/	3/	3/	3/	3/	5.1	5.0	1.1	3/	3/	3/
Brazil-----	.2	.1	.1	1.2	.6	.7	2.0	1.0	1.0	2.5	1.1	1.4
Barbados-----	3/	3/	3/	-	-	-	.5	.2	.2	.5	.3	.2
Other-----	.2	.1	.3	.2	3/	.1	1.1	.6	.7	1.3	.7	.6
Total, Communist countries-----	3/	3/	3/	3/	3/	3/	3/	3/	3/	-	-	-

1/ Minor adjustments to official statistics were made to correct for cases of misreporting.

2/ All of the countries listed as "less-developed countries" are eligible for the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 dated February 26, 1976.

3/ Less than \$50,000.

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

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

A-15

Table 8.--Tariff item 806.30: Share of total value of imports entered duty free from developed and less developed countries, 1970, 1972, 1974, and 1975

(In percent)				
Country	1970	1972	1974	1975
Grand total-----	50.3	59.0	55.8	57.7
Total, developed countries-----	50.0	58.2	51.6	53.6
Canada-----	39.8	55.2	54.2	54.7
Italy-----	64.1	53.5	32.2	29.6
Belgium and Luxembourg-----	75.3	59.5	46.3	50.8
West Germany-----	63.2	62.2	61.5	58.9
France-----	74.1	78.5	70.5	88.2
Switzerland-----	52.4	52.4	50.0	60.5
United Kingdom-----	56.3	42.3	58.3	55.6
Japan-----	57.7	53.9	55.0	50.0
Other-----	43.2	65.1	65.0	51.6
Total, less developed countries ^{1/} -----	51.7	60.6	57.3	58.7
Mexico-----	63.5	70.3	71.1	75.4
Malaysia-----	-	50.0	50.5	50.1
Singapore-----	42.1	56.6	48.9	48.9
Republic of Korea-----	72.7	60.7	50.8	53.5
Republic of China (Taiwan)-----	45.2	57.8	47.0	56.3
Hong Kong-----	61.5	56.9	49.0	58.7
Philippines-----	-	-	69.9	60.6
Netherlands Antilles-----	27.8	20.0	81.4	56.0
Haiti-----	-	-	98.0	-
Brazil-----	50.0	50.0	50.0	44.0
Barbados-----	-	-	40.0	60.0
Other-----	50.0	-	54.5	53.8
Total, Communist countries-----	-	-	-	-

^{1/} All of the countries listed as "less-developed countries" are eligible for the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 dated February 26, 1976.

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

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

Table 9.--Tariff item 806.30: U.S. imports for consumption, by commodity group, 1970, 1972, 1974, and 1975

Commodity Group	(In thousands of dollars)							
	1970		1972		1974		1975	
	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value	Total value	Duty-free value
Grand total (all products)	203,970	102,623	317,474	187,352	544,549	303,878	453,812	261,988
Parts of aircraft	66,104	13,696	75,872	32,536	92,238	48,362	49,877	26,730
Semi-conductors, including parts	32,728	15,997	92,435	54,373	338,353	190,995	305,118	177,922
Other	105,138	72,930	148,167	100,443	113,958	64,521	98,817	57,336
1/ Includes an article or articles subject to duty-free treatment under the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 dated February 26, 1976.								
2/ Not available.								

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

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

Table 10.--Tariff item 806.30: Share of total value of imports entered duty-free, by commodity group, 1970, 1972, 1974, and 1975

Commodity group	(In percent)			
	1970	1972	1974	1975
Grand total (all products)	50.3	59.0	55.8	57.7
Parts of aircraft	20.7	42.9	52.4	53.6
Semi-conductors, including parts	48.9	58.8	56.4	58.3
Other	69.4	67.3	56.6	58.0

1/ Includes an article or articles subject to duty-free treatment under the Generalized System of Preferences in accordance with Executive Order No. 11888 dated November 24, 1975, and Executive Order No. 11906 dated February 26, 1976.

2/ Not available.

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

APPENDIX C. SUMMARY TABLES

U.S. IMPORTS FOR CONSUMPTION,
TARIFF ITEMS 807.00 AND 806.30,
SPECIFIED YEARS 1966-75

(Value in millions of dollars)

Year	Total value			Dutiable value			Value of U.S. products		
	807.00	806.30	Total	807.00	806.30	Total	807.00	806.30	Total
1966	889.8	63.2	953.0	776.5	29.0	805.5	113.3	34.2	147.5
1967	931.6	103.5	1,035.1	785.0	52.2	837.2	146.6	51.3	197.9
1968	1,432.0	122.4	1,554.4	1,206.2	57.5	1,263.7	225.7	64.9	290.6
1969 1/2	1,649.2	192.6	1,841.8	1,309.8	89.4	1,399.2	339.4	103.2	442.2
1970	2,008.7	204.0	2,212.7	1,572.3	101.3	1,673.6	436.4	102.6	539.0
1971	2,568.8	199.4	2,768.2	2,031.5	75.1	2,106.6	537.3	124.3	661.5
1972	3,091.2	317.5	3,408.7	2,410.3	130.1	2,540.4	680.9	187.4	868.3
1973	3,784.2	462.9	4,247.5	3,025.2	213.1	3,283.3	759.0	249.8	1,008.8
1974	4,828.5	544.5	5,372.5	3,818.5	240.7	4,059.2	1,009.4	303.9	1,313.3
1975	4,707.7	453.8	5,161.5	3,703.8	191.8	3,895.6	1,003.8	262.0	1,265.8

1/ Data on 806.30 for 1969 are estimated; they were compiled from an analysis of entry documents supplied by the Department of Commerce and responses to U.S. International Trade Commission questionnaires.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted. Minor adjustments to official statistics were made to correct cases of misreporting.

Note.--Data is summarized by country groupings in Tables 3, 4, 6, and 7. Communist countries are those currently subject to column 2 rates in the Tariff Schedules of the United States. "Developed" and "less developed" country categories are based on those used by the Bureau of the Census to report official trade statistics, except for Poland and Romania, which are reported by Census as communist. Since these countries are not currently subject to column 2 rates, they are classified here in accord with their GSP treatment, i.e., Poland is "developed" and Romania is "less developed."

Table 2.--Tariff item 807.00: U.S. imports for consumption, by commodity group, 1971-75

(Value in thousands of dollars)

Commodity group	1971			1972			1973			1974			1975		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Grand total (all products)-----	2,568,741	537,271	2,031,470	3,091,216	680,904	2,410,312	3,784,194	758,970	3,025,224	4,827,952	1,009,433	3,818,519	4,707,665	1,003,845	3,703,820
Schedule 1 (agricultural products), total-----	159	72	87	328	286	42	481	59	422	1,045	295	750	647	315	333
Schedule 2 (lumber and paper products), total-----	5,875	2,701	3,174	8,850	4,640	4,210	12,501	7,717	4,784	23,796	11,130	12,666	20,619	12,965	7,654
Schedule 3 (textile products), total-----	61,935	38,504	23,431	86,774	55,077	31,697	132,161	86,807	45,354	220,781	145,695	75,085	237,815	155,240	82,575
Body-supporting garments-----	15,737	8,191	7,546	22,467	11,870	10,597	27,288	13,956	13,332	43,820	23,220	20,601	55,468	30,279	25,189
Women's, girls', and infants' dresses-----	6,645	4,701	1,944	8,705	6,122	2,583	11,490	8,017	3,473	14,327	9,732	4,596	12,100	8,005	4,096
Women's, girls', and infants' slacks and shorts-----	7,719	6,317	1,402	11,331	9,294	2,036	17,315	13,821	3,494	31,553	25,026	6,527	31,971	24,923	7,048
Women's, girls', and infants' suits, coats, jackets, and skirts-----	3,720	2,608	1,112	5,430	3,691	1,738	7,385	4,808	2,577	18,378	12,807	5,571	25,496	17,537	7,959
Women's, girls', and infants' blouses-----	8,156	5,801	2,355	10,486	6,861	3,625	17,536	10,936	6,600	21,519	13,574	7,945	25,961	16,462	9,499
Men's and boys' trousers, slacks, and outer shorts-----	2,301	1,722	579	3,673	2,865	808	7,949	5,944	2,005	13,246	9,825	3,421	11,314	8,058	3,256
Certain textile rainwear coated, filled, or laminated with rubber or plastics-----	1,844	797	1,047	1,368	598	769	1,553	854	699	1,420	760	660	92	36	56
Underwear-----	1,606	1,131	475	1,651	1,063	588	1,889	1,223	666	3,340	2,373	968	5,553	4,101	1,452
Men's and boys' shirts-----	6,557	2,237	4,320	8,434	3,694	4,740	13,443	8,351	5,092	23,745	14,385	9,359	29,898	18,866	11,032
Men's and boys' other wearing apparel-----	3,022	2,115	907	6,118	4,524	1,593	14,878	11,049	3,829	29,237	21,372	7,865	22,181	16,024	6,157
Women's, girls', and infants' other wearing apparel-----	3,911	2,515	1,396	5,118	3,075	2,043	9,090	6,128	2,962	18,856	11,840	7,016	16,282	9,973	6,309
Other textile articles-----	717	370	347	1,994	1,419	575	2,545	1,722	823	1,338	781	557	1,500	976	524
Schedule 4 (chemical products), total-----	305	102	203	87	41	46	354	136	218	2,170	1,422	747	840	549	291
Schedule 5 (ceramic products), total-----	2,335	1,148	1,187	4,399	1,518	2,880	7,382	1,919	5,463	5,408	1,222	4,186	2,992	759	2,235
Schedule 6 (metal products), total-----	2,395,974	452,349	1,943,625	2,864,494	567,043	2,297,450	3,476,819	603,880	2,872,939	4,346,450	754,701	3,591,749	4,173,008	714,104	3,458,904
Internal combustion engines, non-piston types-----	36,943	14,073	22,870	152,669	16,441	136,228	195,731	18,964	176,767	207,838	15,186	192,652	202,876	19,354	183,522
Compressors and parts-----	8,243	4,415	3,828	2,712	1,159	1,553	1,806	320	1,486	3,643	753	2,890	4,238	4,165	2,773
Air conditioning machines-----	8,972	3,224	5,748	10,324	3,890	6,434	10,059	3,903	6,156	12,952	4,782	8,171	11,207	4,241	6,966
Earth-moving and mining machinery-----	16,597	10,154	6,443	9,210	3,599	5,611	8,698	2,692	6,006	18,360	5,629	12,730	27,106	9,641	17,465
Sewing machines, household types-----	22,337	868	21,469	30,603	251	30,353	25,840	135	25,705	33,567	160	33,407	32,642	170	32,472
Office machines and parts, other than typewriters and cash registers-----	191,352	88,770	102,582	251,034	124,347	126,687	226,089	99,932	126,157	267,802	95,049	172,752	230,920	74,222	156,698
Hand tools with self-contained electric motors-----	5,102	1,551	3,551	6,656	1,858	4,799	8,565	2,248	6,317	9,118	2,181	6,937	7,977	1,528	6,449
Television receivers-----	72,102	22,391	49,711	144,234	30,350	113,884	142,139	25,939	116,200	143,768	16,028	127,740	103,379	9,234	94,145
Television apparatus and parts, other than cameras, receivers, and picture tubes-----	85,504	39,926	45,578	128,068	56,841	71,227	218,212	87,290	130,922	300,157	128,252	171,904	287,736	110,762	176,975
Radio apparatus and parts-----	53,682	12,209	41,473	80,349	16,649	63,700	84,621	15,102	69,519	127,173	21,660	105,513	133,690	31,157	102,532
Phonographs and parts-----	19,775	3,105	16,670	25,535	4,486	21,046	21,770	4,267	17,503	28,906	4,239	24,667	31,051	3,385	27,667
Semi-conductors and parts-----	130,233	68,537	61,696	161,560	74,976	86,584	222,573	85,785	138,788	345,647	120,379	225,268	312,381	113,946	198,435
Electronic memories-----	42,471	29,910	12,561	61,231	41,759	19,472	80,459	49,016	31,443	87,241	41,445	45,796	59,178	27,485	31,693
Motor vehicles-----	1,265,231	20,944	1,244,287	1,287,294	23,547	1,263,747	1,650,768	29,586	1,621,182	1,959,895	32,038	1,927,857	1,903,800	30,344	1,873,455
Tractors and parts, non-agricultural types-----	13,284	5,536	7,748	24,712	10,446	14,266	28,213	11,675	16,538	29,647	13,752	15,896	17,809	7,191	10,618
Aircraft, non-military-----	31,001	5,783	25,218	43,858	7,212	36,647	62,319	12,096	50,223	82,091	21,023	61,069	60,462	21,903	38,559
Other metal articles-----	393,182	120,855	272,327	444,445	149,233	295,213	488,958	156,930	332,028	688,825	232,144	456,681	746,558	248,078	498,480
Schedule 7 (miscellaneous products), total-----	102,159	42,393	59,766	126,285	52,299	73,986	154,496	58,451	96,045	228,304	94,966	133,336	271,743	119,913	151,830
Gloves-----	6,642	4,449	2,193	6,676	4,046	2,630	6,881	4,172	2,709	12,301	7,202	5,100	11,190	6,376	4,814
Luggage-----	2,129	1,455	674	4,115	2,968	1,147	9,052	5,810	3,242	11,701	6,777	4,924	13,699	9,221	4,478
Hearing aids-----	16,278	6,827	9,451	16,731	7,120	9,611	22,286	10,064	12,222	34,447	15,730	18,717	34,017	14,757	19,259
Scientific instruments-----	2,707	643	2,064	7,329	1,693	5,636	5,917	1,271	4,646	8,881	1,396	7,485	6,774	1,178	5,596
Photographic equipment-----	6,904	5,313	1,591	10,142	7,269	2,873	6,581	4,360	2,221	11,993	8,895	3,098	17,849	12,303	5,546
Recording media-----	5,536	3,338	2,198	8,810	5,714	3,096	9,689	6,670	3,019	13,145	8,986	4,159	14,339	9,605	4,734
Baseballs and softballs-----	567	115	452	874	70	804	1,509	100	1,409	2,177	154	2,023	2,599	157	2,441
Tennis rackets-----	30,976	10,329	20,647	35,801	11,622	24,184	33,926	8,450	25,476	47,347	13,740	33,607	22,818	10,684	16,941
Games and other sporting goods-----	968	366	602	1,693	839	854	2,077	1,051	1,026	2,057	1,324	732	2,034	1,348	686
Toys, dolls, and models-----	3,989	996	2,993	3,756	1,094	2,662	3,041	1,083	1,958	1,815	722	1,093	1,368	448	920
Jewelry-----	1,152	370	782	1,984	837	1,147	2,837	1,176	1,661	4,177	2,013	2,164	4,313	1,826	2,486
Furniture, pillows, cushions, and mattresses-----	1,340	969	371	1,200	50	1,150	2,229	68	2,161	1,042	235	808	2,878	399	2,480
Musical instruments and parts-----	3,165	473	2,692	2,984	288	2,715	4,530	581	3,949	7,034	1,864	5,171	10,972	3,105	9,867
Game machines and parts-----	3,421	1,468	1,953	2,766	1,190	1,576	3,226	1,663	1,562	6,520	3,583	2,937	6,132	3,617	2,515
Fur and leather products-----	1,180	423	757	2,301	878	1,423	3,226	1,407	1,819	3,830	1,529	2,301	5,840	2,261	3,580
Watches and clocks-----	3,413	600	2,813	4,691	1,271	3,421	5,480	1,741	3,739	13,010	7,299	5,712	73,827	33,163	40,663
Footwear-----	4,092	1,761	2,331	5,173	1,788	3,384	10,632	2,977	7,655	10,813	4,540	6,273	12,495	5,322	7,173
Medical and surgical instruments-----	1,276	258	1,018	1,321	448	873	2,384	943	1,441	2,864	1,080	1,784	2,642	1,328	1,314
Other miscellaneous articles-----	3,325	1,437	1,889	4,923	2,159	2,765	15,633	3,595	12,038	25,247	6,270	18,974	19,166	5,994	13,172

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

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Due to rounding, figures may not add to totals shown.

A-20

Table 2a.--Tariff item 807.00: U.S. imports for consumption, by commodity, for those products included in "other metal articles" category under schedule 6 in table 2, 1971-75

Commodity group	(Value in thousands of dollars)														
	1971			1972			1973			1974			1975		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Other metal articles, total	393,182	120,855	272,327	444,445	149,233	295,212	488,958	156,930	332,028	688,825	232,144	456,681	746,558	248,078	498,480
Metallic containers	413	84	329	2,602	671	1,931	5,892	1,671	4,221	5,252	1,253	3,999	1,233	260	973
Handtools, cutlery, and interchangeable cutting tools for machine tools	3,404	875	2,529	4,882	658	4,224	4,489	768	3,721	6,994	1,431	5,563	570	84	486
Other miscellaneous metal articles	5,883	3,272	2,611	8,007	2,762	5,245	7,596	2,577	5,019	14,591	4,548	10,043	20,407	4,430	15,977
Steam turbines and boilers; gas generators and parts	3,762	1,685	2,077	629	112	517	1,167	143	1,024	1,789	517	1,272	6,803	1,864	4,939
Piston-type engines and parts, and parts of internal combustion engines	16,335	3,884	12,451	17,592	4,088	13,504	22,813	5,625	17,188	27,800	4,079	23,721	36,305	8,967	27,337
Industrial heating machinery, refrigeration equipment, and parts	8,875	2,290	6,585	9,979	2,103	7,876	13,497	2,029	11,468	12,989	2,382	10,607	15,533	3,729	11,804
Pumps for liquids, and parts	3,113	617	2,496	5,763	942	4,821	5,629	543	5,086	6,312	1,946	4,366	6,289	1,224	5,066
Fans and blowers, and parts	835	124	711	2,661	345	2,316	1,093	243	850	2,001	493	1,508	2,582	647	1,935
Centrifuges, filtering and purifying machinery, and parts	2,232	853	1,379	2,727	803	1,924	2,204	727	1,477	3,653	983	2,670	3,293	939	2,354
Elevators, conveyors, winches and hoists	13,430	1,957	11,473	13,364	1,840	11,524	13,108	1,673	11,435	21,723	3,327	18,397	18,777	2,407	16,371
Pulp, paper and printing machinery	6,209	526	5,683	6,451	697	5,754	5,937	575	5,362	3,795	367	3,428	7,754	678	7,076
Machines for working metal, stone and other materials	25,061	3,975	21,086	34,267	5,151	29,116	37,907	6,658	31,249	60,757	10,015	50,743	79,882	17,492	62,391
Other miscellaneous machinery and mechanical equipment, and parts	14,506	4,275	10,231	18,923	5,243	13,680	27,261	7,877	19,384	32,045	11,908	20,137	39,770	13,050	26,719
Wrapping, packaging, canning, bottling, capsuling, labeling, aerating, and dishwashing machines and parts	2,147	200	1,947	3,698	305	3,393	3,696	538	3,158	1,443	230	1,213	2,484	266	2,219
Automatic vending machines, and parts	1,192	110	1,082	1,028	220	808	695	88	607	1,497	167	1,331	1,429	192	1,237
Taps, cocks, valves, and parts	5,222	1,157	4,065	5,772	1,519	4,253	4,081	869	3,212	3,655	925	2,730	4,596	2,041	2,554
Gear boxes and other speed changers, and parts	1,430	939	491	2,220	1,352	868	2,279	1,109	1,170	2,837	1,263	1,573	3,736	1,575	2,161
Typewriter parts	1,628	250	1,378	992	140	852	1,989	398	1,591	3,908	664	3,244	116	6	109
Transformers	10,589	2,434	8,155	8,745	2,500	6,245	11,349	3,893	7,456	16,078	4,844	11,233	10,118	2,495	7,623
Electric motors, generators, rectifiers, inductors and parts	16,879	6,342	10,537	25,212	9,786	15,426	37,198	13,723	23,475	46,342	18,006	28,336	47,286	20,163	27,124
Electric household appliances, and parts	10,830	1,609	9,221	21,710	2,715	18,995	34,060	4,234	29,826	52,721	8,677	44,044	58,841	7,344	51,497
Equipment for making, breaking or connecting electric circuits, and voltage regulators	14,806	9,324	5,482	34,165	20,596	13,569	41,061	23,384	17,677	69,152	39,158	29,994	67,419	37,620	29,799
Radio telegraphic and telephonic radio-navigational and radar apparatus	10,818	1,500	9,318	2,750	831	1,919	5,664	3,333	2,331	14,703	5,670	9,033	12,239	5,331	6,908
Loudspeakers, microphones and sound amplification equipment	5,178	1,738	3,440	8,268	3,382	4,886	7,590	2,809	4,781	7,578	4,048	3,530	4,469	2,409	2,059
Tape recorders and players, and dictation machines	6,014	2,505	3,509	11,741	6,001	5,740	23,135	7,541	15,594	19,156	6,904	12,252	9,497	2,862	6,635
Electrical conductors with or without fittings	8,218	5,374	2,844	12,587	8,282	4,305	20,490	11,203	9,287	33,075	18,081	14,994	33,576	19,551	14,025
Radio-phonograph combinations, other combinations of consumer electronic products and parts	7,200	618	6,582	9,813	1,221	8,592	9,240	903	8,337	6,800	530	6,270	4,163	153	4,010
Electric filament, discharge and luminescent lamps	3,006	719	2,287	5,964	2,828	3,136	8,684	4,741	3,943	10,838	5,406	5,432	12,315	6,329	5,986
Electric tubes (except X-ray), and parts	2,087	1,096	991	10,374	5,685	4,689	16,844	9,086	7,758	19,432	10,101	9,332	18,099	8,549	9,550
Certain electrical equipment for heating, welding and soldering and parts	1,138	545	593	841	351	490	270	105	165	1,295	198	1,096	385	164	220
Other miscellaneous electrical products and parts	1,799	789	1,010	4,821	2,716	2,105	9,567	5,484	4,083	34,754	18,311	16,442	58,014	28,771	29,243
Capacitors	10,627	5,002	5,625	14,980	6,925	8,055	26,236	12,601	13,635	42,607	18,325	24,283	33,365	13,302	20,063
Resistors and parts	3,065	2,187	878	4,381	2,405	1,976	8,190	4,038	4,152	19,278	7,113	12,165	17,216	7,326	9,890
Rail locomotives and rolling stock	1,467	252	1,215	11,413	6,062	5,351	7,538	2,907	4,631	4,560	668	3,872	4,319	721	3,598
Motor vehicle parts, motorcycles, tractors and off-the-highway type work vehicles	37,707	5,551	32,156	27,319	4,255	23,064	25,800	5,316	20,484	41,107	10,749	30,358	73,451	18,259	55,192
Aircraft and spacecraft parts and parachutes	105,342	42,640	62,702	65,612	29,728	35,884	7,092	3,207	3,885	11,538	5,374	6,164	10,410	4,109	6,301
Yachts and pleasure boats	20,744	3,558	17,186	22,191	4,010	18,181	27,615	4,311	23,304	24,770	3,463	21,307	19,818	2,771	17,047

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

Note--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.

Table 3.--Tariff item 807.00: U.S. imports from industrially developed and less developed countries, 1971-75

Category and Country	1971				1972				1973				1974				1975			
	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	Total value	Total value	Duty-free value	Dutiable value	
Grand total--	2,568.7	537.3	2,031.5	3,091.2	680.9	2,410.3	3,784.2	759.0	3,025.2	4,828.0	1,009.4	3,818.5	4,707.7	1,003.8	3,703.8					
Total, developed countries--	1,970.9	229.4	1,741.6	2,167.5	245.9	1,921.6	2,488.0	190.2	2,297.9	2,899.9	199.8	2,700.1	2,816.5	197.5	2,619.0					
West Germany--	974.4	12.0	962.4	1,000.1	13.4	986.7	1,258.6	21.2	1,237.4	1,448.8	20.5	1,428.4	1,277.6	17.0	1,260.6					
Canada--	401.9	142.0	259.9	447.0	159.0	288.0	347.9	95.7	252.2	395.1	101.3	293.8	453.1	107.6	345.5					
Japan--	150.1	19.6	130.6	162.5	16.2	146.3	128.8	12.9	115.9	212.5	12.7	199.7	349.1	13.9	335.2					
United Kingdom--	100.1	18.8	81.2	197.5	20.8	176.6	246.4	21.2	225.3	268.7	21.3	247.4	239.9	17.1	222.9					
Sweden--	106.3	.5	105.8	122.3	.7	121.7	150.6	2.0	148.6	177.4	2.4	174.9	199.0	5.2	193.8					
Belgium and Luxembourg--	145.6	6.7	138.9	112.0	4.6	107.5	203.0	5.5	197.5	224.3	4.4	219.8	157.3	3.6	153.7					
France--	18.8	6.8	12.0	21.2	5.6	15.5	29.0	7.3	21.7	49.4	16.0	33.4	46.8	18.2	28.6					
Denmark--	4.5	1.4	3.0	11.6	1.8	9.8	20.5	2.3	18.1	27.0	3.5	23.5	27.4	2.9	24.5					
Ireland--	10.1	2.7	7.5	25.4	5.7	20.7	29.8	4.6	25.1	31.9	4.3	27.6	23.6	4.3	19.3					
Netherlands--	26.2	7.4	18.8	23.1	4.1	19.1	20.7	2.9	17.8	16.0	2.4	13.6	17.8	2.3	15.4					
Italy--	8.2	1.8	6.4	12.3	1.3	11.0	9.5	.9	8.6	10.3	.9	9.4	7.5	1.4	6.1					
Switzerland--	2.2	.4	1.8	2.6	.8	1.8	4.4	.7	3.7	4.3	.6	3.7	5.7	.9	4.8					
*Portugal--	16.7	8.1	8.6	21.7	10.2	11.5	26.3	10.9	15.4	19.4	7.2	12.2	3.9	1.7	2.2					
Austria--	1.8	.2	1.5	3.2	.4	2.8	7.0	.6	6.5	8.3	.5	7.8	3.6	.3	3.3					
Australia--	.7	.1	.6	.5	.1	.4	1.4	.3	1.1	2.8	.9	2.0	1.4	.3	1.0					
Norway--	1.9	.5	1.5	1.9	.7	1.2	1.8	.6	1.1	1.8	.3	1.5	.7	.1	.6					
Spain--	1.2	.3	.9	.8	.1	.7	1.0	.1	.9	.1	.1	.1	.6	.2	.4					
Other--	.4	.1	.3	.7	.3	.5	1.3	.4	.9	1.7	.5	1.3	1.5	.5	1.0					
Total, less developed countries--	597.7	307.9	289.8	923.5	435.0	488.5	1,295.7	568.8	726.9	1,927.6	809.5	1,118.0	1,891.0	806.3	1,084.7					
*Mexico--	260.6	159.8	100.8	395.8	234.8	161.0	592.0	325.7	266.3	917.9	487.2	430.7	914.6	473.1	441.5					
*Rep. of China (Taiwan)--	113.9	32.5	81.5	209.8	49.2	160.6	258.6	50.9	207.7	318.5	59.8	258.7	263.0	46.7	216.4					
*Singapore--	42.4	20.3	22.1	80.1	30.3	49.8	120.8	34.8	85.9	137.4	26.5	110.8	146.9	34.1	112.9					
*Hong Kong--	98.1	48.0	50.1	125.4	55.4	70.9	152.1	54.5	97.6	200.1	56.9	143.2	137.6	39.4	98.1					
*Rep. of Korea--	27.7	17.1	10.6	36.5	22.8	13.7	46.3	29.2	17.2	66.8	31.8	35.0	80.2	44.8	35.4					
*Brazil--	2.5	1.3	1.1	6.6	3.6	2.9	19.9	8.7	11.2	68.8	22.3	46.4	73.0	22.1	50.9					
*Malaysia--	.5	.3	.2	.8	.4	.3	3.2	1.3	1.9	33.1	10.2	22.9	66.5	21.5	45.0					
*Haiti--	9.2	6.0	3.2	16.1	11.0	5.1	28.3	20.1	8.2	51.4	38.0	13.4	54.7	40.2	14.5					
*El Salvador--	.5	.4	.1	1.6	1.2	.4	4.7	3.5	1.1	20.4	12.5	7.9	30.5	16.3	14.2					
*Philippines--	8.2	3.0	5.1	8.8	2.5	6.4	11.0	3.4	7.6	22.3	5.2	17.1	20.7	4.9	15.9					
*Colombia--	.7	.2	.5	1.5	.7	.8	6.7	4.5	2.2	18.7	13.1	5.6	20.4	14.4	6.0					
*Dominican Republic--	.8	.4	.4	1.8	1.4	.4	4.3	3.2	1.1	9.0	6.8	2.2	15.8	11.9	3.9					
*Costa Rica--	3.6	2.6	1.0	5.7	3.9	1.7	7.0	4.4	2.6	11.3	7.9	3.3	12.0	8.2	3.8					
*Jamaica--	12.4	5.9	6.5	12.9	5.9	7.0	14.4	9.0	5.3	15.4	10.6	4.8	10.4	6.4	4.0					
*Israel--	1.3	.4	.9	1.8	.6	1.3	7.3	3.7	3.6	9.0	4.3	4.7	10.1	4.7	5.4					
*Barbados--	4.1	2.7	1.4	5.3	3.0	2.3	7.3	4.4	2.9	9.1	5.6	3.5	9.7	5.5	4.2					
*Leeward and Windward Islands--	2.1	1.4	.8	2.4	1.7	.7	.4	.1	.3	1.4	.3	1.1	4.0	1.3	2.8					
*Belize 1/--	1.4	1.0	.4	1.9	1.4	.6	2.1	1.5	.7	2.7	2.0	.7	3.4	2.4	1.0					
*Trinidad--	4.4	3.3	1.0	4.4	3.2	1.2	4.2	3.1	1.1	4.4	3.2	1.2	3.2	2.0	1.2					
*Honduras--	1.0	.7	.3	1.3	1.0	.3	1.6	1.0	.5	1.9	1.5	.8	1.8	1.3	.5					
*Yugoslavia--	1.0	.2	.8	1.7	.3	1.4	1.6	.5	1.1	1.8	.9	.8	1.7	1.0	.8					
*Netherlands Antilles--	.1	.2	.1	.4	.1	.3	.6	.2	.4	2.0	.3	1.6	1.5	.4	1.1					
*Guatemala--	2/-	2/-	2/-	2/-	2/-	2/-	.2	.1	.1	.8	.4	.4	1.3	.7	.2					
*Nicaragua--	.1	.2	.2	.4	.3	.1	.6	.4	.2	1.2	.9	.3	.7	.5	.2					
Other--	1.3	.5	.8	.5	.3	.2	.6	.3	.3	2.2	1.1	1.1	7.0	2.8	4.1					
Total, Communist countries--	.2	2/-	.2	.3	2/-	.3	.5	2/-	.5	.4	2/-	.3	.2	2/-	.2					

*Designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.
1/ Formerly British Honduras.
2/ Less than \$50,000.

*Designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.

1/ Formerly British Honduras.
2/ Less than \$50,000.

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

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the table shown.

A-22

Table 4.--Tariff item 807.00: Percentage distribution of U.S. imports from industrially developed and less developed countries, 1971-75

Category and Country	1971			1972			1973			1974			1975		
	Total value	Duty- free value	Dutiable value	Total value	Duty- free value	Dutiable value	Total value	Duty- free value	Dutiable value	Total value	Duty- free value	Dutiable value	Total value	Duty- free value	Dutiable value
Grand total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total, developed countries-----	76.7	42.7	85.7	70.1	36.1	79.7	65.7	25.1	76.0	60.1	19.8	70.7	59.8	19.6	70.7
West Germany-----	37.9	2.2	47.4	32.4	2.0	40.9	33.3	2.8	40.9	30.0	2.0	37.4	27.1	1.7	34.0
Canada-----	15.6	26.4	12.8	14.5	23.4	11.9	9.2	12.6	8.3	8.2	10.0	7.7	9.6	10.7	9.3
Japan-----	5.8	3.6	6.4	5.3	2.4	6.1	3.4	1.7	3.8	4.4	1.3	5.2	7.4	1.4	9.1
United Kingdom-----	3.9	3.5	4.0	6.4	3.1	7.3	6.5	2.8	7.4	5.6	2.1	6.5	5.1	1.7	6.0
Sweden-----	4.1	1.1	5.2	4.0	1.1	5.0	4.0	3.3	4.9	3.7	2.2	4.6	4.2	5.5	5.2
Belgium and Luxembourg-----	5.7	1.2	6.8	3.6	7.7	4.5	5.4	7.7	6.5	4.6	1.6	5.8	3.3	4.4	4.1
France-----	7.7	1.3	6.6	7.7	8.8	6.6	8.8	1.0	7.7	1.0	1.6	9.9	1.0	1.8	8.8
Denmark-----	2.2	3.3	1.1	4.4	3.3	4.4	5.5	3.3	6.6	6.6	3.3	6.6	6.6	3.3	7.7
Ireland-----	4.4	5.5	4.4	9.9	8.8	9.9	8.8	6.6	8.8	7.7	4.4	7.7	5.5	4.4	5.5
Netherlands-----	1.0	1.4	9.9	7.7	6.6	8.8	5.5	4.4	6.6	3.3	2.2	4.4	4.4	2.2	4.4
Italy-----	3.3	3.3	3.3	4.4	2.2	5.5	3.3	1.1	3.3	2.2	1.1	2.2	2.2	1.1	2.2
Switzerland-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
*Portugal-----	7.7	1.5	4.4	7.7	1.5	5.5	7.7	1.4	5.5	4.4	1.1	3.3	1.1	1.1	1.1
Austria-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Australia-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Norway-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Spain-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Other-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Total, less developed countries-----	23.3	57.3	14.3	29.9	63.9	20.3	34.2	74.9	24.0	39.9	80.2	29.3	40.2	80.4	29.3
*Mexico-----	10.1	29.7	5.0	12.8	34.5	6.7	15.6	42.9	8.8	19.0	48.3	11.3	19.4	47.1	11.9
*Republic of China (Taiwan)-----	4.4	6.0	4.0	6.8	7.2	6.7	6.8	6.7	6.9	6.6	5.9	6.8	5.6	4.6	5.8
*Singapore-----	1.7	3.8	1.1	2.6	4.4	2.1	3.2	4.6	2.8	2.8	2.6	2.9	3.1	3.4	3.0
*Hong Kong-----	3.8	8.9	2.5	4.1	8.1	2.9	4.0	7.2	3.2	4.1	5.6	3.8	2.9	3.9	2.6
*Republic of Korea-----	1.1	3.2	5.5	1.2	3.3	6.6	1.2	3.8	6.6	1.4	3.2	9.9	1.7	4.5	1.0
*Brazil-----	1.1	2.2	1.1	2.2	5.5	1.1	5.5	1.1	4.4	1.4	2.2	1.2	1.5	2.2	1.4
*Malaysia-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
*Haiti-----	4.4	1.1	2.2	5.5	1.6	2.2	7.7	2.6	3.3	1.1	3.8	4.4	1.2	4.0	4.4
*El Salvador-----	1.1	1.1	1.1	1.1	2.2	1.1	1.1	5.5	1.1	4.4	1.2	2.2	4.4	1.6	4.4
*Philippines-----	3.3	6.6	3.3	3.3	4.4	3.3	3.3	4.4	3.3	5.5	5.5	4.4	4.4	5.5	4.4
*Colombia-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	6.6	1.1	4.4	1.3	1.1	4.4	1.4	2.2
*Dominican Republic-----	1.1	1.1	1.1	1.1	2.2	1.1	1.1	4.4	1.1	2.2	7.7	1.1	3.3	1.2	1.1
*Costa Rica-----	1.1	5.5	1.1	2.2	6.6	3.3	2.2	6.6	1.1	2.2	9.9	1.1	3.3	8.8	1.1
*Jamaica-----	5.5	1.1	3.3	4.4	9.9	3.3	4.4	1.2	2.2	3.3	1.0	1.1	2.2	6.6	1.1
*Israel-----	1.1	1.1	1.1	1.1	1.1	1.1	2.2	5.5	1.1	2.2	4.4	1.1	2.2	5.5	1.1
*Barbados-----	2.2	5.5	1.1	2.2	4.4	1.1	2.2	6.6	1.1	2.2	6.6	1.1	2.2	5.5	1.1
*Leeward and Windward Islands-----	1.1	3.3	1.1	1.1	2.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
*Belize 2/-----	1.1	2.2	1.1	1.1	2.2	1.1	1.1	2.2	1.1	1.1	2.2	1.1	1.1	2.2	1.1
*Trinidad-----	2.2	6.6	1.1	1.1	5.5	1.1	1.1	4.4	1.1	1.1	3.3	1.1	1.1	2.2	1.1
*Honduras-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
*Yugoslavia-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
*Netherlands Antilles-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
*Guatemala-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
*Nicaragua-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Other-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Total, Communist Countries-----	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1

* Designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "Other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.

1/ Less than 0.05 percent.

2/ Formerly British Honduras.

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

Note.--Minor adjustments to official statistics were made to correct cases of misreporting. Because of rounding, figures may not add to the totals shown.

A-23

Table 5.—Tariff item 806.30: Imports by commodity group, 1971-75

Commodity group	1971				1972				1973 1/				1974 1/				1975 1/			
	Total	Duty-free	Dutiable	Total	Total	Duty-free	Dutiable	Total	Total	Duty-free	Dutiable	Total	Total	Duty-free	Dutiable	Total	Total	Duty-free	Dutiable	Total
	value	value	value	value	value	value	value	value	value	value	value	value	value	value	value	value	value	value	value	value
(In thousands of dollars)																				
Commodity groups separately listed in TC Publication 339 (1970)																				
Aluminum foil-----	9,576	6,245	3,331	9,758	6,067	3,690	8,391	4,726	3,666	6,365	3,053	3,311	2,024	823	1,201					
Aluminum mill products	17,129	13,413	3,716	18,017	13,972	4,046	9,785	7,305	2,481	6,594	4,811	1,783	1,504	1,047	457					
Other than foil-----	19,200	15,450	3,750	28,938	21,972	6,966	24,739	20,275	4,464	19,856	16,485	3,370	12,200	9,637	2,563					
Copper mill products-----	39,601	29,923	9,678	37,682	24,266	13,416	30,169	17,327	12,842	12,107	5,353	6,753	10,422	6,966	3,456					
Iron or steel mill products, total-----	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/					
Bars-----	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/					
Plate, sheet, and strip-----	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/					
Wire-----	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/					
Other-----	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/					
Nickel mill products-----	200	138	62	247	155	92	383	191	192	811	436	376	1,105	541	546					
Refractory metal powders and compounds-----	2,234	1,346	888	2,821	1,674	1,147	3,609	1,981	1,627	2,196	1,507	689	1,830	1,130	700					
Titanium, wrought-----	506	390	116	268	210	58	306	254	52	688	616	72	1,853	1,693	160					
Wire cloth-----	367	191	176	302	116	186	100	33	67	77	32	44	42	37	5					
Parts of:-----																				
Aircraft-----	22,475	6,837	15,638	75,872	32,536	43,336	137,816	65,375	72,441	92,238	48,362	43,876	49,877	26,730	23,147					
Automobile wheels-----	3,119	2,247	872	4,673	3,385	1,288	6,701	4,892	1,808	6,066	4,154	1,912	5,696	3,975	1,721					
Railway rolling stock-----	437	102	335	3,168	1,717	1,451	6,388	2,880	3,507	1,903	1,651	252	1,208	920	287					
Internal combustion engines-----	1,503	1,100	403	2,827	2,077	750	6,255	4,360	1,896	4,025	2,440	1,585	6,589	4,275	2,314					
Steam-boilers and auxiliary equipment-----	5,777	3,204	2,573	4,575	2,016	2,559	78	44	33	257	149	108	232	177	56					
Steam turbines-----	9,806	5,393	4,413	3,277	1,094	2,184	3,766	878	2,888	1,120	395	725	1,315	575	741					
Semiconductors, including parts-----	48,075	26,093	21,982	92,435	54,373	38,062	190,133	103,000	87,132	338,353	190,995	147,358	305,118	177,922	127,196					
Subtotal-----	180,005	112,072	67,933	284,860	165,650	119,231	428,618	233,521	195,096	492,655	280,440	212,215	401,015	236,448	164,568					
Other commodity groups 3/																				
Aluminum, unwrought-----	3,722	3,297	425	6,595	6,214	380	2,668	2,353	314	426	369	57	1,270	1,234	36					
Lead, unwrought-----	567	428	139	1,941	1,041	900	2,410	1,244	1,166	5,052	2,444	2,608	3,292	1,547	1,745					
Iron or steel articles, not specially provided for-----	741	429	312	944	755	189	372	222	150	1,177	626	551	724	430	295					
Fasteners of base metal, including nuts-----	-	-	-	3	2	2	82	52	30	23	20	3	977	640	337					
Valves, including parts-----	503	237	266	813	416	398	955	482	473	1,056	492	565	980	589	391					
Capacitors-----	1,634	879	755	3,382	1,885	1,497	5,433	1,911	3,522	7,812	3,658	4,154	5,116	2,780	2,336					
Pumps and compressors, and parts-----	1,167	533	634	834	431	403	1,196	621	575	1,675	817	858	1,318	679	639					
Materials handling machinery and parts-----	84	41	43	610	379	231	1,428	592	836	1,503	763	741	1,957	1,009	948					
Office machines and parts-----	640	317	323	636	236	400	1,650	425	1,225	669	378	291	524	228	296					
Machines, not specially provided for and parts-----	3	2	1	12	5	7	134	62	71	145	100	45	-	-	-					
Electric motors and generators, and parts-----	651	346	305	823	467	356	2,017	736	1,281	9,089	2,356	6,733	6,854	1,472	5,383					
Electrical articles, not specially provided for and parts-----	184	133	51	66	45	20	120	56	65	536	282	254	105	54	51					
Parts of motor vehicles, other than automobile wheels-----	1,185	772	413	560	347	213	656	417	239	763	495	268	1,849	818	1,031					
Machine tools, parts and accessories-----	4/	4/	4/	4/	4/	4/	591	312	279	994	427	566	894	429	465					
Consumer electronic products and parts-----	4/	4/	4/	4/	4/	4/	3,801	1,733	2,068	4,952	2,243	2,709	8,700	4,039	4,661					
Other base metals, wrought and unwrought-----	4/	4/	4/	4/	4/	4/	565	316	248	1,512	857	655	1,558	1,160	398					
All other articles-----	8,302	4,781	3,521	15,395	9,499	5,895	10,225	4,756	5,472	14,508	7,111	7,398	16,678	8,432	8,246					
Subtotal-----	19,383	12,195	7,188	32,614	21,722	10,891	34,303	16,290	18,014	51,893	23,437	28,456	52,797	25,540	27,256					
Grand total-----	199,388	124,267	75,121	317,474	187,352	130,122	462,921	249,811	213,110	544,549	303,878	240,671	453,812	261,988	191,824					

1/ Minor adjustments to official statistics were made to correct cases of misreporting.

2/ Data are included in "Iron and steel mill products, total".

3/ Commodity groups in which the value of 806.30 imports amounted to at least \$500 thousand in any one of the years 1969-73.

4/ Data are included in "All other articles".

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted above.

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

A-21

Table 6.--Tariff item 806.30: U.S. imports from industrially developed and less developed countries, 1971-75

Category and Country	1971			1972			1973 1/			1974 1/			1975 1/		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Grand total-----	199.4	124.3	75.1	317.5	187.4	130.1	462.9	249.8	213.1	544.5	303.9	240.7	453.8	262.0	191.8
Total, developed countries-----	144.6	93.8	50.8	209.2	121.8	87.5	235.7	122.7	113.0	143.3	74.0	69.3	89.0	47.7	41.4
Canada-----	49.9	32.1	17.9	99.4	54.9	44.5	153.1	80.7	72.4	88.3	47.9	40.4	57.9	31.7	26.2
Italy-----	46.8	30.2	16.7	35.7	19.1	16.6	29.4	13.2	16.2	18.3	5.9	12.5	7.1	2.1	4.9
Belgium and Luxembourg-----	11.3	8.3	2.9	15.8	9.4	6.4	15.2	5.9	9.3	14.7	6.8	7.9	5.9	3.0	2.8
West Germany-----	9.7	6.0	3.7	9.0	5.6	3.4	9.6	5.1	4.5	7.8	4.8	3.0	5.6	3.3	2.3
Switzerland-----	1.5	.8	.7	2.1	1.1	1.0	3.6	1.9	1.7	3.4	1.7	1.7	4.3	2.6	1.7
Netherlands-----	.3	.1	.2	4.1	2.5	1.6	.7	.3	.4	1.6	1.3	.4	1.8	1.1	.7
United Kingdom-----	1.9	.9	1.0	2.6	1.1	1.5	3.3	1.7	1.6	2.4	1.4	1.0	1.8	1.0	.8
France-----	10.7	8.4	2.3	19.1	15.0	4.1	8.8	5.9	3.0	4.4	3.1	1.3	1.7	1.5	.2
Japan-----	9.2	5.4	3.8	8.9	4.8	4.1	5.2	3.1	2.1	2.0	1.1	1.0	1.6	.8	.8
Sweden-----	.3	.1	.2	.7	.2	.4	.2	.1	.1	.2	.1	.1	.5	.3	.3
*Portugal-----	1.8	.8	1.0	3.2	1.5	1.7	1.3	.7	.6	2/	2/	2/	.1	2/	.1
Spain-----	.6	.3	.3	.7	.5	.2	.1	.1	2/	2/	2/	2/	2/	2/	2/
Norway-----	.4	.3	.1	2/	2/	2/	.1	2/	.1	2/	2/	2/	-	-	-
Greece-----	-	-	-	7.8	6.0	1.8	5.0	3.8	1.1	-	-	-	-	-	-
Other-----	.1	.1	2/	2/	2/	2/	.1	.1	2/	.1	2/	.1	.7	.2	.4
Total, less developed countries-----	54.8	30.5	24.3	108.2	65.6	42.7	227.2	127.1	100.1	401.2	229.9	171.4	364.8	214.3	150.5
*Mexico-----	9.8	6.2	3.6	30.6	21.5	9.1	59.2	39.1	20.1	114.7	81.6	33.2	105.2	79.3	26.0
*Malaysia-----	.1	2/	2/	.2	.1	.1	21.2	11.5	9.7	84.0	42.4	41.6	101.2	50.7	50.5
*Singapore-----	22.2	11.2	11.0	39.2	22.2	17.0	75.3	37.0	38.3	80.3	39.3	41.1	66.1	32.3	33.8
*Republic of Korea-----	7.3	4.7	2.6	20.6	12.5	8.1	41.3	23.1	18.3	66.9	34.0	32.9	31.8	17.0	14.8
*Philippines-----	-	-	-	-	-	-	2.9	2.4	.5	7.3	5.1	2.1	24.9	15.1	9.8
*Republic of China (Taiwan)-----	5.7	3.2	2.4	4.5	2.6	2.0	9.6	5.2	4.4	23.6	11.1	12.5	18.3	10.3	8.0
*Hong Kong-----	7.9	4.4	3.4	10.2	5.8	4.4	14.1	7.3	6.8	9.8	4.8	4.9	10.4	6.1	4.3
*Brazil-----	.6	.3	.3	1.2	.6	.7	1.7	.8	.9	2.0	1.0	1.0	2.5	1.1	1.4
*Netherlands Antilles-----	1.0	.3	.7	1.5	.3	1.2	1.3	.3	1.0	5.9	4.8	1.1	2.5	1.4	1.1
South Vietnam-----	-	-	-	-	-	-	.1	2/	.1	-	-	-	.6	.4	.3
*Israel-----	2/	2/	2/	.1	2/	.1	2/	2/	2/	.2	2/	.2	.5	.3	.2
*Barbados-----	2/	2/	2/	-	-	-	-	-	-	.5	.2	.2	.5	.3	.2
Indonesia-----	-	-	-	-	-	-	.4	.1	.3	.4	.1	.3	.2	1/	.1
*Haiti-----	-	-	-	2/	2/	2/	.2	.1	2/	5.1	5.0	.1	2/	2/	2/
*Jamaica-----	2/	2/	2/	2/	2/	2/	.3	.3	2/	2/	2/	2/	2/	2/	2/
*Thailand-----	-	-	-	-	-	-	-	-	-	.3	.2	.1	-	-	-
Other-----	.8	.3	.5	2/	2/	2/	2/	2/	2/	.1	.1	2/	2/	2/	2/
Total, Communist countries-----	2/	2/	2/	2/	2/	2/	-	-	-	2/	2/	2/	-	-	-

*Designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.

1/ Minor adjustments to official statistics were made to correct cases of misreporting.

2/ Less than \$50,000.

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

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

Table 7.--Tariff item 806.30:Percentage distribution of U.S. imports from industrially developed and less developed countries, 1971-75

Category and country	1971			1972			1973 1/			1974 1/			1975 1/		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total, developed countries	72.5	75.5	67.6	65.9	65.0	67.3	50.9	49.1	53.0	26.3	24.3	28.8	19.6	18.2	21.5
Canada	25.0	25.8	23.8	31.3	29.3	34.2	33.1	32.3	34.0	16.2	15.8	16.8	12.8	12.1	13.7
Italy	23.5	24.2	22.2	11.2	10.2	12.8	6.4	5.3	7.6	3.4	1.9	5.2	1.6	.8	2.6
Belgium and Luxembourg	5.7	6.7	3.9	5.0	5.0	4.9	3.3	2.4	4.3	2.7	2.2	3.3	1.3	1.2	1.5
West Germany	4.9	4.8	5.0	2.8	3.0	2.6	2.1	2.0	2.1	1.4	1.6	1.2	1.2	1.3	1.2
Switzerland	.7	.7	.9	.7	.6	.8	.8	.8	.8	.6	.6	.7	1.0	1.0	.9
Netherlands	.2	.1	.3	1.3	1.3	1.2	.2	.1	.2	.3	.4	.2	.4	.4	.4
United Kingdom	1.0	.7	1.4	.8	.6	1.2	.7	.7	.7	.4	.5	.4	.4	.4	.4
France	5.4	6.7	3.1	6.0	8.0	3.2	1.9	2.4	1.4	.8	1.0	.5	.4	.6	.1
Japan	4.6	4.3	5.0	2.8	2.6	3.2	1.1	1.2	1.0	.4	.4	.4	.4	.3	.4
Sweden	.2	.1	.2	.2	.1	.3	2/	2/	2/	2/	2/	2/	.1	.1	.1
*Portugal	.9	.6	1.4	1.0	.8	1.3	.3	.3	.3	2/	2/	2/	2/	2/	2/
Spain	.3	.3	.4	.2	.3	.2	2/	2/	2/	2/	2/	2/	-	-	-
Norway	.2	.2	.1	2/	2/	2/	1.1	1.5	.5	-	-	-	.1	2/	.1
Greece	-	-	-	2.5	3.2	1.4	2/	2/	2/	2/	2/	2/	-	-	-
Other	2/	.1	.1	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
Total, less developed countries	27.5	24.5	32.4	34.1	35.0	32.8	49.1	50.9	47.0	73.7	75.6	71.2	80.4	81.8	78.5
*Mexico	4.9	5.0	4.8	9.6	11.5	7.0	12.8	15.7	9.4	21.1	26.8	13.8	23.2	30.3	13.5
*Malaysia	2/	2/	2/	.1	.1	.1	4.6	4.6	4.6	15.4	14.0	17.3	22.3	19.4	26.3
*Singapore	11.1	9.0	14.7	12.3	11.8	13.1	16.3	14.8	18.0	14.7	12.9	17.1	14.6	12.3	17.6
*Republic of Korea	3.7	3.8	3.5	6.5	6.7	6.2	8.9	9.2	8.6	12.3	11.2	13.7	7.0	6.5	7.7
*Philippines	-	-	-	-	-	-	.6	1.0	.2	1.3	1.7	.9	5.5	5.8	5.1
*Republic of China (Taiwan)	2.8	2.6	3.2	1.4	1.4	1.5	2.1	2.1	2.1	4.3	3.7	5.2	4.0	3.9	4.2
*Hong Kong	3.9	3.6	4.6	3.2	3.1	3.4	3.0	2.9	3.2	1.8	1.6	2.0	2.3	2.3	2.2
*Brazil	.3	.3	.4	.4	.3	.5	.4	.3	.4	.4	.3	.4	.6	.4	.7
*Netherlands Antilles	.5	.3	.9	.5	.2	.9	.3	.1	.5	1.1	1.6	.5	.5	.5	.6
South Vietnam	-	-	-	-	-	-	2/	2/	2/	-	-	-	.1	.1	.1
*Israel	2/	2/	2/	2/	2/	.1	2/	2/	2/	2/	2/	.1	.1	.1	.1
*Barbados	2/	2/	2/	-	-	-	-	-	-	.1	.1	.1	.1	.1	.1
Indonesia	-	-	-	-	-	-	-	-	-	.1	.1	.1	.1	.1	.1
*Haiti	-	-	-	2/	2/	2/	2/	2/	2/	1.0	1.6	2/	2/	2/	2/
*Jamaica	2/	2/	2/	2/	2/	2/	.1	.1	.1	2/	2/	2/	2/	2/	2/
*Thailand	-	-	-	-	-	-	-	-	-	.1	.1	2/	-	-	-
Other	.4	.3	.7	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
Total, Communist Countries	2/	2/	2/	2/	2/	2/	-	-	-	2/	2/	2/	-	-	-

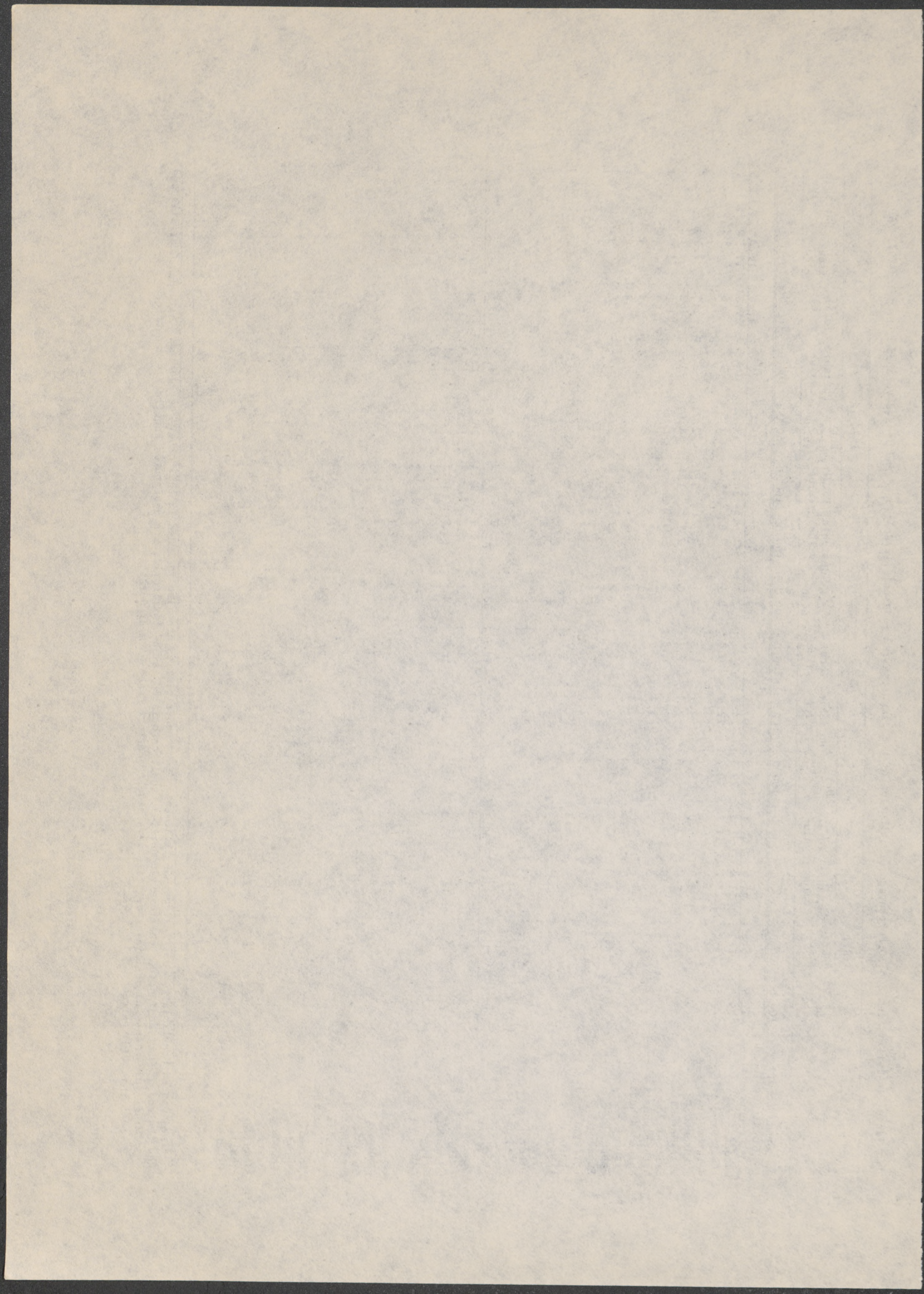
* Designated beneficiary countries for GSP treatment. Some beneficiaries are also included in the "other" categories. Although Australia and New Zealand are not designated beneficiary countries, their associated island territories are designated beneficiary countries.

1/ Minor adjustments to official statistics were made to correct cases of misreporting.

2/ Less than 0.05 percent.

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

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



These bills are typical of bills amending or repealing items 807.00 and 806.30, a list of which follows

94TH CONGRESS
2D SESSION

H. R. 11420

IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 1976

Mr. GREEN introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Tariff Schedules of the United States to repeal the special tariff treatment accorded to articles assembled abroad with components produced in the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) schedule 8, part 1, subpart B of the Tariff Sched-
4 ules of the United States (19 U.S.C. 1202) is amended—

5 (1) by striking out items 806.30 and 807.00;

6 (2) by striking “and 806.30” in headnote 2;

7 (3) by striking out headnote 3; and

8 (4) by redesignating headnote 4 as headnote 3.

9 (b) The amendments made by subsection (a) shall
10 apply with respect to articles entered, or withdrawn from

- 1 warehouse, for consumption after the ninetieth day after
- 2 the date of the enactment of this Act.

94TH CONGRESS
2D SESSION

H. R. 11416

IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 1976

Mr. DENT introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Tariff Schedules of the United States.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That item 807.00 of subpart B to schedule 8, part 1 of the
4 Tariff Schedules of the United States be amended by the
5 addition of the following language:

- 1 "Item 807.00 shall not apply to the following items
 2 on the Tariff Schedules of the United States:

"Textile(s) :	References to tariff schedules
Bags and sacks-----	385. 45-55
Clothing—	
Doll -----	737. 20
Machine -----	358. 24-60
Belts -----	358. 02-03; 773. 35
Footwear -----	700. 60-80
Garments, body-supporting (corsets, girdles, brassieres, etc.)-----	376. 24-28
Garters and garter-belts-----	376. 04-20
Gloves -----	704. 05-95
Handkerchiefs -----	370. 04-92
Headwear -----	702. 05-703. 15
Hosiery -----	374. 05-65
Neckties -----	373. 05-30
Rainwear -----	376. 54-56
Scarves and shawls-----	372. 10-80
Suspenders -----	376. 04-20
Tassels, and cords and tassels-----	385. 70
Underwear -----	378. 05-70
Veils -----	372. 04-08
Wearing apparel, nspf-----	380. 00-382. 87
"Leather :	
Belts (apparel)-----	791. 60
Wearing apparel, nspf-----	791. 70-75
"Rubber and plastics :	
Rainwear—	
With textile fabric base-----	376. 54-56
With textile fabric outer surface-----	376. 54-58
NSPF -----	772. 30
Gloves -----	705. 84-86
"Women's and girls' wearing	
apparel ----- Sch 3 Pt 6 Hdnte 2(c) ; 382. 00-87".	

BILLS TO REPEAL OR AMEND TSUS ITEMS 806.30 AND 807.00
PENDING BEFORE THE SUBCOMMITTEE ON TRADE AS OF
JULY 12, 1976

To Repeal Items 806.30 and 807.00

Bill No.	Sponsor	Bill No.	Sponsor
H.R. 11420-----	Green	H.R. 13006-----	Roybal
H.R. 3511-----	Van Deerlin	H.R. 13094-----	Brown (Calif.)
H.R. 11443-----	Eilberg	H.R. 13177-----	Flood
H.R. 11485-----	Bingham	H.R. 13402-----	Levitas
H.R. 11565-----	Murtha	H.R. 13571-----	Brinkley, Ginn, and Young
H.R. 11659-----	Clay		(Ga.)
H.R. 11699-----	Pepper	H.R. 13587-----	Davis, Holland, Derrick, and
H.R. 11855-----	Studds		Jenrette
H.R. 12031-----	Rooney	H.R. 13765-----	Mitchell (Md.)
H.R. 12301-----	Burke (Mass.)	H.R. 13848-----	Nix
H.R. 12619-----	Blouin	H.R. 14110-----	St Germain
H.R. 12653-----	Mottl	H.R. 14379-----	Murphy (N.Y.)
H.R. 12759-----	Beard (R.I.)	H.R. 14490-----	McDade
H.R. 12877-----	Fascell		

To Repeal Item 807.00 Only

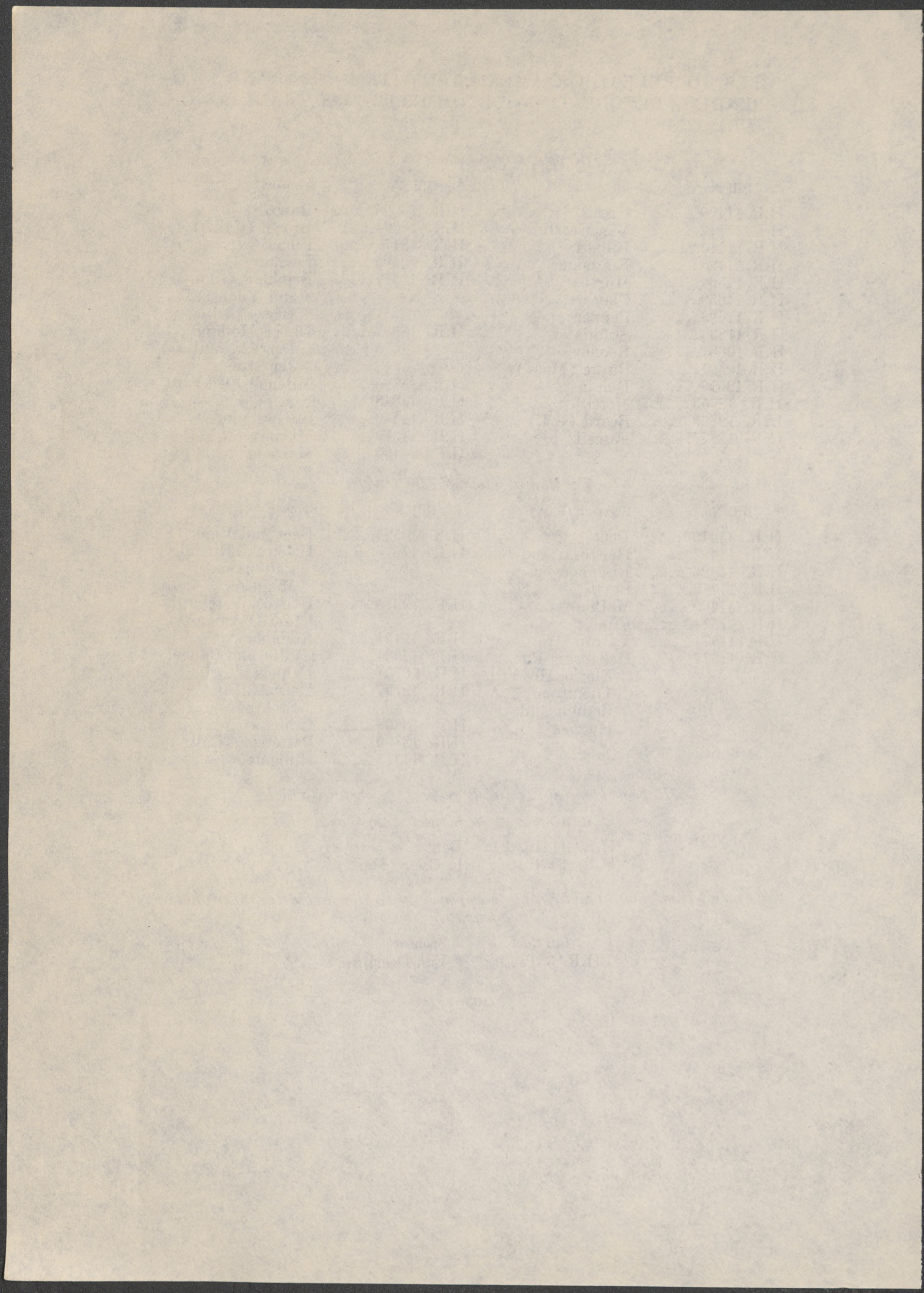
Bill No.	Sponsor	Bill No.	Sponsor
H.R. 11415-----	Dent	H.R. 15595-----	Dent and Vigorito
H.R. 11423-----	Helstoski and Roe	H.R. 11693-----	Helstoski, Rinaldo, Patten, and
H.R. 11426-----	Risenhoover		Maguire
H.R. 11442-----	Bevill	H.R. 12218-----	Helstoski, Ichord, and D'Amours
H.R. 11469-----	Mathis	H.R. 12494-----	Addabbo
H.R. 11514-----	Flint	H.R. 12534-----	Badillo and Rangel
H.R. 11574-----	Yatron	H.R. 12734-----	Daniels
H.R. 11577-----	Helstoski, Roe, Florio, Howard, Thompson, Rodino, and Hughes	H.R. 12797-----	Helstoski and Stokes
		H.R. 13309-----	Lehman
		H.R. 13739-----	Patterson (Calif.)
		H.R. 14315-----	Hungate

To Repeal Item 807.00 with respect to certain articles

Bill No.	Sponsor
H.R. 11416-----	Dent
H.R. 13542-----	Heckler (Mass.)

*To Amend Items 806.30 and 807.00 to apply only to items sold to government
agencies*

Bill No.	Sponsor
H.R. 3512-----	Van Deerlin



Summary of Views

Agencies

Commerce

Oppose.

Repeal of items 806.30 and 807.00 would result in net economic loss to the U.S. Cites ITC study of 1970 and information received from the Industry Sector Advisory Committees established under the Trade Act for this view. Imports under these items as percentage of overall imports have not changed substantially since 1969. These items enable U.S. firms to compete with foreign firms able to perform labor intensive operations in low labor cost areas. Repeal would cause these firms to move their entire operation outside the U.S. or to lose their market to the foreign firms. Trade Act provides relief measures for industries suffering injurious import competition under which the President can suspend operations of these items with respect to particular articles. To date no petition for this relief under the escape clause has been filed. Recommends up-date of 1970 ITC study.

Treasury

Oppose.

Repeal would result in net loss to U.S. economy. Even with repeal, legal doctrine of "constructive segregation" could still permit duty-free treatment of U.S. components. Other developed countries provide similar tariff treatment for their 807.00 type operations. Imports under these two items have risen relatively, only slightly more than total U.S. imports. The escape clause permits the President to suspend these items in import injury cases. Recommends up-date of 1970 ITC study.

State

Oppose.

These items encourage the use of domestically produced components in products assembled abroad, provide job opportunities that might otherwise be lost, enable domestic firms to compete effectively with articles made totally of foreign components, and encourage the return of partially finished products to the U.S. for further processing. Furthermore, the President may suspend operation of these items when determined necessary to protect a domestic industry.

STR

Oppose.

Repeal would result in net economic loss to the economy. Repeal would probably result in more jobs being lost than gained. Balance of payments would probably be adversely affected by repeal. In specific cases where imports are causing injury, these items may be suspended under the escape clause. Recommends that ITC update its report of 1970.

Labor

Uncertain as to the effect repeal would have on employment in U.S. Where the cost increase as a percentage of the cost of assembling the produce abroad is high, repeal may lead to a return of assembly operations in the U.S. However, if totally foreign-made goods are presently competing successfully with 807.00 items, repeal might lead to a shift to production of goods manufactured entirely abroad. The Department is currently studying the problem, but has reached no conclusions. At best, the study may only lessen the degree of uncertainty on this question.

Public Testimony

Western Electronic Manufacturers Assoc., David Packard, Pres.

Oppose.

Repeal of these items would increase imports and decrease U.S. employment in electronics industry. Only labor-intensive assembly work is performed overseas in lower labor cost areas. Repeal of these items would result in few, if any, jobs being transferred to the U.S. High labor costs in the U.S. would place U.S. firms at a competitive disadvantage, and automated assembly equipment is not feasible due to rapid and continuous technology changes in this field. In addition, repeal might result in other industry operations shifting to foreign countries. Industries injured by these items should seek relief in the escape clause provisions.

Semiconductor Industry Group of WEMA, W. J. Sanders III

Oppose.

Items 806.30 and 807.00 enable U.S. firms to remain competitive and to generate profits for R&D. The semiconductor industry has contributed positively to the U.S. balance of trade for the last decade as well as increasing U.S. employment in the industry as intended by Congress in creating 807.00. However, this will only continue if items 806.30 and 807.00 are retained. Repeal of these items would not bring jobs to the U.S., rather, jobs would be lost because parts for assembly abroad would be purchased at lower cost from foreign suppliers in an effort to reduce the value and, therefore, the duty assessed on entry into the U.S. Similarly, final testing operations may be moved overseas to avoid paying duty.

Customs Subcommittee on 807.00 and 806.30 of the American Importers Association, Gail T. Cumins, Chairman

Oppose.

Items 807.00 and 806.30 are an incentive for foreign producers to use U.S. components in articles for the U.S. market. Repeal would not bring any jobs from these firms to the U.S. In industries requiring labor intensive operations, 807.00 is essential in order for U.S. firms to compete with wholly foreign made articles. Repeal would

force U.S. firms to move all their operations overseas. Many products might then be eligible for duty-free treatment under GSP. Items 807.00 and 806.30 preclude that possibility now because only a small percentage of the product is made in the exporting country.

Emergency Committee for American Trade, Robert L. McNeil, Executive Vice Chairman

Oppose.

Repeal would damage competitive position of the U.S. The items act for the benefit of the U.S. economy. The Trade Act provides relief measures for industries suffering injurious import competition. To date no industry has petitioned for suspension of these items with respect to their industry.

Committee for 806.30 and 807.00, Alan B. Spurney, Executive Secretary (presented by S. Richard Shostak, Counsel)

Oppose.

These items enable U.S. firms to compete with imports of totally foreign origin both domestically and in foreign markets. Repeal would benefit foreign competitors. It would not bring jobs to the U.S. because American labor will not perform the type of jobs performed in off-shore plants. Repeal would cause a decrease in present employment in firms engaging in 807.00 and 806.30 operations. Repeal would increase imports and their cost to the consumer. The escape clause provisions and the Multifiber Arrangement offer enough protection to the textile industry to preclude the necessity for repeal of these items.

Honorable William F. Goodling (Penn.)

Favor.

Item 807.00 imports have increased significantly in the last decade, and a growing percentage of apparel imports enter under this item. Duty-reduced imports threaten thousands of jobs in the apparel industry.

American Federation of Labor and Congress of Industrial Organizations, Nathaniel Goldfinger, Director, Department of Research

Favor.

Use of these items by U.S. based multinational firms has caused the transfer of U.S. jobs to overseas plants. Once assembly operations are performed overseas, they are followed by parts production and R&D, causing further job loss at the expense of U.S. taxpayers. GSP exacerbates the problem caused by 806.30 and 807.00. Remedies offered under the Trade Act do not afford relief since they are so difficult to obtain. Recommend that these items be repealed and that the burden for showing a need for their reinstatement be placed on the individual corporation requesting it.

International Ladies' Garment Workers' Union, Sol Chaiken, President
Favor.

807.00 induces apparel firms to shift operations off-shore both to avoid duties and to take advantage of low wage rates and government subsidies on products manufactured solely for export. In the last 10 years, the dollar volume of apparel imports entering under 807.00 increased by 14,535% while all non-807.00 apparel imports increased by only 286%. During the same period the number of workers in this industry fell 12.5%. It is claimed that 19 out of 20 jobs are lost when apparel firms begin 807.00 operations. 807.00 results in customs revenue loss to the U.S. which burdens the taxpayer. It was also claimed that the Customs Service is not able to verify that all of the components given 807.00 treatment are actually made in the U.S. Recommend that U.S. return to the prior practices of constructive segregation.

Apparel Industries Inter-Association Committee, Abraham Eliasberg, Vice-Chairman
Favor.

807.00 has aggravated a serious import problem for the apparel industry and has caused the export of American jobs. Wages in some countries are so low that no amount of efficiency in domestic firms can bridge the wage gap. As a result the value of imports of 807.00 apparel have far outstripped that of other apparel imports. Recommends that an exception to 807.00 be made for articles of apparel.

Electronics Industry Association, V. J. Adduci, President
Oppose.

Employment in this industry is linked to the ability of the industry to remain internationally competitive which depends, in large degree, on continued use of items 806.30 and 807.00. 807.00 encourages the use of U.S.-made components in the finished goods of foreign manufacturers being exported to the U.S. Repeal would raise manufacturing costs in the U.S. Domestic firms would then be unable to compete with the products of Japanese and European producers who also engage in 807.00-type operations. This loss of competitive position would jeopardize present domestic employment. Repeal would not bring any jobs back to the U.S. because the added duty is not as significant as the wage differential. Recommend a comprehensive study, not a simple update of the 1970 ITC study, be made before any legislative changes are proposed.

Computer & Business Manufacturers Association, Peter F. McCloskey, President
Oppose.

These items have enabled these firms to remain competitive in the international market. These firms often have plants abroad to enable them to gain entry in other markets. Whenever possible, these off-shore plants use U.S. components regardless of the market the finished item will be sold in.

Amalgamated Clothing Workers of America, Howard D. Samuels, Vice-President

Favor.

Imports have caused large decreases in production and employment in this industry. The Multi-fiber Arrangement does not offer adequate protection to the domestic apparel industry since some countries, increasingly responsible for exports to the U.S., are not covered by the agreement. The high tariffs on apparel imports are intended to compensate for the lower wages abroad. 807.00 is counterproductive to that policy. Retail prices are not lower on 807.00 imports; therefore the consumer does not benefit.

Baldwin Piano and Organ Co., James W. Ault, Vice-President

Oppose.

807.00 enables this firm to compete effectively with the Japanese. Only a small portion of their operations are off-shore. Repeal would probably result in a decrease of U.S. jobs in this firm. Recommends use of relief provisions in the Trade Act for industries injured by 807.00.

Icelandic Fashion Corp., J. Philip Kochenderfer, President

Favor.

This firm does not engage in 807.00 type operations, but buys its goods from Iceland which also pays high wages to labor. It's competitive position is adversely affected by 807.00.

U.S.-Mexico Border Cities Association, Arthur Doan, Mayor, Nogales, Arizona

Oppose.

Items 806.30 and 807.00 have encouraged industrial development in Mexico just south of the U.S. border. U.S. border towns have greatly benefited by the increased wealth brought by this development.

El Paso (Texas) Chamber of Commerce and El Paso Industrial Development Corp., Everett Dillman, Economic Consultant

Oppose.

Items 806.30 and 807.00 are incentives to use U.S. components. Elimination of these provisions would cause plants in Mexico to close down or move to lower wage areas and substitute non-U.S. components for those now made in the U.S. The El Paso area would suffer adverse effects from repeal since many of its citizens are employed directly or indirectly by the plant in Mexico.

Foreign Trade Association of Southern California, S. Richard Shostak, Director

Oppose.

Due to an insufficiency of sewing machine operators in the U.S., most apparel manufacturers are forced to go outside the U.S. for assembly operations at no cost saving. Therefore, repeal of item 807.00 is not likely to bring any jobs back into the U.S. Rather, the U.S. component of imported apparel will decrease with a corresponding drop in employment in all branches of the U.S. apparel industry. Similarly, the electronics industry will suffer a decrease in domestic employment if 807.00 is repealed because the industry will no longer be able to afford the manufacture of components in the U.S. Rather, production will be totally executed by foreign labor.

U.S.-Mexico Chamber of Commerce, Border Industries Committee, Jack R. Kay, Chairman

Oppose.

These items enable U.S. firms to compete with foreign manufacturers. Many firms indicated to the U.S.-Mexico Chamber of Commerce that a large number of domestic jobs would be lost if 806.30 and 807.00 are repealed. Over 50,000 jobs in the U.S. are directly related to manufacturing U.S. components for 807.00 type operations. These jobs are endangered if 807.00 is repealed. In addition, repeal of 806.30 and 807.00 would endanger our trade with LDC's which, in turn, would adversely affect those firms and services connected with the export industry. Consumers would also be forced to pay higher prices if these tariff provisions were eliminated.

*Written Statements Submitted for the Record
Brownsville, Texas, City Commission*

Oppose.

H.R. 11420, if passed, will be highly detrimental to the economy of all border regions and will cause critical labor problems.

National Foreign Trade Council, Inc., Robert M. Norris, President

Oppose.

Recommend that before any legislative action is taken, a current study be undertaken by ITC to update its 1970 report in order to determine what effect the repeal of these tariff provisions would have on the U.S. economy.

IMEC Corporation, R. Lee Hill, President

Oppose.

This firm which assembles electronic products is dependent on low cost labor to maintain its competitive position. Repeal of these items would force this firm to close down, cause a general decline in employment and income tax revenues, decrease the U.S. competitive position, and reduce U.S. leadership in opening new markets.

Honorable Richard C. White (Texas)

Oppose.

Repeal of items 806.30 and 807.00 will not increase job opportunities in the U.S., but may actually cause them to diminish. While the volume of 806.30 and 807.00 imports has increased since the ITC study of 1970, its ratio to the volume of total imports has remained consistent. There are no indications that the findings of the 1970 study are no longer valid. Repeal would adversely affect the Twin Plant Program on which the economy of the El Paso region relies.

Chamberlain Manufacturing Corp., Joseph M. Palermo, Vice-President and Secretary

Oppose.

This firm, by using item 807.00 has been able to reduce foreign source purchases as a percentage of item cost from 23% to 9%. In addition, 807.00 has enabled this company to hold down prices in an inflationary period which has given it an edge over foreign competition. Repeal would cause this firm and others to move all their operations off-shore.

Chamber of Commerce of the United States, Hilton Davis, General Manager, Legislative Action

Oppose.

These items provide a net addition to American jobs. Repeal would exacerbate the current high level of unemployment.

Aerospace Industries Association of America, Inc.

Oppose.

Repeal would probably result in a net loss of jobs. It would also invite retaliation by other countries. Foreign firms would be able to compete more effectively and at the same time, would have no incentive to use U.S. components if 807.00 and 806.30 were not available. Some U.S. firms might have to shut down.

General Electric Company, William J. Durka, Manager and Counsel, International Legislative and Trade Policy Operation

Oppose.

GE believes, based on its own experience and use of items 806.30 and 807.00, that these provisions are beneficial to the U.S. employment; they enable domestic manufacturers to remain competitive against foreign competition in all markets; and they contribute positively toward the U.S. balance of trade.

Asociacion De Maquiladoras de Sonora A.C., Robert R. Carrier, President

Oppose.

Member firms of the association have operations in Mexico where production costs are low because this enables their U.S. parent companies to compete with wholly foreign-made goods. Also, in the case of apparel, some firms had to go to Mexico because of an insufficient labor force in the U.S. Repeal of 806.30 and 807.00 would remove all incentives to use U.S. components. Some member firms have indicated that repeal would not encourage them to return to U.S., rather they would relocate in the Orient.

Laredo (Tex.) Development Foundation, Laredo, Texas, Milton B. Adams, Executive Director

Oppose.

Recommend that Subcommittee take no action on this bill until it is able to evaluate the complete impact of repeal. Request that Commerce and Treasury Departments determine the value and extent to which U.S. goods and services are used in 806.00 operations. In any case, the bill should make an exception for 807.00 operations in Mexico since the more jobs that Mexicans can find in Mexico, the fewer illegal aliens there will be in U.S. to take jobs away from American labor.

Honorable Claude Pepper (Florida)

Favor.

806.30 and 807.00 are loopholes in the tariff structure which are used by multinational firms to enable them to compete very effectively in the domestic market. Many small industries have been forced to retrench to close out due to the large influx of 807.00 imports and this has added to our unemployment problem.

American Chamber of Commerce of Costa Rica, David A. Metzler, President

Oppose.

806.30 and 807.00 products tend to lower prices to the consumer. Assembly abroad is necessary if U.S. firms are to compete with foreign imports. Elimination of these items could adversely affect foreign policy relations with Latin America. Private capital flows, which occur in 807.00 operations replace the need for direct government-to-government aid. The Costa Rican economy will experience severe negative effects from repeal of these items.

Transicoil, Inc., Edward G. Meister, President

Oppose.

By utilizing item 807.00, this firm has been able to increase its labor force. Item 807.00 has enabled this firm to successfully compete with foreign businesses.

Falcon Products, Inc., Kent J. Nentwig, Vice-President, Operations

Oppose.

This firm developed an off-shore plant in order to use 806.30. Repeal of this item will have a serious negative impact on this business.

General Electric Company, Television Business Department

Oppose.

807.00 enables GE to keep costs down thereby protecting U.S. jobs. 807.00 operations are essential in meeting foreign competition. In addition, 807.00 helps to narrow the inequity in the Tariff Schedules whereby assembled TV sets are assessed a duty less than that for components.

Association of American Chamber of Commerce in Latin America, Daniel S. Wilcox, President

Oppose.

Repeal of items 806.30 and 807.00 would have a negative impact on U.S. employment. Evidence supporting this view is found in the ITC study of 1970 and in the survey of firms in the Mexico Border Industrialization Program. In addition, the U.S. has achieved a favorable trade balance with Latin American users of 806.30 and 807.00. Industries injured by operations of these items have recourse to the escape clause provisions of the Trade Act of 1974.

Birmingham (Ala.) Labor Council-AFL/CIO, Thermon Coggins, President

Favor.

Items 806.30 and 807.00 help export jobs, expand industry abroad, and increase imports at the expense of the domestic economy. They enable American firms to avoid paying the legal minimum wage and overtime and to evade labor standards set up through collective bargaining. In the apparel industry, 19 out of every 20 jobs are lost when firms use 807.00. The significant increase in the use of these items is clearly beyond that which Congress originally intended.

Figure Flattery, Inc., Bernard Korman, President

Oppose.

The number of domestic employees qualified to work as sewing machine operators has decreased. Furthermore, it is not economically feasible to manufacture in the U.S. and still compete with wholly foreign imports from the Orient. Repeal of these items would force this firm to shut down or move all operations off-shore with an attendant decrease in domestic jobs. Repeal would cause special problems on the Mexican border. If Mexican plants are shut down, the trained Mexican workers will cross the border and compete for U.S. jobs. Only 4% of all 807.00 imports are textiles.

Cetron Corporation, Raymond R. Allen, Vice-President, Marketing

Oppose.

Item 807.00 has enabled this firm to expand and employ more persons in the U.S. and to maintain U.S. leadership in this industry. Repeal of item 807.00 will not lead to a transfer of jobs back to the U.S., but will place current domestic employment in jeopardy.

Texas Instruments, Inc., J. Fred Bucy, Executive Vice-President

Oppose.

Item 807.00 acts as an incentive to buy U.S. components; repeal would remove this incentive and, therefore, endanger U.S. jobs. Repeal would also put U.S. firms at a competitive disadvantage.

*Written Comments Received by the Subcommittee on Trade**Harris Semiconductor, Donald R. Greene, Counsel*

Oppose.

Repeal will place the U.S. semiconductor industry at a competitive disadvantage vis-a-vis the Japanese and Europeans. Relying on continuance of items 806.30 and 807.00 U.S. firms have made sizeable investments in overseas plants which will not be abandoned simply because of repeal. Repeal will lead to higher prices for consumers.

Undergarment Accessories Association, Inc., Louis S. Adler, Executive Director

Favor.

Item 807.00 encourages sewing of garments abroad with a consequent loss in U.S. jobs. It adversely affects those firms who employ domestic labor at fair wages.

Cleveland Knitting Mills

Favor.

Item 807.00 permits the exports of jobs, and places those firms using domestic labor at a competitive disadvantage.

E&B Dress Mfg. Co., Inc., William Billets, President

Favor.

Item 807.00 should be repealed to prevent the export of jobs.

- Manheim Mfg. Co., Inc., Weiner Hess*
 Favor. Item 807.00 has led to unfair competition from off-shore plans.
- Barrymaid Mills, Robert C. Barry*
 Favor. Item 807.00 has led to unfair competition.
- Hummelstown Mfg. Co., Weiner Hess*
 Favor. Item 807.00 has led to unfair competition from off-shore plants.
- Jack L. Honig Co., Harvy R. Honig, President*
 Favor. Repeal of item 807.00 would foster fair competition.
- Emporia Garment Co., Mallory Parrish, General Manager*
 Favor. Item 807.00 causes unfair competition.
- Whirlpool Corp., A. J. Takacs, Director, Public Affairs*
 Oppose. Item 807.00 is essential to the maintenance of a competitive position vis-a-vis foreign producers. Repeal of this item could endanger 1200 jobs in a subsidiary of this firm. It would also result in increased prices for consumers.
- Mode Enfant Coat Co., Inc., Samuel Muraskin, President*
 Favor. Item 807.00 fosters unfair competition against firms that use domestic labor.
- J.B. Dress Co., Inc., Felix Agostini, President*
 Favor. Item 807.00 encourages the export of jobs and places those firms which use domestic labor at a competitive disadvantage.
- Clifford Mfg. Co., Norma Caselli, Partner*
 Favor. Item 807.00 encourages the export of jobs and places those firms which use domestic labor at a competitive disadvantage.
- St. Lawrence and Tributaries Port Council of the Province of Quebec, Roger Desjardins, Secretary-Treasurer*
 Favor. Item 807.00 results in an export of U.S. jobs. Products imported under this tariff provision are sold at the same price as U.S.-made goods; thus the consumer does not benefit.
- Good Feeling Inc., Sam Nahama*
 Favor. Item 807.00 permits unfair competition.
- Hesteco Mfg. Co., Werner Hess*
 Favor. Item 807.00 permits unfair labor competition from companies with off-shore operations.
- International Ladies Garment Workers Union, Local 346, Chattanooga, Tenn., Annie Randall, Secretary*
 Favor. Recommend repeal of item 807.00 from the TSUS.
- Giamo, Inc., Stanley Weintraub, Executive Vice-President*
 Favor. Item 807.00 results in the export of domestic employment. It is especially burdensome on small manufacturers who must compensate for the low duty paid on 807.00 imports.

Northeast Apparel Association, Lawrence Hollander, President

Favor. This association represents 200 firms employing 20,000 ILGWU employees. Item 807.00 results in an export of jobs and causes unemployment in the plants of member firms.

H&H Atlas Inc.

Favor. Recommend elimination of item 807.00.

Joyanna Holitogs Inc., Sid Kaplowitz

Favor. Recommend elimination of item 807.00.

Dressmaker Sport Inc., Carey Avenue Mfg. Inc., Abington Mfg. Inc., Eastside Mfg., Inc., Westside Mfg. Inc., Lawrence Newman

Favor. Item 807.00 results in the export of jobs and places U.S. firms using domestic labor at a competitive disadvantage.

Cloakmakers' Union—Local 133, Philip R. Milone, Manager

Favor. Item 807.00 has damaged the garment industry and U.S. workers.

AFL-CIO, Maritime Trades Department, Paul Hall, President

Favor. Item 807.00 results in the export of U.S. jobs. This is especially burdensome in this period of high unemployment. Goods assembled overseas are sold at the same price as U.S.-made goods, thus resulting in no saving to the consumer.

Fluorescent Products, Inc., Lawrence Partnow, Vice-President

Oppose. Item 807.00 is essential in competing effectively with wholly foreign-made products. It protects the jobs of U.S. workers making the components as well as those of workers supplying the materials.

Honorable Norman Y. Mineta (California)

Oppose. Repeal of items 806.30 and 807.00 would have a significant adverse impact on the semi-conductor industry. It would increase the price of U.S. goods, thus making them less competitive in the world market. Increased costs would impair the industry's ability to maintain its technological superiority and dominant world position. This, in turn, would adversely affect employment in this industry.

Allen-Bradley Company, S. J. Kukawka, Vice-President and General Manager, Electronics Division

Oppose. Repeal of item 807.00 would lead either to production of components at off-shore facilities or loss of competitive advantage to foreign producers. Either alternative would result in a decrease in U.S. employment.

Empire Bloomer Co., David A. Swiger

Favor. Item 807.00 imposes a hardship on businesses using domestic labor. In view of the current high rate of unemployment, there is no justification for continuance of item 807.00.

Cassaro Manufacturing Co., Patrick Cassaro

Favor.

Item 807.00 benefits competitors who export jobs from the U.S. and is counterproductive of those businesses using domestic labor.

Riegel and Dechter, Inc., Matthew Love, President

Favor.

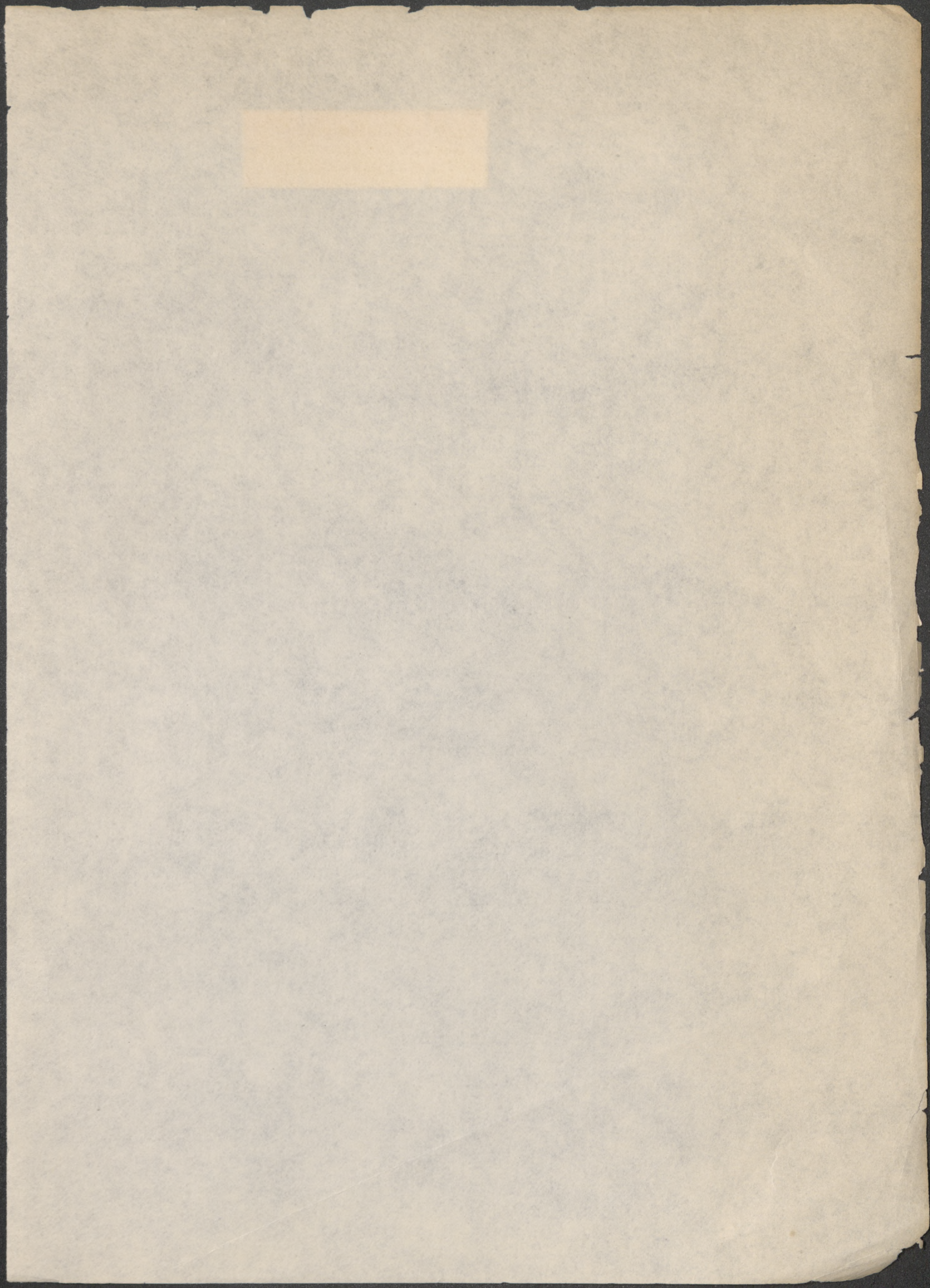
Repeal would foster competition.

Gerson and Gerson, Inc., M. Gerson

Favor.

Item 807.00 fosters unfair competition by firms using low wage labor.







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