PUBLIC

August 4, 2006

Ms. Marideth J. Sandler
Executive Director for the GPS Program
Chairman, GPS Subcommittee of the Trade Policy Staff Committee
Office of the U. S. Trade Representative (USTR)
1724 F Street, NW
Room F-220
Washington, DC 20508

Re.: Generalized System of Preferences- Initiation of Reviews and Request for Public Comments (HTSUS 7202.99.20 from Argentina) (Federal Register Vol.71, Nº 152, August 8, 2006)

I have the pleasure to contact you in reference to the Request for Public Comments initiated by the USTR on 8 August, containing the review on the Eligibility of Certain GPS beneficiaries and Existing Competitive Need Limitations (CNL) waivers, and inviting the public to make comments on this issue.

Stein Ferroaleaciones, a producer of Calcium Silicon (HTSUS 7202.99.20), which is a beneficiary product under the GPS, is a member of CAFAE (Cámara Argentina de Ferroaleaciones y Aleaciones Especiales), a company representing the Argentine producers of ferroalloys.
This company has been producing and marketing this product in the United States for more than 15 years, providing top quality as well as competitive prices. Stein obtained the GPS benefit at the “Anual Review 2001/2002 and the special tree countries”, which enabled the company to enter the US Market with duty free since January 2003

At the current time there are no producers of Calcium Silicon Powder in the U.S. so all the powder is imported from other origins (Brazil, China, and Europe), those imports do not affect any domestic Ferro Alloys companies.

Owing to the GPS the Argentine Calcium Silicon exports to the United States, have substantially increased, being one of the reasons that encouraged the building of new generation furnace (Nº 5) and the respective ware houses for the protection of the environment, with an investment of 6 millions USD. There was an increase of 70 % in the production due to the building of this new furnace, which displace European producers (France, United Kingdom). Also by the designation under GPS, Stein Ferroaleaciones established a distribution center in Chicago to meet the needs of the U.S market exclusively.

To summarize the Calcium Silicon under SGP brought a good opportunity to our sector increasing the invests, improving the productivity and the market access, For all this reasons it will be harmful to the development of our country to deprive us of this benefit. At the same time it will be also harmful to the foundries and steel mills, because they will have to pay a 5% duty. This duty will raise the cost of production and the final products, affecting the American consumers.

In conclusion, the continuity of Calcium Silicon powder under GPS list will benefit all the parts involved: American consumers, American importers, and also Argentine exporters.

Respectfully submitted

Luis M. del Riccio
President

SPRINGS GLOBAL

Crandall C. Bowles
Chairman and Chief Executive Officer

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September 5, 2006

Marideth J. Sandler, Chairman, GSP Subcommittee
Office of the United States Trade Representative
USTR Annex, Room F—220
1724 F. Street, NW
Washington, DC 20508

via email: fr0052@ustr.eop.gov

Dear Chairman Sandler:

As Chairman and CEO of Springs Global US, the North American unit of Springs Global Participações S.A., the world's largest textile home furnishings company, I am writing to express my strong support for renewal of the Generalized System of Preferences, and, particularly, for maintaining the eligibility status of Argentina and Brazil as beneficiary countries.

Springs Global employs about 19,000 people worldwide and operates 28 plants, which are evenly divided between North and South America. Most of our North American operations are in the southeastern United States, while our South American facilities are primarily in the less developed areas of Brazil. Our employees and facilities produce a variety of home textiles, including sheets, towels, comforters, rugs and other products that are sold mostly to leading North American retailers.

A large percentage of our global towel capacity is based in our finishing and distribution facility in Griffin, Georgia, where we employ about 550 people. Although we have suffered significant employment declines in the United States in the past few years because of global competition, we believe the jobs of our remaining 550 towel employees in Georgia are secure, provided the Administration does not restrict eligibility status of Argentina and Brazil and Congress renews GSP.

While it may be unusual for a textile product to be included in GSP, we received a ruling that allows us to bring unfinished towel fabric from our South American operations into our Griffin facility, where we bleach, dye, sew and distribute the finished towels to retail customers. Because of global competitive conditions in our industry, earlier this year we announced we would no longer be able to weave towel fabric in the United States and would instead transition all of our weaving to South America, while maintaining some of our global finishing capacity in Griffin, Georgia. A critical assumption in this decision was that we would not lose the duty-free benefit under GSP of bringing our unfinished towel fabric into Griffin.

If we were to lose this benefit, I feel certain the added cost of duty on our imports of towel fabric would seriously harm our competitive position and likely lead to the loss of more American textile jobs.

I respectfully request the committee maintain the eligibility status of Argentina and Brazil as beneficiary countries, and that the Administration work with leaders in Congress to renew GSP.

Sincerely,

Crandall C. Bowles

September 4th 2006

Office of the United States Trade Representative
GSP Subcommittee

Ref. Generalized System of Preference review
Argentina
Harmonized Tariff Schedule 2008.30.3700

To whom it may concern,

Our company, S.A. San Miguel A.G.I.C.I. y F. ("San Miguel"), is an Argentine lemon producer and exporter, which has been in the lemon business for 50 years. The citrus industry in Argentina is located in the Province of Tucuman, one of the poorest provinces in the country. The industry constitutes a key source of employment and economic development in the region.

In support of our operations and as a reflection of our operating and impact on the region, we have received financing from the International Finance Corporation, a member of the World Bank Group.

We are writing in connection to the impact that potential changes in Argentina's GSP designation could have on lemon pulp cells, a product that San Miguel has exported to the U.S. since the year 2000. This particular business represents approximately USD 800,000 of revenues per year for San Miguel.

The major characteristics of the product are:

- It is a natural product, that is directly extracted from lemons.
- It is used as a raw material in final products for natural juices such as old fashioned lemonade.
- The quality of Argentine citrus pulp cells is regarded as one of the best in the market.

Key characteristics of the market include:

- Argentina is located in the Southern Hemisphere, which means that this seasonal product becomes available at a time of the year when it is not available in the Northern Hemisphere.

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- The demand for this product has nearly doubled since last year, as consequence of what appears to be a big increase in the consumption of the final product in the U.S. market. In connection with this, San Miguel has been making important investments to meet the needs of our customers in the U.S., improving the quality and increasing the quantity of our production.
- San Miguel sells more than 95% of its production into the U.S. This implies that any changes in the GSP status would strongly affect its business.

- There are few suppliers of this product worldwide.
  This means that if Argentina is excluded as a GSP beneficiary it might no longer sell in the U.S., therefore creating the potential for significantly reduced competition in this market.
  As indicated by our customers, including several large U.S.-based multinational corporations, it is strategically advantageous for the U.S. to have this alternative source of supply to guarantee enough raw materials for production throughout the year.

In light of the issues mentioned above, we would like to underline that changing the actual status in terms of GSP will force us to either divert exports to other markets or increase final costs to our customers, which might have to purchase our product even at these higher prices due to the seasonal variations described above. We ask you to consider the disruptive impact such an immediate implementation would cause for U.S. companies who will have to bear the brunt of an unexpected imposition of duties on products already in the pipeline.

Based on these facts and in order to protect the interests of the beverage processors, final consumers in the U.S. and also the exports from our country (less than one million dollars per year), we kindly ask to renew the present status, maintaining Argentina in the list of countries that are eligible for duty free entry under GSP, especially as it concerns to lemon pulp cells.

Please let us know if we can provide any further information on this matter. Thank you for your consideration.

Sincerely,

Martin Lavarello
Comercial Manager
Processed Products
Email: mlavarello@sa-sanmiguel.com

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Ours company **Plas Chem Export Inc.** representing the Argentinean company Name **Arquimex S.A.C.I &F** by most than 7 years in the U.S.A Market serving in the Important sector of Coating Roofing Industry with the product Aluminum Pigment also known as Aluminum Paste Pigment.

In the last five years we sold more than 4 millions of pounds of this Raw material in the Coatings areas as well for paints and Roofing Market segment.

At the moment this raw material is concerned under tariff 32 12 90 00 10 and enjoys the benefits that to date have the SGP between Argentina and USA.

Without this important incentive for the importation to the U.S.A. our sales would be very affected in price to compete with countries like are Chinese and India, that at the moment serves to the U.S.A. with this material benefiting in inequality of conditions, is by that we sent this correspondence to how may concern them so that highly the possibility of benefit SGP is considered continues in their present level of recognition.

I sincerely hope that with your effort and current negotiations with the party involved in this important meeting will be satisfactorily and beneficial to preserve the actual benefit.

Thanking you for your early attention to this request, we are

Very truly yours

Vincenzo Maselli

President

Plas Chem Export Inc.

pbi / gordon corporation
An Employee-Owned Company

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September 5, 2006

VIA E-MAIL (*FR0052@USTR.EOP.GOV*)

Ms. Meredith J. Sandler
Chair, GSP Subcommittee
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, D.C. 20506

Re: Response to Request for Comments on the Eligibility of Certain GSP Beneficiaries

Dear Ms. Sandler:

On August 8, 2006, the United States Trade Representative published her request for comments regarding "whether major beneficiaries of the program [including Argentina] have expanded exports or have progressed in their economic development within the meaning of the statute to the extent that their eligibility should be limited, suspended or withdrawn pursuant to Section 502(d) of the Trade Act of 1974 (19 U.S.C. 2462(d))." *Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers*, 71 Fed. Reg. 45,079 (USTR Aug. 8, 2006) ("*Request for Comments*").

In accordance with the Request for Comments, PBI/Gordon Corporation ("PBI/Gordon") submits this letter opposing any effort to curtail benefits provided to Argentine exporters and the American companies that benefit from that trade.

PBI/Gordon is a 100% employee-owned corporation through an Employee Stock Ownership Plan established in 1994. PBI/Gordon and its subsidiaries have more than 250 employees, working in a headquarters office, production facilities and warehouses in Missouri, Kansas, and Florida and as a nationwide sales force. PBI/Gordon is a significant importer of 2,4-D,[1] produced by Atanor, S.A. ("Atanor"), an Argentinean company. Imports of 2,4-D from Argentina have been and still are eligible for duty-free treatment under the Generalized System of Preferences program ("GSP"). Products using 2,4-D as the active ingredient are the mainstay of PBI/Gordon's product line, which includes herbicides for the agricultural, home lawn and garden and professional turf and ornamental plant markets.

[1] The product is classified under HTS.2918.90.2010, as "2,4-Dichlorophenoxyacetic acid, its salts and esters."

In its *Request for Comments*, the USTR set forth some of the criteria to be considered in deciding whether to withdraw benefits with respect to any country:

> The GSP statute authorizes the President to withdraw, suspend, or limit the application of duty-free treatment with respect to any country based on statutory eligibility criteria. See section 502(d) of the Act (19 U.S.C. 2462(d)). These criteria include: (1) the effect such action will have on furthering the economic development of developing countries through the expansion of their exports; (2) the extent of the beneficiary developing country's competitiveness with respect to eligible articles; and (3) a country's level of economic development, including its per capita gross national product, the living standards of its inhabitants, and any other factors which the President deems appropriate.

Request for Comments, 71 Fed. Reg. at 45,079. Below, we discuss, in turn, the adverse effect withdrawal of GSP eligibility for Argentina would have on furthering the economic development of developing countries through the encouragement of foreign direct investment in industrialization and the expansion of exports, the extent of Argentina's competitiveness with respect to eligible product PBI/Gordon imports, and Argentina's level of economic development.

I. The Effect Of Withdrawing The Application Of Duty-Free Treatment With Respect To Argentina On Furthering The Development Of Argentina

First, a word of history. The GATT rests on two principal ideas: MFN and national treatment of traded goods. GSP was a departure – recognized in the original GATT – to encourage both the development of countries to modern economies and to dismantle "colonial" preferences that pre-dated the GATT. As Senator Grassley noted in GSP reauthorization debates in 1999:

> The original GSP program was instrumental in obtaining the commitment of continental powers like Great Britain to give up, finally, the highly discriminatory tariff systems they enforced in their economic relations with their former colonies. In other words, the creation of the GSP was instrumental in eliminating discriminatory trade barriers that distorted trade and thwarted our exporters' access to markets throughout the entire developing world.
>
> That beneficiary program – GSP – has been around a while and accomplished a lot of good.[2]

When GSP was adopted by the United States in the Trade Act of 1974, the House Ways & Means Committee cautioned that single factors, such as exports or per capita

[2] 145 Cong. Rec. S13005-6 (Oct. 21, 1999).

income, cannot properly measure the "development" the program was supporting. The Committee stated:

> The bill contains several criteria for determining countries which may be designated as beneficiaries of generalized tariff preferences. Your committee understands that there are several definitions of developing countries in use by various U.S. Government agencies and international organizations. Statistical criteria such as per capita GNP are not very satisfactory measures by themselves for distinguishing between various levels of development, since these statistics must be evaluated in the light of other economic factors.[3]

The effect of withdrawing duty-free treatment of imports from Argentina now would restrict or even undermine the development of Argentina. The experience of PBI/Gordon with GSP-eligible imports from Argentina is a quintessential illustration of the successful achievement of the purposes of this legislation: GSP encouraged direct foreign investment in the beneficiary country; the investment in manufacturing operations provided technology transfer and more sophisticated production employment; it enabled exports from Argentina that earned dollars that in turn enlarged the local market for imports from the United States; it enabled a U.S. importer of the goods to acquire a critical intermediate product at lower cost to make finished products, and thereby generated U.S. jobs and provided U.S. consumers with a choice of end products. This history has rightly been called "the poster child" of GSP! While PBI/Gordon's experience illustrates the positive results of GSP both for its own purposes and for the development goals of Argentina, it recognizes the validity of requirements that beneficiary countries eventually "graduate" from the program. However, despite improvements in its economy, Argentina is still far from the point at which "graduation" would be appropriate.

The Argentine supplier of the 2,4-D PBI/Gordon imports is Atanor, S.A., that began operations in 1974, the same year in which GSP was established. Its U.S. investors opened a manufacturing plant in Argentina, whose output has steadily grown, in large part due to the preference programs established by the United States and the European Union for exports from Argentina. If the United States were to revoke the duty-free status for imports of 2,4-D from Argentina, Atanor would suffer significantly.

Because of the growth of companies like Atanor, Argentina has been able to develop its value-added manufacturing sector so vital to true "development." As Senator Roth, then the Chair of the Senate Finance Committee, stated during the discussions on reauthorized GSP in 1999:

> The program was designed to create an incentive to investment in the developing world. Since its inception in 1975, the GSP program has done just that. Renewal of the program, [is] needed as an incentive to productive

[3] Trade Reform Act of 1973, H. Rep. 93-571 at 84, 93d Cong., 1st Sess. (1973).

> capital investment. [If it] will be cut off, many American firms that depend on the GSP program will be hurt along with the beneficiary countries.[4]

According to World Bank statistics, Argentina's value-added manufacturing sector accounted for a modest 36% of Argentina's GDP in 2004. Current figures are probably not materially different. If the United States were to withdraw the duty-free treatment for imports from Argentina, Argentina's value-added manufacturing sector would most likely decline, as companies such as Atanor would lose vital market share in the United States. As a result, Argentina's development would most likely regress, increasing the country's reliance on agriculture and extractive industries, for example. Such an action would undermine the positive development that has occurred since the first days of GSP, and would be contrary to the Congressional purpose in establishing GSP.

It is our view that a focus solely on exports from Argentina would be too narrow for the present review of eligible countries. As Senator McCain eloquently stated in 1999 at the time of the reauthorization of GSP:

> [T]he reauthorization of the GSP program helps developing countries benefit from preferential trade treatment. These GSP provisions help developing countries become members of the global community and prosper in the growing world marketplace. [T]his legislation will reinforce the core American values of freedom and equal opportunity that are a cornerstone of our great country. This legislation is based on the commonsense principle that if you give a nation a handout, you feed it for a day, but if you teach its people to grow and trade, you assist them in becoming independent and self-reliant.[5]

The right test is "development," not exports. And that test is well met by Argentina. It has used GSP to further real development. But the stimulus of GSP should not now be stopped.

II. The Extent Of Argentina's Competitiveness With Respect To Eligible Articles

Argentine exports have not become a major factor with respect to most of the articles eligible for duty-free treatment under the GSP program. They have contributed to the U.S. economy and stimulated U.S. benefits, and those that have met the "competitive need" limits of any product .have been granted waivers. In sum, they have enabled the U.S. economy to benefit. The example of 2,4-D is representative.

In the United States, Dow Agro Sciences LLC, a subsidiary of the Dow Chemical Company, is the only domestic producer of 2,4-D, and dominates the market. In 2005, U.S. consumption of 2,4-D is estimated to have been about 50 million pounds, of which imports

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[4] 145 Cong. Rec. S13039 (Oct. 22, 1999).

[5] 145 Cong. Rec. S13778 (Nov. 3, 1999).

from all countries were less than half (about 23 million pounds). Imports from Argentina were reported to have reached 6.2 million pounds, bought by PBI/Gordon and Albaugh, Inc. a U.S. firm , that is related to the sole Argentine producer. Argentina also is the sole GSP eligible supplier of the product to the U.S. Other suppliers are located in Australia, Austria and England, but their production is generally directed to related parties in the U.S. Thus, *independent* end product producers, such as PBI/Gordon, using imports from Argentina are virtually the only competition Dow faces. Albaugh and PBI/Gordon have, together, carved out a moderate niche as alternative suppliers to Dow and the other end product sellers with their captive sources for 2,4-D. This benefits the US economy through lower prices for U.S. consumers.

The competitiveness of Albaugh and PBI/Gordon depend on the duty-free treatment of 2.4-D pursuant to GSP. Withdrawing duty-free treatment would undermine this competitiveness of these companies in the U.S. market, to the detriment of U.S. consumers and U.S. exporters. The progress is particularly important to smaller companies, such as PBI/Gordon.

As Senator Grassley aptly noted:

> The GSP is important for many reasons. From a foreign relations standpoint, it allows the United States to assist the economy of developing countries without the use of direct foreign aid. But it also is of great benefit to American businesses. That is why it is most appropriate that the extension of the GSP be included in the Small Business Job Protection Act. Many American small businesses import raw materials or other products. The expiration of the GSP has forced these companies to pay a duty, or a tax, on some of these products. That's what a duty is: an additional tax.
>
> By extending the GSP . . ., these companies will not be required to pay this tax. This tax is significant and can cost U.S. businesses hundreds of millions of dollars. In fact in 1995, American businesses saved $650 million due to the GSP. I wonder how many good, high-paying jobs will be created by cutting taxes by $650 million? So, Mr. President, it is very important that the Senate consider it as part of this bill.[6]

III. Argentina's Level Of Economic Development

Argentina's level of economic development weighs against any withdrawal of duty-free treatment of imports from Argentina under GSP.

As the USTR indicates, Argentina is currently identified as an "upper-middle-income" country by the World Bank, which means that the country's gross national income ("GNI) per capita (Atlas method) falls between $3,466-$10,725. However, Argentina is barely above the threshold for the upper-middle-income category, and its GNI per capita has

[6] 142 Cong. Rec. S9540 (Aug. 2, 1996).

declined considerably during the last several years. According to the most recent data on the World Bank's website, Argentina's GNI per capita in 2004 was \$3,580, down from \$3,670 in 2003, \$4,050 in 2002, and \$7,010 in 2001. Although 2005 data will show some improvement, Argentina's GNI per capita has declined considerably in the last several years. Argentina is on the cusp of falling out of the category of upper-middle-income countries. Thus, although GSP has undoubtedly assisted Argentine development, the present level of economic development in Argentina does not justify withdrawing duty-free treatment for imports from Argentina.

Moreover, as noted in Section I above, a number of criteria beyond mere GNI are appropriate in determining "development" of a beneficiary country, including the portion of the economy that has advanced beyond extractive industries and primary crop production. By these tests Argentina still lags. Income distribution, urbanization, education and literacy levels, dispersed infrastructure are all important criteria to be examined (but beyond the resources of our company to present). But what we can say is that while isolated urban areas of Argentina as clearly First World cities, the country as a whole remains "less developed" and, as such, is a very appropriate beneficiary of the "trade, not aid" policies of our government.

For all the reasons stated above, we urge the USTR to maintain the duty-free treatment for imports of goods from Argentine pursuant to GSP.

Thank you for your consideration.

Best regards,

Richard Martin

Richard Martin
President

BEFORE THE:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

	:
In the Matter of:	:
	:
Generalized System of Preferences (GSP):	:
Request for Public Comments	:

Written Comments

by

DANA CORPORATION

September 5, 2006

VIA E-MAIL
FR0052@ustr.eop.gov

On behalf of:
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These comments are filed on behalf of the Dana Corporation of Toledo, Ohio in response to the notice: Generalized System of Preferences (GSP): Request for Public Comments, 71 Fed. Reg. 45079 (August 8, 2006), requesting comments on the reauthorization of the Generalized System of Preferences (GSP) program, and whether beneficiary countries that are high-volume users of the GSP program should continue to be designated as GSP beneficiaries. In addition, Dana is providing comments on whether termination of the competitive need limitation waivers currently in place are warranted due to possible changed circumstances.

I. BACKGROUND

Dana Corporation is a manufacturer of products for every major vehicle manufacturer in the world. Based in Toledo, Ohio, the company employs approximately 47,200 people in 28 countries. Of these employees, approximately 37,600 in 148 major facilities worldwide work in the automotive, light vehicle, commercial vehicle markets, as well as the leisure and outdoor power equipment markets. In these markets, Dana manufactures and sells a variety of articles, including axles, driveshafts, structures, chassis and steering products, sealing, thermal management, fluid transfer, and engine power products, among others. This market accounts for approximately 75% of Dana's $9.2 billion in annual sales.

In addition, Dana employs about 8,070 people in 20 major facilities around the world in the heavy vehicle and off-highway markets. Dana designs, manufactures, and markets articles including front-steer, rear-drive, trailer, and auxiliary axles; driveshafts; steering shafts; suspension shafts; transaxles; brakes; transmissions; torque converters; and other articles to these markets. This market comprises the remaining roughly 25% of Dana's annual sales.[1]

1 All employment figures current as of July 31, 2006; Dana Financial Accounting Reports

Among the 28 countries in which Dana operates, India, Brazil, Thailand, Indonesia, Turkey, South Africa, Venezuela, and Argentina are cited in the Trade Policy Staff Committee's ("TPSC") 71 Fed. Reg. 45079 notice. However, Dana also operates in countries for which there are neither bilateral nor unilateral trade benefits on shipments to the United States. These include several countries in the European Union, and several countries in East Asia. Generally speaking, Dana operates in or near geographic locations in which its customers operate; Dana generally purchases raw materials in those adjacent regions.

II. The GSP Program Should Be Reauthorized and Argentina, Brazil, India and Venezuela Should Continue to be Designated as Beneficiary Developing Countries.

Dana strongly supports reauthorization of the GSP program in general and specifically supports the continuation of Argentina, Brazil, India and Venzuela as GSP beneficiary countries. The purpose of the GSP program is to further the economic development of developing countries through the expansion of their exports. The fact that some countries are reaching the limitations described by the Trade Policy Staff Committee ("TPSC") in 71 Fed.Reg. 45079 indicates that the program is indeed increasing exports, but these figures alone do not show a sufficient increase in the overall economic development to warrant their "graduation" from the program. Argentina, Brazil, India and Venezuela, although representing varied and disparate economies, remain characterized as underdeveloped economies that need GSP to secure, maintain and expand the investments that are critical to their development.

A. Argentina

In spite of its designation by the World Bank as an "upper-middle-income" economy in 2005 and GSP imports exceeding $100 million, Argentina has not demonstrated the sustainable economic growth necessary for it to "graduate" from the GSP program. Per 19 USC 2464 (c)(2), key indicators show that Argentina is still in need of the GSP benefits to solidify and sustain its current economic development. The "upper-middle-class income" designation for Argentina is misleading. The range, $3,466 to $10,725 of per capita GNI is very broad, and Argentina, with a 2005 GNI of $4,470 (Atlas method)[2] has just reached the lower limits of this designation. A better indicator would be $15.58 per capita exports subject to GSP[3], which more accurately reflects the true distribution of GSP "wealth" to Argentines. By way of comparison, total exports from China to the United States for the same period were $186 per capita.[4] Indeed, at $4,470, Argentina still has a world GNI per capita ranking of only 89. In addition, 14% of the Argentine population is living on less than $2.00 per day,[5] a fact indicating that Argentina's economic development is still a work in progress. GSP, therefore, can continue to provide Argentina with vital development and investment tools.

Dana produces axles and brake parts in Argentina for eventual export under GSP to Dana's Buena Vista, Virginia; Chesapeake, Virginia; Henderson, Kentucky; Elizabethtown,

[2] World Development Indicators, World Bank, 1, July 2006.

[3]The value of U.S. imports under GSP from Argentina during 2005 was $616,052,00 while Argentina's 2005 population was 39,538,000(source: official import data from the U.S. Department of Commerce, and population data from U.S. Census Bureau).

[4] U.S. imports from China from official import data of the U.S. Department of Commerce, and China's 2005 population data from '2005 World Population Data Sheet," Population Reference Bureau.

[5]2005 World Population Datasheet, Population Reference Bureau

Kentucky; and Glasgow, Kentucky facilities. Approximately [********] in GSP entered value is generated from Argentine production. Dana employs about 1928 workers in Argentina. Dana's presence in Argentina reflects one of the goals of GSP–to increase economic development by increasing exports from a beneficiary country. The proposed elimination of the very program that is providing this benefit on the basis that some, but not all, of the goal has been achieved, is counter-intuitive. TPSC should not recommend the termination of GSP benefits to Argentina until increased sustainable and stable economic development and improved standard of living for its population had been accomplished.

B. Brazil

Although Brazil's total GSP imports exceeded $100 million in 2005, Dana strongly urges TPSC to consider other economic factors that support the continuation of BDC status for Brazil. For example, Brazil's per capita GSP imports are only $19.42,[6] and its GNI per capita is $3,460, which yields an overall rank of 97 in a worldwide GNI per capita comparison. As such, Brazil is considered a "lower-middle income" country by World Bank standards.[7]

These are not the economic indicators of a country that has achieved the sort of sustainable economic development that warrants "graduation" from the GSP beneficiary status. Per 19 USC 2462 (c)(2), the economic indicators mentioned above should recommend Brazil remain, rather than be eliminated, as a GSP beneficiary. In addition, Brazil is considered a

[6] The value of U.S. imports under GSP from Brazil during 2005 was $3,616,151,000 while Brazil's 2005 population was 186,113,000(source: official import data from the U.S. Department of Commerce, and population data from U.S. Census Bureau).

[7] World Development Indicators database, World Bank, July 15, 2005, based on Atlas methodology.

"severely indebted" country according to the World Bank.[8] Thus, any advances in Brazil's development are highly leveraged. Brazil's large debt servicing needs take funds away from other needed government programs, including Brazilian Customs, as well as programs designed to alleviate poverty among disadvantaged Brazilians. In 2004, more than one in five Brazilians was living on less than the equivalent of $2.00 per day.[9] Unemployment is at 10.7% for 2006, of which 22% is in the industrial sector.[10] A recent World Bank publication states, "compared to other countries, Brazil is a clear outlier in terms of inequality and also accounts for a dominant share of the total number of poor in Latin America."[11] There are dozens of GSP beneficiary countries that are more fully developed than Brazil, and they are not identified by TPCS as at risk of losing GSP status.

Dana has seven facilities located in Brazil that produce axles, driveshafts, pumps and parts adapted for off highway use. Together, these facilities account for [********] sales to the United States in 2006-to-date, and had [********] in total sales to the United States in 2005. Dana employs about [****] people in Brazil. Parts produced in Brazil are generally destined for Dana's Churubusco, Indiana facility for packaging and distribution. A total of [******] in GSP benefits were claimed in 2005, yielding [*****] in GSP claimed for total Dana Brazilian production in 2005.

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[8] According to World Bank, "Severely indebted" means either: present value of debt service to GNI exceeds 80 percent or present value of debt service to exports exceeds 220 percent. Source: World Bank data on country classification at http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html.

[9] "2005 World Population Data Sheet," Population Reference Bureau, 2005.

[10] Instituto Brasileiro de Geografia e Estatistica: www.ibege.gov.br/english/presidencia/noticia

[11] Inequality and Economic Development in Brazil, Volume 2: Background Papers, Report No. 24487-BR, Brazil Country Management Unit, Poverty Reduction and Economic Management Sector Unit, World Bank in

As stated above, Brazil has an unemployment rate of about 22% in the industry sector, so any jobs that may shift to low cost countries should the GSP program be eliminated would be another blow to this already recessed sector.

In sum, apart from Brazil's heavy use of GSP by the TPSC standards, Brazil does not demonstrate any signs of the sustainable economic development the GSP program sought to engender. An elimination of GSP benefits for Brazil would serve to hurt the economy and would prove to be a disincentive for company's like Dana to further invest in the economy.

C. India

collaboration with Instituto de Pesquisa Econômica Aplicada, October 2003.

Per the economic criteria listed in 19 USC 2462(c)(2), India has not reached satisfactory levels of overall economic development to "graduate" from the GSP program. First, although GSP imports from India are greater than $100 million, the value of India's exports to the United States under GSP was only $3.78 per capita.[12] This indicates that, although India had certainly fully implemented the GSP program, it remains a very low-volume user of the GSP program when viewed on a per capita basis. India's continuing relative poverty makes it an unlikely candidate for inclusion in the list of countries subject withdrawal from the GSP program. It is the only country on the list to remain categorized as a "low income" economy by the World Bank based on its Gross National Income (GNI) of $720 per capita in 2005, which is well below the $875 upward limit for this category designation and yields an international ranking of 159.[13] In addition, 81% of India's population lived on less than the equivalent of $2.00 per day in 2004.[14] Thus, despite its high volume of GSP imports to the United States, the benefits of development have not fully reached the people of India, as evidenced by economic criteria. There are about 30 GSP beneficiary countries not identified in the Federal Register notice as at risk of losing GSP that have higher per capita GSP usage than this. Although rapidly developing as an industrialized nation, India remains one of the most impoverished countries in the world, and is not ready to be graduated from the GSP program. In fact, while imports to the United States from India have increased in volume, the Indian economy has not yet benefited from the longer term benefits envisaged by the GSP program such as increased sustainable and stable economic

[12] The value of U.S. imports under GSP from India during 2005 was $4,176,452,000, while India's 2005 population was 1,103,600,000 (source: official import data from the U.S. Department of Commerce, and population data from "2005 World Population Data Sheet," Population Reference Bureau).
[13] World Development Indicators database, World Bank, July 1, 2006 based on Atlas methodology.

development and improved standard of living for its population. Indeed, with India's poor population numbering over 350 million, the lack of full participation in the overall economy could threaten economic stability.[15]

In addition to aiding its own economy, the GSP benefits accorded to India also play a role in increasing the surrounding geographic economies. India is part of the South Asian Association for Regional Cooperation; goods produced in India can include Bangladesh, Bhutan, Nepal, Pakistan, and Sri Lanka content toward the 35 percent value-added GSP requirement. India's GSP status, therefore, provides an incentive for manufacturers in India to look to those neighboring lesser-developed countries for suppliers rather than more developed low cost supplier countries such as China. Thus, removing India from GSP could take business from these least developed beneficiary developing countries ("LDCs"), which is contrary to the original intent of GSP. In other words, if India were to lose its beneficiary status, it could no longer act as a conduit for GSP benefits to the neighboring LDCs. In this context, it is not likely that a company would relocate an established factory from India to Bangladesh, for example. However, if India loses GSP, it is very likely that Indian companies would lose their incentives to use Bangladesh as a supplier for materials to be used in the production of goods for export to the United States, and China would likely be a low cost alternative. Thus, if the goal of the TPSC is to promote trade in the least developed countries, removing GSP for India defeats this goal.

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[14] "2005 World Population Data Sheet," Population Reference Bureau, 2005.

[15] UNCTAD, Trade and Development Report, 2005, at 36.

GSP provides an incentive for foreign direct investment to India. According to UNCTAD,[16] investment has a "key role" in expanding the productive capacity of a country, and, by extension, raising living standards and facilitating successful integration into the international economy—all goals of the current GSP program. As a politically stable country, with newly improved infrastructure, and an abundance of low-cost, skilled human resources, India is often considered alongside China as a destination for new manufacturing investment. GSP remains beneficial to India in that it gives India an extra advantage when competing against China for foreign investment. Both present and future investments in India could be threatened by the loss of GSP, which would have wide-ranging effects on local Indian suppliers, their workforces and the businesses that support and profit from them.

Dana estimates a total investment of [*******] in its Indian facilities. Dana currently employs about [******] people in India, and imports [*******] of GSP eligible products to facilities in Chesapeake, Virginia; Dry Ridge, Kentucky; Henderson, Kentucky; Humboldt, Tennessee; Churubusco, Indiana; and Syracuse, Indiana. Thus, Dana's monetary investment and investment in the Indian community continues to further economic development in India, but particularly to the extent that GSP preferences remain in place.

The removal of GSP benefits to India will result in substantial financial harm to both Dana's foreign investment and Dana's facilities that rely on Indian production. This, coupled with the Indian economy still in need of GSP benefits to secure their overall economic development are compelling reasons for the TPSC to continue GSP benefits for India.

D. Venezuela

[16] Trade and Development Report, 2005 at page 29.

Similar to Argentina, Venezuela has also been designated as an "upper-middle income" economy by the World Bank; this designation is misleading for the purposes of determining whether GSP beneficiary status should be eliminated for a specific country. Venezuela's GNI per capita is $4810 (Atlas method)[17], putting it just over the edge of the "upper-middle income" designation, but its overall rank is 84. Per the economic indicators enumerated in 19 USC 2462(c)(2), Venezuela is not sustaining the economic development necessary to "graduate" from the GSP program.

For example, the GSP per capita for Venezuela is $29.35, [18] reflecting a still slow speed of GSP "wealth" to inhabitants, and over 31% of the population lives on under $2.00 per day,[19] which does not indicate the sustainable economic development that is the ultimate goal of the GSP program. Venezuela has clearly taken advantage of the GSP program to date, but indicators show that the development is still progressive, and that the general population has not received the stable economy that GSP was designed to encourage.

Currently, Dana imports structural products such as parts of power trains and siderail truck frame components manufactured in Venezuela to facilities in Virginia, Kentucky, Pennsylvania, Missouri and Indiana. The 2006 forecast figures for Dana imports from Venezuela are [********], which will yield a total savings using GSP forecast of [********] for 2006.

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[17] World Development Indicators, World Bank, 1 July 2006

[18] GSP imports for Venezuela at $745,000,000 from USITC; Population 25,378,00 from U.S. Census

[19] 2005 World Population Datasheet, Population Reference Bureau

Should GSP benefits be denied to Venezuela, it is highly unlikely that production would shift to other BDCs in the region, such as Bolivia or Ecuador, but would likely shift to Mexico and China—countries that do not qualify for GSP benefits at all. This shift would defeat the stated goals of GSP to aid developing economies. As the TPSC is well aware, China offsets any higher tariff and transportation costs by its very low labor costs. In addition, its improved technological advancements make it an even more attractive target for the production of more advanced goods.

Dana's overall investment in its Venezuelan facilities totals over [*********], including transferred proprietary technology necessary to develop automotive driveline components. This technology serves local markets, but is also exported to the United States, so that Dana's domestic facilities benefit from the low cost of labor and raw materials in Venezuela. Overall, Dana employs [****] Venezuelans, and provides [******] of monthly benefits paid that exceed prevailing standards in Venezuela, thus putting some of the benefits it has received from the GSP program back into the region.

This significant investment, both in financial contributions and in the local community, due in large part to Dana's use of the GSP program, has contributed greatly to the economic development of Venezuela–and should continue to do so provided the GSP program is renewed with an eye toward building more stable economic development that is enjoyed by a larger portion of the population. Inversely, if GSP benefits are not renewed for Venezuela, Dana will be forced to reconsider the continuation of its investment in Venezuela, which will have very serious effects on both Dana's domestic and foreign operations.

Dana strongly urges the TPSC to renew the GSP program and to continue GSP beneficiary status for Argentina, Brazil, India and Venezuela, recognizing the immense investment Dana has already made in these countries and the attendant economic development to these economies. Although fairly significant in the short term, this progress should not overshadow the importance of the sustainable, long-term economic benefits that are the reason for the inception of the GSP program, and which have not yet been fully achieved for these BDCs.

With over $9.2 billion in annual sales, Dana holds a key position in the U.S. auto parts industry. Its fortunes are also tied to the auto industry as a whole. In the past year, GM posted $10.6 billion in losses, with Ford and DaimlerChrysler losing $2 billion and $2.8 billion respectively. The Wall Street Journal of August 18, 2006 reported that Ford, Dana's largest customer, plans to cut 10% cut in salaried jobs and for 12 plants to close by 2012. Dana, as well as other key suppliers in this industry, has filed for bankruptcy. Dana has posted a loss of $133 million since March 2006. The elimination of GSP for Argentina, Brazil, India and especially Venezuela will result in significant harm to Dana's foreign investments and will also cause further economic harm to the U.S. auto parts industry, to Dana in particular—and to the auto industry as a whole.

E. General Proposals For The GSP Program

While the above indicators demonstrate the importance of GSP to beneficiary countries and to Dana an international corporation truly integrated into the economic development of the beneficiaries, some improvements to the program could be recommended–provided the GSP program is not eliminated by TPSC. Dana suggests that the USTR and TPSC consider any proposals designed to enhance the utility of the GSP program to BDC countries and to expand existing benefits to continue to bring GSP benefits to the least developed countries. An example of such a proposal from the United Nations Conference on Trade and Development ("UNCTAD") suggests improvements the utility of the GSP program. These are: (1) extend coverage to all products; (2) extend the time frame of GSP preferences to provide stability; (3) adopt a harmonized import percentage criterion; and (4) enlarge the scope of cumulation to all countries. [20]

Dana particularly suggests consideration of proposals two and four. Extending the time frame for GSP preferences helps BDCs attract investment because it allows investors stability and predictability in their interactions with the United States. For example, the longer time frames provided for the African Growth and Opportunity Act ("AGOA") are an important benefit to AGOA countries, giving ample time to seek investment from abroad and to develop industries internally without the fear of possible expiration as is often the case for GSP. This proposal will also lesson the political delays and pressures of recurrent renewal for the GSP program–and this for all GSP beneficiary countries.

[20] Trade Preferences for LDCs: An Early Assessment of Benefits and Possible Improvements, UNCTAD/ITCD/TSB/2003/8 (2003), at 111.

In addition, enlarging the scope of cumulation to all countries–would likely be a particularly useful change to the GSP program that would maximize the utility of the program for countries that do not currently receive substantial benefits from program. As it is currently implemented, the GSP regulations indicate that certain associations of countries designated by the President are treated as a single country for purposes of establishing GSP benefits, meaning that all of the materials, labor, etc. from a country in a designated association may be applied to the 35% calculation necessary for most GSP goods to meet the origin criteria for GSP benefits. Unfortunately, the list of associations of countries designated by the President for treatment as a single entity does not completely cover countries surrounding the biggest users of GSP listed in the TPSC's notice. For instance, there are no designated associations of countries that include Argentina, Brazil, South Africa, or Turkey. Because Dana, and undoubtedly many other corporations, tends to source goods from close geographic areas to avoid transportation costs, if a surrounding country is not included in a GSP designated country association, there is a disincentive for Dana, to fully develop sources in these countries.

Dana believes that removing the GSP benefit from countries that successfully utilize the current GSP to export to the United States will depress development in both the countries from which GSP treatment is removed and, in some cases, their neighboring regions. While it is unlikely that major manufacturing facilities will leave countries because of the loss of GSP, it is likely that new investment and sourcing will flow to other established locations such as China, rather than to BDCs or LDCs that have no established manufacturing facilities or experience. As such, this would be more likely to increase investment in countries that either already have substantial GSP exports to the United States, or countries like China that are substantial trade partners of the United States without the benefit of GSP.

If GSP is terminated for Argentina, Brazil, India or Venezuela, Dana's investments in these countries would suffer serious losses, and it may be forced to consider the relocation of existing and planned future investments to lower cost countries, such as China. Furthermore, the stated goals of GSP to aid developing economies will be lost by only focusing on the volume of GSP imports from these countries, rather than concentrating on their overall economic progress, which still has considerable room for improvement.

III. Existing Competitive Need Limitation ("CNL") Waivers Should Not Be Recommended for Termination by the TPSC

Dana strongly urges the TPSC to authorize redesignation for exports to the United States from Brazil under HTS 8708.99.67. Redesignation for this product will benefit both the Brazilian economy and to Dana's domestic manufacturing operations.

Statutorily, 19 USC 2463(c)(2)(C) provides that items previously eligible for CNL for certain BDCs may be redesignated as eligible provided that the limits in 19 USC 2463(c)(2)(A) are not exceeded. Namely, that the total imports of the subject item do not exceed $120 million and that the quantity of the item imported does not exceed 50 percent of the value of total imports of that article to the U.S. in the previous calendar year. First, imports to the United States from Brazil under 8708.99.67 totaled only $105,685,528 for 2005, well under the $120 million limit set by the TPSC . Second, the total value of all imports of this article into the United States totals $3,917,232,000, which yields a 37.06 percent ratio, which, again, is well under the statutory limit that would disqualify the item from redesignation.[21]

Further, for the reasons discussed above, Brazil also meets the criteria set forth in 19 USC 2463(c)(2)(C)(referencing the criteria of 19 USC 2461 and 2462). Namely, that Brazil remains a lower-middle income economy, for which GSP designation and CNL product waivers yield a measurable benefit to the country's developing economy –continuing the CNL waiver supports the goal of the GSP program. Second, it is in the national economic interest of the United States to refrain from harming American companies, such as Dana, that provide economic development to the region, aid in stabilizing foreign economies, and which, by extension, provide domestic employment in the United States.

IV. Conclusion

Dana recommends the TPSC to carefully review the consequences of eliminating GSP for relatively large exporters such as Argentina, Brazil, India and Venezuela, and of redesignating CNL status for imports from Brazil under HTS 8708.99.67. These actions will not advance the stated goals of increasing the exports from lesser developed BDCs, nor will it aid in the development of the world's least developed economies. The large exports of these countries should not distract from the continuing benefit that GSP preferences provide them. On the contrary, because of their large size and exports to the United States, the economic welfare of these countries has enormous influence on the strength of the world's economy as a whole. Therefore, their need for GSP preferences should be of the highest importance in the formulation of U.S. global economic policy.

21 From the USTR website: GSP List IV of items eligible for redesignation, and the USITC Dataweb.

Rather than risk injury to both the current beneficiary countries and their business partners in the United States, Dana encourages TPSC to consider other, more innovative, approaches to providing greater development assistance to the least developed economies of the world. Due to the current competitive situation involving China and India, and the proliferation of free-trade agreements replacing GSP for some countries, it is difficult to predict that the loss of GSP for countries such as Argentina, Brazil, India and Venezuela will benefit the least developed countries. As it is, these countries have only been able to take limited steps toward development with the existing GSP program. To truly promote growth and development in the LDCs, the USTR, TPSC, and the Administration as a whole, should consider providing greater incentives to U.S. investment in those countries through targeted programs similar to the African Growth and Opportunities Act and the Caribbean Basin Economic Recovery Act, or to reform the GSP program to provide preferences on a more long term, predictable basis.

Dana is grateful for the opportunity to participate in this review and would like to remain involved in any further discussions on this very important issue.

Please do not hesitate to contact us if you have any questions regarding this matter.

Very truly yours,
BARNES, RICHARDSON & COLBURN
By:

/s/Lawrence M. Friedman
Carolyn D. Amadon

TRAXYS
NORTH AMERICA

TRAXYS NORTH AMERICA LLC

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

September 5, 2006

RE: "2006 GSP Eligibility and CNL Waiver Review"

Traxys North America LLC is part of a worldwide physical metal trading, marketing and development organization with offices worldwide. The principal activities of Traxys involve trading, marketing and sourcing procurement of metals and alloys used in steel production.

One of the products sourced by Traxys North America LLC is Calcium Silicon from Argentina. Traxys purchases from UltraCore Corporation, which is the marketing arm of the Argentinian producer of Calcium Silicon, Stein Ferroaleaciones. The product is entered into the U.S. Commerce under the Harmonized Tariff Code 7202.99.20.00.

Calcium Silicon is not produced in the United States, however, there is an ever increasing demand by domestic pipe shops, cored wire producers and the domestic U.S. steel mills for the product. Therefore Traxys North America LLC has to source the material from other countries to support this increasing demand of Calcium Silicon.

The availability of Calcium Silicon from Argentina coupled with the quality assurance, customer support and reliability has made Stein Ferroaleaciones a major supplier of this product for the U.S. steel mills. However, it is the pricing of the Calcium Silicon from Argentina that provides the edge over other countries and allows Traxys to market the product as aggressively as possible.

Traxys is purchasing approximately 1,500 mt a year of Calcium Silicon from Argentina which is the major share of the Traxys purchase of this product. However, the pricing is directly linked to the GSP status. Should the GSP status be rescinded the product would carry a 5% duty rate in the U.S. This increase in price would have a serious impact in the sourcing of this product from Argentina. It would make the product from Argentina not only less marketable in the U.S. but would result in serious economic losses for Argentina due to a loss in market share to the European and Chinese producers.

Traxys North America LLC strongly urges the United States Trade Representatives along with the U.S. Congress to consider reauthorization of the program to ensure that Argentina will continue to benefit from the program and allow its U.S. trading partners to continue sourcing Calcium Silicon from Argentina. The GSP status for Calcium Silicon is vital to the trade between the U.S. and Argentina.

Sincerely,

TRAXYS NORTH AMERICA LLC

Ilona Menzel
Tel: 212-918-8041
e-mail: ilona.menzel@traxys.com

From: Raquel Caminoa [raquel_caminoa@ciaracec.com.ar]
Sent: Monday, September 04, 2006 5:57 PM
To: FN-USTR-FR0052
Subject: Argentina and GSP Program
[PUBLIC VERSION]

2006 GSP ELEGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELEGIBILITY

INTERESTED PARTY: CIARA.

BENEFICIARY COUNTRY: Argentina

September 1st, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
1724 F Street, NW
Room F 220
Washington, D.C. 20508

Ref. GSP Elegibility
Written Comments

Dear Ms. Sandler,

We are writing to you in reference to the Notice published in the Federal Register of August 8th, 2006 (Vol.71, No.152), and to submit to your consideration our comments about the review of the beneficiary status for certain countries within the Generalized System of Preferences (GSP).

Cámara de la Industria Aceitera de la República Argentina (CIARA) is the argentine chamber of the oil crushing industry dedicated to promote and protect the interest of local processors of vegoils and protein meals.

It is on behalf of the oilseed crushing and Argentina that CIARA hereby submits this petition.

Our products under GSP are the following:

1508 Peanut (ground-nut) oil, and it's fractions, whether or not refined, but not chemically modified
15179010 Edible artificial mixtures of two or more the products provided for in headings 1501 to 1515 inclusive, cont. 5% or more by weight of soybean oil o fraction thereof
15179020 Edible artificial mixtures of products provided for in headings 1501 to 1515, nesi
2305 Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of peanut (gound-nut) oil
23063000 Oilcake and other solid residues, whether or not ground in the form of pellets, resulting from the extraction sunflower oil

In this context, we strongly support the maintenance of the beneficiary status to Argentina within the GSP for which we submit the following considerations.

1.- Argentina's trade under GSP

When revisiting the criteria within which countries could become beneficiaries of the GSP, USTR has included those countries with imports over US$ 100 million in 2005 under GSP.

Argentina made most of the GSP system. In fact, in the past years the country has had a reasonable rate of utilization.

The rate of utilization of the system has been increasing as it is stated in the following table.

Table I. Argentine Exports to the United States
(million u$s)

Source: Ministry of Economy and Production, Argentina on the basis of International Trade Commission, United States.

That means that the GSP is a tool and a benefit that the US offers to Argentina and it is used by the country.

It is important to note that Argentina does not concentrate as country of origin a great part of US imports under GSP Programme. According to public statistics Argentina sold to the US in 2004 under GSP scheme about US$ 563 million. **This amount represents just 2,4% of the US total imports under GSP for that year.**

In 2005, imports under GSP form Argentina accounted for 17% (US$ 616 million) of total US imports from Argentina US$ 4,750 billion.

2.- World Bank Classification of Countries

The USTR has followed the classification made by The World Bank, describing Argentina as an upper-middle income country together with other 12 countries.

There are some important considerations and indicators of the socio-economic reality of the country that are not reflected not taken into account in this classification. We described them in the following paragraphs.

2.a Crisis and recovery

As a consequence of the economic and social crisis that broke out in late 2001, an its ramifications in terms of asymmetrical devaluation, and the default on Government debt as well as portions of private debt, Argentina experienced a deep decline in economic activity.

This was clearly reflected by some indicators of year 2002 that contracted seriously: GDP: -11%, Exports -5%, Imports: -56%, Industrial Production -10.6%, Investment Rate: -40%, Domestic Consumption: -13.8%. Unemployment Rate also reached its peak: 21%.

It is important to say that the 2002'crisis was the critical point after 8 years of continuous depression of the Gross National Product and a serious recession context, with permanent increase of poverty indicators as well as country risk rates.

From that moment, one of the main challenges for the country was returning to the path of sustainable growth, which would help to improve the situation of poverty that affected over 50% of the population. Therefore Argentina urgently needed to generate employment and foreign currency in order to fulfill their international commitments.

The average growth rate of about 8% in the last three years, should be interpreted within this context of recovery of the country.

As a consequence of the recovery process, Argentine exports grew considerable in the last three years at an average rate of 16 per cent. In this way, exports constituted a key component of Argentina recovery after the crisis of 2001-2002. Exports to the United States followed the general path, from US$ 3,133 billion in 2002 to US$4,570 billion in 2005.

While Argentina was working to continue resurging from crisis, imports began to rise also, reducing the trade surplus. The bilateral exchange with US followed the same path.

Table II. Argentine Exports/Imports from the United States

Source: UNSD, COMTRADE. Database

2.b Regional disparities

It is important to consider that Latin America is ranked in the top places in terms of negative income distribution. Argentina, while it used to be considered an extraordinary case in the region in this issue with a particular and strong middle class, in the last years and specially after the 2001-2002 crisis, it has follow the path of other traditional Latin American Countries and inequality in income distribution has increased.

Negative distribution of income has been widening the gap that separates those who have more from the needy. In Argentina, the highest decile on the income-distribution curve accounts for more than 37% of income, **while the lowest decile only accounts for 1.2%.**

In this context, the economy Added Value in 2005 was ARS $ 262,774 million (1993 prices) while in 1998 was 263,702.

2005's Gross Product in market prices (1993 prices) was ARS $ 304,764 million while in 1998 was ARS $ 288,123 (Source INDEC).

In this framework, we are aware that thanks to GSP and the possibility it brings to the exports of argentine goods in a competitive way, we are contributing and fostering the development of less developed regions across the country.

2.b Specific Points

The oilseeds complex was one of the main sectors that contributed to the way out from crisis, through their exports and the generation of foreign currency. Export taxes applied to and paid by the sector highly contributed to the maintenance of social programs implemented after the crisis.

Direct employment generated by the sector is about one million persons and is distributed in different regions across the country. The sector repeatedly proved efficiency while enduring for many years the most adverse marketing conditions caused by the domestic economy crisis, high fiscal pressure, international markets falling prices (1998-2002) and a context of unfair external competition as a consequence of exports and domestic subsidies in other countries.

In the case of peanuts, more than 10.000 workers and dozens of towns located in Córdoba province peanut belt (account for 100% of the country's production) depend upon the peanut's industry exports.

In the case of soybeans, while they are harvested in central and northern Provinces, the crushing, refining and bottling plants are concentrated in the Great Rosario area (78%) and Great Rosario was one of the argentine cities that most suffered from the last economic crisis due to the collapse of others industries and the consistent fall of employment

In the case of sunflower seed complex, the main harvesting zone is distributed within 3 provinces thus it contributes to the economic activity and development of several locations and populations. However, the shrinking international market, together with many years of adverse weather conditions and unfavorable relative prices given to the local production of seed conform a pessimistic scenario for the next years.

3. Considerations and Petition

To sum up, it is fundamental form an Argentine perspective to maintain our country in the GSP because the reasons presented in the sections above and in particular considering that:

a) The U.S market is necessary for Argentina to diversify the export base for these products that so far have been traditionally dependant of European markets, a circumstance that is not favorable for Argentine sunflower and peanut producers or crushers.

b) GSP advantages contributed to bringing the Argentine economy out of the severe crisis affecting the country. Allowing these products to continue to enter the U.S. market under the GSP program would increase Argentine exports and thus bring in more U.S currency for servicing public and private debt.

c) Permanence in this program will provide significant support to thousands of Argentine farmers devoted to the growing and harvesting whose production area is mainly located in regions where oilseeds are the unique alterantive for agricultural exploitation.

d) Argentine exports have minimal impact on the competitiveness and profitability of U.S. economy (and specially farmers) as Argentine grain and oilseed exports as well as their byproducts are not only are not subsidized but are subject to export taxes.

Finally, given the current environment in certain Latin American countries, GSP benefits reinforce the positive message on how trade promotes growth and development, better than financial assistance.

For the reasons set out above, the Cámara de la Industria Aceitera de la República Argentina (CIARA) respectfully requests that the President's exercises his discretionary authority to maintain Argentina under the GSP program.

Yours sincerely

Lic. Alberto Rodriguez
Executive Director
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Bouchard 454, 7mo. Piso
C1106 ABF Buenos Aires,
Phone: (54 -11) 4311-4477
e-mail: ciaracec@ciaracec.com.ar
Argentina

Cámara de la Industria Curtidora Argentina

Buenos Aires, September 2006

Meredith Sandler
Executive Director for the GSP Program
Chairman, GSP Subcomitte of the Trade
Policy Staff Comitte

Re: Generalized System of Preferences (GSP)
Initiation of Reviews and Public Coments.

Dear Chairman

I have the pleasure of refering to the review of the generalized System of Preferences in particular for the tanned leather. I am therefore submiting a petition to continue with the GSP for tanned leather in view of the important benefits this system has brought to both Argentine exporters and the USA importers.

For tanned leather, GSP was instrumental in enabling many Argentine exporters to gain a foothold in the US market, while at the same time benefiting US consumers through lower prices and US manufacturers via duty savings in their sourcing abroad.

I thank you for your attention in this request.

Sincerely

Eduardo Wydler
President

Note: See APPENDIX for more information

Cámara de la Industria Curtidora Argentina

APPENDIX

REQUEST FOR THE RENEWAL OF THE ELIGIBILITY STATUS OF BENEFICIARY COUNTRY FOR ARGENTINE LEATHER PRODUCTS AND CNL WAIVER REQUEST

I. INTRODUCTION

The following information is provided in support of this Chamber's request for full duty free treatment to leather products from argentine origin as a beneficiary country under the US GSP program.

The leather industry constitutes an economic value chain of considerable interest to the civil society. It manages profitably the waste of the meat industry converting the hides and skins generated through the slaughter of animals for human consumption into a valuable raw material, leather, that has a myriad of applications in consumer products requiring for their manufacture large number of qualified human resources.

The leather value chain represents an opportunity for developing countries, notably in the more labour intensive downstream sectors such as footwear, leather goods, leather clothing and gloving as well as other miscellaneous applications. Leather tanning, the first industrial process in the value chain, is a capital intensive and environmentally intensive sector that requires special conditions for its sustainable development

The Argentine tanning industry provides an important raw material input to US industries of manufactured leather products such as leather upholstery, footwear, garments and leather goods. Although still far from the international quality standards set for raw hides, the Argentine industry has invested to update its technology and labour in order to improve and increase its exports to manufacturers in more than sixty counties.

The U.S. GSP program provides important benefits to Argentine export industries. Duty-free treatment under the program has fostered the growth of Argentina's industrial base, thereby promoting the growth of the economy.

The expansion of GSP benefits to the Argentine economy is particularly important in light of the Argentine Government's effort to promote market reform and trade liberalisation.

Denial of GSP benefits to Argentine leather imports will seriously harm the Argentine industry's efforts to improve and expand its leather exports in detriment of the Argentine leather tanning industry as well as U.S. leather manufacturers. Historically, U.S. manufacturers have been large importers of finished and semi-finished leather from Argentina. However, the denial in the past of GSP treatment to Argentine leather imports has altered this historical trade pattern to the benefit of the foreign competitors of U.S. leather product manufacturers such as Southeast Asia, Brazil and India. In fact, the denial of GSP treatment to Argentine leather will turn trade to GSP beneficiaries, that will eventually become significant importers of Argentine leather for their manufacturing industries, which in turn export their finished leather products to the U.S. and overseas markets in detriment of the U.S. leathers manufacturers.

It is important to note that the Argentine tanning industry is also being adversely affected by a shortage of raw hides. The existing capacity of the Argentine tanning industry is 16 million bovine hides per year and the current annual slaughter is approximately 12 million heads that means that the sector has an idle capacity close to 40%.

The Argentine tanning industry is labour intensive, and is a significant part of the Argentine economy on both a national and regional level. The shortage of rawhides, particularly as a consequence of government meat export temporary restrictions, and environmental costs have led to a steady decline in the industry's profitability.

In order to survive and become competitive, the Argentine tanning industry must secure all available cost reductions, including reductions in tariff duties. We believe that the beneficiary country redesignation of Argentine leather items will enable our industry to continue to be a reliable of good quality supplier of semifinished and finished bovine leather and will benefit U.S. manufacturers who historically have been the primary importer of Argentine leather.

II. <u>DESCRIPTION OF THE ARGENTINE TANNING INDUSTRY</u>

The Argentine tanning industry, including leather manufacturing, is an important sector in the Argentine economy being able to account for over 60.000 jobs. The current crisis we are living in Argentina is responsible of the unemployment figures that today climbs up to over 10%, being this industry a source of midlevel wage. Semi - skilled jobs located primarily in the provinces of Buenos Aires, Santa Fe, Córdoba and La Rioja. The average salary for workers in the industry, is $ 2.380 (Argentine Pesos) per month. A list of Argentine producers members of the Argentine Chamber of Tanner's accounting for more than 85 percent of total Argentine leather exports as well as a separate list of those Argentine producers accounting for approximately 95% of Argentine tanned hide exports to the U.S. is provided. Based on the Argentine National Meat Board Statistics, the annual slaughter estimates for 1993 thru 2005 are as follows:

TABLE 1

Year	Mill. of hides
1993	13,2
1994	13,2
1995	12,9
1996	12,9
1997	12,8
1998	11,3
1999	12,1
2000	12,4
2001	11,6
2002	11,4
2003	12,3
2004	12,5
2005	12,5

The producer's supply of leather available for the domestic tanning industry varies based on the annual slaughter that depends on the availability of livestock and raw hide exports.

All available hides are processed, but the number of hides depends largely on the yearly slaughter which may raise or fall depending on local meat consumption and sales of Argentine meat to world markets but though growing in volume, still at regrettably low levels. Rawhides are an atypical raw material, a by– product of the meat industry, and therefore the supply of hides has no elasticity. More than 80% of the Argentine production of bovine tanned leather is exported, marking Argentina one of the word's largest exporters.

Existing production capacity allows the processing of 16 million hides. The industry is currently using only 60 to 65 % of its installed capacity, due to the above – mentioned lack of raw material. This has produced a significant price increase of raw hide cost in our country.

III. ANUAL SALES AND EXPORTS

Annual sales figure for the previous years are provided in the following table:

TABLE 2

	Exports		+ 20% Domestic u$s (estimated)
	Tns	u$s (in thousands)	
1993	60.475	522.725	130.681
1994	82.347	664.658	166.000
1995	96.976	802.951	200.000
1996	95.489	722.476	280.000
1997	97.372	832.749	310.000
1998	79.180	686.126	180.000
1999	84.758	647.185	180.000
2000	91.648	681.771	180.000
2001	89.063	672.897	180.000
2002	97.176	595.568	250.000
2003	90.150	623.869	250.000
2004	107.284	726.911	250.000
2005	113.373	755.162	250.000

Table 2 reveals that approximately 80% of the total Argentine tanned leather production destined for export. Likewise, from 1993 to 1997, exports increase 59 % due in part to an increase in foreign sales of finished leather. This increase finished leather exports is set out in Table 3 below and from 1998 the decrease of this percentage accounts partially for the total export loss. On the other hand, imports to USA of cut and sewn upholstery leather starting significantly in 1998 an growing up to US$ 200,000 (in thousands) a year from 2001 to 2003 show the effort our industry is doing in increasing the use of local labour and the interest of de US manufacturers in using these upholstery parts.

TABLE 3

Year	Crust Leather (Type)	Finish Leather (Type)
1993	67%	33%
1994	67%	33%
1995	57%	43%
1996	54%	46%
1997	48%	52%
1998	54%	46%
1999	59%	41%
2000	61%	39%
2001	56%	44%
2002	58%	42%
2003	61%	39%
2004	57%	43%
2005	63%	37%

Detailed information on Argentine exports is provided. (See Table 5)

COSTS:

Manufacturing costs can be broken down as follows:

TABLE 4

Product	Percentage of total cost
Raw Material	+ 42/49%
Chemicals and Materials	+ 21/23
Labour	7/14
Administrative Costs	6/8%
Manufacturing Costs	6/8%

Due to the different professional qualification levels of leather industry workers, the labour cost item may have significant fluctuations, but a media of argentine pesos 2.380 can be considered as average monthly wage.

IV. PROFITABILITY OF THE.MANUFACTURING COMPANIES:

Traditionally' profitability of the companies manufacturing these products is generally lower than 5% and it is specially limited as consequence of the lack of raw material in relation to the installed capacity. This has resulted in strong competition and lower profits that continues reducing margins.

Duty free treatment will allow Argentine producers to make necessary investments in plant equipment, and technology to increase the productivity of their operations. These productivity gains will allow Argentine producers to offer higher wages to workers, and allow operating more effectively in a highly dynamic and competitive market.

Other considerations which affect price competition: In general Argentine leather only competes with U.S. leather in marginal market ranges as Argentine hides are smaller in size than U.S. hides and differ in thickness. The size of the pores of Argentine hides is different from U.S. Hides. Argentine hides show more damage, especially in the area of the head in part due to injuries caused by barbed wire, apart from the slaughtering method and treatment in the chilling room. The U.S. treatment methods are clearly superior to the ones used in Argentina and therefore cause less damage to the hides.

GSP Requirement of 35% Added Value: Argentine tanned hides meet the GSP valued - added requirements, as raw materials only constitute 42 - 49% of the total value of the hides as set out in the breakdown of producer costs provided in table 4.

V. U.S. IMPORTS OF ARGENTINE LEATHER

Cámara de la Industria Curtidora Argentina

To facilitate the GSP Subcommittee's consideration of the Argentine Government's request for renewal of Country Eligibility, in addition to Argentine export statistics of leather bovine products we are providing our figures for the U.S. import statistics for 2005..

It is here that we would like to point out that the tanned leather exported from Argentina is classified by the tariff heading in use in the Mercosur, that is in accordance with process advance and type of tanning involved. This same leather when it is imported in USA is classified with the headings in use there, that is, in accordance with the. final use, clothing, shoes upholstery, belts, etc.. This makes it impossible to find direct correspondence between Argentine export statistics to USA and USA's import statistics from Argentina.

Exports of Argentine Tanned Leather (2005)

Country	u$s
China	173.781.689
EE.UU	130.601.059
Países Bajos	79.567.031
México	75.025.060
Italia	61.809.766
Tailandia	42.832.685
Uruguay	27.621.083
Brasil	27.364.842
Australia	16.418.849
Taiwan	14.013.016
Vietnam	13.971.262
India	13.113.033
España	8.607.685
Hong Kong	8.200.059
Corea	7.956.894
Costa Rica	7.719.722
SUBTOTAL	**708.603.735**
REST	**46.558.623**
TOTAL	**755.162.358**

Imports in USA of Argentine Tanned Leather (year2005))

Exporters Involved	u$s
Sadesa S.A.	32.623.924
Curt. Arlei S.A.	29.734.083
Curt. Fonseca S.A.	19.666.306
Antonio espósito S.A.	7.960.448
Coto	7.363.761
Yoma S.A.	7.341.941
CIDEC S.A.	7.055.584
Becas	5.332.317
Curtarsa	2.600.686
Curt. San Luis	2.203.826
Eagle O. Fonseca	1.807.561
Tradarsa S.A.	1.597.440
SUBTOTAL	**125.287.877**
REST	**5.313.182**
TOTAL	**130.601.059**

Note: Information obtained from the tanners members of this Chamber.

ARGENTINE EXPORTS OF HIDES AND WET BLUES

Argentine Hide and wet blue exports during year 2005 has slowed down due to lower slaughter rate and this can be seen in following totals:

Year	Hides	Thousands of US$
1999	88.919	4.592
2000	373.367	22.005
2001	526.746	30.376
2002	148.758	6.635
2003	1.000	8
2004	4.341	314
2005	44.187	2.114

This information is obtained mainly from the tanner's members of this Chamber.

TABLE 5

Principal Argentine Exporters exporting tanned leather. Year 2005 in US$ to the world:

EXPORTER	TOTAL u$s
Sadesa	127.826.510
Curt. Arlei S.A.	104.809.953
Toredo S.A.	94.755.633
Fonseca S.A.	86.258.170
Curtarsa	62.131.747
Yoma S.A.	53.731.573
Curtiembre San Luis S.A.	44.967.546
CIDEC S.A.	27.381.230
Cuesset S.A.	22.946.864
La Hispano Argentina	19.458.225
A. Esposito S.A.	17.940.286
Surpiel S.A.	11.594.750
Artanco	11.074.343
Seton Argentina	10.504.340
SUBTOTAL	**695.381.170**
REST	**59.781.188**
TOTAL	**755.162.358**

The GSP is an instrument that enables many Argentine exporters to gain a foothold in the U.S.

market. We therefore request the continue with the duty-free treatment for the leather products , this will contribute to ensure to continued access of Argentine exports to the US market, while at the same time benefiting U.S. consumers through lower prices and U.S. manufactures via duty savings in their sourcing abroad.

LIST OF THE MEMBERS OF THE CHAMBER OF THE ARGENTINE TANNING INDUSTRIES

-Antonio Espósito S.A.
-C.I.D.E.C S.A.
-Cuesset S. A.
-CURTARSA
-Curtidos San Luis S.A.
-Curtidos Riojanos S.A.
-Curtiembre Becas S.A.
- Curtiembre Fonseca S.A.I.C
- Emilio Alal S.A.I.C.
- Gaetano De Maio S.A.
- La Hispano Argentina S. A.
- Muruaga Hnos. y Cia. S.R.L.
- Wyny HTLG S.A.
- Curtiembre Arlei
-Curtiembre Paso del Rey
-Magromer
- Seton
- Surpiel
- Toredo
- Eagle Ottawa Fonseca

- A.C.U.B.A.
- Basf Argentina S.A.
- Bayer Argentina S.A.
- Cámara Argentino – Paraguaya de Productores de Extracto de Quebracho
- Juan Naab S.A.I.C.
- Kemia Tau Argentina S. A.
- Rohm and Haas Latin America Inc. Argentina
- Vilmax S.A.
- Curtilen

LIST OF THE PRINCIPALS ARGENTINE PRODUCERS EXPORTING TANNED HIDES TO THE U.S. MARKET

CURT. FONSECA S.A.
Gcncral Deheza 521
(1824) Lanús E. - Pcia. Buenos Aires
T.E.: (54 1) 225-5777158071581015813
FAX: (54 1) 225-5800
E-rnail: info@fonseca.com.ar

Cámara de la Industria Curtidora Argentina

CURT. ARLEI S.A.
Bouchard 2870
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ANTONIO ESPOSITO S.A.
General Madariaga 6 1 5
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FAX : (54 1) 4205-1754
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CURTIEMBRE BECAS S.A.
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FAX: (54 1) 220-3562
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Fax: (54 1) 4450-
E-mail: info@cidec.com.ar

C. U. R. T. A. R. S. A.
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Fax: (54 2323) 497878/497149
E-mail: curtarsa@curtarsa.com.ar

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(1430) Capital Federal
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FAX: (54 1) 4546-6100
E-mail: infoba@sadesa.com.ar

To: Office of the United States Trade Representative
From: Elliott Associates, L.P.
Date: September 5, 2006
Re: Generalized System of Preferences (GSP): Comments Regarding Argentina

Executive Summary

Argentina fails to meet several of the mandatory and discretionary eligibility criteria set forth in the GSP Statute, including that which precludes the extension of such benefits to any country that has expropriated property of a U.S. company without prompt, adequate and effective compensation. As a company that has suffered from Argentina's repudiation of its debt – a form of expropriation – and which actively invests in commodities markets and other sectors of the U.S. economy, Elliott Associates, L.P. ("Elliott Associates") feels that it would be appropriate for the President to withdraw the benefits of the GSP program from Argentina when he decides country eligibility in December 2006.

The sections that follow discuss:

(1) the factual history, including the 2001 Argentine debt default and subsequent restructuring,

(2) Elliott Associates' comments regarding Argentina's eligibility for GSP benefits, which track the mandatory and discretionary criteria set forth in the request for public comments and the statutory provisions of the GSP program, and

(3) Elliott Associates' recommendations as to whether GSP benefits to Argentina should be withdrawn, suspended or limited.

Facts

In 2001, Argentina defaulted on its external debt, including several categories of bonds issued by the Argentine Government in which Elliott Associates and its affiliates hold beneficial interests. The debt on which Argentina defaulted was valued at roughly $81 billion, making this the largest recorded sovereign debt default in history.[1] Since then Argentina has failed to make any payment of principal or interest to Elliott Associates or its affiliates.

Argentina's treatment of Elliott Associates and its affiliates in this regard has been discriminatory, because Argentina has continued to make payments to other creditors, including domestic bondholders. Moreover, Argentina has refused to negotiate in good faith with foreign bondholders regarding a possible restructuring of the debt. Argentina completely ignored foreign bondholders for well over a year after the default, and then presented them with a series of offers on a "take-it-or-leave-it" basis, culminating in an Exchange Offer that was conducted in 2005 (the "2005 Exchange Offer"). The terms of the 2005 Exchange Offer would have required bondholders to accept only a fraction of the amounts due under their bonds and to waive important terms and conditions relating to the same.[2] These terms were vastly inferior to what Argentina was reasonably capable of offering in light of the turnaround that its economy has experienced in recent years. (Indeed, since 2003 Argentina's GDP has grown more than 8% per year.) These terms were also inferior to the preferential terms that Argentina granted to certain domestic bondholders in exchanges that occurred prior to the default.

When Elliott Associates and its affiliates refused to accept the unreasonable terms that Argentina sought to impose, Argentina repudiated their bonds, de-listed them from securities exchanges, and declared that, going forward, the debt simply does not exist.[3] In doing so Argentina has effectively expropriated their investments.

Argentina's discriminatory treatment of U.S. bondholders did not stop with the 2005 Exchange Offer. Argentina still refuses to pay those who did not accept that Offer, and has been the target of more than 130 lawsuits.[4] Recent press reports have indicated that Argentina might be willing to reopen the exchange, on less favorable terms than those

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[1] IMF (International Monetary Fund). 2003b. "Lessons from the Crisis in Argentina." (October 8). Washington. Available at www.imf.org.

[2] *See* Federico Sturzenegger and Jeromin Zettelmeyer, "Haircuts: Estimating Investor Losses in Sovereign Debt Restructurings," IMF Working Paper, July 2005, p.1 (estimating that the 2005 Exchange Offer resulted in a "haircut" for participating bondholders on the average of about 73% of the value of their original bonds). This paper is available at http://www.imf.org/external/pubs/ft/wp/2005/wp05137.pdf#search=%22zettelmeyer%20sturzenegger%20haircuts%20estimating%20investor%20losses%22.

[3] This repudiation was carried out pursuant to Law No. 26.017, which was promulgated February 10, 2005. That legislation provided, inter alia, that the Executive Branch (a) may not reopen the exchange process at any future time, (b) is forbidden to execute any judicial, extra-judicial, or private compromise with respect to any bonds not tendered in the 2005 Exchange Offer, and (c) must order the de-listing of any bonds not tendered in the 2005 Exchange Offer from all domestic and foreign securities markets and stock exchanges.

[4] Alfaro, Laura. April 20, 2006. "Creditor Activism in Sovereign Debt." Harvard Business School Publishing. Boston, MA.

offered in 2005, to holdout investors in Italy and Japan. Argentina has also made commitments to Spain to repay certain bilateral obligations.[5] Yet Argentina has made no such overtures to any U.S.-based investors.

And while withholding payments to U.S. bondholders, Argentina has paid off its entire $9.8 billion debt to the IMF. It seems that this has been partly facilitated by the willingness of Venezuela to lend to Argentina. In particular, the government of Hugo Chavez has purchased $3.6 billion in Argentine bonds as of the end of July 2006, and Argentina's President Nestor Kirchner and Hugo Chavez recently announced their intention to form a regional development bank as an alternative to the IMF.[6]

In light of the growth that Argentina has achieved and its apparent ability to attain such growth even without assistance from the IMF, the simple fact is that Argentina no longer needs GSP benefits. Argentina now has the 22nd largest economy in the world and is among the top producers of certain agricultural products, including soybeans. The latest statistics from the United States Department of Agriculture show that Argentina is the third largest exporter of soybeans worldwide.

It has also been reported that Argentina has failed to provide adequate intellectual property protection to agricultural technology, which is one of the GSP eligibility criteria that are explicitly enumerated in the GSP Statute (*see* 19 USC 2462(c)(5)). A report issued by your Office states that "[a]bout 99 percent of the soybeans [produced by Argentina for import by the U.S.] are biotech U.S. soybeans and large portions are produced without the necessary royalty payments."[7]

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[5] "Debt Swap to be Reopened – but not yet" Ambito Financiero 29 August 2006.

[6] http://washingtontimes.com/world/20060713-100814-7313r.htm

[7] http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_NTE_Report/asset_upload_file225_9226.pdf (page 22)

Comments

As discussed in the request for public comments, the Trade Policy Staff Committee ("TPSC") has identified Argentina as a GSP beneficiary country with respect to which the total value of U.S. imports under GSP exceeded $100 million in 2005 ($616 million of U.S. imports from Argentina under GSP in 2005);[8] and which the World Bank classified as an "upper-middle-income-economy" in 2005.[9] It is for this reason that Argentina's eligibility is subject to review.

To argue against Argentina's continued eligibility for GSP benefits, Elliott Associates would point to violations of both mandatory and discretionary criteria set forth in 19 USC 2462(b)(2) and 19 USC 2462(c), respectively.

Elliott Associates contends in particular that the President should withdraw the application of duty free treatment with respect to Argentina based on its violation of mandatory criteria #4 of 19 USC 2462(b)(2):

> **A beneficiary may not have nationalized, expropriated or otherwise seized property of U.S. citizens or corporations without providing, or taking steps to provide, prompt, adequate, and effective compensation.**
>
> EA comments: When Argentina defaulted on its debt and repudiated any debt not tendered in the 2005 Exchange Offer, it effectively seized property of U.S. citizens and companies. The 2005 Exchange Offer did not provide prompt, adequate and effective compensation, because Argentina offered replacement bonds worth only a fraction of the original bonds. Although Elliott Associates is considering pursuing legal redress for this expropriation, it is evident from the face of the Exchange Offer Legislation enacted in February 2005 that Argentina has no intention of honoring the debt. In fact, that legislation explicitly precludes the Government from doing so.

Elliott Associates further contends the President should withdraw the application of duty-free treatment with respect to Argentina based on the discretionary statutory eligibility criteria as listed in the USTR request for public comments (see §502(d) of the Act (19 U.S.C. 2462(d)):

1) **The effect such action will have on furthering the economic development of Argentina through the expansion of their exports;**

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[8] http://dataweb.usitc.gov/scripts/REPORT.asp

[9] http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html

EA comments: Since Argentina is reportedly the 22nd largest economy based on purchasing power parity, it no longer requires GSP benefits to further its economic development through expansion of their exports.

2) **The extent of Argentina's competitiveness with respect to eligible articles;**

EA comments: Argentina is extremely competitive with world producers of many goods, especially agricultural products. For example, Argentina is ranked 3rd in the world in soybean exports. According to the United Soybean Board, Argentina's soybean production costs are 22% below the world average (while the U.S. producers' costs are 6% above the world weighted average). Argentina is also among the largest beef exporters in the world, and only Brazil and Australia export more beef. In fact, Argentine exports receive an effective subsidy through the government's policy of depressing the exchange value of the peso.

3) **Argentina's level of economic development, including its per capita gross national product, the living standards of its inhabitants.**

EA comments: In 2005, the World Bank classified Argentina as an "upper-middle-income economy." Argentina ranks well above the world mean in GNP and the living standards of its inhabitants.

Conclusion

In light of the foregoing comments, Elliott Associates respectfully requests that the USTR recommend the withdrawal of all GSP benefits from Argentina when it advises the President in December.

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From: Elliott Associates, L.P.
Date: September 5, 2006
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[4] Alfaro, Laura. April 20, 2006. "Creditor Activism in Sovereign Debt." Harvard Business School Publishing. Boston, MA.

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[5] "Debt Swap to be Reopened – but not yet" Ambito Financiero 29 August 2006.

[6] http://washingtontimes.com/world/20060713-100814-7313r.htm

[7] http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_NTE_Report/asset_upload_file225_9226.pdf (page 22)

Comments

As discussed in the request for public comments, the Trade Policy Staff Committee ("TPSC") has identified Argentina as a GSP beneficiary country with respect to which the total value of U.S. imports under GSP exceeded $100 million in 2005 ($616 million of U.S. imports from Argentina under GSP in 2005);[8] and which the World Bank classified as an "upper-middle-income-economy" in 2005.[9] It is for this reason that Argentina's eligibility is subject to review.

To argue against Argentina's continued eligibility for GSP benefits, Elliott Associates would point to violations of both mandatory and discretionary criteria set forth in 19 USC 2462(b)(2) and 19 USC 2462(c), respectively.

Elliott Associates contends in particular that the President should withdraw the application of duty free treatment with respect to Argentina based on its violation of mandatory criteria #4 of 19 USC 2462(b)(2):

> **A beneficiary may not have nationalized, expropriated or otherwise seized property of U.S. citizens or corporations without providing, or taking steps to provide, prompt, adequate, and effective compensation.**
>
> EA comments: When Argentina defaulted on its debt and repudiated any debt not tendered in the 2005 Exchange Offer, it effectively seized property of U.S. citizens and companies. The 2005 Exchange Offer did not provide prompt, adequate and effective compensation, because Argentina offered replacement bonds worth only a fraction of the original bonds. Although Elliott Associates is considering pursuing legal redress for this expropriation, it is evident from the face of the Exchange Offer Legislation enacted in February 2005 that Argentina has no intention of honoring the debt. In fact, that legislation explicitly precludes the Government from doing so.

Elliott Associates further contends the President should withdraw the application of duty-free treatment with respect to Argentina based on the discretionary statutory eligibility criteria as listed in the USTR request for public comments (see §502(d) of the Act (19 U.S.C. 2462(d)):

1) **The effect such action will have on furthering the economic development of Argentina through the expansion of their exports;**

[8] http://dataweb.usitc.gov/scripts/REPORT.asp

[9] http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html

EA comments: Since Argentina is reportedly the 22nd largest economy based on purchasing power parity, it no longer requires GSP benefits to further its economic development through expansion of their exports.

2) **The extent of Argentina's competitiveness with respect to eligible articles;**

EA comments: Argentina is extremely competitive with world producers of many goods, especially agricultural products. For example, Argentina is ranked 3rd in the world in soybean exports. According to the United Soybean Board, Argentina's soybean production costs are 22% below the world average (while the U.S. producers' costs are 6% above the world weighted average). Argentina is also among the largest beef exporters in the world, and only Brazil and Australia export more beef. In fact, Argentine exports receive an effective subsidy through the government's policy of depressing the exchange value of the peso.

3) **Argentina's level of economic development, including its per capita gross national product, the living standards of its inhabitants.**

EA comments: In 2005, the World Bank classified Argentina as an "upper-middle-income economy." Argentina ranks well above the world mean in GNP and the living standards of its inhabitants.

Conclusion

In light of the foregoing comments, Elliott Associates respectfully requests that the USTR recommend the withdrawal of all GSP benefits from Argentina when it advises the President in December.

National Confectioners Association ◆ Chocolate Manufacturers Association
8320 Old Courthouse Road ◆ Suite 300 ◆ Vienna, VA 22182
Telephone: 703 / 790-5011 ◆ 703 / 790-5750
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September 5, 2006

Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the US Trade Representative
1724 F Street NW
Washington, DC 20508

Submitted via Electronic Mail: FR0052@USTR.EOP.GOV

**United States Confectionery and Chocolate Industries' Comments
Concerning the Eligibility of Certain GSP Beneficiaries**

FR Doc E6-12870

This statement is submitted by the National Confectioners Association and the Chocolate Manufacturers Association (NCA and CMA) in response to USTR's request for comments on the eligibility of major GSP beneficiaries.

Four hundred companies, all members of the Chocolate Manufacturers Association and the National Confectioners Association, manufacture more than 90% of the chocolate and confectionery products in the United States. Another 250 companies supply those manufacturers. The industries are represented in 35 states with particular concentration in California, Colorado, Florida, Georgia, Illinois, Louisiana, New Jersey, New York, Pennsylvania, Tennessee and Texas. Over 56,000 jobs in the US are directly involved in the manufacture of confectionery and chocolate products. The employment effect triples when the distribution and sale of these products is taken into consideration.

The US confectionery and chocolate industries have made free trade and the maintenance of an open US market an operating principle for over 20 years. Our industries support duty-free access for imports from developing countries to support economic development goals and to maintain access to high-quality, world price commodities and intermediate goods that are key ingredients for our manufacturers.

- **Twenty nine developing countries supply 89% of US imports of raw cane sugar. However, only one-third of sugar imports from developing countries enter the US duty-free. Duty-free access is denied to major beneficiaries such as Argentina and Brazil. All GSP countries should have duty-free access to the United States for sugar imports.**

- **GSP major beneficiaries are an important source of cocoa raw materials used by the confectionery industry and GSP benefits should continue.**

- **Imports of sugar confectionery and chocolate confectionery from major beneficiaries of GSP[1] account for less than 1% of the US market and it is therefore not necessary to remove their eligibility.**

[1] Imports of confectionery and cocoa inputs from "major beneficiaries of the GSP program" as defined by USTR include Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey and Venezuela. There were no recorded GSP-eligible confectionery or cocoa imports from Kazakhstan or Romania in 2005.

I. Support for continuation and expansion of GSP benefits for imports of sugar

In 2005, US imports of raw cane sugar under HS code 1701.1110 totaled more than $547 million. Of the 33 countries that supply the US market with sugar, twenty nine developing countries supplied 89% of US imports. Five of the major GSP beneficiaries are sugar supplying countries. However, two of the five – Argentina and Brazil – are excluded from duty-free access. Sugar from these countries enters at the higher MFN rate of 1.4606 cents/kg. As a result, while nearly all imported sugar is sourced from developing countries, only one-third – or $177 million – enters the US duty-free.

Raw cane sugar enters the US under a tariff-rate quota which limits the quantity imported by eligible countries. Given that quantitative limits already exist for imports from developing countries, in-quota rates for commodities should be duty-free from all quota eligible developing countries. **All GSP countries should have duty-free access to the US for sugar imports. We strongly support continuation of the GSP benefits for sugar from South Africa and Thailand, as well as reinstatement of GSP benefits for sugar sourced from Argentina and Brazil.**

Table A: **GLOBAL IMPORTS INTO THE US OF RAW CANE SUGAR**

Source Country	2005 Total US Imports	2005 GSP Imports	Notes
Brazil	$115,497,945	$0	**Sugar excluded from GSP**
Dominican Rep	$77,355,995	$0	**Sugar excluded from GSP**
Philippines	$56,834,489	$56,834,489	
Australia	$40,498,499		Not a GSP beneficiary
Guatemala	$40,265,229	$9,305,284	
El Salvador	$24,773,892	$0	
Colombia	$21,079,902	$10,889,104	
Panama	$20,577,673	$11,125,684	
Argentina	$19,425,649	$0	**Sugar excluded from GSP**
Swaziland	$15,105,624	$15,105,624	
Peru	$15,023,583	$15,023,583	
Nicaragua	$13,011,664		Not a GSP beneficiary
South Africa	$12,933,017	$12,933,017	
Bolivia	$7,165,356	$4,054,342	
Honduras	$5,688,529	$0	
Uruguay	$5,593,158	$5,593,158	
Mozambique	$5,507,992	$5,507,992	
Zimbabwe	$5,251,313	$5,251,313	
Taiwan	$5,117,238		Not a GSP beneficiary
Ecuador	$4,927,071	$0	
Belize	$4,890,060	$0	
Thailand	$4,421,095	$4,421,095	
Fiji	$4,063,915	$4,063,915	
Costa Rica	$3,188,972	$0	
Paraguay	$2,774,429	$2,774,429	
Papua New Guinea	$2,766,358	$2,766,358	
Congo (ROC)	$2,620,854	$2,620,854	
Malawi	$2,607,352	$2,595,852	
Mauritius	$2,507,161	$2,433,130	
Cote d`Ivoire	$2,436,000	$2,436,000	
Jamaica	$1,238,011	$0	
Guyana	$1,179,770	$1,179,770	
Mexico	$815,393		Not a GSP beneficiary
TOTAL	**$547.1 million**	**$176.9 million**	

II. Cocoa inputs are important to US industry

In 2005, GSP-eligible imports into the US of cocoa inputs from the major beneficiaries were entered under six tariff lines as outlined in Table B below. GSP-eligible imports of cocoa inputs from the major beneficiaries totaled more than $24 million. More than one-quarter of US imports of *defatted cocoa paste* is sourced from major beneficiaries. Similarly, major beneficiaries account for 9% of the import of *unsweetened cocoa powder*. Brazil is one of the leading sources of these important inputs, and the industry has worked for many years to assist Brazil with sustainable cocoa production. **We support continuation of GSP benefits for the major beneficiaries in order to encourage value-added cocoa production in developing countries and to make these important cocoa inputs available to US industry at the lowest possible cost.**

Table B: **US IMPORTS OF COCOA INPUTS FROM MAJOR BENEFICIARIES OF THE GSP-PROGRAM**

USHTS	*Description of Cocoa Input*	*2005 US global imports*	*2005 GSP-eligible imports from major beneficiaries*	*% of global imports*
18032000	Defatted cocoa paste	$32,638,709	**$8,545,289**	**26.2%**
18050000	Unsweetened cocoa powder	$180,268,817	**$15,836,977**	**8.8%**
18061043	Cocoa powder subject to GN 15	$14,137	**$14,137**	**100.0%**
18062050	Bulk chocolate preps with no milk solids	$119,719,271	**$3,266**	**0.0%**
18062060	Confectionery coatings	$27,867,729	**$2,680**	**0.0%**
18069001	Cocoa preps subject to GN 15	$327,810	**$9,105**	**2.8%**
TOTALS		**$360.8 million**	**$24.4 million**	**6.8%**

III. Imports of finished confectionery from major beneficiaries

In 2005, US consumption of sugar confectionery and chocolate confectionery totaled more than $17.5 billion. Of that, imports into the US totaled $1.8 billion, or 10.3% of the US market. In the same period, duty-free imports of confectionery from the major beneficiaries of the GSP program totaled nearly $154 million representing less than 9% of all US imports of confectionery products, and less than 1% of all confectionery consumed in the United States. While imports of certain specific types of confectionery products from major beneficiaries together may account for as much as one-third of US imports, their overall presence in the US market is small. **Therefore, we do not believe it necessary to remove finished confectionery products or individual country beneficiaries from the GSP program.**

Table C: **US IMPORTS OF FINISHED CONFECTIONERY PRODUCTS FROM MAJOR BENEFICIARIES OF THE GSP-PROGRAM**

USHTS	*Description of Finished Confectionery Product*	*2005 US global imports*	*2005 GSP-eligible imports from major beneficiaries*	*% of global imports*
17041000	Chewing gum	$138,251,332	**$5,669,466**	**4.1%**
17049035	Sugar confectionery	$980,862,285	**$90,608,863**	**9.2%**
18063100	Filled chocolate confectionery bars	$187,061,572	**$7,233,342**	**3.9%**
18063230	Unfilled chocolate confectionery bars with no milk solids	$48,406,355	**$1,424,521**	**2.9%**
18063290	Unfilled chocolate confectionery bars	$77,758,729	**$28,987,022**	**37.3%**
18069090	Other chocolate confectionery	$405,949,807	**$19,717,795**	**4.9%**
TOTALS		**$1.8 billion**	**$153.6 million**	**8.5%**

On behalf of our members, we appreciate the opportunity to comment in support of continuing GSP benefits for key developing countries.

Sincerely,

Lawrence T Graham

Lawrence T. Graham
President, National Confectioners Association

Lynn M. Bragg

Lynn Bragg
President, Chocolate Manufacturers Association

[PUBLIC VERSION]

2006 GSP ELEGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELEGIBILITY

INTERESTED PARTY: Molinos Río de la Plata S.A.

BENEFICIARY COUNTRY: Argentina

September 1st, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
1724 F Street, NW
Room F 220
Washington, D.C. 20508

Ref. GSP Elegibility
Written Comments

Dear Ms. Sandler,

According to the Notice published in the Federal Register on August 8th, 2006 (Vol.71, No.152), we are writing you in relation to the request of comments to determine whether the administration of the Generalized System of Preferences (GSP) should be changed and to what extent benefits to major beneficiaries of the System should be limited, suspended or withdrawn.

Molinos Río de la Plata S.A., is a traditional Argentine company in the food segment. The activities of the Company in the domestic market comprise manufacturing, marketing and distribution of a large range of products of mass consumption. As part of the growth strategy Molinos has been working also in increasing its presence around the world, with exports to different countries.

Early this year we have opened a commercial office in the United States (US) – Miami, Florida- (Molinos USA Corp.) in order to strength our presence in the American market and further develop our operation there. Because of this we have increased our staff, both in Argentina and in United States, to support the business.

Our main export categories to the US are edible oils and pasta. Some of these products fall among the following subheading of the US Harmonized Tariff System and are included under GSP scheme:

15091020 Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container under 18 kg
15099020 Olive oil, other than virgin olive oil, and its fractions, not chemically modified, weighing with the immediate container under 18 kg
15179010 Edible artificial mixtures of products provided for in headings 1501 to 1515, cont. 5% or more by weight of soybean oil or fraction thereof
15179020 Edible artificial mixtures of products provided for in headings 1501 to 1515, nesi
19022000 Stuffed pasta, whether or not cooked or otherwise prepared--
19023000 Pasta nesi

In this context, we strongly support the maintenance of the beneficiary status to Argentina within the GSP for which we submit the following considerations.

1.- Country trade under GSP

In revisiting the criteria within which countries could result beneficiaries of the GSP, USTR has included those countries with imports over US$ 100 million in 2005 under GSP.

During 2005, imports under GSP from Argentina accounted to US$ 616 million, that is 17% of total US imports from Argentina, US$ 4,750 billion.

In relation to exports done under the umbrella of the GSP, it is worth noting two considerations. On one hand Argentina made most of the GSP system. In fact, in the past years the country has had a reasonable rate of utilization as it is showed in Table I. This means that the GSP constitutes a benefit that the US offers to Argentina and it is used by the country.

Table I. Argentine Exports to the United States

	2002	2003	2004	2005
1) Total exports to the US	3.185	3.169	3.745	4.571
2) Total exports of products included in the GSP	404	465	582	792
3) Total effective exports under GSP	287	450	563	616
GSP Exports / Total Exports	12,7%	14,7%	15,5%	17,3%
Utilization rate (3) / (2)	71,0%	96,8%	96,7%	77,7%

Source: Ministry of Economy and Production, Argentina on the basis of International Trade Commission, United States.

On the other hand, it is important to highlight that Argentina, as beneficiary country does not concentrate a great part of US imports under GSP programme as other countries under review. According to statistics, Argentina sold under the GSP in 2004 about US$ 563 million. This amount represents just 2,4% of the US total imports under GSP for that year.

2.- World Bank Classification of Countries

The second criteria presented by the USTR at the moment of identifying beneficiary countries under review was the classification made by the World Bank, describing Argentina as an upper-middle income country together with other 12 countries.

There are some important considerations and indicators of the socio-economic reality of Argentina that are not reflected in this classification and should be taken into account when analyzing the current situation of the country. We described them in the following sections.

2.a Crisis and recovery

As a consequence of the economic and social crisis that broke out in late 2001, and its ramifications in terms of asymmetrical devaluation, and the default on Government debt as well as portions of private debt, Argentina experienced a deep decline in economic activity. This was clearly reflected by some 2002 indicators that contracted seriously: GDP -11%, exports -5%, imports -56%, industrial production -10.6%, investment rate -40%, domestic consumption -13.8%. Unemployment rate also reached its peak: 18%.

From then onwards, one of the main challenges for the country was returning to the path of sustainable growth, which would help to improve the situation of poverty that affected over 50% of the population. Under these circumstances, Argentina urgently needed to generate employment and foreign currency in order to fulfill their international commitments.

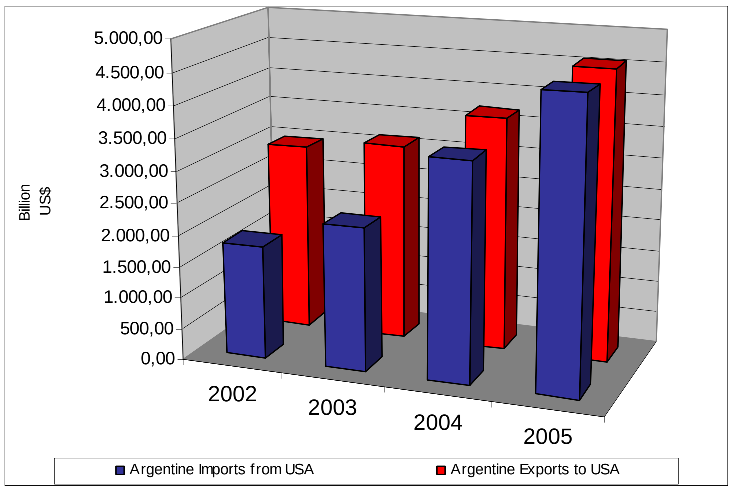
In such context, increasing and diversifying exports was crucial for Argentina’s recovery, especially in relation to value added products which in general involves great number of jobs in the production process.

As a consequence, and because an international positive context, Argentina exports grew considerably in the last three years at an average rate of 16 per cent.

Exports to the United States followed the general trend, increasing from US$ 3,133 billion in 2002 to US$4,570 billion in 2005 and so did exports under GSP as it was shown.

At the same time, while the country was leaving the crisis behind, and economic indicators were reversing the negative trend, imports began to rise also, reducing the trade surplus. Specifically, the bilateral exchange with US followed the same path as it is shown in Table II.

Table II. Argentine Exports/Imports from the United States



Source: UNSD, COMTRADE. Database

2.b Regional disparities

It is important to consider that Latin America is ranked in the top places in terms of unfair income distribution. Argentina used to be considered an extraordinary case in the region with a particular and strong middle class. However, in the past years and specially after the 2001-2002 crisis, it has followed the path of other traditional Latin American Countries and inequality in income distribution has increased, widening the gap that separates those who have more from those have less. In fact, recent statistics from the Argentine National Bureau of Statistics and Census (Instituto Nacional de Estadísticas y Censos-INDEC) states that the highest decile on the income-distribution curve accounts for more than 37% of income, while the lowest decile only accounts for 1.2%.

In other words, different realities co-exist in the country, while a small portion of the population could be included as living in an upper-middle income country, and a more important segment, has a completely different situation.

These differences are highly visible across regions. Companies as Molinos, which operate in agribusiness, contributes to the development of both rural and urban populations thanks to the spill over effect our operations have on the economy, throughout the value chain, from the production of commodities to marketing and sales actions of products for final consumers.

In the case of edible oils, for instance soybeans and sunflower seeds, the basic raw materials for edible oils, are harvested in the Provinces of Buenos Aires, Santa Fe, Córdoba and La Pampa. Crushing, refining and bottling plants are concentrated in the Great Rosario area.

Great Rosario was one of the argentine cities that most suffer the last economic crisis, experiencing import rates of unemployment in the past years. The resurgence of the economic activity in the region after the crisis helped to improve the f social situation but much has to be done still.

In this framework, we are aware that thanks to GSP and the possibility it brings to import argentine goods in a competitive way, we are contributing and fostering the development of less developed regions across the country.

3.- Impact on US

In terms of benefit to the US, as it is shown in point 2.1 exports have contributed to the process of recovery of Argentina and GSP contributes to foster Argentine exports. As an Argentina resurged, so did the import flows. Then indirectly, US through GSP also contributes to the development of US exports and make available currency to Argentinean importers, especially when the country used all foreign reserves to cancel the historical debt to the Internationally Monetary Fund.

Moreover thanks to the GSP, American consumers have access to a greater diversity of products which otherwise could not get into the American market.

In the case of olive oil for instance, Italy and Spain represents about 97% of US total import in this category and something similar happens in the case of pasta from Italy. European imports in these cases benefit from the subsidies received in the framework of the Common Agricultural Policy. Moreover, European industries have economies of scales which make them really competitive.

Argentina has neither subsidies nor the state of the art development, so tariff elimination in the US constitutes a key element in order to compete in the American market vis-à-vis European imported products.

Finally, we are convinced that exports benefited by the GSP will not constitute a danger for American production and will continue fostering Argentine value added exports.

We really look forward that the considerations presented above should help the USTR in the revision of the GSP and that the System's benefits should not be limited, suspend or withdrawn to Argentina

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Global Marketing Manager
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September 5, 2006

Subject: 2006 GSP Eligibility and CNL Waiver Review

On behalf of MINTEQ International Inc, Stein Ferroalloys and UltraCore Corporation I would like to support the current 0% duty on CaSi imported from Argentina. MINTEQ, a division of Minerals Technologies Inc., is a large producer of refractory products and metallurgical wires used in the steel and other industries. As part of our product line, we import significant quantities of CaSi wire and CaSi powder from Argentina. These products are used in our cored wire operations in Canaan CT and are supplied throughout the United States steel industry.

We have been a purchaser and distributor of products from Stein Ferroaleaciones for over 15 years – our annual consumption is approximately 2000 metric tons per year. Over the course of our relationship with Stein, we have had a good supply and good quality of the products that we import. Thanks to the GSP and duty free status we have been able to maintain our market share and profits versus products supplied from Europe and Asia.

To my knowledge, there are no domestic producers of CaSi – our economics and profits would suffer if the CaSi that we purchased from Argentina were to be subject to a 5% duty as in the past.

If you have any questions regarding this request, please feel free to contact me.

Richard S. Baum
Global Marketing Manager – Metallurgical Products

Kohler Co., Kohler, Wisconsin 53044 Founded in 1873 920-457-4441 Fax 920-459-1745 david.kohler@kohler.com
Import Duties

KOHLER.

David Kohler
Group President
Kitchen & Bath Group

August 31, 2006

Dear Ms. Sandler:

I am writing in regard to your review of legislation to extend the Generalized System of Preferences (GSP) trade program for the United States, currently set to expire on December 31, 2006. Your committee also is reviewing thirteen countries for continued benefit under GSP and has asked for public comment. I believe the GSP program provides a significant benefit to the U.S. economy, helping create balanced global development, or *smart trading*. The GSP program is doing its job. But that job is not finished.

Kohler Co. is a global leader in the manufacture of kitchen and bath products, engines and power generation systems, cabinetry, tile and home furnishings, and international host to award-winning hospitality and world-class golf destinations. From the thirteen countries under review, we import the following products into the United States:

Country	GSP Product(s)	HTSUS Code
Argentina	Engine Parts	8409.91.99
Brazil		
Croatia		
India	Oil/Fuel Filters	8421.23.00
Indonesia	Framed and Unframed Mirrors	7009.92.10 & 7009.92.50
Kazakhstan		
Philippines		
Romania		
Russian Federation		
South Africa	Shower Door Parts	3925.90.00
Thailand	Vitreous China; Mirrors	6910.10.00 & 7006.00.40
Turkey	Vitreous China; Stone Flooring	6910.10.00 & 6802.92.00
Venezuela		

In the future we hope to import additional products from these countries, specifically from the Philippines, Russia and perhaps Brazil. Much of our product is sold to consumers through the nation's leading retailers (Home Depot, Lowe's), independent builders, Kohler showrooms, Baker Stores, and independent small businesses.

Import Duties

Kohler Co. is one of America's oldest and largest privately held companies, based in Kohler, Wisconsin. The company employs more than 31,000 associates on six continents, operates plants in 49 worldwide locations, and has dozens of sales offices around the globe. We are committed to preserving and creating jobs in the U.S., where more than half of our employees live and work.

Several of our current and potential source countries - Thailand, Philippines, Singapore and Indonesia - are members of ASEAN, the ten-member Association of Southeast Asian Nations that is collectively the United States' fourth largest export market. Thailand, for example, thrives in large part because its biggest export partner is the United States.

Under the Enterprise for ASEAN Initiative (EAI) announced by President George W. Bush in October 2002, the U.S. Government is seeking to further strengthen U.S. trade and investment ties to ASEAN, both bilaterally and regionally. The Administration has been negotiating a Free Trade Agreement (FTA) with Thailand since 2003 under the premise that with many of Thailand's products already entering the U.S. market duty-free under the GSP, an FTA will make duty-free treatment a two-way street. What is implied here is that the GSP – or similar provisions – will remain.

Turkey is not nearly as well established in trading with the U.S. as Thailand. U.S. imports from Turkey amounted to $5.2 billion in 2005, approximately half of which are textiles. Kohler imports of vitreous china as toilets and sinks add up to just over one-tenth of 1% this amount. Two-way trade between the two countries was $9.5 billion in 2005. Keeping GSP benefits in place for Turkey encourages further trade with the United States.

At a minimum we request the continued duty-free treatment of vitreous china and stone flooring product. Far better is to extend the entire GSP program. In doing so, our nation grants not only market access, but legal access too. The implications of complying with a legal system cannot be underrated - it is the backbone for instituting institutional reform. With extremism and unrest growing in countries like Indonesia and Turkey, unemployment brought on by canceling the GSP will only fuel that flame. The promise of change is heard loud and clear among the disaffected – those without jobs, money, and few options. Employed workers throughout the world are good for the United States.

Encouraged by continued access to our markets and the possibilities that come with it, countries like Indonesia, Thailand and Turkey become consumers as well as producers. This clearly creates new opportunities for U.S. goods and services. Those opportunities enable improved quality of life, the rule of law and everything it enhances: better business, investment and consuming climates; improved infrastructure; better education; better health care; institutional reform; consumer rights; human rights; labor rights; environmental best practices; and so on. Prematurely ending the GSP provisions would cut short the important work of this development tool. It may negatively impact U.S. consumers through higher prices, and it will disable an important vehicle our government has for continuing free trade with bilateral agreements.

I urge you to extend the GSP program and its benefits for Argentina, Brazil, India, Indonesia, Russia, South Africa, Thailand, Turkey and the Philippines.

Sincerely,

D Kohler

David Kohler
Group President – K&B Group

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy

cc: Senator Russ Feingold
Senator Herb Kohl
Congressman Tom Petri
Herbert V. Kohler, Jr.

International Dairy Foods Association
Milk Industry Foundation
National Cheese Institute
International Ice Cream Association

September 5, 2006

Trade Policy Staff Committee (TPSC)
Office of the United States Trade Representative (USTR)
600 17th Street, N.W.
Washington, D.C. 20508

Re: *Response to Request for Public Comment on the U.S. Generalized System of Preferences (GSP)*

Dear Committee Members:

The International Dairy Foods Association (IDFA) appreciates the opportunity to provide public comments as requested in the August 7, 2006 *Federal Register* notice relating to the administration of the GSP program.

IDFA, based in Washington, DC, represents the nation's dairy manufacturing and marketing industries and their suppliers, with a membership of 530 companies representing a $90-billion a year industry. IDFA is composed of three constituent organizations: the Milk Industry Foundation (MIF), the National Cheese Institute (NCI), and the International Ice Cream Association (IICA). IDFA's 220 dairy processing members run more than 600 plant operations, and range from large multi-national organizations to single-plant companies. Together they represent more than 85% of the milk, cultured products, cheese and frozen desserts produced and marketed in the United States.

For years, the GSP program has served as an important connection between the developing world and the most powerful economy on the globe. As a trade policy tool of the United States, the GSP signals both an interest in the successful development of emerging economies in Asia, Africa, Latin America and the Caribbean as well as the adherence of the United States to important policy objectives reflected in the eligibility criteria for beneficiary countries. Furthermore, it signals the importance of global economic interdependence and the commercial value to the U.S. of stronger trade ties with developing economies.

IDFA members, which comprise virtually the entire dairy processing industry in the United States, have a substantial interest in the growth of the global dairy foods sector. That is a major reason why we are so strongly supportive of the Administration's efforts to achieve an ambitious outcome to the Doha Development Agenda. We simply must reduce market access barriers to processed dairy products and reduce domestic trade distorting support, while also eliminating export subsidies. In a more open and competitive global market, the U.S. dairy processing industry will prosper.

At the same time, there is no question that the emergence of developing economies holds great strategic value to the U.S. dairy processing sector. These economies offer enormous potential as future markets. The GSP can be an important ingredient in translating that potential into real growth that will help sustain the industry in the coming years. There is a direct correlation between income growth and the consumption of protein rich dairy products, so emerging economies represent new opportunities for our industry.

IDFA members have already developed new markets in these developing countries and have, in turn, also developed importing relationships that accord real benefits to their customers and operations in the United States. As a result, IDFA has closely examined the implications of the current GSP review that is underway and has certain concerns. Generally, imports that enter under the GSP are not a competitive concern to our membership. Nevertheless, some of our members rely on a select number of these imports to augment their own commercial operations and better meet customer needs. We want to highlight one specific concern, given its importance to some of our membership.

Several member companies of IDFA purchase significant quantities of hard cheese from Argentina that comes into the U.S. duty free under the GSP in HTSUS number 0406.90.41. Argentine hard cheeses, such as parmesan, are truly unique in the marketplace. Other cheeses might be used to market a product resembling Argentine parmesan, but our members have found no product available elsewhere in the world that is identical in all its characteristics. In this sense, Argentine hard cheese, such as parmesan, is a specialty product.

The U.S. cheese market is amongst the largest and most competitive in the world. Some of our member companies compete in this market through specialty, niche product lines. For these companies, access to Argentine hard cheeses at the current GSP tariff preference rate is a central component of their business strategy. Import volumes reflect this importance. In the first half of 2006, the U.S. imported a little more than $12.5 million in this category, compared to total imports of a little more than $12 million in the first half of 2005. In the 2005 calendar year as a whole, the United States imported $23.569 million of Argentine hard cheese. In 2004, imports were $22.568 million; and in 2003, imports reached $19.183 million.

Terminating GSP benefits for Argentina would mean an immediate increase of the applicable tariff from the current rate of zero to 15%. An increase of this magnitude in a very price sensitive market would seriously compromise the ability of our members to remain competitive through the sale of Argentine hard cheeses. The loss of this product would also undermine their total sales and profitability outlook. In fact, we would anticipate that the termination of GSP benefits for these Argentine hard cheeses would lead to significant U.S. job losses in production, warehousing and sales personnel.

How many jobs would be lost is difficult to project precisely, but we want to emphasize our interested members do not view this threat as insignificant.

Further, we are not aware of any non-importing U.S. cheese producers (virtually all of whom are IDFA members) who would be significantly affected -- positively or negatively -- by the increase in tariffs on Argentine hard cheeses. Thus, one wonders what commercial purpose would be served by the termination of GSP benefits for these Argentine hard cheeses. Indeed, in this instance the harm inflicted by the loss of GSP benefits would be felt as significantly in the United States as in Argentina.

We understand the premise behind this review of the GSP and its country benefit structure, in light of the evolving competitiveness of many emerging economies that benefit from the GSP, as well as the current policy debate germane to the Doha Development Agenda. As we previously noted, IDFA strongly supports the Administration's ambitious objectives to open global markets and reduce trade distorting subsidies. However, we also want to call to your attention the very real damage to U.S. companies and their workers the withdrawal of these tariff preferences would inflict if these Argentine hard cheeses are included. We would be less concerned, if our members had tangible sourcing alternatives either domestically or abroad that could meet their market needs, but they simply do not have alternatives.

Again, we thank you for the opportunity to provide comments on this issue. We look forward to the completion of this review and stand willing to assist the Trade Policy Staff Committee as this process moves forward. Thank you for your consideration.

Respectfully Submitted,

Clayton L. Hough
Senior Vice President and General Counsel

ICI Argentina SAIC

Ref.: 2006 GSP Eligibility and CNL Waivers Review

- **HTSUS 2918.12.00 - Tartaric Acid**

Expected business with USA per year: $2.2 Million
Percentage of our production: 30%
Percentage of our total exports: 40%
Final use: Wine production, Emulsifiers for bakery and other food industry applications.
US users: Wineries , Bakery ingredient producers and Food manufacturers.

Comments: For the last 15 years ICI Argentina has developed its own market within the US consumers, mainly due to quality, good and healthy relations with end users, and full compliance of USA foreign trade legislation policy which has allowed countries like Argentina to serve efficiently their market and work as partners. Any increase of the import duty would prejudice normal trading and would impact directly in the increase of price which will finally impact directly to the US market.
USA does not have its own production of tartaric acid; all the produce that in used in the market is imported. Our shipments are introduced to the USA through various seaports, and our deliveries are door-to-door, privileging safety and security, which is as well as quality our main concern, for which we have invested time and money to make sure that the product will remain without any damage during stuffing, transport and final delivery. We only deliver to well known end user or specific traders who have a reputation in the specific business .

- **HTSUS 1515.90.80 - Refined Grape Seed Oil**

Expected business with USA for next period 2007 USD 250.000
Percentage of our production: 10%
Percentage of our total exports: 20%
Final use: Human Consumption
US users: Natural food ingredient packers

Comments: Grape seed oil is a regional product that our company is developing as part of a diversification strategy which includes to grow in the exciting market of health oils. Benefits that GSP program has given to this product have allowed Argentina Grape seed Oil to be introduced to the US market, where healthy oils are an increasing segment within the natural nutrition market. There is a real reduction of the duty rate which allows competition. Loss of this NTR duty rate will

impact directly on final market price and our possibility to compete will be destroyed, which will also means much less demand of dock service and its connected business services too.90
All our product that is sent to the US market is handled in steel drums in full container loads. We have proved this to be the safest way to avoid unwanted contact with any possible contaminating agent. All our shipments are delivered on a house to house basis.

Buenos Aires, Argentina, September 01st 2006.

PUBLIC DOCUMENT

September 4, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of theTrade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, NW
Room F-220
Washington, D.C. 20508

Ref: **GSP – HTSUS : 2008.11.45 from Argentina – Comments on CNL Waivers Review (Federal Register Vol. 71, N° 152, Aug. 8, 2006)**

Dear Ms. Sandler,

The Argentine Peanut Chamber (*Camara Argentina del Mani- CAM*), representing the Argentine peanut industry, would like to refer to the Federal Register Notice dated Aug.8, 2006, inviting for public comments on revision process for certain products currently under General System of Preferences (GSP).

1.- Request for maintaining existing preferences

In regard to this revision, CAM hereby submits a request for the following product to continue being included in the GSP keeping its current preference.

HTSUS 2008.11.45 **Peanuts, otherwise prepared or preserved, nesoi, subject to add. US note 2 to chapter 12 not GN 15.**

According to interim USITC data, Customs value of US imports for consumption is:

Year 2005 (thousand US dollars) : $ 1,074.4
MFN Text Rate : 6.6 cents/kg
2005 NTR Duty Rate: 0%

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Despite of the percentage these imports represent out of the total US imports, it should be taken into consideration that it is a value of little or no significance.

The preference allocated to this product under the GSP from 2002 on, never represented a threat to the US peanut producers, since Argentine peanuts are subject to a quota system that allows for a limited volume to enter the US market.

Currently the US have two quotas for peanut products from Argentina: 43,901 tones for edible peanuts and 3,650 tones for peanut paste. Despite having been included in the GSP, Argentine peanuts could not manage to compete against American peanuts in the local market.

The US Peanut Program protectionist measures depress market prices and our products –with additional freight costs and export tariffs- can hardly be competitive. For this reason, US imports of Argentine peanut products in recent years barely reached a few thousand tones compared to a full quota before 2002.

Since 2002, the US import quota allocated to Argentine peanuts under the 1994 GATT MoU resulted virtually closed and the original benefit of that quota disappeared.

Table I - Evolution of US import quota for Argentine peanuts

YEAR	*Quota (tones)*	*Shipments from Argentina (tones)*	*Shipments from 3rd countries (tones)*
1995	*26,341*	*12,470*	*13,871*
1996	*29,853*	*5,325*	*24,528*
1997	*33,365*	*14,701*	*18,664*
1998	*36,877*	*22,825*	*13,232*
1999	*40,388*	*17,686*	*23,152*
2000	*43,901*	*25,016*	*18,885*
2001	*43,901*	*4,208*	*39,693*
2002	*43,901*	*3,971*	*n/a*
2003	*43,901*	*5,790*	*n/a*
2004	*43,901*	*1,605*	*n/a*
2005	*43,901*	*2,038*	*n/a*

n/a: not available

Source: SENASA and Direccion Nacional de Mercados, SAGPyA

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2.- Information on the Argentine peanut industry

The Argentine peanut farming and industry are a regional economy exclusively devoted to export. This activity is concentrated in the Southern extreme of the Province of Cordoba.

Most of the processing companies are small private operations and cooperatives. Over 40 rural villages in Cordoba Province are sustained by the peanut industry.

The shelling companies play a vital role in their communities contributing to support schools, firefighting stations, hospitals and road nets. The Argentine peanut complex provides more than 10,000 jobs to families living in rural areas where there are no other employment sources.
A number of other related activities are also supported by peanut industry, e.g.: transport, machinery, laboratories, insurance, banking and financial services, building and infrastructure maintenance, shelling and storage equipment, packaging, agrochemical and energy supplies, etc..

Many research programs on peanut crop are financed by the industry and developed by the State Universities of Rio Cuarto and Cordoba, the National Institute of Agricultural Technology –INTA-, the National Institute of Seeds –INASE-, and the Argentine Peanut Foundation (e.g.: research on disease prevention and control, mycotoxins, irrigation, harvest techniques, and post-harvest management).

These researches involve huge investments and are mostly designed to meet importing countries and our foreign customers' requirements in terms of food quality and health.

Traditionally, the average annual peanut planting was around 280-290,000 hectares. In 1997, the acreage was even higher reaching 400,000 hectares. However, due to adverse market conditions, our peanut acreage slumped to 155,000 Hectares in 2002/2003 crop and to 172.000 Hectares in 2003/2004 crop. A slight recovery took place in 2004/2005, when planted area increased to 215.000 Hectares and, again, as a consequence of price depression, in 2005/2006 just 166.000 Hectares were planted.

In 1998 there were near 2000 peanut growers in Argentina; today no more than 200 independent farmers still continue in groundnut production.

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Most of them quit peanuts because of the enormous production costs, low prices, market uncertainties and lack of credit. They do not receive subsidies or official support of any kind.

Hence, since around year 2000, the shellers had to add planting into their regular operation in order to balance the grower's withdrawal from peanut production and get raw material for their industrial plants. Up to now, the industry is responsible for almost 80% out of the peanut acreage. This situation caused that our peanut chain links are becoming fewer and weaker.

Table II - Argentine Peanut Production (Crops 1999/00 to 2005/06)

PRODUCTION	CROP YEARS						
-	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
PLANTING (Hectares)	220000	251000	223000	155000	172000	215000	168000
YIELDS (Tons/Hectare)*	1,70	1,57	1,61	1,42	1,73	2,30	2,20
PRODUCTION (Tons) *	374000	394070	360000	220100	297500	494500	369600

Volume data: kernel basis (shelled peanuts)
(*) Includes lost acreage
Sources: SAGPyA - Cordoba SAGyA - private

3.- Present and Perspectives for Argentine peanut exports

In spite of low prices and adverse trade conditions in the international market, Argentine peanut industry continue investing on modern technology and new processing facilities, keeps employment levels and sustains the economy of a whole region in Southern Cordoba province.

A significant share of the inputs used in our peanut production are US make, e.g.: agricultural machinery, shelling equipment, agrochemicals, precision instruments for quality control, laboratory inputs as well as other elements.

Our peanut production is devoted to exports: Argentina exports over 80% of its total peanut production. Every year an average of 200,000 MT of edible peanuts is sold to a number of countries all over the world, mainly the European Union.

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Table IV - Argentine peanut exports to all destinations (Years 2003/2005, in Tones)

DESTINATIONS	2.003	DESTINATIONS	2.004	DESTINATIONS	2005
TOTAL:	202.652	TOTAL:	176.311	TOTAL	255.796
Netherlands	86.829	Netherlands	90.927	Netherlands	126.264
Canada	19.702	Canada	9.962	U.K.	16.698
UK	9.112	France	9.766	Canada	14.714
Mexico	8.915	Belgium	9.501	Mexico	11.018
Australia	7.602	Chile	6.802	Belgium	8.951
Italy	7.586	Italy	6.772	France	8.610
France	6.876	UK	5.397	Chile	8.430
USA	6.727	Mexico	4.874	Italy	7.074
Chile	5.844	Germany	3.802	Germany	6.842
Spain	4.642	Hungary	3.705	Poland	4.647
Belgium	4.610	Russia	3.362	Hungary	4.634
Hungary	4.360	Spain	3.276	Greece	4.124
Poland	3.781	Venezuela	2.157	Russia	3.963
Germany	3.595	Arab Emirates	1.993	Spain	3.192
South Africa	2.614	Greece	1.831	Argelia	2.969
Austria	2.605	Poland	1.661	Ukraine	2.899
Arab Emirates	2.368	USA	1.605	Arab Emirates	2.257
Greece	2.055	Tr. & Tobago	1.588	USA	2.038
Romania	1.717	Colombia	1.463	Australia	1.565
Tr.& Tobago	1.693	Romania	1.224	Venezuela	1.469
Other (1)	9.418	Other (1)	4.643	Other (1)	13.437

(1) Leton, Israel, Denmark, China, Kuwait, Japan, Tzchek Rep., Philippines, Sweden,
Ireland, Colombia, Uruguay, Taiwan, Singapore, Austria, Bolivia, Switzerland,
Guatemala, Iceland, Serb & Montenegro, Jamaica, South Korea, Ecuador, Hong Kong

This performance requires an outstanding effort from our growers, shellers and exporters, since they compete under disadvantageous conditions in the international market against competitors that receive strong official protection through subsidies and support prices.

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Our exports main destination is the European Union, with 120 – 150,000 MT yearly shipped under the EU GSP that states tariff preferences for Argentine origin peanuts. Other destinations are Mexico, Australia, Chile, South Africa and Arab Emirates. Despite of their limited possibilities and reduced logistic capabilities, the Argentine peanut exporters participate in trade fairs and commercial missions in order to explore new markets.

Exports are the main income source for Southern Cordoba peanut region, amounting some US$ 250 million per year.

Tariff preference under the US GSP for this product should be kept in order to prevent Argentine peanut exports to the US from disappearing. At the same time, US snacks and confectionery manufacturers would have an excellent quality alternative product as an option for periods where their own crop is reduced or is not sufficient.

A due consideration to this petition would be highly appreciated, since the elimination of existing preference for this product would close the US market to our peanut exports.

Sincerely Yours,

Beatriz Ackermann CEO	Adriana Urquia President

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PUBLIC DOCUMENT

September 4, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of theTrade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, NW
Room F-220
Washington, D.C. 20508

Ref: **GSP – HTSUS : 2008.11.25 from Argentina – Comments on CNL Waivers Review (Federal Register Vol. 71, N° 152, Aug. 8, 2006)**

Dear Ms. Sandler,

The Argentine Peanut Chamber (*Camara Argentina del Mani- CAM*), representing the Argentine peanut industry, would like to refer to the Federal Register Notice dated Aug.8, 2006, inviting for public comments on revision process for certain products currently under General System of Preferences (GSP).

1.- Request for maintaining existing preferences

In regard to this revision, CAM hereby submits a request for the following product to continue being included in the GSP keeping its current preference.

HTSUS 2008.11.25 Blanched Peanuts, subject to add. US note 2 to chapter 12 not GN 15.

According to interim USITC data, Customs value of recent US imports for consumption is:

Year 2005 (thousand US dollars) :	$ 6,573.6
MFN Text Rate :	6.6 cents/kg
2005 NTR Duty Rate:	0%

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Despite of the percentage these imports represent out of the total US imports, it should be taken into consideration that it is a value of little or no significance.

The preference allocated to this product under the GSP from 2002 on, never represented a threat to the US peanut producers, since Argentine peanuts are subject to a quota system that allows for a limited volume to enter the US market.

Currently the US have two quotas for peanut products from Argentina: 43,901 tones for edible peanuts and 3,650 tones for peanut paste. Despite having been included in the GSP, Argentine peanuts could not manage to compete against American peanuts in the local market.

The US Peanut Program protectionist measures depress market prices and our products –with additional freight costs and export tariffs- can hardly be competitive. For this reason, US imports of Argentine peanut products in recent years barely reached a few thousand tones compared to a full quota before 2002.

Since 2002, the US import quota allocated to Argentine peanuts under the 1994 GATT MoU resulted virtually closed and the original benefit of that quota disappeared.

Table I - Evolution of US import quota for Argentine peanuts

YEAR	*Quota (tones)*	*Shipments from Argentina (tones)*	*Shipments from 3rd countries (tones)*
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2002	*43,901*	*3,971*	*n/a*
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Source: SENASA and Direccion Nacional de Mercados, SAGPyA

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2.- Information on the Argentine peanut industry

The Argentine peanut farming and industry are a regional economy exclusively devoted to export. This activity is concentrated in the Southern extreme of the Province of Cordoba.

Most of the processing companies are small private operations and cooperatives. Over 40 rural villages in Cordoba Province are sustained by the peanut industry.

The shelling companies play a vital role in their communities contributing to support schools, firefighting stations, hospitals and road nets. The Argentine peanut complex provides more than 10,000 jobs to families living in rural areas where there are no other employment sources.
A number of other related activities are also supported by peanut industry, e.g.: transport, machinery, laboratories, insurance, banking and financial services, building and infrastructure maintenance, shelling and storage equipment, packaging, agrochemical and energy supplies, etc..

Many research programs on peanut crop are financed by the industry and developed by the State Universities of Rio Cuarto and Cordoba, the National Institute of Agricultural Technology –INTA-, the National Institute of Seeds –INASE-, and the Argentine Peanut Foundation (e.g.: research on disease prevention and control, mycotoxins, irrigation, harvest techniques, and post-harvest management).

These researches involve huge investments and are mostly designed to meet importing countries and our foreign customers' requirements in terms of food quality and health.

Traditionally, the average annual peanut planting was around 280-290,000 hectares. In 1997, the acreage was even higher reaching 400,000 hectares. However, due to adverse market conditions, our peanut acreage slumped to 155,000 Hectares in 2002/2003 crop and to 172.000 Hectares in 2003/2004 crop. A slight recovery took place in 2004/2005, when planted area increased to 215.000 Hectares and, again, as a consequence of price depression, in 2005/2006 just 166.000 Hectares were planted.

In 1998 there were near 2000 peanut growers in Argentina; today no more than 200 independent farmers still continue in groundnut production.

Most of them quit peanuts because of the enormous production costs, low prices, market uncertainties and lack of credit. They do not receive subsidies or official support of any kind.

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Hence, since around year 2000, the shellers had to add planting into their regular operation in order to balance the grower's withdrawal from peanut production and get raw material for their industrial plants. Up to now, the industry is responsible for almost 80% out of the peanut acreage. This situation caused that our peanut chain links are becoming fewer and weaker.

Table II - Argentine Peanut Production (Crops 1999/00 to 2005/06)

PRODUCTION	CROP YEARS						
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3.- Present and Perspectives for Argentine peanut exports

In spite of low prices and adverse trade conditions in the international market, Argentine peanut industry continue investing on modern technology and new processing facilities, keeps employment levels and sustains the economy of a whole region in Southern Cordoba province.

A significant share of the inputs used in our peanut production are US make, e.g.: agricultural machinery, shelling equipment, agrochemicals, precision instruments for quality control, laboratory inputs as well as other elements.

Our peanut production is devoted to exports: Argentina exports over 80% of its total peanut production. Every year an average of 200,000 MT of edible peanuts is sold to a number of countries all over the world, mainly the European Union.

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Table IV - Argentine peanut exports to all destinations (Years 2003/2005, in Tones)

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Poland	3.781	Venezuela	2.157	Russia	3.963
Germany	3.595	Arab Emirates	1.993	Spain	3.192
South Africa	2.614	Greece	1.831	Argelia	2.969
Austria	2.605	Poland	1.661	Ukraine	2.899
Arab Emirates	2.368	USA	1.605	Arab Emirates	2.257
Greece	2.055	Tr. & Tobago	1.588	USA	2.038
Romania	1.717	Colombia	1.463	Australia	1.565
Tr.& Tobago	1.693	Romania	1.224	Venezuela	1.469
Other (1)	9.418	Other (1)	4.643	Other (1)	13.437

(1) Leton, Israel, Denmark, China, Kuwait, Japan, Tzchek Rep., Philippines, Sweden,
Ireland, Colombia, Uruguay, Taiwan, Singapore, Austria, Bolivia, Switzerland,
Guatemala, Iceland, Serb & Montenegro, Jamaica, South Korea, Ecuador, Hong Kong

This performance requires an outstanding effort from our growers, shellers and exporters, since they compete under disadvantageous conditions in the international market against competitors that receive strong official protection through subsidies and support prices.

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Our exports main destination is the European Union, with 120 – 150,000 MT yearly shipped under the EU GSP that states tariff preferences for Argentine origin peanuts. Other destinations are Mexico, Australia, Chile, South Africa and Arab Emirates. Despite of their limited possibilities and reduced logistic capabilities, the Argentine peanut exporters participate in trade fairs and commercial missions in order to explore new markets.

Exports are the main income source for Southern Cordoba peanut region, amounting some US$ 250 million per year.

Tariff preference under the US GSP for this product should be kept in order to prevent Argentine peanut exports to the US from disappearing. At the same time, US snacks and confectionery manufacturers would have an excellent quality alternative product as an option for periods where their own crop is reduced or is not sufficient.

A due consideration to this petition would be highly appreciated, since the elimination of existing preference for this product would close the US market to our peanut exports.

Sincerely Yours,

Beatriz Ackermann
CEO

Adriana Urquia
President

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Email: camaradelmani@arnet.com.ar - Web: www.camaradelmani.com.ar

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September 4, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of theTrade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, NW
Room F-220
Washington, D.C. 20508

Ref: **GSP – HTSUS : 1202.20.40 from Argentina – Comments on CNL Waivers Review (Federal Register Vol. 71, N° 152, Aug. 8, 2006)**

Dear Ms. Sandler,

The Argentine Peanut Chamber (*Camara Argentina del Mani- CAM*), representing the Argentine peanut industry, would like to refer to the Federal Register Notice dated Aug.8, 2006, inviting for public comments on revision process for certain products currently under General System of Preferences (GSP).

1.- Request for maintaining existing preferences

In regard to this revision, CAM hereby submits a request for the following product to continue being included in the GSP keeping its current preference.

HTSUS 1202.20.40 **Peanuts (ground-nuts), not roasted or cooked, shelled, Subject to add. US note 2 to chapter 12.**

According to interim USITC data, Customs value of recent US imports for consumption is:

Year 2005 (thousand US dollars) : $ 118.2
MFN Text Rate : 6.6 cents/kg

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2005 NTR Duty Rate: 0%

Despite of the percentage these imports represent out of the total US imports, it should be taken into consideration that it is a value of little or no significance.

The preference allocated to this product under the GSP from 2002 on, never represented a threat to the US peanut producers, since Argentine peanuts are subject to a quota system that allows for a limited volume to enter the US market.

Currently the US have two quotas for peanut products from Argentina: 43,901 tones for edible peanuts and 3,650 tones for peanut paste. Despite having been included in the GSP, Argentine peanuts could not manage to compete against American peanuts in the local market.

The US Peanut Program protectionist measures depress market prices and our products –with additional freight costs and export tariffs- can hardly be competitive. For this reason, US imports of Argentine peanut products in recent years barely reached a few thousand tones compared to a full quota before 2002.

Since 2002, the US import quota allocated to Argentine peanuts under the 1994 GATT MoU resulted virtually closed and the original benefit of that quota disappeared.

Table I - Evolution of US import quota for Argentine peanuts

YEAR	*Quota (tones)*	*Shipments from Argentina (tones)*	*Shipments from 3rd countries (tones)*
1995	*26,341*	*12,470*	*13,871*
1996	*29,853*	*5,325*	*24,528*
1997	*33,365*	*14,701*	*18,664*
1998	*36,877*	*22,825*	*13,232*
1999	*40,388*	*17,686*	*23,152*
2000	*43,901*	*25,016*	*18,885*
2001	*43,901*	*4,208*	*39,693*
2002	*43,901*	*3,971*	*n/a*
2003	*43,901*	*5,790*	*n/a*
2004	*43,901*	*1,605*	*n/a*
2005	*43,901*	*2,038*	*n/a*

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n/a: not available
Source: SENASA and Direccion Nacional de Mercados, SAGPyA

2.- Information on the Argentine peanut industry

The Argentine peanut farming and industry are a regional economy exclusively devoted to export. This activity is concentrated in the Southern extreme of the Province of Cordoba.

Most of the processing companies are small private operations and cooperatives. Over 40 rural villages in Cordoba Province are sustained by the peanut industry.

The shelling companies play a vital role in their communities contributing to support schools, firefighting stations, hospitals and road nets. The Argentine peanut complex provides more than 10,000 jobs to families living in rural areas where there are no other employment sources.
A number of other related activities are also supported by peanut industry, e.g.: transport, machinery, laboratories, insurance, banking and financial services, building and infrastructure maintenance, shelling and storage equipment, packaging, agrochemical and energy supplies, etc..

Many research programs on peanut crop are financed by the industry and developed by the State Universities of Rio Cuarto and Cordoba, the National Institute of Agricultural Technology –INTA-, the National Institute of Seeds –INASE-, and the Argentine Peanut Foundation (e.g.: research on disease prevention and control, mycotoxins, irrigation, harvest techniques, and post-harvest management).

These researches involve huge investments and are mostly designed to meet importing countries and our foreign customers' requirements in terms of food quality and health.

Traditionally, the average annual peanut planting was around 280-290,000 hectares. In 1997, the acreage was even higher reaching 400,000 hectares. However, due to adverse market conditions, our peanut acreage slumped to 155,000 Hectares in 2002/2003 crop and to 172.000 Hectares in 2003/2004 crop. A slight recovery took place in 2004/2005, when planted area increased to 215.000 Hectares and, again, as a consequence of price depression, in 2005/2006 just 166.000 Hectares were planted.

In 1998 there were near 2000 peanut growers in Argentina; today no more than 200 independent farmers still continue in groundnut production.

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Most of them quit peanuts because of the enormous production costs, low prices, market uncertainties and lack of credit. They do not receive subsidies or official support of any kind.

Hence, since around year 2000, the shellers had to add planting into their regular operation in order to balance the grower's withdrawal from peanut production and get raw material for their industrial plants. Up to now, the industry is responsible for almost 80% out of the peanut acreage. This situation caused that our peanut chain links are becoming fewer and weaker.

Table II - Argentine Peanut Production (Crops 1999/00 to 2005/06)

PRODUCTION	CROP YEARS						
-	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
PLANTING (Hectares)	220000	251000	223000	155000	172000	215000	168000
YIELDS (Tons/Hectare)*	1,70	1,57	1,61	1,42	1,73	2,30	2,20
PRODUCTION (Tons) *	374000	394070	360000	220100	297500	494500	369600

Volume data: kernel basis (shelled peanuts)
(*) Includes lost acreage
Sources: SAGPyA - Cordoba SAGyA - private

3.- Present and Perspectives for Argentine peanut exports

In spite of low prices and adverse trade conditions in the international market, Argentine peanut industry continue investing on modern technology and new processing facilities, keeps employment levels and sustains the economy of a whole region in Southern Cordoba province.

A significant share of the inputs used in our peanut production are US make, e.g.: agricultural machinery, shelling equipment, agrochemicals, precision instruments for quality control, laboratory inputs as well as other elements.

Our peanut production is devoted to exports: Argentina exports over 80% of its total peanut production. Every year an average of 200,000 MT of edible peanuts is sold to a number of countries all over the world, mainly the European Union.

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Table IV - Argentine peanut exports to all destinations (Years 2003/2005, in Tones)

DESTINATIONS	2.003	DESTINATIONS	2.004	DESTINATIONS	2005
TOTAL:	202.652	TOTAL:	176.311	TOTAL	255.796
Netherlands	86.829	Netherlands	90.927	Netherlands	126.264
Canada	19.702	Canada	9.962	U.K.	16.698
UK	9.112	France	9.766	Canada	14.714
Mexico	8.915	Belgium	9.501	Mexico	11.018
Australia	7.602	Chile	6.802	Belgium	8.951
Italy	7.586	Italy	6.772	France	8.610
France	6.876	UK	5.397	Chile	8.430
USA	6.727	Mexico	4.874	Italy	7.074
Chile	5.844	Germany	3.802	Germany	6.842
Spain	4.642	Hungary	3.705	Poland	4.647
Belgium	4.610	Russia	3.362	Hungary	4.634
Hungary	4.360	Spain	3.276	Greece	4.124
Poland	3.781	Venezuela	2.157	Russia	3.963
Germany	3.595	Arab Emirates	1.993	Spain	3.192
South Africa	2.614	Greece	1.831	Argelia	2.969
Austria	2.605	Poland	1.661	Ukraine	2.899
Arab Emirates	2.368	USA	1.605	Arab Emirates	2.257
Greece	2.055	Tr. & Tobago	1.588	USA	2.038
Romania	1.717	Colombia	1.463	Australia	1.565
Tr.& Tobago	1.693	Romania	1.224	Venezuela	1.469
Other (1)	9.418	Other (1)	4.643	Other (1)	13.437

(1) Leton, Israel, Denmark, China, Kuwait, Japan, Tzchek Rep., Philippines, Sweden,
Ireland, Colombia, Uruguay, Taiwan, Singapore, Austria, Bolivia, Switzerland,
Guatemala, Iceland, Serb & Montenegro, Jamaica, South Korea, Ecuador, Hong Kong

This performance requires an outstanding effort from our growers, shellers and exporters, since they compete under disadvantageous conditions in the international market against competitors that receive strong official protection through subsidies and support prices.

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Our exports main destination is the European Union, with 120 – 150,000 MT yearly shipped under the EU GSP that states tariff preferences for Argentine origin peanuts. Other destinations are Mexico, Australia, Chile, South Africa and Arab Emirates. Despite of their limited possibilities and reduced logistic capabilities, the Argentine peanut exporters participate in trade fairs and commercial missions in order to explore new markets.

Exports are the main income source for Southern Cordoba peanut region, amounting some US$ 250 million per year.

Tariff preference under the US GSP for this product should be kept in order to prevent Argentine peanut exports to the US from disappearing. At the same time, US snacks and confectionery manufacturers would have an excellent quality alternative product as an option for periods where their own crop is reduced or is not sufficient.

A due consideration to this petition would be highly appreciated, since the elimination of existing preference for this product would close the US market to our peanut exports.

Sincerely Yours,

Beatriz Ackermann	Adriana Urquia
CEO	President

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September 5, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
USTR Annex, Room F-220
1724 F Street, NW
Washington, DC 20508

EMAIL: FR0052@USTR.EOP.GOV

RE: 2006 GSP Eligibility and CNL Waiver Review (71 Federal Register 45079, August 8, 2006)

Dear Chairman Sandler:

On behalf of the Grocery Manufacturers Association (GMA), I am pleased to provide the following comments on country and product eligibility under the Generalized System of Preferences (GSP) program. GMA supports the GSP program and encourages USTR to conduct this review with an eye towards increasing both the competitiveness of all GSP beneficiaries as well as U.S. manufacturers that utilize the program.

GMA represents the world's leading branded food, beverage and consumer products companies. Since 1908, GMA has been an advocate for its members on public policy issues and has championed initiatives to increase industry-wide productivity and growth. GMA member companies employ more than 2.5 million workers in all 50 states and account for more than $680 billion in sales. The Association is led by a board of member company chief executives.

General Comments

GMA believes that the GSP program is an important tool to promote the economic development of many less developed countries. While we understand the importance of reviewing the GSP program in order to ensure that all eligible countries receive equal benefits, we question the methodology of this particular review. Instead of looking at the customary criteria for graduation from the GSP program, USTR appears to have selected a few arbitrary development indicators to differentiate the thirteen countries singled out for specific attention in this review.

Historically, countries would be graduated from the GSP program when they achieved "high income status" as defined by the World Bank, or as a result of a country's economic development and trade competitiveness. In this review, USTR has decided to evaluate both upper-middle income economies as well as those countries whose share of world goods exports exceeds 0.25%. These new economic indicators have had the effect of sweeping in both low-income countries such as India and lower-middle income countries such as Brazil, Indonesia, the Philippines, Kazakhstan and Thailand. We do not believe that countries such as India, with an annual Gross National Income of below $875, should be removed from the GSP program. Low and lower middle income countries like those mentioned above are exactly the countries that should and do benefit most from the elimination of duties on key exports.

In order to enhance the distribution of benefits under the GSP program, we recommend that USTR undertake a review of <u>all</u> preference programs with the aim of harmonizing these programs in the most liberal and transparent manner possible. For instance, we note that African Growth and Opportunity Act (AGOA) beneficiaries are exempt from competitive needs limitations. In addition AGOA beneficiaries receive duty free benefits on 1200 more products than GSP beneficiary countries. In many cases, the additional products are those which GSP beneficiaries would also be competitive such as food and consumer products. For example, many least developed countries are prohibited from shipping sugar under the GSP program. Exempting least developed countries from the sugar Tariff-Rate Quota, would certainly lead to a more equitable distribution of GSP benefits.

Specific Products of Interest

GMA member companies rely on the GSP program largely for access to duty free imports of raw materials which are incorporated into many finished food and consumer products. **Please see attached a list of products of importance to GMA member companies.** Although the tariffs on these products are relatively low (below ten percent), there is no guarantee that GMA companies would continue to source from beneficiary countries were the tariffs to return to their MFN levels. Profit margins in the food industry are slim, and are under pressure due to rising costs associated increased fuel and commodity prices. In instances where there are very limited competitive alternative sources of products, such as spices from India, denial of GSP benefits would result in cost increases throughout the food chain and ultimately, higher prices for consumers. We believe therefore, that removal of these products from the GSP program would be detrimental to both food and consumer product manufacturers and developing country beneficiaries.

Of particular importance to food and consumer product manufactures is the availability of bottle-grade polyethylene tererphthalate (PET) resin (HTS 3907.60.0010), which is used to manufacturer plastic bottles and packages. India, Indonesia and Thailand account for 18% of U.S. PET imports. Currently the MFN tariff on PET resin is 6.5%. With over $121 million of bottle-grade PET resin imports from GSP countries in 2005, a 6.5% tariff would cost U.S. importers in excess of $8 million dollars. Reduced competition would allow other PET suppliers to increase their margins by roughly 6 to 7 cents per pound. As a result, U.S. consumers could end up paying an additional $600 million in packaging costs annually. Consequently, we recommend maintaining the GSP benefits for bottle-grade PET resin for Indonesia, India and Thailand.

CNL Waivers

In 2003, USTR granted a competitive needs limitation (CNL) waiver for Argentine peanuts (shelled, in-shell, blanched or otherwise prepared). The GSP concession reduces the tariff to zero on peanuts within Argentina's 43,901 ton quota. While GMA companies source the majority of their peanuts from the United States, it is important to maintain alternate sources of supply in case of unforeseen crop failure. To this end, we recommend maintaining the CNL waiver for Argentina.

Conclusion

GMA appreciates the opportunity to comment on the review of the Generalized System of Preferences program. GMA companies benefit from the GSP program, and the program is an important trade and development tool. We believe that countries should not be arbitrarily graduated from the program upon the conclusion of this review. Rather, USTR should conduct a more thorough review of all preference programs in order to improve their efficacy, transparency and economic benefit to developing countries.

Sincerely,

Sarah F. Thorn

Sarah F. Thorn
Senior Director, International Trade

GSP PRODUCTS OF IMPORTANCE TO GMA

Brazil

HTS_NUM	Description	Tariff Rate (% Value)	Tariff Rate ($/kg)
174090	Confections or sweetmeats ready for consumption	6.5%	0
22029010	Chocolate milk drink	17.0%	
29232020	Lecethins and phosophoaminolipids	5.0%	
38249028	Misc. chemical compounds	6.5%	
73261900	Steel ball bearings	2.9%	
9042020	Paprika, dried or crushed or ground	0.0%	0.03
9042076	Fruits of the genus capsicum, ground, nesoi	0.0%	0.05

India

HTS_NUM	Description	Tariff Rate (% Value)	Tariff Rate ($/kg)
19023000	Other pasta	6.5%	
3907600010	Bottle-grade polyethylene terephthalate (PET) resin	6.5%	
9042076**	Fruits of the genus capsicum, ground, nesoi	0.0%	0.05
9042060	Fruits of the genus Capsicum, other than paprika or anaheim and ancho pepper, not ground	0.0%	0.025
9109960	Spices, nesi	1.9%	0
9109100	Mixtures of spices	1.9%	0
9042020	Paprika, dried or crushed or ground	0.0%	0.03
9101040	Ginger, ground	0.0%	0.01

Argentina

HTS_NUM	Description	Tariff Rate (% Value)	Tariff Rate ($/kg)
2023010	Frozen cooked beef	6.5%	
17049000	Confectionary--fruit snacks	7%	
21041000	Soups and broths	3.20%	

Thailand

HTS_NUM	Description	Tariff Rate (% Value)	Tariff Rate ($/kg)
3907600010	Bottle-grade polyethylene terephthalate (PET) resin	6.5%	

Indonesia

HTS_NUM	Description	Tariff Rate (% Value)	Tariff Rate ($/kg)
3907600010	Bottle-grade polyethylene terephthalate (PET) resin	6.5%	

From: Terry Muth [tmuth@lehighfoods.com]
Sent: Tuesday, September 05, 2006 4:46 PM
To: FN-USTR-FR0052
Subject: GSP Argentine frozen strawberries

To Whom it May Concern:

We are importers of frozen strawberries from Argentina. Below is a letter drawn up by the Argentine frozen strawberry exporters committee. We agree with these points, and therefore ask that you give great consideration to allowing Argentina to continue in the GSP program.

It is true that there has been considerable investment in their industry in recent years, with the US market the impetus of said investments. We have been directly involved in much of this progress and have taken many of our customers to Argentina to witness these improvements first hand and to understand the benefits that the US consumer will receive through these investments.

Having purchased frozen strawberries for the last 20 years from many different vendors both domestic and international, I can tell you that the proactive processors in Argentina who have made these investments are equal to or better than most others both foreign and domestic with respect to fruit quality and food safety.

Also, Argentina's main production is between August and November, which is contra seasonal to not only the US production but also the production of Mexico and Chile - both free trade partners of the USA and principal producers of frozen strawberries. We import frozen strawberries from Argentina because of this point, not because the fruit is considerably cheaper than other origins. The cheap fruit comes from China, and is not very desirable.

It would be devastating to these small family owned operations in Argentina if this duty were to be applied for shipments in 2007 and beyond. Also, it would greatly reduce the amount of fruit imported through the US ports and could affect jobs in those areas as well.

We respectfully ask that Argentina remain eligible for the GSP program, as it is thanks to that program that the average worker in a strawberry operation in Argentina has had a higher standard of living in recent years. It would be a shame to pull the rug out from under their feet at this point and set them back for years to come.

Thank you for your time and consideration.

Sincerely,

Terry Muth
President
Lehigh Food Sales, Inc.
Fogelsville, PA 18051

USA
(610) 285-2039

Buenos Aires, 2006, September 5th   Page 1/2

TO THE ATTENTION OF THE:
UNITED STATES TRADE REPRESENTATIVE

SUBJECT: 2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

PETITIONER: CAMARA DE PRODUCTORES Y EXPORTADORES DE FRUTILLAS DE LA ARGENTINA

Thames 91, 1st floor “7”
San Isidro, Buenos Aires
Argentina (1640)
Tel.: +54 11 4766 05 06
Fax: +54 11 4763 27 17

BENEFICIARY: ARGENTINA
ARTICLE: FROZEN STRAWBERRIES
HTSUS: 0811.10.00

IMPORTS PARTICIPATION: 2005: 3.171mt (6,5%) / 2006 (forecast): 10.000mt

COMPETITORS: MEXICO (67%), CHILE (12%). Both with trade agreements with the US that allows them to export this article without import duties.

ECONOMICS: Argentina has developed its Strawberry industry mainly due the incorporation of this article (Frozen Strawberries) into the GSP.
Since then, the USA became the most important Argentine Strawberries buyer.
In 2005, Argentine Strawberries exports to the USA, represented 73% of the total.
Growers already expanded production and processors invested in new equipment in order to meet the USDA quality standards.

Nowadays Argentineans frozen strawberry processing facilities are certified by US Auditors as AIB, Primus Lab, and others. Obtaining the highest quality grades and fill a five months window, from the end of Californian crop until the beginning of Mexican and Chilean crops, which is a key to the US fruit processors as JM Smuckers, Sweet Ovations, Sabroso, Sun Opta and a lot of US Companies which supply yoghurt, bakery, Ice Cream, among others.

Argentinean strawberries have better pesticide traceability than China, Poland and mainly all the rest of the world's strawberry exporters and never had a pesticide or quality incident, as almost all the rest of the exporting countries have had in the past.

Argentine Strawberries production is estimated in 40.000 MT p.a. employing directly approximately 20.000 workers.
The harvest goes from August to December, which is the opposite season than USA. This helps US Manufacturers and Supermarkets, to avoid frozen product storage costs.
It's also important to remark, that Argentinean strawberry processors import equipment and some materials (poly-bags, plastic pails) from US companies.

FINAL COMMENTS: If this article is suspended and no longer eligible under the GSP, Argentinean strawberry growers and processors will not be competitive against processors from Mexico and Chile (countries with trade agreements). This will lead to a significant decrease in the strawberry fields that will affect the small economies of thousands of low resources families.
Also, the addition of a new import duty to Argentinean strawberries will complicate the American food industry as this product isn't a commodity and neither Chile, Mexico or China will be able to replace Argentina in a medium term, jeopardizing the quality assurance of a final product destined mainly to the US consumer .-

From: Tomas del Cerro [tdelcerro.famatinavalley@fibertel.com.ar]
Sent: Monday, September 04, 2006 8:23 AM
To: FN-USTR-FR0052
Subject: Fw: "2006 GSP Eligibility and CNL Waiver Review"

Importance: High
Dear Sirs:

This is a very specific and summarized presentation, of the damage that will suffer the Olive Production and the Olive Oil Industry in Argentina, in case that our Country and/or Industry are declared not eligible to continue under the GSP - Generalized System Preferences - Benefit, to introduce the product, Virgin Olive Oil , **HTS Numbers: 1509.10.20 and 1509.10.40.** , to United States.

A short but interesting story:

1- The first olive trees arrived in Argentina end of 16th century when Don Francisco de Aguirre planted the ones he brought from Spain. This is how the first plantations started to develop in La Rioja Province . Today, there is only one witness of those days, Cua tercentenary olive tree in La Rioja Province, considered the birthplace of Olive Growing in Argentina.

2- At present, the planted surface area in La Rioja Province is about 27.000 hectares of olive trees. With the other major Provinces which have olive groves - Catamarca , Córdoba, San Juan , Mendoza - the total amount of hectares with olive trees in production are about 70.000 = about 175.000 acres. Very far away from the 1.000.000 hectares that have planted Spain.

3- This is a Regional Activity - developed in areas wich are not used for intensive and extensive agriculture production, as grains -, from wich depend more than 100.000 families involved in the activity, as : farmers, pruners, olive trees keepers - clean the land, the tree, irrigate the land, culture farming works, etc.- harvesters (harvest is by hand), truck drivers to move the production to the factories - where are crushed the olives to obtain virgin olive oil -, industrial employees, packers, and the list can be more extensive, because this is a craft activity & industry, wich depend on qualified people.

4- This is one of the majors agriculture productions depending on Rural Population, which allow the Families to live in the country side and grow in Communities, without to leave their Land, wich avoid strong inmigrations trends to the big cities as well to other countries , as yours.

5- From 1988, when the amount of Virgin Olive Oil exported to the U.S.Market started to grow, thanks and specially to the GSP Benefit, Argentina have been increasing the planted surface and the amount of new olive groves.
The Argentine Ministery of Agriculture have informed to the public opinion, that in the year 2010, the total amount of hectares with olive production will be around 100.000 = 250.000 acres.

6- This new level of olive production, will improve the amount of people depending of the olive activity in our country, but also the production of virgin olive oil will increase, wich will be very convenient for the U.S. consumers - United States Olive Oil Market is importing more than 250.000 metric tons per year -, because they will have a very good quality virgin olive oil, with more competitive prices compared to largest exporters - Spain, Italy, Greece -, in case that our Industry and our Country maintain the benefit of the GSP.

7- Right now, Argentina virgin olive oil production, participate in the GSP together with other olive oil producers, as : Turkey, Tunisia, Morocco, Egypt ,Lebanon.
From this list, the three majors exporters to the U.S.Market, in millons of US dollars, according 2005 Import information, are:

Turkey = $ 31.548
Argentina = $ 20.301
Tunisia = $ 15. 348

Out of the G.S.P., Australia compete, as Duty Free country , under a Free Trade Agreement between Australian and U.S. Government.

8- All the production and export business of virgin olive oil from Argentina to the U.S.Market, is based under the GSP Benefit.
If we lose this Benefit, we could not compete against the countries that are exporting with the GSP Benefit and Duty Free Agreement to the U.S. Market, and this could be a big issue for the Argentine Olive Production and Olive Oil Industry, because we´ll be out of the Market.

9- If Argentina and/or our Virgin Olive Oil Industry lose the GSP Eligibility and/or the possibilty to export our product, Virgin Olive Oil, under the GSP Benefit, will lose the Consumers of United States, will lose our Country and will lose more than 100.000 families that depend of our Olive Oil Industry righ now.

We shall really appreciate that you have into account this information , analyze the same - which is out of any political influence -, having in mind that reflect the reality of the Argentine Olive Production and Virgin Olive Oil Industry, before to take the right decision.

Thank you for your support and time to read this short but truthful story.

Sincerely Yours,

Tomas E. S. del Cerro
Director
FAMATINA VALLEY S.A.

Privates Producers, Processors and

Exporters of Virgin Olive Oil

Olive Grove and Factory:

Ruta Nacional Km 1.176, Vichigasta
Departamento Chilecito, Provincia de La Rioja
ARGENTINA

e-mail: tdelcerro.famatinavalley@fibertel.com.ar

From: Laura Croce [laura@euroleather.net]
Sent: Tuesday, September 05, 2006 11:05 AM
To: FN-USTR-FR0052
Cc: Laura Lomanto
Subject: 2006 GSP Eligibility and CNL Waiver Review
See attached letter: 2006 GSP Eligibility and CNL Waiver Review

Thanks and regards,
Laura Croce
Euroleather, Inc.
1994 Industrial Drive
Newton, NC 28658
Ph.: (828) 465-6000, Fax: (828) 465-3747
laura@euroleather.net
----- Original Message -----
From: Euroleather Argentina
To: Laura Croce
Cc: Angie Bebber
Sent: Monday, September 04, 2006 10:35 AM
Subject: 2006 GSP Eligibility and CNL Waiver Review

Hello Laura!
I hope you can help me out with this. Before Giovanni and Lisa left they sent me a letter that was needed here referring to the renovation of the SGP for Argentina.
The problem I have is that the US Government is requesting this to be sent by email and to include the tariff numbers in the letter. I have added these numbers to the letter enclosed.

Now, I would only need you to:
- send and email from an @euroleather.net address
- to the following address: ***FR0052@USTR.EOP.GOV***.
- with the following subject in the email: 2006 GSP Eligibility and CNL Waiver Review
- enclosing the letter that I'm enclosing here

And I'd need you to do this tomorrow 9/5 without fail since it's the last day to send these letters. I know today is a holiday over there.

Any doubt, pls call me.
Thank you very much Laura!
Regards
Laura

Subject
2006 GSP Eligibility and CNL Waiver Review

HTS Number: **780419**

Description: **Lead Plates, Sheets, Strips and Foil over 0.2 mm thick**

Country of Origin: **Argentina**

Import Program: GSP

Name of the Company: **Industrias Deriplom S.A.**

Tax ID: **CUIT 30-50373972-7**

The purpose of this letter is to request that the items included on the HTS Number 780419, that are imported into the United States from Argentina, as country of origin, should remain in the GSP program that is currently under revision.

Under the GSP program, Industrias Deriplom S.A. provided in 2005 lead sheets, that are used in United States mostly for radiation shielding, worth US$ 1.3 Millon, to several small and medium sizes American companies.

That figure represented 27% of total lead sheet imports into the United States during the year 2005.

The U.S. companies sourcing a portion of their requirements from Industrias Deriplom under the GSP program, benefit of lower prices, thus helping them to remain competitive in an increasingly difficult market for their products. The effect of removing lead sheets from Argentina, from GSP will be a significant negative event from them.

Industrias Deriplom S.A. started producing and shipping lead sheets to the United States at the end of the year 2003. Since then, it has double the amount of units shipped to U.S. companies every year.

The revenues to U.S. companies involved with the freight and import processes related to the delivery of the lead sheets to U.S. companies represents between 10% and 15% of the sales.

Industrias Deriplom S.A. is located close to Monte Chingolo, a very poor district on the southwest suburban metropolitan area of the city of Buenos Aires.

With the installation of a rolling mill in the year 2002, during one of the worst economic crisis in the history of Argentina, followed by the installation of another rolling mill in the year 2004, the company created 20 full time jobs in a devastated area, with one of the highest ratios of unemployment, school desertion, family violence, and drug use.

For more information on Industrias Deriplom from Argentina, visit the web page of the company http://www.deriplom.com.ar

CHAMBER OF FOREIGN TRADE OF CUYO

Mendoza, Argentina. September 05, 2006

Office of the United States Trade Representative
To whom it might correspond,

The Chamber of Foreign Trade of Cuyo, located in Argentina, is an institution that represents and protects the interests of thousands of exporter companies of the region.
Among several activities, we are in charge of processing the applications of companies for the Generalized System of Preferences (GSP).

After analyzing the information related to the revision the United States is making of its GSP, we have prepared a report with the contribution of many of our members who export to the United States under the GSP.

It is our aim to express the concerns of the Argentinian exporters to the American authorities in charge of making the final decision of continuing or not with the benefits to our country.

We hope these words will make the American government consider the strong disadvantages our products have in relation to products from more developed regions of the world.

The situation Argentina is going through makes the GSP an important tool for the country to expand its exports. It allows our exporters to build stable bonds with American importers and gain participation in the American market, one of the main destinations of our external sales.

We strongly wish the American importers of Argentinian products to be taken into account in the revision, since we believe the worst consequences if Argentina is withdrawn of the System will fall on the American companies that purchase from our country. They will have to pay import taxes non-existent at the moment which may, in turn, bring about to 2 possible effects. On the one hand, in order to keep stable prices in the domestic market, importers may suffer a critical decrease in their profits. On the other hand, if the loss of the benefits of the GSP is transferred to the customers, the prices of the imported products will increase and so lose their share in the market.

Besides, there are many long term contracts which have already been signed between the two countries, and we think the terms of the agreements must be respected although they are carried out after December 31st .
At the same time, American importers have compromises with customers, and the sudden loss of the benefits may prevent them from fulfilling their obligations properly.

In the following lines, we mention the main products our region exports to the United States under GSP and the benefits the American importers obtain from the System. We give, as well, statistical information related to the US imports from Argentina under GSP of our regional products.

Finally, we add the comments of the companies consulted, which are representatives of the activities they belong to.

Based on our wish to keep strengthening the commercial bonds between the United States and our country, we are eagerly looking forward to the continuity of the Generalized System of Preferences for Argentina.

Yours faithfully,

Lic. Rodolfo Vargas Arizu
President of the Chamber of Foreign Trade of Cuyo

Chamber of Foreign Trade of Cuyo
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Mendoza city, Argentina.
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ADDITIONAL INFORMATION

1. General duty for products of Cuyo imported by the US under GSP

H.T.S.	Stat. Suffix	Description	General duty without GSP
0703.10.40	0	Onions and shallots, others, fresh or chilled	3,1 cents / kg.
0709.20.10	0	Aparagus, not reduced in size, entered during the period from September 15 to November 15, inclusive, in any year, and transported to the US by air, fresh or chilled	5%
0813.10.00	0	Apricots, dried	1.8 cents / kg.
0813.30.00	0	Apples, dried	0.74 cents / kg.
1509.10.20	0	Olive oil and its fractions, virgin, weighing with the immediate container under 18 kg., not chemically modified	5 cents / kg. on contents and container
1509.10.40	0	Olive oil and its fractions, virgin, weighing with the immediate container 18 kg. or more, not chemically modified	3.4 cents / kg.
1509.90.20	0	Olive oil and its fractions, refined, weighing with the immediate container under 18 kg., not chemically modified	5 cents / kg. on contents and container
1509.90.40	0	Olive oil and its fractions, refined, weighing with the immediate container 18 kg. or more, not chemically modified	3.4 cents / kg.
2005.70.06	0	Olives, green, not pitted, in saline solution, in containers each holding more than 8 kg., described in additional US note 4 to this chapter and entered pursuant to its provisions	3.7 cents / kg. on drained weight
2005.70.12	0	Olives, green, not pitted, in saline solution, other, not frozen	3.7 cents / kg. on drained weight
2005.70.16	0	Olives green in color, place packed, stuffed, in saline solution containers each holding not more than 1 kg., ina an aggregate quantity not to exceed 2,700 metric tones in any calendar year	5.4 cents / kg. on drained weight
2005.70.23	0	Olives, green in color, pitted or stuffed, place packed, in a saline solution, other	6.9 cents / kg. on drained weight
2005.70.25	10/ 20/ 30/ 40/ 50/ 60	Olives, green in color, other	8.6 cents / kg. on drained weight
2005.70.75	0	Olives, not green in color, not canned, in saline solution, not frozen, other	4.3 cents / kg. on drained weight
2005.90.97	0	Vegetables and mixtures of vegetables, prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other	11,2%
2007.99.20	0	Apricot jams	3,5%
2007.99.45	0	Jams, other	5,6%
2008.99.80	0	Fruit pulp, other	9,6%
2103.90.90	51	Tomatoe-based preparations for sauces, in containers holding less than 1.4 kg.	6,4%
2204.10.00	60	Sparkling wine of fresh grapes, valued over $1.59 / liter	19.8 cents / liter
2204.21.80	60	Grape wine of an alcoholic strenght by volume over 14%, in containers holding 2 liters or less, other	16,9 cents / liter

Source: USITC

2. Statistical information. US imports from Argentina (products of Cuyo)

H.T.S.	Stat. Suffix	Description	2001	2002	2003	2004	2005	% Share 2005
0703.10.40	0	Onions and shallots, others, fresh or chilled	0	24.046	466.786	377.945	106.293	0,02%
0709.20.10	0	Aparagus, not reduced in size, entered during the period from September 15 to November 15, inclusive, in any year, and transported to the US by air, fresh or chilled	152.307	323.149	187.279	273.486	294.014	0,05%
0813.10.00	0	Apricots, dried	636.065	378.195	269.011	255.700	280.438	0,05%
0813.30.00	0	Apples, dried	0	0	1.646.253	1.634.477	2.192.088	0,36%
1509.10.20	0	Olive oil and its fractions, virgin, weighing with the immediate container under 18 kg., not chemically modified	24.570	226.671	593.513	1.085.564	621.434	0,10%
1509.10.40	0	Olive oil and its fractions, virgin, weighing with the immediate container 18 kg. or more, not chemically modified	1.156.087	1.962.137	4.461.806	1.843.797	20.300.966	3,29%
1509.90.20	0	Olive oil and its fractions, refined, weighing with the immediate container under 18 kg., not chemically modified	2.142	0	39.314	692.619	655.380	0,11%
1509.90.40	0	Olive oil and its fractions, refined, weighing with the immediate container 18 kg. or more, not chemically modified	187.530	0	395.390	0	517.318	0,08%
2005.70.06	0	Olives, green, not pitted, in saline solution, in containers each holding more than 8 kg., described in additional US note 4 to this chapter and entered pursuant to its provisions	0	212.648	14.976	83.648	204.589	0,03%
2005.70.12	0	Olives, green, not pitted, in saline solution, other, not frozen	0	32.035	125.178	170.661	348.477	0,06%
2005.70.16	0	Olives green in color, place packed, stuffed, in saline solution containers each holding not more than 1 kg., ina an aggregate quantity not to exceed 2,700 metric tones in any calendar year	0	0	12.078	82.873	242.603	0,04%
2005.70.23	0	Olives, green in color, pitted or stuffed, place packed, in a saline solution, other	2.676	4.818	86.206	191.803	42.229	0,01%
2005.70.25	10/ 20/ 30/ 40/ 50/ 60	Olives, green in color, other	17.417	24.401	1.615.680	3.539.571	7.141.263	1,16%
2005.70.75	0	Olives, not green in color, not canned, in saline solution, not frozen, other	2.599	35.700	112.090	734.270	816.806	0,13%
2005.90.97	0	Vegetables and mixtures of vegetables, prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other	42.801	5.033	28.249	41.762	53.610	0,01%
2007.99.20	0	Apricot jams	0	10.059	22.897	27.612	33.799	0,01%
2007.99.45	0	Jams, other	23.136	55.321	105.947	272.836	73.894	0,01%
2008.99.80	0	Fruit pulp, other	54.807	61.557	13.156	36.678	36.472	0,01%
2103.90.90	51	Tomatoe-based preparations for sauces, in containers holding less than 1.4 kg.	0	0	0	12.398	206.034	0,03%
2204.10.00	60	Sparkling wine of fresh grapes, valued over $1.59 / liter	4.015.742	4.792.814	2.151.383	70.141	283.012	0,05%

2204.21.80	60	Grape wine of an alcoholic strenght by volume over 14%, in containers holding 2 liters or less, other	0	0	188.187	284.279	1.883.318	0,31%

Source: USITC

3. Summery of the comments of the potential affected companies

We have received comments from companies exporters of the following products:

- Virgin olive oil (HTS 1509.10.40 and 1509.10.20)
- Olives, green in color
- Fresh grapes wines (HTS 2204.21.80)

From the exporters of virgin olive oil, 3 of them sold in 2005 FOB USD 2.861.180 to the United States under GSP, corresponding to 783.200 kg.
The olive oil companies consulted have been exporting under the GSP for 4 or 5 years.
For one of them, their exports to the US under GSP represented 99% of their total sales last year. For the others, the share was between 10% and 25%.

Among the exporters of fresh grapes wines, one of the companies stated it has been working under GSP since 1998. Its sales under de System last year reached FOB USD 1.824.200, corresponding to more than 1 million liters. The amount represented 10.92% of its total sales in 2005.
In 2004 the same company exported to the United States under GSP FOB USD 1.711.650, which meant a share of 14.4% over the total sales. In 2003 the firm sold FOB USD 1.394.000 of its product to the US under the System, meaning a share of 20.85% over the total exports of the company that year.

When asked about the consequences Argentinian companies could suffer if the GSP ends for our country, all the firms consulted agreed on saying that the main damage would be the loss of competitivity of their products in the American market.
Because of the cancellation of the benefits, American importers may quit or reduce their purchases of Argentinian products.

Their mayor worry is that our country could become unable to compete with products that count with strong subsidies in the European Union. This is the case of the olive oil, a product that has an important subsidy in the EU. In fact, Spain and Italy, which are big producers and exporters of olive oil worldwide, are also among the main suppliers of the product in the United States.

All the companies expressed that the GSP is a useful tool they have to face the macro economical, financial and commercial disadvantages they have compared to those European countries which are the main competitors of Argentina in products under GSP; and to other producer countries of the same or similar products that will continue being beneficiaries of the GSP after December 31st .

From: COPAL [copal@copal.com.ar]
Sent: Tuesday, September 05, 2006 2:53 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Elegibility and CNL Waiwer Review"

COORDINADORA DE LAS INDUSTRIAS DE PRODUCTOS ALIMENTICIOS
Maipú 1252 - C1006ACT - Buenos Aires -
Tel.: (54 11) 4325-8643 - Fax: (54 11) 4325-1483

September 5th, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
1724 F Street, NW. Room F 220
Washington, D.C. 20508

Re.: **Changes to the United States Generalized System of Preferences (GSP) – possible withdrawal of benefits from the Republic of Argentina**

Dear Sirs:

COPAL, Coordinadora de Industrias de Productos Alimenticios (*Food Products Industry Coordinator***)**, an entity representing forty-two Associated Chambers grouping Argentine food and beverage manufacturing companies, respectfully makes this submission to the Office of the **United States Trade Representative** in relation to the above matter, responding to the call for public comments on changes to the requirements for the eligibility of Argentina for the benefits that the United States grants our exporters under the GSP, due to expire at the end of the year.

We have learnt from your Trade Representative, Mrs. Susan Schwab on August 7 last that the US Administration is to determine whether certain countries currently included in the System have increased their competitiveness or recorded development that exceeds the threshold for qualification under the GSP.

According to the Notice published in the Federal Register, the Office of the USTR has requested public comments as to whether it should limit, suspend or withdraw eligibility from countries whose exports to the United States are covered by the mentioned program when:

* Their exports to the United States exceeded US$100 million in 2005, and in addition they met any of the following two criteria.
* The country has been classified by the World Bank as an upper-middle-income economy in 2005.
* Total exports accounted for more than 0.25 percent of world goods exports in 2005.

On this basis, Argentina would be excluded under all three non-eligibility criteria, having made exports to the United States for US$600 million, because it has been classified by the World Bank as “upper middle income,” and because its exports represent 0.4 percent of world exports.

The review will also examine whether the withdrawal should also take place of a total of 83 waivers granted to 18 countries, 13 of which would lose eligibility under the mentioned guidelines, and this would also affect certain Argentine products.

The 133 countries covered by the System exported US$26.7 billion to the United States in 2005, and Argentina accounted for only 2.2% of that total. It should also be noted that between 2001 and 2005 Argentina increased its total exports by 50%, and its exports to the United States by 52%, with those made under the GSP increasing 213% as a result of the designation of 15 new products and the re-designation of a further 57.

In the 2003 / 2004 period no new products were added, and our exports to that destination rose by only 16%, of which only 10% took place under the GSP.

In the case of Argentina, the GSP covers 1812 tariff positions, of which 691 are utilized, and 52% of these correspond to Manufactured Goods of Agricultural Origin, which are of particular interest to this entity.

Following the crisis in 2001, Argentina succeeded in reversing the trend on the basis of growth in its GDP, a favorable trade balance and a fiscal surplus, leading to significant improvement in the delicate economic and social situation, although poverty, indigence and unemployment levels continued at high levels.

In this situation, our exports to the United States both under the GSP and outside it, enabled the country to absorb the increase in Argentina’s demand for imports arising from its economic growth, as can be seen from the increase in trade with the United States.

The System made it possible for a large number of small Argentine companies to gain access to the complex US market. Its elimination in the case of Argentina would place many small businesses in a difficult position, especially those active in regional economies that have had to adapt their strategies to meet the requirements of your market.

It should be stressed that Argentine exports to the United States under the SGP enabled our manufacturers to compete with manufacturers of similar goods in other countries, including those from industrialized nations, with all that is implied with regard to the development of relations with US importers and distributors who would undoubtedly also be adversely affected by any withdrawal of the GSP from Argentina, as would the consumers of the products currently covered by the System.

On another matter, the WTO does not define the “developing economy” term, leaving it up to the determination of each country, so that the selection by the United States of the World Bank classification as the method for identifying developing countries is not in fact a procedure accepted by the WTO. In addition, that Bank’s criterion for classifying countries on the basis of their income levels is not intended to establish a country’s level of competitiveness in international trade, but to be used for other macroeconomic and social ends.

It is therefore requested that the Generalized System of Preferences be maintained.

In view of the strong negative impact that its elimination would have on the Argentine economy in general, as well as in particular on regional economies and small and medium-size companies that are currently exporting their goods to the United States, as well as for the other reasons indicated above, we request that the criteria for eligibility be reviewed by the USTR so that Argentina can continue within the System as it has done so far.

ConAgra Foods, Inc.
Suite 950
1627 I Street, NW
Washington, D.C. 20006

TEL: 202-223-5115
FAX: 202-223-5118

Brent A. Baglien
Vice President
Government Affairs

September 5, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
USTR Annex, Room F-220
1724 F Street, NW
Washington, DC 20508

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

RE: GSP Review – Retention of Benefits for Peanuts from Argentina and PET Resin from India, Indonesia, and Thailand

Dear Chairman Sandler:

ConAgra Foods ("ConAgra") respectfully submits the following comments in response to the August 7, 2006 *Federal Register* (71 *Fed. Reg.* 152) notice regarding the eligibility of certain countries under the Generalized System of Preferences (GSP). The GSP program should not be limited, suspended or withdrawn for Argentina, India, Indonesia, and Thailand. If GSP benefits for these countries are limited, the program should continue to apply to peanuts (Raw Shelled - HS 1202.20) and (Blanched - HS 2008.11), as well as bottle grade polyethelene terephthalate (PET) resin (HTS 3907.60.0010. The former two tariff categories are granted GSP preferences under existing competitive need limitations (CNL) waivers, which should not be terminated.

PET resin is used to manufacture the plastic bottles and packages that contain many common processed food products such as fruit juices, soft drinks, soups, and frozen foods. The countries of India, Indonesia and Thailand account for 18% of the U.S. market and the withdrawal of GSP benefits for these countries, would result in imposition of a tariff of 6.5% on the imports of bottle-grade PET resin.

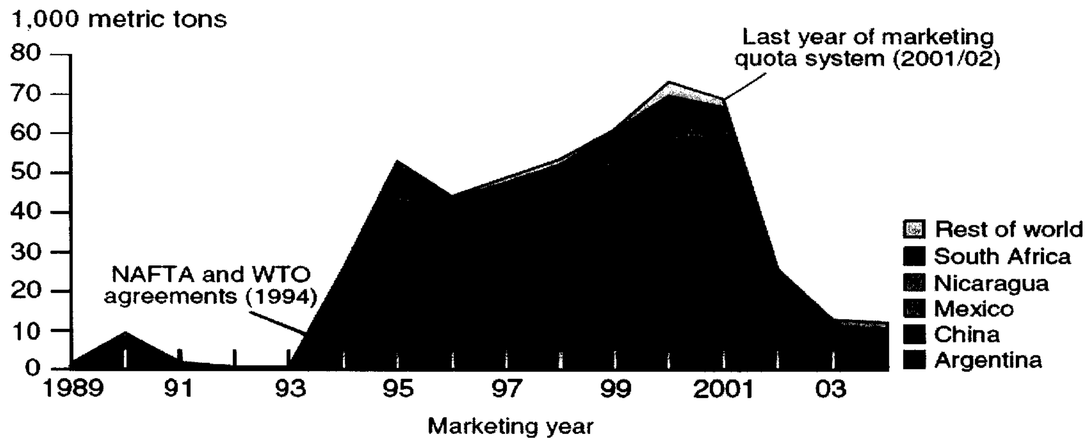
Moreover, India, Indonesia and Thailand are examples of countries that demonstrate the value of the GSP program. Through trade, these countries have improved their economic conditions, a result that we feel would be threatened if their GSP eligibility were removed. The U.S. economy would be adversely affected at the same time, as is demonstrated by this specific example.

With respect to peanuts, before the Trade Policy Staff Committee recommends to the President the limitation or suspension of GSP preferences on peanut imports from Argentina, the Administration should first conduct an assessment of the impact that drought conditions in the southeastern United States may have on peanut prices and separately determine whether the continuation of duty-free benefits for Argentine imports would have any effect on the price of peanuts in the U.S. market.

A. U.S. Imports in Decline in Recent Years Due to Domestic Support Programs

Revisions to the domestic peanut program in the 2002 Farm Bill resulted in a dramatic change in peanut prices in the U.S. market. Prior to the Farm Bill, production and marketing restrictions resulted in high prices for U.S. peanuts, and lower-cost peanuts from abroad filled the small U.S. import quotas allowed under the program. With the farm bill changes, domestic peanut prices fell, such that the price differential between imported and domestic peanuts was reduced beginning in 2003. As a result, there was a significant reduction in peanut imports beginning in 2003, which coincidentally is the year that USTR granted a petition allowing in-quota peanuts from Argentina to enter the United States duty-free under the GSP program [See Case # 2001-SR-03 and 2001-SR-05].

U.S. imports by source:
Imports decline following 2002 Farm Bill

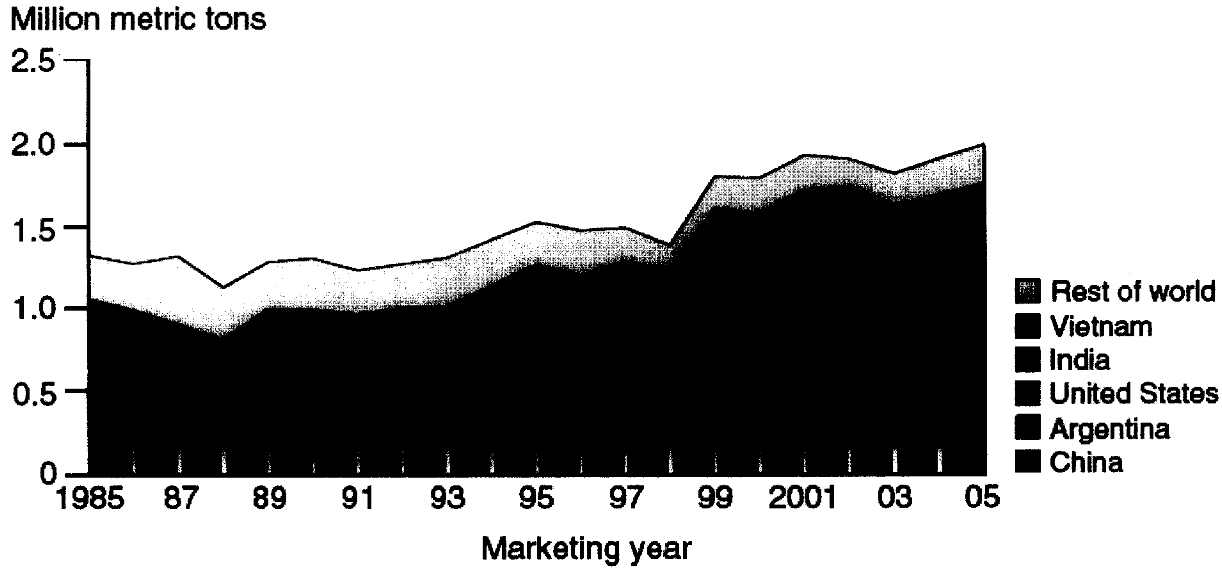


Source: USDA, Foreign Agricultural Service, "FASonline: U.S. Trade Internet System," available at http://www.fas.usda.gov/ustrade/USTImFAS.asp?QI=/.

B. Argentina Lags Behind China as Peanut Exporter

Argentina currently has the largest annual U.S. import quota of any country (at 43,901 mt), but has not been competitive in the U.S. market for several years due to the pricing differentials. As a result, Argentina only exported 735 mt of peanuts to the United States in 2005, or 1.7% of the total quota available. Imports from China accounted for over 60 percent of total U.S. peanut imports in 2005. If anything, the removal of GSP preferences from Argentina would only make its peanuts less price-competitive with Chinese peanuts in the U.S. market, further discouraging imports from the country.

Exports by country: China emerges as world's leading peanut exporter



Source: Foreign Agricultural Service, USDA, "Production, Supply and Distribution (PSD) Online."

C. Drought Conditions May Increase Demand for Imports

Despite the lower prices for domestic peanuts in the U.S. market in recent years under the 2002 Farm Bill, the drought conditions that have stricken several peanut-growing regions of the United States in 2006 threaten to increase the need for imported product. Georgia and northern Florida, which accounted for 53% of total peanuts produced in the United States in 2005, have been hardest hit by drought conditions among peanut-growing regions. According to USDA's August 15 *Weekly Weather and Crop Bulletin:*

> "**Peanuts continued to develop behind normal, mostly due to excessively dry weather in the Southeast and southern Great Plains**. At month's end, 83 percent of the crop had reached the pegging stage, 4 points behind last year and 7 points behind normal. Pegging trailed slightly behind normal in Georgia and South Carolina, but was over a week behind normal in Texas and nearly 3 weeks behind in Alabama." (Emphasis added)

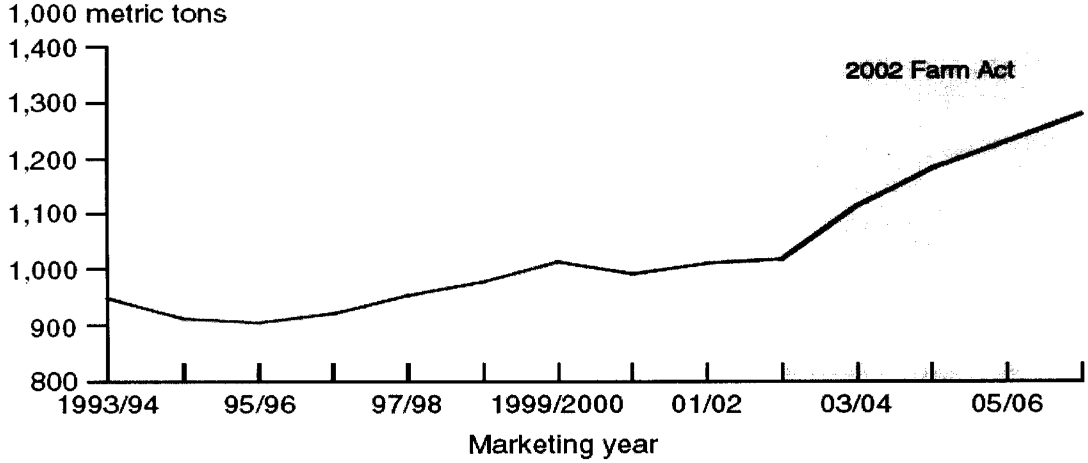
From USDA's August 11, 2006 *Peanut Crop Production Report* (emphasis added):

2006 PEANUT CROP ESTIMATE - Production is forecast at 1,630,400 tons, **down 32 percent** from last year's crop and down 24 percent from 2004. If realized, **this would be the lowest production since 1980**. Area for harvest is expected to total 1.23 million acres, down 3 percent from June and down 24 percent from 2005. Yields are expected to average 2,645 pounds per acre, 315 pounds per acre below last year. Planted acres, at 1.26 million, are down 3 percent from the June estimate and 24 percent below 2005.

SOUTHEAST PEANUTS - Production in the Southeast States (Alabama, Florida, Georgia, Mississippi, and South Carolina) is expected to total 2.25 billion pounds,(1,124,150 tons) down 34 percent from last year's level. Yields in the region are expected to average 2,410 pounds per acre, 416 pounds below 2005. **Hot, dry weather in Alabama, Florida, and Georgia caused crop conditions to decline sharply from last year**. As of July 30, the percent of crop rated very poor to poor was 42 percent in Alabama, 55 percent in Florida, and 29 percent in Georgia compared to 4 percent, 2 percent, and 5 percent respectively for the same time period last year. Expected area for harvest, at 933 million acres, is down 22 percent from last year.

The four southeastern states of Alabama, Georgia, Florida, and Mississippi have not produced less than 60 percent of the domestically grown peanuts in the past five years, which are used for processed food products, such as Peter Pan® peanut butter. A drought and acreage-reduced crop in 2006 would translate into less supply of domestic peanuts in the U.S. market, and has already increased prices for peanuts 25 percent, or $176/mt, in the past six months. In order to prevent input costs from resulting in inflationary pressures on downstream consumers of peanut-based products, reasonably-priced imports would be a natural alternative for peanut-consuming industries. A tariff on the in-quota imports from Argentina would essentially be a deterrent to sourcing from that country to offset a domestic supply reduction because of the drought. Not only would peanut consumers face higher prices because of domestic peanut shortfalls, but would be twice penalized in having to pay the equivalent of nearly $3 million in taxes on peanuts sourced from the only country for which the United States provides a significant import quota.

U.S. demand for peanut food use climbs rapidly following 2002 Farm Act



Sources: World Agricultural Outlook Board, USDA.

Before the Trade Policy Staff Committee decides to limit or suspend GSP preferences on peanut imports from Argentina, it should first conduct a study of the U.S. domestic market for peanuts to determine the impact of a major drought on U.S. peanut prices. Although there are not currently a significant amount of peanut imports from Argentina, the potential exists that Argentina could provide an important supply to U.S. processed food industries in the event of a domestic shortage due to drought conditions. U.S. food manufacturers and U.S. consumers would be burdened by tariff barriers discouraging imports from a developing country.

D. Developmental Indicators Argue Against the Removal of Argentina from the GSP Program.

The World Bank ranks Argentina below 14 other GSP beneficiaries in terms of per capita Gross National Income (GNI). Gabon, Panama, and Costa Rica, which are not subject to the USTR's review, all rank higher in this measure of development. Furthermore, Argentina's current level of economic performance is considerably lower than it was during the 1990s, when the country was a beneficiary under the GSP program. High inflation (12.3% at the end of 2005), relatively high unemployment (10%), and a high poverty rate (33.8% of the population lives under the poverty line, with 12.2% below the extreme poverty line based on 2005 IMF data) argue against a removal of Argentina from the GSP beneficiary list. Increased barriers on Argentina exports to the United States could harm not only Argentina's economic stability, but could also disrupt trade flows and lead to higher prices for U.S. consumers.

E. Trade-Enforcement Leverage Would Be Lost by Removing Argentina's GSP Eligibility.

The limitation or suspension of GSP benefits for a country is a powerful tool for the U.S. private sector and U.S. trade officials to seek changes in the practices of a beneficiary country. The GSP record has repeatedly shown that "country practice" petitions have afforded USTR the leverage to encourage beneficiaries to reduce significant barriers to trade in goods, services and investment and to provide enforcement of intellectual property rights. This leverage has resulted in increased market access for U.S. exports and improvements in policies of importance to the U.S. Government. If GSP eligibility for Argentina is limited, suspended, or withdrawn, then it will not be as responsive to country practice petitions accepted by the U.S. Government. Thus, a significant tool in U.S. trade-enforcement leverage would be lost.

ConAgra appreciates the consideration of these views in the Trade Policy Staff Committee's review of the eligibility of certain GSP beneficiaries.

Sincerely,

Brent Baglien
Vice President, Government Affairs
ConAgra Foods, Inc.

[PUBLIC VERSION]

2006 GSP ELEGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELEGIBILITY

INTERESTED PARTY: CIARA.

BENEFICIARY COUNTRY: Argentina

September 1st, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
1724 F Street, NW
Room F 220
Washington, D.C. 20508

Ref. GSP Elegibility
Written Comments

Dear Ms. Sandler,

We are writing to you in reference to the Notice published in the Federal Register of August 8th, 2006 (Vol.71, No.152), and to submit to your consideration our comments about the review of the beneficiary status for certain countries within the Generalized System of Preferences (GSP).

Cámara de la Industria Aceitera de la República Argentina (CIARA) is the argentine chamber of the oil crushing industry dedicated to promote and protect the interest of local processors of vegoils and protein meals.

It is on behalf of the oilseed crushing and Argentina that CIARA hereby submits this petition.

Our products under GSP are the following:

1508 Peanut (ground-nut) oil, and it’s fractions, whether or not refined, but not chemically modified

15179010 Edible artificial mixtures of two or more the products provided for in headings 1501 to 1515 inclusive, cont. 5% or more by weight of soybean oil o fraction thereof
15179020 Edible artificial mixtures of products provided for in headings 1501 to 1515, nesi
2305 Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of peanut (gound-nut) oil
23063000 Oilcake and other solid residues, whether or not ground in the form of pellets, resulting from the extraction sunflower oil

In this context, we strongly support the maintenance of the beneficiary status to Argentina within the GSP for which we submit the following considerations.

1.- Argentina's trade under GSP

When revisiting the criteria within which countries could become beneficiaries of the GSP, USTR has included those countries with imports over US$ 100 million in 2005 under GSP.

Argentina made most of the GSP system. In fact, in the past years the country has had a reasonable rate of utilization.

The rate of utilization of the system has been increasing as it is stated in the following table.

Table I. Argentine Exports to the United States (million u$s)

	2002	2003	2004	2005
1) Total exports to the US	3.185	3.169	3.745	4.571
2) Total exports of products included in the GSP	404	465	582	792
3) Total effective exports under GSP	287	450	563	616
GSP Exports / Total Exports	12,7%	14,7%	15,5%	17,3%
Utilization rate (3) / (2)	71,0%	96,8%	96,7%	77,7%

Source: Ministry of Economy and Production, Argentina on the basis of International Trade Commission, United States.

That means that the GSP is a tool and a benefit that the US offers to Argentina and it is used by the country.

It is important to note that Argentina does not concentrate as country of origin a great part of US imports under GSP Programme. According to public statistics Argentina sold to the US in 2004 under GSP scheme about US$ 563 million. **This amount represents just 2,4% of the US total imports under GSP for that year.**

In 2005, imports under GSP form Argentina accounted for 17% (US$ 616 million) of total US imports from Argentina US$ 4,750 billion.

2.- World Bank Classification of Countries

The USTR has followed the classification made by The World Bank, describing Argentina as an upper-middle income country together with other 12 countries.

There are some important considerations and indicators of the socio-economic reality of the country that are not reflected not taken into account in this classification. We described them in the following paragraphs.

2.a Crisis and recovery

As a consequence of the economic and social crisis that broke out in late 2001, an its ramifications in terms of asymmetrical devaluation, and the default on Government debt as well as portions of private debt, Argentina experienced a deep decline in economic activity.

This was clearly reflected by some indicators of year 2002 that contracted seriously: GDP: -11%, Exports -5%, Imports: -56%, Industrial Production -10.6%, Investment Rate: -40%, Domestic Consumption: -13.8%. Unemployment Rate also reached its peak: 21%.

It is important to say that the 2002'crisis was the critical point after 8 years of continuous depression of the Gross National Product and a serious recession context, with permanent increase of poverty indicators as well as country risk rates.

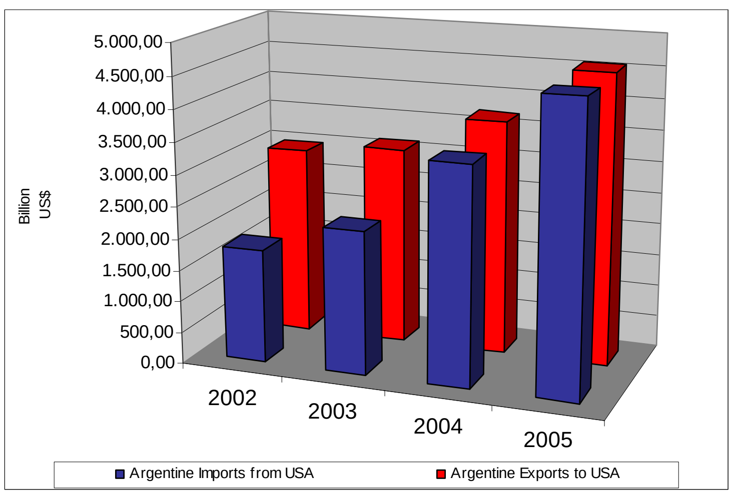
From that moment, one of the main challenges for the country was returning to the path of sustainable growth, which would help to improve the situation of poverty that affected over 50% of the population. Therefore Argentina urgently needed to generate employment and foreign currency in order to fulfill their international commitments.

The average growth rate of about 8% in the last three years, should be interpreted within this context of recovery of the country.

As a consequence of the recovery process, Argentine exports grew considerable in the last three years at an average rate of 16 per cent. In this way, exports constituted a key component of Argentina recovery after the crisis of 2001-2002. Exports to the United States followed the general path, from US$ 3,133 billion in 2002 to US$4,570 billion in 2005.

While Argentina was working to continue resurging from crisis, imports began to rise also, reducing the trade surplus. The bilateral exchange with US followed the same path.

Table II. Argentine Exports/Imports from the United States



Source: UNSD, COMTRADE. Database

2.b Regional disparities

It is important to consider that Latin America is ranked in the top places in terms of negative income distribution. Argentina, while it used to be considered an extraordinary case in the region in this issue with a particular and strong middle class, in the last years and specially after the 2001-2002 crisis, it has follow the path of other traditional Latin American Countries and inequality in income distribution has increased.

Negative distribution of income has been widening the gap that separates those who have more from the needy. In Argentina, the highest decile on the income-distribution curve accounts for more than 37% of income, **while the lowest decile only accounts for 1.2%.**

In this context, the economy Added Value in 2005 was ARS $ 262,774 million (1993 prices) while in 1998 was 263,702.

2005's Gross Product in market prices (1993 prices) was ARS $ 304,764 million while in 1998 was ARS $ 288,123 (Source INDEC).

In this framework, we are aware that thanks to GSP and the possibility it brings to the exports of argentine goods in a competitive way, we are contributing and fostering the development of less developed regions across the country.

2.b Specific Points

The oilseeds complex was one of the main sectors that contributed to the way out from crisis, through their exports and the generation of foreign currency. Export taxes applied to and paid by the sector highly contributed to the maintenance of social programs implemented after the crisis.

Direct employment generated by the sector is about one million persons and is distributed in different regions across the country. The sector repeatedly proved efficiency while enduring for many years the most adverse marketing conditions caused by the domestic economy crisis, high fiscal pressure, international markets falling prices (1998-2002) and a context of unfair external competition as a consequence of exports and domestic subsidies in other countries.

In the case of peanuts, more than 10.000 workers and dozens of towns located in Córdoba province peanut belt (account for 100% of the country's production) depend upon the peanut's industry exports.

In the case of soybeans, while they are harvested in central and northern Provinces, the crushing, refining and bottling plants are concentrated in the Great Rosario area (78%) and Great Rosario was one of the argentine cities that most suffered from the last economic crisis due to the collapse of others industries and the consistent fall of employment

In the case of sunflower seed complex, the main harvesting zone is distributed within 3 provinces thus it contributes to the economic activity and development of several locations and populations. However, the shrinking international market, together with many years of adverse weather conditions and unfavorable relative prices given to the local production of seed conform a pessimistic scenario for the next years.

3. Considerations and Petition

To sum up, it is fundamental form an Argentine perspective to maintain our country in the GSP because the reasons presented in the sections above and in particular considering that:

a) The U.S market is necessary for Argentina to diversify the export base for these products that so far have been traditionally dependant of European markets, a circumstance that is not favorable for Argentine sunflower and peanut producers or crushers.
b) GSP advantages contributed to bringing the Argentine economy out of the severe crisis affecting the country. Allowing these products to continue to enter the U.S. market under the GSP program would increase Argentine exports and thus bring in more U.S currency for servicing public and private debt.
c) Permanence in this program will provide significant support to thousands of Argentine farmers devoted to the growing and harvesting whose production area is mainly located in regions where oilseeds are the unique alterantive for agricultural exploitation.
d) Argentine exports have minimal impact on the competitiveness and profitability of U.S. economy (and specially farmers) as Argentine grain and oilseed exports as well as their byproducts are not only are not subsidized but are subject to export taxes.

Finally, given the current environment in certain Latin American countries, GSP benefits reinforce the positive message on how trade promotes growth and development, better than financial assistance.

For the reasons set out above, the Cámara de la Industria Aceitera de la República Argentina (CIARA) respectfully requests that the President’s exercises his discretionary authority to maintain Argentina under the GSP program.

Yours sincerely

Lic. Alberto Rodriguez
Executive Director

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Buenos Aires, September 4, 2006

To the
GSP Subcommittee
Office of the United States Trade Representative
USTR Annex, Room F–220
1724 F Street, NW
Washington, DC 20508

Dear Sirs,

CERA—Cámara de Exportadores de la República Argentina (Argentine Chamber of Exporters)—is a private non-profit organization that represents the interests of Argentine exporters. It is herein represented by myself, Enrique Santiago Mantilla, Argentine passport No. 4.542.891, in my capacity as President of this institution. I herewith put forth, for your consideration, some key arguments to support Argentina's continuation in the GSP program without modifications.

Argentina is one of the 13 countries benefited by the Generalized System of Preferences (GSP), which may see its benefits limited, suspended or withdrawn at the end of the current year, as a result of the overall program revision (Federal Register, 08-08-06).

This presentation argues that a thorough analysis of the Argentine case, leads to the conclusion that, keeping the country within the GSP program, constitutes a 'win-win' situation for the United States.

1. WHY INTERNATIONAL TRADE, WHY PREFERENCES?

Adam Smith, at the beginning of chapter II of *The Wealth of Nations*, wrote about "the propensity in human nature to truck, barter, and exchange one thing for another".

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Four decades later, David Ricardo extended this concept to the international arena, with his Theory of Comparative Advantage. This theory still holds as true today as it did at the beginning of the XIXth century.

According to the theory, for each country, international trade is better than autarchy and, in general terms, more trade is preferable than less trade. This is true from the point of view of a country's GDP level as well as from the perspective of its rate of growth.

When Ricardo's theory was formulated, other arguments soon appeared. Voices rose in favour of tariff and non-tariff protection based on different reasons: fiscal considerations (Alexander Hamilton in the United States), infant industry (Friedrich List in Germany, John Stuart Mill in England), income distribution (Wolfgang Friedrich Stolper and Paul Anthony Samuelson, in the United States), internal distortions (Mihail Manoilescu, in Romania), domestic security (food production in Europe, since the First World War) and others. And in each and every case, economic analysis shows that protection is only a second best tool.

If free trade is the ideal commercial system, why are there schemes such as the GSP? Because, unfortunately, this ideal cannot be reached immediately. There are reasons for the developed countries to accelerate the elimination of trade barriers —for certain countries and for certain products—before the ideal can come into being.

Argentina, as a developing country, has structural disadvantages in its competitiveness (weak financial system, lack of technology, insufficient infrastructure, etc.). Moreover, it is discriminated against by the agricultural subsidies of developed countries, and these affect its comparative advantages. The GSP program, therefore, helps reduce asymmetries.

For these reasons, the GSP system should be expanded, not limited. In this sense, Ms. Susan Schwab, the United States Trade Representative, is correct when she says that more countries need to benefit from the program to advance their economic development.

In Argentina's case, the GSP program should be maintained and expanded. This will be beneficial not only for Argentina as a developing country, but interestingly, for the U.S. as well.

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2. ARGENTINE INTERNATIONAL TRADE, TRADE WITH THE U.S. AND GSP

Table 1 shows Argentina's exports and imports of goods and services, and the trade balance vis-à-vis the rest of the world and the United States, from 1985 to 2005.

TABLE 1

ARGENTINA: TRADE BALANCE, OVERALL AND WITH THE UNITED STATES (millions of U.S. dollars)

Year	Total exports	Total imports	Balance	Exports to U.S.	Imports from U.S.	Balance with the U.S.	Surplus U.S./ total surplus, in %
1985	8,396.1	3,844.2	4,551.9	1,069.3	721.3	348.0	
1986	6,851.7	4,723.8	2,127.9	855.4	943.3	**-87.9**	
1987	6,275.0	5,785.0	490.0	1,079.7	1,090.4	**-10.7**	
1988	9,135.0	5,324.0	3,811.0	1,435.7	1,053.7	382.0	
1989	9,577.0	4,203.0	5,374.0	1,390.7	1,038.9	351.8	
1990	12,352.7	4,076.7	8,276.0	1,511.4	1,178.5	332.9	
1991	11,977.7	8,275.5	3,702.2	1,286.9	2,045.1	**-758.2**	
1992	12,235.0	14,871.7	**-2,636.7**	1,256.4	3,223.1	**-1,966.7**	
1993	13,117.5	16,783.9	**-3,666.4**	1,205.7	3,775.8	**-2,570.1**	
1994	15,839.3	21,590.2	**-5,750.9**	1,725.4	4,461.4	**-2,736.0**	
1995	20,919.0	19,995.0	924.0	1,760.8	4,189.2	**-2,428.4**	
1996	23,809.0	23,742.0	67.0	2,279.2	4,516.9	**-2,237.7**	
1997	26,378.0	30,450.0	**-4,072.0**	2,228.1	5,810.1	**-3,582.0**	
1998	26,443.0	31,405.0	**-4,962.0**	2,230.9	5,885.8	**-3,654.9**	
1999	23,333.0	25,507.0	**-2,174.0**	2,598.4	4,949.8	**-2,351.4**	
2000	26,409.0	25,244.0	1,165.0	3,099.5	4,695.5	**-1,596.0**	
2001	26,634.8	20,320.2	6,314.6	3,013.4	3,920.0	**-906.6**	
2002	25,709.0	8,991.0	16,718.0	3,187.3	1,585.5	1,601.8	9.6
2003	29,565.0	13,834.0	15,731.0	3,169.8	2,437.3	732.5	4.7
2004	34,550.0	22,447.0	12,103.0	3,745.5	3,388.1	357.4	3.0
2005	40,014.0	28,693.0	11,321.0	4,583.6	4,121.9	461.7	4.1

Source: CERA based on U.S. International Trade Commission data.

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Table 1 shows how Argentina's total exports increased in jumps: in the 1990s, when export taxes on primary products were eliminated; in 1995, as a consequence of the recession caused by the Mexican crisis (the "Tequila effect") and, from 2003 on, after Argentina's deep economic crisis (2001-2002) that coincided with the increase in the international price of commodities— soybeans and petroleum in particular.

Argentine imports are very sensitive to GDP growth because the bulk of imports are capital goods, intermediate goods and parts and pieces for capital goods. At the beginning of the 60's, C. F. Díaz Alejandro estimated the marginal propensity to import in Argentina was 3, very similar to the current level.

As a result, the Argentine trade balance improved significantly during recessions, but was in the red during recoveries. This is visible in the 1992-99 deficit, with the exception of 1995-96, when the "Tequila effect" made its mark.

After the 2001-2002 economic crisis, the current surplus resulted from the exogenous increase of export prices that neutralized the significant increase in imports (in 2005 the value of total imports more than tripled the 2002 value, and was just 9% below the all time maximum of 1998). This shows Argentina is recovering its import capability.

Table 1 also shows Argentina's trade relations with the United States.

The simple visual comparison of the columns in Table 1 shows, on one hand, the trade balance between Argentina and the U.S., and on the other, the total trade balance of Argentina in general. It is clear that when the total balance is negative, it is more negative with the U.S. and when it is positive, it is less positive with the U.S.

For example, in 2005 Argentina's trade balance with the U.S. was positive by 4.1% of the total, while 14.4% of Argentine imports originated in the U.S. and 11.5% of Argentine exports were destined to the U.S.

Therefore, between 1985 and 2005 Argentina imported goods worth US$65 billion from the U.S., and exported goods worth US$45 billion. During the last 20 years, the average of imports from the U.S. exceeded exports to the U.S. by 44%.

The U.S. economy has a huge trade deficit. However, Argentina today is probably one of the few countries that has a trade deficit with the U.S.!

If we look at the trend of Argentina's trade with the U.S. in the first half of 2006 —Table 2—we clearly see the U.S. heading for a surplus:

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TABLE 2

ARGENTINA's TRADE WITH THE U.S. IN 2006
(in millions of U.S. dollars)

Month	Exports	Imports	Balance
January	368.9	342.6	26.3
February	321.2	295.5	25.7
March	380.2	411.2	**-31.0**
April	289.6	360.1	**-70.5**
May	331.7	412.4	**-80.7**
June	302.7	396.7	**-93.9**
Total	**1,994.4**	**2,218.5**	**-224.1**

Source: CERA based U.S. Census Bureau data.

Shouldn't this fact be an additional criterion with which to evaluate countries when analyzing their respective situation vis-à-vis the GSP program? Shouldn't this be considered when making the decision?

As with the other participating countries, most of Argentina's exports to the U.S are not channeled through the GSP. But the GSP has been heavily used in trading the products listed in the program. Trade under the GSP has been important for the local producer, for the geographical hinterland where the plant or firm is located, and—certainly—for the U.S. importer.

Table 3 shows the main products exported in 2005 from Argentina to the U.S. under the GSP.

Four products (leather (2), methanol and beef) account for 29% of total exports under the GSP, while 15 products account for 60% of total exports under the program.

In reference to 2005,Table 4 shows the importance of Argentine exports to the U.S. under the GSP as a proportion of the corresponding U.S. imports of the 15 products included in Table 3.

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TABLE 3

ARGENTINA'S MAIN EXPORTS TO THE U.S. UNDER THE GSP, 2005				
HTS number	**Product**	**US$ millions**	**% of total**	**% acumulated**
41071150	Full grain unsplit upholstery leather of bovines (not buffalo) nesoi and equines, w/o hair on, prepared after tanning or crusting, not 4114	49.8	8.1	8.1
29051120	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNC) or for direct use as fuel	48.2	7.8	15.9
16025020	Prepared or preserved beef in airtight containers, other than corned beef, not containing cereals or vegetables	43.2	7.0	22.9
41071950	Whole upholstery leather of bovines (not buffalo) nesoi and equines nesoi, without hair on, prepared after tanning or crusting, not 4114	38.2	6.2	29.1
17049035	Sugar confections or sweetmeats ready for consumption, not containing cocoa, other than candied nuts or cough drops	26.8	4.3	33.5
04069041	Romano, reggiano, parmeson, provolone, and provoletti cheese, nesoi, from cow's milk, subject to add. U.S. note 21 to Ch. 4	23.5	3.8	37.3
76051100	Aluminium (o/than alloy), wire, with a maximum cross-sectional dimension over 7 mm	22.4	3.6	40.9
15091040	Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container 18 kg or over	20.3	3.3	44.2
29310090	Other non aromatic organo-inorganic compounds	17.8	2.9	47.1
41079180	Full grain unsplit bovine (not buffalo) & equine leather; not whole, w/o hair on, nesoi, fancy, prepared after tanning or crusting, not 4114	16.1	2.6	49.7
35030055	Gelatin sheets and derivatives, nesoi; isinglass; other glues of animal origin, nesoi	15.3	2.5	52.2
42033000	Belts and bandoliers with or without buckles, of leather or of composition leather	12.9	2.1	54.3
28273950	Chlorides, nesoi	11.9	1.9	56.2
16025009	Prepared or preserved meat of bovine animals, cured or pickled, not containing cereals or veget.	11.8	1.9	58.1
28369100	Lithium carbonates	9.6	1.6	59.6
Sub total		**367.8**	59.6	
Other products		**248.8**	40.4	
Total		**616.6**	100.0	

Source: CERA based on U.S. International Trade Commission data.

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TABLE 4

ARGENTINA'S MAIN EXPORTS TO THE U.S. UNDER THE GSP, 2005 (US$ millions) ARGENTINA'S RANKING AMONG U.S. IMPORTS					
HTS number	**Product**	**Total U.S. imports**	**Imports from Argentina**	**Argentina as % of total**	**Ranking**
41071150	Full grain unsplit upholstery leather of bovines (not buffalo) nesoi and equines, w/o hair on, prepared after tanning or crusting, not 4114	103.1	49.8	48.3	2
29051120	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNC) or for direct use as fuel	442.9	48.2	10.9	3
16025020	Prepared or preserved beef in airtight containers, other than corned beef, not containing cereals or vegetables	48.2	43.2	89.6	1
41071950	Whole upholstery leather of bovines (not buffalo) nesoi and equines nesoi, without hair on, prepared after tanning or crusting, not 4114	39.7	38.2	96.2	1
17049035	Sugar confections or sweetmeats ready for consumption, not containing cocoa, other than candied nuts or cough drops	103.9	26.8	25.8	2
04069041	Romano, reggiano, parmeson, provolone, and provoletti cheese, nesoi, from cow's milk, subject to add. U.S. note 21 to Ch. 4	28.3	23.5	83.0	1
76051100	Aluminium (o/than alloy), wire, with a maximum cross-sectional dimension over 7 mm	28.5	22.4	78.6	1
15091040	Virgin olive oil and its fractions, whether or not refined, not chemically modified, weighing with the immediate container 18 kg or over	78.9	20.3	25.7	2
29310090	Other non aromatic organo-inorganic compounds	21.4	17.8	83.2	1
41079180	Full grain unsplit bovine (not buffalo) & equine leather; not whole, w/o hair on, nesoi, fancy, prepared after tanning or crusting, not 4114	24.9	16.1	64.7	1
35030055	Gelatin sheets and derivatives, nesoi; isinglass; other glues of animal origin, nesoi	41.6	15.3	36.8	2
42033000	Belts and bandoliers with or without buckles, of leather or of composition leather	30.8	12.9	41.9	1
28273950	Chlorides, nesoi	12	11.9	99.2	1
16025009	Prepared or preserved meat of bovine animals, cured or pickled, not containing cereals or vegetables	11.9	11.8	99.2	1
28369100	Lithium carbonates	9.6	9.6	100.0	1
Sub total		**1025.7**	**367.8**	**35.9**	
Other products			**248.8**		
Total			**616.6**		

Source. CERA based on U.S. International Trade Commission data.

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In the ranking by country of U.S. imports of the products under analysis, Argentina is normally country number 1 and never less than number 3 in its proportion of what the U.S. imports. Chlorides and Prepared or preserved meat of bovine animals imported by the U.S. are from Argentina and constitute 100% of its imports. In the case of Whole upholstery leather of bovines, it constitutes 96% and in the case of Prepared or preserved beef in airtight containers, it is 89%.

This fact is particularly important because an interruption of the GSP program for Argentina may have significant consequences for U.S. companies that use Argentine products—either as final products or raw materials.

I would like to underline three situations relevant to the Argentine-U.S. trade relationship:

- Offshoring is a growing concern in the U.S. Therefore, it is important to emphasize that Argentine exports to the U.S. are not a consequence of inadequate offshoring operations. Exports of leather, cheese, methanol, etc., are not by-products of the dismantling of plants originally located in the U.S. and relocated in Argentina for GSP reasons.

- In September 2005, Argentina became the first Latin American country to participate in the Container Security Initiative—an effective tool in combating terrorism—and works closely with the U.S. Customs and Border Protection through its Federal Revenue Administration agency (AFIP).

- In July 2006, Argentina and the U.S. launched the Trade Transparency Unit Program (TTU) which will provide Argentina with software designed to exchange information between the U.S. Customs Service and the Argentine Customs Office to combat money laundering. The program, which includes training and equipment, complements the Container Security Initiative.

3. CONCLUSIONS

1) In line with the overall U.S. trade policy, the GSP should be expanded, not limited or reduced. It is an effective way to accelerate the process of trade liberalization.

2) The GSP should continue to include Argentina because it is one of the few countries that does not contribute to the U.S. trade deficit. Argentina exports goods and services basically to import goods and services, especially from the U.S.

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This fact must be very seriously considered, because the revision of the GSP program should focus, not only on the beneficiary countries, but also on the trade relationship of each country with the United States. In Argentina's case, the better Argentina performs, the better it will be for U.S. exports. As expressed earlier, it is a win-win situation.

3) Lastly, the main Argentine products included in the program (leather, beef, cheese, etc.) are primary products, produced in the backward regions of the country.

Consequently, curtailing the benefits of the GSP program will delay economic recovery and aggravate social exclusion. Although the worst of the 2001-2002 crisis is over now, in the second half of 2005, 33.8% of Argentina's population was below the poverty line (according to INDEC, Argentina's National Institute of Statistics and Census).

For all of the above reasons, we believe that Argentina should remain in the GSP program without modifications.

Yours truly,

Enrique S. Mantilla
President

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Tel./Fax: (54-11) 4394-4482 (Líneas rotativas) / contacto@cera.org.ar / www.cera.org.ar
Mercoex: Consejo de Comercio Exterior del Mercosur - Sección Argentina

September 5th, 2006

To whom it may concern,

Catawba Leather is a company that has been business for nearly 4 years. Our company imports leather from Argentina for resale to our customers in the United States.

Argentina is our only supplier, from which we purchase a wide variety of articles covered under the following tariff numbers of the Harmonized Tariff Schedule of the United States (HTSUS): 41071150, 41071950 and 41079180. Since our company only sells leather from Argentina, replacing this supplier would be impossible. Our company would be forced to close and our employees would join the growing number of the unemployed.

We've been doing business with Argentina for many years and we've worked hard with them to develop new products and ideas. Our business has grown substantially as a consequence of our relationship.

We know a modification of the GSP status for Argentina is under study. This modification would represent an increase in the taxes we currently pay for importing products from Argentina.

This increase will directly affect the prices to our customers, the US furniture industry, which is already damaged by the unrestricted entry of products imported from China at very low and/or subsidized prices.

We strongly feel that the benefits of the GSP being rescinded for Argentina will contribute to further hurting the American furniture industry and its work force.

In view of the above, we support:

*The renovation of the GSP for Argentina
*That Argentina may continue enjoying the status of a country that benefits from this system
*That the Argentine products will be included in the GSP that will be renewed at the end of this year

Best Regards,

Miguel A. Caputo
Imports Manager
Catawba Leather, LLC

Catawba Leather, LLC
120 10th Street S.W., Hickory, North Carolina 28602- P.O. Box 1961, Hickory, North Carolina 28603
Phone; (828) 304-0075 Fax; (828) 304-0437
E-mail; maccatawba@charter.net

September 4, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of theTrade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, NW
Room F-220
Washington, D.C. 20508

Ref: **GSP – HTSUS : 1202.10.40 from Argentina – Comments on CNL Waivers Review (Federal Register Vol. 71, N° 152, Aug. 8, 2006)**

Dear Ms. Sandler,

The Argentine Peanut Chamber (*Camara Argentina del Mani- CAM*), representing the Argentine peanut industry, would like to refer to the Federal Register Notice dated Aug.8, 2006, inviting for public comments on revision process for certain products currently under General System of Preferences (GSP).

1.- Request for maintaining existing preferences

In regard to this revision, CAM hereby submits a request for the following product to continue being included in the GSP keeping its current preference.

HTSUS 1202.10.40 **Peanuts (ground-nuts), not roasted or cooked, in shell Subject to add. US note 2 to chapter 12.**

According to interim USITC data, Customs value of US imports for consumption is:

Year 2005 (thousand US dollars) : $ 0.0
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The preference allocated to this product under the GSP from 2002 on, never represented a threat to the US peanut producers, since Argentine peanuts are subject to a quota system that allows for a limited volume to enter the US market.

Currently the US have two quotas for peanut products from Argentina: 43,901 tones for edible peanuts and 3,650 tones for peanut paste. Despite having been included in the GSP, Argentine peanuts could not manage to compete against American peanuts in the local market.

The US Peanut Program protectionist measures depress market prices and our products –with additional freight costs and export tariffs- can hardly be competitive. For this reason, US imports of Argentine peanut products in recent years barely reached a few thousand tones compared to a full quota before 2002.

Since 2002, the US import quota allocated to Argentine peanuts under the 1994 GATT MoU resulted virtually closed and the original benefit of that quota disappeared.

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1999	*40,388*	*17,686*	*23,152*
2000	*43,901*	*25,016*	*18,885*
2001	*43,901*	*4,208*	*39,693*
2002	*43,901*	*3,971*	*n/a*
2003	*43,901*	*5,790*	*n/a*
2004	*43,901*	*1,605*	*n/a*
2005	*43,901*	*2,038*	*n/a*

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Source: SENASA and Direccion Nacional de Mercados, SAGPyA

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2.- Information on the Argentine peanut industry

The Argentine peanut farming and industry are a regional economy exclusively devoted to export. This activity is concentrated in the Southern extreme of the Province of Cordoba.

Most of the processing companies are small private operations and cooperatives. Over 40 rural villages in Cordoba Province are sustained by the peanut industry.

The shelling companies play a vital role in their communities contributing to support schools, firefighting stations, hospitals and road nets. The Argentine peanut complex provides more than 10,000 jobs to families living in rural areas where there are no other employment sources.
A number of other related activities are also supported by peanut industry, e.g.: transport, machinery, laboratories, insurance, banking and financial services, building and infrastructure maintenance, shelling and storage equipment, packaging, agrochemical and energy supplies, etc..

Many research programs on peanut crop are financed by the industry and developed by the State Universities of Rio Cuarto and Cordoba, the National Institute of Agricultural Technology –INTA-, the National Institute of Seeds –INASE-, and the Argentine Peanut Foundation (e.g.: research on disease prevention and control, mycotoxins, irrigation, harvest techniques, and post-harvest management).

These researches involve huge investments and are mostly designed to meet importing countries and our foreign customers' requirements in terms of food quality and health.

Traditionally, the average annual peanut planting was around 280-290,000 hectares. In 1997, the acreage was even higher reaching 400,000 hectares. However, due to adverse market conditions, our peanut acreage slumped to 155,000 Hectares in 2002/2003 crop and to 172.000 Hectares in 2003/2004 crop. A slight recovery took place in 2004/2005, when planted area increased to 215.000 Hectares and, again, as a consequence of price depression, in 2005/2006 just 166.000 Hectares were planted.

In 1998 there were near 2000 peanut growers in Argentina; today no more than 200 independent farmers still continue in groundnut production.

Most of them quit peanuts because of the enormous production costs, low prices, market uncertainties and lack of credit. They do not receive subsidies or official support of any kind.

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Hence, since around year 2000, the shellers had to add planting into their regular operation in order to balance the grower's withdrawal from peanut production and get raw material for their industrial plants. Up to now, the industry is responsible for almost 80% out of the peanut acreage. This situation caused that our peanut chain links are becoming fewer and weaker.

Table II - Argentine Peanut Production (Crops 1999/00 to 2005/06)

PRODUCTION	CROP YEARS						
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
PLANTING (Hectares)	220000	251000	223000	155000	172000	215000	168000
YIELDS (Tons/Hectare)*	1,70	1,57	1,61	1,42	1,73	2,30	2,20
PRODUCTION (Tons) *	374000	394070	360000	220100	297500	494500	369600

Volume data: kernel basis (shelled peanuts)
(*) Includes lost acreage
Sources: SAGPyA - Cordoba SAGyA - private

3.- Present and Perspectives for Argentine peanut exports

In spite of low prices and adverse trade conditions in the international market, Argentine peanut industry continue investing on modern technology and new processing facilities, keeps employment levels and sustains the economy of a whole region in Southern Cordoba province.

A significant share of the inputs used in our peanut production are US make, e.g.: agricultural machinery, shelling equipment, agrochemicals, precision instruments for quality control, laboratory inputs as well as other elements.

Our peanut production is devoted to exports: Argentina exports over 80% of its total peanut production. Every year an average of 200,000 MT of edible peanuts is sold to a number of countries all over the world, mainly the European Union.

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Table IV - Argentine peanut exports to all destinations (Years 2003/2005, in Tones)

DESTINATIONS	2.003	DESTINATIONS	2.004	DESTINATIONS	2005
TOTAL:	202.652	TOTAL:	176.311	TOTAL	255.796
Netherlands	86.829	Netherlands	90.927	Netherlands	126.264
Canada	19.702	Canada	9.962	U.K.	16.698
UK	9.112	France	9.766	Canada	14.714
Mexico	8.915	Belgium	9.501	Mexico	11.018
Australia	7.602	Chile	6.802	Belgium	8.951
Italy	7.586	Italy	6.772	France	8.610
France	6.876	UK	5.397	Chile	8.430
USA	6.727	Mexico	4.874	Italy	7.074
Chile	5.844	Germany	3.802	Germany	6.842
Spain	4.642	Hungary	3.705	Poland	4.647
Belgium	4.610	Russia	3.362	Hungary	4.634
Hungary	4.360	Spain	3.276	Greece	4.124
Poland	3.781	Venezuela	2.157	Russia	3.963
Germany	3.595	Arab Emirates	1.993	Spain	3.192
South Africa	2.614	Greece	1.831	Argelia	2.969
Austria	2.605	Poland	1.661	Ukraine	2.899
Arab Emirates	2.368	USA	1.605	Arab Emirates	2.257
Greece	2.055	Tr. & Tobago	1.588	USA	2.038
Romania	1.717	Colombia	1.463	Australia	1.565
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Other (1)	9.418	Other (1)	4.643	Other (1)	13.437

(1) Leton, Israel, Denmark, China, Kuwait, Japan, Tzchek Rep., Philippines, Sweden,
Ireland, Colombia, Uruguay, Taiwan, Singapore, Austria, Bolivia, Switzerland,
Guatemala, Iceland, Serb & Montenegro, Jamaica, South Korea, Ecuador, Hong Kong

This performance requires an outstanding effort from our growers, shellers and exporters, since they compete under disadvantageous conditions in the international market against competitors that receive strong official protection through subsidies and support prices.

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Our exports main destination is the European Union, with 120 – 150,000 MT yearly shipped under the EU GSP that states tariff preferences for Argentine origin peanuts. Other destinations are Mexico, Australia, Chile, South Africa and Arab Emirates. Despite of their limited possibilities and reduced logistic capabilities, the Argentine peanut exporters participate in trade fairs and commercial missions in order to explore new markets.

Exports are the main income source for Southern Cordoba peanut region, amounting some US$ 250 million per year.

Tariff preference under the US GSP for this product should be kept in order to prevent Argentine peanut exports to the US from disappearing. At the same time, US snacks and confectionery manufacturers would have an excellent quality alternative product as an option for periods where their own crop is reduced or is not sufficient.

A due consideration to this petition would be highly appreciated, since the elimination of existing preference for this product would close the US market to our peanut exports.

Sincerely Yours,

Beatriz Ackermann CEO	Adriana Urquia President

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PUBLIC DOCUMENT

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Guatemala, Iceland, Serb & Montenegro, Jamaica, South Korea, Ecuador, Hong Kong

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Sincerely Yours,

Beatriz Ackermann
CEO

Adriana Urquia
President

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Email: camaradelmani@arnet.com.ar - Web: www.camaradelmani.com.ar

From: CAIP [caip@caip.org.ar]
Sent: Monday, September 04, 2006 3:30 PM
To: FN-USTR-FR0052
Subject: GSP program, Initiation of Reviews and Request for Comments.

Buenos Aires, September 4, 2006.

CAIP (The Argentine Chamber of the Plastics Industry), which is the business association for the plastics industry in Argentina, supports the presentation of Petrobras Argentina S.A. below:

DR. OSCAR E. SANCHEZ

MANAGER

PETROBRAS

Dear Sirs

Reference: GSP program, Initiation of Reviews and Request for Comments.

HTS number 39.20.30.00

In 1999 our company installed in Argentina a Bioriented polystyrene plant with United States technology (Marshall and Williams) for making Plastic Sheets for thermoforming bakery packaging. (50 people working)

In 2002 our country suffered a big economic crisis. Nowadays, there is a big gap between rich and poor and unfortunately our packaging works with high income-markets. That is why, our Argentine market has never been able to recover completely.

We were forced to find a way to survive by turning our company to serve the developed countries.

The largest market in the world for Bioriented polystyrene is USA. The market is around 200.000 tns and the 1960 tns imported from Argentina in 2005 represents only 1% so our impact in the market is minimum.

On the one hand, there are very few companies in USA that manufacture this product so our customers find a good alternative in us despite the fact they have to wait 40 days to receive our goods compared with the 10-day delivery time from a US producer. On the other hand, once a customer actually buys from us, we have to deliver on time because it is a make-to-the-order product and once they decide to purchase from abroad they cannot have an alternative for that month, therefore, we should not miss our arrival target day. (that's a very big natural barrier for the US producer)

For the past few years we have worked very hard to accomplish the high US quality standards; we have been increasing our year-on-year sales by gaining confidence on our US customers.

If we lose the GSP preference in our product our sales into U.S. market will be substantially reduced due to the minimum margin. A seven-year-old-working relationship will be shattered.

Argentina in this product only represents 8% of the total imports of this item under GSP.

Import Program	HTS Number	**2003**	**2004**	**2005**	**2005**
		In 1,000 Dollars			**%**
GSP fm Argentina	3920300000	1,194	2,329	3,539	7.85%
TOTAL FM WORLD IMPORTS	TOTAL	41,878	39,362	45,104	

HTS number 39.23.50.00 and 39.24.10.20

In 2002 with the economic crisis we had to find a way to survive so we have been working with our Argentine customers that were making thermoforming trays for fast food consumption and together we began to export fast food lids to the US.
We have been able to sell despite the fact plastic trays had high freight charges, which actually are around 50% of the added cost.-
Unfortunately, we will have to discontinue this business, which involves other 50 people.

Import Program	HTS Number	**2003**	**2004**	**2005**	**2005**
		In 1,000 Dollars			%
GSP fm Argentina	39235000	1,243	1,851	1,361	0.30%
TOTAL		350,495	411,540	454,095	

Import Program	HTS Number	**2003**	**2004**	**2005**	**2005**
		In 1,000 Dollars			%
GSP fm Argentina	39241000	727	224	883	0.08%

TOTAL	748,596	905,302	1,137,111

ARGENTINE SELLS UNDER GSP

Argentina sold U$S. 616,577,000 in 2005 to USA under GSP. Our products have little impact so if you were to take out any Argentine product please bear in mind it would have little impact for USA but a big impact in our country. So please do consider keeping up this GSP program.

Extended Special Import Program **share**	**2003**	**2004**	**2005**	**2005**
		In 1,000 Dollars		
GSP (excluding GSP for LDBC only)	451,294	562,858	616,577	100%
3920300000	1,194	2,329	3,539	1%
3923500000	1,243	1,851	1,361	0%
3924102000	727	224	883	0%

We are really grateful because thanks to your support we have been able to build an increasingly stronger relationship with US customers, we hereby ask if you could reconsider a way for us to continue with same benefits of the GSP program.

Regards

Ricardo Grether
BOPS commercial manager
Petrobras Energía S.A
Buenos Aires. Argentina.
Phone 54-11-4344-7200 extension 2540
ricardo.grether@petrobras.com

ASOCIACION DE FABRICAS ARGENTINAS DE COMPONENTES
ASSOCIATION OF ARGENTINE AUTOPARTS MANUFACTURERS

Viamonte 1167 - 2º piso - C.P. (1053) Buenos Aires - REPUBLICA ARGENTINA
TE/FAX: (54-11) 4374-9516/8993 - 4375-0516 - 4814-3434 E-mail: afac@afac.org.ar

Nota AFAC: 60-06

Office of the U.S. Trade Representative
Generalized System of Preferences (GSP)
Executive Director for the GSP Program
Marideth J. Sandler

RE: Request of reauthorization of Generalized System of Preferences for Argentine Autoparts Industry

Dear Madam,

Regarding to the request for Public Comments for the consideration of elegibility of certain GSP beneficiaries, we would like to explain the needfulness of reauthorization of these Program for argentine autoparts industry.

During FY 2005 Argentina's total autoparts exports to U.S. totalled U$S 250 millions, while U.S. autoparts exports to Argentina amounted U$S 340 millions. Trade balance reached a U$S 90 million dollar surplus for U.S..

Argentina sells to U.S. seats and parts of seats of a kind used for motor vehicles, pneumatic tyres, of rubber, of a kind used on motor cars, inlet and exhaust valves, shock absorbers for motor vehicles and engine parts.

U.S. sells to Argentina transmission shafts (radial ball bearings, crankshafts, plain shaft bearings, drive-axles with differential, whether or not provided with other transmission components, clutches and its parts), and engine parts.

Argentine autoparts exports to U.S. under Generalized System of Preferences (GSP) totalled in FY2005 approximately U$S 51 millions.

Autoparts industry in Argentina employs 51,000 workers, and represents 14% of industrial GDP and around 2% of National GDP. It is an industry of small enterprises, labor intensive.

A suspension of GDP would cause a serious damage to our industry, because many local manufacturers direct their production to the U.S. market.

Most of the autoparts production exported are products not manufactured in the U.S., and an eventual cut in the GSP could cause problems in the aftermarket provision and might affect american consumers. Usually these products have a small scale of production, so they don't represent an attractive volume for U.S. manufacturers.

Many manufacturing companies in Argentina are branches of american corporations, and most of argentine autoparts exports are via intra-company trade.

U.S. is the major client of most of these subsidiary companies. A suspension in the GSP could cause negative results. American corporations invested millions of dollars in argentine plants aiming to those exports.

For the reasons above explained, we would like to apply the reauthorization of Generalized System of Preferences for Argentine Autoparts Industry.

We include an Annex containing a list of products requested for reauthorization of GSP.

Yours sincerely,

Juan Cantarella
General Manager
AFAC
Association of Argentine Autoparts Manufacturers

ANNEX. LIST OF PRODUCTS REQUESTED FOR REAUTHORIZATION OF GSP

HTSUS	DESCRIPTION	Exports FY2005 (U$S)
39173200	TUBES,PIPES & HOSES,NOT RIGID,NOT REINFORCED OR OTHERWISE COMBINED WITH OTHER MATERIALS,WITHOUT FITTINGS OF POLYETHYLENE	750.135
39173200	TUBES,PIPES & HOSES,NOT RIGID,NOT REINFORCED OR OTHERWISE COMBINED WITH OTHER MATERIALS,WITHOUT FITTINGS,NESOI	0
39173260	TUBES,PIPES & HOSES,NOT RIGID,NOT REINFORCED OR OTHERWISE COMBINED WITH OTHER MATERIALS,WITHOUT FITTINGS,OF POLYVINYL CHLORIDE	0
39173900	TUBES,PIPES & HOSES,NOT RIGID,NOT REINFORCED WITH METAL,OF POLYVINYL CHLORIDE	0
39269010	BUCKETS & PAILS,OF PLASTIC	9.966
40111050	NEW PNEUMATIC TIRES, OF RUBBER, EXC RADIAL TIRES, USED ON MOTOR CARS (INCLUDING STATION WAGONS AND RACING CARS), NESOI	39.644
40112010	RADIAL TIRES, ON THE HIGHWAY, OF A KIND USED ON LIGHT TRUCKS	586.878
40112010	NEW PNEUMATIC TIRES, OF RUBBER, RADIAL, USED ON BUS/TRUCK,ON HIGHWAY,EXCEPT LIGHT TRUCK	37.580
40112010	RADIAL TIRES OF A KIND USED ON BUS/TRUCKS, OFF-THE-HIGHWAY, FOR USE ON A RIM MEASURING 40.6 CM OR MORE IN DIAMETER	28.546
40112050	NEW PNEUMATIC TIRES, OF RUBBER, EXC RADIAL TIRE, USED ON BUS/TRUCKS, OFF-THE-HIGHWAY, FOR USE 0N A RIM MEASURING LESS THAN 40.6 CM IN DIAMETER	1.260
40112050	NEW PNEUMATIC TIRES EXCEPT RADIAL,FOR USE ON BUS/TRUCK,ON-THE-HIGHWAY, EXCEPT LIGHT TRUCK	360
40112050	TIRES, EXCEPT RADIDAL, ON-THE-HIGHWAY, OF A KIND USED ON LIGHT TRUCKS	0
40119480	NEW PNEUMATIC TIRES, OF RUBBER, USED ON CONSTRUCTION/INDUSTRIAL HANDLING VEHICLES & MACHINES, RIM SIZE EXCEEDING 61 CM, NESOI	0
40119980	NEW PNEUMATIC TIRE, OF RUB, EXC HAVE HERRING-BONE , EXC TRACTOR IN SUBHDG 8701.90.10/AGRI MACHINE/IMPLEMENTS IN CHPT 84/IN SUBHDG 8716.80.10, NESOI	0
40119985	NEW PNEUMATIC TIRES, OF RUBBER, NESOI	0
40129090	INTERCHANGEABLE TIRE TREADS AND TIRE FLAPS, OF RUBBER, EXCEPT OF BICYCLE RIM STRIPS, NESOI	0

40131000	INNER TUBES, OF RUBBER, USED ON MOTOR CARS (INCLUDING STATION WAGONS AND RACING CARS)	300
40169100	FLOOR COVERINGS AND MATS, OF VULCANIZED RUBBER OTHER THAN HARD RUBBER	1.590
40169310	GASKETS, WASHERS AND SEALS, FOR AUTOMOTIVE GOODS OF CHAPT 87, NESOI	313.915
40169310	OIL SEALS, FOR AUTOMOTIVE GOODS OF CHAPTER 87	16.256
40169310	O-RINGS OF A KIND USED IN AUTOMOTIVE GOODS OF CHAPTER 87	11.546
40169350	OIL SEALS, EXCEPT OF A KIND USED FOR AUTO GOODS OF CHAPTER 87	132.996
40169350	O-RINGS OF VULCANIZED RUBBER,EX THOSE USED IN AUTOGOODS OF CHAPT 87	13.056
40169350	GASKETS, WASHERS AND SEALS, EX USED FOR AUTO GOODS OF CHAPT 87,NESOI	6.610
40169500	INFLATABLE ARTICLES, EXCEPT BOAT OR DOCK FENDERS, OF VULCANIZED RUBBER OTHER THAN HARD RUBBER, NESOI	196.654
40169903	CONTAINERS, WITH OR WITHOUT CLOSURES, OF A KIND USED FOR THE PACKING, TRANSPORTING/MARKETING OF MERCHANDISE, OF VULCANIZED RUB OTHER THAN HARD RUBBER	0
40169905	HOUSEHOLD ARTICLES, OF VULCANIZED RUBBER OTHER THAN HARD RUBBER, NESOI	1.134
40169910	HANDLES AND KNOBS, OF VULCANIZED RUBBER OTHER HARD RUBBER	996
40169915	CAPS, LIDS, SEALS, STOPPERS AND OTHER CLOSURES, OF VULCANIZED RUBBER OTHER THAN HARD RUBBER	900
40169955	VIBRATION CONTROL GOODS FOR VEH OF 8701-8705, EXCEPT OF NATURAL RUBBER	53.768
40169960	OTHER ARTICLES OF VULCANIZED RUBBER OTHER THAN HARD RUBBER, NESOI	203.783
40169960	MECHANICAL ARTICLES FOR MOTOR VEHICLES, OF VULCANIZED RUBBER OTHER THAN HARD RUBBER	53.496
48054000	FILTER PAPER AND PAPERBOARD, EXCEPT KRAFT, UNCOATED, IN ROLLS OR SHEETS	0
70071900	TOUGHENED (TEMPERED) SAFETY GLASS, NOT SUITABLE FOR INCORPORATION IN VEHICLES, AIRCRAFT, SPACECRAFT OR VESSELS	80.326
70072110	LAMINATED SAFETY GLASS WINDSHIELDS FOR MOTOR VEHICLES OF CHAPTER 87	869.486
70072900	LAMINATED SAFETY GLASS, OTHER THAN OF SIZE AND SHAPE SUITABLE FOR INCORPORATION IN VEHICLES, AIRCRAFT, SPACECRAFT OR VESSELS	457.051
70099150	GLASS MIRRORS, UNFRAMED, OVER 929 SQUARE CM IN REFLECTING AREA	115.728

70099250	GLASS MIRRORS, FRAMED, OVER 929 SQUARE CM IN REFLECTING AREA	95.071
73181560	SCREWS;STNLS STEEL;SHANK/THREAD DIAM LT 6MM, NESOI	6.230
73181560	OTHER BLT&SCRW:THR <6MM,OTHER	0
73181580	OTH SCREWS, IRN/STL, W THREAD DIAM 6MM OR MR NESOI	33.370
73181580	OTHER SCREWS OF IRON OR STEEL, HAVING SHANKS OR THREADS WITH A DIAMETER OF 6MM OR MORE, NESOI	0
73182900	OTHER NON-THREADED ARTICLES (FASTENERS) OF IRON OR STEEL, NESOI	0
73202010	HELICAL SPRINGS SUITABLE FOR MOTOR-VEHICLE SUSPENSION, OF IRON OR STEEL	50.489
73202050	HELICAL SPRINGS NOT SUITABLE FOR MOTOR-VEHICLE SUSPENSION, OF IRON OR STEEL WIRE, NESOI	58.959
74111010	TUBES AND PIPES OF REFINED COPPER, SEAMLESS, WITH OUTSIDE DIAMETER OF 6MM OR MORE, BUT NOT OVER 16MM, IN COILS ON SPOOLS	0
76081000	ALUMINUM TUBES AND PIPES NOT SEAMLESS, NOT ALLOYED	0
76082000	TUBES AND PIPES ALUM AL EXCPT SEAMLESS	5.799
83012000	OTHER LOCKS FOR MOTOR VEHICLES, OF BASE METAL	2.197
83016000	PARTS OF LOCKS, BASE METAL	12.710
83021030	HINGES AND PARTS THEREOF, OF IRON OR STEEL, ALUMINUM OR ZINC, DESIGNED FOR MOTOR VEHICLES	0
83021060	HINGES AND PARTS THEREOF, SUITABLE FOR INTERIOR AND EXTERIOR DOORS (EXCEPT GARAGE, OVERHEAD OR SLIDING DOORS) OF IRON OR STEEL, ALUMINUM OR ZINC	2.792
83021060	HINGES AND PARTS THEREOF NESOI, OF IRON OR STEEL, OF ALUMINUM OR OF ZINC	2.044
83021090	HINGES AND PARTS THEREOF, OF BASE METALS OTHER THAN IRON OR STEEL, ALUMINUM OR ZINC, NOT FOR DOORS, FURNITURE OR CABINETS	26.199
83021090	HINGES AND PARTS THEREOF FOR DOORS (EXCEPT GARAGE, OVERHEAD OR SLIDING DOORS) OF BASE METALS OTHER THAN IRON OR STEEL, ALUMINUM OR ZINC	4.094
83021090	HINGES AND PARTS THEREOF SUITABLE FOR FURNITURE AND CABINETS, OF BASE METALS OTHER THAN IRON OR STEEL, ALUMINUM OR ZINC	0
83023030	OTHER MOUNTINGS, FITTINGS AND SIMILAR ARTICLES SUITABLE FOR MOTOR VEHICLES, AND PARTS THEREOF, OF IRON OR STEEL, ALUMINUM OR ZINC	5.777.126

83023030	PNEUMATIC CYLINDERS FOR LIFTING, LOWERING, DAMPENING OR COUNTERBALANCING, SUITABLE FOR MOTOR VEH, OF IRON OR STEEL, ALUMINUM OR ZINC AND PARTS THEREOF	17.967
83071030	FLEXIBLE TUBING OF IRON OR STEEL, WITH FITTINGS	9.070
83071060	FLEXIBLE TUBING, IRON OR STEEL, WITH OUT FITTINGS	87.437
84082020	COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINES FOR PROPULSION OF VEHICLES OF CHAPTER 87, TO BE INSTALLED IN ROAD TRACTORS,BUSES,AUTOS,TRUCKS	0
84099130	ALUMINUM CYLINDER HEADS FOR SPARK-IGNITION INTERNAL COMBUSTION PISTON ENGINES FOR VEHICLES OF SUB-HEADING 8702, 8703, OR 8704	53.572
84099192	PARTS, EXC CONN RODS, FOR SPARK-IGNITION INTERNAL COMBUSTION PISTON ENGINES (INC ROTARY) FOR MARINE PROPULSION	68.254
84099992	PARTS,EXCEPT CONNECTING RODS, FOR COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINES FOR MARINE PROPULSION	0
84133010	FUEL-INJECTION PUMPS FOR COMPRESSION-IGNITION ENGINES	7.199
84133090	COOLING MEDIUM PUMPS FOR INTERNAL COMBUSTION PISTON ENGINES	179.260
84133090	LUBRICATING PUMPS FOR INTERNAL COMBUSTION PISTON ENGINES	157.970
84133090	FUEL PUMPS, EXCEPT FUEL-INJECTION, FOR INTERNAL COMBUSTION PISTON ENGINES	107.202
84139110	PARTS OF FUEL-INJECTION PUMPS FOR COMPRESSION-IGNITION ENGINES	61.336
84141000	VACUUM PUMPS	371.421
84145930	TURBOCHARGERS AND SUPERCHARGERS OF FANS NESOI	0
84145960	FANS, NESOI	9.160
84145960	FANS NESOI SUITABLE FOR USE WITH MOTOR VEHICLES	0
84145960	FANS, NESOI, CENTRIFUGAL	0
84145960	FANS, NESOI, AXIAL	0
84148090	AIR OR VACUUM PUMPS, AIR OR OTHER GAS COMPRESSORS AND FANS; VENTILATING OR RECYCLING HOODS INCORPORATING A FAN, WHETHER FITTED WITH FILTERS, NESOI	15.830
84149010	PARTS OF OTHER FANS (INCLUDING BLOWERS) AND VENTILATING OR RECYCLING HOODS NOT PERMANENTLY INSTALLED, NESOI	852.622
84152000	AUTOMOTIVE AIR CONDITIONERS	0
84158201	AIR-CONDITIONERS, YEAR-ROUND UNITS (HEATING AND COOLING) EXCEEDING 17.58 KW/HR (60000 BTU/HR),	31.000

	NESOI	
84158201	AIR-CONDITIONERS, SELF-CONTAINED MACHINES AND REMOTE CONDENSER TYPE, OTHER THAN YEAR-ROUND UNITS, EXCEEDING 17.58 KW/HR (60000 BTU/HR), NESOI	0
84158201	AIR CONDITIONING MACHINES INCORPORATING A REFRIGERATING UNIT, NESOI	0
84158300	HEAT EXCHANGERS, NOT INCORPORATING A REFRIGERATING UNIT, NESOI	49.635
84158300	CONDENSING UNITS EXCEEDING 17.58 KW/HR (60000 BTU/HR), NOT INCORPORATING A REFRIGERATING UNIT	10.775
84212300	OIL OR FUEL FILTERS FOR INTERNAL COMBUSTION ENGINES	86.845
84213100	INTAKE AIR FILTERS FOR INTERNAL COMBUSTION ENGINES	490.169
84812000	HYDRAULIC VALVES, FLOW CONTROL TYPE	0
84813010	CHECK VALVES OF COPPER HAVING A PRESSURE RATING UNDER 850 KPA	0
84813090	CHECK VALVES OF MATERIALS OTHER THAN COPPER, IRON OR STEEL	2.213
84814000	SAFETY OR RELIEF VALVES	30.500
84818010	SINK AND LAVATORY FAUCETS OF COPPER, HAND OPERATED, HAVING A PRESSURE RATING UNDER 850 KPA	323.086
84818010	OTHER HAND OPERATED TAPS, COCKS, VALVES AND SIMILAR APPLIANCES OF COPPER, HAVING A PRESSURE RATING UNDER 850 KPA	6.452
84818010	BATH AND SHOWER FAUCETS OF COPPER, HAND OPERATED, HAVING A PRESSURE RATING UNDER 850 KPA	0
84818010	BALL TYPE TAPS, COCKS AND VALVES OF COPPER, HAND OPERATED, HAVING A PRESSURE RATING OF 850 KPA OR OVER	0
84818050	PRESSURE SPRAY CAN VALVES	184.389
84818050	BATH, SHOWER, SINK AND LAVATORY FAUCETS OF MATERIALS OTHER THAN COPPER, IRON OR STEEL	0
84818050	TAPS, COCKS, VALVES AND SIMILAR APPLIANCES, NESOI, HAND OPERATED , OF MATERIALS OTHER THAN COPPER, IRON OR STEEL	0
84825000	OTHER CYLINDRICAL ROLLER BEARINGS	0
84828000	COMBINED BALL & NEEDLE ROLLER BEARINGS	0
84831010	CAMSHAFTS AND CRANKSHAFTS FOR VEHICLES OF CHAPT 87, EXCEPT MOTORCYCLES, FOR USE WITH SPARK-IGNITION INTERNAL COMBUSTION PISTON ENGINES OR ROTARY ENG	2.535

84831010	CAMSHAFTS AND CRANKSHAFTS FOR USE WITH SPARK-IGNITION INTERNAL COMBUSTION PISTON ENGINES OR ROTARY ENGINES, NESOI	0
84831030	CAMSHAFTS AND CRANKSHAFTS, NESOI	15.010
84831030	CAMSHAFTS AND CRANKSHAFTS FOR VEHICLES OF CHAPTER 87, OTHER THAN VEHICLES WITH SPARK-IGNITION INTERNAL COMBUSTION PISTON ENGINES OR ROTARY ENGINES	11.650
84833040	HOUSINGS FOR FLANGE, TAKE-UP, CARTRIDGE AND HANGER UNITS, NESOI	0
84834050	FIXED RATIO SPEED CHANGERS, NESOI	8.241
84834050	MULTIPLE AND VARIABLE RATIO SPEED CHANGERS, NESOI	0
84834090	GEARS AND GEARING, OTHER THAN TOOTHED WHEELS, CHAIN SPROCKETS AND OTHER TRANSMISSION ELEMENTS ENTERED SEPARATELY	73.776
84835060	FLYWHEELS, NESOI	0
84835090	PULLEY BLOCKS AND PULLEYS, NESOI	12.523
84836040	CLUTCHES AND UNIVERSAL JOINTS, CLUTCHES	1.104.117
84836040	CLUTCHES AND UNIVERSAL JOINTS, UNIVERSAL JOINTS	5.996
84836040	CLUTCHES AND UNIVERSAL JOINTS	0
84839010	CHAIN SPROCKETS AND PARTS, FORGED	0
84839020	PARTS OF FLANGE, TAKE-UP, CARTRIDGE AND HANGER UNITS	5.486
84839050	PARTS OF GEARING, GEAR BOXES AND OTHER SPEED CHANGERS	161.917
84841000	GASKETS AND SIMILAR JOINTS OF METAL SHEETING COMBINED WITH OTHER MATERIAL OR OF TWO OR MORE LAYERS OF METAL	27.246
84842000	MECHANICAL SEALS	0
84849000	SETS OR ASSORTMENTS OF GASKETS AND SIMILAR JOINTS, DISSIMILAR IN COMPOSITION, PUT UP IN POUCHES, ENVELOPES OR SIMILAR PACKINGS	15.075
84859000	OIL SEALS, OTHER THAN THOSE OF CHAPTER 40, MACHINERY PARTS NOT CONTAINING ELECTRICAL FEAURES	2.912
84859000	MACHINERY PARTS NOT CONTAINING ELECTRICAL FEATURES, NESOI 4	0
85011060	ELECTRIC MOTORS OF AN OUTPUT OF 18.65 W OR MORE BUT NOT EXCEEDING 37.5 W, DC, BRUSHLESS	0
85011060	ELECTRIC MOTORS OF AN OUTPUT OF 18.65 W OR MORE BUT NOT EXCEEDING 37.5 W, NESOI	0
85013120	DC MOTORS OF AN OUTPUT EXCEEDING 37.5 W BUT NOT EXCEEDING 74.6 W	0
85013160	DC MOTORS OF AN OUTPUT EXCEEDING 746 W BUT NOT EXCEEDING 750 W	0

85014040	GEAR MOTOR, AC, SINGLE-PHASE, OF AN OUTPUT EXCEEDING 74.6 W BUT NOT EXCEEDING 735 W	0
85014060	AC MOTOR, SINGLE-PHASE, OF AN OUTPUT EXCEEDING 746 W, EXCEPT GEAR MOTORS	14.335
85015140	AC MOTOR, MULTI-PHASE, OF AN OUTPUT EXCEEDING 74.6 W BUT NOT EXCEEDING 735 W, EXCEPT GEARMOTORS	0
85015240	AC MOTORS, MULTI-PHASE, EXCEEDING 750 W BUT NOT EXCEEDING 14.92 KW	4.667
85016100	AC GENERATORS (ALTERNATORS) NOT EXCEEDING 75 KVA OUTPUT	0
85016300	AC GENERATORS(ALTERNATOR) EXCEEDING 375 KVA BUT NOT EXCEEDING 750KVA	911.813
85016400	AC GENERATORS (ALTERNATORS) EXCEEDING 10,000 KVA BUT NOT EXCEEDING 40,000 KVA	50.837
85044040	STATIC CONVERTERS; SPEED DRIVEN CONTROLLERS FOR ELECTRIC MOTORS	0
85044095	POWER SUPPLIES, OTHER,RECTIFRS	23.800
85044095	STATIC CONVERTERS, OTHER	7.056
85044095	ELECTRIC INVERTERS	5.064
85044095	PWR SPLIES,<=50W,RECTIFIERS	0
85079040	PARTS FOR LEAD ACID STORAGE BATTERIES	21.414
85113000	INTERNAL COMBUSTION ENGINE IGNITION COILS	61.285
85114000	INTERNAL COMBUSTION ENGINE STARTER MOTORS AND DUAL PURPOSE STARTER-GENERATORS	1.655.910
85115000	INTERNAL COMBUSTION ENGINE GENERATORS,NESOI	670.999
85118020	INTERNAL COMBUSTION ENGINE VOLTAGE REGULATORS WITH CUT-OUT RELAYS FOR6V, 12V, AND 24V SYSTEMS	24.715
85118060	OTHER INTERNAL COMBUSTION ENGINE IGNITION EQUIPMNT	77.161
85119020	PARTS FOR INTERNAL COMBUSTION ENGINE VOLTAGE REGULATORS, 6 - 24 VOLTS	76.177
85119060	OTHER PARTS FOR INTERNAL COMBUSTION ENGINE IGNITION SYSTEMS	22.442
85119060	PARTS FOR INTERNAL COMBUSTION ENGINE DISTRIBUTOR BREAKER POINT SETS	8.385
85123000	MOTOR VEHICLE SOUND SIGNALING EQUIP EXCEPT HORNS	0
85124040	MOTOR VEHICLE WINDSHIELD WIPERS	27.900
85129090	PARTS OF WINDSHIELD WIPERS	172.832
85311000	BURGLAR OR FIRE ALARMS AND SIMILAR APPARATUS, NESOI	0
85352100	AUTOMATIC CIRCUIT BREAKERS FOR A VOLTAGE EXCEEDING 1000 V BUT LESS THAN 72.5 KV	199.800

85354000	LIGHTNING ARRESTORS, VOLTAGE LIMITERS AND SURGE SUPPRESSORS	3.055
85359080	ELECTRICAL SWITCHING & CIRCUIT PROTECTION APPARATUS AND CONNECTORS, NESOI, FOR A VOLTAGE EXCEEDING 1000 VOLTS	0
85361000	FUSES, EXCEPT GLASS CARTRIDGE, FOR A VOLTAGE NOT EXCEEDING 1,000 V	2.884
85364100	RELAYS, NESOI, FOR A VOLTAGE NOT EXCEEDING 60 V	14.000
85365090	SWITCHES F/ELEC CIRCUITS, OTHR	5.785
85365090	LIMIT TYPE SWITCHES,FVOLT NOT	0
85371060	MOTOR CONTROL CENTERS, FOR A VOLTAGE NOT EXCEEDING 1,000 V	0
85371090	ELECTRICAL APPARATUS, NESOI, EQUIPPED WITH TWO OR MORE APPARATUS FROMHEADING 8535 OR 8536, FOR A VOLTAGE NOT EXCEEDING 1,000 V	684.000
85371090	SWITCHGEAR ASSEMBLIES AND SWITCHBOARDS FOR A VOLTAGE NOT EXCEEDING 1000 V	0
85371090	PANEL BOARDS AND DISTRIBUTION BOARDS, FOR VOLTAGES <= 1,000 VOLTS	0
85371090	PROGRAMABLE CONTROLLERS	0
85392280	FILAMENT LAMPS, NESOI, INCLUDING STANDARD, VOLTAGE EXCEEDING 100 V, OF A POWER OF 15 W BUT NOT EXCEED 150 W	2.856
85443000	INSULATED IGNITION WIRING SETS & WIRING SETS FOR VEHICLES, AIRCRAFT AND SHIPS	67.308
85445940	INSULATED ELECTRIC CONDUCTORS >80 V BUT =< 1000 V, NESOI	20.000
87082910	INFLATORS AND MODULES FOR AIRBAGS FOR OTHER PARTS AND ACCESSORIES OF BODIES (INCLUDING CABS)	11.552
87082915	DOOR ASSEMBLIES FOR OTHER PARTS AND ACCESSORIES OF BODIES (INCLUDING CABS)	0
87082950	OTHER PARTS AND ACCESSORIES, NESOI, OF BODIES (INC CABS) OF HEADING 8701 TO 8705	335.319
87083150	MOUNTED BRAKE LININGS FOR MOTOR VEHICLES, NESOI, OTHER THAN WORK TRUCKS, TANKS, AND MOTORCYLES	0
87083950	BRAKES AND SERVO-BRAKES AND PARTS, NESOI, OF THE MOTOR VEHICLES OF HEADINGS 8701 TO 8705	8.852.453
87083950	BRAKE DRUMS OF HEADINGS 8701 TO 8705	264.434
87083950	BRAKE ROTORS (DISCS) OF HEADINGS 8701 TO 8705	181.514
87083950	BRAKE DRUMS AND ROTORS (DISCS) OF VEHICLES, NESOI, OF HEADINGS 8701 TO 8705	0
87084010	GEAR BOXES FOR ROAD TRACTORS, PUBLIC-TRANSPORT TYPE VEHICLES, AND VEHICLES FOR THE TRANSPORT OF GOODS	0

87084020	GEAR BOXES FOR PASSENGER MOTOR VEHICLES	25.328
87084050	GEAR BOXES FOR VEHICLES, NESOI	10.565
87085050	DRIVE AXLES WITH DIFFERENTIAL FOR PASSENGER MOTOR VEHICLES	0
87085080	DRIVE AXLES WITH DIFFERENTIAL FOR VEHICLES, NESOI	0
87086050	NON-DRIVING AXLES AND PARTS FOR PASSENGER MOTOR VEHICLES	0
87087045	ROAD WHEELS FOR VEHICLES (EXCEPT ALUMINUM), NESOI	1.654.593
87087045	ROAD WHEELS, OF ALUMINUM, FOR VEHICLES, NESOI	657.799
87088030	SUSPENSION SHOCK ABSORBERS FOR VEHICLES, McPHERSON STRUTS	470.405
87088045	SUSPENSION SHOCK ABSORBERS FOR VEHICLES, NESOI	5.146.670
87089150	RADIATORS FOR VEHICLES, OTHER THAN TRACTORS FOR AGRICULTURAL USE	6.934
87089360	CLUTCHES FOR VEHICLES (EXCEPT FOR TRACTORS SUITABLE FOR AGRICULTURAL USE), NESOI	0
87089375	PARTS OF CLUTCHES FOR VEHICLES (EXCEPT FOR TRACTORS SUITABLE FOR AGRICULTURAL USE), NESOI	0
87089450	STEERING WHEELS, STEERING COLUMNS AND STEERING BOXES FOR VEHICLES, NESOI	19.705
87089955	PARTS, NESOI, OF MOTOR VEHICLES, NESOI, OF HEADINGS 8701 TO 8705: VIBRATION CONTROL GOODS CONTAINING RUBBER	0
87089964	PARTS OF MOTOR VEHICLES, NESOI, OF HEADINGS 8701 TO 8705: HALD-SHAFT AND DRIVE SHAFTS	2.593
87089967	PARTS OF MOTOR VEH,NESOI 8701-8705:OT PRTS PWR TRN	9.269.074
87089967	PARTS OF MOTOR VEHICLES, NESOI, OF HEADINGS 8701 TO 8705: OTHER PARTS FOR POWER TRAINS	0
87089967	PARTS MOTR VEH,PRTS PWR TRNS, FRGD UNIV JNTS 8703	0
87089970	SUSPENSION SYSTEM PARTS OTHER THEN BEAM HANGERS, OF MOTOR VEHICLES, NESOI, OF HEADINGS 8701 TO 8705	896.683
87089973	PARTS FOR STEERING SYSTEMS OTHER THEN ASSEMBLIES WITH A UNIVERSAL JOINT, OF MOTOR VEHICLES, NESOI, OF HEADINGS 8701 TO 8705	2.925.452
87089973	STEERING SHAFT ASSEMBLIES INCORPORATING UNIVERSAL JOINTS FOR MOTOR VEHICLES OF HEADING 8701 TO 8705	29.806
90308900	OTHER INSTRUMENTS AND APPARATUS WITHOUT A RECORDING DEVICE FOR MEASURING OR CHECKING ELECTRICAL QUANTITIES	0
90318080	OTHR MEASUR/CHECK INST NSPF	492.328

90318080	EQUIP. TESTING ELEC;IN COM ENG	0
90318080	EQUIP. TESTING OTHE;IN COM ENG	0
90321000	THERMOSTATS, NESOI	268.139
90328960	PROCESS CONTROL INSTRUMENTS AND APPARATUS FOR TEMPERATURE CONTROL	12.775
90328960	PARTS AND ACCESSORIES FOR AUTOMATIC REGULATING OR CONTROLLING INSTRUMENTS	8.100
90328960	PROCESS CONTROL INSTRUMENTS AND APPARATUS FOR COMPLETE SYSTEMS	3.800
90328960	CONTROL INSTRUMENTS FOR AIR CONDITIONING, REFRIGERATION OR HEATING SYSTEMS, NESOI	0
90328960	PROCESS CONTROL INSTRUMENTS AND APPARATUS FOR PRESSURE DRAFT CONTROL	0
90328960	PROCESS CONTROL INSTRUMENTS AND APPARATUS FOR HUMIDITY CONTROL	0
90329060	PARTS AND ACCESSORIES OF AUTOMATIC REGULATING INSTRUMENTS OR CONTROLLING INSTRUMENTS AND APPARATUS, NESOI	35.047
90329060	PARTS AND ACCESSORIES OF THERMOSTAT, NESOI	0
90329060	PARTS AND ACCESSORIES OF MANOSTAT, NESOI	0
90329060	PARTS AND ACCESSORIES OF INSTRUMENTS AND APPARATUS, OF SUBHEADING 9032.81, NESOI	0
	TOTAL EXPORTS U$S	**51.140.441**

From: COM-MER [com-mer@uia.org.ar]
Sent: Tuesday, September 05, 2006 1:23 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waivers Review"

Cámara de la Industria Curtidora Argentina

Buenos Aires, September 2006

Meredith Sandler
Executive Director for the GSP Program
Chairman, GSP Subcomitte of the Trade
Policy Staff Comitte

Re: Generalized System of Preferences (GSP)
Initiation of Reviews and Public Coments.

Dear Chairman

I have the pleasure of refering to the review of the generalized System of Preferences in particular for the tanned leather. I am therefore submiting a petition to continue with the GSP for tanned leather in view of the important benefits this system has brought to both Argentine exporters and the USA importers.

For tanned leather, GSP was instrumental in enabling many Argentine exporters to gain a foothold in the US market, while at the same time benefiting US consumers through lower prices and US manufacturers via duty savings in their sourcing abroad.

I thank you for your attention in this request.

Sincerely

Eduardo Wydler
President

Note: See APPENDIX for more information

Cámara de la Industria Curtidora Argentina

APPENDIX

REQUEST FOR THE RENEWAL OF THE ELIGIBILITY STATUS OF BENEFICIARY COUNTRY FOR ARGENTINE LEATHER PRODUCTS AND CNL WAIVER REQUEST

I. INTRODUCTION

The following information is provided in support of this Chamber's request for full duty free treatment to leather products from argentine origin as a beneficiary country under the US GSP program.

The leather industry constitutes an economic value chain of considerable interest to the civil society. It manages profitably the waste of the meat industry converting the hides and skins generated through the slaughter of animals for human consumption into a valuable raw material, leather, that has a myriad of applications in consumer products requiring for their manufacture large number of qualified human resources.

The leather value chain represents an opportunity for developing countries, notably in the more labour intensive downstream sectors such as footwear, leather goods, leather clothing and gloving as well as other miscellaneous applications. Leather tanning, the first industrial process in the value chain, is a capital intensive and environmentally intensive sector that requires special conditions for its sustainable development

The Argentine tanning industry provides an important raw material input to US industries of manufactured leather products such as leather upholstery, footwear, garments and leather goods. Although still far from the international quality standards set for raw hides, the Argentine industry has invested to update its technology and labour in order to improve and increase its exports to manufacturers in more than sixty counties.

The U.S. GSP program provides important benefits to Argentine export industries. Duty-free treatment under the program has fostered the growth of Argentina's industrial base, thereby promoting the growth of the economy.

The expansion of GSP benefits to the Argentine economy is particularly important in light of the Argentine Government's effort to promote market reform and trade liberalisation.

Denial of GSP benefits to Argentine leather imports will seriously harm the Argentine industry's efforts to improve and expand its leather exports in detriment of the Argentine leather tanning industry as well as U.S. leather manufacturers. Historically, U.S. manufacturers have been large importers of finished and semi-finished leather from Argentina. However, the denial in the past of GSP treatment to Argentine leather imports has altered this historical trade pattern to the benefit of the foreign competitors of U.S. leather product manufacturers such as Southeast Asia, Brazil and India. In fact, the denial of GSP treatment to Argentine leather will turn trade to GSP beneficiaries, that will eventually become significant importers of Argentine leather for their manufacturing industries, which in turn export their finished leather products to the U.S. and overseas markets in detriment of the U.S. leathers manufacturers.

It is important to note that the Argentine tanning industry is also being adversely affected by a shortage of raw hides. The existing capacity of the Argentine tanning industry is 16 million bovine hides per year and the current annual slaughter is approximately 12 million heads that means that the sector has an idle capacity close to 40%.

The Argentine tanning industry is labour intensive, and is a significant part of the Argentine economy on both a national and regional level. The shortage of rawhides, particularly as a consequence of government meat export temporary restrictions, and environmental costs have led to a steady decline in the industry's profitability.

In order to survive and become competitive, the Argentine tanning industry must secure all available cost reductions, including reductions in tariff duties. We believe that the beneficiary country redesignation of Argentine leather items will enable our industry to continue to be a reliable of good quality supplier of semifinished and finished bovine leather and will benefit U.S. manufacturers who historically have been the primary importer of Argentine leather.

II. DESCRIPTION OF THE ARGENTINE TANNING INDUSTRY

The Argentine tanning industry, including leather manufacturing, is an important sector in the Argentine economy being able to account for over 60.000 jobs. The current crisis we are living in Argentina is responsible of the unemployment figures that today climbs up to over 10%, being this industry a source of midlevel wage. Semi - skilled jobs located primarily in the provinces of Buenos Aires, Santa Fe, Córdoba and La Rioja. The average salary for workers in the industry, is $ 2.380 (Argentine Pesos) per month. A list of Argentine producers members of the Argentine Chamber of Tanner's accounting for more than 85 percent of total Argentine leather exports as well as a separate list of those Argentine producers accounting for approximately 95% of Argentine tanned hide exports to the U.S. is provided. Based on the Argentine National Meat Board Statistics, the annual slaughter estimates for 1993 thru 2005 are as follows:

TABLE 1

Year	Mill. of hides
1993	13,2
1994	13,2
1995	12,9
1996	12,9
1997	12,8
1998	11,3
1999	12,1
2000	12,4
2001	11,6
2002	11,4
2003	12,3
2004	12,5
2005	12,5

The producer's supply of leather available for the domestic tanning industry varies based on the annual slaughter that depends on the availability of livestock and raw hide exports.

All available hides are processed, but the number of hides depends largely on the yearly slaughter which may raise or fall depending on local meat consumption and sales of Argentine meat to world markets but though growing in volume, still at regrettably low levels. Rawhides are an atypical raw material, a by– product of the meat industry, and therefore the supply of hides has no elasticity. More than 80% of the Argentine production of bovine tanned leather is exported, marking Argentina one of the word's largest exporters.

Existing production capacity allows the processing of 16 million hides. The industry is currently using only 60 to 65 % of its installed capacity, due to the above – mentioned lack of raw material. This has produced a significant price increase of raw hide cost in our country.

III. ANUAL SALES AND EXPORTS

Annual sales figure for the previous years are provided in the following table:

TABLE 2

	Exports		+ 20% Domestic u$s (estimated)
	Tns	u$s (in thousands)	
1993	60.475	522.725	130.681
1994	82.347	664.658	166.000
1995	96.976	802.951	200.000
1996	95.489	722.476	280.000
1997	97.372	832.749	310.000
1998	79.180	686.126	180.000
1999	84.758	647.185	180.000
2000	91.648	681.771	180.000
2001	89.063	672.897	180.000
2002	97.176	595.568	250.000
2003	90.150	623.869	250.000
2004	107.284	726.911	250.000
2005	113.373	755.162	250.000

Table 2 reveals that approximately 80% of the total Argentine tanned leather production destined for export. Likewise, from 1993 to 1997, exports increase 59 % due in part to an increase in foreign sales of finished leather. This increase finished leather exports is set out in Table 3 below and from 1998 the decrease of this percentage accounts partially for the total export loss. On the other hand, imports to USA of cut and sewn upholstery leather starting significantly in 1998 an growing up to US$ 200,000 (in thousands) a year from 2001 to 2003 show the effort our industry is doing in increasing the use of local labour and the interest of de US manufacturers in using these upholstery parts.

TABLE 3

Year	Crust Leather (Type)	Finish Leather (Type)
1993	67%	33%
1994	67%	33%
1995	57%	43%
1996	54%	46%
1997	48%	52%
1998	54%	46%
1999	59%	41%
2000	61%	39%
2001	56%	44%
2002	58%	42%
2003	61%	39%
2004	57%	43%
2005	63%	37%

Detailed information on Argentine exports is provided. (See Table 5)

COSTS:

Manufacturing costs can be broken down as follows:

TABLE 4

Product	**Percentage of total cost**
Raw Material	+ 42/49%
Chemicals and Materials	+ 21/23
Labour	7/14
Administrative Costs	6/8%
Manufacturing Costs	6/8%

Due to the different professional qualification levels of leather industry workers, the labour cost item may have significant fluctuations, but a media of argentine pesos 2.380 can be considered as average monthly wage.

IV. PROFITABILITY OF THE.MANUFACTURING COMPANIES:

Traditionally' profitability of the companies manufacturing these products is generally lower than 5% and it is specially limited as consequence of the lack of raw material in relation to the installed capacity. This has resulted in strong competition and lower profits that continues reducing margins.

Duty free treatment will allow Argentine producers to make necessary investments in plant equipment, and technology to increase the productivity of their operations. These productivity gains will allow Argentine producers to offer higher wages to workers, and allow operating more effectively in a highly dynamic and competitive market.

Other considerations which affect price competition: In general Argentine leather only competes with U.S. leather in marginal market ranges as Argentine hides are smaller in size than U.S. hides and differ in thickness. The size of the pores of Argentine hides is different from U.S. Hides. Argentine hides show more damage, especially in the area of the head in part due to injuries caused by barbed wire, apart from the slaughtering method and treatment in the chilling room. The U.S. treatment methods are clearly superior to the ones used in Argentina and therefore cause less damage to the hides.

GSP Requirement of 35% Added Value: Argentine tanned hides meet the GSP valued - added requirements, as raw materials only constitute 42 - 49% of the total value of the hides as set out in the breakdown of producer costs provided in table 4.

V. U.S. IMPORTS OF ARGENTINE LEATHER

Cámara de la Industria Curtidora Argentina

To facilitate the GSP Subcommittee's consideration of the Argentine Government's request for renewal of Country Eligibility, in addition to Argentine export statistics of leather bovine products we are providing our figures for the U.S. import statistics for 2005..

It is here that we would like to point out that the tanned leather exported from Argentina is classified by the tariff heading in use in the Mercosur, that is in accordance with process advance and type of tanning involved. This same leather when it is imported in USA is classified with the headings in use there, that is, in accordance with the. final use, clothing, shoes upholstery, belts, etc.. This makes it impossible to find direct correspondence between Argentine export statistics to USA and USA's import statistics from Argentina.

Exports of Argentine Tanned Leather (2005)

Country	u$s
China	173.781.689
EE.UU	130.601.059
Países Bajos	79.567.031
México	75.025.060
Italia	61.809.766
Tailandia	42.832.685
Uruguay	27.621.083
Brasil	27.364.842
Australia	16.418.849
Taiwan	14.013.016
Vietnam	13.971.262
India	13.113.033
España	8.607.685
Hong Kong	8.200.059
Corea	7.956.894
Costa Rica	7.719.722
SUBTOTAL	**708.603.735**
REST	**46.558.623**
TOTAL	**755.162.358**

Imports in USA of Argentine Tanned Leather (year2005))

Exporters Involved	u$s
Sadesa S.A.	32.623.924
Curt. Arlei S.A.	29.734.083
Curt. Fonseca S.A.	19.666.306
Antonio espósito S.A.	7.960.448
Coto	7.363.761
Yoma S.A.	7.341.941
CIDEC S.A.	7.055.584
Becas	5.332.317
Curtarsa	2.600.686
Curt. San Luis	2.203.826
Eagle O. Fonseca	1.807.561
Tradarsa S.A.	1.597.440
SUBTOTAL	**125.287.877**
REST	**5.313.182**
TOTAL	**130.601.059**

Note: Information obtained from the tanners members of this Chamber.

ARGENTINE EXPORTS OF HIDES AND WET BLUES

Argentine Hide and wet blue exports during year 2005 has slowed down due to lower slaughter rate and this can be seen in following totals:

Year	Hides	Thousands of US$
1999	88.919	4.592
2000	373.367	22.005
2001	526.746	30.376
2002	148.758	6.635
2003	1.000	8
2004	4.341	314
2005	44.187	2.114

This information is obtained mainly from the tanner's members of this Chamber.

TABLE 5

Principal Argentine Exporters exporting tanned leather. Year 2005 in US$ to the world:

EXPORTER	TOTAL u$s
Sadesa	127.826.510
Curt. Arlei S.A.	104.809.953
Toredo S.A.	94.755.633
Fonseca S.A.	86.258.170
Curtarsa	62.131.747
Yoma S.A.	53.731.573
Curtiembre San Luis S.A.	44.967.546
CIDEC S.A.	27.381.230
Cuesset S.A.	22.946.864
La Hispano Argentina	19.458.225
A. Esposito S.A.	17.940.286
Surpiel S.A.	11.594.750
Artanco	11.074.343
Seton Argentina	10.504.340
SUBTOTAL	**695.381.170**
REST	**59.781.188**
TOTAL	**755.162.358**

The GSP is an instrument that enables many Argentine exporters to gain a foothold in the U.S.

Cámara de la Industria Curtidora Argentina

market. We therefore request the continue with the duty-free treatment for the leather products , this will contribute to ensure to continued access of Argentine exports to the US market, while at the same time benefiting U.S. consumers through lower prices and U.S. manufactures via duty savings in their sourcing abroad.

LIST OF THE MEMBERS OF THE
CHAMBER OF THE ARGENTINE TANNING INDUSTRIES

-Antonio Espósito S.A.
-C.I.D.E.C S.A.
-Cuesset S. A.
-CURTARSA
-Curtidos San Luis S.A.
-Curtidos Riojanos S.A.
-Curtiembre Becas S.A.
- Curtiembre Fonseca S.A.I.C
- Emilio Alal S.A.I.C.
- Gaetano De Maio S.A.
- La Hispano Argentina S. A.
- Muruaga Hnos. y Cia. S.R.L.
- Wyny HTLG S.A.
- Curtiembre Arlei
-Curtiembre Paso del Rey
-Magromer
- Seton
- Surpiel
- Toredo
- Eagle Ottawa Fonseca

- A.C.U.B.A.
- Basf Argentina S.A.
- Bayer Argentina S.A.
- Cámara Argentino – Paraguaya de Productores de Extracto de Quebracho
- Juan Naab S.A.I.C.
- Kemia Tau Argentina S. A.
- Rohm and Haas Latin America Inc. Argentina
- Vilmax S.A.
- Curtilen

LIST OF THE PRINCIPALS ARGENTINE PRODUCERS
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Opses Argentina, South Africa,
& Thailand
Requests their graduation from GSP;
Or opposes GSP treatment for canned
peaches, canned fruit mixtures,
and frozen peaches

From: pwalther@mwe.com
Sent: Wednesday, September 06, 2006 11:06 AM
To: FN-USTR-FR0052
Subject: Fw: 2006 GSP Eligibility (resubmitted in Word)

Per my conversation today with Regina Teeter, we are resubmitting the comments filed yesterday on behalf of the California Cling Peach Board in word format.

Thank you.

Pamela D. Walther
McDermott Will & Emery LLP
Washington, D.C.
202.756.8220

----- Forwarded by Pamela D Walther/WDC/MWE on 09/06/2006 10:58 AM -----
Pamela D Walther/WDC/MWE
09/05/2006 04:14 PM
To FR0052@USTR.EOP.GOV
cc
Subject 2006 GSP Eligibility

Please find attached the comments of the California Cling Peach Board regarding the 2006 GSP eligibility review.

Pamela D. Walther
McDermott Will & Emery LLP
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202.756.8220

BEFORE THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATIONS OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS

COMMENTS OF THE CALIFORNIA CLING PEACH BOARD SUPPORTING THE GRADUATION OF ARGENTINA, SOUTH AFRICA, AND THAILAND FROM THEIR STATUS AS GSP BENEFICIARY COUNTRIES

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Submitted: September 5, 2006

BEFORE THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATIONS OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS

COMMENTS OF THE CALIFORNIA CLING PEACH BOARD SUPPORTING THE GRADUATION OF ARGENTINA, SOUTH AFRICA, AND THAILAND FROM THEIR STATUS AS GSP BENEFICIARY COUNTRIES

I. Introduction

The following comments are submitted by the California Cling Peach Board (the Board) in response to the *Federal Register* notice of August 8, 2006 (71 *Fed. Reg.* 45079), requesting comments on whether major beneficiary countries of the GSP program, including Argentina, South Africa, and Thailand, have expanded exports or progressed in their economic development to the extent that their GSP-eligibility should be limited, suspended, or withdrawn consistent with section 502(d) of the GSP statue.

The California Cling Peach Board supports the graduation of Argentina, South Africa, and Thailand from the GSP program. All three countries are economically advanced relative to most GSP-beneficiary countries and all are successful producers and/or exporters of canned peaches (H.S. 2008.70.20), canned fruit mixtures (H.S. 2008.92.90), and/or frozen peaches (H.S. 0811.90.80) to the U.S. market, even without GSP duty-free access for these products.[1] In the absence of fully graduating Argentina, South Africa, and Thailand from the GSP program, these countries, at a minimum, should be precluded from seeking GSP treatment on additional products, including canned peaches, canned fruit mixtures, and frozen peaches, where they are already competitive in the product and where the GSP Subcommittee has consistently denied GSP duty-free access.[2]

The California Cling Peach Board is a non-profit quasi-governmental association representing all 700 cling peach growers and 4 cling peach processors in the State of California. California accounts for more than 98% of all U.S. production of cling peaches. Over ninety-five percent of that production is used for processing. Between 65% and 70% of the annual cling peach crop is processed into canned

[1] The U.S. MFN duty on canned peaches is 17%; the U.S. MFN duty on canned fruit mixtures is 14.9%; and the U.S. MFN duty on frozen peaches is 14.5%.

[2] Canned peaches, canned fruit mixtures, and/or frozen peaches have been the subject of GSP reviews in 1993, 1995, 2000, 2001 and 2003. Argentina requested GSP treatment for canned peaches in 2001 and on frozen peaches in 2003. In all these reviews, the GSP Subcommittee denied GSP duty-free treatment.

peaches. Another 25% of the crop is processed into canned fruit mixtures. Other important cling peach products are frozen peaches and peach pulp concentrate.

Nearly ninety-five percent of California's cling peach products are sold in the U.S. market. This market is essentially the only market in which U.S. cling peach growers remain competitive against subsidized and low-priced foreign canned peaches and other cling peach products. Because the U.S. market is so essential to our industry, and the Board has had to defend its industry against numerous past requests from competitive producers for GSP treatment on cling peach products, the industry is greatly interested in GSP program reforms that would remove some, or all, of the competitive producing countries from the GSP program.

II. The Criteria for Graduating Argentina, South Africa, and Thailand From the GSP Program Include Their Overall Economic Development and Trade Competitiveness

The GSP program is intended to offer only temporary duty-free access for developing countries, which cannot effectively compete without tariff preferences. Its purpose is to help advance those economies through increased trade opportunities.[3] For this reason, the GSP program contemplates that countries which have achieved a sufficient level of advancement that they no longer need preferential duty-free benefits to sustain growth, should be graduated from the program as a country, or as to their most competitive products.

Argentina, South Africa, and Thailand are among the countries identified by the GSP Subcommittee as possible candidates for graduation because (i) the total value of U.S. GSP imports from each of the countries in 2005 exceeded $100 million, and (ii) in 2005, the World Bank classified the countries as "upper-middle income" economies, and/or (iii) each country accounted for more than 0.25% of world goods exports in 2005, as reported by the WTO.

Argentina, South Africa, and Thailand easily meet these criteria and are sufficiently advanced in other statutory criteria relevant to graduation, including:

(i) their level of economic development as represented by per capita gross national product, the living standards of its people, and other economic factors which the President deems appropriate (Section 502(c)2); and

(ii) their competitiveness in [GSP-]eligible products (Section 501(4)).

III. Argentina Has Advanced Economically Such That It No Longer Needs or Warrants GSP-Beneficiary Status

Over the 30-plus years that Argentina has been a GSP beneficiary country it has advanced economically to become one of the richest countries in South America and the leading South American

[3] *See* Committee on Ways and Means, U.S. House of Representatives, *Overview and Compilation of U.S. Trade Statutes*, June 2005 ed., at 14; and Section 501(b) of Pub. L. 98-573, Statement of Purpose for Generalized System of Preferences Renewal Act of 1984.

nation in terms of gross domestic product (GDP) per capita. In 2005, its GDP per capita was $13,100, compared to $9,600 for Uruguay and $8,400 for Brazil.[4]

The World Bank classifies Argentina as an "upper-middle income" economy with a gross national income (GNI) per capita in 2004 of $3,580.[5] Its population benefits from a relatively high standard of living, a life expectancy of over 76 years, and a literacy rate of 97%.

Argentina's economy has rebounded after recovering quickly from the devaluation of the peso in early 2002. Between 2003 and 2005, Argentina's GDP grew over 9% annually. The growth was attributed to strong exports, favorable domestic conditions, and strong domestic demand.[6]

Argentina is a competitive exporter. Its 2004 world exports were valued at over $34.5 billion. That accounted for 0.4% of the world goods exports -- a figure well above the 0.25% threshold established by the GSP Subcommittee as an indicator of economic advancement and possible graduation.[7] Of the $34.5 billion of global exports, over $4.64 billion was exported to the U.S. market, with $616.5 million of that trade duty-free under the GSP program.

In the canned peach sector, Argentine canned peaches are competitive with U.S. canned peaches in the U.S. market, even paying the U.S. MFN duties. Notwithstanding this, since 2001, the Government of Argentina and its canned fruit processing industry have twice requested GSP duty-free access for cling peach products. In 2003, it requested GSP duty-free status for "frozen peaches" (H.S. 0811.90.80.80).[8] Two years earlier Argentina petitioned for GSP treatment for canned peaches (H.S. 2008.70). Even though GSP treatment for these products has consistently been denied, Argentina is expected to continue seeking GSP zero-duty access for these products unless GSP program changes are made to prevent this.

IV. South Africa 's "Upper-Middle Income" Status and Expanded Export Portfolio Suggest It No Longer Needs Preferential GSP Duty-Free Benefits to Compete

South Africa benefits from both GSP duty-free access and duty-free access under the GSP-related African Growth and Opportunity Act (AGOA) for most products. The *Federal Register* notice announcing this review does not address whether graduation from the GSP program completely, or

[4] This reflects GDP figures based on purchasing power parity (PPP), which according to the World Bank is more representative since it adjusts for differences in the price of goods and services in different countries. *See* World Bank, Quick Reference Table (2006), *available at* www.worldbank.org; and Central Intelligence Agency, *The World Fact Book*: GDP per capita (PPP), dated Aug. 8, 2006, *available at* https://www.cia.gov/cia/publications/factbook/geos/ar.html (hereinafter "*World Fact Book*").

[5] The World Bank classifies countries based on income using the following income groups: "low income," which are countries with a GNI of $875 or less; "lower middle income," with a GNI of between $876 and $3,465; "upper middle income," with a GNI of between $3,466 and $10,725; and "high income," with a GNI of $10,726 or more.

[6] *The World Fact Book*: Argentina.

[7] World Trade Organization, *Leading exporters and importers in world merchandise*, December 2005, available at http://www/wto.org/English/res_e/statis_e/its2005/its05_toc_e.htm.

[8] That petition was denied under the GSP three-year bar rule.

graduation for specific products, would affect South Africa's AGOA status. Canned peaches, canned fruit mixtures, and frozen peaches are not duty-free under either program.

Regardless of its AGOA status, South Africa meets the relevant economic development and trade competitiveness criteria to be graduated from the GSP program.

South Africa is one of the richest, economically advanced countries on the African continent. Its economic growth has been possible because of an abundant supply of natural resources, a strong export-oriented metal and mineral sector, a modern infrastructure supporting the distribution of goods throughout the region, and a highly literate population.[9]

Based on World Bank standards, South Africa has achieved "upper middle-income" status with a per capita GNI of $3,630 in 2004.[10] In 2005, its GDP per capita was $12,000, which is high among GSP beneficiary countries.[11] South Africa also benefited from a favorable GDP growth rate of 4.9% in 2005.[12]

In 2004, South Africa's global exports were valued at over $46 billion, accounting for 0.5% of the world's exports.[13] This is double the 0.25% of world exports identified by the GSP Subcommittee as a relevant criteria for GSP graduation. As to its trade with the United States, in 2005, South Africa exported $5.85 billion of goods to the U.S. market, with $1.017 billion of that entering duty-free under the GSP provisions.[14] Duty-free imports also enter under the AGOA provisions.

In the canned fruit sector, South Africa is one of the world's leading producers and exporters of canned peaches. Even without GSP duty-free treatment for canned peaches, South Africa has historically been a prominent exporter of canned peaches to the U.S. market. Its competitive status was recognized during the AGOA GSP product review in 2000, when canned peaches, canned fruit mixtures, and frozen peaches were three of only six agricultural products denied AGOA duty-free treatment. South Africa's trade competitiveness, along with its overall economic development, are reasons to graduate South Africa from the GSP program.

V. Thailand is a Competitive Global Exporter and No Longer Needs Preferential Duty-Free Access to Compete in the U.S. Market

Thailand has an export-driven economy. It was one of East Asia's best performers economically in 2002-2004. Driven by increased domestic consumption of goods and strong export growth in manufacturing and agriculture, the Thai economy grew by 6.9% in 2003, 6.1% in 2004, and

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[9] *The World Fact Book*: South Africa.

[10] *See* World Bank, Country Classification (2006), *available at* www.worldbank.org.

[11] This reflects GDP per capita adjusted for purchasing power parity (PPP). *The World Fact Book:* GDP per capita (PPP).

[12] *The World Fact Book*: South Africa (estimated 2005 rate).

[13] World Trade Organization, *Leading exporters and importers in world merchandise*, December 2005, available at http://www/wto.org/English/res_e/statis_e/its2005/its05_toc_e.htm.

[14] See USITC data Web.

4.4% in 2005 despite high oil prices and the tsunami-related declines in tourism. In 2006, the economy is expected to benefit further from an influx of investment and a revived tourism sector.[15]

Based on the latest available World Bank data, the World Bank classifies Thailand as a "lower middle income" economy. It had a 2004 per capita GNI of $2,490. Its GDP for 2005 based on PPP was $8,300.[16]

In 2004, Thailand's net exports reached $97.4 billion, which accounted for 1.1% of world-wide exports. This far exceeds the 0.25% target suggested by the GSP Subcommittee.[17] In 2005, Thailand's exports to the United States were valued at $19.803 billion, with $3.575 billion of that entering duty-free as GSP-eligible products.

In the canned fruit sector, Thailand is know for its highly advanced fruit repacking and processing industry. It is a competitive processor of peaches and fruit mixtures packed in innovative plastic cups. Because Thailand is not known as a peach grower, the peaches repacked in Thailand are principally sourced from Greece and China. Thailand exports a large volume of the repackaged and processed peaches and fruit mixtures to the U.S. market. Although the products are not made from Thai-grown peaches, the finished processed product could still qualify as product of Thailand for purposes of GSP treatment if substantial transformation occurs in Thailand.

VI. Conclusion

Argentina, South Africa, and Thailand have each achieved a level of economic development and trade competitiveness that they no longer require GSP zero-duty benefits. They are especially competitive producers and exporters of canned peaches, canned fruit mixtures, and frozen peaches. All three countries should be graduated from the GSP-program. In the event these countries are not graduated completely from the GSP program, they should, at a minimum, be barred from seeking GSP treatment on additional products, including canned peaches, canned fruit mixtures, and frozen peaches.

[15] *The World Fact Book*: Thailand.

[16] *The World Fact Book*: GDP per capita (PPP).

[17] World Trade Organization, *Leading exporters and importers in world merchandise*, December 2005, available at http://www/wto.org/English/res_e/statis_e/its2005/its05_toc_e.htm.

Supports Argentina, Brazil,
& Venezuela
Re wood building products

From: george.macconnell@masisa.com
Sent: Friday, September 01, 2006 12:25 PM
To: FN-USTR-FR0052
Subject: GSP for Argentina

Dear Trade Representative,
Attached is Masisa USA's formal response to your "Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation Waivers". Your careful consideration of this matter is greatly appreciated. If you have any questions please contact me directly.

MASISA

September 1, 2006

GSP Subcommittee
Office of the US Trade Representative
Washington, DC

via email to: FR0052@USTR.EOP.GOV

Dear US Trade Representative:

Masisa USA, Inc. respectfully submits the following information in response to your *"Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation Waivers"*.

Located in Atlanta, GA, Masisa USA, Inc. is the US headquarters for Masisa, a vertically integrated forestry company with pine and eucalyptus plantations in Chile, Argentina, Brazil and Venezuela. Masisa produces wood products for a variety of uses: wood boards, solid wood products such as doors and mouldings, as well as timber, for which we maintain industrial operations in Chile, Argentina, Brazil, Venezuela, Mexico and the United States. Masisa is a publicly-held corporation organized under the laws of Chile, whose stock is traded on the Chilean stock market and on the New York Stock Exchange through American Depositary Receipts (ADRs).

Masisa USA imports and distributes the company's building products throughout the United States, and also operates a manufacturing facility in Charleston, SC which produces MDF mouldings.

Any consideration and subsequent withdrawal of GSP benefits to Argentina may contribute to higher prices in the US market. Masisa's imports help keep prices down for these building materials, thus increasing the affordability of American homes. The imposition of tariffs or the lifting of waivers for Argentina will cause an increase in costs of building products; an event which, in our opinion, would be particularly harmful to the already slowing housing market. For Americans seeking to build a new home or remodel an existing home, lower prices for building products provided to them by responsible off-shore suppliers, like Masisa, can make all the difference in their ability to afford their planned investments.

Your attention to our comments is greatly appreciated, and I am certainly available should you need further information.

Sincerely,

G MacConnell

George MacConnell
President and CEO
Masisa USA, Inc.

USA for Innovation

August 16, 2006

The Honorable Susan Schwab
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508
United States of America

Dear Ambassador Schwab:

I urge you to protect American innovation and national interests by removing from the Generalized System of Preferences countries such as Argentina, Venezuela and Brazil.

We at the non-profit USA for Innovation (of which I am executive director) applaud your reexamination of the GSP program, which was created 32 years ago to aid developing countries grow their economies. This noble goal has since been corrupted by countries which steal American intellectual property (IP) by ignoring patent rights and counterfeiting U.S. products.

This is grave, since efforts to erode IP rights deprives America of prosperity derived from our innovation. A scholarly paper we commissioned last year, written by the respected economists Dr. Robert Shapiro and Dr. Kevin Hassett, quantifies the value of American intellectual property at $5 - 5.5 trillion, far higher than previous estimates.

The GSP benefits are causing unintended harm to American innovation. By providing lucrative and unnecessary subsidies the U.S. government encourages illegal activities by countries like Argentina, Venezuela, and Brazil, which steal money and violate IP and patent rights, and whose leaders insult Americans.

In 2002 <u>Argentina</u> defaulted on $141 billion in debt. The default effectively seized foreign assets without providing just compensation. In 2005 the country restructured its debt by offering 30 cents on the dollar to its creditors, many of whom were American investors. Meanwhile, Argentina has been moving from representative democracy towards a more socialist regime. Argentina has repeatedly abused U.S. investors and reneged on international obligations. Consequently, Argentina warrants immediate removal from the GSP.

We need not describe <u>Venezuela</u> or its dictatorial President Hugo Chavez, who is clearly insulting to our President and Secretary of State, and clearly allied with Fidel Castro. How can anyone *possibly* justify rewarding Hugo Chavez by allowing his country to be the eighth largest recipient of GSP benefits?

Completing the unwarranted Latin threesome is <u>Brazil</u>. Now the third largest recipient of GSP benefits, Brazil is also a persistent and unrepentant violator of U.S. patent agreements. Despite previous promises to do so, Brazil has not stopped its theft of our IP. In fact the Brazilian government publicly announced its intentions to ignore U.S. patents on drugs and to allow domestic production and importation of generic versions.

Regrettably, our government has not defended American interests. Our government has yet to take any serious action, such as filing disputes with the World Trade Organization over this illegal behavior. It has not even officially denounced Brazil's deplorable actions. Removing Brazil from the list of GSP beneficiaries is completely justified, given these cavalier acts of defiance.

We consider these three Latin American countries examples of countries world-wide which abuse the GSP. There are additional violators in every part of the world.

At long last – under your leadership – the U.S. government may now recognize grave trade abuses, wherever they occur, and protect America's economic future, thereby assuring that our economy and country continue to prosper.

Respectfully submitted,

Kenneth Adelman
Executive Director
USA for Innovation

Cc:

Ralph Watkins, Deputy Director, GSP
Representative Bill Thomas
Representative Charles B. Rangel
Representative E. Clay Shaw
Representative Wally Herger
Representative Phil English
Representative Jim Nussle
Representative Jerry Weller
Representative Jerry Lewis
Representative Mark Foley
Representative Kevin Brady
Representative Thomas M. Reynolds
Representative Benjamin L. Cardin
Representative Sander Levin
Representative William Jefferson
Representative John S. Tanner
Representative John B. Larson
Representative Joseph McDermott
Representative Henry Hyde
Representative Tom Lantos
Representative Dan Burton
Representative Deborah Pryce
Meredith Broadbent, Assistant USTR for Industry, Market Access, and Telecommunications
Secretary of the Treasury, Hank Paulson
Representative Grace Napolitano
Representative J. Dennis Hastert
Representative John A. Boehner
Representative Roy Blunt
Senator Bill Frist
Senator Mitch McConnell
Senator Jon Kyl
Senator Rick Santorum
Senator Hillary Rodham Clinton
Senator Chuck Schumer
Senator Richard G. Lugar
Senator Joseph R. Biden
Senator Norm Coleman
Senator Chris Dodd
Senator Chuck Hagel
Senator Paul S. Sarbanes
Senator Chuck Grassley
Senator Max Baucus
Senator Craig Thomas
Senator Jeff Bingaman

PUBLIC VERSION

Supports Argen, Brazil, & Turkey
Re confectionery products which
not have CNLWs
Sherwood Brands, LLC

From: Frydman, Amir [Amir@sherwoodbrands.com]
Sent: Thursday, August 31, 2006 12:39 PM
To: FN-USTR-FR0052
Cc: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review-

I am resubmitting as per our conversation our comments including a public version and a business confidential version.

If you have any questions, please do not hesitate to call me at 301-309-6161 x 19.

Sincerely,

Amir Frydman
Sherwood Brands, LLC
301-309-6161 x 19
301-309-6162 Fax
Amir@sherwoodbrands.com

PUBLIC VERSION

August 31,2006

Dear Office of the United States Trade Representative:

We are seeking your support and re-authorization of the GSP program, which is set to expire on December 31, 2006. Our company would suffer dire consequences if the countries we have invested in would no longer receive GSP status.

Sherwood Brands is a middle size USA based confectionery operation that has been in business over 80+ years in combination with companies Sherwood Brands has acquired. Over the last 10 years due to extremely high domestic sugar prices and labor costs and a very difficult competitive environment due to consolidation of retailers, Sherwood Brands which had factories in Rhode Island, New York and Virginia moved its production facilities to Brazil, Argentina, and Turkey at considerable expense. As a company we tried everything possible to continue our sugar based confectionery operations in the USA but ultimately had only two choices: 1.) To close our family business or 2.) To move our operations at great expense to these countries. Rather than closing our operations, we took our expertise and moved our USA operations to Brazil, Argentina and Turkey. We did this with both great financial and personal risk and expense. Our single goal was to stay in business and build on a rich heritage. While we had to lay-off employees and take operating losses during the transition, the objective was to maintain employment for as many people as possible. While our company suffered losses prior to the move and due to the costs associated with the move, we have in the last year started increasing sales and hiring more people. Today our company employees about 60 people in two offices and two distribution facilities. Our sales have started to rebound.

We are asking your office to take into consideration that our company had only two options open to us. We decided to remain in business and invest our know-how in these countries. Should we now face duties from these countries given the decline of the USA DOLLAR, higher fuel costs and extremely competitive retail environment, we would not be able to continue purchasing product from these GSP nations. Our losses would include the huge investment in moving and reinvesting in equipment in these countries. Once again we would be forced to lay-off employees after finally creating a feeling that our company is rebounding and potentially having to close our operations. Our company morale is finally up seeing a light at the end of the tunnel.

Conversely, eliminating the GSP program would only benefit large confectionery companies that have multinational presence. This would simply provide them a way to eliminate competition-- us.

We ask you that given the uncertainty in the world, including escalating fuel costs, a weak US Dollar and our commitment to continue supporting our employees and the USA economy that you re-instate the GSP after December 31, 2006. Our company and employees are dependent on you. Below is a listing of HTS #'s. If you have any questions, please do not hesitate to call me. This is a very serious matter for our company and I would be happy to assist in any way possible to help maintaining the GSP program.

Sincerely,

Amir Frydman
President
Sherwood Brands
301-309-6161 x 19

Reference HTS #
1704.10.0000
1806.90.9011
1806.31.0049
1704.90.3550

PUBLIC VERSION

1806.90.9019
2106.90.9985
1806.90.9011
2106.90.9985

Amir Frydman Sherwood Brands, LLC 301-309-6161 x 19 301-309-6162 Fax
Amir@sherwoodbrands.com

Supports Argen, Brazil, & Turkey
Re hose clamps – which not have CNLW
Progeral Industria de Artefatos Plasticos Ltda.

From: Mario Ivan Chaves [ivanchaves@progeral.com.br]
Sent: Thursday, August 31, 2006 9:10 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

August 31, 2006

To: Office of the United States Trade Representative

From: Progeral Industria de Artefatos Plasticos Ltda
Rua Walter Barufaldi, 300
Iperó, S.Paulo, 18560-000
Brazil

Sirs,

Please find attached the submission of 2006 GSP Eligibility and CNL Waiver Review made by Progeral Industria de Artefatos Plasticos Ltda.

Sincerely,

Mario Ivan Chaves
Sales Manager
Progeral Industria de Artefatos Plasticos Ltda.

E mail address: ivanchaves@progeral.com.br

Progeral Industria de Artefatos Plasticos Ltda. is a Brazilian hose clamp manufacturer founded in 1962 and located in Ipero, state of S.Paulo, Brazil. It has as customer companies like General Motors, Ford Motor Company, Daimler Chrysler, PSA, Renault, Fiat, Nissan, Volkswagen, Volvo, Delphi, Hutchinson, Good Year, Visteon, etc. Its main products are ; spring band clamp, ear clamps, retainer clamps, worm drive clamps, T bolt clamps. Located in an industrial area in Ipero it has a land area of 15,000 square meters, 4,000 square meters of covered area, 200 employees and is certified in TS 16949 and ISO 14001.
Progeral has in its Strategic Planning be a Global Player and because of that it has sales and technical offices in Germany, Turkey, China, Argentina, Mexico and United States.
The automobile market is a very competitive market and so the hose clamp market. The customers are always looking for cost savings opportunities in order to be more competitive and Progeral has a great chance to offer that due to the cost of labor in Brazil comparing with another countries. By other hand for Progeral be competitive in North America market is absolutely necessary the continuation of the Generalized System of Preferences (GSP) program after December 31, 2006.
Progeral has invested in equipment, in training people, travels, etc, to be prepared to get some market share in North America. Since 2004 we are working with our customers to technically validate our products for North America market and after go through a long way we are getting the orders we have planed to get. All this work is being made based in the GPS program.
The growth of Progeral in North America market will generate new investments and employment not only in Brazil but also in Progeral Corp in the United States.
Regarding Progeral's customers in North America they will have chance to get cost savings programs giving them the opportunity to improve profitability, market share, employment, etc.
The 8-digit tariff number of the HTSUS for a hose clamp is 7326.19.00.

HOWREY LLP

1299 Pennsylvania Avenue, NW
Washington, DC 20004-2402
www.howrey.com

Juliana M. Cofrancesco

202-383-7252
202-383-6610
cofrancescoj@howrey.com

September 5, 2006

VIA EMAIL (FR0052@USTR.EOP.GOV

Marideth J. Sandler
Executive Director for the GSP Program and
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the United States Trade Representative
1724 F Street, N.W.
Washington, DC 20506

Re: Eligibility of Certain Beneficiaries For Continued Benefits under the GSP Program: Ceramic Tile Classified in HTS headings 6907 and 6908

Dear Ms. Sandler:

On behalf of the Tile Council of North America, Inc. ("TCNA"), the trade association of the American ceramic tile industry,[1] we appreciate this opportunity to submit comments in response to the USTR's Federal Register notice regarding the potential termination or limitation of benefits under the GSP Program for certain countries that are major beneficiaries of the program. 71 Fed. Reg. 45079 (Aug. 8, 2006).

Among the largest beneficiaries of the GSP program are Argentina, Brazil, Indonesia, the Phillipines, Thailand, Turkey and Venezuela ("subject countries"). Each of these countries are also major suppliers of ceramic tile to the United States and their industries have proven to be world class producers and exporters of these ceramic tile products. The ceramic tile industries in these countries are characterized by modern facilities and state-of-the-art highly automated ceramic tile production equipment, and ready access to low cost raw materials. Importantly, just as the ceramic tile industries in these countries have grown to be world-class competitors, so too have the economies of these countries substantially progressed to the point that changed circumstances justifies limiting or terminating benefits available under the GSP program for ceramic tile imports classified in HTS headings 6907 and 6908. *See* 19 U.S.C. § 2462(c)(2), (d). Moreover, these low-priced ceramic tile imports from the major GSP-eligible suppliers have had a serious adverse impact on the domestic industry. For this further reason, the statute provides authority for the termination of GSP benefits to these major ceramic tile suppliers. *See* 19 U.S.C. §§ 2462(d), 2461(3)-(4).

1 The American ceramic tile industry consists of approximately thirty-six regular tile manufacturers and a large number of smaller art/studio tile makers, located throughout the United States. Tile Council is an association of over forty manufacturers of ceramic tiles and related products that manufacture over fifty percent of the ceramic tile produced in the United States.

As you are no doubt aware, the U.S. ceramic tile industry is highly import-sensitive and has been subjected to repeated efforts by low-priced imports to gain or increase trade-favored access to the U.S. ceramic tile market – a market that already has reached an import penetration level of 78.7% for all ceramic tiles according to the most recent data available through the first quarter of 2006. Glazed ceramic tile -- the HTS subheading that is the most import-saturated of all categories of ceramic tile – has increased to an import market share of 80.3% of domestic consumption in Q1 2006. Glazed ceramic tiles in these dimensions in this HTS category (HTS subheading 6908.90) comprise, by far, the major category of ceramic tile sold in the U.S. market today. Simply put, GSP benefits should be immediately terminated for glazed ceramic tile imports from the subject countries.

The U.S. ceramic tile industry is an extreme case of economic trends that are less intense in most other domestic industries. For the last decade, the U.S. tile industry has been characterized by two primary factors - tremendous and increasing import penetration, and continuous decreases in unit prices. High import penetration levels already have driven down U.S. ceramic tile prices over the past decade, a trend that is expected to continue due to the surge of imported low priced foreign tile. Import penetration in glazed ceramic tiles has increased from 64.6% in 1996 to 80.3% this year. Competition from low-priced imports have forced prices down to levels that are unsustainable for U.S. producers. A comparison of import and domestic average unit values demonstrates that import prices for glazed ceramic tiles are approximately 25% lower than domestic prices.

The domestic ceramic tile industry already is struggling to compete against very low-priced imports flooding the U.S. market. Indeed, since 2000, several U.S. producers went out of business resulting in a significant loss of jobs in the United States. Winburn Tile Manufacturing Company of Little Rock, Arkansas went out of business July 6, 2001. Until the company closed its doors, it was a manufacturer of glazed and unglazed mosaic ceramic tiles. KPT USA, of Bloomfield, Indiana, formerly a producer of glazed ceramic floor and wall tiles went out of business on June 29, 2001. Summitville Tiles, Inc. of Summitville, Ohio, closed its plant in Morgantown, N.C. that produced glazed ceramic wall tile. Summitville estimates that the closure of this plant represents the loss and “closes the books” on a $100 million favorable economic impact on the community during the 12 years of its operation. Summitville also closed one of its two Ohio plants in Summitville, Ohio. The TileWorks in Redfield, Iowa outside Des Moines, closed its glazed ceramic tile production facilities in 2001; and its equipment was auctioned off to foreign producers in April 2003. Most recently, Florida Tile’s glazed floor tile facility in Shannon Georgia is being shut down. It is clear to U.S. industry members that the closure of these U.S. tile companies and consequent loss of manufacturing jobs in the U.S. is, in major part, the direct result of the ever increasing onslaught of low-priced imports. An extended list of American ceramic tile production facilities that have been shut down since 1991 is attached to this submission as Exhibit 1. Many of these injurious imports originate in the subject countries and receive duty-free treatment under the GSP program.

The domestic industry currently is operating at the thinnest margins in its history and has had overall revenues decline over the past decade. Many U.S. producers have not been able to increase prices even to meet the rate of inflation. Domestic tile producers will likely face even greater declines as recent construction declines deepen. Domestic producers have been forced to match the low-prices of foreign imports or lose long-standing customers. The net result has been diminished margins and flat revenues. At a time when the U.S. economy, and especially the construction sector, is facing declines or even bordering on recession, it is not appropriate or justifiable to grant further duty-favored access to a U.S. market for ceramic tiles in general and for the glazed ceramic tile category especially given that it is over 80% dominated by imports and operating on the thinnest margins in its history.

We respectfully submit that the U.S. domestic ceramic tile industry has been adversely impacted by the tariff preferences extended to the subject countries through the GSP program. In light of the dire circumstances of the U.S. ceramic tile industry, which in large measure has been caused by the 78.7% overall ceramic tile import penetration levels, many of which are accorded favorable tariff treatment under the GSP program, we respectfully request the United States to withdraw GSP eligibility for *all* ceramic tile categories in HTS headings 6907 and 6908 for the subject countries.

If you have any questions concerning these comments, please contact us directly at your convenience.

Respectfully submitted,

/s/

Juliana M. Cofrancesco
John F. Bruce

EXHIBIT 1
U.S. CERAMIC TILE PRODUCTION FACILITIES
THAT HAVE CLOSED SINCE 1991

1. American Olean, Lansdale, PA
2. American Olean, Jackson, TN
3. American Olean, Cloverport, KY
4. American Olean, Roseville, CA
5. GTE Products Corp, Portsmouth, NH
6. Huntington Tile, Ft. Worth, TX
7. Huntington Tile, Mt. Vernon, TX
8. Laufen, Tulsa, OK
9. KPT, Bloomfield, IN
10. Ludowici Stoneware Co., Richmond, IN
11. Mannington Ceramic Tile, Lexington, NC
12. Summitville, Morganton, NC
13. Summitville, Summitville, OH
14. The Tileworks, Redfield, Iowa
15. Universal Quarry Tile, Adairsville, GA
16. B&W Tile, Gardena, CA
17. B&W Tile, Riverside, CA
18. Monarch Tile, Florence, AL (now owned by Am. Marazzi)
19. Handcraft Tile, Milpitas, CA
20. KEPCOR, Minerva, OH
21. Florida Tile, Lakeland, FL
22. Florida Tile, Shannon, GA
23. Winburn Tile, Little Rock, AK
24. Glen-Gery – Hanley Plant, Summerville, PA
25. Terra Design, Dover, NJ
26. The Willette Corporation, New Brunswick, NJ
27. Dal Tile Keystones Plant, Gettysburg, PA

Supports Argentina,
Brazil, India,
South Africa, &
Thailand
Re agricultural chemical products

From: Pacheco, John [JPacheco@crowell.com]
Sent: Friday, September 01, 2006 1:43 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Ms. Marideth Sandler
Executive Director,
Generalized System of Preferences
Office of the U.S. Trade Representative
1724 F Street N.W.
Room F-220
Washington, D.C. 20508

Submitted by email to FR0052@USTR.EOP.GOV

Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments

Dear Ms. Sandler:

The following comments are submitted on behalf of Bayer CropScience L.P. Bayer CropScience is a manufacturer of pesticides, herbicides and fungicide products, with nine agricultural chemical production locations in the United States employing a significant portion of the U.S. company's workforce. In addition to the directly owned and operated facilities, Bayer CropScience contract manufactures with at least another 15 U.S. companies to produce our agricultural chemical formulations.

The purpose of this submission is to stress the importance of continuing GSP duty-free treatment for U.S. imports from India, Argentina, Brazil, South Africa and Thailand when the Generalized System of Preferences is reauthorized beyond December 31, 2006. Bayer CropScience operates a fully integrated, global supply chain. Our ability to source active ingredients from these countries is vital to retaining the manufacturing competitiveness of our nine manufacturing facilities in the United States. Bayer CropScience currently has manufacturing facilities located in Kansas City, MO., Muskegon, MI., St. Louis, MO., Pasadena, TX., Institute, WV., Woodbine, GA., Des Moines, IA., Marsing, ID. and Pekin, IL. The significant portion of Bayer CropScience employees in the U.S. who work in these facilities are highly-skilled and professional chemical and engineering workers.

India is of particular significance to our operations. The active ingredients which Bayer CropScience imports and plans to import from India all qualify for GSP duty-free treatment. Without GSP, the products, which fall within Harmonized System chapter 29, would be subject to U.S. duties ranging from 2.8% to 6.5%. The GSP duty-free treatment provided for these products when imported from India is an important element in Bayer CropScience's ability to provide low-cost agricultural chemical products to U.S. farmers and, in turn, assist the competitiveness of the U.S. farming sector. Bayer CropScience's products are used in the production of such crops as corn, cotton, canola, cereals, and vegetables.

Being able to take advantage of GSP duty-free treatment for these products greatly assists Bayer CropScience's competitiveness and ability to continue efficient operations in the United States. For every active ingredient imported from India, the U.S.-based formulation of the finished product requires the use of, on average, 9 additional raw material ingredients before our products are ready for sale to the farmer. These additional raw materials are exclusively sourced from U.S.-based manufacturers representing approximately 200 suppliers.

Bayer CropScience in India

Bayer AG, Bayer CropScience's parent company, has had operations in India since 1896. Bayer in India has major business interests in Health Care, CropScience, and Material Science.

India's Continued Eligibility for GSP Duty-free Treatment Is Vital to Bayer CropScience's Future Competitiveness in the United States

As the GSP Subcommittee and the Trade Policy Staff Committee consider options for the future structure of the U.S. Generalized System of Preferences (GSP) as reauthorization of the program is sought, Bayer CropScience urges that careful consideration be given to the added competitiveness GSP duty-free treatment offers to U.S. manufacturers like Bayer CropScience and its suppliers. Our company is able to maintain operations in the United States and generate U.S. employment by making effective use of our global supply chain and by taking advantage of programs such as the GSP.

For these reasons, Bayer CropScience strongly favors the continuation of India, Argentina, Brazil, South Africa and Thailand's eligibility as beneficiary developing countries under a renewed U.S. GSP program.

We would be pleased to provide the GSP Subcommittee and the Trade Policy Staff Committee with additional information, as needed, in support of Bayer CropScience's position.

Respectfully submitted,

MIKE COCKRILL
Vice President, Supply
Chain and Procurement
Bayer CropScience, L.P.
mike.cockrill@bayercropscience.com

Supports Argentina & Brazil
Supports Upholstery Leather
4107.11.50 which not
have CNLW

Anthem Leather, Inc.

Mrs. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Subcommittee
FR0052@USTR.EOP.GOV

HTSUS 4107.11.50

Dear Mrs. Sandler:

My name is Robert B. Wilson. I am the President of Anthem Leather, Inc., a North Carolina importer of bovine upholstery leather from around the world. Currently, we are importing these leathers from Argentina, Brazil and China. Today, I am composing this letter in reference to the Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers.

Anthem Leather, Inc. is a mid-sized business that specializes in importing leather hides into the United States and reselling this product to furniture manufacturers and upholsterers around the country. Our competitive edge lies in our ability to bring these goods into the states from GSP supported countries. I urge you not to remove Argentina or Brazil from the GSP program. We would have tremendous trouble finding alternative suppliers that could meet our current and expected material needs in the coming years.

I also urge you to renew the GSP program before it expires December 31, 2006. Failure to renew it before it expires would be extremely costly to us. Not only would we immediately have to pay duty amounts that would crush our margins, but we would also have to pass on this added expense to our customers – middle- to small- size furniture manufacturers and mom and pop upholstery shops. A delay in renewal of the GSP program would be devastating to my company financially. Anthem Leather, Inc. would have to make immediate outlays of funds to pay the duties owed for an unknown period of time. If Congress were to approve reauthorization of the GSP program after it expired, Anthem Leather, Inc. would then have to incur the additional expense to file requests with Customs to have our money refunded. The last time that GSP lapsed in September 2001, the cost to my company was substantial in terms of amounts of time and money.

Sincerely,

Robert B. Wilson
President
Anthem Leather, Inc.

Embassy
of the
Argentine Republic

NON-CONFIDENTIAL

Washington D.C., September 1st., 2006.

Ms. Merideth SANDLER
Executive Director for the GSP Program.
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee.
1724 F Street, NW Washington DC

Re.: - GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATION OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS ON THE ELEGIBILITY OF CERTAIN GSP BENEFICIARIES AND EXISTING COMPETITIVE LIMITATION (CNL) WAIVERS.

Dear Ms. Sandler,

We make reference to the communication published on August 7, 2006, requesting comments on the *Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitations (CNL) Waivers.*

Pursuant to your request for comments, I have the honor to submit hereby for your consideration, the comments below, on behalf of the Government of the Republic of Argentina.

According to the communication cited herein, the Trade Policy Staff Committee (TPSC) is seeking "*further information*" on the eligibility of thirteen countries, among those, Argentina.

The written comments sought by the USTR are on "*whether to limit, suspend or withdraw the eligibility of those GSP beneficiary countries, for which the total value of US imports under the GSP exceeded $100 million in 2005, and, a) which the World Bank classified as an upper- middle income economy in 2005; or b) that accounted for more than 0.25 percent of world good exports in 2005, as reported by the World Trade Organization*".

As a preliminary matter, we wish to draw attention to the fact that no comments have been requested in favor of the continuation of the program in its present form. It is our aspiration that the specific scope of the request does not predetermine the results of the review.

The present comments by Argentina should be understood as a contribution to the review exercise, particularly regarding its relevance for Argentina's exporters.

With regard to the criteria chosen by the USTR for evaluating the eligibility of the beneficiary countries to the program, it is our view that at least in the particular case of Argentina, those criteria are all too general for serving the purpose of capturing –let alone evaluating- the nuances and complexities required to determine the eligibility of countries to the GSP.

Regarding the $ 100 million threshold, Argentina wants to express its concerns regarding such an extremely low level. In the first place because it would hit 95% of USA imports under the program. Secondly, because such threshold would be even lower than the one that triggers a CNL for a single product. We fail to understand how $ 120 million as a limit for a single product, and $ 100 million applicable countrywide could be reconciled.

Additionally, in our particular case, the sole observation of this criterion would ignore the small participation of Argentina in the overall imports of the USA under the GSP, which is around 2,30 %. Neither could it capture the fact that the participation of Argentina under the Program has remained about this same level for the last ten years. Nor that if our exports have grown in recent years, this growth is mainly driven by the very growth of the USA import market as a whole, and that there is no indication that this increase had affected other trading partners during the process.

Thus, far from "reaping" the benefits of the program in detriment of some other countries, Argentina has kept a constant –and modest- level of participation in it, based on a mutually beneficial relationship between suppliers and importers developed along an extended period.

The data on Argentina's performance in the USA market do not support the idea of a substantive increase of development or competitiveness; nevertheless, were such an increase ever happened, the threshold of $ 100 million would surely still make a poor indicator for that circumstance anyway.

Similar comments can be raised on the two other criteria set up by the USTR: the World Bank classification, or the share of any given country in the world total exports, whichever is applicable.

As for the first, Argentina falls into the category of *"upper-middle income"* countries. However, the value of this classification, should be carefully put under the proper perspective, because as the World Bank itself recognizes, "*Classification by income does not necessarily reflect development status"*[1]

[1] http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS - Last accessed 08/08/2006.

Of particular concern is the fact that, the “upper-middle income” category is all too broad in scope, ranging from USD 3,466 to 10,725. This is not a small range, and the same category serves the purpose of accommodating economies with quite a different degree of development. Should it serve to provide and accurate common description of all those economies comprised, as well? Argentina clearly believes it should not. The upper notch comprises more than three times the lower boundary of the range. And Argentina is very close to the bottom end of such wide range, indeed.

Does “*upper-middle income*” accurately depict present-day Argentina?
It is a matter of fact that Argentina has recently experienced an impressive economic recovery. This has been possible in part, thanks to the continued efforts made in order to maintain a responsible fiscal policy, indispensable for sustained growth. The revitalized economy has generated important growth rates in exports and imports, leading to the unusual situation for Argentina, of experiencing a short period of trade surplus with the USA. This situation, however, has started to revert, as the pick up of the economic activity generates an increasing demand for imports in Argentina. Thus, Argentina’s imports from the USA have grown once again at a higher rate than our exports to the USA market.

Only with reliable and predictable foreign markets, will Argentina be able to sustain its demand for capital goods and industrial inputs, two sectors that represent an important share of USA exports to Argentina, and that are crucial to Argentina’s economic expansion in the long run.

The importance of the GSP as an element of certainty with respect to the US market should not be belittled. For more than 20 years the GSP has proved to be fundamental for many small and medium size firms, which have found in the duty free access, the means for gaining access to the important USA market, and consequently to the world, while widening the choice of products available to the American consumer.

This small and medium size companies play a key role in the current context of the post-crisis economy. They play a key role across the whole territory of the country, being on occasion, the sole and most important factor of development available for several regional economies, especially in the more disadvantaged provinces. Henceforth, Argentina could not afford to lose its GSP benefits without affecting the existing trade flow generated by them.

As for the third criterion established by the USTR, the same kind of considerations concerning its limited capacity for determining Argentina’s competitiveness as in the case of the second criterion can be advanced. In Argentina’s view, any conclusion based on a country’s overall share in the world’s exports would be unsuitable for analyzing the performance of that country’s exports in a particular market, such as the USA market.

Summing up, we consider that the application of the envisaged thresholds could lead to decisions that would likely affect the access of Argentine products to the American market, while diminishing the role the GSP has played as a resource for contributing to the development of the beneficiary countries.

As stated above, the GSP benefits Argentina’s exporters, as well as American consumers and industries, by providing cheap, high quality products that enter the American economic cycle and are incorporated in many of the products that result at a later stage, in American exports.

The available facts do not seem to support the argument posited that Argentina is reaping the benefits of the program, to the detriment of other, less developed countries. The participation of Argentina’s exports under the GSP has remained unaltered over the years, indicating that after all, the program has helped Argentina to compete with other highly competitive non-beneficiary countries, without displacing other GSP beneficiaries in the process.

Consequently, it cannot be concluded that limiting, suspending or withdrawing the eligibility of Argentina from the GSP will result in an increase of exports of those products by other beneficiary countries.

However, the existing bilateral flow of trade would certainly result impaired as a result of the withdrawal of Argentina from the program, and as it was stated above, it would be the small and medium sized companies the sector most exposed to bear the worst of the negative impact resulting from that.

The deterioration of the conditions and level of access to the USA market, would not help Argentina’s further development, nor the prospects for our bilateral trade.

Respectfully,

José Octavio Bordón

Ambassador

Supports Argentina
Re dyestuffs

From: Vilmax [vx@vilmax.com.ar]
Sent: Monday, September 04, 2006 2:04 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Messrs.
GSP Subcommittee,
Office of the United States Trade Representative,
Washington, USA.
fr0052@ustr.eop.gov

Ref.: 2006 GSP Eligibility and CNL Waiver Review

No confidencial

Gentlemen:

We understand that you are studying to limit or suspend the GSP benefits corresponding to Argentina, our country. During the last years, our Company produced and exported to your country experimental quantities of the dyestuffs mentioned in the enclosed list, all of them belonging to the positions 32.04.12.20, 32041245 and 32041250 of your Tariff, which pay 0 duty due to GSP, instead of the previous 6,5%.

Most of these are leather dyes, many of them used in leather car tapestry, and are under approval in several USA tanneries. Once accepted, their consumption may increase greatly.

To what we understand, there is not a production of these dyes in your own country, so USA industrial interests are not affected. Besides, dyes fo car leather are products requiring extra quality and solidities, that is to say technologicaly advanced chemicals.

The present equilibrium of technological imports and exports between our countries is today clearly in favour of the USA, and the eventual increase of our exports would mean a slight improvement of it.

For these reasons, we request you to maintain the GSP facilities for the three Tariff positions mentioned above, or at least for the dyestuffs manufactured in our country mentioned in the enclosed list.

Thank you very much for your kind attention.

Dr. Jorge Mazza
Vice-President - Vilmax S.A.
Santiago del Estero 366
C1075AAH - Buenos Aires - Argentina
Direct Phone/fax: 00-54-3327-455711
e-mail: vx@vilmax.com.ar- http:// www.vilmax.com.ar

P - Vilmax

Color Index	Commercial name	DUTY SGP	HTS HEADING
Acid Red 310	Vilmasolid Red Brown NB	0.00	3204.12.20.00
Acid Green 68	Vilmacor Dark Green GNB	0.00	3204.12.20.00
Acid Brown 83	Vilmacor Brown CGG	0.00	3204.12.20.00

Acid Brown 100	Vilmacor Brown HGG	0.00	3204.12.20.00
Acid Brown 101	Vilmacor Brown HGN	0.00	3204.12.20.00
Acid Brown 104	Vilmacor Brown 2G	0.00	3204.12.20.00
Acid Brown 106	Vilmacor Brown EGT	0.00	3204.12.20.00
Acid Brown 165	Vilmacor Brown NT	0.00	3204.12.20.00
Acid Brown 191	Vilmacor Brown UDR	0.00	3204.12.20.00
Acid Brown 191	Vilmacor Brown DR New	0.00	3204.12.20.00
Acid Brown 191	Vilmacor Brown DR	0.00	3204.12.20.00
Acid Brown 314	Vilmacor Fast Brown HG	0.00	3204.12.20.00
Acid Brown 126	Vilmasolid Brown DVL	0.00	3204.12.20.00
Acid Brown 290	Vilmasolid Brown NGT	0.00	3204.12.20.00

Acid Yellow 174	Vilmanyl Yellow E-G	0.00	3204.12.45.00
Acid Yellow 243	Vilmasolid Yellow RL	0.00	3204.12.45.00
Acid Orange 128	Vilmanyl Orange N-R	0.00	3204.12.45.00
Acid Brown 75	Vilmacor Brown NR	0.00	3204.12.45.00
Acid Brown 75	Vilmacor Brown UCR	0.00	3204.12.45.00
Acid Brown 75	Vilmacor Brown CR	0.00	3204.12.45.00
Acid Brown 97	Vilmacor Brown MFR	0.00	3204.12.45.00
Acid Brown 348	Vilmacor Brown VSR	0.00	3204.12.45.00
Acid Brown 349	Vilmacor Brown VSG	0.00	3204.12.45.00
Acid Brown 354	Vilmacor Brown HBR	0.00	3204.12.45.00
Acid Brown 396	Vilmasolid Dark Brown 2R	0.00	3204.12.45.00
Acid Brown 418	Vilmacor Brown PHL	0.00	3204.12.45.00
Acid Brown 425	Vilmasolid Brown GL	0.00	3204.12.45.00
Acid Brown 432	Vilmasolid Brown RL	0.00	3204.12.45.00
Acid Brown w/n	Vilmacor Fast Brown HHN	0.00	3204.12.45.00
Acid Brown w/n	Vilmacor Fast Brown HEN	0.00	3204.12.45.00
Acid Brown w/n	Vilmasolid Brown PAL	0.00	3204.12.45.00
Acid Black 215	Vilmasolid Grey GEBL	0.00	3204.12.45.00
Acid Black 233	Vilmasolid Black RPL	0.00	3204.12.45.00
Acid Black 234	Vilmacor Black MAK-I	0.00	3204.12.45.00
Acid Black w/n	Vilmacor Black MAK-II	0.00	3204.12.45.00
Acid Black w/n	Vilmacor Black MAK-I NEW	0.00	3204.12.45.00

Acid Green 20	Vilmacid Green VA	0.00	3204.12.50.00
Acid Brown 14	Vilmacor Brown R	0.00	3204.12.50.00
Acid Brown 417	Vilmacor Brown 5G	0.00	3204.12.50.00
Acid Brown 419	Vilmacor Brown P3R	0.00	3204.12.50.00
Acid Brown 430	Vilmacor Havane CGR	0.00	3204.12.50.00
Mordant Yellow 8	Vilmacrom Flavine R	0.00	3204.12.50.00
Mordant Yellow 10	Vilmacrom Yellow 2G	0.00	3204.12.50.00
Mordant Red 9	Vilmacrom Red R	0.00	3204.12.50.00
Mordant Blue 13	Vilmacrom Blue BL	0.00	3204.12.50.00
Mordant Brown 15	Vilmacrom Brown KE	0.00	3204.12.50.00
Mordant Brown 15	Vilmacrom Brown KEB	0.00	3204.12.50.00
Mordant Black 9	Vilmacrom Black PV	0.00	3204.12.50.00
Mordant Black 9	Vilmacrom Black PV2A	0.00	3204.12.50.00

PETROBRAS

Supports Argentina
Re polystyrene plant

From: Ricardo Grether [ricardo.grether@petrobras.com]
Sent: Monday, September 04, 2006 2:00 PM
To: FN-USTR-FR0052
Subject: Re: 2006 GSP Eligibility and CNL Waiver Review

Ricardo Grether/AR/Pesa

Ricardo Grether/AR/Pesa
04/09/2006 02:59 PM

Para
FR0052@USTR.EOP.GOV

cc

Asunto
2006 GSP Eligibility and CNL Waiver Review

(See attached file: 2006 GSP Eligibility.doc)

PETROBRAS

Dear Sirs

Reference: GSP program, Initiation of Reviews and Request for Comments.

HTS number 39.20.30.00

In 1999 our company installed in Argentina a Bioriented polystyrene plant with United States technology (Marshall and Williams) for making Plastic Sheets for thermoforming bakery packaging. (50 people working)

In 2002 our country suffered a big economic crisis. Nowadays, there is a big gap between rich and poor and unfortunately our packaging works with high income-markets. That is why, our Argentine market has never been able to recover completely.

We were forced to find a way to survive by turning our company to serve the developed countries.

The largest market in the world for Bioriented polystyrene is USA. The market is around 200.000 tns and the 1960 tns imported from Argentina in 2005 represents only 1% so our impact in the market is minimum.

On the one hand, there are very few companies in USA that manufacture this product so our customers find a good alternative in us despite the fact they have to wait 40 days to receive our goods compared with the 10-day delivery time from a US producer. On the other hand, once a customer actually buys from us, we have to deliver on time because it is a make-to-the-order product and once they decide to purchase from abroad they cannot have an alternative for that month, therefore, we should not miss our arrival target day. (that's a very big natural barrier for the US producer)

For the past few years we have worked very hard to accomplish the high US quality standards; we have been increasing our year-on-year sales by gaining confidence on our US customers.

If we lose the GSP preference in our product our sales into U.S. market will be substantially reduced due to the minimum margin. A seven-year-old-working relationship will be shattered.

Argentina in this product only represents 8% of the total imports of this item under GSP.

Import Program	HTS Number	**2003**	**2004**	**2005**	**2005**
		In 1,000 Dollars			%
GSP fm Argentina	3920300000	1,194	2,329	3,539	7.85%
TOTAL FM WORLD IMPORTS	TOTAL	41,878	39,362	45,104	

Maipú 1- C1084ABA - Buenos Aires - Argentina
Teléfono: (54-11) 4344-6000

PETROBRAS

HTS number 39.23.50.00 and 39.24.10.20

In 2002 with the economic crisis we had to find a way to survive so we have been working with our Argentine customers that were making thermoforming trays for fast food consumption and together we began to export fast food lids to the US.
We have been able to sell despite the fact plastic trays had high freight charges, which actually are around 50% of the added cost.-
Unfortunately, we will have to discontinue this business, which involves other 50 people.

Import Program	HTS Number	**2003**	**2004**	**2005**	**2005**
		In 1,000 Dollars			%
GSP fm Argentina	39235000	1,243	1,851	1,361	0.30%
TOTAL		350,495	411,540	454,095	

Import Program	HTS Number	**2003**	**2004**	**2005**	**2005**
		In 1,000 Dollars			%
GSP fm Argentina	39241000	727	224	883	0.08%
TOTAL		748,596	905,302	1,137,111	

ARGENTINE SELLS UNDER GSP

Argentina sold U$S. 616,577,000 in 2005 to USA under GSP. Our products have little impact so if you were to take out any Argentine product please bear in mind it would have little impact for USA but a big impact in our country. So please do consider keeping up this GSP program.

Extended Special Import Program	**2003**	**2004**	**2005**	**2005 share**
		In 1,000 Dollars		
GSP (excluding GSP for LDBC only)	451,294	562,858	616,577	100%
3920300000	1,194	2,329	3,539	1%
3923500000	1,243	1,851	1,361	0%
3924102000	727	224	883	0%

We are really grateful because thanks to your support we have been able to build an increasingly stronger relationship with US customers, we hereby ask if you could reconsider a way for us to continue with same benefits of the GSP program.

Regards
Ricardo Grether
BOPS commercial manager
Petrobras Energía S.A
Buenos Aires. Argentina.
Phone 54-11-4344-7200 extension 2540
ricardo.grether@petrobras.com

Supports Argentina
Re cheese 0406.90.41

From: Osvaldo [ocappellini@fibertel.com.ar]
Sent: Saturday, September 02, 2006 5:16 PM
To: FN-USTR-FR0052
Cc: FN-USTR-FR0618
Subject: Fw: 2006 GSP Eligibility and CNL Waiver Review

----- Original Message -----
From: Osvaldo
To: FR0618@USTR.GOV
Cc: Osvaldo Cappellini ; cilarg@cil.org.ar
Sent: Saturday, September 02, 2006 4:11 PM
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: GSP Subcommittee of the Trade Policy Staff Committee, Office of the United States Trade Representative, 1724 F Street, NW., Room F-220, Washington, DC 20508.

Ref.: 2006 GSP Eligibility and CNL Waiver Review

On behalf of the interests of the Argentina's dairy industry, I hereby submit the following comments regarding the 2006 GSP Eligibility and CNL Waiver Review:

1.- INTRODUCTION:

The Argentine Dairy Industry is facing today a gradual recovery after the deep economic crisis that took place in Argentina just 3 years, which was characterized by a sharp decline in milk production (30% drop) that severely undercut the competitiveness of Dairy Producers & Manufacturing sectors.

Within the present process of recovery, exports play a major role in improving the lack of profitability of the dairy sector, especially in the area of cheese sector, which is the most labor intensive, adding to the country's already very high level of unemployment.

Even if our dairy exports have recovered in the last period, mainly in the form of milk powder, the USA market still is by far the most important external market for cheese exports -representing 2/3 of the hard type cheese total exports- so, in the light of this, the only way open at present is to somehow to maintain the already reduced volume & prices of our cheese exports, as little improvement is to be expected of the internal purchasing power of the population and/or opening another export markets.

The possibility of being ... Of benefits granted by GSP of the HTS subheading 0406.90.41.00 ([1]) would be a highly negative factor to the Argentine Cheese Sector in this respect. Furthermore, as this is restricted to cheese imported within Argentina's Tariff Rate Quota, total supply of this product in the US market would not change.

2.- OTHERS FACTORS to be CONSIDERED:

2.1.- The effect such action will have on furthering the economic expansion of the country's exports;

a) Based on Argentina's existing tariff rate quota of 6.383 metric tons, the elimination of the benefits of the duty free treatment granted by the GSP would mean a decrease in revenue for Argentina cheese sector of around 3.5 million dollars per annum on a fob basis, or the equivalent of 3.5 cents per liter of milk used for this purpose.

b) The existing import quota is supplied not only by some important dairy companies but by another 10-15 Small & Medium Cheese Companies, for which the quota under GSP is the only way to reach the USA market with some profitability.

2.2.- The anticipated impact of such action on the United States producers of like or directly competitive products;

a) Since the quantity of cheese exported under the GSP is fixed under a strict quota, the elimination of the GSP treatment won't favor US producers of hard cheeses, as the duty reduction is benefiting US consumers as well as Argentine producers. The quantity of cheese in question is fixed at 6,383 metric tons (about 14.1 million pounds) & it cannot expand beyond this quantity, representing less than 2,5 % of the of the total US market.

b) At the same time, Argentina's quota represents approximately 10 percent of the US total hard type cheese imports, being the rest provided by a majority of Developed Countries such as the European Union, New Zealand, Australia, among others, but is worth to pinpoint that such a small quantity is very important – almost crucial- for our developing cheese industry, since, it has already been said it represents roughly 65% of the total exports of argentine hard cheese exports.

2.3.- The extent of the country's competitiveness with respect to eligible products: Considering that the FOB value of the cheeses being actually exported to USA under the GSP are currently fixed between u$s.3,40/kgr a U$S 3,60/kgr we'd like to comment that those prices are quite on the edge of profitability, so the increase of 15% of the import duty would mean a important loss of competitiveness of the Argentinean cheese exports.

3.- CONCLUSSION: So, in the light of the present facts & comments, we ask the GSP Subcommittee to maintain the present GSP status for Argentina & for the products of the HTS subheading 0406.90.41.00

With best regards, I remain

Yours Truly

OSVALDO RAUL CAPPELLINI

Centro de la Industria Lechera Argentina (Argentina Dairy Industry Federation)

Position: President

Address: Medrano 281 .Capital Federal -Republican Argentina

Phone: 54-11-4983-6149/0587

Internet: www.cilarg.org.ar

E-mail: ocappellini@mastellone.com.ar (office)

ocappellini@fibertelcom.ar (personal)

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[1] HTSUS 0406.90.41.00: Romano, Reggiano, Parmesan, Provolone and Provoletti Cheese (Italian-type cheeses): Other: Made from cows milk. Described in additional U.S. note 21 to this chapter and entered pursuant to its provisions).

Supports Argentina
Re tartaric acid &
refined grape
seed oil

From: andres_maciver@ici.com
Sent: Friday, September 01, 2006 12:39 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

ICI Argentina SAIC

Ref.: 2006 GSP Eligibility and CNL Waivers Review

- **HTSUS 2918.12.00 - Tartaric Acid**

Expected business with USA per year: $2.2 Million
Percentage of our production: 30%
Percentage of our total exports: 40%
Final use: Wine production, Emulsifiers for bakery and other food industry applications.
US users: Wineries , Bakery ingredient producers and Food manufacturers.

Comments: For the last 15 years ICI Argentina has developed its own market within the US consumers, mainly due to quality, good and healthy relations with end users, and full compliance of USA foreign trade legislation policy which has allowed countries like Argentina to serve efficiently their market and work as partners. Any increase of the import duty would prejudice normal trading and would impact directly in the increase of price which will finally impact directly to the US market.
USA does not have its own production of tartaric acid; all the produce that in used in the market is imported. Our shipments are introduced to the USA through various seaports, and our deliveries are door-to-door, privileging safety and security, which is as well as quality our main concern, for which we have invested time and money to make sure that the product will remain without any damage during stuffing, transport and final delivery. We only deliver to well known end user or specific traders who have a reputation in the specific business .

- **HTSUS 1515.90.80 - Refined Grape Seed Oil**

Expected business with USA for next period 2007 USD 250.000
Percentage of our production: 10%
Percentage of our total exports: 20%
Final use: Human Consumption
US users: Natural food ingredient packers

Comments: Grape seed oil is a regional product that our company is developing as part of a diversification strategy which includes to grow in the exciting market of health oils. Benefits that GSP program has given to this product have allowed Argentina Grape seed Oil to be introduced to the US market, where healthy oils are an increasing segment within the natural nutrition market. There is a real reduction of the duty rate which allows competition. Loss of this NTR duty rate will impact directly on final market price and our possibility to compete will be destroyed, which will also means much less demand of dock service and its connected business services too.90
All our product that is sent to the US market is handled in steel drums in full container loads. We have proved this to be the safest way to avoid unwanted

contact with any possible contaminating agent. All our shipments are delivered on a house to house basis.

Buenos Aires, Argentina, September 01st 2006.

METAL EXCHANGE CORPORATION
111 West Port Plaza, Suite 700
St. Louis, MO 63146 U.S.A.
Phone: 314-434-5635
FAX: 314-434-6727

Supports Argentina
Re Aluminum Products
HTSUS 7606 – no CNLW

From: Michael Kelley [mkelley@metalexchangecorp.com]
Sent: Friday, September 01, 2006 11:30 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

September 1, 2006

Metal Exchange Corporation is a large supplier of aluminum flat rolled products to industry throughout the United States. We strongly urge the TPSC to retain the GSP status for HTUS 7606 products for the country of Argentina.

Aluminum is ubiquitous in our economy, but is particularly critical to the following industries:

- Building and Construction
- Transportation
- Packaging

These industries are forced to compete in the global marketplace. To increase raw material costs to these industries here while their competitors outside the U.S. face no such increase puts them at an economic disadvantage. The U.S. has already lost many of these industries and jobs to competitors in Mexico, China and even Canada.

Aluminum coil and sheet imports from Argentina are one part of a very competitive U.S. market. Having Argentinean origin metal in the marketplace maintains competitiveness among suppliers, keeping prices down for consuming industries and benefiting the U.S. consumer. All industry in the U.S. is already under economic strain. Raising the price of aluminum sheet to the industry by discontinuing the GSP status for Argentina will adversely affect domestic industry.

In addition to the negative effects on the national economic interest of the United States, Metal Exchange Corporation will be forced to replace Argentinean origin material elsewhere at higher cost. The U.S. consumer must always bear the brunt of such increases, resulting in increasing cost of living and probably inflation.

We strongly urge the TPSC to maintain Argentina's GSP status as currently structured for aluminum flat rolled products under HTUS 7606.

Sincerely,

Thomas Akers
Executive Vice President
Metal Exchange Corporation

Cámara de la Industria Curtidora Argentina

Support Argentina
Re tanned leather – no CNLW

From: info@cica.org.ar
Sent: Friday, September 01, 2006 11:33 AM
To: FN-USTR-FR0052
Subject: Letter asking for continuity GSP

Chamber of Argentine Tanners
Cámara de la Industria Curtidora Argentina
Av. Belgrano 3978 (1210) Cdad. de Bs. As.
Tel.:4981-1816/4466/4393
Fax:4983-8502

Buenos Aires, September 2006

Meredith Sandler
Executive Director for the GSP Program
Chairman, GSP Subcomitte of the Trade
Policy Staff Comitte

Re: Generalized System of Preferences (GSP)
Initiation of Reviews and Public Coments.

Dear Chairman

I have the pleasure of refering to the review of the generalized System of Preferences in particular for the tanned leather. I am therefore submiting a petition to continue with the GSP for tanned leather in view of the important benefits this system has brought to both Argentine exporters and the USA importers.

For tanned leather, GSP was instrumental in enabling many Argentine exporters to gain a foothold in the US market, while at the same time benefiting US consumers through lower prices and US manufacturers via duty savings in their sourcing abroad.

I thank you for your attention in this request.

Sincerely

Eduardo Wydler
President

Note: See APPENDIX for more information

Cámara de la Industria Curtidora Argentina

APPENDIX

REQUEST FOR THE RENEWAL OF THE ELIGIBILITY STATUS OF BENEFICIARY COUNTRY FOR ARGENTINE LEATHER PRODUCTS AND CNL WAIVER REQUEST

I. INTRODUCTION

The following information is provided in support of this Chamber's request for full duty free treatment to leather products from argentine origin as a beneficiary country under the US GSP program.

The leather industry constitutes an economic value chain of considerable interest to the civil society. It manages profitably the waste of the meat industry converting the hides and skins generated through the slaughter of animals for human consumption into a valuable raw material, leather, that has a myriad of applications in consumer products requiring for their manufacture large number of qualified human resources.

The leather value chain represents an opportunity for developing countries, notably in the more labour intensive downstream sectors such as footwear, leather goods, leather clothing and gloving as well as other miscellaneous applications. Leather tanning, the first industrial process in the value chain, is a capital intensive and environmentally intensive sector that requires special conditions for its sustainable development

The Argentine tanning industry provides an important raw material input to US industries of manufactured leather products such as leather upholstery, footwear, garments and leather goods. Although still far from the international quality standards set for raw hides, the Argentine industry has invested to update its technology and labour in order to improve and increase its exports to manufacturers in more than sixty counties.

The U.S. GSP program provides important benefits to Argentine export industries. Duty-free treatment under the program has fostered the growth of Argentina's industrial base, thereby promoting the growth of the economy.

The expansion of GSP benefits to the Argentine economy is particularly important in light of the Argentine Government's effort to promote market reform and trade liberalisation.

Denial of GSP benefits to Argentine leather imports will seriously harm the Argentine industry's efforts to improve and expand its leather exports in detriment of the Argentine leather tanning industry as well as U.S. leather manufacturers. Historically, U.S. manufacturers have been large importers of finished and semi-finished leather from Argentina. However, the denial in the past of GSP treatment to Argentine leather imports has altered this historical trade pattern to the benefit of the foreign competitors of U.S. leather product manufacturers such as Southeast Asia, Brazil and India. In fact, the denial of GSP treatment to Argentine leather will turn trade to GSP beneficiaries, that will eventually become significant importers of Argentine leather for their manufacturing industries, which in turn export their finished leather products to the U.S. and overseas markets in detriment of the U.S. leathers manufacturers.

It is important to note that the Argentine tanning industry is also being adversely affected by a shortage of raw hides. The existing capacity of the Argentine tanning industry is 16 million bovine hides per year and the current annual slaughter is approximately 12 million heads that means that the sector has an idle capacity close to 40%.

The Argentine tanning industry is labour intensive, and is a significant part of the Argentine economy on both a national and regional level. The shortage of rawhides, particularly as a consequence of government meat export temporary restrictions, and environmental costs have led to a steady decline in the industry's profitability.

In order to survive and become competitive, the Argentine tanning industry must secure all available cost reductions, including reductions in tariff duties. We believe that the beneficiary country redesignation of Argentine leather items will enable our industry to continue to be a reliable of good quality supplier of semifinished and finished bovine leather and will benefit U.S. manufacturers who historically have been the primary importer of Argentine leather.

II. DESCRIPTION OF THE ARGENTINE TANNING INDUSTRY

The Argentine tanning industry, including leather manufacturing, is an important sector in the Argentine economy being able to account for over 60.000 jobs. The current crisis we are living in Argentina is responsible of the unemployment figures that today climbs up to over 10%, being this industry a source of midlevel wage. Semi - skilled jobs located primarily in the provinces of Buenos Aires, Santa Fe, Córdoba and La Rioja. The average salary for workers in the industry, is $ 2.380 (Argentine Pesos) per month. A list of Argentine producers members of the Argentine Chamber of Tanner's accounting for more than 85 percent of total Argentine leather exports as well as a separate list of those Argentine producers accounting for approximately 95% of Argentine tanned hide exports to the U.S. is provided. Based on the Argentine National Meat Board Statistics, the annual slaughter estimates for 1993 thru 2005 are as follows:

Cámara de la Industria Curtidora Argentina

TABLE 1

Year	Mill. of hides
1993	13,2
1994	13,2
1995	12,9
1996	12,9
1997	12,8
1998	11,3
1999	12,1
2000	12,4
2001	11,6
2002	11,4
2003	12,3
2004	12,5
2005	12,5

The producer's supply of leather available for the domestic tanning industry varies based on the annual slaughter that depends on the availability of livestock and raw hide exports.

All available hides are processed, but the number of hides depends largely on the yearly slaughter which may raise or fall depending on local meat consumption and sales of Argentine meat to world markets but though growing in volume, still at regrettably low levels. Rawhides are an atypical raw material, a by– product of the meat industry, and therefore the supply of hides has no elasticity. More than 80% of the Argentine production of bovine tanned leather is exported, marking Argentina one of the word's largest exporters.

Existing production capacity allows the processing of 16 million hides. The industry is currently using only 60 to 65 % of its installed capacity, due to the above – mentioned lack of raw material. This has produced a significant price increase of raw hide cost in our country.

III. ANUAL SALES AND EXPORTS

Annual sales figure for the previous years are provided in the following table:

TABLE 2

	Exports		+ 20% Domestic u$s (estimated)
	Tns	**u$s (in thousands)**	
1993	60.475	522.725	130.681
1994	82.347	664.658	166.000
1995	96.976	802.951	200.000
1996	95.489	722.476	280.000
1997	97.372	832.749	310.000
1998	79.180	686.126	180.000
1999	84.758	647.185	180.000
2000	91.648	681.771	180.000
2001	89.063	672.897	180.000
2002	97.176	595.568	250.000
2003	90.150	623.869	250.000
2004	107.284	726.911	250.000
2005	113.373	755.162	250.000

Table 2 reveals that approximately 80% of the total Argentine tanned leather production destined for export. Likewise, from 1993 to 1997, exports increase 59 % due in part to an increase in foreign sales of finished leather. This increase finished leather exports is set out in Table 3 below and from 1998 the decrease of this percentage accounts partially for the total export loss. On the other hand, imports to USA of cut and sewn upholstery leather starting significantly in 1998 an growing up to US$ 200,000 (in thousands) a year from 2001 to 2003 show the effort our industry is doing in increasing the use of local labour and the interest of de US manufacturers in using these upholstery parts.

TABLE 3

Year	Crust Leather (Type)	Finish Leather (Type)
1993	67%	33%
1994	67%	33%
1995	57%	43%
1996	54%	46%
1997	48%	52%
1998	54%	46%
1999	59%	41%
2000	61%	39%
2001	56%	44%
2002	58%	42%
2003	61%	39%
2004	57%	43%
2005	63%	37%

Detailed information on Argentine exports is provided. (See Table 5)

COSTS:

Manufacturing costs can be broken down as follows:

TABLE 4

Product	**Percentage of total cost**
Raw Material	+ 42/49%
Chemicals and Materials	+ 21/23
Labour	7/14
Administrative Costs	6/8%
Manufacturing Costs	6/8%

Due to the different professional qualification levels of leather industry workers, the labour cost item may have significant fluctuations, but a media of argentine pesos 2.380 can be considered as average monthly wage.

IV. PROFITABILITY OF THE.MANUFACTURING COMPANIES:

Traditionally' profitability of the companies manufacturing these products is generally lower than 5% and it is specially limited as consequence of the lack of raw material in relation to the installed capacity. This has resulted in strong competition and lower profits that continues reducing margins.

Duty free treatment will allow Argentine producers to make necessary investments in plant equipment, and technology to increase the productivity of their operations. These productivity gains will allow Argentine producers to offer higher wages to workers, and allow operating more effectively in a highly dynamic and competitive market.

Other considerations which affect price competition: In general Argentine leather only competes with U.S. leather in marginal market ranges as Argentine hides are smaller in size than U.S. hides and differ in thickness. The size of the pores of Argentine hides is different from U.S. Hides. Argentine hides show more damage, especially in the area of the head in part due to injuries caused by barbed wire, apart from the slaughtering method and treatment in the chilling room. The U.S. treatment methods are clearly superior to the ones used in Argentina and therefore cause less damage to the hides.

GSP Requirement of 35% Added Value: Argentine tanned hides meet the GSP valued - added requirements, as raw materials only constitute 42 - 49% of the total value of the hides as set out in the breakdown of producer costs provided in table 4.

V. U.S. IMPORTS OF ARGENTINE LEATHER

Cámara de la Industria Curtidora Argentina

To facilitate the GSP Subcommittee's consideration of the Argentine Government's request for renewal of Country Eligibility, in addition to Argentine export statistics of leather bovine products we are providing our figures for the U.S. import statistics for 2005..

It is here that we would like to point out that the tanned leather exported from Argentina is classified by the tariff heading in use in the Mercosur, that is in accordance with process advance and type of tanning involved. This same leather when it is imported in USA is classified with the headings in use there, that is, in accordance with the. final use, clothing, shoes upholstery, belts, etc.. This makes it impossible to find direct correspondence between Argentine export statistics to USA and USA's import statistics from Argentina.

Exports of Argentine Tanned Leather (2005)

Country	u$s
China	173.781.689
EE.UU	130.601.059
Países Bajos	79.567.031
México	75.025.060
Italia	61.809.766
Tailandia	42.832.685
Uruguay	27.621.083
Brasil	27.364.842
Australia	16.418.849
Taiwan	14.013.016
Vietnam	13.971.262
India	13.113.033
España	8.607.685
Hong Kong	8.200.059
Corea	7.956.894
Costa Rica	7.719.722
SUBTOTAL	**708.603.735**
REST	**46.558.623**
TOTAL	**755.162.358**

Imports in USA of Argentine Tanned Leather (year2005))

Exporters Involved	u$s
Sadesa S.A.	32.623.924
Curt. Arlei S.A.	29.734.083
Curt. Fonseca S.A.	19.666.306
Antonio espósito S.A.	7.960.448
Coto	7.363.761
Yoma S.A.	7.341.941
CIDEC S.A.	7.055.584
Becas	5.332.317
Curtarsa	2.600.686
Curt. San Luis	2.203.826
Eagle O. Fonseca	1.807.561
Tradarsa S.A.	1.597.440
SUBTOTAL	**125.287.877**
REST	**5.313.182**
TOTAL	**130.601.059**

Note: Information obtained from the tanners members of this Chamber.

ARGENTINE EXPORTS OF HIDES AND WET BLUES

Argentine Hide and wet blue exports during year 2005 has slowed down due to lower slaughter rate and this can be seen in following totals:

Year	Hides	Thousands of US$
1999	88.919	4.592
2000	373.367	22.005
2001	526.746	30.376
2002	148.758	6.635
2003	1.000	8
2004	4.341	314
2005	44.187	2.114

This information is obtained mainly from the tanner's members of this Chamber.

TABLE 5

Principal Argentine Exporters exporting tanned leather. Year 2005 in US$ to the world:

EXPORTER	TOTAL u$s
Sadesa	127.826.510
Curt. Arlei S.A.	104.809.953
Toredo S.A.	94.755.633
Fonseca S.A.	86.258.170
Curtarsa	62.131.747
Yoma S.A.	53.731.573
Curtiembre San Luis S.A.	44.967.546
CIDEC S.A.	27.381.230
Cuesset S.A.	22.946.864
La Hispano Argentina	19.458.225
A. Esposito S.A.	17.940.286
Surpiel S.A.	11.594.750
Artanco	11.074.343
Seton Argentina	10.504.340
SUBTOTAL	**695.381.170**
REST	**59.781.188**
TOTAL	**755.162.358**

The GSP is an instrument that enables many Argentine exporters to gain a foothold in the U.S.

market. We therefore request the continue with the duty-free treatment for the leather products , this will contribute to ensure to continued access of Argentine exports to the US market, while at the same time benefiting U.S. consumers through lower prices and U.S. manufactures via duty savings in their sourcing abroad.

LIST OF THE MEMBERS OF THE CHAMBER OF THE ARGENTINE TANNING INDUSTRIES

-Antonio Espósito S.A.
-C.I.D.E.C S.A.
-Cuesset S. A.
-CURTARSA
-Curtidos San Luis S.A.
-Curtidos Riojanos S.A.
-Curtiembre Becas S.A.
- Curtiembre Fonseca S.A.I.C
- Emilio Alal S.A.I.C.
- Gaetano De Maio S.A.
- La Hispano Argentina S. A.
- Muruaga Hnos. y Cia. S.R.L.
- Wyny HTLG S.A.
- Curtiembre Arlei
-Curtiembre Paso del Rey
-Magromer
- Seton
- Surpiel
- Toredo
- Eagle Ottawa Fonseca

- A.C.U.B.A.
- Basf Argentina S.A.
- Bayer Argentina S.A.
- Cámara Argentino – Paraguaya de Productores de Extracto de Quebracho
- Juan Naab S.A.I.C.
- Kemia Tau Argentina S. A.
- Rohm and Haas Latin America Inc. Argentina
- Vilmax S.A.
- Curtilen

LIST OF THE PRINCIPALS ARGENTINE PRODUCERS EXPORTING TANNED HIDES TO THE U.S. MARKET

CURT. FONSECA S.A.
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Supports Argentina
Re cheese

2006 GSP Eligibility and CNL Waiver ReviewFrom: Glick, Leslie A. [LGlick@porterwright.com]
Sent: Friday, September 01, 2006 3:03 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

<<WASHINGTON-162395-v1-BC-SANCOR AND ARTHUR SCHUMAN.DOC>> <<WASHINGTON-162428-v1-P-SANCOR AND ARTHUR SCHUMAN.DOC>>

BEFORE THE UNITED STATES

TRADE REPRESENTATIVE

GSP SUBCOMMITTEE

INITIATION OF REVIEWS AND REQUEST FOR COMMENTS

ON THE ELIGIBILITY OF CERTAIN GSP BENEFICIARIES

COMMENTS OF SANCOR S.A. AND ARTHUR SCHUMAN, INC. IN

SUPPORT OF THE CONTINUED DESIGNATION OF ARGENTINA

AS A GSP ELIGIBLE BENEFICIARY DEVELOPING COUNTRY

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Counsel for SanCor S.A. and
Arthur Schuman, Inc.

September 1, 2006

I. INTRODUCTION

On August 8, 2006, the United States Trade Representative (USTR) published a notice indicating that it was reviewing the continued eligibility under the Generalized System of Preferences (GSP) of certain current designated beneficiary countries. Generalized System of Preferences (GSP): Initiation of Reviews and Requests for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers, 71 Fed Reg. 45079 (USTR, August 8, 2006).

The notice indicated that:

> Legislation authorizing the Generalized System of Preferences (GSP) program expires on December 31, 2006. In connection with Congress' consideration of reauthorization of the program, the Trade Policy Staff Committee (TPSC) requested public comments on October 6, 2005 relating to whether the Administration's operation of the program should be changed so that benefits are not focused on trade with a few countries and that developing countries that traditionally have not been major traders under the program receive benefits. Based on the information obtained thus far, the TPSC has decided to initiate a further review and request additional comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development within the meaning of the statute to the extent that their eligibility should be limited, suspended, or withdrawn, pursuant to Section 502(d) of the Trade Act of l974 (l9 U.S.C. 2462(d)).

To determine which Beneficiary Developing Countries (BDCs) were subject to this review, the USTR used an assortment of criteria taken from various sources that resulted in thirteen countries being added to the list: Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey and Venezuela. These comments will address only the proposed removal of Argentina but will also discuss certain factors relating to Argentina relative to some of the other countries on this list.

II. ARGENTINA SHOULD REMAIN A GSP ELIGIBLE COUNTRY

A. BENEFITS ARE NEEDED BY ARGENTINA FOR ITS CONTINUED ECONOMIC AND SOCIAL DEVELOPMENT

GSP is a unilateral, non-reciprocal program whose goals are among others to increase exports and foreign exchange for developing countries, to enable developing countries to diversify their economies and to reduce developing countries' dependency on foreign aid. See 104th Congress Senate Report No. 104-270 (1996) on the Reauthorization of the Generalized System of Preferences, Part III, I. A and B.

In 2000-2001, Argentina suffered a severe financial and economic crisis. Its GNI per capita (Atlas method) plummeted from $7,470 in 2000 to $3,670 in 2001 and further declined to $3,580 in 2002 (World Bank Yearbook, see http://devdata.worldbank.org/externalCPProfile.asp?PTYPE=CP& CCODE=ARG, visited 8/28/06). Rarely has a country's GNI dropped so precipitously in the period of one year and stayed at this low level. The U.S. recognized the devastating impact of this financial crisis and the importance of the Argentine economy to the economic stability of the western hemisphere and responded with a special GSP review to allow Argentina to apply for the addition of GSP benefits outside of the normal cycle. Argentine companies, including SanCor, took advantage of this opportunity to request the addition of new products or to seek competitive need limit waivers for products no longer under GSP. Now, only a few years later, the U.S. is threatening to essentially negate the results of this very timely and important special review by considering revoking GSP benefits for Argentina.

As of 2005, Argentina still ranked only 89th in GNI per capita of ($4,470). (World Bank World Development Indicators Database, July 1, 2006). Further indication of the continued economic decline in Argentina is evidenced by the high unemployment rate (ranked 114 with 1 as the lowest. Argentina is also listed with 38.50% of the population below the poverty line. Source: See CIA World Fact Book https://www.cia.gov/cia/publications/factbook/rankorder/2129rank.html and s/2046.html. This represents over one third of the population. Of the 13 countries being reviewed by USTR for possible removal from GSP, Argentina ranks 3 in terms of the highest number of people below the poverty line, exceeded only by South Africa and the Philippines.

B. <u>THE WITHDRAWAL OF ARGENTINA FROM THE GSP PROGRAM WILL NOT RESULT IN ANY BENEFIT OR REDISTRIBUTION OF BENEFITS TO THE LESSER DEVELOPED GSP BENEFICIARY COUNTRIES</u>

One of the fallacies behind the efforts to redistribute GSP benefits from the supposedly larger GSP BDCs to the least economically developed BDCs is that the products produced in one country cannot automatically be transferred to another country that does not have the infrastructure, educated workforce, and domestic market to support it. For example, Argentina is a large exporter of automobile parts, chemicals and machinery.

If Argentina loses GSP, you are not going to see these industries suddenly develop in some of the least developed countries such as Togo or Guyana. These countries do not have the educated work force, the domestic market that makes production of these products for export economical nor the infrastructure to produce them. In reality, loss of benefits to Argentina in products like these will result in only the following consequences:

1. Lessen the competitiveness of Argentine products in the U.S. market that have already suffered due to the more favorable exchange rate between the U.S. dollar and the Argentine Peso.

2. Result in U.S. customers buying more products from other countries that produce automobile parts, chemicals, machinery, etc., mainly China, and other non-GSP more developed countries. In this particular case of SanCor it will divert sales to more developed countries such as Italy, Australia and New Zealand, contrary to the intent of the GSP program.

3. Raise costs to customers in the U.S. that are using these products, and making U.S. companies less competitive in world markets.

C. U.S. COMPANIES, WORKERS AND CONSUMERS BENEFIT FROM GSP GRANTED FOR ARGENTINA ALONG WITH ARGENTINE COMPANIES AND WORKERS

SanCor Dairy Corporation is a cooperative of dairy producers in Argentina that is owned by the farmers. Its farms are located in the States of Sante Fe and Cordoba. During the 2001-2002 special review for Argentina, conducted by the USTR with the purposes of assisting Argentina to cope with its economic crisis by adding new products to GSP, SanCor petitioned for and received GSP benefits for certain Italian type cheeses including Romano, Reggiano, Parmesan, Provolone and Proveletti made from cows milk under HTS number 0406.90.41.

SanCor has two affiliated companies in Florida, one called Argentine Cheese Company, of which it is a [******], and SanCor Dairy Corporation, of which it owns [*****]. Sancor also exports to Arthur Schuman Inc. in New Jersey, an unrelated company but one with which it has had a long and mutual beneficial relationship. Schuman is a U.S. manufacturer of cheese products, as well as an importer and distributor that employs [***] in New Jersey and other states. Schuman has been expanding its U.S. production and employment notwithstanding its imports from SanCor. SanCor's access to the U.S. market and its ability to export are limited by the fact that cheese products are subject to quotas in the United States. This quota limits exports currently to 6383 tons. The exported products, which currently receive GSP benefits, would otherwise pay a duty of 15% ad valorem.

SanCor employs [****] employees through its various cooperative farms, mostly in rural, agricultural and economically less developed areas of Argentina including the cities of La Carlota, Colonel Moldes, Balnearia and Morteros in the state of Cordoba. These are small towns where many jobs depend on SanCor. SanCor must compete in the U.S. market against Australia. Australia has cheap milk prices which tend to subsidize their price of cheese and also has a Free Trade Agreement with the U.S. that gives their cheese very favorable treatment compared to the quotas received by Argentina and other countries. Thus, this current proposal to remove GSP benefits from Argentina must be viewed in the context of the competitive disadvantages Argentine cheeses <u>already</u> face in the U.S. market. U.S. companies that purchase and process these cheeses will ultimately be faced with less sources and higher prices to consumers if GSP is removed. For example, a good portion of the cheese exported by SanCor is processed and sold to a major national cheese marketer that services the retail and food service trade. Ultimately the U.S. consumer will be penalized. Schuman processes some of this cheese, and it sells this grated and shredded cheese to industrial accounts that make sauces, national food service accounts, national account restaurant chains, and independent food service distributors. It also sells the cheese to many companies that further process or resell the products. Additionally, the reggianito Schuman sells from SanCor also enters under GSP. This item is sold both to other manufacturers of products such as crackers and grated cheese as well as wholesale to distributors to restaurants and retailers. It is a wheel cheese, sold in its original shape, and competes in a market of wheels that is under-produced due to capacity issues.

D. ARGENTINA HAS COOPERATED IN MEETING THE GOALS ESTABLISHED BY THE GSP PROGRAM

As part of the establishment of the GSP program, the U.S. has established certain criteria for countries to obtain and retain GSP benefits. These standards are set out in l9 U.S.C. §§ 2462(b) and (c).

Argentina has and is meeting the criteria enumerated by the statute for countries to receive GSP benefits, and; therefore, it should not be removed from the program.

1. Terrorism—Argentina has cooperated with the United States in the fight against terrorism. *See* State Department Country Reports, Terrorism, http://State.gov/s/ct/rls/crt- State Dept 2006.

2. Workers Rights—Argentine law guarantees the right to join a union for all non-military workers and the right of collective bargaining. *See* Argentina 2005 Country Reports on Human Rights Practices (http://state.gov.g/drl/rls/hrrpt/2005/61712.html (State Department 2006). Thirty-five percent of the Argentine work force is unionized. Argentine law prohibits compulsory labor and protects children. Argentine law also regulates safety and hours worked.

3. Child Labor—The Department of Labor highlights several Argentine programs targeted at decreasing the number of working children. *See* U.S. Department of Labor's 2004 Findings on the Worst Forms of Child Labor, pp. 26-7. Argentine laws impose both fines and imprisonment for breaking its child labor laws. *Id.* at 25. While the Argentine Congress recognizes the need for more law enforcement agents to detect child labor, the government of Argentina participates in several international programs to eliminate child labor and trafficking. *Id.* at 25-6.

4. Arbitration—Argentina has ratified or acceded to the major international arbitration treaties, including the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the Convention on the Settlement of Investment Disputes between States and Nationals of other States, the Inter-American Convention on International Commercial Arbitration and the Inter-American Convention on Extraterritorial Validity of Foreign Judgments and Arbitral Awards.

Source:
http://uncitral.org/uncitral/en/unctral_text/arbitration/NYConvention_status.html
http://www.worldbank.org/icsid/constate/c-states-en/html
http://www.sice.oas.org/dispute/comarb/iacac/iacac2e.asp
http://www.sice.oas.org/dispute/comarb/inter%5Fconv/caicmoe.asp

Argentina's commitment to international arbitration is revealed by the 33 cases it is party to before the International Centre for Settlement of Investment Disputes (ICSID). List of Pending Cases, *available* at http://www.worldbank.org/icsid/cases/pending.htm.

5. Anti-Communism—Argentina's democracy has proved resilient despite the economic downturn of 2001-2002 and the resulting political crisis. Argentina, CIA WorldFactBook, *available* at https://wwwicia.gov/cia/publications/factbook/geos/ar.htm..

6. Oil Cartel—The GSP statute is carefully written to exclude members of OPEC. *See* 19 U.S.C.S. §2462. Argentina is not part of OPEC. *See* http://www.opec.org/aboutus/.

III. CONCLUSION

In conclusion, there is no justification for removal of GSP benefits for Argentina at this time. Argentina has still not fully recovered from its economic crisis of 2000-2001, a crisis that was recognized by the U.S. by creating a special GSP review that added a significant number of Argentine products, including those produced by SanCor. In addition, as illustrated above, Argentina is meeting the various other political criteria established for GSP members in 19 U.S.C. § 2462(b) and (c). Finally, it is clear that GSP benefits U.S. industries and consumers as well as the beneficiary developing country. The case of SanCor/Arthur Schuman is a clear example of how a U.S. company has grown and expanded its U.S. work force by using raw materials from Argentina that it processes into a finished product in the U.S. The U.S. consumers, the ultimate purchasers, also benefit and any removal of GSP could ultimately hurt this vital industry that depends on low costs to maintain their worldwide competitiveness.

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Counsel for SanCor S.A. and
Arthur Schuman, Inc.

WASHINGTON/162428 v.01

Supports Argentina
Re Methanol HTSUS 2905.11.10 &
2905.11.20 which do not have CNLWS

From: Andrew Browning [abrowning@methanex.com]
Sent: Friday, August 25, 2006 2:09 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear GSP Subcommittee Member,

Please find the attached comments submitted by Methanex Corporation per the 2006 GSP Eligibility and CNL Waiver Review.

Regards,

Andrew Browning

Andrew C. Browning
Director
Government Relations
Methanex, Inc.
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Arlington, VA 22209
(w) (703) 248-6101
(f) (703) 248-6120
(m) (202) 669-9052

August 25, 2006

GSP Subcommittee
Office of the U.S. Trade Representative
USTR Annex, Room F-220
1724 F Street NW
Washington, DC 20508

Reference: Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments, *Federal Register* Volume 71 Number 152 (August 8, 2006), pages 45079-45080.

Dear Members of the GSP Subcommittee:

I write in support of continued GSP status for Argentina, and in particular for continued duty-free imports of Argentina methanol that is not for use in producing synthetic natural gas or for direct use as a fuel (HTS item 2905.11.20). The normal trade relations (NTR) tariff rate on this product is 5.5 percent *ad valorem.* Argentina was the sixth-largest source of U.S. methanol imports in 2004 and 2005. Virtually all other suppliers of methanol to the United States enjoy duty-free access to the U.S. market under the GSP, other preferential trade programs, or free trade agreements.

Description of the Company. Methanex is the world's largest producer, distributor and marketer of methanol. We are the largest supplier of methanol to each of the major international markets of North America, Asia Pacific and Europe as well as Latin America. Our corporate headquarters are in Vancouver, Canada. Production facilities are located in Chile, New Zealand and Trinidad and Tobago, with sales offices in South America, Europe, the Asia Pacific region, a North American marketing office located in Dallas, Texas and a Government Relations office in Arlington, Virginia. The Methanex Dallas marketing office has an off-take and marketing agreement with Argentine methanol producer YPF/Repsol to distribute its methanol production in North America.

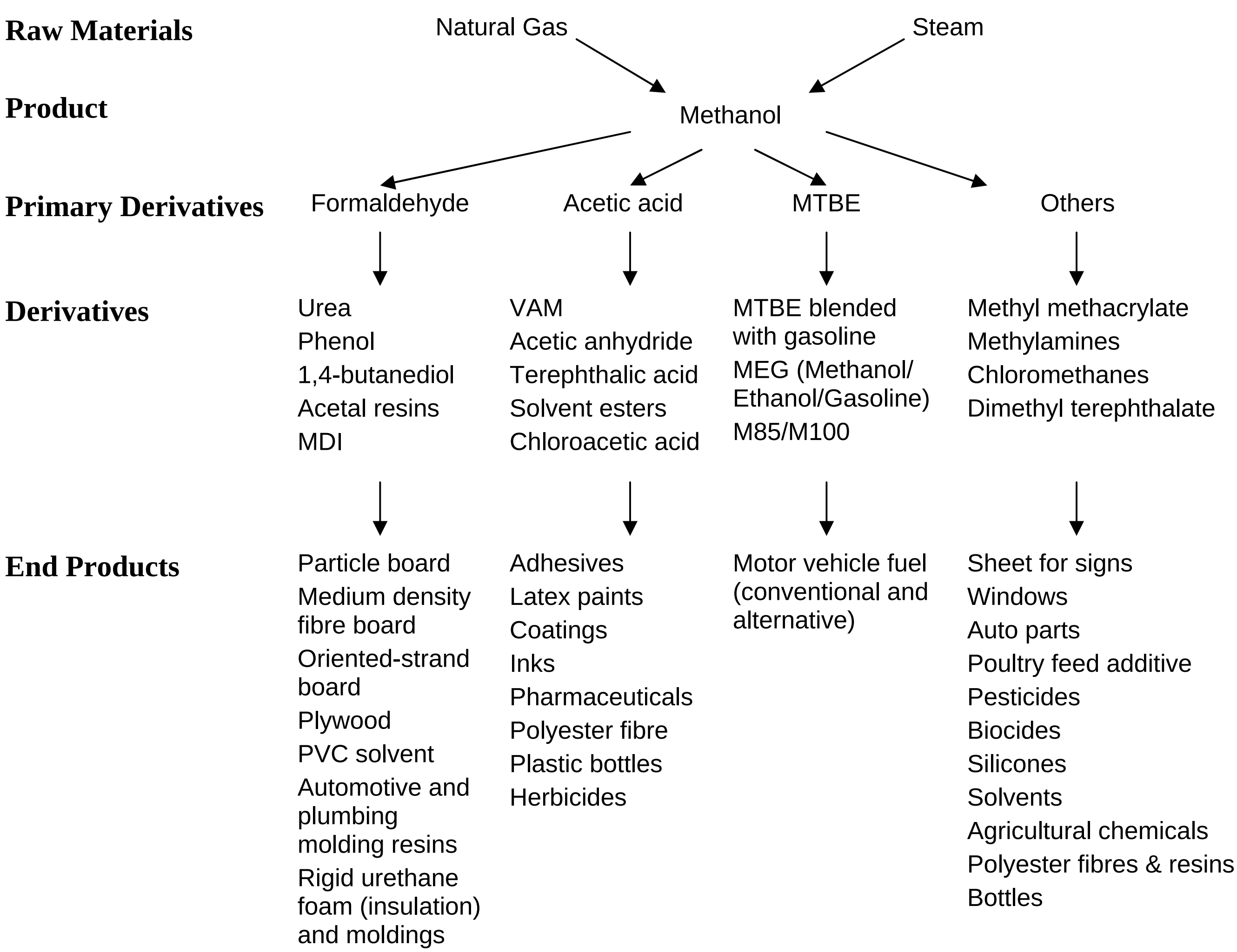
Description of the Product. Methanol is the simplest form of alcohol, containing just one carbon atom. It is a colorless, tasteless liquid with a very faint odor. It is also known as "methyl alcohol" or, less accurately, as "wood alcohol." Methanol is a primary liquid petrochemical made from either renewable feedstock or non-renewable fossil fuels containing carbon and hydrogen. Natural gas is the feedstock used in most of the world's production of methanol, and typically represents the most significant cost component. Methanol is synthesized under pressure in a catalytic process, and the crude methanol is purified to chemical grade by distillation.

Duty-Free Methanol Helps Other U.S. Industries. Its most important uses are as a chemical building block for the derivatives such as formaldehyde, methyl tertiary butyl ether (MTBE), and acetic acid. As illustrated in Figure 1, these chemicals are incorporated in a very wide variety of industrial and consumer products such as synthetic textiles, recyclable plastics, household paints, adhesives and many healthcare and pharmaceutical products. New uses for methanol continue to be developed. For example, it is now being used as a feedstock to effectively remove harmful nitrates from municipal wastewater effluent. Methanol is also an excellent source of hydrogen for fuel cells.

Currently, the U.S. market is facing a high demand and short supply of methanol. If methanol imported from Argentina were made subject to a 5.5 percent duty, the inevitable result would be to shut Argentina out of the U.S. market, thus leading to a further reduction in supply and a more dramatic increase in the cost of this product; that increased cost would be passed along to downstream items. More expensive methanol means more expensive plywood, paint, fuel, and other goods that are important to U.S. consumers.

Figure 1

The Methanol Product Chain



Nearly All Methanol Imports Are Duty-Free. Table 1 and 2 provide details on U.S. imports of HTS item 2905.11.20. They show that the great majority of the methanol imported into the United States under this item originates in countries that have duty-free access to the U.S. market. This preferential tariff treatment comes under three different types of programs and agreements:

- Imports from Bahrain, Canada, and Chile enter duty-free under free trade agreements (FTAs), as does a small amount imported from Mexico and Australia.
- Imports from Trinidad & Tobago enter under the Caribbean Basin Initiative (CBI).
- Imports from Argentina, Bahrain,[1] Indonesia, Romania, Russia, and Venezuela enter under the GSP.

For all practical purposes, the NTR tariff on this product is moot. While there is a small amount of methanol imported from countries that do not receive any form of preferential treatment, this has accounted for less than one percent of imports in the last few years. The only time in this decade when a fairly large share of the methanol imports entered from non-preferential sources was in 2001, during a time when the GSP was in temporary suspension.[2]

If Argentina were to lose its GSP access to the U.S. market, it would not be able to compete in a market where virtually all other suppliers have duty-free access. This is a market restriction that would impose a hardship not only on Argentina, but also on the U.S. consumers of its product.

Methanol Is Imported Under Two HTS Items. This product is chemically identical to another item in the tariff schedule, methanol that is for use in producing synthetic natural gas or for direct use as a fuel (HTS item 2905.11.10). The only differences between these two HTS items are their end-uses and the tariff barriers that they face; HTS item 2905.11.10 is duty-free on a most-favored-nation basis. The U.S. Congress created this item in 1974 as a means of encouraging alternatives to imported oil (especially fuel for motor vehicles).[3] The vast majority of the methanol imported into the United States enters under the non-fuel provision. During 2001-2005, annual imports under the special terms of HTS item 2905.11.10 fluctuated between $1.8 and $13.5 million.[4] In 2005, imports under this item accounted for just over 0.1 percent of total methanol imports (i.e., the sum of imports under HTS items 2905.11.10 and 2905.11.20).

Duty-Free Methanol Imports Help U.S. Chemical Exports. Many of the derivatives and end products of methanol are exported, meaning that duty-free methanol helps to keep production costs down for some of the most competitive sectors of American manufacturing. To cite just a few methanol-derived products, in 2005 the United States

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[1] When the FTA with Bahrain enters into effect, methanol from that country will switch from GSP to FTA treatment.

[2] GSP authorization expired at the end of September, 2001, and was not renewed until the next year.

[3] Public Law 93-482 (88 Stat. 1456), enacted into law on October 26, 1974.

[4] All trade data in this note are from the U.S. International Trade Commission's DataWeb.

exported $883.3 million worth of MTBE (HTS item 2909.19.14.00), $236.9 million worth of methyl methacrylate (HTS item 2916.14), and $120.1 million worth of acetic anhydride (HTS item 2915.24).

Table 1
Value of U.S. Methanol Imports by Country and Tariff Treatment, 2001-2006

Customs Value, Imports for Consumption, in Thousands Dollars; Imports of Methanol Not Imported for Use in Producing Synthetic Natural Gas or for Direct Use as a Fuel (HTS Item 2905.11.20); 2006 Year-to-Date Data Are for January-June

	2001	2002	2003	2004	2005	2006 YTD
GSP Beneficiaries	**408,420**	**335,242**	**452,824**	**395,872**	**484,265**	**212,721**
Venezuela	158,124	99,262	159,388	202,426	242,383	116,570
Chile*	122,309	132,963	94,545	—	—	—
Equatorial Guinea	24,954	51,906	93,574	88,325	144,445	44,402
Argentina	7	3,475	36,645	44,538	48,188	34,322
Russia	46,570	27,040	30,327	32,224	20,220	8,002
Bahrain**	19,399	16,632	32,422	26,738	25,365	9,361
Ukraine	7,059	0	0	0	0	0
Brazil	0	0	3,052	0	0	0
Others	29,998	3964	2871	1621	3664	64
Caribbean Basin Init. Beneficiaries	**281,988**	**219,876**	**340,027**	**464,646**	**713,116**	**481,669**
Trinidad and Tobago	281,988	219,876	340,027	464,646	713,116	481,669
Free Trade Agreement Partners	**52,430**	**73,594**	**79,122**	**192,373**	**179,330**	**72,863**
Canada	52,426	73,343	79,002	90,377	101,756	50,956
Chile*	—	—	—	101,996	77,550	21,907
Mexico	4	251	120	0	0	0
Australia	0	0	0	0	24	0
Partners without Preferences	**76,913**	**6,089**	**5,423**	**128**	**178**	**209**
New Zealand	46,817	3,972	0	0	0	0
Saudi Arabia	9,865	971	0	0	0	0
Qatar	8,782	0	0	0	0	0
Norway	8,490	0	18	4	0	0
Japan	2,681	995	2,165	7	13	44
All Others	278	151	3,240	117	165	165
Total	**819,751**	**634,801**	**877,396**	**1,053,019**	**1,376,889**	**767,462**

** : Chile was a GSP beneficiary prior to 2004, and has since been an FTA partner of the United States.*

*** : As of August 1, 2006, the FTA with Bahrain has replaced that country's GSP treatment.*

Table 2
Share of U.S. Methanol Imports by Country and Tariff Treatment, 2001-2006

Percentage Shares of Values Shown in Table 1 for Imports of Methanol Not Imported for Use in Producing Synthetic Natural Gas or for Direct Use as a Fuel (HTS Item 2905.11.20); 2006 Year-to-Date Data Are for January-June

	2001	2002	2003	2004	2005	2006 YTD
GSP Beneficiaries	**49.82**	**52.81**	**51.61**	**37.59**	**35.17**	**27.72**
Venezuela	19.29	15.64	18.17	19.22	17.60	15.19
Chile*	14.92	20.95	10.78	—	—	—
Equatorial Guinea	3.04	8.18	10.66	8.39	10.49	5.79
Argentina	0.00	0.55	4.18	4.23	3.50	4.47
Russia	5.68	4.26	3.46	3.06	1.47	1.04
Bahrain**	2.37	2.62	3.70	2.54	1.84	1.22
Ukraine	0.86	0.00	0.00	0.00	0.00	0.00
Brazil	0.00	0.00	0.35	0.00	0.00	0.00
Others	3.66	0.62	0.33	0.15	0.27	0.01
Caribbean Basin Init. Beneficiaries	**34.40**	**34.64**	**38.75**	**44.13**	**51.79**	**62.76**
Trinidad and Tobago	34.40	34.64	38.75	44.13	51.79	62.76
Free Trade Agreement Partners	**6.40**	**11.59**	**9.02**	**18.27**	**13.02**	**9.49**
Canada	6.40	11.55	9.00	8.58	7.39	6.64
Chile*	—	—	—	9.69	5.63	2.85
Mexico	0.00	0.04	0.01	0.00	0.00	0.00
Australia	0.00	0.00	0.00	0.00	0.00	0.00
Partners without Preferences	**9.38**	**0.96**	**0.62**	**0.01**	**0.01**	**0.03**
New Zealand	5.71	0.63	0.00	0.00	0.00	0.00
Saudi Arabia	1.20	0.15	0.00	0.00	0.00	0.00
Qatar	1.07	0.00	0.00	0.00	0.00	0.00
Norway	1.04	0.00	0.00	0.00	0.00	0.00
Japan	0.33	0.16	0.25	0.00	0.00	0.01
All Others	0.03	0.02	0.37	0.01	0.01	0.02
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

** : Chile was a GSP beneficiary prior to 2004, and has since been an FTA partner of the United States.*

*** : As of August 1, 2006, the FTA with Bahrain has replaced that country's GSP treatment.*

For all of the reasons cited above, U.S. imports of duty-free methanol from Argentina aid the development of Argentina while providing a quality product at a reasonable price to U.S. producers and consumers. Removing GSP treatment for this item would not be in the interests of either country. We therefore fully support the continued status of Argentina as a beneficiary country under the GSP.

Respectfully submitted,

Andrew Browning
Director, Government Relations
Methanex Corporation

Supports Argentina
Re Lithium chloride 2827.39.50
& lithium carbonate 2836.91.00
- - which not CNLW

From: JERRY PROUT [JERRY_PROUT@fmc.com]
Sent: Thursday, August 31, 2006 5:47 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Jerry Prout
Vice President
FMC Corporation
1101 Pennsylvania Ave. Suite 325
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202-956-5209 (o)
202-297-4537 (c)
http://www.fmc.com

August 31, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
USTR Annex, Room F-220
1724 F Street, NW
Washington, DC 20508

Re: GSP Review – Retention of Benefits for Certain Lithium Imports from Argentina (HS No. 2827.39.50 and 2836.91.00)

Dear Chairman Sandler:

FMC Corporation ("FMC") respectfully submits the following comments in response to the August 8, 2006 USTR *Federal Register* notice relevant to the eligibility of certain countries under the Generalized System of Preferences ("GSP"). The GSP program should not be limited, suspended or withdrawn for Argentina. If benefits under the GSP are limited for Argentina, duty-free access should continue to apply to U.S. imports of lithium chloride (HS 2827.39.50) and lithium carbonate (HS 2836.91.00). Lithium chloride and lithium carbonate are required in a number of U.S.-manufactured products, including batteries, aluminum, smelting, glass, ceramics, industrial greases and pharmaceuticals.

FMC Corporation, headquartered in Philadelphia, Pennsylvania, is a diversified $2.5 billion company with global market-leading positions in agricultural, specialty, and industrial chemicals.

Removal of GSP benefits for lithium chloride and lithium carbonate from Argentina and imposition of the 3.7% U.S. MFN duty on these products would: 1) impose disproportionate harm to FMC, the principal importer from Argentina; 2) severely impact the company's export competitiveness for lithium products manufactured in the United States; 3) not result in any redistribution of benefits to any least developed GSP beneficiary countries; 4) lead to a possible shift in U.S. production to foreign markets, thereby threatening the loss of U.S. jobs in FMC's North Carolina facility; 5) benefit the company's competitors in such countries as Germany and China; and 6) threaten FMC's direct investments of over $150 million in Argentina.

A. <u>Loss of GSP Benefits Threatens U.S. Production of Lithium Products and 350 U.S. Jobs.</u>

FMC's lithium facility in Bessemer City, North Carolina employs 350 workers. The facility purchases lithium chloride and carbonate from Argentina and it processes it into value-added lithium products for domestic sale and for export. For example, U.S. exports of lithium hydroxide, a value-added lithium product used in industrial lubricants made from imported lithium carbonate, totaled over $20 million in 2005. Over 60% of the 46 million pounds of lithium produced at this facility are exported. The loss of GSP benefits for the lithium imports from Argentina would add an additional $1 to $2 million to the cost of value-added manufacturing in the United States. This, in turn, would significantly increase the cost of producing lithium products at the company's North Carolina plant and result in a serious reevaluation about whether the company should relocate value-added production offshore.

B. Loss of GSP Benefits Would Aid FMC's Foreign Competitors.

The loss of GSP benefits for lithium products would be a windfall to FMC's principal U.S. competitors – namely, SQM (a Chilean-based firm) and Chemetall (a German-based firm). Both foreign-based competitors source their lithium raw materials duty-free from Chile.

C. Loss of GSP Benefits Would Lead to Alternative Sourcing from China, EU and Elsewhere

Lithium chloride and carbonate from Argentina are value-added compounds manufactured primarily from lithium brines of Argentine origin. The removal of Argentina from the GSP program would harm U.S. value-added exports by giving an advantage to value-added lithium products manufactured in China, Germany and Chile with these two raw materials.

D. Loss of GSP Benefits Would Disproportionately Harm One U.S. Company and Impair FMC's Argentine Investments

All of FMC's lithium raw material needs are supplied by the company's wholly-owned subsidiary in Salta, Argentina. Virtually, all lithium chloride imported from Argentina is attributable to FMC. FMC accounts for roughly 60% of the lithium carbonate imports from Argentina. To date, FMC has invested over $150 million in its Argentine operations. In 2005, imports from Argentina of lithium chloride were valued at $12 million. Imports from Argentina of lithium carbonate were valued at $9.6 million in 2005. The loss of GSP eligibility for these imports would, therefore, significantly impair FMC's Argentina investments and disproportionately harm a single U.S. company.

E. Developmental Indicators Argue Against the Removal of Argentina from the GSP Program

The World Bank ranks Argentina below 14 other GSP beneficiaries in terms of per capita Gross National Income (GNI). Gabon, Panama and Costa Rica, which are not subject to the USTR's review, all rank higher in this measure of development. Furthermore, Argentina's current level of economic performance is considerably lower than it was during the 1990's when the country was a beneficiary under the GSP program. High inflation (12.3% at the end of 2005), relatively high unemployment (10%) and a high poverty rate (33.8% of the population lives under the poverty line, with 12.2% below the extreme poverty line based on 2005 IMF data) argue against a removal of Argentina from the GSP beneficiary list. Increased barriers on Argentina exports to the United States could harm not only Argentina's economic stability but could also disrupt trade flows and lead to higher prices for U.S. consumers.

F. **Trade-Enforcement Leverage Would Be Lost by Removing Argentina's GSP Eligibility**

The limitation or suspension of GSP benefits for a country is a powerful tool for the U.S. private sector and U.S. trade officials to seek changes in the practices of a beneficiary country. The GSP record has repeatedly shown that "country practice" petitions have afforded USTR the leverage to encourage beneficiaries to reduce significant barriers to trade in goods, services and investment and to provide enforcement of intellectual property rights. This leverage has resulted in increased market access for U.S. exports and improvements in policies of importance to the U.S. government. If GSP eligibility for Argentina is limited, suspended or withdrawn, then it will be as responsive to country practice petitions accepted by the U.S. government. Thus, a significant tool in U.S. trade-enforcement leverage would be lost.

In summary, FMC strongly opposes any efforts to limit, suspend, withdraw or otherwise amend the current GSP eligibility status of the two lithium products specified above. We request that you carefully consider these views in your review of the GSP program and would appreciate the opportunity to discuss these comments with you in person.

Sincerely,

Jerry Prout
Vice President, Government Affairs

cc: The Honorable Richard Burr
The Honorable Elizabeth Dole
The Honorable Susan Myrick

Buenos Aires, August 31st, 2006

Supports Argentina
Aluminum Products – not
have CNLWs

From: Ivan Poklepovic [ipokle@aluar.com.ar]
Sent: Thursday, August 31, 2006 4:03 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Sirs,

Please find attached our petition.

Sincerely

Ivan Poklepovic
Chief Foreign Trade Officer
ALUAR Aluminio Argentino SAIC
ipokle@aluar.com.ar
phone: (54 11) 4725 8067
fax (54 11) 4725 8091
www.aluar.com.ar

<u>To</u>: The Office of the United States Trade Representative

<u>Subject</u>: 2006 GSP Eligibility and CNL Waiver Review

In regard to the 2006 GSP Eligibility and CNL Waiver Review, Aluar Aluminio Argentino S.A.I.C., also known as Aluar, being a producer of Primary Aluminum with some extent into downstream activities, wish to take this opportunity to respectfully submit our comments herewith below in connection with and consideration of the re authorization of the GSP program by Congress.

In particular, our comments and beliefs focus on the need for the continuance of the GSP program for the importation into the United States of some aluminum articles included in the Chapter 76 of the HTSUS, produced in Argentina.
We believe that the beneficiaries of the current GSP system for mentioned aluminum articles from Argentina have not just been the country and people of Argentina but also for workers of many U.S. aluminum manufacturers and fabricators.
If imports of aluminum from Argentina were to lose their current GSP status then, in our opinion, there would be a significant raw material cost escalation.
U.S. manufacturer's and fabricator's costs would rise significantly and to such an extent that many would be eventually threatened with having to cease operations as a result of cheaper fabricated aluminum products which would be imported into the United States from other regions.
The current GSP Duty Free program is vital and necessary to continue not only for the further development of Argentina, it's people and economy, but also the importation into the United States of these products (some listed below) helps to keep aluminum raw material costs down for U.S. manufacturers and fabricators which in turn allows the cost to the U.S. consumer to remain lower.

The products we are actually selling under GSP program and the ones we are considering for the near future development are:

Primary Aluminum Wire Rod (Unalloyed/Alloyed) shipped in coils –
Harmonized Tariff Schedule of the United States (2006) – Supplement 1 (Rev. 1)
7605.11.00.30
7605.11.00.90
7605.19.00.00
7605.21.00.30
7605.21.00.90
7605.29.00.00

End use in USA: production of electrical wire and cables for residential and commercial buildings, automotive radiators and climate control systems.
Aluar's current importers in USA: SouthWire Co., Carrollton, Ga; Prysmian, Abbeville, SC; Visteon, El Paso, Tx.

Aluminum bars, rods and profiles / Extrusions –

Harmonized Tariff Schedule of the United States (2006) – Supplement 1 (Rev. 1)
7604.10.10.00
7604.10.30.10
7604.10.30.50
7604.10.50.30
7604.10.50.60
7604.21.00.00
7604.29.10.00
7604.29.30.10
7604.29.30.50
7604.29.50.30
7604.29.50.60

End use in USA: Building and Construction, assembling and installation in architectural applications such as hurricane shutters, windows/doors, Automotive and Electronic applications such as bumpers and trim, ABS brakes, computer housings, heat sinks.
Aluar's actual importers in USA: Indalex Aluminum Solutions, Lincolnshire.Il.

Additionally, Indalex and Aluar have technology exchanges as a direct result of the long term supply of Primary Aluminum billets by Aluar to Indalex for importation into the United States and use at Indalex's various U.S. plants. This technology exchange also involves the possibility of joint developments for both markets taking advantage of the different size of the countries economies, final customer's preferences and regional needs. We have seen that there are small segments of the market that can not be supplied in one country while production for it does exist in the other. This means that cooperation between companies could give rise to better service and lower costs to the U.S. consumers.

Aluar started directly exporting aluminum to the USA market in 1996 and it took several years to achieve the position of being a reliable and competitive supplier to American companies.
In the last few years we have been able to go deeper and expand our commercial relationships with American companies. We were very glad to receive cooperation and proposals for technical provisions as well as advice about our provisions for such specific aluminum products.

If we loose the GSP program all the time and efforts already made will be lost in favor of imports from other countries. American companies would have to start the process all over again.

Based on the above said we could foresee additional possibilities of new joint developments for products like aluminum plates, sheets and strips HTSUS 7606, aluminum foil HTSUS 7607, aluminum tubes and pipes HTSUS 7608, aluminum tube or pipe fittings HTSUS 7609 and aluminum structures HTSUS 7610.

Currently Argentina (Aluar) imports about 7,000 MT per month of Primary Aluminum into the United States. The majority of these imports are landed at Port Manatee, FL.

In the past the aluminum had been imported through Gulfport, Ms. however since Hurricane Katrina the port facility at Gulfport no longer exists.
Monthly Aluar Aluminum imports into Gulfport were considered by local Gulfport authorities as extremely important to the local Gulfport economy.
The change to Port Manatee in Manatee county Florida has positively contributed to the development of that newly established Port and its facilities.
Port Manatee has seen tremendous growth in imports partly as a result of the monthly shipments of Primary Aluminum from Argentina (Aluar).
Increases in local employment at Port Manatee related to those services catering to Aluar’s aluminum imports would include stevedores, warehousemen, trucking and railroad personnel as well as freight forwarding. The shipping company which has been serving Aluar, Gearbulk, has its offices located north of the port in Tampa, FL.
Aluar's future plans include increasing monthly shipment quantities of Aluminum products to the U.S. market.

A shift in World production of Primary Aluminum away from areas of high cost power such as the United States to areas of lower power costs such as Argentina has been occurring over the last 20 years.
The United States has been losing production yearly. There were over 30 Primary aluminum smelters in the United States at the end of the 1970's while today there are less than a dozen that are fully operational. The United States is now a country highly dependent on imports of Primary Aluminum products (about 5 Million tons annually and growing every year).

Without the GSP program, the consumers in the United States would likely see cost increases for goods containing aluminum as U.S. manufacturers and fabricators would not be competitive compared to imported finished goods containing Aluminum.

We will appreciate your kind consideration for our comments above and a continuance of the GSP program for imports of Aluminum products from Argentina.

Sincerely,

Ivan Poklepovic
Chief Foreign Trade Officer

Supports Argentina
Re Upholstery Leather
4107.11.50 which <u>not</u>
have CNLW

From: Luis Moreno [lemoreno@arpelleather.com]
Sent: Thursday, August 31, 2006 4:56 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To Whom It May Concern

Arpel Leather Company is an American Company that has been in business for 18 years and whose main activity is the purchase of finished leather for furniture upholstery. This leather enters the US under the Custom's code 4107-11-5000.

These hides come from Argentina, from tanneries with which we have been working, in an uninterrupted way, for several years.

We are aware that a modification of the SGP for Argentina is being under study. This modification would entail the reduction of certain concessions and/or the implementation of taxes applied to products imported from that country. We understand that this change would create an increase in the sale prices of leather to the US furniture factories, who are our clients.

If this change happens, the American citizens would be the first ones hurt by the change, as they would have to pay the higher prices for the same products they have been using for years.

This will also prove to be very damaging to the US furniture industry, which is currently hurt by the unrestricted entry of products imported at subsidized and very low prices from China.

We have been working very hard to keep the prices from increasing and this way continue the production of furniture in the US, so as to keep a full labor force in the American furniture industry. If the benefits of the SGP are rescinded for the Argentine products, a detrimental effect will be felt by the American furniture manufacturer and its workforce.

This is why we support:

- The renovation of the SGP for Argentina
- That Argentina may continue enjoying the status as a country that benefits from this system.
- That the Argentine products will be included in the SGP that will be renewed at the end of this year, 2006.

Janie Jewell
V.P. Operations

Supports Argentina
Re Fancy Leather 4107.91.80
which not have CNLW

MessageFrom: suren@edsim.com
Sent: Tuesday, August 29, 2006 5:19 PM
To: FN-USTR-FR0052
Cc: 'Sal Castro'; Simone@edsim.com; 'Steven Judd'; diego.beverstein@fonseca.com.ar
Subject: GSP for Argentina

To Mrs. Merideth J. Sandler,

Attached is a copy of letter for reinstatement of GSP for Argentina for 2007.

Best regards,
Suren Lall
Edsim Leather
tel: 212-695-8500 Ext 11

EDSIM LEATHER
131 West 35th Street
New York, NY 10001
212-695-8500
Fax 212-967-8318
e-mail info@edsim.com

August 29, 2006

Mrs. Merideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade
Policy Staff Subcommittee
Trade & Development
FR0052@USTR.EOP.GOV

Dear Madam,

It is of great concern to us that due to the Initiation of Reviews and request for Public Comments of the Generalized System of Preferences, Argentina may face possible limitation or withdrawal of eligibility as a beneficiary country.

We, at Edsim Leather, are importers of bovine leather from that origin included under the US-GSP, and as such we have been able to consistently improve the competitiveness of our final product, being able to use domestic labor versus foreign competitors.

We would like to express our interest that Argentina be renewed as an Eligible Country under GSP Beneficiary, in particular for the product defined by the Tariff number:

4107.91.8000

We look forward for an affirmative decision and kindly remain,

Sincerely,

Simone Kamali, President
Edsim Leather

2006 GSP ELEGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELEGIBILITY

INTERESTED PARTY: TRANSNATIONAL FOODS, INC.

BENEFICIARY COUNTRY: Argentina

August 28, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
1724 F Street, NW
Room F 220
Washington, D.C. 20508

Ref. GSP Elegibility
Written Comments

Dear Ms. Sandler,

According to the Notice published in the Federal Register on August 8th, 2006 (Vol.71, No.152), we are writing you to present some considerations in relation to the beneficiary status under review of some countries within the Generalized System of Preferences (GSP).

In this context, we strongly support the maintenance of the beneficiary status to Argentina within the GSP.

Transnational Foods is a U.S. company with estimated 2006 sales of $50 million. We dedicate basically to the import and distribution of foods from South America to the U.S. market. We offer a wide range of food products, either through our own brand or private labels, sourcing major food retailers and distributors such as, H.E. Butt Grocery, Publix, Albertsons, Dollar General, ShopRite and Sysco.

Some of our main product lines are related to imports from Argentina, having the benefit of the GSP, including Vegetable Oils (HTS Number 15179010), Balsamic Vinegar (HTS Number 22090000), Extra Virgin Olive Oil (HTS Number 15091020), Preserves (HTS Numbers 20079920, 20079945, 20079905, 20079910) and Marmalade (HTS Number 20079140), Olives (HTS Number 20057025), Cereals and Cereal Bars (HTS Number 19041000), Soy Milk and Soy Beverages (HTS Number 22029090).

By introducing these products to the U.S.A. market, consumers have benefited from having more and diverse price-quality proposals to choose from. Furthermore, we believe our competitive prices have given consumers the opportunity to access certain quality products without sacrificing income that could have been allocated to other basic personal needs.

It is also important to mention the impact GSP has had over already established importers. Having preferential duties may also stimulate importers from developed countries to improve the value offered, resulting not only in lower prices for consumers, but also in better quality products served to the market.

Finally, it is important to considerer that Latin America is ranked in the top places in terms of income distribution gaps. And Argentina, while it used to be considered an extraordinary case in the region in this issue, after the 2001-2002 crisis, it has follow the path of other traditional Latin American Countries and inequality in income distribution has increased.

In this framework, we are aware that thanks to GSP and the possibility it brings to import argentine goods in a competitive way, we are contributing and fostering the development of less developed regions across the country.

TRANSNATIONAL FOODS, INC.
MARCELO YOUNG
DIRECTOR

Name: Marcelo Young – CEO & President
Company: Transnational Foods, Inc.
Address: 1110 Brickell Ave., Suite 808, Miami, FL 33131
Telephone: +1 (305) 365 9652
Email: myoung@transnationalfoods.com

Supports Argentina
Supports Sheet Lead,
7804.19.00 which does not have CNLW

From: Bob Seebeck [leadman9@charter.net]
Sent: Wednesday, August 23, 2006 11:51 AM
To: FN-USTR-FR0052
Subject: Document1

To whom it may concern:

Please be advised as a small business owner, I want to petition that sheet lead (HTSUS) # 7804.19.00 imported from Argentina continue to be included on the U.S. General System of Preferences that is being reviewed by the U.S. Congress, and that Argentina continues to be a beneficiary country under the GSP program.
Without this program will create a negative competitive situation and be detrimental to our small business.
Respectfully submitted;

S.P. Metals, Inc.
Bob Seebeck – President & Owner

Opposes Argentina
Requests graduation of Argentina

From: pwalther@mwe.com
Sent: Wednesday, September 06, 2006 11:00 AM
To: FN-USTR-FR0052
Subject: Fw: 2006 GSP Eligibility (Resubmitted in Word)

Per my conversation today with Regina Teeter, we are resubmitting the comments filed on behalf of Sunkist Growers yesterday in word format.

Pamela D. Walther
McDermott Will & Emery LLP
Washington, D.C.
202.756.8220

----- Forwarded by Pamela D Walther/WDC/MWE on 09/06/2006 10:52 AM -----
Pamela D Walther/WDC/MWE
09/05/2006 05:49 PM
To FR0052@USTR.EOP.GOV
cc
Subject 2006 GSP Eligibility

Please find a corrected version of the comments submitted today on behalf of Sunkist Growers regarding the GSP Eligibility review. Page 6 has the only change.

Thank you.

Pamela D. Walther
McDermott Will & Emery LLP
Washington, D.C.
202.756.8220

BEFORE THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATION OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS

COMMENTS OF SUNKIST GROWERS SUPPORTING THE GRADUATION OF ARGENTINA FROM ITS STATUS AS A GSP BENEFICIARY COUNTRY

Michael Wootton
Senior Vice President
Corporate Relations and Administration
Sunkist Growers
14130 Riverside Drive
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September 5, 2006

BEFORE THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATION OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS

COMMENTS OF SUNKIST GROWERS SUPPORTING THE GRADUATION OF ARGENTINA FROM ITS STATUS AS A GSP BENEFICIARY COUNTRY

The following comments are submitted by Sunkist Growers (Sunkist) in response to the Trade Policy Staff Committee's (TPSC) *Federal Register* notice of August 8, 2006 (71 *Fed. Reg*. 45079), requesting comments on whether major beneficiary countries of the GSP program, including Argentina, have expanded exports or progressed in their economic development such that their GSP-eligibility should be limited, suspended, or withdrawn consistent with section 502(d) of the GSP law.[1]

Sunkist supports the graduation of Argentina from the GSP program based on that country's general economic development relative to other less developed GSP-beneficiary countries, and its trade competitiveness in frozen concentrate lemon juice (FCLJ) and other citrus products.[2] Of special concern to Sunkist is ensuring that, at minimum, Argentina, which is among the more advanced GSP-beneficiary countries, is not given opportunities to expand its GSP benefits to additional products, including FCLJ (H.S. 2009.31.6020 and 2009.39.6020), for which Argentina is already a highly competitive exporter of the product to the U.S. market without GSP duty-free access, and where the GSP Subcommittee has denied Argentina GSP treatment for the product.[3]

Sunkist Growers is a non-profit, non-stock membership cooperative marketing association owned by and operated for the benefit of farmers who produce approximately sixty-five (65) percent of Arizona and California citrus fruit and approximately eighty-five (85) percent of U.S. production of lemons. The Sunkist Growers cooperative was formed 113 years ago to market its members' produce, to develop and maintain reliable markets and gain the best return for their fruit, and to consistently supply consumers with top quality fresh and processed citrus products.

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[1] Trade Act of 1974, 19 U.S.C. 2461 et. seq.

[2] Argentina's competitive citrus products include: frozen concentrate lemon juice (HTS 2009.31.6020 and HTS 2009.39.6020); fresh lemons (HTS 0805.50.2000); and fresh oranges (HTS 0805.10.00). Although none of these products are GSP-eligible, Argentina has previously requested GSP treatment for FCLJ.

[3] As part of the 2002 GSP annual review, the Government of Argentina, the Chamber of Citrus Processors of Argentina and other related entities requested GSP treatment for FCLJ and a competitive need limit waiver for the product. The petition was *denied*. *See* Generalized System of Preferences (GSP): Notice of the Results of 2002 Annual Product Reviews, 2001 Special Three Country Review, GSP-AGOA 2001 Review, and Previously Deferred Product Decisions, 68 Fed. Reg. 40,012 (July 3, 2003).

I. The Relevant Criteria for Graduating Argentina from the GSP Program Include Argentina's Overall Economic Development and Trade Competitiveness

The relevant statutory criteria for determining whether Argentina is sufficiently developed and/or competitive that it no longer needs GSP duty-free benefits under Section 502(d) of the GSP law include:

(i) Argentina's level of economic development, including its per capita gross national product, the living standards of its inhabitants, and any other economic factors which the President deems appropriate (section 502(c)(2));

(ii) The extent of Argentina's competitiveness with respect to [GSP-]eligible articles (section 501(4)); and

(iii) The effect [withdrawal, suspension, or limitation of the application of duty-free treatment] will have on furthering the economic development of developing countries through the expansion of their exports (section 501(1)).

Based on statutory criteria, the GSP Subcommittee selected Argentina for possible graduation, or limitation of its GSP benefits, because (i) the total value of U.S. GSP imports from Argentina exceeded $100 million in 2005, (ii) the World Bank classified Argentina as an upper-middle income economy in 2005, and (iii) Argentina accounted for more than 0.25 percent of world goods exports in 2005, as reported by the WTO.

As shown below, Argentina easily meets these criteria and has a particularly developed and competitive citrus sector.

II. Argentina Has Achieved an Advanced Level of Economic Development, Higher Than Most GSP Beneficiary Countries

Argentina has advanced considerably since it became a GSP beneficiary in 1975. Today Argentina is the richest country in South America (based on GDP per capita) and one of the most prosperous among developing countries, benefiting from rich natural resources, a highly literate population, an export-oriented agricultural sector, and a diversified industrial base.[4] The World Bank classifies Argentina as an "upper middle income" economy with a gross national income (GNI) per capita of $3,580 in 2004.[5] Its gross domestic product (GDP) per capita of $13,100[6] is

[4] Central Intelligence Agency, *The World Fact Book: Argentina*, last updated Aug. 8, 2006, *available at* https://www.cia.gov/cia/publications/factbook/geos/ar.html (hereinafter "*World Fact Book: Argentina*").

[5] The World Bank classifies economies according to 2005 GNI per capita, using the following income group categories: "low income," $875 or less; "lower middle income," $876 - $3,465; "upper middle income," $3,466 - $10,725; and "high income," $10,726 or more. *See* World Bank, *Country Classification* (2006), *available at* www.worldbank.org. Since the data on the World Bank website is posted with a two-year lag, the latest available data on GNI per capita is for 2004.

[6] This reflects the World Bank's GDP numbers based on purchasing power parity (PPP). The World Bank considers PPP a superior measure of the standard of living of residents of an economy because it adjusts for differences in relative prices of goods and services in different economies. *See* World Bank, *Quick Reference Tables* (2006), *available at* www.worldbank.org.

the highest in the South American continent.[7] Although Argentina experienced an economic crisis when the peso's peg to the dollar was abandoned in early 2002, it quickly recovered. From 2003 to 2005 Argentina's GDP grew by about 9% per year due to strong domestic demand, solid exports, and favorable domestic conditions.[8]

Economic success has allowed Argentines to enjoy a relatively high living standard. Argentina's life expectancy at birth is over 76 years, higher than in 70% of the world's nations. Over 97% of Argentine adults are literate, which places Argentina well above most other developing countries. And unlike many of its South American neighbors, the country enjoys a positive migration rate, meaning that more people seek to live in Argentina than to leave it.[9]

III. Argentina's Products Successfully Compete in the U.S. Market. Its Highly Developed Lemon Juice and Citrus Sectors Are Competitive Without GSP Treatment

A. Generally

Argentina today is a major global exporter, ahead of most of developing countries. With total 2004 exports of $34.5 billion, it accounted for 0.4% of the world goods exports in 2004.[10] This far exceeds the 0.25% of world goods exports threshold established by the GSP Subcommittee.

In 2005, the U.S. goods trade deficit with Argentina was $472 million, an increase of $115 million over 2004.[11] Argentina's exports to the U.S. market under the GSP program totaled more than $616.5 million in 2005, with its total exports of goods to the U.S. reaching nearly $4.65 billion.[12] Its GSP exports included certain processed citrus products,[13] leather, preserved beef, cheeses, olive oil, as well as chemicals and industrial products.

[7] By contrast, 2005 estimates of GDP per capita on PPP basis of Argentina's South American neighbors and fellow GSP beneficiaries were the following: Bolivia – $2,900, Suriname – $4,100, Ecuador – $4,300, Guyana – $4,600, Paraguay – $4,900, Peru – $5,900, Venezuela – $6,100, Colombia – $7,900, Brazil – $8,400, and Uruguay, the closest competitor – $9,600. *See* Central Intelligence Agency, *World Fact Book, Field Listing - GDP - per capita (PPP)*, last updated Aug. 8, 2006, *available at* https://www.cia.gov/cia/publications/factbook/fields/2004.html.

[8] *World Fact Book: Argentina*.

[9] *Id.*

[10] World Trade Organization, *Leading exporters and importers in world merchandise*, Dec. 2005, *available at* http://www.wto.org/english/res_e/statis_e/its2005_e/its05_toc_e.htm. Latest WTO data is for 2004 exports.

[11] United States Trade Representative, *2006 National Trade Estimate Report of Foreign Trade Barriers*, Report on Argentina, *available at* http://www.ustr.gov/Document_Library/Reports_Publications/2006/2006_NTE_Report/Section_Index.html (hereinafter "*2006 NTER*").

[12] *Id*.

[13] The processed citrus products include citrus fruit pulp (H.S. 2008.30.3700), prepared or preserved lemons (H.S. 2008.30.6000), and essential oils of orange (H.S. 3301.12.00). USITC Data Web.

B. Argentine FCLJ and Citrus Products Are Fully Competitive with U.S.-Origin Products

Among Argentina's most competitive sectors are oranges and lemons, and lemon juice in particular.

Argentina's potential to export highly-competitive citrus products presents a significant threat to Sunkist and other U.S. citrus growers. Argentina benefits from a suitable climate, good availability of labor resources, ample land and water, and latest technologies and agricultural practices for citrus production.[14] In 2004, Argentina was ranked first in the world among fresh lemon and lemon juice exporters, and fifth among orange exporters.[15] The orange and lemon industries are increasing their focus on global export markets, and lemon production nearly doubled to about 1.2 million mt between 2000 and 2005.[16]

Frozen Concentrate Lemon Juice

FCLJ from Argentina is particularly competitive in the U.S. market with U.S.-origin lemon juice and is a concern to U.S. lemon growers, who sell nearly half of their U.S. lemon production to processing facilities, most of which is used for lemon juice.[17]

Argentina's dominance in lemon and lemon juice exports largely results from high yields, with export-oriented lemon yields ranging from 60 to 100 mt/ha versus the world average of 17 mt/ha.[18] Because neither Argentina's domestic nor export market can absorb such quantities of fresh lemons, the bulk of lemon production is processed into juice and exported.[19]

In 2002, when the Argentine government and citrus industry requested and were denied GSP treatment for FCLJ (H.S. 2009.31.6020 and 2009.39.6020), Argentine FCLJ accounted for about 85% of U.S. FCLJ imports, 50% of the total U.S. FCLJ market, and were being sold at prices below the price for U.S.-origin lemon juice despite paying a U.S. duty of approximately 41% AVE.[20] The International Trade Commission (ITC) found that Argentine lemon juice was

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[14] *See Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market*, USITC Pub. 3863, Inv. No. 332-469 (July 2006), at 5-10.

[15] *Id.* at 5-8.

[16] *Id.* at 5-1.

[17] *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences*, 2002 Review, USITC Pub. 3601, Inv. No. 332-451, at 86.

[18] *Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market*, USITC Pub. 3863, Inv. No. 332-469 (July 2006), at 5-14-15.

[19] *See*, *Id.* at 5-6.

[20] The U.S. MFN duty for both categories of FCLJ is 7.9¢/liter. In 2003, the ITC calculated the ad valorem tariff equivalent to be 41%. *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences*, 2002 Review, Inv. No. 332-451, at 81, 87.

highly similar and substitutable with U.S.-origin lemon juice, and that Argentina could readily export more FCLJ to the U.S. market.[21]

The factors contributing to Argentina's competitiveness in 2003 are equally present today. Even paying the MFN duty, in 2005 FCLJ from Argentina constituted 68% of FCLJ imports to the U.S. market[22] and roughly 50% of the total U.S. FCLJ market. Low-priced imports of FCLJ from Argentina are also depressing the overall U.S. lemon juice price. Lower overall prices for lemon juice and sales lost to Argentine-sourced product have meant U.S. lemon growers are selling less of their crop to the juice market. With limited alternative outlets, some U.S. lemon growers have had no choice but to leave a portion of their crop unsold.

If Argentina remains on the list of GSP beneficiaries, the Argentine citrus industry may again seek duty-free treatment for its highly competitive lemon juice exports, unless GSP program changes are made to prevent this.

Fresh Lemons and Oranges

Although Argentina cannot currently export fresh lemons and oranges to the U.S. market due to phytosanitary restrictions, these products present a future threat to U.S. citrus growers. A new pest risk assessment of Argentine fresh lemons is currently in progress.[23] The Argentine government and industry are working together to improve the quality of their citrus products with a view to increasing exports.[24]

If the U.S. phytosanitary bans on fresh lemons and/or oranges from Argentina are removed, Argentina will readily export to the U.S. market. Without GSP-program changes, Argentina could request GSP treatment for these products, placing an unnecessary burden on U.S. producers to defend against zero-duty benefits on products for which Argentina is a world-class producer and exporter.[25]

IV. **Continuing to Provide GSP Benefits to Argentina Will Inhibit Economic Development of Less Developed Countries**

The GSP program is intended to be a temporary grant of trade preferences to needy developing countries to help advance those economies through increased trade opportunities.[26]

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[21] *Id*., at 84.

[22] Based on data drawn from the USITC Dataweb for global imports of "lemon juice, of a Brix value not exceeding 20, concentrated, frozen" (HTS 2009.31.6020) and "lemon juice, NESOI, frozen" (HTS 2009.39.6020).

[23] *Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market,* USITC Pub. 3863, Inv. No. 332-469 (July 2006), at 5-10.

[24] The citrus industry in Argentina utilizes state-of-the-art technology. The Ministry of Production operates 42 experimental stations, 240 extension and technology transfer units, and 13 research institutes throughout Argentina, including a specialized citrus research program that studies issues such as pests and diseases, cultural practices, and postharvest methods. *Id*. at 5-15-16.

[25] The U.S. MFN duty on fresh oranges is 1.9¢/kg and 2.2¢/kg on fresh lemons.

[26] *See* Committee on Ways and Means, U.S. House of Representatives, *Overview and Compilation of U.S. Trade Statutes,* June 2005 ed., at 14.

Argentina has enjoyed GSP treatment for various products for 31 years, and has risen from the ranks of poor countries. Unlike the economies of less developed countries, Argentina's economy is now sufficiently advanced to sustain growth without GSP benefits. Many products from Argentina, including lemon juice, successfully compete in the U.S. market without duty-free access.

Argentina is among the United States' major trading partners under the GSP program. Argentina's GSP exports were twelfth highest, and overall exports were eighteenth highest from among 133 GSP beneficiaries.[27] Its trade surplus with the United States in 2005 was $472 million.[28] Continuing to provide GSP duty-free access for a competitive country like Argentina removes export opportunities for less developed GSP-beneficiaries.

V. Conclusion

Argentina has achieved upper-middle income status with the help of GSP-eligible exports and no longer needs zero-duty tariff preferences to be competitive. Continuing to grant Argentina GSP status places unnecessary risk of future GSP imports on U.S. producers of lemon juice and other citrus products for which Argentina has achieved a high level of competitiveness. All relevant facts suggest Argentina should be graduated from the GSP program, or minimally, should be denied opportunities to expand its GSP benefits to additional competitive products, including frozen concentrate lemon juice and fresh lemons and oranges.

[27] Based on data drawn from the USITC Data Web.

[28] USTR, *2006 NTER*.

From: Centro de la Industria Lechera [cilarg@cil.org.ar]
Sent: Monday, September 04, 2006 11:01 AM
To: FN-USTR-FR0052
Subject: GSP NOTE

Importance: High

To: GSP Subcommittee of the Trade Policy Staff Committee,

Office of the United States Trade Representative,

1724 F Street, NW., Room F-220, Washington, DC 20508.

FR0052@ustr.EOP.GOV

Ref.: 2006 GSP Eligibility and CNL Waiver Review

On behalf of the interests of the Argentina's dairy industry, I hereby submit the following comments regarding the ***2006 GSP Eligibility and CNL Waiver Review:***

1.- INTRODUCTION:

The Argentine Dairy Industry is facing today a gradual recovery after the deep economic crisis that took place in Argentina just 3 years, which was characterized by a sharp decline in milk production (30% drop) that severely undercut the competitiveness of Dairy Producers & Manufacturing sectors.

Within the present process of recovery, exports play a major role in improving the lack of profitability of the dairy sector, especially in the area of cheese sector, which is the most labor intensive, adding to the country's already very high level of unemployment.

Even if our dairy exports have recovered in the last period, mainly in the form of milk powder, the USA market still is by far the most important external market for cheese exports -representing 2/3 of the hard type cheese total exports- so, in the light of this, the only way open at present is to somehow to maintain the already reduced volume & prices of our cheese exports, as little improvement is to be expected of the internal purchasing power of the population and/or opening another export markets.

The possibility of being reduced of benefits granted by GSP of the HTS subheading 0406.90.41.00 ([1]) would be a highly negative factor to the Argentine Cheese Sector in this respect. Furthermore, as this is restricted to cheese imported within Argentina's Tariff Rate Quota, total supply of this product in the US market would not change.

2.- OTHERS FACTORS to be CONSIDERED:

2.1.- The effect such action will have on furthering the economic expansion of the country's exports;

a) Based on Argentina's existing tariff rate quota of 6.383 metric tons, the elimination of the benefits of the duty free treatment granted by the GSP would mean a decrease in revenue for Argentina cheese sector of around 3.5 million dollars per annum on a fob basis, or the equivalent of 3.5 cents per liter of milk used for this purpose.

b) The existing import quota is supplied not only by some important dairy companies but by another 10-15 Small & Medium Cheese Companies, for which the quota under GSP is the only way to reach the USA market with some profitability.

2.2.- The anticipated impact of such action on the United States producers of like or directly competitive products;

a) Since the quantity of cheese exported under the GSP is fixed under a strict quota, the elimination of the GSP treatment won't favor US producers of hard cheeses, as the duty reduction is benefiting US consumers as well as Argentine producers. The quantity of cheese in question is fixed at 6,383 metric tons (about 14.1 million pounds) & it cannot expand beyond this quantity, representing less than 2,5 % of the of the total US market.

b) At the same time, Argentina's quota represents approximately 10 percent of the US total hard type cheese imports, being the rest provided by a majority of Developed Countries such as the European Union, New Zealand, Australia, among others, but is worth to pinpoint that such a small quantity is very important –almost crucial- for our developing cheese industry, since, it has already been said it represents roughly 65% of the total exports of argentine hard cheese exports.

2.3.- The extent of the country's competitiveness with respect to eligible products: Considering that the FOB value of the cheeses being actually exported to USA under the GSP are currently fixed between u$s.3,40/kgr a U$S 3,60/kgr we'd like to comment that those prices are quite on the edge of profitability, so the increase of 15% of the import duty would mean a important loss of competitiveness of the Argentinean cheese exports.

3.- CONCLUSSION: So, in the light of the present facts & comments, we ask the GSP Subcommittee to maintain the present GSP status for Argentina & for the products of the HTS subheading 0406.90.41.00

With best regards, I remain

Yours Truly

OSVALDO RAUL CAPPELLINI

Centro de la Industria Lechera Argentina (Argentina Dairy Industry Federation)
Position: President
Address: Medrano 281 .Capital Federal -Republican Argentina
Phone: 54-11-4983-6149/0587
Internet: www.cilarg.org.ar
E-mail: ocappellini@mastellone.com.ar (office)
ocappellini@fibertelcom.ar (personal)

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[1] **HTSUS 0406.90.41.00:** Romano, Reggiano, Parmesan, Provolone and Provoletti Cheese (Italian-type cheeses): Other: Made from cows milk. Described in additional U.S. note 21 to this chapter and entered pursuant to its provisions).

ACEITERA GENERAL DEHEZA S.A

ALIMENTOS NATURALES

Buenos Aires, Argentina. September 5, 2006

Office of the United States Trade Representative

Dear Sirs:

We would like to send our comments in reference to the initiation of reviews and request for public comments on the Generalized System of Preferences (GSP).

We are producers and exporters of several Natural Foods Products. We have some customers in USA that import from us some of our products, and this is possible due to the GSP Program.

Without this program it wont be possible for us or our customer to continue working together. For this reason we would like our country (Argentina) to continue as a GSP beneficiary.

Best regards,

Mariano Torres
Aceitera General Deheza
Brands-Foreign Trade

AV. EDUARDO MADERO 1020 – PISO 16°
C11060ACX BUENOS AIRES – ARGENTINA
TEL.: (54-11) 4310-1800 – FAX: (54-11) 4310-1846
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Association of Food Industries, Inc.
3301 Route 66 • Suite 205, Bldg. C • Neptune, NJ 07753
732-922-3008 • Fax 732-922-3590
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Established 1906

September 5, 2006

Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee

Dear Ms. Sandler,

The Association of Food Industries, a trade association representing the U.S. food import industry, welcomes the opportunity to comment on the review of the Generalized System of Preferences program.

Ambassador Schwab was right on the money when she said the GSP program serves as an important bridge for developing countries and that both the U.S. and participating countries benefit from expanded trade under GSP. For more than 30 years, GSP has enjoyed bipartisan support and has helped spur global trade.

Andina Food LLC, Wellington, Fla., is associated with an Argentinean olive producer which has been able to develop a large olive organization in part due to the GSP program.

The olive industry is a relatively new venture in Argentina. A combination of factors such as GSP and local tax deferment programs have allowed the organization to develop a formerly unused area of Argentina in the provinces of San Juan, La Rioja and Catamarca, with more than 120,000 acres of olive groves and new factories of olive oil and table olives. The end results – development in Argentina through trade – not aid – and lower prices for U.S. companies and consumers.

Much of this activity cited above has taken place over the past few years, a clear sign GSP continues to work as envisioned even in the countries whose eligibility is under review.

Rather than look to take countries out of the GSP program, the focus should be on how to educate and assist those countries not participating enough. Additionally, many of the countries being considered for graduation from the program are working with the U.S. to combat terrorism. The U.S. needs to continue to work with these countries to ensure their economies become or remain stable. GSP is a proven mechanism to do just that, while providing benefits for those in the U.S. as well.

GSP is about stability. The program provides it and thrives on it. Between 1994 and 2001, GSP expired seven times and GSP imports declined 2.2 percent annually. Since GSP's five-year renewal in 2001, GSP usage grew an average of 11 percent per year. That stability is needed again. To continue to thrive, GSP needs to be extended as is.

Sincerely,

Bob Bauer
President

BEFORE THE OFFICE OF THE
UNITED STATES TRADE REPRESENTATIVE

In the Matter of :
Generalized System of Preferences (GSP) :
Request for Public Comments :

Comments on behalf of
Affinia Group Inc.

September 5, 2006

BARNES, RICHARDSON & COLBURN
303 East Wacker Drive
Suite 1100
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These comments are filed on behalf of Affinia Group, Inc. ("Affinia") of Ann Arbor, Michigan in response to the request for public comments in Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments, 71 Fed. Reg. 45079 (August 8, 2006). As discussed further below, Affinia supports the continuation of GSP benefits for Argentina, Brazil, India, and Venezuela without modification. Affinia believes that the goals of the GSP program will be served by such a continuation. Affinia also believes that the referenced countries are not at a stage of economic development that justifies the modification of their GSP treatment. Affinia also supports the continuation of the CNL waiver with respect to goods imported under tariff provision 8708.39.50 from Brazil.

I. BACKGROUND

Affinia is a global supplier of top quality automotive components for under hood and under vehicle applications. This is a market segment that is extremely competitive. It is also a market segment that has faced serious disruption with major manufacturers in the sector like Tower Automotive, Delphi, and Dana Corporation all filing for bankruptcy protection since 2004. The level of competition in this market segment makes Affinia's business operations extremely challenging.

In North America the Affinia family of brands includes WIX Filters, Raybestos brand brakes, Aimco Brake Products, McQuay Norris, and Spicer Chassis. South American and European brands include Nakata, Urba, and Quinton Hazell. Affinia has operations in 19 countries, employing over 11,000 people. Affinia's United States locations include facilities in California, Texas, Illinois, Indiana, Kentucky, Missouri, Oklahoma, Michigan, North Carolina, Pennsylvania, Delaware, South Carolina, Wisconsin, and Florida. In many of these locations Affinia or its predecessor companies have been an important part of the community for decades.

Among the 19 countries in which Affinia operates are Argentina, Brazil, India, Uruguay, and Venezuela. Affinia also operates extensively in the Europeans Union, as well as North America.

II. COMMENTS

As a preliminary matter, Affinia strongly supports the reauthorization of the GSP program. In addition, and as discussed below, Affinia strongly supports the continuation of Argentina, Brazil, India, and Venezuela as GSP beneficiary countries. Affinia understands that the criteria for withdrawal, suspension, or limitation of country eligibility for GSP are found in 19 U.S.C. § 2462(d). These include:

(1) the effect such action will have on furthering the economic development of developing countries through their exports;

(2) the extent of the beneficiary developing country's competitiveness with respect to eligible articles; and

(3) a country's level of economic development, including per capita gross national product, the living standards of its inhabitants, and any other factor the President deems appropriate.

Reviewing these criteria with respect to Argentina, Brazil, India, and Venezuela, Affinia believes that continuation of GSP benefits for these countries is warranted. Furthermore, Affinia believes that the larger goals of the GSP program will be served by continuing to treat these countries as GSP eligible, as the positive economic development of these countries acts as a spur and a magnet to the economic development of their lesser developed regions. Affinia first addresses the general goals of the GSP program, then conditions in the individual countries, and finally its support for the CNL waiver for goods imported under HTSUS 8708.39.50 from Brazil.

A. The Goals of the GSP Program

As discussed further below, Affinia believes that any changes to the operation of the GSP should be based on helping to maximize the extent to which current and future GSP transactions help beneficiary developing countries ("BDCs") gain development, jobs, and stability, rather than regarding GSP as a zero-sum program and removing GSP treatment from countries that have utilized the program successfully in the past. A strategy based on maximizing current and future GSP transactions would be in keeping with the United States' goal of assisting BDCs in using trade to promote their economic development, regardless of whether that trade is directly with the United States. Consequently, Affinia does not believe that removing GSP treatment from countries that currently utilize the GSP program will do so. Instead, Affinia believes that the United States should consider any of a number of proposals designed to enhance the utility of the GSP program to more countries. An example of such a proposal, the United Nations Conference on Trade and Development ("UNCTAD") publication Trade Preferences for LDCs: An Early Assessment of Benefits and Possible Improvements, UNCTAD/ITCD/TSB/2003/8 (2003) makes four suggestions to improve the utility of the GSP program. These are: (1) extend coverage to all products; (2) extend the time frame of GSP preferences to provide stability; (3) adopt a harmonized import percentage criterion; and (4) enlarge the scope of cumulation to all countries. Id. at 111.

Affinia believes that the second and fourth UNCTAD suggestions in particular have the potential to assist BDCs in using trade to promote their economic development. Extending the time frame for GSP preferences helps BDCs attract investment because it allows investors stability and predictability in their interactions with the United States. The longer time frames provided for the African Growth and Opportunity Act ("AGOA") are an important benefit to AGOA countries. They can seek investment from abroad, and develop industries internally with the knowledge that AGOA benefits will not expire as often as GSP benefits do, and will not become subject to political delays and pressures as often as GSP benefits. All GSP countries would benefit from an extended time frame for GSP benefits.

In addition, UNCTAD's fourth suggestion–enlarging the scope of cumulation to all countries–would likely be a particularly useful change to the GSP program that would maximize the utility of the program for countries that do not currently receive substantial benefits from program. Currently, the GSP regulations indicate that certain associations of countries designated by the President are treated as a single country for purposes of establishing GSP benefits. This means, among other things, that all of the materials, labor, etc. from a country in a designated association may be applied to the 35% calculation necessary for most GSP goods to meet the origin criteria for GSP benefits. Thus, if Bolivian copper is used to produce a good in Venezuela, the value of the Bolivian copper may be included in the calculation of the 35% of appraised value necessary for the Venezuelan good to be granted duty-free access to the United States under GSP. This is potentially a boon to Bolivian copper producers, as they may not have customers in the United States, but still benefit from GSP insofar as their Venezuelan customer benefits from the added value the Bolivian copper brings, and duty free access to the United States market. In such situations, the United States import documentation shows “Venezuela” as the country of origin, but the benefit provided by GSP has rippled through the Andes.

Unfortunately, the list of associations of countries designated by the President for treatment as a single entity reflects very limited coverage of countries surrounding the biggest users of GSP listed in the TPSC’s notice. For instance, there are no designated associations of countries that include Argentina or Brazil. Thus, materials used in Brazil by Affinia that may, for instance, be sourced in Bolivia, Peru, Columbia, Ecuador, Uruguay, Paraguay, Argentina, or any of Brazil’s other GSP-eligible neighbors, are not counted into the 35% calculation that Affinia typically must undertake. As such, there is a disincentive for Affinia, or any similarly situated company, to seek out and cultivate sources in these countries. Thus, when a Brazilian automotive component enters the United States under GSP, it is less likely that the GSP benefit will have rippled across South America. This is true even though some of the countries closest to Brazil are in dire need of economic development.

Furthermore, even where countries that are major users of GSP are included in a designated association of countries, the benefits of this listing may not be as broad as possible. Thus, although Venezuela is a member of the Andean group, inputs from a regional least developed country (“LDC”) like Haiti could not be included in the 35% calculation for a Venezuelan manufacturer since Haiti is not part of the Andean group. Thus, the GSP program creates a limited incentive for manufacturers in countries successfully using the GSP program to source from countries that have not historically benefited significantly from GSP.

Affinia believes that the UNCTAD proposals are only one means of making the GSP program work more effectively for all beneficiary countries. Other programs and proposals could also achieve this goal. However, Affinia believes that removing the GSP benefit from countries that successfully utilize the GSP now to export to the United States will have the effect of depressing development in the countries from which GSP treatment is removed, as well as, in some cases, their neighboring regions. While it is unlikely that major manufacturing facilities will leave countries because of the loss of GSP, it is likely that new investment and sourcing will flow to other established locations, rather than to BDCs that have no established manufacturing facilities or experience. As such, this would be more likely to increase investment in countries that either already have substantial GSP exports to the United States, or countries like China that are substantial trade partners of the United States without the benefit of GSP.

B. Argentina

Affinia believes that application of the criteria of 19 U.S.C. § 2462(d) weighs in favor of retention of GSP benefits for Argentina. Argentina is an upper-middle-income country in 2005, and did account for 0.38% of world exports in 2004. However, utilizing WTO and World Bank data with regard to Argentina makes clear that Argentina is barely an upper-middle-income country, and that it is not at an economic stage of development that justifies graduation from the GSP program.

First, while Argentina's Gross National Income ("GNI") per capita is reported as $4470 by the World Bank, it must be noted that this is barely above the $3466 GNI per capita used by the World Bank to define the lower threshold of upper-middle-income countries. Furthermore, while Argentina is currently a middle-upper-income country, its GNI per capita in recent years has fluctuated broadly.[1] By some measures Argentina's GNI per capita is roughly one-half its GNI per capita in 1995, and as recently as 2000 stood at $7470.[2] Thus, the fact that Argentina is barely within the range of upper-middle-income countries in 2005 should not be taken as a sign of the positive progress in Argentina's development. Instead, these figures are a clear indication that Argentina will need the benefits of the GSP program if it is to regain its status as a country in the middle of the upper-middle-income countries.

In addition, while Argentina is a significant user of the GSP program, it is important to keep the scope of the benefit of GSP to Argentina in context. In 2004 the value of all GSP imports from Argentina into the United States was $562,858,000. In 2004 Argentina's population was roughly 38,226,000. Thus, on a per capita basis the value of products shipped to the United States by Argentina was under $15. By contrast, the per capita value of Chinese shipments to the United States in 2005 was about $186. Thus, the societal penetration of GSP benefits into the Argentine economy is very shallow, and not supportive of graduation from the GSP program.

Finally, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that Argentina's economic development will be hurt by

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[1] See e.g. Valdovinos, Carlos Fernandez, "Growth Inequality, and Social Equity in Argentina" En Breve (World Bank) available at http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/12/16/000160016_20051216133202/Rendered/PDF/346450ENGLISH082NOV05ARGrowth.pdf (last visited September 5, 2006).
[2] Argentina Data Profile 2000-2004 (World Bank) available at http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=ARG (last viewed September 5, 2006).

graduating Argentina from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in Argentina would most likely be sourced in China. Affinia does not believe that it would be feasible to seek sources for imported goods from other less developed countries such as Paraguay or Bolivia if Argentina ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices.

In light of the above data, Affinia believes that it is clear that graduating Argentina from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in Argentina's competitive position is its GSP eligibility. Finally, Affinia believes that the data show that Argentina is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

C. Brazil

Affinia believes that, as was true in the case of Argentina, the application of the criteria of 19 U.S.C. § 2462(d) weighs in favor of retention of GSP benefits for Brazil. Brazil was a lower-middle-income country in 2005, and accounted for 1.05% of world exports in 2004. However, Brazil also bears a tremendous debt burden, qualifying as a "severely indebted" country under World Bank definitions in 2003.[3] Utilizing WTO and World Bank data with regard to Brazil makes clear that Brazil is not at an economic stage of development that justifies graduation from the GSP program.

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[3] See Classification of Economies (World Bank) available at http://siteresources.worldbank.org/INTRGEP2004/Resources/classification.pdf for a list of economies organized by income and debt (last viewed September 5, 2006).

As Brazil's GNI per capita figures ($3000 in 2004) make clear, Brazil's economic development has not yet generated very significant per capita wealth for its population. Perhaps more importantly, Brazil has experienced broad fluctuations in its GNI similar to Argentina's. For instance, as recently as 2000 Brazil's GNI per capita was $3590. In 2003 this figure had dropped to $2680.[4] These figures are a clear indication that Brazil, far from possessing an economy on a clear upward development path, is an economy still struggling to achieve the level of GNI per capita it had six years ago. This is not the profile of a country prepared for GSP graduation.

In addition, while Brazil is a significant user of the GSP program, it is important to keep the scope of the benefit of GSP to Brazil in context. In 2004 the value of all GSP imports into the United States from Brazil was $3,167,779,000. In 2004 Brazil's population was roughly 178,718,000. Thus, on a per capita basis the value of products shipped to the United States by Brazil was under $18. This is a greater per capita penetration than Argentina has achieved, but is still one tenth the 2005 value of per capita value of Chinese shipments to the United States in 2005 was about $186. Thus, the societal penetration of GSP benefits into the Brazilian economy is very shallow, and not supportive of graduation from the GSP program.

Finally, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that Brazil's economic development will be hurt by graduating Brazil from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in Brazil would most likely be

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[4] Brazil Data Profile 2000-2004 (World Bank) available at http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=BRA (last viewed September 3, 2006).

sourced in China. Affinia does not believe that it would be feasible to seek sources for imported goods from other less developed countries such as Paraguay or Bolivia if Brazil ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices.

In light of the above data, Affinia believes that it is clear that graduating Brazil from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in Brazil's competitive position is its GSP eligibility. Finally, Affinia believes that the data show that Brazil is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

D. India

Like Argentina and Brazil, India is a large user of the GSP program, with over $4,179,276,000 in GSP imports from India, and roughly 0.82% of the world's exports. However, this analysis of raw dollar values and world export percentages create a deeply distorted picture with regard to India because of India's enormous size. It also does not account for the fact that India is the sole low-income country on the list of countries referenced in this Federal Register notice. GNI per capita in India stands at $620 in 2004.

India currently has a population of approximately 1.1 billion people.[5] Thus, roughly one person in six worldwide is a resident of India. The population of India

[5] Trade Profiles: India 2005 (World Trade Organization) available at http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=IN (last viewed September 5, 2006).

represents roughly 17% of the world total.[6] However, India's total share of world exports represents just 0.82% of the world total. Factoring India's size into its percentage of world exports, India's share of world exports can be seen as almost negligible. In contrast China, with a similar population to India's, had 6.46%[7] of the world's exports in 2004—a figure that has surely increased in the interim.

Furthermore, while the value of Indian exports to the United States under the GSP program exceed $100 million, utilization of the program by India constituted less than $4 per capita in 2005.[8] Therefore, while the volume of Indian GSP-eligible imports is high, India's utilization is extremely low. In addition, GSP-eligible imports from India represented roughly 22% of the total import value into the United States from India in 2005. Given the low penetration of the GSP program into Indian manufacturing, as well as India's wildly disproportionately small share of world exports, removing the GSP benefit from such a proportion of India's already meager exports is not likely to assist India's future development through exports.

In addition, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that India's economic development will be hurt by graduating India from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in India would most likely be sourced in China. Affinia does not believe that it would be feasible to seek sources for

[6] See Total Midyear Population of the World 1950-2050, (United States Census Bureau) available at http://www.census.gov/ipc/www/worldpop.html (last viewed September 5, 2006).
[7] Trade Profiles: China 2005 (World Trade Organization) available at http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=CN (last viewed September 5, 2006).
[8] United States International Trade Commission data indicates that the value of Indian imports into the United States with GSP eligibility was $4,179,276,000 in 2005.

imported goods from other less developed countries such as Bangladesh or Sri Lanka if India ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices. In fact, in manufacturing terms, China is already India's greatest rival.

Finally, in addition to aiding its own economy, the GSP benefits accorded to India also play a role in benefiting the surrounding economies. India is part of the South Asian Association for Regional Cooperation; goods produced in India can include Bangladeshi, Bhutanese, Nepalese, Pakistani, and Sri Lankan content toward the 35 percent value-added GSP requirement. India's GSP status, therefore, provides an incentive for manufacturers in India to look to those neighboring lesser-developed countries for suppliers rather than more developed low cost supplier countries such as China. Thus, removing India from GSP could take business from these least developed beneficiary developing countries ("LDCs"), which is contrary to the original intent of GSP. In this context, it is not likely that a company would relocate an established factory from India to Bangladesh, for example. However, if India loses GSP, it is very likely that Indian companies would lose their incentives to use Bangladesh as a supplier for materials to be used in the production of goods for export to the United States, and China would likely be a low cost alternative. Thus, if the goal of the TPSC is to promote trade in the least developed countries, removing GSP for India defeats this goal.

In light of the above data, Affinia believes that it is clear that graduating India from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in India's competitive position is its GSP eligibility. Finally, Affinia believes that the data show that India is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

E. Venezuela

Affinia believes that application of the criteria of 19 U.S.C. § 2462(d) weighs in favor of retention of GSP benefits for Venezuela as it does for Argentina, Brazil, and India. Venezuela is an upper-middle-income country in 2005, and did account for 0.42% of world exports in 2004. This number was likely artificially inflated by Venezuela's exports of petroleum. However, utilizing WTO and World Bank data with regard to Venezuela makes clear that Venezuela's status as an upper-middle-income country is tenuous, and that it is not at an economic stage of development that justifies graduation from the GSP program.

First, while Venezuela's Gross National Income ("GNI") per capita is reported as $4030[9] by the World Bank, it must be noted that this is barely above the $3466 GNI per capita used by the World Bank to define the lower threshold of upper-middle-income countries. Furthermore, while Venezuela is currently a middle-upper-income country, its GNI per capita is susceptible to rapid changes, since the world price of oil has a disproportionate impact on the value of Venezuelan GNI.[10] Thus, Venezuela's status as an upper-middle-income country does not reflect a successful development strategy with a diverse and developed economy, but rather, the distorting effect of petroleum on the

[9] Venezuela Data Profile 2000-2004 (World Bank) available at http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=VEN (last viewed September 3, 2006).

[10] "Annual Statistics Bulletin 2004" (OPEC) at Table 3 available at http://www.opec.org/library/Annual%20Statistical%20Bulletin/pdf/ASB2004.pdf showing GDP in relation to oil prices for OPEC members (last viewed September 5, 2006).

economy. Therefore, Venezuela will continue to need the benefits of the GSP program if it is to develop an economic base able to provide development for its population.

In addition, while Venezuela is a significant user of the GSP program, it is important to keep the scope of the benefit of GSP to Venezuela in context. In 2004 the value of all GSP imports from Venezuela into the United States was $815,403,000. In 2004 Venezuela's population was roughly 26,127,000. Thus, on a per capita basis the value of products shipped to the United States by Venezuela was roughly $30. As mentioned previously, the per capita value of Chinese shipments to the United States in 2005 was about $186. Thus, the societal penetration of GSP benefits into the Venezuelan economy is very shallow, and not supportive of graduation from the GSP program.

Finally, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that Venezuela's economic development will be hurt by graduating Venezuela from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in Venezuela would most likely be sourced in China. Affinia does not believe that it would be feasible to seek sources for imported goods from other less developed countries such as Bolivia or Peru if Venezuela ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices.

In light of the above data, Affinia believes that it is clear that graduating Venezuela from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in Venezuela's competitive position is its

GSP eligibility. Finally, Affinia believes that the data show that Venezuela is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

F. CNL Waiver for 8708.39.50 from Brazil

Affinia understands that based on current trade data, imports from Brazil under HTSUS provision 8708.39.50 substantially exceed the $120 million threshold for 2005. However, Affinia supports continuation of the CNL waiver because Affinia believes that it is unlikely that a United States industry would be adversely affected by continuation of the waiver, and that continuation of this waiver is in the economic interest of the United States.

Affinia believes that the considerations set forth in 19 U.S.C. §§ 2461 and 2462(c) support the continuation of this CNL. First, Affinia notes that exports from Brazil to the United States of goods under HTSUS 8708.39.50 represent roughly 18% of the total Chapter 87 shipments from Brazil to the United States.[11] These same figures show that Chapter 87 exports from Brazil constitute just over 10% of the value of all Brazilian shipments to the United States. Thus, shipments under this CNL are an important component of a significant portion of Brazil's exports to the United States. Consequently, removing the GSP benefits from these products is likely to have a disproportionate negative impact on furthering the economic development of Brazil through the expansion of its exports.

In addition, Affinia believes that the anticipated impact on United States producers of like or directly competitive products of removing the CNL waiver for

[11] ITC data reflects $241,751,000 in 2005 import value for 8708.39.50 in 2005, and $1,321,267,000 in total Chapter 87 value for 2005.

shipments under 8708.39.50 from Brazil would be negative. Affinia believes that a very significant portion of the shipments from Brazil under this provision are made to the same United States companies that also produce like products. For many of these companies, Brazilian manufacturing has been integrated into their sourcing, and represents a resource, rather than negative competition. As such, removing the CNL waiver would actually harm these United States companies, rather than assist them.

Third, with regard to the extent to Brazil's competitiveness with respect to goods of 8708.39.50, Affinia notes that goods classifiable under this provision face the same intense pressure that all other goods in the automotive components industry face. The list of the five largest (by value) supplying countries for these articles in 2005 is: (1) Canada; (2) Mexico; (3) Japan; (4) China; and (5) Brazil. The goods of Canada and Mexico already enjoy duty-free entry into the United States under the North American Free Trade Agreement. The goods from Japan enjoy the structural advantage of supplying the growing Japanese transplant manufacturing market in many instances. Thus, if Brazil were to lose its CNL waiver for these products, it would be competing directly with China as the two countries without benefit of GSP eligibility, and without the benefit of supplying a domestic/transplant automotive sector. Affinia does not believe that Brazil would be able to compete directly with China over time for these goods under those conditions.

Finally, the criterion of §2462(c)(4) has been discussed above, and need not be completely rehashed here. However, as discussed above, Brazil has not reached a point of steady, sustainable economic growth, and continues to have economic indicators indicative of a country that benefits from the GSP, rather than one prepared to be graduated from the GSP program.

III. CONCLUSION

For the reasons stated above, Affinia supports continuation without change in the GSP eligibility for Argentina, Brazil, India, and Venezuela. Affinia does not believe that the goals of the GSP program would be met by graduating these countries from GSP eligibility, and does not believe that the economic data for these countries merits their graduation.

Affinia also believes that the CNL waiver for goods imported under HTSUS 8708.39.50 from Brazil should be retained. Retention of this waiver would assist Brazil's development, and would not harm United States producers of like products.

Please do not hesitate to contact us if you have any questions regarding this matter.

Very truly yours,

BARNES, RICHARDSON & COLBURN

By: /s/ David G. Forgue

David G. Forgue

[PUBLIC VERSION]

2006 GSP ELEGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELEGIBILITY

INTERESTED PARTY: CIARA.

BENEFICIARY COUNTRY: Argentina

September 1st, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
1724 F Street, NW
Room F 220
Washington, D.C. 20508

Ref. GSP Elegibility
Written Comments

Dear Ms. Sandler,

We are writing to you in reference to the Notice published in the Federal Register of August 8th, 2006 (Vol.71, No.152), and to submit to your consideration our comments about the review of the beneficiary status for certain countries within the Generalized System of Preferences (GSP).

Cámara de la Industria Aceitera de la República Argentina (CIARA) is the argentine chamber of the oil crushing industry dedicated to promote and protect the interest of local processors of vegoils and protein meals.

It is on behalf of the oilseed crushing and Argentina that CIARA hereby submits this petition.

Our products under GSP are the following:

1508 Peanut (ground-nut) oil, and it's fractions, whether or not refined, but not chemically modified

15179010 Edible artificial mixtures of two or more the products provided for in headings 1501 to 1515 inclusive, cont. 5% or more by weight of soybean oil o fraction thereof
15179020 Edible artificial mixtures of products provided for in headings 1501 to 1515, nesi
2305 Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of peanut (gound-nut) oil
23063000 Oilcake and other solid residues, whether or not ground in the form of pellets, resulting from the extraction sunflower oil

In this context, we strongly support the maintenance of the beneficiary status to Argentina within the GSP for which we submit the following considerations.

1.- Argentina's trade under GSP

When revisiting the criteria within which countries could become beneficiaries of the GSP, USTR has included those countries with imports over US$ 100 million in 2005 under GSP.

Argentina made most of the GSP system. In fact, in the past years the country has had a reasonable rate of utilization.

The rate of utilization of the system has been increasing as it is stated in the following table.

Table I. Argentine Exports to the United States (million u$s)

	2002	2003	2004	2005
1) Total exports to the US	3.185	3.169	3.745	4.571
2) Total exports of products included in the GSP	404	465	582	792
3) Total effective exports under GSP	287	450	563	616
GSP Exports / Total Exports	12,7%	14,7%	15,5%	17,3%
Utilization rate (3) / (2)	71,0%	96,8%	96,7%	77,7%

Source: Ministry of Economy and Production, Argentina on the basis of International Trade Commission, United States.

That means that the GSP is a tool and a benefit that the US offers to Argentina and it is used by the country.

It is important to note that Argentina does not concentrate as country of origin a great part of US imports under GSP Programme. According to public statistics Argentina sold to the US in 2004 under GSP scheme about US$ 563 million. **This amount represents just 2,4% of the US total imports under GSP for that year.**

In 2005, imports under GSP form Argentina accounted for 17% (US$ 616 million) of total US imports from Argentina US$ 4,750 billion.

2.- World Bank Classification of Countries

The USTR has followed the classification made by The World Bank, describing Argentina as an upper-middle income country together with other 12 countries.

There are some important considerations and indicators of the socio-economic reality of the country that are not reflected not taken into account in this classification. We described them in the following paragraphs.

2.a Crisis and recovery

As a consequence of the economic and social crisis that broke out in late 2001, an its ramifications in terms of asymmetrical devaluation, and the default on Government debt as well as portions of private debt, Argentina experienced a deep decline in economic activity.

This was clearly reflected by some indicators of year 2002 that contracted seriously: GDP: -11%, Exports -5%, Imports: -56%, Industrial Production -10.6%, Investment Rate: -40%, Domestic Consumption: -13.8%. Unemployment Rate also reached its peak: 21%.

It is important to say that the 2002'crisis was the critical point after 8 years of continuous depression of the Gross National Product and a serious recession context, with permanent increase of poverty indicators as well as country risk rates.

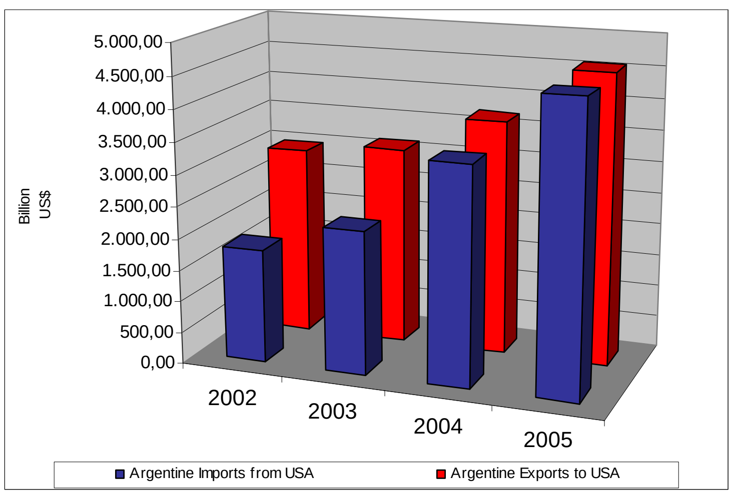
From that moment, one of the main challenges for the country was returning to the path of sustainable growth, which would help to improve the situation of poverty that affected over 50% of the population. Therefore Argentina urgently needed to generate employment and foreign currency in order to fulfill their international commitments.

The average growth rate of about 8% in the last three years, should be interpreted within this context of recovery of the country.

As a consequence of the recovery process, Argentine exports grew considerable in the last three years at an average rate of 16 per cent. In this way, exports constituted a key component of Argentina recovery after the crisis of 2001-2002. Exports to the United States followed the general path, from US$ 3,133 billion in 2002 to US$4,570 billion in 2005.

While Argentina was working to continue resurging from crisis, imports began to rise also, reducing the trade surplus. The bilateral exchange with US followed the same path.

Table II. Argentine Exports/Imports from the United States



Source: UNSD, COMTRADE. Database

2.b Regional disparities

It is important to consider that Latin America is ranked in the top places in terms of negative income distribution. Argentina, while it used to be considered an extraordinary case in the region in this issue with a particular and strong middle class, in the last years and specially after the 2001-2002 crisis, it has follow the path of other traditional Latin American Countries and inequality in income distribution has increased.

Negative distribution of income has been widening the gap that separates those who have more from the needy. In Argentina, the highest decile on the income-distribution curve accounts for more than 37% of income, **while the lowest decile only accounts for 1.2%.**

In this context, the economy Added Value in 2005 was ARS $ 262,774 million (1993 prices) while in 1998 was 263,702.

2005's Gross Product in market prices (1993 prices) was ARS $ 304,764 million while in 1998 was ARS $ 288,123 (Source INDEC).

In this framework, we are aware that thanks to GSP and the possibility it brings to the exports of argentine goods in a competitive way, we are contributing and fostering the development of less developed regions across the country.

2.b Specific Points

The oilseeds complex was one of the main sectors that contributed to the way out from crisis, through their exports and the generation of foreign currency. Export taxes applied to and paid by the sector highly contributed to the maintenance of social programs implemented after the crisis.

Direct employment generated by the sector is about one million persons and is distributed in different regions across the country. The sector repeatedly proved efficiency while enduring for many years the most adverse marketing conditions caused by the domestic economy crisis, high fiscal pressure, international markets falling prices (1998-2002) and a context of unfair external competition as a consequence of exports and domestic subsidies in other countries.

In the case of peanuts, more than 10.000 workers and dozens of towns located in Córdoba province peanut belt (account for 100% of the country's production) depend upon the peanut's industry exports.

In the case of soybeans, while they are harvested in central and northern Provinces, the crushing, refining and bottling plants are concentrated in the Great Rosario area (78%) and Great Rosario was one of the argentine cities that most suffered from the last economic crisis due to the collapse of others industries and the consistent fall of employment

In the case of sunflower seed complex, the main harvesting zone is distributed within 3 provinces thus it contributes to the economic activity and development of several locations and populations. However, the shrinking international market, together with many years of adverse weather conditions and unfavorable relative prices given to the local production of seed conform a pessimistic scenario for the next years.

3. Considerations and Petition

To sum up, it is fundamental form an Argentine perspective to maintain our country in the GSP because the reasons presented in the sections above and in particular considering that:

a) The U.S market is necessary for Argentina to diversify the export base for these products that so far have been traditionally dependant of European markets, a circumstance that is not favorable for Argentine sunflower and peanut producers or crushers.
b) GSP advantages contributed to bringing the Argentine economy out of the severe crisis affecting the country. Allowing these products to continue to enter the U.S. market under the GSP program would increase Argentine exports and thus bring in more U.S currency for servicing public and private debt.
c) Permanence in this program will provide significant support to thousands of Argentine farmers devoted to the growing and harvesting whose production area is mainly located in regions where oilseeds are the unique alterantive for agricultural exploitation.
d) Argentine exports have minimal impact on the competitiveness and profitability of U.S. economy (and specially farmers) as Argentine grain and oilseed exports as well as their byproducts are not only are not subsidized but are subject to export taxes.

Finally, given the current environment in certain Latin American countries, GSP benefits reinforce the positive message on how trade promotes growth and development, better than financial assistance.

For the reasons set out above, the Cámara de la Industria Aceitera de la República Argentina (CIARA) respectfully requests that the President's exercises his discretionary authority to maintain Argentina under the GSP program.

Yours sincerely

Lic. Alberto Rodriguez
Executive Director

CIARA
Bouchard 454, 7mo. Piso
C1106 ABF Buenos Aires,
Phone: (54 -11) 4311-4477
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Argentina

2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELIGIBILITY

INTERESTED PARTY: UIA – Unión Industrial Argentina

BENEFICIARY COUNTRY: ***Argentina***

September 4th, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
1724 F Street, NW. Room F 220
Washington, D.C. 20508

Re: 2005 GSP Review – Written Comments. Federal Register October 6, 2005 (Vol.70, N° 193)

Dear Ms. Sandler,

The Argentine Industrial Union (UIA), in its capacity of business association representing the full range of industries, is hereby stating its position regarding the potential elimination of our country from the Generalized System of Preferences (GSP) in response to the request for public comments on the modification of the requirements for a country to be eligible for the benefits of exporting to the United States, with due date before the end of 2006.

As per the Federal Registry notice, on August 8th, the Office of the United States Trade Representative (USTR) requested public comments on the limitation, suspension or withdrawal of the eligibility of countries exporting to the United States under the Program in the following cases:

- ✓ exports of a certain country to the US exceeded U$S100 million in 2005, and met two additional criteria,
- ✓ the country was ranked in 2005 by the World Bank as a middle or high-income country, or
- ✓ its total exports volume equals at least one forth of one percent of all world exports for the same year.

According to the USTR, the 133 countries benefited by the Program exported duty-free products to the US market under the SGP for U$S26,7 billion in 2005. Argentina’s share in 2005 only amounted to 2.2%.

Whereas the total of Argentine exports increased by almost 50% in the 2001-2005 period, exports to the US grew by almost 52%. Exports of products benefited under the SGP grew by 213%, but this was the result of a substantial development during the years 2001-2002 with the designation of 15 new products and the subsequent redesignation of another 57 products.

This was not repeated in the 2003-2004 period since the Annual Review did not approve any further product designation or redesignation for Argentina. In 2005, the total Argentine exports to the US increased by 16%, whereas the volume of exports benefited by the Program only grew by 10%.

On the other hand, and also as a result of the Argentine economic recovery, imports from all over the world as well as from the US increased and consequently, the balance of trade between our country and the United States has been reduced; the surplus in 2005 was only U$S312 million, lower than the total exports to the US under the SGP.

In case this benefit is discontinued and these values remain stable, the resulting balance would be a deficit of almost U$S 300 million for Argentina. More than 50% of the products included in the SGP (industrial inputs, food products and beverages) are highly tariff sensitive.

After the deep 2001-2002 crisis, Argentina has managed to change the trend thanks to the GDP growth and the Foreign Trade Balance with fiscal surplus. It should be noted that this change of the major variables in the Argentine economy has taken place in a context of having no access to international financing.

Although this has led to an improvement of the economic and social conditions, poverty, extreme poverty and unemployment rates continue to be high. For this reason, and in order to meet the obligations originated in the foreign debt restructuring –which went in default in 2002– it is absolutely necessary to maintain sustained growth rates in order to generate foreign currency inflow through exports

In this context, exports to the US, both under the SGP program or outside the system, permit to make up for the increased demand of Argentine imports originated in its economic growth, as reflected in the increased trade exchange with the US.

On the other hand, such exports may contribute to the growth of disadvantaged regional economies with severe social problems since the exported products substantially contribute to the economy of said provinces. Small and medium-sized companies –particularly those located in economically depressed regions– are important sources of jobs creation in Argentina.

The SGP Program has helped many Argentine SMEs to enter the complex US market. If Argentina is withdrawn eligibility, many companies could be pushed out of the market since they have adapted their production and commercialization strategies to the US market and it would be very difficult for them to readapt production to new markets still to be explored.

Access to the US market has been possible, to a large extent, thanks to the benefits of the SGP, which has permitted our exporters to compete with other industrialized economies. This has meant developing relationships with American importers and distributors whose interests, as well as those of the users or consumers of the products so far benefited by the SGP, might be negatively affected.

Exports to the US under the SGP system is not concentrated in a few products but is diversified and reflects what has been stated above: the system benefits small companies representing specialized production regions. On the other hand, as previously stated, the ratio of total exports from Argentina to the US over total US imports of the same items would amount to less than 1%.

The criteria proposed by the USTR would render Argentina non eligible for the SGP, even though the development status that set the grounds for being eligible for the SGP in the first place remain unchanged.

Given the negative impact the elimination of the SGP benefit for exporting products to the US would have for the Argentine economy in general and for some regions and companies that are exporting to the US in particular, and given other facts that have been commented on in this note, we request that the

SGP system with the eligibility requirements applied in 2005 for access to the SGP benefit be maintained.

Héctor A. Méndez
Presidente
Unión Industrial Argentina
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As a former State Senate President, former cattle rancher and current candidate for State Senate in the great beef producing state of Montana, I believe the benefits of the Generalized System of Preferences should be withdrawn from Argentina. By subsidizing beef and manufactured goods from Argentina, the GSP in its current form places Montana in the untenable position of competing against a developed country receiving preferential duty and tariff treatment. Moreover, there are other nations, such as those in Asia and sub-Sahara Africa, that are more deserving of our development monies. GSP benefits should only flow to truly developing nations, not Argentina.

My belief that GSP benefits should be withdrawn from Argentina is based on that fact that Argentina will continue to develop economically, even without export assistance; Argentina is already competitive in the beef and manufacturing markets; and Argentina is already an upper-middle-income economy.

Now is the time to stop providing Argentina with trade distorting preferential treatment. Argentina's economic development will surely continue without the assistance of the U.S. government. The agricultural economy of Argentina, which competes in the world market with goods produced in Montana, is among the most developed and sophisticated in the world. Withdrawing GSP benefits from Argentina would not throw the Argentine economy back to the Stone Age, instead the withdrawal of benefits would make trade between more fair and allow the U.S. government to assist countries in dire need of its preferential treatment.

Far from being a laggard, Argentina actually is among the leaders in the market for high quality meat products, yet in 2005, it received trade benefits for meat products exported to the U.S. through the GSP trade program (see supplemental document). I am confident Argentina will continue its thriving beef export business, even without the benefit of reduced duties and tariffs granted by the GSP program. Extending GSP benefits to Argentina would effectively subsidize an already powerful competitor to Montana farmers, in addition to unfairly tilting the balance of trade.

The Argentina economy is among the top 25 in the world. I cannot help but wonder when our government will stop providing export preferences to such strong economies.

While there are many other discretionary factors to consider, like the disproportionately large amount of GSP benefits that flow to large and developed countries, I trust that you will advise the President with consideration for the welfare of Montana. The President should be advised to withdraw GSP benefits from Argentina. Ultimately, the world and Argentina will be better off.

Terry L. Murphy
893 Boulder Cut Off Road
Cardwell, MT 59721
TerryLMurphy@gmail.com

NAIC - 31161: MEAT PRODUCTS AND MEAT PACKAGING PRODUCTS
Customs Value by Country Name, Country Group and Customs Value
For GSP (excluding GSP for LDBC only)
For USITC CTRY GRP: GSP2006

U.S. Imports For Consumption

Annual Data

Country	Country Group	NAIC Number	2005
			In Actual Dollars
Argentina	USITC CTRY GRP: GSP2006	31161 MEAT PRODUCTS AND MEAT PACKAGING PRODUCTS	55,521,734

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September 5, 2006

VIA EMAIL (FR0052@USTR.EOP.GOV

Marideth J. Sandler
Executive Director for the GSP Program and
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the United States Trade Representative
1724 F Street, N.W.
Washington, DC 20506

Re: Eligibility of Certain Beneficiaries For Continued Benefits under the GSP Program: Ceramic Tile Classified in HTS headings 6907 and 6908

Dear Ms. Sandler:

On behalf of the Tile Council of North America, Inc. ("TCNA"), the trade association of the American ceramic tile industry,[1] we appreciate this opportunity to submit comments in response to the USTR's Federal Register notice regarding the potential termination or limitation of benefits under the GSP Program for certain countries that are major beneficiaries of the program. 71 Fed. Reg. 45079 (Aug. 8, 2006).

Among the largest beneficiaries of the GSP program are Argentina, Brazil, Indonesia, the Phillipines, Thailand, Turkey and Venezuela ("subject countries"). Each of these countries are also major suppliers of ceramic tile to the United States and their industries have proven to be world class producers and exporters of these ceramic tile products. The ceramic tile industries in these countries are characterized by modern facilities and state-of-the-art highly automated ceramic tile production equipment, and ready access to low cost raw materials. Importantly, just as the ceramic tile industries in these countries have grown to be world-class competitors, so too have the economies of these countries substantially progressed to the point that changed circumstances justifies limiting or terminating benefits available under the GSP program for ceramic tile imports classified in HTS headings 6907 and 6908. *See* 19 U.S.C. § 2462(c)(2), (d). Moreover, these low-priced ceramic tile imports from the major GSP-eligible suppliers have had a serious adverse impact on the domestic industry. For this further reason, the statute provides authority for the termination of GSP benefits to these major ceramic tile suppliers. *See* 19 U.S.C. §§ 2462(d), 2461(3)-(4).

[1] The American ceramic tile industry consists of approximately thirty-six regular tile manufacturers and a large number of smaller art/studio tile makers, located throughout the United States. Tile Council is an association of over forty manufacturers of ceramic tiles and related products that manufacture over fifty percent of the ceramic tile produced in the United States.

As you are no doubt aware, the U.S. ceramic tile industry is highly import-sensitive and has been subjected to repeated efforts by low-priced imports to gain or increase trade-favored access to the U.S. ceramic tile market – a market that already has reached an import penetration level of 78.7% for all ceramic tiles according to the most recent data available through the first quarter of 2006. Glazed ceramic tile -- the HTS subheading that is the most import-saturated of all categories of ceramic tile – has increased to an import market share of 80.3% of domestic consumption in Q1 2006. Glazed ceramic tiles in these dimensions in this HTS category (HTS subheading 6908.90) comprise, by far, the major category of ceramic tile sold in the U.S. market today. Simply put, GSP benefits should be immediately terminated for glazed ceramic tile imports from the subject countries.

The U.S. ceramic tile industry is an extreme case of economic trends that are less intense in most other domestic industries. For the last decade, the U.S. tile industry has been characterized by two primary factors - tremendous and increasing import penetration, and continuous decreases in unit prices. High import penetration levels already have driven down U.S. ceramic tile prices over the past decade, a trend that is expected to continue due to the surge of imported low priced foreign tile. Import penetration in glazed ceramic tiles has increased from 64.6% in 1996 to 80.3% this year. Competition from low-priced imports have forced prices down to levels that are unsustainable for U.S. producers. A comparison of import and domestic average unit values demonstrates that import prices for glazed ceramic tiles are approximately 25% lower than domestic prices.

The domestic ceramic tile industry already is struggling to compete against very low-priced imports flooding the U.S. market. Indeed, since 2000, several U.S. producers went out of business resulting in a significant loss of jobs in the United States. Winburn Tile Manufacturing Company of Little Rock, Arkansas went out of business July 6, 2001. Until the company closed its doors, it was a manufacturer of glazed and unglazed mosaic ceramic tiles. KPT USA, of Bloomfield, Indiana, formerly a producer of glazed ceramic floor and wall tiles went out of business on June 29, 2001. Summitville Tiles, Inc. of Summitville, Ohio, closed its plant in Morgantown, N.C. that produced glazed ceramic wall tile. Summitville estimates that the closure of this plant represents the loss and “closes the books” on a $100 million favorable economic impact on the community during the 12 years of its operation. Summitville also closed one of its two Ohio plants in Summitville, Ohio. The TileWorks in Redfield, Iowa outside Des Moines, closed its glazed ceramic tile production facilities in 2001; and its equipment was auctioned off to foreign producers in April 2003. Most recently, Florida Tile’s glazed floor tile facility in Shannon Georgia is being shut down. It is clear to U.S. industry members that the closure of these U.S. tile companies and consequent loss of manufacturing jobs in the U.S. is, in major part, the direct result of the ever increasing onslaught of low-priced imports. An extended list of American ceramic tile production facilities that have been shut down since 1991 is attached to this submission as Exhibit 1. Many of these injurious imports originate in the subject countries and receive duty-free treatment under the GSP program.

The domestic industry currently is operating at the thinnest margins in its history and has had overall revenues decline over the past decade. Many U.S. producers have not been able to increase prices even to meet the rate of inflation. Domestic tile producers will likely face even greater declines as recent construction declines deepen. Domestic producers have been forced to match the low-prices of foreign imports or lose long-standing customers. The net result has been diminished margins and flat revenues. At a time when the U.S. economy, and especially the construction sector, is facing declines or even bordering on recession, it is not appropriate or justifiable to grant further duty-favored access to a U.S. market for ceramic tiles in general and for the glazed ceramic tile category especially given that it is over 80% dominated by imports and operating on the thinnest margins in its history.

We respectfully submit that the U.S. domestic ceramic tile industry has been adversely impacted by the tariff preferences extended to the subject countries through the GSP program. In light of the dire circumstances of the U.S. ceramic tile industry, which in large measure has been caused by the 78.7% overall ceramic tile import penetration levels, many of which are accorded favorable tariff treatment under the GSP program, we respectfully request the United States to withdraw GSP eligibility for *all* ceramic tile categories in HTS headings 6907 and 6908 for the subject countries.

If you have any questions concerning these comments, please contact us directly at your convenience.

Respectfully submitted,

/s/

Juliana M. Cofrancesco
John F. Bruce

EXHIBIT 1
U.S. CERAMIC TILE PRODUCTION FACILITIES
THAT HAVE CLOSED SINCE 1991

1. American Olean, Lansdale, PA
2. American Olean, Jackson, TN
3. American Olean, Cloverport, KY
4. American Olean, Roseville, CA
5. GTE Products Corp, Portsmouth, NH
6. Huntington Tile, Ft. Worth, TX
7. Huntington Tile, Mt. Vernon, TX
8. Laufen, Tulsa, OK
9. KPT, Bloomfield, IN
10. Ludowici Stoneware Co., Richmond, IN
11. Mannington Ceramic Tile, Lexington, NC
12. Summitville, Morganton, NC
13. Summitville, Summitville, OH
14. The Tileworks, Redfield, Iowa
15. Universal Quarry Tile, Adairsville, GA
16. B&W Tile, Gardena, CA
17. B&W Tile, Riverside, CA
18. Monarch Tile, Florence, AL (now owned by Am. Marazzi)
19. Handcraft Tile, Milpitas, CA
20. KEPCOR, Minerva, OH
21. Florida Tile, Lakeland, FL
22. Florida Tile, Shannon, GA
23. Winburn Tile, Little Rock, AK
24. Glen-Gery – Hanley Plant, Summerville, PA
25. Terra Design, Dover, NJ
26. The Willette Corporation, New Brunswick, NJ
27. Dal Tile Keystones Plant, Gettysburg, PA

TO THE ATTENTION OF THE:
UNITED STATES TRADE REPRESENTATIVE

SUBJECT: 2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

PETITIONER: CAMARA DE PRODUCTORES Y EXPORTADORES DE FRUTILLAS DE LA ARGENTINA
Thames 91, 1st floor "7"
San Isidro, Buenos Aires
Argentina (1640)
Tel.: +54 11 4766 05 06
Fax: +54 11 4763 27 17
Email: stefanh@biomacweb.com

BENEFICIARY: ARGENTINA
ARTICLE: FROZEN STRAWBERRIES
HTSUS: 0811.10.00

IMPORTS PARTICIPATION: 2005: 3.171mt (6,5%) / 2006 (forecast): 10.000mt

COMPETITORS: MEXICO (67%), CHILE (12%). Both with trade agreements with the US that allows them to export this article without import duties.

ECONOMICS: Argentina has developed its Strawberry industry mainly due the incorporation of this article (Frozen Strawberries) into the GSP.
Since then, the USA became the most important Argentine Strawberries buyer. In 2005, Argentine Strawberries exports to the USA, represented 73% of the total.
Growers already expanded production and processors invested in new equipment in order to meet the USDA quality standards.

Nowadays Argentineans frozen strawberry processing facilities are certified by US Auditors as AIB, Primus Lab, and others. Obtaining the highest quality grades and fill a five months window, from the end of Californian crop until the beginning of Mexican and Chilean crops, which is a key to the US fruit processors as JM Smuckers, Sweet Ovations, Sabroso, Sun Opta and a lot of US Companies which supply yoghurt, bakery, Ice Cream, among others.

Argentinean strawberries have better pesticide traceability than China, Poland and mainly all the rest of the world's strawberry exporters and never had a pesticide or quality incident, as almost all the rest of the exporting countries have had in the past.

Argentine Strawberries production is estimated in 40.000 MT p.a. employing directly approximately 20.000 workers.
The harvest goes from August to December, which is the opposite season than USA. This helps US Manufacturers and Supermarkets, to avoid frozen product storage costs.
It's also important to remark, that Argentinean strawberry processors import equipment and some materials (poly-bags, plastic pails) from US companies.

FINAL COMMENTS: If this article is suspended and no longer eligible under the GSP, Argentinean strawberry growers and processors will not be competitive against processors from Mexico and Chile (countries with trade agreements). This will lead to a significant decrease in the strawberry fields that will affect the small economies of thousands of low resources families.
Also, the addition of a new import duty to Argentinean strawberries will complicate the American food industry as this product isn't a commodity and neither Chile, Mexico or China will be able to replace Argentina in a medium term, jeopardizing the quality assurance of a final product destinated mainly to the US Children .-

September 5, 2006

TO THE ATTENTION OF THE:
UNITED STATES TRADE REPRESENTATIVE

SUBJECT: 2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

PETITIONER: STAR FROZEN FOODS
591 South Bay Way
Port Ludlow, WA 98365
Ph: (360) 437-0552
Fx: (360) 437-0553
E-Mail: hsien@starfrozenfoods.com

BENEFICIARY: ARGENTINA
ARTICLE: FROZEN STRAWBERRIES
HTSUS: 0811.10.00

IMPORTS PARTICIPATION: 2005: 3.171mt (6,5%) / 2006 (forecast): 10.000mt

COMPETITORS: MEXICO (67%), CHILE (12%). Both with trade agreements with the US that allows them to export this article without import duties.

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Nowadays Argentineans frozen strawberry processing facilities are certified by US Auditors as AIB, Primus Lab, and others. Obtaining the highest quality grades and fill a five months window, from the end of Californian crop until the beginning of Mexican and Chilean crops, which is a key to the US fruit processors as JM Smuckers, Sweet Ovations, Sabroso, Sun Opta and a lot of US Companies which supply yogurt, bakery, Ice Cream, among others.

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FINAL COMMENTS:

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Also, the addition of a new import duty to Argentinean strawberries will complicate the American food industry as this product isn't a commodity and neither Chile, Mexico or China will be able to replace Argentina in a medium term, jeopardizing the quality assurance of a final product destined mainly to the US Children.

Sincerely,

Hsien Young
Star Frozen Foods
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hsien@starfrozenfoods.com

CÁMARA de la INDUSTRIA QUÍMICA y PETROQUÍMICA

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Buenos Aires, September 4, 2006

To
Office of the
United States Trade Representative
WASHINGTON, D.C.

Ref: **GSP Reviews and Request for Public Comments - Federal Register Vol. 71, Nº 152 / Tuesday, August 8, 2006 / Notices**

Gentlemen;

We refer to the above "GSP Initiation of Reviews and Request for Public Comments" that comprises products manufactured in the Argentine Republic by associates to our Chamber that are currently exported to the United States.

Exports of chemical and petrochemical goods under this Program have increased up to 213% during the 2001-2005 period, as the result of an important development of users in the US, compared with only 52% increase of exports of goods not included. This shows the great importance of GSP preferences for our member companies. The total value at customs of Argentine exports to the US under GSP were USD 140.313.501 in 2005 (23% of the total Argentine exports to the US under GSP).

The aforementioned growth has certainly helped Argentine overcome the recent crisis, since the economic and social situation has improved in the last 4 years. Nevertheless, poverty and unemployment rates still remain relatively high, therefore sustainable continuity of growth rates is still essential. Besides, our country needs to generate foreign currency from its exports, which are necessary to comply in future with the restructuring of its external debt, which was declared in default in 2002.

Access to the US market was possible, mainly, due to the GSP benefits that have allowed our exporters compete with other more developed economies.

In this context, exports to US, both under and outside the GSP, are the major contribution to absorb the increasing Argentine demand for imports related to economic growth, as evidenced by the increase in trade exchange with your country.

Futhermore, as a consequence of the GSP Program, many small and medium companies have been able to accede to the highly complex and demanding American market. For this reason, Argentine's withdrawal as eligible country might put many of these companies in an untenable situation, because they have specially adapted their production and trading strategies aiming at the US, with little chances of re-adaptation to other potential substitute markets.

The chemical and petrochemical goods that would be affected by the possible non eligibility are listed below:

GSP – Goods affected by posible withdrawal of Argentina

HTS	Product	Competing Countries	Tariff with / without GSP
1515.90.80	Refined Grape Seed Oil	Spain, France and Italy	With: 3,2% Without: 20,0%
2905.11.20	Methanol	Australia, Bahrein, Chile, Canada, Mexico and Trinidad & Tobago	With : Without: 5,5% ad valorem
2918.12.00	Tartaric Acid	Chile, China and Italy	With: 0% Without: 17%
3204.12.20	Acid dye	Mexico, Venezuela, Colombia, Canada, Germany, Brazil and China	With: 0% Without: 6,5%
3204.12.45	Other	Mexico, Venezuela, Colombia, Canada, Germany, Brazil and China	With: 0% Without: 6,5%
3204.12.50	Other	Mexico, Venezuela, Colombia, Canada, Germany, Brazil and China	With: 0% Without: 6,5%
3206.20.00.10	Chrome Yellow	Mexico, Venezuela, Colombia, Canada, Germany, Brazil and China	With: 0% Without: 6,5%
3503.00.55	Gelatin (Other)	Brazil, Colombia, Ecuador, Germany, France, United Kingdom, India and Japan	With: 2,8c /Kg plus 3,8% Without: 15,4c /Kg plus 20%
3503.00.55.10	Edible gelatin (Other)	Brazil, Colombia, Mexico, Germany and France	With: 2,8c /Kg plus 3,8% Without: 15,4c /Kg plus 20% %

We trust that we have duly stated the important negative effect for Argentine's economy as a whole, and for some regions and exporters to US in particular, as a result of the elimination of GSP benefits.

We therefore request your positive intervention in order to achieve maintenance of the current benefits.

We thank you beforehand for your kind attention.

Sincerely yours,

José María Fumagalli
Executive Director

Rafaela, September 4th, 2006

To: GSP Subcommittee of the Trade Policy Staff Committee,
Office of the United States Trade Representative
1724 F Street, NW., Room F-220, Washington, DC 20508

Ref: 2006 GSP Eligibility and CNL Waiver Review

We are writing to comment you on the 2006 GSP Eligibility and CNL Waiver Review and let you know the consequences we would face in case the GSP status for Argentina and for the products of the HST subheading 0406.90.41.00 was not maintained.

Williner is experiencing a slow recovery after the sharp reduction in milk production caused by the devaluation process suffered by our country 3 years ago. That difficult scenario left all dairy players weak and vulnerable.

Nowadays, one of the crucial factors of recovery is export. For the dairy industry, the most profitable exports are cheese ones. Moreover, in a time when unemployment is a serious problem, an activity that demands a significant amount of labor such as cheese production becomes essential.

As you may surely be acquainted with, USA is the main market for argentine cheeses. At present, the domestic market is not promising and we are not to open new markets. This is the reason why it would be necessary to keep the reduced volume and prices of our cheese exports to USA. On the contrary, losing the benefits we get from GSP or HTS subheading 0406.90.41.00([1]) would hit hard our company.

We would also like you to kindly consider the following items:

- If benefits granted by GSP were reduced, Williner would lose gains by U$S 500,000,000, equal to 3.5 cents per liter of milk used to this end.

- The import quota is covered by some great dairy companies and also by small and medium ones that otherwise would never reach USA market.

- The elimination of GSP will damage our economy as well as USA consumers since we are providing them with the possibility of getting cheese at a really competitive price. Besides, the volume shipped to your country barely stands for 2.5% of the total US market and it cannot be expanded due to the quota system.

- We are aware that our cheese imports represent a small quantity compared to those of developed countries; nevertheless, they are of vital importance to our economy.

- If import duty is increased by 15%, competitiveness of our cheeses would fall since current prices are the lower we are able to offer.

We would therefore request that the GSP status for Argentina and for the products of the HTS subheading 0406.90.41.00 be maintained.

Yours truly.

Mr Alfredo Curiotti
President
Sucesores de Alfredo Williner S.A.

MASISA

GSP Subcommittee
Office of the US Trade Representative
Washington, DC

Dear US Trade Representative:

Masisa Argentina S.A. is a local branch of a Latin American, vertically integrated forestry industry with plantations in fast-growing areas, and with a competitive industrial capacity, a powerful distributing chain and a notorious presence in the United States of America. Masisa is involved in forestry exploitation along with manufacturing, trading and distribution of solid wood products and wood boards in Argentina as well as in the United States, Chile, Brazil, Venezuela, Peru and Mexico.

Located in Concordia, within the province of Entre Ríos in Argentina, our manufacturing facility started producing MDF mouldings in 2003, orienting its production and trading towards the American market.. Presently, it has a capacity of 8.700 m3/month and exports over 5.000 m3 monthly to the States, sharing approximately 12% of the American moulding market (Local production plus imported goods).

Following the GSP statute, which implies understanding the *Generalized System of Preferences of the United States (GSP) as a unilateral, commercial political tool of the United States whose objective is to promote the economic growth of the developing countries and of the less advanced countries, beneficiaries of the program*, and that *to achieve the said objective, these countries' trade increase is sought through the deletion of the import duties of the States*, we consider that it is due to the enforcement of this policy that we have been able to boost trade between both countries by locally investing and collaborating with the supply of goods in the American market at a competitive price.

The imposition of tariffs or the lifting of waivers for Argentina (in this case, goods admitted under HCS 4411.29.90) will cause an increase in costs of building products, all of which would be really harmful to the building market.

For Americans seeking to build a new home or remodel an existing one, lower prices for building products provided by off-shore suppliers, like Masisa, can make all the difference towards the achievement of their longed for and planned investments.

Due to all the above mentioned, we request that you consider the possibility for the GSP renewal, taking into account the benefits for both parties, being aware that the termination of which will trigger a negative outcome for the American buyers.

We look forward to your comments.

Yours faithfully,

Gastón Urmeneta Krarup
General Manager
Masisa Argentina S.A.

Supports Brazil
Re packaging and technical
trifluralin

2006 GSP Eligibility and CNL Waiver ReviewFrom: Glick, Leslie A. [LGlick@porterwright.com]
Sent: Friday, September 01, 2006 3:10 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

<<WASHINGTON-162352-v2-BC-Atanor and Albaugh.DOC>> <<WASHINGTON-162427-v1-P-Atanor and Albaugh.DOC>>

CONFIDENTIAL

BEFORE THE UNITED STATES

TRADE REPRESENTATIVE

GSP SUBCOMMITTEE

INITIATION OF REVIEWS AND REQUEST FOR COMMENTS

ON THE ELIGIBILITY OF CERTAIN GSP BENEFICIARIES

COMMENTS OF ATANOR S.A. AND ALBAUGH, INC. IN

SUPPORT OF THE CONTINUED DESIGNATION OF ARGENTINA

AS A GSP ELIGIBLE BENEFICIARY DEVELOPING COUNTRY

Leslie Alan Glick
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Counsel for Atanor S.A. and
Albaugh, Inc.

September 1, 2006

I. INTRODUCTION

On August 8, 2006, the United States Trade Representative (USTR) published a notice indicating that it was reviewing the continued eligibility under the Generalized System of Preferences (GSP) of certain current designated beneficiary countries. Generalized System of Preferences (GSP): Initiation of Reviews and Requests for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers, 71 Fed Reg. 45079 (USTR, August 8, 2006).

The notice indicated that:

> Legislation authorizing the Generalized System of Preferences (GSP) program expires on December 31, 2006. In connection with Congress' consideration of reauthorization of the program, the Trade Policy Staff Committee (TPSC) requested public comments on October 6, 2005 relating to whether the Administration's operation of the program should be changed so that benefits are not focused on trade with a few countries and that developing countries that traditionally have not been major traders under the program receive benefits. Based on the information obtained thus far, the TPSC has decided to initiate a further review and request additional comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development within the meaning of the statute to the extent that their eligibility should be limited, suspended, or withdrawn, pursuant to Section 502(d) of the Trade Act of l974 (l9 U.S.C. 2462(d)).

To determine which Beneficiary Developing Countries (BDCs) were subject to this review, the USTR used an assortment of criteria taken from various sources that resulted in thirteen countries being added to the list: Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey and Venezuela. These comments will address only the proposed removal of Argentina but will also discuss certain factors relating to Argentina relative to some of the other countries on this list.

II. ARGENTINA SHOULD REMAIN A GSP ELIGIBLE COUNTRY

A. BENEFITS ARE NEEDED BY ARGENTINA FOR ITS CONTINUED ECONOMIC AND SOCIAL DEVELOPMENT

GSP is a unilateral, non-reciprocal program whose goals are among others to increase exports and foreign exchange for developing countries, to enable developing countries to diversify their economies and to reduce developing countries' dependency on foreign aid. See

104th Congress Senate Report No. 104-270 (1996) on the Reauthorization of the Generalized System of Preferences, Part III, I. A and B.

In 2001-2002, Argentina suffered a severe financial and economic crisis. Its GNI per capita (Atlas method) plummeted from $7,470 in 2000 to $3,670 in 2001 and further declined to $3,580 in 2002 (World Bank Yearbook, see http://devdata.worldbank.org/externalCPProfile.asp? PTYPE=CP& CCODE=ARG, visited 8/28/06). Rarely has a country's GNI dropped so precipitously in the period of one year and stayed at this low level. The U.S. recognized the devastating impact of this financial crisis and the importance of the Argentine economy to the economic stability of the western hemisphere and responded with a special GSP review to allow Argentina to apply for the addition of GSP benefits outside of the normal cycle. Argentine companies, including Atanor, took advantage of this opportunity to add new products or to seek competitive need limit waivers for products no longer under GSP. Now, only a few years later, the U.S. is threatening to essentially negate the results of this very timely and important special review by considering revoking GSP benefits for Argentina.

As of 2005, Argentina still ranked only 89th in GNI per capital of $4,470. (World Bank World Development Indicators Database, July 1, 2006). Further indication of the continued economic decline in Argentina IS evidenced by the high unemployment rate (ranked 114 with 1 as the lowest. Argentina is also listed with 38.50% of the population below the poverty line. Source: See CIA World Fact Book https://www.cia.gov/cia/publications/factbook/rankorder/2129rank. html and s/2046.html. This is over one third of the population. Of the 13 countries being reviewed by USTR for possible removal from GSP, Argentina ranks 3 in terms of the highest number of people below the poverty line, exceeded only by South Africa and the Philippines.

B. THE WITHDRAWAL OF ARGENTINA FROM THE GSP PROGRAM WILL NOT RESULT IN ANY BENEFIT OR REDISTRIBUTION OF BENEFITS TO THE LESSER DEVELOPED GSP BENEFICIARY COUNTRIES

One of the fallacies behind the efforts to redistribute GSP benefits from the supposedly larger GSP BDCs to the least economically developed BDCs is that the products produced in one country cannot automatically be transferred to another country that does not have the infrastructure, educated workforce, and domestic market to support it. For example, Argentina is a large exporter of automobile parts, chemicals and machinery.

If Argentina loses GSP, you are not going to see these industries suddenly develop in some of the least developed countries such as Togo or Guyana. These countries do not have the educated work force, the domestic market that makes production of these products for export economical nor the infrastructure to produce them. In reality, loss of benefits to Argentina in products like these will result in only the following consequences:

1. Lessen the competitiveness of Argentine products in the U.S. market that have already suffered due to the more favorable exchange rate between the U.S. dollar and the Argentine Peso.

2. Result in U.S. customers buying more products from other countries that produce automobile parts, chemicals, machinery, etc., mainly China, and other non-GSP more developed countries.

3. Raise costs to customers in the U.S. that are using these products, and making U.S. companies less competitive in world markets.

C. U.S. COMPANIES, WORKERS AND CONSUMERS BENEFIT FROM GSP GRANTED FOR ARGENTINA ALONG WITH ARGENTINE COMPANIES AND WORKERS

Atanor S.A. and Albaugh, Inc. are examples of how GSP benefits accrue to U.S. companies, workers and consumers as well as to Argentine workers in poorer and less economically developed areas of the country.

Atanor S.A., the Argentine producer and exporter of the GSP products, is wholly owned by Albaugh, Inc., a U.S. company headquartered in Ankeny, Iowa. Albaugh, Inc. is a privately owned company founded by Dennis Albaugh 25 years ago. He retains [**************] of the company today.

Albaugh, Inc. has one of the most modern and efficient synthesis/formulation/packaging plants in the U.S., located in St. Joseph, Missouri. This central location allows 24-hour delivery to most major distribution outlets with its own fleet of bulk trailers and accredited professional freight carriers.

State-of-the-art bulk formulation facilities and high-speed dedicated packaging lines allowed Albaugh to deliver more than nine million gallons of product to the market place in 2003, almost doubling to more than seventeen million gallons of product in 2005.

Albaugh is a U.S. producer. It has a plant and workers in the U.S. It buys several of the active ingredients in its products from Atanor in Argentina, such as technical Trifluralin, and adds processing so this product is in a formulation that is marketable to its customers and usable by U.S. farmers. Considerable value is added in the U.S. Jobs are also created in the U.S. Albaugh and Atanor are in fact a poster story of how GSP is working the way it was intended. One of the goals of GSP was to encourage U.S. investment in developing countries. Albaugh first bought a [**********] in Atanor and later acquired [******************] . Atanor did not take any jobs away from Albaugh because Albaugh did not produce technical Trifluralin or the other ingredients that Albaugh imports. Atanor created jobs and value added in the U.S. In fact, Albaugh's investment in Atanor allowed Albaugh to obtain access to technology from Atanor that Albaugh has put into practice in St. Joseph, Missouri. Using such technology, Albaugh built a new plant for the production of its most important product Glyphosate, which almost doubled the number of jobs in the U.S. Albaugh, as a generic producer/seller, benefits the farm economy by ensuring that there is competition for important off-patent chemistry like glyphosate, which reduces farm input costs and enables farmers to produce their food and other products more cost-effectively. GSP is an important factor in ensuring that our cost position helps us to be competitive so that we can continue to offer this benefit the U.S. agriculture.

Dollars are generated in the U.S. economy, not only from direct jobs at Albaugh but from jobs in warehousing and transportation. A confidential table indicating the value created by these products in terms of generating revenues to U.S. companies in freight alone is set out below.

2,4-D ACID				HTS# 2918.90.2010	
YEAR	**KG**	**LB**	**PRODUCT $ VALUE**	**# CONTAINER**	**EST. INLAND FREIGHT $**
2003	[*******	*******	*******	*******	*******
2004	*******	*******	*******	*******	*******
2005	*******	*******	*******	*******	*******
2006	*******	*******	*******	*******	*******]
Port of Entry - Kansas City					
Duty rate if non-GSP - 6.5%					
DB AMINE				HTS# 2918.90.2050	
YEAR	**LTR**	**GAL**	**PRODUCT $ VALUE**	**# CONTAINER**	**EST. INLAND FREIGHT $**
2003	[*******	*******	*******	*******	*******
2004	*******	*******	*******	*******	*******
2005	*******	*******	*******	*******	*******
2006	*******	*******	*******	*******	*******]
Port of Entry - Kansas City					
Duty rate if non-GSP - 6.5%					
ATRAZINE				HTS# 2933.69.6021	
YEAR	**LTR**	**GAL**	**PRODUCT $ VALUE**	**# ISO**	**EST. INLAND FREIGHT $**
2003	[*******	*******	*******	*******	*******
2004	*******	*******	*******	*******	*******
2005	*******	*******	*******	*******	*******
2006	*******	*******	*******	*******	*******]
Port of Entry - Houston					
Duty rate if non-GSP - 3.5%					
TRIFLURALIN				HTS# 2921.43.1500	
YEAR	**KG**	**LB**	**PRODUCT $ VALUE**	**# CONTAINER**	**EST. INLAND FREIGHT $**
2003	[*******	*******	*******	*******	*******
2004	*******	*******	*******	*******	*******

2005	*******	*******	*******	*******	*******
2006	*******	*******	*******	*******	*******]
Port of Entry - Kansas City					
Duty rate if non-GSP - 6.5%					
GLYPHOSATE 52%				HTS# 2931.00.9043	
YEAR	LTR	LBS	PRODUCT $ VALUE	# ISO	EST. INLAND FREIGHT $
2003	[*******	*******	*******	*******	*******
2004	*******	*******	*******	*******	*******
2005	*******	*******	*******	*******	*******
2006	*******	*******	*******	*******	*******]
Port of Entry - Houston					
Duty rate if non-GSP - 3.7%					
GLYPHOSATE 85%				HTS# 2931.00.9043	
YEAR	KG	LB	PRODUCT $ VALUE	# CONTAINER	EST. INLAND FREIGHT $
2003	[*******	*******	*******	*******	*******
2004	*******	*******	*******	*******	*******
2005	*******	*******	*******	*******	*******
2006	*******	*******	*******	*******	*******]
Port of Entry - Kansas City					
Duty rate if non-GSP – 3.7%					
*Information based upon Albaugh Crop Year Imports. (10/1/xx - 9/30/xx)					

The Albaugh/Atanor relationship illustrates the underlying value of GSP. It benefits both the exporting developing country and the U.S. importers. Albaugh, which just this year added a new plant facility and is the only generic glyphosate producer with a U.S. plant, could not have grown as rapidly or increased its U.S. jobs or investment were it not for its relationship with its wholly owned Argentine subsidiary Atanor S.A. Listed below is the growth in U.S. employment for Albaugh at its various facilities.

	2004	2005	2006
Ankeny, Iowa	[****	*****	*****
St. Joe, Missouri	****	*****	*****]

Moreover, Albaugh is importing GSP products such as Technical Trifluralin, for which there are no U.S. competitors. All other U.S. companies import this product to formulate Trifluralin. Dow imports from Italy and Makhteshim Agan North America ("MANA") from Brazil and/or Israel. There is no U.S. production. No one will benefit by removing Argentina from GSP, but many U.S. companies and workers as well as Argentine workers will suffer. It will negatively affect not only workers involved in production but the ultimate customer, the U.S. farmer. The U.S. farm industry is a major net exporter and a source of export exchange for the U.S. Having the correctly formulated herbicides and pesticides is important for U.S. farmers to increase productivity, reduce costs and meet environmental challenges.

In Argentina Atanor employs [********], the facility that produces technical trifluralin has a staff of [**] and the facility producing 2-4-D [**] workers. Trifluralin is not produced in finished form in the U.S. Atanor is competing with exports of technical trifluralin with Israel and Italy) countries at a higher state of development. They estimate that loss of GSP could jeopardize [**] jobs in the USA.

D. ARGENTINA HAS COOPERATED IN MEETING THE GOALS ESTABLISHED BY THE GSP PROGRAM

As part of the establishment of the GSP program, the U.S. has established certain criteria for countries to obtain and retain GSP benefits. These standards are set out in l9 U.S.C. §§ 2462(b) and (c).

Argentina has and is meeting the criteria enumerated by the statute for countries to receive GSP benefits and therefore it should not be removed from the program.

1. Terrorism—Argentina has cooperated with the United States in the fight against terrorism. *See* State Department Country Reports, Terrorism, http://State.gov/s/ct/rls/crt- State Dept 2006.

2. Workers Rights—Argentine law guarantees the right to join a union for all non-military workers and the right of collective bargaining. *See* Argentina 2005 Country Reports on Human Rights Practices (http://state.gov.g/drl/rls/hrrpt/2005/61712.html (State Department 2006). Thirty-five percent of the Argentine work force is unionized. Argentine law prohibits compulsory labor and protects children. Argentine law also regulates safety and hours worked.

3. Child Labor—The Department of Labor highlights several Argentine programs targeted at decreasing the number of working children. *See* U.S. Department of Labor's 2004 Findings on the Worst Forms of Child Labor, pp. 26-7. Argentine laws impose both fines and imprisonment for breaking its child labor laws. *Id.* at 25. While the Argentine Congress recognizes the need for more law enforcement agents to detect child labor, the government of Argentina participates in several international programs to eliminate child labor and trafficking. *Id*. at 25-6.

4. Arbitration—Argentina has ratified or acceded to the major international arbitration treaties, including the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the Convention on the Settlement of Investment Disputes between States and Nationals of other States, the Inter-American Convention on International Commercial Arbitration and the Inter-American Convention on Extraterritorial Validity of Foreign Judgments and Arbitral Awards.

Source: http://uncitral.org/uncitral/en/unctral_text/arbitration/NYConvention_status.html
http://www.worldbank.org/icsid/constate/c-states-en/html
http://www.sice.oas.org/dispute/comarb/iacac/iacac2e.asp
http://www.sice.oas.org/dispute/comarb/inter%5Fconv/caicmoe.asp

Argentina's commitment to international arbitration is revealed by the 33 cases it is party to before the International Centre for Settlement of Investment Disputes ICSID). List of Pending Cases, *available* at http://www.worldbank.org/icsid/cases/pending.htm.

5. Anti-Communism—Argentina's democracy has proved resilient despite the economic downturn of 2001-2002 and the resulting political crisis. Argentina, CIA WorldFactBook, *available* at https://wwwicia.gov/cia/publications/factbook/geos/ar.htm..

6. Oil Cartel—The GSP statute is carefully written to exclude members of OPEC. *See* 19 U.S.C.S. §2462. Argentina is not part of OPEC. *See* http://www.opec.org/aboutus/.

III. CONCLUSION

In conclusion, there is no justification for removal of GSP benefits for Argentina at this time. Argentina has still not fully recovered from its economic crisis of 2001-2002, a crisis that was recognized by the U.S. by creating a special GSP review that added a significant number of Argentine products, including those produced by Atanor. In addition, as illustrated above, Argentina is meeting the various other political criteria established for GSP members in 19 U.S.C. §2462(b) and (c). Finally, it is clear that GSP benefits U.S. industries and consumers as well as the beneficiary developing country. The case of Atanor/Albaugh is a clear example of how a U.S. company has grown and expanded its U.S. work force by using raw materials from Argentina that it processes into a finished product in the U.S. The U.S. farmers, the ultimate consumers, also benefit and any removal of GSP could ultimately hurt this vital industry that depends on low costs to maintain their worldwide competitiveness.

Leslie Alan Glick
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Fax-202-778-3063

Counsel for Atanor S.A. and
Albaugh, Inc.

WASHINGTON/162427 v.01

2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELEGIBILITY

INTERESTED PARTY: ARCOR GROUP

September 4th, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
1724 F Street, NW. Room F 220
Washington, D.C. 20508

Submitted via Electronic Mail: FR0052@USTR.EOP.GOV

Ref. ***GSP Eligibility Written Comments***

This statement is submitted by Arcor Group (www.arcor.com.ar) according to the Notice published in the Federal Register on August 8th, 2006 (Vol.71, No.152) in response to USTR's request for comments on the eligibility of major GSP beneficiaries.

Arcor was founded in 1951 in the city of Arroyito, province of Córdoba, Argentina, with the purpose of manufacturing high quality food products at affordable prices for consumers worldwide. After 55 years, Arcor has become a solid manufacturing group specializing in the production of sugar and chocolate confectioneries, biscuits & crackers, and food products.

Its strong international focus has made the Group the world's leading candy manufacturer and the largest confectionery exporter in Argentina, Brazil and Chile.

This leadership is built upon the pillars and values that distinguish the Group's management philosophy, namely a consistent policy of exports and continued reinvestment of its profits in industrial, technological and trade development; the building of a distribution model that has proven successful in Argentina and is being replicated throughout the region; the vertical integration of its strategic materials and supplies and the expansion of its brand heritage as well as being socially responsible in the communities where we do business.

It is through these values, along with the clear vision of becoming both Latin America's leading candy and biscuit manufacturer as well as a solid international player, that Arcor takes on the challenge of bringing good taste to the world.

Arcor owns 35 industrial plants located in the following countries: Argentina (27), Brazil (4), Chile (3) and Perú (1); and business offices throughout the American continent, Europe and Africa.

Currently, the Arcor Group directly employs 19,000 working associates throughout the world, maintains business relationships with some 7,700 small and medium-sized supplier companies and exports its goods to over 120 countries.

Arcor Exports to the United States

Under the GSP duty-free benefit, Arcor exports the following goods to the United States from Argentina and Brazil: confections made with sugar; chocolates; chewing gums; preserves, jams & jellies; cookies & crackers and tomato-based preparations for sauces.

All of the above are mass consumption, value-added products with a very low profitability margin; thus, any limitation, suspension or withdrawal of the GSP benefit could mean the loss of the U.S. market for our company.

The possibility to continue exporting these product categories at a zero tax rate is therefore an indispensable condition for us to access the U.S. market, establish contracts with importers and attract investments that are key to production.

Arcor is known for establishing its industrial plants in less developed and lower income communities that rely strongly on the employment -both direct and indirect- that the company generates.

Consequently, if the U.S. market should become closed to our products, employment levels in these communities would be deeply affected, contracts with U.S. importers might be cancelled, and potential investments in Argentina and Brazil would be thwarted.

Our company follows a distinctive policy of on-going investment in cutting-edge technology aimed at keeping our production facilities updated, insuring the quality and safety of both our products and working associates, thus improving our global competitiveness.

Arcor currently holds production contracts with key food companies in the United States, supplying goods from both Argentina and Brazil. These companies have transferred equipment and technology to Arcor with the intention of improving their business fundamentals in the U.S. The eventual exclusion of either Argentina or Brazil from the GSP would cause great inconvenience to our company as well as the U.S. companies that have placed their trust in us.

Furthermore, the GSP guarantees U.S. consumers a variety of quality food products at highly competitive prices. We are therefore convinced that any change would cause an impact on local importers, distributors and brokers in terms of job loss.

Any limitation of the GSP benefits to Argentina and Brazil in these categories would force U.S. companies to import these food products from other countries, probably at more expensive prices, affecting directly American consumers.

Over the past years, our joint efforts with our business associates, clients and distributors in the United States have enabled us to develop a line of products and services that have gained the confidence of consumers in this demanding market. We have done this by offering quality products at the right prices.

This led to the company's decision to open its own business office in the United States, Arcor USA, which is a wholly owned subsidiary of Arcor Group, is based in Miami, Florida, and has been operating in the U.S. for nearly 15 years.

Arcor USA employs approximately 25 people directly, but also contributes to the employment of a number of people indirectly through its business relationships.

Arcor USA maintains strong relationships with many U.S. retailers, supplying branded and private label confectionery products for purchase by consumers everyday. Additionally, Arcor USA works with several large food manufacturers providing them with contract manufacturing support, allowing them to profitably compete in the market place.

Arcor's exports to the United States through this office during 2005 totaled almost $19 million from Argentina and almost $6 million from Brazil. These figures can clearly cause no harm to the local U.S. production, but are substantial to our company.

Arcor USA believes that the passage of the GSP proposal is essential to maintaining its business in the U.S., and more importantly, will provide U.S. retailers and manufacturers options that will allow them to be competitive, grow and improve their business fundamentals.

Table A: Products exported by Arcor from Argentina and Brazil under the GSP.

HTS CODE	PRODUCTS	DUTY RATE with GSP	DUTY RATE without GSP
	SUGAR & CHOCOLATE CONFECTIONERY		
1806.90.9011	Chocolate bonbons with a creamy peanut butter filling	Free	6%
1806.90.9019	Chocolate candy peanut & plain	Free	6%
1704.10.0000	Chewing gums, whether or not sugar-coated	Free	4%
1704.90.3550	Sugar confectionery (other)	Free	5,60%

PRESERVES, JAMS & JELLIES			
2007.99.0500	Raspberry	Free	1,80%
2007.99.1000	Strawberry	Free	2,20%
2007.99.2000	Apricot	Free	3,50%
2007.91.4000	Orange mammalade	Free	3,50%
2007.99.4500	Plum and apple	Free	5,60%

COOKIES, CRACKERS & FRUIT CAKES			
1905.31.0049	Filled and non-filled cookies	Free	Free
1905.90.1050	Fruit cakes	Free	Free
1905.90.9090	Crackers	Free	4,50%

OTHER TOMATO PREPARATIONS			
2103.90.9051	Tomato- based preparations for sauces	Free	Free

Based on all that has been stated above, we request that the GSP benefits for the products our company exports from Argentina and Brazil under the GSP be not limited, suspended or withdrawn.

Please do not hesitate to request any further information that may prove relevant.

Román Bartomeo
Public Affairs Corporate Manager
Maipú 1210. 6th Floor
C1006ACT Buenos Aires - Argentina
Tel: (0054) (11) 4310-9721
Fax: (0054) (11) 4310-9863
rbartomeo@arcor.com.ar
www.arcor.com.ar

Economic Section - Argentine Embassy

From: Economic Section - Argentine Embassy [econargusa@comcast.net]
Sent: Tuesday, September 26, 2006 2:56 PM
To: fr0052@ustr.eop.gov
Subject: FW: 2006 GSP Eligibility and CNL Waiver Review

P-Arcor Group.doc

NOTE: THIS SUBMISSION WAS FILED ON TIME - - SEPTEMBER 4, 2006.

The below messages show that it had been submitted on September 4, 2006, at 1:14 PM.

-----Original Message-----
From: Economic Section - Argentine Embassy [mailto:econargusa@comcast.net]
Sent: Tuesday, September 26, 2006 2:31 PM
To: FR0052@USTR.EOP.GOV
Subject: FW: 2006 GSP Eligibility and CNL Waiver Review

-----Original Message-----
From: rbartomeo@arcor.com.ar [mailto:rbartomeo@arcor.com.ar]
Sent: Tuesday, September 26, 2006 10:09 AM
To: FR0052@USTR.EOP.GOV
Subject: Rm: 2006 GSP Eligibility and CNL Waiver Review

As requested to the Embassy of the Argentine Republic in Washington, I forward the original submission.

Best regards,

Roman Bartomeo
Public Affairs Corporate Manager
Arcor Group
Tel.: (0054-11) 4310-9721
rbartomeo@arcor.com.ar

----- Remitido por Roman Bartomeo/Maipu/AR/Arcor con fecha 26/09/2006 11:04 -----

Roman Bartomeo/Maipu/AR/Arcor
04/09/2006 12:02

Para FR0052@USTR.EOP.GOV
cc
Asunto 2006 GSP Eligibility and CNL Waiver Review

(See attached file: P-Arcor Group.doc)

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No virus found in this outgoing message.
Checked by AVG Free Edition.
Version: 7.1.405 / Virus Database: 268.12.8/455 - Release Date: 9/22/2006

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Checked by AVG Free Edition.
Version: 7.1.405 / Virus Database: 268.12.8/455 - Release Date: 9/22/2006

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Version: 7.1.405 / Virus Database: 268.12.8/455 - Release Date: 9/22/2006

Supports Argentina
Re Food Products

NOTE: THIS SUBMISSION WAS FILED ON TIME - - SEPTEMBER 4, 2006.

The below message shows that it had been submitted on September 4, 2006, at 1:14 PM.

From: Comercio Exterior CIPA [cipaexterior@fibertel.com.ar]
Sent: Tuesday, September 26, 2006 9:56 AM
To: FN-USTR-FR0052
Subject: Fw: "2006 GSP Eligibility and CNL Waivers Review"

Importance: High

TO : USTR - FR0052@USTR.EOP.GOV

FORWARD OF THE ORIGINAL SUBMISSION, AT THE REQUEST OF THE ARGENTINE EMBASSY IN WASHINGTON

WE WOULD APPRECIATE CONFIRMATION OF RECEIPT.

BEST REGARDS,

CIPA - BUENOS AIRES, ARGENTINA
September 26th, 2006

----- Original Message -----
From: Comercio Exterior CIPA
To: USTR
Sent: Monday, September 04, 2006 1:14 PM
Subject: "2006 GSP Eligibility and CNL Waivers Review"

CIPA - Cámara de Industriales de Productos Alimenticios
Av. Córdoba 1345 9°A - C1055AAD
Buenos Aires - Argentina
Tel/Fax: 4814-1230/1233/4022
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ckojic@fibertel.com.ar
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2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELIGIBILITY

INTERESTED PARTY: CIPA - Cámara de Industriales de Productos Alimenticios

BENEFICIARY COUNTRY: Argentina

September 4th, 2006.

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
1724 F Street, NW. Room F 220
Washington, D.C. 20508

Submitted via Electronic Mail: FR0052@USTR.EOP.GOV

Ref. ***GSP Eligibility Written Comments***

This statement is submitted by CIPA - Cámara de Industriales de Productos Alimenticios de la República Argentina (Chamber of Food Products Manufacturers of Argentina) according to the Notice published in the Federal Register on August 8th, 2006 (Vol.71, No.152) in response to USTR's request for comments on the eligibility of major GSP beneficiaries.

CIPA - Cámara de Industriales de Productos Alimenticios de la República Argentina (Chamber of Food Products Manufacturers of Argentina), founded 80 years ago, congregates large, medium and small companies, both domestically-owned and foreign-owned, that manufacture food products in our country. The products produced are of the highest quality, and targeted primarily for end consumer as finished goods.

The purpose of CIPA is to assist its members in achieving a harmonic and dynamic approach to optimal food safety and quality, as well as support the economic development of the communities where these member companies have a presence. Foreign trade is a key component to this end, and thus a permanent an on-going and important interest for CIPA.

Product categories represented by CIPA are basically confectionery products made with sugar, cocoa and chocolate; biscuits, pasta and other products made with flour; puffed cereal; jams and jellies; vegetable and fruit preserves; sauces; soups;

soft drinks and edible gelatin. CIPA members are responsible for turn out between 80 and 90% of the Argentine production in these categories.

CIPA member companies are solid generators of employment and their activities have a strong impact on regional economies. Their manufacturing facilities are located in 17 of the 24 Argentine jurisdictions, mainly in regions with the lowest economic development and depend largely on agro-industrial exports.

It is important to point out that CIPA member companies receive no domestic or export subsidies, or have access to soft credits that may benefit their production.

Among the available resources that contribute to our export development, we value the U.S. Generalized System of Preferences (GSP) as being of major importance in gaining access to the U.S. market, the world's largest and most competitive. Regarding the sector we represent, its importance is particularly relevant for the food products detailed above.

The following figures account for this: in 2005, exports in our sector represented a total $422 million, $56.7 of which corresponded to the United States. Out of this amount, $53.6 million (i.e. 94%) were exports transacted under the GSP program.

The reason for this high percentage (94%) is due to the low profitability of mass consumption food products exported to the United States. This is a very competitive sector and business is difficult and challenging even with the GSP program in place.

Thus, the elimination of import taxes on these product categories is essential to access the U.S. market, establish contracts with importers and attract investments that are key to future production.

In light of this tight profitability margin, any limitation, suspension or withdrawal of the GSP benefit could result in the loss of the U.S. market for our exporters.

Such a situation would have a highly negative impact on our employment levels; cause contracts with U.S. importers to be cancelled and affect potential investments in our sector. These investments are important and necessary to sustain our recovery after the crisis that struck our country at the beginning of this decade.

The GSP program guarantees U.S. consumers a varied range of quality food products at highly competitive prices. We are therefore convinced that any change would cause an impact on local importers and distributors in terms of job losses.

Furthermore, the restriction or withdrawal of the GSP program would not benefit poorer countries. An eventual exclusion of the Argentine agro-industrial sector from the GSP would foster imports from other countries that have become strong producers and exporters in the previously mentioned product categories.

We are absolutely certain that Argentina's current GSP benefit causes no harm to the local U.S. production, as the relative importance of our role is very modest in absolute terms, in spite of being substantial to our companies.

In light of all that has been stated above, we request that the GSP benefits to the sectors we represent not be limited, suspended or withdrawn.

Please do not hesitate to request any further information that may prove relevant.

Lic. Marcelo A. Ceretti
Director
CIPA-Cámara de Industriales de Productos Alimenticios
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[PUBLIC VERSION]

Supports Argentina
Re processed beef products

NOTE: THIS SUBMISSION WAS FILED ON TIME - - SEPTEMBER 4, 2006.

The below message shows that it had been submitted on September 4, 2006, at 3:40 PM.

From: afried@swift.com.ar
Sent: Tuesday, September 26, 2006 2:46 PM
To: FN-USTR-FR0052
Subject: Forward of Original Submition as requested to the Argentina Embassy

As requested to the Argentina Embassy

Best Regards

Alejandro E. Fried
Gerente de Relaciones Institucionales
Swift Armour SA Argentina
Ing. Butty 240 8° Piso
Buenos Aires. Argentina
Te: 54-11-4130-1536
Fax: 54-11-4130-1515

Alejandro Fried
05/09/2006
03:40 p.m.

Para: FROO52@USTR.EOP.GOV
cc: fr0052@ustr.eup.gov
cco: Santiago Pero/swift
Asunto: 2006 GSP Eligibility and CNL Waiver Review

(See attached file: Swift Armour SA Argentina.doc)
(Embedded image moved to file: pic22796.pcx)

2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

PUBLIC COMMENT ON ELIGIBILITY

INTERESTED PARTY: SWIFT ARMOUR SA ARGENTINA

BENEFICIARY COUNTRY: Argentina

September 5, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
1724 F Street, NW
Room F 220
Washington, D.C. 20508

Ref. GSP Eligibility
Written Comments

Dear Ms. Sandler,

According to the Notice published in the Federal Register on August 8th, 2006 (Vol.71, No.152) , we hereby express to you some comments on Argentina's eligibility regarding the import of processed beef products, aimed at requiring the maintenance of the GSP benefit. The affected products are: HTS 1602.50.09; HTS 1602.50.20; HTS 2104.10.00 and HTS 3503.00.55

- Swift Armour Argentina settled in Argentina in 1907 and is the leading Argentine company in the production of beef products and main beef exporter of our country, It offers a wide variety of quality products that are consumed in Argentina and in more than 70 countries all over the world. Swift accounts with two industrial plants (located in Santa Fe and Entre Rios provinces) and employs around 2,500 people.

- After undergoing one of the worst crisis in its history, the Argentine economy has recovered in the last three years. However, serious structural problems still remain. The unemployment rate reaches 12.1%, the rate of people under the poverty line is 33.8% and that corresponding to indigent people amounts to 12.2%; all of which are a clear proof that there is still much to be improved in Argentina. On the other hand, there exist significant development differences in the different regions of the country. In some provincial economies, there still is a delay with respect to the country's average rate of most economic and social indicators. This can be clearly shown in the provinces of the North and Littoral regions, where Swift has installed its production plants (Rosario and San José), and in those places where the bovine cattle is located in Argentina.

- There is a long tradition of technological integration in the development of new products and industrial processes related to the bovine meat, which started in the `60, which were developed by American and Argentinean technicians. This integration is shown in the ongoing training of scientists from both countries and the use of equipment and technologies coming from the U.S., which throughout the years, had allowed Argentina to be positioned as a highly- valued beef supplier, and, the U.S. as a supplier of cutting-edge technologies regarding the process of cooking and industrialization of bovine meat.

- Imports of processed beef from Argentina allow American consumers and the food industry to have such a quality raw material that enables this country to complement its domestic production and to ensure a continuous and trustworthy supply to the American market. The potential exclusion from the GSP benefit will make final products be more expensive for the American consumers, since importers could hardly absorb this higher tariff rate.

- The potential exclusion from the GSP duty free benefit would have a direct impact on Argentina competitiveness and on that of Swift; consequences of which our possibilities to continue supplying the American market would be greatly in jeopardy.

    - As far as Argentina is concerned, the reduction or interruption of shipments will have its direct impact on the jobs at Swift and indirectly on the jobs in other industries or related regions as well. Thus, the recovery process in the economy specially in certain regions of the country will be greatly delayed.
    - In the U.S., the supply of this raw material to the industries that process food would be at risk, or, at best, they will make costs of these products be more expensive. A reduction in the imports activity will also affect the Port activity and certain commercialization and distribution channels of imported processed beef.
    - This will also increase the American dependency on the provision of processed beef coming from Brazil. The airtight containers products imported from Brazil today account for 68% of total imports in the U.S., figure which will increase if Argentina looses the GSP benefit for these products and, thus, loose its competitive advantage.

HTS 1602.50.20

Prepared or preserved beef in airtight containers, other than corned beef, no containing cereals or vegetables.

Under this description the U.S. imports frozen cooked beef, cooked beef under the Individual quick frozen beef process (IQF), and cubed beef, products that are all used as consumables in the U. S. food industries to prepare ready meals, pies, pasta fillings, etc.

1- Direct and indirect employment in Argentina

The industrialization of these products exported by Swift to the U.S. under the GSP system takes place in plants located at two inland cities of the Republic of Argentina, one at Rosario, Province of Santa Fe, and the second one at San José, Province of Entre Ríos. At both locations the economic and social situation is far from being the average prevailing situation of the rest of the country. The average per capita income is lower and the unemployment rate is higher than in the city of Buenos Aires. In accordance with the last official survey carried out by INDEC (National Institute of Statistics and Census), in the first quarter of 2006 the unemployment rate in the whole country amounted to 12.1%; in the city of Buenos Aires to 9.1% whereas in the Gran Rosario (where one of the Swift plants is located) to 14.6%.

It is easy to extrapolate this difference that is also found in San José, since the economy in such location is highly dependent on the activity performed in said plant, as evidenced during more that 40 months of inactivity at such plant as a result of its bankruptcy and subsequent start-up.

The lower relative development of these cities is increased when considering the towns and rural areas where livestock used in the production of the products in question is raised. There the economic conditions of producers – in many cases with roundups to survive – are also lower than in the country average.

It is worth saying that the possible loss of GSP benefit for these products will bring with it countless problems in terms of both the direct employment that Swift requires in both locations and indirect employment, and the economic activity level that arises from them.

2- Market and Competition

The U.S. imported 154.3 million dollars in 2005, from which 67% came from Brazil, 28.3% from Argentina, and the remaining 4.7% from other countries such as Uruguay, Canada and Australia. The following table shows the changes in this business in the last years.

US imports for consumption at Customs value for HTS8 16025020:

Source	2003	2004	2005			2006	Percent change YTD2005-YTD2006
	--thousand dollars--			Percent of total	January-June		
					--thousand dollars--		
All sources	$94,391.9	$139,294.8	$154,269.0	100.0%	$58,636.7	$111,894.8	90.8%
Brazil	$66,916.6	$109,926.6	$103,307.1	67.0%	$39,292.2	$92,057.8	134.3%
Argentina	$22,728.0	$24,976.7	$43,592.9	28.3%	$16,321.8	$17,300.5	6.0%
Uruguay	$4,126.1	$3,078.8	$5,100.0	3.3%	$1,380.4	$2,268.7	64.4%
Canada	$537.2	$1,298.3	$2,102.4	1.4%	$1,571.4	$267.9	-83.0%

Argentina shows an export increase of twice the figures reached in 2003 and 2005, trend that will continue in 2006. A possible loss in the GSP duty free benefit will stop this trend and as a result the U.S. will become more dependent on purchases from Brazil.

Approximately 90% of exports of these products are finally sent to the U. S. market.

HTS 2104.10.00
Soup and broths and preparations therefore

HTS 350.300.55
Gelatin sheets and derivatives, nesoi; isinglass; other glues of animal origin, nesoi

Among the products included in this description, we emphasize Bone Stock (BS) and Beef Broth (BB) imports.

In Argentina, Swift is the only company that produces and exports 100% of this production. The U.S. represents the (80%), Canada (20%) of this business.

Both products arise from industrialization of bone, and beef after being cooked. The process takes place at special locations that demand qualified staff and permanent updates.

It is requested by the food industry for producing soups and flavoring ready-to-serve dishes.

The possible exclusion of GSP will affect exports to the U.S., through two combined negative effects. On the one hand, a price increase of such raw material in the U. S. industries; and on the other hand, the strong reduction in the production volume. This last point is correlated with the fact that BB and BS are by-products from cooked beef IQF and frozen cooked beef (HTS 1602.50.20) potentially affected also by the withdrawal of GSP benefits.

On the other hand, the dependency on the U.S. as main destination for these products, makes it possible for GPS benefit to allow Argentina a greater diversity as to beef product and by-product production.

HTS 1602.50.09
Prepared or preserved meat of bovine animals, cured or pickled, not containing cereals or vegetables

Among the products included under this description we emphasize beef jerkey import, a product that Argentina sends in a100% to the U. S. market.

As shown in the following table, the GSP explains more than 97% of the U.S. imports of beef jerkey, where the most important ones come from Argentina. This high dependency on the system makes our country production very sensitive to a possible loss of duty free treatment offered by GSP.

As in the case of other products, beef jerkey export contributes to a greater productive diversity, direct and indirect employment creation; therefore, to the general welfare of the regions where such industries and places where cattle is raised are located.

<table>
<tr><th rowspan="3">Program</th><th>2003</th><th>2004</th><th colspan="3">2005</th><th>2006</th><th rowspan="3">Percent change YTD2005-YTD2006</th></tr>
<tr><th colspan="3" rowspan="2">--thousand dollars--</th><th rowspan="2">Percent of total</th><th colspan="2">January-June</th></tr>
<tr><th colspan="2">--thousand dollars--</th></tr>
<tr><td>All programs</td><td>$18,939.8</td><td>$9,927.6</td><td>$12,212.4</td><td>100.0%</td><td>$5,572.8</td><td>$7,613.7</td><td>36.6%</td></tr>
<tr><td>Generalized System of Preference (GSP).</td><td>$15,858.0</td><td>$9,405.0</td><td>$11,899.4</td><td>97.4%</td><td>$5,411.7</td><td>$7,360.5</td><td>36.0%</td></tr>
<tr><td>North American Free Trade Agreement (NAFTA).</td><td>$465.9</td><td>$392.1</td><td>$310.4</td><td>2.5%</td><td>$158.6</td><td>$176.5</td><td>11.3%</td></tr>
<tr><td>Country of origin; no special programs claimed.</td><td>$2,615.9</td><td>$130.5</td><td>$2.5</td><td>0.0%</td><td>$2.5</td><td>$76.7</td><td>2,968.0%</td></tr>
</table>

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