September 1, 2006

By Email
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: Maintenance of GSP Status for Food Imports from India, Indonesia and Thailand - Bottle-Grade PET Resins (HS 3907.60.00.10)

Dear Chairman Sandler:

The National Association for the Specialty Food Trade, Inc. (NASFT) urges the Office of the U.S. Trade Representative to maintain India, Indonesia and Thailand within the Generalized System of Preferences duty-free program, especially with regard to bottle-grade PET resins.

NASFT, based in New York City, is the trade association for all segments of the specialty food industry. Specialty food products are foods and beverages that are differentiated from those in the mainstream, for example, by their creativity and novelty, their ingredients and their exceptional packaging. By virtue of their differentiation, specialty food products maintain a high perceived value and often command a premium price. According to the NASFT/Mintel *The State of the Specialty Food Industry 2006*, total specialty food sales at retail were $34.77 billion. However, NASFT members are small businesses with an entrepreneurial spirit and most have annual sales under $5 million.

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Deleted: Specialty foods are high value, processed food products.

NASFT has a national membership of approximately 2,500 companies located throughout the United States. The membership includes manufacturers and processors, brokers, distributors and retailers. Each year NASFT sponsors three NASFT Fancy Food Shows: in New York (July), San Francisco (January) and Chicago (May). It publishes *Specialty Food Magazine* and recently launched a consumer magazine *foodspring* (the magazine for the food adventurist).

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PET resins are important factors in the success of many NASFT members. Packaging made from bottle-grade PET resins are used for many specialty foods, including high value juices, jams and marmalades, beverages and other processed food products. NASFT members use packaging (and labeling) to connote quality and distinctiveness.

It is important for NASFT's small business members to have a broad and reliable supply of quality packaging. Experienced suppliers like those from India, Indonesia and Thailand serve this purpose and so contribute to the success of small food companies. The limitation, suspension or withdrawal of GSP benefits for these three beneficiary countries for this product might adversely affect the reliable supply of bottle-grade PET resins and lead to higher prices.

NASFT favors encouraging new sources of supply from “developing countries that have not been major traders under the [GSP] program”, as stated in your August 8, 2006 Federal Register *Request for Comments*. In fact NASFT Members are extremely creative and anxious to find new products and new suppliers, but not at the cost of uncertain and more costly supplies.

For these reasons, NASFT supports the continuation of duty-free treatment for bottle-grade PET resins from India, Indonesia and Thailand.

September 1, 2006

Supports Indonesia &
Thailand
Re jewelry

From: Maureen Kelley [Maureen@CNA-CORP.COM]
Sent: Saturday, September 02, 2006 6:20 PM
To: FN-USTR-FR0052
Cc: Crystaline General EMail
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Sirs,

Crystaline North America is writing to voice our concerns regarding the repeal of the GSP. If this tax advantage is revoked, Thailand and all GSP nations would suffer an inordinate disadvantage in the marketplace. Currently all manufacturers in the GSP favored pact are suffering from the unfair pricing being forced on them by China. The negative impact from the removal of the GSP will cripple the economies of all effected nations, especially Thailand and Indonesia, which are still trying to recover from the devastation of the Tsunami.

China once dominated the under $18.00 per dozen promotional jewelry and has now decided to cannibalize the higher end product which sells for over $18.00 per dozen. This higher end product is the only product to be effected if the GSP is reinstated and in large part is the product which Thailand has the most expertise. If the GSP is reinstated everyone concerned manufacturers, USA business, as well as the USA consumer will all be effected.

The USA consumer, as always, will be the most effected if the GSP is reinstated. The consumer will be forced to pay higher retail prices to acquire quality products from Thailand. The products coming in from Thailand will not impact the USA jewelry labor as these types of products are not being produced here.

The end result of the GSP, if not reinstated, will impact the lowest wage factory workers. These are the people that are the backbone of any economy and can least afford the work slow down or downsizing. Thailand is making great strides recovering from the Tsunami and would implore the US Government to consider extending the tax free status to keep their economy growing.

Sincerely,
Maureen Kelley
Vice-President, Operations
Crystaline North America, Inc.
1 Wholesale Way
Cranston, RI 02920

BEFORE THE:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

Written Comments

by

International Truck and Engine Corporation

September 5, 2006

[BUSINESS CONFIDENTIAL INFORMATION DELETED FROM BRACKETS]

On behalf of:
INTERNATIONAL TRUCK AND ENGINE CORPORATION
4201 Winfield Road
PO Box 1488
Warrenville, IL 60555
630-753-5000 tel.

BARNES, RICHARDSON & COLBURN
303 E. Wacker Drive, Suite 1100
Chicago, IL 60601

I. Introduction

International Truck and Engine Corporation (hereafter, “International”) of Warrenville, Illinois, the principal operating subsidiary of Navistar International Corporation, responds to the notice published at 71 Federal Register 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, International is also providing comments on whether termination of the competitive need limitation waivers currently in place are warranted due to possible changed circumstances.

As background, International is a leading producer of mid-range diesel engines, medium trucks, IC brand school buses, heavy trucks, service vehicles, and parts and services sold under the International® brand. International’s principal operations are located in the United States, Brazil, Canada and Mexico, with a newly finalized joint venture to produce trucks and buses in India by 2007. The company also designs and manufactures private-label mid-range diesel engines for original equipment manufacturers in the pickup truck, van, and SUV markets in the United States and Brazil. The company's products, parts and services are sold through a network of nearly 1,000 dealer outlets in the United States, and more than 60 dealers in 50 countries throughout the world.

II. The GSP Program Should Be Reauthorized and India and Brazil Should Continue To Be Designated As Beneficiary Developing Countries

International strongly supports reauthorization of the GSP program in general and the continuation of both India and Brazil 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 FR 45079 indicates that the program is indeed increasing exports, but these figures alone do not show a satisfactory increase in the overall economic development of beneficiary counties. Both India and Brazil remain underdeveloped economies that need GSP to secure, maintain and expand the investments that are so critical to their development.

Taking advantage of the incentives offered by GSP, International has invested substantially in the manufacture of trucks, diesel engines, and engine parts in Brazil and in India. Part of International's growth strategy is to use India as a significant supply base for sourcing truck parts and subassemblies for its North American operations. Thus, GSP has played a significant role in International's decision to invest in both Brazil and India, in part because GSP allows certain truck and engine components manufactured in Brazil and India to compete with like imports from even lower cost countries regardless of the GSP status of those alternative supplier countries. If GSP is terminated for India or Brazil, International'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, which have proved highly welcoming to investment during the past decade. Furthermore, the stated goals of GSP to develop the Indian and Brazilian 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.

A. India

Per the economic criteria listed in 19 USC 2462(c)(2), India has not reached a sufficient level 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.[1] This indicates that,

[1] 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).

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. By way of comparison, exports from China to the United States for the same period were $186 per capita.[2]

India's continuing relative poverty makes it an unlikely candidate for inclusion in the list of countries subject to removal from the GSP program per 71 FR 45079. 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.[3] In addition, 81% of India's population lived on less than the equivalent of $2.00 per day in 2004.[4] 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 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.[5]

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[2] 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.
[3] World Development Indicators database, World Bank, July 1, 2006 based on Atlas methodology.
[4] "2005 World Population Data Sheet," Population Reference Bureau, 2005.
[5] UNCTAD, Trade and Development Report, 2005, at 36.

In addition to aiding India's economy, the GSP benefits accorded to India also play a role in fostering economic development in the developing countries surrounding India. India is part of 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 provides an incentive for manufacturers in India to look to those neighboring lesser-developed countries for suppliers. Therefore, 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 of GSP benefits to these neighboring LDCs. In this context, it is not likely that a company would relocate an established factory from India to Bhutan, for example. However, if India loses GSP, it is very likely that Indian companies would lose their incentives to use Bhutan as a supplier for materials to be used in the production of goods for export to the United States. Thus, if the goal of the TPSC is to promote trade in the least developed countries, removing GSP for India defeats this goal.

GSP also provides an incentive for foreign direct investment in India. According to UNCTAD in the Trade and Development Report, 2005 at page 29, 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.

International has provided direct investment in India through the development of a joint venture with Mahindra & Mahindra Limited ("Mahindra") of India, "Mahindra International" plans to produce and market a variety of buses, trucks, truck subassemblies and truck parts for India, North America, and other export markets.

Part of International's global growth strategy is to use India as a significant supply base for sourcing truck subassemblies and parts [**] for export to International's truck manufacturing plants in North America. India's designation as a GSP beneficiary was an important consideration the development of this project. In 2006, International expects to export to the United States under GSP approximately [*******] worth of truck subassemblies and parts from India. International anticipates that that number could [*********************************] in the future. More importantly, International has developed its business plan for India based on an average [*******************], which assumes that half of their imports would be GSP eligible and half would be charged a [************]. If India loses GSP beneficiary status, then the profitability and scope of the joint venture will have to be reconsidered. International will have to reassess whether or not its investment in India will still make business sense, especially compared with other low-cost potential investment destinations such as China.

International believes that its joint venture with Mahindra will significantly advance the goals of the GSP program by advancing economic development in India. International's investment, for example, benefits from India's $12.5 billion investment in its highway infrastructure. Due to be completed in 2007, the highway system expansion program will accommodate larger, faster, and more powerful trucks, such as the long-haul, multi-axle tractor-trailers that International produces, promising to revolutionize India's transportation industry and further fuel its economic development. The technology exchange between International and Mahindra would take place in India at a "development center" created by the joint venture, which would employ as many as 300 skilled Indian engineers. The vehicles will have 90 percent local content from the start due to the wide availability of quality parts and materials from Indian suppliers. The salaries and benefits earned by "Mahindra International" employees in India would be superior to those earned at many other manufacturing firms in India and would be much sought-after positions.

If GSP is withdrawn from India, the benefits that this joint venture is expected to return to International in terms of [**] would be significantly reduced, and International would need to reassess its business plans in India. GSP withdrawal could [******************************]. This, in turn, would adversely impact "Mahindra International," its employees, suppliers, and related businesses.

B. **Brazil**

Although Brazil's total GSP imports exceeded $100 million in 2005, International strongly urges TPSC to consider other economic factors that support the continuation of GSP BDC status for Brazil. First, Brazil's per-capita GSP imports are only $19.63.[6] Brazil's GNI per capita is $3,460, which yields an overall rank of 97 in a GNI per capita comparison. While Brazil's per-capita income is higher than India's, Brazil is still considered a "lower-middle income" country by World Bank standards.[7] In addition, Brazil is considered a "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

[6] The value of U.S. imports under GSP from Brazil during 2005 was $3,616,000,000 while Brazil's 2005 population was 184,200,000(source: official import data from the U.S. Department of Commerce, and population data from "2005 World Population Data Sheet," Population Reference Bureau).

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

[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.

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 further up the development ladder than Brazil, and they are not identified by TPCS as at risk of losing GSP status.

Through subsidiaries in Brazil, International manufactures diesel engines for vehicles and heavy-duty trucks for export to other countries. International sources some of its truck and engine components in Brazil for use by these subsidiaries as well as for export to the United States.

Currently, International imports into the United States [****************************]; and [*********************************]. The [*************************] enter the United States duty-free under GSP and International hopes that [*************************]. Without GSP, Brazilian-made truck and engine parts are at a competitive disadvantage to similar parts from other low-cost producers, such as China. As a further consideration, most LDCs do not have the infrastructure necessary to produce the more sophisticated products manufactured by International. Thus, removal of Brazil from the GSP program will not result in a transfer of production to LDCs.

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[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 collaboration with Instituto de Pesquisa Econômica Aplicada, October 2003.

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

International strongly urges the TPSC to recommend the extension of the CNL waiver currently in place for camshafts and crankshafts imported from Brazil under 8483.10.30. Removing this CNL waiver would result in economic harm to both the Brazilian economy and to International's domestic truck manufacturing operations.

Statutorily, 19 USC 2463(c)(2)(A) provides that the termination of a CNL waiver is warranted if the President determines that there are changed circumstances under 19 USC 2463(d)(5). Per 19 USC 2463(d)(1), the establishment of a CNL waiver is discretionary based on the economic indicators mentioned in 19 USC 2462(c), and whether the ITC indicates that a waiver is in the national economic interest of the United States.

In 2005, imports into the United States from Brazil under HTS Chapter 8483 totaled $206,942,000, representing 10.4% of total Brazilian exports to the United States under that Chapter and .84% of total exports from Brazil to the United States.[12] Although this figure exceeds the applicable amount of $120 million set for 2005, a CNL waiver for this product is still within the discretion of the President. First, because Brazil remains a lower-middle income country, for which GSP designation and CNL product waivers yield a measurable benefit to the country's developing economy, continuing the waiver supports the goals of the GSP program. Second, it is in the national economic interest of the United States to refrain from harming American companies that foster economic development in the region, aid in stabilizing foreign economies, and, by extension, provide domestic employment in the United States. For example, International employs 1871 in three plants in Alabama, Indiana and Illinois, that rely on imports from Brazil under this tariff item.

[12] From Trade Stats Express at http://tse.export.gov/NTD ChartPP

Although Brazil's export levels have increased since Brazil became a GSP beneficiary, this development alone should not constitute a "changed circumstance" for the purpose of the termination of a CNL waiver. As discussed above, the overall circumstances of poverty, low GNI and income inequality have not changed in Brazil, and the elimination of the GSP program will only exacerbate these problems. Rather, continuing existing waivers will assist Brazil in making progress toward becoming a stable and developed economy.

IV. Conclusion

International encourages the TPSC to consider carefully the consequences of eliminating GSP from relatively large exporters such as India and Brazil, and of terminating the CNL waiver for Chapter 848.1030 imports from Brazil. These actions will not advance the stated goals of increasing the exports from lesser-developed BDCs and, in consequence, the development of the world's least-developed economies. India and Brazil are commercially powerful countries, in part, because they have large populations and enormous growth potential. However, their size should not be permitted to mask the continuing benefit that tariff preferences provide them. On the contrary, because of their large size and volume of exports, the economic welfare of these two countries has tremendous influence on the strength of the world economy. Therefore, their need for GSP preferences should be of the highest importance in the formulation of U.S. global economic policy.

Rather than risk injury to both the current beneficiary countries and their business partners in the United States, International 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 by countries such as Brazil and

India 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.

International appreciates the opportunity to participate in this review and would like to remain involved in any further discussions on this very important issue.

Respectfully submitted,

BARNES, RICHARDSON & COLBURN

By:

/s/Lawrence M. Friedman
Carolyn D. Amadon
303 East Wacker Drive
Suite 1100
Chicago, Illinois 60601
(312) 565-2000

From: Jit Jariwala [jit@jewelgoldi.com]
Sent: Monday, September 04, 2006 10:48 AM
To: FN-USTR-FR0052
Subject: 2006 GSPELIGIBILITY AND CNL WAIVER REVIEW
09/04/06

Dear Sir,

Public Comment on HTSUS – 71131950
As a member/ owner/ manager of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.
The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.
I/We strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.
Thanking you,
Sincerely,

JIT JARIWALA
JEWEL GOLDI
2 W, 46TH ST. STE 1108
NEW YORK, NY-10036
PH: 1-212-398-3050 ex 22
FAX:1-212-398-3051
CEL:1-917-385-1215

From: Nikhil Jhaveri [nikhil@jdcla.com]
Sent: Monday, September 04, 2006 4:26 PM
To: FN-USTR-FR0052
Subject: GSP status for India

Dear Madam/Sir,

I am the President of Jhaveri Diamond Corporation, a California Corporation based in Los Angeles.

I am writing this to strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.

The existing GSP benefits are of critical importance to our profitability, and more importantly they directly benefit the consumers in America.

I strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Sincerely,

Nikhil Jhaveri

From: Ashish Lakhani [ashish@kiranjewels.com]
Sent: Monday, September 04, 2006 3:30 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review."

Importance: High

Public Comment on HTSUS – 71131950
Dear sir/ mam,

As a member/ owner/ manager of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.
The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.
I/We strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Thanking you,
Sincerely,
Ashish Lakhani
President.
Kiran jewels inc.
521 5th avn #610
New york NY-10175
Tel :-212-819-0215 x 102
Fax:-212-819-0443
Direct tel:- 646-785-9816 (your contact 24/7)
ashish@kiranjewels.com
www.kiranexports.net

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,

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.

September 5, 2006

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
600 17th Street, NW
Washington, DC 20508

Ref: Public Comment of HTSUS 71131950

Dear Ms. Sandler,

As you know, legislative authority for the Generalized System of Preferences (GSP) expires on December 31, 2006. I am writing to express my strong support for extension of GSP and for India's continued inclusion in the program.

Retaining India as part of the GSP program is vital. India is the dominant supplier of diamond jewelry to American jewelers today, and allowing a lapse in the preferential duty treatment provided to India under the program would bring tariffs as high as 6%. This added levy would significantly increase the cost of many jewelry products for jewelers and their customers, causing real harm to the industry.

As importers and manufacturers of jewelry, we have invested heavily in the infrastructure, labor training and technology transfers in India. The reason for this is that the kind of jewelry we are dealing in is very labor intensive and it has developed into a new jewelry segment altogether.

The duty savings afforded by GSP may appear modest but in many cases the savings make the difference between profitability and survival. Numerous small businesses owe their continued competitiveness to the GSP program and are small, family-owned businesses, eliminating India from the GSP program would be an enormous hardship.

Removing larger users such as India from the program would not increase sourcing from lesser-developed countries. Instead, it would likely cause U.S. companies and importers to look worldwide for suppliers that offer the next lowest costs - suppliers that might not be other GSP countries. Indeed, removing India from the GSP list would likely cause China, a significant and growing jewelry producer, to be the next lowest cost alternative in many cases. We would prefer to work with an open market driven economy like India and urge you to kindly include jewelry from India to continue benefits under the GSP.

Yours respectfully,

Basant Johari
President

From: Rajiv Agrawal [rajivagrawal@usa.net]
Sent: Tuesday, September 05, 2006 2:00 PM
To: FN-USTR-FR0052
Cc: IDCA@vn10.net
Subject: 2006 GSP Eligibility and CNL Waiver Review

L.K. Imports

606 S. Olive St., Ste. 2170
Los Angeles, CA 90014

September 5, 2006

As a member of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP. The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money. I strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Thanking you.

Sincerely,

Rajiv Agrawal
Owner

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Sub: "2006 GSP Eligibility and CNL Waiver Review"

Dear Sir,

This has reference to Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments.

Larsen and Toubro Limited (L&T), a technology-driven organization is one of the largest companies in the private sector of India. Its portfolio consists of Engineering, Construction, Electricals and Electronics, **Industrial Machinery** and **Information Technology**. L&T's revenues exceed US $ 3.5 billion, out of which more than 20% is from international businesses.

With factories and offices located around the country, further supplemented by a comprehensive marketing and distribution network, L&T enjoys an outstanding image and equity in India. Its large technology base and pool of experienced personnel enable it to offer integrated services in most markets of the world. L&T's international presence comprises a global spread of offices and joint ventures with world leaders.

L&T manufactures High Tech Capital Goods. To continue to promote economic growth and manufacturing excellence in a developing country, we request you to include the list of goods being manufactured by L&T (List given below) in the list of US Generalized System of Preferences to India, beyond 2006.

If you require any further information / clarification, we shall be pleased to provide the same.

Regards,
Kuldip Goel
Deputy General Manager
Larsen & Toubro Limited
Gulab Bhawan, 2nd Floor
6, Bahadur Shah Zafar Marg
New Delhi-110002
Tel: 41509961; 41509960, 41508888
Mobile: 9810070109
Email: goelk@larsentoubro.com
Please visit us at : www.larsentoubro.com

Encl : List of Goods manufactured by L&T

LARSEN & TOUBRO LIMITED

LIST OF GOODS MANUFACTURED

Sr. No.	Full description of goods	Chapter heading
1	Undercarriage parts of earthmoving equipment	7228.70.00 / 7216.00.00
2	Helicopter landing grid	7308.90.00
3	Hanger door	7604.29.10
4	Hydraulic pumps	8413.81.00
5	Hydraulic cylinders	8412.21.00
6	Steam or other steam generating boilers	8402.10.00
7	Parts for steam or other steam generating boilers	8402.90.00
8	Auxiliary plant to be used with boiler	8404.10.00
9	Parts for auxiliary plant to be used with boiler	8404.90.00
10.	Heat exchangers	8419.50.00
11	Parts for heat exchangers	8419.90.00
12	Parts for centrifuges for liquids & gases	8421.91.00
13	Machinery for filling, closing-rotary packer	8422.80.00
14	Parts for rotary packers	8422.90.00
15	Rubber processing machinery & spares	8477.51.00
16	Tyre curing press	8477.51.00
17	Parts & accessories for tyre curing press	8477.90.00
18	Tyre building machine & accessories	8477.00.00
19	Material handling trolley	8428.90.00
20	Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers	8429.00.00
21	Other moving, grading levelling scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile drivers & pile extractors	8430.00.00
22	Coal or Rock cutters and tunneling machinery – self propelled (rock breaking Machines)	8430.31.00
23	Coal or rock cutters and tunneling machinery – self propelled (other)	8430.31.00
24	Rock breaking machines	8430.39.00
25	Parts of Coal or Rock Cutters and Tunneling Machinery - Cast Axel Housing	8431.49.90
26	Parts of Coal or Rock Cutters & tunneling machinery – others.	8431.49.90
27	Industrial machinery for preparation of food or drink	8438.10.00
28	Parts for metal rolling mills – rolls	8455.90.00
29	Cement plant machinery	8474.10.00
30	Parts for cement plant machinery	8474.90.00

31	Crushing or Grinding Machines - Portable	8474.20.00
32	Crushing or Grinding Machines - Stationary (Crushing)	8474.20.00
33	Crushing or Grinding Machines – Stationary (others)	8474.20.00
34	Parts of Crushing or Grinding Machines	8474.90.00
35	Other industrial machinery	8479.19.00
36.	Parts for other industrial machinery	8479.90.00
37	Tortion shaft, bearing housing & similar items	8483.90.00
38	Industrial valves	8481.80.30
39	Parts of Valves	8481.80.90
40	Coal handling/ash handling machinery	8428.90.00
41	Plastic processing machinery	8477.00.00
42	Plastic granule dryers	8419.39.01
43	Fuses	8536.10.00
44	Automatic Circuit Breakers	8536.20.00
45	Motor Overhead Protectors	8536.30.40
46	Other apparatus for protecting electrical circuits	8536.30.80
47	Motor starters	8536.50.40
48	Electronic AC switches consisting of optically coupled input and output circuits (insulated thyristor AC switches); electronic switches, including temperature protected switches, consisting of a transistor and a logic chip consisting of a transistor and a logic chip (chip-on-chip technology); electromechanical snap-action switches for a current not exceeding 11 amps	8536.50.70
49	Other switches	8536.50.90
50	Lamp holders	8536.61.00
51	Other plugs and sockets	8536.69.80
52	Motor Control Centers for a voltage not exceeding 1,000V	8537.10.60
53	Switchboards, panel boards and distribution boards for a voltage not exceeding 1,000V	8537.10.90
54	Switchboards, panel boards and distribution boards, Motor Control centers for a voltage exceeding 1,000V	8537.20.00
55	Pumps for dispensing fuel or lubricants, of the type used in filling-stations or in garages	8413.11.00
56	ECG Machines	9018.11.30
57	Ultrasound Scanning Apparatus	9018.12.00
58	Patient Monitoring Systems	9018.19.55
59	Anaesthetic instruments & appliances and parts and accessories thereof	9018.90.30
60	Electrosurgery units	9018.90.60
61	Defibrillators	9018.90.64
62	Electricity Meters	9028.30.00

From: Ljgtess@aol.com
Sent: Tuesday, September 05, 2006 1:59 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Public Comment on HTSUS - 71131950

As a member of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.
The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.
I/We strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.
Thanking you,

Sincerely,

Tess Larsen
Leading Jewelers Guild, Inc.

From: Bapalal Keshavlal [luxury@vsnl.com]
Sent: Tuesday, September 05, 2006 6:52 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"

Dear Sir,

As a member/ owner/ manager of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.

The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.

I/We strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Thanking you,

Sincerely,

ROMY MEHTA
C.E.O

BAPALAL KESHAVLAL
Jewellery that makes apparent women's emotions.
Woman. Where it all begins.

401 Queen's Diamond
5 M P Marg, Opera House
Mumbai 400004, INDIA
Tel: + 91 22 2369 2192
Fax: + 91 22 2363 1678
info@bapalalkeshavlal.com
Visit www.bapalalkeshavlal.com !!

दूरध्वनी क्र. : २४११ ४६५७
२४१४ ७७१३/१४
फॅक्स नं. : (९१-२२) २४१५ १६६४

MAHARASHTRA RAJYA RASHTRIYA KAMGAR SANGH (INTUC)

महाराष्ट्र राज्य राष्ट्रीय कामगार संघ (इंटक)

रजि. नं. H. O. III-D-9208 ● संलग्न नं. : 10478

● अध्यक्ष
श्री. सचिनभाऊ अहिर (आमदार)

Ref.No./MRRKS/2006-2007/ 5/9/2006

To,
The United State Trade Representatives,
GSP Sub Committee
Washington,
U.S.A.

AN EARNEST APPEAL TO THE U.S. GSP SUB. COMMITTEE

We are the Trade Unions representing about 1 to 1.5 lac employees in the city of Mumbai in various units like Textiles, Engineering, including large number of diamond and jewellery units situated not only inside the SEEPZ Special Economic Zone area in Andheri (E), Mumbai, but also several diamond and jewellery exporting units outside the SEEPZ area.

We have to further bring to your kind notice that in SEEPZ Andheri Units alone we are representing the employees of several diamond and jewellery exporting units and we, as enlightened trade unionists, have time and again ensured that all the statutory provisions like Provident Fund, ESIC, Labour Welfare Fund are implemented by the manufacturers of small and large units so as to ensure the welfare and well being of large number of artisans who are engaged in various activities connected with manufacture of jewellery which is the work of utmost skill and concentration.

We, as an enlightened trade unionist, have also seen to it that large number of employees are employed on permanent basis and have also been responsible in providing training to large number of employees so as to provide them permanent jobs and security. We have also on all occasions ensured that the employees are paid proper minimum wages as prescribed by the Government from time to time and have also done our best to protect the employment of the workmen.

The jewellery manufacturers have survived the cut throat competition offered by various countries like China, Bangkok, Sri Lanka and in turn it has resulted in creating more permanent job opportunities to the Indian workers who, for generations, have been expert in the art of jewellery and diamond manufacturing.

दूरध्वनी क्र. : २४११ ४६५७
२४१४ ७७१३/१४
फॅक्स नं. : (९१-२२) २४१५ १६६४

MAHARASHTRA RAJYA RASHTRIYA KAMGAR SANGH (INTUC)

महाराष्ट्र राज्य राष्ट्रीय कामगार संघ (इंटक)

रजि. नं. H. O. III-D-9208 ● संलग्न नं. : 10478

● अध्यक्ष
श्री. सचिनभाऊ अहिर (आमदार)

You will appreciate that in fact it is the Indian artisans who have introduced to the world the art of jewellery and diamond manufacturing as their generations have been in the business of jewellery manufacturing. You will also appreciate that the Indian artisans are specialized in the art of mounting or carving of small or very small diamonds and other metals like gold, silver, platinum compared to the employees of UK, US, China, Sri Lanka or other European countries. In fact, the manufacturing of fine tuned jewellery has been passed on from generation to generation in India and the art and skill of manufacturing jewellery is in-born in the Indian artisans.

We have reliably learned that no customs duty is levied on the import of jewellery into USA from India under the U.S. Generalized Scheme of Preferences scheme. However, we understand that the US Government is now contemplating to review its GSP programme and the status of jewellery imports into USA. If the GSP programme is reviewed and the customs duty imposed on jewellery items imported into USA, it would increase the cost of jewellery and would ultimately result in decreasing demand for Indian jewellery. This would have serious adverse repercussions on jewellery exports from India as many large and small exporting units may not be in a position to bear the financial impact arising out of imposition of such duty on Indian jewellery in USA. In our opinion, this will have adverse impact on manufacturing of jewellery articles, which may ultimately lead to reduction in production and exports, affecting the job security and even loss of employment of large number of persons engaged in the manufacturing activities of jewellery. This will give rise to lot of social and emotional disturbances amongst the large number of family members who are dependent on those employees who are engaged in the manufacturing activity of jewellery and diamonds.

Under the circumstances, we hope that the US GSP Sub Committee will continue the customs duty exemption on jewellery items exported from India under the US GSP Scheme, in the interest of thousands of persons who are employed in the activity of manufacture of jewellery and diamonds.

Thaking you,

Yours sincerely,

Sachin Bhau Ahir (M.L.A.)
President

September 5, 2006

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

Transmitted by email:FR0052@USTR.EOP.GOV

Office of the United States Trade Representative
USTR Annex, Room F-220 1724 F Street NW
Washington DC 20508

Dear Ms. Sandler:

The Motor and Equipment Manufacturers Association (MEMA) is pleased to respond to your request for comments regarding the eligibility of certain GSP beneficiaries and existing competitive need limitations (CNL) waivers. MEMA represents the automotive parts and components industry and includes as its members more than 700 manufacturers of automotive parts, components and related equipment used in the manufacture, maintenance and repair of all classes of passenger motor vehicles and heavy duty trucks.

Approximately $1.6 billion in automotive parts and components was imported under the GSP program in 2005. As a major stakeholder industry in GSP, MEMA supports retention of GSP benefits on automotive products with respect to Brazil, India, Turkey, Thailand, Indonesia, and the Philippines. GSP is a highly successful Federal program from the standpoint of our industry. The important and mutually beneficial supply relationships that have developed among American automotive parts and components companies and foreign suppliers under the GSP program should be preserved.

We wish to call to your attention certain unique characteristics of our industry with respect to this review. Automotive parts and components, including the specific items imported under GSP are precision manufactured products subject to rigorous quality control and safety requirements. With its focus on technology and quality, American suppliers spend millions of dollars on the competitive process of "qualifying" sub-suppliers; that is determining which sub-suppliers are able to meet quality, safety, delivery, cost and other terms and specifications. There are significant friction costs incurred in changing supply relationships. The technological sophistication of the products, the sunk costs of the supplier qualification process and other friction costs can significantly limit American suppliers' options for changing supply relationships. Removal of GSP benefits from Brazil, India or the other countries identified in this submission is not likely to result in a shift of sourcing of automotive products to other less developed GSP beneficiary countries, nor is it likely to result in a shift of sourcing to the United States.

The Motor and Equipment Manufacturers Association
1225 New York Ave., NW, Suite 300 Washington DC 20005
Tel 202-393-6362 Fax 202-737-3742 www.mema.org

The current “cost-price- squeeze” is another critical characteristic of the automotive supplier industry relevant to the GSP review. American automotive suppliers are under constant pressure to cut their costs and reduce prices to motor vehicle assemblers and other customers in the current market. GSP has been one tool used by American automotive suppliers to cope with the “cost-price-squeeze.” In the event GSP benefits were withdrawn from Brazil, India of any of the other countries identified in this submission, American automotive suppliers would have to absorb the additional cost of the duty. Experience in the current market proves, however, that American automotive suppliers would not be able to pass their added duty costs on in an increase in price to their customers. Elimination of GSP benefits would essentially put new costs on American suppliers and make them less competitive in global competition.

The automotive industry is one of the largest globally integrated manufacturing sectors in the world today. GSP has been very successful in achieving its goals of increasing industrial development of beneficiary countries while also fostering the competitiveness of American producers against their primary developed economy competitors in Europe and Japan.
We urge you to retain GSP benefits on automotive products for Brazil, India, Turkey, Thailand, Indonesia, and the Philippines.

Thank you for this opportunity to express our views on this important subject. Please do not hesitate to contact me if you require any further information or if MEMA can be of further assistance.

Very truly yours,

Brian Duggan
Director of Trade and Commercial Policy

The Motor and Equipment Manufacturers Association
1225 New York Ave., NW, Suite 300 Washington DC 20005
Tel 202-393-6362 Fax 202-737-3742 www.mema.org

From: frank.dallahan@mjsa.org
Sent: Tuesday, September 05, 2006 3:28 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: Office of the U.S. Trade Representative

As a U.S. jewelry manufacturer who is concerned about this country's widening trade deficit, I am asking you to suspend or withdraw the current GSP and CNL privileges enjoyed by India and other countries that do not provide equal access to their markets.

Currently, India ranks as the top exporter of precious metal jewelry into the United States; in 2005 it exported $1.75 billion in goods to the U.S., an 18% increase from 2004; this has resulted in a $1.65 billion trade deficit. In addition, from January through March 2006 (the most recent period for which figures are available), its imports increased by 33.5% over this same three-month period in 2005.

A large part of this imbalance stems from not only India's unfettered access to the U.S. market, but also the tariff and non-tariff trade barriers faced by U.S. manufacturers who try to export precious metal jewelry to India. India places a 31.5% duty on U.S. precious metal jewelry, as well as multiple additional taxes, including a 1% landing charge and various municipal and state taxes; altogether, these taxes and fees can add as much as 26% to the duty.

This unfair advantage enjoyed by India and similar countries must not continue: It has led to a widening trade deficit that is unsustainable. GSP and CNL privileges should not be extended to any country that does not reciprocate and offer U.S. manufacturers a "zero-for-zero" tariff policy. U.S. manufacturers are not afraid to compete, but they must be given the opportunity to compete effectively in the global market.

Sincerely,

Francis J. Dallahan
President/CEO
Manufacturing Jewelers and Suppliers of America

Nestlé USA

1101 PENNSYLVANIA AVE. NW
SUITE 600
WASHINGTON, DC 20004

Nestlé

PUBLIC VERSION

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: Maintenance of GSP Status for Bottle-Grade PET Resin Imports from India, Indonesia and Thailand (HS 3907.60.00.10)

Dear Chairman Sandler:

This letter is sent on behalf of Nestlé USA, Based in Glendale, California and Nestlé Waters North America, based in Greenwich, Connecticut in response to the August 8, 2006 Federal Register notice requesting comment on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries. Our companies are in strong support of maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand.

If the GSP program expires on December 31, 2006, a tariff of 6.5% would be imposed on PET resin imports from current beneficiaries of the program. Individually, exports from GSP countries do not account for a significant portion of the U.S. market, but together the three largest GSP suppliers (India, Indonesia and Thailand) provided 18% by value of U.S. imports in 2005.

Bottle-grade PET resins are converted into plastic products that are commonly used for packaging of a wide range of consumer goods. Nestlé requirements are approximately *********** pounds of PET resin annually for use in packaging for our dairy, juice, bottled water and frozen foods businesses. Without duty-free imports under the GSP program, there will be an effective tax increase on industrial consumers of PET resin and on U.S. products packaged in PET plastics.

There are several important factors that should be considered by the GSP Subcommittee in its review of India, Indonesia and Thailand:

- **Development Indicators Argue Against the Removal of These Countries.** By most World Bank indicators of economic development, India, Indonesia and Thailand rank in the lowest categories. Twenty-one other GSP beneficiaries, including fourteen countries not on USTR's review, have achieved "upper-middle-income economies," while India is categorized as a "low-income" economy, and India and Indonesia are "lower-middle-income economies." India, Indonesia and Thailand are on the review list because they account for a certain portion (over 0.25%) of world trade, but when population size is accounted for, these countries are less engaged in foreign trade than some other GSP beneficiaries (e.g., Angola) not on USTR's list.

- **Import Share Would Not Go to "Least Developed" GSP Beneficiaries.** PET resin from "least-developed countries" would not replace imports from India, Indonesia and Thailand if the major GSP beneficiaries were removed from the program. Such countries do not have the capacity to supply the U.S. market even if they received a tariff advantage over current GSP suppliers.

- **India, Indonesia and Thailand Would Not Be Competitive With More Advanced Exporters Without GSP Benefits.**
  Even with duty-free preferences, GSP beneficiaries are struggling to maintain their U.S. market share. Mexican bottle-grade PET resin has grown from 4% of total U.S. imports in 2002 to 33% in 2005. In the meantime, GSP countries' share of imports has fallen from approximately 32% in 2002 to less than 19% in 2005. Without GSP benefits, India, Indonesia and Thailand would not be competitive traders in this product.

The GSP program is vital to the U.S. development and trade interests. In addition to encouraging economic advancement in poor countries through trade instead of direct aid, the GSP program provides an important mechanism of enforcement leverage on foreign governments' intellectual property rights (IPR) protection and investment practices. The suspension or withdrawal of benefits from the three major PET resin- supplying countries would reduce the U.S. Government's ability to encourage practices that promote economic growth.

To remove eligibility of those countries that have used the GSP program would set a terrible precedent and would discourage U.S. importers from relying on imports from GSP countries. India, Indonesia and Thailand are examples of countries that demonstrate the value of the GSP program. Through trade, these countries have begun to improve their economic conditions. Removal of GSP eligibility for India, Indonesia and Thailand would set back the goals of the program and would hurt the U.S. economy at the same time, as is demonstrated in the PET resin example.

For these reasons, Nestlé USA and Nestlé Waters North America strongly favor the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,

Louise Hilsen

Louise Hilsen
Vice President, Government Relations

PUBLIC VERSION

BEFORE THE
GENERALIZED SYSTEM OF PREFERENCES SUBCOMMITTEE
TRADE POLICY STAFF COMMITTEE
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

STATEMENT OF NEWELL RUBBERMAID CONCERNING ADVERSE EFFECTS OF SUSPENDING, WITHDRAWING OR LIMITING GSP STATUS FOR BRAZIL, INDIA, INDONESIA AND THAILAND

September 5, 2006

Patricia A. Zinski
Counsel to Newell Rubbermaid
806 Cherry Street
Wheaton, Illinois 60187
(630) 690-5760
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Dale Matschullat
Vice President, General
Counsel and Corporate Secretary
Newell Rubbermaid Legal Services
10B Glenlake Parkway, Suite 600
Atlanta, GA 30328
(770) 407-3830

PUBLIC VERSION

I. INTRODUCTION

This submission responds to the request for public comments issued by the Office of the United States Trade Representative to determine whether major beneficiaries of the GSP program have expanded exports or have progressed in their economic development such that their eligibility should be limited, suspended or withdrawn. 71 Fed. Reg. 45,079 (August 8, 2006).

For the reasons stated herein, Newell Rubbermaid Inc. and its Sanford North America, Levolor/Kirsch, Lenox, Amerock, Bernzomatic, Irwin Industrial Tool, Shur-Line and Goody divisions respectfully request that the Trade Representative advise the Congress that limiting, suspending or withdrawing the GSP eligibility for Brazil, India, Indonesia or Thailand would significantly adversely affect U.S. businesses and the economies of these developing countries and, therefore, the GSP tariff preference for these countries should be preserved.

II. INTEREST OF NEWELL RUBBERMAID

Newell Rubbermaid is a global manufacturer and marketer of branded consumer and commercial products with 2005 sales of six billion dollars. Newell Rubbermaid's businesses are divided into the following five segments: cleaning and organization; office products; tools and hardware; home fashions; and other (principally comprised of hair care accessory products and infant and juvenile products). Newell Rubbermaid products are sold through retail channels including department stores, discount stores, warehouse clubs, home centers, hardware stores, commercial distributors, and office superstores. The Newell Rubbermaid family of brands includes Sharpie®, Paper Mate®, Dymo®, Expo®, Waterman®, Parker®, Rolodex®, Irwin®, Lenox®, Bernzomatic®, Rubbermaid®, Graco®, Calphalon®, Levolor® and Goody®. The company has 28,000 employees distributed across twenty American states and nineteen foreign countries. Newell Rubbermaid makes its headquarters in Atlanta, Georgia.

In this global economy, most, if not all, Newell Rubbermaid divisions depend on reliable, cost-effective foreign suppliers to provide material inputs to the manufacturing process or finished goods meeting the exacting standards required of branded products. All of the Newell Rubbermaid companies share a deep concern over the potential loss of GSP benefits for the thirteen countries targeted for this investigation. These comments will focus on Newell Rubbermaid divisions with particularly keen interests in preserving the GSP eligibility of Brazil, India, Indonesia, and Thailand.

A quick review of the numbers underscores the importance of the GSP program in helping Newell Rubbermaid companies to forge successful partnerships with developing country suppliers, which, in turn, leads to effective sales strategies to Newell's mass merchandiser customers. Sanford North America is shifting new product line sourcing to India with expected annual U.S. sales of [************] . In 2006, Sanford expects to import roughly[********] in ball point pens and [**********] in mechanical pencils from India. In 2007, Sanford projects that these imports will jump to [************] in ball point pens and [************] in mechanical pencils, assuming that India continues to enjoy GSP benefits in 2007. In addition, Sanford projects [************] in writing instrument purchases from Indonesia, and [********] from Thailand in 2006. Levolor/Kirsch imports approximately [*************] annually in decorative window and drapery hardware from Thailand. Shurline projects painting supply purchases from Indonesia will total [************] in 2006. Irwin Tool imports approximately [************] annually in drill bits from a plant it operates in Brazil. The Lenox division imports approximately [*********] annually in saw blades and powertool accessories from India from a plant it operates in Ankleshwar, plus an additional [********] annually from product it sources from Indian producers. Bernzomatic imports approximately [********] in blow torches annually from India. Goody imports more than [************] annually in hair accessories from Thailand. The importance of these supplier relationships for the overall financial health of the affected companies will be further explored herein.

III. PRESERVING GSP ELIGIBILITY FOR BRAZIL, INDIA, INDONESIA, AND THAILAND IS IMPORTANT FOR THE CONTINUED FINANCIAL HEALTH OF NEWELL RUBBERMAID.

A. IRWIN INDUSTRIAL TOOL RELIES ON GSP ELIGIBILITY FOR BRAZIL.

Newell Rubbermaid's Irwin Tool division operates a manufacturing facility in Carlos, Barbosa, Brazil, that manufactures drilling and cutting accessories. Irwin imports into the United States approximately [************] annually from this facility. Because of the complex technology involved in manufacturing industrial grade tools, Irwin has invested significant resources in this facility, including teaching the associates how to manufacture these products to Irwin's exacting standards. Irwin believes this provides it with a competitive advantage that could not be duplicated in another country. Without GSP treatment, the tariff on these imports from Brazil would be between 4.8 and 5.0 percent (HTS 8207.90.30 and 8207.90.45). The preferential duty treatment received by Brazil pursuant to the GSP program offsets the relatively higher cost of manufacturing in Brazil versus certain other low cost countries, such as China.

B. LENOX , SANFORD NORTH AMERICA AND BERNZOMATIC RELY ON GSP ELIGIBILITY FOR INDIA.

The Lenox division operates a manufacturing facility in Ankleshwar, India, that manufactures saw blades and other power tool accessories. Annual imports into the United States from this facility total approximately [*******]. Additional power tool imports from India total approximately [*******]. These imports are classified in HTS categories 8202.10.0000 and 8207.50.20 with tariff rates of zero and 5.0 percent, respectively. As with the Brazilian plant, Lenox has invested significantly in training local associates to efficiently manufacture high grade industrial power tools that meet exacting performance standards. The GSP benefit accorded to India enables Lenox to cost-effectively run this plant rather than sourcing from other potentially lower-cost supplier nations.

India is now Sanford's source for new product lines, with U.S. sales in 2006 expected to exceed [*********]. Sanford sources ball point pens and mechanical pencils from a factory in [***********]. Sanford expects to import approximately [**********] in ball point pens (HTS # 9608.10.00) from this facility in 2006. With an estimated [***********] pens imported in this category from India in 2006, at a duty rate of 0.8 cents each plus 5.4%, GSP will save Sanford [*********] in this category in 2006. In 2007, Sanford projects to purchase roughly [***********] pens for a total import value of [**********], with GSP savings estimated to be [**********]. Sanford expects to spend approximately [**********] on mechanical pencil (HTS # 9608.40.40) purchases from India in 2006 and, with a non-GSP duty rate of 6.6 percent, GSP savings to Sanford will total [********] in 2006. In 2007, Sanford plans to purchase [************] in mechanical pencils from India, yielding a GSP savings of [********]. In addition, Sanford coordinates a direct purchase program for Wal*Mart purchases from India, which results in an additional [************] annually in writing instruments purchases from India. If the GSP preference for India were eliminated, Wal*Mart would likely seek alternative low-cost suppliers.

Bernzomatic will import a projected [********] in blow torches of HTS category 8205.60.00 from India in 2006. These products carry a tariff rate of 2.9 percent for non-GSP beneficiaries.

C. SHURLINE AND SANFORD RELY ON GSP ELIGIBILITY FOR INDONESIA.

Newell Rubbermaid's Shurline division imports painting accessories from Indonesia, which are manufactured by a supplier with whom Shurline has developed a close working relationship over several years. Annual imports from this supplier total approximately [************]. These imports fall into HTS category 9603.40 and would carry a duty rate ranging from 4.0 to 7.5 percent, in the absence of GSP treatment.

Sanford imports the wood slats used in the manufacture of pencils from Indonesia. Imports in this HTS category 4421.90.97.20 are expected to be [***********] in 2006. Sanford imports annually an additional [***********] from Indonesia in finished writing instruments of HTS category 9609.10.00, which carries a non-GSP tariff rate of $0.14/gross plus 4.3 percent.

D. LEVOLOR/KIRSCH, AMEROCK, GOODY AND SANFORD RELY ON GSP ELIGIBILITY FOR THAILAND.

The Levolor/Kirsch division imports decorative drapery hardware from Thailand. These imports include mid- and high-price point curtain rods and finials. Levolor has worked closely with its supplier to develop high quality designs and finishes which would be difficult to replicate with another manufacturer in an alternate location. Imports of these decorative drapery hardware from Thailand are expected to be [**********] in 2006. Tariffs on the imported items range from 3.0 to 5.0 percent for non-GSP countries.

Newell Rubbermaid's Amerock division imports cabinet hardware from Thailand. Amerock has worked closely with its supplier to develop specific decorative looks for this hardware which would be hard to reproduce with a different supplier. Annual imports are about [********].

The Goody hair products division has imported approximately [************] in hair accessories from Thailand from January through August, 2006. Tariffs for these products normally range from 2.3 percent (HTS # 4016.99.60) to 14.6 percent (HTS#s 6117.80 and 6217.10).

Sanford imports from Thailand exceeded [********] from January through August of 2006, in HTS categories 3824.90.45, 3923.10.00, and 4420.90.80, carrying tariff rates of 6.5, 3.0 and 3.2 percent, respectively. These products consist of components and packaging materials.

E. CURRENT TRENDS IN MASS MERCHANDISING COMPEL AMERICAN COMPANIES TO SEEK OUT THE LOWEST COST SUPPLIER ON A GLOBAL BASIS.

Consolidation in the mass merchandise retail market has resulted in the emergence of large multi-category retailers which exercise negotiating power over suppliers. Newell Rubbermaid's top ten customers, listed alphabetically, are Ace Hardware, Lowe's, Office Depot, Office Max, Staples, Target, The Home Depot, Toys 'R' Us, United Stationers, and Wal*Mart. These customers demand not only innovative products and highly responsive customer service, but also low cost suppliers. Particularly with respect to products that do not rely on innovation or strong brand recognition, mass merchandisers routinely look directly to foreign producers to source their own private label consumer products. These trends converge to press profit margins ever slimmer for consumer products companies such as Newell Rubbermaid, and drive the need for reliable, low-cost foreign suppliers.

Establishing a successful partnership with a foreign supplier in a developing country, such as those partnerships Newell Rubbermaid has forged in Brazil, India, Indonesia and Thailand, requires patience, extensive training, and investment of both time and treasure. Such relationships are slowly nurtured and not readily supplanted. Thus, revoking the current GSP benefits for the subject countries would result in substantial dislocation of existing business partnerships and could not be quickly, affordably or easily corrected by moving production to some other low-cost country.

F. WITHDRAWING, SUSPENDING OR LIMITING GSP BENEFITS FOR BRAZIL, INDIA, INDONESIA, OR THAILAND WOULD UNDERCUT THOSE COUNTRIES EFFORTS AT SUSTAININABLE ECONOMIC DEVELOPMENT AND PROVIDING THEIR WORKERS WITH A LIVABLE WAGE.

Newell Rubbermaid has invited some of its important foreign suppliers to share their thoughts on the prospect of losing GSP eligibility. The [*********] manufactures writing instruments in India for purchase by Sanford and other American buyers. <u>See</u> Exhibit 1. GSP has enabled [*****]to expand its business and help workers

earn a livable wage that enables them to send their children to school. [*****] reports that its workers are paid a minimum wage of [*********************
**]
Clearly, GSP has not allowed India to develop economically to a point that it no longer requires the GSP preference to enhance exports and fuel development. In fact, [*****]stresses that the GSP preference is required to somewhat offset the state subsidies provided by the Chinese government to exporters in China, thereby allowing Indian exports to compete effectively with goods from China for the U.S. marketplace.

Sanford is in discussions with [******] located in [*******************], India, for future production opportunities. [*****] reports that it pays 80 percent of its 2500 workers at these facilities a wage of [*******] per eight hour workday. <u>See</u> Exhibit 2. These workers depend on sales to the United States made possible by the GSP benefit to support their families. In [*******] estimation, loss of GSP benefits for India would likely result in businesses like Sanford seeking out alternative low-cost producers, having a destructive impact both on [*******] business and on their workers' livelihood.

[**
****
****
****
**] work force is comprised of women, who are uneducated, unskilled and need their jobs to contribute to their families' well-being. Loss of GSP benefits would likely result in this work force becoming unemployed, and the company suffering tremendous business losses. Accordingly, [***********] appeals to the U.S. Government to support their industry and their people by continuing to include India as a GSP beneficiary.

IV. CONCLUSION

For all the reasons stated herein, the Newell Rubbermaid family of companies hereby requests that the Trade Representative advise the Congress that suspending, limiting or withdrawing GSP eligibility for Brazil, India, Indonesia or Thailand would severely adversely affect U.S. business interests and damage the economies of these developing countries, which remain poor and in need of GSP benefits to sustain economic growth and offer the hope of a brighter future to their workers.

EXHIBIT 1

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***]

Our Key Features

- All products suitable for school , Home & Office . Private labeling of Product
- Production facilities with 100% compliance to Labour Laws , social welfare , Health & Safety Regulations

Main Countries to which we export:

Argentina, Brazil, Bangladesh, Colombia, Denmark, Egypt, El Salvador, Honduras, Hungary, Israel, KSA (Kingdom of Saudi Arabia), Nepal, Portugal ,Sri Lanka, Turkey, Tanzania, U.K., U.S.A. etc

Factory Locations

[***

****
****

****

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***]

Indian workers are not getting rich by GSP but it is only helping them earn their livelihood as evidenced by the wages prevailing in INDIA.

Benefits of GSP –

It gives us a fair chance to compete in price with similar products from China and other South East Asian Countries. The importers in USA are therefore able to buy the products from INDIA at a competitive price and subsequently offer better prices to their consumers.

With GSP in force, there is every likelihood of Greenfield Projects and expansions to take place in India. This means more jobs for workers in INDIA who can now earn a living and can send their children to school.

Primarily, China is our main competitor, where the writing instrument manufacturers get a considerable benefit on exports. In India it is not so. However, with GSP in force from India, more and more US Buyers are interested in sourcing the products from INDIA. In the last few years the trade with USA has increased considerably and GSP has been a key factor, for both the suppliers from INDIA and the US Buyers to take a business decision. The exports are growing every month and this means that the Buyers are happy with the performance of the goods and their suppliers. The Buyers have put enough time and efforts to develop the Indian suppliers who match and meet their expectations.

India is the next source destination for all products and therefore it must be supported in all respects to emerge as a counterbalance to China. This would give the US buyers an alternate sourcing channel.

Negative Effect of possibility of withdrawal of GSP -

The store cost of writing instrument sourced from INDIA would increase without a GSP and that would not be a welcome situation for the Buyers and the consumers in USA. This would mean buyers would look for another source/country, for products, earlier sourced from India. The Buyers will have to again spend all the time, energy and money to find this alternate source which would again have to go through a rigorous qualifying criteria set by the Buyers. The negative effect for Indian exporters would be that exports would fall drastically, all expansion projects with USA would stop, factories would cut down production or even close, leading to a miserable situation for the workers and their families who worked so hard to make a living.

This is not a desirable situation for anyone.

Thanks.

[*******************

***********************]

EXHIBIT 2

Dated: September 1, 2006

[***************************

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**]

[********] exports to major developed countries and mostly exports to USA and Europe .

The workforce for production base which is 225,000 sq.ft. is approx. 2000 workers with 100 *Supervisors and Quality Analyst.*

Factory Locations

[**
****
****
***]

Out of the total people employed 80% of the people in the factory get paid the minimum wages. Most of these people are having very poor financial back ground for their daily survival and to support their family.

Benefits of GSP

Currently amongst the countries which enjoys GSP, there is a price parity and the countries are competitive with each other. If GSP is withdrawn from Indian products, these product will be expensive compared to the countries which will continue to enjoy GSP. This will result in our major customers like Sanford USA, to look towards countries which are protected by GSP, as these countries will be more competitive on the price front.

This will result in our company loosing good amount of existing as well as future business opportunity from American customers including Sanford USA.

Contd.----- page 2

India is as developing country with vast unemployed, educated man power.
India is the largest Democracy in the World with free Judiciary.
Their is no discrimination for Sex, colour, religion , caste in the country.
Child labour is banned in **India** and all these export oriented units are strictly adhereing to the code of Social conduct.

It is very essential to continue the GSP benefits to **India** as it will continue to build healthy trades between USA and India and it is mutually beneficial to both countries – US will get competitive products for their market and in turn India can socially support a huge unemployed and educated youth

Best regards,

[**

****
**]

From: Meenu [meenu@qjmcorp.com]
Sent: Tuesday, September 05, 2006 2:06 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review.

As a member of the Jewelry Trade, we strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.

The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.

We strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Thanking you,

Sincerely,

Thank You,

Meenu
Qjm Corp
606 S. Olive St,
Los Angeles, CA-90014
(213) 622-0264
(213) 622-0330 Fax
email --meenu@qjmcorp.com
www.qjmcorp.com

Oriental Rug
Importers Association, Inc.
THE NATIONAL ASSOCIATION OF IMPORTERS AND WHOLESALERS

100 Park Plaza Drive, Secaucus, New Jersey 07094 • (201) 866-5054 • Fax (201) 866-6169

September 5, 2006

GSP Subcommittee of the
Trade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, N.W., Room F-200
Washington, D.C. 20508

Re: Written Comments in Response to the GSP Review on Eligibility of Certain GSP Beneficiaries, 71 Fed. Reg. 45079 (August 8, 2006)

Dear Members of the Subcommittee:

The Oriental Rug Importers Association (ORIA), a national trade association formed in 1958 to foster ethical business practices and promote the best interests of the Oriental Rug Trade in the United States and in countries that produce Oriental rugs, writes in strong support of continuation of benefits for India and Turkey under the U.S. Generalized System of Preferences.

Graduation of India from this important development program is clearly not warranted at this time, and would be detrimental to the interests of both the weavers in India and the member companies of ORIA. Moreover, ORIA questions the value of graduating Turkey from GSP, an action that would harm ORIA members and is unnecessary and premature in light of Turkey's negotiation toward accession to the European Union. Upon completion of that accession process, ORIA members recognize that GSP will no longer be available, but the delay in that process signals, among other things, that Turkey is not yet sufficiently economically developed.

ORIA's membership consists of over 80 leading U.S- based importers of hand made carpets, whose products sell at retail in all of the 50 states. ORIA member firms import from virtually every carpet sourcing country including India, Pakistan, China, Nepal, Tibet, Turkey, and Romania.

Operating on very slim margins, and facing a slowing economy, particularly with respect to home sales that are declining and portend a decline in consumer purchases of home furnishings like hand made carpets, the elimination of duty-free treatment for carpets produced in India and Turkey is a matter of grave and significant concern for ORIA member companies. ORIA member companies have already been growing increasingly alarmed about the possibility of a temporary lapse in the GSP program, which would compel them to tender duties on their imports of Indian, Pakistani, Turkish and Romanian carpets. The prospect that their most significant sources of supply, India and Turkey, might lose benefits altogether is especially worrisome, shrinking further the already very slim profit margins on which they operate.

The hand made rugs at issue are labor intensive products that are not produced in the United States, yet are quite expensive and constitute an important source of employment of people in some of the poorest and most rural areas of India. The carpets at issue carry duty rates in the range of 3.8 percent to 6.8 percent ad valorem, a relatively high rate when one considers the entered value of these items. For example, duties paid by an importer for a container-load of Chinese origin hand tufted rugs, classified under Harmonized Tariff Schedule subheading 5703.20.1000, are typically in the range of $6,000 to $7,000. Maintaining duty-free access for imports of these products under GSP will have no negative impact upon any U.S. industry but does provide increased opportunities for more affordable hand made rugs in the United States and incentives for producing these hand made rugs in India and Turkey.

The designs and color schemes for the carpets imported from India and Turkey by ORIA members are actually created in the United States. India in particular simply has not achieved the level of development that would enable craftsmen there to expand into the more service oriented aspects of the business. Indeed, the areas in which these carpets are woven represent the most poverty stricken regions of that vast country. As the Congressional Research Service has noted, in its most recent report on India-U.S. Relations (RL33529, July 31, 2006), at 15:

> India's per capita GDP is still less than $800 ($3,825 when accounting for purchasing power parity). The highly-touted information technology and business processing industries only employ about one-third of one percent of India's work force and, while optimists tout an Indian "middle class" of some 300 million people, an even greater number of Indians subsist on less than $1 per day.

Further, the CRS notes, "India has more people living in abject poverty (some 385 million) than do Latin America and Africa combined." CRS at 21. Under these circumstances, clearly India cannot be seen as having "progressed in [its] economic development within the meaning of the statute to the extent that [its] eligibility should be limited, suspended, or withdrawn."

Importantly, the GSP program also includes important incentives to promote protection of workers' rights, including compliance with standards regarding a minimum age for the employment of children and a prohibition on the use of the worst forms of child labor. That leverage would be seriously compromised if India is removed from the GSP program.

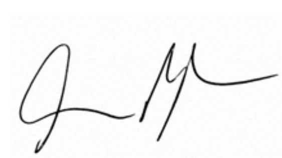
ORIA views the availability of GSP benefits for these carpets as ensuring opportunities for appropriate employment in India, and for increased education possibilities for children. The reality in India is that few families in the carpet-producing regions have schools available to them or could afford schools. The achievement of a literate population throughout the country (as opposed to pockets of that vast country) clearly is key to India being considered to have achieved a level of development that would truly justify consideration of its graduation from the U.S. GSP program.

Because of the prevalence of family child labor in the carpet industry, child labor has been an issue with which ORIA members have had considerable experience and a strong determination to effectively address. Recognizing that children are employed in these areas tosupplement their families' incomes (as well as to learn a craft), ORIA members strive to avoid illegal child labor and to assist these families. ORIA members do so by supporting local schools and subsistence programs providing food and health care to families in carpet producing regions so that these families can afford to send their children to school. Were India to lose its GSP status, however, ORIA members would import fewer carpets from India and would therefore also reduce their involvement in these important programs.

Only a little more than a year ago, ORIA wrote to the subcommittee to express its strong support for the issuance of competitive need limitation waivers for several carpet products, and as a consequence, GSP benefits were maintained. As they committed to do at that time, ORIA members have expanded their sourcing of these hand made carpets now that they are duty-free.

For all of these reasons, ORIA respectfully urges the Subcommittee to maintain the GSP status of India and Turkey. Should the Commission need additional information, please contact ORIA's Executive Director, Lucille Laufer.

Sincerely,



Andrew Peykar
President

From: Pangems@aol.com
Sent: Tuesday, September 05, 2006 7:42 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"
As a member of Diamond Dealers Club, New York, Jewelers Board of Trade, IADC and IDCA, I strongly urge the USTR committee to support continuation of Duty Free trade status to mounted jewelry imported from India under GSP.

The current GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer great deal of money. Jewelry from India is a unique category and a profitable segment for price sensitive U.S. retailers like Wal-Mart, J.C. Penney, Sears, Target, many T.V. chanels, Internet companies. A levy of 6% will cause tremendous hardships to many of us.

Thanking you,

Sincerely,

J.Pandya
President
Pan Gems Inc.

PET Resin Coalition
355 Lexington Avenue 15th Floor
New York, NY 10017
(212) 297-2125

Ralph Vasami
Executive Director
RVasami@kellencompany.com

September 5, 2006

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

Re: **2006 Generalized System of Preferences ("GSP") Eligibility and Competitive Need Limit Waiver Review**

Dear Subcommittee Members:

The PET Resin Coalition appreciates the opportunity to provide public comments as requested in the August 7, 2006 *Federal Register* notice relating to the review of the GSP program. The PET Resin Coalition represents U.S. producers of polyethylene terephthalate ("PET") resin. The members of the PET Resin Coalition are DAK Americas LLC, Charlotte, NC; M&G Polymers USA, Houston, TX; Nan Ya Plastics Corp., Livingston, NJ; Eastman Chemical Co., Kingsport, TN; and Wellman, Inc., Fort Mill, SC.

In its request, the Subcommittee asked for comments on whether the eligibility of certain beneficiary countries should be limited, suspended, or withdrawn based on specific statutory eligibility criteria relating to economic development and competitiveness. While the PET Resin Coalition will defer from commenting on the economic development policy issues raised in this review, it is concerned that some developing countries have been benefiting from the GSP program while engaging in unfair trade practices. In the PET Resin Industry's view, the GSP program should not provide additional and unneeded benefits to exporters who have been found to be trading unfairly.

Imports of PET resin under the GSP program offer an example of note. India, Thailand, and Indonesia, three of the largest GSP beneficiaries, are each significant suppliers of PET resin imports to the United States. These imports enter duty-free under the GSP program. Industry concerns about PET resin imports from these countries led to the filing of antidumping and countervailing duty petitions against them in March 2004. In its final determination dated March 21, 2005, the U.S. Department of Commerce found that Thai, Indian, and Indonesian PET producers were dumping at rates as high as 52 percent. Commerce also found that India was providing subsidies worth up to 20 percent of the value of the imported merchandise.

Despite the Commerce decision, the U.S. International Trade Commission held that the imports in question were not causing “material injury” to the U.S. industry – in part, because the Commission found other factors such as increased raw material costs to be more important causes of the industry’s financial difficulties. However, there is no doubt that dumping at rates as high as 52 percent and subsidies amounting to 20 percent suppress prices and negatively affect domestic PET producers. PET resin is a commodity product and even a small amount of unfairly priced PET in the U.S. market can dramatically lower industry prices.

PET resin is obviously just one product shipped under the GSP program by India, Thailand, and Indonesia, each of which is a major user of the GSP program. However, with or without GSP, PET resin producers in these countries are highly competitive in the U.S. market. If they continue to receive GSP, at a minimum they should be denied duty-free treatment for products such as PET resin where they have been found to engage in unfair trade practices. Such an approach would not only be more equitable to the U.S. industry, but would also benefit other developing countries that may be interested in participating in the U.S. market on fair terms.

We thank you for your consideration of these comments and look forward to the Administration’s completion of this review.

Sincerely,

//s//

Ralph Vasami
Executive Director

Brian Toohey
Deputy Vice President
International Affairs

PhRMA

September 5, 2006

Marideth J. Sandler,
Executive Director for the GSP Program
Chairman, Trade Policy Staff Committee, GSP Subcommittee
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ms. Sandler:

Thank you for the opportunity to comment on factors to be considered in connection with the withdrawal, suspension or limitation of duty-free treatment with respect to certain GSP beneficiary countries.

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading pharmaceutical research and biotechnology companies, which are devoted to inventing medicines that allow patients to live longer, healthier, and more productive lives. PhRMA companies are leading the way in the search for new cures. PhRMA members alone invested an estimated $39.4 billion in 2005 in discovering and developing new medicines. Industry-wide research and investment reached a record $51.3 billion in 2005.

PhRMA recognizes that you specifically requested comments with respect to the factors set forth in subsections 501(1), 501(4), and 502(c)(2) of the Trade Act of 1974, as amended, as well as comments on the current Competitive Need Limit waivers. We note, however, that the President "shall" also consider "the extent to which such country is providing adequate and effective protection of intellectual property rights...." when deciding whether to withdraw, suspend, or limit the application of duty-free treatment. (Subsections 501(d)(1) and 502(c)(5)) In light of this statutory factor, it is crucial that the United States place great emphasis on intellectual property protection when granting countries GSP benefits. Intellectual property is one area in which American companies, including pharmaceutical companies, enjoy a clear competitive advantage. Protecting intellectual property in GSP beneficiary countries is crucial to preserving the competitive advantage of American pharmaceutical companies globally.

PhRMA members support the GSP program and the continuation of GSP eligibility for the broadest range of developing countries. We urge USTR to give serious consideration to the following intellectual property issues in examining the type and level of benefits that these countries should receive under the GSP program.

Brazil

The Government of Brazil has created an intellectual property regime that does not adequately protect pharmaceutical products. The result is that many innovative products developed by PhRMA members do not enjoy adequate and effective intellectual property protection in the Brazilian market.

One problem in Brazil is the inadequate allocation of resources to the Brazilian National Institute of Industrial Property (INPI). Despite the fact that the INPI charges fees for processing of patent applications, INPI recently reported a backlog of over 70,000 patent applications awaiting examination and processing. This translates into delays of five to seven years in obtaining patents. Worse, applications related to pharmaceutical inventions constitute a disproportionate 30 percent of the total applications in the backlog. We understand that the Government of Brazil has made available additional financial resources to upgrade INPI's facilities and that INPI has hired new patent and trademark examiners. Although progress is being made to reduce the trademark backlog, we have not seen any concrete results yet related to the patent backlog.

The backlog problem has been magnified by Article 229C of the Brazilian Industrial Property Law, added by Law 10,196 on 14 February 2001. That Article provides that any patent application referring to a pharmaceutical invention and deemed by INPI to contain patentable claims may be granted only after receiving approval from the National Agency for Health Surveillance (ANVISA), an agency within the Brazilian Ministry of Health. The Article does not articulate any grounds of patentability that the ANVISA is to evaluate. In fact, the assessment of patentability criteria are to have been completed prior to the application being transmitted to ANVISA. Moreover, the Article does not require ANVISA to approve or disapprove applications within a specific time period. In practice, this requirement for approval by ANVISA has led to additional delays of between six and twelve months on average to the approval process in most patent applications related to pharmaceutical products. This secondary approval mechanism is not applied to applications claiming inventions in any other field of technology.

Practitioners in Brazil report that there is no transparency or public disclosure with respect to the criteria used by ANVISA and that it is impossible to decipher the criteria from the decisions of ANVISA given the lack of clarity and consistency of those decisions. In short, our Members cannot predict which applications will be approved and cannot determine the rationale or criteria used by ANVISA to approve or disapprove applications.

The lack of prompt and predictable patent protection for pharmaceutical products is exacerbated by the lack of other provisions to prevent third parties from improperly using the research and development data of innovators. Other countries protect the undisclosed test and other data submitted to prove that pharmaceutical products are safe and effective. Brazil, however, denies protection for undisclosed test and other data associated with pharmaceutical products while providing it for agricultural chemical products.

In short, the patent and data protection regimes in Brazil are inadequate to protect pharmaceutical products. Assuming that the GSP program is renewed, we urge you to consider the type and level of benefits provided to Brazil in light of the adequacy of the intellectual property regime in Brazil. PhRMA members hope that Brazil will eliminate the inadequacies and that continuing GSP benefits may provide the necessary incentives for Brazil.

India

Like the situation in Brazil, the Government of India fosters an intellectual property regime that does not adequately protect pharmaceutical products because it has not provided data protection that would prevent reliance on undisclosed test and other data submitted by PhRMA Members to demonstrate that their products are safe and effective. Lack of protection constitutes unfair commercial use in that Indian drug producers are encouraged to unfairly exploit the intellectual property of PhRMA members and market products developed by PhRMA members without the substantial expenses of conducting the research and development of these products.

The Government of India also appears not to protect certain "biological" inventions adequately under their patent system. Under the standards of practice used by the Controller, certain types of biotechnology inventions are to be excluded from patent eligibility. These products include tissues, cells, viruses, transgenic animals and plants, and even transformed cell lines and processes of preparing such cells. The Controller follows this practice in finding these inventions *per se* unpatentable under the Indian standards, even though these materials are not expressly excluded in the Patent Act, 1970, as amended.

In short, the patent and the data protection regimes in India are inadequate to protect pharmaceutical products. Assuming that GSP program is renewed, we urge you to consider the type and level of benefits provided to India in light of the adequacy of the intellectual property regime in India. PhRMA members hope that India will eliminate the inadequacies and that continuing GSP benefits may provide the necessary incentives for India.

Russia

The Government of Russia has not created an intellectual property regime that provides adequate protection for pharmaceutical products. Russia's intellectual property regime for pharmaceuticals is lacking in two key respects: 1) protections for commercially valuable test data are woefully inadequate, and 2) intellectual property rights are not robustly enforced.

Russia's existing Law of Medicines does not provide for data exclusivity. As a result, when PhRMA members seeking marketing approval for their products submit undisclosed test and other data to Russian government regulators, these data can be used unfairly by competitors. The Law of Medicines requires both originators of a product and copiers of a product to provide "results of clinical and preclinical tests" to gain marketing approval of their drugs. The U.S. research-based pharmaceutical industry is vulnerable to copying by generic companies in Russia because Russia does not prevent these companies from relying on test data in support of an application for product approval without first seeking the permission of the company that initially generated and submitted the data. These problems will continue until Russia amends its laws to ensure that generic companies cannot rely on test and other data for at least five years and that confidential information is not disclosed.

Compounding problems with the lack of data exclusivity for pharmaceutical products in Russia is the poor system for enforcement of intellectual property rights. Russia does not sufficiently penalize violations of intellectual property rights, and existing damages are insufficient to compensate PhRMA members for the injury they suffer when their intellectual property rights are infringed. Problems also exist with the administration and adjudication of patent disputes.

The lack of effective enforcement mechanism is exacerbated by problems in other areas. For example, Russia's enforcement against counterfeit medicine producers is also poor. Russian law does not criminalize pharmaceutical counterfeiting, and courts do not enjoin the practice. Although the Law of Medicines contains a definition of "pharmaceutical counterfeit," there are no corresponding enforcement provisions in either criminal or civil legislation. There are also no procedures that enable evidence in counterfeiting cases to be gathered and for these cases to be brought before courts. Currently, counterfeiting cases can only be addressed in Russia in actions for infringement of trademark rights. Yet, the penalties for trademark infringement are insufficient to deter counterfeiters, and the compensation for trademark holders is not commensurate with the loss suffered by PhRMA members.

The regime for protecting trademarks in Russia protection is also plagued by other difficulties in Russia that render them inadequate to protect U.S. pharmaceutical products. Due to the lack of enforcement provisions, current practice in Russia permits trademarks to be registered that are very similar to existing trademarks – effectively sanctioning trademark infringement. Russia has also passed rules that require doctors to prescribe medicine using non-proprietary names, rather than trademark names.

In addition to considering intellectual property protection, the GSP statute also directs the President to consider the extent to which a country has "assured the United States that it will provide equitable and reasonable access to [its] markets." *See* subsection 502(c)(4) of the Trade Act of 1974 (19 U.S.C. § 2462(c)(4)). PhRMA members are concerned that, despite this statutory provision, Russia will discriminate against U.S. pharmaceutical manufacturers in favor of local manufacturers. The Russian

Minister of Health recently stated that the Russian Government intends to give preferences to Russian manufacturers and raise barriers to foreign manufacturers. He indicated that once domestic manufacturers are able to independently supply the country with medicines, barriers to foreign company participation in government programs will be introduced. He even recommended that foreign companies transfer their manufacturing to Russia. He also reiterated the Ministry of Health's objective of favoring local companies over importing companies in determining access to Russia's new federal reimbursement program.

In sum, serious barriers exist to the adequate protection of U.S. pharmaceutical products in Russia. Despite these difficulties, PhRMA members support the continuation of GSP benefits for Russia provided that these issues are resolved soon. PhRMA also expects that as part of Russia's accession to the WTO, Russia will make commitments on a par with other recently-acceded countries to provide data exclusivity, adequate and effective enforcement of intellectual property rights, and non-discriminatory treatment for U.S. products.

Turkey

Turkey has made substantial progress in improving its intellectual property regime for pharmaceutical products. After years of discussions, Turkey passed data exclusivity legislation in 2005 designed to protect test data submitted by pharmaceutical companies seeking marketing approval for their products. In addition, the U.S. pharmaceutical companies' access to the Turkish market has continued to grow.

Although Turkey's new law provides for six years of data exclusivity, there are a number of provisions in the law that could limit the term of data exclusivity to considerably less than six years, depending on how these provisions are interpreted by the Government of Turkey. For instance, the data exclusivity period begins from the date that the products, associated with the data, received marketing approval within the European Customs Union (ECU), for products registered in the ECU after January 1, 2005. But there is a 210-day delay between European and Turkish product approval. Furthermore, it is unclear whether test and other data associated with products already on the market within the ECU on January 1, 2005 will receive data exclusivity protection in Turkey. It is possible that these products will prematurely face copied products on the Turkish market. Government pricing and reimbursement procedures also may contribute to shortened periods of data exclusivity.

In recognition of Turkey's progress, PhRMA member companies support the continuation of GSP benefits for Turkey. The U.S. Government, however, should carefully monitor Turkey's implementation of its data exclusivity law to ensure that it provides adequate protection for U.S. products. The type and level of GSP benefits that Turkey receives should be adjusted accordingly.

Conclusion

PhRMA members hope that Brazil, India, Russia and Turkey will work towards resolving the serious issues with the protection of pharmaceutical products, and continuing GSP benefits may provide them with the necessary incentives.

Again, we appreciate the opportunity to provide comments for your consideration in determining the eligibility of these countries for benefits under the Generalized System of Preferences. If you have any questions about our comments, please do not hesitate to contact us.

Sincerely,

Brian C. Toohey

100 Pier 1 Place
Fort Worth, TX 76102
P.O. Box 961020
Fort Worth, TX 76161-0020

(817) 252-6000

Pier 1 imports

September 5, 2006

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

Re: Generalized System of Preferences – Country Eligibility Review

Dear Members of the GSP Subcommittee:

This letter responds to the GSP Subcommittee's notice inviting comments on whether the President of the United States should limit, suspend, or withdraw benefits conferred on certain countries under the Generalized System of Preferences ("GSP"). *See* 71 Fed. Reg. 45,079 (Aug. 8, 2006). For the reasons discussed below, Pier 1 Imports, Inc. ("Pier 1") respectfully submits that the GSP Subcommittee should recommend the continuation of GSP benefits for India, Indonesia, the Philippines, and Thailand.

Pier 1 is a major importer of a wide range of consumer goods from these countries, and experiences significant duty savings through their GSP designation. Pier 1 imports hundreds of distinct products from the four above-referenced countries, and experiences annual GSP duty savings under multiple Harmonized Tariff Schedule ("HTS") subheadings. GSP designation has been a key factor in Pier 1's global sourcing decisions, and removal of GSP benefits would, for most products, lead us to shift our sourcing to other countries, including China.

Further, we believe that economic data provide compelling evidence that India, Indonesia, the Philippines, and Thailand are not sufficiently developed economically to warrant graduation from GSP status under the TSP Subcommittee's criteria. None of these countries has attained "upper-middle-income" rank under the World Bank's definition, which for 2005 requires gross national income ("GNI") per capita of at least $3,466. The World Bank classifies Indonesia, the Philippines, and Thailand, with GNI per capita ranging from just over $1,000 to well below $3,000, as "lower-middle-income" countries; India, with GNI per capita just above $700, remains a "low income" economy.[1] None of these countries has come close to reaching the income threshold for classification as an "upper-middle-income" economy.[2]

These countries' respective shares of total world exports provide further indication that graduation from GSP status is not warranted. WTO data for the most recent available years show that Indonesia and the Philippines each accounted for only roughly 0.25 percent of world goods exports.[3] India accounted for 1.76 percent of world goods exports in 2004.[4] However, in light of India's total population well above one billion and, as noted above, its continuing low per capita income, the country's exports relative to its population remain very small.

---

[1] *See* http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20535285~menuPK:1192694~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html.

[2] According to the World Bank's World Development Indicators database, the Philippines and Indonesia had GNI per capita in 2005 of $1,300 and $1,280, respectively, while Thailand reached $2,750. India's GNI per capita was only $720. *See id.*

[3] *See* country profiles at http://stat.wto.org/CountryProfiles/ID_e.htm and http://stat.wto.org/CountryProfiles/PH_e.htm. Thailand accounted for well under one percent of world goods exports in 2004. *See* http://stat.wto.org/CountryProfiles/TH_e.htm. The WTO country profile data are for 2004, except for Indonesia, for which the most recently available data cover 2003.

[4] *See* http://stat.wto.org/CountryProfiles/IN_e.htm.

These factors, considered together, show that continued GSP benefits for the four countries at issue will likely have a measurable and positive effect on the economic development of these countries through exports for purposes of 19 U.S.C. § 2461(1).

Finally, Pier 1 notes for the GSP Subcommittee that the competitiveness of suppliers in India, Indonesia, the Philippines, and Thailand is directly impacted by the availability of GSP benefits. In the absence of GSP benefits for the items we import from these countries, Pier 1 would not be able to continue sourcing from these suppliers and would face increased pressure to move sourcing to lower-cost producers in China and Vietnam. We expect that many of our competitors would face the same pressure. Consequently, the withdrawal of GSP status for India, Indonesia, the Philippines, and Thailand could lead to a marked weakening of the export-oriented growth that these developing countries have experienced under GSP, and a shift in sourcing to countries such as China and Vietnam, which are outside the GSP program.

We appreciate the GSP Subcommittee's consideration of these comments. Please let us know if you have any questions about this submission or require further information.

Respectfully submitted,

/s/
Carrie Egan
Director – Import/Export Services and
Trade Compliance

From: Dominic Chandarasanti [Dchand@prandana.com]
Sent: Tuesday, September 05, 2006 10:13 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"
To Whom It May Concern:

Pranda – a wholesale based out of Rhode Island take this opportunity to redact in expressing our profound concern for the potentiality of repealing the GSP privileges granted to Thailand for the import of jewelry of precious metal and gem stones (HS 7113.11.5000 and 7113.19.5000) by Congress upon the expiration of this special privilege ending December 31, 2006.

The Generalized System of Preference enjoyed by the developing countries such as Thailand, enable a US based company like ours to increase trade with the Thai manufacturers/ exporters under their mandatory criteria of recognizing worker's rights and in meeting the necessary laws and regulations to quality for the granted benefits.

Unintended consequences of the repeal would have profound repercussions in Thailand's ability to effectively compete with the more dominant US trading partners like India and China. Collectively, Thailand's gems and jewelry industry will encounter the adverse effect of a downward pressure on the livelihood of the employed labor force estimated to the tune of 1 million individuals in accordance with statistics. Moreover, repealing the GSP privileges will pose detrimental in providing trade, developmental and employment opportunities for the local US workforce for the Thai manufacturers with facilities and physical establishments within the United States.

Attributing to the intense competition emanating from India and China, Thailand gem and jewelry industry is currently encountering great challenges in navigating problems associated with the rapid decline in sales and profit margin transacting in the US price sensitive jewelry market. The degree of leverage provided by GSP are important variables in determining their ability to maintain the competitiveness, to encourage direct foreign investment and to contribute to the economic development and growth within our respective jewelry industry. It is preferable for a US based company like ours to work with the Thai manufacturers due to our reliance on their meticulous artistry, professionalism in the execution of products, quality and delivery – all vital ingredients to the success and growth of our company. Due to the general negative sentiments of unfair trade practices adopted in violation of the anti-dumping policy, the US unfavorable balance of trade with China are issues of major concern. It is felt that we should diversify in augmenting trade activities with other trading partners such as Thailand to ensure the preservation of their traditional crafts and artistry within the realms of jewelry manufacturing.

Past reinstatements of the GSP privileges under special humanitarian considerations to expedite the recovery efforts of Thailand in the wake of the tsunami has been received with utmost appreciation. Pranda earnestly implore the US Trade Representatives concerned to further extend economic consideration and special courtesy for the renewal of this coveted special preference for Thailand's incessant economic and social development and for the continuation of the strong partnership we have established with the jewelry manufacturers/ exporters from Thailand.

Yours Sincerely,

Dominic Chandarasanti
CEO - Pranda

From: Bapalal Keshavlal [luxury@vsnl.com]
Sent: Tuesday, September 05, 2006 6:52 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"

Dear Sir,

As a member/ owner/ manager of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.

The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.

I/We strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Thanking you,

Sincerely,

ROMY MEHTA
C.E.O

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BEFORE THE:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

Written Comments

By

Cummins, Inc.

September 5, 2006

VIA E-MAIL
FR0052@ustr.eop.gov

Submitted by:

Barnes Richardson & Colburn
Lawrence M. Friedman
Carolyn D. Amadon
303 East Wacker Drive, Suite 1100
Chicago, IL 60601
Phone: 312 565-2000
Fax: 312 565-1782

These comments are filed on behalf of Cummins, Inc. of Columbus, Indiana. Cummins is the world's largest independent manufacturer of diesel engines. Cummins designs, manufactures, distributes, and services diesel engines and related products world wide. Cummins' major markets include on-road, construction, marine, mining, and power generation applications.

On August 8, 2006, the Office of the United States Trade Representative requested comments from interested parties regarding the Generalized System of Preferences. 71 Fed. Reg. 45079 (Aug. 8, 2006). In that notice, the USTR requested comments on two specific items: first, the continuation of beneficiary developing country status for several named larger economies; and second, the continuation of existing waivers of competitive need limits.

Cummins previously provided to the USTR comments in response to a Federal Register Notice published October 6, 2005. That notice, 70 Fed. Reg. 58502 (Oct. 6, 2005), also requested comments on the application of GSP to certain larger economies including India and Brazil. In those comments, Cummins provided numerous reasons for the continued participation of India and Brazil in the program. In essence, Cummins maintained that although India and Brazil are, at the national levels, large users of GSP, the resulting benefits have not reached individuals on a per capita basis. As a result, both countries continue to have relatively low economic indicators for individuals. Cummins also argued that changing the GSP program to remove India and Brazil will not have the desired consequence of increasing participation by the least developed developing countries. Many of those countries do not have the manufacturing or transportation infrastructure necessary to support the industries that benefit from GSP. As a result, purchasing activity is likely to move from Brazil and India to China and Mexico rather than to lesser developed countries such as Bangladesh and Peru.

Cummins thanks the USTR for this opportunity to provide additional comments. Cummins continues to believe the GSP provides needed incentives to investment in and purchasing from Brazil and India. Rather than reiterate in detail its comments, Cummins has attached for your reference its earlier comments and incorporates them herein.

Regarding the issue of whether competitive need limits waivers should be continued, Cummins does wish to provide some additional comments. Cummins currently imports crankshafts and camshafts from Brazil under the waiver for HTSUS item 8483.10.30. In 2005, total U.S. imports for consumption from Brazil under this tariff item were $87,964,939 according to USITC data. That import value is significantly below the $120,000,000 limit established in 19 USC § 2463(c)(2)(C). Total 2005 imports from all sources for that tariff item were $294,477,224. Thus, crankshaft and camshafts exported from Brazil did not exceed the 50% limit for GSP purposes either. In addition, the value exported from Brazil duty free under GSP was $68,667,437 which remains under the 30% cap imposed on Presidential authority under 19 USC § 2463(d)(4)(A).

Moreover, Brazil remains, by World Bank standards, a lower-middle income economy. As a result, it can be presumed that the continued preferential access to the

U.S. market via GSP for these products yields a continued benefit to the Brazilian economy. This is apparent in the context of the comments previously filed by Cummins and attached hereto regarding Cummins' investment in and commitment to the Brazilian market and Latin America as a whole. Cummins, therefore, strongly encourages the USTR to continue the existing waiver of competitive need limits on camshafts and crankshafts from Brazil.

Respectfully submitted,

BARNES RICHARDSON & COLBURN

By: /S/ Lawrence M. Friedman

Lawrence M. Friedman
Carolyn D. Amadon
303 East Wacker Drive, Suite 1100
Chicago, IL 60601
Phone: 312 565-2000
Fax: 312 565-1782
E-mail: lfriedman@brc-chi.com

**Before Office of the United States Trade Representative,
Trade Policy Staff Committee**

Written Comments
by
Cummins Inc.

Filed on Behalf of Cummins Inc.
in response to
generalized System of Preferences (GSP):
Request for Public Comments Published at
70 Fed. Reg. 58502 (October 6, 2005)

Submitted by:

BARNES, RICHARDSON & COLBURN
303 E. Wacker Drive, Suite 1100
Chicago, IL 60601
Lawrence M. Friedman
Amy H. Warlick, Economist

INTRODUCTION AND SUMMARY OF POSITION

These comments are filed on behalf of Cummins Inc. of Columbus, Indiana, in response to the notice published at 70 Fed. Reg. 58502-3 (October 6, 2005) requesting comments on the reauthorization of the Generalized System of Preferences (GSP) program, and whether or not beneficiary countries that are high-volume users of the GSP program should continue to be designated as GSP beneficiaries.

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions, and electrical power generation systems. Headquartered in Columbus, Indiana, (USA) Cummins serves customers in more than 160 countries and territories through its network of 550 company-owned and independent distributor locations and more than 5,000 dealer locations. With more than 28,000 employees worldwide, Cummins reported sales of $8.4 billion in 2004.

Cummins Inc., hereafter "Cummins," strongly supports reauthorization of the GSP program in general and the efforts of the United States to spread the benefits of the program among lesser and least developing countries. Cummins understands that the Trade Policy Staff Committee's goal is to increase the use of the GSP program by the very least developed countries of the world. Consequently, any changes to the program must be properly calibrated to achieving that goal.

To generate the goods that can be exported under the GSP program, the least developed GSP countries need to be able to attract foreign investment. Unfortunately, foreign investment will not necessarily flow into the least developed countries simply because of their GSP status. These least developed countries need the industrial and logistical infrastructure, political stability and skilled labor force to attract and sustain such investment. It is Cummins' position that the U.S. should foster development in these countries while recognizing the continuing important role of GSP in the development of larger beneficiary developing countries.

BACKGROUND

Cummins believes it is critical that the USTR look at all relevant factors in reaching a decision on the questions posed in its October 6, 2005 Federal Register Notice. Further, Cummins believes the current statutory scheme adequately address this issue. For purposes of illustrating this point, Cummins will focus on India and Brazil. These comments also address the question of what modifications to the program will promote trade with countries that have not previously been considered major traders.

India

The World Bank categorizes India as a "low income" developing country, with Gross National Income (GNI) of $620 per capita in 2004.[1] In addition, 81% of India's population lived on less than the equivalent of $2.00 per day in 2004.[2] Although India has put to good use the opportunities the GSP program provides, India is still a very low-volume user of the GSP program when viewed on a per capita basis. During the first 9 months of 2005, the value of India's exports to the United States under GSP was only $2.25 per capita.[3] Thus, the benefits of development have not fully reached the people of India. There are about 30 GSP beneficiary countries that have a higher per capita GSP

[1] World Development Indicators database, World Bank, July 15, 2005, based on Atlas methodology.
[2] "2005 World Population Data Sheet," Population Reference Bureau, 2005.
[3] The value of U.S. imports under GSP from India during January to August 2005 was $2,486,288,839, 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).

usage than this. By way of comparison, exports from China to the United States for the same period were $117 per capita despite not being a GSP beneficiary.[4]

In summary, India is by no means ready to be graduated from the GSP program. Although rapidly developing as an industrialized nation, it remains one of the most impoverished countries in the world. The fact that India is the largest "user" of the GSP program overall is simply a reflection of its large population. India is the second most populous country in the world. To make a GSP eligibility decision based only on its GSP usage, which is a function of its large size, without taking into consideration whether the benefits have in part reached individual Indians, defeats the purpose of the GSP program entirely.

GSP provides a positive incentive to attract foreign investment to India. As a politically stable country, with good infrastructure, and an abundance of low-cost, skilled human resources, India is often considered alongside China as a destination for new manufacturing investment. Cummins has invested heavily in India's development and the loss of GSP would threaten these investments. Any such loss of investment in India would necessarily have wide-ranging effects to local suppliers, their workforces and the businesses that support and profit from them.

In addition, India is part of South Asian Association for Regional Cooperation. Consequently, goods produced in India can include Bangladesh, Bhutan, Nepal, Pakistan, and Sri Lanka content toward the 35 percent value added GSP requirement. Thus, India's GSP status provides an incentive for producers in India (where there is a major manufacturing economy) to look to those lesser-developed countries for suppliers. Therefore, removing India from GSP could take business from those countries rather than add business. It is not very likely that a manufacturer would relocate an established factory from India to Bhutan, if India loses GSP. However, if India loses GSP, it is very

[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.

likely that Indian companies would lose their incentives to use Bhutan as a supplier for materials to be used in the production of goods for the United States. Removing GSP from larger beneficiary economies such as India, therefore, could works counter to the goal of spreading GSP benefits to lesser developed nations.

Cummins India Group

Cummins is one of the largest engine manufacturers in India. The total net worth in the Cummins India Group, excluding joint ventures, is $170 million as of March 2005. In March 2004, it was $161 million. In addition to Cummins India Limited, headquartered in Pune, Cummins India Group operates 11 wholly-owned or joint venture operations, along with a number of distributor locations, across all lines of its business. Currently, the Cummins India Group includes, CG Newage for alternators, Fleetguard filters for filters, Tata Cummins for 'B' series automotive applications, Tata Holset for turbochargers, Nelson Engines for silencers and allied products, and Cummins Wartsila for HHP engines.

Cummins India Limited has pioneered diesel engine technology to meet the diverse power requirements of the country and region. Cummins India produces more than two dozen types of engines (60-2700 HP) operating on diesel, natural gas and dual fuel, for the widest range of applications: power generation, construction and mining, compressors, locomotives, marine, oilfields, fire pumps & cranes, automotive and special applications. These applications make Cummins products some of the most critical for the economic development of India. Cummins India is also the only global source of Cummins V28 engines for worldwide markets. The company specializes in high-diversity, low-volume production. The Pune factory ships one-third of its generators to the United States, Britain, China, South Africa, and other nations. It also exports engines for everything from mining equipment to marine frigates. The average number of employees between April 2004 and March 2005 was 2,845. The Cummins India plant in

Kothrud, Pune has a capacity of 12,000 high- or mid-range horsepower engines. In Daman, the capacity is 9,000.

Cummins plans to add several new Indian non-related suppliers in 2006. From a company-owned standpoint, Cummins will be expanding capacities in India to cater to the enhanced demand from the power generation export market, as well as the Indian demand for Power Generation Diesel Engines. Investments are already in progress to respond to the needs of the emerging Indian automotive market. Cummins India is also expanding the low horse power facilities. This will cater to the existing products. Overall, the current estimate is to invest significantly in fresh production capabilities.

In 2004, Cummins imported $13 million in products under GSP from India. Imports from India have increased dramatically over the last five years. Cummins will import approximately 200 different part numbers from India in 2005 under GSP. The entered value in the United States will be about $35 million, in 2005, and Cummins will have saved close to $1 million by importing these items under GSP. The most commonly imported parts are couplings, screws, rocker lever housings, lube/oil filter heads, flywheel ring gears, cam follower levers, and push rods. All of these types of products are components for diesel engines. Currently, only one part that is made in India is available in the United States.

Cummins anticipates a continued increase in imports under GSP from India during the next five years. As can be seen from the substantial business Cummins does in India, U.S. investment and purchasing is an important factor in India's continued economic development. The withdrawal of GSP could impact Cummins India, its employees, suppliers, and related businesses.

By developing the Indian supply base, Cummins, Cummins India Group, and the Indian economy at large benefit. The salaries and benefits earned by Cummins employees in India are well above average in India's manufacturing sector and much sought after. Cummins India estimates it purchased in excess of $80 million worth of goods from local Indian vendors in 2004-2005.

A critical part of the overall business strategy is to make Cummins India "A Great Place to Work." As such, the company has developed initiatives based on leadership development, capability building, and performance management. The focus of these programs is to provide employees with an environment conducive to development.

In 2005, Cummins India was recognized by the Automotive Components Manufacturers Association (ACMA) of India at its annual convention. The award was given to Cummins India for providing modern and efficient engines to the automotive industry, and for the contribution in developing a strong base of engine component vendors that are today aspiring to become global suppliers to Cummins worldwide. ACMA is the agency for the Indian Auto Component Industry and embodies over 479 companies, whose production forms a majority of the total auto component output in the organized sector. It is represented on a number of panels, committees and councils of the Government of India, through which it helps in the formulation of policies pertaining to the Indian automotive industry.

The company also is active in the community through the efforts of the Cummins India Foundation and the Cummins Engineering College for Women is one of the premiere women's schools in the country. In 2004, Cummins India continued to sponsor education to the disadvantaged sections of the society. For example, "door step school" is a program providing schools on wheels. Cummins India also donated RS 4.85 million to the Prime Minister of India's Tsunami National Relief Fund.

Brazil

The situation is Brazil is similar to India in that simply measuring the value of trade under the GSP program does not adequately address the continuing benefit of the trade preference for the Brazilian economy. While Brazil's per capita income is higher than India's, it is still considered a "lower-middle income" country by World Bank standards.[5] In addition, Brazil is considered a "severely indebted" country by World Bank standards.[6] Thus, any advances in Brazil's development are highly leveraged. Brazil's large debt servicing needs take funds away from other needed government programs, especially programs designed to alleviate poverty among disadvantaged Brazilians. In 2004, more than one in five Brazilians were living on less than the equivalent of $2.00 per day.[7] 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."[8] There are dozens of GSP beneficiary countries that are further up the development ladder than Brazil.

Brazil, like India, has high-usage of the GSP program. However, because of its large population Brazil's economic development has not reached the coverage Brazilian.

Cummins Brasil Ltda.

Cummins Brasil Ltda. has been producing in Sao Paulo, Brazil since 1974, and currently manufactures a wide range of engines, supplying several segments of the Brazilian marketplace, among them: trucks of all sizes, pickups, buses, stationary applications, construction machines, agricultural equipment, and machines for mining and marine applications. In 2000, Cummins also began the manufacturing, sales and rental of power generators, by means of their authorized collaborators. In addition, Cummins Brasil manufactures a wide range of engines and components for export to

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[5] World Development Indicators database, World Bank, July 15, 2005, based on Atlas methodology.
[6] 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.
[7] "2005 World Population Data Sheet," Population Reference Bureau, 2005.
[8] 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 collaboration with Instituto de Pesquisa Econômica Aplicada, October 2003.

other Cummins plants around the world. Cummins' Guarulhos factory presently has capacity to produce over 70 thousand engines per year. The company owns a network of 32 dealers in Latin America—three of them are owned by Cummins: São Paulo, Buenos Aires and Santiago, besides hundreds of spare parts sales points and technical assistance within the 22 countries that are covered by the Brazilian factory. Cummins is the first diesel engine manufacturer in Brazil to receive the ISO 9001 certification and also the first to achieve QS 9000 certification.

CONCLUSION

Cummins encourages the TPSC to look for ways to encourage trade with the least developed nations in the world. In doing so, Trade Policy Staff Committee must look for ways to accomplish that goal that recognize the continuing importance of GSP to larger economies such as India and Brazil. Possible alternatives include increasing the number of products included in the GSP program and allowing all GSP beneficiaries to include the value of materials from other GSP countries in the qualifying local content.

The removal of product designations that appear to have reached competitive capacities is already included in the GSP statute, this provides a safety valve for sectors of the economy that have demonstrated a significant level of development through the competitive need limit data review. In addition, this safety valve ensures the continued development of the GSP beneficiary country because if the sector experiences economic turmoil and exports fall, the designation can be re-established. In addition, the current process of relying on Competitive Needs Limit reviews permits the continuation of GSP benefits for those industries that are not yet relatively developed. Thus, it is better for developing countries when the United States manipulates GSP eligibility on individual products, than when it graduates entire countries on a permanent basis.

India and Brazil are commercially powerful countries in part because they are large. India is the second most populous country in the world, behind China, and Brazil is the third most populous GSP beneficiary, behind India and Indonesia. However, a country's size should not be permitted to mask the continuing benefit tariff preferences provide to it. On the contrary, because of their large size, the economic welfare of these countries has tremendous influence on the strength of the world economy. Therefore, the need for GSP preferences should be paramount in the formulation of U.S. global economic policy.

Cummins 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.

Respectfully submitted,

BARNES, RICHARDSON & COLBURN

By:
/s/ Lawrence M. Friedman
Lawrence M. Friedman
Amy H. Warlick, Economist
303 East Wacker Drive
Suite 1100
Chicago, Illinois 60601
(312) 565-2000

From: silvergoldnyc@aol.com
Sent: Tuesday, September 05, 2006 2:41 PM
To: FN-USTR-FR0052
Subject: GSP

Public Comment :HTSUS -7113-1950

Dear Sir,
As a Memeber of Jewelry Trade i strongly urge the Sutr pannel to suport conitnuation of th e duty Free trade benefits of studded jewelry from indiaunder GSP

The existong GSP are a Critical Importance to our Profitablity and more imprtantily is saves the American Cunsumer Money

So i strongly Urge to please Renew the GSP TO INDIA AGAIN !

Thanks

SILVER N GOLD WHOLESALE LLC
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(212) 764 – 7841
(212) 719 – 4186 Fax
(800) 234 – 1787
email: nitin@sanghavidiamonds.com

Dear Sir or Madam:

Subject: Public Comment on HTSUS – 71131950

Sanghavi Diamond Inc. established in 1995 is a New York Corporation engaged in the importing, exporting and wholesale of loose diamonds and studded jewelry. Our annual turnover is around US$60million and currently we employ 18 individual.

We are concerned about the proposed changes in the GSP for the import of studded jewelry from India. Any change in the present GSP system in place for studded jewelry from India can have a big impact on our business. We are in a very competitive environment. The jewelry which we are importing from India are very labor intensive and if the duty come in place then our product will become expensive to US consumer who are already finding difficulty in spending because of ongoing economic situation. We strongly believe that US end user will be highly affected. This will create the chain reaction in employment and our business profit.

We strongly urge the USTR Panel to support continuation of Duty Free trade benefit for studded jewelry from India under GSP. The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.

We strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Thanking you,

Sincerely,

Nitin Jobanputra
President
Sanghavi Diamonds Inc