

August 30, 2006

Marideth J. Sandler
Chairman
GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
600-17th Street NW
Washington, DC 20506

Dear Chairman Sandler,

The National Customs Brokers and Forwarders Association of America (NCBFAA) is pleased to submit this statement in support of the Generalized System of Preferences (GSP) program in response to the GSP Subcommittee's Request for Public Comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development to the extent that their eligibility should be limited, suspended or withdrawn.

NCBFAA is the national association representing customs brokers and freight forwarders. Our members handle the myriad of details involved in importing goods into the U.S. – from paying duties and fees owed to Customs and Border Protection (CBP) to filing entry documents to complying with security requirements to arranging for transportation. In this role, we know first-hand how important GSP is for U.S. businesses.

We urge the Administration to exercise caution as it approaches the decisions on whether to remove countries such as Brazil or India from the GSP program. While these larger beneficiary countries have progressed economically due to their participation in the GSP program, an abrupt cut-off from the program would cause serious hardship for these countries without a corresponding benefit to the least developed countries. It does not necessarily follow that US businesses will switch suppliers from a larger GSP country to a least developed country. In fact, the least developed countries often lack the production capability as well as the infrastructure to become a reliable source for many products now sourced from Brazil, India or one of the other larger beneficiary countries. A decision to remove one of these countries is essentially a lose-lose proposition.

From our unique vantage point in the import process, we are keenly aware of the valuable role GSP has played in the past 20 years. It has added to the robust trade flows that fuel our economy. Removal of the major GSP players from the program now will greatly diminish GSP's effectiveness, with negative repercussions for these

countries, as well as for US companies that source from these GSP beneficiaries and for consumers who ultimately will pay the price when duties are imposed. We believe Brazil, India and the other countries you have identified for review are essential to GSP and should remain in the program.

We encourage the Administration not to focus too narrowly on any single statutory criteria. GSP decisions must be made in a broader context that takes into account the profoundly negative impact of suddenly withdrawing trade benefits. For example, for many small US companies, GSP – with its duty free treatment for production inputs from developing countries – is the single element that allows them to remain competitive and profitable in increasingly tight markets. A sudden loss of GSP benefits for the products will be a significant event for these companies.

We also urge the GSP Subcommittee and the Administration to complete this review and announce the outcome as soon as possible to allow US companies time to make adjustments. It is our understanding that the decisions on whether to terminate competitive need limit waivers on specific products will take effect immediately upon announcement of the decision. We ask you to reconsider this policy and consider the disruptive impact such an immediate implementation would cause for US companies who will have to bear the brunt of an unexpected imposition of duties on products already in the pipeline.

At the same time, as this review proceeds, it is important that the Administration work closely with Congress to ensure a timely, long-term renewal of the program. This cannot be stated too strongly. The delayed, sporadic and uncertain renewals of the past were very damaging to many US businesses and counterproductive to the goals of the GSP program. The financial and administrative burdens created by lapses in the GSP program are a serious drain on individual companies and we hope you will utilize every resource to assure a timely renewal of the program.

Thank you for your consideration of our views.

Sincerely,

Mary Jo Muoio
President

Supports India
Re studded jewelry

From: Neil Shah [neil@shahdiamonds.com]
Sent: Friday, September 01, 2006 1:28 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

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 business, 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,

Neil Shah

Shah Diamonds, Inc.
590 Fifth Ave
9th floor
New York, NY 10036

Supports India
Re studded jewelry

From: Michael Rosenthal [savittjewelers@yahoo.com]
Sent: Friday, September 01, 2006 4:31 PM
To: FN-USTR-FR0052

As an owner 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,
Richard Savitt
The Savitt Co.
New Haven,Ct. 06510

Supports India
Re studded jewelry

From: Salil Shah [salil@shahdiamonds.com]
Sent: Friday, September 01, 2006 2:34 PM
To: FN-USTR-FR0052

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 business, 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,

Salil Shah

Shah Diamonds, Inc.

590 Fifth Ave

9th floor

New York, NY 10036

Supports India for GSP

From: Jay Stuckey [fshguy@yahoo.com]
Sent: Friday, September 01, 2006 9:38 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver

To Whom It May Concern:

I am very concerned about the effects of the proposed addition of the 6% duty to our products in this precarious time. We were forced to close our U.S. factory in 2001, and put employees out of jobs they had, in some cases, for as long as 20 years.

We have managed to form a strong alliance with an Indian firm that employs hundreds of workers. This will be catastrophic for them and us.

Now, with our retail customers struggling to compete against the mass merchants and online retailers, we are faced with what may translate into a 15 to 20% retail price increase, which will be devastating not only to them, but to our company as well.

The worst thing is that our greatest ally in Asia is being punished due to politics in a time that we need friends overseas to fight against terrorism.

I implore you to reconsider this, and hope that you will make the right choice.

Cordially,

James H. Stuckey, Jr.
President
The Stuckey Company
Houston, Texas

Supports India
Diamond jewelry

From: Viral Shah (drusviral@gmail.com)

Date: September 1, 2006

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,
Viral Shah
Firestar Mfg

Support India
Re studded jewelry

From: BMookim@aol.com
Sent: Saturday, September 02, 2006 2:55 PM
To: FN-USTR-FR0052
Cc: idca@vn10.net
Subject: 2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW.

Public comment on HTSUS - 71131950

As a Member & Owner of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded Jewelry form India under GSP.

The Existing GSP benefits are of critical importance to our profitability and more importantly it saves the American Consumers Money.

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

Thanking you,
Bhupendra Mookim
Sincerely,

S.P.B.Creations Llc;
15 WEST 47th. STREET # 709
NEW YORK, NY 10036 USA
TEL: 212 719 5170

FAX: 212 391 0062
EMAIL: BMOOKIM@SPBGEMS.COM
EMAIL: BMOOKIM@AOL.COM

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Supports India
Pro GSP for Diamond Jewelry

From: gujarat Hirabourse [ghbsurat@yahoo.com]
Sent: Saturday, September 02, 2006 5:12 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Respected Sir,

Pls find herewith our letter regarding implication of withdrawal of GSP benefit on Jewellery manufactured in India.

Thanks

Nanubhai Vanani
Ex.President
Surat Diamond Association

Yahoo! Messenger with Voice. Make PC-to-Phone Calls to the US (and 30+ countries) for 2¢



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The US Trade Representatives
GSP-Sub-committee
Washington
USA

Implication of withdrawal of GSP benefit on Jewellery manufactured in India

The State of Gujarat situated in Western India, accounts for almost 80 % of the diamonds processed in India. Of this, 90 % are processed by about 10,000 diamond units located in and around Surat alone. Rest of the diamond units are located in Ahmedabad, Palanpur, Bhavnagar, Valsad and Navsari. Surat, thus accounts for India's biggest manufacturing base for cut and polished diamonds and accounts for eight out of 10 diamonds sold in the world. Almost every third resident of Surat, which has a population of 35 lakh, is connected with the diamond polishing industry, and workers travel from different parts of India to find employment in the city.

Surat accounts for Rs.74,000 crore diamond trade, being the countries single largest contributor of employment and facilitator in the gems and Jewellery industry in the country. The artisans have also created a special niche for themselves in the art of mounting of such small and very small cut and polished diamonds on the articles of jewelry. It is rightly said that India has 'democratised' diamonds, which in the past were the exclusive preserve of only the rich and famous. The total caratage of diamonds processed in Surat is approximately 65%. Of these almost all of the cut and polished diamonds are used in the manufacture of jewellery. Most of such Jewellery manufactured out of the diamonds processed in Surat are exported to the US. These Jewellery exports get classified under HTSUS 71131950 when exported to the US.

However, in the first fortnight of August 2006, Surat was devastated by floods. Surat received 954 mm of rain with a bulk of this rain falling over a span of two days. According to the United Nations Development Programme (UNDP) estimates, the Surat received heavy rainfall, with rainfall recorded for year in some districts exceeding the average rainfall for the past ten years. The key river Tapi was flowing 3-9 feet above the danger mark. A total of 5.1 million people were affected in 129 villages in and around Surat. The city of Surat remained submerged for days and now the fears of endemic are coming true. Nearly 400 people have been killed and million more left homeless after monsoon rains triggered rivers to overflow. Though the rains have subsided and water levels receded a threat of disease loomed over several villages on the outskirts of the city, where roads remained slushy and infested with flies and garbage laid strewn on the streets. At least 50 people in Surat alone have lost their lives due to an outbreak of





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Leptospirosis Complaints of diarrhea, dysentery, cough/cold, fever and skin diseases are being recorded among the affected population. The number of people evacuated and accommodated in relief camps is 190,854.

Infrastructure services were affected by the floods, with communication lines down, power supply affected, water supply at risk in 567 villages and a large number of roads damaged. The rail track is submerged in flood water.

Special flood rescue teams from Rajkot, Vadodara, Jamnagar and other districts were pressed into action to rescue people. Sixty nine boats were being used for evacuations and five army columns and three central reserve police force platoons had been deployed. Local authorities and NGOs were providing essential relief commodities (including food packets) and accommodation to the affected people. Eight Indian air force helicopters had been deployed to air-drop food packets.

Though the exact losses suffered by the industry are being worked out, the industry estimates the losses to be as under:

Sr. No	Description of loss	Quantum of Loss (In Million Rs.)
1	Net Labour Loss (Rs.410 mn per day for 20 days)	8200
2.	Approx. Labour Loss (At present 30 to 35% production started and it will remain for further 15 days)	4000
3	Machinery Loss includes Laser Machines, Bruiting machines, Polishing machines, Maxi, Generator, Marking machines, Computers, Weights, Office Furniture & Jewellery Show room, etc. (Approx. 800 units)	4000
4	Approx. 70000 diamond workers have affected due to flood water entering in their residential premises and each of them caused damage worth Rs.15,000/p approximately towards household artifacts, furniture, food grains, etc.	1050
5	Total Loss (Rupees One thousand Seven hundred Twenty Five Crores)	17250

The diamond industry in the flood ravaged Surat would be able to resume normal activity only in a month's time, but more than this, the latest worry among the traders is the possible cancellation of orders from abroad for non-delivery of product. This is particularly at a time when the local units were already running about 30% below their capacity for the last three months due to the ongoing worldwide slowdown in diamond trade, draws deep fears for the entire trade. The best form of rehabilitation of the industry would be through the earnings generated from within the industry over the period of next 3-5 years.





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The devastation of the diamond city and the humongous losses have made headlines and drawn concern from various quarters. We set out below some of the news reports published in leading Indian and Foreign publications:

- *“The worst floods in the history of Surat has eroded the progress, the city had achieved in the last 25 years”*
- Hindustan Times, 21 August 2006
- *“Surat, with a population of 3 million, was particularly hard hit with about 80 percent of the city submerged. The floods cut power and telecommunications in the city and crippled its diamond-processing business, a major export earner.”*
- Washington Post, 13 August 2006
- *“Millions hit by floods, India's diamond city is swamped”*
- USA Today , 10 August 2006
- *“Surat accounted for more than 80 per cent of India's total diamond exports worth Rs. 73,000 crore per annum. Surat's daily exports of diamond is worth Rs 150 crore and, since the August 7 floods, it has already lost Rs 1,500 crore worth of production. This excludes the losses to trading, the plant and machinery in many of the units that are assessing these losses now, and exports... the immediate assessed losses to the tune of Rs 4,000 crore, saying the exact figures are yet to emerge.”*
-The Hindu, 17 August 2006
- *“As per the Diamond Promotion Council estimates, the losses amount to nearly Rs 4,000 crore, excluding the time it will take to get back to business... Experts further say exports may be affected by as much as 20 per cent.”*
- NDTV.com

(Entire text of the news reports along with photographs have been extracted and Annexed to this letter)

Implication of withdrawal of GSP Benefits

The Jewellery manufactured out of diamonds cut and polished in Surat enjoy tariff benefits when imported into the US, under the GSP programme. The GSP Subcommittee of the United States Trade Representative has initiated the process of review and re-designation of various products and countries for the renewal of the programme. The Notice issued by USTR clearly states, India as one of the countries whose eligibility status is under consideration. The question over eligibility status of duty free treatment to the jewelry and jewelry parts imported from India is of grave concern to us.





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The Possible nullification of GSP benefits would increase the cost of jewelry, lead to a decline in demand for Indian jewelry thereby having serious implications on existing and future employment in this sector. The Indian industry is already in peril with the recent flooding of Surat. US has generally played lead roles in rehabilitation exercise in disastrous situations. But, if US decides to proceed on the reviewing of the GSP benefit available to the Indian Jewellery, it would infact be all the more disastrous in the light of the situation in which Surat is currently passing through. the discontinuation of GSP would be as great an economic disaster even more than the deluge and floods.

It is therefore, urged, that the GSP review process as regards, the Indian Jewellery industry be considered in light of above and the GSP benefits be continued.

Thank you.
Yours faithfully,
For Surat Diamonds Association



(Muljibhai Dhameliya)
President





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Annexure – Select News Reports

washingtonpost.com

WORLD IN BRIEF

Speeding By in the Sand

Sunday, August 13, 2006; Page A15

Indians Search for Dead After Week of Flooding

SURAT, India -- Rescuers and residents used bulldozers and plastic buckets to clear debris and hunt for bodies Saturday in a major commercial centre in western India, one of the country's worst-hit areas during week-long floods.

At least 350 people have been killed in the floods and millions left homeless. Although waters have eased in many areas, the respite could be brief with more monsoon rains forecast for some areas.

The flooding, mainly in India's south and west, submerged villages, damaged crops and hit business, especially in the states of Gujarat and Maharashtra. In Surat, a thriving diamond and textile centre in the western state of Gujarat, troops tried to recover corpses.

Surat, with a population of 3 million, was particularly hard hit with about 80 percent of the city submerged. The floods cut power and telecommunications in the city and crippled its diamond-processing business, a major export earner.





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Hindustan Times

Flood shatters the economy of Surat

Press Trust of India

Surat, August 21, 2006

The floods that ravaged Surat has taken the city 25 years backward economically and it is likely to remain so for the next five years at least, according to industry experts who have watched the economic progress of the diamond-cutting city.

Phenomenal progress in the last two decades had established Surat as one of the foremost cities on the financial map of the country, which has been washed away in five days of devastating floods. The question being asked by experts is, will Surat regain its lost place?

Surti Lalas are banking on the indomitable Gujarati entrepreneurial spirit to help Surat bounce bank from this crisis.

"As per our estimate, the worst floods in the history of Surat has eroded the progress, the city had achieved in the last 25 years," President of Southern Gujarat Chamber of Commerce and Industry Pravin Nanavati said.

Economist and professor M D Desai said the city could remain in a bad patch for the next five years. "The diamond and textile industry of Surat and neighbouring Hazira's progress has not only been halted but they have also taken a severe financial setback. Entrepreneurs will hesitate before investing in the city due to its vulnerability to floods," he added.

"Development of the city will suffer a solid break due to the economic losses, degradation of living conditions of the people and psychological effects of floods. It will take a lot of time for Surat to regain its lost position," Desai.





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Millions hit by floods, India's diamond city is swamped

Updated 8/10/2006 11:10 AM ET

AHMEDABAD, India (AFP) — Troops Thursday stepped up rescue efforts in Surat as India's diamond-cutting city faced being totally swamped by flooding that has hit millions across west and south India.

A fleet of helicopters plucking people from rooftops and dropping relief supplies filled the skyline as waters overflowing from the nearby Ukai dam surged into the city of 3.5 million people, witnesses said.

National broadcaster Doordarshan said 90% of the city in western Gujarat state — that accounts for 70% of India's polished diamond exports and boasts top textile houses — was already under water.

"We are losing count of sorties or tonnage of relief sent as we are throwing in every aircraft that we are getting," air force spokesman Wing Commander Tarun Singha said from the city of Bhavnagar, across the Gulf of Khambhat from coastal Surat, from where the rescue is being coordinated.

"In fact, the entire armed forces is now in action out there," Singha told AFP as Gujarat authorities sought \$444 million in emergency federal government handouts.

Gujarat Revenue Minister Kaushik Patel said 10 million people were "seriously affected" by floods in the rain-soaked state and more than 5,200 Surat residents have been saved from imminent death, the Press Trust of India news agency reported.

Hundreds of thousands of residents managed to move out under their own steam from Surat before it was cut off from the rest of Gujarat, where floods have shut down gas extraction since Tuesday.

Some 500 swimmers have been sent to Surat to back soldiers in powerboats darting across roads that have turned into waterways to deliver supplies to people marooned in homes and buildings.

"It's a very grave situation," Patel said after floodwaters left millions in the state stranded on the roofs of homes, hotels, police stations and submerged barns.





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"We don't have any food or drinking water. Can you ask someone to help," the Indian Express daily quoted university Vice Chancellor R.G. Kothari as pleading in his last words from Surat before communications collapsed Wednesday.

"Papa, help... water is gushing into our house," read a desperate SMS of a Surat schoolgirl identified by a television scroll only as Rumni, as a team of 1,000 doctors waited to enter the city.

Prime Minister Manmohan Singh postponed a scheduled visit to Surat by one day to avoid disrupting the huge relief operation, officials said.

According to Nanubhai Vasani, ex-chief of the Gujarat Diamond Association, the industry was daily losing 1.3 billion rupees as most diamond merchants were perched atop their homes and their premises submerged by swirling floodwaters.

In adjoining Maharashtra state, more than 350,000 people had been evacuated from 15 of its 35 districts and thousands of others were living off food dropped by the air force, officials said.

The military was also out in southern Andhra Pradesh state, where 900,000 acres of crops and 71,000 houses are under floodwater in six districts, an official said.

The national flood-related death toll has risen by 197 in the past eight days to 574 since the monsoon hit the country in mid-May, according to an AFP count as of Wednesday.

The meteorological department, however, had some words of cheer.

"The situation is expected to improve at least in the Gujarat and Maharashtra regions following a reduction in rainfall," department chief B. Lal said. But he predicted possible heavy showers in the eastern state of Orissa later in the week.

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Find this article at:

http://www.usatoday.com/weather/storms/2006-08-07-india-monsoon_x.htm



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Date:17/08/2006 URL:

<http://www.thehindubusinessline.com/2006/08/17/stories/2006081702641900.htm>

Diamond industry fears cancellation of orders

Virendra Pandit

Floods have severely affected production in Surat

Production troubles

80 to 90 per cent of diamond cutters-and-polishers have left for their native Saurashtra region during the last few days

They are expected to return only after Navratri in October or Diwali in November



A FILE PHOTO of labourers working in a diamond factory.

Surat , Aug. 16

The diamond industry in flood-ravaged Surat may resume normal activity in a month's time but the latest worry among those in this business is the possible cancellation of at least some of the orders from abroad for non-delivery of the product. This is particularly at a time when the local units were already running about 30 per cent below their capacity for the last three months due to the ongoing, worldwide slowdown in diamond trade.

Cascading effect

The exact losses suffered by diamond industry are yet to be assessed. For now, the worst fears of the industry are not the last week's flood from the Tapi waters, but cancellation of orders due to the cascading effect that begins to unfold now, even after the diamond units put their machinery in running condition this week.





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As Mr Rajesh Jain, a leading diamond broker, told *Business Line*, 80 to 90 per cent of diamond cutters-and-polishers have left for their native Saurashtra region during the last few days. They are unlikely to return before the conclusion of Navratri next month or even Diwali in October. Once these workers leave for home, they do not normally return before two to three months. Thus, the extended impact of flood as a calamity may result in the cancellation of orders because the Surat industry would be unable to make deliveries in time, particularly to the West.

Heavy losses

The diamond industry in Surat, which began in 1965 with exports worth Rs 60 crore, has now swollen to about Rs 50,000 crore as on March 31, 2006, according to Mr Pravin Nanavati, leading diamond merchant and President of Surat Chamber of Commerce and Industry. He told *Business Line* that Surat accounted for more than 80 per cent of India's total diamond exports worth Rs 73,000 crore per annum. Surat's daily exports of diamond is worth Rs 150 crore and, since the August 7 floods, it has already lost Rs 1,500 crore worth of production. This excludes the losses to trading, the plant and machinery in many of the units that are assessing these losses now, and exports.

Fifth of it uninsured

The city is now coming back on rails but its diamond business has to wait till the workers return and resume work. Ninety-five per cent of gems and jewellery work in Surat is related to diamond in which the Saurashtrian workers are predominantly employed. Diamond business is based mainly on cash transactions and trust. Thus, nearly a fifth of it is still uninsured, without any documentation, which is a pre-requisite for insurance.

Diamond, as a raw material, may not have suffered losses due to submergence in water for any length of time, another diamond trader, Mr Ummaid Jain, said. Even its plants and machineries may have suffered an immediate loss of only about Rs 200 crore, according to Mr Nanavati. But it is the "failure" to deliver on time that may be the real worry.

Demand slump

Surat's areas like Varachha, Ved Road, Mahidarpura, Katargam and Nanpara are studded with diamond cutting and polishing units, which are mainly located on ground and first floors of buildings that have remained under up to 20 feet of flood water for five to six days last week. These factories work shifts round-the-clock, particularly after July when the units receive orders



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from abroad for the Christmas gift season. They normally deliver the product by November. But it will not be so this year. Mr Shah said the flood and its aftermath might see the demand slump by 60 to 70 per cent. On account of trading alone, he said, the business may have lost Rs 1,000 crore already. Mr Nanavati put the immediate assessed losses to the tune of Rs 4,000 crore, saying the exact figures are yet to emerge.

But he hopes the glitter would return. Diamonds are, after all, forever!

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Sparkle lost: Surat floods hit diamond industry



Joydeep Ray

[Watch story](#)

Monday, August 14, 2006 (Surat):

The floods in Surat have hit the multi-million dollar business centre of western India.

The worst hit is Mahidurpura - the biggest diamond hub in the country.

"There is no point talking about business. Everyone is worried. Water has entered the vaults in the basement," said Praveen Khatri, Diamond Merchant.

Irreparable loss

The loss is irreparable with business papers gone, export commitments failed and cash worth at least Rs 1,000 crore ruined.

Diamonds worth a few more thousand crores have been washed away. Now the diamond merchants also fear losing their clients. And in the face of sheer helplessness, tempers are running high.

"Surat is the most progressive city of Gujarat. But neither the SMC nor the government is providing any relief. We pay the largest amount of tax. But the choppers are just hovering over, providing no help," complained Naresh Panchal, Diamond Merchant.

The Rs 74,000 crore diamond trade of Surat is the single largest contributor to the country's foreign exchange.

Basements ravaged

The valuable diamonds are stored very safely. Uncut pieces are airlifted from South Africa and Antwerp under tight security and stored in safety vaults in basements.

There is just one entrance to the vaults, in which only owners and trusted workers are allowed entry. Highly skilled labourers work round-the-clock, polishing diamonds.





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The entire area is under a 24-hour police cordon and no worker, family member or owner can enter without a special ID check.

The floods, however, have breached this traditional security of Mahidurpura. It has ravaged the basements of these 100-year-old houses, reducing security vaults about 70-years-old to rust.

In all likelihood, the most expensive cut diamonds, which are miniscule in size, and the diamond dust, have slipped through the cracks. Only the large uncut diamonds will be safe, but these are not half as expensive.

Units shut down

As per the Diamond Promotion Council estimates, the losses amount to nearly Rs 4,000 crore, excluding the time it will take to get back to business.

Mahidarpura is known worldwide for its polished diamonds. Today, the sparkle is gone, submerged under floodwaters, forcing thousands of diamond units to shut down.

"All the documents, agreements and currency notes in the vaults are ruined," said Jeetubhai Sariwala, Diamond Merchant.

Experts further say exports may be affected by as much as 20 per cent.

Source:

<http://www.ndtv.com/features/showfeatures.asp?slug=Surat+floods+hit+diamond+industry&Id=1364#>

Surat Rains Wash Away Rs 1,000 Cr

TIMES NEWS NETWORK [WEDNESDAY, AUGUST 09, 2006 10:23:39 AM]

AHMEDABAD: Rains this year have managed to do a 'Mumbai-26 /7' on Surat. The diamond city is marooned. Life has gone into a disarray and the city's business, which contributes a whopping Rs 4,500 crore a year by way of various taxes and boasts of big units of several bluechips firms, has come to a grinding halt.

On Tuesday, 90% of the city was 5-15 feet under flood water. Phone lines were down. Power supply to homes and factories were cut. And even the Army found it difficult to access many areas in the city, where people were stranded on rooftops alarmed at the rising levels of water. "A majority of the city's 45 lakh population has been affected," Gujarat's Revenue Minister Kaushik Patel told reporters in Gandhinagar.





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It's too early to make a guestimate of the losses. But industry is abuzz that no less than Rs 1,000 crore has gone down the drain. This includes plant and machinery, inventories and finished goods, among others.

The minister said the Ukai dam, on the river Tapi, is flowing close to the danger mark of 345 feet and authorities have been compelled to release close to 10 lakh cusecs water against the inflow of 11 lakh cusecs that led to more flooding.



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Image: An aerial view of flooded Surat city in Gujarat.
Photograph: Mayur Bhatt/ Saab Pictures



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Supports India
Re studded jewelry

From: himja parekh [himja28@hotmail.com]
Sent: Saturday, September 02, 2006 8:16 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review."

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,
himja parekh

Supports India
Pro GSP for diamond jewelry

From: SHREEJIJL@aol.com
Sent: Saturday, September 02, 2006 3:12 AM
To: FN-USTR-FR0052
Cc: pravin50@gmail.com; shreejiid@gmail.com; sjd@shreejijewellery.com;
sgjma@vsnl.net
Subject: REQUEST TO CONTINUE GSP
Respected Sir,

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,

Yours faithfully,

Pravin Shah.
Partner (Shreeji Jewellery Designs)
Plot # GJ11, Seepz ++
Andheri East,
Mumbai 400 096.
INDIA.

Support India
Re studded jewelry

From: Howard Sherwood [howard_sherwood@danielsjewelers.com]
Sent: Saturday, September 02, 2006 7:36 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

I strongly support continuation of Duty Free trade benefits for studded jewelry from India under GSP. As the owner of a 51 store Southern California chain of jewelry stores in Southern California, our business could be strongly negatively impacted if a 6% tariff were to be added to gem studded jewelry from India. Over the past several years we have found that the bulk of the American manufacturers that we now buy from are producing their jewelry in India. I do not believe that a 6% tariff would bring about the return of popular priced diamond jewelry to be manufactured in the U.S. I believe, instead, that the result of the tariff would merely to create price inflation on this jewelry in the U.S. Since I cannot imagine any positive effect arising from the proposed tariff, I strongly recommend that you continue with the waiver.

Sincerely,

Howard Sherwood Management Company, Inc

Co-President

Daniel's Jewelers / Sherwood Management Co., Inc.

Howard Sherwood

Fax: 310.271.9879

Bus: 310.665.2100

E Mail: hsherwood@danielsjewelers.com

From: hemchand bardia [gemstrading@hotmail.com]
Sent: Sunday, September 03, 2006 4:05 PM
To: FN-USTR-FR0052
Subject: "2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW."

TO;
U.S. Trade Representative

Ref: "2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW."

Dear Sir;

As a member of jewelry trade and owner and partner of Gems Trading Co., and Jewelry pie. I Hemchand Bardia strongly urge the U.S. Trade Representative Panel to support and continue of Duty Free trade benefits for studded jewelry from India under GSP.

The existing benefits are critically important to our jewelry business in America and same time it is equally more important to U.S. consumer to keep receiving better quality of goods at lower prices, which saves them money for many other needs.

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

I Thank you on behalf of Gems Trading Co. & Jewelry Pie.

Gems Trading Co.
Jewelry pie.

Get the new Windows Live Messenger!
<http://imagine-msn.com/messenger/launch80/default.aspx?locale=en-us&source=wlmailtagline>

Supports India
GSP Studded Diamond Jewelry
7113.19.50

From: stanleyblumstein@mindspring.com
Sent: Sunday, September 03, 2006 11:35 AM
To: FN-USTR-FR0052
Cc: SHISHIR NEVATIA; Kapil Nevatia
Subject: "2006 GSP Eligibility and CNL Waiver Review."

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,

STANLEY BLUMSTEIN, MBA
Jewelry Industry Consultants
Marketing, Sales & Product Development
368 ARDSLEY PLACE
NASHVILLE, TN 37215
TEL 615 665 1665
Cell 615 417 2827
stanleyblumstein@mindspring.com

Supports India
GSP Studded Diamond Jewelry
7113.19.50

From: Maya Mehta [jewelryfactoryoutlet@hotmail.com]
Sent: Sunday, September 03, 2006 12:46 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Jewelry Factory Outlet
27 West 47th Street #401
New york, NY 10036

As a owner of the above company engaging in Jewelry Trade, I strongly urge the USTR panel to support continuation of duty free trade benefits for studded jewelry from India under GSP.

The exisiting 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,
Maya Mehta

Supports India
GSP Diamond Studded Jewelry
7113.19.50

From: ash mewani [diamonddutyfree@gmail.com]
Sent: Sunday, September 03, 2006 12:47 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Diamond Duty Free
71 West 47th Street #1600
New york, NY 10036

As a owner of the above company engaging in Jewelry Trade, I strongly urge the USTR panel to support continuation of duty free trade benifits for studded jewelry from India under GSP.

The exisiting GSP benifits are of critcal 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 benifits for studded diamond jewelry from India.

Thanking you,
Mewani

Supports India
GSP Diamond Studded Jewelry
7113.19.50

From: Ringcraft@aol.com
Sent: Sunday, September 03, 2006 12:47 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

From Ringcraft Designs Inc.
27 West 47th Street #401
New york, NY 10036

As a owner of the above company engaging in Jewelry Trade, I strongly urge the USTR panel to support continuation of duty free trade benifits for studded jewelry from India under GSP.

The exisiting GSP benifits are of critcal 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 benifits for studded diamond jewelry from India.

Thanking you,
Shekhar Mehta

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Supports India
Pro GSP for Diamond Jewelry

From: gujarat Hirabourse [ghbsurat@yahoo.com]
Sent: Saturday, September 02, 2006 5:12 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Respected Sir,

Pls find herewith our letter regarding implication of withdrawal of GSP benefit on Jewellery manufactured in India.

Thanks

Nanubhai Vanani
Ex.President
Surat Diamond Association

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The US Trade Representatives
GSP-Sub-committee
Washington
USA

Implication of withdrawal of GSP benefit on Jewellery manufactured in India

The State of Gujarat situated in Western India, accounts for almost 80 % of the diamonds processed in India. Of this, 90 % are processed by about 10,000 diamond units located in and around Surat alone. Rest of the diamond units are located in Ahmedabad, Palanpur, Bhavnagar, Valsad and Navsari. Surat, thus accounts for India's biggest manufacturing base for cut and polished diamonds and accounts for eight out of 10 diamonds sold in the world. Almost every third resident of Surat, which has a population of 35 lakh, is connected with the diamond polishing industry, and workers travel from different parts of India to find employment in the city.

Surat accounts for Rs.74,000 crore diamond trade, being the countries single largest contributor of employment and facilitator in the gems and Jewellery industry in the country. The artisans have also created a special niche for themselves in the art of mounting of such small and very small cut and polished diamonds on the articles of jewelry. It is rightly said that India has 'democratised' diamonds, which in the past were the exclusive preserve of only the rich and famous. The total caratage of diamonds processed in Surat is approximately 65%. Of these almost all of the cut and polished diamonds are used in the manufacture of jewellery. Most of such Jewellery manufactured out of the diamonds processed in Surat are exported to the US. These Jewellery exports get classified under HTSUS 71131950 when exported to the US.

However, in the first fortnight of August 2006, Surat was devastated by floods. Surat received 954 mm of rain with a bulk of this rain falling over a span of two days. According to the United Nations Development Programme (UNDP) estimates, the Surat received heavy rainfall, with rainfall recorded for year in some districts exceeding the average rainfall for the past ten years. The key river Tapi was flowing 3-9 feet above the danger mark. A total of 5.1 million people were affected in 129 villages in and around Surat. The city of Surat remained submerged for days and now the fears of endemic are coming true. Nearly 400 people have been killed and million more left homeless after monsoon rains triggered rivers to overflow. Though the rains have subsided and water levels receded a threat of disease loomed over several villages on the outskirts of the city, where roads remained slushy and infested with flies and garbage laid strewn on the streets. At least 50 people in Surat alone have lost their lives due to an outbreak of





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Leptospirosis Complaints of diarrhea, dysentery, cough/cold, fever and skin diseases are being recorded among the affected population. The number of people evacuated and accommodated in relief camps is 190,854.

Infrastructure services were affected by the floods, with communication lines down, power supply affected, water supply at risk in 567 villages and a large number of roads damaged. The rail track is submerged in flood water.

Special flood rescue teams from Rajkot, Vadodara, Jamnagar and other districts were pressed into action to rescue people. Sixty nine boats were being used for evacuations and five army columns and three central reserve police force platoons had been deployed. Local authorities and NGOs were providing essential relief commodities (including food packets) and accommodation to the affected people. Eight Indian air force helicopters had been deployed to air-drop food packets.

Though the exact losses suffered by the industry are being worked out, the industry estimates the losses to be as under:

Sr. No	Description of loss	Quantum of Loss (In Million Rs.)
1	Net Labour Loss (Rs.410 mn per day for 20 days)	8200
2.	Approx. Labour Loss (At present 30 to 35% production started and it will remain for further 15 days)	4000
3	Machinery Loss includes Laser Machines, Bruiting machines, Polishing machines, Maxi, Generator, Marking machines, Computers, Weights, Office Furniture & Jewellery Show room, etc. (Approx. 800 units)	4000
4	Approx. 70000 diamond workers have affected due to flood water entering in their residential premises and each of them caused damage worth Rs.15,000/p approximately towards household artifacts, furniture, food grains, etc.	1050
5	Total Loss (Rupees One thousand Seven hundred Twenty Five Crores)	17250

The diamond industry in the flood ravaged Surat would be able to resume normal activity only in a month's time, but more than this, the latest worry among the traders is the possible cancellation of orders from abroad for non-delivery of product. This is particularly at a time when the local units were already running about 30% below their capacity for the last three months due to the ongoing worldwide slowdown in diamond trade, draws deep fears for the entire trade. The best form of rehabilitation of the industry would be through the earnings generated from within the industry over the period of next 3-5 years.





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The devastation of the diamond city and the humongous losses have made headlines and drawn concern from various quarters. We set out below some of the news reports published in leading Indian and Foreign publications:

- *“The worst floods in the history of Surat has eroded the progress, the city had achieved in the last 25 years”*
- Hindustan Times, 21 August 2006
- *“Surat, with a population of 3 million, was particularly hard hit with about 80 percent of the city submerged. The floods cut power and telecommunications in the city and crippled its diamond-processing business, a major export earner.”*
- Washington Post, 13 August 2006
- *“Millions hit by floods, India's diamond city is swamped”*
- USA Today , 10 August 2006
- *“Surat accounted for more than 80 per cent of India's total diamond exports worth Rs. 73,000 crore per annum. Surat's daily exports of diamond is worth Rs 150 crore and, since the August 7 floods, it has already lost Rs 1,500 crore worth of production. This excludes the losses to trading, the plant and machinery in many of the units that are assessing these losses now, and exports... the immediate assessed losses to the tune of Rs 4,000 crore, saying the exact figures are yet to emerge.”*
-The Hindu, 17 August 2006
- *“As per the Diamond Promotion Council estimates, the losses amount to nearly Rs 4,000 crore, excluding the time it will take to get back to business... Experts further say exports may be affected by as much as 20 per cent.”*
- NDTV.com

(Entire text of the news reports along with photographs have been extracted and Annexed to this letter)

Implication of withdrawal of GSP Benefits

The Jewellery manufactured out of diamonds cut and polished in Surat enjoy tariff benefits when imported into the US, under the GSP programme. The GSP Subcommittee of the United States Trade Representative has initiated the process of review and re-designation of various products and countries for the renewal of the programme. The Notice issued by USTR clearly states, India as one of the countries whose eligibility status is under consideration. The question over eligibility status of duty free treatment to the jewelry and jewelry parts imported from India is of grave concern to us.





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The Possible nullification of GSP benefits would increase the cost of jewelry, lead to a decline in demand for Indian jewelry thereby having serious implications on existing and future employment in this sector. The Indian industry is already in peril with the recent flooding of Surat. US has generally played lead roles in rehabilitation exercise in disastrous situations. But, if US decides to proceed on the reviewing of the GSP benefit available to the Indian Jewellery, it would infact be all the more disastrous in the light of the situation in which Surat is currently passing through. the discontinuation of GSP would be as great an economic disaster even more than the deluge and floods.

It is therefore, urged, that the GSP review process as regards, the Indian Jewellery industry be considered in light of above and the GSP benefits be continued.

Thank you.

Yours faithfully,

For Surat Diamonds Association



(Muljibhai Dhameliya)

President





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Annexure – Select News Reports

washingtonpost.com

WORLD IN BRIEF

Speeding By in the Sand

Sunday, August 13, 2006; Page A15

Indians Search for Dead After Week of Flooding

SURAT, India -- Rescuers and residents used bulldozers and plastic buckets to clear debris and hunt for bodies Saturday in a major commercial centre in western India, one of the country's worst-hit areas during week-long floods.

At least 350 people have been killed in the floods and millions left homeless. Although waters have eased in many areas, the respite could be brief with more monsoon rains forecast for some areas.

The flooding, mainly in India's south and west, submerged villages, damaged crops and hit business, especially in the states of Gujarat and Maharashtra. In Surat, a thriving diamond and textile centre in the western state of Gujarat, troops tried to recover corpses.

Surat, with a population of 3 million, was particularly hard hit with about 80 percent of the city submerged. The floods cut power and telecommunications in the city and crippled its diamond-processing business, a major export earner.





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Hindustan Times

Flood shatters the economy of Surat

Press Trust of India

Surat, August 21, 2006

The floods that ravaged Surat has taken the city 25 years backward economically and it is likely to remain so for the next five years at least, according to industry experts who have watched the economic progress of the diamond-cutting city.

Phenomenal progress in the last two decades had established Surat as one of the foremost cities on the financial map of the country, which has been washed away in five days of devastating floods. The question being asked by experts is, will Surat regain its lost place?

Surti Lalas are banking on the indomitable Gujarati entrepreneurial spirit to help Surat bounce bank from this crisis.

"As per our estimate, the worst floods in the history of Surat has eroded the progress, the city had achieved in the last 25 years," President of Southern Gujarat Chamber of Commerce and Industry Pravin Nanavati said.

Economist and professor M D Desai said the city could remain in a bad patch for the next five years. "The diamond and textile industry of Surat and neighbouring Hazira's progress has not only been halted but they have also taken a severe financial setback. Entrepreneurs will hesitate before investing in the city due to its vulnerability to floods," he added.

"Development of the city will suffer a solid break due to the economic losses, degradation of living conditions of the people and psychological effects of floods. It will take a lot of time for Surat to regain its lost position," Desai.





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Millions hit by floods, India's diamond city is swamped

Updated 8/10/2006 11:10 AM ET

AHMEDABAD, India (AFP) — Troops Thursday stepped up rescue efforts in Surat as India's diamond-cutting city faced being totally swamped by flooding that has hit millions across west and south India.

A fleet of helicopters plucking people from rooftops and dropping relief supplies filled the skyline as waters overflowing from the nearby Ukai dam surged into the city of 3.5 million people, witnesses said.

National broadcaster Doordarshan said 90% of the city in western Gujarat state — that accounts for 70% of India's polished diamond exports and boasts top textile houses — was already under water.

"We are losing count of sorties or tonnage of relief sent as we are throwing in every aircraft that we are getting," air force spokesman Wing Commander Tarun Singha said from the city of Bhavnagar, across the Gulf of Khambhat from coastal Surat, from where the rescue is being coordinated.

"In fact, the entire armed forces is now in action out there," Singha told AFP as Gujarat authorities sought \$444 million in emergency federal government handouts.

Gujarat Revenue Minister Kaushik Patel said 10 million people were "seriously affected" by floods in the rain-soaked state and more than 5,200 Surat residents have been saved from imminent death, the Press Trust of India news agency reported.

Hundreds of thousands of residents managed to move out under their own steam from Surat before it was cut off from the rest of Gujarat, where floods have shut down gas extraction since Tuesday.

Some 500 swimmers have been sent to Surat to back soldiers in powerboats darting across roads that have turned into waterways to deliver supplies to people marooned in homes and buildings.

"It's a very grave situation," Patel said after floodwaters left millions in the state stranded on the roofs of homes, hotels, police stations and submerged barns.





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"We don't have any food or drinking water. Can you ask someone to help," the Indian Express daily quoted university Vice Chancellor R.G. Kothari as pleading in his last words from Surat before communications collapsed Wednesday.

"Papa, help... water is gushing into our house," read a desperate SMS of a Surat schoolgirl identified by a television scroll only as Rumni, as a team of 1,000 doctors waited to enter the city.

Prime Minister Manmohan Singh postponed a scheduled visit to Surat by one day to avoid disrupting the huge relief operation, officials said.

According to Nanubhai Vasani, ex-chief of the Gujarat Diamond Association, the industry was daily losing 1.3 billion rupees as most diamond merchants were perched atop their homes and their premises submerged by swirling floodwaters.

In adjoining Maharashtra state, more than 350,000 people had been evacuated from 15 of its 35 districts and thousands of others were living off food dropped by the air force, officials said.

The military was also out in southern Andhra Pradesh state, where 900,000 acres of crops and 71,000 houses are under floodwater in six districts, an official said.

The national flood-related death toll has risen by 197 in the past eight days to 574 since the monsoon hit the country in mid-May, according to an AFP count as of Wednesday.

The meteorological department, however, had some words of cheer.

"The situation is expected to improve at least in the Gujarat and Maharashtra regions following a reduction in rainfall," department chief B. Lal said. But he predicted possible heavy showers in the eastern state of Orissa later in the week.

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Find this article at:

http://www.usatoday.com/weather/storms/2006-08-07-india-monsoon_x.htm



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Date:17/08/2006 URL:

<http://www.thehindubusinessline.com/2006/08/17/stories/2006081702641900.htm>

Diamond industry fears cancellation of orders

Virendra Pandit

Floods have severely affected production in Surat

Production troubles

80 to 90 per cent of diamond cutters-and-polishers have left for their native Saurashtra region during the last few days

They are expected to return only after Navratri in October or Diwali in November



A FILE PHOTO of labourers working in a diamond factory.

Surat , Aug. 16

The diamond industry in flood-ravaged Surat may resume normal activity in a month's time but the latest worry among those in this business is the possible cancellation of at least some of the orders from abroad for non-delivery of the product. This is particularly at a time when the local units were already running about 30 per cent below their capacity for the last three months due to the ongoing, worldwide slowdown in diamond trade.

Cascading effect

The exact losses suffered by diamond industry are yet to be assessed. For now, the worst fears of the industry are not the last week's flood from the Tapi waters, but cancellation of orders due to the cascading effect that begins to unfold now, even after the diamond units put their machinery in running condition this week.





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Tel. No. : (0261) 2504514-2567710
Fax No. : (0261) 2567709

As Mr Rajesh Jain, a leading diamond broker, told *Business Line*, 80 to 90 per cent of diamond cutters-and-polishers have left for their native Saurashtra region during the last few days. They are unlikely to return before the conclusion of Navratri next month or even Diwali in October. Once these workers leave for home, they do not normally return before two to three months. Thus, the extended impact of flood as a calamity may result in the cancellation of orders because the Surat industry would be unable to make deliveries in time, particularly to the West.

Heavy losses

The diamond industry in Surat, which began in 1965 with exports worth Rs 60 crore, has now swollen to about Rs 50,000 crore as on March 31, 2006, according to Mr Pravin Nanavati, leading diamond merchant and President of Surat Chamber of Commerce and Industry. He told *Business Line* that Surat accounted for more than 80 per cent of India's total diamond exports worth Rs 73,000 crore per annum. Surat's daily exports of diamond is worth Rs 150 crore and, since the August 7 floods, it has already lost Rs 1,500 crore worth of production. This excludes the losses to trading, the plant and machinery in many of the units that are assessing these losses now, and exports.

Fifth of it uninsured

The city is now coming back on rails but its diamond business has to wait till the workers return and resume work. Ninety-five per cent of gems and jewellery work in Surat is related to diamond in which the Saurashtrian workers are predominantly employed. Diamond business is based mainly on cash transactions and trust. Thus, nearly a fifth of it is still uninsured, without any documentation, which is a pre-requisite for insurance.

Diamond, as a raw material, may not have suffered losses due to submergence in water for any length of time, another diamond trader, Mr Ummaid Jain, said. Even its plants and machineries may have suffered an immediate loss of only about Rs 200 crore, according to Mr Nanavati. But it is the "failure" to deliver on time that may be the real worry.

Demand slump

Surat's areas like Varachha, Ved Road, Mahidarpura, Katargam and Nanpara are studded with diamond cutting and polishing units, which are mainly located on ground and first floors of buildings that have remained under up to 20 feet of flood water for five to six days last week. These factories work shifts round-the-clock, particularly after July when the units receive orders



“NON CONFIDENTIAL”



OFFICE :
Patwa Building,
Varachha Road,
SURAT-395 006.

Surat Diamond Association

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Society Reg. No. : Guj-577/SURAT
Tel. No. : (0261) 2504514-2567710
Fax No. : (0261) 2567709

from abroad for the Christmas gift season. They normally deliver the product by November. But it will not be so this year. Mr Shah said the flood and its aftermath might see the demand slump by 60 to 70 per cent. On account of trading alone, he said, the business may have lost Rs 1,000 crore already. Mr Nanavati put the immediate assessed losses to the tune of Rs 4,000 crore, saying the exact figures are yet to emerge.

But he hopes the glitter would return. Diamonds are, after all, forever!

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Sparkle lost: Surat floods hit diamond industry



Joydeep Ray

[Watch story](#)

Monday, August 14, 2006 (Surat):

The floods in Surat have hit the multi-million dollar business centre of western India.

The worst hit is Mahidurpura - the biggest diamond hub in the country.

"There is no point talking about business. Everyone is worried. Water has entered the vaults in the basement," said Praveen Khatri, Diamond Merchant.

Irreparable loss

The loss is irreparable with business papers gone, export commitments failed and cash worth at least Rs 1,000 crore ruined.

Diamonds worth a few more thousand crores have been washed away. Now the diamond merchants also fear losing their clients. And in the face of sheer helplessness, tempers are running high.

"Surat is the most progressive city of Gujarat. But neither the SMC nor the government is providing any relief. We pay the largest amount of tax. But the choppers are just hovering over, providing no help," complained Naresh Panchal, Diamond Merchant.

The Rs 74,000 crore diamond trade of Surat is the single largest contributor to the country's foreign exchange.

Basements ravaged

The valuable diamonds are stored very safely. Uncut pieces are airlifted from South Africa and Antwerp under tight security and stored in safety vaults in basements.

There is just one entrance to the vaults, in which only owners and trusted workers are allowed entry. Highly skilled labourers work round-the-clock, polishing diamonds.





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Tel. No. : (0261) 2504514-2567710
Fax No. : (0261) 2567709

The entire area is under a 24-hour police cordon and no worker, family member or owner can enter without a special ID check.

The floods, however, have breached this traditional security of Mahidurpura. It has ravaged the basements of these 100-year-old houses, reducing security vaults about 70-years-old to rust.

In all likelihood, the most expensive cut diamonds, which are miniscule in size, and the diamond dust, have slipped through the cracks. Only the large uncut diamonds will be safe, but these are not half as expensive.

Units shut down

As per the Diamond Promotion Council estimates, the losses amount to nearly Rs 4,000 crore, excluding the time it will take to get back to business.

Mahidarpura is known worldwide for its polished diamonds. Today, the sparkle is gone, submerged under floodwaters, forcing thousands of diamond units to shut down.

"All the documents, agreements and currency notes in the vaults are ruined," said Jeetubhai Sariwala, Diamond Merchant.

Experts further say exports may be affected by as much as 20 per cent.

Source:

<http://www.ndtv.com/features/showfeatures.asp?slug=Surat+floods+hit+diamond+industry&Id=1364#>

Surat Rains Wash Away Rs 1,000 Cr

TIMES NEWS NETWORK [WEDNESDAY, AUGUST 09, 2006 10:23:39 AM]

AHMEDABAD: Rains this year have managed to do a 'Mumbai-26 /7' on Surat. The diamond city is marooned. Life has gone into a disarray and the city's business, which contributes a whopping Rs 4,500 crore a year by way of various taxes and boasts of big units of several bluechips firms, has come to a grinding halt.

On Tuesday, 90% of the city was 5-15 feet under flood water. Phone lines were down. Power supply to homes and factories were cut. And even the Army found it difficult to access many areas in the city, where people were stranded on rooftops alarmed at the rising levels of water. "A majority of the city's 45 lakh population has been affected," Gujarat's Revenue Minister Kaushik Patel told reporters in Gandhinagar.





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Tel. No. : (0261) 2504514-2567710
Fax No. : (0261) 2567709

It's too early to make a guestimate of the losses. But industry is abuzz that no less than Rs 1,000 crore has gone down the drain. This includes plant and machinery, inventories and finished goods, among others.

The minister said the Ukai dam, on the river Tapi, is flowing close to the danger mark of 345 feet and authorities have been compelled to release close to 10 lakh cusecs water against the inflow of 11 lakh cusecs that led to more flooding.





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Surat Diamond Association

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Society Reg. No. : Guj-577/SURAT
Tel. No. : (0261) 2504514-2567710
Fax No. : (0261) 2567709



Image: An aerial view of flooded Surat city in Gujarat.
Photograph: Mayur Bhatt/ Saab Pictures



Supports India
Pro GSP for diamond jewelry

From: SHREEJIJL@aol.com
Sent: Saturday, September 02, 2006 3:12 AM
To: FN-USTR-FR0052
Cc: pravin50@gmail.com; shreejiid@gmail.com; sjd@shreejijewellery.com; sgjma@vsnl.net
Subject: REQUEST TO CONTINUE GSP
Respected Sir,

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,

Yours faithfully,

Pravin Shah.
Partner (Shreeji Jewellery Designs)
Plot # GJ11, Seepz ++
Andheri East,
Mumbai 400 096.
INDIA.

Supports India & Brazil
Re studded diamond jewelry

From: radartrade@aol.com
Sent: Friday, September 01, 2006 1:37 PM
To: FN-USTR-FR0052
Subject: 2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

As an owner/ manager of the Jewelry Trade, we strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India/ Brazil 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,

Abraham Strobel

Radar Trading, Inc.

Supports India & Thailand
Re Indian surveying accessories
Re Thai measuring tapes

MessageFrom: LeBlanc, Holly V [HLeBlanc@stanleyworks.com]
Sent: Friday, September 01, 2006 2:40 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear GSP Program Chairman - Please confirm receipt.

Thank you.

Holly V. LeBlanc
The Stanley Works
Legal Dept.
1000 Stanley Drive
New Britain, CT 06053
USA
Tel. 860-827-3982
Fax 860-827-3911
Email: hleblanc@stanleyworks.com



John F. Lundgren
Chairman & CEO

September 1, 2006

Marideth J. Sandler, Executive Director
GSP Program Chairman
GSP Subcommittee of the Trade Policy Staff Committee
Office of the United States Trade Representative
USTR Annex
Room F220
1724 F Street NW
Washington, DC 20508

Via email to FR0052@USTR.EOP.gov

Re: 2006 GSP Eligibility and CNL Waiver Review

Dear Ms. Sandler:

In response to the request for comment published in the Federal Register on August 8, 2006 regarding the GSP Subcommittee's 2006 GSP Eligibility and CNL Waiver Review, The Stanley Works urges the GSP Subcommittee to retain GSP for measuring tapes (HTS 9017.80.0000), levels (HTS 9031.80.8085) imported from Thailand and for measuring wheels (HTS 9017.80.0000), leveling rods (HTS 9015.80.8080), and tripods (HTS 9015.90.0090) imported from India.

The Stanley Works is a U.S. publicly traded company headquartered in Connecticut, and is a worldwide supplier and manufacturer of tools, hardware and security solutions for professional, industrial and consumer use. The Company and its affiliates (collectively "Stanley") employed approximately 15,800 people worldwide at the end of 2005; nearly 8,500 of those employees were based in the United States. The United States market accounted for approximately \$2.3 billion of the Company's Net Sales in 2005 – approximately 70% of the Company's Net Sales worldwide.

The Stanley brand is closely associated with traditional hand tools such as measuring tapes and levels. The measuring tapes and levels sold by Stanley in the United States are manufactured in the United States and in Thailand, where Stanley has two manufacturing facilities. As detailed below, shifting production to Stanley's United States facilities from Thailand is not a viable option. Less closely associated with the brand, but important to Stanley's plans for growth, are surveying accessories, such as measuring wheels, leveling rods and tripods used by professional surveyors in their business. In early 2004, Stanley acquired an Illinois-based company, CST/Berger, that sells surveying accessories primarily in the United States. CST/Berger had – and still has – a supplier in India that is its primary supplier for many of these products. More detail regarding Stanley's activities in Thailand and India, and the importance to Stanley of preserving GSP privileges for the products identified above, is provided below.

THE STANLEY WORKS: 1000 Stanley Drive, New Britain, CT 06053
Phone: 860-225-5111 Fax: 860-827-3595

Thailand

As noted above, Stanley has two manufacturing facilities in Thailand, where it manufactures a significant number of measuring tapes and levels that are sold in the United States. The tape measures manufactured in Thailand comprise the lower, and less costly, end of Stanley's tape line; Stanley also has a facility in the United States, operating at or near capacity, where it continues to manufacture the mid-level and high-end products in its measuring tape line. Stanley's ability to offer the Thailand-manufactured measuring tapes at a competitive price point is important to the success of the entire product line, including those measuring tapes manufactured in the United States, as customers typically seek to offer a complete product line at highly competitive prices. The total value of Stanley's measuring tapes and levels imported from Thailand to the United States during the 12 month period ended July 31, 2006 was approximately \$16 million dollars.

Price is an important factor in selling measuring tapes and levels. Most of the measuring tapes and levels that compete with Stanley's products in the United States are currently manufactured in China, which is not an under developed country eligible for GSP or other preferential treatment. Eliminating GSP privileges for measuring tapes and levels imported from Thailand would make it more difficult for Stanley to remain price competitive with measuring tapes and levels manufactured in China, harming Stanley's business and benefiting primarily Chinese manufacturers.

For these reasons, Stanley requests that the GSP Subcommittee retain GSP privileges for traditional hand tools manufactured in Thailand including, in particular, measuring tapes (HTS 9017.80.000) and levels (HTS 9031.80.8085).

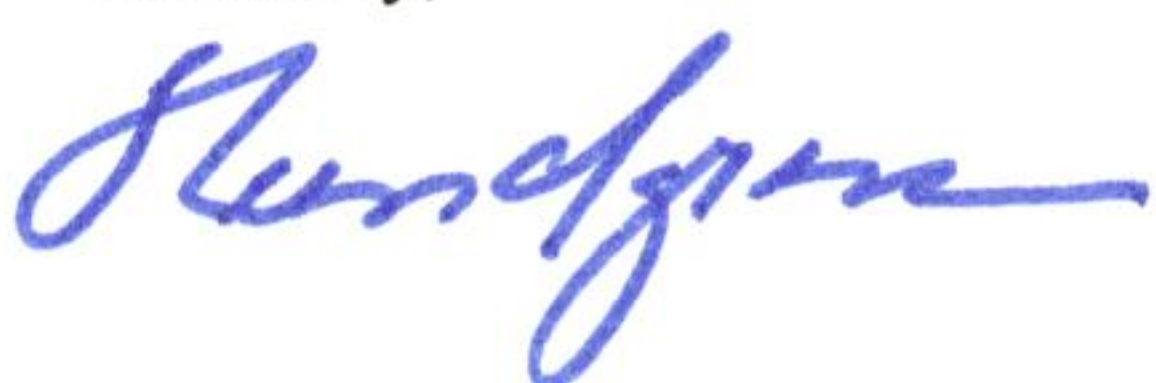
India

Stanley also supports preservation of GSP privileges for certain products coming from India. As discussed above, Stanley currently imports a variety of surveying accessories from India, including, but not limited to, measuring wheels, tripods, and leveling rods sold by Stanley's CST/Berger business. Stanley expects its total imports of these products from India to exceed \$9 million in 2006. Stanley procures these products from a third party supplier that has supplied these products for the CST/Berger business for many years and has knowledge and expertise, as well as equipment, that would be costly to replace. Competitors' products are produced primarily in China. Eliminating GSP privileges for these products coming from India, therefore, would place Stanley at a disadvantage with respect to competitors whose products are being manufactured in China.

For the foregoing reasons, Stanley requests that the GSP Subcommittee retain GSP privileges for measuring wheels (HTS 9017.80.0000), tripods (HTS 9015.90.0090), leveling rods (HTS 9015.80.8080) and other surveying instruments or accessories manufactured in India.

We appreciate your consideration of Stanley's comments.

Sincerely,



Supports India & Turkey - gold jewelry
Supports CNLWs 7113.19.29 & 7113.19.50
Bel Oro International
Part of AAEI Survey

From: Theresa Paolucci [theresa@beloro.com]
Sent: Monday, August 28, 2006 9:34 AM
To: FN-USTR-FR0052
Cc: phil@beloro.com; frank@beloro.com
Subject: 2006 GSP Eligibility and CNL Waiver Review

To Whom it May Concern,

Please see attached GPS Survey.

Thank you

Theresa Paolucci
Bel Oro Int'l
516 Fifth Ave
New York, NY 10036

GSP Renewal Survey

1. Does your company take advantage of the GSP program? Yes No

2. What is the principal industrial sector or product in which GSP helps your business?
GOLD JEWELRY

3. Do you support renewal of GSP? Yes No

4. For what period should congress renew GSP?
 1 year
 5 years
 Other
 Permanently, unless Congress affirmatively determines to terminate.

5. Should the United States use GSP as leverage in the Doha Round? Yes No

6. Should the dominant GSP beneficiary countries be further restricted in their access to GSP benefits if such restrictions result in more developmental support for smaller beneficiary countries?
 Yes No

7. What GSP beneficiary countries do you import from? Turkey,
India _____

8. Do you have any specific suggestions for modifications in the program, such as new product graduation criteria, new value added qualifications, etc.?

Please renew the tariff numbers 71131929 and 71131950 within GSP

Thank you for participating in this survey. The committee will use the results to recommend any action to the AAIE Board in support of its members.

From: cbgi1@bellsouth.net
To: [FN-USTR-FR0052;](#)
CC:
Subject: 2006 GSP Eligibility and CNL Waiver Review."
Date: Friday, September 01, 2006 11:52:51 AM
Attachments:

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,
Joe Murphy
Continental Buying Group
2901 Stirling Road #309
Fort Lauderdale Fl. 33312
954-964-2660

Supports India, Thailand, Turkey, & others
Supports CNLWs gold jewelry
for 7113.19.29 & 7113.19.50
Zale Corp. (in GSP Trade Coalition, Wash.DC)

From: Lindsey Klein [LKLEIN@zalecorp.com]
Sent: Monday, August 28, 2006 9:47 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Please see the attached GSP Renewal Survey submitted for Zale Corporation

Thanks,

Lindsey Klein

Lindsey Klein
Assistant Buyer-Piercing Pagoda
Gold Chains/Bracelets & Watches
Phone: 972-580-4646
Fax: 972-580-5391
lklein@zalecorp.com

GSP Renewal Survey

1. Does your company take advantage of the GSP program? Yes No
2. What is the principal industrial sector or product in which GSP helps your business?
JEWELRY
3. Do you support renewal of GSP? Yes No
4. For what period should congress renew GSP?
 1 year
 5 years
 Other
 Permanently, unless Congress affirmatively determines to terminate.
5. Should the United States use GSP as leverage in the Doha Round? Yes No
6. Should the dominant GSP beneficiary countries be further restricted in their access to GSP benefits if such restrictions result in more developmental support for smaller beneficiary countries?
 Yes No
7. What GSP beneficiary countries do you import from? Thailand, India, Turkey, and others
8. Do you have any specific suggestions for modifications in the program, such as new product graduation criteria, new value added qualifications, etc.?
Zale Corporation in participating in the GSP Trade Coalition in Washington, D.C.

Please renew the tariff numbers 71131929 and 71131950 within GSP

Thank you for participating in this survey. The committee will use the results to recommend any action to the AAEI Board in support of its members.

Supports India, Indonesia,
Philippines, Romania,
South Africa, & Thailand
Costume jewelry

From: fjta@aol.com
Sent: Friday, September 01, 2006 10:43 AM
To: FN-USTR-FR0052
Subject: Request for public comments

Office of the United States Trade Representative:

We are attaching our answer to your request for public comments
regarding certain GSP beneficiaries of waivers.

Thank you for your attention.

Michael Gale
Executive Director
Fashion Jewelry Trade Association
FJTA@aol.com

August 17, 2006

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

Re: GSP Initiation of Reviews and request for Public Comments

Dear Sir or Madam:

On behalf of its members, the Fashion Jewelry Trade Association (“FJTA”) appreciates the opportunity to provide background information from our industry and our answer to your request for comments.

The FJTA is a trade association of manufacturers and importers of fashion jewelry, also known as costume jewelry.

There are many components used in the manufacturing of fashion jewelry that are not available in the United States. These materials come from India, Indonesia, Philippines, Romania, South Africa and Thailand. In addition members of the fashion jewelry industry import finished jewelry products from these countries.

We understand that changes in the GSP status of these countries is being considered. If waivers for these countries are eliminated the cost of materials and products from these countries would rise to a substantial extent. This would require the United States firms that manufacture and sell fashion jewelry to raise their prices.

Such price increases could adversely affect the sales of fashion jewelry for our members and the retailers they supply. This action could precipitate a loss of business and therefore a loss of tax revenue to our government. There could also be a loss of jobs in the United States. This would also result in a loss of tax revenue to state and the federal government. In addition there could be an increase in unemployment benefits and public assistance expense.

We appreciate your office’s consideration of this information. If you have any questions, I can be reached at 401-295-4564 or fjta@aol.com.

Very truly yours,

Michael Gale
Executive Director

Supports India, Indonesia & Thailand
Re PET Resin which not have CNLW

From: Mullock, Dan [DMullock@Constar.Net]
Sent: Thursday, August 17, 2006 5:17 PM
To: FN-USTR-FR0052
Cc: Waksman, David
Subject: 2006 GSP Eligibility and CNL Waiver Review

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:

In response to the August 8, 2006 Federal Register notice requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries, Constar International Inc. submits this letter in support of maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand. The limitation, suspension or withdrawal of GSP benefits for these countries, especially for bottle-grade PET resin, would not serve to shift trade to other "less developed" GSP beneficiaries and would harm U.S. consumers.

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. Constar is one of the largest US manufacturers of soda and water bottles from PET at our fourteen production locations, employing approximately 1,800 people. We have traditionally used a substantial amount of Indian, Thai and Indonesian PET resin. Without duty-free imports under the GSP program, there will be an effective tax increase on industrial consumers of PET resin such as ourselves and on U.S. products packaged in PET plastics that our customers use.

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. 21 other GSP beneficiaries, including 14 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, Constar strongly favors the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,

Daniel Mullock, VP Purchasing, Constar International Inc.
One Crown Way, Philadelphia, PA 19154
215-698-5274, fax 215-552-3767, cell 215-694-6385

From: [Kate Williams](#)
To: [FN-USTR-FR0052;](#)
CC: [Patti Vaughan; Barbara Hiden; Judith Thorman; Kelly Youngken;](#)
Subject: GSP Comments for Submission
Date: Monday, August 28, 2006 11:37:11 AM
Attachments: [GSP Review.pdf](#)

Dear Chairman Sandler:

Attached please find the American Beverage Association's comments in response to the August 7, 2006 *Federal Register* (71 Fed. Reg. 152) notice regarding the GSP program.

If you have any questions, please do not hesitate to contact my colleagues or me.

Regards,

Kate Williams

Kate A. Williams
Assistant General Counsel
American Beverage Association
1101 16th St., NW
Washington, D.C. 20036
Tel. (202) 463-6786
Fax (202) 463-8172
kwilliams@ameribev.org
www.ameribev.org



Supports India, Indonesia, and
Thailand
Re PET Resin Imports - which not
have CNLW
Plastipak Packaging Inc.

sandler.docFrom: Busard, Tom [TBusard@Plastipak.com]
Sent: Wednesday, August 30, 2006 4:16 PM
To: FN-USTR-FR0052
Subject: sandler.doc

<<sandler.doc>> Dear Ms. Sandler,
Attached please find our letter in support of maintaining GSP status
for Bottle-Grade Pet Resin Imports from India ,Indonesia and Thailand

(HS 3907.60.00.10) .
If you have any questions or need any additional information please do
not hesitate to contact me.
Sincerely,

Thomas Busard

Plastipak Packaging

Direct office number: 734-354-7256
Cell Number : 313-215-2340

August 28, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

In response to the August 8, 2006 Federal Register notice requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries Plastipak Packaging Inc. submits this letter in support of maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand. The limitation, suspension or withdrawal of GSP benefits for these countries, especially for bottle-grade PET resin, would not serve to shift trade to other "less developed" GSP beneficiaries and would harm U.S. consumers.

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. Plastipak's usage levels are confidential and considered proprietary, however we can say that we use in excess of 600 million pounds annually. 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. 21 other GSP beneficiaries, including 14 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, Plastipak Packaging Inc. strongly favors the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,

Thomas Busard
Vice President Global Procurement & Material Systems



PEPSICO



700 Anderson Hill Road, Purchase, New York 10577 www.pepsico.com
TEL: (914) 253-3584 FAX: (914) 253-3234

ELIZABETH H. AVERY
VICE PRESIDENT
INTERNATIONAL GOVERNMENT AFFAIRS

Supports Renewal GSP
Supports India, Indonesia, &
Thailand
Re PET Resin

From: Avery, Elizabeth {PEP} [Elizabeth.Avery@pepsi.com]
Sent: Thursday, August 31, 2006 4:40 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility & CNL Waiver Review

Please find attached PepsiCo's comments in support of GSP.

Elizabeth Avery
VP, International Government Affairs
PepsiCo
700 Anderson Hill Road
Purchase, NY 10577

August 31, 2006

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

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:

In response to the August 8, 2006 Federal Register notice requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries, PepsiCo submits this letter in support of maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand. The limitation, suspension or withdrawal of GSP benefits for these countries, especially for bottle-grade PET resin, would not serve to shift trade to other “less developed” GSP beneficiaries and would harm U.S. consumers.

PepsiCo is a world leader in convenient foods and beverages, with 2005 revenues of more than \$32 billion and more than 157,000 employees. PET resin is used in the bottling of PepsiCo’s carbonated soft drinks, juices and juice drinks, ready-to-drink teas, isotonic sports drinks, bottled water and enhanced waters. Among the well-known brands packaged in PET bottles are Pepsi, Diet Pepsi, Sierra Mist, Gatorade, Tropicana juices, Dole juices, Aquafina water, Propel, and Lipton Iced Tea. Without duty-free imports under the GSP program, there will be an effective tax increase on U.S. products packaged in PET plastics that our customers use.

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 14 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.

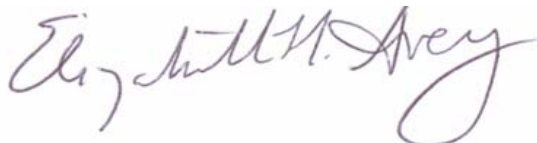
- **India, Indonesia and Thailand Would Not Be Competitive With More Advanced Exporters Without GSP Benefits.** Even with duty-free preferences, GSP beneficiaries are struggling to maintain their U.S. market share. Mexican bottle-grade PET resin has grown from 4% of total U.S. imports in 2002 to 33% 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, PepsiCo strongly favors the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elizabeth H. Avery". The signature is written in dark ink and is positioned below the "Sincerely," text.

Supports India, Indonesia, & Thailand
Re Bottle-Grade PET Resin Imports -
not CNLW

2006 GSP Eligibility and CNL Waiver Review
From: Bouchard, Beth
[bbouchard@oceanspray.com] on behalf of McDonough, Jim
[JMcDonough@oceanspray.com]
Sent: Friday, September 01, 2006 10:00 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Importance: High

Please find pages 1 and 2 of Ocean Spray Cranberries, Inc. letter attached.

<<Resin letter page 2.pdf>> <<Resin Letter Page 1.pdf>>

Thanks,

Beth Bouchard
Administrative Assistant - Operations
508-923-3963
508-946-7924 (fax)
bbouchard@oceanspray.com



Ocean Spray Cranberries, Inc.
One Ocean Spray Drive
Lakeville-Middleboro, MA 02349
(508) 946-1000 FAX (508) 946-7704

September 1, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

In response to the August 8, 2006 Federal Register notice requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries, Ocean Spray Cranberries, Inc. submits this letter in support of maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand. The limitation, suspension or withdrawal of GSP benefits for these countries, especially for bottle-grade PET resin, would not serve to shift trade to other "less developed" GSP beneficiaries and would harm U.S. consumers.

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. Ocean Spray Cranberries, Inc. consumes approximately 60 million pounds of PET resin annually for use in the bottling of juice and juice drinks. 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. 21 other GSP beneficiaries, including 14 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.

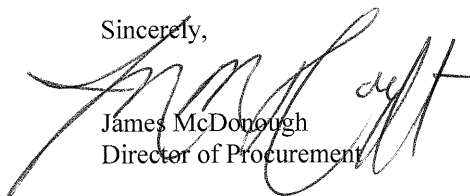
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The GSP program is vital to the U.S. development and trade interests. In addition to encouraging economic advancement in poor countries through trade instead of direct aid, the GSP program provides an important mechanism of enforcement leverage on 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, Ocean Spray Cranberries, Inc. strongly favors the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,



James McDonough
Director of Procurement

JM:bb

NATIONAL ASSOCIATION FOR THE SPECIALTY FOOD TRADE



Supports India, Indonesia,
& Thailand
Re PET resin

From: mechols@earthlink.net
Sent: Friday, September 01, 2006 12:50 PM
To: FN-USTR-FR0052
Subject: GSP (India, Indonesia, Thailand) & Bottle Grade PET Resins

Attn: Ms. Maribeth J. Sandler
Chairman, GSP Subcommittee

Re: GSP- Initiation of Reviews and Request for Comments

Dear Ms. Sandler:

Please find attached the comments of my client, the National Association for the Specialty Food Trade, Inc., in support of the continuation of tariff-free treatment for food imports from India, Indonesia and Thailand, especially bottle-grade PET resins.

Please feel free to contact me if you have any question or would like additional information.

Law Office of Marsha A. Echols
3286 M Street, N.W.
Washington, D.C. 20007
202 625 1451
202 625 9126 fax