From: ADDAPEARL@aol.com
Sent: Tuesday, September 05, 2006 8:50 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review
As an owner of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of the Duty Free trade benefits for studded jewelry from India under GSP.
The existing GSP benefits are of critical importance to our profitablilty 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,

Richard Hahn

From: anna.martin@abnamro.com
Sent: Tuesday, September 05, 2006 7:21 PM
To: FN-USTR-FR0052
Cc: g.loet.kniphorst@be.abnamro.com
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: United States - GSP Sub-committee

Ladies / Gentlemen:

ABN AMRO bank is a major financier of the diamond and jewelry industry worldwide. We believe it is important for the industry that the current status for Indian jewelry remain given its importance. We believe that GSP treatment for jewelry exported from India into the US should continue to all the existing eight digit tariff headings covered under heading 7113 on which India enjoys a GSP treatment, including CNL waivers.

Sincerely,

G. Loet Kniphorst
Global Head
International Diamond & Jewelry Group
ABN AMRO Bank N.V.
Antwerp, Belgium

Anna Martin
Senior Vice President
International Diamond & Jewelry Group
ABN AMRO Bank N.V.
565 Fifth Avenue
New York, N.Y. 10017

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Richard Hahn

BEFORE THE OFFICE OF THE
UNITED STATES TRADE REPRESENTATIVE

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

Comments on behalf of
Affinia Group Inc.

September 5, 2006

BARNES, RICHARDSON & COLBURN
303 East Wacker Drive
Suite 1100
Chicago, Illinois 60601
dforgue@brc-chi.com

These comments are filed on behalf of Affinia Group, Inc. ("Affinia") of Ann Arbor, Michigan in response to the request for public comments in Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments, 71 Fed. Reg. 45079 (August 8, 2006). As discussed further below, Affinia supports the continuation of GSP benefits for Argentina, Brazil, India, and Venezuela without modification. Affinia believes that the goals of the GSP program will be served by such a continuation. Affinia also believes that the referenced countries are not at a stage of economic development that justifies the modification of their GSP treatment. Affinia also supports the continuation of the CNL waiver with respect to goods imported under tariff provision 8708.39.50 from Brazil.

I. BACKGROUND

Affinia is a global supplier of top quality automotive components for under hood and under vehicle applications. This is a market segment that is extremely competitive. It is also a market segment that has faced serious disruption with major manufacturers in the sector like Tower Automotive, Delphi, and Dana Corporation all filing for bankruptcy protection since 2004. The level of competition in this market segment makes Affinia's business operations extremely challenging.

In North America the Affinia family of brands includes WIX Filters, Raybestos brand brakes, Aimco Brake Products, McQuay Norris, and Spicer Chassis. South American and European brands include Nakata, Urba, and Quinton Hazell. Affinia has operations in 19 countries, employing over 11,000 people. Affinia's United States locations include facilities in California, Texas, Illinois, Indiana, Kentucky, Missouri, Oklahoma, Michigan, North Carolina, Pennsylvania, Delaware, South Carolina, Wisconsin, and Florida. In many of these locations Affinia or its predecessor companies have been an important part of the community for decades.

Among the 19 countries in which Affinia operates are Argentina, Brazil, India, Uruguay, and Venezuela. Affinia also operates extensively in the Europeans Union, as well as North America.

II. COMMENTS

As a preliminary matter, Affinia strongly supports the reauthorization of the GSP program. In addition, and as discussed below, Affinia strongly supports the continuation of Argentina, Brazil, India, and Venezuela as GSP beneficiary countries. Affinia understands that the criteria for withdrawal, suspension, or limitation of country eligibility for GSP are found in 19 U.S.C. § 2462(d). These include:

(1) the effect such action will have on furthering the economic development of developing countries through their exports;

(2) the extent of the beneficiary developing country's competitiveness with respect to eligible articles; and

(3) a country's level of economic development, including per capita gross national product, the living standards of its inhabitants, and any other factor the President deems appropriate.

Reviewing these criteria with respect to Argentina, Brazil, India, and Venezuela, Affinia believes that continuation of GSP benefits for these countries is warranted. Furthermore, Affinia believes that the larger goals of the GSP program will be served by continuing to treat these countries as GSP eligible, as the positive economic development of these countries acts as a spur and a magnet to the economic development of their lesser developed regions. Affinia first addresses the general goals of the GSP program, then conditions in the individual countries, and finally its support for the CNL waiver for goods imported under HTSUS 8708.39.50 from Brazil.

A. The Goals of the GSP Program

As discussed further below, Affinia believes that any changes to the operation of the GSP should be based on helping to maximize the extent to which current and future GSP transactions help beneficiary developing countries ("BDCs") gain development, jobs, and stability, rather than regarding GSP as a zero-sum program and removing GSP treatment from countries that have utilized the program successfully in the past. A strategy based on maximizing current and future GSP transactions would be in keeping with the United States' goal of assisting BDCs in using trade to promote their economic development, regardless of whether that trade is directly with the United States. Consequently, Affinia does not believe that removing GSP treatment from countries that currently utilize the GSP program will do so. Instead, Affinia believes that the United States should consider any of a number of proposals designed to enhance the utility of the GSP program to more countries. An example of such a proposal, the United Nations Conference on Trade and Development ("UNCTAD") publication <u>Trade Preferences for LDCs: An Early Assessment of Benefits and Possible Improvements</u>, UNCTAD/ITCD/TSB/2003/8 (2003) makes four suggestions to improve the utility of the GSP program. These are: (1) extend coverage to all products; (2) extend the time frame of GSP preferences to provide stability; (3) adopt a harmonized import percentage criterion; and (4) enlarge the scope of cumulation to all countries. <u>Id</u>. at 111.

Affinia believes that the second and fourth UNCTAD suggestions in particular have the potential to assist BDCs in using trade to promote their economic development. Extending the time frame for GSP preferences helps BDCs attract investment because it allows investors stability and predictability in their interactions with the United States. The longer time frames provided for the African Growth and Opportunity Act (“AGOA”) are an important benefit to AGOA countries. They can seek investment from abroad, and develop industries internally with the knowledge that AGOA benefits will not expire as often as GSP benefits do, and will not become subject to political delays and pressures as often as GSP benefits. All GSP countries would benefit from an extended time frame for GSP benefits.

In addition, UNCTAD’s fourth suggestion–enlarging the scope of cumulation to all countries–would likely be a particularly useful change to the GSP program that would maximize the utility of the program for countries that do not currently receive substantial benefits from program. Currently, the GSP regulations indicate that certain associations of countries designated by the President are treated as a single country for purposes of establishing GSP benefits. This means, among other things, that all of the materials, labor, etc. from a country in a designated association may be applied to the 35% calculation necessary for most GSP goods to meet the origin criteria for GSP benefits. Thus, if Bolivian copper is used to produce a good in Venezuela, the value of the Bolivian copper may be included in the calculation of the 35% of appraised value necessary for the Venezuelan good to be granted duty-free access to the United States under GSP. This is potentially a boon to Bolivian copper producers, as they may not have customers in the United States, but still benefit from GSP insofar as their Venezuelan customer benefits from the added value the Bolivian copper brings, and duty free access to the United States market. In such situations, the United States import documentation shows “Venezuela” as the country of origin, but the benefit provided by GSP has rippled through the Andes.

Unfortunately, the list of associations of countries designated by the President for treatment as a single entity reflects very limited coverage of countries surrounding the biggest users of GSP listed in the TPSC’s notice. For instance, there are no designated associations of countries that include Argentina or Brazil. Thus, materials used in Brazil by Affinia that may, for instance, be sourced in Bolivia, Peru, Columbia, Ecuador, Uruguay, Paraguay, Argentina, or any of Brazil’s other GSP-eligible neighbors, are not counted into the 35% calculation that Affinia typically must undertake. As such, there is a disincentive for Affinia, or any similarly situated company, to seek out and cultivate sources in these countries. Thus, when a Brazilian automotive component enters the United States under GSP, it is less likely that the GSP benefit will have rippled across South America. This is true even though some of the countries closest to Brazil are in dire need of economic development.

Furthermore, even where countries that are major users of GSP are included in a designated association of countries, the benefits of this listing may not be as broad as possible. Thus, although Venezuela is a member of the Andean group, inputs from a regional least developed country (“LDC”) like Haiti could not be included in the 35% calculation for a Venezuelan manufacturer since Haiti is not part of the Andean group. Thus, the GSP program creates a limited incentive for manufacturers in countries successfully using the GSP program to source from countries that have not historically benefited significantly from GSP.

Affinia believes that the UNCTAD proposals are only one means of making the GSP program work more effectively for all beneficiary countries. Other programs and proposals could also achieve this goal. However, Affinia believes that removing the GSP benefit from countries that successfully utilize the GSP now to export to the United States will have the effect of depressing development in the countries from which GSP treatment is removed, as well as, in some cases, their neighboring regions. While it is unlikely that major manufacturing facilities will leave countries because of the loss of GSP, it is likely that new investment and sourcing will flow to other established locations, rather than to BDCs that have no established manufacturing facilities or experience. As such, this would be more likely to increase investment in countries that either already have substantial GSP exports to the United States, or countries like China that are substantial trade partners of the United States without the benefit of GSP.

B. Argentina

Affinia believes that application of the criteria of 19 U.S.C. § 2462(d) weighs in favor of retention of GSP benefits for Argentina. Argentina is an upper-middle-income country in 2005, and did account for 0.38% of world exports in 2004. However, utilizing WTO and World Bank data with regard to Argentina makes clear that Argentina is barely an upper-middle-income country, and that it is not at an economic stage of development that justifies graduation from the GSP program.

First, while Argentina's Gross National Income ("GNI") per capita is reported as $4470 by the World Bank, it must be noted that this is barely above the $3466 GNI per capita used by the World Bank to define the lower threshold of upper-middle-income countries. Furthermore, while Argentina is currently a middle-upper-income country, its GNI per capita in recent years has fluctuated broadly.[1] By some measures Argentina's GNI per capita is roughly one-half its GNI per capita in 1995, and as recently as 2000 stood at $7470.[2] Thus, the fact that Argentina is barely within the range of upper-middle-income countries in 2005 should not be taken as a sign of the positive progress in Argentina's development. Instead, these figures are a clear indication that Argentina will need the benefits of the GSP program if it is to regain its status as a country in the middle of the upper-middle-income countries.

In addition, while Argentina is a significant user of the GSP program, it is important to keep the scope of the benefit of GSP to Argentina in context. In 2004 the value of all GSP imports from Argentina into the United States was $562,858,000. In 2004 Argentina's population was roughly 38,226,000. Thus, on a per capita basis the value of products shipped to the United States by Argentina was under $15. By contrast, the per capita value of Chinese shipments to the United States in 2005 was about $186. Thus, the societal penetration of GSP benefits into the Argentine economy is very shallow, and not supportive of graduation from the GSP program.

Finally, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that Argentina's economic development will be hurt by

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[1] See e.g. Valdovinos, Carlos Fernandez, "Growth Inequality, and Social Equity in Argentina" En Breve (World Bank) available at http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/12/16/000160016_20051216133202/Rendered/PDF/346450ENGLISH082NOV05ARGrowth.pdf (last visited September 5, 2006).

[2] Argentina Data Profile 2000-2004 (World Bank) available at http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=ARG (last viewed September 5, 2006).

graduating Argentina from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in Argentina would most likely be sourced in China. Affinia does not believe that it would be feasible to seek sources for imported goods from other less developed countries such as Paraguay or Bolivia if Argentina ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices.

In light of the above data, Affinia believes that it is clear that graduating Argentina from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in Argentina's competitive position is its GSP eligibility. Finally, Affinia believes that the data show that Argentina is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

C. Brazil

Affinia believes that, as was true in the case of Argentina, the application of the criteria of 19 U.S.C. § 2462(d) weighs in favor of retention of GSP benefits for Brazil. Brazil was a lower-middle-income country in 2005, and accounted for 1.05% of world exports in 2004. However, Brazil also bears a tremendous debt burden, qualifying as a "severely indebted" country under World Bank definitions in 2003.[3] Utilizing WTO and World Bank data with regard to Brazil makes clear that Brazil is not at an economic stage of development that justifies graduation from the GSP program.

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[3] See Classification of Economies (World Bank) available at http://siteresources.worldbank.org/INTRGEP2004/Resources/classification.pdf for a list of economies organized by income and debt (last viewed September 5, 2006).

As Brazil's GNI per capita figures ($3000 in 2004) make clear, Brazil's economic development has not yet generated very significant per capita wealth for its population. Perhaps more importantly, Brazil has experienced broad fluctuations in its GNI similar to Argentina's. For instance, as recently as 2000 Brazil's GNI per capita was $3590. In 2003 this figure had dropped to $2680.[4] These figures are a clear indication that Brazil, far from possessing an economy on a clear upward development path, is an economy still struggling to achieve the level of GNI per capita it had six years ago. This is not the profile of a country prepared for GSP graduation.

In addition, while Brazil is a significant user of the GSP program, it is important to keep the scope of the benefit of GSP to Brazil in context. In 2004 the value of all GSP imports into the United States from Brazil was $3,167,779,000. In 2004 Brazil's population was roughly 178,718,000. Thus, on a per capita basis the value of products shipped to the United States by Brazil was under $18. This is a greater per capita penetration than Argentina has achieved, but is still one tenth the 2005 value of per capita value of Chinese shipments to the United States in 2005 was about $186. Thus, the societal penetration of GSP benefits into the Brazilian economy is very shallow, and not supportive of graduation from the GSP program.

Finally, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that Brazil's economic development will be hurt by graduating Brazil from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in Brazil would most likely be

[4] Brazil Data Profile 2000-2004 (World Bank) available at http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=BRA (last viewed September 3, 2006).

sourced in China. Affinia does not believe that it would be feasible to seek sources for imported goods from other less developed countries such as Paraguay or Bolivia if Brazil ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices.

In light of the above data, Affinia believes that it is clear that graduating Brazil from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in Brazil's competitive position is its GSP eligibility. Finally, Affinia believes that the data show that Brazil is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

D. India

Like Argentina and Brazil, India is a large user of the GSP program, with over $4,179,276,000 in GSP imports from India, and roughly 0.82% of the world's exports. However, this analysis of raw dollar values and world export percentages create a deeply distorted picture with regard to India because of India's enormous size. It also does not account for the fact that India is the sole low-income country on the list of countries referenced in this Federal Register notice. GNI per capita in India stands at $620 in 2004.

India currently has a population of approximately 1.1 billion people.[5] Thus, roughly one person in six worldwide is a resident of India. The population of India

[5] Trade Profiles: India 2005 (World Trade Organization) available at http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=IN (last viewed September 5, 2006).

represents roughly 17% of the world total.[6] However, India's total share of world exports represents just 0.82% of the world total. Factoring India's size into its percentage of world exports, India's share of world exports can be seen as almost negligible. In contrast China, with a similar population to India's, had 6.46%[7] of the world's exports in 2004—a figure that has surely increased in the interim.

Furthermore, while the value of Indian exports to the United States under the GSP program exceed $100 million, utilization of the program by India constituted less than $4 per capita in 2005.[8] Therefore, while the volume of Indian GSP-eligible imports is high, India's utilization is extremely low. In addition, GSP-eligible imports from India represented roughly 22% of the total import value into the United States from India in 2005. Given the low penetration of the GSP program into Indian manufacturing, as well as India's wildly disproportionately small share of world exports, removing the GSP benefit from such a proportion of India's already meager exports is not likely to assist India's future development through exports.

In addition, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that India's economic development will be hurt by graduating India from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in India would most likely be sourced in China. Affinia does not believe that it would be feasible to seek sources for

[6] See Total Midyear Population of the World 1950-2050, (United States Census Bureau) available at http://www.census.gov/ipc/www/worldpop.html (last viewed September 5, 2006).
[7] Trade Profiles: China 2005 (World Trade Organization) available at http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=CN (last viewed September 5, 2006).
[8] United States International Trade Commission data indicates that the value of Indian imports into the United States with GSP eligibility was $4,179,276,000 in 2005.

imported goods from other less developed countries such as Bangladesh or Sri Lanka if India ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices. In fact, in manufacturing terms, China is already India's greatest rival.

Finally, in addition to aiding its own economy, the GSP benefits accorded to India also play a role in benefiting the surrounding economies. India is part of the South Asian Association for Regional Cooperation; goods produced in India can include Bangladeshi, Bhutanese, Nepalese, Pakistani, and Sri Lankan content toward the 35 percent value-added GSP requirement. India's GSP status, therefore, provides an incentive for manufacturers in India to look to those neighboring lesser-developed countries for suppliers rather than more developed low cost supplier countries such as China. Thus, removing India from GSP could take business from these least developed beneficiary developing countries ("LDCs"), which is contrary to the original intent of GSP. In this context, it is not likely that a company would relocate an established factory from India to Bangladesh, for example. However, if India loses GSP, it is very likely that Indian companies would lose their incentives to use Bangladesh as a supplier for materials to be used in the production of goods for export to the United States, and China would likely be a low cost alternative. Thus, if the goal of the TPSC is to promote trade in the least developed countries, removing GSP for India defeats this goal.

In light of the above data, Affinia believes that it is clear that graduating India from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in India's competitive position is its GSP eligibility. Finally, Affinia believes that the data show that India is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

E. Venezuela

Affinia believes that application of the criteria of 19 U.S.C. § 2462(d) weighs in favor of retention of GSP benefits for Venezuela as it does for Argentina, Brazil, and India. Venezuela is an upper-middle-income country in 2005, and did account for 0.42% of world exports in 2004. This number was likely artificially inflated by Venezuela's exports of petroleum. However, utilizing WTO and World Bank data with regard to Venezuela makes clear that Venezuela's status as an upper-middle-income country is tenuous, and that it is not at an economic stage of development that justifies graduation from the GSP program.

First, while Venezuela's Gross National Income ("GNI") per capita is reported as $4030[9] by the World Bank, it must be noted that this is barely above the $3466 GNI per capita used by the World Bank to define the lower threshold of upper-middle-income countries. Furthermore, while Venezuela is currently a middle-upper-income country, its GNI per capita is susceptible to rapid changes, since the world price of oil has a disproportionate impact on the value of Venezuelan GNI.[10] Thus, Venezuela's status as an upper-middle-income country does not reflect a successful development strategy with a diverse and developed economy, but rather, the distorting effect of petroleum on the

[9] Venezuela Data Profile 2000-2004 (World Bank) available at http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=VEN (last viewed September 3, 2006).

[10] "Annual Statistics Bulletin 2004" (OPEC) at Table 3 available at http://www.opec.org/library/Annual%20Statistical%20Bulletin/pdf/ASB2004.pdf showing GDP in relation to oil prices for OPEC members (last viewed September 5, 2006).

economy. Therefore, Venezuela will continue to need the benefits of the GSP program if it is to develop an economic base able to provide development for its population.

In addition, while Venezuela is a significant user of the GSP program, it is important to keep the scope of the benefit of GSP to Venezuela in context. In 2004 the value of all GSP imports from Venezuela into the United States was $815,403,000. In 2004 Venezuela's population was roughly 26,127,000. Thus, on a per capita basis the value of products shipped to the United States by Venezuela was roughly $30. As mentioned previously, the per capita value of Chinese shipments to the United States in 2005 was about $186. Thus, the societal penetration of GSP benefits into the Venezuelan economy is very shallow, and not supportive of graduation from the GSP program.

Finally, Affinia notes that one of the goals the TPSC has previously indicated for the GSP program is to broaden participation and distribution of the benefits of the program. Affinia believes that Venezuela's economic development will be hurt by graduating Venezuela from the GSP program. It is likely that without the benefit of GSP eligibility it is likely that a large percentage of articles currently sourced in Venezuela would most likely be sourced in China. Affinia does not believe that it would be feasible to seek sources for imported goods from other less developed countries such as Bolivia or Peru if Venezuela ceased to be a GSP country. However, for many articles China has shown the ability and capacity to manufacture the goods at very attractive prices.

In light of the above data, Affinia believes that it is clear that graduating Venezuela from the GSP program would be detrimental to the country's economic development, as it would likely lessen exports dramatically over a number of years. Affinia also believes that an important element in Venezuela's competitive position is its

GSP eligibility. Finally, Affinia believes that the data show that Venezuela is not at a stage in its economic development, whether measured in terms of GNI per capita, or other measures, that makes graduation from GSP appropriate at this time.

F. CNL Waiver for 8708.39.50 from Brazil

Affinia understands that based on current trade data, imports from Brazil under HTSUS provision 8708.39.50 substantially exceed the $120 million threshold for 2005. However, Affinia supports continuation of the CNL waiver because Affinia believes that it is unlikely that a United States industry would be adversely affected by continuation of the waiver, and that continuation of this waiver is in the economic interest of the United States.

Affinia believes that the considerations set forth in 19 U.S.C. §§ 2461 and 2462(c) support the continuation of this CNL. First, Affinia notes that exports from Brazil to the United States of goods under HTSUS 8708.39.50 represent roughly 18% of the total Chapter 87 shipments from Brazil to the United States.[11] These same figures show that Chapter 87 exports from Brazil constitute just over 10% of the value of all Brazilian shipments to the United States. Thus, shipments under this CNL are an important component of a significant portion of Brazil's exports to the United States. Consequently, removing the GSP benefits from these products is likely to have a disproportionate negative impact on furthering the economic development of Brazil through the expansion of its exports.

In addition, Affinia believes that the anticipated impact on United States producers of like or directly competitive products of removing the CNL waiver for

[11] ITC data reflects $241,751,000 in 2005 import value for 8708.39.50 in 2005, and $1,321,267,000 in total Chapter 87 value for 2005.

shipments under 8708.39.50 from Brazil would be negative. Affinia believes that a very significant portion of the shipments from Brazil under this provision are made to the same United States companies that also produce like products. For many of these companies, Brazilian manufacturing has been integrated into their sourcing, and represents a resource, rather than negative competition. As such, removing the CNL waiver would actually harm these United States companies, rather than assist them.

Third, with regard to the extent to Brazil's competitiveness with respect to goods of 8708.39.50, Affinia notes that goods classifiable under this provision face the same intense pressure that all other goods in the automotive components industry face. The list of the five largest (by value) supplying countries for these articles in 2005 is: (1) Canada; (2) Mexico; (3) Japan; (4) China; and (5) Brazil. The goods of Canada and Mexico already enjoy duty-free entry into the United States under the North American Free Trade Agreement. The goods from Japan enjoy the structural advantage of supplying the growing Japanese transplant manufacturing market in many instances. Thus, if Brazil were to lose its CNL waiver for these products, it would be competing directly with China as the two countries without benefit of GSP eligibility, and without the benefit of supplying a domestic/transplant automotive sector. Affinia does not believe that Brazil would be able to compete directly with China over time for these goods under those conditions.

Finally, the criterion of §2462(c)(4) has been discussed above, and need not be completely rehashed here. However, as discussed above, Brazil has not reached a point of steady, sustainable economic growth, and continues to have economic indicators indicative of a country that benefits from the GSP, rather than one prepared to be graduated from the GSP program.

III. CONCLUSION

For the reasons stated above, Affinia supports continuation without change in the GSP eligibility for Argentina, Brazil, India, and Venezuela. Affinia does not believe that the goals of the GSP program would be met by graduating these countries from GSP eligibility, and does not believe that the economic data for these countries merits their graduation.

Affinia also believes that the CNL waiver for goods imported under HTSUS 8708.39.50 from Brazil should be retained. Retention of this waiver would assist Brazil's development, and would not harm United States producers of like products.

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

Very truly yours,

BARNES, RICHARDSON & COLBURN

By: /s/ David G. Forgue

David G. Forgue

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September 5, 2006

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

EMAIL: FR0052@USTR.EOP.GOV

RE: Comments Related to the Eligibility of GSP Beneficiaries (71 Federal Register 45080, August 6, 2006: Bottle-Grade PET Resin Imports from India, Indonesia and Thailand (HS 3907.60.00.10)

Dear Chairman Sandler:

On behalf of the members of the Food Products Association (FPA), this letter responds to the August 8, 2006 Federal Register notice referenced above requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries. FPA is the voice of the $500 billion U.S. food processing industry on scientific and public policy issues involving food safety, nutrition, technical and regulatory matters and consumer affairs. FPA's laboratory centers, its scientists and professional staff represent food industry interests on government and regulatory affairs and provide research, technical services, education, communications and crisis management support for the association's U.S. and international members, who produce processed and packaged foods, drinks and juices.

FPA submits this letter to support maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand. FPA members are most specifically interested in maintaining duty free status as it relates to imports of bottle grade polyethelene terephthalate (PET) resin (HTS 3907.60.0010). PET resin is used to manufacture the plastic bottles and packages that contain many common processed food products such as fruit juices, soft drinks, soups, and frozen foods. The countries of India, Indonesia and Thailand account for 18% of the U.S. market and the withdrawal of GSP benefits for these countries, would result in imposition of a tariff of 6.5% on the imports of bottle-grade PET resin. Consequently, removing this important raw material from the U.S. GSP program would add significant costs for U.S. food manufacturers and beverage companies resulting in increased costs to the consuming public for a wide range of processed food products.

The GSP program is important to U.S. development and trade interests. In addition to encouraging economic advancement in poor countries through trade, 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 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 improved their economic conditions. Removal of GSP eligibility for India, Indonesia and Thailand is contrary to the stated goals of the program, and would set back the goals of the program and would adversely affect the U.S. economy at the same time, as is demonstrated by this specific example.

In addition, FPA notes other important factors to be considered by the GSP Subcommittee in its review of India, Indonesia and Thailand:

- **World Bank Ranks These Countries in Low Economic Categories.** 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."

- **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 they 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.

- **GSP Benefits Are Necessary to Remain Competitive.** 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 in this product in the U.S. market.

For the reasons stated above, FPA supports maintaining duty free status for the countries of India, Thailand and Indonesia. FPA appreciates your consideration of these comments.

Sincerely,

Peggy S. Rochette

Peggy S. Rochette

Sr. Director International Policy

From: AJMARTIN2134@cs.com
Sent: Thursday, August 31, 2006 4:13 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review."
Dear Sirs:
Why do you intend to penalize the jewelry industry with tariffs on products not produced in America? I would accept this if you would add a similar tariff to all products from China, especially textiles and other goods formerly produced here.

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,

A J MARTIN
2817 WEST END AVE
NASHVILLE, TN 37203
(615)321-4600

Dear sirs:

RE: 2006 GSP Eligibility and CNL Waiver Review

As a distributor/ owner of the Gold & diamond Jewelry, 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,
Aku Patel

Karat 22 Jewelers,
5625 Hillcroft,
Houston, Texas 77036

September 5, 2006

USTR Panel:

As a major manufacturer and distributor of jewelry sold almost exclusively in the United States through department stores and mall jewelry chains, Andin International Inc. ("Andin") strongly urges 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 not only to our profitability but also to our many U.S. based employees and more broadly to save money for all American consumers for the following reasons.

Andin is engaged in the wholesale distribution of diamond and gold jewelry imported from India. Duty-free status and cost effectiveness has made jewelry from India very affordable to all consumers regardless of income. There is no domestic source of jewelry that US-based retailers can access to provide jewelry in sustained fashion to lower and middle income consumers. Sourcing jewelry from India has opened a new market and a commercial opportunity for Andin to provide affordable diamond jewelry to lower and middle-income consumer groups in the USA as India has “democratized” diamonds that were once only for the rich.

The diamond jewelry manufacturing business is very competitive. Some jewelry categories, especially the promotional ones are popular by hitting key price points. Indian jewelry manufacturers over the years have worked closely with us to expand this market segment.

The opportunity afforded by jewelry sourced from India has driven up volume-based growth in our business, which, in turn, increases tax revenues for our federal, state and local governments.

The margins in our jewelry business are very low while material costs including gold and diamonds have recently gone up substantially. The withdrawal of GSP benefits will dramatically reduce our margins as importers of Indian jewelry and adversely impact our profitability.

Andin has spent considerable time and effort in developing relationships with Indian jewelry manufacturers as we expected continued duty benefits for imports from India.

Andin has also made some significant investments in manufacturing plants in India and our business is closely tied to the viability of the related manufactured jewelry products. As China is the primary other country for diamond jewelry and the USA is not in favor of dependence on China imports, Andin saw stability in India

As a USA company for over 25 years with over 800 employees worldwide, Andin strongly urges you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Thank you for your full and fair consideration of our recommendation on this important matter.

Sincerely,

John C. Esposito
Chief Financial Officer
Andin International Inc.
609 Greenwich Street
New York, New York 10014

AURAFIN®

GSP Renewal Survey

1. Does your company take advantage of the GSP program? X 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? X Yes ___No

4. For what period should congress renew GSP?

   ___1 year

   ___5 years

   ___Other

   X Permanently, unless Congress affirmatively determines to terminate.

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

7. What GSP beneficiary countries do you import from? TURKEY, THAILAND, D.R., INDONESIA, & INDIA

8. Do you have any specific suggestions for modifications in the program, such as new product graduation criteria, new value added qualifications, etc.? We would like to add that GSP has played a large part in the growth of our company. We have been able to keep our prices down and be competitive in the gold jewelry industry. Our industry is already feeling the ill effects from the rapid increase of the gold market and if GSP is not renewed or if the above countries are no longer consider GSP eligible most of the gold jewelry importers will be greatly affected in a negative way.

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.

Sincerely,

Carlos Viera

Carlos Viera
Customs Mgr. - Aurafin LLC

6701 Nob Hill Road • Tamarac, Florida 33321 • (800) AURAFIN • (954) 718-3200 • Fax (954) 718-3206 • www.aurafin.com

BHARATIYA KAMGAR KARMACHARI MAHASANGH
(REG.No. BY/II/6587)
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5, Navalkar Lane, 1st Floor, Prarthana Samaj, Girgaon, Mumbai - 400 004. ☏ 2387 5434 / 2385 5124 Fax : 2387 5433.

ADV. SHASHIKANT PAWAR
PRESIDENT

BHAI JAGTAP M.L.
GEN. SECRETARY

Date :- 4 September 2006.

US Trade Representatives,
GSP-Sub-committee
Washington
USA

Withdrawal of GSP benefit on Jewellery manufactured in India

Dear Sir,

We are an Association located in the State of Maharashtra, with a total membership strength of more than 1.5 person engaged in various fields. A major proportion of our members are involved in the cutting & polishing of diamonds and manufacture of jewellery. Out the total number of employees engaged in the Gems and Jewellery Industry, at least 20% are women. A major quantum of the production of our members engaged in the Gems and Jewellery is exported. A major part of this exports is to the US.

The members of our association have been engaged since generations in the jewellery sector have developed a unique skill of cutting and polishing of small and very small diamonds. Furthermore, the Indian artisans have also specialized in the art of mounting of such small and very small cut and polished diamonds on the articles of jewelry. This is very different from the skill-set of the US or European Jewelry manufacturing sector that imports precious metal jewelry and then sets in large diamonds/gems into the imported jewelry.

We learn that the Jewellery manufactured by our members which is exported to the US, gets imported into the US without levy of Customs Duty as these goods are covered under the GSP system. We now understand that the US is reviewing its GSP Programme and the status of the Jewellery imports is under threat. Possible removal 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.

contd... 2/-

The impetus provided by GSP for manufacturing jewelry has led to development of our members and has alleviated families in our region to better livelihood opportunities. The export oriented growth of the industry has allowed us to provide basic amenities like housing, clothing and medical facilities and education to our children and families.

It would be very difficult for our artisans to find equally remunerative employment as they are semi-educated. The artisans depend on their skills to earn a livelihood. To find a job at their present per capita income would be impossible and will be faced with a livelihood crisis.

We therefore urge that the US GSP Subcommittee recommends to continue the GSP treatment and CNL waivers on Jewellery imported from India under the HTSUS 7113.

Thanking you,

Yours faithfully,
for Bharatiya Kamgar Karmachari Mahasangh

(BHAI JAGTAP)
GENERAL SECRETARY

Supports Brazil, India, etc.
Supports GSP for jewelry

From: lod1011@aol.com
Sent: Thursday, August 31, 2006 11:24 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Please consider the retailers across the United States
DO NOT REVOKE THE AGREEMENTS FOR INDIA. BRAZIL, ETC.

We need to be able to purchase inexpensive high labor material, if their agreements are revoked, mom and pop jewelry stores across America will be duly affected.
We are already struggling because of higher gold/silver/platinum prices.

Save the jewelry industry at the small retail level.

Lorna Davison
Accessories
Mullica Center
2 South Main
Mullica Hill, NJ 08062

Remove Brazil & India from GSP.
Do not Grant Any GSP or CNL De
Minimis waivers to them.

MessageFrom: Shawna Morris [smorris@nmpf.org]
Sent: Friday, September 01, 2006 8:40 AM
To: FN-USTR-FR0052
Cc: Jaime Castaneda
Subject: 2006 GSP Eligibility and CNL Waiver Review

GSP Subcommittee of the Office of the U.S. Trade Representative:

Please find attached comments from the National Milk Producers Federation concerning the eligibility of certain GSP beneficiaries and existing Competitive Need Limitation (CNL) waivers. NMPF believes that USTR should remove Brazil and India from the list of countries eligible to participate in these programs. Given their status as more advanced developing countries and their intransigence on a variety of important issues in the WTO negotiations, we do not believe the U.S. should be unilaterally granting them preferential access to our market.

Shawna Morris
Director, Government Relations & Trade
National Milk Producers Federation
Phone: (703) 294-4342
Fax: (703) 841-9328

Comments of the
National Milk Producers Federation
to the
U.S. Trade Representative's Office

Concerning

Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers

Submitted by Jaime Castaneda
Senior Vice President, Government Relations and Trade
National Milk Producers Federation

September 1, 2006

The National Milk Producers Federation (NMPF) is the national farm commodity organization that represents dairy farmers and the dairy cooperative marketing associations they own and operate throughout the United States. NMPF appreciates the opportunity to present its views with respect to this review process of the eligibility of certain GSP beneficiaries and existing Competitive Need Limitation (CNL) Waivers.

The U.S. dairy industry had made great strides towards increasing its competitiveness in recent years, particularly with respect to exports. In fact, 2005 was a record year for U.S. dairy exports with sales reaching approximately $1.5 billion. However, a sizable number of distortions plague the world dairy market (e.g., EU export subsidies, 300% tariffs in Canada and Japan) and hinder ability to compete to the fullest extent possible. These practices artificially depress world dairy prices and draw imports more disproportionately to the U.S. market than would otherwise be the case.

To counter this unbalanced playing field, the U.S. employs tariffs and tariff-rate quotas to avoid being flooded with the world's excess dairy products. Despite these protections, the United States has some of the lowest dairy tariffs in the world among major dairy markets and, more specifically, the United States has tariffs which are significantly lower than those in most OECD members in which dairy is an import sensitive commodity. Particularly during this time of great uncertainty in global trade negotiations, the U.S. should be careful in unilaterally permitting others preferential access to our market.

As USTR is well aware, the direction of the WTO negotiations is quite unclear at this point. It was unfortunate that USTR had to make the difficult decision this summer to walk away from what would have been a bad deal for U.S. agriculture due to other countries' unwillingness to compromise in what must be a give and take discussion.

One of the countries that played a key role in the disintegration of WTO talks is a beneficiary of the existing GSP and CNL waiver programs and possesses a relatively competitive dairy market: Brazil. In 2005 Brazil exported $11 million in dairy products to the U.S. Its dairy sector is growing and most indicators point to its continued expansion.

From the WTO to the vast majority of free trade agreements pursued by this Administration, the U.S. dairy industry has been actively supportive because of the opportunities they are likely to provide for more balanced trade and benefits to both countries involved. U.S. dairy producers have not and will not support providing unilateral access to the U.S. dairy market, particularly to competitive world agriculture powers such as Brazil. With respect to agriculture, Brazil is far from being a struggling developing country. In fact, Brazil's agriculture sector is so successful that it strongly competes with other developed countries' agricultural sectors.

In addition, another country reaping the benefit of these programs is India. At the same time that India takes advantage of generous U.S. preference programs, it works to actively thwart any increased access to its own agricultural markets. India has also failed to show the leadership in the WTO that would befit an important developing nation of its size and stature on the world economic stage. Rather, it has to date chosen to take an obstructionist approach in multilateral negotiations, while enjoying unilateral concessions from the U.S. This asymmetrical relationship is very much in India's favor and is not one that we believe should continue.

The U.S. system of dairy tariffs remains an important deterrent to product that carries an artificially depressed price. This is why we oppose any granting GSP and CNL de minimis waivers to Brazil and India. As stated above, the U.S. dairy market does not have the type of protection found in Europe, Canada and other countries. Our prosperous nation with its comparatively low dairy tariffs already serves as a magnet for surplus world dairy product. Additional imports above our WTO and FTA commitments place an economic burden on dairy producers and processors in the United States. This is of particular concern during the current period of financial distress in the dairy industry given the combination of low milk prices and extremely high energy costs.

Given Brazil's agricultural competitiveness and India's extensive dairy production, coupled with the fact that neither has played as constructive and cooperative a role as it could have in the World Trade Organization negotiations, we urge USTR to exclude both countries from the GSP and CNL waiver program.

Sincerely,

Jaime Castaneda
Senior Vice President, Government Relations and Trade
National Milk Producers Federation

Supports Brazil & India
Natural Stone – no CNLWs

From: Robert Andrews [randrews@stonetrade.com]
Sent: Thursday, August 31, 2006 4:12 PM
To: FN-USTR-FR0052
Subject: removal of Brazil and India from GSP

Dear Sir/Madam:
We are a company based in Rhode Island importing natural stone from overseas, selling to companies all over the United States. Our two largest sources of stone
are Brazil and India.

The story in the natural stone industry over recent years has been the arrival of the
Peoples Republic of China as a major supplier to the USA of granite, marble and slate. Chinese prices for natural stone are extremely low, so low that many people in our industry regard them as only possible with government subsidy or deliberate dumping.

If Brazil and India lose their GSP status, most of their natural stone would become dutiable at rates between 4.5 and 6.5%. The result will be to push even more business to China, adding still more to our enormous trade deficit with Beijing. So in trying to punish Brazil and India, the consequence will be to make our situation with China worse.

Please do not allow Brazil and India to be removed from the GSP program.

Sincerely,
Robert Andrews
President
Stone International, Inc.
333 Main Street
East Greenwich, RI 02818
401-885-6608

SUBJECT: **2006 GSP Eligibility and CNL Waiver Review**
FROM: **Rafael Lourenço, U.S. Chamber of Commerce**
TO: **USTR GSP Subcommittee**

Dear GSP Subcommittee Officer,

Below are the comments on the GSP Program (71 Fed. Reg. 45079) from the U.S. Chamber of Commerce, the Brazil U.S. Business Council, the U.S. India Business Council, and the Association of American Chambers of Commerce in Latin America (AACCLA). If further information is needed to conclude the submission process please do not hesitate to contact me; also, if you could confirm the receipt of this submission it would be highly appreciated.

Best,

Rafael Lourenço
Associate Manager, Western Hemisphere Affairs
U.S. Chamber of Commerce
Phone:(202) 463-5427
Fax: (202) 463-3126
rlourenco@uschamber.com

September 5, 2006

GSP Subcommittee
Trade Policy Staff Committee
Office of the United States Trade Representative
USTR Annex
Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Re: Request for Public Comment on the GSP Program (71 Fed. Reg. 45079)

Dear Members of the Subcommittee:

On behalf of the U.S. Chamber of Commerce, the Association of American Chambers of Commerce in Latin America (AACCLA), the Brazil-U.S. Business Council, and the U.S.-India Business Council, we would like to voice our strong support for the continuation of the U.S. Generalized System of Preferences (GSP) program. Responding to some particular issues raised in public discussion of the program's future, we also highlight the importance of maintaining GSP benefits for Brazil and India.

Since the GSP program was instituted in 1976, it has served as a valuable tool to promote economic development in some of the least developed nations around the world. It has created mutually beneficial economic ties with strategically important countries around the world and contributed to the growth of U.S. industry as well as the quality of life of U.S. consumers.

Trade Not Aid

According to the World Bank, trade is way of promoting development that has been shown to reduce poverty by allowing countries grow faster than their less internationally-oriented counterparts. The GSP program promotes sustainable development in beneficiary countries by helping foster the growth of export-oriented industries. The program has helped create complementary trade-related industries that provide crucial economic inputs for U.S. industry and support tens of thousands of good-paying jobs in the poorest countries around the world. The positive impact of the program is widespread. Under the GSP program, 133 countries export 4,650 products worth $26.7 billion to the United States duty free. GSP spells economic opportunity for countries in dire need of economic development and creates an economic linkage with the U.S. that promotes stronger diplomatic and commercial ties in strategic regions around the world.

Providing Low Cost Inputs for U.S. Industry

As U.S. companies face increasing competition in our home market and abroad, GSP helps level the playing field and keep U.S. manufactured goods competitive. Indeed, GSP strengthens U.S. competitiveness by providing reliable low-cost inputs for U.S. industry, including many chemicals, minerals, and climate-specific fruits and vegetable products imported under the program.

GSP imports of automotive engine parts from Brazil and PET resin from India are telling examples of the importance of the program for U.S. industry. The U.S. automotive industry benefits from being able to import engine parts from Brazil duty free under the program. In a low-margin business like the auto industry, the absence of tariffs on these products makes an important difference as our auto sector restructures itself to maintain its competitiveness and profitability.

For the food, beverage, and consumer products industry, GSP provides duty-free imports of Bottle-Grade PET Resin from India used for packaging a wide range of consumer goods, such as carbonated soft drinks, juices, bottled water, salad dressing, peanut butter, shampoo, and liquid soap. Exclusion of GSP benefits from India will effectively raise the tariff from zero to 6.5%, with sourcing likely switching to more developed or industrialized exporters. In a competitive global economy, this may translate into higher production costs, shifts in material sourcing, and a whole host of hidden costs associated with the necessary adjustments within the industry. The ultimate result will be increased prices for consumers and potentially negative economic consequences for developing-country exporters. Maintaining GSP benefits helps keep

U.S. industry competitive by continuing longstanding, mutually beneficial sourcing relationships fostered and sustained by the GSP program. Indeed, rather than sending a message about the importance of constructive engagement on the WTO, a decision not to renew GSP benefits primarily punishes U.S. firms.

Leverage for Intellectual Property Enforcement

GSP serves as valuable leverage for the protection of U.S. intellectual property (IP) abroad by tying continued tariff-free access to the U.S. market to effective IP protection. While IP belonging to U.S. companies continues to be susceptible to counterfeiting and piracy around the world, the GSP program's conditionality places an effective resource at our disposal when it comes to working with beneficiary countries to secure improvements in IP protections and enforcement. For example, USTR's review of Brazil's GSP benefits last year led to concrete progress in the enforcement of U.S. copyrights. Without GSP, the United States will lose important leverage in these growing markets for protecting and enforcing U.S. industry's IP rights, increasing our reliance on the arduous WTO dispute resolution process for relief.

A Positive Factor in U.S. Ties to Brazil and India

GSP has been an important factor in promoting stronger commercial and diplomatic ties with Brazil and India. These countries are among the most important emerging markets for U.S. business worldwide, and the commercial ties forged by the program have helped create a more welcoming environment for U.S. goods and investments.

Both India and Brazil have progressed considerably toward becoming upper-middle-income economies when viewed from a GDP per capita basis, but they still suffer from extreme income disparities between the rich and poor, as well as stark internal differences in the level of economic development between various regions. In Brazil, for example, 15% of GSP exports come from the poverty-stricken northeast of the country, where GDP per capita is squarely in the lower-income category. Promoting greater ties between businesses in less developed regions of these countries and their U.S. counterparts through GSP trade not only creates important allies and partners but helps these countries disperse the economic benefits of trade more broadly and promotes economic stability.

Cost/Benefit Analysis and Impact on the Trade Deficit

While considering whether to continue to extend GSP to the many beneficiaries world wide, it is important to keep both the costs and benefits of the program in perspective. Here are the facts:

- The combined GSP exports of the 133 beneficiary countries account for only 1.6%[1] of U.S. imports.

[1] U.S. International Trade Commission Dataweb

- GSP imports account for less than 3.5% of the total trade deficit.
- Together, U.S. imports from Brazil and India under the GSP program account for only $7.81 billion, or 0.22% and 0.25% of total U.S. imports in 2005, respectively.

Clearly, the benefits of the GSP program for U.S. foreign policy and commercial interests are substantial. Removing GSP benefits from Brazil and India will only serve to strengthen the hand of the forces overseas that argue against greater ties with the United States at a time when we need to solidify relationships with these important partners.

Conclusion

In summary, by offering a helping hand to partners in the developing world, GSP allows the United States to develop diverse low-cost sources of inputs for our manufacturing base while strengthening protection of U.S. intellectual property. GSP also creates a positive economic interdependence based on mutual interest that improves the overall environment for U.S. exporters and investors in some of the fastest growing countries in the developing world. For these reasons, our organizations strongly urge the GSP Subcommittee to support the continuation of the GSP program and voice our support for the continued inclusion of Brazil and India in the program.

ConAgra Foods

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

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

Brent A. Baglien
Vice President
Government Affairs

September 5, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

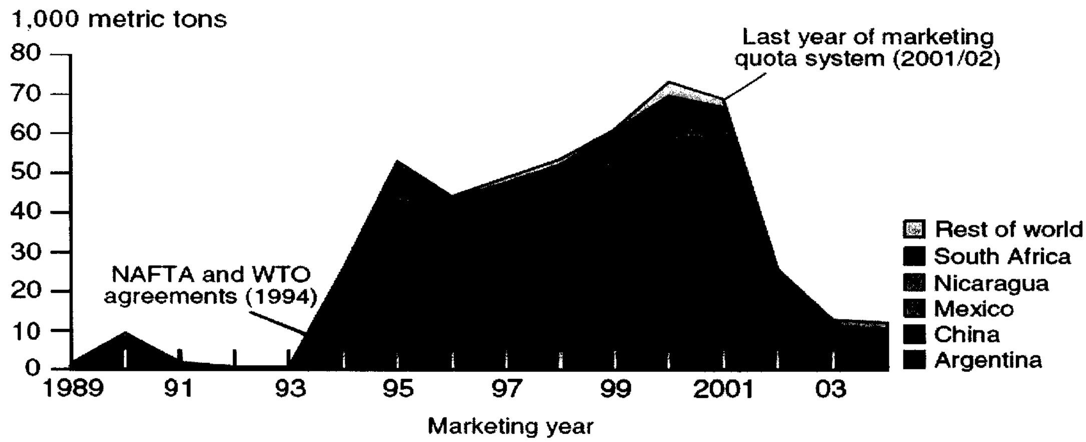
Moreover, India, Indonesia and Thailand are examples of countries that demonstrate the value of the GSP program. Through trade, these countries have improved their economic conditions, a result that we feel would be threatened if their GSP eligibility were removed. The U.S. economy would be adversely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

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

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

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

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

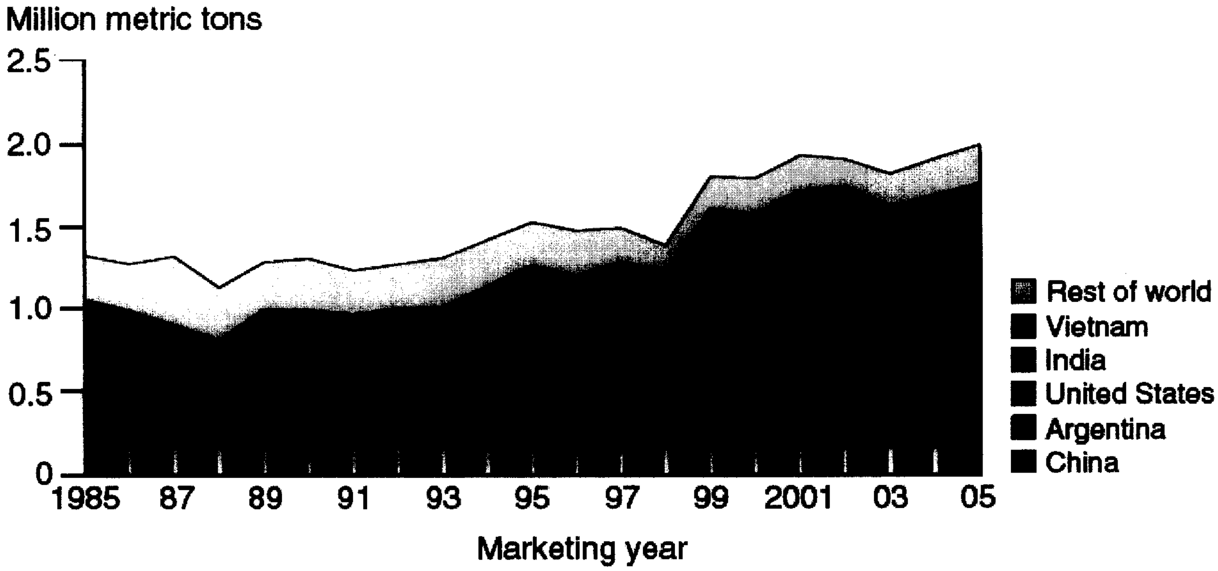


Source: USDA, Foreign Agricultural Service, "FASonline: U.S. Trade Internet System," available at http://www.fas.usda.gov/ustrade/USTImFAS.asp?QI=/.

B. Argentina Lags Behind China as Peanut Exporter

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

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



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

C. Drought Conditions May Increase Demand for Imports

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

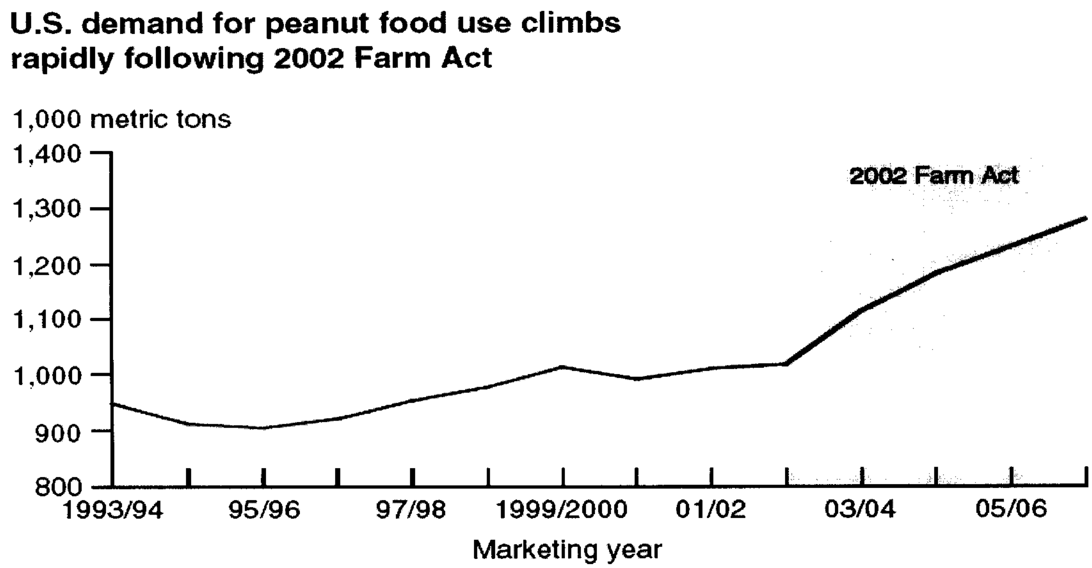
> "**Peanuts continued to develop behind normal, mostly due to excessively dry weather in the Southeast and southern Great Plains**. At month's end, 83 percent of the crop had reached the pegging stage, 4 points behind last year and 7 points behind normal. Pegging trailed slightly behind normal in Georgia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

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

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

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

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



Sources: World Agricultural Outlook Board, USDA.

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

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

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

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

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

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

Sincerely,

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

BEFORE THE:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

Written Comments

by

DANA CORPORATION

September 5, 2006

VIA E-MAIL
FR0052@ustr.eop.gov

On behalf of:
DANA CORPORATION
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Phone: (419) 535-4787
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These comments are filed on behalf of the Dana Corporation of Toledo, Ohio in response to the notice: Generalized System of Preferences (GSP): Request for Public Comments, 71 Fed. Reg. 45079 (August 8, 2006), requesting comments on the reauthorization of the Generalized System of Preferences (GSP) program, and whether beneficiary countries that are high-volume users of the GSP program should continue to be designated as GSP beneficiaries. In addition, Dana is providing comments on whether termination of the competitive need limitation waivers currently in place are warranted due to possible changed circumstances.

I. BACKGROUND

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

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

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

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

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

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

A. Argentina

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

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

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

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

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

[5] 2005 World Population Datasheet, Population Reference Bureau

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

B. Brazil

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

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

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

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

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

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

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

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

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

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

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

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

C. India

collaboration with Instituto de Pesquisa Econômica Aplicada, October 2003.

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

[12] The value of U.S. imports under GSP from India during 2005 was $4,176,452,000, while India’s 2005 population was 1,103,600,000 (source: official import data from the U.S. Department of Commerce, and population data from “2005 World Population Data Sheet,” Population Reference Bureau).

[13] World Development Indicators database, World Bank, July 1, 2006 based on Atlas methodology.

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

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

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

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

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

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

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

D. Venezuela

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

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

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

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

[17] World Development Indicators, World Bank, 1 July 2006
[18] GSP imports for Venezuela at $745,000,000 from USITC; Population 25,378,00 from U.S. Census
[19] 2005 World Population Datasheet, Population Reference Bureau

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

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

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

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

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

E. General Proposals For The GSP Program

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

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

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

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

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

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

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

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

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

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

IV. Conclusion

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

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

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

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

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

Very truly yours,
BARNES, RICHARDSON & COLBURN
By:

/s/Lawrence M. Friedman
Carolyn D. Amadon

From: david [david@mainlandjlry.com]
Sent: Tuesday, September 05, 2006 11:05 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Dear sir/mom

I was a jlry manufacturer in U.S.A.i I am closing my factory and laid of my employees because of cheap labor from India and other countries.
It breaks my hearth to let my hard workers go but I can not compete.
Please help me and other American factories to survive.

Best Regards,
David Arjhang
(212) 869-2520 Ext. 5

From: Desjardins Jewelers [vze46ynn@verizon.net]
Sent: Tuesday, September 05, 2006 11:01 AM
To: FN-USTR-FR0052
Subject: "2006GSPEligibility and CNL Waiver Review

As a 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 strongly urge you to recommend the continuation and renewal of GSP benefits for studed diamond jewelry from India.

Thanking you,

Jay DeSchuiteneer, President
Desjardins Diamond Merchant
1069 Elm Street
Manchester, N.H. 03101

Jay DeSchuiteneer

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 benifts for studded diamond jewelry from India.

Thanking you,
Mewani

DIAMOND DAYS PROMOTION INC.
580 Fifth Avenue Suite 2405 New York, NY 10036 212-221-7665, 212-221-7784

Public Comment on HTSUS – 71131950

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

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

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

Thanking you,

Sincerely,

Nicky Mehta

Nicky Mehta

Diamond Days Inc

From: Larry Weinberg [larry@crjewelers.com]
Sent: Tuesday, September 05, 2006 3:56 PM
To: FN-USTR-FR0052
Subject: DUTY

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,
LARRY W

Dynamic Design Group Inc.
Our designs..... Your dreams !!!

September 1, 2006

RE: Public Comment on HTSUS – 71131950

Dear Madam or Sir:

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

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

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

Thank you,

Sincerely,

A. S. Sanghavi

Amit Sanghavi
President

1212 Avenue of the Americas, 11th Floor, New York, N.Y. 10036. Phone: (212) 840-9400 ; Toll Free: (800) 347-9999 , Fax: (212) 840-7737
E-mail: contact@ddg-ny.com ; www.ddgny.com

4 September 2006

US Trade Representatives
GSP-Sub-committee
Washington
USA

Withdrawal of GSP benefit on Jewellery manufactured in India

Dear Sir,

We are the Fine Jewellery (I) Ltd. Employee Union located at Andheri, Mumbai in the State of Maharashtra, India, with 565 peopled involved in the cutting and polishing of diamonds and manufacture of jewellery. Out the total number of employees, 40% are women. The members of our association have a per capita income of Rs.4500/-, belong to lower strata of society and have been engaged in this trade for generations. A major quantum of the production of the industry is exported; as such the members are dependent for their livelihood on such exports. 55% of these exports is to the US and therefore, it may be concluded that the members of our union share a special trade relation with the US.

Our association comprises of artisans possessing special skills engaged for generations in the jewellery sector. The skill is of cutting and polishing of small and very small diamond and manufacture of jewellery from such diamonds. This is very different from the skill-set of the US or European Jewellery manufacturing sector.

We have learnt that the Jewellery manufactured by our members which is exported to the US, gets imported into the US without levy of Customs Duty as these goods are covered under the GSP system. We now understand that the GSP Programme is under review. Possible removal of GSP benefits would increase the cost of jewellery. This is of concern to us as there would be a a decline in demand for Indian jewellery thereby have adverse impact on existing and future employment in this sector.

GSP Programme has helped in the development of our region viz. Mumbai and has improved lives of families of workers engaged in manufacturing of jewellery in our region to better livelihood opportunities. The export oriented growth of the industry has allowed us to provide basic needs and necessities and education to our children and families. It is to be noted that 22% of workers still belong to the lower income category. If the benefits are removed, the workers will be rendered unemployed. There shall be migration of jobs to China as manufacturing bases will shift there.

It would be very difficult for our members to find other jobs that pay them at par with their current wages. The artisans depend on their skills to earn a livelihood. To find a job at per capita of $ 700 per annum would be impossible and will be faced with a livelihood crisis.

We therefore urge that the US Administration discontinue the GSP review and contine the GSP benefits and CNL waivers on Jewellery imported from India under the HTSUS 7113.

Thank you

Yours faithfully

For Fine Jewellery (I) Ltd. Employee Union.

Authorised Signatory

FPA
FOOD PRODUCTS ASSOCIATION

1350 I Street, NW
Suite 300
Washington, DC 20005
202-639-5900
www.fpa-food.org

WASHINGTON, DC
DUBLIN, CA
SEATTLE, WA

September 5, 2006

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

EMAIL: FR0052@USTR.EOP.GOV

RE: Comments Related to the Eligibility of GSP Beneficiaries (71 Federal Register 45080, August 6, 2006: Bottle-Grade PET Resin Imports from India, Indonesia and Thailand (HS 3907.60.00.10)

Dear Chairman Sandler:

On behalf of the members of the Food Products Association (FPA), this letter responds to the August 8, 2006 Federal Register notice referenced above requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries. FPA is the voice of the $500 billion U.S. food processing industry on scientific and public policy issues involving food safety, nutrition, technical and regulatory matters and consumer affairs. FPA's laboratory centers, its scientists and professional staff represent food industry interests on government and regulatory affairs and provide research, technical services, education, communications and crisis management support for the association's U.S. and international members, who produce processed and packaged foods, drinks and juices.

FPA submits this letter to support maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand. FPA members are most specifically interested in maintaining duty free status as it relates to imports of bottle grade polyethelene terephthalate (PET) resin (HTS 3907.60.0010). PET resin is used to manufacture the plastic bottles and packages that contain many common processed food products such as fruit juices, soft drinks, soups, and frozen foods. The countries of India, Indonesia and Thailand account for 18% of the U.S. market and the withdrawal of GSP benefits for these countries, would result in imposition of a tariff of 6.5% on the imports of bottle-grade PET resin. Consequently, removing this important raw material from the U.S. GSP program would add significant costs for U.S. food manufacturers and beverage companies resulting in increased costs to the consuming public for a wide range of processed food products.

The GSP program is important to U.S. development and trade interests. In addition to encouraging economic advancement in poor countries through trade, 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 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 improved their economic conditions. Removal of GSP eligibility for India, Indonesia and Thailand is contrary to the stated goals of the program, and would set back the goals of the program and would adversely affect the U.S. economy at the same time, as is demonstrated by this specific example.

In addition, FPA notes other important factors to be considered by the GSP Subcommittee in its review of India, Indonesia and Thailand:

- **World Bank Ranks These Countries in Low Economic Categories.** 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."

- **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 they 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.

- **GSP Benefits Are Necessary to Remain Competitive.** 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 in this product in the U.S. market.

For the reasons stated above, FPA supports maintaining duty free status for the countries of India, Thailand and Indonesia. FPA appreciates your consideration of these comments.

Sincerely,

Peggy S Rochette

Peggy S. Rochette

Sr. Director International Policy

FPA
FOOD PRODUCTS ASSOCIATION

1350 I Street, NW
Suite 300
Washington, DC 20005
202-639-5900
www.fpa-food.org

WASHINGTON, DC
DUBLIN, CA
SEATTLE, WA

September 5, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
USTR Annex, Room F-220
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For the reasons stated above, FPA supports maintaining duty free status for the countries of India, Thailand and Indonesia. FPA appreciates your consideration of these comments.

Sincerely,

Peggy S Rochette

Peggy S. Rochette

Sr. Director International Policy

Howard D. Hurwitz
Corporate Counsel
303.744.5653Tel.
303.744.4653 Fax
hhurwitz@gates.com

Gates Corporation
Tomkins Law Department
1551 Wewatta Street
Mail Code 10-A5
Denver, CO 80202

September 14, 2006

Ambassador Susan C. Schwab
United States Trade Representative
GSP Subcommittee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

VIA: Electronic Correspondence

Attn.: Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chair, GSP Subcommittee of the Trade Policy Staff Committee

Re: **2006 GSP Eligibility Review**
Comments of Gates Corporation

Dear Ambassador Schwab:

Please accept these comments of Gates Corporation, a Tomkins company ("Gates") headquartered in Denver, Colorado, in support of the renewal of the Generalized System of Preferences ("GSP") program. Gates strongly believes that the GSP program serves the economies of the United States and the beneficiary developing countries well, and has a significant, positive impact on our company, our employees, their families and our community.

Gates is a leading manufacturer of hydraulic hoses and connectors, automotive and marine hoses, and industrial belts and hoses. We supply both original and aftermarket equipment. Gates employs 5120 employees in the U.S. and our business supports the world-wide employment of 12,600 employees directly, as well as, the indirect employment of many others employed by the companies from which we source our materials and merchandise.

Gates sourced GSP eligible products from India and Brazil that resulted in approximately $********** in import duty savings for the year 2005. The benefits of the GSP program for eligible imports from India and Brazil enable our company to be more competitive domestically and internationally. The more competitive Gates can be, the more secure the employment of our U.S. employees and the more beneficial our impact on the economy of the community in which we live and work.

We manufacture GSP eligible products in Chandigahr, India and Jacarei, Brazil. Although both India and Brazil have made great strides economically in recent years, many of the benefits have yet to reach the families of our Indian and Brazilian employees and the employees of the companies from which we source our materials and merchandise. While we take great pride in the work-ethic and the quality of the workmanship of those individuals in India and Brazil that produce merchandise purchased and imported by Gates, one significant consideration in our decision to source products is financial. The ability of our company to obtain import duty savings through the GSP program is an important factor.

The failure of Congress and the Administration to renew the GSP program would necessitate serious reconsideration of our current sourcing operations. We have already expanding our manufacturing capacity in or sourcing additional products from *******. Gates has found the cost of ******** goods to be very competitive. Our experience in the ********* marketplace leads us to the conclusion that we would likely consider ********* suppliers for the products we currently obtain from India and possibly Brazil, should the GSP program not be renewed. We believe that in order to remain competitive, our company would need to examine these options.

For the reasons we have expressed, Gates Corporation supports the renewal of the Generalized System of Preferences program. The GSP program benefits the economies of the U.S., Brazil and India, as well as, the other beneficiary developing countries and, more importantly, has a direct, positive impact of the lives of many individuals. It is a program worthy of renewal.

With kindest regards, I am,

Very truly yours,

Howard D. Hurwitz
Corporate Counsel
Gates Corporation
Tomkins Law Department

From: JGoldman@fgoldman.com
Sent: Monday, September 04, 2006 10:46 AM
To: FN-USTR-FR0052
Cc: Richard Goldman; Phil Castiglia
Subject: Duty

As one of the largest USA based manufacturers of the Jewelry I strongly urge the USTR Panel NOT to support continuation of Duty Free trade benefits for studded jewelry from India under GSP.

The existing GSP benefits hurt the American manufacturer and have forced the layoffs of 1000s of US workers.

I strongly urge you to recommend the discontinuance of GSP benefits for studded diamond jewelry from India. Thanking you,

Sincerely,
Jonathan A. Goldman
CEO
Frederick Goldman Inc.
154 west 14th Street
NYC , NY. 10011

Please respond to jgoldman@fgoldman.com

To,

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the USTR
Washington DC

Subject: - Comments on 2006 GSP Eligibility and CNL Waiver Review

Dear Ms. Sandler

I am enclosing the Government of India's written comments to the GSP Sub-Committee in response to the USTR Federal Register Notice of August 8, 2006 on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers

With regards

Dr. V.S. Seshadri
Minister (Commerce)
Embassy of India
2536, Massachusetts Avenue NW
Washington DC 20008
Tel: 202-939-9826
Fax: 202-797-4693
Email: vsseshadri@indiagov.org

2006 GSP Eligibility and CNL Waiver Review

Submission by India

A Federal Register Notice of August 8, 2006 by the Office of USTR has invited written comments on whether to limit, suspend or withdraw the eligibility of thirteen countries, including India, which have been identified because:

(i) their annual GSP utilization is over US$100 million; and
(ii) they are a upper middle income economy as per World Bank or they accounted for more than 0.25% of world's goods exports in 2005.

2. India has been a major beneficiary of US-GSP Programme since its inception in 1976. During the review conducted in October-November 2005, India had made written and oral submissions giving reasons for the continued support of GSP preferences for Indian export to US.

3. In the context of the current review, it may be worth recalling again the nature and objectives of GSP as multilaterally envisioned. The scheme is to be **generalized, non-reciprocal** and **non-discriminatory** (emphasis added) in favor of developing countries, including special measures in favor of least developed countries. These preferences are intended for developing countries:

(a) to increase their export earnings;
(b) to promote their industrialization; and
(c) to accelerate their rate of economic growth.

Preferences are to be designed to respond **positively to the development, financial and trade needs of developing countries.** (emphasis added)

4. In the light of the above, the facts and comments in respect of the object of the current review, as in para 1 above, in so far as India is concerned, are outlined below:

Inappropriateness of setting an overall GSP utilization level (US$100 million) as a threshold for grant of GSP

5. The utilization level of GSP by a developing country largely depends on the product mix of its export to US. If a country is a predominantly textile and apparel exporter nation, its GSP utilization would be very minimal since these items do not receive GSP concessions. Likewise, if the MFN tariffs on certain items are either low or marginal, countries which export mainly those items will not be major GSP users. There are also instances where certain exporters do not avail of GSP due to lack of awareness about the scheme or because the compliance cost for obtaining GSP concessions is not commensurate with the benefit. In the case of India, the export basket is diverse and the efficient certification system enables its exporters to easily avail of the benefit. These should however not be causes for reviewing GSP concessions. It is therefore submitted that setting a GSP utilization ceiling as a bench mark for grant of GSP would be an inappropriate way to proceed.

India and its economy – the development needs

6. As per World Bank statistics, India with a per capita GDP of US$620 is a low income country. The accelerated economic growth witnessed during the last few years is making a significant difference and is contributing towards a declining poverty ratio and in tackling the problem of unemployment and underemployment. The magnitude of the task is however huge considering that the total number of people below the poverty line when last estimated was 26% of the population which is around 300 million. The urgent development need therefore lies in achieving a sustained high growth rate including in the important area of foreign trade that has a significant potential for offering employment. This becomes even more significant in view of the fact that a major share of exports from India originate from the small and unorganized sector where the incidence of poverty is significantly higher.

7. According to a study conducted by the Research and Information System for Developing Countries (RIS) of India, it is estimated that in 2004-05 the total employment generated by the export sector was 9 million against an export level of US$80 billion. Indirect jobs created through backward linkages and in logistics and export related sectors was estimated to be 7 million in the same year. The same study estimates that if attempts are made to exploit export opportunities in labor intensive goods and following labor intensive modes of production, the export sector could generate 21 million new jobs by 2009-10.

8. Export growth prospects are also intricately intertwined with the rapid development of physical infrastructure such as power, roads, ports and airports and efficient delivery of such services, which are presently hampering India's exports. While the government is taking measures to remove these bottlenecks, given the magnitude of infrastructure needs and the financial resource constraints, this will necessarily require some time to be met.

India's Trade needs and the proposed threshold level of 0.25% of World trade

9. Developing countries are large and small and it is submitted that their relative shares in world trade cannot solely determine their level of development or their trade needs. While India's exports totaled US$100.6 billion in 2005-06, its share in the country's GDP is estimated at only around 13.5%, with the GDP itself, seen in per capita terms, being relatively low. While India is not an export led economy, and its imports exceed its exports by 40%, the urgent trade need is to continue to secure a strong export growth that can in turn finance the import needs of a growing economy.

10. As for the element of India's trade competitiveness, two broad sets of factors are significantly influencing the Indian competitiveness, or lack thereof. One is the predominance of the small scale sector among the export community in India. Their small volumes, their inability to keep pace with technology and the marketing constraints towards reaching the global consumer, weaken their ability to compete. The second set of factors that is denting the competitiveness of Indian exporters arise from lack of adequate infrastructure, higher energy costs, higher interest rates, relatively higher freight rates, higher transaction costs etc. A recent study by the Directorate General of Foreign Trade of India put the Cost Disability Incidence Estimates for Indian companies as ranging between 19% to 22% on the FOB value of export. Another recent publication by the World Bank 'From competition at home to competing abroad: A case study of India's horticulture' in June 2005 has also found that on average, India's international transportation costs are 15 to 30 per cent higher than those of other countries.

India's openness to external trade

11. India has in recent years, liberalized its foreign trade regime very substantially. The maximum rate of basic customs duty applicable on all

non-agricultural goods, barring very few items, has been steadily brought down to 12.5% as indicated in the table below:

Year	**Peak rate of basic customs duty on non-agricultural items**
2000-01	35%
2002-03	30%
2003-04	25%
2004-05	20%
2005-06	15%
2006-07	12.5%

12. The actual collection rate (basic customs duty collected divided by total value of imports) in respect of all imports is even lower and has, in fact, come down from 9.03% in 2002-03 to 6.67% in 2004-05.

13. The unilateral tariff reduction initiatives taken by India have also contributed to a sharp increase in its overall imports. This is also the evidenced in respect of exports from United States to India that have witnessed significant levels of growth in recent years, as may be seen in the table indicated below:

Year	**2003**	**2004**	**2005**	**Jan-June 2006**
Percentage increase in US merchandise exports to India over previous year.	21.42%	22.69%	30.77%	21.96%

Source: US Department of Commerce.

14. The trend is also evident in US's services exports as may be seen in the table below giving latest available figures.

US-India Trade in Services (In US $ millions)

Year	US sales to Indian markets		Indian sales to US markets	
	Across border	Through foreign affiliates	Across border	Through US affiliates
2004	4606	N.A.	2751	N.A.
2003	3783	1222	1976	892
2002	3255	1136	1809	275

Source: Bureau of Economic Analysis.

<u>Removal of Competitive Needs Limitation (CNL) waiver</u>

15. In the Federal Register Notice of 8 August 2006 referred to earlier the office of USTR has also invited comments on whether any of the existing Competitive Needs Limitation (CNL) waivers are no longer warranted due to changed circumstances. In this regard, following aspects are important.

16. Of the existing 83 CNL waivers, nine relate to India. Among the nine items only two items, Gold or Platinum Jewellery (HS7113195000) and Non-electric lamps and light fittings of brass (HS 9405503000) have exceeded the threshold limit of CNL (US$120 million of exports or 50% of all imports) in recent years.

<u>Gold Jewellery (HS 7113195000)</u>

17. Two aspects are important while considering this item. Firstly, this is a highly decentralized sector with 93% of the output coming from small scale industrial limits. By its nature, the sector is labor intensive and the employment generation is estimated to be around 650,000 in 2004-05. Moreover, the value addition taking place in India in respect of a typical jewellery item is only around 15 to 20% of the cost of the final product, with the imported imports, especially gold and diamonds, contributing the major share of the value of the items. In terms of dollar value, therefore, the imports under this tariff heading may appear to be garnering a large share. In fact, however, the net export income accruing to the Indian jewellery sector is significantly less. Furthermore, this sector does not affect the indigenous industry in US as these are specialized artisan items. On the other hand, they do make use of exported inputs of Gold and diamonds from US obtained either directly or channeled through third sources.

18. The second important aspect arises from the extensive damage suffered by Surat city and its surrounding areas in the state of Gujarat from the recent unprecedented flood situation. Surat is the most important center for gems and jewellery in India and houses about 8000 units in diamond cutting and polishing and 5000 units of jewellery. The machinery and equipment used by jewellery manufacturers were mostly located in the basements of jewellery units and it is estimated that more than 50% of all the units have incurred severe loss or damage. There could therefore be a severe loss of production for some time to come.

Non-electric lamps and light fittings of iron (HS No.9405503000)

19. Though the share of India's exports of this item in US's overall imports was around 80% in 2005 the dollar value was only US$20.03 million. These are again in several cases, specialized artisan and handicraft items, and are manufactured by small scale industrial units which generate considerable employment. They are also not products that can cause any adverse impact on the US domestic industry.

Conclusion

20. India has been a major beneficiary of GSP scheme of US. India is confident that in this review of the GSP scheme all the points made in this submission would be fully taken into consideration in relation to its trade, financial and development needs.

****

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Sub: "2006 GSP Eligibility and CNL Waiver Review"

Dear Sir,

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

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

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

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

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

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

Encl : List of Goods manufactured by L&T

LARSEN & TOUBRO LIMITED

LIST OF GOODS MANUFACTURED

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

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

Nestlé USA

1101 PENNSYLVANIA AVE. NW
SUITE 600
WASHINGTON, DC 20004

Nestlé

PUBLIC VERSION

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
USTR Annex, Room F-220
1724 F Street, NW
Washington, DC 20508
DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

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

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

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

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

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

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

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

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

Sincerely,

Louise Hilsen

Louise Hilsen
Vice President, Government Relations

From: PRIMEINTNL@aol.com
Sent: Tuesday, September 05, 2006 2:58 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Public Comment on HTSUS – 71131950

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

Thanking you,

Sincerely,

Shailesh Shah
Hans Diam Inc d/b/a Prime International
212 869 4267 Ext 101
212 869 4987 Fax

From: Lee Hardeman [leeh@lhcb.com]
Sent: Tuesday, September 05, 2006 10:06 AM
To: FN-USTR-FR0052
Cc: comm
Subject: GSP renewal, suspension, and/or revocation

Lee Hardeman

CUSTOMS BROKER, INC.

P.O. BOX 45545 277 Southfield Pkwy. Phone (404) 361-1114
Atlanta, GA USA Suite 135 Fax (404) 361-1314
30320-0545 Forest Park, GA 30297 Internet: LeeH@LHCB.com

September 5, 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,

As a member of the National Customs Brokers and Forwarders Association of America (NCBFAA, I am 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. We customs brokers 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. If your decision is to remove or suspend these countries, we urge you to do so with sufficient prior notice that allows U.S. importers to find other suitable suppliers. I suggest AT LEAST one year. While these larger beneficiary countries have progressed economically due to their participation in the GSP program, an abrupt cut-off from the program would not only cause serious hardship for these countries without a corresponding benefit to the least developed countries, but would harm U.S. importers as well. It does not necessarily follow that U.S. businesses will switch suppliers from a larger GSP country to a least developed country, ESPECIALLY in the short run. 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 or more of these countries is probably a lose-lose proposition without adequate lead time to find other sourcing.

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 should have a phased removal from 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, orderly, and 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 Customs, importers, and my fellow brokers. We hope you will utilize every resource to assure a timely renewal of the program.

Thank you for allowing us to express our views.

Sincerely,

Lee Hardeman
President

cc: NCBFAA/Tom Mather

Warmest regards,

Lee <><
Lee Hardeman Customs Broker, Inc.
PH: 404-361-1114 ext. 452
DID: 404-477-3452
FAX: 404-361-1013
email: LeeH@LHCB.com

CELEBRATING 20 YEARS OF SERVICE TO OUR CUSTOMERS!

Please note our new location:

277 Southfield Parkway, Suite 135
Forest Park, GA 30297

Please visit our website at www.lhcb.com

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Retention of GSP Treatment (Including CNL Waivers) for Aluminium Products covered under Chapter 76 Originating from India

I. Introduction

Under Chapter 76, the US GSP benefits are extended to India for items covered under 14 four digit HTUS headings. HINDALCO Industries Ltd. located in India is involved in the manufacture and export of items under HTUS headings: 7604, 7605, 7606, 7607 and 7608.

HINDALCO Industries Ltd. is a flagship company of the Aditya Birla Group that is

HTUS	Description of GSP-Eligible Tariff	Availability of CNL Waiver for Indian Aluminium Products	MFN RATE
76041010	Aluminum (o/than alloy), profiles	Nil	5%
76041030	Aluminum (o/than alloy), bar and rods, with a round cross section	Nil	2.6%
76041050	Aluminum (o/than alloy), bar and rods, other than with a round cross section	Nil	3%
76042910	Aluminum alloy, profiles (o/than hollow profiles)	Nil	5%
76042930	Aluminum alloy, bars and rods, having a round cross section	Nil	2.6%
76042950	Aluminum alloy, bars and rods, other than with a round cross section	Nil	3%
76061130	Aluminium (o/than alloy), plates/sheets/strip, w/thick o/0.2 mm rectangular (incl.sq.) not clad	Nil	3%
76061230	Aluminium alloy plates/sheets/strip, w/thick o/0.2 mm rectangular (incl.sq.) not clad	Nil	3%
76069130	Aluminium (o/than alloy), plates/sheets/strip, w/thick o/0.2 mm o/than rectangular (incl.sq.) not clad	Nil	3%
76069230	Aluminium alloy plates/sheets/strip, w/thick o/0.2 mm rectangular (incl.sq.) not clad	Nil	3%
76071130	Aluminum, foil, w/thickness n/o 0.01 mm, rolled but not further worked, not backed	Nil	5.8%
76071160	Aluminum, foil, w/thickness over 0.01 mm but n/o 0.15 mm, rolled but not further worked, not backed	Nil	5.3%
76071190	Aluminum, foil, w/thickness over 0.15 mm but n/o 0.2 mm, rolled but not further worked, not backed	Nil	3%
76071910	Aluminum, etched capacitor foil, w/thickness n/o 0.2 mm, not rolled or rolled and further worked, not backed	Nil	5.3%
76071930	Aluminum, foil nesoi, w/thickness n/o 0.15 mm, cut to shape, not rolled, not backed	Nil	5.7%
76071960	Aluminum, foil nesoi, w/thickness o/0.15mm but n/o 0.2 mm or 0.15mm or less & not cut to shape, not rolled, not backed, nesoi	Nil	3%

involved in the manufacture of aluminium products covered under Chapter 76.

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The table above exhibits the list of aluminium products that are manufactured by HINDALCO Industries Ltd., which benefit from the GSP Programme to the US.

V. Exports of Concerned Aluminium Products into the US

HS Code	Total Imports of US (value in US$ thousand)					US Imports from India (value in US$ thousand)					
	2005	2004	2003	2002	2001	2005	2004	2003	2002	2001	Mkt share 2005 (%)
76041010	34,975	20,390	13,942	11,470	13,200	…	…	6	3	…	…
76041030	20,505	28,642	20,850	43,717	13,907	27	…	…	36	…	0.13
76041050	9,339	6,557	6,191	7,816	12,079	4	157	…	…	…	0.04
76042910	371,000	297,216	186,085	185,068	174,194	922	873	270	…	…	0.25
76042930	55,970	37,779	40,679	35,443	44,243	520	928	414	…	…	0.93
76042950	45,865	38,771	33,746	31,320	25,781	4,847	1,487	…	…	11	10.57
76061130	210,185	199,089	154,733	136,020	161,807	3	92	3	…	…	0.00
76061230	1,958,471	1,344,157	1,017,330	965,460	836,748	14,671	1,771	890	2,429	1,903	0.75
76069130	169,749	86,481	54,344	55,258	61,920	163	8	7	…	8	0.10
76069230	117,032	96,995	112,430	120,737	125,643	13,197	4,526	1,069	91	681	11.28
76071130	171,228	132,958	122,941	110,549	98,902	47	53	53	50	348	0.03
76071160	144,595	116,579	106,121	108,982	77,118	969	112	146	31	…	0.67
76071190	53,784	24,620	25,704	23,687	24,301	515	198	…	…	6	0.96
76071910	53,558	58,811	47,437	39,909	43,234	…	…	124	33	…	…
76071930	13,905	10,574	9,515	10,161	29,385	…	4	…	3	2	…
76071960	124,764	94,305	90,828	83,770	76,548	184	36	8	5	…	0.15

--- indicates nil or negligible exports

Source: USA Trade Online

The data in the table above shows that although the share of Indian aluminium products in the total imports of aluminium products into the US has increased over the period 2001-05, this increase in any of categories that enjoy GSP has not exceeded 50% of the total imports into the US under each category. In any of the categories the exports have also not exceeded the figure of US$ 120 million during the period 2001-05. *The growth of Indian exports is gradual and responsible and not alarming.*

VI. Why does Indian Aluminium industry manufacturing products covered under HTUS 7604, 7606 and 7607 deserve GSP treatment inclusive of CNL waivers?

1. The Indian aluminium industry has evolved as a stable, reliable and consistent supplier of quality aluminium plates/sheets/strips covered under HTUS 7604, 7606 and 7607 to major quality conscious US companies such as the Metal Exchange and has contracts signed with companies such as GE and Schneider to supply them material beginning 2007. The reliable and stable supply of such products from India has been instrumental in facilitating the shift of US aluminium companies into production of specific value added aluminium products.

2. The Indian aluminium industry has achieved its global positioning based on employment of licensed or indigenously developed technologies. After becoming a Member of the WTO, India has put in place state-of-the-art IPR legislations around product and process patents, copyrights, trademarks, designs and other IPRs. Indian aluminium manufacturing is therefore driven by respect for intellectual property rights (IPRs) unlike in certain competing jurisdictions like China, which do not have strong IPR regime in place.

3. The prices of the raw materials utilized to manufacture aluminum products as well as those of finished products in India are driven by market forces in a transparent manner. Moreover, the export and domestic incentives provided by the Indian Governments to its exporters are well documented and verifiable. Such practices developed in the context of the Indian market are very distinct from those observed in competing jurisdictions, especially China which is designated with a ‘non-market economy’ status on a range of products.

4. Indian exports backed by GSP benefits, become a strong countervailing force to any effort of market capture and creation of monopolistic market conditions, by exporters from non-market economies who drop prices to any extent to enhance and deepen their market share. This facet of trade is

extremely important given the fact that such products are utilized in a sector as sensitive as the housing sector in the US.

5. In addition to the normal GSP benefits, the CNL waivers to the Indian aluminium industry shall go a long way in qualitatively improving the ties between US and Indian industry. We firmly believe that such a waiver shall help Indian exporters to supply aluminium to US industry in sufficient quantities and most importantly at better prices. US importers shall also have an opportunity to source aluminium products from sources that are transparent, credible and have a good track record with US Customs Authorities. We would like to mention upfront that the Indian industry has never been interested to capture the US market and create a monopolistic position in products under heading 7604, 7606 and 7607. This feature of Indo-US trade in products under these headings shall not change irrespective of availability of CNL waivers.

VII. Impact on the US machinery and Technology Industry if GSP to identified Aluminium Products from India is discontinued

We would like to bring to the attention of the US GSP Subcommittee that HINDALCO plants located in different parts of India extensively use US machinery and US technology for manufacturing items under 7604, 7606 and 7607 which are exported to the US. The table below provides information on the same.

Plant	Equipment	Name of the US Company who has supplied the Machine	Year of Installation
Belur	Light Stretcher	The Torrington Manufacturing Co. Ltd	1945
	D C Casting machine	Lobeck Casting Processes Inc	1961
	Ingot sawing machine	Loma Machine manufacturing	1961
	3 numbers of Pre-Heaters	Swindell - Dressler Corporation	1961-64
	4 High cold rolling mill	E.W.Bliss Company	1962

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	Annealing Furnace :4,5,6 along with charger	Swindell - Dressler Corporation	1962
	Slitting m/c	Stamco Inc	1961
	Heavy Stretcher	Youngstown Foundry and machine company	1962
	Up Cut & down cut shear at Hot Mill	Stamco Inc	1962
	12 ft finish shear	Stamco Inc	1962
	Large cut to length	Stamco Inc	1962
	6 High roller leveler for cut to length m/c	Hervoss Corporation	1994
	7.5 T Crane	Northern Engineering works	1962
	Ingot handling crane	Lombard Corporation	1962
	10 T Crane	Northern Engineering works	1962
	30 T Crane	Northern Engineering works	1962
Renukoot	Hot Mill	E W Bliss	1960
	Cold Mill	E W Bliss	1962
	Extrusion Press 1 & 2	Farrel	1965
	Slab Caster	Wagstaff	1996
	Billet Caster	Wagstaff	1997
	Fire Extinguisher System	Chemtron	2000
Taloja	Light Slitter	B & K Machinery Inc	1970
	Heavy Cut to Length	B & K Machinery Inc	1970
	Hervoss Slitter	Hervoss Corporation	1995

The above clearly shows that HINDALCO Industries Ltd. which is the one of the top two largest exporters of aluminium products under HTUS 7604, 7606 and 7609 has had a historical relationship with US suppliers of machinery and technology. In short, commercial interests of a large number of machinery and technology suppliers from the US have been historically hinged to the growth of aluminium industry in India. HINDALCO Corporation believes that nullification of GSP benefits on its exports will negatively impact its future and thereby also have negative repercussions on the relationships that HINDALCO Industries Ltd. has with US corporations supplying machinery and technology to it at present and in future.

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VIII. Impact on US Consumers if GSP to identified Aluminium Products from India is discontinued

The concerned aluminium products under HTUS 7604, 7606 and 7607 can be either manufactured by using aluminum scrap or from bauxite. India is probably one of the few locations in the world which has sustained and quality conscious capacities of aluminium products manufactured from bauxite. HINDALCO Industries Ltd. which is extremely conscious about the quality of output it manufactures has constantly invested in technologies and machinery that can manufacture aluminium from bauxite and not from scrap. A number of facilities globally import scrap and then manufacture aluminium from the same, as this saves on power costs to a great extent.

We need to although remember that such a cost saving (due to manufacture of items under HTUS 7604, 7606 and 7607) introduces impurities in the value chain of products where aluminium is used, such as cans, automotive components, housing and construction equipment that can have deleterious impacts on consumers.

HINDALCO Industries Ltd., which is amongst the top two exporters of aluminium from India to the US, manufactures aluminium products under HTUS 7604, 7606 and 7607 using bauxite as its raw material and therefore has never compromised with its quality and has ensured that US consumers get the best for what they pay.

Disruption in trade resulting from possible nullification of GSP to Indian Aluminium items under HTUS 7604, 7606 and 7607, will expose US consumers to supplies of aluminium from other jurisdictions that may not be as quality conscious as Indian suppliers.

IX. Developmental Implications in India

The largest facility of HINDALCO Industries Ltd. is situated at Renukoot which is one of the most backward parts of Uttar Pradesh with a per capita income that is less than the national average.

The HINDALCO Industries Ltd. plant in Renukoot, which contributes more than 95% its exports to the US, has today transformed the face of Renukoot due to the various social programmes it has carried out to benefit the people of Renukoot. The Company runs a number of adult literacy programmes, child health care camps, health camps specially for women, watershed development projects, and skill development programmes for youth in the Renukoot Region. Besides this, the money earned from this facility of HINDALCO Industries Ltd. is also reinvested in roads and other infrastructure facilities of the region.

The US Authorities need to appreciate the fact that a number of these socially beneficial programmes in Renukoot are actually being financed out of the steady and growing incomes that HINDALCO Industries Ltd. is able to extract from its export to the US market.

If the GSP benefits to products under HTUS 7604, 7606 and 7607 is removed, then this would not only impact the Company's output and financial performance but also have a partial impact on the ability of the Company to sustainably develop the Renukoot Region.

X. How would China and not the US benefit if the GSP to Indian aluminum products under HTUS 7604, 7606 and 7607 is nullified?

We have pointed out earlier, that the products being exported to the US by HINDALCO Industries Ltd. and other aluminium manufacturers in India do not substitute but complement the aluminium product range manufactured in the US..

Taking into consideration the logistical costs of transporting aluminium products to the US coupled with requirements of capacities to provide material on time, the only major country to benefit from such a phenomenon shall therefore be China, which is 'non-market economy'.

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XI. Request from HINDALCO Industries Ltd.

The above clearly shows that GSP benefits are not only critical for the future growth plans of Indian aluminium industry, but also important with respect to the economic future of various constituencies in the US including machinery & technology suppliers and US consumers.

In view of the above HINDALCO Industries Ltd. requests the GSP Subcommittee to make a recommendation to the President to continue with the GSP treatment to Aluminium Products 76041010, 76041030, 76041050, 76042910, 76042950, 76061130, 76061230, 76069130, 76069230, 76071130, 76071160, 76071190, 76071910, 76071930 and 76071960 and also requests to parallely provide CNL waivers to the same.

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

International Bottled Water Association

September 5, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

The International Bottled Water Association (IBWA)[1] submits this letter in response to the August 8, 2006, Federal Register notice requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries. In particular, IBWA supports 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 plastic resin, would not 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. PET resin 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 a wide range of consumer goods. Without duty-free imports under the GSP program, there will be a de facto tax on industrial consumers of PET resin and on U.S. products packaged in PET plastics.

[1] IBWA is the trade association representing all segments of the bottled water industry. Founded in 1958, IBWA member companies includes U.S. and international bottlers, distributors and suppliers. IBWA is committed to working with the U.S. Food and Drug Administration (FDA), which regulates bottled water as a packaged food product, and state governments to set stringent standards for safe, high quality bottled water products. In addition to FDA and state regulations, the Association requires member bottlers to adhere to the IBWA Code of Practice, which mandates additional standards and practices that in some cases are more stringent than federal and state regulations. A key feature of the IBWA Code of Practice is an annual, unannounced plant inspection by an independent, third-party organization.

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. There are 21 other GSP beneficiaries, including 14 countries not on USTR's review that 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.

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, IBWA strongly favors the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,

Patrick Donoho

Patrick Donoho
Vice President, Government Relations
pdonoho@bottledwater.org

INDIAN DIAMOND & COLORSTONE ASSOCIATION, INC.
(A Not-For-Profit Organization)
56 West 45th Street, Room 705, New York, NY 10036. (212) 921-4488 Fax: (212) 768-7935

September 5, 2006

Marideth J. Sandler
Executive Director for the GSP Program,
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Public Comment of HTSUS-71131950

Dear Ms. Sandler,

These comments are submitted by the Indian Diamond and Colorstone Association (IDCA), which represents a vast network of wholesalers, manufacturers and distributors all across the U.S., approximately 270 companies whose lively hood depend on gems and jewelry imports from India. We are US Corporations and have been in the diamond and jewelry business for over 30 years in U.S. We have been pioneers in developing and growing this new segment of business in the U.S. and providing a range of products to American retailers.

On behalf of the members of the IDCA, we urge you to consider continuing the GSP benefit for jewelry products imported from India. <u>We believe that taking away this benefit will cause a tremendous hardship to American wholesalers and retailers and will cost millions extra to U.S. consumers.</u>

The jewelry we sell in the United States, imported from India, is sold largely to middle and lower income customers. Our direct customers, who serve this market segment, include Wal-Mart, Sears, J C Penney, Macy's, Zales, Kays, and many T.V. shopping channels like QVC, Home Shopping, and many Internet firms including E-bay and Amazon.

INDIAN DIAMOND & COLORSTONE ASSOCIATION, INC.
(A Not-For-Profit Organization)
56 West 45th Street, Room 705, New York, NY 10036. (212) 921-4488 Fax: (212) 768-7935

Because the retailers catering to mass market are under constant pressure to offer value to middle and low income consumers, there is a tremendous and constant price pressure on jewelry importers to always provide values to them. This is why sourcing jewelry through GSP has grown.

Why India

India was a natural choice to develop as a source for this important segment of the U.S. jewelry market. In the late 1960s, because of its age old experience with diamonds, India pioneered the process of converting small industrial rough diamonds into gem diamonds. These were once considered rejects and small proportions were used in drilling tools. India is the only country that has developed expertise in producing these small diamonds very economically. Jewelry designed and produced in India with these locally produced diamonds are very much affordable by the middle and lower income groups in U.S. and elsewhere.

GSP Has Been Good For India and US

GSP, and because of it our active role in the Indian economy, has been good for India. We ensure that Indian jewelry manufacturers employ best ethical business practices, many of them are ISO 9000, a certification by KPMG. To encourage exports of jewelry demand thanks to GSP, the Indian government has steadily and increasingly liberalized tariff and non-tariff barriers to inputs needed to manufacture jewelry in India. The jewelry industry in India remains largely a labor intensive industry, providing jobs to unskilled and semi skilled artisans, both men and women who are mostly uneducated and only trained to earn their livelihood in this industry. The jewelry industry employs about 400,000 workers, the diamond cutting industry another 600,000. GSP has also benefited India by promoting investments in joint ventures in India and many are contemplating investing in the future – but only if GSP continues. All of these benefits to India are just exactly what the GSP program is meant to do. GSP has also been good for US.

INDIAN DIAMOND & COLORSTONE ASSOCIATION, INC.
(A Not-For-Profit Organization)
56 West 45th Street, Room 705, New York, NY 10036. (212) 921-4488 Fax: (212) 768-7935

Creation of a jewelry segment for the lower and middle income group in the United States has resulted in substantial employment in U.S. at wholesale and retail levels. It has also resulted in tax revenues to the U.S. government at various levels.

What Loss of GSP for Jewelry Imported from India Means

GSP duty-free benefits are essential to our ability to source this jewelry from India in the future. It is especially important because of the rise in gold and diamond prices, which has dampened generally the jewelry business. A 6% duty will cause a tremendous hardship to the whole jewelry industry in U.S. by raising prices, which will have to be passed on to the consumer. This in turn will be shrinking sales and affecting U.S. employment at all levels. Creation of a jewelry market in the United States for lower and middle income groups, based on imports from India with GSP benefits, means substantial employment in U.S. and related sales and income tax revenues to U.S. government.

Removal of GSP for Indian jewelry products, a category of jewelry imported to meet demand from low and middle income American consumers, will raise prices in the range of 5% - 13% for the consumers in U.S. This would entail restriction of choices available to the retailers and consumers of jewelry in U.S. Loss in sales may cause unemployment and closure of many small family owned businesses. This will result in tremendous hardship to everyone all across the industry in U.S. as well as abroad.

We therefore urge you to continue GSP benefits for jewelry imported from India.

Sincerely,

RS Parikh

NAME: Rajshekhar Parikh
TITLE: Director

Opposes Jewelry Benefits
for All GSP countries

From: Larry Kelley [lkelley@goruby.com]
Sent: Thursday, August 31, 2006 5:07 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Public Comment on HTSUS - 71131950

As a member/ owner/ manager of the Jewelry Trade, I strongly urge the USTR Panel to CANCEL ANY AND ALL Duty Free trade benefits for jewelry from India AND ALL OTHERS COUNTRIES under GSP.

SINCERELY,

LARRY P KELLEY
WWW.SHELBYGEMFACTORY.COM
PH 231 861-2165
FAX 231 861-2165

Opposes CNLW for Studded
Jewelry 7113.19.50
For India

From: Avi Raz [azpearls@pacbell.net]
Sent: Thursday, August 31, 2006 4:18 PM
To: FN-USTR-FR0052

As a member of the Jewelry Trade, I strongly urge the USTR Panel to reject continuation of Duty Free trade benefits for studded jewelry from India under GSP. As you fully aware the government of India imposes duty and many trade restrictions on importation of United State manufactured jewelry. It is high time for the US government to ensure fare and equal trade practices with India.

I strongly urge you to recommend stopping the renewal of GSP benefits for studded diamond jewelry from India.
Thanking you,

Sincerely,
Avi Raz
A & Z Pearls, Inc.
550 S. hill st., Suite 660
Los Angeles, Ca 90013

Opposes Jewelry GSP Benefits for India

From: Craig Randall [randall@netprosbb.net]
Sent: Thursday, August 31, 2006 11:17 PM
To: FN-USTR-FR0052
Subject: Jewelry trade with India

To whom it may concern:

I received an e-mail from the IDCA requesting that I forward the message below to you.
I would like to let you know that I do not support the position of the IDCA, As a part owner of a family owned retail jewelry store
I would prefer to see higher tariffs on imported jewelry from India, and other nations such as China.
The flood of imports from nations with cheap labor is driving American jewelry manufacturers out of business.
I would rather pay more for jewelry from American sources that pay their employees a livable wage, rather than buy jewelry from
a foreign country, that uses what is close to slave labor under poor working conditions. As far as the American consumer saving money, the conversations I have had with my customers would lead me to believe that they are willing to spend more for jewelry and know it is American made. It is a luxury item after all, and the low price argument that the IDCA is using does not add up, except that they are probably worried that jewelry factories in India might have to close up, and their gravy train will come grinding to a halt.

Craig Randall
Randall Jewelers
Wausau, WI

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,

Opposes GSP for India

From: Ron Rizzo [ronrizzo516@yahoo.com]
Sent: Thursday, August 31, 2006 10:17 PM
To: FN-USTR-FR0052
Subject: GSP

To whom it may concern,
As a manufacturing retailer in the United States I think adding duty to products made overseas help to level the playing field. Products from India come to the US so inexpensively due to labor costs. I think it is more confusing to American consumers why some diamond jewelry products are so cheap.
Revoking the GSP is a good thing.
Ron Rizzo

Opposes GSP for India;
Hopes to thereby make jewelry in
USA again

From: yitzkahan@aim.com
Sent: Thursday, August 31, 2006 6:20 PM
To: FN-USTR-FR0052
Subject: revoke the trade agreement with India

Maybe then the mfg will make the jewelry product in the U.S.A again.

Supports India
Pro GSP for jewelry with diamonds

From: lucky jewellery [luckyjwl@hotmail.com]
Sent: Saturday, September 02, 2006 12:20 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,

JIGNESH SHAH

M/s LUCKY JEWELLERY

INDIA.

Supports India
Pro GSP for jewelry with diamonds

From: lucky jewellery [luckyjwl@hotmail.com]
Sent: Saturday, September 02, 2006 12:20 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,

JIGNESH SHAH

M/s LUCKY JEWELLERY

INDIA.

From: shalina [shalina@gearscanada.com]
Sent: Tuesday, August 15, 2006 1:59 PM
To: FN-USTR-FR0052
Subject: GSP

It's a great programme which helps economic growth in under developed countries.
We import out of India . Continue your support.

Thnk you ,
Shalina

Supports India
U.S.-India Business Council

From: Rossow, Rick [RRossow@USChamber.com]
Sent: Tuesday, August 29, 2006 11:43 AM
To: FN-USTR-FR0052
Subject: Submission on GSP review

Please find enclosed a submission from the U.S.-India Business Council on the GSP review, speaking specifically to GSP benefits accorded to India.

Sincerely,

Rick Rossow, USIBC

Mr. Richard M. Rossow
Director of Operations
U.S.-India Business Council
1615 H Street, NW
Washington, DC 20062
Tel: (202) 463-5323
Fax:(202) 463-3173
www.usibc.com

USINDIA BusinessCouncil

August 29, 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Office of the U.S. Trade Representative

Dear Ms. Sandler,

I am writing to express our strong support for continuing GSP benefits for India. As you may be aware, our Council is the largest business organization representing American companies with trade and investment interests in India. Our members both compete with and work with Indian firms in a variety of industries. On behalf of our 210 member-companies, the USIBC unambiguously supports the continuation of GSP benefits for India.

Detailed responses supporting our position follow:

1. **The effect such action will have on furthering the economic development of India through the expansion of exports:**

   Providing GSP benefits to India will have a tremendous impact on India's economic development. There is a tendency to focus on India's successful information technology industry and assume that the rest of India's economy is also nearing world-class. However, information technology and the related services employ only 1-2 million people in a nation of 1.1 billion. The growth of relatively well-paying, secure manufacturing jobs can be boosted through the continued offering of trade benefits by the United States. The U.S. should continue to offer trade benefits to India, both to encourage India's development and also to solidify the growing bilateral partnership between the world's two largest democracies.

2. **The extent of the beneficiary country's competitiveness with respect to eligible articles:**

   India is relatively uncompetitive in most areas of manufacturing, particularly when compared to its larger neighbor, China. India needs to develop its manufacturing base.

India's Government is currently attempting to boost the productivity of its agriculture sector, where 60% of India's workers are currently employed. One byproduct of increasing agricultural productivity, particularly in a nation that is already self-sufficient in food production, will be excess labor. These excess farm workers will largely be unskilled with a very low level of education. They will be unprepared to enter into most careers available in the services arena. This transition will require support – to ease displacement anomolies that will be generated as a result of the very economic reform we encourage.

Employment in manufacturing and assembly offers the best option for farm workers to move into more rewarding and value-generating careers. Some of the products manufactured in India that could employ these workers currently avail GSP benefits, such as jewelry, plastic articles, stone/plaster/cement, auto parts and others. These benefits need to continue to ease displacement anomalies associated with India's significant economic transformation.

3. A country's level of economic development, and other economic factors:

This is the issue on which the strongest case for continuing GSP benefits to India can be made. India's per-capita annual income is around $600, less than 1.6% that of the United States.

India is steadily liberalizing its economy and freeing new industries to grow and pursue international markets. There are strong political constituencies in India that continue to hinder the economic liberalization process; whereas, the Indian leadership is fully cognizant of and committed to the fact that economic reforms must continue. GSP benefits provide India's economic reformers with the necessary octane to advance the reform process, despite political challenges. An example of India's progress on this front: India's reduction of customs duties from a peak rate of 50% down to a peak rate of 15% in the last seven years.

The hand of India's leadership will only be strengthened to engage more fully in international trade and embrace a more liberal economic agenda if the United States continues to support the growth of employment in India through the GSP program. Conversely, if GSP benefits are suspended, the hand of India's leadership will be weakened.

Another key consideration not directly related to the three questions posed by your office is the positive impact on American industry through economic interaction with India. The ability to source globally is a source of competitive advantage for U.S. industry. The elimination of GSP preferences would essentially act as a tax on U.S. companies which source from India, and would thereby reduce their competitiveness in today's global economy, as the products that India exports to the United States are used either as inputs to American-made products, or sold through American retail and wholesale outlets. In both instances, this helps provide jobs and strengthen American companies by making available quality, cost-effective goods from India. Removing GSP benefits to India would increase costs to American producers and consumers and have an impact on our own productivity.

Finally, it is worth noting that a large portion of U.S. GDP is attributable to intellectual property; thus the global protection of intellectual property is critical to U.S. economic security. The removal of GSP benefits for India will lessen the leverage of the United States in its ongoing efforts to ensure meaningful protection of intellectual property in India. India is now on the Special 301 Priority Watch list due to inadequate laws and enforcement, and our inability to threaten the elimination of GSP benefits would remove one of the strongest tools in our arsenal.

I trust you will take USIBC's views into consideration as you review the GSP program. India is an integral strategic partner to the United States and a valued commercial counterpart and market for America's finest companies. Significant progress has been made on the economic front in India since liberalization began 15 years ago, yet all of us acknowledge much work remains to be done – which can be more readily accomplished with GSP benefits remaining in place.

Sincerely,

Ronald S. Somers,
President

Supports India
Re jewelry
Jewelers of America, Inc. (JA)

From: Sharie Fogarty [sfogarty@jewelers.org]
Sent: Wednesday, August 30, 2006 4:24 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Jewelers of America, Inc.
52 Vanderbilt Avenue • 19th Floor • New York, NY 10017 • T: (646) 658-0246 • F: (646) 658-0256 • Toll Free: 800-223-0673

August 29, 2006

The Honorable Susan C. Schwab
United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Schwab:

As you know, legislative authority for the Generalized System of Preferences (GSP) expires on December 31, 2006, after five-years of strong trade growth under the program. I am writing to express Jewelers of America's (JA) strong support for extension of GSP and for India's continued inclusion in the program.

For the 11,000 jewelry stores nationwide that JA represents, retaining India as part of the GSP program is vital. India is the dominant supplier of diamond jewelry to American jewelers today, and allowing a lapse in the preferential duty treatment provided to India under the program would bring tariffs as high as 6%. This added levy would significantly increase the cost of many jewelry products for jewelers and their customers, causing real harm to the industry.

The GSP program is an integral part of the U.S. economy. In 2005 alone, GSP saved American consumers $211 million in duties on gems and jewelry. The duty savings afforded by GSP may appear modest but in many cases the savings make the difference between profitability and survival. Numerous small businesses owe their continued competitiveness to the GSP program. Since 90% of JA's members are small, family-owned businesses, eliminating India from the GSP program would be an enormous hardship.

Removing larger users such as India from the program would not increase sourcing from lesser-developed countries. Instead, it would likely cause U.S. companies and importers to look worldwide for suppliers that offer the next lowest costs - suppliers that might not be other GSP countries. Indeed, removing India from the GSP list would likely cause China, a significant and growing jewelry producer, to be the next lowest cost alternative in many cases.

JA has been a longtime supporter of free-market policy and trade liberalization. We continue our history of supporting open markets by joining dozens of our retail industry colleagues in calling for the long-term renewal of GSP for all current user countries.

Yours respectfully,

Matthew A. Runci
President & CEO

Supports India
Congressman Frank Pallone
Trade Policy Forum

From: Guarascio, Tiffany [Tiffany.Guarascio@mail.house.gov]
Sent: Thursday, August 31, 2006 3:11 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Tiffany Guarascio

Legislative Assistant

Congressman Frank Pallone, Jr. (NJ-06)

420 Cannon HOB

(202) 225-4671

Congress of the United States
House of Representatives
Washington, DC 20515

August 31, 2006

Ms. Marideth Sandler
Executive Director for the GSP Program
Office of the United States Trade Representative
1724 F Street, N.W., Room F-220
Washington, DC 20508

Re: 2006 GSP Eligibility and CNL Waiver Review Comments

Dear Ms. Sandler:

I am writing to urge that you retain the current Generalized System of Preferences (GSP) status for India. Denying GSP benefits to eligible Indian products would have an adverse impact on India's recent economic development and could affect overall U.S. India relations.

India's economy is developing rapidly and providing important contributions to global markets. However, it still has many obstacles to overcome. It is important to not be swayed by India's success in the services and information technology industries, as these are only pieces of their overall advancement. In fact, compared with China, India is relatively uncompetitive in most of the areas and products for which they receive GSP benefits. In order for India to continue its rapid economic growth it must be able to allow new industries to grow and pursue international markets.

Last year, our two nations resolved to transform our relationship and establish a global partnership. I strongly feel that any changes to India's trade status could hurt these objectives and U.S.-India relations overall. Such changes could hamper the progress we have made over the past year initiated by the U.S.-India Joint Agreement in July 2005, which created the Trade Policy Forum. This includes a commitment to revitalize close cooperation on international trade, both multilaterally and bilaterally.

Moreover, while our trade relationship has grown substantially over the past few years, potential trade and investment flows could be far greater. If you limit, suspend or withdraw India's eligibility in the GSP program, these outstanding opportunities may fall short.

I understand that your office's review of India's GSP status may be linked to frustrations with India during the Doha Round global trade talks in Geneva. It is important to remember that in a few months the U.S. Department of Commerce will organize the largest-ever trade delegation to India. It is my hope that you will consider the growing impact of India as an integral strategic partner to the U.S. and not be prejudiced by the disappointment and dissatisfaction following failed negotiations this summer.

If Congress renews the GSP program, I strongly recommend that its benefits be retained for India. Thank you for taking my views into consideration as you review the GSP program.

Sincerely,

Frank Pallone Jr.
Member of Congress

cc: United States Trade Representative Susan Schwab

Supports India
Re Machinery for
manufacturing rubber &
plastic products – not
have CNLWs
Milacron Inc.

From: Platt, Crystal [crystal_platt@milacron.com]
Sent: Thursday, August 31, 2006 12:39 PM
To: FN-USTR-FR0052
Subject: Remove of Countries from GSP

MILACRON
4165 Half Acre Rd
Batavia, OH 45103

August 31, 2006

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

Dear GSP Subcommittee,
Milacron Inc has received information in regards to the possibility of non-renewal of the GSP program as an importer we have concerns about this information.

Milacron is currently importing product under 8477 duty free from India, with GSP in place it allows Milacron to stay competitive in the foreign and domestic market. If the GSP program is not renewed it will force Milacron Inc. to re-evaluate how we currently source product overseas.

Respectfully,

Crystal Platt
Milacron Inc.
Import Specialist

cp

LEO SCHACHTER DIAMONDS
FOUR GENERATIONS. ONE PASSION.™

Supports India
Jewelry & Jewelry Parts
Pro CNLW 7113.19.50
Leo Schachter Diamonds Company

From: Michael Steinmetz [Michael.Steinmetz@lsdco.com]
Sent: Wednesday, August 30, 2006 10:35 AM
To: FN-USTR-FR0052
Subject: GSP appeal submit.doc

August 18, 2006

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

I am sending this brief to emphasize the importance that GSP is to our industry as regards countries such as India specifically. Current jewelry processes to manufacture cost efficient jewelry for the consumer have drifted away from the United States. Because of the deeply restricted margins and profits allowed by retailers, the manufacturing industry has drifted away and the remaining parts of the industry are primarily for very high end luxury product where the cost of production is not as significant a part of the finished piece. GSP helps American retailers of jewelry in particular to save tariffs in the range of 5.0% to 13.5% and in fact retailers have therefore enjoyed a duty saving of US$ 202 million due to the GSP program which they are in a position to pass on to the consumers of jewelry in the US. The American Retail Jewellery industry sources a large part of its requirement from India and shares safe, stable and secure trade relations while sourcing jewelry from manufactures based in India. The retail industry is dependant on these imports for quality and margins. Moreover, there is no domestic source of jewelry that US-based retailers can access to provide jewelry in sustained fashion to lower and middle income segment of consumers.

Sourcing of jewelry from India has opened a new market and a commercial opportunity for US-based retailers in the artistic diamond jewelry. This jewelry falls in a very affordable dollar range for US-consumers and has thereby provided an opportunity to lower and middle income groups in the US to satiate their aspiration of becoming a consumer of diamond studded jewelry. It is rightly said that India has 'democratized' diamonds, which in the past were the exclusive preserve of only rich and famous.

US manufacturers and retailers have invested enormous amounts of money in developing this industry and build the appeal for the "value based" customer. Retailers such as Wal-Mart, Sterling and Zale Jewelers have been able to sell jewelry at affordable prices for high quality jewelry to the American consumer, which would not be affordable at increased tariff rates.

US companies have also been diligent and extremely responsible in addressing issues in the realm of national security when sourcing goods from outside the US. As a result US jewelry importers are a great source of self policing when it comes to identification of sources, etc. from outside the US. The Indian jewelry industry is particularly well regulated, transparent and documented and is backed by an effective regulatory and banking system.

The jewelry industry in India remains largely a labor intensive industry, providing jobs to skilled but semi-educated craftsmen, men and women, predominantly from rural areas. Research has shown that export intensive growth in labor intensive sectors has the ability to push up wages in these sectors and provide viable incomes which help eliminate problems such as child labor. As a result there is also a faster growth and rise in standards of living.

Removal of India as a designated beneficiary of the GSP-program, or of jewelry and jewelry parts as items which benefit from the GSP-program, will lead to distortion in competition, as Indian products will be costlier by in the range of 5% -13.5% for the consumers in America. This would entail restriction of choices available to the retailers and consumers of jewelry in U.S.

Michael Steinmetz
Leo Schachter Diamonds LLC

Supports India
Pro CNLW 7113.19.50
Jason Sherman of
Diamond District-USA

From: Stacy Sherman [ssherman@diamonddistrictusa.com]
Sent: Tuesday, August 29, 2006 12:34 PM
To: FN-USTR-FR0052
Cc: Tejas Mehta
Subject: 2006 GSP Eligibility and CNL Waiver Review

Kind Regards,

Stacy Sherman
The Diamond District
PH: 239.947.3434
Fax: 239.947.1632

Public Comment on HTSUS – 71131950

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

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

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

Thanking you.

Sincerely,

Jason Sherman

Supports India & CNLW
Studded Jewelry 7113.19.50

From: alok.krishnani@gmail.com ON BEHALF OF ALEX [alex@designsbyhc.com]
Sent: Thursday, August 31, 2006 4:14 PM
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,
Alex Krishnani

Designs by H.C.
Yterna Jewelry
15W, 47th St. Ste. 555
New York, NY 10036

Support India
Pro CNLW for studded jewelry
7113.19.50

From: Amy Bender [amybdesigns@yahoo.com]
Sent: Thursday, August 31, 2006 6:08 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility

As an owner in 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,
Amy Bender of Amy B. Designs

Los Angeles, CA

Supports India
Pro CNLW studded jewelry
7113.19.50

From: Carol's Watches, LLC [carolswatches@bellsouth.net]
Sent: Thursday, August 31, 2006 7:29 PM
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,

Michael Boucher

Carol’s Watches, LLC

Supports India – Pro CNLW
studded jewelry 7113.19.50

From: Cdeoro@aol.com
Sent: Thursday, August 31, 2006 5:29 PM
To: FN-USTR-FR0052
Subject: Duty Free Trade

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

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

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

Thanking you,

Sincerely,
Dee Schade
Casa de Oro Jewelers
Corpus Christi, TX

Support India
Pro CNLW studded jewelry
7113.19.50

From: Claudia Cook [ccook@ultradiamonds.com]
Sent: Thursday, August 31, 2006 5:33 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

August 31, 2006

To Whom It May Concern:

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 in advance.

Sincerely,

Daniel Marks
President
Ultra Diamonds, Inc.
122 S. Michigan Avenue
Suite 800
Chicago, IL 60603

Supports India
Pro CNLW studded jewelry 7113.19.50

From: GEOAMONT@aol.com
Sent: Thursday, August 31, 2006 6:30 PM
To: FN-USTR-FR0052
Subject: 2066 GSP Elgibility 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,
George Montalvo

Supports India – CNLW
7113.19.50 studded jewelry

From: Howard [howard@rijewelers.com]
Sent: Thursday, August 31, 2006 5:11 PM
To: FN-USTR-FR0052
Cc: IDCA@vn10.net
Subject: "2006 GSP Eligibility and CNL Waiver Review."

As a owner of a company that is a member of the Jewelry Trade, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for studded jewelry from India under GSP. The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money.
I strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India. Thank you in advance. Please do not hesitate to contact me if you should have further questions.

Sincerely,
Howard Knopf
S&K Jewelry Mfg.
4316 Summer Ave
Memphis, TN 38122
1-800-238-9225
Howard@rijewelers.com

Supports India – Pro CNLW
studded jewelry 7113.19.50

From: Jeffrey Loper [jeffloper2@yahoo.com]
Sent: Thursday, August 31, 2006 5:30 PM
To: FN-USTR-FR0052
Subject: USTR Jewelry trade

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

Sincerely,

Jeff Loper
CEC Holdings Inc.
605 BONNIE BRAE HIGHLANDS
Pittsburgh Pa 15108

Support India
Pro CNLW 7113.19.50
Studded Jewelry

From: AJMARTIN2134@cs.com
Sent: Thursday, August 31, 2006 4:13 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review."
Dear Sirs:
Why do you intend to penalize the jewelry industry with tariffs on products not produced in America? I would accept this if you would add a similar tariff to all products from China, especially textiles and other goods formerly produced here.

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,

A J MARTIN
2817 WEST END AVE
NASHVILLE, TN 37203
(615)321-4600

Supports India
Pro CNLW studded jewelry
7113.19.50

From: orrington [orrington@sbcglobal.net]
Sent: Thursday, August 31, 2006 6:41 PM
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,
Chris Ziegler
Orrington Jewelers
553 Lincoln Ave
Winnetka, IL 60093

Supports India & CNLW
7113.19.50 Studded Diamond Jewelry

From: Tom Ozment Jr. [tom@ozment.com]
Sent: Thursday, August 31, 2006 3:55 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review."

As a 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,

Tom

Tom Ozment, Jr.

Fincher & Ozment Jewelers
1657 McFarland Blvd N Tuscaloosa AL 35406
Voice 205-752-3511 Fax 205-752-4388 Cell 205-750-3776
www.fincherandozment.com

The best compliment I can receive is the referral of your family, friends and colleagues.

Supports India – Pro CNLW
7113.19.50 studded jewelry

From: Curt Parker [curt@curtparker.com]
Sent: Thursday, August 31, 2006 5:14 PM
To: FN-USTR-FR0052
Subject: USTR Panel to support continuation of Duty Free trade benefits

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,

Curt Parker

--
The Preferred Jeweler of the St. Louis Rams

Curt Parker Jewelers
10192 Conway Road (It's just 1/2 mile north of Hwy. 40 on Lindbergh)
St. Louis, MO 63124
curt@curtparker.com
http://www.curtparker.com
Phone:314.989.9909

Supports India
Pro CNLW studded jewelry
7113.19.50

MessageFrom: Aku Patel [aku@karat22.com]
Sent: Thursday, August 31, 2006 4:31 PM
To: FN-USTR-FR0052
Subject: ustr.doc

Dear sirs:

RE: 2006 GSP Eligibility and CNL Waiver Review

As a distributor/ owner of the Gold & diamond Jewelry, 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,

Aku Patel

Karat 22 Jewelers,

5625 Hillcroft,

Houston, Texas 77036

Supports India
Pro CNLW studded jewelry
7113.19.50

From: Premal Shah [pshah@dinurje.com]
Sent: Thursday, August 31, 2006 11:17 PM
To: FN-USTR-FR0052
Subject: GSP

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,

Premal shah

19 West 44th Street

Suite 300

New York, NY 10036

Supports India
Pro CNLW studded jewelry
7113.19.50

From: Joan E. Reece [joan_reece@danielsjewelers.com]
Sent: Thursday, August 31, 2006 8:57 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review."
Public Comment on HTSUS - 71131950

We are a regional chain of 51 retail jewelry stores all located in southern California. This past year has been a very difficult and inflationary year for jewelers. Today gold is $621.25 and one year ago it was $438.65 – that's a 41.6% increase! On top of the gold increases, diamond costs have been rapidly escalating in the more popular sizes by 10%-15%, so we are enduring a double whammy!

Today, many of our suppliers offer a wide range of jewelry made in India which helps us maintain our competitive edge and enables us to sell to the consumers at lower prices. By the time our suppliers pay 6% duty (If GSP isn't renewed) and tack on their overhead, we'll have another 10% – 15% inflation jab on top of the 41.6% gold and 10%-15% diamond increases we're already paying.

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

Thank you.

Sincerely,

Joan Reece, V.P. Merchandise Operations
Sherwood Management Co., Inc., d.b.a., Daniel's Jewelers
PO Box 3750
Culver City, CA 90231

Supports India
Pro CNLW studded jewelry
7113.19.50

From: SSH79@aol.com
Sent: Thursday, August 31, 2006 4:31 PM
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,
Susan Hasson
1310 W. Campbell Rd. #112
Richardson, TX 75080

Supports India
CNLW studded diamond jewelry

From: Proroyal Jewelry
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,
Priti Jain
Owner - Proroyal Jewelry

Support India
Pro CNLW 7113.19.50
studded jewelry

From: Bhavesh [bhavesh@kpsanghvi.us]
Sent: Friday, September 01, 2006 1:00 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Public Comment on HTSUS – 71131950

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

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

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

Thanks

Regards,

Bhavesh

Bhavesh Shah
KP Sanghvi Inc.
589 Fifth Ave. Suite 1008
New York, NY 10017
Tel 212-575-2358 x 18
Fax 212-575-1259

589 Fifth Ave. Suite 1008

New York, NY 10017

Tel: 1.212.575.2358 Ext 18

Fax: 1.212.575.2359

Mobile: 1.201.401.3883

E Mail: bhavesh@kpsanghvi.us

Web: www.kpsanghvi.com

Supports India
Pro CNLW Studded jewelry
7113.19.50

From: cbgi1@bellsouth.net
Sent: Friday, September 01, 2006 11:53 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,

Joe Murphy

Continental Buying Group

2901 Stirling Road #309

Fort Lauderdale Fl. 33312

954-964-2660

Supports India
Pro CNLW studded jewelry
7113.19.50

From: kalpana chhatpar [innovations_k@yahoo.com]
Sent: Friday, September 01, 2006 8:27 AM
To: FN-USTR-FR0052
Subject: Continuation of duty free trade benefits

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,

Kalpana Chhatpar

Kalpana Chhatpar
Innovations
60-11 Broadway, #4C Woodside, NY 11377
Tel: (718) 396-3217
Fax: (718) 396-3217
innovations_k@yahoo.com

nextDiamond
154 West 14th Street, 12/fl., New York, NY 10011 Phone: 646.253.9400, Toll-free: 866.369.8989, Fax: 646.253.9600
www.next-diamond.com

Supports India
Pro CNLW jewelry – 7113.19.50

From: Ajay Gandhi [agandhi@next-diamond.com]
Sent: Friday, September 01, 2006 4:09 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review - HTSUS # 71131950

Please see attached.

Ajay Gandhi

Chief Financial Officer

Next Diamond, Inc.

154 West 14th Street

New York, NY 10011

Phone: (646) 253-9433

Fax (646) 253-9440

September 1, 2006.

US GPS – Sub-Committee:

Subject: "2006 GSP Eligibility and CNL Waiver Review"
HTSU # 71131950

It has come to our attention that the US Administration is considering on removing India & developing countries from the list of beneficiaries of the GSP Programme. The following arguments support our belief that the duty should be waived on all jewelry imports from India.

1. Commercial Arguments:

   a. GSP helps American retailers of jewelry in particular to save tariffs in the range of 5.0% to 13.5%.

   b. The retailers have therefore enjoyed a duty saving of US$ 202 million due to the GSP program which they are in a position to pass on to the consumers of jewelry in the US. The American Retail Jewelry industry sources a large part of its requirement from India and shares safe, stable and secure trade relations while sourcing jewelry from manufactures based in India. The retail industry is dependant on these imports for quality and margins.

   c. Sourcing of jewelry from India has opened a new market - it has provided an opportunity to lower and middle income groups in the US to satiate their aspiration of becoming a consumer of diamond studded jewelry. It is rightly said that India has 'democratized' diamonds, which in the past were the exclusive preserve of only rich and famous.

   d. Moreover, there is no domestic source of jewelry that US-based retailers can access to provide jewelry in sustained fashion to lower and middle income segment of consumers.

   e. Removal of India as a designated beneficiary of the GSP-program, or of jewelry and jewelry parts as items benefiting from the GSP-program, shall lead to distortion in competition, as Indian products will be costlier by in the range of 5% -13.5% for the consumers in America. This would entail restriction of choices available to the retailers and consumers of jewelry in U.S.

   f. The US-based retailers have invested approximately many million dollars to cultivate not only such a market in the US, but have also meticulously worked with Indian jewelry suppliers for around a decade to create a sourcing-base that can supply US-based retailers and US-consumers with high-quality jewelry in a consistent and trustworthy manner.

2. Employment, Fiscal and Regulatory Issues in the context of the US:

    a. Creation of a jewelry market for lower and middle income groups in the US, based on imports from India, has also translated into employment opportunities in the US. Hence GSP-based imports of Indian jewelry have led to corresponding increase in employment in the sector.

    b. The new opportunity opened by jewelry sourced from India has driven up volume based growth in our businesses. This has substantively increased our contribution to the US tax pool.

    c. The retail industry in the US has evolved as an extremely responsible industry and provides paramount importance towards addressing issues in the realm of national security when sourcing goods from outside the US. Hence the US-retailers provide great importance vis-à-vis identification of sources. Over a period of time, the US-retailers have found that the Indian jewelry industry is self-regulated, transparent and open, well documented, safe to deal with and is backed up by an effective regulatory and banking system.

3. Developmental Arguments:

    a. One of the aims of GSP is to reduce developmental deficits in developing and poor economies by offering people employment opportunities in export intensive industries. Research shows that export intensive growth in labor intensive sector has an ability to push up wages in these sectors and therefore provide viable incomes to eliminate problems such as child labor. Moreover, export intensive growth has positive spillovers such as they create an environment that foments skill up gradation and skill creation.

    b. The jewelry industry in India still remains largely a labor intensive industry, providing jobs to skilled but semi-educated artisans, both men and women, predominantly originating from rural India.

Due to the above factors we strongly suggest the committee to extend the duty waiver on all jewelry imports from India.

Thanks & Regards

Next Diamond, Inc.

Ajay Gandhi

Chief Financial Officer

Supports India
Pro CNLW studded jewelry – 7113.19.50

From: Ravi Gopalan [ravi@amikam-paras.com]
Sent: Friday, September 01, 2006 3:53 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review."

-----Original Message-----
From: Ravi Gopalan [mailto:ravi@amikam-paras.com]
Sent: Friday, September 01, 2006 3:51 PM
To: FR0052@USTR.EOP.GOV
Subject:

Paras/Amikam
Ravi Gopalan
ravi@amikam-paras.com
592 fifth ave
New York, NY 10036
tel: (212) 869-1366
fax: (212) 764-7593
mobile: (732) 476-8450

Paras Diamond Corporation
592 Fifth Avenue, New York, N.Y. 10036

TEL: (212) 869-1366
1 (800) 223-7640
FAX: (212) 764-7593
www.amikam-paras.com

Sept 1,2006

Public Comment on HTSUS – 71131950

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

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

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

Thanking you,

Ravi Gopalan

Sincerely,

Ravi Gopalan

Vice President

Supports India
Pro CNLW studded jewelry – 7113.19.50

From: Kedar Gupta [kedar@grkgems.com]
Sent: Friday, September 01, 2006 3:45 PM
To: FN-USTR-FR0052
Subject: 2006GSPEligiblityandCNLWaiverReview1.doc

Dear Sirs,

This is Kedar L. Gupta president of GRK GEMS Inc, New York. USA Thank you so much for your help and support in this matter. Thank you.

Public Comment on HTSUS – 71131950

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

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

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

Thanking you,

Sincerely,

Supports India – studded jewelry
Pro CNLW 7113.19.50

From: Michael Cowing [michael.gem@comcast.net]
Sent: Friday, September 01, 2006 10:19 AM
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 profitability and more importantly it saves the American consumer money.

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

Thanking you,

Sincerely,

Michael Cowing

Supports India
ProCNLW – studded jewelry –
7113.19.50

From: Sandeep Shah [sandeep@sandeepdiamond.com]
Sent: Friday, September 01, 2006 6:40 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibiltyand CNL Waiver Review

Public Comment on HTSUS – 71131950

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

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

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

Thanking you,

Sincerely,

Sandeep Shah

President

Sandeep Diamond Corp.

20E 46th Street #603

New York, NY10017

Support India
Pro CNLW studded jewelry
7113.19.50

From: Women Want Jewelry [womenwantjewelry@earthlink.net]
Sent: Friday, September 01, 2006 10:01 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,
Suz Andreasen

56 West 45th Street
Suite 705
New York, NY 10036

TBR. International Inc.

Cutters, Manufacturers & Wholesalers of Diamonds, Precious, Semi-Precious Stones, Beads, and Jewelry

Supports India
Pro CNLW studded jewelry
7113.19.50

From: TBR International [tbrintelinc@hotmail.com]
Sent: Monday, September 04, 2006 12:54 PM
To: FN-USTR-FR0052

Dear Sir / Madam;

Re: Public Comment on HTSUS – 71131950

As a owner, and member of the jewelry trade, I strong 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 American Consumers a lot of money. Our growth also benefits with rise of employment in this country.

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

Thank you

Anand Jhalani

President, TBR. International Inc

212-840-3660

62 West, 47th Street, Suite #1409, New York, NY 10036 USA
Tel: 212-840-3660 Fax: 212-840-5909
Email: Tbrintelinc@hotmail.com

TBR. International Inc.

Cutters, Manufacturers & Wholesalers of Diamonds, Precious, Semi-Precious Stones, Beads, and Jewelry

Dear Sir / Madam;

Re: Public Comment on HTSUS – 71131950

As a owner, and member of the jewelry trade, I strong 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 American Consumers a lot of money. Our growth also benefits with rise of employment in this country.

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

Thank you

Anand Jhalani
President

62 West, 47th Street, Suite #1409, New York, NY 10036 USA
Tel: 212-840-3660 Fax: 212-840-5909
Email: Tbrintelinc@hotmail.com

Supports India
Pro 3 CNLWs for jewelry

From: JimmyWest@aol.com
Sent: Thursday, August 31, 2006 8:17 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Attn: United States Trade Representative

We urge you to continue the trade benefits granted to Indian jewelry manufacturers under the GSP (Generalized System of Preferences) program.

This office represents 30 family-owned retailer jewerly companies across the USA, totalling about 150 stores.

We count on our Indian vendors to supply a good portion of the goods we advertise. They have proven over the years to supply a great product, service and value and they have become major partners in our success.

We are already facing higher gold and diamond prices, coupled with the uncertainty brought by rising oil prices and other conditions. This last thing we need at this point is another tax or duty to further erode the bottom line.

We urge you to take the appropriate action.

Feel free to call me if you need further information about our organization.

James "Jimmy" West, Executive Director
LOVE STORY DIAMONDS®, a division of
Leading Jewelers Guild, Inc.
P. O. B. 64609, Los Angeles, CA 90064, (310) 820-3386, ext. 1

Supports India CNL diamond jewelry waiver

From: David Sherwood (david_sherwood@danielsjewelers.com)
Sent: Friday, September 1, 2006
To: FN-USTR-FR0052
Subject: GSP competitiveness and CNL waiver review

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

The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money. I strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.

Sincerely,

David Sherwood
Sherwood Management, Co. Inc.
Executive Offices for
Daniel's Jewelers
JHL Development
P.O. Box 3750
Culver City, CA 90231
(310) 665-2100 x340
(310) 665-2151 (fax)

Supports India - jewelry
Pro CNLWs 7113.19.25,
7113.19.29, & 7113.19.50

From: Jeffreylevitt@cs.com
Sent: Friday, September 01, 2006 9:54 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver review
To: United States Trade Representative

Withdrawing jewelry imports from the GSP program would add a six percent duty to a significant portion of jewelry products purchased by US consumers. Consumers are already facing rising gold, diamond and oil prices, and are feeling the effects of a softening US dollar, and may see the retail prices for jewelry increase 15 to 20 percent, with disastrous effects on the retail market. This will hurt domestic US retailers.

India is also a strategic ally to the US - especially as the world's largest democracy surrounded by dictatorships abd repressive regimes that sponsor terrorism. We should encourage tarde between India and the US - especially where India can provide products no longer even being manufactured in the US.

Thank you,

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VP Merchandise

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Supports India
Pro 3 CNLWs re jewelry:
7113.19.25,
7113.19.29, &
7113.19.50

From: Cavero, Junelle [Jcavero@steptoe.com] on behalf of Esserman, Susan [sesserman@steptoe.com]
Sent: Tuesday, September 05, 2006 11:54 PM
To: FN-USTR-FR0052
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

Re: GSP Benefits for Jewelry Imports from India

Dear Ms. Sandler:

On behalf of SEEPZ Gem and Jewelry Manufacturers Association, we submit that removal of GSP eligibility for India or termination of the competitive need limit ("CNL") waiver for Indian jewelry items is wholly unwarranted under the GSP statute and inconsistent with its underlying development goals. Changed circumstances do not exist that could justify such action.

It would be utterly incongruous to remove India from the GSP program. Indeed, the program was designed for a country with the development profile of India -- at an overall low level of development. The fact that India has benefited from the program is a sign of the program's success rather than an indication that the program should be terminated. There can be no basis for concluding that India has progressed in its economic development such that its removal could be warranted.

Further, the GSP program is working as intended to incentivize ongoing reforms in India. Removal of India from GSP or terminating GSP benefits for Indian jewelry items would undercut the voices of economic reform in the Government of India as well as the broader partnership between the two countries that this Administration has championed.

Termination of the CNL waiver for Indian jewelry exports would be equally unwarranted and would palpably frustrate the development purpose of the GSP statute. Termination of the GSP benefits on these jewelry articles would adversely affect as many as 325,000 workers employed by the gem and jewelry industry in India without furthering the stated goals of USTR’s review to promote greater use of GSP by other GSP beneficiary countries. Rather, termination would simply redound to the benefit of China. This would be a particularly difficult blow for workers in the gem and diamond processing region of Surat, who are struggling to recover from the recent devastating floods.

I. TERMINATION OF CNL WAIVERS FOR INDIAN JEWELRY CANNOT BE JUSTIFIED UNDER THE GSP STATUTE OR STATED OBJECTIVES OF THE REVIEW

A. SEEPZ and Products Under Review

We file this submission on behalf of Santacruz Electronics Export Processing Zone (SEEPZ) Gem and Jewelry Manufacturers' Association, a voluntary organization comprised of 125 gem and jewelry units, which directly employs 30,000 workers, most of whom are from the lower economic classes in India and are not formally educated.[1] Approximately 20 percent of SEEPZ's workers are women and in some units, the great majority of workers are women. SEEPZ accounts for 62 percent of India's gem and jewelry exports to the U.S.

SEEPZ produces and exports jewelry falling under the CNL waiver categories subject to this review. These products are:

- HTS 7113.19.25 Gold necklaces and neck chains (other than of rope or mixed links)
- HTS 7113.19.29 Gold mixed link necklaces and neck chains
- HTS 7113.19.50 Precious metal (other than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi

B. Termination of the CNL Waiver on These Articles Would Adversely Affect the Livelihood of Low-Income Artisans Employed By the Gem and Jewelry Industry

1. Demographics of Indian Jewelry Workers

The demographic profile of the Indian gem and jewelry industry producing the items under review epitomizes the type of industry for which GSP benefits were designed: (1) the industry consists primarily of small and medium-sized enterprises; (2) the gem and jewelry sector's workforce is drawn from the lowest income groups and economic classes in India and is largely of rural origin; and (3) the industry is largely driven by India's historical and community-based craft expertise in cutting and polishing diamonds/gemstones and jewelry-making.

The Indian Jewelry industry consists of two main segments:

(a) Processing - the cutting and polishing of diamond and other gemstones; and

(b) Jewelry manufacturing – the manufacture of handcrafted or partly handcrafted jewelry, mounted with cut and polished diamonds and gemstones.

[1] The SEEPZ worker profile is similar to the overall labor profile for the nation-wide gem and jewelry profile.

The processing and manufacturing centers in India are located in Mumbai, Surat, Kolkata, Jaipur and certain regions of South India. The Indian artisans have created a special niche in the art of mounting very small cut and polished diamonds and gems.

Approximately 90 percent of the sector's labor force is derived from the lowest income groups in India. The GSP-related benefits in the U.S. have offered an opportunity to the workers and their families for sustained employment. The industry's workers have seen significant increases in their per capita income (from $720 to $2500 per annum), fueled in part by U.S. trade preferences, which have, in turn, allowed their families access to basic necessities, such as education and rudimentary health care.

The gem and jewelry industry offers its workers opportunities to develop skills as craftsman and artisans. Since they are not formally educated and many reside in rural areas, these workers have no meaningful opportunities for alternative employment.

The employment opportunities offered by the gem and jewelry industry are increasingly important from a development perspective, as they are helping to address the challenges India faces with respect to increasing unemployment in rural areas. There are certain activities in the jewelry manufacturing sector for which this surplus labor may be trained.[2]

This industry's ability to provide employment to thousands of workers is largely dependent on exports to third-country markets. Trade estimates show that the employment of 325,000 members of the labor force in India's gem and jewelry industry is directly linked to jewelry exports to the United States, most of whom are sole wage earners. Termination of GSP benefits for Indian jewelry would therefore adversely affect laborers.

2. Devastating Floods Have Set Back the Industry

The jewelry industry has been severely setback by the devastation due to massive flooding last month in Surat, a region in Western Gujarat. As a diamond polishing hub accounting for 70 percent of India's polished diamond exports, Surat plays a central role in the manufacture of the jewelry items subject to this review.

Approximately 600 people were killed and millions displaced in floods that shattered Surat last month.[3] These floods, the worst in its history, have eroded economic progress and industrial operations that took 25 years for the gem and jewelry industry to build. Approximately 90 percent of Surat was completely

[2] Increases in India's productivity in agriculture, which employs 60 percent of India's workforce, has led to an excess of semi-literate labor in India. These workers do not have the requisite education to seek employment in the services sector, and their displacement at increasing levels will disrupt India's economic development.

[3] See Attachment 1. (USA Today, "Millions hit by floods, India's diamond city is swamped," August 10, 2006).

submerged[4] and its diamond-processing business - through which many rural and semi-illiterate residents earn their livelihood – was crippled.

According to recent reports, the floods have "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."[5] For example, 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."[6] Infrastructure, equipment, and documentation were lost or damaged in the floods and the submersion of the city.[7]

The rehabilitation of the cutting and polishing industry in Surat will require continued effort over a period of 5 years; the security of continued employment is crucial to the restoration of the region. Any adverse change in the GSP benefits for Indian jewelry will only complicate the difficult rebuilding of the industry.

C. No Changed Circumstances Exist To Justify Termination of CNL Waiver for Indian Jewelry Categories

There are no changed circumstances that would warrant termination of the CNL waiver for the Indian jewelry tariff categories under review. Indian jewelry imports continue to participate in the U.S. market in a complementary and non-disruptive manner, largely serving to supplement the jewelry line offered by U.S. retailers – similar in manner to their role at the time CNLs were waived in 2001. Nor is there evidence that GSP benefits for Indian jewelry have adversely affected the U.S. jewelry industry or other GSP beneficiaries.

1. GSP Benefits Do Not Adversely Affect the U.S. Industry

There is little competitive overlap between Indian and U.S. jewelry manufacturers. Indeed, the Indian jewelry industry participates in a segment of the U.S. market in which the United States manufacturers are largely not involved. The Indian industry cuts and polishes diamonds of very small sizes, mounting by hand these diamonds/gems onto jewelry.[8] India developed a skill to cut smaller diamonds out of the waste residual from the cutting of larger diamonds. These smaller diamonds are of a far lesser value than the larger stones and are useful for making low-end jewelry, a large majority of which is priced between US $50 and US $300.

[4] See Attachment 1.

[5] See Attachment 2. (Hindustan Times, "Flood shatters the economy of Surat," August 21, 2006).

[6] See Attachment 1.

[7] See Attachment 3. (The Hindu Business Line, "Diamond Industry Fears Cancellation of Orders," August 17, 2006).

[8] Traditionally, rough (which is the basic, natural stone formation) from the mines was used to cut larger size diamonds , which had a higher value. The residual rough, and other types of rough from which large diamonds could not be cut was considered as waste and was used primarily for industrial applications in cutting tools.

In order to promote this discrete segment of the jewelry industry, families/communities in India have passed down through generations and community-based training a craft in cutting and polishing of diamond/gems of very small sizes and intricate jewelry making and design.

By contrast, the U.S. jewelry manufacturing industry is focused on larger-cut stones which it manufactures through a mechanized process for the production of higher-end jewelry.[9] The withdrawal of GSP benefits for Indian jewelry will not create or bring back jobs in the U.S. but will, as noted below, lead to greater imports from China.

Indeed, the U.S. jewelry industry competes most directly with imports from non-GSP sources, especially from developed countries. Import volumes for these countries have been several times greater than the volume of Indian GSP imports and constitute the majority of imports over the last several years.[10] These imports are subject to a 5.5 percent *ad valorem* customs duty and an effective rate of protection of nearly 13.75 percent *ad valorem*.[11] Thus, the U.S. industry enjoys significant trade protection from directly competing imports.

Thus, it is not surprising that the U.S. jewelry industry did not object or even participate in the 2001 competitive need limit review that led to the CNL waivers for Indian jewelry items under review, thus suggesting it did not see adversity resulting from granting GSP to India. There have been no material changes in circumstances since the review was completed and CNL waivers were granted in 2001.

Since that time, India has continued to participate in the U.S. market in a non-disruptive manner, offering smaller-gem jewelry appealing to lower income customers. While import values for Indian imports have grown in the last couple years, the growth reflects, to a large degree, the significant inflation of gem and gold values, which account for 80 percent of the value of Indian jewelry items subject to this review. Indeed, if U.S. import data were adjusted to hold the value of gold and gems constant (thereby accounting for the inflation attributed to these items),[12] Indian

[9] U.S. manufacturers do not have experience in cutting the smaller stones prevalent in the Indian industry, and it would not be efficient for them to do so.

[10] See Attachment 4. (U.S. Imports of Jewelry for CNL Waiver Categories Under Review).

[11] While the tariff rate on U.S. imports of jewelry products is [generally] 5.5 percent, this rate is not the effective rate of protection that the U.S. producers receive when this tariff rate is applied. Given that the cost of the raw materials needed to create jewelry products (i.e., gold, silver, or diamonds) is the largest driver of the price of the finished jewelry product, and that imports of those raw materials currently enter the United States duty-free, only a relatively small proportion of the value of the jewelry products represents the value added by U.S. jewelry manufacturers. Therefore, if the raw materials represent $60 of cost in a particular jewelry product with a finished value of $100, the U.S. industry enjoys an effective rate of protection of 13.75 percent ($5.50/$40.00 = 13.75 percent). See Krugman, Paul and Maurice Obstfeld. *International Economics: Theory and Policy*. Addison-Wesley Publishing Company, 5th Edition. pp. 192-193.

[12] In creating the following tables, it is assumed that 80 percent of the value was associated with gold and 20 percent was associated with value-added material not associated with the raw materials. The value of the gold content has been deflated using London PM Fix pricing data obtained from the World Gold Council.

import values for the CNL import categories under review would be essentially flat between 2003-2005.[13]

Further, U.S. jewelry retail sales depend upon the strength of the overall economy and consumer confidence.[14] Given the growth and projected continued growth in the overall U.S. economy and in particular the relative increase in incomes in the higher income bracket, the U.S. jewelry industry targeting these higher-end customers has faced and will continue to face favorable market conditions.

Under these competitive circumstances and given the growing jewelry market in recent years, there could be no basis for suggesting that the U.S. industry has been adversely affected by GSP benefits afforded to the much smaller Indian import values or would benefit from the termination of Indian GSP benefits.

2. Indian GSP Imports Have Not Adversely Affected Other GSP Sources

The Indian jewelry imports subject to the CNL waiver have not displaced or otherwise crowded out other GSP import sources. The import data for these categories indicate that imports from GSP sources other than India have grown at the same rate as Indian imports.[15]

3. Simplistic Reliance on the Total Value of Precious Jewelry Imports as a Basis for GSP Removal Would Be Misguided

It is not surprising that the total value of the jewelry items exceeds most other GSP CNL items. Approximately 80 percent of the import value of the jewelry reflects the high value of gold and gems on the world market. These high values also reflect significant appreciation of gold and gem values in the last few years**.**[16]

The diamonds are procured either from South Africa, Australia, Russia or mining countries in Africa like Botswana. Gold is procured from Switzerland, US and other countries.[17] The net extent of the value added in India is limited to 20 percent or less of the U.S. imported value. This 20 percent encompasses labor costs, infrastructure costs, and profits. The developmental impact of the GSP benefits therefore should be viewed in the context of the Indian value addition of 20 percent -- not in the context of the total value of the Indian exports. Viewed in this context, the GSP benefit based on value added in India in 2005 amounted to approximately US $351.4 million.

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[13] See Attachment 5. (U.S. Imports for Consumption of Jewelry, Annual and Deflated Data).

[14] See U.S. International Trade Commission, *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences With Respect to Certain Products Imported From India,* Publication No. 3397, February 2001, p.3.

[15] See Attachment 4.

[16] See Attachment 6. (Gold and Diamond Price Index).

[17] If these gems and gold were imported directly into the U.S. they would be duty free.

As noted above, the prices of gold and gems on the world market have been increasing rapidly in recent years, which is reflected, in turn, in an increase in the import values of Indian jewelry items. An increase in the value of these imports is not due to an increase in the competitiveness of the articles or industry, but rather and more directly as a result of the significant and well-documented increases in the costs of production for the articles.

Especially under these circumstances, simplistic reliance on the total value of precious jewelry imports as a basis for GSP removal would be misguided.

D. China Would Be the Primary Beneficiary of Termination of the CNL Waiver on the Gem and Jewelry Products Under Review

India competes most directly in the United States fashion jewelry market with China. The competitive advantage provided by the GSP program has enabled India to compete in the gem and jewelry market against China. Loss of the CNL waiver would favorably reposition a burgeoning Chinese jewelry industry at the expense of India.

The Chinese jewelry industry, armed with manpower and governmental support, is rapidly increasing production and scale.. Annual production in the jewelry industry in China is valued at approximately US $14.6 billion. The industry employs an estimated 5 million people, and is growing at an annual rate of over 10 percent.[18]

In fact, U.S. import data show increasing Chinese participation in the U.S. jewelry market. China is the second largest source of imports for the largest value jewelry category under review, HTS 7113.19.50.[19] Even with the GSP duty-free advantage over China, the Indian jewelry industry already faces severe price competition from China.

In comparison to the vast and expanding Chinese jewelry sector and exports, the jewelry industries in the other largest GSP beneficiary countries are not equipped to replace the Indian products. They do not have the requisite skill and/or capacity or manpower to replace the Indian articles if the CNL waiver were terminated.

Thailand and Indonesia do not have laborers skilled in the cutting, polishing, or mounting of diamonds, especially those of very small sizes. Additionally, there is a lack of skilled labor in mold-making and metal-casting and the industries do not have adequate technology available to replace the articles subject to review. Turkey – another GSP beneficiary country – manufactures mechanized products, readily distinguishable from the hand-crafted jewelry designed and exported by the Indian industry.

Importantly, none of these markets – Thailand, Indonesia, or Turkey – have sufficient labor skilled in the jewelry-making craft at issue to replace India if the CNL

[18] "A Guide for Indian Businesses – Gems & Jewellery Industry in China"; Issued by the Embassy of India, Beijing, p.4.

[19] *Id.,* at 7 and 25.

waiver is terminated. The only third-country market with the requisite skillset, labor, and capacity to replace India with respect to these products is therefore China.

E. A Range of U.S. Interests Would Be Adversely Affected By CNL Waiver Termination

The Indian jewelry industry incorporates U.S. imports and machinery in manufacturing the jewelry products subject to GSP, and these interests would be adversely affected by GSP termination. Indian companies purchase large volumes of U.S. gold, machinery, and inputs.

Indian jewelry manufacturers import laser welding machines, rolling mills and tools from the US. They also import from the U.S. mountings, wax, and rubber for making rubber dyes that are consumed during the process of manufacturing jewelry.

While it is difficult to determine precisely the full value of U.S. content utilized by the Indian gem and jewelry industry benefiting from GSP, recent data are illustrative. Imports of U.S. gold into India have increased 14-fold (from US $3 million to $42 million) between 2001 and 2005, much of which is transformed by Indian artisans into the low-end jewelry imports under review. In addition, the value of imports into India of U.S. goods discussed above amount to $10 million per year.

Finally, the Indian jewelry industry has contributed to the growth of the U.S. retail sector. It has worked with the jewelry retailers in the U.S. to develop and supplement the line of jewelry products offered, thereby increasing sales and employment in the U.S.

II. REMOVAL OF INDIA FROM THE GSP PROGRAM WOULD BE ANOMALOUS AND WOULD UNDERMINE THE GSP STATUTE'S GOALS

As evidenced below, India has clearly not progressed sufficiently in its overall economic development such that GSP should be removed or otherwise altered. India is ranked among the lowest on virtually all pertinent indicators of economic development, and GSP is serving its statutory goal of promotion of economic reform and opportunity through exports.

A. Removal of India Cannot Be Justified Given the Country’s Low Rank on Virtually All Development Indicators

As indicated in the Federal Register notice requesting comments, the core criteria for country eligibility is the country's general level of economic development as well as its living standards. 19 USC § 2462(c)(2). By any measure of development, India compares poorly with other countries, often ranking among the very lowest on the most widely-recognized indicators of development. Indeed, on a wide range of indicators, India ranks at the bottom of the countries under review.[20]

[20] See Attachment 7. (General Development Indicators).

India's per capita GDP, at only $620, puts India in the lowest 25th percentile of countries along with many African nations. [21] India ranks 141st out of 190 countries in per capita GDP. Of the countries identified as the ten largest beneficiaries of the U.S. GSP program (India, Brazil, Thailand, Indonesia, Turkey, Philippines, South Africa, Venezuela, Argentina, and Russia), India has by far the smallest per capita GDP. Further, India's exports of goods and services -- at 14.93 percent of its GDP -- places India 168th out of 181 countries -- in the bottom 10th percentile. [22]

Another key indicator of a country's low level of development is a high percentage of the labor force in the agriculture sector. With 60 percent of its labor force in agriculture, India has the highest percent score of the countries under review.[23]

Virtually all of the basic living standards indicators show that India's development remains at a low level. Only 61 percent of the adult population is literate, placing India 102nd of 123 countries measured. [24]

India also ranks extremely poorly on a wide range of health indicators. Not only is adult life expectancy ranked 142nd of 202 countries, in the lowest 30th percentile, India's rates of both infant mortality and mortality of children under 5 years ranks within the highest third of all countries.[25] Only 30 percent of its population has access to acceptable sanitation, placing India 141st of 177 countries. Its per capita spending on healthcare is amongst the lowest in the world: public expenditure on health care is only 1.3 percent of GDP.[26]

Moreover, according to the 2005 UNDP Human Development Report, published by the United Nations Development Program, India also has an extreme level of income inequality: In India, the richest 20 percent of the population accounts for approximately 43.3 percent of India's income, while the poorest 10 percent accounts for only 3.9 percent of India's total income.[27]

These indicators are fully representative of the low development status of India. Under none of the development indicators from the World Bank or the United Nations has India progressed in its economic development to an extent remotely sufficient to warrant termination of GSP within the meaning of the statute.[28]

In sum, it would be utterly inappropriate and simplistic to base graduation of India on the total size of its GSP benefits. Given the size of the economy and the

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[21] World Bank Development Indicators, at *devdata.worldbank.org*, 2004 data.

[22] World Bank Development Indicators, at *devdata.worldbank.org*, 2003 data.

[23] CIA, The World Factbook, 1999 data.

[24] See Attachment 7.

[25] See Attachment 7.

[26] UNDP 2005 Human Development Report.

[27] *Id.*

[28] World Bank Development Indicators, at *devdata.worldbank.org*, 2004 data.

population of the country, it is to be expected that India's GSP benefits are larger than most of the far smaller GSP eligible countries.[29]

B. GSP Treatment Promotes Economic Reforms and Development in India

As stated in the 2005 Annual Report of the Office of the U.S. Trade Representative ("USTR"), "[T]he underlying principle of the GSP program is that the creation of trade opportunities for developing countries is an effective, cost-efficient way of encouraging broad-based economic development and a key means of sustaining the momentum behind economic reform and liberalization."[30] Indeed, the promotion of growth through exports, as facilitated by the GSP program, has served to reinforce trade and economic reform in India.

Indeed, in line with the statutory criteria for GSP country eligibility, the fact that India has engaged in such broad-ranging trade and investment reforms, which create new openings for American investors and exporters, should support its continued GSP eligibility. 19 U.S.C. § 2462(c)(4)-(7). As a result of these reforms and other factors, U.S. exports to India have increased by 22 percent in 2004, 31 percent in 2005, and 23 percent in the first 6 months of 2006 over a comparable period in 2005.[31]

India has taken very significant steps to open its market to U.S. investors and exporters. India has lowered its average peak tariffs on industrial products from approximately 35 percent in 2000 to 12.5 percent in 2006. In line with these duty reductions, the duty rate applicable to jewelry imports into India is 12.5 percent *ad valorem* and 5 percent *ad valorem* for cut and polished diamonds. The applicable VAT rate is now 1 percent.

Foreign investment rules have been liberalized, and foreign investment is permitted on an automatic basis at the central level in manufacturing sectors.[32] India has taken steps to open further its service sectors. For example, India has recently raised the foreign investor equity cap to 74 percent in the telecommunications sector and opened to foreign investment in single sector retail.[33]

India has taken important steps to bring its Patent Act in compliance with general WTO standards. In The Patents Amendment Act of 2005, India implemented its WTO TRIPS patent commitments as well as provided additional protections of industrial designs, trade marks and geographical indications. India has modified its Copyright Act now to meet fully its TRIPS obligations. India is continuing to

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[29] India's per capita GSP benefit is $3.82, whereas the other [two] top beneficiary countries, Brazil and Thailand, receive $19.29 and $55.332, respectively.

[30] United States Trade Representative, *2006 Trade Policy Agenda and 2005 Annual Report of the President of the United States on the Trade Agreements Program*, p. 240.

[31] Dataweb, U.S. International Trade Commission, at *www.usitc.gov*.

[32] Government of India Press Information Bureau, “FDI in Industrial Sector,” August 1, 2006.

[33] Government of India Press Information Bureau, “Enhancement of Foreign Direct Investment Ceiling from 49 Per Cent to 74 Per Cent in Telecom,” November 7, 2005.

upgrade its intellectual property regime in accordance with international norms, thus enabling U.S. and other companies to invest, sell, and innovate in India.

In April 2005, the Indian Government concluded an ‘open skies’ agreement with the U.S., thereby dramatically opening up the aviation sector. Since the agreement, Boeing has sold almost $15 billion in new aircraft to India. Boeing projects dramatic increases in future sales to India.[34]

In addition, India has taken a number of significant steps to strengthen export controls and to ensure that Indian companies would not be a source of future proliferation. In the spring of 2005, India passed an extensive export control law and issued an upgraded national control list to assist in achieving its stated goal in bringing its enforcement practices in line with modern export control standards.[35]

In summary, India is at a pivotal point in its overall economic development. GSP contributes to the Government of India’s goal of alleviating poverty, particularly in the rural regions of India. GSP also strengthens the Indian leadership’s ability to promote continued economic and trade reform so vital to its development and U.S. commercial interests. It would be premature and counterproductive to graduate India at this crucial stage of its development.

III. CONCLUSION

For all of the reasons stated above, we respectfully request the President not to terminate the waiver of CNL for the Indian jewelry categories under review and to otherwise continue GSP treatment for Indian products.

Respectfully submitted,

/s/ Susan G. Esserman

Susan G. Esserman
Sohini Chatterjee
Steptoe & Johnson, LLP

Counsel to Santacruz Electronics Export Processing Zone (SEEPZ) Gem and Jewelry Manufacturers' Association

Dated: September 5, 2006

[34] See Attachment 8. (The Times of India Online, “Boeing worried about losses in Indian Skies,” August 31, 2006). Boeing projects that India will require over 72 billion dollars worth of jet airplanes over the next 20 years. See *Id.*

[35] In examining GSP country eligibility, the statute takes account of whether other major developed countries grant GSP benefits. Other major developed countries, including those in the European Union, as well as Japan and Canada, extend GSP treatment to India.

USA TODAY

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.

"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 Mahrashtra 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.

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

HindustanTimes.com
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 said.

The Hindu Business Line
Diamond industry fears cancellation of orders:
Virendra Pandit
Date:17/08/2006

Floods have severley affected productuion 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

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.

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. Ninty-five per cent of gems and jewelry 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 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!

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

U.S. Imports of Jewelry for CNL Waiver Categories Under Review
(F.O.B. Customs Values)

HTS 71131925, 71131929, 71131950	**2003**	**2004**	**2005**	**Percent Change 2003 - 2005**
	Customs Value in 1,000 Dollars			
Indian GSP Imports	1,110,427	1,414,328	1,659,588	33.09%
Other GSP Imports	1,031,624	1,408,891	1,501,586	31.30%
All Other Imports	3,245,642	3,323,239	3,665,270	11.45%
China	497,630	598,049	686,578	27.52%
Total Imports excluding India	4,264,306	4,722,471	5,152,838	17.24%

Source: Dataweb, U.S. International Trade Commission, www.usitc.gov

HTS - 71131950: Precious metal (other than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi
Customs Value by Customs Value
For ALL Countries

U.S. Imports For Consumption

Annual Data

Country	2003	2004	2005	Percent Change 2003-2005
	U.S. Dollars			
India	1,061,372	1,354,877	1,607,884	34.0%
China	465,773	563,696	644,463	27.7%
Thailand	525,458	602,314	610,711	14.0%
Italy	602,234	508,273	470,308	-28.1%
Hong Kong	391,918	422,767	425,549	7.9%
Turkey	158,163	258,981	284,478	44.4%
Mexico	84,315	174,753	283,498	70.3%
Dominican Rep	182,518	193,524	205,289	11.1%
France	100,760	116,987	175,358	42.5%
Canada	167,796	170,752	162,596	-3.2%
Israel	141,439	129,803	153,025	7.6%
Jordan	45,602	84,983	114,550	60.2%
Switzerland	56,025	53,373	75,000	25.3%
Indonesia	19,658	33,855	70,372	72.1%
Oman	30,260	38,259	51,489	41.2%
Subtotal:	4,033,291	4,707,197	5,334,570	24.4%
All Other:	431,565	491,711	485,961	11.2%
Total	4,464,856	5,198,908	5,820,531	23.3%

Source: Dataweb, U.S. International Trade Commission, www.usitc.gov

**HTS - 71131950: Precious metal (other than silver) articles of jewelry and parts thereof,
whether or not plated or clad with precious metal, nesoi
Customs Value by Customs Value
For ALL Countries**

U.S. Imports For Consumption - Deflated*

Annual Data

Country	2003	2004	2005	Percent Change 2003-2005
	U.S. Dollars			
India	1,061,372	1,123,387	1,139,118	6.8%
China	465,773	467,385	456,575	-2.0%
Thailand	525,458	499,405	432,663	-21.4%
Italy	602,234	421,431	333,193	-80.7%
Hong Kong	391,918	350,534	301,484	-30.0%
Turkey	158,163	214,732	201,541	21.5%
Mexico	84,315	144,895	200,846	58.0%
Dominican Rep	182,518	160,459	145,439	-25.5%
France	100,760	96,999	124,234	18.9%
Canada	167,796	141,578	115,192	-45.7%
Israel	141,439	107,625	108,412	-30.5%
Jordan	45,602	70,463	81,154	43.8%
Switzerland	56,025	44,254	53,134	-5.4%
Indonesia	19,658	28,071	49,856	60.6%
Oman	30,260	31,722	36,478	17.0%
Subtotal:	4,033,291	3,902,942	3,779,319	-6.7%
All Other:	431,565	407,699	344,283	-25.4%
Total:	4,464,856	4,310,641	4,123,602	-8.3%

* Economic Consulting Services (ECS) has deflated the import values based on the relative price increase of the input costs. In creating the table above, ECS assumed that 20% of the value was associated with gold, 60% of the value was associated with diamonds or other precious stones, and 20% was associated with value-added material not associated with the raw materials. The value of the gold content has been deflated using Londom PM Fix pricing data obtained from the World Gold Council. The value of the diamond or precious stone content has been deflated using the average unit values of U.S. imports for consumption of HTS code, 7102.39.0000 (Diamonds, Nonindustrial: Unworked or simply sawn, cleaved or bruted).

Source: Dataweb, U.S. International Trade Commission, www.usitc.gov

HTS - 71131929: Gold necklaces and neck chains (other than of rope or mixed links)

Customs Value by Customs Value
For ALL Countries

U.S. Imports For Consumption

Annual Data

Country	2003	2004	2005	Percent Change 2003 - 2005
Italy	390,502	302,459	275,922	-41.53%
Turkey	41,135	95,728	107,666	61.79%
Croatia	18,701	60,154	86,594	78.40%
Israel	50,792	85,521	70,213	27.66%
India	58,739	65,260	59,988	2.08%
France	37,909	24,821	47,083	19.48%
Thailand	35,562	37,511	45,963	22.63%
Peru	23,008	30,172	40,264	42.86%
China	29,344	29,664	33,786	13.15%
Dominican Rep	15,079	33,453	31,885	52.71%
South Africa	28,722	29,802	27,919	-2.88%
Hong Kong	21,123	19,257	17,786	-18.76%
Romania	0	2,184	17,014	100.00%
Mexico	8,841	15,410	14,175	37.63%
Indonesia	11,921	8,550	13,841	13.87%
Subtotal :	771,377	839,947	890,099	13.34%
All Other:	72,593	61,230	57,505	-26.24%
Total	843,971	901,177	947,605	10.94%

Source: Dataweb, U.S. International Trade Commission, www.usitc.gov

HTS - 71131929: Gold necklaces and neck chains (other than of rope or mixed links)

Customs Value by Customs Value
For ALL Countries

U.S. Imports For Consumption - Deflated*

Annual Data

Country	2003	2004	2005	Percent Change 2003-2005
	U.S. Dollars			
Italy	390,502	275,102	235,416	-65.9%
Turkey	41,135	87,069	91,860	55.2%
Croatia	18,701	54,713	73,882	74.7%
Israel	50,792	77,786	59,906	15.2%
India	58,739	59,357	51,182	-14.8%
France	37,909	22,576	40,171	5.6%
Thailand	35,562	34,118	39,215	9.3%
Peru	23,008	27,443	34,353	33.0%
China	29,344	26,981	28,826	-1.8%
Dominican Rep	15,079	30,427	27,204	44.6%
South Africa	28,722	27,106	23,820	-20.6%
Hong Kong	21,123	17,515	15,175	-39.2%
Romania	-	1,986	14,516	100.0%
Mexico	8,841	14,016	12,094	26.9%
Indonesia	11,921	7,777	11,809	-0.9%
Subtotal:	771,377	763,974	759,430	-1.6%
All Other:	72,593	55,692	49,063	-48.0%
Total:	843,971	819,666	808,494	-4.4%

* Economic Consulting Services (ECS) has deflated the import values based on the relative price increase of the input costs. In creating the table above, ECS assumed that 20% of the value was associated with gold, 60% of the value was associated with diamonds or other precious stones, and 20% was associated with value-added material not associated with the raw materials. The value of the gold content has been deflated using Londom PM Fix pricing data obtained from the World Gold Council. The value of the diamond or precious stone content has been deflated using the average unit values of U.S. imports for consumption of HTS code, 7102.39.0000 (Diamonds, Nonindustrial: Unworked or simply sawn, cleaved or bruted).

Source: Dataweb, U.S. International Trade Commission, www.usitc.gov

HTS - 71131925: Gold mixed link necklaces and neck chains

Customs Value by Customs Value
For ALL Countries

U.S. Imports For Consumption

Annual Data

Country	2003	2004	2005	Percent Change 2003 - 2005
	U.S. Dollars			
Italy	18,311	13,051	14,541	-25.93%
Hong Kong	3,354	7,183	8,662	61.28%
China	2,513	4,689	8,329	69.83%
India	3,276	3,851	5,735	42.88%
Turkey	37,421	4,532	5,480	-582.86%
Indonesia	14	420	3,668	99.62%
Thailand	2,124	2,217	2,377	10.64%
Zimbabwe	3,785	1,696	2,234	-69.43%
Mexico	220	1,756	2,001	89.01%
Korea	1,596	1,856	1,762	9.42%
Peru	1,180	1,597	1,332	11.41%
South Africa	348	584	538	35.32%
Canada	231	346	432	46.53%
Cambodia	411	335	363	-13.22%
Colombia	448	238	110	-307.27%
Subtotal :	75,231	44,351	57,563	-30.69%
All Other:	3,634	2,023	747	-386.48%
Total	78,865	46,374	58,310	-35.25%

Source: Dataweb, U.S. International Trade Commission,
www.usitc.gov

HTS - 71131925: Gold mixed link necklaces and neck chains

Customs Value by Customs Value
For ALL Countries

U.S. Imports For Consumption - Deflated*

Annual Data

Country	2003	2004	2005	Percent Change
	U.S. Dollars			2003-2005
Italy	18,311	11,871	12,406	-47.6%
Hong Kong	4,025	6,533	7,390	45.5%
China	2,513	4,265	7,106	64.6%
India	3,276	3,503	4,893	33.0%
Turkey	37,421	4,122	4,676	-700.4%
Indonesia	14	382	3,130	99.6%
Thailand	2,124	2,016	2,028	-4.7%
Zimbabwe	3,785	1,543	1,906	-98.6%
Mexico	220	1,597	1,707	87.1%
Korea	1,596	1,688	1,503	-6.2%
Peru	1,180	1,453	1,136	-3.8%
South Africa	348	531	459	24.2%
Canada	231	315	369	37.3%
Cambodia	411	305	310	-32.7%
Colombia	448	216	94	-377.3%
Subtotal:	75,231	40,339	49,113	-53.2%
All Other:	3,634	1,840	637	-470.2%
Total:	78,865	42,179	49,750	-58.5%

* Economic Consulting Services (ECS) has deflated the import values based on the relative price increase of the input costs. In creating the table above, ECS assumed that 20% of the value was associated with gold, 60% of the value was associated with diamonds or other precious stones, and 20% was associated with value-added material not associated with the raw materials. The value of the gold content has been deflated using Londom PM Fix pricing data obtained from the World Gold Council. The value of the diamond or precious stone content has been deflated using the average unit values of U.S. imports for consumption of HTS code, 7102.39.0000 (Diamonds, Nonindustrial: Unworked or simply sawn, cleaved or bruted).

Source: Dataweb, U.S. International Trade Commission, www.usitc.gov

Diamond Price Index

Based on U.S. imports for consumption

HTS Code: 7102.39.0000*

(Quantity in 1000 carats, Value in 1000 US $, AUV in US $ per carat)

Year	Quantity	Value	AUV	Price Index
	-	-	-	
2002	1,014	567,244	559.41	119.09
2003	1,505	706,957	469.74	100.00
2004	1,207	753,028	623.88	132.82
2005	1,058	863,922	816.56	173.83

* Diamonds, whether or not worked, but not mounted or set: Nonindustrial: Unworked or simply sawn, cleaved or bruted

Source: Dataweb, U.S. International Trade Commission, www.usitc.gov

Gold Price Index

Prices in US $, Index derived from setting 2003 as 100.00

Year	Average Price	Index
1995	384.05	105.8251826
1996	387.82	106.8640081
1997	330.98	91.20171572
1998	294.12	81.04492304
1999	278.55	76.75460122
2000	279.1	76.90615402
2001	272.67	75.13436408
2002	309.66	85.32697833
2003	362.9098394	100.00
2004	409.1718254	112.747515
2005	444.4722	122.474552

Source: World Gold Council, London PM Fix

Comparison of Development and Living Standards Indicators of GSP Countries Under Review

General Development Indicators

Comparison of GNI Per Capita in GSP Countries Under Review
US Dollars (2004)[1]

COUNTRY	GNI Per Capita
Venezuela	$4,030.00
Turkey	$3,750.00
South Africa	$3,630.00
Argentina	$3,580.00
Russian Federation	$3,400.00
Brazil	$3,000.00
Thailand	$2,490.00
Philippines	$1,170.00
Indonesia	$1,140.00
India	$620

Comparison of Export Percent of GDP in GSP Countries Under Review
US Dollars (2003)[1]

COUNTRY	Exports as Percent of GDP
Thailand	65.55%
Philippines	50.48%
Russian Federation	35.16%
Venezuela	33.78%
Indonesia	30.65%
South Africa	27.73%
Turkey	27.38%
Argentina	24.97%
Brazil	16.38%
India	14.93%

Comparison of Trade Per Capita in GSP Countries Under Review
US Dollars (2004)[2]

COUNTRY	Trade Per Capita
Venezuela	N/A
Thailand	$2,987
Turkey	$2,016
South Africa	$2,011
Russian Federation	$1,848
Argentina	$1,436
Philippines	$1,036
Brazil	$883
Indonesia	$643
India	$145

Comparison of Adult Literacy in GSP Countries Under Review
Percentage of 15-Year Olds and Older Able to Read and Write (2004)[1]

COUNTRY	Adult Literacy
Russian Federation	99.44
Turkey	97.69
Argentina	97.19
Venezuela	92.98
Thailand	92.65
Philippines	92.6
Indonesia	90.38
Brazil	88.62
South Africa	82.4
India	61.01

Sources:
1 - World Bank Development Indicators, devdata.worldbank.org
2 - World Trade Organization, www.wto.org

Health and Living Standards Indicators

Comparison of Infant Mortality in GSP Countries Under Review

Deaths per 1000 Live Births (2004)[1]

COUNTRY	Infant Mortality
Venezuela	16
Argentina	16.2
Russian Federation	16.8
Thailand	18.2
Philippines	26
Turkey	28.3
Indonesia	29.6
Brazil	31.8
South Africa	54
India	61.6

Comparison of 5-Year Old Mortality in GSP Countries Under Review

Deaths per 1,000 Children (2004)[1]

COUNTRY	5-Year Old Child Mortality
Argentina	18.2
Venezuela	18.5
Russian Federation	20.6
Thailand	21.2
Turkey	32
Brazil	34.2
Philippines	34.4
Indonesia	38.4
South Africa	67
India	85.2

Comparison of Sanitation Access in GSP Countries Under Review

Percent of Urban Population Having Access (2003)[1]

COUNTRY	Sanitation
Argentina	N/A
Thailand	97
Turkey	94
Russian Federation	93
South Africa	86
Brazil	83
Philippines	81
Venezuela	71
Indonesia	71
India	58

Comparison of Life Expectancy in GSP Countries Under Review

Life Expectancy In Years at Birth (2004)[1]

COUNTRY	Life Expectancy
Argentina	74.64
Venezuela	73.68
Brazil	70.93
Philippines	70.75
Thailand	70.52
Turkey	69.92
Indonesia	67.36
Russian Federation	65.21
India	63.46
South Africa	44.64

Sources:
1 - World Bank Development Indicators, devdata.worldbank.org
2 - World Trade Organization, www.wto.org

The Times of India Online
Boeing worried about losses in Indian skies
31 Aug, 2006 1210hrs IST PTI

NEW DELHI: Expressing concern over the losses incurred by the Indian aviation industry, US aircraft major Boeing has cautioned that this could lead to a "potential disaster" if it went unchecked.

"The losses in the Indian aviation industry is a cause for concern. It needs to be checked otherwise that will be a potential disaster for the industry," Dinesh A Keskar, Boeing's' Senior Vice-President (Sales commercial planes), said.

India's low-cost carriers faced pressures on yields per passenger due to low fares and high fuel prices, he said. Despite a sudden growth in passenger traffic and a projected growth of about 20 per cent in the next four-five years, the Indian civil aviation sector has seen many of the major players in red.

Leading carrier Jet Airways reported a loss of Rs 45 crore in the quarter ended June, despite clocking a 25 per cent increase in revenue at Rs 1,680 crore.

Low-cost airline Air Deccan reported a loss of about Rs 35 crore in the 12 months ended March this year, while SpiceJet had also reported a loss of Rs 41 crore in the fiscal ended May. Pointing out that the sustainability of the sector withstanding loss was under question, Keskar said mergers and takeovers were on the cards.

"In the next 12 months there could be consolidation," he said.

Keskar said players in airlines would have to take remedial measures to overcome losses so as to make the Indian aviation sector a healthy industry.

"They have to increase fuel surcharges and look at ways of selling seats at differential prices so that low yields from cheaper ones could be offset by those from the higher priced seats," he said.

Despite these concerns, Boeing is bullish on the Indian aviation sector and has projected that the sector would require 856 new commercial jet airplanes worth over 72 billion dollars, over the next 20 years.

"Boeing forecasts a long term requirement for increased passenger traffic in which airlines significantly add frequencies with smaller aircraft to meet demands," he said.

"We also see a considerable increase in the air freight market that will need to support the country's exports, which are growing at an estimated 5-6 per cent a year for the next 20 years," he said adding in the next 4-5 years, the growth could be as high as 20 per cent.

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

Supports India
Pro GSP for jewelry with diamonds

From: lucky jewellery [luckyjwl@hotmail.com]
Sent: Saturday, September 02, 2006 12:20 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,

JIGNESH SHAH

M/s LUCKY JEWELLERY

INDIA.

Supports India
Pro GSP for jewelry with diamonds

From: lucky jewellery [luckyjwl@hotmail.com]
Sent: Saturday, September 02, 2006 12:20 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,

JIGNESH SHAH

M/s LUCKY JEWELLERY

INDIA.

Supports India
Re jewelry finishing products

From: Amijag Inc [amijaginc@yahoo.com]
Sent: Friday, September 01, 2006 12:46 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver

Dear Sir,

We have a significant proportion of our business connected with our India. Our products are crafted in India and finished in United States. We have been providing quite a few jobs for the refinishing of the goods that we do in US. Since the revocation of duties we have seen a significant increase in our market, Indian Jewelry has not taken over market share but has become competitive & increased market share. THey have taken over the Indian market share of Americans. Let me describe in detail on this. Indian jewelry stores in US sell at a price little over what a customer would get in India. This is possible because most of the retailers here have direct connections with manufacturers and get the bargain. Imposing duties will loosen the bargaining power & increase the cost of merchandise which could be in multiples of increase hence the final consumer might be impacted by almost 20-25% increase which could drive away the Indian's or others who visit their homes regularly from making large purchases in United States and could significantly hurt the retailers in closing down their lines or having price wars. None of the case is healthy for our industry as we are surviving through delicate period of high commodity prices where rhodium has shot up from $800 - $3000 & is one of the major jewelry finishing raw material, as well as Gold & silver have shot up.

Hence on behalf of retail stores in Houston, we urge you to keep the imports duty free and if possible to pressure India to revoke their 6% import duty so that we could export our unwanted scrap goods in overseas market.

Thanks
Pratik Shah

Pratik Shah

Amijag Inc.
5433 Westheimer Rd Suite 615
Houston, TX 77056
Tel: 713-850-8570
Toll: 1-866-3AMIJAG
Fax: 713-975-8463
Cell: 713-478-0575

Supports India
Re studded jewelry

From: Amijag Inc [amijaginc@yahoo.com]
Sent: Friday, September 01, 2006 12:49 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver

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

Sincerely
Jagat Shah

Support India
Re studded jewelry

From: Sherman Brodkey [sbrodkey@brodkeys.com]
Sent: Friday, September 01, 2006 1:11 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Gentlemen:

As the owner of a retail jewelry chain of stores, I stringly urge the USTR Panal to suppory continuation of Duty Free trade benefits for studded jewelry from India under GSP.

Whereas Indian diamond and jewelry imports have grown to become a major part of our business and our American retail jewelry industry, GSP benefits are of critical importance to our profitability and, more importantly, the save the American consumer significant money.

I strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.Thank you very much for your time and consideration.

Sincerely,

Sherman F. Brodkey
For: Brodkey Brothers, Inc.
dba. Brodkey's Jewelers

Supports India
Re Studded jewelry

From: Winifred Bruce [oriental_accents@yahoo.com]
Sent: Friday, September 01, 2006 3:02 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver

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.

Thank you for your assistant in this matter.

Sincerely,

Winifred Bruce
920 North Hill Street
Griffin, GA 30223

Supports India
Re studded jewelry

From: deranojewelers@aol.com
Sent: Friday, September 01, 2006 3:02 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

As an 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 strongly urge you to recommend the continuation and renewal of GSP benefits for studded diamond jewelry from India.
Thanking you,

Sincerely,
Odette Kahwajian
D & K Jewelers, Inc.

Supports India
Re studded jewels

From: Jemini [jemini@shahdiamonds.com]
Sent: Friday, September 01, 2006 3:05 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,

Jemini Joshi

Shah Diamonds, Inc.

590 Fifth Ave

9th floor

New York, NY 10036

jemini@shahdiamonds.com

METAL EXCHANGE CORPORATION
111 West Port Plaza, Suite 700
St. Louis, MO 63146 U.S.A.
Phone: 314-434-5635
FAX: 314-434-6727

Supports India
Re Aluminum Products
HTSUS 7606 – no CNLW

From: Michael Kelley [mkelley@metalexchangecorp.com]
Sent: Friday, September 01, 2006 10:56 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

September 1, 2006

Metal Exchange Corporation is a large supplier of aluminum flat rolled products to industry throughout the United States. We strongly urge the TPSC to retain the GSP status for HTUS 7606 products for the country of India.

Aluminum is ubiquitous in our economy, but is particularly critical to the following industries:

- Building and Construction
- Transportation
- Packaging

These industries are forced to compete in the global marketplace. To increase raw material costs to these industries here while their competitors outside the U.S. face no such increase puts them at an economic disadvantage. The U.S. has already lost many of these industries and jobs to competitors in Mexico, China and even Canada.

Aluminum coil and sheet imports from India are one part of a very competitive U.S. market (less than 1.15% of all HTSUS 7606 items). Having Indian origin metal in the marketplace maintains competitiveness among suppliers, keeping prices down for consuming industries and benefiting the U.S. consumer. All industry in the U.S. is already under economic strain. Raising the price of aluminum sheet to the industry by discontinuing the GSP status for India will adversely affect domestic industry.

In addition to the negative effects on the national economic interest of the United States, Metal Exchange Corporation will be forced to replace Indian origin material elsewhere at higher cost. The U.S. consumer must always bear the brunt of such increases, resulting in increasing cost of living and probably inflation.

We strongly urge the TPSC to maintain India's GSP status as currently structured for aluminum flat rolled products under HTUS 7606.

Sincerely,

Thomas Akers
Executive Vice President
Metal Exchange Corporation

Supports India
Re studded jewelry

From: irwin knopf [ikeknopf@yahoo.com]
Sent: Friday, September 01, 2006 1:34 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver

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

renewal of GSP
benefits for studded diamond jewelry from India.
Thanking you,

Sincerely,
Irwin Knopf

Supports India
Re all products for
freight

From: Bill McInerney [billm@corp.phoenixintl.com]
Sent: Friday, September 01, 2006 1:37 PM
To: FN-USTR-FR0052
Subject: Preservation of GSP for India

Dear Chairman Marideth Sandler,

Our company has just made a large investment in India (we purchased an Indian international freight forwarding company), because we see India as a fast emerging economy. But that emergence is just getting underway, and if GSP privileges are suddenly withdrawn by their largest trading partner (the USA), it could have a significant dampening effect on their development.

This will be very bad for our American customers, and equally bad for us. The National Customs Brokers & Forwarders Association of America (NCBFAA) is our trade association and the attached letter above eloquently makes our argument. Please read it again and be guided accordingly,

Thanks for your consideration,

Bill McInerney, CEO
Phoenix International Freight Services, Ltd.
Corporate Office
712 N. Central Ave.
Wood Dale, Illinois 60191
(630) 694-2496
billm@corp.phoenixintl.com
www.phoenixintl.com