04.09.2006

To: United States Trade Representative
GSP Subcommittee

From: Med-Art Saglık Hizmetleri ve Kuyumculuk San.veTic.Ltd.Sti.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50.

Med-Art has been exporting Diamond jewel from Turkey to the United States and other world markets for eight years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the United States for decades and which, in 2003, received a competitive need limit (CNL) waiver. The waiver has been critical to our maintenance of a viable market in the United States. Gold prices worldwide have practically doubled in the past three years. Had the CNL waiver not been in place, the extra duty that would have been applied to our jewelry would have been the catalyst for our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers. But for the supplier, this means intense price competition on a large scale. The loss of GSP benefits will make sales to the U.S., after transportation (increased costs there due to the fuel price increases) unprofitable. If the added burden of a U.S. tariff is imposed, and we are forced to exit the U.S. market, thousands of small "cottage industry" designers and craftsmen will be adversely effected. Already, by reason of the increased cost of gold, our sales have declined on a volume basis. U.S. trade statistics indicate a rise in value of gold jewelry imports from Turkey, but that increase is eclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment from Turkey or simply of the CNL waiver for gold jewelry from Turkey will serve no useful purpose. There are no gold jewelry sectors in other GSP eligible countries that will fill the demand currently supplied by Turkey. Major non-GSP suppliers of gold jewelry such as China, Italy or Hong Kong would simply fill the void, no “new” GSP suppliers would benefit, and U.S. consumers would pay the price.

Name

Emil GUZELIS

Title

PRESIDENT

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Bailey Sales & Associates, Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Bailey Sales & Associates, Inc. has begun doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for 4 months.

We have chosen VitrA because of it's reputation as a reliable and efficient product supplier, producing excellent quality while remaining competitive in terms of selling price.

Removal of the GSP tariff benefit for VitrA's products which we purchase, would cause a disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business, thus causing us to reconsider our decision to do business with VitrA, since it will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

_____[name]_______________________

_____[title]________________________

To: United States Trade Representative GSP Subcommittee

From: Pepco Sales of Dallas

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

As a manufacturers' rep agency selling products imported from Turkey under GSP benefits since 2002, we have a genuine economic interest in assuring that Turkey keeps its status as a result of the upcoming review.

VitrA of Eczacibasi, Turkey is the leading brand in three of the five major product lines we carry. Considering that approximately 25 % of our annual revenue is generated by VitrA sales, VitrA has a significant role on our financial well-being.

VitrA is a highly reliable and efficient vendor which can provide us with excellent quality products at competitive prices.

The relationships we have built over time for the distribution of VitrA products are the true value of this brand for us. Innovative products and stylish designs by VitrA is a good alternative over conventional plumbing fixtures for our customers.
Keeping our customers satisfied with consistent product lines in the industries we represent is a major success measure for our firm. In this sense, being able to provide our customers with an extensive inventory of highly demanded products like VitrA is our top priority.

Loss of GSP benefits would adversely affect the competitiveness of Turkish products including VitrA in the US market and therefore, the profitability of our company since we are in a very price-sensitive and competitive market.

VitrA is important for the US economy from a human resources stand point as well. The loss of VitrA in our product line would not only cause the unemployment of 2 FTE workforce in our warehouse, but also decreases the commission income of the salesmen who rely heavily on VitrA products. This would adversely affect the whole economy through the wholesalers who would need to lay off employees due to dropped business volume.

We believe that Turkey is making a significant progress on economical and social reforms and much of it made possible by Turkey's recent economic recovery which was supported by increased volume of foreign trade. Maintaining economic incentives which will support foreign trade further will help Turkey's continued progress.

Turkish import volume from the U.S in 2005 was $ 436 million while export volume was only $ 411 million. Withdrawal of GSP benefits will increase foreign trade deficit with the US which could eventually agitate the overall Turkish trade balance.

Turkey remains one of the U.S’ most important national security allies, thus a politically stable and economically strong Turkey is central to the U.S’ own security and interests throughout the Middle East.

Withdrawal of GSP benefits for Turkey would send a very negative and mistaken signal of the U.S indifference for Turkey’s role of being a symbol of democracy and secularity in the Middle East.

Taking the above concerns into consideration, we as Pepco Sales & Marketing support the continuation of GSP benefits for Turkey for a win-win-win situation for the US, for our company and for Turkey from an international stability perspective.

Yours Sincerely,

Mike Parham

President

From: Hande Büyüklimanli [exp3@kavaklidere.com]
Sent: Tuesday, September 05, 2006 10:16 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility znd CNL Waiver Review
To: United States Trade Representative
GSP Subcommittee

From: Kavaklidere Winery, ANKARA - TURKEY

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

[Name of Company] has been exporting [name of product] from Turkey to the United States and other world markets for [number] years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Hande Buyuklimanli
Export Department

ABFT

Dear Ambassador Schwab,

As an American Chamber of Commerce headquartered in Istanbul, the American Business Forum in Turkey (ABFT) represents nearly 70 prominent U.S. companies operating in this country. While our primary mission is to provide advocacy and business development opportunities for U.S. investments here, we feel strongly that our organization and member companies work toward development of closer bilateral trade and investment relations between Turkey and the U.S.

Accordingly, we ask that during the 2006 Generalized System of Preferences (GSP) review, you would support the continuation of Turkey's status as a GSP nation.

Although Turkish exporters have made inroads into European markets, the volume of trade between the U.S. and Turkey is still relatively low. Continued GSP status is crucial to Turkish SMEs, constituting the bulk of the Turkish economy wishing to enter the U.S. market. Thus, extension of the program would be an impetus toward further economic development of the country.

Furthermore and as you are well aware, Turkey has made considerable strides in recent years to improve both its macroeconomic fundamentals as well as its investment environment, particularly with regard to foreign investment. <u>We believe that by key measures, Turkey has made considerably more progress toward improved market access than some other countries now under review, and that GSP sends a signal of recognition that many steps have been taken.</u>

As ABFT we have been working in particular on certain issues such as strengthening the rule of law, improving intellectual property rights, and improving sugar quotas on behalf of our members. We have seen some progress on these issues over the last two years, and we continue our efforts to improve the commercial environment. While serious issues remain to be resolved, we believe that continuation of GSP would strengthen the bilateral commercial relationship and would certainly enhance the position of U.S. companies doing business and investing in Turkey.

Sincerely,

Galip Sukaya
Chairman
ABFT

From: AHMET GURSEN-LIKYA ANTIQUE GOLD COLLECTION [agursen@likyagoldart.com]
Sent: Monday, September 04, 2006 4:48 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50.

Likya has been exporting jewelry from Turkey to the United States and other world markets for one year.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today’s global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the United States for decades and which, in 2003, received a competitive need limit (CNL) waiver. The waiver has been critical to our maintenance of a viable market in the United States. Gold prices wolrdwide have practically doubld in the part three years. Had the CNL waiver not been in place, the extra duty that would have been applied to our jewelry would have been the catalyst for our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers. But for the supplier, this means intense price competition on a large scale. The loss of GSP benefits will make sales to the U.S., after transportation (increased costs there due to the price increases) unprofitable. If the added burden of U.S. tariff is imposed, and we are forced to exit the U.S. market, thousands of small “cottage industry” designers and craftsmen will be adversely effected. Already, by reason of the increased cost of gold, our sales have declined on a volume basis. U.S. trade statistics a rise in value of gold jewelry imports from Turkey, but that increased is eclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment from Turkey or simply of the CNL waiver for gold jewelry from Turkey will serve no useful purpose. There are no gold jewelry sectors in other GSP eligible countriesthat will fill the demand currently supplied by Turkey. Major non-GSP suppliers of gold jewelry such as China, Italy or Hong Kong would simply fill the void, no "new" GSP suppliers would benefit, and U.S. consumers would pay the price.

_A.Erhan Gursen by LIKYA Antique Gold_____
Name

---------------__General Coordinator_____________________
Title

From: Murat Akyuz [murat@akyuz.com.tr]
Sent: Tuesday, September 05, 2006 11:41 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
From: AKYUZ PLASTIK A.S.

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

AKYUZ PLASTIK A.S. has been exporting plastic goods from Turkey to the United States and other world markets for 4 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Best Regards,

Murat Akyuz
Akyuz Plastik A.S.
Gumussuyu Cad. Fatih Sehitleri Sok. No:6
Topkapi Istanbul 34020 Turkey
Tel : +90-212-612-9400
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Web : www.akyuz.com.tr
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Online Catalog : www.akyuz.com.tr/catalogue

2006 GSP Eligibility and CNL Waiver Review

Submission of the American-Turkish Council

1111 14th St, NW, Suite 1050

Washington, DC 20005

September 5, 2006

Overview:

The American Turkish Council (ATC) is one of the leading business associations in the United States dedicated to strengthening U.S.-Turkish relations through the promotion of commercial, defense, technology and cultural relations. Its diversified membership includes Fortune 500 companies, a spectrum of U.S. and Turkish companies, multinationals, non-profit organizations and individuals with an interest in U.S.-Turkish relations.

The ATC and its corporate members are deeply concerned for the possibility that the eligibility of Turkey to export a substantial number of its products to the United States under the Generalized System of Preferences (GSP) may be limited, suspended or withdrawn. The ATC strongly believes that continuation of the GSP program for Turkey is very positive for US-Turkey commerce and contributes substantially to the sense of increasing cooperation that ATC favors extending to all aspects of the U.S.-Turkey relationship.

Since its inception, but more effectively during the last five years, Turkish exporters and American importers and retailers have utilized the GSP program to add significant value and volume to U.S.-Turkish commercial relations. In 2005, Turkey exported approximately $5 billion worth of products to the United States. Of this, approximately $1 billion worth of products, mostly jewelry, natural stone, olive oil and agricultural products, automotive and truck parts, non-ferrous metals, ceramic sanitary fixtures and bathroom faucets entered the U.S. under the favorable GSP program.

Both the content and the tone of the U.S.-Turkey commercial relationship would be negatively affected by Turkey's exclusion from the GSP program. It would limit or curtail Turkish exports in important sectors, disrupt the distribution and retailing networks they have established in the U.S., limit the selection and price advantages currently enjoyed by the American consumer in several product lines, and harm a broad and extremely valuable pattern of bilateral cooperation between the U.S. and Turkey.

For these reasons, and because the negative economic consequences for the U.S. of continuing the GSP programs for Turkey are truly minimal, and because there is an equally minimal likelihood that other GSP-eligible countries will fill the voids left by Turkey's loss of GSP benefits, ATC and its corporate members strongly urge continuation of the GSP-based relationship with Turkey.

Probable Effects on Selected Sectors of GSP Trade:

Jewelry, a very important sector of the Turkish economy, is at the top of the list of GSP imports from Turkey. The value in 2005 of Turkish jewelry imported into the U.S. under Competitive Need Limitation (CNL) waivers (for HTSUS items numbered 7113.19.29 and 7113.19.50) was approximately $398 million. The export by Turkey of jewelry products made of precious metals and precious and semi-precious stones has increased in recent years, but that increase in value (primarily the result of the increased cost of gold) pales in comparison to the increased jewelry import values from countries such as India, China, Mexico and France.

The export jewelry industry in Turkey today employs about 250,000 people. It is an industry of artisans and craftsmen as well as an important "cottage industry." It exports to the United States products that are unique, of a high quality and competitively priced. Exclusion of Turkey from the GSP program, will deny U.S. consumers the qualities of Turkish craftsmanship and likely lead to import substitution by other global producers, such as those named above – without, it should be added, any appreciable, positive effect for other GSP-eligible countries, or for American jewelry producers or the American workforce.

Another important product group imported from Turkey under the GSP program is natural stones. Turkey offers an enormous variety of materials (marble, stone, onyx, travertine, granite) of excellent quality and dressed with superior craftsmanship. In marble alone, more than 80 variations and 120 different colors and patterns have drawn the attention of American companies to the Turkish natural stone industry. The U.S. is the top destination of the processed marble and travertine exported by Turkey, and the total natural stone export to the USA in 2005 was approximately $103,000,000.

As American consumers have re-discovered the uses and aesthetic appeal of natural stones, it is estimated that the American market will grow by 20% in the next decade. Such an increase in the U.S. demand requires global suppliers that can offer a wide variety of products of the highest quality. The Turkish Marble and Natural Stone Industry has responded to this demand, forecasting a 30% growth in the coming years and a world leadership position by 2010. In marble and travertine for upscale residential and commercial uses, there is no competing U.S. industry, making the inclusion of the natural stone sector in Turkey's GSP program not only important for American consumers and Turkish producers, but also at no cost to American workers and American industry. [*]

A third important product imported from Turkey is olive oil. Turkey is one of the major producers of olive oil and has a 20% share in the world olive oil market. Most of the Turkish olive oil exports are refined olive oils. This trade provides U.S. consumers access to the natural and healthy olive oil produced in the Mediterranean area. Turkey's exclusion from the program will add a 5 percent customs duty to these and even higher duties on many other Turkish goods entering the U.S. market. It will decrease Turkish olive oil exporters' overall competitiveness in the United States market place without benefiting American producers in any meaningful way.

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[*] According to Report No. 332-470 of the United States International Trade Commission, there were only three U.S. manufacturers of travertine employing 58 persons in 2004. The Report states that the growing U.S. demand for travertine dimension stone cannot be satisfied by domestic production. "[T]he U.S. industry has increasingly concentrated on higher-value, specialty markets, leaving the other segments of the market to be supplied by imports."

The agricultural sector that supports this product employs about 35% of the Turkish workforce yet commands only an 11% share of the country's GDP. Therefore, throughout the rural sector, people are abandoning the tiny villages and hamlets for urban centers. In such circumstances, GSP benefits that are important for Turkey to remain competitive in the olive oil export business have a consequence in turn for the maintenance of family farming and employment in rural areas. Should Turkey's olive oil exports to the U.S. decline by reason of the duty imposition, it will be countries such as Spain, Italy and Greece that will be the beneficiaries – not other GSP-eligible countries.

Turkey has recently started to enjoy some success as a producer and exporter of ceramic sanitary ware products, exporting over $20,000,000 worth of sanitary ware products to the U.S. in 2005 (under HTSUS number 610.10.00). The Turkish sanitary ware industry is a perfect example of an industry growing in a developing country by reason of opportunities for large export markets driven by low priced, yet good quality products. The Turkish producers of sanitary ware have established a small market share in the United States against such competitors as China and Mexico. That market share, however, is likely to shrink, if not totally evaporate, should Turkey fail to maintain its price competitiveness. The GSP program benefit is an essential factor in that competitiveness equation.

In tandem with the ceramic sanitary ware, the Turkish bathroom faucets industry (approximately $12,000,000 in 2005 under HTSUS number 8481.80) is bringing the heritage of the luxurious Turkish bath to contemporary U.S. residential bathrooms. Turkey's price competitiveness has given it the ability to develop sales of a growing variety of bathroom fixture products. This effort to penetrate the U.S. market is ambitious given the maturity of the market and the sources of competition. Nevertheless, competitive pricing and a successful blending of style and technology are helping Turkey establish a country brand, with a reputation for good quality at an affordable price. American producers already heavily outsource their production to China and Thailand with the result that continuation of GSP benefits in these product lines for Turkey would cause little harm to U.S. companies but would allow Turkey to follow through with a business and marketing plan that is only in its early stages of development.

<u>Probable Effects on Turkey's Economic Development and Programs of Reform:</u>

ATC is aware that the purpose of the GSP program is to promote the economies of developing countries and dependent territories. Despite its recent economic progress, Turkey is by no means yet an economic "success;" rather it is a nation in transition from "developing" to "developed," and certainly not yet ready for graduation as a "high income country." According to the World Bank's 2006 report, the GDP per capita in Turkey is $4,710 while the World Bank's definition of "high income country" in 2004 was $10,066.

Economic development in Turkey is geographically spotty. Southeastern Turkey suffers from terrorism and the economic disruptions and fears that accompany it, but it also faces many of the problems that are typical of other underdeveloped regions in the world. For example, relative to other parts of Turkey, the region has higher fertility rates and lower literacy rates, lower school enrollment rates—especially among young girls—and lower access to education, health care and sanitation. Increasing trade between the U.S. and Turkey – especially in the natural stone, jewelry, olive oil and fruits and nuts – strengthens Turkish companies' and the Turkish Government's ability to stabilize the region by increased investment and economic development. Conversely, hindering Turkish companies' ability to remain competitive in the U.S. marketplace will exacerbate the developmental problems that already exist in southeastern Turkey, where many of these companies and families are based and/or produce. If exports to the United States are reduced by limitations on the GSP exports, profit margins will follow suit and disadvantaged regions of Turkey could witness increasing rates of unemployment as a result. American companies and American employees will not be the beneficiaries – competing global suppliers, such as China, will.

United States trade policy is to promote reform and support states that are pursuing economic, political and social reforms with national resources and political commitment. Since 2003, Turkey has been implementing structural reforms and stabilization programs in full coordination with the World Bank and IMF. These reform programs are fully supported by the U.S.

Trade measures that result in a loss of trade between the U.S. and Turkey could have a dispiriting effect on the Turkish public and an undermining effect on the economic stabilization program. They could well trigger increases in unemployment, particularly in specific sectors. Since the early 1990s, Turkey has been suffering from serious structural unemployment. The previously named sectors – jewelry, natural stone and agricultural products – employ a significant portion of the Turkish labor force. Many employees, in these industries, are from the least developed regions of Turkey, such as the 10-12,000 persons employed in the natural stone trade. Again and conversely, maintaining the health of these Turkish industries will have minimum effects on American employment since the producers of these products are not in competition with American based production. Rather, the main beneficiary of exclusion of Turkey will be high volume, cheap labor countries that are neither pursuing reform nor complying with international labor and quality standards.

Turkey has made considerable progress towards updating and harmonizing its legislation with universally acclaimed principles in a number of trade related fields in accordance with the European Customs Union as well as in compliance with its commitments under the World Trade Organization (WTO). At the same time, for more effective protection of industrial and intellectual property rights, Turkey has adhered to certain international treaties. Turkey fulfills all legal requirements for the protection of intellectual property rights and is gradually improving implementation in this area. In the World Trade Organization, Turkey has stood for generally liberal trade policies and deserves continuation of inducements such as the GSP program.

Turkey’s private sector is an important actor in the nation’s economic reform and political stabilization, and in consolidation of its unique status in the Middle East as a secular and democratic state with which we have many shared values. Thanks to the liberalization period in the 1980s, Turkey opened its borders to imports, began to grow economically and became an important trading country in the region. Growth of the dynamic private sector served to weaken the role of the “strong state” and strengthen the civil society. The business community emerged as an important political force in Turkey. The Turkish Industrialists` and Businessmen’s Association (TUSIAD), the Foreign Economic Relations Board (DEIK) and other institutions emerged as outspoken advocates for reform and have supported new policy initiatives on a wide range of social, economic and political issues, including the Kurdish issue. Many TUSIAD and DEIK members and others of the private sector will see their businesses negatively affected by the elimination of Turkey from the GSP program.

At the dawn of the 21st century, trade disputes between countries are multiple and seemingly inevitable. Yet, trade relations continue to be a powerful determinant and viable measure of the overall level of bilateral cooperation. Thus, though the U.S. and Turkey have been steadily increasing their bilateral commerce and trade relations, the pace has been slow, and the U.S. and Turkey are far behind the much more rapid increase in Turkish-European Union trade.

United States’ interests are not served, however, by consigning Turkey to an outsider’s role as a trading partner. If its GSP beneficiary status is withdrawn, there will be virtually no other trade mechanism, other than WTO rules, that will apply to the bilateral relationship. Given the plethora of programs and agreements with other countries that the U.S. employs – including many with countries far less important to the U.S. than Turkey – shelving Turkey and its growing economy would be an economical and trade policy mistake for the United States.

Total US-Turkey trade in 2005 was approximately $10 billion, almost evenly split between imports and exports. Yet few Americans, and fewer American companies, think of Turkey as an interesting, valuable trading partner. In Turkey, the perception is that the American market place is "too tough". Understanding such tepid, existing perceptions of the U.S.-Turkey trade relationship is important because exclusion of Turkey from the GSP program will almost certainly result in a fresh perception, in both countries, that bilateral trade cooperation has deteriorated and that the U.S. is disinterested in the young and dynamic Turkish economy.

Effect on Broader Bilateral Relations:

Finally, maintenance of a strong partnership with Turkey is very much in the U.S. national interest. Turkey is located at the nexus of three areas of increasing strategic importance to the United States: Europe, the Caspian/Caucasus region, and the Middle East. The volume – and tone – of any bilateral trade is a prime measure for assessing the quality of bilateral political relations. Increasing trade generates mutual awareness and helps prepare a stronger basis for political dialogue.

The United States values Turkey as a strategic partner in an especially volatile and extremely important part of the globe. The United States values Turkey as a political partner for its shared political norms and values. The United States values Turkey as a trading partner and for its commitment to economic and trade reform. Now is not the time to ignore these values by withdrawing the benefits of GSP.

As an American non-profit association dedicated to the improvement of bilateral relations between the U.S. and Turkey, the American-Turkish Council requests that you consider all the aforementioned commercial, political, national security and social aspects of the relationship, recognize how truly minimal will be the economic consequences for the U.S. of continuing the GSP program for Turkey, and recognize that removal of Turkey from GSP eligibility will not inure, to any appreciable extent, to the benefit of any other GSP-eligible country. A GSP-based trading relationship should be maintained with Turkey.

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: Ana Gida Otomotiv ve Ihtiyac Mad. San. Ve Tic. A.S.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Ana Gida Otomotiv ve Ihtiyac Mad. San. Ve Tic. A.S. has been exporting olive oil and its fractions from Turkey to the United States and other world markets for 5 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Ismail Toklu
Name

Export Manager
Title

Supports Argen, Brazil, & Turkey
Re hose clamps – which not have CNLW
Progeral Industria de Artefatos Plasticos Ltda.

From: Mario Ivan Chaves [ivanchaves@progeral.com.br]
Sent: Thursday, August 31, 2006 9:10 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

August 31, 2006

To: Office of the United States Trade Representative

From: Progeral Industria de Artefatos Plasticos Ltda
Rua Walter Barufaldi, 300
Iperó, S.Paulo, 18560-000
Brazil

Sirs,

Please find attached the submission of 2006 GSP Eligibility and CNL Waiver Review made by Progeral Industria de Artefatos Plasticos Ltda.

Sincerely,

Mario Ivan Chaves
Sales Manager
Progeral Industria de Artefatos Plasticos Ltda.

E mail address: ivanchaves@progeral.com.br

Progeral Industria de Artefatos Plasticos Ltda. is a Brazilian hose clamp manufacturer founded in 1962 and located in Ipero, state of S.Paulo, Brazil. It has as customer companies like General Motors, Ford Motor Company, Daimler Chrysler, PSA, Renault, Fiat, Nissan, Volkswagen, Volvo, Delphi, Hutchinson, Good Year, Visteon, etc. Its main products are ; spring band clamp, ear clamps, retainer clamps, worm drive clamps, T bolt clamps. Located in an industrial area in Ipero it has a land area of 15,000 square meters, 4,000 square meters of covered area, 200 employees and is certified in TS 16949 and ISO 14001.

Progeral has in its Strategic Planning be a Global Player and because of that it has sales and technical offices in Germany, Turkey, China, Argentina, Mexico and United States.

The automobile market is a very competitive market and so the hose clamp market. The customers are always looking for cost savings opportunities in order to be more competitive and Progeral has a great chance to offer that due to the cost of labor in Brazil comparing with another countries. By other hand for Progeral be competitive in North America market is absolutely necessary the continuation of the Generalized System of Preferences (GSP) program after December 31, 2006.

Progeral has invested in equipment, in training people, travels, etc, to be prepared to get some market share in North America. Since 2004 we are working with our customers to technically validate our products for North America market and after go through a long way we are getting the orders we have planed to get. All this work is being made based in the GPS program.

The growth of Progeral in North America market will generate new investments and employment not only in Brazil but also in Progeral Corp in the United States.

Regarding Progeral's customers in North America they will have chance to get cost savings programs giving them the opportunity to improve profitability, market share, employment, etc.

The 8-digit tariff number of the HTSUS for a hose clamp is 7326.19.00.

PUBLIC VERSION

Supports Argen, Brazil, & Turkey
Re confectionery products which
not have CNLWs
Sherwood Brands, LLC

From: Frydman, Amir [Amir@sherwoodbrands.com]
Sent: Thursday, August 31, 2006 12:39 PM
To: FN-USTR-FR0052
Cc: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review-

I am resubmitting as per our conversation our comments including a public version and a business confidential version.

If you have any questions, please do not hesitate to call me at 301-309-6161 x 19.

Sincerely,

Amir Frydman
Sherwood Brands, LLC
301-309-6161 x 19
301-309-6162 Fax
Amir@sherwoodbrands.com

PUBLIC VERSION

PUBLIC VERSION

August 31,2006

Dear Office of the United States Trade Representative:

We are seeking your support and re-authorization of the GSP program, which is set to expire on December 31, 2006. Our company would suffer dire consequences if the countries we have invested in would no longer receive GSP status.

Sherwood Brands is a middle size USA based confectionery operation that has been in business over 80+ years in combination with companies Sherwood Brands has acquired. Over the last 10 years due to extremely high domestic sugar prices and labor costs and a very difficult competitive environment due to consolidation of retailers, Sherwood Brands which had factories in Rhode Island, New York and Virginia moved its production facilities to Brazil, Argentina, and Turkey at considerable expense. As a company we tried everything possible to continue our sugar based confectionery operations in the USA but ultimately had only two choices: 1.) To close our family business or 2.) To move our operations at great expense to these countries. Rather than closing our operations, we took our expertise and moved our USA operations to Brazil, Argentina and Turkey. We did this with both great financial and personal risk and expense. Our single goal was to stay in business and build on a rich heritage. While we had to lay-off employees and take operating losses during the transition, the objective was to maintain employment for as many people as possible. While our company suffered losses prior to the move and due to the costs associated with the move, we have in the last year started increasing sales and hiring more people. Today our company employees about 60 people in two offices and two distribution facilities. Our sales have started to rebound.
We are asking your office to take into consideration that our company had only two options open to us. We decided to remain in business and invest our know-how in these countries. Should we now face duties from these countries given the decline of the USA DOLLAR, higher fuel costs and extremely competitive retail environment, we would not be able to continue purchasing product from these GSP nations. Our losses would include the huge investment in moving and reinvesting in equipment in these countries. Once again we would be forced to lay-off employees after finally creating a feeling that our company is rebounding and potentially having to close our operations. Our company morale is finally up seeing a light at the end of the tunnel.
Conversely, eliminating the GSP program would only benefit large confectionery companies that have multinational presence. This would simply provide them a way to eliminate competition-- us.
We ask you that given the uncertainty in the world, including escalating fuel costs, a weak US Dollar and our commitment to continue supporting our employees and the USA economy that you re-instate the GSP after December 31, 2006. Our company and employees are dependent on you. Below is a listing of HTS #'s. If you have any questions, please do not hesitate to call me. This is a very serious matter for our company and I would be happy to assist in any way possible to help maintaining the GSP program.

Sincerely,

Amir Frydman
President
Sherwood Brands
301-309-6161 x 19

Reference HTS #
1704.10.0000
1806.90.9011
1806.31.0049
1704.90.3550

PUBLIC VERSION

1806.90.9019
2106.90.9985
1806.90.9011
2106.90.9985

Amir Frydman Sherwood Brands, LLC 301-309-6161 x 19 301-309-6162 Fax
Amir@sherwoodbrands.com

From: Fatih KEMAHLI [fatihkemahli@arpas.com]
Sent: Monday, September 04, 2006 7:16 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
This submission is to support continuing treatment of Turkey as a beneficiary country under U.S Generalized System of Preferences.

Arpas International Ltd of New York has been doing business with Turkish suppliers since 1988.

We have found Turkish companies to be a reliable and efficient. Their product is competitive and crucial to our profitability. The removal of GSP tariff benefit for Turkish products, which we purchase a large variety of, would cause significant disruptions to our business. Over time we have seen that our business grows when there is stability in the market such as cost increases like cost of gold, cost of insurance, cost of transportation and so on. We also have seen growth by working with reliable and efficient suppliers like Turkish companies we have been working with.

Since 9/11/2001 insurance and transportation costs also doubled. Over the last 3 years the cost of gold has more than doubled. This year gold price alone has been up 45%. All these shifts in the market has cause severe stress on our businesses by volume and profitability. The increased costs that the assessment of duties would cause would require adjustments in our business operations that will adversely effect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable, competitive source of supply for the products we purchase from Turkey.

We therefore request that the current GSP treatment for Turkey be maintained.

Fatih KEMAHLI

President

Arpas International Ltd.

AURAFIN®

To: United States Trade Representative
GSP Subcommittee

From: Aurafin OroAmerica

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

Aurafin OroAmerica has been doing business with Turkish suppliers for over 20 years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the (product) which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Sincerely,

Carlos Viera

Carlos Viera
Aurafin OroAmerica
Customs Mgr.

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

To: United States Trade Representative
GSP Subcommittee

From: Birkokoyunlu Hali Tekstil Sanayi ve Ticaret A.S.
Nigde, Turkey
04.09.2006

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Birkokoyunlu Hali Tekstil Sanayi ve Ticaret A.S. has been exporting machine woven rugs from Turkey to the United States for a year and other world markets for over 30 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Sevgi Yildiz

Birkokoyunlu Hali Tekstil Sanayi ve Ticaret A.S.
Export Manager

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Bobier Sales

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Bobier Sales has been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for 5 years.

We have found VitrA to be reliable and efficient and their product to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for VitrA's products which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Mike Bobier

President

To: United States Trade Representative
GSP Subcommittee

Via email: FR0052@USTR.EOP.GOV

From: Christopher G. Crump, Chaldiva Chalcedony

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

During the past year, my wife and I have been researching several importing opportunities specifically from Turkey. We were recently presented with the opportunity to import a gemstone quality product from Turkey called chalcedony and are enjoying the excitement of this new business. We were initially very excited about the prospect of supplying this unique stone to the U.S. market but were soon dismayed to learn that the pricing advantages provided by the GSP tariff preference were in jeopardy due to possible suspension or withdrawal from the program. As we rely on Turkey's inclusion in the GSP program, its exclusion would make our venture cost prohibitive, especially given very competitive pricing pressures in the U.S. market.

The GSP program very clearly provides us (as well as those like us doing business with Turkey) and our potential customers with the ability to market high quality product at reasonable prices in the U.S. Given the multitude of global trade agreements with countries such as China, Taiwan, Malaysia and others, GSP not only insures a support for Turkey's struggling economy but also secures my company's ability to compete with the glut of inferior quality product and "bargain basement" pricing proliferated by non-GSP countries.

On behalf of Chaldiva Chalcedony, I would sincerely encourage the Unites States Trade Representative and the President NOT to withdraw GSP treatment from Turkey. Those of us who are engaged in small entrepreneurial ventures that rely on the duty-free treatment of products from Turkey are already suffering from astronomical increases in energy costs as well as the increased pricing pressures mentioned above. The continued support of Turkey under the GSP program is crucial to the vitality and future of small business like Chaldiva Chalcedony both here and abroad.

Thank you for your consideration of my concerns.

Christopher G. Crump
Chaldiva Chalcedony
ccrump@charter.net
(404) 610-5954 mobile

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: [KALDIVA TICARET (CHALDIVA CHALCEDONY] AHMET VERAL

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

KALDIVA TICARET has been exporting CHALCEDONY from Turkey to the USA, China, India, Thailand and other world markets for [3] years.
We are operating the Chalcedony Mine located in Eskisehir / Turkey.

We have been a relatively low cost producer directly from the mine for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

AHMET TAYFUN VERAL
CHALDIVA CHALCEDONY
ahmet@chaldiva.com
Mobile: +90 532 2381797
Tel: +90 212 262 698
Yeni Bostan Sk. No:27/4 34470 Yenikoy/ISTANBUL/TURKEY

Supports Croatia & Turkey - Jewelry
This is a Survey of AAEI members
by Aldoro Inc.

From: Aldoro Inc. [info@aldoro.com]
Sent: Wednesday, August 23, 2006 9:02 AM
To: hq@aaei.org; FN-USTR-FR0052
Subject: survey gsp

8/11/06 DRAFT

Input Needed From Members on GSP Renewal

The Generalized System of Preferences (GSP) will expire on December 31, 2006 unless Congress authorizes renewal before it recesses for the year. The GSP is a tarif preference program created in 1974, that provides temporary duty-free treatment for imports of eligible products from designated beneficiary developing countries (as long as 35% local value has been added) to help promote their economic growth and development. New products can be added, old products graduated, and when imports of individual articles exceed certain value or percentage limits, the benefits may lapse for that product.

The USTR has invited public comments by September 5, 2006, on whether certain countries and products should be graduated from the program, and under what circumstances. This is expected to be used in crafting legislative proposals which will be taken up by congress in as soon as they return from the August recess, so your input now is vital. Specifically, they have asked for comment on whether to to limit, suspend, or withdraw the eligibility of GSP beneficiaries which meet certain economic criteria, that would result in termination of the program for 13 top beneficiary countries: Argentina, Brazil, Croatia, India, Indonsia, Kazakhstan, the Philippines, Romania, Russia, South Africa, Thailand, Turkey and Venezuela. USTR is also seeking comments on the current 83 product waivers from the GSP program's competitive need limitations, under which imports which exceed $125 million or 50% of all US imports of the product would normally be excluded from coverage.

There are 136 countries that receive duty-free treatn-ment under GSP for approximately 5,000 different products exported to the United States, but the top ten beneficiary country exporters receive nearly 70 percent of all GSP benefits. Consequently, USTR has been studying ways to more evenly distribute the benefits of GSP, and whether some more advanced countries should no longer receive the benefit (such as India and Brazil).

There is currently a bill in Congress which would renew GSP for a single year, although it is not clear that congress will act befor GSP expires. Should the program lapse, Congress may renew it retroactively, in which case duties deposited on eligible products will likely be refunded. In the meantime, however, uncertainities about its renewal and coverage are causing serious concern among US importers and producers who rely on GSP in their operations. One reason for the delay by congress is that certain GSP beneficiary countries are believed not to be supporting the US objectives in the ongoing WTO Doha negotiations. GSP renewal is considered leverage in obtaining further concessions from those countries. (Thailand, Indonesia, Turkey, Philippines, South Africa, Venezuela, Argentina and Russia are among top ten beneficiaries.)

AAEI's Trade Policy Committee is compiling the views of AAEI members on the GSP issue. Please take a minute to respond to the following questions. The results of the poll and follow-up action will be reported in a future International Trade Alert.

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?

_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?____CROATIA ,

   TURKEY____________

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

____

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.

From: Anita BV [anitabv@earthlink.net]
Sent: Tuesday, September 05, 2006 1:13 PM
To: FN-USTR-FR0052
Cc: crj@bakerdonelson.com
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV

GSP Subcommittee

From: Dava Bead & Trade, Inc September 5, 2006

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50

Dava Bead & Trade, Inc has been exporting silver and gold from Turkey to the United States and other world markets for 15 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the United States for decades and which, in 2003, received a competitive need limit (CNL) waiver. The waiver has been critical to our maintenance of a viable market in the United States. Gold prices worldwide have practically doubled in the past three years. Had the CNL waiver not been in place, the extra duty that would have been applied to our jewelry would have been the catalyst for our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers. But for the supplier, this means intense price competition on a large scale. The loss of GSP benefits will make sales to the U.S., after transportation (increased costs there due to the fuel price increases) unprofitable. If the added burden of a U.S. tariff is imposed, and we are forced to exit the U.S. market, thousands of small “cottage industry” designers and craftsmen will be adversely effected. Already, by reason of the increased cost of gold, our sales have declined on a volume basis. U.S. trade statistics indicate a rise in value of gold jewelry imports from Turkey, but that increase is eclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment from Turkey or simply of the CNL waiver for gold jewelry from Turkey will serve no useful purpose. There are no gold jewelry sectors in other GSP eligible countries that will fill the demand currently supplied by Turkey. Major non-GSP suppliers of gold jewelry such as China, Italy or Hong Kong would simply fill the void, no “new” GSP suppliers would benefit, and U.S. consumers would pay the price.

Anita Bermont

Owner, Dava Bead & Trade, Inc

EK.1

DRAFT

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: [ÖZER KONVEYOR BAND TURIZM SANAYI VE TİCARET A.Ş.]

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

[U.S.TERRA] has been exporting [MARBLE] from Turkey to the United States and other world markets for [15] years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

____
Name

____
Title

To: United States Trade Representative   By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: Ana Gida Otomotiv ve Ihtiyac Mad. San. Ve Tic. A.S.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Ana Gida Otomotiv ve Ihtiyac Mad. San. Ve Tic. A.S. has been exporting olive oil and its fractions from Turkey to the United States and other world markets for 5 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Ismail Toklu
Name

Export Manager
Title

From: Yakup Ozdogan [yozdogan@kaptandemir.com.tr]
Sent: Tuesday, September 05, 2006 10:53 AM
To: FN-USTR-FR0052
Subject: FW: Ek 1

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: KAPTAN DEMIR CELIK ENDUSTRISI VE TICARET A.S.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

KAPTAN METAL DIS TICARET VE NAKLIYAT A.S. THRU ITS EXPORT COMPANY OF KAPTAN METAL DIS TICARET VE NAKLIYAT A.S.
has been exporting EQUAL ANGLES,FLAT BARS,SQUARE BARS AND ROUND BARS from Turkey to the United States and other world markets for 14 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market.
Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S.

market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Name YAKUP OZDOGAN

Title EXPORT MANAGER

From: SEDAT KORKMAZ [skorkmaz@global-d.net]
Sent: Tuesday, September 05, 2006 7:08 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: United States Trade Representative
GSP Subcommittee

From: GLOBAL-D DIS TICARET LTD.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Global-D has been exporting paper sacks from Turkey to the United States and other world markets for 12 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Kind Regards,
Sedat Korkmaz
General Manager

GLOBAL-D

t : +90.212.5437812
f : +90.212.6696645
www.global-d.net

From: Hande Büyüklimanli [exp3@kavaklidere.com]
Sent: Tuesday, September 05, 2006 10:16 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility znd CNL Waiver Review
To: United States Trade Representative
GSP Subcommittee

From: Kavaklidere Winery, ANKARA - TURKEY

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

[Name of Company] has been exporting [name of product] from Turkey to the United States and other world markets for [number] years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Hande Buyuklimanli
Export Department

From: Paul [pgroll@ix.netcom.com]
Sent: Monday, September 04, 2006 8:56 AM
To: FN-USTR-FR0052

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: HARDWARE CONCEPTS INC.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.
Hardware Concepts has been doing business with a Turkish supplier for 7 years. We have found the Turkish company to be reliable and efficient and their product to be competitive in terms of sales price.
Removal of the GSP tariff benefit for Turkish products, including the furniture fittings which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.
We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions. We therefore request that the current GSP treatment for Turkey be continued.

Mr Paul Groll
General Manager

One Company. . . Many Solutions. . . Unlimited Possibilities!

HMS® Fine Jewelry   Gem Pak Packaging & Displays

To: United States Trade Representative
GSP Subcommittee
From: HMS Fine Jewelry Co., Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

HMS Fine Jewelry Co. Inc. has been doing business with Turkish suppliers for 8 years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the (product) which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Laurence Meskin
President

JEWELRY INDUSTRY COUNCIL

International Trademark Registry

4385 Sunbelt Drive · Addison, Texas 75001
HMS Local: (972) 248-0266 · Toll Free: (800) HMS-GOLD · Fax: (972) 248-0868
Gem Pak Local: (972) 479-1600 · Toll Free: (866) 943-6725 · Fax: (972) 479-1605

MJSA

MEMBER THE JEWELERS BOARD OF TRADE

From: hasan arslan [ilsantextile@yahoo.com]
Sent: Tuesday, September 05, 2006 12:31 PM
To: FN-USTR-FR0052
Subject: GSP
To: United States Trade Representative
GSP Subcommittee
From: [name of company]
Subject: 2006 GSP Eligibility and CNL Waiver Review

ILSAN TEXTILE IND. & TRADE has been exporting textile products from Turkey to the United States and other world markets for [number] years.
We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.
Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.
Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Regards
Hasan ASLANSOY
Tel: 90 322 4410155
Fax: 90 322 4410072

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

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

Dear GSP Program Chairman - Please confirm receipt.

Thank you.

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

STANLEY
John F. Lundgren
Chairman & CEO

September 1, 2006

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

Via email to FR0052@USTR.EOP.gov

Re: 2006 GSP Eligibility and CNL Waiver Review

Dear Ms. Sandler:

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

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

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

Thailand

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

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

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

India

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

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

We appreciate your consideration of Stanley's comments.

Sincerely,

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

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

To Whom it May Concern,

Please see attached GPS Survey.

Thank you

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

<u>GSP Renewal Survey</u>

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, India_______________

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

   Please renew the tariff numbers 71131929 and 71131950 within GSP

____

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

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

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

Please see the attached GSP Renewal Survey submitted for Zale Corporation

Thanks,

Lindsey Klein

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

GSP Renewal Survey

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

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

____JEWELRY____

3. Do you support renewal of GSP? __X_Yes ___No

4. For what period should congress renew GSP?

   ____ 1 year

   __X_ 5 years

   ____ Other

   ____ Permanently, unless Congress affirmatively determines to terminate.

5. Should the United States use GSP as leverage in the Doha Round? ___Yes ___No

6. Should the dominant GSP beneficiary countries be further restricted in their access to GSP benefits if such restrictions result in more developmental support for smaller beneficiary countries?

   ___Yes ___No

7. What GSP beneficiary countries do you import from? _Thailand, India, Turkey, and others________________

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

__Zale Corporation in participating in the GSP Trade Coalition in Washington, D.C.____

Please renew the tariff numbers 71131929 and 71131950 within GSP

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

BAKER DONELSON
BEARMAN, CALDWELL
& BERKOWITZ, PC

LINCOLN SQUARE
555 ELEVENTH STREET., NW
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CHARLES R. JOHNSTON, JR, SHAREHOLDER

September 5, 2006

2006 GSP Eligibility and CNL Waiver Review
Submission of the Istanbul Mineral and Metal
Exporter's Association
PUBLIC VERSION

Marideth J. Sandler
Executive Director for the GSP Program,
Chairman GSP Subcommittee of the
Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW.
Washington, DC 20506

VIA E-MAIL: FR0052@USTR.EOP.GOV

Re: 2006 GSP Eligibility and CNL Waiver Review

Dear Chairman Sandler:

Pursuant to the Federal Register Notice published by the Office of the United States Trade Representative ("USTR") on August 8, 2006 (71 F.R. 45079), and USTR's regulations (15 CFR § 2003 *et seq*.), we hereby submit these comments on behalf of Istanbul Mineral and Metals Exporters Association ("IMMIB"). IMMIB serves as the national trade association in Turkey in which issues of common interest and matters of common cause among Turkish exporters of minerals, metals and products derived therefrom are addressed.

It is the position of IMMIB that the GSP program is a vital factor in Turkey's eventual achievement of sustained economic development and international competitiveness.

Furthermore, these comments express the position of IMMIB that continuing the waiver of competitive need limits for items of gold jewelry designated under HTSUS 7113.19.50 and HTSUS 7113.19.29 will not adversely affect any industry in the United States within the meaning of the statute. (19 U.S.C. § 2463 (d)(1)(A)). This submission also presents data reasonably available at this time regarding the Turkish golden jewelry industry in an effort to assist USTR in its analysis.

I. Country eligibility and withdrawal of benefits

The Trade Act of 1974 provided a number of factors for the President to consider when determining if a developing country should benefit from the GSP program. Most are expressed in the affirmative, while several factors can serve to disqualify a country (see 19 U.S.C. 2462(b)(2)). For purposes of the current review, the Federal Register notice states that the analysis of continuing eligibility is to be conducted under section 502(d) of the Trade Act of 1974 (19 U.S.C. 2462(d)). That section directs the factors for analysis to be those provided under 19 U.S.C. 2461 and 2662(c).

Following is a listing of each statutory factor to be considered with a corresponding comment. A more extensive narrative commentary is then provided to demonstrate Turkey's continuing need for beneficiary country treatment.

A. 19 U.S.C. 2461

1. *The effect beneficiary country status will have on furthering the economic development of the country through expansion of its exports.*

The narrative below provides factual and analytical evidence that Turkey is still working to restructure its economy in order to achieve sustainable development and competitiveness in more than simply the textile sector. GSP eligibility is a vital factor in that development program.

2. *The extent to which other major developed countries provide similar [GSP] treatment to the country.*

Currently, among eleven WTO member states providing GSP benefits to developing countries (Turkey also maintains a GSP program), Canada, Japan, New Zealand, Russia and the United States classify Turkey as a beneficiary developing country under their respective GSP programs. (Source: UNCTAD Publication UNCTAD/ITCD/TSB/Misc.62/Rev.1, January 2005).

3. *The anticipated impact of the country's duty free imports on U.S. producers of competing products.*

For many years Turkish products eligible for GSP treatment have entered the United States with no appreciable detrimental effect on U.S. producers. Only nine products from Turkey eligible for GSP treatment have been graduated or exceeded the competitive need limit in the past thirty years. (Source: HTSUS, General Notes, page 15)

4. *The extent of the country's competitiveness with respect to the eligible articles.*

The narrative below explains that GSP treatment remains an important factor for Turkey's competitiveness in establishing and maintaining customers in the U.S. Such treatment simply permits Turkey to compete for sales in the U.S. market with developed-country exporters, low-wage countries such as China, and countries with other forms of trade preferences with the United States (e.g. CBERA, free trade agreements, Automotive Products Trade Act (Canada), Andean Preference Act, Africa Growth and Opportunity Act, etc.).

B. 19 U.S.C. 2462(c)

1. *The country's desire to be a beneficiary country*.

Communications by the Turkish Government fulfill this factor.

2. *The level of economic development of the country, including per capita gross national product, living standards of its inhabitants, and any other economic factors which the President deems appropriate.*

The narrative and data presented in this submission fully support a finding that Turkey's economic development has not yet reached levels, in a number of categories, to justify withdrawal of GSP eligibility from the country as a whole.

3. *Whether other major developed countries extend GSP treatment to the country*.

See item I.A.2. above.

4. *Assurances to the U.S. from the country that it will provide equitable and reasonable access to its markets and will refrain from unreasonable export practices*.

As a member of the World Trade Organization (WTO), notwithstanding its qualification as a developing country, Turkey offers one of the lowest average tariffs on imports of industrial goods of any WTO member state (see below). Moreover, as a WTO member, Turkey adheres to and seeks to abide by all of its WTO obligations for equitable and reasonable market access. To the extent there are disagreements regarding market access with the U.S., Turkey fully participates in dispute consultations conducted under WTO auspices. Turkey is also acting to fulfill its commitments, again through its membership in the WTO, to remove unreasonable export practices, particularly in the subsidization of agricultural exports. In 2002, the U.S Department of Commerce removed numerous Turkish Government programs from its list of countervailable subsidies. (See, Final Negative Countervailing Duty Determination: Carbon and Certain Alloy Steel Wire Rod from Turkey; 67 FR 55815, August 30, 2002)

In statistical terms, the trade balance between Turkey and the U.S. favors the United States. In 2005, Turkish exports to the U.S. totaled $4.9 billion and U.S. exports to Turkey totaled $5.3 billion. (Source: www.state.gov/r/pa/ei/bgn/3432.htm#relations)

5. *The extent to which the country is providing adequate and effective protection of intellectual property rights*.

During the past several years, Turkey has made great strides forward in changing and adapting its intellectual property laws and enforcement. It is now a signatory of several intellectual property conventions, including the WTO TRIPS agreement. Admittedly, there are problems that continue to require dialogue with the United States, but generally the intellectual property regime in Turkey is significantly improved and continues to be modified to address changing circumstances in technology and law. For example, the U.S.T.R. 2006 Foreign Trade Barriers Report states: "recently…Turkish courts have issued increasingly deterrent sentences for copyright infringers…[and] [r]ecently enacted legislation contains several strong anti-piracy provisions." (www.ustr.gov/Document_Library/Reports_Publications/2006/2006_NTE_Report/Section-Index.html at page 659) With the constructive dialogue that is continuing with the U.S., and Turkey's new laws and international obligations, it is appropriate to find that Turkey is providing adequate and effective protection of intellectual property rights.

6. *The extent the country has acted to reduce trade distorting investment policies and practices and to reduce barriers to trade in services.*

The 2006 NTE Report (supra) provides positive evidence of Turkey's efforts to reduce investment and trade in services restrictions. Turkey and the United States have had a Joint Economic Commission and a Trade and Investment Framework Agreement for several years. There is a Bilateral Investment Treaty in force between the U.S. and Turkey since 1990 and almost all areas that are open to investment by the Turkish private sector are open to foreign participation without prior approval. While some forms of services remain carefully regulated (e.g. broadcasting, maritime transport), Turkey has been taking significant steps to liberalize trade and investment in previously restricted sectors such as telecommunications. In the recent WTO services negotiations, Turkey offered to adopt the full WTO Reference Paper on regulatory principles. (Supra, at page 660)

7. *Whether the country has taken steps to afford its workers internationally recognized workers rights.*

Turkey is a member of the International Labor Organization and a signatory of several of its conventions providing for workers rights. With respect to core labor standards, Turkey has a well-established and functional labor rights regime that provides: (a) the right of association; (b) the right to organize and bargain collectively; (c) prohibitions on the use of forced labor; (d) a minimum age for employment of children; and (e) acceptable working conditions with respect to minimum wage, hours of work and occupational safety and health.

C. Legislative history: Factors and standards for eligibility and graduation

The legislative history for the GSP program is useful because it acknowledges the diverse sources of data and the variety of factors that the Executive should take into account when determining a country's eligibility for GSP benefits.

The Senate Finance Committee, in its Report No. 93-1298 (November 26, 1974), explained its thinking with respect to determination of country eligibility. At page 219, it said:

"Statistical criteria, such as per capitia income, are not very satisfactory measures by themselves for distinguishing between various levels of development, since these statistics must be evaluated in the light of other economic factors."

The GSP program has an effective mechanism by which to graduate products from beneficiary developing countries. That mechanism has been effective and well-applied since the inception of the program in 1975. The wholesale graduation of countries from the program, however, has been rare. The statute includes several factors for the President to consider when making a determination regarding graduation of a country (see I.A. and B., supra). But perhaps the most compelling analysis that leads to graduation was articulated by the President when he announced the removal of beneficiary status for Hong Kong, the Republic of Korea, Singapore, and Taiwan in February of 1988. In his message he stated that the countries had "achieved an impressive level of economic development and competitiveness *which can be sustained without the preferences provided by the program.*" (Message from the President…., House Document 100-162, February 1, 1988; emphasis added)

D. Turkey's economic development does not yet qualify as "sustained" and has not permeated many sectors that need to improve export performance. Therefore, with respect to Turkey's access to the U.S. market for newly developing sectors in its economy, the GSP program remains a critical factor in Turkey's developmental equation.

When the GSP was adopted in 1975, it was contemplated that countries and products would "graduate" from its benefits. Products are regularly removed but wholesale discharge of a country from GSP eligibility is rare. In 1989, the President found that Hong Kong, the Republic of Korea, Singapore and Taiwan had reached a point in their economic development and international competitiveness that warranted their graduation, noting that these countries had "achieved an impressive level of economic development and competitiveness, *which can be sustained without the preferences provided by the program.*"

While Turkey has made significant improvements in its economy in the past five years, it is not at all in the same shape as the economies mentioned above at the time of their graduation. Turkey has been working with the International Monetary Fund since 1999 to restructure its economy. The work is not done, as the IMF Country Report on Turkey dated July 2006 indicates.[1] There are many economic indicators that show Turkey to be economically healthier than four years ago, but these are relative indicators (many showing growth from the prior year) and simply manifest a process of rehabilitation of an economy that was on the brink of disaster.

Recent data and rankings by a variety of organizations (including U.S. Government agencies) reveal the fragile nature of Turkey's on-going development efforts.

1. Of the thirteen countries being considered for graduation from the U.S. GSP program, only Turkey and Romania have "stand by" purchase and loan arrangements open with the International Monetary Fund as of July 31, 2006. Romania's stand by obligations were 9.7% of its quota; Turkey's were 787.6% of its quota. [2]

[1] http://www.imf.org/external/pubs/ft/scr/2006/cr06268.pdf

[2] www.imf.org/external/np/tre/tad/exfin.cfm

2. The IMF Country Report for Turkey, No. 06/268, dated July 2006, states in its Executive Summary at page 4:

"The pace of economic activity is moderating in line with program assumptions, but *the current account deficit has continued to widen*. Growth is on track to reach 5 percent this year and next, though its composition is becoming more reliant on domestic demand than earlier envisioned. Meanwhile, *the outlook for the current account has worsened*, reflecting increased import prices and a strengthening of the lira on the back of record levels of capital inflows." [The inflows, the report later observes at page 7, are volatile and do not represent "buy and hold" investors, remaining largely short term and debt creating.] (emphasis added).

At page 5 of the same report, under the heading "Recent Developments" it is reported:

"*A deterioration of the terms of trade and a strong lira have contributed to the widening of the current account deficit*…. Despite lower-than-expected import volume growth, the trade balance has worsened in the face of sharply higher oil prices and a strong lira…. In addition, *textile and apparel exports, which account for 26 percent of total export earnings and contribute about 10 percent of output, have shown signs of stress following the elimination of international textile quotas earlier this year.* As a result, this year's current account deficit is expected to reach 6 percent of GNP, some US$ 6 billion higher than programmed…." (emphasis added)

3. The Central Intelligence Agency World Factbook contains the following assessment of the Turkish economy at this time: "[Following sharp declines of output in 1999 and 2001] …the strong economic gains in 2002-05, which were largely due to renewed investor interest in emerging markets, IMF backing, and tighter fiscal policy, the economy is still burdened by a high current account deficit and high debt."[3]

Among all the 150 countries ranked according to their current account deficit, including most GSP eligible countries, Turkey had one of the largest current account deficits, ranking at 144.[4] The Factbook pegs public debt at 68% of GDP (2005 estimate), and reports that Turkey's unemployment rate is 10.2% plus another 4% for underemployment with 20% of its population living below the poverty line.[5] (This rate is higher than the unemployment rates in Thailand, Romania, Russia, Kazakhstan, India and Brazil.[6])

4. The Economist Intelligence Unit's quality-of-life index links the results of subjective life-satisfaction surveys to the objective determinants of quality of life among 111 countries. In the index published for 2005, Turkey ranked 50. Singapore, Hong Kong, Taiwan, and South Korea – all graduates of GSP –

[3] www.cia.gov/cia/publications/factbook/geos/tu.html

[4] www.cia.gov/cia/publications/factbook/rankorder/2187rank.html

[5] www.cia.gov/cia/publications/factbook/geos/tu.html)

[6] www.cia.gov/cia/publications/factbook/rankorder/2129rank.html

ranked well above Turkey as did five of the thirteen GSP beneficiary countries under review for graduation at this time.[7]

5. The United Nations Conference on Trade and Development publishes annually a Handbook of Statistics. Data from the Handbook for 2005 (U.N. Doc. TD/Stat.30) indicate the following:

a. Table 4.2E lists major exporters for 70 leading 3-digit SITC product groups among developing economies. Turkey did not rank in 42 of the categories and of the 28 in which it did rank, ten are textile and apparel categories which are not GSP eligible and which shall be inexorably dominated by China, Pakistan, Malaysia, and other lower-wage rate producers. Thus, Turkey may be a substantial exporter in a few sectors, but it is in serious need of diversification of its export performance.

b. Table 7.3 provides historic data of a country's gross domestic product by kind of economic activity. In this table, it indicates that between 1995 and 2003 (the latest year for which information was reasonably available), Turkey's GDP became more dependent on government consumption - by 3%. This is not a positive indicator of economic diversification.

c. Table 7.4 provides data regarding selected indicators of development. One key indicator is the country's infant mortality rate. For Turkey in 2004, the rate per 1,000 live babies was 40%. In comparison, Thailand had a rate of 19%, Brazil 26%.

d. Table 7.5 provides additional indicators of development. In this table, migration of Turks to other countries is quantified for the years 2000-2005. Compared to other developing countries with similar size populations, Turkey's migration rate is very high (higher, for example, than Thailand, Russia, India, China, Brazil or Argentina).

Notwithstanding economic and trade challenges such as these, Turkey maintains one of the lowest average ad valorem tariff rates on non-agricultural and non-fuel products in the world: in 2003 it was 4.3%. Compared to Brazil at 14.0% or India at 28.1%, it is evident that Turkey is willing to suffer the competitive strains required to strengthen its economy. But it still needs help – whether from IMF stand by agreements or the United States GSP program to reach a level of sustained development and competitiveness on a broad, sectoral basis.

Economic development in Turkey is geographically spotty. The Northwest provinces of the country and the area around the city of Izmir on the Aegean coast have experienced relatively positive economic development for the past thirty years, but the vast majority of the geographic area of the country and its population fall far behind.

One of the least developed areas of the country is in Southeastern Turkey which suffers from terrorism and the economic disruptions and fears that accompany it. But it also faces many of the problems that are typical of other underdeveloped regions in the world. For example, relative to other parts of Turkey, the region has higher fertility rates and lower literacy rates, lower school enrollment rates—especially among young girls—and lower access to education, health care and sanitation.

[7] www.economist.com/media/pdf/QUALITY_OF_LIFE.pdf

Increasing trade between the U.S. and Turkey – especially in the natural stone, jewelry, olive oil and fruits and nuts – strengthens Turkish companies' and the Turkish Government's ability to operate in and stabilize such regions by increased investment and economic development. Conversely, hindering Turkish companies' ability to remain competitive in the U.S. marketplace has a direct effect on their financial condition and exacerbates the developmental problems that exist in Southeastern Turkey as well as many other underdeveloped regions of the country.

Minimizing barriers to the U.S. market for these Turkish sectors will have minimum effects on American employment since the producers of these products are not in competition with American-based production. Nor will other GSP beneficiary countries step in to take up Turkey's customers for the products that offer the most export potential for Turkey. Rather, the main beneficiaries of exclusion of Turkey from GSP eligibility will be high volume, cheap labor countries that are lagging behind Turkey in accepting and implementing (no matter how painful) the rules and requirements of free market business conduct and internationally acceptable labor standards.

1. **The U.S.-Turkey commercial relationship would be negatively affected by Turkey's exclusion from the GSP program.**

In 2005, Turkey exported approximately $5 billion worth of products to the United States. Of this, approximately $1 billion worth of products, mostly jewelry, natural stone, olive oil and agricultural products, automotive and truck parts, non-ferrous metals, ceramic sanitary fixtures and bathroom faucets entered the U.S. under the GSP program. This amount represents about 3.9% of total U.S. GSP imports (compared to 16.6% for India, 13.5% for Brazil and 13.4% for Thailand).

Table 1: U.S GSP imports for all countries (2000-2005)

Country	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**Percent Change 2004 - 2005**
	In 1,000 Dollars						
India	1,135,472	1,334,171	2,039,653	2,644,325	3,268,335	4,176,452	27.8%
Angola	1,378,777	2,635,482	2,728,387	3,822,701	2,700,750	3,740,324	38.5%
Brazil	2,085,038	1,949,040	2,114,539	2,468,844	3,157,468	3,616,151	14.5%
Thailand	2,196,071	2,197,326	2,311,831	2,694,213	3,142,578	3,573,691	13.7%
Indonesia	1,369,642	1,320,676	1,513,441	1,337,177	1,285,031	1,568,227	22.0%
Eq Guinea	136,284	137,521	358,026	741,120	870,173	1,435,900	65.0%
Turkey	435,285	437,114	470,704	719,220	967,588	1,066,996	10.3%
South Africa	582,928	505,934	552,861	670,150	948,560	1,017,036	7.2%

Philippines	741,667	667,564	694,867	890,940	965,278	1,008,390	4.5%
Venezuela	744,831	636,910	582,133	619,019	813,580	744,523	-8.5%
Russia	507,275	379,148	379,856	423,605	541,046	732,411	35.4%
Argentina	218,913	195,991	287,271	450,030	563,350	616,052	9.4%
Romania	76,908	101,410	102,666	118,757	211,392	283,319	34.0%
Yemen	36	96,525	121,683	48,014	18	218,895	1,214,024.5%
Chad	0	0	0	40	248,224	215,104	-13.3%
Subtotal :	11,609,127	12,594,813	14,257,918	17,648,154	19,683,372	24,013,472	22.0%
All Other:	3,313,707	3,272,852	3,183,730	3,440,702	2,558,733	2,391,627	-6.5%
Total	**14,922,834**	**15,867,666**	**17,441,648**	**21,088,856**	**22,242,104**	**26,405,099**	**18.7%**

Source: U.S. International Trade Commission Dataweb

Table 2: U.S GSP imports for all countries (Annual + Year-To-Date Data)

Country	**2005 YTD**	**2006 YTD**	**Percent Change YTD2005 - YTD2006**
	In 1,000 Dollars		
India	1,783,194	2,422,225	35.8%
Angola	1,686,301	2,455,465	45.6%
Brazil	1,795,313	1,849,439	3.0%
Thailand	1,546,607	2,049,069	32.5%
Indonesia	715,698	897,648	25.4%
Eq Guinea	648,879	820,642	26.5%
Turkey	537,856	543,730	1.1%
South Africa	516,687	520,622	0.8%
Philippines	481,913	547,412	13.6%
Venezuela	384,251	338,050	-12.0%

Russia	505,609	315,428	-37.6%
Argentina	298,759	324,662	8.7%
Romania	125,149	117,879	-5.8%
Yemen	45,561	225,845	395.7%
Chad	127,983	64,478	-49.6%
Subtotal :	11,199,761	13,492,594	20.5%
All Other:	1,137,214	1,279,448	12.5%
Total	**12,336,975**	**14,772,042**	**19.7%**

Source: U.S. International Trade Commission Dataweb

It is important to note that Turkey's minor share of GSP imports includes gold jewelry imports that enter under a GSP CNL waiver and account for one-third of all imports from Turkey under the GSP program in 2005. This indicates that the balance of the products eligible for GSP treatment from Turkey have yet to enjoy any significant success in penetrating the U.S. market and that they still require the advantage that GSP treatment offers.

Without question, the U.S.-Turkey commercial relationship would be negatively affected by Turkey's exclusion from the GSP program. It would limit or curtail Turkish exports in important sectors, disrupt the distribution and retailing networks they have established in the U.S., limit the selection and price advantages currently enjoyed by the American consumer in several product lines, and harm a broad and extremely valuable pattern of bilateral cooperation between the U.S. and Turkey.

Jewelry, a very important sector of the Turkish economy, is at the top of the list of GSP imports from Turkey. The value in 2005 of Turkish jewelry imported into the U.S. under Competitive Need Limitation (CNL) waivers for HTSUS items numbered 7113.19.29 and 7113.19.50 was approximately $393 million. The export by Turkey of jewelry products made of precious metals and precious and semi-precious stones has increased in recent years but that increase in value (primarily due to the increased cost of gold) pales in comparison to increased jewelry import values from countries such as India, China, Mexico and France.

The jewelry industry in Turkey today is an important employer of artisans and craftsmen as well as an important "cottage industry" employer. The export jewelry industry in Turkey employs about 250,000 people. It provides the American consumer unique, high quality products at competitive prices. Exclusion of Turkey from the GSP program, will deny U.S. consumers the unique products of Turkish artisans and likely lead to substitution by other global producers, such as those named above – without, it should be added, any appreciable, positive effect for other GSP-eligible countries or for American jewelry producers or the American workforce.

Another important product group imported from Turkey under the GSP program is natural stones. Turkey offers a wide variety of materials (marble, stone, onyx, travertine, granite) of excellent quality and dressed with superior craftsmanship. In marble alone, more than 80 variations and 120 different colors and patterns have started to draw the attention of American companies to the Turkish natural stone industry. The U.S. is a critically important destination of the processed marble and travertine exported by Turkey; the total natural stone exported to the U.S. in 2005 being approximately $103,000,000. In year 2005, the imports into the U.S. of natural stone (HTS-6802) from Turkey constituted only 3.8% of the all imports of that item. (U.S. International Trade Commission Dataweb) Clearly, Turkey has only made a small niche in the U.S. market for its exports from this sector. Given more time – and continued GSP treatment – this sector could establish customers and trade volumes that would significantly improve its development in underdeveloped regions of the country as well as its export competitiveness for other consuming markets.

As American consumers have re-discovered the uses and aesthetic appeal of natural stones, it is estimated that the American market will grow by around 20% in the next decade. Such an increase in the U.S. demand requires global suppliers that can offer a wide variety of products of the highest quality. Turkish stones by color and other visual characteristics are unique. They compete, however, with alternatives from such developed countries as Italy, Sweden and Spain. Maintenance of GSP is important for Turkish exporters due to transportation cost increases which require every effort to keep other costs as low as possible. Again, this is a sector comprised primarily of small and medium size companies in Turkey that employ families and workers often in areas where there is no arable land and the employment alternatives a sparse.

A third important product imported from Turkey is olive oil. Turkey is a major producer of olive oil for domestic consumption and has been developing export markets against competitors primarily from Italy, Spain and Greece.

Most of the Turkish olive oil exports are refined olive oils. This trade provides U.S. consumers access to the natural and healthy olive oil produced in the Mediterranean area. Turkey's exclusion from the program will add a 5 cent per kilogram duty to these and even higher duties on many other Turkish goods entering the U.S. market. It will decrease Turkish olive oil exporters' overall competitiveness in the United States market place without benefiting American producers in any meaningful way. The agricultural sector which supports this product employs 36% of the Turkish workforce but is experiencing a decline in its share of the GDP of the country (as of 2005 - 11%) as people abandon the rural areas for urban centers[8]. Thus, the GSP benefits are important for Turkey to remain competitive in the olive oil export business for the reason that it supports family farming and employment in rural areas. If Turkey's olive oil exports to the US decline by reason of the duty imposition, countries such as Spain, Italy and Greece will be the beneficiaries – not other GSP-eligible countries.

Turkey has recently started to enjoy some success as a producer and exporter of ceramic sanitary ware products. Turkey exported to the U.S. over $25,000,000 worth of sanitary ware products in 2005. The Turkish sanitary ware industry is a perfect example of an industry growing in a developing country

[8] https://www.cia.gov/cia/publications/factbook/fields/2012.html

by reason of opportunities for large export markets driven by low priced, yet good quality products. The Turkish producers of sanitary ware have established a small market share in the United States against such competitors as China and Mexico. That market share, however, is likely to shrink if not totally evaporate if Turkey cannot maintain its price competitiveness. The GSP program benefit is an essential factor in that equation.

In tandem with the ceramic sanitary ware, the Turkish bathroom faucets industry is bringing the heritage of the luxurious Turkish bath to contemporary U.S. residential bathrooms. As is the case for sanitary ware, Turkey's price competitiveness has given it the ability to develop sales of a growing variety of bathroom fixture products. This effort to penetrate the US market is ambitious given the maturity of the market and the sources of competition. Nevertheless, competitive pricing and a successful blending of style and technology are helping Turkey establish a country brand, with reputation for good quality at an affordable price. American producers already heavily outsource their production to China and Thailand with the result that continuation of GSP benefits in these product lines for Turkey would cause little harm to U.S. companies but would allow Turkey to follow through with a business and marketing plan that is only in its early stages of development.

Finally, maintenance of a strong partnership with Turkey is very much in the U.S. national interest. Turkey is located at the nexus of three areas of strategic importance to the United States: Europe, the Caspian/Caucasus region, and the Middle East. As the President has forcefully stressed with respect to achieving peace in the Middle East, and what is true worldwide is that the development and maintenance of healthy and competitive economies is one of the most effective means to support freedom and peace. GSP is one of those essential tools for U.S. trade policy that can serve this objective. It is one of the few remaining programs that tangibly demonstrates U.S. support for Turkey's economic development. Its withdrawal will carry substantial symbolic as well as economic repercussions. For the foregoing reasons we ask that Turkey maintain its eligibility to participate in the U.S. GSP program.

II. CNL waiver for gold jewelry

The GSP Subcommittee review also is considering whether CNL waivers should be continued for 83 such waivers. Turkey benefits from only two of these waivers, and for the reasons that follow, requests extension of those waivers (assuming Turkey remains an eligible beneficiary country under the program.)

A. Description of the articles:

The United States Harmonized Tariff Schedule describes the articles in question as follows:

HTSUS 7113.19.50 -- Precious metal (other than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi.

HTSUS 7113.19.29 -- Gold necklaces and neck chains (o/than of rope or mixed links)

Turkish export associations do not maintain detailed data on six-digit HTS items, making it practically impossible to provide specific data to USTR on prices, volumes and production capacities for the above-mentioned items of golden jewelry. Instead, most of the data presented in this submission pertain to the general category of gold jewelry (HTS 7113).

B. Trade value and costs:

- The value in 2005 of Turkish jewelry imported into the U.S. under Competitive Need Limitation (CNL) waivers for HTSUS items numbered 7113.19.29 and 7113.19.50 was approximately $393 million. The export by Turkey of jewelry products made of precious metals and precious and semi-precious stones has increased in recent years but that increase in value is almost entirely due to the increased cost of gold.

Table 3:U.S imports of HTS-7113 for Turkey

TOTAL	2005	2005 YTD	2006 YTD	Percent Change YTD2005 - YTD2006
	In 1,000 Dollars			
TOTAL	393,974	188,361	153,430	-18.5%
Total	**393,974**	**188,361**	**153,430**	**-18.5%**

Source: U.S. International Trade Commission Dataweb

Table 4:U.S imports of HTS-7113.19.50 for Turkey

TOTAL	2000	2001	2002	2003	2004	2005	Percent Change 2004 - 2005
	In 1,000 Dollars						
TOTAL	108,784	91,210	113,874	158,257	258,981	284,478	9.8%
Total	**108,784**	**91,210**	**113,874**	**158,257**	**258,981**	**284,478**	**9.8%**

Source: U.S. International Trade Commission Dataweb

Table 5:U.S imports of HTS-7113.19.29 for Turkey

Country	2000	2001	2002	2003	2004	2005	Percent Change 2004 - 2005
	In 1,000 Dollars						

Turkey	106,004	58,476	14,140	41,143	95,732	107,666	12.5%
Total	**106,004**	**58,476**	**14,140**	**41,143**	**95,732**	**107,666**	**12.5%**

Source: U.S. International Trade Commission Dataweb

Table 6: GSP imports of HTSUS 7113 into the United States, by country of origin

Country	2000	2001	2002	2003	2004	2005	Percent Change 2004 - 2005
	In 1,000 Dollars						
India	58,531	253,599	824,283	1,165,437	1,470,103	1,736,132	18.1%
Thailand	424,730	467,045	468,316	594,214	677,955	777,012	14.6%
Turkey	119,299	91,971	65,656	201,049	360,516	393,974	9.3%
Indonesia	56,324	51,395	52,684	62,242	86,040	122,422	42.3%
Croatia	0	13	5,984	31,220	88,565	113,626	28.3%
Oman	45,950	32,660	28,194	39,145	45,723	57,015	24.7%
South Africa	16,503	22,137	29,483	43,109	47,437	53,023	11.8%
Romania	0	0	0	0	19,684	47,784	142.8%
Armenia	9,433	13,464	12,569	21,254	23,988	24,271	1.2%
Brazil	9,977	13,885	6,955	17,857	25,705	22,426	-12.8%
Lebanon	21,381	27,059	13,431	17,661	16,895	13,932	-17.5%
Pakistan	25,259	26,474	19,534	17,088	13,010	13,431	3.2%
Philippines	3,995	3,331	3,901	4,364	6,173	13,315	115.7%
Peru	4,684	7,666	44,251	17,145	7,817	7,971	2.0%
Kazakhstan	0	0	1,928	4,979	5,254	6,395	21.7%
Subtotal :	796,068	1,010,699	1,577,168	2,236,764	2,894,867	3,402,729	17.5%
All Other:	90,268	108,743	84,699	89,286	117,996	29,825	-74.7%
Total	**886,335**	**1,119,441**	**1,661,867**	**2,326,051**	**3,012,863**	**3,432,554**	**13.9%**

Source: U.S. International Trade Commission Dataweb

Table 7: Istanbul Gold Exchange Weighted Average Prices

	YTL/kg.Prices
Year	Yearly WAP
2006	**29,609.59**
2005	**18,533.33**

	TL/gr. Prices
Year	Yearly WAP
2004	18,145,529
2003	17,003,160
2002	15,658,476
2001	8,620,689
2000	5,608,767
1999	3,788,075
1998	2,574,876
1997	1,614,225
1996	1,056,043
1995	615,877

	USD/oz. Prices
Year	Yearly WAP
2006	611.77
2005	441.30
2004	408.57
2003	357.46
2002	308.07
2001	274.72
2000	278.85
1999	277.71
1998	293.76
1997	333.48
1996	388.34

1995	387.26

Source: Istanbul Gold Exchange, http://www.iab.gov.tr/english/mainen.php

- Increase in the export by Turkey of jewelry products made of precious metals and precious and semi-precious stones pales in comparison to increased jewelry import values from countries such as India, China, Mexico and France.

Table 8: Global imports of HTSUS 7113 into the United States, by country of origin.

Country	2000	2001	2002	2003	2004	2005	Percent Change 2004 - 2005
	In 1,000 Dollars						
India	660,535	565,134	867,343	1,179,799	1,481,226	1,751,379	18.2%
China	261,565	349,498	524,775	698,626	846,038	990,065	17.0%
Italy	1,479,189	1,380,161	1,497,796	1,202,122	1,000,958	936,580	-6.4%
Thailand	625,028	649,175	676,484	773,875	880,444	899,005	2.1%
Hong Kong	571,598	449,656	506,626	434,345	464,646	469,876	1.1%
Mexico	164,197	164,843	156,085	151,279	268,472	433,529	61.5%
Turkey	229,211	198,105	196,436	247,673	368,777	405,112	9.9%
Dominican Rep	152,277	172,326	193,815	202,344	235,564	254,575	8.1%
France	72,217	109,942	118,294	171,061	160,731	242,139	50.6%
Israel	232,538	232,427	265,512	205,610	226,725	240,118	5.9%
Canada	237,362	195,390	212,310	186,737	192,173	181,266	-5.7%
Indonesia	58,386	53,149	55,259	65,250	89,222	124,377	39.4%
Jordan	9,374	7,974	11,280	49,711	89,691	118,479	32.1%
Croatia	0	13	6,571	31,290	88,972	114,128	28.3%
Peru	97,424	99,679	93,511	71,296	75,214	86,655	15.2%
Subtotal :	4,850,900	4,627,472	5,382,095	5,671,019	6,468,855	7,247,283	12.0%
All Other:	690,835	706,648	701,493	671,046	722,760	752,982	4.2%

Total	**5,541,735**	**5,334,120**	**6,083,588**	**6,342,064**	**7,191,615**	**8,000,265**	**11.2%**

Source: U.S. International Trade Commission Dataweb

- China, Italy, Hong Kong, India, and Mexico each exports far more to the U.S. than Turkey (China, Hong Kong and Italy without GSP treatment, Mexico with the NAFTA advantage and India exporting four times the amount than Turkey to the U.S. also under a CNL waiver). The suppliers from these countries will be more than able to take over Turkish customers if a duty is imposed on jewelry imports from Turkey. China, Italy, Hong Kong will benefit the most.

- The jewelry industry in Turkey today is an important employer of artisans and craftsmen as well as an important "cottage industry" employer. The export jewelry industry in Turkey employs about 250,000 people. It provides the American consumer unique, high quality products at competitive prices. Exclusion of Turkey from the GSP program, will deny U.S. consumers the unique products of Turkish artisans and likely lead to substitution by other global producers, such as those named above without any appreciable, positive effect for other GSP-eligible countries or for American jewelry producers or the American workforce.

- Following the granting of CNL waivers for gold jewelry from Turkey, there has not been a surge of imports from that country. Imports from Turkey under HTS 7113 (in which the two CNL waivers are included) increased in value by 32% from 2003-2005 while the price of gold calculated in U.S. $ per ounce, increased during the same period by 23%. Factoring in other costs, Turkey's exports during the period increased in value by significantly less than 10%. The numbers for the years 2004-2005 show a continuing cost-price squeeze with import values increasing by 9.3% and gold prices increasing by 8%. Considering that gold prices have skyrocketed in 2006, there will likely be a continuing suppression if not depression of gold jewelry exports from Turkey to the U.S.

Table 9: Turkish Golden Jewelry Global Exports by Year

YEARS	2000	2001	2002	2003	2004	2005	2006 (Jan-July)
	In 1.000 US $						
TOTAL EXPORT	339,799	394,374	532,146	697,360	842,634	1,000,203	499,196
EXPORTS TO US	216,434	205,184	228,256	253,004	314,329	334,639	138,680
SHARE	63.7%	52.0%	42.9%	36.3%	37.3%	33.5%	27.8%

Source: IMMIB, Istanbul Mineral and Metals Exporters Association (www.immib.org.tr)

- The United States has been the primary destination for the export of Turkish gold jewelry. Although the exact share of the U.S. as an export destination among all other destinations has varied slightly over the past years, and even though the actual volume of exports to the U.S. has declined somewhat, it is still the primary export destination country for Turkish gold jewelry. Therefore, there will not be a major shift of exports to the U.S. if the waiver continues. To the contrary, recent data shows a gradual diversification of export markets for Turkish gold jewelry. This development is a positive signal that if Turkish gold jewelry can continue to benefit from the GSP CNL waiver, the sector in Turkey will be able to continue to establish new markets in a rational manner without having to undergo the shock of a major reduction in sales to its major export market.

Table 10: Destinations of Turkish Gold Jewelry Trade in 2005

	Destination	Million US$	Market share %
1	USA	334.6	33.5%
2	UAE	147.6	14.8%
3	Italy	43.3	4.3%
4	Russian Fed.	40.8	4.1%
5	Spain	40.2	4.0%
6	Germany	35.6	3.6%
7	Lithuania	34.4	3.4%
8	Libya	33.9	3.4%
9	Estonia	32.6	3.3%
10	Israel	32.1	3.2%
11	Other	224.6	22.5%
	TOTAL	**1,000.2**	100.0%

Source: IMMIB, ***http://www.immib.org.tr/Eng/stat.asp***

- U.S. gold exports to Turkey have been increasing steadily since 2000, but since 2002 the increase of the exports to the U.S. more than doubled in value. This indicates that, to the extent Turkish gold jewelry exports increase, U.S. gold suppliers will benefit accordingly.

Table 11: U.S. Gold Exports to Turkey (HTS-7113)

TOTAL	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**Percent Change 2004 - 2005**
	In 1,000 Dollars						
TOTAL	3,828	5,370	7,990	12,709	10,699	17,848	66.8%
Total	**3,828**	**5,370**	**7,990**	**12,709**	**10,699**	**17,848**	**66.8%**

Source: U.S. International Trade Commission Dataweb

- The value of U.S. gold jewelry shipments to Turkey has increased by a margin significantly larger than Turkey's exports of gold jewelry to the U.S. in the past four years.

Table 12: Sources of Turkish Gold Jewelry Trade in 2005

	Source	Million US $	Market Share
1	ITALY	75.20	53.9%
2	UAE	27.00	19.4%
3	ABD	11.40	8.2%
4	S.KOREA	8.40	6.0%
5	INDIA	3.00	2.2%
6	THAILAND	3.60	2.6%
7	HONG KONG	3.10	2.2%
8	İSRAEL	0.90	0.6%
9	SPAIN	1.10	0.8%
10	GERMANY	1.80	1.3%
11	UK	0.70	0.5%
12	RUSSIAN FED.	0.70	0.5%
13	FRANCE	0.40	0.3%
	TOTAL	**139.50**	

- One of Turkey's major gold jewelry exporters reports that most of the jewelry imports from Turkey are mainly parts to be assembled in the U.S.

- Additionally, IMMIB members report that American wholesalers export Turkish jewelry to other countries. Therefore, if the CNL waiver is withdrawn, it will adversely affect the costs for such U.S. exporters.

C. The Turkish domestic gold jewelry market:

The Turkish gold jewelry market is characterized by heavy importing of raw materials, a processing sector with thin profit margins, and demand (domestic as well as export) that fluctuates with the overall market.

The Supply Chain:

Data presented in this section are for the most part not over a time-series; nevertheless, the parameters of the Turkish gold market discussed herein have not shifted significantly over time.

Raw Materials:

Turkey has imported approximately 270 tons of gold and exported 110 tons of gold jewelry in 2005. Turkey imports 95% of its raw materials used in the production of gold jewelry items.

Table 13: Turkish Gold Imports (1995-2006) (kg.)

Year	Total
2006	127,666
2005	269,489
2004	250,930
2003	213,642
2002	128,905
2001	103,485
2000	205,300
1999	107,340
1998	156,890
1997	185,882
1996	135,960
1995	65,250
Total	1,950,739

Source:http://www.iab.gov.tr/english/mainen.php,

Processing:

Gold is processed in Turkey by around 6,000 gold processing workshops which vary in size from a few employees to as many as 1,000 employees. Around 86 % of the cost of processing gold is the cost of the raw material, which is determined by spot prices of pure gold in international markets. Since the raw material is so valuable and comprises such a high portion of the processing cost, any profit that processors make is extracted from the added labor value. As such, the profit per unit of gold processed is extremely low (only a portion of 14% of the total cost). A major Turkish processor and exporter of gold jewelry has identified the following costs of production for year 2005:

The value of 1 gram of gold:	$ 12.00 (determined daily by spot prices)
Labor cost of processing 1 gram of gold:	$ 1-2.00
Total cost of processed gold:	$ 14.00
U.S. duty without GSP (5.5%)	$ .70-.80

As represented by this producer, the U.S. duty comprises about 40% of the labor value added and the source of profits for the company. A decline of 40% in profit will be a severe blow to the company's profitability and hurt its competitiveness greatly. Since current profit margins are de minimis, continuation of the waiver of U.S. tariffs would not lead the exporters to reduce their prices in the U.S. significantly, but rather allow maintenance of their thin profit through constant prices.

Capacity Utilization:

Turkey's capacity for 14 karat gold jewelry production is estimated by IMMIB to be around 500-600 tons annually and its production to be around 400-500 tons annually. Accordingly, the rate of capacity utilization is around 80-85%.

Retailers:

There are approximately 35,000 jewelry retailers in Turkey. Together with the processors, these enterprises employ approximately 250,000 people in the country. The number of jewelry exporters is approximately 990, out of about 6,000 gold processing workshops.

Consumer Demand:

Domestic demand for gold jewelry fluctuates with the economic conditions in the country. Domestic demand for golden jewelry increased from 332 tons to 355 tons between 2004 and 2005.

Table 14: Turkish Domestic Gold Market

	2004 (Tons)	2005 (Tons)	% Change
Bullion Imports	**251**	269	7%
Temporary Bullion Imports	**13**	12	-7%
Jewellery Imports	**7**	12	59%
Scrap	**60**	62	2%
Total Supply	**331**	355	7%

Jewellery Exports (pure gold)	**60**	68	13%
Luggage Trade	**12**	15	18%
Jewellery Sales to Tourists	**61**	62	2%
Jewellery Sales to Locals	**130**	138	6%
Trade Stocks Change	**0**	0	-233%
New Coin Minting	**47**	52	12%
Bar Hoarding	**2**	2	-19%
Bullion Exports	**20**	20	1%
Total Demand	**332**	355	7%

Source: World Gold Council, Turkey

D. Conclusion:

Removal of the CNL waivers will not serve the objectives of the GSP program.

In Turkey, the gold jewelry sector employs over 250,000 people, often incorporating whole families in the business. With the price of gold nearly doubling in the last three years, Turkey is at a competitive disadvantage since it must procure its gold from foreign sources. In order to keep that important sector alive, Turkey needs to maintain its competitiveness in markets such as the United States. Without the CNL waiver, it becomes practically impossible.

Turkey's gold jewelry exports to the United States (HTSUS numbers 7113.19.29 and 7113.19.50) have exceeded the monetary limit for GSP but do not come close to demonstrating the ability to compete without the preference against country sources such as China, India, Italy, Hong Kong or Mexico. Each country exports far more to the U.S. than Turkey (China, Hong Kong and Italy without GSP treatment, Mexico with the NAFTA advantage and India exporting four times the amount than Turkey to the U.S. also under a CNL waiver) and they will be more than able to pick off Turkish customers if a duty is imposed on gold jewelry imports from Turkey.

IMMIB believes that the continued waiver of competitive need limits for certain items of gold jewelry from Turkey will not adversely affect companies in the U.S. producing like or directly competitive items. Eighty-five percent of the cost of producing gold jewelry is determined in world spot markets. Even with GSP eligibility, Turkish exporters will not sell products in the U.S. at a reduced price in a way that will further diminish their already thin profits. Therefore, continuing waiver of the competitive need limit for these items will help the Turkish exporters remain competitive in a volatile international market. The U.S. consumer of gold jewelry will also benefit by enjoying a wider variety of jewelry at what will be a relatively constant price.

Furthermore, extending the CNL waivers will not give Turkish exporters an unfair advantage over other GSP beneficiary countries exporting the same items, because the costs of production for the Turkish product will restrain a decline in the pricing of the Turkish items. Given its relatively small market share, Turkish gold jewelry items will have to remain close to the pricing of the same items from other GSP beneficiary countries. Turkish and other exporters of gold jewelry all face the same high cost of raw materials determined in various world commodity markets.

In addition to the sales price in the U.S., the volume of exports from Turkey to the U.S. is also likely to remain steady in the near future. Turkey's increasing access to other export markets and its high capacity utilization rate render unlikely a volume-based threat to U.S. producers from Turkish-origin gold jewelry items. Turkey exports gold jewelry to 75-80 countries every year and its export destinations are diversifying annually. Operating at such high capacity utilization rates as 80-85%, with an expanding portfolio of export markets, the volume of Turkish golden jewelry items to the U.S. will not increase appreciably as a result of a continuation of the waivers of the competitive need limit.

Please contact the undersigned with any questions.

Charles R. Johnston, Jr.
Sule Akyuz, Of Counsel

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555 Eleventh Street, NW., Sixth Floor
Washington, DC 20004
Telephone: (202) 508-3400
Facsimile: (202) 508-3402
Email: crj@bakerdonelson.com

On behalf of Istanbul Mineral
and Metals Exporters' Association

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

KOHLER.

David Kohler
Group President
Kitchen & Bath Group

August 31, 2006

Dear Ms. Sandler:

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

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

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

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

Import Duties

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

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

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

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

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

Import Duties

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

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

Sincerely,

D Kohler

David Kohler
Group President – K&B Group

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

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

Lorenzo USA Inc.
713 Brea Canyon Rd.
Walnut, Ca 91789

To: United States Trade Representative
GSP Subcommittee

From: Lorenzo USA Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

Lorenzo USA Inc. has been doing business with Turkish suppliers for 4 years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the (product) which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Sincerely,
Sara Lai
Director of Merchandising

September 5, 2006

Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade
Policy Staff Committee *Transmitted by email:FR0052@USTR.EOP.GOV*
Office of the United States Trade Representative
USTR Annex, Room F-220 1724 F Street NW
Washington DC 20508

Dear Ms. Sandler:

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

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

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

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

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

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

Very truly yours,

Brian Duggan
Director of Trade and Commercial Policy

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

Bel-Oro
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Fax:212-398-3459
Email:sales@beloro.com

To: United States Trade Representative
GSP Subcommittee

From: Bel-Oro International, Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

Bel-Oro International, Inc. has been doing business with Turkish suppliers for 10 years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the (product) which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Philip J Kessel

Accts Payable Mgr.

Bel-Oro

516 Fifth Avenue
New York, NY 10036-7501

Tel:212-398-3456
Fax:212-398-3459
Email:sales@beloro.com

9/14/2006

From: Frank Arslanlar [frank@miorogold.com]
Sent: Tuesday, September 05, 2006 3:30 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: United States Trade Representative
GSP Subcommittee

From: MIORO GOLD LLC

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

Mioro Gold LLC has been doing business with Turkish suppliers for 2 years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the (product) which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Frank F. Arslanlar
President / Member of LLC

MIORO GOLD, LLC
55 WEST 47TH STREET
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NEW YORK, NY 10036
PHONE: 212-302-6077
FAX: 212-302-6018
E-MAIL: frank@miorogold.com
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Buy it for looks. Buy it for life.®

Moen Incorporated • 25300 Al Moen Drive, North Olmsted, OH 44070-8022 • (440) 962-2000 • www.moen.com

September 4, 2006

Subcommittee, Office of the United States Trade Representative
USTR Annex, Room F220
1724 F Street, NW.,
Washington, DC 20508
FR0052@USTR.EOP.GOV

Ladies and Gentlemen:

On behalf of Moen Incorporated, I urge you to push for immediate renewal of the Generalized System of Preferences (GSP). Expiration of this valuable program on December 31, 2006 would have a significantly negative impact on our company's operations and on those of hundreds of other U.S. companies. Quite simply, failure to renew the GSP would increase costs for U.S. businesses and consumers at a time when the U.S. economy hardly needs higher cost pressures.

Moen Incorporated is a U.S. corporation wholly owned by Fortune Brands, Inc., which is also a U.S. corporation. Moen Incorporated has facilities in North Carolina, Ohio, Pennsylvania, and Nevada and provides over 3,000 U.S. based manufacturing jobs. In total, Moen Incorporated's parent company employs more than 26,000 people in the United States.

As you know, the GSP provides duty-free treatment on imports of eligible articles from developing countries and territories. The GSP was designed to (1) foster economic development in developing countries through increased trade rather than foreign aid; (2) promote U.S. trade interests by encouraging beneficiaries to open their markets and comply more fully with international trading rules; and (3) help maintain U.S. international competitiveness by lowering costs for U.S. businesses, as well as lowering prices for American consumers.

U.S. companies need stability in order to make sound business decisions. The uncertainty of knowing when and if the GSP will be renewed makes it difficult for those companies such as Moen Incorporated who rely upon the GSP program to make long-term plans. For this reason, we urge you to support immediate renewal of the GSP for a length of at least two (2) years.

We also urge support for the continued inclusion of Turkey in the GSP program. Moen Incorporated relies on the GSP in Turkey to keep our products competitive.

Thank you for your consideration of this request. If you or your staff would like to discuss this further, I can be reached at 440 962-2050.

Sincerely yours,

Richard E. Posey

Richard E. Posey
President & CEO
Moen Incorporated

Oriental Rug Importers Association, Inc.
THE NATIONAL ASSOCIATION OF IMPORTERS AND WHOLESALERS
100 Park Plaza Drive, Secaucus, New Jersey 07094 • (201) 866-5054 • Fax (201) 866-6169

September 5, 2006

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

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

Dear Members of the Subcommittee:

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

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

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

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

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

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

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

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

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

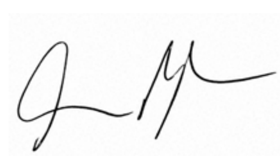
ORIA views the availability of GSP benefits for these carpets as ensuring opportunities for appropriate employment in India, and for increased education possibilities for children. The reality in India is that few families in the carpet-producing regions have schools available to them or could afford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

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

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

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

Sincerely,



Andrew Peykar
President

To: United States Trade Representative
GSP Subcommittee

From: Oro Alexander
16055 Ventura Blvd. #425
Encino, Ca. 91436
818-784-1231

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

Oro Alexander has been doing business with Turkish suppliers for 23 years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the gold jewelry which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Name Batia Adrabi

Title Gold buyer

Oro Grande Jewelry, Inc.
608 South Hill Street, Suites 202-204, Los Angeles, CA 90014
Tel. (213) 688-7300 — Fax: (213) 688-0814
Sales@OroGrandeJewelry.com — www.OroGrandeJewelry.com

To: United States Trade Representative
GSP Subcommittee

From: Oro Grande Jewelry, Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

Oro Grande Jewelry, Inc. has been doing business with Turkish suppliers for almost 16 years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the (product) which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Vasken Caryan
President

PUBLIC DOCUMENT

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
P.O. Box 1000
Toledo, OH 43697
Phone: (419) 535-4787
Fax: (419) 535-4790

BARNES, RICHARDSON & COLBURN
Lawrence M. Friedman
Carolyn D. Amadon
303 E. Wacker Drive, Suite 1100
Chicago, IL 60601
Phone: (312) 565-2000
Fax: (312) 565-1782

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,

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

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

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

[5]2005 World Population Datasheet, Population Reference Bureau

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

B. Brazil

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

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

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

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

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

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

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

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

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

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

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

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

C. India

collaboration with Instituto de Pesquisa Econômica Aplicada, October 2003.

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

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

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

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

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

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

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

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

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

D. Venezuela

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

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

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

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

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

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

[19] 2005 World Population Datasheet, Population Reference Bureau

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

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

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

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

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

E. General Proposals For The GSP Program

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

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

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

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

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

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

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

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

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

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

IV. Conclusion

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

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

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

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

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

Very truly yours,
BARNES, RICHARDSON & COLBURN
By:

/s/Lawrence M. Friedman
Carolyn D. Amadon

PUBLIC VERSION

Comments of The Home Depot to the GSP Subcommittee of the Trade Policy Staff Committee re: Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers

September 14, 2006

Submitted by:

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Comments of The Home Depot to the GSP Subcommittee of the Trade Policy Staff Committee re: Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers

September 14, 2006

These comments are submitted by The Home Depot in accordance with the *Federal Register* announcement of August 8, 2006 (Volume 71, Number 152) by the GSP Subcommittee of the Trade Policy Staff Committee (TPSC) regarding the Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments.

In 2005, Home Depot imported from [***]

Home Depot's imports from GSP beneficiary countries in 2005 included:

[***]

The specific products by GSP beneficiary country of origin are as follows:

[***]

[***]

[***]

[***]

About The Home Depot

At the end of the first quarter, The Home Depot operated a total of 2,051 retail stores, which included The Home Depot stores with 1,807 stores in the United States (including the Commonwealth of Puerto Rico and the territory of the U.S. Virgin Islands), 141 stores in Canada, and 56 stores in Mexico. The company also operates 34 EXPO Design Centers, 11 The Home Depot Landscape Supply stores, and two The Home Depot Floor Stores. Through its Home Depot Supply^{SM} businesses, The Home Depot is also one of the largest diversified wholesale distributors in the United States, with more than 900 locations, including 10 Contractors' Warehouse locations, in the United States and Canada offering products and services for building, improving and maintaining homes, businesses and municipal infrastructures.

The Company employs approximately 355,000 associates and has been recognized by FORTUNE magazine as the No. 1 Most Admired Specialty Retailer and the No. 13 Most Admired Corporation in America for 2006. The Home Depot's stock is traded on the New York Stock Exchange (NYSE: HD) and is included in the Dow Jones industrial average and Standard & Poor's 500 index.

[***].

Brian Toohey
Deputy Vice President
International Affairs

PhRMA

September 5, 2006

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

Dear Ms. Sandler:

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

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

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

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

Brazil

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

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

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

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

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

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

India

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

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

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

Russia

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

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

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

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

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

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

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

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

Turkey

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

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

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

Conclusion

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

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

Sincerely,

Brian C. Toohey

KOHLER CO., KOHLER, WISCONSIN 53044 FOUNDED IN 1873 920-457-4441 Fax 920-459-1745 david.kohler.@kohler.com

KOHLER.

David Kohler
Group President
Kitchen & Bath Group

August 31, 2006

Dear Ms. Sandler:

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

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

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

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

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

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

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

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

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

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

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

Sincerely,

David Kohler
Group President-Kitchen & Bath Group

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

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

From: Carol Thomas [ThomasC@preferredsales.com]
Sent: Tuesday, September 05, 2006 4:18 PM
To: FN-USTR-FR0052
Cc: akgun@vitra-usa.com
Subject: 2006 GSP Eligibility and CNL Waiver Review

PREFERRED SALES INC.

One Industrial Drive
Hermitage, PA 16148

Telephone 724-981-5500
Fax 724-981-5560

To: United States Trade Representative
GSP Subcommittee

From: Preferred Sales Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Preferred Sales has been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for close to six (6) years.

We have found VitrA to be reliable and efficient and their product to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for VitrA's products, which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive in a very competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Peter M. Lewnes

President, Preferred Sales Inc.

From: info@regold.com.tr
Sent: Monday, September 04, 2006 4:47 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: Regold Kuyumculuk San. Ve Tic. Ltd. Sti.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50.

Regold Kuyumculuk San. Ve Tic. Ltd. Sti. has been exporting gold products from Turkey to the United States and other world markets for 15 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the United States for decades and which, in 2003, received a competitive need limit (CNL) waiver. The waiver has been critical to our maintenance of a viable market in the United States. Gold prices worldwide have practically doubled in the past three years. Had the CNL waiver not been in place, the extra duty that would have been applied to our jewelry would have been the catalyst for our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers. But for the supplier, this means intense price competition on a large scale. The loss of GSP benefits will make sales to the U.S., after transportation (increased costs there due to the fuel price increases) unprofitable. If the added burden of a U.S. tariff is imposed, and we are forced to exit the U.S. market, thousands of small "cottage industry" designers and craftsmen will be adversely effected. Already, by reason of the increased cost of gold, our sales have declined on a volume basis. U.S. trade statistics indicate a rise in value of gold jewelry imports from Turkey, but that increase is eclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment from Turkey or simply of the CNL waiver for gold jewelry from Turkey will serve no useful purpose. There are no gold jewelry sectors in other GSP eligible countries that will fill the demand currently supplied by Turkey. Major non-GSP suppliers of gold jewelry such as China, Italy or Hong Kong would simply fill the void, no "new" GSP suppliers would benefit, and U.S. consumers would pay the price.

_______Mustafa DEMIRCI_____________________
Name

---------------____Export – Import Manager___________________
Title

Select Jewelry Inc.

47-28 37th Street, 3rd Floor, Long Island City, NY 11101
Tel. No. (718) 784-3626 / Fax No. (718) 784-3670
e-mail address : selectslc@aol.com

To: United States Trade Representative
GSP Subcommittee

From: Select Jewelry, Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition, we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTUS items numbered 7113.19.29 and 7113.19.50

Select Jewelry, Inc. has been doing business with Turkish suppliers for Seven years.

We have found Turkish companies to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the (product) which we purchase, would cause a significant disruption in our business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Name: Ronny Seliktar
Title : President

From: grizzlyf@aol.com
Sent: Tuesday, September 05, 2006 9:37 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee
From: SHERWOOD BRANDS, LLC
Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.
SHERWOOD BRANDS, LLC has been doing business with a Turkish supplier for a number of years. We have found the Turkish company to be reliable and efficient. We submit this letter on behalf of our valued partner and ourselves. Given the commitment and investment both our companies have made in Equipment to support our sales in the USA any changes in the GSP system would have a disruptive impact on the business we have developed over the years. Duties would make the product non competitive.

Removal of the GSP tariff benefit for Turkish products, including the CHOCOLATE which we purchase, would cause a significant disruption in our business. We rely on predictable business relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers. The supplier in Turkey while competitive does not benefit from price advantages due to GPS status. On the contrary, if duties are factored in the supplier which we have a long term co-manufacturing agreement will not be competitive. Our investments would suffer.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained. Thank you and we hope that if you need further information we can provide to you.

Sincerely,

Amir Frydman______________________
President_____

Always Free.

TO WHOM IT MAY CONCERN

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

ATA AV TUFEKLERI SAN. VE TIC. LTD.STI has been exporting SHOTGUN from Turkey to the United States and other world markets for 5 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

_______________________YAVUZ YOLLU____________________
Name

____________________ GENERAL MANAGER_______________________
Title

EK.1

To: United States Trade Representative   By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: SAMET KALIP A.S.
NAMIK KEMAL MAH.
H.BINGOL SK. NO: 68
KIRAC BELDESI
B.CEKMECE / ISTANBUL - TURKEY

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

SAMET KALIP A.S. has been exporting Furniture Fittings (Hinges, drawer slides, handles etc) from Turkey to the United States and other world markets for 10 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Mrs. GAMZE ASLANER
EXPORT MANAGER

Supports South Africa and Turkey
Pro CNLWs for Turkey – gold jewelry
7113.19.29 and 7113.19.50
Leslie’s Jewelry Manuf. Corp.

From: Bob Coskay [bobcoskay@leslies.com]
Sent: Thursday, August 31, 2006 10:11 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To the Office of United States Trade Representative,

Attached you can find the 2006 GSP Eligibility and CNL Waiver Review filled by our organization.

Regards,

Bob Coskay
Leslie's "The Standard In Gold"
585 West Putnam Ave.
Greenwich, CT 06830
Tel: 203.869.7071 X132
Fax: 203.869.8696

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

    __X__ 5 years

    ____ Other

    ____ Permanently, unless Congress affirmatively determines to terminate.

5. Should the United States use GSP as leverage in the Doha Round? _X__Yes ___No

6. Should the dominant GSP beneficiary countries be further restricted in their access to GSP benefits if such restrictions result in more developmental support for smaller beneficiary countries?

    ___Yes _X__No

7. What GSP beneficiary countries do you import from? Turkey, South Africa

8. Do you have any specific suggestions for modifications in the program, such as new product graduation criteria, new value added qualifications, etc.?
    Please renew the tariff numbers 71131929 and 71131950 within GSP

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

Bob Coskay
Leslie's Jewelry Manufacturing Corp.
585 West Putnam Ave.
Greenwich, CT 06830
Tel: 203.869.7071 X132
Fax: 203.869.8696

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: Summit Sales, L.L.C.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Summit Sales has been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for five years.

We have found VitrA to be reliable and efficient and their product to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for VitrA's products which we purchase would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Very Truly Yours,

William T. Davenport,

President

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: SUPER CIKOLATA SAN. VE TIC. LTD. STI. (BELLA CHOCOLATE)

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

SUPER CIKOLATA SAN. VE TIC. LTD. STI. has been exporting CHOCOLATE from Turkey to the United States and other world markets for 6 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Metin ALTUG
Vice President of SUPER CIKOLATA SAN. VE TIC. LTD. STI.

HOWREY LLP

1299 Pennsylvania Avenue, NW
Washington, DC 20004-2402
www.howrey.com

Juliana M. Cofrancesco

202-383-7252
202-383-6610
cofrancescoj@howrey.com

September 5, 2006

VIA EMAIL (FR0052@USTR.EOP.GOV

Marideth J. Sandler
Executive Director for the GSP Program and
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the United States Trade Representative
1724 F Street, N.W.
Washington, DC 20506

Re: Eligibility of Certain Beneficiaries For Continued Benefits under the GSP Program: Ceramic Tile Classified in HTS headings 6907 and 6908

Dear Ms. Sandler:

On behalf of the Tile Council of North America, Inc. ("TCNA"), the trade association of the American ceramic tile industry,[1] we appreciate this opportunity to submit comments in response to the USTR's Federal Register notice regarding the potential termination or limitation of benefits under the GSP Program for certain countries that are major beneficiaries of the program. 71 Fed. Reg. 45079 (Aug. 8, 2006).

Among the largest beneficiaries of the GSP program are Argentina, Brazil, Indonesia, the Phillipines, Thailand, Turkey and Venezuela ("subject countries"). Each of these countries are also major suppliers of ceramic tile to the United States and their industries have proven to be world class producers and exporters of these ceramic tile products. The ceramic tile industries in these countries are characterized by modern facilities and state-of-the-art highly automated ceramic tile production equipment, and ready access to low cost raw materials. Importantly, just as the ceramic tile industries in these countries have grown to be world-class competitors, so too have the economies of these countries substantially progressed to the point that changed circumstances justifies limiting or terminating benefits available under the GSP program for ceramic tile imports classified in HTS headings 6907 and 6908. *See* 19 U.S.C. § 2462(c)(2), (d). Moreover, these low-priced ceramic tile imports from the major GSP-eligible suppliers have had a serious adverse impact on the domestic industry. For this further reason, the statute provides authority for the termination of GSP benefits to these major ceramic tile suppliers. *See* 19 U.S.C. §§ 2462(d), 2461(3)-(4).

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1 The American ceramic tile industry consists of approximately thirty-six regular tile manufacturers and a large number of smaller art/studio tile makers, located throughout the United States. Tile Council is an association of over forty manufacturers of ceramic tiles and related products that manufacture over fifty percent of the ceramic tile produced in the United States.

As you are no doubt aware, the U.S. ceramic tile industry is highly import-sensitive and has been subjected to repeated efforts by low-priced imports to gain or increase trade-favored access to the U.S. ceramic tile market – a market that already has reached an import penetration level of 78.7% for all ceramic tiles according to the most recent data available through the first quarter of 2006. Glazed ceramic tile -- the HTS subheading that is the most import-saturated of all categories of ceramic tile – has increased to an import market share of 80.3% of domestic consumption in Q1 2006. Glazed ceramic tiles in these dimensions in this HTS category (HTS subheading 6908.90) comprise, by far, the major category of ceramic tile sold in the U.S. market today. Simply put, GSP benefits should be immediately terminated for glazed ceramic tile imports from the subject countries.

The U.S. ceramic tile industry is an extreme case of economic trends that are less intense in most other domestic industries. For the last decade, the U.S. tile industry has been characterized by two primary factors - tremendous and increasing import penetration, and continuous decreases in unit prices. High import penetration levels already have driven down U.S. ceramic tile prices over the past decade, a trend that is expected to continue due to the surge of imported low priced foreign tile. Import penetration in glazed ceramic tiles has increased from 64.6% in 1996 to 80.3% this year. Competition from low-priced imports have forced prices down to levels that are unsustainable for U.S. producers. A comparison of import and domestic average unit values demonstrates that import prices for glazed ceramic tiles are approximately 25% lower than domestic prices.

The domestic ceramic tile industry already is struggling to compete against very low-priced imports flooding the U.S. market. Indeed, since 2000, several U.S. producers went out of business resulting in a significant loss of jobs in the United States. Winburn Tile Manufacturing Company of Little Rock, Arkansas went out of business July 6, 2001. Until the company closed its doors, it was a manufacturer of glazed and unglazed mosaic ceramic tiles. KPT USA, of Bloomfield, Indiana, formerly a producer of glazed ceramic floor and wall tiles went out of business on June 29, 2001. Summitville Tiles, Inc. of Summitville, Ohio, closed its plant in Morgantown, N.C. that produced glazed ceramic wall tile. Summitville estimates that the closure of this plant represents the loss and "closes the books" on a $100 million favorable economic impact on the community during the 12 years of its operation. Summitville also closed one of its two Ohio plants in Summitville, Ohio. The TileWorks in Redfield, Iowa outside Des Moines, closed its glazed ceramic tile production facilities in 2001; and its equipment was auctioned off to foreign producers in April 2003. Most recently, Florida Tile's glazed floor tile facility in Shannon Georgia is being shut down. It is clear to U.S. industry members that the closure of these U.S. tile companies and consequent loss of manufacturing jobs in the U.S. is, in major part, the direct result of the ever increasing onslaught of low-priced imports. An extended list of American ceramic tile production facilities that have been shut down since 1991 is attached to this submission as Exhibit 1. Many of these injurious imports originate in the subject countries and receive duty-free treatment under the GSP program.

The domestic industry currently is operating at the thinnest margins in its history and has had overall revenues decline over the past decade. Many U.S. producers have not been able to increase prices even to meet the rate of inflation. Domestic tile producers will likely face even greater declines as recent construction declines deepen. Domestic producers have been forced to match the low-prices of foreign imports or lose long-standing customers. The net result has been diminished margins and flat revenues. At a time when the U.S. economy, and especially the construction sector, is facing declines or even bordering on recession, it is not appropriate or justifiable to grant further duty-favored access to a U.S. market for ceramic tiles in general and for the glazed ceramic tile category especially given that it is over 80% dominated by imports and operating on the thinnest margins in its history.

We respectfully submit that the U.S. domestic ceramic tile industry has been adversely impacted by the tariff preferences extended to the subject countries through the GSP program. In light of the dire circumstances of the U.S. ceramic tile industry, which in large measure has been caused by the 78.7% overall ceramic tile import penetration levels, many of which are accorded favorable tariff treatment under the GSP program, we respectfully request the United States to withdraw GSP eligibility for *all* ceramic tile categories in HTS headings 6907 and 6908 for the subject countries.

If you have any questions concerning these comments, please contact us directly at your convenience.

Respectfully submitted,

/s/

Juliana M. Cofrancesco
John F. Bruce

EXHIBIT 1
U.S. CERAMIC TILE PRODUCTION FACILITIES
THAT HAVE CLOSED SINCE 1991

1. American Olean, Lansdale, PA
2. American Olean, Jackson, TN
3. American Olean, Cloverport, KY
4. American Olean, Roseville, CA
5. GTE Products Corp, Portsmouth, NH
6. Huntington Tile, Ft. Worth, TX
7. Huntington Tile, Mt. Vernon, TX
8. Laufen, Tulsa, OK
9. KPT, Bloomfield, IN
10. Ludowici Stoneware Co., Richmond, IN
11. Mannington Ceramic Tile, Lexington, NC
12. Summitville, Morganton, NC
13. Summitville, Summitville, OH
14. The Tileworks, Redfield, Iowa
15. Universal Quarry Tile, Adairsville, GA
16. B&W Tile, Gardena, CA
17. B&W Tile, Riverside, CA
18. Monarch Tile, Florence, AL (now owned by Am. Marazzi)
19. Handcraft Tile, Milpitas, CA
20. KEPCOR, Minerva, OH
21. Florida Tile, Lakeland, FL
22. Florida Tile, Shannon, GA
23. Winburn Tile, Little Rock, AK
24. Glen-Gery – Hanley Plant, Summerville, PA
25. Terra Design, Dover, NJ
26. The Willette Corporation, New Brunswick, NJ
27. Dal Tile Keystones Plant, Gettysburg, PA

To: United States Trade Represantative By email:FR0052@USTR.EOP.GOV
GSP Subcommittee

From:TEMIZOCAK Kuyumculuk San.ve Tic. A.Ş.

Subject:2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S.Generalized System of Preferences. In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50 .

Temizocak Kuyumculuk San.ve Tic. A.Ş. has been exporting gold bracelets,gold necklaces and gold chains from Turkey to the United States and other world markets for 9 years.

We have been a relatively low cost producer for several years,and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States.The strong pricing pressure from non-GSP countries such as China, Taiwan or Malasia,and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the United States for decades and which, in 2003, received a competitive need limit (CNL) waiver.The waiver has been critical to our maintenance of a viable market in the United States.Gold prices worldwide have practically doubled in the past three years.Had the CNL waiver not been in place, the extra duty that would have been applied to our jewelry would have been the catalyst four our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers.But for supplier, this means intense price competition on a large scale.The loss of GSP benefits will make sales to the U.S. after transportation (increased costs there due to the fuel price increases) unprofitable. If the added burden of a U.S. tariff is imposed, and we are forced to exit the U.S. market,thousands of small '’cottage industry” designers and craftsmen will be adversely effected.Already, by reason of increased cost of gold, our sales have declined on a volume basis.U.S. trade statistics indicate a rise in value of gold jewelry imports from Turkey, but that increase is eclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment from Turkey or simply of the CNL waiver for gold jewelry from Turkey will serve no useful porpose.There are no gold jewelry sectors in other GSP eligible countries that will fill the demand currently supplied by Turkey. Major non-GSP suppliers of gold jewelry such as China.Italy or Hong Kong would simply fill the void, no '’new” GSP suppliers would benefit, and U.S. consumers would pay the price.

Yılmaz TEMİZOCAK
Chairman

To: United States Trade Representative
GSP Subcommittee

From: Theodora Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Theodora Inc. has been doing business with a Turkish supplier for 5 years.

We have found the Turkish company to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of GSP tariff benefit for Turkish products, including the wedding bands which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely effect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for turkey be maintained.

Eddie E. Akdemir
President

Supports Turkey
Re Communications Systems – no CNLW

From: Cem BATUM [CEMBATUM@audio.com.tr]
Sent: Friday, September 01, 2006 7:05 AM
To: FN-USTR-FR0052
Subject: Turkey

Cem BATUM
Export Dep.
cembatum@audio.com.tr
Tel: +90 216 527 46 71
Fax: +90 216 527 46 80

To: United States Trade Representative
GSP Subcommittee

From: Audio Elektronik Ithalat-Ihracat San. Tic. Ltd / Istanbul

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Audio Electronics has been exporting Building Communication Systems from Turkey to world markets for 6 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Cem BATUM
Export Sales Man.

REPUBLIC OF TURKEY
MINISTRY OF STATE

Ms. Susan Schwab
United States Trade Representative

August 9, 2006

Dear Susan,

I hereby would like to reiterate the determination of the Turkish government to further enhance the commercial and economic relations between Turkey and the U.S. within the framework of our longstanding strategic partnership.

To this end, I take pleasure to refer once again that Turkey has initiated an exclusive medium-term program, namely "Trade and Investment Enhancement Strategy with the U.S." in 2006 with the aim of fostering the existing bilateral cooperation at the governmental level, and encouraging the business communities to take advantage of the numerous cooperation opportunities.

Last year, the bilateral trade volume between our countries has reached 10,3 billion dollars with the Turkish exports to the U.S. amounting to 4,9 billion dollars.

Turkish exports within the scope of the GSP Program which are mainly realized by the SMEs, which are the driving force behind the dynamism of the Turkish economy. In this regard, the GSP Program has a very important role in their business activities.

Regrettably, it has recently been announced by the USTR that a review process has been initiated on the eligibility of certain GSP beneficiaries including Turkey.

The GSP Program, besides its role in stimulating bilateral trade, particularly serves Turkey's purpose of balancing trade with the U.S

Moreover, products imported from Turkey under the GSP scheme have negligible or no production in the U.S., and thus do not pose the risk of having adverse effects on the U.S. industry.

Besides, Turkey's competitors in the U.S. market for similar products benefit from certain preferential and/or free trade agreements.

Consequently, limiting, suspending or withdrawing the eligibility of Turkey will result in critical damage in Turkey's competitiveness as experienced at the case of Turkish travertine exports to the U.S. following the suspension due to exceeding of the Competitive Need Limit.

As you may be aware, Home Depot, which was among the most important buyers of travertine from Turkey, turned towards alternative sources subsequent to the duties imposed on products of Turkish origin.

Regards,

Kürşad TÜZMEN
Minister of State

P.S

I have no doubt that Turkey will receive a favorable consideration from your office during this review. As you know we have a very tiny share, just 0.3 % of your total imports.

Supports Turkey
Minister of State, Kursad Tuzmen, his
Letter of Aug. 9, 2006, to
Ambassador Susan Schwab
See Attached Adobe document for letter.

From: Sandler, Marideth
Sent: Monday, August 14, 2006 12:50 AM
To: Teeter, Regina
Cc: Sandler, Marideth; Watkins, Ralph J.
Subject: Fw: Min Tuzmen letter to USTR Schwab

To enter in to the gsp review comment files. Thx.

-----Original Message-----
From: Errion, Lisa
To: Sandler, Marideth
Sent: Thu Aug 10 09:19:56 2006
Subject: Fw: Min Tuzmen letter to USTR Schwab

I will have this put into the IQ system, but thought you'd like a copy in the meantime.

-----Original Message-----
From: Kimbrell, Rebecca J
To: Scheibe, Aaron P; Morrison, Andrew L; Cherie_Rusnak@ita.doc.gov; Errion, Lisa
Sent: Thu Aug 10 05:19:53 2006
Subject: Min Tuzmen letter to USTR Schwab

<<TuzmenLettertoSchwab.pdf>>
Attached is a copy of the letter that Tuzmen sent to USTR Schwab regarding the GSP review.

Rebecca Kimbrell
Economic Officer
U.S. Embassy, Ankara, Turkey
o: (90) (312) 455-5555 x. 2255
f: (90)(312) 468-6138

This message is unclassified per E.O. 12958
<<TuzmenLettertoSchwab.pdf>>

Supports Turkey
Supports 2 CNLWs for Jewelry
This is AAEI Survey
JC Penney’s

GSP surveyFrom: Terry A Ghiorzi [tghiorzi@jcpenney.com]
Sent: Wednesday, August 23, 2006 11:14 AM
To: FN-USTR-FR0052
Subject: GSP survey

<<GSP_turkey.doc>>

Terry Ghiorzi
Sr. Gold Buyer
JC Penney's

8/11/06 DRAFT

Input Needed From Members on GSP Renewal

The Generalized System of Preferences (GSP) will expire on December 31, 2006 unless Congress authorizes renewal before it recesses for the year. The GSP is a tarif preference program created in 1974, that provides temporary duty-free treatment for imports of eligible products from designated beneficiary developing countries (as long as 35% local value has been added) to help promote their economic growth and development. New products can be added, old products graduated, and when imports of individual articles exceed certain value or percentage limits, the benefits may lapse for that product.

The USTR has invited public comments by September 5, 2006, on whether certain countries and products should be graduated from the program, and under what circumstances. This is expected to be used in crafting legislative proposals which will be taken up by congress in as soon as they return from the August recess, so your input now is vital. Specifically, they have asked for comment on whether to to limit, suspend, or withdraw the eligibility of GSP beneficiaries which meet certain economic criteria, that would result in termination of the program for 13 top beneficiary countries: Argentina, Brazil, Croatia, India, Indonsia, Kazakhstan, the Philippines, Romania, Russia, South Africa, Thailand, Turkey and Venezuela. USTR is also seeking comments on the current 83 product waivers from the GSP program's competitive need limitations, under which imports which exceed $125 million or 50% of all US imports of the product would normally be excluded from coverage.

There are 136 countries that receive duty-free treatn-ment under GSP for approximately 5,000 different products exported to the United States, but the top ten beneficiary country exporters receive nearly 70 percent of all GSP benefits. Consequently, USTR has been studying ways to more evenly distribute the benefits of GSP, and whether some more advanced countries should no longer receive the benefit (such as India and Brazil).

There is currently a bill in Congress which would renew GSP for a single year, although it is not clear that congress will act befor GSP expires. Should the program lapse, Congress may renew it retroactively, in which case duties deposited on eligible products will likely be refunded. In the meantime, however, uncertainities about its renewal and coverage are causing serious concern among US importers and producers who rely on GSP in their operations. One reason for the delay by congress is that certain GSP beneficiary countries are believed not to be supporting the US objectives in the ongoing WTO Doha negotiations. GSP renewal is considered leverage in obtaining further concessions from those countries. (Thailand, Indonesia, Turkey, Philippines, South Africa, Venezuela, Argentina and Russia are among top ten beneficiaries.)

AAEI's Trade Policy Committee is compiling the views of AAEI members on the GSP issue. Please take a minute to respond to the following questions. The results of the poll and follow-up action will be reported in a future International Trade Alert.

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?

___Fine Jewelry retail____

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 ___No

N/A – not sure what this means or is.

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______________

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

____n/a____

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

Supports Turkey
Prof. Dr. Emre Alkin,
Secretary General,
Turkish Exporters Assembly

From: Türkiye Ihracatcilar Meclisi [tim@tim.org.tr]
Sent: Tuesday, August 29, 2006 6:51 AM
To: FN-USTR-FR0052
Subject: GSP Eligibility and CNL Waiver Review

Ref: B.02.1.DTM.5.02.571/830
29.08.2006

Ambassador Susan C. Schwab
United States Trade Representative
The Office of the United States Trade Representative (USTR)
Washington DC

Your Excellency,

Founded on the 5th of July 1993 as the supreme organization of the Turkish exporters, the Turkish Exporters Assembly represents 59 regional and sectoral Exporter Unions, 23 export sectors, and 13 Secretariat Offices serving exporters and exporter associations locally and internationally. Together with the Steering Committee, the Secretariat General of the Turkish Exporters Assembly administers the whole organization, coordinates the efforts of 59 exporters' unions active in Turkey and translates the Assembly's strategy into activities in accordance with the founding mission.

The Turkish Exporters Assembly plans and designs its activities in ways that help Turkey and Turkish exporters cope with the realities of the global economy and facilitate Turkey's global trade in a fast-paced era when the world is being re-structured and new economic balances are being established. One of the most important goals of the Turkish Exporters Assembly is protecting the rights of Turkish exporters all over the world.

Turkey's economy today is well on the path to recovery following the collapse of the banking sector and the precipitate loss of domestic and foreign markets in 2000-2001. Since then, Turkey has increasingly, yet still marginally, benefited from the duty free privileges of the U.S. program. In a highly competitive world and for America's marketplaces, Turkish exporters' are producing quality goods, at rational, competitive prices and transporting them to the markets on time. While the sale of Turkish GSP goods is but a tiny fraction of similar goods exported by Turkey to Europe, the American marketplace has become an increasingly important destination for Turkish producers and exporters. In turn, Turkish imports have become a significant component of the US product lines. Indeed, it is the American consumer who benefits most from Turkey's present export policy, since it is they who receive quality goods at rational prices.

In parallel with its economic recovery, Turkey has also undertaken a comprehensive program of economic, legal, social and political reforms. These measures of reform have been the product of the expertise and recommendations of the IMF, World Bank, European Union and, not least of all, the United States. These reforms include new IPR legislation and tightening of its implementation, and increased emphasis on rule of law and the authorities of the Turkish judiciary.

The loss of GSP benefits will have highly negative effects on the competitiveness of Turkish products (inter alia, jewelry, natural stone, ceramic sanitary fixtures, copper wire and aluminum sheets, olive oil, fruits and a variety of agricultural goods, machinery, chemical products, and leather) and, therefore, the volume and value of US imports from Turkey. Continuation of GSP benefits, on the other hand, will enable Turkey's continued progress. Admittedly, this will be of importance and value to Turkish exporters, but no less so for American importers and consumers.

The GSP program also has employment consequences. Turkey's exporters of GSP products employ many tens of thousands Turks from all over the country. Many of them are from the depressed rural regions of Turkey, such as the 10-12,000 persons employed in the natural stone trade. Conversely, Turkish exports are in products that have minimal, even rare, employment consequences for American producers. The products simply are not in competition.

Were Turkey's GSP benefits to be withdrawn, it is not the American worker that would benefit, but other global exporters – not least of all China. How ironic it would be to deny Turkey GSP benefits, with the lost employment in Turkey and among U.S. distributors and importers, only to have the already bloated Chinese export sector be the additional beneficiary.

Besides these economic and social factors, there are also some political consequences that must be candidly acknowledged. Turkey remains one of America's most important national security allies. Turkey's political stability and economic well-being are central to America's own security and America's interests throughout the Middle East. Withdrawal of GPS benefits for Turkey would be interpreted by the Turkish public and political elite as an unnecessary and, therefore, unfriendly step. It would be a setback for a relationship and a strategic partnership that has worked earnestly for the past eighteen months to recover. In this political environment, withdrawal of GSP benefits for Turkey would send a seriously negative and mistaken political message that America is indifferent to Turkey's critical role as a bulwark of democracy and reform in the Middle East.

In summation, every economic and political argument, every measure of social and political reform, justifies continuation of the GSP program for Turkey. It is the expectation of the Executive Board of the Turkish Exporters Assembly that the Office of the U.S. Trade Representative will give careful, and in the end favorabe, consideration to our case for continuation of GSP benefits for Turkey's qualifying exports. It is our conviction that such continuance will result in common and remarkable benefits for both Turkey and the United States..

Yours sincerely,

Prof. Dr. Emre Alkin
Secretary General

Ref: B.02.1.DTM.5.02.571/830 **29.08.2006**

Ambassador Susan C. Schwab
United States Trade Representative

The Office of the United States Trade Representative (USTR)
<u>Washington DC</u>

Your Excellency,

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Yours sincerely,

Prof. Dr. Emre Alkin
Secretary General

Supports Turkey
ProCNLW for gold jewelry
7113.19.50

From: hyalinkaya@GOLDAS.com
Sent: Friday, September 01, 2006 9:11 AM
To: FN-USTR-FR0052
Subject: FW: 2006 GSP Eligibility and CNL Waiver Review

To whom it may concern,

It has come to our attention that the GSP benefits for Turkey may be limited, suspended or withdrawn.

Goldas Jewellery is involved in the design, manufacturing, distribution and sales of jewellery consisting of gold silver and other precious metals. As one of the leading jewellery companies in Turkey, we would like to share our concerns on this matter.

We believe the implementation of the GSP will have the following direct negative impacts:

a.. With the tax not in place, many small jewellery companies were established. These companies have experience and connections only with the US market. They will be hit harder than the bigger companies who also export to alternative markets.

a.. To be more successful in the American market, Turkish companies have launched their own offices and representatives in the USA. (Goldas opened its first office there in 1994). The injection of funds into the American economy is heavy – office space, rent, employees, etc. With an added tax burden, jewellery companies may find the costs of these investments too prohibitive and face the unfortunate reality of having to close current offices and/or not being able to open offices in the USA.

a.. Turkish companies are aiming to become trustworthy suppliers to mass retailers, department stores and discount stores in America. As part of this process, Turkish companies have been exposed to the reality and necessity of being more accountable in terms of Environmental Efforts, Social Responsibility and Corporate Governance. We have found the American influence has helped our industry in this area and believe that this push for more integrity benefits the industry and the community – both locally and globally. The tax will provide one more obstacle to the positive influence of foreign business on Turkey.

Although Turkey is the second largest jewellery exporter in the world (after Italy), its share in the US gold imports is less than 10% (ranking fourth after Italy, India and China). We are aware that both China and Italy are taxed with the GPS. However, the labour and production costs in China are incomparable to Turkey’s. As we progress towards EU memberships, our costs will be steadily increasing for years to come. An added tax will certainly do great damage to many companies who might otherwise be profitable.

Italy, on the other hand, does not have low production costs, but have found some temporary solutions. Many Italian jewellery companies now simply export through third countries, such as Croatia. In the past, when the Turkish jewellery companies were taxed under the GSP, this practice was also widespread here. It is not a positive solution for America nor the exporting country.

Turkey is at a crossroads. With the sensitive situations in the Middle East, combined with Turkey’s road to joining the EU, it is crucial for our country to maintain good relations on political and economic levels with countries such as the USA. Withdrawing GSP benefits for Turkey will certainly send a negative message of America’s lack of concern.

We urge you to consider these losses.

Hasan Yalinkaya
Chairman

Supports Turkey
Pro CNLWs for jewelry
7113.19.29 and 7113.19.50

From: Furkanlar Silver [furkanlar@furkanlar.com]
Sent: Friday, September 01, 2006 12:16 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver REview

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S.Generalized System of Preferences.In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50.

Furkanlar S?lver C.O.has been exporting s?lver of product from Turkey to tha United States and other world markets for 7 years.

We have been a relatively low cost producer for several years,and our products,benefiting from GSP tariff preference,were very competitive in the U.S.market.Recent economic developments both in Turkey and in tha global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States.GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States.The strong pricing pressure from non-GSP countries such as China,Taiwan or Malaysia,and the significant number of other unilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S.for GSP eligible products from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the Unites States for decades and which,in 2003,received a competitive need limit(CNL)waiver.The waiver has been critical to our maintenance of a viable market in the United States.Gold prices worldwide have practically doubled in the past three years.Had the CNL waiwer not been in place,the extra duty that would have been applied to our jewelry would have been the catalyst for our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers.But for the supplier,this means intense price competition on a large scale.The loss GSP benefits will make sales to the U.S.after transportation(increased costs there due to the fuel price increases)unprofitable.

If the added burden of a U.S.tariff is imposed,and we are forced to exit the U.S.market,thousands of small "cottage industry"designers and craftsmen will be adversely effected.Already,by reason of the increased cost of gold,our sales have declined on a volume basis.U.S. trade statistics indicate a rise in value of gold jewelry imports from Turkey,but that increase is iclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment Turkey or simply of the CNL waiwer for gold jewelry from Turkey will serve no useful purpose.There are no gold jewelry sectors in other GSP eligible countriesthat will fill the demand currently supplied by Turkey.Major non-GSP suppliers of gold jewelry such as China,Italy or Hong Kong would simply fill the void,no "new"GSP suppliers would benefit,and U.S.consumers would pay the price.

AL? KIZILI?IK

FURKANLAR GÜMÜ?ÇÜLÜK LTD.?T?.

Atatürk Bulvar? 50/A 09400 Ku?adas?/AYDIN

Phone:0 256 612 03 38

Fax   :0 256 612 30 69

Supports Turkey
Pro 2 CNLWs silver beads:
7113.19.29 &
7113.19.50

GSP status /Emin Bead LtdFrom: Omer A. Oztop [oaoztop@tnn.net]
Sent: Saturday, September 02, 2006 5:08 PM
To: crj@bakerdonelson.com; Sales Department; Omer A. Oztop; FN-USTR-FR0052
Subject: GSP status /Emin Bead Ltd

To: United States Trade Representative
GSP Subcommittee

From: Emin Bead Ltd., Co Istanbul Turkey

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50.

Emin Bead Ltd., Co has been exporting Sterling Silver Turkish Beads from Turkey to the United States and other world markets for 3 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today’s global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the United States for decades and which, in 2003, received a competitive need limit (CNL) waiver. The waiver has been critical to our maintenance of a viable market in the United States. Gold prices worldwide have practically doubled in the past three years. Had the CNL waiver not been in place, the extra duty that would have been applied to our jewelry would have been the catalyst for our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers. But for the supplier, this means intense price competition on a large scale. The loss of GSP benefits will make sales to the U.S., after transportation (increased costs there due to the fuel price increases) unprofitable. If the added burden of a U.S. tariff is imposed, and we are forced to exit the U.S. market, thousands of small “cottage industry” designers and craftsmen will be adversely effected. Already, by reason of the increased cost of gold, our sales have declined on a volume basis. U.S. trade statistics indicate a rise in value of gold jewelry imports from Turkey, but that increase is eclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment from Turkey or simply of the CNL waiver for gold jewelry from Turkey will serve no useful purpose. There are no gold jewelry sectors in other GSP eligible countries that will fill the demand currently supplied by Turkey. Major non-GSP suppliers of gold jewelry such as China, Italy or Hong Kong would simply fill the void, no “new” GSP suppliers would benefit, and U.S. consumers would pay the price.

Emin Bead Ltd., Co.
Omer Asim Oztop
President/Owner

Supports Turkey
ProCNLWs for Sterling Silver
Turkish Beads
7113.19.29 & 7113.19.50

Haci Burhan / 2006 GSP EligibilityFrom: Omer A. Oztop [oaoztop@tnn.net]
Sent: Saturday, September 02, 2006 5:08 PM
To: FN-USTR-FR0052; crj@bakerdonelson.com; Omer A. Oztop
Subject: Haci Burhan / 2006 GSP Eligibility

BU YAZININ, PARANTEZ İÇİNDEKİ KISIMLARI FİRMANIZA GÖRE DOLDURULARAK EN GEÇ 05 EYLÜL 2006 TARİHİNE KADAR E-POSTA YOLUYLA fr0052@ustr.eop.gov <mailto:fr0052@ustr.eop.gov> ADRESİNE GÖNDERİLMESİ GEREKMEKTEDİR

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: Haci Burhan Bead Ltd., Co Istanbul Turkey

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences. In addition we request continuation of the competitive need limit waiver for jewelry from Turkey classified under HTSUS items numbered 7113.19.29 and 7113.19.50.

Haci Burhan Bead Ltd., Co has been exporting Sterling Silver Turkish Beads from Turkey to the United States and other world markets for 10 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today’s global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

An excellent case in point is gold jewelry that Turkey has been exporting to the United States for decades and which, in 2003, received a competitive need limit (CNL) waiver. The waiver has been critical to our maintenance of a viable market in the United States. Gold prices worldwide have practically doubled in the past three years. Had the CNL waiver not been in place, the extra duty that would have been applied to our jewelry would have been the catalyst for our demise.

The United States consumer enjoys the benefits of robust competition among a wide range of exporters and importers. But for the supplier, this means intense price competition on a large scale. The loss of GSP benefits will make sales to the U.S., after transportation (increased costs there due to the fuel price increases) unprofitable. If the added burden of a U.S. tariff is imposed, and we are forced to exit the U.S. market, thousands of small “cottage industry” designers and craftsmen will be adversely effected. Already, by reason of the increased cost of gold, our sales have declined on a volume basis. U.S. trade statistics indicate a rise in value of gold jewelry imports from Turkey, but that increase is eclipsed by the doubling of the cost of gold in the past three years.

Withdrawal of GSP treatment from Turkey or simply of the CNL waiver for gold jewelry from Turkey will serve no useful purpose. There are no gold jewelry sectors in other GSP eligible countries that will fill the demand currently supplied by Turkey. Major non-GSP suppliers of gold jewelry such as China, Italy or Hong Kong would simply fill the void, no “new” GSP suppliers would benefit, and U.S. consumers would pay the price.

Haci Burhan Bead Ltd., Co.
Burhanettin Oztop
Owner

Support Turkey
Re ceramic faucet – no CNLW

From: Tom Bailey [t.bailey@baileysales.com]
Sent: Friday, September 01, 2006 11:27 AM
To: FN-USTR-FR0052

As per attached

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Bailey Sales & Associates, Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Bailey Sales & Associates, Inc. has begun doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for 4 months.

We have chosen VitrA because of it's reputation as a reliable and efficient product supplier, producing excellent quality while remaining competitive in terms of selling price.

Removal of the GSP tariff benefit for VitrA's products which we purchase, would cause a disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business, thus causing us to reconsider our decision to do business with VitrA, since it will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Thomas R. Bailey

Bailey Sales & Associates, Inc.

President

Support Turkey
Re ceramic faucet components

From: Bill Davenport [wtd@summitsalesinc.com]
Sent: Friday, September 01, 2006 8:42 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To GSP Subcommittee,

Please see the attachment.

William T. Davenport

President

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Summit Sales, L.L.C.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Summit Sales has been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for five years.

We have found VitrA to be reliable and efficient and their product to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for VitrA's products which we purchase would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Very Truly Yours,

William T. Davenport,

President

Suport Turkey
Re sterlin silver beads
and components

From: Thomas Halstead [Tazman@halsteadbead.com]
Sent: Friday, September 01, 2006 7:16 PM
To: FN-USTR-FR0052
Cc: crj@bakerdonelson.com
Subject: GSP status of Turkey

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV

GSP Subcommittee

From: Halstead Bead Inc, 6650 Intercal Way, Prescott, AZ 86301

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Halstead Bead Inc has been doing business with a Turkish supplier for about 10 years.

We have found the Turkish company to be extremely reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the Sterling silver beads and jewelry components which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Thomas F Halstead, President

September 1, 2006

Support Turkey
Re ceramic faucets - no CNLW

From: Ken Holloway [ken@richtomkins.com]
Sent: Friday, September 01, 2006 11:26 AM
To: FN-USTR-FR0052
Subject: 2006 GSP ELIGIBILITY

To: United States Trade Representative
GSP Subcommittee

From: [RICH TOMKINS CO. INC]

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

[Rich-Tomkins co. Inc] has been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for [FIVE] years.

We have found VitrA to be reliable and efficient and their product to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for VitrA's products which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Ken Holloway]______________________

__President________________________

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 Turkey
Re aluminum products
HTSUS 7606 – no CNLW

From: Michael Kelley [mkelley@metalexchangecorp.com]
Sent: Friday, September 01, 2006 11:50 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 Turkey.

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 Turkey are one part of a very competitive U.S. market. Having Turkish 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 Turkey 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 Turkish 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 Turkey's GSP status as currently structured for aluminum flat rolled products under HTUS 7606.

Sincerely,

Thomas Akers
Executive Vice President
Metal Exchange Corporation

Supports Turkey
Re ceramic faucets

From: Holly Omundson [hollyo@richsales.net]
Sent: Friday, September 01, 2006 2:50 PM
To: FN-USTR-FR0052
Cc: crj@bakerdonelson.com
Subject: Comment by Rich Sales

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Rich Sales, Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Rich Sales, Inc. has been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for three (3) years.

We have found VitrA to be reliable and efficient and their product to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for VitrA's products which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Doug Rich

President

Supports Turkey
Re Personal Care Products – no CNLW

2006 GSP Eligibility and CNL Waiver ReviewFrom: Murat Senyer [msenyer@banat.com]
Sent: Friday, September 01, 2006 7:55 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: United States Trade Representative   By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: BANAT BRUSH

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

BANAT BRUSH has been exporting Oral Care Products , Personal Care Product , Household Care Products from Turkey to the United States and other world markets for about 25 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today’s global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs

ıÜüMurat SENYER
Foreign Trade Executive

BANAT FIRCA VE PLASTIK SAN.A.S.
Seyrantepe, Imamcesme Cad. Gecici 48.Sok. No : 10
34418 4.Levent / ISTANBUL - TURKEY
Phone : (++ 90) - 212 - 289 01 50 (PBX)
Fax : (++ 90) - 212 - 289 08 29 / 289 08 30
Mobile : (++ 90) - 533 - 280 90 50
E-Mail : msenyer@banat.com / sales@banat.com

Web : <www.banat.com> / wwww.bella-tr.com

Support Turkey
Re ceramic faucet components – not CNLW

From: Starr Hartson [sdhartson@wi.rr.com]
Sent: Friday, September 01, 2006 10:11 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV
GSP Subcommittee

From: Midwest Sales & Marketing Inc.
Vitra-USA Master Distributor for Wisconsin

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

[Name of company] has been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for [number] years.

We have found VitrA to be reliable and efficient and their product to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for VitrA's products which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

Our company is in a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

_Starr Hartson_______________________

Owner_______________________

Support Turkey
Re ceramic faucet components

From: GleaTait@aol.com
Sent: Saturday, September 02, 2006 9:59 PM
To: FN-USTR-FR0052
Cc: crj@bakerdonelson.com
Subject: GSP /CNL Waiver review

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Gleason-Tait Marketing, Inc.
Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

We have been doing business with VitrA USA, a Turkish supplier of ceramic water closets and faucet components for a number of years. (6 to be exact.)

We have found VitrA USA to be reliable and efficient and that their products to be of excellent quality while remaining competitive in terms of sales price.

Removal of the GSP tariff benefit for the VitrA USA products which we purchase, would cause a significant disruption in our business as we rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that could very well have an adverse affect in our ability to serve our customers.

Our company is part of a very price-sensitive and competitive market. The items we purchase from VitrA are fungible after a certain cost point is reached and we believe the duty that would be applicable to the VitrA products, if Turkey loses its GSP eligibility, would likely lead us to consider other sources of supply. We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider other Countries from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of Federal Government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Sincerely,

Jack Gleason

Gleason-Tait Marketing Inc.

1771 Siesta Dr.

Sandy, Utah U.S.A.

801/942-3711

cc: file

Supports Turkey
Re beads for jewelry

From: Kay Wiggins [kay@kaywigginsjewelry.com]
Sent: Saturday, September 02, 2006 7:04 PM
To: FN-USTR-FR0052
Cc: 'Omer A. Oztop'
Subject: Turkey

To: United States Trade Representative By email: FR0052@USTR.EOP.GOV

GSP Subcommittee

From: Kay Wiggins Jewelry

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Kay Wiggins Jewelry has been doing business with a Turkish supplier for 4 years.

We have found the Turkish company to be reliable and efficient and their product to be competitive in terms of sales price.

Removal of the GSP tariff benefit for Turkish products, including the beads which we purchase, would cause a significant disruption in our business. We rely on predictable business and pricing relationships. The increased cost that the assessment of duties would cause would require adjustments in our business operations that will adversely affect our ability to serve our customers.

We know of no other country currently eligible for GSP treatment that could serve as an acceptable source of supply for the product that we procure from Turkey. If the withdrawal of GSP eligibility for Turkey forces us to pursue alternative sources of supply, cost factors will cause us to consider China or some other country from which imports will have a predictable cost over time and will not be subject to tariff adjustments by reason of federal government program conditions.

We therefore request that the current GSP treatment for Turkey be maintained.

Kay Wiggins

President, Kay Wiggins Jewelry, Inc.
Kay Wiggins
316-773-2220
Kay Wiggins Jewelry, Beads & Gifts
www.kaywigginsjewelry.com

Supports Turkey
Re packaging films

From: Fatih Basel [fbasel@superfilm.com]
Sent: Monday, September 04, 2006 12:18 PM
To: FN-USTR-FR0052
Subject: GSP

Dear Sir or Madame,

Please see attached petition for GSP extension.
Thank you

EK.1

DRAFT

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Super Film of America Inc.

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

Super Film of America Inc. has been exporting packaging films from Turkey to the United States and other world markets for 10 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

__________________Steven F Basel____________________________
Name

___________________President___________________________
Title

Dear Ambassador Schwab,

As an American Chamber of Commerce headquartered in Istanbul, the American Business Forum in Turkey (ABFT) represents nearly 70 prominent U.S. companies operating in this country. While our primary mission is to provide advocacy and business development opportunities for U.S. investments here, we feel strongly that our organization and member companies work toward development of closer bilateral trade and investment relations between Turkey and the U.S.

Accordingly, we ask that during the 2006 Generalized System of Preferences (GSP) review, you would support the continuation of Turkey's status as a GSP nation.

Although Turkish exporters have made inroads into European markets, the volume of trade between the U.S. and Turkey is still relatively low. Continued GSP status is crucial to Turkish SMEs, constituting the bulk of the Turkish economy wishing to enter the U.S. market. Thus, extension of the program would be an impetus toward further economic development of the country.

Furthermore and as you are well aware, Turkey has made considerable strides in recent years to improve both its macroeconomic fundamentals as well as its investment environment, particularly with regard to foreign investment. We believe that by key measures, Turkey has made considerably more progress toward improved market access than some other countries now under review, and that GSP sends a signal of recognition that many steps have been taken.

As ABFT we have been working in particular on certain issues such as strengthening the rule of law, improving intellectual property rights, and improving sugar quotas on behalf of our members. We have seen some progress on these issues over the last two years, and we continue our efforts to improve the commercial environment. While serious issues remain to be resolved, we believe that continuation of GSP would strengthen the bilateral commercial relationship and would certainly enhance the position of U.S. companies doing business and investing in Turkey.

Sincerely,

Galip Sukaya
Chairman
ABFT

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

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 Turkey.

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 Turkey are one part of a very competitive U.S. market. Having Turkish 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 Turkey 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 Turkish 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 Turkey's GSP status as currently structured for aluminum flat rolled products under HTUS 7606.

Sincerely,

Thomas Akers
Executive Vice President
Metal Exchange Corporation

To: United States Trade Representative
GSP Subcommittee

By email: FR0052@USTR.EOP.GOV

From: Ulker Food and Trade Company

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

UlkerFood and Trade Company has been exporting Ulker branded products from Turkey to the United States and other world markets for 30 years.

We have been a relatively low cost producer for several years, and our products, benefiting from GSP tariff preference, were very competitive in the U.S. market. Recent economic developments both in Turkey and in the global economy have made GSP far more important to our ability to remain competitive.

Today's global marketplace has intensified pricing competition from virtually every supplier to markets such as the United States. GSP is no longer simply a means by which a developing country producer may be able to establish a market for its products in the United States. The strong pricing pressure from non-GSP countries such as China, Taiwan or Malaysia, and the significant number of other unilateral and bilateral trade preference programs undertaken by the United States makes GSP treatment critical to the maintenance of a customer base in the U.S. for GSP-eligible products from Turkey.

Withdrawal of GSP treatment from Turkey would serve no useful purpose. For most of the GSP-eligible products from Turkey, there are no viable alternative GSP country sources. The result would be simply to facilitate the seizure of larger shares of the U.S. market for countries like China and Hong Kong and to diminish the GSP program in favor of other U.S. trade preference programs.

Şaban YILDIZOĞLU

Name

Regional Sales Representative

Title

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CHARLES R. JOHNSTON, JR, SHAREHOLDER

September 5, 2006

2006 GSP Eligibility and CNL Waiver Review
Submission of VitrA USA
PUBLIC VERSION

Marideth J. Sandler
Executive Director for the GSP Program,
Chairman GSP Subcommittee of the
Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW.
Washington, DC 20506

VIA E-MAIL: FR0052@USTR.EOP.GOV

Re: 2006 GSP Eligibility and CNL Waiver Review

Dear Chairman Sandler:

Pursuant to the Federal Register notice published by the Office of the United States Trade Representative ("USTR") on August 8, 2006 (71 F.R. 45079), and USTR's regulations (15 CFR § 2003 *et seq*.), we hereby submit these comments on behalf of VitrA U.S.A. VitrA U.S.A. is a wholly-owned subsidiary of the Eczacibasi Group of Turkey and is a wholesale importer/distributor of ceramic sanitary-ware and faucet parts from Turkey.

It is the position of VitrA that the GSP program is a vital factor in Turkey’s eventual achievement of sustained economic development and international competitiveness and must not be withdrawn at this time.

The GSP program includes an effective mechanism by which to graduate products from beneficiary developing countries. That mechanism has been a useful tool in the administration of the program since its inception in 1975. The wholesale graduation of countries from the program, however, has been rare. The statute includes several factors for the President to consider when making a determination regarding graduation of a country (19 U.S.C. 2461 and 2462(c)). Nevertheless, the most compelling analysis that leads to graduation was articulated by the President when he announced the removal of beneficiary status for Hong Kong, the Republic of Korea, Singapore, and Taiwan in February of 1988. In his message he stated that the countries had "achieved an impressive level of economic development and competitiveness *which can be sustained without the preferences provided by the program.*" (Message from the President…., House Document 100-162, February 1, 1988; emphasis added)

While Turkey has made significant improvements in its economy in the past five years, it is not at all in the same shape as the economies mentioned above at the time of their graduation. Turkey has been working with the International Monetary Fund since 1999 to restructure its economy. The work is not done, as the IMF Country Report on Turkey dated July 2006 indicates.[1] There are many economic indicators that show Turkey to be economically healthier than four years ago, but these are relative indicators (many showing growth from the prior year) and simply manifest a process of rehabilitation of an economy that was on the brink of disaster. Recent data and rankings by a variety of organizations (including U.S. Government agencies) confirm the fragile nature of Turkey's on-going development efforts.

Turkey's improvements in development and competitiveness do not yet qualify as "sustained" and have not permeated many sectors that need to improve export performance. Therefore, with respect to Turkey's access to the U.S. market for newly developing sectors in its economy, the GSP program remains a critical factor in Turkey's developmental equation.

VitrA U.S.A. was established three years ago to attempt the introduction of Turkish sanitary-ware and related fixtures to the U.S. market. VitrA has realized some success, in large part due to its price competitiveness attributable to the GSP program. But the sustainability of that initial achievement depends on continued GSP treatment for Turkey's GSP eligible products. Turkey exported to the U.S. over $25,000,000 worth of sanitary ware products in 2005. The Turkish sanitary ware industry is a perfect example of an industry growing in a developing country by reason of opportunities for large export markets driven by low priced, yet good quality products. The Turkish producers of sanitary ware have established a small market share in the United States against such competitors as China and Mexico. That market share, however, is likely to shrink if not totally evaporate if Turkey cannot maintain its price competitiveness. The GSP program benefit is an essential factor in that equation.

In tandem with the ceramic sanitary ware, the Turkish bathroom faucets industry is bringing the heritage of the luxurious Turkish bath to contemporary U.S. residential bathrooms. As is the case for sanitary ware, Turkey's price competitiveness has given it the ability to develop sales of a growing variety of bathroom fixture products. This effort to penetrate the US market is ambitious given the maturity of the market and the sources of competition. Nevertheless, competitive pricing and a successful blending of style and technology are helping Turkey establish a country brand, with reputation for good quality at an affordable price. American producers already heavily outsource their production to China and Thailand with the result that continuation of GSP benefits in these product lines for Turkey would cause little harm to U.S. companies but would allow Turkey to follow through with a business and marketing plan that is only in its early stages of development.

[1] http://www.imf.org/external/pubs/ft/scr/2006/cr06268.pdf

Maintenance of a strong partnership with Turkey is very much in the U.S. national interest. Turkey is located at the nexus of three areas of strategic importance to the United States: Europe, the Caspian/Caucasus region, and the Middle East. As the President has forcefully stressed with respect to achieving peace in the Middle East (and what is true worldwide): the development and maintenance of healthy and competitive economies is one of the most effective means to support freedom and peace. GSP is one of those essential tools for U.S. trade policy that can serve this objective. It is one of the few remaining programs that tangibly demonstrates U.S. support for Turkey's economic development. Its withdrawal will carry substantial symbolic as well as economic repercussions. For the foregoing reasons we ask that Turkey maintain its eligibility to participate in the U.S. GSP program.

Please contact the undersigned with any questions.

Charles R. Johnston, Jr.
Sule Akyuz, Of Counsel

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Washington, DC 20004
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Email: crj@bakerdonelson.com

On behalf of VitrA U.S.A.

To: United States Trade Representative GSP Subcommittee

From: Pepco Sales of Dallas

Subject: 2006 GSP Eligibility and CNL Waiver Review

This submission is to support continuing treatment of Turkey as a beneficiary country under the U.S. Generalized System of Preferences.

As a manufacturers' rep agency selling products imported from Turkey under GSP benefits since 2002, we have a genuine economic interest in assuring that Turkey keeps its status as a result of the upcoming review.

VitrA of Eczacibasi, Turkey is the leading brand in three of the five major product lines we carry. Considering that approximately 25 % of our annual revenue is generated by VitrA sales, VitrA has a significant role on our financial well-being.

VitrA is a highly reliable and efficient vendor which can provide us with excellent quality products at competitive prices.

The relationships we have built over time for the distribution of VitrA products are the true value of this brand for us. Innovative products and stylish designs by VitrA is a good alternative over conventional plumbing fixtures for our customers.
Keeping our customers satisfied with consistent product lines in the industries we represent is a major success measure for our firm. In this sense, being able to provide our customers with an extensive inventory of highly demanded products like VitrA is our top priority.

Loss of GSP benefits would adversely affect the competitiveness of Turkish products including VitrA in the US market and therefore, the profitability of our company since we are in a very price-sensitive and competitive market.

VitrA is important for the US economy from a human resources stand point as well. The loss of VitrA in our product line would not only cause the unemployment of 2 FTE workforce in our warehouse, but also decreases the commission income of the salesmen who rely heavily on VitrA products. This would adversely affect the whole economy through the wholesalers who would need to lay off employees due to dropped business volume.

We believe that Turkey is making a significant progress on economical and social reforms and much of it made possible by Turkey's recent economic recovery which was supported by increased volume of foreign trade. Maintaining economic incentives which will support foreign trade further will help Turkey's continued progress.

Turkish import volume from the U.S in 2005 was $ 436 million while export volume was only $ 411 million. Withdrawal of GSP benefits will increase foreign trade deficit with the US which could eventually agitate the overall Turkish trade balance.

Turkey remains one of the U.S' most important national security allies, thus a politically stable and economically strong Turkey is central to the U.S' own security and interests throughout the Middle East.

Withdrawal of GSP benefits for Turkey would send a very negative and mistaken signal of the U.S indifference for Turkey's role of being a symbol of democracy and secularity in the Middle East.

Taking the above concerns into consideration, we as Pepco Sales & Marketing support the continuation of GSP benefits for Turkey for a win-win-win situation for the US, for our company and for Turkey from an international stability perspective.

Yours Sincerely,

Mike Parham

President

From: Martin Sharpe [cmsharpe@woolfharris.com]
Sent: Tuesday, September 05, 2006 9:04 PM
To: FN-USTR-FR0052
Cc: Akgun Seckiner
Subject: 2006 GSP Eligibility and CNL Waiver Review

To: United States Trade Representative
GSP Subcommittee

From: Woolf-Harris, Inc.

Re: 2006 GSP Eligibility and CNL Waiver Review

Our company, Woolf-Harris, Inc., has been doing business with Vitra USA, a Turkish supplier
of ceramic water closets and faucet components, for the past four (4) years. During that time, we have found Vitra to be totally reliable and efficient in regard to the manner in which they conduct their business and their product has proven to be of excellent quality while maintaining price points that are competitive in our market place, i.e. Mississippi, Louisiana and Tennessee.

We fear that the removal of the GSP tariff benefit that Vitra currently enjoys would cause a significant disruption in our business. We, as well as those plumbing wholesalers that we serve, rely upon predictable and reasonable pricing relationships and the increased cost that the assessment of duties would cause would likely require adjustments in our business operation that would adversely affect our ability to serve our customer's needs.

The plumbing wholesale market that we serve is a very price sensitive and competitive arena and if Turkey loses it's GSP eligibility it would certainly leave us with no viable source of supply to meet the needs of those accounts such as Southern Pipe and Supply, Coburn's Supply, Modern Supply, and Southland Supply which have come to depend so heavily upon those products. Therefore, we humbly request that the current GSP eligibility currently in place for Turkey be maintained.

Thank you for your time and consideration.

--
Sincerely,

Martin Sharpe
President
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