From: MKTNG DEPT [mktng@wong.co.th]
Sent: Tuesday, September 05, 2006 7:29 AM
To: FN-USTR-FR0052
Subject: "2006 GSP ELIGIBILITY & CNL VAIVER REVIEW
Dear Sir,

Reasons why Thailand should be considered for Generalized System of Preferences (GSP) renewal

1. US imports will lose benefits. Thai export goods are reasonable prices, standard quality and punctual.

2. Thailand is always a reliable business partner of the US.

3. If Thailand loses duty-free benefits, the other countries who receive GSP will not be able to increase the export products. China and Italy who mainly import their products to the US will take up more benefits instead.

4. Thai jewelry products will not affect the overall job hiring in the US.

5. If Thailand is withdrawn GSP privileges, the affects are;

- The competition of prices disadvantages Thailand compares to China.

- Many of the Small and Medium- Sized Enterprises (SMEs) will shut down due to the economic crisis.

- Thailand products are made by skilled craftsmen paid a high wage. Due to the competition of labors with other countries that have cheaper labors such as China and India, Thai labors will be unemployed.

- The loss of GSP benefits will affect the supply chain.

- The businesses will relocate to China because it has more business advantages than Thailand, for instance, cheaper labor. The benefits from business relocation will help developing the economy in China, the US's business competitor.

Best regards,

Patcharee P.

Marketing Dep.

Wong Jewelry Co., Ltd.

Tel: (662) 238 0777

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PUBLIC VERSION

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

Written Comments

Filed on Behalf of Orion America, Inc., World Electric, Ltd. and Korat Denki, Ltd.
in Response to the Request for Public Comments Published at
71 Fed. Reg. 45079 (August 8, 2006).

Submitted by:

BARNES, RICHARDSON &COLBURN
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303 East Wacker Drive
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September 5, 2006

BUSINESS PROPRIETARY INFORMATION
DELETED FROM BRACKETS ON PAGES 3, 6, 7, and 9.

PUBLIC VERSION

Pursuant to the Federal Register notice published by the Office of the United States Trade Representative ("USTR"), 71 Fed. Reg. 45079 (August 8, 2006), we hereby submit these comments on behalf of Orion America, Inc., World Electric, Ltd. and Korat Denki, Ltd. concerning the reauthorization of the Generalized System of Preferences (GSP) program. As requested in that notice, these comments are directed toward the issues of: (1) the eligibility status of Thailand as a GSP beneficiary developing country, and (2) whether any of Thailand's competitive need limitation (CNL) waivers are no longer warranted due to changed circumstances.

General Information

Orion America, Inc. ("Orion"), is a distributor and importer of a variety of television products. As part of its operations, Orion imports complete television products and television components from World Electric, Ltd. and Korat Denki, Ltd. of Thailand. The various television products produced by these major Thai manufacturers include televisions using cathode ray tubes, those using flat panels, and "combination" units that incorporate video cassette recorders and DVD players. These products are imported under tariff item 8528.12 of the Harmonized Tariff Schedule of the United States (HTSUS), under which only qualifying combination units from Thailand are currently eligible for duty-free treatment under the GSP program.[1]

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[1]Combination television sets that incorporate VCR and DVD players are classified in the

Both World Electric and Korat Denki are unrelated to Orion. World Electric's main manufacturing plant is located in Banbung, Chonburi, Thailand. Korat Denki operates two manufacturing facilities located in the Nakhonratchasima province of Thailand. Collectively, World Electric and Korat Denki employ approximately [*****] people. Both companies purchase many components from several parts vendors located in Thailand as well other GSP-qualifying beneficiaries from the Association of South East Asian Nations (ASEAN).

I. <u>Position on Thailand's Status as a Beneficiary Developing Country</u>

Orion, World Electric, and Korat Denki fully support the continuation of Thailand as a GSP beneficiary developing country First and foremost, Thailand continues to be a country that is in need of the benefits envisioned by the program. While Thailand is one of the major users of the GSP program, it is not sufficiently advanced to the point where GSP benefits are not longer warranted. Second, the limitation, suspension, or withdrawal of Thailand's GSP eligibility will not lead to substantial benefits for any of the more minor users of the program. Indeed, the other GSP qualifying ASEAN countries will almost certainly suffer from any loss of Thailand's GSP eligibility.

<u>Thailand Has a Strong Need for the Continuation of GSP Benefits</u>

There are still many reasons why Thailand should retain its status as a GSP beneficiary if the GSP program is reauthorized. As the USTR is aware, the only current statutory factor that

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2006 HTSUS under tariff items 8528.12.1201, 8528.12.1601, 8528.12.2800, 8528.12.3600, 8528.12.4400, 8528.12.5200, 8528.12.6201, 8528.12.6401, 8528.12.7601, and 8528.12.8001.

provides for mandatory graduation from the GSP program is found under 19 U.S.C. § 2462(e). This statute directs the President to terminate the designation of a beneficiary country that is defined by the official statistics of the World Bank as a "high income" country. Since this is the only economic criterion for mandatory graduation, this should be viewed as the most important threshold for when a GSP country can be considered sufficiently advanced.

For the year 2005, a high income country was defined by the World Bank as having a per capita gross national income (GNI) of $10,726 or greater. For that year, Thailand had a 2005 per capita GNI of $2,750, which puts it in the category of a "lower middle income" country by World Bank standards. The fact that Thailand's income level is only one quarter of the "high income" level directed by statute demonstrates that it has not sufficiently progressed for purposes of graduating from the GSP.

Thailand also has numerous unique economic challenges that demonstrate its continued need for the GSP program. Thailand still has not fully recovered from the tsunami disaster of December 2004. In addition to the thousands of people killed by the disaster, the tsunami devastated many aspects of Thailand's economy. The financial impact of the tsunami in Thailand in terms of the amount of damage and losses is estimated at $2.09 billion USD.[2] The effects of the tsunami continue to linger in various aspects of the economy, such as Thailand's tourism industry that posted a meager 0.5% growth in tourism receipts in 2005 compared with

[2] Tsunami Thailand, One Year Later, published by the United Nations Country Team, p. 6, quoting the Asian Disaster Preparedness Center (APDC) Report, "Comprehensive Estimation of Damage and Losses in Thailand," August 2005.

10% from the previous year.[3] Along with the impact on the tourism industry itself, there is a ripple effect for hundreds of other indirectly affected supporting industries in Thailand as well as the general tax revenue for the government.

High oil and energy prices, a softening external demand for its exports, and a drought that began in 2004 have also had a significant negative impact on Thailand's economy.[4] Recent statistics reveal that Thailand's overall economic growth slowed significantly from 2004 to 2005, and is only now slightly beginning to recover. Specifically, GDP growth declined from its 2004 level of 6.1% to 4.5% in 2005. Other statistics from this period show that personal household consumption fell to 4.4% from 5.9%, which was mirrored by a slowdown in manufacturing growth from 8.2% to 5.5%.[5] Export volumes also suffered a decline, from 8.4% in 2004 to 4.3% in 2005.[6]

The report from the World Bank upon which the above data is based also stresses the high importance of exports in Thailand's economic recovery. It was noted that exports had fallen sharply due to falling global electronics demand and drought induced reductions in agricultural exports, but that growth in 2006 is expected to be driven by the rise in world trade volume.[7] From this, Thailand's GDP growth is expected to rise modestly from 4.5% in 2005 to

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[3] Thailand Economic Monitor, World Bank Thailand Office, April 2006, p. 6.

[4] Id.

[5] Id.

[6] Id.

[7] Id. at 18.

5% in 2006. What this statistic does not show is that, with domestic household consumption down because of high energy prices and other factors, exports are playing a key role in its recovery. Today, Thailand's exports comprise 65% of its GDP compared with 45% in the mid-1990s.[8]

As of 2005, the total value of Thailand's imports into the United States was $19.8 billion USD, of which GSP imports accounted for $3.57 billion USD. The fact that GSP imports account for nearly one-fifth of Thailand total exports to this country demonstrates the continued reliance upon this program. A sudden loss in these benefits would have devastating consequences for Thailand's economic recovery.

The USTR should also consider the economic impact that a loss of GSP will have on numerous individual companies and employees. In the case of the Thai television industry, a loss of GSP status for the VCR/DVD combination units would have serious consequences for World Electric and Korat Denki. Specifically, these two companies estimate that they would be forced to lose a combined total of approximately [***] people, or [****] percent of their workforce. For 2007, the two companies have estimated they would suffer a drop in sales of its currently GSP eligible combination television units of approximately [***************], or [****]. These results would be quite severe for these companies that represent one of Thailand's most important industries.

As with any industry that relies heavily on local and regional suppliers, there would be significant ramifications throughout the supply chain in Thailand and other GSP-qualifying

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[8]<u>Id.</u>

ASEAN countries. It must be remembered that these industries include both Thailand and other qualifying ASEAN countries that pool their resources for GSP purposes.

The television industry is again a good example of the potential ripple effect caused by a loss in GSP status. A television is comprised of hundreds of components that are supplied by dozens of local part makers, who are in turn serviced by various suppliers and service industries throughout the region. For many years, both Korat and World Electric have relied upon these local manufacturers in order to make their products GSP-eligible. Recently, both World Electric and Korat Denki have also [*** ** *****************]. This decision was based upon [********************************* *****************************]. Consequently, a loss of GSP eligibility for [*********** ** **]. This scenario would likely be repeated with a number of industries in Thailand that rely upon GSP eligibility, and demonstrates the high importance of this program to that country.

<u>The Removal of Thailand Would not Benefit Other GSP Users</u>

As with the remaining ASEAN members that could be negatively affected, a possible loss or limitation of Thailand's status as a beneficiary developing country would not substantially benefit other GSP beneficiary countries. Using the television industry as an example, non-GSP beneficiary countries would have the most to gain by Thailand losing beneficiary status. Countries such as Mexico, China, Japan, Taiwan, and several other non-beneficiaries already have well-established television industries and distribution systems for exporting televisions to the United States. There are no GSP countries outside of the USTR's specified major GSP users that export a significant amount of television products. Thus, a loss of GSP eligibility for Thailand's television products would not benefit remaining GSP users, since lost production would simply shift to the more advanced non-beneficiary countries that already have competitive industries in that field.

While the television industry is only one of many Thailand industries that would be affected by a sudden change in Thailand's current GSP status, it illustrates many problems that would occur with such a change. Both in terms of Thailand's economic development and the objectives of the GSP program itself, we strongly urge the USTR to avoid removing or significantly modifying Thailand's status as a GSP beneficiary.

II. Position on Possible Actions on CNLs

The USTR has stated that it is also seeking comments on whether action on any of the 83 current CNL waivers is warranted due to changed circumstances. With respect to this issue, Orion, World Electric, and Korat Denki wish to express their strong support for the continuation of the CNL waiver granted to non-high definition color combination units of tariff item 8528.12.28, HTSUS. Products from Thailand meeting this description were just recently granted a CNL waiver in 2003, and the circumstances for granting this waiver have not significantly changed in this short amount of time to justify its revocation.

Thailand's GSP eligible exports under 8528.12.28 are an extremely important part of its total television production. Thailand is currently the only country that exports to the United

States GSP-eligible combination television sets under this provision. In 2005, U.S. imports of these GSP-eligible combination units totaled $170,286,335 USD. This accounted for 17.3% of Thailand's total television exports to the United States under 8528.12, and almost 90% of those exports classified under 8528.12.28.

As outlined above, Thailand has encountered significant economic hardships over the last two years, and its estimated modest economic recovery is heavily dependent upon exports. The CNL waiver granted to products of 8528.12.28 have provided a valuable source of export related growth. Taking that source of growth away at this time could seriously damage Thailand's television industry. For World Electric and Korat Denki, loss of this CNL waiver would result in an estimated drop of [*******] in sales revenue for 2007, which represents [****] of its sales of these products. As with a loss in Thailand's status as a GSP beneficiary, losing this CNL waiver would result in a considerable loss of employment and other adverse consequences for both the television industry and to Thailand as a whole.

Conclusion

Orion, World Electric, and Korat Denki fully support the reauthorization of the GSP program in general and the continuation of Thailand's status as a beneficiary developing country. At a time when it is seeking to recover from the effects of the tsunami, a drought, and record high oil prices, Thailand has a very real need for the export benefits provided by the GSP program. Related to this need is the continuation of the CNL waiver for combination television products classified under tariff item 8528.12.28, HTSUS. This waiver was only recently granted, and continues to provide a valuable source of export related growth. While Orion, World

Electric, and Korat Denki understand the need to find ways to assist more GSP eligible countries, neither the removal or modification of Thailand as a beneficiary nor the revocation of the CNL waiver would further that objective.

Respectfully submitted,

BARNES RICHARDSON & COLBURN
/s/ Lawrence M. Friedman

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(312) 565-2000

Counsel to Orion America, Inc., World Electric, Ltd., and Korat Denki, Ltd.

Dated: September 5, 2006

August 31, 2006

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

THRU EMAIL: FR0052@USTR.EOP.GOV

RE: 2006 GSP Eligibility and CNL Waiver Review

Dear Chairman Sandler,

On August 8, 2006 the office of the United States Trade Representative (USTR) announced that it will begin its second phase to review the eligibility of major beneficiaries participating in the Generalized System of Preferences (GSP) program. The GSP program extends duty free treatment for certain goods to 133 countries. Thailand is one of the 13 countries whose eligibility is under review.

In undertaking this review, the USTR's Trade Policy Staff Committee has requested comments from interested parties to determine whether Thailand's economic development has progressed beyond certain statutory criteria. The ultimate finding may result in Thailand's GSP benefits being limited, suspended, or withdrawn.

Bangkok Polyester Public Co., Ltd. is delighted to have the opportunity to submit our comments to the USTR on the captioned subject. We are a manufacturer of bottle-grade Polyethylene Terephthalate resin (PET resin HS Code: 3907.60.00.10) in Thailand. We strongly support the maintenance of GSP status for imports from Thailand for the following reasons:

We recognize that GSP privileges provide Thai exporters with a significant advantage in gaining entry to the U.S. market. Approximately 18% of all Thai exports to the U.S. enjoy some benefit under the GSP program. These GSP benefits assist Thai based businesses, large and small, in securing a market share in the U.S. and allow Thailand to compete with low cost countries.

We are concerned that without the GSP program, there would be a noticeable decrease in Thai exports to the U.S. Thai industries that currently benefit the most from GSP include the jewelry industry, electronics, agriculture, plastic resin, as well as some automotive parts and household wares. Such key industries, and other business that enjoy GSP privileges, may now face a very real threat of losing market share to other competitive markets such as China. In addition, should the U.S. administration decide not to extend the GSP to the products, many Thai workers might be jobless and manufacturers might shift their production bases to other countries such as China.

We are confident that the continuation of GSP privileges for Thailand will further strengthen the commercial and economic ties between the U.S. and Thailand, and advocates for Thailand's continued eligibility under the GSP program so that trade and investment between the U.S. and Thailand will be enhanced.

Maintenance of GSP status for PET resin exports from Thailand is crucial to U.S consumers

Despite its name, bottle-grade resin is not only used to produce bottles, but also containers and packing for a wide variety of consumer goods. It's durable nature and ability to recycle make PET packaging an ideal container for an ever growing number of products such as cleaning supplies, medicines, toiletries, and all sorts of food. PET bottles are used in the packaging of approximately 30 percent of all carbonated soft drinks sold in the U.S.

In fact, U.S. demand for bottle-grade PET resin is projected to increase steadily over the next several years as more industries turn to PET plastics for packaging purposes. The acquisition of PET bottles and packaging represent a significant cost for U.S. consumer product manufacturers. Increasing the tariff on imports of this product by removing it from the GSP program would impose a tax on U.S. consumer product manufacturers without benefiting local PET resin producers in the U.S. Essentially, a limitation, suspension or withdrawal of GSP status of bottle-grade PET will result in a tariff imposition of 6.5% on imports. U.S. based converters of PET resin and consumer product manufacturers would be adversely affected by suspension, removal or limitation of this product from the GSP program. It would add millions of dollars as additional costs at a time when prices in the U.S. market are steadily increasing.

The GSP is a bipartisan-supported program that is based on the principle of economic reform and growth can be achieved through integrating developing countries into the international trading system. In case of PET resin, the GSP program has worked as pioneer by allowing developing countries to compete in the U.S. market with exports of developed countries, such as Canada and to some extent Mexico (where many U.S PET manufacturing plants are located).

Applying a 6.5% tariff on imports of this product from GSP countries would not only hurt the goals of the goals of the GSP program, but would also harm U.S. industrial users of this product.

The impact of GSP import of bottle-grade PET resin on U.S. production is minimal. While it is certainly true that imports from developing countries have increased in recent years, GSP imports are still less than imports from NAFTA countries. And at the same time that imports from developing countries have increased, U.S. imports from Canada have dropped off significantly. One conclusion that can be made, therefore, is that the GSP program is working according to its intent, by granting developing countries the same access to the U.S. market as Canada, they have been able to become competitive suppliers.

In addition, the imposition of tariff will allow U.S. PET producers to protect their investments made abroad, particularly in Mexico and Canada. It is estimated that three U.S. PET producers have invested nearly 1 million metric tons of capacity in Mexico. This is more than double the estimated domestic consumption in Mexico, and more than five times the amount of PET resin that was imported from GSP eligible developing countries in 2003. Overall, therefore, imposition of tariff on developing countries will only serve to benefit the U.S. PET producers' large investments in Mexico and Canada.

PET imports are price followers….entering the U.S. market when they can compete and leaving when they cannot.

To place a barrier on imports from developing countries would be to put them at a competitive disadvantage, adding costs for U.S. users of PET resins. This would be unwise at a time when both U.S. and foreign producers are raising prices because of energy costs and other factors. In addition, U.S. demand for PET bottles and custom packaging is expected to increase in the coming years, by an average of 8% annually from 2004 to 2006, then 9% annually from 2007 to 2008. North American producers of PET resins would not have added capacity in Mexico and the U.S. in recent years if they did not expect growth for this product.

For converters, an imposition of tariff on PET resins imported from developing countries would place a burden on U.S. manufacturing and workers that could have significant negative consequences for purchasers, without benefiting domestic production of PET resin. The financial condition of U.S. domestic producers is shaped by market factors other than competition from GSP countries.

In 2004-2005, after extensive investigations by the U.S. Department of Commerce, following receipt of a petition filed with the Commission and Commerce by the U.S. PET Resin Producers' Coalition, Washington, DC. Subsequently on May 2, 2005, the U.S. International Trade Commission (ITC) determined that an industry in the U.S. is not materially injured or threatened with material injury, and the establishment of an industry in the U.S. is not materially retarded, by reasons of imports from India, Indonesia, and Thailand of PET resin that have been found by Commerce to be sold in the U.S. at less than fair value (LTFV).

The final determination rendered by ITC and the continuation of GSP for PET resins were strongly supported by:

- Processed Foods Agricultural Trade Advisory Committee (ATAC)

- Members of Congress from New Jersey, North Carolina, Michigan, Ohio, Alabama, New York, Arkansas, and Texas.

- U.S. companies such as Campbell Soup Co., Consolidated Container Co., LP, Constar International Inc., Graham Packaging, Lion Chemical Industries, Nestle USA, Nestle Water North America, Ocean Spray Cranberries, Owen-Illinois, PepsiCo, Procter & Gamble, Welch's.

- U.S. Trade Associations such as National Soft Drink Association, American Frozen Food Institute, Cosmetic, Toiletry, and Fragrance Association, Distilled Spirits Council of the United States, Grocery Manufacturers Association, International Bottled Water Association, National Association for the Specialty Food Trade, National Food Processors Association.

Thailand's plastic industry has roughly 200,000 workers, of which almost one-quarter are involving in producing goods for exports. About 30,000 workers in this sector would lose their jobs due to sharp drop of exports to the U.S. market, resulting from removal of GSP. As a consequence, rising unemployment will exacerbate and causing negative impacts to Thailand as a whole.

Although China presently does not receive the privileges, we are, however, facing tough competition from them due to their low labor costs, undervalued currency (RMB), and unfair subsidy by the government. Soon plastic products from Thailand and those who lose their competitive advantages would be phased out and pave the way for cheaper Chinese goods to flood the U.S. market. PET producers in Thailand may have to close down their operations and shift their plants to China. Consequently, Thailand unemployment will rise as more workers would be out of the jobs, further impacting the expected economic slow down from 4.5% this year to 3.5% next year due to weak exports and public spending. While World Bank and other outside economists say growth for China this year could be as high as 10.4%.

Summary Points

- Our mutual interest is best served by continuing GSP status. The removal of GSP for Thailand will have a repercussion of putting the life of thousand of workers in jeopardy. This will have a negative impact to Thailand's continued efforts to recover and stabilize the economy by providing the much needed employment and eradicating the poverty, which in turn will allow the Government to prevent terrorism and extremism from flourishing.

- GSP imports are a small percentage of the U.S. market. In 2005, ITC already determined that PET resin industry in the U.S. is not materially injured or threatened with material injury, and the establishment of PET resin industry in the U.S. is not materially retarded, by reasons of imports from India, Indonesia, and Thailand of PET resin.

- U.S. based converters of PET resin and consumer product manufacturers would be adversely affected by suspension, removal or limitation of this product from the GSP program. It would add millions of dollars on costs at a time when prices in the U.S. market are steadily increasing.

- We would like to strongly request the GSP Subcommittee to take all matters into consideration while reviewing change in this program as this may tremendously impact the livelihood and economic development of Thailand. At the same time, we would like to request to the Subcommittee to continue to grant the GSP benefit to Thailand and its PET resin industry in order that we may continue to supply high quality material at reasonable price to the US consumers.

Thank you very much for your attention.

Yours Truly,

Somyos Viriyakovidhya
Assistant Managing Director
Bangkok Polyester Public Co., Ltd.
Email: amd@bpc.co.th
www.bangkokpolyester.com

BPC

บริษัท บางกอกโพลีเอสเตอร์ จำกัด (มหาชน)
BANGKOK POLYESTER PUBLIC COMPANY LIMITED

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From: k-matsumoto@kuwayama.co.jp
Sent: Tuesday, September 05, 2006 2:24 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"

Company Name: Christy Gem Co., Ltd.

Address: 47/49 Moo.4 Sukhapibarn 2 Rd, Dokmai, Praves, BANGKOK

Email: info@christy-gem.co.th

Country: Thailand

Nature of Business: Jewelry Manufacturing

Products exported to the US: Jewelry, Chain with Diamond and Color Stone

HS Code: 7113.11.20, 7113.11.50, 7113.19.50

Impact on the business if GSP would be revoked:
1. Decrease of Orders from USA because of cost increase.
2. We have to think of moving manufacturing factory to China for lower cost. 3. We have to lay off workers because of sales decrease.

Name:Kazutoshi Matsumoto
Position:Chain Section Manager
Date: 2006.09.05

Opposes Argentina, South Africa,
& Thailand
Requests their graduation from GSP;
Or opposes GSP treatment for canned
peaches, canned fruit mixtures,
and frozen peaches

From: pwalther@mwe.com
Sent: Wednesday, September 06, 2006 11:06 AM
To: FN-USTR-FR0052
Subject: Fw: 2006 GSP Eligibility (resubmitted in Word)

Per my conversation today with Regina Teeter, we are resubmitting the comments filed yesterday on behalf of the California Cling Peach Board in word format.

Thank you.

Pamela D. Walther
McDermott Will & Emery LLP
Washington, D.C.
202.756.8220

----- Forwarded by Pamela D Walther/WDC/MWE on 09/06/2006 10:58 AM -----
Pamela D Walther/WDC/MWE
09/05/2006 04:14 PM
To FR0052@USTR.EOP.GOV
cc
Subject 2006 GSP Eligibility

Please find attached the comments of the California Cling Peach Board regarding the 2006 GSP eligibility review.

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202.756.8220

BEFORE THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATIONS OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS

COMMENTS OF THE CALIFORNIA CLING PEACH BOARD SUPPORTING THE GRADUATION OF ARGENTINA, SOUTH AFRICA, AND THAILAND FROM THEIR STATUS AS GSP BENEFICIARY COUNTRIES

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Submitted: September 5, 2006

BEFORE THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATIONS OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS

COMMENTS OF THE CALIFORNIA CLING PEACH BOARD SUPPORTING THE GRADUATION OF ARGENTINA, SOUTH AFRICA, AND THAILAND FROM THEIR STATUS AS GSP BENEFICIARY COUNTRIES

I. Introduction

The following comments are submitted by the California Cling Peach Board (the Board) in response to the *Federal Register* notice of August 8, 2006 (71 *Fed. Reg.* 45079), requesting comments on whether major beneficiary countries of the GSP program, including Argentina, South Africa, and Thailand, have expanded exports or progressed in their economic development to the extent that their GSP-eligibility should be limited, suspended, or withdrawn consistent with section 502(d) of the GSP statue.

The California Cling Peach Board supports the graduation of Argentina, South Africa, and Thailand from the GSP program. All three countries are economically advanced relative to most GSP-beneficiary countries and all are successful producers and/or exporters of canned peaches (H.S. 2008.70.20), canned fruit mixtures (H.S. 2008.92.90), and/or frozen peaches (H.S. 0811.90.80) to the U.S. market, even without GSP duty-free access for these products.[1] In the absence of fully graduating Argentina, South Africa, and Thailand from the GSP program, these countries, at a minimum, should be precluded from seeking GSP treatment on additional products, including canned peaches, canned fruit mixtures, and frozen peaches, where they are already competitive in the product and where the GSP Subcommittee has consistently denied GSP duty-free access.[2]

The California Cling Peach Board is a non-profit quasi-governmental association representing all 700 cling peach growers and 4 cling peach processors in the State of California. California accounts for more than 98% of all U.S. production of cling peaches. Over ninety-five percent of that production is used for processing. Between 65% and 70% of the annual cling peach crop is processed into canned

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[1] The U.S. MFN duty on canned peaches is 17%; the U.S. MFN duty on canned fruit mixtures is 14.9%; and the U.S. MFN duty on frozen peaches is 14.5%.

[2] Canned peaches, canned fruit mixtures, and/or frozen peaches have been the subject of GSP reviews in 1993, 1995, 2000, 2001 and 2003. Argentina requested GSP treatment for canned peaches in 2001 and on frozen peaches in 2003. In all these reviews, the GSP Subcommittee denied GSP duty-free treatment.

peaches. Another 25% of the crop is processed into canned fruit mixtures. Other important cling peach products are frozen peaches and peach pulp concentrate.

Nearly ninety-five percent of California's cling peach products are sold in the U.S. market. This market is essentially the only market in which U.S. cling peach growers remain competitive against subsidized and low-priced foreign canned peaches and other cling peach products. Because the U.S. market is so essential to our industry, and the Board has had to defend its industry against numerous past requests from competitive producers for GSP treatment on cling peach products, the industry is greatly interested in GSP program reforms that would remove some, or all, of the competitive producing countries from the GSP program.

II. <u>The Criteria for Graduating Argentina, South Africa, and Thailand From the GSP Program Include Their Overall Economic Development and Trade Competitiveness</u>

The GSP program is intended to offer only temporary duty-free access for developing countries, which cannot effectively compete without tariff preferences. Its purpose is to help advance those economies through increased trade opportunities.[3] For this reason, the GSP program contemplates that countries which have achieved a sufficient level of advancement that they no longer need preferential duty-free benefits to sustain growth, should be graduated from the program as a country, or as to their most competitive products.

Argentina, South Africa, and Thailand are among the countries identified by the GSP Subcommittee as possible candidates for graduation because (i) the total value of U.S. GSP imports from each of the countries in 2005 exceeded $100 million, and (ii) in 2005, the World Bank classified the countries as "upper-middle income" economies, and/or (iii) each country accounted for more than 0.25% of world goods exports in 2005, as reported by the WTO.

Argentina, South Africa, and Thailand easily meet these criteria and are sufficiently advanced in other statutory criteria relevant to graduation, including:

(i) their level of economic development as represented by per capita gross national product, the living standards of its people, and other economic factors which the President deems appropriate (Section 502(c)2); and

(ii) their competitiveness in [GSP-]eligible products (Section 501(4)).

III. <u>Argentina Has Advanced Economically Such That It No Longer Needs or Warrants GSP-Beneficiary Status</u>

Over the 30-plus years that Argentina has been a GSP beneficiary country it has advanced economically to become one of the richest countries in South America and the leading South American

[3] *See* Committee on Ways and Means, U.S. House of Representatives, *Overview and Compilation of U.S. Trade Statutes*, June 2005 ed., at 14; and Section 501(b) of Pub. L. 98-573, Statement of Purpose for Generalized System of Preferences Renewal Act of 1984.

nation in terms of gross domestic product (GDP) per capita. In 2005, its GDP per capita was $13,100, compared to $9,600 for Uruguay and $8,400 for Brazil.[4]

The World Bank classifies Argentina as an "upper-middle income" economy with a gross national income (GNI) per capita in 2004 of $3,580.[5] Its population benefits from a relatively high standard of living, a life expectancy of over 76 years, and a literacy rate of 97%.

Argentina's economy has rebounded after recovering quickly from the devaluation of the peso in early 2002. Between 2003 and 2005, Argentina's GDP grew over 9% annually. The growth was attributed to strong exports, favorable domestic conditions, and strong domestic demand.[6]

Argentina is a competitive exporter. Its 2004 world exports were valued at over $34.5 billion. That accounted for 0.4% of the world goods exports -- a figure well above the 0.25% threshold established by the GSP Subcommittee as an indicator of economic advancement and possible graduation.[7] Of the $34.5 billion of global exports, over $4.64 billion was exported to the U.S. market, with $616.5 million of that trade duty-free under the GSP program.

In the canned peach sector, Argentine canned peaches are competitive with U.S. canned peaches in the U.S. market, even paying the U.S. MFN duties. Notwithstanding this, since 2001, the Government of Argentina and its canned fruit processing industry have twice requested GSP duty-free access for cling peach products. In 2003, it requested GSP duty-free status for "frozen peaches" (H.S. 0811.90.80.80).[8] Two years earlier Argentina petitioned for GSP treatment for canned peaches (H.S. 2008.70). Even though GSP treatment for these products has consistently been denied, Argentina is expected to continue seeking GSP zero-duty access for these products unless GSP program changes are made to prevent this.

IV. <u>South Africa 's "Upper-Middle Income" Status and Expanded Export Portfolio Suggest It No Longer Needs Preferential GSP Duty-Free Benefits to Compete</u>

South Africa benefits from both GSP duty-free access and duty-free access under the GSP-related African Growth and Opportunity Act (AGOA) for most products. The *Federal Register* notice announcing this review does not address whether graduation from the GSP program completely, or

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[4] This reflects GDP figures based on purchasing power parity (PPP), which according to the World Bank is more representative since it adjusts for differences in the price of goods and services in different countries. *See* World Bank, Quick Reference Table (2006), *available at* www.worldbank.org; and Central Intelligence Agency, *The World Fact Book*: GDP per capita (PPP), dated Aug. 8, 2006, *available at* https://www.cia.gov/cia/publications/factbook/geos/ar.html (hereinafter "*World Fact Book*").

[5] The World Bank classifies countries based on income using the following income groups: "low income," which are countries with a GNI of $875 or less; "lower middle income," with a GNI of between $876 and $3,465; "upper middle income," with a GNI of between $3,466 and $10,725; and "high income," with a GNI of $10,726 or more.

[6] *The World Fact Book*: Argentina.

[7] World Trade Organization, *Leading exporters and importers in world merchandise*, December 2005, available at http://www/wto.org/English/res_e/statis_e/its2005/its05_toc_e.htm.

[8] That petition was denied under the GSP three-year bar rule.

graduation for specific products, would affect South Africa's AGOA status. Canned peaches, canned fruit mixtures, and frozen peaches are not duty-free under either program.

Regardless of its AGOA status, South Africa meets the relevant economic development and trade competitiveness criteria to be graduated from the GSP program.

South Africa is one of the richest, economically advanced countries on the African continent. Its economic growth has been possible because of an abundant supply of natural resources, a strong export-oriented metal and mineral sector, a modern infrastructure supporting the distribution of goods throughout the region, and a highly literate population.[9]

Based on World Bank standards, South Africa has achieved "upper middle-income" status with a per capita GNI of $3,630 in 2004.[10] In 2005, its GDP per capita was $12,000, which is high among GSP beneficiary countries.[11] South Africa also benefited from a favorable GDP growth rate of 4.9% in 2005.[12]

In 2004, South Africa's global exports were valued at over $46 billion, accounting for 0.5% of the world's exports.[13] This is double the 0.25% of world exports identified by the GSP Subcommittee as a relevant criteria for GSP graduation. As to its trade with the United States, in 2005, South Africa exported $5.85 billion of goods to the U.S. market, with $1.017 billion of that entering duty-free under the GSP provisions.[14] Duty-free imports also enter under the AGOA provisions.

In the canned fruit sector, South Africa is one of the world's leading producers and exporters of canned peaches. Even without GSP duty-free treatment for canned peaches, South Africa has historically been a prominent exporter of canned peaches to the U.S. market. Its competitive status was recognized during the AGOA GSP product review in 2000, when canned peaches, canned fruit mixtures, and frozen peaches were three of only six agricultural products denied AGOA duty-free treatment. South Africa's trade competitiveness, along with its overall economic development, are reasons to graduate South Africa from the GSP program.

V. Thailand is a Competitive Global Exporter and No Longer Needs Preferential Duty-Free Access to Compete in the U.S. Market

Thailand has an export-driven economy. It was one of East Asia's best performers economically in 2002-2004. Driven by increased domestic consumption of goods and strong export growth in manufacturing and agriculture, the Thai economy grew by 6.9% in 2003, 6.1% in 2004, and

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[9] *The World Fact Book*: South Africa.

[10] *See* World Bank, Country Classification (2006), *available at* www.worldbank.org.

[11] This reflects GDP per capita adjusted for purchasing power parity (PPP). *The World Fact Book:* GDP per capita (PPP).

[12] *The World Fact Book*: South Africa (estimated 2005 rate).

[13] World Trade Organization, *Leading exporters and importers in world merchandise*, December 2005, available at http://www/wto.org/English/res_e/statis_e/its2005/its05_toc_e.htm.

[14] See USITC data Web.

4.4% in 2005 despite high oil prices and the tsunami-related declines in tourism. In 2006, the economy is expected to benefit further from an influx of investment and a revived tourism sector.[15]

Based on the latest available World Bank data, the World Bank classifies Thailand as a "lower middle income" economy. It had a 2004 per capita GNI of $2,490. Its GDP for 2005 based on PPP was $8,300.[16]

In 2004, Thailand's net exports reached $97.4 billion, which accounted for 1.1% of world-wide exports. This far exceeds the 0.25% target suggested by the GSP Subcommittee.[17] In 2005, Thailand's exports to the United States were valued at $19.803 billion, with $3.575 billion of that entering duty-free as GSP-eligible products.

In the canned fruit sector, Thailand is know for its highly advanced fruit repacking and processing industry. It is a competitive processor of peaches and fruit mixtures packed in innovative plastic cups. Because Thailand is not known as a peach grower, the peaches repacked in Thailand are principally sourced from Greece and China. Thailand exports a large volume of the repackaged and processed peaches and fruit mixtures to the U.S. market. Although the products are not made from Thai-grown peaches, the finished processed product could still qualify as product of Thailand for purposes of GSP treatment if substantial transformation occurs in Thailand.

VI. Conclusion

Argentina, South Africa, and Thailand have each achieved a level of economic development and trade competitiveness that they no longer require GSP zero-duty benefits. They are especially competitive producers and exporters of canned peaches, canned fruit mixtures, and frozen peaches. All three countries should be graduated from the GSP-program. In the event these countries are not graduated completely from the GSP program, they should, at a minimum, be barred from seeking GSP treatment on additional products, including canned peaches, canned fruit mixtures, and frozen peaches.

[15] *The World Fact Book*: Thailand.

[16] *The World Fact Book*: GDP per capita (PPP).

[17] World Trade Organization, *Leading exporters and importers in world merchandise,* December 2005, available at http://www/wto.org/English/res_e/statis_e/its2005/its05_toc_e.htm.

AURAFIN®

GSP Renewal Survey

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

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

   GOLD JEWELRY

3. Do you support renewal of GSP? X Yes ___No

4. For what period should congress renew GSP?

   ___1 year

   ___5 years

   ___Other

   X Permanently, unless Congress affirmatively determines to terminate.

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

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

   ___Yes X No

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

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

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

Sincerely,

Carlos Viera

Carlos Viera
Customs Mgr. - Aurafin LLC

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

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Hacienda Heights, CA 91745
Tel: (626) 369-3658 x 22
Fax: (626) 369-3105

September 5, 2006

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

Subject: 2006 GSP Eligibility and CNL Waiver Review
Harmonized Tariff Code: 3907.60.00.10 (Polyethylene Terephthalate)

Dear Sir/Madam:

We have learned that Generalized System of Preferences (GSP) Program will be review by the Office of the United States Trade Representative and TPSC is requested for public comments.

We, Aurrizon Corporation, a California Corporation, an importer mainly imports Polyethylene Terephthalate Resin (HS# 3907.60.00.10) from Thailand. Our company is one of the beneficiaries of the GSP program, as well as our related associates and consumers.

The GSP program is vital to the development of the U.S. and its trade partners. This program encourages economic advancement in poor countries through trade instead of direct aid. Remove of GSP eligibility for Thailand would set back the goals of the program and could be impact our U.S. economy.

The GSP program is not just helping Thailand to develop their economy, but it helping our local transportations and logistics as well. Our importation requires sub-contracted third-party services, i.e, trucking, warehousing and deliveries services

Without the GSP support, we will not be competitive to the market, which will forcing our company to terminate our contractors and service providers and will result in employment layoff and increasing in unemployment.

Therefore, we do urging you to consider the continuation of the GSP eligibility for Thailand, especially with respect to bottle-grade PET resin (HS 3907.60.0010)

Again, thank you very much for your continue support.

Sincerely yours,

Christopher Wu
President
Aurrizon Corporation
e-mail: cwu@aurrizon.com

GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATION OF REVIEWS AND REQUEST FOR PUBLIC COMMENTS

2006 GSP Eligibility and CNL Waiver Review

WRITTEN COMMENTS ON BEHALF OF BEAUTY GEMS FACTORY COMPANY LIMITED SUBMITTED TO THE USTR REGARDING THE SECOND PHASE OF GSP REVIEW AND TO SUPPORT THE CONTINUED STATUS OF THAILAND AND ITS GEMS AND JEWELRY INDUSTRY

5 September 2006

Submitted by:

Beauty Gems Factory Co., Ltd.
1240 - 1242
New Road, Bangrak
Bangkok 10500
Thailand

WRITTEN COMMENTS ON BEHALF OF BEAUTY GEMS FACTORY CO., LTD TO SUPPORT THE CONTINUED GSP STATUS OF THAILAND AND ITS GEMS AND JEWELRY INDUSTRY

5 September 2006

These written comments have been submitted by Beauty Gems Factory Co., Ltd, Thailand ("Beauty Gems"), in response to the request of the Office of the United States Trade Representative (the "USTR") regarding the Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments, as specified in the USTR Federal Register notice dated 8 August 2006.

A. BACKGROUND AND REQUEST

Beauty Gems is an export-oriented company, which exports about 90% of its jewelry to the U.S. and is one of the largest Thai exporters of jewelry under the GSP program. It provides employment to more than 3,500 people across its four manufacturing locations in Thailand while Thailand's entire gems and jewelry industry employs more than 1 million people. Beauty Gems has a working relationship with at least one hundred American companies, and deals with many more companies whose businesses are largely associated with importing Thai gems and jewelry.

Beauty Gems would like to request the USTR to consider continuing the current status of Thailand and its gems and jewelry industry under the GSP program, which provides assistance to developing countries by granting duty-free treatment for its products exported to the U.S.

B. THE THAI GEMS AND JEWELRY INDUSTRY AND THE NECESSITY OF CONTINUED GSP STATUS

The U.S. is the largest and most significant market for Thai gems and jewelry exports. In its jewelry exporters to the U.S. market, Thailand faces tough competition from China and India, even though China does not have the benefit of GSP privileges. China has taken a substantial part of the U.S. export market share and exportation from China to the US market exceeded that of Thailand for the first time in 2004, and has continued to remain higher ever since.

The U.S. GSP program has contributed to the growth of the Thai gems and jewelry industry by allowing duty free access rather than access at the regular duty rates of 5% -13.5%. The U.S. export market is critically important to the gems and jewelry industry in Thailand since it represents a large proportion of the Thai export market.

Statistics: Thailand Gems and Jewelry Export to the U.S.

	2004	**2005**	**2006 (Jan-July)**
Export Value (million USD)	718.27	956.56	502.50
Growth Rate %	16.09	33.16	-0.79

Source: Department of Export Promotion

It is apparent from the above table that the Thai gems and jewelry export to the U.S have been significant in terms of both value and volume. However, due to uncertainty regarding the GSP program and a loss of market share to competitors, the growth rate of Thailand's export has already declined and appears to have suffered a downturn in 2006.

Current Issues Related to Thailand and its Gems and Jewelry Industry

There is a necessity and a huge responsibility for Thailand to uphold its current status as a GSP beneficiary, particularly due to the country's current economic and political situation and the condition of the Thai gems and jewelry industry.

Thailand exports high quality gems and jewelry to the U.S under the GSP program, which also greatly benefits American companies and consumers. However, Thailand's labor costs as compared with its competitors are higher, which places it at a disadvantage for export competitiveness in both the global and the U.S. markets. It is essential for both Thai jewelry manufactures and American importers to continue receiving the GSP privileges in order to remain competitive with the products produced at a low cost, particularly those from China and India.

The current recession in Thailand, political uncertainty and unrest in the south of Thailand have had a negative impact on the foreign investment and on a number of Thai domestic industries. In this current demoralizing situation, continued support from the U.S. in terms of trade benefits is critical.

If the GSP program for Thailand is suspended or withdrawn, it is likely that, as has occurred to other industries, certain Thai jewelry manufactures would relocate to low labor cost countries in order to remain competitive in the global export market. This will eventually have a serious impact on both Thailand and its gems and jewelry industry.

Thailand has been a strategic partner and ally of the U.S. for many years. However, an adverse decision of the U.S. may have an economic and political impact on Thailand and lead to a loss of export competitiveness to China. It is significant to note that the thirty-year GSP program initiated by the U.S. involves Thai and American companies of all kinds and sizes, and has an impact on the livelihood of millions of people.

C. OVERALL ADVERSE IMPACT OF WITHDRAWAL OR SUSPENSION OF THAILAND'S GSP PRIVILEGES

Beauty Gems has briefly summarized below the impact on its operations and on the Thai gems and jewelry industry as a whole, if the U.S. limits, withdraws or suspends Thailand's GSP privileges.

C.1 **Loss of largest export market**: The U.S. is Thailand's largest gems and jewelry export market. In fact, as stated before, about 90% of Beauty Gems jewelry is exported to the U.S. Any change in the current status will result in the loss of the foremost and only major market of Beauty Gems and a number of other Thai companies, and have a severe impact on the business status of many companies in the industry.

C.2 Impact on competitiveness: Any change in the current trade privileges will have an enormous impact on Thai businesses and exporters. If the U.S. withdraws GSP benefits from Thailand, exporters may face more difficulty in competing in the U.S. market with low-priced products from China and others countries. On the whole, losing GSP benefits will hurt

Thailand's and Beauty Gem exports severely. Moreover, any change in Thailand's status will give an undue price advantage in the U.S. market to China and India.

C.3 **Serious Impact on SME's:** In Thailand, the gems and jewelry business in mainly conducted by small and medium businesses enterprises. The decision to limit, withdraw, and suspend GSP privileges would cause serious difficulties for such enterprises. In fact, in the worst-case scenario a number of these enterprises will shut down their operations. The collapse of small and medium size enterprises may once again result in an economic crisis in Thailand.

C.4 **Loss of jobs / impact on employment**: In addition, at least 50,000 people in the gems and jewelry industry alone could lose their jobs if GSP benefits were removed. However, given that an impact on one industry is often felt in other industries, the number of losses could be dramatically higher.

C.5 **Further advantage to China:** The withdrawal of GSP privileges will immediately further benefit China and Chinese jewelry manufacturers. This could increase the influx of imports from China into the U.S. market and weaken Thailand's current position. As a result, China may further strengthen its position as some manufactures may relocate to China in order to remain competitive.

D. STRONG INDICATION OF TWOFOLD NEGATIVE IMPACT

It is significant to note that the withdrawal or suspension of Thai GSP privileges would have a twofold negative effect. The removal of GSP benefits would not only injure Thai exports but would simultaneously lead to financial burden and an adverse impact on American importers, retailers and consumers, who would have to pay higher prices for goods.

Even though the second phase review is ongoing and no final conclusion has been drawn, some American importers are delaying orders for Thai products due to uncertainty about the GSP program and some others have expressed concern about the financial impact on American companies and customers. This is a strong indication of the damaging impact on Thai exports as well as on U.S. retailers and consumers, if GSP benefits are lost.

E. CONCLUSION

We believe that both Thailand and the U.S. benefit from the trade under the GSP, and it is imperative that this program be continued. If the GSP privileges for Thailand are limited, withdrawn or suspended, Beauty Gems along with many other gems and jewelry companies in Thailand would instantaneously lose their business, stability and competitiveness in the U.S. market.

We strongly urge that the USTR give consideration to the above comments and concerns and sincerely request that it should not make changes to the GSP program for Thailand.

****

BOONYARAT JEWELRY & CRAFTS CO.,LTD.
49 Soi 43/1 Ramkumhaeng Rd, Wangtonglang, Bangkok, 10310 Tel: (662) 7198502-4, Fax (662) 3183446 E-Mail Address bjctanet@truemail.co.th

We would like you to consider the advantage and disadvantage that the GSP should be extended to Thailand due to the fact that;

- Thailand is always the good alliance to USA.
- The US importers would loss the opportunity because Thai product provides with reasonable price, high standard and supplied on time.
- Thai jewelry product does not disturb US domestic wage.
- The real value of our competitors' money has been under value which in one of our Thai's weak point.
- Local effect will be,

  1. Many small and medium entrepreneurs (SME) which are hardly survive in this economic situation and would be worse due to the cutting of GSP.
  2. There will be a lot of labor to be ceased from their work because Thai cannot compete with China or India for price.
  3. Since Thai jewelry is produced with the high standard craftsmanship in order to obtain the nice product, the decrease in labors cost would compromise the quality of the product.

Thailand should be extended the CNL waiver for the reasons as follow;

- From the global trade atlas, the US imported product code 7113.11.20, Thailand ranks as top exporter, whereas, China (without GSP) ranks the second.
- Product code 7113.11.50, China (without GSP) ranks the first, while Thailand ranks the second.
- Product code 7113.19.50 , Thai ranks as the third

As a result, if there's no extension of GSP to Thailand, the beneficial countries would be China, India and Italy. More to the point, the cease of GSP to Thailand may lead to the monopoly the Jewelry industry of the powerful countries.

BOONYARAT JEWELRY & CRAFTS CO.,LTD.
49 Soi 43/1 Ramkumhaeng Rd, Wangtonglang, Bangkok, 10310 Tel: (662) 7198502-4, Fax (662) 3183446 E-Mail Address bjctanet@truemail.co.th

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As a result, if there's no extension of GSP to Thailand, the beneficial countries would be China, India and Italy. More to the point, the cease of GSP to Thailand may lead to the monopoly the Jewelry industry of the powerful countries.

From: Brachaf@jascodesigns.com
Sent: Tuesday, September 05, 2006 10:34 AM
To: FN-USTR-FR0052
Cc: Morgenstern
Subject: 2006 GSPEligibility and CNL Waiver Review

Company name Jasco Designs Co.

Address. 63 Flushing Ave. Unit #290
Brooklyn, NY 11205

Email Address. barrym@jascodesigns.com

Country. USA

Nature of business. Sterling Silver Jewelry Wholesaler

Products exported to the US. Sterling Silver Jewelry
(HS code) : 7113.11.20 and 7113.11.50.

Impact on the business if GSP would be revoked.

1. We will have to take our business back to China.

2. US investors doing business in Thailand would be affected.

3...
....

4. Other comment...

Name. Barry Morgenstern Position. General Manager

Date. 9/5/06

BRIDGESTONE AMERICAS HOLDING, INC.

STEVEN J. AKEY
VICE PRESIDENT
GOVERNMENT AFFAIRS

607 14th Street, NW Suite 500
Washington, DC 20005
phone: 202-354-8220
fax: 202-354-8201

September 5, 2006

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

Re: Generalized System of Preferences – Country Eligibility Review

Dear Members of the GSP Subcommittee:

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

Bridgestone's U.S. operations are part of a multinational manufacturer, marketer, importer, and exporter of motor vehicle tires classified under Harmonized Tariff Schedule ("HTS") subheadings 4011.10.10 and 4011.20.10. GSP benefits have been a factor in the parent company's ability to invest in and expand operations in these developing countries. In Indonesia, the Bridgestone production capacity has grown by roughly **[** * * * * * **]** since 2000, and it now employs approximately **[** * * * * * **]** workers in two Indonesian plants producing GSP eligible merchandise. Most of the company's Indonesian production is exported, to the United States and elsewhere. In Thailand, Bridgestone's production capacity has almost **[** * * * * * **]** since 2000, and the number of employees at our three plants has grown by **[** * * * * * **]** to **[** * * * * **]** workers in the same period. A significant share of the Thai truck/bus tire production is exported, and a large portion of these exports are directed to the U.S. market. Thus, for purposes of the applicable statutory criteria, there is no question that the extension of GSP preferences to Indonesia and Thailand has contributed significantly to the economic development of these countries through exports. *See* 19 U.S.C. § 2461(1).

The duty-free status of Indonesian- and Thai-origin tires under the current GSP preferences has resulted in a four percent duty savings to Bridgestone, and has been a key factor in the company's global investment and sourcing decisions. However, like many of our competitors, Bridgestone has, due to cost pressure, in recent years increased production capacity in China. Due to the intensely competitive nature of the tire industry, the elimination of the current 4 percent duty savings on tire imports from Indonesia and Thailand would cause Bridgestone to evaluate its global sourcing patterns – including the potential shift of some production to lower-cost locations such as China. We expect that our competitors would face the same pressure, and that the withdrawal of GSP preferences for Indonesia and Thailand could contribute to a further overall shift in tire production from current GSP beneficiary countries to low-cost producers such as China.

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

Respectfully submitted,

/s/

Steven. J Akey

From: aood [aood@choonjewelry.com]
Sent: Friday, September 01, 2006 12:26 AM
To: FN-USTR-FR0052
Cc: choon; jim; sutee; tom@choonusa.com
Subject: "2006GSP Eligibility and CNL Waiver Review"

COMNPANY NAME : Choon Jewelry Co.,Ltd.
ADDRESS : 23/22-25 Muban Sethakij Laksong Bangke Bangkok 10150
EMAIL ADDRESS : choon@choonjewelry.com
COUNTRY : Thaialnd
NATURE OF BUSINESS : Jewelry
PRODUCTS EXPORTED TO THE US : Silver and Gold Jewelry
(HS CODE) : 7113.11.20 , 7113.11.50 AND 7113.19.50
IMPACT ON THE BUSINESS IF GSP WOULD BE REVOKED :
1. Thai labor will be in trouble since the order will be decreased and the size of the factory production would be decreased. We have to lay off part of the labor.
2. Increase in Unemployment rate in Thailand because Jewelry is the labor intensive industry/
3. Decrease in competitveness such as the labor cost comparing with the competitors in China and India from cheaper labor cost.
4. Currency value of the competitor does not reflect the reality while Thai baht appreciates to the US dollars.
5. May considerthe relocation to China production base.
6. Stagnation in the policy to push Thailand as the world's gem trading center.
7. Difficulty for Thai policy to push Thai entrepreneurs to recover.
8. Decrease in purchase orders from AMercican customers.
9. Southern SME's and labor have to move back unemployed.
10. Difficulty in solving terrorism problem in the south of Thailand due to lack of revenue from Export.

NAME : Mr.Worapoj Kongvinyu POSITION : Vice President Marketing
DATE : 1 September 2006

From: dasika [dasika.s@christy-gem.co.th]
Sent: Monday, September 04, 2006 10:03 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Company Name: Christy Gem Co., Ltd.

Address: 47/49 Moo.4 Sukhapibarn 2 Rd, Dokmai, Praves, BANGKOK

Email: info@christy-gem.co.th

Country: Thailand

Nature of Business: Jewelry Manufacturing

Products exported to the US: Jewelry, Chain with Diamond and Color Stone

HS Code: 7113.11.20, 7113.11.50, 7113.19.50

Impact on the business if GSP would be revoked:
1. High possiblity of being laid.
2. Vast amounts of unemplyed people would increase in society.
3. Problems of South part of Thailand would expand because of Impact No2.
4. As many companies would move to invest in China, Thailand economy get worse.

Name: Dasika S.
Position: Secretary & Sales Support
Date: 2006.09.05

ConAgra Foods®

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

September 5, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

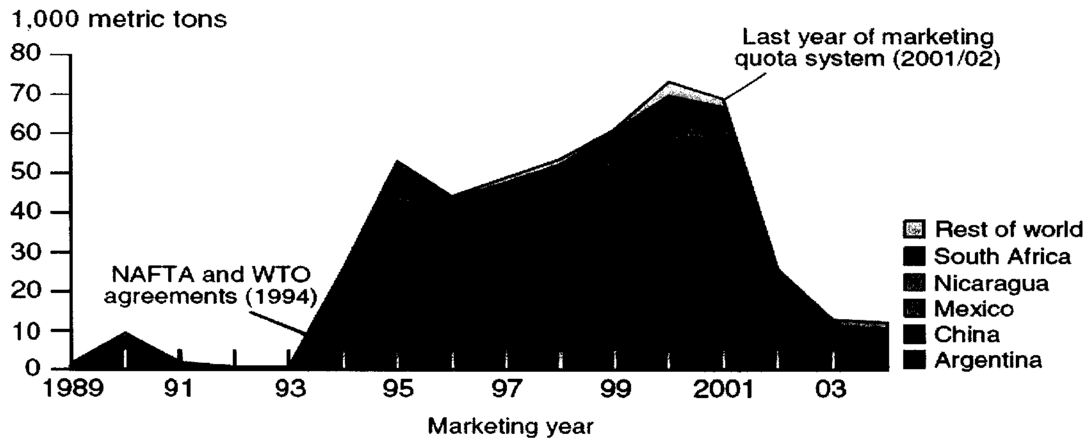
Moreover, India, Indonesia and Thailand are examples of countries that demonstrate the value of the GSP program. Through trade, these countries have improved their economic conditions, a result that we feel would be threatened if their GSP eligibility were removed. The U.S. economy would be adversely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

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

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

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

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

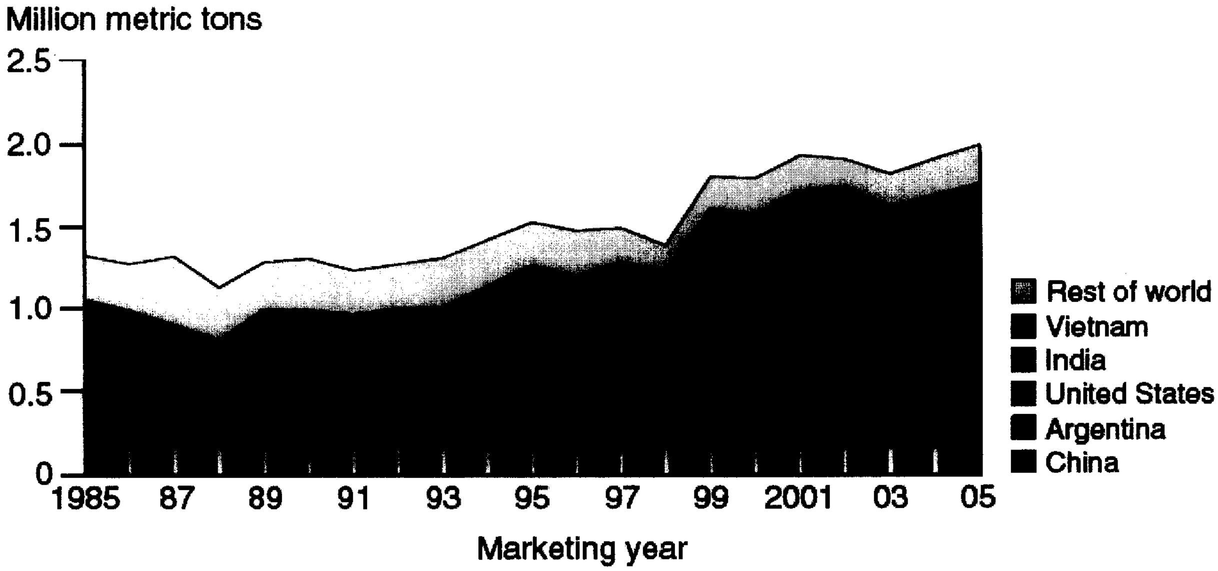


Source: USDA, Foreign Agricultural Service, "FASonline: U.S. Trade Internet System," available at http://www.fas.usda.gov/ustrade/USTImFAS.asp?QI=/.

B. Argentina Lags Behind China as Peanut Exporter

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

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



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

C. Drought Conditions May Increase Demand for Imports

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

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

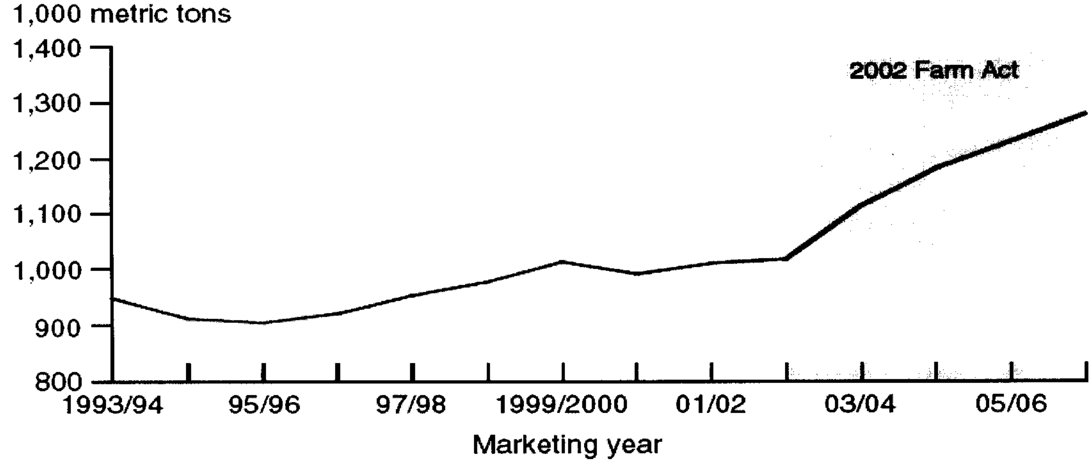
From USDA's August 11, 2006 *Peanut Crop Production Report* (emphasis added):

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

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

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

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



Sources: World Agricultural Outlook Board, USDA.

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

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

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

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

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

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

Sincerely,

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

From: Maureen Kelley [Maureen@CNA-CORP.COM]
Sent: Tuesday, September 05, 2006 10:08 AM
To: FN-USTR-FR0052
Cc: Crystaline General EMail
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Sirs,

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

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

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

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

This letter refers to the GSP Eligibility HTSUS # 7113.11.5000 and #7113.19.5000

Sincerely,
Maureen Kelley
Vice-President, Operations

Crystaline North America, Inc.
1 Wholesale Way
Cranston, RI 02920

BEFORE THE:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

Written Comments

by

DANA CORPORATION

September 5, 2006

<u>VIA E-MAIL</u>
FR0052@ustr.eop.gov

On behalf of:
DANA CORPORATION
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Toledo, OH 43697
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These comments are filed on behalf of the Dana Corporation of Toledo, Ohio in response to the notice: Generalized System of Preferences (GSP): Request for Public Comments, 71 Fed. Reg. 45079 (August 8, 2006), requesting comments on the reauthorization of the Generalized System of Preferences (GSP) program, and whether beneficiary countries that are high-volume users of the GSP program should continue to be designated as GSP beneficiaries. In addition, Dana is providing comments on whether termination of the competitive need limitation waivers currently in place are warranted due to possible changed circumstances.

I. BACKGROUND

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

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

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

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

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

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

A. Argentina

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

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

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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.

[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

FPA
FOOD PRODUCTS ASSOCIATION

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September 5, 2006

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

EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

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

To remove eligibility of those countries that have used the GSP program would discourage U.S. importers from relying on imports from GSP countries. India, Indonesia and Thailand are examples of countries that demonstrate the value of the GSP program. Through trade, these countries have improved their economic conditions. Removal of GSP eligibility for India, Indonesia and Thailand is contrary to the stated goals of the program, and would set back the goals of the program and would adversely affect the U.S. economy at the same time, as is demonstrated by this specific example.

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

- **World Bank Ranks These Countries in Low Economic Categories.** By most World Bank indicators of economic development, India, Indonesia and Thailand rank in the lowest categories. Twenty-one other GSP beneficiaries, including 14 countries not on USTR's review, have achieved "upper-middle-income economies," while India is categorized as a "low-income" economy, and India and Indonesia are "lower-middle-income economies."

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

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

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

Sincerely,

Peggy S. Rochette

Peggy S. Rochette

Sr. Director International Policy

FPA
FOOD PRODUCTS ASSOCIATION

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

To remove eligibility of those countries that have used the GSP program would discourage U.S. importers from relying on imports from GSP countries. India, Indonesia and Thailand are examples of countries that demonstrate the value of the GSP program. Through trade, these countries have improved their economic conditions. Removal of GSP eligibility for India, Indonesia and Thailand is contrary to the stated goals of the program, and would set back the goals of the program and would adversely affect the U.S. economy at the same time, as is demonstrated by this specific example.

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

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

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

Sincerely,

Peggy S Rochette

Peggy S. Rochette

Sr. Director International Policy

From: Sirisak CHIVARUANGROT [sirisak@geodisth.com]
Sent: Monday, September 04, 2006 6:47 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Sir or Madam,

Geodis Merlin Ltd. is one of the Gold Jewelry (HS 711319.50) manufacturers and exporters whose Customers are in United States of America. If Thailand would be removed from the GSP, we would have been severely suffered from the GSP revocation.

Our American Customers will turn to import the Gold Jewelry (HS
711319.50) from other countries such as China, India etc. which are more competitive as the labour is very cheap due to the different working conditions and the different attitude in term of Human Right so it might be impossible for us to expand this business in the near future. The projects to import modern and high technology machines from United State of America maybe delay or stop, for samples Laser welding workstations, equipments and hand tools, used in the production process from casting to finishing.

Moreover the effects on Thai Jewelry Industry widen to many Thai craftsmanship whose skills are inherited from generation to generation.

In our mind, we always have the responsibility to do the business together with fair price, good quality and on time delivery.

"WORK WITH U.S.A., WALK WITH U.S.A. IS THE PATH OF OUR SUCCESS"

Please continue the GSP for Thailand until our jewelry industry is very competitive.

Yours truly,

Sirisak Chivaruangrot.
Director.

Geodis Merlin Ltd.
1 Soi Pradit,
Surawong Road,
Bangrak,
Bangkok 10500,
THAILAND.

Phone: (+66) 22 33 03 69
Fax: (+66) 22 35 14 38

SUBJECT: **"2006 GSP Eligibility and CNL Waiver Review"**

Company Name: **The Gragg Company/ Sue Gragg Precious Jewels**

Address: **5500 Preston Road**
Suite 205
Dallas, Texas 75205

Email Address: **sgprecjewl@aol.com**

Country: **USA**

Nature of business: **Retailer and wholesaler of precious jewelry**

Products imported from Thailand: **18kt gold, diamond and colored stone jewelry**

HS Code: **7113.19.50**

Impact on the business if GSP would be revoked: Having to pay taxes on goods that we import form Thailand would be a great disadvantage for our business. We buy Thai products because of their great craftsmanship, unique designs and reasonable prices.
The Thai jewelry industry always has punctual deliveries and honorable business people to deal with. If the GSP is revoked this will only narrow and decrease the American consumers choices and empower China to dominate the American jewelry market. I also feel that American entrepreneurs in Thailand and seeking ventures in Thailand will adversely be affected. Revoking GSP would have a very negative impact on the American jewelry industry.

Name**: Sue Gragg** Title: **Owner**
Date: **September 5, 2006**

Nestlé USA

1101 PENNSYLVANIA AVE. NW
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WASHINGTON, DC 20004

Nestlé

PUBLIC VERSION

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

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

Dear Chairman Sandler:

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

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

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

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

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

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

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

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

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

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

Sincerely,

Louise Hilsen
Vice President, Government Relations

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September 5, 2006

GEORGE R. TUTTLE
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STEPHEN S. SPRAITZAR
GEORGE R. TUTTLE, III
GARY L. GRAFF, Of Counsel

GEORGE R. TUTTLE
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FILE REFERENCE NO.
2699

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

Re: *Federal Register* Notice of August 8, 2006, Relating to the Request for Public Comments Regarding the Graduation of The Philippines & Thailand as GSP Beneficiary Developing Countries

Dear Sir:

These comments are submitted in response to the above-referenced *Federal Register* notice, which describes the potential graduation or extension of GSP to the Philippines and to Thailand. These comments in favor of the continuation of GSP eligibility for these two countries are filed on behalf of Hitachi Global Storage Technologies, located in San Jose, California. This company imports glass disks used in the manufacture of disk drive storage units. These glass disks are manufactured in the Philippines by Hoya Glass Disks Philippines, Inc. and in Thailand by Hoya Glass Disk Thailand, Ltd.

The trade policy staff of the Office of the Trade Representative has requested public comment to be filed to evaluate and report to Congress whether the eligibility of certain beneficiary companies should be changed to be consistent with the statutory criteria authorizing GSP because of the economic advancement of these countries.

The continuation of the GSP eligibility of the glass disks will contribute to the long-term economic development of the Philippines and Thailand and the advancement of the skills of their factory personnel. These glass disks are manufactured to precise tolerances, utilizing complex processing equipment requiring the use of skilled labor.

Although the Philippines and Thailand have developed economically, the competitiveness of these countries against other lower wage Asian countries, such as China and Vietnam, must be maintained on a long-term basis. The continuation of GSP eligibility of the glass disks is an offset against these lower competitive wages; the removal of GSP will result in the loss of this economic benefit to these countries.

Finally, although a formal free trade agreement is under negotiation between the United States and Thailand, no time of completion has been established when that agreement will take effect. In January 2006 the Special Trade Representative indicated that significant work needed to be completed before the agreement was finalized. Hence, Thailand should continue as a GSP eligible country while this agreement is under negotiation. As no agreement is under negotiation with the Philippines, the GSP benefits should continue for this country.

Very truly yours,

Law Office of
GEORGE R. TUTTLE
A Professional Corporation

/s/ George R. Tuttle
By: ______________________________
George R. Tuttle
grt@tuttlelaw.com

cc: Hitachi Global Storage Technologies, Inc.

September 5, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

The International Bottled Water Association (IBWA)[1] submits this letter in response to the August 8, 2006, Federal Register notice requesting comments on the eligibility of certain Generalized System of Preferences (GSP) beneficiaries. In particular, IBWA supports maintaining the application of duty-free treatment with respect to India, Indonesia and Thailand. The limitation, suspension or withdrawal of GSP benefits for these countries, especially for bottle-grade PET plastic resin, would not shift trade to other "less developed" GSP beneficiaries and would harm U.S. consumers.

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

Bottle-grade PET resins are converted into plastic products that are commonly used for packaging a wide range of consumer goods. Without duty-free imports under the GSP program, there will be a de facto tax on industrial consumers of PET resin and on U.S. products packaged in PET plastics.

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

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

- **Development Indicators Argue Against the Removal of These Countries.** By most World Bank indicators of economic development, India, Indonesia and Thailand rank in the lowest categories. There are 21 other GSP beneficiaries, including 14 countries not on USTR's review that have achieved "upper-middle-income economies," while India is categorized as a "low-income" economy, and India and Indonesia are "lower-middle-income economies." India, Indonesia and Thailand are on the review list because they account for a certain portion (over 0.25%) of world trade, but when population size is accounted for, these countries are less engaged in foreign trade than some other GSP beneficiaries (e.g., Angola) not on USTR's list.

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

- **India, Indonesia and Thailand Would Not Be Competitive With More Advanced Exporters Without GSP Benefits.**

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

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

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

Sincerely,

Patrick Donoho

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

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

GSP Renewal Survey

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

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

___GOLD JEWELRY____

3. Do you support renewal of GSP? __X_Yes ___No

4. For what period should congress renew GSP?

   ____ 1 year

   ____ 5 years

   ____ Other

   _x___ Permanently, unless Congress affirmatively determines to terminate.

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

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

   ___Yes __x_No

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

   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.

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

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

Office of the United States Trade Representative:

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

Thank you for your attention.

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

August 17, 2006

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

Re: GSP Initiation of Reviews and request for Public Comments

Dear Sir or Madam:

On behalf of its members, the Fashion Jewelry Trade Association ("FJTA") appreciates the opportunity to provide background information from our industry and.our answer to your request for comments
The FJTA is a trade association of manufacturers and importers of fashion jewelry, also known as costume jewelry.

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

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

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

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

Very truly yours,

Michael Gale
Executive Director

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

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

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

Delivery by Email: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

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

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

· Development Indicators Argue Against the Removal of These Countries. By most World Bank indicators of economic development, India, Indonesia and Thailand rank in the lowest categories. 21 other GSP beneficiaries, including 14 countries not on USTR's review, have achieved "upper-middle-income economies," while India is categorized as a "low-income" economy, and India and

Indonesia are “lower-middle-income economies.” India, Indonesia and Thailand are on the review list because they account for a certain portion (over 0.25%) of world trade, but when population size is accounted for, these countries are less engaged in foreign trade than some other GSP beneficiaries (e.g., Angola) not on USTR’s list.

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

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

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

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

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

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

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

Dear Chairman Sandler:

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

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

Regards,

Kate Williams

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

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

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

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

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

Thomas Busard

Plastipak Packaging

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

August 28, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

Bottle-grade PET resins are converted into plastic products that are commonly used for packaging of a wide range of consumer goods. Plastipak's usage levels are confidential and considered proprietary, however we can say that we use in excess of 600 million pounds annually. Without duty-free imports under the GSP program, there will be an effective tax increase on industrial consumers of PET resin and on U.S. products packaged in PET plastics.

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

- **Development Indicators Argue Against the Removal of These Countries.** By most World Bank indicators of economic development, India, Indonesia and Thailand rank in the lowest categories. 21 other GSP beneficiaries, including 14 countries not on USTR's review, have achieved "upper-middle-income economies," while India is categorized as a "low-income" economy, and India and Indonesia are "lower-middle-income economies." India, Indonesia and Thailand are on the review list because they account for a certain portion (over 0.25%) of world trade, but when population size is accounted for, these countries are less engaged in foreign trade than some other GSP beneficiaries (e.g., Angola) not on USTR's list.

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

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

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

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

For these reasons, Plastipak Packaging Inc. strongly favors the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,

Thomas Busard
Vice President Global Procurement & Material Systems

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

ELIZABETH H. AVERY
VICE PRESIDENT
INTERNATIONAL GOVERNMENT AFFAIRS

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

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

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

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

August 31, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

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

- **Development Indicators Argue Against the Removal of These Countries.** By most World Bank indicators of economic development, India, Indonesia and Thailand rank in the lowest categories. Twenty-one other GSP beneficiaries, including 14 countries not on USTR's review, have achieved "upper-middle-income economies," while India is categorized as a "low-income" economy, and India and Indonesia are "lower-middle-income economies." India, Indonesia and Thailand are on the review list because they account for a certain portion (over 0.25%) of world trade, but when population size is accounted for, these countries are less engaged in foreign trade than some other GSP beneficiaries (e.g., Angola) not on USTR's list.

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

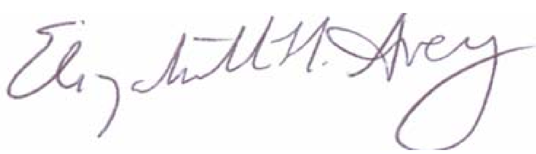
- **India, Indonesia and Thailand Would Not Be Competitive With More Advanced Exporters Without GSP Benefits.** Even with duty-free preferences, GSP beneficiaries are struggling to maintain their U.S. market share. Mexican bottle-grade PET resin has grown from 4% of total U.S. imports in 2002 to 33%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

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

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

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

Sincerely,



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

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

Importance: High

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

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

Thanks,

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

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

September 1, 2006

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

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

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

Dear Chairman Sandler:

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

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

Bottle-grade PET resins are converted into plastic products that are commonly used for packaging of a wide range of consumer goods. Ocean Spray Cranberries, Inc. consumes approximately 60 million pounds of PET resin annually for use in the bottling of juice and juice drinks. Without duty-free imports under the GSP program, there will be an effective tax increase on industrial consumers of PET resin and on U.S. products packaged in PET plastics.

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

- **Development Indicators Argue Against the Removal of These Countries.** By most World Bank indicators of economic development, India, Indonesia and Thailand rank in the lowest categories. 21 other GSP beneficiaries, including 14 countries not on USTR's review, have achieved "upper-middle-income economies," while India is categorized as a "low-income" economy, and India and Indonesia are "lower-middle-income economies." India, Indonesia and Thailand are on the review list because they account for a certain portion (over 0.25%) of world trade, but when population size is accounted for, these countries are less engaged in foreign trade than some other GSP beneficiaries (e.g., Angola) not on USTR's list.

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

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

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

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

For these reasons, Ocean Spray Cranberries, Inc. strongly favors the continuation of the GSP eligibility for India, Indonesia, and Thailand, especially with respect to bottle-grade PET resin.

Sincerely,

James McDonough
Director of Procurement

JM:bb

National Association for the Specialty Food Trade

Fancy Food Show

Supports India, Indonesia,
& Thailand
Re PET resin

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

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

Re: GSP- Initiation of Reviews and Request for Comments

Dear Ms. Sandler:

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

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

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

September 1, 2006

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

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

Dear Chairman Sandler:

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

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

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

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

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

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

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

September 1, 2006

ST. MAXENS & COMPANY

1200 17th Street, NW, Suite 500
Washington, DC 20036 USA

Tel: 202.966.9000
Fax: 202.966.9110
consultants@st.maxens.com

Supports Indonesia and Thailand
Pro CNLWs for Indonesia,8527.31.40
and 8527.39.00
Re certain other electrnc art'cles
from Indonesia and Thailand
JVC Americas Corp.

From: Tom St.Maxens [tst.maxens@st.maxens.com]
Sent: Wednesday, August 30, 2006 10:45 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

August 30, 2006

electronic e-mail submission

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

Dear Marideth:

On behalf of JVC Americas Corp., we are pleased to submit these comments in response to the GSP Subcommittee's *Federal Register* notice of August 8, 2006 soliciting public comment concerning the eligibility of certain beneficiary countries under a renewed U.S. Generalized System of Preferences (GSP) extending beyond the current expiration date of December 31, 2006. Further to its submission to the Subcommittee of November 14, 2005, JVC wishes to convey to the TPSC its strong support for maintaining Indonesia and Thailand's eligibility for duty-free GSP treatment with respect to certain electronic articles as detailed below. In addition, JVC supports the continuation of two outstanding competitive need waivers for Indonesia as identified below.

Headquartered in Wayne, New Jersey, JVC Americas Corp. has over 1,000 U.S. employees. In addition to its New Jersey headquarters, the company has U.S. manufacturing operations in Tuscaloosa, Alabama and sales, service and research and development facilities in several states including, *inter alia*, California, Illinois, Georgia, Hawaii and Texas.

The specific GSP-eligible products of interest to JVC are automotive CD/cassette receivers (HTS 8527.21.10) from Indonesia, stereo audio receivers with tape players (8527.31.40) from Indonesia (currently subject to competitive need waiver), stereo audio receivers (HTS 8527.39.00) from Indonesia (currently subject to competitive need waiver), and security cameras (HTS 8525.30.90) from Thailand. We note that the level of U.S. imports from the subject countries is as high as $20 million for certain of these products, and we urge the Administration to bear those trade volumes in mind in the event it considers reduced competitive need limits or competitive need waiver withdrawals as options for pursuing partial country graduation objectives.

To the extent that there exist alternative sources for these products, those sources invariably are in China or other non-beneficiary countries, and not in less developed beneficiary countries. Accordingly, graduating either Indonesia or Thailand from a renewed GSP program would be unlikely to contribute to a redistribution of GSP benefits to lesser developed countries, at least from the perspective of the electronic products relating to JVC's operations.

For these reasons, we urge the Administration not to terminate Indonesia or Thailand's GSP eligibility with respect to the subject products. In the case of Thailand, should the Administration nonetheless decide to proceed with country-wide graduation, JVC urges that that action be delayed until the implementation of the U.S.-Thailand free trade agreement currently under negotiation, which is expected to provide duty-free treatment to the electronics products of interest to JVC when imported from Thailand.

Please do not hesitate to contact us if members of the GSP Subcommittee would like any additional information concerning JVC's position on this matter.

Sincerely,

Thomas F. St.Maxens

Supports Indonesia &
Thailand
Re jewelry

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

Dear Sirs,

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

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

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

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

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

From: info [info@blueriver-corp.com]
Sent: Monday, September 04, 2006 5:03 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Dear Sirs,

We are a jewelry company from Bangkok, Thailand, named Jewel Decor Co., Ltd. We produce and sell high-end jewelry (under code: 71 13 19 .50) to American wholesalers and retailers. Every year our export volume to USA is very high. We have been attending Jewelry Fairs in USA several times a year. Our customers are much appreciated with our reasonable and competitive prices because they don't have to absorb their import tax. That's why they can further sell our products to end users with attractive prices. Moreover, they may further re-export to third country and gain very high profit to USA.

Comparing to high end jewelry from Italy, their products are very unique, expensive and own their brands. It is difficult for American buyers to re-export and make higher profit on them. Or comparing to China , our products are well-produced and reach your standardization, rather than Chinese does.

So, we don't think that our products would be replaced easily by producers in other countries. Our products are suited to grasp this certain niche market. If you let our GSP expired, we can't imagine how you will lose making money from this segment. Your consumers may have to face with consuming more expensive jewelry. It may terribly cause your higher national inflation. Frankly, what you will gain from applying import tax to our products should be not worthy, comparing to what you might lose. Even these import tax may cause our difficulties in selling in USA, on the other hand, these taxes would be burden to American customers at the end in term of product prices rising.

Not being only seller, we are also a good buyer from USA . We buy raw materials to produce our fine jewelry. If we have difficulties to sell less to USA market, American buyers will buy less from us, so we automatically tend to buy raw material less as well.

There are no many countries that can produce and support quality jewelry to world market. We are no longer trust that the American buyers are able to create relationship with producers in other countries in short time. In producing jewelry, you need expertise and skillful workers. Producers and buyers have to study and understand each other. Also, complexity of importing and exporting process is strong enough to obstruct business transaction. Moreover, playing international business is very risky, creditability is another important factor and it needs time for all parties to trust and be trusted. Hereby, you might have no doubts that Thailand is qualified to have your continuing support.

Individually, we are in the period of recovery from Political instability, Terrorists and Natural disasters; tsunami, land sliding, flooding. As you may see Thai economy system is still not strong. Statistically, Number of Exporting Jewelry is always in top-ten of exporting chart, it is like a hope for Thai recovery. Cutting our GSP may affect as a variable to our economy system collapses, for sure; this will give wide impact to world economy system. Thai unemployment rate may sharply increase; we may have to lay off our employees to survive. These unemployed persons may have to go back to their homeland. Some of them are from southern part of Thailand, which is the terrorist area. Their family lives will be unsafe. Pessimistically, the poverty may force them to join the terrorists. Without GSP, jewelry exporting statistic will not be expected in top-ten of Thai exporting chart anymore, Thai government will have less budget to fight with the terrorists. We know destroying terrorism and its network is the important objective of US government. We never neglect and always give a hand to address this problem.

We believe that in the far future we can enhance standard to be more competitive, but improvement needs more investment and adequate time. Critically, we cannot do it in these coming years. Your supports are still strongly necessary.

We know you would get many emails from Thai jewelry exporters saying about their difficulties in exporting jewelry to USA without GSP. Those reasons are various and individual. However, we expect you to review our requests as a whole picture. It should be mutually advantageous to USA and Thailand .

Thank you very much for your attention.
Best Regards,
Jewel Decor

From: Key Gems International Co., Ltd. [sales@keygems.net]
Sent: Tuesday, September 05, 2006 9:40 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Key Gems International Co., Ltd.

547/10-11 Soi Charoennakorn 28, Banglamphu Lang, Klongsan, Bangkok 10600 Thailand

sales@keygems.net

THAILAND

Jewelry Manufacturer

7113.19.50

Dear Sir / Madam,

We hope that you are in great health and well being.

'America's Withdrawal of Thailand's GSP Eligibility & CNL Waiver Review',

When I heard this news going from one company to another, passing on from one member of Thailand's Jewelry Industry to another, I did not believe a single word, until the day that every member of Thailand's Jewelry Association were called to a meeting and was informed of its reality.

Ever since, it is now a tremendous shock to the entire Jewelry industry of

Thailand and worse, the entire import and export industry, which consequently affects one major part of Thailand's economy.

"What will happen to Thailand's import and export industry?"

"What will happen to Thailand's import and export trades with America?"

Sir / madam, we hope that you realize the impact and consequences of such an action.

Thai-America Business Relationship :Please be reminded that it is **not only Thailand who will be facing losses but American companies, big, medium, small, from all various types of industries (export of machinery, raw materials, etc), who have been dealing with Thailand for years, will be facing their losses too.**

Not to mention the American companies who set up and invested in Thailand!

Let us spread you 'more light' on the effects of this withdrawal.

Labor: Please be informed that in just the Jewelry industry alone, there are at least thousands of registered companies, not counting the smaller firms who might not be registered as members of Thailand's Gems and Jewelry Trade Association.

What will happen to the labors and workers of these companies? What will happen to their families?

Competition: In every business there is always competition. Thailand's jewelry industry for instance, is facing a huge problem of very tough competition from China and India. Thailand is already striving to fight for our share in the jewelry market and now, with this decision to 'withdraw' Thailand's GSP eligibility and CNL waiver, you are not just 'withdrawing' our privileges, you are 'withdrawing' Thailand from the Jewelry market.

Please keep in mind that we are only looking at the Jewelry industry, not to forget other industries that are also within the 'Import & export' economy of Thailand!

We do not need to send you a long 'story' to explain further of what other horrific impact this 'withdrawal' will be on Thailand and our American business partners and customers.

Sir / madam, we are not begging you for understanding, we are 'voicing' out the current and future problems that will hit Thailand if America takes away Thailand's GSP eligibility and CNL waiver.

Our voices might be small but they are sincere, strong and true.

“ Give Thailand back our GSP eligibility and CNL waiver.”

MAY THAILAND & AMERICA CONTINUE TO HAVE A GOOD AND PROSPEROUS BUSINESS RELATIONSHIP FOR YEARS MORE.

Thank you.

Best Regards,

Rangson Trongchak

(Managing Director)

September 5, 2006

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,

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.

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

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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: lithos@loxinfo.co.th
Sent: Monday, September 04, 2006 11:40 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and Waiver Review"

Company name Lithos co., ltd
Address :123/15-16 Nonsi Rd, Chong nonsi, Yannawa, Bangkok 10120 Thailand. Email address : lithos@loxinfo.co.th Country : Thailand Nuture of business : Jewellry Manufacturers Products exported to the US. Ring,Necklace, Pendant,Earrings Etc.. (HS code) : 7113.19.50 Dear Sirs, I'm Ms.Kunvadee Kornkasem The office Manager of Lithos Co,.Ltd. Lithos is a Jewllery Manufacturing Company hosting 120 employees, I'm speeking on behalf of them 120 employees and workers, having read of the new law that The United States is improveing on the jewellry industry in Thailand we stared to think and worry about our future. As we know how difficult the jewellry is becomming and how compettition is hard and harder , we are very would worrie if the GSP is revoked for the year 2007 that the thai labour will be in troblr whice will effect our life as many people will lose their jobs as most of the bigger size companies will move their operatios to be relocated in to countries such as China or any other country that still have the GSP Eligibility, I belive that this will decrease our competitiveness with the serrounding countries even though our craftsmanship is better as that will cause the decrese in purchases order from the American customers whice most of the Thai Jewellery Manufacturers are rellaying on, I kindly ask you to look into our situation and please review the matter to help us stay with the countries that has the Eligibility for the GSP treaty with the United States of America ,which we all love and admire.

Sincerly yours
Miss Kunvadee Kornkasem

From: lithos@loxinfo.co.th
Sent: Monday, September 04, 2006 11:40 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and Waiver Review"

Company name Lithos co., ltd
Address :123/15-16 Nonsi Rd, Chong nonsi, Yannawa, Bangkok 10120 Thailand. Email address : lithos@loxinfo.co.th Country : Thailand Nuture of business : Jewellry Manufacturers Products exported to the US. Ring,Necklace, Pendant,Earrings Etc.. (HS code) : 7113.19.50 Dear Sirs, I'm Ms.Kunvadee Kornkasem The office Manager of Lithos Co,.Ltd. Lithos is a Jewllery Manufacturing Company hosting 120 employees, I'm speeking on behalf of them 120 employees and workers, having read of the new law that The United
States is improveing on the jewellry industry in Thailand we stared to think and worry about our future. As we know how difficult the jewellry is becomming and how compettition is hard and harder , we are very would worrie if the GSP is revoked for the year 2007 that the thai labour will be in troblr whice will effect our life as many people will lose their jobs as most of the bigger size companies will move their operatios to be relocated in to countries such as China or any other country that still have the GSP Eligibility, I belive that this will decrease our competitiveness with the serrounding countries even though our craftsmanship is better as that will cause the decrese in purchases order from the American customers whice most of the Thai Jewellery Manufacturers are rellaying on, I kindly ask you to look into our situation and please review the matter to help us
stay with the countries that has the Eligibility for the GSP treaty with the United States of America ,which we all love and admire.
Sincerly yours
Miss Kunvadee Kornkasem

From: Pisanu Lertwiwattrakul [pisanu@lucky-starjewelry.com]
Sent: Tuesday, September 05, 2006 10:48 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Company name: Lucky-Star Jewelry Company

Address: 409/9 Soilungwatsuthiwararam, Charoenkrung Road, Yannawa, Sathorn, Bangkok 10120, Thailand

Email Address: pisanu@lucky-starjewelry.com

Country: Thailand

Nature of business: Manufacturer and Exporter of Gold Jewelry

Products Exported to the US: 14K and 18K Gold Jewelry

(HS code): 7113.19.50

Impact on the business if GSP would be revoked:

1. The price of jewelry in USA market might be increased due to USA Import Tax.

2. Many Thai companies cannot compete with companies from China due to labor cost.

3. Many Thai workers will be unemployed due to less order from USA customers.

Name: Pisanu L. Position: Manager

Date: September 5, 2006

September 5, 2006

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

Dear Ms. Sandler:

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

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

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

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

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

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

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

Very truly yours,

Brian Duggan
Director of Trade and Commercial Policy

September 5, 2006

VIA EMAIL
FR0052@ustr.eop.gov

Ms. Marideth Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommitee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, NW
Washington, DC 20508

Re: Comments of MEP America, Inc. Regarding the Generalized System of Preferences

Dear Ms. Sandler:

These comments are filed on behalf of MEP America, Inc. (MEP America) of New York, New York, in response to the Office of the United States Trade Representative's (USTR) request for public comment on the reauthorization of the Generalized System of Preferences program (GSP) and in particular, the eligibility of certain beneficiary developing countries (BDCs) under GSP. *See* 71 Fed. Reg. 45079 (August 8, 2006). MEP America is a U.S. subsidiary of Mitsubishi Engineering-Plastics Corporation (Mitsubishi Engineering), which is a joint venture investor in two chemical manufacturing plants in Thailand which produce polycarbonate resin (PC) and polyacetal resin (POM). MEP America imports both PC and POM from Thailand for sale and distribution within the United States. MEP America resells PC and POM, through various U.S. distributors, to a number of customers in the automotive industry, as well as in other manufacturing sectors. In light of its transparency, impact strength, and heat resistant nature, the PC and POM that MEP America imports from Thailand are used primarily by the automotive industry in the manufacture of head lamps, door handles, interior and exterior parts.[1] The loss of the GSP incentive for imported PC and POM from Thailand would undermine industrial development in the Thai chemical sector, would increase costs for MEP America's customers in the already highly-stressed U.S. automotive industry, and would likely shift competitive sourcing to China or other developed country suppliers, rather than to less developed countries. It is also possible that eliminating GSP treatment for these and other chemicals could have the unintended effect of shifting downstream production of plastic parts from the United States to other countries.

In the August 8, 2006 Federal Register Notice, the GSP Subcommittee of the Trade Policy Staff Committee (TPSC) sought comments on whether to limit, suspend or withdraw eligibility for those GSP beneficiary countries for which the total value of U.S. imports under GSP exceeds $100 million in 2005 and which the World Bank classified as an upper-middle income economy in 2005 or accounted for more than 0.25% of world goods exports in 2005, as reported by the World Trade Organization. 71 Fed. Reg., at 45079. Thailand is among the list of GSP beneficiary developing countries for which the TPSC has sought comment in this review.

GSP Eligibility for Thailand Should Be Retained

Although Thailand's total GSP imports exceeded $100 million in 2005, MEP America strongly urges TPSC to consider other economic factors that support the continuation of beneficiary developing country status for Thailand Thailand is considered a "lower-middle income" country according to the international development standards laid out by the World Bank Group.[2] Thailand's Gross National Product (GNP) per capita in 2005 was 107,089 baht[3],

[1] Additional information concerning the applications for MEP America's products may be found at: http://www.m-ep.co.jp/mep-en/index.htm.

[2] World Development Indicators database, World Bank Group, July 2006, based on GNI calculated using the Atlas Method.

which converted at today's exchange rate[4] equals about US$ 2,848 per capita. Thailand's Gross National Income (GNI), a more accurate indicator that takes into account exchange rate fluctuations in calculating total output per person,[5] was $2,490 in 2004. In terms of GDP per capita (purchasing power parity), Thailand ranks 94th in the world. [6] Pursuant to 19 U.S.C. § 2462(c)(2), the data presented above strongly suggests that Thailand should remain a GSP beneficiary. The December 26, 2004 Indian Ocean earthquake that resulted in a deadly Tsunami in Southeast Asia and beyond, had a devastating affect on Thailand. The nation suffered over 5,000 causalities, with more than 8,000 injured and about 3,000 missing.[7] The tourism and fishing industries were badly hurt in the South, but the spillover affects were felt throughout the economy. In fact, according to the World Bank, there was "a clear dip in growth in both 2005 and 2006 . . . the Tsunami, the drought, and a large rise in oil prices took their toll on domestic demand growth in 2005."[8] The damage from the Tsunami in the South coupled with highly concentrated poverty incidence in the rural areas and Northeast will challenge the economy in the coming years. However, given the state of the economy and the poverty in Thailand, the government has been very active in liberalizing trade by reducing trade restrictions, changing

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[3] Official Economic Data from the Central Bank of Thailand , available at http://www.bot.or.th (September 3, 2006).

[4] Currency Converted from Yahoo Finance at http://finance.yahoo.com/currency?u (August 30, 2006).

[5] *See* www.worldbank.org/data/quickreference/quickref.html (September 3, 2006).

[6] "The World Factbook 2006", Central Intelligence Agency (CIA).

[7] "Tsunami's Victims Relief Efforts" Department of Disaster Prevention and Mitigation, Ministry of Interior, Thailand , available at http://www.disaster.go.th/html/english/2005_n_before/2004/tsunami/ddpm_tsunami_response.pdf, accessed on September 4, 2006.

[8] "Thailand: Economic Monitor, April 2006," The World Bank Group, at 1.

investment rules, improving corporate governance structures and also strengthening the legal framework for the financial and corporate sector.[9]

According to 19 U.S.C. § 2462(c)(4), the President, when looking at the factors of country designation, looks at both "equitable and reasonable access to markets" and whether or not the country "refrain(s) from engaging in unreasonable export practices." Thailand is considered a "mostly free" economy along with France, Spain, Japan, Norway and others according to the Index of Economic Freedom.[10] Thailand is currently in negotiations with the United States on a Free Trade Agreement. The 6th round of negotiations concluded in January 2006.[11] Thailand continues to open its market – the simple average applied tariff rate has gone down to 10.7% in 2005 from 17% in 1999.[12] According to the World Bank, Thailand has continued to "expand access for its own exports on favorable terms and tariffs are being reduced, FTAs are being signed and support is being provided to exporters."[13]

Imports of PC and POM are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) Subheadings 3907.40.0000 and 3907.10.0000, respectively. MEP America sources its imports of PC from Thai Polycarbonate Co. (TPCC), a large scale PC plant with 310 employees in Thailand. TPCC's production serves 70% of the PC market in Thailand and exports 85% of its output. MEP America purchases POM from Thai Polyacetal Co. (TPAC),

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9 *Id*., at 42.

10 "Index of Economic Freedom 2006" Heritage Foundation/Wall Street Journal accessed online on August 30, 2006 at http://www.heritage.org/research/features/index/ (The index scores countries on various economic variables. Results are presented both in points and categories – the index has four categories – Free, Mostly Free, Mostly Unfree and Repressed)

11 *See* USTR Press Release, *Statement of Barbara Weisel Assistant U.S. Trade Representative Regarding the 6th Round of the US-Thailand FTA Negotiations"* (January 13, 2006).

12 *See* Table 12: Tariff Rates in Thailand, "Thailand: Economic Monitor, April 2006" , The World Bank Group, at 1.

13 *Id*., at 49.

the only POM plant located in Thailand, with 110 employees. TPAC's production serves 35% of the market for POM in Thailand and the Company exports 85% of its capacity.[14]

In 2004, MEP America purchased $22,416,201 of PC and POM from Thailand. In 2005, this amount increased to $37,339,486. MEP America anticipates imports of $53,255,700 and $61,406,000, of PC and POM from Thailand for 2006 and 2007, respectively, provided Thailand retains its GSP beneficiary status. Therefore, Thailand is nowhere near reaching competitive need limits for these products under the current definitions, and thus, has not even approached the benchmarks of "development" for this industry If Thailand were to be graduated from the GSP program, MEP America's only alternative would be to source imports of PC and POM from developed countries such as Japan and Korea, or from China. MEP America is not aware of any developing countries (under current GSP statutory definitions) that currently produce PC and POM, and is certainly not aware of any least developing countries with the ability to manufacture the chemicals. Without GSP treatment, imports of PC and POM would be subject to duty rates of 5.8% and 6.5%, respectively.

The withdrawal of GSP beneficiary status for Thailand would have several harmful effects. First, dropping Thailand from the list of beneficiary developing countries would discourage U.S. customers, like MEP America, from sourcing its products there, and would discourage its parent company from investing in such countries. Without the duty savings under GSP, MEP America would need to examine other producing countries (*i.e*., Japan, China, Korea) where prices for PC and POM may be more competitive. As noted above, both TPCC and TPAC are heavily reliant on the export market, which is a basic premise of the program. Both TPCC and TPAC currently export 85% of their capacity. Without GSP status, the petrochemical industry in Thailand would suffer dramatically. Furthermore, a decline in exports from Thailand

[14] The remaining 65% of market share for POM in Thailand is fulfilled by imports.

is already expected due to an overall slowdown in global economic growth due to “high fuel prices, interest rates, and delays in government spending curb[ing] consumption and investment.”[15] In light of the current market factors, the withdrawal of GSP treatment will only worsen the slowdown in the Thai economy.

The withdrawal of GSP status would not only affect the Thai economy; U.S. industry would likely suffer dramatically as well. MEP America’s parent company would suffer the partial loss of its financial investment in the Thai economy. Mitsubishi Engineering has invested $25 million in the TPCC plant and $20 million in the TPAC plant, largely encouraged by the overall cost savings offered by special programs like GSP. Without GSP status, large investors like Mitsubishi Engineering would have to re-evaluate their investment planning and decide whether their continued presence in Thailand is worthwhile, given the added cost and nearby availability of cheaper inputs from more developed industries.

Most importantly, the U.S. automotive industry and ultimately the U.S. consumer will suffer if GSP status for Thailand is withdrawn. MEP America’s major customers are automotive manufacturers and suppliers located in Illinois, Michigan, and Wisconsin. These companies include ADAC Automotive, Collins & Aikman, Johnson Controls Inc., Plastech Engineered Products, and Summit Polymers. Together, these companies account for over 160,000 employees within the United States, and account for many other jobs in regional support businesses. Absent the duty savings that the GSP program currently provides, MEP America will need to pass on some or all of the added duty costs (5.8% or 6.5% *ad valorem*) to its customers, in order to remain competitive. Such a price increase would only increase costs for

[15] “Export Slowdown is Expected to Cool Thailand’s Economy,” The International Herald Tribune (September 4, 2006).

an already ailing U.S. automotive industry. Moreover, it is likely that any increase passed on by MEP America will ultimately be passed on by the automotive industry to the U.S. consumer.

It is publicly well-documented that each of the Big Three U.S. automotive manufacturers posted colossal net losses in 2005, with GM losing $10.6 billion[16], Ford losing $2 billion[17] and DaimlerChrysler suffering a loss of $2.8 billion.[18] Their production levels have seen a steady decline over the past few years with increased competition from Japanese and other Asian auto makers. Over the past few years, the US industry has had to cut capacity to bring supply in line with demand, accompanied by campaigns of heavy discounting in the form of zero or near-to-zero percent financing and cash-back incentive programs. This strategy has had only limited effect for the U.S. producers, and foreign producers have began to increasingly meet US demand, which has begin to slow down in the wake of record high gas prices.

The US auto manufacturing industry has also invested a great deal of effort into reducing costs. However, they face huge pension deficits and very high obligations to retired employees. Also, decreased output, and cost cutting has led to many planned plant closures and layoffs in the industry – both the manufacturing sector and related industries. Recently, the Wall Street Journal reported that Ford has decided to cut salaried jobs and plants by 10% to 30%.[19] The Company's official "Way Forward" plan has already led to a 10% cut in white collar jobs and calls for 12 plants to close by 2012, many of which are located in Ohio and Michigan. [20] Also, Ford expects

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[16] *See* http://www.gm.com/company/investor_information/docs/fin_data/gm05ar/content/financials/highlights.html

[17] *See* http://www.ford.com/en/company/investorInformation/companyReports/annualReports/2005annualReport/2005_pdfs.htm.

[18] *See* http://ar2005.daimlerchrysler.com/

[19] "Ford Studies More Plant Closures, Salaried-Job Cuts", Wall Street Journal (August 18, 2006).

[20] *See* http://media.ford.com/article_display.cfm?article_id=22465

to lay off 30,000 salaried and hourly workers over the next 6 years.[21] Already, in the past 12 months, Ford has laid off 15% of US salaried workers.[22]

General Motors, the world's largest automaker, is also engaged in restructuring which involved plant closers and layoffs. In 2006 alone, GM plans to close 7 plants with 2 in Michigan employing about 2,000 people.[23] The largest single plant scheduled for closure, located in Tennessee, will see the loss of 5,776 jobs sometime in 2006.[24]

These changes translate into dramatic impacts on upstream suppliers, including some of those most likely to use MEP America's imports of PC and POM. Dana Corporation, a manufacturer of metal components, frames, bodies, and other automotive parts, filed for bankruptcy protection in March 2006, and posted a $43 million net loss for July 2006.[25] Tower Automotive, Collins & Aikman, and Delphi have all sought Chapter 11 bankruptcy protection since February 2005.[26] Collins & Aikman is a prominent customer of MEP America for the subject chemicals; like the other parts manufacturers, they cannot afford abrupt increases in costs that would accompany sweeping changes in the GSP program which graduate all the more advanced developing economies.

In the wake of these planned output reductions, U.S. automobile manufacturers have been reducing purchases from automotive suppliers. Also, to extract best prices, the big auto

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[21] *See id*.

[22] *See id.*

[23] *See* Press Release "GM North America to Undergo Major Capacity Reduction" available online at http://www.gm.com/company/news_events/press_releases/ (November 21, 2005).

[24] Press Release, available at http://en.wikipedia.org/wiki/General_Motors_Corporation.

[25] "Auto Parts Maker Files Chapter 11", The Washington Post (March 4, 2006).

[26] *See id.*

companies have increasingly begun to shun small companies.[27] Many suppliers such as Collins & Aikman, Dana, and Delphi are selling assets as they try to recover from Chapter 11. Other firms such as Dura Automotive Systems are contemplating filing for Chapter 11.[28] The auto supplier segment has been experiencing early retirement and layoffs. In fact, 12,600 of 33,000 union workers at Delphi have accepted early retirement after an agreement with the Company, GM and United Auto Workers.[29]

GSP Status for Thailand May be Limited to Certain Sectors

Rather than withdraw eligibility for GSP status for Thailand entirely, we respectfully request that the TPSC consider recommending any limitation of GSP eligibility for Thailand to certain industry sectors. We do not support permanent graduation for any specific sector or articles with respect to Thailand, but MEP has no reason to oppose graduation of those articles which have exceeded competitive need limit levels in the past. The decision should be tailored to the circumstances of individual sectors, but obviously, we specifically suggest that the Administration retain full GSP status for imports of petrochemicals (HTSUS Subheadings 3907.40.0000 and 3907.10.0000) from Thailand. Imports of these chemicals from Thailand have not approached CNLs under the current GSP program, but have shown steady progress in both production and employment in the past few years, especially since the investment made by Mitsubishi in this joint venture. In fact, it is almost the ideal model for the statutory intent of such a program.

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[27] "Big Three Restructuring Hits Minority Suppliers" The Wall Street Journal (August 5, 2006).

[28] "Dura faces Chap. 11 fears" The Detroit News (July 28, 2006).

[29] "Delphi Hires Rothschild To Explore Sale of Operations," The Wall Street Journal (July 24, 2006).

It should also be noted that MEP America's imports have easily surpassed the 35% value added requirement under the statute to meet beneficiary qualification. The TPSC might consider recommending a higher local content rule. This would assure that the benefits are truly rewarding local activity, and not minimal value added or non-productive "mark-up" activity. An increase in the value added for the more developed beneficiaries would also be a realistic alternative, and leave the more liberal qualification levels for less developed countries in place. An added benefit of such an approach might be that it would be less likely to drive alternative sourcing directly to China.

As indicated above, Mitsubishi Engineeering has invested significantly in the Thai petrochemical industry. The majority of PC and POM manufactured in Thailand is sold outside the country to importers such as MEP America. Without GSP eligibility, the cost of MEP America's products will increase and will force the Company to pass increased costs to its customers. As a result, MEP America's primary customer, the U.S. automotive industry and ultimately, the U.S. consumer, will bear the brunt of increased prices.

Furthermore, we believe that GSP eligibility should be retained for imports of petrochemicals because MEP America cannot source its PC and POM from other beneficiary developing countries. The alternative suppliers of PC and POM are located in countries even more developed than Thailand (*i.e.*, Japan, China and Korea). Graduation of the petrochemical sector from GSP is simply likely to impose higher costs on the users of PC and POM while not contributing in any way to development of poorer countries.

Conclusion

Based on the foregoing, we respectfully request that the TPSC retain GSP eligibility for Thailand. Continued GSP eligibility, for Thailand as a whole or for the petrochemical industry, would allow continued U.S. investment in Thailand and would protect U.S. industries from unnecessary price increases. The continuation of duty-free treatment for imports of petrochemicals, namely PC and POM, will protect MEP America, the U.S. automotive industry and the American consumer from undue harm.

Respectfully submitted,

_/s/____________________________
Matthew T. McGrath
Cortney O. Morgan
BARNES, RICHARDSON & COLBURN

Counsel to:
MEP America, Inc.

From: MF [sales@monplaisir.co.th]
Sent: Tuesday, September 05, 2006 12:58 PM
To: FN-USTR-FR0052
Subject: GSP proposal - US vs Thailand
Dear Sir,

As it is reported that US will not renew international trade privileges, particularly the GSP (Generalised System of Preferences) which, for jewelry products, will expire at the end of this year and may not be extended further.

With this matter, we, Monplaisir Fashion Co., Ltd is the Manufacturer and Exporter of Fine Silver and Brass Jewelry where is located in Thailand since 1988 would like to discuss the outcome in case that we have lost the GSP as belows;

Firstly, losing the privileges would have a double-edged effect. We would face higher production and export costs, as a result of which our American importers would face increasing prices for their Jewelry as well.

As for now, this would be on top of Thai manufacturers&exporters having already shouldered higher production costs caused by the rise in oil prices, exchange rate and the fluctuation on the price of Silver in global market.

Therefore, we do need to adjust our strategies to ensure that we will not lose our customers to foreign competitors and the end of the privilege programme would have a domino effect not only our manufacturing part but also the supply chain.

Secondly, the withdrawal of the privileges would cause major problems for our business, which in a worst-case scenario would see the business forced to shut down the operations in Thailand..As a result, we might have to move our production base to China instead.

Inevitably, it seems that we have to lay-off our employees and to move our production based to China instead which will be able to help us to lower down the cost which will enable us to support our US customers in response to the adding 13.5% of Tariff for our Jewelry.

Furthermore, US companies in Thailand such as Machinery industry, Equipment for Casting Process like the cement and other raw materials like Rubber and wax which may consider shutting down their operations and shifting their plants to China to maintain their businesses.

This could cause the loss of about one million domestic jobs, with the impact on one sector often spilling over into other industries..This might create a lot of problems on the balance of both domestic and worldwide economy.

By conducting the questionnaire to our US clients, we found that the buyers still trust the quality and punctuality of Thai Jewelry as well as conducting our management ethically. Unquestionably, we will not be able to conduct our business without your support on the renewal of GSP.

Best Regards,
Marketing Team

Monplaisir Fashion Co., Ltd.
www.monplaisir.co.th
sales@monplaisir.co.th
monplaisir1988@gmail.com

Tel: +66 2933-6242 (3 lines)
Fax: +66 2933-6241

From: Brachaf@jascodesigns.com
Sent: Tuesday, September 05, 2006 10:34 AM
To: FN-USTR-FR0052
Cc: Morgenstern
Subject: 2006 GSPEligibility and CNL Waiver Review

Company name Jasco Designs Co.

Address. 63 Flushing Ave. Unit #290
Brooklyn, NY 11205

Email Address. barrym@jascodesigns.com

Country. USA

Nature of business. Sterling Silver Jewelry Wholesaler

Products exported to the US. Sterling Silver Jewelry
(HS code) : 7113.11.20 and 7113.11.50.

Impact on the business if GSP would be revoked.

1. We will have to take our business back to China.

2. US investors doing business in Thailand would be affected.

3...
....

4. Other comment...

Name. Barry Morgenstern Position. General Manager

Date. 9/5/06

From: shroff [shroff@asiaaccess.net.th]
Sent: Monday, September 04, 2006 4:51 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Dear Sir,
We,Multifacet International Ltd are located in Bangkok and are manufacturers and exporters of gold and silver jewelery since year 2000.
90% of our products are based for US market and if GSP is revoked our company will definitly will be having effect of it.
Every year we have increased our sale by 15-20% mainly to US market,
We hope you will reconsider before revoking the GSP
Have a nice day.

Mr Urmish Shroff
Managing Director

Urmish Shroff
shroff@asiaaccess.net.th
+ 66(2) 237 4665

Multifacet International Limited
188/ 2 Thanaporn Building,
Soi Si Wiang,
Bangrak,
Bangkok 10500

National Confectioners Association ◆ Chocolate Manufacturers Association
8320 Old Courthouse Road ◆ Suite 300 ◆ Vienna, VA 22182
Telephone: 703 / 790-5011 ◆ 703 / 790-5750
Fax: 703 / 790-5752

September 5, 2006

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

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

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

FR Doc E6-12870

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

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

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

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

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

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

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

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

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

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

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

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

II. Cocoa inputs are important to US industry

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

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

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

III. Imports of finished confectionery from major beneficiaries

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

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

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

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

Sincerely,

Lawrence T. Graham
President, National Confectioners Association

Lynn Bragg
President, Chocolate Manufacturers Association

From: Nemo Gindi [nemo@nesjewelry.com]
Sent: Tuesday, September 05, 2006 10:40 AM
To: FN-USTR-FR0052
Whom It May Concern:

We are a company called NES Jewelry, Inc. We are importers of Sterling Silver 925 Jewelry and as a US company we will lose benefits caused by GSP termination. We have put together a list of reasons why we request the GSP should not be revoked.

1) Thai Craftsmanship is better than the competitors, such as Chinese or Indian factories.

2) It's easier to work with Thai factories because they know the systems.

3) Thai factories offer the reasonable prices.

4) Thai factories always come up with their unique designs.

5) Thai factories always have punctual delivery.

6) Termination of GSP will reduce the importation of some raw materials and machines from USA.

7) US importers will have less choice to buy jewelry from manufacturer countries. They will be forced to buy from China more. Therefore, soon it will become a "monopoly". Chinese manufacturers will have more bargaining power against US importers.

8) The revoke of GSP will automatically encourage China economy and there will be more products from China get into US market more.

9) The US investors who do business in Thailand will be affected.

We really appreciate your help and we hope that GSP will be continuously given to Thai Factories again.

Sincerely,

Nemo Gindi

President
NES Jewelry
20 West 33rd Street
New York, NY 10001
Tel: (212) 502-0025
Fax: (212) 502-0026
Nemo@nesjewelry.com

Nestlé USA

1101 PENNSYLVANIA AVE. NW
SUITE 600
WASHINGTON, DC 20004

Nestlé

PUBLIC VERSION

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

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

Dear Chairman Sandler:

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

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

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

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

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

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

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

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

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

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

Sincerely,

Louise Hilsen
Vice President, Government Relations

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

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

September 5, 2006

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I. INTRODUCTION

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

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

II. INTEREST OF NEWELL RUBBERMAID

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Newell Rubbermaid has invited some of its important foreign suppliers to share their thoughts on the prospect of losing GSP eligibility. The [*********] manufactures writing instruments in India for purchase by Sanford and other American buyers. <u>See</u> Exhibit 1. GSP has enabled [*****]to expand its business and help workers earn a livable wage that enables them to send their children to school. [*****] reports that its workers are paid a minimum wage of [********************** ***] Clearly, GSP has not allowed India to develop economically to a point that it no longer requires the GSP preference to enhance exports and fuel development. In fact, [*****]stresses that the GSP preference is required to somewhat offset the state subsidies provided by the Chinese government to exporters in China, thereby allowing Indian exports to compete effectively with goods from China for the U.S. marketplace.

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

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

IV. CONCLUSION

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

EXHIBIT 1

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Our Key Features

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

Main Countries to which we export:

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

Factory Locations

[***

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***]

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

Benefits of GSP –

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

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

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

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

Negative Effect of possibility of withdrawal of GSP -

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

This is not a desirable situation for anyone.

Thanks.

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

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

EXHIBIT 2

Dated: September 1, 2006

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

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**]

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

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

Factory Locations

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***]

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

Benefits of GSP

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

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

Contd.----- page 2

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

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

Best regards,

[***

****
**]

Nutri-Bon Distribution Company Inc.

P.O. BOX 911130 LOS ANGELES CA. 90091-1130 TEL: (323) 278-5425 FAX:(323) 278-5431

September 5, 2006

Office Of Commercial Affair
Royal Thai Embassy
1024 Wisconsin Avenue, NW
Washington, DC. 20007

Via facsimile (203) 429-2949

Re: GSP Program Review

Dear Sir/Madam:

Nutri-Bon Distribution Company imports consumer products from South East Asia and China. Thailand is used for a number of reasons: an alternative to China for safety reason, items that may be competitive or China still lacks the quality, less restrictions coming to the US, and finally simpler as well as a personal reason – the language .

There are at least a couple of major cost factors that work against Thailand when compared with China: the ocean freight rate is roughly 10% higher than China, and the best transit time from Thailand takes seven more days to the West Coast – 18 plus as opposed to 11-13 days. Definitely there are other shortcomings as well: such as higher labor cost, lack of government subsidy or assistance program, financing, and finally raw material.

If the US wants to encourage competition and maintains a balance trade program, the elimination of Thailand from the GSP will increase our costa another 3-4% (depending upon the commodities). The freight and transit factors plus the additional duty will make the cost of about 10-12% higher than China, which would really further affect the ability for Thailand to compete.

We are currently importing $ 5- 6,000,000 a year of plastic products from Thailand, which represents roughly 12% of our overall business. What would we do? We would either import more from China or look for another source – Vietnam.

It is our sincere hope that the US government seriously considers keeping this program active, besides supporting Thailand it will also help balance or stabilize the trade.

Sincerely Yours,

Peter Tansavatdi – President & CEO

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

Ralph Vasami
Executive Director
RVasami@kellencompany.com

September 5, 2006

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

Re: <u>2006 Generalized System of Preferences ("GSP") Eligibility and Competitive Need Limit Waiver Review</u>

Dear Subcommittee Members:

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

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

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

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

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

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

Sincerely,

//s//

Ralph Vasami
Executive Director

Supports Philippines, South Africa, and Thailand Re raw sugar

From: JackRoney@aol.com
Sent: Tuesday, September 05, 2006 3:49 PM
To: FN-USTR-FR0052
Subject: Amercian Sugar Alliance submission

September 5, 2006

To: FR0052@USTR.EOP.GOV
From: American Sugar Alliance
Subject: 2006 GSP Eligibility and CNL Waiver Review

The American Sugar Alliance welcomes the opportunity to respond to the Federal Register notice published on August 8, 2006, seeking comment on the eligibility of certain beneficiaries of the U.S. generalized system of preferences (GSP) and on existing waivers of competitive-need limitations (CNLs) that are part of the GSP program.

The American Sugar Alliance (ASA) is a coalition of sugarcane and sugarbeet farmers, processors, refiners, suppliers, workers, and others dedicated to preserving a strong domestic sugar industry.

The ASA recognizes the importance of the access granted to traditional U.S. developing country suppliers by the tariff-rate quota (TRQ) for sugar established under the WTO. Without such access these countries would be forced to rely more heavily on the world "dump" market for sugar, where prices have chronically been well below the production costs of such suppliers. Properly managed, the WTO TRQ program is compatible with the sound operation of the no-cost U.S. sugar program and provides for adequate supplies to the U.S. market in those occasional years when shortfalls in domestic production are experienced.

In contrast, ASA has repeatedly expressed concerns about the potential destabilizing effects of additional commitments entered into, or contemplated, in FTA and other trade negotiations. Such commitments threaten to swamp the U.S. market and depress U.S. sugar prices to the detriment not only of U.S. producers but of those developing-country suppliers enjoying access under the TRQ.

In light of the importance of this access to developing country suppliers, the ASA asks that GSP benefits be retained for raw sugar imports from the three countries under review that supply raw sugar under GSP to the U.S. market, the Philippines, South Africa, and Thailand.

The Federal Register notice identifies thirteen countries whose eligibility for benefits under GSP is under review: Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey, and Venezuela. Three of these countries, the Philippines, South Africa, and Thailand, supplied TRQ raw sugar to the U.S. market under GSP in 2005. The applicable tariff code is 1701.1110, which covers raw sugar entering the United States under a tariff-rate quota described in Additional U.S. Note 5(a) to Chapter 17 of the U.S. tariff schedule. GSP imports of 1701.1110 from these three countries in 2003-2005 were:

GSP TRQ sugar imports from selected countries, 2003-2005				
	Unit	**2003**	**2004**	**2005**
Philippines	$ 000	60,094	53,579	56,386
	kg 000	137,352	137,000	137,353
South Africa	$ 000	10,017	9,173	12,953
	kg 000	23,401	23,401	29,987
Thailand	$ 000	5,850	5,104	4,421
	kg 000	14,244	14,179	14,244
Source: USITC Dataweb				

The Federal Register notice also asks for comments on waivers of competitive need limitations (CNLs) on 83 products, of which three are sugar products: 1701.1105 (certain sugar syrups that are processed in a U.S. foreign trade zone that was in operation before June 1, 1990), 1701.1110 (raw sugar under TRQ), and 1701.1120 (sugar used in the production of polyhydric alcohols). CNLs apply when imports of a product from a GSP-beneficiary country exceed a dollar amount ($120 million in 2005), or exceed 50% of all U.S. imports of that product. These limits are for all practical purposes unreachable with regard to 1701.1105 and 1701.1120. The Philippines, which ordinarily supplies about 13.5 percent of U.S. imports of 1701.1110, could exceed the CNL of $120 million if the TRQ rose to two million tons or more.

<u>Effect of GSP</u>

Sugar entering the United States under 1701.1110 that benefits from GSP is spared the general duty of about 1.4606 cents per kilogram. For 2005, the duty saved amounted to:

Philippines: $2,005,000
South Africa: $445,000
Thailand: $208,000

If these countries lost GSP benefits with respect to sugar, we see no benefits accruing to U.S. sugar producers or any other U.S. interest from the loss of such benefits -- but some damage to the interests of these three suppliers.

For these reasons, the American Sugar Alliance supports retention of GSP benefits for raw sugar imports from the Philippines, South Africa, and Thailand, and retention of the CNL waiver for 1701.1110 from the Philippines.

In closing we would again note that additional import commitments that would prevent the current U.S. sugar program from operating properly, as dictated by Congress, or changes in the U.S. program that would reduce U.S. support prices for sugar would exact a heavy toll not only on U.S. sugar producers but on the nearly 40 developing countries that enjoy preferential access at remunerative prices to the U.S. market.

Please acknowledge you have received this submission. If there are any questions, please contact ASA economist Jack Roney at the below address.

Jack Roney
Director of Economics and Policy Analysis
American Sugar Alliance
2111 Wilson Boulevard, Suite 600
Arlington, VA 22201
Phone: 703-351-5055
Fax: 703-351-6698
Cell: 703-629-0162
E-mail: jackroney@aol.com

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

(817) 252-6000

Pier 1 imports

September 5, 2006

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

Re: Generalized System of Preferences – Country Eligibility Review

Dear Members of the GSP Subcommittee:

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

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

From: blog subs [blogsubs@gmail.com]
Sent: Saturday, September 02, 2006 8:38 AM
To: FN-USTR-FR0052
Subject: Please end the GSP for Thailand now
End the GSP for Thailand NOW

Thailand demands special treatment from developed countries yet maintains a xenophobic and ultra-nationalistic stance when it comes to foreign investment. Thailand is often duplicitous, pledging reciprocity but delivering an onerous bureaucratic system designed to stall or outright prohibit any business venture in which Thais are not granted majority shares.

Other reasons to end Thailand's preferential treatment include: discriminatory and arbitrary tariff systems and a notoriously corrupt Customs Department which routinely misclassifies goods and demands 'bribe negotiations' to release shipments imported by foreign businesses. This puts American business at a disadvantage as they are forced to choose between losing their investment through improper seizure or complying with the US Foreign Anti-Corrupt Practices Act.

Thailand has also refused to renew the Treaty of Amity signed in 1961 or to roll over its terms by signing an FTA with the US. In fact, any mention of reciprocal protection of US interests via an FTA has led to wild anti-US rallies in Chiang Mai, Pattaya, and Bangkok.

Thailand and the Thai people remain adamantly opposed to any tightening of IP regulations in a country of 70 million known for its production and open sale of counterfeit pharmaceuticals, clothing, electronic goods, watches, movies and software. These counterfeit goods are exported around the world, damaging the interests of many American businesses.

Thailand, according to its government, has also enjoyed record trade growth over the past 5 years. Given these figures, it is now reasonable to expect Thailand to compete in the global market without the need for preferences or special treatment.

It is time to extend GSP to a more favorable and deserving country, where any system of preferences will be both reciprocated and effective.

Signed,
An American Citizen

September 5, 2006

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

Via Email
"2006 GSP Eligibility and CNL Waiver Review"

RE: Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers.
Federal Register on August 8, 2006 (Volume 71, Number 152)

Dear Sir / Madam:

PPG Industries, Inc. (PPG) and its affiliate Transitions Optical, Inc. (Transitions Optical) submit the following comments on the recently issued Notice on Initiation of Reviews and Request for Comments on the Eligibility of Certain Generalized System of Preferences (GSP) Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers (published in the Federal Register on August 8, 2006; Volume 71, Number 152).

Summary of Comments

PPG and Transitions Optical are aware that the Office of the United States Trade Representative (USTR) is reviewing the Generalized System of Preferences (GSP) program in light of expected Congressional consideration of the program's reauthorization. The GSP program is scheduled to expire December 31, 2006. PPG and Transitions Optical are also aware that the USTR is conducting a review of existing competitive need limitation (CNL) waivers and requesting comments on whether any waivers should be terminated, pursuant to section 503(d)(5) of the Act (19 U.S.C. 2463(d)(5)), because they are no longer warranted due to changed circumstances.

PPG is a global leader in the production and distribution of protective coatings, aircraft transparencies, aerospace coatings and sealants, flat and fabricated glass, continuous-strand fiber glass, chlor-alkali and specialty chemicals. Transitions Optical, with whom PPG is a majority parent, was the first company to successfully commercialize a plastic photochromic lens in 1990. Transitions® Lenses are the premier recommended photochromic lens worldwide. Transitions Optical operates manufacturing facilities in Pinellas Park; FL, Tuam, Ireland; and in Adelaide, Australia. In addition, Transitions Optical operates facilities in three countries that are beneficiaries of the GSP program: Laguna, Philippines; Sumare, Brazil; and Chonburi, Thailand. Transitions Optical also operates international sales offices in Cambridge, Canada and nine other countries.

PPG and Transitions Optical urge the USTR to recommend to Congress the extension and continuation of the GSP and CNL programs. PPG and Transitions Optical believe these programs provide both the desired benefits with beneficiary countries that they were designed to provide, and also provide benefits for US companies, their employees and consumers.

PPG and Transitions Optical Manufacture Quality Products

PPG is a leading diversified manufacturer that supplies products and services around the world. PPG products include protective and decorative coatings, sealants, adhesives, metal pretreatment products, flat glass, fabricated glass products, continuous-strand fiber glass products, and industrial and specialty chemicals. PPG employs more than 21,000 individuals in manufacturing facilities located in the United States, and another 13,000 around the world.

Transitions Optical manufactures and markets plastic photochromic ophthalmic lenses. Over the past 15 years, Transitions Optical has remained committed to advancing photochromic lens technology in order to provide the most comfortable, convenient protection from ultraviolet radiation and glare. As a result, Transitions® Lenses have become the most recommended photochromic lenses worldwide.

Founded in 1990, Transitions Optical had a production workforce consisting of less than 50 workers and only one lens manufacturer partner. Today the company employs over 1,200 workers worldwide and has partnerships with nearly a dozen lens manufacturers to offer more than 100 lens options in the fastest-growing categories of lens materials and lens designs.

PPG and Transitions Optical Support the GSP AND CNL Programs

PPG and Transitions Optical urge the USTR to recommend to Congress the extension and continuation of the GSP and CNL programs.

The GSP program is scheduled to expire on December 31 2006. PPG and Transitions Optical understand that certain specific beneficiary countries are prompting the USTR's particular interest in reviewing the GSP program. Those countries include Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey and Venezuela. Further, PPG and Transitions Optical understand the review will consider the countries that, in 2005, exceeded $100 million in exports to the U.S. under GSP and were either classified as an upper-middle-income economy by the World Bank or accounted for more than 0.25% of world goods exports according to the World Trade Organization.

In addition, PPG and Transitions Optical are aware that the USTR is inquiring as to whether any of the 83 existing competitive need limitation (CNL) waivers are no longer warranted due to changed circumstances. Transitions Optical operates facilities in the following GSP program beneficiary countries with CNL waivers: Brazil, the Philippines and Thailand.

PPG and Transitions Optical support the underlying concept of the GSP program; namely, to promote economic growth in the developing world and provide preferential duty-free entry for products from the designated beneficiary countries. PPG and Transitions Optical contend that the program, in their experience with the several designated beneficiary countries where they operate facilities, has produced the desired benefits and results it was designed to provide, as well as benefits for US manufacturers, their employees and consumers.

In PPG's and Transition Optical's opinion, the GSP program should not be limited, suspended, or withdrawn. Further, PPG and Transition Optical urge the USTR to continue the current CNL waiver program. Should these programs be limited, suspended, or withdrawn, PPG and Transitions Optical anticipate substantial disruptions in relationships with the affected beneficiary countries; a significant increase in costs for certain key materials used in manufacturing activities; and potential impacts on employment at the company's US facilities.

Maintaining GSP and CNL Programs Avoids Adverse US Company Impact

US firms, like PPG and Transitions Optical, have made a number of investment, trade and manufacturing decisions based, in part, on the existence of programs like the GSP and CNL. Limiting, suspending or withdrawing these programs will have wide-ranging effects. Unfortunately, those effects will be felt not only in the countries who are no longer beneficiaries of the programs, but by US companies who made business decisions based, in part, on the benefits those programs provide.

For example, Transitions Optical currently receives finished goods and substrates produced at Transitions Optical facilities in Thailand and Philippines. The substrates received from overseas are used in manufacturing processes in the company's Pinellas Park, FL facility. If the GSP program should be limited, suspended or withdrawn, Transitions Optical would be forced to consider transfer of certain production activities to
company manufacturing facilities located outside the US, which in turn would reduce the company's US employment.

Further, PPG and Transitions Optical suggest that actions aimed at limiting, suspending, or withdrawing the GSP and CNL programs would provide competitive advantage to foreign companies located, for example, in the European Economic Community (EEC). It is likely that any effort made by the US to limit, suspend, or withdraw the GSP and CNL programs will not be matched by the EEC. In that case, it is likely that more substrates produced in facilities located in Thailand or Philippines would be diverted to EEC-based facilities, which would adversely affect the US workforce in favor of EEC workers.

Clearly, limiting, suspending or withdrawing these programs will cause disruption and significant costs for US-based manufacturers. These costs, if borne by the affected companies, will make the companies less competitive both here and abroad; negatively impact their employment; and reduce their shareholders' value. PPG and Transitions Optical support maintaining the GSP and CNL programs to avoid disruptive and costly impacts to US based firms.

Finally, PPG and Transitions Optical urge the USTR to recommend to Congress the extension and continuation of the GSP and CNL programs. PPG and Transitions Optical believe these programs provide both the desired benefits with beneficiary countries that they were designed to provide, and also provide benefits for US companies, their employees and consumers.

PPG and Transitions Optical Are a Resource

Thank you in advance for your attention to and consideration of these comments. If you have questions regarding this petition, please contact Michael Ruggeri (727-545-0400, Ext. 7190).

Sincerely,

Richard C. Elias
President
Transitions Optical, Inc.

Transitions Optical, Inc
9251 Belcher Road, Pinellas Park, Florida 33782, 727-545-0400 or 800-533-2081, 727-545-9039 (fax) www.transitions.com

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

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

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

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

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

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

Yours Sincerely,

Dominic Chandarasanti
CEO - Pranda

บริษัท แพรนด้า จิวเวลรี่ จำกัด (มหาชน)
PRANDA JEWELRY PUBLIC COMPANY LIMITED

September 2, 2006

Dear Sirs,

Subject: <u>2006 GSP Eligibility and CNL Waiver Preview 7113.11.50</u>

Pranda Jewelry is also one of the many jewelry manufacturers and exporters who will, to an extent, be affected by the repeal of GSP privileges from Thailand. US market is the major market for our company.

<u>Major affects to our company and the overall industry if GSP is repealed</u>

1) Our price will immediately be higher than what currently is in terms of our customers' aspect. Our price will be less competitive when customers compare Thailand prices with the prices from the other countries that GSP is granted.

   The competition situation between Thailand and China or India will be worse than that it is now. Their labor costs are already much lower than ours, and therefore already highly unfair prices. Notwithstanding that the exchange rate between Chinese Yuan vs US$ does reflect the actual value yet.

2) We employ about 2,500 workers, mostly come from the North Eastern of Thailand where most of the population is subject to poverty. 10% of our workers are from the Southern part of Thailand where there are current disturbances.

   Jewelry craftsmanship is one of the major industries that Thai nations have traditionally been passing on as their core value for over 200 years. The repeal of GSP privileges from Thailand could lead to an increase of an unemployment rate and likely possibly lead to a social instability.

3) Our Supply chain will also be affected due to less business activities with them.

4) Some of our US-nation staff in both distribution companies in the US may be affected due to less business.

5) Our customers may miss the opportunity for good quality products, reasonable prices and prompt deliveries from Thailand when they are limited to prices constraint.

6) Thailand is moving into a slow economy growth due to the unsettled government administration situation. Repealing GSP privileges from Thailand will just worsen our economy.

We truly hope that our letter requesting for your kind re-consideration to revert the decision will more or less highlight our concerns to you.

Best regards,

Prapee Sorakraikitikul
President

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From: Edwards, Bonetta [bonetta@QGold.COM]
Sent: Tuesday, September 05, 2006 1:16 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

QUALITY GOLD INC.
500 QUALITY BLVD.
FAIRFIELD, OHIO 45014

To: United States Trade Representative
GSP Subcommittee

From: Quality Gold, 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

Quality Gold Inc. has been doing business with Turkish suppliers for 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 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.

Michael Langhammer
CEO

From: wimol [wimol@sl-trading.com]
Sent: Tuesday, September 05, 2006 10:01 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Company name: S&L Trading Co., Ltd.
Address: 461/3 Chan Road, Bangkhorlaem, Bangkok 10120 Thailand
Email Address: wimol@sl-trading.com
Country: Thailand
Nature of business: Manufacturer and Exporter of Fine Gold Jewelry
Products exported to the US: Fine gold jewelry of 14k and 18k
(HS code): 7113.19.50

Impact on the business if GSP would be revoked:

1. Less orders from U.S.A. resulting in more unemployment of Thai laborers.
2. Hundreds of jewelry factories have to be closed very soon.
3. Thai jewelry factories become less competitive to those in China.
4. Thai market will become more difficult to recover after losing GSP and losing market share to competitors.

Name: Wimol Lertwiwattrakul Position: Assistant General Manager
Date: 09/05/2006

From: Tony Seta [Tonyseta@SETACORPORATION.com]
Sent: Tuesday, September 05, 2006 8:52 AM
To: FN-USTR-FR0052
Subject: GSP Thailand
Dear Sirs,

Seta Corporation has been direct importing finished gold and silver jewelry from Asia Thailand for the past 12 years. Seta corporation is a direct marketing mail order / web operation whom has been operating in Boca Raton Florida since 1981. We have enjoyed working with our Thai partners to develop and expand business opportunities through out the years. The GPS status that Thailand receives allows us to continue purchasing the bulk of our jewelry purchases from Thailand rather than from countries with lower labor rates such as China or India. We have already felt the affect of the Baht becoming stronger against the US dollar however have managed to retain our working relationships with our Thailand manufactures. I would urge you to consider allowing Thailand to retain there GSP status in order for us to continue to focus our growth with a country which is stable, loyal and friendly to the US government and people, rather than forcing us to move our manufacturing of jewelry to less stable and less friendly countries

Sincerely,
Anthony A Seta
Executive Vice President.

Anthony A Seta
Seta Corporation
6400 East Rogers circle
Boca Raton FL. 33499
www.palmbeachjewelry.com

RODE & QUALEY

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September 5, 2006

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

Re: 2006 GSP Eligibility and CNL Waiver Review
CNL Waiver for HTSUS 8544.30.00 (Philippines and Thailand)

Dear Subcommittee Members:

The following comments are submitted on behalf of our clients, Sumitomo Electric Wiring Systems, Inc., and K&S Wiring Systems, Inc., in connection with the above-cited GSP eligibility and CNL waiver reviews.

Sumitomo Electric Wiring Systems, Inc., (SEWS) is a Delaware corporation with its principal place of business in Bowling Green, Kentucky, while K&S Wiring Systems, Inc. (K&S), is a Delaware corporation with its principal place of business in LaVergne, Tennessee. SEWS and K&S produce and sell automobile wire harnesses to automotive original equipment manufacturers (OEMs) throughout the world.

Among the wire harnesses sold by SEWS, are harnesses produced by International Wiring Systems (Phils.) Corporation (IWSPC) at its manufacturing facility in San Miguel, Tarlac City, the Philippines, and harnesses produced by Sumitomo Electric Wiring Systems (Thailand), Limited, (SEWT) at its facility in Rayong, Thailand. Among the harnesses sold by K&S are those produced by Pilipinas Kyohritsu, Inc. (PKI) at its facility in the Batangas region of the Philippines.

Currently, when SEWS and K&S import and sell wire harnesses from these suppliers to OEMs, the harnesses enter the United States under GSP and free from the normal 5% Customs duty because of the CNL waivers in effect for merchandise classified in HTSUS subheading 8544.30.00 from the Philippines and from Thailand. SEWS and K&S wish to explain why they believe that these waivers should be continued.

The automotive parts industry is very competitive. OEMs evaluate suppliers based on several factors, but the most important are price and quality. Because of intense price competition among OEMs there is also constant price pressure on OEM part suppliers like SEWS and K&S. Each year a harness model is in production, it is expected that the prices for that model will drop 2%-3%. This pressure keeps profit margins in the industry quite low. Therefore, a 5% increase in the cost of a wire harness from the Philippines or from Thailand could easily have the effect of making that harness no longer competitive in the market.

If wire harnesses from the Philippines or from Thailand are no longer cost competitive, SEWS and K&S will need to look for alternative, lower cost suppliers for this product. The lowest cost supplier for this product currently is China. Therefore, since it is unlikely that Filipino or Thai harness producers could fully absorb a 5% cost increase through lowering their prices to SEWS and K&S, the foreseeable result of any decision to remove the CNL waivers for wire harnesses from the Philippines and Thailand will be to force companies like SEWS and K&S to shift their wire harness sourcing from these countries to China.

The subcommittee should also consider that, although wire harness imports from the Philippines exceeded the GSP competitive need threshold, in 2005 those imports still represented less than 6% of total U.S. imports of this product. Wire harness imports from Thailand did not exceed the GSP competitive need threshold in 2005 and Thai imports represented less than 2% of total U.S. wire harness imports last year. According to World Bank statistics, the per capita income levels of the Philippines and Thailand are still relatively low. The manufacturing operations of companies like IWSPC and PKI make significant contributions to economic development in the Philippines. We believe that IWSPC is the largest employer in Tarlac City, while PKI makes an important economic contribution to the depressed southern region of Batangas.

The IWSPC and PKI operations also are essential in affording local workers an opportunity to develop the skills necessary to effectively compete in the huge international market for automotive parts. Without those skills the country's nascent automotive parts industry will never be able to diversify its exports into other automotive parts and continue to operate as an engine of economic progress and development in the Philippines. The same is true of the SEWT manufacturing operations in Rayong.

Finally, the committee should consider that the availability of competitively priced wire harnesses from the Philippines and from Thailand also contributes to economic activity in the United States, not only through the operations of companies like SEWS and K&S, but also by making U.S. automobiles containing such harnesses more price competitive in the global market.

Respectfully submitted,

/s/ *R. Brian Burke*

Comments submitted as Microsoft Word file, by e-mail, to: F0052@USTR.EOP.GOV

BEFORE THE
UNITED STATES TRADE REPRESENTATIVE
TRADE POLICY STAFF COMMITTEE

COMMENTS ON THE ELIGIBILITY OF THAILAND AS A GENERALIZED SYSTEM OF PREFERENCE (GSP) BENEFICIARY BY SHARP ELECTRONICS CORPORATION AND SHARP APPLIANCES (THAILAND) LIMITED

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Attorneys for
Sharp Electronics Corporation
Sharp Appliances (Thailand) Limited

September 5, 2006

On behalf of the Sharp Electronics Corporation ("SEC") and Sharp Appliances (Thailand) Limited ("SATL"), we respectfully submit these remarks to the Trade Policy Staff Committee in response to the invitation for public comment in the August 8, 2006 notice regarding Generalized System of Preferences (GSP), Initiation of Reviews and Requests for Public Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation ("CNL") Waivers. 71 Fed. Reg. 45,079 (USTR). We request the continued designation of Thailand as a GSP beneficiary.

SEC is a corporation organized under the laws of the State of New York, with its principal office at Sharp Plaza, Mahwah, New Jersey 07430. SEC distributes a wide variety of electrical products made in the United States and in other countries. SATL is a corporation organized under the laws of Thailand, with offices and factories in the Chachoengsao Province in Thailand. SATL manufactures electrical products at its facilities in Thailand and has been producing microwave ovens since 1987. SATL's manufacturing of portable air-conditioners began in 2004. SATL's products are both sold in Thailand and exported to various countries. SEC and SATL are wholly owned by Sharp Corporation of Japan.

A. <u>THAILAND SHOULD REMAIN AS A GSP BENEFICIARY.</u>

SEC imports microwave ovens and portable air-conditioners manufactured by SATL which are eligible for duty-free entry into the United States under the GSP program. The termination of GSP beneficiary status for Thailand will greatly curtail SATL's ability to export to the United States and limit important economic development in Thailand's manufacturing industry. The end of GSP treatment will result in an imposition of an import duty of 2% to 4% upon these products at a time when Thailand is facing stiff competition from products manufactured in non-market economies (the People's Republic of China, the "PRC"), in graduates of the GSP (South Korea, Malaysia), or in countries that receive preferential treatment under a free trade agreement (Mexico and Canada). In light of these circumstances, SEC and SATL request continued GSP treatment of imports from Thailand until a free trade agreement is entered into between the United States and Thailand.

The rationale for continued GSP treatment is based on several considerations. First, Thailand has a longstanding and constructive relationship with the United States. The United States is Thailand's biggest export market - approximately 20% of all Thai exports are to the U.S.[1] The U.S. is the third largest exporter to Thailand, accounting for more than 9% of the imports to Thailand, predominantly from the sale of electrical equipment and machinery.[2] On the non-trade side, Thailand served as the logistical hub for much of the U.S. and international relief efforts in the aftermath of the 2004 tsunami, just one example of a long friendship.[3]

Second, the continued designation of Thailand as a GSP beneficiary demonstrates a commitment by the United States to trade with Thailand. The recent free trade negotiations between Thailand and the United States have been put on hold because of unrelated internal politics in Thailand and it is still not clear when they will resume.[4] For reasons not under the control of the manufacturers in Thailand, an FTA is not presently a viable alternative to GSP treatment.

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[1] Congressional Research Service, CRS Report for Congress, U.S. – Thailand Free Trade Agreement Negotiations, updated November 3, 2005, Order Code RL 32314, summary section.

[2] Ibid, CRS-5.

[3] Congressional Research Service, CRS Report for Congress, U.S. – Thailand Free Trade Agreement Negotiations, updated November 3, 2005, Order Code RL 32593, CRS-5.

[4] Thailand has put FTA negotiations on hold pending completion of early elections, prompted by the sale of the nation's primary telecommunications company in a tax free transaction.

Third, the United States is a world leader in progressive trade programs – as illustrated by the Statement of Purpose for Generalized System of Preferences Renewal Act of 1984: "(5) encourage the providing of increased trade liberalization measures, thereby setting an example to be emulated by other industrialized countries." *See* Generalized System of Preferences Renewal Act of 1984, Pub. L. No. 98-573, § 501(b). The United States has succeeded in this effort, and Thailand enjoys reduced tariff trade with both the EU and Japan. If the U.S. were to curtail GSP treatment for Thailand, it could encourage other developed countries to take equivalent steps, which would magnify the harm.

Fourth, Thailand is a member of the Association of Southeast Asian Nations ("ASEAN"), which means that other members of ASEAN eligible for the GSP treatment can include Thai content to meet the 35% threshold for GSP eligibility. *See* 19 U.S.C. § 2467(2). If Thailand loses the GSP beneficiary status, it may have a ripple effect on the treatment of products from the Philippines, Indonesia and Cambodia. In sum, if the United States "graduates" Thailand from the GSP program, it could have effects reaching far beyond the Thai manufacturers which currently export goods under the GSP program and the U.S. importers of such products.

B. THE GSP PROGRAM IS IMPORTANT FOR MICROWAVE OVEN AND AIR CONDITIONER MANUFACTURING INDUSTRIES IN THAILAND.

The GSP beneficiary status of Thailand is critical for the maintenance and growth of Thailand's industries producing electrical goods, including microwave ovens and air conditioners. The GSP program is predicated on nurturing development and facilitating the economic growth critical to an improving standard of living of a developing country. While Thailand is striving to become competitive, it is far from meeting the criteria for graduating from

GSP. To end GSP treatment now would be to cut them off before the work of the GSP program is complete. This will not benefit the Thai people, the investors in Thailand, or U.S. consumers. The microwave oven and air-conditioner manufacturing industries are good examples of the work that remains in creating viable market participants.

The continued designation of Thailand as a GSP beneficiary is important to SEC and SALT in connection with three products: domestic-use (i.e., non-industrial) microwave ovens from Thailand classified under 8516.50.00, HTSUS; industrial microwave ovens classified under 8514.20.40, HTSUS; and portable air-conditioners classified under 8415.82.0105, HTSUS.

Over the past five years, imports of domestic-use microwave ovens from Thailand have steadily declined. Market share has decreased over 40%, whereas imports from China, and from Malaysia, have increased by over 100% over the same period. *See generally* Appendix A-1. This situation was precipitated by the loss of GSP treatment in 1997. In 1996, 1997 and 1998 Thailand was the second largest exporter of microwave ovens to the United States but once the loss of GSP status took hold, it fell to third place in 1999. In 2003 it dropped to fourth place, where it remains, even with the restoration of GSP treatment of domestic-use microwave ovens in the second half of 2005. As shown in Appendix A-1, Thailand's decreased exports to the United States are due in large part to increased dominance in the market by microwave ovens from China and Malaysia. Without duty-free treatment, Thailand's microwave oven industry faces the threat of continued reduction of exports to the United States – in fact, the entire industry faces the prospect of being unable to export any microwave ovens to the U.S. in light of the rapid growth of imported microwave ovens from China. This trend is confirmed with the export data from the Customs Department of the Kingdom of Thailand. In 2002, over 47% of domestic-use microwave ovens made in Thailand were sent to the U.S. In 2005, however, only a little more than 17% were sent to the U.S. That represents a loss of more than $11,600,000. Considering that the restoration of GSP treatment has not been enough to reverse the decline in the industry, losing GSP treatment a second time can only exacerbate the situation.

The situation with industrial microwave ovens, illustrated in Appendix A-2, is just as dramatic. Thailand was the market leader in 2002, but in 2003 experienced a complete reversal of market share with products from Japan. Japan has maintained this superior position ever since. Thailand faces more than one challenge however. First, Thailand is losing market share to Taiwan, long considered an export powerhouse. Taiwan did not export industrial microwave ovens to the United States until 2003, but by 2005 held over 10% of the import market. Second, the United Kingdom has exploded onto the scene: U.S. imports from the United Kingdom have increased from nothing in 2002 to nearly 20% of the market in recent months. Finally, the growth rate for German-based production is also significant – moving from no production just last year to a 3% share in recent months. As a result, U.S. imports of industrial microwave ovens from Thailand have dropped off rapidly, with a total decrease of approximately 65% from 2002 to date. The market for industrial microwave ovens exemplifies the situation for which the GSP was designed – a producer in a lesser developed economy in direct competition with producers located in highly-developed industrial nations and losing market share as a result. The termination of GSP treatment can only aggravate the situation.

The important trend for portable air-conditioners is presented in Appendix A-3, which demonstrates that the PRC and Mexico have squeezed all other suppliers. Thailand experienced a 75% reduction in import market share from 2002 to 2003. While Thailand has somewhat recovered, it is important to note that the market is now dominated by either non-market economies or countries with preferential trade rights under NAFTA, which put manufacturers in Thailand at a competitive disadvantage. Portable air-conditioners exported to the U.S. from Thailand is rapidly increasing since 2004. This makes the industry much more vulnerable to a loss of GSP treatment. The figures for SATL are even more striking: over [ ] of SATL's production of portable air-conditioners went to the U.S. in 2005.

C. LOSS OF GSP PROGRAM WOULD CAUSE SIGNIFICANT ADVERSE IMPACT UPON SATL.

The absence of duty-free status under the GSP would substantially affect the price competitiveness of products SATL exports to the United States by subjecting them to a 2% - 4% ad valorem import duty. Cognizant of the market's sensitivity to price, SATL has projected the effect of losing GSP treatment for these products. *See* Appendix B. If microwave ovens continue to receive GSP treatment, SATL's exports to the U.S. are projected to grow from approximately [ ] units in 2005 to well over [ ] units in the next couple of years. Without GSP, however, total exports to the United States will decline to approximately [ ] units per year. Without the GSP program, SATL will be unable to sell over [ ] units of microwave ovens each year to the United States. This projection conforms to SATL's previous experience with a loss of GSP treatment for this product, when exports of nearly [ ] units in 2002 fell to approximately [ ] units in 2003.

The projection for portable air-conditioners is more dramatic. In 2005 SATL manufactured nearly [ ] portable air-conditioners, with over [ ] of them ([ ]) exported to the U.S. This year, SATL expects increased production of over [ ] air conditioners and to export almost [ ] of them ([ ]) to the United States. Production is expected to further increase to more than [ ] units each year by 2008. Over [ ] of such production is intended for the U.S. market. However, without GSP treatment SATL expects that exports will be off by over [ ] units in 2007 and [ ] units in 2008 – which results in approximately [ ] units per year of exports to the United States. The reduction is entirely attributable to the lost share of the U.S. market resulting from Thailand's non-eligibility under the GSP program.

Taken together the loss of exports to the U.S. will translate to reduced employment opportunities in these industries in Thailand. With continued GSP treatment, SATL intends to add employees in 2007 and 2008, increasing from just under [ ] employees in 2006 to about [ ]. With a loss of GSP eligibility, needs for employment will be significantly lower than in 2006, to less than [ ], a net loss of [ ] jobs in Thailand.

In addition to the projected employment losses in Thailand, there is a real potential for a ripple effect into the U.S. SEC imports compact, mid-size and combination domestic-use microwave ovens from SATL. However, the larger, high-end models are manufactured by a division of SEC, Sharp Manufacturing Company of America, in Memphis, Tennessee (the only remaining producer of domestic-use microwave ovens in the United States). The models imported from Thailand and other models manufactured in the United States enable SEC to provide a full line-up of microwave ovens in this country. If SATL's microwave ovens lose competitiveness to other imports, SEC would not be able to compete effectively in the microwave oven market. SEC expects that as it becomes less competitive in the lower-end of the microwave oven market, the entire product line could suffer. This, in turn, would adversely impact the facility in Tennessee and U.S. employment.

We hope that we have shown how vital it is that Thailand continue to receive GSP benefits from the U.S. and respectfully request that in order to maintain the Thai microwave oven and the air conditioning manufacturing industries, the United States continues to designate Thailand as a GSP beneficiary.

Respectfully submitted,

/s/ Fusae Nara

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Sharp Electronics Corporation
Sharp Appliances (Thailand) Limited

LIST OF APPENDICES

A. Importation of selected products into the United States

1. Importation of domestic-use microwave ovens (2002-2006)
2. Importation of industrial microwave ovens (2002-2006)
3. Importation of portable air-conditioners (2002-2006)

B. Impact Upon SATL's Sales to the United States if Thailand Loses GSP Eligibility

<u>Impact Upon SATL'S Sales to the United States If Thailand Loses GSP Eligibility</u>

SATL's Expected Sales <u>WITH</u> GSP Program | SATL's Expected Sales <u>WITHOUT</u> GSP Program | Expected Decrease If Thailand Loses GSP Eligibility

1. Home-Use MWOs

Fiscal Year (Apr. - Mar.)	SATL Total		Exports to the US			SATL Total		Exports to the US			Difference	
	Qty	Value (US$)	Qty	% of Total SATL Sales	Value (US$)	Qty	Value (US$)	Qty	% of Total SATL Sales	Value (US$)	Qty	US$
2006												
2007												
2008												

2. Commercial MWOs

2006												
2007												
2008												

3. Portable Air-Conditioners

2006												
2007												
2008												

UNI – DESIGN USA
(DIVISION OF UNI-CREATION, INC)

Sep 5th'06

To whomsoever it may concern

We would like to bring to your attention the disadvantages of revoking duty exemption for GSP in Thailand. It would decrease imports of jewelry from Thailand. Even though Thai craftsmanship is higher than other countries, we won't be able to bear the burden of extra 5.5% and have to resort to less expensive exporters like China and India. Thai people have been very sincere and punctual businessmen. But the increase in duty would compel us to move our buying to lesser expensive countries to survive in this competitive market. This would reduce our options and even the choices for American consumers will decrease.

Hence, we request you to reconsider the withdrawal of duty waiver for GSP in Thailand. It would indirectly empower China even more. Kindly re-evaluate its consequences for the American importers and maintain the duty exemption for GSP in Thailand.

Sincerely,

Shreyash Mehta

Director
Uni-creations Inc

592 Fifth Avenue, 11th Floor. New York, N.Y. 10036. (212) 282 1111. Fax: (212) 282 1122.

September 1, 2006

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

Re: GSP Initiation of Reviews and request for Public Comments

Dear Sir or Madam:

On behalf of Sunstone, Inc. and Roman Company, I appreciate the opportunity to provide background information from two jewelry industries and the impact of the GSP renewal on our companies.

Sunstone is a sterling silver jewelry wholesaler and Roman Company is a fashion jewelry wholesaler. Both companies have been in business for over 30 years and are proud to be mid-range companies that employ 350 employees in the Chicago and St. Louis areas.

Both the sterling and fashion jewelry industries have been faced with significant impacts over this past year in relation to incremental costs and expenses. First, the recent escalation of the price of silver to the highest levels in the past 20 years has resulted in the requirement of raising retail prices for U.S. consumers. This has already adversely affected the sales of sterling jewelry in 2006. Second, the recent settlement in California of Proposition 65 for fashion jewelry, is requiring the fashion jewelry industry to adhere to lead free standards. Currently there are at least four additional states and two cities that have bills in legislation regarding lead free fashion jewelry. Although, the fashion jewelry manufacturers and wholesalers agree with the position of protecting our children from potential lead poisoning, it is at least a 25% increase in manufacturing costs for our industry. This, similar to the price of sterling, will result in the raising of retail prices for the U.S. consumer and potentially impact the sale of fashion jewelry.

All U.S. sterling and fashion jewelry companies have been faced with these incremental cost burdens during 2006. Many companies will have a difficult time absorbing or offsetting these expenses and could result in those companies being forced to make staff reductions or potentially go out of business.

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

roman company 1031 executive parkway drive, suite 101 st. louis, mo 63141
phone 314.962.9750 fax 314.968.5483

products from these countries.   Sunstone and Roman combined, import approximately 70% of our jewelry from the countries listed above, representing several thousand unique items. Although sourcing this product from other countries is a possibility, it will be a severe hardship to achieve in cost and time. In some cases, the materials needed and the artisan labor for sterling silver manufacturing is not currently developed in other countries, thus limiting the availability for alternate sourcing.

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

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

I appreciate your office's consideration of this information.   Both Sunstone and Roman Company If you would like any additional information, please feel free to contact me at 314-963-3604.

Respectfully,

Dee A. Marino
President
Sunstone, Inc. and Roman Company

roman company   1031 executive parkway drive, suite 101   st. louis, mo 63141
phone 314.962.9750   fax 314.968.5483

From: sarah [sarah@925expert.com]
Sent: Monday, September 04, 2006 6:01 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Importance: High
To Whom It May Concern:

Company Name: Silver Expert Co., Ltd
Address: 345 Suriwong Road, Suriyawonges, Bangrak 10500 Bangkok Thailand
Email Add: silver@925expert.com
Country: Thailand
Nature of Business: Sterling Silver 925 & Stainless Steel Jewelry
(HS) Code: 7113.11.20 and 7113.11.50
Impact on the business if GSP would be revoked:

1 US is the biggest imported market for Thai Jewelry Market, my company about 80% of orders come from USA.
2 If GSP would be revoked, we might have to close the company and factory, workers will loss their jobs.
3 If GSP would be revoked, we might need to move the factory or company to China, Thailand will have no chance to be more developed than now as we all know that Thai Jewelry Industry is helping a lots for the Thai Gov.
4 If GSP would be revoked, most of the Thai Jewelry company will move to China or India, China and India will be more strong in Economy, for the Southern Asian countries will have no chance to have a better life as we all know that China and India have a cheaper labor as its advantage, more over, customers around the world would have only Chinese design and Indian design, in order to have more design and different choose for customers around the world, is if important for them to have more freedom as a buyer or importer to have Thai market as one more option?
5 Business is very competitive nowadays, if the US Gov. don't help us, we will have no one to ask for help!

Sincerely yours,
Jantima Jinawong (MS)
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345 Suriwong Road, Suriyawonges, Bangrak
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Tel: +66 2 630 8833-5
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202-383-7252
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September 5, 2006

VIA EMAIL (FR0052@USTR.EOP.GOV

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

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

Dear Ms. Sandler:

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

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

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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

From: Thai Gem & Jewelry Traders Association [tgjta@thaigemjewelry.or.th]
Sent: Tuesday, September 05, 2006 5:45 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review
Dear Sir or Madam

The Thai Gem and Jewelry Traders Association (TGJTA) represents about 1,360 members of which more than 90% are gem and jewelry exporters who generate annual revenue to the country for over US$3 billion. TGJTA is located in the center of gem and jewelry trade in Thailand at 919/616 Jewelry Trade Center, 52nd floor, Silom Road, Bangrak, Bangkok 10500. It is the trade association, which manifests concerns of its members as well as the industry on various issues including the GSP and CNL Waiver Review.

Thailand's gem and jewelry industry needs the support of the US's GSP in order to maintain its sustainable development because it currently faces the followings.

1. **Unfair competition**

A country which is a big exporter of jewelry has maintained an artificially low value currency, thus enabling its products to be sold in the US at prices lower than any other suppliers' including Thailand. It is reported that this country's currency value is lower than its real value by 25%, while Thailand enjoys a margin of between a mere 5 – 10% under the GSP.

Even with the benefit of the GSP, Thailand has been losing its competitiveness in certain items of jewelry, to the biggest population country under articles HS code 7113.11.20, HS code 7113.11.50, and gold articles under HS code 7113.19.50.

2. **Relocation of industry**

For the time being, Thailand's jewelry industry might remain competitive only with the support of the GSP in higher value items, due to its superior craftsmanship and technology. If Thailand cannot continue to enjoy GSP benefits, there will be an accelerated relocation of industry which has already begun about five years ago to the country which has maintained unfair competitiveness. Thailand's gem and jewelry technology will follow its industrial relocation, and so to further strengthen its new host country's industry.

It is expected that the trend of relocation will be solely in the direction of the country with the biggest population and not in the direction of the least developed countries, even if all the middle level countries lose their GSP privileges.

3. **Competition from the lower labor cost**

Thailand's labor cost is much higher than that of other countries with the biggest population due to the welfare system enjoyed by workers in Thailand. Among the countries with the biggest population, some have provided subsidies such as housing and public utilities below cost in order to maintain a low labor cost.

Therefore, in the event that it should lose its GSP benefit, the Thai gem and jewelry industry would not be able to compete with countries the biggest population.

4. **The burden of terrorism**

The gem and jewelry industry in Thailand is concerned that the expense of the anti-terrorist operations in the South of Thailand has been draining a substantial portion of government budget. The development budget will be further reduced which would affect the development of infrastructure, which in turn would affect economic growth. In the event that Thailand is penalized by the United States' GSP, investment confidence will be shaken and the economic cycle will take a downward turn to the point that Thailand will not be able to sustain its anti-terrorist operation on its southern frontier.

Moreover, if the GSP will be revoked, the estimated workforce of 1 million people in the gem and jewelry industry will lose their job and it will result in the increase of unemployment rate in Thailand. Presently, nearly 10% of small and medium entrepreneurs and about 30% of labor in gem and jewelry industry are from the South of Thailand. They may have to return to their homeland in southern part unemployed and this may further complicate the problem on anti-terrorist operation on Thailand's southern frontier.

In addition, currently the American customers slow down their purchasing orders due to lack of confidence on the GSP benefit to Thailand and it will result in limited choices for the American people to consume unique and high quality jewelry products with reasonable price from Thailand. Furthermore, it will give way to the domination on the American jewelry market by the biggest population countries. What is more, the export of raw materials and machinery equipment for jewelry manufacturing from the US to Thailand will also be decreased. As a matter of fact, providing the GSP benefit to Thailand does not negatively affect domestic employment in the US at all. On the other hand, removing Thailand from the GSP beneficiary countries will directly affected the American entrepreneurs who invest in jewelry manufacturing in Thailand.

In conclusion, the Thai Gem and Jewelry Traders Association would like, in view of the above mentioned information and concerns, to appeal to the United States of America to continue to grant the GSP benefit to Thailand and its jewelry industry in order that Thailand may save this precious industry onwards.

Thai Gem and Jewelry Traders Association

Bangkok, Thailand
September 5, 2006

Supports Thailand
Pro CNLW All precious-metal jewelry

From: Jeweltechinter [cs@jeweltechinter.com]
Sent: Saturday, September 02, 2006 3:52 AM
To: FN-USTR-FR0052
Subject: 2006 GSP ELIGIBILITY & CNL WAIVER REVIEW

From: kelvin
Sent: Saturday, September 02, 2006 1:48 PM
To: ta
Cc: Harry
Subject: 2006 GSP ELIGIBILITY & CNL WAIVER REVIEW

Dear Khun TA,

This is to send from Khun TA to USTR with regards to the ‘GSP Eligibility Issue’.

PLEASE KINDLY READ THROUGH THIS E MAIL TO SEE IF KHUN TA, YOU HAVE ANYTHING TO ADD OR IMPROVE?

E mail : FR0052@USTR.EOP.GOV

Thank you

Truly

Kelvin

To Whom It May Concern,

Dear Sir / Madam,

We hope that you are in the best of health.

One of the most worrying issues in Thailand, now, is 'America's Withdrawal of Thailand's GSP Eligibility & CNL Waiver Review', specifically for the entire Jewelry industry in Thailand which is in fact, one of the most important contributors to the export & import economy of Thailand – sterling, silver, gold jewelry, precious and semi precious stone dealers, suppliers and etcetera.

This most talked about issue is hitting Thailand with a powerful impact that regretfully speaking, is as worse as it is, when the waves of the 'Tsunami' hit Thailand without a single concern of mercy or humanity.

What forces of nature cannot hold back, re consider, re evaluate and stop this from happening, YOU CAN. We ask this in the name of our good economic relations over the years and in the name of humanity.

Your act or decision may seem very reasonable at one point of view but we, the entire members of the association of Thailand's Jewelry Industry, which consists of easily, at least, thousands in numbers would like to open your hearts and minds to a different point of view.

1) LABOUR, MANFORCE

Logically speaking, with the entire industry of at least thousands in numbers, not including smaller jewelry companies and precious stones and semi precious stones dealers (which are not registered in the association), involved, imagine the numbers of employees, labors and families that WILL BE AFFECTED DIRECTLY from your decision.

2) COMPETITION

Already, Thailand is trying all our best to rise against competition, significantly with tough attacks from two of our toughest rivals China & India, in various aspects of the industry, therefore, 'what will happen to Thailand if we lose our 'GSP eligibility and CNL Waiver'?

Is it a fact that Thailand is one of the largest exporters of the best precious and semi precious stones in the world? Is it a fact that Thailand has one of the best workmanship, production of quality jewelry accessories that even China and India could not stand a chance against?

With all the above, Thailand is pushing so hard as the 'World's gem trading center'.

What will happen to all our efforts, hopes and reputation?

3) CURRENT AND FUTURE ECONOMIC RELATIONSHIP

As you know, it takes 'two hands to clap'.

Thailand's 'GSP eligibility and CNL waiver' gives us a strong competitive advantage, in building, and improving our economic relationships with our American companies- huge, medium and small organizations, through imports and exports of all types of goods and commodities.

Therefore, may we enlighten you that with such a 'withdrawal', not only will Thailand suffer from loss of American customers, in terms of 'wholesalers' and 'tax payers' (consumers) but vice versa, American customers from all various type of industry (export of raw materials, machinery and etc.) will lose their businesses with Thailand and 'tax payers' (consumers) will lose their benefits – choices of goods, quality yet cheaper goods and either way, they will be paying higher taxation or duty for the goods imported.

Not to forget that American partners and entrepreneurs here in Thailand will be directly affected too!

To conclude, for the sake of both the 'future' of Thailand's import and export economy and all your fellow American 'tax payers' that will be directly affected:

“ Give Thailand back our GSP eligibility and CNL waiver.”

Thank you for your kind attention and consideration.

We are looking forward to your rational act of humanity.

Best Regards,

MRS SONGLOT BHAYAKAPORN

PRESIDENT & CEO

JEWEL TECH INT’L MFG. CO., LTD.

Supports Thailand
Re seafood & tuna products – no CNLWs
From John Signorino,
Pres & CEO Chicken of Sea Int'l

From: John Signorino [jsignorino@cosintl.com]
Sent: Tuesday, August 29, 2006 7:08 PM
To: FN-USTR-FR0052
Subject: General System on Preferences program for Thailand

John Signorino
President and CEO

August 29, 2006

GSP Subcommittee,
Office of the United States Trade Representative
USTR Annex, Room F220
1724 F Street, NW
Washington DC 20508

To Whom It May Concern:

I am in support of the continuation of the General System on Preferences program for Thailand.

As CEO of Chicken of the Sea International, our trade with Thailand is critical to our business. We receive high quality canned and pouch tuna from Thailand for our more selective US customers. This canned tuna business is an important source of revenue for our company in San Diego. Without the quality product that Thailand provides, both our business and the US consumer would suffer.

With the help of Thailand, we are able to offer high quality seafood and tuna products to US consumers at very reasonable prices. Without our support from Thailand, many US consumers would no longer be able to afford high protein, low fat tuna products with many nutritious benefits such as Omega-3.

We encourage the continuation of the GSP program with Thailand and further expansion of free trade initiatives with this country.

Please do not hesitate to call if you have any questions or need additional actions taken by Chicken of the Sea International.

Sincerely,

John Signorino

Regards,

John Signorino
Chicken of the Sea International
Phone 858-558-9662

Supports Thailand
Re seafood & tuna products – no CNLWs
From John Signorino,
Pres & CEO Chicken of Sea Int'l

From: Dottie Young [dyoung@cosintl.com]
Sent: Tuesday, August 29, 2006 6:33 PM
To: FN-USTR-FR0052
Subject: GSP Program

Please find attached a letter from John Signorino, President and CEO, Chicken of the Sea International regarding the General System on Preferences program for Thailand. The original letter has been mailed to your office in Washington.

Regards,

Dottie Young
Executive Assistant to John Signorino, President & CEO
Chicken of the Sea International
9330 Scranton Road, Suite 500, San Diego, CA 92121
Phone: 858-597-4275 Fax: 858-362-9175
email: dyoung@cosintl.com

Chicken of the Sea

John Signorino
President and CEO

August 29, 2006

GSP Subcommittee,
Office of the United States Trade Representative
USTR Annex, Room F220
1724 F Street, NW
Washington DC 20508

To Whom It May Concern:

I am in support of the continuation of the General System on Preferences program for Thailand.

As CEO of Chicken of the Sea International, our trade with Thailand is critical to our business. We receive high quality canned and pouch tuna from Thailand for our more selective US customers. This canned tuna business is an important source of revenue for our company in San Diego. Without the quality product that Thailand provides, both our business and the US consumer would suffer.

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We encourage the continuation of the GSP program with Thailand and further expansion of free trade initiatives with this country.

Please do not hesitate to call if you have any questions or need additional actions taken by Chicken of the Sea International.

Sincerely,

John Signorino

Chicken of the Sea International
9330 Scranton Road, Suite 500
San Diego, CA 92121
Phone: 858-558-9662 Fax: 858-597-4248

ST. MAXENS & COMPANY

1200 17th Street, NW, Suite 500
Washington, DC 20036 USA

Tel: 202.966.9000
Fax: 202.966.9110
consultants@st.maxens.com

Supports Thailand
Re aluminum and stainless
steel cookware–which
not have a CNLW
Meyer Corporation, U.S.

From: Tom St.Maxens [tst.maxens@st.maxens.com]
Sent: Wednesday, August 30, 2006 10:45 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

August 30, 2006

electronic e-mail submission

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

Dear Marideth:

On behalf of Meyer Corporation, U.S., we are pleased to submit these comments in response to the GSP Subcommittee's *Federal Register* notice of August 8, 2006 soliciting public comment concerning the eligibility of certain beneficiary countries under a renewed U.S. Generalized System of Preferences (GSP) extending beyond the current expiration date of December 31, 2006. Further to its submission to the Subcommittee of November 14, 2005, Meyer wishes to express its strong support for maintaining Thailand's status as a beneficiary country under a renewed GSP program through the date on which the prospective U.S.-Thailand Free Trade Agreement is implemented.

Founded in 1980, Meyer Corporation has grown to become the United States' largest seller of aluminum and stainless steel cookware, which is sold under the brand names *Farberware, Circulon, Anolon, KitchenAid* and *SilverStone*. The company's operations are based in northern California, including a main office and distribution facilities in Vallejo and additional distribution facilities in nearby Fairfield. Meyer Corporation, U.S. employs over 350 full-time U.S. workers.

Meyer's affiliate in Thailand is the country's leading manufacturer and exporter of cookware, including both stainless steel and stamped aluminum cookware. The U.S. GSP program has played a critical role in enabling these Thai products to compete with lower cost imports from China, which have come to dominate the U.S. market in recent years.

While Thailand has lost GSP eligibility with respect to stamped aluminum cookware, having exceeded the GSP's competitive need limits, maintaining Thailand's current GSP eligibility with respect to stainless steel cookware (HTS 7323.93.00) remains important to Meyer and to the Thai industry. The primary alternative source for this product is China, whose share of total U.S. imports of the subject stainless steel cookware category has grown every year without interruption over the past decade, from 27.1 percent in 1996 to 66.5 percent in 2005 and continuing to 68.2 percent through the first six months of 2006. It is clear that a decision to graduate Thailand from GSP eligibility in this product area only would serve to further benefit China, rather than contributing to any redistribution of GSP benefits to lesser developed countries.

For these reasons, Meyer urges the Administration not to graduate Thailand from GSP eligibility, at least not until the U.S.-Thailand free trade agreement currently under negotiation can be implemented. Should the Administration decide to implement any graduation measures on a product-by-product basis, Meyer urges that Thailand's continued GSP eligibility be preserved with respect to the subject stainless steel cookware category bearing in mind the current $50 million-plus level of such imports from Thailand.

Please do not hesitate to contact us if members of the GSP Subcommittee would like any additional information concerning Meyer's position on this matter.

Sincerely,

Tom St. Maxens

Thomas F. St.Maxens

Pro Thailand – Gold Jewelry
Pro CNLW 7113.19.50

From: eric piat [ericpiat@hotmail.com]
Sent: Thursday, August 17, 2006 9:19 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

2006 GSP Eligibility and CNL Waiver Review

Dear Sirs,

As a small exporter from Thailand of fine gold jewelry I would like to express my concerns regarding the loss of GSP status in the United States of America for the line of products we currently export.

As you know China and India had become our biggest competitors in a very short span of time (less than 5 years), we had to switch from mass products to niche markets demanding better craftsmanship, refined designed and color schemes.

These niche markets were established painstakingly through various kind of investments: equipment, know how and even outsourced designers from Europe and America.

However a rate of 5% or so in import duties, as small as it might seem, is a big threat to these niche markets since the smaller players whom we contacted through various fairs in The States are particularly frightened with customs procedures and imports impediments.

I am afraid that a mere duty , whatever the amount, will discourage them from importing goods directly from us which had become extremely convenient through Fedex parcels insured door to door through One service company (another American company).

Thailand had developed tremendously during the past 20 years and the average revenue per capita might have reached and by passed the maximum limit you consider for imposing import duties but you might have to consider that the jewelry industry is based on mostly poor skilled workers from the poorest provinces of the kingdom who don’t have much other job opportunities apart from returning to their rice fields or look for menial jobs in the capital.

China and India have taken away a big chunk of our traditional American market, the Thai Baht is getting stronger by the month but the Yuan is not, we are playing the capitalist game that the USA is championing, should we suffer even more than we already did because other countries still refuse to do so?

The American economy is markedly slowing, through the results of the past 2 fairs we attended in Las Vegas and NYC, the loss of the GSP would threaten directly the livelihood of millions of lower skilled workers who would have little opportunities to grab given the Thai economy at the moment.

Sincerely,
Eric Piat

Supports Thailand & CNLW for
Gold Jewelry
Sonette Jewelry Co.

From: sorab holako [sonettejewelry@yahoo.com]
Sent: Wednesday, August 23, 2006 3:44 PM
To: FN-USTR-FR0052
Subject: GSP status of Thai Jewelry
To whom it may concern,
please consider our concerns when deciding about the GSP status of Thai Jewelry
as expressed in our attached letter.

Sorab Holako
President

SONETTE

8500 BEVERLY BLVD. #783
LOS ANGELES, CA 90048
TEL: (310) 657-2705

FAX COVER SHEET

TO: **FROM:**

COMPANY: **OUR FAX #: (310) 659-5359**

FAX: **DATE:**

NUMBER OF PAGES INCLUDING COVER SHEET:

To whomever it may concern

Regarding the loss of GSP status for Import of Thai Jewelry.

I, as a wholesaler/Importer of Gold and Gem set Jewelry, am very concerned about the lifting of the GSP for Thai imported Jewelry since a mere 5% import duty will affect directly our business relationship with our old time Thai Business friends. As a matter of fact this industry is extremely price sensitive especially in today's business environment. Such a loss of GSP for Thai goods, will force us to establish new business relationships with exporters from other countries such as China and/or India. Since it takes quite a long time to develop trustworthy and accommodating credit terms with exporters from abroad, we will probably go through very rough times in the near future in the worst timing: the slowing economy and the higher borrowing rates.

Thank you for understanding our point of view.

Best regards

Sorab Holako

President

Supports Thailand & Gold
Jewelry CNLW

From: Khopemoss@aol.com
Sent: Wednesday, August 23, 2006 12:38 PM
To: FN-USTR-FR0052
Subject: Hope Moss and Co.

To whomever it may concern

Regarding the loss of GSP status for Import of Thai Jewelry.

I, as a wholesaler/Importer of Gold and Gem set Jewelry, am very concerned about the lifting of the GSP for Thai imported Jewelry since a mere 5% import duty will affect directly our business relationship with our old time Thai Business friends. As a matter of fact this industry is extremely price sensitive especially in today’s business environment. Such a loss of GSP for Thai goods, will force us to establish new business relationships with exporters from other countries such as China and/or India. Since it takes quite a long time to develop trustworthy and accommodating credit terms with exporters from abroad, we will probably go through very rough times in the near future in the worst timing: the slowing economy and the higher borrowing rates.

Thank you for understanding our point of view.

Best regards
Karen Moss
Hope Moss & Co.

Supports Thailand – gold jewelry
Supports CNLW for 7113.19.50

From: kay [info@rfimex.com]
Sent: Monday, August 28, 2006 3:47 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To whom it may concerns

Please kindly see attached file.

Thanks & best regards,
Thitirat Lorlerlert

Subject **"2006 GSP Eligibility and CNL Waiver Review "**

Company name : **R F Import Export Co., Ltd.**
Address : **1249/188-191 27th Floor Gems Tower Bldg., Charoen Krung Road, Suriyawong, Bangrak, Bangkok 10500, Thailand**
Email Address : info@rfimex.com
Country : Thailand
Nature of business : Manufacturer and Exporter
Products exported to the US : 18K Gold Fine Jewelry
(HS code) : 7113.19.50
Impact on the business if GSP would be revoked

We produce the fine jewelry, which's set from Blue Topaz imported from USA. We are exporting to worldwide and USA is our important market. GSP is very important to us to continue the business because if the sales volume to USA decreased, it will effect to our labour employment and human rights indeed. The US Importer may decrease order from us because there will be much different in price between us and other countries such as China.

Moreover, we might have to decrease the imported order of raw material to match to exporting volume as well, etc because of above matter.

So, we would like to ask your kindness to extend GSP, then we can develop our countries together.

Name Thitirat Lorlerlert (Ms.) **Position** Marketing Consultant
Date August 28, 2006

Support Thailand
CNL Waivers: Sterling silver 925 (7113.11.50) and Gold (7113.19.50)

From: Dragonaire Vision International
Date: September 1, 2006

Company name : Dragonaire Vision International Enterprise (Thailand)Co.,Ltd.

Address : 1249/115A-B, 10th Floor, Gems Tower Building, Charoenkrung Road, Suriwongse, Bangrak, Bangkok 10500, Thailand.

Email Address : thida@dragonjew.com

Country : Thailand

Nature of business : sterling silver 925 and gold jewelry exporter

Products exported to the US : Sterling silver 925 (7113.11.50) and Gold (7113.19.50)

Impact on the business if GSP would be revoked:

1. Our main market is U.S.A. Nearly 100% of our exported items, both sterling silver 925 and gold jewelry depend on U.S.A. So, G.S.P is the important factor that help us to be able to compete with China, that 's well known for the cheap labour cost. If we did'nt get G.S.P, it can definitely trouble us and our emplyees.

2. if no G.S.P, US importer or any wholesalers have to pay higher price. When any puchase from U.S.A are reduced, US consumer have no choice to pay higher.

3. We believe in our good design, good quality and good relationship but don't like "NO G.S.P" is our major obstacle to deal with US people.

Name: Ms.Thida Muninnoppamad Position : Sales Executive

Date: 1 September 2006.

Supports Thailand (silver jewelry)
CNLW (HS Code) 7113.11.50

From: ONBODY JEWELRY CO., LTD. (info@onbodyjewelry.com)
Sent: Friday, September 1, 2006
Subject: 2006 GSP Eligibility and CNL Waiver Review"

Company Name ONBODY JEWELRY CO., LTD.

Address 919/282 JEWELRY TRADE CENTER 22ND FL., SILOM RD.,
BANGRAK, BANGKOK 10500 THAILAND

E-mail Address info@onbodyjewelry.com

Country THAILAND

Nature of Business EXPORT STERLING SILVER JEWELRY SINCE 2003

Products exported to the US SILVER JEWELRY

(HS Code) 7113.11.50

Impact on the business if GSP would be revoked

1. We have been in business from 2003 until now and most of our customers (more than 60%) are in USA. Name of our customers: Silver Express, Chapel etc. We are probably in trouble if we would be revoked GSP. They will not order from Thailand because the price will increase when compare to the pass, we notice from at this moment basically, they should fax order in advance for next season now, they still waiting to see the result from GSP. Also, they change suppliers from Thailand to China this would make China become a stronger in jewelry industries.
2. The coming event which is "Bangkok Gems & Jewelry Fair in September 13-17,2006." We don't have customer from USA confirm us to come to visit our exhibition show but they ask us will you go to the show in China or Hong Kong, because they prefer to go to China and order from China to USA.
3. In case we would be revoked GSP, there are many jewelry companies in Thailand have potential to move factory to China due to the labor is much cheaper than Thailand. Even now China doesn't have GSP, The jewelry that's export from China to USA are cheaper compare to Thailand.
4. We have chanced to survey market in USA more than 40% of jewelry in one store are from China. This is seemed to be we are helping China expand the market also push them directly to become an industry country soon.
5. Jewelry is a product that very variety design and each country have different unique character. So if GSP have revoked from Thailand that's mean the number of import jewelry from Thailand are decreased. This cause doesn't have much choice for consumer in USA, to see the variety jewelry products.
6. We have factory and workers in our company about 100 persons this is seem like small number but we also have handicap persons work with us

if we had revoked GSP, the company can't hired them not only handicap but may be we have to close and move to China. Some of our employees are and professional in doing jewelry only, So we don't have order from our customers in USA (Main Customer) we may have to close or reduce the factory size that's mean they don't have job.

7. The most important that's many people doesn't know is our maker jewelry for the special unique type (Oxidize Hoop Earring) are from south of Thailand and many customers from USA like this design because very light and unique. If we don't have job for them they have to return to south part of Thailand which is now the circumstance in that part is not good. If we layoff them this mean make more trouble to our government.
8. In political view, the government have income from export jewelry by Thai labor, if we have revoked GSP, income from export jewelry is not enough for government to develop and solving problems in south part of Thailand. As we mention about some of our maker are from this part of country. Not only south of Thailand will have unemployed, but also in capital and other countryside in Thailand will face same problem.
9. We have policy to make Thailand become a central of jewelry trading is South East Asia, due to USA is a big market for Thailand Jewelry Exporter. If we have revoked GSP, this will effect this project and seem like we push China again to become the central of Jewelry Trading.
10. We won't have a capacity too competitive with other country, due to we have GSP in the pass so, we can keep customer to order with us at the competitive price.
11. The money rate of our competitive Jewelry country is under value of exchange rate, such as China. It is impossible to deduct our money value for any situation.
12. Due to our technology to produce sterling silver jewelry without stone or with stone we still have a good choice for customer compare to our competitors because our quality and some special design can't produce in China.
13. If we have revoked GSP, this is might be a good chance for our competitors to increase the price then this is not good for customer is USA, to buy jewelry more expensive. Thai jewelry is very reasonable price compare to our competitors and the quality.
14. There are not many chance for exporters in Thailand to become a strong is this business again if we would revoked GSP, due to many factors such as: the political in Thailand, unemployed circumstance, silver rate, number of competitors in other country.
15. Now a day we have GSP, we still export silver jewelry less than China if we have revoked GSP, this would make us worse than today.
16. Jewelry price that we offer to our customer in USA is reasonable due to we are wholesale company. Some item we have margin only 10-15%, and our customer know the fact, they except this price this is mean we can't deduct the price to competitive with other country.

Name NATNICHA PUEANPONGRAT Position MANAGING DIRECTOR
Date September 1, 2006

Supports Thailand
Pro CNLW gold jewelry
7113.19.50

From: Pitirat [ycppiti@ycpjewelry.com]
Sent: Friday, September 01, 2006 7:37 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Importance: High

YCP Jewelry Co., Ltd.
Address: 32/8 Yen-arkart Road, Tungmahamek, Sathorn
Bangkok Thailand 10120
E-mail: Richard_chan8@hotmail.com, ycppiti@hotmail.com
Country: THAILAND
NATURE of BUSINESS: FACTORIER & EXPORTOR

RODUCTS EXPORTED TO THE US. GOLD JEWELRY

(HS CODE: 7113.19.50)

Briefly about the Company:

We, YCP Jewelry Company Manufacturer and exporter of fine gold jewelry with precious and semi-precious stone are in Thailand – South East Asia.

We are in Gems and Jewelry Industry for more than 10 years and built a world wide client as most of our customers are in USA, EU and Canada.

IMPACT ON THE BUSINESS IF GSP WOULD BE REVOKED:

As most of our customer 70 – 80 % is in USA. We can say that “GSP Eligibility” will certainly effect to our business, YCP Company, also Gems and Jewelry Industry in Thailand. Show as follow:

1.. The business competitive. The efficiency will be lost. Due to, the price or clients cost will be increasing with this TAX fee.
2.. Nevertheless we prefer to improve the merchandise’s quality, but, we shall to control the selling price. Therefore, that is possible to reduce labor cost or lay out the employee.
3.. China will be strong and aggressive much more in this industry if Thailand will be cut GSP.
4.. In the long term of business, we will loose customers due to they may change the supplier to be Chinese Factory in stead of Thai.
5.. Labor affect; in case that business decide to contend continually without GSP, we shall to deduct cost. The labor cost is most important and one of main factors, therefore, we will decline labor salary. That means the labor will lost their income and life will be changed, the welfare will be come down.
6.. The moving of Industry, this should be another strategic management for stay able in the business. Refer to our summit about this situation, many companies and factory prefer to move to China, due to, China Government support for the foreigner inventory and more than that we can control the cost to be similar to China, the main competitor.

Sincerely Yours,
Pitirat Ngamvilaikon
Sales Coordinator
YCP Jewelry Co., Ltd.
Tel: +66.2.671.3747-50
Fax:+66.2.671.3356
E-Mail: Richard_chan8@hotmail.com, ycppiti@ycpjewelry.com
Website: www.ycpjewelry.com

Support Thailand CNLW
7113.19.50

From: Rony Gad, D.R.A.GAD Inc.
Date: September 1, 2006

Company name : D.R.A.GAD INC.
Address : 72-72/1 soi trok to ChareonKrung 49 Rd. Bangrak Bkk.
E-mail Adress: dragad@csloxinfo.com website www.dragad.com
Country:Thailand
Nature of business: Gold jewelry setting with diamonds and stone
Product export to the Us : More than 50% of company's export value
HS Code: 7113.19.50
Impact on the business if GSP would be revoked.
1. would have more unemployed labour.
2. Would have no ability to compete with other competitors
3. Would decrease order from customer in the Us.
4. Would be difficulty for Thai entrepreneurs to recover.
5. May have to relocation to cheaper labour country.
6. May have large impact for overall Thai's business.

Beside, there's so many other reson from entrepreneurs from thailand and for reverse
it wold have impact to the American people to have less choice of products sources
so please continue to give GSP to Thailand.

Best Regard,

Rony Gad
Managing Director
September 1st 2006

Supports Thailand
ProCNLW – gold diamond jewelry –
7113.19.50

From: Zorab Creation [zorab@loxinfo.co.th]
Sent: Friday, September 01, 2006 11:49 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Zorab Atelier de Creation
198/23-25, Silom Soi 14,
Silom Road, Bangrak
Bangkok 10500
Thailand
Tel: +662-233-6301
Fax: +662-266-4513
E-mail: zorab@loxinfo.co.th
Website: zorabcreation.com

Subject "2006 GSP Eligibility and CNL Waiver Review"
Company name: Zorab Creation Jewelry Manu. Co. Ltd.
Address: 198/23-25 Silom Soi 14, Silom Road, Bangrak, Bangkok, Thailand 10500
Email address: zorab@loxinfo.co.th
Country: Thailand

Nature of business: Gold jewelry manufacturing
Products exported to the US: 18K gold diamond and colored stone jewelry

HS Code: 7113.19.50

Impact on the business if GSP would be revoked:

-Regarding Thailand:

If GSP is revoked Thai labor will be in trouble thus increasing unemployment rate in Thailand. Industrially Thailand is a leading country in south East Asia, any negative effect to the Thai industry could cause a negative ripple through its neighboring countries. Thailand is one of the world leaders in jewelry designing, revoking GSP could decrease competitiveness in jewelry industry. Another negative effect is most Thai jewelry companies will move to China as many companies in other industries did which eventually will increase the Chinese export in the world rather than Thai product. If GSP is revoked Thailand will lose its position as the world's gem trading center to countries like Hong Kong. If GSP is revoked some Thai entrepreneurs will suffer a major blow and others will have difficulty to recover. Revoking GSP could make the terrorism problem in south of Thailand impossible to solve due to lack of revenue from export.

-Regarding America:

As American consumers are aware that Thai craftsmanship is higher than other countries in this industry, revoking GSP could decrease American consumers' choice and could even discourage the purchase of jewelry product by American consumers. Thai manufacturers are very ethical in business respecting the selling rights of the American importers. At the same time Thai jewelry product is unique and the price is reasonable satisfying the American consumer. Revoking GSP will not impact the employment in US because American importers will import product from other countries like China. Decreasing the Thai export will effectively decrease American raw material and machinery export. Decreasing Thai import could empower China to dominate in American market. Lastly revoking GSP could seriously damage the powerful American entrepreneurs in Thailand and the American foreign investments.

Name: Henri Istamboulian

Position: President

Date: September 2, 2006

Supports Thailand
ProCNLW precious jewelry
7113.19.50

BlankFrom: Neil Assavarut [neil@premier-bkk.com]
Sent: Saturday, September 02, 2006 5:13 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Company name: Premier Jewelry (Mfg) Co., Ltd.
Address: 66/1-3 Soi Pramod (Jezu), Surawongse Rd., Bangrak, Bangkok 10500
Email Address: pmierjwy@premier-bkk.com
Country: THAILAND
Nature of business: Jewelry manufacturer
Products exported to the US: Precious jewelry set with color stone and diamond
(HS code): 7113.19.50
The imapct on the business if GSP would be revoked:
1. Thai manufacturer would face an even more difficult business position beacuse we will lose more competitiveness over China and India whose cost of labor are substantially cheaper than Thailand.
2. Many of the SME company will be forced to close down. This will increase the unemployment rate in Thailand substantially because we employ over 1.5 million people in this business section.
3. Many of thai major manufacturer will be forced to consider moving the factory facility to China. This will empower China to dominate in American market.
4. If GSP would be revoked it will also decrease the amount of business Thai manufacturer do with the American companies who supply the jewelry machinery, tools and comsumable material.
5. Many of the American entrepreneurs in Thailand will be directly affected.
6. Thailand has always been a good alliance to the US and has always support all the US's policy i.e. money laundering policy, anti-terrorist policy etc. We are still a developing country and we do not deserve the GSP revocation.

Nelaphon Assavarut
Managing Director
September 2, 2006

Supports Thailand
Pro CNLW – 7113.19.50 jewelry

From: Patrick Duchamp [phduchamp@bellsouth.net]
Sent: Saturday, September 02, 2006 10:20 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Subject	2006 GSP Eligibility and CNL Waiver Review
Company Name	CORALIE LLC
Address	260 Crandon Blvd , suite 32, PMB147 Key Biscayne , Florida 33149
email address	phduchamp@bellsouth.net
Country	USA
Nature of business	Retail of Jewelry
Products exported to the US	Jewelry
HS code	7113.19.50
Impact on the business if GSP would be revoked	1)Thai craftmanship is higher than other competitors 2)No impact for employment in the US. 3)Empower China to dominate American market
Name	Patrick Duchamp
Position	Director & Owner
September 2nd 2006	

Supports Thailand
Pro CNLW – jewelry
7113.11.20

From: inthorn@cscoms.com
Sent: Saturday, September 02, 2006 6:39 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Sir,Madam

Regarding the GSP Eligibility and CNL Waiver review, we are the one of exporter companies for Jewelry business in Thailand and will have effected if GSP would be revoked.

Please find enclosed our file for your consideration.

Best regards,
Ms.Vivan Chimprasert
Marketing Manager
Inthorn Co.,Ltd.
Tel. (662) 889-5778-85 ext.311
Fax. (662) 482-1620

Subject “2006 GSP Eligible and CNL Waiver Review”

Company name : Inthorn Co.,ltd.

Address : 52/6-21 Moo1, Pinklao-Nakhonchaisi Rd., Xong-Khanong, Sampharn,

Nakhonpathom 73210, Thailand

E-mail Address : inthorn@cscoms.com

Country : Thailand

Nature of business : Silver and Gold Jewelry

Products exported to the US : Silver Jewelry, Gold Jewelry, Fashion Jewelry

HS Code 7113.11.20

Impact on the business if GSP would be revoked :
1. The orders will be decreased
2. Sales will be decreased
3. Employees will loose the jobs
4. Further jewelry projects might be stopped
5. Loose competition power in the market

Name : Vivan Chimprasert Position : Marketing Manager

Date 2 September 2006

Supports Thailand
Supports CNLWs for Jewelry
Le Cadeau Jewelry Co.

From: Sorab Holako [lecadeaujewelry@yahoo.com]
Sent: Wednesday, August 23, 2006 3:48 PM
To: FN-USTR-FR0052
Subject: GSP status of Thai Jewelry
To whom it may concern,
please consider our concerns regarding the change of GSP status of Thai Jewelry
as expressed in attached letter.
best reagrds

Sorab Holako
President

LE CADEAU
8500 BEVERLY BLVD. #783
LOS ANGELES, CA 90048
TEL: (310) 659-8667
FAX: (310)659-5359

Re: GSP status of Thai Jewelry

While reviewing the status of the Thai jewelry exports to the US, thank you for taking into account the following points from a US smaller scale importer:

We are more concerned about Contemporary designs, finish and long term relationships that we have built with Thai jewelry manufacturers and are going to be directly affected by the removal of the GSP status of Thai jewelry industry.

Furthermore with the above scenario we will have to look up for new Suppliers from other countries, sensitive to our demands in terms of credit and quality craftsmanship when the volume of business we can bring them might be less compared to what they have been doing already elsewhere.

Please try to review favorably this GSP status on Thailand. It will considerably affect our own business.

Thank you and Regards

Sorab Holako
President

From:	Paul Vopat
To:	FN-USTR-FR0052;
CC:	
Subject:	Ref: GSP (General System Preference) for Thai import goods
Date:	Wednesday, August 23, 2006 10:17:51 AM
Attachments:	letter 3.pdf

dear sir please see atched.......

Supports Thailand & CNLW for
gold jewelry

From: George Liu [GLiu@Dilamani.com]
Sent: Monday, August 28, 2006 6:16 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To Whom It may concern:

The attached is a letter written in response to the USTR request for public comments concerning the renewal of the GSP program for Thailand.

Regards.

George Liu
Dilamani Designs
Sales & Marketing
516.466.6767
gliu@dilamani.com

Dilamani Designs
Innovative & Original

United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508
United States of America
August 28, 2006

Dear Sir/Madame,

I am writing this letter in response to the request for comments concerning the expiration and probable non-renewal of the Generalized System of Preferences (GSP) program and Competitive Need Limitation waivers and its impact on exports from Thailand to the United States. I am concerned in particular with the effect non-renewal of the GSP and CNL waivers would have in severely and adversely impacting our business by significantly increasing costs and in turn, weaken our ability to compete in an already cost sensitive industry.

The recent exponential explosion in the price of gold as well as historic highs of practically every raw material involved in jewelry manufacturing has made it extremely difficult for us to budget expenses, manage our inventories and maintain a competitive price in the market. The consumers in the United States are already absorbing the significant cost increases. I fear any additional costs due to the imposition of tariffs on Thailand imports to the United States will only cause the market and the industry to soften and create a significant lack of demand for jewelry products from Thailand.

The success of the GSP program for Thailand helped expand its exports and assisted in developing their economy. These efforts should be applauded not dismantled. The export of Thai natural resources and their developing manufacturing can still benefit from continued GSP eligibility. The Thai jewelry industry in particular would be hit considerably hard if the program was to expire which may cause economic weakness, the withdrawal of foreign investments and create a black market to avoid the tariffs.

The fact that the other nations who are GSP eligible, and have not taken advantage of the program, should not indicate to Congress and to the President that the system is unfair. The 12 other countries should be encouraged to take advantage of a great opportunity of offering homegrown goods for the American market.

The current GSP eligibility of jewelry from Thailand is one major factor why our company has been able to maintain a level of affordability for our high quality jewelry to the consumers of the United States. Without that, we maybe forced to seek alternatives to mitigate these additional costs where governmental and financial infrastructures are less developed and transparent.

Thank you for taking my comments into consideration during the review process. I am not the only voice. There is a large chorus of voices who feel that the GSP program should be renewed for Thailand.

Best Regards,

William Dilamani
Dilamani Designs
98 Cuttermill Rd
Suite 262
Great Neck, NY 11021

Supports Thailand
Pro CNLWs silver jewelry
7113.11.20 & 7113.11.50

From: supot@shenstar.co.th
Sent: Thursday, August 31, 2006 11:26 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear USTR,

Company Name: Shen Star Jewel

Address: 53/1 Moo 12 Putthamonthon 5 Rd.,Raiking, Sampran, Nakornpathom 73210 Thailand.
Tel: +66(2) 482-1011-14 Fax: +66(2) 482-1015

E-mail Address: supot@shenstar.co.th

Country: Thailand

Nature of business: Manufacturer of Sterling Silver 925

Labors: 200 of Thai employees

Products exported to US Wholesalers and Online Retailersgf;lasdfjsdlaksdfjkl;a

(HS Code): 7113.11.20 and 7113.11.50

Impact on the business if GSP would be revoked

Firstly, I would like to briefly introduce my company to you. Shen Star Jewel has been operating for 5 years. Our main market is US market. The proportion is around 70% of our total sales. So if GSP is revoked,there will be the severe effects to our company. Moreover,there will be more affects to the overall as followed:

1) The unemployment rate of Thai labor will be higher as our factory or any other factories will not be able to compete with Chinese factories who have lots less cost than us.So we need to reduce our labor costs due to less orders we will have from US market. As you know that we are having terrorist problem in the southern parts of Thailand. So the problems will be more severe due to we have many lobors who come from southern parts of Thailand. These people will be forced to go back to their region with empty pockets.These Jewelry labors,they receive the reasonable income because they have the skill to make jewelry.It takes years in order to gain such skills and experiences.The point is it will be very difficult for them to find another job and start things over again. So coming back to their home would be the best choice for them.

2) China will be automatically more pleasant and attractive country for both investors and customers to spend money to China. As we have discussed to other factories in Thailand,they have planned to set up the factories in China if GSP is revoked because of less costs to bear. And for other Thai factory who don't have enough money to set up new factory in China,they will simply order jewelry from Chinese factories and sell US customers. It means that they take

order from their US customers and outsource the Chinese factories to do it for them instead. Personally,we believe that Chinese Currency is a lot less than the reality and this is the reason why they are very attractive for the buyers not only for US buyers but the worldwide. So soon it will be monopoly market for Chinese manufacturers. Obviously,now Chinese factories do not have GSP from US government;however,they can offer more attractive prices than us. So if Thailand do not have GSP,then all orders and money will absolutely move to China.

3) As Thai Jewelry manufacturers are very skillful and offer the reasonable prices;however, the termination of GSP will end our hopes to make Thailand to be a Hub of World Jewelry.

4) As Jewelry business is one of the economic forces that drives Thai economy,so now we will be facing with another severe problem. So far,we are having many severe problems;for instance, problem in southern parts of Thailand, Bird Flu, HIV,etc. Thai government still needs money to spend on these problems as you can see that the problems I mentions also affect other countries worldwide.As a result, we hope that you will not ignore our requests.

Best Regards,
Supot Chotitada

Sales Manager
Shen Star Jewerl Co.,Ltd.

Pro Thailand and Jewelry
JPG DESIGNS, INC

From: JPGDSGN@aol.com
Sent: Wednesday, August 23, 2006 2:44 AM
To: FN-USTR-FR0052
Cc: JPGDSGN@AOL.CO
Subject: (no subject)

DAR SIR OR MADAME,

PLEASE SEE THE ATTACHED LETTER IN REGARD TO THE STATUS OF THAILAND AND THE US TRADE ORGANIZATION.

Referring to the GSP status of Thai Jewelry

While reviewing the status of the Thai jewelry exports to the US, thank you for taking into account the following points from a US smaller scale importer:

We are more concerned about contemporary designs, finish and the long term relationships that we have built with Thai jewelry manufacturers which will be directly affected by the removal of the GSP status of Thai jewelry industry.

Furthermore, with the above scenario we will have to look for new suppliers from other countries, sensitive to our demands in terms of credit and quality craftsmanship The volume of business with the Thai manufacturers could adversely affect not only our sales, but also our reputation for providing fine goods at a reasonable cost.

Please try to review favorably this GSP status on Thailand as our own business will be considerably affected by your decision.

Thank you and regards,

JPG DESIGNS, INC.
POST OFFICE BOX 460864
SAN ANTONIO, TX 78246-0864

Support Thailand
Pro 3 CNLWs for jewelry
7113.11.20,
7113.11.50, &
7113.19.50

From: s-matsumoto@kuwayama.co.jp
Sent: Saturday, September 02, 2006 10:17 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"

Company Name: Christy Gem Co., Ltd.

Address: 47/49 Moo.4 Sukhapibarn 2 Rd, Dokmai, Praves, BANGKOK

Email: info@christy-gem.co.th

Country: Thailand

Nature of Business: Jewelry Manufacturing

Products exported to the US: Jewelry, Chain with Diamond and Color Stone

HS Code: 7113.11.20, 7113.11.50, 7113.19.50

Impact on the business if GSP would be revoked:
1. Decrease of Orders from USA because of cost increase.
2. We have to think of moving manufacturing factory to China for lower cost. 3. We have to lay off workers because of sales decrease.

Name: shu.matsumoto
Position: senior managing director
Date: 2006.09.03

?????? ???

Supports Thailand
ProCNLWs for jewelry,
7113.11.20, 7113.11.50,
and 7113.19.50

Choon Jewelry USA, IncFrom: Tom Caporaso [tom@choonusa.com]
Sent: Friday, September 01, 2006 6:51 PM
To: FN-USTR-FR0052
Subject: Choon Jewelry USA
Choon Jewelry USA, Inc.
2721 NE. 14th Street
Pompano Beach, Fl. 33062

1 September 2006

To: The United States Trade Representative-
From: Tom Caporaso, president, Choon Jewelry USA, Inc.
Re; 2006 GSP eligibility and CNLwaiver review- specifically- 7113.11.20, 7113.11.50 and 7113.19.50 regarding Thailand

Dear Representative,

I have never petitioned the government for a cause in my life. I feel so strongly about this issue that I am compelled to contact you regarding the issue of GSP considerations of jewelry imported from Thailand that is about to be reviewed by the USTR.

1. Thailand as an advantage to USA importers and US consumers

I personally have been involved in the import of jewelry related products or finished jewelry from Asia for fifteen years. Choon USA has been an importer of jewelry from Asia for over 10 years. During those fifteen years I have traveled Asia seeking reliable trustworthy partners that not only shared the vision I had for Choon USA but also understood of the USA market, its laws and its needs. I eventually decided that Thailand was the country where I was going to invest my sourcing energies because of its stable democratic political government, currency conversion, culture and good relations with the US government and its GSP eligibility of the jewelry I purchase from Thailand. I also found that Thailand had abundance of raw materials such as natural stones and was not prone to pass off synthetic stones as natural unlike some of my experiences with other Asian manufacturers. I have never experienced a case where a jewelry product manufactured by a Thai company did not assay to the correct metal percentage as prescribed by both US law and my customers. I can not say this about products from other countries.

The GSP eligibility has been a big advantage not only to Choon USA; it has also been an advantage to the US consumer as well. In a time of economic uncertainty in the USA, with rising interest rates, housing, taxes and gasoline, just to name a few, the deposable income of the every day American seems to be shrinking daily. At the end of the day there is precious little left for extras that can make an individual feel special. The purchase or gift of jewelry is one of those items that can make a person feel special. Failure to continue the GSP from Thailand will push these extras just a little further away from the American consumer.

2. Consequences to the people of Thailand if the GSP of jewelry is not extended

I have witnessed many changes in the past fifteen years of doing business in Thailand. Throughout these times, good and bad, the Thai people as a whole have maintained their dignity and professionalism. When the Thai Baht was floated against the dollar, at one point devaluing 100%, essentially halving the wealth of the Thai people there were no coups, no violence in the streets. Americans were not singled out as the cause of this problem, which we were not of course. The Thai people understood that this was a tough time and that the devaluation was necessary. They also understood that the US consumer would help them out of this condition if they worked hard by purchasing goods made in Thailand. That was many years ago and although the Thai economy has came back some it has never reached the levels of pre-devaluation. During this time the Thai workers and the Thai people have been able to maintain do in large part by the competitiveness that the GSP allowance of jewelry from Thailand allows them.

The Thai government is a freely elected democratic government that has always been friendly to the USA. Thirty five years ago they were there for us during the Vietnam conflict and they are still there with us today in the fight on terrorism. I also hope that they will be there in the future if South East Asia were to become unstable once again.

In short, if the GSP is revoked, Thai labor will be in trouble, Thai jewelry will no longer be competitive with other jewelry producing countries that do not have the good human rights record that Thailand has. Most USA importers will have no choice but to consider China for their jewelry where labor practices, human rights and good business ethics are not a priority as they are in Thailand. The decrease in revenue due to the drop in exports would further hinder the Thai government as they try to stem their own problem of terrorism in the south.

3. Why further increase our trade deficit with China

In recent years, due to the current GSP considerations that the Thai jewelry manufacturers enjoy from the USA, more and more American jewelry importers have been returning to Bangkok to source jewelry. Most say that they are changing due to the poor deliveries and the unreliability of the Chinese. They also cite that the existence of the GSP as an advantage for this change. If the GSP of Thai jewelry is not extended these importers along with many others will return to China. Isn’t our trade deficit with China large enough!

In closing I would hope that you would consider extending the GSP for jewelry from Thailand to continue to help a hard working people, a USA friendly government of Thailand that is also a solid partner in the war on terrorism. It seems that we do not have many friends left in the world these days. We should reward those that support us and our policies.

Respectfully submitted,
Tom Caporaso, President
Choon Jewelry USA, Inc

Supports Thailand
ProCNLWs jewelry – 7113.11.20,
7113.11.50, & 7113.19.50

From: Minway Chi [MinwayChi@noblemerchandise.com]
Sent: Friday, September 01, 2006 11:34 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Noble Merchandise Co., LTD

Noble Jewelry Manufacturer Co., LTD

919 Moo 15 Teparrak Road

Bangsaothong, Samuthprakarn 10540

Thailand

Noble@NobleMerchandise.Com

Fine Jewelry Manufacturer

10K, 14K, 18K, Silver, Platinum

HS Code: 7113.11.20
7113.11.50
7113.19.50

Dear Sirs,

Currently, Thailand manufactured jewelry items are duty free entering the USA as long as the items pass GSP (Generalized System of Preferences) requirements. As the current GSP program is up for renewal and the Eligibility of GSP Beneficiary countries are being reviewed, I have decided to write this letter in order to convince the Office of the United States Trade Representative to maintain Thailand's current Beneficiary status.

a.. The companies I represent are Noble Jewelry Manufacturer Co., LTD, and Noble Merchandise Co., LTD

- Founded 1994 and 1995 respectively

- Founded to supply fine jewelry to the USA, Europe, and Japan

- Currently employing 860 workers in 2 locations, Thonburi and Samuthprakarn, Bangkok, Thailand

- ISO 9001:2000 quality management certified by IQNET on May, 2003

- Fully Patriot Act Compliant

- Equal Opportunity Employer

- Compliant with multiple major retail chain's Factory Regulations

- Member of the Thai Gem and Jewelry Trade Associate (TGJTA)

- Member of the International Colorstone Association (ICA)

· We feel that Thailand is the prime location to make jewelry in the global marketplace.

- Regional color stone hub due to highly skilled cutting force and easy access to global rough suppliers in Burma, Sri Lanka, India, Africa, Madagascar, and Africa

- Existing infrastructure to support outsourcing from USA, Europe, and Japan.

- An inexpensive, highly skilled jewelry manufacturing workforce

- A long history of gem-cutting and jewelry making

- Thailand’s Department of Export Promotions (DEP) is highly active in supporting the trade, even sponsoring 2 trade events a year whose attendance has surpassed similar HK trade events in recent years

- Thailand’s Board of Investors (BOI) actively lobbies to decrease tariffs and taxes for the trade.

· The Jewelry Trade’s impact on the Thai Economy

- Jewelry and Gemstones is seventh among Thailand’s top ten exports

- Jewelry and Gemstone exports in 2000 were in excess of $1.6 Billion USD, $507 Million USD of which went to the USA

- Thailand is the world’s fifth largest diamond-cutting center

- The jewelry industry employs at least 1 million people in Thailand

· GSP Beneficiary status is imperative in order to keep Thailand competitive on the global market

- Lack of locally mined gemstone rough within Thailand forces Thai companies to buy rough from other countries, often at a premium

- Countries rich in locally mined gemstone rough such as India, Sri Lanka, Madagascar, Tanzania, and Burma sell rough to Thailand but are slowly trying to develop their own gemstone and jewelry products

- China and India have a highly skilled, low wage workforce that are applying their knowledge from diamond cutting onto color stone cutting and undercutting Thailand’s color stone prices.

- Hong Kong has a high wage workforce that employs superior technology and innovative designs that is being combined with low wage factories located in mainland China to be extremely competitive in the global market

- India has a large pool of low-wage, skilled workers producing jewelry using all locally processed and available materials (diamonds, gemstone), making their raw material prices far lower then those in Thailand.

· If Thailand looses its Beneficiary status, my companies will loose its competitive edge, even though we produce a high quality product to many major USA retailers.

- Over 60% - 75% of Noble's exports go to the USA.

- Products my factory produce would cost two to three times more if produced in the USA. As an example, my setters have a special setting called Microscope Pave. In the USA, the cost per stone to set is anywhere from $3 - $5 USD. My price per stone is less than one-fifth of that price

- Oil prices have increased over the last few years, leading to an increase in costs for obtaining raw materials and a decrease in sales volume due to lack of disposable income in the USA

- The Thai baht has seen an increase in value by 10% over the last year as compared to the US Dollar. At the same time, the Chinese Yuan is undervalued by over 20-25%.

- Our product goes to American Wholesalers at an already low Wholesale price. If my customers were to ask me to try to absorb the USA Duty costs, I would not be able to survive.

- If GSP is cut off for Thailand, my company would seriously consider either moving production into China or even moving the whole factory into China in order to survive.

· There are many reason why cutting off Thailand from the GSP program would be detrimental to not only Thailand, but to the USA as well

- Allowing other countries without a history of jewelry and gemstone manufacturing, like Thailand has, to produce products for the USA would lead to many poor quality items to flood the USA market. Jewelry manufacturing and gemstone cutting requires many months, if not years, of training to perfect each step of the manufacturing process.

- Thai jewelry manufacturing and gemstone cutting has no impact on the USA unemployment rate. Jewelry has been outsourced to Thailand for decades now, with many USA business models requiring the outsourcing to survive.

I hope these facts show that Thailand needs its Beneficiary Status in GSP in order to maintain a competitive edge in the global market. As a producer of Luxury Goods, my business is solely dependent on the disposable income of first world nations. Any challenge in the world, be it increasing oil price to the weather being too cold or hot can affect my business. With all of these challenges, to stay afloat in the current market situation, I need to maintain every percentage point I can find.

Sincerely Yours,

Sukhon Suharitdumrong
Managing Director

Noble Merchandise Co., LTD
919 Moo 15 Teparrak Rd
Bangsaothong, Samuthprakarn
10540 Thailand
Tel - +66-2706-0163
Fax. +66-2313-1820
Mobile - +66-8-1829-7189

130-136 Soi 56
Charoennakorn Rd, Sumre, Thonburi
Bangkok, 10600 Thailand
Tel. +66-2476-4788
Fax. +66-2476-2665

Supports Thailand
Pro CNLWs for jewelry
7113.11.20, 7113.11.50,
& 7113.19.50

From: galassia company [galassia_jew@yahoo.com]
Sent: Friday, September 01, 2006 8:06 AM
To: FN-USTR-FR0052
Subject: BC-Galassia

Dear Sir,

Please see the attached file.

Best regards,
Charoon C.
Galassia Company Limited

Subject “2006 GSP Eligibility and CNL Waiver Review”

Company name Galassia Company Limited

Address 131-133-133/1-3 Soi Pramote, Surawong Rd., Suriyawong, Bangrak, Bangkok Thailand.

E-mail address galassia_jew@yahoo.com , info@galassia.co.th

Country Thailand

Nature of business Jewelry manufacturer

Products exported to the US gold and silver jewelry with stone and diamond

(HS code) 7113.11.20, 7113.11.50, or 7113.19.50

Impact on the business if GSP would be revoked

1. Might be considered to relocate to where lower labor cost to cover the CNL Waiver revolked where are a few places in Asia.
2. Obviously reducing orders from USA which causes unemployment rate but increasing social problem such as crime, rape, child and alien laborers.
3. Without GSP, Thailand’s competitiveness is difficult to compete with big countries whose population forces cheaper. We are very concerned; it might be second economic crisis in Thailand.

Name Mr. Charoon Chatrungreanchai **Position** Managing Director

Date 1 September 2006

Supports Thai CNL waivers for jewelry
7113.11.20, 7113.11.50 and
7113.19.50

From: Mr.Worapoj Kongvinyu (choon@choonjewelry.com)
Sent: Friday, September 1, 2006 12;26 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

COMNPANY NAME : Choon Jewelry Co.,Ltd.
ADDRESS : 23/22-25 Muban Sethakij Laksong Bangke Bangkok 10150
EMAIL ADDRESS : choon@choonjewelry.com
COUNTRY : Thaialnd
NATURE OF BUSINESS : Jewelry
PRODUCTS EXPORTED TO THE US : Silver and Gold Jewelry
(HS CODE) : 7113.11.20 , 7113.11.50 AND 7113.19.50
IMPACT ON THE BUSINESS IF GSP WOULD BE REVOKED :

1. Thai labor will be in trouble since the order will be decreased and the size of the factory production would be decreased. We have to lay off part of the labor.
2. Increase in Unemployment rate in Thailand because Jewelry is the labor intensive industry/
3. Decrease in competitveness such as the labor cost comparing with the competitors in China and India from cheaper labor cost.
4. Currency value of the competitor does not reflect the reality while Thai baht appreciates to the US dollars.
5. May considerthe relocation to China production base.
6. Stagnation in the policy to push Thailand as the world's gem trading center.
7. Difficulty for Thai policy to push Thai entrepreneurs to recover.
8. Decrease in purchase orders from AMercican customers.
9. Southern SME's and labor have to move back unemployed.
10. Difficulty in solving terrorism problem in the south of Thailand due to lack of revenue from Export.

NAME : Mr.Worapoj Kongvinyu POSITION : Vice President Marketing
DATE : 1 September 2006

Supports Thailand
ProCNLWs jewelry
7113.11.50 & 7113.19.50

From: Mondial Jewelry / Yot [yot@mondial.co.th]
Sent: Friday, September 01, 2006 9:29 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review HS code (7113.19.50), (7113.11.50)

Company name: Mondial Jewelry Co.,Ltd
Address: 214, 216 Jaransanitwongse Rd, Bangkok 10700
Email Address: Thailand
Nature of Business: Manufacturer and exporter of Gold and Silver jewelry
Product exports to the US: Gold and Silver Jewelry
HS code: 7113.19.50, 7113.11.50

Impact on the business if GSP would be revoked:

1) If GSP would be revoked, at least 60% - 70% of our export, and Thai Jewelry export, to USA will be replaced by China's and China will be the only source of Jewelry for US importers. Here are reasons why we'll loose all customers:

2) Currently China is a benchmark price for all of our US customers. Our US customers keep pushing hard on price and they always use FOB-China as a benchmark. They do not accept higher FOB from us and 5.5% GSP is between 37% and 46% of our FOB profit to US customers. GSP is the only tool that we can keep USA customers from switching to China. We know for a fact that we will loose most, if not all, of our US customers. Even without cancellation of GSP, we are already put in to a corner.

3) Our company do not see any chance to survive as we're absolutely can not compete in price with China especially when the Chinese Yuan$ is unrealistically weak against USD as compared to Thai Baht. Thai Baht is 11% strong against USD since beginning of 2006 (37 baht now vs.. 41 baht in Jan)

4) Only chance to survive after no GSP is to move our manufacturing to China. Even with GSP, some of our Thai exporter friends already moved their manufacturing to China. If the Thai GSP would be revoked, China will rule the Jewelry world.

USA customer reference: Our biggest USA customer is:
Company name: ZINA
470 South Beverly Drive
Beverly Hills, CA 90212

Name: Chaiyanun Suwanamas
Position: Managing Director
Date: September 01st, 2006

Supports Thailand
Pro CNLWs for silver jewelry
7113.11.20 & 7113.11.50

From: Vsa Trading [vsatradi@truemail.co.th]
Sent: Saturday, September 02, 2006 4:33 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

TO: USTR

Subject: "2006 GSP Eligibility and CNL waiver Review"

Company name: V.S.A. Trading .Co., Ltd

Address: 188/137-138 SOI SAITAIKAO BANCHANG-LO BANGKOK-NOI BANGKOK 10700 THAILAND

Email Address: VSATRADI@TRUEMAIL.CO.TH

Country: Thailand

Nature of Business: Producer of Steering Sliver

Products exported to the US: Steering Silver

(HS code) 711.11.20, 711.11.50

Impact on the business if GSP would be revoked

Our company name V.S.A. Trading .Co., Ltd; have been in jewelry business for 19 years. Our company is a small company has 50 employees also hiring freelance employees 5-6 employees. Mostly our exported products are sterling silver and the US is the country that we export our products the most.

Nowadays because of the highly investment and labor cost that really effect to our company and we have to reduce that prices to be able to be in the market. If GSP would be revoked; our company would be directly affected from that. Mainly some of employees would be in unemployed position because company would have more expenses and have to decrease the unimportant expenses. The ability to compete with others countries in the world market will be less; also the customers would change the production company to other countries that still have GSP such as China. This is not just impacted to jewelry business but in other kind of business as well, the indirect effect to our country are economic and the whole country. For example some of the small distributors and producers have to close down their business because the customers from the US reduce the purchasing from Thailand that is because they have to pay really taxes and that because the GSP would be revoked. That means will have highly unemployed position in most of the big city; the labors have to move back to their city and living with out money. They would have really hard time to pay for the debts and living expenses.

Thailand is a small developing country that still needs support from other country to purchase our products and services if most customers have to pay high GSP that means most of customer would not purchase products from our country.

To develop our country we need to have income the country. Export is one way that we will have some income to country and if the GSP would be revoked Thailand will have really hard time to manage our economic and the whole nation. I hope that GSP would not be revoked so we will have more opportunity to develop our business in the future.

Your sincerely
Sahapon Prapun

Manager director

Supports Thailand
Pro CNLWs for jewelry:
7113.11.20,
7113.11.50, &
7113.19.50

From: hayashi [hayashi@christy-gem.co.th]
Sent: Saturday, September 02, 2006 6:00 AM
To: FN-USTR-FR0052
Subject: GSP

Company Name: Christy Gem Co., Ltd.

Address: 47/49 Moo.4 Sukhapibarn 2 Rd, Dokmai, Praves, BANGKOK

Email: info@christy-gem.co.th

Country: Thailand

Nature of Business: Jewelry Manufacturing

Products exported to the US: Jewelry, Chain with Diamond and Color Stone

HS Code: 7113.11.20, 7113.11.50, 7113.19.50

Impact on the business if GSP would be revoked:
1. Decrease of Orders from USA because of cost increase.
2. We have to think of moving manufacturing factory to China for lower cost.
3. We have to lay off workers because of sales decrease.

Name: Kenshin Hayashi
Position: Director
Date: 2006.09.02

Supports Thailand
Pro CNLWs silver jewelry
7113.11.20 & 7113.11.50

From: Yuwadee [Yuwadee@shenstar.co.th]
Sent: Saturday, September 02, 2006 12:14 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"

Dear Sir or Madam,

Company name : SHEN STAR JEWEL CO., LTD.

Address : 53/1 Moo 12 putthamonthon 5 Rd., Raiking, Sampran, Nakhonpathom 73210

Email Address : yuwadee@shenstar.co.th

Country : Thailand

Nature of business : Manufacturer of precious Stones & Fine Silver Jewelry

Products exported to the US Wholesalers and Retailers of jewelry

(HS code) : 7113.11.20 and 7113.11.50.

Impact on the business if GSP would be revoked

1. There are many unemployment's in Thai, because of most of factories need to save the money while we have less order from US customer.

2. Thai factory don't have enough money to foundation new factory in Chaina due to Chinese manufacturer are strongly in US market.

3. Thai government can't solve the problem with Thai labor due to they don't have income to management.

4. The manufacturer have less to recover the factory.

5. The policy that the centre of jewelry inThailand will be slow down.

However we hope that you will reviewing our opinion and keep them to consider to continue the GSP during US government and Thai government.

Best regards,
Yuwadee Pratoomwan
Sale Executive
Shen Star Jewel Co., Ltd

The Royal Thai Government
supports Thailand's
Competitive Need Limitation
Waivers

From: panidapa suankaew [tuaagain@hotmail.com]
Sent: Tuesday, September 05, 2006 1:11 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To Executive Director for the GSP Program,

In accordance with the procedure for electronic submission of 2006 GSP
Eligibility and CNL Waiver Review, the Royal Thai Government submits two
attachments below for your kind perusal.

It will be most kind of you if you could return an E-mail upon receiving
this documents.

Thank you for your kind consideration

Sub Lt. Wichian Insuke
On Behalf of,
Department of Foreign Trade
Ministry of Commerce
Thailand

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
TRADE POLICY STAFF COMMITTEE
GSP SUBCOMMITTEE

2006 GENERALIZED SYSTEM OF PREFERENCES ELIGIBILITY
AND
COMPETITIVE NEED LIMIT WAIVER REVIEW

COMMENTS IN SUPPORT OF COMPETITIVE NEED LIMIT WAIVER REVIEW ON CERTAIN PRODUCT FROM THAILAND

September 5, 2006

CNL Waiver Review

Background

Competitive Need Limitations ("CNLs") waivers allow for the seamless extension of GSP duty-free treatment in cases where eligible articles from certain BDCs trigger program graduation limits based on annual trade performance, but the continued extension of benefits is warranted. The waivers provide the necessary flexibility to preserve GSP benefits when annual trade performance alone is an insufficient gauge of competitiveness and economic development and/or where important U.S. national economic interests are at stake.

Section 503(c)(2)(A) of the U.S. Trade Act of 1974 sets out the two CNLs applicable to eligible articles from beneficiary developing countries. When the President of the United States determines that a beneficiary developing country exported to the U.S. during a calendar year either;

(1) A quantity of a GSP-eligible article having a value excess of the applicable amount for that year (US$120 million for 2005).

(2) A quantity of a GSP-eligible article having a value equal to or greater than 50 percent of the value of the total U.S. imports of the article from all countries (the "50 percent CNL"),

the President must terminate GSP duty-free treatment for that article from that beneficiary developing country by no later than July 1 of the next calendar year.

Under section 503(d) of the 1974 Act, the U.S. President may waive the application of section 503(c)(2) if he receives the advice of the International Trade Commission (ITC) on whether any industry in the United States is likely to adversely affected by such waiver. In addition, the section 503(d) requires the President to consider whether the government of the beneficiary country has likewise improved market access, reduced tariff barriers and provided adequate protection of intellectual property rights.

Thailand's Petition

Currently, Thailand has obtained CNL waivers for 10 products that have graduated from GSP program. In each case, the market condition that existed at the time the waivers were granted continues to exist and requires continuation of the waivers. As a beneficiary country, Thailand has followed GSP criteria in every case such as efficient and sufficient intellectual property rights protection, world wide accepted labor protection, and drugs eradication as well as anti terrorist cooperation with the U.S. Therefore, we believe that Thailand merits continuation of the CNL waivers on the 10 products, which would allow those goods to remain (and in some cases become) competitive in the U.S. market.

Product Groups Details:

1. High Export Values Items

(a) Silver articles of jewelry valued over $18 per dozen pieces (7113.1150)

As the U.S. import statistics show, Thailand's main competitors in the United States are China, Italy and Mexico. Without the CNL waiver, Thailand would have difficulties competing in the U.S. market with these countries due to its superior craftsmanship and technology. Thailand's three larges competitors -- China, Italy, and Mexico -- comprise 56 percent of total imports in 2005. The next largest importer country is India with only a 6 percent share of total imports. In 2005, imports from China held a 30 percent share of the market. This is nearly 1.5 times larger than the next largest importer -- Thailand.

If Thailand cannot continue to enjoy the waiver, there will be an accelerated relocation of industry, already begun about five years ago, to the country which has maintained unfair competitiveness such an artificially low value currency as relative to the U.S. dollars. Thailand's gems and jewelry technology will follow its industrial relocation, so to further strengthen its new host country's industry. It is expected that the trend of relocation will be solely in the direction of the countries with the biggest populations, not in the direction of the least developed countries, even if all the middle level countries lose their GSP privilege.

(b) Precious metal articles of jewelry (7113.19.50)

Again, the Thai products are at a disadvantage against products from India, China, and Hong Kong. India is by far the largest shipper of precious metal jewelry to the United States. Indian imports make-up 28 percent of all imports in 2005. The next larges competitor is China at only 11 percent. Again, Thailand is at a distinct disadvantage to China in terms of raw material and labor costs. Moreover, if Indian products retained their CNL waiver, but Thai products did not, imports from Thailand would be at a distinct disadvantage. Imports from India already dominate the market, without the CNL waiver imports from Thailand would lose more ground and slip further behind its other competitors. Consequently, Thailand stands to lose its market share in the U.S. if it does not have the CNL waiver.

(c) Color television reception over 35.56 cm, incorporating a VCR (8528.12.28)

The United States is the most important market for Thai color television reception and the television over 35.56 cm, incorporating a VCR. Thailand's two main competitors are Malaysia and China. In 2005 Malaysia's import share was over 10 points higher than Thailand. While Thailand has surpassed Malaysia's import share in first half 2006, Malaysia's AVs (Average Unit Values) continue to undersell Thailand's and are poised to regain any lost market share in the second half of 2006. Moreover, China's AVs have consistently undersold Thailand's import AVs by as much as 23 percent in 2005 and 21 percent in the first half of 2006. Consistently lower AVs coupled with an 83 percent increase in imports from China from first half 2005 to first half 2006, threatens to erase any gains imports from Thailand may have made in 2006 and jeopardizes Thailand's future competitive position in the market

A waiver of CNL is crucial to the survival of the AV industry in Thailand. Without duty-free treatment, the AV industry will be jeopardized and nearly 10,000 jobs including employees of related parts and components manufacturers will be imperiled, on the other hand, waiving CNL for AV from Thailand will help to stabilize not only the AV industry but the general economic as well.

2. High U.S. Market Shares Items

a. Artificial flowers (6702.90.65)

Since this product has a relatively high import tariff (MFN rate – 17 percent), the export of which is even more dependent on the GSP program. Although Thailand has 45 percent of U.S. market shares in 2005, total imports for the category was only US$9.5 million.

Thai products face competition from China, Mexico, and Philippines, which, with the exception of China, receive the same duty free treatment as Thailand. By far the two largest players in this market are imports from Thailand and China. Until recently imports from Thailand were the dominant force in the market hold a 46 percent share of total imports in 2005. However, imports from China have surged in recent months far surpassing imports from Thailand. From first half 2005 to first half 2006 Thailand's share of imports declined from 46 percent to 33 percent. At the same time China's share of imports surged from 31 percent of the import market to 55 percent. Given the current market trend, the loss of GSP benefits through termination of the CNL waiver will cripple Thailand's ability to regain its competitive position in the market versus China

b. Silver articles of jewelry not over $18 per dozen (7113.11.20)

Thailand's largest competitor is China. As with silver jewelry with a value greater than $18 per dozen, China holds a clear advantage in terms of raw material and labor costs over Thailand. Moreover, Thailand's next largest competitor -- India -- also benefits from GSP treatment for this product. Given the 11 percent increase in imports from India from first half 2005 to first half 2006 coupled with the concurrent 7 percent decline in imports from Thailand over the same period, the loss of the CNL waiver for imports from Thailand would put imports from Thailand at a sever competitive disadvantage.

c. Photocopying apparatus (9009.12.00)

Over the last four years demand in the United States for this product has been shrinking rapidly. From 2002 to 2005 total imports declined by 66 percent, from 392,985 units in 2002 to 134,170 units in 2005. At the same time imports from China increased by 580 percent from first half 2005 to first half 2006. During this period of time the Chinese and Thai market positions reversed. The import market share for photocopying machines from Thailand went from 84 percent in first half 2005 to zero by first half 2006. Conversely, the Chinese import market share went from 6 percent in first half 2005 to 79 percent in first half 2006. It is apparent that the retention of GSP benefits for this product is critical in order for Thai manufactures and exporters to successfully reenter this market.

In addition, technology transfer and the development of high-technology industries are crucial to Thailand's long-term development. The production of photocopiers is one such key industry. Moreover, photocopier operations help support many suppliers in other sectors of Thai industry. For example, the electronic and mechanical parts sectors all directly benefits from the production and export of photocopiers. The secondary benefits to Thailand from the stimulation of these supply business are substantial.

3. Low U.S. Market Shares Items

a. Ceiling or roof fans (8414.51.00)

Thailand's market share of this product is only about 4 percent with a total of US$39.20 million in 2005. By the first half of 2006, however, Thailand's import market share had declined to just 0.1 percent. At the same time, imports from China have come to dominate the market. Chinese import market share stands at 94.4 percent in the first half of 2006. A 7.5 percent increase over the same period in 2005. Thailand's other competitors are Taiwan and Hong Kong. Import from neither China, Taiwan, or Hong Kong receive GSP benefits, however. Consequently, if Thailand does not maintain its current CNL waiver, it will almost certainly lose the small share of the U.S market it has left and has no chance of regaining the import market share it has already lost to its competitors.

b. Buffalo leather

The U.S. market for this product is very small. While demand for this product has increased by 48 percent from 2002 to 2005, the total U.S. import value for this product is extremely small at only $182,163 in 2005. The majority of imports come primarily from Pakistan, Italy, Brazil, England, and Netherlands. Thailand has not exported this article to the U.S. in the last five years. It is conceivable that with the GSP, Thailand's export of this product would regain its competitiveness in the U.S. market.

Conclusion

The 10 articles petitioned by Thailand for a CNL review have very little or no effect on the U.S. manufacturers because these are products that the U.S. imports on a regular basis from its global trading partners. For this reason, the CNL waiver would enable Thai producers/exporters to maintain their competitive position in the market place. Thai producers should not be placed at a disadvantage vis-à-vis other GSP beneficiary countries or the more economically developed countries that also import these same products. Such treatment assists least developed and developing countries to help themselves move up the development ladder to greater economic independence, which fulfilled the true objective of the GSP program.

Pursuant to the initiative of reviews on the Eligibility of Certain GSP beneficiaries to determine whether the Administration's operation of the program should be changed so that benefits are not focused on trade from a few countries and that developing countries that traditionally have not been major traders under the program receive benefits. In fact, if the U.S. Administration graduates those few beneficiary countries such as Thailand from GSP program, those who benefit the most from this initiative review would be the already competitive countries like China, India, and Italy.

The Royal Thai Government
supports Thailand's
Country Eligibility

From: panidapa suankaew [tuaagain@hotmail.com]
Sent: Tuesday, September 05, 2006 1:11 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

To Executive Director for the GSP Program,

In accordance with the procedure for electronic submission of 2006 GSP Eligibility and CNL Waiver Review, the Royal Thai Government submits two attachments below for your kind perusal.

It will be most kind of you if you could return an E-mail upon receiving this documents.

Thank you for your kind consideration

Sub Lt. Wichian Insuke
On Behalf of,
Department of Foreign Trade
Ministry of Commerce
Thailand

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
TRADE POLICY STAFF COMMITTEE
GSP SUBCOMMITTEE

2006 GENERALIZED SYSTEM OF PREFERENCES ELIGIBILITY
AND
COMPETITIVE NEED LIMIT WAIVER REVIEW

COMMENTS IN SUPPORT OF THAILAND'S
ELIGIBILITY UNDER THE GSP PROGRAM

September 5, 2006

Country Eligibility Review

1. Objective of the GSP system

Among the most difficult impediments to economic growth and maturity among developing countries is the inability to compete with developed countries in international markets. This impediment stifles investment, exports and imports. The whole purpose of the Generalized System of Preferences ("GSP") as envisioned by United Nations Conference on Trade and Development was to remedy this systemic problem in the international trading system and promote the economic advancement of developing economies. By providing preferential market access to developing countries, GSP creates an incentive for investment to take advantage of that enhanced market access, increasing exports and revenues, and thereby fostering economic growth, employment and the elimination of poverty. These benefits extended to developing countries pay dividends to the United States, since economic growth in developing countries also tends to enhance U.S. exports to those countries and further promotes closer economic and political ties.

GSP does not discriminate among developing countries. But developing countries must make significant exertions to take advantage of the program, including the promotion of worker rights, and the protection of intellectual property. Thailand has always followed the GSP guidelines and stayed within the program's limits. The level of Thai exports of GSP-eligible products demonstrates Thailand's commitment to use trade to promote economic development and address poverty. The Government of Thailand and our industries have dedicated significant resources to identify areas in which our products are globally competitive, to develop infrastructure to support those industries, and to promote exports. Thailand's "success," as shown by its being one of the principal beneficiaries under the program does not mean that it no longer needs the benefits provided under GSP. To the contrary, Thailand's "success" is predicated on the program itself. Thailand has not yet reached a level of economic development where it will be able to continue to compete in the US market at its current levels without the benefits provided under GSP.

Consequently, it is Thailand's firm belief that the current GSP program, which is set to expire on December 31, 2006, should be extended and that Thailand should remain a beneficiary country at least until its level of economic development warrants graduation.

2. GSP Benefits for Thailand should not be limited, suspended, or withdrawn

2.1 The health of the Thai economy depends on the GSP program and the impact the program has on the competitiveness of Thai exports

Small and medium enterprises (SMEs) in developing countries, including Thailand, are much smaller than those of developed countries. The majority of Thailand's exporters have very limited resources, and therefore the tariff preferences that the GSP program provides are much more meaningful to smaller Thai companies than they would be to similar companies from more developed countries.

In addition, the development of Thailand's economy has relied heavily on its ability to export. Thailand's total exports of US$ 111 billion accounts for nearly 60 percent of the country's GDP. (In contrast, the U.S. exports of US$ 906 billion only accounts for about 7 percent of U.S. GDP.) For this reason, if Thailand's ability to export weakens, it would send a shockwave that will be felt across the Thai economy. Because the U.S. is Thailand's most important market, losing export competitiveness in the U.S. market that only GSP provides would be disastrous for our economy.

Furthermore, despite the numeric increase in Thai exports to the U.S., our share of the U.S. market has been steadily declining from 1.21 percent in 2003 to 1.19 percent in 2005. Without GSP, Thailand will lose its share of the critical U.S. market at a much faster rate, especially to China, which has overtaken many countries to become the second largest exporter to the U.S. in 2005. Even with the GSP program in place, it is likely that China will become the United States' largest foreign supplier in the very near future.

2.2 Thailand needs the competitive edge provided by GSP because competition in export markets comes primarily from large industrialized economies

GSP is still very much needed by Thailand's industries to remain competitive with suppliers from richer, more developed countries, such as China, Canada, Mexico, Japan, S. Korea, Taiwan and Hong Kong. In this regard, China not only has a low cost of production, but also benefits from direct and indirect export subsidies such as the artificially low value of its currency relative to the U.S. Dollar. While Canada and Mexico have an advantage through NAFTA, Japan, S. Korea, Taiwan and Hong Kong have long been established as industrial countries whose exporters benefit from better technologies, streamlined and integrated production, economies of scale, and long-standing consumer/supplier relationships. As such, Thai industries are already fighting an uphill battle against such rivals, even with GSP. Without the program's benefits, Thai exporters would have little chance of competing in the U.S. market. In this way, GSP "evens the playing field" by providing market access opportunities to Thai exporters that would likely not be there otherwise. These opportunities promote exports from Thailand, and Thai export volumes are thus tied to GSP benefits. Thai exports would almost certainly decrease if GSP benefits are removed. Furthermore, the increased competition created by GSP benefits U.S. importers, U.S. producers, and U.S. consumers by providing alternative sources and lower costs.

2.3 GSP is important to the welfare of the underprivileged

Though Thailand respects the United States' efforts to ensure GSP benefits flow to those countries that most need them, in line with the objectives of the program, the most appropriate system of GSP graduation is the statutory criteria focused on high income countries as defined by the World Bank. Thailand's GNP per capita is still less than one third of that benchmark, standing at just US$2,755 in 2005. It is also critical to understand that more than half of the Thai population resides in rural areas and are typically challenged in meeting their own living needs. In many cases, families make ends meet because family members are able to travel and work in factories that are direct beneficiaries of and dependent upon the GSP program. Consequently, loss of the GSP program would have enormous social consequences in Thailand.

2.4 Thailand's Conduct Under the GSP Program Warrants Special Attention

Thailand has made great strides in meeting U.S. expectations under the GSP program with respect to various non-economic criteria examined by USTR and the President. In particular, Thailand's labor standards are among the best in the region. All of Thailand's employers must comply with the relevant employment laws, administered by the Department of Labor, Protection and Welfare that stipulate working conditions such as maximum work hours, holidays, sick leave, minimum wage and severance pay. The laws, which may significantly affect a foreign investor's decision to do business in Thailand, also provide employers with flexibility in managing labor, such as in staff recruitment processes, retrenchment policies and employee transfers.

3. Thailand's GSP eligibility is subject to this review because of extremely mechanical criteria that shed very little light on the Thailand's economic status under the Program

To identify countries for review, USTR adopted very mechanical critieria that are obviously insufficient to objectively determine eligibility. Neither the $100 million in GSP exports benchmark nor the 0.25 percent of world exports benchmark offer useful guidance in determining who should or should not receive GSP benefits. In the case of Thailand, as exports account for more than half of the Thai economy, it is hardly surprising that Thailand's export could be as high as 1.06 percent of the world's total exports. Thailand's level of exports says nothing, however, about its economic situation or its export competitiveness. Indeed, the World Bank only regards Thailand as a lower-middle income economy with income per capita of only US$2,755 per year. The fact that a certain developing country exports more than 0.25 percent of the world's total export is irrelevant. Indeed, it is not hard to imagine what would happen to the Thai economy if suddenly it finds itself being unable to export to the U.S. market, particularly when much of the population is still living not far above the poverty line. The GSP program is intended to prevent such fall in the standard of living, not promote it.

4. Thailand agrees the United States should seeks ways to promote economic development in countries that have not traditionally been major beneficiaries under the GSP program, but not at the expense of other valid GSP beneficiaries

While Thailand believes that more developing and least developed countries should be encouraged to make use of the GSP program, eliminating the GSP benefits of other valid GSP beneficiaries, including Thailand, will not achieve that objective. In fact, if the United States wants to spread GSP benefits across a broader range of developing and least developed countries, it must provide other means of assistance to low-utilization beneficiaries to build up the infrastructure, manufacturing and education base necessary to promote the kind of investment that takes advantage of the program. This is because the GSP program only offers modest incentives through a reduction in import tariffs of around 2 to 6 percent. This benefit is simply too small for many under-developed economies to suddenly become competitive in the U.S. market.

We believe that the current GSP program offers a fair and equivalent concession to all beneficiary countries in the sense that the maximum export ceilings are the same for all countries. Thailand's exports to the United States under GSP are hardly an explanation behind the limited export performance of other beneficiary countries.

5. Graduating Thailand from the GSP Program Will Only Benefit More Developed Economies

This review implicitly contemplates that removing GSP benefits from certain beneficiary countries will automatically help other beneficiary countries. The reality, however, is quite the opposite. Those countries that stand to gain from Thailand's graduation from GSP are countries that have no need for the scheme to export to the U.S. market.

Take for example the list of Thailand's top 25 HTS items exported to the United States under GSP. It is evident that if Thailand is graduated from the GSP program those who stand to benefit the most would be already competitive countries like China, Italy, India, Mexico, and Canada which, with the exception of China and Italy, receive the same duty free treatment as Thailand.

	HS code	Product	Major Suppliers to U.S. market
1.	7113.19.50	Precious metal articles of jewelry	India, China, Hong Kong
2.	7113.11.50	Silver article jewelry over $18 /dozen	China, Italy, India
3.	8528.12.28	Color television	Malaysia, China, South Korea
4.	3923.21.00	Bags and sakes of polymers	China, Canada, Taiwan
5.	7615.19.30	Kitchen article of aluminum	China, Italy, France
6.	4011.20.10	Radial automotive tires	China, Japan, Canada
7.	3907.60.00	Poly (ethylene terephthalate)	Mexico, Canada, China
8.	2106.90.99	Food preparation	India, Mexico, New Zealand
9.	8544.30.00	Wiring sets	Mexico, Philippines, Honduras
10.	4414.00.00	Wooden Frames	China, Indonesia, Mexico
11.	4015.19.10	Gloves of vulcanized rubber	Malaysia, Indonesia, China
12.	7113.11.20	Articles of silver (valued not over $18 /dozen)	China, India, Mexico
13.	9001.50.00	Spectacle lenses	Mexico, Japan, Philippines
14.	8527.90.95	Radio transmitter	Mexico, China, Taiwan
15.	7323.93.00	Stainless steel	China, Italy, Indonesia
16.	7006.00.40	Glass, drawn or blown and contain wire	Philippines, China, Japan
17.	3901.20.50	Polyethylene	Canada, South Korea, Belgium
18.	7113.19.29	Gold Necklaces	Italy, Turkey, Croatia
19.	6910.10.00	Sinks, washbasins, and similar sanitary fixtures of porcelain	China, Colombia, Brazil
20.	8537.10.90	Electric Controls	Mexico, China, Japan
21.	8516.50.00	Microwave ovens	China, Malaysia, South Korea
22.	3907.40.00	Polycarbonates	Singapore, Belgium, Japan
23.	4203.21.80	Golf gloves	Indonesia, China, India
24.	2202.90.90	Mineral water	Mexico, South Korea Canada
25.	850110.40	Electric Motors	Mexico China Japan

6. Thailand Support of the U.S. Foreign Policy Agenda Should be Considered in Examining GSP Eligibility

Thailand has long been a staunch supporter of the United States on a wide variety of issues, whether it be the Korean conflict, Vietnam War, the conflict in Iraq or the fight against terrorism following the 9-11 attack on the United States. Recently, the United States has introduced export control programs to prevent the proliferation of Weapons of Mass Destruction (WMD) and their means of delivery. Again, Thailand has sided with the U.S., believing that it is critical to put in place effective measures to prevent the spread of chemical, radiological, nuclear weapons and other technologies.

In any case, carrying out of these programs has imposed financial burdens on the Thai private sector and the Thai government alike. In view of that, Thailand has been a good ally of the American people and has contributed substantially to supporting the U.S. security agenda. This support should be recognized through Thailand's continued eligibility under the GSP program.

7. Conclusion

Unlike many other forms of direct financial assistance, benefits under the GSP program can only be realized when the beneficiary countries themselves put in an effort. Thailand has worked extensively to build up its economic competitiveness with the assistance of GSP benefits, and there has been progress in our economic development. Yet, Thailand is still a long way from reaching its objective of being a developed economy.

A very large number of people will be affected should the United States decide to graduate Thailand from the GSP program. Losing competitiveness in the U.S. market would definitely result in the reduction in Thai exports and investment in Thailand, which in turn would affect millions of lives. As the United States is Thailand's most important market, it is inevitable that the effect of graduation would be wide spread.

Regrettably most of those that would be affected are the poor and uneducated workers who are already facing economic and social challenges. The potential for social unrest is very real, as is the possibility that the economic upheaval caused by GSP graduation could promote acts of terror the United States is fighting so hard to eliminate. Consequently, graduating Thailand from the GSP scheme could affect more than just the Thai economy, but could also have an effect on regional stability.

To this end, Thailand believes that the United States. should consider not only the strong economic reasons for keeping Thailand in the GSP program, but also the broader political and social consequences if it were to remove Thailand from the beneficiary list. Given these vital considerations, we believe that the current GSP program for Thailand should be extended until its level of economic development truly merits graduation

.

Supports Thailand
Re sterling siver cubic
zirconia jewelry

From: Jeff Crisfield [jeff@crislu.com]
Sent: Friday, September 01, 2006 6:49 PM
To: FN-USTR-FR0052
Cc: 'jitvimol'

Dear.Mr.Jeff

Previously, you may receive the letter from the Office of USTR requesting for plublic comment.

Your US government is waiting for Public comment from Thailand Exporter about the reason why US will give back GSP to Thailand. We and Thai exporter are doing so to send this letter.

I am sending you a format form and reasons that we would like you to help to write to USTR and they will count the number of the USA Importer of jewelry from Thailand by deadline 5 September 2006 before presenting to the congress.

Please kindly fullfill information and forward e-mail to FR0052@USTR.EOP.GOV. If you forward this e-mail .It may help you to still get the GSP rights which no need to pay import TAX (silver = 13.50% , Gold = 5.5%) Your prompt action would be a great help for all Thai people.

Thanks for your help.

Yo...

Company name	Crislu Corporation
Address	1121 E. El Segundo Blvd., El Segundo, CA. 90245
E-mail Address	jeff@crislu.com
Country	USA
Nature of business	Jewelry Wholesaler
Products exported to the US (HS code)	Sterling Silver Cubic Zirconia Jewelry

Impact on the business if GSP would be revoked

1. Thai craftsmanship is higher than other competitors.
2. Thai people are friendly and sincere in doing business.
3. No impact for employment in the US.
4. Thai gems and jewelry products are reasonable price.
5. Thai gems and jewelry products are unique.
6. Punctual delivery.
7. Decrease in export of raw materials and machine from the US to Thailand.
8. Decrease in choices for American consumers.
9. Empower China to dominate in American market.
10. American entrepreneurs in Thailand will be directly affected.

Name : Jeff Crisfield Position : Vice President

Date : 9/1/2006

Jeff Crisfield

Crislu Corp,

310-322-3444 ext 107

Supports Thailand
Re golf prod – no CNLW

MessageFrom: Kelleher, Michael [MKelleher@KelleyDrye.com]
Sent: Friday, September 01, 2006 10:38 AM
To: FN-USTR-FR0052
Subject: FW: 2006 GSP Eligibility and CNL Waiver Review

-----Original Message-----
From: Kelleher, Michael
Sent: Friday, September 01, 2006 10:35 AM
To: 'FR0052@USTR.EPO.GOV'
Subject: FW: 2006 GSP Eligibility and CNL Waiver Review

From: Kelleher, Michael
Sent: Thursday, August 31, 2006 4:03 PM
To: Cc: Brew, John; 'Jason_Duncan@acushnetgolf.com'
Subject: 2006 GSP Eligibility and CNL Waiver Review

Attached is a response to the USTR's Notice in the August 8, 2006 Federal Register seeking comment regarding the Generalized System of Preferences (GSP) program.
Please contact me if you have any questions about this submission.

Mick

Michael J. (Mick) Kelleher
Senior Legal Assistant
International Trade and Customs Group
Kelley Drye Collier Shannon
3050 K Street, NW
Suite 400
Washington, DC 20007
202-342-8814 (Direct)
202-342-8451 (Fax)
mkelleher@kelleydrye.com

cc: Jason Duncan
Acushnetgolf.com

John B. Brew
Partner
Kelley Drye Collier Shannon

August 31, 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 Acushnet Company and its golf brands which include Titleist and FootJoy, I urge you to push for immediate renewal of the Generalized System of Preferences (GSP). Acushnet Company is the largest manufacturer of golf equipment in the world, with over 3,100 associates in the U.S. As you know, the GSP is a valuable program which is scheduled to expire as of December 31, 2006, an event which will have a dramatically negative impact on our company's operations and on those of hundreds of other U.S. companies, by increasing import duties and creating additional costs which would potentially be borne, at least in part, by American consumers.

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. While no one factor can achieve all of these goals, the GSP has been effective in supporting these goals.

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 Acushnet Company 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 Thailand in the GSP program. Acushnet Company relies on the GSP in many jurisdictions, but especially in Thailand, to keep our products competitive. The company has made substantial capital investments in Thailand, including a state of the art facility which the company had built to U.S. health and safety standards, all of which were made in large part because of the benefits of the GSP.

Thank you for your consideration of this request. If you or your staff would like to discuss this further, please contact Jason Duncan, Counsel, at 508-979-3525.

Sincerely yours,

Walter R. Uihlein
Chairman and Chief Executive Officer
Acushnet Company

Supports Thailand
Pro GSP for PET resin
HTs 3907.60.00

From: D K Agarwal [dka@indorama.net]
Sent: Saturday, September 02, 2006 12:32 AM
To: FN-USTR-FR0052
Cc: dka@indorama.net
Subject: Maintenance of GSP Status for Bottle-Grade PET Resin Imports from Thailand (HS 3907.60.00)

Dear Madam Sandler

Kindly find our request attached

Thank you &
Kind Regards
Dilip Kumar Agarwal
Chief Operating officer
Indorama Polymers PCL

1st September 2006

Ms. Marideth J. Sandler

Executive Director for the GSP Program

Chairman, GSP Subcommittee of the Trade Policy Staff Committee

Office of the U.S. Trade Representative

USTR Annex, Room F-220

1724 F Street, NW

Washington, DC 20508

DELIVERY BY EMAIL: FR0052@USTR.EOP.GOV

RE: Maintenance of GSP Status for Bottle-Grade PET Resin Imports from Thailand (HS 3907.60.00)

Dear Madam Sandler:

In response to the recent announcement that the US is reconsidering the Generalized System of Preferences (GSP) on certain countries currently enjoying this status, we Indorama Polymers Public Company limited, would like to make a sincere request to continue the duty free treatment on the imports from Thailand specifically bottle-grade PET resin (Harmonised Code 3907.60.00) imports from Thailand into the US. A change in this Policy would hurt the Thailand local manufacturers, US PET conversion industry and ultimately the US consumer.

Thailand, on the whole, exported goods worth USD $3.57 billion to US in the Year 2005, which enjoyed the GSP Privileges. Removal of GSP status could lead to a shutdown of number of industries in Thailand. Specifically on PET, considering the fact that only about 7% of the US PET resin imports in 2005 came from Thailand, we feel this is an insignificant volume when compared to the total consumption as well imports from many other countries. If the GSP program expires on December 31, 2006, a tariff of 6.5% would be imposed on PET resin imports from Thailand, making its products incompetitive. Currently Mexico & Canada who enjoy 0% duty in USA together constitute 55% of the US PET resin imports. The GSP countries hardly export 18% of the US PET resin imports.

Bottle-grade PET resins are converted into plastic bottles and containers that are used for packaging of a wide range of consumer goods. Indorama is one of the few multinational PET industry player who has high stakes in this Industry. Though we have our subsidiary StarPet Inc having PET resin manufacturing operations in North Carolina, we believe the rapidly growing US market would be in need of imported material for some time to come. Higher import costs would hit the US consumer market. With stakes in the US PET industry also, Indorama has always been a disciplined player in terms of volumes and prices.

There are several important factors that should be considered by yourselves in your review of Thailand:

- **Thailand Would Not Be Competitive With More Advanced Exporters Without GSP Benefits.** Even with GSP Privilege, Thailand's share has gone down in the U.S. market share. Thailand's market share has dropped from 10% in 2004 to 7% in 2005. Without GSP benefits, Thailand's PET resin would be incompetitive, making it tougher for the downstream conversion Industry which ultimately would hit the US consumers.

- **Thailand, still a developing economy requires support** Thailand rank in the lowest categories as far as economic development is concerned. It requires support from the world's most developed economy in the form of such privileges. Without such a support, the economy of Thailand could be hit badly. Thailand’s Plastics industry could be hit badly if the exports to US drop sharply. Thailand could see a loss of almost 30,000 jobs with such a decision.
-
- **Relocation of Industry –** If Thailand cannot maintain GSP status, we could see a relocation of Industry to countries like China who have maintained an unfair competitive advantage. While Thailand PET industry has technology licenses, China’s PET industry has imitated the plant technology and gained unfair competitive advantage. There could be additional exports from China to USA, resulting in cheaper Chinese products in the USA, giving bigger problems to the US domestic producers.

- **Import Share would go to countries who already have a larger share.** PET resin from other new countries would not replace imports from Thailand if the GSP privileges are withdrawn. Thailand, India and Indonesia are the major GSP beneficiaries who have the capacity to supply PET resin to the US Industry. All three have come under review. Other countries not covered by this review do not have the capacity to supply the deficit in the US market. China, Mexico and Canada will thus increase their share at a higher price which would ultimately hit the US consumers.

The GSP program is vital to the development of the US as well as its trade partners. This program encourages economic advancement in poor countries through trade instead of direct aid. Removal of GSP eligibility for Thailand would set back the goals of the program and would hurt the U.S. economy at the same time, as explained above.

For these reasons, Indorama Polymers PCL in Thailand requests continuation of the GSP eligibility for Thailand, especially with respect to bottle-grade PET resin (Harmonised Code 3907.60.00).

Sincerely,

Dilip Kumar Agarwal

COO, Indorama Polymers PCL.

Supports Thailand
Pro GSP for precious-metal jewelry with diamonds

From: sarkis nazarian [rsnazarianinc@yahoo.com]
Sent: Saturday, September 02, 2006 12:58 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility + CNL Waiver Review

Dear Sir,

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

Sincerely,
R.Sarkis Nazarian Jr., President

R.S. Nazarian, Inc. 333 Washington Street, Suite 625, Boston, Ma 02108 USA
R.S. Nazarian (Thailand) Co Ltd. 4/2 Decho Road, Bangkok, Thailand 10500

Supports Thailand
Pro GSP for Jewelry
HTS 7113.11.20, 7113.11.50, 7113.19.50

From: Sato [sato@christy-gem.co.th]
Sent: Saturday, September 02, 2006 12:34 AM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"

Company Name: Christy Gem Co., Ltd.

Address: 47/49 Moo.4 Sukhapibarn 2 Rd, Dokmai, Praves, BANGKOK

Email: info@christy-gem.co.th

Country: Thailand

Nature of Business: Jewelry Manufacturing

Products exported to the US: Jewelry, Chain with Diamond and Color Stone

HS Code: 7113.11.20, 7113.11.50, 7113.19.50

Impact on the business if GSP would be revoked:
1. Decrease of Orders from USA because of cost increase.
2. We have to think of moving manufacturing factory to China for lower cost. 3. We have to lay off workers because of sales decrease.

Name: HISAHIDE SATO
Position: MANAGER
Date: 2006.09.02

Supports Thailand
Pro GSP for Health Services

From: santad songsermpong [taddy45@hotmail.com]
Sent: Sunday, September 03, 2006 9:17 AM
To: FN-USTR-FR0052
Subject: 2006 GSP ELIGIBILITY AND CNL WAIVER REVIEW

Subject : “2006 GSP Eligibility and CNL Waiver Review”

Company name …………BUMRUNGRAD…………………………………………………

Address …………………………………………33 SUKHUMVIT SOI 3 BANGKOK………………………

Email Address ……TADDY45@HOTMAIL.COM…………………………………………………..

Country ……………………………THAILAND…………………………………….

Nature of business……HEALTH…SERVICE……………………………………..

Products exported to the US……………………………………………..

(HS code) ………………………………………………………………….

Impact on the business if GSP would be revoked ………………………

1…………MANY COMPANY GET POOR SO THEY WILL SAVE THEIR MONNEY…………………………………………………………….

2………DEFLATE WILL OCCUR…………………………………………………………………….

3…………MAIN CUSTOMERS IN THIS HOSPITAL ARE PEOPLE WHO DID EXPORT SUCH AS GEWELLY …………………………………………………………….

4…………THE ORGANIZE WILL DOWN SIZE IF BUSINESS MAN (EXPORTOR) ARE SAVE THIER MONEY DUE TO NO EXTRA BENEFIT ANYMORE …………………………………………………………….

5………WE WILL BE RESIGNED IF ORGANIZE HAVE NOT ENOUGH CUSTOMER…………………………………………………

6…………IF IT OCCUR I THINK MANY STAFFS IN BUMRUNGRAD WHO WERE RESIGNED WILL GO TO FIND JOB AT USA.…………………………………………………………….

7……IT COULD HAVE A LOT OF ROBINHOOD IN USA…………………………………………………………………….

8………AMERICAN WILL LOSS THIER JOBS…………………………………………………………………….

9……A LOT OF MUSLIM… YOUNG GENERATION IN WILL LOSS THIER JOB TOO WHAT WILL HAPPEN IF THEY/THIER RELATIVES GET ANGRY…………………………………………………………………….

10……PLEASE CONTINUE GSP FOR THAI BUSINESS MAN……………………………………………………………………

Name SANTAD.. Position ....SUPERVISER........................

Date 3 SEP 06..

Supports Thailand
Pro GSP for Silver Jewelry
7113.11.20 and 7113.11.50

From: Brachaf@jascodesigns.com
Sent: Tuesday, September 05, 2006 10:34 AM
To: FN-USTR-FR0052
Cc: Morgenstern
Subject: 2006 GSPEligibility and CNL Waiver Review

Company name Jasco Designs Co.

Address. 63 Flushing Ave. Unit #290
Brooklyn, NY 11205

Email Address. barrym@jascodesigns.com

Country. USA

Nature of business. Sterling Silver Jewelry Wholesaler

Products exported to the US. Sterling Silver Jewelry
(HS code) : 7113.11.20 and 7113.11.50.

Impact on the business if GSP would be revoked.

1. We will have to take our business back to China.

2. US investors doing business in Thailand would be affected.

3...

4. Other comment..

Name. Barry Morgenstern Position. General Manager

Date. 9/5/06

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:

The Home Depot
2455 Paces Ferry Road
Atlanta, GA 30339
Contact: Kerry Shultz
Tel. 770/433-8211, ext. 83951
Fax. 770/384-3037

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℠ 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.

[***].

From: vitchuda@kuangcharoen.com
Sent: Tuesday, September 05, 2006 11:24 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Sir

We have had a notice from our Thai Gems and Jewelry Association and also from our Thai Industrial Federation regarding the possibility of GSP revoke from Thailand. We, therefore, immediately write up this letter to request for your esteemed officer kind assistance not to do so as this will lead to a huge impact on our business since our main business transaction is in US which is currently 95%.

Followings are details about our company:

Company name : Kuang Charoen Mfg. Co., Ltd..

Address : 35/138 Moo 2, Ekachai Road, Bang Nam Jued, Muang, Samutsakhon 74000

Email address : sales@kuangcharoen.com, and / or vitchuda@kuangcharoen.com

Country : THAILAND

Nature of Business : Manufacturer and Exporter of Silver Jewelry

Products exported to the US : Sterling Silver Jewelry

(HS code) : 7113.11.20 and 7113.11.50

Impact on the business if GSP would be revoked :

1. Orders from US would certainly go to China and this will injure our business which will result in the unemployment of our current employees.

2. China is strong in economy now and will be stronger if orders from US go to China to support this, and soon China will become the famous country from its enormous growth in economy of which will be hard for any other countries to compete.

3. In view of current buyers, our price is now competitive with GSP support, but if it is revoked, it will be NO more competitive because the currency exchange in the country of our present competitors is not realistic.

From above main reasons, we would like to request for you kind reconsideration in the GSP revoke matter.

Very highly hope for the renewal of GSP for Thailand.

Regards
Vitchuda Ongkosit
Sales & Marketing Manager
September 5, 2006

From: Yoshi Watanabe [YWatanabe@mikimotoamerica.com]
Sent: Tuesday, September 05, 2006 9:12 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver review
Company name: Mikimoto America Co. Ltd.
…………………………………………………………………….
Address: 680 Fifth Avenue, New York, NY
10019……………………………………………………………………….
Email Address: …ywatanabe@mikimotoamerica.
com……………………………………………………………..
Country: …USA……………………………………………………………………….
Nature of business: Wholesale and retail of cultured pearls jewelry
business……………………………………………………………….
Products imported from Thailand: Earrings, rings, pendants and other diamond jewelry
parts…………………………………………………
(HS code): 7113.19.50
Impact on the business if GSP would be revoked:

1. The rapid developments of the jewelry manufacturing industry in Thailand over the last 30 years has produced a large quantity of artistic and skillful workers in this industry, and with the support of modern machinery and new manufacturing techniques which are employed by most of the leading Thai jewelry manufacturers Thai craftsmanship is comparatively of a higher standard than many countries in the Southeast Asia.

2. It is preferable to do business with Thai manufacturers than many other Countries in Southeast Asia as Thai people are friendly, more compromising and sincere.

3. The jewel manufacturing industry has no impact for employment in the U.S.

4. Taking advantage of various local resources of rough gems stones as well as numerous gemstones and diamond cutting and polishing factories, the cost of Thai gems and jewelry products are more reasonable.

5. Thai jewelry manufacturers are known to be more reliable and provide punctual deliveries.

6. The decrease in Thai jewelry export to the U.S. will consequently decrease the Export of the raw materials, jewelry making tools and machinery from the U.S.

to Thailand.

7. The decrease in import of Thai jewelry products will decrease the choices for American consumers.

8. The decrease in Thai jewelry export to the U.S. could mean more import of jewelry from China and would consequently empower China to dominate the American market.

9. Many of the American based company in Thailand will be effected if the volume of jewelry export to the US is substantially reduced.

Name …Yoshi Watanabe…………………………
Position Senior Vice President………………………….
Date …September 5, 2006…………………………..