SECRETARY OF LABOR
WASHINGTON

DEC 0 1 2009

The Honorable Joseph R. Biden
President of the Senate
Washington, D.C. 20510

Joseph

Dear Mr. President:

Transmitted herewith is the sixteenth annual report prepared in accordance with section 207 of the Andean Trade Preference Act (ATPA). Section 207 provides that the Secretary of Labor, in consultation with other appropriate Federal agencies, shall undertake a continuing review and analysis of the impact that implementation of the provisions of the ATPA have with respect to United States labor and shall submit an annual report to Congress on the results of such review and analysis. The sixteenth report analyzes the impact of the ATPA on U.S. trade and employment in calendar year 2008.

The report describes the ATPA and the benefits it provides to beneficiary countries, and analyzes U.S. international merchandise trade with the ATPA beneficiary countries. The report also analyzes trends in U.S. employment in those industries that have been identified as most affected by trade flows. The report closes with some general conclusions on the impact on U.S. labor after the sixteenth year of operation of the ATPA.

Sincerely,

Hilda Solis

HILDA L. SOLIS
Secretary of Labor

Enclosure

SECRETARY OF LABOR
WASHINGTON

DEC 0 1 2009

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Nancy

Dear Madam Speaker:

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Sincerely,

Hilda L. Solis

HILDA L. SOLIS
Secretary of Labor

Enclosure

TRADE AND EMPLOYMENT EFFECTS OF THE ANDEAN TRADE PREFERENCE ACT

Sixteenth Annual Report for 2009
Submitted to the Congress
Pursuant to Section 207 of the
Andean Trade Preference Act

Prepared by
The U.S. Department of Labor
Bureau of International Labor Affairs

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EXECUTIVE SUMMARY

The submission of this report to the Congress continues a series of reports by the U.S. Department of Labor on the impact of the Andean Trade Preference Act (ATPA) on U.S. employment. The current report covers calendar year 2008 and represents the sixteenth in the series.

The ATPA, enacted on December 4, 1991, authorized the President to proclaim duty-free treatment for eligible articles from Bolivia, Colombia, Ecuador, and Peru. ATPA preferential duty treatment expired on December 4, 2001, but was renewed by the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and applied to imports as of December 5, 2001. The ATPDEA significantly expanded the product coverage of the ATPA program. While the ATPA, as amended and expanded by the ATPDEA, was scheduled to expire on December 31, 2006, Congress has extended the programs four times, and currently the ATPA/ATPDEA is scheduled to expire on December 31, 2009. Section 207 of the ATPA directs the Secretary of Labor to undertake a continuing review and analysis of the impact of ATPA/ATPDEA preferences on U.S. employment and submit a summary report of such analysis annually to the Congress.

Each of the original four ATPA countries received benefits under the ATPA/ATPDEA in 2008. A total $17.2 billion in U.S. imports from the beneficiary countries entered the United States duty-free under ATPA/ATPDEA provisions. This represented 61 percent of all U.S. imports from the beneficiary countries in 2008, but just 0.8 percent of total U.S. imports from all sources. This $17.2 billion in imports included $2.7 billion in imports that entered duty-free under the provision of the original ATPA (excluding the ATPDEA amendments) and $14.6 billion in imports that entered duty-free under the ATPDEA's provisions for expanded product coverage. Of the $2.7 billion in imports that entered duty-free under the provision of the original ATPA (excluding the ATPDEA amendments), approximately one-third, or $876.7 million, could have qualified for duty-free entry under the Generalized System of Preferences (GSP) and were not benefits available exclusively under the ATPA. All items that entered under the ATPDEA's provisions for expanded product coverage qualified for benefits exclusively under the ATPA. Overall, U.S. imports from the beneficiary countries that benefited exclusively from the original ATPA (on eligible products not eligible for GSP) and the ATPDEA amendments amounted to $16.4 billion in 2008, which represented about 57 percent of all U.S. imports from the beneficiary countries, but just 0.8 percent of total U.S. imports from all sources.

The main finding of this report is that preferential tariff treatment under the provisions of the original ATPA and the ATPDEA amendments has neither had an adverse impact on, nor posed a significant threat to, overall levels of U.S. employment.

INTRODUCTION

The Andean Trade Preference Act (ATPA), which was enacted on December 4, 1991 (Pub. L. No. 102-182, Title II, 105 Stat. 1233), was part of a larger Andean Initiative that the United States launched that year. The primary goal of the Andean Initiative was to expand private sector opportunities and investment in nontraditional sectors of the Andean countries as an alternative to production of illegal drugs and to help them diversify their economies and expand their exports. The ATPA authorized the President to proclaim duty-free treatment for eligible articles from Bolivia, Colombia, Ecuador, and Peru (hereafter, "the beneficiary countries"). The President proclaimed duty-free treatment of certain eligible articles from Bolivia and Colombia on July 2, 1992, Ecuador on April 13, 1993, and Peru on August 11, 1993. ATPA preferential duty treatment expired on December 4, 2001, but was renewed by the Andean Trade Promotion and Drug Eradication Act (ATPDEA) to apply to imports as of December 5, 2001, as part of the Trade Act of 2002 (Pub. L. No. 107-210, Div. C, Title XXXI, 116 Stat. 1023) on August 6, 2002. The ATPDEA significantly expanded the product coverage of the ATPA program. The ATPA, as amended and expanded by the ATPDEA, will be referred to hereafter in this report as the ATPA. The ATPA was scheduled to expire on December 31, 2006, however Congress has extended the programs four times. Currently the ATPA is scheduled to expire on December 31, 2009.

On September 15, 2008, President Bush designated Bolivia as a country that had failed to adhere to its obligations under international counternarcotics agreements over the previous 12 months and to take the measures set forth in the Foreign Assistance Act of 1961.[1] On November 25, 2008, based on Bolivia's failure to meet ATPA eligibility criteria related to counternarcotics cooperation, President Bush suspended Bolivia's designation as a beneficiary country under the ATPA, effective December 15, 2008.[2]

Section 207 of the ATPA requires the Secretary of Labor, in consultation with other appropriate federal agencies, to undertake a continuing review and analysis of the impact of the implementation of the ATPA on U.S. labor. The legislation also directs the Secretary to submit an annual report to the Congress that presents a summary of the results of the review and analysis. This report is the sixteenth in a series of annual reports to the Congress pursuant to Section 207 of the ATPA. It presents a summary of the analysis of the impact of duty-free treatment of U.S. imports from beneficiary countries under the ATPA on U.S. trade and employment during calendar year 2008. This report considers all four original beneficiary countries since each received benefits in 2008.

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[1] The Office of the U.S. Trade Representative published a notice on October 1, 2008, in the *Federal Register* announcing President Bush's proposed action to suspend Bolivia's designation as a beneficiary country under the ATPA based on the Bolivian government's failure to meet the programs' counter-narcotics cooperation criteria. See 73 Fed. Reg. 57158-57159 (October 1, 2008), available at http://www.gpo.gov/fdsys/pkg/FR-2008-10-01/html/E8-23136.htm.

[2] At the end of 2008, Congress extended the ATPA through December 31, 2009, for Colombia and Peru. The same legislation extended the ATPA for Bolivia and Ecuador through June 30, 2009, but provided that the ATPA could be extended for an additional six months based on whether or not the President made certain determinations. Based on the President's decisions on June 30, 2009, the ATPA terminated for Bolivia, and Ecuador remains a designated beneficiary country under the ATPA. See http://www.ustr.gov/webfm_send/1184.

First, this report reviews trends in U.S. trade with the four beneficiary nations and identifies the leading items in U.S. trade (imports and exports) with those nations. Next, U.S. imports from the beneficiary nations are examined with regard to the various U.S. import programs, e.g., the ATPA and the Generalized System of Preferences (GSP).[3] The report then identifies U.S. trade preferences that are exclusively available to the beneficiary countries under the ATPA and the import product groups that have increased significantly or established significant U.S. market share since the extension of duty-free benefits offered exclusively by the ATPA. Finally, the report reviews domestic employment trends in the domestic industries that produce goods similar to those imports which received significant exclusive duty-free benefits under the ATPA. The report closes with some general conclusions on the impact of the ATPA on U.S. employment. All of the referenced data tables appear at the end of the report.

The value of U.S. imports for consumption and domestic exports used in this report are based on compilations of official statistics by the U.S. Department of Commerce, Bureau of the Census, and are extracted from the U.S. International Trade Commission's (USITC) Interactive Tariff and Trade Dataweb.[4] U.S. employment is tabulated from establishment and household survey data of the U.S. Department of Labor's Bureau of Labor Statistics (BLS).[5]

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[3] The U.S. GSP program was instituted in 1976 and provides for duty-free treatment of approximately 4,650 tariff items from more than 140 designated beneficiary developing countries and territories.
[4] The USITC Interactive Tariff and Trade Dataweb is available at http://dataweb.usitc.gov/. All trade data are in nominal terms.
[5] Data from the Current Employment Statistics (or establishment) Survey are available at www.bls.gov/ces. Data from the Current Population Statistics (or household) Survey are available at www.bls.gov/cps.

U.S. MERCHANDISE TRADE WITH THE ATPA BENEFICIARY COUNTRIES IN 2008

Total U.S. Trade with the Beneficiary Countries

U.S. imports from the four beneficiary countries in 2008 amounted to $28.5 billion (see Table 1). These imports accounted for 1.4 percent of total U.S. imports from all sources in 2008, up from 1.1 percent in 2007. U.S. exports to the beneficiary countries in 2008 amounted to $19.8 billion (see Table 2). These exports accounted for 1.7 percent of all U.S. exports to the world in 2008, up from 1.4 in 2007.

By broad industrial sector, 52.7 percent of U.S. imports from the beneficiary countries in 2008 were oil, gas, minerals and ores; 32.3 percent were manufactured products; 11.3 percent were agricultural products; and 3.7 percent were other miscellaneous items (see Table 1). By comparison, 86.4 percent of U.S. exports to the beneficiary countries in 2008 were manufactured products; 8.1 percent were agricultural products; 4.8 percent were other miscellaneous items; and less than one percent was oil, gas, minerals and ores (see Table 2).

Table 3 presents the 5-digit North American Industry Classification System (NAICS)-based industries[6] where U.S. imports from the beneficiary countries in 2008 exceeded $200 million. These leading import industries were: oil and gas ($13.3 billion); nonferrous metal (except aluminum) smelting and refining ($2.9 billion); petroleum refinery products ($2.0 billion); non-citrus fruits and tree nuts ($1.7 billion); coal ($1.5 billion); items imported under special classification provisions ($801.3 million); nursery products, flowers, seeds, and foliage ($651.3 million); fresh, chilled, or frozen fish and other marine products ($614.8 million); men’s and boys’ apparel ($593.3 million); women’s and girls’ apparel ($475.3 million); iron, steel, and ferroalloy ($416.3 million); jewelry and silverware ($305.5 million); and fruits and vegetables ($246.7 million). These leading 13 industries accounted for 89.1 percent of all U.S. imports from the beneficiary countries in 2008.

Table 4 presents the 5-digit NAICS-based industries where U.S. exports to the beneficiary countries in 2008 exceeded $200 million. These leading export industries were: petroleum refinery products ($2.6 billion); resin and synthetic rubbers ($1.2 billion); other basic organic chemicals ($1.1 billion); construction machinery ($912.0 million); mining and oil and gas field machinery ($777.0 million); computer equipment ($766.9 million); corn ($717.0 million); items exported under special classification provisions ($600.3 million); wheat ($505.3 million); iron, steel, and ferroalloy ($454.4 million); navigational, measuring, electromedical, and control instruments ($420.7 million); aerospace products and parts ($391.8 million); engines, turbines, and power transmission equipment ($384.1 million); starch and vegetable fats and oils ($360.5 million); other general purpose machinery ($357.8 million); paper mill products ($344.5 million); radio and television broadcasting and wireless communication equipment ($342.0

[6] For the purposes of relating foreign trade statistics to U.S. industrial output and employment, the Bureau of the Census has mapped 10-digit Harmonized Tariff Schedule (HTS) numbers used for U.S. exports and import statistics to their closest NAICS-based code, based on NAICS 2002. Some categories of traded items have no direct domestic counterpart and are classified in specially created NAICS-based 91000-99000 categories which have no direct domestic counterpart. For example, NAICS 99000—Special Classification Provisions, not otherwise specified or included, contains primarily imports and exports of low-value shipments not specified by kind, exposed film and prerecorded tapes, articles imported for repairs, returned goods, and articles donated to charity.

million); fertilizers ($303.1 million); pharmaceuticals and medicines ($263.2 million); petrochemicals ($261.5 million); pumps and compressors ($222.2 million); electrical equipment ($221.2 million); semiconductors and other electronic components ($220.9 million); and used or second-hand merchandise ($213.0 million). These leading 24 industries accounted for 70.4 percent of all U.S. exports to the beneficiary countries in 2008.

U.S. Imports under the ATPA and Other U.S. Import Programs

Several U.S. programs are available that permit duty-free access to the United States market for qualifying foreign goods. The major U.S. programs utilized by the Andean countries include the ATPA and GSP programs.[7, 8]

ATPA

Unless it is specifically excluded, a product must meet one of the following conditions to be eligible for duty-free treatment under the ATPA: (1) be wholly grown, produced, or manufactured in an ATPA beneficiary country; or (2) have at least 35 percent of the direct processing costs and materials produced in any one or more of the ATPA beneficiary countries, any of the Caribbean Basin Economic Recovery Act (CBERA) beneficiary countries,[9] Puerto Rico, or the U.S. Virgin Islands—inputs from the United States (up to 15 percent of the value) are allowed to account for a portion of the 35 percent content rule. In addition, the articles must be exported directly to the customs territory of the United States.

Products specifically excluded from ATPA duty-free treatment include most textile and apparel items; certain footwear; rum and tafia; canned tuna; certain agricultural products subject to tariff rate quotas including sugar, syrup, and molasses products.

The ATPDEA amendments to the ATPA (hereinafter referred to as the ATPDEA amendments) came into force on November 1, 2002, and significantly increased the amount of U.S. imports from the beneficiary countries eligible for duty-free treatment. Newly eligible items included petroleum and petroleum products; some leather items including certain gloves and footwear; tuna packaged in foil pouches; and certain watches and watch parts. Many items from the

[7] These countries also receive a negligible amount of duty-free access under import programs based on a World Trade Organization (WTO) agreement that the United States has signed concerning trade in civil aircraft.

[8] Two of the beneficiary countries, Peru and Colombia, have signed bilateral trade promotion agreements with the United States. These agreement provide permanent tariff benefits that are more comprehensive than those received under the ATPA and further liberalizes trade with the United States in other areas. The United States – Peru Trade Promotion Agreement (PTPA) entered into force on February 1, 2009, and Peru remains a designated beneficiary country under the ATPA. The United States – Colombia Trade Promotion Agreement is still awaiting Congressional approval. Neither of the agreements was in force during 2008, the year covered by this report.

[9] The CBERA is a U.S. trade initiative similar to the ATPA that was implemented in 1984 and directed toward countries and dependent territories in Central America and the Caribbean as part of a broader Caribbean Basin Initiative (CBI). During the period covered by this report (calendar year 2008), the 20 CBERA beneficiary countries and territories were: Antigua and Barbuda; Aruba; the Bahamas; Barbados; Belize; the British Virgin Islands; Costa Rica; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; the Netherlands Antilles; Panama; St. Kitts and Nevis; St. Lucia; St. Vincent and the Grenadines; and Trinidad and Tobago. Costa Rica lost CBERA beneficiary status on January 1, 2009, when they implemented the United States – Central American – Dominican Republic Free Trade Agreement (CAFTA-DR).

beneficiary countries that had previously been granted reduced rates of duty under the ATPA, including handbags, luggage, flat goods, work gloves, and leather wearing apparel from the beneficiary countries, were granted duty-free eligibility under the ATPDEA amendments. Additionally, the ATPDEA amendments permit certain apparel from the Andean region to enter the United States duty-free provided that special entry requirements are met.[10] In 2001, only 20 percent of the value of U.S. imports from the beneficiary countries qualified for ATPA duty-free treatment. However, in 2003, the first full year for which the ATPDEA amendments were in effect, the value of U.S. imports from the beneficiary countries benefited from duty-free treatment under the expanded ATPA increased to 50 percent. Imports under the expanded ATPA have continued to increase and reached 61 percent in 2008.

GSP

All of the ATPA beneficiary countries are also eligible for the tariff preferences provided by the U.S. GSP program. The ATPA differs from the GSP program in three significant ways: (1) more types of goods are eligible for duty-free entry under the ATPA than GSP; (2) the percentage of value-added that must be produced in the exporting country is lower under the ATPA than GSP; and (3) there are no dollar limits on the amount of an item that can enter duty-free from a beneficiary country under the ATPA program, while there are limits (referred to as competitive need limitations) under the GSP program.[11]

Nearly all products eligible for GSP duty-free entry are also eligible for duty-free entry under the ATPA. For products that were already eligible for GSP treatment when the ATPA came into effect in 1992, the ATPA beneficiaries have increased their utilization of available U.S. tariff preferences (i.e., the percentage of eligible products that actually entered duty-free under either GSP or ATPA has increased moderately). For products eligible for ATPA, but not GSP, utilization has been substantial. Almost all items that are eligible for duty-free treatment under either the ATPA or the GSP are actually imported duty-free.

U.S. Imports from the ATPA Beneficiary Countries in 2008

Approximately 91 percent of all U.S. imports from the beneficiary countries entered the United States duty-free in 2008, while the remaining 9 percent was subject to an average 0.8 percent rate of duty (see Table 5). In order of decreasing value, imports from the beneficiary countries qualified for duty-free treatment as follows:[12]

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[10] The entry requirements for textile and apparel products eligible for duty-free treatment under the ATPDEA are more complex than the rule of origin requirements for other products. For a full discussion of the requirements, see http://www.cbp.gov/linkhandler/cgov/trade/trade_programs/international_agreements/special_trade_programs/atpa/atpdea_impl.ctt/atpdea_impl.pdf.

[11] Under the GSP program, a beneficiary developing country may lose duty-free eligibility for a product (defined at the HTS-8 level) if, during a calendar year, U.S. imports of a GSP article from that country account for 50 percent or more of the value of total U.S. imports of that product, or exceed a certain inflation-indexed dollar value. Any loss of eligibility takes effect on July 1 of the calendar year following the year in which the competitive need limitation was exceeded.

[12] In addition, in 2008, a small amount of imports from the beneficiary countries entered duty-free under the WTO Agreement on Trade in Civil Aircraft ($857,564).

- Duty-free U.S. imports under the **ATPDEA amendments** were $14.6 billion in 2008 and accounted for 51.2 percent of all imports from the beneficiary countries in 2008, up from 45.4 percent in 2007.
- **Normal Trade Relations (NTR) duty-free** U.S. imports were $8.1 billion and accounted for 28.3 percent of all imports from the beneficiary countries in 2008, down from 32.2 percent in 2007.[13]
- Duty-free U.S. imports under **original ATPA** (excluding the ATPDEA amendments) were $2.7 billion and accounted for 9.4 percent of all imports from the beneficiary countries in 2008, down from 13.4 percent in 2007.
- Duty-free U.S. imports under the **GSP** were $611.6 million and accounted for 2.1 percent of all imports from the beneficiary countries in 2008, down from 2.9 percent in 2007.

Colombia accounted for 45 percent of the value of duty-free U.S. imports under the ATPDEA amendments in 2008, followed by Ecuador (43 percent), Peru (11 percent), and Bolivia (1 percent). Peru accounted for 57 percent of the value of duty-free U.S. imports under the original ATPA (excluding the ATPDEA amendments) in 2008, followed by Colombia (30 percent), Ecuador (11 percent), and Bolivia (2 percent). Peru accounted for 44 percent of the value of GSP duty-free U.S. imports from the beneficiary countries in 2008, followed by Colombia (39 percent), Ecuador (9 percent), and Bolivia (8 percent). In 2008, the average rate of duty paid on imports subject to duty ranged from 0.4 percent for items from Ecuador to 3.4 percent for items from Bolivia (see Table 6).

Tables 7 and 8 show the 5-digit NAICS-based industries that had the highest level of duty-free imports under the original ATPA (excluding the ATPDEA amendments) and the ATPDEA amendments.

[13] Almost all nations are eligible for NTR duty treatment, which was formerly known as most-favored-nation (MFN) duty treatment. NTR duty-free U.S. imports are calculated as the difference between the customs value of imports entered with "no program claimed" and the dutiable value of the imports entered with "no program claimed".

U.S. EMPLOYMENT EFFECTS OF TRADE BENEFITS EXCLUSIVE TO THE ATPA

The ATPA was the exclusive basis for beneficiary nations to qualify for duty-free treatment of their exports to the United States in 2008 in the following cases: (1) products eligible for ATPA duty-free entry, but not eligible for duty-free entry under GSP; and (2) products eligible for both ATPA and GSP duty-free entry that were imported from a beneficiary country that had lost its GSP eligibility with respect to those products because it exceeded the program's competitive need limitations in the previous year.[14] In 2008, U.S. imports from the beneficiary countries that benefited exclusively from the ATPA amounted to $16.4 billion, which represented about 57 percent of all U.S. imports from the beneficiary countries, but just 0.8 percent of total U.S. imports from all sources.

This report examines the value of ATPA duty-free imports that benefited exclusively from the ATPA provisions, focusing on the import industries that showed a significant value of duty-free imports benefiting exclusively from the ATPA and representing a significant share of total U.S. industry imports from all sources in 2008. Any adverse U.S. employment effects due to the exclusive benefits of the ATPA would be associated with increased imports of items due to these tariff preferences. In addition to the value of imports and the market share of total U.S. industry imports, any potential employment effect would also be dependent upon the size of the tariff forgone based on the ATPA preferences and the substitutability between domestic and imported products.[15] Given the availability of several U.S. trade preference programs with different requirements, it is often not possible to isolate the effects of the ATPA.

Six import industries (based on the 5-digit NAICS) were identified for which exclusive ATPA duty-free benefits in 2008 exceeded $20 million *and* accounted for more than 3.0 percent of total U.S. industry imports from all sources. Three of these industries benefited from the original ATPA, and three industries benefited from the ATPDEA amendments.

Original ATPA

- **NAICS 11142— Nursery products, flowers, seeds, and foliage**
- **NAICS 31194—Seasonings, dressings, and other prepared sauces**
- **NAICS 11121—Vegetables and melons**

ATPDEA Amendments

- **NAICS 21111—Oil and gas**
- **NAICS 31171—Prepared, canned, and packaged seafood products**
- **NAICS 31511—Hosiery and socks**

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[14] The products associated with the constituent eight-digit Harmonized Tariff Schedule (HTS-8) items in each 5-digit NAICS-based industry were examined to determine if they were also eligible for duty-free entry under the GSP program and, if so, whether any ATPA beneficiary country had exceeded the GSP competitive need limitation for that item. The total value of ATPA duty-free imports for products benefiting exclusively from the ATPA in each industry was calculated.

[15] Estimating and employing elasticities of substitution between domestic and imported items is beyond the scope of this report and are not discussed further.

Trends in U.S. imports in the six NAICS-based import industry groups above and trends in industry employment in each of the U.S. industries producing products like those in the six groups are examined below. Significant increases in U.S. imports of these products from the beneficiary countries may, in part, reflect the availability of duty-free treatment exclusively under the ATPA. To place the analysis of domestic employment trends in perspective, the overall U.S. employment situation in 2008 is discussed first.

The U.S. Employment Situation, 2008

U.S. nonagricultural payroll employment declined in 2008. Annual average employment decreased to 137.1 million in 2008, down from 137.6 million in 2007 (see Table 9). In 2008, agricultural employment was 2.2 million up slightly from 2.1 million in 2007.[16] The annual average data provided in this section do not reveal the extent to which the global economic crisis has affected the U.S. labor market. Since the recession in the United States began in December 2007, job losses have been large and widespread across the major industry sectors, with much of these losses occurring in the last half of 2008 and 2009.

The largest segment of the U.S. non-agricultural workforce is the service-providing sector. Annual average employment in the service-providing sector was 115.7 million in 2008, up slightly from 115.4 million in 2007. Between December 2007 and December 2008, the service-providing sector shed 1.6 million jobs.[17]

The goods-producing sector experienced a sustained period of employment growth from 1992 to 2000 peaking at 24.6 million in 2000 before declining sharply over the following three years reaching 21.8 million in 2003. Employment in this sector showed modest gains between 2004 and 2006, due to economic recovery in natural resources and mining and construction from the 2001 U.S. recession, but fell again in 2007 and 2008. In 2008, the annual average employment in the goods-producing sector was 21.4 million. Employment levels in this sector remain well below its 2000 level of 24.6 million. Employment in manufacturing, which accounts for approximately two-thirds[18] of goods-producing industry employment, had not yet experienced a recovery from the 2001 U.S. recession and has been further affected by the current recession − it stood at 13.9 million in 2007 and 13.4 million in 2008, well below its 2000 level of 17.3 million.

The annual average civilian unemployment rate, which is based on household survey data, rose from 4.6 in both 2007 (7.1 million workers) to 5.8 percent in 2008 (8.9 million workers). The

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[16] Agricultural employment is derived from the Current Population Survey (CPS), which is administered by the U.S. Census Bureau for the BLS. Non-agricultural payroll employment, hours, and earnings are from the BLS's Current Employment Statistics (CES) survey. Caution should be exercised in comparing employment in agricultural and non-agricultural sectors because the data are collected using different survey instruments and from different populations (i.e., the CPS collects information from households, and the CES collects information from business establishments).

[17] Employment in the service-providing industries was 116.1 million in December 2007 and fell to 114.5 million in December 2008. Monthly employment figures are seasonally adjusted.

[18] Over the past decade, employment in the manufacturing sector accounted for an average of 66.3 percent of all employment in the goods-producing sector. This ratio has fallen from 70.8 percent in 1999 to 62.7 percent in 2008.

monthly unemployment rate rose throughout 2008, rising from 4.9 percent[19] (7.5 million workers) in December 2007 to 7.2 percent (11.1 million workers) in December 2008.

U.S. Import and Domestic Employment Trends in Selected Industries Receiving Significant Benefits Provided under the Original ATPA in 2008

Nursery Products, Flowers, Seeds, and Foliage (NAICS 11142)

U.S. imports of nursery products, flowers, seeds, and foliage from the beneficiary countries in 2008 were $651.3 million and accounted for 43.9 percent of U.S. imports of these items from all countries (up from 42.7 percent in 2007). This represented 2.3 percent of all U.S. imports from the beneficiary countries (down from 3.2 percent in 2007). ATPA duty-free imports of these items were $633.9 million in 2008, and accounted for 42.7 percent of total U.S. imports of nursery products, flowers, and seeds from all sources (up from 41.8 percent in 2007). ATPA duty-free imports that benefited exclusively from the ATPA amounted to $413.9 million in 2008 (27.9 percent of industry imports from all sources).

U.S. imports of nursery products, flowers, and seeds include: bulbs and tubers (HTS 0601); live plants and cuttings (HTS 0602); fresh cut flowers and buds (HTS 0603); foliage, branches, grasses, and mosses for bouquets or ornamental purposes (HTS 0604); and seeds, fruits, and spores used for sowing (HTS 1209). However, nearly all U.S. imports of these items from the beneficiary countries in 2008 were fresh cut flowers (97.7 percent), followed by foliage (1.9 percent) and live plants (0.3 percent). Almost half of all U.S. imports of fresh cut flowers (HTS 0603) from the beneficiary countries were fresh cut roses, which are not eligible for duty-free entry under the GSP program, but are eligible under the ATPA. In addition to roses, the tariff classification for fresh cut flowers covers a number of other flower types (including chrysanthemums, carnations, orchids, anthuriums, alstroemeria, gypsophilia, lilies, snapdragons, and flower buds), which are normally eligible for duty-free entry under the GSP program.

Nearly two-thirds of the ATPA duty-free imports of nursery products, flowers, and seeds benefited exclusively from the ATPA. The exclusive benefits were for the following four eight-digit Harmonized Tariff Schedule (HTS-8) items:

- HTS 0603.11.00—Fresh cut sweetheart, spray, and other roses from all beneficiary countries
- HTS 0603.12.70—Fresh-cut carnations from Colombia
- HTS 0603.13.00—Fresh-cut orchids from Colombia[20]
- HTS 0603.14.00—Fresh-cut chrysanthemums from Colombia

While fresh cut roses are not eligible for GSP duty-free treatment, the other three HTS-8 items are normally eligible for duty-free treatment under both programs; however, Colombia has lost its GSP eligibility with respect to those products because it exceeded the program's competitive need limitations.

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[19] Monthly unemployment figures are seasonally adjusted.
[20] U.S. exclusive ATPA duty-free imports of this item from Colombia amounted to just $2,152 in 2008. Given this small amount, this item is not discussed further.

- In 2008, U.S. ATPA duty-free imports of fresh cut sweetheart, spray, and other roses (HTS 0603.11.00) from all the beneficiary countries were $310.3 million and accounted for 95.8 percent of all U.S. imports of fresh cut roses (down slightly from 96.2 percent in 2007). This item faces a NTR tariff rate of 6.8 percent. However, in 2008, only 0.3 percent of U.S. imports of fresh cut roses from all sources were subject to duty while the rest were granted duty-free entry through various U.S. free trade agreements and trade preference programs.[21] Colombia and Ecuador were, by far, the leading suppliers of fresh cut roses to the United States in 2008 accounting for 74.1 percent and 21.8 percent of all U.S. imports respectively.

- In 2008, U.S. ATPA duty-free imports of fresh cut other carnations (HTS 0603.12.70)[22] from Colombia were $37.2 million and accounted for 97.1 percent of all U.S. imports of these items (down slightly from 97.3 percent). This item faces a NTR tariff rate of 6.4 percent. However, in 2008, only 0.1 percent of U.S. imports of fresh cut other carnations from all sources were subject to duty while the rest were granted duty-free entry through various U.S. free trade agreements and trade preference programs.[23] Colombia was, by far, the leading supplier of fresh cut other carnations to the United States in 2008.

- In 2008, U.S. ATPA duty-free imports of fresh cut chrysanthemums (HTS 0603.14.00) from Colombia were $66.3 million and accounted for 96.7 percent of all U.S. imports of these items (up from 95.0 percent in 2007). This item faces a NTR tariff rate of 6.4 percent. However, in 2008, only 0.1 percent of U.S. imports of fresh cut chrysanthemums from all sources were subject to duty while the rest were granted duty-free entry through various U.S. free trade agreements and trade preference programs.[24] Colombia was, by far, the leading supplier of fresh cut chrysanthemums to the United States in 2008.

The benefits provided exclusively by the ATPA have allowed for the ATPA countries to become the dominant suppliers of fresh cut roses, other carnations, and chrysanthemums to the U.S. market. However, other factors, such as proximity to the United States and climate, have also been important.

While the Department of Labor's Bureau of Labor Statistics does not collect information on industry employment in agriculture, the U.S. Department of Agriculture does collect and publish

[21] In 2008, U.S. imports of fresh cut roses were granted duty-free entry under the NAFTA, CAFTA-DR, CBI, AGOA, and the United States – Israel Free Trade Agreement in addition to the ATPA.
[22] This HTS classification for "fresh cut other carnations" covers all fresh cut carnations that are not miniature (spray) carnations.
[23] In 2008, U.S. imports of fresh cut other carnations were granted duty-free entry under the NAFTA and CAFTA-DR in addition to the ATPA.
[24] In 2008, U.S. imports of fresh cut chrysanthemums were granted duty-free entry under the CBI, NAFTA, CAFTA-DR, and GSP in addition to the ATPA.

information on the number of domestic growers, quantity and value sold at wholesale, wholesale production price, and number of hired workers for a number of agricultural crops.[25]

Cut flower types that are comparable to those receiving significant exclusive ATPA duty-free benefits include all roses, standard carnations, and chrysanthemums (referred to hereafter as the "like ATPA cut flowers"). The most recent information available on these domestically produced fresh cut flower types is presented below:

- The number of domestic commercial rose growers fell from 357 in 1992 to 39 in 2008, while the quantity sold declined from 533.6 million stems in 1992 to 59.6 million stems in 2008, and the wholesale value of sales decreased from $174.5 million in 1992 to $23.5 million in 2008.[26] Over this same time period, the wholesale price rose from 32.7 cents per stem in 1992 to 39.5 cents per stem in 2008. The share of domestic consumption accounted for by imports rose from 34 percent in 1992 to 91 percent in 2006.[27]

- The number of domestic commercial standard carnation growers fell from 139 in 1992 to 8 in 2008, while the quantity sold declined from 213.6 million stems in 1992 to 3.3 million stems in 2008, and the value sold decreased from $30.8 million in 1992 to $567,000 in 2008. Over the same period, the wholesale price rose from 14.4 cents per stem to 17.0 cents per stem. The share of domestic consumption accounted for by imports rose from 67 percent in 1992 to 97 percent in 2006.

- The number of domestic commercial pompon chrysanthemum growers fell from 172 in 1992 to 25 in 2008, while the quantity sold declined from 15.4 million bunches in 1992 to 17.3 million bunches in 2008, and the value sold decreased from $18.0 million in 1992 to $13.5 million in 2008. Over the same period, the wholesale price fell from $1.16 per bunch to 78 cents per bunch. The share of domestic consumption accounted for by imports has remained steady and averaged 77 percent over the period from 1992 to 2006.

The USITC estimates that in 2007, ATPA imports of fresh cut flowers displaced 1.1 to 6.6 percent of U.S. output of roses and 1.1 to 6.5 percent of U.S. output of chrysanthemums.[28]

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[25] See *Floriculture Crops 2008 Summary* (U.S. Department of Agriculture, National Agricultural Statistics Service, April 2009). Available online at http://www.nass.usda.gov/Publications/Todays_Reports/reports/floran09.pdf. See also See *Floriculture and Nursery Crops Situation and Outlook Yearbook/FLO-2007* (U.S. Department of Agriculture, Economic Research Service, September 2007). Available online at http://www.ers.usda.gov/Publications/Flo/2007/09Sep/FLO2007.pdf. This annual report ceased publication in 2007, and these data are the latest available. Data are based on a 15 state survey. The 15 states were selected by the USDA and accounted for 75 percent of cash receipts received by greenhouse and nursery crop farmers in 2006.

[26] Unless otherwise noted, data are available for 1992 through 2008. Historical data are from the *FLO-2007*. Data for 2008 are from the *Floriculture Crops 2008 Summary* and are preliminary.

[27] Data on the import share of domestic consumption is from the FLO-2007 publication that is no longer published. The most recent year for which data are available is 2006.

[28] See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Thirteenth Report* 2007 (Investigation No. 332-352; USITC Publication 4037; November 2008), p. 3-10. Available online at http://www.usitc.gov/publications/332/pub4037.pdf. Displacement effects for carnations were not calculated due to unavailability of U.S. production and/or export data. The most recent year for which data are available is 2007.

The Department of Agriculture only published estimates of the number of hired workers in all floriculture crops, which include cut flowers, foliage plants, bedding garden plants, herbaceous perennials, and cut cultivated greens. These data are no longer published and the most recent year for which data are available is 2006. For large growers of floriculture crops, cut flowers accounted for about 13 percent of the number of growers and 11 percent of the value of sales at wholesale in 2006. Further, sales of "like ATPA cut flowers" accounted for just 1.2 percent of the value of sales at wholesale of all floriculture crops in 2006.

For the purposes of this report, the number of hired workers in cut flowers and "like ATPA cut flowers" industries in the United States was roughly estimated based on cut flowers' annual share of sales at wholesale of all floriculture crops and "like ATPA cut flowers'" annual share of all cut flower sales at wholesale. In 2006, based on this calculation and in the 15 states surveyed, there were an estimated 80,579 hired workers in floriculture crops, 8,638 hired workers in cut flowers of all types, and 999 hired workers in "like ATPA cut flowers."

Trends in U.S. domestic production and U.S. imports from the beneficiary countries since implementation of the ATPA suggest that increased imports of fresh cut roses, carnations, and chrysanthemums due to the ATPA trade preferences may have displaced some domestic growers and workers located in the United States. Domestic production of chrysanthemums appears to have stabilized over the last several years, while domestic production of roses and especially carnations continues to fall by significant percentages each year.

Seasonings, Dressings, and Other Prepared Sauces (NAICS 31194)

U.S. imports of seasonings, dressings, and other prepared sauces from the beneficiary countries in 2008 were $72.8 million and accounted for 6.1 percent of U.S. imports of these items from all countries (up from 5.0 percent in 2007). This represented 0.3 percent of all U.S. imports from the beneficiary countries (up from 0.2 percent in 2007). ATPA duty-free imports of seasonings, dressings, and other prepared sauces were $52.7 million in 2008, and accounted for 4.4 percent of U.S. imports of these items from all countries (up from 3.4 percent in 2007). ATPA duty-free imports that benefited exclusively from the ATPA amounted to $42.9 million in 2008 (3.6 percent of industry imports from all sources).

Imports of one HTS-8 item – dried, crushed, or ground paprika (HTS 0904.20.20) – from Peru accounted for 95.8 percent of the exclusive ATPA benefits in the seasonings, dressings, and other prepared sauces industry.[29] Imports of this item are normally eligible for duty-free treatment under both the GSP and ATPA programs; however, Peru lost its GSP eligibility with respect to those products because it exceeded the program's competitive need limitations.

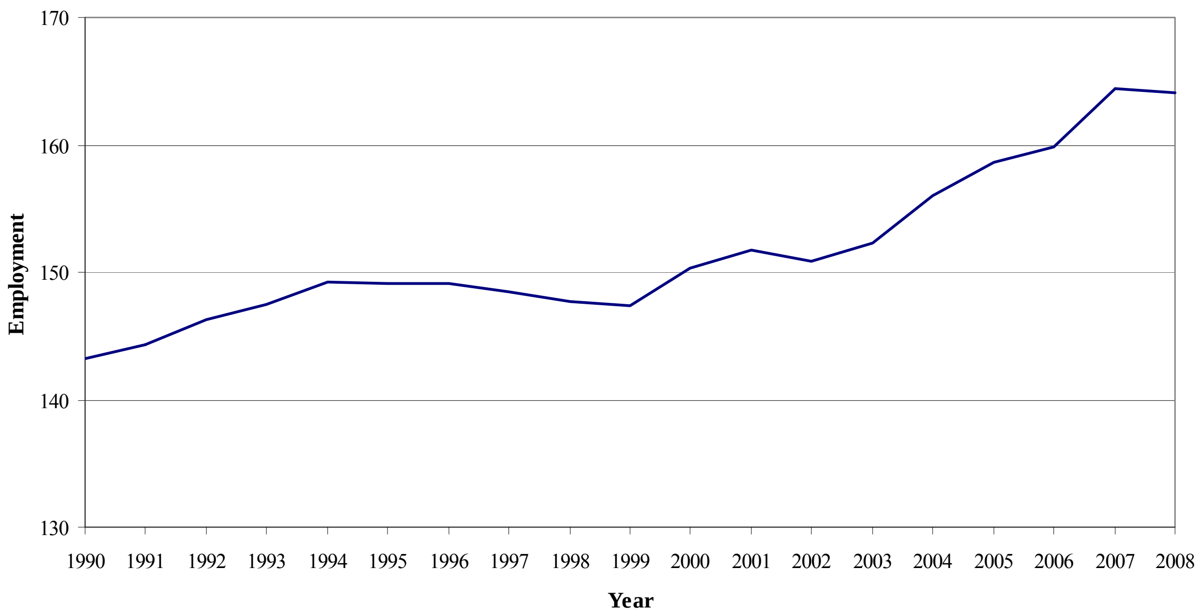
This item faces a NTR tariff rate of 3 cents per kilogram. In 2008, the *ad valorem* equivalent rate was calculated to be around 1.0 percent. Peru was by far the largest supplier of this item to the U.S. market in 2008. U.S. imports of HTS 0904.20.20 from Peru amounted to $45.6 million in 2008 and accounted for 72.8 percent of U.S. imports from all sources (up from 67.4 percent in

[29] The following three HTS-8 items also benefited exclusively from the ATPA: Anaheim and ancho peppers (HTS 09042040), $1,584,482 in 2008; fluid malt extract (HTS 19019010), $192,407 in 2008; and bay leaves (HTS 09109907), $8,681 in 2008.

2007). While all imports of this item from Peru were eligible for duty-free entry into the United States under the ATPA, only about 90 percent, or $41.1 million, entered under this provision. The remaining 10 percent, or $4.5 million, of imports of this item from Peru entered without claiming a special import program and was subject to the prevailing NTR tariff rate. Total tariffs paid on this item from Peru were $49,241. It is unclear as to why these items were not imported under the ATPA. Other leading suppliers of this item to the United States in 2008 were Spain ($10.7 million), Israel ($2.6 million), China ($1.3 million), and India ($1.1 million).

The text chart below presents the trend in U.S. employment in the other food products industry group (NAICS 3119), which includes the seasonings, dressings, and other prepared sauces industry (NAICS 31194), for the years 1990 to 2008. Employment in this industry group, unlike the manufacturing industry as a whole, has shown a generally increasing trend over this period, but declined slightly in 2008 to 164,100. The average hourly earnings of production workers have been rising steadily and were $14.40 in 2008, up from $14.01 in 2007 and $13.88 in 2006.

Figure 1. U.S. Employment in Other Food Products (NAICS 3119), 1990-2008
(annual average, in thousands)



Source: BLS, Current Employment Statistics

While Peru was by far the leading supplier of paprika to the United States in 2008, the tariff avoided under the ATPA was very low and was unlikely to have been the main driver behind the Peruvian exports. Further, for the larger seasonings, dressings, and other prepared sauces industry, imports from the beneficiary countries account for a small percentage. Finally, U.S. employment in this sector has shown a generally positive trend since the implementation of the ATPA. For these reasons, it is unlikely that the duty-free provisions of the ATPA have had any measurable effect on domestic employment in the seasonings, dressings, and other prepared sauces sector.

Vegetables and Melons (NAICS 11121)

U.S. imports of vegetables and melons from the ATPA beneficiaries in 2008 were $198.2 million and accounted for 4.1 percent of U.S. imports of these items from all sources (down from 4.4 percent in 2007). This represented 0.7 percent of all U.S. imports from the beneficiary countries in 2008 (down from 1.0 percent in 2007). ATPA duty-free imports which benefited exclusively from the ATPA amounted to $154.5 million in 2008 (3.2 percent of industry imports from all sources).

Imports of two HTS-8 items, both covering fresh or chilled asparagus, accounted for 99.3 percent of the exclusive ATPA benefits in the vegetable and melons industry: fresh or chilled asparagus not elsewhere specified (HTS 0709.20.90) from all the beneficiary countries and fresh or chilled asparagus entered between September 15 and November 15 and transported to the U.S. by air (HTS 0709.20.10) from Peru (which has lost GSP eligibility due to competitive need considerations).

- U.S. exclusive ATPA duty-free imports of HTS 0709.20.90 from the beneficiary countries amounted to $145.2 million in 2008 and accounted for 49.2 percent of U.S. imports from all sources (down from 57.9 percent in 2007). Peru accounted for nearly all (99.3 percent) of U.S. imports of this item from the beneficiary countries. This item faces a NTR tariff rate of 21.3 percent. However, in 2008, over 99.9 percent of imports of this item entered the United States duty-free. Peru was the second leading supplying country of this item to the U.S. market in 2008, slightly behind Mexico. U.S. imports from Mexico accounted for 49.2 percent of all U.S. imports of this item, and these imports benefited from duty-free entry under the North American Free Trade Agreement (NAFTA). Combined, Peru and Mexico supplied 98.1 percent of all U.S. imports of this item in 2008.

- Imports of HTS 0709.20.10 from Peru amounted to $8.3 million in 2008 and accounted for 97.9 percent of U.S. imports from all sources (up from 87.0 percent in 2007). Peru was by far the largest supplier of this item to the U.S. market in 2008. Argentina was the only other country supplying this item to the U.S. market in 2008 and accounted for just 2.1 percent of all U.S. imports. This item faces a NTR tariff rate of 5 percent. In 2008, over 99.9 percent of imports of this item entered the United States duty-free.

U.S. employment data for asparagus farming or the vegetables and melons industry are not available; however, the U.S. Department of Agriculture (USDA) makes estimates of annual domestic production of asparagus.[30] According to the USDA, domestic production of fresh asparagus was 71.8 million pounds in 2008, down from 92.7 million pounds in 2007. However, these figures are much lower than they have been historically. Over the ten-year period from 1997 to 2006, U.S. production of asparagus averaged 133.0 million pounds. The dollar value of U.S. production of fresh asparagus was $73.6 million in 2008, down from $91.6 million in 2007. Per capita use of asparagus has been slowly, but steadily, increasing over the past three decades and was 1.2 pounds per capita in 2008. Imports of fresh asparagus account for a large percent of

[30] See the USDA's Vegetable and Melon Yearbook Data for 2009, available online at http://usda.mannlib.cornell.edu/usda/ers/89011/89011.pdf.

U.S. consumption of asparagus. The share of U.S. consumption derived from imports for fresh asparagus has shown a long-term increasing trend, rising from 10.8 percent in 1980, to 29.8 percent in 1990, to 59.0 percent in 2000, to 85.7 percent in 2008.

The USITC estimates that in 2007, ATPA imports of asparagus (HTS 0709.20.90) accounted for 56.1 percent of apparent U.S. consumption and displaced 4.5 to 17.1 percent of U.S. output of asparagus.[31] It may be the case that the duty-free provisions of the ATPA are partly responsible for the overall production declines in the U.S. output of fresh and processed asparagus. Given the lack of data on the employment of workers involved in the production of asparagus, it is difficult to determine if increased ATPA duty-free imports of asparagus have created any significant adjustment problems for domestic workers producing asparagus.

U.S. Import and Domestic Employment Trends in Selected Industrial Sectors Receiving Significant Benefits Provided under the ATPDEA Amendments in 2008

Oil and Gas (NAICS 21111)

U.S. imports of certain oil and gas products from the beneficiary countries became eligible for duty-free treatment with the ATPDEA amendments that took effect on October 31, 2002. Although these products accounted for a significant percentage of exports from the beneficiary countries even prior to their obtaining duty-free status, exports of these products to the United States have grown significantly each year since being provided duty-free treatment in 2002, with the exception of a slight decline in 2007. U.S. imports of oil and gas from the beneficiary countries in 2008 were $13.3 billion (up significantly from $7.9 billion in 2007, and up radically from $1.9 billion in 2001) and accounted for 46.6 percent of all U.S. imports from the beneficiary countries (up from 37.6 percent in 2007 and 19.4 percent in 2001). This represented 4.1 percent of U.S. imports of oil and gas from all sources (up from 3.4 percent in 2007 and 2.5 percent in 2001). In 2008, about 92 percent of these items, or $12.2 billion, entered duty-free under the ATPDEA amendments. Oil and gas imports represented over four-fifths (84 percent) of all imports under the ATPDEA amendments in 2008. The value of U.S. imports of oil and gas from all sources has risen dramatically during this period rising from $72.7 billion in 2001 to $325.6 billion in 2008 due to strong U.S. demand, rising oil prices, and insufficient domestic supply.

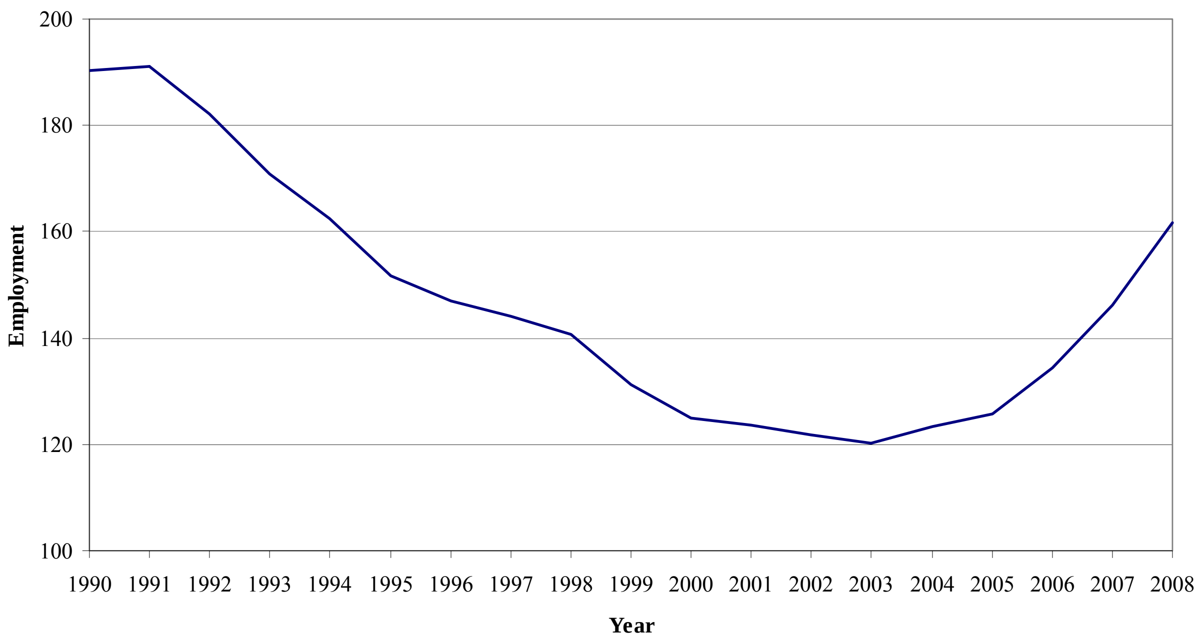
Two HTS-8 petroleum oils (HTS 2709.00.10 and 2709.00.20) are eligible for duty-free access under the ATPDEA amendments. ATPDEA duty-free imports of HTS 2709.00.10 from the beneficiary countries amounted to $10.1 billion in 2008 and accounted for 9.4 percent of U.S. imports from all sources (up from 8.5 percent in 2007). ATPDEA duty-free imports of HTS 2709.00.20 from the beneficiary countries amounted to $2.1 billion in 2008 and accounted for 1.2 percent of U.S. imports from all sources (down from 1.4 percent in 2007).

[31] See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Thirteenth Report* 2007 (Investigation No. 332-352; USITC Publication 4037; November 2008), pp. 3-10 and 3-12. Available online at http://www.usitc.gov/publications/332/pub4037.pdf. The most recent year for which data are available is 2007.

The NTR tariff on these two items is quite low: 5.25 cents per barrel for HTS 2709.00.10 and 10.5 cents per barrel for HTS 2709.00.20. In 2008, the *ad valorem* equivalent rates were calculated to be around 0.1 percent for both items.

The text chart below presents the trend in U.S. employment in the oil and gas extraction subsector (NAICS 211), which includes the oil and gas industry (NAICS 21111), for the years 1990 to 2008. Employment declined sharply between 1991 and 2003, but advanced in the following years. Employment in the subsector rose to 161,600 workers in 2008, up from 146,200 workers in 2007. The average hourly earnings of production workers in this subsector hit a peak in 2001 at $19.97, and declined in each of the following three years hitting a low in 2004 at $18.58. Average hourly earnings have increased substantially since 2004, reaching $27.28 in 2008.[32]

Figure 2. U.S. Employment in Oil and Gas Extraction (NAICS 211), 1990-2008
(annual average, in thousands)



Source: BLS, Current Employment Statistics

Given the fairly small percentage of U.S. imports of oil and gas accounted for by the beneficiary countries and the very low tariff rate avoided, it is unlikely that the duty-free provisions of the ATPDEA amendments have had any measurable effect on domestic employment in the oil and gas extraction sector.

Prepared, Canned, and Packaged Seafood Products (NAICS 31171)

U.S. imports of prepared, canned and packaged seafood products from the beneficiary countries in 2008 were $121.1 million and accounted for 5.4 percent of U.S. imports of prepared, canned,

[32] Average hourly earnings are in nominal terms. Official estimates of real hourly earnings are not made available at this level of industry detail.

and packaged seafood products from all sources (the same percentage as in 2007). This represented 0.4 percent of all U.S. imports from the beneficiary countries (down slightly from 0.5 percent in 2007). U.S. imports of items in this industry from the beneficiary countries peaked in 2003 at $156.8 million and had declined by nearly one-third by 2007, before increasing again in 2008. ATPA duty-free imports which benefited exclusively from the ATPA amounted to $84.3 million in 2008 which includes $78.4 million that benefited exclusively under the ATPDEA amendments.[33] Nearly all (98.3 percent) of the exclusive benefits in this industry were for tuna products from Ecuador.

U.S. imports of tuna in flexible pouches that meet certain other conditions[34] became eligible for ATPA duty-free treatment with the ATPDEA amendments that took effect on October 31, 2002. Under the ATPDEA, there are two eight-digit tariff lines covering tuna under which some of the imports qualify for duty-free treatment (1604.14.30 - tunas and skipjack, not in oil, in airtight containers, not over 7 kg, not of U.S. possessions, over quota and 1604.14.10 - tunas and skipjack, whole or in pieces, but not minced, in oil, in airtight containers). These items face a NTR tariff rate of 12.5 percent and 35 percent respectively. In 2008, duty-free imports of these two items under the ATPDEA amendments amounted to $78.4 million, all of which was imported from Ecuador. Imports from the beneficiary countries under these two tariff lines including those that were not eligible for duty-free treatment (presumably because they were packaged in cans or not processed or harvested according to the qualifying conditions) were $101.9 million in 2008. Therefore, more than three-quarters (77 percent) of all imports from the beneficiary countries under these two tariff lines received duty-free treatment in 2008 under the ATPDEA amendments, down from 81 percent in 2007 (but significantly up from just 22 percent in 2003, the first year in which the ATPDEA amendments was in effect). The high percentage of imports of these items eligible for duty-free treatment under the ATPDEA amendments suggest that Ecuadorian exporters have altered their processing procedures in order to take advantage of the duty-free treatment offered by the ATPDEA.

Currently Ecuador is the second largest exporter of these two items (combined) to the United States, well behind the leading supplier, Thailand. In 2008, total U.S. imports of these two items from all sources were $661.2 million. Ecuador accounted for 15 percent ($101.9 million) of imports from all sources, while imports from Thailand accounted for 49 percent ($325.5 million). For comparison, the USITC estimates that U.S. production of tuna was $550.0 million in 2007.[35] They find that in 2007, ATPA imports of tuna account for 6.1 percent of apparent U.S. consumption of tuna and may have displaced 1.9 to 3.4 percent of U.S. output of tuna.

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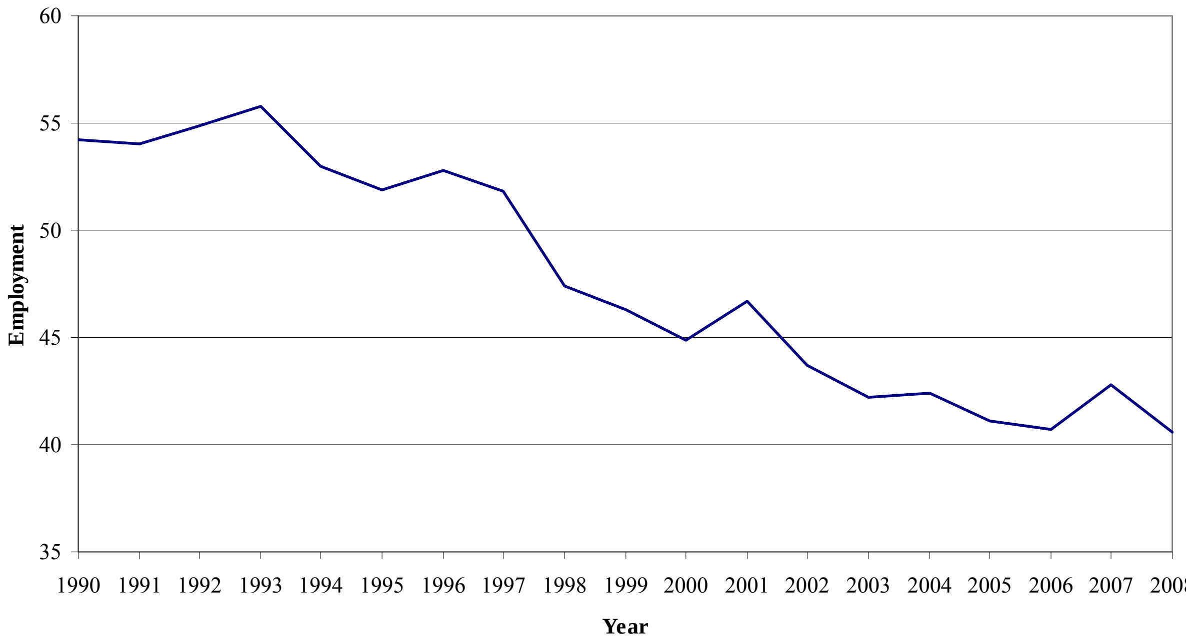
[33] An additional $5.9 million of U.S. imports from the beneficiary countries benefited exclusively under the original ATPA. Nearly all of the items that benefited exclusively from the original ATPA ($5.8 million) were bulk tuna not packed in airtight containers (HTS 1604.14.40) from Ecuador and Colombia.

[34] Chapter 98, subchapter XXI, of the HTS of the United States lists these conditions which are that the tuna must be harvested by U.S. vessels or vessels of the ATPDEA beneficiary countries and must have been prepared or preserved in any manner in an ATPDEA beneficiary country.

[35] See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Thirteenth Report* 2007 (Investigation No. 332-352; USITC Publication 4037; November 2008), pages 3-10 and 3-12. Available online at http://www.usitc.gov/publications/332/pub4037.pdf. The USITC focuses its analysis on just one HTS-8 item (HTS 1604.14.30 - Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota). This item accounts for 94 percent of the combined two items that benefit exclusively from the ATPDEA discussed in this report (1604.14.30 and 1604.14.10). The most recent year for which data are available is 2007.

The text chart below presents the trend in U.S. employment in the seafood product preparation and packaging industry group (NAICS 3117), which includes the prepared, canned, and packaged seafood products industry (NAICS 31171), for the years 1990 to 2008. Employment in this industry group has shown a long term negative trend over this period, much like the U.S. manufacturing sector as a whole. However, employment rose slightly in 2007 to 42,800, before falling again to 40,600 in 2008. The average hourly earnings of production workers have been rising steadily and were $12.92 in 2008, up from $12.44 in 2007 and $11.74 in 2006.

Figure 3. U.S. Employment in Seafood Product Preparation and Packaging (NAICS 3117), 1990-2008 (annual average, in thousands)



Source: BLS, Current Employment Statistics

Overall, imports of these items from the beneficiary countries account for a small and generally declining percentage of total U.S. imports. Although the tariff preference provided by the ATPDEA amendments for the two eight-digit tariff lines identified above is substantial, Thailand, which does not receive duty-free treatment, is still by far the leading exporter to the U.S. market. It is unlikely that the duty-free provisions of the ATPA have had a significant effect on domestic employment in this sector.

Hosiery and Socks (NAICS 31511)

U.S. imports of qualifying hosiery and socks became eligible for ATPA duty-free treatment when the ATPDEA amendments took effect on October 31, 2002. Under the ATPDEA amendments, apparel assembled in the Andean region from U.S. fabric or fabric components or components knit-to-shape in the United States may enter the United States duty-free in unlimited quantities. Apparel assembled from Andean regional fabric or components knit-to-shape in the region may enter duty-free subject to a quantitative limit. U.S. imports of hosiery and socks from the beneficiary countries in 2008 were $52.6 million. This represented 3.4 percent of U.S. imports of hosiery and socks from all sources, down slightly from 3.6 percent in 2007. Duty-free imports of these items under the ATPDEA amendments were 52.0 million in 2008 down from 53.9 million in 2007.

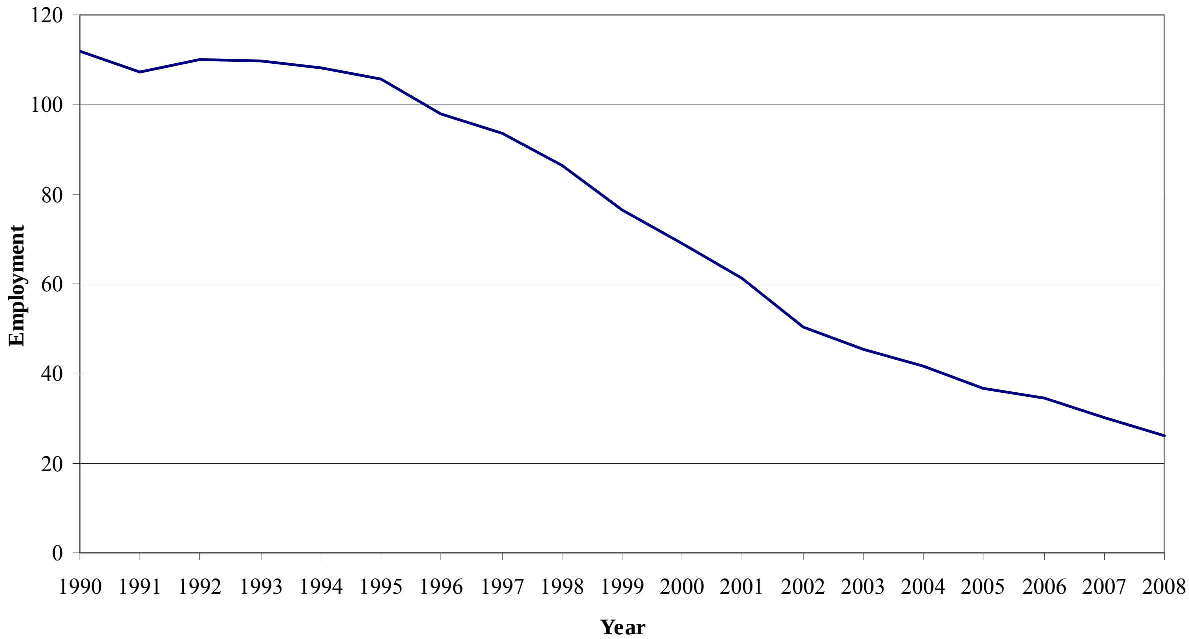
Two HTS-8 items, cotton stockings and socks (HTS 6115.95.90) and synthetic stockings and socks (HTS 6115.96.90), accounted for over 75 percent of the duty-free imports under the ATPDEA amendments in this industry.

- U.S. imports of HTS 6115.95.90 from the beneficiary countries in 2008 were $25.9 million and accounted for 3.2 percent of all U.S. imports of this item from all countries (up from 3.1 percent in 2007). This item faces a NTR tariff rate of 13.5 percent. The five leading supplying countries of this item to the United States in 2008 were Pakistan, Honduras, China, Korea, and Mexico; which combined accounted for 72.9 percent of all U.S. imports of this item in 2008. In 2008, 43.4 percent of imports of this item entered duty-free entry under various U.S. free trade agreements and trade preference programs. This included imports from two of the leading suppliers, Honduras and Mexico, which benefited from duty-free entry under the United States – Central America – Dominican Republic Free Trade Agreement (CAFTA-DR) and NAFTA, respectively.

- U.S. imports of HTS 6115.96.90 from the beneficiary countries in 2008 were $13.4 million and accounted for 3.0 percent of all U.S. imports of this item from all countries (down significantly from 4.3 percent in 2007). This item faces a NTR tariff rate of 14.6 percent. In 2008, just 9.3 percent of imports of this item entered duty-free under various U.S. free trade agreements and trade preference programs. China was by far the leading supplying country of this item to the United States in 2008 and accounted for more than half (56.0 percent) of all U.S. imports of this item. Other major supplying countries in 2008 included Korea (12.6 percent) and Taiwan (10.2 percent).

The text chart below presents the trend in U.S. employment in apparel knitting mills industry group (NAICS 3151), which includes the hosiery and sock mills industry (NAICS 31511), for the years 1990 to 2008. Employment has continuously declined over the period. Employment in the industry group stood at 34,500 workers in 2006, 30,200 in 2007, and 26,200 in 2008. The hourly wage of production workers rose steadily until 2006 when it peaked at $11.49, but has fallen in each subsequent year to $11.15 in 2007 and $10.99 in 2008.

Figure 4. U.S. Employment in Apparel Knitting Mills (NAICS 3151), 1990-2008
(annual average, in thousands)



Source: BLS, Current Employment Statistics

Although the tariff preference provided by the ATPDEA amendments is substantial, the beneficiary countries account for a small percentage of U.S. imports. Imports of these items are dominated by South Asian and Asian countries (such as Pakistan, China, Korea, and Taiwan) that do not receive duty-free entry and other Latin American countries (e.g., Honduras and Mexico) that may receive duty-free entry under NAFTA or CAFTA-DR. Given the fairly small percentage of U.S. imports of hosiery and socks accounted for by the beneficiary countries and the other major supplying countries, it is unlikely that the duty-free provisions of the ATPDEA amendments have had any measurable effect on domestic employment in the hosiery and socks sector. Further, due to the requirements of the ATPDEA for use of U.S. fabric or fabric components, increased exports of U.S. textiles to the beneficiary countries since the implementation of the ATPDEA may have offset employment loss from the preferences.

CONCLUSIONS

It is unlikely that the ATPA itself has had a significant effect on overall U.S. employment. U.S. imports from the beneficiary countries have remained small, accounting for only 1.4 percent of U.S. imports from all sources in 2008. Further, U.S. imports from the beneficiary countries that benefited exclusively from ATPA duty-free entry amounted to $16.4 billion or just 0.8 percent of total U.S. imports from all sources.

Neither the dollar amount nor the rate of increase of U.S. imports from the beneficiary countries appears to be threatening. The long-term benefit to the beneficiary countries has been in the increased utilization of the duty-free benefits under the ATPA (especially for products not eligible for GSP duty-free treatment) and the inclusion of additional products (in late 2002 under the ATPDEA amendments) that were previously excluded from the ATPA; nevertheless, the amounts entered duty-free have remained quite modest.

U.S. imports of products similar to those produced by six domestic industries received substantial exclusive ATPA duty-free benefits in 2008: nursery products, flowers, seeds, and foliage (fresh cut roses, standard carnations, and chrysanthemums); seasonings, dressings, and other prepared sauces (paprika); vegetables and melons (asparagus); oil and gas; prepared, canned, and packaged seafood products (tuna in pouches); and hosiery and socks. Even in these industries that led in terms of value of exclusive ATPA duty-free imports, it is difficult to identify adverse effects on U.S. employment in U.S. industries that produced similar products.

Generally, the current level and composition of the beneficiary countries' exports to the United States do not appear to pose a threat to overall U.S. employment. At the industry-level, trends in U.S. domestic production and U.S. imports from the beneficiary countries since implementation of the ATPA suggest that it may be the case that increased imports of certain fresh cut flowers and asparagus due to the ATPA trade preferences may have displaced some growers and workers in the United States; however, given the complexities involved it is difficult to isolate conclusively the factors responsible for these trends. For other industries, the likelihood of such displacement is even less pronounced.

Tables

Table 1. U.S. Imports from the Beneficiary Countries by NAICS-based Sector, 2005-2008 (customs value, thousands of dollars)

NAICS-based U.S. Import Sector	Value of U.S. Imports from the Beneficiary Countries				2008 Percent of Total	
	2005	2006	2007	2008	U.S. Sector Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	**20,060,117**	**22,510,596**	**20,922,939**	**28,483,018**	**1.4**	**100.0**
11 - Agriculture and Livestock Products	2,512,865	2,713,379	2,919,794	3,208,395	7.8	11.3
111 - Agricultural Products	2,001,409	2,148,547	2,323,907	2,586,782	11.5	9.1
112 - Livestock and Livestock Products	6,560	5,935	7,623	5,139	0.1	([1])
113 - Forestry Products, not elsewhere specified or included	1,979	2,467	1,783	1, 708	([1])	([1])
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	502,918	556,429	586,481	614,766	5.7	2.2
21 - Oil, Gas, Minerals and Ores	8,662,949	10,108,126	9,329,266	15,009,773	4.5	52.7
211 - Oil and Gas	7,591,266	8,700,357	7,866,517	13,281,788	4.1	46.6
212 - Minerals and Ores	1,071,684	1,407,769	1,462,749	1,727,984	14.7	6.1
31-33 - Manufacturing	8,216,836	8,723,298	7,821,382	9, 201, 479	0.6	32.3
311 - Food and Kindred Products	617,084	731,696	704,026	902,757	2.3	3.2
312 - Beverages and Tobacco Products	49,054	48,846	34,980	29,356	0.2	0.1
313 - Textiles and Fabrics	31,160	30,781	33,277	35,751	0.5	0.1
314 - Textile Mill Products	42,037	42,510	41,607	35,277	0.2	0.1
315 - Apparel and Accessories	1,436,498	1,401,801	1,239,089	1,169,997	1.5	4.1
316 - Leather and Allied Products	49,588	47,335	53,589	47,989	0.2	0.2
321 - Wood Products	152,418	175,729	159,314	133,009	0.9	0.5
322 - Paper	36,590	37,828	32,858	24,888	0.1	0.1
323 - Printed Matter and Related Products	43,624	46,257	59,265	49,562	0.8	0.2
324 - Petroleum and Coal Products	1,478,282	1,451,695	1,262,490	1,963,441	1.5	6.9
325 - Chemicals	318,063	215,836	245,270	344,159	0.2	1.2
326 - Plastics and Rubber Products	79,208	87,847	89,909	103,610	0.3	0.4
327 - Nonmetallic Mineral Products	300,052	341,014	287,169	235,254	1.3	0.8
331 - Primary Metal Manufacturing	3,088,873	3,448,074	2,888,813	3,475,125	3.5	12.2
332 - Fabricated Metal Products, not elsewhere specified or included	61,471	85,341	99,053	66,296	0.1	0.2
333 - Machinery, Except Electrical	34,009	52,457	73,821	67,463	0.1	0.2
334 - Computer and Electronic Products	15,869	24,539	26,271	21,566	([1])	0.1
335 - Electrical Equipment, Appliances, and Component	36,312	51,167	72,776	76,389	0.1	0.3
336 - Transportation Equipment	16,873	20,842	21,415	22,214	([1])	0.1
337 - Furniture and Fixtures	52,837	59,588	59,397	51,144	0.2	0.2
339 - Miscellaneous Manufactured Commodities	276,936	322,116	336,992	346,231	0.4	1.2
51 – Publishers' Commodities	26	55	8	4	([1])	([1])
511 - Newspapers, Books, and Other Published Matters, , not elsewhere specified or included	26	55	8	4	([1])	([1])
91-99 - Special Classification Provisions	667,441	965,737	852,490	1, 063, 368	1.3	3.7
910 - Waste and Scrap	39,776	191,693	157,515	83,641	1.5	0.3
920 - Used or Second-hand Merchandise	5,535	14,022	16,325	19,388	0.3	0.1
980 - U.S. Goods Returned and Re-imported Items	113,863	182,479	141,193	159,081	0.4	0.6
990 - Special Classification Provisions, not elsewhere specified or included	508,267	577,543	537,457	801,258	2.6	2.8

([1]) Less than 0.05 percent
Note: The value of U.S. imports is the customs value of U.S. imports for consumption.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 2. U.S. Exports to the Beneficiary Countries by NAICS-based Sector, 2005-2008 (thousands of dollars)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2008 Percent of Total	
	2005	2006	2007	2008	U.S. Sector Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	**8,919,120**	**11,636,520**	**14,620,503**	**19,762,733**	**1.7**	**100.0**
11 - Agriculture and Livestock Products	724,977	853,901	1,423,822	1,610,001	2.4	8.1
111 - Agricultural Products	704,687	826,807	1,396,950	1,582,754	2.6	8.0
112 - Livestock and Livestock Products	12,799	12,576	13,823	16,226	1.1	0.1
113 - Forestry Products, not elsewhere specified or included	2,867	3,657	4,542	3,968	0.2	([1])
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	4,623	10,861	8,508	7,053	0.2	([1])
21 - Oil, Gas, Minerals and Ores	37,774	36,949	51,613	138,021	0.6	0.7
211 - Oil and Gas	19,929	14,410	26,627	98,447	1.2	0.5
212 - Minerals and Ores	17,845	22,539	24,986	39,574	0.2	0.2
31-33 - Manufacturing	7,787,021	10,257,147	12,531,528	17,071, 272	1.7	86.4
311 - Food and Kindred Products	278,081	351,842	457,560	716,850	1.5	3.6
312 - Beverages and Tobacco Products	5,616	9,754	11,436	18,733	0.4	0.1
313 - Textiles and Fabrics	118,765	151,170	113,613	105,154	1.3	0.5
314 - Textile Mill Products	23,943	28,023	34,509	43,863	1.7	0.2
315 - Apparel and Accessories	42,138	37,521	35,354	37,614	1.2	0.2
316 - Leather and Allied Products	10,624	13,466	13,473	18,024	0.8	0.1
321 - Wood Products	8,441	10,008	13,743	20,695	0.4	0.1
322 - Paper	304,777	369,351	445,718	518,962	2.4	2.6
323 - Printed Matter and Related Products, not elsewhere specified or included	34,893	32,825	41,708	46,199	0.7	0.2
324 - Petroleum and Coal Products	686,472	1,328,757	1,348,919	2,635,734	4.5	13.3
325 - Chemicals	2,012,756	2,460,822	3,256,208	3,842,304	2.3	19.4
326 - Plastics and Rubber Products	160,585	195,466	251,897	333,856	1.4	1.7
327 - Nonmetallic Mineral Products	52,056	66,070	88,717	99,761	1.1	0.5
331 - Primary Metal Manufacturing	111,793	167,766	272,129	550,096	1.0	2.8
332 - Fabricated Metal Products, not elsewhere specified or included	248,247	249,881	313,299	455,674	1.4	2.3
333 - Machinery, Except Electrical	1,468,230	2,009,581	2,447,841	3,482,677	2.6	17.6
334 - Computer and Electronic Products	1,199,614	1,462,016	1,756,747	2,099,530	1.5	10.6
335 - Electrical Equipment, Appliances, and Component	227,820	323,656	391,935	526,307	1.5	2.7
336 - Transportation Equipment	548,203	682,864	885,659	1,068,426	0.5	5.4
337 - Furniture and Fixtures	11,940	14,890	21,025	23,606	0.6	0.1
339 - Miscellaneous Manufactured Commodities	232,027	291,418	329,858	427,207	1.0	2.2
51 – Publishers' Commodities	8,419	8,595	13,579	10,799	1.4	0.1
511 - Newspapers, Books, and Other Published Matter, not elsewhere specified or included	8,419	8,595	13,579	10,799	1.4	0.1
91-99 - Special Classification Provisions	360,930	479,928	599,961	932,639	1.2	4.7
910 - Waste and Scrap	37,855	49,789	55,716	119,337	0.4	0.6
920 - Used or Second-hand Merchandise	24,160	48,221	75,758	212,953	2.9	1.1
990 - Special Classification Provisions, not elsewhere specified or included	298,915	381,918	468,487	600,350	1.5	3.0

([1]) Less than 0.05 percent

Note: The value of U.S. exports is the free alongside ship (FAS) value of domestic U.S. exports at the U.S. port of export.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 3. Total and Leading 5-digit NAICS-based Industry U.S. Imports from the Beneficiary Countries, 2005-2008 (customs value, millions of dollars)

(5-digit NAICS-based industries with more than $200 million in U.S. imports from the beneficiary countries in 2008, ranked by 2008 value)

NAICS-based U.S. Export Sector	Value of U.S. Imports from the Beneficiary Countries				2008 Percent of Total	
	2005	2006	2007	2008	U.S. Industry Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	20,060.1	22,510.6	20,922.9	28,483.0	1.4	100.0
The leading NAICS-based Industries in 2008 were:						
21111 - Oil and Gas	7,591.3	8,700.4	7,866.5	13,281.8	4.1	46.6
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	2,796.5	3,080.2	2,363.7	2,887.3	9.8	10.1
32411 - Petroleum Refinery Products	1,478.2	1,451.6	1,262.3	1,963.3	1.5	6.9
11133 - Non-citrus Fruits and Tree Nuts	1,242.1	1,328.4	1,388.7	1,658.3	16.1	5.8
21211 - Coal	950.9	1,189.3	1,244.6	1,497.2	73.2	5.3
99000 - Special Classification Provisions, not elsewhere specified or included	508.3	577.5	537.5	801.3	2.6	2.8
11142 - Nursery Products, Flowers, Seeds, and Foliage	556.4	600.8	666.2	651.3	43.9	2.3
11411 - Fish, Fresh, Chilled or Frozen Fish and Other Marine Products	502.9	556.4	586.5	614.8	5.7	2.2
31522 - Men's and Boys' Apparel	717.4	690.6	624.7	593.3	2.3	2.1
31523 - Women's and Girls' Apparel	629.3	606.7	510.7	475.3	1.2	1.7
33111 - Iron, Steel, and Ferroalloy	171.9	202.1	291.3	416.3	0.9	1.5
33991 - Jewelry and Silverware	243.3	282.5	296.6	305.5	0.9	1.1
31142 - Fruits and Vegetables	117.2	166.0	183.4	246.7	4.8	0.9

Note: The value of U.S. imports is the customs value of U.S. imports for consumption.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 4. Total and Leading 5-digit NAICS-based Industry U.S. Exports to the Beneficiary Countries, 2005-2008 (millions of dollars)

(5-digit NAICS-based industries with more than $200 million in U.S. exports to the ATPA countries in 2008, ranked by 2008 value)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2008 Percent of Total	
	2005	2006	2007	2008	U.S. Industry Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	8,919.1	11,636.5	14,620.5	19.762.7	1.7	100.0
The leading NAICS-based Industries in 2008 were:						
32411 - Petroleum Refinery Products	685.4	1,327.8	1,347.4	2,633.6	4.6	13.3
32521 - Resin and Synthetic Rubbers	469.0	574.9	992.9	1,171.0	3.7	5.9
32519 - Other Basic Organic Chemicals	743.5	864.0	959.2	1,068.1	2.8	5.4
33312 - Construction Machinery	299.1	485.7	593.7	912.0	4.7	4.6
33313 - Mining and Oil and Gas Field Machinery	319.6	439.6	538.2	777.0	5.1	3.9
33411 - Computer Equipment	403.0	609.4	651.7	766.9	2.8	3.9
11115 - Corn	281.6	464.4	680.6	717.0	5.1	3.6
99000 - Special Classification Provisions, not elsewhere specified or included	298.9	381.9	468.5	600.3	1.5	3.0
11114 - Wheat	225.1	115.9	402.3	505.3	4.5	2.6
33111 - Iron, Steel, and Ferroalloy	64.5	95.2	188.8	454.4	2.7	2.3
33451 - Navigational, Measuring, Electromedical, and Control Instruments	205.9	249.4	332.7	420.7	1.1	2.1
33641 - Aerospace Products and Parts	175.9	270.7	299.1	391.8	0.4	2.0
33361 - Engines, Turbines and Power Transmission Equipment	152.7	184.7	219.4	384.1	1.7	1.9
31122 - Starch and Vegetable Fats and Oils	106.3	145.3	192.3	360.5	4.0	1.8
33399 - Other General Purpose Machinery	161.6	236.2	283.6	357.8	1.7	1.8
32212 - Paper Mill Products	194.1	257.9	308.4	344.5	4.3	1.7
33422 - Radio and Television Broadcasting and Wireless Communications Equipment	354.8	313.9	221.4	342.0	6.2	1.7
32531 - Fertilizers	121.3	174.5	227.3	303.1	4.1	1.5
32541 - Pharmaceuticals and Medicines	139.9	167.3	186.8	263.2	0.6	1.3
32511 - Petrochemicals	110.9	148.6	223.3	261.5	13.2	1.3
33391 - Pumps and Compressors	111.9	123.2	170.2	222.2	3.1	1.1
33531 - Electrical Equipment	91.7	125.1	157.0	221.2	1.6	1.1
33441 - Semiconductors and Other Electronic Components	108.2	121.1	153.8	220.9	0.5	1.1
92000 - Used or Second-Hand Merchandise	24.2	48.2	75.8	213.0	2.9	1.1

Note: The value of U.S. exports is the free alongside ship (FAS) value of domestic U.S. exports at the U.S. port of export.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 5. U.S. Imports from the Beneficiary Countries by U.S. Import Program, 2005-2008 (customs value, thousands of dollars)

U.S. Import Program	2005	2006	2007	2008
No Program Claimed				
Customs Value	8,147,890	8,571,991	8,016,110	10,627,902
Dutiable Value	1,543,412	1,331,517	1,279,318	2,577,141
Calculated Duties	30,969	21,807	19,476	20,212
Average Rate of Duty	2.0%	1.6%	1.5%	0.8%
ATPA (excluding the ATPDEA Amendments)				
Customs Value	2,110,242	2,925,048	2,810,112	2,672,175
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
ATPDEA Amendments				
Customs Value	9,353,708	10,559,400	9,496,730	14,570,499
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
GSP				
Customs Value	448,234	453,900	599,270	611,584
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Pharmaceuticals				
Customs Value	2	11	3	0
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Civil Aircraft				
Customs Value	42	246	714	858
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Total				
Customs Value	20,060,117	22,510,596	20,922,939	28,483,018
Dutiable Value	1,543,412	1,331,517	1,279,318	2,577,141
Calculated Duties	30,969	21,807	19,476	20,212
Average Rate of Duty	2.0%	1.6%	1.5%	0.8%

Note: The following U.S. import programs are available to the ATPA countries:
ATPA (excluding the ATPA amendments): Reduced duty or duty-free under the Andean Trade Preference Act of 1991 (ATPA), as amended.
ATPDEA Amendments: Duty-free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA) amendments of the ATPA in 2002.
GSP: Duty-free under the Generalized System of Preferences (GSP). [Section 503(a)(1)(B) of the Trade Act of 1974, as amended]
Pharmaceuticals: Duty-free under the WTO Agreement on Trade in Pharmaceutical Products.
Civil Aircraft: Duty-free under the WTO Agreement on Trade in Civil Aircraft.
The dutiable value represents the customs value of the foreign merchandise imported into the United States that is subject to duty. The calculated duty represents the estimated import duties collected. Estimated duties are calculated based on the applicable rates of duty as shown in the Harmonized Tariff Schedule of the United States Annotated for Statistical Reporting Purposes. Estimates of calculated duty do not necessarily reflect amounts of duty paid. The average rate of duty is computed as the ratio of calculated duties over the dutiable value, expressed as a percent. Because of rounding, figures may not add to total shown.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 6. U.S. Imports from the Beneficiary Countries by U.S. Import Program and Country, 2008 (customs value, thousands of dollars)

Beneficiary Country	No Program Claimed	ATPA (excluding the ATPDEA Amendments)	ATPDEA Amendments	GSP	Civil Aircraft	Pharmaceuticals	Total
Bolivia							
Customs Value	352,717	56,958	83,008	47,632	120	0	540435
Dutiable Value	69,237	0	0	0	0	0	69,237
Calculated Duties	2,340	0	0	0	0	0	2,340
Average Rate of Duty	3.4%	0	0	0	0	0	3.4%
Colombia							
Customs Value	5,483,353	811,454	6,527,779	235,815	444	0	13,058,845
Dutiable Value	1,047,428	0	0	0	0	0	1,047,428
Calculated Duties	7,606	0	0	0	0	0	7,606
Average Rate of Duty	0.7%	0	0	0	0	0	0.7%
Ecuador							
Customs Value	2,391,864	283,655	6,311,119	57,137	57	0	9,043,832
Dutiable Value	1,128,422	0	0	0	0	0	1,128,422
Calculated Duties	4,311	0	0	0	0	0	4,311
Average Rate of Duty	0.4%	0	0	0	0	0	0.4%
Peru							
Customs Value	2,399,968	1,520,109	1,648,593	271,000	237	0	5,839,906
Dutiable Value	332,055	0	0	0	0	0	332,055
Calculated Duties	5,954	0	0	0	0	0	5,954
Average Rate of Duty	1.8%	0	0	0	0	0	1.8%
Total U.S. Imports from the Beneficiary Countries							
Customs Value	10,627,902	2,672,175	14,570,499	611,584	858	0	28,483,018
Dutiable Value	2,577,141	0	0	0	0	0	2,577,141
Calculated Duties	20,212	0	0	0	0	0	20,212
Average Rate of Duty	0.8%	0	0	0	0	0	0.8%

Note: See the note to Table 5 for the definitions of the U.S. import programs. The dutiable value represents the customs value of the foreign merchandise imported into the United States that is subject to duty. The calculated duty represents the estimated import duties collected. Estimated duties are calculated based on the applicable rates of duty as shown in the Harmonized Tariff Schedule of the United States Annotated for Statistical Reporting Purposes. Estimates of calculated duty do not necessarily reflect amounts of duty paid. The average rate of duty is computed as the ratio of calculated duties over the dutiable value, expressed as a percent. Because of rounding, figures may not add to total shown.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 7. The Leading 20 Duty-Free U.S Imports under the ATPA (excluding the ATPDEA Amendments) from the Beneficiary Countries by NAICS-based Industry, 2008 (customs value, thousands of dollars)

NAICS-based Industry	Value of ATPA Duty-Free U.S. Imports			
	2005	2006	2007	2008
AGRICULTURE AND LIVESTOCK PRODUCTS				
Agricultural Products				
11121 - Vegetables and Melons	139,657	155,167	186,960	174,300
11133 - Noncitrus Fruits and Tree Nuts	51,430	60,010	60,898	72,143
11142 - Nursery Products, Flowers, Seeds, and Foliage	549,651	594,133	651,490	633,936
MINED PRODUCTS				
Mining (except Oil and Gas)				
21229 - Other Metal Ores	15,518	71,470	72,027	66,138
MANUFACTURED PRODUCTS				
Food Manufacturing				
31131 - Sugars	20,284	91,816	13,304	15,595
31141 - Frozen Foods	37,888	49,264	57,163	66,342
31142 - Fruits and Vegetables	81,657	117,752	119,552	175,374
31194 - Seasonings, Dressings, and Other Prepared Sauces	10,018	26,015	35,609	52,726
Beverages and Tobacco Products				
31222 - Tobacco Products	39,436	38,977	26,440	16,088
Wood Product Manufacturing				
32121 - Veneer, Plywood, and Engineered Wood Products	17,825	18,220	14,823	19,729
Chemicals				
32521 - Resin and Synthetic Rubbers	53,032	43,641	53,112	38,155
Plastics and Rubber Products				
32619 - Other Plastics Products	22,367	29,783	39,876	33,496
Nonmetallic Mineral Products				
32712 - Clay and Refractory Building Materials	25,306	40,530	29,799	33,316
32721 - Glass and Glass Products	16,473	22,631	11,481	17,156
Primary Metal Manufacturing				
33131 - Alumina and Aluminum and Processing	37,432	43,079	27,903	18,823
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	557,782	994,762	1,001,211	879,035
33142 - Copper Rolling, Drawing, Extruding, and Alloying	30,909	43,310	41,844	59,727
Fabricated Metal Product Manufacturing				
33232 - Ornamental and Architectural Metal Products	17,677	45,504	27,076	18,435
Other General Purpose Machinery Manufacturing				
33991 - Jewelry and Silverware	168,022	176,947	114,162	77,269
33999 – Other Manufactured Commodities	10,398	14,112	16,038	15,959

Note: Excludes duty-free entries under the ATPDEA.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 8. The Leading 10 Duty-Free U.S Imports under the ATPDEA Amendments from the Beneficiary Countries by NAICS-based Industry, 2008 (customs value, thousands of dollars)

NAICS-based Industry	Value of ATPDEA Duty-Free U.S. Imports			
	2005	2006	2007	2008
MINED PRODUCTS				
Oil and Gas Extraction				
21111 - Oil and Gas	6,952,466	8,038,812	7,485,193	12,206,606
MANUFACTURED PRODUCTS				
Food Manufacturing				
31171 - Seafood Products, Prepared, Canned and Packaged	51,262	69,897	72,420	78,419
Apparel Manufacturing				
31511 - Hosiery and Socks	42,964	53,180	53,870	51,998
31522 - Men's and Boys' Apparel	662,929	655,183	589,789	570,618
31523 - Women's and Girls' Apparel	580,112	575,359	484,015	449,689
31529 - Other Apparel	29,538	32,832	32,778	30,329
31599 - Apparel Accessories	3,021	6,186	6,738	8,185
Leather and Allied Product Manufacturing				
31621 - Footwear	8,020	4,952	4,114	3,848
31699 - Other Leather Products	23,953	23,439	27,896	23,548
Petroleum and Coal Products Manufacturing				
32411 - Petroleum Refinery Products	999,382	1,099,464	739,754	1,146,805

Note: The ATPDEA amendments came into force on November 1, 2002.
Source: Compiled from official statistics of the U.S. Department of Commerce, Bureau of Census.

Table 9. Nonagricultural U.S. Payroll Employment by Industry Sector and Subsectors, 2005-2008
(all employees in thousands, annual average)

Industry	2005	2006	2007	2008
GOODS-PRODUCING	22,190	22,531	22,233	21,419
Mining and logging	628	684	724	774
Mining	562	620	664	717
Construction	7,336	7,691	7,630	7,215
Manufacturing	14,226	14,155	13,879	13,431
Durable goods	8,956	8,981	8,808	8,476
Wood products	559	559	515	460
Nonmetallic mineral products	505	510	501	468
Primary metals	466	464	456	443
Fabricated metal products	1,522	1,553	1,563	1,528
Machinery	1,166	1,183	1,187	1,186
Computer and electronic products	1,316	1,308	1,273	1,248
Electrical equipment and appliances	434	433	429	425
Transportation equipment	1,772	1,769	1,712	1,607
Furniture and related products	568	560	531	481
Miscellaneous manufacturing	647	644	642	631
Nondurable goods	5,271	5,174	5,071	4,955
Food manufacturing	1,478	1,479	1,484	1,485
Beverages and tobacco products	192	194	198	199
Textile mills	218	195	170	151
Textile product mills	176	167	158	148
Apparel	251	232	215	198
Leather and allied products	40	37	34	34
Paper and paper products	484	471	458	446
Printing and related support activities	646	634	622	594
Petroleum and coal products	112	113	115	117
Chemicals	872	866	861	850
Plastics and rubber products	802	786	757	734
SERVICE-PROVIDING	111,513	113,556	115,366	115,646
Trade, transportation, and utilities	25,959	26,276	26,630	26,385
Wholesale Trade	5,764	5,905	6,015	5,964
Retail Trade	15,280	15,353	15,520	15,356
Transportation and Warehousing	4,361	4,470	4,541	4,505
Utilities	554	549	553	560
Information	3,061	3,038	3,032	2,997
Financial activities	8,153	8,328	8,301	8,146
Professional and business services	16,954	17,566	17,942	17,778
Education and health services	17,372	17,826	18,322	18,855
Leisure and hospitality	12,816	13,110	13,427	13,459
Other services	5,395	5,438	5,494	5,528
Government	21,804	21,974	22,218	22,500
TOTAL NONFARM	**133,703**	**136,086**	**137,598**	**137,066**

Source: Current Employment Statistics Survey, U.S. Department of Labor, Bureau of Labor Statistics.

ACRONYMS

ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
BLS	Bureau of Labor Statistics
CAFTA-DR	U.S.-Central America-Dominican Republic Free Trade Agreement
CBERA	Caribbean Basin Economic Recovery Act
GSP	Generalized System of Preferences
HTS	Harmonized Tariff Schedule
NAFTA	North American Free Trade Agreement
NAICS	North American Industrial Classification System
NTR	Normal Trade Relations
PTPA	United States – Peru Trade Promotion Agreement
USDA	U.S. Department of Agriculture
USITC	U.S. International Trade Commission