

SECRETARY OF LABOR
WASHINGTON

DEC - 5 2006

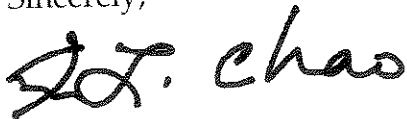
The Honorable President of the Senate
The Honorable Speaker
of the House of Representatives

Dear Gentlemen:

Transmitted herewith is the thirteenth 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 thirteenth report analyzes the impact of the ATPA on U.S. trade and employment from 2004 to 2005.

The report describes the ATPA and the benefits it provides to beneficiary countries, and analyzes changes in U.S. international merchandise trade with the ATPA beneficiary countries. Trends in U.S. employment in those industries which have been identified as having undergone the most significant changes in trade flows are analyzed. The report closes with some general conclusions on the impact on U.S. labor after the thirteenth year of operation of the ATPA.

Sincerely,



Elaine L. Chao

Enclosure

SECRETARY OF LABOR
WASHINGTON, D.C. 20210

DEC - 5 2006

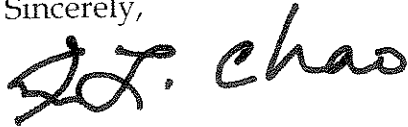
The Honorable Richard B. Cheney
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

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Sincerely,

A handwritten signature in black ink that reads "E.L. Chao". The signature is written in a cursive, slightly slanted style.

Elaine L. Chao

Enclosure

SECRETARY OF LABOR
WASHINGTON

DEC - 5 2006

The Honorable J. Dennis Hastert
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

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Sincerely,



Elaine L. Chao

Enclosure

**TRADE AND EMPLOYMENT EFFECTS OF THE
ANDEAN TRADE PREFERENCE ACT**

Thirteenth Annual Report for 2006
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

November 2006

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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 2005 and represents the thirteenth 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. The ATPA expired on December 4, 2001, but was subsequently expanded in product coverage and renewed to December 31, 2006 by the Andean Trade Promotion and Drug Eradication Act (ATPDEA) that was signed into law by the President on August 6, 2002. Section 207 of the ATPA directs the Secretary of Labor to undertake a continuing review and analysis of the impact of the Act on U.S. employment and submit a summary report of such analysis annually to the Congress.

During 2005, \$2.1 billion in U.S. imports from the beneficiary countries entered the United States duty-free under provisions in the original ATPA (excluding the ATPDEA amendments). A significant portion of these ATPA duty-free entries (about 41 percent or \$859 million) could have qualified for duty-free entry under the Generalized System of Preferences, while the remaining \$1.25 billion entered duty-free solely as the result of ATPA preferences. In addition, \$9.4 billion in U.S. imports from the beneficiary countries benefited exclusively from the ATPDEA amendments and entered the United States duty-free under its provisions for expanded product coverage. 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 (all covered products) amounted to \$10.6 billion in 2005, which represented about 53 percent of all U.S. imports from the beneficiary countries, but just 0.6 percent of total U.S. imports from all sources.

The main finding of this report is that preferential tariff treatment under the ATPA has neither had an adverse impact on nor posed a significant threat to U.S. employment.

INTRODUCTION

The Andean Trade Preference Act (ATPA), which was enacted on December 4, 1991 (Public Law 102-182, Title II), was part of a larger Andean Initiative that was launched by the United States that year. The primary goal of the 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 retroactively by the Andean Trade Promotion and Drug Eradication Act (ATPDEA) as part of the Trade Act of 2002 (Public Law 107-210, Title XXXI) on August 6, 2002. The ATPDEA significantly expanded the product coverage of the ATPA and extended the expanded program to December 31, 2006.¹ On October 31, 2002, all four ATPA beneficiary countries were designated as ATPDEA beneficiary countries, eligible for duty-free entry of specific items previously excluded from the original ATPA program. The ATPA, as amended and expanded by the ATPDEA, will be referred to hereafter in this report as the ATPA.

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 thirteenth 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 Andean nations under the ATPA on U.S. trade and employment during calendar year 2005.

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).² 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

¹ Two of the beneficiary countries, Colombia and Peru, have completed negotiations for bilateral free trade agreements with the United States that will lock in the benefits they receive under the ATPA and further liberalize trade with the United States.

² The U.S. GSP program was initiated in 1976 and provides for duty-free treatment of approximately 4,650 tariff items from more than 140 designated beneficiary developing countries and territories.

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 this 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 USITC Interactive Tariff and Trade Dataweb.³ U.S. employment is tabulated from establishment and household survey data of the U.S. Department of Labor's Bureau of Labor Statistics.

U.S. TRADE WITH THE ATPA BENEFICIARY COUNTRIES IN 2005

Total U.S. Trade with the Beneficiary Countries

U.S. imports from the four beneficiary countries in 2005 accounted for 1.2 percent of total U.S. imports from all sources and amounted to \$20.0 billion, a 29.5 percent increase over their level in 2004 (see Table 1). This increase is due in large part to a 41.1 percent increase in the value of imports of oil and gas products from the beneficiary countries. U.S. exports to the beneficiary countries in 2005 accounted for 1.1 percent of all U.S. exports to the world and amounted to \$8.9 billion, a 16.4 percent increase over their level in 2004 (see Table 2).

By broad industrial sector, 43.2 percent of U.S. imports from the beneficiary countries in 2005 were oil, gas, minerals and ores; 41.0 percent were manufactured products; 12.5 percent were agricultural, livestock, forestry and fishery products; and 3.3 percent were other miscellaneous items. By comparison, 87.3 percent of U.S. exports to the beneficiary countries in 2005 were manufactured products; 8.1 percent were agricultural products; 4.1 percent were other miscellaneous items; and less than one percent was oil, gas, minerals and ores.

The leading 5-digit North American Industry Classification System (NAICS)-based industries⁴ of U.S. imports from the beneficiary nations in 2005 included: oil and gas (\$7.6 billion); nonferrous metal smelting and refining (\$2.8 billion); petroleum refinery products (\$1.5 billion); noncitrus fruits and tree nuts (\$1.2 billion); coal (\$951 million); men's and boys' apparel (\$717 million); women's and girls' apparel (\$629 million); nursery products, flowers, seeds, and foliage (\$556 million); items imported under special classification provisions (\$508 million); fresh, chilled, or frozen fish and

³ The USITC Interactive Tariff and Trade Dataweb is available at <http://dataweb.usitc.gov/>. While the data used in this report are "as reported", one correction was made. In 2005, imports of petroleum oils (HTS 2709.00.10) with a value of \$50.5 million were reported as entering under the original ATPA (excluding the ATPDEA amendments); however this item is eligible for duty-free entry under the ATPDEA amendments, not the original ATPA. For the purposes of this report, the \$50.5 million was reclassified as having entered under the ATPDEA amendments.

⁴ 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. 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.

other marine products (\$503 million); jewelry and silverware (\$243 million); iron, steel, and ferroalloy (\$172 million); vegetables and melons (\$154 million); cements (\$131 million); prepared, canned, and packaged seafood products (\$126 million); fruits and vegetables (\$117 million); U.S. goods returned and reimported (\$114 million); and petrochemicals (\$111 million). These top eighteen industries accounted for 90.4 percent of all U.S. imports from the beneficiary countries in 2005 (see Table 3).

The leading 5-digit NAICS-based industries of U.S. exports to the beneficiary nations in 2005 included: other basic organic chemicals (\$743 million); petroleum refinery products (\$685 million); resin and synthetic rubbers (\$469 million); computer equipment (\$403 million); radio and television broadcasting and wireless communication equipment (\$355 million); mining and oil and gas field machinery (\$320 million); construction machinery (\$299 million); items exported under special classification provisions (\$299 million); corn (\$282 million); wheat (\$225 million); navigational, measuring, electromedical, and control instruments (\$206 million); paper mill products (\$194 million); aerospace products and parts (\$176 million); other general purpose machinery (\$162 million); engines, turbines, and power transmission equipment (\$153 million); pharmaceuticals and medicines (\$140 million); fertilizers (\$121 million); cotton (\$113 million); pumps and compressors (\$112 million); petrochemicals (\$111 million); semiconductors and other electronic components (\$108 million); starch and vegetable fats and oils (\$106 million); all other chemical products and preparations (\$106 million); and heavy duty trucks and chassis (\$103 million). These top twenty-four industries accounted for 67.2 percent of all U.S. exports to the beneficiary countries in 2005 (see Table 4).

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

Several U.S. programs are available to beneficiary countries that permit duty-free access to the United States market for qualifying goods. The major U.S. programs utilized by the Andean countries include the ATPA and GSP programs as well as negligible amounts under other import programs based on WTO agreements that the United States has signed on trade in pharmaceuticals and civil aircraft.

ATPA

To be eligible for duty-free treatment under the ATPA, all products unless specifically excluded must meet one of these conditions: (1) be wholly grown, produced, or manufactured in a 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 24 Caribbean Basin Economic Recovery Act (CBERA) beneficiary countries,⁵ Puerto Rico, or the U.S. Virgin Islands—

⁵ 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, the 24 CBERA beneficiary countries and territories were: Antigua and Barbuda; Aruba; the Bahamas; Barbados; Belize; the British Virgin Islands; Costa Rica; Dominica; the Dominican Republic; El Salvador; Grenada; Guatemala; Guyana; Haiti; Honduras; Jamaica; Montserrat; the Netherlands Antilles; Nicaragua; Panama; St. Kitts-Nevis; St. Lucia; St. Vincent and the Grenadines; and Trinidad and Tobago. Anguilla, the Cayman Islands, Suriname, and the Turks and Caicos Islands are potentially eligible for CBERA benefits, but they have not been designated so by the United States. Suriname has requested designation. El Salvador, Guatemala, Honduras,

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 that was eligible for duty-free treatment. Beginning in 1992, reduced rates of duty were applied to handbags, luggage, flat goods, work gloves, and leather wearing apparel from the beneficiary countries, and duties on these items were reduced by a maximum of 20 percent over the following five-year period; most of these items were granted duty-free eligibility under the ATPDEA amendments. Newly eligible items include petroleum and petroleum products; some leather items including certain gloves and footwear; tuna packaged in foil; and certain watches and watch parts. Also, the ATPDEA amendments permits certain apparel from the Andean region to enter the United States duty-free provided that special rule of origin requirements are met. In 2001, only 20 percent of the value of U.S. imports from the beneficiary countries was eligible 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.

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) the number of items eligible for duty-free entry is greater under the ATPA; (2) the percentage of value-added that must be produced in the exporting country is lower under the ATPA; 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.⁶

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 risen moderately). For products eligible for ATPA, but not GSP, utilization has been substantial. Thus, almost all items that are eligible for duty-free treatment under either the ATPA or the GSP are actually imported duty-free.

and Nicaragua lost CBERA beneficiary status when they implemented the Central American – Dominican Republic Free Trade Agreement with the United States in 2006.

⁶ 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.

Due to temporary lapses of the GSP and ATPA programs during 2001-2002, this report presents U.S. trade data with the beneficiary countries over the period 2002-2005. The GSP program expired on September 30, 2001 and the ATPA program expired on December 4, 2001,⁷ although both of these programs were reauthorized through December 31, 2006, in the Trade Act of 2002 and made retroactive to their expiration dates, monthly U.S. import statistics only reflect the initial declaration of duty treatment upon entry into the United States and not the final determination of duty treatment that an item ultimately received.⁸ Thus, the value of U.S. imports that ultimately received ATPA and (to a lesser extent) GSP duty-free treatment during 2001 and 2002 may be undercounted. The fact that these programs had expired probably did not significantly reduce imports of items eligible for duty-free entry because there was a strong expectation that these programs would be renewed retroactively as has happened several times in the past with the GSP program.

U.S. customs procedures make it administratively easier for importers to obtain a retroactive duty rebate for a qualifying item under the GSP program than under the ATPA program. As a result, some items which qualified for both GSP and ATPA duty-free entry that had historically entered duty-free under the ATPA program were probably entered under the GSP program between December 4, 2001 and August 6, 2002, with the expectation of more timely rebates when the GSP program was renewed. It is partially for this reason that GSP duty-free imports increased during 2001 and 2002 even though total ATPA duty-free imports declined during 2001 and 2002.

U.S. Imports from the ATPA Beneficiary Countries in 2005

Approximately 92 percent of all U.S. imports from the beneficiary countries entered the United States duty-free in 2005, while the remaining 8 percent was subject to an average 2.0 percent rate of duty. The duty-free entries included: \$2.1 billion under the original ATPA (excluding the ATPDEA amendments); \$9.4 billion under the ATPDEA amendments; and \$448 million under the GSP program⁹ (see Table 5).

In 2005, U.S. imports of items entered duty-free under the original ATPA (excluding the ATPDEA amendments) increased by 15 percent from 1.8 billion in 2004 to 2.1 billion in 2005. Duty-free U.S. imports under the ATPDEA amendments jumped 43 percent from \$6.5 billion in 2004 to \$9.4 billion in 2005. This large increase in duty-free imports under the ATPDEA amendments is due in large part to a 50 percent increase in the value of duty-free imports of oil and gas products. Imports of oil and gas products accounted for nearly 75 percent of all duty-free imports under the ATPDEA

⁷ When a trade preference program expires, importers are required to pay the normal rate of duty; if the program is reauthorized and made retroactive, importers that have complied with Customs procedures for such shipments may obtain refunds of duties paid.

⁸ Since there are administrative costs (filing forms, etc.) for requesting duty-free entry under these programs, importers often wait until the programs are re-authorized and made retroactive before they submit the required forms. If the corrections are available before June of the following year, they are reported in an addendum to that year's statistics; there were no corrections for the 2001 statistics and only a partial correction for the 2002 statistics.

⁹ Another \$6.6 million entered either normal trade relations (NTR) duty-free or duty-free under special temporary rate provisions. Almost all nations, except several communist nations, are eligible for NTR duty treatment, which was formerly known as most-favored-nation (MFN) duty treatment. Provisions in Chapter 99 of the HTS provide for temporary tariff reductions that are often available only to certain specified countries and may only cover a subset of the products in an eight-digit tariff line item.

amendments in 2005. Approximately one-third of all U.S. imports from the beneficiary countries entered normal trade relations (NTR) duty-free and consisted mainly of traditional products from the region such as gold and silver bullion, coal, coffee, and bananas. In 2005, the dutiable value of U.S. imports from the beneficiary countries remained unchanged from the 2004 level of \$1.5 billion. However, since the level of total U.S. imports from the beneficiary countries increased significantly during this time period, the dutiable value expressed as a percentage of total imports fell from 9.5 percent in 2004 to 7.7 percent in 2005.

Peru accounted for 46 percent of the value of duty-free U.S. imports under the original ATPA (excluding the ATPDEA amendments) in 2005, followed by Colombia (38 percent), Ecuador (13 percent), and Bolivia (4 percent). Ecuador accounted for 44 percent of the value of duty-free U.S. imports under the ATPDEA amendments in 2005, followed by Colombia (41 percent), Peru (14 percent), and Bolivia (1 percent). Colombia accounted for 42 percent of the value of GSP duty-free U.S. imports from the beneficiary countries in 2005, followed by Peru (39 percent), Ecuador (13 percent), and Bolivia (6 percent). The average rate of duty paid on imports subject to duty from the beneficiary countries was 2.0 percent in 2005 and ranged from 1.3 percent for items from Ecuador to 3.6 percent for items from Bolivia (see Table 6).

U.S. Trade Preferences Provided Exclusively by the ATPA

The ATPA provided beneficiary nations exclusive duty-free treatment of their exports to the United States in 2005 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.

The products associated with the constituent eight digit Harmonized Tariff Schedule (HTS-8) items in each of the 10 leading NAICS-based import industries (in terms of ATPA (excluding the ATPDEA amendments) duty-free entries in 2005) 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 then compared to the total value of ATPA duty-free imports for all products.

Based on the above analysis, there were five import-based industries in which more than 60 percent of the ATPA duty-free value was accounted for by products benefiting exclusively from the ATPA in 2005:

- **NAICS 33141—Nonferrous metal (except aluminum) smelting and refining**

(In this industry, there were \$556 million in ATPA duty-free imports that benefited exclusively from the ATPA. This is 99.8 percent of industry imports that entered ATPA duty-free from the beneficiary countries (the remaining 0.2 percent of imports in this could instead have entered under GSP). This \$556 million in exclusive ATPA benefits represents 3.1 percent of U.S. industry imports from all sources worldwide.)

- **NAICS 11142—Nursery products, flowers, seeds, and foliage**

(In this industry, there were \$360 million in ATPA duty-free imports that benefited exclusively from the ATPA. This is 65.5 percent of industry imports that entered ATPA duty-free from the beneficiary countries (the remaining

34.5 percent of imports in this could instead have entered under GSP). This \$360 million in exclusive ATPA benefits represents 25.7 percent of U.S. industry imports from all sources worldwide.)

- **NAICS 11121—Vegetables and melons**

(In this industry, there were \$113 million in ATPA duty-free imports that benefited exclusively from the ATPA. This is 80.1 percent of industry imports that entered ATPA duty-free from the beneficiary countries (the remaining 19.9 percent of imports in this could instead have entered under GSP). This \$113 million in exclusive ATPA benefits represents 2.9 percent of U.S. industry imports from all sources worldwide.)

- **NAICS 31222—Tobacco products**

(In this industry, there were \$39 million in ATPA duty-free imports that benefited exclusively from the ATPA. This is 100 percent of industry imports that entered ATPA duty-free from the beneficiary countries. This \$39 million in exclusive ATPA benefits represents 7.3 percent of U.S. industry imports from all sources worldwide.)

- **NAICS 31141—Frozen foods**

(In this industry, there were \$29 million in ATPA duty-free imports that benefited exclusively from the ATPA. This is 77.6 percent of industry imports that entered ATPA duty-free from the beneficiary countries (the remaining 22.4 percent of imports in this could instead have entered under GSP). This \$29 million in exclusive ATPA benefits represents 1.8 percent of U.S. industry imports from all sources worldwide.)

In addition, in 2005, the following ten industries benefited significantly from the duty-free provisions of the ATPDEA amendments:

- **NAICS 21111—Oil and gas**

(In this industry, there were \$6,952 million in duty-free imports under the ATPDEA amendments, which was 3.8 percent of industry imports from all sources worldwide.)

- **NAICS 32411—Petroleum refinery products**

(In this industry, there were \$999 million in duty-free imports under the ATPDEA amendments, which was 1.2 percent of industry imports from all sources worldwide.)

- **NAICS 31522—Men's and boys' apparel**

(In this industry, there were \$663 million in duty-free imports under the ATPDEA amendments, which was 2.6 percent of industry imports from all sources worldwide.)

- **NAICS 31523—Women's and girls' apparel**

(In this industry, there were \$580 million in duty-free imports under the ATPDEA amendments, which was 1.5 percent of industry imports from all sources worldwide.)

- **NAICS 31171—Seafood products, prepared, canned and packaged**

(In this industry, there were \$51 million in duty-free imports under the ATPDEA amendments, which was 2.9 percent of industry imports from all sources worldwide.)

- **NAICS 31511—Hosiery and socks**

(In this industry, there were \$43 million in duty-free imports under the ATPDEA amendments, which was 3.2 percent of industry imports from all sources worldwide.)

- **NAICS 31529—Other apparel**

(In this industry, there were \$30 million in duty-free imports under the ATPDEA amendments, which was 0.9 percent of industry imports from all sources worldwide.)

- **NAICS 31699—Other leather products**

(In this industry, there were \$24 million in duty-free imports under the ATPDEA amendments, which was 0.4 percent of industry imports from all sources worldwide.)

- **NAICS 31621—Footwear**

(In this industry, there were \$8 million in duty-free imports under the ATPDEA amendments, which was 0.05 percent of industry imports from all sources worldwide.)

- **NAICS 31599—Apparel accessories**

(In this industry, there were \$3 million in duty-free imports under the ATPDEA amendments, which was 0.1 percent of industry imports from all sources worldwide.)

U.S. EMPLOYMENT AND TRADE WITH THE ANDEAN NATIONS

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. 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.

This report examines the value of ATPA duty-free imports that benefited exclusively from the ATPA provisions (i.e., items that entered duty-free under the original ATPA (excluding the ATPDEA amendments) that were not eligible for duty-free entry under the GSP program and all items that entered duty-free under the ATPDEA amendments), focusing on the import industries that showed a significant value of duty-free imports benefiting exclusively from the ATPA and represented a significant share of total U.S. industry imports from all sources in 2005.

Five import industries (based on the 5-digit NAICS) were identified for which exclusive ATPA duty-free benefits in 2005 exceeded \$20 million *and* accounted for more than 3 percent of total U.S. industry imports from all sources:

- **NAICS 21111—Oil and gas**
- **NAICS 33141—Nonferrous metal (except aluminum) smelting and refining**
- **NAICS 11142—Nursery products, flowers, seeds, and foliage**
- **NAICS 31511—Hosiery and socks**
- **NAICS 31222—Tobacco products**

The nonferrous metal (except aluminum) smelting and refining; nursery products, flower, seeds, and foliage; and the tobacco products import industries benefited from the original ATPA. The oil and gas and hosiery socks import industries benefited from the ATPDEA amendments.

Trends in U.S. imports in the five NAICS-based product groups above and trends in industry employment in each of the U.S. industries producing products like those in the five import product groups are examined below. Significant increases in U.S. imports of these products from the beneficiary countries may, in part, reflect the availability of exclusive duty-free treatment under the ATPA. To place the analysis of domestic employment trends in perspective, the overall U.S. employment situation in 2005 is discussed first.

The U.S. Employment Situation, 2005

U.S. nonagricultural payroll employment continued to grow in 2005. Annual average employment increased to 133.5 million in 2005, up 131.4 million in 2004. In January 2005, payroll enrollment surpassed its previous peak that was reached in February 2001. The largest segment of the U.S. workforce is the service-providing sector which has showed continuing growth. Employment in the service-providing sector was 111.3 million in 2005, up from 109.6 million in 2004 (see Table 9).

The goods-producing sector experienced a sustained period of employment growth from 1992 to 2000 before declining sharply between 2001 and 2003. Since December 2003, employment in this sector has shown a modest increase as the result of the modest economic recovery in natural

resources and mining and construction, reaching 21.9 million in 2004 and 22.1 million in 2005. However, employment in manufacturing, which accounts for approximately two-thirds of goods-producing industry employment, has not yet experienced a recovery – it stood at 14.5 million in 2003, 14.3 million in 2004, and 14.2 million in 2005.

Agricultural employment was 2.2 million in both 2004 and 2005.¹⁰

The civilian unemployment rate, which is based on household survey data, fell from 5.5 percent in 2004 (8.1 million workers) to 5.1 percent in 2005 (7.6 million workers).

U.S. Import and Domestic Employment Trends in Selected Industrial Sectors Receiving Significant Benefits Provided under the ATPA in 2005

Oil and Gas (NAICS 21111)

U.S. imports of 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. U.S. imports of oil and gas from the beneficiary countries in 2005 were \$7.6 billion (up from \$1.9 billion in 2001) and accounted for 37.8 percent of all U.S. imports from the beneficiary countries (up from 19.4 percent in 2001). This represents 4.2 percent of U.S. imports of oil and gas from all sources (up from 2.5 percent in 2001). Duty-free imports of these items under the ATPDEA amendments increased from \$4.6 billion in 2004 to \$7.0 billion in 2005 (3.8 percent of industry imports from all sources). In 2005, oil and gas imports represent 74 percent of all imports under the ATPDEA amendments.

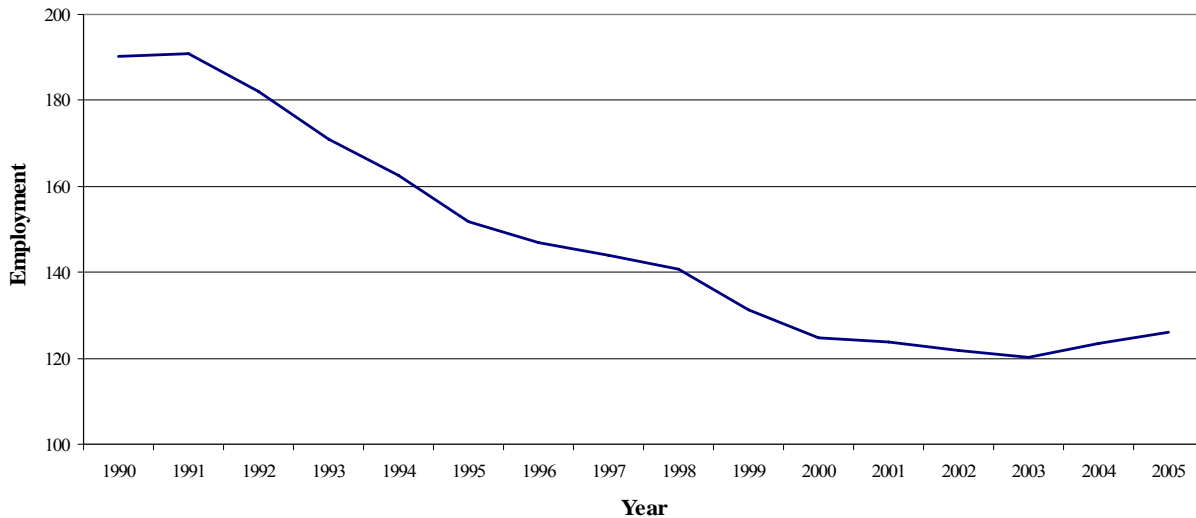
Two HTS-8 petroleum oils (HTS 2709.00.10 and 2709.00.20) are eligible for duty-free access under the ATPDEA amendments. Imports of HTS 2709.00.10 from the beneficiary countries increased dramatically from \$3.3 billion in 2004 to \$5.6 billion in 2005 and accounted for 11.5 percent of U.S. imports from all sources. Imports of HTS 2709.00.20 from the beneficiary countries decreased slightly from \$2.1 billion in 2004 to \$2.0 billion in 2005 and accounted for 2.2 percent of U.S. imports from all sources.

¹⁰ Agricultural employment is derived from the Current Population Survey (CPS), which is administered by the U.S. Census Bureau for the U.S. Department of Labor's Bureau of Labor Statistics. Non-agricultural payroll employment, hours, and earnings are from the Bureau of Labor Statistics' 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).

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 2005, the *ad valorem* equivalent rates are calculated to be around 0.1 percent and 0.2 percent, respectively.

The text chart below presents the trend in U.S. employment in the oil and gas extraction subsector (NAICS 211) for the years 1990 to 2005. Employment has declined sharply between 1991 and 2003, but advanced in 2004 and 2005. Employment in the industry group was 120,200 workers in 2003, 123,400 workers in 2004, and 125,900 workers in 2005. The hourly wages of production workers in this industry group peaked in 2001 at \$19.97. After significant declines each year between 2002 and 2004, wages increased in 2005 to \$19.34.¹¹

U.S. Employment in Oil and Gas Extraction (NAICS 211), 1990-2005
(annual average, in thousands)



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.

Nonferrous Metals (NAICS 33141)

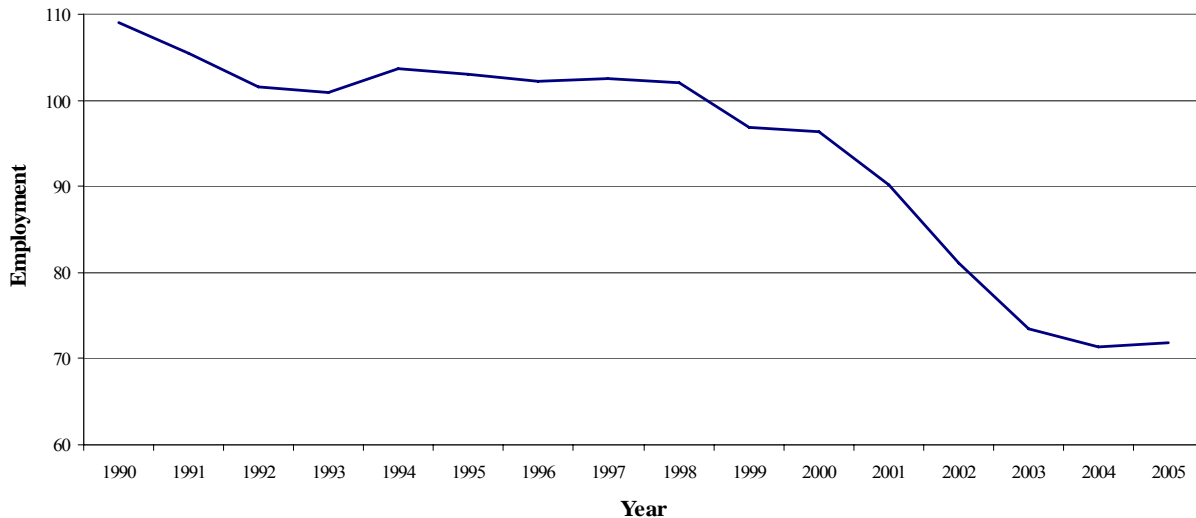
U.S. imports of nonferrous metals from the beneficiary countries in 2005 were \$2.8 billion (up from \$2.3 billion in 2004) and accounted for 13.9 percent of all U.S. imports from the beneficiary countries (down from 14.9 percent in 2004). This represents 15.7 percent of U.S. imports of nonferrous metals from all sources. ATPA duty-free imports which benefited exclusively from the ATPA amounted to \$556.4 million in 2005 (3.1 percent of industry imports from all sources).

¹¹ The average annual hourly wage for oil and gas extraction production workers was \$19.27 in 2002, \$18.95 in 2003, and \$18.58 in 2004.

Nearly all of the items benefiting exclusively from the ATPA (\$556.4 million) were refined copper cathodes and sections of cathodes (HTS 7403.11.00) from Peru¹², which lost its eligibility for GSP duty-free entry due to exceeding the program's competitive need limit. This item faces a NTR tariff rate of 1.0 percent. In 2005, 95.5 percent of imports of this item from all sources were granted duty-free entry through various U.S. free trade agreements and trade preference programs. ATPA duty-free imports of this HTS-8 item accounted for 17.2 percent of all U.S. imports of this item from all sources. The leading supplying countries of this item to the U.S. market were Chile and Canada, which combined accounted for 72.6 percent of all U.S. imports of this items and benefited from duty-free entry under the U.S.-Chile FTA and the NAFTA, respectively.

The text chart below presents the trend in U.S. employment in the other nonferrous metal production industry group (NAICS 3314), which includes the nonferrous metal (except aluminum) smelting and refining industry (NAICS 33141), for the years 1990 to 2005. Employment in this industry group fell sharply between 1990 and 1993, but remained relatively level between 1994 and 1998 before declining again between 1999 and 2004. Employment was slightly up in 2005 at 71,800 workers up from 71,400 workers in 2004. The hourly wages of production workers have been rising steadily and were \$20.08 in 2005, up from \$19.48 in 2004 and \$18.69 in 2003.

U.S. Employment in Nonferrous Metal Production (NAICS 3314), 1990-2005
(annual average, in thousands)



Given the very low tariff rate avoided under the ATPA and the high percentage of total U.S. imports that receive duty-free treatment, it is unlikely that the duty-free provisions of the ATPA have had any measurable effect on domestic employment in the nonferrous metal production sector.

¹² One other HTS-8 item accounted for an insignificant portion (\$58,000) of exclusive ATPA benefits in 2005 (7403.12.00 refined copper, wire bars from Peru).

Nursery products, flowers, seeds, and foliage (NAICS 11142)

In 2005, U.S. imports of nursery products, flowers, seeds, and foliage from the beneficiary countries decreased slightly from \$557.8 million in 2004 to \$556.4 million (see Table 3). ATPA duty-free imports of these items decreased slightly from \$551.5 million in 2004 to \$549.7 million in 2005 (see Table 7). ATPA duty-free imports accounted for 39.2 percent of total U.S. imports of nursery products, flowers, and seeds from all sources in 2005, down from their share of 39.5 percent in 2004.

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, and Christmas trees (HTS 0604); and seeds, fruits, and spores used for sowing (HTS 1209). Nearly all U.S. imports of these items from the beneficiary countries in 2005 were fresh cut flowers (98.8 percent), followed by foliage (0.9 percent) and live plants (0.2 percent). Close to 48 percent 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. In addition to roses, the tariff classification for fresh cut flowers covers a number of other flower types (including chrysanthemums, carnations, anthuriums, orchids, flower buds, alstroemeria, gypsophila, lilies, and snapdragons), which are normally eligible for duty-free entry under the GSP program.

Approximately 65.5 percent of the ATPA duty-free imports of nursery products, flowers, and seeds benefited exclusively from the ATPA. ATPA duty-free imports in this sector were items in two HTS-8 categories: HTS 0603.1060—Fresh cut roses from all beneficiary countries and HTS 0603.1070—Fresh-cut chrysanthemums, standard carnations, anthuriums, and orchids from Colombia. While fresh cut roses are not eligible for GSP duty-free treatment, fresh cut chrysanthemums, standard carnations, anthuriums, and orchids are 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.

U.S. imports of Colombian chrysanthemums, standard carnations, anthuriums, and orchids amounted to \$96.7 million in 2005; by flower type, 65.4 percent were chrysanthemums, 34.5 percent were carnations, 0.1 percent were orchids, and none were anthuriums.

ATPA duty-free entries of fresh cut roses from all the beneficiary countries and Colombian chrysanthemums, standard carnations, anthuriums, and orchids, which totaled \$336.5 million in 2004, rose to \$359.4 million in 2005 and accounted for 65 percent of the ATPA duty-free entries of nursery products, flowers, seeds, and foliage products in 2005.

U.S. Imports of Fresh Cut Roses from All the Beneficiary Countries: In 2005, U.S. ATPA duty-free imports of fresh cut roses increased to \$263.1 million from their level of \$238.8 million in 2004. ATPA duty-free fresh cut roses accounted for 95.8 percent of all U.S. imports of fresh cut roses in 2005.¹³

¹³ U.S. imports of fresh cut roses from the NAFTA and CBERA beneficiary countries are also eligible for duty-free entry. In 2005, NAFTA duty-free entries of fresh cut roses accounted for 1.7 percent of total U.S. fresh cut rose imports and CBERA duty-free entries for 1.6 percent.

According to the U.S. Department of Agriculture, U.S. consumption of fresh cut roses in 2005 was \$313.7 million dollars. Imports from all sources accounted for 88 percent of U.S. consumption, with the ATPA beneficiaries accounting for 84 percent (Colombia accounting for 60 percent and Ecuador for 24 percent) of U.S. consumption. The beneficiary countries have accounted for an increasing share of domestic consumption of fresh cut roses, growing from 34 percent in 1993 to the current level.

U.S. Imports of Fresh Cut Chrysanthemums, Standard Carnations, Anthuriums, and Orchids from Colombia: U.S. ATPA duty-free imports of chrysanthemums and standard carnations (HTS 0603.10.70) from Colombia decreased slightly to \$96.3 million in 2005 from their level of \$97.7 million in 2004, and remained about 20 percent below their level of \$119.5 million in 2000. ATPA duty-free imports of these items from Colombia accounted for 88.5 percent of U.S. imports of these items from all sources in 2005, up slightly from 88.0 percent in 2000.

In 2005, 89 percent of U.S. imports under this tariff line were pompon chrysanthemums and standard carnations. U.S. imports of fresh cut pompon chrysanthemums from all sources accounted for 76 percent of the value of U.S. consumption in 2005. U.S. imports from Colombia, the source of virtually all of the ATPA duty-free entries of these items, accounted for 72 percent of U.S. consumption in 2005. U.S. imports of fresh cut standard carnations from all sources accounted for 95 percent of the value of U.S. consumption in 2005. U.S. imports from Colombia, which accounted for virtually all of the ATPA duty-free entries of these items, accounted for 94 percent of U.S. consumption in 2005.

Domestic Production, Sales, Wholesale Prices of Production, and Number of Hired Workers for Fresh Cut Roses, Chrysanthemums, Carnations, and Orchids: 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 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. As part of its survey on floriculture crops, which include fresh cut flowers, the Department of Agriculture reports some information on fresh cut flowers grown by large growers (commercial growers with \$100,000 or more in sales located in 36 states) and some information by fresh cut flower type.¹⁴

Cut flower types that are comparable to those receiving significant exclusive ATPA duty-free benefits include all roses, pompon chrysanthemums, standard carnations, and all orchids (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 rose growers and the quantity and value of roses sold have declined steadily over the last thirteen years. The number of growers has fallen from 357 in 1992 to 59 in 2005, the quantity of production sold has dropped from 533.6 million units in 1992 to 99.7 million units in 2005, and the value of production sold at wholesale has declined from

¹⁴ See *Floriculture and Nursery Crops Situation and Outlook Yearbook/FLO-2006* (U.S. Department of Agriculture, Economic Research Service, June 2006).

\$174.5 million in 1992 to \$39.0 million in 2005. Over this same time period, the wholesale price of production has risen from 32.7 cents per unit in 1992 to 39.1 cents per unit in 2005.

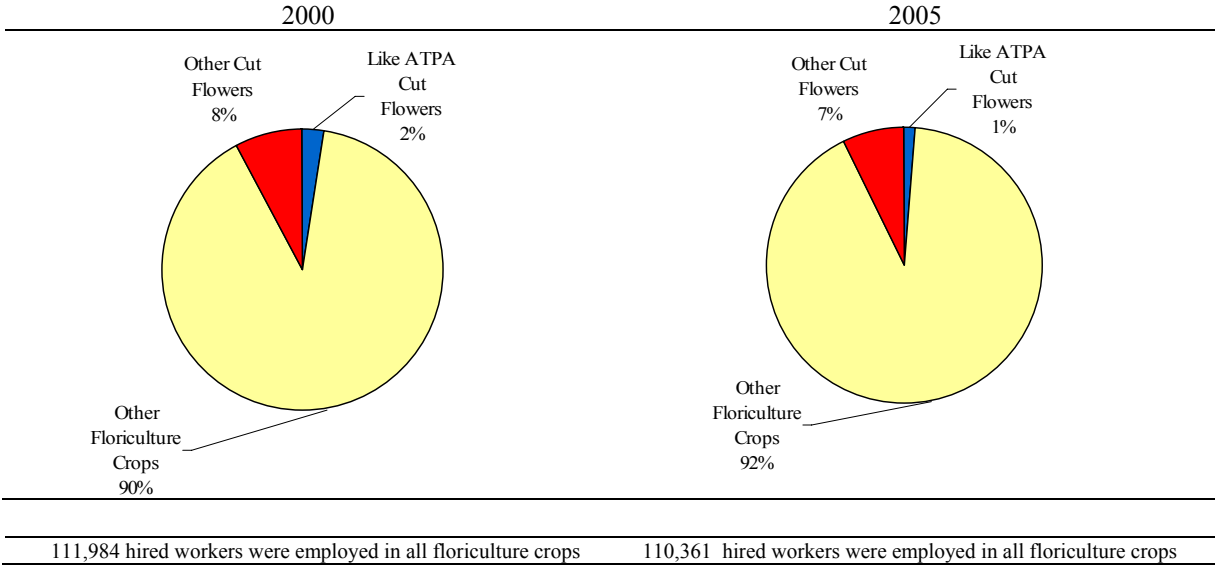
- The number of domestic pompon chrysanthemum growers has fallen from 172 in 1992 to 48 in 2005, while the quantity sold has declined from 15.4 million units in 1992 to 12.3 million units in 2005, and the value sold has decreased from \$18.0 million in 1992 to \$17.3 million in 2005. Over the same period, the wholesale price of production has risen from 1.16 cents per unit to 1.40 cents per unit, and the share of domestic consumption accounted for by imports has averaged 77 percent.
- The number of domestic standard carnation growers has fallen from 139 in 1992 to 24 in 2005, while the quantity sold has declined from 213.6 million units in 1992 to 9.0 million units in 2005, and the value sold has decreased from \$30.8 million in 1992 to \$1.8 million in 2005. Over the same period, the wholesale price of production has risen from 14.4 cents per unit to 20.3 cents per unit, and the share of domestic consumption accounted for by imports has risen from 67 percent to 95 percent. Most domestic standard carnations are grown in California.
- The number of domestic orchid growers has increased from 52 in 2000 (the earliest year for which national data are available) to 60 in 2005, while the quantity sold has decreased from 11.7 million units in 2000 to 10.3 million units in 2005. The value sold has decreased from \$8.1 million in 2000 to \$6.9 million in 2005. Over the same period, the wholesale price of production has fallen from 68.9 cents per unit to 67.0 cents per unit, and the share of domestic consumption accounted for by imports has averaged 39 percent.

The Department of Agriculture only publishes 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. For large growers of floriculture crops, cut flowers account for about 11 percent of the number of growers and 8 percent of the value of sales at wholesale. The number of domestic hired workers in cut flowers and “like ATPA cut flowers” was 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 2005, there were an estimated 110,361 hired workers in floriculture crops (1.4 percent below its level in 2000), 8,612 hired workers in cut flowers of all types (23.9 percent below its level in 2000), and 1,411 hired workers in “like ATPA cut flowers” (46.9 below its level in 2000).

Clearly, the number of hired workers involved in the domestic production of “like ATPA cut flower” types represents an extremely small segment (about 1 percent) of the total number of hired workers in the floriculture industry (see text figure below).

Estimated Number of Hired Workers in Floriculture Crops and Cut Flowers, 2000 and 2005



The share of domestic cut flower growers producing standard carnations has fallen from 7.9 percent in 2000 to 4.5 percent in 2005, those producing pompon chrysanthemums from 12.9 percent to 9.0 percent, and those producing roses from 16.2 percent to 11.0 percent, while those producing orchids has risen from 7.8 percent to 11.2 percent (perhaps reflecting a slight shift to higher valued added flower types). Given the complexities involved, it is difficult to isolate conclusively the factors responsible for this trend; however, it would appear that U.S. imports from the ATPA and other foreign producers may have contributed to the contraction of domestic production of standard carnations, pompon chrysanthemums, and roses.

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 roses, standard carnations, and standard and pompon chrysanthemums due to the ATPA trade preferences may have displaced some domestic growers and workers. 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. Although the number of hired workers directly affected is likely to have been small, the employment opportunities in the cut flower and floriculture industries are probably limited and it is difficult to determine the degree of adjustment difficulty such workers may face should they seek employment in other industries. As import competition has increased in certain cut flower types (such as the “like ATPA cut flowers” group), growers have switched to growing other flowers types or other floriculture crops which face less import competition. The share of hired workers in floriculture crops other than cut flowers has increased slightly from 90 percent in 2000 to 92 percent in 2005 (see text figure above). However, the availability of lower cost, imported types of cut flowers may have created more choices for consumers and boosted retail florists’ sales and employment.

Hosiery and socks (NAICS 31511)

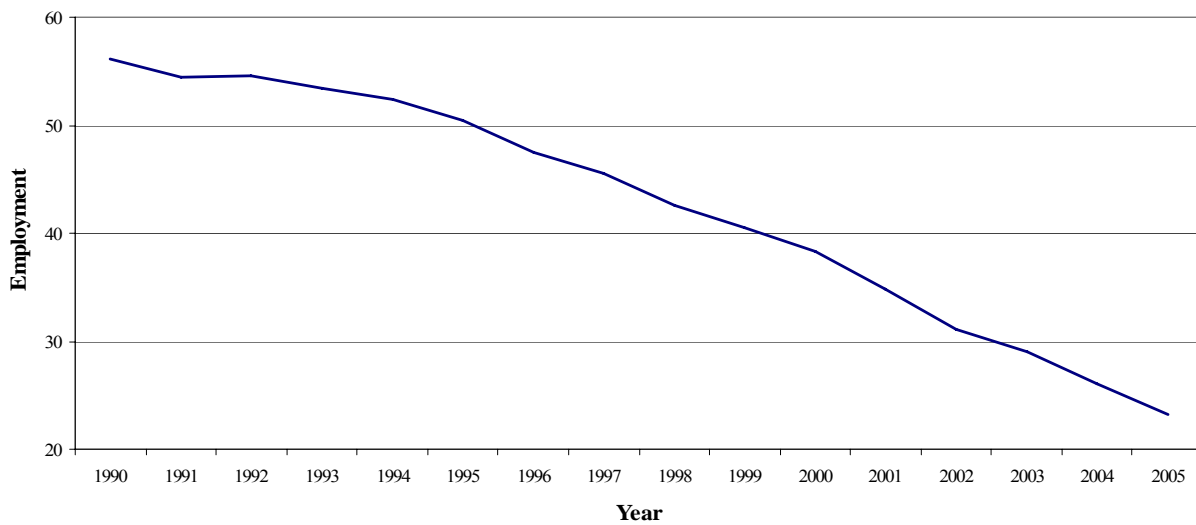
U.S. imports of qualifying hosiery and socks became eligible for ATPA duty-free treatment with the ATPDEA amendments that took effect on October 31, 2002. Under the ATPDEA amendments, apparel assembled in the Andean region from U.S. fabric or fabric components or components knit-to-shape in the United 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 cap. Exports of hosiery and socks from the beneficiaries have grown significantly each year since the implementation of the ATPDEA amendments. U.S. imports of hosiery and socks from the beneficiary countries in 2005 were \$45.1 million (up from \$11.7 million in 2001). This represents 3.3 percent of U.S. imports of hosiery and socks from all sources (up from 1.3 percent in 2001). Duty-free imports of these items under the ATPDEA amendments increased from \$35.7 billion in 2004 to \$43.0 million in 2005.

Two HTS-8 items, cotton stockings and socks (HTS 6115.92.90) and synthetic stockings and socks (HTS 6115.93.90), accounted for over 80 percent of the duty-free imports under the ATPDEA amendments in this industry.

- Imports of HTS 6115.92.90 from the beneficiary countries increased from \$16.2 million in 2004 to \$18.8 million in 2005 and accounted for 2.8 percent of imports of this item from all sources. This item faces a NTR tariff rate of 13.5 percent. In 2005, 41.5 percent of imports of this item entered duty-free entry under various U.S. free trade agreements and trade preference programs. The four leading supplying countries of this item to the United States are Korea, Mexico, the Dominican Republic, and Pakistan; which combined accounted for 61.5 percent of all U.S. imports of this item in 2005.
- Imports of HTS 6115.93.90 from the beneficiary countries increased from \$14.2 million in 2004 to \$17.9 million in 2005 and accounted for 4.4 percent of imports of this item from all sources. This item faces a NTR tariff rate of 14.6 percent. In 2005, just 10.9 percent of imports of this item entered duty-free entry under various U.S. free trade agreements and trade preference programs. China was the leading supplying country of this item to the United States in 2005 and accounted for 42.6 percent of all U.S. imports of this item. Other major supplying countries in 2005 included Korea (21.9 percent) and Taiwan (14.9 percent).

The text chart below presents the trend in U.S. employment in hosiery and sock mills (NAICS 31511) for the years 1990 to 2005. Employment has continuously declined over the period. Employment in the industry group was 29,000 workers in 2003, 26,100 workers in 2004, and 23,200 workers in 2005. The hourly wages of production workers have been rising steadily and were \$11.26 in 2005, up from \$10.92 in 2004 and \$10.54 in 2003.

U.S. Employment in Hosiery and Sock Mills (NAICS 31511), 1990-2005
(annual average, in thousands)



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 Asian countries (such as China, Korea, and Taiwan) that do not receive duty-free entry and other Latin American countries (e.g., Mexico and the Dominican Republic) that may receive duty-free entry under NAFTA or CBERA. 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.

Tobacco products (NAICS 31222)

U.S. imports of tobacco products from the beneficiary countries decreased to \$40.0 million in 2005 from their level of \$58.3 million in 2004. U.S. imports of these items from the beneficiary countries had been increasing dramatically each year since 2000, before declining in 2005. In 2000 they were valued at \$1.1 million and subsequently \$16.4 million in 2001, \$33.4 million in 2002, and 55.7 million in 2003. U.S. imports of these items from the beneficiary countries accounted for 7.4 percent of U.S. tobacco product imports from all sources in 2005. Nearly all (99.9 percent) of these imports from the beneficiaries were eligible for ATPA, but not GSP, duty-free treatment. During 2005, \$39.4 million entered ATPA duty-free, of which all benefited exclusively from ATPA preferences.

The primary tobacco product that benefited exclusively from the ATPA was paper-wrapped cigarettes containing tobacco but not clove (HTS 2402.20.80).¹⁵ ATPA duty-free imports of this

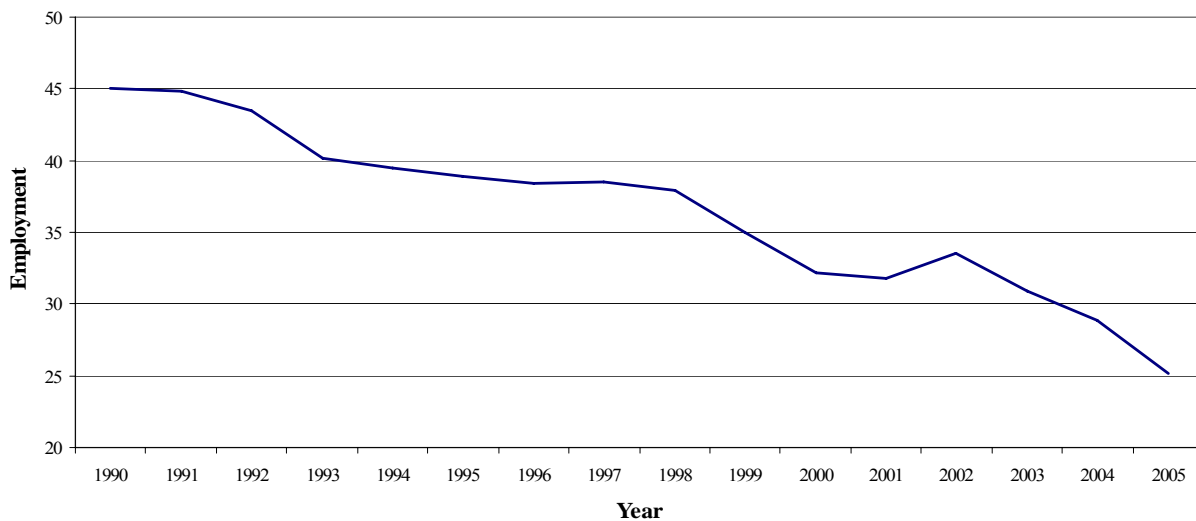
¹⁵ One other HTS-8 tobacco products item benefited exclusively from the ATPA in 2005 (HTS 2402.1030—Cigars, cheroots and cigarillos containing tobacco, each less than 15 cents), and amounted to only \$338,700 in 2005.

item were \$39.1 million in 2005, down from \$57.9 million in 2004, and accounted for 21.4 percent of U.S. imports from all sources. The NTR tariff on this item is \$1.05 per kilogram plus 2.3 percent of the value; the *ad valorem* equivalent of both components is calculated to be about 12 percent. In 2005, 54.8 percent of imports of this item were granted duty-free entry through various U.S. free trade agreements and trade preference programs. Canada, the leading supplier of this item to the United States, accounted for 29.0 percent of all U.S. imports of this item, also benefited from duty-free entry under the NAFTA.

According to the USITC, ATPA duty-free imports of paper-wrapped cigarettes containing tobacco but not clove represented less than one percent of U.S. apparent consumption of cigarettes. The United States is the world's largest producer and exporter of cigarettes, and U.S. imports from Colombia are mostly inexpensive discount items that are sold primarily in Latino niche markets.¹⁶

The text chart below presents the trend in U.S. employment in the tobacco manufacturing industry group for the years 1990 to 2005.¹⁷ Employment has declined steadily over this time period, with the exception of a temporary increase in 2002. Employment in tobacco manufacturing was 28,900 workers in 2004 and 25,200 workers in 2005.

**U.S. Employment in Tobacco Manufacturing (NAICS 3122), 1990-2005
(annual average, in thousands)**



Annual unemployment rates for the industry group tobacco manufacturing (NAICS 3122) declined in 2005 to 4.6 percent down from 8.7 percent in 2004 after a sharp increase from 1.5 percent in 2002 to 9.6 percent in 2003. Hourly wage rates are available only for the tobacco and beverage products subsector (NAICS 312). The hourly wage of production workers had been increasing steadily, but fell in 2005 to \$18.79 from \$19.14 in 2004.

¹⁶ See United State International Trade Commission, *The Impact of the Andean Trade Preference Act: Eleventh Report* (Investigation No. 332-352; USITC Publication 3725; September 2005), p. 2-22.

¹⁷ The tobacco manufacturing industry group (NAICS 3122) encompasses the tobacco stemming and redrying industry (NAICS 31221) and tobacco product manufacturing industry (NAICS 31222).

Although the tariff preference provided by the ATPA is substantial, U.S. imports from the ATPA beneficiaries account for only 7.4 percent of total U.S. tobacco products imported in 2005, and ATPA cigarettes account for less than one percent of U.S. apparent consumption. Thus, it is unlikely that the exclusive duty-free benefits of the ATPA program have had any measurable impact on U.S. employment in the tobacco industry group.

CONCLUSIONS

Although a definitive evaluation of the domestic employment impact of the ATPA cannot be made because the effects of the duty-free provisions on U.S. imports cannot be isolated from the effects of other trade preference programs such as the GSP, it is unlikely that the ATPA has had a significant effect on overall U.S. employment. In addition, U.S. imports from the beneficiary countries have remained small, accounting for only 1.2 percent of U.S. imports from all sources in 2005. Further, U.S. imports from the beneficiary countries that benefited exclusively from ATPA duty-free entry amounted to \$10.6 billion or just 0.6 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 has been threatening. While ATPA duty-free imports increased considerably in 2005, these increases were due in large part to increases in the value of oil and gas products from the beneficiary countries. 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 2001 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 five domestic industries received substantial (or increased) exclusive ATPA duty-free benefits in 2005: oil and gas, nonferrous metals (copper cathodes), nursery products, flowers, and seeds (fresh cut roses, standard carnations, and chrysanthemums); hosiery and socks; and tobacco products (paper-wrapped cigarettes). These industries were among the leading industries in terms of exclusive ATPA duty-free imports, but it is difficult to identify major adverse effects on U.S. employment in each of the U.S. industries that produced products similar to those in the five import product groups

Generally, the current level and composition of the beneficiary countries' exports to the United States do not appear to pose a threat to U.S. employment. As the Andean region continues to develop, it is anticipated that it will attract increasing levels of U.S. exports which will generate additional job opportunities in the United States.

While the ATPA offers beneficiary countries an incentive to diversify their export structure and take advantage of greater access to the U.S. market, the negotiation and entry into force of several comprehensive free trade agreements by the United States has reduced the margin of tariff preference available to the ATPA beneficiaries.¹⁸ In addition, the United States has granted unilateral trade preferences with no expiration date to the CBERA beneficiary countries and expanded GSP benefits to a number of developing sub-Saharan African nations that provide duty-free entry for many of the same items covered by the ATPA. Further, many U.S. trade barriers have been reduced for all NTR trading partners as the result of the conclusion and implementation of the WTO's Uruguay Round of multilateral trade negotiations. Two of the beneficiary countries, Colombia and Peru, have completed negotiations for bilateral free trade agreements with the United

¹⁸ Free trade agreements (FTAs) implemented prior to 2005 are agreements with Israel (1986), Canada (1989), Canada and Mexico (1994), Jordan (2001), Singapore (2004), and Chile (2004). Additional FTAs implemented in 2005 and 2006 – agreements with Australia (2005), Bahrain (2006), Morocco (2006), and the Central American countries (El Salvador, Guatemala, Honduras, and Nicaragua) (2006) – could further reduce the margin of preference.

States that will lock in the benefits they receive under the ATPA and further liberalize trade with the United States.

Tables

Table 1: U.S. Imports from the Beneficiary Countries by NAICS-based Sector, 2002-2005
(customs value, thousands of dollars)

NAICS-based U.S. Import Sector	Value of U.S. Imports from the Beneficiary Countries				2005 Percent of Total	
	2002	2003	2004	2005	U.S. Sector Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	9,611,482	11,639,464	15,489,766	20,060,117	1.2	100.0
11 - Agriculture and Livestock Products	1,768,092	1,947,480	2,146,740	2,512,865	8.2	12.5
111 - Agricultural Products	1,401,765	1,534,437	1,708,354	2,001,409	12.7	10.0
112 - Livestock and Livestock Products	5,633	6,993	6,393	6,560	0.2	(¹)
113 - Forestry Products, not elsewhere specified or included	439	936	968	1,979	0.1	(¹)
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	360,254	405,114	431,024	502,918	5.3	2.5
21 - Oil, Gas, Minerals and Ores	2,659,808	4,100,859	6,051,654	8,662,949	4.6	43.2
211 - Oil and Gas	2,308,278	3,618,007	5,379,792	7,591,266	4.2	37.8
212 - Minerals and Ores	351,529	482,853	671,862	1,071,684	16.6	5.3
31-33 - Manufacturing	4,743,795	5,045,904	6,658,052	8,216,836	0.6	41.0
311 - Food Manufacturing	431,435	491,776	530,297	617,084	2.1	3.1
312 - Beverages and Tobacco Products	40,612	62,752	66,192	49,054	0.4	0.2
313 - Textiles and Fabrics	16,523	16,932	19,700	31,160	0.4	0.2
314 - Textile Mill Products	34,242	41,588	49,686	42,037	0.3	0.2
315 - Apparel and Accessories	759,025	1,060,734	1,330,178	1,436,498	1.9	7.2
316 - Leather and Allied Products	36,919	39,760	42,212	49,588	0.2	0.2
321 - Wood Products	123,657	127,937	142,251	152,418	0.6	0.8
322 - Paper	15,769	20,976	24,366	36,590	0.2	0.2
323 - Printing, Publishing and Similar Products	23,361	34,576	35,354	43,624	0.8	0.2
324 - Petroleum and Coal Products	1,260,163	742,200	974,487	1,478,282	1.8	7.4
325 - Chemicals	399,567	133,079	179,212	318,063	0.2	1.6
326 - Plastics and Rubber Products	55,484	61,974	72,009	79,208	0.3	0.4
327 - Nonmetallic Mineral Products	170,068	208,521	256,095	300,052	1.6	1.5
331 - Primary Metal Manufacturing	976,680	1,628,291	2,509,112	3,088,873	4.8	15.4
332 - Fabricated Metal Products, not elsewhere specified or	34,396	37,026	49,777	61,471	0.2	0.3
333 - Machinery, Except Electrical	24,831	19,979	27,123	34,009	(¹)	0.2
334 - Computer and Electronic Products	8,649	8,664	9,117	15,869	(¹)	0.1
335 - Electrical Equipment, Appliances, and Component	22,798	23,253	28,248	36,312	0.1	0.2
336 - Transportation Equipment	13,221	11,155	11,636	16,873	(¹)	0.1
337 - Furniture and Fixtures	37,049	42,696	51,478	52,837	0.2	0.3
339 - Miscellaneous Manufactured Commodities	259,345	232,032	249,523	276,936	0.3	1.4
51 - Information	11	7	76	26	(¹)	(¹)
511 - Publishing Industries (Except Internet)	11	7	76	26	(¹)	(¹)
91-99 - Special Classification Provisions	439,778	545,213	633,244	667,441	1.0	3.3
910 - Waste and Scrap	11,032	20,073	33,817	39,776	1.2	0.2
920 - Used or Second-hand Merchandise	7,314	4,758	8,661	5,535	0.1	(¹)
980 - U.S. Goods Returned and Reimported Items	132,711	182,346	194,192	113,863	0.3	0.6
990 - Special Classification Provisions, not elsewhere specified or included	288,721	338,036	396,574	508,267	2.2	2.5

(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, 2002-2005
(thousands of dollars)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2005 Percent of Total	
	2002	2003	2004	2005	U.S. Sector Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	6,463,762	6,525,695	7,663,571	8,919,120	1.1	100.0
11 - Agriculture and Livestock Products	621,240	617,597	783,799	724,977	2.0	8.1
111 - Agricultural Products	606,141	601,804	764,425	704,687	2.3	7.9
112 - Livestock and Livestock Products	9,881	9,223	6,768	12,799	1.1	0.1
113 - Forestry Products, not elsewhere specified or included	3,180	2,618	3,836	2,867	0.2	(¹)
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	2,038	3,951	8,770	4,623	0.1	0.1
21 - Oil, Gas, Minerals and Ores	30,245	15,640	15,500	37,774	0.3	0.4
211 - Oil and Gas	17,266	74	106	19,929	0.4	0.2
212 - Minerals and Ores	12,979	15,566	15,394	17,845	0.2	0.2
31-33 - Manufacturing	5,489,919	5,577,670	6,525,116	7,787,021	1.1	87.3
311 - Food Manufacturing	253,899	238,936	247,941	278,081	1.0	3.1
312 - Beverages and Tobacco Products	8,216	5,271	6,646	5,616	0.2	0.1
313 - Textiles and Fabrics	63,077	104,784	113,545	118,765	1.4	1.3
314 - Textile Mill Products	20,671	20,308	25,785	23,943	1.0	0.3
315 - Apparel and Accessories	34,042	43,123	41,805	42,138	1.0	0.5
316 - Leather and Allied Products	12,282	9,987	7,195	10,624	0.5	0.1
321 - Wood Products	4,185	5,623	10,932	8,441	0.2	0.1
322 - Paper	256,566	257,751	284,758	304,777	1.8	3.4
323 - Printing, Publishing and Similar Products	27,408	22,918	17,032	34,893	0.6	0.4
324 - Petroleum and Coal Products	154,551	259,877	366,871	686,472	3.9	7.7
325 - Chemicals	1,365,049	1,465,511	1,925,800	2,012,756	1.8	22.6
326 - Plastics and Rubber Products	117,577	104,074	119,061	160,585	0.9	1.8
327 - Nonmetallic Mineral Products	45,093	47,889	58,052	52,056	0.8	0.6
331 - Primary Metal Manufacturing	116,802	92,292	77,291	111,793	0.4	1.3
332 - Fabricated Metal Products, not elsewhere specified or included	138,210	147,824	138,681	248,247	1.1	2.8
333 - Machinery, Except Electrical	1,139,344	1,174,613	1,329,540	1,468,230	1.5	16.5
334 - Computer and Electronic Products	927,505	883,126	995,986	1,199,614	1.0	13.4
335 - Electrical Equipment, Appliances, and Component	189,790	180,354	221,310	227,820	0.9	2.6
336 - Transportation Equipment	450,254	335,713	343,583	548,203	0.4	6.1
337 - Furniture and Fixtures	11,081	7,922	9,766	11,940	0.4	0.1
339 - Miscellaneous Manufactured Commodities	154,317	169,774	183,535	232,027	0.8	2.6
51 - Information	610	1,372	2,246	8,419	0.9	0.1
511 - Publishing Industries (Except Internet)	610	1,372	2,246	8,419	0.9	0.1
91-99 - Special Classification Provisions	321,748	313,415	336,909	360,930	0.8	4.0
910 - Waste and Scrap	15,764	25,734	55,562	37,855	0.4	0.4
920 - Used or Second-hand Merchandise	71,398	48,064	22,360	24,160	0.9	0.3
990 - Special Classification Provisions, not elsewhere specified or	234,586	239,617	258,986	298,915	1.0	3.4

(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, 2002-2005
(customs value, millions of dollars)**

(5-digit NAICS-based industries with more than \$100 million in U.S. imports from the beneficiary countries in 2005, ranked by 2005 value)

NAICS-based U.S. Export Sector	Value of U.S. Imports from the Beneficiary Countries				2005 Percent of Total	
	2002	2003	2004	2005	U.S. Industry Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	9,611.5	11,639.5	15,489.8	20,060.1	1.2	100.0
<u>The leading NAICS-based Industries in 2005 were:</u>						
21111 - Oil and Gas	2,308.3	3,618.0	5,379.8	7,591.3	4.2	37.8
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	892.9	1,519.0	2,315.6	2,796.5	15.7	13.9
32411 - Petroleum Refinery Products	1,260.0	742.2	974.5	1,478.2	1.8	7.4
11133 - Noncitrus Fruits and Tree Nuts	911.0	941.1	980.8	1,242.1	15.9	6.2
21211 - Coal	284.1	442.1	582.9	950.9	66.8	4.7
31522 - Men's and Boys' Apparel	366.8	520.4	633.9	717.4	2.8	3.6
31523 - Women's and Girls' Apparel	337.5	471.8	611.0	629.3	1.6	3.1
11142 - Nursery Products, Flowers, Seeds, and Foliage	382.4	456.0	557.8	556.4	39.7	2.8
99000 - Special Classification Provisions, not elsewhere specified or included	288.7	338.0	396.6	508.3	2.2	2.5
11411 - Fish, Fresh, Chilled or Frozen and Other Marine Products	360.3	405.1	431.0	502.9	5.3	2.5
33991 - Jewelry and Silverware	239.4	204.7	216.3	243.3	0.9	1.2
33111 - Iron and Steel and Ferroalloy	38.8	68.0	130.2	171.9	0.6	0.9
11121 - Vegetables and Melons	85.9	105.8	130.3	153.8	4.0	0.8
32731 - Cements	69.6	79.3	105.5	131.1	8.4	0.7
31171 - Seafood Products, Prepared, Canned and Packaged	143.4	156.8	131.3	125.5	7.2	0.6
31142 - Fruits and Vegetables	54.2	60.5	79.1	117.2	3.5	0.6
98000 - U.S. Goods Returned and Reimported Items	132.7	182.3	194.2	113.9	0.3	0.6
32511 - Petrochemicals	202.2	30.8	59.0	111.3	1.2	0.6

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, 2002-2005
(millions of dollars)**

(5-digit NAICS-based industries with more than \$100 million in U.S. exports to the ATPA countries in 2005, ranked by 2005 value)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2005 Percent of Total	
	2002	2003	2004	2005	U.S. Industry Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	6,463.8	6,525.7	7,663.6	8,919.1	1.1	100.0
<u>The leading NAICS-based Industries in 2005 were:</u>						
32519 - Other Basic Organic Chemicals	432.8	535.9	700.1	743.5	2.7	8.3
32411 - Petroleum Refinery Products	153.9	259.1	366.2	685.4	3.9	7.7
32521 - Resin and Synthetic Rubbers	293.2	303.2	468.4	469.0	2.1	5.3
33411 - Computer Equipment	372.4	367.3	360.8	403.0	1.4	4.5
33422 - Radio and Television Broadcasting and Wireless Communications Equipment	181.9	217.7	296.6	354.8	6.0	4.0
33313 - Mining and Oil and Gas Field Machinery	414.8	363.8	358.6	319.6	3.8	3.6
33312 - Construction Machinery	147.0	162.5	301.5	299.1	2.7	3.4
99000 - Special Classification Provisions, not elsewhere specified or included	234.6	239.6	259.0	298.9	1.0	3.4
11115 - Corn	230.4	200.7	283.0	281.6	5.6	3.2
11114 - Wheat	204.9	229.1	285.6	225.1	5.1	2.5
33451 - Navigational, Measuring, Electromedical, and Control Instruments	132.9	108.3	147.0	205.9	0.7	2.3
32212 - Paper Mill Products	159.3	152.5	180.9	194.1	3.3	2.2
33641 - Aerospace Products and Parts	265.5	162.5	127.9	175.9	0.3	2.0
33399 - Other General Purpose Machinery	145.2	155.5	120.1	161.6	0.9	1.8
33361 - Engines, Turbines and Power Transmission Equipment	99.9	90.2	121.2	152.7	0.9	1.7
32541 - Pharmaceuticals and Medicines	107.8	99.9	110.9	139.9	0.5	1.6
32531 - Fertilizers	87.6	95.0	120.0	121.3	4.0	1.4
11192 - Cotton	86.7	107.2	127.4	113.3	2.8	1.3
33391 - Pumps and Compressors	70.5	92.0	99.5	111.9	2.5	1.3
32511 - Petrochemicals	46.2	55.4	97.8	110.9	10.2	1.2
33441 - Semiconductors and Other Electronic Components	58.3	61.3	85.5	108.2	0.2	1.2
31122 - Starch and Vegetable Fats and Oils	87.8	60.3	89.2	106.3	2.4	1.2
32599 - All Other Chemical Products and Preparations	78.5	79.2	94.7	106.0	1.8	1.2
33612 - Heavy Duty Trucks and Chassis	31.3	29.3	34.9	102.6	1.0	1.2

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, 2002-2005
(customs value, thousands of dollars)**

U.S. Import Program	2002	2003	2004	2005
<u>No Program Claimed</u>				
Customs Value	8,134,542	5,476,687	6,770,431	8,147,890
Dutiable Value	4,380,967	1,612,727	1,477,418	1,543,412
Calculated Duties	168,513	63,209	40,459	30,969
Average Rate of Duty	3.8%	3.9%	2.7%	2.0%
<u>ATPA (excluding the ATPDEA Amendments)</u>				
Customs Value	788,547	1,624,648	1,836,369	2,110,242
Dutiable Value	5,238	0	0	0
Calculated Duties	245	0	0	0
Average Rate of Duty	4.7%	0	0	0
<u>ATPDEA Amendments</u>				
Customs Value	212,269	4,211,384	6,522,889	9,353,708
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>GSP</u>				
Customs Value	475,847	326,644	360,016	448,234
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>Pharmaceuticals</u>				
Customs Value	178	0	0	2
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>Civil Aircraft</u>				
Customs Value	100	101	61	42
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
<u>Total</u>				
Customs Value	9,611,482	11,639,464	15,489,766	20,060,117
Dutiable Value	4,386,205	1,612,727	1,477,418	1,543,412
Calculated Duties	168,758	63,209	40,459	30,969
Average Rate of Duty	3.8%	3.9%	2.7%	2.0%

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(a1)(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, 2005
(customs value, thousands of dollars)**

Beneficiary Country	No Program Claimed	ATPA (excluding the ATPDEA Amendments)	ATPDEA Amendments	GSP	Civil Aircraft	Total
<u>Bolivia</u>						
Customs Value	109,112	77,325	80,061	26,825	0	293,324
Dutiable Value	10,771	0	0	0	0	10,771
Calculated Duties	386	0	0	0	0	386
Average Rate of Duty	3.6%	0	0	0	0	3.6%
<u>Colombia</u>						
Customs Value	3,928,089	794,150	3,859,097	188,907	27	8,770,270
Dutiable Value	877,626	0	0	0	0	877,626
Calculated Duties	19,654	0	0	0	0	19,654
Average Rate of Duty	2.2%	0	0	0	0	2.2%
<u>Ecuador</u>						
Customs Value	1,445,576	279,293	4,094,361	57,700	3	5,873,933
Dutiable Value	527,367	0	0	0	0	527,367
Calculated Duties	7,053	0	0	0	0	7,053
Average Rate of Duty	1.3%	0	0	0	0	1.3%
<u>Peru</u>						
Customs Value	2,665,113	962,473	1,320,188	174,802	12	5,122,590
Dutiable Value	127,648	0	0	0	0	127,648
Calculated Duties	3,875	0	0	0	0	3,875
Average Rate of Duty	3.0%	0	0	0	0	3.0%
<u>Total U.S. Imports from the Beneficiary Countries</u>						
Customs Value	8,147,890	2,110,242	9,353,708	448,234	42	20,060,117
Dutiable Value	1,543,412	0	0	0	0	1,543,412
Calculated Duties	30,969	0	0	0	0	30,969
Average Rate of Duty	2.0%	0	0	0	0	2.0%

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, 2005
(customs value, thousands of dollars)**

NAICS-based Industry	Value of ATPA Duty-Free U.S. Imports			
	2002	2003	2004	2005
AGRICULTURE AND LIVESTOCK PRODUCTS				
<i>Agricultural Products</i>				
11121 - Vegetables and Melons	61,542	96,675	119,638	139,657
11133 - Noncitrus Fruits and Tree Nuts	14,743	41,213	41,340	51,430
11142 - Nursery Products, Flowers, Seeds, and Foliage	172,875	451,159	551,542	549,651
MINED PRODUCTS				
<i>Mining (except Oil and Gas)</i>				
21229 - Other Metal Ores	0	73	2,729	15,518
MANUFACTURED PRODUCTS				
<i>Food Manufacturing</i>				
31131 - Sugars	7,388	38,864	31,282	20,284
31141 - Frozen Foods	9,768	26,839	33,723	37,888
31142 - Fruits and Vegetables	15,564	38,468	56,247	81,657
31171 - Seafood Products, Prepared, Canned and Packaged	4,377	18,917	21,427	18,992
<i>Beverages and Tobacco Products</i>				
31222 - Tobacco Products	20,635	55,352	58,018	39,436
<i>Wood Products</i>				
32121 - Veneer, Plywood, and Engineered Wood Products	6,303	16,134	18,397	17,825
<i>Chemicals</i>				
32521 - Resin and Synthetic Rubbers	847	12,176	20,749	53,032
<i>Plastics and Rubber Products</i>				
32619 - Other Plastics Products	8,938	11,818	15,726	22,367
<i>Nonmetallic Mineral Products</i>				
32711 - Pottery, Ceramics and Plumbing Fixtures	3,774	11,066	20,002	31,252
32712 - Clay and Refractory Building Materials	6,863	17,042	22,745	25,306
32721 - Glass and Glass Products	2,914	6,635	12,484	16,473
<i>Primary Metal Manufacturing</i>				
33131 - Alumina and Aluminum and Processing	3,604	10,288	20,768	37,432
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	255,267	459,925	448,409	557,782
33142 - Copper Rolling, Drawing, Extruding, and Alloying	5,056	16,523	23,796	30,909
<i>Fabricated Metal Product Manufacturing</i>				
33232 - Ornamental and Architectural Metal Products	5,035	8,110	10,962	17,677
<i>Miscellaneous Manufactured Commodities</i>				
33991 - Jewelry and Silverware	77,586	123,341	153,371	168,022

Note: Excludes duty-free entries under the ATPDEA. The ATPA was not in effect from December 5, 2001 to October 31, 2002 and the reported ATPA duty-free values during that period may be understated. See page 5 of this report for more details.

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, 2005
(customs value, thousands of dollars)**

NAICS-based Industry	Value of ATPDEA Duty-Free U.S. Imports			
	2002	2003	2004	2005
MINED PRODUCTS				
<i>Oil and Gas Extraction</i>				
21111 - Oil and Gas	186,376	2,991,572	4,633,862	6,952,466
MANUFACTURED PRODUCTS				
<i>Food Manufacturing</i>				
31171 - Seafood Products, Prepared, Canned and Packaged	0	28,236	34,750	51,262
<i>Apparel Manufacturing</i>				
31511 - Hosiery and Socks	0	25,577	35,709	42,964
31522 - Men's and Boys' Apparel	0	366,892	558,831	662,929
31523 - Women's and Girls' Apparel	0	338,494	526,888	580,112
31529 - Other Apparel	65	23,475	32,301	29,538
31599 - Apparel Accessories	0	2,065	2,747	3,021
<i>Leather and Allied Product Manufacturing</i>				
31621 - Footwear	339	3,935	5,696	8,020
31699 - Other Leather Products	1,890	16,891	19,532	23,953
<i>Petroleum and Coal Products Manufacturing</i>				
32411 - Petroleum Refinery Products	23,593	414,226	672,342	999,382

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, 1999-2005
(all employees in thousands, annual average)

Industry	1999	2000	2001	2002	2003	2004	2005
GOODS-PRODUCING	24,465	24,649	23,873	22,557	21,816	21,882	22,133
Natural resources and mining	598	599	606	583	572	591	625
Mining	517	520	533	512	503	523	561
Construction	6,545	6,787	6,826	6,716	6,735	6,976	7,277
Manufacturing	17,322	17,263	16,441	15,259	14,510	14,315	14,232
Durable goods	10,830	10,876	10,335	9,483	8,963	8,924	8,953
Wood products	620	613	574	555	538	550	555
Nonmetallic mineral products	541	554.2	545	516	494	506	503
Primary metals	625	622	571	509	477	467	469
Fabricated metal products	1,728	1,753	1,676	1,549	1,479	1,497	1,519
Machinery	1,466	1,455	1,368	1,230	1,149	1,143	1,162
Computer and electronic products	1,781	1,820	1,749	1,507	1,355	1,323	1,320
Electrical equipment and appliances	588	591	557	497	460	445	436
Transportation equipment	2,087	2,056	1,938	1,829	1,774	1,766	1,772
Furniture and related products	665	680	642	604	573	573	563
Miscellaneous manufacturing	729	733	715	688	663	656	654
Nondurable goods	6,492	6,388	6,107	5,775	5,547	5,391	5,278
Food manufacturing	1,550	1,553	1,551	1,526	1,518	1,494	1,472
Beverages and tobacco products	208	207	209	207	200	195	192
Textile mills	397	378	333	291	261	237	218
Textile product mills	217	216	206	195	179	176	172
Apparel	556	497	427	360	312	286	260
Leather and allied products	75	69	58	50	45	42	40
Paper and paper products	616	605	578	547	516	496	484
Printing and related support activities	815	807	768	707	681	663	648
Petroleum and coal products	128	123	121	118	114	112	113
Chemicals	983	980	959	928	906	887	879
Plastics and rubber products	948	952	897	848	815	806	800
SERVICE-PROVIDING	104,528	107,136	107,952	107,784	108,182	109,553	111,330
Trade, transportation, and utilities	25,771	26,225	25,983	25,497	25,287	25,533	25,909
Wholesale Trade	5,893	5,933	5,772.7	5,652	5,608	5,663	5,750
Retail Trade	14,970	15,280	15,238.6	15,025	14,917	15,058	15,255
Transportation and Warehousing	4,300	4,410	4,372.0	4,224	4,185	4,249	4,347
Utilities	609	601	599.4	596	577	564	558
Information	3,419	3,631	3,629	3,395	3,188	3,118	3,066
Financial activities	7,648	7,687	7,807	7,847	7,977	8,031	8,141
Professional and business services	15,957	16,666	16,476	15,976	15,987	16,395	16,882
Education and health services	14,798	15,109	15,645	16,199	16,588	16,953	17,342
Leisure and hospitality	11,543	11,862	12,036	11,986	12,173	12,493	12,802
Other services	5,087	5,168	5,258	5,372	5,401	5,409	5,386
Government	20,307	20,790	21,118	21,513	21,583	21,621	21,803
TOTAL NONFARM	128,993	131,785	131,826	130,341	129,999	131,435	133,463

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