SECRETARY OF LABOR
WASHINGTON, D.C. 20210

JAN 3 1 2008

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

Dear Madam Speaker:

Transmitted herewith is the fourteenth 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 fourteenth report analyzes the impact of the ATPA on U.S. trade and employment through 2006.

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. Trends in U.S. employment in those industries which have been identified as most affected by trade flows are analyzed. The report closes with some general conclusions on the impact on U.S. labor after the fourteenth year of operation of the ATPA.

Sincerely,

E. L. Chao

Elaine L. Chao

Enclosure

SECRETARY OF LABOR
WASHINGTON, D.C. 20210

JAN 3 1 2008

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

Dear Mr. President:

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TRADE AND EMPLOYMENT EFFECTS OF THE ANDEAN TRADE PREFERENCE ACT

Fourteenth Annual Report for 2007
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

January 2008

TABLE OF CONTENTS

LIST OF TEXT CHARTS

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 2006 and represents the fourteenth 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. Prior to its expiry, on December 20, 2006, the program was extended for six months and, on June 28, 2007, it was extended for an additional eight months through February 2008. Section 207 of the ATPA directs the Secretary of Labor to undertake a continuing review and analysis of the impact of these preferences on U.S. employment and submit a summary report of such analysis annually to the Congress.

During 2006, $13.5 billion in U.S. imports from the beneficiary countries entered the United States duty-free under the provisions of the APTA. This represents about 60 percent of all U.S. imports from the beneficiary countries in 2006, but just 0.7 percent of total U.S. imports from all sources. This $13.5 billion in imports includes $2.9 billion in imports that entered duty-free under the provision of the original ATPA (excluding the ATPDEA amendments) and $10.6 billion in imports that entered duty-free under the ATPDEA's provisions for expanded product coverage. Of the $2.9 billion in imports that entered duty-free under the provision of the original ATPA (excluding the ATPDEA amendments), approximately one-third or $1 billion, could have qualified for duty-free entry under the Generalized System of Preferences (GSP) and were not exclusive benefits of the ATPA. All items that entered under the ATPDEA's provisions for expanded product coverage were exclusive benefits of 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 (all covered products) amounted to $12.5 billion in 2006, which represented about 56 percent of all U.S. imports from the beneficiary countries, but just 0.7 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, 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 ATPDEA as part of the Trade Act of 2002 (Pub. L. No. 107-210, Title XXXI) on August 6, 2002. The ATPDEA significantly expanded the product coverage of the ATPA program. The ATPA, as amended and expanded by the ATPDEA, was scheduled to expire on December 31, 2006. Prior to its expiry, the program was extended for six months and, on June 30, 2007, it was extended for an additional eight months through February 29, 2008.[1] 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 fourteenth 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 2006.

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 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

[1] Two of the beneficiary countries, Colombia and Peru, have signed bilateral trade promotion agreements with the United States that once implemented will make permanent benefits similar to the ones that these countries receive under the ATPA and liberalize further trade with the United States in other areas. These agreements will also eliminate many tariffs faced by U.S. firms seeking to do business in Colombia and Peru, thereby giving U.S. firms access to benefits long enjoyed by their Colombian and Peruvian counterparts in U.S. markets. When these FTAs enter into force, the ATPA benefits will cease.

[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.

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 U.S. International Trade Commission's (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 (BLS)[4].

U.S. TRADE WITH THE ATPA BENEFICIARY COUNTRIES IN 2006

Total U.S. Trade with the Beneficiary Countries

U.S. imports from the four beneficiary countries in 2006 amounted to $22.5 billion (see Table 1). These imports accounted for 1.2 percent of total U.S. imports from all sources in both 2005 and 2006. U.S. exports to the beneficiary countries in 2006 amounted to $11.6 billion (see Table 2). These exports accounted for 1.3 percent of all U.S. exports to the world in 2006, up from 1.1 in 2005.

By broad industrial sector, 44.9 percent of U.S. imports from the beneficiary countries in 2006 were oil, gas, minerals and ores; 38.8 percent were manufactured products; 12.1 percent were agricultural, livestock, forestry and fishery products; and 4.3 percent were other miscellaneous items. By comparison, 88.1 percent of U.S. exports to the beneficiary countries in 2006 were manufactured products; 7.3 percent were agricultural products; 4.2 percent were other miscellaneous items; and less than one percent was oil, gas, minerals and ores.

Table 3 presents the 5-digit North American Industry Classification System (NAICS)-based industries[5] where U.S. imports from the beneficiary countries in 2006 exceeded $150 million. These leading import industries were: oil and gas ($8.7 billion); nonferrous metal smelting and refining ($3.1 billion); petroleum refinery products ($1.5 billion); noncitrus fruits and tree nuts ($1.3 billion); coal ($1.2 billion); men's and boys' apparel ($690.6 million); women's and girls' apparel ($606.7 million); nursery products, flowers, seeds, and foliage ($600.8 million); items imported under special classification provisions ($577.5 million); fresh, chilled, or frozen fish and other marine products ($556.4 million); jewelry and silverware ($282.5 million); iron, steel, and ferroalloy ($202.1 million); waste and scrap ($191.7 million); U.S. goods returned and reimported ($182.5 million); vegetables and melons ($167.4 million); fruits and vegetables ($166.0 million); and

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[3] The USITC Interactive Tariff and Trade Dataweb is available at http://dataweb.usitc.gov/. All trade data are in nominal terms.

[4] 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.

[5] 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.

cements ($152.4 million). These leading seventeen industries accounted for 89.4 percent of all U.S. imports from the beneficiary countries in 2006.

Table 4 presents the 5-digit NAICS-based industries where U.S. exports to the beneficiary countries in 2006 exceeded $150 million. These leading export industries were: petroleum refinery products ($1.3 billion); other basic organic chemicals ($864.0 million); computer equipment ($609.4 million); resin and synthetic rubbers ($574.9 million); construction machinery ($485.7 million); corn ($464.4 million); mining and oil and gas field machinery ($439.6 million); items exported under special classification provisions ($381.9 million); radio and television broadcasting and wireless communication equipment ($313.9 million); aerospace products and parts ($270.7 million); paper mill products ($257.9 million); navigational, measuring, electromedical, and control instruments ($249.4 million); other general purpose machinery ($236.2 million); engines, turbines, and power transmission equipment ($184.7 million); fertilizers ($174.5 million); and pharmaceuticals and medicines ($167.3 million). These leading sixteen industries accounted for 60.2 percent of all U.S. exports to the beneficiary countries in 2006.

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.[6]

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 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,[7] 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.

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

[7] 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, and Nicaragua lost CBERA beneficiary status in 2006, and the Dominican Republic lost CBERA beneficiary status in 2007, when they implemented the Central American – Dominican Republic Free Trade Agreement with 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. 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. Many items from the 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 also 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 rule of origin requirements are met. 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.

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.[8]

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.

U.S. Imports from the ATPA Beneficiary Countries in 2006

Approximately 94 percent of all U.S. imports from the beneficiary countries entered the United States duty-free in 2006, while the remaining 6 percent was subject to an average 1.6 percent rate of duty. The duty-free entries included: $2.9 billion under the original ATPA (excluding the ATPDEA

[8] 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.

amendments); $10.6 billion under the ATPDEA amendments; $454 million under the GSP program; and $7.2 billion that entered either normal trade relations (NTR) duty-free or duty-free under special temporary rate provisions[9] (see Table 5).

In 2006, U.S. imports of items that entered duty-free under the original ATPA (excluding the ATPDEA amendments) were $2.9 billion. These imports accounted for 13 percent of all imports from the beneficiary countries, up from 11 percent of all imports from the beneficiary countries in 2005. Duty-free U.S. imports under the ATPDEA amendments were $10.6 billion in 2006. These imports accounted for 47 percent of all imports from the beneficiary countries in both 2005 and 2006. Approximately one-third of all U.S. imports from the beneficiary countries entered NTR duty-free and consisted mainly of traditional products from the region such as gold and silver bullion, coal, coffee, and bananas.

Peru accounted for 54 percent of the value of duty-free U.S. imports under the original ATPA (excluding the ATPDEA amendments) in 2006, followed by Colombia (32 percent), Ecuador (11 percent), and Bolivia (4 percent). Ecuador accounted for 47 percent of the value of duty-free U.S. imports under the ATPDEA amendments in 2006, followed by Colombia (37 percent), Peru (15 percent), and Bolivia (1 percent). Colombia and Peru each accounted for 40 percent of the value of GSP duty-free U.S. imports from the beneficiary countries in 2006, followed by Ecuador (16 percent), and Bolivia (5 percent). In 2006, the average rate of duty paid on imports subject to duty ranged from 0.9 percent for items from Ecuador and Bolivia to 4.7 percent for items from Peru (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. Interestingly, only ten industries (six for the original ATPA and four for the ATPDEA amendments) were among the overall leading import industries from the beneficiary countries detailed in Table 3. The industries in common were: oil and gas; nonferrous metal smelting and refining; petroleum refinery products; noncitrus fruits and tree nuts; men's and boys' apparel; women's and girls' apparel; nursery products, flowers, seeds, and foliage; jewelry and silverware; vegetables and melons; and fruits and vegetables.

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[9] 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.

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

The ATPA provided beneficiary nations exclusive duty-free treatment of their exports to the United States in 2006 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.[10] In 2006, U.S. imports from the beneficiary countries that benefited exclusively from the ATPA amounted to $12.5 billion, which represented about 56 percent of all U.S. imports from the beneficiary countries, but just 0.7 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 represented a significant share of total U.S. industry imports from all sources in 2006.

Seven import industries (based on the 5-digit NAICS) were identified for which exclusive ATPA duty-free benefits in 2006 exceeded $20 million *and* accounted for more than 3.5 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 31171—Prepared, canned, and packaged seafood products**
- **NAICS 21229—Other Metal Ores**
- **NAICS 31511—Hosiery and socks**
- **NAICS 31222—Tobacco products**

Trends in U.S. imports in the seven NAICS-based product groups above and trends in industry employment in each of the U.S. industries producing products like those in the seven 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 2006 is discussed first.

The U.S. Employment Situation, 2006

U.S. nonagricultural payroll employment continued to grow in 2006. Annual average employment increased to 136.2 million in 2006, up from 133.7 million in 2005 (see Table 9).

The largest segment of the U.S. workforce is the service-providing sector which has showed

[10] 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.

continuing growth. Employment in the service-providing sector was 113.6 million in 2006, up from 111.5 million in 2005.

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 reaching 22.2 million in 2005 and 22.6 million in 2006, but is still well below its 2000 level of 24.6 million. The employment increase since December 2003 is due to the economic recovery in natural resources and mining and construction. Employment in manufacturing, which accounts for approximately two-thirds of goods-producing industry employment, has not yet experienced a recovery − it stood at 14.2 million in 2005 and 14.2 million in 2006, well below its 2000 level of 17.3 million.

The preceding paragraphs discuss non-agricultural employment. In 2005 and 2006, agricultural employment was steady at 2.2 million.[11]

The civilian unemployment rate, which is based on household survey data, fell from 5.1 percent in 2005 (7.6 million workers) to 4.6 percent in 2006 (7.0 million workers).

U.S. Import and Domestic Employment Trends in Selected Industrial Sectors Receiving Significant Benefits Provided under the ATPA in 2006

<u>Oil and Gas (NAICS 21111)</u>

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 2006 were $8.7 billion (up from $1.9 billion in 2001) and accounted for 38.7 percent of all U.S. imports from the beneficiary countries (up from 19.4 percent in 2001). This represents 4.1 percent of U.S. imports of oil and gas from all sources (up from 2.5 percent in 2001). About 92 percent of these items, or $8.0 billion, entered duty-free under the ATPDEA amendments in 2006. Oil and gas imports represented about three-quarters (76 percent) of all imports under the ATPDEA amendments in 2006. 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 $214.6 billion in 2006. This is due to strong U.S. demand, rising oil prices, and insufficient domestic supply.

Two eight-digit Harmonized Tariff Schedule (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

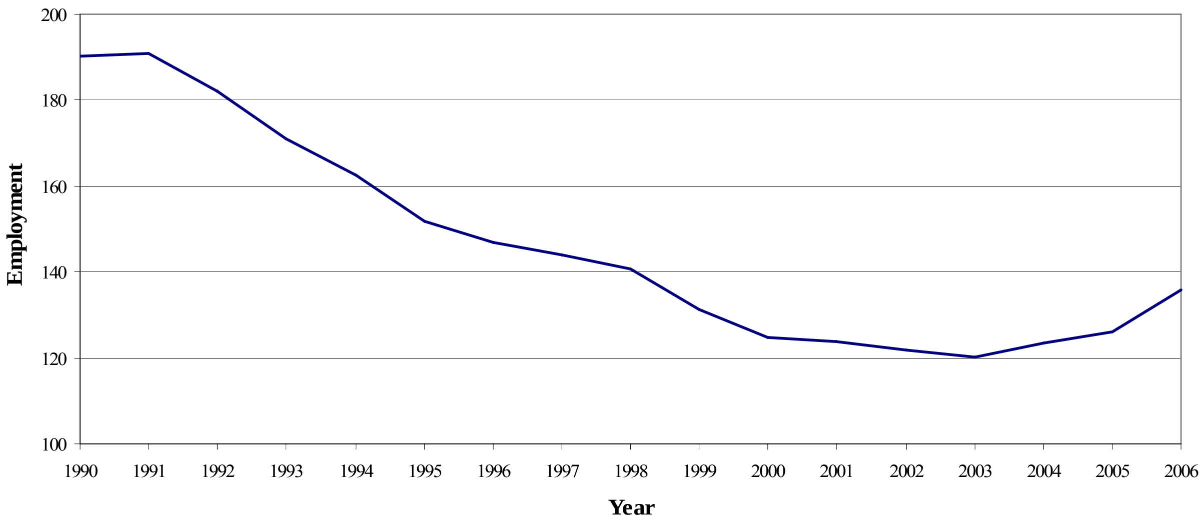
[11] Agricultural employment is derived from the Current Population Survey (CPS), which is administered by the U.S. Census Bureau for the BLS. Non-agricultural payroll employment, hours, and earnings are from the BLS's Current Employment Statistics (CES) survey. Caution should be exercised in comparing 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).

2709.00.10 from the beneficiary countries amounted to $6.2 billion in 2006 and accounted for 9.9 percent of U.S. imports from all sources (down slightly from 11.5 percent in 2005). Imports of HTS 2709.00.20 from the beneficiary countries amounted to $2.4 billion in 2006 and accounted for 2.2 percent of U.S. imports from all sources (with no change from 2.2 percent in 2005).

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 2006, the *ad valorem* equivalent rates were 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 2006. Employment declined sharply between 1991 and 2003, but advanced in the following years. Employment in the industry group rose to 135,900 workers in 2006, up from 125,700 workers in 2005. The average hourly earnings of production workers in this industry group hit a peak in 2001 at $19.97. After significant declines each year between 2002 and 2004, average hourly earnings increased to $19.34 in 2005 and $21.40 in 2006.[12,13]

Figure 1. U.S. Employment in Oil and Gas Extraction (NAICS 211), 1990-2006
(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.

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[12] 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.
[13] Average hourly earnings are in nominal terms. Official estimates of real hourly earnings are not made at this level of industry detail.

Nonferrous Metals (NAICS 33141)

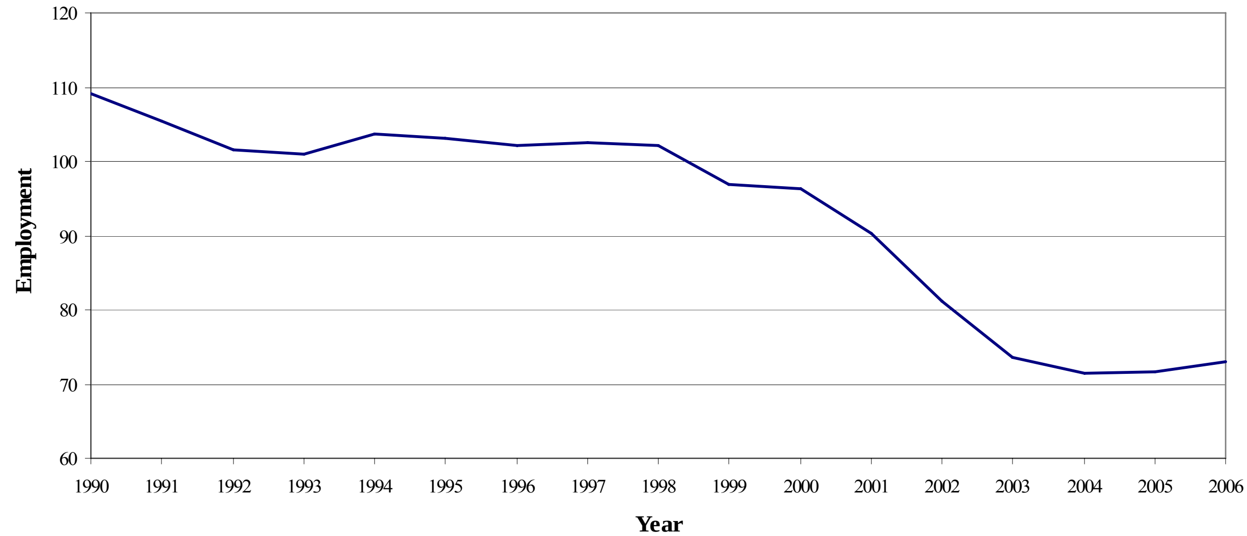
U.S. imports of nonferrous metals from the beneficiary countries in 2006 were $3.1 billion and accounted for 11.2 percent of U.S. imports of nonferrous metals from all sources (down from 15.7 percent in 2005). This represents 13.7 percent of all U.S. imports from the beneficiary countries (down from 13.9 percent in 2005). ATPA duty-free imports that benefited exclusively from the ATPA amounted to $993.1 million in 2006 (3.6 percent of industry imports from all sources).

Nearly all of the items benefiting exclusively from the ATPA ($993.0 million) were refined copper cathodes and sections of cathodes (HTS 7403.11.00) from Peru,[14] 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 2006, 99 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 16.1 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 73.5 percent of all U.S. imports of this items and benefited from duty-free entry under the U.S.-Chile FTA and the North American Free Trade Agreement (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 2006. Employment in this industry group fell between 1990 and 1993, but remained relatively steady between 1994 and 1998 before declining again between 1999 and 2004. Employment was slightly up in both 2005 and 2006 with the 2006 level being 73,000 workers, up from a low of 71,400 workers in 2004. The average hourly earnings of production workers had been rising steadily over the period, but fell in 2006 to $19.95, down from $20.08 in 2005.

[14] One other HTS-8 item accounted for an insignificant portion ($134,033) of exclusive ATPA benefits in 2006 (7801.99.30 - lead bullion from Colombia).

Figure 2. U.S. Employment in Other Nonferrous Metal Production (NAICS 3314), 1990-2006 (annual average, in thousands)



Source: BLS, Current Employment Statistics

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.

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

In 2006, U.S. imports of nursery products, flowers, seeds, and foliage from the beneficiary countries were $600.8 million and accounted for 40.8 percent of U.S. imports of these items from all countries (up slightly from 39.7 percent in 2005). This represents 2.7 percent of all U.S. imports from the beneficiary countries (down slightly from 2.8 percent in 2005). ATPA duty-free imports of these items were $594.1 million in 2006, and accounted for 40.3 percent of total U.S. imports of nursery products, flowers, and seeds from all sources in 2006, up from their share of 39.2 percent in 2005.

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 2006 were fresh cut flowers (98.8 percent), followed by foliage (0.9 percent) and live plants (0.2 percent). Close to half (48.6 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, 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, anthuriums, orchids, flower buds, alstroemeria, gypsophila, lilies, and snapdragons), which are normally eligible for duty-free entry under the GSP program.

Approximately 84.0 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 three HTS-8 items:

- HTS 0603.1060—Fresh cut roses from all beneficiary countries;
- HTS 0603.1070—Fresh-cut chrysanthemums, standard carnations, anthuriums, and orchids from Colombia;
- HTS 06031080—Fresh-cut flowers and flower buds suitable for bouquets or ornamental purposes from Colombia.

While fresh cut roses are not eligible for GSP duty-free treatment, the other two 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.

U.S. Imports of Fresh Cut Roses from All the Beneficiary Countries: In 2006, U.S. ATPA duty-free imports of fresh cut roses were $288.4 million. ATPA duty-free fresh cut roses accounted for 95.9 percent of all U.S. imports of fresh cut roses in 2006, up slightly from 95.8 percent in 2005.[15]

According to the U.S. Department of Agriculture, U.S. consumption of fresh cut roses in 2006 was $332.1 million dollars. Imports from all sources accounted for 91 percent of U.S. consumption, with the ATPA beneficiaries accounting for 87 percent (Colombia accounting for 62 percent and Ecuador for 25 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: In 2006, U.S. ATPA duty-free imports of chrysanthemums and standard carnations (HTS 0603.10.70) from Colombia were $100.0 million. ATPA duty-free imports of these items from Colombia accounted for 87.1 percent of all U.S. imports of these items in 2006, down slightly from 88.5 percent in 2005.

In 2006, 81 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 79 percent of the value of U.S. consumption in 2006. U.S. imports from Colombia, the source of virtually all of the ATPA duty-free entries of these items, accounted for 76 percent of U.S. consumption in 2006.

- U.S. imports of fresh cut standard carnations from all sources accounted for 97 percent of the value of U.S. consumption in 2006. U.S. imports from Colombia, which accounted for

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[15] U.S. imports of fresh cut roses from the NAFTA and CBERA beneficiary counties are also eligible for duty-free entry. In 2006, NAFTA and CBERA duty-free entries of fresh cut roses each accounted for 1.4 percent of total U.S. fresh cut rose imports.

virtually all of the ATPA duty-free entries of these items, accounted for 96 percent of U.S. consumption in 2006.

U.S. Imports of Fresh Cut Flowers and Flower Buds from Colombia: In 2006, U.S. ATPA duty-free imports of fresh cut flowers and flower buds (HTS 0603.10.80) from Colombia were $110.7 million. ATPA duty-free imports of these items from Colombia accounted for 35.1 percent of all U.S. imports of these items in 2006, down slightly from 35.5 percent in 2005.

In 2006, 71 percent of U.S. imports under this tariff line were fresh cut flowers and flower buds not elsewhere specified or included. As a result, more detailed analysis of the import share of U.S. consumption is not possible. Of the imports that benefited exclusively from the ATPA in this tariff line (that is, imports from Colombia which had lost its GSP eligibility), 54 percent (or $59.9 million) were fresh cut flowers and flower buds not elsewhere specified or included, 42 percent (or $46.5 million) were fresh alstroemeria, and the remainder were small amounts of other flowers. U.S. imports of fresh alstroemeria from all sources accounted for 96 percent of the value of U.S. consumption in 2006. ATPA duty-free imports of fresh alstroemeria from Colombia accounted for 95 percent of U.S. consumption in 2006.

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 15 states) and some information by fresh cut flower type.[16]

Cut flower types that are comparable to those receiving significant exclusive ATPA duty-free benefits include all roses, pompon chrysanthemums, standard carnations, all orchids, and all alstroemeria (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 since 1992.[17] The number of growers has fallen from 357 in 1992 to 45 in 2006, the quantity of production sold has dropped from 533.6 million units in 1992 to 83.4 million units in 2006, and the value of production sold at wholesale has declined from $174.5 million in 1992 to $31.4 million in 2006. Over this same time period, the wholesale price of production has risen from 32.7 cents per unit in 1992 to 37.6 cents per unit in 2006.

[16] See *Floriculture and Nursery Crops Situation and Outlook Yearbook/FLO-2007* (U.S. Department of Agriculture, Economic Research Service, September 2007). 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.
[17] Unless otherwise noted, data are available for 1992 through 2006. Data for 2006 are preliminary.

- The number of domestic pompon chrysanthemum growers has fallen from 172 in 1992 to 32 in 2006, while the quantity sold has declined from 15.4 million units in 1992 to 10.8 million units in 2006, and the value sold has decreased from $18.0 million in 1992 to $15.2 million in 2006. Over the same period, the wholesale price of production has risen from 1.2 cents per unit to 1.4 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 21 in 2006, while the quantity sold has declined from 213.6 million units in 1992 to 5.8 million units in 2006, and the value sold has decreased from $30.8 million in 1992 to $1.1 million in 2006. Over the same period, the wholesale price of production has risen from 14.4 cents per unit to 19.2 cents per unit, and the share of domestic consumption accounted for by imports has risen from 67 percent to 97 percent.

- The number of domestic orchid growers has increased from 52 in 2000 (the earliest year for which national data are available) to 55 in 2006, while the quantity sold has decreased from 11.7 million units in 2000 to 9.5 million units in 2006. The value sold has decreased from $8.1 million in 2000 to $7.1 million in 2006. Over the same period, the wholesale price of production has increased from 68.9 cents per unit to 75.3 cents per unit, and the share of domestic consumption accounted for by imports has risen from 36 percent to 59 percent.

- The number of alstroemeria growers has fallen from 75 in 2000 (the earliest year for which national data are available) to 34 in 2006, while the quantity sold has decreased from 25.1 million units in 2000 to 9.9 million units in 2006. The value sold has decreased from $5.9 million in 2000 to $2.2 million in 2006. Over the same period, the wholesale price of production has fallen from 23.7 cents per unit to 22.2 cents per unit, and the share of domestic consumption accounted for by imports has risen from 77 percent to 96 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 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 1.5 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, 8,642 hired workers in cut flowers of all types, and 1,197 hired workers in "like ATPA cut flowers." 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.

The share of domestic cut flower growers producing standard carnations has fallen from 7.9 percent in 2000 to 5.4 percent in 2006, those producing pompon chrysanthemums from 12.9 percent to 8.2

percent, those producing roses from 16.2 percent to 11.6 percent, and those producing alstroemeria from 11.2 percent to 8.8 percent, while those producing orchids has risen from 7.8 percent to 14.2 percent (perhaps reflecting a slight shift to higher valued added flower types).

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, standard and pompon chrysanthemums, and alstroemeria 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, alstroemeria, and especially carnations continues to fall by significant percentages each year.

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

U.S. imports of canned, prepared, and processed seafood products from the beneficiary countries in 2006 were $116.7 million and accounted for 6.4 percent of U.S. imports of canned, prepared, and processed seafood products from all sources (down from 7.2 percent in 2005). This represents 0.5 percent of all U.S. imports from the beneficiary countries (down from 0.6 percent in 2005). ATPA duty-free imports which benefited exclusively from the ATPA amounted to $81.7 million in 2006 which includes $69.9 million that benefited exclusively under the ATPDEA amendments and $11.8 million that benefited exclusively under the original ATPA. Nearly all (99.8 percent) of the exclusive benefits in this industry were for tuna products from Ecuador.

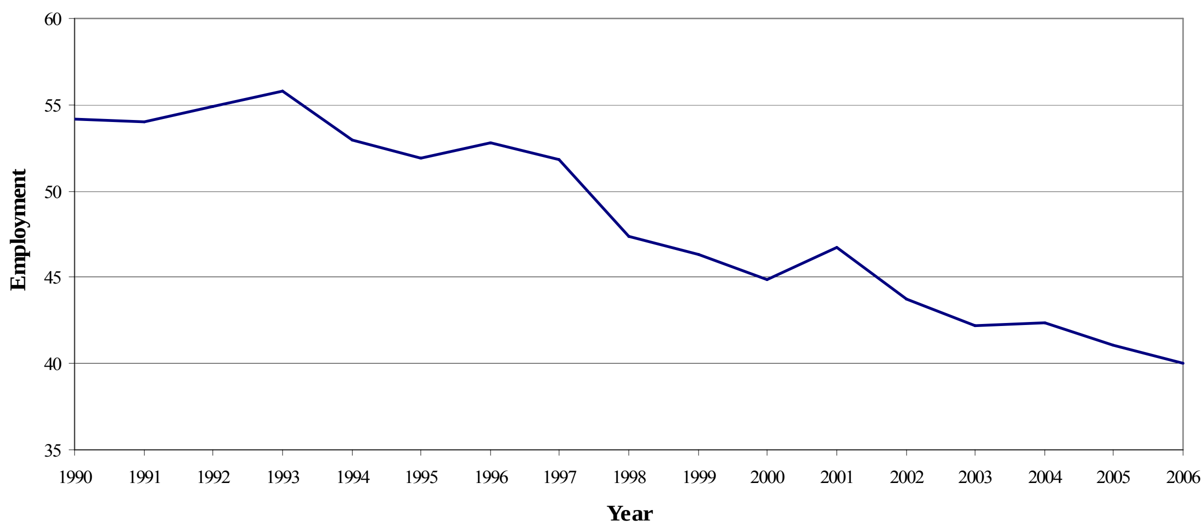
U.S. imports of tuna in flexible pouches and subject to certain conditions[18] became eligible for ATPA duty-free treatment with the ATPDEA amendments that took effect on October 31, 2002. There are two eight-digit tariff lines covering tuna under which some of the imports qualify for duty-free treatment (1604.14.30 and 1604.14.10). These items face a NTR tariff rate of 12.5 percent and 35 percent respectively. In 2006, ATPA duty-free imports of these two items amounted to $69.9 million all of which was imported from Ecuador. Imports from the beneficiary countries under these two tariff lines 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 $94.1 million in 2006. Therefore, nearly three-quarters (74 percent) of all imports from the beneficiary countries under these two tariff lines received duty-free treatment in 2006 under the ATPA, up from 52 percent in 2005 (and just 22 percent in 2003, the first year in which the ATPDEA amendments was in effect). The increased percentage of imports of these items eligible for ATPA duty-free 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 Thailand. In 2006, U.S. imports from Ecuador accounted for 17.9 percent of imports from all sources, while imports from Thailand accounted for 47.6 percent.

[18] 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.

Nearly all of the items that benefited exclusively from the original ATPA ($11.7 million) were bulk tuna not packed in airtight containers (HTS 1604.14.40) from Ecuador.[19] This item faces a NTR tariff rate of 1.1 cents per kilogram; the *ad valorem* equivalent is calculated to be about 0.3 percent

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 canned, prepared, and processed seafood products industry (NAICS 31171), for the years 1990 to 2006. 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. Employment was 40,000 workers in 2006, down from 41,100 in 2005. The average hourly earnings of production workers have been rising steadily and were $11.74 in 2006, up from $11.29 in 2005 and $10.69 in 2004.

Figure 3. U.S. Employment in Seafood Product Preparation and Packaging (NAICS 3117), 1990-2006 (annual average, in thousands)



Source: BLS, Current Employment Statistics

Overall, imports of these items from the beneficiary countries account for a small 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 is still, by far, the leading the exporter to the U.S. market. It is unlikely that the duty-free provisions of the ATPA have had an effect on domestic employment in this sector.

<u>Other Metal Ores (NAICS 21229)</u>

U.S. imports of other metals ores from the beneficiary countries in 2006 were $76.1 million and accounted for 6.4 percent of U.S. imports of other metals ores from all sources (up significantly from 1.7 percent in 2005). This represents 0.3 percent of all U.S. imports from the beneficiary countries

[19] Small amounts of five other HTS-8 items in this industry, totaling less than $150,000 combined, also benefited exclusively from the ATPA.

(up from 0.1 percent in 2005). ATPA duty-free imports which benefited exclusively from the ATPA amounted to $54.0 million in 2006 (4.6 percent of industry imports from all sources).

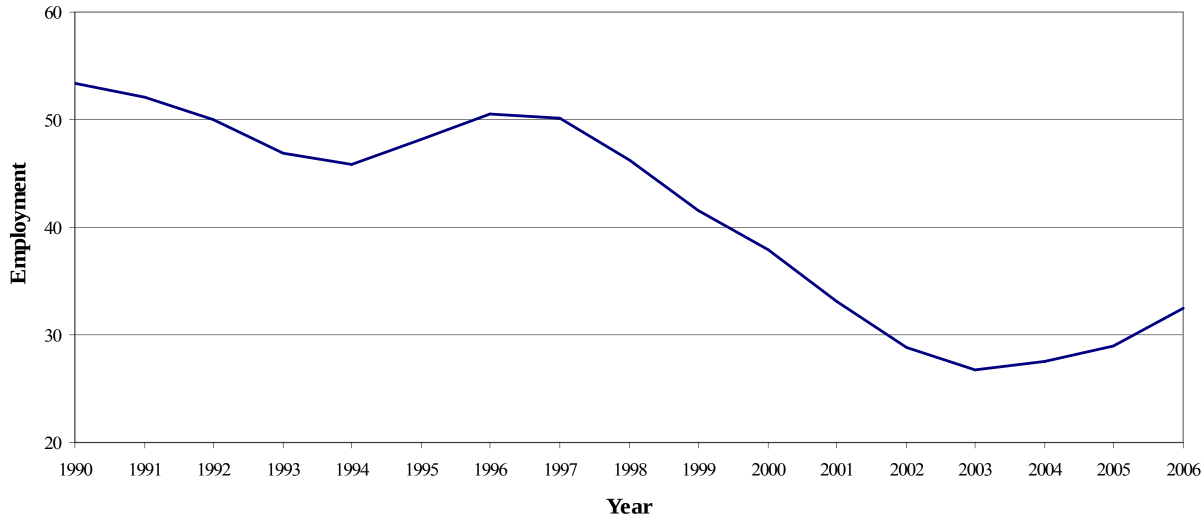
Two HTS-8 molybdenum ores and concentrates (HTS 2613.10.00 and 2613.90.00) are eligible for duty-free access under the ATPA.

- Imports of HTS 2613.10.00 from the beneficiary countries amounted to $12.9 million in 2006 (all from Peru) and accounted for 7.7 percent of U.S. imports from all sources (up from none in 2005). The leading supplying countries of this item to the U.S. market in 2006 were Canada, Mexico, and Chile, which combined accounted for 91.9 percent of all U.S. imports of this items and benefited from duty-free entry under the NAFTA and the U.S.-Chile FTA, respectively. This item faces a NTR tariff rate of 12.8 cents per kilogram plus 1.8 percent; the *ad valorem* equivalent is calculated to be about 2.0 percent. However, in 2006, 98.8 percent of these items entered the United States duty-free.

- Imports of HTS 2613.90.00 from the beneficiary countries amounted to $41.1 million in 2006 (all from Peru) and accounted for 18.1 percent of U.S. imports from all sources (up from 3.4 percent in 2005). The leading supplying countries of this item to the U.S. market in 2006 were Chile and Canada, which combined accounted for 80.9 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. This item faces a NTR tariff rate of 37.5 cents per kilogram on tungsten content; the *ad valorem* equivalent is calculated to be about 0.4 percent. However, in 2006, 98.9 percent of these items entered the United States duty-free.

The text chart below presents the trend in U.S. employment in the metal ore mining industry group (NAICS 2122), which includes the other metal ores industry (NAICS 21229), for the years 1990 to 2006. Employment in metal ore mining has shown a long term negative trend over this period, but has recovered slightly showing gains for each since 2003. Employment was up in 2006 at 32,500 workers from 29,000 in 2005. The average hourly earnings of production workers in this industry has declined since 2004. It was $22.39 in 2006, down from $22.66 in 2005 and $22.91 in 2004.

Figure 4. U.S. Employment in Metal Ore Mining (NAICS 2122), 1990-2006 (annual average, in thousands)



Source: BLS, Current Employment Statistics

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 other metal ore production 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 2006 were $54.4 million and have grown significantly each year since the implementation of the ATPDEA amendments. This represents 3.7 percent of U.S. imports of hosiery and socks from all sources, up from 3.3 percent in 2005. Duty-free imports of these items under the ATPDEA amendments increased from $43.0 million in 2005 to $53.2 million in 2006.

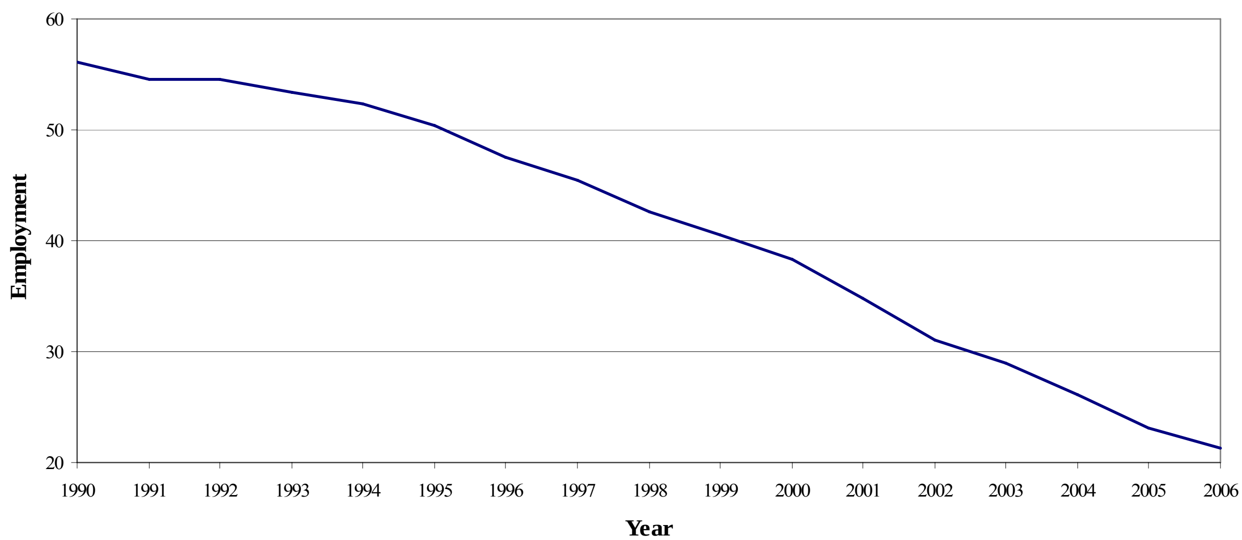
Two HTS-8 items, cotton stockings and socks (HTS 6115.92.90) and synthetic stockings and socks (HTS 6115.93.90), accounted for over 80 percent of the duty-free imports under the ATPDEA amendments in this industry.

- U.S. imports of HTS 6115.92.90 from the beneficiary countries in 2006 were $28.2 million and accounted for 3.6 percent of all U.S. imports of this item from all countries (up from 2.8 percent in 2005). This item faces a NTR tariff rate of 13.5 percent. The four leading supplying countries of this item to the United States are Korea, Pakistan, Mexico, and the Dominican Republic; which combined accounted for 60.7 percent of all U.S. imports of this item in 2005. In 2006, 38.0 percent of imports of this item entered duty-free entry under various U.S. free trade agreements and trade preference programs. This includes imports from two of the leading suppliers, Mexico and the Dominican Republic, which benefited from duty-free entry under the NAFTA and CBTPA, respectively.

- U.S. imports of HTS 6115.92.90 from the beneficiary countries in 2006 were $17.2 million and accounted for 4.2 percent of all U.S. imports of this item from all countries (down from 4.4 percent in 2005). This item faces a NTR tariff rate of 14.6 percent. In 2006, just 13.2 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 2006 and accounted for 43.3 percent of all U.S. imports of this item. Other major supplying countries in 2006 included Korea (18.7 percent) and Taiwan (11.5 percent).

The text chart below presents the trend in U.S. employment in hosiery and sock mills (NAICS 31511) for the years 1990 to 2006. Employment has continuously declined over the period. Employment in the industry group stood at 26,100 workers in 2004, 23,100 workers in 2005, and 21,300 in 2006. The hourly wage of production workers has been rising steadily and was $11.47 in 2006, up from $11.26 in 2005 and $10.92 in 2004.

Figure 5. U.S. Employment in Hosiery and Sock Mills (NAICS 31511), 1990-2006
(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 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, U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), 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 in 2006 were $39.0 million and had been increasing dramatically each year since 2000, before declining in 2005 and 2006.[20] In 2006, U.S. imports from the beneficiary countries accounted for 7.4 percent of U.S. tobacco product imports from all sources. This represents 0.2 percent of all U.S. imports from the beneficiary countries (the same proportion as in 2005). Nearly all (99.95 percent) of these imports from the beneficiaries were eligible for ATPA. During 2006, $39.0 million entered ATPA duty-free, of which $38.9 million 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).[21] ATPA duty-free imports of this item were $38.3 million in 2006, and accounted for 21.6 percent of U.S. imports from all sources (up slightly from 21.4 percent in 2005). 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 10.5 percent. In 2006, 57.8 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 30.6 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.[22]

The text chart below presents the trend in U.S. employment in the tobacco manufacturing industry group for the years 1990 to 2006.[23] Employment has declined steadily over this time period, with the exception of a temporary increase in 2002. Employment in tobacco manufacturing was 25,400 workers in 2005 and 23,400 workers in 2006. Hourly wage rates are available only for the tobacco and beverage products subsector (NAICS 312) which covers a much wider group of industries. The hourly wage of production workers had been increasing steadily until 2004, but has fallen each year since. In 2006, it was $18.19 down from $18.76 in 2005 and $19.14 in 2004.

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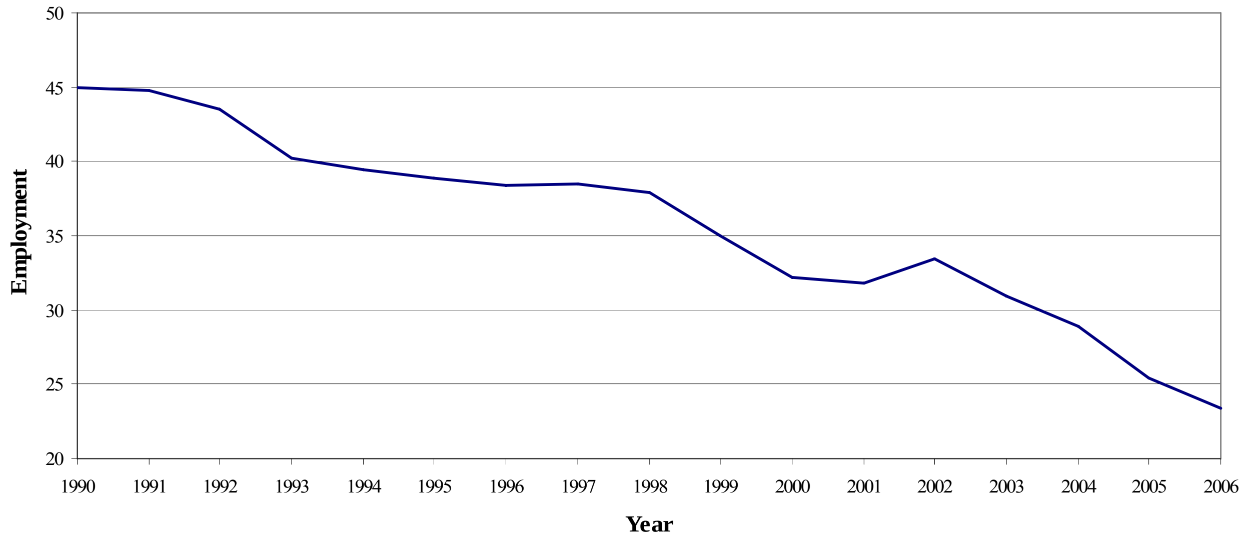
[20] In 2000, they were valued at $1.1 million and subsequently $16.4 million in 2001, $33.4 million in 2002, $55.7 million in 2003, and $58.3 million in 2004. In 2005, they declined to $40.0 million and then to $39.0 million in 2006.

[21] Two other HTS-8 tobacco product items benefited exclusively from the ATPA in 2006 (HTS 2402.10.30—Cigars, cheroots and cigarillos containing tobacco, each valued less than 15 cents and HTS 2402.10.60—Cigars, cheroots and cigarillos containing tobacco, each valued 15 cents or over but less than 23 cents), and amounted to only $564,493 combined in 2006.

[22] 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), pp. 2-22.

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

Figure 6. U.S. Employment in Tobacco Manufacturing (NAICS 3122), 1990-2006 (annual average, in thousands)



Source: BLS, Current Employment Statistics

Although the tariff preference provided by the ATPA is substantial, U.S. imports from the ATPA beneficiaries account for only 6.7 percent of total U.S. tobacco products imported in 2006, 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

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 1.2 percent of U.S. imports from all sources in 2006. Further, U.S. imports from the beneficiary countries that benefited exclusively from ATPA duty-free entry amounted to $12.5 billion or just 0.7 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. 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 seven domestic industries received substantial exclusive ATPA duty-free benefits in 2006: oil and gas; nonferrous metals (copper cathodes); nursery products, flowers, and seeds (fresh cut roses, standard carnations, and chrysanthemums); prepared, canned, and packaged seafoods (tuna in pouches); other metal ores; 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 seven 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 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 increased imports of certain fresh cut flowers 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 this trend. For other industries, the likelihood of such displacement is even less pronounced.

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.[24] 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,

[24] Free trade agreements (FTAs) implemented in 2006 and earlier 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.

Colombia and Peru, have signed bilateral trade promotion agreements with the United States that, once implemented, will lock in the benefits they receive under the ATPA and further liberalize trade with the United States. 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.

Tables

Table 1. U.S. Imports from the Beneficiary Countries by NAICS-based Sector, 2003-2006 (customs value, thousands of dollars)

NAICS-based U.S. Import Sector	Value of U.S. Imports from the Beneficiary Countries				2006 Percent of Total	
	2003	2004	2005	2006	U.S. Sector Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	**11,639,464**	**15,489,766**	**20,060,117**	**22,510,596**	**1.2**	**100.0**
11 - Agriculture and Livestock Products	1,947,480	2,146,740	2,512,865	2,713,379	7.8	12.1
111 - Agricultural Products	1,534,437	1,708,354	2,001,409	2,148,547	12.4	9.5
112 - Livestock and Livestock Products	6,993	6,393	6,560	5,935	0.1	([1])
113 - Forestry Products, not elsewhere specified or included	936	968	1,979	2,467	0.1	([1])
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	405,114	431,024	502,918	556,429	5.3	2.5
21 - Oil, Gas, Minerals and Ores	4,100,859	6,051,654	8,662,949	10,108,126	4.5	44.9
211 - Oil and Gas	3,618,007	5,379,792	7,591,266	8,700,357	4.1	38.7
212 - Minerals and Ores	482,853	671,862	1,071,684	1,407,769	18.3	6.3
31-33 - Manufacturing	5,045,904	6,658,052	8,216,836	8,723,298	0.6	38.8
311 - Food Manufacturing	491,776	530,297	617,084	731,696	2.3	3.3
312 - Beverages and Tobacco Products	62,752	66,192	49,054	48,846	0.3	0.2
313 - Textiles and Fabrics	16,932	19,700	31,160	30,781	0.4	0.1
314 - Textile Mill Products	41,588	49,686	42,037	42,510	0.3	0.2
315 - Apparel and Accessories	1,060,734	1,330,178	1,436,498	1,401,801	1.8	6.2
316 - Leather and Allied Products	39,760	42,212	49,588	47,335	0.2	0.2
321 - Wood Products	127,937	142,251	152,418	175,729	0.8	0.8
322 - Paper	20,976	24,366	36,590	37,828	0.2	0.2
323 - Printing, Publishing and Similar Products	34,576	35,354	43,624	46,257	0.8	0.2
324 - Petroleum and Coal Products	742,200	974,487	1,478,282	1,451,695	1.6	6.4
325 - Chemicals	133,079	179,212	318,063	215,836	0.1	1.0
326 - Plastics and Rubber Products	61,974	72,009	79,208	87,847	0.3	0.4
327 - Nonmetallic Mineral Products	208,521	256,095	300,052	341,014	1.7	1.5
331 - Primary Metal Manufacturing	1,628,291	2,509,112	3,088,873	3,448,074	3.9	15.3
332 - Fabricated Metal Products, not elsewhere specified or	37,026	49,777	61,471	85,341	0.2	0.4
333 - Machinery, Except Electrical	19,979	27,123	34,009	52,457	([1])	0.2
334 - Computer and Electronic Products	8,664	9,117	15,869	24,539	([1])	0.1
335 - Electrical Equipment, Appliances, and Component	23,253	28,248	36,312	51,167	0.1	0.2
336 - Transportation Equipment	11,155	11,636	16,873	20,842	([1])	0.1
337 - Furniture and Fixtures	42,696	51,478	52,837	59,588	0.2	0.3
339 - Miscellaneous Manufactured Commodities	232,032	249,523	276,936	322,116	0.4	1.4
51 - Information	7	76	26	55	0.1	([1])
511 - Publishing Industries (Except Internet)	7	76	26	55	0.1	([1])
91-99 - Special Classification Provisions	545,213	633,244	667,441	965,737	1.3	4.3
910 - Waste and Scrap	20,073	33,817	39,776	191,693	4.0	0.9
920 - Used or Second-hand Merchandise	4,758	8,661	5,535	14,022	0.2	0.1
980 - U.S. Goods Returned and Reimported Items	182,346	194,192	113,863	182,479	0.5	0.8
990 - Special Classification Provisions, not elsewhere specified or included	338,036	396,574	508,267	577,543	2.3	2.6

([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, 2003-2006 (thousands of dollars)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2006 Percent of Total	
	2003	2004	2005	2006	U.S. Sector Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	**6,525,695**	**7,663,571**	**8,919,120**	**11,636,520**	**1.3**	**100.0**
11 - Agriculture and Livestock Products	617,597	783,799	724,977	853,901	2.1	7.3
111 - Agricultural Products	601,804	764,425	704,687	826,807	2.4	7.1
112 - Livestock and Livestock Products	9,223	6,768	12,799	12,576	1.0	0.1
113 - Forestry Products, not elsewhere specified or included	2,618	3,836	2,867	3,657	0.2	([1])
114 - Fish, Fresh, Chilled, or Frozen and Other Marine Products	3,951	8,770	4,623	10,861	0.3	0.1
21 - Oil, Gas, Minerals and Ores	15,640	15,500	37,774	36,949	0.3	0.3
211 - Oil and Gas	74	106	19,929	14,410	0.3	0.1
212 - Minerals and Ores	15,566	15,394	17,845	22,539	0.2	0.2
31-33 - Manufacturing	5,577,670	6,525,116	7,787,021	10,257,147	1.3	88.1
311 - Food Manufacturing	238,936	247,941	278,081	351,842	1.1	3.0
312 - Beverages and Tobacco Products	5,271	6,646	5,616	9,754	0.3	0.1
313 - Textiles and Fabrics	104,784	113,545	118,765	151,170	1.8	1.3
314 - Textile Mill Products	20,308	25,785	23,943	28,023	1.1	0.2
315 - Apparel and Accessories	43,123	41,805	42,138	37,521	1.0	0.3
316 - Leather and Allied Products	9,987	7,195	10,624	13,466	0.5	0.1
321 - Wood Products	5,623	10,932	8,441	10,008	0.2	0.1
322 - Paper	257,751	284,758	304,777	369,351	2.1	3.2
323 - Printing, Publishing and Similar Products	22,918	17,032	34,893	32,825	0.6	0.3
324 - Petroleum and Coal Products	259,877	366,871	686,472	1,328,757	5.1	11.4
325 - Chemicals	1,465,511	1,925,800	2,012,756	2,460,822	1.9	21.1
326 - Plastics and Rubber Products	104,074	119,061	160,585	195,466	1.0	1.7
327 - Nonmetallic Mineral Products	47,889	58,052	52,056	66,070	0.9	0.6
331 - Primary Metal Manufacturing	92,292	77,291	111,793	167,766	0.5	1.4
332 - Fabricated Metal Products, not elsewhere specified or included	147,824	138,681	248,247	249,881	0.9	2.1
333 - Machinery, Except Electrical	1,174,613	1,329,540	1,468,230	2,009,581	1.8	17.3
334 - Computer and Electronic Products	883,126	995,986	1,199,614	1,462,016	1.1	12.6
335 - Electrical Equipment, Appliances, and Component	180,354	221,310	227,820	323,656	1.0	2.8
336 - Transportation Equipment	335,713	343,583	548,203	682,864	0.4	5.9
337 - Furniture and Fixtures	7,922	9,766	11,940	14,890	0.5	0.1
339 - Miscellaneous Manufactured Commodities	169,774	183,535	232,027	291,418	0.9	2.5
51 - Information	1,372	2,246	8,419	8,595	0.9	0.1
511 - Publishing Industries (Except Internet)	1,372	2,246	8,419	8,595	0.9	0.1
91-99 - Special Classification Provisions	313,415	336,909	360,930	479,928	0.9	4.1
910 - Waste and Scrap	25,734	55,562	37,855	49,789	0.3	0.4
920 - Used or Second-hand Merchandise	48,064	22,360	24,160	48,221	1.1	0.4
990 - Special Classification Provisions, not elsewhere specified or	239,617	258,986	298,915	381,918	1.2	3.3

([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, 2003-2006 (customs value, millions of dollars)

(5-digit NAICS-based industries with more than $150 million in U.S. imports from the beneficiary countries in 2006, ranked by 2006 value)

NAICS-based U.S. Export Sector	Value of U.S. Imports from the Beneficiary Countries				2006 Percent of Total	
	2003	2004	2005	2006	U.S. Industry Imports from the World	U.S. Imports from the Beneficiary Countries
Total U.S. Imports from the Beneficiary Countries	11,639.5	15,489.8	20,060.1	22,510.6	1.2	100.0
The leading NAICS-based Industries in 2006 were:						
21111 - Oil and Gas	3,618.0	5,379.8	7,591.3	8,700.4	4.1	38.7
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	1,519.0	2,315.6	2,796.5	3,080.2	11.2	13.7
32411 - Petroleum Refinery Products	742.2	974.5	1,478.2	1,451.6	1.6	6.4
11133 - Noncitrus Fruits and Tree Nuts	941.1	980.8	1,242.1	1,328.4	16.1	5.9
21211 - Coal	442.1	582.9	950.9	1,189.3	66.8	5.3
31522 - Men's and Boys' Apparel	520.4	633.9	717.4	690.6	2.6	3.1
31523 - Women's and Girls' Apparel	471.8	611.0	629.3	606.7	1.5	2.7
11142 - Nursery Products, Flowers, Seeds, and Foliage	456.0	557.8	556.4	600.8	40.8	2.7
99000 - Special Classification Provisions, not elsewhere specified or included	338.0	396.6	508.3	577.5	2.3	2.6
11411 - Fish, Fresh, Chilled or Frozen and Other Marine Products	405.1	431.0	502.9	556.4	5.3	2.5
33991 - Jewelry and Silverware	204.7	216.3	243.3	282.5	0.9	1.3
33111 - Iron and Steel and Ferroalloy	68.0	130.2	171.9	202.1	0.6	0.9
91000 - Waste and Scrap	20.1	33.8	39.8	191.7	4.0	0.9
98000 - U.S. Goods Returned and Reimported Items	182.3	194.2	113.9	182.5	0.5	0.8
11121 - Vegetables and Melons	105.8	130.3	153.8	167.4	3.8	0.7
31142 - Fruits and Vegetables	60.5	79.1	117.2	166.0	4.5	0.7
32731 - Cements	79.3	105.5	131.1	152.4	8.3	0.7

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, 2003-2006 (millions of dollars)

(5-digit NAICS-based industries with more than $150 million in U.S. exports to the ATPA countries in 2006, ranked by 2006 value)

NAICS-based U.S. Export Sector	Value of U.S. Exports to the Beneficiary Countries				2006 Percent of Total	
	2003	2004	2005	2006	U.S. Industry Exports to the World	U.S. Exports to the Beneficiary Countries
Total U.S. Exports to the Beneficiary Countries	6,525.7	7,663.6	8,919.1	11,636.5	1.3	100.0
The leading NAICS-based Industries in 2006 were:						
32411 - Petroleum Refinery Products	259.1	366.2	685.4	1,327.8	5.2	11.4
32519 - Other Basic Organic Chemicals	535.9	700.1	743.5	864.0	2.7	7.4
33411 - Computer Equipment	367.3	360.8	403.0	609.4	2.0	5.2
32521 - Resin and Synthetic Rubbers	303.2	468.4	469.0	574.9	2.3	4.9
33312 - Construction Machinery	162.5	301.5	299.1	485.7	3.9	4.2
11115 - Corn	200.7	283.0	281.6	464.4	6.4	4.0
33313 - Mining and Oil and Gas Field Machinery	363.8	358.6	319.6	439.6	4.1	3.8
99000 - Special Classification Provisions, not elsewhere specified or included	239.6	259.0	298.9	381.9	1.2	3.3
33422 - Radio and Television Broadcasting and Wireless Communications Equipment	217.7	296.6	354.8	313.9	5.0	2.7
33641 - Aerospace Products and Parts	162.5	127.9	175.9	270.7	0.3	2.3
32212 - Paper Mill Products	152.5	180.9	194.1	257.9	4.1	2.2
33451 - Navigational, Measuring, Electromedical, and Control Instruments	108.3	147.0	205.9	249.4	0.7	2.1
33399 - Other General Purpose Machinery	155.5	120.1	161.6	236.2	1.2	2.0
33361 - Engines, Turbines and Power Transmission Equipment	90.2	121.2	152.7	184.7	1.1	1.6
32531 - Fertilizers	95.0	120.0	121.3	174.5	5.7	1.5
32541 - Pharmaceuticals and Medicines	99.9	110.9	139.9	167.3	0.5	1.4

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, 2003-2006 (customs value, thousands of dollars)

U.S. Import Program	2003	2004	2005	2006
No Program Claimed				
Customs Value	5,476,687	6,770,431	8,147,890	8,571,991
Dutiable Value	1,612,727	1,477,418	1,543,412	1,331,517
Calculated Duties	63,209	40,459	30,969	21,807
Average Rate of Duty	3.9%	2.7%	2.0%	1.6%
ATPA (excluding the ATPDEA Amendments)				
Customs Value	1,624,648	1,836,369	2,110,242	2,925,048
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
ATPDEA Amendments				
Customs Value	4,211,384	6,522,889	9,353,708	10,559,400
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
GSP				
Customs Value	326,644	360,016	448,234	453,900
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Pharmaceuticals				
Customs Value	0	0	2	11
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Civil Aircraft				
Customs Value	101	61	42	246
Dutiable Value	0	0	0	0
Calculated Duties	0	0	0	0
Average Rate of Duty	0	0	0	0
Total				
Customs Value	11,639,464	15,489,766	20,060,117	22,510,596
Dutiable Value	1,612,727	1,477,418	1,543,412	1,331,517
Calculated Duties	63,209	40,459	30,969	21,807
Average Rate of Duty	3.9%	2.7%	2.0%	1.6%

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, 2006 (customs value, thousands of dollars)

Beneficiary Country	No Program Claimed	ATPA (excluding the ATPDEA Amendments)	ATPDEA Amendments	GSP	Civil Aircraft	Total
Bolivia						
Customs Value	174,515	107,060	59,156	21,667	50	362,449
Dutiable Value	33,421	0	0	0	0	33,421
Calculated Duties	284	0	0	0	0	284
Average Rate of Duty	0.9%	0	0	0	0	0.9%
Colombia						
Customs Value	4,266,917	926,980	3,864,207	181,626	74	9,239,815
Dutiable Value	708,347	0	0	0	0	708,347
Calculated Duties	12,434	0	0	0	0	12,434
Average Rate of Duty	1.8%	0	0	0	0	1.8%
Ecuador						
Customs Value	1,614,914	325,753	4,999,441	71,222	85	7,011,414
Dutiable Value	486,498	0	0	0	0	486,498
Calculated Duties	4,224	0	0	0	0	4,224
Average Rate of Duty	0.9%	0	0	0	0	0.9%
Peru						
Customs Value	2,515,645	1,565,255	1,636,596	179,384	37	5,896,917
Dutiable Value	103,251	0	0	0	0	103,251
Calculated Duties	4,864	0	0	0	0	4,864
Average Rate of Duty	4.7%	0	0	0	0	4.7%
Total U.S. Imports from the Beneficiary Countries						
Customs Value	8,571,991	2,922,048	10,559,400	453,900	246	22,510,596
Dutiable Value	1,331,517	0	0	0	0	1,331,517
Calculated Duties	21,807	0	0	0	0	21,807
Average Rate of Duty	1.6%	0	0	0	0	1.6%

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, 2006 (customs value, thousands of dollars)

NAICS-based Industry	Value of ATPA Duty-Free U.S. Imports			
	2003	2004	2005	2006
AGRICULTURE AND LIVESTOCK PRODUCTS				
Agricultural Products				
11121 - Vegetables and Melons	96,675	119,638	139,657	155,167
11133 - Noncitrus Fruits and Tree Nuts	41,213	41,340	51,430	60,010
11142 - Nursery Products, Flowers, Seeds, and Foliage	451,159	551,542	549,651	594,133
MINED PRODUCTS				
Mining (except Oil and Gas)				
21229 - Other Metal Ores	73	2,729	15,518	71,470
MANUFACTURED PRODUCTS				
Food Manufacturing				
31131 - Sugars	38,864	31,282	20,284	91,816
31141 - Frozen Foods	26,839	33,723	37,888	49,264
31142 - Fruits and Vegetables	38,468	56,247	81,657	117,752
31194 - Seasonings, Dressings, and Other Prepared Sauces	2,234	5,654	10,018	26,015
Beverages and Tobacco Products				
31222 - Tobacco Products	55,352	58,018	39,436	38,977
Chemicals				
32521 - Resin and Synthetic Rubbers	12,176	20,749	53,032	43,641
Plastics and Rubber Products				
32619 - Other Plastics Products	11,818	15,726	22,367	29,783
Nonmetallic Mineral Products				
32711 - Pottery, Ceramics and Plumbing Fixtures	11,066	20,002	31,252	35,610
32712 - Clay and Refractory Building Materials	17,042	22,745	25,306	40,530
32721 - Glass and Glass Products	6,635	12,484	16,473	22,631
Primary Metal Manufacturing				
33131 - Alumina and Aluminum and Processing	10,288	20,768	37,432	43,079
33141 - Nonferrous Metal (Except Aluminum) Smelting and Refining	459,925	448,409	557,782	994,762
33142 - Copper Rolling, Drawing, Extruding, and Alloying	16,523	23,796	30,909	43,310
Fabricated Metal Product Manufacturing				
33232 - Ornamental and Architectural Metal Products	8,110	10,962	17,677	45,504
Electrical Equipment, Appliance, and Component Manufacturing				
33592 - Communication and Energy Wires and Cables	5,691	7,724	9,529	19,529
Miscellaneous Manufactured Commodities				
33991 - Jewelry and Silverware	123,341	153,371	168,022	176,947

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, 2006 (customs value, thousands of dollars)

NAICS-based Industry	Value of ATPDEA Duty-Free U.S. Imports			
	2003	2004	2005	2006
MINED PRODUCTS				
Oil and Gas Extraction				
21111 - Oil and Gas	2,991,572	4,633,862	6,952,466	8,038,812
MANUFACTURED PRODUCTS				
Food Manufacturing				
31171 - Seafood Products, Prepared, Canned and Packaged	28,236	34,750	51,262	69,897
Apparel Manufacturing				
31511 - Hosiery and Socks	25,577	35,709	42,964	53,180
31522 - Men's and Boys' Apparel	366,892	558,831	662,929	655,183
31523 - Women's and Girls' Apparel	338,494	526,888	580,112	575,359
31529 - Other Apparel	23,475	32,301	29,538	32,832
31599 - Apparel Accessories	2,065	2,747	3,021	6,186
Leather and Allied Product Manufacturing				
31621 - Footwear	3,935	5,696	8,020	4,952
31699 - Other Leather Products	16,891	19,532	23,953	23,439
Petroleum and Coal Products Manufacturing				
32411 - Petroleum Refinery Products	414,226	672,342	999,382	1,099,464

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, 2000-2006
(all employees in thousands, annual average)

Industry	2000	2001	2002	2003	2004	2005	2006
GOODS-PRODUCING	24,649	23,873	22,557	21,816	21,882	22,190	22,570
Natural resources and mining	599	606	583	572	591	628	684
Mining	520	533	512	503	523	562	619
Construction	6,787	6,826	6,716	6,735	6,976	7,336	7,689
Manufacturing	17,263	16,441	15,259	14,510	14,315	14,226	14,197
Durable goods	10,876	10,335	9,483	8,963	8,924	8,955	9,001
Wood products	613	574	555	538	550	559	560
Nonmetallic mineral products	554.2	545	516	494	506	505	508
Primary metals	622	571	509	477	467	466	462
Fabricated metal products	1,753	1,676	1,549	1,479	1,497	1,522	1,554
Machinery	1,455	1,368	1,230	1,149	1,143	1,163	1,191
Computer and electronic products	1,820	1,749	1,507	1,355	1,323	1,316	1,316
Electrical equipment and appliances	591	557	497	460	445	434	436
Transportation equipment	2,056	1,938	1,829	1,774	1,766	1,771	1,765
Furniture and related products	680	642	604	573	573	565	556
Miscellaneous manufacturing	733	715	688	663	656	652	652
Nondurable goods	6,388	6,107	5,775	5,547	5,391	5,272	5,197
Food manufacturing	1,553	1,551	1,526	1,518	1,494	1,478	1,484
Beverages and tobacco products	207	209	207	200	195	192	195
Textile mills	378	333	291	261	237	218	196
Textile product mills	216	206	195	179	176	170	161
Apparel	497	427	360	312	286	257	238
Leather and allied products	69	58	50	45	42	40	37
Paper and paper products	605	578	547	516	496	484	469
Printing and related support activities	807	768	707	681	663	646	636
Petroleum and coal products	123	121	118	114	112	112	114
Chemicals	980	959	928	906	887	872	869
Plastics and rubber products	952	897	848	815	806	803	797
SERVICE-PROVIDING	107,136	107,952	107,784	108,182	109,553	111,513	113,605
Trade, transportation, and utilities	26,225	25,983	25,497	25,287	25,533	25,959	26,231
Wholesale Trade	5,933	5,773	5,652	5,608	5,663	5,764	5,898
Retail Trade	15,280	15,239	15,025	14,917	15,058	15,280	15,319
Transportation and Warehousing	4,410	4,372	4,224	4,185	4,249	4,361	4,466
Utilities	601	599	596	577	564	554	549
Information	3,631	3,629	3,395	3,188	3,118	3,061	3,055
Financial activities	7,687	7,807	7,847	7,977	8,031	8,153	8,363
Professional and business services	16,666	16,476	15,976	15,987	16,395	16,954	17,552
Education and health services	15,109	15,645	16,199	16,588	16,953	17,372	17,838
Leisure and hospitality	11,862	12,036	11,986	12,173	12,493	12,816	13,143
Other services	5,168	5,258	5,372	5,401	5,409	5,395	5,432
Government	20,790	21,118	21,513	21,583	21,621	21,804	21,990
TOTAL NONFARM	**131,785**	**131,826**	**130,341**	**129,999**	**131,435**	**133,703**	**136,174**

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
CBI	Caribbean Basin Initiative
FTA	Free Trade Agreement
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
USITC	U.S. International Trade Commission
WTO	World Trade Organization