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UNITED STATES – ANDEAN TRADE PREFERENCE ACT

Report of the Government of the United States under the Decision of 14 October 1996¹

The following communication, dated 19 November 1998, has been received from the Permanent Mission of the United States.

Introduction

On October 14, 1996, the United States was granted a renewal of the waiver (WT/L/184) from its obligations under paragraph 1 of Article I of the GATT 1994 to the extent necessary to permit the United States Government to provide duty-free treatment to eligible products of beneficiary Andean countries as authorized by the provisions of Andean Trade Preference Act (ATPA) without being required to extend the same duty-free treatment to like products of any other Member. This waiver was extended until 4 December 2001.

Under the terms of this waiver, the United States is required to submit to the General Council an annual report on the implementation of the trade-related provisions of the ATPA with a view to facilitating the annual review provided for in paragraph 4 of Article IX of the WTO Agreement. This report covers calendar year 1998. Trade data has been provided for calendar year 1997, the most recent year for which full-year data is available.

Duty-free Treatment under the ATPA

The ATPA, which was signed into law on 4 December 1991, authorizes the President to eliminate duties on all products, with certain exceptions², from four Andean nations -- Bolivia, Colombia, Ecuador and Peru. The Act is intended to help the beneficiaries reduce the production

¹ WT/L/184.

² The products excluded from duty-free treatment are: textile and apparel articles which are subject to textile agreements; certain footwear which was not eligible for duty-free entry under the U.S. Generalized System of Preferences in 1983; prepared tuna in airtight containers; petroleum and petroleum products; watches and watch parts if such products contain any material from countries not accorded MFN treatment; certain sugar; and rum and tafia..

and trafficking of illicit drugs by offering opportunities to expand trade in legitimate products. Congress authorized the ATPA for a period of ten years, ending on 4 December 2001.

ATPA Performance

The main goal of the ATPA is to promote broad-based economic growth and development in the Andean countries. Specifically, the program aims to develop sustainable economic alternatives to coca cultivation and cocaine production by offering Andean products broader access to the U.S. market. ATPA continues to have indirect, but positive effects on beneficiary countries' drug control efforts. Eradication efforts in 1997 did contribute to an overall decline in the volume of land under coca cultivation. Also, alternative development efforts to introduce new products and expanded production into the region are beginning to show promising results.

U.S. imports afforded duty-free entry under ATPA continued to increase in 1997, amounting to some \$1.35 billion or 0.16 percent of total U.S. imports. Total U.S. imports from ATPA beneficiary countries totalled \$8.7 billion or 1 percent of total U.S. imports. The United States continues to be the single largest trading partner for each ATPA beneficiary country.

The Andean fresh cut flower sector, located predominantly in Colombia and to some extent in Ecuador, continued to be the principal beneficiary industry of the program. That said, the flower industry's share of total ATPA entries continues to decline, from 60 percent in 1993 to 33 percent in 1997. The decrease in the importance of flowers reflects the comparatively faster growth of other import categories entered under ATPA, including certain jewelry articles, refined unwrought lead, cathodes of refined copper, tuna and skipjack not in airtight containers, and unwrought metal products.

Colombia continued to be the leading ATPA beneficiary country in 1997, providing 44.8 percent of all imports under ATPA. Peru ranked as the second ATPA beneficiary, with 34.1 percent of all U.S. imports under ATPA in 1997; Ecuador was third, with 16.1 percent; and Bolivia was fourth, with 5.1 percent of the total.

Statistical tables are provided to present a detailed description of the trade aspects of the ATPA program for the most recent period. Detailed information for previous years has been provided in previous reports to the GATT Council or WTO General Council.

Table 1 provides information on leading U.S. imports, by product, under ATPA provisions during the period 1995-97.

Table 2 provides information on leading U.S. imports, by product, from ATPA countries during 1995-97.

Table 3 provides information on U.S. trade with ATPA countries during 1992-97.

Table 4 provides summary information on the duty treatment of U.S. imports from ATPA countries during 1994-97.

Table 1

Leading U.S. imports for consumption under ATPA, by major product categories, 1995-97
(expressed in thousands of dollars)

HTS Item	Description	1995	1996	1997
<i>(Value in thousands of dollars)</i>				
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	371,882	435,871	444,922
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	177,124	245,316	219,040
74	Copper and articles thereof	26,512	105,608	187,826
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	417	2,261	72,259
16	Edible preparations of meat, fish crustaceans, molluscs or other aquatic invertebrates	39,442	61,232	51,129
39	Plastics and articles thereof	39,435	44,673	42,676
07	Edible vegetables and certain roots and tubers	27,020	37,544	39,757
17	Sugar and sugar confectionary	64,220	74,692	33,944
44	Wood and articles of wood; wood charcoal	18,644	30,093	32,125
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	23,911	26,045	27,803
	Total of above	788,608	1,063,335	1,151,481
	All other	150,181	206,719	201,374
	Total all commodities	938,789	1,270,054	1,352,855
<i>(Percent of total)</i>				
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	39.61	34.32	32.89
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	18.87	19.32	16.19
74	Copper and articles thereof	2.82	8.32	13.88
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.04	0.18	5.34
16	Edible preparations of meat, fish crustaceans, molluscs or other aquatic invertebrates	4.20	4.82	3.78
39	Plastics and articles thereof	4.20	3.52	3.15
07	Edible vegetables and certain roots and tubers	2.88	2.96	2.94
17	Sugars and sugar confectionary	6.84	5.88	2.51
44	Wood and articles of wood; wood charcoal	1.99	2.37	2.37
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	2.55	2.05	2.06
	Total of above	84.00	83.72	85.11
	All other	16.00	16.28	14.89
	Total all commodities	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to totals given.

Source: United States International Trade Commission/Compiled from official statistics of the U.S. Department of Commerce.

Table 2

Leading U.S. imports for consumption from APTA countries, 1995-97

HTS Number	Description	1995	1996	1997	Change 1996/1997
		<i>Value in thousands of dollars</i>			<i>Percent</i>
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more.....	1,978,628	2,053,061	1,319,426	-35.73
0901.11.00	Coffee, not roasted, not decaffeinated.....	651,639	554,779	887,124	59.91
0306.13.00	Shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen.....	491,989	414,208	656,445	58.48
0803.00.20	Bananas, fresh or dried.....	387,065	352,399	417,858	18.58
2710.00.05	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing under 25 degrees A.P.I.....	155,468	372,705	357,104	-4.19
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.....	167,916	183,458	344,406	87.73
2713.11.00	Coke, petroleum, not calcined.....	19,693	129,891	222,270	71.12
7403.11.00	Refined copper cathodes and sections of cathodes	26,603	121,681	214,643	76.40
0603.10.60	Roses, fresh cut.....	127,817	156,486	184,291	17.77
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut.....	147,966	162,300	147,827	-8.92
7108.12.10	Gold, nonmonetary, bullion and dore.....	165,418	238,177	139,667	-41.36
2710.00.10	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing 25 degrees A.P.I. or more.....	3,658	93,513	111,932	19.70
2711.29.00	Petroleum gases and other gaseous hydrocarbons, except natural gas.....	9,347	76,122	111,698	46.74
0901.12.00	Coffee, not roasted, decaffeinated.....	95,903	73,756	99,588	35.02
2701.12.00	Coal, bituminous, whether or not pulverized, but not agglomerated.....	84,561	79,903	97,527	22.06
7113.19.10	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture.....	127,863	103,528	80,398	-22.34
7103.91.00	Rubies, sapphires and emeralds, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mounted or set.....	94,200	74,523	79,957	7.29
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	38,206	54,226	77,489	42.90
0603.10.80	Cut flowers and flower buds suitable for bouquets or ornamental purposes, fresh cut, nesi.....	64,592	81,505	76,151	-6.57
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi.....	57,550	63,430	75,762	19.44
	Subtotal.....	4,896,082	5,439,650	5,701,563	4.81
	All Other.....	2,072,648	2,427,996	2,972,001	22.41
	Total.....	6,968,729	7,867,646	8,673,564	10.24

Note.--The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."

Sources: United States International Trade Commission: Compiled from official statistics of the U.S. Department of Commerce.

Table 3
U.S. trade with ATPA countries, 1992-97

Year	U.S. exports¹	Share of total U.S. exports	U.S. imports²	Share of total U.S. imports	U.S. trade balance
	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>
1992	5,319.7	1.3	5,058.7	1.0	261.0
1993	5,359.1	1.2	5,282.3	0.9	76.7
1994	6,445.0	1.3	5,879.5	0.9	565.5
1995	7,820.2	1.4	6,968.7	0.9	851.4
1996	7,718.7	1.3	7,867.6	1.0	-148.9
1997	8,681.8	1.3	8,673.6	1.0	8.2

¹Domestic exports, f.a.s. basis.

²Imports for consumption, customs value.

Source: U.S. International Trade Commission/Compiled from official statistics of the U.S. Department of Commerce.

Table 4
U.S. imports for consumption from Bolivia, Colombia, Ecuador,
and Peru, by duty treatment, 1994-97

Item	Bolivia	Colombia	Ecuador	Peru	ATPA total	Share of total
	-----Value (1,000 dollars)-----				Percent	
1994:						
Total imports.....	257,373	3,132,398	1,709,790	779,945	5,879,505	100.0
Dutiable value ¹	12,425	1,312,104	591,338	210,192	2,126,059	36.2
ATPA reduced duty.....	684	19,635	102	10	20,432	0.3
Duty-free value ³	244,948	1,820,294	1,118,452	569,753	3,753,446	63.8
Col. 1-general ⁴	115,185	1,070,386	1,007,929	270,876	2,464,376	41.9
GSP ⁵	37,418	88,754	37,267	176,012	339,451	5.8
ATPA ⁶	91,156	392,007	72,803	107,420	663,386	11.3
Production sharing ⁷	853	145,550	254	9,013	155,670	2.6
Other duty free ⁸	336	123,597	199	6,432	130,563	2.2
1995:						
Total imports.....	256,795	3,807,348	1,939,218	965,370	6,968,729	100.0
Dutiable value ¹	18,974	1,716,998	766,565	360,541	2,863,078	41.1
ATPA reduced duty.....	1,317	21,715	138	6	23,176	0.3
Duty-free value ³	237,821	2,090,350	1,172,653	604,829	4,105,653	58.9
Col. 1-general ⁴	137,083	1,330,470	1,000,602	273,575	2,741,730	39.3
GSP ⁵	15,470	75,737	23,125	113,908	228,240	3.3
ATPA ⁶	82,783	477,546	147,721	207,563	915,613	13.1
Production sharing ⁷	2,106	169,028	907	185	172,226	2.5
Other duty free ⁸	379	37,569	298	9,598	47,844	0.7
1996:						
Total imports.....	268,338	4,421,492	1,975,027	1,202,788	7,867,645	100.0
Dutiable value ¹	30,656	2,108,721	783,551	456,115	3,379,043	42.9
ATPA reduced duty.....	1,468	23,489	226	22	25,205	0.3
Duty-free value ³	237,682	2,312,771	1,191,476	746,673	4,488,602	57.1
Col. 1-general ⁴	126,128	1,520,542	941,542	277,798	2,866,010	36.4
GSP ⁵	2,446	45,538	17,837	64,788	130,609	1.7
ATPA ⁶	104,323	537,057	218,193	385,276	1,244,849	15.8
Production sharing ⁷	2,102	126,148	1,676	1,018	130,944	1.7
Other duty free ⁸	2,683	83,486	12,228	17,793	116,190	1.5
1997:						
Total imports.....	213,408	4,614,873	2,139,354	1,705,929	8,673,564	100.0
Dutiable value ¹	33,492	1,662,344	692,408	526,881	2,915,126	33.6
ATPA reduced duty.....	1,882	25,157	139	45	27,224	0.3
Duty-free value ³	179,916	2,952,528	1,446,946	1,179,048	5,758,438	66.4
Col. 1-general ⁴	90,957	2,041,264	1,195,364	566,376	3,893,961	44.9
GSP ⁵	18,885	78,162	17,312	140,910	255,271	2.9
ATPA ⁶	65,730	579,205	215,247	424,057	1,284,238	14.8
Production sharing ⁷	2,874	159,759	2,178	427	165,238	1.9
Other duty free ⁸	1,469	94,148	16,845	47,279	159,740	1.8

¹Dutiable value excludes the U.S. content entering under HTS subheading 9802.00.80 and misreported imports.

²Not eligible during 1992.

³Calculated as total imports less dutiable value.

⁴Value of imports that have a col. 1-general duty rate of free.

⁵Reduced by the value of unconditionally duty-free imports and ineligible items that were misreported as entering under the GSP program.

⁶Reduced by the value of unconditionally duty-free imports and ineligible items that were misreported as entering under ATPA.

⁷HTS items 9802.00.60 and 9802.00.80. Refers to the value of nondutiable exported and returned U.S.-origin products or components.

⁸Calculated as a remainder, and represents imports entering free of duty under column 1-special.

Source: United States International Trade Commission/Compiled from official statistics of the U.S. Department of Commerce.