METAL EXCHANGE CORPORATION
111 West Port Plaza, Suite 700
St. Louis, MO 63146 U.S.A.
Phone: 314-434-5635
FAX: 314-434-6727

Supports Brazil
Re aluminum prod
HTSUS 7606 – no CNLW

From: Michael Kelley [mkelley@metalexchangecorp.com]
Sent: Thursday, September 07, 2006 11:19 AM
To: FN-USTR-FR0052
Subject: FW: 2006 GSP Eligibility and CNL Waiver Review

At Regina Teeter's request I am resending Metal Exchange Corporation's comment on Brazil.

-----Original Message-----
From: Michael Kelley
Sent: Friday, September 01, 2006 10:04 AM
To: 'FR0052@USTR.EOP.GOV'
Subject: 2006 GSP Eligibility and CNL Waiver Review

September 1, 2006

Metal Exchange Corporation is a large supplier of aluminum flat rolled products to industry throughout the United States. We strongly urge the TPSC to retain the GSP status for HTUS 7606 products for the country of Brazil.

Aluminum is ubiquitous in our economy, but is particularly critical to the following industries:

- Building and Construction
- Transportation
- Packaging

These industries are forced to compete in the global marketplace. To increase raw material costs to these industries here while their competitors outside the U.S. face no such increase puts them at an economic disadvantage. The U.S. has already lost many of these industries and jobs to competitors in Mexico, China and even Canada.

Aluminum coil and sheet imports from Brazil are one part of a very competitive U.S. market. Having Brazilian origin metal in the marketplace maintains competitiveness among suppliers, keeping prices down for consuming industries and benefiting the U.S. consumer. All industry in the U.S. is already under economic strain. Raising the price of aluminum sheet to the industry by discontinuing the GSP status for Brazil will adversely affect domestic industry.

In addition to the negative effects on the national economic interest of the United States, Metal Exchange Corporation will be forced to replace Brazilian origin material elsewhere at higher cost. The U.S. consumer must always bear the brunt of such increases, resulting in increasing cost of living and probably inflation.

We strongly urge the TPSC to maintain Brazil's GSP status as currently structured for aluminum flat rolled products under HTUS 7606.

Sincerely,

Thomas Akers
Executive Vice President
Metal Exchange Corporation

Supports Brazil
Re Cigarettes – no CNLWs

From: Antonio Licio [antoniolicio@brturbo.com.br]
Sent: Friday, September 01, 2006 6:50 AM
To: FN-USTR-FR0052
Cc: Geovana Pinheiro; Henrique Barreto; dzbonomo@fiesp.org.br; ELuna@brasilemb.org
Subject: Comments on GSP alteration

Dear Sir

Attached, comments on GSP alteration project from brazilian cigarettes industries.

Best Regards

J.Henrique Barreto

President of Sindifumo-SP

TO THE OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

COMMENTS ON POSSIBLE ALTERATION OF UNITED STATES GENERAL SYSTEM OF PREFERENCES OVER SOME ARTICLES

1-Identification of Interested Party:

Name: Sindicato da Industria do Fumo do Estado de São Paulo
Adress: Avenida Paulista 1313, 9th floor, São Paulo City - São Paulo State-**Brazil** ZC: 01311-923
Phone: (5561) 3266-8826
Fax: (5561) 3266-3366
e-mail: sindifumo@terra.com.br
website: sindifumo.org.br

2- Identification of Principal Beneficiary Country: BRAZIL

3- The Request:

Maintenance of duty-free treatment under US GSP rules for the articles specified below:

HTSUS	Description	Tariffs out of GSP
24021080	Cigars, cheroots and cigarillos containing tobacco each valued 23 cents or over	57 cents / kg + 1.4%
24022010	Cigarettes containing tobacco and clove	41.7 cents /kg + 0.9%
24022090	Cigarettes containing tobacco, nesi	$1.50 / kg + 3.2 %
24039120	Homogeneized or “reconstituted” tobacco suitable for use as wrapper tobacco	62 cents / kg

3- The Reasons

3.1- Regional Competitiveness

Brazil, like other Mercosur countries (Uruguay, Paraguay and Argentina), is the only cigarettes producer country in the Americas that don't have any trade preference within United States trade rules. NAFTA,CAFTA, Andeans and Chile are all countries eligible to export freely to US, thus imposing a heavy comparative disadvantage to Brazil.

Limiting GSP benefits to certain Brazilian goods will deviate trade from Brazil to those other countries and ultimately cancel out the benefits for which GSP was created.

3.2- Social Argument

The U S General System of Preferences was created for enhancing development in developing countries, specially in some regions within these countries. Thus it is a social tool.

Tobacco crops are grown mainly in southern Brazil, in very small farms. Average area is 2.7 ha in average total farm area of 16.8 hectares, as can be seen in table below. Nevertheless, income generated by tobacco in theses farms represents 73 % of total farmer's income.

Average Size and Composition of Tobacco Farms in Brazil

Crops	Ha
Tobacco	2.7
Corn	2.7
Other crops	3.4
Pasture	3.5
Forest	4.5
Total Farm Area	16.8

Source: www.afubra.com.br

In addition, 193,310 families – or 1,024,540 people, according to the same souce - in southern Brazil depend basically on tobacco growing for a living. In Northeastern region more 50,000 people are linked to tobacco growing and manufacturing. In the first region flue cured and burley tobacco are grown and it represents 95% of all tobacco area in Brazil. In the second region dark tobacco are grown, specially for cigars and cigarillos. Manufacturing sector is responsible for direct employment of 20,000 workers.

3.3- The Value Added Argument

Tobacco growing in the United States has been declining as a result of decreasing demand for cigarettes and internal cut off in government subsidies to farmers. Since 2005 President George W.Bush no longer renewed billionaire subsidies traditionally distributed to tobacco growers in the US. The expected result will be a significant disruption of tobacco activity within the near future.

Brazil grows tobacco – flue cured and burley – at costs half as much as US, (see www.afubra.com.br and UDSA reports). Actually Brazil is the world's most competitive tobacco grower, as well as other important crops.

If GSP benefits are not applied any more to brazilian products listed above, other beneficiaries countries will buy brazilian tobacco to process it within their boundaries and re-export to US, **what definitively is not fair.**

.

EATON LTDA.
Rua Clark 2061, Bairro Macuco,
Valinhos, SP 13279-400 Brazil

Supports Brazil
Re transmissions

From: JoseRMorato@eaton.com
Sent: Friday, September 01, 2006 3:23 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

EATON LTDA.
Rua Clark 2061, Bairro Macuco,
Valinhos, SP 13279-400 Brazil

Non-Confidential

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Dear Ms. Sandler:

On behalf of **EATON LTDA**., I write in support of retaining Brazil's eligibility status as a GSP beneficiary country. The current five-year authorization of the GSP program has allowed businesses based in Brazil to become a reliable supplier for eligible duty free products for use in the United States by our customers.

EATON LTDA. exported, in 2005, US$ 75.3 million to the United States duty free under the GSP program. This company exports transmissions (gear box), as well as their components, for the automotive industry. The main destination plant is the Eaton Light and Medium Duty plant in Greenfield, Indiana. This facility finishes the transmissions and distributes them to GM, International Truck, Freight Liner, Paccar, Ford Blue Diamond, Hino (Toyota). The Brazilian plant currently has 3300 direct employees.

EATON LTDA. TOTAL FOB EXPORTS IN 2005

Country	US$ million	% of total exports	
USA	86.8	71%	($75.3 million under the GSP program)
Argentina	26.8	22%	
France	2.6	2%	
Colombia	1.3	1%	
Japan	1.0	1%	
Other	4.5	3%	
Total	**123.0**	**100%**	

Non-Confidential

EATON LTDA.
Rua Clark 2061, Bairro Macuco,
Valinhos, SP 13279-400 Brazil

Non-Confidential

EATON LTDA. appreciates the opportunity to submit these comments to the GSP Subcommittee of the Trade Policy Staff Committee for its consideration during the current review of the GSP system. We support retaining Brazil as a GSP eligible country so that our company can continue to export our products to the United States duty free. The GSP program permits our products to be more competitive than they would be if the applicable duty had to be paid. The GSP program has benefited our customers in the United States as they import our products duty free thereby lowering the cost of the products they sell to American consumers.

Sincerely,

José Roberto Morato
Director
Eaton Ltda.
E-mail*:* josermorato@eaton.com

Non-Confidential

Supports Brazil
re hardboard 4411.19.40;
Particleboard laminated 4411.29.90
– not CNLWs
INCLUDES 8 LETTERS OF COMMENTS
FOR GSP REVIEW

From: Tim Perry [tperry@millermartin.com]
Sent: Friday, September 01, 2006 9:57 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waivers Review

[Embedded letterhead logo image of Eucatex of North American, Inc. and related information deleted for submission as required]I

September 1, 2006

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

Re:2006 GSP Eligibility and CNL Waiver Review

Dear GSP Subcommittee:

Eucatex of North America, Inc., a Georgia corporation, ("Eucatex America"), submits these public comments for your consideration.

U.S. Job Impact.

Eucatex America creates jobs in the United States by importing hardwood products from Brazil that benefit from GSP treatment (HTS 4411.19.40 Hardboard Prefinished; HTS 4411.29.90 Particleboard laminated).

- See the attached support letters from port authorities and from shipping, and logistics companies that detail the dozens of jobs in the United States directly created by this trade, all of which are in addition to the five jobs created at Eucatex America headquarters in Georgia:

    - Port of Beaumont, Texas,
    - Terminal Transportation Services, Baltimore, Maryland,
    - Nassau Terminals, LLC, Fernandina, Florida,
    - Swift Transportation, a carrier with 38 terminals in 27 states,
    - NYK Logistics & Megacarrier, Beaumont, Texas, and
    - Balterm, Baltimore Forest Products Terminals.

- This trade not only directly creates these dozens of U.S. jobs, but indirectly supports hundreds of other U.S. jobs at ports, warehouses, trucking and logistics operations, and customer locations.

Hurricane Recovery Impact.

In addition, the specific hardwood products imported by Eucatex America are being used at this moment in hurricane recovery efforts along the Gulf Coast, especially in Mississippi and Alabama.. The hardwood doorskins and wall paneling imported by Eucatex America. benefit from GSP treatment and thereby enable lower pricing to the businesses who are rebuilding the hurricane ravaged Gulf Coast. See attached letters from customers who emphasize the critical need to keep costs down by continuing GSP treatment:

- The Home Depot, Atlanta, Georgia,
- Masonite, Tampa, Florida.

Environmental Impact.

The products imported by Eucatex America with GSP treatment are manufactured in Brazil by its parent company and all bear the Forest Stewardship Council seal that they come 100% from well-managed forests. If GSP treatment were withdrawn, the likely substitute products from other countries would come from forests that are not managed in environmentally sound ways.

In light of these significant advantages to the U.S., in particular to those locales in the U.S. where jobs are created, hurricane recovery efforts enhanced, and environmental quality respected, we hope you will favorably consider this public comment that GSP treatment be continued for HTS 4411.19.40 and HTS 4411.29.90 from Brazil as at present.

Sincerely,
Eucatex of North America, Inc.
[Imbedded image of signature deleted as required for submission]
By:_______________________
Pedro Furlanetto, President
2550 North Wings Parkway
Suite 235
Alpharetta, Georgia 30004
pfurlanetto@eucatex.net

[Embedded letterhead logo image of Port of Beaumont and related information deleted for submission as required]

August 28, 2006

Mr. Pedro Furlanetto, President
Eucatex of North America, Inc.
2550 North Winds Parkway
Suite 235
Alpharetta, Georgia 30004

Re: Positive job impact connected to Eucatex business

Dear Pedro:

We appreciate the significant volume of shipping that Eucatex brings through our port facilities every year.

It is our conservative estimate that Eucatex is responsible for at least fifteen full time equivalent job positions here at the port. This is a major economic benefit to us from the business Eucatex does here.

It is our hope that U.S.T.R. and the U.S. Congress will continue GSP tariff treatment for the Eucatex products (HTS 4411.19.40 and 4411.29.90 in particular). It is important to our community and to our port facilities that the shipping volume of these products continue to grow.

Please include our letter in your company's presentations to decision makers on this important issue.

Sincerely,

[Embedded signature image deleted for submission]

David C. Fisher
Executive Port Director

DCF/jf

[Embedded letterhead logo image of Terminal Transportation Services and related material deleted for submission as required]

August 25, 2006

Mr. Pedro Furlanetto, President
Eucatex of North America, Inc.
2550 Northwinds Parkway
Suite 235
Alpharetta, Georgia 30004

Re: Positive job impact connected to Eucatex business

Dear Pedro,

We appreciate the significant volume of shipping that Eucatex brings to our trucking company every year.

It is our conservative estimate that Eucatex is responsible for at least five full time equivalent job positions controlled by our company. This is a major economic benefit to us from the business Eucatex does here.

It is our hope that U.S.T.R. and the U.S. Congress will continue GSP tariff treatment for the Eucatex products (HTS 4411.19.40 and 4411.29.90 in particular). It is important to our community and to our trucking transportation business that the shipping volume of these products continues to grow.

Please include our letter in your company's presentations to decision makers on this important issue.

Sincerely,

Terminal Transportation Services

[Embedded signature image deleted for submission]

Arthur C. Kelly, Jr.

President

[Embedded letterhead logo image of Nassau Terminals, LLC and related material deleted for submission as required]

August 23, 2006

Mr. Pedro Furlanetto, President
Eucatex of North America, Inc.
2550 North Wings Parkway
Suite 235
Alpharetta, Georgia 30004

Re: Positive job impact connected to Eucatex business

Dear Pedro,

We appreciate the significant volume of shipping that Eucatex brings through our port facilities every year.

It is our conservative estimate that Eucatex is responsible for at least four full time equivalent job positions here at the Port. This is a major economic benefit to us from the business Eucatex does here.

It is our hope that U.S.T.R. and the U.S. Congress will continue GSP tariff treatment for the Eucatex products (HTS 4411.19.40 and 4411.29.90 in particular). It is important to our Community and to our port facilities that the shipping volume of these products continue to grow.

Please include our letter in your company's presentations to decisionmakers on this important issue.

Sincerely,.

[Embedded signature image deleted for submission]

Val Schwec
Commercial Director

[Embedded letterhead logo image of Swift and related material deleted for submission as required]

August 28th, 2006

Mr. Pedro Furlanetto, President
Eucatex of North America, Inc.
2550 Northwinds Parkway, Suite 235
Alpharetta, GA 30004

Re: Positive job impact connected to Eucatex business

Dear Pedro:

We sincerely appreciate the business that Eucatex provides our trucking company every year.

The business Eucatex provides Swift creates jobs for a number of individuals. The jobs created by Eucatex in turn, benefit both Swift and the economy.

Swift endorses the extension of GSP tariff treatment for Eucatex products (HTS 4411.19.40 and 4411.29.90 in particular) that the U.S. T.R. and U.S. Congress may decide to approve. The increase in transportation revenues generated by the continued growth of Eucatex products benefits both the trucking industry and the economy.

You may include this letter in your company's presentations to the decision makers on this issue.

Sincerely,

Brent Boggs
Area Sales Manager

[Embedded letterhead logo image of NYK Logistics & Megacarrier and related material deleted for submission as required]

August 25. 2006

Mr. Pedro Furlanetto, President
Eucatex of North America, Inc.
2550 Northwinds Parkway
Suite 235
Alpharetta, Georgia 30004

Re: Positive job impact connected to Eucatex business

Dear Pedro,

We appreciate the significant volume of shipping that Eucatex brings to our trucking company every year.

It is our conservative estimate that Eucatex is responsible for at least 10 fu1l time equivalent job positions here at company. This is a major economic benefit to us from the business Eucatex does here.

It is our hope that U.S.T.R. and the U.S. Congress will continue GSP tariff treatment for the Eucatex products (HTS 4411.19.40 and 4411.29.90 in particular). It is important to our community and to our trucking transportation business that the shipping volume of these products continues to grow.

Please include our letter in your company's presentations to decision makers on this important issue.

Sincerely,

[Embedded signature image deleted for submission

Toby White

Director Business Development, NYK Logistics

[Embedded letterhead logo image of Balterm, Baltimore Forest Products Terminal and related material deleted for submission as required]

August 23,2006

Mr. Pedro Furlanetto
President Eucatex of North America, Inc.
2550 North Winds Parkway
Suite 235
Alpharetta, Georgia 30004

Re: Positive job impact connected to Eucatex business

Dear Pedro,

We appreciate the significant volume of shipping that Eucatex brings through our port facilities every year.

It is our conservative estimate that Eucatex is responsible for at least 4 full time equivalent job positions here at the port. This is a major economic benefit to us from the business Eucatex does here.

It is our hope that U.S.T.R. and the U.S. Congress will continue GSP tariff treatment for the Eucatex products (HTS 4411.19.40 and 4411.29.90 in particular). It is important to our community and to our port facilities that the shipping volume of these products continue to grow.

Please include our letter in your company's presentations to decisiomnalcers on this important issue.

Sincerely,

[Embedded signature image deleted for submission]

M.C. (Trip) Bailey

President

[Embedded letterhead logo image of Home Depot and related material deleted for submission as required]

August 25, 2006

Mr. Pedro Furlanetto, President
Eucatex of North America, Inc.
2550 North Winds Parkway Suite 235
Alpharetta, Georgia 30004

Re: Use of Eucatex Products in Hurricane reconstruction effort

Dear Pedro,

We can confirm for you our belief that a significant percentage of the Hardboard we purchase from Eucatex (HTS 4411.19.40) are sold by us to customers in the areas of Mississippi, Alabama and neighboring states to be used in reconstruction of hurricane damaged buildings.

We value Eucatex as a supplier to us of these important materials for the construction industry, especially in the areas of our country recovering from the recent hurricanes. It is important to this effort that the Eucatex products continue to be available at the lowest possible price.

Please include our letter in your company's presentations to decision makers at U.S.T.R. and in the U.S. Congress on this important issue.

Sincerely,

[Embedded signature image deleted for submission

Harley Finnell .

Senior Merchant

[Embedded letterhead logo image of Masonite and related material deleted for submission as required]

August 30, 2006

Mr. Pedro Furlanetto, President
Eucatex of North America, Inc.
2550 North Winds Parkway
Suite 235
Alpharetta, Georgia 30004

Re: Use of Eucatex Products in Hurricane reconstruction effort

Dear Pedro,

As you know a portion of the doorskins we purchase from Eucatex (HTS 4411.19.40) are sold by us to customers in the areas of Mississippi, Alabama and neighboring states. The doors then may be supplied to the reconstruction of hurricane damaged buildings.

We value Eucatex as a supplier to Masonite for these important materials used in the construction industry, especially in the areas of our country recovering from the recent hurricanes. It is important to this effort that the Eucatex products continue to be available at the lowest possible price.

Please include our letter in your company's presentations to decision makers at U.S.T.R. and in the U.S. Congress on this important issue.

Sincerely,

Andrew Britigan

Director of Global Sourcing

Masonite International

National Confederation of Industry

Supports Brazil
Re National Confederation of Industry

From: soraya.rosar@globo.com
Sent: Friday, September 01, 2006 6:03 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review" - final version

Importance: High

Dear Sir,
Please find attached CNI's letter on 2006 GSP Review.
Sincerely yours,
Soraya Rosar
Gerente Executiva
Unidade de Negociações Internacionais
Confederação Nacional da Indústria
Brazilian National Confederation of Industry

Rua Mariz e Barros, 678 – 1º andar - Rio de Janeiro/RJ – CEP: 20270-002 – Tel.: (21)2204 9509 Fax:(21)2204 9522

National Confederation of Industry

Brasília, August 31st, 2006

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

Dear Sirs,

The National Confederation of Industry (CNI) is the chief institutional representative of the Brazilian industry. CNI co-ordinates a network comprising 27 State Federations of Industry, representing all Brazilian Federal States as well as the Federal District. CNI strategy is firmly based on the concept that trade is the best tool to economic development. We encourage trade, not aid and this reflects in the policies that we support to reduce the economic gap among different regions in Brazil.

Brazilian exports to the United States have been contributing considerably to reduce this gap. The United States have been not only a tradional but also one of the most important Brazilian trade partners.

In this sense, the Brazilian industry is very concerned about the current revision of the Generalized System of Preferences (GSP) of the United States, once this system has proved to be an effective win-win solution to promote Brazil-US trade.

U.S. manufacturers and consumers benefit from preferences granted to Brazil

Through GSP, the US importers can offer more competitive products to American consumers. Around 15% of the US imports from Brazil are currently benefited. The competitiveness of American manufacturers have also been increasing with this program, since up to 53% of Brazilian GSP exports to the US correspond to inter-company trade. In 2005, US companies saved around US$ 1 billion in foregone duties.

Besides, it is important noting that Brazil's exclusion from the GSP will neither benefit US nor poor countries manufacturers, but other developed or developing competitive countries. For example, in 2005, US trade deficit with China increased to more than US$ 200 billion. If Brazilian is excluded from the GSP, the same products will be possibly supplied by Chinese manufacturers.

GSP contributes to Brazilian social and economic development

On the other hand, Brazilian producers have been benefiting from trade preferences in the American market, contributing to improve the international performance of Brazilian companies and, as a consequence, to the social and economic development of the country. It is estimated that up to 660,000 jobs will be created in 2007 directly or indirectly related to the production of goods exported to the U.S. under the GSP preferences, most of it in american companies.

It is important noting that while few Brazilian regions have already achieved acceptable levels of competiviness, most of them still depend upon the GSP to make their exports to the U.S. feasible. For instance, the poorest Brazilian region, the Northeast (GDP per capita US$ 1,399), exports a considerable amount of industrial products to the US under the GSP.

Therefore, Brazilian National Confederation of Industry urges the US Administration not only to to renew the GSP but also to maintain Brazil as a beneficiary of the system. For an important number of small and medium Brazilian exporters, GSP is already consolidated as one of the mechanisms to compete fairly in the international markets.

Sincerely yours,

Osvaldo Moreira Douat
Chairman
International Integration Council
Brazilian National Confederation of Industry

Supports Brazil
Re brake linings – no CNLW

From: Liliane Florencio Vanin [liliane@duroline.com.br]
Sent: Friday, September 01, 2006 10:46 AM
To: FN-USTR-FR0052
Subject: SGP - United States of America

Certos de sua atenção agradecemos antecipadamente.

Liliane A.F. Vanin

International Trade

Duroline S.A.

Phone: 55 54 2101 5005

Fax: 55 54 2101 5009

MSN: liliane@duroline.com.br

Visit us at AUTOMECHANIKA

Floor - 6.2 / Street E

Booth 25 - Frankfurt, 12th - 17th September, 2006

September 01st - 2006

To

United States Trade Representative – USTR

Circular 762/06

Revision of the countries beneficiaries of the Generalized System of Preferences

Duroline S.A was founded in 1989 - is a manufacturer of brake linings for medium and heavy-duty vehicles such as trucks, trailers and buses. The company has established itself as a global supplier of high performance quality products due to a detailed raw material selection and high manufacturing standards and technology.
A qualified team, innovative technology and visionary management make possible for Duroline to offer to the market high quality products.
Our unique and exclusive manufacturing "Wave Process" has generated a product with proven longer durability and higher performance.
Duroline North America started its activities in Norfolk – Virginia in September 02nd - 2003.
Since we established a branch office there, we have had a significative growing in our sales and our brand has been recognized. We know that this job takes some time, investment and a hard work, but we have great interest to be an option to American customers of brake linings.

Duroline's goals to have a subsidiary in the American market :

- Credibility to the contacts and customers
- Efficiency improvement of the sales in USA
- offering a better support to the customers
- keeping stocks and then supply better the market
- creating a basis for expansion to the other countries
- having a subsidiary in the American market gives a better impression to the customers that the company operating from Brazil.

Benefits to the client at USA:

- perceive the seriousness of the company
- good service and great agility
- Possibility to supply small orders with low cost considering a normal import operation
- Competitive prices
- Job generation

Duroline also considers important the possibility of auto-evaluating using international standards of competition and quality. To compete in U.S.A. raises the commercial level of the company. It is a challenge with a great reward.

The importance of the Brazilian products to keep the benefit of the SGP is to prevent reduction in the export operation and avoid increasing the unemployment tax.

Also we have competed equally with potential markets as China and Europe, due to the duty free or reduced rate. The exclusion means loss to the undeveloped countries.
Products currently not taxed will be taxed in up to 27% entering in the United States.

Brazil exported US$ 3,6 billion to U.S.A. in 2005, which represented 15% of Brazilian's sales to the American market.

Hoping that our application may receive a favorable consideration.

Your sincerely,

Malvina Pacher
International Trade Coordinator
Duroline S.A

FEDERAÇÃO DAS INDÚSTRIAS DO ESTADO DO CEARÁ
INTERNATIONAL BUSINESS CENTER
Av. Barão de Studart, 1980 – 2nd floor – Aldeota
60.120-901 Fortaleza, CE - Brazil

Supports Brazil
Federation of Industries
of the State of Ceara

2006 GSP Eligibility and CNL Waiver ReviewFrom: Beatriz Dias Bezerra [bdbezerra@sfiec.org.br]
Sent: Monday, September 04, 2006 2:25 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Srs.,

Please note letter in attach.

Beatriz Bezerra
Promoção de Negócios
Federação das Indústrias do Estado do Ceará :: FIEC
Centro Internacional de Negócios :: CIN-CE
[Fone/Fax] 55 85 3466.5421 / 55 85 3466.5422
bdbezerra@sfiec.org.br
www.fiec.org.br/cin

<<2006 GSP Eligibility and CNL Waiver Review-FIEC.doc>>

FEDERAÇÃO DAS INDÚSTRIAS DO ESTADO DO CEARÁ
INTERNATIONAL BUSINESS CENTER
Av. Barão de Studart, 1980 – 2nd floor – Aldeota
60.120-901 Fortaleza, CE - Brazil

Fortaleza, September 4th, 2006

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

Dear Sirs,

The Federation of Industries of the State of Ceará is the institution that represents the industrial sector of one of the main states of the Northeast Region of Brazil. Created in 1950, FIEC is a permanent forum for debate and action in favor of the sustainable development of the state of Ceará. The Federation currently gathers 38 sectorial associations representing 10.500 industries and participates actively in the economic growth, expansion and modernization process of the industry of Ceará, assuming institutional and political representation among diversified sectors. It also stimulates the implementation of actions that support the industries through consulting services in the fields of technology, entrepreneurial strategies, economical studies and researches, and qualification of the entrepreneurs and their employees.

The State of Ceará is known for its recent internationalization process. The State's export numbers have jumped from US$ 274 million, in 1993, up to US$ 930 million, in 2005. Although this increase is relatively significant, the participation of Ceará in the Brazilian trade balance represents only one per cent. This clearly demonstrates an existing potential for growth and development.

The United States of America is the most important trade partner of Ceará. More than 30% of all exported products of the State, such as cashew nuts, footwear, fruit juices, granite stones, among others, are destined to the US. Most of these products are contemplated in the Generalized System of Preferences (GSP) which has been benefiting not only big sized companies, but mainly small and medium enterprises that represent approximately 65% of all export companies of Ceará. It is also important to mention that the Northeast Region has the smallest income in Brazil and is the most beneficiary through the SGP in exports to the United States.

FIEC is widely concerned about the current revision of the Generalized System of Preferences (GSP) of the United States, once a possible exclusion of Brazil will certainly impact in Ceará's local economy and its social development, as GSP is already consolidated as one of the ways to compete fairly in the global market.

The Federation of Industries of the State of Ceará and the industries represented by this institution urge the US Administration to maintain Brazil as a beneficiary of the system.

Faithfully yours,

Eduardo de Castro Bezerra Neto
C.E.O.

Supports Brazil
Re rubber hoses

From: Paula Boni [paula.boni@mangotex.com.br]
Sent: Monday, September 04, 2006 12:45 PM
To: FN-USTR-FR0052
Subject: 2006 GSP ELigibility and CNL Waiver Review

Dear sirs
follow attached a letter and explanation about GSP , the increase of rate can reduce our Sustainable Competitive Advantage (SCA) Our main NCM are 40093100, 40093290 . regards and wait your feedback , please confirm Sergio Gaue Export , Development and New products sergio.gaue@mangotex.com.br

Industrias Mangotex LTDA
Av. Sete Quedas 1880 B. Matadouro - Itu
Sao Paulo - Brazil Zip Code: 13313.006
Phone : +5511 21180000 Fax : +5511 2118 9893
Web Site : www.mangotex.com.br

e> ----- Original Message -----
> From: "Elias Antonio de Luna e Almeida Santos" <ELuna@brasilemb.org>
> To: "Sergio Gaue - Mangotex Rubber Hoses"
> <sergio.gaue@mangotex.com.br>
> Sent: Thursday, August 31, 2006 8:14 PM
> Subject: RE: GSP RATE - USTR
>
>
> Senhor Gaue,
> Seguem, em caráter informal, comentários sobre documento que foi
> enviado à Embaixada sobre a revisão do SGP norte-americano. No item
> "formalidades", estão indicadas com um "X" as orientações formais do
> USTR que não estão atendidas no documento.
>
> Cordialmente,
>
> Elias Luna
>
> Embaixada em Washington
>
> (202) 238-2718
>
> Conteúdo:
>
>
>
> - indicar exportações do produto, dentro e for a do SGP, se possível e
> conveniente.
>
> Formalidades :
>
>
>
> - Preferência pela submissão via email da manifestação (i.e. protocolo
> em mãos não será aceito): FR0052@USTR.EOP.GOV;
> - Manifestação em papel tamanho carta (X);
> - Espaçamento simples e fonte tamanho 12;
> - Título do email obrigatório: "2006 GSP Eligibility and CNL Waiver
> Review";
> - Comentários aos limites de competitividade (CNL) devem fazer referência
> ao
> código da tarifa de importação 8 dígitos;
> - Não será aceita manifestação no formato de imagem (e.g. ".JPG", ".TIF",
> ".PDF" ou ".GIF");
> - Nomeação dos arquivos deverá seguir a seguinte regra: nome da parte
> apresentando a manifestação (governo, associação, empresa etc.);

> - Dados para contato (X); e
> - Proibição de carta de apresentação em separado ou mesmo no corpo do
> email.
>
> -----Original Message-----
> From: Sergio Gaue - Mangotex Rubber Hoses
> [mailto:sergio.gaue@mangotex.com.br]
> Sent: Wednesday, August 30, 2006 06:26
> To: Elias Antonio de Luna e Almeida Santos
> Subject: GSP RATE - USTR
> Importance: High
>
>
>
> Dear sirs
> follow attached a letter and explanation about GSP , the increase of
> rate can reduce our Sustainable Competitive Advantage (SCA) Our main
> NCM are 40093100, 40093290 . regards and wait your feedback , please
> confirm Sergio Gaue Export , Development and New products
>   Industrias Mangotex LTDA
>   Av. Sete Quedas 1880 B. Matadouro - Itu
>   Sao Paulo - Brazil   Zip Code: 13313.006
>   Phone : +5511 21180000   Fax   :   +5511 2118 9893
>   Web Site : www.mangotex.com.br
>
>

TO: OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
ATT: GSP SUBCOMITTEE
1724 F STREET, NW
WASHINGTON, DC 20508

Dear **Sirs,**

We are a **rubber hoses** manufacturer with headquarters in **Itu, São Paulo**, currently employing 520 people. We have been in operation since **1960** and the Generalized System of Preferences (GSP), which expires at the end of this year, has been an important tool for our business, guaranteeing our insertion in the US market, and keeping our range of products competitive among the others.

The GSP is a program that grants preferential duty-free entry for a number of products coming from some developing countries, including Brazil. We are concerned about recent reports indicating that GSP might be allowed to expire. We strongly urge you to renew it in its entirety before the expiration deadline in December this year.

GSP is not only relevant for the companies that benefit directly from the program, but also for the whole US economy. Since the program was instituted in 1974, American companies have incorporated the benefits of its duty savings into their products. Therefore, this savings has translated automatically into greater competitiveness and lower prices to consumers. The increase of rate can reduce our Sustainable Competitive Advantage (SCA) our main NCM are 40093100 and 40093290. Due the range of products covered by the GSP, many sectors are able to usufruct from the duty-free benefit, including oil, chemicals, electrical equipment, transportation equipment parts, food products and wood products.

We also want to emphasize that the GSP must continue to apply to the current list of beneficiaries. Our products, currently on the benefited GSP list, will loose its competitiveness if the Unites States Trade Representative suspends the benefit for Brazil. This would affect all Brazilian exporters to the United States, who will try to find another source of products, possibly in China.

If GSP is allowed to expire or Brazil is excluded from it, **rubber hose** will cost us **$ 200,000** more, which will represent a major impact in our revenues and a higher price to our clients and final consumers.

GSP makes a difference to us and to other US companies and their workers. Letting it expire, even temporarily, or reducing its benefits in any way would impose a costly hardship on us, reducing our competitiveness in this global economy.

In light of its many benefits, we strongly urge you to renew GSP in advance of the expiration deadline.

Sincerely,

Sergio Gaue
Export Manager
Indústrias Mangotex Ltda
Avenida Sete Quedas, 1880 Matadouro
Itu – São Paulo - Brazil
Zip Code: 13313-006
Phone: 05511-2118-0000
Fax: 05511-2118-9893
www.mangotex.com.br

Incepa

Roca

São Paulo, 30 August, 2006

TO: United States Trade Representative
GSP Subcommitee

Ref: Generalized System of Preferences

In response to the request for comments on the review of the GSP, the Brazilian ceramic tile manufacturer Incepa Revestimentos Cerâmicos Ltda. would like to enrich the discussions with the information forth bellow.

The ceramic tile sector – HTSUS 6907.1000; 6907.9000; 6908.1010; 6908.1050 and 6908.9000 **-** is not a currently beneficiary of the System, however a petition to include such products have been submitted to this subcommittee this current year. And it is mainly because a decrease on the North-American tariffs would mean to Brazil, ultimately, an increase on employment rates and stability, most of all at the least developed areas, where the ceramic tile companies are located, as say, inner Sao Paulo state, inner Santa Catarina state, Paraná state and the most recent ceramic tile production region, at the north-east.

Our company is located at the state of Paraná and we employ 850 people. One of our main markets is the United States, and a decrease on the import tariffs would mean to our company a increase on employment rates and development of our surrounding areas and, consequently, increase stability.

GSP granting to Brazil and the ceramic tile sector would also mean gains to the American importers and consumers, which will have better access to high quality products at a more competitive price.

Incepa is selling our products through an US sister company with warehouses in Suffolk, Houston, Carson, Canton and East Sparta, and soon in Miami and Savannah, which guarantees to our customers a high service quality.

Deleted: ¶

Comments from:
Incepa Revestimentos Cerâmicos Ltda
Contact person: Jorge Francino
Position: Managing Director
Email: jorge.francino@incepa.com.br
Tel: +55 41 3391 1407
Fax: +55 41 3391 1010

SOGEFI FILTRATION DO BRASIL LTDA.
Av. Piraporinha, 251 - V. Planalto - Cep 09891.000 – Cx Postal 52
São Bernardo do Campo - SP - Brasil
Fone: (55 11) 4341.2400 - Fax: (55 11) 4341.2655 (Vendas)
Engenharia: (55 11) 4341.2424 - R.H.: (55 11) 4341.2600
Financeiro: (55 11) 4341.2500 - Compras: (55 11) 4341.2525

Supports Brazil
Re air filters

From: Silvana Martins Cunha [silvana.martins@sogefi.com.br]
Sent: Monday, September 04, 2006 3:58 PM
To: FN-USTR-FR0052
Cc: Elias Mufarej; David Oksman
Subject: 2006 GSP Eligibility and CNL Waiver Review

Sogefi Filtration do Brasil Ltda
Silvana Martins
Export Analist
Ph: 55-11-4341 2665
silvana.martins@sogefi.com.br
www.filtrosfram.com.br

SOGEFI FRAM

SOGEFI FILTRATION DO BRASIL LTDA.
Av. Piraporinha, 251 - V. Planalto - Cep 09891.000 – Cx Postal 52
São Bernardo do Campo - SP - Brasil
Fone: (55 11) 4341.2400 - Fax: (55 11) 4341.2655 (Vendas)
Engenharia: (55 11) 4341.2424 - R.H.: (55 11) 4341.2600
Financeiro: (55 11) 4341.2500 - Compras: (55 11) 4341.2525

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Dear Ms. Sandler:

On behalf of Sogefi Filtration do Brasil Ltda, I write in support of retaining Brazil´s eligibility status as a GSP beneficiary country. The current five year authorization of the GSP program has allowed businesses based in Brazil to become a reliable supplier for eligible duty free products for use in the United States by our customers.

Sogefi Filtration do Brasil Ltda corporation exports five hundred million to the United States duty free under the GSP program. We have been supplying our products specifically air filters under HTSUS 8421.99.99 to Honeywell Consumer Products Group. With three productive plants strategically placed to attend all the Brazilian Automotive Industry: São Paulo – 320 workers / employees / cooperators, Minas Gerais – 150 workers and Rio Grande do Sul – 07 workers; Sogefi Filtration do Brasil leads the filters market for automotive application in Brazil. Sogefi predominantly operates at the market of OE, OES and After Market, supplying all lines of oil filters, fuel filters, complete air systems and modules, canister and cabin filters at all available technologies. We produce 25 million units per year to OE clients: Volkswagen, Audi, Fiat, GM, Honda, Daimler Chrysler, Ford, Renault, Nissan, PSA-Citroën, Mitsubishi and After Market where we are leaders with the brand “FRAM”.

Sogefi Filtration do Brasil Ltda appreciates the opportunity to submit these comments to the GSP Subcommittee of the Trade Policy Staff Committee for its consideration during the current review of the GSP system. We support retaining Brazil as a GSP eligible country so that our company can continue to export our products to the United States duty free. The GSP program permits our products to be more competitive than they would be if the applicable duty had to be paid. The GSP program has benefited our customers in the United States as they import our products duty free thereby lowering the cost of the products they sell to American consumers.

Sincerely,

Elias Mufarej
Sales Director
Sogefi Filtration do Brasil
Elias.mufarej@sogefi.com.br

SOGEFI FILTRATION DO BRASIL LTDA.
Av. Piraporinha, 251 - V. Planalto - Cep 09891.000 – Cx Postal 52
São Bernardo do Campo - SP - Brasil
Fone: (55 11) 4341.2400 - Fax: (55 11) 4341.2655 (Vendas)
Engenharia: (55 11) 4341.2424 - R.H.: (55 11) 4341.2600
Financeiro: (55 11) 4341.2500 - Compras: (55 11) 4341.2525

\\GSPprogram\06

"PUBLIC VERSION"

Supports Brazil
Re vehicle electronics and
mechatronics

From: Shimomaebara, Arnaldo [arnaldo.shimomaebara@siemens.com]
Sent: Monday, September 04, 2006 2:29 PM
To: FN-USTR-FR0052
Cc: Cotrim, Daniel; Buss, Juergen
Subject: ''2006 GSP Eligibility and CNL Waiver Review''

Importance: High

Dear Sirs,

Find attached our submission to the 2006 GSP Eligibility and CNL Waiver Review.

Kind Regards,

Arnaldo Takeshi Shimomaebara
Senior Foreign Trade Analyst / Export Control & Customs Officer
SIEMENS VDO A u t o m o t i v e
Foreign Trade Department
Av. Senador Adolf Schindling, 131
07042-020 Guarulhos - São Paulo - Brasil
Phone: +55 11 6423-3678
Fax: +55 11 6423-3480
e-mail: arnaldo.shimomaebara@siemens.com

"PUBLIC VERSION"

Guarulhos, September 04th, 2006.

To:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
Generalized System of Preferences (GSP): Initiation of Reviews and Request for Public Comments
Country Eligibility Review

INTRODUCTION

Siemens VDO Automotive is a global manufacturer of electronics and mechatronics equipments for vehicles. The company is divided in four business units – Powertrain, Chassis & Carbody, Interior & Infotainment and Service & Special Solutions. In Brazil we have six manufacturer plants that employ approximate 1,600 people and produce Instrument Cluster, Tachograph, Ventilation and Heating Control Unit, Engine Control Unit, Intelligent Switching Unit, Immobilizer, Electronic Relays, Sensors, Electronic Motors, Blower, Throttle Body (ESB / E-GAS), Intake Manifold, Cockpit, Car Radios, Vehicle Tracking System etc.

IMPORTANCE

Generalized System of Preferences (GSP), which expires at the end of this year, has been an important tool in guaranteeing the competitiveness of our company in a global economy.

We are concerned about recent reports which indicate that GSP might be allowed to expire. We strongly urge you to renew it in its entirety before the expiration deadline in December this year.

GSP is not only relevant for the companies that benefit directly from the program, but also for the whole US economy. Since the program was instituted in 1974, American companies have incorporated the benefits of its duty savings into their products and this has translated into greater competitiveness and lower prices to consumers.

The export to US market represents 20% of our turnover sales and it will affect directly the investments for new business in the future.

We also want to emphasize that the GSP must continue to apply to the current list of beneficiaries. Specifically, we need Brazil to be preserved in the program, because it is crucial to the competitiveness of our company. We delivery mainly the following products:

- Electrical HVAC Motor (HTS: 8501314000)
- HVAC Blower (HTS: 8414596040)

Av. Senador Adolf Schindling, 131
07042-020 Guarulhos – SP – Brazil
Phone: +55 (11) 6423-3400
Fax: +55 (11) 6423-3532

- HVAC Control Unit (HTS: 8537109050)
- Air Control Valve (HTS: 8409999190)

If GSP is allowed to expire or Brazil is excluded from it, our products will cost us at least 3.0% more, which represents a major impact in our revenues and a higher price to our American Clients and their final consumers. Therefore we would have to adjust our staff and review all corporate strategy that was agreed before.

It is important to inform that our products have, at least, 5% of US components on its content. So, GSP makes a difference not only to us but also to some US companies and their workers. Letting it expire, even temporarily, or reducing its benefits in any way would impose a costly hardship on them, reducing their competitiveness in this global economy.

In light of its many benefits, we strongly urge you to renew GSP in advance of the expiration deadline.

Sincerely,

Daniel Cotrim
Siemens VDO Automotive Ltda
Foreign Trade Supervisor

Av. Senador Adolf Schindling, 131
07042-020 Guarulhos – SP – Brazil
Phone: +55 (11) 6423-3400
Fax: +55 (11) 6423-3532

PUBLIC VERSION

Supports Brazil
Re rubber goods

From: SINDIBOR - Sindicato das Ind. de Art. de Borracha no Estado de SP [sindibor@borracha.com.br]
Sent: Monday, September 04, 2006 2:17 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Av. Paulista, 2001 11th Floor Cj 1101/1110 – 01311-931 - São Paulo – SP – Brazil
Phone: 55+11+3251-2999 Fax: 55+11+3289-2419
www.brazilianrubber.com

PUBLIC VERSION

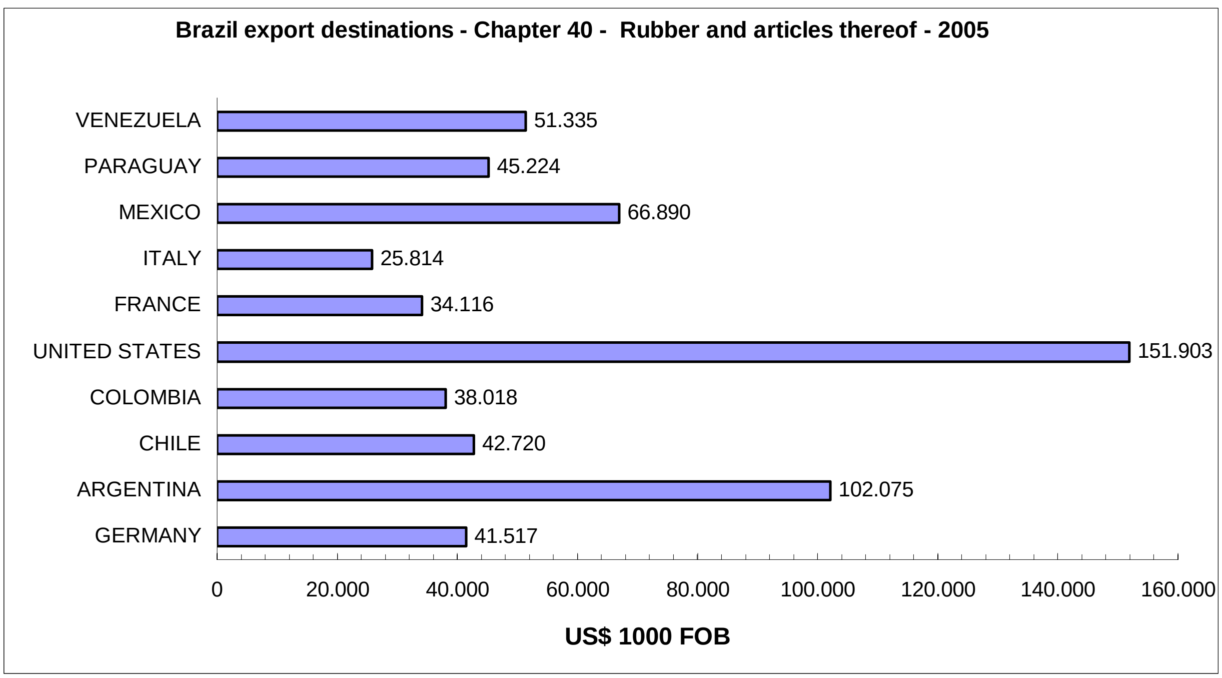
TO: USTR OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
ATT: GSP SUBCOMITTEE
1724 F STREET, NW
WASHINGTON, DC 20508

Dear Sirs,

We from SINDIBOR / ABIARB – Trade Commission of Rubber Goods, represent all rubber good industries in Brazil. Our sector currently employs over 80.000 workers; among direct and indirect, which 95% of these positions are generated by small and medium industries. The other 5% corresponds to the big multinational companies such as Goodyear, Eaton, Gates, Hutchinson Automotive, etc. We actually have 1150 Rubber goods industries in operation within Brazil, producing 50000+ rubber products, being the Automotive, Mining, Electronic, Health and Construction the main consumers of products made by rubber / latex.

As you know, the Generalized System of Preferences (GSP), which expires at the end of this year, has been an important tool for our business, guaranteeing competitiveness to our products in the US market. Based on the GSP benefit, we have invested over US$ 200,000 dollars promoting export activities among our industries and the US market.

The Brazilian Rubber Industry was sponsored by the Brazilian Trade Agency of Export Investment (APEX) to promote Brazilian products in the US market, which is the biggest international partner of Brazil in Rubber Goods business (below). In the US, we have participated of 2 international shows, exhibiting our products and opportunities to the US market. In 2006, we have also reserved a booth in the SEMA Automotive Exposition in Las Vegas. But all these efforts to maintain (and increase) our business with the US market are very fragile, since Brazil will lose its competitiveness in the US market if the GSP benefit expires.



Av. Paulista, 2001 11th Floor Cj 1101/1110 – 01311-931 - São Paulo – SP – Brazil
Phone: 55+11+3251-2999 Fax: 55+11+3289-2419
www.brazilianrubber.com

PUBLIC VERSION

The GSP system is not only relevant for Brazil, but also for the whole US economy. Since the program was instituted in 1974, American companies have incorporated the benefits of duty-free savings into their products. Therefore, these savings were translated automatically into lower prices to final US consumers. Other great advantage taken from the GSP needs to be considered: American companies established in Brazil frequently export its production to the American headquarters, strategically using the benefit of duty-free to supply the US market with high quality Brazilian products at attractive prices. Some of these companies are: Goodyear, West Pharmaceutical, Tenneco Automotive, Eaton, Parker, etc.

We emphasize that the GSP must continue to apply to the current list of beneficiaries. Considering our segment of rubber goods, if Brazil is excluded from the GSP list, the main benefited country will be China, which is actually the only country with all the expertise needed to produce top quality products requested by the US market. Thus, this would affect the whole rubber industrial segment in Brazil, which will result in a considerable reduction of Brazilian productivity and capability of our industrial plants.

The applicable import duty for rubber goods vary from 2,5 to 8%, sufficient enough to maintain our survival in the US market. If our products were excluded, these costs will be transferred to the US importers, resulting in a higher price to US clients and final consumers.

We hereby declare that GSP makes an enormous difference to us. Letting it expire, even temporarily, or reducing its benefits in any way would impose a costly hardship on us, reducing our competitiveness in this global economy.

In light of its many benefits, we strongly urge you to renew GSP in advance of the expiration deadline.

Sincerely,

Edgar Solano Marreiros
President
Trade Comission of Rubber Goods in Brazil - ABIARB / SINDIBOR
sindibor@borracha.com.br

September 1st 2006

Ambassador Roberto Abdenur
Embassy of the Federative Republic of Brazil
3006 Massachusetts Avenue NW
Washington, DC 20008
Contact telephone: (202) 238-2718
E-mail: eluna@brasilemb.org

GSP Subcommittee
Office of the United States Trade Representative
Att. Marideth J. Sandler, Chairman of GSP Subcommittee
USTR Annex
Room F-220
1724 F Street, N.W.
Washington, DC 20508

Dear Members of the Subcommittee,

I would like to refer to the USTR's request for comments, regarding the initiation of a review process of the Generalized System of Preferences (GSP) program (Generalized System of Preferences: Initiation of Reviews and Request for Public Comments, 71 FR 152, August 8, 2005). The Embassy of Brazil hereby submits a number of considerations in support of maintaining the current preferences granted to Brazil under the program, bearing in mind the relevant statutory criteria pointed out in the USTR's announcement, as well as other relevant information concerning the importance of the program to Brazil, to US consumers and, in a broader sense, to our bilateral relations.

For the last thirty years, since the first approval by the US Congress of legislation authorizing the program, GSP has been an invaluable tool not only for the promotion of international development through the expansion of trade with the US but also for increasing the economic integration between developing economies and the US economy. Brazil has greatly benefited from the enhancement of economic ties with the US, to which GSP gave an important contribution, and is deeply appreciative of the US government's commitment throughout these years to maintaining the program. To be sure, the US economy on its part has also enjoyed significant benefits from the products and production inputs it has been able to bring in from Brazil at low cost.

Importance of GSP Program to Brazil

According to US government figures (US Bureau of Census), Brazil is ranked as the third major beneficiary of GSP, after India and Angola, with exports of around US$ 3.62 billion in 2005, which represent about 13.5 percent of total US imports under the program. When oil products are excluded, Brazil ranks as the second largest exporter to the US under the GSP, after India. Our success in taking advantage of the benefits of GSP is not evidence that Brazil is competitive enough to afford a loss of GSP benefits with respect to products it is shipping to the US market, but rather that Brazil has successfully identified consumer needs in the US market. The competitive advantage provided under GSP to our industry and, to a lesser extent, to our agriculture, nevertheless remains at risk given the double challenge of internal adjustment and major infra-structure bottlenecks, in the domestic front, and increasing globalization and competition, in the international front. The benefits of the program are, therefore, important to Brazil's development.

GSP has generated linkages between the Brazilian and US's economies that go beyond the commercial realm, having become an important factor in the decision-making process of US corporations seeking to invest in Brazil. Considering that a number of companies exporting under GSP from Brazil are subsidiaries of American companies, which also account for a substantial share of our exports under the program, the incentive for expanded investment may diminish, and even existing investment in covered sectors may be at risk absent GSP. Such a development would therefore be detrimental to both Brazil and those companies.

Most of the Brazilian exports that benefit from the US GSP program (94 percent) consist of industrial goods, against 6 percent of agricultural goods (Dataweb/USITC). This pattern highlights the importance of the program not only to Brazil's trade, but also to our development, employment and export diversification strategies. Auto-parts and accessories for automotive vehicles are the main products exported by Brazil under GSP, with total exports of almost US$ 300 million (Dataweb/USITC). Also ranking at the top of the list of exporting sectors under the GSP program are transport materials, machinery and electric equipment, plywood, among others.

Geographically speaking, beneficiaries of the US GSP program spread across the Brazilian territory, from the more industrialized South-East to the North-East, the poorest region in the country. Even in the richer areas of the country, one can find situations that result in a less dynamic growth rate, in unemployment and poverty, and in a lower competitiveness pattern. All regions would suffer the impact of a negative decision in the review, but damage would be greater still in the poorer regions of the country. Many of the job losses resulting from an exclusion of Brazil from the program would be felt in less developed regions of Brazil, like the Northeast, whose exports to the US under the GSP program accounted for 19 percent of the total in 2005 (a percentage greater than the region's share in Brazil's overall trade with the US). Industry associations estimate that, in the country as a whole, approximately 663,000 jobs would be related to GSP preferences in 2007. It is also worth mentioning that more than 250 exporters under GSP are small and medium enterprises, many of which would most likely be forced to shut their operations if Brazil were excluded from the GSP program.

Still regarding the level of Brazil's economic development and taking into account the statutory criteria outlined by USTR ("a country's level of economic development, including its per capita gross national product, the living standards of its inhabitants and any other economic factor which the President deems appropriate"), Brazil is classified by the World Bank as a "lower middle income economy", with a "per capita gross national income (GNI)" of US$ 3,460 in 2005, well below the GSP automatic graduation threshold of US$ 10,066.

Brazil is now striving to achieve a sustainable level of economic growth, based on a policy framework that encompasses monetary stability, fiscal responsibility, foreign trade and openness to investment from overseas. At the same time that the competitiveness and productivity of Brazilian firms have been greatly enhanced by these long-term policy decisions, there have been severe transition costs and dislocations as Brazil accelerated the move from a relatively closed economy to a globalized one. Preference programs such as GSP play an important role to this date in the transition towards a national economy increasingly integrated with the rest of the world. Foreign trade, in general, presents a strategic significance to Brazil, our recent export performance having enabled us to reverse a series of current account deficits, thereby contributing to the reduction of Brazil's vulnerability to external shocks, a development that, incidentally, is also in the interest of the US, as Brazil becomes a factor of stability in the region and in the world economy.

Our foreign sales have only recently reacted to the more flexible currency regime adopted in 1999 and to the private sector adjustments of the last decade. After running a trade deficit with the rest of the world, including with the United States, for much of the 1990s, only in 2001 did Brazil start to enjoy a surplus in its trade balance. In the case of our merchandise trade with the United States, figures show Brazilian deficits from 1995 to 2001, which were reverted since then, following the overall trend of our foreign trade. Part of the growth in our exports, both to the world and to the US, however, is cyclical, due to exchange rate variations, commodity prices' variations and other temporary factors. According to US statistics (OTII, Department of Commerce), the Brazilian 2001 deficit in the merchandise trade of US$ 1.4 billion turned to a surplus in 2002 of US$ 3.4 billion. Since then, this surplus has grown at a slower pace. Now, according to Brazilian statistics (Ministry for Development, Industry and Foreign Trade), it is fair to state that the first figures for 2006 (January to June) indicate, however, what could be a new trend. Brazilian imports from the US have increased 11.2 percent in relation to the same period in 2005, against a 4 percent growth in Brazilian exports to the US market. As a consequence, the Brazilian surplus in the bilateral trade with the US has decreased by around US$ 200 million (from US$ 4.7 billion to US$ 4.5 billion) in the first semester of 2006, when compared to the same period of 2005. It is also worth noticing that, while Brazil runs a surplus with the US, our participation in the total of US imports is below 1.5 percent, whereas US sales to Brazil accounted for 19.1 percent of our imports in 2005. Furthermore, Brazil is ranked as only the 21st trade partner with which the US maintains a deficit in the merchandise trade, behind a number of both developed and developing countries (OTII, DoC).

Importance for the US of keeping Brazil in GSP

In the US, both firms and consumers benefit from the acquisition of goods at lower prices due to the preferences under the program, including US corporations which import heavily under GSP from their subsidiaries in Brazil. According to the Brazilian industrial sector estimates, 75 percent of Brazilian exports benefited by GSP preferences are intermediate goods and raw materials for the US industry, 16 percent are capital goods, such as machinery for US manufacturers, and only 9 percent are consumer goods, meaning that 91 percent of our exports that use GSP preferences constitute inputs that benefit many industries of the US manufacturing sector (Primary source: Dataweb/USITC). With a downturn in orders, these firms would also be severely damaged in case of limitation to or withdrawal of GSP benefits granted to Brazil, with the resulting loss, in many cases, of jobs that are important for the well-being of various regions in the US.

With regard to the objective stated by the US government of providing improved exporting and marketing opportunities to remaining beneficiary developing countries under GSP, it is widely recognized that least developed countries (LDCs) need to have their share in international trade substantially increased. Likewise, there have been claims in the US that LDCs should reap more benefits from the GSP system. Brazil is also working to find solutions to attain the objective of improving market access for LDCs, having joined other countries, in the framework of the Doha Round and the Hong Kong Ministerial Declaration, in the pledge to provide duty-free and quota-free market access for products originating from LDCs. We also totally agree with the idea of giving LDCs greater access to the US's GSP. However, it is worth noticing that those who stand to gain from a possible exclusion of Brazil from the GSP or the limitation of its benefits under this program would not be least developed countries, but other developing economies with a level of development comparable to that of Brazil, including, most notably, countries not participating in the GSP. Brazilian auto parts and machinery exported under GSP, for instance, are not manufactured in the poorest countries. With no or little net gain to the GSP program or to the US, Brazil could be replaced as the supplier of such goods to the US market, but not by the poorest economies in the world. In many instances, this trade diversion would result in a further increase of the sizeable deficits the US bears with some of the most dynamic export oriented economies, particularly from Asia. GSP, in this regard, is essential in providing Brazil with a needed advantage with which to compensate for advantages possessed by other countries.

GSP and Bilateral Cooperation in Trade Matters

Moving to the trade policy area, there are important examples of cooperation between our two countries. Concerning the protection of intellectual property rights, for instance, Brazil was subject until earlier this year to a long-standing investigation by USTR regarding its enforcement of piracy laws, in which the petitioners sought sanctions against Brazil in the context of the GSP program. In recognition of Brazil's strong commitment to protect intellectual property rights, expressed through the carrying-out of drastic and effective enforcement measures, USTR decided to terminate the investigation. The Brazilian government and the private sector are making a major effort to fight piracy and copyright violations. In the last few years, there has been intense dialogue and cooperation between the two countries in this field, most recently during the visit to Brazil, last June, by Secretary of Commerce Carlos Gutierrez. Brazil is determined to proceed with initiatives aimed at further enhancing the effectiveness of IPR law enforcement, which will bring about positive results for companies and investors of both countries.

Brazil and the US share a major challenge in finding a solution to put the WTO Doha Round back on track. The meeting between Foreign Minister Celso Amorim and USTR Susan Schwab in Brazil on the 29th of July is evidence of the on-going engagement of both governments in the pursuit of a successful outcome for the Round. As widely recognized, Brazil has kept a very constructive position towards the multilateral talks, be it in the agricultural sector, in non-agricultural market access or in services negotiations. With the legitimacy conferred upon the group by its large and diverse membership, the G-20, in which Brazil plays a coordinating role, took the lead in the effort to move forward in agriculture negotiations. By trying to chart a middle-ground position between offensive and defensive interests, the G-20 has been systematically contributing in a positive way to the continuation of negotiations. It has been widely recognized that the G-20 proposals constitute a sound, balanced, and realistic basis for agreement. As President Luiz Inácio Lula da Silva himself has been so often stating, Brazil is ready to do its part, including by making further concessions that are within its reach as a developing country, once it becomes clear that satisfactory results will be achieved in agriculture. For Brazil, a successful outcome to the Doha round is of fundamental importance, as that is the sole way to tackle systemic distortions in agriculture and to consolidate a credible, reliable and effective rules-based multilateral trading system. Brazil and the US share a concrete commitment to the resumption and the conclusion of a successful and ambitious Round that lives up to the development objectives of the Doha Development Agenda.

GSP and Bilateral Relations

A decision on Brazil in the process of GSP review should take into account the potential impact on bilateral relations in a broader sense. Those relations are presently at an unprecedented high level. As a result of the visit by President Luiz Inácio Lula da Silva to the US in June 2003, a new framework for deepening bilateral relations was launched and a positive agenda was defined in a number of priority areas of cooperation. On the occasion, both Presidents directed the creation of bilateral working groups on economic growth, agriculture and energy. In November 2005, it was President Bush's turn to visit Brazil. The two Heads of State adopted then a joint declaration which solidified a partnership based on common values and objectives, including the promotion of democracy, development, economic growth, trade liberalization, international security and combating terrorism. The Presidents also recognized the link between development, peace, security, human rights and social justice, and vowed to deepen the two nations' ongoing strategic dialogue on major international issues. Several concrete initiatives were also undertaken to launch new impulses in areas such as science and technology, education, health and the environment. Of particular importance was the creation of a working group between the Brazilian Ministry of Development, Industry, and Trade and the Department of Commerce, with the specific mandate to facilitate and promote trade and investments between the two countries. This working group was formally established last June during the visit of Secretary of Commerce Carlos Gutierrez to Brazil. In the trade sphere, it is also worth mentioning the existence, since 2001, of a consultation mechanism between USTR and the Brazilian Ministry of Foreign Relations, which is due to meet again next October, in Brazil. Both countries have also recently intensified the bilateral dialogue in the area of biofuels, especially ethanol. Brazil has come up with constructive ideas about how to develop the production and consumption of ethanol, with a view to turning ethanol into a global commodity. Brazil looks to the US as a partner in this endeavor and wishes the US success in its efforts to expand its own ethanol program. For a country which faces profound social and economic challenges, it is natural that trade occupies a central place in our relations with other countries. Brazilian businesses, workers and public opinion in general would be extremely sensitive to unfavorable trade measures adopted by the US, all the more so when the measure in question might affect a not negligible share of our exports to the US.

Conclusion

In light of the above, it is fair to conclude that the complete termination of GSP for Brazil or the limitation of the country's benefits, while accruing no gain to the US or even to the lesser developed and least developed beneficiaries under GSP, would potentially add an unnecessary element of harm to our bilateral partnership, not to mention the palpable damage to economic agents - firms, workers and consumers -- on both sides, which present a substantial degree of complementarity in many sectors. Brazil is proud of its economic development, but also recognizes that much more can and must be accomplished to enhance its competitiveness, particularly in the sectors benefiting under GSP. Clearly, the accomplishments to date, including the levels of qualifying shipments, per capita GNP and economic growth rates, have not attained sufficient levels to justify Brazil's graduation or limitation under the GSP program, which, as pointed out, accounts for 15 percent of our exports to the US.

Sincerely,

Roberto Abdenur
Ambassador

Supports Brazil, India, etc.
Supports GSP for jewelry

From: lod1011@aol.com
Sent: Thursday, August 31, 2006 11:24 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Please consider the retailers across the United States
DO NOT REVOKE THE AGREEMENTS FOR INDIA. BRAZIL, ETC.

We need to be able to purchase inexpensive high labor material, if their agreements are revoked, mom and pop jewelry stores across America will be duly affected.
We are already struggling because of higher gold/silver/platinum prices.

Save the jewelry industry at the small retail level.

Lorna Davison
Accessories
Mullica Center
2 South Main
Mullica Hill, NJ 08062

Remove Brazil & India from GSP.
Do not Grant Any GSP or CNL De
Minimis waivers to them.

MessageFrom: Shawna Morris [smorris@nmpf.org]
Sent: Friday, September 01, 2006 8:40 AM
To: FN-USTR-FR0052
Cc: Jaime Castaneda
Subject: 2006 GSP Eligibility and CNL Waiver Review

GSP Subcommittee of the Office of the U.S. Trade Representative:

Please find attached comments from the National Milk Producers Federation concerning the eligibility of certain GSP beneficiaries and existing Competitive Need Limitation (CNL) waivers. NMPF believes that USTR should remove Brazil and India from the list of countries eligible to participate in these programs. Given their status as more advanced developing countries and their intransigence on a variety of important issues in the WTO negotiations, we do not believe the U.S. should be unilaterally granting them preferential access to our market.

Shawna Morris
Director, Government Relations & Trade
National Milk Producers Federation
Phone: (703) 294-4342
Fax: (703) 841-9328

Comments of the
National Milk Producers Federation
to the
U.S. Trade Representative's Office

Concerning

Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers

Submitted by Jaime Castaneda
Senior Vice President, Government Relations and Trade
National Milk Producers Federation

September 1, 2006

The National Milk Producers Federation (NMPF) is the national farm commodity organization that represents dairy farmers and the dairy cooperative marketing associations they own and operate throughout the United States. NMPF appreciates the opportunity to present its views with respect to this review process of the eligibility of certain GSP beneficiaries and existing Competitive Need Limitation (CNL) Waivers.

The U.S. dairy industry had made great strides towards increasing its competitiveness in recent years, particularly with respect to exports. In fact, 2005 was a record year for U.S. dairy exports with sales reaching approximately $1.5 billion. However, a sizable number of distortions plague the world dairy market (e.g., EU export subsidies, 300% tariffs in Canada and Japan) and hinder ability to compete to the fullest extent possible. These practices artificially depress world dairy prices and draw imports more disproportionately to the U.S. market than would otherwise be the case.

To counter this unbalanced playing field, the U.S. employs tariffs and tariff-rate quotas to avoid being flooded with the world's excess dairy products. Despite these protections, the United States has some of the lowest dairy tariffs in the world among major dairy markets and, more specifically, the United States has tariffs which are significantly lower than those in most OECD members in which dairy is an import sensitive commodity. Particularly during this time of great uncertainty in global trade negotiations, the U.S. should be careful in unilaterally permitting others preferential access to our market.

As USTR is well aware, the direction of the WTO negotiations is quite unclear at this point. It was unfortunate that USTR had to make the difficult decision this summer to walk away from what would have been a bad deal for U.S. agriculture due to other countries' unwillingness to compromise in what must be a give and take discussion.

One of the countries that played a key role in the disintegration of WTO talks is a beneficiary of the existing GSP and CNL waiver programs and possesses a relatively competitive dairy market: Brazil. In 2005 Brazil exported $11 million in dairy products to the U.S. Its dairy sector is growing and most indicators point to its continued expansion.

From the WTO to the vast majority of free trade agreements pursued by this Administration, the U.S. dairy industry has been actively supportive because of the opportunities they are likely to provide for more balanced trade and benefits to both countries involved. U.S. dairy producers have not and will not support providing unilateral access to the U.S. dairy market, particularly to competitive world agriculture powers such as Brazil. With respect to agriculture, Brazil is far from being a struggling developing country. In fact, Brazil's agriculture sector is so successful that it strongly competes with other developed countries' agricultural sectors.

In addition, another country reaping the benefit of these programs is India. At the same time that India takes advantage of generous U.S. preference programs, it works to actively thwart any increased access to its own agricultural markets. India has also failed to show the leadership in the WTO that would befit an important developing nation of its size and stature on the world economic stage. Rather, it has to date chosen to take an obstructionist approach in multilateral negotiations, while enjoying unilateral concessions from the U.S. This asymmetrical relationship is very much in India's favor and is not one that we believe should continue.

The U.S. system of dairy tariffs remains an important deterrent to product that carries an artificially depressed price. This is why we oppose any granting GSP and CNL de minimis waivers to Brazil and India. As stated above, the U.S. dairy market does not have the type of protection found in Europe, Canada and other countries. Our prosperous nation with its comparatively low dairy tariffs already serves as a magnet for surplus world dairy product. Additional imports above our WTO and FTA commitments place an economic burden on dairy producers and processors in the United States. This is of particular concern during the current period of financial distress in the dairy industry given the combination of low milk prices and extremely high energy costs.

Given Brazil's agricultural competitiveness and India's extensive dairy production, coupled with the fact that neither has played as constructive and cooperative a role as it could have in the World Trade Organization negotiations, we urge USTR to exclude both countries from the GSP and CNL waiver program.

Sincerely,

Jaime Castaneda
Senior Vice President, Government Relations and Trade
National Milk Producers Federation

Supports Brazil & India
Natural Stone – no CNLWs

From: Robert Andrews [randrews@stonetrade.com]
Sent: Thursday, August 31, 2006 4:12 PM
To: FN-USTR-FR0052
Subject: removal of Brazil and India from GSP

Dear Sir/Madam:
We are a company based in Rhode Island importing natural stone from overseas, selling to companies all over the United States. Our two largest sources of stone
are Brazil and India.

The story in the natural stone industry over recent years has been the arrival of the
Peoples Republic of China as a major supplier to the USA of granite, marble and slate. Chinese prices for natural stone are extremely low, so low that many people in our industry regard them as only possible with government subsidy or deliberate dumping.

If Brazil and India lose their GSP status, most of their natural stone would become dutiable at rates between 4.5 and 6.5%. The result will be to push even more business to China, adding still more to our enormous trade deficit with Beijing. So in trying to punish Brazil and India, the consequence will be to make our situation with China worse.

Please do not allow Brazil and India to be removed from the GSP program.

Sincerely,
Robert Andrews
President
Stone International, Inc.
333 Main Street
East Greenwich, RI 02818
401-885-6608

Supports All, & Indon & Brazil
Supports CNLW Indon 4412.13.40

From: Suzanne Morgan [suzanne@iwpawood.org]
Sent: Thursday, August 17, 2006 1:58 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Suzanne Morgan
Manager, Government Affairs & Membership Outreach
International Wood Products Association
4214 King Street, West
Alexandria, VA 22302
703.820.6696 (T)
703.820.8550 (F)
suzanne@iwpawood.org
www.iwpawood.org

INTERNATIONAL WOOD PRODUCTS ASSOCIATION
4214 King Street, West
Alexandria, VA 22302

August 17. 2006

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

To Whom It May Concern:

The International Wood Products Association (IWPA) is committed to the promotion and enhancement of imported hardwood and softwood products. We believe strongly that free trade among all countries should be the ultimate objective. Our 220 member companies include U.S. importers, manufacturers, transportation companies, port authorities, customs brokers, and overseas producers. The expiration of the Generalized System of Preferences (GSP) on December 31, 2006, would have a decidedly negative impact on imported wood products used by U.S. consumers and the negative impact on those who supply these products to the market.

GSP is a trade preference program maintained by the United States to promote development, through trade, of selected developing countries. Using GSP, U.S. companies can import products from these countries free of U.S. tariffs. GSP allows our members to import wood products, such as plywood and wood flooring, benefiting U.S. manufacturing industries (e.g., kitchen cabinet, RV, manufactured housing, and homebuilders) while also supporting critical economic development for developing economies.

A permanent lapse of GSP benefits or removal of any existing CNL waivers (e.g., HTSUS 4412.13.40 from Indonesia) would harm U.S. consumers by raising the costs of materials used to build or remodel a home while pushing back the economic growth of the most important developing nations. Narrowing duty-free benefits to “least developed countries” would eliminate important wood products suppliers, like Brazil and Indonesia, at the very point we need to be pro-actively engaging with these countries.

We strongly urge the USTR and the Administration to impress upon Congressional leaders the importance of renewing GSP, in its entirety, this year. American jobs depend on it.

Sincerely,

Suzanne Morgan
Manager, Government Affairs and
Membership Relations

Greenberg Traurig

Donald S. Stein
Tel. 202.530.8502
Fax. 202.331.3101
steind@gtlaw.com

September 5, 2006

ELECTRONIC SUBMISSION

Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Comments in Support of Maintaining (1) Brazil's Status as a Beneficiary Developing Country Under the GSP Program, (2) Ferroniobium (HTS Subheading 7202.93.80) from Brazil as a GSP Eligible Article, and (3) the Competitive Need Limit Waiver Currently in Place for Ferroniobium from Brazil (HTS Subheading 7202.93.80)

Dear Ms. Sandler:

These comments are being filed by Companhia Brasileira de Metalurgia e Mineracao ("CBMM") of Araxa, MG, Brazil, and Reference Metals Company, Inc. ("RMC") of Bridgeville, Pennsylvania,[1] in response to the notice appearing in the August 8, 2006 *Federal Register* (71 *Fed. Reg.* 45079), requesting public comment on the following matters:

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[1] CBMM is a private corporation involved in mining, processing, manufacturing and marketing of niobium products. CBMM's mine and production facilities are located in Araxa, Brazil. It also maintains offices in Sao Paulo, Brazil. It supplies standard grade ferroniobium, vacuum grade ferroniobium, niobium oxide, nickelniobium, niobium metal and special grades of niobium oxide to buyers around the world. CBMM is a vertically integrated producer. It is ISO 9002, OSHA 1800 certified.

CBMM has subsidiary companies in Germany (Niobium Products Company GmbH), in the United States (Reference Metals Company, Inc.), and other global agents providing world-wide sales. It supports research and development on the uses of niobium products at universities in the U.S. and throughout the world. RMC, the U.S. subsidiary of CBMM, imports and distributes in North America the niobium products -- including standard grade ferroniobium -- produced by CBMM.

1. Whether identified Beneficiary Developing Countries ("BDCs") under the GSP program should maintain their status under the new GSP program?

2. Whether GSP benefits should be suspended, limited, or withdrawn from identified BDCs should they maintain their BDC status?

3. Whether competitive need limit waivers for specified products should be terminated?

CBMM and RMC provide below their comments with respect to all three issues -- specifically relating to (1) Brazil maintaining its current status as a BDC under the GSP program, (2) ferroniobium from Brazil (HTS Subheading 7202.93.80) maintaining its status as GSP eligible article, and (3) ferroniobium from Brazil maintaining its Competitive Need Limit waiver.

Brazil's BDC Status Under The GSP Program Should Be Maintained In A Renewed GSP Program

While the President has the authority to withdraw (or suspend) a country's status as a BDC under the GSP program, such action has historically been taken only against BDCs that have accounted for a significant percentage of benefits under the GSP program, and which have reached a sufficiently high level of economic development so that it could be said that they no longer need GSP benefits to be competitive in the U.S. marketplace. Brazil's level of development, according to World Bank data, is only that of a lower middle income economy. It has not reached the level of economic development of countries that in the past have been graduated from the GSP program, and its level of economic development would not, under almost any circumstance, justify graduation from the GSP program.

Likewise, Brazil's purchasing power parity ("PPP", the income measure used by the World Bank to measure the standard of living of a country) is far lower than any country that ever has been graduated from the GSP program. No country with a per capita PPP of less than $10,320 (2005) has ever been graduated from the GSP program. Brazil's 2005 per capita PPP was $8,230.

Further, Brazil should be given credit for the efforts it has made to pursue sustainable macroeconomic policies since the turbulent market conditions of 2002, particularly the Government's strong commitment to fiscal discipline. An April 25, 2006 IMF Survey emphasized the contribution of these policies to Brazil's recent strong export growth, and notes that Brazil's strong export performance is one reason why Brazilian trade officials now recognize the importance of a successful outcome of the DOHA round.

Additionally, were Brazil to be graduated from the GSP program, it appears unlikely that the benefits of such an action would flow to the lesser developed BDCs in the GSP program. Probably the major beneficiary of such action would be China. In the case of ferroniobium, to the extent that anyone benefited from the loss of GSP eligibility for Brazilian ferroniobium, it would be suppliers in Canada and Germany. Brazil losing its BDC status under the GSP program will have only a minimal, if any, effect on the economic development of other lesser developed countries. In the case of ferroniobium, it would have absolutely no effect.

Given the above, CBMM and RMC respectfully submit that Brazil's status as a BDC should be maintained under a renewed GSP program.

Ferroniobium[2] From Brazil Should Remain A GSP Eligible Product Under A Renewed GSP Program

Presuming, for the reasons discussed above, that the GSP Program, when renewed, maintains Brazil's BDC status, CBMM and RMC wish to express its view that should the President determine it is necessary to limit benefits of Brazil under the GSP Program, he ***not*** do so either directly, by removing ferroniobium from Brazil, classified under HTS Subheading 7202.93.80, from the list of GSP eligible articles, or indirectly, by terminating the Competitive Need Limit waiver provided to ferroniobium from Brazil at the time it was added to the list of GSP eligible articles.

Ferroniobium was only added to the list of GSP eligible articles on July 1, 2003. CBMM and RMC filed a petition in the 2002 GSP Annual Product Review (Case No. 2002-23) to add ferroniobium to the list of GSP eligible articles, and for a Competitive Need Limit waiver. Favorable action on this petition was taken by the President because it was determined that making ferroniobium GSP eligible, and granting the Competitive Need Limit waiver to ferroniobium from Brazil,[3] was a win-win situation. There were no losers, only winners.

CBMM and RMC benefited by being provided a "level" playing field to compete against duty free imports from Canada. U.S. steel producers, the major customers for this product, benefited from lower prices. U.S. universities and research institutions benefited as the increased sales of ferroniobium in the United States by RMC has permitted RMC to increase funding for research projects relating to potential uses for ferroniobium it sponsors. Further, the employees of CBMM have benefited, as increased sales in the U.S. has ensured their continuing employment

[2] Ferroniobium comes in two main grades -- standard and vacuum -- which are distinct products, differing commercially and chemically. Standard grade ferroniobium, classified under HTS Subheading 7202.93.80, is a GSP eligible product that is primarily used in the production of a number of basic steels referred to as high-strength-low-alloy steels. It is the subject of the discussion below, and *reference to ferroniobium in this submission is reference to the standard grade product*. It is purchased by basic steel producers, and is used as an alloying element to strengthen high-strength-low-alloy steels used in the automotive, structural shapes, and high-pressure gas transmission pipelines sectors. Steel producers incorporate ferroniobium into steel by adding it during steel making operations. Standard grade ferroniobium differs significantly from vacuum grade ferroniobium, which is classified under HTS Subheading 7202.93.40 and is not GSP eligible. Vacuum grade ferroniobium is used in the production of superalloys, such as aircraft engines, land based turbines for power generation, and in the petroleum and chemical industries for sour resistant fittings. Vacuum grade ferroniobium is purchased primarily by superalloy producers.

[3] Brazil has accounted for over 90% of the value of U.S. imports of ferroniobium under HTS Subheading 7202.93.80 since becoming GSP eligible in July 2003, and needs to keep its Competitive Need Limit waiver to maintain its GSP eligibility. Canada and Germany are the two other sources of supply to the U.S. market.

at CBMM in Brazil, and allow CBMM to continue to generously fund employee benefit programs.

Benefits To The U.S.

The major beneficiaries of the addition of ferroniobium to GSP eligibility in 2003 were U.S. steel companies. This particular benefit was recognized by the industry during the 2002 GSP Annual Product Review. Five steel companies actually made submissions to USTR expressing support for the addition of standard grade ferroniobium to the list of GSP eligible articles. These benefits were fully realized once ferroniobium from Brazil became GSP eligible. As promised by CBMM and RMC during the 2002 GSP hearings, the 5% duty saving was passed along to RMC's U.S. customers. If GSP eligibility for this product is now lost, the 5% duty that would be reimposed would be added to the cost of the product, raising not only the price paid by U.S. steel companies for ferroniobium, but also raising the price of articles made by these companies to their customers.[4] In 2006, we anticipate the value of imports from Brazil will be around $80 million. The reimposition of a 5% duty will increase the cost of the product purchased by U.S. steel companies from Brazil by approximately $4 million per year. Therefore, continued duty free treatment under the GSP program for ferroniobium will assist RMC's U.S. customers to maintain their global competitiveness. No one would benefit from such increased costs, but many would lose.

To the extent that increased prices result in lost sales, this would affect RMC's ability to continue funding research at numerous U.S. universities and other research institutions. For over 10 years, RMC has sponsored and collaborated on ferroniobium steel research and development projects at major universities and with customers throughout the United States. The research activities are aimed at improving steel's mechanical properties through the use of niobium in high strength steels. The three major steel consumption sectors enjoying these benefits are oil and gas pipelines, automotive and construction applications.

Benefits To Brazil

Maintaining GSP eligibility for ferroniobium from Brazil will enable CBMM and other Brazilian exporters of ferroniobium to maintain, and hopefully increase, sales of standard grade ferroniobium in the United States. Any benefit from the removal of ferroniobium from Brazil from GSP eligibility will not accrue to the lesser developed BDCs, but to Canada and Germany, the only other significant suppliers of ferroniobium to the United States.

Increasing sales in the U.S. market benefit not only CBMM, but also the 600+ people it employs in Brazil in its ferroniobium operations. Sales of standard grade ferroniobium to the U.S. market are extremely important to maintaining production levels and this level of employment.

[4] Were the United States to reimpose duties on ferroniobium, it would be the only specialty steel manufacturing country to impose an import duty on this product. Canada, the EU, Mexico, Japan and China all permit ferroniobium to enter duty free.

Maintaining production levels is of course important to CBMM. But being able to maintain the health and welfare of its employees is also of great importance to CBMM. CBMM strives to provide a healthy work environment for its employees, and also strives to protect the environment. CBMM is the first mining and metallurgy company in the world to receive ISO 14001 certification for meeting the highest environmental and quality standards. This certification applies to CBMM's entire production process, from mining to production of niobium products.

CBMM as a company is committed to preserving the environment for future generations. It has voluntarily implemented and operates its own Center for Environmental Development. The Center comprises an animal nursery and reproduction center, a plant nursery and a center for environmental education. It is open to the local community and to schools. Since 1992, more than 28,500 students have participated in its activities at the Center. The main objective of the Center is to assist endangered species in reproduction. The Center also conducts research in the areas of feeding, immunology and handling of captive wild animals.

In addition to this, CBMM also has implemented an extensive reforestation program, which has proven to be quite successful. There are more trees planted in the region than there were when it first began mining in 1954. More than half a million native trees have been planted by CBMM since the start of reforestation program.

CBMM also devotes significant time and resources to ensure the welfare of its employees -- not only on the job but also at home. CBMM has in place extensive programs to provide for healthcare, education and housing for its employees and their families. In addition, CBMM has a pension fund for its employees to complement the benefits they may receive from the government as they get older to ensure that its retired employees can maintain a standard of living similar to that which they had when they were fully employed by the Company.

CBMM has a number of programs available to assist employees purchase homes on favorable terms. It is CBMM's belief that homeownership will develop citizenship and civil responsibility. CBMM also has a housing program in place in cooperation with the local labor union. CBMM sells the land for a home at cost to its employees (requiring a 50% down payment and the balance to be paid in installments not to exceed 20% of the employees' salary), and donates construction materials to the employees, who then build their own homes under the supervision of civil engineers and construction specialist employed by CBMM. To date, 142 homes have been built under this program.

CBMM also recognizes the importance in the value of education and provides to its employees and their families numerous education benefits. CBMM recognizes that the benefits from education accrue not only its employees, but to the entire community. Through its Human Development Center, CBMM helps prepare preschool children (ages 1-6) for formal education, and also teaches families how to deal with basic family issues, such as childcare, responsible parenting, healthcare, and nutrition. CBMM also has programs to assist employees' families with the cost of education for their children from elementary school through university.

CBMM provides a comprehensive healthcare program to its employees and their families, covering doctor visits, hospitalization, physical examinations, medicine, preventative checkups, and dental care.

CBMM places a great deal of value of the health and welfare of its employees, and assists them in the area of housing, healthcare, education, and in preserving the environment of where they live.

* * *

For these reasons, CBMM and RMC respectfully urge the Administration not to take any action that would ultimately affect the GSP eligibility of ferroniobium from Brazil, classified under HTS Subheading 7202.93.80. The addition of this product to GSP eligibility in 2003 benefited all involved, and no one was adversely affected. To remove GSP eligibility for this product would, conversely, adversely affect many parties, and benefit none. U.S. trade policy does not demand, or require, any such action that would bring this result.

Your consideration of these comments is greatly appreciated.

Sincerely,

/s/

Donald S. Stein

DSS

ABIPLA – Brazilian Cleaning and Sanitation Products Industry Association

São Paulo, September 4th, 2006

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

Oficio nº 11a/06

Dear Sirs,

Founded on November 12th, 1976, ABIPLA (Brazilian Cleaning and Sanitation Products Industry Association) has as a mission the promotion of actions which incentive the growth of the sector as a whole, contributing for the sustainable developement of the country, in addition to defending the legitimate interests of its associates by means of coherence, ethics, transparence and quality. Moreover it gives incentives to the technical scientific improvement and respect the environment, the health and the society safety

In its 30 - year lifetime – that will be turned in November this year – and couting on over 50 associated companies, ABIPLA operates as an effective representative of house-hold and institutional cleaning products manufacturers, mostly in the presence of society, governmental agencies, with which it has kept a permanent and frank dialogue. Since the very beginning of its activies, the entity, has developed managements that represent important gains for the sector and consequently for the society and consumers.

Brazilian exports to the United States have been contributing considerably to reduce this gap. The United States have been not only a tradional but also one of the most important Brazilian trade partners.

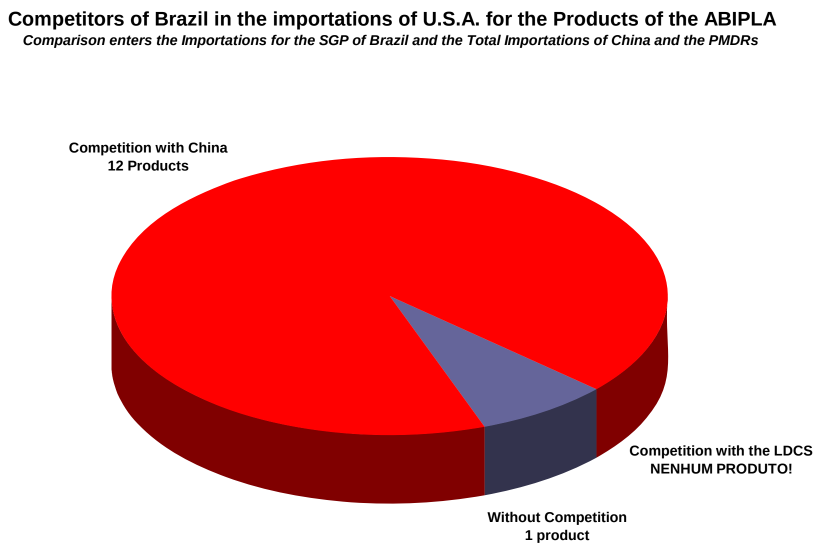
In this sense, the Brazilian Cleaning and Sanitation Products industry is very concerned about the current revision of the Generalized System of Preferences (GSP) of the United States, once this system has proved to be an effective win-win solution to promote Brazil-US trade.

U.S. manufacturers and consumers benefit from preferences granted to Brazil

Through GSP, the US importers can offer more competitive products to American consumers. Around 66% of the US imports from Brazil are currently benefited. The competitiveness of American manufacturers has also been increasing with this program.
Besides, it is important noting that Brazil’s exclusion from the GSP will neither benefit US nor poor countries manufacturers, but other developed or developing competitive countries. For example, in 2005, US trade deficit with China increased to more than US$ 200 billion.

1903, Brig Faria Lima, Avenue – 11º floor – São Paulo/SP – CEP: 01451-916 – Tel.: (11)3816-3405 Fax:(11)30356578

If Brazilian is excluded from the GSP, the same products will be possibly supplied by Chinese manufacturers. As we can see in the folowing grafic:



Fonte: Dataweb/USITC

GSP contributes to Brazilian social and economic development

On the other hand, Brazilian producers have been benefiting from trade preferences in the American market, contributing to improve the international performance of Brazilian companies and, as a consequence, to the social and economic development of the country. It is estimated that up to 1,200 jobs will be created in 2007 directly or indirectly related to the production of goods exported to the U.S. under the GSP preferences.

Therefore, Brazilian Cleaning and Sanitation Products Industry Association urges the US Administration not only to to renew the GSP but also to maintain Brazil as a beneficiary of the system. For an important number of small and medium Brazilian exporters, GSP is already consolidated as one of the mechanisms to compete fairly in the international markets.

Sincerely yours,

Maria Eugênia Saldanha
Executive Director
ABIPLA - Brazilian Cleaning and Sanitation Products Industry Association

Annex 1

33074900	Preparations for perfuming or deodorizing rooms, including odoriferous preparations used during religious rites
34021120	Linear alkylbenzene sulfonates
34021140	Anionic, aromatic or modified aromatic organic surface-active agents, whether or not put up for retail sale, nes
34021150	Nonaromatic anionic organic surface-active agents (other than soap)
34021210	Aromatic or modified aromatic cationic organic surface-active agents (other than soap)
34021250	Nonaromatic cationic organic surface-active agents (other than soap)
34021310	Aromatic or modified aromatic nonionic organic surface-active agents (other than soap)
34021320	Nonaromatic nonionic organic surface-active agents (other than soap) of fatty substances of animal or vegetab
34021350	Nonaromatic nonionic organic surface-active agents (other than soap), other than of fatty substances of anima
34021910	Aromatic or modified aromatic organic surface-active agents (other than soap) other than anionic, cationic or n
34021950	Nonaromatic organic surface-active agents (other than soap) nesoi
34022011	Surface-active/washing/cleaning preparations containing any aromatic or mod aromatic surface-active agent,
34029010	Synthetic detergents put up for retail sale
34029030	Surface-active, washing, and cleaning preparations cont. any aromatic or modified aromatic surface-active age
34029050	Surface-active, washing, and cleaning preparations nesoi, put up for retail sale
34031140	Preparations for the treatment of textile materials, containing less than 50 percent by weight of petroleum oils
34031150	Preparations for the treatment of leather, furskins, other materials nesoi, containing less than 70% petroleum o
34031950	Lubricating preparations containing less than 50% by weight of petroleum oils or of oils from bituminous miner
34039110	Preparations for the treatment of textile materials, nesoi
34042000	Artificial waxes and prepared waxes of polyethylene glycol
38081010	Fly ribbons (ribbon fly catchers), put up in packings for retail sale
38081025	Insecticides containing any aromatic or modified aromatic insecticide, nesoi
38081030	Insecticides, nesoi, containing an inorganic substance, put up for retail sale

1903, Brig Faria Lima, Avenue – 11º floor – São Paulo/SP – CEP: 01451-916 – Tel.: (11)3816-3405 Fax:(11)30356578

38082015	Fungicides containing any aromatic or modified aromatic fungicide, nesoi
38082030	Fungicides, nesoi, containing an inorganic substance, put up for retail sale
38083015	Herbicides containing any aromatic or modified aromatic herbicide, antisprouting agent or plant-growth regulat
38083020	Herbicides, antisprouting products and plant-growth regulators, nesoi, containing an inorganic substance, for r
38084010	Disinfectants, containing any aromatic or modified aromatic disinfectant
38084050	Disinfectants nesoi
38089008	Rodenticides containing any aromatic or modified aromatic pesticide, nesoi
38089070	Rodenticides containing an inorganic substance
38099100	Finishing agents, dye carriers and like products, nesoi, used in the textile or like industries

September 5, 2006.

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

Dear Members of the Subcommittee,

The largest national confederations of workers unions of Brazil, having become aware of the review process of the U.S. Generalized System of Preferences (GSP), launched on the 8th August, which could result in the exclusion of Brazil or the limitation of its benefits under the program, hereby convey their deep concern with the possibility that such measure might eventually be adopted.

As you are aware, Brazil is among the main beneficiaries of GSP, which corresponds to around 15% of Brazilian exports to the United States. GSP represents, furthermore, an important contribution to the creation of employment opportunities, occupation and income all over the Brazilian territory, including the poorest regions of the country.

A sizeable share of Brazilian exports to the US within GSP is composed of raw materials and intermediate goods for the manufacturing sector in the United States, which, by virtue of GSP, purchases inputs from Brazil at lower prices, thereby enhancing the competitiveness of U.S. industrial goods in the international market.

GSP has also contributed to strengthening economic and commercial ties between Brazil and the U.S., to the point of becoming a factor of influence in the investment decisions of U.S. companies interested in establishing themselves in Brazil or in expanding their operations in the country, bearing in mind that a substantial proportion of companies exporting under GSP are subsidiaries of U.S. corporations. The exclusion of Brazil from GSP would likewise have a negative economic impact on U.S. workers and firms in those sectors which import under the program, particularly if a scenario of economic slowdown and increasing pressure to cut costs is confirmed.

With the possible exclusion of Brazil from GSP, the country could be deprived of about 20,000 direct jobs and around 600,000 jobs related to GSP exports could be at risk, numbers that highlight the negative social impact of a decision unfavorable to Brazil. In this context, it is also worth remarking that Brazil is still considered by the World Bank to be a “lower middle income” economy, with a per capita income of around US$ 3,500.00, well below the level of US$ 10,066, defined as the automatic graduation threshold of the U.S. GSP program.

For the reasons outlined above, the main national confederations of workers unions of Brazil request that members of the Subcommittee undertake a careful analysis of the Brazilian economic situation, which in our view would support the case for keeping Brazil in GSP. Such a positive outcome would promote the increase of bilateral trade as well as of job creation in both countries, thereby contributing to the attainment of poverty reduction and social justice objectives.

On behalf of Brazilian workers,

"Central Única dos Trabalhadores (CUT)"
Unified Workers Confederation

"Força Sindical (FS)"
Union´s Power

"Social Democracia Sindical (SDS)"
Social Democracy Union

"Central Autônoma de Trabalhadores (CAT)"
Autonomous Federation of Workers

"Central Geral dos Trabalhadores do Brasil (CGTB)"
General Workers Federation of Brazil

"Confederação Geral dos Trabalhadores (CGT)"
General Workers Confederation

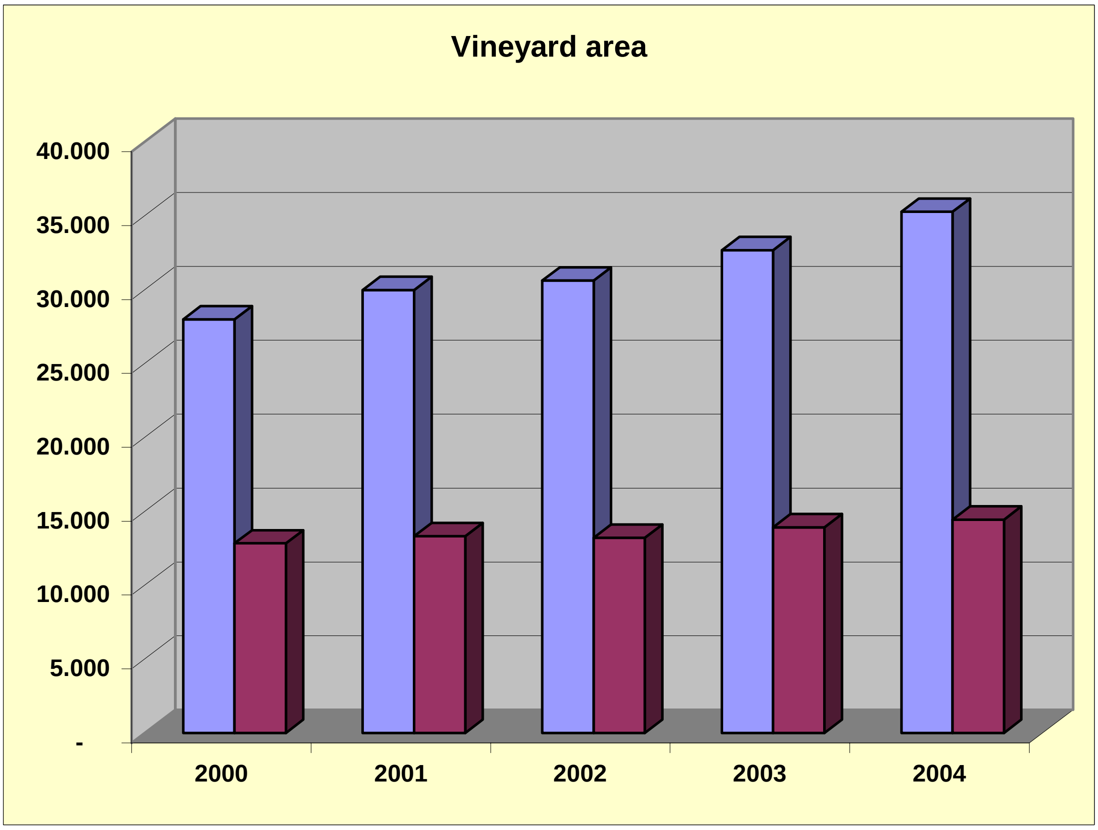
INSTITUTO BRASILEIRO DO VINHO

CP.144/06 Bento Gonçalves, 05 de Setembro de 2006

Subject: The maintenance of Brazil in the GSP - Generalized System of Preferences.

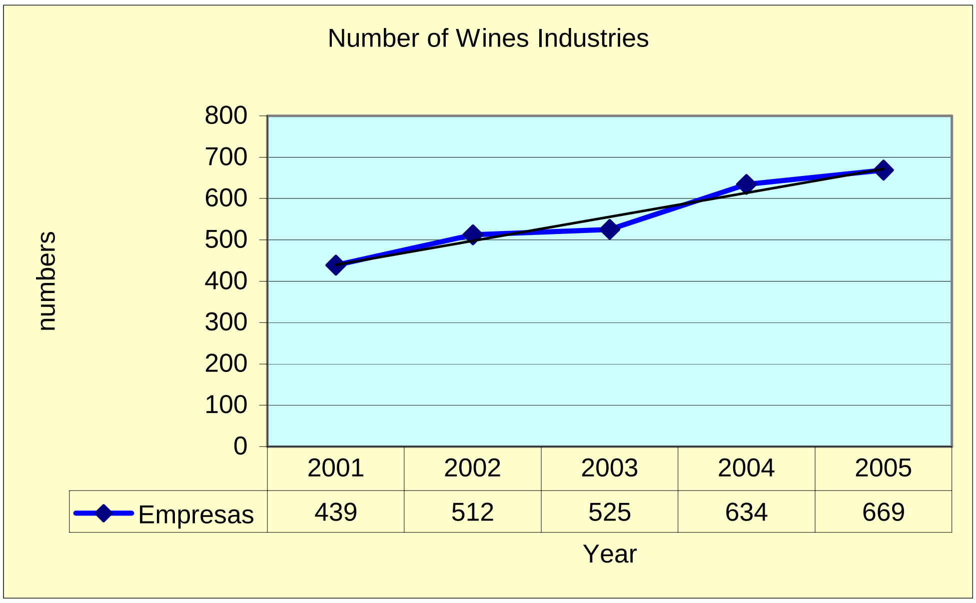
The Brazilian Wine Institute – IBRAVIN represents the wine industry and the wine producer from Brazil. Today the wine is produced in ten federative units of Brazil and has in the Rio Grande do Sul its main producing region.

The State - whose annual average of production is around 430 (four hundred and thirty) millions liters - leaves 90% of the wines and derivatives elaborated in the country, 345 (tree hundred and forty five) millions liter only of wines. The productive chain involves around 700 wines industries and around 16,000 producing units of grape. Currently, the process of growth of the vineyard area is registered in both kind of grapes: *vitis vinifera* and *vitis lambrusca*, as can be observed in the Graphic 1. The number of wines industries also have grown, as can be observed in the Graphic 2.



Graphic 1 - Evolution of the vineyard area in Brazil, from 2000 to 2004. The blue bar represent the *vitis lambrusca* grape and the red bar represente the *vitis vinifera* grape. Source: Cadastro Vitícola.

Alameda Fenavinho, 481 – Edificação 29 – CEP 95.700.000 – Bento Gonçalves – RS
Fone/Fax: (54) 3455.1800 – *e-mail*: ibravin@ibravin.org.br – CNPJ 02.728.155/0001-74
Fundado em 10/01/1998



Graphic 2 - Number of Brazilian wine industries, from 2001 to 2005. Source: Cadastro Vinícola.

If compared with the European Union, Australia, Chile or Argentina, Brazil is a smaller producer of wine. But, for the South of Brazil the wine industry is really important, specially for the social area, because this sector congregates mainly smaller farmers, that live only from the wine production and the wine industry.

With this representation, the IBRAVIN pleads the maintenance of Brazil in the Generalized System of Preferences - GSP and especially the permanence of the spark wine (Harmonized Tariff Schedule number: 2204.10.00).

One of the most important wines produced in the South of Brazil is the spark wine, specially related with the particular *terroir* situated in Rio Grande do Sul. Today the Brazilians spark wines have being recognized in international competitions, sometimes compared with the French Champagne. The Graphic demonstrates the evolution of the Brazilian wines in these international competitions.

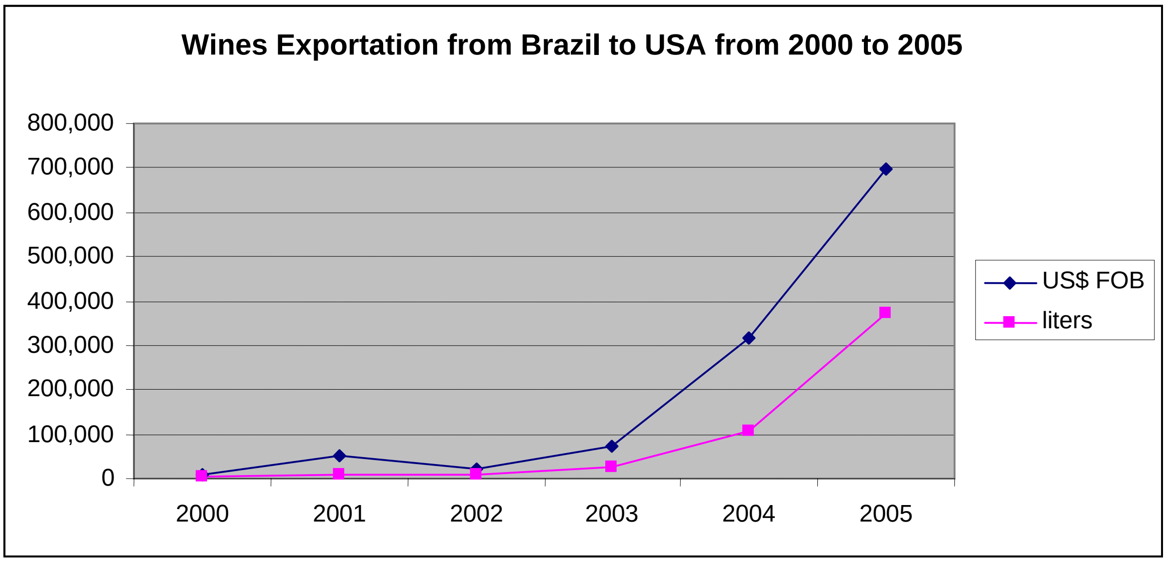
	2001	2002	2003	2004
GOLD	9	57	51	84
SILVER	31	82	53	157
BRONZE	22	38	30	45
DIPLOMA	5	6	4	16

Graphic 3 – Evolution of the awarding of Brazilian Wines in International Competitions, from 2001 to 2004. Source: Associação Brasileira de Enologia - ABE.

Today, one of the most important markets for Brazilian wine and, specially for Brazilian spark wine, is the United States of America.

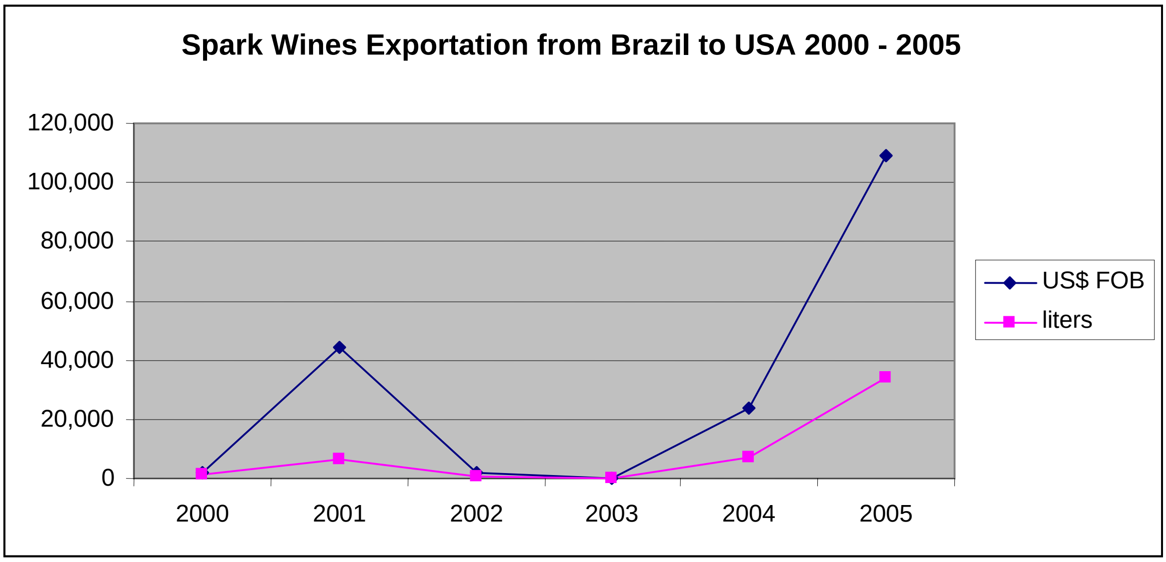
In 2005, Brazil has produced 7,012,490 liters of spark wine, which represents 2% of the whole wine produced in Brazil. This number is quite small, but a few years ago Brazil didn't produce any liter of this wine. The spark wine is also the one which production has been growing at most in the recent years. In that matter, the incentive of the GSP is very important to Brazil and specially to wine producers from the South of Brazil.

As a comparison, Brazil had exported a great volume of wine between 1996 and 1997 to the USA. After a currency crisis, the exportation fell drastically between 1998 and 2003. After this period, the wine sector has been recuperating and today we are not exporting like 1996/1997, but in a constant growth.



Graphic 4 - Wine Exports from Brazil to the USA (2000 - 2005). Source: Aliceweb.

Almost the same happen with the spark wine. We didn't produce in large scale this product until 1999. The crisis affected the sector between 1998 and 2003. But after this period we are working to improve this specific product and today it represents about 10% of the sector exports to USA (US$).



Graphic 5 - Spark Wine Exports from Brazil to the USA (2000 - 2005). Source: Aliceweb.

The GSP is very important for this sector and, specially for this product, because it becomes an incentive for this industry that is being recognized in all the world.

If the Brazilian producers don't have this incentive rarely they will be able to put our spark wine in the American market. In the other hand, the USA could stay without the spark wine that is considered one very special product, that can be compared with the Frances Spark Wines.

It is important to remember that in Brazil the vineyards are being introduced where usually the farmers had planted for many years soy and maize, as well as where they raised bovines. The production of wine may be an important way to replace this kind of agribusiness, which generates more jobs and help Brazilian growth in a sustainable way.

Than, for those reasons, the IBRAVIN pleads first the permanence of Brazil in the GSP program of USA and, in second place, the permanence of the spark wine in this program.

Carlos Raimundo Paviani
Executive President

Alameda Fenavinho, 481 – Edificação 29 – CEP 95.700.000 – Bento Gonçalves – RS
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Fundado em 10/01/1998

Support Brazil, India, &
11 other countries
Pro CNLWs for jewelry

From: Mary Haltom [maryhaltom@sbcglobal.net]
Sent: Thursday, August 31, 2006 4:36 PM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

As an owner of a U.S. independently owned jewelry store, I strongly urge the USTR Panel to support continuation of Duty Free trade benefits for jewelry from India, Brazil and 11 other trade partners under GSP. The existing GSP benefits are of critical importance to our profitability and more importantly it saves the American consumer money. Withdrawing jewelry imports from the GSP program would add a six percent duty to a significant portion of jewelry products purchased by US consumers. Consumers already facing rising gold, diamond and oil prices, and feeling the effects of a softening US dollar, may see the retail prices for jewelry increase 15 to 20 percent, with a negative effect on my business.

I strongly urge you to recommend the continuation and renewal of GSP benefits for diamond jewelry.

Thank you,
Mary Haltom
Mary Haltom Jewelers
6326 Camp Bowie, Ft. Worth, Tx 76116
817-763-0077 fax 817-763-0927
Mon-Fri 10am-5:30pm Sat 10am-4pm

SUBJECT: 2006 GSP Eligibility and CNL Waiver Review
FROM: Leticia Phillips, Brazil-U.S. Business Council
TO: USTR GSP Subcommittee

Dear GSP Subcommittee Officer,

Below are the comments on the GSP Program (71 Fed. Reg. 45079) from the Brazil-U.S. Business Council. If further information is needed to conclude the submission process, please do not hesitate to contact me; also, if you could confirm the receipt of this submission it would be greatly appreciated.

Best regards,
Leticia Phillips
Associate Director - Marketing and Membership
The Brazil-U.S. Business Council
Phone: (202) 463-5599
Fax: (202) 463-3126
lphillips@uschamber.com

September 5, 2006

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

Re: Request for Public Comment on the GSP Program (71 Fed. Reg. 45079)

Dear Members of the Subcommittee:

As Chairmen of the Brazil and United States Chapters of the Brazil-U.S. Business Council, we are writing to you regarding your request for public comments on the operation of the Generalized System of Preferences ("GSP") program. Brazil-U.S. Business Council members include Brazilian and American companies from the manufacturing, agriculture and services sectors. Our objective is to support and promote policies aimed at expanding bilateral trade and economic ties between our two countries. The Brazil-U.S. Business Council appreciates the opportunity to offer our views on the importance of a timely renewal of the GSP program and of the continued eligibility of Brazil for GSP tariff benefits.

The Brazil-U.S. Business Council strongly supports Brazil's continued status as a GSP beneficiary. The benefits to Brazil from participation in the GSP program are considerable. The program has been very helpful in stimulating growth in Brazilian exports in certain sectors and has contributed to the economic growth of the country and the development of an increasingly internationally-oriented business sector. It is estimated that approximately 15 percent of Brazil's exports to the United States benefit from zero-duty status under the GSP program, with GSP trade in 2005 amounting to $3.6 billion. The GSP program has permitted Brazilian companies to develop new business and provided U.S. companies with low-cost imported raw materials and intermediate input products for finished goods that are sold in the U.S. or exported around the world. Indeed, two-thirds of Brazil's GSP exports to the United States consist of raw materials and intermediate products, while consumer goods and capital products represent only 25 percent of Brazil's GSP exports.

In the Council's opinion, removing Brazil's GSP eligibility, will not have the effect of stimulating the flow of GSP benefits to other eligible developing or least developed countries. As noted above, the vast majority of Brazil's GSP exports to the United States are raw materials or intermediate products. U.S. companies rely on these inputs from Brazil to produce end products in the U.S., creating wealth and jobs in the United States. These supply chain relationships have been nurtured over many years, and in many instances are bolstered by investment by U.S. companies in Brazilian production facilities. If Brazil's GSP status were terminated both Brazilian and U.S. companies would lose. The competitiveness of Brazilian products would suffer due to the impact of import duties and U.S. companies would be forced to go through the costly and time consuming process of developing new supplier relationships overnight. U.S. companies are most likely to turn to suppliers in non-GSP countries where there are already highly developed export markets for raw materials and intermediate inputs. Thus, removing GSP benefits for Brazil is likely to move sourcing to suppliers in other countries that do not receive GSP treatment, and would not have the intended effect of directing more trade to lesser-developed countries.

While there has been substantial positive progress on the economic front over the last several years, Brazil has not reached a level of economic development that would necessitate its graduation from the program. Brazil's GDP per capita of $3,090 remains well below the statutorily-required threshold for graduation of $10,066. Moreover, many sectors in Brazil remain highly undeveloped and economic development has been uneven leading to large differences in wealth between regions. GSP has become an important economic engine in the poorer regions, like the north east of the country which accounts for 15% of exports under the program. Brazil continues to struggle with a very high level of debt, and as a result does not have the resources to adequately fund development programs in these poorer regions. The GSP program is critical to creating export jobs and provides a sustainable mechanism that helps spread development throughout Brazil and encourages the development of mutually beneficial supplier relationships and bilateral investment.

From a political perspective, removing Brazil's GSP status at the start of a new administration in Brazil and at a time when the U.S. and Brazil need to find common purpose and redouble their efforts to achieve a successful conclusion of the Doha Development Round will undermine advocates of bilateral trade liberalization and engagement in Brazil a time when we need to bolster them. The Brazil-U.S. Business Council shares the disappointment and frustration of our government and congressional leaders over the failure to achieve meaningful progress in the Doha Round. While the resolution of the impasse that prevails will depend on movement from many players, Brazil is working vigorously to try to get multilateral talks back on track by reaching out to other countries and by convening a meeting of the G-20 at the end of this week. The level of cooperation between our two counties has never been greater -- as evidenced by Ambassador Schwab's meeting with Foreign Minister Amorim in July and in President Bush's meeting with President Lula last November. In fact GSP has had a positive impact on the level of collaboration between our two governments and private sectors on the fight against piracy and counterfeiting in Brazil, evidenced by the termination of the GSP review of Brazil's copyright enforcement. We believe that differences between the U.S. and Brazil with regards to the WTO Doha Round should be dealt with at the negotiating table and that the GSP issue should be evaluated based on its individual merits.

Again, the Brazil-U.S. Business Council appreciates this opportunity to provide our comments and we urge you again to maintain Brazil's current status as a beneficiary country under the GSP program.

Sincerely,

Henrique Costa Rzezinski, Chair, Brazil Section
Thomas Catania, Chair, U.S. Section

Supports Brazil, India, &
11 other GSP Countries
Pro CNLWs for jewelry

From: TerriKaf@aol.com
Sent: Thursday, August 31, 2006 4:40 PM
To: FN-USTR-FR0052
Subject: (no subject)

To whom it may concern:

Please be advised that the retail jewelry community of the US requests that you continue the trade benefits granted to Indian jewelry manufacturers under the GSP (Generalized System of Preferences) program and maintain the GSP status granted to India, Brazil and the 11 other trading partners. If this is not done, serious and severe economic hardships would ensue and would ultimately effect the United States consumer. The trade cannot support a six percent duty to a significant portion of goods, nor can the American consumer. Please take this into serious consideration.

Thank you.

Terri Kafrissen
Gina Puckett

Supports Brazil, India, & All
GSP Countries
Pro all CNLWs

From: Cynthia Allen [CindyAllen@argents.com]
Sent: Thursday, August 31, 2006 4:56 PM
To: FN-USTR-FR0052

Please see our comments attached. If you are unable to access the attached document, please contact me at your convenience.

Sincerely,

Cynthia D. (Jerome) Allen

President, Detroit Customs Brokers and Forwarders Association
Director of Compliance
Argents Express Group

(734) 326-9499 phone
(734) 326-1172 fax
(800) 229-2231 toll-free

callen@argents.com direct
www.argents.com

c/o 7025 Metroplex Dr.
Romulus, MI. 48174
Phone (734) 326-9499
Fax (734) 326-1172
Email dcbfa@aol.com
or callen@argents.com

Marideth J. Sandler
Chairman
GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
600-17th Street N W
Washington, DC 20506

Dear Chairman Sandler,

The Detroit Customs Brokers and Forwarders Association (DCBFA), an Affiliated Association of the National Customs Brokers and Forwarders Association of America (NCBFAA) is pleased to submit this statement in support of the Generalized System of Preferences (GSP) program in response to the GSP Subcommittee's Request for Public Comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development to the extent that their eligibility should be limited, suspended, or withdrawn.

DCBFA is the state of Michigan's association representing customs brokers and freight forwarders. Our members handle the myriad of details involved in importing goods into the U.S. From paying duties and fees owed to Customs and Border Protection (CBP), to filing entry documents, to complying with security requirements, and to arranging for transportation needs in this role, we know first hand how important GSP is for the U.S. businesses. This is particularly important in the current struggling manufacturing oriented Michigan economy.

We urge the Administration to exercise caution as it approaches the decisions of whether to remove countries such as Brazil or India from the GSP program. While these larger beneficiary countries have progressed economically due to their participation in the GSP program, an abrupt cut-off from the program would cause serious hardship for these countries without a corresponding benefit to the least developed countries. It does not necessarily follow that Michigan or any U.S. Businesses will switch suppliers from larger GSP countries or source from a least developed country. In fact the least developed countries often lack the production capabilities as well as the infrastructure to become reliable sources of many products now sources in some of the larger GSP countries such as Brazil and India. A decision to remove one or more of these countries leads to essentially lose-lose proposition.

From our unique vantage point in the import process, we are keenly aware of the valuable role GSP has played in the past 20 years. It has added to the robust trade flows that fuel our national economy. Removal of the major GSP players from the program now will greatly diminish GSP's effectiveness with negative repercussions for these countries, as well as for Michigan and all U.S. companies that outsource from these GSP beneficiaries. It will also impact consumers who will ultimately pay the price when duties are imposed. We believe that Brazil, India, and the other countries that have been identified for review are essential to the success of GSP and should remain in the program.

We encourage the Administration not to focus too narrowly on any single statutory criteria. GSP decisions must be made in a broader context that takes into account the profoundly negative impact of suddenly withdrawing trade benefits. For example, for many small Michigan companies, GSP – with it duty free treatment of products from developing countries – is the single element that allows them to remain competitive and profitable in increasingly tight markets. A sudden loss of GSP benefits for the products will be significant event for these companies.

We also urge the GSP Subcommittee and the Administration to complete this review and announce the outcome as soon as possible. We also strongly suggest that adequate time be allowed for Michigan companies to make adjustments, should they be required. It is our understanding that the decision on whether to terminate competitive need limit waivers on specific products will take effect immediately upon announcement of the decision. We ask that the Subcommittee reconsider this policy and take into account the disruptive impact such an immediate implementation will cause Michigan companies already struggling to compete in a global market environment. These companies will bear the brunt of unexpected imposition of duties on products that are already in the pipeline, and will risk either losing profitability on their sales, or worse, losing contracts as a result of higher costs resulting in the closure of more manufacturing capabilities within our state.

In the current security laden environment, supply chain security is crucial to our continued economic success both nationally and as individual Michigan companies engaged in global trade. The ability to suddenly change suppliers is non-existent in the Customs-Trade Partnership Against Terrorism program, which requires a thorough knowledge of everyone in the supply chain before doing business with them. Changes of this nature require months and sometimes years to implement, while in the meantime the imposed duties will make them less competitive. A sudden duty impact of this nature may force business to reevaluate their product line production within our state, and frankly, within the U.S.

It is important that as the review proceeds the Administration work closely with Congress to ensure a timely, long-term renewal of the program. This cannot be stated too emphatically. The delayed, sporadic, and uncertain renewal of the program in the past has been damaging to our Michigan businesses and counterproductive to the goals of the GSP program itself. The financial and administrative burdens created by lapses in the GSP program are a serious drain on individual companies.

We hope that the Subcommittee and the Administration will utilize every resource to assure timely renewal of the GSP program.

Thank you for your consideration of our views,

Sincerely,

Cynthia D. (Jerome) Allen
President
Detroit Customs Brokers and Forwarders Association

Supports Brazil, India, & All
GSP Countries
Pro all CNLWs

From: Mj1026@aol.com
Sent: Friday, September 01, 2006 10:10 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Please see attached comments regard the above subject matter.

Thanks,

Mary F. Jackson

Mary F. Jackson
Office Manager/Administrative Assistant
Kent & O'Connor, Incorp.
1990 M Street, NW, Suite 340
Washington, DC 20036
Phone: (202) 223-6222
FAX: (202_ 785-0687
e-mail: mj1026@aol.com

August 30, 2006

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

Dear Chairman Sandler,

The National Customs Brokers and Forwarders Association of America (NCBFAA) is pleased to submit this statement in support of the Generalized System of Preferences (GSP) program in response to the GSP Subcommittee's Request for Public Comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development to the extent that their eligibility should be limited, suspended or withdrawn.

NCBFAA is the national association representing customs brokers and freight forwarders. Our members handle the myriad of details involved in importing goods into the U.S. – from paying duties and fees owed to Customs and Border Protection (CBP) to filing entry documents to complying with security requirements to arranging for transportation. In this role, we know first-hand how important GSP is for U.S. businesses.

We urge the Administration to exercise caution as it approaches the decisions on whether to remove countries such as Brazil or India from the GSP program. While these larger beneficiary countries have progressed economically due to their participation in the GSP program, an abrupt cut-off from the program would cause serious hardship for these countries without a corresponding benefit to the least developed countries. It does not necessarily follow that US businesses will switch suppliers from a larger GSP country to a least developed country. In fact, the least developed countries often lack the production capability as well as the infrastructure to become a reliable source for many products now sourced from Brazil, India or one of the other larger beneficiary countries. A decision to remove one of these countries is essentially a lose-lose proposition.

From our unique vantage point in the import process, we are keenly aware of the valuable role GSP has played in the past 20 years. It has added to the robust trade flows that fuel our economy. Removal of the major GSP players from the program now will greatly diminish GSP's effectiveness, with negative repercussions for these countries, as well as for US companies that source from these GSP beneficiaries and for consumers who ultimately will pay the price when duties are imposed. We believe Brazil, India and the other countries you have identified for review are essential to GSP and should remain in the program.

We encourage the Administration not to focus too narrowly on any single statutory criteria. GSP decisions must be made in a broader context that takes into account the profoundly negative impact of suddenly withdrawing trade benefits. For example, for many small US companies, GSP – with its duty free treatment for production inputs from developing countries – is the single element that allows them to remain competitive and profitable in increasingly tight markets. A sudden loss of GSP benefits for the products will be a significant event for these companies.

We also urge the GSP Subcommittee and the Administration to complete this review and announce the outcome as soon as possible to allow US companies time to make adjustments. It is our understanding that the decisions on whether to terminate competitive need limit waivers on specific products will take effect immediately upon announcement of the decision. We ask you to reconsider this policy and consider the disruptive impact such an immediate implementation would cause for US companies who will have to bear the brunt of an unexpected imposition of duties on products already in the pipeline.

At the same time, as this review proceeds, it is important that the Administration work closely with Congress to ensure a timely, long-term renewal of the program. This cannot be stated too strongly. The delayed, sporadic and uncertain renewals of the past were very damaging to many US businesses and counterproductive to the goals of the GSP program. The financial and administrative burdens created by lapses in the GSP program are a serious drain on individual companies and we hope you will utilize every resource to assure a timely renewal of the program.

Thank you for your consideration of our views.

Sincerely,

Mary Jo Muoio
President
National Customs Brokers & Forwarders Association of America
1200 18th Street, NW, Suite 901
Washington, DC 20036

Supports Brazil, Russia, & Venezuela
Re Aluminum Products – no CNLWs

From: Wisor, Russell C. [Russell.Wisor@alcoa.com]
Sent: Friday, September 01, 2006 8:24 AM
To: FN-USTR-FR0052
Subject: 2006 GSP Eligibility and CNL Waiver Review

Comments of Alcoa, Inc
On the
2006 GSP Eligibility and CNL Waiver Review
Submitted to the
GSP Subcommittee
Office of the United States Trade Representative
September 1, 2006

Alcoa appreciates the opportunity to comment on the need for continued GSP eligibility for certain countries and products. Alcoa is the world's leading producer and manager of primary aluminum, fabricated aluminum and alumina facilities, and is active in all major aspects of the industry. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets, bringing design, engineering, production and other capabilities of Alcoa's businesses to customers. In addition to aluminum products and components, Alcoa also markets consumer brands including Reynolds Wrap(R) foils and plastic wraps, Alcoa(R) wheels, and Baco(R) household wraps. Among its other businesses are closures, fastening systems, precision castings, and electrical distribution systems for cars and trucks. The company has 129,000 employees in 44 countries.

Alcoa urges that GSP eligibility be continued for Brazil, Russia and Venezuela. If GSP benefits of these countries are limited, the program should continue to apply to a number of products imported by Alcoa, including aluminum powder, extrusions, sheet, plate, foil and forgings. Loss of GSP treatment for these products will cause significant disruption to our supply chain and harm our customers who rely on these products. Aluminum markets are global, as is the competition. It is also a business where a cost increase of pennies per pound is a threat to continued operations and profitability. To remain competitive in the US with imports from countries around the world, Alcoa relies on duty free imports from these three countries to help us grow in the United States, remain competitive, and deliver more competitively priced supplies into the American marketplace. Accordingly, we request that these countries not lose their eligibility.

We are doing this because, as a global company, we are required to deliver product to our US customers at competitive prices. We do not have the physical capacity to produce many of the products we are importing; yet to meet the needs of our customer base, we must be able to supply them. If we fail to do this, we will be unable to expand our US business and compete with other suppliers.

Our customers in the aerospace, automotive, packaging and construction industries rely on these imports and our ability to deliver them at a competitive price. The imposition of over $3 million in additional costs that could result from the imposition of duties will pose a serious burden on our business as well as that of our customers.

If Brazil, Russia and Venezuela have their GSP eligibility restricted in some way, we request that the following products not be removed:

Brazil
HTSUS 7603.10.00
HTSUS 7604.29,10
HTSUS 7604.29.30
HTSUS 7604.29.50
HTSUS 7606.92.30
HTSUS 7606.92.60
HTSUS 7607.11.30
HTSUS 7607.11.60
HTSUS 7607.11.90
HTSUS 7608.10.00
HTSUS 7608.20.00

Russia
HTSUS 7604.29.30
HTSUS 7604.29.50
HTSUS 7606.12.30
HTSUS 7608.20.00
HTSUS 7616.99.50

Venezuela
HTSUS 7616.99.50
HTSUS 8708.70.45

In conclusion, we would ask that as policy regarding GSP eligibility for Brazil, Russia and Venezuela is being reviewed, the significant negative impact on our business and markets, and those of our customers, be given due consideration and that the multi-million dollar cost increase on the American economy that will result from the imposition of tariffs on these aluminum imports be rejected.

Submitted by:

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BUSA Smart Cotton Gin

Office of the United States Trade Representative
GSP Subcommittee of Trade Policy Staff Committee

Subject : Request for comments on the eligibility of GSP beneficiaries

According to your request for comments on eligibility to Generalized System of Preferences we come to confirm that our company, established 50 years ago, as manufacturer of the following products, and express our desire to keep having the preferences as we have till now.

We established over the years a very nice relationship with American companies, establishing partnerships since 1990. Our company is very active in import and export, but due to exchange rate and economic polices this relationship is always being adapted in order to accomplish with it.

We invested for many years importing American products to supply to Brazilian farmers trying to reduce their cost. Our target is to help farmers because we know they are the beginning of many production chains. As we, many other companies did the same. Thanks to that the Brazilian agriculture has increased their productivity and is starting to grow.

Now a days, we have the possibility of exporting manufactured products with very competitive prices, allowing our partners to start thinking on buying from us. We became an option to the Chinese companies and also preserving the relationships we had developed during the years.

Main products:	HTS USA
Cotton Gin	8545.19.00
Other machinery for textile fiber treatment	8545.19.22
Other machinery accessory to equipments of 8545	8448.19.00
Parts to 8445 machinery	8448.32.00
Press for cotton lint	8479.89.65
Press for trash	8479.89.55
Parts for cotton lint press	8479.90.94
Chemical cultivators - sprayers	8424.81.90

Keeping our products in the GSP will allow us to keep trying to sell our products in the American market. Beyond many reasons, our products need to be economically viable to the farmers and we have many taxes and duties.

Doing research, our company sent representatives to study the Chinese market and their main issue was their strong scale of production and well developed partnerships.

To keep moving and on business we also need to have the possibility of exporting our products to the major markets.

Our company employs 156 people, not counting around 250 indirect others. We are established on a small city, so it would hurt very badly if for any reason our company would become not competitive. We don't have many industries and our company also maintain several social activities being sponsor on health and educational projects, as well as public welfare.

We are proud for being a Brazilian company, and we believe that in the future, no barriers shall exist, but we still need to preserve some points and protections that the good relationship developed between our countries during the years had established.

English language is teach on our schools, many American companies for production and services have local offices and many American citizens have Brazil as second homeland. We are always carrying to keep supporting each other and the diplomatic accordance between our countries is well known, but we need to be aware that the strength of a chain is based on it's weakest ring. How can we think on an strong America if we, American Countries cannot act as one strong and effective economy?

Being the above, truth and the best of our acknowledgement we thank you and remain at your disposal for any further information you may need,

Best regards

Evandro Alves Lopes de Oliveira
Foreign Trade Manager
evandro@maranatha.com.br

Busa Commitment: Punctuality, Transparence and Productivity.

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Smart Cotton Gin

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Being the above, truth and the best of our acknowledgement we thank you and remain at your disposal for any further information you may need,

Best regards

Evandro Alves Lopes de Oliveira
Foreign Trade Manager
evandro@maranatha.com.br

September 5th, 2006

To whom it may concern,

Catawba Leather is a company that has been business for nearly 4 years. Our company imports leather from Argentina for resale to our customers in the United States.

Argentina is our only supplier, from which we purchase a wide variety of articles covered under the following tariff numbers of the Harmonized Tariff Schedule of the United States (HTSUS): 41071150, 41071950 and 41079180. Since our company only sells leather from Argentina, replacing this supplier would be impossible. Our company would be forced to close and our employees would join the growing number of the unemployed.

We've been doing business with Argentina for many years and we've worked hard with them to develop new products and ideas. Our business has grown substantially as a consequence of our relationship.

We know a modification of the GSP status for Argentina is under study. This modification would represent an increase in the taxes we currently pay for importing products from Argentina.

This increase will directly affect the prices to our customers, the US furniture industry, which is already damaged by the unrestricted entry of products imported from China at very low and/or subsidized prices.

We strongly feel that the benefits of the GSP being rescinded for Argentina will contribute to further hurting the American furniture industry and its work force.

In view of the above, we support:

*The renovation of the GSP for Argentina
*That Argentina may continue enjoying the status of a country that benefits from this system
*That the Argentine products will be included in the GSP that will be renewed at the end of this year

Best Regards,

Miguel A. Caputo
Imports Manager
Catawba Leather, LLC

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SUBJECT: **2006 GSP Eligibility and CNL Waiver Review**
FROM: **Rafael Lourenço, U.S. Chamber of Commerce**
TO: **USTR GSP Subcommittee**

Dear GSP Subcommittee Officer,

Below are the comments on the GSP Program (71 Fed. Reg. 45079) from the U.S. Chamber of Commerce, the Brazil U.S. Business Council, the U.S. India Business Council, and the Association of American Chambers of Commerce in Latin America (AACCLA). If further information is needed to conclude the submission process please do not hesitate to contact me; also, if you could confirm the receipt of this submission it would be highly appreciated.

Best,

Rafael Lourenço
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September 5, 2006

GSP Subcommittee
Trade Policy Staff Committee
Office of the United States Trade Representative
USTR Annex
Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Re: Request for Public Comment on the GSP Program (71 Fed. Reg. 45079)

Dear Members of the Subcommittee:

On behalf of the U.S. Chamber of Commerce, the Association of American Chambers of Commerce in Latin America (AACCLA), the Brazil-U.S. Business Council, and the U.S.-India Business Council, we would like to voice our strong support for the continuation of the U.S. Generalized System of Preferences (GSP) program. Responding to some particular issues raised in public discussion of the program's future, we also highlight the importance of maintaining GSP benefits for Brazil and India.

Since the GSP program was instituted in 1976, it has served as a valuable tool to promote economic development in some of the least developed nations around the world. It has created mutually beneficial economic ties with strategically important countries around the world and contributed to the growth of U.S. industry as well as the quality of life of U.S. consumers.

Trade Not Aid

According to the World Bank, trade is way of promoting development that has been shown to reduce poverty by allowing countries grow faster than their less internationally-oriented counterparts. The GSP program promotes sustainable development in beneficiary countries by helping foster the growth of export-oriented industries. The program has helped create complementary trade-related industries that provide crucial economic inputs for U.S. industry and support tens of thousands of good-paying jobs in the poorest countries around the world. The positive impact of the program is widespread. Under the GSP program, 133 countries export 4,650 products worth $26.7 billion to the United States duty free. GSP spells economic opportunity for countries in dire need of economic development and creates an economic linkage with the U.S. that promotes stronger diplomatic and commercial ties in strategic regions around the world.

Providing Low Cost Inputs for U.S. Industry

As U.S. companies face increasing competition in our home market and abroad, GSP helps level the playing field and keep U.S. manufactured goods competitive. Indeed, GSP strengthens U.S. competitiveness by providing reliable low-cost inputs for U.S. industry, including many chemicals, minerals, and climate-specific fruits and vegetable products imported under the program.

GSP imports of automotive engine parts from Brazil and PET resin from India are telling examples of the importance of the program for U.S. industry. The U.S. automotive industry benefits from being able to import engine parts from Brazil duty free under the program. In a low-margin business like the auto industry, the absence of tariffs on these products makes an important difference as our auto sector restructures itself to maintain its competitiveness and profitability.

For the food, beverage, and consumer products industry, GSP provides duty-free imports of Bottle-Grade PET Resin from India used for packaging a wide range of consumer goods, such as carbonated soft drinks, juices, bottled water, salad dressing, peanut butter, shampoo, and liquid soap. Exclusion of GSP benefits from India will effectively raise the tariff from zero to 6.5%, with sourcing likely switching to more developed or industrialized exporters. In a competitive global economy, this may translate into higher production costs, shifts in material sourcing, and a whole host of hidden costs associated with the necessary adjustments within the industry. The ultimate result will be increased prices for consumers and potentially negative economic consequences for developing-country exporters. Maintaining GSP benefits helps keep

U.S. industry competitive by continuing longstanding, mutually beneficial sourcing relationships fostered and sustained by the GSP program. Indeed, rather than sending a message about the importance of constructive engagement on the WTO, a decision not to renew GSP benefits primarily punishes U.S. firms.

Leverage for Intellectual Property Enforcement

GSP serves as valuable leverage for the protection of U.S. intellectual property (IP) abroad by tying continued tariff-free access to the U.S. market to effective IP protection. While IP belonging to U.S. companies continues to be susceptible to counterfeiting and piracy around the world, the GSP program's conditionality places an effective resource at our disposal when it comes to working with beneficiary countries to secure improvements in IP protections and enforcement. For example, USTR's review of Brazil's GSP benefits last year led to concrete progress in the enforcement of U.S. copyrights. Without GSP, the United States will lose important leverage in these growing markets for protecting and enforcing U.S. industry's IP rights, increasing our reliance on the arduous WTO dispute resolution process for relief.

A Positive Factor in U.S. Ties to Brazil and India

GSP has been an important factor in promoting stronger commercial and diplomatic ties with Brazil and India. These countries are among the most important emerging markets for U.S. business worldwide, and the commercial ties forged by the program have helped create a more welcoming environment for U.S. goods and investments.

Both India and Brazil have progressed considerably toward becoming upper-middle-income economies when viewed from a GDP per capita basis, but they still suffer from extreme income disparities between the rich and poor, as well as stark internal differences in the level of economic development between various regions. In Brazil, for example, 15% of GSP exports come from the poverty-stricken northeast of the country, where GDP per capita is squarely in the lower-income category. Promoting greater ties between businesses in less developed regions of these countries and their U.S. counterparts through GSP trade not only creates important allies and partners but helps these countries disperse the economic benefits of trade more broadly and promotes economic stability.

Cost/Benefit Analysis and Impact on the Trade Deficit

While considering whether to continue to extend GSP to the many beneficiaries world wide, it is important to keep both the costs and benefits of the program in perspective. Here are the facts:

- The combined GSP exports of the 133 beneficiary countries account for only 1.6%[1] of U.S. imports.

[1] U.S. International Trade Commission Dataweb

- GSP imports account for less than 3.5% of the total trade deficit.
- Together, U.S. imports from Brazil and India under the GSP program account for only $7.81 billion, or 0.22% and 0.25% of total U.S. imports in 2005, respectively.

Clearly, the benefits of the GSP program for U.S. foreign policy and commercial interests are substantial. Removing GSP benefits from Brazil and India will only serve to strengthen the hand of the forces overseas that argue against greater ties with the United States at a time when we need to solidify relationships with these important partners.

Conclusion

In summary, by offering a helping hand to partners in the developing world, GSP allows the United States to develop diverse low-cost sources of inputs for our manufacturing base while strengthening protection of U.S. intellectual property. GSP also creates a positive economic interdependence based on mutual interest that improves the overall environment for U.S. exporters and investors in some of the fastest growing countries in the developing world. For these reasons, our organizations strongly urge the GSP Subcommittee to support the continuation of the GSP program and voice our support for the continued inclusion of Brazil and India in the program.

GSP Factsheet: 16th Custom District

Created by the Trade Act of 1974, the Generalized System of Preferences (GSP) is a unilateral mechanism that allows the United States to grant tariff exemption on 3.350 products from Brazil that are eligible to this duty-free treatment. In 2005, American companies imported from Brazil over US$ 3.6 billion in GSP covered products. As a result, US companies saved over 128 million of dollars, amount that would have been paid if the country had not been included in the GSP.

The 16th Custom District, composed by the ports of Charleston (SC), Georgetown (SC), Greenville-Spartanburg (SC) and Columbia (SC), is the main beneficiary of the GSP: 15% of all imports from Brazil through GSP enter by this custom district.

GSP Imports from Brazil by Custom District

Custom District	GSP Imports	Share %
14th Custom District - Norfolk, VA	$533,503,981.00	15
10th Custom District - New York, NY	$514,221,652.00	14
53rd Custom District - Houston-Galveston, TX	$430,468,061.00	12
13th Custom District - Baltimore, MD	$314,672,873.00	9
16th Custom District - Charleston, SC	$306,491,200.00	8
52nd Custom District - Miami, FL	$235,758,551.00	7
19th Custom District - Mobile, AL	$173,932,731.00	5
All other (35)	$1,107,101,800.00	30

Source: USITC

Among the developing countries eligible for the program, Brazil is the second most important supplier for companies in this region. The 16th Custom District imported US$ 1 billion of articles covered by GSP program, and 31% of these imports (US$ 306.4 million) originated from Brazil.

16th Custom District's GSP Imports by Country

Country	GSP Imports	Share
India	$309,967,734.00	31%
Brazil	$306,491,200.00	31%
South Africa	$81,334,262.00	8%
Turkey	$56,233,328.00	6%
Thailand	$55,516,019.00	5%
Subtotal	$809,542,543.00	81%
All Other	$184,546,438.00	19%
Total	**$994,088,981.00**	100%

Source: USITC

The companies in this region imported 349 Brazilian products covered by the GSP. The average duty of these articles is 4%, the highest being 13.5% and the lowest 0.50%. Due to the GSP duty exemption, American companies saved US$ 14 million, value that would have been paid in duties if Brazil was not eligible for the GSP program. Brazil's maintenance in the GSP impacts positively on both American consumers and companies that use GSP to reduce costs and increase competitiveness.

The 16th Custom District's imports from Brazil via GSP are concentrated in one main sector: furniture, bedding, cushions, etc (US$ 129 million). Besides these, the region also have imported articles of optical, photographic and cinematographic articles; vehicles other tan railway and tramway; plastics and articles thereof; miscellaneous articles of base metal; cocoa and its preparations; organic chemicals; tanning or dyeing extracts and derivates; inorganic chemicals and edible fruit and nuts.

16th Custom District's GSP imports from Brazil by Chapter - 2005

HTS	Description	GSP Imports	Duty	Duty Exemptions
87	FURNITURE; BEDDING, CUSHIONS ETC.;	12	$ 129,615,367.00	$ 3.241.055.70
85	OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS	31	$ 35,286,107.00	$ 1.217.268.22
84	VEHICLES, OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK	35	$ 22,274,060.00	$ 577.988.82
44	PLASTICS AND ARTICLES THEREOF	14	$ 21,174,645.00	$ 1.118.888.92
73	MISCELLANEOUS ARTICLES OF BASE METAL	13	$ 15,762,179.00	$ 561.770.98
29	COCOA AND COCOA PREPARATIONS	13	$ 15,708,203.00	$ 846.679.80
39	ORGANIC CHEMICALS	32	$ 13,290,930.00	$ 692.577.42
40	TANNING OR DYEING EXTRACTS; TANNINS AND DERIVATIVES	11	$ 7,523,163.00	$ 201.123.28
38	INORGANIC CHEMICALS	5	$ 7,398,396.00	$ 480.390.09
18	EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS	5	$ 7,174,998.00	$ 427.209.93
Subtotal		**171**	**$ 275,208,048.00**	**$ 9,364,953.16**
Others		**72**	**$ 31,283,152.00**	**$ 1,422,987.69**
Total		**243**	**$ 306,491,200.00**	**$ 10,787,940.85**

Source: USITC

16th Custom District's GSP imports from Brazil by Article - 2005

HTS	Description	GSP Imports	Duty	Duty Exemptions
87083950	Pts. & access. of mtr. vehicles of 8701, nesoi, and 8702-8705, brakes and servo-brakes &amp	$112.659.993,00	2,50%	**$ 2.816.499,83**
84831030	Camshafts and crankshafts nesi	$9.452.402,00	2,50%	**$ 236.310,05**
87088045	Pts. & access. of mtr. vehic. of 8701, nesoi, and of 8702-8705, suspension shock absorbers	$8.643.286,00	2,50%	**$ 216.082,15**
73262000	Iron or steel, articles of wire, nesoi	$7.673.369,00	3,90%	**$ 299.261,39**
38082015	Fungicides containing any aromatic or modified aromatic fungicide, nesoi	$7.004.006,00	6,50%	**$ 455.260,39**
85014060	AC motors nesi, single-phase, of 746 W or more	$6.940.463,00	3,70%	**$ 256.797,13**
44189045	Builders' joinery and carpentry of wood, including cellular wood panels	$6.567.100,00	3,20%	**$ 210.147,20**
29333921	Fungicides of heterocyclic compounds with nitrogen hetero-atom(s) only, containing an unfused pyridine ring	$6.432.010,00	6,50%	**$ 418.080,65**
29224100	Amino-naphthols and amino-phenol, their ethers, esters, except those with more than one kind of oxygen function	$5.419.325,00	3,70%	**$ 200.515,03**
41071150	Full grain unsplit upholstery leather of bovines (not buffalo) nesoi and equines, w/o hair on, prepared after tanning or crusting, not 4114	$5.314.687,00	2,80%	**$ 148.811,24**
44182080	Doors of wood, other than French doors	$5.228.182,00	4,80%	**$ 250.952,74**
85443000	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	$5.079.024,00	5%	**$ 253.951,20**
85015240	AC motors nesi, multi-phase, of an output exceeding 750 W but not exceeding 14.92 kW	$4.751.705,00	3,70%	**$ 175.813,09**
40129090	Interchangeable tire treads and tire flaps, of rubber other than natural rubber, except bicycle rim strips	$4.526.352,00	2,70%	**$ 122.211,50**
39202000	Nonadhesive plates, sheets, film, foil and strip, noncellular, not reinforced or combined with other materials, of polymers of propylene	$4.303.005,00	4,20%	**$ 180.726,21**
Subtotal		**$199.994.909,00**		**$ 6.241.419,78**
Others		**$106.496.291,00**		**$ 4.546.422,46**
Total		**$306.491.200,00**		**$ 10.787.842,25**

Source: USITC

AMCHAM Brasil
Por um melhor ambiente de negócios

GSP Factsheet: 39th Custom District

Created by the Trade Act of 1974, the Generalized System of Preferences (GSP) is a unilateral mechanism that allows the United States to grant tariff exemption on 3.350 products from Brazil that are eligible to this duty-free treatment. In 2005, American companies imported from Brazil over US$ 3.6 billion in GSP covered products. As a result, US companies saved over 128 million of dollars, amount that would have been paid if the country had not been included in the GSP.

The 39th Custom District, composed by the ports of Chicago (IL), Peoria (IL), Gary (IN), Davenport (IA), Rock Island (IL), Moline (IL), Greater Rockford Airport (IL), Waukegan Regional Airport (IL) and Decatur User Fee Airport (IL), is the ninth main beneficiary of the GSP benefit: 4% of all imports from Brazil via GSP enter through this custom district.

GSP Imports from Brazil by Custom District - 2005

Custom District	GSP Imports	Share %
14th Custom District - Norfolk, VA	$533,503,981	15
10th Custom District - New York, NY	$514,221,652	14
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13th Custom District - Baltimore, MD	$314,672,873	9
16th Custom District - Charleston, SC	$306,491,200	8
52nd Custom District - Miami, FL	$235,758,551	7
39th Custom District - Chicago, IL	$159,772,273	4
All other (35)	$1,121,262,258	31

Source: USITC

Among the developing countries eligible for the program, Brazil is the third most important supplier for the companies in this region. The 39th Custom District imported US$ 1 billion of articles covered by GSP program, and 15% of these imports (US$ 159.7 million) are originated from Brazil.

39th Custom District's GSP Imports by Country - 2005

Country	GSP Imports	Share
Thailand	$328,026,839	30,41
India	$239,870,682	22,24
Brazil	**$159,772,273**	**14,81**
Indonesia	$140,325,019	13,01
Philippines	$106,701,402	9,89
Subtotal	**$974,696,215**	**90,35**
All Other	**$104,084,471**	**9,65**
Total	**$1,078,780,686**	**100,00**

Source: USITC

The companies in this region imported 275 Brazilian products covered by the GSP. The average duty of these articles is 3,69%, the highest being 9,80% and the lowest 0,90%. Due to the GSP duty exemption, American companies saved US$ 6.2 million, value that would have been paid in duties if Brazil was not eligible for the GSP program. Brazil's maintenance in the GSP impacts positively on both American consumers and companies that use GSP to reduce costs and increase competitiveness.

The 39th Custom District's imports from Brazil via GSP are concentrated in five sectors: machinery and mechanical appliances (US$ 50 million); tools, implements and cutlery (US$ 16 million); electrical machinery and equipment (US$ 16 million); vehicles and parts thereof (US$ 12 million) and miscellaneous chemical products (US$ 9 million).

39th Custom District's GSP Imports from Brazil by Chapter - 2005

Chapter	Description	Articles	GSP Imports from Brazil	Duty Exemption
84	MACHINERY AND MECHANICAL APPLIANCES	53	$50,008,038	$1,757,285
82	TOOLS, IMPLEMENTS, CUTLERY, PARTS THEREOF OF BASE METAL	13	$16,640,063	$831,401
85	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF	32	$16,634,424	$568,108
87	VEHICLES AND PARTS AND ACCESSORIES THEREOF	17	$12,060,192	$301,505
38	MISCELLANEOUS CHEMICAL PRODUCTS	3	$9,341,065	$603,129
44	WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	5	$7,071,970	$321,419
29	ORGANIC CHEMICALS	7	$6,808,881	$316,200
68	ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR MATERIALS	8	$5,182,367	$305,233
83	MISCELLANEOUS ARTICLES OF BASE METAL	5	$5,041,890	$131,099
73	ARTICLES OF IRON OR STEEL	10	$4,822,671	$205,794
Subtotal		**153**	**$133,611,561**	**$5,341,174**
All Other		**122**	**$26,160,712**	**$907,305**
Total		**275**	**$159,772,273**	**$6,248,479**

Source: USITC

39th Custom District's GSP imports from Brazil by Article - 2005

HTS	Description	GSP Imports from Brazil	Duty	Duty Exemption
84629980	Machine tools for working metal or metal carbides	$24,594,596	4,40%	$1,082,162
84099991	Parts nesi, used solely or principally with the engines of heading 8408, for vehicles of heading 8701,20, 8702, 8703, 8704	$9,735,460	2,50%	$243,387
85013220	DC motors nesi, of an output exceeding 750 W but not exceeding 14,92 kW	$9,446,986	2,90%	$273,963
38249028	Chemical mixtures nesoi, containing 5% or more by weight of aromatic or modified aromatic substance(s), nesoi	$9,105,073	6,50%	$591,830
44182080	Doors of wood, other than French doors	$5,702,697	4,80%	$273,729
82074030	Interchangeable tools for tapping or threading	$5,414,929	5,70%	$308,651
87083950	Pts, & access, of mtr, vehicles of 8701, nesoi, and 8702-8705, brakes and servo-brakes & pts thereof (o/than mounted brake linings)	$5,133,876	2,50%	$128,347
83099000	Base metal stoppers, caps and lids (o/than crown corks), threaded bungs, bung covers, seals, other packing accessories and parts	$4,574,039	2,60%	$118,925
68029900	Monumental or building stone & arts, thereof, nesoi, further worked than simply cut/sawn, nesoi	$4,082,793	6,50%	$265,382
29232020	Lecithins and other phosphoaminolipids, nesoi	$4,082,279	5%	$204,114
82079060	Interchangeable tools for handtools, nesoi, not suitable for cutting metal, nesoi and base metal parts thereof	$3,975,907	4,30%	$170,964
87084010	Pts, & access, of mtr, vehic, of 8701,20, 8702 or 8704, gear boxes	$2,956,821	2,50%	$73,921
41079180	Full grain unsplit bovine (not buffalo) & equine leather, not whole, w/o hair on, nesoi, fancy, prepared after tanning or crusting, not 4114	$2,923,721	2,40%	$70,169
35030055	Gelatin sheets and derivatives, nesoi; isinglass; other glues of animal origin, nesoi	$2,879,215	2,8 cents/kg + 3,8%	-
84818090	Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, other than hand operated, nesi	$2,831,831	2%	$56,637
Subtotal		**$97,440,223**		**$3,862,179**
All Other		**$62,332,050**		**$2,386,300**
Total		**$159,772,273**		**$6,248,479**

Source: USITC

September 5, 2006

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

Ref.: 2006 GSP Eligibility and CNL Waiver Review

Dear Sir,

We are a small company which develops and produces industrial brakes and clutches, classified in the Harmonized Tariff Schedule of the United States (HTSUS):

85052000	Electromagnetic couplings, clutches and brakes
85059080	Electromagnets and parts thereof, and parts of related electromagnetic articles

We have been supplying small quantities to the United States market parts to be used in equipment assembly, which are distributed in the United States and for export as well. In the last years we have invested in a team of 26 specialized employees, with permanent training on security brakes.

Besides the investment in personal we have acquired machines and equipment of technology to carry out better our mission. An increasing in taxes will certainly cause losses to the company, once the quality for delivering this kind of components is essential.

It is important to point out that the industrial production in Brazil suffers nowadays the not favorable exchange rate for export in relation to the relative prices of China, for example, delivering low quality products, country in which our main competitors are settled.

Furthermore, without this benefit of the North American GSP, we would be left out of this market, and could generate increase in cost of production to our customer in the United States and affects its sales in this market and the world-wide market.

For these reasons is that we are requesting you to keep Brazil and our products in the GSP Program.

Sincerely,

Gilberto Campos
Diretor

CIAC Freios e Embreagens Ltda.
Rua Ana Conceição Fragoso, 70 – Sorocaba – SP – Brasil
CEP: 18052-481
Phone: 55 15 3202-9198

Greenberg Traurig

Donald S. Stein
Tel. 202.530.8502
Fax. 202.331.3101
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September 5, 2006

ELECTRONIC SUBMISSION

Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Comments in Support of Maintaining (1) Brazil's Status as a Beneficiary Developing Country Under the GSP Program, (2) Ferroniobium (HTS Subheading 7202.93.80) from Brazil as a GSP Eligible Article, and (3) the Competitive Need Limit Waiver Currently in Place for Ferroniobium from Brazil (HTS Subheading 7202.93.80)

Dear Ms. Sandler:

These comments are being filed by Companhia Brasileira de Metalurgia e Mineracao ("CBMM") of Araxa, MG, Brazil, and Reference Metals Company, Inc. ("RMC") of Bridgeville, Pennsylvania,[1] in response to the notice appearing in the August 8, 2006 *Federal Register* (71 *Fed. Reg.* 45079), requesting public comment on the following matters:

[1] CBMM is a private corporation involved in mining, processing, manufacturing and marketing of niobium products. CBMM's mine and production facilities are located in Araxa, Brazil. It also maintains offices in Sao Paulo, Brazil. It supplies standard grade ferroniobium, vacuum grade ferroniobium, niobium oxide, nickelniobium, niobium metal and special grades of niobium oxide to buyers around the world. CBMM is a vertically integrated producer. It is ISO 9002, OSHA 1800 certified.

CBMM has subsidiary companies in Germany (Niobium Products Company GmbH), in the United States (Reference Metals Company, Inc.), and other global agents providing world-wide sales. It supports research and development on the uses of niobium products at universities in the U.S. and throughout the world. RMC, the U.S. subsidiary of CBMM, imports and distributes in North America the niobium products -- including standard grade ferroniobium -- produced by CBMM.

1. Whether identified Beneficiary Developing Countries ("BDCs") under the GSP program should maintain their status under the new GSP program?

2. Whether GSP benefits should be suspended, limited, or withdrawn from identified BDCs should they maintain their BDC status?

3. Whether competitive need limit waivers for specified products should be terminated?

CBMM and RMC provide below their comments with respect to all three issues -- specifically relating to (1) Brazil maintaining its current status as a BDC under the GSP program, (2) ferroniobium from Brazil (HTS Subheading 7202.93.80) maintaining its status as GSP eligible article, and (3) ferroniobium from Brazil maintaining its Competitive Need Limit waiver.

Brazil's BDC Status Under The GSP Program Should Be Maintained In A Renewed GSP Program

While the President has the authority to withdraw (or suspend) a country's status as a BDC under the GSP program, such action has historically been taken only against BDCs that have accounted for a significant percentage of benefits under the GSP program, and which have reached a sufficiently high level of economic development so that it could be said that they no longer need GSP benefits to be competitive in the U.S. marketplace. Brazil's level of development, according to World Bank data, is only that of a lower middle income economy. It has not reached the level of economic development of countries that in the past have been graduated from the GSP program, and its level of economic development would not, under almost any circumstance, justify graduation from the GSP program.

Likewise, Brazil's purchasing power parity ("PPP", the income measure used by the World Bank to measure the standard of living of a country) is far lower than any country that ever has been graduated from the GSP program. No country with a per capita PPP of less than $10,320 (2005) has ever been graduated from the GSP program. Brazil's 2005 per capita PPP was $8,230.

Further, Brazil should be given credit for the efforts it has made to pursue sustainable macroeconomic policies since the turbulent market conditions of 2002, particularly the Government's strong commitment to fiscal discipline. An April 25, 2006 IMF Survey emphasized the contribution of these policies to Brazil's recent strong export growth, and notes that Brazil's strong export performance is one reason why Brazilian trade officials now recognize the importance of a successful outcome of the DOHA round.

Additionally, were Brazil to be graduated from the GSP program, it appears unlikely that the benefits of such an action would flow to the lesser developed BDCs in the GSP program. Probably the major beneficiary of such action would be China. In the case of ferroniobium, to the extent that anyone benefited from the loss of GSP eligibility for Brazilian ferroniobium, it would be suppliers in Canada and Germany. Brazil losing its BDC status under the GSP program will have only a minimal, if any, effect on the economic development of other lesser developed countries. In the case of ferroniobium, it would have absolutely no effect.

Given the above, CBMM and RMC respectfully submit that Brazil's status as a BDC should be maintained under a renewed GSP program.

Ferroniobium[2] From Brazil Should Remain A GSP Eligible Product Under A Renewed GSP Program

Presuming, for the reasons discussed above, that the GSP Program, when renewed, maintains Brazil's BDC status, CBMM and RMC wish to express its view that should the President determine it is necessary to limit benefits of Brazil under the GSP Program, he ***not*** do so either directly, by removing ferroniobium from Brazil, classified under HTS Subheading 7202.93.80, from the list of GSP eligible articles, or indirectly, by terminating the Competitive Need Limit waiver provided to ferroniobium from Brazil at the time it was added to the list of GSP eligible articles.

Ferroniobium was only added to the list of GSP eligible articles on July 1, 2003. CBMM and RMC filed a petition in the 2002 GSP Annual Product Review (Case No. 2002-23) to add ferroniobium to the list of GSP eligible articles, and for a Competitive Need Limit waiver. Favorable action on this petition was taken by the President because it was determined that making ferroniobium GSP eligible, and granting the Competitive Need Limit waiver to ferroniobium from Brazil,[3] was a win-win situation. There were no losers, only winners.

CBMM and RMC benefited by being provided a "level" playing field to compete against duty free imports from Canada. U.S. steel producers, the major customers for this product, benefited from lower prices. U.S. universities and research institutions benefited as the increased sales of ferroniobium in the United States by RMC has permitted RMC to increase funding for research projects relating to potential uses for ferroniobium it sponsors. Further, the employees of CBMM have benefited, as increased sales in the U.S. has ensured their continuing employment

[2] Ferroniobium comes in two main grades -- standard and vacuum -- which are distinct products, differing commercially and chemically. Standard grade ferroniobium, classified under HTS Subheading 7202.93.80, is a GSP eligible product that is primarily used in the production of a number of basic steels referred to as high-strength-low-alloy steels. It is the subject of the discussion below, and *reference to ferroniobium in this submission is reference to the standard grade product*. It is purchased by basic steel producers, and is used as an alloying element to strengthen high-strength-low-alloy steels used in the automotive, structural shapes, and high-pressure gas transmission pipelines sectors. Steel producers incorporate ferroniobium into steel by adding it during steel making operations. Standard grade ferroniobium differs significantly from vacuum grade ferroniobium, which is classified under HTS Subheading 7202.93.40 and is not GSP eligible. Vacuum grade ferroniobium is used in the production of superalloys, such as aircraft engines, land based turbines for power generation, and in the petroleum and chemical industries for sour resistant fittings. Vacuum grade ferroniobium is purchased primarily by superalloy producers.

[3] Brazil has accounted for over 90% of the value of U.S. imports of ferroniobium under HTS Subheading 7202.93.80 since becoming GSP eligible in July 2003, and needs to keep its Competitive Need Limit waiver to maintain its GSP eligibility. Canada and Germany are the two other sources of supply to the U.S. market.

at CBMM in Brazil, and allow CBMM to continue to generously fund employee benefit programs.

Benefits To The U.S.

The major beneficiaries of the addition of ferroniobium to GSP eligibility in 2003 were U.S. steel companies. This particular benefit was recognized by the industry during the 2002 GSP Annual Product Review. Five steel companies actually made submissions to USTR expressing support for the addition of standard grade ferroniobium to the list of GSP eligible articles. These benefits were fully realized once ferroniobium from Brazil became GSP eligible. As promised by CBMM and RMC during the 2002 GSP hearings, the 5% duty saving was passed along to RMC's U.S. customers. If GSP eligibility for this product is now lost, the 5% duty that would be reimposed would be added to the cost of the product, raising not only the price paid by U.S. steel companies for ferroniobium, but also raising the price of articles made by these companies to their customers.[4] In 2006, we anticipate the value of imports from Brazil will be around $80 million. The reimposition of a 5% duty will increase the cost of the product purchased by U.S. steel companies from Brazil by approximately $4 million per year. Therefore, continued duty free treatment under the GSP program for ferroniobium will assist RMC's U.S. customers to maintain their global competitiveness. No one would benefit from such increased costs, but many would lose.

To the extent that increased prices result in lost sales, this would affect RMC's ability to continue funding research at numerous U.S. universities and other research institutions. For over 10 years, RMC has sponsored and collaborated on ferroniobium steel research and development projects at major universities and with customers throughout the United States. The research activities are aimed at improving steel's mechanical properties through the use of niobium in high strength steels. The three major steel consumption sectors enjoying these benefits are oil and gas pipelines, automotive and construction applications.

Benefits To Brazil

Maintaining GSP eligibility for ferroniobium from Brazil will enable CBMM and other Brazilian exporters of ferroniobium to maintain, and hopefully increase, sales of standard grade ferroniobium in the United States. Any benefit from the removal of ferroniobium from Brazil from GSP eligibility will not accrue to the lesser developed BDCs, but to Canada and Germany, the only other significant suppliers of ferroniobium to the United States.

Increasing sales in the U.S. market benefit not only CBMM, but also the 600+ people it employs in Brazil in its ferroniobium operations. Sales of standard grade ferroniobium to the U.S. market are extremely important to maintaining production levels and this level of employment.

[4] Were the United States to reimpose duties on ferroniobium, it would be the only specialty steel manufacturing country to impose an import duty on this product. Canada, the EU, Mexico, Japan and China all permit ferroniobium to enter duty free.

Maintaining production levels is of course important to CBMM. But being able to maintain the health and welfare of its employees is also of great importance to CBMM. CBMM strives to provide a healthy work environment for its employees, and also strives to protect the environment. CBMM is the first mining and metallurgy company in the world to receive ISO 14001 certification for meeting the highest environmental and quality standards. This certification applies to CBMM's entire production process, from mining to production of niobium products.

CBMM as a company is committed to preserving the environment for future generations. It has voluntarily implemented and operates its own Center for Environmental Development. The Center comprises an animal nursery and reproduction center, a plant nursery and a center for environmental education. It is open to the local community and to schools. Since 1992, more than 28,500 students have participated in its activities at the Center. The main objective of the Center is to assist endangered species in reproduction. The Center also conducts research in the areas of feeding, immunology and handling of captive wild animals.

In addition to this, CBMM also has implemented an extensive reforestation program, which has proven to be quite successful. There are more trees planted in the region than there were when it first began mining in 1954. More than half a million native trees have been planted by CBMM since the start of reforestation program.

CBMM also devotes significant time and resources to ensure the welfare of its employees -- not only on the job but also at home. CBMM has in place extensive programs to provide for healthcare, education and housing for its employees and their families. In addition, CBMM has a pension fund for its employees to complement the benefits they may receive from the government as they get older to ensure that its retired employees can maintain a standard of living similar to that which they had when they were fully employed by the Company.

CBMM has a number of programs available to assist employees purchase homes on favorable terms. It is CBMM's belief that homeownership will develop citizenship and civil responsibility. CBMM also has a housing program in place in cooperation with the local labor union. CBMM sells the land for a home at cost to its employees (requiring a 50% down payment and the balance to be paid in installments not to exceed 20% of the employees' salary), and donates construction materials to the employees, who then build their own homes under the supervision of civil engineers and construction specialist employed by CBMM. To date, 142 homes have been built under this program.

CBMM also recognizes the importance in the value of education and provides to its employees and their families numerous education benefits. CBMM recognizes that the benefits from education accrue not only its employees, but to the entire community. Through its Human Development Center, CBMM helps prepare preschool children (ages 1-6) for formal education, and also teaches families how to deal with basic family issues, such as childcare, responsible parenting, healthcare, and nutrition. CBMM also has programs to assist employees' families with the cost of education for their children from elementary school through university.

CBMM provides a comprehensive healthcare program to its employees and their families, covering doctor visits, hospitalization, physical examinations, medicine, preventative checkups, and dental care.

CBMM places a great deal of value of the health and welfare of its employees, and assists them in the area of housing, healthcare, education, and in preserving the environment of where they live.

* * *

For these reasons, CBMM and RMC respectfully urge the Administration not to take any action that would ultimately affect the GSP eligibility of ferroniobium from Brazil, classified under HTS Subheading 7202.93.80. The addition of this product to GSP eligibility in 2003 benefited all involved, and no one was adversely affected. To remove GSP eligibility for this product would, conversely, adversely affect many parties, and benefit none. U.S. trade policy does not demand, or require, any such action that would bring this result.

Your consideration of these comments is greatly appreciated.

Sincerely,

/s/

Donald S. Stein

DSS

To the Office of the United States Trade Representative (USTR)

<u>Action</u>: Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitations (CNL) Waivers.

Dear Sir or Madam,

*Companhia Siderúrgica Paulista **(<u>www.cosipa.com.br</u>)**, a company controlled by the Usiminas System, produces slabs, heavy plates, hot and cold-rolled flat steel products and blanks, for the sectors related to the automotive industry, shipbuilding, agriculture, home appliances, machines and equipment, large and small - diameter pipe, and distribution. Nowadays the company is responsible for the production of 4.2 million of tons of crude steel.*

Strategically located in the Cubatão Industrial Complex (in the state of São Paulo), near the state capital - the largest consumer center in the country - the steel mill covers an area of 12.5 Km² and includes a private port and customs warehouse capable of handling 12 million tons of steel products per year, plus a railway complex capable of transporting up to 4 million tons per year.

The Company, which in 2005 completed 42 years of operations and 12 years since its privatization, has undergone an extensive modernization process and technological upgrading of its industrial facilities in the last years, thanks to investments of US$ 1.2 billion - US$ 240 million of which were spent on environmental preservation.

As a vision of the company, Cosipa wishes to continue to be a competitive, self-sustaining and profitable company with a positive corporate image in the surrounding community, committed to the ideals of social responsibility and focused on steel production as its core activity and leveraging tool for its business. The Company is determined to secure the loyalty and satisfaction of its customers through excellent service, to meet the needs of shareholders and consolidate partnerships with suppliers, to respect the environment and fulfill its social role, while showing due appreciation to its employees and maintaining them prepared for new challenges. In the pursuit of this vision, Cosipa continually strives to reconcile the economic and social facets of profit.

Following that goal, Cosipa inaugurated in 2001 a new line to produce blanks of cold rolled to supply our main customer Con-Tech International (Container Technology and Supply International Incorporated), based on New Orleans, LA, USA. This production line, strategically located inside Cosipa, with an area of 6,301 m2, has been constructed in reply to a longstanding relationship with this customer, which has been kept for 6 years. This product, classified under HTS 7326190000, has been consumed there as raw material for the manufacturing in the USA of metal drums for using in the industry for the transportation and storage of liquids (juice and oils are the most uses for this kind of drum). The importation of this product into the USA is at free duties thanks to the GSP Program that eliminates the necessity for the payment of 2.9% in import duties for that kind of product.

This operation has required the involvement of 54 (fifty-four) operators that work at full time shifts to produce 6.0 thousands of tons a month in order to attend the specifications and volumes that have being requested monthly by that customer.

To make the exports to USA, besides the workers involved in the production of the blanks, other 2 analysts are required to negotiate and prepare all the arrangements and documentation, and other 2 that take part of the logistics staff in order to make the shipments of the product in containers to that customer.

We reproduce here some figures that took place in 2005, in order to better explain the importance that this product and GSP represent for both our company, the customer, and the USA as a whole:

- *The net revenue reached USD 32.9 million, with the shipment of 41.7 thousands of tons.*

- *It was spent USD 3,1 millions in the payment of maritime freight to some USA ship-owners for the transportation of these blanks from Brazil to the ports in the USA.*

- *Annually this product combined with other of our production, absorb 526.0 thousand of tons (or USD 48.0 million - FOB basis) in imports of coal from USA.*

As we can see from the numbers presented, all limits established by the USTR for the utilization of GSP Program like exports from a BDC below the limit of 50% or more of the value of total US imports of that product, and value exported of this product to the USA is lower than the limit established by USTR on CNL - that in 2005 was set at USD 120 million -, were met for the last and other years in the past, showing our concern and consideration in keeping this program to our company and country.

Our customer is very worried about this situation because they have imported cold rolled sheet steel discs from Cosipa for many years. Without the GSP duty free status for this product they would not be competitive in their market.

The steel business is a very difficult business. Currently steel from China is entering the USA in very large quantities. The competition that they will face from these Chinese exporters, without the benefit of duty free GSP status, will be extremely difficult to endure. They may even be forced to buy from Chinese suppliers if Brazilian steel circles would lose GSP duty free status.

The reason for this is that the price that they establish for the product is based on the market. If the steel that they import from Brazil has duty added to it, that means their costs will increase proportionally. This situation would translate into either lower margins for their company or loss of business, or both.

Con-Tech is very dependent on their steel disc import business. This business accounts for well over half of their entire sales volume. If they were to lose this segment of their activities, they would be forced to substantially reduce their work force. This would affect the long term viability of their business and completely alter their strategy for growth and progress.

Showing their concern about this, we report below a letter that was sent out by Con-Tech to Ms. Susan Schwab U.S. Trade Representative:

Con-Tech International™
CONTAINER TECHNOLOGY AND SUPPLY INTERNATIONAL INCORPORATED

1046 Annunciation St., New Orleans, LA 70130 USA
Tel.: 504-523-4785, Fax: 504-522-7332

www.con-techinternational.com

August 29, 2006

Ms. Susan Schwab
U.S. Trade Representative
Washington, D.C

Dear Ms. Schwab:

I am writing you this letter to give you our input concerning the continuance of the GSP program. We are a small trading company, based in New Orleans. We import steel and steel parts and distribute them to many companies in the US and Canada. The most important products that we import and distribute are cold roll steel sheet circles that we import from Brazil and distribute to steel drum manufacturers.

Our business would be severely impacted in a very negative way if the GSP status for Brazil were revoked and duties were assessed on our products. This business is very competitive. We operate on very small margins and any extra costs, (i.e. duties) would substantially reduce our profitability, if not force us out of this business altogether.

In addition, the customer base that we serve also operates in a very competitive environment. Steel drum producers also have very small margins. They must compete in the world market. Our competitively priced raw material used to produce steel drums helps our customers to successfully sell there products. Without the supply of low cost drums here in the US, many chemicals would be shipped to export markets in bulk and then packaged in drums in other countries. This would substantially reduce the number of drums made in the US and send production of this product to overseas manufacturers.

I urge you very strongly to support the continuance of the GSP program for Brazil.

Kindest Regards

Robert G. Evans

By the reasons presented above, and by the concerns of our customer in the USA, and even by the losses in revenues that some services companies in the USA will have in case our product be eliminated from the GSP, we kindly require that this GSP Program be in force for this product with respect to Brazil.

Best Regards,

Edilson de Paula
Export Manager
Companhia Siderúrgica Paulista
Address: Avenida do Café, 277 - 8. Andar - Torre B
São Paulo, SP - Brazil
e-mail: edilsonpaula@cosipa.com.br
tel: (55 11) 5070-8955
fax: (55 11) 5070-8879

APPLICATION FOR KEEPING PART IN THE GENERALIZED SYSTEM OF PREFERENCES (GSP)

Confectionery Industry

ABICAB
AUGUST / 2006

TABLE OF CONTENTS

SUBJECT:

PURPOSE AND SCOPE.

ABICAB is a civil, non-profit society whose goal is to gather together the efforts of its members in Brazil and abroad in the following industrial segments: CHOCOLATE, COCOA, PEANUT, CANDIES and CONFECTIONERIES. Among the members of the Association one can find Companies and Regional Syndicates of companies operating in this field, as well as natural and legal entities either located in the country or abroad, which provide the members with any utilities or services intended to the production, development and protection of such manufacturers. Such natural and legal entities in charge of providing services shall have no rights to be elected to take part in the Advisory Council of Suppliers of ABICAB, as Supplier Members. Any class entities or companies either located in Brazil or abroad performing any activities or having legitimate interests connected to our industry as defined by the By-Laws shall be allowed to take part in the Association as Correspondent Members. Another objective of the Association is to bring together the efforts of its members focused on research and information disclosure, scientific and technological study, as well as analysis of the economic position of the industrial segments they represent either in Brazil or abroad, and the Association shall also be allowed to be member of similar international institutions.

DIFFERENTIATING CHARACTERISTICS.

The entity got the highlight because of its ability to act collectively in the country through specific institutional activities in the defense and for the development of the business of its members. Activities directed to the foreign market help the members to attend industry trade shows (Sweet Brazil Program) as well as create a feeling of “good will” for the sector on the party of the consumers, governmental entities and similar associations in Brazil and abroad. In the administrative area the Association provides the member with support for handling technical, business and legal subject matters according to their needs. With all the above actions the Association aims to provide the industry with a strategic view of developmental planning applicable to both domestic and foreign markets with the intent of creating greater expectations on the party of the investors, seeking partnerships, opening and supporting potential markets, planning methods of generating a consumption increase, viewing the best investment location, job generation, and at last enabling means of turning feasible the performance and development of manufacturing agents and then making the members grow.

FORM OF DEVELOPMENT.

In January 19, 1957, ASSOCIAÇÃO BRASILEIRA DE FABRICANTES DE CHOCOLATE (Brazilian Association of Chocolate Manufacturers) was created. By 1990, the representation of the Association was enlarged to cover cocoa, candies and derivates, and so it changed its name to ASSOCIAÇÃO BRASILEIRA DA INDÚSTRIA DE CHOCOLATE, CACAU, BALAS E DERIVADOS – ABICAB (BRAZILIAN CHOCOLATE,COCOA, PEANUT AND CANDIES MANUFACTURERS ASSOCIATION).
From 1995 on, as a result of its own growth and expansion of its activities in Brazil and abroad, ABICAB reorganized and started to represent companies outside the State of São Paulo too, by treating comprehensive subject matters of the industry at both domestic and international levels.
By the association of other syndicates and associations acting regionally (Syndicates of Chocolate and Candy Industries of São Paulo, Paraná, Erechim-RS and Associação da Indústria de Chocolates Caseiros de Gramado (Association of Home-Made Chocolate Industry of Gramado -RS)), and large size suppliers (grouped in a Council of Suppliers), ABICAB embraces today the domestic production chain of the respective categories.
By March 2001, ABICAB included in its scope of actuation the peanut category gathering together manufacturers and industries, and so the "PRO-PEANUT" Project was created in order to defend and foster the development of such industry.

MEMBERSHIP COMPOSITION OF THE ENTITY.

ABICAB includes among its members 37 manufacturers of chocolate and cocoa products. Out of these companies, 73% are exporters. In the candies sector there are 36 members which are manufacturers of candies and candies / chocolate, 83% are exporters, and 17% are not exporters. Members classified under other types of industries, suppliers, traders, correspondents and peanut producers reach a total of 71 companies. Among the members we can cite some major multinationals such as: Kraft, Cadbury Adams, Nestlé, Ferrero, Arcor, Cargill, Corn Products and Perfetti Van Melle.

(See charts in Annexes 1, 2 and 3)

IMPORTANCE OF THE INDUSTRY.

In 2004, the Brazilian production of candies, gums and confectioneries was of 509 thousand tons of which 70% were consumed by the domestic market and 30% exported. Only 5% of the total were exported to the United States. However, the concern of the industry is due to the fact that for the past 3 years the domestic market consumption dropped 3.5% as a result of the loss of purchase power of the population and increase in the unemployment index

which was of 10.7% in July, 2006, according to IBGE – Instituto Brasileiro de Geografia e Estatística (Brazilian institute of Geography and Statistics – IBGE), while the production grew 1.7% in the same period.
In 2004, the chocolate market reached a production of 223 thousand tons of molded chocolates. Seventy-eight percent were consumed domestically and 22% were exported. The United States imported 7% of the total production.
The confectionery (chocolate, candies, gums and confectioneries) market keeps a work power of 105 thousand people including direct and indirect jobs.

IMPORTANCE OF THE GSP (Generalized System of Preferences).

As previously mentioned the domestic market is going through a shortage of income partially explained by the heavy tax load imposed by the Federal Government, which impacts the consumer revenue. Variables such as consumption, raw material, as well as all variables coordinated by the Brazilian monetary policy authority cause a direct influence over the expectations of the businessmen. Although we are going through a growth in the production volume, the domestic demand does not keep the same pace, and so uncertainties are created in the market. So far such unpredictable domestic situation is being counterbalanced by the exports. Thus, Brazilian exports seem to political and social “balance” in the domestic market. In view of such volatile and contradictory landscape, the Generalized System of Preferences (GSP) plays a key role in Brazil because it encourages exports and investment increase, as companies may assign a higher part of money to investments into production or other factors they deem relevant. As a consequence, new jobs can be generated, the gap between the domestic demand and the production can be “adjusted”.

*****In 2005, considering global exports and listing all industrial sectors, 90.3% of products exported to the United States and which were included in the system got into the country with total reduction of import tariffs. In 2004, that figure was of 87%. Upon a review of all the industry sectors, Brazil was the third beneficiary, which exported more within the provisions of the system, just behind India and Angola. Last year the country exported approximately US$ 24.4 billion to the United States. About US$ 3.6 billion of the total, or 15%, were sold to the U.S. market under the provisions of GSP. However it is seen that the rules or limits of the system aim to assess the industrial competitiveness of each industrial production category of a country, and such Competitive Need Limitations are reviewed every year by the U.S. government by means of the Annual Revision of GSP.*

However, now taking into consideration just the sector of our interest, Brazil is far from reaching the limits of competitiveness set forth by the United States.

In 2005, amounts corresponding to the Brazilian export share for categories 1704 and 1806 over the total U.S. imports were of 3% and 4%, respectively only. In addition, and still taking into account these two categories to review them against the Percentage CNL limit rules of the system, what means the total Brazilian imports benefited by the system over the total U.S. imports we find out that their share is very tine with a comprehension of only 3% of category 1704 and 4% of category 1806, in amounts.

*The total share of U.S. imports of Brazilian confectionery is of 0.003% only over the internal consumption of the United States, as by 2005 the domestic consumption of that market was of US$ 26.8 billion while Brazilian exports were of US$ 86 million.

Support source: Euromonitor

(See enclosed table).An

Having understood the whole synthesis of this work the importance of keeping the system and also providing larger scope of GSP to Brazil is out of question.

WHY THE SECTOR SHOULD REMAIN IN GSP.

1) Because of the importance that Brazilian exports to the United States have for the Development of the Brazilian small and medium industry.

2) The importance for the U.S. companies operating in Brazil and ABICAB's members.

3) Because Brazil holds the fifth position in the U.S. confectionery imports after China, the United Kingdom, Mexico and Canada, with only 3% of the total imported volume.

4) U.S. transnational companies like Kraft, Cadbury Adams, Mars, Hershey's and others contribute to the development of the trade between the countries according to the provisions of GSP through intra-company business.

5) It favors U.S. companies and consumers with high quality and competitive price products.

6) Keeping the industry in GSP secures and respects the intellectual property.

7) GSP must be kept because it encourages the bilateral trade and is a symbol of the Partnership between the United States and Brazil.

Conclusion:

Based upon the seven items mentioned above it is concluded that GSP is relevant to the development of the bilateral trade between Brazil and the United States, secures U.S. investments in the country, generates new jobs and ensures the intellectual property.

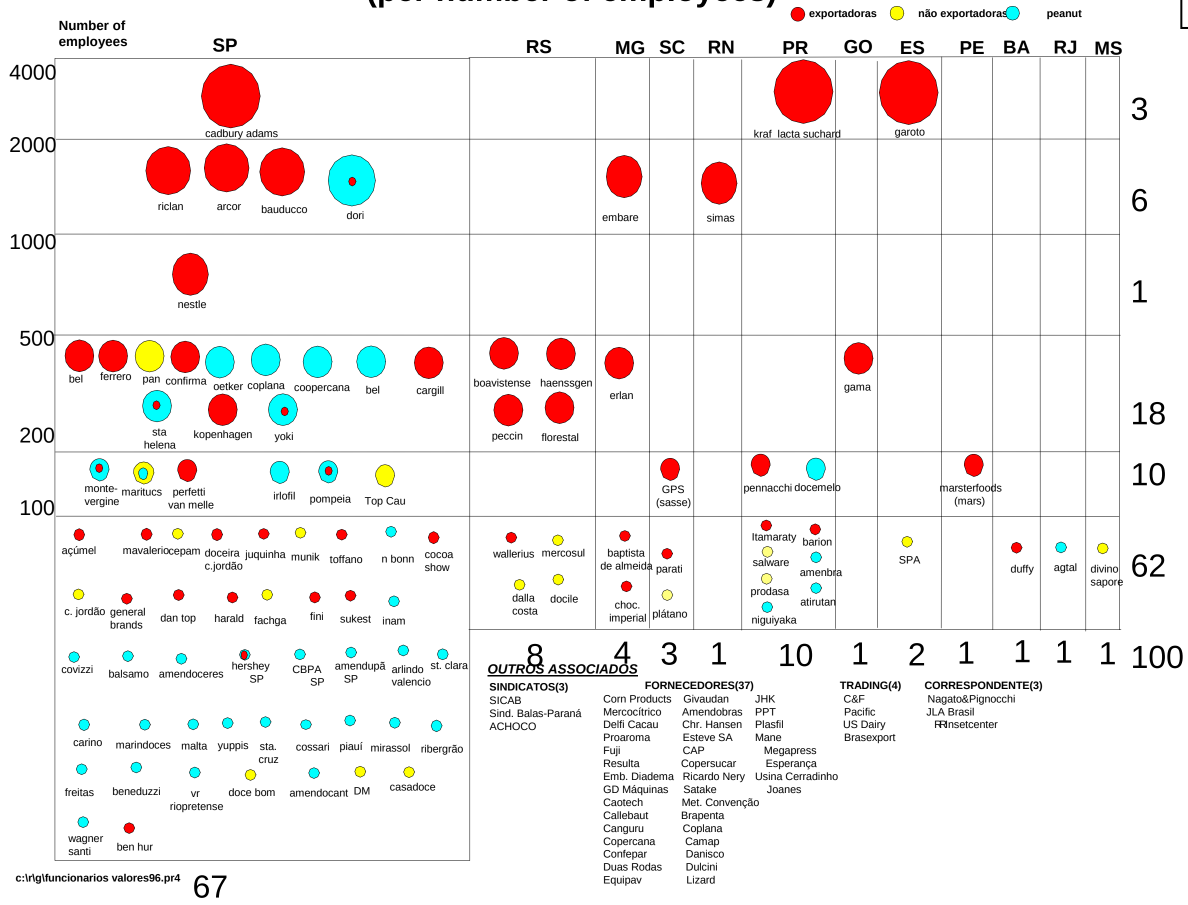
We request that the GSP benefits for the products that Abicab member's exports from Brazil under the GSP be not limited, suspended or withdrawn.

Please do not hesitate to request any further information that may prove relevant.

Charts:

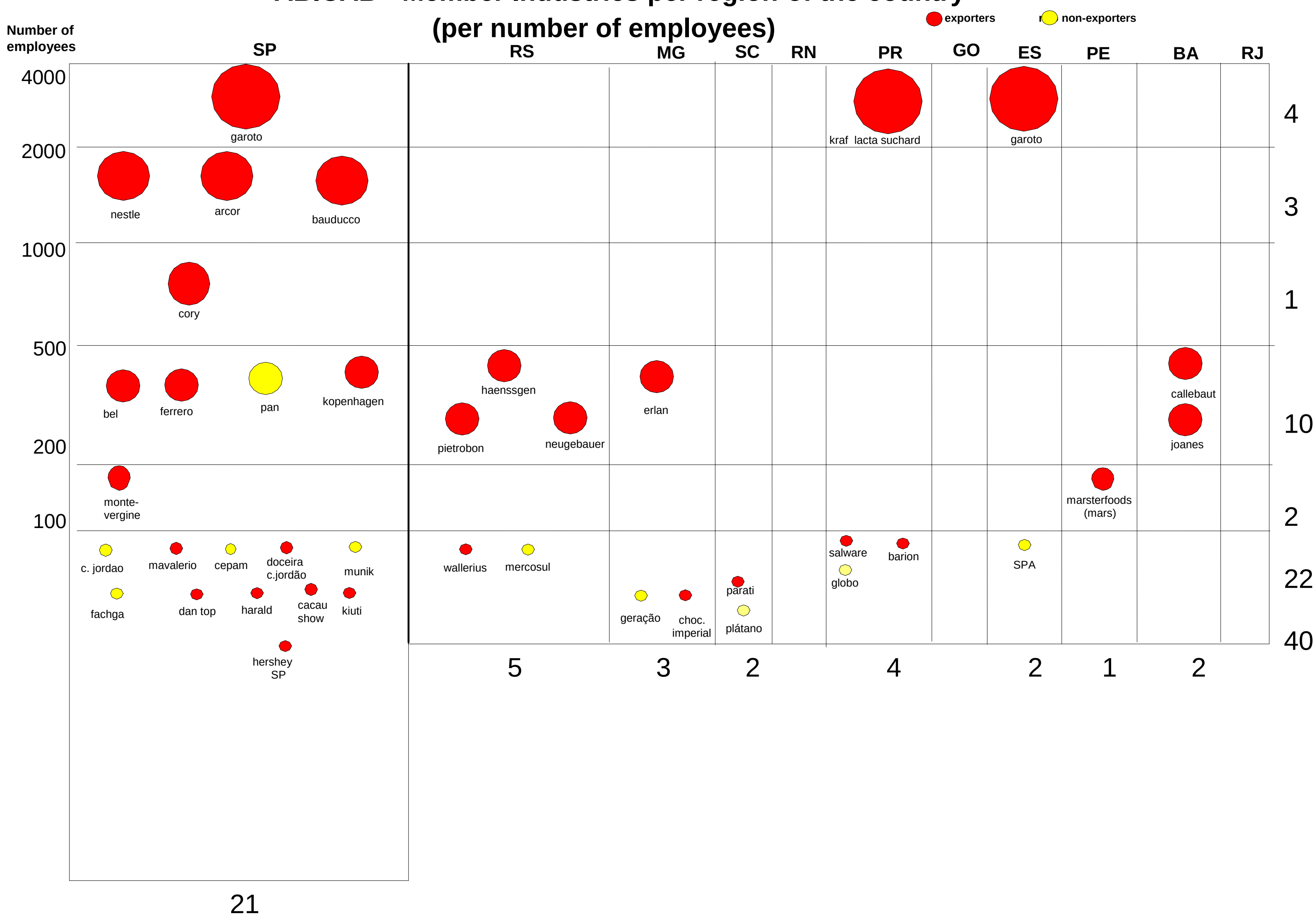
ANNEX 1

ABICAB - Member Industries per region of the country (per number of employees)



ANNEX 2

Chocolates
ABICAB - Member Industries per region of the country
(per number of employees)



ANNEX 3

Bullets, Candies and Chewing Gums

ABICAB - Member Industries per region of the country (per number of employees)

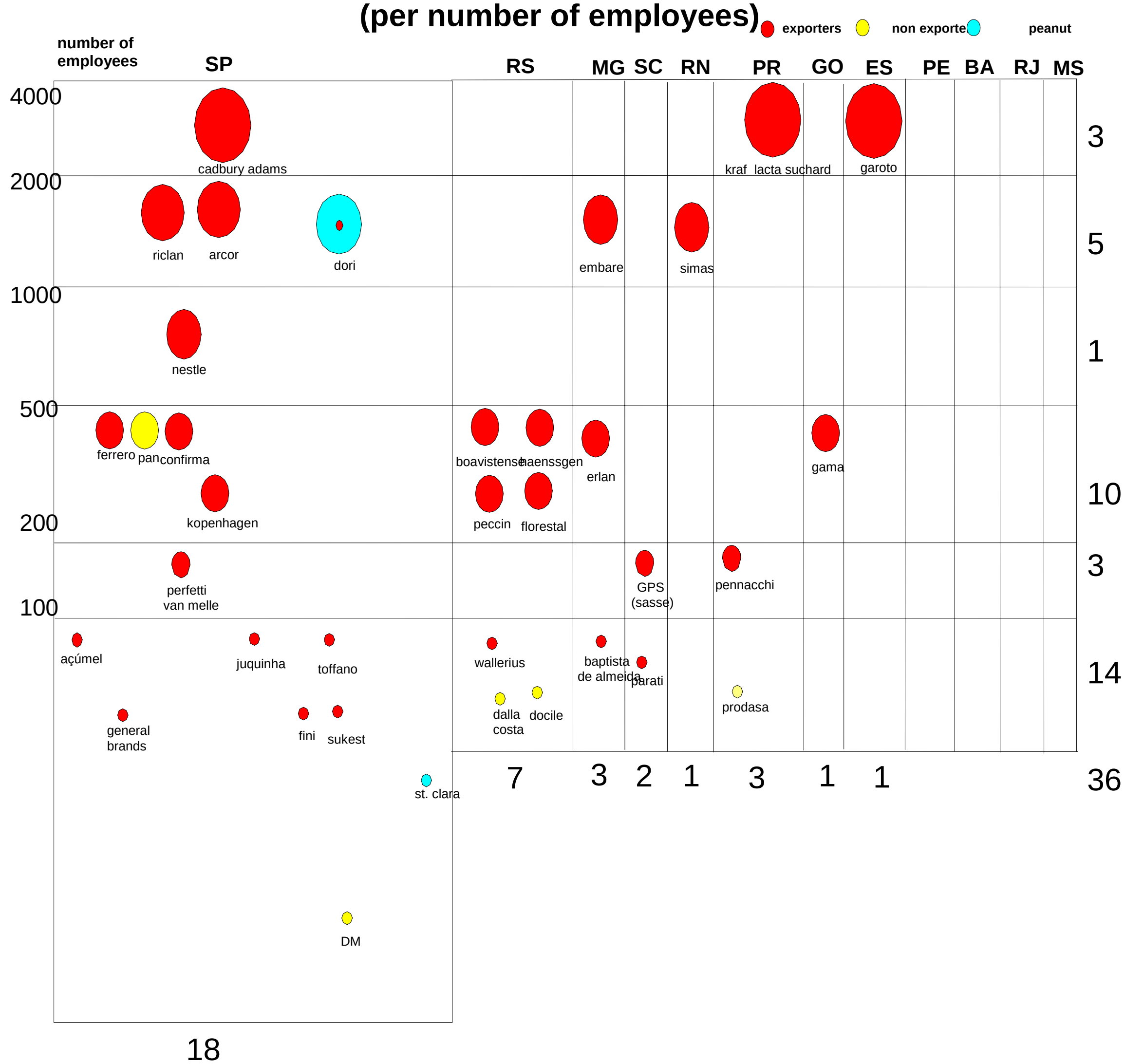


Table:

Brazilian share in the total benefited for the U.S. GSP (in percentage)

ANNEX 4

1704: Customs Value Per Country Name AND Per Customs Value For GSP Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**38,194,618**	**41,668,858**	**37,146,495**
Grand total	144,466,506	127,390,208	117,711,189

Share (%) BR vs. General / 2005
32%

1704: First Unit of Quantity Per Country Name AND Per Customs Value For GSP Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**28,842,803**	**31,784,898**	**26,760,937**
Grand total	92,934,424	85,968,700	73,341,905

Share (%) BR vs. General / 2005
36%

1806: Customs Value Per Country Name AND Per Customs Value For GSP Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**27,432,945**	**28,972,087**	**44,480,008**
Grand total	51,526,742	49,882,672	60,502,540

Share (%) BR vs. General / 2005
74%

1806: First Unit of Quantity Per Country Name AND Per Customs Value For GSP Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**11,408,906**	**12,530,905**	**16,189,362**
Grand total	19,114,234	19,441,765	21,210,295

Share (%) BR vs. General / 2005
76%

Brazilian share in the total of the U.S. Imports (in percentage)

1704: Customs Value Per Country Name AND Per Customs Value Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**38,712,111**	**42,107,654**	**38,015,028**
Grand total	1,102,780,034	1,135,910,913	1,176,223,509

Share (%) BR vs. General / 2005
3%

1704: First Unit of Quantity Per Country Name AND Per Customs Value Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**29,098,676**	**32,138,314**	**27,495,998**
Grand total	502,270,802	543,771,503	559,275,093

Share (%) BR vs. General / 2005
5%

1806: Customs Value Per Country Name AND Per Customs Value Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**32,510,112**	**34,529,033**	**48,001,072**
Grand total	1,075,198,057	1,146,777,412	1,215,064,685

Share (%) BR vs. General / 2005
4%

1806: First Unit of Quantity Per Country Name AND Per Customs Value Annual

Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005
Brazil Total	**14,715,682**	**16,294,640**	**18,302,728**
Grand total	421,962,767	451,743,311	466,627,484

Share (%) BR vs. General / 2005
4%

Percentile CNL:

1704: Customs Value Per Country Name AND Per Customs Value Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005	
Brazil Total	**38,194,618**	**41,668,858**	**37,146,495**	**GSP**
Grand total	1,102,780,034	1,135,910,913	1,176,223,509	**Total Imports**

GSP / TOTAL U.S. IMPORTS/ 2005
3%

1704: First Unit of Quantity Per Country Name AND Per Customs Value Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005	
Brazil Total	**28,842,803**	**31,784,898**	**26,760,937**	**GSP**
Grand total	502,270,802	543,771,503	559,275,093	**Total Imports**

GSP / TOTAL U.S. IMPORTS/ 2005
5%

1806: Customs Value Per Country Name AND Per Customs Value Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005	
Brazil Total	**27,432,945**	**28,972,087**	**44,480,008**	**GSP**
Grand total	1,075,198,057	1,146,777,412	1,215,064,685	**Total Imports**

GSP / TOTAL U.S. IMPORTS/ 2005
4%

1806: First Unit of Quantity Per Country Name AND Per Customs Value Annual Data

COUNTRY	YEAR_2003	YEAR_2004	YEAR_2005			GSP / TOTAL U.S. IMPORTS / 2005
Brazil Total	11,408,906	12,530,905	16,189,362	**GSP**		
Grand total	421,962,767	451,743,311	466,627,484	**Total Imports**		3%

Source: DATAWEB - UNITED STATES INTERNATIONAL TRADE COMMISSION
ELABORATED FOR ECONOMIC DEPARTMENT ABICAB/SICAB

September 5Th 2006.
OF.Pres. 044 /06

To
United States Trade Representative
GSP Subcommittee
Washington, DC

Subject: “2006 GSP Eligibility and CNL waiver Review”

Dear Sir or Madam,

As we know, the congress of United States would extend the Generalized System of Preferences (GSP) American with validity until 31/12/06, we are gathering public manifestations, that we present following:

1. The Copper Brazilian Association (ABC – Associação Brasileira do Cobre) is a representative association of the industry on the productive chain of copper, starting on the primary production until semi-manufactured products of copper and alloys and copper wire and cable.

2. The productive chain of the copper in Brazil, count at present with only 1(one) smelter on the primary metal operation in commercial scale, that, therefore, represents 100% of the Brazilian production; 8 (eight) producing companies of semi-manufactured products, that also represent 100% of the total. Among associates of Copper Brazilian Association, we have also around 50(fifty) main manufacturing companies of electric conductors, that represent approximately 90% of the Brazilian production.

3. The sectors mentioned exported, in 2005 US$ 661.9 million, that means a growth of approximately 40% regarding the exported of 2004. It is important, however, to point out that big part of the increase in the value of the exportats is justified by the fact of LME copper quotations had an increase of 28.4% in the international market, comparing the annual average of 2005 and the 2004 one.
Of the total of exports above, US$ 114.8 million was of refined copper (HTS 7403), US$ 299 million was of semi- manufactured products (HTS 7406 to HTS 7412) and US$ 248.1 million of wires and cables of copper (HTS 7413, HTS 8544, except HTS 8544.70.00)

4. According to the United States International Trade Commission (USITC), the American import, in 2005, was:

- Refined Copper (HTS 7403) = US$ 107.8 millions, that represents 94% of the total exported by Brazil. The benefit of imports by GSP represents 100% of the total Brazilian refined copper, imported by the American companies;

- Semi-manufactured products of copper and alloys (HTS 7407 until 7412) = US$ 143.7 million, that represents 48.1% of the total exported by Brazil. Of this volume, the benefit of American imports by the GSP was US$ 143.6 millions, representing also, practically, 100% of the total imported by American companies.
- In case of wire and cables (HTS 7413 and HTS 8544.11.00 to 8544.60.00), although the values refer not only to the copper content on it, the American imports of native products from Brazil was US$ 49 million, that represents only 20% of the total exported by Brazil. Of this volume, the benefit of American imports by GSP was US$ 36 million, representing 73.5% of the total imported by American companies.

5. So the figures show clearly that United States is today the main destination of Brazilian exports of products of copper here mentioned, and - more important than that – that the Generalized System of Preferences is fundamental in the sense of that provides the American industry, with intermediate products at competitive prices, and consequently increasing the competitiveness of it against imports of final products.

6. Brazil estimates that its eventual exclusion as beneficiary of SGP American, would result in minimum on commercial losses of approximately US$ 386 million per year, and of this total amount, at least, US$ 60 million or around 16% of the total represents the share of the industries represented by ABC.

7. However, the negative consequences of an eventual no extension of the benefit to Brazil, would not be limited to the bilateral commerce, advancing on the social area considering that would include the straight unemployment of around 3 thousand workers and the impoverishment of regions whose economic activity was developed since the 70th´s, thanks to institutions like the GSP, and today have companies with their production totally destined to United States.

Because of all the facts above, we can assume that the maintenance of Brazil as beneficiary country of the GSP American is of fundamental importance for the industrial segments represented by this entity.

If you have any questions, please do not hesitate to contact us.

Yours faithfully

Geraldo Ribeiro do Valle Haenel
President

Address: Av. Dr. Cardoso de Melo, 1855 – 9° andar
Vila Olímpia – Sao Paulo / SP
ZIP 04548-005 Brazil
Phone: 55 – 11 – 3846.4828 ext 26

From: Cross Hueller Industria de Maquinas Ltda

To: Office of the United States Trade Representative

Subject: 2006 GSP Eligibility and CNL Waiver Review

Dear Ladies and Gentlemen,

We are a machine manufacturer based in Diadema, state of São Paulo, founded in 1973 as a branch of the German company Hüller.

We were later acquired worldwide by the German group ThyssenKrupp and, in October 2005, acquired by the US based Maxcorinc. to integrate the MAG-IAS group (Maxcor Acquisition Group – Industrial Automation Systems) which consists of several divisions and companies throughout the world, such as: Cincinnati Machine, Hebron – KY, Cross Hueller North America - Port Huron, Gidding & Lewis – Wisconsin, Fadal, Chatsworth-CA, Cross Hueller Ex-Cell-O Lamb Germany, Hueller Hille, Diedesheim - Germany, Witzig & Frank, Germany, as well as companies in the UK, Korea, China.

In Brazil we have presently an annual Revenue of $ 22 Million and 160 employees, and our portfolio includes the manufacturing of the following:

- Horizontal Machining Centers (HTSUS-84571000)
- Transfer Lines, Special Machines & flexible lines (HTSUS-84573000)
- Vertical Turning Machines (HTSUS-84581100)

Although we haven't yet exported to the US, having concentrated our sales efforts locally and regionally up to now, we plan to do so, directly to the end-user or using our US-based sister-companies' distribution channels, up to 50 machining centers per year, beginning next year, to help improve our portfolio in the American marketplace as a group and face the competition, specially the Asian competition, using the Brazilian plant as a concentrator for this type of machining center (NBH-5) for the American market. Depending on Brazilian market conditions, known to be unstable, this kind of business would guarantee to our Brazilian branch a solid base to build on to help us keep and improve the operation.

We understand that having our products included in the GSP is a relevant factor to help bring our products to the US Market.

Besides, the GSP could also be extremely relevant to our North American sister-companies, which benefit from having our products imported from Brazil for more competitive prices and resell them in the American marketplace, helping keeping jobs both here and abroad.

Therefore, we would like to kindly ask you to consider the permanence of Brazil and our products in the Generalized System of Preferences – USA.

Very truly yours,
Cross Hueller Industria de Maquinas Ltda.

CROSS HUELLER INDÚSTRIA DE MÁQUINAS LTDA

Rua Karl Hueller, 296
Diadema - SP - Brasil - 09941-100
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crosshueller@crosshueller.com.br

From: Kay M. Wallace [kay@daltonian.com]
Sent: Tuesday, September 05, 2006 12:41 PM
To: FN-USTR-FR0052
Subject: USTR-GSP importer.doc

Daltonian Flooring Inc.

130 Executive Drive
Calhoun, GA 30701
706-602-7478
706-602-7823

September 5, 2006

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

Dear Chairman Sandler,

As an importer, I am pleased to submit this statement in support of the Generalized System of Preferences (GSP) program in response to the GSP Subcommittee's Request for Public Comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development to the extent that their eligibility should be limited, suspended, or withdrawn. We know first-hand how important GSP is for U.S. businesses.

We urge the Administration to exercise caution as it approaches the decisions on whether to remove countries such as Brazil or India from the GSP program. <u>If your decision is to remove or suspend these countries, we urge you to do so with sufficient prior notice that allows U.S. importers to find other suitable suppliers. I suggest AT LEAST one year.</u> While these larger beneficiary countries have progressed economically due to their participation in the GSP program, an abrupt cut-off from the program would not only cause serious hardship for these countries without a corresponding benefit to the least developed countries, but would harm U.S. importers as well. It does not necessarily follow that U.S. businesses will switch suppliers from a larger GSP country to a least developed country, ESPECIALLY in the short run. In fact, the least developed countries often lack the production capability as well as the infrastructure to become a reliable source for many products now sourced from Brazil, India or one of the other larger beneficiary countries. A decision to remove one or more of these countries is probably a lose-lose proposition without adequate lead time to find other sourcing.

As an importer of GSP products, we are keenly aware of the valuable role GSP has played in the past 20 years. It has added to the robust trade flows that fuel our economy. Removal of the major GSP players from the program now will greatly diminish GSP's effectiveness, with negative repercussions for these countries, as well as for US companies that source from these GSP beneficiaries and for consumers who ultimately will pay the price when duties are imposed. We believe Brazil, India and the other countries you have identified for review are essential to GSP. If you so decide, they should have a phased removal from the program.

We encourage the Administration not to focus too narrowly on any single statutory criteria. GSP decisions must be made in a broader context that takes into account the profoundly negative impact of suddenly withdrawing trade benefits. For example, for many small US companies, GSP - with its duty free treatment for production inputs from developing countries - is the single element that allows them to remain competitive and profitable in increasingly tight markets. A sudden loss of GSP benefits for the products will be a significant event for these companies.

We also urge the GSP Subcommittee and the Administration to complete this review and announce the outcome as soon as possible to allow US companies time to make adjustments. It is our understanding that the decisions on whether to terminate competitive need limit waivers on specific products will take effect immediately upon announcement of the decision. We ask you to reconsider this policy and consider the disruptive impact such an immediate implementation would cause for US companies who will have to bear the brunt of an unexpected imposition of duties on products already in the pipeline.

At the same time, as this review proceeds, it is important that the Administration work closely with Congress to ensure a timely, orderly, and long-term renewal of the program. This cannot be stated too strongly. The delayed, sporadic and uncertain renewals of the past were very damaging to many US businesses and counterproductive to the goals of the GSP program. The financial and administrative burdens created by lapses in the GSP program are a serious drain on Customs, importers, and my fellow brokers. We hope you will utilize every resource to assure a timely renewal of the program

Thank you for allowing us to express our views.

Sincerely,

Kay M. Wallace
Controller
Daltonian Flooring Inc.

BEFORE THE:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

Written Comments

by

DANA CORPORATION

September 5, 2006

VIA E-MAIL
FR0052@ustr.eop.gov

On behalf of:
DANA CORPORATION
P.O. Box 1000
Toledo, OH 43697
Phone: (419) 535-4787
Fax: (419) 535-4790

BARNES, RICHARDSON & COLBURN
Lawrence M. Friedman
Carolyn D. Amadon
303 E. Wacker Drive, Suite 1100
Chicago, IL 60601
Phone: (312) 565-2000
Fax: (312) 565-1782

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

I. BACKGROUND

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

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

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

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

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

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

A. Argentina

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

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

---

[2] World Development Indicators, World Bank, 1, July 2006.

[3]The value of U.S. imports under GSP from Argentina during 2005 was $616,052,00 while Argentina's 2005 population was 39,538,000(source: official import data from the U.S. Department of Commerce, and population data from U.S. Census Bureau).

[4] U.S. imports from China from official import data of the U.S. Department of Commerce, and China's 2005 population data from '2005 World Population Data Sheet," Population Reference Bureau.

[5]2005 World Population Datasheet, Population Reference Bureau

Kentucky; and Glasgow, Kentucky facilities. Approximately [********] in GSP entered value is generated from Argentine production. Dana employs about 1928 workers in Argentina. Dana's presence in Argentina reflects one of the goals of GSP–to increase economic development by increasing exports from a beneficiary country. The proposed elimination of the very program that is providing this benefit on the basis that some, but not all, of the goal has been achieved, is counter-intuitive. TPSC should not recommend the termination of GSP benefits to Argentina until increased sustainable and stable economic development and improved standard of living for its population had been accomplished.

B. Brazil

Although Brazil's total GSP imports exceeded $100 million in 2005, Dana strongly urges TPSC to consider other economic factors that support the continuation of BDC status for Brazil. For example, Brazil's per capita GSP imports are only $19.42,[6] and its GNI per capita is $3,460, which yields an overall rank of 97 in a worldwide GNI per capita comparison. As such, Brazil is considered a "lower-middle income" country by World Bank standards.[7]

These are not the economic indicators of a country that has achieved the sort of sustainable economic development that warrants "graduation" from the GSP beneficiary status. Per 19 USC 2462 (c)(2), the economic indicators mentioned above should recommend Brazil remain, rather than be eliminated, as a GSP beneficiary. In addition, Brazil is considered a

[6] The value of U.S. imports under GSP from Brazil during 2005 was $3,616,151,000 while Brazil's 2005 population was 186,113,000(source: official import data from the U.S. Department of Commerce, and population data from U.S. Census Bureau).

[7] World Development Indicators database, World Bank, July 15, 2005, based on Atlas methodology.

"severely indebted" country according to the World Bank.[8] Thus, any advances in Brazil's development are highly leveraged. Brazil's large debt servicing needs take funds away from other needed government programs, including Brazilian Customs, as well as programs designed to alleviate poverty among disadvantaged Brazilians. In 2004, more than one in five Brazilians was living on less than the equivalent of $2.00 per day.[9] Unemployment is at 10.7% for 2006, of which 22% is in the industrial sector.[10] A recent World Bank publication states, "compared to other countries, Brazil is a clear outlier in terms of inequality and also accounts for a dominant share of the total number of poor in Latin America."[11] There are dozens of GSP beneficiary countries that are more fully developed than Brazil, and they are not identified by TPCS as at risk of losing GSP status.

Dana has seven facilities located in Brazil that produce axles, driveshafts, pumps and parts adapted for off highway use. Together, these facilities account for [********] sales to the United States in 2006-to-date, and had [********] in total sales to the United States in 2005. Dana employs about [****] people in Brazil. Parts produced in Brazil are generally destined for Dana's Churubusco, Indiana facility for packaging and distribution. A total of [******] in GSP benefits were claimed in 2005, yielding [*****] in GSP claimed for total Dana Brazilian production in 2005.

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[8] According to World Bank, "Severely indebted" means either: present value of debt service to GNI exceeds 80 percent or present value of debt service to exports exceeds 220 percent. Source: World Bank data on country classification at http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html.

[9] "2005 World Population Data Sheet," Population Reference Bureau, 2005.

[10] Instituto Brasileiro de Geografia e Estatistica: www.ibege.gov.br/english/presidencia/noticia

[11] Inequality and Economic Development in Brazil, Volume 2: Background Papers, Report No. 24487-BR, Brazil Country Management Unit, Poverty Reduction and Economic Management Sector Unit, World Bank in

As stated above, Brazil has an unemployment rate of about 22% in the industry sector, so any jobs that may shift to low cost countries should the GSP program be eliminated would be another blow to this already recessed sector.

In sum, apart from Brazil's heavy use of GSP by the TPSC standards, Brazil does not demonstrate any signs of the sustainable economic development the GSP program sought to engender. An elimination of GSP benefits for Brazil would serve to hurt the economy and would prove to be a disincentive for company's like Dana to further invest in the economy.

C. India

collaboration with Instituto de Pesquisa Econômica Aplicada, October 2003.

Per the economic criteria listed in 19 USC 2462(c)(2), India has not reached satisfactory levels of overall economic development to "graduate" from the GSP program. First, although GSP imports from India are greater than $100 million, the value of India's exports to the United States under GSP was only $3.78 per capita.[12] This indicates that, although India had certainly fully implemented the GSP program, it remains a very low-volume user of the GSP program when viewed on a per capita basis. India's continuing relative poverty makes it an unlikely candidate for inclusion in the list of countries subject withdrawal from the GSP program. It is the only country on the list to remain categorized as a "low income" economy by the World Bank based on its Gross National Income (GNI) of $720 per capita in 2005, which is well below the $875 upward limit for this category designation and yields an international ranking of 159.[13] In addition, 81% of India's population lived on less than the equivalent of $2.00 per day in 2004.[14] Thus, despite its high volume of GSP imports to the United States, the benefits of development have not fully reached the people of India, as evidenced by economic criteria. There are about 30 GSP beneficiary countries not identified in the Federal Register notice as at risk of losing GSP that have higher per capita GSP usage than this. Although rapidly developing as an industrialized nation, India remains one of the most impoverished countries in the world, and is not ready to be graduated from the GSP program. In fact, while imports to the United States from India have increased in volume, the Indian economy has not yet benefited from the longer term benefits envisaged by the GSP program such as increased sustainable and stable economic

[12] The value of U.S. imports under GSP from India during 2005 was $4,176,452,000, while India's 2005 population was 1,103,600,000 (source: official import data from the U.S. Department of Commerce, and population data from "2005 World Population Data Sheet," Population Reference Bureau).
[13] World Development Indicators database, World Bank, July 1, 2006 based on Atlas methodology.

development and improved standard of living for its population. Indeed, with India's poor population numbering over 350 million, the lack of full participation in the overall economy could threaten economic stability.[15]

In addition to aiding its own economy, the GSP benefits accorded to India also play a role in increasing the surrounding geographic economies. India is part of the South Asian Association for Regional Cooperation; goods produced in India can include Bangladesh, Bhutan, Nepal, Pakistan, and Sri Lanka content toward the 35 percent value-added GSP requirement. India's GSP status, therefore, provides an incentive for manufacturers in India to look to those neighboring lesser-developed countries for suppliers rather than more developed low cost supplier countries such as China. Thus, removing India from GSP could take business from these least developed beneficiary developing countries ("LDCs"), which is contrary to the original intent of GSP. In other words, if India were to lose its beneficiary status, it could no longer act as a conduit for GSP benefits to the neighboring LDCs. In this context, it is not likely that a company would relocate an established factory from India to Bangladesh, for example. However, if India loses GSP, it is very likely that Indian companies would lose their incentives to use Bangladesh as a supplier for materials to be used in the production of goods for export to the United States, and China would likely be a low cost alternative. Thus, if the goal of the TPSC is to promote trade in the least developed countries, removing GSP for India defeats this goal.

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[14] "2005 World Population Data Sheet," Population Reference Bureau, 2005.

[15] UNCTAD, Trade and Development Report, 2005, at 36.

GSP provides an incentive for foreign direct investment to India. According to UNCTAD,[16] investment has a "key role" in expanding the productive capacity of a country, and, by extension, raising living standards and facilitating successful integration into the international economy—all goals of the current GSP program. As a politically stable country, with newly improved infrastructure, and an abundance of low-cost, skilled human resources, India is often considered alongside China as a destination for new manufacturing investment. GSP remains beneficial to India in that it gives India an extra advantage when competing against China for foreign investment. Both present and future investments in India could be threatened by the loss of GSP, which would have wide-ranging effects on local Indian suppliers, their workforces and the businesses that support and profit from them.

Dana estimates a total investment of [*******] in its Indian facilities. Dana currently employs about [******] people in India, and imports [*******] of GSP eligible products to facilities in Chesapeake, Virginia; Dry Ridge, Kentucky; Henderson, Kentucky; Humboldt, Tennessee; Churubusco, Indiana; and Syracuse, Indiana. Thus, Dana's monetary investment and investment in the Indian community continues to further economic development in India, but particularly to the extent that GSP preferences remain in place.

The removal of GSP benefits to India will result in substantial financial harm to both Dana's foreign investment and Dana's facilities that rely on Indian production. This, coupled with the Indian economy still in need of GSP benefits to secure their overall economic development are compelling reasons for the TPSC to continue GSP benefits for India.

D. Venezuela

[16] Trade and Development Report, 2005 at page 29.

Similar to Argentina, Venezuela has also been designated as an "upper-middle income" economy by the World Bank; this designation is misleading for the purposes of determining whether GSP beneficiary status should be eliminated for a specific country. Venezuela's GNI per capita is $4810 (Atlas method)[17], putting it just over the edge of the "upper-middle income" designation, but its overall rank is 84. Per the economic indicators enumerated in 19 USC 2462(c)(2), Venezuela is not sustaining the economic development necessary to "graduate" from the GSP program.

For example, the GSP per capita for Venezuela is $29.35, [18] reflecting a still slow speed of GSP "wealth" to inhabitants, and over 31% of the population lives on under $2.00 per day,[19] which does not indicate the sustainable economic development that is the ultimate goal of the GSP program. Venezuela has clearly taken advantage of the GSP program to date, but indicators show that the development is still progressive, and that the general population has not received the stable economy that GSP was designed to encourage.

Currently, Dana imports structural products such as parts of power trains and siderail truck frame components manufactured in Venezuela to facilities in Virginia, Kentucky, Pennsylvania, Missouri and Indiana. The 2006 forecast figures for Dana imports from Venezuela are [********], which will yield a total savings using GSP forecast of [********] for 2006.

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[17] World Development Indicators, World Bank, 1 July 2006

[18] GSP imports for Venezuela at $745,000,000 from USITC; Population 25,378,00 from U.S. Census

[19] 2005 World Population Datasheet, Population Reference Bureau

Should GSP benefits be denied to Venezuela, it is highly unlikely that production would shift to other BDCs in the region, such as Bolivia or Ecuador, but would likely shift to Mexico and China—countries that do not qualify for GSP benefits at all. This shift would defeat the stated goals of GSP to aid developing economies. As the TPSC is well aware, China offsets any higher tariff and transportation costs by its very low labor costs. In addition, its improved technological advancements make it an even more attractive target for the production of more advanced goods.

Dana's overall investment in its Venezuelan facilities totals over [*********], including transferred proprietary technology necessary to develop automotive driveline components. This technology serves local markets, but is also exported to the United States, so that Dana's domestic facilities benefit from the low cost of labor and raw materials in Venezuela. Overall, Dana employs [****] Venezuelans, and provides [******] of monthly benefits paid that exceed prevailing standards in Venezuela, thus putting some of the benefits it has received from the GSP program back into the region.

This significant investment, both in financial contributions and in the local community, due in large part to Dana's use of the GSP program, has contributed greatly to the economic development of Venezuela–and should continue to do so provided the GSP program is renewed with an eye toward building more stable economic development that is enjoyed by a larger portion of the population. Inversely, if GSP benefits are not renewed for Venezuela, Dana will be forced to reconsider the continuation of its investment in Venezuela, which will have very serious effects on both Dana's domestic and foreign operations.

Dana strongly urges the TPSC to renew the GSP program and to continue GSP beneficiary status for Argentina, Brazil, India and Venezuela, recognizing the immense investment Dana has already made in these countries and the attendant economic development to these economies. Although fairly significant in the short term, this progress should not overshadow the importance of the sustainable, long-term economic benefits that are the reason for the inception of the GSP program, and which have not yet been fully achieved for these BDCs.

With over $9.2 billion in annual sales, Dana holds a key position in the U.S. auto parts industry. Its fortunes are also tied to the auto industry as a whole. In the past year, GM posted $10.6 billion in losses, with Ford and DaimlerChrysler losing $2 billion and $2.8 billion respectively. The Wall Street Journal of August 18, 2006 reported that Ford, Dana's largest customer, plans to cut 10% cut in salaried jobs and for 12 plants to close by 2012. Dana, as well as other key suppliers in this industry, has filed for bankruptcy. Dana has posted a loss of $133 million since March 2006. The elimination of GSP for Argentina, Brazil, India and especially Venezuela will result in significant harm to Dana's foreign investments and will also cause further economic harm to the U.S. auto parts industry, to Dana in particular—and to the auto industry as a whole.

E. General Proposals For The GSP Program

While the above indicators demonstrate the importance of GSP to beneficiary countries and to Dana an international corporation truly integrated into the economic development of the beneficiaries, some improvements to the program could be recommended–provided the GSP program is not eliminated by TPSC. Dana suggests that the USTR and TPSC consider any proposals designed to enhance the utility of the GSP program to BDC countries and to expand existing benefits to continue to bring GSP benefits to the least developed countries. An example of such a proposal from the United Nations Conference on Trade and Development ("UNCTAD") suggests improvements the utility of the GSP program. These are: (1) extend coverage to all products; (2) extend the time frame of GSP preferences to provide stability; (3) adopt a harmonized import percentage criterion; and (4) enlarge the scope of cumulation to all countries. [20]

Dana particularly suggests consideration of proposals two and four. Extending the time frame for GSP preferences helps BDCs attract investment because it allows investors stability and predictability in their interactions with the United States. For example, the longer time frames provided for the African Growth and Opportunity Act ("AGOA") are an important benefit to AGOA countries, giving ample time to seek investment from abroad and to develop industries internally without the fear of possible expiration as is often the case for GSP. This proposal will also lesson the political delays and pressures of recurrent renewal for the GSP program–and this for all GSP beneficiary countries.

[20] Trade Preferences for LDCs: An Early Assessment of Benefits and Possible Improvements, UNCTAD/ITCD/TSB/2003/8 (2003), at 111.

In addition, enlarging the scope of cumulation to all countries–would likely be a particularly useful change to the GSP program that would maximize the utility of the program for countries that do not currently receive substantial benefits from program. As it is currently implemented, the GSP regulations indicate that certain associations of countries designated by the President are treated as a single country for purposes of establishing GSP benefits, meaning that all of the materials, labor, etc. from a country in a designated association may be applied to the 35% calculation necessary for most GSP goods to meet the origin criteria for GSP benefits. Unfortunately, the list of associations of countries designated by the President for treatment as a single entity does not completely cover countries surrounding the biggest users of GSP listed in the TPSC's notice. For instance, there are no designated associations of countries that include Argentina, Brazil, South Africa, or Turkey. Because Dana, and undoubtedly many other corporations, tends to source goods from close geographic areas to avoid transportation costs, if a surrounding country is not included in a GSP designated country association, there is a disincentive for Dana, to fully develop sources in these countries.

Dana believes that removing the GSP benefit from countries that successfully utilize the current GSP to export to the United States will depress development in both the countries from which GSP treatment is removed and, in some cases, their neighboring regions. While it is unlikely that major manufacturing facilities will leave countries because of the loss of GSP, it is likely that new investment and sourcing will flow to other established locations such as China, rather than to BDCs or LDCs that have no established manufacturing facilities or experience. As such, this would be more likely to increase investment in countries that either already have substantial GSP exports to the United States, or countries like China that are substantial trade partners of the United States without the benefit of GSP.

If GSP is terminated for Argentina, Brazil, India or Venezuela, Dana's investments in these countries would suffer serious losses, and it may be forced to consider the relocation of existing and planned future investments to lower cost countries, such as China. Furthermore, the stated goals of GSP to aid developing economies will be lost by only focusing on the volume of GSP imports from these countries, rather than concentrating on their overall economic progress, which still has considerable room for improvement.

III. Existing Competitive Need Limitation ("CNL") Waivers Should Not Be Recommended for Termination by the TPSC

Dana strongly urges the TPSC to authorize redesignation for exports to the United States from Brazil under HTS 8708.99.67. Redesignation for this product will benefit both the Brazilian economy and to Dana's domestic manufacturing operations.

Statutorily, 19 USC 2463(c)(2)(C) provides that items previously eligible for CNL for certain BDCs may be redesignated as eligible provided that the limits in 19 USC 2463(c)(2)(A) are not exceeded. Namely, that the total imports of the subject item do not exceed $120 million and that the quantity of the item imported does not exceed 50 percent of the value of total imports of that article to the U.S. in the previous calendar year. First, imports to the United States from Brazil under 8708.99.67 totaled only $105,685,528 for 2005, well under the $120 million limit set by the TPSC . Second, the total value of all imports of this article into the United States totals $3,917,232,000, which yields a 37.06 percent ratio, which, again, is well under the statutory limit that would disqualify the item from redesignation.[21]

Further, for the reasons discussed above, Brazil also meets the criteria set forth in 19 USC 2463(c)(2)(C)(referencing the criteria of 19 USC 2461 and 2462). Namely, that Brazil remains a lower-middle income economy, for which GSP designation and CNL product waivers yield a measurable benefit to the country's developing economy –continuing the CNL waiver supports the goal of the GSP program. Second, it is in the national economic interest of the United States to refrain from harming American companies, such as Dana, that provide economic development to the region, aid in stabilizing foreign economies, and which, by extension, provide domestic employment in the United States.

IV. Conclusion

Dana recommends the TPSC to carefully review the consequences of eliminating GSP for relatively large exporters such as Argentina, Brazil, India and Venezuela, and of redesignating CNL status for imports from Brazil under HTS 8708.99.67. These actions will not advance the stated goals of increasing the exports from lesser developed BDCs, nor will it aid in the development of the world's least developed economies. The large exports of these countries should not distract from the continuing benefit that GSP preferences provide them. On the contrary, because of their large size and exports to the United States, the economic welfare of these countries has enormous influence on the strength of the world's economy as a whole. Therefore, their need for GSP preferences should be of the highest importance in the formulation of U.S. global economic policy.

21 From the USTR website: GSP List IV of items eligible for redesignation, and the USITC Dataweb.

Rather than risk injury to both the current beneficiary countries and their business partners in the United States, Dana encourages TPSC to consider other, more innovative, approaches to providing greater development assistance to the least developed economies of the world. Due to the current competitive situation involving China and India, and the proliferation of free-trade agreements replacing GSP for some countries, it is difficult to predict that the loss of GSP for countries such as Argentina, Brazil, India and Venezuela will benefit the least developed countries. As it is, these countries have only been able to take limited steps toward development with the existing GSP program. To truly promote growth and development in the LDCs, the USTR, TPSC, and the Administration as a whole, should consider providing greater incentives to U.S. investment in those countries through targeted programs similar to the African Growth and Opportunities Act and the Caribbean Basin Economic Recovery Act, or to reform the GSP program to provide preferences on a more long term, predictable basis.

Dana is grateful for the opportunity to participate in this review and would like to remain involved in any further discussions on this very important issue.

Please do not hesitate to contact us if you have any questions regarding this matter.

Very truly yours,
BARNES, RICHARDSON & COLBURN
By:

/s/Lawrence M. Friedman
Carolyn D. Amadon

NON-CONFIDENTIAL VERSION

Sep 5TH , 2006

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Dear Ms. Sandler:

On behalf of DHB America Corporation, I write in support of retaining Brazil's eligibility status as a GSP beneficiary country. The current five-year authorization of the GSP program has allowed businesses in Brazil to become a reliable supplier for eligible duty free products for use in the United States by our customers.

DHB America Corporation imports *** per year into the United States duty free under the GSP program in Power Steering Systems and Power Steering Reservoirs for marine application. Our main customer, Mercury Marine, is located in Stillwater, Oklahoma. Mercury Marine manufactures boat engines and our company has been supplying power steering systems for Mercury Marine's engines since 1984. Below Please find a brief description of our operations.

DHB America Corporation appreciates the opportunity to submit these comments to the GSP Subcommittee of the Trade Policy Staff Committee for its consideration during the current review of the GSP system. We support retaining Brazil as a GSP eligible country so that our company can continue to import our products into the United States duty free. The GSP program permits our products to be more competitive than they would be if applicable duty had to be paid. The GSP program has benefited our customers in the United States as we import these products duty free, thereby lowering the cost of the products that they sell to American consumers.

Sincerely,

Marilene Tobin
General Manager
DHB America Corporation
Phone: (248) 930-9912
E-mail: tobin@dhbusa.com
NON-CONFIDENTIAL VERSION

DHB AMERICA CORPORATION
BRIEF DESCRIPTION OF OPERATIONS

Warehouse location:
Kuehne Nagel
25810 Northline Commerce Drive Suite 200
Taylor, MI
Contact: Tammy Loehman
Phone: (734) 947-2516

Mailing address:
3430 East Jefferson Ave. Suite 333
Detroit, Michigan 48207

Marilene Tobin
General Manager
Secretary – Officer
Working years: 1989 up to present
Phone: (248) 930-9912
E-mail: tobin@dhbusa.com

DHB America was established in Michigan in 1988. Since 1989, DHB America has been importing parts manufactured in Brazil into the United States.

DHB America Corp. imports mainly **Power Steering Systems for marine application**, as well as **Power Steering Pumps and Power Steering Reservoirs**, also for **marine application**. All imported products are sold to our customer Mercury Marine.
Mercury Marine is a division of Brunswick Corporation. They are located in Stillwater, Oklahoma, where they manufacture boat engines.
For additional information on Mercury Marine, you can access their website at www.mercurymarine.com.

These are the parts currently imported from Brazil and supplied to Mercury Marine:

MERCURY MARINE
ANNUAL VOLUME

PN	DESCRIPTION	ANNUAL VOLUME	QUANTITY PER PALLET	TOTAL NUMBER PALLETS PER YEAR	TOTAL NUMBER PALLETS PER MONTH	PALLET WEIGHT LBS	TOTAL ANNUAL WEIGHT LBS	PALLET DIMENSION INCHES	ESTIMATE SAFETY STOCK AT DHB AMERICA # DAYS
866200	POWER STEERING	69,972	84	833	69	655	545,615	44 X 36 X 29	30 TO 60 DAYS
865710	PUMP 8.1 L	6,930	210	33	3	1,138	37,554	44 X 36 X 29	60 TO 90 DAYS
865264	RESERVOIR 8.1 L	6,930	210	33	3	214	7,062	44 X 36 X 29	60 TO 180 DAYS
866280 1ST YEAR	PUMP 3.0 L	7,008	96	73	6	595	43,435	44 X 36 X 29	60 TO 90 DAYS
866439 1ST YEAR	POWER STEERING	4,956	84	59	5	351	20,709	44 X 36 X 29	30 TO 60 DAYS
TOTAL				**1,031**	**86**		**654,375**		

We will be glad to provide any additional information you may need or wish to support our request for the GSP renewal.

GSP IN A NUTSHELL

The **Generalized System of Preferences (GSP)** is a trade preference program which grants unilateral tariff reductions for imports from 136 developing countries.

The principle of GSP is to use trade to **promote development**, while **benefiting U.S. customers and companies** with lower import prices. In 2005, U.S. companies saved nearly $ 1 billion in foregone duties!

To receive the benefits of GSP, a developing country must achieve high standards of enforcement of **Intellectual Property and Labor Rights**.

Page 04/05

What is at Stake?

The current version of GSP expires on December 31st and its **renewal depends on legislative approval** by Congress. **Brazil is being threatened with the exclusion** from the system.

Competitors of Brazil in the U.S. Market

GSP Imports from Brazil Over $ 1 Million

Competition with LDCs Only 1 Product

Competition with China and the LDCs 5 Products

Competition with China 242 Products

No Competition 98 Products

7 Good Reasons to Keep Brazil In

American Consumers and Companies Are Benefited

Up to 53% of Brazil exports to the U.S. market through the GSP correspond to intercompany trade, increasing the competitiveness of American companies in world markets. Consumers in the U.S. also benefit from lower prices.

Intellectual Property Is Enforced

Due to the recent application of IP provisions of GSP, Brazilian government and private sector have carried out a series of initiatives to protect IP, which resulted in a 53% increase in the apprehension of counterfeit goods in 2002-2005.

GSP Contributes To Development In Brazil

Up to 663,000 jobs in Brazil in 2007 will be directly or indirectly related to the production of goods exported to the U.S. market through the GSP. The unemployment rate in Brazil is already about 10% and the exclusion of Brazil may cause a major economic setback.

Page 05/05

POOR COUNTRIES WILL NOT BENEFIT

Brazil and the Least Developed Economies have diverse productive and export profiles. Only Brazil has the manufacturing base that meets the needs of the U.S. companies which benefit from the system through imports from Brazil.

FOSTERING BILATERAL TRADE

Brazil is the 4th largest trade partner of the U.S. in the Americas, with a bilateral trade flow of $ 38 billion in 2005. Bilateral trade can be significantly enhanced and the GSP is a key instrument to promote a strong and sustained trade flow between the two partners.

A SYMBOL OF THE U.S. – BRAZIL PARTNERSHIP

Brazil has a good relationship with the U.S. in the Americas, by virtue of a wide range of common values, such as democracy and the promotion of human rights. The exclusion of Brazil from GSP will empower internal forces against a strong and lasting partnership.

CHINA WILL BENEFIT

GSP gives Brazil an advantage over China in the U.S. market. In 2005, the U.S. trade deficit with China reached more than $ 200 billion. The exclusion of Brazil from the GSP will stimulate even more imports from that country.

September 5, 2006

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

Ref.: 2006 GSP Eligibility and CNL Waiver Review

Dear Sirs

In order to develop Brazil's industry activities, *Dynapac Brasil Industria e Comércio* would like to join to another Brazilian Industries on continue to have the benefits of GSP exporting their products to the USA market.

Brazilian governmental authorities have removed many tariffs and non-tariff barriers and the economy has become more open to imports. Consequently our market has been exposed to foreign competition. Many sectors that were not competitive suffered big losses.

However, the dynamism of competition, and the benefits that we have to export to develop countries, maintains the modernization of our segment continuing to grow and diversify along the following decades. The positive consequences of the commercial agreement are countless, whose evaluation is beyond our scope.

Branch of Industry - production of Compaction Asphalt Rollers - Vibratory and Static Machines.
50% produce machines to Sister Companies
50% produce machines to Latin America Market
Number of Employee = 80

Products exported to the USA market:
Pneumatic Tyred roller Model CP142, equipped with Cummins - Diesel Engine – HTSUS - 84294000
Pneumatic Tyred roller Model CP271, equipped with Cummins - Diesel Engine – HTSUS - 84294000
Dynapac Tamping Compactor Roller Model CT262 with Cummins Diesel Entine with Blade - HTSUS 84294000
CA 150 - Self Propilled Roller - HTSUS 84294000

CA 250 - Self Propilled Roller - HTSUS 84294000

Our production of Static Machine is totally sold to the foreign countries through our sister companies. Among them, the USA market absorbs 80% from these sales. Although the Brazilian industrialization has prospered through the years, we must considare this successful will be not achivied without the support from United States of America. The simple way of commercial cooperation on mantaing the GSP , charicterized by the reduction tariffs for different products, will contribute to the establishiment of our economical situation. The gradual process of our industry in Brazil is up to developed nations grant preferential import tariffs on productos coming from developing countries. This mutually advantagous trade give us the opportunity to be efficient on mantain the resourses in our production as export company in a competitive world.

It will cause losses in deals, less efficient, less margin and close down. Consumers will prefer the products which they will have benefits, quality and price.

The greater competition is will lead to economies of scale, which means higher productivity, also motivated by the expansion of the market beyond the national borders of the member nations.

Best Regards,

Sandra Stramandinoli
Customer Support

DYNAPAC BRASIL INDÚSTRIA E COMÉRCIO,
Estrada da Fazenda do Eden, 450 – Sorocaba – SP – Brasil
CEP:18087-103
Phone/Fax: (55 15) 3011-8820
E-mail sandra.stramandinoli@dynapac.com
Home Page: http://www.dynapac.com/

EATON LTDA.
Rua Clark 2061, Bairro Macuco,
Valinhos, SP 13279-400 Brazil

Non-Confidential

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Dear Ms. Sandler:

On behalf of **EATON LTDA**., I write in support of retaining Brazil's eligibility status as a GSP beneficiary country. The current five-year authorization of the GSP program has allowed businesses based in Brazil to become a reliable supplier for eligible duty free products for use in the United States by our customers.

EATON LTDA. exported, in 2005, US$ 75.3 million to the United States duty free under the GSP program. This company exports transmissions (gear box), as well as their components, for the automotive industry. The main destination plant is the Eaton Light and Medium Duty plant in Greenfield, Indiana. This facility finishes the transmissions and distributes them to GM, International Truck, Freight Liner, Paccar, Ford Blue Diamond, Hino (Toyota). The Brazilian plant currently has 3300 direct employees.

EATON LTDA. TOTAL FOB EXPORTS IN 2005

Country	US$ million	% of total exports	
USA	86.8	71%	($75.3 million under the GSP program)
Argentina	26.8	22%	
France	2.6	2%	
Colombia	1.3	1%	
Japan	1.0	1%	
Other	4.5	3%	
Total	**123.0**	**100%**	

Non-Confidential

EATON LTDA.
Rua Clark 2061, Bairro Macuco,
Valinhos, SP 13279-400 Brazil

Non-Confidential

EATON LTDA. appreciates the opportunity to submit these comments to the GSP Subcommittee of the Trade Policy Staff Committee for its consideration during the current review of the GSP system. We support retaining Brazil as a GSP eligible country so that our company can continue to export our products to the United States duty free. The GSP program permits our products to be more competitive than they would be if the applicable duty had to be paid. The GSP program has benefited our customers in the United States as they import our products duty free thereby lowering the cost of the products they sell to American consumers.

Sincerely,

José Roberto Morato
Director
Eaton Ltda.
E-mail*:* josermorato@eaton.com

Non-Confidential

To the
Office of the United States Trade Representative
GSP Subcommittee
fr0052@ustr.eop.gov

Subject: **Initiation of reviews and request for comments on the eligibility of certain GSP beneficiaries – comments of Elekeiroz S/A, a medium sized private Brazilian Industrial Chemical Company, in support of the continued designation of Brazil as a GSP eligible beneficiary developing country**

Dear Sirs,

On August 8, 2006, the United States Trade Representative (USTR) published a notice indicating that it was reviewing the eligibility, under the Generalized System of Preferences Program (GSP), of certain current designated beneficiary countries including, among others, Brazil.

In response to this notice, we would like to express our strong support for the maintenance of our country, Brazil, in the GSP program, which expires on December 2006, once this is a very important support for our operations and to our American industrial customers.

Elekeiroz is a private medium sized Industrial Chemical Brazilian company with more than a hundred years of existence. It has also been a pioneer – not only in Brazil but also in Latin America – in the manufacture of several intermediate chemicals products such as Phthalic Anhydride, Carbon Bisulphide, 2-Ethyl Hexanoic Acid as well as 2-Ethyl Hexyl Alcohol and n-Butanol, employing a technology based on Ethyl Alcohol derived from sugar cane.

The company has been constantly making investments for expansion, modernization and automation of all its industrial plants located at Varzea Paulista / Sao Paulo (Southeast of the country) and Camaçari / Bahia (at the very undeveloped region of the Northeast of the country) but, due to the size and particular conditions of the Brazilian Markets, those expansions could not afford to reach an international world economic scale.

The chemical industry plays a leading role in the development of several economic activities in the country, contributing actively to nearly all production chains and industrial plants, including services and agriculture.

Elekeiroz S.A. - R. Dr. Edgardo de Azevedo Soares, 392 - CEP 13224-030 - Caixa Postal 91 – Várzea Paulista – SP - Fone: (XX11) 4596-8800 - www.elekeiroz.com.br

The Brazilian chemical industry's net sales, taking into account all the segments it comprises, reached USD 69.5 billion in 2005. According to the latest data available for 2005, the contribution of the chemical industry to the total Brazilian GDP was 3.5%. As a basis for comparison, in the USA (the largest chemical industry in the world), the sector's contribution to the GDP was approximately 2%.

Taking into account Brazil's industrial matrix, according to IBGE (Brazilian Government Statistics Agency) data, the chemical sector ranks second, answering for nearly 12% of the transformation industry's GDP. The sector has the potential to create many jobs throughout the productive chain. Estimates are that the sector – one that best compensates its employees in the Country – directly employs some 300 thousand workers.

In 2005, Brazil imported USD 3.9 billions of chemical products from US and exported 1.2 billion, 30% of which, USD 330 millions, were benefited by the GSP program. Considering Brazilian total exports to US in GSP program, chemical products represents only 9%.

In the last three years, **Elekeiroz** exported to the US the following chemical products that were benefited by the GSP program:

NCM	HTSUS	Exports to US			District and State
		2003	2004	2005	
2917.14.00	2917.14.10	*********** *********	*********** *********	************* *********	Tampa - Florida Jackson - New Jersey Santa Fe – New Mexico
2917.19.22	2917.19.70		*********** ******	********** ******	Santa Fe – New Mexico Wexembeeck-Oppem, Belgium (Trader)
2917.32.00	2917.32.00		*********** **********	************* *********	Houston, Texas
2917.35.00	2917.35.00			********** ******	Tampa – Florida
2905.14.10	2905.14.50			*********** *******	Houston – Texas
2905.13.00	2905.13.00			*********** *******	Houston – Texas

We know that the GSP program is a unilateral non-reciprocal program whose goals are among others to increase exports and foreign exchange for developing countries to diversify their economies and to reduce developing countries' dependency on foreign aid. To determinate which Beneficiary Developing Countries (BDC) was subject to the review, the USTR used an assortment of criteria taken from various sources.

Although some data may show Brazil with a large GDP, it is only because Brazil is a large country. We think that the more meaningful data should be the GDP *per capita and Brazil* ranks only 97th in GDP *per capita* among all countries listed in the 2005 World Development Indicators Data base published by the World Bank on July, 1st, 2006.

It should be noted that seven of the countries on the USTR list being considered for removal from GSP program ranked higher than Brazil in GDP *per capita* for 2005 (Atlas method). Many GSP-eligible countries that are often considered as the ones that do not utilize as much the GSP benefits are ranked higher in GPD *per capita* than Brazil, such as Lebanon, Libya, Mauritius, Botswana, Gabon, St. Lucia, Panama, Costa Rica, Grenada and Belize.

Based on World Bank criteria, Brazil would fit into the group of the lower middle-income countries based on GNI *per capita* of about USD 3,000 (2004 most recent World Bank Data on this number).

Poverty is a huge social problem that puts Brazil in a special class among the countries listed. The percentage of persons living below poverty in Brazil is 22%, which is the third highest of all the thirteen countries being investigated by the USTR.

One of the fallacies behind the efforts to redistribute GSP benefits from the supposedly larger GSP BDC to the least economically developed BDC is that the products produced in one country cannot automatically be transferred to another country that does not have the infrastructure, educated workforce, and domestic market to support it. On the other hand if Brazil loses GSP, several thousands jobs could be lost with direct consequences to its population and the affected industries are not going to suddenly develop in some of the least developed countries of the list.

It should be noted that Brazil has the manufacturing base of good chemical products that meets all the needs of the US companies which benefits from the system.

The maintenance of Brazil in the GSP program is also important for US economy. Through the program, companies in the US import chemical products free of duty which leads to lower production and operational costs, which, consequently, reduces prices and increases their competitiveness in the market. The small and medium American industries need the program to compete in the higher competitive US market.

For the reasoning presented above, **Elekeiroz** pleads the maintenance of the status of Brazil in the GSP program, once this will be beneficial for both countries.

Sincerely,

Reinaldo Rubbi
C.E.O.

Carlos Calvo Sanz
Director

1938 Paulista Avenue – 5th floor
Sao Paulo, SP 01310-942
Brazil
(11)
rubbi@elekeiroz.com.br
calvo@elekeiroz.com.br

September, 4, 2006

From: Trablin - Trading [trading@trablin.com.br]
Sent: Tuesday, September 05, 2006 1:26 PM
To: FN-USTR-FR0052
Subject: "2006 GSP Eligibility and CNL Waiver Review"

E-mail: FR0052@USTR.EOP.GOV
Subject: **“2006 GSP Eligibility and CNL Waiver Review”**
September, 05th, 2006 - São Paulo - Brazil

Dear Ms. Sandler,

On behalf of Trablin Trading Brasileira de Ligas e Inoculantes S/A, (Producer: *ITALMAGNÉSIO NORDESTE S/A*) I write in support of retaining Brazil's eligibility status as a GSP beneficiary country. The current five-year authorization of the GSP program has allowed businesses based in Brazil to become reliable suppliers of eligible duty free products to our customers in the United States.

Trablin Trading Brasileira de Ligas e Inoculantes S/A exports Ferro Zirconium to the United States, duty free, under the GSP Program.

We would like to point out that, our Ferro Zirconium is none-radioactive, which makes it a highly demanded product in the U.S.A..

The application of Ferro Zirconium is as follows:

Ferro Zirconium – HTC Number: 7202.99.10:

Ferro Zirconium is used in steel foundries as well as in continuous and conventional ingot casting in steel mills.

Zirconium is a chemical element with great affinity for Oxygen, Nitrogen and Sulfur. Therefore, different from the most common deoxidizers, Zirconium has multiple effects upon steel properties. For example, Zirconium is used in the manufacture of steel wheels for railcars and edge parts for pay loaders.

In the last five years, our sales of Ferro Zirconium were as follows:

2002: US$ 292,210.00 **2003:** US$ 178,300.00

2004: US$ 477,653.09 **2005:** US$ 587,887.84

2006: US$ 163,995.62

Our customers for Ferro Zirconium are Alloys & Coke, Asi International Inc. and Shieldalloy. All these companies are distributors of raw materials to the foundry and steel industries in the United States.

Trablin Trading Brasileira de Ligas e Inoculantes S/A has 20 employees, and the manufacturer, *ITALMAGNÉSIO NORDESTE S/A*, producer of the above product for export, has approximately 400 employees.

Trablin Trading Brasileira de Ligas e Inoculantes S/A in its capacity, as exclusive Trading Company for *ITALMAGNÉSIO NORDESTE S/A* products, appreciates the opportunity to submit these comments to the GSP Subcommittee of the Trade Policy Staff Committee for its consideration during the current review of the GSP system. We support retaining Brazil as a GSP eligible country so that our company can continue to export these products to the United States duty free. The GSP program permits our products to be more competitive than they would be if the applicable duty had to be paid. The GSP program has benefited our customers in the United States as they import our products duty free thereby lowering the cost of the products they sell to American consumers.

Sincerely,

Sidenio Costa
Manager Director
Trablin Trading Brasileira de Ligas e Inoculanes S/A
e-mail: trading@trablin.com.br

September 5, 2006

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

Ref.: 2006 GSP Eligibility and CNL Waiver Review

Dear Sirs,

We would like to introduce our company Máquinas Ferdinand Vaders S.A. - FEVA.

A German technician, Mr. Ferdinand Vaders, in São Paulo city – BRAZIL in 1935, founded FEVA. FEVA joined the Flexo Print Press segment, making 4,6,8 and 10 colors presses participating actively in the technological evolution and improvement of quality concept for Flexography Printing Machine – HTSUS 8443. 30.00.

Currently FEVA is Know as pioneer and main Brazilian supplier of machines and equipment for graphic and packaging industry. A modern industrial installation equipped with sate-of-the-art CNC machines guarantees high quality and low price for its products.

Updating constantly the product line, FEVA offers the latest and most up dated equipment of the market. FEVA machines are well known internationally for their precision and strength, which make us trustworthy and well worth investment.

Located in Cotia with 56.000 square meters and 15.000 square meters of constructed area, FEVA has more than 250 employees between the manufacturer and administrative departments

In our global economy, is part of American GSP helps us to introduce our machine in the American market, that require from us high level of competitive technical skin, maintaining an attractive price level.

To be interesting, by technical point of view, FEVA need to invest in research and development to include in the machine the new technology available and compete with other supplies of the same kind of machines. Any percentage of price increase will reduce the amount available to new product research, reducing our competitive level.

US is today our biggest frontier to offer our product that has capacity to absorb a number of machines that will keep maintaining our company producing, selling and updating the technology as the competitors does.

With certain number of machine per year we can feed local suppliers and import other items to preserve the corporate strategy to, in the total, make the profitability to remunerate the investors.

Great part of the new technology comes from US, we are consumer of these high tech products that we attach to our machines, directly or indirectly, we bought, from US, a very important part of the accessories that we export, not just for US, but also for several countries of the word.

Some competitors, like European companies, have this high tech products in their own countries and will not buy from US, like we have necessity to do, to make easy the final user replace any part in the future.

Feva understand that this consumption of goods helps the US economy to export more and be part of other countries exporting their products divulgating these suppliers companies to different locations.

For the other side, the American companies, that will be our target, have another supplier for this kind of machine, amplifier the alternatives and price competition. Having different sources of the same products helps to hold the price and improve the quality.

Like we argue before, be part of USA GSP is vital for us, to invest, to promote, to improve, to keep the price level and be competitive in the global economy.

Sincerely yours,

Monica Vaders Mora
Maquinas Ferdinand Vaders S.A. – FEVA
Rodovia Raposo Tavarez 27580
Cotia – SP – Brazil – 06770-000
Phone: 55 11 4613 9133
Fax: 55 11 4612 8118
monica@feva.com.br
www.feva.com.br

2006 GSP Eligibility and CNL Waiver Review

Brazil, Belém, September 5th, 2006
Of. N°176/2006 – CIN

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

Dear Sir or Madam,

The Federation of Industries of the State of Pará – FIEPA – is the most important industrial representative institution located in Pará, the second largest Amazonian state in Brazil. Founded in 1949, FIEPA contributes to the sustainable development of Amazon by supporting technological projects, assisting workers' education, taking part in infra-structure projects, promoting Amazonian products worldwide, among other duties related to the economic improvement of the northern Brazil.

Nowadays, FIEPA interacts with 33 industrial associated syndicates, besides the state and municipal governments as a means of strengthening the economy and creating new investment opportunities.

Pará's economy is traditionally exporter. 35% of Pará's GDP originates from its exports and the United States of America is the most important consumer of our products. In 2005, the exports to the United States reached US$ 824 million and, in 2006, the estimates forecast bigger exports to the USA. The Brazilian State of Pará is a traditional supplier of raw materials to American industries. We export minerals, timber, fishery, palm, among other Amazonian products. Some of these products, such as timber and palm, have their exports directly beneficiated through the GSP preferences. Thousands of employments depend on the exportation of such products to the USA.

Therefore, we would like to express our concern on how important the Generalized System of Preferences is to the sustainable development of Amazonian industries and how important it is to keep up the eligibility of Brazil within the system.

FIEPA Federação das Indústrias do Estado do Pará
SESI Serviço Social da Indústria
SENAI Serviço Nacional de Aprendizagem Industrial
IEL Instituto Euvaldo Lodi
IDEPAR Instituto de Desenvolvimento Empresarial do Pará
Trav. Quintino Bocaiúva, 1588 - 8º andar
66.035-190 Caixa Postal 327. Belém-PA
Telefone (91) 4009-4806/4807/4808
Fax (91) 3224-7415
e-mail:secretaria@fiepa.org.br

The GSP benefits the development of Amazon as it eases the exports of raw materials and industrialized products that have been produced under sustainable patterns. The withdraw or suspension of Brazil's eligibility for GSP will diminish exports, employment and sustainable practices in our economy. The American consumers' high standards have obliged international suppliers to pursue environment sustainable practices as a means of getting access to the market. Amazonian companies have constantly improved their practices in order to increase the exports to the USA. Maintaining Brazil as a GSP beneficiary will save thousands of jobs and keep up the growth of our most environment-committed companies in Amazon.

The GSP preferences will provide our exporter industries more competitiveness towards the American market, speeding the economic integration of the Amazon region with the USA. It is worth saying that the total amount of Pará's exports to the USA represent 0,04% of USA's total imports and that, in regional terms, we are still far from the classification of an upper-middle-income economy by the World Bank.

Therefore, we express our concern on the suspension or withdraw of Brazil from GSP and wish that the benefits continue to foster our economic integration with the USA.

Sincerely,

José Conrado Santos

President

FIEPA Federação das Indústrias do Estado do Pará

SESI Serviço Social da Indústria

SENAI Serviço Nacional de Aprendizagem Industrial

IEL Instituto Euvaldo Lodi

IDEPAR Instituto de Desenvolvimento Empresarial do Pará

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

WRITTEN STATEMENT OF THE FEDERATION OF INDUSTRIES OF THE STATE OF SÃO PAULO (FIESP) TO THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

Submitted By:
Federation of Industries of the
State of São Paulo – FIESP
Av. Paulista, 1313
São Paulo, SP – 01311-923
Brazil
+55 (11) 3549-4238

SEPTEMBER 5TH, 2006

INTRODUCTION

This statement is submitted on behalf of the Federation of Industries of the State of São Paulo (FIESP), Brazil, in response to the request of the Office of the United States Trade Representative (USTR) for comments on the eligibility of certain beneficiary countries of the Generalized System of Preferences (GSP).

FIESP is the major regional manufacturing association in Brazil representing 133 national and state-level sectoral trade associations, encompassing over 140,000 companies that account for 45% of Brazil's industrial GDP, 60% of its manufactured goods exports, 53% of its industrial wages and more than 10 million jobs. If one considers companies that have plants in other regions of the country but that are in any case based in the State of São Paulo, FIESP's representation reaches almost 80% of the country's industrial GDP.

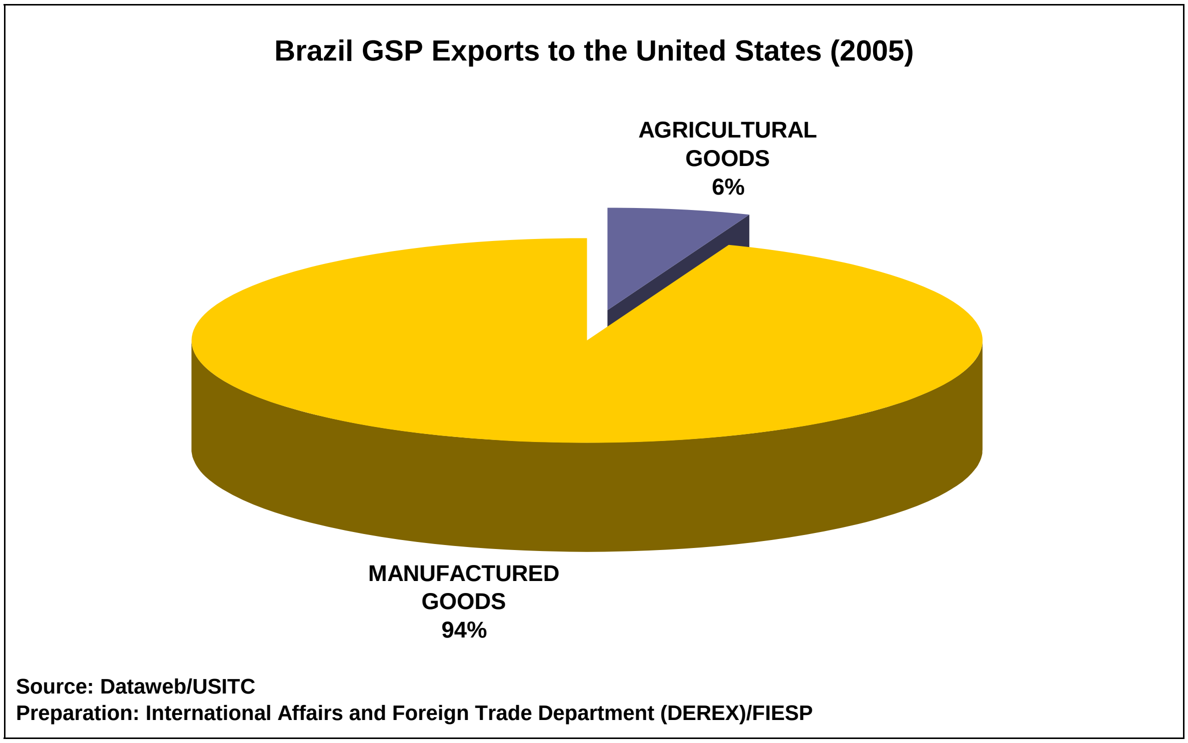
The FIESP System also comprises technical training programs and actions in the field of education and social responsibility. The National Service for Industrial Training (SENAI) graduates around 700,000 students per year in its professional development courses. The Industrial Social Service (SESI), in addition to securing free education for 184,000 children, teenagers and adults, it provides health care, recreation, sports and cultural services benefiting roughly 15 million people via its nation-wide school network.

Therefore, as a senior representative of such a significant portion of national business activities, FIESP acts as a mediator between industry and the Brazilian government. The institution also undertakes research and provides specialized information to a number of governmental bodies so as to contribute to the national debate on issues ranging from macroeconomic policy to trade negotiations, from infra-structure to the environment. FIESP has also developed a wide-ranging network with Brazilian and foreign private sector organizations with a view deepening the work towards a greater integration of Brazil into the world economy.

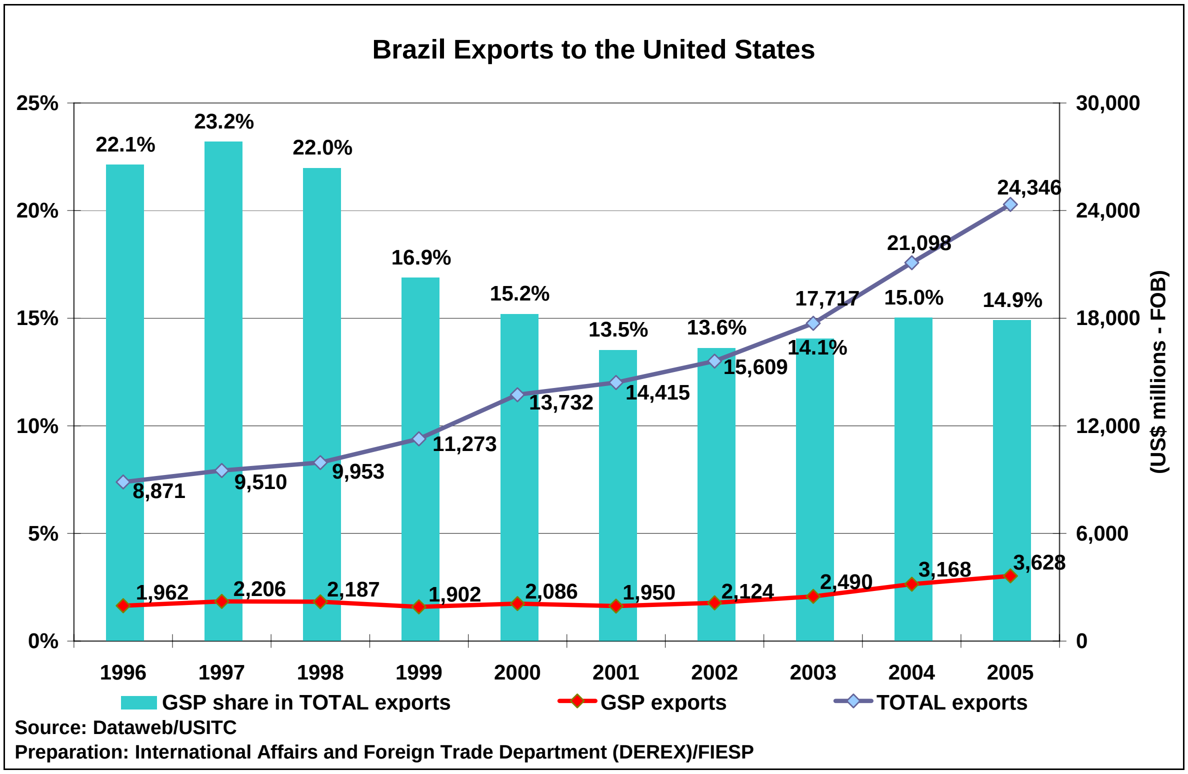
In sum, FIESP's long-term goal is the promotion of sustained and sustainable economic growth alongside social development. In this context, the GSP renewal is of utmost interest for the institution as the benefits of the program have contributed significantly to economic development since 1974. In addition, the furtherance of the program has worked as a powerful incentive for the Brazilian government and the private sector to change irregular practices relating to labor standards and intellectual property rights.

The importance of the GSP to Brazil

The GSP is of great importance to Brazil, especially with regards to its manufacturing sector. In 2005, more than 90% of all imports from Brazil benefiting from the program were composed of industrial goods.

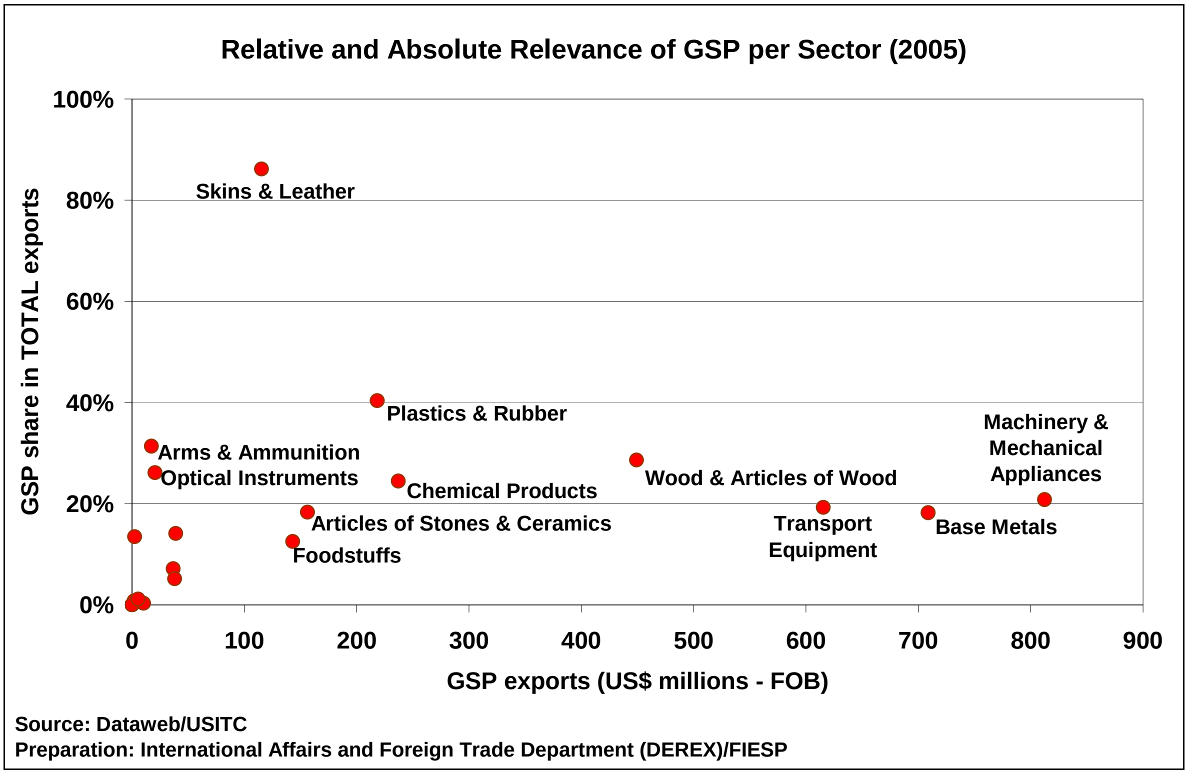


Over the 1990's, the GSP benefited more than 20% of all Brazilian exports to the U.S. market. Last year, Brazil exported US$ 3.6 billion under the program, a figure which accounted for nearly 15% of all exports from Brazil to the U.S.



About 28% of the U.S. tariff schedule corresponds to products for which Brazil is eligible under GSP and more than 50% of lines exempted from the program are duty-free. Yet, upon closer scrutiny, it becomes evident that fully 72% of all Brazilian exports are taxed in the U.S. In that sense, therefore, GSP plays an important role in providing free access to the U.S. market to more than 20% of all taxed exports.

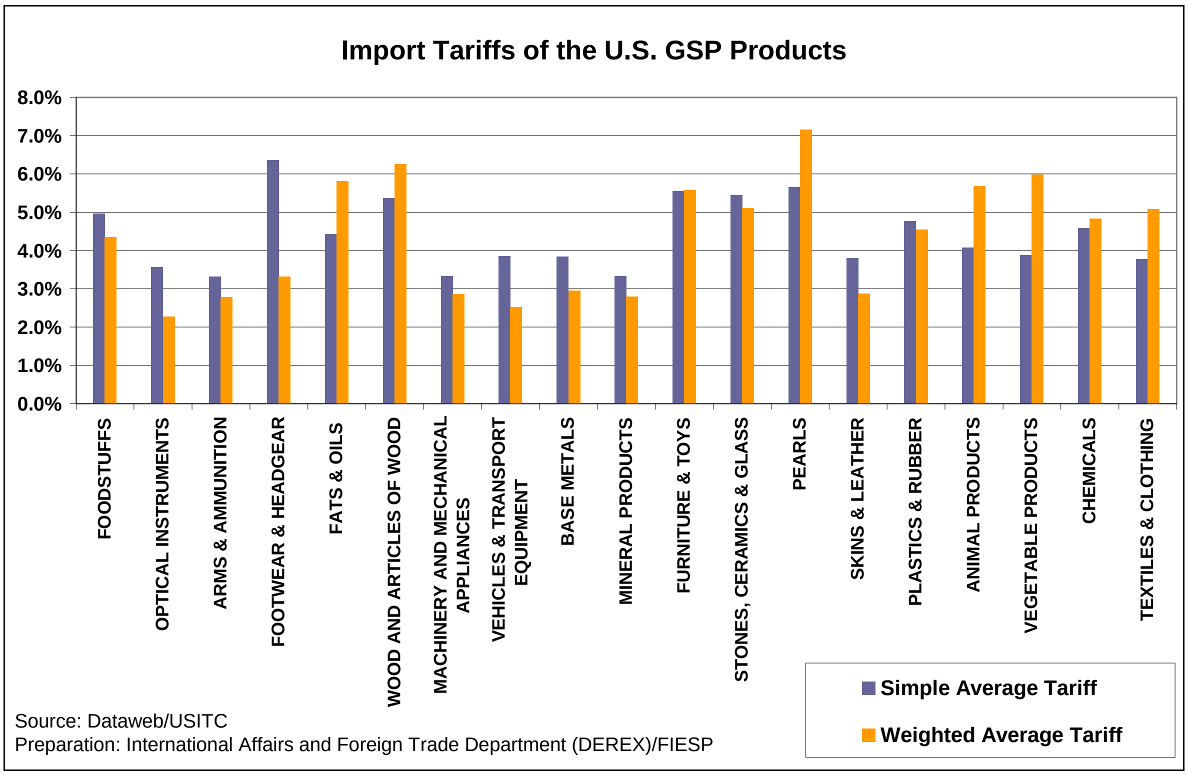
A wide variety of industrial sectors benefit from GSP preferences, ranging from auto parts and machinery and metals to products that are typically from developing countries in sectors such as furniture, leather and ceramics. The importance of GSP benefits may be apparent either in absolute (total value of exports to the U.S. under GSP) or in relative terms (percentage of exports to the U.S. under GSP). For instance, in a sector of relevant social and economic impact in poorer states in the Northeast and Midwest of the country - such as skins and leather - the relevance of GSP reaches almost 90%. It is equally important to sectors such as plastics, rubber, machinery and metals.


Relative and Absolute Relevance of GSP per Sector (2005)
GSP share in TOTAL exports
100%
80%
60%
40%
20%
0%
0
100
200
300
400
500
600
700
800
900
GSP exports (US$ millions - FOB)
Skins & Leather
Plastics & Rubber
Arms & Ammunition
Optical Instruments
Chemical Products
Wood & Articles of Wood
Machinery &
Mechanical
Appliances
Articles of Stones & Ceramics
Foodstuffs
Transport
Equipment
Base Metals
Source: Dataweb/USITC
Preparation: International Affairs and Foreign Trade Department (DEREX)/FIESP

THE ESTIMATED IMPACT OF BRAZIL'S EXCLUSION FROM THE GSP

Brazilian companies that currently make use of the GSP to export to the U.S. market will have to restructure in order to adapt to new and harsher competitive conditions. Some, however, may be obliged to substantially reduce production or even cut jobs to offset additional costs.

If Brazil is excluded from GSP, the country's exports to the U.S. will face duties that reach up to 77.4% in *Ad Valorem* Equivalent (AVE) terms[1] in some cases. On average, the new duties will vary from 2.3% to 7.2%, with important sectoral variations. Although some tariffs are considerably low and may be assimilated in the transaction costs by American importers, others will act as a real barrier to the bilateral trade flow from Brazil to the United States.



A recent study developed by FIESP based on a simple trade creation model using data from the World Integrated Trade Solution (WITS) from the World Bank shows that Brazilian exports to the U.S. will decrease by US$ 2.8 billions, at a minimum, in 2007, if Brazil is excluded from the GSP. The sectors in which the impact will be greater are machinery, base metals, vehicles and wood products. These numbers, however, constitute the bare minimum as FIESP's study did not account for the significant trade diversion effect in favor of other countries such as China, Mexico or the European Union members.

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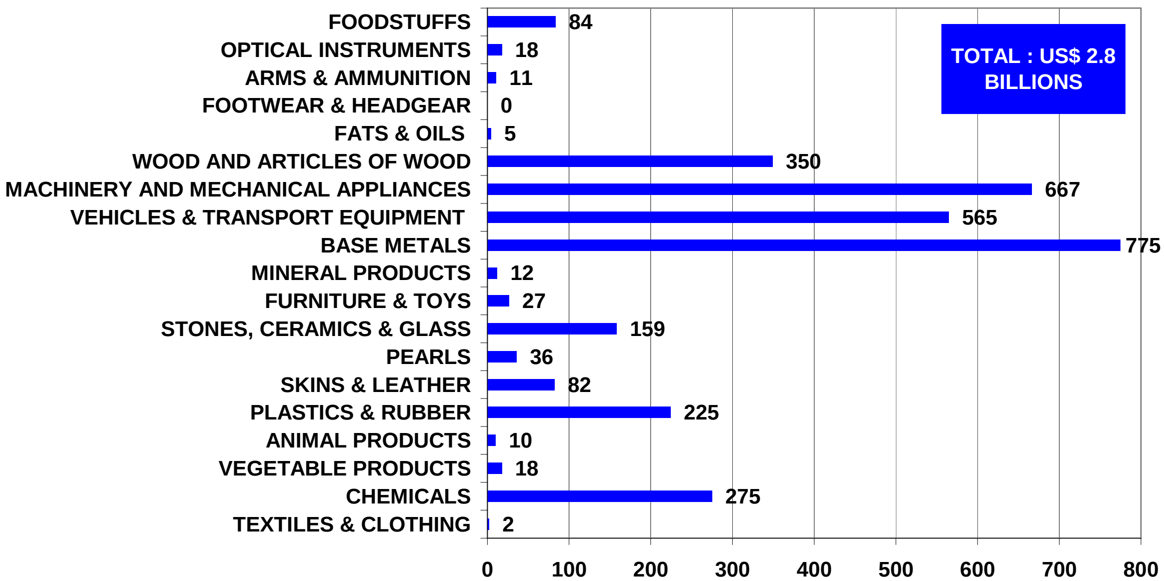
[1] Product 2103.30.40 – Prepared mustard.

Minimum Trade Loss Prospect per Sector
US$ millions FOB - Projection for 2007



Observation: The estimative does not consider the effects of trade diversion.
Source: Dataweb/USITC
Preparation: International Affairs and Foreign Trade Department (DEREX)/FIESP

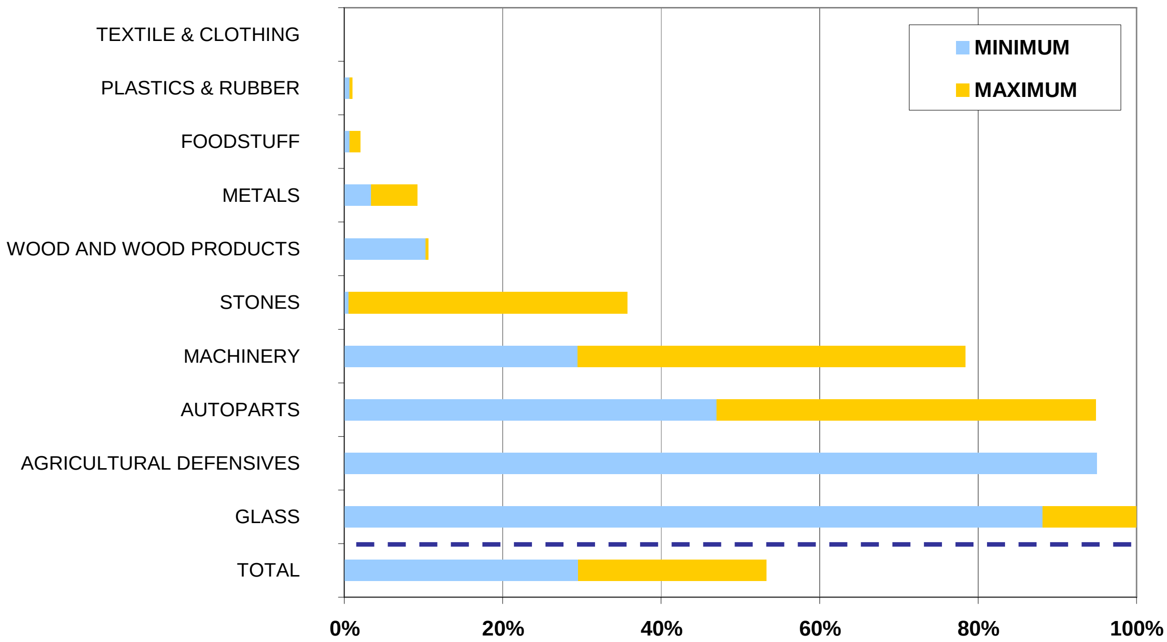
Additionally, an estimated 656,000 jobs will be directly or indirectly related to the production of goods to be exported by Brazil to the U.S. under the GSP in 2007. If Brazil is excluded from the program, most of those jobs are predicted to get lost, with the greatest impact being in the wood products sector – a sector with a large presence of small and medium-sized firms operating through trading companies and export consortia.

REASONS TO KEEP BRAZIL IN THE GSP

A range of companies in Brazil owe their competitiveness to the GSP program as the duty savings afforded for many products can make the difference between profitability and survival. However, not only Brazilian companies benefit from GSP. Indeed, for a number of American companies the GSP has become a fundamental tool in their corporate strategy during the last few years.

A survey conducted by FIESP during August 2006 among 40 manufacturing sectors shows that up to 53% of total Brazilian GSP-exports to the U.S. in 2005 related to inter-company trade.

GSP Inter-Company Trade of Brazil (2005)



Source & Preparation: International Affairs and Foreign Trade Department (DEREX)/FIESP

Out of total Brazilian GSP-exports in 2005, 75% were raw materials and intermediate goods, 16% were capital goods and only 9% were consumer goods.

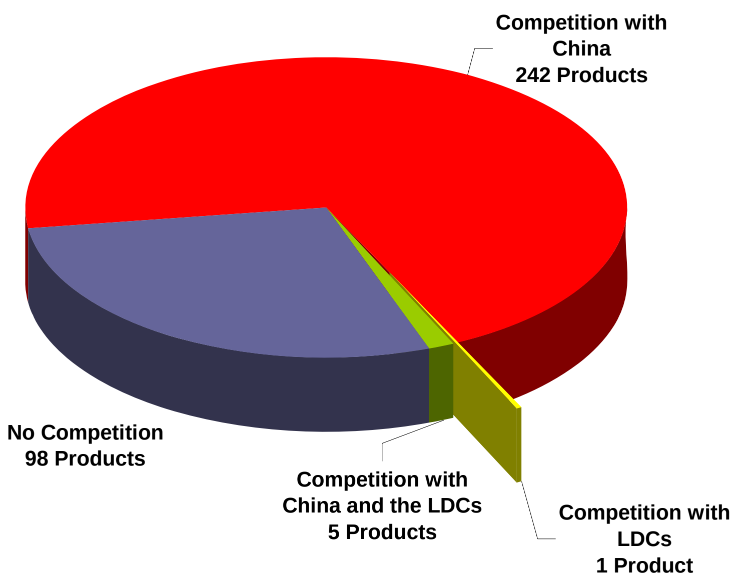
The inter-company trade and end-use data show that not only the GSP has allowed American companies to look to the Brazilian market as a source of inputs – i.e., as a source of increased competitiveness in both the world and U.S. markets - but also that a variety of small businesses – both American and Brazilian – have been integrated into global markets thanks to the existence of the program.

Therefore, the exclusion of Brazil may have a significant impact in the global competitiveness of American companies that have chosen Brazil as a source market and invested significantly in the country as part of their corporate strategy.

During the years in which Brazil received GSP benefits, Brazilian companies developed ways and means to meet the needs of their U.S. clients.

The assertion that Brazilian GSP-exports displace exports from the Least Developed Countries (LDCs) is false. From 346 GSP-related products with a level of exports higher than US$ 1 million in 2005, in only one product – mangoes – did Brazilian exports compete directly with the LDCs - as defined by the United Nations. In another five products, Brazil competed with both the LDCs and China while for the majority - a total of 242 - it competed solely with Chinese exports. Taking GSP benefits away from Brazil, therefore, would benefit first and foremost exports from China – the world's most competitive economy.

Competitors of Brazil in the U.S. Market
GSP Imports from Brazil Over $ 1 Million



Source: Dataweb/USITC
Elaboration: Department of International Relations and Foreign Trade (DEREX)/FIESP

Moreover, for 147 out of these 242 products – or nearly 60% – Chinese exports have already been growing faster than Brazil's.

It is also important to note that none of the 33 products presented by the African, Caribbean and Pacific (ACP) group of countries during the WTO Doha Round discussions on preference erosion in NAMA (Non-Agricultural Market Access) goods are eligible for Brazil under GSP. Once again, by excluding Brazil from the program, the U.S. will not benefit the LDCs and other poorer countries, but simply give yet an additional opportunity for China to increase its exports to the U.S., making the U.S.'s trade deficit with that country larger than what it already is.

Furthermore, removing Brazil from the GSP has important ramifications for achieving broader U.S. trade policy goals. The annual GSP country practices review has proven to be effective in compelling developing country beneficiaries to change their labor practices, increase the enforcement of intellectual property rights (IPRs) protection and repeal other policies that hinder U.S. access to overseas markets.

Brazil's case illustrates how the process is an effective tool for U.S. trade policy. In 2000, the International Intellectual Property Alliance (IIPA) submitted a petition to the USTR requiring a revision of Brazil's eligibility under the GSP. Since then, the country's eligibility has been constantly under threat every time the USTR undertakes an investigation. This situation has served as an important incentive for Brazil to improve its IPR regime - both within government as well as in the private sector.

A 53% increase in apprehension of counterfeit products was observed between 2002 and 2005 with major operations conducted by the Brazilian Federal Police (PF) in ports, airports and border areas.

The Legislative branch has also been active in ensuring IPR protection, having established a Congressional Investigating Committee (CPI) on Piracy of Manufactured Goods in early 2004, which led in turn to the creation of the Brazilian National Council on Combating Piracy (CNCP).

FIESP is member "Number 1" of the Brazilian National Council for the Combat of Piracy and has also contributed to the effort by promoting specialized education and training. It has organized two seminars with specialists and members of the Brazilian and U.S. governments, as well as a series of capacity-building measures directed at public agents and businessmen on IP issues.

State-level initiatives have also been implemented, such as the approval by the São Paulo State Assembly of Law 258/2005 that allows the State Government to revoke the registry of establishments that conduct commercial activities involving counterfeit products.

Today, IPRs protection enforcement is part of the country's public and private agenda. The GSP has proven to be a powerful incentive to solve a problem that affects not only American companies but also Brazilian producers and consumers.

CONCLUSION

In a country with an unemployment rate of 10% and a tax burden of nearly 40% of the GDP, the GSP contributes significantly to the competitiveness of Brazilian exports to the United States. In that sense, the expiration of the program in December 31st and the possible exclusion or graduation of Brazil may cause an economic and social setback in the country.

FIESP believes the following goals are of interest to both Brazilians and Americans:

- The long-term renewal of the GSP; and

- Maintaining Brazil in the program.

First, the long-term renewal of the GSP is the best way to fulfill the objective of promoting the development of beneficiary countries. Most investments related to the production and exports of GSP products provide economic return after several years. In this sense, only a long-term renewal – 3 or more years – may have the positive effect of improving the social and economic wellbeing in the most needed countries.

Secondly, maintaining Brazil in the GSP program is a key instrument to achieve the broader goal set by Presidents George W. Bush and Luiz Inácio Lula da Silva during the November 2005 Summit in Brazil to substantially increase trade between the two countries by 2010.

Furthermore, Brazil has great regional contrasts in levels of development within the country itself. A country graduation could be totally disruptive and destabilizing for sectors that use GSP and are located in some of Brazil's underdeveloped regions.

This circumstance undermines the program's intent of fostering economic growth and stability for developing countries. Product graduation is a more effective way of dealing with competitive products since U.S. producers could receive a directly relief from imports that they consider competitive without disrupting a country's less competitive industries - as may be the case if full country exclusions are indeed adopted.

The GSP is a traditional symbol of the U.S.–Brazil economic and trade partnership. As less than a quarter of one percent of total U.S. imports, Brazilian GSP-exports may be too small of a burden to warrant any change whatsoever in the program. In fact, doing away with GSP for Brazil or limiting Brazil's benefits may clearly be a highly awkward means to address a "problem" of such small proportions – even if it were indeed a problem.

In this sense, if the U.S. were to remove Brazil from the GSP program, it would be enacting a misplaced and disproportionate action: while the benefits may override the costs if the GSP is maintained for Brazil, if it is eliminated, costs will clearly surpass benefits as bilateral relations between the two main traders in the hemisphere would be certainly slated for hard times ahead.

A decision to maintain GSP benefits for Brazil should be the beginning of a much broader positive agenda between Brasilia and Washington. Its elimination may just be precisely the opposite.

EMBRAER
EMBRAER
Empresa Brasileira de
Aeronáutica S.A.

Av. Brigadeiro Faria Lima, 2170
12227-901 – S. J. dos Campos – SP
Brasil

September 5, 2006

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

Re: Request for Public Comment on the GSP Program (71 Fed. Reg. 45079)

I am writing on behalf of Embraer – Empresa Brasileira de Aeronáutica S.A. ("Embraer") to express its strong support for Brazil's continued participation on the Generalized System of Preferences Program. While Embraer does not benefit directly from the GSP program, Embraer believes the program has been very helpful in the development of export industries in Brazil and in creating jobs, many in the higher paying sectors of the Brazilian economy. Where Brazil is concerned, the GSP program continues to fulfill its intended goal of fostering development and economic growth. Much of this benefit has accrued to the very poorest regions in Brazil, including the regions in the northeast of the country.

With global headquarters in São José dos Campos, state of São Paulo, Brazil, Embraer is the world's leading manufacturer of commercial jets up to 110 seats with 37 years of experience in designing, developing, manufacturing, selling and providing after sales support to aircraft for the commercial aviation, executive aviation, and defense and government segments. It is among Brazil's leading export companies with a total workforce of over 17,500 people worldwide and a firm order backlog totaling over U.S.$10.0 billion.

Embraer has been in the U.S. for over 25 years and continues to expand its presence. With U.S. headquarters in Fort Lauderdale, Florida, Embraer's U.S. operations – managed by its wholly-owned subsidiary, Embraer Aircraft Holding, Inc. – include design & engineering; maintenance, repair, and overhaul (MRO); new and used aircraft and spare parts sales and marketing; technical assistance; and certification and airworthiness. Embraer recently expanded its MRO facility in Nashville, Tennessee, with a new 70,000 square foot facility, bringing Embraer's total U.S. workforce to over 500 employees.

EMBRAER

Embraer has a vast network of partners and suppliers throughout the world, including significant “risk-sharing” partnerships with major U.S. aerospace companies, who have direct participation in the success of our aircraft programs. These companies include General Electric, Allison Engine Company (now Rolls Royce, N.A.), Honeywell, Hamilton Sundstrand, C&D, and BF Goodrich. We also source numerous parts from over 100 suppliers in over 25 states throughout the U.S. Over the last 5 years, Embraer has purchased over U.S.$7.0 billion in U.S. exports, creating or maintaining over 7,000 U.S. jobs in 2005.

Because of these trade and investment flows, Embraer believes that as the economic integration between the United States and Brazil has grown, the more important it has become to ensure that neither country undertakes actions that harm the economic interests of the other. In light of the setbacks in progress on the Doha Round of trade negotiations, it is critical for our countries to work together to move market-opening efforts forward. Taking the very drastic step of removing Brazil’s GSP eligibility would certainly not help to achieve this objective.

From an economic perspective, Embraer believes that it would be very premature to graduate Brazil from the GSP program. Brazil has not yet reached an overall level of economic development that would warrant such a graduation, and Brazil’s GDP per capital is only one-third the level that would require mandatory graduation from the program. Parts of the country remain severely underdeveloped. Brazil continues to be burdened with a considerable foreign debt load.

Embraer appreciates the opportunity to submit comments on the GSP program and urges the Committee to make a recommendation to the President to maintain Brazil’s designation as a beneficiary country under the program.

Sincerely,

Henrique Rzezinski
Vice President, External Relations
Empresa Brasileira de Aeronáutica S.A.

Gary J. Spulak
President
Embraer Aircraft Holding, Inc.

ABIHPEC

São Paulo, September 4th 2006

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

Dear Sirs,

The Brazilian Industry Association of Cosmetics, Toiletries and Fragrance (ABIHPEC) is the representative of this sector in Brazil. The segment is constituted by 1.415 companies and 85% of them are classified as micro, small and medium, which are especially responsible for the economic development among the less developed regions in Brazil.

The Cosmetics, Toiletries and Fragrance (CT&F) Industry is capable to create thousands of job opportunities, stimulating the workforce qualification through education and training, raising the personal income and reducing social differences in all over the country. In the period 1994-2005, the annual growth rate of jobs in this sector was 8,8%.

Brazilian exports of CT&F products to the United States totaled US$ 29,5 million in 2005, representing 0,13% of the total US imports from Brazil. Concerning the CT&F products benefited by the US GSP, the exports corresponded to mere 0,01% in the last year.

The following CT&F products are benefited by US GSP:

3307	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorizers, whether or not perfumed or having disinfectant properties

ASSOCIAÇÃO BRASILEIRA DA INDÚSTRIA DE HIGIENE PESSOAL, PERFUMARIA E COSMÉTICOS
Av Paulista, 1313 - 10º andar - CJ 1080 - Bela Vista - CEP 01311-923 - São Paulo - SP - Brasil
Tel.: 55 11 3372-9899 Fax: 55 11 3266-5387 www.abihpec.org.br

3401.30.10	Organic surface-active products and preparations for washing the skin, in the form of liquid or cream and put up for retail sale, whether or not containing soap. Containing any aromatic or modified aromatic surface-active agent
8213.00	Scissors, tailor´s shears and similar shears, and blades and other base metal parts
8214.20.30	Cuticle or cornknives, cuticle pushers, nail files, nailcleaners, nail nippers and clippers, all the forgoing used for manicure or pedicure purposes, and parts
8214.20.90	Manicure and pedicure sets, and combinations in containers except leather
9603.29	Shaving brushes, hair brushes, nail brushes, eyelash brushes and other toilet brushes for use on the person, including such brushes constituting parts of appliances
9603.30.20	Artist´s brushes, writing brushes and similar brushes for the application of cosmetics. Valued not over 5c each.
9615	Combs, hair-slides and the like; hairpins, curling hair pins, curling grips, hair-curlers and the like, other than those of heading 8516, and parts.

Brazilian exports of CT&F products to the United States based on the Generalized System of Preferences (GSP) have been contributing to raise this industry competitiveness, as well as the whole productive chain involved.

Therefore, ABIHPEC emphasizes the importance of renewing the GSP and maintaining Brazil as a beneficiary of the system.

Sincerely yours,

Jose Carlos Basilio da Silva
Chairman
Brazilian Industry Association of Cosmetics, Toiletries and Fragrance

September 5th 2006.

Subject: Request for special examination to Generalized System of Preferences (GSP)

Dear Sirs,

We are applying a consideration to:

<u>Reauthorization of the program GSP to Frenzel Company.</u>

We would like that U.S. government may not cancel a GSP'S benefits. The GSP is really important to all exporters, special a good exports like Tecno Moageira S/A. Tecno Moageira S/A company normally export the following components to USA:

8414 80 19	COMPRESSED AIR SYSTEM
8414 90 20	PART OF FAN OR KITCHEN-RANGE OVERHEAD EXHAUST
8421 39 90	DIVERSE SYSTEMS OF ASPIRATION
8421 99 10	ASPIRATION PARTS SYSTEM
8428 33 00	LEATHER STRAP TRANSPORTERS
8474 10 00	MACHINES AND DEVICES TO SELECT, BOLT, SEPARATE OR WASH
8479 89 99	SYSTEM FOR RECEIVING, STORAGE, AND DOSAGE
8483 40 90	GEARS OF TRANSMISSIONS, CROWN, PINHAO
8483 60 90	ACESSORIES FOR COUPLING
8428 33 00	LEATHER STRAP TRANSPORTERS
8428 39 10	CHAIN TRANSPORTERS
8428 32 00	DUMP-CART ELEVATORS
8431 31 10	PARTS AND PIECES OF ELEVATORS
8431 39 00	PARTS AND PIECES OF CHAIN TRANSPORTERS
8421 99 10	PARTS AND PIECES OF DIVERSE ASPIRATION SYSTEM
8421 39 90	DIVERSE SYSTEMS OF ASPIRATION
8414 59 90	INDUSTRIAL FANS
8437 10 00	CLEANNESS MACHINES, PRECLEANNESS, CLASSIFIER.
8537 10 90	ELETRIC PARTS, COMAND TABLES AND SINOTIC PANELS
8431 39 00	PARTS AND PIECES OF LEATHER STRAP TRANSPORTERS
8426 30 00	SHIP CARRIERS
8428 39 90	HELICAL TRANSPORTER
8431 39 00	PARTS AND PIECES OF HELICAL TRANSPORTER
7325 99 90	PROPELLER STEPS (HELICOIDE)
8437 90 00	PARTS AND PIECES OF CLEANNESS MACHINE, PRE CLEANNESS
7211 19 00	CONSUMING PLATE
7304 90 90	TRANSITION
8428 39 90	ROTATING VALVE

8474 10 00	WHEAT MEASURERS
7325 91 00	GEARS FOR MILLS
7318 22 00	WASHER OF THE CHAIN
7325 10 00	COVER FOR LAME PERSON
7219 23 00	PLATE RECORDS INOX 3MM
8483 60 90	ACESSORIES FOR COUPLINGS
4016 93 00	RINGS OF RUBBER
8428 20 90	PNEUMATIC TRANSPORT
8536 50 90	ELETRIC KEYS IN GENERAL
8504 21 00	16KVA TO 650KVA TRANSFORMERS
8431 49 00	PARTS AND PIECES OF SHIP'S CARRIERS
7325 10 00	PULLEY IN CASTING IRON
8483 40 90	TRANSMISSION GEAR (CROWN, NUT)
7315 89 00	TRANSPORTING CHAIN
7325 99 90	TWO DIRECTIONS VALVE
4016 93 00	RUBBER PLATES
4016 93 00	SIDE RUBBER GUIDE (TAKES OFF)
8414 90 20	PART OF FAN OR KITCHEN-RANGE OVERHEAD EXHAUST
7325 10 00	SIDE COVER IN CASTING IRON
8437 80 90	SPLITTING ROCKS MACHINE
8437 90 00	PARTS AND PIECES OF SPLITTING ROCKS MACHINE
7325 10 00	BUSHING OF CASTING IRON
8428 39 90	METALLIC TRANSPORTER OF PLATES FOR SINTER
8431 31 90	PARTS AND PIECES TRANSPORTER FOR METALLIC PLATES FOR SINTER
8431 39 00	PARTS AND PIECES OF ROTATING VALVE (CANAL LOCK)
8425 39 90	TOW-CAR KNOB TYPE "CARL PULLER
8428 90 90	WAGON UNLOADER
8431 39 00	PARTS AND PIECES OF WAGON'S PORTER
8481 80 99	METALLIC MOEGA
8481 90 10	PARTS AND PIECES OF METALLIC MOEGA
7308 20 00	METALLIC STRUCTURES, TOWERS AND COLONNADE
7318 13 00	TWIST HOOKS
8479 89 99	RECEIVING, STORING, AND DOSAGE SYSTEM
8414 80 19	COMPRESSED AIR SYSTEM
8530 80 90	ELECTRIC INSTALLATION
8512 20 19	ILLUMINATION
8537 10 20	PANELS OR PICTURES
8537 20 00	COMPLETE SUBSTACIONS
8504 22 00	651/KVA TO 1000KVA TRANSFORMERS
8531 20 00	SINOTIC/INDICATOR PICTURE
8532 10 00	DEPOSIT OF CAPACITORS FOR POWER FACTORS CONNECTIONS

Below has more reasons to keep a GSP.

GOOD REASONS TO KEEP BRAZIL IN

1. **American consumers and companies are benefited –** Up to 53% of brazil export to the U.S. market through the GSP correspond to inter-company trade, increasing the competitiveness of American companies in world markets. Consumers in the U.S. also benefit from lower prices.

2. **Intellectual property is enforced –** Due to the recent application of IP provision of GSP, Brazilian government and private sector have carried out a series of initiatives to protect IP, which resulted in a 53% increase in the apprehension of counterfeit in 2002-2005.

3. **China will benefit –** GSP gives Brazil an advantage over China in the U.S. market. In 2005, the U.S. trade deficit with China reached more than $ 200 billion. The exclusion of Brazil from the GSP will stimulate even more imports from that country.

4. **Poor countries will not benefit** - Brazil and Least Developed Economies have diverse productive and export profiles. Only Brazil has the manufacturing base that meets the needs of the U.S. companies which benefit from the system through import from Brazil.

5. **GSP contributes to development in Brazil –** Up to 663,000 jobs in Brazil in 2007 will be directly related to the production of goods exported to U.S. market through the GSP. The unemployment rate in Brazil is already about 10% and the exclusion of Brazil may cause a major economic setback.

6. **Fostering bilateral trade –** Brazil is the 4^{th} largest trade partner of the U.S. in the Americas, with a bilateral trade flow of $ 38 billion in 2005. Bilateral trade can be significantly enhanced and the GSP is key instrument to promote a strong and sustained trade flow between the two partners.

7. **A symbol of the U.S**. **– Brazil partnership** - Brazil has a good relation ship with the U.S. in the Americas, by virtue of a wide range of common values, such as democracy and the promotion of human rights . The exclusion of Brazil from GSP will empower internal forces against a strong and lasting partnership.

Thank you for taking the time to consider my request.

Yours sincerely
Leandro Gross
International Department
Tecno Moageira S/A
Phone: +55 51 2131 3382
E-mail: Leandro.gross@tecnomoageira.com.br

September 5th 2006.

Subject: Request for special examination to Generalized System of Preferences (GSP)

Dear Sirs,

We are applying a consideration to:

<u>Reauthorization of the program GSP to Frenzel Company.</u>

We would like that U.S. government may not cancel a GSP'S benefits. The GSP is really important to all exporters, special a good exports like a Frenzel Company.
The Frenzel company had in 2005 imports up $ 270.000,00 (Eaton – Rubber Seal for Mirror Actuator, NCM/SH 40169300, $ 160.000,00 and Delphi – Boot Booster, NCM/SH 40161090, $ 110.000,00) , for us the GSP is definitely essential.
Below has more reasons to keep a GSP.

GOOD REASONS TO KEEP BRAZIL IN

1. **American consumers and companies are benefited** – Up to 53% of brazil export to the U.S. market through the GSP correspond to inter-company trade, increasing the competitiveness of American companies in world markets. Consumers in the U.S. also benefit from lower prices.

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Thank you for taking the time to consider my request.

Yours sincerely

Howard D. Hurwitz
Corporate Counsel
303.744.5653Tel.
303.744.4653 Fax
hhurwitz@gates.com

Gates Corporation
Tomkins Law Department
1551 Wewatta Street
Mail Code 10-A5
Denver, CO 80202

September 14, 2006

Ambassador Susan C. Schwab
United States Trade Representative
GSP Subcommittee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

VIA: Electronic Correspondence

Attn.: Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chair, GSP Subcommittee of the Trade Policy Staff Committee

Re: **2006 GSP Eligibility Review**
Comments of Gates Corporation

Dear Ambassador Schwab:

Please accept these comments of Gates Corporation, a Tomkins company ("Gates") headquartered in Denver, Colorado, in support of the renewal of the Generalized System of Preferences ("GSP") program. Gates strongly believes that the GSP program serves the economies of the United States and the beneficiary developing countries well, and has a significant, positive impact on our company, our employees, their families and our community.

Gates is a leading manufacturer of hydraulic hoses and connectors, automotive and marine hoses, and industrial belts and hoses. We supply both original and aftermarket equipment. Gates employs 5120 employees in the U.S. and our business supports the world-wide employment of 12,600 employees directly, as well as, the indirect employment of many others employed by the companies from which we source our materials and merchandise.

Gates sourced GSP eligible products from India and Brazil that resulted in approximately $********** in import duty savings for the year 2005. The benefits of the GSP program for eligible imports from India and Brazil enable our company to be more competitive domestically and internationally. The more competitive Gates can be, the more secure the employment of our U.S. employees and the more beneficial our impact on the economy of the community in which we live and work.

We manufacture GSP eligible products in Chandigahr, India and Jacarei, Brazil. Although both India and Brazil have made great strides economically in recent years, many of the benefits have yet to reach the families of our Indian and Brazilian employees and the employees of the companies from which we source our materials and merchandise. While we take great pride in the work-ethic and the quality of the workmanship of those individuals in India and Brazil that produce merchandise purchased and imported by Gates, one significant consideration in our decision to source products is financial. The ability of our company to obtain import duty savings through the GSP program is an important factor.

The failure of Congress and the Administration to renew the GSP program would necessitate serious reconsideration of our current sourcing operations. We have already expanding our manufacturing capacity in or sourcing additional products from *******. Gates has found the cost of ******** goods to be very competitive. Our experience in the ********* marketplace leads us to the conclusion that we would likely consider ********* suppliers for the products we currently obtain from India and possibly Brazil, should the GSP program not be renewed. We believe that in order to remain competitive, our company would need to examine these options.

For the reasons we have expressed, Gates Corporation supports the renewal of the Generalized System of Preferences program. The GSP program benefits the economies of the U.S., Brazil and India, as well as, the other beneficiary developing countries and, more importantly, has a direct, positive impact of the lives of many individuals. It is a program worthy of renewal.

With kindest regards, I am,

Very truly yours,

Howard D. Hurwitz
Corporate Counsel
Gates Corporation
Tomkins Law Department

GRUPO MOURA

Recife, September 5th 2006

Ref.: 2006 GSP Eligibility and CNL Waiver Review

Attention to: Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the
Trade Policy Staff Committee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Dear Ms. Sandler:

On behalf of Acumuladores Moura corporation, I write in support of retaining Brazil's eligibility status as a GSP beneficiary country. The current five year authorization of the GSP program has allowed businesses based in Brazil to become a reliable supplier for eligible duty free products for use in the United States by our customers.

We are **a lead-acid battery** manufacturer with headquarters in Belo Jardim, Pernambuco (Northeast of Brazil), currently employing **2,000 (two thousand)** people. We have been in operation **since 1957** and currently have five industrial divisions and fifty commercial and technical assistance companies in our network. There are two thousand employees using state-of-art technology to design, manufacture and distribute high performance batteries. Moura is the leader in the Original Equipment battery market in South America and is recognized as one of the leading suppliers by major vehicle manufacturers in Brazil and Argentina, such as Ford, Volkswagen, Fiat, Renault and Iveco. It is highly important to emphasize that Moura has already been granted the Ford World Excellence Award twice, in 2000 and 2005.

Moura is dedicated to manufacture not only of automotive batteries, but also stationary batteries for application in telecom systems, uninterrupted power systems and wind and solar energy systems; motive power batteries for lifting equipment and electric vehicles; and marine batteries for use in many types of boats.

As an outcome of producing and distributing batteries, Moura has been awarded important prizes in quality by the major vehicle manufacturers all over the world. This number one position has been achieved through the application of total quality control principles in all of the activities carried on in the Moura Group by each one of its employees. An environmental friendly policy aimed at improving the life quality is an additional reason for this success – Moura is the only battery manufacturer in Brazil to have a battery recycling plant, which processes 15 tons of junk batteries per year. Yet, we have been awarded the ISO 14000 Certificate, as well as ISO9000 and ISO/TS16949.

Moura Group has been exporting to the United States' market since 1984, being always aware of providing first line products.

This commercial background has allowed us to know the peculiarities of the market and to improve our products' catalog based on the evolution of the United States automotive fleet, as well as the increasing competition with regard to the batteries' suppliers for the USA, specially those batteries made in Asia or Mexico.

Being a battery manufacturer from Brazil, but rather from the Northeast of Brazil, such an experience throughout the years is deemed to be of a great value in the technological development of our assembly line, as well as in the specialization and qualification of our workforce.
It is important to consider that the United States are responsible for 22% of the northeastern exports of automotive batteries in the last years, which represents a significant contribution for the development of our region. One of our main markets is Puerto Rico, a country that represents one of the greatest shares of our exports, approximately 100 (one hundred) thousand batteries per year, thanks to the benefit of duty exemption provided by the Generalized System of Preferences (GSP), which expires at the end of this year, and has been an important tool in guaranteeing the competitiveness of our company's exports.

With regard to our client in Puerto Rico, named Wayotek Battery Corporation, it is important to highlight that it is one of the major players in this market, being strongly attacked by low-cost batteries from Asia and even from other South American countries that are not about to be excluded from the GSP such as Colombia.

Once the volume imported by this American company is high, both businesses will surely loose a significant factor of competitiveness, especially on their part, as they will have to pay 3.5% more for a highly competitive product. This increase in the tax will probably lead to a considerable loss of market share.

Acumuladores Moura corporation appreciates the opportunity to submit these comments to the GSP Subcommittee of the Trade Policy Staff Committee for its consideration during the current review of the GSP system. We support retaining Brazil as a GSP eligible country so that our company can continue to export our products to the United States. The GSP program permits our products to be more competitive than they would be if the applicable duty had to be paid. The GSP program has benefited our customers in the United States as they import our products duty free thereby lowering the cost of the products they sell to American consumers.
In light of its many benefits, we beg you not to exclude Brazil from the GSP due to the importance for the economic improvement of an under developing region from Brazil such as the Northeast and in favor of an American competitive company.

Respectfully yours,

Paulo Sales
Vice-President, Financial Director
Acumuladores Moura S.A.
paulos@moura.com.br

Brazilian Textile and Apparel Industry Association
São Paulo, Brazil
September 05, 2006.

GSP Subcommittee of Trade Policy Staff Committee
Office of the United States Trade Representative

Attention: Mrs. Marideth J. Sandler

Subject: "2006 GSP Eligibility and CNL Waiver Review"

Dear Mrs. Sandler

The Brazilian Textile and Apparel Industry Association (ABIT), founded on the early 1960's, represents the whole textile productive chain in Brazil, from fibers and filaments producers to apparel manufactures.

ABIT's mission is to support the sustainable development of the Brazilian textile industry, representing its interests in the presence of governmental and international organizations, as well as making the textile sector better known to the general public worldwide.

A pioneer in the Brazilian industrialization process, the Textile sector stands out within the domestic economy.

Its importance can be better understood analyzing at the latest figures:

<u>Overview of the Brazilian Textile and Apparel Industry</u>

- ✓ Number of Companies: more than 30 thousand in all productive chain
- ✓ Number of jobs: 1.65 million workers
- ✓ Exports in January - August 2006: US$ 1.31 billion (decrease of 1.1% compared to January – August 2005)
- ✓ Imports in January –August 2006: US$ 1.38 billion (increase of 38.8% compared to January – August 2005)
- ✓ Trade Balance in January – August 2006: Deficit of US$ 70 millions
- ✓ Forecast of Exports in 2006: US$ 2.3 billions
- ✓ Total turnover of the sector in 2005: US$ 32,9 billions
- ✓ World market share: 0.4%

Importance of the Textile Sector in the Brazilian Economy

The Brazilian textile sector is traditional in our country and has performed a role of great relevance in the process of the country's development, specially during the 60 and 70's.

The Brazilian Textile and Apparel industry is one of the most important sectors of the domestic economy both for job creation and production value.

In monetary figures, the Brazilian textile chain accounted for 4.1% of the Brazilian GNP (totalled US$ 32.9 billion in 2005) and 17.2% of the GNP of the transformation industry.

The jobs created in the textile chain totalled 1,65 thousand in 2005 or the equivalent to 1.7% of the economically active population and 17.2% of the total amount of workers in the transformation industry that year. Also, these jobs are very critical for the social stability and income development for low skilled labor, where over than 70% of the Brazilian Textile and Apparel employment are occupied by women who support entire families.

These figures below show how relevant this sector is in the Brazilian economy:

Gross Income 2005	**US$ billion**	**Jobs 2005**	**(thousand employees)**
Total of the sector (1)	32.9	Total of the sector	1,65
Transformation Industry GNP (2)	**191.2**	**Transformation Industry Jobs (2)**	8,861.5
Share %	17.2	Share %	17.2
Overall GNP	**796.6**	**Economically Active Population**	**90,250.2**
Share %	4.1	Share %	1.7

Source: IEMI/IBGE/BACEN

Notes: (1) – consolidated value of domestic production

(2) – does not include mining and construction

Brazilian Share in the International Textile Chain

In terms of international trade, the Brazilian Textile share in the international market is still very small. Brazil ranks 41st in world exports and 43rd in world imports.

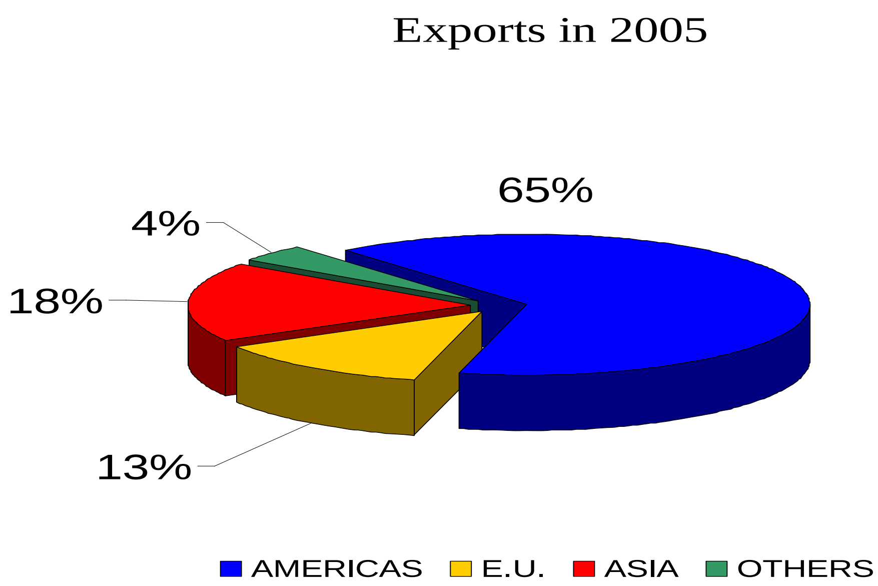
968, Marquês de Itú - 01223-000 - São Paulo – SP – Brazil – www.abit.org.br
Phone: 55 11 3823-6100 – Fax: 55 11 3823-6122/ 3823-6123 - Email: abit@abit.org.br

Major export markets of the Brazilian Textile and Apparel Industry
Years: 2004 and 2005

	Exports				% Change	
	2004		2005		2005/2004	
	US$ million	1000 ton	US$ million	1000 ton	US$ Fob	Ton
1. United States	*504,8*	*136,0*	*509,1*	*130,2*	*0,84*	*(4,31)*
2. Argentina	375,7	119,8	445,7	129,1	18,64	7,80
3. China	32,0	35,3	110,5	102,6	245,27	190,70
4. Pakistan	39,7	33,9	87,0	76,9	119,22	126,59
5. Chile	71,4	20,2	78,0	20,0	9,32	(0,64)
Total	**2.079,4**	**786,6**	**2.201,8**	**832,0**	**5,89**	**5,77**

Source: MDIC

As seen in the table above, the U.S. is the main export market for Brazilian textile manufacturers. A reduction on these exports will unavoidably cause job losses and production breakdowns affecting thousands of families in the country, who depend on this income.



Source: SECEX/MDIC

Also, the United States is the 5th main Brazilian supplier of textile and apparel products, showing an harmonized integration of Brazil – U.S. textile production chain.

U.S. Imports – Textile and Apparel Products

In US$	**2003**	**2004**	**2005**
Total US. Imports	79,633,392,467	85,818,886,602	91,697,482,117
U.S. Imports from Brazil	458,428,565	496,376,044	480,551,809
% Brazilian participation	0.58	0.58	0.52

Source: USITC – United States International Trade Commission

ABIT – BRAZILIAN TEXTILE AND APPAREL INDUSTRY ASSOCIATION
968, Marquês de Itú - 01223-000 - São Paulo – SP – Brazil – www.abit.org.br
Phone: 55 11 3823-6100 – Fax: 55 11 3823-6122/ 3823-6123 - Email: abit@abit.org.br

On the other hand, Brazil represents only 0.5% of the United States imports which shows that our exports don't imply in a threat for the American textile manufacturers.

Even thought Brazil has not an important market share in the U.S. textile and apparel import market, we have lost participation in 2005 compared to 2004. This drop was mainly associated to the China´s export growth to the U.S. market.

According to the United States Office of Textiles and Apparel, in 2005, China exported 53,4% more textiles and apparel products to the U.S. compared to 2004, replacing exports from other countries such as Brazil, causing serious job and income losses for thousands of families worldwide. This is just another reason why the GSP program should be kept for friendly suppliers as Brazil.

About Generalizes System of Preference (GPS)

The Generalized System of Preferences (GSP), which expires at the end of this year, has been an important tool in guaranteeing the competitiveness of our companies.

The GSP is a program that grants preferential duty-free entry for a number of products coming from some developing countries. We are concerned about recent reports which indicate that GSP might be allowed to expire. We strongly urge you to renew it in its entirety before the expiration deadline in December of this year.

GSP is not only relevant for the companies that benefit directly from the program, but also for the whole US economy. Since the program was instituted in 1974, American companies have incorporated the benefits of its duty savings into their products and this has translated into greater competitiveness and lower prices to consumers. The end of the GSP system for Brazil will also negatively interfere in the intra-company trade between Brazilian and North American enterprises, what is not good for both economies.

We also want to emphasize that the GSP must continue to apply to the current list of beneficiaries. Specifically, we need Brazil to be preserved in the program, because it is crucial to the competitiveness of our companies.

U.S. imports from Brazil – Textile and Apparel Products

According to the United States International Trade Commission, U.S. imports of textile and apparel products from Brazil totalized US$ 480.55 millions in the last year, but only 1.35% of these imports was made under GSP benefits.

	In US$		
	2003	**2004**	**2005**
U.S. imports from Brazilian Textile Chain	458,428,565	496,376,044	480,551,809
U.S. imports from Brazilian Textile Chain with GSP	8,095,930	33,090,359	6,499,541
% GSP participation	**1.77**	**6.67**	**1.35**

Source: USITC – United States International Trade Commission

ABIT – BRAZILIAN TEXTILE AND APPAREL INDUSTRY ASSOCIATION
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Our Request

The exclusion of Brazil from the GSP will stimulate even more U.S. imports from China, especially in the Textile Sector.

According to the United States National Council of Textile Organizations (NCTO):

"In the U.S. market, China's gains have meant significant losses for almost all developing countries. Thus, when a country has actually had to go head-to-head with China in a quota-free environment, China has taken the lion's share of the market with the competing country suffering and usually suffering badly".

GSP makes a difference to the Brazilian Textile Chain and to the U.S. companies. Letting it expire, even temporarily, or reducing its benefits in any way would impose a costly hardship on us, reducing our competitiveness in this global economy.

Please, find below a brief description of GSP-Eligible products to Brazilian Textile Chain:

HTS 8	Brief Description of GPS-Eligible Tariff Lines for Brazil	2005 MFN TEXT RATE
50039000	Silk waste (including cocoons unsuitable for reeling, yarn waste and garnetted stock) carded or combed	2.50%
50071030	Woven fabrics of noil silk, containing 85 percent or more by weight of silk or silk waste	0.80%
50079030	Woven silk fabrics, containing 85 percent or more by weight of silk or silk waste, nesoi	0.80%
51021960	Fine animal hair (other than Kashmir or camel), not processed beyond the degreased or carbonized condition, not carded or combed	0.40%
51031000	Noils of wool or of fine animal hair	2.60 cents/Kg
51032000	Waste, other than noils, of wool or of fine animal hair, including yarn waste but excluding garnetted stock	2.60 cents/Kg
51130000	Woven fabrics of coarse animal hair or of horsehair	2.70%
52083120	Dyed plain weave certified hand-loomed fabrics of cotton, containing 85% or more cotton by weight, weighing not more than 100 g/m^2	3.00%
52083210	Dyed plain weave certified hand-loomed fabrics of cotton, containing 85% or more cotton by weight, weighing over 100 g/m^2 but not over 200 g/m^2	3.00%
52084120	Plain weave certified hand-loomed fabrics of cotton, 85% or more cotton by weight, weighing not over 100 g/m^2, of yarns of different colors	3.00%
52084210	Plain weave certified hand-loomed fabrics of cotton, 85% or more cotton by weight, over 100 but n/o 200 g/m2, of yarns of different colors	3.00%
52085120	Printed certified hando-loomed plain weave fabrics of cotton, 85% or more cotton by weight, weighing not over 100 g/m^2	3.00%

52085210	Printed certified hando-loomed plain weave fabrics of cotton, 85% or more cotton by weight, weighing more than 100 g/m^2 but not more than 200 g/m^2	3.00%
52093130	Dyed, plain weave certified hand-loomed fabrics of cotton, containing 85% or more cotton by weight, weighing more than 200 g/m^2	3.00%
52094130	Plain weave certified hand-loomed fabrics of cotton, containing 85% or more cotton by weight, weighing over 200 g/m^2 of yarns of different colors	3.00%
52095130	Printed plain weave certified hand-loomed fabrics of cotton, containing 85% or more cotton by weight, weighing more than 200 g/m^2	3.00%
53012100	Flax, broken or scutched	0.20 cents/Kg
53089010	Paper yarn	2.70%
53110060	Woven fabrics of paper yarn	2.70%
54041010	Racket strings of synthetic monofilament of 67 decitex or more and of wich no cross-sectional dimension exceeds 1 mm	2.70%
54041040	Polypropylene monofilament of 67 decitex or more (not racket strings), and with no cross-sectional dim > 1mm, not over 254 mm in length	6.90%
54050060	Strip and the like of artificial textile materials of na apparent width not exceeding 5 mm	5.80%
56072900	Twine (except binder or baler twine), cordage, rope and cables of sisal or other textile fibers of genus Agave	3.60%
56074110	Binder or baler twine of wide nonfibrillated strip, of polyethylene or polypropylene	2.70%
56074910	Twine (other than binder or baler twine), cordage, rope and cables of wide nonfibrillated strip, of polyethylene or polypropylene	2.70%
56079035	Twine, cordage, rope & cables of abaca or other hard (leaf) fibers, other than stranded construction or stranded n/o 1.88 cm in diameter	3.40%
56089023	Hammocks, of cotton	14.10%
56089030	Knotted netting of twine, cordage or rope or other made-up nets (not fish netting and nets) of textile materials (not cotton/manmade mat.)	5.00%
57025120	Carpets & other textile floor coverings, not of pile construction, woven but not on a power-driven loom,not made up,of wool/fine animal hair	4.30%
57029130	Floor coverings,not of pile construction,woven not on power-driven loom, made up, of wool or fine animal hair,nesi	4.30%
57029210	Hand-loomed carpet & other textile floor coverings, not of pile construction, woven, made up, of man-made textile materials, nesi	2.70%
57029905	Hand-loomed carpets & other textile floor coverings, not of pile construction, woven, made up, of cotton	6.80%
57029920	Carpets & other textile floor coverings, not of pile construction, woven, made up, of other textile materials nesoi	2.70%

57031020	Hand-hooked carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair	6.00%
57032010	Carpets and other textile floor coverings, tufted, whether or not made up, of nylon or other polyamides, hand-hooked	5.80%
57033020	Hand-hookded carpets & other textile floor coverings, tufted, wether or not made up, of man-made materials (not nylon / other polyamides)	6.00%
57039000	Carpets and other textile floor coverings, tufted, whether or not made up, of other textile materials nesoi	3.80%
59031010	Textile fabrics of cotton, impregnated, coated, covered or laminated with polyvinyl chloride	2.70%
59039010	Textile fabrics of cotton, impregnated, coated, covered or laminated with plastics nesoi, other than those of heading 5902	2.70%
59061000	Rubberized textile fabric adhesive tape of a width not exceeding 20 cm (other than fabric of heading 5902)	2.90%
59100010	Transmission or conveyor belts or belting of man-made fibers	4.00%
59114000	Straining cloth of a kind used in oil presses or the like, of textile material or of human hair	8.00%
61161008	Other gloves, mittens and mitts, the foregoing specially designed for sports use, incl. ski and snowmobile gloves, mittens and mitts	2.80%
61169208	Gloves, etc, specially designed for sports, including ski and snowmobile gloves, mittens and mitts, knitted or crocheted, of cotton	2.80%
61169308	Gloves, mittens & mitts, for sports use, (incl. ski and snowmobile gloves, etc.), of synthetic fibers	2.80%
61169935	Gloves, mittens & mitts specially designed for sports, including ski and snowmobile gloves, mittens and mitts, of artificial fibers	2.80%
61171040	Shawls, scarves, etc., knitted or crocheted, containing 70% or more by weight of silk or silk waste	1.50%
61178085	Headbands, ponytail holders & similar articles, of textile materials other than containing 70% or more by weight of silk, knitted/crocheted	14.60%
62043960	Women's or girls' suit-type jackets and blazers, not knitted/crocheted, of textile materials nesoi, cont. 70% + of silk or silk waste	1.00%
62044910	Women's or girls' dresses, not knitted or crocheted, containing 70% or more by weight of silk or silk waste	6.90%
62101020	Garments, not knitted or crocheted, made up of fabrics of heading 5602 or 5603 formed on a base of paper or covered or lined with paper	2.80%
62131010	Handkerchiefs, not knitted or crocheted, containing 70% or more by weight of silk or silk waste	1.10%
62141010	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing 70% or more silk or silk waste	1.20%
62160008	Gloves, mittens & mitts, for sports, including ski & snowmobile gloves, etc, not knitted/crocheted impreg or cov with plastic/ruber	0.80%
62160035	Gloves, mittens & mitts, all the foregoing for sports use, including ski & snowmobile gloves, mittens & mitts of cotton	2.80%

62160046	Gloves, mittens & mitts, for sports use, incl. ski & snowmobile, of man-made fibers, not impregnated/coated with plastics or rubber	2.80%
62171085	Headbands, ponytail holders and similar articles, of textile materials containing < 70% by weight of silk, not knit/crochet	14.60%
63029910	Toilet and kitchen linen of textile materials nesoi, containing 85% or more by weight of silk or silk waste	2.70%
63049910	Wall hangings, not knitted or crocheted, of wool or fine animal hair, the foregoing certified hand-loomed and folklore products	3.80%
63049925	Wall hangings of jute, excluding those of heading 9404	11.30%
63049940	Certified hand-loomed and folklore pillow covers of wool or fine animal hair, not knitted or crocheted	3.80%
63064900	Pneumatic mattresses of textile materials other than of cotton	3.70%
63079085	Wall banners, of man-made fibers	5.80%
63079098	National flags and other made-up articles of textile materials, nesoi	7.00%

In order to guarantee the competitiveness of our companies and save thousand of jobs involved in these exports, we request the Generalized System of Preferences (GSP) to be kept for the Brazilian Textile Chain.

Yours faithfully,

Josué Christiano Gomes da Silva
President

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Carolina, March 5th, 2006

The Honorable LUIS FORTUÑO
United States House of Representatives
Washington, DC 20510

Dear FORTUÑO,

We are a BATTERY WHOLESALES company with headquarters in Carolina, Puerto Rico, currently employing 13 people. We have been in operation since 1984 and the Generalized System of Preferences (GSP) has been an important tool in guaranteeing the competitiveness of our company.

Since the beginning of our operation we have been importing batteries (HTSUS 85071000) mainly from ACUMULADORES MOURA S/A, located in the Northeast Brazil (the second least developed region of Brazil). This represents 90% of our revenues.

As you know, since July 2006 Puerto Rican customers began to pay a sales tax of 1.5%. This sales tax will rise to 7% in November 15th. This will represent a major impact on market prices.

If Brazil is excluded from GSP, our products will have an additional charge of 3.5%. This will represent a huge impact in our prices and in our competitiveness, as our main competitors import similar goods from other countries that will remain in the GSP, Colombia for example.

In light of its many benefits, we strongly urge you to renew GSP in advance of the expiration deadline.

Sincerely,

Gustavo Pinheiro
Gerente Comercial
Wayotek Battery Corp

Wayotek Battery Corporation
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Tel: (787) 757 6388 – Fax (787) 750 7133
E-mail: wayotek@centennialpr.net

São Paulo, 23 August, 2006

TO: United States Trade Representative
GSP Subcommitee

<u>Ref: Generalized System of Preferences</u>

In response to the request for comments on the review of the GSP, the Brazilian ceramic tile manufacturer **GYOTOKU CERAMIC TILES** would like to enrich the discussions with the information forth bellow.

The ceramic tile sector – HTSUS 6907.1000; 6907.9000; 6908.1010; 6908.1050 and 6908.9000 - is not a currently beneficiary of the System, however a petition to include such products have been submitted to this subcommittee this current year. And it is mainly because a decrease on the North-American tariffs would mean to Brazil, ultimately, an increase on employment rates and stability, most of all at the least developed areas, where the ceramic tile companies are located, as say, inner Sao Paulo state, inner Santa Catarina state, Parana state and the most recent ceramic tile production region, at the north-east.

Our company is located at SÃO PAULO and we employ 850 people. One of our main markets is the United States, and a decrease on the import tariffs would mean to our company a increase on employment rates and development of our surrounding areas and, consequently, increase stability.

GSP granting to Brazil and the ceramic tile sector would also mean gains to the American importers and consumers, which will have better access to high quality products at a more competitive price.

Comments from:

GYOTOKU CERAMIC TILES
Contact person: DECIO GYOTOKU
Position: MARKETING MANAGER
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From: Lee Hardeman [leeh@lhcb.com]
Sent: Tuesday, September 05, 2006 10:06 AM
To: FN-USTR-FR0052
Cc: comm
Subject: GSP renewal, suspension, and/or revocation

Lee Hardeman
CUSTOMS BROKER, INC.

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September 5, 2006

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

Dear Chairman Sandler,

As a member of the National Customs Brokers and Forwarders Association of America (NCBFAA, I am pleased to submit this statement in support of the Generalized System of Preferences (GSP) program in response to the GSP Subcommittee's Request for Public Comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development to the extent that their eligibility should be limited, suspended, or withdrawn.

NCBFAA is the national association representing customs brokers and freight forwarders. We customs brokers handle the myriad of details involved in importing goods into the U.S. - from paying duties and fees owed to Customs and Border Protection (CBP) to filing entry documents to complying with security requirements to arranging for transportation. In this role, we know first-hand how important GSP is for U.S. businesses.

We urge the Administration to exercise caution as it approaches the decisions on whether to remove countries such as Brazil or India from the GSP program. <u>If your decision is to remove or suspend these countries, we urge you to do so with sufficient prior notice that allows U.S. importers to find other suitable suppliers. I suggest AT LEAST one year.</u> While these larger beneficiary countries have progressed economically due to their participation in the GSP program, an abrupt cut-off from the program would not only cause serious hardship for these countries without a corresponding benefit to the least developed countries, but would harm U.S. importers as well. It does not necessarily follow that U.S. businesses will switch suppliers from a larger GSP country to a least developed country, ESPECIALLY in the short run. In fact, the least developed countries often lack the production capability as well as the infrastructure to become a reliable source for many products now sourced from Brazil, India or one of the other larger beneficiary countries. A decision to remove one or more of these countries is probably a lose-lose proposition without adequate lead time to find other sourcing.

From our unique vantage point in the import process, we are keenly aware of the valuable role GSP has played in the past 20 years. It has added to the robust trade flows that fuel our economy. Removal of the major GSP players from the program now will greatly diminish GSP's effectiveness, with negative repercussions for these countries, as well as for US companies that source from these GSP beneficiaries and for consumers who ultimately will pay the price when duties are imposed. We believe Brazil, India and the other countries you have identified for review are essential to GSP should have a phased removal from the program.

We encourage the Administration not to focus too narrowly on any single statutory criteria. GSP decisions must be made in a broader context that takes into account the profoundly negative impact of suddenly withdrawing trade benefits. For example, for many small US companies, GSP - with its duty free treatment for production inputs from developing countries - is the single element that allows them to remain competitive and profitable in increasingly tight markets. A sudden loss of GSP benefits for the products will be a significant event for these companies.

We also urge the GSP Subcommittee and the Administration to complete this review and announce the outcome as soon as possible to allow US companies time to make adjustments. It is our understanding that the decisions on whether to terminate competitive need limit waivers on specific products will take effect immediately upon announcement of the decision. We ask you to reconsider this policy and consider the disruptive impact such an immediate implementation would cause for US companies who will have to bear the brunt of an unexpected imposition of duties on products already in the pipeline.

At the same time, as this review proceeds, it is important that the Administration work closely with Congress to ensure a timely, orderly, and long-term renewal of the program. This cannot be stated too strongly. The delayed, sporadic and uncertain renewals of the past were very damaging to many US businesses and counterproductive to the goals of the GSP program. The financial and administrative burdens created by lapses in the GSP program are a serious drain on Customs, importers, and my fellow brokers. We hope you will utilize every resource to assure a timely renewal of the program.

Thank you for allowing us to express our views.

Sincerely,

Lee Hardeman
President

cc: NCBFAA/Tom Mather

Warmest regards,

Lee <><
Lee Hardeman Customs Broker, Inc.
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September 5, 2006

FR0052@ustr.eop.gov

Marideth Sandler
Executive Director for the GSP Program and
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
1724 F Street, NW, Room F-220
Washington, D.C. 20508

RE: Generalized System of Preferences: Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation Waivers

Dear Ms. Sandler:

The Hardwood Federation (HF) is pleased to submit comments in response to the Federal Register notice Vol. 71, No. 152 (August 8, 2005). The HF is the largest forest products industry association in the United States representing 28 trade associations over 10,000 businesses and one million hardwood families. Our member organizations are in the business of manufacturing, wholesaling, or distribution of North American hardwood lumber, veneer, plywood, flooring, kitchen cabinets, pallets, and related products. Our companies are predominantly small, family-owned businesses, dependent upon a sustainable supply of healthy timber resources.

Country Eligibility Review

With respect to the U.S. government's application of the Generalized System of Preferences (GSP), the HF believes that certain beneficiaries are sufficiently competitive with respect to trade in wood products and have expanded exports to the extent that they should no longer be designated as GSP beneficiaries. For the upcoming reauthorization of the GSP the HF recommends that USTR develop criteria that would constitute "sufficiently competitive" and apply this when identifying countries eligible for GSP preference in the wood products sector.

Brazil represents a clear example of a country that while considered "developing" and thus eligible for GSP preferences, has a very mature and developed forest products industry and no longer needs the incentive provided by the GSP program. In fact, Brazilian exports of hardwood flooring products have displayed US manufacturing and continue to grow substantially each year. Of the top ten GSP beneficiary developing countries by trade in volume, Brazil represents an advanced developing country that is already world class producer and exporter of forest products. The wood products industries in Brazil have used their low cost fiber and labor to build world-class industries with a high level of international competitiveness and have demonstrated their ability to rapidly increase production and exports. For several wood product categories, Brazilian exports, which compete directly with U.S. manufactured product, reach export levels that trigger their suspension from the program.

Specifically, the HF supports the withdrawal of GSP benefits for wood products from countries that meet the following criteria, as defined in the Federal Register notice:

> *...where the total value of U.S. imports under the GSP exceeded $100 million in 2005, and a) which the World Bank classified as an upper-middle-income economy in 2005; OR b) that accounted for more than 0.25 percent of world goods exports in 2005, as reported by the World Trade Organization*

<u>CNL Waiver Review</u>

The HF supports the termination of the waiver of competitive need limitation for imports of tropical plywood (HTS # 44121340) from Indonesia, consistent with current GSP eligibility criteria. The criteria state that GSP preference may be terminated when it is determined that 1) exports to the U.S. of a GSP eligible article exceed $120 million (for 2005) or 2) the quantity of a GSP eligible article has a value equal to or greater than 50 percent of the value of total U.S. imports of the article from all countries. In the case of imports of tropical plywood from Indonesia, the value in 2005 exceeded the $120 million threshold.

Wood product producers in a number of GSP eligible countries already gain substantial benefit from low fiber and labor costs. These countries also continue to apply various trade barriers, effectively limiting market access, even though their own exports are expanding at a substantial rate. Accordingly, extending waivers of competitive need limitations for wood products would be inappropriate and contradict the intention of the GSP program.

Failure to successfully address the competitive challenges facing our industry means that jobs are exported while high value hardwood products are imported from producers in other nations who do not adhere to our high environmental and forest management standards. The modification of the Generalized System of Preferences represents an opportunity for Congress and the Administration to help secure the future viability of U.S. manufacturers of hardwood products. A vibrant hardwood industry not only contributes to the economy, but also to the long-term sustainability of our environment.

Thank you for considering our views on this important issue.

Sincerely yours,

Betsy Ward

Betsy Ward
Executive Director
Hardwood Federation
b.ward@hardwoodfederation.com

GSP Factsheet: 53rd Custom District

Created by the Trade Act of 1974, the Generalized System of Preferences (GSP) is a unilateral mechanism that allows the United States to grant tariff exemption on 3.350 products from Brazil that are eligible to this duty-free treatment. In 2005, American companies imported from Brazil over US$ 3.6 billion in GSP covered products. As a result, US companies saved over 128 million of dollars, amount that would have been paid if the country had not been included in the GSP.

The 53rd Custom District, composed by the ports of Houston (TX), Texas City (TX), Galveston (TX), Freeport (TX), Corpus Christi (TX) and Port Lavaca (TX) is the third main beneficiary of the GSP benefit: 12% of all imports from Brazil via GSP enter through this custom district.

GSP Imports from Brazil by Custom District

Custom District	GSP Imports	Share %
14th Custom District - Norfolk, VA	$533,503,981.00	15
10th Custom District - New York, NY	$514,221,652.00	14
53rd Custom District - Houston-Galveston, TX	$430,468,061.00	12
13th Custom District - Baltimore, MD	$314,672,873.00	9
16th Custom District - Charleston, SC	$306,491,200.00	8
52nd Custom District - Miami, FL	$235,758,551.00	7
19th Custom District - Mobile, AL	$173,932,731.00	5
All other (35)	$1,107,101,800.00	30

Source: USITC

Among the developing countries eligible for the program, Brazil is the most important supplier for the companies in this region. The 53rd Custom District imported 1.4 billion of dollars of articles covered by GSP program, and 29% of these imports (US$ 430.4 million) are originated from Brazil.

53rd Custom District's GSP Imports by Country

Country	GSP Imports	Share
Brazil	$430,468,061	29%
Venezuela	$237,007,356	17%
India	$184,870,401	13%
Eq Guinea	$98,442,482	7%
Argentina	$90,601,826	6%
Subtotal :	**$372,940,627**	**25%**
All Other:	**$1,091,165,285**	**75%**
Total	**$1,464,105,912**	**100%**

Source: USITC

The companies in this region imported 349 Brazilian products covered by the GSP. The average duty of these articles is 4%, the highest being 13.5% and the lowest 0.50%. Due to the GSP duty exemption, American companies saved US$ 14 million, value that would have been paid in duties if Brazil was not eligible for the GSP program. Brazil's maintenance in the GSP impacts positively on both American consumers and companies that use GSP to reduce costs and increase competitiveness.

The 53rd Custom District's imports from Brazil via GSP are concentrated in two main sectors: electrical machinery and equipment and parts thereof (US$ 180 million) and tanning or dyeing extracts, tannins and derivates (US$ 34 million). Besides these, the region also has imported articles of stone, vehicles, miscellaneous manufactured articles, machinery and mechanical appliances and articles thereof, railway or tramway locomotives, rubber and articles thereof and cooper and articles thereof.

53rd Custom District's GSP imports from Brazil by Chapter - 2005

HTS	Description	Articles	GSP Imports	Duty Exemptions
85	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF	44	$180,426,199.00	$5,203,580.63
29	TANNING OR DYEING EXTRACTS; TANNINS AND DERIVATIVES;	30	$34,015,633.00	$1,719,675.15
44	ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR MATERIALS	17	$27,599,061.00	$1,417,754.43
73	VEHICLES, OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK.	15	$25,632,733.00	$694,153.27
76	MISCELLANEOUS MANUFACTURED ARTICLES	10	$24,409,099.00	$784,515.01
84	MACHINERY AND MECHANICAL APPLIANCES	41	$22,837,354.00	$727,250.13
79	ZINC AND ARTICLES THEREOF	1	$21,969,982.00	$329,549.73
86	RAILWAY OR TRAMWAY LOCOMOTIVES, ROLLING-STOCK AND PARTS THEREOF	3	$20,832,102.00	$715,726.11
39	RUBBER AND ARTICLES THEREOF	43	$13,382,184.00	$785,522.91
74	COPPER AND ARTICLES THEREOF	9	$11,660,974.00	$314,081.69
Subtotal		**213**	**$382.765.321.00**	**$12,691,809.06**
Others		**136**	**$47.702.740.00**	**$1,625,797.63**
Total		**349**	**$430.468.061.00**	**$14,317,606.69**

Source: USITC

AMCHAM Brasil
Por um melhor ambiente de negócios

53rd Custom District's GSP imports from Brazil by Article - 2005

HTS	Description	GSP Imports	Duty	Duty Exemptions
85030095	Other parts, nesi, suitable for use solely or principally with the machines in heading 8501 or 8502	$ 104,815,908.00	3%	$ 3,144,477.24
79011100	Zinc (o/than alloy), unwrought, containing o/99,99% by weight of zinc	$ 21,969,982.00	1.50%	$ 329,549.73
85016400	AC generators (alternators) of an output exceeding 750 kVA	$ 17,382,538.00	2.40%	$ 417,180.91
86071930	Parts of railway/tramway locomotives/rolling stock, parts of truck assemblies for non-self-propelled passenger coaches or freight cars	$ 16,470,497.00	3.60%	$ 592,937.89
76151930	Aluminum, cooking and kitchen ware (o/than cast), enameled or glazed or containing nonstick interior finishes	$ 15,996,863.00	3.10%	$ 495,902.75
85042300	Liquid dielectric transformers having a power handling capacity exceeding 10,000 kVA	$ 15,799,007.00	1.60%	$ 252,784.11
73261900	Iron or steel, articles forged or stamped but n/further worked, nesoi	$ 11,433,270.00	2.90%	$ 331,564.83
85443000	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	$ 10,389,917.00	5%	$ 519,495.85
44182080	Doors of wood, other than French doors	$ 9,479,339.00	4.80%	$ 455,008.27
74081160	Refined copper, wire, w/maximum cross-sectional dimension over 6 mm but not over 9,5 mm	$ 9,381,716.00	3%	$ 281,451.48
84433000	Flexographic printing machinery	$ 7,948,146.00	2.20%	$ 174,859.21
73239300	Stainless steel, table, kitchen or o/household arts, amd parts thereof	$ 7,772,900.00	2%	$ 155,458.00
29333921	Fungicides of heterocyclic compounds with nitrogen hetero-atom(s) only, containing an unfused pyridine ring	$ 7,352,938.00	6.50%	$ 477,940.97
44189045	Builders' joinery and carpentry of wood, including cellular wood panels, nesoi	$ 6,991,406.00	3.20%	$ 223,724.99
68029900	Monumental or building stone & arts, thereof, nesoi, further worked than simply cut/sawn, nesoi	$ 5,552,483.00	6.50%	$ 360,911.40
Subtotal		**$ 268,736,910.00**		**$ 8,213,247,64**
Others		**$ 161,731,151.00**		**$ 6.104.359,05**
Total		**$ 430,468,061.00**		**$14.317.606,69**

Source: USITC

AMCHAM Brasil

Por um melhor ambiente de negócios

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American Chamber of Commerce

INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE®

1747 PENNSYLVANIA AVENUE, NW • SUITE 825 • WASHINGTON, DC • 20006-4637 • TEL (202) 833-4198 • FAX (202) 872-0546 • WWW.IIPA.COM • EMAIL: INFO@IIPA.COM

September 1, 2006

Via Email FR0052@USTR.EOP.GOV
Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee
of the Trade Policy Staff Committee (TPSC)
Office of the United States Trade Representative
USTR Annex, Room F-220
1724 F Street, NW
Washington, DC 20508

Re: 2006 GSP Eligibility and CNL Waiver Review
71 Fed. Reg. 45079 (August 8, 2006)

To the GSP Subcommittee:

The International Intellectual Property Alliance (IIPA) is a private sector coalition formed in 1984 to represent the U.S. copyright-based industries in bilateral and multilateral efforts to improve international protection of copyrighted materials.[1] We take this opportunity to respond to the GSP Subcommittee's request for comments to determine whether major beneficiaries of the GSP program have expanded exports or progressed in their economic development to the degree that the eligibility should be changed under the Trade Act of 1974.

In brief, IIPA supports the renewal of the GSP trade program. While we offer no comments on the TPSC's request on whether any of the 83 existing competitive need limitation (CNL) waivers are still warranted, we do note that maintaining the GSP program, and providing benefits as broadly as possible, provides leverage that can be used to advance important USG goals such as the effective protection of intellectual property. Finally, IIPA again urges that duty-free treatment for Russia be withdrawn or suspended immediately.

[1] IIPA is comprised of seven trade associations, each representing a significant segment of the U.S. copyright community. These member associations represent over 1,900 U.S. companies producing and distributing materials protected by copyright laws throughout the world – all types of computer software including business applications software and entertainment software (such as videogame CDs and cartridges, personal computer CD-ROMs and multimedia products); theatrical films, television programs, home videos and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and textbooks, tradebooks, reference and professional publications and journals (in both electronic and print media). See www.iipa.com for more details.

The Importance of the GSP IPR Criteria and Renewal of the Program

The IIPA has been a strong supporter of the GSP program because of its explicit inclusion of intellectual property provisions in the eligibility criteria. Over the years, IIPA has filed numerous petitions requesting the U.S. Government to initiate GSP intellectual property rights (IPR) reviews of copyright law and enforcement practices in targeted countries.[2]

At present, the U.S. government is continuing GSP IPR investigations on the copyright law and enforcement practices in three countries in which IIPA was the original petitioner: Russia, Lebanon, and Uzbekistan. In January 2006, USTR terminated the GSP investigations of Ukraine, Brazil and Pakistan, and in May 2006, terminated the case against Kazakhstan.[3]

The IIPA has continually stressed that countries should not continue to receive duty-free trade benefits if they fail to provide adequate and effective copyright protection. The U.S. Congress has also made clear that countries should not remain eligible to receive such preferential benefits if they fail to take action against the blatant theft of copyrighted materials. IIPA believes it remains imperative that this very important trade tool – the GSP program – be used in an effective and credible way with our training partners. The benefits of the program offer developing countries an incentive to improve their economies, and similarly, the possible removal of such benefits presents countries with challenges to solve their domestic problems.

The legislation authorizing the GSP program expires on December 31, 2006. The IIPA and its members support the reauthorization of this important trade program.

Country GSP Review: Russia

The IIPA uses this opportunity to comment directly on one country – Russia**.** In our view, GSP duty-free benefits to Russia should be immediately withdrawn or suspended because of Russia's failure to provide adequate and effective copyright protection to U.S. copyright owners, as required by the GSP program, specifically section 502(c)(5) of the Act (19 U.S.C. 2462

[2] Since 1999, IIPA (and in one case, a coalition of 6 of the 7 IIPA members) has filed 18 GSP IPR petitions with USTR, requesting the initiation of IPR investigations against the following countries: Poland, Peru, Lebanon, Dominican Republic, Ukraine, Moldova, Uzbekistan, Armenia, Kazakhstan, Belarus, the Kyrgyz Republic, Brazil, Russia, Guatemala, Costa Rica, Uruguay, Thailand, and Pakistan. Of these 18 petitions, USTR initiated reviews in 10 countries: the Dominican Republic, Ukraine, Moldova, Uzbekistan, Armenia, Kazakhstan, Brazil, Russia, Lebanon, and Pakistan. IIPA withdrew its request to initiate reviews in three cases (Peru, Uruguay and Thailand). Of these 10 reviews, so far USTR has completed its investigations and terminated its reviews in 8 cases (Armenia, Moldova, Dominican Republic, Ukraine, Brazil, Pakistan, and Kazakhstan, plus Turkey—a case which IIPA petitioned for in 1993 and which was closed in 2001).

[3] With respect to two of the 13 countries at issue in this particular GSP docket, IIPA noted that progress has been made in Brazil, especially in improved Brazilian government will and coordination as well as increased seizures of pirated materials, but that some deep systemic problems, particularly involving the Brazilian judicial system (including prosecutors), remain. IIPA remains puzzled over why the Kazakhstan GSP review was terminated because IIPA members are not aware of any improvements in local anti-piracy enforcement results in that country.

(c)(5)).[4] IIPA and its members have provided numerous public updates on the lack of progress being made in Russia on continuing rampant piracy, ineffective copyright enforcement and the dangers of proposed legislative reform to the Civil Code. There simply is no justification for continuing to give trade benefits to a country which fails to comply with the explicit terms of the GSP trade program. IIPA reported an estimated trade loss due to copyright piracy in Russia of almost $1.8 billion in 2005 alone. Meanwhile, Russia benefited from $738.2 million in duty-free GSP imports to the U.S. in 2005; for the six months of 2006, imports from Russia under GSP totalled $318.8 million.

The granting of hundreds of millions of dollars in GSP benefits while U.S. copyright-based companies continue to suffer the piracy of their creative content in Russia is simply not justified, and ought to be reversed.

We appreciate your consideration of our comments.

Respectfully submitted,

Maria Strong
on behalf of the
International Intellectual Property Alliance

[4] In 2000, IIPA submitted a GSP IPR petition against Russia to the U.S. government; this petition was accepted and two sets of public hearings have been held. See IIPA's February 13, 2006 report on Russia in IIPA's 2006 Special 301 Submission posted at http://www.iipa.com/rbc/2006/2006SPEC301RUSSIA.pdf; see IIPA's March 1, 2006 letter on Russia to the GSP Subcommittee, posted at http://www.iipa.com/pdf/Russia%20GSP%202006%20Special%20301%20Submission%20FINAL%20psb%20030106.pdf; and see also IIPA's June 2, 2006 letter to the GSP Subcommittee, posted at http://www.iipa.com/pdf/IIPA%20Russia%20GSP%202006%20Recommendation%20June%20060206.pdf. Finally, see USTR's description of the IPR problems in Russia in USTR's April 28, 2006 Special 301 Decisions, posted at page 11, at http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_Special_301_Review/asset_upload_file353_9337.pdf.

September 5, 2006

GSP Subcommittee
Office of the United States Trade Representative
USTR Annex, Room F-220
1724 F Street, NW.
Washington, DC 20508
E-mail: FR0052@USTR.EOP.GOV

REF.: “2006 GSP Eligibility and CNL Waiver Review”

Dear Sirs,

Operating for more 40 years in Brazil, Indústria de Máquinas Profama Ltda has built an excellent reputation for quality and performance in our product lines. Situated in a modern industrial park with the latest manufacturing technology, PROFAMA provides high quality products and has a skilled team of technicians and engineers for service and assistance.

Despite of our actual production line we develop special projects to meet our client needs.

PROFAMA joins modernity and tradition with high technology and competitiveness. We expand our frontiers exporting to more then 16 countries; therefore, we are exporting to the USA since 2004, almost US$ 600.000,00, and import from Profama North America, Pittsburgh – USA.

PROFAMA’s Mission

Construct state-of-art quality machines, always trying to be ahead of our client’s expectations. Keep respectful relationship and partnership with clients and suppliers, providing personal growth and life quality for our collaborators.

Profama is a Brazilian company which has developed high expertise in producing special machines with international quality for the converting market; thanks to a methodology that allows total control and precise follow up of every step in the production process: it is 42 years of experience producing Slitter-Rewinders and 29 years producing Laminating machines and Rotogravure presses.

Profama researches the best options and best suppliers for its equipments and components, being present in various trade shows and keeping a close relationship with several national and international companies. Also, during the development of its projects, Profama always seeks for excellence towards the customer’s expectations and needs. Therefore, customers are invited to participate in the whole process, from the project elaboration, through execution and finishing of its equipments.

<u>Comments</u>

We apply for the permanence of Brazil and our products in North American GSP that becomes extremely important for many topics of market. We have almost 120 employees here in Brazil and one employee in the United States of America (Pittsburgh), who benefit with the project he is bringing to us. The export is starting our company and its growing more and more, because we need an important guarantee the competitiveness of our products in the market, with quality and fair prices, free of import tax and the other consequence is only that we can keep jobs in our country.

Besides, this System doesn’t benefit only the Brazilian companies but, the North American companies as well.

Relation of machines and equipments manufactured by Profama:

HSTUS	DESCRIPTION
8441.10.00	Cutting machines of all kinds used for making up paper pulp, paper or paperboard
8420.10.10	Textile calendering or roling machines
8443.40.00	Gravure printing machinery

Brazil can not lose this benefit; it is a very important mechanism to improve our business with the United States. For these reason is that we are requesting you to keep Brazil and our products in the North American Generalized System of Preferences.

Best Regards,

Fausto Dallapé
Director

INDÚSTRIA DE MÁQUINAS PROFAMA LTDA.
Avenida Fausto Dallapé s/nº Rod. Fernão Dias km 56 - Terra Preta
Mairiporã - SP - Brasil - CEP 07600-000
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TO: OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
ATT: GSP SUBCOMITTEE
1724 F STREET, NW
WASHINGTON, DC 20508

Dear **Sirs,**

We are a **rubber hoses** manufacturer with headquarters in **Itu, São Paulo**, currently employing 520 people. We have been in operation since **1960** and the Generalized System of Preferences (GSP), which expires at the end of this year, has been an important tool for our business, guaranteeing our insertion in the US market, and keeping our range of products competitive among the others.

The GSP is a program that grants preferential duty-free entry for a number of products coming from some developing countries, including Brazil. We are concerned about recent reports indicating that GSP might be allowed to expire. We strongly urge you to renew it in its entirety before the expiration deadline in December this year.

GSP is not only relevant for the companies that benefit directly from the program, but also for the whole US economy. Since the program was instituted in 1974, American companies have incorporated the benefits of its duty savings into their products. Therefore, this savings has translated automatically into greater competitiveness and lower prices to consumers. The increase of rate can reduce our Sustainable Competitive Advantage (SCA) our main NCM are 40093100 and 40093290. Due the range of products covered by the GSP, many sectors are able to usufruct from the duty-free benefit, including oil, chemicals, electrical equipment, transportation equipment parts, food products and wood products.

We also want to emphasize that the GSP must continue to apply to the current list of beneficiaries. Our products, currently on the benefited GSP list, will loose its competitiveness if the Unites States Trade Representative suspends the benefit for Brazil. This would affect all Brazilian exporters to the United States, who will try to find another source of products, possibly in China.

If GSP is allowed to expire or Brazil is excluded from it, **rubber hose** will cost us **$ 200,000** more, which will represent a major impact in our revenues and a higher price to our clients and final consumers.

GSP makes a difference to us and to other US companies and their workers. Letting it expire, even temporarily, or reducing its benefits in any way would impose a costly hardship on us, reducing our competitiveness in this global economy.

In light of its many benefits, we strongly urge you to renew GSP in advance of the expiration deadline.

Sincerely,

Sergio Gaue
Export Manager
Indústrias Mangotex Ltda
Avenida Sete Quedas, 1880 Matadouro
Itu – São Paulo - Brazil
Zip Code: 13313-006
Phone: 05511-2118-0000
Fax: 05511-2118-9893
www.mangotex.com.br

BEFORE THE:
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

Written Comments

by

International Truck and Engine Corporation

September 5, 2006

[BUSINESS CONFIDENTIAL INFORMATION DELETED FROM BRACKETS]

On behalf of:
INTERNATIONAL TRUCK AND ENGINE CORPORATION
4201 Winfield Road
PO Box 1488
Warrenville, IL 60555
630-753-5000 tel.

BARNES, RICHARDSON & COLBURN
303 E. Wacker Drive, Suite 1100
Chicago, IL 60601

I. Introduction

International Truck and Engine Corporation (hereafter, "International") of Warrenville, Illinois, the principal operating subsidiary of Navistar International Corporation, responds to the notice published at 71 Federal Register 45079 (August 8, 2006) requesting comments on the reauthorization of the Generalized System of Preferences (GSP) program, and whether beneficiary countries that are high-volume users of the GSP program should continue to be designated as GSP beneficiaries. In addition, International is also providing comments on whether termination of the competitive need limitation waivers currently in place are warranted due to possible changed circumstances.

As background, International is a leading producer of mid-range diesel engines, medium trucks, IC brand school buses, heavy trucks, service vehicles, and parts and services sold under the International® brand. International's principal operations are located in the United States, Brazil, Canada and Mexico, with a newly finalized joint venture to produce trucks and buses in India by 2007. The company also designs and manufactures private-label mid-range diesel engines for original equipment manufacturers in the pickup truck, van, and SUV markets in the United States and Brazil. The company's products, parts and services are sold through a network of nearly 1,000 dealer outlets in the United States, and more than 60 dealers in 50 countries throughout the world.

II. The GSP Program Should Be Reauthorized and India and Brazil Should Continue To Be Designated As Beneficiary Developing Countries

International strongly supports reauthorization of the GSP program in general and the continuation of both India and Brazil as GSP beneficiary countries. The purpose of the GSP program is to further the economic development of developing countries through the expansion of their exports. The fact that some countries are reaching the limitations described by the Trade Policy Staff Committee ("TPSC") in 71 FR 45079 indicates that the program is indeed increasing exports, but these figures alone do not show a satisfactory increase in the overall economic development of beneficiary counties. Both India and Brazil remain underdeveloped economies that need GSP to secure, maintain and expand the investments that are so critical to their development.

Taking advantage of the incentives offered by GSP, International has invested substantially in the manufacture of trucks, diesel engines, and engine parts in Brazil and in India. Part of International's growth strategy is to use India as a significant supply base for sourcing truck parts and subassemblies for its North American operations. Thus, GSP has played a significant role in International's decision to invest in both Brazil and India, in part because GSP allows certain truck and engine components manufactured in Brazil and India to compete with like imports from even lower cost countries regardless of the GSP status of those alternative supplier countries. If GSP is terminated for India or Brazil, International's investments in these countries would suffer serious losses, and it may be forced to consider the relocation of existing and planned future investments to lower cost countries, such as China, which have proved highly welcoming to investment during the past decade. Furthermore, the stated goals of GSP to develop the Indian and Brazilian economies will be lost by only focusing on the volume of GSP imports from these countries, rather than concentrating on their overall economic progress, which still has considerable room for improvement.

A. India

Per the economic criteria listed in 19 USC 2462(c)(2), India has not reached a sufficient level of overall economic development to "graduate" from the GSP program. First, although GSP imports from India are greater than $100 million, the value of India's exports to the United States under GSP was only $3.78 per capita.[1] This indicates that,

[1] The value of U.S. imports under GSP from India during 2005 was $4,176,452,000, while India's 2005 population was 1,103,600,000 (source: official import data from the U.S. Department of Commerce, and population data from "2005 World Population Data Sheet," Population Reference Bureau).

although India had certainly fully implemented the GSP program, it remains a very low-volume user of the GSP program when viewed on a per-capita basis. By way of comparison, exports from China to the United States for the same period were $186 per capita.[2]

India's continuing relative poverty makes it an unlikely candidate for inclusion in the list of countries subject to removal from the GSP program per 71 FR 45079. It is the only country on the list to remain categorized as a "low income" economy by the World Bank based on its Gross National Income (GNI) of $720 per capita in 2005, which is well below the $875 upward limit for this category designation and yields an international ranking of 159.[3] In addition, 81% of India's population lived on less than the equivalent of $2.00 per day in 2004.[4] Thus, despite its high volume of GSP imports to the United States, the benefits of development have not fully reached the people of India, as evidenced by economic criteria. There are about 30 GSP beneficiary countries not identified in the Federal Register notice as at risk of losing GSP that have higher per capita GSP usage than this.

Although rapidly developing as an industrialized nation, India remains one of the most impoverished countries in the world, and is not ready to be graduated from the GSP program. In fact, while imports to the United States from India have increased in volume, the Indian economy has not yet benefited from the longer term benefits envisaged by the GSP program such as increased sustainable and stable economic development and improved standard of living for its population. Indeed, with India's poor population numbering over 350 million, the lack of full participation in the overall economy could threaten economic stability.[5]

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[2] U.S. imports from China from official import data of the U.S. Department of Commerce, and China's 2005 population data from '2005 World Population Data Sheet," Population Reference Bureau.
[3] World Development Indicators database, World Bank, July 1, 2006 based on Atlas methodology.
[4] "2005 World Population Data Sheet," Population Reference Bureau, 2005.
[5] UNCTAD, Trade and Development Report, 2005, at 36.

In addition to aiding India's economy, the GSP benefits accorded to India also play a role in fostering economic development in the developing countries surrounding India. India is part of South Asian Association for Regional Cooperation; goods produced in India can include Bangladesh, Bhutan, Nepal, Pakistan, and Sri Lanka content toward the 35 percent value-added GSP requirement. India's GSP status provides an incentive for manufacturers in India to look to those neighboring lesser-developed countries for suppliers. Therefore, removing India from GSP could take business from these least-developed beneficiary developing countries ("LDCs"), which is contrary to the original intent of GSP. In other words, if India were to lose its beneficiary status, it could no longer act as a conduit of GSP benefits to these neighboring LDCs. In this context, it is not likely that a company would relocate an established factory from India to Bhutan, for example. However, if India loses GSP, it is very likely that Indian companies would lose their incentives to use Bhutan as a supplier for materials to be used in the production of goods for export to the United States. Thus, if the goal of the TPSC is to promote trade in the least developed countries, removing GSP for India defeats this goal.

GSP also provides an incentive for foreign direct investment in India. According to UNCTAD in the Trade and Development Report, 2005 at page 29, investment has a "key role" in expanding the productive capacity of a country, and, by extension, raising living standards and facilitating successful integration into the international economy—all goals of the current GSP program. As a politically stable country, with newly improved infrastructure, and an abundance of low-cost, skilled human resources, India is often considered alongside China as a destination for new manufacturing investment. GSP remains beneficial to India in that it gives India an extra advantage when competing against China for foreign investment. Both present and future investments in India could be threatened by the loss of GSP, which would have wide-ranging effects on local Indian suppliers, their workforces and the businesses that support and profit from them.

International has provided direct investment in India through the development of a joint venture with Mahindra & Mahindra Limited (“Mahindra”) of India, “Mahindra International” plans to produce and market a variety of buses, trucks, truck subassemblies and truck parts for India, North America, and other export markets.

Part of International’s global growth strategy is to use India as a significant supply base for sourcing truck subassemblies and parts [**] for export to International’s truck manufacturing plants in North America. India’s designation as a GSP beneficiary was an important consideration the development of this project. In 2006, International expects to export to the United States under GSP approximately [*******] worth of truck subassemblies and parts from India. International anticipates that that number could [*********************************] in the future. More importantly, International has developed its business plan for India based on an average [*******************], which assumes that half of their imports would be GSP eligible and half would be charged a [************]. If India loses GSP beneficiary status, then the profitability and scope of the joint venture will have to be reconsidered. International will have to reassess whether or not its investment in India will still make business sense, especially compared with other low-cost potential investment destinations such as China.

International believes that its joint venture with Mahindra will significantly advance the goals of the GSP program by advancing economic development in India. International’s investment, for example, benefits from India’s $12.5 billion investment in its highway infrastructure. Due to be completed in 2007, the highway system expansion program will accommodate larger, faster, and more powerful trucks, such as the long-haul, multi-axle tractor-trailers that International produces, promising to revolutionize India’s transportation industry and further fuel its economic development. The technology exchange between International and Mahindra would take place in India at a "development center" created by the joint venture, which would employ as many as 300 skilled Indian engineers. The vehicles will have 90 percent local content from the start due to the wide availability of quality parts and materials from Indian suppliers. The salaries and benefits earned by "Mahindra International" employees in India would be superior to those earned at many other manufacturing firms in India and would be much sought-after positions.

If GSP is withdrawn from India, the benefits that this joint venture is expected to return to International in terms of [**] would be significantly reduced, and International would need to reassess its business plans in India. GSP withdrawal could [*****************************]. This, in turn, would adversely impact "Mahindra International," its employees, suppliers, and related businesses.

B. **Brazil**

Although Brazil's total GSP imports exceeded $100 million in 2005, International strongly urges TPSC to consider other economic factors that support the continuation of GSP BDC status for Brazil. First, Brazil's per-capita GSP imports are only $19.63.[6] Brazil's GNI per capita is $3,460, which yields an overall rank of 97 in a GNI per capita comparison. While Brazil's per-capita income is higher than India's, Brazil is still considered a "lower-middle income" country by World Bank standards.[7] In addition, Brazil is considered a "severely indebted" country according to the World Bank.[8] Thus, any advances in Brazil's development are highly leveraged. Brazil's large debt servicing needs take funds away from other needed government programs, including Brazilian

[6] The value of U.S. imports under GSP from Brazil during 2005 was $3,616,000,000 while Brazil's 2005 population was 184,200,000(source: official import data from the U.S. Department of Commerce, and population data from "2005 World Population Data Sheet," Population Reference Bureau).
[7] World Development Indicators database, World Bank, July 15, 2005, based on Atlas methodology.
[8] According to World Bank, "Severely indebted" means either: present value of debt service to GNI exceeds 80 percent or present value of debt service to exports exceeds 220 percent. Source: World Bank data on country classification at http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html.

Customs as well as programs designed to alleviate poverty among disadvantaged Brazilians. In 2004, more than one in five Brazilians was living on less than the equivalent of $2.00 per day.[9] Unemployment is at 10.7% for 2006, of which 22% is in the industrial sector.[10] A recent World Bank publication states, "compared to other countries, Brazil is a clear outlier in terms of inequality and also accounts for a dominant share of the total number of poor in Latin America."[11] There are dozens of GSP beneficiary countries that are further up the development ladder than Brazil, and they are not identified by TPCS as at risk of losing GSP status.

Through subsidiaries in Brazil, International manufactures diesel engines for vehicles and heavy-duty trucks for export to other countries. International sources some of its truck and engine components in Brazil for use by these subsidiaries as well as for export to the United States.

Currently, International imports into the United States [****************************]; and [*********************************]. The [**************************] enter the United States duty-free under GSP and International hopes that [**************************]. Without GSP, Brazilian-made truck and engine parts are at a competitive disadvantage to similar parts from other low-cost producers, such as China. As a further consideration, most LDCs do not have the infrastructure necessary to produce the more sophisticated products manufactured by International. Thus, removal of Brazil from the GSP program will not result in a transfer of production to LDCs.

[9] "2005 World Population Data Sheet," Population Reference Bureau, 2005.
[10] Instituto Brasileiro de Geografia e Estatistica: www.ibege.gov.br/english/presidencia/noticia
[11] Inequality and Economic Development in Brazil, Volume 2: Background Papers, Report No. 24487-BR, Brazil Country Management Unit, Poverty Reduction and Economic Management Sector Unit, World Bank in collaboration with Instituto de Pesquisa Econômica Aplicada, October 2003.

III. Existing Competitive Need Limitation ("CNL") Waivers Should Not Be Recommended for Termination by the TPSC

International strongly urges the TPSC to recommend the extension of the CNL waiver currently in place for camshafts and crankshafts imported from Brazil under 8483.10.30. Removing this CNL waiver would result in economic harm to both the Brazilian economy and to International's domestic truck manufacturing operations.

Statutorily, 19 USC 2463(c)(2)(A) provides that the termination of a CNL waiver is warranted if the President determines that there are changed circumstances under 19 USC 2463(d)(5). Per 19 USC 2463(d)(1), the establishment of a CNL waiver is discretionary based on the economic indicators mentioned in 19 USC 2462(c), and whether the ITC indicates that a waiver is in the national economic interest of the United States.

In 2005, imports into the United States from Brazil under HTS Chapter 8483 totaled $206,942,000, representing 10.4% of total Brazilian exports to the United States under that Chapter and .84% of total exports from Brazil to the United States.[12] Although this figure exceeds the applicable amount of $120 million set for 2005, a CNL waiver for this product is still within the discretion of the President. First, because Brazil remains a lower-middle income country, for which GSP designation and CNL product waivers yield a measurable benefit to the country's developing economy, continuing the waiver supports the goals of the GSP program. Second, it is in the national economic interest of the United States to refrain from harming American companies that foster economic development in the region, aid in stabilizing foreign economies, and, by extension, provide domestic employment in the United States. For example, International employs 1871 in three plants in Alabama, Indiana and Illinois, that rely on imports from Brazil under this tariff item.

[12] From Trade Stats Express at http://tse.export.gov/NTD ChartPP

Although Brazil's export levels have increased since Brazil became a GSP beneficiary, this development alone should not constitute a "changed circumstance" for the purpose of the termination of a CNL waiver. As discussed above, the overall circumstances of poverty, low GNI and income inequality have not changed in Brazil, and the elimination of the GSP program will only exacerbate these problems. Rather, continuing existing waivers will assist Brazil in making progress toward becoming a stable and developed economy.

IV. Conclusion

International encourages the TPSC to consider carefully the consequences of eliminating GSP from relatively large exporters such as India and Brazil, and of terminating the CNL waiver for Chapter 848.1030 imports from Brazil. These actions will not advance the stated goals of increasing the exports from lesser-developed BDCs and, in consequence, the development of the world's least-developed economies. India and Brazil are commercially powerful countries, in part, because they have large populations and enormous growth potential. However, their size should not be permitted to mask the continuing benefit that tariff preferences provide them. On the contrary, because of their large size and volume of exports, the economic welfare of these two countries has tremendous influence on the strength of the world economy. Therefore, their need for GSP preferences should be of the highest importance in the formulation of U.S. global economic policy.

Rather than risk injury to both the current beneficiary countries and their business partners in the United States, International encourages TPSC to consider other, more innovative, approaches to providing greater development assistance to the least developed economies of the world. Due to the current competitive situation involving China and India, and the proliferation of free-trade agreements replacing GSP for some countries, it is difficult to predict that the loss of GSP by countries such as Brazil and

India will benefit the least-developed countries. As it is, these countries have only been able to take limited steps toward development with the existing GSP program. To truly promote growth and development in the LDCs, the USTR, TPSC, and the Administration as a whole, should consider providing greater incentives to U.S. investment in those countries through targeted programs similar to the African Growth and Opportunities Act and the Caribbean Basin Economic Recovery Act.

International appreciates the opportunity to participate in this review and would like to remain involved in any further discussions on this very important issue.

Respectfully submitted,

BARNES, RICHARDSON & COLBURN

By:

/s/Lawrence M. Friedman
Carolyn D. Amadon
303 East Wacker Drive
Suite 1100
Chicago, Illinois 60601
(312) 565-2000

Kohler Co., Kohler, Wisconsin 53044 Founded in 1873 920-457-4441 Fax 920-459-1745 david.kohler@kohler.com
Import Duties

KOHLER.

David Kohler
Group President
Kitchen & Bath Group

August 31, 2006

Dear Ms. Sandler:

I am writing in regard to your review of legislation to extend the Generalized System of Preferences (GSP) trade program for the United States, currently set to expire on December 31, 2006. Your committee also is reviewing thirteen countries for continued benefit under GSP and has asked for public comment. I believe the GSP program provides a significant benefit to the U.S. economy, helping create balanced global development, or *smart trading*. The GSP program is doing its job. But that job is not finished.

Kohler Co. is a global leader in the manufacture of kitchen and bath products, engines and power generation systems, cabinetry, tile and home furnishings, and international host to award-winning hospitality and world-class golf destinations. From the thirteen countries under review, we import the following products into the United States:

Country	GSP Product(s)	HTSUS Code
Argentina	Engine Parts	8409.91.99
Brazil		
Croatia		
India	Oil/Fuel Filters	8421.23.00
Indonesia	Framed and Unframed Mirrors	7009.92.10 & 7009.92.50
Kazakhstan		
Philippines		
Romania		
Russian Federation		
South Africa	Shower Door Parts	3925.90.00
Thailand	Vitreous China; Mirrors	6910.10.00 & 7006.00.40
Turkey	Vitreous China; Stone Flooring	6910.10.00 & 6802.92.00
Venezuela		

In the future we hope to import additional products from these countries, specifically from the Philippines, Russia and perhaps Brazil. Much of our product is sold to consumers through the nation's leading retailers (Home Depot, Lowe's), independent builders, Kohler showrooms, Baker Stores, and independent small businesses.

Import Duties

Kohler Co. is one of America's oldest and largest privately held companies, based in Kohler, Wisconsin. The company employs more than 31,000 associates on six continents, operates plants in 49 worldwide locations, and has dozens of sales offices around the globe. We are committed to preserving and creating jobs in the U.S., where more than half of our employees live and work.

Several of our current and potential source countries - Thailand, Philippines, Singapore and Indonesia - are members of ASEAN, the ten-member Association of Southeast Asian Nations that is collectively the United States' fourth largest export market. Thailand, for example, thrives in large part because its biggest export partner is the United States.

Under the Enterprise for ASEAN Initiative (EAI) announced by President George W. Bush in October 2002, the U.S. Government is seeking to further strengthen U.S. trade and investment ties to ASEAN, both bilaterally and regionally. The Administration has been negotiating a Free Trade Agreement (FTA) with Thailand since 2003 under the premise that with many of Thailand's products already entering the U.S. market duty-free under the GSP, an FTA will make duty-free treatment a two-way street. What is implied here is that the GSP – or similar provisions – will remain.

Turkey is not nearly as well established in trading with the U.S. as Thailand. U.S. imports from Turkey amounted to $5.2 billion in 2005, approximately half of which are textiles. Kohler imports of vitreous china as toilets and sinks add up to just over one-tenth of 1% this amount. Two-way trade between the two countries was $9.5 billion in 2005. Keeping GSP benefits in place for Turkey encourages further trade with the United States.

At a minimum we request the continued duty-free treatment of vitreous china and stone flooring product. Far better is to extend the entire GSP program. In doing so, our nation grants not only market access, but legal access too. The implications of complying with a legal system cannot be underrated - it is the backbone for instituting institutional reform. With extremism and unrest growing in countries like Indonesia and Turkey, unemployment brought on by canceling the GSP will only fuel that flame. The promise of change is heard loud and clear among the disaffected – those without jobs, money, and few options. Employed workers throughout the world are good for the United States.

Import Duties

Encouraged by continued access to our markets and the possibilities that come with it, countries like Indonesia, Thailand and Turkey become consumers as well as producers. This clearly creates new opportunities for U.S. goods and services. Those opportunities enable improved quality of life, the rule of law and everything it enhances: better business, investment and consuming climates; improved infrastructure; better education; better health care; institutional reform; consumer rights; human rights; labor rights; environmental best practices; and so on. Prematurely ending the GSP provisions would cut short the important work of this development tool. It may negatively impact U.S. consumers through higher prices, and it will disable an important vehicle our government has for continuing free trade with bilateral agreements.

I urge you to extend the GSP program and its benefits for Argentina, Brazil, India, Indonesia, Russia, South Africa, Thailand, Turkey and the Philippines.

Sincerely,

D. Kohler

David Kohler
Group President – K&B Group

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy

cc: Senator Russ Feingold
Senator Herb Kohl
Congressman Tom Petri
Herbert V. Kohler, Jr.

2006 GSP ELIGIBILITY & CNL WAIVER REVIEW WRITTEN COMMENTS

Submitted by

LEAR CORPORATION

PUBLIC VERSION

PETITIONER

LEAR CORPORATION
21557 TELEGRAPH ROAD
SOUTHFIELD, MICHIGAN 48034

PETITIONER REPRESENTATIVES

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JOSEPH F. SEFCIK

VICE PRESIDENT – GLOBAL PURCHASING

____

JOHN C. LACNY

DIRECTOR OF LOGISTICS

____

JEFFREY R. ELIASSEN

CORPORATE CUSTOMS COMPLIANCE MANAGER

INTERESTED PARTY

Lear Corporation ("Lear") hereby submits these comments as an "interested party" and maintains significant economic interest and may be materially affected by the actions undertaken by the United States ("U.S.") Government with regards to renewal of the Generalized System of Preferences ("GSP") Program.

More specifically, Lear is a <u>commercial importer</u> of product eligible for preferential treatment under GSP.

AFFECTED PRODUCT & COUNTRY

Lear submits these written comments with respect to the following product imported from <u>Brazil</u>:

Commercial Name & Description	HTSUS	HTSUS Description
Leather Hides – to be further processed in the U.S. for ultimate production in automotive seat covers	4107.11.5000	Leather further prepared after tanning or crusting, including parchment-dressed leather, of bovine (including buffalo) or equine animals, without hair on, whether or not split, other than leather of heading 4114: Whole hides and skins: Full grains, unsplit: Other: Other: Upholstery leather

ACTION REQUESTED

The U.S. Government is currently seeking comments on whether to limit, suspend, or withdraw the eligibility of those GSP beneficiaries for which the total value of U.S. imports under GSP exceeded $100 million in 2005, and a) which the World Bank classified as an upper-middle-income economy in 2005; or b) that accounted for more than 0.25 percent of world goods exports in 2005, as reported by the World Trade Organization.

The GSP beneficiaries that meet the criteria are Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey, and Venezuela.

Lear is providing written comments to request that the U.S. Government <u>NOT</u> suspend or withdraw GSP eligibility for Brazil and/or limit GSP eligibility for Brazilian leather hides (classified under Subheading 4107.11.5000, HTSUS).

PREVIOUS PRESENTATION

To best knowledge of Lear, we are unaware if similar written comments have been previously presented to the United States Trade Representative (“USTR”).

COMPANY BACKGROUND

Lear is a FORTUNE 500 company headquartered in Southfield, Mich., USA, that focuses on integrating complete automotive interiors, including seat systems, interior trim and electrical systems.

Lear supplies every major automotive manufacturer in the world, with the 'Big Three' American automakers constituting the majority of sales. (General Motors, Ford and DaimlerChrysler collectively accounted for approximately 64% of Lear's 2005 net sales). At year-end 2005, Lear net sales were $17.1 billion, making it the world's largest automotive interior systems supplier. The company reported a 2005 net loss of $1.4 billion.[1]

Lear's Seating Systems Division ("SSD") consists of the manufacture, assembly and supply of vehicle seating requirements. In 2005, the SSD accounted for approximately 65% of Lear's total net sales.

The seating systems typically represent 30% to 40% of the total cost of an automotive interior. In most cases, seating systems are designed and engineered for specific vehicle models or platforms. Seating systems are designed to achieve maximum passenger comfort by adding a wide range of manual and power features. Seat covers (in cloth and leather) constitute a substantial portion of the value of the seating system.

Lear maintains several U.S. and world-wide competitors within the seating system market segment, including Johnson Controls (U.S.), Faurecia (Europe), Magna (Canada), TS Tech Co., Ltd. (Europe) and Toyota Boshoku (Asia).

AUTOMOTIVE INDUSTRY BACKGROUND

The U.S. motor vehicle manufacturing industry is highly concentrated. U.S. passenger vehicle production accounts for more than 97% of total motor vehicle production, with foreign-based automakers accounting for a growing share of production. In 2001, traditional U.S. manufacturers (General Motors, Ford and DaimlerChrysler) accounted for 76% of passenger vehicle production. Japanese automakers Honda, Mitsubishi, Nissan, Subaru-Isuzu and Toyota accounted for 18%, and European automakers including BMW, Mercedes-Benz, Volkswagen accounted for 2%.[2]

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[1] Lear Corporation, Annual Report 2005, p. 56

[2] Ward's Automotive Reports, vol. 77, No. 5, Feb. 4, 2002, p. 8.

U.S. motor vehicle production decreased from 12.1 million units in 1997 to 11.4 million units in 2001. Production by the Big Three registered an average annual percentage decrease of 2.4%. During the period, the Big Three share of U.S. production decreased from 80% in 1997 to 76% in 2001. Further, sales of imports (as a percentage of total motor vehicle sales) increased from 13% of retail sales in 1997 to 18% in 2001. The greatest competitive pressure on U.S. automakers is from Japanese passenger vehicle production.

Based on average hourly pay, automotive employees earn more than employees in virtually every other industry in the U.S. Motor vehicle industry employees in the U.S. are the second-highest paid in the world, with Germany ranking first. A large percentage of the U.S. motor vehicle industry is unionized under the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW").[3]

Due to recent reduced passenger vehicle demand, some industry analysts estimate that global overcapacity calls for the closure of 40 auto facilities and up to 12 of them in North America.[4]

BENEFITS TO THE PETITIONER

Current Trade

Brazil is currently the 14th largest exporter to the U.S., totaling approximately $24.3 billion in 2005.[5] We prepared the following table to identify the amount and percentage that leather hides constitutes on a historical basis:[6]

	2003 (in millions)	2004 (in millions)	2005 (in millions)
Total GSP Value from Brazil	$2,490	$3,168	$3,628
Total Leather Hides Imported under GSP	$49	$82	$74
% of GSP Value	2%	2.5%	2%

[3] Ward's Automotive Yearbook 2001 (Southfield, MI: Ward's Communications, 2001), p. 293.
[4] Reuters, "Automakers face possible battle with UAW," Sept. 27, 2001, found at Internet address http://www.just-auto.com.
[5] U.S. International Trade Commission, USITC Dataweb, report run Sept. 4, 2006.
[6] U.S. International Trade Commission, USITC Dataweb, report run Sept. 4, 2006.

Current Benefits

Lear contracts with suppliers in Brazil to procure leather hides for its North American production. Based on the company's U.S. Customs Importer Activity Data for calendar year 2005, Lear imported approximately $39,348,064 from these suppliers and claimed preferential duty treatment under GSP.

Leather hides classified under Subheading, 4107.11.5000, HTSUS are dutiable at a 2.7% *ad valorem*. Accordingly, Lear's current benefit approximates **<u>$1.1 million</u>**.

Our analysis of 2003 and 2004 identify similar results, displaying approximate duty savings of **$1.3 million** and **$1.2 million**, respectively.

The GSP savings are an integral part of Lear's manufacturing structure and allow the company to offset lower sales, rising operational and raw material costs and to continue investing in research and development. The duty savings afforded by GSP for Lear are a factor in the difference between profitability and survival in challenging market conditions.

<u>Lower Sales</u>

Demand for our products is directly related to the automotive vehicle production by our major customers. Automotive industry conditions have become increasingly challenging. In North America, the industry is characterized by significant overcapacity, fierce competition and significant pension and healthcare liabilities for domestic automakers. North American automotive production by General Motors and Ford, our two largest customers, has declined between 2000 and 2005. These two customers have recently announced facility closures and other restructuring actions that will negatively impact our sales.

<u>Rising Cost of Operations and Raw Materials</u>

Higher costs of raw materials and commodities, principally steel, resins and other oil-based commodities, as well as higher energy costs, had a significant adverse impact in our operating costs in 2005 and will continue to hurt profitability in 2006. As mentioned above we have developed strategies to mitigate or partially offset this impact.

<u>Research and Development Activities</u>

Lear is a company whose industry segment is at the very forefront of research and development. Despite a worldwide decline in sales, Lear has not cut R&D spending which is critical to maintaining and increasing the high quality of its product output.

R&D activities consist primarily of activities centered on improving process control and manufacturing defect reduction and/or elimination.

ADDITIONAL ANTICIPATED FINANCIAL IMPACT

In addition to the direct financial benefits that Lear will recognize, we are providing a description of the anticipated financial impact that will result from the removal of GSP benefits for leather hides imported from Brazil. We believe that several positive public benefits result from maintaining GSP eligibility for Brazil may include:

- Reduction in Lear's Sourcing and Logistics costs (~$130,000/new supplier)
- Reduction in Lear's Customs Compliance costs (~$200,000/year)
- Reduction in Lear's Cargo Security costs
- Increased competitiveness of the U.S. automakers
- Stabilizing operations and employment levels throughout the U.S. automotive industry
- Increased export activity

Anticipated Impact to Lear

<u>Sourcing/Logistics</u>

Lear is engaged in the procurement of leather hides from various overseas suppliers, the vast majority of which are located in Brazil. These suppliers provide Lear with Brazil-origin leather hides that are made to the specifications provided by Lear and Lear's U.S. customers in the automotive industry. In addition, Lear maintains dedicated staff and is responsible for the logistics planning related to materials sourced overseas.

Lear's sourcing and logistics practices are complex and require a host of resources. Lear engages in a variety of activities when sourcing from new suppliers.

Due to the complexity of Lear's sourcing and logistics function, Lear's sourcing activities may entail four to six months of activity. Lear estimates that the costs associated with sourcing and logistics function for new suppliers of leather hides total $130,000 per new supplier. This figure was determined in coordination with our external advisor, KPMG LLP Trade & Customs Practice.

Compliance

Lear utilizes various trade management systems that primarily manage documentation preparation and retention. Lear has spent numerous hours training internal personnel and external service providers to properly claim GSP benefits for Brazilian leather hides. Further, Lear contracts with customs consultants to review the integrity and accuracy of its GSP program. Lear quantified the applicable information technology, resource dedication and consulting at over $200,000 per year. Should GSP eligibility be removed for Brazil, Lear will incur some of these additional compliance costs when implementing alternative low-cost leather hide suppliers.

Cargo Security

U.S. Customs & Border Protection ("U.S. Customs") established the Customs-Trade Partnership Against Terrorism ("C-TPAT") program to enhance the joint efforts of Customs and the trade community to ensure a more secure supply chain. C-TPAT requires importers to ensure the integrity of their supply chain by implementing security procedures and communicating security guidelines to their suppliers and supply chain partners.

Lear has been an active participant in the C-TPAT Program and a member since October 9, 2002. The cost of participation has been significant as Lear maintains several hundred suppliers around the world. Each new supplier must undergo a thorough examination to meet Lear's cargo security requirements. Should GSP eligibility be removed for Brazil, Lear will incur these additional cargo security costs when implementing alternative low-cost leather hide suppliers.

Anticipated Impact to U.S. Automotive Industry

The economic climate of the U.S. automotive industry is troubled. Decline in U.S. market share of passenger car sales combined with the significant labor/labor-related, manufacturing and research costs necessary to support the industry have left the U.S. automakers struggling to be profitable.

The U.S. automakers produce their vehicles from manufacturing facilities in the regions where they are sold, in part due to differing customer demands and tastes. In addition, the U.S. automakers with their UAW workforce have committed to maintain production in the U.S. While the U.S. automakers have implemented various manufacturing cost-savings measures, the U.S. automakers struggle with high labor and healthcare costs.

As a primary supplier of seating systems to the U.S. automakers, Lear's ability to maintain stable costs furthers the U.S. automakers ability to produce quality passenger vehicles at competitive prices. Further, we believe there is an amplification of GSP savings within the upstream automotive industry.

We conservatively estimate that the $1M in annual GSP savings that Lear recognizes from Brazilian leather hides is magnified by automotive manufacturers by an undetermined multiple. The immediate and long-term implication is that U.S. automakers can produce vehicles in the U.S. at competitive prices. Subsequently, U.S. automakers are better positioned to stabilize their U.S. manufacturing operations and employment levels and potentially increase passenger vehicle exports.

SUMMARY

We urge the U.S. Government to consider the actual and anticipated benefits and the financial impact on Lear and the U.S. automotive industry and **NOT** limit, suspend or withdraw GSP eligibility from Brazil and/or leather hides manufactured in Brazil.

ABICAB
Associação Brasileira da Indústria de Chocolate, Cacau, Amendoim, Balas e Derivados

September 4th, 2006

To:
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the US Trade Representative

The Brazilian Chocolate, Cocoa, Peanuts and Candies Manufacturers Association-Abicab founded 59 years ago, congregates large, medium and small companies, both domestically-owned and foreign-owned, that manufacture of chocolate and confectionery products in our country. This statement is submit to USTR's request for comments on the eligibility of major GSP beneficiaries.

We are absolutely certain that Brasil's current GSP benefit causes no harm to the local U.S. production, as the relative importance of our role as exporters is very modest in absolute terms, in spite of being substantial to our companies.

We request that the GSP benefits to the sectors we represent not be limited, suspended or withdrawn.

Please do not hesitate to request any further information that may prove relevant.

Best Regards,

Mr. Getulio Ursulino Netto
President

Av. Paulista, 1313 - 8° - cj. 809
São Paulo - SP - Brasil
CEP: 01311-923
Telefax: (11) 3266-4366
e-mail: abicab@uol.com.br
site: www.abicab.org.br

Ms. Marideth J. Sandler
Executive Director for the GSP Program
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
USTR Annex, Room F-220
1724 F Street, N.W.
Washington, D.C. 20508

Dear Ms. Sandler,

On behalf of Mann-Hummel Brasil Ltda corporation, I write in support of retaining Brazil's eligibility status as a GSP beneficiary country. The current five year authorization of the GSP program has allowed businesses based in Brazil to become a reliable supplier for eligible duty free products for use in the United States by our customers.

We are an automotive filter manufacturer with headquarters in Indaiatuba, São Paulo, currently employing proximately 1000 people. We have been in operation since 1954 and the Generalized System of Preferences (GSP), which expires at the end of this year, has been an important tool in guaranteeing the competitiveness of our company.

As you know, the GSP is a program that grants preferential duty-free entry for a number of products coming from some developing countries. We are concerned about recent reports which indicate that GSP might be allowed to expire. We strongly urge you to renew it in its entirety before the expiration deadline in December this year.

GSP is not only relevant for the companies that benefit directly from the program, but also for the whole US economy. Since the program was instituted in 1954, American companies have incorporated the benefits of its duty savings into their products and this has translated into greater competitiveness and lower prices to consumers. Types of products that benefit the most from GSP include oil, chemicals, electrical equipment, transportation equipment parts, food products and wood products.

We also want to emphasize that the GSP must continue to apply to the current list of beneficiaries. Specifically, we need Brazil to be preserved in the program, because it is crucial to the competitiveness of our company. If GSP is allowed to expire or Brazil is excluded from it, a major impact in our revenues and a higher price to our clients and final consumers will occur.

GSP makes a difference to us and to other US companies and their workers. Letting it expire, even temporarily, or reducing its benefits in any way would impose a costly hardship on us, reducing our competitiveness in this global economy.

In light of its many benefits, we strongly urge you to renew GSP in advance of the expiration deadline.

Sincerely,

Mauricio Manetta
Export Sales Manager
Mann-Hummel Brasil Ltda
mauricio.manetta@mann-hummel.com

MAHLE

Driven by performance

MAHLE Metal Leve S.A., Mogi Guaçu SP Brasil

MAHLE Metal Leve S.A
Unidade Pistões e Componentes
de Motores, Sistemas de Filtração
e Sistemas de Trem de Válvulas
Avenida Ernst MAHLE, 2000
Bairro Mombaça
13846-146 Mogi Guaçu SP Brasil

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

Nossa referencia	Sua mensagem	Relator	Telefone	Data
		CH	9240	Sept. 4, 2006

Dear Ms. Sandler,

On behalf of MAHLE Metal Leve S/A, I write in support of maintaining Brazil's eligibility status as a GSP beneficiary country. The current five-year GPS program authorization has allowed to our company to expand its Brazilian based business and has enabled us to become a reliable supplier for eligible duty-free products for use in the United States.

Our corporation has a strong export program and the U.S. automakers and aftermarket business has a heavy weight in our Brazilian operations. Please find below a small overview of our company:

- Number of plants in Brazil: 9
- Employees: 10.204
- Total Sales: US$ 746 Million
- Export Business: US$ 366 Million
- Exports to United States: US$ 133 Million
- Product Line: Engine Components for automotive applications
- Products included in the GSP program are:

HTSUS	BRIEF DESCRIPTION
8409.91.50	Parts nesi, used solely or principally with spark-ignition internal-combustion piston engines for vehicles of head 8701.20, 8702-8704
8409.91.99	Parts nesi, used solely or principally with spark-ignition internal-combustion piston engines for vehicles of head 8407, nesi
8409.99.91	Parts nesi, used solely or principally with the engines of heading 8408, for vehicles of heading 8701.20, 8702, 8703, 8704
8409.99.99	Parts nesi, used solely or principally with compression-ignition internal-combustion piston engines of heading 8407 0r 8408, nesi
8409.91.30	Aluminum cylinder heads
8483.30.80	Bearing housing, plain shaft bearing
8483.10.10	Camshafts and crankshafts
8483.10.30	Camshafts and crankshafts for vehicles of chapter 87
8421.23.00	Oil or fuel filters for internal combustion engines
8421.31.00	Intake air filters for internal combustion engines

MAHLE Metal Leve is also recognized in Brazil and worldwide for its high-quality standard in addition to promoting numerous social projects that strive for the welfare of local communities, its employees and their working environment.

GSP is not only relevant for companies directly benefited by the program, but also for the entire U.S. economy. Since the program was instituted in 1974, American companies have incorporated the benefits of its duty savings into their own products and this can be translated into greater competitiveness and lower prices to customers. The maintenance of Brazil as an eligible country for GSP is extremely important for the commercial relationship between our countries and will result in new and strong business opportunities.

We also would like to inform that our products are eligible for GSP since they have a minimum of 35% of local content as determined by the U.S. GSP Policy. In some cases, we achieve 100% of local content and, therefore, are 100% in line with the GSP Policy.

Additionally to current business with the U.S. automakers and aftermarket, we have invested in other new projects that will enlarge our business to the U.S. during the next years. Considering that the GSP might be allowed to expire in December 2006 and Brazil might not be preserved in the program, all these expenses and resources would be unfeasible, resulting in losses for enterprises in Brazil and the United States.

It is also important to point out that due to the current worldwide economic scenario, our products currently are being commercialized with bottom-line margin profitability, and nevertheless our company honors contracts and continues supplying its products to U.S. customers. Any change in the current terms for export sales to the U.S. would worsen the conditions and consequently result in losses for our North America customers and stockholders.

GSP makes a great difference to us and to our U.S. partners and their workers. Letting it expire, even temporarily, or reducing its benefits in any way would impose a costly hardship on us, increasing costs for U.S. consumers and reducing our - and American companies' - competitiveness in this global economy as well. The loss of competitiveness would be beneficial for Asian automakers in a direct dispute for the North American market.

Reasons to Keep Brazil in the GSP Program:

American consumers and companies benefit from it:
up to 53% of Brazilian exports to the US market through the GSP correspond to inter-company trade, increasing the competitiveness of American companies in global markets. Consumers in the U.S. also benefit from the lower prices.

Intellectual Property is enforced:
Due to the recent application of IP provision in the GSP, the Brazilian Government and private sectors have carried out a series of measures to protect IP, which has resulted in a 53% increase in the confiscation of counterfeit goods between 2002-2005.

China would benefit:
GSP gives Brazil an advantage over China in the U.S. market. In 2005, the U.S. trade deficit with China reached more than $ 200 Billion. Excluding Brazil from the GSP would stimulate even more the imports from that country.

Poor Countries will not benefit:
Brazil and other underdeveloped economies have diverse productive and export profiles. Only Brazil has the manufacturing base that meets the needs of U.S. companies which benefit from the system through imports from Brazil.

GSP contributes to development in Brazil and stands for up to 663,000 jobs:
In 2007 Brazil will be directly or indirectly involved in the production of goods exported to the US market through the GSP. The unemployment rate in Brazil is already about 10% and the exclusion of Brazil may cause a major economic setback.

MAHLE
Driven by performance

Fostering Bilateral Trade:
Brazil is the 4th largest trade partner of the U.S. in the Americas, with a bilateral trade flow of $ 38 billion in 2005. Bilateral trade can be significantly enhanced and the GSP is a key instrument to promoting strong and sustained trade between the two partners.

A Symbol of the U.S. – Brazil Partnership:
Brazil has a good relationship with the U.S. by virtue of a wide range of common values, such as democracy and the promotion of human rights. The exclusion of Brazil from GSP will empower forces against a strong and lasting partnership.

MAHLE Metal Leve S/A appreciates the opportunity to submit these comments for the consideration of the GSP Subcommittee of the Trade Policy Staff Committee during the current review of the GSP system. The GSP program permits our products to be more competitive than they would be if the duty would be due for payment. The GSP program has benefited our customers in the United States since they import our products duty-free, thereby lowering the cost of products being sold to American consumers.

In light of its many benefits, we strongly urge you to renew the GSP before its expiration deadline.

Sincerely,

Claus Hoppen
President and CEO
MAHLE Metal Leve S/A