SENATE FINANCE COMMITTEE

WRITTEN TESTIMONY

ON

U S Trade Preference Programs: How Well Do They Work?

by

PROF. MUHAMMAD YUNUS

NOBEL LAUREATE

&

MANAGING DIRECTOR, GRAMEEN BANK,

DHAKA, BANGLADESH

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I urge that the United States extend duty-free treatment to all goods imported from Least Developed Countries (LDCs). This commitment was one of the Millennium Development Goals of the United Nations in 2000, and has since been reiterated by successive declarations in the World Trade Organization (WTO). While the United States does extend preferential treatment to many LDCs, there are substantial gaps in the coverage of duty-free treatment for both countries and products. Bangladesh is among the LDCs that continue to face high tariff barriers on most of their exports to the United States. The vast majority of Bangladesh's exports consist of apparel. Far from receiving duty-free treatment in its access to the U.S. market, Bangladesh is actually subject to the fourth-highest average tariff rates among all U.S. trading partners.

2. The denial of duty-free access to major exports from Bangladesh to the U.S. market is a constraint on the socio-economic development of Bangladesh. Export-led growth, and especially exports of labor-intensive goods such as apparel, has long been a path out of poverty for developing countries. Trade in general, and especially exports of apparel, is a central element in the Bangladeshi development strategy. This sector provides employment for millions of poor and less skilled women, for whom work in apparel factories offers a means to provide for their families. The degree of access to the world's largest market is a key factor in the extent to which Bangladesh can produce these goods, provide jobs for these women, and rise up from its status as an LDC.

3. By granting duty-free treatment to Bangladesh, the United States can do well by doing good. This is a step that would redound to the benefit of U.S. consumers, especially those low-income persons for whom clothing is a major item in the family budget. Trade with Bangladesh also benefits U.S. exporters. The beneficiaries include not only those producers who contribute to the Bangladeshi garment industry, such as cotton growers and manufacturers of textile machinery, but also the farmers and other producers whose sales can grow in tandem with the rise of Bangladeshi spending power. Given the small size of Bangladesh's industry, further opening of the U.S. market will have little impact on the U.S. apparel industry. American producers abandoned the low-end of the commodity clothing

market years ago; the competition for Bangladesh and LDCs today can be found not in the United States, but in other Asian countries that have the capacity and market power to dominate the sectors of interest to poorer countries.

I. Why Trade Preferences are Essential

4. Bangladesh has been on the official United Nations list of LDCs ever since independence in 1971. With gross national income per capita of just $480, little less than half of our 144.4 million people live below the national poverty line. Despite growth in exports, the country struggles with a persistent merchandise trade deficit and infrastructure bottlenecks. Bangladesh is subject to recurrent and often devastating floods and tidal waves; natural disasters periodically wreak havoc on the economy in general and the apparel industry in particular. These constraints make it imperative that producers in Bangladesh not be further hindered by the barriers that their trading partners might erect. These problems, in one way or another, constrain the development prospects of all LDCs.

5. Bangladesh has taken several important steps towards a more market-oriented economy. In a report in 2006, the WTO credited Bangladesh's "prudent macroeconomic policies and ongoing structural reforms" for its robust growth in real GDP.[1] Bangladesh is reforming its trade regime through autonomous efforts and international negotiations, and is an active participant in the Doha Round. Trade reforms have been complemented by action in the fields of investment and monetary policy. Bangladesh has one of the most liberal investment regimes in South Asia, placing no limits on foreign equity participation.

6. The country depends greatly on its access to foreign markets. The textiles and clothing industry has remained the driving force behind Bangladesh's exports, accounting for over 83% of total exports during this decade.[2] Between 1986 and 2006, exports of goods and services have risen from 5.4% to 17.8% of GDP. Those exports grew by 11.7% per year

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[1] World Trade Organization, *Trade Policy Review — Bangladesh; Report by the Secretariat* WT/TPR/S/168 (Geneva: WTO, 2006), page 1.

[2] UNSD, Comtrade database (SITC Rev.3), as calculated by the WTO Secretariat.

between 1986 and 1996, but the annual growth rate slowed somewhat to 9.6% during 1996-2006.[3] *If Bangladesh is to achieve the 12.5% annual growth in exports required for its development, it will need to see further reductions in the tariff barriers it faces, particularly in the United States.*

7. In September, 2000, at the United Nations Millennium Summit, world leaders "call[ed] on the industrialized countries … [t]o adopt, preferably by the time of [the Third United Nations Conference on the Least Developed Countries to be held in May 2001], a policy of duty- and quota-free access for essentially all exports from the least developed countries."[4] This was reiterated, in 2001[5] and at the WTO's Doha Ministerial Conference.[6] Some of the industrialized countries have largely fulfilled this promise, as described below, in Table 1.

Table 1: Selected Countries' Duty-Free Treatment of LDC Imports, 2003

	% of Tariff Lines	% of Imports
Australia	100.0	100.0
Canada	98.9	100.0
China	6.6	93.3
European Union	99.4	99.1
Japan*	85.5	51.0
Korea	9.6	11.6
New Zealand	99.2	100.0
Norway	96.4	99.5

3 *Ibid*.

4 Part of MDG III.15, as recorded in UN document A/RES/55/2 (18 September 2000).

5 The Brussels Declaration approved at the Third United Nations Conference on the Least Developed Countries called for "improving preferential market access for LDCs by working towards the objective of duty-free and quota-free market access for all LDCs' products in the markets of developed countries." Paragraph 6 of the Brussels Declaration, in Third United Nations Conference on the Least Developed Countries, A/CONF.191/12 (July 2, 2001).

6 The assembled trade ministers "commit[ed] [them]selves to the objective of duty-free, quota-free market access for products originating from LDCs." Paragraph 42 of the Doha Ministerial Declaration, Doha Ministerial Conference, WT/MIN(01)/DEC/W/1 (November 14, 2001).

Singapore	99.9	100.0
Switzerland	86.2	95.5
Taipei, Chinese	18.5	96.5
United States	81.8	62.0

Source: Adapted from "Market Access Issues Related to Products of Export Interest Originating From Least-Developed Countries: Note by the Secretariat," WTO document WT/COMTD/LDC/W/38/Corr.1 (11 July 2006). **Note:** * On 1st April 2007, Japan has announced that 98% of their tariff lines would be duty-free for LDCs. This would cover 99% of imports from LDCs in 2006. It is hoped Japan will go all the way soon.

8. Bangladesh enjoys duty-free entry into the European Union under the GSP and the "Everything But Arms" (EBA) programs, provided that products fulfill the rules of origin. Since January 2003, Canada has granted duty-free access to all Bangladeshi exports, including garments. *The Canadian program, on account of the liberal rules of origin, has been particularly valuable; between 2003 and now, Bangladesh's exports to Canada have doubled.*

9. The United States also offers special treatment to many LDCs, but the preferences extended to Bangladesh are not as generous as those granted to most U.S. partners. Bangladesh, and other LDCs in Asia and the Pacific, falls outside the scope of these regional preference programs. Consider the following points:

- Of the 50 LDCs, only those located in Asia and the Pacific are outside the geographic scope of special preference programs such as the AGOA and the CBI. These excluded LDCs include, in addition to Bangladesh, apparel exporters such as Cambodia and Nepal, as well as some other LDCs that export little or no apparel (e.g., Afghanistan and Samoa).
- Whereas 75.5% of all imports from LDCs entered the United States duty-free in 2006, only 7.8% of imports from Bangladesh were duty-free.
- The average tariff on all imports from LDCs was 3.8% in 2006. While this was high compared to the average tariff on imports from OECD countries (0.8%), it was low compared to the average 14.9% tariff on imports from Bangladesh.
- The average tariff on imports of apparel and accessories from Bangladesh was 16.5%, compared to 1.3% for similar products imported from Haiti (a CBI beneficiary) and 0.1% for Lesotho (an AGOA beneficiary).

10. The differing programs of the industrialized countries have clearly had an impact on the patterns of Bangladeshi trade. Between 1994-1995 and 2003-2004, the EU market grew from 46.8% to 64.7% of Bangladesh's apparel exports. During that same period, the U.S. share dropped from 47.7% to 29.0%.[7]

11. Any duty-free treatment extended to all LDCs now will lose much of its value soon. If the Doha Round negotiations succeed in reducing tariffs on imports into the United States, they will also reduce the margins of preference available under special programs for LDCs. The impending closure of this window makes it all the more imperative that the duty-free commitment be fulfilled soon, before it is too late to do any good for the intended beneficiaries.

12. The decision taken at Hong Kong for industrialized countries to provide duty-free access to 97% of their tariff lines by 2008 or the start of the implementation of the Doha Round can have potentially crippling restrictions. Depending on how the exclusions are selected, they could ensure that the duty-free initiative represents little change from the status quo. Take apparel and accessories from LDCs (i.e., the sector subject to the highest average tariffs). In 2006, this sector accounted for $6.2 billion worth of U.S. imports from the LDCs. The first twenty 8-digit items in this category accounted for $4.6 billion (i.e., 74.7% of U.S. imports from the LDCs in this sector). *An exclusion for 3% of all tariff lines can be translated, if one wished to do so, into something effectively approaching a 100% exclusion for the apparel and accessories sector.*

13. Figure 1 shows that LDCs account for a very small share of total U.S. imports.[8] As of 2006, the United States imported $23.2 billion (which includes $15 billion in oil & gas) worth of merchandise from the LDCs, or 1.3% of all U.S. imports (*just 0.2% of all U.S.*

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7 World Trade Organization, *Trade Policy Review — Bangladesh; Report by the Secretariat* WT/TPR/S/168 (Geneva: WTO, 2006), page 109.

8 Note that unless otherwise identified, the source for all trade data in this comment is the U.S. International Trade Commission's DataWeb. All sectoral data are based on 3-digit NAIC categories.

imports originated in Bangladesh). If one excludes this sector (oil & gas) from the equation, the LDC share of the U.S. import market was just 0.5% in 2006.

14. Figures 1 and 2 show that, by comparison with three other categories of U.S. trading partners,[9] the LDCs are very small partners. The industrialized countries accounted for the largest share of both U.S. imports and trade deficit. Most of the remainder of the trade deficit was evenly divided between China and the rest of the non-LDC developing countries. The LDCs were responsible for only 1.9% of the deficit, *with the oil and gas sector accounting for 85.7% of the $17.5 billion U.S. merchandise trade deficit.*

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[9] Note that for figures 1 through 3, the following categories are used: industrialized countries are members of the Organization for Economic Cooperation and Development; least developed countries are the 50 countries that receive this designation by the United Nations; and other developing countries are all countries not identified as industrialized, least developed, or China.

Figure 1: U.S. Merchandise Imports by Partners' Income Level

Billions of Current Dollars, Imports for Consumption (Customs Value)

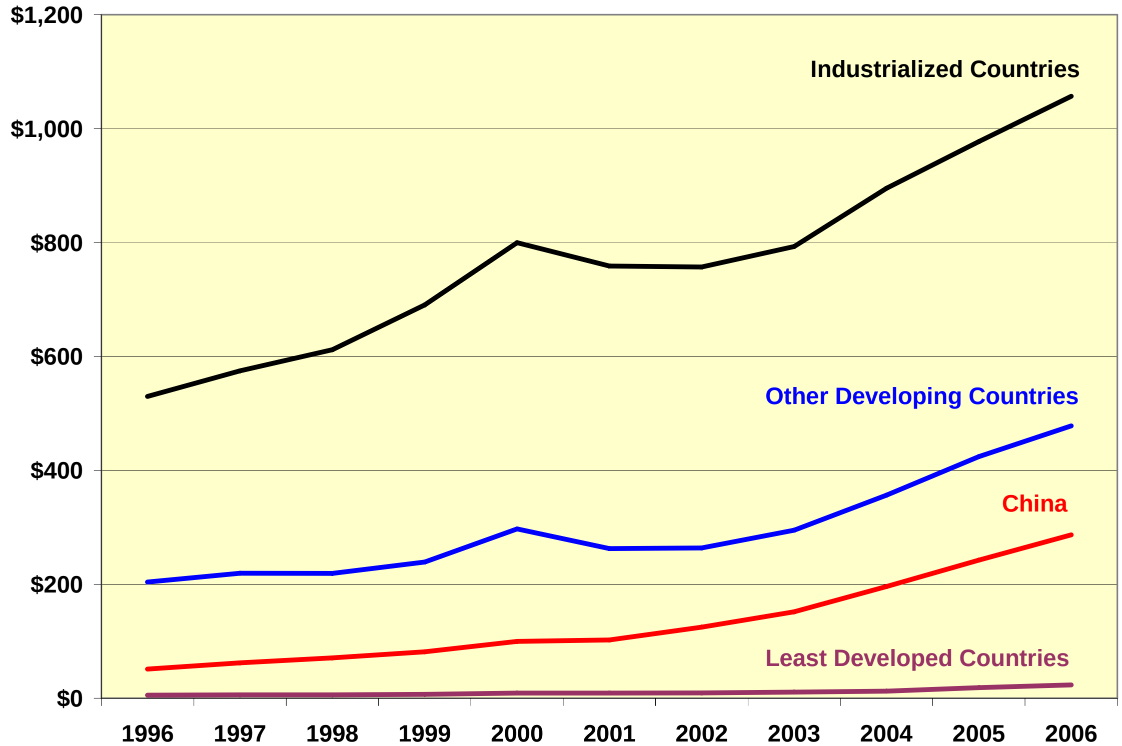
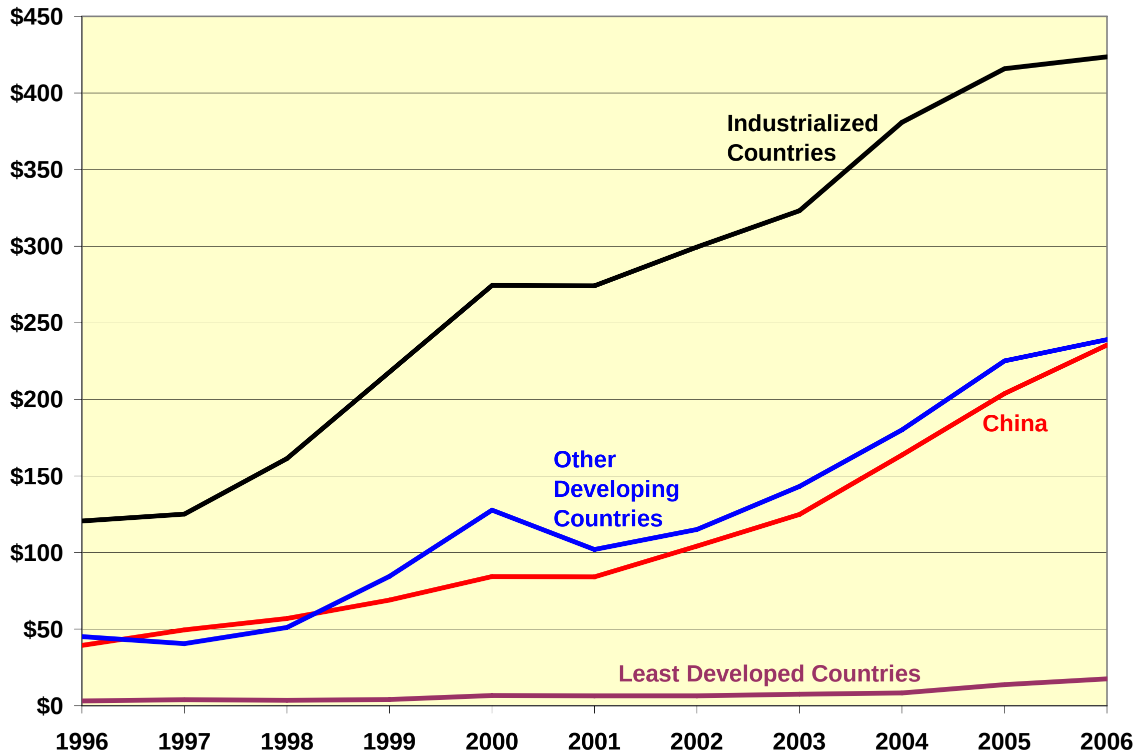


Figure 2: U.S. Merchandise Trade Deficit by Partners' Income Level

Billions of Current Dollars, Imports for Consumption (Customs Value) and Domestic Exports (FAS Value)



15. The LDCs must contend with numerous obstacles that impede their ability to trade with the United States. Many of the structural disadvantages of the LDCs defy simple quantification, but figures for two of the most significant ones can be derived from U.S. trade data. These numbers, as reported in Figure 3 and Table 2, demonstrate both the high tariff barriers erected to the U.S. market, as well as the high cost of shipping goods from LDCs to the United States.

16. As seen from Table 2, on average, it costs $4.88 to ship $100 worth of goods from an LDC to the United States. When this is added to the average tariff of $3.76, that comes to total costs of $8.64. *That is almost three times more than the costs that one would need to pay in order to import $100 worth of goods from the average industrialized country ($2.96). If tariffs on the LDC goods were eliminated and the industrialized country tariffs remained in place, the LDCs would still face higher costs in seven of the ten sectors.*

Figure 3: Average U.S. Tariffs by Partners' Income Level

Calculated Duties as a Percentage of All Imports for Consumption (Customs Value)

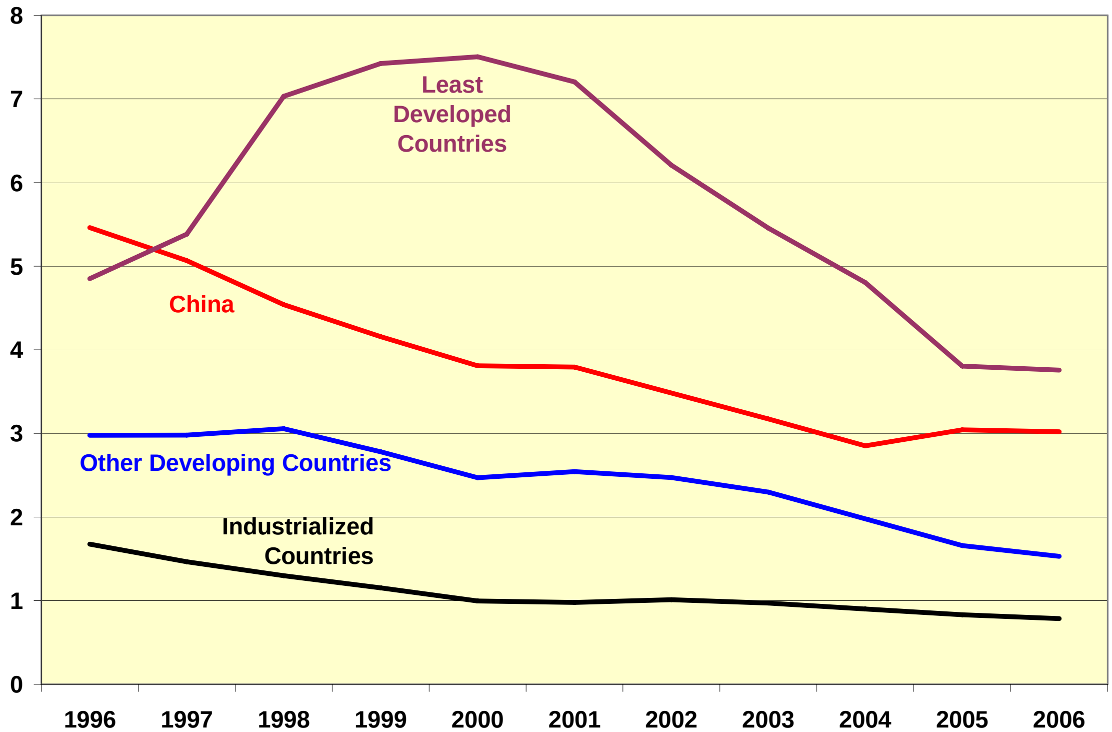


Table 2: Competitive Disadvantages of LDCs in the U.S. Market, 2006

Costs of Importing Goods into the United States as a Percentage of the Value of Goods

	Imports from LDCs			Imports from OECD Countries			Difference
	Shipping	Tariff	Total (A)	Shipping	Tariff	Total (B)	(A-B)
Oil and gas	4.07	0.00	4.07	1.64	0.00	1.64	2.43
Apparel and accessories	6.25	13.85	20.10	1.98	6.08	8.06	12.04
Petroleum and coal products	5.61	0.04	5.65	3.77	0.31	4.07	1.58
Fish, fresh, chilled, or frozen	5.22	0.00	5.22	3.21	0.04	3.25	1.97
Agricultural products	7.69	1.00	8.69	6.31	0.30	6.61	2.08
Misc. manufactured commods.	0.73	0.04	0.76	1.34	0.81	2.15	-1.38
Forestry products	3.91	0.00	3.92	4.75	0.10	4.85	-0.94
Textile mill products	8.09	5.62	13.71	4.07	3.29	7.35	6.35

Chemicals	9.05	0.01	9.07	1.81	0.63	2.44	6.62
Minerals and ores	27.92	0.00	27.92	12.76	0.02	12.78	15.14
All products	**4.88**	**3.76**	**8.64**	**2.18**	**0.79**	**2.96**	**5.67**

Shipping = Charges, insurance, and freight as a percentage of the customs value of U.S. imports.

Tariff = Calculated duties as a percentage of the customs value of U.S. imports.

Total = Shipping plus tariff.

II. The Existing Preferential Programs for LDCs are Inadequate

17. The United States has extended preferential access to developing countries ever since the Generalized System of Preferences (GSP) entered into effect in 1976. Other programs that offer preferential access to the LDCs, as well as other developing countries, include the Caribbean Basin Initiative (CBI), which came into effect in 1984; the African Growth and Opportunity Act (AGOA), which came into effect in 2001; and the Haitian Hemispheric Opportunity through Partnership Encouragement Act, which came into effect in March, 2007.

18. These preferential trade programs form a hierarchy of treatment for the LDCs. Table 3 shows the current designations of the LDCs on that hierarchy. At the top of the hierarchy are those countries that currently receive comprehensive (though not universal) duty-free access to the U.S. market, either through AGOA or the various programs now available to Haiti. There are 21 countries in this category, which is especially valuable to the three among them that are principally dependent upon exports of apparel. Another six LDCs receive partial preferences under AGOA, **meaning that they benefit from all but the apparel provisions of this program**. The next step down is for the 16 countries that benefit from the expanded list of products eligible for the GSP when exported by LDCs. That is an important benefit for the oil exporters (i.e., Mauritania and Yemen), insofar as the GSP-LDC program covers their major commodity, **but the same cannot be said for the apparel exporters (i.e., Bangladesh, Cambodia, and Nepal).** Three other LDCs receive only

standard GSP preferences, and four LDCs are not designated for any preferential programs at all.

19. The range of goods eligible for duty-free treatment under the GSP is much wider for the LDCs than it is for other developing countries, but the law does not specify the standards by which the LDCs are to be determined.[10] Forty-three of the LDCs are designated for GSP-LDC treatment. Four LDCs are denied standard GSP treatment, and hence are excluded from the GSP-LDC program as well,[11] and three other LDCs benefit only from the standard GSP program. In the case of AGOA, the "lesser developed beneficiary sub-Saharan African countries" are subject to less onerous rules on apparel imports. The criterion is simple: a per capita gross national product of less than $1,500 in 1998.[12]

Table 3: Designations of LDCs Under U.S. Preferential Programs

Status as of January 1, 2007; Countries Listed According to Highest Preferences Received

	Apparel-Dependent (High MFN Tariffs)	All Other LDCs	Oil-Dependent (Low MFN Tariffs)
Comprehensive Preferences	Haiti, Lesotho, Madagascar	Benin, Burkina Faso, Cape Verde, Dem. Rep. of the Congo, Ethiopia, Guinea-Bissau, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, Zambia	Chad, Equatorial Guinea
Partial AGOA Preferences	—	Burundi, Djibouti, Gambia, Guinea, Sao Tome & Principe	Angola
GSP-LDC Preferences	Bangladesh, Cambodia, Nepal	Afghanistan, Bhutan, Comoros,* Central African Republic,* Kiribati, Liberia,* Samoa, Somalia,* Togo,* Tuvalu, Vanuatu	Mauritania,* Yemen
Standard GSP Preferences	—	East Timor, Eritrea,* Solomon Islands	—
No Preferences	Laos	Maldives, Myanmar(Burma), Sudan*	—

- *= The country is potentially eligible for the African Growth and Opportunity Act but has not been designated.*

Comprehensive Preferences = Full AGOA benefits for Africa, or CBI, CBTPA, and HOPE for Haiti.

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10 Section 2467(5) of the Trade Act of 1974, as amended, defines a "least-developed beneficiary developing country" as "a beneficiary developing country that is designated as a least-developed beneficiary developing country."

11 East Timor, Laos, Liberia, Maldives, Myanmar, and Sudan.

12 Section 112(b)(3)(B)(ii) of the African Growth and Opportunity Act of 2000. This provision was later amended by section 3107(b)(3)(B) of the Trade Act of 2002 to specify that Botswana and Namibia are also to be considered lesser developed beneficiary sub-Saharan African countries.

20. In addition to all of the U.N. LDCs in sub-Saharan Africa, this definition covers six countries that are not considered to be LDCs under the U.N. criteria.[13] The United States thus takes a more restrictive approach than the UN when defining LDCs for purposes of the GSP, and a less restrictive approach for purposes of AGOA.

21. I now turn to the question of how far the United States has gone in extending duty-free access to each of the LDCs. It is important to observe here that "duty-free" is not a synonym for "preferential." In fact, many of the imports that enter the United States — whether from LDCs or other countries — do so on an MFN basis. As can be appreciated from the data in Table 5 (in Annex), some 7.8% of imports from LDCs entered on an MFN duty-free basis in 2006, and for some countries the share was far higher. For 17 of the 50 LDCs, *all* imports entered on a non-preferential basis, but this does not necessarily mean that they faced high barriers. For 15 of these 17 countries, most or all of their shipments to the United States entered MFN duty-free. On average, about three-quarters of all imports from LDCs entered duty-free. T*here are some very notable exceptions to the general pattern, however, in which four countries enjoyed duty-free access for less than half of the exports (i.e., Bangladesh, Cambodia, Laos, Nepal).*

22. The most important observation about U.S. imports from Bangladesh can be summed up in one short sentence: The great majority of these imports are in the textile and apparel sector. The data in Table 6 (in Annex) break down the U.S. imports from Bangladesh by sector.[14] Apparel and accessories accounted for nearly 90% of U.S. imports in 2006; if one adds the figures for textile mill products and textiles and fabrics, the full range of the textile and apparel sector contributed 92.5% of all U.S. imports from Bangladesh.

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[13] The non-LDCs that are considered by the United States to be lesser developed beneficiary sub-Saharan African countries are Botswana, Cameroon, Ghana, Kenya, Namibia, and Nigeria.

[14] Except where otherwise noted, all U.S. trade and tariff data cited in this comment are derived from the U.S. International Trade Commission's DataWeb.

23. The data in Table 7 (in Annex) show that over 90% of all U.S. imports from Bangladesh are dutiable on an MFN basis. The average duty on dutiable goods was 16.2% in 2006, and the average duty on all imports was 14.9%. *In order to appreciate the magnitude of that average 14.9% tariff, consider the fact in 2006 the United States imported products from 232 countries and territories: only three faced higher average tariffs than Bangladesh: Macao (16.5%), Cambodia (16.7%), and Mongolia (17.2%).*

24. *These tariffs are an inequity*. In 2006, the United States collected $487.2 million in tariffs on goods imported from Bangladesh, more than twice the U.S. Government transfers to Bangladesh via foreign assistance.[15]. This may also be thought of as imposing $3.38 in taxes on every man, woman and child in Bangladesh, a country with a per capita income of just $480 per person. When one considers that some 36% of the Bangladeshi population subsists on less than $1 per day,[16] that transfer appears to be especially inappropriate.

25. Rules of origin (ROOs) are one of the more problematic aspects of preferential trade programs in both the United States and other industrialized countries. That is especially true in the case of apparel, which is the most prominent sector in U.S. imports from several LDCs. The conditions placed on a benefit extended to the poorest countries can have the effect of diminishing or even negating the value of the intended benefit. Even when relaxation was made to the ROO (such as, in AGOA), their period of validity had acted as a disincentive for long-term investment.

26. As part of the Hong Kong Ministerial Decision (2005), the ministers agreed in Annex F: Special and Differential Treatment that developed countries shall "[e]nsure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access." This is a matter of high priority for the LDCs, as

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[15] The budget for U.S. Agency for International Development Activities in Bangladesh during Fiscal Year 2007 is $85.2 million (see http://www.usaid.gov/policy/budget/cbj2007/ane/bd.html), or 17.5% of the size of these tariff payments.

[16] World Trade Organization, *Trade Policy Review — Bangladesh; Report by the Secretariat* WT/TPR/S/168 (Geneva: WTO, 2006), page 6.

expressed in a joint submission that they made to the WTO in mid-2006. In their summation of the literature on this topic, the LDCs made the following observations:

- There is a direct cost associated with the completion of Rules of Origin of about 3 per cent to 5 per cent which reduce exports under preferential schemes;
- Rules of Origin can make it more difficult to achieve economies of scale since input requirements may vary according to destination markets of the final products;
- Rules of Origin are an incentive to purchase intermediates in the country conceding the preference, and this can be a source of a trade diversion if there is a more efficient producer of intermediates elsewhere;
- Rules of Origin can be used as a means of protection for the importing country, with some studies showing that the larger the difference in tariffs, the more restrictive the associated Rules of Origin; and
- Rules of Origin usually do not recognise constantly changing industrial configurations brought about through globalisation and can retard the effective utilisation of trade preferences and may impede rather than facilitate preferential market access.[17]

27. The U.S. International Trade Commission, in its recent analysis of U.S. import barriers on protected sectors, examined the relative impact of quotas, tariffs, and ROO-based preferences in the textile and apparel sector. After forecasting the effects of liberalization, the analysis concluded that "in nearly every sector, the liberalization of tariffs has a greater estimated impact than the liberalization of quotas, but both of these effects are small compared to the effect of removing ROO-based preferences."[18]

28. For these reasons, I urge that the initiative to complete the process of extending duty-free treatment to all LDCs be accompanied by reform of ROOs in the existing programs.

III. Impact of duty-free Treatment on U.S. Producers and Consumers

29. Imports of apparel from LDCs benefit U.S. consumers, and especially those lower-income consumers for whom clothing and other essentials comprise a major share of

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17 "Least-Developed Countries' Proposal on Rules of Origin: Communication from Zambia on behalf of the LDC Group," WTO document TN/CTD/W/30 (12 June 2006), pages 4-5.

18 U.S. International Trade Commission, *The Economic Effects of Significant U.S. Import Restraints: Fifth Update 2007* USITC Publication 3906 (February, 2007), page 80.

expenses. Apparel is a big-ticket item in U.S. budgets, accounting for 4.0% of the average household's expenditure at year-end 2006.[19] That is down from the 4.5% spent on apparel at year-end 2001,[20] thanks to the fact that there has actually been *disinflation* of apparel prices since the phase-in period began for the results of the Uruguay Round. As shown in Figure 4, apparel prices had risen at a fairly gradual pace between 1984 (just before the Uruguay Round negotiations began) and 1995 (when the talks concluded), and since then — as the tariffs have been phased down somewhat and the quotas phased out entirely — prices for apparel have actually declined. As of January, 2007, the index for apparel was a mere 115.1 (1984 = 100), down from a peak of 131.0 in both 1993 and 1994. Compare this to other big-ticket items in household budget, most of which doubled between the starts of 1984 and 2007. That was the case for energy (indexed at 187.3 in January, 2007), food (198.2), and housing (206.8).

30. To see what this may mean for the individual consumer, consider the case of the single largest item imported from Bangladesh: men's or boys' trousers and shorts, (not bibs, not knitted or crocheted), of cotton not containing 15% or more by weight of down (HTS item 6203.42.40). In 2006, the United States imported $524.3 million worth of these trousers from Bangladesh, at an average price of $4.51 per pair. That is 13.9% below the unit price for the same product imported from Bangladesh in 1996 ($5.24), thus showing that Bangladeshi producers have passed along the benefits of increased efficiency and lower costs to their U.S. customers. When the U.S. Government imposes a 16.6% *ad valorem* tariff on those trousers, however, it erases those gains and effectively raises the price that consumers must pay for this staple item in everyman's closet. If we add the cost of shipping and the tariff, and assume that the retail sales price is twice this landed cost, the price of the trousers to the consumer will be $11.08. If there were no tariff, *ceteris paribus* the retail price would be $9.58. *While that $1.50 difference may sound small, every penny looms large in the budgets of working families*.[21]

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[19] Bureau of Labor Statistics data, at ftp://ftp.bls.gov/pub/special.requests/cpi/cpiri2006.txt.

[20] Bureau of Labor Statistics data, at ftp://ftp.bls.gov/pub/special.requests/cpi/cpiri93-95_2001.txt.

[21] For an elaboration on this argument see Edward Gresser, *America's Hidden Tax on the Poor: The Case for Reforming U.S. Tariff Policy* (Progressive Policy Institute, 2002).

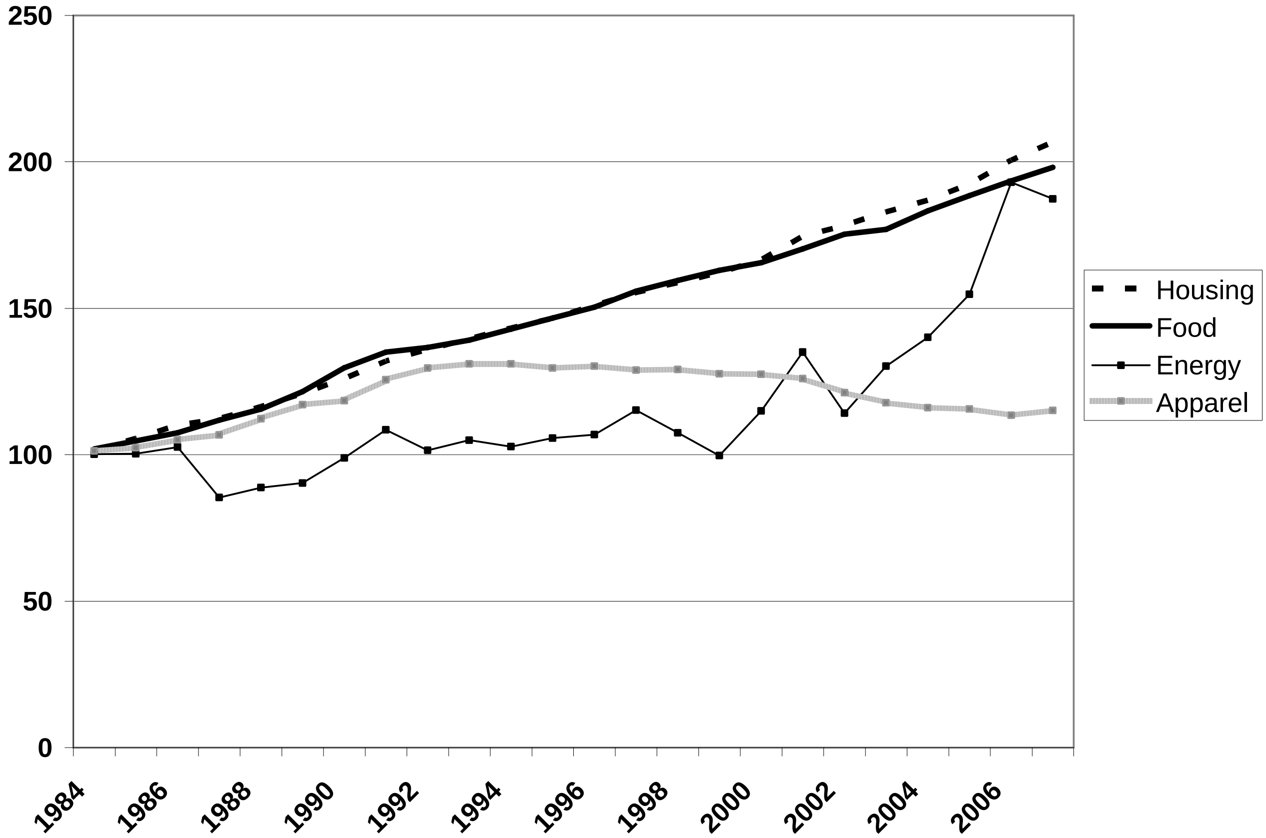
31. The beneficiaries of this tax are not the poor women in Bangladesh who make the trousers, or the sometimes low-income American men who buy them, or even the workers who used to manufacture a competing product in the United States, (but whose jobs have long since been lost as the United States abandoned this segment of the market). The gain is instead to the trouser producers in China. Their trousers face the same 16.6% tariff as the Bangladeshi product, and their share of the U.S. market (measured by value) has risen from 3.9% in 1996 to 7.4% in 2006. That is not a gain for the U.S. consumers, however, as the unit price of Chinese trousers ($6.50 before shipping and tariffs) is 44.1% higher than that of the Bangladeshi product.

32. The U.S. apparel industry is in a process of contraction and consolidation, and this process has been underway for decades. That process would continue regardless of any changes that might be made in the market access granted to LDCs. From the available evidence, it seems to unlikely that elimination of remaining tariffs on Bangladeshi apparel will have any discernible effect on these trends. *Bangladesh caters to the low end of the clothing market, and the real competition in that segment is not between Asian and U.S. producers, but among the Asian producers themselves.*

32. A recent study by the USITC forecast the results that might be expected from complete liberalization (i.e., removal of all remaining tariffs and quotas) in the U.S. apparel import market. By 2011, there would be decreases over the baseline for both apparel industry output (down 5.5%) and employment (down 4.3%). Those are rather modest declines, and the share that can be attributed to Bangladesh — which currently supplies just 3.8% of U.S. apparel imports — would only be a small fraction of the total. The number must be smaller still when one considers that there are very few imports from Bangladesh that compete directly with any of the remaining production in the U.S. apparel industry.

Figure 4: U.S. Prices for Key Consumer Goods, 1984-2007

Indexed at 1984 = 100; Prices for January of Each Year; For All Urban Consumers



Source: Calculated from Bureau of Labor Statistics data available at http://www.bls.gov/cpi/home.htm#data. Note that data for apparel are apparel minus footwear.

33. The U.S. industry has redirected itself to higher ends of the market. "Producers of textiles and textile products have shifted towards segments in which they serve niche markets profitably," according to a recent study by the OECD, "such as industrial textiles and home furnishings."[22] *The United States does not compete head-to-head with Bangladesh*.

34. Instead of competing with US producers , the Bangladeshi industry offers export opportunities for American farmers and manufacturers. Table 4 shows the main U.S. exports to Bangladesh. Some of those exports went directly into the apparel industry, which

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[22] Organization for Economic Cooperation and Development, *Trade and Structural Adjustment: Embracing Globalisation* (Paris: OECD, 2005), page 219.

imported $403.3 million worth of cotton from the United States during 2000-2006, as well as another $118.8 million worth of fabric, textile machinery, buttons, and other inputs.

Table 4: U.S. Exports to Bangladesh, 2000-2006

Domestic Exports, Thousands of Dollars

NAIC Number & Description	2000	2001	2002	2003	2004	2005	2006
Supplies/Equipment for Apparel Industry	**62,240**	**93,628**	**83,410**	**67,571**	**89,401**	**61,568**	**64,242**
111920: Cotton	49,241	75,988	65,913	56,510	73,655	42,248	39,698
333292: Textile machinery	3,754	4,882	7,606	3,861	7,614	7,707	9,715
325221: Cellulosic organic fibers	2,175	2,078	3,485	2,473	3,526	6,697	5,352
339993: Fasteners, buttons, needles, & pins	84	331	623	508	233	1,119	3,036
314: Textile mill products	1,899	2,291	1,306	1,670	1,041	2,226	2,002
313312: Textile & fabric finish. Mill prods.	0	0	0	124	0	3	1,739
313210: Broadwoven fabrics	2,573	3,987	1,540	1,054	915	730	1,279
313249: Knit fabrics and lace	798	1,705	1,498	399	317	258	1,142
313pt.: Other textiles & fabrics	1,716	2,366	1,439	972	2,100	580	279
Food and Agricultural Commodities	**31,339**	**58,108**	**58,730**	**23,085**	**29,058**	**33,504**	**33,397**
111140: Wheat	15,696	24,831	16,721	9,998	14,326	4,045	11,428
311pt.: Other food products	9,279	13,661	11,631	8,506	8,928	7,803	10,125
111pt.: Other agricultural products	5,279	5,316	2,602	3,594	2,694	5,248	4,303
311222: Soybean oil & by-products	0	14,286	25,593	936	599	10,241	4,280
311514: Dry, condensed, & evap. Dairy	1,085	14	2,183	51	2,511	6,167	3,261
Other	**53,216**	**68,873**	**57,537**	**65,293**	**98,006**	**116,179**	**162,076**
335312: Motors & generators	15,945	13,984	10,716	9,516	30,641	25,210	36,235
910000: Waste & scrap	5,099	7,832	7,633	13,428	10,656	16,617	33,417
333132: Oil & gas field machinery & equip.	1,525	756	1,095	4,507	3,681	3,386	13,739
335224: Household laundry equipment	632	527	3,289	2,578	3,235	6,737	12,879
334220: Radio & TV broad./wireless equip.	3,804	13,733	5,237	2,503	8,818	20,701	8,376
333291: Paper industry machinery	64	7	13	0	104	561	7,557
990000: Special classification provisions	4,041	4,756	5,216	3,677	5,225	4,820	7,390
333999: Other misc. general purpose mach.	4,140	1,773	1,856	1,363	691	2,404	5,775
333611: Turbines & turbine generator sets	327	236	494	1,667	3,212	3,164	5,505
336413: Aircraft parts & auxiliary equipment	3,017	2,698	3,573	4,967	4,842	6,187	5,230
333618: Other engine equipment	1,083	1,370	847	2,080	892	2,419	3,636
325412: Pharmaceutical preparations	5,410	8,059	7,018	7,329	7,456	6,704	3,623
325320: Pesticides & other agric. Chems.	1,480	2,640	700	1,119	2,020	617	3,594
334516: Analytical laboratory instruments	1,584	1,620	1,383	1,217	2,013	2,563	3,200
326199: All other plastics products	496	1,157	566	1,173	1,118	1,100	3,168
325199: All other basic organic chemicals	3,020	3,744	5,126	6,324	6,754	6,811	3,066
334515: Instrs. for measuring/testing elec.	1,307	2,271	2,545	1,283	5,802	4,517	2,863
335991: Carbon & graphite products	242	1,710	230	562	846	1,661	2,823
Subtotal	**146,795**	**220,609**	**199,677**	**155,949**	**216,465**	**211,251**	**259,715**
All other	**84,923**	**80,952**	**60,156**	**61,475**	**64,113**	**99,311**	**67,291**
Total	**231,718**	**301,561**	**259,833**	**217,424**	**280,578**	**310,562**	**327,006**

Source: Calculated from U.S. International Trade Commission's DataWeb.

35. While Bangladesh is currently a relatively small market for U.S. agricultural exports, the prospects for U.S. sales of agricultural commodities will rise as the Bangladeshi economy grows. This is the clear implication of a study recently conducted by Bread for the World. Forecasting the results that could be expected if GDP growth rates in poor countries were simulated to increase to 7% per year from 2007 to 2020, it showed substantial increases in exports for U.S. agricultural commodities to countries such as Bangladesh.[23] Exports of other goods should also rise in the coming years. As shown in Table 4, total U.S. exports to that country rose by 41.1% during 2000-2006, including a wide range of capital and consumer goods. The range of beneficiaries is larger still if one includes the U.S. investments in Bangladesh (e.g., in the services sector), as well as the many U.S. firms that produce goods such as computers in off-shore operations and ship them directly to Bangladesh from other Asian countries.

IV. The Bangladesh Apparel Industry

36. I must add a few words about the remarkable history of the apparel industry in Bangladesh. Beginning from almost nothing in the 1970s, the industry has experienced very rapid growth in employment, production, and exports. Apparel accounted for one-eighth of Bangladeshi exports by 1985, and then grew to two-thirds by 1996 and three-quarters by 1999.[24] The opportunities were created by a combination of low wages and a global quota system; Bangladesh advanced its ability to exploit these opportunities by enacting economic reforms and obtaining preferential access to some foreign markets.

37. The apparel sector offers a major opportunity for families to rise up from poverty. Employment in this sector is overwhelmingly female.[25] Over two million people are

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[23] Marcelle Thomas and Antoine Bouët, *Effects of Economic Growth in Developing Countries on U.S. Agriculture: Preliminary Evidence from a Global Computable General Equilibrium (CGE) Model* (NP: Bread for the World Institute, 2007).

[24] Bhattacharya and Rahman, *op. cit.*, page 4.

[25] See Pratima Paul-Majumderr, "Organising Women Garment Workers: A Means to Address the Challenges of Integration of the Bangladesh Garment Industry in the Global Market," Muhammed Muqtada, Andrea Singh, and Mohammed Ali Rashid, "Economic and Social Challenges of Globalisation in Bangladesh: Policy Perspectives," in Muqtada, Singh, and Rashid, eds., *Bangladesh: Economic and Social Challenges of Globalisation* (Dhaka: The University Press, 2002).

directly employed in this sector, together with about fifteen million employed in backward linkage industries. The industry in Bangladesh has led to the development of the entrepreneurial spirit, allowing the individual to come to the forefront and develop his potential. The garments industry and microcredit programs like Grameen Bank that has provided unsecured loans to 7 million poorest people, mainly women, are recognized as the two main vehicles for women's empowerment in Bangladesh. Small and medium industries have emerged. *This process has initiated a socio-economic change in Bangladesh. This process needs to be nurtured for some time more, allowing it to take firm roots.*

38. Bangladesh does not grow cotton; neither is it an integrated producer of textiles and apparel. The country is primarily an assembler of imported inputs into finished garments. The RMG sector is largely dependent on imports of raw cotton and yarns, which represented 17.2% of total imports in 2003-2004. The net proceeds from apparel exports must therefore be discounted for imports of fiber and fabric. According to one government estimate, "value addition from [the apparel] industry does not exceed 20-25 percent of total export proceeds."[26] With the abolition in January 2005 of the remaining Multi fiber Arrangement (MFA), the prime necessity is to develop backward linkage facilities (spinning, weaving, knitting, and dyeing-finishing) to ensure local supply of quality fabrics for the RMG industry.

39. In the post-MFA environment, Bangladesh must now compete in a market where some providers enjoy the advantage of duty-free access to the U.S. market (especially FTA partners of the United States), while others have massive economies of scale and ready access to low-cost fabric.

40. The main beneficiaries of the MFA's demise are the developing country producers that enjoy economies of scale, a low cost of labor, vertical integration, and underutilized capacity. China is the most notable example, but others are also doing well in the post-MFA environment (e.g., India and Pakistan). The adjustment is most difficult in those countries

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[26] Government of the People's Republic of Bangladesh, Ministry of Textiles, *Textile Policy — 1995* (Dhaka: 1995), page 15.

that have depended on the quota system either to prop up declining producers (in some OECD countries) or to establish new ones (in many developing countries). Bangladesh is among the countries that fall in the middle ground, where producers are relatively efficient but still face significant structural impediments (e.g., higher transportation costs as well as high U.S. tariffs). The USITC's own analysis concluded that "[t]he status of Bangladesh as an overall supplier to U.S. market is uncertain." The Commission noted that this country is "[c]onsidered by some U.S. firms to be [a] competitive alternative to China for mass-produced, low-end apparel," but also noted the challenges that the country faces.[27]

41. The main competitor, as recognized by the USITC and all other analysts, is China. As long as China was constrained by quotas, its producers had an incentive to get the most out of each shipment by producing goods at the higher end of the market. Now that the quotas are gone, the competition has grown more intense in those lower-value market niches where Bangladesh's production is now concentrated (e.g., T-shirts, pajamas, jeans, and cheaper types of shirts). On account of her structural handicaps, such as in transportation and distance from the main markets, Bangladesh will never be able to compete in "lean retailing."

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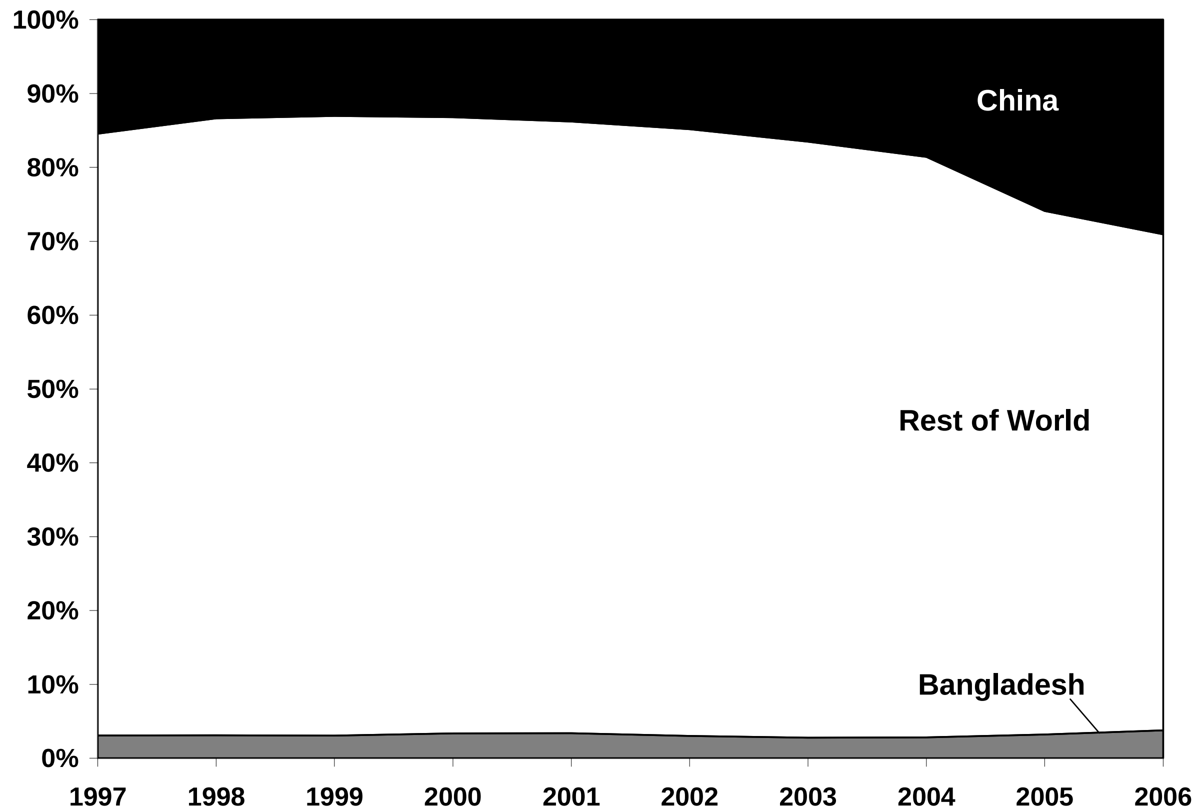
[27] U.S. International Trade Commission, *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market* USITC Publication 3671 (2004), Table 3-4.

Figure 5: U.S. Imports of Apparel and Accessories by Value, 1997-2006

Share of Imports of NAIC Category 315



Source: Data in Figure calculated from U.S. International Trade Commission's DataWeb.

42. Figure 5 shows the shifting shares of U.S. apparel imports, by value, held by China and Bangladesh over the past decade. It is notable that while China's share of the U.S. market has risen sharply since the end of the MFA, the Bangladeshi share has remained at about the same level year after year.

VII. Conclusion

43. I urge the United States to act immediately to provide duty-free access to all products exported by all LDCs, including Bangladesh, without exceptions, subject only to rules of origin that are transparent, simple, and contribute to facilitating market access for the LDCs. Granting this request will help Bangladesh quickly to grow out of poverty

through trade. Free access to the U.S. market will safeguard jobs for millions of workers in Bangladesh, many of whom are women with few other employment options. The initiative will benefit U.S. consumers and exporters without harming U.S. producers, and thus allow the United States to do well by doing good.

44. The denial of duty-free access to the U.S. market is a constraint on the economic development of Bangladesh. Trade in general, and especially exports of apparel, is a central element in the Bangladeshi development strategy. With the recent abolition of the remaining Multifiber Arrangement quotas, the Bangladeshi industry is struggling to compete with larger, more integrated apparel industries in other Asian countries, including China.

45. Duty-free access to the U.S. market would help a competitive but challenged industry to survive. This is a step that would benefit U.S. consumers, especially those for whom clothing is a major household expenditure. Trade with Bangladesh also benefits U.S. exporters, and further opening of the market will have little impact on the U.S. apparel industry. The competition for low-end apparel imported from Bangladesh is no longer in the United States.

Table 5: Tariff Treatment of U.S. Imports from LDCs, 2006

Based on Imports for Consumption (Customs Value)

			Average Tariff as a Percentage of:		MFN Imports			Preferential Imports		
	Total Imports ($1000s)	% Imports Duty-Free	Dutiable Imports	Total Imports	Total	Dutiable	Duty-Free	Total	GSP	AGOA/ CBI
Afghanistan	45,219	98.2	1.9	0.0	99.5	1.8	97.7	0.5	0.5	0.0
Angola	11,513,833	99.7	0.1	0.0	1.8	0.3	1.5	98.2	58.8	39.4
Bangladesh	3,267,789	7.8	16.1	14.9	99.4	92.1	7.2	0.6	0.6	0.0
Benin	555	98.9	16.6	0.2	95.7	1.1	94.6	4.3	4.3	0.0
Bhutan	1,067	73.6	3.9	1.0	98.8	26.3	72.4	1.2	1.2	0.0
Burkina Faso	1,020	92.3	3.8	0.3	93.5	7.6	85.9	6.5	5.9	0.6
Burundi	1,866	98.8	4.7	0.0	100.0	1.1	98.9	0.0	0.0	0.0
Cambodia	2,188,228	1.3	16.9	16.8	99.8	98.6	1.2	0.2	0.2	0.0
Cape Verde	965	81.2	3.3	0.6	89.0	18.8	70.3	11.0	2.2	8.8
Central African Rep.	4,295	95.9	2.3	0.1	100.0	4.1	95.9	0.0	0.0	0.0
Chad	1,904,713	90.7	0.1	0.0	10.9	9.2	1.6	89.1	8.7	80.4
Comoros	1,487	98.7	10.5	0.1	100.0	1.3	98.7	0.0	0.0	0.0
Congo (DROC)	85,111	99.7	4.2	0.0	96.9	0.3	96.7	3.1	3.1	0.0
Djibouti	3,295	98.9	17.1	0.2	100.0	1.1	98.9	0.0	0.0	0.0
East Timor	12	100.0	0.0	0.0	100.0	0.0	100.0	0.0	0.0	0.0
Equatorial Guinea	1,718,077	94.9	0.1	0.0	9.3	5.1	4.2	90.7	90.7	0.0
Eritrea	858	77.5	5.1	1.2	100.0	22.5	77.5	0.0	0.0	0.0
Ethiopia	81,120	98.3	8.7	0.1	91.1	1.6	89.5	8.9	2.7	6.2
Gambia	287	90.9	7.6	0.7	95.1	9.1	86.1	4.9	4.9	0.0
Guinea	91,689	99.5	0.7	0.0	99.8	0.4	99.4	0.2	0.2	0.0
Guinea-Bissau	470	97.2	0.0	0.0	100.0	2.8	97.2	0.0	0.0	0.0
Haiti	496,115	93.5	17.9	1.1	23.3	6.4	16.9	76.7	0.3	76.5

	Total Imports ($1000s)	% Imports Duty-Free	Average Tariff as a Percentage of: Dutiable Imports	Total Imports	MFN Imports Total	Dutiable	Free	Preferential Imports Total	GSP	AGOA/ CBI
Kiribati	1,346	88.6	0.6	0.0	100.0	11.4	88.6	0.0	0.0	0.0
Laos	8,697	6.3	15.8	14.8	100.0	93.6	6.4	0.0	0.0	0.0
Lesotho	408,407	99.0	13.3	0.1	5.8	0.9	4.9	94.2	0.0	94.1
Liberia	139,832	93.1	1.0	0.1	100.0	6.9	93.1	0.0	0.0	0.0
Madagascar	281,065	96.1	8.3	0.3	17.6	3.8	13.7	82.4	0.7	81.7
Malawi	79,010	80.7	12.6	2.4	22.9	19.3	3.6	77.1	39.2	37.8
Maldive Islands	1,500	93.2	7.9	0.5	100.0	6.7	93.3	0.0	0.0	0.0
Mali	7,851	84.5	0.9	0.1	93.8	15.4	78.3	6.2	6.2	0.0
Mauritania	51,165	56.0	0.2	0.0	44.7	44.0	0.7	55.3	55.3	0.0
Mozambique	15,594	99.4	13.9	0.0	24.3	0.5	23.8	75.7	69.7	6.0
Myanmar	9	100.0	0.0	0.0	100.0	0.0	100.0	0.0	0.0	0.0
Nepal	99,395	43.8	14.3	8.0	96.0	56.2	39.8	4.0	4.0	0.0
Niger	123,695	94.5	0.6	0.0	100.0	5.4	94.5	0.0	0.0	0.0
Rwanda	8,854	99.6	0.0	0.0	90.2	0.3	89.9	9.8	9.8	0.0
Samoa	4,223	52.8	0.5	0.2	70.3	47.2	23.1	29.7	29.7	0.0
Sao Tome & Principe	187	89.8	5.2	0.5	100.0	10.2	89.8	0.0	0.0	0.0
Senegal	21,450	85.1	0.6	0.1	33.1	14.8	18.2	66.9	0.6	66.4
Sierra Leone	35,895	97.3	7.6	0.2	99.7	2.7	97.0	0.3	0.3	0.0
Solomon Islands	2,193	90.1	1.8	0.2	99.9	9.8	90.0	0.1	0.1	0.0
Somalia	388	87.8	4.2	0.5	100.0	12.1	87.9	0.0	0.0	0.0
Sudan	6,209	100.0	0.0	0.0	100.0	0.0	100.0	0.0	0.0	0.0
Tanzania	34,567	94.7	3.4	0.2	89.3	5.3	84.0	10.7	2.0	8.7
Togo	3,554	98.7	6.5	0.1	36.0	1.3	34.7	64.0	64.0	0.0

	Total Imports ($1000s)	% Imports Duty-Free	Average Tariff as a Percentage of:		MFN Imports			Preferential Imports		
			Dutiable Imports	Total Imports	Total	Dutiable	Free	Total	GSP	AGOA/ CBI
Tuvalu	23	82.6	0.0	0.0	100.0	17.4	82.6	0.0	0.0	0.0
Uganda	21,787	99.1	3.0	0.0	88.7	0.9	87.8	11.3	4.5	6.8
Vanuatu	2,274	99.0	0.0	0.0	96.3	0.9	95.3	3.7	3.7	0.0
Yemen	447,367	88.8	0.1	0.0	12.8	11.1	1.6	87.2	87.2	0.0
Zambia	28,969	99.4	4.9	0.0	98.7	0.6	98.2	1.3	1.2	0.0
Total	**23,243,577**	**75.5**	**15.3**	**3.8**	**32.3**	**24.5**	**7.8**	**67.7**	**38.7**	**29.0**

Table 6: Composition of U.S. Imports from Bangladesh, 1997-2006

Imports for Consumption, Customs Value, in Thousands of Current Dollars and Percentages

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apparel and accessories	**1,441,761**	**1,628,325**	**1,681,535**	**2,116,159**	**2,101,237**	**1,887,044**	**1,849,180**	**1,977,711**	**2,373,229**	**2,914,732**
Percent of total imports	86.2	88.2	87.5	87.6	89.3	88.4	89.1	86.0	88.1	89.2
Average tariff	15.3	15.0	15.3	15.7	15.2	15.4	15.9	16.2	16.4	16.5
Fish, fresh,chilled, or frozen	**134,324**	**92,430**	**114,829**	**148,152**	**94,107**	**89,322**	**84,986**	**176,976**	**139,101**	**192,622**
Percent of total imports	8.0	5.0	6.0	6.1	4.0	4.2	4.1	7.7	5.2	5.9
Average tariff	0.0	0.1	0.2	0.3	0.4	0.3	0.3	0.2	0.1	0.1
Textile mill products	**49,236**	**68,473**	**71,624**	**79,244**	**97,406**	**102,968**	**101,201**	**99,022**	**99,047**	**95,693**
Percent of total imports	2.9	3.7	3.7	3.3	4.1	4.8	4.9	4.3	3.7	2.9
Average tariff	7.7	7.4	7.4	7.7	7.4	7.4	7.2	7.2	7.4	7.4
Textiles and fabrics	**6,263**	**10,701**	**14,464**	**15,784**	**14,492**	**15,290**	**10,115**	**15,420**	**12,551**	**13,086**
Percent of total imports	0.4	0.6	0.8	0.7	0.6	0.7	0.5	0.7	0.5	0.4
Average tariff	25.7	17.6	22.0	20.4	23.7	13.4	6.9	1.6	1.7	2.1
Plastics and rubber products	**154**	**80**	**171**	**709**	**1,352**	**5,360**	**5,686**	**6,501**	**8,642**	**10,714**
Percent of total imports	0.0	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3	0.3
Average tariff	2.6	1.3	1.2	3.0	2.0	1.2	1.5	1.5	1.5	1.6
Misc. manufactured commodities	**22,946**	**26,671**	**13,835**	**14,527**	**11,529**	**13,825**	**8,056**	**5,124**	**6,492**	**8,234**
Percent of total imports	1.4	1.4	0.7	0.6	0.5	0.6	0.4	0.2	0.2	0.3
Average tariff	2.7	0.7	0.3	0.1	0.0	0.0	0.0	0.1	0.2	0.2
Chemicals	**265**	**609**	**1,191**	**14,189**	**825**	**580**	**3,765**	**7,821**	**34,782**	**7,483**
Percent of total imports	0.0	0.0	0.1	0.6	0.0	0.0	0.2	0.3	1.3	0.2
Average tariff	1.9	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
All other products	**17,443**	**19,291**	**24,186**	**27,232**	**32,462**	**19,317**	**11,447**	**12,090**	**18,598**	**25,224**
Percent of total imports	1.0	1.0	1.3	1.1	1.4	0.9	0.6	0.5	0.7	0.8
Average tariff	9.2	9.8	13.2	11.8	10.6	10.6	6.1	2.1	1.1	1.1

Source: Calculated from the U.S. International Trade Commission's DataWeb.

Table 7: Tariff Treatment of U.S. Imports from Bangladesh, 1997-2006

Imports for Consumption, Customs Value, in Thousands of Current Dollars and Percentages

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
MFN Dutiable Imports	**1,507,749**	**1,702,334**	**1,762,795**	**2,209,878**	**2,218,674**	**1,997,908**	**1,948,053**	**2,073,578**	**2,468,503**	**3,010,690**
Share of Total Imports	90.2	92.2	91.7	91.5	94.3	93.6	93.9	90.1	91.7	92.1
Calculated Duties	226,031	251,897	266,175	341,984	331,160	301,232	302,342	329,125	396,422	487,240
Average Tariff on Dutiable Imports	15.0	14.8	15.1	15.5	14.9	15.1	15.5	15.9	16.1	16.2
Average Tariff on Total Imports	13.5	13.6	13.9	14.2	14.1	14.1	14.6	14.3	14.7	14.9
MFN Duty-Free Imports	**139,958**	**102,979**	**129,261**	**172,289**	**105,260**	**102,597**	**94,240**	**211,013**	**202,497**	**236,581**
Share of Total Imports	8.4	5.6	6.7	7.1	4.5	4.8	4.5	9.2	7.5	7.2
GSP Duty-Free Imports	**24,686**	**41,268**	**29,780**	**33,830**	**29,476**	**33,201**	**32,144**	**16,074**	**21,442**	**20,518**
Share of Total Imports	1.5	2.2	1.5	1.4	1.3	1.6	1.5	0.7	0.8	0.6

Table 8: Tariff Treatment of the Top Fifteen Items in U.S. Imports from Bangladesh, 2006

Imports for Consumption, Customs Value, in Actual Dollars

HTS Item and Product Description (Abbreviated)	U.S. Imports	% Dutiable	Average Tariff
6203.42.40: Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton	524,302,260	100.0	16.6
6205.20.20: Men's or boys' shirts, not knitted or crocheted, of cotton	355,944,918	100.0	19.7
6204.62.40: Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton	322,532,799	100.0	16.6
6110.20.20: Sweaters, pullovers and similar articles, knitted or crocheted, of cotton	140,251,271	100.0	16.5
6206.30.30: Women's or girls' blouses and shirts, not knitted or crocheted, of cotton	96,840,496	100.0	15.4
6109.10.00: T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	91,974,691	100.0	16.5
6110.30.30: Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers	76,036,228	100.0	32.0
6105.10.00: Men's or boys' shirts, knitted or crocheted, of cotton	56,991,015	100.0	19.7
6108.21.00: Women's or girls' briefs and panties, knitted or crocheted, of cotton	56,732,693	100.0	7.6

6505.90.20: Headwear, of cotton, not knitted; certified hand-loomed and folklore hats & headgear	56,314,521	100.0	7.5
6205.30.20: Men's or boys' shirts, not knitted or crocheted, of manmade fibers	55,345,668	100.0	28.3
6203.43.40: Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc	49,343,412	100.0	27.9
6201.93.30: Men's or boys' anoraks, windbreakers and similar articles, not knitted or crocheted, of manmade fibers	49,098,867	100.0	7.1
6103.43.15: Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers	44,801,268	100.0	28.2
6505.90.80: Hats and headgear, of manmade fibers, made up from felt or other textile material	40,654,299	100.0	7.6

Source: Calculated from the U.S. International Trade Commission's DataWeb.