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RE-IMPORT DATA

The U.S. International Trade Commission periodically releases data on the use of items 806.30 and 807.00 of the U.S. tariff schedules. Both items permit companies which fabricate products or components in the U.S. and ship them abroad for processing or assembly to pay duties only on the value added outside the U.S. when the goods are re-imported. Historically, both items have been used extensively by the semiconductor industry. Figures published in July, 1981 ("Imports Under Items 806.30 and 807.00 of the Tariff Schedules of the United States, 1977-80," USITC Publication 1170) show that re-imports under these items still account for the lion's share of U.S. semiconductor imports, but that the share is declining. Presumably, Japanese exports are taking a slightly larger share of the U.S. market.

The portion of the value of re-imported products brought into the U.S. duty-free - that is, originating in the U.S. - has increased. The USITC (p. 41) attributes this trend to the increased circuit densities of chips assembled abroad.

The ITC reports semiconductor re-imports for seven major offshore production sites. This particular document does not provide industry breakdowns for South Korea or Indonesia, for they are not among the top ten sources of all re-imported goods. However, they certainly belong in Table 1 below. It also does not list

figures for the use of 806.30 in Taiwan or Hong Kong, but amounts for both are very small. Third-country transfers may distort Table 1, as well. Since some companies test in Singapore circuits assembled in the Philippines or Indonesia, the value added in those two lands could be assigned to Singapore in the statistics. Surprisingly, Canada is a major processor of U.S.-origin semiconductors.

The last entry in Table 2, "dutiable re-imports as share of foreign source imports," was calculated to demonstrate that value added at the foreign subsidiaries of U.S. companies still exceed U.S. imports of foreign-origin chips from Japan and other countries.

Table 1. Semiconductor Re-Imports by Country, 1980

| | Re-Imports (US\$ thousands) | Duty-Free |
|-------------|-----------------------------------|-----------|
| Malaysia | 744,964 | 60% |
| Singapore | 544,344 | 67% |
| Philippines | 343,857 | 68% |
| Mexico | 116,177 | 66% |
| Canada | 100,499 | 81% |
| Taiwan | 99,501 | 50% |
| Hong Kong | 92,487 | 50% |

Table 2. Semiconductor Re-Imports

| | (US\$ millions) | | | |
|--|-----------------|---------|---------|---------|
| | 1977 | 1978 | 1979 | 1980 |
| Total semiconductor imports | 1,373.8 | 1,790.3 | 2,447.7 | 3,348.1 |
| 807.00 semi. re-imports | 863.7 | 1,329.1 | 1,852.0 | 2,450.9 |
| 806.30 semi. re-imports | 256.5 | 149.4 | 64.0 | 55.3 |
| total re-imports | 1,120.2 | 1,478.5 | 1,916.0 | 2,506.2 |
| re-imports as share of imports | 82% | 83% | 78% | 75% |
| duty-free value share of re-imports | 55% | 60% | 62% | 63% |
| dutiable re-imports as share of foreign source imports | 66% | 65% | 58% | 52% |