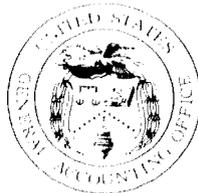


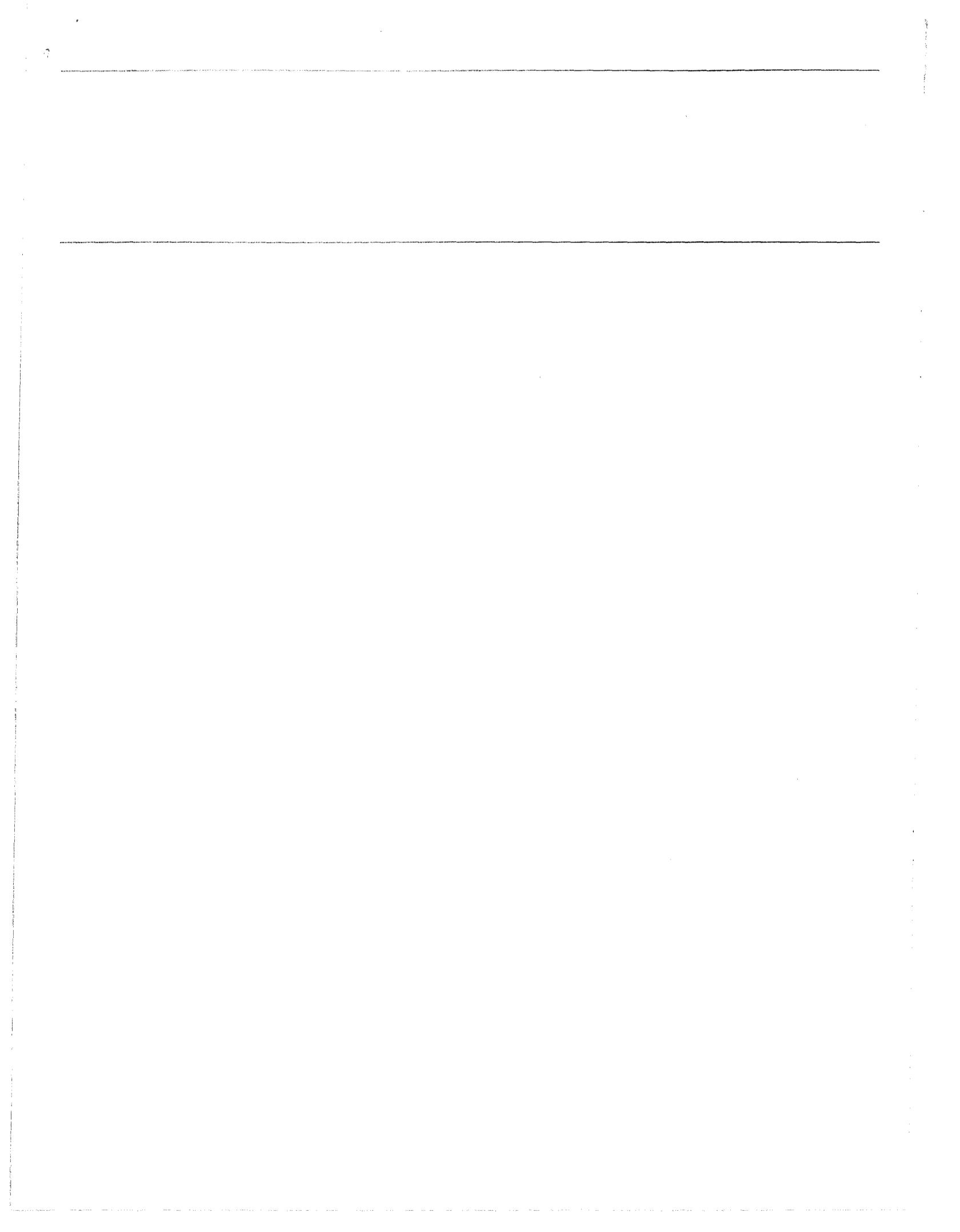
March 1991

INTERNATIONAL
TRADE

Bulgarian Trade Data



143329





National Security and
International Affairs Division

B-242924

March 11, 1991

The Honorable Lloyd Bentsen
Chairman, Committee on Finance
United States Senate

Dear Mr. Chairman:

As you requested, we are providing information to help in evaluating the impact of granting Bulgaria "most-favored-nation" (MFN)¹ trade status. In particular, the report includes data on (1) tariff rates on U.S. imports from Bulgaria as compared to rates on imports from countries with MFN status and (2) leading U.S. exports to and imports from Bulgaria from 1987 to 1990.

On February 1, 1991, we briefed your staff on our report. This report summarizes the information we provided.

Granting MFN status to Bulgaria would reduce the weighted average tariff rate² on dutiable products from 21 percent to 5.2 percent, almost a 16-percentage-point drop. Most Bulgarian exports to the United States are commodities with high tariff rates. A drop in tariff rates would probably encourage an increase in Bulgarian exports to the United States. However, because Bulgaria's share of U.S. imports is less than one-tenth of 1 percent and its total exports to all countries amount to only 3.5 percent of total U.S. imports, even a substantial increase in U.S. imports from Bulgaria would probably have only a small impact on total U.S. imports.

U.S. exports to Bulgaria averaged \$132 million annually between 1987 and 1989, with maize, oilseeds, wheat, copper, and barley being the leading exports. During the first 11 months of 1990, the United States exported \$55 million in goods to Bulgaria, a 67-percent decline compared to the corresponding period in 1989. According to

¹MFN treatment generally refers to the practice of extending to a country the best trade privileges granted to any other nation in the form of the lowest tariff rates and other charges imposed on imported products.

²The tariff rates are weighted using the actual values of U.S. imports from Bulgaria and from all MFN countries.

officials from PlanEcon,³ this decline was due to a deep recession in Bulgaria and a severe shortage of hard currency.

U.S. imports from Bulgaria averaged \$45 million between 1987 and 1989, with tobacco, fertilizers, oil products, cheese, and alcoholic beverages being the leading imports. During the first 11 months of 1990, the United States imported \$41 million in Bulgarian goods, a 23-percent decline compared to the corresponding period in 1989. Reduction in oil product exports accounts for most of this decline in Bulgarian exports to the United States.

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Appendix I provides more information on tariff rates on U.S. imports from Bulgaria. Appendix II shows leading U.S. exports to and imports from Bulgaria from 1987 to 1990. Appendix III contains a description of our objectives, scope, and methodology.

As requested, we did not seek written agency comments on this report. As agreed with your office, we will distribute this report to other congressional offices and will make it available to additional interested parties upon request.

Please contact me at (202) 275-4812 if you or your staff have any questions concerning our report. The major contributors to this briefing report were James McDermott, Assistant Director, and Bruce Kutnick, Senior Economist.

Sincerely yours,



Allan I. Mendelowitz, Director
International Trade, Energy, and
Finance Issues

³PlanEcon, Inc., is an economic consulting firm that specializes in the countries of Eastern Europe and the Soviet Union.

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Abbreviations

MFN	most-favored-nation
SITC	Standard International Trade Classification

Appendix I
TARIFF RATES ON U.S. IMPORTS FROM BULGARIA

U.S. tariff rates on Bulgarian imports are generally high. Granting most-favored-nation (MFN) status to Bulgaria would reduce the average tariff rate on dutiable products by almost 16 percentage points, from the current 21 percent to an estimated 5.2 percent.¹ This drop in tariff rates would probably encourage an increase in Bulgarian exports to the United States. However, since Bulgaria's share of U.S. imports is less than one-tenth of 1 percent, and total Bulgarian exports to all countries represent only 3.5 percent of total U.S. imports, even a substantial increase in Bulgarian imports would probably have only a small effect on total U.S. imports. These effects, however, may vary for a few selected products.

**U.S. Tariff Rates on
Leading Bulgarian
Exports**

An examination of U.S. tariff rates on imports from Bulgaria may help in assessing the possible effects of granting MFN status to Bulgaria. Table I.1 presents the value of imports and comparable MFN and non-MFN ad valorem equivalent tariff rates for the leading 25 commodity groups imported from Bulgaria during 1987-89.² The ad valorem equivalent tariff rate is computed as a ratio of calculated duties collected to total dutiable imports. The 25 leading commodity groups account for 97.1 percent of all U.S. imports from

¹This estimate of the average tariff rate on imports from MFN countries is based on the product composition of imports from all MFN countries. While this is not the same product composition as current U.S. imports from Bulgaria, the estimate may better approximate the average tariff rate if Bulgaria is granted MFN status and diversifies its exports to the United States. However, even if Bulgaria does not diversify its exports but retains its current product composition, the average MFN tariff rate for the leading 25 commodity groups would remain basically the same, 8.64 percent, compared to the MFN composition tariff rate of 8.59 percent.

²The data are based on a 3-year average of trade to ensure that normal trade patterns are represented.

Appendix I
Tariff Rates on U.S. Imports from Bulgaria

Bulgaria (col. 2). The average tariff rate on dutiable imports from Bulgaria is 21 percent (col. 4).³ This rate compares to an average tariff rate of 5.2 percent (col. 5) for dutiable imports from all MFN countries. For the 25 leading commodity groups, the average non-MFN tariff rate on Bulgarian imports is 20.6 percent, compared to the average tariff rate of 8.6 percent for MFN countries.

The average tariff rates on Bulgarian exports to the United States are high, primarily because its leading export, tobacco, which accounts for 43 percent of its trade, has a high tariff rate, and the bulk of its remaining exports are manufactured and processed goods, commodities with high tariff rates compared to natural resources. Relatively few Bulgarian exports enter the United States duty free. Only 23 percent of Bulgarian exports enter the United States duty free (col. 3). This compares to an average duty-free share of 34.5 percent for non-MFN countries and 33.7 percent for MFN countries.

Column 6 in table I.1 shows the relative importance of imports from Bulgaria compared to total U.S. imports for each commodity group. For only one commodity group, tobacco, is the Bulgarian share of U.S. imports greater than 3 percent. For most groups the Bulgarian share is less than one-tenth of 1 percent. Overall, Bulgaria accounts for 0.01 percent of total U.S. imports.

In addition to the low share of the U.S. market that Bulgaria now has, Bulgarian exports to all countries amount to only 3.5 percent of total U.S. imports. This figure suggests that even if Bulgaria were to divert all of its exports to the United States, such a

³The average ad valorem equivalent tariff rate is weighted using actual values of U.S. imports from Bulgaria. Since Bulgaria may export few or no commodities with high tariff rates, this weighting procedure may underestimate the non-MFN tariff rate facing Bulgaria.

Appendix I
Tariff Rates on U.S. Imports from Bulgaria

potential import expansion probably would not significantly affect the market share or prices for these leading commodity groups. In general, exporters with such low market shares do not have the ability to substantially influence prices.

Appendix I Tariff Rates on U.S. Imports from Bulgaria

Table I.1: MFN and Non-MFN Tariff Rates on Leading U.S. Imports From Bulgaria (1987-89)

Dollars in thousands

Commodity group (1)	U.S. Imports from Bulgaria (2)	Duty-free share (percent) (3)	Rate on dutiable imports		Bulgarian share of U.S. Imports (percent) (6)
			Bulgaria (percent) (4)	MFN countries (percent) (5)	
Total all commodities	\$44,730	23.04	21.03	5.17	0.01
(1) 121--Tobacco, unmanufactured; tobacco refuse	19,285	0.00	22.54	11.20	3.35
(2) 562--Fertilizers (except crude of group 272)	7,363	100.00	0.00	3.10	0.80
(3) 334--Oil (not crude) from petrol & bitum minerals, etc.	6,535	0.00	1.16	1.10	0.05
(4) 024--Cheese and curd	1,800	0.00	35.00	9.94	0.48
(5) 112--Alcoholic beverages	1,748	0.04	30.00	2.91	0.06
(6) 751--Office machines	1,025	100.00	0.00	3.58	0.04
(7) 541--Medicinal products, etc. except medicaments	1,008	0.00	11.78	4.52	0.08
(8) 842--Women's or girls' coats, capes, etc., tex. fab., not knit	778	0.00	56.27	17.40	0.01
(9) 522--Inorganic chemical elements, oxides, halogen salts	658	91.04	2.82	3.81	0.05
(10) 845--Articles of apparel of textile fabrics nes ^a	469	0.00	56.96	20.99	0.01
(11) 652--Cotton fabrics, woven (not narrow or spec fabrics)	357	0.00	20.11	9.25	0.03
(12) 551--Essential oils, perfume and flavor materials	352	97.97	25.00	5.48	0.13
(13) 841--Men's or boys' coats, jackets, etc., text, not knit	250	0.00	54.40	20.65	0.01
(14) 542--Medicaments (including veterinary medicaments)	224	0.00	24.64	5.26	0.04
(15) 592--Starches, inulin & wh gluten; albumin subst; glues	222	100.00	0.00	3.58	0.04
(16) 292--Crude vegetable materials nes	215	67.64	24.00	5.16	0.02
(17) 821--Furniture & pts; bedding, mattresses, etc.	209	0.00	39.83	3.61	0.00
(18) 984--Estimate of low valued import transactions	194	36.15	0.00	0.00	0.01
(19) 679--Iron & steel tubes, pipes & hollow profiles, fittings	151	0.00	5.50	4.31	0.01
(20) 681--Silver, platinum, & other platinum group metals	129	100.00	0.00	6.30	0.01
(21) 689--Misc. nonferrous base metals for metallur & cermts	103	62.90	17.27	6.89	0.03
(22) 931--Special transactions & commod not classif by kind	96	100.00	0.00	0.95	0.00
(23) 515--Organo-Inorganic & heterocyclic compounds, etc.	90	0.00	28.48	7.51	0.01
(24) 654--Woven fabrics of text mat not cotton or manmade	88	0.00	17.51	14.11	0.01
(25) 553--Perfumery, cosmetics or toilet prep, except soaps	83	0.00	68.08	4.95	0.02
Total (25 leading commodity groups)	\$43,432	23.16	20.62	8.59	0.07
Percent of total U.S. Imports from Bulgaria	97.10				

Note: Import figures are 3-year averages for 1987-89. Commodity groups are at the 3-digit Standard International Trade Classification (SITC) Revision 3 level. Tariffs on Bulgarian imports are assessed at the non-MFN rate.

^aNes denotes not elsewhere specified.

Source: GAO compilation of U.S. Department of Commerce trade data.

Appendix I**Tariff Rates on U.S. Imports from Bulgaria**

Table I.2 presents U.S. imports from Bulgaria with the highest ad valorem equivalent tariff rates. The 25 commodity groups with the highest tariff rates account for 4.1 percent of U.S. imports from Bulgaria. The average non-MFN Bulgarian tariff rate for these imports is 56.5 percent, compared to an average tariff rate of 13.5 percent for MFN countries. The amount of high-tariff goods that enter the U.S. market is small. This fact may be due to the high tariff rates. Four of the groups--perfumery; men's or boys' coats; women's or girls' coats, not knitted; and articles of apparel of textile fabric--are among the leading U.S. imports from Bulgaria shown in table I.1 and account for 87 percent of the dollar value of imports included in table I.2. Textiles account for 9 of the 25 groups. Lower tariff rates under MFN may cause Bulgarian exports of these products to the United States to increase, as well as prompt new exports of other manufactured goods that Bulgaria does not currently export to the United States.

Appendix I
Tariff Rates on U.S. Imports from Bulgaria

Table I-2: MFN and Non-MFN Tariff Rates on U.S. Imports from Bulgaria With the Highest Rates (1987-89)
Dollars in thousands

<u>Commodity group</u>	<u>U.S. imports from Bulgaria</u>	<u>Rate on dutiable imports</u>	
		<u>Bulgaria</u> (percent)	<u>MFN countries</u> (percent)
(1)	(2)	(3)	(4)
Total all commodities	\$44,730	21.03	5.17
(1) 269--Worn clothing & other worn textile articles; rags	*	93.15	2.38
(2) 656--Tulles, lace, embroidery, ribbons, trimmings, etc.	1	81.04	9.29
(3) 621--Materials of rubber (pastes, plates, sheets, etc.)	*	80.00	3.54
(4) 581--Tubes, pipes, and hoses of plastics	*	80.00	3.63
(5) 893--Articles, nes, of plastics	1	79.74	4.35
(6) 696--Cutlery	1	73.20	8.83
(7) 653--Wov fabrics, manmade text mat (not narrow or spec fab)	10	73.05	16.83
(8) 894--Baby carriages, toys, games, and sporting goods	1	69.36	5.78
(9) 553--Perfumery, cosmetics or toilet prep, except soaps	83	68.08	4.95
(10) 746--Ball or roller bearings	4	67.01	8.91
(11) 846--Clothing accessories, of tex, knit or not, except babies'	9	66.13	13.33
(12) 665--Glassware	56	60.00	10.97
(13) 845--Articles of apparel of textile fabric nes	469	56.96	20.99
(14) 831--Trunks, suitcases, vanity cases, briefcases, etc.	9	56.85	14.51
(15) 842--Women's or girls' coats, capes, etc., tex fabric, not knit	778	56.27	17.40
(16) 848--Apparel & cl acc exc textile; headgear, all materl	2	54.45	6.59
(17) 841--Men's or boys' coats, jackets, etc., text, not knit	250	54.40	20.65
(18) 666--Pottery	30	52.60	9.03
(19) 664--Glass	1	50.00	5.78
(20) 843--Men's or boys' coats, jackets, etc., text, knitted	33	48.48	23.87
(21) 844--Women's or girls' coats, capes, etc., textile, knit	82	47.76	22.53
(22) 659--Floor coverings, etc.	3	47.61	6.59
(23) 813--Lighting fixtures and fittings nes	*	47.60	6.87
(24) 881--Photographic apparatus and equipment nes	*	45.83	3.59
(25) 791--Railway vehicles & associated equipment	*	45.83	4.39
Total (selected commodity groups)	\$ 1,826	56.47	13.47
Percent of total U.S. imports from Bulgaria	4.08		

Notes: Import figures are 3-year averages for 1987-89. Commodity groups are at the 3-digit SITC Revision 3 level. Tariffs on Bulgarian imports are assessed at the non-MFN rate.

An * denotes less than \$500.

Source: GAO compilation of U.S. Department of Commerce trade data.

Appendix II

LEADING U.S. IMPORTS FROM AND EXPORTS TO BULGARIA

Table II.1 shows the value of the 25 leading U.S. imports from Bulgaria from 1987 to 1989 and during the first 11 months of 1990. From 1987 to 1989, the U.S. imported an average of \$45 million a year in goods from Bulgaria. The five leading imports were tobacco, fertilizers, oil products, cheese, and alcoholic beverages. During the first 11 months of 1990, the United States imported \$41 million in goods, or 23.3 percent less than during the corresponding period in 1989. Reduction in oil products exports accounts for most of this decline in Bulgarian exports to the United States. Production in the oil processing industry fell 42 percent in 1990 compared to the previous year. According to PlanEcon, this production decline was due mainly to cutbacks in Soviet oil deliveries and the suspension of crude oil shipments from Iraq after Bulgaria joined in the United Nations trade embargo.

Appendix II
Leading U.S. Imports From and Exports to Bulgaria

Table II.1: Leading U.S. Imports From Bulgaria (1987-90)
Dollars in thousands

<u>Commodity group</u> (1)	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>January-November</u>		<u>Average</u>
	(2)	(3)	(4)	<u>1989</u>	<u>1990</u>	<u>1987-89</u>
				(5)	(6)	(7)
Total all commodities	\$40,306	\$36,554	\$57,331	\$53,861	\$41,334	\$44,730
(1) 121--Tobacco, unmanufactured; tobacco refuse	20,024	18,757	19,076	16,729	17,483	19,285
(2) 562--Fertilizers (except crude of group 272)	3,557	6,313	12,219	11,720	9,762	7,363
(3) 334--Oil (not crude) from petrol & bitum minerals, etc.	3,737	0	15,869	15,828	3,774	6,535
(4) 024--Cheese and curd	1,615	2,501	1,283	1,235	2,364	1,800
(5) 112--Alcoholic beverages	1,708	1,569	1,967	1,851	1,449	1,748
(6) 751--Office machines	993	628	1,455	1,405	2,037	1,025
(7) 541--Medicinal products, etc. except medicaments	869	831	1,323	1,093	960	1,008
(8) 842--Women's or girls' coats, capes, etc., tex fabric, not knit	1,385	647	301	301	267	778
(9) 522--Inorganic chemical elements, oxides, halogen salts	69	1,281	0	0	163	658
(10) 845--Articles of apparel of textile fabrics nes	1,305	90	13	13	0	469
(11) 652--Cotton fabrics, woven (not narrow or spec fabrics)	1,070	0	0	0	0	357
(12) 551--Essential oils, perfume and flavor materials	269	342	445	434	414	352
(13) 841--Men's or boys' coats, jackets, etc., text, not knit	370	256	125	117	149	250
(14) 542--Medicaments (including veterinary medicaments)	9	11	651	651	0	224
(15) 592--Starches, inulin & wh gluten; albumin subst; glues	0	665	0	0	13	222
(16) 292--Crude vegetable materials nes	266	198	179	177	56	215
(17) 821--Furniture & pts; bedding, mattresses, etc.	165	160	302	264	518	209
(18) 984--Estimate of low valued import transactions	129	65	388	360	306	194
(19) 679--Iron & steel tubes, pipes & hollow profiles, fittings	0	454	0	0	0	151
(20) 681--Silver, platinum, & other platinum group metals	0	0	387	387	0	129
(21) 689--Misc. nonferrous base metals for metallur & cermets	233	76	0	0	0	103
(22) 931--Special transactions & commod not classif by kind	74	125	90	90	471	96
(23) 515--Organo-Inorganic & heterocyclic compounds, etc.	0	225	44	44	7	90
(24) 654--Woven fabrics of text mat not cotton or manmade	211	44	7	7	4	88
(25) 553--Perfumery, cosmetics or toilet prep, except soaps	212	3	35	35	0	83
Total	\$38,894	\$35,241	\$56,159	\$52,741	\$40,197	\$43,432
Percent of total U.S. Imports from Bulgaria	96.50	96.41	97.96	97.92	97.25	97.10

Note: Commodity groups are at the 3-digit SITC Revision 3 level.

Source: GAO compilation of U.S. Department of Commerce trade data.

Appendix II
Leading U.S. Imports From and Exports to Bulgaria

Table II.2 shows the value of the leading 25 U.S. exports to Bulgaria from 1987 to 1989 and during the first 11 months of 1990. From 1987 to 1989, the United States exported an average of \$132 million a year in goods to Bulgaria. The five leading exports were maize, oilseeds, wheat, copper, and barley. During the first 11 months of 1990, the United States exported \$55 million in goods to Bulgaria, or 67.1 percent less than during the corresponding period in 1989.

According to officials from PlanEcon, the decline in U.S. exports to Bulgaria was due to a deep recession in Bulgaria and a severe shortage of hard currency. Industrial production declined by 11 percent in 1990. Bulgaria has ceased servicing its foreign debt and is finding it difficult to secure short-term trade credits.

Appendix II
Leading U.S. Imports From and Exports to Bulgaria

Table II.2: Leading U.S. Exports To Bulgaria (1987-90)

Dollars in thousands

<u>Commodity group</u> (1)	<u>1987</u> (2)	<u>1988</u> (3)	<u>1989</u> (4)	<u>January-November</u>		<u>Average</u> <u>1987-89</u> (7)
				<u>1989</u> (5)	<u>1990</u> (6)	
Total all commodities	\$88,344	\$126,446	\$180,733	\$166,576	\$54,891	\$131,841
(1) 044—Maize (not including sweet corn), unmilled	33,265	49,742	119,150	119,150	2,528	7,386
(2) 222—Oilseeds/oleaginous fruit for extr soft fixed veg oil	9,118	13,258	10,106	10,106	5,140	10,827
(3) 041—Wheat (including spelt) and meslin, unmilled	0	14,070	0	0	0	4,690
(4) 283—Copper ores & conc; copper mattes; cement copper	0	0	9,350	9,350	0	3,117
(5) 043—Barley, unmilled	0	9,192	0	0	0	3,064
(6) 741—Heating & cooling equipmt and pts thereof nes	548	1,157	7,044	2,082	1,810	2,917
(7) 081—Feeding stuff for animals not incl unmilled cereal	173	7,272	254	254	67	2,566
(8) 874—Measuring/checking/analyzing & contr instrmt & appt nes	1,917	3,807	1,915	1,532	1,246	2,547
(9) 728—Machry, etc., specializd for particular industries nes	4,604	1,679	810	810	139	2,365
(10) 121—Tobacco, unmanufactured; tobacco refuse	3,924	1,597	0	0	0	1,840
(11) 122—Tobacco, mfg., whether containing tobacco substitute	1,099	865	3,304	3,067	1,311	1,756
(12) 745—Nonelectrical machry, tools, appliance & pts nes	825	4,159	0	0	314	1,661
(13) 743—Pumps, air or other gas compressors, and fans	3,651	924	303	293	271	1,626
(14) 321—Coal, pulverized or not, but not agglomerated	0	0	4,768	0	4,331	1,589
(15) 744—Mechanical handling equipmt & pts thereof nes	3,654	588	18	18	270	1,420
(16) 251—Pulp and waste paper	246	0	3,605	3,605	0	1,284
(17) 737—Metalworking machinery and parts thereof nes	2,600	585	223	223	35	1,136
(18) 515—Organo-Inorganic & heterocyclic compounds, etc.	3,061	263	2	2	12	1,108
(19) 523—Metallic salts and peroxysalts of Inorganic acids	66	3,240	0	0	0	1,102
(20) 752—Automatic data process machs & units thereof	536	308	2,438	1,889	889	1,094
(21) 573—Polymers of vinyl chloride & other halogenid olefins, etc.	0	0	3,246	3,246	30	1,082
(22) 898—Musical instruments and parts, records, tapes, etc.	2,436	305	171	171	342	970
(23) 591—Insecticides, disinfectants, etc., retail packed, etc.	2,261	358	211	211	81	943
(24) 723—Civil engineering & contractors' plant & equipment	288	216	1,820	675	160	775
(25) 731—Mach tools working by removing metl or oth material	1,288	861	145	145	419	765
Total	\$75,560	\$114,446	\$168,885	\$156,829	\$19,405	\$119,630
Percent of total U.S. exports to Bulgaria	85.53	90.51	93.44	94.15	35.35	90.74

Note: Commodity groups are at the 3-digit SITC Revision 3 level.

Source: GAO compilation of U.S. Department of Commerce trade data.

Appendix III
OBJECTIVES, SCOPE, AND METHODOLOGY

In developing this report, our objectives were to provide data on (1) tariff rates on U.S. imports from Bulgaria as compared to rates on imports from countries with MFN status and (2) leading U.S. exports to and imports from Bulgaria.

We used a 3-year average of trade to ensure that normal trade patterns were represented. All the values in this report are in current-year dollars. Tables I.1 and I.2 cover 1987-89; tables II.1 and II.2 cover 1987-90. For these tables we used U.S. trade data at the 3-digit Standard International Trade Classification (SITC) Revision 3 level as reported by the Department of Commerce. We reported information for the leading 25 commodities out of a possible 263 groups. The commodity codes and descriptions are those provided in the U.S. computer trade data base.

For tables I.1, I.2, and II.1, imports are reported on a customs value basis. For table II.2, exports are reported on a free-along-side basis, which excludes transportation costs.

We obtained information on U.S. tariff rates, the Bulgarian share of total U.S. imports, and the share of U.S. imports that is duty free from trade data reported by the Department of Commerce. Bulgaria's total exports are from Building Free Market Economies in Central and Eastern Europe: Challenges and Realities, The Institute of International Finance (Washington, D.C.: April 1990).

We computed the average ad valorem tariff rates as a ratio of calculated duties collected, divided by the dutiable value of U.S. imports, using data from the U.S. trade computer data base that the Department of Commerce maintains. This is a trade weighted average tariff rate with actual import values used as weights. Since high tariff rates may reduce the quantity of goods imported, this weighting procedure may underestimate the average tariff rate if there are many high-tariff items. The average tariff rates on imports from Bulgaria and countries granted MFN status may not be fully comparable at the 3-digit commodity

Appendix III
Objectives, Scope, and Methodology

group level.¹ In tables I.1 and I.2, the percentage composition of individual goods in the MFN group may differ from the percentage composition of Bulgarian imports in a corresponding group. This computation may result in weighting the average commodity group tariff rates differently. On the other hand, if Bulgaria begins to diversify its exports should it be granted MFN status, the 3-digit MFN tariff rate may approximate the tariff rate for future Bulgarian exports.

We conducted our review in January 1991 in accordance with generally accepted government auditing standards. As requested, we did not seek written agency comments on this report.

¹Average tariff rates can be compared at the individual commodity level at which the tariff rates are established. For a comparison of tariff rates at the group level, the relative percentage composition in the MFN group should correspond with that in the Bulgarian group. In all cases, the MFN tariff rate must be less than or equal to the non-MFN rate for that individual commodity.

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