



IDS ANALYSIS OF THE TRADE AND DEVELOPMENT ACT OF 2000

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International Development Systems

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TIMELINE FOR IMPLEMENTATION OF KEY TEXTILE PROVISIONS OF THE TRADE AND DEVELOPMENT ACT OF 2000

Effective May 18, 2000

Revisions to the textile Rules of Origin for some fabrics and home furnishings.

Ban on goods made with forced or/and indentured child labor.

Effective October 1, 2000 to September 30, 2008

Duty-free and quota-free benefits for some apparel and luggage from CBI countries.

Duty reduction equivalent to Mexican NAFTA rates for products excluded from the Caribbean Basin Economic Recovery Act.

Duty-free and quota-free benefits for some textiles and apparel from eligible Sub-Saharan Africa countries.

Effective January 1, 2001 to December 31, 2003

Special duty reductions and suspensions for worsted wool fabric, wool yarn and wool fiber used to make men's wool suits.

SUMMARY OF CBI PARITY PROVISIONS

APPAREL ASSEMBLED IN CBI, FROM U.S. FABRIC MADE WITH U.S. YARN AND CUT IN THE U.S. (807A +)

- Duty-Free
- Quota-Free

R 9802.00.80.44 used for apparel assembled in CBI from U.S. fabric made with U.S. yarn and cut in the U.S.

APPAREL ASSEMBLED IN CBI, FROM U.S. FABRIC MADE WITH U.S. YARN AND CUT IN THE U.S. (807A +)

- Duty-Free
- Quota-Free
- Finishing operations allowed:
 - Embroidery
 - Stone-washing
 - Enzyme-washing
 - Acid-washing
 - Perma-pressing
 - Oven-baking
 - Bleaching
 - Garment dyeing
 - Screen printing
 - or other similar processing

9820.11.03 used for assembled in CBI from U.S. fabric made with U.S. yarn and cut in the U.S., which also are subject to finishing operations

APPAREL CUT AND ASSEMBLED IN CBI, FROM U.S. FABRIC MADE WITH U.S. YARN (809 +)

- Duty-free
- Quota-free
- Must use U.S. thread

9820.11.06 used for woven apparel cut and assembled in CBI from U.S. fabric made with U.S. yarn

9820.11.18 used for knit apparel cut and assembled in CBI from U.S. fabric made with U.S. yarn

What About Dyeing and Finishing?

Senate colloquy supports the interpretation that the fabric can be dyed and finished in the CBI. The U.S. Customs interim regulations use a definition of "wholly formed" fabric that allows apparel to be eligible for 809+ treatment after the use of finishing operations in the CBI. This issue will be further clarified through the Customs binding ruling process.

REGIONAL FABRIC CAPS FOR KNIT APPAREL

- Products shipped within the Regional Fabric Caps are duty-free and quota-free for a limited amount of apparel

1. Regional Fabric Cap for Knit Apparel:

250,000,000 SME in first year, with a sixteen percent growth rate for four years.

- October 1, 2001 – September 30, 2002 = 290,000,000 SME
- October 1, 2002 – September 30, 2003 = 336,400,000 SME
- October 1, 2003 – September 30, 2004 = 390,224,000 SME

From October 1, 2004 through September 30, 2008, regional cap remains at same level of 390,224,000 SME, with no additional growth (unless Congress decides otherwise).

Products eligible are:

- Apparel knit-to-shape from U.S. yarns (excluding socks in HTS#6115)
- Knit apparel made from fabric formed in the CBI from U.S. yarn
- Knit apparel made from a mixture of U.S. fabric made with U.S. yarn and regional fabric made with U.S. yarn

9820.11.09 used for knit apparel eligible for the Regional Fabric Cap

2. T-Shirt Cap:

4,200,000 dozen in first year with a sixteen percent growth rate for four years.

- October 1, 2001 – September 30, 2002 = 4,872,000 SME
- October 1, 2002 – September 30, 2003 = 5,651,520 SME
- October 1, 2003 – September 30, 2004 = 6,555,763 SME

From October 1, 2004 through September 30, 2008, regional cap remains at same level of 6,555,763 SME, with no additional growth (unless Congress decides otherwise).

Non-underwear T-shirts using CBI fabric made from U.S. yarn classified under

- 6109.10.0012 - Men's Knit Cotton Other T-Shirts, except Underwear
- 6109.10.0014 - Boys' Knit Cotton Other T-Shirts, except Underwear
- 6109.10.0040 - Women's Knit Cotton T-Shirts, except Underwear
- 6109.10.0045 - Girls' Knit Cotton T-Shirts, except Underwear
- 6109.90.1007 - Men's Knit Man-made Fiber T-Shirts
- 6109.90.1009 - Boys' Knit Man-made Fiber T-Shirts
- 6109.90.1050 - Women's Knit Man-made Fiber T-Shirts
- 6109.90.1060 - Girls' Knit Man-made Fiber T-Shirts

9820.11.12 used for non-underwear T-shirts eligible for this cap

U.S. Customs will handle entries on a first-come, first-served basis. The CBI countries signed an agreement on September 28, 2000 to maintain a regional allocation system. Details and information regarding this allocation process are still not available.

BRASSIERES

- Brassieres classified under HTS 6212.10 are eligible for preferential treatment if at least seventy-five percent of the declared value of the fabric components is formed in the U.S.
- Initial implementation stated these benefits are available beginning October 1, 2001. However U.S. Customs will clarify that effective date will be October 2, 2000.
- U.S. Customs will develop procedures to monitor shipments
- If a producer does not satisfy the U.S. fabric content requirement, they lose the right to use the preference until they have one year of trade using 85% U.S. fabric

9820.11.15 used for brassieres

APPAREL ASSEMBLED FROM FIBERS, FABRIC, YARN NOT WIDELY AVAILABLE IN COMMERCIAL QUANTITIES

- Grants quota-free and duty-free treatment for these products as defined in NAFTA
- Qualifying products currently are: those fabrics and yarns identified in Annex 401 of the NAFTA, which include fine count cotton knitted fabrics for certain apparel, linen, silk, cotton velveteen, fine wale corduroy, Harris Tweed, certain woven fabric made with animal hairs, certain lightweight, high thread count poly-cotton woven fabrics, and certain lightweight, high thread count broadwoven fabrics used in the production of men's and boys' shirts [See Appendix C for a detailed description of these products.]
- Establishes process to authorize additional fibers, fabric and yarn
- Authority to include new fabrics delegated to the Committee for the Implementation of Textile Agreements (CITA)

9820.11.24 used for apparel assembled from fibers, fabric, yarn not widely available in commercial quantities

9820.11.27 available if new yarns or fabrics are designated as not available in commercial quantities

HANDLOOM ARTICLES, HANDMADE AND FOLKLORE ARTICLES

- Duty-free if certified by CBI country
- Authority to negotiate agreements delegated to the Committee for the Implementation of Textile Agreements (CITA)

9820.11.30 used for handloom articles, handmade and folklore articles

TEXTILE LUGGAGE

- Duty-free, if the luggage is assembled in CBI from U.S. fabric made with U.S. yarns

R 9802.00.80.46 used for textile luggage assembled in CBI

- Duty-free, if the luggage is cut and assembled in CBI from U.S. fabric made with U.S. yarns

9820.11.21 used for textile luggage cut and assembled in CBI

SPECIAL ORIGIN RULE FOR PRODUCTS CONTAINING NYLON FILAMENT YARN (OTHER THAN ELASTOMERIC YARN) ORIGINATING FROM ISRAEL, CANADA AND MEXICO

- HTS numbers 5402.10.30, 5402.10.60, 5402.31.30, 5402.31.60, 5402.32.30, 5402.32.60, 5402.41.10, 5402.41.90, 5402.51.00 or 5402.61.00
- Only available for 807A+ and 809 shipments

9820.11.03, 9820.11.06 or 9820.11.18 can be used

EFFECTIVE DATE

- Program begins October 2, 2000 and lasts until September 30, 2008
- Program is administered based on date of entry to the U.S.

VISAS ARE NOT REQUIRED FOR QUALIFYING SHIPMENTS

SHIPMENTS MUST BE DIRECT FROM A CBI BENEFICIARY COUNTRY TO THE U.S.

SPECIAL RULES

- Findings and trimmings: foreign origin allowed if they do not exceed twenty-five percent of the total cost of components
- Foreign interlinings allowed if:
 - Total value of foreign interlinings plus foreign findings and trimmings do not exceed 25 percent of the total cost of components
 - Defined as "chest-type plate, "hymo" piece or sleeve header, of woven or weft-inserted warp knit construction and of coarse animal hair or man-made filaments"
- De minimus rule: allows use of fibers or yarn not made in the U.S. up to seven percent of total weight. Elastomeric yarns (spandex) must be of U.S. origin.

TRANSSHIPMENT PENALTIES

- Denial of benefits for two years for exporters found engaging in "transshipment."
- "Triple charges" against CBI country quotas if U.S. finds a CBI country has not taken "all necessary and appropriate actions" to fight transshipment
- U.S. introduces a new definition of transshipment: claim for preference based on false information concerning country of origin, manufacture, processing or assembly
- U.S. Customs will conduct a study analyzing cooperation by CBI countries, including measures taken and penalties assessed to control transshipment

SAFEGUARD ACTIONS

- Safeguard actions are available following the NAFTA provisions, but without compensation available to CBI countries

CERTIFICATE OF ORIGIN

- Requires new Certificate of Origin (Customs Form 450), similar to NAFTA requirement
- Certificate of Origin not required for entry but must be in possession of U.S. importer to provide to U.S. Customs upon request
- Certificate of Origin prepared by the exporter **[Copy is Appendix D]**
- Certificate must be in English or the language of the exporting country
- CBTPA Preference Groups are:
 - A. Apparel assembled from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.223(a)(1)].
 - B. Apparel assembled and further processed from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.223(a)(2)].
 - C. Non-knit apparel cut and assembled from U.S. fabric from U.S. yarn and thread [19 CFR 10.223(a)(3)].
 - D. Apparel knit to shape from U.S. yarn and knit apparel cut and assembled from regional or U.S. fabric from U.S. yarn [19 CFR 10.223(a)(4)].
 - E. Non-underwear t-shirts made of regional fabric from U.S. yarn [19 CFR 10.223(a)(5)].

- F. Brassieres cut and assembled in the U.S. and/or one or more CBTPA beneficiary countries [19 CFR 10.223(a)(6)].
- G. Apparel cut and assembled in one or more CBTPA beneficiary countries from fabrics or yarn not formed in the U.S. or one or more CBTPA beneficiary countries (as identified in NAFTA) or designated as not available in commercial quantities in the U.S. [19 CFR 10.223(a)(7)] or [19 CFR 10.223(a)(8)].
- H. Handloomed, handmade or folklore articles [19 CFR 10.223(a)(9)].
- I. Luggage assembled from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.223(a)(10)].
- J. Luggage cut and assembled from U.S. fabric from U.S. yarn [19 CFR 10.223(a)(11)].
- K. Knitted or crocheted apparel cut and assembled from U.S. fabric from U.S. yarn and thread [19 CFR 10.223(a)(12)].

RECORDKEEPING FOR IMPORTERS

The regulations rely heavily on the record-keeping abilities of U.S. importers. It is specifically stated, that, "because the presence of U.S. materials is a key element for many of the articles to which preferential treatment applies under the CBTPA [/AGOA], ... U.S. importers must be aware of the fact that their ability to successfully claim preferential treatment on their imports may be a function of the nature of the records maintained by the CBTPA [/AOGA] beneficiary country producer not only with regard to the production process but also with regard to the source of the materials used in that production."

The interim regulations review in some detail the Customs requirements for the U.S. importer. There are four specific requirements that Customs believes the importer must meet to make a claim for preferential treatment:

- 1) Maintain records supporting claim that article qualifies (can be a properly completed Certificate of Origin);
- 2) Establish and implement internal controls for periodic review of accuracy of Certificates of Origin and other records;
- 3) Maintain shipping documents, invoices and other documents that show how article qualifies; and
- 4) Be prepared to explain, upon request from Customs, how the records and internal controls justify the importer's claim for preferential treatment.

RECORDKEEPING FOR EXPORTERS

Exporters and/or producers who complete and sign a Certificate of Origin must maintain all records relating to origin for five years. Records required for the goods exported and for all materials used in production include:

- Purchase information
- Cost information
- Value information
- Payment records
- Production information

Specific records and documentation requested by U.S. Customs:

1. Production information
 - Production records
 - Information regarding place of production
 - Number and types of machinery used
 - Number of workers employed
2. Origin of U.S. Materials
 - Purchase orders
 - Invoices
 - Bills of lading and other shipping documents
 - Customs import and clearance documents

[See Appendix F for a list of the types of transaction information exporters need to maintain.]

REQUIREMENTS FOR THE EXPORTING COUNTRY

Each CBI country must require the following:

- Require exporters to complete and sign the CBTPA Certificate of Origin
- If the exporter is not the producer of the goods, require the exporter to have either:
 - Producer's written representation that the goods qualify, or
 - Completed and signed Certificate of Origin
- Require exporters to provide a copy of completed Certificates of Origin to the exporting government authorities upon request
- Maintain measures to impose criminal, civil or administrative penalties for violations of these provisions
- Provide support to U.S. enforcement activities

NAFTA DUTY RATES FOR SPECIAL PRODUCTS

Non-textile products that are not eligible for the Generalized System of Preference program will receive NAFTA duty rates when shipped from CBI beneficiary countries. Products include:

- Footwear
- Non-textile handbags and flatgoods
- Non-textile work gloves
- Leather wearing apparel
- Tuna
- Petroleum

ELIGIBILITY CRITERIA

- Country demonstrates a commitment to:
 - Undertake WTO obligations on or ahead of schedule
 - Participate in negotiations for FTAA or other free trade agreement
- Country provides intellectual property rights protection consistent with or greater than the TRIPS agreement
- Country provides internationally recognized worker rights
 - Right to association
 - Right to organize and bargain collectively
 - Prohibition on use of any form of forced or compulsory labor
 - Minimum age for employment of children
 - Acceptable work conditions regarding minimum wages, hours of work and occupational safety and health
- Country meets counter-narcotics certification criteria
- Country has taken steps to become party to and implement the Inter-American Convention Against Corruption
- Country applies transparent, non-discriminatory and competitive government procurement procedures; and,
- Country contributes to international fora and transparency in government procurement

SUMMARY OF SUB-SAHARAN AFRICA PROVISIONS

APPAREL ASSEMBLED IN SUB-SAHARAN AFRICA (SSA) FROM U.S. FABRIC MADE WITH U.S. YARN AND CUT IN THE U.S. (807 A+)

- Duty-Free
- Quota-Free

D 9802.00.80 used for apparel assembled in SSA from U.S. fabric made with U.S. yarn and cut in the U.S.

APPAREL ASSEMBLED IN SUB-SAHARAN AFRICA (SSA) FROM U.S. FABRIC MADE WITH U.S. YARN AND CUT IN THE U.S. (807 A+)

- Duty-Free
- Quota-Free
- Finishing operations allowed:
 - Embroidery
 - Stone-washing
 - Enzyme-washing
 - Acid-washing
 - Perma-pressing
 - Oven-baking
 - Bleaching
 - Garment dyeing
 - Screen printing
 - or other similar processing

9819.11.03 used for assembled in SSA from U.S. fabric made with U.S. yarn and cut in the U.S., which also are subject to finishing operations

APPAREL CUT AND ASSEMBLED IN SUB-SAHARAN AFRICA, FROM U.S. FABRIC MADE WITH U.S. YARN (809 +)

- Duty-free
- Quota-free
- Must use U.S. thread

9819.11.06 used for apparel cut and assembled in SSA from U.S. fabric made with U.S. yarn

What About Dyeing and Finishing?

Senate colloquy supports the interpretation that the fabric can be dyed and finished in SSA. The U.S. Customs interim regulations use a definition of "wholly formed" fabric that allows apparel to be eligible for 809+ treatment after the use of finishing operations in the SSA. This issue will be further clarified through the Customs binding ruling process

SWEATERS KNIT TO SHAPE FROM CASHMERE OR FINE MERINO WOOL

- Duty-free using yarn from any country
- Chief weight cashmere or fine merino wool qualifies
- Duty-free treatment is unlimited

9819.11.15 used for cashmere sweaters

9819.11.18 used for fine merino wool sweaters

APPAREL ASSEMBLED FROM FABRIC FORMED IN SUB-SAHARAN AFRICA FROM U.S. OR SSA YARN

9819.11.09 used for apparel assembled from fabric formed in SSA from U.S. or SSA yarn

- Duty-free with an annual cap based on total U.S. apparel imports
 - October 1, 2000 – September 30, 2001 = 1.50 percent of total apparel imports
 - October 1, 2001 – September 30, 2002 = 1.78 percent of total apparel imports
 - October 1, 2002 – September 30, 2003 = 2.06 percent of total apparel imports
 - October 1, 2003 – September 30, 2004 = 2.34 percent of total apparel imports
 - October 1, 2004 – September 30, 2005 = 2.62 percent of total apparel imports
 - October 1, 2005 – September 30, 2006 = 2.90 percent of total apparel imports
 - October 1, 2006 – September 30, 2007 = 3.18 percent of total apparel imports
 - October 1, 2007 – September 30, 2008 = 3.5 percent of total apparel imports

The limit for October 1, 2000 through September 30, 2001 is 246,500,393 SME.

APPAREL ASSEMBLED IN SUB-SAHARAN AFRICA FROM THIRD COUNTRY FABRIC

9819.11.12 used for apparel assembled in SSA from third country fabric

- Lesser developed SSA countries also can use non-U.S. and non-SSA fabric until September 30, 2004
- These shipments are also subject to the cap [246,500,393 SME for October 1, 2000 to September 30, 2001]
- "Lesser developed SSA country" is defined as countries with a per capita gross national product of less than \$1,500 a year in 1998
- This criteria automatically eliminates the opportunity for these six countries to use foreign (third country) fabric: Botswana, Gabon, Mauritius, Namibia, Seychelles and South Africa

APPAREL ASSEMBLED FROM FIBERS, FABRIC, YARN NOT WIDELY AVAILABLE IN COMMERCIAL QUANTITIES

- Grants unlimited quota-free and duty-free treatment for these products as defined in NAFTA
- Qualifying products currently are: those fabrics and yarns identified in Annex 401 of the NAFTA, which include fine count cotton knitted fabrics for certain apparel, linen, silk, cotton velveteen, fine wale corduroy, Harris Tweed, certain woven fabric made with animal hairs, certain lightweight, high thread count poly-cotton woven fabrics, and certain lightweight, high thread count broadwoven fabrics used in the production of men's and boys' shirts [See Appendix C for a detailed description of these products.]
- Establishes process to authorize additional fibers, fabric and yarn

9819.11.21 used for apparel assembled from fibers, fabric, yarn not widely available in commercial quantities

- Authority to include new fabrics delegated to CITA

9819.11.24 available if new yarns or fabrics are designated as not available in commercial quantities

HANDLOOM ARTICLES, HANDMADE AND FOLKLORE ARTICLES

- Duty-free if certified by SSA country
- Authority delegated to CITA

9819.11.27 used for handloom, hand made and folklore articles

QUOTAS ELIMINATED FOR KENYA AND MAURITIUS

- Quotas eliminated within thirty days after the President certifies that each country adopts an "effective visa system"

EFFECTIVE DATE

- Program begins October 2, 2000 and lasts until September 30, 2008
- Program is administered based on date entry to the U.S.

U.S. government officials need to clarify whether products are eligible retroactively since implementation of textile and apparel benefits is delayed. However retroactive benefits are unlikely.

SPECIAL RULES

- Findings and trimmings: foreign origin allowed if they do not exceed twenty-five percent of the total cost of components
- Foreign interlinings allowed if:
 - Total value of foreign interlinings plus foreign findings and trimmings do not exceed 25 percent of the total cost of components
 - Defined as "chest-type plate, "hymo" piece or sleeve header, of woven or weft-inserted warp knit construction and of coarse animal hair or man-made filaments"
- De minimus rule: allows use of fibers or yarn not made in the U.S. up to seven percent of total weight

SHIPMENTS MUST BE DIRECT FROM AN ELIGIBLE SUB-SAHARAN AFRICAN BENEFICIARY COUNTRY TO THE U.S.

CERTIFICATE OF ORIGIN

- Requires new Certificate of Origin, similar to NAFTA requirement
- Certificate of Origin not required for entry but must be in possession of U.S. importer to provide upon request
- Certificate of Origin prepared by the exporter **[Copy is Appendix E]**
- SSA Preference Groups are:
 - A. Apparel assembled from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.213(a)(1)].
 - B. Apparel assembled and further processed from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.213(a)(2)].
 - C. Apparel cut and assembled from U.S. fabric from U.S. yarn and thread [19 CFR 10.213(a)(3)].
 - D. Apparel assembled from regional fabric from yarn originating in the U.S. or one or more beneficiary countries [19 CFR 10.213(a)(4)].
 - E. Apparel assembled in one or more lesser developed beneficiary countries [19 CFR 10.213(a)(5)].
 - F. Sweaters knit to shape in chief weight of cashmere [19 CFR 10.213(a)(6)].
 - G. Sweaters knit to shape with 50 percent or more by weight of fine wool [19 CFR 10.213(a)(7)].

- H. Apparel cut and assembled in one or more beneficiary countries from fabrics or yarn not formed in the U.S. or one a beneficiary country (as identified in NAFTA) or designated as not available in commercial quantities in the U.S. [19 CFR 10.213(a)(8) or (a)(9)].
- I. Handloomed, handmade or folklore articles [19 CFR 10.213(a)(10)].

VISA REQUIREMENT

Each SSA country must agree to a bilateral visa agreement with the United States to include:

- Original circular visa in blue ink must be placed on original commercial invoice. Original visa is required for entry
- Visa must contain:
 - Visa number in standard nine digit-letter format
 - Preferential grouping
 - Date of issuance
 - Signature of issuing official
 - Total quantity and unit of quantity
 - Visa not accepted if any information is missing, incorrect, ineligible, crossed out or altered in any way

RECORDKEEPING FOR IMPORTERS

The regulations rely heavily on the record-keeping abilities of U.S. importers. It is specifically stated, that, "because the presence of U.S. materials is a key element for many of the articles to which preferential treatment applies under the CBTPA [/AGOA], ... U.S. importers must be aware of the fact that their ability to successfully claim preferential treatment on their imports may be a function of the nature of the records maintained by the CBTPA [/AGOA] beneficiary country producer not only with regard to the production process but also with regard to the source of the materials used in that production."

The interim regulations review in some detail the Customs requirements for the U.S. importer. There are four specific requirements that Customs believes the importer must meet to make a claim for preferential treatment:

- 1) Maintain records supporting claim that article qualifies (can be a properly completed Certificate of Origin);
- 2) Establish and implement internal controls for periodic review of accuracy of Certificates of Origin and other records;
- 3) Maintain shipping documents, invoices and other documents that show how article qualifies; and
- 4) Be prepared to explain, upon request from Customs, how the records and internal controls justify the importer's claim for preferential treatment.

RECORDKEEPING FOR EXPORTERS

Exporters and/or producers who complete and sign a Certificate of Origin must maintain all records relating to origin for five years. Records required for the goods exported and for all materials used in production include:

- Purchase information
- Cost information
- Value information
- Payment records
- Production information

Specific records and documentation requested by U.S. Customs:

1. Production information
 - Production records
 - Information regarding place of production
 - Number and types of machinery used
 - Number of workers employed
2. Origin of U.S. Materials
 - Purchase orders
 - Invoices
 - Bills of lading and other shipping documents
 - Customs import and clearance documents

[See Appendix F for a list of the types of transaction information exporters need to maintain.]

SURGE MECHANISM

- Apparel made from regional SSA fabric or third country fabric can be removed from duty-free treatment
- The surge mechanism establishes standards that U.S. officials will review to assess whether apparel imports from a particular SSA country causes or threatens to cause serious damage to the U.S. industry
- The surge mechanism can be triggered by a written request from an interested party – U.S. company, union or trade association – of either apparel or inputs used to manufacture apparel

The legislation gives the authority to the Secretary of Commerce. We anticipate the Committee for the Implementation of Textile Agreements (CITA) will make the final recommendation to re-establish duties.

SPECIAL ANTI-CIRCUMVENTION AGREEMENTS FOR SUB-SAHARAN AFRICA COUNTRIES

- Country must adopt an effective visa system to prevent unlawful transshipment and use of counterfeit documents
- Country must permit U.S. Customs verification teams access to investigate transshipment allegations
- Country must report to U.S. Customs on total imports and exports
- Country must cooperate to prevent circumvention
- Country must require producers and exporters to maintain complete production records for at least **five** years
- Countries must provide to U.S. Customs upon request documentation establishing country of origin used in implementing the visa system

TRANSSHIPMENT PENALTIES

- Denial of benefits for five years for exporters found engaging in "transshipment"
- U.S. introduces a new definition of transshipment: claim for preference based on false information concerning country of origin, manufacture, processing or assembly

U.S. CUSTOMS REPORTS AND ACTIVITIES

- Requires U.S. Customs annual report on effectiveness of the SSA visa systems, and on implementation of anti-transshipment measures taken by SSA countries to prevent circumvention
- Requires U.S. Customs to provide technical assistance to SSA countries to visa systems and procedures
- Requires U.S. Customs to train SSA officials in anti-transshipment enforcement
- Requires U.S. Customs to send production verification teams to at least four SSA countries each year
- Encourage U.S. Customs to include SSA countries in the Electronic Visa Information System (ELVIS)
- Authorize U.S. Customs to spend \$5,894,913 to carry out these activities

GENERALIZED SYSTEM OF PREFERENCES (GSP)

- Extends GSP duty-free eligibility until September 30, 2008

International Trade Commission conducted a review of imports eligible for GSP. Decisions regarding import sensitivity and a new Presidential Proclamation announcing the eligible products for duty-free entry are expected to be released in December 2000 or January 2001.

ELIGIBILITY CRITERIA FOR SUB-SAHARAN AFRICA COUNTRIES

- Established or making progress toward:
 - Market-based economy
 - Rule of law
 - Elimination of trade and investment barriers, including:
 - national treatment
 - intellectual property rights protection
 - resolution of bilateral disputes
 - Economic policies
 - System to combat corruption
 - Country provides internationally recognized worker rights
 - Right to association
 - Right to organize and bargain collectively
 - Prohibition on use of any form of forced or compulsory labor
 - Minimum age for employment of children
 - Acceptable work conditions regarding minimum wages, hours of work and occupational safety and health
- Does not undermine U.S. national security or foreign policy interests
- Does not engage in gross violations of internationally recognized human rights or provide support for acts of international terrorism

SUMMARY OF TEXTILE RULES OF ORIGIN PROVISIONS

PROVISIONS RELATED TO RULES OF ORIGIN FOR SOME TEXTILE PRODUCTS

- Rule of origin for some products returns to the pre-Uruguay Round rule of dyeing and printing and two or more of the following finishing operations: bleaching, shrinking, fulling, napping, decatizing, permanent stiffening, weighting, permanent embossing or moiré
- Includes all fabrics other than wool
- Includes flat goods for all fabrics other than wool or more than sixteen percent cotton
- Items included are:
 - 6117.10 – Shawls, Scarves, Mufflers, etc. (Knit)
 - 6213.00 – Handkerchiefs
 - 6214.00 – Shawls, Scarves, Mufflers, etc. (Woven)
 - 6302.22 – Printed bed linen; of man-made fibers
 - 6302.29 – Printed bed linen; of other textile materials (vegetable fibers, including silk)
 - 6302.52 – Woven table linen; of flax
 - 6302.53 – Woven table linen; of man-made fibers
 - 6302.59 – Woven table linen; of other textile materials (vegetable fibers, including silk)
 - 6302.92 – Toilet linen and kitchen linen; of flax
 - 6302.93 – Toilet linen and kitchen linen; of man-made fiber
 - 6302.99 – Toilet linen and kitchen linen; of other textile materials (vegetable fibers, including silk)
 - 6303.92 – Woven curtains (including drapes) and interior blinds; curtain or bed valances; of synthetic fibers
 - 6303.99 – Woven curtains (including drapes) and interior blinds; curtain or bed valances; of other textile materials including artificial fibers and vegetable fibers
 - 6304.19 – Woven bedspreads (excluding those of heading 9404)
 - 6304.93 – Other woven furnishing articles (excluding those of heading 9404); of synthetic fibers
 - 6304.99 – Other woven furnishing articles (excluding those of heading 9404)
 - 9404.90.85 – Quilts, eiderdowns, comforters and similar articles with either outer shell of cotton, man-made fibers or other textile materials
 - 9404.90.95 – Other articles of bedding and similar furnishings constructed of cotton man made fibers or of other materials

SUMMARY OF WOOL PROVISIONS

PROVISIONS RELATED TO WOOL SUITS AND FABRICS

- Implementation date is January 1, 2001 until December 31, 2003
- Only covers men's and boys' worsted wool suits, suit-type jackets and trousers
- Worsteds wool fabric imports, with average fiber diameters greater than 18.5 microns (HTS 9902.51.11 and 9902.51.12)
 - Duty reduced to 19.3 percent
 - Tariff-rate quota of 2.5 million SME's can enter at lower rate
- Worsteds wool fabric imports, with average fiber diameters of 18.5 micron or less
 - Duty reduced to 6 percent
 - If Canada reduces its duty on this fabric, U.S. duty is automatically reduced to same level
 - Tariff-rate quota of 1.5 million SME can enter at lower rate
- Importers must certify that the fabric imports are suitable for use in making suits ("making" means cut and assembled in the U.S.)
- Refund of one-third of duties paid by manufacturers of men's wool suits on imports of imported wool fabrics and yarns and fiber and top during 1999
 - Refund spread out over 2000, 2001 and 2002
 - Only manufacturer can claim refund: For yarn and fiber imports, the manufacturer must be the importer. For fabric imports, the manufacturer does not need to be the importer.
 - Customs establishes strict guidelines to substantiate the amount of duty paid. Sample affidavits prepared by U.S. Customs for manufacturers and importers are available.

Duty-free provisions for wool yarn (HTS 9902.51.13):

Through December 31, 2003, yarn of combed wool, not put up for retail sale, containing 85 percent or more by weight wool of 64s and less worsted wool count; and wool yarn formed with fibers having diameters of 18.5 micron or less, are duty-free.

Duty-free provisions for wool fiber (HTS 9902.51.14):

Through December 31, 2003, wool fiber, waste, garnetted stock, combed wool, or wool top, having average fiber diameters of 18.5 micron or less, are duty-free.

ESTABLISHES WOOL RESEARCH, DEVELOPMENT AND PROMOTION TRUST FUND

- Fund uses duties already collected to award grants to improve quality of U.S. wool and promote wool
- Fund set at \$2.25 million
- Trust fund abolished January 1, 2004

SUMMARY OF OTHER RELEVANT PROVISIONS

NORMAL TRADE RELATIONS FOR ALBANIA AND KYRGYZSTAN

CAROUSEL PROVISION

- Allows the U.S to revise retaliation lists under Section 301 to increase pressure on countries which do not implement WTO dispute settlement recommendations

CHILD LABOR PROVISIONS

- Amends U.S. law to clarify that the term “forced labor or/and indentured labor” includes forced or indentured child labor
- Defines “worst forms of child labor”
- Amends Generalized System of Preferences eligibility criteria so that countries implement commitments to eliminate the worst forms of child labor

APPENDIX A

CENTRAL AMERICAN AND CARIBBEAN COUNTRIES

All twenty-four CBI countries met the basic eligibility criteria and were listed in the Presidential Proclamation 7351 of October 2, 2000.

On October 10, 2000, ten countries were declared fully eligible for CBI benefits because they implemented the customs procedures required by the legislation. The ten countries are marked by an asterisk.

Antigua and Barbuda
Bahamas
Belize *
Dominica
El Salvador *
Guatemala *
Haiti *
Jamaica *
Netherlands Antilles
Panama *
Saint Lucia
Trinidad and Tobago

Aruba
Barbados
Costa Rica *
Dominican Republic *
Grenada
Guyana
Honduras *
Montserrat
Nicaragua *
St. Kitts and Nevis
Saint Vincent and the Grenadines
Virgin Islands, British

APPENDIX B

SUB-SAHARAN AFRICA COUNTRIES

Thirty-four of the forty-eight Sub-Saharan Africa countries met the basic eligibility criteria and were listed in the Presidential Proclamation 7351 of October 2, 2000. Those countries are listed in bold.

Angola
Benin
Botswana
Burkina Faso
Burundi
Cape Verde
Cameroon
Central African Republic
Chad
Islamic Rep. of the Comoros
Democratic Republic of Congo
Republic of Congo
Cote d'Ivoire
Djibouti
Equatorial Guinea
Eritrea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho

Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Rwanda
São Tomé and Príncipe
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Tanzania
Togo
Uganda
Zambia
Zimbabwe

APPENDIX C

FABRICS IDENTIFIED IN NAFTA ANNEX 401 AS “NOT WIDELY AVAILABLE IN COMMERCIAL QUANTITIES”

- Silk, 70 % silk or more
- Linen
- Velveteen fabrics of subheading 5801.23, containing 85 percent or more by weight of cotton
- Corduroy fabrics of subheading 5801.22, containing 85 percent or more by weight of cotton and containing more than 7.5 wales per centimeter
- Fabrics of subheadings 5111.11 or 5111.19, if hand-woven, with a loom width of less than 76 cm, woven in the United Kingdom in accordance with the rules and regulations of the Harris Tweed Association, Ltd., and so certified by the Association
- Fabrics of subheading 5112.30, weighing not more than 340 grams per square meter, containing wool, not less than 20 percent by weight of fine animal hair and not less than 15 percent by weight of man-made staple fibers
- Batiste fabrics of subheadings 5513.11 or 5513.21, of square construction, of single yarns exceeding 76 metric count, containing between 60 and 70 warp ends and filling picks per square centimeter, of a weight not exceeding 110 grams per square meter
- Circular knit fabric, wholly of cotton yarns exceeding 100 metric number per single yarn (for underwear and nightwear)
- High thread count broadwoven fabrics used in the production of men's and boys' shirts:
 - a. Fabrics of subheadings 5208.21, 5208.22, 5208.29, 5208.31, 5208.32, 5208.39, 5208.41, 5208.42, 5208.49, 5208.51, 5208.52 or 5208.59, of average yarn number exceeding 135 metric
 - b. Fabrics of subheadings 5513.11 or 5513.21, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric
 - c. Fabrics of subheadings 5210.21 or 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric

- d. Fabrics of subheadings 5208.22 or 5208.32, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 65 metric
- e. Fabrics of subheadings 5407.81, 5407.82 or 5407.83, weighing less than 170 grams per square meter, having a dobby weave created by a dobby attachment
- f. Fabrics of subheadings 5208.42 or 5208.49, not of square construction, containing more than 85 warp ends and filling picks per square centimeter, of average yarn number exceeding 85 metric
- g. Fabrics of subheading 5208.51, of square construction, containing more than 75 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number 95 or greater metric
- h. Fabrics of subheading 5208.41, of square construction, with a gingham pattern, containing more than 85 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number 95 or greater metric, and characterized by a check effect produced by the variation in color of the yarns in the warp and filling
- i. Fabrics of subheading 5208.41, with the warp colored with vegetable dyes, and the filling yarns of white or colored with vegetable dyes, or average yarn number greater than 65 metric

APPENDIX D

Caribbean Basin Trade Partnership Act

Textile Certificate of Origin

1. Exporter Name & Address		2. Producer Name & Address	
3. Importer Name & Address		6. U.S./Caribbean Fabric Producer Name & Address	
4. Description of Article	5. Preference Group	7. U.S. Producer Name & Address	
		8. U.S. Thread Producer Name & Address	
		9. Name of Handloomed, Handmade, or Folklore Article	
10. Name of Preference Group G Fabric or Yarn:			

Preference Groups:

- A. Apparel assembled from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.223(a)(1)]
- B. Apparel assembled and further processed from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.223(a)(2)]
- C. Non-knit apparel cut and assembled from U.S. fabric from U.S. yarn and thread [19 CFR 10.223(a)(3)]
- D. Apparel knit to shape from U.S. yarn and knit apparel cut and assembled from regional or U.S. fabric from U.S. yarn [19 CFR 10.223(a)(4)]
- E. Non-underwear t-shirts, made of regional fabric from U.S. yarn [19 CFR 10.223(a)(5)]
- F. Brassieres cut and assembled in the United States and/or one or more CBTPA beneficiary countries [19 CFR 10.223(a)(6)]
- G. Apparel cut and assembled in one or more CBTPA beneficiary countries from fabrics or yarn not formed in the United States or one or more CBTPA beneficiary countries (as identified in NAFTA) or designated as not available in commercial quantities in the United States [19 CFR 10.223 (a)(7) or (a)(8)]
- H. Handloomed, handmade or folklore articles [19 CFR 10.223(a)(9)]
- I. Luggage assembled from U.S.-formed and cut fabric from U.S. yarn. [19 CFR 10.223(a)(10)].
- J. Luggage cut and assembled from U.S. fabric from U.S. yarn [19 CFR 10.223(a)(11)]
- K. Knitted or crocheted apparel cut and assembled from U.S. fabric from U.S. yarn and thread. [19 CFR 10.223(a)(12)]

I certify that the information on this document is complete and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document.

I agree to maintain and present upon request, documentation necessary to support this certificate.

12. Authorized signature		13. Company	
14. Name (Print or Type)		15. Title	
16. Date (DD/MM/YY)	16b. Blanket Period From: To:	17. Telephone Number: Facsimile Number:	

APPENDIX E

African Growth and Opportunity Act

Textile Certificate of Origin

1. Exporter Name & Address		2. Producer Name & Address	
3. Importer Name & Address		6. U.S./African Fabric Producer Name & Address	
4. Description of Article	5. Preference Group	7. U.S./ African Yarn Producer Name & Address	
		8. U.S. Thread Producer Name & Address	
		9. Name of Handloomed, Handmade, or Folklore Article	
10. Name of Preference Group H Fabric or Yarn:			

Preference Groups:

- A. Apparel assembled from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.213(a)(1)]
- B. Apparel assembled and further processed from U.S.-formed and cut fabric from U.S. yarn [19 CFR 10.213(a)(2)]
- C. Apparel cut and assembled from U.S. fabric from U.S. yarn and thread. [19 CFR 10.213(a)(3)]
- D. Apparel assembled from regional fabric from yarn originating in the U.S. or one or more beneficiary countries [19 CFR 10.213 (a)(4)]
- E. Apparel assembled in one or more lesser developed beneficiary countries [19 CFR 10.213 (a)(5)]
- F. Sweaters knit to shape in chief weight of cashmere [19 CFR 10.213 (a)(6)]
- G. Sweaters knit to shape with 50 percent or more by weight of fine wool [19 CFR 10.213 (a)(7)]
- H. Apparel cut and assembled in one or more beneficiary countries from fabrics or yarn not formed in the U.S. or a beneficiary country (as identified in NAFTA0 or designated as not available in commercial quantities in the United States [19 CFR 10.213(a)(8) or (9)]
- I. Handloomed, handmade or folklore articles [19 CFR 10.213(a)(10)]

I certify that the information on this document is complete and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document.

I agree to maintain and present upon request, documentation necessary to support this certificate.

12. Authorized signature		13. Company	
14. Name (Print or Type)		15. Title	
16. Date (DD/MM/YY)	16b. Blanket Period From: To:	17. Telephone Number: Facsimile Number:	

APPENDIX F

SUMMARY OF DOCUMENTATION REQUIREMENTS FOR CERTIFICATION OF QUALIFYING CBI AND SSA SHIPMENTS

YARN

- ◆ Certification from U.S. yarn spinner
- ◆ Internal transfer documents for shipment to vertically-integrated companies
- ◆ Transportation documents for tracking
- ◆ Certification of Israel, Canada or Mexico as source of certain nylon filament yarns (**CBI only**)

FABRIC

- ◆ Certification from U.S. mill (must include certification from U.S. yarn spinner)
- ◆ Internal transfer documents for shipment to vertically-integrated companies
- ◆ Transportation documents for tracking
- ◆ Certification of U.S. thread for 809 production
- ◆ Certification of *de minimus* non-qualifying yarns or fabric
- ◆ Certification for special brassiere requirements
- ◆ Certification for short supply fabrics from 3rd country sources
- ◆ Certification for third country fabrics used in lesser developed countries (**SSA only**)

FINDINGS AND TRIMMINGS

- ◆ Certification finding and trimmings do not exceed 25% of cost of components
- ◆ Certification of origin of findings and trimmings

INTERLININGS

- ◆ Certification of type of qualifying interlining

CUT PIECES FOR ASSEMBLY OF APPAREL

- ◆ Certification of U.S. origin for yarn and for fabric
- ◆ Certification of U.S. cutting and faculty (cutting tickets too)
- ◆ Internal transfer documents for shipment to vertically-integrated companies
- ◆ Transportation documents for tracking

CUT PIECES FOR ASSEMBLY OF LUGGAGE

- ◆ Certification of U.S. origin for yarn and for fabric
- ◆ Certification of U.S. cutting and faculty (cutting tickets too)
- ◆ Internal transfer documents for shipment to vertically-integrated companies
- ◆ Transportation documents for tracking

KNIT APPAREL QUALIFYING FOR REGIONAL FABRIC
TRADE PREFERENCE LEVELS (TPLS) [CBI only]

- ◆ Certification of U.S. origin for yarn
- ◆ Certification of CBI manufacture of fabric
- ◆ Certification of CBI manufacture of garments
- ◆ Internal transfer documents for shipment to vertically-integrated companies
- ◆ Transportation documents for tracking

SSA TRADE PREFERENCE LEVELS

- ◆ Certification of U.S. origin or SSA origin for yarn
- ◆ Certification of U.S. or SSA manufacture of fabric
- ◆ Certification of third-country manufacture of fabric for use in lesser-developed countries
- ◆ Certification of SSA manufacture of garments
- ◆ Internal transfer documents for shipment to vertically-integrated companies
- ◆ Transportation documents for tracking

BRASSIERES

- ◆ Special certification required

APPAREL MADE FROM THIRD COUNTRY "SHORT SUPPLY" FABRICS

- ◆ Certification of origin and classification matching approved list of yarns and fabrics

HANDLOOMED, HANDMADE OR FOLKLORE PRODUCTS

- ◆ Certification of eligibility (after negotiate agreement with CITA)