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To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

 IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 2001

Received; read twice and referred to the Committee on Finance

DECEMBER 14, 2001

Reported by Mr. BAUCUS, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Andean Trade Pro-
 5 ~~motion and Drug Eradication Act”.~~

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) Since the Andean Trade Preference Act was
4 enacted in 1991, it has had a positive impact on
5 United States trade with Bolivia, Colombia, Ecu-
6 dor, and Peru. Two-way trade has doubled, with the
7 United States serving as the leading source of im-
8 ports and leading export market for each of the An-
9 dean beneficiary countries. This has resulted in in-
10 creased jobs and expanded export opportunities in
11 both the United States and the Andean region.

12 (2) The Andean Trade Preference Act has been
13 a key element in the United States counternarcotics
14 strategy in the Andean region, promoting export di-
15 versification and broad-based economic development
16 that provides sustainable economic alternatives to
17 drug-crop production, strengthening the legitimate
18 economies of Andean countries and creating viable
19 alternatives to illicit trade in coca.

20 (3) Notwithstanding the success of the Andean
21 Trade Preference Act, the Andean region remains
22 threatened by political and economic instability and
23 fragility, vulnerable to the consequences of the drug
24 war and fierce global competition for its legitimate
25 trade.

1 (4) The continuing instability in the Andean re-
2 gion poses a threat to the security interests of the
3 United States and the world. This problem has been
4 partially addressed through foreign aid, such as Plan
5 Colombia, enacted by Congress in 2000. However,
6 foreign aid alone is not sufficient. Enhancement of
7 legitimate trade with the United States provides an
8 alternative means for reviving and stabilizing the
9 economies in the Andean region.

10 (5) The Andean Trade Preference Act con-
11 stitutes a tangible commitment by the United States
12 to the promotion of prosperity, stability, and democ-
13 racy in the beneficiary countries.

14 (6) Renewal and enhancement of the Andean
15 Trade Preference Act will bolster the confidence of
16 domestic private enterprise and foreign investors in
17 the economic prospects of the region, ensuring that
18 legitimate private enterprise can be the engine of
19 economic development and political stability in the
20 region.

21 (7) Each of the Andean beneficiary countries is
22 committed to conclude negotiation of a Free Trade
23 Area of the Americas by the year 2005, as a means
24 of enhancing the economic security of the region.

1 context of imports from ATPDEA beneficiary coun-
2 tries:

3 “(A) Footwear not designated at the time
4 of the effective date of this Act as eligible for
5 the purpose of the generalized system of pref-
6 erences under title V of the Trade Act of 1974.

7 “(B) Petroleum, or any product derived
8 from petroleum, provided for in headings 2709
9 and 2710 of the HTS.

10 “(C) Watches and watch parts (including
11 cases, bracelets and straps), of whatever type
12 including, but not limited to, mechanical, quartz
13 digital or quartz analog, if such watches or
14 watch parts contain any material which is the
15 product of any country with respect to which
16 HTS column 2 rates of duty apply.

17 “(D) Handbags, luggage, flat goods, work
18 gloves, and leather wearing apparel that were
19 not designated on August 5, 1983, as eligible
20 articles for purposes of the generalized system
21 of preferences under title V of the Trade Act of
22 1974.

23 “(2) EXCLUSIONS.—Subject to paragraph (3),
24 duty-free treatment under this title may not be ex-
25 tended to—

1 “(A) textiles and apparel articles which
2 were not eligible articles for purposes of this
3 title on January 1, 1994, as this title was in ef-
4 fect on that date;

5 “(B) rum and tafia classified in sub-
6 heading 2208.40 of the HTS; or

7 “(C) sugars, syrups, and sugar-containing
8 products subject to over-quota duty rates under
9 applicable tariff-rate quotas.

10 “(3) APPAREL ARTICLES.—

11 “(A) IN GENERAL.—Apparel articles that
12 are imported directly into the customs territory
13 of the United States from an ATPDEA bene-
14 ficiary country shall enter the United States
15 free of duty and free of any quantitative restric-
16 tions, limitations, or consultation levels, but
17 only if such articles are described in subpara-
18 graph (B).

19 “(B) COVERED ARTICLES.—The apparel
20 articles referred to in subparagraph (A) are the
21 following:

22 “(i) APPAREL ARTICLES ASSEMBLED
23 FROM PRODUCTS OF THE UNITED STATES
24 AND ATPDEA BENEFICIARY COUNTRIES OR
25 PRODUCTS NOT AVAILABLE IN COMMER-

1 CIAL QUANTITIES.—Apparel articles sewn
2 or otherwise assembled in 1 or more
3 ATPDEA beneficiary countries, or the
4 United States, or both, exclusively from
5 any one or any combination of the fol-
6 lowing:

7 “(I) Fabrics or fabric compo-
8 nents formed, or components knit-to-
9 shape, in the United States, from
10 yarns formed in the United States or
11 1 or more ATPDEA beneficiary coun-
12 tries (including fabrics not formed
13 from yarns, if such fabrics are classi-
14 fiable under heading 5602 or 5603 of
15 the HTS and are formed in the
16 United States).

17 “(II) Fabrics or fabric compo-
18 nents formed or components knit-to-
19 shape, in 1 or more ATPDEA bene-
20 ficiary countries, from yarns formed
21 in 1 or more ATPDEA beneficiary
22 countries, if such fabrics (including
23 fabrics not formed from yarns, if such
24 fabrics are classifiable under heading
25 5602 or 5603 of the HTS and are

1 formed in 1 or more ATPDEA bene-
2 ficiary countries) or components are
3 in chief weight of llama or alpaca.

4 “(III) Fabrics or yarn that is not
5 formed in the United States or in one
6 or more ATPDEA beneficiary coun-
7 tries, to the extent that apparel arti-
8 cles of such fabrics or yarn would be
9 eligible for preferential treatment,
10 without regard to the source of the
11 fabrics or yarn, under Annex 401 of
12 the NAFTA.

13 “(ii) ADDITIONAL FABRICS.—At the
14 request of any interested party, the Presi-
15 dent is authorized to proclaim additional
16 fabrics and yarns as eligible for pref-
17 erential treatment under clause (i)(III)
18 if—

19 “(I) the President determines
20 that such fabrics or yarns cannot be
21 supplied by the domestic industry in
22 commercial quantities in a timely
23 manner;

24 “(II) the President has obtained
25 advice regarding the proposed action

1 from the appropriate advisory com-
2 mittee established under section 135
3 of the Trade Act of 1974 (19 U.S.C.
4 2155) and the United States Inter-
5 national Trade Commission;

6 “(III) within 60 days after the
7 request, the President has submitted
8 a report to the Committee on Ways
9 and Means of the House of Rep-
10 resentatives and the Committee on Fi-
11 nance of the Senate that sets forth
12 the action proposed to be proclaimed
13 and the reasons for such action, and
14 the advice obtained under subclause
15 (II);

16 “(IV) a period of 60 calendar
17 days, beginning with the first day on
18 which the President has met the re-
19 quirements of subclause (III), has ex-
20 pired; and

21 “(V) the President has consulted
22 with such committees regarding the
23 proposed action during the period re-
24 ferred to in subclause (III).

1 “(iii) APPAREL ARTICLES ASSEMBLED
2 IN 1 OR MORE ATPDEA BENEFICIARY
3 COUNTRIES FROM REGIONAL FABRICS OR
4 REGIONAL COMPONENTS.—(I) Subject to
5 the limitation set forth in subclause (II),
6 apparel articles sewn or otherwise assem-
7 bled in 1 or more ATPDEA beneficiary
8 countries from fabrics or from fabric com-
9 ponents formed or from components knit-
10 to-shape, in 1 or more ATPDEA bene-
11 ficiary countries, from yarns formed in the
12 United States or 1 or more ATPDEA ben-
13 eficiary countries (including fabrics not
14 formed from yarns, if such fabrics are clas-
15 sifiable under heading 5602 or 5603 of the
16 HTS and are formed in 1 or more
17 ATPDEA beneficiary countries); whether
18 or not the apparel articles are also made
19 from any of the fabrics, fabric components
20 formed, or components knit-to-shape de-
21 scribed in clause (i).

22 “(II) The preferential treatment re-
23 ferred to in subclause (I) shall be extended
24 in the 1-year period beginning December
25 1, 2001, and in each of the 5 succeeding

1 1-year periods, to imports of apparel arti-
2 cles in an amount not to exceed the appli-
3 cable percentage of the aggregate square
4 meter equivalents of all apparel articles im-
5 ported into the United States in the pre-
6 ceeding 12-month period for which data are
7 available.

8 “(III) For purposes of subclause (II),
9 the term ‘applicable percentage’ means 3
10 percent for the 1-year period beginning
11 December 1, 2001, increased in each of the
12 5 succeeding 1-year periods by equal incre-
13 ments, so that for the period beginning
14 December 1, 2005, the applicable percent-
15 age does not exceed 6 percent.

16 “(iv) HANDLOOMED, HANDMADE, AND
17 FOLKLORE ARTICLES.—A handloomed,
18 handmade, or folklore article of an
19 ATPDEA beneficiary country identified
20 under subparagraph (C) that is certified as
21 such by the competent authority of such
22 beneficiary country.

23 “(v) SPECIAL RULES.—

24 “(I) EXCEPTION FOR FINDINGS
25 AND TRIMMINGS.—An article other-

1 wise eligible for preferential treatment
2 under this paragraph shall not be in-
3 eligible for such treatment because the
4 article contains findings or trimmings
5 of foreign origin, if such findings and
6 trimmings do not exceed 25 percent of
7 the cost of the components of the as-
8 sembled product. Examples of find-
9 ings and trimmings are sewing thread,
10 hooks and eyes, snaps, buttons, 'bow
11 buds', decorative lace, trim, elastic
12 strips, zippers, including zipper tapes
13 and labels, and other similar products.

14 “(II) CERTAIN INTERLINING.—

15 (aa) An article otherwise eligible for
16 preferential treatment under this
17 paragraph shall not be ineligible for
18 such treatment because the article
19 contains certain interlinings of foreign
20 origin, if the value of such interlinings
21 (and any findings and trimmings)
22 does not exceed 25 percent of the cost
23 of the components of the assembled
24 article.

1 “(bb) Interlinings eligible for the
2 treatment described in division (aa)
3 include only a chest type plate, ‘hymo’
4 piece, or ‘sleeve header’, of woven or
5 weft-inserted warp knit construction
6 and of coarse animal hair or man-
7 made filaments.

8 “(cc) The treatment described in
9 this subclause shall terminate if the
10 President makes a determination that
11 United States manufacturers are pro-
12 ducing such interlinings in the United
13 States in commercial quantities.

14 “(III) DE MINIMIS RULE.—An
15 article that would otherwise be ineli-
16 gible for preferential treatment under
17 this subparagraph because the article
18 contains fibers or yarns not wholly
19 formed in the United States or in one
20 or more ATPDEA beneficiary coun-
21 tries shall not be ineligible for such
22 treatment if the total weight of all
23 such fibers or yarns is not more than
24 7 percent of the total weight of the
25 good.

1 “(C) HANDLOOMED, HANDMADE, AND
2 FOLKLORE ARTICLES.—For purposes of sub-
3 paragraph (B)(iv), the President shall consult
4 with representatives of the ATPDEA bene-
5 ficiary countries concerned for the purpose of
6 identifying particular textile and apparel goods
7 that are mutually agreed upon as being
8 handloomed, handmade, or folklore goods of a
9 kind described in section 2.3(a), (b), or (c) of
10 the Annex or Appendix 3.1.B.11 of the Annex.

11 “(D) PENALTIES FOR TRANSSHIPMENT.—

12 “(i) PENALTIES FOR EXPORTERS.—If
13 the President determines, based on suffi-
14 cient evidence, that an exporter has en-
15 gaged in transshipment with respect to ap-
16 parel articles from an ATPDEA bene-
17 ficiary country, then the President shall
18 deny all benefits under this title to such
19 exporter, and any successor of such ex-
20 porter, for a period of 2 years.

21 “(ii) PENALTIES FOR COUNTRIES.—

22 Whenever the President finds, based on
23 sufficient evidence, that transshipment has
24 occurred, the President shall request that
25 the ATPDEA beneficiary country or coun-

1 tries through whose territory the trans-
2 shipment has occurred take all necessary
3 and appropriate actions to prevent such
4 transshipment. If the President determines
5 that a country is not taking such actions,
6 the President shall reduce the quantities of
7 apparel articles that may be imported into
8 the United States from such country by
9 the quantity of the transshipped articles
10 multiplied by 3, to the extent consistent
11 with the obligations of the United States
12 under the WTO.

13 “(iii) TRANSSHIPMENT DESCRIBED.—
14 Transshipment within the meaning of this
15 subparagraph has occurred when pref-
16 erential treatment under subparagraph (A)
17 has been claimed for an apparel article on
18 the basis of material false information con-
19 cerning the country of origin, manufacture,
20 processing, or assembly of the article or
21 any of its components. For purposes of
22 this clause, false information is material if
23 disclosure of the true information would
24 mean or would have meant that the article

1 is or was ineligible for preferential treat-
2 ment under subparagraph (A).

3 “(E) BILATERAL EMERGENCY ACTIONS.—

4 “(i) IN GENERAL.—The President
5 may take bilateral emergency tariff actions
6 of a kind described in section 4 of the
7 Annex with respect to any apparel article
8 imported from an ATPDEA beneficiary
9 country if the application of tariff treat-
10 ment under subparagraph (A) to such arti-
11 cle results in conditions that would be
12 cause for the taking of such actions under
13 such section 4 with respect to a like article
14 described in the same 8-digit subheading
15 of the HTS that is imported from Mexico.

16 “(ii) RULES RELATING TO BILATERAL
17 EMERGENCY ACTION.—For purposes of ap-
18 plying bilateral emergency action under
19 this subparagraph—

20 “(I) the requirements of para-
21 graph (5) of section 4 of the Annex
22 (relating to providing compensation)
23 shall not apply;

24 “(II) the term ‘transition period’
25 in section 4 of the Annex shall mean

1 the period ending December 31, 2006;
2 and

3 ~~“(III)~~ the requirements to con-
4 sult specified in section 4 of the
5 Annex shall be treated as satisfied if
6 the President requests consultations
7 with the ATPDEA beneficiary country
8 in question and the country does not
9 agree to consult within the time pe-
10 riod specified under section 4.

11 ~~“(4) CUSTOMS PROCEDURES.—~~

12 ~~“(A) IN GENERAL.—~~

13 ~~“(i) REGULATIONS.—~~Any importer
14 that claims preferential treatment under
15 paragraph (1) or (3) shall comply with
16 customs procedures similar in all material
17 respects to the requirements of Article
18 502(1) of the NAFTA as implemented
19 pursuant to United States law, in accord-
20 ance with regulations promulgated by the
21 Secretary of the Treasury.

22 ~~“(ii) DETERMINATION.—~~

23 ~~“(I) IN GENERAL.—~~In order to
24 qualify for the preferential treatment
25 under paragraph (1) or (3) and for a

1 Certificate of Origin to be valid with
2 respect to any article for which such
3 treatment is claimed, there shall be in
4 effect a determination by the Presi-
5 dent that each country described in
6 subclause (H)—

7 “(aa) has implemented and
8 follows; or

9 “(bb) is making substantial
10 progress toward implementing
11 and following;

12 procedures and requirements similar
13 in all material respects to the relevant
14 procedures and requirements under
15 chapter 5 of the NAFTA.

16 “(H) COUNTRY DESCRIBED.—A
17 country is described in this subclause
18 if it is an ATPDEA beneficiary
19 country—

20 “(aa) from which the article
21 is exported; or

22 “(bb) in which materials
23 used in the production of the ar-
24 ticle originate or in which the ar-
25 ticle or such materials undergo

1 production that contributes to a
2 claim that the article is eligible
3 for preferential treatment under
4 paragraph (1) or (3).

5 “(B) CERTIFICATE OF ORIGIN.—The Cer-
6 tificate of Origin that otherwise would be re-
7 quired pursuant to the provisions of subpara-
8 graph (A) shall not be required in the case of
9 an article imported under paragraph (1) or (3)
10 if such Certificate of Origin would not be re-
11 quired under Article 503 of the NAFTA (as im-
12 plemented pursuant to United States law), if
13 the article were imported from Mexico.

14 “(5) DEFINITIONS.—In this subsection—

15 “(A) ANNEX.—The term ‘the Annex’
16 means Annex 300-B of the NAFTA.

17 “(B) ATPDEA BENEFICIARY COUNTRY.—
18 The term ‘ATPDEA beneficiary country’ means
19 any ‘beneficiary country’, as defined in section
20 203(a)(1) of this title, which the President des-
21 ignates as an ATPDEA beneficiary country,
22 taking into account the criteria contained in
23 subsections (e) and (d) of section 203 and other
24 appropriate criteria, including the following:

1 “(i) Whether the beneficiary country
2 has demonstrated a commitment to—

3 “(I) undertake its obligations
4 under the WTO, including those
5 agreements listed in section 101(d) of
6 the Uruguay Round Agreements Act,
7 on or ahead of schedule; and

8 “(II) participate in negotiations
9 toward the completion of the FTAA
10 or another free trade agreement.

11 “(ii) The extent to which the country
12 provides protection of intellectual property
13 rights consistent with or greater than the
14 protection afforded under the Agreement
15 on Trade-Related Aspects of Intellectual
16 Property Rights described in section
17 101(d)(15) of the Uruguay Round Agree-
18 ments Act.

19 “(iii) The extent to which the country
20 provides internationally recognized worker
21 rights, including—

22 “(I) the right of association;

23 “(II) the right to organize and
24 bargain collectively;

1 “~~(III)~~ a prohibition on the use of
2 any form of forced or compulsory
3 labor;

4 “~~(IV)~~ a minimum age for the em-
5 ployment of children; and

6 “~~(V)~~ acceptable conditions of
7 work with respect to minimum wages,
8 hours of work, and occupational safe-
9 ty and health;

10 “~~(iv)~~ Whether the country has imple-
11 mented its commitments to eliminate the
12 worst forms of child labor, as defined in
13 section 507(6) of the Trade Act of 1974.

14 “~~(v)~~ The extent to which the country
15 has met the counternarcotics certification
16 criteria set forth in section 490 of the For-
17 eign Assistance Act of 1961 (22 U.S.C.
18 2291j) for eligibility for United States as-
19 sistance.

20 “~~(vi)~~ The extent to which the country
21 has taken steps to become a party to and
22 implements the Inter-American Convention
23 Against Corruption.

24 “~~(vii)~~ The extent to which the
25 country—

1 “(I) applies transparent, non-
2 discriminatory, and competitive proce-
3 dures in government procurement
4 equivalent to those contained in the
5 Agreement on Government Procure-
6 ment described in section 101(d)(17)
7 of the Uruguay Round Agreements
8 Act; and

9 “(II) contributes to efforts in
10 international fora to develop and im-
11 plement international rules in trans-
12 parency in government procurement.

13 “(C) NAFTA.—The term ‘NAFTA’ means
14 the North American Free Trade Agreement en-
15 tered into between the United States, Mexico,
16 and Canada on December 17, 1992.

17 “(D) WTO.—The term ‘WTO’ has the
18 meaning given that term in section 2 of the
19 Uruguay Round Agreements Act (19 U.S.C.
20 3501).

21 “(E) ATPDEA.—The term ‘ATPDEA’
22 means the Andean Trade Promotion and Drug
23 Eradication Act.”.

1 (b) DETERMINATION REGARDING RETENTION OF
2 DESIGNATION.—Section 203(e)(1) of the Andean Trade
3 Preference Act (19 U.S.C. 3202(e)(1)) is amended—

4 (1) by redesignating subparagraphs (A) and
5 (B) as clauses (i) and (ii), respectively;

6 (2) by inserting “(A)” after “(1)”; and

7 (3) by adding at the end the following:

8 “(B) The President may, after the requirements of
9 paragraph (2) have been met—

10 “(i) withdraw or suspend the designation of any
11 country as an ATPDEA beneficiary country, or

12 “(ii) withdraw, suspend, or limit the application
13 of preferential treatment under section 204(b)(1) or
14 (3) to any article of any country,

15 if, after such designation, the President determines that,
16 as a result of changed circumstances, the performance of
17 such country is not satisfactory under the criteria set forth
18 in section 204(b)(5)(B).”.

19 (c) CONFORMING AMENDMENTS.—(1) Section 202 of
20 the Andean Trade Preference Act (19 U.S.C. 3201) is
21 amended by inserting “(or other preferential treatment)”
22 after “treatment”.

23 (2) Section 204(a) of the Andean Trade Preference
24 Act (19 U.S.C. 3203(a)) is amended—

1 (A) in paragraph (1), by inserting “(or other-
2 wise provided for)” after “eligibility”; and

3 (B) in paragraph (2), by striking “subsection
4 (a)” and inserting “paragraph (1)”.

5 **SEC. 4. TERMINATION OF PREFERENTIAL TREATMENT.**

6 Section 208 of the Andean Trade Preference Act (19
7 U.S.C. 3206) is amended to read as follows:

8 **“SEC. 208. TERMINATION OF PREFERENTIAL TREATMENT.**

9 ~~“No duty-free treatment or other preferential treat-
10 ment extended to beneficiary countries under this title
11 shall remain in effect after December 31, 2006.”.~~

12 **SEC. 5. TRADE BENEFITS UNDER THE CARIBBEAN BASIN
13 ECONOMIC RECOVERY ACT.**

14 Section 213(b)(2)(A) of the Caribbean Basin Eco-
15 nomic Recovery Act (19 U.S.C. 2703(b)(2)(A)) is amend-
16 ed as follows:

17 (1) Clause (i) is amended by striking the mat-
18 ter preceding subclause (I) and inserting the fol-
19 lowing:

20 “(i) APPAREL ARTICLES ASSEMBLED
21 IN ONE OR MORE CBTPA BENEFICIARY
22 COUNTRIES.—Apparel articles sewn or oth-
23 erwise assembled in one or more CBTPA
24 beneficiary countries from fabrics wholly
25 formed and cut, or from components knit-

1 to-shape, in the United States from yarns
2 wholly formed in the United States, (in-
3 cluding fabrics not formed from yarns, if
4 such fabrics are classifiable under heading
5 5602 or 5603 of the HTS and are wholly
6 formed and cut in the United States) that
7 are—”.

8 (2) Clause (ii) is amended to read as follows:

9 “(ii) OTHER APPAREL ARTICLES AS-
10 SEMBLED IN ONE OR MORE CBTPA BENE-
11 FICIARY COUNTRIES.—Apparel articles
12 sewn or otherwise assembled in one or
13 more CBTPA beneficiary countries with
14 thread formed in the United States from
15 fabrics wholly formed in the United States
16 and cut in one or more CBTPA beneficiary
17 countries from yarns wholly formed in the
18 United States, or from components knit-to-
19 shape in the United States from yarns
20 wholly formed in the United States, or
21 both (including fabrics not formed from
22 yarns, if such fabrics are classifiable under
23 heading 5602 or 5603 of the HTS and are
24 wholly formed in the United States).”.

1 (3) Clause (iii)(II) is amended to read as fol-
2 lows:

3 “(II) The amount referred to in sub-
4 clause (I) is as follows:

5 “(aa) 290,000,000 square meter
6 equivalents during the 1-year period
7 beginning on October 1, 2001.

8 “(bb) 500,000,000 square meter
9 equivalents during the 1-year period
10 beginning on October 1, 2002.

11 “(cc) 850,000,000 square meter
12 equivalents during the 1-year period
13 beginning on October 1, 2003.

14 “(dd) 970,000,000 square meter
15 equivalents in each succeeding 1-year
16 period through September 30, 2008.”.

17 (4) Clause (iii)(IV) is amended to read as fol-
18 lows:

19 “(IV) The amount referred to in sub-
20 clause (III) is as follows:

21 “(aa) 4,872,000 dozen during the
22 1-year period beginning on October 1,
23 2001.

1 “(bb) 9,000,000 dozen during the
2 1-year period beginning on October 1,
3 2002.

4 “(cc) 10,000,000 dozen during
5 the 1-year period beginning on Octo-
6 ber 1, 2003.

7 “(dd) 12,000,000 dozen in each
8 succeeding 1-year period through Sep-
9 tember 30, 2008.”.

10 (5) Section 213(b)(2)(A) of such Act is further
11 amended by adding at the end the following new
12 clause:

13 “(ix) APPAREL ARTICLES ASSEMBLED
14 IN ONE OR MORE CBTPA BENEFICIARY
15 COUNTRIES FROM UNITED STATES AND
16 CBTPA BENEFICIARY COUNTRY COMPO-
17 NENTS.—Apparel articles sewn or other-
18 wise assembled in one or more CBTPA
19 beneficiary countries with thread formed in
20 the United States from components cut in
21 the United States and in one or more
22 CBTPA beneficiary countries from fabric
23 wholly formed in the United States from
24 yarns wholly formed in the United States,
25 or from components knit-to-shape in the

1 United States and one or more CBTPA
2 beneficiary countries from yarns wholly
3 formed in the United States, or both (in-
4 cluding fabrics not formed from yarns, if
5 such fabrics are classifiable under heading
6 5602 or 5603 of the HTS).”.

7 **SEC. 6. TRADE BENEFITS UNDER THE AFRICAN GROWTH**
8 **AND OPPORTUNITY ACT.**

9 Section 112(b) of the African Growth and Oppor-
10 tunity Act (19 U.S.C. 3721(b)) is amended as follows:

11 (1) Paragraph (1) is amended by amending the
12 matter preceding subparagraph (A) to read as fol-
13 lows:

14 “(1) APPAREL ARTICLES ASSEMBLED IN ONE
15 OR MORE BENEFICIARY SUB-SAHARAN AFRICAN
16 COUNTRIES.—Apparel articles sewn or otherwise as-
17 sembled in one or more beneficiary sub-Saharan Af-
18 rican countries from fabrics wholly formed and cut,
19 or from components knit-to-shape, in the United
20 States from yarns wholly formed in the United
21 States, (including fabrics not formed from yarns, if
22 such fabrics are classifiable under heading 5602 or
23 5603 of the HTS and are wholly formed and cut in
24 the United States) that are—”.

1 (2) Paragraph (2) is amended to read as fol-
2 lows:

3 “~~(2)~~ OTHER APPAREL ARTICLES ASSEMBLED IN
4 ONE OR MORE BENEFICIARY SUB-SAHARAN AFRICAN
5 COUNTRIES.—Apparel articles sewn or otherwise as-
6 sembled in one or more beneficiary sub-Saharan Af-
7 rican countries with thread formed in the United
8 States from fabrics wholly formed in the United
9 States and cut in one or more beneficiary sub-Saha-
10 ran African countries from yarns wholly formed in
11 the United States, or from components knit-to-shape
12 in the United States from yarns wholly formed in
13 the United States, or both (including fabrics not
14 formed from yarns, if such fabrics are classifiable
15 under heading 5602 or 5603 of the HTS and are
16 wholly formed in the United States).”.

17 (3) Paragraph (3) is amended—

18 (A) by amending the matter preceding sub-
19 paragraph (A) to read as follows:

20 “~~(3)~~ APPAREL ARTICLES FROM REGIONAL FAB-
21 RIC OR YARNS.—Apparel articles wholly assembled
22 in one or more beneficiary sub-Saharan African
23 countries from fabric wholly formed in one or more
24 beneficiary sub-Saharan African countries from
25 yarns originating either in the United States or one

1 or more beneficiary sub-Saharan African countries
2 (including fabrics not formed from yarns, if such
3 fabrics are classified under heading 5602 or 5603 of
4 the HTS and are wholly formed in one or more ben-
5 efiary sub-Saharan African countries), or from
6 components knit-to-shape in one or more beneficiary
7 sub-Saharan African countries from yarns origi-
8 nating either in the United States or one or more
9 beneficiary sub-Saharan African countries, or ap-
10 parel articles wholly formed on seamless knitting
11 machines in a beneficiary sub-Saharan African coun-
12 try from yarns originating either in the United
13 States or one or more beneficiary sub-Saharan Afri-
14 can countries, subject to the following:”;

15 (B) in subparagraph (A)(ii)—

16 (i) by striking “1.5” and inserting
17 “3”; and

18 (ii) by striking “3.5” and inserting
19 “7”; and

20 (C) by amending subparagraph (B) to read
21 as follows:

22 “(B) SPECIAL RULES FOR LESSER DEVEL-
23 OPED COUNTRIES.—

24 “(i) IN GENERAL.—Subject to sub-
25 paragraph (A), preferential treatment

1 under this paragraph shall be extended
2 through September 30, 2004, for apparel
3 articles wholly assembled, or knit-to-shape
4 and wholly assembled, or both, in one or
5 more lesser developed beneficiary sub-Sa-
6 haran African countries regardless of the
7 country of origin of the fabric or the yarn
8 used to make such articles.

9 “(ii) LESSER DEVELOPED BENE-
10 FICIARY SUB-SAHARAN AFRICAN COUN-
11 TRY.—For purposes of clause (i), the term
12 ‘lesser developed beneficiary sub-Saharan
13 African country’ means—

14 “(I) a beneficiary sub-Saharan
15 African country that had a per capita
16 gross national product of less than
17 \$1,500 in 1998, as measured by the
18 International Bank for Reconstruction
19 and Development;

20 “(II) Botswana; and

21 “(III) Namibia.”

22 (4) Paragraph (4)(B) is amended by striking
23 “18.5” and inserting “21.5”.

1 (5) Section 112(b) of such Act is further
2 amended by adding at the end the following new
3 paragraph:

4 “(7) APPAREL ARTICLES ASSEMBLED IN ONE
5 OR MORE BENEFICIARY SUB-SAHARAN AFRICAN
6 COUNTRIES FROM UNITED STATES AND BENE-
7 FICIARY SUB-SAHARAN AFRICAN COUNTRY COMPO-
8 NENTS.—Apparel articles sewn or otherwise assem-
9 bled in one or more beneficiary sub-Saharan African
10 countries with thread formed in the United States
11 from components cut in the United States and one
12 or more beneficiary sub-Saharan African countries
13 from fabric wholly formed in the United States from
14 yarns wholly formed in the United States, or from
15 components knit-to-shape in the United States and
16 one or more beneficiary sub-Saharan African coun-
17 tries from yarns wholly formed in the United States,
18 or both (including fabrics not formed from yarns, if
19 such fabrics are classifiable under heading 5602 or
20 5603 of the HTS).”.

21 **SECTION 1. SHORT TITLE.**

22 *This Act may be cited as the “Andean Trade Pref-*
23 *erence Expansion Act”.*

1 **TITLE I—ANDEAN TRADE**
2 **PREFERENCE**

3 **SEC. 101. FINDINGS.**

4 *Congress makes the following findings:*

5 (1) *Since the Andean Trade Preference Act was*
6 *enacted in 1991, it has had a positive impact on*
7 *United States trade with Bolivia, Colombia, Ecuador,*
8 *and Peru. Two-way trade has doubled, with the*
9 *United States serving as the leading source of imports*
10 *and leading export market for each of the Andean*
11 *beneficiary countries. This has resulted in increased*
12 *jobs and expanded export opportunities in both the*
13 *United States and the Andean region.*

14 (2) *The Andean Trade Preference Act has been a*
15 *key element in the United States counternarcotics*
16 *strategy in the Andean region, promoting export di-*
17 *versification and broad-based economic development*
18 *that provides sustainable economic alternatives to*
19 *drug-crop production, strengthening the legitimate*
20 *economies of Andean countries and creating viable al-*
21 *ternatives to illicit trade in coca.*

22 (3) *Notwithstanding the success of the Andean*
23 *Trade Preference Act, the Andean region remains*
24 *threatened by political and economic instability and*
25 *fragility, vulnerable to the consequences of the drug*

1 *war and fierce global competition for its legitimate*
2 *trade.*

3 *(4) The continuing instability in the Andean re-*
4 *gion poses a threat to the security interests of the*
5 *United States and the world. This problem has been*
6 *partially addressed through foreign aid, such as Plan*
7 *Colombia, enacted by Congress in 2000. However, for-*
8 *foreign aid alone is not sufficient. Enhancement of le-*
9 *gitimate trade with the United States provides an al-*
10 *ternative means for reviving and stabilizing the*
11 *economies in the Andean region.*

12 *(5) The Andean Trade Preference Act constitutes*
13 *a tangible commitment by the United States to the*
14 *promotion of prosperity, stability, and democracy in*
15 *the beneficiary countries.*

16 *(6) Renewal and enhancement of the Andean*
17 *Trade Preference Act will bolster the confidence of do-*
18 *mestic private enterprise and foreign investors in the*
19 *economic prospects of the region, ensuring that legiti-*
20 *mate private enterprise can be the engine of economic*
21 *development and political stability in the region.*

22 *(7) Each of the Andean beneficiary countries is*
23 *committed to conclude negotiation of a Free Trade*
24 *Area of the Americas by the year 2005, as a means*
25 *of enhancing the economic security of the region.*

1 (8) *Temporarily enhancing trade benefits for An-*
2 *dean beneficiaries countries will promote the growth*
3 *of free enterprise and economic opportunity in these*
4 *countries and serve the security interests of the*
5 *United States, the region, and the world.*

6 **SEC. 102. TEMPORARY PROVISIONS.**

7 (a) *IN GENERAL.*—*Section 204(b) of the Andean Trade*
8 *Preference Act (19 U.S.C. 3203(b)) is amended to read as*
9 *follows:*

10 “(b) *IMPORT-SENSITIVE ARTICLES.*—

11 “(1) *IN GENERAL.*—*Subject to paragraphs (2)*
12 *through (5), the duty-free treatment provided under*
13 *this title does not apply to—*

14 “(A) *textile and apparel articles which were*
15 *not eligible articles for purposes of this title on*
16 *January 1, 1994, as this title was in effect on*
17 *that date;*

18 “(B) *footwear not designated at the time of*
19 *the effective date of this title as eligible articles*
20 *for the purpose of the generalized system of pref-*
21 *erences under title V of the Trade Act of 1974;*

22 “(C) *tuna, prepared or preserved in any*
23 *manner, in airtight containers;*

1 “(D) petroleum, or any product derived
2 from petroleum, provided for in headings 2709
3 and 2710 of the HTS;

4 “(E) watches and watch parts (including
5 cases, bracelets, and straps), of whatever type in-
6 cluding, but not limited to, mechanical, quartz
7 digital, or quartz analog, if such watches or
8 watch parts contain any material which is the
9 product of any country with respect to which
10 HTS column 2 rates of duty apply;

11 “(F) articles to which reduced rates of duty
12 apply under subsection (c);

13 “(G) sugars, syrups, and sugar containing
14 products subject to tariff-rate quotas; or

15 “(H) rum and tafia classified in sub-
16 heading 2208.40 of the HTS.

17 “(2) *TRANSITION PERIOD TREATMENT OF CER-*
18 *TAIN TEXTILE AND APPAREL ARTICLES.—*

19 “(A) *ARTICLES COVERED.—*During the
20 transition period, the preferential treatment de-
21 scribed in subparagraph (B) shall apply to the
22 following articles:

23 “(i) *APPAREL ARTICLES ASSEMBLED*
24 *FROM PRODUCTS OF THE UNITED STATES*
25 *AND ATPEA BENEFICIARY COUNTRIES OR*

1 *PRODUCTS NOT AVAILABLE IN COMMERCIAL*
2 *QUANTITIES.—Apparel articles sewn or*
3 *otherwise assembled in 1 or more ATPEA*
4 *beneficiary countries, or the United States,*
5 *or both, exclusively from any one or any*
6 *combination of the following:*

7 *“(I) Fabrics or fabric components*
8 *formed, or components knit-to-shape,*
9 *in the United States, from yarns whol-*
10 *ly formed in the United States (includ-*
11 *ing fabrics not formed from yarns, if*
12 *such fabrics are classifiable under*
13 *heading 5602 or 5603 of the HTS and*
14 *are formed in the United States), pro-*
15 *vided that apparel articles sewn or*
16 *otherwise assembled from materials de-*
17 *scribed in this subclause are assembled*
18 *with thread formed in the United*
19 *States.*

20 *“(II) Fabric components knit-to-*
21 *shape in the United States from yarns*
22 *wholly formed in the United States*
23 *and fabric components knit-to-shape in*
24 *1 or more ATPEA beneficiary coun-*

1 *tries from yarns wholly formed in the*
2 *United States.*

3 *“(III) Fabrics or fabric compo-*
4 *nents formed or components knit-to-*
5 *shape, in 1 or more ATPEA bene-*
6 *ficiary countries, from yarns wholly*
7 *formed in 1 or more ATPEA bene-*
8 *ficiary countries, if such fabrics (in-*
9 *cluding fabrics not formed from yarns,*
10 *if such fabrics are classifiable under*
11 *heading 5602 or 5603 of the HTS and*
12 *are formed in 1 or more ATPEA bene-*
13 *ficiary countries) or components are in*
14 *chief weight of llama, alpaca, or vi-*
15 *cuna.*

16 *“(IV) Fabrics or yarns that are*
17 *not formed in the United States or in*
18 *1 or more ATPEA beneficiary coun-*
19 *tries, to the extent that apparel articles*
20 *of such fabrics or yarns would be eligi-*
21 *ble for preferential treatment, without*
22 *regard to the source of the fabrics or*
23 *yarns, under Annex 401 of the*
24 *NAFTA.*

1 “(ii) *KNIT-TO-SHAPE APPAREL ARTI-*
2 *CLES.—Apparel articles knit-to-shape (other*
3 *than socks provided for in heading 6115 of*
4 *the HTS) in 1 or more ATPEA beneficiary*
5 *countries from yarns wholly formed in the*
6 *United States.*

7 “(iii) *REGIONAL FABRIC.—*

8 “(I) *GENERAL RULE.—Knit ap-*
9 *parel articles wholly assembled in 1 or*
10 *more ATPEA beneficiary countries ex-*
11 *clusively from fabric formed, or fabric*
12 *components formed, or components*
13 *knit-to-shape, or any combination*
14 *thereof, in 1 or more ATPEA bene-*
15 *ficiary countries from yarns wholly*
16 *formed in the United States, in an*
17 *amount not exceeding the amount set*
18 *forth in subclause (II).*

19 “(II) *LIMITATION.—The amount*
20 *referred to in subclause (I) is*
21 *70,000,000 square meter equivalents*
22 *during the 1-year period beginning on*
23 *March 1, 2002, increased by 16 per-*
24 *cent, compounded annually, in each*

1 *succeeding 1-year period through Feb-*
2 *ruary 28, 2006.*

3 “(iv) *CERTAIN OTHER APPAREL ARTI-*
4 *CLES.—*

5 “(I) *GENERAL RULE.—Subject to*
6 *subclause (II), any apparel article*
7 *classifiable under subheading 6212.10*
8 *of the HTS, if the article is both cut*
9 *and sewn or otherwise assembled in the*
10 *United States, or one or more of the*
11 *ATPEA beneficiary countries, or both.*

12 “(II) *LIMITATION.—During the 1-*
13 *year period beginning on March 1,*
14 *2003, and during each of the 2 suc-*
15 *ceeding 1-year periods, apparel articles*
16 *described in subclause (I) of a producer*
17 *or an entity controlling production*
18 *shall be eligible for preferential treat-*
19 *ment under subparagraph (B) only if*
20 *the aggregate cost of fabric components*
21 *formed in the United States that are*
22 *used in the production of all such arti-*
23 *cles of that producer or entity that are*
24 *entered during the preceding 1-year pe-*
25 *riod is at least 75 percent of the aggre-*

1 *gate declared customs value of the fab-*
2 *ric contained in all such articles of*
3 *that producer or entity that are en-*
4 *tered during the preceding 1-year pe-*
5 *riod.*

6 *“(III) DEVELOPMENT OF PROCE-*
7 *DURE TO ENSURE COMPLIANCE.—The*
8 *United States Customs Service shall*
9 *develop and implement methods and*
10 *procedures to ensure ongoing compli-*
11 *ance with the requirement set forth in*
12 *subclause (II). If the Customs Service*
13 *finds that a producer or an entity con-*
14 *trolling production has not satisfied*
15 *such requirement in a 1-year period,*
16 *then apparel articles described in sub-*
17 *clause (I) of that producer or entity*
18 *shall be ineligible for preferential treat-*
19 *ment under subparagraph (B) during*
20 *any succeeding 1-year period until the*
21 *aggregate cost of fabric components*
22 *formed in the United States used in*
23 *the production of such articles of that*
24 *producer or entity that are entered*
25 *during the preceding 1-year period is*

1 *at least 85 percent of the aggregate de-*
2 *clared customs value of the fabric con-*
3 *tained in all such articles of that pro-*
4 *ducer or entity that are entered during*
5 *the preceding 1-year period.*

6 “(v) *APPAREL ARTICLES ASSEMBLED*
7 *FROM FABRICS OR YARN NOT WIDELY AVAIL-*
8 *ABLE IN COMMERCIAL QUANTITIES.—At the*
9 *request of any interested party, the Presi-*
10 *dent is authorized to proclaim additional*
11 *fabrics and yarn as eligible for preferential*
12 *treatment under clause (i)(IV) if—*

13 “(I) *the President determines that*
14 *such fabrics or yarn cannot be sup-*
15 *plied by the domestic industry in com-*
16 *mercial quantities in a timely manner;*

17 “(II) *the President has obtained*
18 *advice regarding the proposed action*
19 *from the appropriate advisory com-*
20 *mittee established under section 135 of*
21 *the Trade Act of 1974 (19 U.S.C.*
22 *2155) and the United States Inter-*
23 *national Trade Commission;*

24 “(III) *within 60 days after the re-*
25 *quest, the President has submitted a re-*

1 *port to the Committee on Ways and*
2 *Means of the House of Representatives*
3 *and the Committee on Finance of the*
4 *Senate that sets forth the action pro-*
5 *posed to be proclaimed and the reasons*
6 *for such actions, and the advice ob-*
7 *tained under subclause (II);*

8 *“(IV) a period of 60 calendar*
9 *days, beginning with the first day on*
10 *which the President has met the re-*
11 *quirements of subclause (III), has ex-*
12 *pired; and*

13 *“(V) the President has consulted*
14 *with such committees regarding the*
15 *proposed action during the period re-*
16 *ferred to in subclause (III).*

17 *“(vi) HANDLOOMED, HANDMADE, AND*
18 *FOLKLORE ARTICLES.—A handloomed,*
19 *handmade, or folklore article of an ATPEA*
20 *beneficiary country identified under sub-*
21 *paragraph (C) that is certified as such by*
22 *the competent authority of such beneficiary*
23 *country.*

24 *“(vii) SPECIAL RULES.—*

1 “(I) *EXCEPTION FOR FINDINGS*
2 *AND TRIMMINGS.*—(aa) *An article oth-*
3 *erwise eligible for preferential treat-*
4 *ment under this paragraph shall not be*
5 *ineligible for such treatment because*
6 *the article contains findings or trim-*
7 *mings of foreign origin, if such find-*
8 *ings and trimmings do not exceed 25*
9 *percent of the cost of the components of*
10 *the assembled product. Examples of*
11 *findings and trimmings are sewing*
12 *thread, hooks and eyes, snaps, buttons,*
13 *‘bow buds’, decorative lace, trim, elas-*
14 *tic strips, zippers, including zipper*
15 *tapes and labels, and other similar*
16 *products. Elastic strips are considered*
17 *findings or trimmings only if they are*
18 *each less than 1 inch in width and are*
19 *used in the production of brassieres.*

20 “(bb) *In the case of an article de-*
21 *scribed in clause (i)(I) of this subpara-*
22 *graph, sewing thread shall not be treat-*
23 *ed as findings or trimmings under this*
24 *subclause.*

1 “(II) *CERTAIN INTERLININGS.*—

2 *(aa) An article otherwise eligible for*
3 *preferential treatment under this para-*
4 *graph shall not be ineligible for such*
5 *treatment because the article contains*
6 *certain interlinings of foreign origin, if*
7 *the value of such interlinings (and any*
8 *findings and trimmings) does not ex-*
9 *ceed 25 percent of the cost of the com-*
10 *ponents of the assembled article.*

11 “(bb) *Interlinings eligible for the*
12 *treatment described in division (aa)*
13 *include only a chest type plate, ‘hymo’*
14 *piece, or ‘sleeve header’, of woven or*
15 *weft-inserted warp knit construction*
16 *and of coarse animal hair or man-*
17 *made filaments.*

18 “(cc) *The treatment described in*
19 *this subclause shall terminate if the*
20 *President makes a determination that*
21 *United States manufacturers are pro-*
22 *ducing such interlinings in the United*
23 *States in commercial quantities.*

24 “(III) *DE MINIMIS RULE.*—*An ar-*
25 *ticle that would otherwise be ineligible*

1 *for preferential treatment under this*
2 *paragraph because the article contains*
3 *yarns not wholly formed in the United*
4 *States or in 1 or more ATPEA bene-*
5 *ficiary countries shall not be ineligible*
6 *for such treatment if the total weight of*
7 *all such yarns is not more than 7 per-*
8 *cent of the total weight of the good.*
9 *Notwithstanding the preceding sen-*
10 *tence, an apparel article containing*
11 *elastomeric yarns shall be eligible for*
12 *preferential treatment under this para-*
13 *graph only if such yarns are wholly*
14 *formed in the United States.*

15 “(IV) *SPECIAL ORIGIN RULE.*—*An*
16 *article otherwise eligible for pref-*
17 *erential treatment under clause (i) of*
18 *this subparagraph shall not be ineli-*
19 *gible for such treatment because the ar-*
20 *ticle contains nylon filament yarn*
21 *(other than elastomeric yarn) that is*
22 *classifiable under subheading*
23 *5402.10.30, 5402.10.60, 5402.31.30,*
24 *5402.31.60, 5402.32.30, 5402.32.60,*
25 *5402.41.10, 5402.41.90, 5402.51.00, or*

1 5402.61.00 of the HTS duty-free from
2 a country that is a party to an agree-
3 ment with the United States estab-
4 lishing a free trade area, which entered
5 into force before January 1, 1995.

6 “(V) CLARIFICATION OF CERTAIN
7 KNIT APPAREL ARTICLES.—Notwith-
8 standing any other provision of law,
9 an article otherwise eligible for pref-
10 erential treatment under clause (iii)(I)
11 of this subparagraph, shall not be in-
12 eligible for such treatment because the
13 article, or a component thereof, con-
14 tains fabric formed in the United
15 States from yarns wholly formed in the
16 United States.

17 “(viii) TEXTILE LUGGAGE.—Textile
18 luggage—

19 “(I) assembled in an ATPEA ben-
20 eficiary country from fabric wholly
21 formed and cut in the United States,
22 from yarns wholly formed in the
23 United States, that is entered under
24 subheading 9802.00.80 of the HTS; or

1 “(II) assembled from fabric cut in
2 an ATPEA beneficiary country from
3 fabric wholly formed in the United
4 States from yarns wholly formed in the
5 United States.

6 “(B) PREFERENTIAL TREATMENT.—Except
7 as provided in subparagraph (E), during the
8 transition period, the articles to which subpara-
9 graph (A) applies shall enter the United States
10 free of duty and free of any quantitative restric-
11 tions, limitations, or consultation levels.

12 “(C) HANDLOOMED, HANDMADE, AND FOLK-
13 LORE ARTICLES.—For purposes of subparagraph
14 (A)(vi), the President shall consult with rep-
15 resentatives of the ATPEA beneficiary countries
16 concerned for the purpose of identifying par-
17 ticular textile and apparel goods that are mutu-
18 ally agreed upon as being handloomed, hand-
19 made, or folklore goods of a kind described in
20 section 2.3(a), (b), or (c) of the Annex or Appen-
21 dix 3.1.B.11 of the Annex.

22 “(D) PENALTIES FOR TRANSSHIPMENTS.—

23 “(i) PENALTIES FOR EXPORTERS.—If
24 the President determines, based on sufficient
25 evidence, that an exporter has engaged in

1 *transshipment with respect to textile or ap-*
2 *parel articles from an ATPEA beneficiary*
3 *country, then the President shall deny all*
4 *benefits under this title to such exporter,*
5 *and any successor of such exporter, for a pe-*
6 *riod of 2 years.*

7 “(ii) *PENALTIES FOR COUNTRIES.—*
8 *Whenever the President finds, based on suf-*
9 *ficient evidence, that transshipment has oc-*
10 *curred, the President shall request that the*
11 *ATPEA beneficiary country or countries*
12 *through whose territory the transshipment*
13 *has occurred take all necessary and appro-*
14 *priate actions to prevent such trans-*
15 *shipment. If the President determines that a*
16 *country is not taking such actions, the*
17 *President shall reduce the quantities of tex-*
18 *tile and apparel articles that may be im-*
19 *ported into the United States from such*
20 *country by the quantity of the transshipped*
21 *articles multiplied by 3, to the extent con-*
22 *sistent with the obligations of the United*
23 *States under the WTO.*

24 “(iii) *TRANSSHIPMENT DESCRIBED.—*
25 *Transshipment within the meaning of this*

1 *subparagraph has occurred when pref-*
2 *erential treatment under subparagraph (B)*
3 *has been claimed for a textile or apparel ar-*
4 *ticle on the basis of material false informa-*
5 *tion concerning the country of origin, man-*
6 *ufacture, processing, or assembly of the arti-*
7 *cle or any of its components. For purposes*
8 *of this clause, false information is material*
9 *if disclosure of the true information would*
10 *mean or would have meant that the article*
11 *is or was ineligible for preferential treat-*
12 *ment under subparagraph (B).*

13 *“(E) BILATERAL EMERGENCY ACTIONS.—*

14 *“(i) IN GENERAL.—The President may*
15 *take bilateral emergency tariff actions of a*
16 *kind described in section 4 of the Annex*
17 *with respect to any apparel article im-*
18 *ported from an ATPEA beneficiary country*
19 *if the application of tariff treatment under*
20 *subparagraph (B) to such article results in*
21 *conditions that would be cause for the tak-*
22 *ing of such actions under such section 4*
23 *with respect to a like article described in*
24 *the same 8-digit subheading of the HTS*
25 *that is imported from Mexico.*

1 “(i) *RULES RELATING TO BILATERAL*
2 *EMERGENCY ACTION.—For purposes of ap-*
3 *plying bilateral emergency action under*
4 *this subparagraph—*

5 “(I) *the requirements of para-*
6 *graph (5) of section 4 of the Annex (re-*
7 *lating to providing compensation)*
8 *shall not apply;*

9 “(II) *the term ‘transition period’*
10 *in section 4 of the Annex shall have the*
11 *meaning given that term in paragraph*
12 *(5)(D) of this subsection; and*

13 “(III) *the requirements to consult*
14 *specified in section 4 of the Annex*
15 *shall be treated as satisfied if the*
16 *President requests consultations with*
17 *the ATPEA beneficiary country in*
18 *question and the country does not*
19 *agree to consult within the time period*
20 *specified under section 4.*

21 “(3) *TRANSITION PERIOD TREATMENT OF CER-*
22 *TAIN OTHER ARTICLES ORIGINATING IN BENEFICIARY*
23 *COUNTRIES.—*

24 “(A) *EQUIVALENT TARIFF TREATMENT.—*

1 “(i) *IN GENERAL.*—Subject to clause
2 (ii), the tariff treatment accorded at any
3 time during the transition period to any
4 article referred to in any of subparagraphs
5 (B), (D) through (F), or (H) of paragraph
6 (1) that is an *ATPEA* originating good
7 shall be identical to the tariff treatment that
8 is accorded at such time under Annex 302.2
9 of the *NAFTA* to an article described in the
10 same 8-digit subheading of the *HTS* that is
11 a good of Mexico and is imported into the
12 United States.

13 “(ii) *EXCEPTION.*—Clause (i) does not
14 apply to any article accorded duty-free
15 treatment under U.S. Note 2(b) to sub-
16 chapter II of chapter 98 of the *HTS*.

17 “(B) *RELATIONSHIP TO SUBSECTION (C)*
18 *DUTY REDUCTIONS.*—If at any time during the
19 transition period the rate of duty that would
20 (but for action taken under subparagraph (A)(i)
21 in regard to such period) apply with respect to
22 any article under subsection (c) is a rate of duty
23 that is lower than the rate of duty resulting from
24 such action, then such lower rate of duty shall be

1 *applied for the purposes of implementing such*
2 *action.*

3 “(C) *SPECIAL RULE FOR SUGARS, SYRUPS,*
4 *AND SUGAR CONTAINING PRODUCTS.—Duty-free*
5 *treatment under this Act shall not be extended to*
6 *sugars, syrups, and sugar-containing products*
7 *subject to over-quota duty rates under applicable*
8 *tariff-rate quotas.*

9 “(D) *SPECIAL RULE FOR CERTAIN TUNA*
10 *PRODUCTS.—*

11 “(i) *IN GENERAL.—The President may*
12 *proclaim duty-free treatment under this Act*
13 *for tuna that is harvested by United States*
14 *vessels or ATPEA beneficiary country ves-*
15 *sels, and is prepared or preserved in any*
16 *manner, in airtight containers in an*
17 *ATPEA beneficiary country. Such duty-free*
18 *treatment may be proclaimed in any cal-*
19 *endar year for a quantity of such tuna that*
20 *does not exceed 20 percent of the domestic*
21 *United States tuna pack in the preceding*
22 *calendar year. As used in the preceding sen-*
23 *tence, the term ‘tuna pack’ means tuna pack*
24 *as defined by the National Marine Fisheries*
25 *Service of the United States Department of*

1 *Commerce for purposes of subheading*
2 *1604.14.20 of the HTS as in effect on the*
3 *date of enactment of the Andean Trade*
4 *Preference Expansion Act.*

5 “(ii) *UNITED STATES VESSEL.*—*For*
6 *purposes of this subparagraph, a ‘United*
7 *States vessel’ is a vessel having a certificate*
8 *of documentation with a fishery endorse-*
9 *ment under chapter 121 of title 46, United*
10 *States Code.*

11 “(iii) *ATPEA VESSEL.*—*For purposes*
12 *of this subparagraph, an ‘ATPEA vessel’ is*
13 *a vessel—*

14 “(I) *which is registered or re-*
15 *corded in an ATPEA beneficiary coun-*
16 *try;*

17 “(II) *which sails under the flag of*
18 *an ATPEA beneficiary country;*

19 “(III) *which is at least 75 percent*
20 *owned by nationals of an ATPEA ben-*
21 *eficiary country or by a company hav-*
22 *ing its principal place of business in*
23 *an ATPEA beneficiary country, of*
24 *which the manager or managers, chair-*
25 *man of the board of directors or of the*

1 *supervisory board, and the majority of*
2 *the members of such boards are nation-*
3 *als of an ATPEA beneficiary country*
4 *and of which, in the case of a com-*
5 *pany, at least 50 percent of the capital*
6 *is owned by an ATPEA beneficiary*
7 *country or by public bodies or nation-*
8 *als of an ATPEA beneficiary country;*

9 *“(IV) of which the master and of-*
10 *ficers are nationals of an ATPEA ben-*
11 *eficiary country; and*

12 *“(V) of which at least 75 percent*
13 *of the crew are nationals of an ATPEA*
14 *beneficiary country.*

15 “(4) *CUSTOMS PROCEDURES.—*

16 “(A) *IN GENERAL.—*

17 “(i) *REGULATIONS.—Any importer*
18 *that claims preferential treatment under*
19 *paragraph (2) or (3) shall comply with cus-*
20 *toms procedures similar in all material re-*
21 *spects to the requirements of Article 502(1)*
22 *of the NAFTA as implemented pursuant to*
23 *United States law, in accordance with regu-*
24 *lations promulgated by the Secretary of the*
25 *Treasury.*

1 “(ii) *DETERMINATION.*—

2 “(I) *IN GENERAL.*—*In order to*
3 *qualify for the preferential treatment*
4 *under paragraph (2) or (3) and for a*
5 *Certificate of Origin to be valid with*
6 *respect to any article for which such*
7 *treatment is claimed, there shall be in*
8 *effect a determination by the President*
9 *that each country described in sub-*
10 *clause (II)—*

11 “(aa) *has implemented and*
12 *follows; or*

13 “(bb) *is making substantial*
14 *progress toward implementing*
15 *and following, procedures and re-*
16 *quirements similar in all material*
17 *respects to the relevant procedures*
18 *and requirements under chapter 5*
19 *of the NAFTA.*

20 “(II) *COUNTRY DESCRIBED.*—*A*
21 *country is described in this subclause if*
22 *it is an ATPEA beneficiary country—*

23 “(aa) *from which the article*
24 *is exported; or*

1 “(bb) *in which materials*
2 *used in the production of the arti-*
3 *cle originate or in which the arti-*
4 *cle or such materials undergo pro-*
5 *duction that contributes to a*
6 *claim that the article is eligible*
7 *for preferential treatment under*
8 *paragraph (2) or (3).*

9 “(B) *CERTIFICATE OF ORIGIN.—The Certifi-*
10 *cate of Origin that otherwise would be required*
11 *pursuant to the provisions of subparagraph (A)*
12 *shall not be required in the case of an article im-*
13 *ported under paragraph (2) or (3) if such Cer-*
14 *tificate of Origin would not be required under*
15 *Article 503 of the NAFTA (as implemented pur-*
16 *suant to United States law), if the article were*
17 *imported from Mexico.*

18 “(C) *REPORT BY USTR ON COOPERATION OF*
19 *OTHER COUNTRIES CONCERNING CIRCUMVEN-*
20 *TION.—The United States Commissioner of Cus-*
21 *toms shall conduct a study analyzing the extent*
22 *to which each ATPEA beneficiary country—*

23 “(i) *has cooperated fully with the*
24 *United States, consistent with its domestic*
25 *laws and procedures, in instances of cir-*

1 *cumvention or alleged circumvention of ex-*
2 *isting quotas on imports of textile and ap-*
3 *parel goods, to establish necessary relevant*
4 *facts in the places of import, export, and,*
5 *where applicable, transshipment, including*
6 *investigation of circumvention practices, ex-*
7 *changes of documents, correspondence, re-*
8 *ports, and other relevant information, to the*
9 *extent such information is available;*

10 “(ii) has taken appropriate measures,
11 *consistent with its domestic laws and proce-*
12 *dures, against exporters and importers in-*
13 *volved in instances of false declaration con-*
14 *cerning fiber content, quantities, descrip-*
15 *tion, classification, or origin of textile and*
16 *apparel goods; and*

17 “(iii) has penalized the individuals
18 *and entities involved in any such cir-*
19 *cumvention, consistent with its domestic*
20 *laws and procedures, and has worked closely*
21 *to seek the cooperation of any third country*
22 *to prevent such circumvention from taking*
23 *place in that third country.*

1 *The Trade Representative shall submit to Con-*
2 *gress, not later than October 1, 2002, a report on*
3 *the study conducted under this subparagraph.*

4 “(5) *DEFINITIONS AND SPECIAL RULES.—For*
5 *purposes of this subsection—*

6 “(A) *ANNEX.—The term ‘the Annex’ means*
7 *Annex 300–B of the NAFTA.*

8 “(B) *ATPEA BENEFICIARY COUNTRY.—The*
9 *term ‘ATPEA beneficiary country’ means any*
10 *‘beneficiary country’, as defined in section*
11 *203(a)(1) of this title, which the President des-*
12 *ignates as an ATPEA beneficiary country, tak-*
13 *ing into account the criteria contained in sub-*
14 *sections (c) and (d) of section 203 and other ap-*
15 *propriate criteria, including the following:*

16 “(i) *Whether the beneficiary country*
17 *has demonstrated a commitment to—*

18 “(I) *undertake its obligations*
19 *under the WTO, including those agree-*
20 *ments listed in section 101(d) of the*
21 *Uruguay Round Agreements Act, on or*
22 *ahead of schedule; and*

23 “(II) *participate in negotiations*
24 *toward the completion of the FTAA or*
25 *another free trade agreement.*

1 “(ii) *The extent to which the country*
2 *provides protection of intellectual property*
3 *rights consistent with or greater than the*
4 *protection afforded under the Agreement on*
5 *Trade-Related Aspects of Intellectual Prop-*
6 *erty Rights described in section 101(d)(15)*
7 *of the Uruguay Round Agreements Act.*

8 “(iii) *The extent to which the country*
9 *provides internationally recognized worker*
10 *rights, including—*

11 “(I) *the right of association;*

12 “(II) *the right to organize and*
13 *bargain collectively;*

14 “(III) *a prohibition on the use of*
15 *any form of forced or compulsory*
16 *labor;*

17 “(IV) *a minimum age for the em-*
18 *ployment of children; and*

19 “(V) *acceptable conditions of work*
20 *with respect to minimum wages, hours*
21 *of work, and occupational safety and*
22 *health;*

23 “(iv) *Whether the country has imple-*
24 *mented its commitments to eliminate the*

1 *worst forms of child labor, as defined in sec-*
2 *tion 507(6) of the Trade Act of 1974.*

3 *“(v) The extent to which the country*
4 *has met the counter-narcotics certification*
5 *criteria set forth in section 490 of the For-*
6 *ign Assistance Act of 1961 (22 U.S.C.*
7 *2291j) for eligibility for United States as-*
8 *sistance.*

9 *“(vi) The extent to which the country*
10 *has taken steps to become a party to and*
11 *implements the Inter-American Convention*
12 *Against Corruption.*

13 *“(vii) The extent to which the*
14 *country—*

15 *“(I) applies transparent, non-*
16 *discriminatory, and competitive proce-*
17 *dures in government procurement*
18 *equivalent to those contained in the*
19 *Agreement on Government Procure-*
20 *ment described in section 101(d)(17) of*
21 *the Uruguay Round Agreements Act;*
22 *and*

23 *“(II) contributes to efforts in*
24 *international fora to develop and im-*

1 *plement international rules in trans-*
2 *parency in government procurement.*

3 *“(C) ATPEA ORIGINATING GOOD.—*

4 *“(i) IN GENERAL.—The term ‘ATPEA*
5 *originating good’ means a good that meets*
6 *the rules of origin for a good set forth in*
7 *chapter 4 of the NAFTA as implemented*
8 *pursuant to United States law.*

9 *“(ii) APPLICATION OF CHAPTER 4.—In*
10 *applying chapter 4 of the NAFTA with re-*
11 *spect to an ATPEA beneficiary country for*
12 *purposes of this subsection—*

13 *“(I) no country other than the*
14 *United States and an ATPEA bene-*
15 *ficiary country may be treated as*
16 *being a party to the NAFTA;*

17 *“(II) any reference to trade be-*
18 *tween the United States and Mexico*
19 *shall be deemed to refer to trade be-*
20 *tween the United States and an*
21 *ATPEA beneficiary country;*

22 *“(III) any reference to a party*
23 *shall be deemed to refer to an ATPEA*
24 *beneficiary country or the United*
25 *States; and*

1 “(IV) any reference to parties
2 shall be deemed to refer to any com-
3 bination of ATPEA beneficiary coun-
4 tries or to the United States and one
5 or more ATPEA beneficiary countries
6 (or any combination thereof).

7 “(D) TRANSITION PERIOD.—The term ‘tran-
8 sition period’ means, with respect to an ATPEA
9 beneficiary country, the period that begins on the
10 date of enactment, and ends on the earlier of—

11 “(i) February 28, 2006; or

12 “(ii) the date on which the FTAA or
13 another free trade agreement that makes
14 substantial progress in achieving the negoti-
15 ating objectives set forth in section
16 108(b)(5) of Public Law 103–182 (19
17 U.S.C. 3317(b)(5)) enters into force with re-
18 spect to the United States and the ATPEA
19 beneficiary country.

20 “(E) ATPEA.—The term ‘ATPEA’ means
21 the Andean Trade Preference Expansion Act.

22 “(F) FTAA.—The term ‘FTAA’ means the
23 Free Trade Area of the Americas.”.

1 (b) *DETERMINATION REGARDING RETENTION OF DES-*
2 *IGNATION.*—*Section 203(e) of the Andean Trade Preference*
3 *Act (19 U.S.C. 3202(e)) is amended—*

4 (1) *in paragraph (1)—*

5 (A) *by redesignating subparagraphs (A)*

6 *and (B) as clauses (i) and (ii), respectively;*

7 (B) *by inserting “(A)” after “(1)”;* and

8 (C) *by adding at the end the following:*

9 “(B) *The President may, after the requirements of*
10 *paragraph (2) have been met—*

11 “(i) *withdraw or suspend the designation of any*
12 *country as an ATPEA beneficiary country; or*

13 “(ii) *withdraw, suspend, or limit the application*
14 *of preferential treatment under section 204(b) (2) and*
15 *(3) to any article of any country,*

16 *if, after such designation, the President determines that, as*
17 *a result of changed circumstances, the performance of such*
18 *country is not satisfactory under the criteria set forth in*
19 *section 204(b)(5)(B).”;* and

20 (2) *by adding after paragraph (2) the following*
21 *new paragraph:*

22 “(3) *If preferential treatment under section 204(b) (2)*
23 *and (3) is withdrawn, suspended, or limited with respect*
24 *to an ATPEA beneficiary country, such country shall not*
25 *be deemed to be a ‘party’ for the purposes of applying sec-*

1 *tion 204(b)(5)(C) to imports of articles for which pref-*
2 *erential treatment has been withdrawn, suspended, or lim-*
3 *ited with respect to such country.”.*

4 *(c) REPORTING REQUIREMENTS.—Section 203(f) of*
5 *the Andean Trade Preference Act (19 U.S.C. 3202(f)) is*
6 *amended to read as follows:*

7 *“(f) REPORTING REQUIREMENTS.—*

8 *“(1) IN GENERAL.—Not later than December 31,*
9 *2002, and every 2 years thereafter during the period*
10 *this title is in effect, the United States Trade Rep-*
11 *resentative shall submit to Congress a report regard-*
12 *ing the operation of this title, including—*

13 *“(A) with respect to subsections (c) and (d),*
14 *the results of a general review of beneficiary*
15 *countries based on the considerations described*
16 *in such subsections; and*

17 *“(B) the performance of each beneficiary*
18 *country or ATPEA beneficiary country, as the*
19 *case may be, under the criteria set forth in sec-*
20 *tion 204(b)(5)(B).*

21 *“(2) PUBLIC COMMENT.—Before submitting the*
22 *report described in paragraph (1), the United States*
23 *Trade Representative shall publish a notice in the*
24 *Federal Register requesting public comments on*

1 *whether beneficiary countries are meeting the criteria*
2 *listed in section 204(b)(5)(B).”.*

3 (d) *CONFORMING AMENDMENTS.—*

4 (1) *IN GENERAL.—*

5 (A) *Section 202 of the Andean Trade Pref-*
6 *erence Act (19 U.S.C. 3201) is amended by in-*
7 *serting “(or other preferential treatment)” after*
8 *“treatment”.*

9 (B) *Section 204(a)(1) of the Andean Trade*
10 *Preference Act (19 U.S.C. 3203(a)(1)) is amend-*
11 *ed by inserting “(or otherwise provided for)”*
12 *after “eligibility”.*

13 (C) *Section 204(a)(1) of the Andean Trade*
14 *Preference Act (19 U.S.C. 3203(a)(1)) is amend-*
15 *ed by inserting “(or preferential treatment)”*
16 *after “duty-free treatment”.*

17 (2) *DEFINITIONS.—Section 203(a) of the Andean*
18 *Trade Preference Act (19 U.S.C. 3202(a)) is amended*
19 *by adding at the end the following new paragraphs:*

20 (4) *The term “NAFTA” means the North Amer-*
21 *ican Free Trade Agreement entered into between the*
22 *United States, Mexico, and Canada on December 17,*
23 *1992.*

1 “(5) *The terms ‘WTO’ and ‘WTO member’ have*
2 *the meanings given those terms in section 2 of the*
3 *Uruguay Round Agreements Act (19 U.S.C. 3501).”.*

4 **SEC. 103. TERMINATION.**

5 *Section 208(b) of the Andean Trade Preference Act (19*
6 *U.S.C. 3206(b)) is amended to read as follows:*

7 “(b) *TERMINATION OF PREFERENTIAL TREATMENT.—*
8 *No preferential duty treatment extended to beneficiary*
9 *countries under this Act shall remain in effect after Feb-*
10 *ruary 28, 2006.”.*

11 **TITLE II—MISCELLANEOUS**
12 **TRADE PROVISIONS**

13 **SEC. 201. WOOL PROVISIONS.**

14 (a) *SHORT TITLE.—This section may be cited as the*
15 *“Wool Manufacturer Payment Clarification and Technical*
16 *Corrections Act”.*

17 (b) *CLARIFICATION OF TEMPORARY DUTY SUSPEN-*
18 *SION.—Heading 9902.51.13 of the Harmonized Tariff*
19 *Schedule of the United States is amended by inserting “av-*
20 *erage” before “diameters”.*

21 (c) *PAYMENTS TO MANUFACTURERS OF CERTAIN*
22 *WOOL PRODUCTS.—*

23 (1) *PAYMENTS.—Section 505 of the Trade and*
24 *Development Act of 2000 (Public Law 106–200; 114*
25 *Stat. 303) is amended as follows:*

1 (A) *Subsection (a) is amended—*

2 (i) *by striking “In each of the calendar*
3 *years” and inserting “For each of the cal-*
4 *endar years”; and*

5 (ii) *by striking “for a refund of duties”*
6 *and all that follows through the end of the*
7 *subsection and inserting “for a payment*
8 *equal to an amount determined pursuant to*
9 *subsection (d)(1).”.*

10 (B) *Subsection (b) is amended to read as*
11 *follows:*

12 “(b) *WOOL YARN.—*

13 “(1) *IMPORTING MANUFACTURERS.—For each of*
14 *the calendar years 2000, 2001, and 2002, a manufac-*
15 *turer of worsted wool fabrics who imports wool yarn*
16 *of the kind described in heading 9902.51.13 of the*
17 *Harmonized Tariff Schedule of the United States*
18 *shall be eligible for a payment equal to an amount*
19 *determined pursuant to subsection (d)(2).*

20 “(2) *NONIMPORTING MANUFACTURERS.—For*
21 *each of the calendar years 2001 and 2002, any other*
22 *manufacturer of worsted wool fabrics of imported*
23 *wool yarn of the kind described in heading 9902.51.13*
24 *of the Harmonized Tariff Schedule of the United*

1 *States shall be eligible for a payment equal to an*
2 *amount determined pursuant to subsection (d)(2).”.*

3 *(C) Subsection (c) is amended to read as*
4 *follows:*

5 “*(c) WOOL FIBER AND WOOL TOP.—*

6 “*(1) IMPORTING MANUFACTURERS.—For each of*
7 *the calendar years 2000, 2001, and 2002, a manufac-*
8 *turer of wool yarn or wool fabric who imports wool*
9 *fiber or wool top of the kind described in heading*
10 *9902.51.14 of the Harmonized Tariff Schedule of the*
11 *United States shall be eligible for a payment equal to*
12 *an amount determined pursuant to subsection (d)(3).*

13 “*(2) NONIMPORTING MANUFACTURERS.—For*
14 *each of the calendar years 2001 and 2002, any other*
15 *manufacturer of wool yarn or wool fabric of imported*
16 *wool fiber or wool top of the kind described in head-*
17 *ing 9902.51.14 of the Harmonized Tariff Schedule of*
18 *the United States shall be eligible for a payment*
19 *equal to an amount determined pursuant to sub-*
20 *section (d)(3).”.*

21 *(D) Section 505 is further amended by*
22 *striking subsection (d) and inserting the fol-*
23 *lowing new subsections:*

24 “*(d) AMOUNT OF ANNUAL PAYMENTS TO MANUFAC-*
25 *TURERS.—*

1 “(1) *MANUFACTURERS OF MEN’S SUITS, ETC. OF*
2 *IMPORTED WORSTED WOOL FABRICS.—*

3 “(A) *ELIGIBLE TO RECEIVE MORE THAN*
4 *\$5,000.—Each annual payment to manufacturers*
5 *described in subsection (a) who, according to the*
6 *records of the Customs Service as of September*
7 *11, 2001, are eligible to receive more than \$5,000*
8 *for each of the calendar years 2000, 2001, and*
9 *2002, shall be in an amount equal to one-third*
10 *of the amount determined by multiplying*
11 *\$30,124,000 by a fraction—*

12 “(i) *the numerator of which is the*
13 *amount attributable to the duties paid on*
14 *eligible wool products imported in calendar*
15 *year 1999 by the manufacturer making the*
16 *claim, and*

17 “(ii) *the denominator of which is the*
18 *total amount attributable to the duties paid*
19 *on eligible wool products imported in cal-*
20 *endar year 1999 by all the manufacturers*
21 *described in subsection (a) who, according*
22 *to the records of the Customs Service as of*
23 *September 11, 2001, are eligible to receive*
24 *more than \$5,000 for each such calendar*

1 *year under this section as it was in effect*
2 *on that date.*

3 “(B) *ELIGIBLE WOOL PRODUCTS.*—*For pur-*
4 *poses of subparagraph (A), the term ‘eligible*
5 *wool products’ refers to imported worsted wool*
6 *fabrics described in subsection (a).*

7 “(C) *OTHERS.*—*All manufacturers described*
8 *in subsection (a), other than the manufacturer’s*
9 *to which subparagraph (A) applies, shall each*
10 *receive an annual payment in an amount equal*
11 *to one-third of the amount determined by divid-*
12 *ing \$1,665,000 by the number of all such other*
13 *manufacturers.*

14 “(2) *MANUFACTURERS OF WORSTED WOOL FAB-*
15 *RICS OF IMPORTED WOOL YARN.*—

16 “(A) *IMPORTING MANUFACTURERS.*—*Each*
17 *annual payment to an importing manufacturer*
18 *described in subsection (b)(1) shall be in an*
19 *amount equal to one-third of the amount deter-*
20 *mined by multiplying \$2,202,000 by a*
21 *fraction—*

22 “(i) *the numerator of which is the*
23 *amount attributable to the duties paid on*
24 *eligible wool products imported in calendar*

1 year 1999 by the importing manufacturer
2 making the claim, and

3 “(ii) the denominator of which is the
4 total amount attributable to the duties paid
5 on eligible wool products imported in cal-
6 endar year 1999 by all the importing man-
7 ufacturers described in subsection (b)(1).

8 “(B) *ELIGIBLE WOOL PRODUCTS.*—For pur-
9 poses of subparagraph (A), the term ‘eligible
10 wool products’ refers to imported wool yarn de-
11 scribed in subsection (b)(1).

12 “(C) *NONIMPORTING MANUFACTURERS.*—
13 Each annual payment to a nonimporting manu-
14 facturer described in subsection (b)(2) shall be in
15 an amount equal to one-half of the amount deter-
16 mined by multiplying \$141,000 by a fraction—

17 “(i) the numerator of which is the
18 amount attributable to the purchases of im-
19 ported eligible wool products in calendar
20 year 1999 by the nonimporting manufac-
21 turer making the claim, and

22 “(ii) the denominator of which is the
23 total amount attributable to the purchases
24 of imported eligible wool products in cal-
25 endar year 1999 by all the nonimporting

1 *manufacturers described in subsection*
2 *(b)(2).*

3 “(3) *MANUFACTURERS OF WOOL YARN OR WOOL*
4 *FABRIC OF IMPORTED WOOL FIBER OR WOOL TOP.—*

5 “(A) *IMPORTING MANUFACTURERS.—Each*
6 *annual payment to an importing manufacturer*
7 *described in subsection (c)(1) shall be in an*
8 *amount equal to one-third of the amount deter-*
9 *mined by multiplying \$1,522,000 by a*
10 *fraction—*

11 “(i) *the numerator of which is the*
12 *amount attributable to the duties paid on*
13 *eligible wool products imported in calendar*
14 *year 1999 by the importing manufacturer*
15 *making the claim, and*

16 “(ii) *the denominator of which is the*
17 *total amount attributable to the duties paid*
18 *on eligible wool products imported in cal-*
19 *endar year 1999 by all the importing man-*
20 *ufacturers described in subsection (c)(1).*

21 “(B) *ELIGIBLE WOOL PRODUCTS.—For pur-*
22 *poses of subparagraph (A), the term ‘eligible*
23 *wool products’ refers to imported wool fiber or*
24 *wool top described in subsection (c)(1).*

1 “(C) *NONIMPORTING MANUFACTURERS.*—

2 *Each annual payment to a nonimporting manu-*
3 *facturer described in subsection (c)(2) shall be in*
4 *an amount equal to one-half of the amount deter-*
5 *mined by multiplying \$597,000 by a fraction—*

6 “(i) *the numerator of which is the*
7 *amount attributable to the purchases of im-*
8 *ported eligible wool products in calendar*
9 *year 1999 by the nonimporting manufac-*
10 *turer making the claim, and*

11 “(ii) *the denominator of which is the*
12 *amount attributable to the purchases of im-*
13 *ported eligible wool products in calendar*
14 *year 1999 by all the nonimporting manu-*
15 *facturers described in subsection (c)(2).*

16 “(4) *LETTERS OF INTENT.*—*Except for the non-*
17 *importing manufacturers described in subsections*
18 *(b)(2) and (c)(2) who may make claims under this*
19 *section by virtue of the enactment of the Wool Manu-*
20 *facturer Payment Clarification and Technical Correc-*
21 *tions Act, only manufacturers who, according to the*
22 *records of the Customs Service, filed with the Customs*
23 *Service before September 11, 2001, letters of intent to*
24 *establish eligibility to be claimants are eligible to*
25 *make a claim for a payment under this section.*

1 “(5) *AMOUNT ATTRIBUTABLE TO PURCHASES BY*
2 *NONIMPORTING MANUFACTURERS.*—

3 “(A) *AMOUNT ATTRIBUTABLE.*—*For pur-*
4 *poses of paragraphs (2)(C) and (3)(C), the*
5 *amount attributable to the purchases of imported*
6 *eligible wool products in calendar year 1999 by*
7 *a nonimporting manufacturer shall be the*
8 *amount the nonimporting manufacturer paid for*
9 *eligible wool products in calendar year 1999, as*
10 *evidenced by invoices. The nonimporting manu-*
11 *facturer shall make such calculation and submit*
12 *the resulting amount to the Customs Service,*
13 *within 45 days after the date of enactment of the*
14 *Wool Manufacturer Payment Clarification and*
15 *Technical Corrections Act, in a signed affidavit*
16 *that attests that the information contained there-*
17 *in is true and accurate to the best of the affiant’s*
18 *belief and knowledge. The nonimporting manu-*
19 *facturer shall retain the records upon which the*
20 *calculation is based for a period of five years be-*
21 *ginning on the date the affidavit is submitted to*
22 *the Customs Service.*

23 “(B) *ELIGIBLE WOOL PRODUCT.*—*For pur-*
24 *poses of subparagraph (A)*—

1 “(i) the eligible wool product for non-
2 importing manufacturers of worsted wool
3 fabrics is wool yarn of the kind described in
4 heading 9902.51.13 of the Harmonized Tar-
5 iff Schedule of the United States purchased
6 in calendar year 1999; and

7 “(ii) the eligible wool products for non-
8 importing manufacturers of wool yarn or
9 wool fabric are wool fiber or wool top of the
10 kind described in heading 9902.51.14 of
11 such Schedule purchased in calendar year
12 1999.

13 “(6) AMOUNT ATTRIBUTABLE TO DUTIES PAID.—
14 For purposes of paragraphs (1), (2)(A), and (3)(A),
15 the amount attributable to the duties paid by a man-
16 ufacturer shall be the amount shown on the records of
17 the Customs Service as of September 11, 2001, under
18 this section as then in effect.

19 “(7) SCHEDULE OF PAYMENTS; REALLOCA-
20 TIONS.—

21 “(A) SCHEDULE.—Of the payments de-
22 scribed in paragraphs (1), (2)(A), and (3)(A),
23 the Customs Service shall make the first install-
24 ment on or before December 31, 2001, the second
25 installment on or before April 15, 2002, and the

1 *third installment on or before April 15, 2003. Of*
2 *the payments described in paragraphs (2)(C)*
3 *and (3)(C), the Customs Service shall make the*
4 *first installment on or before April 15, 2002, and*
5 *the second installment on or before April 15,*
6 *2003.*

7 “(B) *REALLOCATIONS.*—*In the event that a*
8 *manufacturer that would have received payment*
9 *under subparagraph (A) or (C) of paragraph*
10 *(1), (2), or (3) ceases to be qualified for such*
11 *payment as such a manufacturer, the amounts*
12 *otherwise payable to the remaining manufactur-*
13 *ers under such subparagraph shall be increased*
14 *on a pro rata basis by the amount of the pay-*
15 *ment such manufacturer would have received.*

16 “(8) *REFERENCE.*—*For purposes of paragraphs*
17 *(1)(A) and (6), the ‘records of the Customs Service as*
18 *of September 11, 2001’ are the records of the Wool*
19 *Duty Unit of the Customs Service on September 11,*
20 *2001, as adjusted by the Customs Service to the extent*
21 *necessary to carry out this section. The amounts so*
22 *adjusted are not subject to administrative or judicial*
23 *review.*

24 “(e) *AFFIDAVITS BY MANUFACTURERS.*—

1 “(1) *AFFIDAVIT REQUIRED.*—A manufacturer
2 may not receive a payment under this section for cal-
3 endar year 2000, 2001, or 2002, as the case may be,
4 unless that manufacturer has submitted to the Cus-
5 toms Service for that calendar year a signed affidavit
6 that attests that, during that calendar year, the affi-
7 ant was a manufacturer in the United States de-
8 scribed in subsection (a), (b), or (c).

9 “(2) *TIMING.*—An affidavit under paragraph (1)
10 shall be valid—

11 “(A) in the case of a manufacturer de-
12 scribed in paragraph (1), (2)(A), or (3)(A) of
13 subsection (d) filing a claim for a payment for
14 calendar year 2000, only if the affidavit is post-
15 marked no later than 15 days after the date of
16 enactment of the Wool Manufacturer Payment
17 Clarification and Technical Corrections Act; and

18 “(B) in the case of a claim for a payment
19 for calendar year 2001 or 2002, only if the affi-
20 davit is postmarked no later than March 1,
21 2002, or March 1, 2003, respectively.

22 “(f) *OFFSETS.*—Notwithstanding any other provision
23 of this section, any amount otherwise payable under sub-
24 section (d) to a manufacturer in calendar year 2001 and,
25 where applicable, in calendar years 2002 and 2003, shall

1 *be reduced by the amount of any payment received by that*
2 *manufacturer under this section before the enactment of the*
3 *Wool Manufacturer Payment Clarification and Technical*
4 *Corrections Act.*

5 “(g) *DEFINITION.—For purposes of this section, the*
6 *manufacturer is the party that owns—*

7 “(1) *imported worsted wool fabric, of the kind*
8 *described in heading 9902.51.11 or 9902.51.12 of the*
9 *Harmonized Tariff Schedule of the United States, at*
10 *the time the fabric is cut and sewn in the United*
11 *States into men’s or boys’ suits, suit-type jackets, or*
12 *trousers;*

13 “(2) *imported wool yarn, of the kind described*
14 *in heading 9902.51.13 of such Schedule, at the time*
15 *the yarn is processed in the United States into wor-*
16 *sted wool fabric; or*

17 “(3) *imported wool fiber or wool top, of the kind*
18 *described in heading 9902.51.14 of such Schedule, at*
19 *the time the wool fiber or wool top is processed in the*
20 *United States into wool yarn.”.*

21 (2) *FUNDING.—There is authorized to be appro-*
22 *propriated and is appropriated, out of amounts in the*
23 *General Fund of the Treasury not otherwise appro-*
24 *propriated, \$36,251,000 to carry out the amendments*
25 *made by paragraph (1).*

1 **SEC. 202. CEILING FANS.**

2 (a) *IN GENERAL.*—Notwithstanding any other provi-
3 sion of law, ceiling fans classified under subheading
4 8414.51.00 of the Harmonized Tariff Schedule of the United
5 States imported from Thailand shall enter duty-free and
6 without any quantitative limitations, if duty-free treatment
7 under title V of the Trade Act of 1974 (19 U.S.C. 2461
8 et seq.) would have applied to such entry had the competi-
9 tive need limitation been waived under section 503(d) of
10 such Act.

11 (b) *APPLICABILITY.*—The provisions of this section
12 shall apply to ceiling fans described in subsection (a) that
13 are entered, or withdrawn from warehouse for
14 consumption—

15 (1) on or after the date that is 15 days after the
16 date of enactment of this Act; and

17 (2) before July 30, 2002.

18 **SEC. 203. CERTAIN STEAM OR OTHER VAPOR GENERATING**
19 **BOILERS USED IN NUCLEAR FACILITIES.**

20 (a) *IN GENERAL.*—Subheading 9902.84.02 of the Har-
21 monized Tariff Schedule of the United States is amended—

22 (1) by striking “4.9%” and inserting “Free”;
23 and

24 (2) by striking “12/31/2003” and inserting “12/
25 31/2006”.

1 **(b) EFFECTIVE DATE.**—*The amendments made by sub-*
2 *section (a) shall apply to goods entered, or withdrawn from*
3 *warehouse for consumption, on or after January 1, 2002.*

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[Report No. 107-126]

AN ACT

To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

DECEMBER 14, 2001

Reported with an amendment