CARIBBEAN BASIN ECONOMIC RECOVERY ACT

[Public Law 98–67; H.R. 2973, 97 Stat. 369, approved August 5, 1983]

[As Amended Through P.L. 119–75, Enacted February 3, 2026]

[Currency: This publication is a compilation of the text of Public Law 98–67. It was last amended by the public law listed in the As Amended Through note above and below at the bottom of each page of the pdf version and reflects current law through the date of the enactment of the public law listed at https://www.govinfo.gov/app/collection/comps/]

[Note: While this publication does not represent an official version of any Federal statute, substantial efforts have been made to ensure the accuracy of its contents. The official version of Federal law is found in the United States Statutes at Large and in the United States Code. The legal effect to be given to the Statutes at Large and the United States Code is established by statute (1 U.S.C. 112, 204).]

AN ACT To promote economic revitalization and facilitate expansion of economic opportunities in the Caribbean Basin region, to provide for backup withholding of tax from interest and dividends, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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TITLE II—CARIBBEAN BASIN INITIATIVE [1]

SEC. 201. [19 U.S.C. 2701 note] SHORT TITLE.

This title may be cited as the "Caribbean Basin Economic Recovery Act".

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[1] Sec. 1909 of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100–418; 102 Stat. 1317) contained the following:

"SEC. 1909. CARIBBEAN BASIN INITIATIVE.

"(a) FINDINGS.—The Congress finds that—

"(1) Caribbean and Central American countries historically have had close economic, political, and cultural ties to the United States;

"(2) promoting economic and political stability in the Caribbean and Central America is in the national security interests of the United States;

"(3) the economic and political stability of the nations of the Caribbean and Central America can be strengthened significantly by the attraction of foreign and domestic investment specifically devoted to employment generation; and

"(4) the diversification of the economies and expansion of exports, particularly those of a non-traditional nature, of the nations of the Caribbean and Central America is linked directly to fair access to the markets of the United States.

"(b) INTENT OF THE CONGRESS.—The Congress hereby expresses its intention to ensure that—

"(1) the trade elements of the Caribbean Basin Initiative be strengthened in a manner consistent with the promotion of economic and political stability in the Caribbean and Central America;

"(2) to the extent that Congress imposes changes that are intended to improve the competitive environment for United States industry and workers, such changes do not unduly affect the unilateral duty-free trade system available to the beneficiary countries designated under the Caribbean Basin Economic Recovery Act; and

Continued

SUBTITLE A—DUTY-FREE TREATMENT

SEC. 211. [19 U.S.C. 2701] AUTHORITY TO GRANT DUTY-FREE TREATMENT.

The President may proclaim duty-free treatment (or other preferential treatment) for all eligible articles from any beneficiary country in accordance with the provisions of this title.

SEC. 212. [19 U.S.C. 2702] BENEFICIARY COUNTRY.

(a)(1) For purposes of this title—

(A) The term "beneficiary country" means any country listed in subsection (b) with respect to which there is in effect a proclamation by the President designating such country as a beneficiary country for purposes of this title. Before the President designates any country as a beneficiary country for purposes of this title, he shall notify the House of Representatives and the Senate of his intention to make such designation, together with the considerations entering into such decision.

(B) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(C) The term "HTS" means Harmonized Tariff Schedule of the United States (19 U.S.C. 1202).

(D) The term "USMCA" has the meaning given that term in section 3 of the United States-Mexico-Canada Agreement Implementation Act (19 U.S.C. 4502).

(E) The terms "WTO" and "WTO member" have the meanings given those terms in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501).

(F) The term "former beneficiary country" means a country that ceases to be designated as a beneficiary country under this title because the country has become a party to a free trade agreement with the United States.

(2) If the President has designated any country as a beneficiary country for purposes of this title, he shall not terminate such designation (either by issuing a proclamation for that purpose or by issuing a proclamation which has the effect of terminating such designation) unless, at least sixty days before such termination, he has notified the House of Representatives and the Senate and has notified such country of his intention to terminate such designation, together with the considerations entering into such decision.

(b)[2] In designating countries as "beneficiary countries" under this title the President shall consider only the following countries and territories or successor political entities:

"(3) generic changes in the trade laws of the United States do not discriminate against imports from designated beneficiary countries in relation to imports from other United States trading partners.".

[2] Section 402(b) of Public Law 109–53 provides:

(b) COUNTRIES ELIGIBLE FOR DESIGNATION AS BENEFICIARY COUNTRIES.—Section 212(b) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(b)) is amended by striking from the list of countries eligible for designation as beneficiary countries—

(1) "Costa Rica", effective on the date the President terminates the designation of Costa Rica as a beneficiary country pursuant to section 201(a)(3);

(2) "Dominican Republic", effective on the date the President terminates the designation of the Dominican Republic as a beneficiary country pursuant to section 201(a)(3);

(3) "El Salvador", effective on the date the President terminates the designation of El Salvador as a beneficiary country pursuant to section 201(a)(3);

Anguilla
Antigua and Barbuda
Bahamas, The
Barbados
Grenada
Belize
Costa Rica
Dominica
Dominican Republic
El Salvador
Guatemala
Guyana
Haiti
Honduras
Jamaica
Nicaragua
Panama
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Cayman Islands
Montserrat
Netherlands Antilles
Saint Christopher-Nevis
Turks and Caicos Islands
Virgin Islands, British

In addition, the President shall not designate any country a beneficiary country under this title—

(1) if such country is a Communist country;

(2) if such country—

(A) has nationalized, expropriated or otherwise seized ownership or control of property owned by a United States citizen or by a corporation, partnership, or association which is 50 per centum or more beneficially owned by United States citizens,

(B) has taken steps to repudiate or nullify—

(i) any existing contract or agreement with, or

(ii) any patent, trademark, or other intellectual property of,

a United States citizen or a corporation, partnership, or association which is 50 per centum or more beneficially owned by United States citizens, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of property so owned, or

(C) has imposed or enforced taxes or other exactions, restrictive maintenance or operational conditions, or other

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(4) "Guatemala", effective on the date the President terminates the designation of Guatemala as a beneficiary country pursuant to section 201(a)(3);

(5) "Honduras", effective on the date the President terminates the designation of Honduras as a beneficiary country pursuant to section 201(a)(3); and

(6) "Nicaragua", effective on the date the President terminates the designation of Nicaragua as a beneficiary country pursuant to section 201(a)(3).

Paragraph (3) of section 201(a) of such Public Law provides:

(3) EFFECT ON CBERA STATUS.—

(A) IN GENERAL.—Notwithstanding section 212(a) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(a)), the President shall terminate the designation of each CAFTA–DR country as a beneficiary country for purposes of that Act on the date the Agreement enters into force with respect to that country.

(B) EXCEPTION.—Notwithstanding subparagraph (A), each such country shall be considered a beneficiary country under section 212(a) of the Caribbean Basin Economic Recovery Act, for purposes of—

(i) sections 771(7)(G)(ii)(III) and 771(7)(H) of the Tariff Act of 1930 (19 U.S.C. 1677(7)(G)(ii)(III) and 1677(7)(H));

(ii) the duty-free treatment provided under paragraph 12 of Appendix I of the General Notes to the Schedule of the United States to Annex 3.3 of the Agreement; and

(iii) section 274(h)(6)(B) of the Internal Revenue Code of 1986.

Section 402(a) of of Public Law 112–43 provides for an amendment to strike "Panama" from the list of countries eligible for designation as beneficiary countries. Pursuant to section 107(a) of PL 112–43, the amendment made by section 402(a) takes effect on date when the Agreement between the United States and Panama enters into force.

measures with respect to property so owned, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of such property, unless the President determines that—

(i) prompt, adequate, and effective compensation has been or is being made to such citizen, corporation, partnership, or association,

(ii) good-faith negotiations to provide prompt, adequate, and effective compensation under the applicable provisions of international law are in progress, or such country is otherwise taking steps to discharge its obligations under international law with respect to such citizen, corporation, partnership, or association, or

(iii) a dispute involving such citizen, corporation, partnership, or association, over compensation for such a seizure has been submitted to arbitration under the provisions of the Convention for the Settlement of Investment Disputes, or in another mutually agreed upon forum, and

promptly furnishes a copy of such determination to the Senate and House of Representatives;

(3) if such country fails to act in good faith in recognizing as binding or in enforcing arbitral awards in favor of United States citizens or a corporation, partnership or association which is 50 per centum or more beneficially owned by United States citizens, which have been made by arbitrators appointed for each case or by permanent arbitral bodies to which the parties involved have submitted their dispute;

(4) if such country affords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated or that action will be taken to assure that there will be no such significant adverse effect, and he reports those assurances to the Congress;

(5) if a government-owned entity in such country engages in the broadcast of copyrighted material, including films or television material, belonging to United States copyright owners without their express consent;

(6) unless such country is a signatory to a treaty, convention, protocol, or other agreement regarding the extradition of United States citizens; and

(7) if such country has not or is not taking steps to afford internationally recognized worker rights (as defined in section 507(4) of the Trade Act of 1974) to workers in the country (including any designated zone in that country).

Paragraphs (1), (2), (3), (5), and (7) shall not prevent the designation of any country as a beneficiary country under this Act if the President determines that such designation will be in the national economic or security interest of the United States and reports such determination to the Congress with his reasons therefor.

(c) In determining whether to designate any country a beneficiary country under this title, the President shall take into account—

(1) an expression by such country of its desire to be so designated;

(2) the economic conditions in such country, the living standards of its inhabitants, and any other economic factors which he deems appropriate;

(3) the extent to which such country has assured the United States it will provide equitable and reasonable access to the markets and basic commodity resources of such country;

(4) the degree to which such country follows the accepted rules of international trade provided for under the WTO Agreement and the multilateral trade agreements (as such terms are defined in paragraphs (9) and (4), respectively, of section 2 of the Uruguay Round Agreements Act);

(5) the degree to which such country uses export subsidies or imposes export performance requirements or local content requirements which distort international trade;

(6) the degree to which the trade policies of such country as they relate to other beneficiary countries are contributing to the revitalization of the region;

(7) the degree to which such country is undertaking self-help measures to promote its own economic development;

(8) whether or not such country has taken or is taking steps to afford workers in that country (including any designated zone in that country) internationally recognized worker rights. [3]

(9) the extent to which such country provides under its law adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property, including patent, trademark, and copyright rights;

(10) the extent to which such country prohibits its nationals from engaging in the broadcasts of copyrighted material, including films or television material, belonging to United States copyright owners without their express consent; and

(11) the extent to which such country is prepared to cooperate with the United States in the administration of the provisions of this title.

(d) General headnote 3(a) of the TSUS (relating to products of the insular possessions) is amended by adding at the end thereof the following paragraph:

"(iv) Subject to the provisions in section 213 of the Caribbean Basin Economic Recovery Act, articles which are imported from insular possessions of the United States shall receive duty treatment no less favorable than the treatment afforded such articles when they are imported from a beneficiary country under such Act.".

(e)(1)(A) The President may, after the requirements of subsection (a)(2) and paragraph (2) have been met—

(i) withdraw or suspend the designation of any country as a beneficiary country, or

[3] So in original. The period probably should be a semicolon.

(ii) withdraw, suspend, or limit the application of duty-free treatment under this subtitle to any article of any country,

if, after such designation, the President determines that as a result of changed circumstances such country would be barred from designation as a beneficiary country under subsection (b).

(B) The President may, after the requirements of subsection (a)(2) and paragraph (2) have been met—

(i) withdraw or suspend the designation of any country as a CBTPA beneficiary country; or

(ii) withdraw, suspend, or limit the application of preferential treatment under section 213(b)(2) and (3) to any article of any country,

if, after such designation, the President determines that, as a result of changed circumstances, the performance of such country is not satisfactory under the criteria set forth in section 213(b)(5)(B).

(2)(A) The President shall publish in the Federal Register notice of the action the President proposes to take under paragraph (1) at least 30 days prior to taking such action.

(B) The United States Trade Representative shall, within the 30-day period beginning on the date on which the President publishes under subparagraph (A) notice of proposed action—

(i) accept written comments from the public regarding such proposed action,

(ii) hold a public hearing on such proposed action, and

(iii) publish in the Federal Register—

(I) notice of the time and place of such hearing prior to the hearing, and

(II) the time and place at which such written comments will be accepted.

(3) If preferential treatment under section 213(b)(2) and (3) is withdrawn, suspended, or limited with respect to a CBTPA beneficiary country, such country shall not be deemed to be a "party" for the purposes of applying section 213(b)(5)(C) to imports of articles for which preferential treatment has been withdrawn, suspended, or limited with respect to such country.

(f) REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Not later than December 31, 2001, and every 2 years thereafter during the period this title is in effect, the United States Trade Representative shall submit to Congress a report regarding the operation of this title, including—

(A) with respect to subsections (b) and (c), the results of a general review of beneficiary countries based on the considerations described in such subsections; and

(B) the performance of each beneficiary country or CBTPA beneficiary country, as the case may be, under the criteria set forth in section 213(b)(5)(B).

(2) PUBLIC COMMENT.—Before submitting the report described in paragraph (1), the United States Trade Representative shall publish a notice in the Federal Register requesting public comments on whether beneficiary countries are meeting the criteria listed in section 213(b)(5)(B).

SEC. 213. [19 U.S.C. 2703] ELIGIBLE ARTICLES.

(a)(1) Unless otherwise excluded from eligibility by this title, and subject to section 423 of the Tax Reform Act of 1986, and except as provided in subsection (b)(2) and (3), the duty-free treatment provided under this title shall apply to any article which is the growth, product, or manufacture of a beneficiary country if—

(A) that article is imported directly from a beneficiary country into the customs territory of the United States; and

(B) the sum of (i) the cost or value of the materials produced in a beneficiary country or two or more beneficiary countries, plus (ii) the direct costs of processing operations performed in a beneficiary country or countries is not less than 35 per centum of the appraised value of such article at the time it is entered.

For purposes of determining the percentage referred to in subparagraph (B), the term "beneficiary country" includes the Commonwealth of Puerto Rico, the United States Virgin Islands, and any former beneficiary country. If the cost or value of materials produced in the customs territory of the United States (other than the Commonwealth of Puerto Rico) is included with respect to an article to which this paragraph applies, an amount not to exceed 15 per centum of the appraised value of the article at the time it is entered that is attributed to such United States cost or value may be applied toward determining the percentage referred to in subparagraph (B).

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this subsection including, but not limited to, regulations providing that, in order to be eligible for duty-free treatment under this title, an article must be wholly the growth, product, or manufacture of a beneficiary country, or must be a new or different article of commerce which has been grown, produced, or manufactured in the beneficiary country; but no article or material of a beneficiary country shall be eligible for such treatment by virtue of having merely undergone—

(A) simple combining or packaging operations, or

(B) mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article.

(3) As used in this subsection, the phrase "direct costs of processing operations" includes, but is not limited to—

(A) all actual labor costs involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control, and similar personnel; and

(B) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.

Such phrase does not include costs which are not directly attributable to the merchandise concerned or are not costs of manufacturing the product, such as (i) profit, and (ii) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries,

casualty and liability insurance, advertising, and salesmen's salaries, commissions or expenses.

(4) Notwithstanding section 311 of the Tariff Act of 1930, the products of a beneficiary country which are imported directly from any beneficiary country into Puerto Rico may be entered under bond for processing or use in manufacturing in Puerto Rico. No duty shall be imposed on the withdrawal from warehouse of the product of such processing or manufacturing if, at the time of such withdrawal, such product meets the requirements of paragraph (1)(B).

(5) The duty-free treatment provided under this title shall apply to an article (other than an article listed in subsection (b)) which is the growth, product, or manufacture of the Commonwealth of Puerto Rico if—

(A) the article is imported directly from the beneficiary country into the customs territory of the United States,

(B) the article was by any means advanced in value or improved in condition in a beneficiary country, and

(C) if any materials are added to the article in a beneficiary country, such materials are a product of a beneficiary country or the United States.

(6) Notwithstanding paragraph (1), the duty-free treatment provided under this title shall apply to liqueurs and spirituous beverages produced in the territory of Canada from rum if—

(A) such rum is the growth, product, or manufacture of a beneficiary country or of the Virgin Islands of the United States;

(B) such rum is imported directly from a beneficiary country or the Virgin Islands of the United States into the territory of Canada, and such liqueurs and spirituous beverages are imported directly from the territory of Canada into the customs territory of the United States;

(C) when imported into the customs territory of the United States, such liqueurs and spirituous beverages are classified in subheading 2208.90 or 2208.40 of the HTS; and

(D) such rum accounts for at least 90 percent by volume of the alcoholic content of such liqueurs and spirituous beverages.

(b) IMPORT-SENSITIVE ARTICLES.—

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

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

(B) footwear provided for in any of subheadings 6401.10.00, 6401.91.00, 6401.92.90, 6401.99.30, 6401.99.60, 6401.99.90, 6402.30.50, 6402.30.70, 6402.30.80, 6402.91.50, 6402.91.80, 6402.91.90, 6402.99.20, 6402.99.80, 6402.99.90, 6403.59.60, 6403.91.30, 6403.99.60, 6403.99.90, 6404.11.90, and 6404.19.20 of the HTS that was not designated at the time of the effective date of this title as eligible articles for the purpose of the generalized system of preferences under title V of the Trade Act of 1974;

(C) tuna, prepared or preserved in any manner, in airtight containers;

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

(E) watches and watch parts (including cases, bracelets, and straps), of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if such watches or watch parts contain any material which is the product of any country with respect to which HTS column 2 rates of duty apply; or

(F) articles to which reduced rates of duty apply under subsection (h).

(2) TRANSITION PERIOD TREATMENT OF CERTAIN TEXTILE AND APPAREL ARTICLES.—

(A) ARTICLES COVERED.—During the transition period, the preferential treatment described in subparagraph (B) shall apply to the following articles:

(i) APPAREL ARTICLES ASSEMBLED IN ONE OR MORE CBTPA BENEFICIARY COUNTRIES.—Apparel articles sewn or otherwise assembled in one or more CBTPA beneficiary countries from fabrics wholly formed and cut, or from components knit-to-shape, in the United States from yarns wholly formed in the United States, or both (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the HTS and are wholly formed and cut in the United States) that are—

(I) entered under subheading 9802.00.80 of the HTS; or

(II) entered under chapter 61 or 62 of the HTS, if, after such assembly, the articles would have qualified for entry under subheading 9802.00.80 of the HTS but for the fact that the articles were embroidered or subjected to stonewashing, enzyme-washing, acid washing, permapressing, oven-baking, bleaching, garment-dyeing, screen printing, or other similar processes.

Apparel articles entered on or after September 1, 2002, shall qualify under the preceding sentence only if all dyeing, printing, and finishing of the fabrics from which the articles are assembled, if the fabrics are knit fabrics, is carried out in the United States. Apparel articles entered on or after September 1, 2002, shall qualify under the first sentence of this clause only if all dyeing, printing, and finishing of the fabrics from which the articles are assembled, if the fabrics are woven fabrics, is carried out in the United States.

(ii) OTHER APPAREL ARTICLES ASSEMBLED IN ONE OR MORE CBTPA BENEFICIARY COUNTRIES.—Apparel articles sewn or otherwise assembled in one or more CBTPA beneficiary countries with thread formed in the United States from fabrics wholly formed in the United States and cut in one or more CBTPA beneficiary countries from yarns wholly formed in the

United States, or from components knit-to-shape in the United States from yarns wholly formed in the United States, or both (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the HTS and are wholly formed in the United States). Apparel articles entered on or after September 1, 2002, shall qualify under the preceding sentence only if all dyeing, printing, and finishing of the fabrics from which the articles are assembled, if the fabrics are knit fabrics, is carried out in the United States. Apparel articles entered on or after September 1, 2002, shall qualify under the first sentence of this clause only if all dyeing, printing, and finishing of the fabrics from which the articles are assembled, if the fabrics are woven fabrics, is carried out in the United States. Apparel articles shall qualify under the preceding sentence only if all dyeing, printing, and finishing of the fabrics from which the articles are assembled, if the fabrics are knit fabrics, is carried out in the United States. Apparel articles shall qualify under the first sentence of this clause only if all dyeing, printing, and finishing of the fabrics from which the articles are assembled, if the fabrics are woven fabrics, is carried out in the United States.

(iii) CERTAIN KNIT APPAREL ARTICLES.—(I) Apparel articles knit to shape (other than socks provided for in heading 6115 of the HTS) in a CBTPA beneficiary country from yarns wholly formed in the United States, and knit apparel articles (other than t-shirts described in subclause (III)) cut and wholly assembled in one or more CBTPA beneficiary countries from fabric formed in one or more CBTPA beneficiary countries or the United States from yarns wholly formed in the United States (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the HTS and are formed in one or more CBTPA beneficiary countries), in an amount not exceeding the amount set forth in subclause (II).

(II) The amount referred to in subclause (I) is as follows:

(aa) 500,000,000 square meter equivalents during the 1-year period beginning on October 1, 2002.

(bb) 850,000,000 square meter equivalents during the 1-year period beginning on October 1, 2003.

(cc) 970,000,000 square meter equivalents in each succeeding 1-year period through September 30, 2030.

(III) T-shirts, other than underwear, classifiable under subheadings 6109.10.00 and 6109.90.10 of the HTS, made in one or more CBTPA beneficiary countries from fabric formed in one or more CBTPA beneficiary countries from yarns wholly formed in the

United States, in an amount not exceeding the amount set forth in subclause (IV).

(IV) The amount referred to in subclause (III) is as follows:

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

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

(cc) 10,000,000 dozen during the 1-year period beginning on October 1, 2003.

(dd) 12,000,000 dozen in each succeeding 1-year period through September 30, 2030.

(V) It is the sense of the Congress that the Congress should determine, based on the record of expansion of exports from the United States as a result of the preferential treatment of articles under this clause, the percentage by which the amount provided in subclauses (II) and (IV) should be compounded for the 1-year periods occurring after the 1-year period ending on September 30, 2004.

(iv) CERTAIN OTHER APPAREL ARTICLES.—

(I) GENERAL RULE.—Subject to subclause (II), any apparel article classifiable under subheading 6212.10 of the HTS, except for articles entered under clause (i), (ii), (iii), (v), or (vi), if the article is both cut and sewn or otherwise assembled in the United States, or one or more CBTPA beneficiary countries, or both.

(II) LIMITATION.—During the 1-year period beginning on October 1, 2001, and during each of the 28 succeeding 1-year periods, apparel articles described in subclause (I) of a producer or an entity controlling production shall be eligible for preferential treatment under subparagraph (B) only if the aggregate cost of fabrics (exclusive of all findings and trimmings) formed in the United States that are used in the production of all such articles of that producer or entity that are entered and eligible under this clause during the preceding 1-year period is at least 75 percent of the aggregate declared customs value of the fabric (exclusive of all findings and trimmings) contained in all such articles of that producer or entity that are entered and eligible under this clause during the preceding 1-year period.

(III) DEVELOPMENT OF PROCEDURE TO ENSURE COMPLIANCE.—The United States Customs Service shall develop and implement methods and procedures to ensure ongoing compliance with the requirement set forth in subclause (II). If the Customs Service finds that a producer or an entity controlling production has not satisfied such requirement in a 1-year period, then apparel articles described in subclause (I) of that producer or enti-

ty shall be ineligible for preferential treatment under subparagraph (B) during any succeeding 1-year period until the aggregate cost of fabrics (exclusive of all findings and trimmings) formed in the United States that are used in the production of such articles of that producer or entity entered during the preceding 1-year period is at least 85 percent of the aggregate declared customs value of the fabric (exclusive of all findings and trimmings) contained in all such articles of that producer or entity that are entered and eligible under this clause during the preceding 1-year period.

(v) APPAREL ARTICLES ASSEMBLED FROM FABRICS OR YARN NOT WIDELY AVAILABLE IN COMMERCIAL QUANTITIES.—(I) Apparel articles that are both cut (or knit-to-shape) and sewn or otherwise assembled in one or more CBTPA beneficiary countries, to the extent that apparel articles of such fabrics or yarn would be eligible for preferential treatment, without regard to the source of the fabrics or yarn, under Annex 4–B of the USMCA.

(II) At the request of any interested party, the President is authorized to proclaim additional fabrics and yarn as eligible for preferential treatment under subclause (I) if—

(aa) the President determines that such fabrics or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner;

(bb) the President has obtained advice regarding the proposed action from the appropriate advisory committee established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) and the United States International Trade Commission;

(cc) within 60 days after the request, the President has submitted a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate that sets forth the action proposed to be proclaimed and the reasons for such actions, and the advice obtained under division (bb);

(dd) a period of 60 calendar days, beginning with the first day on which the President has met the requirements of division (cc), has expired; and

(ee) the President has consulted with such committees regarding the proposed action during the period referred to in division (cc).

(III) If the President determines that any fabric or yarn was determined to be eligible for preferential treatment under subclause (I) on the basis of fraud, the President is authorized to remove that designation from that fabric or yarn with respect to articles entered after such removal.

(vi) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—A handloomed, handmade, or folklore article of a CBTPA beneficiary country identified under subparagraph (C) that is certified as such by the competent authority of such beneficiary country.

(vii) SPECIAL RULES.—

(I) EXCEPTION FOR FINDINGS AND TRIMMINGS.—(aa) An article otherwise eligible for preferential treatment under this paragraph shall not be ineligible for such treatment because the article contains findings or trimmings of foreign origin, if such findings and trimmings do not exceed 25 percent of the cost of the components of the assembled product. Examples of findings and trimmings are sewing thread, hooks and eyes, snaps, buttons, "bow buds", decorative lace, trim, elastic strips, zippers, including zipper tapes and labels, and other similar products. Elastic strips are considered findings or trimmings only if they are each less than 1 inch in width and are used in the production of brassieres.

(bb) In the case of an article described in clause (ii) of this subparagraph, sewing thread shall not be treated as findings or trimmings under this subclause.

(II) CERTAIN INTERLINING.—(aa) An article otherwise eligible for preferential treatment under this paragraph shall not be ineligible for such treatment because the article contains certain interlinings of foreign origin, if the value of such interlinings (and any findings and trimmings) does not exceed 25 percent of the cost of the components of the assembled article.

(bb) Interlinings eligible for the treatment described in division (aa) include only a 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.

(cc) The treatment described in this subclause shall terminate if the President makes a determination that United States manufacturers are producing such interlinings in the United States in commercial quantities.

(III) DE MINIMIS RULE.—An article that would otherwise be ineligible for preferential treatment under this paragraph because the article contains fibers or yarns not wholly formed in the United States or in one or more CBTPA beneficiary countries shall not be ineligible for such treatment if the total weight of all such fibers or yarns is not more than 7 percent of the total weight of the good. Notwithstanding the preceding sentence, an apparel article containing elastomeric yarns shall be eligible for preferential treatment under this

paragraph only if such yarns are wholly formed in the United States.

(IV) SPECIAL ORIGIN RULE.—An article otherwise eligible for preferential treatment under clause (i), (ii), or (ix) of this subparagraph shall not be ineligible for such treatment because the article contains nylon filament yarn (other than elastomeric yarn) that is classifiable under subheading 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 of the HTS duty-free from—

(aa) a country that is a party to an agreement with the United States establishing a free trade area, which entered into force before January 1, 1995; or

(bb) a USMCA country (as defined in section 3 of the United States-Mexico-Canada Agreement Implementation Act (19 U.S.C. 4502)).

(V) THREAD.—An article otherwise eligible for preferential treatment under this paragraph shall not be ineligible for such treatment because the thread used to assemble the article is dyed, printed, or finished in one or more CBTPA beneficiary countries.

(viii) TEXTILE LUGGAGE.—Textile luggage—

(I) assembled in a CBTPA beneficiary country from fabric wholly formed and cut in the United States, from yarns wholly formed in the United States, that is entered under subheading 9802.00.80 of the HTS; or

(II) assembled from fabric cut in a CBTPA beneficiary country from fabric wholly formed in the United States from yarns wholly formed in the United States.

(ix) APPAREL ARTICLES ASSEMBLED IN ONE OR MORE CBTPA BENEFICIARY COUNTRIES FROM UNITED STATES AND CBTPA BENEFICIARY COUNTRY COMPONENTS.—Apparel articles sewn or otherwise assembled in one or more CBTPA beneficiary countries with thread formed in the United States from components cut in the United States and in one or more CBTPA beneficiary countries from fabric wholly formed in the United States from yarns wholly formed in the United States, or from components knit-to-shape in the United States and one or more CBTPA beneficiary countries from yarns wholly formed in the United States, or both (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the HTS). Apparel articles shall qualify under this clause only if they meet the requirements of clause (i) or (ii) (as the case may be) with re-

spect to dyeing, printing, and finishing of knit and woven fabrics from which the articles are assembled.

(B) PREFERENTIAL TREATMENT.—Except as provided in subparagraph (E), during the transition period, the articles to which this subparagraph applies shall enter the United States free of duty and free of any quantitative restrictions, limitations, or consultation levels.

(C) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—For purposes of subparagraph (A)(vi), the President shall consult with representatives of the CBTPA beneficiary countries concerned for the purpose of identifying particular textile and apparel goods that are mutually agreed upon as being handloomed, handmade, or folklore goods of a kind described in article 6.2 of the USMCA.

(D) PENALTIES FOR TRANSSHIPMENTS.—

(i) PENALTIES FOR EXPORTERS.—If the President determines, based on sufficient evidence, that an exporter has engaged in transshipment with respect to textile or apparel articles from a CBTPA beneficiary country, then the President shall deny all benefits under this title to such exporter, and any successor of such exporter, for a period of 2 years.

(ii) PENALTIES FOR COUNTRIES.—Whenever the President finds, based on sufficient evidence, that transshipment has occurred, the President shall request that the CBTPA beneficiary country or countries through whose territory the transshipment has occurred take all necessary and appropriate actions to prevent such transshipment. If the President determines that a country is not taking such actions, the President shall reduce the quantities of textile and apparel articles that may be imported into the United States from such country by the quantity of the transshipped articles multiplied by 3, to the extent consistent with the obligations of the United States under the WTO.

(iii) TRANSSHIPMENT DESCRIBED.—Transshipment within the meaning of this subparagraph has occurred when preferential treatment under subparagraph (B) has been claimed for a textile or apparel article on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of this clause, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment under subparagraph (B).

(E) BILATERAL EMERGENCY ACTIONS.—

(i) IN GENERAL.—The President may take bilateral emergency tariff actions of a kind described in section 4 of the Annex with respect to any apparel article imported from a CBTPA beneficiary country if the application of tariff treatment under subparagraph (B) to such article results in conditions that would be cause

for the taking of such actions under such section 4 with respect to a like article described in the same 8-digit subheading of the HTS that is imported from Mexico.

(ii) RULES RELATING TO BILATERAL EMERGENCY ACTION.—For purposes of applying bilateral emergency action under this subparagraph—

(I) the requirements of paragraph (5) of section 4 of the Annex (relating to providing compensation) shall not apply;

(II) the term "transition period" in section 4 of the Annex shall have the meaning given that term in paragraph (5)(D) of this subsection; and

(III) the requirements to consult specified in section 4 of the Annex shall be treated as satisfied if the President requests consultations with the CBTPA beneficiary country in question and the country does not agree to consult within the time period specified under section 4.

(3) TRANSITION PERIOD TREATMENT OF CERTAIN OTHER ARTICLES ORIGINATING IN BENEFICIARY COUNTRIES.—

(A) EQUIVALENT TARIFF TREATMENT.—

(i) IN GENERAL.—Subject to clauses (ii) and (iii), the tariff treatment accorded at any time during the transition period to any article referred to in any of subparagraphs (B) through (F) of paragraph (1) that is a CBTPA originating good shall be identical to the tariff treatment that is accorded at such time under Annex 2–B of the USMCA to an article described in the same 8-digit subheading of the HTS that is a good of Mexico and is imported into the United States.

(ii) EXCEPTION.—Clause (i) does not apply to any article accorded duty-free treatment under U.S. Note 2(b) to subchapter II of chapter 98 of the HTS.

(iii) CERTAIN FOOTWEAR.—Notwithstanding paragraph (1)(B) and clause (i) of this subparagraph, footwear provided for in any of subheadings 6403.59.60, 6403.91.30, 6403.99.60, and 6403.99.90 of the HTS shall be eligible for the duty-free treatment provided for under this title if—

(I) the article of footwear is the growth, product, or manufacture of a CBTPA beneficiary country; and

(II) the article otherwise meets the requirements of subsection (a), except that in applying such subsection, "CBTPA beneficiary country" shall be substituted for "beneficiary country" each place it appears.

(B) RELATIONSHIP TO SUBSECTION (h) DUTY REDUCTIONS.—If at any time during the transition period the rate of duty that would (but for action taken under subparagraph (A)(i) in regard to such period) apply with respect to any article under subsection (h) is a rate of duty that is lower than the rate of duty resulting from such ac-

tion, then such lower rate of duty shall be applied for the purposes of implementing such action.

(4) CUSTOMS PROCEDURES.—

(A) IN GENERAL.—

(i) REGULATIONS.—Any importer that claims preferential treatment under paragraph (2) or (3) shall comply with customs procedures similar in all material respects to the requirements of article 5.4.1 of the USMCA as implemented pursuant to United States law, in accordance with regulations promulgated by the Secretary of the Treasury.

(ii) DETERMINATION.—

(I) IN GENERAL.—In order to qualify for the preferential treatment under paragraph (2) or (3) and for a Certificate of Origin to be valid with respect to any article for which such treatment is claimed, there shall be in effect a determination by the President that each country described in subclause (II)—

(aa) has implemented and follows; or

(bb) is making substantial progress toward implementing and following,

procedures and requirements similar in all material respects to the relevant procedures and requirements under chapter 5 of the USMCA.

(II) COUNTRY DESCRIBED.—A country is described in this subclause if it is a CBTPA beneficiary country—

(aa) from which the article is exported; or

(bb) in which materials used in the production of the article originate or in which the article or such materials undergo production that contributes to a claim that the article is eligible for preferential treatment under paragraph (2) or (3).

(B) CERTIFICATE OF ORIGIN.—The Certificate of Origin that otherwise would be required pursuant to the provisions of subparagraph (A) shall not be required in the case of an article imported under paragraph (2) or (3) if such Certificate of Origin would not be required under article 5.5 of the USMCA (as implemented pursuant to United States law), if the article were imported from Mexico.

(C) REPORT BY USTR ON COOPERATION OF OTHER COUNTRIES CONCERNING CIRCUMVENTION.—The United States Commissioner of Customs shall conduct a study analyzing the extent to which each CBTPA beneficiary country—

(i) has cooperated fully with the United States, consistent with its domestic laws and procedures, in instances of circumvention or alleged circumvention of existing quotas on imports of textile and apparel goods, to establish necessary relevant facts in the places of import, export, and, where applicable, transshipment, including investigation of circumvention practices, exchanges of documents, correspondence, re-

ports, and other relevant information, to the extent such information is available;

(ii) has taken appropriate measures, consistent with its domestic laws and procedures, against exporters and importers involved in instances of false declaration concerning fiber content, quantities, description, classification, or origin of textile and apparel goods; and

(iii) has penalized the individuals and entities involved in any such circumvention, consistent with its domestic laws and procedures, and has worked closely to seek the cooperation of any third country to prevent such circumvention from taking place in that third country.

The Trade Representative shall submit to Congress, not later than October 1, 2001, a report on the study conducted under this subparagraph.

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

(A) ANNEX.—The term "the Annex" means Annex 300–B of the North American Free Trade Agreement entered into between the United States, Mexico, and Canada on December 17, 1992.

(B) CBTPA BENEFICIARY COUNTRY.—The term "CBTPA beneficiary country" means any "beneficiary country", as defined in section 212(a)(1)(A) of this title, which the President designates as a CBTPA beneficiary country, taking into account the criteria contained in subsections (b) and (c) of section 212 and other appropriate criteria, including the following:

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

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

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

(ii) The extent to which the country provides protection of intellectual property rights consistent with or greater than the protection afforded under the Agreement on Trade-Related Aspects of Intellectual Property Rights described in section 101(d)(15) of the Uruguay Round Agreements Act.

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

(I) the right of association;

(II) the right to organize and bargain collectively;

(III) a prohibition on the use of any form of forced or compulsory labor;

(IV) a minimum age for the employment of children; and

(V) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;

(iv) Whether the country has implemented its commitments to eliminate the worst forms of child labor, as defined in section 507(6) of the Trade Act of 1974.

(v) The extent to which the country has met the counter-narcotics certification criteria set forth in section 490 of the Foreign Assistance Act of 1961 (22 U.S.C. 2291j) for eligibility for United States assistance.

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

(vii) The extent to which the country—

(I) applies transparent, nondiscriminatory, and competitive procedures in government procurement equivalent to those contained in the Agreement on Government Procurement described in section 101(d)(17) of the Uruguay Round Agreements Act; and

(II) contributes to efforts in international fora to develop and implement international rules in transparency in government procurement.

(C) CBTPA ORIGINATING GOOD.—

(i) IN GENERAL.—The term "CBTPA originating good" means a good that meets the rules of origin for a good set forth in chapter 4 of the USMCA as implemented pursuant to United States law.

(ii) APPLICATION OF CHAPTER 4.—In applying chapter 4 of the USMCA with respect to a CBTPA beneficiary country for purposes of this subsection—

(I) no country other than the United States and a CBTPA beneficiary country may be treated as being a party to the USMCA;

(II) any reference to trade between the United States and Mexico shall be deemed to refer to trade between the United States and a CBTPA beneficiary country;

(III) any reference to a party shall be deemed to refer to a CBTPA beneficiary country or the United States; and

(IV) any reference to parties shall be deemed to refer to any combination of CBTPA beneficiary countries or to the United States and one or more CBTPA beneficiary countries (or any combination thereof).

(D) TRANSITION PERIOD.—The term "transition period" means, with respect to a CBTPA beneficiary country, the period that begins on October 1, 2000, and ends on the earlier of—

(i) September 30, 2030; or

(ii) the date on which the FTAA or another free trade agreement that makes substantial progress in achieving the negotiating objectives set forth in section 108(b)(5) of Public Law 103–182 (19 U.S.C. 3317(b)(5)) enters into force with respect to the United States and the CBTPA beneficiary country.

(E) CBTPA.—The term "CBTPA" means the United States-Caribbean Basin Trade Partnership Act.

(F) FTAA.—The term "FTAA" means the Free Trade Area of the Americas.

(G) FORMER CBTPA BENEFICIARY COUNTRY.—The term "former CBTPA beneficiary country" means a country that ceases to be designated as a CBTPA beneficiary country under this title because the country has become a party to a free trade agreement with the United States.

(H) ARTICLES THAT UNDERGO PRODUCTION IN A CBTPA BENEFICIARY COUNTRY AND A FORMER CBTPA BENEFICIARY COUNTRY.—(i) For purposes of determining the eligibility of an article for preferential treatment under paragraph (2) or (3), references in either such paragraph, and in subparagraph (C) of this paragraph to—

(I) a "CBTPA beneficiary country" shall be considered to include any former CBTPA beneficiary country, and

(II) "CBTPA beneficiary countries" shall be considered to include former CBTPA beneficiary countries,

if the article, or a good used in the production of the article, undergoes production in a CBTPA beneficiary country.

(ii) An article that is eligible for preferential treatment under clause (i) shall not be ineligible for such treatment because the article is imported directly from a former CBTPA beneficiary country.

(iii) Notwithstanding clauses (i) and (ii), an article that is a good of a former CBTPA beneficiary country for purposes of section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) or section 334 of the Uruguay Round Agreements Act (19 U.S.C. 3592), as the case may be, shall not be eligible for preferential treatment under paragraph (2) or (3), unless—

(I) it is an article that is a good of the Dominican Republic under either such section 304 or 334; and

(II) the article, or a good used in the production of the article, undergoes production in Haiti.

(c)(1) As used in this subsection—

(A) The term "sugar and beef products" means—

(i) sugars, sirups, and molasses provided for in subheadings 1701.11.00, 1701.12.00, 1701.91.20, 1701.99.00, 1702.90.30, 1806.10.40, and 2106.90.10 of the Harmonized Tariff Schedule of the United States, and

(ii) articles of beef or veal, however provided for in chapters 2 and 16 of the Harmonized Tariff Schedule of the United States.

(B) The term "Plan" means a stable food production plan that consists of measures and proposals designed to ensure

that the present level of food production in, and the nutritional level of the population of, a beneficiary country will not be adversely affected by changes in land use and land ownership that will result if increased production of sugar and beef products is undertaken in response to the duty-free treatment extended under this title to such products. A Plan must specify such facts regarding, and such proposed actions by, a beneficiary country as the President deems necessary for purposes of carrying out this subsection, including but not limited to—

(i) the current levels of food production and nutritional health of the population;

(ii) current level of production and export of sugar and beef products;

(iii) expected increases in production and export of sugar and beef products as a result of the duty-free access to the United States market provided under this title;

(iv) measures to be taken to ensure that the expanded production of those products because of such duty-free access will not occur at the expense of stable food production; and

(v) proposals for a system to monitor the impact of such duty-free access on stable food production and land use and land ownership patterns.

(2) Duty-free treatment extended under this title to sugar and beef products that are the product of a beneficiary country shall be suspended by the President under this subsection if—

(A) the beneficiary country, within the ninety-day period beginning on the date of its designation as such a country under section 212, does not submit a Plan to the President for evaluation;

(B) on the basis of his evaluation, the President determines that the Plan of a beneficiary country does not meet the criteria set forth in paragraph (1)(B); or

(C) as a result of the monitoring of the operation of the Plan under paragraph (5), the President determines that a beneficiary country is not making a good faith effort to implement its Plan, or that the measures and proposals in the Plan, although being implemented, are not achieving their purposes.

(3) Before the President suspends duty-free treatment by reason of paragraph (2) (A) or (C) to the sugar and beef products of a beneficiary country, he must offer to enter into consultation with the beneficiary country for purposes of formulating appropriate remedial action which may be taken by that country to avoid such suspension. If the beneficiary country thereafter enters into consultation within a reasonable time and undertakes to formulate remedial action in good faith, the President shall withhold the suspension of duty-free treatment on the condition that the remedial action agreed upon be appropriately implemented by that country.

(4) The President shall monitor on a biennial basis the operation of the Plans implemented by beneficiary countries, and shall submit a written report to Congress by March 15 following the close of each biennium, that—

(A) specifies the extent to which each Plan, and remedial actions, if any, agreed upon under paragraph (4), have been implemented; and

(B) evaluates the results of such implementation.

(5) The President shall terminate any suspension of duty-free treatment imposed under this subsection if he determines that the beneficiary country has taken appropriate action to remedy the factors on which the suspension was based.

(d) TARIFF-RATE QUOTAS.—No quantity of an agricultural product subject to a tariff-rate quota that exceeds the in-quota quantity shall be eligible for duty-free treatment under this title.

(e)(1) The President may by proclamation suspend the duty-free treatment provided by this title with respect to any eligible article and may proclaim a duty rate for such article if such action is provided under chapter 1 of title II of the Trade Act of 1974 or section 232 of the Trade Expansion Act of 1962.

(2) In any report by the International Trade Commission to the President under section 202(f) of the Trade Act of 1974 regarding any article for which duty-free treatment has been proclaimed by the President pursuant to this title, the Commission shall state whether and to what extent its findings and recommendations apply to such article when imported from beneficiary countries.

(3) For purposes of subsections section 203[4] of the Trade Act of 1974, the suspension of the duty-free treatment provided by this title shall be treated as an increase in duty.

(4) No proclamation which provides solely for a suspension referred to in paragraph (3) of this subsection with respect to any article shall be taken under section 203 of the Trade Act of 1974 unless the United States International Trade Commission, in addition to making an affirmative determination with respect to such article under section 202(b) of the Trade Act of 1974, determines in the course of its investigation under such section that the serious injury (or threat thereof) substantially caused by imports to the domestic industry producing a like or directly competitive article results from the duty-free treatment provided by this title.

(5)(A) Any action taken under section 203 of the Trade Act of 1974 that is in effect when duty-free treatment pursuant to section 101 of this title is proclaimed shall remain in effect until modified or terminated.

(B) If any article is subject to any such action at the time duty-free treatment is proclaimed pursuant to section 211, the President may reduce or terminate the application of such action relief to the importation of such article from beneficiary countries prior to the otherwise scheduled date on which such reduction or termination would occur pursuant to the criteria and procedures of section 203 of the Trade Act of 1974.

(f)(1) If a petition is filed with the International Trade Commission pursuant to the provisions of section 201 of the Trade of 1974 regarding a perishable product and alleging injury from imports from beneficiary countries then the petition may also be filed with the Secretary of Agriculture with a request that emergency re-

[4] So in original.

lief be granted pursuant to paragraph (3) of this subsection with respect to such article.

(2) Within fourteen days after the filing of a petition under paragraph (1) of this subsection—

(A) if the Secretary of Agriculture has reason to believe that a perishable product from a beneficiary country is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing a perishable product like or directly competitive with the imported product and that emergency action is warranted, he shall advise the President and recommend that the President take emergency action; or

(B) the Secretary of Agriculture shall publish a notice of his determination not to recommend the imposition of emergency action and so advise the petitioner.

(3) Within seven days after the President receives a recommendation from the Secretary of Agriculture to take emergency action pursuant to paragraph (2) of this subsection, he shall issue a proclamation withdrawing the duty-free treatment provided by this title or publish a notice of his determination not to take emergency action.

(4) The emergency action provided by paragraph (3) of this subsection shall cease to apply—

(A) upon the taking of action under section 203 of the Trade Act of 1974,

(B) on the day a determination by the President not to take action under section 203 of such Act not to take action becomes final,

(C) in the event of a report of the United States International Trade Commission containing a negative finding, on the day the Commission's report is submitted to the President, or

(D) whenever the President determines that because of changed circumstances such relief is no longer warranted.

(5) For purposes of this subsection, the term "perishable product" means—

(A) live plants and fresh cut flowers provided for in chapter 6 of the HTS;

(B) fresh or chilled vegetables provided for in headings 0701 through 0709 (except subheading 0709.52.00) and heading 0714 of the HTS;

(C) fresh fruit provided for in subheadings 0804.20 through 0810.90 (except citrons of subheading 0805.90.00, tamarinds and kiwi fruit of subheading 0810.90.20, and cashew apples, mameyes colorados, sapodillas, soursops and sweetsops of subheading 0810.90.40) of the HTS;

(D) concentrated citrus fruit juice provided for in subheadings 2009.11.00, 2009.19.40, 2009.20.40, 2009.30.20, and 2009.30.60 of the HTS.

(g) No proclamation issued pursuant to this title shall affect fees imposed pursuant to section 22 of the Agricultural Adjustment Act (7 U.S.C. 624).

(h)(1) Subject to paragraph (2), the President shall proclaim reductions in the rates of duty on handbags, luggage, flat goods, work gloves, and leather wearing apparel that—

(A) are the product of any beneficiary country; and

(B) were not designated on August 5, 1983, as eligible articles for purposes of the generalized system of preferences under title V of the Trade Act of 1974.

(2) The reduction required under paragraph (1) in the rate of duty on any article shall—

(A) result in a rate that is equal to 80 percent of the rate of duty that applies to the article on December 31, 1991, except that, subject to the limitations in paragraph (3), the reduction may not exceed 2.5 percent ad valorem; and

(B) be implemented in 5 equal annual stages with the first one-fifth of the aggregate reduction in the rate of duty being applied to entries, or withdrawals from warehouse for consumption of the article on or after January 1, 1992.

(3) The reduction required under this subsection with respect to the rate of duty on any article is in addition to any reduction in the rate of duty on that article that may be proclaimed by the President as being required or appropriate to carry out any trade agreement entered into under the Uruguay Round of trade negotiations; except that if the reduction so proclaimed—

(A) is less than 1.5 percent ad valorem, the aggregate of such proclaimed reduction and the reduction under this subsection may not exceed 3.5 percent ad valorem, or

(B) is 1.5 percent ad valorem or greater, the aggregate of such proclaimed reduction and the reduction under this subsection may not exceed the proclaimed reduction plus 1 percent ad valorem.

SEC. 213A. [19 U.S.C. 2703a] SPECIAL RULES FOR HAITI.

(a) DEFINITIONS.—In this section:

(1) INITIAL APPLICABLE 1-YEAR PERIOD.—The term "initial applicable 1-year period" means the 1-year period beginning on December 20, 2006.

(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—.[5]The term "appropriate congressional committees" means the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(3) CORE LABOR STANDARDS.—The term "core labor standards" means—

(A) freedom of association;

(B) the effective recognition of the right to bargain collectively;

(C) the elimination of all forms of compulsory or forced labor;

(D) the effective abolition of child labor and a prohibition on the worst forms of child labor; and

(E) the elimination of discrimination in respect of employment and occupation.

[5]The period following the point dash in paragraph (2) is so in law. See section 15403(1)(C) of Public Law 110–246.

(4) ENTER; ENTRY.—The terms "enter" and "entry" refer to the entry, or withdrawal from warehouse for consumption, in the customs territory of the United States.

(5) IMPORTED DIRECTLY FROM HAITI OR THE DOMINICAN REPUBLIC.—Articles are "imported directly from Haiti or the Dominican Republic" if—

(A) the articles are shipped directly from Haiti or the Dominican Republic into the United States without passing through the territory of any intermediate country; or

(B) the articles are shipped from Haiti or the Dominican Republic into the United States through the territory of an intermediate country, and—

(i) the articles in the shipment do not enter into the commerce of any intermediate country, and the invoices, bills of lading, and other shipping documents specify the United States as the final destination; or

(ii) the invoices and other documents do not specify the United States as the final destination, but the articles in the shipment—

(I) remain under the control of the customs authority in the intermediate country;

(II) do not enter into the commerce of the intermediate country except for the purpose of a sale other than at retail; and

(III) have not been subjected to operations in the intermediate country other than loading, unloading, or other activities necessary to preserve the articles in good condition.

(6) KNIT-TO-SHAPE.—A good is "knit-to-shape" if 50 percent or more of the exterior surface area of the good is formed by major parts that have been knitted or crocheted directly to the shape used in the good, with no consideration being given to patch pockets, appliqués, or the like. Minor cutting, trimming, or sewing of those major parts shall not affect the determination of whether a good is "knit-to-shape."[6]

(7) TAICNAR PROGRAM.—The term "TAICNAR Program" means the Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program established pursuant to subsection (e).

(8) WHOLLY ASSEMBLED.—A good is "wholly assembled" in Haiti if all components, of which there must be at least two, pre-existed in essentially the same condition as found in the finished good and were combined to form the finished good in Haiti. Minor attachments and minor embellishments (for example, appliqués, beads, spangles, embroidery, and buttons) not appreciably affecting the identity of the good, and minor subassemblies (for example, collars, cuffs, plackets, and pockets), shall not affect the determination of whether a good is "wholly assembled" in Haiti.

(b) APPAREL AND OTHER TEXTILE ARTICLES.—

(1) VALUE-ADDED RULE FOR APPAREL ARTICLES.—

[6] So in law. The closing quotes should appear before the closing period.

(A) IN GENERAL.—Apparel articles described in subparagraph (B) of a producer or entity controlling production that are imported directly from Haiti or the Dominican Republic shall enter the United States free of duty during the initial applicable 1-year period and any 1-year period thereafter, subject to the limitations set forth in subparagraphs (B) and (C), and subject to subparagraph (D).

(B) APPAREL ARTICLES DESCRIBED.—

(i) IN GENERAL.—In the initial applicable 1-year period and any 1-year period thereafter, apparel articles described in this paragraph are apparel articles that are wholly assembled, or are knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, and yarns, only if, for each entry in that 1-year period, the sum of—

(I) the cost or value of the materials produced in Haiti or one or more countries described in clause (iii), or any combination thereof, plus

(II) the direct costs of processing operations (as defined in section 213(a)(3)) performed in Haiti or one or more countries described in clause (iii), or any combination thereof,

is not less than the applicable percentage (as defined in clause (v)(I)[7]) of the declared customs value of such apparel articles.

(ii) DEDUCTIONS.—In calculating cost or value under clause (i)(I), there shall be deducted the cost or value of—

(I) any foreign materials that are used in the production of the apparel articles in Haiti; and

(II) any foreign materials that are used in the production of the materials described in clause (i)(I).

(iii) COUNTRIES DESCRIBED.—The countries referred to in clause (i) are the following:

(I) The United States.

(II) Any country that is a party to a free trade agreement with the United States that is in effect on the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, or that enters into force thereafter.

(III) Any country designated as a beneficiary country under section 213(b)(5)(B) of this Act.

(IV) Any country designated as a beneficiary country under section 506A(a)(1) of the Trade Act of 1974 (19 U.S.C. 2466a(a)(1)), if a finding has been made by the President or the President's designee, and published in the Federal Register,

[7] The amendment made by section 15402(a)(3)(A)(iv) of Public Law 110–246 was carried out to reflect the probable intent of Congress. Such amendment states to strike "subparagraph (E)(I)" and insert "clause (v)(I)", which probably should have been made to strike "subparagraph (E)(i)".

that the country has satisfied the requirements of section 113 of the African Growth and Opportunity Act (19 U.S.C. 3722).

(V) Any country designated as a beneficiary country under section 204(b)(6)(B) of the Andean Trade Preference Act (19 U.S.C. 3203(b)(6)(B)).

(iv) ANNUAL AGGREGATION.—

(I) INITIAL APPLICABLE 1-YEAR PERIOD.—In the initial applicable 1-year period, the requirements under clause (i) relating to applicable percentage may also be met for articles of a producer or an entity controlling production that enter during the initial applicable 1-year period by aggregating—

(aa) the cost or value of materials under subclause (I) of clause (i), and

(bb) the direct costs of processing operations under subclause (II) of clause (i),

of all apparel articles of that producer or entity controlling production that are wholly assembled, or are knit-to-shape, in Haiti and are entered during the initial applicable 1-year period.

(II) OTHER 1-YEAR PERIODS.—In any 1-year period after the initial applicable 1-year period, the requirements under clause (i) relating to applicable percentage may also be met for articles of a producer or an entity controlling production that enter during the 1-year period by aggregating—

(aa) the cost or value of materials under subclause (I) of clause (i), and

(bb) the direct costs of processing operations under subclause (II) of clause (i),

of all apparel articles of that producer or entity controlling production that are wholly assembled, or are knit-to-shape, in Haiti and are entered during the preceding 1-year period.

(III) DEDUCTIONS.—In calculating cost or value under subclause (I)(aa) or (II)(aa), there shall be deducted the cost or value of—

(aa) any foreign materials that are used in the production of the apparel articles in Haiti; and

(bb) any foreign materials that are used in the production of the materials described in subclause (I)(aa) or (II)(aa) (as the case may be).

(IV) INCLUSION IN CALCULATION OF OTHER ARTICLES RECEIVING PREFERENTIAL TREATMENT.—Entries of apparel articles that receive preferential treatment under any provision of law other than this subparagraph or are subject to the "General" column 1 rate of duty under the HTS are not included in the annual aggregation under subclause (I) or (II) unless the producer or entity controlling production elects, at the time the annual aggrega-

tion calculation is made, to include such entries in such aggregation.

(v) DEFINITIONS.—In this paragraph:

(I) APPLICABLE PERCENTAGE.—The term "applicable percentage" means 60 percent or more on and after December 20, 2017.

(II) FOREIGN MATERIAL.—The term "foreign material" means a material produced in a country other than Haiti or any country described in clause (iii).

(vi) DEVELOPMENT OF PROCEDURE TO ENSURE COMPLIANCE.—

(I) IN GENERAL.—U.S. Customs and Border Protection of the Department of Homeland Security shall develop and implement methods and procedures to ensure ongoing compliance with the requirements set forth in clauses (i) and (iv).

(II) NONCOMPLIANCE.—If U.S. Customs and Border Protection finds that a producer or an entity controlling production has not satisfied such requirements in the initial applicable 1-year period or any 1-year period thereafter, either for individual entries entered pursuant to clause (i) or for entries entered in aggregate pursuant to clause (iv), then apparel articles described in clause (i) of that producer or entity shall be ineligible for preferential treatment under paragraph (1) during any succeeding 1-year period until—

(aa) the cost or value of materials under subclause (I) of clause (i), plus

(bb) the direct costs of processing operations under subclause (II) of clause (i),

of that producer or entity controlling production, is not less than the applicable percentage under clause (v)(I), plus 10 percent, of the aggregate declared customs value of all apparel articles of that producer or entity controlling production that are wholly assembled, or are knit-to-shape, in Haiti and are entered during the preceding 1-year period.

(III) RETROACTIVE APPLICATION OF DUTY-FREE TREATMENT.—If—

(aa) a producer or an entity controlling production is ineligible for preferential treatment under subparagraph (A) in the initial applicable 1-year period or any 1-year period thereafter because that producer or entity controlling production did not satisfy the requirements of clause (i) or (iv), and

(bb) that producer or entity controlling production satisfies the requirements of subclause (II) of this clause in that 1-year period,

then, notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of

law, upon proper request filed with U.S. Customs and Border Protection before the 90th day after U.S. Customs and Border Protection determines that item (bb) applies, the entry of any articles—

(AA) that was made during that 1-year period, and

(BB) with respect to which there would have been preferential treatment under subparagraph (A) if the producer or entity controlling production had satisfied the requirements in clause (i) or (iv) (as the case may be),

shall be liquidated or reliquidated as though such preferential treatment under subparagraph (A) applied to such entry.

(vii) FABRICS NOT AVAILABLE IN COMMERCIAL QUANTITIES.—

(I) IN GENERAL.—For purposes of determining the applicable percentage under clause (i) or (iv), there may be included in that percentage—

(aa) the cost of fabrics or yarns to the extent that apparel articles of such fabrics or yarns would be eligible for preferential treatment, without regard to the source of the fabrics or yarns, under Annex 4–B of the USMCA; and

(bb) the cost of fabrics or yarns that are designated as not being available in commercial quantities for purposes of—

(AA) section 213(b)(2)(A)(v) of this Act,

(BB) section 112(b)(5) of the African Growth and Opportunity Act,

(CC) section 204(b)(3)(B)(i)(III) or (ii) of the Andean Trade Preference Act, or

(DD) any other provision, relating to determining whether a textile or apparel article is an originating good eligible for preferential treatment, of a law that implements a free trade agreement that enters into force with respect to the United States,

without regard to the source of the fabrics or yarns.

(II) REMOVAL OF DESIGNATION OF FABRICS OR YARNS NOT AVAILABLE IN COMMERCIAL QUANTITIES.—If the President determines that—

(aa) any fabric or yarn described in subclause (I)(aa) was determined to be eligible for preferential treatment, or

(bb) any fabric or yarn described in subclause (I)(bb) was designated as not being available in commercial quantities,

on the basis of fraud, the President is authorized to remove the eligibility or designation (as the

case may be) of that fabric or yarn with respect to articles entered after such removal.

(C) QUANTITATIVE LIMITATIONS.—The preferential treatment described in subparagraph (A) shall be extended, during each period after the initial applicable 1-year period, to not more than 1.25 percent of the aggregate square meter equivalents of all apparel articles imported into the United States in the most recent 12-month period for which data are available.

(D) OTHER PREFERENTIAL TREATMENT NOT AFFECTED BY QUANTITATIVE LIMITATIONS.—Any apparel article that qualifies for preferential treatment under paragraph (2), (3), (4), or (5) or any other provision of this title shall not be subject to, or included in the calculation of, the quantitative limitations under subparagraph (C).

(2) SPECIAL RULE FOR WOVEN ARTICLES AND CERTAIN KNIT ARTICLES.—

(A) SPECIAL RULE FOR ARTICLES OF CHAPTER 62 OF THE HTS.—

(i) GENERAL RULE.—Any apparel article classifiable under chapter 62 of the HTS that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, subject to clauses (ii) and (iii), without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

(ii) LIMITATION.—Except as provided in paragraph (2A), the preferential treatment described in clause (i) shall be extended, in the 1-year period beginning October 1, 2008, and in any of the succeeding 1-year periods, to not more than 70,000,000 square meter equivalents of apparel articles described in such clause.

(iii) OTHER PREFERENTIAL TREATMENT NOT AFFECTED BY QUANTITATIVE LIMITATION.—Any apparel article that qualifies for preferential treatment under paragraph (1), (3), (4), or (5) or subparagraph (B) of this paragraph or any other provision of this title shall not be subject to, or included in the calculation of, the quantitative limitation under clause (ii).

(B) SPECIAL RULE FOR CERTAIN ARTICLES OF CHAPTER 61 OF THE HTS.—

(i) GENERAL RULE.—Any apparel article classifiable under chapter 61 of the HTS that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, subject to clauses (ii), (iii), and (iv), without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

(ii) EXCLUSIONS.—The preferential treatment described in clause (i) shall not apply to the following:

(I) The following apparel articles of cotton, for men or boys, that are classifiable under subheading 6109.10.00 of the HTS:

(aa) All white T-shirts, with short hemmed sleeves and hemmed bottom, with crew or round neckline or with V-neck and with a mitered seam at the center of the V, and without pockets, trim, or embroidery.

(bb) All white singlets, without pockets, trim, or embroidery.

(cc) Other T-shirts, but not including thermal undershirts.

(II) T-shirts for men or boys that are classifiable under subheading 6109.90.10.

(III) The following apparel articles of cotton, for men or boys, that are classifiable under subheading 6110.20.20 of the HTS:

(aa) Sweatshirts.

(bb) Pullovers, other than sweaters, vests, or garments imported as part of playsuits.

(IV) Sweatshirts for men or boys, of man-made fibers and containing less than 65 percent by weight of man-made fibers, that are classifiable under subheading 6110.30.30 of the HTS.

(iii) LIMITATION.—Except as provided in paragraph (2A), the preferential treatment described in clause (i) shall be extended, in the 1-year period beginning October 1, 2008, and in any of the succeeding 1-year periods, to not more than 70,000,000 square meter equivalents of apparel articles described in such clause.

(iv) OTHER PREFERENTIAL TREATMENT NOT AFFECTED BY QUANTITATIVE LIMITATION.—Any apparel article that qualifies for preferential treatment under paragraph (1), (3), (4), or (5) or subparagraph (A) of this paragraph or any other provision of this title shall not be subject to, or included in the calculation of, the quantitative limitation under clause (iii).

(2A) SPECIAL RULE FOR CERTAIN WOVEN ARTICLES AND CERTAIN KNIT ARTICLES ENTERED DURING FISCAL YEAR 2010 AND SUCCEEDING 1-YEAR PERIODS.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C) and subject to subparagraph (D), if 52,000,000 square meter equivalents of apparel articles described in paragraph (2)(A)(i) or (2)(B)(i) enter the United States during the 1-year period beginning October 1, 2009, or any of the succeeding 1-year periods, the President shall extend the preferential treatment described in paragraph (2)(A)(i) or (2)(B)(i) (as the case may be) to not more than 200,000,000 square meter equivalents of apparel articles described in paragraph (2)(A)(i) or (2)(B)(i) (as the case

may be) during that 1-year period, and shall publish notice of the extension in the Federal Register.

(B) EXCEPTION FOR CERTAIN WOVEN ARTICLES.—

(i) IN GENERAL.—In the case of apparel articles described in clause (ii), subparagraph (A) shall be applied by substituting "70,000,000" for "200,000,000".

(ii) APPAREL ARTICLES DESCRIBED.—Apparel articles described in this clause are apparel articles described in paragraph (2)(A)(i) that are the following:

(I) CATEGORY 347.—Apparel articles in category 347 that fall within the following statistical reporting numbers of the HTS (as in effect on the day before the date of the enactment of this paragraph):

6203.19.1020	6203.42.4011	6203.42.4061
6203.19.9020	6203.42.4016	6203.49.8020
6203.22.3020	6203.42.4026	6210.40.9033
6203.22.3030	6203.42.4036	6211.20.1520
6203.42.4003	6203.42.4046	6211.20.3810
6203.42.4006	6203.42.4051	6211.32.0040

(II) CATEGORY 348.—Apparel articles in category 348 that fall within the following statistical reporting numbers of the HTS (as in effect on the day before the date of the enactment of this paragraph):

6204.12.0030	6204.62.4011	6204.69.9010
6204.19.8030	6204.62.4021	6210.50.9060
6204.22.3040	6204.62.4031	6211.20.1550
6204.22.3050	6204.62.4041	6211.20.6810
6204.29.4034	6204.62.4051	6211.42.0030
6204.62.3000	6204.62.4056	6217.90.9050
6204.62.4003	6204.62.4066	
6204.62.4006	6204.69.6010	

(III) CATEGORY 647.—Apparel articles in category 647 that fall within the following statistical reporting numbers of the HTS (as in effect on the day before the date of the enactment of this paragraph):

6203.23.0060	6203.43.4020	6203.49.8030
6203.23.0070	6203.43.4030	6210.40.5031
6203.29.2030	6203.43.4040	6210.40.5039
6203.29.2035	6203.49.1500	6211.20.1525
6203.43.2500	6203.49.2015	6211.20.3820
6203.43.3510	6203.49.2030	6211.33.0030
6203.43.3590	6203.49.2045	
6203.43.4010	6203.49.2060	

(IV) CATEGORY 648.—Apparel articles in category 648 that fall within the following statistical reporting numbers of the HTS (as in effect on the day before the date of the enactment of this paragraph):

6204.23.0040	6204.63.3510	6204.69.6030
6204.23.0045	6204.63.3530	6204.69.9030
6204.29.2020	6204.63.3532	6210.50.5031
6204.29.2025	6204.63.3540	6210.50.5039
6204.29.4038	6204.69.2510	6211.20.1555
6204.63.2000	6204.69.2530	6211.20.6820
6204.63.3010	6204.69.2540	6211.43.0040
6204.63.3090	6204.69.2560	6217.90.9060

(C) EXCEPTION FOR CERTAIN KNIT ARTICLES.—

(i) IN GENERAL.—In the case of apparel articles described in clause (ii), subparagraph (A) shall be applied by substituting "85,000,000" for "200,000,000".

(ii) APPAREL ARTICLES DESCRIBED.—Apparel articles described in this clause are apparel articles described in paragraph (2)(B)(i) that fall within the following statistical reporting numbers of the HTS (as in effect on the day before the date of the enactment of this paragraph), other than shirts with plackets and pointed collars:

6105.10.0010	6109.10.0040	6110.30.3053
6109.10.0018	6109.10.0045	6110.30.3059
6109.10.0027	6110.20.2079	

(D) VERIFICATION WITH RESPECT TO TRANSSHIPMENT FOR CERTAIN APPAREL ARTICLES.—

(i) IN GENERAL.—Not later than April 1, July 1, October 1, and January 1 of each year, the Commissioner responsible for United States Customs and Border Protection shall verify that apparel articles imported into the United States under this paragraph are not being unlawfully transshipped (within the meaning of subsection (f)) into the United States.

(ii) REPORT TO PRESIDENT.—If the Commissioner determines pursuant to clause (i) that apparel articles imported into the United States under this paragraph are being unlawfully transshipped into the United States, the Commissioner shall report that determination to the President.

(iii) AUTHORITY TO REDUCE QUANTITATIVE LIMITATION.—If, in any 1-year period with respect to which the President extends preferential treatment as described in this paragraph, the Commissioner reports to the President pursuant to clause (ii) regarding unlawful transshipments, the President—

(I) may modify the quantitative limitation under this paragraph as the President considers appropriate to account for such transshipments; and

(II) if the President modifies the limitation under subclause (I), shall publish notice of the modification in the Federal Register.

(E) CATEGORY DEFINED.—In this paragraph, the term "category" means the number assigned under the U.S. Tex-

tile and Apparel Category System of the Office of Textiles and Apparel of the Department of Commerce, as listed in the HTS under the applicable heading or subheading (as in effect on the day before the date of the enactment of this paragraph).

(3) APPAREL AND OTHER ARTICLES SUBJECT TO CERTAIN ASSEMBLY RULES.—

(A) BRASSIERES.—Any apparel article classifiable under subheading 6212.10 of the HTS that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

(B) OTHER APPAREL ARTICLES.—Any of the following apparel articles that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made:

(i) Any apparel article that is of a type listed in chapter rule 3, 4, or 5 for chapter 61 of the HTS (as such chapter rules are contained in section A of the Annex to Proclamation 8213 of the President of December 20, 2007) as being excluded from the scope of such chapter rule, when such chapter rule is applied to determine whether an apparel article is an originating good for purposes of general note 29(n) to the HTS, except that, for purposes of this clause, reference in such chapter rules to "6104.12.00" shall be deemed to be a reference to "6104.19.60".

(ii)(I) Subject to subclause (II), any apparel article that is of a type listed in chapter rule 3(a), 4(a), or 5(a) for chapter 62 of the HTS, as such chapter rules are contained in paragraph 9 of section A of the Annex to Proclamation 8213 of the President of December 20, 2007.

(II) Subclause (I) shall not include any apparel article to which subparagraph (A) of this paragraph applies.

(C) LUGGAGE AND SIMILAR ITEMS.—Any article classifiable under subheading 4202.12, 4202.22, 4202.32 or 4202.92 of the HTS that is wholly assembled in Haiti and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, components, or materials from which the article is made.

(D) HEADGEAR.—Any article classifiable under heading 6501, 6502, or 6504 of the HTS, or under subheading 6505.90 of the HTS, that is wholly assembled, knit-to-

shape, or formed in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

(E) CERTAIN SLEEPWEAR.—Any of the following apparel articles that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made:

(i) Pajama bottoms and other sleepwear for women and girls, of cotton, that are classifiable under subheading 6208.91.30, or of man-made fibers, that are classifiable under subheading 6208.92.00.

(ii) Pajama bottoms and other sleepwear for girls, of other textile materials, that are classifiable under subheading 6208.99.20.

(F) CERTAIN OTHER APPAREL ARTICLES.—

(i) IN GENERAL.—Any of the apparel articles described in clause (ii) that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

(ii) ARTICLES DESCRIBED.—Apparel articles described in this clause are apparel articles in the following category numbers that fall within the following statistical reporting numbers of the HTS (as in effect on the day before the date of the enactment of this subparagraph):

Category Number	HTS Statistical Reporting Number
334	6101.90.9010 6112.11.0010 6103.22.0010 6113.00.9015
335	6104.22.0010 6104.29.2010 6112.11.0020

336	6104.49.9010
338	6103.22.0050 6105.90.8010 6112.11.0030
339	6104.22.0060 6104.29.2049 6106.90.2510 6106.90.3010 6110.20.1031 6110.20.1033 6112.11.0040
342	6104.22.0030 6104.29.2022 6104.52.0010 6104.52.0020 6104.59.8010
350	6107.91.0040 6107.91.0090
351	6107.21.0010 6107.21.0020 6107.91.0030 6108.31.0010 6108.31.0020
433	6103.23.0007 6103.29.0520 6103.31.0000 6103.33.1000 6103.39.8020
434	6101.30.1500 6101.90.0500 6101.90.9020 6103.23.0005 6103.29.0510
435	6102.30.1000 6102.90.9010 6104.23.0010 6104.29.0510 6104.29.2012

	6104.33.1000 6104.39.2020
438	6103.23.0025 6103.29.0550 6104.23.0020 6104.29.0560 6104.29.2051 6105.90.1000 6105.90.8020 6106.20.1020 6106.90.1010 6106.90.1020 6106.90.2520 6106.90.3020 6110.11.0070 6110.12.2070 6110.12.2080 6110.19.0070 6110.19.0080 6110.30.1550 6110.30.1560
633	6103.23.0037 6103.29.1015 6103.33.2000 6103.39.1000 6103.39.8030
634	6101.30.1000 6101.90.9030 6103.23.0036 6103.29.1010 6112.12.0010 6112.19.1010 6112.20.1010 6112.20.1030 6113.00.9025
635	6102.30.0500 6102.90.9015 6104.23.0026 6104.29.1010 6104.29.2014 6104.39.2030

	6112.12.0020 6112.19.1020 6112.20.1020 6112.20.1040 6113.00.9030
636	6104.49.9030 6104.44.2020
638	6103.23.0075 6103.29.1050 6105.90.8030 6110.30.1050 6110.30.2051 6110.30.2053 6112.12.0030 6112.19.1030
639	6104.23.0036 6104.29.1050 6104.29.2055 6106.90.2530 6106.90.3030 6110.30.1060 6110.30.2061 6110.30.2063 6112.12.0040 6112.19.1040
651	6107.22.0010 6107.22.0015 6107.22.0025 6107.99.1030 6108.32.0015

(iii) CATEGORY DEFINED.—In this subparagraph, the term "category" has the meaning given that term in paragraph (2A)(E) of this subsection.

(G) MADE-UP TEXTILE ARTICLES.—

(i) IN GENERAL.—Any of the made-up textile articles described in clauses (ii) and (iii) that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the article is made.

(ii) ARTICLES DESCRIBED.—Made-up textile articles described in this clause are articles in the following category numbers that fall within the following statistical reporting numbers of the HTS (as in effect on the day before the date of the enactment of this subparagraph):

Category Number	HTS Statistical Reporting Number
363	6302.60.0020 6302.91.0015 6302.91.0035 6307.90.8940
369	6304.91.0020 6304.92.0000 6302.60.0010 6302.60.0030 6302.91.0005 6302.91.0050 6307.90.8910 6307.90.8945 5701.90.2020 5702.39.2010 5702.50.5600 5702.99.0500 5702.99.1500 5705.00.2020 5807.10.0510 5807.90.0510 6307.90.3010 6301.30.0010 6305.20.0000 6307.10.1020 6307.10.1090 6406.10.7700 9404.90.1000 9404.90.9505 6301.30.0020 6302.91.0045
465	5701.10.9000 5702.50.2000 5702.50.4000 5702.91.3000

	5702.91.4000 5703.10.2000 5703.10.8000 5704.10.0010 5705.00.2005 5705.00.2015 5702.31.1000 5702.31.2000
469	6304.19.3040 6304.91.0050 6304.99.1500 6304.99.6010 5601.29.0020 6302.39.0010 6406.10.9020
665	5701.90.1030 5701.90.2030 5702.32.1000 5702.32.2000 5702.42.2090 5702.50.5200 5702.92.1000 5702.92.9000 5703.20.1000 5703.30.2000 5703.30.8030 5703.30.8080 5704.10.0090 5705.00.2030 5703.20.2010 5703.20.2090
666	6304.11.2000 6304.91.0040 6304.93.0000 6304.99.6020 6301.40.0010 6301.40.0020 6301.90.0010
669	5601.10.2000 5601.22.0090 5807.10.0520

	5807.90.0520 6307.90.3020 6305.32.0010 6305.32.0020 6305.32.0050 6305.32.0060 6305.39.0000 6406.10.9040 6308.00.0020
899	6304.11.3000 6304.19.3060 6304.91.0070 6304.99.3500 6304.99.6040 5601.29.0090 6301.90.0030 6305.90.0000 6406.10.9060
900	5601.29.0010 5701.90.2010 6301.90.0020

(iii) OTHER ARTICLES DESCRIBED.—Made-up textile articles described in this clause are articles that fall within statistical reporting number 6406.10.9090 of the HTS (as in effect on the day before the date of the enactment of this subparagraph).

(iv) CATEGORY DEFINED.—In this subparagraph, the term "category" has the meaning given that term in paragraph (2A)(E) of this subsection.

(4) EARNED IMPORT ALLOWANCE RULE.—

(A) IN GENERAL.—Apparel articles wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabric, fabric components, components knit-to-shape, or yarns from which the articles are made, if such apparel articles are accompanied by an earned import allowance certificate that reflects the amount of credits equal to the total square meter equivalents of such apparel articles, in accordance with the program established under subparagraph (B). For purposes of determining the quantity of square meter equivalents under this subparagraph, the conversion factors listed in "Correlation: U.S. Textile and Apparel Industry Category System with the Harmonized Tariff Schedule of the United States of Amer-

ica, 2008", or its successor publications, of the United States Department of Commerce, shall apply.

(B) EARNED IMPORT ALLOWANCE PROGRAM.—

(i) ESTABLISHMENT.—The Secretary of Commerce shall establish a program to provide earned import allowance certificates to any producer or entity controlling production for purposes of subparagraph (A), based on the elements described in clause (ii).

(ii) ELEMENTS.—The elements referred to in clause (i) are the following:

(I) One credit shall be issued to a producer or an entity controlling production for every two square meter equivalents of qualifying woven fabric or qualifying knit fabric that the producer or entity controlling production can demonstrate that it purchased for the manufacture in Haiti of articles like or similar to any article eligible for preferential treatment under subparagraph (A). The Secretary of Commerce shall, if requested by a producer or entity controlling production, create and maintain an account for such producer or entity controlling production, into which such credits shall be deposited.

(II) Such producer or entity controlling production may redeem credits issued under subclause (I) for earned import allowance certificates reflecting such number of earned credits as the producer or entity may request and has available.

(III) The Secretary of Commerce may require any textile mill or other entity located in the United States that exports to Haiti qualifying woven fabric or qualifying knit fabric to submit, upon such export or upon request, documentation, such as a Shipper's Export Declaration, to the Secretary of Commerce—

(aa) verifying that the qualifying woven fabric or qualifying knit fabric was exported to a producer in Haiti or to an entity controlling production; and

(bb) identifying such producer or entity controlling production, and the quantity and description of qualifying woven fabric or qualifying knit fabric exported to such producer or entity controlling production.

(IV) The Secretary of Commerce may require that a producer or entity controlling production submit documentation to verify purchases of qualifying woven fabric or qualifying knit fabric.

(V) The Secretary of Commerce may make available to each person or entity identified in documentation submitted under subclause (III) or (IV) information contained in such documentation that relates to the purchase of qualifying woven

fabric or qualifying knit fabric involving such person or entity.

(VI) The program under this subparagraph shall be established so as to allow, to the extent feasible, the submission, storage, retrieval, and disclosure of information in electronic format, including information with respect to the earned import allowance certificates required under subparagraph (A)(i).

(VII) The Secretary of Commerce may reconcile discrepancies in information provided under subclause (III) or (IV) and verify the accuracy of such information.

(VIII) The Secretary of Commerce shall establish procedures to carry out the program under this subparagraph and may establish additional requirements to carry out this subparagraph. Such additional requirements may include—

(aa) submissions by textile mills or other entities in the United States documenting exports of yarns wholly formed in the United States to countries described in paragraph (1)(B)(iii) for the manufacture of qualifying knit fabric; and

(bb) procedures imposed on producers or entities controlling production to allow the Secretary of Commerce to obtain and verify information relating to the production of qualifying knit fabric.

(iii) QUALIFYING WOVEN FABRIC DEFINED.—For purposes of this subparagraph, the term "qualifying woven fabric" means fabric wholly formed in the United States from yarns wholly formed in the United States, except that—

(I) fabric otherwise eligible as qualifying woven fabric shall not be ineligible as qualifying woven fabric because the fabric contains nylon filament yarn to which section 213(b)(2)(A)(vii)(IV) applies;

(II) fabric that would otherwise be ineligible as qualifying woven fabric because the fabric contains yarns not wholly formed in the United States shall not be ineligible as qualifying woven fabric if the total weight of all such yarns is not more than 10 percent of the total weight of the fabric; and

(III) fabric otherwise eligible as qualifying woven fabric shall not be ineligible as qualifying fabric because the fabric contains yarns covered by clause (i) or (ii) of paragraph (5)(A).

(iv) QUALIFYING KNIT FABRIC DEFINED.—For purposes of this subparagraph, the term "qualifying knit fabric" means fabric or knit-to-shape components wholly formed or knit-to-shape in any country or any

combination of countries described in paragraph (1)(B)(iii), from yarns wholly formed in the United States, except that—

(I) fabric or knit-to-shape components otherwise eligible as qualifying knit fabric shall not be ineligible as qualifying knit fabric because the fabric or knit-to-shape components contain nylon filament yarn to which section 213(b)(2)(A)(vii)(IV) applies;

(II) fabric or knit-to-shape components that would otherwise be ineligible as qualifying knit fabric because the fabric or knit-to-shape components contain yarns not wholly formed in the United States shall not be ineligible as qualifying knit fabric if the total weight of all such yarns is not more than 10 percent of the total weight of the fabric or knit-to-shape components; and

(III) fabric or knit-to-shape components otherwise eligible as qualifying knit fabric shall not be ineligible as qualifying knit fabric because the fabric or knit-to-shape components contain yarns covered by clause (i) or (ii) of paragraph (5)(A).

(C)[8] ENFORCEMENT PROVISIONS.—

(i) FRAUDULENT CLAIMS OF PREFERENCE.—Any person who makes a false claim for preference under the program established under subparagraph (B) shall be subject to any applicable civil or criminal penalty that may be imposed under the customs laws of the United States or under title 18, United States Code.

(ii) PENALTIES FOR OTHER FRAUDULENT INFORMATION.—The Secretary of Commerce may establish and impose penalties for the submission to the Secretary of Commerce of fraudulent information under the program established under subparagraph (B), other than a claim described in clause (i).

(5) SHORT SUPPLY PROVISION.—

(A) IN GENERAL.—Any apparel article that is wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns and is imported directly from Haiti or the Dominican Republic shall enter the United States free of duty, without regard to the source of the fabrics, fabric components, components knit-to-shape, or yarns from which the article is made, if the fabrics, fabric components, components knit-to-shape, or yarns comprising the component that determines the tariff classification of the article are of any of the following:

(i) Fabrics or yarns, to the extent that apparel articles of such fabrics or yarns would be eligible for

[8] Section 2(f) of Public Law 112–234 amends section 231A(b)(4) by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C). The amendment was executed to section 213A since the Act does not contain a section 231A in order to reflect the probable intent of Congress.

preferential treatment, without regard to the source of the fabrics or yarns, under Annex 4–B of the USMCA.

(ii) Fabrics or yarns, to the extent that such fabrics or yarns are designated as not being available in commercial quantities for purposes of—

(I) section 213(b)(2)(A)(v) of this Act;

(II) section 112(b)(5) of the African Growth and Opportunity Act;

(III) clause (i)(III) or (ii) of section 204(b)(3)(B) of the Andean Trade Preference Act; or

(IV) any other provision, relating to determining whether a textile or apparel article is an originating good eligible for preferential treatment, of a law that implements a free trade agreement entered into by the United States that is in effect at the time the claim for preferential treatment is made.

(B) REMOVAL OF DESIGNATION OF FABRICS OR YARNS NOT AVAILABLE IN COMMERCIAL QUANTITIES.—If the President determines that—

(i) any fabric or yarn described in clause (i) of subparagraph (A) was determined to be eligible for preferential treatment, or

(ii) any fabric or yarn described in clause (ii) of subparagraph (A) was designated as not being available in commercial quantities,

on the basis of fraud, the President is authorized to remove the eligibility or designation (as the case may be) of that fabric or yarn with respect to articles entered after such removal.

(6) OTHER PREFERENTIAL TREATMENT NOT AFFECTED.—The duty-free treatment provided under this subsection is in addition to any other preferential treatment under this title.

(c) SPECIAL RULE FOR CERTAIN WIRE HARNESS AUTOMOTIVE COMPONENTS.—

(1) IN GENERAL.—Any wire harness automotive component that is the product or manufacture of Haiti and is imported directly from Haiti into the customs territory of the United States shall enter the United States free of duty, during the 10-year period beginning on the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, if Haiti has met the requirements of subsection (d) and if the sum of—

(A) the cost or value of the materials produced in Haiti or one or more countries described in subsection (b)(2)(C), or any combination thereof, plus

(B) the direct costs of processing operations (as defined in section 213(a)(3)) performed in Haiti or the United States, or both,

is not less than 50 percent of the declared customs value of such wire harness automotive component.

(2) WIRE HARNESS AUTOMOTIVE COMPONENT.—For purposes of this subsection, the term "wire harness automotive component" means any article provided for in subheading 8544.30.00

of the HTS, as in effect on the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006.

(d) ELIGIBILITY REQUIREMENTS.—

(1) IN GENERAL.—Haiti shall be eligible for preferential treatment under this section if the President determines and certifies to Congress that Haiti—

(A) has established, or is making continual progress toward establishing—

(i) a market-based economy that protects private property rights, incorporates an open rules-based trading system, and minimizes government interference in the economy through measures such as price controls, subsidies, and government ownership of economic assets;

(ii) the rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law;

(iii) the elimination of barriers to United States trade and investment, including by—

(I) the provision of national treatment and measures to create an environment conducive to domestic and foreign investment;

(II) the protection of intellectual property; and

(III) the resolution of bilateral trade and investment disputes;

(iv) economic policies to reduce poverty, increase the availability of health care and educational opportunities, expand physical infrastructure, promote the development of private enterprise, and encourage the formation of capital markets through microcredit or other programs;

(v) a system to combat corruption and bribery, such as signing and implementing the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; and

(vi) protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;

(B) does not engage in activities that undermine United States national security or foreign policy interests; and

(C) does not engage in gross violations of internationally recognized human rights or provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violations and terrorist activities.

(2) TIME LIMIT FOR DETERMINATION.—The President shall determine whether Haiti meets the requirements of paragraph

(1) not later than 90 days after the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006.

(3) CONTINUING COMPLIANCE.—If the President determines that Haiti is not making continual progress in meeting the requirements described in paragraph (1)(A), the President shall terminate the preferential treatment under this section.

(4) PETITION PROCESS.—Any interested party may file a request to have the status of Haiti reviewed with respect to the eligibility requirements listed in paragraph (1), and the President shall provide for this purpose the same procedures as those that are provided for reviewing the status of eligible beneficiary developing countries with respect to the designation criteria listed in subsections (b) and (c) of section 502 of the Trade Act of 1974 (19 U.S.C. 2642 (b) and (c)).

(e) TECHNICAL ASSISTANCE IMPROVEMENT AND COMPLIANCE NEEDS ASSESSMENT AND REMEDIATION PROGRAM.—

(1) CONTINUED ELIGIBILITY FOR PREFERENCES.—

(A) PRESIDENTIAL CERTIFICATION OF COMPLIANCE BY HAITI WITH REQUIREMENTS.—Upon the expiration of the 16-month period beginning on the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Haiti shall continue to be eligible for the preferential treatment provided under subsection (b) only if the President determines and certifies to the Congress that—

(i) Haiti has implemented the requirements set forth in paragraphs (2) and (3); and

(ii) Haiti has agreed to require producers of articles for which duty-free treatment may be requested under subsection (b) to participate in the TAICNAR Program described in paragraph (3) and has developed a system to ensure participation in such program by such producers, including by developing and maintaining the registry described in paragraph (2)(B)(i).

(B) EXTENSION.—The President may extend the period for compliance by Haiti under subparagraph (A) if the President—

(i) determines that Haiti has made a good faith effort toward such compliance and has agreed to take additional steps to come into full compliance that are satisfactory to the President; and

(ii) provides to the appropriate congressional committees, not later than 6 months after the last day of the 16-month period specified in subparagraph (A), and every 6 months thereafter, a report identifying the steps that Haiti has agreed to take to come into full compliance and the progress made over the preceding 6-month period in implementing such steps.

(C) CONTINUING COMPLIANCE.—

(i) TERMINATION OF PREFERENTIAL TREATMENT.—If, after making a certification under subparagraph (A), the President determines that Haiti is no longer meeting the requirements set forth in subparagraph

(A), the President shall terminate the preferential treatment provided under subsection (b), unless the President determines, after consulting with the appropriate congressional committees, that meeting such requirements is not practicable because of extraordinary circumstances existing in Haiti when the determination is made.

(ii) SUBSEQUENT COMPLIANCE.—If the President, after terminating preferential treatment under clause (i), determines that Haiti is meeting the requirements set forth in subparagraph (A), the President shall reinstate the application of preferential treatment under subsection (b).

(2) LABOR OMBUDSMAN.—

(A) IN GENERAL.—The requirement under this paragraph is that Haiti has established an independent Labor Ombudsman's Office within the national government that—

(i) reports directly to the President of Haiti;

(ii) is headed by a Labor Ombudsman chosen by the President of Haiti, in consultation with Haitian labor unions and industry associations; and

(iii) is vested with the authority to perform the functions described in subparagraph (B).

(B) FUNCTIONS.—The functions of the Labor Ombudsman's Office shall include—

(i) developing and maintaining a registry of producers of articles for which duty-free treatment may be requested under subsection (b), and developing, in consultation and coordination with any other appropriate officials of the Government of Haiti, a system to ensure participation by such producers in the TAICNAR Program described in paragraph (3);

(ii) overseeing the implementation of the TAICNAR Program described in paragraph (3);

(iii) receiving and investigating comments from any interested party regarding the conditions described in paragraph (3)(B) in facilities of producers listed in the registry described in clause (i) and, where appropriate, referring such comments or the result of such investigations to the appropriate Haitian authorities, or to the entity operating the TAICNAR Program described in paragraph (3);

(iv) assisting, in consultation and coordination with any other appropriate Haitian authorities, producers listed in the registry described in clause (i) in meeting the conditions set forth in paragraph (3)(B); and

(v) coordinating, with the assistance of the entity operating the TAICNAR Program described in paragraph (3), a tripartite committee comprised of appropriate representatives of government agencies, employers, and workers, as well as other relevant interested parties, for the purposes of evaluating progress

in implementing the TAICNAR Program described in paragraph (3), and consulting on improving core labor standards and working conditions in the textile and apparel sector in Haiti, and on other matters of common concern relating to such core labor standards and working conditions.

(3) TECHNICAL ASSISTANCE IMPROVEMENT AND COMPLIANCE NEEDS ASSESSMENT AND REMEDIATION PROGRAM.—

(A) IN GENERAL.—The requirement under this paragraph is that Haiti, in cooperation with the International Labor Organization, has established a Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program meeting the requirements under subparagraph (C)—

(i) to assess compliance by producers listed in the registry described in paragraph (2)(B)(i) with the conditions set forth in subparagraph (B) and to assist such producers in meeting such conditions; and

(ii) to provide assistance to improve the capacity of the Government of Haiti—

(I) to inspect facilities of producers listed in the registry described in paragraph (2)(B)(i); and

(II) to enforce national labor laws and resolve labor disputes, including through measures described in subparagraph (E).

(B) CONDITIONS DESCRIBED.—The conditions referred to in subparagraph (A) are—

(i) compliance with core labor standards; and

(ii) compliance with the labor laws of Haiti that relate directly to core labor standards and to ensuring acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety.

(C) REQUIREMENTS.—The requirements for the TAICNAR Program are that the program—

(i) be operated by the International Labor Organization (or any subdivision, instrumentality, or designee thereof), which prepares the biannual reports described in subparagraph (D);

(ii) be developed through a participatory process that includes the Labor Ombudsman described in paragraph (2) and appropriate representatives of government agencies, employers, and workers;

(iii) assess compliance by each producer listed in the registry described in paragraph (2)(B)(i) with the conditions set forth in subparagraph (B) and identify any deficiencies by such producer with respect to meeting such conditions, including by—

(I) conducting unannounced site visits to manufacturing facilities of the producer;

(II) conducting confidential interviews separately with workers and management of the facilities of the producer;

(III) providing to management and workers, and where applicable, worker organizations in the facilities of the producer, on a confidential basis—

(aa) the results of the assessment carried out under this clause; and

(bb) specific suggestions for remediating any such deficiencies;

(iv) assist the producer in remediating any deficiencies identified under clause (iii);

(v) conduct prompt follow-up site visits to the facilities of the producer to assess progress on remediation of any deficiencies identified under clause (iii); and

(vi) provide training to workers and management of the producer, and where appropriate, to other persons or entities, to promote compliance with subparagraph (B).

(D) BIANNUAL REPORT.—The biannual reports referred to in subparagraph (C)(i) are a report, by the entity operating the TAICNAR Program, that is published (and available to the public in a readily accessible manner) on a biannual basis, beginning 6 months after Haiti implements the TAICNAR Program under this paragraph, covering the preceding 6-month period, and that includes the following:

(i) The name of each producer listed in the registry described in paragraph (2)(B)(i) that has been identified as having met the conditions under subparagraph (B).

(ii) The name of each producer listed in the registry described in paragraph (2)(B)(i) that has been identified as having deficiencies with respect to the conditions under subparagraph (B), and has failed to remedy such deficiencies.

(iii) For each producer listed under clause (ii)—

(I) a description of the deficiencies found to exist and the specific suggestions for remediating such deficiencies made by the entity operating the TAICNAR Program;

(II) a description of the efforts by the producer to remediate the deficiencies, including a description of assistance provided by any entity to assist in such remediation; and

(III) with respect to deficiencies that have not been remediated, the amount of time that has elapsed since the deficiencies were first identified in a report under this subparagraph.

(iv) For each producer identified as having deficiencies with respect to the conditions described under subparagraph (B) in a prior report under this subparagraph, a description of the progress made in remediating such deficiencies since the submission of the prior report, and an assessment of whether any aspect of such deficiencies persists.

(E) CAPACITY BUILDING.—The assistance to the Government of Haiti referred to in subparagraph (A)(ii) shall include programs—

(i) to review the labor laws and regulations of Haiti and to develop and implement strategies for bringing the laws and regulations into conformity with core labor standards;

(ii) to develop additional strategies for facilitating protection of core labor standards and providing acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health, including through legal, regulatory, and institutional reform;

(iii) to increase awareness of worker rights, including under core labor standards and national labor laws;

(iv) to promote consultation and cooperation between government representatives, employers, worker representatives, and United States importers on matters relating to core labor standards and national labor laws;

(v) to assist the Labor Ombudsman appointed pursuant to paragraph (2) in establishing and coordinating operation of the committee described in paragraph (2)(B)(v);

(vi) to assist worker representatives in more fully and effectively advocating on behalf of their members; and

(vii) to provide on-the-job training and technical assistance to labor inspectors, judicial officers, and other relevant personnel to build their capacity to enforce national labor laws and resolve labor disputes.

(4) COMPLIANCE WITH ELIGIBILITY CRITERIA.—

(A) COUNTRY COMPLIANCE WITH WORKER RIGHTS ELIGIBILITY CRITERIA.—In making a determination of whether Haiti is meeting the requirement set forth in subsection (d)(1)(A)(vi) relating to internationally recognized worker rights, the President shall consider the reports produced under paragraph (3)(D).

(B) PRODUCER ELIGIBILITY.—

(i) IDENTIFICATION OF PRODUCERS.—Beginning in the second calendar year after the President makes the certification under paragraph (1)(A), the President shall identify on a biennial basis whether a producer listed in the registry described in paragraph (2)(B)(i) has failed to comply with core labor standards and with the labor laws of Haiti that directly relate to and are consistent with core labor standards.

(ii) ASSISTANCE TO PRODUCERS; WITHDRAWAL, ETC., OF PREFERENTIAL TREATMENT.—For each producer that the President identifies under clause (i), the President shall seek to assist such producer in coming into compliance with core labor standards and with the labor laws of Haiti that directly relate to and are consistent

with core labor standards. If such efforts fail, the President shall withdraw, suspend, or limit the application of preferential treatment under subsection (b) to articles of such producer.

(iii) REINSTATING PREFERENTIAL TREATMENT.—If the President, after withdrawing, suspending, or limiting the application of preferential treatment under clause (ii) to articles of a producer, determines that such producer is complying with core labor standards and with the labor laws of Haiti that directly relate to and are consistent with core labor standards, the President shall reinstate the application of preferential treatment under subsection (b) to the articles of the producer.

(iv) CONSIDERATION OF REPORTS.—In making the identification under clause (i) and the determination under clause (iii), the President shall consider the reports made available under paragraph (3)(D).

(5) REPORTS BY THE PRESIDENT.—

(A) IN GENERAL.—Not later than one year after the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, and annually thereafter, the President shall transmit to the appropriate congressional committees a report on the implementation of this subsection during the preceding 1-year period.

(B) MATTERS TO BE INCLUDED.—Each report required by subparagraph (A) shall include the following:

(i) An explanation of the efforts of Haiti, the President, and the International Labor Organization to carry out this subsection.

(ii) A summary of each report produced under paragraph (3)(D) during the preceding 1-year period and a summary of the findings contained in such report.

(iii) Identifications made under paragraph (4)(B)(i) and determinations made under paragraph (4)(B)(iii).

(6) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection the sum of $10,000,000 for the period beginning on October 1, 2008, and ending on September 30, 2013.

(f) CONDITIONS REGARDING ENFORCEMENT OF CIRCUMVENTION.—

(1) IN GENERAL.—The preferential treatment under subsection (b)(1) shall not apply unless the President certifies to Congress that Haiti is meeting the following conditions:

(A) Haiti has adopted an effective visa system, domestic laws, and enforcement procedures applicable to articles described in subsection (b) to prevent unlawful transshipment of the articles and the use of counterfeit documents relating to the importation of the articles into the United States.

(B) Haiti has enacted legislation or promulgated regulations that would permit U.S. Customs and Border Pro-

tection verification teams to have the access necessary to investigate thoroughly allegations of transshipment through such country.

(C) Haiti agrees to report, on a timely basis, at the request of U.S. Customs and Border Protection, on the total exports from and imports into that country of articles described in subsection (b), consistent with the manner in which the records are kept by Haiti.

(D) Haiti agrees to cooperate fully with the United States to address and take action necessary to prevent circumvention as provided in Article 5 of the Agreement on Textiles and Clothing.

(E) Haiti agrees to require all producers and exporters of articles described in subsection (b) in that country to maintain complete records of the production and the export of such articles, including materials used in the production, for at least 5 years after the production or export (as the case may be).

(F) Haiti agrees to report, on a timely basis, at the request of U.S. Customs and Border Protection, documentation establishing the country of origin of articles described in subsection (b) as used by that country in implementing an effective visa system.

(2) DEFINITION OF TRANSSHIPMENT.—Transshipment within the meaning of this subsection has occurred when preferential treatment for a textile or apparel article under this section has been claimed on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of this paragraph, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment under this section.

(3) LIMITATION ON GOODS SHIPPED FROM THE DOMINICAN REPUBLIC.—

(A) LIMITATION.—Notwithstanding subsection (a)(5), relating to the definition of "imported directly from Haiti or the Dominican Republic", articles described in subsection (b) that are shipped from the Dominican Republic, directly or through the territory of an intermediate country, whether or not such articles undergo processing in the Dominican Republic, shall not be considered to be "imported directly from Haiti or the Dominican Republic" until the President certifies to the Congress that Haiti and the Dominican Republic have developed procedures to prevent unlawful transshipment of the articles and the use of counterfeit documents related to the importation of the articles into the United States.

(B) TECHNICAL AND OTHER ASSISTANCE.—The Commissioner responsible for U.S. Customs and Border Protection shall provide technical and other assistance to Haiti and the Dominican Republic to develop expeditiously the procedures described in subparagraph (A).

(g) REGULATIONS.—The President shall issue regulations to carry out this section not later than 180 days after the date of the enactment of the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006. The President shall consult with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate in preparing such regulations.

(h) TERMINATION.—The duty-free treatment provided under this section shall remain in effect until December 31, 2026.

SEC. 214. MEASURES FOR PUERTO RICO AND UNITED STATES INSULAR POSSESSIONS.

(a)

(b)

(c) [19 U.S.C. 2704 note] If the sum of the amounts of taxes covered into the treasuries of Puerto Rico or the United States Virgin Islands pursuant to section 7652(c) of the Internal Revenue Code of 1986 is reduced below the amount that would have been covered over if the imported rum had been produced in Puerto Rico or the United States Virgin Islands, then the President shall consider compensation measures and, in this regard, may withdraw the duty-free treatment on rum provided by this title. The President shall submit a report to the Congress on the measures he takes.

(d) Section 1112 of the Trade Agreements Act of 1979 (19 U.S.C. 2582) is repealed.

(e) No action pursuant to this title may affect any tariff duty imposed by the Legislature of Puerto Rico pursuant to section 319 of the Tariff Act of 1930 (19 U.S.C. 1319) on coffee imported into Puerto Rico.

(f) For purposes of chapter 1 of title II of the Trade Act of 1974, the term "industry" shall include producers located in the United States insular possessions.

(g) Any discharge from a point source in the United States Virgin Islands in existence on the date of the enactment of this subsection which discharge is attributable to the manufacture of rum (as defined in paragraphs (3) of section 7652(c) of the Internal Revenue Code of 1986) shall not be subject to the requirements of section 301 (other than toxic discharges), section 306 or section 403 of the Federal Water Pollution Control Act if—

(1) such discharge occurs at least one thousand five hundred feet into the territorial sea from the line of ordinary low water from that portion of the coast which is in direct contact with the sea, and

(2) the Governor of the United States Virgin Islands determines that such discharge will not interfere with the attainment or maintenance of that water quality which shall assure protection of public water supplies, and the protection and propagation of a balanced population of shellfish, fish, and wildlife, and allow recreational activities, in and on the water and will not result in the discharge of pollutants in quantities which may reasonably be anticipated to pose an unacceptable risk to human health or the environment because of bioaccumulation, persistency in the environment, acute toxicity,

chronic toxicity (including carcinogenicity, mutagenicity, or teratogenicity), or synergistic propensities.

SEC. 215. [19 U.S.C. 2704] INTERNATIONAL TRADE COMMISSION REPORTS ON IMPACT OF THIS ACT.

(a) REPORTING REQUIREMENT.—

(1) IN GENERAL.—The United States International Trade Commission (in this section referred to as the "Commission") shall submit to Congress and the President biennial reports regarding the economic impact of this title on United States industries and consumers and on the economy of the beneficiary countries.

(2) FIRST REPORT.—The first report shall be submitted not later than September 30, 2001.

(3) TREATMENT OF PUERTO RICO, ETC.—For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States are considered to be United States industries.

(b)(1) Each report required under subsection (a) shall include, but not be limited to, an assessment by the Commission regarding—

(A) the actual effect, during the period covered by the report, of this Act on the United States economy generally as well as on those specific domestic industries which produce articles that are like, or directly competitive with, articles being imported into the United States from beneficiary countries; and

(B) the probable future effect which this Act will have on the United States economy generally, as well as on such domestic industries, before the provisions of this Act terminate.

(2) In preparing the assessments required under paragraph (1), the Commission shall, to the extent practicable—

(A) analyze the production, trade and consumption of United States products affected by this Act, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production; and

(B) describe the nature and extent of any significant change in employment, profit levels, and use of productive facilities, and such other conditions as it deems relevant in the domestic industries concerned, which it believes are attributable to this Act.

(c)(1) Each report required under subsection (a) shall be submitted to the Congress and to the President before the close of the nine-month period beginning on the day after the last day of the period covered by the report.

(2) The Commission shall provide opportunity for the submission by the public, either orally or in writing, or both, of information relating to matters that will be addressed in the reports.

SEC. 216. [19 U.S.C. 2705] IMPACT STUDY BY SECRETARY OF LABOR.

The Secretary of Labor, in consultation with other appropriate Federal agencies, shall undertake a continuing review and analysis of the impact which the implementation of the provisions of this title have with respect to United States labor; and shall make an annual written report to Congress on the results of such review and analysis.

SEC. 217. FEASIBILITY STUDY REGARDING A CARIBBEAN TRADE INSTITUTE.

(a) The Secretary of State shall prepare a study regarding the feasibility of establishing a Caribbean Trade Institute in Harlem, New York City, supported by a combination of Federal and private funds.

(b) The study shall include, but not be limited to, an assessment of the extent to which, and the means by which, a Caribbean Trade Institute could—

(1) facilitate cooperation between public and private entities interested in engaging in or furthering Caribbean trade;

(2) serve as a catalyst for greater cultural exchange between the United States and Caribbean nations; and

(3) facilitate expansion of job opportunities both in the United States and the Caribbean Basin.

The study shall also include suggestions regarding the organization and staffing of such an institute.

(c) The study required by this section shall be submitted to the Congress within six months after the date of the enactment of this Act.

SEC. 218. [19 U.S.C. 2706] * * * [Repealed—1990]

SEC. 219. [19 U.S.C. 2707] CENTER FOR THE STUDY OF WESTERN HEMISPHERIC TRADE.

(a) ESTABLISHMENT.—The Commissioner of Customs, after consultation with appropriate officials in the State of Texas, is authorized and directed to make grants to an institution (or a consortium of such institutions) to assist such institution in planning, establishing, and operating a Center for the Study of Western Hemispheric Trade (hereafter in this section referred to as the "Center"). The Commissioner of Customs shall make the first grant not later than December 1, 1994, and the Center shall be established not later than February 1, 1995.

(b) SCOPE OF THE CENTER.—The Center shall be a year-round program operated by an institution located in the State of Texas (or a consortium of such institutions), the purpose of which is to promote and study trade between and among Western Hemisphere countries. The Center shall conduct activities designed to examine—

(1) the impact of the NAFTA on the economies in, and trade within, the Western Hemisphere;

(2) the negotiation of any future free trade agreements, including possible accessions to the NAFTA; and

(3) adjusting tariffs, reducing nontariff barriers, improving relations among customs officials, and promoting economic relations among countries in the Western Hemisphere.

(c) CONSULTATION; SELECTION CRITERIA.—The Commissioner of Customs shall consult with appropriate officials of the State of Texas and private sector authorities with respect to selecting, planning, and establishing the Center. In selecting the appropriate institution, the Commissioner of Customs shall give consideration to—

(1) the institution's ability to carry out the programs and activities described in this section; and

(2) any resources the institution can provide the Center in addition to Federal funds provided under this program.

(d) PROGRAMS AND ACTIVITIES.—The Center shall conduct the following activities:

(1) Provide forums for international discussion and debate for representatives from countries in the Western Hemisphere regarding issues which affect trade and other economic relations within the hemisphere, including the impact of the NAFTA on individual economies and the desirability and feasibility of possible accessions to the NAFTA by such countries.

(2) Conduct studies and research projects on subjects which affect Western Hemisphere trade, including tariffs, customs, regional and national economics, business development and finance, production and personnel management, manufacturing, agriculture, engineering, transportation, immigration, telecommunications, medicine, science, urban studies, border demographics, social anthropology, and population.

(3) Publish materials, disseminate information, and conduct seminars and conferences to support and educate representatives from countries in the Western Hemisphere who seek to do business with or invest in other Western Hemisphere countries.

(4) Provide grants, fellowships, endowed chairs, and financial assistance to outstanding scholars and authorities from Western Hemisphere countries.

(5) Provide grants, fellowships, and other financial assistance to qualified graduate students, from Western Hemisphere countries, to study at the Center.

(6) Implement academic exchange programs and other cooperative research and instructional agreements with the complementary North/South Center[9] at the University of Miami at Coral Gables.

(e) DEFINITIONS.—For purposes of this section—

(1) NAFTA.—The term "NAFTA" means the North American Free Trade Agreement.

(2) WESTERN HEMISPHERE COUNTRIES.—The terms "Western Hemisphere countries", "countries in the Western Hemisphere", and "Western Hemisphere" mean Canada, the United States, Mexico, countries located in South America, beneficiary countries (as defined by section 212), the Commonwealth of Puerto Rico, and the United States Virgin Islands.

(f) FEES FOR SEMINARS AND PUBLICATIONS.—Notwithstanding any other provision of law, a grant made under this section may

[9] Sec. 2(a) of the Dante B. Fascell North-South Center Act (Public Law 106929; 113 Stat. 54) provided that any reference in any provision of law to the North/South Center "shall be deemed to be a reference to the 'Dante B. Fascell North-South Center'.".

provide that the Center may charge a reasonable fee for attendance at seminars and conferences and for copies of publications, studies, reports, and other documents the Center publishes. The Center may waive such fees in any case in which it determines imposing a fee would impose a financial hardship and the purposes of the Center would be served by granting such a waiver.

(g) DURATION OF GRANT.—The Commissioner of Customs is directed to make grants to any institution or institutions selected as the Center for fiscal years 1994, 1995, 1996, and 1997.

(h) REPORT.—The Commissioner of Customs shall, no later than July 1, 1994, and annually thereafter for years for which grants are made, submit a written report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. The first report shall include—

(1) a statement identifying the institution or institutions selected as the Center;

(2) the reasons for selecting the institution or institutions as the Center; and

(3) the plan of such institution or institutions for operating the Center.

Each subsequent report shall include information with respect to the operations of the Center, the collaboration of the Center with, and dissemination of information to, Government policymakers and the business community with respect to the study of Western Hemispheric trade by the Center, and the plan and efforts of the Center to continue operations after grants under this section have expired.

SUBTITLE B—TAX PROVISIONS

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SEC. 223. REPORT WITH RESPECT TO USE OF CARIBBEAN BASIN TAX HAVENS.

The Secretary of the Treasury shall, not later than ninety days after the date of the enactment of this Act, report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on—

(1) the level at which Caribbean Basin tax havens are being used to evade or avoid Federal taxes, and the effect on Federal revenues of such use,

(2) any information he may have on the relationship of such use to drug trafficking and other criminal activities, and

(3) current antitax haven enforcement activities of the Department of the Treasury.

SUBTITLE C—SENSE OF THE CONGRESS REGARDING SUGAR IMPORTS

SEC. 231. SUGAR IMPORTS.

It is the sense of the Congress that sugar from any Communist country in the Caribbean Basin or in Central America should not be imported into the United States.