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Proclamation 8742—To Modify the Harmonized Tariff Schedule of the United States

October 31, 2011

By the President of the United States of America

A Proclamation

1. Section 1205(a) of the Omnibus Trade and Competitiveness Act of 1988 (the "1988 Act") (19 U.S.C. 3005(a)) directs the United States International Trade Commission (the "Commission") to keep the Harmonized Tariff Schedule of the United States (HTS) under continuous review and periodically to recommend to the President such modifications to the HTS as the Commission considers necessary or appropriate to accomplish the purposes set forth in that subsection. Among those purposes are to promote the uniform application of the International Convention on the Harmonized Commodity Description and Coding System (the "Convention") and to alleviate unnecessary administrative burdens.

2. The Commission conducted an investigation pursuant to section 1205 of the 1988 Act (Investigation No. 1205–8) in response to a request from the Department of the Treasury regarding certain footwear featuring outer soles of rubber or plastic to which a layer of textile material has been added. The request stated that changes to the HTS would promote the uniform application of the Convention as well as alleviate unnecessary administrative burdens.

3. On August 9, 2010, the Commission issued a report in Investigation No. 1205–8, recommending certain changes to the HTS. The report and layover requirements of section 1206(b) of the 1988 Act (19 U.S.C. 3006(b)) were satisfied as of March 30, 2011.

4. On November 8, 2010, the United States Trade Representative (the "USTR") requested that the Commission make further recommendations consistent with section 1205(d) of the 1988 Act concerning particular provisions of the HTS that the Commission had recommended in its August report be replaced by new tariff lines. The USTR also asked the Commission to consider whether, in response to requests made by interested parties in the course of the original investigation, additional tariff lines should be inserted in the HTS.

5. On February 18, 2011, the Commission issued an addendum to its report, recommending additional modifications to the HTS. The report and layover requirements of section 1206(b) were satisfied as of June 30, 2011.

6. Section 1206(a) of the 1988 Act (19 U.S.C. 3006(a)) authorizes the President to proclaim modifications to the HTS based on recommendations made by the Commission pursuant to section 1205 of the 1988 Act, if he determines that the modifications are in conformity with United States obligations under the Convention and do not run counter to the national economic interest of the United States. I have determined that the modifications to the HTS set forth in Annex I to this proclamation are in conformity with United States obligations under the Convention and do not run counter to the national economic interest of the United States.

7. On June 6, 2003, the United States and Chile entered into the United States-Chile Free Trade Agreement (USCFTA). The Congress approved the USCFTA in section 101(a) of the United States-Chile Free Trade Agreement Implementation Act (the "USCFTA Act") (19

U.S.C. 3805 note). Presidential Proclamation 7746 of December 30, 2003, implemented the USCFTA with respect to the United States, and incorporated in the HTS the tariff modifications and rules of origin necessary or appropriate to carry out the USCFTA.

8. Section 202 of the USCFTA Act provides rules for determining whether goods imported into the United States originate in the territory of a USCFTA Party and thus are eligible for the tariff and other treatment contemplated under the USCFTA. Section 202(o)(2)(A) authorizes the President to proclaim, subject to the consultation and layover requirements of section 103(a) of the USCFTA Act, modifications to such previously proclaimed rules of origin.

9. The United States and Chile have agreed to modify certain rules of origin and to add certain other rules of origin in the USCFTA. I have determined that further modification of the USCFTA rules of origin set forth in Proclamation 7746, and subsequently modified, is therefore necessary.

10. The consultation and layover requirements of section 103(a) of the USCFTA Act were satisfied as of July 10, 2010.

11. On April 15, 1994, the United States entered into trade agreements resulting from the Uruguay Round of multilateral trade negotiations (the "Uruguay Round Agreements"). In section 101(a) of the Uruguay Round Agreements Act (the "URAA") (19 U.S.C. 3511(a)), the Congress approved the Uruguay Round Agreements listed in section 101(d) of that Act, including the Agreement on Agriculture in section 101(d)(2). To implement section 4.2 of the Agreement on Agriculture, section 401(b)(2) of the URAA amended section 103B of the Agricultural Act of 1949 (7 U.S.C. 1444–2) by converting the special import quotas on cotton provided for under section 103B to tariff-rate quotas.

12. Proclamation 6301 of June 7, 1991, and Proclamation 6948 of October 29, 1996, modified U.S. note 6 to subchapter III of chapter 99 of the HTS and created tariff lines in the HTS for reporting entries under a special import quota for upland cotton. Note 6 sets out the conditions under which a special import quota for upland cotton takes effect.

13. Section 1207(a)(2)(B) of the Food Conservation and Energy Act of 2008 (7 U.S.C. 8737(a)(2)(B)) changed the conditions under which a special import quota for upland cotton takes effect. U.S. note 6 to subchapter III of chapter 99 needs to be modified to reflect those changes.

14. Section 604 of the Trade Act of 1974, as amended (the "Trade Act") (19 U.S.C. 2483), authorizes the President to embody in the HTS the substance of the relevant provisions of that Act, and of other Acts, affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

Now, Therefore, I, Barack Obama, President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States of America, including but not limited to section 1206 of the 1988 Act, section 202 of the USCFTA Act, and section 604 of the Trade Act, do proclaim that:

(1) In order to modify the HTS to promote the uniform application of the Convention and to alleviate unnecessary administrative burdens, the HTS is modified as set forth in Annex I to this proclamation.

(2) The modifications to the HTS set forth in Annex I to this proclamation shall be effective with respect to goods that are entered, or withdrawn from warehouse for consumption, on or after the later of September 1, 2011, or the thirtieth day after publication of this proclamation in the *Federal Register*.

(3) In order to modify the rules of origin under the USCFTA, general note 26 to the HTS is modified as provided in Annex II to this proclamation.

(4) The modifications made by Annex II to this proclamation shall be effective with respect to goods of Chile under the terms of general note 26 to the HTS that are entered, or withdrawn from warehouse for consumption, on or after November 1, 2011.

(5) In order to reflect the modified requirements under which a special import quota for upland cotton takes effect, the HTS is modified as set forth in Annex III to this proclamation.

(6) The modifications made by Annex III to this proclamation, shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after June 18, 2008.

(7) Any provisions of previous proclamations and Executive Orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

In Witness Whereof, I have hereunto set my hand this thirty-first day of October, in the year of our Lord two thousand eleven, and of the Independence of the United States of America the two hundred and thirty-sixth.

BARACK OBAMA

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NOTE: This proclamation and its attached annexes were published in the *Federal Register* on November 3.

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