

HTSUS subheading	Product description
9001.90.90	Optical elements nesoi, unmounted.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket Number USTR-2021-0006]

Proposed Action in Section 301 Investigation of Turkey's Digital Services Tax

AGENCY: Office of the United States
Trade Representative.

ACTION: Request for comments and
notice of public hearing.

SUMMARY: The Office of the United
States Trade Representative (USTR)
requests written comments regarding a
potential trade action in connection
with the Section 301 investigation of
Turkey's Digital Services Tax (DST).
USTR also will convene virtual public
hearings and accept rebuttal comments
in relation to the potential action.

DATES:

April 21, 2021: To be assured of
consideration, submit requests to appear
at a hearing, along with a summary of
the testimony, by this date.

April 30, 2021: To be assured of
consideration, submit written comments
by this date.

May 3, 2021: Multi-jurisdictional
virtual hearing on proposed actions.

May 7, 2021 at 9:30 a.m.: Virtual
hearing on Turkey DST proposed action.

May 10, 2021: To be assured of
consideration, submit multi-
jurisdictional hearing rebuttal
comments by this date.

May 14, 2021: To be assured of
consideration, submit Turkey DST
hearing rebuttal comments by this date.

ADDRESSES: Submit documents in
response to this notice, including
written comments and hearing
appearance requests, through the online
USTR portal: [https://
comments.ustr.gov/s/](https://comments.ustr.gov/s/).

FOR FURTHER INFORMATION CONTACT: For
questions concerning the investigation,
please contact Ben Allen or Patrick
Childress, Assistant General Counsels at
(202) 395-9439 and (202) 395-9531,
respectively; Robert Tanner, Director,
Services and Investment at (202) 395-
6125; or Michael Rogers, Director,
Europe and the Middle East at (202)
395-2684. For issues with on-line
submissions, please contact the USTR
Section 301 line at (202) 395-5725.

SUPPLEMENTARY INFORMATION:

I. Proceedings in the Investigation

Turkey has adopted a DST that
applies to companies that during the
previous calendar year, generated €750
million or more in worldwide revenues
and TRY 20 million or more in revenues
deriving from the provision of digital
services in Turkey.

On June 2, 2020, the U.S. Trade
Representative initiated an investigation
of Turkey's DST pursuant to section
302(b)(1)(A) of the Trade Act of 1974, as
amended (Trade Act). *See* 85 FR 34709
(June 5, 2020) (notice of initiation). The
notice of initiation solicited written
comments on, *inter alia*, the following
aspects of Turkey's DST: Discrimination
against U.S. companies; retroactivity;
and possibly unreasonable tax policy.
With respect to tax policy, USTR
solicited comments on, *inter alia*,
whether the DST diverged from
principles reflected in the U.S. and
international tax systems including
extraterritoriality; taxing revenue not
income; and a purpose of penalizing
particular technology companies for
their commercial success. Interested
persons filed over 380 written
submissions in response. The public
submissions are available on
www.regulations.gov in docket number
USTR-2020-0022.

Under section 303 of the Trade Act,
the U.S. Trade Representative requested
consultations with the government of
Turkey regarding the issues involved in
the investigation. Consultations were
held on September 29, 2020.

Based on information obtained during
the investigation, USTR prepared a
comprehensive report on Turkey's DST
(Turkey DST Report). The Turkey DST
Report is posted on the USTR website
at [https://ustr.gov/issue-areas/
enforcement/section-301-investigations/
section-301-digital-services-taxes](https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-digital-services-taxes). The
report includes a full description of
Turkey's DST, and supports findings
that Turkey's DST is unreasonable and
discriminatory and burdens or restricts
U.S. commerce.

On January 6, 2021, based on the
information obtained during the
investigation and the advice of the
Section 301 Committee, the U.S. Trade
Representative determined that Turkey's
DST is unreasonable or discriminatory
and burdens or restricts U.S. commerce,
and therefore is actionable under
sections 301(b) and 304(a) of the Trade

Act (19 U.S.C. 2411(b) and 2414(a)). *See*
86 FR 2480 (January 12, 2021).

II. Proposed Action

Section 301(b) provides that upon
determining that the acts, policies, and
practices under investigation are
actionable and that action is
appropriate, the U.S. Trade
Representative shall take all appropriate
and feasible action authorized under
section 301(c), subject to the specific
direction, if any, of the President
regarding such action, and all other
appropriate and feasible action within
the power of the President that the
President may direct the U.S. Trade
Representative to take under section
301(b), to obtain the elimination of that
act, policy, or practice.

Section 301(c)(1)(B) of the Trade Act
authorizes the U.S. Trade
Representative to impose duties on the
goods of the foreign country subject to
the investigation. Pursuant to sections
301(b) and (c), USTR proposes that the
U.S. Trade Representative should
determine that action is appropriate and
that appropriate action would include
the imposition of additional *ad valorem*
tariffs on certain products of Turkey.

In particular, USTR proposes to
impose additional tariffs of up to 25
percent *ad valorem* on an aggregate
level of trade that would collect duties
on goods of Turkey in the range of the
amount of the DST that Turkey is
expected to collect from U.S.
companies. Initial estimates indicate
that the value of the DST payable by
U.S.-based company groups to Turkey
will be up to approximately \$160
million per year.

USTR further proposes that the goods
of Turkey subject to additional tariffs
would be drawn from the preliminary
list of products in the Annex to this
notice, as specified by the listed eight-
digit tariff subheadings.

III. Request for Public Comments

In accordance with section 304(b) of
the Trade Act (19 U.S.C. 2414(b)), USTR
invites comments from interested
persons with respect to whether action
is appropriate, and if so, the appropriate
action to be taken.

USTR requests comments with
respect to any issue related to the action
to be taken in this investigation. With
respect to the proposed tariff action
outline above, USTR specifically invites
comments regarding:

- The level of the burden or restriction on U.S. commerce resulting from Turkey's DST, including the amount of DST payments owed by U.S. companies, the annual growth rate of such payments, and other effects, such as compliance costs.
- The appropriate aggregate level of trade to be covered by additional duties.
- The level of the increase, if any, in the rate of duty.
- The specific products to be subject to increased duties, including whether the tariff subheadings listed in the Annex should be retained or removed, or whether tariff subheadings not currently on the list should be added.

In commenting on the inclusion or removal of particular products on the preliminary list of products subject to the proposed additional duties, USTR requests that commenters address specifically whether imposing increased duties on a particular product would be practicable or effective to obtain the elimination of Turkey's acts, policies, and practices, and whether imposing additional duties on a particular product would cause disproportionate economic harm to U.S. interests, including small- or medium-size businesses and consumers.

Simultaneously with this notice, USTR also is requesting public comments on proposed trade actions in five other DST investigations initiated at the same time as the Turkey DST investigation. Certain interested persons may wish to provide written comments or oral testimony on multi-jurisdictional issues common to two or more investigations. To avoid duplication, the USTR portal will have a separate docket for multi-jurisdictional submissions, and USTR will hold a separate multi-jurisdictional hearing.

To be assured of consideration, you must submit written comments on the proposed action by April 30, 2021, and post-hearing rebuttal comments by May 10, 2021 for the multi-jurisdictional hearing, and by May 14, 2021 for the Turkey DST hearing.

IV. Hearing Participation

The Section 301 Committee will convene a virtual public hearing for comments pertaining to the Turkey DST proposed action on May 7, 2021, beginning at 9:30 a.m. Those requesting to appear at this hearing should have comments applicable only to the Turkey DST proposed action.

The Section 301 Committee will convene a virtual public hearing for

comments pertaining to multiple jurisdictions on May 3, 2021, beginning at 9:30 a.m. Those requesting to appear at the multi-jurisdictional hearing should have comments that are applicable to two or more DST investigations.

For either hearing, you must submit a request to appear at the specific hearing using the electronic portal at <https://comments.ustr.gov/s/>. You will be able to view a docket entitled 'Request to Appear at Hearing on Proposed Action in Section 301 Investigation of Turkey's Digital Services Tax.' Requests to appear must include a summary of testimony, and may be accompanied by a pre-hearing submission. Remarks at the hearing are limited to five minutes to allow for possible questions from the Section 301 Committee. All submissions must be in English. To be assured of consideration, USTR must receive your request to appear by April 21, 2021.

V. Procedures for Written Submissions

You must submit written comments, rebuttal comments, and requests to appear at the hearing using the electronic portal at <https://comments.ustr.gov/s/>. You will be able to view a docket entitled 'Comments Concerning Proposed Action in Section 301 Investigation of Turkey's Digital Services Tax' on the portal, docket number USTR–2021–0006.

You do not need to establish an account to submit comments. Fields with a gray (BCI) notation are for Business Confidential Information and the information entered will not be publicly available. Required fields are marked 'Required' and will have a red asterisk (*). Fields with a green (Public) notation will be viewable by the public.

The first screen of the portal requires you to enter identification and contact information. Third party organizations such as law firms, trade associations, or customs brokers, should identify the full legal name of the organization they represent, and identify the primary point of contact for the submission. The remaining fields of the form are optional.

After entering the identification and contact information, you can complete the remainder of the questionnaire, or any portion of it by clicking 'Next.' You can comment on multiple products in a single entry, or submit multiple comments. You will be able to navigate through each screen of the form by clicking 'Next,' with or without entering a response to each field on an

individual screen or page. Additionally, you will be able to upload documents at the end of the form and designate whether USTR should treat the documents as business confidential or public information.

For uploads containing BCI, the file name of the business confidential version should begin with the characters 'BCI'. Any page containing BCI must be clearly marked 'BUSINESS CONFIDENTIAL' on the top of that page and the submission should clearly indicate, via brackets, highlighting, or other means, the specific information that is BCI. If you request business confidential treatment, you must certify in writing that disclosure of the information would endanger trade secrets or profitability, and that the information would not customarily be released to the public. Parties uploading attachments containing BCI also must submit a public version of their comments. The file name of the public version, which must be uploaded on <https://comments.ustr.gov/s/>, should begin with the character 'P'. The 'BCI' and 'P' should be followed by the name of the person or entity submitting the comments or rebuttal comments. If these procedures are not sufficient to protect BCI or otherwise protect business interests, please contact the USTR Section Hotline 301 line at (202) 395–5725 to discuss whether alternative arrangements are possible. USTR will post attachments uploaded to the docket for public inspection, except for attachments marked as business confidential.

You can view all public submissions on the USTR portal at <https://comments.ustr.gov/s/>.

Greta Peisch,

General Counsel, Office of the United States Trade Representative.

Annex

Note: All products that are classified in the 8-digit subheadings of the Harmonized Tariff Schedule of the United States (HTSUS) that are listed in this Annex are covered by the proposed action. The product descriptions that are contained in this Annex are provided for informational purposes only, and are not intended to delimit in any way the scope of the proposed action. Any questions regarding the scope of a particular HTSUS subheading should be referred to U.S. Customs and Border Protection. In the product descriptions, the abbreviation "nesoi" means "not elsewhere specified or included".

HTSUS subheading	Product description
5701.10.16	Carpets & other textile floor coverings, hand-knotted or hand-inserted, w/ov 50% by weight of the pile of fine animal hair, nesoi.
5701.10.40	Carpets and other textile floor coverings, of wool or fine animal hair, hand-hooked (tufts were inserted and knotted by hand or hand tool).
5701.10.90	Carpets and other textile floor coverings, of wool or fine animal hair, not hand-hooked, not hand knotted during weaving.
5701.90.10	Carpet and other textile floor covering, knotted, of text. materials (not wool/hair) nesoi, pile inserted & knotted during weaving or knitting.
5702.10.90	Kelem, Schumacks, Karamanie and similar hand-woven rugs, other than certified hand-loomed and folklore products.
5702.31.10	Wilton, velvet and like floor coverings of pile construction, woven, not tufted or flocked, not made up, of wool or fine animal hair.
5702.31.20	Carpets and other textile floor coverings of pile construction, woven, not tufted or flocked, not made up, of wool/fine animal hair, nesoi.
5702.42.10	Wilton, velvet and like floor coverings of pile construction, woven, not tufted or flocked, made up, of man-made textile materials.
5702.49.10	Carpets not other textile floor coverings of pile construction, woven, not tufted or flocked, made up, of cotton.
5702.92.10	Hand-loomed carpet & other textile floor coverings, not of pile construction, woven, made up, of man-made textile materials, nesoi.
5702.92.90	Carpet & other textile floor coverings, not of pile construction, woven, made up, of man-made textile materials, nesoi.
5702.99.05	Hand-loomed carpets and other textile floor coverings, not of pile construction, woven, made up, of cotton.
5702.99.15	Carpets and other textile floor coverings, not of pile construction, woven, made up, of cotton, nesoi.
5703.20.20	Carpets and other textile floor coverings, tufted, whether or not made up, of nylon or other polyamides, nesoi.
5703.30.80	Carpets & other textile floor coverings, tufted, whether or not made up, of man-made textile materials (not nylon/other polyamides), nesoi.
5703.90.00	Carpets and other textile floor coverings, tufted, whether or not made up, of other textile materials nesoi.
6302.22.20	Bed linen, not knitted or crocheted, printed, of manmade fibers, nesoi.
6302.32.20	Bed linen, not knitted or crocheted, not printed, of manmade fibers, nesoi.
6303.91.00	Curtains (including drapes), interior blinds and valances of cotton, not knitted or crocheted.
6802.10.00	Tiles/cubes/similar arts. of natural stone, enclosable in a sq. w/a side less than 7 cm; artificially colored granules, chip-pings & powder.
6802.21.10	Monumental or building stone & arts. thereof, of travertine, simply cut/sawn, w/flat or even surface.
6802.21.50	Monumental or building stone & arts. thereof, of marble & alabaster, simply cut/sawn, w/flat or even surface.
6802.92.00	Monumental or building stone & arts. thereof, of calcareous stone, nesoi, further worked than simply cut/sawn, nesoi.
6907.21.10	Unglazed ceramic tiles, other than those of subheading 6907.30 and 6907.40, of H ₂ O absorp coeff by wt ≤0.5%.
6907.21.40	Glazed ceramic tiles having surface area ≥38.7cm ² , surf area in sq w/side <7cm, of a H ₂ O absorp coeff by wt ≤0.5%.
6907.21.90	Glazed ceramic tiles nesoi, of a H ₂ O absorp coeff by wt ≤0.5%.
6907.23.90	Glazed ceramic tiles nesoi, of a H ₂ O absorp coeff by wt >10%.
6907.30.20	Glazed ceramic mosaic cubes having ≤3229 tiles per m ² , surf area in sq w/side <7cm.
6907.30.30	Glazed ceramic mosaic cubes having surface area <38.7cm ² , surf area in sq w/side <7cm.
6907.30.90	Glazed ceramic mosaic cubes nesoi, o/t subheading 6907.40.
6907.40.90	Glazed finishing ceramics nesoi.
6910.10.00	Porcelain or china ceramic sinks, washbasins, baths, bidets, water closet bowls, urinals & siml. sanitary fixtures.
6910.90.00	Ceramic (o/than porcelain or china) sinks, washbasins, baths, bidets, water closet bowls, urinals & siml. sanitary fixtures.
6913.10.50	Porcelain or china (o/than bone china) statuettes and other ornamental articles, nesoi.
6913.90.50	Ceramic (o/than porcelain, china or earthenware) ornamental articles, nesoi.
7113.11.20	Silver articles of jewelry and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts.
7113.11.50	Silver articles of jewelry and parts thereof, nesoi, valued over \$18 per dozen pieces or parts.
7113.19.25	Gold mixed link necklaces and neck chains.
7113.19.30	Precious metal (o/than silver) clasps and parts thereof.
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi.
7113.20.29	Base metal clad w/gold necklaces and neck chains, nesoi.
7113.20.50	Base metal clad w/precious metal articles of jewelry and parts thereof, nesoi.
7116.20.05	Jewelry articles of precious or semiprecious stones, valued not over \$40 per piece.
7117.19.90	Imitation jewelry (o/than toy jewelry & rope, curb, cable, chain, etc.), of base metal (wheth. or n/plated w/prec.metal), nesoi.
7117.90.90	Imitation jewelry not of base metal or plastics, nesoi, over 20 cents/dozen pcs or pts.

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**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

[Docket Number USTR-2021-0003]

**Proposed Action in Section 301
Investigation of India's Digital Services
Tax**AGENCY: Office of the United States
Trade Representative.**ACTION:** Request for comments and
notice of public hearing.**SUMMARY:** The Office of the United
States Trade Representative (USTR)
requests written comments regarding a
potential trade action in connection
with the Section 301 investigation of
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USTR also will convene virtual public
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