

109TH CONGRESS
2D SESSION

H. R. 4680

To provide temporary duty suspension on products from Sri Lanka.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 2006

Mr. WELLER (for himself and Mr. MORAN of Virginia) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide temporary duty suspension on products from Sri Lanka.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Sri Lanka Tsunami
5 Temporary Economic Relief Act of 2006”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) On December 26, 2004, a devastating
9 earthquake occurred in the Indian Ocean, causing a
10 tsunami that wrecked havoc on the island nation of
11 Sri Lanka.

1 (2) More than 70 percent of the coastline in Sri
2 Lanka was affected by the tidal wave, displacing
3 more than 800,000 people, injuring more than
4 14,000, and killing more than 40,000 out of a popu-
5 lation of just over 19,000,000 living in a land mass
6 equivalent to the size of West Virginia.

7 (3) Nearly 5,000 families have been displaced,
8 with more than 90,000 homes destroyed and more
9 than 20,000 homes partially damaged.

10 (4) Sri Lanka lost 22 hospitals, 77 field med-
11 ical centers, 68 medical clinics, and 137 schools.

12 (5) The tourist industry, which had only begun
13 to rebound after more than 20 years of civil war,
14 suffered a loss of more than 4,000 hotel rooms that
15 are no longer useable.

16 (6) The main roads and railway system which
17 circumvented the country along the flat coastline
18 was devastated, cutting off access to the areas of de-
19 struction.

20 (7) In addition to the immediate loss of lives
21 and facilities, Sri Lanka is facing a crisis of restor-
22 ing industries.

23 (8) The fishing industry of Sri Lanka was dev-
24 astated, as 80 percent of Sri Lanka's fishing boats
25 were destroyed, causing a major loss of a nationwide

1 source of nutrition, as well as employment for an es-
2 timated 170,000 fishermen.

3 (9) Ten of the nation's 12 fishing harbors were
4 destroyed, as well as most of the 50 plants used for
5 building small boats.

6 (10) The industry's nets and land storage and
7 transportation facilities were destroyed, as well as
8 the ice making facilities for the storage facilities.

9 (11) The coastal estuary sites, where shrimp
10 and small fish were farmed, and as farm lands lo-
11 cated inland from the shore, have been silted up and
12 destroyed.

13 (12) More than 40 percent of the population
14 depended on the fishing industry for its livelihood,
15 and 11 percent of the population depended on agri-
16 culture.

17 (13) Former Presidents George Bush and Bill
18 Clinton estimate that it will require billions of dol-
19 lars to rebuild the affected countries, and at least
20 three to five years to do so.

21 (14) Sri Lanka's most dynamic sectors had
22 been food processing, textiles and apparel, food and
23 beverages, telecommunications, and insurance and
24 banking. Agriculture accounted for 20.1 percent of
25 gross domestic product (GDP) in 2003, while indus-

1 try, primarily garments and leather goods, food
2 processing, chemicals, refined petroleum, wood prod-
3 ucts, basic metal products, and paper products, ac-
4 counted for 26.3 percent of GDP.

5 (15) The inland and leeward plants that were
6 not affected by the tsunami need unrestricted mar-
7 ket access to increase production, to offer employ-
8 ment to those who lost jobs and or have moved in-
9 land, and to maintain positive economic growth, sta-
10 bility, and democracy in the country.

11 (16) The tsunami has forced the government
12 and the rebel forces in Sri Lanka to work together
13 on certain programs, which, through external sup-
14 port, can re-energize peace talks.

15 (17) Before the tsunami occurred, Sri Lanka
16 had implemented an economic reform program to
17 open its economy to international competition that
18 will lead to increased growth and international trade
19 and further foreign investment.

20 (18) The United States, through opening trade,
21 has an opportunity to support Sri Lanka in its relief
22 efforts, economic reform, peace process, and rebuild-
23 ing process.

1 **SEC. 3. TRADE ENHANCEMENT.**

2 (a) ELIGIBILITY REQUIREMENTS.—Sri Lanka shall
3 be eligible for duty-free treatment under subsection (c)—

4 (1) if the President determines and certifies to
5 Congress that Sri Lanka—

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

8 (i) a market-based economy that pro-
9 tects private property rights, incorporates
10 an open rules-based trading system, and
11 minimizes government interference in the
12 economy through measures such as price
13 controls, subsidies, and government owner-
14 ship of economic assets;

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

18 (iii) the elimination of barriers to
19 United States trade and investment, in-
20 cluding by—

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

25 (II) the protection of intellectual
26 property; and

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

3 (iv) economic policies to reduce pov-
4 erty, increase the availability of health care
5 and educational opportunities, expand
6 physical infrastructure, promote the devel-
7 opment of private enterprise, and encour-
8 age the formation of capital markets
9 through micro-credit or other programs;

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

15 (vi) protection of internationally rec-
16 ognized worker rights, including the right
17 of association, the right to organize and
18 bargain collectively, a prohibition on the
19 use of any form of forced or compulsory
20 labor, a minimum age for the employment
21 of children, and acceptable conditions of
22 work with respect to minimum wages,
23 hours of work, and occupational safety and
24 health;

1 (B) does not engage in activities that un-
2 dermine United States national security or for-
3 eign policy interests; and

4 (C) does not engage in gross violations of
5 internationally recognized human rights or pro-
6 vide support for acts of international terrorism
7 and cooperates in international efforts to elimi-
8 nate human rights violations and terrorist ac-
9 tivities; and

10 (2) subject to the authority granted to the
11 President under subsections (a), (d), and (e) of sec-
12 tion 502 of the Trade Act of 1974 (19 U.S.C.
13 2462(a), (d), and (e)), if Sri Lanka otherwise meets
14 the eligibility criteria set forth in section 502 of the
15 Trade Act of 1974.

16 (b) CONTINUING COMPLIANCE.—If the President de-
17 termines that Sri Lanka is not making continual progress
18 in meeting the requirements described in subsection
19 (a)(1), the President shall terminate the eligibility of Sri
20 Lanka for the preferential treatment under subsection (c).

21 (c) PREFERENTIAL TREATMENT.—

22 (1) IN GENERAL.—Subject to subsections (a)
23 and (b), duty-free treatment shall apply to any arti-
24 cle that is the growth, product, or manufacture of

1 Sri Lanka and that meets the requirements of para-
2 graph (2).

3 (2) REQUIREMENTS.—

4 (A) IN GENERAL.—The duty-free treat-
5 ment provided under paragraph (1) shall apply
6 to any article described in that paragraph if—

7 (i) that article is imported directly
8 from Sri Lanka into the customs territory
9 of the United States; and

10 (ii) the direct costs of processing oper-
11 ations performed on the article in Sri
12 Lanka is not less than 35 percent of the
13 appraised value of the article at the time
14 it enters the customs territory of the
15 United States.

16 (B) TEXTILE AND APPAREL ARTICLES.—

17 The duty-free treatment provided under para-
18 graph (1) applies to a textile and apparel article
19 only if that article meets the requirements set
20 forth in section 102.21 of title 19, Code of Fed-
21 eral Regulations, as in effect on November 1,
22 2005.

23 (C) DETERMINATION OF 35 PERCENT RE-
24 QUIREMENT.—For purposes of determining the
25 percentage referred to in subparagraph (A)(ii),

1 if the cost or value of material produced in the
2 customs territory of the United States (other
3 than the Commonwealth of Puerto Rico) is in-
4 cluded with respect to an article that is the
5 growth, product, or manufacture of Sri Lanka,
6 an amount not to exceed 15 percent of the ap-
7 praised value of the article at the time it enters
8 the customs territory of the United States that
9 is attributable to such United States cost or
10 value may be applied toward determining the
11 percentage referred to in subparagraph (A)(ii).

12 (3) SURGE MECHANISM.—

13 (A) IMPORT MONITORING.—The Secretary
14 of Commerce shall monitor imports of textile
15 and apparel articles from Sri Lanka on a
16 monthly basis to determine if there has been a
17 surge in imports of such articles. In order to
18 permit public access to preliminary inter-
19 national trade data and to facilitate the early
20 identification of potentially disruptive import
21 surges, the Director of the Office of Manage-
22 ment and Budget may grant an exception to
23 the publication dates established for the release
24 of data on United States international trade in

covered articles, if the Director notifies the Congress of the early release of the data.

(B) DETERMINATION OF DAMAGE OR THREAT THEREOF.—Whenever the Secretary of Commerce determines, based on the data described in subparagraph (A), or pursuant to a written request made by an interested party, that there has been a surge in imports of a textile or apparel article from Sri Lanka, the Secretary shall determine whether such article from such country is being imported in such increased quantities as to cause serious damage, or threat thereof, to the domestic industry producing a like or directly competitive article. If the Secretary's determination is affirmative, the President shall suspend the duty-free treatment provided for such article under paragraph (1). If the inquiry is initiated at the request of an interested party, the Secretary shall make the determination within 60 days after the date of the request.

(C) FACTORS TO CONSIDER.—In determining whether a domestic industry has been seriously damaged, or is threatened with serious damage, the Secretary shall examine the effect

1 of the imports on relevant economic indicators
2 such as domestic production, sales, market
3 share, capacity utilization, inventories, employ-
4 ment, profits, exports, prices, and investment.

5 (D) PROCEDURE.—

6 (i) INITIATION.—The Secretary of
7 Commerce shall initiate an inquiry within
8 10 days after receiving a written request
9 and supporting information for an inquiry
10 from an interested party. Notice of initi-
11 ation of an inquiry shall be published in
12 the Federal Register.

13 (ii) PARTICIPATION BY INTERESTED
14 PARTIES.—The Secretary of Commerce
15 shall establish procedures to ensure partici-
16 pation in the inquiry by interested parties.

17 (iii) NOTICE OF DETERMINATION.—
18 The Secretary of Commerce shall publish
19 the determination described in subpara-
20 graph (B) in the Federal Register.

21 (iv) INFORMATION AVAILABLE.—If
22 relevant information is not available on the
23 record or any party withholds information
24 that has been requested by the Secretary
25 of Commerce, the Secretary shall make the

1 determination on the basis of the facts
2 available. When the Secretary relies on in-
3 formation submitted in the inquiry as facts
4 available, the Secretary shall, to the extent
5 practicable, corroborate the information
6 from independent sources that are reason-
7 ably available to the Secretary.

8 (v) INTERESTED PARTY.—For pur-
9 poses of this paragraph, the term “inter-
10 ested party” means any producer of a like
11 or directly competitive article, a certified
12 union or recognized union or group of
13 workers which is representative of an in-
14 dustry engaged in the manufacture, pro-
15 duction, or sale in the United States of a
16 like or directly competitive article, a trade
17 or business association representing pro-
18 ducers or sellers of like or directly competi-
19 tive articles, producers engaged in the pro-
20 duction of essential inputs for like or di-
21 rectly competitive articles, a certified union
22 or group of workers which is representative
23 of an industry engaged in the manufac-
24 ture, production, or sale of essential inputs
25 for the like or directly competitive article,

1 or a trade or business association rep-
2 resenting companies engaged in the manu-
3 facture, production, or sale of such essen-
4 tial inputs.

5 **SEC. 4. EFFECTIVE PERIOD OF DUTY-FREE TREATMENT.**

6 The duty-free treatment under section 3 shall apply
7 to any article that is entered, or withdrawn from ware-
8 house for consumption, into the customs territory of the
9 United States during the period beginning on the 15th day
10 after the date of the enactment of this Act and ending
11 on the earlier of—

12 (1) 5 years after that date; or

13 (2) the date on which a free trade agreement
14 between the United States and Sri Lanka enters
15 into force with respect to the United States under
16 the Bipartisan Trade Promotion Authority Act of
17 2002 (19 U.S.C. 3801 et seq.).

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