

113TH CONGRESS  
1ST SESSION

# S. 1883

To extend duty-free treatment for certain trousers, breeches, or shorts imported from Nicaragua, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

DECEMBER 20, 2013

Mrs. HAGAN introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To extend duty-free treatment for certain trousers, breeches, or shorts imported from Nicaragua, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Extending Incentives  
5 for Exporting American Textiles Act of 2013”.

6 **SEC. 2. EXTENSION OF DUTY-FREE TREATMENT FOR CER-**  
7 **TAIN TROUSERS, BREECHES, OR SHORTS IM-**  
8 **PORTED FROM NICARAGUA.**

9 (a) DUTY-FREE TREATMENT.—Notwithstanding the  
10 termination of the tariff preference level program for im-

1 ports of apparel articles from Nicaragua and subject to  
2 subsection (b), eligible apparel articles shall enter the  
3 United States free of duty if such eligible apparel articles  
4 are accompanied by an earned import allowance certificate  
5 for the amount of credits equal to the total square meter  
6 equivalents of fabric in such eligible apparel articles, in  
7 accordance with the program established under subsection  
8 (c).

9 (b) QUANTITATIVE LIMITATION.—

10 (1) INITIAL LIMITATION.—Subject to para-  
11 graphs (2) and (3), duty-free treatment under this  
12 section shall be extended for a covered calendar year  
13 to an initial limit of not more than 50,000,000  
14 square meter equivalents of eligible apparel articles  
15 unless that amount is increased pursuant to para-  
16 graph (3) for such year.

17 (2) EXPORT SUCCESS FACTOR.—If during a  
18 covered calendar year duty-free treatment under this  
19 section is extended to 90 percent or more of the ini-  
20 tial limit for such year prior to the end of such year,  
21 the President shall—

22 (A) extend such treatment to an additional  
23 amount of square meter equivalents of eligible  
24 apparel articles that is equal to 10 percent of  
25 the initial limit for such year; and

1 (B) publish notice of the extension in the  
2 Federal Register.

3 (3) EXPORT SUCCESS PATTERN.—

4 (A) THREE YEAR INCREASE.—Subject to  
5 subparagraph (B), if the President takes the  
6 action described in paragraph (2) for a period  
7 of 3 consecutive covered calendar years, for  
8 subsequent covered calendar years the Presi-  
9 dent shall—

10 (i) increase the initial limit for subse-  
11 quent covered calendar years by an addi-  
12 tional amount of square meter equivalents  
13 of eligible apparel articles that is equal to  
14 10 percent of the initial limit for each cov-  
15 ered calendar year of the previous 3-year  
16 period; and

17 (ii) publish notice of such increase in  
18 the Federal Register.

19 (B) ADDITIONAL INCREASES.—If the ini-  
20 tial limit is increased under subparagraph (A)  
21 for a period of 3 consecutive covered calendar  
22 years, the initial limit for each such year—

23 (i) shall be increased under paragraph  
24 (2), if the requirements of such paragraph  
25 are met for such year; and

1 (ii) may be eligible for an additional  
2 increase under subparagraph (A) no more  
3 frequently than once every 3 years.

4 (c) EARNED IMPORT ALLOWANCE PROGRAM.—

5 (1) MATCHING REQUIREMENT.—The aggregate  
6 square meter equivalents of eligible apparel articles  
7 of each producer or entity controlling production  
8 that may receive duty-free treatment under this sec-  
9 tion during a covered calendar year may not exceed  
10 the aggregate square meter equivalents of fabric  
11 wholly formed in the United States of yarns wholly  
12 formed in the United States that was previously ex-  
13 ported from the United States by such producer or  
14 entity and for which the producer or entity has  
15 available credits in its account established under  
16 paragraph (3)(B).

17 (2) REQUIREMENT FOR PROGRAM.—The Sec-  
18 retary of Commerce shall establish a program to  
19 provide earned import allowance certificates to any  
20 producer or entity controlling production of eligible  
21 apparel articles for purposes of subsection (a), based  
22 on the elements described in paragraph (3).

23 (3) ELEMENTS.—The elements described in  
24 this paragraph are the following:

1 (A) CREDITS.—One credit shall be issued  
2 to a producer or an entity controlling produc-  
3 tion for every one square meter equivalent of  
4 fabric wholly formed in the United States from  
5 yarns wholly formed in the United States that  
6 such producer or entity demonstrates has been  
7 exported from the customs territory of the  
8 United States.

9 (B) ACCOUNTS.—If requested by a pro-  
10 ducer or entity controlling production, the Sec-  
11 retary of Commerce shall create and maintain  
12 an account for such producer or entity into  
13 which credits issued under subparagraph (A)  
14 may be deposited.

15 (C) CERTIFICATES.—A producer or entity  
16 controlling production may redeem credits  
17 issued under subparagraph (A) for earned im-  
18 port allowance certificates for such number of  
19 credits such producer or entity may request and  
20 has available.

21 (D) DOCUMENTATION.—The Secretary of  
22 Commerce may require that a producer or enti-  
23 ty controlling production submit documentation  
24 to verify the export of fabric wholly formed in

1 the United States of yarns wholly formed in the  
2 United States.

3 (E) VERIFICATION.—The Secretary of  
4 Commerce may reconcile discrepancies in the  
5 information provided under subparagraph (D)  
6 and verify the accuracy of such information.

7 (F) ELECTRONIC INFORMATION.—The pro-  
8 gram shall be established so as to allow, to the  
9 extent feasible, the submission, storage, re-  
10 trieval, and disclosure of information in elec-  
11 tronic format, including information with re-  
12 spect to the earned import allowance certifi-  
13 cates.

14 (G) SCHEDULE.—The Secretary of Com-  
15 merce shall establish procedures to carry out  
16 the program under this subsection by October  
17 1, 2014, and may establish additional require-  
18 ments to carry out the program.

19 (H) PENALTIES.—If an importer, pro-  
20 ducer, or entity controlling production enters  
21 into the customs territory of the United States  
22 eligible apparel articles for which there are in-  
23 sufficient earned credits, such importer, pro-  
24 ducer, or entity may be subject to a penalty  
25 equal to the value of such eligible apparel arti-

1           cles, in addition to existing penalties under sec-  
2           tion 592 of the Tariff Act of 1930 (19 U.S.C.  
3           1592), as appropriate.

4           (4) DETERMINATION OF QUANTITY OF SME.—

5           For purposes of determining the quantity of “square  
6           meter equivalents” under this section, the conversion  
7           factors listed in Correlation: U.S. Textile and Ap-  
8           parel Category System with the Harmonized Tariff  
9           Schedule of the United States of America, 2013, or  
10          successor publication of the Office of Textiles and  
11          Apparel of the Department of Commerce, shall  
12          apply.

13          (d) DEFINITIONS.—In this section:

14           (1) COVERED CALENDAR YEAR.—The term  
15           “covered calendar year” means a calendar year dur-  
16           ing the 10-year period referred to in subsection (e).

17           (2) ELIGIBLE APPAREL ARTICLE.—The term  
18           “eligible apparel article” means woven trousers,  
19           breeches, or shorts that are apparel articles de-  
20           scribed in subdivisions (a) and (b) of U.S. Note 15  
21           to subchapter XV of chapter 99 of the HTS im-  
22           ported from Nicaragua.

23           (3) ENTER; ENTRY.—The terms “enter” and  
24           “entry” include a withdrawal from warehouse for  
25           consumption.

1           (4) ENTITY CONTROLLING PRODUCTION.—The  
2 term “entity controlling production” means a person  
3 or other entity or group that is not a producer and  
4 that controls the production process in Nicaragua  
5 through a contractual relationship or other indirect  
6 means.

7           (5) FABRIC WHOLLY FORMED IN THE UNITED  
8 STATES OF YARN WHOLLY FORMED IN THE UNITED  
9 STATES.—The term “fabric wholly formed in the  
10 United States of yarn wholly formed in the United  
11 States” means fabric—

12                   (A) woven in the United States from fibers  
13 or from yarns, the constituent staple fibers of  
14 which are spun in the United States or the con-  
15 tinuous filament of which is extruded in the  
16 United States;

17                   (B) for which any dyeing, printing, or fin-  
18 ishing is performed in the United States; and

19                   (C) exported to Nicaragua on or after  
20 April 1, 2014.

21           (6) HTS.—The term “HTS” means the Har-  
22 monized Tariff Schedule of the United States as in  
23 effect on the day before the date of the enactment  
24 of this Act.

1           (7) INITIAL LIMIT.—The term “initial limit”  
2 means the quantity of square meter equivalents of  
3 eligible apparel articles that may be extended duty-  
4 free treatment under this section on the first day of  
5 a calendar year.

6           (8) PRODUCER.—The term “producer” means a  
7 person or other entity or group that exercises direct,  
8 daily operational control over the production process  
9 in Nicaragua.

10           (9) TARIFF PREFERENCE LEVEL PROGRAM FOR  
11 IMPORTS OF APPAREL ARTICLES FROM NICA-  
12 RAGUA.—The term “tariff preference level program  
13 for imports of apparel articles from Nicaragua” re-  
14 fers to the preferential tariff treatment for nonorigi-  
15 nating apparel goods of Nicaragua established pur-  
16 suant to Article 3.28 of the Dominican Republic-  
17 Central America-United States Free Trade Agree-  
18 ment and the letters described in subparagraphs (A)  
19 and (B) of section 1634(a)(2) of the Miscellaneous  
20 Trade and Technical Corrections Act of 2006 (title  
21 XIV of Public Law 109–280; 120 Stat. 1167).

22           (e) EFFECTIVE PERIOD.—Duty-free treatment under  
23 this section shall be in effect for the 10-year period begin-  
24 ning on January 1, 2015.

○