

NOTIFICATION TO ADD IRAQ TO THE LIST OF COUNTRIES UNDER THE GENERALIZED SYSTEM OF PREFERENCES (GSP)

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

NOTIFICATION OF HIS INTENTION TO DESIGNATE IRAQ AS A BENEFICIARY DEVELOPING COUNTRY UNDER THE GENERALIZED SYSTEM OF PREFERENCES (GSP) ANY SUCH DESIGNATION, PURSUANT TO PUB. L. 104-188, SEC. 1952(a) (110 STAT. 1917)



SEPTEMBER 8, 2004.—Referred to the Committee on Ways and Means and ordered to be printed

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To the Congress of the United States:

Pursuant to section 502(f) of the Trade Act of 1974, as amended (the “1974 Act”), I am writing to inform you of my intent to designate Iraq as a beneficiary developing country for purposes of the Generalized System of Preferences (GSP).

I have considered the criteria set forth in sections 501 and 502 of the 1974 Act. In light of these criteria, I have determined that it is appropriate to extend GSP benefits to Iraq.

GEORGE W. BUSH.

THE WHITE HOUSE, *September 7, 2004.*

TO MODIFY THE GENERALIZED SYSTEM OF PREFERENCES, AND FOR
OTHER PURPOSES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

1. Pursuant to sections 501 and 502(a)(1) of Title V of the Trade Act of 1974, as amended (the “1974 Act”) (19 U.S.C. 2461, 2462(a)(1)), the President is authorized to designate countries as beneficiary developing countries for purposes of the Generalized System of Preferences (GSP).

2. Pursuant to section 503(d) of the 1974 Act (19 U.S.C. 2463(d)), the President may waive the application of the competitive need limitations in section 503(c)(2)(A) (19 U.S.C. 2463(c)(2)(A)) with respect to any eligible article from any beneficiary developing country if certain conditions are met.

3. Pursuant to section 503(d)(5) of the 1974 Act (19 U.S.C. 2463(d)(5)), any waiver granted under section 503(d) shall remain in effect until the President determines that such waiver is no longer warranted due to changed circumstances.

4. Section 7(a) of the AGOA Acceleration Act of 2004 (Public Law 108–274) (“AGOA Acceleration Act”) amended section 506A of the GSP (19 U.S.C. 2466a) to provide certain benefits to any country designated as a beneficiary sub-Saharan African country under section 506A(a) of the GSP that becomes a party to a free trade agreement with the United States, and amended section 506B of the GSP (19 U.S.C. 2466b) to extend the period during which preferential treatment may be accorded to such countries.

5. Section 7(b) through (f) of the AGOA Acceleration Act amended section 112 of the African Growth and Opportunity Act (Title I of the Trade and Development Act of 2000, Public Law 106–200) (AGOA) (19 U.S.C. 3721) to modify the type and quantity of textile and apparel articles eligible for the preferential treatment now accorded to designated beneficiary sub-Saharan African countries, and to provide certain benefits to any such country that becomes a party to a free trade agreement with the United States.

6. On December 17, 1992, the Governments of Canada, Mexico, and the United States entered into the North American Free Trade Agreement (NAFTA). The Congress approved the NAFTA in section 101(a) of the North American Free Trade Agreement Implementation Act (the “NAFTA Implementation Act”) (19 U.S.C. 3311(a)), and the President implemented the tariff provisions of the NAFTA with respect to the United States in Proclamation 6641 of December 15, 1993.

7. Section 201(a) of the NAFTA Implementation Act (19 U.S.C. 3331(a)) authorizes the President to proclaim such duty modifica-

tions as the President may determine to be necessary or appropriate to carry out or apply, among other provisions, Article 308 and Annex 308.1 of the NAFTA.

8. NAFTA Article 308 and Annex 308.1 provide for each NAFTA Party to eliminate or reduce normal trade relations (most-favored-nation) rates of duty on certain automatic data processing machinery and parts, and set the terms under which such goods shall be considered originating goods under the NAFTA when imported from the territory of a NAFTA Party.

9. Pursuant to sections 501 and 502(a)(1) of the 1974 Act, and having due regard for the factors set forth in section 501 of the 1974 Act and taking into account the factors set forth in section 502(c) of the 1974 Act (19 U.S.C. 2462(c)), I have decided to designate Iraq as a beneficiary developing country for purposes of the GSP.

10. Pursuant to section 503(d)(5) of the 1974 Act, I have determined that a previously granted waiver of the competitive need limitations of section 503(c)(2)(A) is no longer warranted due to changed circumstances.

11. In order to implement the tariff treatment provided under section 7 of the AGOA Acceleration Act, it is necessary to modify the Harmonized Tariff Schedule of the United States (HTS).

12. I have determined that each NAFTA Party has eliminated or reduced its normal trade relations (most-favored-nation) rates of duty applicable to the goods enumerated in Table 308.1.1 of NAFTA Annex 308.1 to the levels prescribed in that Table. Annex 308.1 provides for those goods to be originating goods under the NAFTA when imported from Canada or Mexico.

13. Pursuant to section 201(a) of the NAFTA Implementation Act, I have determined that the modifications to the HTS hereinafter proclaimed concerning goods considered to be originating when imported from the territory of a NAFTA Party are necessary and appropriate to carry out or apply Article 308 and Annex 308.1 of the NAFTA.

14. Section 604 of the 1974 Act, as amended (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, GEORGE W. BUSH, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States of America, including but not limited to Title V and section 604 of the 1974 Trade Act, section 112 of the AGOA, and section 201(a) of the NAFTA Implementation Act, do proclaim that:

(1) Iraq is designated as a beneficiary developing country for purposes of the GSP, effective 15 days after the date of this proclamation.

(2) In order to reflect this designation in the HTS, general note 4(a) to the HTS is modified by adding "Iraq" to the list entitled "Independent Countries", effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after 15 days after the date of this proclamation.

(3) In order to provide that a country no longer be treated as a beneficiary developing country with respect to an eligible article for purposes of the GSP, general note 4(d) to the HTS is modified as provided in section 1 of Annex I.

(4) In order to withdraw preferential tariff treatment under the GSP for a certain article imported from a certain beneficiary developing country, the Rates of Duty 1-Special subcolumn for such HTS subheading is modified as provided for in section 2 of Annex I to this proclamation.

(5) The waiver of the application of section 503(c)(2)(A) of the 1974 Act to the article in the HTS subheading and to the beneficiary developing country listed in section 3 of Annex I to this proclamation is revoked.

(6) In order to provide for the preferential treatment provided for in section 506A and 506B of the GSP, as amended by section 7(a) of the AGOA Acceleration Act, and section 112 of the AGOA, as amended by sections 7(b) through (f) of the AGOA Acceleration Act, the HTS is modified as provided in Annex II to this proclamation.

(7) In order to implement Article 308 and Annex 308.1 of the NAFTA for certain automatic data processing machinery and parts imported from Canada and Mexico, the HTS is modified as provided in Annex III to this proclamation.

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

(9) The modifications made by and action taken in Annex I to this proclamation shall be effective with respect to eligible articles entered, or withdrawn from warehouse for consumption, on or after 60 days after the date of this proclamation.

(10) The modifications made by Annex II shall be effective with respect to eligible articles entered, or withdrawn from warehouse for consumption, on or after July 13, 2004, except that the modifications made by section 4(A) relating to increases in the quantity of certain articles eligible for duty-free treatment shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the dates provided in that section.

(11) The modifications made by Annex III shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after January 1, 2003.

IN WITNESS WHEREOF, I have hereunto set my hand this seventh day of September, in the year of our Lord two thousand four, and of the Independence of the United States of America the two hundred and twenty-ninth.

GEORGE W. BUSH.

ANNEX I

Effective with respect to articles entered, or withdrawn from
warehouse for consumption, on or after the sixtieth day after the
date of this proclamation:

Section 1. General note 4(d) to the HTS is modified by adding,
in numerical sequence, the following subheading and country set
out opposite it:

<u>HTS</u> <u>Subheading</u>	<u>Country</u>
8108.90.60	Russia

Section 2. The preferential tariff treatment under the GSP in
the HTS is modified as follows: for subheading 8108.90.60, the
Rates of Duty 1-Special subcolumn is modified by deleting the
symbol "A" and inserting an "A*" in lieu thereof.

Section 3. The waiver of the application of section 503(c)(2)(A)
of the 1974 Act is revoked for the following subheading and
country set out opposite it:

<u>HTS</u> <u>Subheading</u>	<u>Country</u>
8108.90.60	Russia

ANNEX II

Effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after July 13, 2004, the HTS is hereby modified as follows:

Section 1. General note 16(b)(ii)(A) is modified by inserting after "African countries" the phrase "or former beneficiary sub-Saharan African countries" and by adding in numerical sequence the following new subdivision (b)(iii):

"(iii) For purposes of subdivision (ii)(A) above, a "former beneficiary sub-Saharan African country" is a country that, after being designated as a beneficiary sub-Saharan African country under the AGOA and enumerated in subdivision (a) of this note, ceased to be designated as such a country by reason of its entering into a free trade agreement with the United States."

Section 2. General note 16(c) is modified by striking "2008" and by inserting in lieu thereof "2015".

Section 3. U.S. note 7 to subchapter II of chapter 98 is modified by deleting "United States (including" and by inserting in lieu thereof "United States, or both (including".

Section 4. Subchapter XIX of chapter 98 is modified as set forth below:

A. U.S. note 2 is modified as follows:

(i) by inserting at the end of the text of subdivision (a) the following sentence:

"Such imports of apparel articles under subheading 9819.11.09 during each of the one-year periods beginning on October 1, 2001, and October 1, 2002, to an aggregate quantity not to exceed 1.7857 percent and 4.2414 percent, respectively, of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available.";

(ii) by deleting the first sentence of subdivision (b) of such U.S. note 2 and the tabulation immediately following it and by inserting the following new sentence and tabulation in lieu thereof:

"(b) Such imports of apparel articles under subheading 9819.11.09 shall be limited, in each of the one-year periods beginning on October 1, 2003, to an aggregate quantity not to exceed the applicable percentage set forth herein of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available:

<u>12-Month Period</u>	<u>Applicable Percentage</u>
October 1, 2003 through September 30, 2004	4.747
October 1, 2004 through September 30, 2005	5.310
October 1, 2005 through September 30, 2006	5.873
October 1, 2006 through September 30, 2007	6.436
October 1, 2007 through September 30, 2008 and each subsequent 12-month period through the period October 1, 2014 through September 30, 2015	7.0*

(iii) by striking from the second sentence of such subdivision (b) the language "and October 1, 2003," and by inserting in lieu thereof "through October 1, 2006," and by adding at the end of the immediately following tabulation the following 12-month periods and applicable percentages:

<u>[12-month Period]</u>	<u>[Applicable Percentage]</u>
*October 1, 2004 through September 30, 2005	2.6428
October 1, 2005 through September 30, 2006	2.9285
October 1, 2006 through September 30, 2007	1.6071*

and

(iv) by inserting in alphabetical sequence the following new subdivision:

"(e) For purposes of subheading 9819.11.09, an apparel article imported thereunder may contain fabrics, fabric component: formed, or components knit-to-shape that are specified as being of a type required in the apparel articles of subheadings 9819.11.03 or 9819.11.06."

B. U.S. note 3 is modified as set forth below:

(i) by striking the period at the end of subdivision (a)(iii), by inserting in lieu thereof "; or" and by inserting the following new subdivision (iv) in sequence:

"(iv) any of the following components that do not meet the requirements set forth in the provisions of this subchapter: any collars or cuffs (the foregoing cut or knit-to-shape), drawstrings, shoulder pads or other padding, waistbands, belt attached to the article, straps containing elastic, or elbow patches.";

(ii) by striking from subdivision (a)(iii) the language "7 percent" and by inserting in lieu thereof "10 percent"; and

(iii) by adding in numerical sequence the following new subdivision (d):

- "(d) For purposes of this subchapter, a "former beneficiary sub-Saharan African country" is a country that, after being designated as a beneficiary sub-Saharan African country under the AGOA and enumerated in subdivision (a) of this note, ceased to be designated as such a country by reason of its entering into a free trade agreement with the United States."

C. U.S. note 4 is modified by designating the existing sentence as subdivision (a) and by inserting the following new subdivision (b):

- "(b) For purposes of such subheading, the phrase "ethnic printed fabrics" refers to fabrics that are--
 - (i) containing a selvage on both edges, having a width of less than 50 inches, classifiable under subheading 5208.52.30 or 5208.52.40 of the tariff schedule;
 - (ii) of the type that contains designs, symbols and other characteristics of African prints--
 - (A) normally produced for and sold on the indigenous African market, and
 - (B) normally sold in Africa by the piece as opposed to being tailored into garments before being sold in indigenous African markets;
 - (iii) printed, including waxed, in one or more eligible beneficiary sub-Saharan countries; and
 - (iv) formed in the United States, from yarns formed in the United States, or from fabric formed in one or more beneficiary sub-Saharan African countries from yarn originating in either the United States or one or more beneficiary sub-Saharan African countries."

D. The article description of subheading 9819.11.03 is modified by striking "United States (including" and by inserting in lieu thereof "United States, or both (including".

E. The article description of subheading 9819.11.09 is modified as set forth below:

- (i) by striking each occurrence of the phrase "either the United States or one or more such countries" and by inserting in lieu thereof the phrase "in the United States or one or more such countries or former beneficiary sub-Saharan African countries (as defined in U.S. note 3(d) to this subchapter), or both"; and
- (ii) by deleting "countries, subject" and by inserting in lieu thereof the following:

"countries, whether or not the apparel articles are also made from any of the fabrics, fabric components formed, or components knit-

to-shape described in U.S. note 2(e) to this subchapter (unless the apparel articles are made exclusively from any of the fabrics, fabric components formed, or components knit-to-shape described in such U.S. note 2(e)), subject".

F. The article description of subheading 9819.11.12 is modified by striking "2004" and by inserting in lieu thereof "2007".

G. The article description of subheading 9819.11.21 is modified by striking all of the text starting with the word "countries" and by inserting in lieu thereof the following:

"countries, to the extent that apparel articles of such fabrics or yarns would be eligible for the tariff treatment provided in general note 12 to the tariff schedule, without regard to the source of the fabrics or yarns".

H. The article description of subheading 9819.11.27 is modified by striking "handmade or folklore textile and apparel goods" and by inserting in lieu thereof "handmade, folklore articles or ethnic printed fabrics".

I. The article description of subheading 9819.11.30 is modified by inserting after each occurrence of the phrase "and in one or more such countries" the language "or former beneficiary sub-Saharan African countries (as defined in U.S. note 3(d) to this subchapter)".

ANNEX III

Effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after January 1, 2003, general note 12 to the HTS is hereby modified as follows:

1. Subdivision (a)(i) is modified by inserting after "marked)," the expression "and goods enumerated in subdivision (u) of this note,"; and subdivision (a)(ii) is modified by inserting after "marked)," the expression "and goods enumerated in subdivision (u) of this note,".

2. Subdivision (b) of such note is modified by:

(a) deleting the period at the end of subdivision (iv) and by inserting in lieu thereof "; or", and

(b) inserting immediately below such subdivision (iv) the following new subdivision:

"(v) they are goods enumerated in subdivision (u) of this note and meet all other requirements of this note."

3. The following new subdivision is inserted at the end of such general note 12:

"(u) Goods that shall be considered originating goods. For the purposes of subdivision (b)(v) of this note, notwithstanding the provisions of subdivision (t) above, the automatic data processing machines, automatic data processing units and parts of the foregoing that are classifiable in the tariff provisions enumerated in the first column and are described opposite such provisions, when the foregoing are imported into the customs territory of the United States from the territory of Canada or of Mexico, shall be considered originating goods for the purposes of this note:

	<u>Provisions</u>	<u>Description</u>
(1)	8471.10.00, 8471.30.00, 8471.41.00	Automatic data processing machines
(2)	8471.49.10, 8471.50.00	Digital processing units
(3)	8471.49.15, 8471.60.10	Combined input/output units
(4)	8471.49.24, 8471.49.29, 8471.60.30, 8471.60.45	Display units
(5)	8471.49.21, 8471.49.42, 8471.49.48, 8471.60.20, 8471.60.70, 8471.60.80, 8471.60.90	Other input or output units
(6)	8471.49.50, 8471.70	Storage units
(7)	8471.49.60, 8471.49.85, 8471.49.95, 8471.80.10,	Other units of automatic data processing machines

- 8471.80.40, 8471.80.90,
- (8) 8473.30 Parts of automatic data
 processing machines and units
 thereof
- (9) 8471.49.70, 8504.40.60, Power supplies for automatic
8504.40.70 data processing machines
- (10) 8504.90.20, 8504.90.40 Parts of power supplies for
 automatic data processing
 machines