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1ST SESSION

H. R. 1403

To ensure that the Caribbean Basin Initiative is not adversely affected by the implementation of the North American Free Trade Agreement and to apply “fast track” approval procedures to free trade agreements entered into between the United States and certain Caribbean Basin countries.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1993

Mr. GIBBONS (for himself, Mr. PICKLE, Mr. CRANE, and Mr. RANGEL) introduced the following bill; which was referred jointly to the Committees on Ways and Means and Rules

JUNE 23, 1993

Additional sponsors: Ms. MCKINNEY and Mr. MFUME

A BILL

To ensure that the Caribbean Basin Initiative is not adversely affected by the implementation of the North American Free Trade Agreement and to apply “fast track” approval procedures to free trade agreements entered into between the United States and certain Caribbean Basin countries.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Caribbean Basin Free
3 Trade Agreements Act”.

4 **SEC. 2. CONGRESSIONAL FINDINGS.**

5 The Congress finds that the continuation and
6 strengthening of the commitment of the United States, as
7 expressed by the enactment of the Caribbean Basin Eco-
8 nomic Recovery Act and the Caribbean Basin Economic
9 Recovery Expansion Act of 1990, to the successful devel-
10 opment of the Caribbean region requires the enactment
11 of provisions—

12 (1) to encourage the continuation of structural
13 reform efforts by Caribbean countries toward market
14 economies and trade liberalization;

15 (2) to preserve existing economic advantages
16 under the Caribbean Basin Initiative program and
17 avoid the potential diversion of investment from ben-
18 eficiary countries under the program to Mexico as a
19 result of the North American Free Trade Agree-
20 ment;

21 (3) to maintain and increase trade benefits
22 under the Caribbean Basin Initiative program in
23 order to promote further economic development and
24 political stability in beneficiary countries and to ex-
25 pand United States export opportunities in the Car-
26ibbean region; and

1 (4) to encourage and create further economic
2 integration in the Western Hemisphere through free
3 trade arrangements that provide United States busi-
4 ness and labor reciprocal benefits through the re-
5 moval of barriers to trade and investment in goods
6 and services on a mutually advantageous basis.

7 **TITLE I—RELATIONSHIP OF**
8 **NAFTA IMPLEMENTATION TO**
9 **THE OPERATION OF THE CAR-**
10 **IBBEAN BASIN INITIATIVE**

11 **SEC. 101. TEMPORARY PROVISIONS TO PROVIDE NAFTA**
12 **PARITY TO BENEFICIARY COUNTRY ECONO-**
13 **MIES.**

14 (a) TEMPORARY PROVISIONS.—Section 213(b) of the
15 Caribbean Basin Economic Recovery Act (19 U.S.C.
16 2703(b)) is amended to read as follows:

17 “(b) IMPORT-SENSITIVE ARTICLES.—

18 “(1) IN GENERAL.—Subject to paragraphs (2)
19 through (5), the duty-free treatment provided under
20 this title does not apply to—

21 “(A) textile and apparel articles which are
22 subject to textile agreements;

23 “(B) footwear not designated at the time
24 of the effective date of this title as eligible arti-
25 cles for the purpose of the generalized system

1 of preferences under title V of the Trade Act of
2 1974;

3 “(C) tuna, prepared or preserved in any
4 manner, in airtight containers;

5 “(D) petroleum, or any product derived
6 from petroleum, provided for in headings 2709
7 and 2710 of the Harmonized Tariff Schedule of
8 the United States;

9 “(E) watches and watch parts (including
10 cases, bracelets and straps), of whatever type
11 including, but not limited to, mechanical, quartz
12 digital or quartz analog, if such watches or
13 watch parts contain any material which is the
14 product of any country with respect to which
15 HTS column 2 rates of duty apply; or

16 “(F) articles to which reduced rates of
17 duty apply under subsection (h).

18 “(2) NAFTA TRANSITION PERIOD TREATMENT
19 OF CERTAIN TEXTILE AND APPAREL ARTICLES.—

20 “(A) EQUIVALENT TARIFF AND QUOTA
21 TREATMENT.—During the transition period—

22 “(i) the tariff treatment accorded at
23 any time to any textile or apparel article
24 that originates in the territory of a bene-
25 ficiary country shall be identical to the tar-

1 iff treatment that is accorded during such
2 time under section 2 of the Annex to a like
3 article that originates in the territory of
4 Mexico and is imported into the United
5 States;

6 “(ii) duty-free treatment under this
7 title shall apply to any textile or apparel
8 article of a beneficiary country that is im-
9 ported into the United States and that—

10 “(I) meets the same require-
11 ments (other than assembly in Mex-
12 ico) as those specified in Appendix 2.4
13 of the Annex (relating to goods as-
14 sembled from fabric wholly formed
15 and cut in the United States) for the
16 duty free entry of a like article assem-
17 bled in Mexico; or

18 “(II) is identified under subpara-
19 graph (C) as a handloomed, hand-
20 made, or folklore article of such coun-
21 try and is certified as such by the
22 competent authority of such country;
23 and

24 “(iii) no quantitative restriction or
25 consultation level may be applied to the

1 importation into the United States of any
2 textile or apparel article that—

3 “(I) originates in the territory of
4 a beneficiary country,

5 “(II) meets the same require-
6 ments (other than assembly in Mex-
7 ico) as those specified in Appendix
8 3.1.B.10 of the Annex (relating to
9 goods assembled from fabric wholly
10 formed and cut in the United States)
11 for the exemption of a like article as-
12 sembled in Mexico from United States
13 quantitative restrictions and consulta-
14 tion levels, or

15 “(III) qualifies for duty-free
16 treatment under clause (ii)(II).

17 “(B) NAFTA TRANSITION PERIOD TREAT-
18 MENT OF NONORIGINATING TEXTILE AND AP-
19 PAREL ARTICLES.—

20 “(i) PREFERENTIAL TARIFF TREAT-
21 MENT.—Subject to clause (ii), the United
22 States Trade Representative may place in
23 effect at any time during the transition pe-
24 riod with respect to any textile or apparel
25 article that—

1 “(I) is a product of a beneficiary
2 country; but

3 “(II) does not qualify as a good
4 that originates in the territory of that
5 country;

6 tariff treatment that is identical to the
7 preferential tariff treatment that is ac-
8 corded during such time under Appendix
9 6.B of the Annex to a like article that is
10 a product of Mexico and imported into the
11 United States.

12 “(ii) PRIOR CONSULTATION.—The
13 United States Trade Representative may
14 implement the preferential tariff treatment
15 described in clause (i) only after consulta-
16 tion with representatives of the United
17 States textile and apparel industry and
18 other interested parties regarding—

19 “(I) the specific articles to which
20 such treatment will be extended,

21 “(II) the annual quantity levels
22 to be applied under such treatment
23 and any adjustment to such levels,

24 “(III) the allocation of such an-
25 nual quantities among the beneficiary

1 countries that export the articles con-
2 cerned to the United States, and

3 “(IV) any other applicable provi-
4 sion.

5 “(iii) ADJUSTMENT OF CERTAIN BI-
6 LATERAL TEXTILE AGREEMENTS.—The
7 United States Trade Representative shall
8 undertake negotiations for purposes of
9 seeking appropriate reductions in the
10 quantities of textile and apparel articles
11 that are permitted to be imported into the
12 United States under bilateral agreements
13 with beneficiary countries in order to re-
14 flect the quantities of textile and apparel
15 articles of each respective country that are
16 exempt from quota treatment by reason of
17 paragraph (2)(A)(iii).

18 “(C) HANDLOOMED, HANDMADE, AND
19 FOLKLORE ARTICLES.—For purposes of sub-
20 paragraph (A), the United States Trade Rep-
21 resentative shall consult with representatives of
22 the beneficiary country for the purpose of iden-
23 tifying particular textile and apparel goods that
24 are mutually agreed upon as being handloomed,
25 handmade, or folklore goods of a kind described

1 in section 2.3(a), (b), or (c) or Appendix
2 3.1.B.11 of the Annex.

3 “(D) BILATERAL EMERGENCY ACTIONS.—

4 The President may take—

5 “(i) bilateral emergency tariff actions
6 of a kind described in section 4 of the
7 Annex with respect to any textile or ap-
8 parel article imported from a beneficiary
9 country if the application of tariff treat-
10 ment under subparagraph (A) to such arti-
11 cle results in conditions that would be
12 cause for the taking of such actions under
13 such section 4 with respect to a like article
14 that is a product of Mexico; or

15 “(ii) bilateral emergency quantitative
16 restriction actions of a kind described in
17 section 5 of the Annex with respect to im-
18 ports of any textile or apparel article de-
19 scribed in subparagraph (B)(i)(I) and (II)
20 if the importation of such article into the
21 United States results in conditions that
22 would be cause for the taking of such ac-
23 tions under such section 5 with respect to
24 a like article that is a product of Mexico.

1 “(3) NAFTA TRANSITION PERIOD TREATMENT
2 OF CERTAIN OTHER ARTICLES ORIGINATING IN BEN-
3 EFICIARY COUNTRIES.—

4 “(A) EQUIVALENT TARIFF TREATMENT.—

5 “(i) IN GENERAL.—Subject to clause
6 (ii), the tariff treatment accorded at any
7 time during the transition period to any
8 article referred to in any of subparagraphs
9 (B) through (F) of paragraph (1) that
10 originates in the territory of a beneficiary
11 country shall be identical to the tariff
12 treatment that is accorded during such
13 time under Annex 302.2 of the NAFTA to
14 a like article that originates in the terri-
15 tory of Mexico and is imported into the
16 United States. Such articles shall be sub-
17 ject to the provisions for emergency action
18 under chapter 8 of part two of the NAFTA
19 to the same extent as if such articles were
20 imported from Mexico.

21 “(ii) EXCEPTION.—Clause (i) does not
22 apply to any article accorded duty-free
23 treatment under U.S. Note 2(b) to sub-
24 chapter II of chapter 98 of the Har-

1 monized Tariff Schedule of the United
2 States.

3 “(B) RELATIONSHIP TO SUBSECTION (h)
4 DUTY REDUCTIONS.—If at any time during the
5 transition period the rate of duty that would
6 (but for action taken under subparagraph (A)(i)
7 in regard to such period) apply with respect to
8 any article under subsection (h) is a rate of
9 duty that is lower than the rate of duty result-
10 ing from such action, then such lower rate of
11 duty shall be applied for the purposes of imple-
12 menting such action.

13 “(4) CUSTOMS PROCEDURES.—The provisions
14 of chapter 5 of part two of the NAFTA regarding
15 customs procedures apply to importations under
16 paragraphs (2) and (3) of articles from beneficiary
17 countries.

18 “(5) DEFINITIONS.—As used in this sub-
19 section—

20 “(A) The term ‘the Annex’ means Annex
21 300-B of the NAFTA.

22 “(B) The term ‘NAFTA’ means the North
23 American Free Trade Agreement entered into
24 between the United States, Mexico, and Canada
25 on December 17, 1992.

1 “(C) The term ‘textile or apparel article’
2 means any article referred to in paragraph
3 (1)(A) that is a good listed in Appendix 1.1 of
4 the Annex.

5 “(D) The term ‘transition period’ means,
6 with respect to a beneficiary country, the period
7 that begins on the date that the NAFTA enters
8 into force with respect to the United States;
9 and ends on the earlier of—

10 “(i) the date that is the 3rd anniver-
11 sary of the date on which the NAFTA en-
12 ters into force; or

13 “(ii) the date on which—

14 “(I) there enters into force with
15 respect to the United States a trade
16 agreement entered into under the au-
17 thority of section 202(a) of the Carib-
18 bean Basin Free Trade Agreements
19 Act and to which the beneficiary coun-
20 try is a party, or

21 “(II) the beneficiary country ac-
22 cedes to the NAFTA.

23 “(E) An article shall be treated as having
24 originated in the territory of a beneficiary coun-
25 try if the article meets the rules of origin for

1 a good set forth in chapter 4 of part two of the
2 NAFTA or in Appendix 6.A of the Annex. In
3 applying such chapter 4 or Appendix 6.A with
4 respect to a beneficiary country for purposes of
5 this subsection, no countries other than the
6 United States and beneficiary countries may be
7 treated as being Parties to the NAFTA.”.

8 (b) CONFORMING AMENDMENTS.—The Caribbean
9 Basin Economic Recovery Act is further amended—

10 (1) by amending section 212(e)(1)(B) to read
11 as follows:

12 “(B) withdraw, suspend, or limit the appli-
13 cation of the duty-free treatment under this
14 subtitle, and the tariff and preferential tariff
15 treatment under section 213(b)(2) and (3), to
16 any article of any country,”; and

17 (2) by inserting “and except as provided in sec-
18 tion 213(b)(2) and (3),” after “Tax Reform Act of
19 1986,” in section 213(a)(1).

20 **SEC. 102. EFFECT OF NAFTA ON SUGAR IMPORTS FROM**
21 **BENEFICIARY COUNTRIES.**

22 The President shall monitor the effects, if any, that
23 the implementation of the North American Free Trade
24 Agreement has on the access of beneficiary countries
25 under the Caribbean Basin Economic Recovery Act to the

1 United States market for sugars, syrups, and molasses.
2 If the President considers that the implementation of the
3 Agreement is affecting, or will likely affect, in an adverse
4 manner the access of such countries to the United States
5 market, the President shall promptly—

6 (1) take such actions, after consulting with in-
7 terested parties and with the appropriate committees
8 of the House of Representatives and the Senate; or

9 (2) propose to the Congress such legislative ac-
10 tions;

11 as may be necessary or appropriate to ameliorate such ad-
12 verse effect.

13 **TITLE II—CARIBBEAN BASIN**
14 **FREE TRADE AGREEMENTS**

15 **SEC. 201. TRADE AGREEMENT FEASIBILITY AND OBJEC-**
16 **TIVES.**

17 As soon as practicable, the United States Trade Rep-
18 resentative shall determine the desirability and feasibility
19 of, and a likely timetable for, any country that is a bene-
20 ficiary country for purposes of the Caribbean Basin Eco-
21 nomic Recovery Act, or a group of such beneficiary coun-
22 tries, either—

23 (1) acceding to—

1 (A) the North American Free Trade
2 Agreement pursuant to Article 2204 of such
3 Agreement, and

4 (B) as appropriate, supplemental agree-
5 ments pertaining to environmental, labor, and
6 import issues; or

7 (2) entering into comprehensive bilateral or
8 multilateral agreements with the United States that
9 contain provisions that—

10 (A) are comparable to the provisions of the
11 North American Free Trade Agreement and, as
12 appropriate, to the provisions of supplemental
13 agreements pertaining to environmental, labor,
14 and import issues, and

15 (B) will achieve the applicable purposes,
16 policies, and objectives set forth in section
17 212(b) and (c) of the Caribbean Basin Eco-
18 nomic Recovery Act and section 1101 of the
19 Omnibus Trade and Competitiveness Act of
20 1988.

21 The United States Trade Representative shall consult with
22 the Committee on Ways and Means of the House of Rep-
23 resentatives and the Committee on Finance of the Senate
24 regarding the determinations made under this section.

1 **SEC. 202. TRADE AGREEMENT NEGOTIATING AUTHORITY.**

2 (a) IN GENERAL.—

3 (1) EFFECTIVE PERIOD OF AUTHORITY.—Be-
4 fore June 1, 1996, the President may enter into
5 trade agreements with one or more beneficiary coun-
6 tries under the Caribbean Basin Economic Recovery
7 Act providing for the elimination or reduction of any
8 duty imposed by the United States and for the re-
9 duction or elimination of barriers to, or other distor-
10 tions of, the international trade of the beneficiary
11 countries or the United States, if each such agree-
12 ment would comply with section 201(2).

13 (2) LIMITATION.—Notwithstanding any other
14 provision of law, no trade benefit shall be extended
15 to any country by reason of the extension of any
16 trade benefit to another country under a trade
17 agreement entered into under paragraph (1) with
18 such other country.

19 (b) CONSULTATION WITH CONGRESS BEFORE
20 AGREEMENTS ENTERED INTO.—

21 (1) Before the President enters into any trade
22 agreement under subsection (a), the President shall
23 consult with—

24 (A) the Committee on Ways and Means of
25 the House of Representatives and the Commit-
26 tee on Finance of the Senate; and

1 (B) each other committee of the House
2 and the Senate, and each joint committee of the
3 Congress, which has jurisdiction over legislation
4 involving subject matters which would be af-
5 fected by the trade agreement.

6 (2) The consultation under paragraph (1) shall
7 include—

8 (A) the nature of the agreement;

9 (B) how and to what extent the agreement
10 will achieve the applicable purposes, policies,
11 and objectives of this title; and

12 (C) all matters relating to the implementa-
13 tion of the agreement under section 203.

14 (3) If it is proposed to implement two or more
15 trade agreements in a single implementing bill under
16 section 203(a), the consultation under paragraph (1)
17 shall include the desirability and feasibility of such
18 proposed implementation.

19 **SEC. 203. IMPLEMENTATION OF TRADE AGREEMENTS.**

20 (a) IN GENERAL.—

21 (1) REQUIREMENTS FOR ENTERING INTO
22 FORCE.—Any agreement entered into under section
23 202(a) shall enter into force with respect to the
24 United States if (and only if)—

1 (A) the President, at least 90 calendar
2 days before the day on which he enters into the
3 trade agreement, notifies the House of Rep-
4 resentatives and the Senate of his intention to
5 enter into the agreement, and promptly there-
6 after publishes notice of such intention in the
7 Federal Register;

8 (B) after entering into the agreement, the
9 President submits a document to the House of
10 Representatives and to the Senate containing a
11 copy of the final legal text of the agreement, to-
12 gether with—

13 (i) a draft of an implementing bill,

14 (ii) a statement of any administrative
15 action proposed to implement the trade
16 agreement, and

17 (iii) the supporting information de-
18 scribed in paragraph (2); and

19 (C) the implementing bill is enacted into
20 law.

21 (2) SUPPORTING INFORMATION.—The support-
22 ing information required under paragraph (1)(B)(iii)
23 consists of—

1 (A) an explanation as to how the imple-
2 menting bill and proposed administrative action
3 will change or affect existing law; and

4 (B) a statement—

5 (i) asserting that the agreement
6 makes progress in achieving the agreement
7 requirements set forth in section 201(2)(A)
8 and (B), and

9 (ii) setting forth the reasons of the
10 President regarding—

11 (I) how and to what extent the
12 agreement makes progress in achiev-
13 ing the agreement requirements set
14 forth in section 201(2)(A) or (B), and
15 why and to what extent the agreement
16 does not achieve other applicable pur-
17 poses, policies, and objectives,

18 (II) how the agreement serves
19 the interests of United States com-
20 merce, and

21 (III) why the implementing bill
22 and proposed administrative action is
23 required or appropriate to carry out
24 the agreement.

1 (3) APPLICATION.—To ensure that a foreign
2 country which receives benefits under a trade agree-
3 ment entered into under section 202(a) is subject to
4 the obligations imposed by such agreement, the
5 President shall recommend to Congress in the imple-
6 menting bill and statement of administrative action
7 submitted with respect to such agreement that the
8 benefits and obligations of such agreement apply
9 solely to the parties to such agreement, if such ap-
10 plication is consistent with the terms of such agree-
11 ment. The President may also recommend with re-
12 spect to any such agreement that the benefits and
13 obligations of such agreement not apply uniformly to
14 all parties to such agreement, if such application is
15 consistent with the terms of such agreement.

16 (b) APPLICATION OF CONGRESSIONAL “FAST
17 TRACK” PROCEDURES TO IMPLEMENTING BILLS.—The
18 provisions of section 151 of the Trade Act of 1974 (19
19 U.S.C. 2191) apply to implementing bills submitted with
20 respect to trade agreements entered into under section
21 202(a) before June 1, 1996.

22 (c) CONFORMING AMENDMENT.—Section 151(b)(1)
23 of the Trade Act of 1974 (19 U.S.C. 2191(b)(1)) is
24 amended by striking out “or section 1103(a)(1) of the
25 Omnibus Trade and Competitiveness Act of 1988” and in-

1 serring “, section 1103(a)(1) of the Omnibus Trade and
2 Competitiveness Act of 1988, and section 202(a) of the
3 Caribbean Basin Free Trade Agreements Act”.

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