

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 465

To ensure that the Caribbean Basin Initiative is not adversely affected by the implementation of the North American Free Trade Agreement and to authorize entry into free trade agreements between the United States and certain Caribbean Basin countries.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 11, 1995

Mr. GIBBONS introduced the following bill; which was referred to the  
Committee on Ways and Means

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## 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 authorize entry into free trade agreements 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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Caribbean Basin Free  
5       Trade Agreements Act”.

1 **SEC. 2. CONGRESSIONAL FINDINGS.**

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

9 (1) to encourage the continuation of structural  
10 reform efforts by Caribbean countries toward market  
11 economies and trade liberalization;

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

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

24 (4) to encourage and create further economic  
25 integration in the Western Hemisphere through free  
26 trade arrangements that provide United States busi-

1       ness and labor reciprocal benefits through the re-  
2       removal of barriers to trade and investment in goods  
3       and services on a mutually advantageous basis.

4       **TITLE     I—RELATIONSHIP     OF**  
5       **NAFTA IMPLEMENTATION TO**  
6       **THE OPERATION OF THE CAR-**  
7       **IBBEAN BASIN INITIATIVE**

8       **SEC. 101. TEMPORARY PROVISIONS TO PROVIDE NAFTA**  
9                               **PARITY TO BENEFICIARY COUNTRY ECONO-**  
10                              **MIES.**

11       (a) TEMPORARY PROVISIONS.—Section 213(b) of the  
12       Caribbean Basin Economic Recovery Act (19 U.S.C.  
13       2703(b)) is amended to read as follows:

14       “(b) IMPORT-SENSITIVE ARTICLES.—

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

18                       “(A) textile and apparel articles which are  
19       subject to textile agreements;

20                       “(B) footwear not designated at the time  
21       of the effective date of this title as eligible arti-  
22       cles for the purpose of the generalized system  
23       of preferences under title V of the Trade Act of  
24       1974;

1           “(C) tuna, prepared or preserved in any  
2 manner, in airtight containers;

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

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

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

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

18           “(A) EQUIVALENT TARIFF AND QUOTA  
19 TREATMENT.—During the transition period—

20           “(i) the tariff treatment accorded at  
21 any time to any textile or apparel article  
22 that originates in the territory of a bene-  
23 ficiary country shall be identical to the tar-  
24 iff treatment that is accorded during such  
25 time under section 2 of the Annex to a like

1 article that originates in the territory of  
2 Mexico and is imported into the United  
3 States;

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

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

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

22 “(iii) no quantitative restriction or  
23 consultation level may be applied to the  
24 importation into the United States of any  
25 textile or apparel article that—

1           “(I) originates in the territory of  
2 a beneficiary country,

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

13           “(III) qualifies for duty-free  
14 treatment under clause (ii)(II).

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

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

24           “(I) is a product of a beneficiary  
25 country; but

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

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

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

17 “(I) the specific articles to which  
18 such treatment will be extended,

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

22 “(III) the allocation of such an-  
23 nual quantities among the beneficiary  
24 countries that export the articles con-  
25 cerned to the United States, and

1                   “(IV) any other applicable provi-  
2                   sion.

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

16                  “(C) HANDLOOMED, HANDMADE, AND  
17                  FOLKLORE ARTICLES.—For purposes of sub-  
18                  paragraph (A), the United States Trade Rep-  
19                  resentative shall consult with representatives of  
20                  the beneficiary country for the purpose of iden-  
21                  tifying particular textile and apparel goods that  
22                  are mutually agreed upon as being handloomed,  
23                  handmade, or folklore goods of a kind described  
24                  in section 2.3 (a), (b), or (c) or Appendix  
25                  3.1.B.11 of the Annex.

1           “(D) BILATERAL EMERGENCY ACTIONS.—

2           The President may take—

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

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

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

1 “(A) EQUIVALENT TARIFF TREATMENT.—

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

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

24 “(B) RELATIONSHIP TO SUBSECTION (h)  
25 DUTY REDUCTIONS.—If at any time during the

1 transition period the rate of duty that would  
2 (but for action taken under subparagraph (A)(i)  
3 in regard to such period) apply with respect to  
4 any article under subsection (h) is a rate of  
5 duty that is lower than the rate of duty result-  
6 ing from such action, then such lower rate of  
7 duty shall be applied for the purposes of imple-  
8 menting such action.

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

14 “(5) DEFINITIONS.—As used in this sub-  
15 section—

16 “(A) The term ‘the Annex’ means Annex  
17 300-B of the NAFTA.

18 “(B) The term ‘NAFTA’ means the North  
19 American Free Trade Agreement entered into  
20 between the United States, Mexico, and Canada  
21 on December 17, 1992.

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

1           “(D) The term ‘transition period’ means,  
2 with respect to a beneficiary country, the period  
3 that begins on the date of the enactment of the  
4 Caribbean Basin Free Trade Agreements Act  
5 and ends on the earlier of—

6                   “(i) the date that is the 3rd anniver-  
7 sary of such date of enactment, or

8                   “(ii) the date on which—

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

16                           “(II) the beneficiary country ac-  
17 cedes to the NAFTA.

18           “(E) An article shall be treated as having  
19 originated in the territory of a beneficiary coun-  
20 try if the article meets the rules of origin for  
21 a good set forth in chapter 4 of part two of the  
22 NAFTA or in Appendix 6.A of the Annex. In  
23 applying such chapter 4 or Appendix 6.A with  
24 respect to a beneficiary country for purposes of  
25 this subsection, no countries other than the

1 United States and beneficiary countries may be  
2 treated as being Parties to the NAFTA.”.

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

5 (1) by amending section 212(e)(1)(B) to read  
6 as follows:

7 “(B) withdraw, suspend, or limit the appli-  
8 cation of the duty-free treatment under this  
9 subtitle, and the tariff and preferential tariff  
10 treatment under section 213(b) (2) and (3), to  
11 any article of any country,”; and

12 (2) by inserting “and except as provided in sec-  
13 tion 213(b) (2) and (3),” after “Tax Reform Act of  
14 1986,” in section 213(a)(1).

15 **SEC. 102. EFFECT OF NAFTA ON SUGAR IMPORTS FROM**  
16 **BENEFICIARY COUNTRIES.**

17 The President shall monitor the effects, if any, that  
18 the implementation of the North American Free Trade  
19 Agreement has on the access of beneficiary countries  
20 under the Caribbean Basin Economic Recovery Act to the  
21 United States market for sugars, syrups, and molasses.  
22 If the President considers that the implementation of the  
23 Agreement is affecting, or will likely affect, in an adverse  
24 manner the access of such countries to the United States  
25 market, the President shall promptly—

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

4 (2) propose to the Congress such legislative ac-  
5 tions;

6 as may be necessary or appropriate to ameliorate such ad-  
7 verse effect.

8 **TITLE II—CARIBBEAN BASIN**  
9 **FREE TRADE AGREEMENTS**

10 **SEC. 201. TRADE AGREEMENT FEASIBILITY AND OBJEC-**  
11 **TIVES.**

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

18 (1) acceding to—

19 (A) the North American Free Trade  
20 Agreement pursuant to Article 2204 of such  
21 Agreement, and

22 (B) as appropriate, supplemental agree-  
23 ments pertaining to environmental, labor, and  
24 import issues; or

1 (2) entering into comprehensive bilateral or  
2 multilateral agreements with the United States that  
3 contain provisions that—

4 (A) are comparable to the provisions of the  
5 North American Free Trade Agreement and, as  
6 appropriate, to the provisions of supplemental  
7 agreements pertaining to environmental, labor,  
8 and import issues, and

9 (B) will achieve the applicable purposes,  
10 policies, and objectives set forth in section 212  
11 (b) and (c) of the Caribbean Basin Economic  
12 Recovery Act and section 1101 of the Omnibus  
13 Trade and Competitiveness Act of 1988.

14 The United States Trade Representative shall consult with  
15 the Committee on Ways and Means of the House of Rep-  
16 resentatives and the Committee on Finance of the Senate  
17 regarding the determinations made under this section.

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

19 (a) IN GENERAL.—

20 (1) AUTHORITY TO ENTER INTO AGREE-  
21 MENTS.—The President may enter into trade agree-  
22 ments with one or more beneficiary countries under  
23 the Caribbean Basin Economic Recovery Act provid-  
24 ing for the elimination or reduction of any duty im-  
25 posed by the United States and for the reduction or

1 elimination of barriers to, or other distortions of, the  
2 international trade of the beneficiary countries or  
3 the United States, if each such agreement would  
4 comply with section 201.

5 (2) LIMITATION.—Notwithstanding any other  
6 provision of law, no trade benefit shall be extended  
7 to any country by reason of the extension of any  
8 trade benefit to another country under a trade  
9 agreement entered into under paragraph (1) with  
10 such other country.

11 (b) CONSULTATION WITH CONGRESS BEFORE  
12 AGREEMENTS ENTERED INTO.—

13 (1) Before the President enters into any trade  
14 agreement under subsection (a), the President shall  
15 consult with—

16 (A) the Committee on Ways and Means of  
17 the House of Representatives and the Commit-  
18 tee on Finance of the Senate; and

19 (B) each other committee of the House  
20 and the Senate, and each joint committee of the  
21 Congress, which has jurisdiction over legislation  
22 involving subject matters which would be af-  
23 fected by the trade agreement.

24 (2) The consultation under paragraph (1) shall  
25 include—

1 (A) the nature of the agreement;

2 (B) how and to what extent the agreement  
3 will achieve the applicable purposes, policies,  
4 and objectives of this title; and

5 (C) all matters relating to the implementa-  
6 tion of the agreement.

7 (3) If it is proposed to implement two or more  
8 trade agreements in a single implementing bill, the  
9 consultation under paragraph (1) shall include the  
10 desirability and feasibility of such proposed imple-  
11 mentation.

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HR 465 IH—2