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To provide a remedy to damaging imports of men's and boys' tailored wool apparel assembled in Canada from third country fabric and imported at preferential tariff rates.

IN THE SENATE OF THE UNITED STATES

JULY 23, 1996

Mr. HOLLINGS (for himself, Mr. THURMOND, Mr. ROBB, Mr. WARNER, Mr. ROCKEFELLER, Mr. D'AMATO, Mr. HELMS, Mr. FAIRCLOTH, Mr. COHEN, Ms. SNOWE, Mr. CAMPBELL, and Mr. FORD) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide a remedy to damaging imports of men's and boys' tailored wool apparel assembled in Canada from third country fabric and imported at preferential tariff rates.

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 "Emergency Safeguard
5 Act of 1996".

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

1 (1) men’s and boys’ wool suits (of United
2 States category 443), sport coats (of United States
3 category 433) and slacks (of United States category
4 447) (collectively, “tailored wool apparel”) from
5 Canada are being imported into the United States in
6 such increased quantities as to cause serious damage
7 to the domestic tailored wool apparel industry;

8 (2) the provision of safeguard procedures in
9 international trade agreements to deal with surges of
10 injurious imports has been a fundamental policy of
11 the United States Government for over sixty years;

12 (3) in a departure from this fundamental pol-
13 icy, the North American Free Trade Agreement
14 (“NAFTA”) deprives United States tailored wool
15 apparel manufacturers and their workers of any
16 remedy to address surges of injurious imports from
17 Canada, while all other United States, Canadian,
18 and Mexican industries and their workers can seek
19 some form of safeguard from injurious import
20 surges under NAFTA;

21 (4) United States tailored wool apparel manu-
22 facturers and their workers should be provided an
23 appropriate safeguard like all other United States
24 industries and their workers;

1 (5) since 1988, United States production of
2 men's and boys' wool suits has declined by over 40
3 percent and employment in the industry declined by
4 nearly 50 percent;

5 (6) four major and numerous smaller United
6 States producers of tailored wool apparel recently
7 went out of business, announced their intention to
8 go out of business, or declared bankruptcy;

9 (7) plants in States such as Alabama, Dela-
10 ware, Florida, Georgia, Maryland, Massachusetts,
11 New York, Pennsylvania, Tennessee, West Virginia
12 and Virginia have either been closed or are laying
13 off workers;

14 (8) the surging tailored wool apparel imports
15 are assembled in Canada from fabric produced in
16 Italy, Korea, Turkey and other countries and ex-
17 ported at a preferential rate of duty under a pro-
18 gram known as a Tariff Preference Level (TPL) for
19 nonoriginating goods that was first established as a
20 tariff preference in the United States-Canada Free
21 Trade Agreement ("CFTA") for Canadian exports
22 of wool apparel items;

23 (9) the tariff preference was designed for a lim-
24 ited purpose—to ensure that Canadian producers of
25 wool apparel traditionally exported to the United

1 States (which included only a small amount of tai-
2 lored wool apparel) had access to an adequate supply
3 of wool fabric, not for the wholesale circumvention
4 of the rule of origin contained in the agreement;

5 (10) high-quality wool fabrics are readily avail-
6 able to apparel producers in Canada in sufficient
7 quantities from Canadian and United States produc-
8 ers;

9 (11) in recognition of the tariff preference's
10 short supply purpose, the CFTA provided for mon-
11 itoring of wool apparel imports "with a view to ad-
12 justing the annual quality limitations at the request
13 of either Party based on the ability of apparel pro-
14 ducers to obtain supplies of particular fabrics origi-
15 nating within the territories of the Parties";

16 (12) the CFTA also required renegotiation of
17 the tariff preference before January 1, 1998, "to re-
18 flect current conditions in the textile and apparel in-
19 dustries located within the territories of the Parties,
20 including the ability of such apparel producers to ob-
21 tain supplies of particular fabrics originating within
22 the territories of the Parties";

23 (13) the NAFTA deleted the CFTA's monitor-
24 ing and renegotiation provisions and excluded tai-

1 lored wool apparel from the safeguard mechanisms
2 established to deal with surges of injurious imports;

3 (14) prior to implementation of the CFTA,
4 Canada accounted for no more than 5 percent of
5 United States imports of men's and boys' wool suits;
6 by 1995, as a result of the TPL, Canada had be-
7 come the largest exporter of men's and boys' wool
8 suits to the United States, accounting for 24 percent
9 of imports;

10 (15) since 1988, imports of men's and boys'
11 wool suits from Canada have increased over 1,000
12 percent (i.e., from 100,000 units in 1988 to over 1.1
13 million units in 1995);

14 (16) the imports from Canada, made of fabric
15 that is not of North American origin, have also
16 harmed United States wool fabric, yarn, and fiber
17 producers and their workers in states such as Geor-
18 gia, Maine, Massachusetts, New Hampshire, North
19 Carolina, Oregon, Pennsylvania, Rhode Island, West
20 Virginia, South Carolina, and Virginia;

21 (17) the Congress never intended for the
22 NAFTA to result in such serious injury to United
23 States tailored wool apparel manufacturers and their
24 workers and for the NAFTA to single out that
25 United States industry and its workers by denying

1 them access to an adequate and effective safeguard;
2 and

3 (18) the following safeguard proposals are in-
4 tended to rectify these oversights.

5 **SEC. 3. PHASED SAFEGUARDS MEASURES.**

6 (a) **REVISION IN SUB-LIMITS.**—Notwithstanding any
7 other provision of law, not more than 50 percent of the
8 total square meter equivalents of wool apparel assembled
9 in Canada and eligible for preferential duty treatment
10 under Appendix 6.B.1 to Annex 300–B of the North
11 American Free Trade Agreement (“the Appendix”) and
12 entered, or withdrawn from warehouse, for consumption
13 during any year shall be tailored wool apparel and not
14 more than 50 percent of such sublimit shall be men’s and
15 boys’ wool suits of United States category 443, or men’s
16 and boys’ wool sport coats of category 433, or men’s and
17 boys’ wool slacks of category 447, respectively.

18 (b) **DUTY SNAP-BACK.**—Notwithstanding any other
19 provision of law, tailored wool apparel assembled in Can-
20 ada and eligible for preferential duty treatment under the
21 Appendix shall be subject to duty at the nondiscriminatory
22 (most-favored-nation) rate in effect at the time of entry.

23 (c) **EFFECTIVE DATES.**—

1 (1) NOVEMBER 1, 1996.—Subsection (a) shall
2 apply to merchandise entered, or withdrawn from
3 warehouse, for consumption after August 31, 1996.

4 (2) MARCH 1, 1997.—Subsection (c) shall apply
5 to merchandise entered, or withdrawn from ware-
6 house, for consumption after February 28, 1997.

7 (3) WAIVER.—The President may delay the ef-
8 fective date under this subsection for subsection (b),
9 and may suspend the application of such subsection
10 if it has taken effect, for such period as he considers
11 appropriate, if he determines that Canada has en-
12 tered into an agreement with the United States
13 which provides for sub-limits required under sub-
14 section (a).

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