

## Union Calendar No. 175

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

# H. R. 3009

[Report No. 107-290]

To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 2001

Mr. CRANE (for himself and Mr. THOMAS) introduced the following bill; which was referred to the Committee on Ways and Means

NOVEMBER 14, 2001

Additional sponsors: Mr. KIRK, Mr. DIAZ-BALART, Mr. SHAW, Mr. KNOLLENBERG, Mr. MORAN of Virginia, Mr. CANTOR, Mr. JEFFERSON, Mr. RANGEL, Mr. RAMSTAD, Mrs. TAUSCHER, Mr. GOSS, Mr. HYDE, Mr. PORTMAN, Mr. ENGLISH, Mr. KOLBE, Mr. McDERMOTT, Mr. BRADY of Texas, Ms. PRYCE of Ohio, Mr. ROYCE, and Mr. DREIER

NOVEMBER 14, 2001

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on October 3, 2001]

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## A BILL

To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, 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 “Andean Trade Pro-*  
5 *motion and Drug Eradication Act”.*

6 **SEC. 2. FINDINGS.**

7 *Congress makes the following findings:*

8 *(1) Since the Andean Trade Preference Act was*  
9 *enacted in 1991, it has had a positive impact on*  
10 *United States trade with Bolivia, Colombia, Ecuador,*  
11 *and Peru. Two-way trade has doubled, with the*  
12 *United States serving as the leading source of imports*  
13 *and leading export market for each of the Andean*  
14 *beneficiary countries. This has resulted in increased*  
15 *jobs and expanded export opportunities in both the*  
16 *United States and the Andean region.*

17 *(2) The Andean Trade Preference Act has been a*  
18 *key element in the United States counternarcotics*  
19 *strategy in the Andean region, promoting export di-*  
20 *versification and broad-based economic development*  
21 *that provides sustainable economic alternatives to*  
22 *drug-crop production, strengthening the legitimate*  
23 *economies of Andean countries and creating viable al-*  
24 *ternatives to illicit trade in coca.*

1           (3) *Notwithstanding the success of the Andean*  
2           *Trade Preference Act, the Andean region remains*  
3           *threatened by political and economic instability and*  
4           *fragility, vulnerable to the consequences of the drug*  
5           *war and fierce global competition for its legitimate*  
6           *trade.*

7           (4) *The continuing instability in the Andean re-*  
8           *gion poses a threat to the security interests of the*  
9           *United States and the world. This problem has been*  
10          *partially addressed through foreign aid, such as Plan*  
11          *Colombia, enacted by Congress in 2000. However, for-*  
12          *eign aid alone is not sufficient. Enhancement of le-*  
13          *gitimate trade with the United States provides an al-*  
14          *ternative means for reviving and stabilizing the*  
15          *economies in the Andean region.*

16          (5) *The Andean Trade Preference Act constitutes*  
17          *a tangible commitment by the United States to the*  
18          *promotion of prosperity, stability, and democracy in*  
19          *the beneficiary countries.*

20          (6) *Renewal and enhancement of the Andean*  
21          *Trade Preference Act will bolster the confidence of do-*  
22          *mestic private enterprise and foreign investors in the*  
23          *economic prospects of the region, ensuring that legiti-*  
24          *mate private enterprise can be the engine of economic*  
25          *development and political stability in the region.*

1           (7) *Each of the Andean beneficiary countries is*  
2           *committed to conclude negotiation of a Free Trade*  
3           *Area of the Americas by the year 2005, as a means*  
4           *of enhancing the economic security of the region.*

5           (8) *Temporarily enhancing trade benefits for An-*  
6           *dean beneficiary countries will promote the growth of*  
7           *free enterprise and economic opportunity in these*  
8           *countries and serve the security interests of the*  
9           *United States, the region, and the world.*

10 **SEC. 3. ARTICLES ELIGIBLE FOR PREFERENTIAL TREAT-**  
11 **MENT.**

12           (a) *ELIGIBILITY OF CERTAIN ARTICLES.*—Section 204  
13 *of the Andean Trade Preference Act (19 U.S.C. 3203) is*  
14 *amended—*

15           (1) *by striking subsection (c) and redesignating*  
16           *subsections (d) through (g) as subsections (c) through*  
17           *(f), respectively; and*

18           (2) *by amending subsection (b) to read as fol-*  
19           *lows:*

20           “(b) *EXCEPTIONS AND SPECIAL RULES.*—

21           “(1) *CERTAIN ARTICLES THAT ARE NOT IMPORT-*  
22           *SENSITIVE.*—*The President may proclaim duty-free*  
23           *treatment under this title for any article described in*  
24           *subparagraph (A), (B), (C), or (D) that is the growth,*  
25           *product, or manufacture of an ATPDEA beneficiary*

1        *country and that meets the requirements of this sec-*  
2        *tion, if the President determines that such article is*  
3        *not import-sensitive in the context of imports from*  
4        *ATPDEA beneficiary countries:*

5                *“(A) Footwear not designated at the time of*  
6                *the effective date of this Act as eligible for the*  
7                *purpose of the generalized system of preferences*  
8                *under title V of the Trade Act of 1974.*

9                *“(B) Petroleum, or any product derived*  
10               *from petroleum, provided for in headings 2709*  
11               *and 2710 of the HTS.*

12               *“(C) Watches and watch parts (including*  
13               *cases, bracelets and straps), of whatever type in-*  
14               *cluding, but not limited to, mechanical, quartz*  
15               *digital or quartz analog, if such watches or*  
16               *watch parts contain any material which is the*  
17               *product of any country with respect to which*  
18               *HTS column 2 rates of duty apply.*

19               *“(D) Handbags, luggage, flat goods, work*  
20               *gloves, and leather wearing apparel that were*  
21               *not designated on August 5, 1983, as eligible ar-*  
22               *ticles for purposes of the generalized system of*  
23               *preferences under title V of the Trade Act of*  
24               *1974.*

1           “(2) *EXCLUSIONS.*—Subject to paragraph (3),  
2           *duty-free treatment under this title may not be ex-*  
3           *tended to—*

4                   “(A) *textiles and apparel articles which*  
5                   *were not eligible articles for purposes of this title*  
6                   *on January 1, 1994, as this title was in effect*  
7                   *on that date;*

8                   “(B) *rum and tafia classified in subheading*  
9                   *2208.40 of the HTS; or*

10                   “(C) *sugars, syrups, and sugar-containing*  
11                   *products subject to over-quota duty rates under*  
12                   *applicable tariff-rate quotas.*

13           “(3) *APPAREL ARTICLES.*—

14                   “(A) *IN GENERAL.*—*Apparel articles that*  
15                   *are imported directly into the customs territory*  
16                   *of the United States from an ATPDEA bene-*  
17                   *ficiary country shall enter the United States free*  
18                   *of duty and free of any quantitative restrictions,*  
19                   *limitations, or consultation levels, but only if*  
20                   *such articles are described in subparagraph (B).*

21                   “(B) *COVERED ARTICLES.*—*The apparel ar-*  
22                   *ticles referred to in subparagraph (A) are the fol-*  
23                   *lowing:*

24                                   “(i) *APPAREL ARTICLES ASSEMBLED*  
25                                   *FROM PRODUCTS OF THE UNITED STATES*

1                    *AND ATPDEA BENEFICIARY COUNTRIES OR*  
2                    *PRODUCTS NOT AVAILABLE IN COMMERCIAL*  
3                    *QUANTITIES.—Apparel articles sewn or oth-*  
4                    *erwise assembled in 1 or more ATPDEA*  
5                    *beneficiary countries, or the United States,*  
6                    *or both, exclusively from any one or any*  
7                    *combination of the following:*

8                    *“(I) Fabrics or fabric components*  
9                    *formed, or components knit-to-shape,*  
10                   *in the United States, from yarns*  
11                   *formed in the United States or 1 or*  
12                   *more ATPDEA beneficiary countries*  
13                   *(including fabrics not formed from*  
14                   *yarns, if such fabrics are classifiable*  
15                   *under heading 5602 or 5603 of the*  
16                   *HTS and are formed in the United*  
17                   *States).*

18                   *“(II) Fabrics or fabric compo-*  
19                   *nents formed or components knit-to-*  
20                   *shape, in 1 or more ATPDEA bene-*  
21                   *ficiary countries, from yarns formed in*  
22                   *1 or more ATPDEA beneficiary coun-*  
23                   *tries, if such fabrics (including fabrics*  
24                   *not formed from yarns, if such fabrics*  
25                   *are classifiable under heading 5602 or*

1           5603 of the HTS and are formed in 1  
2           or more ATPDEA beneficiary coun-  
3           tries) or components are in chief  
4           weight of llama or alpaca.

5           “(III) *Fabrics or yarn that is not*  
6           *formed in the United States or in one*  
7           *or more ATPDEA beneficiary coun-*  
8           *tries, to the extent that apparel articles*  
9           *of such fabrics or yarn would be eligi-*  
10          *ble for preferential treatment, without*  
11          *regard to the source of the fabrics or*  
12          *yarn, under Annex 401 of the NAFTA.*

13          “(i) *ADDITIONAL FABRICS.—At the re-*  
14          *quest of any interested party, the President*  
15          *is authorized to proclaim additional fabrics*  
16          *and yarns as eligible for preferential treat-*  
17          *ment under clause (i)(III) if—*

18                 “(I) *the President determines that*  
19                 *such fabrics or yarns cannot be sup-*  
20                 *plied by the domestic industry in com-*  
21                 *mercial quantities in a timely manner;*

22                 “(II) *the President has obtained*  
23                 *advice regarding the proposed action*  
24                 *from the appropriate advisory com-*  
25                 *mittee established under section 135 of*

1           *the Trade Act of 1974 (19 U.S.C.*  
2           *2155) and the United States Inter-*  
3           *national Trade Commission;*

4           “(III) *within 60 days after the re-*  
5           *quest, the President has submitted a re-*  
6           *port to the Committee on Ways and*  
7           *Means of the House of Representatives*  
8           *and the Committee on Finance of the*  
9           *Senate that sets forth the action pro-*  
10          *posed to be proclaimed and the reasons*  
11          *for such action, and the advice ob-*  
12          *tained under subclause (II);*

13          “(IV) *a period of 60 calendar*  
14          *days, beginning with the first day on*  
15          *which the President has met the re-*  
16          *quirements of subclause (III), has ex-*  
17          *pired; and*

18          “(V) *the President has consulted*  
19          *with such committees regarding the*  
20          *proposed action during the period re-*  
21          *ferred to in subclause (III).*

22          “(iii) *APPAREL ARTICLES ASSEMBLED*  
23          *IN 1 OR MORE ATPDEA BENEFICIARY COUN-*  
24          *TRIES FROM REGIONAL FABRICS OR RE-*  
25          *GIONAL COMPONENTS.—(I) Subject to the*

1           *limitation set forth in subclause (II), ap-*  
2           *parel articles sewn or otherwise assembled*  
3           *in 1 or more ATPDEA beneficiary coun-*  
4           *tries from fabrics or from fabric components*  
5           *formed or from components knit-to-shape,*  
6           *in 1 or more ATPDEA beneficiary coun-*  
7           *tries, from yarns formed in the United*  
8           *States or 1 or more ATPDEA beneficiary*  
9           *countries (including fabrics not formed from*  
10           *yarns, if such fabrics are classifiable under*  
11           *heading 5602 or 5603 of the HTS and are*  
12           *formed in 1 or more ATPDEA beneficiary*  
13           *countries), whether or not the apparel arti-*  
14           *cles are also made from any of the fabrics,*  
15           *fabric components formed, or components*  
16           *knit-to-shape described in clause (i).*

17           *“(II) The preferential treatment re-*  
18           *ferred to in subclause (I) shall be extended*  
19           *in the 1-year period beginning December 1,*  
20           *2001, and in each of the 5 succeeding 1-year*  
21           *periods, to imports of apparel articles in an*  
22           *amount not to exceed the applicable percent-*  
23           *age of the aggregate square meter equiva-*  
24           *lents of all apparel articles imported into*

1           *the United States in the preceding 12-*  
2           *month period for which data are available.*

3           “(III) *For purposes of subclause (II),*  
4           *the term ‘applicable percentage’ means 3*  
5           *percent for the 1-year period beginning De-*  
6           *cember 1, 2001, increased in each of the 5*  
7           *succeeding 1-year periods by equal incre-*  
8           *ments, so that for the period beginning De-*  
9           *cember 1, 2005, the applicable percentage*  
10           *does not exceed 6 percent.*

11           “(iv) *HANDLOOMED, HANDMADE, AND*  
12           *FOLKLORE ARTICLES.—A handloomed,*  
13           *handmade, or folklore article of an*  
14           *ATPDEA beneficiary country identified*  
15           *under subparagraph (C) that is certified as*  
16           *such by the competent authority of such*  
17           *beneficiary country.*

18           “(v) *SPECIAL RULES.—*

19           “(I) *EXCEPTION FOR FINDINGS*  
20           *AND TRIMMINGS.—An article otherwise*  
21           *eligible for preferential treatment*  
22           *under this paragraph shall not be in-*  
23           *eligible for such treatment because the*  
24           *article contains findings or trimmings*  
25           *of foreign origin, if such findings and*

1 *trimmings do not exceed 25 percent of*  
2 *the cost of the components of the assem-*  
3 *bled product. Examples of findings and*  
4 *trimmings are sewing thread, hooks*  
5 *and eyes, snaps, buttons, 'bow buds',*  
6 *decorative lace, trim, elastic strips,*  
7 *zippers, including zipper tapes and la-*  
8 *bels, and other similar products.*

9 *“(II) CERTAIN INTERLINING.—*

10 *(aa) An article otherwise eligible for*  
11 *preferential treatment under this para-*  
12 *graph shall not be ineligible for such*  
13 *treatment because the article contains*  
14 *certain interlinings of foreign origin, if*  
15 *the value of such interlinings (and any*  
16 *findings and trimmings) does not ex-*  
17 *ceed 25 percent of the cost of the com-*  
18 *ponents of the assembled article.*

19 *“(bb) Interlinings eligible for the*  
20 *treatment described in division (aa)*  
21 *include only a chest type plate, 'hymo'*  
22 *piece, or 'sleeve header', of woven or*  
23 *weft-inserted warp knit construction*  
24 *and of coarse animal hair or man-*  
25 *made filaments.*

1           “(cc) *The treatment described in*  
2           *this subclause shall terminate if the*  
3           *President makes a determination that*  
4           *United States manufacturers are pro-*  
5           *ducing such interlinings in the United*  
6           *States in commercial quantities.*

7           “(III) *DE MINIMIS RULE.—An ar-*  
8           *ticle that would otherwise be ineligible*  
9           *for preferential treatment under this*  
10           *subparagraph because the article con-*  
11           *tains fibers or yarns not wholly formed*  
12           *in the United States or in one or more*  
13           *ATPDEA beneficiary countries shall*  
14           *not be ineligible for such treatment if*  
15           *the total weight of all such fibers or*  
16           *yarns is not more than 7 percent of the*  
17           *total weight of the good.*

18           “(C) *HANDLOOMED, HANDMADE, AND FOLK-*  
19           *LORE ARTICLES.—For purposes of subparagraph*  
20           *(B)(iv), the President shall consult with rep-*  
21           *resentatives of the ATPDEA beneficiary coun-*  
22           *tries concerned for the purpose of identifying*  
23           *particular textile and apparel goods that are*  
24           *mutually agreed upon as being handloomed,*  
25           *handmade, or folklore goods of a kind described*

1           *in section 2.3(a), (b), or (c) of the Annex or Ap-*  
2           *pendix 3.1.B.11 of the Annex.*

3           “(D) *PENALTIES FOR TRANSSHIPMENT.*—

4           “(i) *PENALTIES FOR EXPORTERS.*—*If*  
5           *the President determines, based on sufficient*  
6           *evidence, that an exporter has engaged in*  
7           *transshipment with respect to apparel arti-*  
8           *cles from an ATPDEA beneficiary country,*  
9           *then the President shall deny all benefits*  
10           *under this title to such exporter, and any*  
11           *successor of such exporter, for a period of 2*  
12           *years.*

13           “(ii) *PENALTIES FOR COUNTRIES.*—

14           *Whenever the President finds, based on suf-*  
15           *ficient evidence, that transshipment has oc-*  
16           *curred, the President shall request that the*  
17           *ATPDEA beneficiary country or countries*  
18           *through whose territory the transshipment*  
19           *has occurred take all necessary and appro-*  
20           *priate actions to prevent such trans-*  
21           *shipment. If the President determines that a*  
22           *country is not taking such actions, the*  
23           *President shall reduce the quantities of ap-*  
24           *parel articles that may be imported into the*  
25           *United States from such country by the*

1           *quantity of the transshipped articles multi-*  
2           *plied by 3, to the extent consistent with the*  
3           *obligations of the United States under the*  
4           *WTO.*

5           “(iii) *TRANSSHIPMENT DESCRIBED.—*  
6           *Transshipment within the meaning of this*  
7           *subparagraph has occurred when pref-*  
8           *erential treatment under subparagraph (A)*  
9           *has been claimed for an apparel article on*  
10           *the basis of material false information con-*  
11           *cerning the country of origin, manufacture,*  
12           *processing, or assembly of the article or any*  
13           *of its components. For purposes of this*  
14           *clause, false information is material if dis-*  
15           *closure of the true information would mean*  
16           *or would have meant that the article is or*  
17           *was ineligible for preferential treatment*  
18           *under subparagraph (A).*

19           “(E) *BILATERAL EMERGENCY ACTIONS.—*

20           “(i) *IN GENERAL.—The President may*  
21           *take bilateral emergency tariff actions of a*  
22           *kind described in section 4 of the Annex*  
23           *with respect to any apparel article im-*  
24           *ported from an ATPDEA beneficiary coun-*  
25           *try if the application of tariff treatment*

1           under subparagraph (A) to such article re-  
2           sults in conditions that would be cause for  
3           the taking of such actions under such sec-  
4           tion 4 with respect to a like article de-  
5           scribed in the same 8-digit subheading of  
6           the HTS that is imported from Mexico.

7           “(ii) *RULES RELATING TO BILATERAL*  
8           *EMERGENCY ACTION.*—For purposes of ap-  
9           plying bilateral emergency action under  
10          this subparagraph—

11           “(I) the requirements of para-  
12          graph (5) of section 4 of the Annex (re-  
13          lating to providing compensation)  
14          shall not apply;

15           “(II) the term ‘transition period’  
16          in section 4 of the Annex shall mean  
17          the period ending December 31, 2006;  
18          and

19           “(III) the requirements to consult  
20          specified in section 4 of the Annex  
21          shall be treated as satisfied if the  
22          President requests consultations with  
23          the ATPDEA beneficiary country in  
24          question and the country does not

1                   *agree to consult within the time period*  
2                   *specified under section 4.*

3                   “(4) *CUSTOMS PROCEDURES.—*

4                   “(A) *IN GENERAL.—*

5                   “(i) *REGULATIONS.—Any importer*  
6                   *that claims preferential treatment under*  
7                   *paragraph (1) or (3) shall comply with cus-*  
8                   *toms procedures similar in all material re-*  
9                   *spects to the requirements of Article 502(1)*  
10                  *of the NAFTA as implemented pursuant to*  
11                  *United States law, in accordance with regu-*  
12                  *lations promulgated by the Secretary of the*  
13                  *Treasury.*

14                  “(ii) *DETERMINATION.—*

15                  “(I) *IN GENERAL.—In order to*  
16                  *qualify for the preferential treatment*  
17                  *under paragraph (1) or (3) and for a*  
18                  *Certificate of Origin to be valid with*  
19                  *respect to any article for which such*  
20                  *treatment is claimed, there shall be in*  
21                  *effect a determination by the President*  
22                  *that each country described in sub-*  
23                  *clause (II)—*

24                                   “(aa) *has implemented and*  
25                                   *follows; or*

1                   “(bb) *is making substantial*  
2                   *progress toward implementing*  
3                   *and following,*  
4                   *procedures and requirements similar*  
5                   *in all material respects to the relevant*  
6                   *procedures and requirements under*  
7                   *chapter 5 of the NAFTA.*

8                   “(II) *COUNTRY DESCRIBED.—A*  
9                   *country is described in this subclause if*  
10                   *it is an ATPDEA beneficiary*  
11                   *country—*

12                   “(aa) *from which the article*  
13                   *is exported; or*

14                   “(bb) *in which materials*  
15                   *used in the production of the arti-*  
16                   *cle originate or in which the arti-*  
17                   *cle or such materials undergo pro-*  
18                   *duction that contributes to a*  
19                   *claim that the article is eligible*  
20                   *for preferential treatment under*  
21                   *paragraph (1) or (3).*

22                   “(B) *CERTIFICATE OF ORIGIN.—The Certifi-*  
23                   *cate of Origin that otherwise would be required*  
24                   *pursuant to the provisions of subparagraph (A)*  
25                   *shall not be required in the case of an article im-*

1           *ported under paragraph (1) or (3) if such Cer-*  
2           *tificate of Origin would not be required under*  
3           *Article 503 of the NAFTA (as implemented pur-*  
4           *suant to United States law), if the article were*  
5           *imported from Mexico.*

6           “(5) *DEFINITIONS.—In this subsection—*

7                   “(A) *ANNEX.—The term ‘the Annex’ means*  
8                   *Annex 300-B of the NAFTA.*

9                   “(B) *ATPDEA BENEFICIARY COUNTRY.—*  
10                   *The term ‘ATPDEA beneficiary country’ means*  
11                   *any ‘beneficiary country’, as defined in section*  
12                   *203(a)(1) of this title, which the President des-*  
13                   *ignates as an ATPDEA beneficiary country, tak-*  
14                   *ing into account the criteria contained in sub-*  
15                   *sections (c) and (d) of section 203 and other ap-*  
16                   *propriate criteria, including the following:*

17                           “(i) *Whether the beneficiary country*  
18                           *has demonstrated a commitment to—*

19                                   “(I) *undertake its obligations*  
20                                   *under the WTO, including those agree-*  
21                                   *ments listed in section 101(d) of the*  
22                                   *Uruguay Round Agreements Act, on or*  
23                                   *ahead of schedule; and*

1           “(II) participate in negotiations  
2           toward the completion of the FTAA or  
3           another free trade agreement.

4           “(ii) The extent to which the country  
5           provides protection of intellectual property  
6           rights consistent with or greater than the  
7           protection afforded under the Agreement on  
8           Trade-Related Aspects of Intellectual Prop-  
9           erty Rights described in section 101(d)(15)  
10          of the Uruguay Round Agreements Act.

11          “(iii) The extent to which the country  
12          provides internationally recognized worker  
13          rights, including—

14                 “(I) the right of association;

15                 “(II) the right to organize and  
16                 bargain collectively;

17                 “(III) a prohibition on the use of  
18                 any form of forced or compulsory  
19                 labor;

20                 “(IV) a minimum age for the em-  
21                 ployment of children; and

22                 “(V) acceptable conditions of work  
23                 with respect to minimum wages, hours  
24                 of work, and occupational safety and  
25                 health;

1           “(iv) Whether the country has imple-  
2           mented its commitments to eliminate the  
3           worst forms of child labor, as defined in sec-  
4           tion 507(6) of the Trade Act of 1974.

5           “(v) The extent to which the country  
6           has met the counternarcotics certification  
7           criteria set forth in section 490 of the For-  
8           eign Assistance Act of 1961 (22 U.S.C.  
9           2291j) for eligibility for United States as-  
10          sistance.

11          “(vi) The extent to which the country  
12          has taken steps to become a party to and  
13          implements the Inter-American Convention  
14          Against Corruption.

15          “(vii) The extent to which the  
16          country—

17                 “(I) applies transparent, non-  
18                 discriminatory, and competitive proce-  
19                 dures in government procurement  
20                 equivalent to those contained in the  
21                 Agreement on Government Procure-  
22                 ment described in section 101(d)(17) of  
23                 the Uruguay Round Agreements Act;  
24                 and

1                   “(II) contributes to efforts in  
2                   international fora to develop and im-  
3                   plement international rules in trans-  
4                   parency in government procurement.

5                   “(C) NAFTA.—The term ‘NAFTA’ means  
6                   the North American Free Trade Agreement en-  
7                   tered into between the United States, Mexico,  
8                   and Canada on December 17, 1992.

9                   “(D) WTO.—The term ‘WTO’ has the  
10                  meaning given that term in section 2 of the Uru-  
11                  guay Round Agreements Act (19 U.S.C. 3501).

12                  “(E) ATPDEA.—The term ‘ATPDEA’  
13                  means the Andean Trade Promotion and Drug  
14                  Eradication Act.”.

15                  (b) DETERMINATION REGARDING RETENTION OF DES-  
16                  IGNATION.—Section 203(e)(1) of the Andean Trade Pref-  
17                  erence Act (19 U.S.C. 3202(e)(1)) is amended—

18                         (1) by redesignating subparagraphs (A) and (B)  
19                         as clauses (i) and (ii), respectively;

20                         (2) by inserting “(A)” after “(1)”; and

21                         (3) by adding at the end the following:

22                                 “(B) The President may, after the requirements of  
23                                 paragraph (2) have been met—

24   “(i) withdraw or suspend the designation of any  
25   country as an ATPDEA beneficiary country, or

1           “(ii) withdraw, suspend, or limit the application  
2           of preferential treatment under section 204(b)(1) or  
3           (3) to any article of any country,  
4 if, after such designation, the President determines that, as  
5 a result of changed circumstances, the performance of such  
6 country is not satisfactory under the criteria set forth in  
7 section 204(b)(5)(B).”.

8           (c) *CONFORMING AMENDMENTS.*—(1) Section 202 of  
9 the *Andean Trade Preference Act* (19 U.S.C. 3201) is  
10 amended by inserting “(or other preferential treatment)”  
11 after “treatment”.

12           (2) Section 204(a) of the *Andean Trade Preference Act*  
13 (19 U.S.C. 3203(a)) is amended—

14           (A) in paragraph (1), by inserting “(or other-  
15 wise provided for)” after “eligibility”; and

16           (B) in paragraph (2), by striking “subsection  
17 (a)” and inserting “paragraph (1)”.

18 **SEC. 4. TERMINATION OF PREFERENTIAL TREATMENT.**

19           Section 208 of the *Andean Trade Preference Act* (19  
20 U.S.C. 3206) is amended to read as follows:

21 **“SEC. 208. TERMINATION OF PREFERENTIAL TREATMENT.**

22           “*No duty-free treatment or other preferential treat-  
23 ment extended to beneficiary countries under this title shall  
24 remain in effect after December 31, 2006.*”.

1 **SEC. 5. TRADE BENEFITS UNDER THE CARIBBEAN BASIN**  
2 **ECONOMIC RECOVERY ACT.**

3 *Section 213(b)(2)(A) of the Caribbean Basin Economic*  
4 *Recovery Act (19 U.S.C. 2703(b)(2)(A)) is amended as fol-*  
5 *lows:*

6 (1) *Clause (i) is amended by striking the matter*  
7 *preceding subclause (I) and inserting the following:*

8 “(i) *APPAREL ARTICLES ASSEMBLED*  
9 *IN ONE OR MORE CBTPA BENEFICIARY*  
10 *COUNTRIES.—Apparel articles sewn or oth-*  
11 *erwise assembled in one or more CBTPA*  
12 *beneficiary countries from fabrics wholly*  
13 *formed and cut, or from components knit-*  
14 *to-shape, in the United States from yarns*  
15 *wholly formed in the United States, (includ-*  
16 *ing fabrics not formed from yarns, if such*  
17 *fabrics are classifiable under heading 5602*  
18 *or 5603 of the HTS and are wholly formed*  
19 *and cut in the United States) that are—”.*

20 (2) *Clause (ii) is amended to read as follows:*

21 “(ii) *OTHER APPAREL ARTICLES AS-*  
22 *SEMBLED IN ONE OR MORE CBTPA BENE-*  
23 *FICIARY COUNTRIES.—Apparel articles sewn*  
24 *or otherwise assembled in one or more*  
25 *CBTPA beneficiary countries with thread*  
26 *formed in the United States from fabrics*

1                   *wholly formed in the United States and cut*  
2                   *in one or more CBTPA beneficiary coun-*  
3                   *tries from yarns wholly formed in the*  
4                   *United States, or from components knit-to-*  
5                   *shape in the United States from yarns*  
6                   *wholly formed in the United States, or both*  
7                   *(including fabrics not formed from yarns, if*  
8                   *such fabrics are classifiable under heading*  
9                   *5602 or 5603 of the HTS and are wholly*  
10                   *formed in the United States).”.*

11                   (3) *Clause (iii)(II) is amended to read as fol-*  
12                   *lows:*

13                                   *“(II) The amount referred to in sub-*  
14                                   *clause (I) is as follows:*

15   *“(aa) 290,000,000 square meter*  
16   *equivalents during the 1-year period*  
17   *beginning on October 1, 2001.*

18   *“(bb) 500,000,000 square meter*  
19   *equivalents during the 1-year period*  
20   *beginning on October 1, 2002.*

21   *“(cc) 850,000,000 square meter*  
22   *equivalents during the 1-year period*  
23   *beginning on October 1, 2003.*

1                   “(dd) 970,000,000 square meter  
2                   equivalents in each succeeding 1-year  
3                   period through September 30, 2008.”.

4                   (4) Clause (iii)(IV) is amended to read as fol-  
5                   lows:

6                   “(IV) The amount referred to in sub-  
7                   clause (III) is as follows:

8                   “(aa) 4,872,000 dozen during the  
9                   1-year period beginning on October 1,  
10                  2001.

11                  “(bb) 9,000,000 dozen during the  
12                  1-year period beginning on October 1,  
13                  2002.

14                  “(cc) 10,000,000 dozen during the  
15                  1-year period beginning on October 1,  
16                  2003.

17                  “(dd) 12,000,000 dozen in each  
18                  succeeding 1-year period through Sep-  
19                  tember 30, 2008.”.

20                  (5) Section 213(b)(2)(A) of such Act is further  
21                  amended by adding at the end the following new  
22                  clause:

23                  “(ix) APPAREL ARTICLES ASSEMBLED  
24                  IN ONE OR MORE CBTPA BENEFICIARY  
25                  COUNTRIES FROM UNITED STATES AND

1            *CBTPA BENEFICIARY COUNTRY COMPO-*  
2            *NENTS.—Apparel articles sewn or otherwise*  
3            *assembled in one or more CBTPA bene-*  
4            *ficiary countries with thread formed in the*  
5            *United States from components cut in the*  
6            *United States and in one or more CBTPA*  
7            *beneficiary countries from fabric wholly*  
8            *formed in the United States from yarns*  
9            *wholly formed in the United States, or from*  
10           *components knit-to-shape in the United*  
11           *States and one or more CBTPA beneficiary*  
12           *countries from yarns wholly formed in the*  
13           *United States, or both (including fabrics*  
14           *not formed from yarns, if such fabrics are*  
15           *classifiable under heading 5602 or 5603 of*  
16           *the HTS).”.*

17 **SEC. 6. TRADE BENEFITS UNDER THE AFRICAN GROWTH**  
18 **AND OPPORTUNITY ACT.**

19           *Section 112(b) of the African Growth and Opportunity*  
20 *Act (19 U.S.C. 3721(b)) is amended as follows:*

21           *(1) Paragraph (1) is amended by amending the*  
22 *matter preceding subparagraph (A) to read as follows:*

23           *“(1) APPAREL ARTICLES ASSEMBLED IN ONE OR*  
24 *MORE BENEFICIARY SUB-SAHARAN AFRICAN COUN-*  
25 *TRIES.—Apparel articles sewn or otherwise assembled*

1       *in one or more beneficiary sub-Saharan African*  
2       *countries from fabrics wholly formed and cut, or from*  
3       *components knit-to-shape, in the United States from*  
4       *yarns wholly formed in the United States, (including*  
5       *fabrics not formed from yarns, if such fabrics are*  
6       *classifiable under heading 5602 or 5603 of the HTS*  
7       *and are wholly formed and cut in the United States)*  
8       *that are—”.*

9               (2) Paragraph (2) is amended to read as follows:

10              “(2) *OTHER APPAREL ARTICLES ASSEMBLED IN*  
11              *ONE OR MORE BENEFICIARY SUB-SAHARAN AFRICAN*  
12              *COUNTRIES.—Apparel articles sewn or otherwise as-*  
13              *sembled in one or more beneficiary sub-Saharan Afri-*  
14              *can countries with thread formed in the United States*  
15              *from fabrics wholly formed in the United States and*  
16              *cut in one or more beneficiary sub-Saharan African*  
17              *countries from yarns wholly formed in the United*  
18              *States, or from components knit-to-shape in the*  
19              *United States from yarns wholly formed in the*  
20              *United States, or both (including fabrics not formed*  
21              *from yarns, if such fabrics are classifiable under*  
22              *heading 5602 or 5603 of the HTS and are wholly*  
23              *formed in the United States).”.*

24              (3) Paragraph (3) is amended—

1           (A) by amending the matter preceding sub-  
2           paragraph (A) to read as follows:

3           “(3) *APPAREL ARTICLES FROM REGIONAL FABRIC*  
4           *OR YARNS.*—Apparel articles wholly assembled in one  
5           or more beneficiary sub-Saharan African countries  
6           from fabric wholly formed in one or more beneficiary  
7           sub-Saharan African countries from yarns origi-  
8           nating either in the United States or one or more  
9           beneficiary sub-Saharan African countries (including  
10          fabrics not formed from yarns, if such fabrics are  
11          classified under heading 5602 or 5603 of the HTS  
12          and are wholly formed in one or more beneficiary  
13          sub-Saharan African countries), or from components  
14          knit-to-shape in one or more beneficiary sub-Saharan  
15          African countries from yarns originating either in the  
16          United States or one or more beneficiary sub-Saharan  
17          African countries, or apparel articles wholly formed  
18          on seamless knitting machines in a beneficiary sub-  
19          Saharan African country from yarns originating ei-  
20          ther in the United States or one or more beneficiary  
21          sub-Saharan African countries, subject to the fol-  
22          lowing:”;

23           (B) in subparagraph (A)(ii)—

24           (i) by striking “1.5” and inserting  
25           “3”; and

1                   (ii) by striking “3.5” and inserting  
2                   “7”; and

3                   (C) by amending subparagraph (B) to read  
4 as follows:

5                   “(B) *SPECIAL RULES FOR LESSER DEVELOP-*  
6                   *ED COUNTRIES.—*

7                   “(i) *IN GENERAL.—Subject to subpara-*  
8                   *graph (A), preferential treatment under this*  
9                   *paragraph shall be extended through Sep-*  
10                   *tember 30, 2004, for apparel articles wholly*  
11                   *assembled, or knit-to-shape and wholly as-*  
12                   *sembled, or both, in one or more lesser devel-*  
13                   *oped beneficiary sub-Saharan African coun-*  
14                   *tries regardless of the country of origin of*  
15                   *the fabric or the yarn used to make such ar-*  
16                   *ticles.*

17                   “(ii) *LESSER DEVELOPED BENE-*  
18                   *FICIARY SUB-SAHARAN AFRICAN COUNTRY.—*  
19                   *For purposes of clause (i), the term ‘lesser*  
20                   *developed beneficiary sub-Saharan African*  
21                   *country’ means—*

22                   “(I) *a beneficiary sub-Saharan*  
23                   *African country that had a per capita*  
24                   *gross national product of less than*  
25                   *\$1,500 in 1998, as measured by the*

1                    *International Bank for Reconstruction*  
2                    *and Development;*

3                    *“(II) Botswana; and*

4                    *“(III) Namibia.”.*

5                    *(4) Paragraph (4)(B) is amended by striking*  
6                    *“18.5” and inserting “21.5”.*

7                    *(5) Section 112(b) of such Act is further amend-*  
8                    *ed by adding at the end the following new paragraph:*

9                    *“(7) APPAREL ARTICLES ASSEMBLED IN ONE OR*  
10                    *MORE BENEFICIARY SUB-SAHARAN AFRICAN COUN-*  
11                    *TRIES FROM UNITED STATES AND BENEFICIARY SUB-*  
12                    *SAHARAN AFRICAN COUNTRY COMPONENTS.—Apparel*  
13                    *articles sewn or otherwise assembled in one or more*  
14                    *beneficiary sub-Saharan African countries with*  
15                    *thread formed in the United States from components*  
16                    *cut in the United States and one or more beneficiary*  
17                    *sub-Saharan African countries from fabric wholly*  
18                    *formed in the United States from yarns wholly*  
19                    *formed in the United States, or from components*  
20                    *knit-to-shape in the United States and one or more*  
21                    *beneficiary sub-Saharan African countries from yarns*  
22                    *wholly formed in the United States, or both (includ-*  
23                    *ing fabrics not formed from yarns, if such fabrics are*  
24                    *classifiable under heading 5602 or 5603 of the*  
25                    *HTS).”.*

**Union Calendar No. 175**

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

**H. R. 3009**

**[Report No. 107-290]**

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**A BILL**

To extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

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NOVEMBER 14, 2001

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed