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Catherine DeFilippo
Director, Office of Operations

Jonathan Coleman
Director, Office of Industries

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436
Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic

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This report was prepared principally by:

**Project Leader**
Laura Rodriguez  
laura.rodriguez@usitc.gov

**Content Reviewers**
Amanda Lawrence  
Justino De La Cruz

**Editorial Reviewers**
Judy Edelhoff  
Peg Hausman

**Document Preparation and Design**
Trina Chambers and Gwenetta Duvall

**Special Assistance**
Carrin Brown  
Louise Gillen  
Laura Thayn

**Statistical Review**
Jeremy Wise

**Under the direction of**
Heidi Colby-Oizumi, Chief  
Chemicals and Textiles Division
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Section 404(d) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act, as amended (the Act) (19 U.S.C. 4112(d)), required the U.S. International Trade Commission (Commission) to conduct annual reviews of the Earned Import Allowance Program (EIAP) for the Dominican Republic “for the purpose of evaluating the effectiveness of, and making recommendations for improvements in, the program.” The Act directed the Commission to transmit its reports on the results of such reviews beginning in 2009 to the House Committee on Ways and Means and the Senate Committee on Finance. This is the 10th and final review.
Overview and Background

This report contains the results of the Commission’s 10th and final annual review of the Earned Import Allowance Program (EIAP) for the Dominican Republic. The report discusses the program activity and trade under the EIAP during its final year—January 1, 2018, through November 30, 2018—and provides a summary of company participation in and use of the program since imports under the program first entered the United States in April 2009. Consistent with prior reports, because the Dominican Republic was the only country eligible for the program, the report focuses on the effectiveness of the program only as it relates to trade between the United States and the Dominican Republic. The report includes a summary of recommendations on how the program could have been improved made by the government of the Dominican Republic, users of the program, and industry representatives since the program’s inception.

As noted in prior annual reviews, the EIAP was intended to improve the competitiveness of the Dominican Republic’s apparel industry in the U.S. market by maintaining the economies of scale required to keep the industry viable and to increase the Dominican apparel industry’s access to textile inputs. Section 404(d) of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) Implementation Act, as amended (the Act) (19 U.S.C. 4112(d)), required the Commission to evaluate the effectiveness of the EIAP, to make recommendations for improving the program, and to submit a report annually to the House Committee on Ways and Means and the Senate Committee on Finance on the results of its review.

The EIAP provided an uncapped duty-free benefit for U.S. imports of certain woven cotton bottoms (i.e., all cotton woven pants and trousers, bib and brace overalls, breeches and shorts, and skirts and divided skirts, and excluding denim cotton bottoms) assembled in the Dominican Republic from third-country...
In order to qualify under the EIAP, Dominican firms that assembled and exported woven cotton bottoms to the United States using intermediary fabric from third-country markets had to provide U.S. Customs and Border Protection with a certificate documenting the amount of certain U.S.-produced woven cotton fabric they had used for apparel production. The program stipulated that for every two units (square meter equivalents, or SMEs) of qualifying U.S. fabric purchased for apparel production in the Dominican Republic, a 1-unit credit would be received that firms could use to export apparel made with third-country fabric duty free to the United States.

This report assesses the effectiveness of the EIAP since its implementation in 2009 through November 30, 2018, when the last imports entered under the program. The report draws largely on publicly available trade data and information, as well as data obtained from U.S. government officials administering the EIAP. During its investigation, the Commission sought final comments on the EIAP via a Federal Register notice published on April 1, 2019 (appendix B). Because the Commission received no submissions this year, the report summarizes the recommendations for improving the program that were received from interested parties in prior years and published in previous reviews.

Program Activity and Trade

Based on available information, the Commission again found that, since the program's inception in December 2008 and the first entry of imports under the program in April 2009, the EIAP did not significantly boost exports of woven cotton bottoms from the Dominican Republic to the United States. The Dominican Republic did rise slightly in rank in 2018 to become the 30th-largest global supplier of all woven cotton bottoms (not just those under the EIAP), up from its position as the 32nd-largest global supplier in 2017. However, U.S. imports of all woven cotton bottoms (EIAP and non-EIAP) from the Dominican Republic fell from $11.5 million in 2017 to $9.5 million in 2018.

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7 Third-country fabric refers to fabric that originates in a country outside the United States or the Dominican Republic.
9 The reference is to all woven cotton bottoms, not just those covered by the EIAP, which does not include woven cotton bottoms made of denim. USITC DataWeb/USDOC (accessed June 6, 2019). U.S. imports of all woven cotton bottoms are entered under the following HTS statistical reporting numbers: 6203.42.03.00, 6203.42.05.05, 6203.42.05.10, 6203.42.05.25, 6203.42.05.50, 6203.42.05.90, 6203.42.07.03, 6203.42.07.06, 6203.42.07.16, 6203.42.07.21, 6203.42.07.26, 6203.42.07.41, 6203.42.07.46, 6203.42.07.51, 6203.42.07.56, 6203.42.07.61, 6203.42.17.00, 6203.42.25.05, 6203.42.25.10, 6203.42.25.25, 6203.42.25.50, 6203.42.25.90, 6203.42.45.03, 6203.42.45.06, 6203.42.45.16, 6203.42.45.21, 6203.42.45.26, 6203.42.45.41, 6203.42.45.46, 6203.42.45.51, 6203.42.45.56, 6203.42.45.61, 6204.52.10.00, 6204.52.20.10, 6204.52.20.20, 6204.52.20.70, 6204.52.20.80, 6204.62.03.00, 6204.62.05.05, 6204.62.05.05, 6204.62.05.25, 6204.62.05.50, 6204.62.15.03, 6204.62.15.06, 6204.62.15.21, 6204.62.15.26, 6204.62.15.31, 6204.62.15.46, 6204.62.15.51, 6204.62.15.56, 6204.62.15.61, 6204.62.15.66, 6204.62.50.00, 6204.62.60.05, 6204.62.60.10, 6204.62.60.25, 6204.62.60.50, 6204.62.70.00, 6204.62.80.03, 6204.62.80.06, 6204.62.80.21, 6204.62.80.26, 6204.62.80.31, 6204.62.80.46, 6204.62.80.51, 6204.62.80.56, 6204.62.80.61, and 6204.62.80.66.
Overview, Background, and Approach

In 2018, U.S. exports of bottom-weight cotton fabrics to the Dominican Republic fell 28 percent by value and 17 percent by quantity (measured in SMEs) from the previous year. As in 2017, the Dominican Republic was the fifth-largest market for U.S. exports of bottom-weight cotton fabrics in 2018, down from being the second-largest market in 2009, when the program began. In addition, the Dominican Republic accounted for just under 2 percent of the total value of such U.S. cotton fabric exports to the world in 2018, compared to slightly less than 3 percent in 2017, and down from a little less than 7 percent in 2009.

As of November 30, 2018, the last day on which imports could have entered under the EIAP, 13 companies in the United States and the Dominican Republic were registered and had accounts entitling them to participate in the EIAP, up from nine companies in year 1 of the program. Four of the registered firms used the program in 2018, unchanged from 2017, and none of these firms submitted requests in 2018 to deposit credits into their accounts. Instead, the firms used credits they had earned in prior years to ship woven cotton bottoms to the U.S. market under the EIAP.

Also, by the last day of the program, the U.S. Department of Commerce had issued export credits totaling 19.37 million SMEs of fabric since the program began on December 1, 2008. Based on the previous figure reported in the Commission’s ninth annual review (19.23 million SMEs), this indicates that 137,819 credits were issued between April 1, 2018, and November 30, 2018. From the start of the EIAP on December 2, 2008 through November 30, 2018, U.S. imports of woven cotton bottoms under the program totaled about 16.6 million SMEs. As a result, the program ended with a balance of 2.6 million SMEs in unused credits.

In 2018, the quantity of U.S. imports of woven cotton bottoms under the EIAP fell 2 percent to 150,716 SMEs, down from 153,679 SMEs in 2017 (figure 1). The value of U.S. imports under the program fell 4 percent in 2018 to just under $1.4 million from $1.5 million in 2017 (figure 2). U.S. imports under

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12 The four largest markets for U.S. exports of bottom-weight cotton fabrics in 2018 were Mexico, Honduras, Canada, and Nicaragua. USITC DataWeb/USDOC (accessed June 6, 2019).
13 USITC DataWeb/USDOC (accessed May 1, 2019).
14 Seven of these firms were U.S. companies while six were Dominican firms. The number of companies with accounts entitling them to participate in the EIAP was unchanged from the number in 2017. U.S. government official, email message to USITC staff, May 27, 2019.
16 U.S. government official, email messages to USITC staff, June 14, 2019 and June 18, 2019.
17 U.S. government official, email message to USITC staff, June 14, 2019.
18 Based on data provided by an OTEXA official, email message to USITC staff, May 29, 2019.
19 Figures may not add up to totals shown due to rounding. U.S. government official, email message to USITC staff, May 29, 2019.
20 Calculated based on credits earned totaling 19.2 million SMEs minus U.S. imports of 16.6 million SMEs under the program. U.S. government official, email message to USITC staff, May 29, 2019.
the program in 2018 therefore reached an all-time low for the second consecutive year.\(^{21}\) The decline in U.S. imports under the EIAP likely reflects the steady decline in woven trouser manufacturing capacity and production in the Dominican Republic,\(^{22}\) a continued shift by U.S. importers to Asian suppliers,\(^{23}\) and the anticipated termination of the program on December 1, 2018. Over the course of the EIAP, U.S. imports of woven cotton bottoms fell 95 percent, from $26.9 million in 2009. Such imports rose initially during the first two years of the program, then declined steadily afterwards, except for a brief rebound in 2015, which industry sources characterized as “incidental.”\(^{24}\)

As of the last day of the program on November 30, 2018, U.S. imports of woven cotton bottoms under the EIAP accounted for only 15 percent of total U.S. imports of all woven cotton bottoms ($9.5 million) from the Dominican Republic. This share was down sharply from the first year of the program, when U.S. imports of woven cotton bottoms under the EIAP totaled $26.9 million and accounted for one-third of all U.S. imports of all woven cotton bottoms ($81.4 million) from the Dominican Republic.\(^{25}\)

**Figure 1** U.S. imports of woven cotton bottoms under the EIAP by quantity, 2009–18

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\(^{21}\) Import data for 2018 reflects 11 months of trade activity versus full-year trade activity in prior years (except in 2009 when the first imports under the program began entering in April 2009) because the program expired on December 1, 2018.


\(^{23}\) U.S. imports of woven cotton bottoms from the United States’ largest Asian suppliers—China, Bangladesh, and Vietnam, combined—increased by 21 percent between 2009 and 2018 to $4.2 billion. USITC DataWeb/USDOC (accessed May 29 and June 13, 2019).

\(^{24}\) USITC, *Earned Import Allowance Program*, 2016, 12.

In 2018, the quantity of total U.S. exports to the Dominican Republic of bottom-weight cotton fabrics fell by 17 percent from their total in 2017 to 1.3 million SMEs and declined in value by 28 percent to $4.2 million (figures 3 and 4). In contrast, total U.S. exports of bottom-weight cotton fabrics to the world amounted to $233 million in 2018—an increase of $46.4 million (25 percent) over 2017, and $56.9 million (32 percent) higher than 2009. Similar to the overall trend in U.S. imports of cotton bottoms under the EIAP, U.S. exports of qualifying fabrics to the Dominican Republic rose during the first few years of the program, then trended downward through 2018, resulting in an overall decline during 2009–18 of 64 percent by value to $4.2 million.

Source: USDOC, OTEXA, (email message to USITC staff, February 22, 2019).
* The EIAP program expired on December 1, 2018. There were no imports recorded in December.

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26 USITC DataWeb/USDOC (accessed May 29 and June 13, 2019).
27 USITC DataWeb/USDOC (accessed May 29 and June 13, 2019).
Figure 3 U.S. exports of bottom-weight cotton fabrics to the Dominican Republic by quantity, 2009–18


Figure 4 U.S. exports of bottom-weight cotton fabrics to the Dominican Republic by value, 2009–18

Summary of Past Recommendations to Improve the Earned Import Allowance Program

The Commission received no new recommendations during the 10th annual review of the EIAP. However, as reported in the previous nine reviews, over the life of the program, the government of the Dominican Republic, industry representatives, and users of the program consistently made three principal recommendations to improve the program:

1. Lower the 2-for-1 ratio of U.S. to foreign fabric to 1 for 1.\(^\text{28}\)
2. Expand the program coverage to enable other types of fabrics and apparel items to be included in the EIAP.\(^\text{29}\)
3. Change the requirement that dyeing and finishing of eligible U.S. fabrics occur in the United States.\(^\text{30}\)

 Interested parties reported that such changes would have helped apparel producers in the Dominican Republic take advantage of the program, helped overturn the decline exhibited in textile and apparel bilateral trade flows, and helped “maintain balanced market access conditions with new preferential trading partners.”\(^\text{31}\)

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\(^{28}\) Lowering the EIAP ratio to 1 for 1 reportedly would have helped to lower manufacturing costs and given Dominican manufacturers greater flexibility to buy the types of fabrics demanded by their customers, according to interested parties. In addition, a U.S. firm, School Apparel, stated that that a 1-to-1 credit could have helped it maintain its production at about 120,000 units per month in the region and finalize production decisions that depend on fabric choice. The Target Corporation, a large U.S. retailer, stated that this change would have lessened average production costs enough to lower the costs of these goods to a more attractive level for Target. USITC, *Earned Import Allowance Program*, 2012, 3-1; USITC, *Earned Import Allowance Program*, 2015, 13; USITC, *Earned Import Allowance Program*, 2013, 3-1; USITC, *Earned Import Allowance Program*, 2014, 7.

\(^{29}\) A U.S. user of the program stated that if the criteria for qualified garments were expanded to include polyester garments, it could have more easily used its accumulated credits in the program. In addition, expanding the program to include manmade-fiber fabrics, for example, reportedly would have prompted Dominican apparel producers to import more U.S. fabrics, because demand for apparel made from manmade-fiber fabrics is growing. In addition, Dominican apparel producers stated that most of the innovative and new products they sought had to be sourced from Asia. USITC, *Earned Import Allowance Program*, 2014, 7, 8, and USITC, *Earned Import Allowance Program*, July 2013, 3-2.

\(^{30}\) The Target Corporation stated that the USDOC’s interpretation of the dyeing and finishing requirement placed “too much cost and unnecessary burden on users of the DREIAP” and failed “to create important value-adding opportunities in the Dominican Republic.” Moreover, Target asserted, “allowing U.S.-produced greige (unfinished) fabrics to qualify under the program would lower costs and further encourage producers and importers to take advantage of the program.” USITC, *Earned Import Allowance Program*, 2014, 8.

An additional recommendation made by a trade association on behalf of its members and reported in the 2016 report was to “add countries to the program to foster CAFTA-DR regional integration and to create more opportunities.”  

During the last year of the EIAP, no known significant requests or efforts were made by the government of the Dominican Republic or by users of the program to extend the EIAP past its December 1, 2018, termination date. In addition to the aforementioned recommendations to improve the program, another principal observation made about the EIAP was that the unavailability of bottom-weight fabrics made within the United States due to declining price competitiveness and the relocation of U.S. facilities and strategic operations to Asia made it difficult for manufacturers to collect sufficient credits in their EIAP accounts. Finally, the general decline in the program’s usage after U.S. imports of woven cotton bottoms peaked in 2010 may also reflect the lack of changes made to the program despite the recommendations put forth since the first annual review.

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32 The recommendation was made by the American Apparel and Footwear Association. USITC, *Earned Import Allowance Program*, 2016, 15.


34 After the publication of the first USITC review, which included recommendations for improvements to the EIAP by numerous interested parties, D’Clase, a user of the program, stated that because the program remained unchanged and that recommendations had not been implemented, it had to close two facilities in the Dominican Republic and lay off 1,600 employees. USITC, *Earned Import Allowance Program*, 2011, 3-3.


Appendix A: Section 3 of Public Law 110-436

PUBLIC LAW 110–436—OCT. 16, 2008

ANDEAN TRADE PREFERENCE EXTENSION
Public Law 110–436
110th Congress

An Act

To extend the Andean Trade Preference Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF ANDEAN TRADE PREFERENCE ACT.

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

“SEC. 208. TERMINATION OF PREFERENTIAL TREATMENT.

“(a) IN GENERAL.—No duty-free treatment or other preferential treatment extended to beneficiary countries under this title shall—

“(1) remain in effect with respect to Colombia or Peru after December 31, 2009;

“(2) remain in effect with respect to Ecuador after June 30, 2009, except that duty-free treatment and other preferential treatment under this title shall remain in effect with respect to Ecuador during the period beginning on July 1, 2009, and ending on December 31, 2009, unless the President reviews the criteria set forth in section 203, and on or before June 30, 2009, reports to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives pursuant to subsection (b) that—

“(A) the President has determined that Ecuador does not satisfy the requirements set forth in section 203(c) for being designated as a beneficiary country; and

“(B) in making that determination, the President has taken into account each of the factors set forth in section 203(d); and

“(3) remain in effect with respect to Bolivia after June 30, 2009, except that duty-free treatment and other preferential treatment under this title shall remain in effect with respect to Bolivia during the period beginning on July 1, 2009, and ending on December 31, 2009, only if the President reviews the criteria set forth in section 203, and on or before June 30, 2009, reports to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives pursuant to subsection (b) that—

“(A) the President has determined that Bolivia satisfies the requirements set forth in section 203(c) for being designated as a beneficiary country; and

“(B) in making that determination, the President has taken into account each of the factors set forth in section 203(d).
"(b) REPORTS.—On or before June 30, 2009, the President shall make determinations pursuant to subsections (a)(2)(A) and (a)(3)(A) and report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on—

(1) such determinations; and
(2) the reasons for such determinations."

(b) TREATMENT OF CERTAIN APPAREL ARTICLES.—Section 204(b)(3) of such Act (19 U.S.C. 3203(b)(3)) is amended—

(1) in subparagraph (B)—

(A) in clause (iii)—

(i) in subclause (II), by striking “6 succeeding 1-year periods” and inserting “7 succeeding 1-year periods”; and
(ii) in subclause (III)(bb), by striking “and for the succeeding 1-year period” and inserting “and for the succeeding 2-year period”; and
(B) in clause (v)(II), by striking “5 succeeding 1-year periods” and inserting “6 succeeding 1-year periods”; and

(2) in subparagraph (E)(ii)(II), by striking “December 31, 2008” and inserting “December 31, 2009”.

SEC. 2. EARNED IMPORT ALLOWANCE PROGRAM.

(a) IN GENERAL.—Title IV of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (Public Law 109–53; 119 Stat. 495) is amended by adding at the end the following:

“SEC. 404. EARNED IMPORT ALLOWANCE PROGRAM.

“(a) PREFERENTIAL TREATMENT.—

“(1) IN GENERAL.—Eligible apparel articles wholly assembled in an eligible country and imported directly from an eligible country shall enter the United States free of duty, without regard to the source of the fabric or yarns from which the articles are made, if such apparel articles are accompanied by an earned import allowance certificate that reflects the amount of credits equal to the total square meter equivalents of fabric in such apparel articles, in accordance with the program established under subsection (b).

“(2) DETERMINATION OF QUANTITY OF SME.—For purposes of determining the quantity of square meter equivalents under paragraph (1), the conversion factors listed in ‘Correlation: U.S. Textile and Apparel Industry Category System with the Harmonized Tariff Schedule of the United States of America, 2008’, or its successor publications, of the United States Department of Commerce, shall apply.

“(b) EARNED IMPORT ALLOWANCE PROGRAM.—

“(1) ESTABLISHMENT.—The Secretary of Commerce shall establish a program to provide earned import allowance certificates to any producer or entity controlling production of eligible apparel articles in an eligible country for purposes of subsection (a), based on the elements described in paragraph (2).

“(2) ELEMENTS.—The elements referred to in paragraph (1) are the following:

(A) One credit shall be issued to a producer or an entity controlling production for every two square meter equivalents of qualifying fabric that the producer or entity

Applicability.
controlling production can demonstrate that it has purchased for the manufacture in an eligible country of articles like or similar to any article eligible for preferential treatment under subsection (a). The Secretary of Commerce shall, if requested by a producer or entity controlling production, create and maintain an account for such producer or entity controlling production, into which such credits may be deposited.

“(B) Such producer or entity controlling production may redeem credits issued under subparagraph (A) for earned import allowance certificates reflecting such number of earned credits as the producer or entity may request and has available.

“(C) Any textile mill or other entity located in the United States that exports qualifying fabric to an eligible country may submit, upon such export or upon request, the Shipper’s Export Declaration, or successor documentation, to the Secretary of Commerce—

“(i) verifying that the qualifying fabric was exported to a producer or entity controlling production in an eligible country; and

“(ii) identifying such producer or entity controlling production, and the quantity and description of qualifying fabric exported to such producer or entity controlling production.

“(D) The Secretary of Commerce may require that a producer or entity controlling production submit documentation to verify purchases of qualifying fabric.

“(E) The Secretary of Commerce may make available to each person or entity identified in the documentation submitted under subparagraph (C) or (D) information contained in such documentation that relates to the purchase of qualifying fabric involving such person or entity.

“(F) The program shall be established so as to allow, to the extent feasible, the submission, storage, retrieval, and disclosure of information in electronic format, including information with respect to the earned import allowance certificates required under subsection (a)(1).

“(G) The Secretary of Commerce may reconcile discrepancies in the information provided under subparagraph (C) or (D) and verify the accuracy of such information.

“(H) The Secretary of Commerce shall establish procedures to carry out the program under this section by September 30, 2008, and may establish additional requirements to carry out the program.

“(c) DEFINITIONS.—For purposes of this section—

“(1) the term ‘appropriate congressional committees’ means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate;

“(2) the term ‘eligible apparel articles’ means the following articles classified in chapter 62 of the HTS (and meeting the requirements of the rules relating to chapter 62 of the HTS contained in general note 29(n) of the HTS) of cotton (but not of denim): trousers, bib and brace overalls, breeches and shorts, skirts and divided skirts, and pants;

“(3) the term ‘eligible country’ means the Dominican Republic; and
“(4) the term ‘qualifying fabric’ means woven fabric of cotton wholly formed in the United States from yarns wholly formed in the United States and certified by the producer or entity controlling production as being suitable for use in the manufacture of apparel items such as trousers, bib and brace overalls, breeches and shorts, skirts and divided skirts or pants, all the foregoing of cotton, except that—

(A) fabric otherwise eligible as qualifying fabric shall not be ineligible as qualifying fabric because the fabric contains nylon filament yarn with respect to which section 213(b)(2)(A)(vii)(IV) of the Caribbean Basin Economic Recovery Act applies;

(B) fabric that would otherwise be ineligible as qualifying fabric because the fabric contains yarns not wholly formed in the United States shall not be ineligible as qualifying fabric if the total weight of all such yarns is not more than 10 percent of the total weight of the fabric, except that any elastomeric yarn contained in an eligible apparel article must be wholly formed in the United States; and

(C) fabric otherwise eligible as qualifying fabric shall not be ineligible as qualifying fabric because the fabric contains yarns or fibers that have been designated as not commercially available pursuant to—

(i) article 3.25(4) or Annex 3.25 of the Agreement;

(ii) Annex 401 of the North American Free Trade Agreement;

(iii) section 112(b)(5) of the African Growth and Opportunity Act;

(iv) section 204(b)(3)(B)(i)(III) or (ii) of the Andean Trade Preference Act;

(v) section 213(b)(2)(A)(v) or 213A(b)(5)(A) of the Caribbean Basin Economic Recovery Act; or

(vi) any other provision, relating to determining whether a textile or apparel article is an originating good eligible for preferential treatment, of a law that implements a free trade agreement entered into by the United States that is in effect at the time the claim for preferential treatment is made.

“(d) REVIEW AND REPORT.—

“(1) REVIEW.—The United States International Trade Commission shall carry out a review of the program under this section annually for the purpose of evaluating the effectiveness of, and making recommendations for improvements in, the program.

“(2) REPORT.—The United States International Trade Commission shall submit to the appropriate congressional committees annually a report on the results of the review carried out under paragraph (1).

“(e) EFFECTIVE DATE AND APPLICABILITY.—

“(1) EFFECTIVE DATE.—The program under this section shall be in effect for the 10-year period beginning on the date on which the President certifies to the appropriate congressional committees that sections A, B, C, and D of the Annex to Presidential Proclamation 8213 (December 20, 2007) have taken effect.
"(2) APPLICABILITY.—The program under this section shall apply with respect to qualifying fabric exported to an eligible country on or after August 1, 2007.”.

(b) CLERICAL AMENDMENT.—The table of contents for the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act is amended by inserting after the item relating to section 403 the following:

“Sec. 404. Earned import allowance program.”.

SEC. 3. AFRICAN GROWTH AND OPPORTUNITY ACT.

(a) IN GENERAL.—Section 112 of the African Growth and Opportunity Act (19 U.S.C. 3721) is amended—

(1) in subsection (b)(6)(A), by striking “ethic” in the second sentence and inserting “ethnic”; and

(2) in subsection (c)—

(A) in paragraph (1), by striking “, and subject to paragraph (2)”;

(B) by striking paragraphs (2) and (3);

(C) in paragraph (4)—

(i) by striking “Subsection (b)(3)(C)” and inserting “Subsection (b)(3)(B)”;

(ii) by redesignating such paragraph (4) as paragraph (2); and

(D) by striking paragraph (5) and inserting the following:

“(3) DEFINITION.—In this subsection, the term ‘lesser developed beneficiary sub-Saharan African country’ means—

“(A) a beneficiary sub-Saharan African country that had a per capita gross national product of less than $1,500 in 1998, as measured by the International Bank for Reconstruction and Development;

“(B) Botswana;

“(C) Namibia; and

“(D) Mauritius.”.

(b) APPLICABILITY.—The amendments made by subsection (a) apply to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

(c) REVIEW AND REPORTS.—

(1) ITC REVIEW AND REPORT.—

(A) REVIEW.—The United States International Trade Commission shall conduct a review to identify yarns, fabrics, and other textile and apparel inputs that through new or increased investment or other measures can be produced competitively in beneficiary sub-Saharan African countries.

(B) REPORT.—Not later than 7 months after the date of the enactment of this Act, the United States International Trade Commission shall submit to the appropriate congressional committees and the Comptroller General a report on the results of the review carried out under subparagraph (A).

(2) GAO REPORT.—Not later than 90 days after the submission of the report under paragraph (1)(B), the Comptroller General shall submit to the appropriate congressional committees a report that, based on the results of the report submitted

122 Stat. 4981

under paragraph (1)(B) and other available information, contains recommendations for changes to United States trade preference programs, including the African Growth and Opportunity Act (19 U.S.C. 3701 et seq.) and the amendments made by that Act, to provide incentives to increase investment and other measures necessary to improve the competitiveness of beneficiary sub-Saharan African countries in the production of yarns, fabrics, and other textile and apparel inputs identified in the report submitted under paragraph (1)(B), including changes to requirements relating to rules of origin under such programs.

(3) Definitions.—In this subsection—

(A) the term “appropriate congressional committees” means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate; and

(B) the term “beneficiary sub-Saharan African countries” has the meaning given the term in section 506A(c) of the Trade Act of 1974 (19 U.S.C. 2466a(c)).

(d) Clerical Amendment.—Section 6002(a)(2)(B) of Public Law 109–432 is amended by striking “(B) by striking” and inserting “(B) in paragraph (3), by striking”.

SEC. 4. GENERALIZED SYSTEM OF PREFERENCES.


SEC. 5. CUSTOMS USER FEES.

(a) In General.—Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended—

(1) in subparagraph (A), by striking “November 14, 2017” and inserting “February 14, 2018”; and

(2) in subparagraph (B)(i), by striking “October 7, 2017” and inserting “January 31, 2018”.

(b) Repeal.—Section 15201 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246) is amended by striking subsections (c) and (d).

SEC. 6. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

The percentage under subparagraph (C) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 2 percentage points.

SEC. 7. TECHNICAL CORRECTIONS.

Section 15402 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246) is amended—

(1) in subsections (a) and (b), by striking “Carribean” each place it appears and inserting “Caribbean”; and

19 USC 3721.

Ante, p. 2262.

26 USC 6655 note.
(2) in subsection (d), by striking “231A(b)” and inserting “213A(b)”.


LEGISLATIVE HISTORY—H.R. 7222:
   Sept. 29, considered and passed House.
   Oct. 2, considered and passed Senate, amended.
   Oct. 3, House concurred in Senate amendment.
   Oct. 16, Presidential remarks.
Appendix B

Federal Register Notice
(8) A list of known sources of information on national or regional prices for the Domestic Like Product or the Subject Merchandise in the U.S. or other markets.

(9) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm’s operations on that product during calendar year 2018, except as noted (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant).

If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm’s(s’) production;

(b) Capacity (quantity) of your firm to produce the Domestic Like Product (that is, the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(d) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s); and

(e) the value of (i) net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the Domestic Like Product produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country, provide the following information on your firm’s(s’) operations on that product during calendar year 2018 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm’s(s’) imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Country; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(11) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm’s(s’) operations on that product during calendar year 2018 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Country accounted for by your firm’s(s’) production;

(b) Capacity (quantity) of your firm to produce the Subject Merchandise in the Subject Country (that is, the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) the quantity and value of your firm’s(s’) exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Country accounted for by your firm’s(s’) exports.

(12) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country after 2013, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

(13) [OPTIONAL] A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This proceeding is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission’s rules.

By order of the Commission.

Issued: March 26, 2019.

Katherine M. Hiner,
Acting Secretary to the Commission.

Earned Import Allowance Program:
Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic, Tenth Annual Review


ACTION: Notice of opportunity to provide written comments in connection with the Commission’s tenth and final annual review.

SUMMARY: The U.S. International Trade Commission (Commission) has announced its schedule, including deadlines for filing written submissions, in connection with preparing a report on its tenth and final annual review in investigation No. 332—503, Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic, Tenth Annual Review.

DATES:
June 7, 2019: Deadline for filing written submissions.

September 20, 2019: Transmittal of tenth report to House Committee on Ways and Means and Senate Committee on Finance.

ADDRESSSES: All Commission offices, including the Commission’s hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions, including statements, and briefs, should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public file for this investigation may be viewed on the Commission’s electronic docket (EDIS) at https://edis.usitc.gov.

FOR FURTHER INFORMATION CONTACT: Project leader Laura V. Rodriguez (202–205–3499 or laura.rodriguez@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission’s Office of the General Counsel (202–205–3091 or william.gearhart@usitc.gov). The media should contact Margaret O’Laughlin, Office of External Relations (202–205–1819 or margaretolaughlin@usitc.gov).

Hearing-impaired individuals may obtain information on this matter by contacting the Commission’s TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its website (https://www.usitc.gov). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

Background: Section 404(b) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (CAFTA-DR Act) (19 U.S.C. 4112(b)) required the Secretary of Commerce to establish and implement a program to allow certain apparel articles made wholly assembled in an eligible country to enter the United States free of duty if accompanied by a certificate that shows evidence of the purchase of certain U.S. fabric. The term “eligible country” was defined to mean the Dominican Republic. More specifically, the program allowed producers (in the Dominican Republic) that purchased a certain quantity of qualifying U.S. fabric to produce certain cotton bottoms in the Dominican Republic to receive a credit that can be used to ship a certain quantity of eligible apparel using third-country fabrics from the Dominican Republic to the United States free of duty.

Section 404(d)(1) of the CAFTA-DR Act directs the Commission to conduct an annual review of the program to evaluate the effectiveness of the program and make recommendations for improvements. Section 404(d)(2) of the CAFTA-DR Act requires the Commission to submit annually its reports containing the results of its reviews to the House Committee on Ways and Means and the Senate Committee on Finance. Section 404(e) of the CAFTA-DR Act states that the program is to be in effect for the 10-year period beginning on the date on which the President certifies to the appropriate congressional committees that sections A, B, C, and D of the Annex to Presidential Proclamation 8213 (December 20, 2007) have taken effect. In Presidential Proclamation 8323 (November 25, 2008), the President certified that the provisions of Proclamation 8213 referenced in section 404(e)(1) of the CAFTA-DR Act, as amended, have taken effect. Commerce has announced that the program expired on December 1, 2018 with no more entries allowed after November 30, 2018. The Commission expects to submit its report on its tenth annual review by September 20, 2019.

Copies of the Commission’s prior reports are available on the Commission’s website at www.usitc.gov, including the ninth annual report, which was published on August 3, 2018 (ITC Publication 4809). The Commission conducted this investigation pursuant to section 332(g) of the Tariff Act of 1930 to facilitate docketing of submissions and to facilitate public access to Commission records through the Commission’s EDIS electronic records system. The Commission published notice of institution of this investigation in the Federal Register on April 29, 2008 (73 FR 23397), and published notice of the Commission’s invitation to submit information in connection with the ninth annual report in the Federal Register on March 2, 2018 (83 FR 9028).

Written Submissions: Interested parties are invited to file written submissions concerning this tenth and final annual review. All written submissions should be addressed to the Secretary, and all such submissions should be received no later than 5:15 p.m., June 7, 2019. All written submissions must conform to the provisions of section 201.8 of the Commission’s Rules of Practice and Procedure (19 CFR 201.8).

FOR FURTHER INFORMATION CONTACT: Project leader Laura V. Rodriguez (202–205–3499 or laura.rodriguez@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission’s Office of the General Counsel (202–205–3091 or william.gearhart@usitc.gov). The media should contact Margaret O’Laughlin, Office of External Relations (202–205–1819 or margaretolaughlin@usitc.gov).

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Background: Section 404(b) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (CAFTA-DR Act) (19 U.S.C. 4112(b)) required the Secretary of Commerce to establish an Earned Import Allowance Program (EIAP) and directed the Commission to conduct annual reviews of the program to evaluate its effectiveness and make recommendations for improvements. Section 404(c) of the CAFTA-DR Act authorized certain apparel articles wholly assembled in an eligible country to enter the United States free of duty if accompanied by a certificate that shows evidence of the purchase of certain U.S. fabric. The term “eligible country” was defined to mean the Dominican Republic. More specifically, the program allowed producers (in the Dominican Republic) that purchased a certain quantity of qualifying U.S. fabric to produce certain cotton bottoms in the Dominican Republic to receive a credit that can be used to ship a certain quantity of eligible apparel using third-country fabrics from the Dominican Republic to the United States free of duty.

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the appendix should include a summary with their written submission and should include a statement that the summary is included for this purpose. The summary may not exceed 500 words, should be in MSWord format or a format that can be easily converted to MSWord, and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. In the appendix the Commission will identify the name of the organization furnishing the summary, and will include a link to the Commission’s Electronic Document Information System (EDIS) where the full written submission can be found.

By order of the Commission.
Issued: March 26, 2019.
Katherine Hiner,
Acting Secretary to the Commission.

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1057;
(Enforcement Proceeding)]

Certain Robotic Vacuum Cleaning Devices and Components Thereof Such as Spare Parts; Notice of Institution of Formal Enforcement Proceeding


ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has instituted a formal enforcement proceeding related to cease and desist orders issued in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Robert Needham, Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–5468. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at http://edis.usitc.gov. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted an investigation on May 23, 2017, based on a complaint filed by iRobot Corporation of Bedford, Massachusetts ("iRobot"). 82 FR 23593–94. The complaint, as supplemented, alleged violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain robotic vacuum cleaning devices and components thereof such as spare parts that infringe certain claims of, inter alia, U.S. Patent No. 9,038,233 ("the '233 patent"). Id. The Commission’s notice of investigation named as a respondent, inter alia, Shenzhen Silver Star Intelligent Technology Co., Ltd., of Shenzhen, China ("Silver Star") and bObsweep USA and bObsweep, Inc. (together, "bObsweep"). Id. at 23593.

The Office of Unfair Import Investigations did not participate in the investigation. Id.

On November 30, 2018, the Commission found, inter alia, that Silver Star and bObsweep violated section 337 with respect to the '233 patent, and issued a limited exclusion order ("LEO") against, inter alia, Silver Star with respect to claims 1, 10, 11, and 14–16 of the '233 patent. 83 FR 63186–87. The Commission also issued cease and desist orders ("CDOs") against Silver Star’s customer bObsweep regarding those same claims. Id.

On January 30, 2019, Silver Star filed a request for an advisory opinion that eight of its products do not violate the LEO and CDOs. On February 11, 2019, iRobot opposed the advisory opinion request on numerous grounds. On March 15, 2019, the Commission determined to institute an advisory opinion proceeding and delegated the proceeding to an administrative law judge. On February 21, 2019, iRobot filed a complaint requesting that the Commission institute a formal enforcement proceeding under Commission Rule 210.75(b) to investigate alleged violations of the CDOs by bObsweep. On March 5, 2019, bObsweep filed a letter opposing the institution of a formal enforcement proceeding.

Having examined the enforcement complaint and the supporting documents, as well as the letter, the Commission has determined to institute a formal enforcement proceeding to determine whether bObsweep is in violation of the CDOs issued in the original investigation and what, if any, enforcement measures are appropriate. The following entities are named as parties to the formal enforcement proceeding: (1) Complainant iRobot; (2) respondents bObsweep USA and bObsweep, Inc.; and (3) the Office of Unfair Import Investigations.

The authority for the Commission’s determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in part 210 of the Commission’s Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.
Issued: March 26, 2019.
Katherine Hiner,
Acting Secretary to the Commission.

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–752 (Fourth Review)]

Crawfish Tail Meat From China; Institution of a Five-Year Review


ACTION: Notice.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to the Tariff Act of 1930 ("the Act"), as amended, to determine whether revocation of the antidumping duty order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury. Pursuant to the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission.

DATES: Instituted April 1, 2019. To be assured of consideration, the deadline for responses is May 1, 2019. Comments on the adequacy of responses may be filed with the Commission by June 13, 2019.
