

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JUL 29 2009

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US INTL TRADE COMM
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The Honorable Shara L. Aranoff
Chairman
U.S. International Trade Commission
500 E St., SW
Washington, DC 20436

Dear Chairman Aranoff:

Annex 300-B, Chapter Four and Annex 401 of the North American Free Trade Agreement (NAFTA) set out rules of origin for textiles and apparel for applying the tariff provisions of the NAFTA. These rules are reflected in General Note 12 of the Harmonized Tariff Schedule of the United States (HTS).

Section 202(q) of the North American Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with one or more of the NAFTA countries pursuant to paragraph 2 of section 7 of Annex 300-B of the Agreement. One of the requirements set out in section 103 is that the President obtain advice regarding the proposed action from the U.S. International Trade Commission.

Our negotiators have recently reached agreement in principle with representatives of the governments of Canada and Mexico on modifications to the NAFTA rules of origin, which are reflected in part I of the attached document. These changes are the result of determinations that North American producers are not able to produce rayon fiber in commercial quantities in a timely manner, nor are they able to produce certain man-made fibers used in the production of textile flock in commercial quantities in a timely manner. In addition, our negotiators have recently reached agreement in principle with representatives of the government of Canada, which are reflected in part II of the attached document. These changes are the result of determinations that U.S. and Canadian producers are not able to produce certain acrylic fibers in commercial quantities in a timely manner.

Under authority delegated by the President, and pursuant to section 103 of the Act, I request that the Commission provide advice on the probable effect of the modifications reflected in the enclosed proposals on U.S. trade under the NAFTA, total U.S. trade, and on domestic producers of the affected articles. I request that the Commission provide this advice at the earliest possible

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date, but not later than four months after the date of receipt of this request. The Commission should issue, as soon as possible thereafter, a public version of its report with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Kirk". The signature is written in a cursive style with a large initial "R" and a distinct "K".

Ron Kirk

Enclosure

Part I

Trilaterally agreed rules of origin

NORTH AMERICAN FREE TRADE AGREEMENT
Textiles and Apparel Goods - Availability of Supply
Proposed Amendments to Annex 401

Rayon Fiber, Other than Lyocell:

Chapters 52, 54, 55, 56 and 60: Add the following chapter notes to Chapters 52, 54, 55, 56 and 60:

Chapter 52

Note: The origin of rayon fiber, other than lyocell, of heading 55.02, 55.04 or 55.07 shall be disregarded in determining the origin of any thread or yarn of this chapter.

Chapter 54

Note: The origin of rayon fiber, other than lyocell, of heading 55.02, 55.04 or 55.07 shall be disregarded in determining the origin of any thread or yarn of this chapter.

Chapter 55

Note: The origin of rayon fiber, other than lyocell, of heading 55.02, 55.04 or 55.07 shall be disregarded in determining the origin of any thread or yarn of this chapter.

Chapter 56

Note: The origin of rayon fiber, other than lyocell, of heading 55.02, 55.04 or 55.07 shall be disregarded in determining the origin of any good of this chapter.

Chapter 60

Note: The origin of rayon fiber, other than lyocell of heading 55.02, 55.04 or 55.07 shall be disregarded in determining the origin of any good of this chapter.

Textile flock and dust and mill neps

Chapter 56, 5601.21-5601.30: Delete subheading 5601.21-5601.30 and the rule of origin applicable thereto and replace with the following:

- 5601.21 – 5601.29 A change to subheading 5601.21 through 5601.29 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11 or Chapter 54 through 55.
- 5601.30 A change to subheading 5601.30 from synthetic filament tow, modacrylic, of subheading 5501.30 or any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11 or Chapter 54 through 55.

Part II:

Bilaterally agreed rules of origin

NORTH AMERICAN FREE TRADE AGREEMENT
Textiles and Apparel Goods - Availability of Supply
Proposed Amendments to Annex 300-B, Appendix 6, Special Provisions

Rule Applicable to Thread and Yarns of Chapter 55 Containing Acrylic or Modacrylic Staple Fibers

For purposes of trade between Canada and the United States, a good of either Party of heading 55.08 through 55.11 shall be treated as if it were an originating good only if any of the following changes in tariff classification is satisfied within the territory of one or both of the Parties:

a change to heading 55.08 through 55.11 from subheading 5503.30 or any other chapter, except from heading 52.01 through 52.03 or 54.01 through 54.05.

Rule Applicable to Warp Pile Fabrics, Cut, Containing Acrylic or Modacrylic Staple Fibers

For purposes of trade between Canada and the United States, a good of either Party of subheading 5801.35 shall be treated as if it were an originating good only if any of the following changes in tariff classification is satisfied within the territory of one or both of the Parties:

a change to subheading 5801.35 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54 or subheading 5501.10 through 5503.20 or 5503.40 through 5503.90 or heading 55.04 through 55.16.

Rule Applicable to Warp Pile Fabrics Containing Acrylic or Modacrylic Staple Fibers

For purposes of trade between Canada and the United States, a good of either Party of subheading 6001.10 shall be treated as if it were an originating good only if any of the following changes in tariff classification is satisfied within the territory of one or both of the Parties:

a change to subheading 6001.10 from any other chapter, except from heading 51.06 through 51.13, Chapter 52, heading 53.07 through 53.08 or 53.10 through 53.11, Chapter 54 or subheading 5501.10 through 5503.20 or 5503.40 through 5503.90 or heading 55.04 through 55.16.