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Certain Fabrics of Triacetate Filament Yarns: Effect of Modification to U.S.- Korea FTA Rules of Origin

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Acronyms and Abbreviations

Terms	Definitions
CITA	Committee for the Implementation of Textile Agreements
EPA	U.S. Environmental Protection Agency
FTA	Free Trade Agreement
HS	Harmonized System
HTS	Harmonized Tariff Schedule of the United States
KORUS	United States-Korea Free Trade Agreement
MFN	most-favored-nation
NTR	normal trade relations (U.S. equivalent of MFN status)
OTEXA	Office of Textiles and Apparel, U.S. Department of Commerce
ROOs	rules of origin
USITC	U.S. International Trade Commission
USTR	Office of the U.S. Trade Representative
WTO	World Trade Organization

Executive Summary

In a letter dated July 5, 2022, the U.S. Trade Representative requested advice from the U.S. International Trade Commission (Commission or USITC) on the probable economic effect of a proposed modification to the rules of origin (ROOs) of the United States-Korea Free Trade Agreement (KORUS) on U.S. trade under the agreement, on total U.S. trade, and on domestic producers of the affected articles. The proposed modification would liberalize the current ROOs for woven fabrics of textured and non-textured triacetate filament yarns by allowing the use of non-originating inputs (i.e., textured and non-textured triacetate filament yarns), thus making the fabrics eligible for duty-free treatment under KORUS. The fabrics are currently classified under Harmonized System (HS) subheadings 5408.21 through 5408.34, while the textured and non-textured triacetate filament yarns are classified under HS subheading 5403.33. Section 104(1)(B) of the United States-Korea Free Trade Agreement Implementation Act requires that the President obtain advice from the Commission regarding the proposed action.

Although the United States sourced textiles from over 150 countries in 2021, the top ten suppliers accounted for 65 percent of such imports. Of these, the three largest sources of U.S. textile imports in 2021 were China, India, and Turkey, together accounting for \$7.3 billion (43.0 percent) of the \$17.0 billion in total U.S. textile imports. South Korea was the next-largest U.S. source at \$1.1 billion, or 6.5 percent of total U.S. textile imports in 2021.¹ Nearly three-fourths (71.8 percent) of such imports from South Korea already entered the U.S. market duty-free under KORUS and would therefore not be impacted by the proposed ROO modification. Of the remaining dutiable imports,² less than one-half of 1 percent comprise the types of fabrics that include woven fabrics of textured and non-textured triacetate filament yarns and that therefore could potentially be affected by the prospective change in the ROOs. With respect to U.S. exports, South Korea is a small market for U.S. textiles, ranking 12th and accounting for 1.8 percent (\$296 million) of U.S. sector exports.³

The proposed modification to the KORUS ROOs for woven fabrics of textured and non-textured triacetate filament yarns is likely to have little to no impact on trade under KORUS, total U.S. trade, or U.S. producers of articles affected by the proposed modification. This is largely because of the low levels of both U.S.-South Korean trade and total trade in the subject fabrics, the lack of U.S. producers of the yarn or known producers of fabric, the limited number of South Korean producers of the fabric, only a single known producer of the yarn (located in Japan), and a lack of expected future increase in demand for the subject fabrics, as explained below.

¹ Mexico and Canada followed as the fifth and sixth largest suppliers and accounted for a similar share (about 6 percent each) of total U.S. imports of textiles.

² See table 2.2 in chapter 2 for detailed information on dutiable imports from South Korea and applicable duty rates.

³ USITC DataWeb/U.S. Census, imports for consumption, HS Chapters 50–60, accessed September 7, 2022.

Impact of the Proposed Modification on Trade

The proposed modification to the KORUS ROOs is expected to have a minimal impact on trade, both between the United States and South Korea under KORUS, and on total U.S. trade in the short term. Data on imports and exports of triacetate filament yarns and woven fabrics of textured and non-textured triacetate filament yarns are not available. Trade data are only available for larger product groupings—cellulose acetate filament yarns and certain woven fabrics of artificial filament yarns—that include the triacetate products but also include many other fabrics and yarns.⁴ Thus, when analyzing trade data, this report uses the value of U.S. imports and exports of certain woven fabrics of artificial filament yarns as a proxy for the value of U.S. imports and exports of woven fabrics of textured and non-textured triacetate filament yarns. This results in an overestimation of the modification's impact on U.S. trade under KORUS and on total U.S. trade in the short term.⁵ However, even with this overestimation, the impact of the proposed modification is expected to be minimal.

The value of U.S. imports from South Korea of certain woven fabrics of artificial filament yarns that could be affected by the ROO modification (i.e., currently dutiable imports that could potentially qualify for duty-free treatment under the agreement after the change) is relatively small (\$1.1 million) compared to total U.S. imports of such fabrics (\$19.2 million), and total U.S. imports of textiles (\$17.0 billion). Moreover, trade diversion to the United States of South Korean triacetate fabrics currently exported to third countries is not likely to be significant, as U.S. demand is currently small and expected to remain so. Although South Korea was the sixth-largest exporter of certain woven fabrics of artificial filament yarns to the world in 2021, it accounted for only about 5.2 percent (\$49.3 million) of global exports. Much larger suppliers of these fabrics are China, Italy, and Japan, which together account for 43 percent of global exports. Further, it is unknown what percentage of South Korean exports consisted of woven fabrics of textured and non-textured triacetate filament yarns, but it is assumed to be small based on the specialized nature of the product and the limited availability of the input.⁶

Similarly, the proposed ROO modification is likely to have little to no effect on U.S. exports to South Korea or on total U.S. exports. South Korea is a small market for U.S. exports of certain woven fabrics of artificial filament yarns, accounting for 0.1 percent of total U.S. exports of such fabrics. Furthermore, as no known knitting or weaving capacity in the United States currently uses triacetate yarns, it is unlikely that any of the aforementioned U.S. exports include woven fabrics of textured or non-textured triacetate filament yarns.

In the longer term, the modification similarly will likely have a minimal impact on KORUS trade and total U.S. trade. Imports under KORUS could increase over time if the 6.9 to 25 percent duty reduction under KORUS makes South Korea a more attractive source for these fabrics vis-à-vis other suppliers. Any

⁴ HS subheadings 5408.21 to 5408.34 cover woven fabrics of artificial filament yarns, though there is no specific tariff line or break out for woven fabrics of triacetate filament yarns. HS subheading 5403.33 covers artificial filament yarn of cellulose acetate though there is no specific tariff line or break out for triacetate filament yarn.

⁵ See the Approach section in chapter 1 for more detail.

⁶ Industry representative, call with USITC staff, September 27, 2022. Industry representatives, email messages to USITC staff, September 2, 2022, and October 14, 2022.

increase would likely be small, however.⁷ Further, U.S. and South Korean demand for woven fabrics of textured and nontextured triacetate filament yarns is not expected to grow significantly, even if the proposed modification is adopted, largely because this particular fabric has been in commercial use for decades but has remained a niche product compared with other more widely used fabrics of artificial yarns, such as rayon, acetate, and lyocell. Moreover, the only known production of triacetate yarn appears to be in Japan, and there are environmental concerns related to the manufacturing process for triacetate filament yarns, which limits global supply and discourages new entrants. Triacetate filament yarn production requires the use of a hazardous solvent in the manufacturing process.

Impact of the Proposed Modification on U.S. Producers

The Commission estimates there would be no effect on U.S. producers. There is no known domestic production of the articles directly affected by the proposed modification, specifically textured and nontextured triacetate filament yarns and woven triacetate fabrics. One U.S. firm previously produced triacetate filament yarn but ceased production in the mid-2000s because of the aforementioned environmental concerns, and the Commission was unable to locate domestic producers of woven triacetate fabrics. It is unlikely that U.S. producers of similar or substitutable fabrics would be affected, as woven triacetate fabric is a niche product. Comparable substitutes, such as fabrics of lyocell and rayon, are far more commonly used and account for a much larger share of the market.

⁷ It is unknown if any U.S. imports of woven fabrics of artificial filament yarns include fabrics of textured and nontextured triacetate filament yarns from third countries, given the limitations in the trade data noted above. It is assumed there are some imports from South Korea given the requested modification of the ROO.

Chapter 1

Introduction

Background and Scope

In a letter dated July 5, 2022, the U.S. Trade Representative requested the Commission’s advice on the probable economic effect of a proposed modification to the ROOs⁸ in Chapter 4 and Annex 4-A of the KORUS, as reflected in general note 33 to the HTS.⁹ In the request letter, the U.S. Trade Representative noted that section 202(o)(2)(B)(i) of the KORUS Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 104 of the Act, to proclaim such modifications to the ROOs for textiles and apparel goods. Section 104(1)(B) of the Act requires the President to obtain advice from the Commission regarding the proposed action.¹⁰

The U.S. Trade Representative stated in the request letter that the rule subject to the request contains a modification regarding cuprammonium rayon yarn of subheading 5403.39 from a prior request. She noted that the Commission conducted a review of this modification in 2019, the U.S. Trade Representative accepted the findings,¹¹ and the modification was included in Presidential Proclamation 10053 of June 29, 2020.¹² She further indicated that her office is waiting for South Korea to complete its domestic procedures before announcing an effective date for this change. In her letter, she requested that the Commission, in providing this new advice, assume the previous amendment to be part of the existing rule.

The proposed modification to the KORUS ROOs described in the U.S. Trade Representative’s letter covers certain woven fabrics (classified under HS heading 5408) of textured and non-textured triacetate filament yarns (classified under HS subheading 5403.33). As requested, the Commission’s advice addresses the probable economic effect of the proposed modification on U.S. trade under KORUS, total U.S. trade, and domestic producers of the affected articles.

Approach

The Commission analyzed potential changes in U.S. trade and production resulting from the proposed ROO modification and made assumptions intended to estimate the maximum probable effect in the

⁸ KORUS includes a set of criteria, or ROOs, that dictate how a good can meet the terms of the FTA as originating in the partner country (or countries) and thus eligible for preferential duty rates. The ROOs in all U.S. FTAs, including KORUS, use common language elements that describe how textiles and apparel can meet the terms specific to the agreement, but no two FTAs have the same ROOs. For more information on understanding textile and apparel ROOs under FTAs, see appendix E.

⁹ The request letter is found in appendix A, and the Commission’s notice of institution of the investigation is found in appendix B.

¹⁰ United States-Korea Free Trade Agreement Implementation Act, 112 Pub. L. No. 41, § 104(1)(b), 125 Stat. 428, 431 (codified at 19 U.S.C.S. § 3805 (notes)).

¹¹ The findings are in USITC Inv. No. FTA-103-032, *U.S.-Korea FTA: Advice on Modifications to Certain Textile and Apparel Rules of Origin* (July 2019).

¹² Proclamation No. 10053, 85 Fed. Reg. 39821 (June 29, 2020).

short term. In addition, the Commission conducted outreach to key stakeholders to evaluate potential long-term impacts on U.S. trade and production.

The approach used in this report to assess the probable economic effect consisted of several steps. First, the proposed ROO was compared with the current rule to determine if any substantive change would likely occur for the products covered. The Commission's analysis found that the proposed modification would substantively change the rule under which products qualify for the KORUS preferential rate of duty. Next, the proposed rule was examined to determine if it would liberalize or restrict eligibility under KORUS. If a proposed rule is liberalizing, it could potentially lead to an increase in the amount of goods that qualify for the preferential rate of duty (for example, by allowing more non-originating content) and to an increase in U.S. imports and exports. The Commission finds that the proposed modification would be liberalizing compared to the existing ROO for covered products of the affected subheadings. The rates of duty were then analyzed for the tariff lines comprising certain woven fabrics of artificial filament yarns potentially affected by the proposed rule to gauge how beneficial the ROO change would be in terms of duty savings under KORUS. The analysis found that the proposed rule includes tariff lines with rates ranging from zero to 25 percent ad valorem¹³ for imports into the United States¹⁴ and with rates of 8 percent for imports into South Korea.¹⁵ Finally, as the lack of trade data specifically on woven fabrics of textured and non-textured triacetate filament yarns precludes quantitative modeling, the Commission performed a more simple quantitative analysis based on U.S. and South Korean trade data (using certain woven fabrics of artificial filament yarns as a proxy for woven fabrics of triacetate filament yarns), along with a qualitative assessment based on product and market factors and information gathered through staff research to assess the short- and long-term effects of the modification to the ROOs on U.S. trade under KORUS, total U.S. trade, and U.S. producers of the affected articles (see the "Assessing the Effect" sections below).¹⁶

Assessing the Effect on U.S. Imports

In assessing how U.S. imports under KORUS and total U.S. imports change due to the proposed modification to the ROOs, the Commission applied assumptions that provide an estimate of the largest probable short-term effect. These assumptions were made as the limited data availability for the products in scope preclude more precise analysis. Woven fabrics of textured and non-textured triacetate filament yarns are a narrowly defined product, and trade data are unavailable at that level of detail. Data are available, however, for a broader product grouping—certain woven fabrics of artificial filament yarns—and such data are used as a proxy for woven fabrics of textured and non-textured triacetate

¹³ Ad valorem is a rate of duty expressed as a percentage of the appraised customs value of the imported good. The actual tariff may be levied in other terms, such as dollars per ton, for example.

¹⁴ A complete list of HTS tariff lines covered by the proposed modification, along with the tariff rates associated with these products, appears in appendix D.

¹⁵ South Korean import tariff rates were obtained from <http://tariffdata.wto.org/TariffList.aspx>. The 8 percent duty applies to all subheadings under HS 5408.

¹⁶ The short term is defined as immediate changes and shorter-term sourcing decisions, such as switching suppliers, while the long term involves shifts in demand for the product, investment decisions, and capacity and production increases.

filament yarns in analyzing trade data in this report.¹⁷ The Commission assumed that: (1) the modification would allow all goods currently imported under normal trade relations (NTR) duty rates that could possibly be affected by the proposed modification from South Korea to qualify for duty-free treatment under the proposed modification and (2) all imports that currently receive duty-free treatment under KORUS would continue to do so. In providing its advice, the Commission also considered the relevant U.S. duty rates, South Korea's share of U.S. imports for the affected articles, and the potential change in the value of imports of these articles. The resulting potential effect on imports is likely overestimated, because the HTS tariff lines used in this analysis cover more products than those affected by the proposed modification.

Assessing the Effect on U.S. Exports

The assumptions the Commission used to assess the probable economic effect on U.S. exports under KORUS and total U.S. exports are similar to those that the Commission uses in assessing the effect on imports. The Commission made these assumptions (1) because, as with import data, export data are not available specifically for woven fabrics of textured and non-textured triacetate filament yarns,¹⁸ and (2) because export data do not indicate the preference, if any, claimed for the good. With respect to the latter, only the importing party in a transaction between FTA partner countries receives information on the preference claimed for the goods.¹⁹ Therefore, the share of U.S. exports that currently qualify for preferential treatment under KORUS is not identifiable in U.S. export data the way it is for U.S. imports.²⁰ It is therefore not possible to analyze the likely change in U.S. dutiable exports to South Korea that would occur as a result of the proposed modification. Due to this limitation, the maximum probable short-term effect was assessed by assuming that all current U.S. exports of fabrics under the affected HS subheadings are dutiable under the current KORUS ROO and would qualify for duty-free treatment under the proposed modification. As a result of this, together with the unavailability of product-specific data, the estimated change in U.S. exports is overestimated to an even greater degree than with U.S.

¹⁷ Fabrics made of textured or non-textured triacetate filament yarns are not explicitly identified in the HTS. Such fabrics could be classified under the following HTS tariff lines: 5408.21.00, 5408.22.90, 5408.23.19, 5408.23.29, 5408.24.90, 5408.31.05, 5408.31.10, 5408.31.20, 5408.32.05, 5408.32.10, 5408.32.30, 5408.32.90, 5408.33.05, 5408.33.10, 5408.33.15, 5408.33.30, 5408.33.90, 5408.34.05, 5408.34.10, 5408.34.30, and 5408.34.90. See appendix D for a description of the relevant HTS tariff lines. Fabrics under these tariff lines may be made of any artificial filament yarn and are not specifically limited to fabrics of triacetate filament yarns or any other single artificial filament yarn. There are an additional five tariff lines under 5408 that cover woven fabrics of artificial filament yarns but not woven fabrics of triacetate filament yarns. These are 5408.10.00, 5408.22.10, 5408.23.11, 5408.23.21, and 5408.24.10, which cover viscose rayon and cuprammonium rayon fabrics.

¹⁸ The U.S. Census Bureau compiles U.S. export statistics in terms of commodity classifications in Schedule B. Schedule B does not disaggregate to the level of woven fabrics of triacetate filament yarns. Thus, export data analyzed in this report cover the following 6-digit subheadings, which include cuprammonium rayon fabrics: 5408.21, 5408.22, 5408.23, 5408.24, 5408.31, 5408.32, 5408.33, and 5408.34.

¹⁹ Export.gov, U.S. Department of Commerce, "Customs, Regulations and Standards," July 8, 2019.

²⁰ South Korea's Customs Service maintains a trade statistics database, available at <https://unipass.customs.go.kr/>, through which users can obtain trade data on South Korean imports, including imports under KORUS. However, data from this database for 2021 show \$36,000 in South Korean imports under KORUS of woven fabrics of artificial filament yarns (other than viscose rayon) of HS 5408, whereas U.S. trade data indicate total exports of such fabrics of only \$3,298 in 2021. South Korean statistics also show trade in HS lines where U.S. data indicate zero exports. Not knowing the reasons for the discrepancies between South Korean and U.S. data, the Commission will rely on U.S. export data in its analysis.

imports. In considering the effect of the modification, the Commission took into account the relevant South Korean duty rates, South Korea's importance as a market for U.S. exports of the affected fabrics, and the potential change in the value of U.S. exports of these goods.

Assessing the Effect on U.S. Industry

The Commission assessed the probable economic effect of the proposed modification on U.S. producers of the affected articles based on the anticipated changes in trade and qualitative information received through Commission outreach. The U.S. Trade Representative directed the Commission to assess the effect on U.S. producers of the affected articles but did not explicitly specify the articles to consider. For the purposes of this analysis, the Commission considers the affected articles to be textured and non-textured triacetate filament yarns, woven fabrics of textured and non-textured triacetate filament yarns, and substitutable fabrics.

Information Sources

The Commission used multiple data and information sources to prepare its advice. The proposed rule is listed in the U.S. Trade Representative's request letter (found in appendix A). The existing rule is from general note 33 of the HTS.²¹ The NTR or column 1-general tariff rates cited in the report were also taken from the HTS. The most-favored-nation (MFN) tariff rates²² for South Korea are from the World Trade Organization (WTO) Tariff Download Facility database.²³ Trade data used in the analysis were for 2021, unless otherwise specified. U.S. import and export data were taken from the Commission's Interactive Tariff and Trade database (DataWeb) but come originally from the U.S. Census Bureau.²⁴ In addition, the Commission sought information and views from interested parties by conducting industry outreach and by publishing a notice in the *Federal Register* (see appendix B) announcing the investigation and inviting interested parties to file written submissions.

²¹ The current rules are available at <http://hts.usitc.gov/current>. The current rules do not include the previous proposed modification covering cuprammonium rayon yarn of heading 5403.39; however, as explained above, USTR requested that the Commission assume that modification be considered part of the existing rule for the purposes of this study.

²² NTR duty rates are commonly called MFN rates in other countries.

²³ South Korean import tariff rates were obtained from <http://tariffdata.wto.org/TariffList.aspx>.

²⁴ USITC DataWeb/Census. Accessed various dates.

Chapter 2

Advice on the Probable Economic Effect of Modification to the KORUS ROOs

Proposed Modification

The proposed modification covers certain woven fabrics of textured and non-textured triacetate filament yarns, classified in HS heading 5408 (see box 2.1 for more detailed information on triacetate). Table 2.1 presents the existing rule and the rule as it would be if the modification were adopted. The added text covering the proposed modification is in bold type in the last column of the table.

Table 2.1 Existing rule and rule with proposed modification for certain woven fabrics (HTS heading 5408) of textured and non-textured triacetate filament yarn

HS Heading/description	Existing rule	Proposed modification
5408/Certain woven fabrics	5408: A change to heading 5408 from subheadings 5403.10, 5403.31 through 5403.32, [cuprammonium rayon yarn of subheading 5403.39], 5403.41 or any other chapter, except from headings 5106 through 5110, 5205 through 5206, [any other good of subheadings 5403.39], or 5509 through 5510.	5408: A change to heading 5408 from subheadings 5403.10, 5403.31 through 5403.32, textured and non-textured triacetate filament yarns of subheading 5403.33 , [cuprammonium rayon yarn of subheading 5403.39], 5403.41 or any other chapter, except from headings 5106 through 5110, 5205 through 5206, [any other good of subheadings 5403.33 and 5403.39], or 5509 through 5510.

Note: Per the USTR request, the Commission's analysis assumes a previous modification to the KORUS ROOs be part of the existing rule for the purposes of this report, although USTR has not announced an effective date for this change. The bracketed language above reflects language that would be added to the KORUS ROOs once the previous modification becomes effective.

KORUS provides that a good is originating (and therefore is eligible for preferential treatment under the Agreement) if it is a good “wholly obtained or produced entirely in” South Korea or the United States, produced entirely in the United States or South Korea exclusively of originating material, or satisfies a product-specific ROO.²⁵ Woven fabrics of textured and non-textured triacetate filament yarns are subject to a product-specific ROO.²⁶ The current version of that ROO allows fabrics under heading 5408 to receive preferential duty treatment if made from viscose rayon filament yarns (HS subheadings 5403.10, 5403.31, 5403.32, and 5403.41) and, for purposes of this analysis, cuprammonium rayon yarns (subheading 5403.39),²⁷ from any origin. It also allows fabrics under heading 5408 to receive preferential duty treatment if made from yarn from any origin classified under any chapter other than Chapter 54, except for the following headings: HS headings 5106–5110 (wool yarns), HS headings 5205–5206 (cotton

²⁵ HTS General Note 33(b) and 33(o) (KORUS); KORUS, chap. 6, art. 6.1.

²⁶ HTS General Note 33(o) (KORUS).

²⁷ As explained in chapter 1, the U.S. Trade Representative requested that the Commission, for the purposes of this study, assume the ROO modification for cuprammonium rayon to be part of the existing rule for these fabrics.

yarns), and HS headings 5509–5510 (synthetic staple fiber yarns). For fabric made of those yarns or any yarn in Chapter 54 not listed above as allowed to be of any origin (HS subheadings 5403.10, 5403.31, 5403.32, 5403.41, and, for purposes of this analysis, cuprammonium rayon yarns of 5403.39), the yarn must originate in the United States or South Korea for the fabric to qualify as originating and therefore eligible for preferential treatment. Because textured and non-textured triacetate filament yarns (of HS subheading 5403.33) fall within Chapter 54 but not within one of the enumerated subheadings of Chapter 54 allowed to satisfy the rule, woven fabrics of textured and non-textured triacetate filament yarns do not satisfy the product-specific ROO.

Box 2.1 What Is Triacetate?

Triacetate is a derivative of cellulose made by processing a natural material, such as wood pulp, with various chemicals. Triacetate filament yarn is made through a multistep process. First, wood pulp is treated with acetic acid, acetic anhydride, and sulfuric acid. These solutions react with the wood pulp to produce a gel called primary acetate.^a Next, the primary acetate is mixed with water, causing the gel-like solution to form white flakes. These flakes are then dissolved in a solvent, methylene chloride; extruded through small holes to form long continuous strands; and quickly dried with warm air, evaporating any remaining solvent.^b This final step is referred to as dry spinning, and the final product is triacetate filaments such as those used in the textile industry. The yarns can be further processed by adding loops, coils, crimps, or crinkles in the individual yarn filaments, which creates a textured yarn.^c

Methylene chloride, while an effective solvent for dissolving triacetate, can be more expensive than other solvents, and the product can be hazardous to handle.^d According to an industry representative, the primary reason triacetate is not produced in the United States is because companies do not want to work with such hazardous materials.^e Under the Toxic Substances Control Act (TSCA), the EPA Administrator is required to conduct risk evaluations to determine whether a chemical presents an unreasonable risk of injury to health or the environment; if such a determination is made, the Administrator must impose certain requirements on the chemical to mitigate the associated risk.^f In June 2020, the Administrator determined that methylene chloride presents an unreasonable risk of injury to health in 47 of 53 potential uses.^g

Triacetate filament yarns can be woven or knit into fabrics. Triacetate fabrics are most commonly used in high-end apparel and home goods. They have quick-drying properties and can be machine-washed. In addition, they are soft to the touch, a desired feature when garments touch the skin. Triacetate fabrics can be heat-set, so they are often used in apparel pieces with pleats or other set shapes.^h Triacetate yarns hold bright colors when dyed, so they lend themselves to fabrics with printed patterns. As mentioned above, triacetate fibers can be finished and texturized in different ways, enabling the final fabric to be used in a range of presentations.ⁱ

^a Primary acetate is also used to make cellulose acetate. Cellulose acetate dissolves in acetone, rather than methylene chloride, making the production process less hazardous. Acetate has a wider range of end uses than triacetate, including cigarette filters made from cellulose acetate tow. Tortora, *Understanding Textiles*, 1997, 148–49; Serad, “Fibers, Cellulose Esters,” December 4, 2000, 14.

^b Industry representative, email message to USITC staff, September 2, 2022.

^c Nilsson, “Yarn Textures and Why They Matter,” June 30, 2022.

^d Industry representative, email message to USITC staff, September 2, 2022; Serad, “Fibers, Cellulose Esters,” December 4, 2000, 9.

^e Industry representative, email message to USITC staff, September 2, 2022.

^f 15 U.S.C. § 2605(a), (b)(4)(A).

^g OCSPP, EPA, “Risk Evaluation for Methylene Chloride,” June 2020. In July 2022, the EPA published a draft revision to the TSCA risk determination for methylene chloride that would expand the number of potential uses that pose an unreasonable risk of injury to health from 47 to 52 out of 53. That draft was open for public comment until August 4, 2022. 87 Fed. Reg. 39824 (July 5, 2022).

^h Tortora, *Understanding Textiles*, 149.

ⁱ Mitsubishi Chemical Corporation, “About: What is Soalon?” accessed August 29, 2022.

Instead, woven fabrics classified in HS heading 5408 made of textured or non-textured triacetate filament yarns must be made from textured and non-textured triacetate filament yarns that originate in either South Korea or the United States for the fabrics to qualify as originating and therefore eligible for preferential duty treatment under KORUS.

The proposed modification would add textured and non-textured triacetate filament yarns of HS subheading 5403.33 to the list of Chapter 54 subheadings allowed to satisfy the ROO. Thus, the modification would change the existing rule to permit the use of non-originating (third country) textured or non-textured triacetate filament yarns in the production of woven fabrics in South Korea or the United States, which may then receive preferential duty treatment under KORUS. Under the proposed modification, textured and non-textured triacetate filament yarns would be treated the same as viscose rayon filament yarns and, for purposes of this analysis, cuprammonium rayon filament yarns.

Effect on U.S. Trade and Domestic Production

The HTS aggregates woven fabrics of artificial filament yarns, including fabrics of triacetate filament yarns and fabrics of other artificial filament yarns, under heading 5408, and woven fabrics of textured and non-textured triacetate filament yarns may be imported under 21 individual tariff lines (8-digit subheadings) in heading 5408. It is assumed that all imports under the identified list of tariff lines covering fabrics that could contain triacetate filament yarns would qualify for duty preferences under KORUS with the proposed ROO modification in effect. Therefore, the import trade values for 2021 represent an upper bound for the value of imports that would have been eligible for preferential duty treatment under KORUS with the proposed ROO modification in that year.

U.S. imports of certain woven fabrics of artificial filament yarns from the world totaled \$19.2 million in 2021 (table 2.2). South Korea supplied a little more than one-third of these imports (table 2.3) or \$6.6 million, 16.0 percent (\$1.1 million) of which were dutiable. U.S. imports from South Korea grew by 12.0 percent (about \$708,000) between 2017 and 2021; U.S. total imports of these fabrics from the world fell by 42.2 percent (or \$14 million).²⁸ South Korea was the United States' largest supplier of certain woven fabrics of artificial filament yarns in 2021, followed by Italy and China, which accounted for \$4.7 million and \$2.1 million in U.S. imports, respectively. About 83 percent of dutiable U.S. imports from South Korea of certain woven fabrics of artificial filament yarns entered under HTS 5408.22.90, which covers dyed woven fabrics containing 85 percent or more by weight of artificial filaments, other than high tenacity viscose rayon and cuprammonium rayon. These imports carry an NTR duty rate of 14.9 percent.

²⁸ USITC DataWeb/Census, HTS tariff lines 5408.21.00, 5408.22.90, 5408.23.19, 5408.23.29, 5408.24.90, 5408.31.05, 5408.31.10, 5408.31.20, 5408.32.05, 5408.32.10, 5408.32.30, 5408.32.90, 5408.33.05, 5408.33.10, 5408.33.15, 5408.33.30, 5408.33.90, 5408.34.05, 5408.34.10, 5408.34.30, and 5408.34.90, accessed September 8, 2022.

Certain Fabrics of Triacetate Filament Yarns: Effect of Modification to U.S.-Korea FTA Rules of Origin

Table 2.2 Value of U.S. imports for consumption of certain woven fabrics of artificial filament yarns, by HTS tariff line, source, and duty status of South Korean imports, 2021

In dollars

HTS tariff line	South Korea:		South Korea	All other import sources	All import sources	U.S. rate of duty (% ad valorem equivalent)
	South Korea: Dutiable	Other than dutiable				
5408.21.00	960	843,848	844,808	391,650	1,236,458	14.9
5408.22.90	886,345	4,575,103	5,461,448	3,576,677	9,038,125	14.9
5408.23.19	0	0	0	113,025	113,025	Free
5408.23.29	0	0	0	476,717	476,717	12.0
5408.24.90	4,825	38,205	43,030	1,346,267	1,389,297	12.0
5408.31.05	0	0	0	0	0	25.0
5408.31.10	0	0	0	21,715	21,715	12.0
5408.31.20	50,351	0	50,351	314,807	365,158	14.9
5408.32.05	0	0	0	23,397	23,397	19.7
5408.32.10	0	4,581	4,581	154,321	158,902	12.0
5408.32.30	0	0	0	54,218	54,218	6.9
5408.32.90	120,982	106,204	227,186	3,656,776	3,883,962	15.0
5408.33.05	0	0	0	18,184	18,184	19.6
5408.33.10	0	0	0	253,669	253,669	12.0
5408.33.15	0	0	0	13,258	13,258	11.6
5408.33.30	0	0	0	47,162	47,162	6.9
5408.33.90	0	0	0	1,311,819	1,311,819	12.0
5408.34.05	0	0	0	29,284	29,284	Free
5408.34.10	0	0	0	53,684	53,684	12.0
5408.34.30	0	0	0	9,397	9,397	Free
5408.34.90	0	0	0	671,113	671,113	12.0
All displayed tariff lines	1,063,463	5,567,941	6,631,404	12,537,140	19,168,544	Various

Source: USITC DataWeb/Census for relevant tariff lines, accessed September 26, 2022.

Note: HTS subheading 5408.33.15 has a duty rate of 12.3 cents per kilogram plus 11.4% ad valorem. The ad valorem equivalent for this combination of specific duty and ad valorem duty was 11.6% based on 2021 data.

Table 2.3 Share of value of U.S. imports for consumption of certain woven fabrics of artificial filament yarns, by HTS tariff line, source and duty status of South Korean imports, 2021

In percentages

HTS tariff line	South Korea: Dutiable	South Korea: Other than dutiable	South Korea	All other import sources	All import sources
5408.21.00	0.1	68.2	68.3	31.7	100.0
5408.22.90	9.8	50.6	60.4	39.6	100.0
5408.23.19	0.0	0.0	0.0	100.0	100.0
5408.23.29	0.0	0.0	0.0	100.0	100.0
5408.24.90	0.3	2.7	3.1	96.9	100.0
5408.31.05	0.0	0.0	0.0	0.0	0.0
5408.31.10	0.0	0.0	0.0	100.0	100.0
5408.31.20	13.8	0.0	13.8	86.2	100.0
5408.32.05	0.0	0.0	0.0	100.0	100.0
5408.32.10	0.0	2.9	2.9	97.1	100.0
5408.32.30	0.0	0.0	0.0	100.0	100.0
5408.32.90	3.1	2.7	5.8	94.2	100.0
5408.33.05	0.0	0.0	0.0	100.0	100.0
5408.33.10	0.0	0.0	0.0	100.0	100.0

HTS tariff line	South Korea: Dutiable	South Korea: Other than dutiable	South Korea	All other import sources	All import sources
5408.33.15	0.0	0.0	0.0	100.0	100.0
5408.33.30	0.0	0.0	0.0	100.0	100.0
5408.33.90	0.0	0.0	0.0	100.0	100.0
5408.34.05	0.0	0.0	0.0	100.0	100.0
5408.34.10	0.0	0.0	0.0	100.0	100.0
5408.34.30	0.0	0.0	0.0	100.0	100.0
5408.34.90	0.0	0.0	0.0	100.0	100.0
All displayed tariff lines	5.5	29.0	34.6	65.4	100.0

Source: USITC DataWeb/Census for relevant tariff lines, accessed September 26, 2022.

As mentioned previously, of the total U.S. imports from South Korea under the 21 tariff lines that could contain woven fabric of triacetate filament yarns, 16.0 percent were dutiable imports that could potentially qualify for duty-free treatment under the proposed ROO modification. Assuming all these imports became eligible for KORUS benefits following the ROO change, the immediate impact on U.S. imports would be a shift of dutiable imports (\$1.1 million) to become additional duty-free imports, with no change in total U.S. imports. Moreover, only a portion of those imports would be fabric of triacetate filament yarns, likely making the actual value of imports affected less than \$1.1 million.

Any trade diversion would be limited by U.S. demand; as noted above, U.S. imports of certain woven fabrics of artificial filament yarns from the world totaled \$19.2 million in 2021, less than one half of one percent of U.S. imports of textiles in 2021. Further, to the extent there are sources other than South Korea of woven fabrics of triacetate filament yarns, they likely account for a relatively small amount of U.S. imports.²⁹ Moreover, the relatively small size of the South Korean industry would limit any trade diversion as a result of the ROO modification.³⁰ Although data on South Korean exports of certain woven fabrics of artificial filament yarns indicate that the United States is South Korea's second-largest destination for these woven fabrics, South Korea's export industry overall is relatively small in the context of global exports for these products. South Korea accounted for 5.2 percent (\$49.3 million) of global exports of woven fabrics of artificial filament yarns in 2021.³¹ By comparison, China, Italy, and Japan, the largest suppliers of woven fabrics of artificial filament yarns to the world, accounted for 43 percent of global exports.³² Similar to U.S. import data, these export data are aggregated and therefore include goods not covered by the proposed ROO modification. In light of the data limitations, it is not possible to determine what share would be woven fabrics of textured and non-textured triacetate yarns,

²⁹ It is unknown if any U.S. imports of woven fabrics of artificial filament yarn include fabrics of textured and non-textured triacetate filament yarns from third countries, given the limitations in the trade data noted above. It is assumed there are some from South Korea given the requested modification of the ROO.

³⁰ Due to limited data availability, we use South Korean exports of woven fabric of artificial filament yarns as a proxy for South Korean production. However, as with the import data, triacetate fabric is probably a small portion of this total.

³¹ IHS Markit, GTA database, HS subheadings 5408.21, 5408.22, 5408.23, 5408.24, 5408.31, 5408.32, 5408.33, and 5408.34. Accessed August 24, 2022. The largest exporters were China, Italy, and Japan.

³² IHS Markit, GTA database, HS subheadings 5408.21, 5408.22, 5408.23, 5408.24, 5408.31, 5408.32, 5408.33, and 5408.34. Accessed August 24, 2022. In addition, Spain was South Korea's largest export market for certain woven fabrics of artificial filament yarns; these goods receive preferences under South Korea's FTA with the European Union. Korea-EU FTA, Annex 2-A.

but it is likely to be a small percentage considering the specialized nature of the product and the limited availability of the input.³³

Similarly, the proposed modification would likely have little to no short-term impact on total U.S. exports and on U.S. exports under KORUS of certain woven fabrics of triacetate filament yarns. As noted, there is no known production of triacetate filament yarns or woven fabrics of triacetate yarns in the United States. Further, with respect the broader product category of certain woven fabrics of artificial filament yarns, South Korea accounts for a negligible share of U.S. exports, and U.S. exports of the subject goods have declined in recent years.³⁴ In 2021, U.S. exports of certain woven fabrics of artificial filament yarns totaled \$5.8 million; exports to South Korea accounted for 0.1 percent (\$3,298) of that total (tables 2.4 and 2.5). The largest destination markets for U.S. exports of these goods in 2021 were Mexico, accounting for nearly one-half of all U.S. exports (\$2.4 million, or 41.1 percent), followed by China (23.9 percent) and Canada (15.6 percent). In addition, U.S. exports have fallen during the five-year period from 2017 to 2021 by 10.8 percent, from \$6.4 million to \$5.8 million.³⁵

Table 2.4 Value of domestic U.S. exports of certain woven fabrics of artificial filament yarns, by HS subheading and destination market, 2021

In dollars

HS subheading	South Korea	All other destination markets	All destination markets
5408.21	0	741,890	741,890
5408.22	0	917,178	917,178
5408.23	0	76,798	76,798
5408.24	0	96,436	96,436
5408.31	0	259,995	259,995
5408.32	0	2,569,008	2,569,008
5408.33	0	1,032,991	1,032,991
5408.34	3,298	97,185	100,483
All displayed subheadings	3,298	5,791,481	5,794,779

Source: USITC DataWeb/Census for relevant subheadings, accessed September 26, 2022.

³³ Industry representative, call with USITC staff, September 27, 2022. Industry representatives, email messages to USITC staff, September 2, 2022, and October 14, 2022.

³⁴ USITC DataWeb/Census, HS subheadings 5408.21, 5408.22, 5408.23, 5408.24, 5408.31, 5408.32, 5408.33, and 5408.34, accessed August 25, 2022. Additionally, South Korean imports of woven fabrics of artificial filament yarns from the United States have fallen by 45 percent between 2017 and 2021. In 2021, the United States accounted for less than 0.5 percent of South Korean imports. IHS Markit, GTA database, HS subheadings 5408.21, 5408.22, 5408.23, 5408.24, 5408.31, 5408.32, 5408.33, and 5408.34. Accessed August 24, 2022.

³⁵ USITC DataWeb/Census, HS subheadings 5408.21, 5408.22, 5408.23, 5408.24, 5408.31, 5408.32, 5408.33, and 5408.34, accessed August 25, 2022.

Table 2.5 Share of value of domestic U.S. exports of certain woven fabrics of artificial filament yarn, by HS subheading and destination market, 2021

In percentages

HS subheading	South Korea	All other destination markets	All destination markets
5408.21	0.0	100.0	100.0
5408.22	0.0	100.0	100.0
5408.23	0.0	100.0	100.0
5408.24	0.0	100.0	100.0
5408.31	0.0	100.0	100.0
5408.32	0.0	100.0	100.0
5408.33	0.0	100.0	100.0
5408.34	3.3	96.7	100.0
All displayed subheadings	0.1	99.9	100.0

Source: USITC DataWeb/Census for relevant subheadings, accessed September 26, 2022.

The ROO modification would have no effect on U.S. yarn producers, as there has been no known production of triacetate filament yarn in the United States since the mid-2000s.³⁶ Based on all available information, triacetate filament yarn is produced in one country, Japan, and by one firm, Mitsubishi Chemical Corporation, under the proprietary name Soalon.³⁷ In 2021, the United States imported just over \$2.0 million of artificial cellulose acetate filament yarns under HTS subheading 5403.33 from the world (table 2.6), with Japan accounting for nearly all imports (99.2 percent). These imports may include some share of triacetate filament yarns that could be used by U.S. fabric producers, but the data do not disaggregate to the level of detail needed to identify that share.

With respect to the potential effect on U.S. producers of fabric, there are no known U.S. producers of woven fabrics of triacetate filament yarns in the United States. However, U.S. firms that manufacture woven fabrics of textured and nontextured filament yarns could potentially benefit from the ROO change (in that they would be able to start using textured and nontextured triacetate filament yarns from any origin in the production of woven fabric and export that fabric to South Korea under KORUS). At the same time, to the extent there are any U.S. producers of woven fabrics of triacetate filament yarns in the United States, such producers (and producers of competing fabrics) could be harmed by the change due to increased competition from imports of woven triacetate fabrics from South Korea. Information available to the Commission, however, suggests that the effect on U.S. fabric producers would likely be negligible, because (1) there is no known production of woven fabric of textured or nontextured triacetate filament yarns in the United States; (2) the net effect on U.S. imports under KORUS and total U.S. imports of woven fabrics affected by the proposed modification is expected to be negligible; and (3) comparable fabrics, such as acetate, rayon, and lyocell, dominate the market, with triacetate fabric occupying only a niche segment of the broader market. To assess the potential adverse

³⁶ Email message from U.S. Department of Commerce, OTEXA office, January 20, 2022; industry representative, email message to USITC staff, September 2, 2022; Serad, "Fibers, Cellulose Esters," December 4, 2000, 9; Chemeurope.com, "Cellulose Triacetate," accessed September 23, 2022; Vorobej, "Celanese and Milliken," March 8, 2000; Raumer, "Triacetate: Sustainability in Synthetics," February 16, 2022. In addition, the South Korean government stated that its request to modify the existing rule is based on its knowledge of the industry and the fact that there is currently no production of textured or non-textured triacetate filament yarns in South Korea or the United States. The Government of South Korea's request letter to USTR, dated November 9, 2021, is found in appendix C.

³⁷ Mitsubishi Chemical Corporation, "About: What is Soalon?" accessed August 29, 2022; Raumer, "Triacetate: Sustainability in Synthetics," February 16, 2022.

impact, the U.S. domestic textile industry vetted the ROO modification with U.S. producers. No objections to the proposed modification were filed with the Committee for the Implementation of Textile Agreements (CITA) or the Commission.³⁸

Table 2.6 U.S. imports for consumption and domestic exports of artificial filament yarn of cellulose acetate, 2021

In dollars and percentages

HTS subheading	Total U.S. imports (\$)	U.S. imports from South Korea (\$)	Share of U.S. imports from South Korea (%)	Total U.S. domestic exports (\$)	U.S. domestic exports to South Korea (\$)	Share of U.S. domestic exports to South Korea (%)
5403.33	2,005,266	0	0.0	121,464,295	35,279,881	29.0

Source: USITC DataWeb/Census for relevant HTS subheadings, accessed August 17th, 2022.

Although a longer-term analysis is difficult to conduct given the lack of data on capacity utilization and future investment plans,³⁹ there is likely to be a minimal long-term effect on trade under KORUS, total U.S. trade, and U.S. producers. If the United States currently sources woven triacetate fabrics from countries other than South Korea, the duty savings under KORUS with the proposed modification could incentivize a shift to increased sourcing from South Korea; however, total U.S. imports of such fabrics would likely not increase much as overall demand for triacetate fabrics is small relative to alternatives and not expected to grow significantly. Triacetate yarns were first sold for commercial production in the 1950s, and the share of the global textile market accounted for by this fiber has remained relatively low since that time.⁴⁰ Some U.S. firms manufactured triacetate yarns in the past, but the hazardous nature of methylene chloride used in the manufacturing process and the cost to mitigate the risk of its use spurred U.S. firms to cease production.⁴¹ Furthermore, Japanese exports of cellulose acetate yarns (a larger grouping that includes triacetate yarns) to the world declined during the past five years, from \$6.4 million in 2017 to \$4.4 million in 2021 (31.2 percent),⁴² suggesting that demand for such fibers from Japan may be declining. Finally, there are a number of other fabrics that are more widely available and possess similar characteristics to woven triacetate fabrics, including cellulose acetate and lyocell fabrics. Given these trends and data, production and use of triacetate yarns and fabrics are unlikely to increase significantly with the modification to the KORUS ROOs.

³⁸ CITA, an interagency group chaired by the U.S. Department of Commerce, requested input from the U.S. industry on the proposed rule change but received no comments. *Request for Public Comment on a Commercial Availability Request Under the United States-Korea Free Trade Agreement*, 86 FR 69019, December 6, 2021; email message from the U.S. Department of Commerce, OTEXA office, January 20, 2022. In addition, the Commission invited interested parties to file written submissions (rather than hold a public hearing) to comment on the possible effect of the proposed modification on trade and production. No submissions were received. *Certain Fabrics of Triacetate Filament Yarns: Effect of Modification to U.S.-Korea FTA Rules of Origin*, 87 FR 45131, July 27, 2022. Both notices are found in appendix B.

³⁹ While preparing this report, Commission staff reached out to numerous stakeholders, including representatives of the U.S. textile and chemical industries, U.S. government agencies, academia, and foreign textile and chemical producers. Despite extensive outreach, staff received few responses.

⁴⁰ Raumer, "Triacetate: Sustainability in Synthetics," February 16, 2022.

⁴¹ Industry representatives, email messages to USITC staff, August 30, 2022, and September 2, 2022.

⁴² IHS Markit, GTA database, HS subheading 5403.33. Accessed August 26, 2022.

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Appendix A Request Letter

DOCKET NUMBER:
3628
Office of the Secretary
U.S. International Trade
Commission



RECEIVED:
July 5, 2022
Office of the Secretary
U.S. International Trade
Commission

THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

July 5, 2022

The Honorable David S. Johanson
Chairman
United States International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Johanson:

The United States and Korea have reached preliminary agreement on a new proposed modification to the rule of origin for a certain textile good under the Free Trade Agreement between Korea – United States. The proposed modification is highlighted in the enclosure.

Chapter 4 and Annex 4-A of the Free Trade Agreement between the Republic of Korea and the United States (KORUS) set out rules of origin for textiles and apparel for applying the tariff provisions of the FTA. These rules are reflected in General Note 33 of the Harmonized Tariff Schedule of the United States (HTS).

The enclosed rule contains a modification regarding cuprammonium rayon yarn of subheading 5403.39 from a prior request. Your agency has already conducted a review of this modification and we accept the finding of your previous study, Investigation Number FTA 103-032 of June 2019. This modification was included in Presidential Proclamation 10053 of June 29, 2020; we await completion by Korea of their domestic procedures before we can announce an effective date for this change. We request that you assume the previous amendment be considered part of the existing rule for the purposes of this new study.

Section 202(o)(2)(B)(i) of the United States – Korea Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 104 of the Act, to proclaim such modifications to the rules of origin for textiles and apparel goods as are necessary to implement an agreement with Korea pursuant to Article 4.2.5 of the KORUS. Section 104(1)(B) of the Act requires that the President obtain advice regarding the proposed action from the U.S. International Trade Commission.

Accordingly, under the authority delegated to me by the President, and pursuant to section 104 of the Act, I hereby request that the Commission provide advice on the probable economic effect of the modifications reflected in the enclosed proposal on U.S. trade under the KORUS, total U.S. trade, and on domestic producers of the affected articles. In addition, I would also request that the Commission provide this advice at the earliest possible date, but not later than four months from the date of delivery of this request, and that the Commission issue, as soon as possible thereafter, a public version of its report with any business confidential information redacted.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'K. Tai', is positioned above the typed name.

Ambassador Katherine C. Tai

Enclosures

Enclosure

**Free Trade Agreement between the Republic of Korea and the United States
Proposed Revision to Annex 4-A, Rules of Origin for Textile or Apparel Goods**

Chapter 54

5408

A change to heading 54.08 from subheading 5403.10, 5403.31 through 5403.32, *textured and non-textured triacetate filament yarns of subheading 5403.33*, [cuprammonium rayon yarn of subheading 5403.39]⁴, subheading 5403.41, or any other chapter, except from headings 51.06 through 51.10, 52.05 through 52.06, [*any other good of subheadings 5403.33 and 5403.39*], or 55.09 through 55.10.

⁴ The text in brackets is part of the pending modification.

Appendix B

***Federal Register* Notices**

sent via email should include Comments for August 2022 Advisory Commission Meeting in the subject line. All written comments will be provided to members of the Commission.

Depending on the number of people wishing to comment and the time available, the amount of time for oral comments may be limited. All comments will be made part of the public record and will be electronically distributed to all Commission members. Detailed minutes of the meeting will be available for public inspection within 90 days of the meeting.

Meeting Accessibility/Special Accommodations: The meeting is open to the public. Please make requests in advance for sign language interpreter services, assistive listening devices, or other reasonable accommodations. We ask that you contact the person listed in the (see **FOR FURTHER INFORMATION CONTACT**) section of this notice at least seven (7) business days prior to the meeting to give the Department of the Interior sufficient time to process your request. All reasonable accommodation requests are managed on a case-by-case basis.

Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

Public Disclosure of Comments: Before including your address, phone number, email address, or other personal identifying information in your written comments, you should be aware that your entire comment including your personal identifying information will be made publicly available. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Authority: 5 U.S.C. appendix 2.

Alma Ripps,

Chief, Office of Policy.

[FR Doc. 2022-16091 Filed 7-26-22; 8:45 am]

BILLING CODE 4312-52-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. U.S.-Korea FTA-103-033]

Certain Fabrics of Triacetate Filament Yarns: Effect of Modification to U.S.-Korea FTA Rules of Origin

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and notice of opportunity to provide written comments.

SUMMARY: Following receipt on July 5, 2022, of a request from the U.S. Trade Representative (USTR), under authority delegated by the President and pursuant to section 104(1) of the U.S.-Korea Free Trade Agreement Implementation Act (the Act), the U.S. International Trade Commission (Commission) instituted investigation No. U.S.-Korea FTA-103-033, *Certain Fabrics of Triacetate Filament Yarns: Effect of Modification to U.S.-Korea FTA Rules of Origin*, for the purpose of providing advice on a modification to the U.S.-Korea Free Trade Agreement (KORUS) rules of origin for certain fabrics.

DATES: August 26, 2022: Deadline for filing written submissions. November 4, 2022: Transmittal of Commission report to USTR.

ADDRESSES: All Commission offices are in the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC. Due to the COVID 19 pandemic, the Commission's building is currently closed to the public. Once the building reopens, 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.

FOR FURTHER INFORMATION CONTACT: Project Leader Katherine Stubblefield (202-205-2522 or katherine.stubblefield@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact Brian Allen (202-205-3034 or brian.allen@usitc.gov) or William Gearhart (202-205-3091 or william.gearhart@usitc.gov) of the Commission's Office of the General Counsel. The media should contact Jennifer Andberg, Office of External Relations (jennifer.andberg@usitc.gov or 202-205-1819).

The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. General information concerning the Commission may be obtained by accessing its internet address (<https://www.usitc.gov>).

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

Background: In her request letter (received July 5, 2022), the USTR stated that the United States and Korea have recently reached preliminary agreement on a proposed modification to the KORUS rules of origin for certain fabrics. The USTR stated that section 202(o)(2)(B)(i) of the Act authorizes the President, subject to the consultation and layover requirements of section 104 of the Act, to proclaim such modifications to the rules or origin for textiles and apparel goods as are necessary to implement an agreement with Korea pursuant to Article 4.2.5 of the U.S.-Korea FTA. The USTR also stated that one of the requirements set out in section 104(1) of the Act is that the President obtain advice regarding the proposed action from the Commission.

In the request letter, the USTR asked that the Commission provide advice on the probable economic effect of the rules of origin modification on U.S. trade under KORUS, total U.S. trade, and domestic producers of the affected articles. She further requested that the Commission provide its advice at the earliest possible date but no later than four months from receipt of the request, and that it issue as soon as possible thereafter, a public version of its report with any confidential business information redacted.

The proposed modification to the KORUS rules of origin covers certain fabrics of heading 5408 made from textured and non-textured triacetate filament yarns of subheading 5403.33. The request letter and the proposed modification are available on the Commission's website at <https://www.usitc.gov>. As requested, the Commission will provide its advice to USTR no later than four months from receiving the request letter (or by November 4, 2022).

Written Submissions: No public hearing is planned. However, interested parties are invited to file written submissions. All written submissions should be addressed to the Secretary, and should be received no later than 5:15 p.m., August 26, 2022. 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), as temporarily amended by 85 FR 15798 (March 19, 2020). Under that rule waiver, the Office of the Secretary will accept only electronic filings at this time. Filings must be made through the

Commission's Electronic Document Information System (EDIS, <https://edis.usitc.gov>). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice. Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202-205-1802), or consult the Commission's Handbook on Filing Procedures.

Confidential Business Information: Any submissions that contain confidential business information (CBI) must also conform to the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the CBI is clearly identified by means of brackets. All written submissions, except for CBI, will be made available for inspection by interested parties.

The Commission may include some or all of the CBI submitted in the course of the investigation in the report it sends to USTR. In addition, all information, including CBI, submitted in this investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any CBI in a manner that would reveal the operations of the firm supplying the information.

Summaries of Written Submissions: The Commission intends to publish summaries of the positions of interested persons in an appendix to its report. Persons wishing to have a summary of their position included in the report should include a summary with their written submission on or before August 26, 2022, and should mark the summary as having been provided for that purpose. The summary should be clearly marked as "summary for inclusion in the report" at the top of the page. The summary may not exceed 500 words and should not include any CBI. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will list the name of the organization

furnishing the summary and will include a link to the Commission's Electronic Document Information System (EDIS) where the written submission can be found.

By order of the Commission.

Issued: July 21, 2022.

Katherine Hiner,

Acting Secretary to the Commission.

[FR Doc. 2022-16049 Filed 7-26-22; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has received a complaint entitled *Certain Soft Projectile Launching Devices, Components Thereof, Ammunition, and Products Containing Same, DN 3629*; the Commission is soliciting comments on any public interest issues raised by the complaint or complainant's filing pursuant to the Commission's Rules of Practice and Procedure.

FOR FURTHER INFORMATION CONTACT: Katherine M. Hiner, Acting Secretary to the Commission, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205-2000. The public version of the complaint can be accessed on the Commission's Electronic Document Information System (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General information concerning the Commission may also be obtained by accessing its internet server at United States International Trade Commission (USITC) at <https://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's Electronic Document Information System (EDIS) at <https://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 has received a complaint and a submission pursuant to § 210.8(b) of the Commission's Rules of Practice and Procedure filed on behalf of Hasbro, Inc. and Spin Master, Inc. on July 21, 2022. The complaint alleges violations

of section 337 of the Tariff Act of 1930 (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 soft projectile launching devices, components thereof, ammunition, and products containing same. The complainant names as respondents: Shenzhen Yi Jin Electronics Science of China; Guangdong Yu Lee Technology Corporation of China; Yu Lee Company Ltd. of Hong Kong; Gel Blaster, Inc. f/k/a Gel Blaster, LLC of Austin, TX; S-Beam Precision Products Ltd. of China; Splat-R-Ball, LLC of Rogers, AR; Daisy Manufacturing Company of Rogers, AR; Prime Time Toys Ltd. of Hong Kong; Easebon Services Ltd. of Hong Kong; and Prime Time Toys LLC of Pompton Lakes, NJ. The complainant requests that the Commission issue limited exclusion order and cease and desist orders and impose a bond upon respondents alleged infringing articles during the 60-day Presidential review period pursuant to 19 U.S.C. 1337(j).

Proposed respondents, other interested parties, and members of the public are invited to file comments on any public interest issues raised by the complaint or § 210.8(b) filing. Comments should address whether issuance of the relief specifically requested by the complainant in this investigation would affect the public health and welfare in the United States, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers.

In particular, the Commission is interested in comments that:

(i) explain how the articles potentially subject to the requested remedial orders are used in the United States;

(ii) identify any public health, safety, or welfare concerns in the United States relating to the requested remedial orders;

(iii) identify like or directly competitive articles that complainant, its licensees, or third parties make in the United States which could replace the subject articles if they were to be excluded;

(iv) indicate whether complainant, complainant's licensees, and/or third party suppliers have the capacity to replace the volume of articles potentially subject to the requested exclusion order and/or a cease and desist order within a commercially reasonable time; and

(v) explain how the requested remedial orders would impact United States consumers.

Program, and Digital Equity Competitive Grant Program. The Broadband Equity, Access, and Deployment Program is a \$42.45 billion formula-based program to states, territories, and the District of Columbia for qualifying broadband deployment, mapping, and adoption project. The Enabling Middle Mile Broadband Infrastructure Program is a competitive \$1 billion grant program for the construction, improvement or acquisition of middle-mile infrastructure. The Digital Equity Act Programs—which includes the State Digital Equity Planning Grant Program, State Digital Equity Capacity Grant Program, and the Digital Equity Competitive Grant Program—allocate \$2.75 billion to promote digital inclusion and equity for communities that lack the skills, technologies, and support needed to take advantage of broadband connections.

NTIA will host broadband grant program public virtual listening sessions in connection with the five new broadband grant programs authorized and funded by the Infrastructure Investment and Jobs Act. These public virtual listening sessions are designed to collect stakeholder input to help inform program development and implementation.

These public virtual listening sessions are subject to change. Session time changes will be posted on the BroadbandUSA website at <https://broadbandusa.ntia.doc.gov/events/latest-events>. Any public virtual listening session cancellations will also be posted on the same website. Any date change to a scheduled public virtual listening session will be provided in a notice in the **Federal Register**.

The presentation recording, and transcript of each public virtual listening session will be posted on the BroadbandUSA website at <https://broadbandusa.ntia.doc.gov/> and NTIA's YouTube channel at: <https://www.youtube.com/ntiagov> within seven (7) days following the live session.

The public is invited to participate in these public virtual listening sessions. Pre-registration is required as space is limited to the first 1,000 participants. NTIA will post the registration information on its BroadbandUSA website at <https://broadbandusa.ntia.doc.gov/events/latest-events>. NTIA asks each registrant to provide their first and last name, city, state, zip code, job title, organization and email address for registration purposes.

Individuals requiring accommodations, such as sign language interpretation or other ancillary aids, are asked to notify the NTIA contact listed

above at least ten (10) business days before the session.

General questions and comments are welcome via email to BroadbandForAll@ntia.gov.

Dated: December 1, 2021.

Kathy Smith,

Chief Counsel, National Telecommunications and Information Administration.

[FR Doc. 2021-26409 Filed 12-3-21; 8:45 am]

BILLING CODE 3510-60-P

COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Request for Public Comment on a Commercial Availability Request Under the United States-Korea Free Trade Agreement

AGENCY: Committee for the Implementation of Textile Agreements (CITA).

ACTION: Request for public comments concerning a request for modification of the United States-Korea Free Trade Agreement (KORUS) rules of origin for certain textile products.

SUMMARY: The Government of the United States (“United States”) received a request from the Government of the Republic of Korea (“Korea”), submitted on November 9, 2021, to initiate consultations under Article 4.2.3 of the KORUS. Korea is requesting that the United States and Korea (“the Parties”) consider revising the rules of origin for certain woven fabrics to address availability of supply of yarns in the territories of the Parties.

The President of the United States may proclaim a modification to the KORUS rules of origin for textile and apparel products after the United States reaches an agreement with Korea on a modification under Article 4.2.5 of the KORUS to address issues of availability of supply of fibers, yarns, or fabrics in the territories of the Parties. CITA hereby solicits public comments on this request, in particular with regard to whether certain textured and non-textured triacetate filament yarns can be supplied by the U.S. domestic industry in commercial quantities in a timely manner.

DATES: Comments must be submitted by January 5, 2022.

ADDRESSES: Submit comments electronically to the Chairman, Committee for the Implementation of Textile Agreements at OTEXA_Korea_FTA@trade.gov. Please see the instructions below for other means of submissions, and submission of

comments containing business confidential information.

FOR FURTHER INFORMATION CONTACT: Linda Martinich, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 510-3955.

SUPPLEMENTARY INFORMATION:

Authority: Section 202(o)(2)(C) of the United States-Korea Free Trade Agreement Implementation Act (19 U.S.C. 3805 note) (KORUS Implementation Act); Executive Order 11651 of March 3, 1972, as amended.

Background: Article 4.2.3 of the KORUS provides that, on the request of either Party, the Parties shall consult to consider whether the rules of origin applicable to a particular textile or apparel good should be revised to address issues of availability of supply of fibers, yarns, or fabrics in the territories of the Parties. In the consultations, pursuant to Article 4.2.4 of the KORUS, each Party shall consider all data presented by the other Party that demonstrate substantial production in its territory of a particular fiber, yarn, or fabric. The Parties shall consider that there is substantial production if a Party demonstrates that its domestic producers are capable of supplying commercial quantities of the fiber, yarn, or fabric in a timely manner. The KORUS Implementation Act provides the President with the authority to proclaim as part of the Harmonized Tariff Schedule of the United States, modifications to the KORUS rules of origin set out in Annex 4-A of the KORUS as are necessary to implement an agreement with Korea under Article 4.2.5 of the KORUS, subject to the consultation and layover requirements of Section 104 of the KORUS Implementation Act. See Section 202(o)(2)(C)(iii) of the KORUS Implementation Act.

Executive Order 11651 established CITA to supervise the implementation of textile trade agreements and authorizes the Chairman of CITA to take actions or recommend that appropriate officials or agencies of the United States take actions necessary to implement textile trade agreements. 37 FR 4699 (March 3, 1972) reprinted as amended in 7 U.S.C. Sec. 1854 note. The Government of the United States received a request from the Government of Korea, submitted on November 9, 2021, requesting that the United States consider whether the KORUS rule of origin for certain woven fabrics should be modified to allow the use of certain yarns that are not originating under the KORUS. The yarns subject to this request, and their specific end-uses, are described below.

Input product description	Input product classification, harmonized tariff schedule of the U.S. (HTSUS)	End-use product description	End-use product classification (HTSUS)
Certain textured and non-textured triacetate filament.	5403.33	Woven fabric of artificial filament yarn, including woven fabric obtained from material of heading 5405.	5408

CITA is soliciting public comments regarding this request, particularly with respect to whether the yarns described above can be supplied by the U.S. domestic industry in commercial quantities in a timely manner. Comments must be received no later than January 5, 2022. Interested persons are invited to submit such comments or information electronically to the Chairman of the Committee for the Implementation of Textile Agreements at OTEXA_Korea_FTA@trade.gov. However, if interested persons are unable to submit comments or information electronically, please contact Linda Martinich at Linda.Martinich@trade.gov or (202) 510-3955 for instructions on other means of submission. For those seeking to submit confidential business information (CBI) for Government use only, please clearly mark such submissions as CBI and submit an accompanying redacted version to be made public. Due to the ongoing COVID-19 pandemic and the current telework directive issued by the U.S. Department of Commerce, CITA has issued a temporary waiver to allow for electronic submissions, including submissions that contain business confidential information through a secure online system. This waiver will be in effect until such time as the Chairman of CITA determines that normal CITA/Department of Commerce, Office of Textiles and Apparel operations have resumed to allow for receipt of hard copy submissions. Access to the secure electronic system will be by invitation only. Interested entities planning to file a commercial availability request should contact Linda Martinich at Linda.Martinich@trade.gov for instructions before submitting any documents (either public or confidential versions) to CITA. CITA will protect any information that is marked business confidential from disclosure to the full extent permitted by law. All public versions of the comments will be posted on the Office of Textiles and Apparel website for Commercial Availability proceedings

under KORUS: <https://www.trade.gov/fta-commercial-availability-korea>

Paul E. Morris,

Acting Chairman, Committee for the Implementation of Textile Agreements.

[FR Doc. 2021-26342 Filed 12-3-21; 8:45 am]

BILLING CODE P

DEPARTMENT OF DEFENSE

Office of the Secretary

Defense Policy Board; Notice of Federal Advisory Committee Meeting

AGENCY: Under Secretary of Defense for Policy, Defense Policy Board, Department of Defense (DoD).

ACTION: Notice of Federal Advisory Committee meeting.

SUMMARY: The DoD is publishing this notice to announce that the following Federal Advisory Committee meeting of the Defense Policy Board (DPB) will take place.

DATES: Closed to the public, Wednesday, December 15, 2021, from 9:28 a.m. to 5:00 p.m. and Thursday, December 16, 2021, 8:30 a.m. to 12:00 p.m.

ADDRESSES: The closed meeting will be held at The Pentagon, 2000 Defense Pentagon, Washington, DC 20301-2000.

FOR FURTHER INFORMATION CONTACT: Ms. Stacey Bako, (703) 571-9234 (Voice), 703-697-8606 (Facsimile), osd.pentagon.rsrgmt.list.ousd-policy-defense-board-mbx@mail.mil (Email). Mailing address is 2000 Defense Pentagon, Washington, DC 20301-2000.

SUPPLEMENTARY INFORMATION: Meeting Announcement: Due to circumstances beyond the control of the Department of Defense and the Designated Federal Officer for the Defense Policy Board, the Defense Policy Board was unable to provide public notification required by 41 CFR 102-3.150(a) concerning its December 15-16, 2021 meeting. Accordingly, the Advisory Committee Management Officer for the Department of Defense, pursuant to 41 CFR 102-3.150(b), waives the 15-calendar day notification requirement.

This meeting is being held under the provisions of the Federal Advisory

Committee Act (FACA) (5 U.S.C., App.), the Government in the Sunshine Act (“the Sunshine Act”) (5 U.S.C. 552b), and Title 41 Code of Federal Regulations (C.R), Sections 102-3.140 and 102-3.150.

Purpose of the Meeting: To obtain, review, and evaluate classified information related to the DPB’s mission to advise on (a) issues central to strategic DoD planning; (b) policy implications of U.S. force structure and modernization on DoD’s ability to execute U.S. defense strategy; (c) U.S. regional defense policies; and (d) other defense policy topics of special interest to the DoD, as determined by the Secretary of Defense, the Deputy Secretary of Defense, or the Under Secretary of Defense for Policy.

Agenda: On December 15-16, 2021 the DPB will receive classified briefings and hold classified discussions on the development of the Department of Defense National Defense Strategy (NDS) analysis and methodology. The board will be addressed by the Secretary of Defense and the Undersecretary of Defense for Policy. The board will receive classified briefings on (1) a current intelligence baseline briefing on China military modernization; (2) a briefing on the NDS overall approach and security environment assessment; (3) a briefing on the NDS defense priorities, the strategic approach and integrated defense; (4) key considerations for nesting the NDS, the Nuclear Posture Review and Missile Defense Review; and (5) conduct classified member “red team” discussions and deliberation. Following discussions and deliberation, the DPB will provide their advice and recommendations to the Secretary of Defense for consideration.

Meeting Accessibility: In accordance with section 10(d) of the FACA and Title 41 CFR, Section 102-3.155, the DoD has determined that this meeting shall be closed to the public. The Under Secretary of Defense (Policy), in consultation with the DoD FACA Attorney, has determined in writing that this meeting be closed to the public because the discussions fall under the purview of Section 552b(c)(1) of the Sunshine Act and are so inextricably

Appendix C

Request Letter from South Korea to the Office of the U.S. Trade Representative



**Korea's Alternative Request to modify the rule of origin under
the *Free Trade Agreement between the Republic of Korea and the United States of America***

November 9, 2021

William D. Jackson
Assistant United States Trade Representative for
Textiles Office of the U.S. Trade Representative
Executive Office of the President
Washington, D.C.

Dear Assistant U.S. Trade Representative Jackson

Pursuant to Article 4.2.3 of the *Free Trade Agreement between the Republic of Korea and the United States of America* (Agreement), and as an alternative to the previous request for modification to rule of origin of certain cashmere-related item (input material under HS51.08 - end-use product under HS61.10 and HS61.17), the Government of the Republic of Korea (Korean Government) requests the Government of the United States of America (US Government) to favorably consider and to subsequently begin domestic process for modifying the rule of origin under the Agreement for certain end-use fabrics based on the lack of commercial availability of certain textile inputs, described as follows.

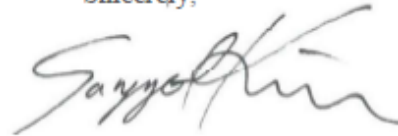
Certain Fabrics of Triacetate Filament Yarns: Effect of Modification to U.S.-Korea FTA Rules of Origin

Input Product Description	Input Product HTS	End-use Product Description
Certain textured and non-textured triacetate filament yarns classified in subheading 5403.33	5403.33	Woven fabrics of artificial filament yarn, including woven fabrics obtained from materials of heading 54.05, classified in heading 54.08

Based on its knowledge of the industry, the Korean Government has determined that there is no production of the products in Korea or suppliers in the United States of America.

The Korean Government looks forward to a favorable consideration of the request for a change in the relevant rule of origin pursuant to Article 4.2.3, et seq., of the Agreement.

Sincerely,



Sungyeol KIM

Director General for International
Trade Policy

Appendix D

HTS Tariff Lines and Duty Rates

Table D.1 Relevant HTS Tariff Lines, descriptions, and NTR duty rates

NTR = normal trade relations; nesoi = not elsewhere specified or included

HTS 2022	Description	United States NTR rate (%)
5408.21.00	Woven fabrics, containing 85 percent or more by weight of artificial filament or strip or the like, unbleached or bleached	14.9
5408.22.90	Woven fabric, 85%+ artificial filament or strip or the like, dyed, not of cuprammonium rayon, nesoi	14.9
5408.23.19	Woven fabric, 85%+ artificial filament/strip, of yarns of different colors, > 69–142 warp & > 31–71 filling yarns, not of cupra/rayon, nesoi	Free
5408.23.29	Woven fabric, 85%+ artificial filament/strip, of yarns of different colors, not 69–142 warp & 31–71 filling yarns, not of cupra/rayon, nesoi	12
5408.24.90	Woven fabric, 85%+ artificial filament/strip, printed, not of cuprammonium rayon, nesoi	12
5408.31.05	Woven fabrics of artificial filament yarn nesoi, containing 36 percent or more by wt of wool or fine animal hair, unbleached or bleached	25
5408.31.10	Woven fabrics of artificial filament yarn nesoi, mixed mainly or solely with wool or fine animal hair, unbleached or bleached, nesoi	12
5408.31.20	Woven fabrics of artificial filament yarn nesoi, unbleached or bleached, nesoi	14.9
5408.32.05	Woven fabrics of artificial filament yarn nesoi, containing 36 percent or more by wt of wool or fine animal hair, dyed	19.7
5408.32.10	Woven fabrics of artificial filament yarn nesoi, mixed mainly or solely with wool or fine animal hair, dyed, nesoi	12
5408.32.30	Woven fabrics of artificial filament yarn nesoi, dyed, 30 percent or more by wt of silk or silk waste, valued over \$33/kg	6.9
5408.32.90	Woven fabrics of artificial filament yarn nesoi, dyed, nesoi	15
5408.33.05	Woven fabrics of artificial filament yarn nesoi, containing 36% or more by wt of wool or fine animal hair, of yarns of different colors	19.6
5408.33.10	Woven fabrics of artificial filament yarn nesoi, mixed mainly or solely with wool or fine animal hair, of yarns of different colors, nesoi	12
5408.33.15	Woven fabrics cont. 85% or more mm filaments nesoi, thread count > 69–142/cm warp and > 31–71/cm filling, of different colored yarns	12.3 cent/kg + 11.4 percent
5408.33.30	Woven fabrics of artificial filament yarn nesoi, of yarns of different colors, 30 percent or more of silk or silk waste, valued over \$33/kg	6.9
5408.33.90	Woven fabrics of artificial filament yarn nesoi, of yarns of different colors, nesoi	12
5408.34.05	Woven fabrics of artificial filament yarn nesoi, containing 36 percent or more by weight of wool or fine animal hair, printed	Free
5408.34.10	Woven fabrics of artificial filament yarn nesoi, mixed mainly or solely with wool or fine animal hair, printed, nesoi	12
5408.34.30	Woven fabrics of artificial filament yarn nesoi, printed, 30 percent or more by weight of silk or silk waste, valued over \$33/kg	Free
5408.34.90	Woven fabrics of artificial filament yarn nesoi, printed, nesoi	12

Source: HTSUS 2022, accessed September 22, 2022.

Appendix E

Textile and Apparel Tariff Shift Rules of Origin under Free Trade Agreements

Each free trade agreement (FTA) includes a set of definitions, or rules of origin (ROOs), that describe how a good meets the terms of the FTA as being originating in the partner country (or countries) to be eligible for preferential duty rates. The majority of U.S. FTA ROOs for textile and apparel articles are “tariff shift rules.” A tariff shift rule requires that each of the non-originating inputs or materials used in the production of a good undergo a specified change in tariff classification in order for the finished good to be considered originating in an FTA country and eligible for preferential treatment. This appendix explains important language elements used in tariff shift rules in some detail.

First, the table below provides a short description of the headings used in the Harmonized Tariff System of the United States (HTS) for fibers, yarns, and fabrics that commonly appear in FTA tariff shift rules for textiles and apparel.

Table E.1 FTA tariff shift rule for knit tops (6110)

Fibers	Yarns	Fabrics
5001–5003: Silk	5004–5006: Silk	5007: Silk (woven)
5101–5105: Wool and fine animal hair	5106–5110: Wool and fine animal hair	5111–5113: Wool and fine animal hair (woven)
5201–5203: Cotton	5204–5207: Cotton	5208–5212: Cotton (woven)
5301–5305: Other vegetable fibers	5306–5308: Other vegetable fibers	5309–5311: Other vegetable fibers (woven)
n/a	5401–5406: Manmade filament	5407–5408: Manmade Filament (woven)
5501–5507: Manmade staple	5508–5511: Manmade staple	5512–5516: Manmade Staple (woven)
		5801–5804: Specialty
		5901–5911: Coated
		6001–6006: Knit

Language element: “A change to (a) from (b)”

To understand tariff shift rules, one must know the HTS classification of (a) the finished (or imported) good and (b) the raw materials used to produce that good. All tariff shift rules will include both of those elements, written as, “A change to (a) from (b).” The manufacturing process that changes (b) into (a) must occur in one of the FTA parties. For example:

Chapter 53.

1. A change to headings 5301 through 5305 from any other chapter.⁴³

This rule shows us the imported good is one of the following: raw or processed, but not spun, flax (also known as ramie) (heading 5301); hemp (heading 5302); jute (heading 5303); or coconut, abaca, or other fibers (heading 5305). The raw materials (in each of these cases, the plants that those fibers come from) are classified in chapters of the HTS other than chapter 53. The process of extracting the fiber from the plant shifts the good from one classification to another. That step of extracting the fiber from the plant is the change that must occur in one of the FTA parties in order to satisfy the tariff shift rule.

⁴³ HTS General Note (GN) 33(o) (KORUS).

Tariff shift rules usually state the classification of the imported good by its heading. Chapter, heading, or subheading may denote the classification of the raw materials.

Chapter 53.

2. A change to headings 5306 through 5308 from any heading outside that group.⁴⁴

This rule means the imported good is a yarn of either flax (heading 5306), jute (heading 5307), or other non-cotton vegetable fiber (heading 5308). Chapter 53 is also where the fibers are classified. The raw materials are the respective fibers noted above (classified under headings 5301, 5302, 5303, or 5305), and each of these is in a heading that is outside of “that group” of yarn headings (5306 through 5308). The process that changes a fiber into a yarn occurs when fiber is either spun (natural fibers such as cotton or other non-cotton vegetable fibers) or extruded (manmade fibers). In this case, the process of spinning the fiber and transforming it into a yarn is the tariff shift required for the yarn to qualify for preferential duty treatment. Note that those fibers may be originating (from one of the FTA parties) or non-originating (from outside of the FTA parties)—the rule does not specify. As long as the fiber becomes yarn in one of the FTA parties, it meets the tariff shift rule.

Language element: “Except from” phrases

For fabric, apparel, and made-up⁴⁵ goods, most FTA tariff shift rules add another element. The foundation—“a change to (imported fabric/apparel/made-up articles) from (raw materials)” —remains. However, the rules also include language to specify which of the raw materials must also come from one of the FTA parties. The additional phrase, beginning “except from . . . ,” denotes the fibers and yarns (for fabrics) or yarns and fabrics (for apparel or made-up articles) that must originate in one of the FTA parties in order for the finished good (fabric/apparel/made-up articles) to qualify for preferential duty treatment. Consider an example from the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). A knit top⁴⁶ of heading 6110 that is produced in a CAFTA-DR member country would have to satisfy this rule in order for an importer in another CAFTA-DR member country to import the knit top duty free:

Chapter 62.

25. A change to headings 6105 through 6111 from any other chapter, except from headings 5111 through 5113, 5204 through 5212, 5310 through 5311, chapter 54, headings 5508 through 5516 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the parties.⁴⁷

The additional language, “except from headings 5111 through 5113, 5204 through 5212, 5310 through 5311, chapter 54, headings 5508 through 5516 or 6001 through 6006,” tells us which raw materials must also come from one of the parties to CAFTA-DR in order for the knit top to be originating and eligible for

⁴⁴ HTS GN 33(o) (KORUS).

⁴⁵ Made-up textile articles are primarily classified in chapter 63 and subheading 9404 of the HTS, and include articles such as blankets, towels, bed linens (sheets, pillowcases), kitchen linens (tablecloths, napkins), curtains, bedspreads, awnings, tents, pillows, quilts, and comforters.

⁴⁶ “Knit tops” refers to sweaters, pullovers, sweatshirts, waistcoats (vests), and similar articles, knitted or crocheted.

⁴⁷ HTS GN 29(n) (CAFTA-DR).

preferential duty treatment. The “except from” language does not mean those yarns and fabrics cannot be used to make the finished good. It means if those materials are used to produce the finished good, then those materials must also come from one of the FTA parties.

In the above example, if a heading associated with an input classified in a chapter other than Chapter 62 is not listed after the “except from” clause, then that material may be originating or non-originating—the rule does not specify. In the example above, silk yarn (headings 5004 through 5006) or wool yarn (headings 5106 through 5110) may be from outside the parties as long as the fabric (headings 6001 through 6006) produced from those yarns is knit in a CAFTA-DR country. The silk and wool yarn headings are not listed after the “except from” clause of the tariff shift rule.

Language element: “Cut and sew”

For apparel and made-up articles, the FTA tariff shift rules include one last element. Added at the end of each rule is the clause “provided the good is cut, or knit to shape, or both, and sewn or otherwise assembled in. . . .” This language is part of the rule for the CAFTA-DR knit top above.

Some FTAs include tariff shift rules for certain apparel goods without an “except from” clause. An example of this is the rule for brassieres made (cut and sewn) in a CAFTA-DR country:

Chapter 62.

39. A change to subheading 6212.10 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the parties to the Agreement.⁴⁸

This type of rule does not specify any origin requirements for the raw materials, but it still requires that all of the cutting and sewing operations occur in one of the FTA parties.

No identical FTAs for textiles and apparel

Despite the fact that a majority of FTAs use tariff shift rules for textile and apparel goods, it is important to note that no two FTAs are identical. A comparison (below) of the “except from” clauses from the tariff shift rule under CAFTA-DR for a knit top (above), and the rule for the same knit top under United States-Korea Free Trade Agreement (KORUS)⁴⁹ highlights this point.

Chapter 53.

33. A change to headings 6109 through 6111 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308, 5310 through 5311 or 5401 through 5402, subheadings 5403.33 through 5403.39 or 5403.42 through heading 5408 or headings 5508 through 5516 or 6001 through 6006, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of Korea or of the United States, or both.⁵⁰

⁴⁸ HTS GN 29(n) (CAFTA-DR).

⁴⁹ KORUS rule as of September 26, 2022.

⁵⁰ HTS GN 33(o) (KORUS).

Table E.2 FTA tariff shift rule for knit tops (6110)

CAFTA-DR “except from”	KORUS “except from”	Description of difference
Headings 5111 through 5113	headings 5106 through 5113	Wool yarn (5106-5110) may be non-originating under CAFTA-DR; must originate under KORUS
5204 through 5212	5204 through 5212	Same
5310 through 5311	5307 through 5308, 5310 through 5311	Jute yarn (5307) or non-cotton vegetable fiber yarn (other than flax) (5308) may be non-originating under CAFTA-DR; must originate under KORUS
Chapter 54	Or 5401 through 5402, subheadings 5403.33 through 5403.39 or 5403.42 through heading 5408	All manmade filament yarns must originate under CAFTA-DR; viscose rayon filament yarns (5403.10, 5403.31, 5403.32, and 5403.41) may be non-originating under KORUS
Headings 5508 through 5516	Or headings 5508 through 5516	Same
Or 6001 through 6006	Or 6001 through 6006	Same