

August 11, 2008

MEMORANDUM FOR: DIRECTORS, FIELD OPERATIONS
ASSISTANT DIRECTORS, TRADE, FIELD OPERATIONS
OFFICE OF FIELD OPERATIONS

FROM: Executive Director, Trade Policy and Programs
Office of International Trade

SUBJECT: INFO: TBT-08-014 Requirement for "Pocket Bag Fabric" and
Other Amendments to the Dominican Republic-Central America-
United States Free Trade Agreement (CAFTA-DR)

REFERENCE: TBT-08-006, dated March 20, 2008

BACKGROUND:

On August 7, 2008, the United States Trade Representative (USTR) published a federal Register notice (73 FR 46057) establishing an effective date of August 15, 2008 for the amendments announced in Presidential Proclamation 8213 and its Annex, dated December 20, 2007, published in the Federal Register on December 27, 2007 (72 FR 73555), as modified by Annex VI of Presidential Proclamation 8272, dated June 30, 2008, published in the Federal Register on July 3, 2008 (73 FR 38297).

The amendments of Section A, B, and C of the Annex to Proclamation 8213, as modified by Proclamation 8272, implement a new requirement for pocket bag fabric, as well as modify the single transformation rule, the Nicaragua Tariff Preference Level, and allow for reduced duty treatment for certain non-originating goods.

Section D of the Annex to Proclamation 8213, as modified by Annex VI of Proclamation 8272, modifies the CAFTA-DR to allow Mexican materials to be used in the production of CAFTA-DR apparel of Chapter 62 and is addressed in TBT-08-015.

ACTION:

Goods entered, or withdrawn, for consumption on or after August 15, 2008, may claim preferential duty treatment under CAFTA-DR if they qualify under any of the following modifications implemented in Proclamation 8213, as modified by Proclamation 8272.

Pocket Bag Fabric and New Single Transformation Rules

Section A of the Annex to Presidential Proclamation 8213 introduces new Chapter rule 5 to Chapter 61 and 62 of GN 29. Chapter rule 5 provides for a yarn forward requirement for “pocket bag fabric.” Therefore, unless excepted, pocket bag fabric used in an apparel good claiming preferential treatment under CAFTA-DR must be formed and finished in a CAFTA-DR beneficiary country from yarn wholly formed in a CAFTA-DR beneficiary country. However, this rule does not apply to garments that do not have pocket bag fabric, such as patch pockets, cargo pockets, or typical shirt pockets.

Section A of the Annex also modifies the list of apparel items subject to the single transformation rule. Certain enumerated goods are only required to be cut or knit to shape, or both, and sewn or otherwise assembled in the CAFTA-DR beneficiary countries in order to qualify for preferential treatment. These items are not subject to GN29 Chapter 61 and 62 Chapter rule 5, i.e. pocket bag fabric of CAFTA-DR origin.

The Annex identifies the apparel items eligible for the single transformation rule by a 4-digit or 6-digit HTS number, some with a description. Where the 10-digit HTS number is clearly identifiable because of the description, this office has provided it in the list below. The 4-digit and 6-digit HTS numbers that are not clearly identifiable at the 10-digit level are provided as found in the Annex. Importers are advised to request a binding ruling for an administrative interpretation of the intent of a referenced HTS number if there is a question in determining whether or not the apparel item they are importing is eligible for the single transformation rule.

Items Eligible for the Single Transformation Rule:

6102.20.00
 6102.90.9005 (for goods subject to cotton restraints)
 6104.13.20
 6104.19.15
 6104.19.8010 (for jackets imported as parts of suits and subject to cotton restraints
 6104.19.8060 or subject to man-made fiber restraints)
 6104.22.0010 (for garments described in heading 6102 or jackets and blazers described in heading 6104)
 6104.29.2010 (for garments described in heading 6102 or jackets and blazers described in heading 6104, the foregoing subject to cotton restraints)
 6104.32.00
 6104.39.2010 (for goods subject to cotton restraints)
 6112.11.0020 (for women’s or girls’ garments described in heading 6101 or 6102)
 6113.00.9015 (for coats and jackets of cotton, for women or girls)
 6117.90.9040 (for coats and jackets of cotton)
 6202.12.20
 6202.19.9010 (for goods subject to cotton restraints)
 6202.91.2011 (for goods for women)
 6202.92.15
 6202.92.20 (other than padded, sleeveless jackets without attachments for sleeves)

6202.93.45
6202.99.9011 (for goods subject to cotton restraints)
6203.39.9020 (for goods subject to wool restraints)
6204.12.0010 (for jackets imported as parts of suits)
6204.13.20
6204.19.20
6204.19.8010 (for jackets imported as parts of suits and subject to cotton restraints and
6204.19.8060 or goods subject to man-made fiber restraints)
6204.22.3010 (for garments described in heading 6202, or for jackets and blazers described in
heading 6204)
6204.23
6204.29
6204.32
6204.33.20
6204.39.80
6204.42.3040 (for garments for girls, other than of corduroy)
6204.42.3060 (for garments for girls, other than of corduroy)
6204.43.4020 (for garments for girls)
6204.43.4040 (for garments for girls)
6204.44.4020 (for garments for girls)
6205.20.2016 (for dress shirts for men, with two or more colors in the warp and/or the filling,
each with collar and sleeve size stated in inches, without dual collar sizing, the foregoing
individually packaged with chipboards, pins, jett clips, individual polybags and hang tags ready
for retail sale)
6205.30.2010 (for dress shirts for men, with two or more colors in the warp and/or the filling,
each with collar and sleeve size stated in inches, without dual collar sizing, the foregoing
individually packaged with chipboards, pins, jett clips, individual polybags and hang tags ready
for retail sale)
6207 (for boxers, pajamas or nightwear only)
6208 (for boxers, pajamas or nightwear only)
6209.20.10
6210.30.9020 (for garments other than of linen)
6210.50.9010 (for anoraks)
6210.50.9050 (for anoraks)
6211.20.1540 (for anoraks (including ski-jackets)), windbreakers and similar articles (including
padded, sleeveless jackets), for women or girls, of cotton, imported as parts of ski suits)
6211.20.5810 (for goods of cotton)
6211.41.0055 (for jackets and jacket-type garments excluded from heading 6202)
6211.42.0040 (for track suits, other than trousers, or for jackets and jacket-type garments
excluded from heading 6202)
6211.42.0075 (for track suits, other than trousers, or for jackets and jacket-type garments
excluded from heading 6202)
6212.10
6217.90.9025 (for coats and jackets, of cotton)

With respect to the apparel items listed above, Section A of the Annex also modifies Chapter rules 3 and 4 to Chapter 61 and Chapter 62 of GN29, exempting goods with a single transformation rule from the narrow elastic fabric rule and the sewing thread rule. These exemptions are in addition to the pocketing fabric rule exemption mentioned above in Chapter rule 5 to Chapter 61 and 62 of GN29.

Aside from the single transformation items, modifications to Chapter rules 1, 3, 4, and 5 to Chapter 62 of GN29 also exempt certain other woven items from the visible lining rule, the narrow elastic fabric rule, the sewing thread rule, and the pocket bag fabric rule. These exemptions apply to woven wool suits, trousers, suit-type jackets, blazers, vests and skirts entered under HTS subheadings 6203.11.30, 6203.11.90, 6203.31.90, 6203.41.18, 6204.11.6204.31.10, 6204.31.20, 6204.51, 6204.6110, 6204.61.90, 6211.39.05, 6211.41.00, provided that they are not made of carded wool fabric or of wool yarn having an average fiber diameter of less than or equal to 18.5 microns.

Modification of the Nicaragua Tariff Preference Level

Section B of the Annex modifies the Nicaragua Tariff Preference Level (TPL), for cotton and man-made fiber apparel, provided for in HTS subheading 9915.61.01, by adding certain men's sport coats as eligible for the TPL. The quantitative limit of the TPL was also increased to 100,000,000 SME and a sub-limit created for the certain men's sport coats.

Men's sport coats, containing 23 percent or more by weight of wool or final animal hair, of HTS subheadings 6103.23.00, 6103.29.05, 6103.31.00, 6103.33.10, 6103.39.80, 6203.23.00, 6203.29.10, 6203.29.15, 6203.31.50, 6203.31.90, 6203.33.10 or 6203.39.10, are now eligible for duty free treatment under HTS 9915.61.01 provided that the component that determines classification is carded wool fabric of HTS subheadings 5111.11.70, 5111.19.60 or 5111.90.90, and provided that good satisfies all other requirements of the applicable note (U.S. note 15 to subchapter XV of Chapter 99).

The quantitative limit and sub-limits are set forth in detail in QBT 08-103.

Reduced Duty Treatment for Certain Non-Originating Apparel

Section C of the Annex provides for reduced duty treatment for certain goods classified in subheadings in Chapter 62 that do not meet the requirements of the DR-CAFTA. These goods must be cut or knit to shape, and sewn or otherwise assembled in the territory of a Party, and meet GN29, Chapter 62 Chapter rules 1, 3, 4 and 5 for visible lining, narrow elastic fabric, sewing thread, and pocket bag fabric.

Eligible goods of subheadings 6202.11.00, 6203.31.90, 6203.33.10, 6203.41.18, 6203.42.40 or 6204.62.40, and 6203.43.30 that meet the requirements are to be classified in subheadings 9822.05.30 through 9822.05.55, and receive a reduced duty treatment of the Normal Trade Relations (NTR) rate minus .5%.

Eligible goods of subheadings 6203.12.20, 6203.43.40, and 6204.63.35 that meet the requirements are to be classified in subheadings 9822.05.60 through 9822.05.70, and receive a reduced duty treatment of the NTR rate minus 2%.

Goods classified in these Chapter 98 provisions are not subject to the Merchandise Processing Fee.

INFORMATION:

Questions concerning this administrative notice should be directed to Import Specialist Jacqueline Sprungle at (202) 863-6517, Import Specialist Nancy Mondich at (202) 863-6524, or Textile Operations Branch Chief Robert Abels at (202) 863-6503.

/s/ Joseph M. Rees for
Brenda B. Smith

cc: National Import Specialists