

June 28, 2004

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MEMORANDUM FOR: DIRECTORS, FIELD OPERATIONS

FROM: Executive Director, Trade Compliance and Facilitation  
Office of Field Operations

SUBJECT: TBT- 04-019 Short Supply Designation Under the African  
Growth and Opportunity Act (AGOA), the Caribbean Trade  
Partnership Act (CBTPA), and the Andean Trade Promotion  
and Drug Eradication Act (ATPDEA)

REF: TBT-01-008: AGOA Implementation Instructions  
TBT-00-023-01: CBTPA Implementation Instructions  
TBT-02-035: ATPDEA Implementation Instructions  
TBT-01-004-01: Descriptive Information Regarding Short  
Supply Fabrics

**BACKGROUND:**

The Trade and Development Act of 2000, which was signed into law on May 18, 2000, authorized a new trade and investment policy for sub-Saharan Africa under the AGOA and the expansion of trade benefits to the countries in the Caribbean Basin under the CBTPA, and the Act of 2002, which was signed into law on August 06, 2002, authorized the expansion of trade benefits for the Andean region under the ATPDEA. These trade programs allow for preferential tariff treatment when apparel articles are both cut (or knit-to-shape) and sewn or otherwise assembled in one or more beneficiary countries from fabrics or yarn not formed in the United States or in one or more beneficiary countries and not widely available in commercial quantities, i.e. short supply.

In Executive Orders 13191 and 13277, the President authorized the Committee for the Implementation of Textile Agreements (CITA) to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. On January 14, 2004, CITA received a petition alleging that combed compact yarns, of wool or fine hair, classified in subheading 5107.10, 5107.20 or 5108.20 of the Harmonized Tariff Schedule of the United States (HTSUS), for use in apparel articles, cannot be supplied by the domestic industry in commercial quantities in a timely manner under AGOA, CBTPA, and ATPDEA.

Based upon information and advice received, and its understanding of the industry, CITA determined that the yarn set forth in the request cannot be supplied by the domestic industry in commercial quantities in a timely manner. On March 15, 2004,

CITA and the Office of the United States Trade Representative submitted a report to the Congressional Committees that set forth the action proposed, the reasons for such actions, and advice obtained. A period of 60 calendar days since this report was submitted has expired, as required by the AGOA, CBTPA, and ATPDEA.

In a May 28, 2004 Federal Register Notice (69 FR 30631), CITA designated certain combed compact yarns, classified in Harmonized Tariff Schedule of the United States (HTSUS) subheading 5107.10, 5107.20 or 5108.20, qualified for preferential tariff treatment under subheading 9819.11.24 of the HTSUS (for purposes of the AGOA), under subheading 9820.11.27 of the HTSUS (for purposes of the CBTPA), and under subheading 9821.11.10 of the HTSUS (for purposes of the ATPDEA), provided that the following requirements are met:

- 1) the apparel articles are sewn or otherwise assembled in one or more eligible sub-Saharan African countries or in one or more eligible CBTPA beneficiary countries or in an eligible ATPDEA beneficiary country from U.S. formed fabrics containing the said yarn;
- 2) all other yarns are U.S. formed and all other fabrics are U.S. formed from yarns wholly formed in the United States; and
- 3) the articles must be imported directly into the Customs territory of the United States from the eligible beneficiary country.

In addition, CITA notes that apparel articles containing such yarns that have been designated under 9821.11.10, which are sewn or otherwise assembled in an eligible ATPDEA beneficiary country, if combined with fabrics, fabric components, knit-to-shape components, or yarns, provided for in subheadings 9821.11.01 through 9821.11.07 would be eligible for preferential tariff treatment under 9821.11.13 of the HTSUS, provided that the requirements of that subheading are met. For example, 9821.11.13 could allow this short supply yarn described above to be mixed with beneficiary yarns or fabrics.

**ACTION:**

Claims for short supply under 9819.11.24, 9820.11.27, 9821.11.10, and 9821.11.13 of the HTSUS may be accepted on or after the Federal Register publication date of May 28, 2004, provided that the apparel articles meet the requirements set forth above.

Please pass this memorandum to Port Directors, Assistant Port Directors, National Import Specialists, Import Specialists, Inspectors, Entry Officers, Brokers, Importers and other interested parties.

INFORMATION:

If you have any questions concerning this administrative notice, please contact Ms. Jackeline Martel at (202) 927-5397, Ms. Susan Thomas at (202) 927-3719, or Mr. Robert Abels, at (202) 927-1959.

(Janet Labuda Signed For)

Elizabeth G. Durant