



United States
International Trade Commission

Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic

Fifth Annual Review

July 2014

Publication Number: 4476

Investigation Number: 332-503

United States International Trade Commission

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Table of Contents

- Executive Summary..... 3
- Evaluation of the 2-for-1 Earned Import Allowance Program 5
 - Overview 5
 - Background 5
 - Scope and Approach 6
 - Program Activity and Trade 7
 - Recommendations to Improve the Earned Import Allowance Program 10
 - Lowering Ratio to 1 for 1 11
 - Bibliography 13

Figures

- Figure 1 U.S. imports of qualifying apparel under the EIAP, quantity, 2009 to first quarter of 2014 8
- Figure 2 U.S. imports of qualifying apparel under the EIAP, value, 2009 to first quarter of 2014 8
- Figure 3 U.S. exports of bottom-weight cotton fabrics to the Dominican Republic, quantity, 2009 to first quarter of 2014 9
- Figure 4 U.S. exports of bottom-weight cotton fabrics to the Dominican Republic, value, 2009 to first quarter of 2014 10

Executive Summary

This report contains the results of the Commission's fifth annual review of the Earned Import Allowance Program (EIAP) for the Dominican Republic. In its reviews the Commission is required to evaluate the effectiveness of the EIAP and make recommendations for improvements. Five years after the initial implementation of the EIAP, the government of the Dominican Republic and U.S. and Dominican apparel industry sources continue to indicate that the program, as currently structured, is not providing sufficient incentives to boost Dominican apparel exports to the U.S. market. In 2013, U.S. imports under the program declined for the third consecutive year.

Overview of the Program

The EIAP provides an uncapped duty-free benefit for U.S. imports of certain woven cotton bottoms (pants and trousers, bib and brace overalls, breeches and shorts, and skirts and divided skirts) assembled in the Dominican Republic from third-country fabric. In order to qualify under the EIAP, the bottoms must be accompanied by a certificate documenting the purchase of certain U.S.-produced woven cotton fabric at a ratio of 2 for 1. Under this formula, for every 2 units of qualifying "wholly formed" fabric (defined as formed in the United States from U.S.-formed yarns) purchased for apparel production in the Dominican Republic, a 1-unit credit is received that can be used toward the duty-free importation of apparel into the United States that has been manufactured using third-country fabric.

Program Activity and Trade

Based on information available to the Commission, the EIAP has not provided sufficient incentives to reverse the decline in exports of bottoms to the United States from the Dominican Republic. Although 12 companies are registered to use the EIAP, only 5 firms are currently using the program, down from 7 firms reported in the fourth annual review. In 2013, U.S. imports of woven cotton bottoms from the Dominican Republic declined by 76 percent, by both quantity and value, compared to 2012. Also, U.S. exports to the Dominican Republic of cotton fabrics of a weight suitable for making bottoms fell for the second year in a row, declining by 25 percent by both quantity and value between 2012 and 2013.

Recommendations Concerning the EIAP

The Commission sought recommendations from industry and other sources concerning improvements to the EIAP. As in previous reviews, the recommendations offered were: (1) lowering the 2-for-1 ratio of U.S. to third-country fabric to a 1-for-1 ratio; (2) including other types of fabrics and apparel items in the EIAP; and (3) changing the requirement that dyeing, finishing, and printing of qualifying fabrics take place in the United States.

Evaluation of the 2-for-1 Earned Import Allowance Program

Overview

Despite the benefits it offers, the Earned Import Allowance Program (EIAP) has not provided sufficient incentives to improve the competitiveness of the Dominican apparel industry and boost exports to the U.S. market. The Dominican Republic continues to lose apparel jobs and market share as a provider of cotton bottoms to the United States.¹ The decline in recent years in total U.S. imports of woven cotton bottoms from the Dominican Republic accelerated in 2013, as U.S. apparel imports under the EIAP fell 76 percent from 2012 levels.² Furthermore, U.S. exports of bottom-weight cotton fabrics to the Dominican Republic declined for the second year in a row, falling 25 percent by both quantity and value. The Dominican Republic is a small supplier of cotton woven bottoms to the United States (representing less than 0.5 percent of the total value of U.S. imports of such products from the world in 2013). Although the Dominican Republic is the fourth-largest market for U.S. exports of bottom-weight cotton fabrics, it accounted for only 4 percent of the value of such U.S. fabric exports to the world in 2013.³

Background

This report contains the results of the Commission's fifth annual review of the EIAP for the Dominican Republic.⁴ As noted in prior annual reviews, the EIAP was intended to improve the Dominican apparel industry's competitiveness in the U.S. market by maintaining the economies of scale required to keep the industry viable⁵ and to increase the Dominican apparel industry's access to textile inputs.⁶ This review is being conducted for the purpose of evaluating the effectiveness of the EIAP and making recommendations for improvements in the program. Section 404(d) of the Dominican Republic-Central America-United States Free Trade Agreement

¹ U.S. apparel industry representative, telephone interview by USITC staff, April 15, 2014; Embassy of the Dominican Republic, written submission to the USITC, April 10, 2014, 2.

² USDOC, OTEXA, "Free Trade Agreements: DR-CAFTA" (accessed May 6, 2014).

³ USITC DataWeb/USDOC (accessed May 23, 2014).

⁴ Each of these annual reviews is classified as "investigation no. 332-503" and can be downloaded from the USITC website. Their full titles and URLs are listed in the bibliography.

⁵ USITC hearing transcript, November 18, 2009, 6–8 (testimony of Scott Quesenberry, former Special Textile Negotiator, Office of the United States Trade Representative); USITC, *Earned Import Allowance Program*, 2010, 2-3.

⁶ Swift Galey, written submission to the USITC, November 18, 2009; USITC, hearing transcript, November 18, 2009, 23 (testimony of Carlos Moore, AM&S Trade Services on behalf of Swift Galey).

(CAFTA-DR) Implementation Act, as amended (the Act) (19 U.S.C. 4112(d))⁷ requires the Commission to submit a report annually to the House Committee on Ways and Means and the Senate Committee on Finance on the results of its review.

The EIAP provides an uncapped benefit for certain woven cotton bottoms⁸ wholly assembled in the Dominican Republic from third-country fabric to enter the United States free of duty if accompanied by a certificate confirming the purchase of certain qualifying U.S. fabric at a ratio of 2 for 1.⁹ Under this formula, for every 2 units of qualifying fabric purchased for apparel production in the Dominican Republic, a 1-unit credit is received that can be used to import apparel made with third-country fabric into the United States. The qualifying fabrics that may be purchased to receive credits under the program are woven cotton fabrics wholly formed in the United States from yarns wholly formed in the United States that are suitable for use in the manufacture of eligible apparel articles. “Wholly formed” requires that all production processes and finishing operations, including dyeing, must take place in the United States.¹⁰ These fabrics include twills that are heavy enough to be used in the manufacture of bottoms (“bottom-weight cotton fabrics”) classified in chapter 52 of the U.S. Harmonized Tariff Schedule (HTS), which includes denim.¹¹

Scope and Approach

This report assesses the effectiveness of the EIAP through March 2014 and summarizes recommendations made by U.S. and Dominican industry and government sources on how to improve the program. The report draws largely on available trade data, information taken from

⁷ Section 404 was added to the Act by section 2 of Public Law 110-436, approved October 16, 2008, “An Act to Extend the Andean Trade Preference Act, and for Other Purposes.” (See appendix A for a copy of the statute; see, in particular, sections 404 (c) and (d).) Section 404 (e) (1) of the Act states that the program will be in effect for the 10-year period beginning on the date on which the President certifies to the appropriate congressional committees that sections A,B,C, and D to the Annex to Presidential Proclamation 8213 (December 20, 2007) have taken effect. In Proclamation 8323 of November 25, 2008, the President made the following statement: “3. On August 7, 2008, the United States Trade Representative (USTR) published a notice in the *Federal Register* (73 FR 46057) announcing that August 15, 2008, would be the effective date for sections A, B, C, and D of the Annex to Presidential Proclamation 8213. 4. I have determined, and hereby certify, that the provisions of Proclamation 8213 referenced in section 404 (e) (1) of the CAFTA-DR Act, as amended, have taken effect.” 122 Stat. 5389.

⁸ Denim cotton bottoms are excluded from coverage under the provision. The provision includes all other cotton woven pants and trousers, bib and brace overalls, breeches and shorts, and skirts and divided skirts.

⁹ Apparel made in the Dominican Republic from U.S. fabric already enters the United States free of duty under the CAFTA-DR, but the EIAP extends duty-free treatment to specific apparel made with third-country fabric. For more information on CAFTA-DR and certain other trade preference programs, see USITC, *Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic: Third Annual Review*, 2012, 1-2.

¹⁰ 75 Fed. Reg. 45603 (August 3, 2010).

¹¹ Although denim cotton bottoms are excluded from duty-free coverage under the EIAP, U.S.-produced denim fabrics can earn export credits under the EIAP. Such fabrics can be used to produce denim apparel in the Dominican Republic that is eligible for duty-free treatment in the United States under the standard CAFTA-DR provisions.

written submissions received by the Commission, and interviews with industry and government representatives. During its investigation, the Commission sought comments on the EIAP and recommendations for improving the program via a *Federal Register* notice (appendix B). The Commission received four written submissions, which are provided in appendix C and incorporated into the Commission's report as appropriate.

Program Activity and Trade

As of March 2014, 12 companies had accounts entitling them to participate in the EIAP; 5 of these firms made deposits and used the program in 2013, down from the 7 firms that were reported as using the program in the fourth annual review.¹² As of March 26, 2014 (the latest date for which data are available), the Department of Commerce had issued export credits totaling 18.2 million square meter equivalents (SMEs) of fabric since the program began on December 1, 2008.¹³ Based on the previous figure reported in the Commission's fourth annual review (17.5 million SMEs), this indicates that 0.7 million SME credits were issued between March 1, 2013, and March 26, 2014.¹⁴

From the start of the EIAP on December 1, 2008, through March 2014, U.S. imports of woven cotton bottoms under the program totaled about 13.1 million SMEs. This leaves a balance of about 5.1 million SMEs in credits that could be used to import woven cotton bottoms free of duty under the EIAP using third-country fabrics before all the existing credits are used.¹⁵ Between 2012 and 2013, however, U.S. imports under the program fell by 76 percent by both quantity and value (figures 1 and 2) to 337,319 SMEs (\$2.7 million). The sharp decline continued during the first quarter of 2014, as U.S. imports of woven cotton bottoms entering under the program fell by 82 percent by quantity and 83 percent by value compared with the first quarter of 2013.

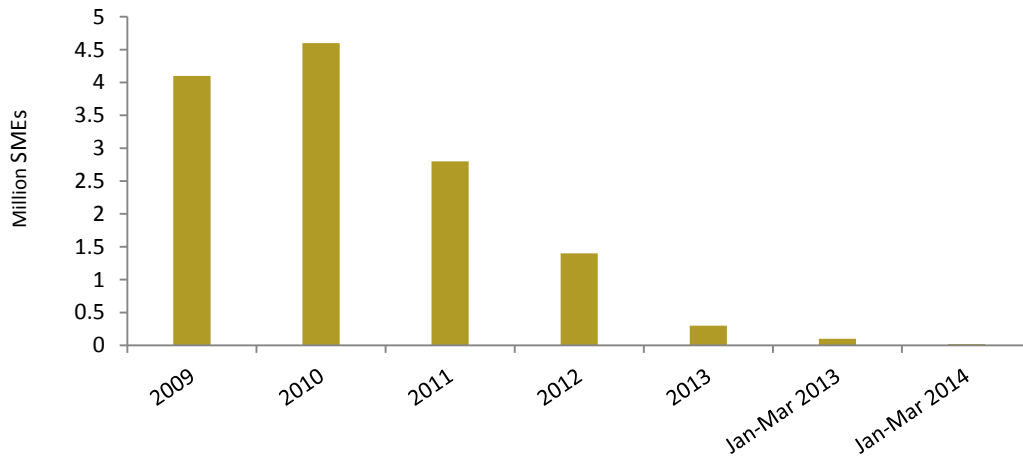
¹² U.S. government official, email message to USITC staff, April 7, 2014; USITC, *Earned Import Allowance Program*, 2013, 2-1.

¹³ U.S. government official, email message to USITC staff, May 21, 2014.

¹⁴ U.S. government official, email message to USITC staff, May 21, 2014; USITC, *Earned Import Allowance Program*, 2013, 2-1.

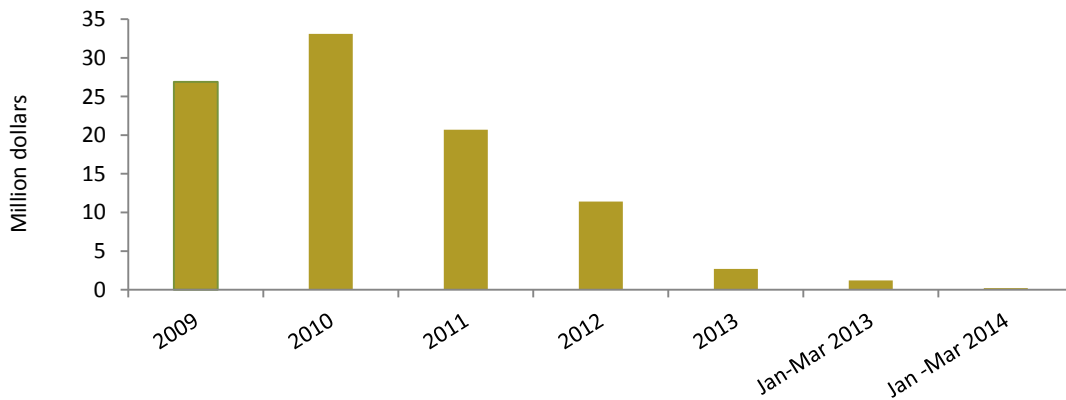
¹⁵ Calculated based on credits earned totaling 18.2 million SMEs, minus U.S. imports of 13.1 million SMEs under the program; U.S. government official, email message to USITC staff, May 21, 2014.

Figure 1 U.S. imports of qualifying apparel under the EIAP, quantity, 2009 to first quarter of 2014



Source: Based on U.S. import data supplied by the USDOC, OTEXA (accessed May 6, 2014).

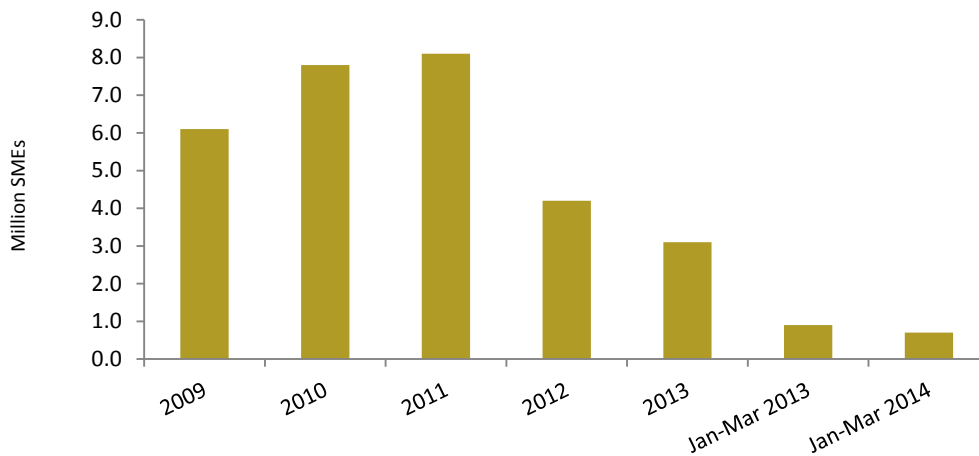
Figure 2 U.S. imports of qualifying apparel under the EIAP, value, 2009 to first quarter of 2014



Source: Based on U.S. import data supplied by the USDOC, OTEXA (accessed May 6, 2014).

Total U.S. exports to the Dominican Republic of bottom-weight cotton fabrics also decreased for the second consecutive year, falling by 25 percent in terms of both quantity and value to 3.1 million SMEs (\$10.4 million). Both the quantity and value of U.S. exports of the subject fabrics continued to decrease during the first quarter of 2014 (figures 3 and 4).¹⁶

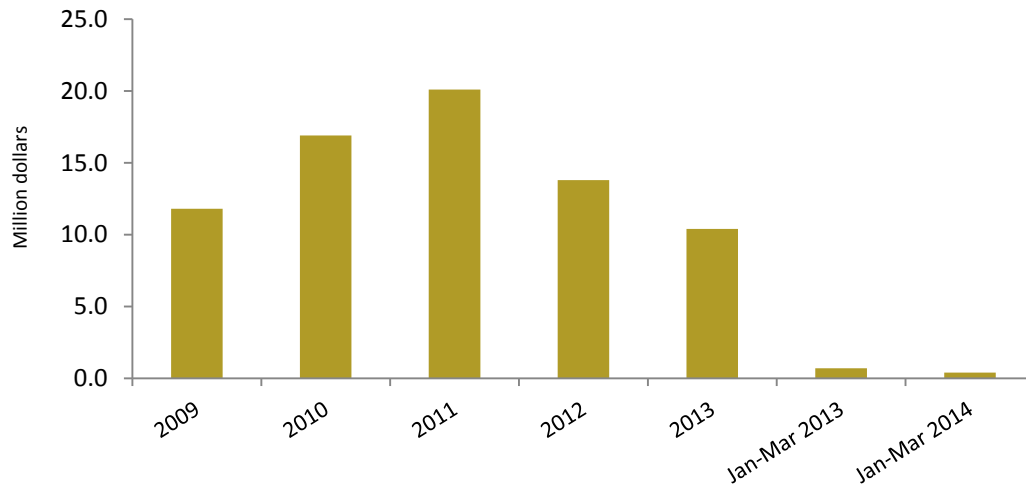
Figure 3 U.S. exports of bottom-weight cotton fabrics to the Dominican Republic, quantity, 2009 to first quarter of 2014



Source: USITC DataWeb/USDOC (accessed May 8, 2014).

¹⁶ As indicated in the previous four reviews, although fabrics that are eligible to earn credits under the EIAP may include woven bottom-weight cotton fabrics wholly formed in the United States from yarns wholly formed in the United States, official U.S. export data do not distinguish between exports of fabrics that would qualify under the EIAP and other types of fabrics. According to Schedule B, U.S. domestic exports include imported merchandise that has been enhanced in value or changed in the form in which it is imported by further manufacturing or processing in the United States. Since imported greige fabrics are further processed by dyeing and finishing in the United States, they are considered a domestic export. Nevertheless, these fabrics would not qualify as U.S.-produced fabric for the purposes of the EIAP. For further information on the definition of domestic exports, see USDOC, Bureau of the Census, Schedule B, "Correct Way to Complete the SED," <http://www.census.gov/foreign-trade/schedules/b/2011/correctwayforb.pdf> (accessed April 28, 2014).

Figure 4 U.S. exports of bottom-weight cotton fabrics to the Dominican Republic, value, 2009 to first quarter of 2014



Source: USITC DataWeb/USDOC (accessed May 8, 2014).

Recommendations to Improve the Earned Import Allowance Program

The recommendations offered during the fifth annual review of the EIAP were the same as those received by the Commission during the previous four annual reviews. The four organizations¹⁷ that submitted written statements recommended the following changes:

- 1) Lowering the 2-for-1 ratio of U.S. to foreign fabric to 1 for 1;
- 2) Expanding the program coverage to enable other types of fabrics and apparel items to be included in the EIAP; and
- 3) Changing the requirement that dyeing and finishing of eligible fabrics occur in the United States.

¹⁷ Embassy of the Dominican Republic, written submission to the USITC, April 10, 2014, 2; School Apparel Inc., written submission to the USITC, April 2, 2014; AAFA, written submission to the USITC, April 11, 2014; Target, written submission to the USITC, March 28, 2014.

These changes would reportedly help Dominican apparel manufacturers take greater advantage of the program and reverse or halt the decline in textile and apparel bilateral trade flows.¹⁸ One firm further recommended that any changes to the program be made retroactively.¹⁹

Lowering Ratio to 1 for 1

Representatives of the U.S. and Dominican textile and apparel industries and the government of the Dominican Republic continued to express support for a change in the statutory ratio for the EIAP from 2 for 1 to 1 for 1.²⁰ The Target Corporation, a large U.S. retailer, stated that this change would lower average production costs sufficiently to lower the cost of these goods to a more attractive level for Target.²¹

Expand Program Coverage

Another recommendation by the four organizations that submitted written statements is to expand the coverage of qualifying fabrics and qualifying apparel. In its written submission, School Apparel Inc., a producer of school uniforms in the Dominican Republic, stated that it has had difficulty using accumulated credits but could do so if the criteria for qualified garments “were expanded to include chief polyester garments.”²² (School Apparel manufactures school uniforms primarily from polyester/cotton blend fabrics.²³) The Target Corporation stated that if U.S. fabric requirements and finished product limitations were expanded to include knit and woven fabrics of all fiber contents and weights, Target and other U.S. importers would be more likely to use the program.²⁴

Change Dyeing and Finishing Requirement

Three of the submissions recommended changing the requirement that dyeing and finishing of eligible fabrics occur in the United States. The American Apparel & Footwear Association (AAFA), which represents U.S. apparel and footwear industries and their suppliers, stated that a decision by the U.S. Department of Commerce to interpret the term “wholly formed” in a way that required qualifying fabrics to be dyed and finished in the United States made the program

¹⁸ Embassy of the Dominican Republic, written submission to the USITC, April 10, 2014, 1; School Apparel Inc., written submission to the USITC, April 2, 2014, 1–2; American Apparel & Footwear Association, written submission to the USITC, April 11, 2014, 2; Target, written submission to the USITC, March 28, 2014, 1–2.

¹⁹ School Apparel, Inc., written submission to the USITC, April 2, 2014, 1.

²⁰ Target, written submission to the USITC, March 28, 2014, 1; AAFA, written submission to the USITC, April 11, 2014, 1; School Apparel Inc., written submission to the USITC, April 2, 2014, 1.

²¹ Embassy of the Dominican Republic, April 10, 2014, written submission to the USITC, 1.

²² Target, written submission to the USITC, March 28, 2014, 1.

²³ School Apparel, Inc., written submission to the USITC, April 2, 2014, 1.

²⁴ School Apparel official, telephone interview by USITC staff, April 15, 2014.

²⁴ Target Corporation, written submission to the USITC, March 28, 2014, 2.

cost prohibitive.²⁵ Similarly, the Target Corporation stated that the dyeing and finishing requirement “places too much cost and unnecessary burden on users of the DREIAP, and fails to create important value-adding opportunities in the Dominican Republic.”²⁶ Target added that allowing U.S.-produced greige (unfinished) fabrics to qualify under the program would lower costs and further encourage producers and importers to take advantage of the program.

²⁵ American Apparel & Footwear Association, written submission to the USITC, April 11, 2014, 2.

²⁶ Target Corporation, written submission to the USITC, March 28, 2014, 2.

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APPENDIX A

Section 2 of the Public Law 110-436



PUBLIC LAW 110-436—OCT. 16, 2008

ANDEAN TRADE PREFERENCE EXTENSION

Public Law 110-436
110th Congress

An Act

Oct. 16, 2008
[H.R. 7222]

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

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

SECTION 1. EXTENSION OF ANDEAN TRADE PREFERENCE ACT.

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

President.
Foreign countries.
Time period.
Reports.
Deadline.

“SEC. 208. TERMINATION OF PREFERENTIAL TREATMENT.

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

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

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

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

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

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

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

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

“(b) REPORTS.—On or before June 30, 2009, the President shall make determinations pursuant to subsections (a)(2)(A) and (a)(3)(A) and report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on—

- “(1) such determinations; and
- “(2) the reasons for such determinations.”

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

(1) in subparagraph (B)—

(A) in clause (iii)—

(i) in subclause (II), by striking “6 succeeding 1-year periods” and inserting “7 succeeding 1-year periods”; and

(ii) in subclause (III)(bb), by striking “and for the succeeding 1-year period” and inserting “and for the succeeding 2-year period”; and

(B) in clause (v)(II), by striking “5 succeeding 1-year periods” and inserting “6 succeeding 1-year periods”; and

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

SEC. 2. EARNED IMPORT ALLOWANCE PROGRAM.

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

“SEC. 404. EARNED IMPORT ALLOWANCE PROGRAM.

19 USC 4112.

“(a) PREFERENTIAL TREATMENT.—

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

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

Applicability.

“(b) EARNED IMPORT ALLOWANCE PROGRAM.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(3) the term ‘eligible country’ means the Dominican Republic; and

Procedures.
Deadline.

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

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

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

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

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

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

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

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

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

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

“(d) REVIEW AND REPORT.—

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

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

“(e) EFFECTIVE DATE AND APPLICABILITY.—

“(1) EFFECTIVE DATE.—The program under this section shall be in effect for the 10-year period beginning on the date on which the President certifies to the appropriate congressional committees that sections A, B, C, and D of the Annex to Presidential Proclamation 8213 (December 20, 2007) have taken effect.

President.
Certification.

“(2) APPLICABILITY.—The program under this section shall apply with respect to qualifying fabric exported to an eligible country on or after August 1, 2007.”.

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

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

SEC. 3. AFRICAN GROWTH AND OPPORTUNITY ACT.

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

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

(2) in subsection (c)—

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

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

(C) in paragraph (4)—

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

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

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

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

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

“(B) Botswana;

“(C) Namibia; and

“(D) Mauritius.”.

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

(c) REVIEW AND REPORTS.—

(1) ITC REVIEW AND REPORT.—

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

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

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

19 USC 3721
note.

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

(3) **DEFINITIONS.**—In this subsection—

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

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

(d) **CLERICAL AMENDMENT.**—Section 6002(a)(2)(B) of Public Law 109-432 is amended by striking “(B) by striking” and inserting “(B) in paragraph (3), by striking”. 19 USC 3721.

SEC. 4. GENERALIZED SYSTEM OF PREFERENCES.

Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking “December 31, 2008” and inserting “December 31, 2009”.

SEC. 5. CUSTOMS USER FEES.

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

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

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

(b) **REPEAL.**—Section 15201 of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246) is amended by striking subsections (c) and (d). *Ante*, p. 2262.

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

The percentage under subparagraph (C) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 2 percentage points. 26 USC 6655 note.

SEC. 7. TECHNICAL CORRECTIONS.

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

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

Ante, p. 2289.

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

Approved October 16, 2008.

LEGISLATIVE HISTORY—H.R. 7222:

CONGRESSIONAL RECORD, Vol. 154 (2008):

Sept. 29, considered and passed House.

Oct. 2, considered and passed Senate, amended.

Oct. 3, House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 44 (2008):

Oct. 16, Presidential remarks.

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APPENDIX B
***Federal Register* Notice**

• Ways to minimize the burden of the collection of information on respondents.

Comments that you submit in response to this notice are a matter of public record. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment, including your personal identifying information, may be made publicly available at any time. While you can ask OMB in your comment to withhold your personal identifying information from public review, we cannot guarantee that it will be done.

Dated: February 25, 2014.

Ramie Lynch,

Acting Information Collection Clearance Officer, National Park Service.

[FR Doc. 2014-04446 Filed 2-27-14; 8:45 am]

BILLING CODE 4310-EH-P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS-IMR-ROMO-14032; PPIMROMO60, PAN00AN53.NM0000]

Grand Ditch Breach Restoration Final Environmental Impact Statement, Record of Decision, Rocky Mountain National Park, Colorado

AGENCY: National Park Service, Interior.

ACTION: Notice of availability.

SUMMARY: Pursuant to the National Environmental Policy Act of 1969, 42 U.S.C. 4332(2)(C), the National Park Service announces the availability of the Record of Decision for the Grand Ditch Breach Restoration, Rocky Mountain National Park, Colorado. On August 14, 2013, the Regional Director, Intermountain Region approved the Record of Decision for the project. As soon as practicable, the National Park Service will begin to implement the Preferred Alternative contained in the FEIS issued on May 31, 2013.

FOR FURTHER INFORMATION CONTACT: Ben Bobowski, Division Chief, 1000 US Highway 36, Estes Park, CO 80517-8937, Telephone (970) 586-1206, romo_information@nps.gov.

ADDRESSES: Copies of the Record of Decision can be obtained from the contact listed above or online at <http://parkplanning.nps.gov/romo> or by email at romo_information@nps.gov.

SUPPLEMENTARY INFORMATION: The National Park Service (NPS) considered five alternatives for the restoration of the Grand Ditch breach. Alternative A, the no action alternative; Alternative B,

minimal restoration; Alternative C, high restoration; Alternative D, the NPS preferred alternative; and Alternative E, maximum restoration. Alternative D, the NPS preferred alternative, is the selected action and will emphasize the removal of large debris deposits at the confluence of Lulu Creek and the Colorado River and in the Lulu City wetland. Actions will be conducted to stabilize limited areas of unstable 2003 debris deposits along slopes and banks throughout the project area. Stabilization actions will be implemented in areas with steep slopes, where vegetation has not reestablished since the 2003 ditch breach occurred, and outside the channel and floodplain that are not exposed to high flows. These actions will enhance hydrologic conditions and remove debris sources that could erode and be transported downstream as sediment causing continued degradation. Sediment would also be removed in localized areas along the Colorado River to reconnect the river with some previously blocked floodplain locations. Hydrology through the Lulu City wetland will be restored in the historical central channel through removal of large, localized deposits of debris and sediment, relying on the historical channel to transport river flow. Channel restoration will achieve stream channels that are more hydrologically and hydraulically stable and provide streambed and channel dynamic stability. Small-scale motorized equipment may be employed for stabilization and revegetation activities, while larger equipment may be employed for excavation of large debris deposits. The selected action represents basic hydraulic engineering requirements to ensure that flows are naturally conveyed within the stream channel cross-sections and that the channels will maintain hydrologic function, while accommodating the natural range of overbank flooding of adjacent floodplains and wetlands. The Record of Decision includes a statement of the decision made, synopses of other alternatives considered, the basis for the decision, a description of the environmentally preferable alternative, a finding of no impairment of park resources and values, a listing of measures to minimize environmental harm, and an overview of public involvement in the decision-making process.

Dated: December 10, 2013.

Colin Campbell,

Acting Regional Director, Intermountain Region, National Park Service.

[FR Doc. 2014-04472 Filed 2-27-14; 8:45 am]

BILLING CODE 4912-CB-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-503]

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

AGENCY: United States International Trade Commission.

ACTION: Notice of opportunity to provide written comments in connection with the Commission's fifth annual review.

SUMMARY: The U.S. International Trade Commission (Commission) has announced its schedule, including deadlines for filing written submissions, in connection with the preparation of its fifth annual review in investigation No. 332-503, *Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic, Fifth Annual Review*.

DATES:

April 11, 2014: Deadline for filing written submissions.

July 25, 2014: Transmittal of fifth report to House Committee on Ways and Means and Senate Committee on Finance.

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

FOR FURTHER INFORMATION CONTACT:

Project Leader Laura Rodriguez (202-205-3499 or laura.rodriguez@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Web site (<http://www.usitc.gov>). Persons

with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

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

Section 404(d) directs the Commission to conduct an annual review of the program to evaluate the effectiveness of the program and make recommendations for improvements. The Commission is required to submit its reports containing the results of its reviews to the House Committee on Ways and Means and the Senate Committee on Finance. Copies of the Commission’s first four annual reviews are available on the Commission’s Web site at www.usitc.gov, including the fourth annual review, which was published on July 26, 2013 (ITC Publication 4417). The Commission expects to submit its report on its fifth annual review by July 25, 2014.

The Commission instituted this investigation pursuant to section 332(g) of the Tariff Act of 1930 to facilitate docketing of submissions and also to facilitate public access to Commission records through the Commission’s EDIS electronic records system.

Submissions: Interested parties are invited to file written submissions concerning this fifth annual review. All written submissions should be addressed to the Secretary and must conform to the provisions of section 201.8 of the Commission’s *Rules of Practice and Procedure* (19 CFR 201.8). Section 201.8 and the Commission’s Handbook on Filing Procedures require

that interested parties file documents electronically on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. If confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Secretary (202–205–2000).

Any submissions that contain confidential business information 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 confidential business information is clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

The Commission intends to publish only a public report in this review. Consequently, the report that the Commission sends to the committees will not contain any confidential business information. Any confidential business information received by the Commission in this investigation and used in preparing its report will not be published in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission.

Issued: February 24, 2014.

Lisa R. Barton,

Acting Secretary to the Commission.

[FR Doc. 2014–04334 Filed 2–27–14; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–1140–1142 (Review)]

Uncovered Innerspring Units From China, South Africa, and Vietnam; Scheduling of Expedited Five-Year Reviews Concerning the Antidumping Duty Orders on Uncovered Innerspring Units From China, South Africa, and Vietnam

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the scheduling of expedited reviews pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(3)) (the Act) to determine whether revocation of the antidumping duty orders on uncovered innerspring units from China, South Africa, and Vietnam would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews and rules of general application, consult the Commission’s Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* February 4, 2014.

FOR FURTHER INFORMATION CONTACT: Joanna Lo (202–205–1888), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission’s TDD terminal on 202–205–1810. 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. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On February 4, 2014, the Commission determined that the domestic interested party group response to its notice of institution (78 FR 65711, November 1, 2013) of the subject five-year reviews was adequate and that the respondent interested party group response was inadequate. The Commission did not find any other circumstances that would warrant conducting full reviews.¹ Accordingly, the Commission determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Act.² **Staff report.**—A staff report containing information concerning the subject matter of the reviews will be placed in the nonpublic record on

¹ A record of the Commissioner’s votes, the Commission’s statement on adequacy, and any individual Commissioner’s statements will be available from the Office of the Secretary and at the Commission’s Web site.

² Commissioner Shara L. Aranoff did not participate.

APPENDIX C
Written Submission to the
Commission



we wear® our mission

April 11, 2014

Secretary
United States International Trade Commission
500 E Street SW
Washington, DC 20436

RE: Inv. No. 332-503, Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic)
http://www.usitc.gov/secretary/fed_reg_notices/332/332_503_notice02242014sgl.pdf

To Whom It May Concern:

On behalf of the American Apparel & Footwear Association (AAFA) – the national trade association of the apparel and footwear industries, and their suppliers – I am writing to comment on the referenced annual study by the International Trade Commission’s (ITC) study on the effectiveness of the Earned Import Allowance Program.

By way of background, the AAFA represents about 530 companies accounting for about 1000 brands. Our members design, make, market, and sell clothes, shoes, and fashion accessories in the United States and in nearly every country around the world, including in the Dominican Republic.

As you may recall, we have commented on this program in the past during the previous ITC investigations. We appreciate the continued opportunity to comment, and recognize that the request for comment is mandated by Congress. However, we are puzzled why Congress, after four years of reports showing how the program has failed to satisfy its goals, does not take action to rectify the situation. This lack of action is perplexing as there was strong bipartisan and bicameral support for the program when it was first enacted.

In 2013, the ITC reported, “Four years after the implementation of the EIAP, the Government of the Dominican Republic and U.S. and Dominican apparel industry sources indicated that, as currently structured, the program is not providing enough incentives to help boost the competitiveness of Dominican apparel exports in the U.S. market. As in the previous year, U.S. imports of woven cotton bottoms (pants and trousers, bib and brace overalls, breeches and shorts, and skirts and divided skirts) from the Dominican Republic declined significantly in 2012 and in the first quarter of 2013, by value and by quantity.”

In 2012, the ITC reported, “Three years after its implementation, the Earned Import Allowance Program (EIAP) is not providing enough incentives to help boost the competitiveness of Dominican apparel exports in the U.S. market, as intended.” That report further states, “The USITC received several recommendations from industry and other sources concerning improvements to the EIAP. The recommendations were the same as those offered during the first and second annual reviews. They included lowering the 2-for-1 ratio of U.S. to foreign fabric to a 1-for-1 ratio; including other types of fabrics and apparel items in the EIAP; and changing the requirement that dyeing, finishing, and printing of eligible fabrics take place in the United States.”

In 2011, the ITC reported “The Earned Income Allowance Program (EIAP) appears to provide insufficient incentive to increase production of woven cotton bottoms in the Dominican Republic.”

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www.wewear.org

The 2010 report, which was initially optimistic, reported that “The Earned Income Allowance Program (EIAP) had initial beneficial effects on U.S. and Dominican textile and apparel industries.” However, it further noted, “reports on planned use of the program going forward have been mixed, as some Dominican trouser manufacturers and U.S. firms that import woven cotton trousers from the Dominican Republic indicate the program may become less cost-effective in the future. A few of the firms indicated that they may move production out of the Dominican Republic if it is no longer economical to produce there.”

This unmistakable negative trend is reinforced by trade statistics published on the website of the Commerce Department agency that implements this program.

In 2013, U.S. apparel imports under the EIAP equaled \$2.7 million. This represents a 76 percent drop from 2012 levels of \$11.4 million. The 2012 levels in turn represent a 45 percent drop from the 2011 levels of \$20.6 million (which in turn represents a 37 percent drop from 2010 levels). Data for the first two months of 2014 are running at an annualized level of about 1/10 of the already depressed 2013 levels. This drop in qualifying U.S. imports under the EI AP has been accompanied by a parallel drop in all woven cotton bottom imports (the class of garments eligible to be imported under the EIAP) into the United States from the Dominican Republic.

Although there was initial enthusiasm for the program, a decision by the Commerce Department to interpret the term “wholly formed” in a manner that required qualifying fabrics to be dyed and finished in the United States, made the program cost prohibitive. As a result, companies either shifted production out of the Dominican Republic or discontinued use of the Earned Import Allowance Program (EIAP), or both.

While AAFA members have occasionally explored using the program, they report that the benefits offered by the program are not sufficient to warrant business development. Unless rectified, we continue to see the program as providing little benefit for any of the stakeholders. U.S. and Dominican apparel companies will not use the program to be competitive nor will U.S. textile companies see fabric exports occur as a result.

We believe several strategies could be employed that could arrest this decline, creating real opportunities for apparel production in the Dominican Republic and for U.S. textile exports. Not surprisingly, these suggestions were included in past reports and we would respectfully ask that they be cited in the 4th report as well:

1. Modify the 2:1 ratio to 1:1.
2. Reverse the “wholly formed” interpretation by the Commerce Department.
3. Expand the program coverage to enable other kinds of fabrics and products to gain benefits.

It is our hope that these recommendations could be considered by Congress and implemented this year.

In the meantime, thank you again for providing us this opportunity to submit comments on this matter. If you have any questions or comments, please feel free to contact Nate Herman (nherman@wewear.org) in my office.

Sincerely,



Steve Lamar
Executive Vice President



EMBAJADA DE LA REPÚBLICA DOMINICANA
Washington, D.C.

EDW-0208-14

The Embassy of the Dominican Republic presents its compliments to the United States International Trade Commission and pursuant to its request concerning the Earned Import Allowance Program, published on February 28, 2014 (79 FR 40), we hereby submit the comments from the Government of the Dominican Republic for the fifth annual review of the Earned Import Allowance Program (EIAP).

The Dominican Republic wishes for an improved EIAP and this year's submission annexes the previous written statements that reiterate our recommendations to modify the EIAP. These are:

- Changing the 2:1 ratio to 1:1;
- Reverse the "wholly formed" interpretation by the Commerce Department, to allow U.S. qualifying greige fabrics to be dyed and finished outside the United States; and,
- Expand the program coverage to enable other fabrics and products to gain benefits.

As stated, the referred changes would significantly help Dominican apparel manufacturers to take advantage of the EIAP and contribute to overturn the negative trend exhibited in textile and apparel bilateral trade flows.

The Embassy of the Dominican Republic avails itself of this opportunity to renew to the United State International Trade Commission the assurances of its highest consideration.



April 10, 2014
Washington, D.C.

- Annexes:*
1. *Letter addressed to Ambassador Anibal de Castro from the National Free Zones Council of the Dominican Republic dated April 10th, 2014.*
 2. *Communications from the National Free Zones Council of the Dominican Republic dated: November 3rd, 2009; April 11th, 2012; and April 10th, 2013.*



"Año de la Superación del Analfabetismo"

10 ABR 2014

003045

Mr. Anibal De Castro

Ambassador

Embassy of the Dominican Republic in the United States of America

Washington, D.C. 20008

Re: International Trade Commission's fifth annual review of the Dominican Republic Earn Import Allowance Program (DR-EIAP)

Annex: Communications from by the National Free Zones Council of the Dominican Republic (CNZFE) dated: November 3rd 2009; April 11th, 2012; and April 10th, 2013.

Dear Ambassador De Castro:

On February, 28, 2014 the United States International Trade Commission (USITC) made public in the Federal Register (79 FR 11465) the fifth annual review of the Dominican Republic Earn Import Allowance Program (DR-EIAP), under investigation No. 332-503.

In that regard, the National Free Zones Council of the Dominican Republic wishes to reiterates its recommendations for improving the effectiveness of the DR-EIAP as indicated in the annexed communications sent to the USITC and the Dominican Embassy in the United States of America. The Government of the Dominican Republic believes that, although the DR-EIAP was designed to fulfill a commitment with our country, derived from the bilateral negotiations to amend the DR-CAFTA, the program has not provided enough incentives for persevering the competitiveness of our apparel industry.

As USITC's statistics provided in previous communications, the Dominican Republic continues to lose market share as a U.S. provider of "cotton bottoms". Last year, U.S. imports under the DR-EIAP decreased by 76.3% compare to year 2012, evidencing the unattractiveness of the program as it is currently structured. Moreover, our country now ranks as the fifth largest export market for cotton woven fabrics manufactured in the United States, while five years ago it was the second largest market, experiencing a decrease in export value of 76%.

The remarkable value of the apparel industry for the Dominican economy has been rigorously outlined by our Government in the previous written submissions to the USITC. Few business sectors in our country have the ability of creating an important amount of jobs, mainly in economically depressed areas. However, it has been very difficult for manufacturers to preserve jobs when they have not been granted with a



scheme that could effectively compensate expectations of the DR-CAFTA, when the "pocketing rule" was amended.

As previously stated, the potential benefits of the DR-EIAP have been undermined by the unavailability of fabrics in the U.S., due to the relocation of mills and strategic operations to Asia, which makes it almost impossible for manufacturers to collect enough credits in their DR-EIAP accounts. This circumstance reduces the attractiveness of the DR-EIAP for both manufacturers and U.S. customers, because they will only be able to engage in production programs that are in place for a strict short period of time.

For this reasons, we reiterate our recommendations of introducing the following modifications to the Program:

- Changing the 2:1 ratio to 1:1;
- Reverse the "wholly formed" interpretation by the Commerce Department, to allow U.S. qualifying greige fabrics to be dyed and finish outside the United States, and;
- Expand the program coverage to enable other fabrics and products to gain benefits.

We still believe that these changes would significantly help Dominican apparel manufacturers to take a greater advantage of the Program, and contribute to overturn the negative trend exhibited in textile and apparel bilateral trade flows.

Moreover, with major ongoing changes in the U.S. trade policy that could negatively affect the competitiveness of the Dominican Republic in the U.S. apparel import market, we are confident that the proposed amendments will also help to maintain balanced market access conditions with new preferential trading partners.

Sincerely,


Luisa Fernandez Duran
Ambassador - Executive Director

LFD/DL/edc

10 ABR 2013

002640

"Año del Bicentenario del Natalicio de Juan Pablo Duarte"

Mr. Anibal De Castro
Ambassador
Embassy of the Dominican Republic in the United States of America
1715 22nd Street NW
Washington, D.C. 20008

Re: International Trade Commission's fourth annual review of the Dominican Republic Earned Import Allowance Program (DR-EIAP).

Dear Ambassador De Castro:

On March 14 of the current year, the United States International Trade Commission (USITC) made public in the Federal Register (78 FR 16297) the fourth annual review of the Dominican Republic Earned Import Allowance Program (DR-EIAP), under investigation No. 332-503. In that regard, pursuant to section 404(d) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (19 U.S.C. 4112(d)), and section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the National Free Zones Council of the Dominican Republic (CNZFE) wishes to communicate -through the Embassy, its current view on the effectiveness of the mentioned program.

In this occasion, our government reiterates its understanding that the effectiveness of the DR-EIAP should always be evaluated as an instrument to maintain the competitiveness of the apparel manufacturers in the Dominican Republic, while promoting exports and jobs in the US textile industry. Additionally, it is imperative to bear in mind that this program was designed to fulfill a commitment to our country, derived from the bilateral negotiations to amend the DR-CAFTA, in which our government agreed to provide a benefit in the form of a change in the rules of origin for pocketing fabrics, in exchange of equivalent measures to preserve the competitiveness of the industry.

Accordingly, we would like to emphasize the relevance and recent performance of the apparel industry in the Free Zones of the Dominican Republic, and its links to the United States textile industry. This industry continues to be one of the strongest economic sectors in our country, contributing nearly 3% of the country's Gross Domestic Product (GDP). Furthermore, in the Free Zones, which is one of the greatest employers of the country -mainly in economic depressed areas- apparel manufacturers employ 30.2% of total jobs.

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Notwithstanding the trade preferential treatment granted by the United States to the Dominican Republic -in the context of DR-CAFTA's textile provisions and EIAP- in the period 2004-2009, the Dominican apparel industry experienced a recession that markedly affected employment and exports. In the mentioned period, CNZFE registered a decline in employment of 49%. Moreover, the value of total apparel exports to the United States decreased 59%, and the value of Dominican imports of fabrics manufactured in the United States, decreased 69%. When considering only cotton broadwoven fabrics, the decrease has been 91%, according to data from the U.S. Office for Textile and Apparel. This is particularly important taking into account that last year, our country was the fifth largest export market for cotton broadwoven fabric manufactured in the United States. However, five years ago, the Dominican Republic was the second largest market.

Nevertheless, in the subsequent period 2009-2012, the Dominican Republic evidenced a slow and gradual recovery of its exports, achieving a modest growth of 6%, even when facing strong competition from Asian manufacturers who receive substantial grants from their respective governments. Regardless of the latest growing period, US cotton broadwoven exports to the Dominican Republic have decreased, while other woven fabrics, such as man-made fibers, evidenced a growth of 28.7%.

As pointed out in previous communications sent to the USITC, there are several elements undermining the effectiveness and potential of the DR-EIAP. These elements suggest that an upgrade in DR-EIAP is needed to restore competitiveness to the industry. For the complete duration of the EIAP implementation period, we have been constantly receiving reports from our apparel manufacturers, stressing the unavailability of several types of fabrics in the U.S., due to price competitiveness and to the relocation of facilities and strategic operations to Asia. For this reason, most of the fabrics demanded by the market are now being developed and manufactures outside the U.S. Consequently, these materials must be purchased from companies located in Asia, which makes it almost impossible for producers to collect enough credits in their EIAP account.

From a broader perspective, recent USITC data supports this assertion. In 2012, Dominican cotton bottom exports to the US using regional/US inputs decreased 36.7%. On the other hand, non-DR-CAFTA qualifying exports of the same products increased 187.4%. In that scenario, exporters have been forced to carry the burden of the non-preferential tariff due to the cotton woven fabric unavailability in the Region.

At the same time, the inability to exploit the potential of the program has obligated cotton bottoms manufacturers to develop other market segments. Recently, we have observed an overall growth trend in man-made fiber products exports that could represent an opportunity for improving the effectiveness of the program, for both Dominican apparel manufacturers and US woven fabric exporters. According to the

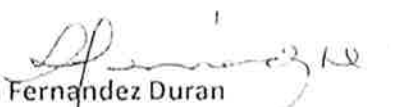




USITC Dataweb, last year Dominican exports of man-made fiber bottoms using DR-CAFTA inputs experienced a growth of 11.5%. Including other fabrics in the program would further increase other US woven fabric exports to the Dominican Republic, promoting at the same time competitiveness of Dominican apparel manufacturers, fulfilling the original intention of the program.

Finally, we maintain our position that in order to make effective the DR-EIAP and maintain its objective of preserving competitiveness of trouser manufacturers in the Dominican Republic, the current 2:1 ratio of the Program should be changed to a 1:1 ratio. Considering the current state of the U.S. textile industry and the new sources for the fabrics demanded by the market, the Dominican apparel manufacturers are unable to take full benefit of the Program, as import-exports statistics confirm. Granting the proposed 1:1 ratio, and at the same time, expanding the coverage of "qualifying fabrics" (such as denim and other man-made fiber fabrics) under the EIAP would ensure and encourage growth in textile and apparel trade flows between U.S. and Dominican Republic. We are confident that our proposal would fully exploit the potential of the program.

Sincerely,


Luisa Fernandez Duran
Ambassador - Executive Director

LFD/DL/edc





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"Año del Fortalecimiento del Estado Social y Democrático de Derecho"

Mr. Anibal de Castro
Ambassador
Embassy of the Dominican Republic
1715 22nd St, NW
Washington, D.C. 20008

Re: International Trade Commission's third annual review of the EIAP, published March 7, 2012 in the Federal Register (77 FR 14568).

Dear Ambassador de Castro,

Pursuant to section 404(d) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (19 U.S.C. 4112(d)), and section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the National Free Zones Council of the Dominican Republic wishes to submit comments in connection with the International Trade Commission's third annual review of the EIAP, published March 7, 2012 in the Federal Register (77 FR 14568).

As pointed out in previous communications sent to the Commission, the Government of the Dominican Republic firmly believes that the effectiveness of the EIAP should be evaluated as a measure designed to maintain the competitiveness of the apparel manufacturers in the Dominican Republic, while at the same time preserving and promoting the use of U.S. fabrics for such garments. It is important to recall that this program was intended to fulfill a commitment to the Dominican Republic, derived from the bilateral negotiations to amend the DR-CAFTA, in which our government agreed to provide a benefit in the form of a change in the rules of origin for pocketing fabrics, in exchange for equivalent measures to maintain the competitiveness of trouser and suit manufacturers in the Dominican Republic.

In this context, and taking into account the purposes of the program, we consider relevant to elucidate the importance and recent performance of the apparel industry in the Dominican Republic and its links to the United States' textile industry. Free Zones, where most apparel manufacturers are located, continue to be one of the most dynamic economic sectors in the Dominican Republic contributing nearly 4% to the country's GDP. Furthermore, within free zones, which is one of the greatest generators of employment in the country, (mainly in economic depressed areas) apparel manufacturers account for 35% of total employment.

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However, despite DR-CAFTA's textile provisions and the EIAP, the Dominican apparel industry has remained in a downtrend, notably affecting employment and exports. In 2011, the National Free Zones Council of the Dominican Republic registered a decline in employment of 49% since 2006 in the apparel industry. Moreover, the volume of total apparel exports to the United States decreased 62%. In addition, the value of Dominican imports of fabrics manufactured in the United States has decreased close to 55%. When considering only cotton broadwoven fabrics, the decrease has been 85% according to data from the U.S. Office for Textile and Apparel.

We take this opportunity to highlight the factors that are undermining the EIAP, which are the fundamental reasons for why we still believe that an upgrade in the EIAP is needed to restore competitiveness to the industry. Since the initiation of the program, we have been constantly receiving reports from our apparel manufacturers regarding the unavailability of several types of fabrics in the U.S. due to price competitiveness and the relocation of facilities and strategic operations to Asia. For this reason, most of the fabrics demanded by the market are now being manufactured outside the United States. Consequently, these fabrics must be purchased from producers located in Asia, which makes it almost impossible for producers to collect enough credits in their EIAP account.

We firmly believe that in order to make the EIAP cost-efficient and maintain its intention of preserving competitiveness of trouser and suit manufacturers in the Dominican Republic, the current 2:1 ratio of the program should be changed to a 1:1 ratio. This suggestion takes into consideration the current state of the U.S. textile industry, as well as the fact that new sources for the fabrics demanded by the market are not allowing, as import-exports statistics confirmed, Dominican apparel manufacturers to take full advantage of the program. Granting the proposed 1:1 ratio, and at the same time, expanding the coverage of "qualifying fabrics" (such as denim and other man-made fiber fabrics) under the EIAP would ensure and encourage growth in textile and apparel trade flows between the U.S. and the Dominican Republic.

Sincerely,


Luisa Fernandez Duran
Ambassador/Executive Director



LFD/DL/edc



CONSEJO NACIONAL
DE ZONAS FRANCAS
DE EXPORTACION

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03 NOV 2009

Marilyn R. Abbott
Secretary to the Commission
U.S. International Trade Commission
500 E Street SW
Washington D.C. 20436

Dear Mrs. Abbott:

Pursuant to section 404(d) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (19 U.S.C. 4112(d)), and pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the Government of the Dominican Republic wishes to comment on the effectiveness of the Earned Import Allowance Program (EIAP).

The implementation of this program by the United States is designed to fulfill a commitment to the Dominican Republic, derived from the bilateral negotiations to amend the DR-CAFTA, in which our government agreed to provide a benefit in the form of a change in the rules of origin for pocketing fabrics, in exchange of equivalent measures to maintain the competitiveness of trouser and suit manufactures in the Dominican Republic. Therefore, the effectiveness of the EIAP should be evaluated as a measure designed to maintain the competitiveness of the apparel manufactures in the Dominican Republic, while at the same time preserving and promoting the use of U.S. fabrics for such garments.

Under the EIAP, Dominican apparel manufacturers purchase two square meters equivalents (SME) of U.S. fabric for each SME of third country fabric they use in the production of trousers destined for the U.S. market. The trousers then enter the U.S. duty-free, thereby increasing export opportunities for U.S. yarn and fabric producers and Dominican apparel manufacturers, while offering U.S. importers competitive regional sourcing.

In times of severe economic downturn and substantial changes in the trade framework related to textile and apparel, we wish to highlight the great importance of concrete measures like the EIAP to stimulate both the U.S. textile industry and the Dominican apparel manufactures. This is particularly relevant given the structure of the market in the Dominican Republic where Export Processing Zones remains the sector which generates the most employment in the economy, of which the apparel industry contributes 40% of this total.

Unfortunately, a considerable decline of employment continues to register in the Dominican apparel industry (15% in 2008). Further, a significant number of plant closures (27% in 2008), and a decrease in exports (16% in 2008), weakens the position of Dominican exporters in the U. S. market.

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Although this decline can be attributed to certain underlying reasons at global scale, it is our understanding that the expected full benefit under the EIAP to offset the downtrend has yet been attended by U.S. and D.R. industries, owing to the current manner in which the Office of Textile and Apparel (OTEXA) is implementing the Program.

OTEXA is interpreting the term “wholly formed” as requiring qualifying woven fabrics to be dyed and finished in the United States, which severely undermines the intention and effectiveness of the Program.

Qualifying woven fabric is defined in Section 2 of the Andean Trade Preference Extension Act of 2008 (Public Law 110-436, 122 Stat. 4976) (“ATPEA”) as “woven fabric of cotton wholly formed in the United States from yarns wholly formed in the United States” and intended for production of apparel in the Dominican Republic. The ATPEA does not define the term “wholly formed” as to require qualifying fabrics to be “dyed and finished” in the United States”.

The term “wholly formed” should not be implemented in a manner to include dyeing and finishing operations in the U.S. since it constitutes a significant burden for the Dominican trouser industry and results in an unnecessary hinder to both U.S. and Dominican textile and apparel industry to take full advantage of the intended relief.

Sincerely,


Luisa Fernández Durán
Executive Director



by: SAI

SAI

401 Knoss Avenue ♦ Star City, AR 71667-5223 ♦ Phone: 870.628.4232 ♦ Fax: 870.628.3211

April 2, 2014

Secretary of the Commission
U.S. Department of Commerce
International Trade Commission
500 E Street SW
Washington, D.C. 20436

Dear Secretary,

My name is Gerry McGee and I am with School Apparel, Incorporated. School Apparel, Inc. is a uniform company doing business in the United States and has offices in Burlingame, California and Star City, Arkansas. Our main distribution center is located in Star City, Arkansas.

We currently source in the Dominican Republic at several locations. We have participated in the Earned Import Allowance Program over the past year. Since our involvement in this program, it has assisted us with a very limited selection of apparel styles that had been problematic in the past, but it could potentially do much more. Our biggest area of concern is finding the opportunity to use the accumulated credits. If the criteria for qualified garments were expanded to include chief polyester garments, this program would be more beneficial to our company. As others have expressed before, we would also like to see the credits increased to a 1-to-1 ratio and expand the criteria of qualified fabric to include some man-made fabrics. In addition, we propose that any changes that are considered and implemented would be retroactive. These changes could encourage growth in current trade between USA and the Dominican Republic.

Our current production from the region is about 120,000 units per month. While we will not be increasing our production number in the region, a 1-to-1 credit could keep the stated amount in the region. We will continue using U.S. wholly-formed goods for several of our larger programs and getting the increased credits could keep current production levels in place.

We appreciate any consideration.

Regards,

Gerry McGee

Manufacturing Operations
School Apparel, Inc.

Daily Wear. Easy Care. Wear-Tested Guaranteed!

Customer Service Phone: 800.227.3215 ♦ **Fax:** 888.628.9020 ♦ **Email:** info@apluseveryday.com

www.apluseveryday.com



March 28, 2014

Secretary, United States International Trade Commission
500 E Street SW
Washington, DC 20436

**COMMENTS ON EFFECTIVENESS OF THE DOMINICAN REPUBLIC
EARNED IMPORT ALLOWANCE PROGRAM, INVESTIGATION 332-503**

Dear Madam Secretary,

Thank you for providing interested parties the opportunity to comment on the effectiveness of various trade programs, including the Dominican Republican Earned Import Allowance Program (DR-EIP). As one of the nation's largest importers of apparel products, Target has a vested interest in the effectiveness of these types of programs. We are constantly looking for new opportunities to bring quality products at affordable prices to Target Store guests across the United States.

Target has utilized supply chains across the DR-CAFTA region for as long as the agreement has been in force. One particular challenge in sourcing from this region has been a lack of reliable yarn and fabric mills. In the Dominican Republic in particular, the lack of reliable commercial-scale sources of yarn and fabric has made it impossible for Target to meet the yarn-forward rules required in the agreement. Because of these realities, programs like the Earned Import Allowance Program are extremely important to attract businesses like ours to that region. Nevertheless, Target has been unable to effectively utilize the DR-EIP as it is currently designed for the following reasons:

1. **2:1 Ratio.** The requirement of two units of U.S. origin fabric for every unit of non-originating fabric fails to incentivize producers and importers. The reason for this is that this drives average production cost up to a degree that pushes these goods beyond our price-point viability. We believe that a 1:1 ratio would lower average production costs sufficiently to bring these goods to a more attractive cost for Target and our customers.

2. **Rule of Origin for US fabric.** The requirements for fabric rule of origin call for all dyeing and finishing operations to take place in the United States. Similar to the 2:1 ratio, this requirement places too much cost and unnecessary burden on users of the DR-EIP, and also fails to create important value-adding opportunities in the Dominican Republic. Allowing U.S.-produced greige fabrics to qualify under the program will lower cost and further incent producers and importers to leverage the program.

3. **Product Type Limitations.** The current program limits participation to bottom-weight cotton fabrics and woven cotton bottoms (pants, shorts, skirts, etc.), excluding denim. If U.S. fabric requirements and finished product limitations were expanded to include knit and woven fabric of all fiber contents and weights, Target and other U.S. importers would be more likely to use the program.

Again, we thank you for seeking and considering the input from companies like Target. Please do not hesitate to reach out with any questions.

Sincerely,



Ted Sherman,
Director, Global Trade Services
Target Corporation
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Ted.sherman@target.com