

Advice on Providing Temporary Duty-Free Entry For Certain Suits and Suit-Type Jackets From Mexico

Report to the President on
Investigation No. 332-373

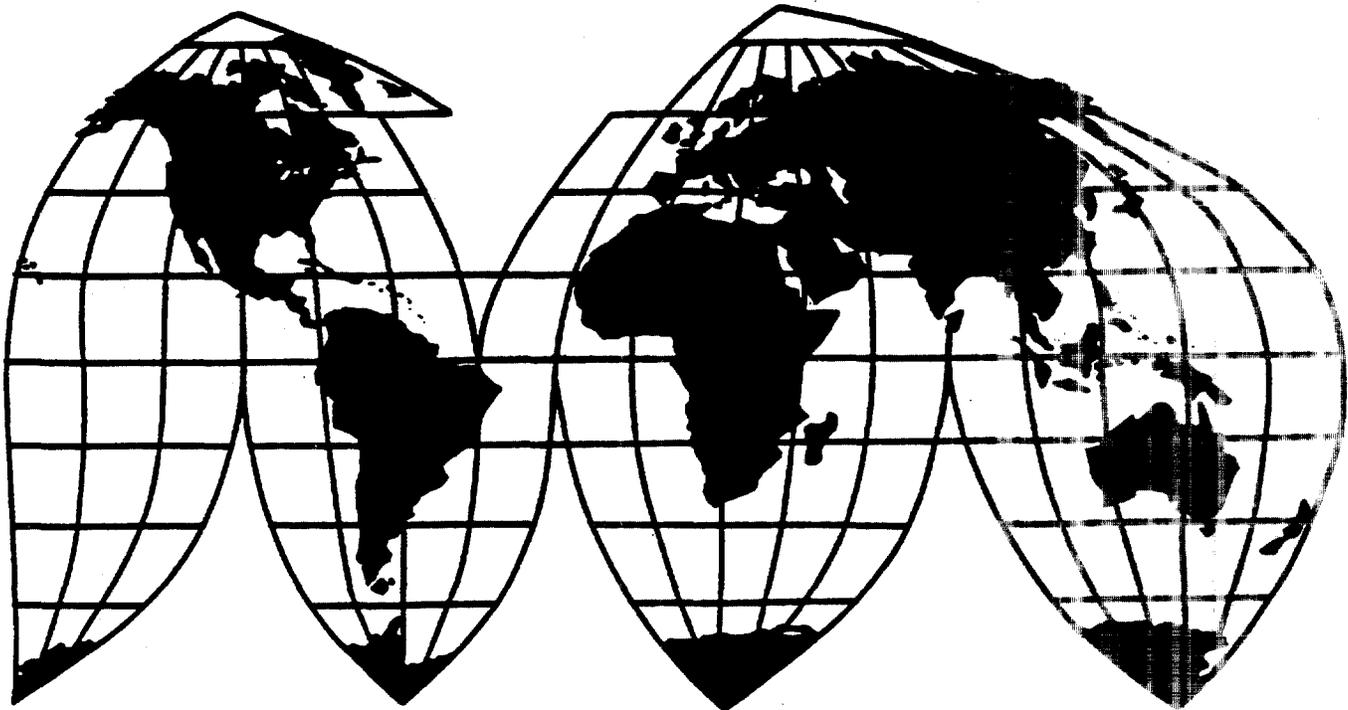
Note.—This report is a declassified version of the
confidential probable effect advice report submitted to
the President on January 15, 1997.



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January 1997

U.S. International Trade Commission



Washington, DC 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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U.S. International Trade Commission

Washington, DC 20436

Advice on Providing Temporary Duty-Free Entry for Certain Suits and Suit-Type Jackets From Mexico

January 1997



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CONTENTS

Executive summary	v
Purpose of the report	1
Product description and uses	2
Industry overview	3
Views of interested parties	4
Probable economic effects of the proposed action	5
Appendixes	
A. Request letter from the United States Trade Representative	A-1
B. U.S. International Trade Commission's response letter	B-1
C. U.S. International Trade Commission's <i>Federal Register</i> notice	C-1
Table 1. Wool and manmade-fiber suits and suit-type jackets: Estimated U.S. producers' shipments, total U.S. imports for consumption, and U.S. imports from Mexico, total and under heading 9802.00.90, 1995, and January-September 1995 and 1996	8

Note.--This report is a declassified version of the confidential probable effect advice report submitted to the President on January 15, 1997. All confidential information, including all business proprietary information, has been removed and replaced with "****."

EXECUTIVE SUMMARY

On November 21, 1996, the U.S. International Trade Commission received a letter from the United States Trade Representative (USTR) requesting that the Commission conduct a 332 investigation to provide advice on the probable effect of providing temporary duty-free entry for certain suits and suit-type jackets from Mexico containing certain imported interlining fabrics, provided that the fabrics have been cut in the United States and the garments otherwise meet the criteria of heading 9802.00.90. USTR requested that the Commission provide advice as to the probable effect of such action on affected segments of the U.S. textile and apparel industries, workers in these industries, and consumers of the affected goods. The proposed action is to be on a temporary basis to allow domestic firms time to develop and test the interlining fabrics.

Presidential Proclamation 6641, which implements The North American Free Trade Agreement (NAFTA), established heading 9802.00.90 of the Harmonized Tariff System (HTS), which affords duty- and quota-free entry for apparel and other textile goods assembled in Mexico from fabrics wholly formed and cut in the United States. The recent loss of domestic supply of certain interlining fabrics used in the assembly of suits and suit-type jackets in Mexico will preclude U.S. firms from entering the garments under the provision. U.S. textile and apparel industry officials have asked that the President authorize temporary duty-free entry for suits and suit-type jackets from Mexico containing imported interlining fabrics, provided that the fabrics are cut in the United States and that the garments otherwise meet the criteria of heading 9802.00.90.

In its report the Commission noted the following findings:

- Commission staff assessed the impact of the proposed action and determined that the temporary duty-free treatment would essentially maintain the status quo and thus not affect U.S. shipments of the subject domestically produced suit coats, associated U.S. employment, and prices to consumers.
- Industry sources stated that U.S. firms are expected to be producing one of the interlining fabrics in January 1997 and all of the subject interlinings by June 1997.
- Imports of the subject garments under heading 9802.00.90 increased 90 percent during the first 9 months of 1996 compared with the comparable period of 1995. However, these 9802 imports accounted for only about 25 percent of total imports of suits and suit-type jackets from Mexico during the 1996 period. Most of the subject garment imports are dutiable at preferential NAFTA rates.



PURPOSE OF THE REPORT¹

The U.S. International Trade Commission instituted this investigation, No. 332-373, *Advice on Providing Temporary Duty-Free Entry for Certain Suits and Suit-Type Jackets from Mexico*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), on November 26, 1996, following receipt, on November 21, 1996, of a letter from the United States Trade Representative (USTR). USTR's letter requested that the Commission initiate the investigation under section 332 of the Tariff Act of 1930 for the purpose of providing advice on the probable effect of granting temporary duty-free entry for suits and suit-type jackets from Mexico containing certain imported interlining fabrics, provided that the fabrics have been cut in the United States and the garments otherwise meet the criteria of heading 9802.00.90.² The suits and suit-type jackets are identified by *Harmonized Tariff Schedule (HTS)* subheading numbers in the attachment to the letter. USTR requested that the Commission provide advice as to the probable effect of such action on affected segments of the U.S. textile and apparel industries, workers in these industries, and consumers of the affected goods.

HTS heading 9802.00.90 affords duty- and quota-free entry for apparel and other textile goods assembled in Mexico from fabrics wholly formed and cut in the United States. Heading 9802.00.90 was established by Presidential Proclamation 6641, effective January 1, 1994, to implement certain U.S. obligations required by the North American Free Trade Agreement (NAFTA). Apparel entering under heading 9802.00.90 may not contain any imported fabric. However, the recent loss of domestic supply of certain interlining fabrics used in the assembly of suits and suit-type jackets in Mexico will preclude U.S. firms from entering the garments under heading 9802.00.90, even though no alternative domestic sources of the interlining fabrics currently exist. Furthermore, the inability to enter the goods under heading 9802.00.90 reduces the incentive to use domestic fabrics for the outer shell and lining of the garments.

The USTR's letter notes that U.S. textile and apparel industry officials have asked that the President authorize temporary duty-free entry for the suits and suit-type jackets from Mexico containing interlining fabrics imported into the United States, provided that the fabrics are cut in the United States and that the garments otherwise meet the criteria of heading 9802.00.90. Section 201(b)(1)(A) of the NAFTA Implementation Act (19 U.S.C. 3331(b)(1)(A)) authorizes the President to proclaim such modifications or continuation of any duty as the President determines to be necessary or appropriate to maintain the general level of reciprocal and mutually advantageous concessions with respect to Canada or Mexico provided for by NAFTA, subject to the consultation and layover requirements of section 103(a) of the NAFTA Implementation Act (19 U.S.C. 3313(a)).

The Commission published notice of the investigation in the *Federal Register* (61 *F.R.* 64148) on December 3, 1996. Interested parties were invited to submit written statements regarding matters to be

¹The information and analysis in this report are for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under other statutory authority covering the same or a similar matter.

²A copy of USTR's letter, along with the list of *HTS* subheadings, appears in appendix A.

addressed in the investigation.³ Commission staff contacted producers of interlining fabrics, importers of suits and suit-type jackets from Mexico, as well as trade associations and unions having an interest in the investigation. The rest of this report consists of the following sections:

- product description and uses,
- industry overview,
- views of interested parties, and
- probable economic effects of the proposed action.

PRODUCT DESCRIPTION AND USES

The suits and suit-type jackets (e.g., blazers) under consideration are of wool or manmade fibers and are for men, boys, women, and girls. The interlinings are fabrics used in the manufacture of suit-type jackets and the coat portion of suits (hereafter referred to as suit coats) to impart shape and provide structure and stability to the garments.⁴ The interlinings are shaped and sandwiched between the outer or shell fabric and the inner or regular lining of the suit coat and are attached directly to the shell fabric by either sewing or “fusing.” Fusible interlinings contain a thermoplastic adhesive which, under the application of heat, melts or fuses onto the back of the shell fabric.⁵

The interlinings in question were identified by the interagency Committee for the Implementation of Textile Agreements (CITA) in a *Federal Register* notice of September 20, 1996 (61 *F.R.* 49439) in connection with similar changes to the Special Access Program for Caribbean Basin countries. According to CITA’s notice, imported interlining fabrics may be used in the suit coats entered under the Special Access Program provided they are cut in the United States and are of a type described below:

1. A chest plate, “hymo” piece, or “sleeve header” of woven or weft-inserted warp knit construction of coarse animal hair or manmade filaments used in the manufacture of the suit coats;
2. A weft-inserted warp knit fabric which contains and exhibits properties of elasticity and resilience which render the fabric especially suitable for attachment by fusing with a thermoplastic adhesive to the coat front, side body, or back of the suit coats; and
3. A woven fabric which contains and exhibits properties of resiliency which render the fabric especially suitable for attachment by fusing with a thermoplastic adhesive to the coat front, side body, or back of the suit coats.

The interlinings in 2 and 3 above are fusible fabrics, with the former being knit and the latter woven.

³Copies of the Commission’s response letter to USTR and *Federal Register* notice are in appendixes B and C, respectively.

⁴Industry sources indicated to Commission staff that the interlinings generally add \$1.50 to \$2.00 to the cost of a man’s suit coat.

⁵The use of fusible interlinings helps prevent shrinkage of the shell fabric during pressing and dry cleaning.

The interlining types in 1 are interlining fabrics or made-up interlining components made from those fabrics. The components may be made from several different combinations of the interlining fabrics and may contain other fabrics not covered by this investigation. Industry officials contend that all three interlining types are specialty fabrics and that it is difficult to duplicate the look and "hand," or feel, of individual brands of suit coats made by using other interlining fabrics.

INDUSTRY OVERVIEW

The sole recent U.S. producer of the subject interlining fabrics, Crown Textile Co., Taladega, AL, was purchased by a French firm, Lanier de Picardie (LDP), in January 1996.⁶ LDP produces interlining fabrics described as type 2 in the United States but imports those of types 1 and 3. Industry officials indicated that, in November 1996, LDP purchased a Canadian producer of interlining fabrics ***.⁷

Commission staff contacted the 20 firms known to produce interlining fabrics in the United States for apparel manufacture, but none of them reported that it produces the interlining fabrics described above. The staff did locate two firms that recently began joint trial production of the fusible fabric described as type 2 above. *** produces the knit fabric and *** applies the thermoplastic adhesives to the fabric.⁸ Industry officials indicated that *** are in the trial stage of producing all three of the subject interlinings.⁹ Reportedly, trial samples have been made, and these companies expect to be in full production by June 1997.

Commission staff also contacted U.S. producers and importers of the suit coats.¹⁰ Nine of these firms that import the subject garments from Mexico were interviewed by Commission staff. These nine firms together accounted for about two-thirds of total imports of the suit coats from Mexico during January-September 1996. Three of these firms, which accounted for a combined 28 percent of the total imports, had obtained the subject interlining fabrics from Crown and, consequently, must find other sources. Another large U.S. firm with significant imports from Mexico does not use any of the interlining fabrics subject to this investigation in its Mexican production of women's blazers.¹¹

⁶Staff telephone conversation with John Huss, LDP, Jan. 8, 1997.

⁷U.S. industry officials expressed concern over the concentration of world production of interlining fabrics for use in tailored garments among a few multinational firms and its effect on fabric prices.

⁸ In many cases, the production of fusible interlining fabrics involves one company producing the fabric and a second company applying the thermoplastic adhesives.

⁹Staff telephone conversation with ***.

¹⁰Commission staff also contacted two firms that cut and sew or otherwise assemble interlining components and, in turn, sell them to the suit coat manufacturers. These firms had obtained their interlining fabrics from Crown, but now purchase them from importers.

¹¹This company uses only nonwoven interlining fabrics in the garments it produces in Mexico.

VIEWS OF INTERESTED PARTIES

All written statements received by the Commission generally supported granting the temporary duty-free treatment to the subject suit coats from Mexico; the Commission did not receive any statements opposing such treatment.¹² The American Apparel Manufacturers Association (AAMA), the national trade association for the U.S. apparel industry, stated that, without the temporary duty-free treatment, there is no incentive for U.S. producers of tailored clothing to use U.S. fabrics for the suit coats.¹³

Oxford Industries, Inc., a U.S. producer assembling suits in Mexico, stated that the inability to enter its goods free of duty under heading 9082.00.90 "vastly reduces" its competitiveness and reduces the incentive to use U.S.-produced fabrics for its jacket outer shells and linings.¹⁴ The firm also stated that "However, it seems inequitable to deny U.S. consumers the benefits of high-quality, low-cost garments assembled in Mexico from American components solely because no American interlinings are available."

Hartmarx Corp., a U.S. producer of tailored clothing, stated that it now uses imported interlining fabrics.¹⁵ Hartmarx said that the imported interlining fabrics cost more than those it had been purchasing from Crown, but that the "far more significant" cost increase to the firm was the loss of duty-free treatment for its suit coats imported from Mexico under heading 9802.00.90. The firm also said that it had priced its suit coats to its retail customers through the fall 1997 season while the domestic interlining fabrics were still available and thus was having to absorb the additional costs of imported interlining fabrics and duties. The firm has not yet determined how the continued loss of duty-free entry for its suit coats from Mexico will affect its planning for spring 1998 and beyond, but reports that the loss of the duty-free entry will have a "dramatic adverse effect" on its costs.

The American Textile Manufacturers Institute (ATMI) states that it represents U.S. producers of the outer shell fabrics, linings, and other interlining fabrics used in the suit coats.¹⁶ ATMI reported that the ability to import goods under heading 9802.00.90 has generated much business for U.S. textile mills and that more than 4 million square meters of U.S.-formed fabric are used to produce men's and boys' suits and suit-type jackets imported from Mexico. ATMI also stated that granting the temporary duty-free treatment, in effect, "maintains a status quo."

Burlington Industries, a diversified U.S. textile company producing the outer shell fabrics for the suit coats, stated that the temporary duty exemption would continue the incentive to use U.S.-formed fabrics in

¹²The Commission received submissions from associations representing the U.S. textile and apparel industries, domestic producers of suit coats, a domestic fabric manufacturer, a consultant to the domestic textile and apparel industries, and the Mexican Chamber of the Textile Industry.

¹³Michael R. Gale, director of government relations, AAMA, letter to the USITC, Dec. 16, 1996.

¹⁴Thomas C. Chubb, III, associate general counsel, Oxford Industries, Inc., letter to the USITC, Dec. 16, 1996.

¹⁵Cynthia Burman, legal department, Hartmarx Corp., letter to the USITC, Dec. 18, 1996.

¹⁶Carlos Moore, executive vice president, ATMI, letter to the USITC, Dec. 11, 1996.

the outer shells and linings of the subject garments while allowing domestic firms time to develop and test the interlining fabrics.¹⁷

A consultant to the apparel industry commented that, although granting the temporary duty suspension "is probably necessary" at this time, the industry needed to be more flexible in finding solutions to its problems, including the lack of specific inputs such as the interlinings addressed in this investigation.¹⁸ He stated that many firms are manufacturing suit coats in the United States using interlinings and chest pieces made wholly of domestic fabrics, and that U.S. component manufacturers and garment producers needed to be more innovative, creative, and aggressive to survive.

The Mexican Chamber of the Textile Industry supports the temporary duty suspension, but contends that the benefit should be granted only to interlining fabrics produced in Mexico and Canada, the United States' NAFTA partners.¹⁹ It also requested that garments containing interlining fabrics formed and cut in Mexico be eligible for the duty-free treatment.

PROBABLE ECONOMIC EFFECTS OF THE PROPOSED ACTION

As noted earlier, the Commission was asked to provide advice regarding the probable effect of temporarily extending duty-free entry to U.S. imports of the suit coats from Mexico containing interlining fabrics that are cut but not formed in the United States provided that these imports meet all of the other requirements of *HTS* heading 9802.00.90. The analysis that follows consists of a brief description of recent conditions in the U.S. market and the likely effects resulting from extending duty-free status to the subject products.

U.S. imports of the subject products from Mexico may enter under a number of provisions other than heading 9802.00.90. The specific provision under which these products enter the United States is determined primarily by the origin of the fabric that makes up the outer shell of the garment.²⁰ Official U.S. trade data indicate that most of the suit coats imported from Mexico do not enter under the 9802.00.90 provision, but

¹⁷James C. Leonard, manager, economic analysis, Burlington Industries, letter to the USITC, Dec. 10, 1996.

¹⁸Joe Cusimano, Sunline Associates, Inc., letter to the USITC, Dec. 6, 1996.

¹⁹Gerardo Aguilar, director for international negotiations, Camara Nacional de la Industria Textil, letter to the USITC, Dec. 16, 1996.

²⁰Depending on the fabric content and the applicable rule of preference from general note 12 of the *HTS*, these products may or may not qualify for entry under the preferential NAFTA rates and the rates may be assessed on the full value of the product or on the value-added in Mexico, depending on the specific production arrangements. Although products that do not qualify for preferential NAFTA rates are governed by quotas, U.S. Department of Commerce staff indicated that none of the relevant quotas was binding (more than 80 percent filled) during 1995-96.

rather are dutiable at the NAFTA preferential rate.²¹ A number of U.S. suit-coat producers not only assemble the garments in Mexico but also cut the fabrics there and enter the finished suits under the preferential NAFTA duty rates.²² Table 1 (page 8) shows the value of U.S. imports of the products covered by this investigation during 1995-96.²³ During the period, U.S. imports under 9802.00.90 accounted for approximately 25 percent of total imports from Mexico and less than 1 percent of total U.S. imports.

As discussed earlier in this report, the subject suit coats are made with two specific types of interlinings that are no longer produced in the United States. However, for the most part, the U.S. apparel firms that had used 9802.00.90 have ***. Based on confidential U.S. Customs data, *** U.S. apparel firms accounted for most of the 9802.00.90 imports during 1995-96. One of the firms *** reported to Commission staff that it had identified alternative U.S. sourcing *** for the particular type of interlining that it uses in its products. The remaining firms, *** indicated to staff that, at present, the only viable sources for the interlinings used in their products are foreign suppliers ***.²⁴ *** reported to Commission staff that the imported interlining fabrics supplied by *** would result in a *** in their cost of production.²⁵ *** able to provide specific information regarding the extent to which this *** would be passed through to their customers.

Although *** face additional costs stemming from the duties that will be assessed on the finished apparel items imported from Mexico if the proposed temporary duty-free entry is not authorized, *** able to supply Commission staff with precise estimates regarding the actual duties that are (or will be) assessed on the subject imports. However, *** provided Commission staff with estimates that suggest that the duties might add approximately *** to the import price of the suits from Mexico. Given the fact that these firms *** and given the imprecise nature of the available estimates, the economic analysis presented below does not account for the cost increase associated with the duties assessed on the products imported from Mexico.

²¹The 1997 NAFTA preferential rate for men's wool suits, which accounted for 51 percent of the total value of the suit-coat imports from Mexico in 1995, is 6.8 percent ad valorem. These products imported from Mexico will become duty-free in 1999. The NAFTA preferential duty rates for most of the other suit coats imported from Mexico range from 8.2 percent to 13.2 percent ad valorem and will become duty-free in 2003.

²²Industry officials indicated that a multinational firm *** produces some, if not all, of the subject interlining fabrics in Mexico.

²³The data shown in table 1 correspond to the *HTS* subheadings listed in the attachment to USTR's letter (appendix A).

²⁴This information and the estimates discussed later were supplied by officials at ***. Staff conversations with ***.

²⁵For a typical suit coat, the cost difference between interlining fabric supplied by Crown and that supplied by ***. The precise cost difference varies with respect to the different components of the interlining packages. Moreover, the cost (in terms of the finished apparel product) varies by type (suits versus jackets) and the quality of the fabric used in the outer shell of the garments. *** a direct importer of the interlining fabric. Thus, these estimates are based on the net difference between the U.S. produced and imported products (accounting for the differences in the underlying price of the imported interlining fabrics and the duty assessed on these fabrics) rather than the actual value of the imported interlining fabric.

Commission staff assessed the impact of the proposed temporary duty-free treatment using a partial equilibrium model.²⁶ The base year used for this analysis is 1995, the most recent year for which information on U.S. shipments and U.S. imports is available. Had it been possible to develop reliable estimates of U.S. shipments for 1996 (as well as estimates for U.S. imports for the fourth quarter of 1996), it is unlikely that the analysis would have differed substantially.²⁷ Either way, the only difference between the base case and the proposed change in trade policy amounts to examining the effect on U.S. imports resulting from the *** in the cost incurred by the firms as a result of having to import the various types of interlining fabric.

The temporary duty-free treatment is likely to have no discernible effect on shipments of U.S.-produced wool and manmade-fiber suit coats or associated U.S. employment. Similarly, U.S. imports of these products from other sources (including imports from Mexico entering under alternative provisions) would not be measurably affected. Although the analysis conducted by Commission staff shows that U.S. imports under heading 9802.00.90 could *** percent in terms of quantity, this assumes that the apparel firms pass through 100 percent of the *** to their consumers. If the firms involved were to *** on the quantity or value of these imports.²⁸ Moreover, the analysis is based on the total value shown for U.S. imports under heading 9802.00.90 during 1995. As noted earlier, ***. Given the above estimates, the effect of the proposed change on U.S. consumers is likely to be negligible.

²⁶The model used for this analysis is a modified version of the COMPAS model. This version of the model was used in USITC, *Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements*, USITC publication 2790, June 1994.

²⁷As shown in table 1, U.S. imports under heading 9802.00.90 have increased relative to total U.S. imports of these products from Mexico, but not in terms of total U.S. imports.

²⁸***.

Table 1

Wool and manmade-fiber suits and suit-type jackets: Estimated U.S. producers' shipments, total U.S. imports for consumption and U.S. imports from Mexico, total and under heading 9802.00.90, 1995, and January-September 1995 and 1996

Item	1995	January-September --	
		1995	1996
U.S. shipments ¹ (1,000 dollars)	2,336,701	(²)	(²)
Total U.S. imports (1,000 dollars)	1,719,433	1,326,028	1,497,608
U.S. imports from Mexico:			
Total imports (1,000 dollars)	41,305	29,602	51,808
Under 9802.00.90 (1,000 dollars)	9,305	6,714	12,693
U.S. imports under 9802.00.90 as a share of--			
Total U.S. imports from Mexico (percent)	23	23	25
Total U.S. imports (percent)	1	1	1

¹ 1995 U.S. shipments estimated by the staff of the U.S. International Trade Commission.

² Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

APPENDIX A

REQUEST LETTER FROM THE UNITED STATES TRADE REPRESENTATIVE

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

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Office of the
Secretary
Int. Trade Commission

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OFFICE OF THE SECRETARY
U.S. INT'L TRADE COMMISSION

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The Honorable Marcia Miller
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, D.C. 20436

Dear Chairman Miller:

As you know, on December 17, 1992, the President entered into the North American Free Trade Agreement (the NAFTA), approved by the Congress and implemented by Presidential Proclamation 6641 effective as of January 1, 1994. Among the provisions proclaimed to implement NAFTA obligations is heading 9802.00.90 of the Harmonized Tariff Schedule of the United States (HTS), affording duty-free entry into the United States of apparel and other textile goods assembled in Mexico entirely from U.S.-formed-and-cut fabric components. However, the impending loss of domestic supply of certain interlining fabrics has caused concern among U.S. firms that produce suits and suit-type jackets containing these interlining fabrics in production-sharing operations in Mexico and that import the finished garments under heading 9802.00.90. Because U.S.-formed interlining fabrics will no longer be available when current inventories are exhausted, garments now imported by these U.S. firms under heading 9802.00.90 would no longer qualify for duty-free entry thereunder and would be dutiable to the extent of the value added in Mexico.

Representatives of the U.S. textile and apparel industries have requested that the President authorize temporary duty free entry for suits and suit-type jackets of wool or of manmade fibers, where such garments contain interlining fabrics cut but not formed in the United States but otherwise meet the criteria currently applied under heading 9802.00.90. Section 201 (b) (1) (A) of the NAFTA Implementation Act (19 U.S.C. 3331 (b) (1) (A)) authorizes the President to proclaim such modifications or continuation of any duty as the President determines to be necessary or appropriate to maintain the general level of reciprocal and mutually advantageous concessions with respect to Canada or Mexico provided for by the NAFTA, subject to the consultation and layover requirements of section 103(a) of the NAFTA Implementation Act (19 U.S.C. 3313(a)).

Under authority delegated by the President, I request that the United States International Trade Commission (Commission) initiate an investigation under section 332 of the Tariff Act of 1930 for the purpose of providing advice on the probable effect of temporarily providing duty-free entry under HTS subheading 9802.00.90 for the products listed in attachment A. Specifically, I request that the Commission provide advice as to the probable effect of the proposed action on affected segments of the U.S. textile and apparel industries, workers in these industries, and consumers of the affected goods. I appreciate that data on all aspects of these effects may not be readily available and request that in such instances the advice be in qualitative form.

I request that the Commission provide its advice at the earliest possible date, but not later than January 15, 1997. After considering the Commission's advice and all other factors specified by the NAFTA Implementation Act, we are required to submit the proposed temporary tariff changes and accompanying advice and explanations to the Congress pursuant to the layover requirements of section 103 (a) of the Act.

In accordance with policy of the Office of the United States Trade Representative (USTR), I direct you to mark as "confidential" such portions of the Commission's report and its working papers as my office will identify in a classification guide. Information Security Oversight Office Directive No. 1, section 2001.21 (implementing Executive Order 12356, sections 2.1 and 2.2) requires that classification guides identify or categorize the elements of information that require protection.

Accordingly, I request that you provide my office with an outline of the report as soon as possible. Based on this outline and my office's knowledge of the information to be covered in the report, a USTR official with original classification authority will provide detailed instructions.

Your assistance is appreciated in this matter.

Sincerely,



Charlene Barshefsky
Acting United States Trade Representative

Attachment

ATTACHMENT

Men's, boys', women's, and girls' suits or suit-type jackets, of wool, fine animal hair, or manmade fibers and covered by the following HTS subheadings:

6103.11.0000	6104.33.2000	6204.13.1000
6103.12.1000	6104.39.1000	6204.13.2010
6103.12.2000	6104.39.2020	6204.13.2020
6103.19.1000	6104.39.2030	6204.19.1000
6103.19.1500	6203.11.1000	6204.19.2000
6103.19.9040	6203.11.2000	6204.19.8050
6103.19.9050	6203.12.1000	6204.19.8060
6103.21.0020	6203.12.2010	6204.21.0010
6103.23.0007	6203.12.2020	6204.23.0005
6103.23.0037	6203.19.2000	6204.23.0030
6103.29.1015	6203.19.3000	6204.29.2010
6103.31.0000	6203.19.9040	6204.29.4012
6103.33.1000	6203.19.9050	6204.29.4014
6103.33.2000	6203.21.0015	6204.31.1010
6103.39.1000	6203.23.0015	6204.31.1020
6103.39.8020	6203.23.0055	6204.31.2010
6103.39.8030	6203.29.2020	6204.31.2020
6104.11.0000	6203.31.0010	6204.33.1000
6104.13.1000	6203.31.0020	6204.33.2000
6104.13.2000	6203.33.1030	6204.33.4010
6104.19.1000	6203.33.1040	6204.33.4020
6104.19.1500	6203.33.1050	6204.33.5010
6104.19.8050	6203.33.1060	6204.33.5020
6104.19.8060	6203.33.2010	6204.39.2010
6104.21.0010	6203.33.2020	6204.39.2020
6104.23.0010	6203.39.1010	6204.39.3010
6104.23.0026	6203.39.1020	6204.39.3020
6104.29.1010	6203.39.2010	6204.39.8020
6104.29.2012	6203.39.2020	6204.39.8030
6104.29.2014	6203.39.9020	
6104.31.0000	6203.39.9030	
6104.33.1000	6204.11.0000	

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION'S RESPONSE LETTER

CHAIRMAN



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

The Honorable Charlene Barshefsky
Acting United States Trade Representative
600 17th Street NW
Washington, DC 20506

Dear Madam Ambassador:

In response to your letter of November 18, 1996, the U.S. International Trade Commission has instituted an investigation under section 332(g) of the Tariff Act of 1930, entitled *Advice on Providing Temporary Duty-Free Entry for Certain Suits and Suit-Type Jackets from Mexico*. Enclosed for your information is a copy of the Commission's notice announcing the institution of the investigation, which will be published in the *Federal Register*. The Commission has not scheduled a public hearing on the matter, but will be actively soliciting views of interested parties.

Based on your letter and discussions with your staff, the Commission will provide advice on the probable effect of providing temporary duty-free entry under criteria similar to those of HTS heading 9802.00.90 for the suits and suit-type jackets identified in your letter, but only where such garments contain interlining fabrics that are cut but not formed in the United States and that otherwise meet the criteria of heading 9802.00.90.

As you asked, the Commission will submit its report to you by January 15, 1997.

Please continue to call on us whenever we can be of assistance to you.

Sincerely,

A handwritten signature in cursive script that reads "Marcia E. Miller".

Marcia E. Miller

Enclosure

APPENDIX C

U.S. INTERNATIONAL TRADE COMMISSION'S *FEDERAL REGISTER* NOTICE

5. Opportunity for public comment.

6. Proposed agenda, place, and date of the next Commission meeting.

The meeting is open to the public. Further information concerning Commission meetings may be obtained from the Superintendent, Acadia National Park. Interested persons may make oral/written presentations to the Commission or file written statements. Such requests should be made at least seven days prior to the meeting to: Superintendent, Acadia National Park, P.O. Box 177, Bar Harbor, ME 04609-0177; telephone (207) 288-5472.

Dated: November 25, 1996.

Len Bobinchock,

Acting Superintendent, Acadia National Park.

[FR Doc. 96-30654 Filed 12-02-96; 8:45 am]

BILLING CODE 4310-70-P

National Register of Historic Places; Notification of Pending Nominations

Nominations for the following properties being considered for listing in the National Register were received by the National Park Service before November 23, 1996. Pursuant to section 60.13 of 36 CFR Part 60 written comments concerning the significance of these properties under the National Register criteria for evaluation may be forwarded to the National Register, National Park Service, P.O. Box 37127, Washington, D.C. 20013-7127. Written comments should be submitted by December 18, 1996.

Marilyn Harper,

Acting Keeper of the National Register.

ARIZONA

Maricopa County

Willo-Historic District (Boundary Increase), (Historic Residential Subdivisions and Architecture in Central Phoenix MPS), Roughly bounded by Edgemont and Cambridge Rds. and 7th and 3rd Aves., Phoenix, 96001497

ARKANSAS

Pulaski County

Little Rock National Cemetery, (Civil War Era National Cemeteries MPS), 2523 Confederate Blvd., Little Rock, 96001496

CONNECTICUT

New London County

Mill Brook Bridge, Blissville Rd., jct. of Mill Brook, Lisbon, 96001498

DISTRICT OF COLUMBIA

District of Columbia State Equivalent

Woodlawn Cemetery, 4611 Benning Rd., SE, Washington, 96001499

GEORGIA

Fulton County

National NuGrape Company, 794 Ralph McGill Blvd., Atlanta, 96001502

Richmond County

Bethlehem Historic District, Roughly bounded by Wrightsboro Rd., M.L.K. Jr. Blvd., Railroad, Poplar, and Clay Sts., Augusta, 96001501

Shiloh Orphanage, 1635 15th St., Augusta, 96001500

HAWAII

Kauai County

Civilian Conservation Corps Camp in Kok'e State Park, HI 550 at Kok'e State Park Headquarters, Koke'e, 96001504

Maui County

Kalepolepo Fishpond, S. Kihei Rd., S of jct. with HI 31, Kalepolepo County Park, Kihei, 96001503

IDAHO

Ada County

Tollet House, 134 E. State Ave., Meridian, 96001506

Fremont County

Island Park Land and Cattle Company Home Ranch, US 20, approximately 1 mi. SW of Island Park, Island Park vicinity, 96001508

Kootenai County

Harrison Commercial Historic District, Roughly bounded by N. Lake Ave., W. Harrison St., N. Coeur d'Alene, and Pine St., Harrison, 96001505
Washington Water Power Bridges, .5 mi. W of jct. of Spokane and 4th Sts., Post Falls, 96001507

NEW YORK

Monroe County

Curtis—Crumb Farm, 307 Curtis Rd., Hilton vicinity, 96001509

OHIO

Summit County

Kendall, Virginia, State Park Historic District, (Recreation and Conservation Resources of the Cuyahoga Valley) 701, 801, 1000

Truxell Rd. and 434 W. Streetsboro, Peninsula vicinity, 96001515
Butler, H. Karl, Memorial, (Recreation and Conservation Resources of the Cuyahoga Valley), Truxell Rd., SE of jct. with Peninsula Rd., Camp Manatoc, Peninsula vicinity, 96001510

Camp Manatoc Concord Lodge and Adirondacks Historic District, (Recreation and Conservation Resources of the Cuyahoga Valley), Truxell Rd., SE of jct. with Peninsula Rd., Camp Manatoc, Peninsula vicinity, 96001513

Camp Manatoc Dining Hall, (Recreation and Conservation Resources of the Cuyahoga Valley), Truxell Rd., SE of jct. with Peninsula Rd., Camp Manatoc, Peninsula vicinity, 96001511

Camp Manatoc Foresters Lodge and Kit Carson—Dan Boone Cabins Historic District, (Recreation and Conservation

Resources of the Cuyahoga Valley), Truxell Rd., SE of jct. with Peninsula Rd., Camp Manatoc, Peninsula vicinity, 96001514
Camp Manatoc Legion Lodge, (Recreation and Conservation Resources of the Cuyahoga Valley), Truxell Rd., SE of jct. with Peninsula Rd., Camp Manatoc, Peninsula vicinity, 96001512

TENNESSEE

Davidson County

Nashville National Cemetery, (Civil War Era National Cemeteries), 1420 Gallatin Rd., S, Nashville, 96001516

TEXAS

Clay County

State Highway 79 Bridge at the Red River, (Historic Bridges of Texas MPS), OK 79 across the Red River at the OK-TX state line, Byers vicinity, 96001518

Fannin County

State Highway 78 Bridge at the Red River, (Historic Bridges of Texas MPS), OK 78, across the Red River at the OK-TX state line, Ravenna vicinity, 96001517

VERMONT

Addison County

Chipman's Point, jct. of VT 73A and Chipman Point Rd., Orwell, 96001519

[FR Doc. 96-30719 Filed 12-2-96; 8:45 am]

BILLING CODE 4310-70-P

INTERNATIONAL TRADE COMMISSION

[Investigation 332-373]

Advice on Providing Temporary Duty-Free Entry for Certain Suits and Suit-Type Jackets From Mexico

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and request for written submissions.

EFFECTIVE DATE: November 26, 1996.

SUMMARY: Following receipt on November 21, 1996, of a letter from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-373, Advice on Providing Temporary Duty-Free Entry for Certain Suits and Suit-Type Jackets from Mexico, under section 332 of the Tariff Act of 1930. USTR asked that the Commission provide advice as to the probable effect of providing temporary duty-free entry under criteria similar to those of Harmonized Tariff Schedule of the United States (HTS) heading 9802.00.90 for the suits and suit-type jackets from Mexico classifiable in the HTS subheadings listed in the annex, but only where such garments contain interlining fabrics that are cut but not formed in the United States and that

otherwise meet the criteria of heading 9802.00.90. USTR requested that the Commission provide advice as to the probable effect of such action on affected segments of the U.S. textile and apparel industries, workers in these industries, and consumers of the affected goods.

As requested by USTR, the Commission expects to submit its report by January 15, 1997.

FOR FURTHER INFORMATION CONTACT:

Information on general topics may be obtained from Mary Elizabeth Sweet, Office of Industries (202-205-3455) and legal aspects, from William Gearhart, Office of the General Counsel (202-205-3091). The media should contact Margaret O'Laughlin, Office of Public Affairs (202-205-1819). Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the TDD terminal on (202-205-1810).

Background

On December 17, 1992, the President entered into the North American Free Trade Agreement (NAFTA), approved by the Congress and implemented by Presidential Proclamation 6641 effective as of January 1, 1994. Among the provisions proclaimed to implement NAFTA obligations is heading 9802.00.90 which affords duty-free entry into the United States of apparel and other textile goods assembled in Mexico in which the textile components are made entirely from U.S.-formed and cut fabrics. According to USTR's letter, the impending loss of domestic supply of certain interlining fabrics has caused concern among U.S. firms that produce suits and suit-type jackets containing these interlining fabrics in production-sharing operations in Mexico and that import the finished garments under heading 9802.00.90. Because these U.S.-formed interlining fabrics will no longer be available when current inventories are exhausted, garments now imported by these U.S. firms under heading 9802.00.90 would no longer qualify for duty-free entry thereunder and would be dutiable to the extent of the value added in Mexico. Representatives of the U.S. textile and apparel industries have requested that the President authorize temporary duty-free entry for the suits and suit-type jackets from Mexico that contain imported interlining fabrics, provided that the fabrics are cut in the United States and that the garments otherwise meet the criteria of heading 9802.00.90. Section 201(b)(1)(A) of the NAFTA Implementation Act (19 U.S.C. 3331(b)(1)(A)) authorizes the President to proclaim such modifications or

continuation of any duty as the President determines to be necessary or appropriate to maintain the general level of reciprocal and mutually advantageous concessions with respect to Canada or Mexico provided for by NAFTA, subject to the consultation and layover requirements of section 103(a) of the NAFTA Implementation Act (19 U.S.C. 3313(a)).

After considering the Commission's advice and all other factors specified by the NAFTA Implementation Act, the President must submit the proposed temporary tariff changes and accompanying advice and explanations to the Congress pursuant to the layover requirements of section 103 (a) of the NAFTA Implementation Act. Although USTR's letter did not identify the interlining fabrics in question, these fabrics were identified by the Committee for the Implementation of Textile Agreements (CITA) in a Federal Register notice of September 20, 1996 (61 FR 149439) in connection with similar changes to the Special Access Program for Caribbean Basin countries. According to CITA's notice, imported interlining fabrics may be used in the suit jackets and suit-type jackets entered under the Special Access Program provided they are cut in the United States and are of a type described below:

1. A chest plate, "hymo" piece or "sleeve header" of woven or weft-inserted warp knit construction of course animal hair or manmade filaments used in the manufacture of the specified garments;
2. A weft-inserted warp knit fabric that contains and exhibits properties of elasticity and resilience which render the fabric especially suitable for attachment by fusing with a thermoplastic adhesive to the coat-front, side body or back of the specified garments; and
3. A woven fabric that contains and exhibits properties of resiliency which render the fabric especially suitable for attachment by fusing with a thermoplastic adhesive to the coat-front, side body or back of the specified garments.

Written Submissions

The Commission has not scheduled a public hearing in connection with this investigation. However, interested parties are invited to submit written statements regarding the matters to be addressed by the Commission in its report on this investigation. Commercial or financial information that a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions

requesting confidential treatment must conform with the requirements of section § 201.6 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.6). All written submissions, except for confidential business information, will be made available in the Office of the Secretary to the Commission for inspection by interested parties. The Commission may include confidential business information submitted in the course of this investigation in the President and USTR. If the Commission is authorized to publish a report, the Commission will not publish confidential business information in a manner that would reveal the individual operations of the firm supplying the information. USTR has indicated that all or part of the Commission's report may be classified.

To be assured of consideration by the Commission, written statements relating to the investigation should be submitted to the Commission at the earliest practical date and should be received no later than the close of business on December 16, 1996. All submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436.

Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 200-205-2000.

Issued: November 26, 1996.

By order of the Commission.

Donna R. Koehnke,
Secretary.

Annex

Men's, boys', women's, and girls' suits or suit-type jackets, of wool, fine animal hair, or manmade fibers and covered by the following HTS subheadings:

6103.11.0000
6103.12.1000
6103.12.2000
6103.19.1000
6103.19.1500
6103.19.9040
6103.19.9050
6103.21.0020
6103.23.0007
6103.23.0037
6103.29.1015
6103.31.0000
6103.33.1000
6103.33.2000
6103.39.1000
6103.39.8020
6103.39.8030
6104.11.0000
6104.13.1000
6104.13.2000
6104.19.1000

6104.19.1500
 6104.19.8050
 6104.19.8060
 6104.21.0010
 6104.23.0010
 6104.23.0026
 6104.29.1010
 6104.29.2012
 6104.29.2014
 6104.31.0000
 6104.33.1000
 6104.33.2000
 6104.39.1000
 6104.39.2020
 6104.39.2030
 6203.11.1000
 6203.11.2000
 6203.12.1000
 6203.12.2010
 6203.12.2020
 6203.19.2000
 6203.19.3000
 6203.19.9040
 6203.19.9050
 6203.21.0015
 6203.23.0015
 6203.23.0055
 6203.29.2020
 6203.31.0010
 6203.31.0020
 6203.33.1030
 6203.33.1040
 6203.33.1050
 6203.33.1060
 6203.33.2010
 6203.33.2020
 6203.39.1010
 6203.39.1020
 6203.39.2010
 6203.39.2020
 6203.39.9020
 6203.39.9030
 6204.11.0000
 6204.13.1000
 6204.13.2010
 6204.13.2020
 6204.19.1000
 6204.19.2000
 6204.19.8050
 6204.19.8060
 6204.21.0010
 6204.23.0005
 6204.23.0030
 6204.29.2010
 6204.29.4012
 6204.29.4014
 6204.31.1010
 6204.31.1020
 6204.31.2010
 6204.31.2020
 6204.33.1000
 6204.33.2000
 6204.33.4010
 6204.33.4020
 6204.33.5010
 6204.33.5020
 6204.39.2010
 6204.39.2020
 6204.39.3010

6204.39.3020
 6204.39.8020
 6204.39.8030

[FR Doc. 96-30749 Filed 11-27-96; 1:40 pm]
 BILLING CODE 7020-02-M

DEPARTMENT OF LABOR

Pension and Welfare Benefits Administration

[Application No. D-10014, et al.]

Proposed Exemptions; Wells Fargo Bank, N.A., et al.

AGENCY: Pension and Welfare Benefits Administration, Labor.

ACTION: Notice of Proposed Exemptions.

SUMMARY: This document contains notices of pendency before the Department of Labor (the Department) of proposed exemptions from certain of the prohibited transaction restriction of the Employee Retirement Income Security Act of 1974 (the Act) and/or the Internal Revenue Code of 1986 (the Code).

Written Comments and Hearing Requests

All interested persons are invited to submit written comments or request for a hearing on the pending exemptions, unless otherwise stated in the Notice of Proposed Exemption, within 45 days from the date of publication of this Federal Register Notice. Comments and request for a hearing should state: (1) The name, address, and telephone number of the person making the comment or request, and (2) the nature of the person's interest in the exemption and the manner in which the person would be adversely affected by the exemption. A request for a hearing must also state the issues to be addressed and include a general description of the evidence to be presented at the hearing. A request for a hearing must also state the issues to be addressed and include a general description of the evidence to be presented at the hearing.

ADDRESSES: All written comments and request for a hearing (at least three copies) should be sent to the Pension and Welfare Benefits Administration, Office of Exemption Determinations, Room N-5649, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. Attention: Application No. stated in each Notice of Proposed Exemption. The applications for exemption and the comments received will be available for public inspection in the Public Documents Room of Pension and Welfare Benefits Administration, U.S. Department of

Labor, Room N-5507, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Notice to Interested Persons

Notice of the proposed exemptions will be provided to all interested persons in the manner agreed upon by the applicant and the Department within 15 days of the date of publication in the Federal Register. Such notice shall include a copy of the notice of proposed exemption as published in the Federal Register and shall inform interested persons of their right to comment and to request a hearing (where appropriate).

SUPPLEMENTARY INFORMATION: The proposed exemptions were requested in applications filed pursuant to section 408(a) of the Act and/or section 4975(c)(2) of the Code, and in accordance with procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). Effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978 (43 FR 47713, October 17, 1978) transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested to the Secretary of Labor. Therefore, these notices of proposed exemption are issued solely by the Department.

The applications contain representations with regard to the proposed exemptions which are summarized below. Interested persons are referred to the applications on file with the Department for a complete statement of the facts and representations.

Wells Fargo Bank, N.A. (Wells Fargo) Located in San Francisco, CA; Proposed Exemption

[Application No. D-10014]

Based on the facts and representations set forth in the application, the Department is considering granting an exemption under the authority of section 408(a) of the Act and section 4975(c)(2) of the Code and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, August 10, 1990).¹

Section I. Covered Transactions

If the exemption is granted, the restrictions of section 406(a) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1) (A) through (D) of the Code, shall not apply, effective October 1, 1995, to the

¹ For purposes of this proposed exemption, reference to provisions of Title I of the Act, unless otherwise specified, refer also to the corresponding provisions of the Code.