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OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

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

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NUMBER

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Office of the
Secretary
Int'l Trade Commission

The Honorable Meredith Broadbent

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

Dear Chairman Broadbent:

Chapter 3 and Annex 4.1 of the United States – Chile Free Trade Agreement (FTA) set out rules of origin for textiles and apparel for applying the tariff provisions of the FTA. These rules are reflected in General Note 26 of the Harmonized Tariff Schedule of the United States (HTS).

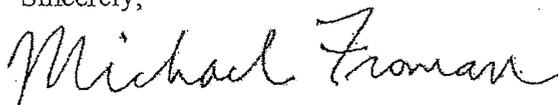
Section 202(o)(2)(B)(i) of the United States – Chile Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 103(a) of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Chile pursuant to Article 3.20.5 of the Agreement. One of the requirements set out in section 103(a) is that the President obtain advice regarding the proposed action from the U.S. International Trade Commission.

Our negotiators have recently reached agreement in principle with representatives of the government of Chile on modifications to the FTA rules of origin. These modifications are reflected in the enclosure. They are the result of determinations that U.S. and Chilean producers are unable to produce rayon filament yarns in commercial quantities in a timely manner:

Under authority delegated by the President, and pursuant to section 103(a) of the Act, I request that the Commission provide advice on the probable economic effect of the modifications reflected in the enclosed proposal on U.S. trade under the FTA, total U.S. trade, and on domestic producers of the affected articles. I request that the Commission provide this advice at the earliest possible date, but not later than three months from the date of delivery of this request. The Commission should issue, as soon as possible thereafter, a public version of its report with any business confidential information deleted.

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

Sincerely,



Ambassador Michael B. G. Froman

Enclosure

Enclosure

Proposed Amendment to Annex 4.1

United States -- Chile FTA

(proposed change shown in underlining)

Subheading 5408.22-5408.23

Current rules

54.08 A change to heading 54.08 from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06 or 55.09 through 55.10.

Proposed Amendment

Modify the heading 54.08 with the following (underlined):

5408.10 – 5408.21: A change to heading 54.08 from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06 or 55.09 through 55.10.

5408.22 - 5408.23: A change to subheading 5408.22 through 5408.23 from any other heading, except from heading 51.06 through 51.10, 52.05 through 52.06, or 54.01 through 54.02, subheading 5403.33 through 5403.39 or 5403.42 through 5403.49, or heading 54.04 through 54.07 or 55.09 through 55.10

5408.24 – 5408.34: A change to heading 54.08 from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06 or 55.09 through 55.10.

