



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

Sixth Annual Review

July 2015

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United States International Trade Commission

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Preface

Section 404(d) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act, as amended (the Act) (19 U.S.C. 4112(d)), requires the U.S. International Trade Commission (Commission) to conduct annual reviews of the Earned Import Allowance Program (EIAP) for the Dominican Republic “for the purpose of evaluating the effectiveness of, and making recommendations for improvements in, the program. ” The Act directs the Commission to transmit its reports on the results of such reviews to the House Committee on Ways and Means and the Senate Committee on Finance.

This report contains the results of the Commission’s sixth annual review of the EIAP for the Dominican Republic. This report assesses the effectiveness of the EIAP through March 2015 and summarizes recommendations made by U.S. and Dominican industry and government sources on how to improve the program.

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Executive Summary

This report contains the results of the Commission's sixth 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. Six 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 enough incentives to substantially boost Dominican apparel exports to the U.S. market. The Dominican Republic is a small supplier of woven cotton bottoms (pants and trousers, bib and brace overalls, breeches and shorts, and skirts and divided skirts) to the United States, and it continued to lose U.S. market share in 2014.

The EIAP provides an uncapped duty-free benefit for U.S. imports of certain woven cotton bottoms 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 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.

Program Activity and Trade

Based on information available to the Commission, the EIAP has not significantly boosted exports of bottoms to the United States from the Dominican Republic. Although 13 U.S. and Dominican companies are registered to use the EIAP, only 5 firms are currently using the program, the same number reported in the fifth annual review. U.S. imports under the program leveled off in 2014, after steep declines from their peak in 2010. In 2014, U.S. imports under the program totaled less than 8 percent of the value and quantity of imports under the program in 2010, the first full year of the program. In addition, U.S. exports to the Dominican Republic of cotton fabrics of a weight suitable for making bottoms fell for the third year in a row, declining by 12 percent by quantity and 19 percent by value between 2013 and 2014.

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) eliminating the requirement that dyeing, finishing, and printing of qualifying fabrics take place in the United States. Another recommendation offered was that any changes that are considered and implemented be made retroactive.

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

Overview

Despite the benefits the Earned Import Allowance Program (EIAP) offers, U.S. imports of woven cotton bottoms under the program remained virtually unchanged in 2014 from 2013 levels. The Dominican Republic is a small supplier of woven cotton bottoms to the United States, and it continues to lose U.S. market share for this product, dropping from 1.3 percent in 2009 to 0.4 percent in 2014.¹ In addition, the Dominican Republic's rank as a supplier of woven cotton bottoms to the United States dropped from 11th place in 2009 to 21st place in 2014,² and U.S. imports of the woven cotton bottoms from the Dominican Republic represented a small fraction of the level of imports under the program in 2010, the first full year of the program.³ Furthermore, U.S. exports of bottom-weight cotton fabrics to the Dominican Republic declined for the third consecutive year, falling 19 percent by value and 12 percent by quantity.⁴ Finally, the Dominican Republic's rank as a market for U.S. exports of bottom-weight cotton fabrics fell to fifth place in 2014 (accounting for less than 3 percent of the total value of such U.S. fabric exports to the world that year),⁵ down from second place in 2009.⁶

¹ USITC DataWeb/USDOC (accessed March 24, 2015).

² USITC DataWeb/USDOC (accessed May 5, 2015).

³ Based on data provided by U.S. government official, email message to USITC staff, March 31, 2015.

⁴ USITC DataWeb/USDOC (accessed March 24, 2015).

⁵ USITC DataWeb/USDOC (accessed April 19, 2015).

⁶ USITC DataWeb/USDOC (accessed March 24, 2015).

Background and Approach

This report contains the results of the Commission’s sixth annual review of the EIAP for the Dominican Republic.⁷ 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 viable⁸ and to increase the Dominican apparel industry’s access to textile inputs.⁹ 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 (CAFTA-DR) Implementation Act, as amended (the Act) (19 U.S.C. 4112(d))¹⁰ 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 bottoms¹¹ wholly assembled in the Dominican Republic from third-country fabric. It allows such garments 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 1.¹² 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

⁷ Each of these annual reports is published under “investigation no. 332-503” and can be downloaded from the USITC website. Their full titles and URLs are listed in the bibliography.

⁸ USITC hearing transcript, November 18, 2009, 6–8 (testimony of Scott Quesenberry, an independent consultant and former special textile negotiator, Office of the United States Trade Representative); USITC, *Earned Import Allowance Program*, 2010, 2-3.

⁹ 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); Embassy of the Dominican Republic, written submission to the USITC, April 10, 2015, 2.

¹⁰ 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 issued 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.

¹¹ 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.

¹² 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*, 2012, 1-2.

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.¹³ These fabrics include twills that are heavy enough to be used in the manufacture of woven cotton bottoms, i.e., “bottom-weight cotton fabrics.” These fabrics are classified in chapter 52 of the U.S. Harmonized Tariff Schedule (HTS), a chapter that also includes denim.¹⁴

This report assesses the effectiveness of the EIAP through March 2015 and summarizes recommendations made by U.S. and Dominican industry and government sources on how to improve the program. The report draws largely on publicly available trade data, information taken from written submissions received by the Commission, and information and data obtained from the U.S. government officials administering the EIAP. 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 two written submissions — one from the Embassy of the Dominican Republic¹⁵ and one from a U.S. apparel firm that has woven cotton bottoms produced in the Dominican Republic—which are reproduced in appendix C. Information from those submissions is incorporated into the Commission’s report as appropriate.

Program Activity and Trade

As of March 2015, 13 U.S. and Dominican companies had accounts entitling them to participate in the EIAP; 5 of these firms made deposits and used the program in 2014, the same number of firms that were reported as using the program in the Commission's fifth annual review.¹⁶ As of March 31, 2015 (the latest date for which data are available), the U.S. Department of Commerce had issued export credits totaling 19.0 million square meter equivalents (SMEs) of

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

¹⁴ 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.

¹⁵ In its submission, the Embassy of the Dominican Republic included letters from the National Free Zones Council of the Dominican Republic (CNZFE) to the Embassy of the Dominican Republic in the United States for 2009–2015. The CNZFE represents Dominican companies and foreign investors that manufacture goods in the industrial free zone parks in the Dominican Republic. Apparel manufacturing accounts for about 30 percent of the total jobs in these free zones. Embassy of the Dominican Republic, written submission to the USITC, April 10, 2013.

¹⁶ U.S. government official, email message to USITC staff, April 16, 2015; USITC, *Earned Import Allowance Program*, 2014, 3.

fabric since the program began on December 1, 2008.¹⁷ Based on the previous figure reported in the Commission's fifth annual review (18.2 million SMEs), this indicates that 0.8 million SME credits were issued between March 1, 2014, and March 31, 2015.¹⁸

From the start of the EIAP on December 1, 2008, through March 2015, U.S. imports of woven cotton bottoms under the program totaled about 13.7 million SMEs. This leaves a balance of about 5.4 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.¹⁹ Between 2013 and 2014, U.S. imports under the program remained relatively steady. In terms of quantity, U.S. imports increased by 0.6 percent from 337,317 SMEs in 2013 to 339,571 SMEs in 2014 (figure 1). In terms of value, U.S. imports totaled \$2.7 million, declining slightly (by \$9,776 or 0.4 percent) from 2013 levels (figure 2). However, in 2014, the quantity and value of U.S. imports of woven cotton bottoms under the program were less than 8 percent of what they were at their peak in 2010.²⁰ On the other hand, during the first quarter of 2015, U.S. imports of woven cotton bottoms entering under the program more than doubled by value and by quantity compared with the first quarter of 2014, albeit from a small base. At the time this report was written, it was unclear if this increase would continue through the rest of 2015.

Total U.S. exports to the Dominican Republic of bottom-weight cotton fabrics decreased in 2014 for the third consecutive year, falling 12 percent by quantity to 2.8 million SMEs and decreasing 19 percent by value to \$8.4 million. However, during the first quarter of 2015 (figures 3 and 4),²¹ U.S. exports of the subject fabrics were up 60 percent by value and 51 percent by quantity compared with first quarter in 2014.

¹⁷ U.S. government official, email message to USITC staff, April 16, 2015.

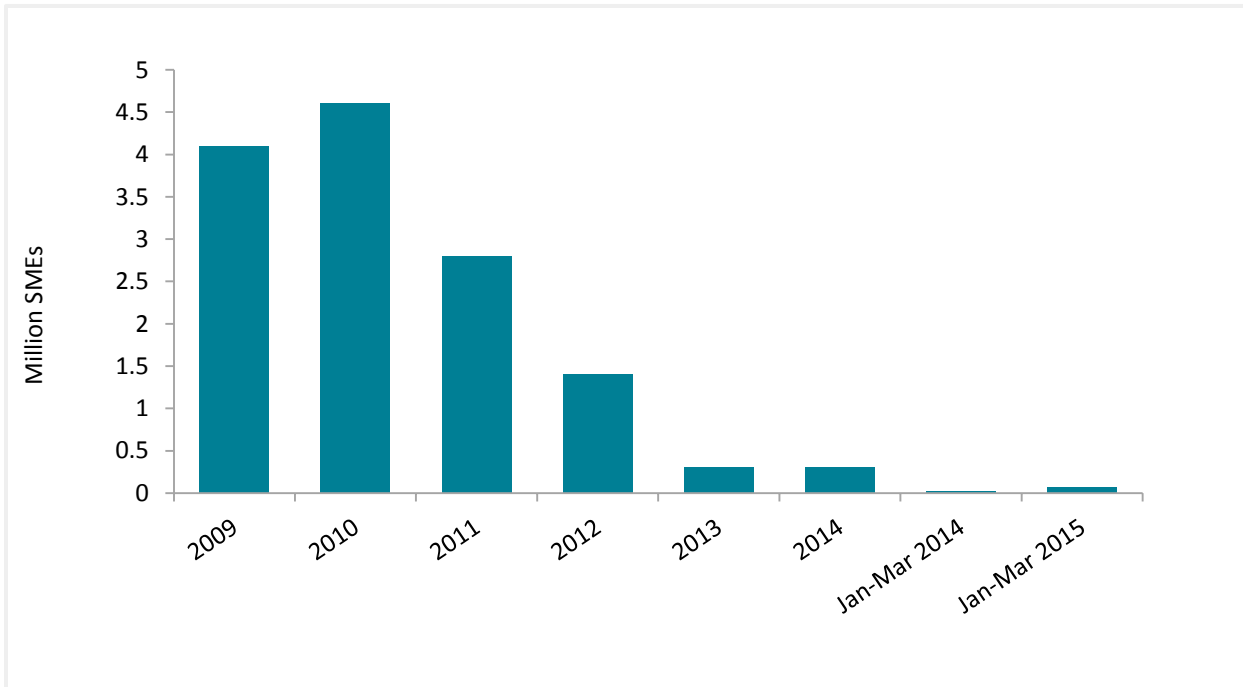
¹⁸ U.S. government official, email message to USITC staff, March 31, 2015; USITC, *Earned Import Allowance Program*, 2014, 3.

¹⁹ Calculated based on credits earned totaling 19.0 million SMEs, minus U.S. imports of 13.7 million SMEs under the program; U.S. government official, email message to USITC staff, April 16, 2015. By comparison, there were 5.1 million SMEs in credits available as of March 2014 as reported in the fifth annual review. USITC, *Earned Import Allowance Program*, 2014, 3.

²⁰ U.S. government official, email message to USITC staff, April 16, 2015; USITC, *Earned Import Allowance Program*, 2011, 2-2.

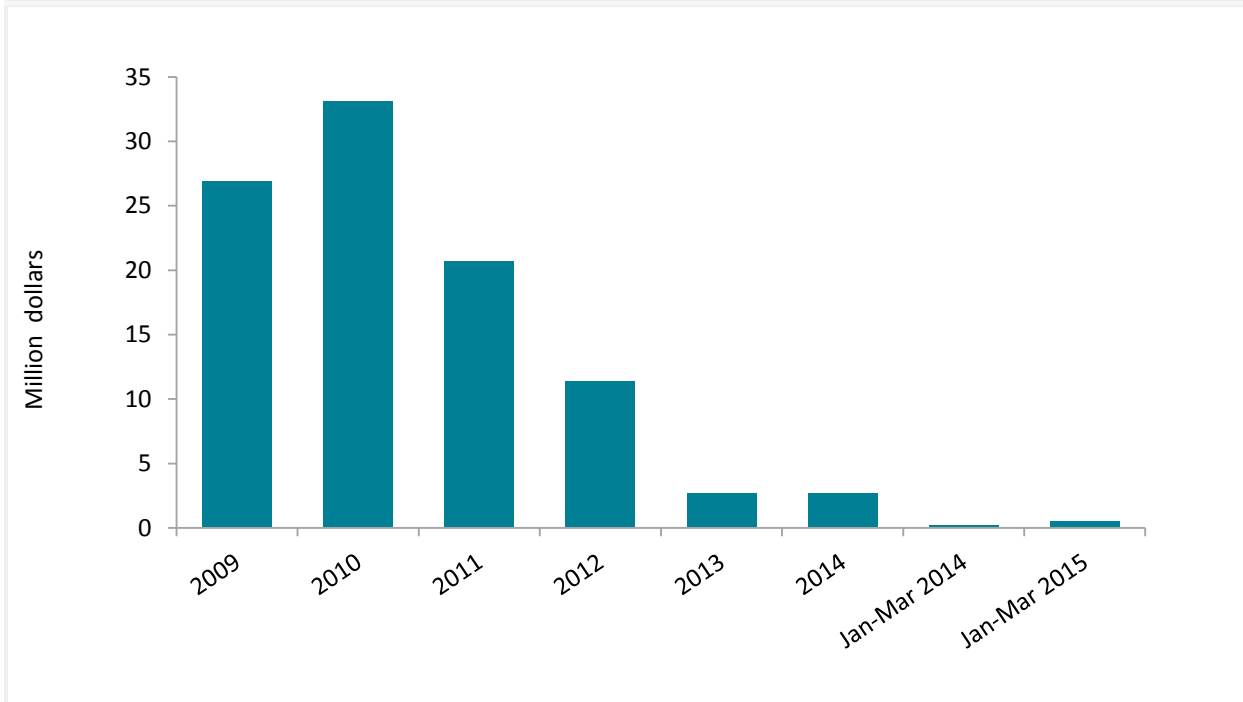
²¹ As indicated in all the previous reviews, although fabrics that are eligible to earn credits under the EIAP may include woven bottom-weight cotton fabrics wholly formed in the United States from yarns wholly formed in the United States, official U.S. export data do not distinguish between exports 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 23, 2015).

Figure 1: U.S. imports of qualifying apparel under the EIAP by quantity, 2009 to 2014 and first quarters 2014 and 2015



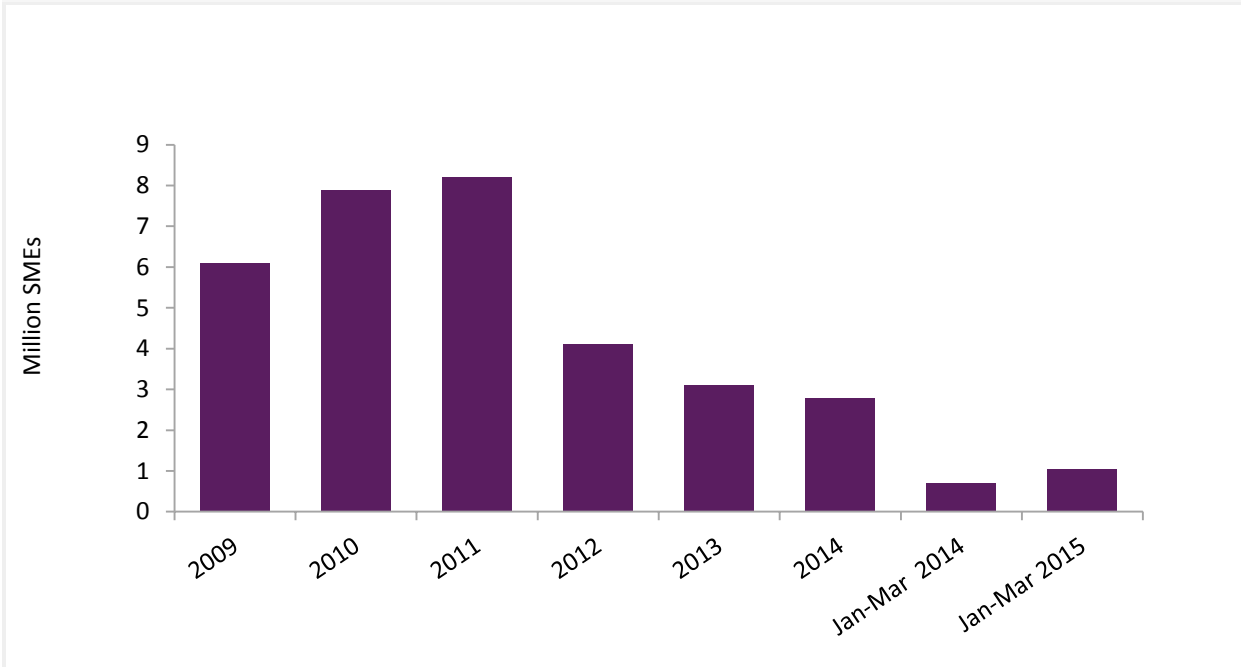
Source: Based on U.S. import data supplied by USDOC, OTEXA (accessed March 31 and May 12, 2015).

Figure 2: U.S. imports of qualifying apparel under the EIAP by value, 2009 to 2014 and first quarters 2014 and 2015



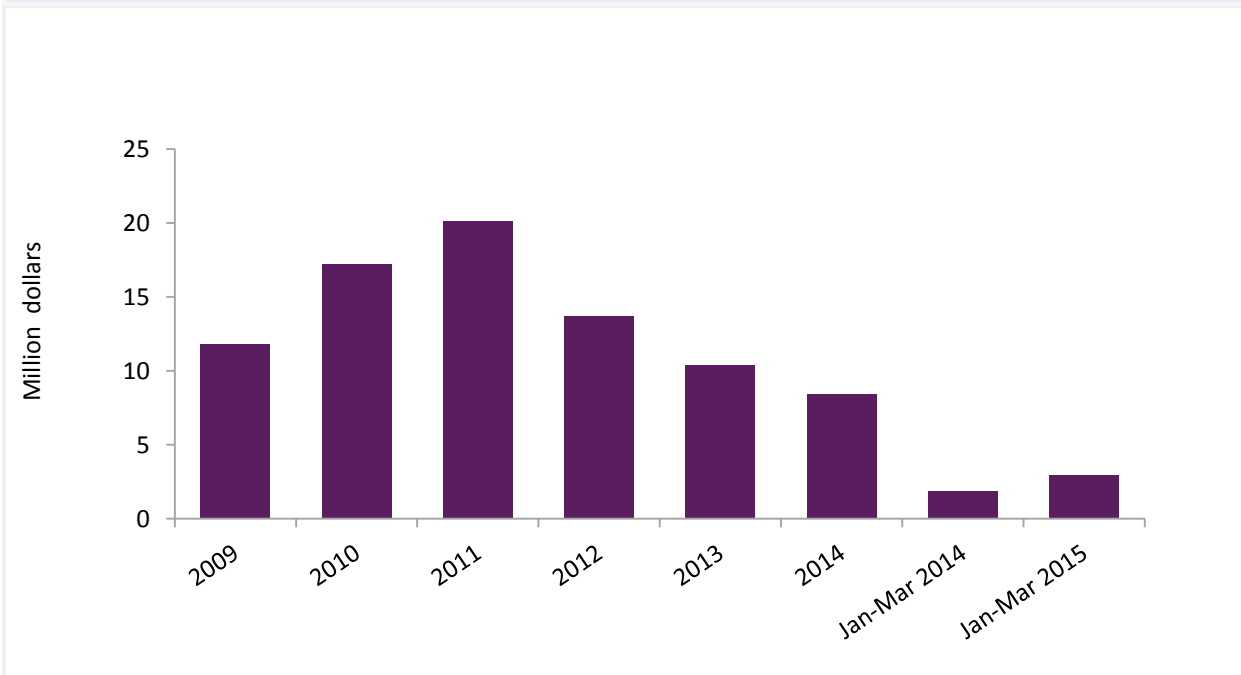
Source: Based on U.S. import data supplied by the USDOC, OTEXA (accessed March 31 and May 12, 2015).

Figure 3: U.S. exports of bottom-weight cotton fabrics to the Dominican Republic by quantity, 2009 to 2014 and first quarters 2014 and 2015



Source: USITC DataWeb/USDOC (accessed March 19 and May 11, 2015).

Figure 4: U.S. exports of bottom-weight cotton fabrics to the Dominican Republic by value, 2009 to 2014 and first quarters 2014 and 2015



Source: USITC DataWeb/USDOC (accessed March 19 and May 11, 2015).

Recommendations to Improve the Earned Import Allowance Program

The recommendations offered during the sixth annual review of the EIAP were virtually the same as those received by the Commission during the previous five annual reviews. The two organizations²² 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. Eliminating the requirement that dyeing and finishing of eligible fabrics occur in the United States.

The two organizations said that these changes would help apparel manufacturers in the Dominican Republic to take advantage of the program and reverse the decline in textile and apparel bilateral trade flows.²³ School Apparel, Inc., further recommended that any changes to the program be made retroactive.²⁴

Lowering Ratio to 1 for 1

School Apparel 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 1.²⁵ School Apparel, a U.S. producer of school uniforms in the Dominican Republic, stated that a 1-to-1 credit could help it maintain its current production of about 120,000 units per month in the region.²⁶

Expand Program Coverage

School Apparel and the Embassy of the Dominican Republic also recommended that the coverage of qualifying fabrics and qualifying apparel be expanded. In its written submission, School Apparel stated that the program has assisted it with "a very limited selection of apparel

²² Embassy of the Dominican Republic, written submission to the USITC, April 10, 2015, 1; School Apparel, Inc., written submission to the USITC, March 17, 2015, 1.

²³ Embassy of the Dominican Republic, written submission to the USITC, April 10, 2014, 1; School Apparel, Inc., written submission to the USITC, March 17, 2015, 1.

²⁴ School Apparel, written submission to the USITC, March 17, 2015, 1.

²⁵ School Apparel, written submission to the USITC, March 17, 2015, 1; Embassy of the Dominican Republic, written submission to the USITC, April 10, 2015.

²⁶ School Apparel, written submission to the USITC, March 17, 2015, 1.

styles that had been problematic in the past, but it could potentially do much more."²⁷ School Apparel noted it supports expanding the "criteria of qualified fabric to include some other fabrics" and added that "if the criteria for qualified garments were expanded to include chief polyester garments,"²⁸ the program would be more beneficial.²⁹ The Embassy of the Dominican Republic reiterated its recommendation of past years that the program be modified to "expand the program's coverage to enable other fabrics and products to gain benefits."³⁰

Eliminate Dyeing and Finishing Requirement

The Embassy of the Dominican Republic reiterated its recommendation of prior years to "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."³¹

²⁷ School Apparel, written submission to the USITC, March 17, 2015, 1.

²⁸ These are garments made from fabrics of which the chief component by weight is polyester.

²⁹ School Apparel, written submission to the USITC, March 17, 2015, 1.

³⁰ Embassy of the Dominican Republic, written submission to the USITC, March 17, 2015, 2.

³¹ Embassy of the Dominican Republic, written submission to the USITC, April 10, 2015, 1.

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Appendix A

Section 2 of Public Law 110-436

Dominican Republic Earned Income Allowance Program



PUBLIC LAW 110-436—OCT. 16, 2008

ANDEAN TRADE PREFERENCE EXTENSION

122 STAT. 4976

PUBLIC LAW 110-436—OCT. 16, 2008

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.

122 STAT. 4980

PUBLIC LAW 110-436—OCT. 16, 2008

“(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 “Caribbean” each place it appears and inserting “Caribbean”; and *Ante*, p. 2289.

122 STAT. 4982

PUBLIC LAW 110-436—OCT. 16, 2008

(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

Commission's *Federal Register* notice of Institution

a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before Tuesday, June 16, 2015. On Wednesday, July 8, 2015, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before Friday, July 10, 2015, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's *Handbook on E-Filing*, available on the Commission's Web site at <http://edis.usitc.gov>, elaborates upon the Commission's rules with respect to electronic filing.

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Dated: February 18, 2015.

William R. Bishop,

Supervisory Hearings and Information Officer.

[FR Doc. 2015-03680 Filed 2-23-15; 8:45 am]

BILLING CODE 7020-02-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, Sixth Annual Review

AGENCY: United States International Trade Commission.

ACTION: Notice of opportunity to provide written comments in connection with the Commission's sixth 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 sixth 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, Sixth Annual Review*.

DATES:

April 10, 2015: Deadline for filing written submissions.

July 24, 2015: Transmittal of sixth 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.

SUPPLEMENTARY INFORMATION:

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 five annual reviews are available on the Commission's Web site at www.usitc.gov, including the fifth annual review, which was published on July 25, 2014 (ITC Publication 4476). The Commission expects to submit its report on its sixth annual review by July 24, 2015.

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.

Written Submissions: Interested parties are invited to file written submissions concerning this sixth annual review. All written submissions should be addressed to the Secretary, and all such submissions should be received no later than 5:15 p.m., April 10, 2015. All written submissions 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.

Summaries of Written Submissions: The Commission intends to publish summaries of the positions of interested persons in an appendix to its report. Persons wishing to have a summary of their position included in the appendix should include a summary with their written submission. The summary may not exceed 500 words, should be in MSWord format or a format that can be easily converted to MSWord, and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. In the appendix the Commission will identify the name of the organization furnishing the summary, and will

include a link to the Commission's Electronic Document Information System (EDIS) where the full written submission can be found.

By order of the Commission.

Issued: February 19, 2015.

William R. Bishop,

Supervisory Hearings and Information Officer.

[FR Doc. 2015–03752 Filed 2–23–15; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–432 and 731–TA–1024–1028 (Second Review) and AA1921–188 (Fourth Review)]

Prestressed Concrete Steel Wire Strand From Brazil, India, Japan, Korea, Mexico and Thailand; Scheduling of Expedited Five-Year Reviews

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 prestressed concrete steel wire strand from Brazil, India, Korea, Mexico, and Thailand, and the antidumping finding on prestressed concrete steel wire strand from Japan, as well as revocation of the countervailing duty order on prestressed concrete steel wire strand from India, 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 6, 2015.

FOR FURTHER INFORMATION CONTACT: Keysha Martinez (202–205–2136), 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 Friday, February 6, 2015, the Commission determined that for each review, the domestic interested party group response to its notice of institution (79 FR 65246, November 3, 2014) 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.

Staff report. A staff report containing information concerning the subject matter of the reviews will be placed in the nonpublic record on Thursday, March 5, 2015, and made available to persons on the Administrative Protective Order service list for these reviews. A public version will be issued thereafter, pursuant to section 207.62(d)(4) of the Commission's rules.

Written submissions. As provided in section 207.62(d) of the Commission's rules, interested parties that are parties to the reviews and that have provided individually adequate responses to the notice of institution,² and any party other than an interested party to the reviews may file written comments with the Secretary on what determination the Commission should reach in the reviews. Comments are due on or before Tuesday, March 10, 2015 and may not contain new factual information. Any person that is neither a party to the five-year reviews nor an interested party may submit a brief written statement (which shall not contain any new factual information) pertinent to the reviews by Tuesday, March 10, 2015. However, should the Department of Commerce extend the time limit for its completion of the final results of its reviews, the deadline for comments (which may not contain new factual information) on Commerce's final results is three business days after the issuance of Commerce's results. If

¹ A record of the Commissioners' 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 The Commission has found the responses submitted by Insteel Wire Products Company and Sumiden Wire Products Corp. to be individually adequate. Comments from other interested parties will not be accepted (see 19 CFR 207.62(d)(2)).

Appendix C

Written Submissions to the Commission



EMBAJADA DE LA REPUBLICA DOMINICANA
Washington, D.C.

“Año de la Atención Integral a la Primera Infancia”

EDW-0278-15

The Embassy of the Dominican Republic presents its compliments to the United States International Trade Commission and pursuant to its request published on the February 24th in the Federal Register (80 FR 9746), we hereby present the comments submitted by the Government of the Dominican Republic for purpose of the sixth annual review of the Earned Import Allowance Program.

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

1. Changing the 2:1 ratio to 1:1;
2. Expand the program's coverage to enable other fabrics and products to gain benefits; and,
3. 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.

The referred changes would significantly help apparel manufactures in the Dominican Republic to take advantage of the EIAP and contributes to the general overturn of the negative trend experienced in textile and apparel bilateral trade flows. Particularly, it is important, in order to mitigate the potential economic ramifications that may occur by the concessions that are granted in new Free Trade Agreements to unfair competitors from the Asian-Pacific.

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



April 10, 2015
Washington, D.C.



03240

"Año de la Atención Integral a la Primera Infancia"

10 ABR 2015

Mr. José Tomás Pérez

Ambassador

Embassy of the Dominican Republic in the United States of America

Washington, D.C. 20008

Re: International Trade Commission's Sixth 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; April 10th, 2014.

Dear Ambassador Pérez:

On February 24, 2015, the United States International Trade Commission (USITC) made public in the Federal Register (80 FR 9746) the sixth annual review of the Dominican Republic Earn Import Allowance Program (DR-EIAP), under its investigation No. 332-503.

In that regard, the National Free Zones Council of the Dominican Republic appreciates the continued opportunity to reaffirm its views and 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 DR-EIAP was designed to fulfill a commitment with our country, derived from the bilateral negotiations of the DR-CAFTA, serving as an instrument for maintaining the competitiveness of the apparel manufacturers in Dominican Republic, while promoting exports and jobs in the U.S. textile industry. However, as concluded in every USITC Report evaluating the effectiveness of the program since 2010, this instrument has not provided enough incentives for achieving these goals.

In return, the Dominican Republic continues to lose market share as a U.S. provider of "cotton bottoms". In 2014, imports under the DR-EIAP touched its lowest point since the implementation of the program in 2009, experiencing a decrease of 89.9%, and evidencing the unattractiveness of the program as it is currently structured. Moreover, our country now ranks as the sixth largest export market for cotton broadwoven fabrics manufactured in the United States, while five years ago (when the program was established) it was the second largest market, experiencing a decrease in export value of 55%.

The remarkable value of the apparel industry for the Dominican economy has been

constantly outlined by our Government in the previous written submissions to the USITC. Only a handful of industries in our country have the ability to create an important amount of jobs, mainly in economically depressed areas. However, it has been very difficult for manufacturers to preserve these jobs when they have not been granted a scheme that could effectively compensate the 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.

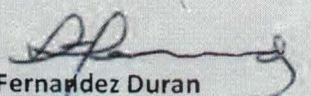
Moreover, there is now New Free Trade Agreements currently in negotiation between the United States and Asian-Pacific countries, that are requesting more flexible Rules of Origin than those negotiated in other FTA's concluded by the U.S., and some of which do not have an open market economy and maintain a large network of state-owned enterprises that enjoy disproportioned incentives. Therefore, the Dominican apparel industry, one of the five major clients of U.S. textile manufacturers, is at a real risk of disappearing.

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

1. Changing the 2:1 ratio to 1:1;
2. Expand the program's coverage to enable other fabrics and products to gain benefits.
3. 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;

We continue to 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, while helping to maintain balanced market access conditions with new preferential trading partners.

Sincerely,



Luisa Fernandez Duran
Ambassador - Executive Director

LFD/DL/edc



"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.

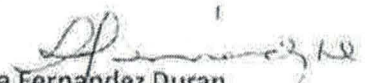
At the same time, the inability to exploit the potential of the program has obligated cotton bottoms manufacturers to develop other market segments. Recently, we have observed an overall growth trend in man-made fiber products exports that could represent an opportunity for improving the effectiveness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



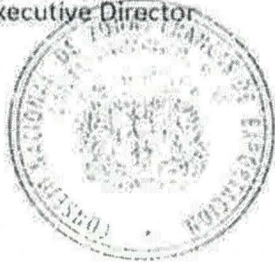
USITC Dataweb, last year Dominican exports of man-made fiber bottoms using DR-CAFTA inputs experienced a growth of 11.5%. Including other fabrics in the program would further increase other US woven fabric exports to the Dominican Republic, promoting at the same time competitiveness of Dominican apparel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



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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.




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.

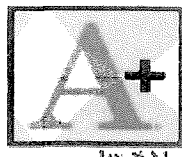
OTEXA is interpreting the term "wholly formed" as requiring qualifying woven fabrics to be dyed and finished in the United States, which severely undermines the intention and effectiveness of the Program.

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



SAI

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

March 17, 2015

Secretary
United States 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 in the past. 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 suggest changing the credit ratio from 2-to-1 up to a 1-to-1 ratio and expand the criteria of qualified fabric to include some other 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.