



United States  
International Trade Commission

# Probable Economic Effect of Certain Modifications to the U.S.-Morocco FTA Rules of Origin

January 2017

Publication Number: 4662

Investigation Number: U.S.-Morocco FTA-  
103-030

# United States International Trade Commission

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# Acronyms and Abbreviations

<b>Terms</b>	<b>Definitions</b>
Act	United States-Morocco Free Trade Agreement Implementation Act
Agreement	United States-Morocco Free Trade Agreement
HTS	Harmonized Tariff Schedule of the United States
MFN	most-favored-nation
NTR	normal trade relations (U.S. equivalent of MFN)
ROOs	rules of origin
SMEs	square meter equivalents
TPL	tariff preference level
U.S.-Morocco FTA	United States-Morocco Free Trade Agreement
USITC	United States International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organization





# Preface

This report provides the advice of the U.S. International Trade Commission (Commission or USITC) to the President on the probable economic effect of proposed modifications to the textile and apparel rules of origin (ROOs) in the United States-Morocco Free Trade Agreement (Agreement or U.S.-Morocco FTA). The advice was requested by the United States Trade Representative (USTR) in a letter received by the Commission on August 24, 2016.<sup>1</sup> In his letter, the USTR noted that U.S. negotiators have recently reached agreement in principle with representatives of the government of Morocco on certain modifications to the textile and apparel ROOs in the Agreement. He also noted that U.S. legislation implementing the Agreement<sup>2</sup> authorizes the President, subject to the consultation and layover provisions of section 104 of that legislation, to proclaim such modifications. One of the requirements set out in section 104 is that the President obtain advice from the Commission.<sup>3</sup>

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<sup>1</sup> The request letter is reproduced in appendix A, and the Commission's notice of investigation as published in the *Federal Register* is reproduced in appendix B.

<sup>2</sup> United States-Morocco Free Trade Agreement Implementation Act (the Act), 19 U.S.C. 3805 note.

<sup>3</sup> 19 U.S.C. 3805 note.



# Executive Summary

## Scope and Summary of Advice

The United States Trade Representative requested advice from the U.S. International Trade Commission (Commission or USITC) on the probable economic effect of certain proposed modifications to the textile and apparel rules of origin of the United States-Morocco Free Trade Agreement (Agreement or U.S.-Morocco FTA) on U.S. trade under the U.S.-Morocco FTA, total U.S. trade, and domestic producers of the affected articles. The articles covered by this advice are certain women's or girls' dresses, skirts, blouses, tops, shirts, shirt-blouses, and pants ("certain women's or girls' apparel"). These proposed modifications would liberalize the current ROOs by allowing the use of more non-originating fabrics (fabrics produced outside of Morocco or the United States) in the production of certain women's or girls' apparel. The Commission's analysis indicates that the proposed modifications would likely have a negligible effect on U.S. imports under the U.S.-Morocco FTA, total U.S. imports, total U.S. exports, and U.S. production. Table ES.1 provides a summary of the probable economic effect of the proposed modifications to the rules of origin on certain women's or girls' apparel.

**Table ES.1:** Summary of probable economic effect advice for all proposed modifications to the rules of origin on certain women’s or girls’ apparel

Proposed modification	Effect on U.S. imports under the U.S.-Morocco FTA	Effect on total U.S. imports	Effect on total U.S. exports	Effect on U.S. production
Dresses, skirts, blouses and tops classified in chapter 62, of 100 percent viscose rayon woven fabric classified in subheading 5408.24	Negligible	Negligible	Negligible	Negligible
Women’s or girls’ cotton corduroy skirts and divided skirts classified in subheading 6204.52, of cotton corduroy fabrics classified in subheading 5801.22	Negligible	Negligible	Negligible	Negligible
Women’s or girls’ man-made fiber blouses, shirts and shirt-blouses classified in subheading 6206.40, of polyester corduroy fabrics classified in subheading 5801.32	Negligible	Negligible	Negligible	Negligible
Women’s pants classified in subheading 6204, of synthetic bi-stretch fabric of 45 to 52 percent by weight of polyester, 45 to 52 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11	Negligible	Negligible	Negligible	Negligible
Women’s pants classified in subheading 6204, of woven fabric of 60 to 68 percent by weight of polyester, 29 to 37 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11	Negligible	Negligible	Negligible	Negligible
Women’s pants classified in subheading 6204, of woven herringbone fabric of 31 to 37 percent by weight of viscose rayon, 17 to 23 percent by weight of polyester, 17 to 23 percent by weight of cotton, 13 to 19 percent by weight of wool, 5 to 11 percent by weight of nylon, and 1 to 6 percent by weight of spandex, classified in subheading 5408.33	Negligible	Negligible	Negligible	Negligible

Source: Compiled by USITC staff.

## Approach

The Commission’s probable economic effect analysis estimated changes in U.S. trade and domestic production under each of the proposed modifications to the U.S.-Morocco FTA ROOs for certain women’s or girls’ apparel. The Commission’s analysis may use one or more of the following codes to indicate the probable economic effect advice:

**none:** no effect

**negligible:** trade or production value change of less than 6 percent

**significant:** trade or production value change of 6 percent to 15 percent

**substantial:** trade or production value change of more than 15 percent

The general process used to analyze the probable economic effect on U.S. imports under the U.S.-Morocco FTA, total U.S. imports, total U.S. exports, and domestic producers consisted of several steps. Each proposed modification was compared with the current rule to determine if any substantive change in applying the U.S.-Morocco FTA ROOs would likely occur for the specific women's or girls' apparel covered by the modification. The Commission's analysis indicates that all of the proposed modifications would substantively change the rules under which certain women's or girls' apparel qualifies for the U.S.-Morocco FTA preferential rate of duty. The Commission also took into account the duty rates for the products that would be affected by the proposed changes, as well as 2015 trade data.

In addition, in analyzing the proposed modifications' effect on U.S. imports under the U.S.-Morocco FTA and total U.S. imports, the Commission considered total imports of the subject apparel and total imports of the subject apparel from Morocco, including dutiable imports and imports under the U.S.-Morocco FTA. The latter include imports under a tariff preference level (TPL), which expired at the end of 2015. The TPL provided duty preferences for limited quantities of "non-originating goods" (i.e., goods that do not meet the ROOs because they are made of yarns or fabric from countries other than the United States or Morocco).<sup>4</sup> During 2006–15, the TPL was never fully utilized; that is, each year the TPL would have permitted higher levels of duty-free imports of certain women's or girls' apparel using non-originating fabrics than actually occurred.

Moreover, the quantities of certain women's or girls' apparel using non-originating fabrics imported into the United States from Morocco each year remained negligible throughout the 2006–15 period. The proposed modifications to the rules of origin would allow these goods to again be eligible for duty-free treatment following the expiration of the TPL. Therefore, the effect of the proposed changes on U.S. imports under the U.S.-Morocco FTA and on total U.S. imports is expected to be negligible.

For the analysis of total U.S. exports, all exports to Morocco of goods potentially affected by the proposed modifications were assumed to be assessed the most-favored-nation (MFN) rate of duty under the current ROOs of the U.S.-Morocco FTA and to qualify for the preferential (duty-

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<sup>4</sup> The United States-Morocco Free Trade Agreement Implementation Act, 19 U.S.C. 3805 note; USITC, *U.S.-Morocco Free Trade Agreement*, June 2004.

## Executive Summary

free) rate of duty under the proposed modifications. The effect on U.S. production was based on the expected change in total U.S. trade.

# Chapter 1

## Introduction

### Background and Scope

The United States Trade Representative requested advice from the U.S. International Trade Commission (Commission or USITC) on the probable economic effect of certain proposed modifications to the textile and apparel rules of origin of the United States-Morocco FTA on U.S. trade under the U.S.-Morocco FTA, total U.S. trade, and domestic producers of the affected articles.<sup>5</sup> In his letter, the USTR noted that negotiators had reached an agreement in principle with representatives of the government of Morocco on modifications to the FTA textile and apparel ROOs.<sup>6</sup> The attachment to the letter lists six proposed modifications to the U.S.-Morocco FTA ROOs covering the use of certain fabrics in the production of certain women's or girls' apparel. The advice addresses the probable economic effect of the proposed modifications on U.S. trade under the U.S.-Morocco FTA, on total U.S. trade, and on U.S. industries producing certain women's or girls' apparel.

Following receipt of the USTR's letter, the Commission instituted investigation no. U.S.-Morocco FTA-103-030 for the purpose of gathering information, giving interested parties the opportunity to file written submissions, and preparing its advice. The Commission published a notice of the investigation in the *Federal Register* on September 13, 2016 (81 FR 62921). Interested parties were asked to file any written submissions by October 13, 2016. One written submission was filed by a U.S. producer, Hamrick Mills, Inc., which opposed the proposed modification to the ROOs on certain women's or girl's dresses, skirts, blouses, and tops of 100 percent viscose rayon woven fabric.<sup>7</sup>

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<sup>5</sup> The request letter dated August 24, 2016 appears in appendix A; the *Federal Register* notice dated September 13, 2016 announcing institution of this investigation is in appendix B.

<sup>6</sup> The USTR noted that section 203(j)(2)(B)(i) of the U.S.-Morocco FTA Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 104 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Morocco pursuant to Article 4.3.6 of the Agreement. One of the requirements set out in section 104(1) is that the President obtain advice regarding the proposed action from the USITC.

<sup>7</sup> Hamrick Mills, Inc., written submission to the USITC, October 11, 2016. Hamrick Mills' written submission is included in Appendix C.

## Information Sources

The Commission used multiple data and information sources to prepare its advice. The proposed modifications are from the USTR's request letter, received on August 24, 2016.<sup>8</sup> According to the request letter, the proposed modifications are to be read in conjunction with the existing product-specific rules from general note 27(h) of the HTS.<sup>9</sup> The trade-weighted average duty rates cited in the effect statements were taken from the 2016 HTS.<sup>10</sup> The most-favored-nation (MFN) tariff rates<sup>11</sup> for Morocco are from the World Trade Organization (WTO) Tariff Download Facility database.<sup>12</sup> The Commission examined trade under the tariff preference level (TPL), a tariff preference (duty-free) provision under the U.S.-Morocco FTA, and the TPL utilization rate for 2015.<sup>13</sup> U.S. import and export data are U.S. Department of Commerce data obtained from the Commission's Interactive Tariff and Trade DataWeb database.<sup>14</sup> In addition, the Commission sought information and views from interested parties through a *Federal Register* notice announcing this investigation and by contacting industry representatives.<sup>15</sup> The Commission received one written submission providing information and views on one of the proposed modifications.<sup>16</sup>

## Organization of the Report

Chapter 2 presents a detailed explanation of the Commission's method for assessing the probable economic effect of the proposed modifications on U.S. imports under the U.S.-Morocco FTA, total U.S. imports and exports, and U.S. production. Chapter 2 also gives a summary of the Commission's probable economic effect advice. The Commission's advice for each proposed modification of the ROOs for certain women's or girls' apparel is presented in separate tables in chapter 3. A written submission from Hamrick Mills, Inc., which opposes one of the proposed modifications, is reproduced in appendix C. Appendix D lists the NTR/MFN rates of duty in the United States and Morocco for the chapters and HTS subheadings affected

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<sup>8</sup> A copy of the USTR's request letter appears in appendix A. The proposed modifications appear in the report exactly as they appear in the letter.

<sup>9</sup> Available at <https://hts.usitc.gov/current>.

<sup>10</sup> The USTR's request letter contains 2015 HTS 8-digit subheadings that no longer appear in the 2016 HTS. A concordance of the 2015 HTS 8-digit subheadings and their corresponding 2016 HTS subheadings, along with the applicable normal trade relations (NTR) tariff rates, are provided in appendix D.

<sup>11</sup> The NTR duty rates are commonly called most-favored-nation (MFN) rates in other countries.

<sup>12</sup> Available at <http://tariffdata.wto.org/TariffList.aspx>.

<sup>13</sup> USDOC, OTEXA, "Trade Data: U.S. Imports and Exports of Textiles and Apparel" (accessed September 29, 2016). The TPL is discussed in chapter 2.

<sup>14</sup> USITC DataWeb/USDOC (accessed August–September 2016).

<sup>15</sup> Appendix B contains a copy of the *Federal Register* notice.

<sup>16</sup> Appendix C contains a written submission received from the interested party.



by the proposed modifications. Trade data for products covered by the proposed modifications are in appendix E.



# Chapter 2

## Approach and Summary of Advice

### Approach

#### Overview

The Commission's probable economic effect analysis estimated changes in U.S. trade and domestic production under each of the proposed modifications to the U.S.-Morocco FTA ROOs for certain women's or girls' apparel. The Commission's analysis may include one or more of the following codes to indicate the probable economic effect of the proposed modifications on U.S. imports under the U.S.-Morocco FTA, total U.S. total trade, and U.S. producers on certain women's or girls' apparel:

**none:** no effect

**negligible:** trade or production value change of less than 6 percent

**significant:** trade or production change of 6 percent to 15 percent

**substantial:** trade or production change of more than 15 percent

The general process used in the analysis consisted of several steps. Each proposed modification was compared with the current rule to determine if any substantive change in applying the U.S.-Morocco FTA ROOs would likely occur for the specific women's or girls' apparel covered by the modification. Specifically, the proposed rule was examined to assess whether it would liberalize or restrict eligibility for the U.S.-Morocco FTA preferential rate of duty. If a proposed modification is liberalizing, it would potentially increase the amount of goods that qualify for the preferential rate of duty (for example, by allowing more non-originating fabric in the production of certain women's or girls' apparel) such that U.S. imports and exports of these goods could potentially increase. The Commission's analysis indicates that all of the proposed modifications would be liberalizing compared to the existing U.S.-Morocco FTA ROOs for certain

women's or girls' apparel. In addition, the Commission analyzed the rates of duty for each of the tariff lines covered by the proposed modifications<sup>17</sup> and examined 2015 trade data.

With respect to the effect on total U.S. exports, the rates of duty were analyzed for the tariff lines covered by the proposed modifications. For all of the proposed modifications, the affected HTS subheadings included tariff lines that are dutiable in the United States and Morocco.

## Estimating the Effect on Imports

In analyzing the effect on U.S. imports under the U.S.-Morocco FTA and total U.S. imports, the Commission considered total imports of the subject apparel and total imports of the subject apparel from Morocco, including dutiable imports and imports under the Agreement. The latter include imports under a duty-free TPL, which expired at the end of 2015 (box 2.1).

The Commission analyzed the TPL utilization rates for all textiles and apparel imported under the U.S.-Morocco FTA. During 2006–15, the TPL was never fully utilized. The Commission's analysis assumed that if the TPL was not fully utilized, then additional U.S. apparel imports using non-originating fabrics could have qualified for duty-free treatment under the TPL. For the specific apparel covered by the proposed modifications, changing the ROOs replaces the benefit afforded by the TPL. Although comparatively high trade-weighted average U.S. duty rates (ranging from 5.5 to 25 percent ad valorem for certain women's or girls' apparel in 2015) suggest that U.S. imports of these goods from Morocco could increase significantly or substantially under the proposed modifications to the ROOs, it is likely that the effect on U.S. imports under the U.S.-Morocco FTA and on total U.S. imports would be negligible because the TPL was never fully utilized.

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<sup>17</sup> The addendum to the USTR's request letter provided specific HTS 8-digit subheadings for some proposed modifications.

**Box 2.1: Tariff Preference Level for Textiles and Apparel under the U.S.-Morocco FTA**

The Commission’s analysis considered utilization of the TPL for textiles and apparel under the U.S.-Morocco FTA. The U.S.-Morocco FTA specified a TPL that provided duty preferences for limited quantities of “non-originating goods” (i.e., goods that do not meet the rules of origin because they are made of yarns or fabric from countries other than the United States or Morocco).<sup>18</sup> The TPL was set at an initial level of 30 million square meter equivalents (SMEs) during the first 4 years of the Agreement. It was then reduced over the next 6 years and eliminated after 10 years, expiring on December 31, 2015.

In 2015, imports of certain women’s and girls’ dresses, skirts, blouses, tops, shirts, shirt-blouses, and pants entered the United States under the TPL. While the TPL cap was set at 4,285,000 SMEs that year, U.S. imports from Morocco under the TPL totaled 2,681,643 SMEs in 2015, accounting for only 63 percent of the total TPL.<sup>19</sup> The TPL was, therefore, not constraining, and additional apparel using non-originating fabrics could have qualified for duty-free treatment under the TPL in 2015. Moreover, during 2006–14, TPL utilization rates for U.S. imports of textiles and apparel from Morocco fluctuated between 3 and 34 percent, indicating that the TPL was never fully utilized.<sup>20</sup>

Although the TPL utilization rates remained relatively steady during 2006–12, the increase in the TPL utilization rates in 2013–2015 stemmed from the lowering of the TPL limit, not an increase in import levels. Although U.S. imports from Morocco under the TPL fluctuated in terms of quantities (SMEs) during 2006–15, import quantities never exceeded the 2006 peak level of 3 million SMEs (which was the year that the Agreement entered into force). This may indicate that textile and apparel imports from Morocco experienced neither demand growth nor supply-side changes since the Agreement was implemented.

**TPL limits, U.S. imports from Morocco under the TPL, and TPL utilization rates under the U.S.-Morocco FTA, 2006–15**

Year	TPL limit (SMEs)	U.S. imports from Morocco under the TPL (SMEs)	TPL utilization rates (percent)
2006	30,000,000	3,070,970	10.2
2007	30,000,000	2,547,298	8.5
2008	30,000,000	2,640,325	8.8
2009	30,000,000	937,206	3.1
2010	25,714,000	932,361	7.2
2010	25,714,000	932,361	7.2
2011	21,428,000	1,849,715	8.6
2012	17,412,000	988,868	5.8
2013	12,856,000	2,505,737	19.5
2014	8,571,000	2,897,994	33.8
2015	4,285,000	2,681,643	62.6

Sources: DHS, CBP, “Morocco FTA Textiles” (accessed October 2, 2016); USDOC, OTEXA, “Trade Data: U.S. Imports and Exports of Textiles and Apparel” (accessed September 29, 2016).

<sup>18</sup> The Act, 19 U.S.C. 3805; USITC, *U.S.-Morocco Free Trade Agreement*, June 2004.

<sup>19</sup> USDOC, OTEXA, “Trade Data: U.S. Imports and Exports of Textiles and Apparel” (accessed September 29, 2016).

<sup>20</sup> DHS, CBP, “Morocco FTA Textiles” (accessed October 2, 2016).

## Estimating the Effect on Exports

To estimate the effect on total U.S. exports, the analysis used assumptions intended to produce the maximum possible effect. The analysis for the effect on total U.S. exports was performed at the HTS 6-digit subheading level for certain women's or girls' apparel. In some cases, Morocco has multiple tariff lines subordinate to the HTS 6-digit subheading that have various MFN rates, which do not match U.S. export data. In order to produce the maximum possible effect, the analysis assumed that the maximum rate of duty within each HTS 6-digit subheading applied to all U.S. exports under that subheading. The analysis also assumed that all U.S. exports to Morocco entered at the MFN rate of duty under the current ROOs and that the proposed modifications would allow all U.S. exports to Morocco to receive the preferential (duty-free) rate of duty. Even with these assumptions intended to produce the maximum effect, the Commission's analysis indicates that the proposed modifications would have a negligible effect on total U.S. exports of certain women's or girls' apparel, in part because Morocco is a very small market for U.S. exports of these goods. In 2015, the United States exported only \$9,698 of certain women's or girls' apparel to Morocco. It was not possible, however, to analyze the likely change in U.S. exports to Morocco under the Agreement that would result from the proposed modifications because the share of U.S. exports that qualified for the preferential duty treatment under the U.S.-Morocco FTA is not identifiable in U.S. export data.

## Estimating the Effect on U.S. Industry

The effect of the proposed modifications on U.S. industry was assessed based on the combined change in total U.S. imports and exports. The effect on domestic production was estimated to be negligible for all of the proposed modification to the ROOs for certain women's or girls' apparel because the effect on total U.S. trade was negligible.

## Summary of Advice

The Commission's analysis indicates that for all of the product groups, the proposed modifications would likely have a negligible effect on U.S. imports under the U.S.-Morocco FTA, total U.S. imports, total U.S. exports, and U.S. producers of certain women's or girls' apparel. Table 2.1 provides a summary of the probable economic effect for all the proposed modifications of the ROOs on certain women's or girls' apparel.

**Table 2.1:** Summary of probable economic effect advice for all proposed modifications to the rules of origin on certain women's or girls' apparel

<b>Proposed modification</b>	<b>Effect on U.S. imports under the U.S.-Morocco FTA</b>	<b>Effect on total U.S. imports</b>	<b>Effect on total U.S. exports</b>	<b>Effect on U.S. production</b>
Dresses, skirts, blouses and tops classified in chapter 62, of 100 percent viscose rayon woven fabric classified in subheading 5408.24	Negligible	Negligible	Negligible	Negligible
Women's or girls' cotton corduroy skirts and divided skirts classified in subheading 6204.52, of cotton corduroy fabrics classified in subheading 5801.22	Negligible	Negligible	Negligible	Negligible
Women's or girls' man-made fiber blouses, shirts and shirt-blouses classified in subheading 6206.40, of polyester corduroy fabrics classified in subheading 5801.32	Negligible	Negligible	Negligible	Negligible
Women's pants classified in subheading 6204, of synthetic bi-stretch fabric of 45 to 52 percent by weight of polyester, 45 to 52 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11	Negligible	Negligible	Negligible	Negligible
Women's pants classified in subheading 6204, of woven fabric of 60 to 68 percent by weight of polyester, 29 to 37 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11	Negligible	Negligible	Negligible	Negligible
Women's pants classified in subheading 6204, of woven herringbone fabric of 31 to 37 percent by weight of viscose rayon, 17 to 23 percent by weight of polyester, 17 to 23 percent by weight of cotton, 13 to 19 percent by weight of wool, 5 to 11 percent by weight of nylon, and 1 to 6 percent by weight of spandex, classified in subheading 5408.33	Negligible	Negligible	Negligible	Negligible

Source: Compiled by USITC staff.





# Chapter 3

## Advice on the Probable Economic Effect of Certain Modifications to the U.S.-Morocco FTA Rules of Origin

This chapter provides the Commission’s advice for each of the proposed modifications to the textile and apparel ROOs in the U.S.-Morocco FTA. The first column of each table lists the HTS 6-digit or 8-digit subheadings<sup>21</sup> affected by the proposed modifications for certain women’s or girls’ apparel. The rule currently in effect is presented in the second column. The proposed modification is presented in the third column.<sup>22</sup> The fourth column summarizes the Commission’s probable economic effect advice based on 2015 trade data. The proposed modifications and probable economic effect are described in greater detail in the section that follows each table. Trade data for certain women’s or girls’ apparel covered by the proposed modifications are in appendix E.

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<sup>21</sup> In the addendum to the request letter, the USTR provided specific HTS 8-digit subheadings that would be affected by the proposed modifications for dresses, skirts, and blouses classified in HTS chapter 62, and women's pants classified in HTS subheading 6204.

<sup>22</sup> The proposed modifications appear exactly as in the request letter. The USITC applied an interpretation of the proposed modification in conjunction with product-specific rules set forth in general note 27(h) of the HTS, which is noted in the tables for each proposed modification.

## Certain Women's or Girls' Dresses, Skirts, Blouses, and Tops of 100 Percent Viscose Rayon Woven Fabric

**Table 3.1:** Certain women's or girls' dresses, skirts, blouses, and tops of 100 percent viscose rayon woven fabric

HTS			
subheadings <sup>a</sup>	Existing rule <sup>b</sup>	Proposed modification	Probable effect advice
6204.29.20 6204.44.40 6204.59.30 6206.40.30 6211.43.00	20. A change to subheadings 6204.21 through 6204.29 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that: (A) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both; and (B) with respect to a garment described in heading 6202, a jacket or a blazer described in heading 6204 or a skirt described in heading 6204, of wool, fine animal hair, cotton or man-made fibers, imported as part of an ensemble of these subheadings, any visible lining material contained in the apparel article satisfies the requirements of chapter rule 1 to chapter 62.	The products listed in this rule are read in conjunction with the product-specific rules set out in this Annex. <sup>c</sup> For purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.	U.S. trade under U.S.-Morocco FTA: Imports: Negligible  U.S. total trade: Imports: Negligible Exports: Negligible  U.S. production: Negligible
	24. A change to subheadings 6204.41 through 6204.49 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through	Chapter Rule 4. (a) Dresses, skirts, blouses and tops classified in chapter 62, of 100 percent viscose rayon woven fabric classified in subheading 5408.24.	

Probable Economic Effect of Certain Modifications to the U.S.-Morocco FTA Rules of Origin

HTS subheadings <sup>a</sup>	Existing rule <sup>b</sup>	Proposed modification	Probable effect advice
	<p>5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.</p>		
	<p>27. A change to subheading 6204.59 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308, or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that: (A) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both; and (B) any visible lining material contained in the apparel article satisfies the requirements of chapter rule 1 to chapter 62.</p>		
	<p>32. A change to headings 6206 through 6210 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.</p>		
	<p>35. A change to subheadings 6211.31</p>		

Chapter 3: Advice on the Probable Economic Effect of Certain Modifications

HTS subheading <sup>a</sup>	Existing rule <sup>b</sup>	Proposed modification	Probable effect advice
	through 6211.49 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.		

<sup>a</sup> These specific HTS 8-digit subheadings were provided in the addendum to the USTR’s request letter. Effective August 22, 2016, HTS subheading 6211.43.00 was changed. See appendix D for a description of the new HTS subheading.

<sup>b</sup> The existing rule is contained in general note 27(h) of the HTS.

<sup>c</sup> In determining the origin of the products listed in this rule, the rule would be applied in conjunction with the product-specific rules set forth in general note 27(h) of the HTS.

## Modification

The proposed modification covers women’s or girls’ dresses, skirts, blouses, and tops classified in HTS subheadings 6204.29.20, 6204.44.40, 6204.59.30, 6206.40.30, and 6211.43.00 (“certain women’s and girls’ dresses, skirts, blouses, and tops”).<sup>23</sup> The current U.S.-Morocco FTA rules allow certain women’s or girls’ dresses, skirts, blouses, and tops of manmade filament yarns and fabrics of HTS chapter 54 to receive preferential duty treatment only if they are made from inputs originating from the United States or Morocco, provided they are cut or knit to shape, or both, and sewn or otherwise assembled in Morocco and/or the United States. Further, in order for skirts to receive preferential duty treatment under the FTA, they must also meet the visible lining rule.<sup>24</sup>

The proposed modification would create a separate chapter rule<sup>25</sup> for women’s or girls’ dresses, skirts, blouses, and tops classified in HTS chapter 62 that are made from printed fabrics of 100 percent viscose rayon classified in HTS subheading 5408.24.<sup>26</sup> The proposed rule is liberalizing because it would allow preferential treatment for certain women’s or girls’ dresses, skirts, blouses, and tops that are cut and sewn in the United States or Morocco from certain woven viscose rayon fabrics classified in HTS subheading 5408.24 that are produced outside of the United States or Morocco (non-originating fabrics).

## Effect

The proposed modification would likely have a negligible effect on U.S. imports of certain women’s and girls’ dresses, skirts, blouses, and tops under the U.S.-Morocco FTA and on total U.S. imports of these garments. In 2015, U.S. imports from Morocco of all garments entered under HTS subheadings 6204.29.20, 6204.44.40, 6204.59.30, 6206.40.30, and 6211.43.00—including, but not limited to, those subject to the proposed modification—totaled \$15.7 million and accounted for 0.5 percent of total U.S. imports of these garments. In 2015, 19 percent of

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<sup>23</sup> Although the USTR’s request letter states that the proposed modification affects women’s dresses, skirts, blouses, and tops of manmade filament yarns and fabrics classified in HTS chapter 62, the USTR provided specific guidance in the addendum to the request letter, requesting that the USITC provide advice with respect to HTS subheadings 6204.29.20, 6204.44.40, 6204.59.30, 6206.40.30, and 6211.43.00.

<sup>24</sup> Chapter 62, Rule 1, of the Act states that when used as a visible lining in certain women’s skirts, certain fabrics must be formed from yarn and finished in Morocco or the United States or both. Furthermore, Chapter 62, Rule 3, of the Act states that “if the rule requires that the good must also satisfy the tariff change requirements for visible lining fabrics listed in chapter rule 1 to this chapter, such requirement shall only apply to the visible lining fabric in the main body of the garment, excluding sleeves, which covers the largest surface area, and shall not apply to removable linings.” See HTS general note 27(h).

<sup>25</sup> The proposal would add a separate Chapter Rule 4(a) to Chapter 62 in the U.S.-Morocco FTA, which must be read in conjunction with the product-specific rules in the FTA.

<sup>26</sup> In the HTS, printed fabrics of 100 percent viscose rayon are classified in HTS subheading 5408.24.90.

U.S. imports from Morocco of certain women’s and girls’ dresses, skirts, blouses, and tops—some of which utilized the TPL in 2015—qualified for duty-free treatment under the current U.S.-Morocco FTA provisions. Although the trade-weighted average tariff rate for U.S. imports from Morocco of certain women’s dresses, skirts, blouses, and tops was 17 percent ad valorem in 2015,<sup>27</sup> it is likely that the effect of the proposed modification on U.S. imports under the U.S.-Morocco FTA and total U.S. imports would be negligible because the TPL was never fully utilized, even at its lowest (2015) level.<sup>28</sup>

The effect of the proposed modification on total U.S. exports would also be negligible. U.S. exports of certain women’s and girls’ dresses, skirts, blouses, and tops to Morocco totaled \$6,815 in 2015, representing a nominal share of total U.S. exports of these garments.<sup>29</sup> Morocco imposes a 25 percent ad valorem MFN rate of duty on its imports under each of the HTS subheadings for certain women’s and girls’ dresses, skirts, blouses, and tops.<sup>30</sup>

The effect on U.S. production would likely be negligible because the net effect on U.S. total trade is expected to be negligible. However, one U.S. producer, Hamrick Mills, Inc., opposed the proposed modification, stating that it is capable of “producing 100 percent viscose rayon woven fabric of subheading 5408.24 in commercial quantities and in a timely manner.”<sup>31</sup>

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<sup>27</sup> See appendix D for the NTR rates applicable to these items.

<sup>28</sup> See chapter 2’s “Estimating the Effect on Imports” section for a full explanation of TPL utilization.

<sup>29</sup> In 2015, all U.S. exports of the subject garments to Morocco were women’s and girls’ tops classified under HTS subheading 6211.43.

<sup>30</sup> World Bank, “Find a Tariff: Morocco MFN Duty Rate (Applied)” (accessed August 30, 2016).

<sup>31</sup> Hamrick Mills, Inc., written submission to the USITC, October 11, 2016. Hamrick Mills’ written submission is included in Appendix C.

## Certain Women’s or Girls’ Cotton Corduroy Skirts

**Table 3.2:** Certain women’s or girls’ cotton corduroy skirts

HTS subheadings	Existing rule <sup>a</sup>	Proposed modification	Probable effect advice
6204.52	<p><i>Chapter 62, Rule 2:</i> Apparel goods of this chapter shall be considered to originate if they are cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both and if the fabric of the outer shell, exclusive of collars or cuffs, is wholly of one or more of the following:</p> <p>(B) Corduroy fabrics of subheading 5801.22, containing 85 per cent or more by weight of cotton and containing more than 7.5 wales per centimeter;</p> <p>25. A change to subheadings 6204.51 through 6204.53 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that:</p> <p>(A) the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both; and</p> <p>(B) any visible lining material contained in the apparel article satisfies the requirements of chapter rule 1 to chapter 62.</p>	<p>The products listed in this rule are read in conjunction with the product-specific rules set out in this Annex.<sup>b</sup> For purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.</p> <p>Chapter Rule 4. (b) Women’s or girls’ cotton corduroy skirts and divided skirts classified in subheading 6204.52, of cotton corduroy fabrics classified in subheading 5801.22.</p>	<p>U.S. trade under U.S.-Morocco FTA: Imports: Negligible</p> <p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p>

<sup>a</sup> The existing rule is contained in general note 27(h) of HTS.

<sup>b</sup> In determining the origin of the products listed in this rule, the rule would be applied in conjunction with the product-specific rules set forth in general note 27(h) of the HTS.

## Modification

The proposed modification refers to women’s or girls’ cotton corduroy skirts or divided skirts classified in subheading 6204.52 (“certain women’s or girls’ cotton corduroy skirts”).<sup>32</sup>

Currently, women’s or girls’ skirts are eligible for preferential duty treatment under the U.S.-Morocco FTA under two separate rules, as set forth in HTS general note 27(h). Chapter 62, Rule 2, allows women’s or girls’ skirts using either originating or non-originating corduroy fabrics to receive preferential duty treatment under the FTA if the outer shell of the garments is wholly of corduroy fabrics containing 85 percent or more by weight of cotton and more than 7.5 wales<sup>33</sup> per centimeter (classified under HTS subheading 5801.22), and the garments are cut or knit to shape, or both, and sewn or assembled in Morocco and/or the United States.

In addition, under the applicable product-specific rule, women’s or girls’ cotton corduroy skirts classified in HTS subheading 6204.52 that are cut and sewn from woven pile fabrics and chenille fabrics classified in HTS heading 5801 may receive preferential duty treatment if these fabrics originate in the United States and/or Morocco, provided that the skirts are cut or knit to shape, or both, and sewn or otherwise assembled in the Morocco and/or the United States; and meet the visible lining rule.<sup>34</sup>

The proposed modification would create a separate chapter rule<sup>35</sup> for women’s or girls’ cotton corduroy skirts classified in HTS subheading 6204.52 made from any cotton corduroy fabrics classified under HTS subheading 5801.22. The proposed modification is liberalizing because it would allow preferential duty treatment for certain women’s or girls’ cotton corduroy skirts that are produced in the United States or Morocco from all fabrics<sup>36</sup> classified in HTS subheading 5801.22 that are produced outside the United States and Morocco (non-originating

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<sup>32</sup> HTS heading 6204.52 covers cotton skirts and divided skirts of certified hand-loomed and folklore products (HTS subheading 6204.52.10) and other women’s or girls’ cotton skirts and divided skirts (HTS subheading 6204.52.20).

<sup>33</sup> In woven fabrics, wales are defined as one of a series of ribs or cords, running either warpwise or fillingwise. Hoechst Celanese, *Dictionary of Fiber and Textile Technology*, 1990.

<sup>34</sup> Chapter 62, Rule 1, of the Act states that when used as a visible lining in certain women’s skirts, certain fabrics must be formed from yarn and finished in Morocco or the United States or both. Furthermore, Chapter 62, Rule 3, of the Act states that “if the rule requires that the good must also satisfy the tariff change requirements for visible lining fabrics listed in chapter rule 1 to this chapter, such requirement shall only apply to the visible lining fabric in the main body of the garment, excluding sleeves, which covers the largest surface area, and shall not apply to removable linings.” See HTS general note 27(h).

<sup>35</sup> The proposal would add a separate Chapter Rule 4(b) to Chapter 62 in the U.S.-Morocco FTA, which must be read in conjunction with the product-specific rules in the FTA.

<sup>36</sup> HTS subheading 5801.22 covers woven fabrics of cut corduroy, including fabrics having more than 7.5 wales per centimeter (HTS subheading 5801.22.10) and fewer than 7.5 wales per centimeter (HTS subheading 5801.22.90).



fabrics), provided that the skirts meet all other requirements to be originating goods.<sup>37</sup> In contrast, under the current rule, in order for the skirts to qualify for preferential treatment under the FTA, they must normally be made of originating cotton corduroy fabrics. Alternatively, they may also be made from non-originating cotton corduroy fabrics only if they contain 85 percent or more by weight of cotton and contain more than 7.5 wales per centimeter.

## Effect

The proposed modification would likely have a negligible effect on U.S. imports of certain women's and girls' cotton corduroy skirts under the U.S.-Morocco FTA and on total U.S. imports of these garments. In 2015, U.S. imports from Morocco of certain women's or girls' cotton corduroy skirts entered under HTS subheading 6204.52—including, but not limited to, those subject to the proposed modification—totaled only \$587,220 and accounted for less than 0.5 percent of total U.S. imports of these garments. In 2015, 32 percent of U.S. imports from Morocco of certain women's and girls' cotton corduroy skirts under HTS subheading 6204.52 qualified for duty-free treatment under the U.S.-Morocco FTA provisions. Although the trade-weighted average tariff rate for U.S. imports from Morocco of certain women's or girls' cotton corduroy skirts under HTS subheading 6204.52 was 5.5 percent ad valorem in 2015,<sup>38</sup> it is likely that the effect of the proposed modifications on U.S. imports under the U.S.-Morocco FTA and on total U.S. imports would be negligible because the TPL was never fully utilized, even at its lowest (2015) level.<sup>39</sup>

The effect of the proposed modification on total U.S. exports and U.S. production of certain women's and girls' cotton corduroy skirts would also be negligible. There were no U.S. exports of certain women's and girls' cotton corduroy skirts to Morocco in 2015. Further, U.S. industry sources stated that there is no known domestic production of cotton corduroy fabric used in the production of these women's and girls' skirts in the United States.<sup>40</sup> Note that Morocco imposes a 25 percent ad valorem MFN rate of duty on its imports under HTS subheading 6204.52.<sup>41</sup>

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<sup>37</sup> According to the USTR's request letter, the proposed rule is to be read in conjunction with the product-specific rules. The product-specific rule for 6204.52 requires that the skirts be cut or knit to shape, or both, and sewn or otherwise assembled in Morocco and/or the United States, and meet the visible lining rule.

<sup>38</sup> See appendix D for the NTR rates applicable to this HTS subheading.

<sup>39</sup> See chapter 2's "Estimating the Effect on Imports" section for a full explanation of the TPL utilization.

<sup>40</sup> Industry representative, telephone interview by USITC staff, September 19, 2016.

<sup>41</sup> World Bank, "Find a Tariff: Morocco MFN Duty Rate (Applied)" (accessed August 30, 2016).

## Certain Women’s or Girls’ Manmade Fiber Blouses, Shirts, and Shirt-Blouses of Polyester Corduroy Fabrics

**Table 3.3:** Certain women’s or girls’ manmade fiber blouses, shirts, and shirt-blouses of polyester corduroy fabrics

<b>HTS</b>			
<b>subheadings</b>	<b>Existing rule<sup>a</sup></b>	<b>Proposed modification</b>	<b>Probable effect advice</b>
6206.40	32. A change to headings 6206 through 6210 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.	The products listed in this rule are read in conjunction with the product-specific rules set out in this Annex. <sup>b</sup> For purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.  Chapter Rule 4. (c) Women’s or girls’ man-made fiber blouses, shirts and shirt-blouses classified in subheading 6206.40, of polyester corduroy fabrics classified in subheading 5801.32.	U.S. trade under U.S.-Morocco FTA: Imports: Negligible  U.S. total trade: Imports: Negligible Exports: Negligible  U.S. production: Negligible

<sup>a</sup> The existing rule is contained in general note 27(h) of the HTS.

<sup>b</sup> In determining the origin of the products listed in this rule, the rule would be applied in conjunction with the product-specific rules set forth in general note 27(h) of the HTS.

## Modification

The proposed modification refers to women’s or girls’ manmade fiber blouses, shirts, and shirt-blouses (“certain manmade fiber blouses and shirts”) classified in HTS subheading 6206.40.<sup>42</sup>

The current U.S.-Morocco FTA rule allows women’s or girls’ manmade fiber blouses, shirts, and shirt-blouses classified in HTS heading 6206 that are made from woven pile fabrics and chenille fabrics classified in HTS heading 5801 to receive preferential duty treatment only if the fabrics are produced in the United States or Morocco, and the apparel is cut or knit to shape, or both, and sewn or otherwise assembled in Morocco and/or the United States.

The proposed modification would create a separate chapter rule<sup>43</sup> for certain manmade fiber blouses and shirts classified in HTS subheading 6206.40 that are cut and sewn from polyester corduroy fabrics (“woven polyester fabric”) classified in HTS subheading 5801.32. The proposed modification is liberalizing because it would allow certain manmade fiber blouses and shirts to be eligible for preferential duty treatment under the FTA even if they contain woven polyester fabrics classified in HTS subheading 5801.32 that were produced outside of the United States or Morocco (non-originating fabrics).

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<sup>42</sup> HTS subheading 6206.40 covers women’s or girls’ blouses, shirts, and shirt-blouses of manmade fibers, including certified hand-loomed and folklore products (HTS subheading 6206.40.10), those containing 30 percent or more by weight of silk or silk waste (HTS subheading 6206.40.20), those containing 36 percent or more by weight of wool or fine animal hair (HTS subheading 6206.40.25), or other (HTS subheading 6206.40.30).

<sup>43</sup> The proposal would add a separate Chapter Rule 4(c) to Chapter 62 in the U.S.-Morocco FTA, which must be read in conjunction with the product-specific rules in the FTA.

## Effect

The proposed modification would likely have a negligible effect on U.S. imports of certain manmade fiber blouses and shirts under the U.S.-Morocco FTA and on total U.S. imports of these garments. In 2015, U.S. imports from Morocco entered under HTS subheading 6206.40—including, but not limited to, those subject to the proposed modification—totaled \$6.3 million and accounted for less than 1 percent of total U.S. imports. In 2015, 7 percent of U.S. imports from Morocco of certain manmade fiber blouses and shirts—some of which utilized the TPL in 2015—qualified for duty-free treatment under the current U.S.-Morocco FTA provisions. Although the trade-weighted average tariff rate for U.S. imports from Morocco of certain manmade fiber blouses and shirts under HTS subheading 6206.40 was 25 percent ad valorem in 2015, it is likely that the effect of the proposed modification on U.S. imports under the U.S.-Morocco FTA and on total U.S. imports would be negligible because the TPL was never fully utilized, even at its lowest (2015) level.<sup>44</sup>

The effect of the proposed modification on total U.S. exports would also likely be negligible. There were no recorded U.S. exports to Morocco of certain manmade fiber blouses and shirts under HTS subheading 6206.40 during 2011–15. Morocco imposes a 25 percent ad valorem MFN rate of duty on its imports under HTS subheading 6206.40.<sup>45</sup>

The effect on U.S. production of certain manmade fiber blouses and shirts would likely be negligible because the net effect on U.S. total trade is expected to be negligible. Further, a U.S. industry source stated that there is no known domestic production of this woven polyester fabric in the United States.<sup>46</sup>

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<sup>44</sup> See chapter 2's "Estimating the Effect on Imports" section for a full explanation of TPL utilization.

<sup>45</sup> World Bank, "Find a Tariff: Morocco MFN Duty Rate (Applied)" (accessed August 30, 2016).

<sup>46</sup> Industry representative, telephone interview by USITC staff, September 19, 2016.

## Certain Women’s Pants of Woven Synthetic Bi-Stretch Fabric

**Table 3.4:** Certain women’s pants of woven synthetic bi-stretch fabric

HTS subheadings <sup>a</sup>	Existing rule <sup>b</sup>	Proposed modification	Probable effect advice
6204.63.35 6204.69.25 6204.69.90	28. A change to subheadings 6204.61 through 6204.69 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.	The products listed in this rule are read in conjunction with the product-specific rules set out in this Annex. <sup>c</sup> For purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.  Chapter Rule 4. (d) Women’s pants classified in subheading 6204, of synthetic bi-stretch fabric of 45 to 52 percent by weight of polyester, 45 to 52 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11.	U.S. trade under U.S.-Morocco FTA: Imports: Negligible  U.S. total trade: Imports: Negligible Exports: Negligible  U.S. production: Negligible

<sup>a</sup> These specific HTS 8-digit subheadings were provided in the addendum to the USTR’s request letter. Effective August 22, 2016, these HTS subheadings were changed. See appendix D for a list and description of the new HTS subheadings.

<sup>b</sup> The existing rule is contained in general note 27(h) to the HTS.

<sup>c</sup> In determining the origin of the products listed in this rule, the rule would be applied in conjunction with the product-specific rules set forth in general note 27(h) of the HTS.

## Modification

The proposed modification refers to certain women’s pants classified in HTS subheadings 6204.63.25, 6204.69.25, and 6204.69.90 (“certain women’s pants”).<sup>47</sup> The current U.S.-Morocco FTA rule of origin allows women’s pants classified in HTS heading 6204, cut and sewn from woven fabrics of synthetic staple fibers classified under HTS heading 5515, to receive preferential duty treatment only if they are made from fabrics originating in the United States or Morocco, and are cut or knit to shape, or both, and sewn or otherwise assembled in Morocco and/or the United States.

The proposed modification would create a separate chapter rule<sup>48</sup> for women’s pants classified in HTS heading 6204 made from woven synthetic bi-stretch fabric containing 45 to 52 percent by weight of polyester, 45 to 52 percent by weight of rayon, and 1 to 7 percent by weight of spandex (“woven synthetic bi-stretch fabric”) classified in HTS subheading 5515.11. The proposed modification is liberalizing because it would allow preferential treatment for certain women’s pants that are cut and sewn in the United States and/or Morocco from woven synthetic bi-stretch fabrics classified in HTS subheading 5515.11 that are produced outside the United States or Morocco (non-originating fabrics).<sup>49</sup>

## Effect

The proposed modification would likely have a negligible effect on U.S. imports of certain women’s pants under the U.S.-Morocco FTA and on total U.S. imports of these garments. In 2015, U.S. imports from Morocco entered under HTS subheading 6204.63.35, 6204.69.25, and 6204.69.90—including, but not limited to, those subject to the proposed modification—totaled \$8.3 million and accounted for 0.5 percent of total U.S. imports of these garments. In 2015, 62 percent of U.S. imports from Morocco of certain women’s pants qualified for duty-free treatment under the current U.S.-Morocco FTA provisions. Although the trade-weighted average tariff rate for U.S. imports from Morocco of certain women’s pants under HTS

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<sup>47</sup> HTS heading 6204 is a broad heading covering suits, ensembles, and their component garments for women and girls. Although the USTR’s request letter states that the proposed modification affects women’s pants in HTS heading 6204, the USTR provided specific guidance in the addendum to the request letter asking the USITC to provide advice with respect to HTS subheadings 6204.63.25, 6204.69.25, and 6204.69.90.

<sup>48</sup> The proposal would add a separate Chapter Rule 4(d) to Chapter 62 in the U.S.-Morocco FTA, which must be read in conjunction with the product-specific rules in the FTA.

<sup>49</sup> Under the proposed modification, if women’s pants contain fabrics with elastomeric yarn (i.e., spandex), these yarns would not have to be wholly formed in the United States or Morocco as required in the Agreement; the proposed modification states that “for purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.”

subheadings 6204.63.35, 6204.29.25, and 6204.69.90 was 10.4 percent ad valorem in 2015,<sup>50</sup> it is likely that the effect of the proposed modification on U.S. imports under the U.S.-Morocco FTA and on total U.S. imports would be negligible because the TPL was never fully utilized, even at its lowest (2015) level.<sup>51</sup>

The effect of the proposed modification on total U.S. exports would also be negligible. U.S. exports of certain women's pants to Morocco totaled \$2,883 in 2015, representing a nominal share of total U.S. exports of these garments.<sup>52</sup> Morocco imposes a 25 percent ad valorem MFN rate of duty on imports of women's and girls' pants.<sup>53</sup>

The effect on U.S. production of certain women's pants would likely be negligible because the net effect on U.S. total trade is expected to be negligible. Further, U.S. industry sources stated that there is no domestic production of certain woven synthetic bi-stretch fabric used in the production of these women's and girls' pants in the United States.<sup>54</sup>

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<sup>50</sup> See appendix D for the NTR rates applicable to these items.

<sup>51</sup> See chapter 2's "Estimating the Effect on Imports" section for a full explanation of TPL utilization.

<sup>52</sup> In 2015, all U.S. exports of the subject garments to Morocco were women's and girls' pants classified under HTS subheading 6204.69.90.

<sup>53</sup> World Bank, "Find a Tariff: Morocco MFN Duty Rate (Applied)" (accessed August 30, 2016).

<sup>54</sup> Industry representatives, email messages to USITC, September 22, 2016.

## Certain Women's Pants of Woven Polyester Fabric

**Table 3.5:** Certain women's pants of woven polyester fabric

HTS subheadings <sup>a</sup>	Existing rule <sup>b</sup>	Proposed modification	Probable effect advice
6204.63.35 6204.69.90	24. A change to subheadings 6204.41 through 6204.49 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.	The products listed in this rule are read in conjunction with the product-specific rules set out in this Annex. <sup>c</sup> For purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.	U.S. trade under U.S.-Morocco FTA: Imports: Negligible
	28. A change to subheadings 6204.61 through 6204.69 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.	Chapter Rule 4. (e) Women's pants classified in subheading 6204, of woven fabric of 60 to 68 percent by weight of polyester, 29 to 37 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11.	U.S. total trade: Imports: Negligible Exports: Negligible  U.S. production: Negligible

<sup>a</sup> These specific HTS 8-digit subheadings were provided in the addendum to the USTR's request letter. Effective August 22, 2016, HTS subheading 6204.69.90 was changed. See appendix D for a description of the new HTS subheading.

<sup>b</sup> The existing rule is contained in general note 27(h) to the HTS.

<sup>c</sup> In determining the origin of the products listed in this rule, the rule would be applied in conjunction with the product-specific rules set forth in general note 27(h) of the HTS.



## Modification

The proposed modification covers certain women’s or girls’ trousers, breeches, and shorts classified in HTS subheadings 6204.63.35 and 6204.69.90 (“certain women’s pants”).<sup>55</sup>

Currently, the U.S.-Morocco FTA rule of origin allows women’s pants classified in HTS heading 6204 that are made from woven fabrics of synthetic staple fibers classified in HTS heading 5515 to receive preferential duty treatment only if they are made from fabrics originating in the United States or Morocco, and are cut or knit to shape, or both, and sewn or otherwise assembled in the Morocco and/or the United States.

The proposed modification would create a separate chapter rule<sup>56</sup> for women’s pants classified in HTS heading 6204 that are cut and sewn from woven fabric containing 60 to 68 percent by weight of polyester, 29 to 37 percent by weight of rayon, and 1 to 7 percent by weight of spandex (“woven polyester fabrics”). The proposed modification would be liberalizing because it would allow preferential duty treatment for certain women’s pants if they are produced in the United States or Morocco from woven polyester fabrics classified in HTS subheading 5515.11 that were produced outside of the United States or Morocco (non-originating fabrics).<sup>57</sup>

## Effect

The proposed modification would likely have a negligible effect on U.S. imports of certain women’s pants under the U.S.-Morocco FTA and on total U.S. imports of these garments. In 2015, U.S. imports from Morocco that entered under HTS subheadings 6204.63.35 and 6204.69.90—including, but not limited to, those subject to the proposed modification—totaled \$6.9 million and accounted for less than 1 percent of total U.S. imports of certain women’s pants. In 2015, 72 percent of U.S. imports from Morocco of certain women’s pants qualified for duty-free treatment under the current U.S.-Morocco FTA provisions. Although the trade-weighted average tariff rate for U.S. imports from Morocco of certain women’s pants under

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<sup>55</sup> Although the USTR’s request letter states that the proposed modification affects women’s pants of HTS heading 6204 (which broadly covers women’s or girls’ suits, ensembles, suit-type jackets, blazers, dresses, skirts, trousers, bib and brace overalls, breeches, and shorts, other than swimwear), the USTR provided specific guidance in the addendum to the request letter asking the USITC to provide advice on women’s pants classified in HTS subheadings 6204.63.35 and 6204.69.90.

<sup>56</sup> The proposal would add a separate Chapter Rule 4(e) to Chapter 62 in the U.S.-Morocco FTA, which must be read in conjunction with the product-specific rules in the FTA.

<sup>57</sup> Under the proposed modification, if women’s pants contain fabrics with elastomeric yarn (i.e., spandex), these yarns would not have to be wholly formed in the United States or Morocco as required in the Agreement; the proposed modification states that “for purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.”

HTS subheadings 6204.63.35 and 6204.69.90 was 7.7 percent ad valorem in 2015,<sup>58</sup> it is likely that the effect of the proposed modification on U.S. imports under the U.S.-Morocco FTA and total U.S. imports would be negligible because the TPL was never fully utilized, even at its lowest (2015) level.<sup>59</sup>

The effect of the proposed modification on total U.S. exports would also be negligible. U.S. exports of certain women's pants to Morocco totaled \$2,883 in 2015, representing a nominal share of total U.S. exports of these goods in 2015.<sup>60</sup> Morocco imposes a 25 percent ad valorem MFN rate of duty on its imports under HTS subheadings 6204.63 and 6204.69.<sup>61</sup>

The effect on U.S. production of certain women's pants would likely be negligible because the net effect on U.S. total trade is expected to be negligible. Moreover, U.S. industry sources stated that there is no domestic production of this woven polyester fabric used in certain women's or girls' apparel in the United States.<sup>62</sup>

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<sup>58</sup> See appendix D for the NTR rates applicable to these items.

<sup>59</sup> See chapter 2's "Estimating the Effect on Imports" section for a full explanation of TPL utilization.

<sup>60</sup> In 2015, there were no U.S. exports to Morocco under HTS subheading 6204.63.35, while exports under HTS subheading 6204.69.90 totaled \$2,883.

<sup>61</sup> World Bank, "Find a Tariff: Morocco MFN Duty Rate (Applied)" (accessed August 30, 2016).

<sup>62</sup> Industry representatives, email messages to USITC, September 20, 2016.

## Certain Women’s Pants of Woven Herringbone Fabric

**Table 3.6:** Certain women’s pants of woven herringbone fabric

HTS subheadings <sup>a</sup>	Existing rule <sup>b</sup>	Proposed modification	Probable effect advice
6204.69.25 6204.69.90	28. A change to subheadings 6204.61 through 6204.69 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54 or headings 5508 through 5516, 5801 through 5802 or 6001 through 6006, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of Morocco or of the United States, or both.	The products listed in this rule are read in conjunction with the product-specific rules set out in this Annex. <sup>c</sup> For purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.  Chapter Rule 4. (f) Women’s pants classified in subheading 6204, of woven herringbone fabric of 31 to 37 percent by weight of viscose rayon, 17 to 23 percent by weight of polyester, 17 to 23 percent by weight of cotton, 13 to 19 percent by weight of wool, 5 to 11 percent by weight of nylon, and 1 to 6 percent by weight of spandex, classified in subheading 5408.33.	U.S. trade under U.S.-Morocco FTA: Imports: Negligible  U.S. total trade: Imports: Negligible Exports: Negligible  U.S. production: Negligible

<sup>a</sup> These specific HTS 8-digit subheadings were provided in the addendum to the USTR’s request letter. Effective August 22, 2016, HTS subheading 6204.69.90 was changed. See appendix D for a description of the new HTS subheading.

<sup>b</sup> The existing rule is contained in general note 27(h) to the HTS.

<sup>c</sup> In determining the origin of the products listed in this rule, the rule would be applied in conjunction with the product-specific rules set forth in general note 27(h) of the HTS.

## Modification

The proposed modification covers certain women’s trousers, breeches, and shorts classified in HTS subheadings 6204.69.25 and 6204.69.90 (“certain women’s pants”).<sup>63</sup> The current U.S.-Morocco FTA rule allows certain women’s pants classified under HTS heading 6204 that contain manmade filament yarns and fabrics classified in HTS chapter 54 to receive preferential duty treatment only if the inputs originate in the United States and/or Morocco, and the pants are cut or knit to shape, or both, and sewn or otherwise assembled in Morocco and/or the United States.

The proposed modification would create a separate chapter rule<sup>64</sup> for certain women’s pants classified in HTS heading 6204 that are cut and sewn from woven herringbone fabric of 31 to 37 percent by weight of viscose rayon, 17 to 23 percent by weight of polyester, 17 to 23 percent by weight of cotton, 13 to 19 percent by weight of wool, 5 to 11 percent by weight of nylon, and 1 to 6 percent by weight of spandex classified in HTS subheading 5408.33. This proposed modification would be liberalizing because it would allow preferential duty treatment for certain women’s pants that are cut and sewn in the United States or Morocco from woven herringbone fabric classified in HTS subheading 5408.33 that is produced outside of the United States or Morocco (non-originating fabrics).<sup>65</sup>

## Effect

The proposed modification would likely have a negligible effect on U.S. imports of certain women’s pants under the U.S.-Morocco FTA and on total U.S. imports of these garments. In 2015, U.S. imports from Morocco entered under HTS subheadings 6204.69.25 and 6204.69.90—including, but not limited to, those subject to the proposed modification—totaled \$1.6 million and accounted for less than 0.5 percent of total U.S. imports of certain women’s pants. In 2015, 18 percent of U.S. imports from Morocco of certain women’s pants qualified for duty-free

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<sup>63</sup> Women’s or girls’ suits, ensembles, suit-type jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches, and shorts (other than swimwear) are classified in HTS heading 6204. Although the USTR’s request letter states that the proposed modification affects women’s pants of HTS heading 6204, the USTR provided specific guidance in the addendum to the request letter asking the USITC to provide advice on women’s pants classified in HTS subheadings 6204.69.25 and 6204.69.90. HTS subheading 6204.69.25 covers women’s trousers, breeches, and shorts, of other textile materials. HTS subheading 6204.69.90 covers women’s trousers, breeches, and shorts in the other category.

<sup>64</sup> The proposal would add a separate Chapter Rule 4(f) to Chapter 62 in the U.S.-Morocco FTA, which must be read in conjunction with the product-specific rules in the FTA.

<sup>65</sup> Under the proposed modification, if women’s pants contain fabrics with elastomeric yarn (i.e., spandex), these yarns would not have to be wholly formed in the United States or Morocco as required in the Agreement; the proposed modification states that “for purposes of determining whether a good is originating, a product listed in this rule is originating, regardless of the origin of the input mentioned in the rule.”

treatment under the current U.S.-Morocco FTA provisions. Although the trade-weighted average tariff rate for U.S. imports from Morocco of certain women's pants under HTS subheadings 6204.69.25 and 6204.69.90 was 21.5 percent ad valorem in 2015,<sup>66</sup> it is likely that the effect of the proposed modification on U.S. imports under the U.S.-Morocco FTA and on total U.S. imports would be negligible because the TPL was never fully utilized, even at its lowest (2015) level.<sup>67</sup>

The effect of the proposed modification on total U.S. exports would also be negligible. U.S. exports of certain women's pants to Morocco totaled \$2,883 in 2015, representing a nominal share of total U.S. exports of these goods in 2015.<sup>68</sup> Morocco imposes a 25 percent ad valorem MFN rate of duty on its imports under HTS subheading 6204.69.<sup>69</sup>

The effect on U.S. production of certain women's pants would likely be negligible because the net effect on U.S. total trade is expected to be negligible. Further, U.S. industry sources stated that there is no domestic production of woven herringbone fabric used in certain women's pants in the United States.<sup>70</sup>

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<sup>66</sup> See appendix D for the NTR rates applicable to these items.

<sup>67</sup> See chapter 2's "Estimating the Effect on Imports" section for a full explanation of TPL utilization.

<sup>68</sup> In 2015, there were no U.S. exports to Morocco under HTS subheading 6204.69.25, while exports under HTS subheading 6204.69.90 totaled \$2,883.

<sup>69</sup> World Bank, "Find a Tariff: Morocco MFN Duty Rate (Applied)" (accessed August 30, 2016).

<sup>70</sup> Industry representatives, email messages to USITC, September 20, 2016.



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# **Appendix A**

## **Request Letter**



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

DOCKET NUMBER  3170
Office of the Secretary Int'l Trade Commission

AUG 24 2016

The Honorable Irving Williamson  
Chairman  
United States International Trade Commission  
500 E Street, SW  
Washington, DC 20436

Dear Chairman Williamson:

Chapter 4 and Annex 4-A of the United States – Morocco 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 27 of the Harmonized Tariff Schedule of the United States (HTS).

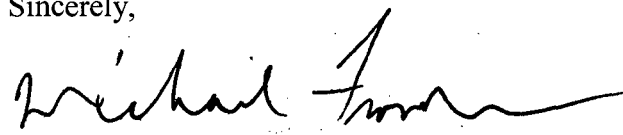
Section 203(j)(2)(B)(i) of the United States – Morocco Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover provisions of section 104 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Morocco pursuant to Article 4.3.6 of the FTA. Section 104(1) requires that the President obtain advice regarding the proposed action from the U.S. International Trade Commission (the Commission).

Our negotiators have recently reached agreement in principle with representatives of the government of Morocco on proposed modifications to the FTA textiles and apparel rules of origin. These proposed modifications are reflected in the enclosure. They reflect preliminary determinations that U.S. and Moroccan producers are unable to produce certain fabrics, as described in the enclosure, in commercial quantities in a timely manner.

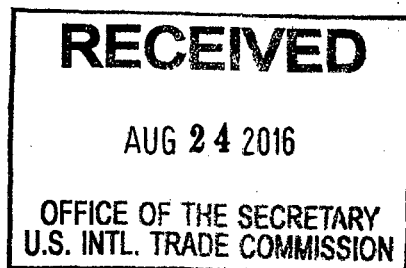
Under authority delegated by the President, and pursuant to section 104 of the Act, I request that the Commission provide advice on the probable economic effect of the modifications reflected in the enclosed proposal on U.S. trade under the FTA, total U.S. trade, and on domestic producers of the affected articles; an addendum providing guidance on the scope of the investigation is attached for clarification. I request that the Commission provide this advice at the earliest possible date, but not later than five 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**

**U.S.-Morocco Free Trade Agreement**

**Proposed Revision to Annex 4-A, Rules of Origin for Textile or Apparel Goods  
for Chapters 42, 50 through 63, 70, and 94**

Chapter 62

Chapter Rule 4: The products listed in this rule are read in conjunction with the product - specific rules set out in this Annex. For purposes of determining whether a good is originating, a product listed in this rule is originating, notwithstanding the origin of the input mentioned in the rule, provided that the product meets all other requirements to be originating.

(a) Dresses, skirts, blouses and tops classified in chapter 62, of 100 percent viscose rayon woven fabric classified in subheading 5408.24.

(b) Women's or girls' cotton corduroy skirts and divided skirts classified in subheading 6204.52, of cotton corduroy fabrics classified in subheading 5801.22.

(c) Women's or girls' man-made fiber blouses, shirts and shirt-blouses classified in subheading 6206.40, of polyester corduroy fabrics classified in subheading 5801.32.

(d) Women's pants classified in subheading 6204, of synthetic bi-stretch fabric of 45 to 52 percent by weight of polyester, 45 to 52 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11.

(e) Women's pants classified in subheading 6204, of woven fabric of 60 to 68 percent by weight of polyester, 29 to 37 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11.

(f) Women's pants classified in subheading 6204, of woven herringbone fabric of 31 to 37 percent by weight of viscose rayon, 17 to 23 percent by weight of polyester, 17 to 23 percent by weight of cotton, 13 to 19 percent by weight of wool, 5 to 11 percent by weight of nylon, and 1 to 6 percent by weight of spandex, classified in subheading 5408.33.

## **Addendum:**

### **Guidance for the U.S. International Trade Commission on the Scope of the Investigation Regarding the Probable Economic Effect of Proposed Changes to the Rules of Origin under the U.S.-Morocco Free Trade Agreement**

With respect to the investigation by the U.S. International Trade Commission (the Commission) to provide advice on the probable economic effect of the modifications reflected in the enclosed proposal for a modification to the rules of origin under the U.S. Morocco Free Trade Agreement, the Office of the U.S. Trade Representative provides the following guidance to the Commission on the scope of its investigation, based on the proposed changes to the rules of origin, as described in the enclosure:

- For the proposed change to the rule of origin described under (a): “Dresses, skirts, blouses and tops, classified in chapter 62, of 100 percent viscose rayon woven fabric classified in subheading 5408.24,” “dresses, skirts, blouses and tops” are defined as apparel classified in subheadings 6204.44.40, 6204.59.30, 6206.40.30, 6204.29.20, and 6211.43.00, of the Harmonized Tariff Schedule of the United States (HTS).
- For the proposed change to the rule of origin described under (d): “Women’s pants of heading 6204, of synthetic bi-stretch fabric of 45 to 52 percent by weight of polyester, 45 to 52 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515 .11,” “women’s pants of heading 6204” are defined as women’s pants classified in subheadings 6204.63.35, 6204.69.25, and 6204.69.90 of the HTS.
- For the proposed change to the rule of origin described under (e): “Women’s pants of heading 6204, of woven fabric of 60 to 68 percent by weight of polyester, 29 to 37 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11,” “women’s pants of heading 6204” are defined as women’s pants classified in subheadings 6204.63.35 and 6204.69.90 of the HTS.
- For the proposed change to the rule of origin described under (f): “Women’s pants of 6204, of woven herringbone fabric of 31 to 37 percent by weight of viscose, 17 to 23 percent by weight of polyester, 17 to 23 percent by weight of cotton, 13 to 19 percent by weight of wool, 5 to 11 percent by weight of nylon, and 1 to 6 percent by weight of spandex, classified in subheading 5408.33,” “women’s pants of heading 6204” are defined as women’s pants classified in subheadings 6204.69.25 and 6204.69.90 of the HTS.



# **Appendix B**

## ***Federal Register Notice***





RBX Active 01 LLC, 34 West 33rd Street, 5th Floor, New York, NY 10001.

RBX Direct LLC, 34 West 33rd Street, 5th Floor, New York, NY 10001.

RBX.COM LLC, 34 West 33rd Street, 5th Floor, New York, NY 10001.

Elite Performance Footwear, LLC, 10 West 33rd Street, Suite 804, New York, NY 10001.

(3) For the investigation so instituted, the Chief Administrative Law Judge, U.S. International Trade Commission, shall designate the presiding Administrative Law Judge.

The Office of Unfair Import Investigations will not participate as a party in this investigation.

Responses to the complaint and the notice of investigation must be submitted by the named respondents in accordance with section 210.13 of the Commission's Rules of Practice and Procedure, 19 CFR 210.13. Pursuant to 19 CFR 201.16(e) and 210.13(a), such responses will be considered by the Commission if received not later than 20 days after the date of service by the Commission of the complaint and the notice of investigation. Extensions of time for submitting responses to the complaint and the notice of investigation will not be granted unless good cause therefor is shown.

Failure of a respondent to file a timely response to each allegation in the complaint and in this notice may be deemed to constitute a waiver of the right to appear and contest the allegations of the complaint and this notice, and to authorize the administrative law judge and the Commission, without further notice to the respondent, to find the facts to be as alleged in the complaint and this notice and to enter an initial determination and a final determination containing such findings, and may result in the issuance of an exclusion order or a cease and desist order or both directed against the respondent.

By order of the Commission.

Issued: September 8, 2016.

**Lisa R. Barton,**

Secretary to the Commission.

[FR Doc. 2016-21971 Filed 9-12-16; 8:45 am]

**BILLING CODE 7020-02-P**

**INTERNATIONAL TRADE COMMISSION**

[Investigation No. U.S.-Morocco FTA-103-030]

**Probable Economic Effect of Certain Modifications to the U.S.-Morocco FTA Rules of Origin**

**AGENCY:** United States International Trade Commission.

**ACTION:** Notice of institution of investigation and opportunity to provide written comments.

**SUMMARY:** Following receipt of a request on August 24, 2016, from the United States Trade Representative (USTR), the Commission instituted investigation No. 103-030, *Probable Economic Effect of Certain Modifications to the U.S.-Morocco FTA Rules of Origin*, for the purpose of providing the advice required under § 104(1) of the United States-Morocco Free Trade Agreement Implementation Act.

**DATES:** October 13, 2016: Deadline for filing written submissions.

January 24, 2017: Transmittal of Commission report to USTR.

**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 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 Document Information System (EDIS) at <https://edis.usitc.gov>.

**FOR FURTHER INFORMATION CONTACT:**

Project leader Mahnaz Khan (202-205-2046 or [mahnaz.khan@usitc.gov](mailto:mahnaz.khan@usitc.gov)) or deputy project leader Heidi Colby-Oizumi (202-205-3391 or [heidi.colby@usitc.gov](mailto:heidi.colby@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](mailto:william.gearhart@usitc.gov)). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or [margaret.olaughlin@usitc.gov](mailto: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 Internet server (<https://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining

access to the Commission should contact the Office of the Secretary at 202-205-2000.

**BACKGROUND:** In his request letter, the USTR stated that U.S. negotiators have recently reached agreement in principle with representatives of the government of Morocco on certain proposed modifications to the textile and apparel goods rules of origin contained in the U.S.-Morocco Free Trade Agreement (U.S.-Morocco FTA). The USTR noted that § 203(j)(2)(B)(i) of the United States-Morocco Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of § 104 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Morocco pursuant to Annex 4.3 of the FTA. The USTR further stated that one of the requirements set out in § 104(1) is that the President obtain advice regarding the proposed action from the U.S. International Trade Commission.

In his request letter, the USTR asked that the Commission provide advice on the probable economic effect of the proposed modifications on U.S. trade under the U.S.-Morocco FTA, total U.S. trade, and on domestic producers of the affected articles. The affected articles identified in the proposal are certain apparel goods, including dresses, skirts, blouses, tops, shirts, shirt-blouses, and pants. The request letter and the complete list of proposed modifications are available on the Commission's Web site at [https://www.usitc.gov/research\\_and\\_analysis/what\\_we\\_are\\_working\\_on.htm](https://www.usitc.gov/research_and_analysis/what_we_are_working_on.htm). As requested, the Commission will provide its advice to USTR by January 24, 2017.

**WRITTEN SUBMISSIONS:** No public hearing is planned for this investigation. However, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and all such submissions should be received not later than 5:15 p.m., October 13, 2016. All written submissions must conform with the provisions of § 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. In the event that 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 Office of the Secretary, Docket Services Division (202–205–1802).

**CONFIDENTIAL BUSINESS INFORMATION:**

Any submissions that contain confidential business information must also conform to the requirements of § 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 may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR. As requested, the Commission will issue a public version of its report, with any confidential business information deleted, shortly after it transmits its report. All information, including confidential business information, submitted in this investigation may be disclosed to and used: (i) By the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any confidential business information 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: September 8, 2016.

**Lisa R. Barton,**

*Secretary to the Commission.*

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## JOINT BOARD FOR THE ENROLLMENT OF ACTUARIES

### Invitation for Membership on Advisory Committee

**AGENCY:** Joint Board for the Enrollment of Actuaries.

**ACTION:** Request for applications.

**SUMMARY:** The Joint Board for the Enrollment of Actuaries (Joint Board), established under the Employee Retirement Income Security Act of 1974 (ERISA), is responsible for the enrollment of individuals who wish to perform actuarial services under ERISA. To assist in its examination duties mandated by ERISA, the Joint Board has established the Advisory Committee on Actuarial Examinations (Advisory Committee) in accordance with the provisions of the Federal Advisory Committee Act (FACA), 5 U.S.C. App. 2. The current Advisory Committee members' terms expire on February 28, 2017. This notice describes the Advisory Committee and invites applications from those interested in serving on the Advisory Committee for the March 1, 2017–February 28, 2019, term.

**DATES:** Applications for membership on the Advisory Committee must be received by the Executive Director of the Joint Board, by no later than December 6, 2016.

**ADDRESSES:** Mail or deliver applications to: Patrick W. McDonough, Executive Director, Joint Board for the Enrollment of Actuaries, Return Preparer Office SE:RPO, Internal Revenue Service, 1111 Constitution Avenue NW., REFM, Park 4, Floor 4, Washington, DC 20224. Send applications electronically to: [nhqjbea@irs.gov](mailto:nhqjbea@irs.gov). See **SUPPLEMENTARY INFORMATION** for application requirements.

**FOR FURTHER INFORMATION CONTACT:** Patrick W. McDonough, Executive Director, at [nhqjbea@irs.gov](mailto:nhqjbea@irs.gov).

**SUPPLEMENTARY INFORMATION:****1. Background**

To qualify for enrollment to perform actuarial services under ERISA, an applicant must satisfy certain experience and knowledge requirements, which are set forth in the Joint Board's regulations. An applicant may satisfy the knowledge requirement by successful completion of Joint Board examinations in basic actuarial mathematics and methodology and in actuarial mathematics and methodology relating to pension plans qualifying under ERISA.

The Joint Board, the Society of Actuaries, and the American Society of Pension Professionals & Actuaries jointly offer examinations acceptable to the Joint Board for enrollment purposes and acceptable to the other two actuarial organizations as part of their respective examination programs.

**2. Scope of Advisory Committee Duties**

The Advisory Committee plays an integral role in the examination program by assisting the Joint Board in offering examinations that enable examination candidates to demonstrate the knowledge necessary to qualify for enrollment. The Advisory Committee's duties, which are strictly advisory, include (1) recommending topics for inclusion on the Joint Board examinations, (2) reviewing and drafting examination questions, (3) recommending examinations, (4) reviewing examination results and recommending passing scores, and (5) providing other recommendations and advice relative to the examinations, as requested by the Joint Board.

**3. Member Terms and Responsibilities**

Members are appointed for a 2-year term. The upcoming term will begin on March 1, 2017, and end on February 28, 2019. Members may seek reappointment for additional consecutive terms.

Members are expected to attend approximately 4 meetings each calendar year and are reimbursed for travel expenses in accordance with applicable government regulations. In general, members are expected to devote 125 to 175 hours, including meeting time, to the work of the Advisory Committee over the course of a year.

**4. Member Selection**

The Joint Board seeks to appoint an Advisory Committee that is fairly balanced in terms of points of view represented and functions to be

# **Appendix C**

## **Written Submission**





The Honorable Lisa R. Barton  
Secretary to the Commission  
United States International Trade Commission  
500 E Street SW  
Washington, DC 20436

October 10, 2016

Dear Secretary Barton:

The following submission is provided on behalf of Hamrick Mills, Inc., in response to the Federal Register request for public comments found at 81 FR 62921 and dated September 13, 2016 (Investigation No. 103-030, Probable Economic Effect of Certain Modifications to the U.S.-Morocco FTA Rules of Origin.)

Hamrick Mills strongly opposes the proposed rule of origin change under the U.S.-Morocco FTA to exempt 100 percent viscose rayon woven fabric classified under 5408.24 from the rule of origin for dresses, skirts, blouses and tops classified in subheadings 6204.44.40, 6204.59.30, 6206.40.30, 6204.29.20, and 6211.43.00.

Hamrick Mills has been in operation since 1900 as a family-owned, privately-held textile manufacturing company. We employ approximately 400 people in Gaffney, South Carolina. We operate two manufacturing facilities in this region with capacity to produce one million linear yards of 48"-135" wide cloth per week.

Hamrick Mills has maintained success over time by responding and adapting to change, investing in technology, and remaining totally customer focused in its efforts. We produce top-quality, greige fabrics for use in the apparel, home furnishings, and industrial markets. Our manufacturing operations are versatile, efficient and responsive to customer needs.

As a domestic producer fully capable of producing 100% viscose rayon woven fabric of subheading 5408.24 in commercial quantities and in a timely manner, Hamrick Mills strongly contests the preliminary determination that the subject fabric is not commercially available in the United States.

In fact, Hamrick submitted [public comments](#) in response to another Morocco commercial availability petition filed on behalf of American Eagle Outfitters also covering 100% rayon woven fabric of subheading 5408. We went to great lengths to provide AEO with the product that they needed which was far beyond what is normally requested from a greige mill.

In light of the existence of domestic availability, it would be inappropriate to institute a change to the U.S.-Morocco rules of origin related to woven rayon fabrics. Such a rule change would be detrimental to Hamrick Mills, and other domestic textile manufacturers who would be potential U.S. producers of the subject rayon fabric.

Thank you for your consideration of these comments, and please feel free to contact me with any questions.

Sincerely,

J.M. Hopkins  
Director of Sales  
HAMRICK MILLS, INC.

# **Appendix D**

## **HTS Subheadings and Tariff Rates**





## Revised HTS 2015 Subheadings and Statistical Reporting Numbers with Corresponding HTS 2016 Subheadings

**Table D.1:** Revised HTS 2015 subheadings with corresponding HTS 2016 subheadings

HTS 2015 subheadings <sup>a</sup>	United States NTR rate (percent) <sup>b</sup>	Updated HTS 2016 subheading	Description
6204.29.20	16.0	No change from 2015	Women's or girls' skirts (imported under HTS subheading 6204.59.30) as part of ensembles, of artificial fibers, other
6204.44.40	16.0	No change from 2015	Women's or girls' dresses, of artificial fibers, other
6204.52	8.0–8.2	No change from 2015	Women's or girls' skirts and divided skirts, of cotton
6204.59.30	16.0	No change from 2015	Women's or girls' skirts and divided skirts, of artificial fibers, other
6204.63.35	28.6	6204.63.11	Women's or girls' trousers, breeches and shorts (recreational performance outerwear), of synthetic fibers, other
		6204.63.90	Women's or girls' trousers, breeches and shorts, of synthetic fibers, other
6204.69.25	28.6	6204.69.03	Women's or girls' trousers, breeches and shorts (recreational performance outerwear), of artificial fibers, other
		6204.69.28	Women's or girls' trousers, breeches and shorts, of artificial fibers, other
6204.69.90	2.8	6204.69.06	Women's or girls trousers, breeches and shorts (recreational performance outerwear), of silk or silk waste, other
		6204.69.80	Women's or girls trousers, breeches and shorts, of silk or silk waste, other
6206.40	4.0–26.9	No change from 2015	Women's or girls' blouses, shirts, and shirt-blouses, of man-made fibers
6206.40.30	26.9	No change from 2015	Women's or girls' blouses, shirts, and shirt-blouses, of man-made fibers, other
6211.43.00	16.0	6211.43.05	Women's or girls' track suits, ski-suits and swimwear (recreational performance outerwear), of man-made fibers
		6211.43.10	Women's or girls' track suits, ski-suits and swimwear, of man-made fibers, other

Source: HTS, 2015 and 2016.

Note: The updated 2016 HTS subheadings went into effect on August 22, 2016. See Public Law 114-125, February 24, 2016. There were no changes in NTR rates from 2015 to 2016.

**Table D.2:** Morocco MFN rates for certain women's or girls' apparel

<b>Harmonized system code</b>	<b>MFN rate (percent)</b>	<b>Description</b>
6204.29	25.0	Women's or girls' skirts as part of ensembles, of other textile materials
6204.44	25.0	Women's or girls' dresses, of artificial fibers
6204.52	25.0	Women's or girls' skirts and divided skirts, of cotton
6204.59	25.0	Women's or girls' skirts and divided skirts, of artificial fibers
6204.63	25.0	Women's or girls' trousers, breeches and shorts, of synthetic fibers
6204.69	25.0	Women's or girls' trousers, breeches and shorts, of artificial fibers
6206.40	25.0	Women's or girls' blouses, shirts, and shirt-blouses, of man-made fibers
6211.43	25.0	Women's or girls' track suits, ski-suits and swimwear, of man-made fibers

Source: WTO Tariff Download Facility (accessed September 19, 2016).

# Appendix E

## Trade Data



**Table E.1:** U.S. imports for consumption and U.S. domestic exports of certain women's or girls' apparel, 2015

<b>Proposed modification</b>	<b>HTS subheadings</b>	<b>U.S. imports from Morocco</b>	<b>Trade-weighted average tariff on U.S. imports from Morocco (%)</b>	<b>U.S. imports from the world</b>	<b>Morocco's share of U.S. imports (%)</b>	<b>U.S. exports to Morocco</b>	<b>U.S. exports to the world</b>	<b>Morocco's share of U.S. exports (%)</b>
Dresses, skirts, blouses and tops classified in chapter 62, of 100 percent viscose rayon woven fabric	6204.29.20 6204.44.40 6204.59.30 6206.40.30 6211.43.00	15,703,525	17.0	3,001,716,272	0.52	6,815	66,992,920	0.01
Women's or girls' cotton corduroy skirts or divided skirts classified in subheading 6204.52, of cotton corduroy fabrics classified in subheading 5801.22	6204.52	587,220	5.5	195,363,490	0.30	0	5,998,370	0.0
Women's or girls' manmade fiber blouses, shirts, and shirt-blouses classified in subheading 6206.40, of polyester corduroy fabrics classified in subheading 5801.32	6206.40	6,301,427	25.0	1,357,288,855	0.46	0	32,935,405	0.0
Women's pants classified in subheading 6204, of synthetic bi-stretch fabric of 45 to 52 percent by weight of polyester, 45 to 52 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11.	6204.63.35 6204.69.25 6204.69.90	8,346,878	10.4	1,541,499,832	0.54	2,883	15,391,503	0.02

Appendix E: Trade Data

<b>Proposed modification</b>	<b>HTS subheadings</b>	<b>U.S. imports from Morocco</b>	<b>Trade-weighted average tariff on U.S. imports from Morocco (%)</b>	<b>U.S. imports from the world</b>	<b>Morocco's share of U.S. imports (%)</b>	<b>U.S. exports to Morocco</b>	<b>U.S. exports to the world</b>	<b>Morocco's share of U.S. exports (%)</b>
Women's pants classified in subheading 6204, of woven fabric of 60 to 68 percent by weight of polyester, 29 to 37 percent by weight of rayon, and 1 to 7 percent by weight of spandex, classified in subheading 5515.11.	6204.63.35 6204.69.90	6,887,477	7.7	1,174,675,623	0.59	2,883	9,385,658	0.03
Women's pants classified in subheading 6204, of woven herringbone fabric of 31 to 27 percent by weight of viscose rayon, 17 to 23 percent by weight of polyester, 17 to 23 percent by weight of cotton, 13 to 19 percent by weight of wool, 5 to 11 percent by weight of nylon, and 1 to 6 percent by weight of spandex, classified in 5408.33	6204.69.25 6204.69.90	1,601,240	21.5	605,953,405	0.26	2,883	11,903,395	0.02

Source: USITC DataWeb/USDOC (accessed August–September 2016).