

104TH CONGRESS
2D SESSION

H. R. 3654

To ensure the competitiveness of the United States textile and apparel industry.

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1996

Mr. SPRATT (for himself, Mr. COBLE, Mr. PAYNE of Virginia, Mr. BURR, Mr. COLLINS of Georgia, Mr. RANGEL, Mr. ROGERS, Mr. CARDIN, Mr. NEAL of Massachusetts, Mr. COYNE, Mr. FORD, Mr. LEWIS of Georgia, Mr. LEVIN, Mr. MATSUI, Mr. HUNTER, Mr. FLANAGAN, Mr. BAKER of California, Mr. CHAMBLISS, Mr. BROWDER, Mr. FRANK of Massachusetts, Mr. HEFNER, Mr. QUILLEN, Ms. KAPTUR, Mr. SPENCE, Mr. MONTGOMERY, Mr. LEWIS of Kentucky, Mr. GRAHAM, Mr. DEAL of Georgia, Mr. FUNDERBURK, Mr. JONES, Mr. CLYBURN, Mr. WATT of North Carolina, Mr. BALLENGER, Mr. HEINEMAN, Mr. RAHALL, Mr. ANDREWS, Mr. THOMPSON, Mr. ROSE, Mr. PETERSON of Minnesota, Mr. SISISKY, Mr. GORDON, Mr. MCHALE, Mr. HOLDEN, Mr. BISHOP, Mr. BOUCHER, Mr. WOLF, Mr. CRAMER, Mr. ENGEL, Mr. CONDIT, Mr. STENHOLM, Mr. REED, Mr. WHITFIELD, Mr. HALL of Texas, Mr. INGLIS of South Carolina, Mr. NADLER, Mr. DEFazio, Mr. MILLER of California, Mrs. MYRICK, Mrs. CLAYTON, Mr. STUPAK, Mr. NORWOOD, Ms. JACKSON-LEE of Texas, Mr. KINGSTON, Mr. LINDER, Mr. TANNER, Ms. SLAUGHTER, and Ms. DANNER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To ensure the competitiveness of the United States textile and apparel industry.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Textile and Apparel
3 Global Competitiveness Act of 1996”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds that—

6 (1) the textile and apparel industry is a key
7 part of the United States manufacturing base and
8 the third largest manufacturing sector in the United
9 States economy;

10 (2) textile and apparel facilities are often lo-
11 cated in economically sensitive regions;

12 (3) the industry has demonstrated an ability to
13 compete in the global economy where market access
14 is available;

15 (4) the domestic textile and apparel industry
16 has committed significant resources to be competi-
17 tive and productive;

18 (5) workers in the industry make the highest
19 quality textile and apparel goods in the world and
20 are the world’s most productive;

21 (6) the industry is preparing to compete in the
22 world market without the protection of import
23 quotas authorized by the Multifiber Arrangement;
24 and

1 (7) United States trade policy should be ori-
2 ented toward expanding exports and ensuring that
3 United States trade laws are vigorously enforced.

4 (8) The Committee for the Implementation of
5 Textile Agreements, the Office of Textiles, Apparel,
6 and Consumer Goods of the Department of Com-
7 merce, and the Ambassador for Textiles and Apparel
8 in the Office of the United States Trade Representa-
9 tive—

10 (A) play central and indispensable roles in
11 administering the laws governing trade in tex-
12 tile and apparel goods;

13 (B) have diligently carried out laws en-
14 acted by the Congress and under powers dele-
15 gated to them by the President; and

16 (C) have acted in accordance with United
17 States and international law.

18 **SEC. 3. MARKET ACCESS FOR U.S. TEXTILE AND APPAREL**
19 **PRODUCTS.**

20 (a) **ACCESSION PROTOCOLS.**—In any case in which
21 the United States negotiates a protocol for accession of
22 a country to the World Trade Organization, the Trade
23 Representative shall negotiate for inclusion in that proto-
24 col, in addition to any other provisions, the following:

1 (1) Provisions for effective market access to
2 that country's domestic markets for textile and ap-
3 parel products of the United States.

4 (2) Provisions allowing the suspension or rev-
5 ocation of the provisions of paragraph 14 (relating
6 to increasing import levels based on growth rates) of
7 the Agreement on Textiles and Clothing if the Unit-
8 ed States determines that the country has failed to
9 enforce the provisions referred to in paragraph (1).

10 (b) BILATERAL AGREEMENTS WITH COUNTRIES
11 THAT ARE NOT WTO MEMBERS.—In any case in which
12 the United States negotiates a textile agreement with a
13 country that is not a WTO member, including any agree-
14 ment negotiated pursuant to section 5 of this Act, the
15 Trade Representative shall negotiate for inclusion in that
16 textile agreement, in addition to any other provisions, the
17 following:

18 (1) Provisions for effective market access to
19 that country's domestic markets for textile and ap-
20 parel products of the United States.

21 (2) Provisions that recognize the right of the
22 United States to pursue remedies under United
23 States law, including section 301 of the Trade Act
24 of 1974, to respond to the denial of market access
25 described in paragraph (1).

1 (c) REVIEW OF TEXTILE AGREEMENTS.—The Trade
2 Representative shall take into account the compliance of
3 countries with the provisions negotiated under subsections
4 (a) and (b) in identifying countries for purposes of section
5 183 of the Trade Act of 1974, as added by subsection
6 (d) of this section.

7 (d) PRIORITY FOREIGN COUNTRIES.—

8 (1) IN GENERAL.—Chapter 8 of title I of the
9 Trade Act of 1974 (19 U.S.C. 2241 and following)
10 is amended by adding at the end the following new
11 section:

12 **“SEC. 183. IDENTIFICATION OF COUNTRIES THAT DENY**
13 **MARKET ACCESS FOR TEXTILE AND APPAREL**
14 **PRODUCTS.**

15 “(a) IN GENERAL.—By no later than the date that
16 is 30 days after the date on which the annual report is
17 submitted to congressional committees under section
18 181(b), the United States Trade Representative (hereafter
19 referred to as the ‘Trade Representative’) shall identify—

20 “(1) those foreign countries that deny fair and
21 equitable market access to United States persons
22 that produce or sell textile or apparel products, and

23 “(2) those foreign countries identified under
24 paragraph (1) that are determined by the Trade
25 Representative to be priority foreign countries.

1 “(b) SPECIAL RULES FOR IDENTIFICATIONS.—In
2 identifying priority foreign countries under subsection (a),
3 the following shall apply:

4 “(1) In identifying priority foreign countries
5 under subsection (a)(2), the Trade Representative
6 shall identify only those foreign countries—

7 “(A) that have the most onerous or egre-
8 gious acts, policies, or practices that deny fair
9 and equitable market access to United States
10 persons that sell or produce textile or apparel
11 products,

12 “(B) whose acts, policies, or practices de-
13 scribed in subparagraph (A) have the greatest
14 adverse impact (actual or potential) on the rel-
15 evant United States products, and

16 “(C) that are not—

17 “(i) entering into good faith negotia-
18 tions, or

19 “(ii) making significant progress in
20 bilateral or multilateral negotiations,
21 to provide adequate and effective market access
22 for textile and apparel products of the United
23 States.

24 “(2) In identifying foreign countries under sub-
25 section (a)(2), the Trade Representative shall—

1 “(A) consult with the Chair of the Com-
2 mittee for the Implementation of Textile Agree-
3 ments and other appropriate officers of the
4 Federal Government, and

5 “(B) take into account information from
6 such sources as may be available to the Trade
7 Representative and such information as may be
8 submitted to the Trade Representative in re-
9 ports submitted under section 181(b) and peti-
10 tions submitted under section 302.

11 “(3) The Trade Representative may identify a
12 foreign country under subsection (a)(1) only if the
13 Trade Representative finds that there is a factual
14 basis for the denial of fair and equitable market ac-
15 cess as a result of the violation of international law
16 or an international agreement, or the existence of
17 barriers referred to in subsection (d)(1).

18 “(4) In identifying foreign countries under
19 paragraphs (1) and (2) of subsection (a), the Trade
20 Representative shall take into account—

21 “(A) the history of market access laws and
22 practices of the foreign country, including any
23 previous identification under subsection (a)(2);
24 and

1 “(B) the history of efforts of the United
2 States, and the response of the foreign country,
3 to achieve fair and equitable market access for
4 textile and apparel products.

5 “(c) REVOCATIONS AND ADDITIONAL IDENTIFICA-
6 TIONS.—

7 “(1) IN GENERAL.—The Trade Representative
8 may at any time—

9 “(A) revoke the identification of any for-
10 eign country as a priority foreign country under
11 this section, or

12 “(B) identify a foreign country as a prior-
13 ity foreign country under this section,
14 if information available to the Trade Representative
15 indicates that such action is appropriate.

16 “(2) REPORTS TO CONGRESS.—The Trade Rep-
17 resentative shall include in the semiannual report
18 submitted to the Congress under section 309(3) a
19 detailed explanation of the identification of any for-
20 eign country as a priority foreign country under this
21 section.

22 “(d) DEFINITIONS.—For the purposes of this sec-
23 tion—

24 “(1) a foreign country denies fair and equitable
25 market access if the foreign country effectively de-

1 nies access for textile or apparel products of the
2 United States through the use of laws, procedures,
3 practices, or regulations which—

4 “(A) violate provisions of international law
5 or international agreements to which both the
6 United States and the foreign country are par-
7 ties, or

8 “(B) constitute discriminatory nontariff
9 trade barriers;

10 “(2) a foreign country may be determined to
11 deny fair and equitable market access for textile or
12 apparel products, notwithstanding the fact that the
13 foreign country may be in compliance with the spe-
14 cific obligations of the Agreement on Textiles and
15 Clothing referred to in section 101(d)(4) of the Uru-
16 guay Round Agreements Act; and

17 “(3) fair and equitable market access is not
18 demonstrated only by access for those textile and ap-
19 parel products that are subsequently reexported to
20 the United States as finished textile or apparel prod-
21 ucts.

22 “(e) PUBLICATION.—The Trade Representative shall
23 publish in the Federal Register a list of foreign countries
24 identified under subsection (a) and shall make such revi-

1 sions to the list as may be required by reason of action
2 under subsection (c).”.

3 (2) CONFORMING AMENDMENT.—The table of
4 contents for the Trade Act of 1974 is amended by
5 inserting after the item relating to section 182 the
6 following new item:

“Sec. 183. Identification of countries that deny market access for textile and
apparel products.”.

7 (3) TITLE III ACTION.—Section 302(b)(2)(A) of
8 the Trade Act of 1974 (19 U.S.C. 2412(b)(2)(A)) is
9 amended by inserting “or section 183(a)(2)” after
10 “182(a)(2)”.

11 **SEC. 4. TEXTILE GLOBAL COMPETITIVENESS RESEARCH**
12 **FUND.**

13 (a) ESTABLISHMENT.—There is established in the
14 United States Treasury a Textile Global Competitiveness
15 Research Fund (hereafter in this Act referred to as the
16 “Fund”).

17 (b) USE OF FUND.—Amounts in the Fund shall be
18 available, in accordance with subsection (c)—

19 (1) to the Office of Textiles, Apparel, and
20 Consumer Goods of the Department of Commerce,
21 which is authorized to use such amounts to provide
22 funds for—

23 (A) the American Textile Partnership
24 (commonly referred to as “AMTEX”);

1 (B) the Textile/Clothing Technology Center
2 (commonly referred to as “TC2”); and

3 (C) the National Textile Center (commonly
4 referred to as “NTC”);

5 (2) for adjustment assistance for firms in the
6 textile and apparel industry under chapter 3 of title
7 II of the Trade Act of 1974 (19 U.S.C. 2341 and
8 following); and

9 (3) to the Customs Service for the enforcement
10 of laws governing trade in textile and apparel goods.

11 (c) FUNDING.—

12 (1) DEPOSITS.—There shall be deposited in the
13 Fund in each fiscal year the amount by which—

14 (A) the amounts collected in fines by virtue
15 of the amendments made by section 9 exceed

16 (B) the total amount collected under those
17 provisions of law amended by section 9 during
18 the fiscal year ending before the enactment of
19 this Act, as such amount is adjusted under
20 paragraph (2).

21 (2) ADJUSTMENT.—(A) The amount referred to
22 in paragraph (1)(B) shall be increased in each fiscal
23 year following the fiscal year described in paragraph
24 (1)(B) by the cost-of-living adjustment for the most
25 recent calendar year.

1 (B) For purposes of subparagraph (A), the
2 cost-of-living adjustment for any calendar year is the
3 percentage (if any) by which—

4 (i) the CPI for the preceding calendar
5 year, exceeds

6 (ii) the CPI for the calendar year ending
7 before the enactment of this Act.

8 (C) For purposes of subparagraph (B), the CPI
9 for any calendar year is the average of the
10 Consumer Price Index as of the close of the 12-
11 month period ending on August 31 of such calendar
12 year.

13 (D) For purposes of subparagraph (C), the
14 term “Consumer Price Index” means the last
15 Consumer Price Index for all-urban consumers pub-
16 lished by the Department of Labor.

17 (3) ALLOCATIONS.—(A) 25 percent of the
18 amounts deposited in the Funds in each fiscal year
19 shall be made available to the Customs Service
20 under subsection (b)(3).

21 (B) Subject to subparagraph (C), amounts re-
22 maining in the Fund after the deduction is made
23 under subparagraph (A) shall be made available in
24 each fiscal year to each program referred to in para-
25 graphs (1) and (2) of subsection (b) based on the

1 proportion that the amounts otherwise available to
2 such program during the preceding fiscal year bears
3 to the amounts otherwise available to all such pro-
4 grams during the preceding fiscal year.

5 (C) Amounts made available under subpara-
6 graph (A) for adjustment assistance for firms under
7 subsection (b)(2) may not exceed \$2,000,000 in any
8 fiscal year.

9 (d) ANNUAL REPORT TO CONGRESS.—The Secretary
10 of Commerce shall submit to the Congress, not later than
11 April 1 of each year, a report on the contribution to the
12 United States economy of the domestic textile and apparel
13 industry.

14 **SEC. 5. TEXTILE AND APPAREL QUOTA LEVELS.**

15 (a) FOR COUNTRIES THAT ARE NOT WTO MEMBERS
16 AND DO NOT HAVE TEXTILE AGREEMENTS WITH THE
17 UNITED STATES.—

18 (1) IF EXPORTS TO THE UNITED STATES EX-
19 CEED \$100,000,000 ANNUALLY OR ARE CREATING SE-
20 RIOUS DAMAGE OR ACTUAL THREAT THEREOF.—The
21 Trade Representative shall take the necessary steps
22 to negotiate an agreement, in accordance with para-
23 graph (2), between the United States and any coun-
24 try that—

1 (A) is not a WTO member and is not a
2 country to which section 3(a) applies,

3 (B) is not a party to a textile agreement
4 with the United States, and

5 (C) whose exports to the United States of
6 textile and apparel goods are valued at more
7 than \$100,000,000 in the most recent 12-
8 month period ending on the last day of the pre-
9 ceding month, or are creating serious damage
10 or actual threat thereof to the domestic indus-
11 try in the United States in any textile category
12 established by CITA.

13 (2) CONTENTS OF AGREEMENTS.—It is the
14 sense of the Congress that an agreement negotiated
15 with a country under paragraph (1) should establish
16 maximum amounts of textile and apparel products of
17 that country that may be imported into the United
18 States that do not exceed—

19 (A) in the first 12-month period that the
20 agreement is in effect, an increase of more than
21 8 percent of the total volume in square meter
22 equivalents of all textile and apparel products of
23 that country imported in the 12-month period
24 ending on the date the negotiations began; and

1 (B) in each subsequent 12-month period
2 that the agreement is in effect, an increase of
3 more than the percentage of growth in the do-
4 mestic market in the United States for all tex-
5 tile and apparel products in the preceding 12-
6 month period.

7 (3) INCLUSION OF OTHER PROVISIONS.—Those
8 provisions required to be included in an agreement
9 under section 3(b) may be included in the agreement
10 negotiated under this subsection.

11 (4) DETERMINATIONS OF SERIOUS DAMAGE OR
12 ACTUAL THREAT THEREOF.—CITA shall make the
13 determinations of serious damage or actual threat
14 thereof referred to in paragraph (2), using the cri-
15 teria set forth in paragraph 3 of Article 6 of the
16 Agreement on Textiles and Clothing.

17 (b) FOR COUNTRIES THAT ARE NOT WTO MEMBERS
18 AND HAVE TEXTILE AGREEMENTS WITH THE UNITED
19 STATES.—In the case of a country that is not a WTO
20 member but is a party to a textile agreement with the
21 United States, the Trade Representative shall take the
22 necessary steps to negotiate a textile agreement to go into
23 effect when the current agreement expires, that allows im-
24 ports of textile and apparel products of that country, dur-
25 ing each 12-month period that the agreement is in effect,

1 to increase by not more than the percentage of growth
2 in the domestic market in the United States for all textile
3 and apparel products in the preceding 12-month period.

4 (c) FOR COUNTRIES THAT ARE ACCEDING TO THE
5 WTO.—In any case in which the United States negotiates
6 a protocol for accession to the WTO under section 3(a),
7 the Trade Representative shall negotiate for inclusion in
8 that protocol provisions that require that the 10-year pe-
9 riod provided in the Agreement on Textiles and Clothing
10 for phasing out of quotas under that Agreement begin,
11 with respect to that country, on the day on which that
12 country accedes to the WTO.

13 **SEC. 6. CIRCUMVENTION OF TEXTILE AGREEMENTS.**

14 (a) POLICY FOR COUNTRIES THAT ARE NOT WTO
15 MEMBERS.—In the case of any country that is not a WTO
16 member and—

17 (1) is negotiating a protocol with the United
18 States for that country's accession to the World
19 Trade Organization,

20 (2) is a party to a bilateral agreement with the
21 United States that governs imports into the United
22 States of textile and apparel products of that coun-
23 try, or

24 (3) is a country with which the United States
25 is negotiating an agreement under section 5(a),

1 the Trade Representative shall ensure that the protocol
2 under paragraph (1), a subsequent agreement to replace
3 the agreement under paragraph (2) when it expires, or
4 the agreement described in paragraph (3), as the case may
5 be, provides for a reduction in the quantity of textile and
6 apparel goods of that country that may be imported into
7 the United States if CITA determines that the agreement
8 is being circumvented and that no, or inadequate meas-
9 ures, are being applied by that country to take action
10 against such circumvention. Any determination by CITA
11 under the preceding sentence shall be made in accordance
12 with the standards set forth in section 8.

13 (b) DEFINITIONS.—For purposes of this section, a
14 reduction in a country's textile and apparel quotas is a
15 reduction in quantitative limitations otherwise applicable
16 to imports into the United States of that country's textile
17 and apparel products that is equal to—

18 (1) the quantity of the goods involved in the
19 circumvention if the circumvention is the first within
20 the most recent 36-month period;

21 (2) twice the quantity of goods involved in the
22 circumvention if the circumvention is the second in
23 the most recent 36-month period; or

1 (3) three times the quantity of goods involved
2 in the circumvention if the circumvention is the
3 third or more in the most recent 36-month period.

4 (c) POLICY FOR WTO MEMBERS.—In any case in
5 which a WTO member is found by CITA to have cir-
6 cumvented the Agreement on Textiles and Clothing or any
7 other textile agreement, CITA shall pursue the maximum
8 penalty consistent with the WTO.

9 **SEC. 7. CUSTOMS ENFORCEMENT ACTION.**

10 (a) SHARING OF CUSTOMS INFORMATION WITH
11 CITA.—The Customs Service shall, upon initiating an in-
12 vestigation relating to a violation of the laws of the United
13 States governing international trade in textile and apparel
14 goods, inform CITA of the investigation in any case in
15 which the alleged violation, if true, would constitute a cir-
16 cumvention of any textile agreement. In any such case,
17 the Customs Service shall provide to CITA—

18 (1) all information CITA requests that is rel-
19 evant to the alleged violation and required in order
20 for CITA to pursue a charge against the quotas on
21 imports of textile and apparel products of that coun-
22 try as a result of the violation; and

23 (2) notification, at least every 30 days until the
24 investigation is referred to the Department of Jus-

1 tice or the Customs Service closes the investigation,
2 of the progress of the investigation.

3 (b) FACTORS IN PROCEEDING WITH CHARGES
4 AGAINST QUOTAS.—In deciding whether to pursue a
5 charge described in subsection (a) as a result of an alleged
6 violation described in subsection (a), CITA, in addition to
7 any other relevant factors which CITA may consider, shall
8 weigh the impact of proceeding with such charge on poten-
9 tial prosecutions or civil penalties and future enforcement
10 of textile agreements, and shall consider the amount of
11 the alleged violation, the probability of successful criminal
12 prosecution, the degree of compliance by the true country
13 of origin with textile agreements, and the damage the al-
14 leged violation would inflict on the domestic textile and
15 apparel industry.

16 (c) DECISION NOT TO PURSUE A CHARGE.—In any
17 case in which CITA decides under subsection (b) not to
18 pursue a charge, the Customs Service shall, as long as
19 that decision is in effect, report to CITA, in lieu of the
20 reports under subsection (a)(2)—

21 (1) at least once every 6 months from the date
22 on which the Customs Service initiated the case, on
23 the status of the investigation; and

1 (2) within 10 business days after the Customs
2 Service obtains new information or evidence materi-
3 ally relevant to the alleged violation.

4 (d) STANDING NOT PROVIDED.—Nothing in this Act
5 shall be construed to provide standing in any court or ad-
6 ministrative proceeding for legal action against the United
7 States arising from actions taken in carrying out the laws
8 governing trade in textile or apparel goods.

9 (e) REFERRAL OF CASES TO DEPARTMENT OF JUSTICE.—In any case in which—

11 (1) the Customs Service refers an alleged viola-
12 tion described in subsection (a) to the Department
13 of Justice for prosecution, and

14 (2) no indictment has been brought in the case
15 within 6 months after the referral,

16 the Attorney General shall provide to CITA all informa-
17 tion relevant to imposing a charge against the quotas on
18 imports of textile and apparel products of the country con-
19 cerned as a result of the violation. CITA may extend the
20 6-month period referred to in paragraph (2) if requested
21 to do so by the Attorney General.

22 (f) DISCLOSURE OF CERTAIN CONFIDENTIAL INFOR-
23 MATION NOT REQUIRED.—Nothing in this section shall
24 be construed to require the disclosure by the Customs
25 Service or the Department of Justice of confidential infor-

1 mation relevant to possible imposition of criminal or civil
2 penalties when that information is not relevant to the im-
3 position of a charge by CITA against the quotas on im-
4 ports of textile and apparel products of a country.

5 (g) INITIATION OF INVESTIGATIONS.—

6 (1) BASIS FOR INITIATION.—Subject to para-
7 graph (2), whenever the Customs Service receives
8 credible evidence that circumvention of a textile
9 agreement has occurred, the Customs Service shall
10 initiate an investigation, to which a customs officer
11 shall be assigned, to determine if such circumvention
12 has occurred, unless such evidence is directly related
13 to an open investigation commenced prior to the re-
14 ceipt of such evidence.

15 (2) WAIVER.—The head of the Division of Tex-
16 tile Enforcement established under section 10 may
17 determine not to initiate an investigation under
18 paragraph (1) if he or she transmits to CITA a re-
19 port setting forth the reasons for that determination.

20 **SEC. 8. STANDARDS OF PROOF.**

21 (a) IN GENERAL.—CITA may determine that a coun-
22 try has circumvented a textile agreement if CITA deter-
23 mines, after consultations with the country concerned,
24 that there is a substantial likelihood that the circumven-
25 tion occurred.

1 (b) FAILURE OF COUNTRY TO COOPERATE.—

2 (1) RELIANCE ON BEST AVAILABLE INFORMA-
3 TION.—If a country fails to cooperate with CITA in
4 an investigation to determine if a textile agreement
5 has been circumvented, CITA shall base its deter-
6 mination on the best available information.

7 (2) ACTS CONSTITUTING FAILURE TO COOPER-
8 ATE.—Acts indicating failure of a country to cooper-
9 ate under paragraph (1) include, but are not limited
10 to—

11 (A) denying entry of officials of the Cus-
12 toms Service to investigate violations of, or pro-
13 mote compliance with, any textile agreement;

14 (B) providing appropriate United States
15 officials with inaccurate or incomplete informa-
16 tion, including information demonstrating com-
17 pliance with United States rules of origin for
18 textile and apparel products; and

19 (C) denying appropriate United States offi-
20 cials access to information or documentation re-
21 lating to production capacity of, and outward
22 processing done by, manufacturers within the
23 country.

1 **SEC. 9. PENALTIES FOR VIOLATIONS OF CUSTOMS LAWS IN-**
2 **VOLVING TEXTILE AND APPAREL GOODS.**

3 (a) PENALTIES.—Section 592 of the Tariff Act of
4 1930 (19 U.S.C. 1592) is amended by adding at the end
5 the following:

6 “(g) PENALTIES INVOLVING TEXTILE AND APPAREL
7 GOODS.—

8 “(1) FRAUD.—Notwithstanding subsection (c),
9 the civil penalty for a fraudulent violation of sub-
10 section (a) involving textile and apparel goods—

11 “(A) shall, subject to subparagraph (B), be
12 double the amount that would otherwise apply
13 under subsection (c)(1); and

14 “(B) shall be an amount not to exceed 300
15 percent of the declared value in the United
16 States of the merchandise if the violation has
17 the effect of circumventing any quota on textile
18 and apparel goods.

19 “(2) GROSS NEGLIGENCE.—Notwithstanding
20 subsection (c), the civil penalty for a grossly neg-
21 ligent violation of subsection (a) involving textile and
22 apparel goods—

23 “(A) shall, subject to subparagraphs (B)
24 and (C), be double the amount that would oth-
25 erwise apply under subsection (c)(2);

1 “(B) shall, if the violation has the effect of
2 circumventing any quota of the United States
3 on textile and apparel goods, and subject to
4 subparagraph (C), be 200 percent of the de-
5 clared value of the merchandise; and

6 “(C) shall, if the violation is a third or
7 subsequent offense occurring within 3 years
8 after another violation under this paragraph, be
9 the penalty for a fraudulent violation under
10 paragraph (1).

11 “(3) NEGLIGENCE.—Notwithstanding sub-
12 section (c), the civil penalty for a negligent violation
13 of subsection (a) involving textile and apparel
14 goods—

15 “(A) shall, subject to subparagraphs (B)
16 and (C), be double the amount that would oth-
17 erwise apply under subsection (a)(3);

18 “(B) shall, if the violation has the effect of
19 circumventing any quota of the United States
20 on textile and apparel goods, and subject to
21 subparagraph (C), be 100 percent of the de-
22 clared value of the merchandise; and

23 “(C) shall, if the violation is a third or
24 subsequent offense occurring within 3 years
25 after another violation under this paragraph, be

1 the penalty for a grossly negligent violation
2 under paragraph (2).

3 “(4) MITIGATION.—In the case of a violation of
4 subsection (a) involving textile and apparel goods—

5 “(A) paragraph (4) of subsection (c) shall
6 apply only if the disclosure under such sub-
7 section is made within 180 days after the entry
8 of the goods, and the reference to subsection (c)
9 in that paragraph shall be deemed to refer to
10 paragraph (1), (2), or (3) of this subsection, as
11 the case may be;

12 “(B) in the case of disclosure made after
13 the end of that 180-day period, the penalty that
14 would apply under paragraph (1), (2), or (3)
15 may be reduced, but to not less than 50 percent
16 of the penalty that would otherwise apply under
17 paragraph (1), (2), or (3); and

18 “(C) no reduction in penalties may be
19 made in the case of a disclosure of a violation
20 by a person found guilty of 3 prior violations
21 under paragraph (3) or 2 prior violations under
22 paragraph (1) or (2), or both.”.

23 (b) SEIZURE AND FORFEITURE.—Section 596(c)(2)
24 of the Tariff Act of 1930 (19 U.S.C. 15951(c)(2)) is
25 amended—

1 (1) in subparagraph (E) by striking “or” after
2 the semicolon;

3 (2) in subparagraph (F) by striking the period
4 and inserting “; or”; and

5 (3) by inserting after subparagraph (F) the fol-
6 lowing:

7 “(G) consists of textile or apparel goods in-
8 troduced into the United States for entry, tran-
9 sit, or exportation and

10 “(i) the merchandise or its container
11 bears false or fraudulent markings with re-
12 spect to the country of origin; or

13 “(ii) the merchandise or its container
14 is introduced or attempted to be intro-
15 duced into the United States by means of,
16 or such introduction or attempt is aided or
17 facilitated by means of, a material false
18 statement, act, or omission.”.

19 (c) CERTIFICATES OF ORIGIN.—All importations of
20 textile and apparel goods shall be accompanied, in addition
21 to any other documentation required by law, by—

22 (1)(A) the name and address of the manufac-
23 turer or producer of the goods, and any other infor-
24 mation with respect to the manufacturer or producer
25 that the Customs Service may require; and

1 (B) if there is more than one manufacturer or
2 producer, or there is a contractor or subcontractor
3 of the manufacturer or producer with respect to the
4 manufacture or production of the goods, the infor-
5 mation required under subparagraph (A) with re-
6 spect to each such manufacturer, producer, contrac-
7 tor, or subcontractor, including a description of the
8 process performed by each such entity; and

9 (2) a certification by the importer that the im-
10 porter has used reasonable care to ascertain the true
11 country of origin of the textile and apparel goods
12 and the accuracy of all other information provided
13 on the documentation accompanying the imported
14 goods, as well as a certification of the specific action
15 taken by the importer to demonstrate reasonable
16 care for purposes of this paragraph.

17 Information provided under this subsection shall be suffi-
18 cient to demonstrate compliance with the United States
19 rules of origin for textile and apparel goods.

20 **SEC. 10. DIVISION ON TEXTILE ENFORCEMENT.**

21 (a) ESTABLISHMENT.—The Commissioner of Cus-
22 toms shall, not later than 6 months after the date of the
23 enactment of this Act, establish in the Customs Service
24 a Division on Textile Enforcement (hereafter in this sec-
25 tion referred to as the “DTE”), using existing resources

1 available to the Customs Service. The head of the DTE
2 shall be an officer of the Customs Service in a position
3 at the level of an Assistant Commissioner of Customs.

4 (b) FUNCTIONS.—The DTE shall be responsible for
5 enforcing all laws of the United States, and all bilateral
6 and multilateral treaties and agreements, governing the
7 importation of textile and apparel goods, that the Customs
8 Service is responsible for enforcing.

9 (c) PERSONNEL.—The Commissioner of Customs
10 shall assign personnel to the DTE who have expertise in
11 textile and apparel goods, including, but not limited to,
12 import specialists, investigators, attorneys, accountants,
13 laboratory technicians, and members of the textile produc-
14 tion verification teams.

15 (d) SUBDIVISIONS.—The DTE shall establish a sepa-
16 rate subdivision for each geographic region which is a
17 major source of textile and apparel goods imported into
18 the United States, including a subdivision for each of the
19 following:

- 20 (1) The Far East.
- 21 (2) South Asia.
- 22 (3) South America.
- 23 (4) Central America and the Caribbean.
- 24 (5) The Middle East and Africa.

25 (e) ASSIGNMENTS ABROAD.—

1 (1) TO CERTAIN COUNTRIES.—If permitted by
2 the host country, at least 1 customs officer shall be
3 assigned in each country, other than Canada or
4 Mexico, whose annual exports to the United States
5 of textile and apparel goods equal or exceed
6 500,000,000 square meter equivalents. Each such
7 customs officer shall be responsible only for matters
8 relating to exports to the United States of textile
9 and apparel goods.

10 (2) RESPONSIBILITY OF SECRETARY OF
11 STATE.—The Secretary of State shall take the nec-
12 essary steps to facilitate the assignment abroad of
13 customs officers under paragraph (1), by seeking to
14 obtain the approval of the foreign governments con-
15 cerned for such assignments.

16 (f) REPORTS.—

17 (1) REPORTS BY CUSTOMS OFFICERS.—Each
18 customs officer assigned under subsection (e)(1)
19 shall prepare and submit to the Commissioner of
20 Customs, at least monthly, reports summarizing his
21 or her activities, assessing the compliance with appli-
22 cable textile agreements by the country concerned,
23 and assessing the intellectual property protection
24 provided to textile and apparel goods in that coun-
25 try.

1 (2) REPORTS BY DTE.—The DTE shall prepare
2 and submit to the Commissioner an annual report—

3 (A) evaluating the extent of circumvention
4 of textile agreements with the United States,
5 the extent of compliance with the rules of origin
6 of the United States relating to textile and ap-
7 parel goods, the extent to which countries act in
8 compliance with Article XX of the GATT 1994
9 (as defined in section 2 of the Uruguay Round
10 Agreements Act (19 U.S.C. 3501)) with respect
11 to textile and apparel goods, and the adequacy
12 of intellectual property protection provided to
13 textile and apparel goods; and

14 (B) recommending new methods, if nec-
15 essary, to address the matters evaluated under
16 subparagraph (A).

17 (3) AVAILABILITY OF REPORTS.—Each report
18 submitted under this subsection shall be made avail-
19 able to appropriate agencies of the executive branch,
20 including the Office of Textiles, Apparel, and
21 Consumer Goods of the Department of Commerce.

22 **SEC. 11. WITHDRAWAL OF UNILATERAL TRADE CONCES-**
23 **SIONS.**

24 (a) WITHDRAWAL OF CONCESSIONS.—In any case in
25 which—

1 (1) CITA determines that a country—

2 (A) has demonstrated a consistent pattern
3 of circumventing textile agreements with the
4 United States,

5 (B) refuses to cooperate with investigations
6 by the United States of any such alleged cir-
7 cumvention,

8 (C) fails to provide adequate enforcement
9 of intellectual property rights with respect to
10 textile and apparel goods, or

11 (D) fails to provide fair and equitable mar-
12 ket access for textile and apparel products of
13 the United States, and

14 (2) the United States extends to the products
15 of that country preferential tariff or quota treatment
16 other than pursuant to a bilateral or multilateral
17 agreement,

18 then such preferential treatment shall be withdrawn from
19 the textile and apparel goods that are products of that
20 country for such period as shall be determined by the
21 Trade Representative, in consultation with CITA.

22 (b) NATIONAL INTEREST WAIVER.—The President
23 may waive the application of subsection (a) with respect
24 to a country if the President determines that the waiver
25 will allow the United States to secure effective commit-

1 ments from that country to prevent future circumvention
2 of textile agreements with the United States, or is other-
3 wise in the national interest. The President shall publish
4 any such waiver, and the reasons for the waiver, in the
5 Federal Register.

6 **SEC. 12. DEFINITIONS.**

7 As used in this Act:

8 (1) AGREEMENT ON TEXTILES AND CLOTH-
9 ING.—The term “Agreement on Textiles and Cloth-
10 ing” means the Agreement on Textiles and Clothing
11 referred to in section 101(d)(4) of the Uruguay
12 Round Agreements Act (19 U.S.C. 3511(d)(4)).

13 (2) CIRCUMVENT AND CIRCUMVENTION.—The
14 terms “circumvent” and “circumvention” refer to a
15 situation in which a country—

16 (A) takes no, or inadequate measures to
17 prevent illegal transshipment of goods that is
18 carried out by rerouting, false declaration con-
19 cerning country or place of origin, falsification
20 of official documents, evasion of United States
21 rules of origin for textile and apparel goods, or
22 any other means; or

23 (B) takes no or inadequate measures to
24 prevent being used as a transit point for the

1 shipment of goods in violation of an applicable
2 textile agreement.

3 (3) CITA.—The term “CITA” means the Com-
4 mittee for the Implementation of Textile Agreements
5 established under Executive Order 11651 of March
6 3, 1972 (7 U.S.C. 1854 note), or any successor en-
7 tity or officer performing functions of that commit-
8 tee after the enactment of this Act.

9 (4) COUNTRY.—The term “country” includes a
10 separate customs territory, within the meaning of
11 Article XII of the WTO Agreement or other applica-
12 ble international agreement.

13 (5) CUSTOMS SERVICE.—The term “Customs
14 Service” means the United States Customs Service.

15 (6) MULTIFIBER ARRANGEMENT.—The term
16 “Multifiber Arrangement” means the Arrangement
17 Regarding International Trade in Textiles referred
18 to in Article 1(3) of the Agreement on Textiles and
19 Clothing.

20 (7) TEXTILE AGREEMENT; TEXTILE AGREE-
21 MENT WITH THE UNITED STATES.—The terms “tex-
22 tile agreement” and “textile agreement with the
23 United States” mean an agreement relating to tex-
24 tile and apparel goods that is negotiated under sec-
25 tion 204 of the Agricultural Act of 1956 (7 U.S.C.

1 1854), including the Agreement on Textiles and
2 Clothing.

3 (8) TRADE REPRESENTATIVE.—The term
4 “Trade Representative” means the United States
5 Trade Representative.

6 (9) WORLD TRADE ORGANIZATION AND WTO.—
7 The terms “World Trade Organization” and
8 “WTO” mean the organization established pursuant
9 to the WTO Agreement.

10 (10) WTO AGREEMENT.—The term “WTO
11 Agreement” means the Agreement Establishing the
12 World Trade Organization entered into on April 15,
13 1994.

14 (11) WTO MEMBER.—The term “WTO mem-
15 ber” means a state, or separate customs territory
16 (within the meaning of Article XII of the WTO
17 Agreement).

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