

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4179

To amend the Harmonized Tariff Schedule of the United States with respect to the production incentive certificate program for watch and jewelry producers in possessions of the United States, including the Virgin Islands, Guam, and American Samoa.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 11, 2002

Mrs. CHRISTENSEN (for herself, Mrs. JOHNSON of Connecticut, and Mr. McNULTY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Harmonized Tariff Schedule of the United States with respect to the production incentive certificate program for watch and jewelry producers in possessions of the United States, including the Virgin Islands, Guam, and American Samoa.

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

3 **SECTION 1. AMENDMENTS TO UNITED STATES INSULAR**  
4 **POSSESSION PROGRAM.**

5 (a) PRODUCTION CERTIFICATES.—Additional U.S.  
6 Note 5(h) to chapter 91 of the Harmonized Tariff Sched-  
7 ule of the United States is amended—

1           (1) by amending subparagraphs (i) and (ii) to  
2       read as follows:

3       “(i) In the case of each of calendar years 2002 through  
4       2015, the Secretaries jointly, shall—

5       “(A) verify—

6           “(1) the wages paid in the preceding calendar  
7           year by each producer (including the value  
8           of usual and customary fringe benefits)—

9           “(I) to permanent residents of the insular  
10          possessions; and

11          “(II) to workers providing training in the  
12          insular possessions in the production  
13          or manufacture of watch movements  
14          and watches or engaging in such other  
15          activities in the insular possessions re-  
16          lating to such production or manufac-  
17          ture as are approved by the Secre-  
18          taries; and

19          “(2) the total quantity and value of watches  
20          produced in the insular possessions by that  
21          producer and imported into the customs  
22          territory of the United States; and

23       “(B) issue to each producer (not later than 60 days  
24       after the end of the preceding calendar year) a  
25       certificate for the applicable amount.

1 “(ii) For purposes of subparagraph (i), except as provided  
2 in subparagraphs (iii) and (iv), the term ‘applicable  
3 amount’ means an amount equal to the sum of—  
4 “(A) 90 percent of the producer’s creditable wages  
5 (including the value of any usual and customary  
6 fringe benefits) on the assembly during the pre-  
7 ceding calendar year of the first 300,000 units;  
8 plus  
9 “(B) the applicable graduated declining percentage  
10 (determined each year by the Secretaries) of the  
11 producer’s creditable wages (including the value  
12 of any usual and customary fringe benefits) on  
13 the assembly during the preceding calendar  
14 year of units in excess of 300,000 but not in ex-  
15 cess of 750,000; plus  
16 “(C) the difference between the duties that would  
17 have been due on the producer’s watches (ex-  
18 cluding digital watches) imported into the cus-  
19 toms territory of the United States during the  
20 preceding calendar year if the watches had been  
21 subject to duty at the rates set forth in column  
22 1 under this chapter that were in effect on Jan-  
23 uary 1, 2001, and the duties that would have  
24 been due on the watches if the watches had  
25 been subject to duty at the rates set forth in

1 column 1 under this chapter that were in effect  
2 for such preceding calendar year.”; and

3 (2) by amending subparagraph (v) to read as  
4 follows:

5 “(v)(A) Any certificate issued under subparagraph (i)  
6 shall entitle the certificate holder to secure a refund  
7 of duties equal to the face value of the certificate on  
8 watches, watch movements, and articles of jewelry  
9 provided for in heading 7113 that are imported into  
10 the customs territory of the United States by the cer-  
11 tificate holder. Such refunds shall be made under reg-  
12 ulations issued by the Treasury Department. Not  
13 more than 5 percent of such refunds may be retained  
14 as a reimbursement to the Customs Service for the  
15 administrative costs of making the refunds. If the  
16 Secretary of the Treasury determines that there is  
17 an insufficient level of duties from watch and watch-  
18 related tariffs, the Secretary may authorize refunds  
19 of duties collected on jewelry under chapter 71 or any  
20 other duties that the Secretary determines are appro-  
21 priate.

22 “(B) At the election of the certificate holder and upon  
23 making the certification described in this clause, the  
24 Secretary of the Treasury shall pay directly to the

1 certificate holder the face value of the certificate, less  
2 the value of—

3 “(1) any duty refund previously claimed by the hold-  
4 er under the certificate, and

5 “(2) a discount of not more than 2 percent of the  
6 face value of the certificate,

7 as determined by the Secretary of the Treasury.

8 “(C) Direct payments under clause (B) shall be made  
9 under regulations issued by the Secretary of the  
10 Treasury. Such regulations shall assure that a certifi-  
11 cate holder is required to provide only the minimum  
12 documentation necessary to support an application  
13 for direct payment. A certificate holder shall not be  
14 eligible for direct payment under clause (B) unless  
15 the certificate holder certifies to the Secretaries that  
16 the funds received will be reinvested or utilized to  
17 support and continue employment in the Virgin Is-  
18 lands.

19 “(D) The Secretary of the Treasury is authorized to make  
20 the payments provided for in clause (B) from duties  
21 collected on watches, watch movements, and parts  
22 therefor. If such duties are insufficient, the Secretary  
23 of the Treasury is authorized to make the payments  
24 from duties collected on jewelry under chapter 71 or

1 any other duties that the Secretary determines are  
2 appropriate.”.

3 (b) JEWELRY.—Additional U.S. Note 3 to chapter 71  
4 of the Harmonized Tariff Schedule of the United States  
5 is amended—

6 (1) by redesignating paragraphs (b), (c), (d),  
7 and (e) as paragraphs (c), (d), (e), and (f), respec-  
8 tively;

9 (2) by inserting after paragraph (a) the fol-  
10 lowing new paragraph:

11 “(b) The 750,000 unit limitation in additional U.S. Note  
12 5(h)(ii)(B) to chapter 91 shall not apply to articles  
13 of jewelry subject to this note.”; and

14 (3) by striking paragraph (f), as so redesign-  
15 nated, and inserting the following:

16 “(f) Notwithstanding any other provision of law, any arti-  
17 cle of jewelry provided for in heading 7113 that is  
18 assembled in the Virgin Islands, Guam, or American  
19 Samoa by a jewelry manufacturer or jewelry assem-  
20 bler that commenced jewelry manufacturing or jew-  
21 elry assembly operations in the Virgin Islands, Guam,  
22 or American Samoa after August 9, 2001, shall be  
23 treated as a product of the Virgin Islands, Guam, or  
24 American Samoa for purposes of this note and Gen-  
25 eral Note 3(a)(iv) of this Schedule if such article is

1 entered no later than 18 months after such jewelry  
2 manufacturer or jewelry assembler commenced jew-  
3 elry manufacturing or jewelry assembly operations in  
4 the Virgin Islands, Guam, or American Samoa.”.

5 **SEC. 2. EFFECTIVE DATE.**

6 The amendments made by this Act shall apply with  
7 respect to goods imported into the customs territory of  
8 the United States on or after January 1, 2002.

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