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**S. 2027**

**[Report No. 109–199]**

To implement the United States-Bahrain Free Trade Agreement.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 2005

Mr. GRASSLEY (for himself and Mr. BAUCUS) (by request) introduced the following bill; which was read twice and referred to the Committee on Finance

DECEMBER 8, 2005

Reported under authority of the order of the Senate of November 18, 2005,  
by Mr. GRASSLEY, without amendment

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## **A BILL**

To implement the United States-Bahrain Free Trade  
Agreement.

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. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “United States-Bahrain Free Trade Agreement Imple-  
6       mentation Act”.

- 1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

- Sec. 1. Short title; table of contents  
 Sec. 2. Purposes  
 Sec. 3. Definitions

#### TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE AGREEMENT

- Sec. 101. Approval and entry into force of the Agreement  
 Sec. 102. Relationship of the agreement to United States and State law  
 Sec. 103. Implementing actions in anticipation of entry into force and initial  
regulations  
 Sec. 104. Consultation and layover provisions for, and effective date of, pro-  
claimed actions  
 Sec. 105. Administration of dispute settlement proceedings  
 Sec. 106. Effective dates; effect of termination

#### TITLE II—CUSTOMS PROVISIONS

- Sec. 201. Tariff modifications  
 Sec. 202. Rules of origin  
 Sec. 203. Customs user fees  
 Sec. 204. Enforcement relating to trade in textile and apparel goods  
 Sec. 205. Regulations

#### TITLE III—RELIEF FROM IMPORTS

- Sec. 301. Definitions

##### Subtitle A—Relief From Imports Benefiting From the Agreement

- Sec. 311. Commencing of action for relief  
 Sec. 312. Commission action on petition  
 Sec. 313. Provision of relief  
 Sec. 314. Termination of relief authority  
 Sec. 315. Compensation authority  
 Sec. 316. Confidential business information

##### Subtitle B—Textile and Apparel Safeguard Measures

- Sec. 321. Commencement of action for relief  
 Sec. 322. Determination and provision of relief  
 Sec. 323. Period of relief  
 Sec. 324. Articles exempt from relief  
 Sec. 325. Rate after termination of import relief  
 Sec. 326. Termination of relief authority  
 Sec. 327. Compensation authority  
 Sec. 328. Confidential business information

#### TITLE IV—PROCUREMENT

- Sec. 401. Eligible products

1 **SEC. 2. PURPOSES.**

2 The purposes of this Act are—

3 (1) to approve and implement the Free Trade  
4 Agreement between the United States and Bahrain  
5 entered into under the authority of section 2103(b)  
6 of the Bipartisan Trade Promotion Authority Act of  
7 2002 (19 U.S.C. 3803(b));

8 (2) to strengthen and develop economic rela-  
9 tions between the United States and Bahrain for  
10 their mutual benefit;

11 (3) to establish free trade between the 2 nations  
12 through the reduction and elimination of barriers to  
13 trade in goods and services; and

14 (4) to lay the foundation for further coopera-  
15 tion to expand and enhance the benefits of such  
16 Agreement.

17 **SEC. 3. DEFINITIONS.**

18 In this Act:

19 (1) **AGREEMENT.**—The term “Agreement”  
20 means the United States-Bahrain Free Trade Agree-  
21 ment approved by Congress under section 101(a)(1).

22 (2) **HTS.**—The term “HTS” means the Har-  
23 monized Tariff Schedule of the United States.

24 (3) **TEXTILE OR APPAREL GOOD.**—The term  
25 “textile or apparel good” means a good listed in the  
26 Annex to the Agreement on Textiles and Clothing

1 referred to in section 101(d)(4) of the Uruguay  
2 Round Agreements Act (19 U.S.C. 3511(d)(4)).

3 **TITLE I—APPROVAL OF, AND**  
4 **GENERAL PROVISIONS RE-**  
5 **LATING TO, THE AGREEMENT**

6 **SEC. 101. APPROVAL AND ENTRY INTO FORCE OF THE**  
7 **AGREEMENT.**

8 (a) APPROVAL OF AGREEMENT AND STATEMENT OF  
9 ADMINISTRATIVE ACTION.—Pursuant to section 2105 of  
10 the Bipartisan Trade Promotion Authority Act of 2002  
11 (19 U.S.C. 3805) and section 151 of the Trade Act of  
12 1974 (19 U.S.C. 2191), Congress approves—

13 (1) the United States-Bahrain Free Trade  
14 Agreement entered into on September 14, 2004,  
15 with Bahrain and submitted to Congress on Novem-  
16 ber 16, 2005; and

17 (2) the statement of administrative action pro-  
18 posed to implement the Agreement that was sub-  
19 mitted to Congress on November 16, 2005.

20 (b) CONDITIONS FOR ENTRY INTO FORCE OF THE  
21 AGREEMENT.—At such time as the President determines  
22 that Bahrain has taken measures necessary to bring it  
23 into compliance with those provisions of the Agreement  
24 that are to take effect on the date on which the Agreement  
25 enters into force, the President is authorized to exchange

1 notes with the Government of Bahrain providing for the  
2 entry into force, on or after January 1, 2006, of the  
3 Agreement with respect to the United States.

4 **SEC. 102. RELATIONSHIP OF THE AGREEMENT TO UNITED**  
5 **STATES AND STATE LAW.**

6 (a) RELATIONSHIP OF AGREEMENT TO UNITED  
7 STATES LAW.—

8 (1) UNITED STATES LAW TO PREVAIL IN CON-  
9 FFLICT.—No provision of the Agreement, nor the ap-  
10 plication of any such provision to any person or cir-  
11 cumstance, which is inconsistent with any law of the  
12 United States shall have effect.

13 (2) CONSTRUCTION.—Nothing in this Act shall  
14 be construed—

15 (A) to amend or modify any law of the  
16 United States; or

17 (B) to limit any authority conferred under  
18 any law of the United States,

19 unless specifically provided for in this Act.

20 (b) RELATIONSHIP OF AGREEMENT TO STATE  
21 LAW.—

22 (1) LEGAL CHALLENGE.—No State law, or the  
23 application thereof, may be declared invalid as to  
24 any person or circumstance on the ground that the  
25 provision or application is inconsistent with the

1 Agreement, except in an action brought by the  
 2 United States for the purpose of declaring such law  
 3 or application invalid.

4 (2) DEFINITION OF STATE LAW.—For purposes  
 5 of this subsection, the term “State law” includes—

6 (A) any law of a political subdivision of a  
 7 State; and

8 (B) any State law regulating or taxing the  
 9 business of insurance.

10 (c) EFFECT OF AGREEMENT WITH RESPECT TO PRI-  
 11 VATE REMEDIES.—No person other than the United  
 12 States—

13 (1) shall have any cause of action or defense  
 14 under the Agreement or by virtue of congressional  
 15 approval thereof; or

16 (2) may challenge, in any action brought under  
 17 any provision of law, any action or inaction by any  
 18 department, agency, or other instrumentality of the  
 19 United States, any State, or any political subdivision  
 20 of a State, on the ground that such action or inac-  
 21 tion is inconsistent with the Agreement.

22 **SEC. 103. IMPLEMENTING ACTIONS IN ANTICIPATION OF**  
 23 **ENTRY INTO FORCE AND INITIAL REGULA-**  
 24 **TIONS.**

25 (a) IMPLEMENTING ACTIONS.—

1           (1) PROCLAMATION AUTHORITY.—After the  
2           date of the enactment of this Act—

3                   (A) the President may proclaim such ac-  
4                   tions, and

5                   (B) other appropriate officers of the  
6                   United States Government may issue such reg-  
7                   ulations,

8           as may be necessary to ensure that any provision of  
9           this Act, or amendment made by this Act, that takes  
10          effect on the date on which the Agreement enters  
11          into force is appropriately implemented on such  
12          date, but no such proclamation or regulation may  
13          have an effective date earlier than the date on which  
14          the Agreement enters into force.

15          (2) EFFECTIVE DATE OF CERTAIN PROCLAIMED  
16          ACTIONS.—Any action proclaimed by the President  
17          under the authority of this Act that is not subject  
18          to the consultation and layover provisions under sec-  
19          tion 104 may not take effect before the 15th day  
20          after the date on which the text of the proclamation  
21          is published in the Federal Register.

22          (3) WAIVER OF 15-DAY RESTRICTION.—The 15-  
23          day restriction in paragraph (2) on the taking effect  
24          of proclaimed actions is waived to the extent that  
25          the application of such restriction would prevent the

1 taking effect on the date on which the Agreement  
 2 enters into force of any action proclaimed under this  
 3 section.

4 (b) INITIAL REGULATIONS.—Initial regulations nec-  
 5 essary or appropriate to carry out the actions required by  
 6 or authorized under this Act or proposed in the statement  
 7 of administrative action submitted under section  
 8 101(a)(2) to implement the Agreement shall, to the max-  
 9 imum extent feasible, be issued within 1 year after the  
 10 date on which the Agreement enters into force. In the case  
 11 of any implementing action that takes effect on a date  
 12 after the date on which the Agreement enters into force,  
 13 initial regulations to carry out that action shall, to the  
 14 maximum extent feasible, be issued within 1 year after  
 15 such effective date.

16 **SEC. 104. CONSULTATION AND LAYOVER PROVISIONS FOR,**  
 17 **AND EFFECTIVE DATE OF, PROCLAIMED AC-**  
 18 **TIONS.**

19 If a provision of this Act provides that the implemen-  
 20 tation of an action by the President by proclamation is  
 21 subject to the consultation and layover requirements of  
 22 this section, such action may be proclaimed only if—

23 (1) the President has obtained advice regarding  
 24 the proposed action from—



1 (A) the appropriate advisory committees  
2 established under section 135 of the Trade Act  
3 of 1974 (19 U.S.C. 2155); and

4 (B) the United States International Trade  
5 Commission;

6 (2) the President has submitted to the Com-  
7 mittee on Finance of the Senate and the Committee  
8 on Ways and Means of the House of Representatives  
9 a report that sets forth—

10 (A) the action proposed to be proclaimed  
11 and the reasons therefor; and

12 (B) the advice obtained under paragraph  
13 (1);

14 (3) a period of 60 calendar days, beginning on  
15 the first day on which the requirements set forth in  
16 paragraphs (1) and (2) have been met has expired;  
17 and

18 (4) the President has consulted with the Com-  
19 mittees referred to in paragraph (2) regarding the  
20 proposed action during the period referred to in  
21 paragraph (3).

22 **SEC. 105. ADMINISTRATION OF DISPUTE SETTLEMENT PRO-**  
23 **CEEDINGS.**

24 (a) ESTABLISHMENT OR DESIGNATION OF OFFICE.—

25 The President is authorized to establish or designate with-

1 in the Department of Commerce an office that shall be  
2 responsible for providing administrative assistance to pan-  
3 els established under chapter 19 of the Agreement. The  
4 office may not be considered to be an agency for purposes  
5 of section 552 of title 5, United States Code.

6 (b) AUTHORIZATION OF APPROPRIATIONS.—There  
7 are authorized to be appropriated for each fiscal year after  
8 fiscal year 2005 to the Department of Commerce such  
9 sums as may be necessary for the establishment and oper-  
10 ations of the office established or designated under sub-  
11 section (a) and for the payment of the United States share  
12 of the expenses of panels established under chapter 19 of  
13 the Agreement.

14 **SEC. 106. EFFECTIVE DATES; EFFECT OF TERMINATION.**

15 (a) EFFECTIVE DATES.—Except as provided in sub-  
16 section (b), the provisions of this Act and the amendments  
17 made by this Act take effect on the date on which the  
18 Agreement enters into force.

19 (b) EXCEPTIONS.—Sections 1 through 3 and this  
20 title take effect on the date of the enactment of this Act.

21 (c) TERMINATION OF THE AGREEMENT.—On the  
22 date on which the Agreement terminates, the provisions  
23 of this Act (other than this subsection) and the amend-  
24 ments made by this Act shall cease to be effective.

1 **TITLE II—CUSTOMS PROVISIONS**

2 **SEC. 201. TARIFF MODIFICATIONS.**

3 (a) TARIFF MODIFICATIONS PROVIDED FOR IN THE  
4 AGREEMENT.—

5 (1) PROCLAMATION AUTHORITY.—The Presi-  
6 dent may proclaim—

7 (A) such modifications or continuation of  
8 any duty,

9 (B) such continuation of duty-free or ex-  
10 cise treatment, or

11 (C) such additional duties,

12 as the President determines to be necessary or ap-  
13 propriate to carry out or apply articles 2.3, 2.5, 2.6,  
14 3.2.8, and 3.2.9, and Annex 2–B of the Agreement.

15 (2) EFFECT ON BAHRAINI GSP STATUS.—Not-  
16 withstanding section 502(a)(1) of the Trade Act of  
17 1974 (19 U.S.C. 2462(a)(1)), the President shall, on  
18 the date on which the Agreement enters into force,  
19 terminate the designation of Bahrain as a bene-  
20 ficiary developing country for purposes of title V of  
21 the Trade Act of 1974 (19 U.S.C. 2461 et seq.).

22 (b) OTHER TARIFF MODIFICATIONS.—Subject to the  
23 consultation and layover provisions of section 104, the  
24 President may proclaim—

1           (1) such modifications or continuation of any  
2       duty,

3           (2) such modifications as the United States  
4       may agree to with Bahrain regarding the staging of  
5       any duty treatment set forth in Annex 2–B of the  
6       Agreement,

7           (3) such continuation of duty-free or excise  
8       treatment, or

9           (4) such additional duties,

10   as the President determines to be necessary or appropriate  
11   to maintain the general level of reciprocal and mutually  
12   advantageous concessions with respect to Bahrain pro-  
13   vided for by the Agreement.

14       (c) CONVERSION TO AD VALOREM RATES.—For pur-  
15   poses of subsections (a) and (b), with respect to any good  
16   for which the base rate in the Tariff Schedule of the  
17   United States to Annex 2–B of the Agreement is a specific  
18   or compound rate of duty, the President may substitute  
19   for the base rate an ad valorem rate that the President  
20   determines to be equivalent to the base rate.

21   **SEC. 202. RULES OF ORIGIN.**

22       (a) APPLICATION AND INTERPRETATION.—In this  
23   section:

24           (1) TARIFF CLASSIFICATION.—The basis for  
25       any tariff classification is the HTS.

1           (2) REFERENCE TO HTS.—Whenever in this  
 2           section there is a reference to a heading or sub-  
 3           heading, such reference shall be a reference to a  
 4           heading or subheading of the HTS.

5           (b) ORIGINATING GOODS.—

6           (1) IN GENERAL.—For purposes of this Act  
 7           and for purposes of implementing the preferential  
 8           tariff treatment provided for under the Agreement,  
 9           a good is an originating good if—

10                   (A) the good is imported directly—

11                           (i) from the territory of Bahrain into  
 12                           the territory of the United States; or

13                           (ii) from the territory of the United  
 14                           States into the territory of Bahrain; and

15                   (B)(i) the good is a good wholly the  
 16                   growth, product, or manufacture of Bahrain or  
 17                   the United States, or both;

18                           (ii) the good (other than a good to which  
 19                   clause (iii) applies) is a new or different article  
 20                   of commerce that has been grown, produced, or  
 21                   manufactured in Bahrain or the United States,  
 22                   or both, and meets the requirements of para-  
 23                   graph (2); or

24                           (iii)(I) the good is a good covered by  
 25                   Annex 3–A or 4–A of the Agreement;

1 (II)(aa) each of the nonoriginating mate-  
 2 rials used in the production of the good under-  
 3 goes an applicable change in tariff classification  
 4 specified in such Annex as a result of produc-  
 5 tion occurring entirely in the territory of Bah-  
 6 rain or the United States, or both; or

7 (bb) the good otherwise satisfies the re-  
 8 quirements specified in such Annex; and

9 (III) the good satisfies all other applicable  
 10 requirements of this section.

11 (2) REQUIREMENTS.—A good described in  
 12 paragraph (1)(B)(ii) is an originating good only if  
 13 the sum of—

14 (A) the value of each material produced in  
 15 the territory of Bahrain or the United States,  
 16 or both, and

17 (B) the direct costs of processing oper-  
 18 ations performed in the territory of Bahrain or  
 19 the United States, or both,

20 is not less than 35 percent of the appraised value of  
 21 the good at the time the good is entered into the ter-  
 22 ritory of the United States.

23 (c) CUMULATION.—

24 (1) ORIGINATING GOOD OR MATERIAL INCOR-  
 25 PORATED INTO GOODS OF OTHER COUNTRY.—An

1       originating good, or a material produced in the terri-  
 2       tory of Bahrain or the United States, or both, that  
 3       is incorporated into a good in the territory of the  
 4       other country shall be considered to originate in the  
 5       territory of the other country.

6               (2) MULTIPLE PRODUCERS.—A good that is  
 7       grown, produced, or manufactured in the territory of  
 8       Bahrain or the United States, or both, by 1 or more  
 9       producers, is an originating good if the good satis-  
 10      fies the requirements of subsection (b) and all other  
 11      applicable requirements of this section.

12      (d) VALUE OF MATERIALS.—

13              (1) IN GENERAL.—Except as provided in para-  
 14      graph (2), the value of a material produced in the  
 15      territory of Bahrain or the United States, or both,  
 16      includes the following:

17                  (A) The price actually paid or payable for  
 18                  the material by the producer of the good.

19                  (B) The freight, insurance, packing, and  
 20                  all other costs incurred in transporting the ma-  
 21                  terial to the producer's plant, if such costs are  
 22                  not included in the price referred to in subpara-  
 23                  graph (A).

24                  (C) The cost of waste or spoilage resulting  
 25                  from the use of the material in the growth, pro-

duction, or manufacture of the good, less the value of recoverable scrap.

(D) Taxes or customs duties imposed on the material by Bahrain or the United States, or both, if the taxes or customs duties are not remitted upon exportation from the territory of Bahrain or the United States, as the case may be.

(2) EXCEPTION.—If the relationship between the producer of a good and the seller of a material influenced the price actually paid or payable for the material, or if there is no price actually paid or payable by the producer for the material, the value of the material produced in the territory of Bahrain or the United States, or both, includes the following:

(A) All expenses incurred in the growth, production, or manufacture of the material, including general expenses.

(B) A reasonable amount for profit.

(C) Freight, insurance, packing, and all other costs incurred in transporting the material to the producer's plant.

(e) PACKAGING AND PACKING MATERIALS AND CONTAINERS FOR RETAIL SALE AND FOR SHIPMENT.—Packaging and packing materials and containers for retail sale



1 and shipment shall be disregarded in determining whether  
 2 a good qualifies as an originating good, except to the ex-  
 3 tent that the value of such packaging and packing mate-  
 4 rials and containers has been included in meeting the re-  
 5 quirements set forth in subsection (b)(2).

6 (f) INDIRECT MATERIALS.—Indirect materials shall  
 7 be disregarded in determining whether a good qualifies as  
 8 an originating good, except that the cost of such indirect  
 9 materials may be included in meeting the requirements set  
 10 forth in subsection (b)(2).

11 (g) TRANSIT AND TRANSSHIPMENT.—A good shall  
 12 not be considered to meet the requirement of subsection  
 13 (b)(1)(A) if, after exportation from the territory of Bah-  
 14 rain or the United States, the good undergoes production,  
 15 manufacturing, or any other operation outside the terri-  
 16 tory of Bahrain or the United States, other than unload-  
 17 ing, reloading, or any other operation necessary to pre-  
 18 serve the good in good condition or to transport the good  
 19 to the territory of Bahrain or the United States.

20 (h) TEXTILE AND APPAREL GOODS.—

21 (1) DE MINIMIS AMOUNTS OF NONORIGINATING  
 22 MATERIALS.—

23 (A) IN GENERAL.—Except as provided in  
 24 subparagraph (B), a textile or apparel good  
 25 that is not an originating good because certain

1 fibers or yarns used in the production of the  
2 component of the good that determines the tariff  
3 classification of the good do not undergo an  
4 applicable change in tariff classification set out  
5 in Annex 3–A of the Agreement shall be considered  
6 to be an originating good if the total  
7 weight of all such fibers or yarns in that component  
8 is not more than 7 percent of the total  
9 weight of that component.

10 (B) CERTAIN TEXTILE OR APPAREL  
11 GOODS.—A textile or apparel good containing  
12 elastomeric yarns in the component of the good  
13 that determines the tariff classification of the  
14 good shall be considered to be an originating  
15 good only if such yarns are wholly formed in  
16 the territory of Bahrain or the United States.

17 (C) YARN, FABRIC, OR GROUP OF FIBERS.—For purposes of this paragraph, in the  
18 case of a textile or apparel good that is a yarn,  
19 fabric, or group of fibers, the term “component  
20 of the good that determines the tariff classification  
21 of the good” means all of the fibers in the  
22 yarn, fabric, or group of fibers.

23 (2) GOODS PUT UP IN SETS FOR RETAIL  
24 SALE.—Notwithstanding the rules set forth in Annex  
25

1 3-A of the Agreement, textile or apparel goods clas-  
 2 sifiable as goods put up in sets for retail sale as pro-  
 3 vided for in General Rule of Interpretation 3 of the  
 4 HTS shall not be considered to be originating goods  
 5 unless each of the goods in the set is an originating  
 6 good or the total value of the nonoriginating goods  
 7 in the set does not exceed 10 percent of the value  
 8 of the set determined for purposes of assessing cus-  
 9 toms duties.

10 (i) DEFINITIONS.—In this section:

11 (1) DIRECT COSTS OF PROCESSING OPER-  
 12 ATIONS.—

13 (A) IN GENERAL.—The term “direct costs  
 14 of processing operations”, with respect to a  
 15 good, includes, to the extent they are includable  
 16 in the appraised value of the good when im-  
 17 ported into Bahrain or the United States, as  
 18 the case may be, the following:

19 (i) All actual labor costs involved in  
 20 the growth, production, or manufacture of  
 21 the good, including fringe benefits, on-the-  
 22 job training, and the cost of engineering,  
 23 supervisory, quality control, and similar  
 24 personnel.

1 (ii) Tools, dies, molds, and other indi-  
2 rect materials, and depreciation on ma-  
3 chinery and equipment that are allocable  
4 to the good.

5 (iii) Research, development, design,  
6 engineering, and blueprint costs, to the ex-  
7 tent that they are allocable to the good.

8 (iv) Costs of inspecting and testing  
9 the good.

10 (v) Costs of packaging the good for  
11 export to the territory of the other country.

12 (B) EXCEPTIONS.—The term “direct costs  
13 of processing operations” does not include costs  
14 that are not directly attributable to a good or  
15 are not costs of growth, production, or manu-  
16 facture of the good, such as—

17 (i) profit; and

18 (ii) general expenses of doing business  
19 that are either not allocable to the good or  
20 are not related to the growth, production,  
21 or manufacture of the good, such as ad-  
22 ministrative salaries, casualty and liability  
23 insurance, advertising, and sales staff sala-  
24 ries, commissions, or expenses.

1           (2) GOOD.—The term “good” means any mer-  
2           chandise, product, article, or material.

3           (3) GOOD WHOLLY THE GROWTH, PRODUCT, OR  
4           MANUFACTURE OF BAHRAIN OR THE UNITED  
5           STATES, OR BOTH.—The term “good wholly the  
6           growth, product, or manufacture of Bahrain or the  
7           United States, or both” means—

8                   (A) a mineral good extracted in the terri-  
9                   tory of Bahrain or the United States, or both;

10                   (B) a vegetable good, as such a good is  
11                   provided for in the HTS, harvested in the terri-  
12                   tory of Bahrain or the United States, or both;

13                   (C) a live animal born and raised in the  
14                   territory of Bahrain or the United States, or  
15                   both;

16                   (D) a good obtained from live animals  
17                   raised in the territory of Bahrain or the United  
18                   States, or both;

19                   (E) a good obtained from hunting, trap-  
20                   ping, or fishing in the territory of Bahrain or  
21                   the United States, or both;

22                   (F) a good (fish, shellfish, and other ma-  
23                   rine life) taken from the sea by vessels reg-  
24                   istered or recorded with Bahrain or the United  
25                   States and flying the flag of that country;

1 (G) a good produced from goods referred  
2 to in subparagraph (F) on board factory ships  
3 registered or recorded with Bahrain or the  
4 United States and flying the flag of that coun-  
5 try;

6 (H) a good taken by Bahrain or the  
7 United States or a person of Bahrain or the  
8 United States from the seabed or beneath the  
9 seabed outside territorial waters, if Bahrain or  
10 the United States, as the case may be, has  
11 rights to exploit such seabed;

12 (I) a good taken from outer space, if such  
13 good is obtained by Bahrain or the United  
14 States or a person of Bahrain or the United  
15 States and not processed in the territory of a  
16 country other than Bahrain or the United  
17 States;

18 (J) waste and scrap derived from—

19 (i) production or manufacture in the  
20 territory of Bahrain or the United States,  
21 or both; or

22 (ii) used goods collected in the terri-  
23 tory of Bahrain or the United States, or  
24 both, if such goods are fit only for the re-  
25 covery of raw materials;

1           (K) a recovered good derived in the terri-  
 2           tory of Bahrain or the United States from used  
 3           goods and utilized in the territory of that coun-  
 4           try in the production of remanufactured goods;  
 5           and

6           (L) a good produced in the territory of  
 7           Bahrain or the United States, or both, exclu-  
 8           sively—

9                   (i) from goods referred to in subpara-  
 10                  graphs (A) through (J), or

11                   (ii) from the derivatives of goods re-  
 12                  ferred to in clause (i),

13           at any stage of production.

14           (4) INDIRECT MATERIAL.—The term “indirect  
 15           material” means a good used in the growth, produc-  
 16           tion, manufacture, testing, or inspection of a good  
 17           but not physically incorporated into the good, or a  
 18           good used in the maintenance of buildings or the op-  
 19           eration of equipment associated with the growth,  
 20           production, or manufacture of a good, including—

21                   (A) fuel and energy;

22                   (B) tools, dies, and molds;

23                   (C) spare parts and materials used in the  
 24           maintenance of equipment and buildings;

1 (D) lubricants, greases, compounding ma-  
 2 terials, and other materials used in the growth,  
 3 production, or manufacture of a good or used  
 4 to operate equipment and buildings;

5 (E) gloves, glasses, footwear, clothing,  
 6 safety equipment, and supplies;

7 (F) equipment, devices, and supplies used  
 8 for testing or inspecting the good;

9 (G) catalysts and solvents; and

10 (H) any other goods that are not incor-  
 11 porated into the good but the use of which in  
 12 the growth, production, or manufacture of the  
 13 good can reasonably be demonstrated to be a  
 14 part of that growth, production, or manufac-  
 15 ture.

16 (5) MATERIAL.—The term “material” means a  
 17 good, including a part or ingredient, that is used in  
 18 the growth, production, or manufacture of another  
 19 good that is a new or different article of commerce  
 20 that has been grown, produced, or manufactured in  
 21 Bahrain or the United States, or both.

22 (6) MATERIAL PRODUCED IN THE TERRITORY  
 23 OF BAHRAIN OR THE UNITED STATES, OR BOTH.—  
 24 The term “material produced in the territory of  
 25 Bahrain or the United States, or both” means a



1 good that is either wholly the growth, product, or  
2 manufacture of Bahrain or the United States, or  
3 both, or a new or different article of commerce that  
4 has been grown, produced, or manufactured in the  
5 territory of Bahrain or the United States, or both.

6 (7) NEW OR DIFFERENT ARTICLE OF COM-  
7 MERCE.—

8 (A) IN GENERAL.—The term “new or dif-  
9 ferent article of commerce” means, except as  
10 provided in subparagraph (B), a good that—

11 (i) has been substantially transformed  
12 from a good or material that is not wholly  
13 the growth, product, or manufacture of  
14 Bahrain or the United States, or both; and

15 (ii) has a new name, character, or use  
16 distinct from the good or material from  
17 which it was transformed.

18 (B) EXCEPTION.—A good shall not be con-  
19 sidered a new or different article of commerce  
20 by virtue of having undergone simple combining  
21 or packaging operations, or mere dilution with  
22 water or another substance that does not mate-  
23 rially alter the characteristics of the good.

1           (8) RECOVERED GOODS.—The term “recovered  
2           goods” means materials in the form of individual  
3           parts that result from—

4                   (A) the complete disassembly of used goods  
5                   into individual parts; and

6                   (B) the cleaning, inspecting, testing, or  
7                   other processing of those parts that is necessary  
8                   for improvement to sound working condition.

9           (9) REMANUFACTURED GOOD.—The term “re-  
10           manufactured good” means an industrial good that  
11           is assembled in the territory of Bahrain or the  
12           United States and that—

13                   (A) is entirely or partially comprised of re-  
14                   covered goods;

15                   (B) has a similar life expectancy to, and  
16                   meets similar performance standards as, a like  
17                   good that is new; and

18                   (C) enjoys a factory warranty similar to  
19                   that of a like good that is new.

20           (10) SIMPLE COMBINING OR PACKAGING OPER-  
21           ATIONS.—The term “simple combining or packaging  
22           operations” means operations such as adding bat-  
23           teries to devices, fitting together a small number of  
24           components by bolting, gluing, or soldering, and re-  
25           packing or packaging components together.

1           (11) SUBSTANTIALLY TRANSFORMED.—The  
 2           term “substantially transformed” means, with re-  
 3           spect to a good or material, changed as the result  
 4           of a manufacturing or processing operation so  
 5           that—

6                   (A)(i) the good or material is converted  
 7                   from a good that has multiple uses into a good  
 8                   or material that has limited uses;

9                   (ii) the physical properties of the good or  
 10                  material are changed to a significant extent; or

11                  (iii) the operation undergone by the good  
 12                  or material is complex by reason of the number  
 13                  of different processes and materials involved  
 14                  and the time and level of skill required to per-  
 15                  form those processes; and

16                  (B) the good or material loses its separate  
 17                  identity in the manufacturing or processing op-  
 18                  eration.

19           (j) PRESIDENTIAL PROCLAMATION AUTHORITY.—

20                  (1) IN GENERAL.—The President is authorized  
 21                  to proclaim, as part of the HTS—

22                   (A) the provisions set forth in Annex 3–A  
 23                   and Annex 4–A of the Agreement; and

1 (B) any additional subordinate category  
2 that is necessary to carry out this title, con-  
3 sistent with the Agreement.

4 (2) MODIFICATIONS.—

5 (A) IN GENERAL.—Subject to the consulta-  
6 tion and layover provisions of section 104, the  
7 President may proclaim modifications to the  
8 provisions proclaimed under the authority of  
9 paragraph (1)(A), other than provisions of  
10 chapters 50 through 63 of the HTS (as in-  
11 cluded in Annex 3–A of the Agreement).

12 (B) ADDITIONAL PROCLAMATIONS.—Not-  
13 withstanding subparagraph (A), and subject to  
14 the consultation and layover provisions of sec-  
15 tion 104, the President may proclaim—

16 (i) modifications to the provisions pro-  
17 claimed under the authority of paragraph  
18 (1)(A) as are necessary to implement an  
19 agreement with Bahrain pursuant to arti-  
20 cle 3.2.5 of the Agreement; and

21 (ii) before the end of the 1-year period  
22 beginning on the date of the enactment of  
23 this Act, modifications to correct any typo-  
24 graphical, clerical, or other nonsubstantive  
25 technical error regarding the provisions of

1 chapters 50 through 63 of the HTS (as in-  
 2 cluded in Annex 3–A of the Agreement).

3 **SEC. 203. CUSTOMS USER FEES.**

4 Section 13031(b) of the Consolidated Omnibus Budg-  
 5 et Reconciliation Act of 1985 (19 U.S.C. 58c(b)) is  
 6 amended—

7 (1) in each of paragraphs (13) and (15), by  
 8 moving the text 2 ems to the left; and

9 (2) by adding after paragraph (15) the fol-  
 10 lowing:

11 “(16) No fee may be charged under subsection (a)  
 12 (9) or (10) with respect to goods that qualify as origi-  
 13 nating goods under section 202 of the United States-Bah-  
 14 rain Free Trade Agreement Implementation Act. Any  
 15 service for which an exemption from such fee is provided  
 16 by reason of this paragraph may not be funded with  
 17 money contained in the Customs User Fee Account.”.

18 **SEC. 204. ENFORCEMENT RELATING TO TRADE IN TEXTILE**

19 **AND APPAREL GOODS.**

20 (a) ACTION DURING VERIFICATION.—

21 (1) IN GENERAL.—If the Secretary of the  
 22 Treasury requests the Government of Bahrain to  
 23 conduct a verification pursuant to article 3.3 of the  
 24 Agreement for purposes of making a determination  
 25 under paragraph (2), the President may direct the

1 Secretary to take appropriate action described in  
 2 subsection (b) while the verification is being con-  
 3 ducted.

4 (2) DETERMINATION.—A determination under  
 5 this paragraph is a determination—

6 (A) that an exporter or producer in Bah-  
 7 rain is complying with applicable customs laws,  
 8 regulations, procedures, requirements, or prac-  
 9 tices affecting trade in textile or apparel goods;  
 10 or

11 (B) that a claim that a textile or apparel  
 12 good exported or produced by such exporter or  
 13 producer—

14 (i) qualifies as an originating good  
 15 under section 202; or

16 (ii) is a good of Bahrain, is accurate.

17 (b) APPROPRIATE ACTION DESCRIBED.—Appropriate  
 18 action under subsection (a)(1) includes—

19 (1) suspension of liquidation of the entry of any  
 20 textile or apparel good exported or produced by the  
 21 person that is the subject of a verification referred  
 22 to in subsection (a)(1) regarding compliance de-  
 23 scribed in subsection (a)(2)(A), in a case in which  
 24 the request for verification was based on a reason-

1       able suspicion of unlawful activity related to such  
2       good; and

3               (2) suspension of liquidation of the entry of a  
4       textile or apparel good for which a claim has been  
5       made that is the subject of a verification referred to  
6       in subsection (a)(1) regarding a claim described in  
7       subsection (a)(2)(B).

8       (c) ACTION WHEN INFORMATION IS INSUFFI-  
9       CIENT.—If the Secretary of the Treasury determines that  
10      the information obtained within 12 months after making  
11      a request for a verification under subsection (a)(1) is in-  
12      sufficient to make a determination under subsection  
13      (a)(2), the President may direct the Secretary to take ap-  
14      propriate action described in subsection (d) until such  
15      time as the Secretary receives information sufficient to  
16      make a determination under subsection (a)(2) or until  
17      such earlier date as the President may direct.

18      (d) APPROPRIATE ACTION DESCRIBED.—Appro-  
19      priate action referred to in subsection (c) includes—

20               (1) publication of the name and address of the  
21      person that is the subject of the verification;

22               (2) denial of preferential tariff treatment under  
23      the Agreement to—

24                       (A) any textile or apparel good exported or  
25      produced by the person that is the subject of a

1 verification referred to in subsection (a)(1) re-  
 2 garding compliance described in subsection  
 3 (a)(2)(A); or

4 (B) a textile or apparel good for which a  
 5 claim has been made that is the subject of a  
 6 verification referred to in subsection (a)(1) re-  
 7 garding a claim described in subsection  
 8 (a)(2)(B); and

9 (3) denial of entry into the United States of—

10 (A) any textile or apparel good exported or  
 11 produced by the person that is the subject of a  
 12 verification referred to in subsection (a)(1) re-  
 13 garding compliance described in subsection  
 14 (a)(2)(A); or

15 (B) a textile or apparel good for which a  
 16 claim has been made that is the subject of a  
 17 verification referred to in subsection (a)(1) re-  
 18 garding a claim described in subsection  
 19 (a)(2)(B).

20 **SEC. 205. REGULATIONS.**

21 The Secretary of the Treasury shall prescribe such  
 22 regulations as may be necessary to carry out—

23 (1) subsections (a) through (i) of section 202;

24 (2) the amendment made by section 203(2);

25 and



1 (3) proclamations issued under section 202(j).

2 **TITLE III—RELIEF FROM**  
 3 **IMPORTS**

4 **SEC. 301. DEFINITIONS.**

5 In this title:

6 (1) BAHRAINI ARTICLE.—The term “Bahraini  
 7 article” means an article that—

8 (A) qualifies as an originating good under  
 9 section 202(b); or

10 (B) receives preferential tariff treatment  
 11 under paragraphs 8 through 11 of article 3.2 of  
 12 the Agreement.

13 (2) BAHRAINI TEXTILE OR APPAREL ARTI-  
 14 CLE.—The term “Bahraini textile or apparel article”  
 15 means an article that—

16 (A) is listed in the Annex to the Agree-  
 17 ment on Textiles and Clothing referred to in  
 18 section 101(d)(4) of the Uruguay Round Agree-  
 19 ments Act (19 U.S.C. 3511(d)(4)); and

20 (B) is a Bahraini article.

21 (3) COMMISSION.—The term “Commission”  
 22 means the United States International Trade Com-  
 23 mission.

1     **Subtitle A—Relief From Imports**  
 2     **Benefiting From the Agreement**

3     **SEC. 311. COMMENCING OF ACTION FOR RELIEF.**

4         (a) FILING OF PETITION.—A petition requesting ac-  
 5     tion under this subtitle for the purpose of adjusting to  
 6     the obligations of the United States under the Agreement  
 7     may be filed with the Commission by an entity, including  
 8     a trade association, firm, certified or recognized union, or  
 9     group of workers, that is representative of an industry.  
 10    The Commission shall transmit a copy of any petition filed  
 11    under this subsection to the United States Trade Rep-  
 12    resentative.

13       (b) INVESTIGATION AND DETERMINATION.—Upon  
 14    the filing of a petition under subsection (a), the Commis-  
 15    sion, unless subsection (d) applies, shall promptly initiate  
 16    an investigation to determine whether, as a result of the  
 17    reduction or elimination of a duty provided for under the  
 18    Agreement, a Bahraini article is being imported into the  
 19    United States in such increased quantities, in absolute  
 20    terms or relative to domestic production, and under such  
 21    conditions that imports of the Bahraini article constitute  
 22    a substantial cause of serious injury or threat thereof to  
 23    the domestic industry producing an article that is like, or  
 24    directly competitive with, the imported article.

1 (c) APPLICABLE PROVISIONS.—The following provi-  
 2 sions of section 202 of the Trade Act of 1974 (19 U.S.C.  
 3 2252) apply with respect to any investigation initiated  
 4 under subsection (b):

5 (1) Paragraphs (1)(B) and (3) of subsection  
 6 (b).

7 (2) Subsection (c).

8 (3) Subsection (i).

9 (d) ARTICLES EXEMPT FROM INVESTIGATION.—No  
 10 investigation may be initiated under this section with re-  
 11 spect to any Bahraini article if, after the date on which  
 12 the Agreement enters into force with respect to the United  
 13 States, import relief has been provided with respect to that  
 14 Bahraini article under this subtitle.

15 **SEC. 312. COMMISSION ACTION ON PETITION.**

16 (a) DETERMINATION.—Not later than 120 days after  
 17 the date on which an investigation is initiated under sec-  
 18 tion 311(b) with respect to a petition, the Commission  
 19 shall make the determination required under that section.

20 (b) APPLICABLE PROVISIONS.—For purposes of this  
 21 subtitle, the provisions of paragraphs (1), (2), and (3) of  
 22 section 330(d) of the Tariff Act of 1930 (19 U.S.C.  
 23 1330(d) (1), (2), and (3)) shall be applied with respect  
 24 to determinations and findings made under this section

1 as if such determinations and findings were made under  
 2 section 202 of the Trade Act of 1974 (19 U.S.C. 2252).

3 (c) ADDITIONAL FINDING AND RECOMMENDATION IF  
 4 DETERMINATION AFFIRMATIVE.—

5 (1) IN GENERAL.—If the determination made  
 6 by the Commission under subsection (a) with respect  
 7 to imports of an article is affirmative, or if the  
 8 President may consider a determination of the Com-  
 9 mission to be an affirmative determination as pro-  
 10 vided for under paragraph (1) of section 330(d) of  
 11 the Tariff Act of 1930 (19 U.S.C. 1330(d)(1)), the  
 12 Commission shall find, and recommend to the Presi-  
 13 dent in the report required under subsection (d), the  
 14 amount of import relief that is necessary to remedy  
 15 or prevent the injury found by the Commission in  
 16 the determination and to facilitate the efforts of the  
 17 domestic industry to make a positive adjustment to  
 18 import competition.

19 (2) LIMITATION ON RELIEF.—The import relief  
 20 recommended by the Commission under this sub-  
 21 section shall be limited to that described in section  
 22 313(c).

23 (3) VOTING; SEPARATE VIEWS.—Only those  
 24 members of the Commission who voted in the af-  
 25 firmative under subsection (a) are eligible to vote on

1 the proposed action to remedy or prevent the injury  
2 found by the Commission. Members of the Commis-  
3 sion who did not vote in the affirmative may submit,  
4 in the report required under subsection (d), separate  
5 views regarding what action, if any, should be taken  
6 to remedy or prevent the injury.

7 (d) REPORT TO PRESIDENT.—Not later than the  
8 date that is 30 days after the date on which a determina-  
9 tion is made under subsection (a) with respect to an inves-  
10 tigation, the Commission shall submit to the President a  
11 report that includes—

12 (1) the determination made under subsection  
13 (a) and an explanation of the basis for the deter-  
14 mination;

15 (2) if the determination under subsection (a) is  
16 affirmative, any findings and recommendations for  
17 import relief made under subsection (c) and an ex-  
18 planation of the basis for each recommendation; and

19 (3) any dissenting or separate views by mem-  
20 bers of the Commission regarding the determination  
21 and recommendation referred to in paragraphs (1)  
22 and (2).

23 (e) PUBLIC NOTICE.—Upon submitting a report to  
24 the President under subsection (d), the Commission shall  
25 promptly make public such report (with the exception of

1 information which the Commission determines to be con-  
2 fidential) and shall cause a summary thereof to be pub-  
3 lished in the Federal Register.

4 **SEC. 313. PROVISION OF RELIEF.**

5 (a) IN GENERAL.—Not later than the date that is  
6 30 days after the date on which the President receives the  
7 report of the Commission in which the Commission’s de-  
8 termination under section 312(a) is affirmative, or which  
9 contains a determination under section 312(a) that the  
10 President considers to be affirmative under paragraph (1)  
11 of section 330(d) of the Tariff Act of 1930 (19 U.S.C.  
12 1330(d)(1)), the President, subject to subsection (b), shall  
13 provide relief from imports of the article that is the subject  
14 of such determination to the extent that the President de-  
15 termines necessary to remedy or prevent the injury found  
16 by the Commission and to facilitate the efforts of the do-  
17 mestic industry to make a positive adjustment to import  
18 competition.

19 (b) EXCEPTION.—The President is not required to  
20 provide import relief under this section if the President  
21 determines that the provision of the import relief will not  
22 provide greater economic and social benefits than costs.

23 (c) NATURE OF RELIEF.—

(1) IN GENERAL.—The import relief that the President is authorized to provide under this section with respect to imports of an article is as follows:

(A) The suspension of any further reduction provided for under Annex 2–B of the Agreement in the duty imposed on such article.

(B) An increase in the rate of duty imposed on such article to a level that does not exceed the lesser of—

(i) the column 1 general rate of duty imposed under the HTS on like articles at the time the import relief is provided; or

(ii) the column 1 general rate of duty imposed under the HTS on like articles on the day before the date on which the Agreement enters into force.

(2) PROGRESSIVE LIBERALIZATION.—If the period for which import relief is provided under this section is greater than 1 year, the President shall provide for the progressive liberalization of such relief at regular intervals during the period in which the relief is in effect.

(d) PERIOD OF RELIEF.—

(1) IN GENERAL.—Subject to paragraph (2), any import relief that the President provides under

1       this section may not, in the aggregate, be in effect  
2       for more than 3 years.

3           (2) EXTENSION.—

4           (A) IN GENERAL.—If the initial period for  
5       any import relief provided under this section is  
6       less than 3 years, the President, after receiving  
7       a determination from the Commission under  
8       subparagraph (B) that is affirmative, or which  
9       the President considers to be affirmative under  
10      paragraph (1) of section 330(d) of the Tariff  
11      Act of 1930 (19 U.S.C. 1330(d)(1)), may ex-  
12      tend the effective period of any import relief  
13      provided under this section, subject to the limi-  
14      tation under paragraph (1), if the President de-  
15      termines that—

16           (i) the import relief continues to be  
17       necessary to remedy or prevent serious in-  
18       jury and to facilitate adjustment by the do-  
19       mestic industry to import competition; and

20           (ii) there is evidence that the industry  
21       is making a positive adjustment to import  
22       competition.

23           (B) ACTION BY COMMISSION.—

24           (i) INVESTIGATION.—Upon a petition  
25       on behalf of the industry concerned that is



1 filed with the Commission not earlier than  
2 the date which is 9 months, and not later  
3 than the date which is 6 months, before  
4 the date any action taken under subsection  
5 (a) is to terminate, the Commission shall  
6 conduct an investigation to determine  
7 whether action under this section continues  
8 to be necessary to remedy or prevent seri-  
9 ous injury and to facilitate adjustment by  
10 the domestic industry to import competi-  
11 tion and whether there is evidence that the  
12 industry is making a positive adjustment  
13 to import competition.

14 (ii) NOTICE AND HEARING.—The  
15 Commission shall publish notice of the  
16 commencement of any proceeding under  
17 this subparagraph in the Federal Register  
18 and shall, within a reasonable time there-  
19 after, hold a public hearing at which the  
20 Commission shall afford interested parties  
21 and consumers an opportunity to be  
22 present, to present evidence, and to re-  
23 spond to the presentations of other parties  
24 and consumers, and otherwise to be heard.

1 (iii) REPORT.—The Commission shall  
 2 transmit to the President a report on its  
 3 investigation and determination under this  
 4 subparagraph not later than 60 days be-  
 5 fore the action under subsection (a) is to  
 6 terminate, unless the President specifies a  
 7 different date.

8 (e) RATE AFTER TERMINATION OF IMPORT RE-  
 9 LIEF.—When import relief under this section is termi-  
 10 nated with respect to an article, the rate of duty on that  
 11 article shall be the rate that would have been in effect,  
 12 but for the provision of such relief, on the date on which  
 13 the relief terminates.

14 (f) ARTICLES EXEMPT FROM RELIEF.—No import  
 15 relief may be provided under this section on any article  
 16 that has been subject to import relief under this subtitle  
 17 after the date on which the Agreement enters into force.

18 **SEC. 314. TERMINATION OF RELIEF AUTHORITY.**

19 (a) GENERAL RULE.—Subject to subsection (b), no  
 20 import relief may be provided under this subtitle after the  
 21 date that is 10 years after the date on which the Agree-  
 22 ment enters into force.

23 (b) PRESIDENTIAL DETERMINATION.—Import relief  
 24 may be provided under this subtitle in the case of a Bah-  
 25 raini article after the date on which such relief would, but

1 for this subsection, terminate under subsection (a), if the  
 2 President determines that Bahrain has consented to such  
 3 relief.

4 **SEC. 315. COMPENSATION AUTHORITY.**

5 For purposes of section 123 of the Trade Act of 1974  
 6 (19 U.S.C. 2133), any import relief provided by the Presi-  
 7 dent under section 313 shall be treated as action taken  
 8 under chapter 1 of title II of such Act (19 U.S.C. 2251  
 9 et seq.).

10 **SEC. 316. CONFIDENTIAL BUSINESS INFORMATION.**

11 Section 202(a)(8) of the Trade Act of 1974 (19  
 12 U.S.C. 2252(a)(8)) is amended in the first sentence—

13 (1) by striking “and”; and

14 (2) by inserting before the period at the end “,  
 15 and title III of the United States-Bahrain Free  
 16 Trade Agreement Implementation Act”.

17 **Subtitle B—Textile and Apparel**  
 18 **Safeguard Measures**

19 **SEC. 321. COMMENCEMENT OF ACTION FOR RELIEF.**

20 (a) IN GENERAL.—A request under this subtitle for  
 21 the purpose of adjusting to the obligations of the United  
 22 States under the Agreement may be filed with the Presi-  
 23 dent by an interested party. Upon the filing of a request,  
 24 the President shall review the request to determine, from

1 information presented in the request, whether to com-  
 2 mence consideration of the request.

3 (b) PUBLICATION OF REQUEST.—If the President de-  
 4 termines that the request under subsection (a) provides  
 5 the information necessary for the request to be considered,  
 6 the President shall cause to be published in the Federal  
 7 Register a notice of commencement of consideration of the  
 8 request, and notice seeking public comments regarding the  
 9 request. The notice shall include a summary of the request  
 10 and the dates by which comments and rebuttals must be  
 11 received.

12 **SEC. 322. DETERMINATION AND PROVISION OF RELIEF.**

13 (a) DETERMINATION.—

14 (1) IN GENERAL.—If a positive determination is  
 15 made under section 321(b), the President shall de-  
 16 termine whether, as a result of the reduction or  
 17 elimination of a duty under the Agreement, a Bah-  
 18 raini textile or apparel article is being imported into  
 19 the United States in such increased quantities, in  
 20 absolute terms or relative to the domestic market for  
 21 that article, and under such conditions as to cause  
 22 serious damage, or actual threat thereof, to a domes-  
 23 tic industry producing an article that is like, or di-  
 24 rectly competitive with, the imported article.

1           (2) SERIOUS DAMAGE.—In making a deter-  
 2           mination under paragraph (1), the President—

3                   (A) shall examine the effect of increased  
 4                   imports on the domestic industry, as reflected  
 5                   in changes in such relevant economic factors as  
 6                   output, productivity, utilization of capacity, in-  
 7                   ventories, market share, exports, wages, em-  
 8                   ployment, domestic prices, profits, and invest-  
 9                   ment, none of which is necessarily decisive; and

10                  (B) shall not consider changes in tech-  
 11                  nology or consumer preference as factors sup-  
 12                  porting a determination of serious damage or  
 13                  actual threat thereof.

14           (b) PROVISION OF RELIEF.—

15                  (1) IN GENERAL.—If a determination under  
 16                  subsection (a) is affirmative, the President may pro-  
 17                  vide relief from imports of the article that is the  
 18                  subject of such determination, as described in para-  
 19                  graph (2), to the extent that the President deter-  
 20                  mines necessary to remedy or prevent the serious  
 21                  damage and to facilitate adjustment by the domestic  
 22                  industry to import competition.

23                  (2) NATURE OF RELIEF.—The relief that the  
 24                  President is authorized to provide under this sub-  
 25                  section with respect to imports of an article is an in-

1       crease in the rate of duty imposed on the article to  
2       a level that does not exceed the lesser of—

3               (A) the column 1 general rate of duty im-  
4               posed under the HTS on like articles at the  
5               time the import relief is provided; or

6               (B) the column 1 general rate of duty im-  
7               posed under the HTS on like articles on the  
8               day before the date on which the Agreement en-  
9               ters into force.

10 **SEC. 323. PERIOD OF RELIEF.**

11       (a) IN GENERAL.—Subject to subsection (b), any im-  
12       port relief that the President provides under subsection  
13       (b) of section 322 may not, in the aggregate, be in effect  
14       for more than 3 years.

15       (b) EXTENSION.—If the initial period for any import  
16       relief provided under section 322 is less than 3 years, the  
17       President may extend the effective period of any import  
18       relief provided under that section, subject to the limitation  
19       set forth in subsection (a), if the President determines  
20       that—

21               (1) the import relief continues to be necessary  
22               to remedy or prevent serious damage and to facili-  
23               tate adjustment by the domestic industry to import  
24               competition; and

1           (2) there is evidence that the industry is mak-  
2           ing a positive adjustment to import competition.

3 **SEC. 324. ARTICLES EXEMPT FROM RELIEF.**

4           The President may not provide import relief under  
5 this subtitle with respect to any article if—

6           (1) the article has been subject to import relief  
7           under this subtitle after the date on which the  
8           Agreement enters into force; or

9           (2) the article is subject to import relief under  
10          chapter 1 of title II of the Trade Act of 1974 (19  
11          U.S.C. 2251 et seq.).

12 **SEC. 325. RATE AFTER TERMINATION OF IMPORT RELIEF.**

13          When import relief under this subtitle is terminated  
14 with respect to an article, the rate of duty on that article  
15 shall be the rate that would have been in effect, but for  
16 the provision of such relief, on the date on which the relief  
17 terminates.

18 **SEC. 326. TERMINATION OF RELIEF AUTHORITY.**

19          No import relief may be provided under this subtitle  
20 with respect to any article after the date that is 10 years  
21 after the date on which duties on the article are eliminated  
22 pursuant to the Agreement.

23 **SEC. 327. COMPENSATION AUTHORITY.**

24          For purposes of section 123 of the Trade Act of 1974  
25 (19 U.S.C. 2133), any import relief provided by the Presi-

1 dent under this subtitle shall be treated as action taken  
 2 under chapter 1 of title II of such Act.

3 **SEC. 328. CONFIDENTIAL BUSINESS INFORMATION.**

4       The President may not release information that is  
 5 submitted in a proceeding under this subtitle and that the  
 6 President considers to be confidential business informa-  
 7 tion unless the party submitting the confidential business  
 8 information had notice, at the time of submission, that  
 9 such information would be released, or such party subse-  
 10 quently consents to the release of the information. To the  
 11 extent a party submits confidential business information  
 12 to the President in a proceeding under this subtitle, the  
 13 party shall also submit a nonconfidential version of the  
 14 information, in which the confidential business informa-  
 15 tion is summarized or, if necessary, deleted.

16 **TITLE IV—PROCUREMENT**

17 **SEC. 401. ELIGIBLE PRODUCTS.**

18       Section 308(4)(A) of the Trade Agreements Act of  
 19 1979 (19 U.S.C. 2518(4)(A)) is amended—

- 20           (1) by striking “or” at the end of clause (iii);
- 21           (2) by striking the period at the end of clause
- 22           (iv) and inserting “; or”; and
- 23           (3) by adding at the end the following new
- 24           clause:



1           “(v) a party to a free trade agreement  
2           that entered into force with respect to the  
3           United States after December 31, 2005,  
4           and before July 2, 2006, a product or serv-  
5           ice of that country or instrumentality  
6           which is covered under the free trade  
7           agreement for procurement by the United  
8           States.”.

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**S. 2027**

[Report No. 109-199]

**A BILL**

To implement the United States-Bahrain Free  
Trade Agreement.

DECEMBER 8, 2005  
Reported without amendment