

110TH CONGRESS  
2D SESSION

# S. 2776

To provide duty-free treatment for certain goods from designated Reconstruction Opportunity Zones in Afghanistan and Pakistan, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 13, 2008

Ms. CANTWELL (for herself, Mr. HATCH, Mr. BOND, Mr. LIEBERMAN, and Mr. HAGEL) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide duty-free treatment for certain goods from designated Reconstruction Opportunity Zones in Afghanistan and Pakistan, and for other purposes.

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.**

4 This Act may be cited as the “Afghanistan and Paki-  
5 stan Reconstruction Opportunity Zones Act of 2008”.

6 **SEC. 2. DEFINITIONS; PURPOSES.**

7 (a) DEFINITIONS.—In this Act:

8 (1) AGREEMENT ON TEXTILES AND CLOTH-  
9 ING.—The term “Agreement on Textiles and Cloth-

1 ing” means the Agreement on Textiles and Clothing  
2 referred to in section 101(d)(4) of the Uruguay  
3 Round Agreements Act (19 U.S.C. 3511(d)(4)).

4 (2) CATEGORY; TEXTILE AND APPAREL CAT-  
5 EGORY NUMBER.—The terms “category” and “tex-  
6 tile and apparel category number” mean the number  
7 assigned under the U.S. Textile and Apparel Cat-  
8 egory System of the Office of Textiles and Apparel  
9 of the Department of Commerce, as listed in the  
10 HTS under the applicable heading or subheading (as  
11 in effect on September 1, 2007).

12 (3) ENTERED.—The term “entered” means en-  
13 tered, or withdrawn from warehouse for consump-  
14 tion, in the customs territory of the United States.

15 (4) ENTITY.—The term “entity” means—

16 (A) a natural person, corporation, com-  
17 pany, business association, partnership, society,  
18 trust, any other nongovernmental entity, orga-  
19 nization, or group, whether or not for profit;

20 (B) any governmental entity or instrumen-  
21 tality of a government; and

22 (C) any successor, subunit, or subsidiary of  
23 any entity described in subparagraph (A) or  
24 (B).

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

3           (6) NAFTA.—The term “NAFTA” means the  
4           North American Free Trade Agreement concluded  
5           between the United States, Mexico, and Canada on  
6           December 17, 1992.

7           (7) RECONSTRUCTION OPPORTUNITY ZONE.—  
8           The term “Reconstruction Opportunity Zone” means  
9           any area that—

10                   (A) encompasses portions of the territory  
11                   of—

12                           (i) Afghanistan; or

13                           (ii) 1 or more of the following areas of  
14                   Pakistan:

15                                   (I) the Federally Administered  
16                                   Tribal Areas;

17                                   (II) areas of Pakistan-adminis-  
18                                   tered Kashmir that the President de-  
19                                   termines were harmed by the earth-  
20                                   quake of October 8, 2005;

21                                   (III) areas of Baluchistan that  
22                                   are within 100 miles of Pakistan’s  
23                                   border with Afghanistan; and

24                                   (IV) the North West Frontier  
25                                   Province;

1 (B) has been designated by the competent  
2 authorities in Afghanistan or Pakistan, as the  
3 case may be, as an area in which merchandise  
4 may be introduced without payment of duty or  
5 excise tax; and

6 (C) has been designated by the President  
7 as a Reconstruction Opportunity Zone pursuant  
8 to subsection (b).

9 (b) PURPOSES.—The purposes of this Act are—

10 (1) to stimulate economic activity and develop-  
11 ment in Afghanistan and the border region of Paki-  
12 stan, critical fronts in the struggle against violent  
13 extremism;

14 (2) to reflect the strong support that the  
15 United States has pledged to Afghanistan and Paki-  
16 stan for their sustained commitment in the global  
17 war on terrorism;

18 (3) to support the 3-pronged United States  
19 strategy in Afghanistan and the border region of  
20 Pakistan that leverages political, military, and eco-  
21 nomic tools, with Reconstruction Opportunity Zones  
22 as a critical part of the economic component of that  
23 strategy; and

24 (4) to offer a vital opportunity to improve liveli-  
25 hoods, promote good governance, and extend and

1 strengthen the Governments of Afghanistan and  
2 Pakistan.

3 **SEC. 3. DESIGNATION OF RECONSTRUCTION OPPORTUNITY**  
4 **ZONES.**

5 (a) **AUTHORITY TO DESIGNATE.**—The President is  
6 authorized to designate an area within Afghanistan or  
7 Pakistan described in section 2(a), (7) (A) and (B) as a  
8 Reconstruction Opportunity Zone if the President deter-  
9 mines that—

10 (1) Afghanistan or Pakistan, as the case may  
11 be, meets the eligibility criteria set forth in sub-  
12 section (c);

13 (2) Afghanistan or Pakistan, as the case may  
14 be, meets the eligibility criteria set forth in sub-  
15 section (c) of section 502 of the Trade Act of 1974  
16 (19 U.S.C. 2462(c)) for designation as a beneficiary  
17 developing country under that section and is not in-  
18 eligible under subsection (b) of such section; and

19 (3) designation of the area as a Reconstruction  
20 Opportunity Zone is appropriate taking into account  
21 the factors listed in subsection (c).

22 (b) **ELIGIBILITY CRITERIA.**—Afghanistan or Paki-  
23 stan, as the case may be, meets the eligibility criteria set  
24 forth in this subsection if that country—

1           (1) has established, or is making continual  
2 progress toward establishing—

3           (A) a market-based economy that protects  
4 private property rights, incorporates an open  
5 rules-based trading system, and minimizes gov-  
6 ernment interference in the economy through  
7 measures such as price controls, subsidies, and  
8 government ownership of economic assets;

9           (B) the rule of law, political pluralism, and  
10 the right to due process, a fair trial, and equal  
11 protection under the law;

12           (C) economic policies to—

13               (i) reduce poverty;

14               (ii) increase the availability of health  
15 care and educational opportunities;

16               (iii) expand physical infrastructure;

17               (iv) promote the development of pri-  
18 vate enterprise; and

19               (v) encourage the formation of capital  
20 markets through microcredit or other pro-  
21 grams;

22           (D) a system to combat corruption and  
23 bribery, such as ratifying and implementing the  
24 United Nations Convention Against Corruption;  
25 and

1 (E) protection of internationally recognized  
2 worker rights, as defined in section 507(4) of  
3 the Trade Act of 1974 (19 U.S.C. 2467(4));

4 (2) is eliminating or has eliminated barriers to  
5 trade and investment, including by—

6 (A) providing national treatment and  
7 measures to create an environment conducive to  
8 domestic and foreign investment;

9 (B) protecting intellectual property; and

10 (C) resolving bilateral trade and invest-  
11 ment disputes;

12 (3) does not engage in activities that undermine  
13 United States national security or foreign policy in-  
14 terests;

15 (4) does not engage in gross violations of inter-  
16 nationally recognized human rights;

17 (5) does not provide support for acts of inter-  
18 national terrorism; and

19 (6) cooperates in international efforts to elimi-  
20 nate human rights violations and terrorist activities.

21 (c) ADDITIONAL FACTORS.—In determining whether  
22 to designate an area in Afghanistan or Pakistan as a Re-  
23 construction Opportunity Zone, the President shall take  
24 into account—

1           (1) an expression by the government of the  
2 country of its desire to have a particular area des-  
3 ignated as a Reconstruction Opportunity Zone under  
4 this Act;

5           (2) whether the government of the country has  
6 provided the United States with a monitoring and  
7 enforcement plan outlining specific steps the country  
8 will take to cooperate with the United States to—

9           (A) facilitate legitimate cross-border com-  
10 merce;

11           (B) ensure that articles for which duty-free  
12 treatment is sought pursuant to this Act satisfy  
13 the applicable rules of origin described in sec-  
14 tion 4 (c) and (d) or section 5 (c) and (d),  
15 whichever is applicable;

16           (C) prevent unlawful transshipment, as de-  
17 scribed in section 6(b)(3); and

18           (D) protect internationally recognized  
19 worker rights, as defined in section 507(4) of  
20 the Trade Act of 1974 (19 U.S.C. 2467(4));

21           (3) the potential for such designation to create  
22 local employment and to promote local and regional  
23 economic development;

24           (4) the physical security of the proposed Recon-  
25 struction Opportunity Zone;



1 (5) the economic viability of the proposed Re-  
2 construction Opportunity Zone, including—

3 (A) whether there are commitments to fi-  
4 nance economic activity proposed for the Recon-  
5 struction Opportunity Zone; and

6 (B) whether there is existing or planned  
7 infrastructure for power, water, transportation,  
8 and communications in the area;

9 (6) whether such designation would be compat-  
10 ible with and contribute to the foreign policy and na-  
11 tional security objectives of the United States, tak-  
12 ing into account the information provided under sub-  
13 section (e); and

14 (7) the views of interested persons submitted  
15 pursuant to subsection (e).

16 (d) INFORMATION RELATING TO COMPATIBILITY  
17 WITH AND CONTRIBUTION TO FOREIGN POLICY AND NA-  
18 TIONAL SECURITY OBJECTIVES OF THE UNITED  
19 STATES.—In determining whether designation of a Recon-  
20 struction Opportunity Zone would be compatible with and  
21 contribute to the foreign policy and national security ob-  
22 jectives of the United States in accordance with subsection  
23 (c)(6), the President shall take into account whether Af-  
24 ghanistan or Pakistan, as the case may be, has provided  
25 the United States with a plan outlining specific steps it

1 will take to verify the ownership and nature of the activi-  
2 ties of entities to be located in the proposed Reconstruc-  
3 tion Opportunity Zone. The specific steps outlined in a  
4 country's plan shall include a mechanism by which a com-  
5 petent authority of the country—

6 (1) collects from each entity operating in, or  
7 proposing to operate in, a Reconstruction Oppor-  
8 tunity Zone, information including—

9 (A) the name and address of the entity;

10 (B) the name and location of all facilities  
11 owned or operated by the entity that are oper-  
12 ating in or proposed to be operating in a Recon-  
13 struction Opportunity Zone;

14 (C) the name, nationality, date and place  
15 of birth, and position title of each person who  
16 is an owner, director, or officer of the entity;  
17 and

18 (D) the nature of the activities of each en-  
19 tity;

20 (2) updates the information required under  
21 paragraph (1) as changes occur; and

22 (3) provides such information promptly to the  
23 Secretary of State.

24 (e) OPPORTUNITY FOR PUBLIC COMMENT.—Before  
25 the President designates an area as a Reconstruction Op-

1 portunity Zone pursuant to subsection (a), the President  
2 shall afford an opportunity for interested persons to sub-  
3 mit their views concerning the designation.

4 (f) NOTIFICATION TO CONGRESS.—Before the Presi-  
5 dent designates an area as a Reconstruction Opportunity  
6 Zone pursuant to subsection (a), the President shall notify  
7 Congress of the President’s intention to make the designa-  
8 tion, together with the reasons for making the designation.

9 **SEC. 4. DUTY-FREE TREATMENT FOR CERTAIN NONTEX-**  
10 **TILE AND NONAPPAREL ARTICLES.**

11 (a) IN GENERAL.—The President is authorized to  
12 proclaim duty-free treatment for—

13 (1) any article from a Reconstruction Oppor-  
14 tunity Zone that the President has designated as an  
15 eligible article under section 503(a)(1)(A) of the  
16 Trade Act of 1974 (19 U.S.C. 2463(a)(1)(A));

17 (2) any article from a Reconstruction Oppor-  
18 tunity Zone located in Afghanistan that the Presi-  
19 dent has designated as an eligible article under sec-  
20 tion 503(a)(1)(B) of the Trade Act of 1974 (19  
21 U.S.C. 2463(a)(1)(B)); or

22 (3) any article from a Reconstruction Oppor-  
23 tunity Zone that is not a textile or apparel article,  
24 regardless of whether the article has been designated  
25 as an eligible article under section 503(a)(1)(A) or

1 (B) of the Trade Act of 1974 (19 U.S.C.  
2 2463(a)(1)(A) or (B)), if, after receiving the advice  
3 of the International Trade Commission pursuant to  
4 subsection (b), the President determines that such  
5 article is not import-sensitive in the context of im-  
6 ports from a Reconstruction Opportunity Zone.

7 (b) ADVICE CONCERNING CERTAIN ELIGIBLE ARTI-  
8 CLES.—Before proclaiming duty-free treatment for an ar-  
9 ticle pursuant to subsection (a)(3), the President shall  
10 publish in the Federal Register and provide the Inter-  
11 national Trade Commission a list of articles which may  
12 be considered for such treatment. The provisions of sec-  
13 tions 131 through 134 of the Trade Act of 1974 (19  
14 U.S.C. 2151 through 2154) shall apply to any designation  
15 under subsection (a)(3) in the same manner as such sec-  
16 tions apply to action taken under section 123 of the Trade  
17 Act of 1974 (19 U.S.C. 2133) regarding a proposed trade  
18 agreement.

19 (c) GENERAL RULES OF ORIGIN.—

20 (1) IN GENERAL.—The duty-free treatment  
21 proclaimed with respect to an article described in  
22 paragraph (1) or (3) of subsection (a) shall apply to  
23 any article subject to such proclamation which is the  
24 growth, product, or manufacture of 1 or more Re-  
25 construction Opportunity Zones if—

1 (A) that article is imported directly from a  
2 Reconstruction Opportunity Zone into the cus-  
3 toms territory of the United States; and

4 (B)(i) with respect to an article that is an  
5 article of a Reconstruction Opportunity Zone in  
6 Pakistan, the sum of—

7 (I) the cost or value of the materials  
8 produced in 1 or more Reconstruction Op-  
9 portunity Zones in Pakistan or Afghani-  
10 stan,

11 (II) the direct costs of processing op-  
12 erations performed in 1 or more Recon-  
13 struction Opportunity Zones in Pakistan or  
14 Afghanistan, and

15 (III) the cost or value of materials  
16 produced in the United States, determined  
17 in accordance with paragraph (2),

18 is not less than 35 percent of the appraised  
19 value of the article at the time it is entered into  
20 the United States; or

21 (ii) with respect to an article that is an ar-  
22 ticle of a Reconstruction Opportunity Zone in  
23 Afghanistan, the sum of—

24 (I) the cost or value of the materials  
25 produced in 1 or more Reconstruction Op-

1 portunity Zones in Pakistan or Afghani-  
2 stan,

3 (II) the cost or value of the materials  
4 produced in 1 or more countries that are  
5 members of the South Asian Association  
6 for Regional Cooperation,

7 (III) the direct costs of processing op-  
8 erations performed in 1 or more Recon-  
9 struction Opportunity Zones in Pakistan or  
10 Afghanistan, and

11 (IV) the cost or value of materials  
12 produced in the United States, determined  
13 in accordance with paragraph (2),

14 is not less than 35 percent of the appraised  
15 value of the article at the time it is entered into  
16 the United States.

17 (2) DETERMINATION OF 35 PERCENT FOR ARTI-  
18 CLES FROM RECONSTRUCTION OPPORTUNITY ZONES  
19 IN PAKISTAN AND AFGHANISTAN.—If the cost or  
20 value of materials produced in the customs territory  
21 of the United States is included with respect to an  
22 article described in paragraph (1)(B), for purposes  
23 of determining the 35 percent appraised value re-  
24 quirement under clause (i) or (ii) of paragraph  
25 (1)(B), not more than 15 percent of the appraised

1 value of the article at the time the article is entered  
2 into the United States may be attributable to the  
3 cost or value of such United States materials.

4 (d) RULES OF ORIGIN FOR CERTAIN ARTICLES OF  
5 RECONSTRUCTION OPPORTUNITY ZONES IN AFGHANI-  
6 STAN.—

7 (1) IN GENERAL.—The duty-free treatment  
8 proclaimed with respect to an article described in  
9 paragraph (2) of subsection (a) shall apply to any  
10 article subject to such proclamation which is the  
11 growth, product, or manufacture of 1 or more Re-  
12 construction Opportunity Zones in Afghanistan if—

13 (A) that article is imported directly from a  
14 Reconstruction Opportunity Zone in Afghani-  
15 stan into the customs territory of the United  
16 States; and

17 (B) with respect to that article, the sum  
18 of—

19 (i) the cost or value of the materials  
20 produced in 1 or more Reconstruction Op-  
21 portunity Zones in Afghanistan,

22 (ii) the cost or value of the materials  
23 produced in 1 or more countries that are  
24 members of the South Asian Association  
25 for Regional Cooperation,

1 (iii) the direct costs of processing op-  
2 erations performed in 1 or more Recon-  
3 struction Opportunity Zones in Afghani-  
4 stan, and

5 (iv) the cost or value of materials pro-  
6 duced in the United States, determined in  
7 accordance with paragraph (2),

8 is not less than 35 percent of the appraised  
9 value of the product at the time it is entered  
10 into the United States.

11 (2) DETERMINATION OF 35 PERCENT FOR ARTI-  
12 CLES FROM RECONSTRUCTION OPPORTUNITY ZONES  
13 IN PAKISTAN AND AFGHANISTAN.—If the cost or  
14 value of materials produced in the customs territory  
15 of the United States is included with respect to an  
16 article described in paragraph (1)(B), for purposes  
17 of determining the 35 percent appraised value re-  
18 quirement under paragraph (1)(B), not more than  
19 15 percent of the appraised value of the article at  
20 the time the article is entered into the United States  
21 may be attributable to the cost or value of such  
22 United States materials.

23 (e) EXCLUSIONS.—An article shall not be treated as  
24 the growth, product, or manufacture of 1 or more Recon-  
25 struction Opportunity Zones, and no material shall be in-



1 cluded for purposes of determining the 35 percent ap-  
 2 praised value requirement under subsection (c)(1) or  
 3 (d)(1), by virtue of having merely undergone—

4 (1) simple combining or packaging operations;

5 or

6 (2) mere dilution with water or with another  
 7 substance that does not materially alter the charac-  
 8 teristics of the article or material.

9 (f) DIRECT COSTS OF PROCESSING OPERATIONS.—

10 (1) IN GENERAL.—As used in subsections  
 11 (c)(1)(B)(i)(II), (c)(1)(B)(ii)(III), and (d)(1)(B)(iii),  
 12 the term “direct costs of processing operations” in-  
 13 cludes, but is not limited to—

14 (A) all actual labor costs involved in the  
 15 growth, production, manufacture, or assembly  
 16 of the article, including—

17 (i) fringe benefits;

18 (ii) on-the-job training; and

19 (iii) costs of engineering, supervisory,  
 20 quality control, and similar personnel; and

21 (B) dies, molds, tooling, and depreciation  
 22 on machinery and equipment which are allo-  
 23 cable to the article.

24 (2) EXCLUDED COSTS.—As used in subsections  
 25 (c)(1)(B)(i)(II), (c)(1)(B)(ii)(III), and (d)(1)(B)(iii),

1 the term “direct costs of processing operations” does  
2 not include costs which are not directly attributable  
3 to the article or are not costs of manufacturing the  
4 article, such as—

5 (A) profit; and

6 (B) general expenses of doing business  
7 which are either not allocable to the article or  
8 are not related to the growth, production, man-  
9 ufacture, or assembly of the article, such as ad-  
10 ministrative salaries, casualty and liability in-  
11 surance, advertising, and salesmen’s salaries,  
12 commissions, or expenses.

13 (g) REGULATIONS.—The Secretary of the Treasury,  
14 after consultation with the United States Trade Rep-  
15 resentative, shall prescribe such regulations as may be  
16 necessary to carry out this section. The regulations may  
17 provide that, in order for an article to be eligible for duty-  
18 free treatment under this section, the article—

19 (1) shall be wholly the growth, product, or man-  
20 ufacture of 1 or more Reconstruction Opportunity  
21 Zones; or

22 (2) shall be a new or different article of com-  
23 merce which has been grown, produced, or manufac-  
24 tured in 1 or more Reconstruction Opportunity  
25 Zones.

1 **SEC. 5. DUTY-FREE TREATMENT FOR CERTAIN TEXTILE**  
 2 **AND APPAREL ARTICLES.**

3 (a) DUTY-FREE TREATMENT.—The President is au-  
 4 thorized to proclaim duty-free treatment for any textile or  
 5 apparel article described in subsection (b), if—

6 (1) the article is a covered article described in  
 7 subsection (b); and

8 (2) the President determines that the country  
 9 in which the Reconstruction Opportunity Zone is lo-  
 10 cated has satisfied the requirements set forth in sec-  
 11 tion 6.

12 (b) COVERED ARTICLES.—A covered article described  
 13 in this subsection is an article in 1 of the following cat-  
 14 egories:

15 (1) ARTICLES OF RECONSTRUCTION OPPOR-  
 16 TUNITY ZONES.—An article that is the product of 1  
 17 or more Reconstruction Opportunity Zones and falls  
 18 within the scope of 1 of the following textile and ap-  
 19 parel category numbers, as set forth in the HTS (as  
 20 in effect on September 1, 2007):

237 .....	641 .....	751
330 .....	642 .....	752
331 .....	643 .....	758
333 .....	644 .....	759
334 .....	650 .....	831
335 .....	651 .....	832
336 .....	653 .....	833
341 .....	654 .....	834
342 .....	665 .....	835
350 .....	669 .....	836
351 .....	733 .....	838
353 .....	734 .....	839
354 .....	735 .....	840
360 .....	736 .....	842

361 .....	738 .....	843
362 .....	739 .....	844
363 .....	740 .....	845
369 .....	741 .....	846
465 .....	742 .....	850
469 .....	743 .....	851
630 .....	744 .....	852
631 .....	745 .....	858
633 .....	746 .....	859
634 .....	747 .....	863
635 .....	748 .....	899
636 .....	750	

1                   (2) ARTICLES OF RECONSTRUCTION OPPOR-  
 2                   TUNITY ZONES IN AFGHANISTAN.—The article is the  
 3                   product of 1 or more Reconstruction Opportunity  
 4                   Zones in Afghanistan and falls within the scope of  
 5                   1 of the following textile and apparel category num-  
 6                   bers, as set forth in the HTS (as in effect on Sep-  
 7                   tember 1, 2007):

201 .....	439 .....	459
414 .....	440 .....	464
431 .....	442 .....	670
433 .....	444 .....	800
434 .....	445 .....	810
435 .....	446 .....	870
436 .....	448 .....	871
438 .....	.....	

8                   (3) CERTAIN OTHER TEXTILE AND APPAREL  
 9                   ARTICLES.—The article is the product of 1 or more  
 10                  Reconstruction Opportunity Zones and falls within  
 11                  the scope of 1 of the following textile and apparel  
 12                  category numbers as set forth in the HTS (as in ef-  
 13                  fect on September 1, 2007) and is covered by the  
 14                  corresponding description for such category:

15                         (A) CATEGORY 239.—An article in category  
 16                         239 (relating to cotton and man-made fiber ba-  
 17                         bies’ garments) except for baby socks and baby

1 booties described in subheading 6111.20.6050,  
2 6111.30.5050, or 6111.90.5050 of the HTS.

3 (B) CATEGORY 338.—An article in category  
4 338 (relating to men’s and boys’ cotton knit  
5 shirts) if the article is a certain knit-to-shape  
6 garment that meets the definition included in  
7 Statistical Note 6 to Chapter 61 of the HTS,  
8 and is provided for in subheading  
9 6110.20.1026, 6110.20.2067 or 6110.90.9067  
10 of the HTS.

11 (C) CATEGORY 339.—An article in category  
12 339 (relating to women’s and girls’ cotton knit  
13 shirts and blouses) if the article is a knit-to-  
14 shape garment that meets the definition in-  
15 cluded in Statistical Note 6 to Chapter 61 of  
16 the HTS, and is provided for in subheading  
17 6110.20.1031, 6110.20.2077, or 6110.90.9071  
18 of the HTS.

19 (D) CATEGORY 359.—An article in cat-  
20 egory 359 (relating to other cotton apparel) ex-  
21 cept swimwear provided for in subheading  
22 6112.39.0010, 6112.49.0010, 6211.11.8010,  
23 6211.11.8020, 6211.12.8010, or 6211.12.8020  
24 of the HTS.

1           (E) CATEGORY 632.—An article in category  
2           632 (relating to man-made fiber hosiery) if the  
3           article is panty hose provided for in subheading  
4           6115.21.0020 of the HTS.

5           (F) CATEGORY 638.—An article in category  
6           638 (relating to men’s and boys’ man-made  
7           fiber knit shirts) if the article is a knit-to-shape  
8           garment that meets the definition included in  
9           Statistical Note 6 to Chapter 61 of the HTS,  
10          and is provided for in subheading  
11          6110.30.2051, 6110.30.3051, or 6110.90.9079  
12          of the HTS.

13          (G) CATEGORY 639.—An article in category  
14          639 (relating to women’s and girls’ man-made  
15          fiber knit shirts and blouses) if the article is a  
16          knit-to-shape garment that meets the definition  
17          included in Statistical Note 6 to Chapter 61 of  
18          the HTS, and is provided for in subheading  
19          6110.30.2061, 6110.30.3057, or 6110.90.9081  
20          of the HTS.

21          (H) CATEGORY 647.—An article in cat-  
22          egory 647 (relating to men’s and boys’ man-  
23          made fiber trousers) if the article is ski/  
24          snowboard pants that meets the definition in-  
25          cluded in Statistical Note 4 to Chapter 62 of

1 the HTS, and is provided for in subheading  
2 6203.43.3510, 6210.40.5031, or 6211.20.1525  
3 of the HTS.

4 (I) CATEGORY 648.—An article in category  
5 648 (relating to women’s and girls’ man-made  
6 fiber trousers) if the article is ski/snowboard  
7 pants that meets the definition included in Sta-  
8 tistical Note 4 to Chapter 62 of the HTS, and  
9 is provided for in subheading 6204.63.3010,  
10 6210.50.5031, or 6211.20.1555 of the HTS.

11 (J) CATEGORY 659.—An article in category  
12 659 (relating to other man-made fiber apparel)  
13 except for swimwear provided for in subheading  
14 6112.31.0010, 6112.31.0020, 6112.41.0010,  
15 6112.41.0020, 6112.41.0030, 6112.41.0040,  
16 6211.11.1010, 6211.11.1020, 6211.12.1010, or  
17 6211.12.1020 of the HTS.

18 (K) CATEGORY 666.—An article in cat-  
19 egory 666 (relating to other man-made fiber  
20 furnishings) if the article is window shades and  
21 window blinds provided for in subheading  
22 6303.12.0010 or 6303.92.2030 of the HTS.

23 (4) CERTAIN OTHER ARTICLES.—The article is  
24 the product of 1 or more Reconstruction Oppor-  
25 tunity Zones and falls within the scope of 1 of the

1 following statistical reporting numbers of the HTS  
 2 (as in effect on September 1, 2007):

4202.12.8010 .....	6210.20.3000 .....	6304.99.1000
4202.12.8050 .....	6210.20.7000 .....	6304.99.2500
4202.22.4010 .....	6210.30.3000 .....	6304.99.4000
4202.22.7000 .....	6210.30.7000 .....	6304.99.6030
4202.22.8070 .....	6210.40.3000 .....	6306.22.9010
4202.92.3010 .....	6210.40.7000 .....	6306.29.1100
4202.92.6010 .....	6210.50.3000 .....	6306.29.2100
4202.92.9010 .....	6210.50.7000 .....	6306.40.4100
4202.92.9015 .....	6211.20.0810 .....	6306.40.4900
5601.29.0010 .....	6211.20.0820 .....	6306.91.0000
5702.39.2090 .....	6211.32.0003 .....	6306.99.0000
5702.49.2000 .....	6211.33.0003 .....	6307.10.2030
5702.50.5900 .....	6211.42.0003 .....	6307.20.0000
5702.99.2000 .....	6211.43.0003 .....	6307.90.7200
5703.90.0000 .....	6212.10.3000 .....	6307.90.7500
5705.00.2090 .....	6212.10.7000 .....	6307.90.8500
6108.22.1000 .....	6212.90.0050 .....	6307.90.8950
6111.90.7000 .....	6213.90.0500 .....	6307.90.8985
6113.00.1005 .....	6214.10.1000 .....	6310.90.1000
6113.00.1010 .....	6216.00.0800 .....	6406.99.1580
6113.00.1012 .....	6216.00.1300 .....	6501.00.6000
6115.29.4000 .....	6216.00.1900 .....	6502.00.2000
6115.30.1000 .....	6216.00.2600 .....	6502.00.4000
6115.99.4000 .....	6216.00.3100 .....	6502.00.9060
6116.10.0800 .....	6216.00.3500 .....	6504.00.3000
6116.10.1300 .....	6216.00.4600 .....	6504.00.6000
6116.10.4400 .....	6217.10.1010 .....	6504.00.9045
6116.10.6500 .....	6217.10.8500 .....	6504.00.9075
6116.10.9500 .....	6301.90.0020 .....	6505.10.0000
6116.92.0800 .....	6302.29.0010 .....	6505.90.8015
6116.93.0800 .....	6302.39.0020 .....	6505.90.9050
6116.99.3500 .....	6302.59.3010 .....	6505.90.9076
6117.10.4000 .....	6302.99.1000 .....	9404.90.2000
6117.80.3010 .....	6303.99.0030 .....	9404.90.8523
6117.80.8500 .....	6304.19.3030 .....	9404.90.9523
6210.10.2000 .....	6304.91.0060 .....	9404.90.9570
6210.10.7000 .....	.....	.....

3 (c) RULES OF ORIGIN FOR CERTAIN COVERED ARTI-  
 4 CLES.—

5 (1) GENERAL RULES.—Except with respect to  
 6 an article listed in paragraph (2) of subsection (b),  
 7 duty-free treatment may be proclaimed for an article  
 8 listed in subsection (b) only if the article is imported  
 9 directly into the customs territory of the United  
 10 States from a Reconstruction Opportunity Zone  
 11 and—



1 (A) the article is wholly the growth, prod-  
2 uct, or manufacture of 1 or more Reconstruc-  
3 tion Opportunity Zones;

4 (B) the article is a yarn, thread, twine,  
5 cordage, rope, cable, or braiding, and—

6 (i) the constituent staple fibers are  
7 spun in, or

8 (ii) the continuous filament fiber is  
9 extruded in,

10 1 or more Reconstruction Opportunity Zones;

11 (C) the article is a fabric, including a fab-  
12 ric classifiable under chapter 59 of the HTS,  
13 and the constituent fibers, filaments, or yarns  
14 are woven, knitted, needled, tufted, felted, en-  
15 tangled, or transformed by any other fabric-  
16 making process in 1 or more Reconstruction  
17 Opportunity Zones; or

18 (D) the article is any other textile or ap-  
19 parel article that is cut (or knit-to-shape) and  
20 sewn or otherwise assembled in 1 or more Re-  
21 construction Opportunity Zones from its compo-  
22 nent pieces.

23 (2) SPECIAL RULES.—

24 (A) CERTAIN MADE-UP ARTICLES, TEXTILE  
25 ARTICLES IN THE PIECE, AND CERTAIN OTHER

1 TEXTILES AND TEXTILE ARTICLES.—Notwith-  
2 standing paragraph (1)(D) and except as pro-  
3 vided in subparagraphs (C) and (D) of this  
4 paragraph, subparagraph (A), (B), or (C) of  
5 paragraph (1), as appropriate, shall determine  
6 whether a good that is classifiable under 1 of  
7 the following headings or subheadings of the  
8 HTS shall be considered to meet the rules of  
9 origin of this subsection: 5609, 5807, 5811,  
10 6209.20.50.40, 6213, 6214, 6301, 6302, 6303,  
11 6304, 6305, 6306, 6307.10, 6307.90, 6308,  
12 and 9404.90.

13 (B) CERTAIN KNIT-TO-SHAPE TEXTILES  
14 AND TEXTILE ARTICLES.—Notwithstanding  
15 paragraph (1)(D) and except as provided in  
16 subparagraphs (C) and (D) of this paragraph,  
17 a textile or apparel article that is wholly formed  
18 on seamless knitting machines or by hand-knit-  
19 ting in 1 or more Reconstruction Opportunity  
20 Zones shall be considered to meet the rules of  
21 origin of this subsection.

22 (C) CERTAIN DYED AND PRINTED TEX-  
23 TILES AND TEXTILE ARTICLES.—Notwith-  
24 standing paragraph (1)(D), an article classifi-  
25 able under subheading 6117.10, 6213.00,

1           6214.00, 6302.22, 6302.29, 6302.52, 6302.53,  
2           6302.59, 6302.92, 6302.93, 6302.99, 6303.92,  
3           6303.99,     6304.19,     6304.93,     6304.99,  
4           9404.90.85, or 9404.90.95 of the HTS, except  
5           for an article classifiable under 1 of such sub-  
6           headings as of cotton or of wool or consisting  
7           of fiber blends containing 16 percent or more  
8           by weight of cotton, shall be considered to meet  
9           the rules of origin of this subsection if the fab-  
10          ric in the article is both dyed and printed in 1  
11          or more Reconstruction Opportunity Zones, and  
12          such dyeing and printing is accompanied by 2  
13          or more of the following finishing operations:  
14          bleaching, shrinking, fulling, napping, decatizing,  
15          permanent stiffening, weighting, permanent em-  
16          bossing, or moireing.

17                 (D) FABRICS OF SILK, COTTON, MAN-MADE  
18          FIBER, OR VEGETABLE FIBER.—Notwith-  
19          standing paragraph (1)(C), a fabric classifiable  
20          under the HTS as of silk, cotton, man-made  
21          fiber, or vegetable fiber shall be considered to  
22          meet the rules of origin of this subsection if the  
23          fabric is both dyed and printed in 1 or more  
24          Reconstruction Opportunity Zones, and such  
25          dyeing and printing is accompanied by 2 or

1 more of the following finishing operations:  
2 bleaching, shrinking, fulling, napping, decating,  
3 permanent stiffening, weighting, permanent em-  
4 bossing, or moireing.

5 (d) RULES OF ORIGIN FOR COVERED ARTICLES  
6 THAT ARE PRODUCTS OF 1 OR MORE RECONSTRUCTION  
7 OPPORTUNITY ZONES IN AFGHANISTAN.—

8 (1) GENERAL RULES.—Duty-free treatment  
9 may be proclaimed for an article listed in paragraph  
10 (2) of subsection (b) only if the article is imported  
11 directly into the customs territory of the United  
12 States from a Reconstruction Opportunity Zone in  
13 Afghanistan and—

14 (A) the article is wholly the growth, prod-  
15 uct, or manufacture of 1 or more Reconstruc-  
16 tion Opportunity Zones in Afghanistan,

17 (B) the article is a yarn, thread, twine,  
18 cordage, rope, cable, or braiding, and—

19 (i) the constituent staple fibers are  
20 spun in, or

21 (ii) the continuous filament fiber is  
22 extruded in,

23 1 or more Reconstruction Opportunity Zones in  
24 Afghanistan;

1 (C) the article is a fabric, including a fab-  
2 ric classifiable under chapter 59 of the HTS,  
3 and the constituent fibers, filaments, or yarns  
4 are woven, knitted, needled, tufted, felted, en-  
5 tangled, or transformed by any other fabric-  
6 making process in 1 or more Reconstruction  
7 Opportunity Zones in Afghanistan; or

8 (D) the article is any other textile or ap-  
9 parel article that is cut (or knit-to-shape) and  
10 sewn or otherwise assembled in 1 or more Re-  
11 construction Opportunity Zones in Afghanistan  
12 from its component pieces.

13 (2) SPECIAL RULES.—

14 (A) CERTAIN MADE-UP ARTICLES, TEXTILE  
15 ARTICLES IN THE PIECE, AND CERTAIN OTHER  
16 TEXTILES AND TEXTILE ARTICLES.—Notwith-  
17 standing paragraph (1)(D) and except as pro-  
18 vided in subparagraphs (C) and (D) of this  
19 paragraph, subparagraph (A), (B), or (C) of  
20 paragraph (1), as appropriate, shall determine  
21 whether a good that is classifiable under 1 of  
22 the following headings or subheadings of the  
23 HTS shall be considered to meet the rules of  
24 origin of this subsection: 5609, 5807, 5811,  
25 6209.20.50.40, 6213, 6214, 6301, 6302, 6303,

1           6304, 6305, 6306, 6307.10, 6307.90, 6308,  
2           and 9404.90.

3           (B) CERTAIN KNIT-TO-SHAPE TEXTILES  
4           AND TEXTILE ARTICLES.—Notwithstanding  
5           paragraph (1)(D) and except as provided in  
6           subparagraphs (C) and (D) of this paragraph,  
7           a textile or apparel article that is wholly formed  
8           on seamless knitting machines or by hand-knit-  
9           ting in 1 or more Reconstruction Opportunity  
10          Zones in Afghanistan shall be considered to  
11          meet the rules of origin of this subsection.

12          (C) CERTAIN DYED AND PRINTED TEX-  
13          TILES AND TEXTILE ARTICLES.—Notwith-  
14          standing paragraph (1)(D), an article classifi-  
15          able under subheading 6117.10, 6213.00,  
16          6214.00, 6302.22, 6302.29, 6302.52, 6302.53,  
17          6302.59, 6302.92, 6302.93, 6302.99, 6303.92,  
18          6303.99, 6304.19, 6304.93, 6304.99,  
19          9404.90.85, or 9404.90.95 of the HTS, except  
20          for an article classifiable under 1 of such sub-  
21          headings as of cotton or of wool or consisting  
22          of fiber blends containing 16 percent or more  
23          by weight of cotton, shall be considered to meet  
24          the rules of origin of this subsection if the fab-  
25          ric in the article is both dyed and printed in 1

1 or more Reconstruction Opportunity Zones in  
2 Afghanistan, and such dyeing and printing is  
3 accompanied by 2 or more of the following fin-  
4 ishing operations: bleaching, shrinking, fulling,  
5 napping, decating, permanent stiffening,  
6 weighting, permanent embossing, or moireing.

7 (D) FABRICS OF SILK, COTTON, MAN-MADE  
8 FIBER OR VEGETABLE FIBER.—Notwith-  
9 standing paragraph (1)(C), a fabric classifiable  
10 under the HTS as of silk, cotton, man-made  
11 fiber, or vegetable fiber shall be considered to  
12 meet the rules of origin of this subsection if the  
13 fabric is both dyed and printed in 1 or more  
14 Reconstruction Opportunity Zones in Afghani-  
15 stan, and such dyeing and printing is accom-  
16 panied by 2 or more of the following finishing  
17 operations: bleaching, shrinking, fulling, nap-  
18 ping, decating, permanent stiffening, weighting,  
19 permanent embossing, or moireing.

20 (e) REGULATIONS.—The Secretary of the Treasury,  
21 after consultation with the United States Trade Rep-  
22 resentative, shall prescribe such regulations as may be  
23 necessary to carry out this section.

1 **SEC. 6. PROTECTIONS AGAINST UNLAWFUL TRANS-**  
2 **SHIPMENT.**

3 (a) **DUTY-FREE TREATMENT CONDITIONED ON EN-**  
4 **FORCEMENT MEASURES.—**

5 (1) **IN GENERAL.**—The duty-free treatment de-  
6 scribed in section 5 shall not be provided to covered  
7 articles that are imported from a Reconstruction Op-  
8 portunity Zone in a country unless the President de-  
9 termines that country meets the following criteria:

10 (A) The country has adopted effective do-  
11 mestic law and enforcement procedures applica-  
12 ble to covered articles to prevent unlawful  
13 transshipment of the articles and the use of  
14 false documents relating to the importation of  
15 the articles into the United States.

16 (B) The country has enacted legislation or  
17 promulgated regulations that would permit U.S.  
18 Customs and Border Protection verification  
19 teams to have the access necessary to inves-  
20 tigate thoroughly allegations of unlawful trans-  
21 shipment through such country.

22 (C) The country agrees to provide U.S.  
23 Customs and Border Protection with a monthly  
24 report on shipments of covered articles from  
25 each facility engaged in the production of those



1 articles in a Reconstruction Opportunity Zone  
2 in that country.

3 (D) The country will cooperate fully with  
4 the United States to address and take action  
5 necessary to prevent circumvention, as de-  
6 scribed in Article 5 of the Agreement on Tex-  
7 tiles and Clothing.

8 (E) The country agrees to require each en-  
9 tity engaged in the production or manufacture  
10 of a covered article in a Reconstruction Oppor-  
11 tunity Zone in that country to register with the  
12 competent government authority, to provide  
13 that authority with the following information,  
14 and to update that information as changes  
15 occur:

16 (i) The name and address of the enti-  
17 ty, including the location of all textile or  
18 apparel facilities owned or operated by that  
19 entity in Afghanistan or Pakistan.

20 (ii) The telephone number, facsimile  
21 number, and electronic mail address of the  
22 entity.

23 (iii) The names and nationalities of  
24 the owners, directors, and corporate offi-  
25 cers, and their positions within the entity.

1 (iv) The number of employees the en-  
2 tity employs and their occupations.

3 (v) A general description of the cov-  
4 ered articles the entity produces and the  
5 entity's production capacity.

6 (vi) The number and type of machines  
7 the entity uses to produce textile or ap-  
8 parel articles at each facility.

9 (vii) The approximate number of  
10 hours the machines operate per week.

11 (viii) The identity of any supplier to  
12 the entity of textile or apparel goods, or  
13 fabrics, yarns, or fibers used in the produc-  
14 tion of those goods.

15 (ix) The name of, and contact infor-  
16 mation for, each of the entity's customers  
17 in the United States.

18 (F) The country agrees to provide to U.S.  
19 Customs and Border Protection on a timely  
20 basis all of the information received by the com-  
21 petent government authority in accordance with  
22 subparagraph (E) and to provide U.S. Customs  
23 and Border Protection with an annual update  
24 of that information.

1 (G) The country agrees to require that all  
2 producers and exporters of covered articles in a  
3 Reconstruction Opportunity Zone in that coun-  
4 try maintain complete records of the production  
5 and the export of covered articles, including  
6 materials used in the production, for at least 5  
7 years after the production or export (as the  
8 case may be).

9 (H) The country agrees to provide, on a  
10 timely basis, at the request of U.S. Customs  
11 and Border Protection, documentation estab-  
12 lishing the eligibility of covered articles for  
13 duty-free treatment under section 5.

14 (2) DOCUMENTATION ESTABLISHING ELIGI-  
15 BILITY OF ARTICLES FOR DUTY-FREE TREAT-  
16 MENT.—For purposes of paragraph (1)(H), docu-  
17 mentation establishing the eligibility of a covered ar-  
18 ticle for duty-free treatment under section 5 includes  
19 documentation such as production records, informa-  
20 tion relating to the place of production, the number  
21 and identification of the types of machinery used in  
22 production, and the number of workers employed in  
23 production.

24 (b) CUSTOMS PROCEDURES AND ENFORCEMENT.—

25 (1) IN GENERAL.—

1           (A) REGULATIONS.—The Secretary of the  
2 Treasury, after consultation with the United  
3 States Trade Representative, shall promulgate  
4 regulations setting forth customs procedures  
5 similar in all material respects to the require-  
6 ments of article 502(1) of the NAFTA as im-  
7 plemented pursuant to United States law, which  
8 shall apply to any importer that claims duty-  
9 free treatment for an article under section 5.

10           (B) DETERMINATION.—In order for arti-  
11 cles produced in a Reconstruction Opportunity  
12 Zone to qualify for the duty-free treatment  
13 under section 5, there shall be in effect a deter-  
14 mination by the President that Afghanistan or  
15 Pakistan, as the case may be—

16                   (i) has implemented and follows, or

17                   (ii) is making substantial progress to-

18                   ward implementing and following,

19           procedures and requirements similar in all ma-  
20           terial respects to the relevant procedures and  
21           requirements under chapter 5 of the NAFTA.

22           (2) PENALTIES.—If the President determines,  
23           based on sufficient evidence, that an entity has en-  
24           gaged in unlawful transshipment described in para-  
25           graph (3), the President shall deny for a period of

1 5 years beginning on the date of the determination  
2 all benefits under section 5 to the entity, any suc-  
3 cessor of the entity, and any other entity owned or  
4 operated by the principals of the entity.

5 (3) UNLAWFUL TRANSSHIPMENT DESCRIBED.—  
6 For purposes of this section, unlawful transshipment  
7 occurs when duty-free treatment for a covered article  
8 has been claimed on the basis of material false infor-  
9 mation concerning the country of origin, manufac-  
10 ture, processing, or assembly of the article or any of  
11 its components. For purposes of the preceding sen-  
12 tence, false information is material if disclosure of  
13 the true information would mean or would have  
14 meant that the article is or was ineligible for duty-  
15 free treatment under section 5.

16 **SEC. 7. LIMITATIONS ON PROVIDING DUTY-FREE TREAT-**  
17 **MENT.**

18 (a) IN GENERAL.—

19 (1) PROCLAMATION.—Except as provided in  
20 paragraph (2), and subject to subsection (b) and the  
21 conditions described in sections 3 through 6, the  
22 President shall exercise the President's authority  
23 under this Act, and the President shall proclaim any  
24 duty-free treatment pursuant to that authority.

1           (2) WAIVER.—The President may waive the ap-  
2           plication of duty-free treatment under this Act if the  
3           President determines that providing such treatment  
4           is inconsistent with the national interests of the  
5           United States. In making such determination, the  
6           President shall consider—

7                   (A) obligations of the United States under  
8                   international agreements;

9                   (B) the national economic interests of the  
10                  United States; and

11                  (C) the foreign policy interests of the  
12                  United States, including the economic develop-  
13                  ment of Afghanistan and the border region of  
14                  Pakistan.

15           (b) WITHDRAWAL, SUSPENSION, OR LIMITATION OF  
16 DUTY-FREE TREATMENT.—

17           (1) IN GENERAL.—The President may with-  
18           draw, suspend, or limit the application of the duty-  
19           free treatment proclaimed under this Act. In taking  
20           any action to withdraw, suspend, or limit duty-free  
21           treatment, the President shall consider the factors  
22           set forth in section 3 (b) and (c) of this Act, and  
23           section 502 (b) and (c) of the Trade Act of 1974  
24           (19 U.S.C. 2462(b) and (c)).

1           (2) NOTICE TO CONGRESS.—The President  
2 shall advise Congress—

3           (A) of any action the President takes to  
4 withdraw, suspend, or limit the application of  
5 duty-free treatment with respect to Reconstruc-  
6 tion Opportunity Zones in Afghanistan or Paki-  
7 stan; and

8           (B) if either Afghanistan or Pakistan fails  
9 to adequately take the actions described in sec-  
10 tion 3 (b) and (c) of this Act or section 502 (b)  
11 and (c) of the Trade Act of 1974.

12 **SEC. 8. TERMINATION OF BENEFITS.**

13           Duty-free treatment provided under this Act shall re-  
14 main in effect through September 30, 2023.

○