

111TH CONGRESS
1ST SESSION

H. R. 1318

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2009

Mr. VAN HOLLEN (for himself, Mr. HOEKSTRA, Mr. LEVIN, Mr. KIRK, Mr. BURTON of Indiana, Mr. SMITH of Washington, Mr. CROWLEY, Mr. MORAN of Virginia, Mr. ACKERMAN, Mr. WELCH, and Ms. JACKSON-LEE of Texas) introduced the following bill; which was referred to the Committee on Ways and Means

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-Pakistan
5 Security and Prosperity Enhancement Act”.

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

7 (a) **DEFINITIONS.**—In this Act:

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

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

14 (3) CORE LABOR STANDARDS.—The term “core
15 labor standards” means—

16 (A) freedom of association;

17 (B) the effective recognition of the right to
18 bargain collectively;

19 (C) the elimination of all forms of compul-
20 sory or forced labor;

21 (D) the effective abolition of child labor
22 and a prohibition on the worst forms of child
23 labor; and

24 (E) the elimination of discrimination in re-
25 spect of employment and occupation.

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2 tered, or withdrawn from warehouse for consump-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

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

5 (A) a natural person, corporation, com-
6 pany, business association, partnership, society,
7 trust, any other nongovernmental entity, orga-
8 nization, or group, whether or not for profit;

9 (B) any governmental entity or instrumen-
10 tality of a government; and

11 (C) any successor, subunit, or subsidiary of
12 any entity described in subparagraph (A) or
13 (B).

14 (6) HTS.—The term “HTS” means the Har-
15 monized Tariff Schedule of the United States.

16 (7) NAFTA.—The term “NAFTA” means the
17 North American Free Trade Agreement concluded
18 between the United States, Mexico, and Canada on
19 December 17, 1992.

20 (8) RECONSTRUCTION OPPORTUNITY ZONE.—
21 The term “Reconstruction Opportunity Zone” means
22 any area that—

23 (A) solely encompasses portions of the ter-
24 ritory of—

25 (i) Afghanistan; or

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

3 (I) the Federally Administered
4 Tribal Areas;

5 (II) areas of Pakistan-adminis-
6 tered Kashmir that the President de-
7 termines were harmed by the earth-
8 quake of October 8, 2005;

9 (III) areas of Baluchistan that
10 are within 100 miles of Pakistan's
11 border with Afghanistan; and

12 (IV) the North West Frontier
13 Province;

14 (B) has been designated by the competent
15 authorities in Afghanistan or Pakistan, as the
16 case may be, as an area in which merchandise
17 may be introduced without payment of duty or
18 excise tax; and

19 (C) has been designated by the President
20 as a Reconstruction Opportunity Zone pursuant
21 to section 3(a).

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

23 (1) to stimulate economic activity and develop-
24 ment in Afghanistan and the border region of Paki-

1 stan, critical fronts in the struggle against violent
2 extremism;

3 (2) to reflect the strong support that the
4 United States has pledged to Afghanistan and Paki-
5 stan for their sustained commitment in the global
6 war on terrorism;

7 (3) to support the 3-pronged United States
8 strategy in Afghanistan and the border region of
9 Pakistan that leverages political, military, and eco-
10 nomic tools, with Reconstruction Opportunity Zones
11 as a critical part of the economic component of that
12 strategy; and

13 (4) to offer a vital opportunity to improve liveli-
14 hoods of indigenous populations of Reconstruction
15 Opportunity Zones, promote good governance, im-
16 prove economic and commercial ties between the
17 people of Afghanistan and Pakistan, and extend and
18 strengthen the Governments of Afghanistan and
19 Pakistan.

20 **SEC. 3. DESIGNATION OF RECONSTRUCTION OPPORTUNITY**
21 **ZONES.**

22 (a) **AUTHORITY TO DESIGNATE.**—The President is
23 authorized to designate an area within Afghanistan or
24 Pakistan described in section 2(a)(8) (A) and (B) as a

1 Reconstruction Opportunity Zone if the President deter-
2 mines that—

3 (1) Afghanistan or Pakistan, as the case may
4 be, meets the eligibility criteria set forth in sub-
5 section (b);

6 (2) Afghanistan or Pakistan, as the case may
7 be, meets the eligibility criteria set forth in sub-
8 section (c) of section 502 of the Trade Act of 1974
9 (19 U.S.C. 2462(c)) for designation as a beneficiary
10 developing country under that section and is not in-
11 eligible under subsection (b) of such section; and

12 (3) designation of the area as a Reconstruction
13 Opportunity Zone is appropriate taking into account
14 the factors listed in subsection (c).

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

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

20 (A) a market-based economy that protects
21 private property rights, incorporates an open
22 rules-based trading system, and minimizes gov-
23 ernment interference in the economy through
24 measures such as price controls, subsidies, and
25 government ownership of economic assets;

1 (B) the rule of law, political pluralism, and
2 the right to due process, a fair trial, and equal
3 protection under the law;

4 (C) economic policies to—

5 (i) reduce poverty;

6 (ii) increase the availability of health
7 care and educational opportunities;

8 (iii) expand physical infrastructure;

9 (iv) promote the development of pri-
10 vate enterprise; and

11 (v) encourage the formation of capital
12 markets through microcredit or other pro-
13 grams;

14 (D) a system to combat corruption and
15 bribery, such as ratifying and implementing the
16 United Nations Convention Against Corruption;
17 and

18 (E) protection of core labor standards;

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

21 (A) providing national treatment and
22 measures to create an environment conducive to
23 domestic and foreign investment;

24 (B) protecting intellectual property; and

1 (C) resolving bilateral trade and invest-
2 ment disputes;

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

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

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

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

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

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

20 (2) whether the government of the country has
21 provided the United States with a monitoring and
22 enforcement plan outlining specific steps the country
23 will take to cooperate with the United States to—

24 (A) facilitate legitimate cross-border com-
25 merce;

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

6 (C) prevent unlawful transshipment, as de-
7 scribed in section 6(b)(4).

8 (3) the potential for such designation to create
9 local employment and to promote local and regional
10 economic development;

11 (4) the physical security of the proposed Recon-
12 struction Opportunity Zone;

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

15 (A) whether there are commitments to fi-
16 nance economic activity proposed for the Recon-
17 struction Opportunity Zone; and

18 (B) whether there is existing or planned
19 infrastructure for power, water, transportation,
20 and communications in the area;

21 (6) whether such designation would be compat-
22 ible with and contribute to the foreign policy and na-
23 tional security objectives of the United States, tak-
24 ing into account the information provided under sub-
25 section (d); and

1 (7) the views of interested persons submitted
2 pursuant to subsection (e).

3 (d) INFORMATION RELATING TO COMPATIBILITY
4 WITH AND CONTRIBUTION TO FOREIGN POLICY AND NA-
5 TIONAL SECURITY OBJECTIVES OF THE UNITED
6 STATES.—In determining whether designation of a Recon-
7 struction Opportunity Zone would be compatible with and
8 contribute to the foreign policy and national security ob-
9 jectives of the United States in accordance with subsection
10 (c)(6), the President shall take into account whether Af-
11 ghanistan or Pakistan, as the case may be, has provided
12 the United States with a plan outlining specific steps it
13 will take to verify the ownership and nature of the activi-
14 ties of entities to be located in the proposed Reconstruct-
15 ion Opportunity Zone. The specific steps outlined in a
16 country's plan shall include a mechanism to annually reg-
17 ister each entity by a competent authority of the country
18 and—

19 (1) to collect from each entity operating in, or
20 proposing to operate in, a Reconstruction Oppor-
21 tunity Zone, information including—

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

23 (B) the name and location of all facilities
24 owned or operated by the entity that are oper-

1 ating in or proposed to be operating in a Recon-
2 struction Opportunity Zone;

3 (C) the name, nationality, date and place
4 of birth, and position title of each person who
5 is an owner, director, or officer of the entity;
6 and

7 (D) the nature of the activities of each en-
8 tity;

9 (2) to update the information required under
10 paragraph (1) as changes occur; and

11 (3) to provide such information promptly to the
12 Secretary of State.

13 (e) OPPORTUNITY FOR PUBLIC COMMENT.—Before
14 the President designates an area as a Reconstruction Op-
15 portunity Zone pursuant to subsection (a), the President
16 shall afford an opportunity for interested persons to sub-
17 mit their views concerning the designation.

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

1 **SEC. 4. DUTY-FREE TREATMENT FOR CERTAIN NONTEX-**
2 **TILE AND NONAPPAREL ARTICLES.**

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

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

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

14 (3) any article from a Reconstruction Oppor-
15 tunity Zone that is not a textile or apparel article,
16 regardless of whether the article has been designated
17 as an eligible article under section 503(a)(1)(A) or
18 (B) of the Trade Act of 1974 (19 U.S.C. 2463(a)(1)
19 (A) or (B)), if, after receiving the advice of the
20 International Trade Commission pursuant to sub-
21 section (b), the President determines that such arti-
22 cle is not import-sensitive in the context of imports
23 from a Reconstruction Opportunity Zone.

24 (b) ADVICE CONCERNING CERTAIN ELIGIBLE ARTI-
25 CLES.—Before proclaiming duty-free treatment for an ar-
26 ticle pursuant to subsection (a)(3), the President shall

1 publish in the Federal Register and provide the Inter-
2 national Trade Commission a list of articles which may
3 be considered for such treatment. The provisions of sec-
4 tions 131 through 134 of the Trade Act of 1974 (19
5 U.S.C. 2151 through 2154) shall apply to any designation
6 under subsection (a)(3) in the same manner as such sec-
7 tions apply to action taken under section 123 of the Trade
8 Act of 1974 (19 U.S.C. 2133) regarding a proposed trade
9 agreement.

10 (c) GENERAL RULES OF ORIGIN.—

11 (1) IN GENERAL.—The duty-free treatment
12 proclaimed with respect to an article described in
13 paragraph (1) or (3) of subsection (a) shall apply to
14 any article subject to such proclamation which is the
15 growth, product, or manufacture of 1 or more Re-
16 construction Opportunity Zones if—

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

20 (B)(i) with respect to an article that is an
21 article of a Reconstruction Opportunity Zone in
22 Pakistan, the sum of—

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

portunity Zones in Pakistan or Afghanistan,
stan,

(II) the direct costs of processing operations performed in 1 or more Reconstruction Opportunity Zones in Pakistan or Afghanistan, and

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

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

(ii) with respect to an article that is an article of a Reconstruction Opportunity Zone in Afghanistan, the sum of—

(I) the cost or value of the materials produced in 1 or more Reconstruction Opportunity Zones in Pakistan or Afghanistan,

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

(III) the direct costs of processing operations performed in 1 or more Recon-

1 struction Opportunity Zones in Pakistan or
2 Afghanistan, and

3 (IV) the cost or value of materials
4 produced in the United States, determined
5 in accordance with paragraph (2),

6 is not less than 35 percent of the appraised
7 value of the article at the time it is entered into
8 the United States.

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

21 (d) RULES OF ORIGIN FOR CERTAIN ARTICLES OF
22 RECONSTRUCTION OPPORTUNITY ZONES IN AFGHANI-
23 STAN.—

24 (1) IN GENERAL.—The duty-free treatment
25 proclaimed with respect to an article described in

1 paragraph (2) of subsection (a) shall apply to any
2 article subject to such proclamation which is the
3 growth, product, or manufacture of 1 or more Re-
4 construction Opportunity Zones in Afghanistan if—

5 (A) that article is imported directly from a
6 Reconstruction Opportunity Zone in Afghani-
7 stan into the customs territory of the United
8 States; and

9 (B) with respect to that article, the sum
10 of—

11 (i) the cost or value of the materials
12 produced in 1 or more Reconstruction Op-
13 portunity Zones in Afghanistan,

14 (ii) the cost or value of the materials
15 produced in 1 or more countries that are
16 members of the South Asian Association
17 for Regional Cooperation,

18 (iii) the direct costs of processing op-
19 erations performed in 1 or more Recon-
20 struction Opportunity Zones in Afghani-
21 stan, and

22 (iv) the cost or value of materials pro-
23 duced in the United States, determined in
24 accordance with paragraph (2),

1 is not less than 35 percent of the appraised
2 value of the product at the time it is entered
3 into the United States.

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

16 (e) EXCLUSIONS.—An article shall not be treated as
17 the growth, product, or manufacture of 1 or more Recon-
18 struction Opportunity Zones, and no material shall be in-
19 cluded for purposes of determining the 35-percent ap-
20 praised value requirement under subsection (c)(1) or
21 (d)(1), by virtue of having merely undergone—

22 (1) simple combining or packaging operations;
23 or

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

4 (f) DIRECT COSTS OF PROCESSING OPERATIONS.—

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

9 (A) all actual labor costs involved in the
10 growth, production, manufacture, or assembly
11 of the article, including—

12 (i) fringe benefits;
13 (ii) on-the-job training; and
14 (iii) costs of engineering, supervisory,
15 quality control, and similar personnel; and

16 (B) dies, molds, tooling, and depreciation
17 on machinery and equipment which are allo-
18 cable to the article.

19 (2) EXCLUDED COSTS.—As used in subsections
20 (c)(1)(B)(i)(II), (c)(1)(B)(ii)(III), and (d)(1)(B)(iii),
21 the term “direct costs of processing operations” does
22 not include costs which are not directly attributable
23 to the article or are not costs of manufacturing the
24 article, such as—

25 (A) profit; and

1 (B) general expenses of doing business
 2 which are either not allocable to the article or
 3 are not related to the growth, production, man-
 4 ufacture, or assembly of the article, such as ad-
 5 ministrative salaries, casualty and liability in-
 6 surance, advertising, and salesmen's salaries,
 7 commissions, or expenses.

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

14 (1) shall be wholly the growth, product, or man-
 15 ufacture of 1 or more Reconstruction Opportunity
 16 Zones; or

17 (2) shall be a new or different article of com-
 18 merce which has been grown, produced, or manufac-
 19 tured in 1 or more Reconstruction Opportunity
 20 Zones.

21 **SEC. 5. DUTY-FREE TREATMENT FOR CERTAIN TEXTILE**
 22 **AND APPAREL ARTICLES.**

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

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

3 (2) the President determines that the country
 4 in which the Reconstruction Opportunity Zone is lo-
 5 cated has satisfied the requirements set forth in sec-
 6 tion 6.

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

10 (1) ARTICLES OF RECONSTRUCTION OPPOR-
 11 TUNITY ZONES.—An article that is the product of 1
 12 or more Reconstruction Opportunity Zones and falls
 13 within the scope of 1 of the following textile and ap-
 14 parel category numbers, as set forth in the HTS (as
 15 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
 18 booties described in subheading 6111.20.6050,
 19 6111.30.5050, or 6111.90.5050 of the HTS.

20 (B) CATEGORY 338.—An article in category
 21 338 (relating to men's and boys' cotton knit
 22 shirts) if the article is a certain knit-to-shape

garment that meets the definition included in Statistical Note 6 to Chapter 61 of the HTS, and is provided for in subheading 6110.20.1026, 6110.20.2067 or 6110.90.9067 of the HTS.

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

(D) CATEGORY 359.—An article in category 359 (relating to other cotton apparel) except swimwear provided for in subheading 6112.39.0010, 6112.49.0010, 6211.11.8010, 6211.11.8020, 6211.12.8010, or 6211.12.8020 of the HTS.

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

(F) CATEGORY 638.—An article in category 638 (relating to men’s and boys’ man-made

1 fiber knit shirts) if the article is a knit-to-shape
2 garment that meets the definition included in
3 Statistical Note 6 to Chapter 61 of the HTS,
4 and is provided for in subheading
5 6110.30.2051, 6110.30.3051, or 6110.90.9079
6 of the HTS.

7 (G) CATEGORY 639.—An article in category
8 639 (relating to women’s and girls’ man-made
9 fiber knit shirts and blouses) if the article is a
10 knit-to-shape garment that meets the definition
11 included in Statistical Note 6 to Chapter 61 of
12 the HTS, and is provided for in subheading
13 6110.30.2061, 6110.30.3057, or 6110.90.9081
14 of the HTS.

15 (H) CATEGORY 647.—An article in cat-
16 egory 647 (relating to men’s and boys’ man-
17 made fiber trousers) if the article is ski/
18 snowboard pants that meets the definition in-
19 cluded in Statistical Note 4 to Chapter 62 of
20 the HTS, and is provided for in subheading
21 6203.43.3510, 6210.40.5031, or 6211.20.1525
22 of the HTS.

23 (I) CATEGORY 648.—An article in category
24 648 (relating to women’s and girls’ man-made
25 fiber trousers) if the article is ski/snowboard

1 pants that meets the definition included in Sta-
2 tistical Note 4 to Chapter 62 of the HTS, and
3 is provided for in subheading 6204.63.3010,
4 6210.50.5031, or 6211.20.1555 of the HTS.

5 (J) CATEGORY 659.—An article in category
6 659 (relating to other man-made fiber apparel)
7 except for swimwear provided for in subheading
8 6112.31.0010, 6112.31.0020, 6112.41.0010,
9 6112.41.0020, 6112.41.0030, 6112.41.0040,
10 6211.11.1010, 6211.11.1020, 6211.12.1010, or
11 6211.12.1020 of the HTS.

12 (K) CATEGORY 666.—An article in cat-
13 egory 666 (relating to other man-made fiber
14 furnishings) except for window shades and win-
15 dow blinds provided for in subheading
16 6303.12.0010 or 6303.92.2030 of the HTS.

17 (4) CERTAIN OTHER ARTICLES.—The article is
18 the product of 1 or more Reconstruction Oppor-
19 tunity Zones and falls within the scope of 1 of the
20 following statistical reporting numbers of the HTS
21 (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		

1 (c) RULES OF ORIGIN FOR CERTAIN COVERED ARTI-

2 CLES.—

3 (1) GENERAL RULES.—Except with respect to

4 an article listed in paragraph (2) of subsection (b),

5 duty-free treatment may be proclaimed for an article

6 listed in subsection (b) only if the article is imported

7 directly into the customs territory of the United

8 States from a Reconstruction Opportunity Zone

9 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,

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

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

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

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

(C) CERTAIN DYED AND PRINTED TEX-
TILES AND TEXTILE ARTICLES.—Notwith-
standing paragraph (1)(D), an article classifi-
able under subheading 6117.10, 6213.00,
6214.00, 6302.22, 6302.29, 6302.52, 6302.53,
6302.59, 6302.92, 6302.93, 6302.99, 6303.92,
6303.99, 6304.19, 6304.93, 6304.99,
9404.90.85, or 9404.90.95 of the HTS, except
for an article classifiable under 1 of such sub-
headings as of cotton or of wool or consisting
of fiber blends containing 16 percent or more
by weight of cotton, shall be considered to meet
the rules of origin of this subsection if the fab-
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 an effective
11 visa or electronic certification system, domestic
12 laws, and enforcement procedures applicable to
13 covered articles to prevent unlawful trans-
14 shipment of the articles and the use of false
15 documents relating to the importation of the ar-
16 ticles into the United States.

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

23 (C) The country agrees to provide U.S.
24 Customs and Border Protection with a monthly
25 report on shipments of covered articles from
26 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 textile or apparel 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, the number of workers employed in pro-
23 duction, and certification from both the manufac-
24 turer and the exporter.

25 (b) CUSTOMS PROCEDURES AND ENFORCEMENT.—

1 (1) IN GENERAL.—

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

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

17 (i) has implemented and follows, or
18 (ii) is making substantial progress to-
19 ward implementing and following,
20 procedures and requirements similar in all ma-
21 terial respects to the relevant procedures and
22 requirements under chapter 5 of the NAFTA.

23 (2) CERTIFICATE OF ORIGIN.—A certificate of
24 origin that otherwise would be required pursuant to
25 the provisions of paragraph (1) shall not be required

1 in the case of an article imported under section 5 if
2 such certificate of origin would not be required
3 under article 503 of the NAFTA, as implemented
4 pursuant to United States law, if the article were
5 imported from Mexico.

6 (3) PENALTIES.—If the President determines,
7 based on sufficient evidence, that an entity has en-
8 gaged in unlawful transshipment described in para-
9 graph (4), the President shall deny for a period of
10 5 years beginning on the date of the determination
11 all benefits under section 5 to the entity, any suc-
12 cessor of the entity, and any other entity owned, op-
13 erated, or controlled by the principals of the entity.

14 (4) UNLAWFUL TRANSSHIPMENT DESCRIBED.—
15 For purposes of this section, unlawful transshipment
16 occurs when duty-free treatment for a covered article
17 has been claimed on the basis of material false infor-
18 mation concerning the country of origin, manufac-
19 ture, processing, or assembly of the article or any of
20 its components. For purposes of the preceding sen-
21 tence, false information is material if disclosure of
22 the true information would mean or would have
23 meant that the article is or was ineligible for duty-
24 free treatment under section 5.

1 (5) MONITORING AND REPORTS TO CON-
2 GRESS.—U.S. Customs and Border Protection shall
3 monitor and the Commissioner responsible for U.S.
4 Customs and Border Protection shall submit to Con-
5 gress, not later than March 31 of each year, a report
6 on the effectiveness of the visa or electronic certifi-
7 cation systems and the implementation of legislation
8 and regulations described in subsection (a) and on
9 measures taken by Afghanistan and Pakistan to pre-
10 vent circumvention as described in article 5 of the
11 Agreement on Textile and Clothing.

12 (c) ADDITIONAL CUSTOMS ENFORCEMENT.—U.S.
13 Customs and Border Protection shall—

14 (1) make available technical assistance to Af-
15 ghanistan and Pakistan—

16 (A) in the development and implementation
17 of visa or electronic certification systems, legis-
18 lation, and regulations described in subsection
19 (a)(1)(A) and (B); and

20 (B) to train their officials in anti-trans-
21 shipment enforcement;

22 (2) send production verification teams to Af-
23 ghanistan and Pakistan as necessary; and

1 (3) to the extent feasible, place Afghanistan
2 and Pakistan on the Electronic Visa (ELVIS) pro-
3 gram or relevant e-certification program.

4 (d) AUTHORIZATION OF APPROPRIATIONS.—To carry
5 out subsection (c), there are authorized to be appropriated
6 to U.S. Customs and Border Protection \$10,000,000 for
7 each of the fiscal years 2010 through 2023.

8 **SEC. 7. TECHNICAL ASSISTANCE, CAPACITY BUILDING,**
9 **COMPLIANCE ASSESSMENT, AND REMEDI-**
10 **ATION PROGRAM.**

11 (a) DEFINITIONS.—In this section:

12 (1) APPROPRIATE CONGRESSIONAL COMMIT-
13 TEES.—The term “appropriate congressional com-
14 mittees” means the Committee on Finance of the
15 Senate and the Committee on Ways and Means of
16 the House of Representatives.

17 (2) TEXTILE OR APPAREL EXPORTING ENTER-
18 PRISE.—The term “textile or apparel exporting en-
19 terprise” means a producer of textile or apparel arti-
20 cles that is located in a Reconstruction Opportunity
21 Zone and is seeking or receiving any benefits under
22 section 5.

23 (b) ELIGIBILITY.—

24 (1) PRESIDENTIAL CERTIFICATION OF COMPLI-
25 ANCE BY AFGHANISTAN OR PAKISTAN WITH RE-

1 REQUIREMENTS.—Upon the expiration of the 16-month
2 period beginning on the date on which the President
3 notifies Congress of the President’s intention to des-
4 ignate an area within Afghanistan or Pakistan, as
5 the case may be, as a Reconstruction Opportunity
6 Zone under section 3, each Reconstruction Oppor-
7 tunity Zone in Afghanistan or Pakistan, as the case
8 may be, shall continue to receive duty-free treatment
9 under this Act only if the President determines and
10 certifies to Congress that Afghanistan or Pakistan,
11 as the case may be—

12 (A) has implemented the requirements set
13 forth in subsections (c) and (d); and

14 (B) has agreed to require textile or apparel
15 exporting enterprises to participate in the pro-
16 gram described in subsection (d) and has devel-
17 oped a system to ensure participation in such
18 program by such enterprises, including by de-
19 veloping and maintaining the registry described
20 in subsection (c)(2)(A).

21 (2) EXTENSION.—The President may extend
22 the period for compliance by Afghanistan or Paki-
23 stan under paragraph (1) if the President—

24 (A) determines that Afghanistan or Paki-
25 stan, as the case may be, has made a good faith

1 effort toward such compliance and has agreed
2 to take additional steps to come into full com-
3 pliance that are satisfactory to the President;
4 and

5 (B) provides to the appropriate congres-
6 sional committees, not later than 6 months
7 after the last day of the 16-month period speci-
8 fied in paragraph (1), and every 6 months
9 thereafter, a report identifying the steps that
10 Afghanistan or Pakistan, as the case may be,
11 has agreed to take to come into full compliance
12 and the progress made over the preceding 6-
13 month period in implementing such steps.

14 (3) CONTINUING COMPLIANCE.—

15 (A) TERMINATION OF PREFERENTIAL
16 TREATMENT.—If, after making a certification
17 under paragraph (1), the President determines
18 that Afghanistan or Pakistan is no longer meet-
19 ing the requirements set forth in paragraph (1),
20 the President shall terminate the eligibility of
21 Afghanistan or Pakistan, as the case may be,
22 provided under section 3(b), unless the Presi-
23 dent determines, after consulting with the ap-
24 propriate congressional committees, that meet-
25 ing such requirements is not practicable be-

1 cause of extraordinary circumstances existing in
2 Afghanistan or Pakistan, as the case may be,
3 when the determination is made.

4 (B) SUBSEQUENT COMPLIANCE.—If the
5 President, after terminating eligibility of Af-
6 ghanistan or Pakistan, as the case may be,
7 under subparagraph (A), determines that Af-
8 ghanistan or Pakistan, as the case may be, is
9 meeting the requirements set forth in para-
10 graph (1), the President shall reinstate the eli-
11 gibility of Afghanistan or Pakistan, as the case
12 may be, under section 3(b).

13 (c) LABOR OFFICIAL.—

14 (1) IN GENERAL.—The requirement under this
15 subsection is that Afghanistan or Pakistan, as the
16 case may be, has designated a labor official within
17 the national government that—

18 (A) reports directly to the President of Af-
19 ghanistan or Pakistan, as the case may be;

20 (B) is chosen by the President of Afghani-
21 stan or Pakistan, as the case may be, in con-
22 sultation with labor unions and industry asso-
23 ciations; and

24 (C) is vested with the authority to perform
25 the functions described in paragraph (2).

1 (2) FUNCTIONS.—The functions of the labor of-
2 ficial shall include—

3 (A) developing and maintaining a registry
4 of textile or apparel exporting enterprises, and
5 developing, in consultation and coordination
6 with any other appropriate officials of the Gov-
7 ernment of Afghanistan or Pakistan, as the
8 case may be, a system to ensure participation
9 by such enterprises in the program described in
10 subsection (d);

11 (B) overseeing the implementation of the
12 program described in subsection (d);

13 (C) receiving and investigating comments
14 from any interested party regarding the condi-
15 tions described in subsection (d)(2) in facilities
16 of textile or apparel exporting enterprises listed
17 in the registry described in subparagraph (A)
18 and, where appropriate, referring such com-
19 ments or the result of such investigations to the
20 appropriate authorities of Afghanistan or Paki-
21 stan, as the case may be, or to the entity oper-
22 ating the program described in subsection (d);

23 (D) assisting, in consultation and coordina-
24 tion with any other appropriate authorities Af-
25 ghanistan or Pakistan, as the case may be, tex-

1 tile or apparel exporting enterprises listed in
2 the registry described in subparagraph (A) in
3 meeting the conditions set forth in subsection
4 (d)(2); and

5 (E) coordinating, with the assistance of the
6 entity operating the program described in sub-
7 section (d), a tripartite committee comprised of
8 appropriate representatives of government agen-
9 cies, employers, and workers, as well as other
10 relevant interested parties, for the purposes of
11 evaluating progress in implementing the pro-
12 gram described in subsection (d), and con-
13 sulting on improving core labor standards and
14 working conditions in the textile and apparel
15 sector in Afghanistan or Pakistan, as the case
16 may be, and on other matters of common con-
17 cern relating to such core labor standards and
18 working conditions.

19 (d) TECHNICAL ASSISTANCE, CAPACITY BUILDING,
20 COMPLIANCE ASSESSMENT, AND REMEDIATION PRO-
21 GRAM.—

22 (1) IN GENERAL.—The requirement under this
23 subsection is that Afghanistan or Pakistan, as the
24 case may be, in cooperation with the International

1 Labor Organization, has established a program
2 meeting the requirements under paragraph (3)—

3 (A) to assess compliance by textile or ap-
4 parel exporting enterprises listed in the registry
5 described in subsection (c)(2)(A) with the con-
6 ditions set forth in paragraph (2) and to assist
7 such enterprises in meeting such conditions;
8 and

9 (B) to provide assistance to improve the
10 capacity of the Government of Afghanistan or
11 Pakistan, as the case may be—

12 (i) to inspect facilities of textile or ap-
13 parel exporting enterprises listed in the
14 registry described in subsection (c)(2)(A);
15 and

16 (ii) to enforce national labor laws and
17 resolve labor disputes, including through
18 measures described in paragraph (5).

19 (2) CONDITIONS DESCRIBED.—The conditions
20 referred to in paragraph (1) are—

21 (A) compliance with core labor standards;
22 and

23 (B) compliance with the labor laws of Af-
24 ghanistan or Pakistan, as the case may be, that
25 relate directly to core labor standards and to

1 ensuring acceptable conditions of work with re-
2 spect to minimum wages, hours of work, and
3 occupational health and safety.

4 (3) REQUIREMENTS.—The requirements for the
5 program are that the program—

6 (A) be operated by the International Labor
7 Organization (or any subdivision, instrumen-
8 tality, or designee thereof), which prepares the
9 annual reports described in paragraph (4);

10 (B) be developed through a participatory
11 process that includes the labor official described
12 in subsection (c) of Afghanistan or Pakistan, as
13 the case may be, and appropriate representa-
14 tives of government agencies, employers, and
15 workers;

16 (C) assess compliance by each textile or
17 apparel exporting enterprise listed in the reg-
18 istry described in subsection (c)(2)(A) with the
19 conditions set forth in paragraph (2) and iden-
20 tify any deficiencies by such enterprise with re-
21 spect to meeting such conditions, including
22 by—

23 (i) conducting site visits to facilities of
24 the enterprise;

1 (ii) conducting confidential interviews
2 with workers and management of the fa-
3 cilities of the enterprise; and

4 (iii) providing to management and
5 workers, and where applicable, worker or-
6 ganizations in the enterprise, on a con-
7 fidential basis—

8 (I) the results of the assessment
9 carried out under this subparagraph;
10 and

11 (II) specific suggestions for reme-
12 diating any such deficiencies;

13 (D) assist the textile or apparel exporting
14 enterprise in remediating any deficiencies iden-
15 tified under subparagraph (C);

16 (E) conduct prompt follow-up site visits to
17 the facilities of the textile or apparel exporting
18 enterprise to assess progress on remediation of
19 any deficiencies identified under subparagraph
20 (C); and

21 (F) provide training to workers and man-
22 agement of the textile or apparel exporting en-
23 terprise, and where appropriate, to other per-
24 sons or entities, to promote compliance with
25 paragraph (2).

1 (4) ANNUAL REPORT.—The annual reports re-
2 ferred to in paragraph (3)(A) are a report, by the
3 entity operating the program, that is published (and
4 available to the public in a readily accessible man-
5 ner) on an annual basis, beginning 1 year after Af-
6 ghanistan or Pakistan, as the case may be, has im-
7 plemented the program under this subsection, cov-
8 ering the preceding 1-year period, and that includes
9 the following:

10 (A) The name of each textile or apparel ex-
11 porting enterprise listed in the registry de-
12 scribed in subsection (c)(2)(A) that has been
13 identified as having met the conditions under
14 paragraph (2).

15 (B) The name of each textile or apparel
16 exporting enterprise listed in the registry de-
17 scribed in subsection (c)(2)(A) that has been
18 identified as having deficiencies with respect to
19 the conditions under paragraph (2), and has
20 failed to remedy such deficiencies.

21 (C) For each textile or apparel exporting
22 enterprise listed under subparagraph (B)—

23 (i) a description of the deficiencies
24 found to exist and the specific suggestions

1 for remediating such deficiencies made by
2 the entity operating the program;

3 (ii) a description of the efforts by the
4 enterprise to remediate the deficiencies, in-
5 cluding a description of assistance provided
6 by any entity to assist in such remediation;
7 and

8 (iii) with respect to deficiencies that
9 have not been remediated, the amount of
10 time that has elapsed since the deficiencies
11 were first identified in a report under this
12 subparagraph.

13 (D) For each textile or apparel exporting
14 enterprise identified as having deficiencies with
15 respect to the conditions described under para-
16 graph (2) in a prior report under this para-
17 graph, a description of the progress made in re-
18 mediating such deficiencies since the submission
19 of the prior report, and an assessment of
20 whether any aspect of such deficiencies persists.

21 (5) CAPACITY BUILDING.—The assistance to
22 the Government of Afghanistan or Pakistan referred
23 to in paragraph (1)(B) shall include programs—

24 (A) to review the labor laws and regula-
25 tions of Afghanistan or Pakistan, as the case

1 may be, and to develop and implement strate-
2 gies for improving labor laws and regulations;

3 (B) to develop additional strategies for fa-
4 cilitating protection of core labor standards and
5 providing acceptable conditions of work with re-
6 spect to minimum wages, hours of work, and
7 occupational safety and health, including
8 through legal, regulatory, and institutional re-
9 form;

10 (C) to increase awareness of core labor
11 standards and national labor laws;

12 (D) to promote consultation and coopera-
13 tion between government representatives, em-
14 ployers, worker representatives, and United
15 States importers on matters relating to core
16 labor standards and national labor laws;

17 (E) to assist the labor official of Afghani-
18 stan or Pakistan, as the case may be, des-
19 ignated pursuant to subsection (c) in estab-
20 lishing and coordinating operation of the com-
21 mittee described in subsection (c)(2)(E);

22 (F) to assist worker representatives in
23 more fully and effectively advocating on behalf
24 of their members; and

1 (G) to provide on-the-job training and
2 technical assistance to labor inspectors, judicial
3 officers, and other relevant personnel to build
4 their capacity to enforce national labor laws
5 and resolve labor disputes.

6 (e) COMPLIANCE WITH ELIGIBILITY CRITERIA.—

7 (1) COUNTRY COMPLIANCE WITH CORE LABOR
8 STANDARDS ELIGIBILITY CRITERIA.—In making a
9 determination of whether Afghanistan or Pakistan is
10 meeting the requirement set forth in section
11 3(b)(1)(E) relating to core labor standards, the
12 President shall consider the reports produced under
13 subsection (d)(4).

14 (2) ENTERPRISE ELIGIBILITY.—

15 (A) IDENTIFICATION OF PRODUCERS.—Be-
16 ginning 2 years after the President makes the
17 certification under subsection (b)(1), the Presi-
18 dent shall identify on a biennial basis whether
19 a textile or apparel exporting enterprise listed
20 in the registry described in subsection (c)(2)(A)
21 has failed to comply with core labor standards
22 and with the labor laws of Afghanistan or Paki-
23 stan, as the case may be, that directly relate to
24 and are consistent with core labor standards.

1 (B) ASSISTANCE TO ENTERPRISES; WITH-
2 DRAWAL, ETC., OF PREFERENTIAL TREAT-
3 MENT.—For each textile or apparel exporting
4 enterprise that the President identifies under
5 subparagraph (A), the President shall seek to
6 assist such enterprise in coming into compliance
7 with core labor standards and with the labor
8 laws of Afghanistan or Pakistan, as the case
9 may be, that directly relate to and are con-
10 sistent with core labor standards. If such ef-
11 forts fail, the President shall withdraw, sus-
12 pend, or limit the application of preferential
13 treatment under section 5 to articles of such
14 enterprise.

15 (C) REINSTATING PREFERENTIAL TREAT-
16 MENT.—If the President, after withdrawing,
17 suspending, or limiting the application of pref-
18 erential treatment under subparagraph (B) to
19 articles of a textile or apparel exporting enter-
20 prise, determines that such enterprise is com-
21 plying with core labor standards and with the
22 labor laws of Afghanistan or Pakistan, as the
23 case may be, that directly relate to and are con-
24 sistent with core labor standards, the President
25 shall reinstate the application of preferential

1 treatment under section 5 to the articles of the
2 enterprise.

3 (D) CONSIDERATION OF REPORTS.—In
4 making the identification under subparagraph
5 (A) and the determination under subparagraph
6 (C), the President shall consider the reports
7 made available under subsection (d)(4).

8 (f) REPORTS BY THE PRESIDENT.—

9 (1) IN GENERAL.—Not later than one year
10 after the date of the enactment of this Act, and an-
11 nually thereafter, the President shall transmit to the
12 appropriate congressional committees a report on
13 the implementation of this section during the pre-
14 ceding 1-year period.

15 (2) MATTERS TO BE INCLUDED.—Each report
16 required by paragraph (1) shall include the fol-
17 lowing:

18 (A) An explanation of the efforts of Af-
19 ghanistan and Pakistan, the President, and the
20 International Labor Organization to carry out
21 this section.

22 (B) A summary of each report produced
23 under subsection (d)(4) during the preceding 1-
24 year period and a summary of the findings con-
25 tained in such report.

1 (C) Identifications made under subsection
2 (e)(2)(A) and determinations made under sub-
3 section (e)(2)(C).

4 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
5 authorized to be appropriated to carry out this section
6 \$20,000,000 for the period beginning on October 1, 2009,
7 and ending on September 30, 2014.

8 **SEC. 8. PETITION PROCESS.**

9 Any interested party may file a request to have the
10 status of Afghanistan or Pakistan reviewed with respect
11 to the eligibility requirements listed in this Act, and the
12 President shall provide for this purpose the same proce-
13 dures as those that are provided for reviewing the status
14 of eligible beneficiary developing countries with respect to
15 the designation criteria listed in subsections (b) and (c)
16 of section 502 of the Trade Act of 1974 (19 U.S.C. 2642
17 (b) and (c)).

18 **SEC. 9. LIMITATIONS ON PROVIDING DUTY-FREE TREAT-**
19 **MENT.**

20 (a) IN GENERAL.—

21 (1) PROCLAMATION.—Except as provided in
22 paragraph (2), and subject to subsection (b) and the
23 conditions described in sections 3 through 7, the
24 President shall exercise the President's authority

1 under this Act, and the President shall proclaim any
2 duty-free treatment pursuant to that authority.

3 (2) WAIVER.—The President may waive the ap-
4 plication of duty-free treatment under this Act with
5 respect to Reconstruction Opportunity Zones in Af-
6 ghanistan and Pakistan or enterprises receiving ben-
7 efits under section 4 or 5 if the President deter-
8 mines that providing such treatment is inconsistent
9 with the national interests of the United States. In
10 making such determination, the President shall con-
11 sider—

12 (A) obligations of the United States under
13 international agreements;

14 (B) the national economic interests of the
15 United States; and

16 (C) the foreign policy interests of the
17 United States, including the economic develop-
18 ment of Afghanistan and the border region of
19 Pakistan.

20 (b) WITHDRAWAL, SUSPENSION, OR LIMITATION OF
21 DUTY-FREE TREATMENT.—The President may withdraw,
22 suspend, or limit the application of the duty-free treat-
23 ment proclaimed under this Act. In taking any action to
24 withdraw, suspend, or limit duty-free treatment with re-
25 spect to Reconstruction Opportunity Zones in Afghanistan

1 and Pakistan or enterprises receiving benefits under sec-
2 tion 4 or 5, the President shall consider the factors set
3 forth in section 3 (b) and (c) of this Act, and section 502
4 (b) and (c) of the Trade Act of 1974 (19 U.S.C. 2462
5 (b) and (c)). In taking any action to withdraw, suspend,
6 or limit duty-free treatment with respect to enterprises re-
7 ceiving benefits under section 4 or 5, the President shall
8 consider the information described in section 3(d) relating
9 to verification of the ownership and nature of the activities
10 of such enterprises and any other relevant information the
11 President determines to be appropriate.

12 (c) NOTICE TO CONGRESS.—The President shall ad-
13 vise Congress—

14 (1) of any action the President takes to with-
15 draw, suspend, or limit the application of duty-free
16 treatment with respect to Reconstruction Oppor-
17 tunity Zones in Afghanistan or Pakistan or enter-
18 prises receiving benefits under section 4 or 5; and

19 (2) if either Afghanistan or Pakistan fails to
20 adequately take the actions described in section 3
21 (b) and (c) of this Act or section 502 (b) and (c)
22 of the Trade Act of 1974.

1 **SEC. 10. TERMINATION OF BENEFITS.**

2 Duty-free treatment provided under this Act shall re-
3 main in effect through September 30, 2024.

○