

shape components, the inclusion of a specific reference to apparel articles formed on seamless knitting machines, a change of the wool fiber diameter specified in one provision, and the addition of a new provision to cover additional production scenarios involving the United States and AGOA beneficiary countries. This document also includes a number of other changes to the AGOA implementing regulations to clarify a number of issues that arose after their original publication.

DATES: Interim rule effective March 21, 2003; comments must be submitted by May 20, 2003.

ADDRESSES: Written comments are to be addressed to the U.S. Customs Service, Office of Regulations and Rulings, Attention: Regulations Branch, 1300 Pennsylvania Avenue NW., Washington, DC 20229. Submitted comments may be inspected at U.S. Customs Service, 799 9th Street NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Operational issues: Robert Abels, Office of Field Operations (202-927-1959). Legal issues: Cynthia Reese, Office of Regulations and Rulings (202-572-8790).

SUPPLEMENTARY INFORMATION:

Background

The African Growth and Opportunity Act

The African Growth and Opportunity Act (the AGOA, Title I of Public Law 106-200, 114 Stat. 251) authorizes the President to extend certain trade benefits to designated countries in sub-Saharan Africa. Section 112 of the AGOA, codified at 19 U.S.C. 3721, provides for the preferential treatment of certain textile and apparel articles from designated beneficiary countries. The provisions of section 112 of the AGOA are reflected for tariff purposes in Subchapter XIX, Chapter 98, Harmonized Tariff Schedule of the United States (HTSUS).

Sections 10.211 through 10.217 of the Customs Regulations (19 CFR 10.211 through 10.217) set forth the legal requirements and procedures that apply for purposes of obtaining preferential treatment on textile and apparel articles pursuant to section 112 of the AGOA. Those regulations were adopted on an interim basis in T.D. 00-67, published in the **Federal Register** (65 FR 59668) on October 5, 2000, and took effect on October 1, 2000. Action to adopt those interim regulations as a final rule was withheld pending anticipated action on the part of Congress to amend the underlying statutory provisions.

Trade Act of 2002 Amendments

On August 6, 2002, the President signed into law the Trade Act of 2002 (the "Act"), Public Law 107-210, 116 Stat. 933. Sections 3108(a) and (b) of the Act amended section 112(b) of the AGOA (19 U.S.C. 3721(b)) which specifies the textile and apparel articles to which preferential treatment applies under the AGOA. The amendments made by section 3108(a) of the Act to section 112(b) of the AGOA were as follows:

1. The article description in the introductory text of paragraph (b)(1) was amended to refer to apparel articles "sewn or otherwise" assembled and to include a reference to articles assembled "from components knit-to-shape." The amended statutory text reads as follows:

Apparel articles sewn or otherwise assembled in one or more beneficiary sub-Saharan African countries from fabrics wholly formed and cut, or from components knit-to-shape, in the United States from yarns wholly formed in the United States, (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States and are wholly formed and cut in the United States) that are

2. The article description in paragraph (b)(2) was reorganized in order to accommodate the addition of references to apparel articles "sewn or otherwise" assembled and to apparel articles assembled "from components knit-to-shape in the United States from yarns wholly formed in the United States." The amended statutory text reads as follows:

Apparel articles sewn or otherwise assembled in one or more beneficiary sub-Saharan African countries with thread formed in the United States from fabrics wholly formed in the United States and cut in one or more beneficiary sub-Saharan African countries from yarns wholly formed in the United States, or from components knit-to-shape in the United States from yarns wholly formed in the United States, or both (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States and are wholly formed in the United States).

3. The article description in the introductory text of paragraph (b)(3) was amended by removing the words "and cut" after "wholly formed" within the parenthetical phrase, by adding a reference to articles assembled "from components knit-to-shape in one or more beneficiary sub-Saharan African countries from yarns originating either in the United States or one or more beneficiary sub-Saharan African countries," and by adding a reference to

"apparel articles wholly formed on seamless knitting machines in a beneficiary sub-Saharan African country from yarns originating either in the United States or one or more beneficiary sub-Saharan African countries." The amended statutory text reads as follows:

Apparel articles wholly assembled in one or more beneficiary sub-Saharan African countries from fabric wholly formed in one or more beneficiary sub-Saharan African countries from yarns originating either in the United States or one or more beneficiary sub-Saharan African countries (including fabrics not formed from yarns, if such fabrics are classified under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States and are wholly formed in one or more beneficiary sub-Saharan African countries), or from components knit-to-shape in one or more beneficiary sub-Saharan African countries from yarns originating either in the United States or one or more beneficiary sub-Saharan African countries, or apparel articles wholly formed on seamless knitting machines in a beneficiary sub-Saharan African country from yarns originating either in the United States or one or more beneficiary sub-Saharan African countries, subject to the following:

4. The article description in paragraph (b)(3)(B)(i), which sets forth a special rule for lesser developed beneficiary sub-Saharan African countries, was amended to refer to preferential treatment "under this paragraph," to refer to apparel articles wholly assembled "or knit-to-shape and wholly assembled, or both," and to refer to preferential treatment regardless of the country of origin of the fabric "or the yarn." The amended statutory text reads as follows:

Subject to subparagraph (A), preferential treatment under this paragraph shall be extended through September 30, 2004, for apparel articles wholly assembled, or knit-to-shape and wholly assembled, or both, in one or more lesser developed beneficiary sub-Saharan African countries regardless of the country of origin of the fabric or the yarn used to make such articles.

5. The definition of "lesser developed beneficiary sub-Saharan African country" in paragraph (b)(3)(B)(ii) was amended by replacing the reference to the World Bank with a reference to the International Bank for Reconstruction and Development and by the addition of separate subparagraph references to Botswana and Namibia. The latter amendment in effect removes those two countries from the maximum per capita gross national product standard that applies to other countries covered by the definition. Neither of these changes affects the AGOA implementing regulations.