

6. In paragraph (b)(4)(B), the reference to wool measuring “18.5” microns in diameter or finer was amended to read “21.5” microns in diameter or finer.

7. Finally, a new paragraph (b)(7) was added to cover hybrid operations, that is, combinations of various production scenarios described in other paragraphs under section 112(b). This new provision 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 components cut in the United States and one or more beneficiary sub-Saharan African countries from fabric wholly formed in the United States from yarns wholly formed in the United States, or from components knit-to-shape in the United States and one or more beneficiary sub-Saharan African countries 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).

Section 3108(b) of the Act amended section 112(b) of the AGOA by increasing the applicable percentage used for determining the quantitative limits that apply to apparel articles entitled to preferential treatment under paragraph (b)(3). This change does not affect the AGOA implementing regulations.

On November 13, 2002, the President signed Proclamation 7626 (published in the **Federal Register** at 67 FR 69459 on November 18, 2002) which, among other things, in Annex II sets forth modifications to the HTSUS to implement the changes to section 112(b) of the AGOA made by section 3108 of the Act. The Proclamation provides that the HTSUS modifications that implement the changes made by section 3108(a) of the Act are effective with respect to eligible articles entered, or withdrawn from warehouse for consumption, on or after August 6, 2002. The Proclamation further provides that the HTSUS modifications that implement the change to the applicable quantitative limit percentage made by section 3108(b) of the Act are effective with respect to eligible articles entered, or withdrawn from warehouse for consumption, on or after October 1, 2002.

Changes to the Interim Regulatory Texts

As a consequence of the statutory changes described above and as a result of the modifications to the HTSUS made by Proclamation 7626, the interim AGOA implementing regulations published in T.D. 00-67 no longer fully reflect the current state of the law. In

addition, following publication of those interim regulations, a number of other issues came to the attention of Customs that warrant clarification in the AGOA implementing regulations. Accordingly, this document sets forth interim amendments to the AGOA implementing regulations, with provision for public comment on those changes, to reflect the amendments to the statute mentioned above and to clarify or otherwise improve those previously published regulations. It is the intention of Customs, after the close of the public comment period prescribed in this document, to publish one document that (1) addresses both the comments submitted on the interim regulations published in T.D. 00-67 and the comments submitted on the interim regulations set forth in this document and (2) adopts, as a final rule, the AGOA implementing regulations contained in the two interim rule documents with any additional changes as may be appropriate based on issues raised in the submitted public comments. The interim regulatory changes contained in this document are discussed below.

Amendments To Reflect the Statutory Changes

The interim regulatory amendments set forth in this document that are in response to the statutory changes made to section 112(b) of the AGOA by section 3108 of the Act are as follows:

1. In § 10.212, a new definition covering knit-to-shape components is added to reflect the inclusion of references to “components knit-to-shape” in paragraphs (b)(1), (b)(2), (b)(3), and (b)(7) of the statute. Also, as a consequence of the addition of this new definition, the interim definition of “knit-to-shape” is recast as a definition covering knit-to-shape articles but without any other change to the wording of the definition.

2. In § 10.212, a new definition of “wholly formed on seamless knitting machines” is added to clarify the meaning of this expression as used in the amended text of paragraph (b)(3) of the statute (§ 10.213(a)(4) of the regulatory texts).

3. In § 10.213, paragraphs (a)(1) and (a)(2) are revised to conform to the amendment of the product description in the introductory text of paragraph (b)(1) of the statute.

4. In § 10.213, paragraph (a)(3) is revised to conform to the amendment of the product description in paragraph (b)(2) of the statute.

5. In § 10.213, paragraph (a)(4) is revised to conform to the amendment of the product description in the

introductory text of paragraph (b)(3) of the statute.

6. In § 10.213, paragraph (a)(5) is revised to conform to the amendment of the product description that applies to lesser developed beneficiary countries in paragraph (b)(3)(B)(i) of the statute.

7. In § 10.213, the reference to “18.5” microns in paragraph (a)(7) is changed to read “21.5” microns to reflect the amendment made to paragraph (b)(4)(B) of the statute.

8. In § 10.213, a new paragraph (a)(11) is added to cover the hybrid operations described in new paragraph (b)(7) of the statute.

9. Finally, the preference group descriptions on the Certificate of Origin set forth under paragraph (b) of § 10.214 are revised to reflect the amended product descriptions in the statute and to include a reference to articles covered by new paragraph (b)(7) of the statute and paragraph (a)(11) of § 10.213.

Other Amendments

In addition to the regulatory amendments described above that result from the changes made to section 112(b) of the AGOA by section 3108 of the Act, Customs has included in this document a number of other changes to the interim regulations published in T.D. 00-67. These additional changes, which are intended to clarify or otherwise improve the interim regulatory texts, are as follows:

1. In the definition of “wholly formed” as it relates to yarn in the interim regulations, Customs failed to provide for textile strip of headings 5404 and 5405, HTSUS. Textile strip of headings 5404 and 5405, HTSUS, may be formed by extrusion, similar to the formation of filaments, or may be formed by slitting plastic film or sheet. With regard to what may be considered to be a yarn, Customs notes that “yarn” is defined in the *Dictionary of Fiber & Textile Technology* (KoSa, 1999), at 222, as follows: “A generic term for a continuous strand of textile fibers, filaments, or material in a form suitable for knitting, weaving, or otherwise intertwining to form a textile fabric. Yarn occurs in the following forms: (1) A number of fibers twisted together (spun yarn), (2) a number of filaments laid together without twist (a zero-twist yarn), (3) a number of filaments laid together with a degree of twist, (4) a single filament with or without twist (a monofilament), or (5) a narrow strip of material, such as paper, plastic film, or metal foil, with or without twist, intended for use in a textile construction.” The identical definition is found in *Dictionary of Fiber & Textile Technology* (Hoechst Celanese, 1990) at