

in the United States, or one or more CBTPA beneficiary countries, or both.

6. In paragraph (2)(A)(vii) which consists of multiple subclauses setting forth special rules regarding the treatment of certain fibers, yarns, materials or components for purposes of preferential treatment, a new subclause (V) was added to clarify the status of dyed, printed, or finished thread. This new provision reads as follows:

An article otherwise eligible for preferential treatment under this paragraph shall not be ineligible for such treatment because the thread used to assemble the article is dyed, printed, or finished in one or more CBTPA beneficiary countries.

7. Finally, a new clause (ix) was added to paragraph (2)(A) to cover hybrid operations, that is, combinations of various production scenarios described in other clauses under paragraph (2)(A). This new provision, which also incorporates the new dyeing, printing, and finishing language, reads as follows:

Apparel articles sewn or otherwise assembled in one or more CBTPA beneficiary countries with thread formed in the United States from components cut in the United States and in one or more CBTPA beneficiary 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 CBTPA beneficiary 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 HTS). Apparel articles shall qualify under this clause only if they meet the requirements of clause (i) or (ii) (as the case may be) with respect to dyeing, printing, and finishing of knit and woven fabrics from which the articles are assembled.

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 I sets forth modifications to the HTSUS to implement the changes to section 213(b)(2)(A) of the CBERA made by section 3107(a) of the Act. The Proclamation provides that the HTSUS modifications that implement the changes made by section 3107(a) of the Act are effective with respect to eligible articles entered, or withdrawn from warehouse for consumption, on or after August 6, 2002, except that (1) the provisions of Annex I relating to the dyeing, printing, and finishing of fabrics are effective with respect to eligible articles entered, or withdrawn from warehouse for consumption, on or after September 1, 2002, and (2) the provisions of Annex I relating to the

new quantitative limits for certain knit apparel and relating to the CBTPA brassieres provision are effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after October 1, 2002.

On December 31, 2002, the Office of the United States Trade Representative (USTR) published a notice in the **Federal Register** (67 FR 79954) setting forth technical corrections to the HTSUS to address several inadvertent errors and omissions in various Presidential Proclamations. With regard to Proclamation 7626, this notice made the following two changes to the article description in subheading 9820.11.18, HTSUS: (1) removal of the parenthetical exception reference regarding non-underwear t-shirts, effective on or after October 2, 2000; and (2) insertion of the words “, or from components knit-to-shape in the United States from yarns wholly formed in the United States, or both” after the phrase “from yarns wholly formed in the United States,” effective on or after August 6, 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 and by the December 31, 2002, USTR notice, the interim CBTPA implementing regulations published in T.D. 00–68 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 CBTPA implementing regulations. Accordingly, this document sets forth interim amendments to the CBTPA 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. 00–68 and the comments submitted on the interim regulations set forth in this document and (2) adopts, as a final rule, the CBTPA 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 213(b) of the CBERA by section 3107(a) of the Act are as follows:

1. In § 10.223, paragraphs (a)(1) and (a)(2) are revised to conform to the amendment of the product description in the introductory text of paragraph (2)(A)(i) of the statute. The amended regulatory text in each case includes a cross-reference to new paragraph (b), discussed below, which addresses, among other things, the new statutory provision regarding dyeing, printing, and finishing of fabrics.

2. In § 10.223, paragraph (a)(3) is revised to conform to the amendment of the product description in paragraph (2)(A)(ii) of the statute. The amended regulatory text also includes a cross-reference to new paragraph (b), discussed below, which addresses the new statutory provision regarding dyeing, printing, and finishing of fabrics.

3. In § 10.223, paragraph (a)(6) is revised to conform to the amendment of the description of brassieres contained in subclause (I) of paragraph (2)(A)(iv) of the statute.

4. In § 10.223, paragraph (a)(12), which corresponds to subheading 9820.11.18, HTSUS, is revised in order to (1) reflect the HTSUS changes made in the December 31, 2002, USTR notice discussed above and (2) include a cross-reference to new paragraph (b), discussed below, which addresses the new statutory provision regarding dyeing, printing, and finishing of fabrics.

5. In § 10.223, a new paragraph (a)(13) is added to cover the hybrid operations described in new clause (ix) of paragraph (2)(A) of the statute. This new provision also includes a cross-reference to new paragraph (b) which addresses the new statutory provision regarding dyeing, printing, and finishing of fabrics.

6. In § 10.223, paragraphs (b) and (c) are redesignated as paragraphs (c) and (d) and a new paragraph (b) is added primarily to address the issue of dyeing, printing, and finishing of fabrics. The following points are noted regarding this new paragraph (b) text:

a. Customs believes that it is preferable to set forth the basic statutory dyeing, printing, and finishing rule in one place in the regulations rather than repeat it in each of the article description contexts to which the rule relates. Customs notes that this is similar to the approach taken for