

HTSUS purposes in Annex I to Proclamation 7626 referred to above.

b. As regards the structure of paragraph (b), it is divided into two parts. Paragraph (b)(1) covers dyeing, printing, and finishing operations and consists of a general statement followed by two specific limitations, the first one of which addresses the statutory rule adopted in the Trade Act of 2002. Paragraph (b)(2) covers post-assembly and other operations (for example, embroidering, stone-washing, perma-pressing, garment-dyeing) and consists of a general statement followed by one specific limitation.

c. The general statements regarding dyeing, printing, and finishing operations in paragraph (b)(1) and regarding other operations in paragraph (b)(2) are specifically intended to clarify the status of those operations under the CBTPA program when applied to yarns, fabrics, components and articles in those contexts that are not directly addressed in the statutory texts. The general statement in each case provides that the operations in question may be performed on any yarn or fabric or component, or on any article, without affecting the eligibility of an article for preferential treatment, provided that the dyeing, printing, finishing, or other operation is performed only in the United States or in a CBTPA beneficiary country. Customs believes that limiting those processes to the United States and CBTPA beneficiary countries is consistent with the overall objective of the CBTPA program. Customs notes in this regard that the Conference Report relating to the CBTPA legislation (House Report 106-606, 106th Congress, 2d Session) states the conferees' intent to foster increased opportunities for U.S. textile and apparel companies to expand co-production arrangements with CBTPA beneficiary countries. Moreover, the findings of Congress in section 202 of the Trade and Development Act of 2000 specifically referred to the offering of benefits to Caribbean Basin countries to "promote the growth of free enterprise and economic opportunity in those neighboring countries." Those findings also stated that "increased trade and economic activity between the United States and countries in the Western Hemisphere will create new jobs in the United States as a result of expanding export opportunities."

d. The dyeing, printing, and finishing provision of paragraph (b)(1)(i) corresponds to the statutory provision and therefore refers specifically to articles described in paragraphs (a)(1), (a)(2), (a)(3), (a)(12), and (a)(13) of § 10.223. However, the regulatory text refers to knitted "or crocheted" fabrics,

in order to reflect the terminology employed in Annex I to Proclamation 7626. In addition, this regulatory text includes a reference to a fabric component "produced from fabric" in order to (1) reflect the fact that apparel articles are most often assembled from apparel components rather than from fabrics and (2) clarify the Customs position that knitting to shape does not create a fabric but rather results in the creation of a component that is ready for assembly without having gone through a fabric stage.

e. The second provision under the general rule regarding dyeing, printing, and finishing operations, set forth in paragraph (b)(1)(ii), reflects the principle that in the case of assembled articles described in paragraph (a)(1), and in the case of assembled luggage described in paragraph (a)(10), an operation that is incidental to the assembly process may be performed in a CBTPA beneficiary country. This provision reflects the terms of subheading 9802.00.80, HTSUS, and the regulations under that HTSUS provision which include, in 19 CFR 10.16(c), a list of operations not considered incidental to assembly.

f. The statement in the last sentence of paragraph (b)(2) regarding other operations is included for the same reason stated at point e. above in connection with paragraph (b)(1) concerning operations incidental to assembly under subheading 9802.00.80, HTSUS.

7. In § 10.223, a new subparagraph (3) is added at the end of redesignated paragraph (c) to cover the new statutory provision regarding dyed, printed, or finished thread.

8. Finally, the preference group descriptions on the Certificate of Origin set forth under paragraph (b) of § 10.224 are revised to reflect the amended product descriptions in the statute and to include a reference to articles covered by new clause (ix) of paragraph (2)(A) of the statute and paragraph (a)(13) of § 10.223.

Other Amendments

In addition to the regulatory amendments described above that result from the changes made to section 213(b) of the CBERA by section 3107(a) of the Act, Customs has included in this document a number of other changes to the interim regulations published in T.D. 00-68. These additional changes, which are intended to clarify or otherwise improve the interim regulatory texts, are as follows:

1. In § 10.222, in the text of the definition of "assembled in one or more CBTPA beneficiary countries," the word

"CBTPA" is added before the words "beneficiary countries."

2. Customs believes that it would be useful to include a definition of "luggage" in the regulatory texts in order to clarify the scope of paragraphs (a)(10) and (a)(11) of § 10.223. Customs further believes that the meaning of this term should be consistent with trade practice to the greatest extent practicable. While no definition of luggage appears in the HTSUS, it is noted that this term was defined with specificity in the Subpart D headnotes to Schedule 7 of the predecessor Tariff Schedules of the United States (TSUS). Customs believes that the TSUS definition is consistent with what the industry would consider "luggage" to have been then and to be now. Accordingly, § 10.222 is amended by the inclusion of a new definition of "luggage" that is based on the definition that appeared in the TSUS.

3. Customs has found two errors in the § 10.222 definition of "wholly formed" as it relates to yarns or thread. First, the reference to "thread" in this context is inappropriate because the CBTPA texts do not use the expression "wholly formed" with reference to thread (thread needs only to be "formed" in the United States). Second, Customs failed to provide for textile strip classified in headings 5404 and 5405 of the HTSUS.

Regarding the second point, it is noted that textile strip 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 181. There is nothing to indicate that Congress intended textile strip to be excluded from use in the CBTPA, and Customs believes the term "yarn" may