

America, Australia, Morocco, the Southern African Customs Union and the countries participating in the Free Trade Area of the Americas (FTAA).

**DATES:** Public comments should be received no later than Noon, July 30, 2003.

**FOR FURTHER INFORMATION:** For procedural questions concerning public comments, contact Gloria Blue, Executive Secretary, Trade Policy Staff Committee, Office of the United States Trade Representative at (202) 395-3475. For substantive questions pertaining to this request for public comment, contact Sarah Sipkins, Director for Market Access, Office of the USTR, at (202) 395-5656.

**SUPPLEMENTARY INFORMATION:** The U.S. Government is seeking public comment on appropriate disciplines regarding the use of domestic duty drawback and deferral programs for shipments between parties to the free trade agreements it is negotiating. Duty drawback and deferral regimes rebate, defer or reduce duties paid on material inputs contingent upon exportation of the processed or finished goods. In the context of an FTA, where inputs are dutiable in the United States and in the FTA partner country, duty drawback programs can distort investment decisions by creating an incentive for investors to locate in the FTA partner country in order to benefit from duty drawback when exporting processed goods for sale in the U.S. market. These programs also can create "export platforms" for materials produced in third countries since they de facto provide duty free treatment negotiated under the FTA to inputs from third countries when the processed goods are exported to the territory of the FTA partner. For industries in FTA partner countries, the gains from tariff reduction under an FTAs on average far exceed any tariff refunds foregone under these programs.

Thus, restrictions on the use of these programs are a standard feature of most FTAs around the globe. The NAFTA restricts duty deferral and drawback to the lesser of duties paid on the imported input or duties paid on the processed good exported to a NAFTA trading partner. The United States-Chile FTA provides for a gradual phase out of the use of these programs for shipments between the Parties. U.S. proposals in ongoing FTA negotiations are modeled on the U.S.-Chile provision.

All interested parties are invited to provide their written views and recommendations on this matter. Persons submitting comments should specify whether the comments apply to

all or only some of the FTA negotiations currently underway.

#### Request for Comments

Consideration will be given to any written comments that are timely submitted to USTR. Each person submitting a comment should include his or her name and address, give reasons for any recommendation and indicate whether those recommendations apply to all of the above-referenced negotiations.

In order to facilitate prompt consideration of submissions, USTR strongly urges and prefers electronic e-mail submissions in response to this notice. The e-mail address is [FR0079@ustr.gov](mailto:FR0079@ustr.gov). It is strongly recommended that comments submitted by mail or express delivery service to the address for Ms. Sipkins listed above also be sent by e-mail. Persons making submissions by e-mail should use the following subject line: "Duty Drawback in FTAs." Documents should be submitted as either WordPerfect, MSWord, or text (.TXT) files. Supporting documentation submitted as spreadsheets are acceptable as Quattro Pro or Excel. For any document containing business confidential information submitted electronically, the file name of the business confidential version should begin with the characters "BC-", and the file name of the public version should begin with the characters "P-". The "P-" or "BC-" should be followed by the name of the submitter. Persons making submissions by e-mail should not provide separate cover letters; information that appears in a cover letter should be included in the submission itself. Similarly, to the extent possible, any attachments to the submission should be included in the same file as the submission itself, and not as separate files. Persons submitting written comments by mail or express delivery service should provide 20 copies, in English.

Written comments will be placed in a file open to public inspection pursuant to 15 CFR 2003.5, except confidential business information exempt from public inspection in accordance with 15 CFR 2003.6. Confidential business information submitted in accordance with 15 CFR 2003.6 must be clearly marked "BUSINESS CONFIDENTIAL" at the top of each page, including any cover letter or cover page, and must be accompanied by a nonconfidential summary of the confidential information. All public documents and nonconfidential summaries shall be available for public inspection in the USTR Reading Room. The USTR Reading Room is open to the public, by

appointment only, from 10 a.m. to 12 noon and 1 p.m. to 4 p.m., Monday through Friday. An appointment to review the file may be made by calling (202) 395-6186.

**Carmen Suro-Bredie,**

*Chairman, Trade Policy Staff Committee.*

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## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

#### Aviation Proceedings, Agreements Filed the Week Ending June 20, 2003

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. Sections 412 and 414. Answers may be filed within 21 days after the filing of the application.

*Docket Number:* OST-2003-15429.

*Date Filed:* June 16, 2003.

*Parties:* Members of the International Air Transport Association.

*Subject:* Mail Vote 305, PTC COMP 1061 dated 17 June 2003, General Increase Resolution 002mm, (except within Europe, between USA/US Territories and Austria, Chile, Czech Republic, Finland, France (including French Guiana, French Polynesia, Guadeloupe, Martinique, New Caledonia, Reunion, Saint Pierre and Miquelon), Germany, Iceland, Italy, Korea (Rep. of), Malaysia, Netherlands, New Zealand, Panama, Scandinavia, Switzerland) Intended effective date: 1 July 2003.

*Docket Number:* OST-2003-15430.

*Date Filed:* June 16, 2003.

*Parties:* Members of the International Air Transport Association.

*Subject:* PTC12 CAN-EUR 0093 dated 13 June 2003, TC12 Canada-Europe Expedited Resolution 002] r1-r9. Intended effective date: 1 August 2003.

*Docket Number:* OST-2003-15474.

*Date Filed:* June 19, 2003.

*Parties:* Members of the International Air Transport Association.

*Subject:* Mail Vote 304, PTC123 0240 dated 20 June 2003, North, Mid, South Atlantic, Special Passenger Amending Resolution 010r from India r1-r15. Intended effective date: 1 July 2003.

*Docket Number:* OST-2003-15480.

*Date Filed:* June 20, 2003.

*Parties:* Members of the International Air Transport Association.

*Subject:* PTC31 South 0142 dated 23 May 2003, TC31 South Pacific (except between French Polynesia, New Caledonia, New Zealand and USA) Resolutions r1-r29, PTC31 South 0143 dated 23 May 2003, TC31 South Pacific between French Polynesia, New Caledonia, New Zealand and USA Resolutions r30-r46, Minutes—PTC31 South 0144 dated 20 June 2003, Tables—PTC31