

relating to Competitive Need Limitations (CNL) under the Generalized System of Preferences (GSP) program. Public comments are invited by 5 p.m., February 21, 2003, regarding possible *de minimis* CNL waivers with respect to particular articles, and possible redesignations under the GSP program of articles currently subject to CNLs.

FOR FURTHER INFORMATION CONTACT: Contact the GSP Subcommittee, Office of the United States Trade Representative (USTR), 1724 F Street, NW., Room F-220, Washington, DC 20508. The telephone number is (202) 395-6971 and the facsimile number is (202) 395-9481.

SUPPLEMENTARY INFORMATION:

I. Competitive Need Limitations

The GSP program provides for the duty-free importation of designated articles when imported from designated beneficiary developing countries. The GSP program is authorized by title V of the Trade Act of 1974 (19 U.S.C. 2461, *et seq.*), as amended (the "1974 Act"), and is implemented in accordance with Executive Order 11888 of November 24, 1975, as modified by subsequent Executive Orders and Presidential Proclamations. Section 503(c)(2)(A) of the 1974 Act, as amended (19 U.S.C. 2463(c)(2)(A)), provides for CNLs on duty-free treatment under the GSP program. When the President determines that a beneficiary developing country exported to the United States during a calendar year either (1) a quantity of a GSP-eligible article having a value in excess of the applicable amount for that year (\$105 million for 2002), or (2) a quantity of a GSP-eligible article having a value equal to or greater than 50 percent of the value of total U.S. imports of the article from all countries (the "50 percent" CNL), the President shall terminate GSP duty-free treatment for that article from that beneficiary developing country by no later than July 1 of the next calendar year.

II. Discretionary Decisions

A. *De Minimis* Waivers

Section 503(c)(2)(F) of the 1974 Act (19 U.S.C. 2463(c)(2)(F)) provides the President with discretion to waive the 50 percent CNL with respect to an eligible article imported from a beneficiary developing country if the value of total imports of that article from all countries during the calendar year did not exceed the applicable amount for that year (\$16 million for 2002).

B. *Redesignation of Eligible Articles*

Where imports of an eligible article from a beneficiary developing country ceased to receive duty-free treatment due to exceeding the CNL in a prior year, section 503(c)(2)(C) of the 1974 Act (19 U.S.C. 2463(c)(2)(C)) provides the President with discretion to redesignate such an article for duty-free treatment if imports in the most recently completed calendar year did not exceed the CNLs.

III. Implementation of Competitive Need Limitations, Waivers, and Redesignations

Exclusions from GSP duty-free treatment where CNLs have been exceeded will be effective July 1, 2003. Decisions on these matters, as well as decisions with respect to *de minimis* waivers and redesignations, will be based on full 2002 calendar year import statistics.

IV. Interim 2002 Import Statistics

In order to provide advance notice of articles that may exceed the CNLs for 2002, and to afford an earlier opportunity for comment regarding possible *de minimis* waivers and redesignations, interim import statistics covering the first 10 months of 2002 are included with this notice.

The following lists contain, for each article, the Harmonized Tariff Schedule of the United States (HTS) number and beneficiary country of origin, the value of imports of such article for the first ten months of 2002, and the percentage of total imports of that product from all countries. The flags indicate the status of GSP eligibility. Articles marked with an "*" are those that have been excluded from GSP eligibility for the entire past calendar year. Articles marked with a "D" are those that, based on interim 2002 data, may be eligible for a *de minimis* waiver of the 50 percent CNL.

List I shows GSP-eligible articles from beneficiary developing countries that have already exceeded the CNL of \$105 million in 2002. Those articles without a flag are articles that were GSP-eligible during 2002 but stand to lose GSP duty-free treatment on July 1, 2003, unless a waiver is granted. Such waivers are required to have been requested in the 2002 GSP Annual Review.

List II shows GSP-eligible articles from beneficiary developing countries that (1) have not yet exceeded, but are approaching, the \$105 million CNL for the period from January through October 2002, or (2) are close to or above the 50 percent CNL. Depending on final calendar year 2002 import data,

these products also stand to lose GSP duty-free treatment on July 1, 2003, unless a waiver is granted. Such waivers are required to have been requested in the 2002 GSP Annual Review.

List III is a subset of List II. List III identifies GSP-eligible articles from beneficiary developing countries that are near or above the 50 percent CNL, but that may be eligible for a *de minimis* waiver of the 50 percent CNL. Actual eligibility for *de minimis* waivers will depend on final calendar year 2002 import data. Each year, *de minimis* waivers are considered automatically and public comments are accepted.

List IV shows GSP-eligible articles that are currently not receiving GSP duty-free treatment, but that have import levels (based on interim 2002 data) below the CNLs and thus may be eligible for redesignation pursuant to the President's discretionary authority. Articles with a "D" exceed the 50 percent CNL and would require both a *de minimis* waiver and redesignation to receive GSP duty-free treatment. The list may contain articles that may not be redesignated until certain conditions are fulfilled, as where, for example, GSP eligibility for an article was administratively suspended because of deficiencies in a country's protection of worker or intellectual property rights. Redesignation requests are normally made in the annual review, unless made in conjunction with remedying the deficiencies.

The lists appended to this notice are provided for informational purposes only. The attached lists are computer-generated and based on interim 2002 data, and may not include all articles that may be affected by the GSP CNLs. Regardless of whether or not an article is included on the lists, all determinations and decisions regarding the CNLs of the GSP program will be based on full calendar year 2002 import data with respect to each GSP-eligible article. Each interested party is advised to conduct its own review of 2002 import data with regard to the possible application of GSP CNLs.

IV. Public Comments

Requirements for Submissions

All submissions must conform to the GSP regulations set forth at 15 CFR Part 2007, except as modified below. These regulations are also included in "A Guide to the U.S. Generalized System of Preferences (GSP)" (May 1999) ("GSP Guidebook"), available at www.ustr.gov. Furthermore, each party providing comments should indicate on the first page of the submission its name, the relevant HTS subheading(s), the