UNITED STATES – RULES OF ORIGIN FOR TEXTILES AND APPAREL PRODUCTS (WT/DS243)

Responses of the United States
To the Panel's Additional Questions for the Parties
Following the Second Meeting of the Panel

February 3, 2003

For both parties:

46. Could the parties please indicate whether the attached tables accurately reflects the US rules of origin at issue in this dispute?

1. The United States has made changes to the Panel's tables, indicated in bolded double underline, and has also attached an explanation of its changes.

47. The parties have offered slightly different descriptions of the rules of origin regime applied to textile products before section 334 was enacted. India suggested that that regime, set out in CFR 12.130, was a DP2 regime. The United States, on the other hand, seems to suggest that origin determinations were made based on CFR 12.130, but also case by case. In the light of this, the Panel would appreciate it if the parties could provide clarification with respect to the following two points:

(a) What discretion, if any, did US Customs officer enjoy in applying the DP2 rule apparently established by CFR 12.130?

2. Before Section 334 was effective, 12.130 rules listed manufacturing processes that were considered significant enough to confer origin to a textile product. It also listed certain manufacturing processes that were not sufficient to confer or change the country of origin of a textile product. With respect to fabrics, both DP2 and fabric formation were considered significant enough to confer origin, and provided DP2 was actually performed on a fabric, U.S. Customs Officers had little discretion in the application of this rule.

3. As the United States indicated at the second meeting with the Panel, U.S. Customs Officers had some discretion in applying these rules to determine origin. The rules did not directly address every conceivable manufacturing scenario for specific goods and therefore some discretion was a natural consequence of the rules. The U.S. characterization of origin determinations under 12.130 as "case-by-case," refers primarily to determinations concerning country of origin of apparel and certain flat goods and other made-up products.

4. In the case of most fabrics, flat goods and other made-up products, which normally were not subjected to DP2, the actual manufacturing processes performed in a country were reviewed to determine the proper origin. That is, U.S. Customs Officers had discretion to determine, on a case-by-case basis, where origin would be conferred.

(b) If there was discretion under CFR 12.130, could it be said that, by the same token, US Customs officers currently enjoy the same discretion in applying the DP2 rule as provided for section 405?

5. U.S. Customs Officers have the same level of discretion in applying the DP2 rule now under Section 405 as they had under 12.130. However, U.S. Customs Officers are constrained by Section 334 in exercising discretion when determining country of origin for those products that do not meet Section 405's guidelines.

48. Article 2(b), (c) and (d) of the ARO refers to "rules of origin" in the plural. Do the parties agree that, notwithstanding the use of the plural, the provisions in question reflect a concern with individual rules of origin as they apply to individual products, rather than with a Member's system of rules of origin?

6. No. As indicated by the use of the plural "rules," Article 2(b), (c) and (d) are concerned with a Member's system (its methods) of rules of origin. Analysis of compliance with this Article requires an examination of a Member's system of rules of origin and its administration. The drafters chose to address the system of rules in these provisions rather than focusing on individual rules.

49. Both parties have argued that the protection of a domestic industry would be a trade objective within the meaning of Article 2(b) of the ARO. On what basis do you reach this conclusion?

7. The United States accepted, for purposes of this dispute and in order to avoid confusion given India's failure to make a *prima facie* case on its claims, India's contention that protection of a domestic industry would be a trade objective within the meaning of Article 2(b) of the ARO. As such, the United States' arguments with respect to whether protectionism could be a trade objective have been responsive only to India's contentions regarding alleged U.S. motivations and behavior. Moreover, the United States notes that Article 2(b), in its first clause, recognizes that rules of origin may be linked to measures or instruments of commercial policies that may have a protectionist effect, and that the objective and effect of these measures and instruments should not be confused with or attributed to that of the rules themselves. The United States does not support a general proposition that protection of a domestic industry is *ipso facto* an impermissible trade objective within the meaning of Article 2(b).

50. ***For purposes of the application of Article 2(b), does it make a difference whether rules of origin are adopted by a Member of its own volition or at the request of a trading partner?***

8. All rules of origin are adopted by a Member of its own volition, regardless of whether adoption followed consultation with another Member. Either way, the question of whether rules are used as instruments to pursue trade objectives will depend on the particular facts of the case. Further, as the United States has indicated in this dispute, settling a WTO dispute on particular terms as a result of negotiation, pursuant to the goals and objectives of the Dispute Settlement Understanding and the WTO framework, cannot be a prohibited trade objective within the context of Article 2(b).

51. With reference to Article 2(d) of the ARO, please elaborate on the meaning and purpose of the first clause ("the rules of origin that they apply to imports and exports are not more stringent than the rules of origin they apply to determine whether or not a good is domestic"). Please provide an example of a typical situation which the first clause is meant to address.

9. The first clause of Article 2(d) is intended to prohibit Members from using rules of origin to favor domestic production by applying more stringent requirements to imports than to domestic goods. For example, this would preclude a Member that uses an *ad valorem* percentage criterion in its government procurement rules of origin from requiring a higher percentage to determine the country of origin of an imported product than the percentage used to determine the country of origin of a domestic product. However, the first clause recognizes that a determination of domestic origin may involve a more rigorous standard than that applied to imported goods.

52. Why is a provision equivalent to (i) Article 2(b) of the ARO and (ii) to Article 2(c) of the ARO no longer necessary after the transition period? (see Article 3 of the ARO)

10. The construction of Article 3 of the ARO further underscores that the analysis in this dispute must focus on the rules of origin *themselves*, and must not involve or be affected by any analysis or assumptions relating to the objectives or effects of the measures to which the rules of origin may be linked. Upon implementation of the results of the harmonization work program, all Members will be using the same rules of origin. The ARO recognizes that, at that time, it would simply be implausible to make a determination that a single Member's rules of origin are *themselves* – considered apart from any measure or instrument of commercial policy to which they are linked – either an instrument to pursue a trade objective or otherwise creating restrictive, distorting, or disruptive effects on international trade. Notably, once Article 3 applies, measures or instruments of commercial policy creating restrictive, distorting or disruptive effects on international trade will continue to be introduced and implemented through rules of origin. The absence within Article 3 of the equivalent of Article 2(b) and Article 2(c) underscores that the standard that is to be applied under Article 2 should not confuse either the objectives and effects

of a particular measure or instrument of commercial policy with the objectives and effects of the rules of origin themselves.

53. Why is a provision equivalent to Article 2(d) necessary after the transition period? (see Article 3(c) of the ARO)

11. The Article 3 provision equivalent to Article 2(d) will remain necessary because, as the ARO recognizes, notwithstanding completion and implementation of harmonization, Members will continue to be able to apply more stringent rules for determining whether a good is domestic, than the harmonized rules of origin applied to imports and exports.

54. With reference to 19 C.F.R. § 102.21, please answer the following questions:

(a) What is the legal status and nature of the regulations set forth in 19 C.F.R. § 102.21 in US law?

12. Paragraph (a) of Section 334 directed the Secretary of Treasury to prescribe rules to implement the principles contained in Section 334 of the Uruguay Round Agreements Act (URAA) for determining the origin of textiles and apparel products. The regulations set forth in 19 C.F.R.§102.21 reflect the exercise of that authority and were promulgated in accordance with the U.S. Administrative Procedures Act and, as such, have the force and effect of law in the United States. The Section 102.21 regulations contain amendments, adopted on an interim basis, to align the regulatory text with the statutory amendments to Section 334 of the URAA as set forth in Section 405 of the Trade and Development Act of 2000. These amendments were the subject of public comment and are in effect pending issuance of final regulations. Therefore, the regulations contained in 19 C.F.R. §102.21, including the interim amendments, are legally binding.

(b) Would the Panel have the authority to find that 19 C.F.R. § 102.21, as such, is contrary to the United States' WTO obligations?

13. The Panel has the authority to find that any claim that properly falls within the terms of reference of this dispute, and for which India has established a *prima facie* case that the United States has not rebutted, is contrary to the United States' WTO obligations. However, India has failed to establish a *prima facie* case that Section 102.21 breaches U.S. obligations, having failed to cite Section 102.21 in its first submission, and having provided non-substantive arguments in its second submission.

(c) If the Panel were to find that sections 334 and/or 405 are inconsistent with Article 2 of the ARO, would the Panel need to make additional findings in respect of 19 C.F.R. § 102.21?

14. The Panel could not conclude that Section 102.21 is inconsistent with U.S. obligations unless India has established a *prima facie* case with respect to each of the measures at issue in this dispute, and it may not be assumed that one measure is inconsistent with U.S. obligations because another has been found to be. A finding that 19 C.F.R. § 102.21 is inconsistent with U.S. obligations under Articles 2(b)-(e) would have to be based on a *prima facie* case of how the regulations contained therein are inconsistent with the obligations found in each of those provisions.

55. If there were no US quota regime, could it be said that (i) the fabric formation and (ii) the DP2 rule, in and of themselves, or as such:

(a) create restrictive, distorting or disruptive effects on international trade?

15. No. As the United States has explained, the fabric formation rule in Section 334 and the DP2 rule in Section 405 were enacted to best capture where a new product is formed and to facilitate harmonization of rules of origin, in addition to combatting circumvention of quotas through preventing illegal transshipment. The first two of these objectives are valid whether or not a quota regime is in place (and indeed, both Section 334 and Section 405 will continue in force after the ATC regime expires in 2005). The United States would not agree, and more importantly, India has not shown, that either the fabric formation rule or the DP2 rule in and of themselves have created restrictive, distorting or disruptive effects on international trade. Indeed, the data submitted by the United States in Exhibits US-8 and US-9 would strongly disprove such a conclusion. (The Indian delegation commented at the second meeting with the Panel, in respect of Exhibit US-9, that import data in volume would have been more relevant for assessing trade effects than import data in value. Thus, in Exhibit US-10, attached, the United States presents U.S. imports of bed, table and bath (toilet) linen in HTS headings 6302 in volume (kilograms). In volume as well as in value, U.S. imports of these products from the world and from India show steady, significant yearly increases, including in the period 1995 to 1997, where the rate of increase in imports from the world and from India in volume is comparable to the rate of increase in value. The import data in volume or value therefore equally refute India's claim of trade restriction, distortion or disruption.)

(b) are designed to pursue trade objectives?

16. No. Both the fabric formation rule and the DP2 rule facilitate the achievement of trade objectives such as transparency and predictability. Having rules of origin which are based on economically rational principles and which are harmonized with trading partners; and settling disputes in a mutually satisfactory manner, furthers rather than detracts from the principles of the ARO.

56. Could the parties please address whether, and if so, how the following statement by the Appellate Body is relevant to the present dispute:

> ***The requirement to prevent trade distortion found in Articles 1.2 and 3.2 of the Licensing Agreement refers to any trade distortion that may be caused by the introduction or operation of licensing procedures, and is not necessarily limited to that part of trade to which the licensing procedures themselves apply. There may be situations where the operation of licensing procedures, in fact, have restrictive or distortive effects on that part of trade that is not strictly subject to those procedures.***[1]

17. The Appellate Body's statement, and the context in which it was made, are relevant in that they underscore that there has to be a causal connection between a measure that is alleged to be trade distortive and any trade distortion.

18. The Licensing Agreement provisions in *EC – Poultry* required an examination of whether Brazil's licensing procedures had trade restrictive or distortive effects in breach of Licensing Agreement Articles 1.2 and 3.2. The Appellate Body agreed with the panel that since Brazil had fully utilized its TRQ and "the absolute volume of Brazilian exports of the relevant product to the European Communities ha[d] been increasing since the opening of the TRQ," Brazil had not shown that the licensing procedures had *caused* a decline in its market share that could be labeled "trade distortive."[2] The Appellate Body noted that Brazil needed to establish "a causal relationship between imposition of the EC licensing procedure and the claimed trade distortion."[3]

19. It is also this "essential element of causation"[4] that is missing in the present dispute. India has failed to show how its vague allegation of disruption of some exporter's business, shows that the U.S. rules of origin are distorting trade, especially when these allegations are considered against the backdrop of concrete evidence presented by the United States that trade with India in the specific products complained of has actually increased since the rules were enacted (exhibits US-8 and US-9), in addition to the fact that India's quotas have increased over this time. Despite India's assertions to the contrary, it is clear that prior WTO panels and the Appellate Body have required a claimant to make a causal connection between the measure it alleges has distorted its trade and trade data.

20. Beyond this, the Appellate Body's statement has little relevance. It stands for the proposition that the Licensing Agreement obligations at issue in *EC – Poultry* apply to more than in-quota trade. The statement was made in the specific context of addressing Brazil's complaint that it was improper for the *EC – Poultry* panel, in assessing the effects of the EC's licensing procedures, to have made the broad finding that the Licensing Agreement provisions, "as applied

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[1] *Appellate Body Report, European Communities – Measures Affecting the Importation of Certain Poultry Products* ("*EC – Poultry*"), WT/DS69/AB/R, adopted 23 July 1998, DSR 1998:V, 2031, para. 121.

[2] *EC - Poultry*, paras. 125-126.

[3] *EC - Poultry.* para. 127.

[4] *EC - Poultry.* para. 127.

to [that] particular case, only relates to in-quota trade." While the Appellate Body sought through the above statement to counter any mis-impression that the Licensing Agreement somehow limits the examination of trade distortion to in-quota trade, it nevertheless went on, in paragraph 122, to find that, by its terms, the relevant measure applied only to "in quota" trade. Accordingly, the Appellate Body concluded that the panel was merely pointing out "this obvious fact," and upheld the panel's finding. Therefore, it is difficult to draw any relevant conclusion from the Appellate Body's statement other than that there has to be a causal connection between a measure that is alleged to be trade distorting and any trade distortion.

57. Please recall the following headings and subheadings of the HS96 for bed linen:

"63.02 (bed linen, table linen, toilet linen and kitchen linen)
6302.10 – bed linen, knitted or crocheted
- other bed linen, printed;
6302.21 - - of cotton
6302.22 - - of man-made fibres
6302.29 - - of other textile materials
- other bed linen
6302.31 - - of cotton
6302.32 - - of man-made fibres
6302.39 - - of other textile materials"

Please answer the following questions:

(a) Based on HS96 above, is it correct that the most widely traded bed linen is made of either cotton or man-made fibres?

21. According to U.S. import data compiled by the U.S. International Trade Commission, cotton is the most widely traded bed linen, followed by manmade fibers and "other." In calendar year 2001, cotton accounted for 85.4% of U.S. imports by value in these HS96 subheadings. Man-made fibers accounted for 13.4%, and "other" accounted for 1.2%.

(b) Since cotton bed linen is normally bleached or white-dyed, but not dyed <u>and</u> printed, is the DP2 rule appropriate?

22. The United States notes that in addition to being bleached or white-dyed, cotton bed linen may also be printed, but as we have also noted, it is not normally dyed <u>and</u> printed (just as wool is not normally used for bed sheets and pillowcases). Therefore, the DP2 rule would be neither "appropriate" nor meaningful for these products. Because these products are normally cut to length and hemmed, the application of the "fabric formation" rule under Section 334 and Section 405 results in the same origin as the application of 19 CFR 12.130.

For the United States:

73. With reference to the second sentence of Article 2(c), if one establishes the existence of "unduly strict requirements", for example, is it then necessary, in your view, to show that such requirements created actual effects on international trade?

23. Yes, it would be necessary to show that the existence of the elements of Article 2(c) created actual effects on international trade. The second sentence of Article 2(c) does not stand alone, but operates to articulate the type of rules of origin that "themselves" could meet the requirement of the first sentence– as opposed to a situation where "actual effects on international trade" are created merely by the implementation of a measure through application of a particular rule of origin. Article 2(c) does not bar "requirements," "strict requirements," or "unduly strict requirements." As is discussed in the United States answer to question 74, Article 2(c) bars "unduly strict requirements . . . as a prerequisite for the determination of country of origin." In determining whether such a requirement is "unduly strict," in the United States view, it is necessary to examine the actual effects on international trade. If such a requirement had a significant impact on international trade, it would support a Member's claim that the requirement is "unduly strict." Similarly, if there were no trade impact, it would support a Member's position that such a requirement is not "unduly strict." On the other hand, as is discussed below in the U.S. answer to question 74, there are some such requirements that on their face would, in the United States view, be correctly characterized as "unduly strict," even in the absence of a trade effect. However, even if a measure could be characterized as "unduly strict" in the absence of a trade effect, it would only be inconsistent with Article 2(c) if the complaining Member established that the measure created actual effects on international trade in violation of the first sentence of Article 2(c).

24. When applied in the implementation of a particular measure, any rule of origin – and most certainly any change in a rule of origin – could probably be viewed as having an effect on international trade. However, in the context of such a situation, the application of a nonpreferential rule of origin that is merely 'strict' (e.g., a 60 percent *ad valorem* criterion) would most likely not be viewed as a rule of origin that itself creates "restrictive, distorting, or disruptive effects on international trade." By contrast, a nonpreferential rule of origin that, for example, involves an even higher *ad valorem* criterion, combined with mandating a particular technology for manufacture may be viewed as "unduly strict," and, if so, could lead to a conclusion that such a rule of origin itself, creates "restrictive, distorting, or disruptive effects on international trade" – assuming the latter situation has also been established.

74. With reference to Article 2(c) of the ARO, please elaborate on how the second clause of the second sentence of Article 2(c) could be understood as describing a situation which creates restrictive effects on international trade?

25. Article 2(c) provides: "Rules of origin shall not themselves create restrictive, distorting, or disruptive effects on international trade. They shall not pose unduly strict requirements or require the fulfilment of a certain condition not related to manufacturing or processing, as a prerequisite for the determination of the country of origin. However, costs not directly related to manufacturing or processing may be included for the purposes of the application of an *ad valorem* percentage criterion consistent with subparagraph (a)". The second sentence demonstrates one manner in which rules of origin can create restrictive, distorting, or disruptive effects on international trade, and the second clause of the second sentence qualifies the first clause. In other words, Article 2(c) does not bar "unduly strict requirements"; it bars "unduly strict requirements . . . as a prerequisite for the determination of the country of origin." Similarly, Article 2(c) does not bar "requiring the fulfilment of a certain condition not related to manufacturing or process" except "as a prerequisite for the determination of country of origin."

26. A rule of origin implementing a particular measure that requires the fulfilment of a manufacturing process (e.g., "assembly" as a criterion) may have an effect on international trade, but would not necessarily be seen as a rule of origin that itself creates "restrictive, distorting, or disruptive effects on international trade." By contrast, a rule of origin that requires the fulfilment of a condition not related to manufacturing or processing (e.g., nationality of company ownership, or requiring the use of personnel of a certain religious order to achieve a certain determination of origin) could be viewed as a rule of origin that itself creates "restrictive, distorting, or disruptive effects on international trade"– if the latter situation has also been established.

27. An example of the fulfilment of a certain condition not related to manufacturing or processing as a prerequisite for the determination of the country of origin would be a rule of origin that requires a particular nationality of company ownership, or a requirement that a good be certified by several authorities through a time consuming process in the exporting country in order to be declared as originating in that country. As noted above, such a rule could be viewed as *itself* creating "restrictive, distorting, or disruptive effects on international trade," if the latter situation has also been established.

75. Could the United States elaborate further on why it thinks that Article 2 of the ARO permits Members to apply rules of origin which are based on narrow product distinctions?

28. Article 2 sets out certain disciplines on Members during the transition period until the work program leading to the implementation of harmonized product-specific rules of origin is completed. Thus, the United States understands the Panel to be asking whether Article 2 bars Members from applying rules of origin which are based on "narrow" product distinctions. It does not. U.S. rules of origin are product-specific, and as explained below, operate based on distinctions among products. The United States is not familiar with an ARO criterion that would establish whether certain product distinctions (that are captured in a Member's tariff schedule) are deemed "narrow" while other distinctions in a Member's tariff schedule presumably are not.

29. First, rules of origin will necessarily make distinctions between products based on the characteristics of the products and the nature of the industry involved. A single rule for all products would either be so vague as to require case-by-case elaboration (e.g., "substantial transformation") or be administered arbitrarily. This dispute has clearly demonstrated the complexity of determining the origin of certain textile products. The ARO clearly envisions that Members could impose product-specific rules, as is demonstrated by Article 2(a)(iii), which authorizes Member to use criterion related to manufacturing or processing to confer origin; as different products undergo different manufacturing/processing, different criterion (and different rules) would be required for different products.

30. If a Member may have different rules for different products, what disciplines does the ARO impose on a Member in distinguishing products? Certainly, the ARO does not require the same rule for all "like" or "directly competitive" products. Such a requirement is not found in the ARO and cannot be inferred from any provision of Article 2, nor has India made a case that it should be so inferred. Moreover, the ARO does not require the same rules for all products that are similar in some other sense. Again, such a requirement is not spelled out in the ARO and cannot be inferred from any provision of the ARO. Thus, it would be incorrect to interpret the ARO as barring Members from distinguishing in their rules between products – regardless of whether these products are "like," "directly competitive" or similar in some other manner, and even if such product-specific rules are perceived to be based on distinctions deemed in some sense "narrow."

76. Did meeting the EC requests and the consequent enactment of section 405 compromise the objectives stated in the SAA for the adoption of section 334?

31. No. The objectives stated in the SAA for Section 334 were not compromised by Section 405. It should first be noted that while Section 405 emerged from consultations with the EC, not all of the "EC requests" are reflected in the rules which the U.S. adopted in Section 405. Moreover, those which are reflected in Section 405 were adopted in a manner that the United States considered appropriate so as not to undermine the core principles of Section 334. The objectives of 334 were to reflect the important role assembly plays in the manufacture of an apparel product; to prevent circumvention by illegal transshipment, to harmonize U.S. practice with that of our major trading partners and to advance the goals of the ARO. Two of these objectives were unaffected by the changes in Section 405. First, harmonization referred primarily to eliminating the conference of origin by cutting, and this was unchanged by Section 405. Second, advancing the goals of the ARO is accomplished by having clear, concise predictable rules, and this too remained unchanged. Similarly, it was felt that having clear guidance for importers and U.S. Customs Service officers would make it more difficult to circumvent the rules and easier to detect circumvention. This was unchanged because Section 405, like Section 334, provides concise direction regarding origin determination.

32. In addition, as the United States has indicated before, one reason for the changes in Section 405 was that we were persuaded that, for the products at issue, such as silk scarves, the most important manufacturing process would be better reflected by a change in the rule of origin back to DP2. Also, as the United States has previously noted, a primary goal of Section 334 was to address assembly of apparel products, whereas Section 405 addresses fabric formation and flat goods. *See also* U.S. answers to panel questions 14 and 19.

77. Why does the United States apply the fabric formation rule to wool fabric, when all other fabrics appear to be subject to DP2?

33. In Section 405, the United States amended Section 334 to reflect the terms of our settlement agreement with the EC. In all other respects, we retained the Section 334 rules. For 95% of the trade, all non-wool fabrics are treated the same as wool fabrics. The EC, which is one of the world's leading manufacturers and exporters of wool fabric, found the solution to its dispute with the U.S. satisfactory, even though it excluded wool.

78. With reference to para. 73 of India's Second Submission, does the United States agree that "the exemptions provided for in Section 405 do not bear any relation to the criteria for determining origin as set out in Article 2(a)?

34. No. We would first note that India did not make an allegation in its panel request that Section 405 is inconsistent with any part of Article 2(a). As the United States has made clear during its submissions and answers to questions, the exemptions in Section 405 are in accordance with all relevant provisions of the ARO. The relevant provision in Article 2(a) is subparagraph (iii). To the extent that the United States understands India's argument in paragraph 73 with respect to "end products" and Article 2(a)(iii), these arguments seem to be based on India's desire to return to a pre-Section 334 world. The issue in this dispute is not about end products, it is about India's desire to have specific rules or no rules or vague rules which would produce an origin determination that India favors for certain end products. Article 2(a)(iii) prescribes that where manufacturing or processing operations determine origin, they should be precisely specified. The determinations of fabric or product origin in Section 405 could not be more precisely specified. Indeed, it is those precise specifications which India does not appreciate.

79. On the one hand, the United States says that the purpose of section 405 was to settle a WTO dispute with the EC. On the other hand, the United States says that, "as a result of extensive consultations with the EC, as well as representatives of its textile industry, the United States agreed that, at least with respect to goods of silk, certain cotton blends, and fabrics made of man-made and vegetable fibers (specifically silk scarves and flat products such as linens), dyeing and printing along with two or more finishing operations were significant enough to confer origin". Could the United States please explain the relationship of these two statements?

35. These statements form the basis for Section 405 and there is no conflict between the two. The purpose of Section 405 was to settle the EC dispute. The terms upon which the settlement was arrived at, and which ultimately formed the basis of the text of Section 405, resulted from the consultations with the EC, during which, for example, the United States was persuaded that it would be appropriate to amend Section 334 and return to DP2 for the cited products.

ORIGIN OF FABRICS

ORIGIN-CONFERRING PROCESS	**F A B R I C - M A K I N G** (KNITTING, WEAVING, ETC.)	**PRINTING & *DYEING* OF FABRIC & 2 OR MORE SPECIFIED FINISHING OPERATIONS**
Wool fabrics	YES (section 334(b)(2))	**NO**
Other fabrics (silk, cotton, man-made fibres and vegetable fibres)	***YES*** **(Section 334 (b)(2), unless subsequently subjected to DP2 under Section 405)**	YES (section 405(a)(3)(B))

~~Note: Empty cells should be understood as saying "no". That is to say, the relevant processes do not confer origin for the articles in question.~~

ORIGIN OF MADE-UP <u>ARTICLES</u> ASSEMBLED IN SINGLE COUNTRY <u>FROM SINGLE COUNTRY FABRIC(S)</u>

ORIGIN-CONFERRING PROCESS		**FABRIC-MAKING** (KNITTING, WEAVING, ETC.)	**PRINTING & *<u>DYEING</u>* OF FABRIC & 2 OR MORE SPECIFIED FINISHING**	"WHOLLY ASSEMBLED"
Articles (scarves, bed linen, etc.) specified in section 334(b)(2)(A) and section 405(a)(3)(C) and made of:				
	- Wool	YES (~~Section 405(a)(3)(C)~~ **<u>Section 334 (b)(2)(A)</u>**	***<u>NO</u>***	***<u>NO</u>***
	- Cotton	YES ~~(section 405(a)(3)(C))~~ **<u>Section 334(b)(2)(A)</u>**	***<u>NO</u>***	***<u>NO</u>***
	- Cotton blends (more than 16% cotton by weight)	YES ~~(section 405(a)(3)(C)))~~ **<u>Section 334(b)(2)(A)</u>**	***<u>NO</u>***	***<u>NO</u>***
	- Other (silk, man-made fibres, vegetable fibres)	***<u>YES</u>* <u>(Section 334(b)(2)(A), unless DP2)</u>**	YES (~~section 334(b)(2)(A) and~~ section 405(a)(3)(C))	**<u>NO</u>**

Articles which are "knit to shape" (e.g., stockings)	YES (section 334(b)(2)(B) **(Not considered fabric making, considered component or article formation)**	***NO***	***NO***
Other articles (including apparels)	***NO***	***NO***	YES (section 334(b)(1)(D))

Summary of United States changes to the Panel's chart:

- Inserted "no" in the applicable blocks to be clear.

Origin of Fabrics:

- On other fabrics (silk, etc)… indicated "yes," unless subsequently subjected to DP2 pursuant to Section 405

Origin of Made-up Articles Assembled in a Single Country from Single Country Fabric(s)

- In the title added "from single country fabric(s)" to better reflect conclusions

- For other articles (silk, etc.), specified in 334(b)(2)(A), we indicated "yes," the origin would be conferred by fabric making.

- For articles which are "knit-to-shape", we clarified the fact that the process of "knitting to shape" is not a fabric making process. The process of "knitting-to-shape" involves making a component or an article directly without the formation of a fabric.

Exhibit US-10

Exhibit US-10
(source: U.S. International Trade Commission)