

Billing Code 3190-W6-P

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
GENERALIZED SYSTEM OF PREFERENCES (GSP): INITIATION OF REVIEWS
AND REQUEST FOR PUBLIC COMMENTS

AGENCY: Office of the United States Trade Representative

ACTION: Initiation of Reviews and Request for Comments on the Eligibility of Certain GSP Beneficiaries and Existing Competitive Need Limitation (CNL) Waivers.

SUMMARY: Legislation authorizing the Generalized System of Preferences (GSP) program expires on December 31, 2006. In connection with Congress' consideration of reauthorization of the program, the Trade Policy Staff Committee (TPSC) requested public comments on October 6, 2005, relating to whether the Administration's operation of the program should be changed so that benefits are not focused on trade from a few countries and that developing countries that traditionally have not been major traders under the program receive benefits. Based on information obtained thus far, the TPSC has decided to initiate a further review and request additional comments to determine whether major beneficiaries of the program have expanded exports or have progressed in their economic development within the meaning of the statute to the extent that their eligibility should be limited, suspended, or withdrawn, pursuant to section 502(d) of the Trade Act of 1974 (19 U.S.C. 2462(d)). For the purpose of identifying beneficiary countries that are subject to this review and on which we are seeking comments, the TPSC looked at a country's total volume of trade under the GSP program, the World Bank's classification of the country's level of income, and the country's share of world goods exports. The TPSC is also conducting a review of existing competitive need limitation (CNL) waivers

and requesting comments on whether any waivers should be terminated, pursuant to section 503(d)(5) of the Act (19 U.S.C. 2463(d)(5)), because they are no longer warranted due to changed circumstances. All public comments must be received by September 5, 2006.

ADDRESSES: Submit comments by electronic mail (e-mail) to: FR0052@USTR.EOP.GOV.

For assistance or if unable to submit comments by e-mail, contact the GSP Subcommittee, Office of the United States Trade Representative; USTR Annex, Room F-220; 1724 F Street, NW., Washington, DC 20508 (Tel. 202-395-6971).

FOR FURTHER INFORMATION CONTACT: Contact the GSP Subcommittee, Office of the United States Trade Representative; USTR Annex, Room F-220; 1724 F Street, NW.; Washington, DC 20508 (Telephone: 202-395-6971, Facsimile: 202-395-9481).

SUPPLEMENTARY INFORMATION

The GSP Subcommittee is seeking written comments on whether to limit, suspend, or withdraw the eligibility of those GSP beneficiary countries for which the total value of U.S. imports under GSP exceeded \$100 million in 2005, and a) which the World Bank classified as an upper-middle-income economy in 2005; or b) that accounted for more than 0.25 percent of world goods exports in 2005, as reported by the World Trade Organization. Thus, the TPSC is seeking comments on the eligibility status of the following GSP beneficiary developing countries: Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey, and Venezuela. The TPSC is also seeking comments on whether any

of the 83 existing competitive need limitation (CNL) waivers are no longer warranted due to changed circumstances.

Country Eligibility Review.

The GSP statute authorizes the President to withdraw, suspend, or limit the application of duty-free treatment with respect to any country based on statutory eligibility criteria. See section 502(d) of the Act (19 U.S.C. 2462(d)). These criteria include: 1) the effect such action will have on furthering the economic development of developing countries through the expansion of their exports ; 2) the extent of the beneficiary developing country's competitiveness with respect to eligible articles ; and 3) a country's level of economic development, including its per capita gross national product, the living standards of its inhabitants, and any other economic factors which the President deems appropriate. The GSP Subcommittee is seeking comments on whether the eligibility of any of these beneficiaries should be limited, suspended, or withdrawn based on the statutory eligibility criteria enumerated in sections 501(1) and (4) and section 502(c)(2) of the Act.

CNL Waiver Review.

Section 503(c)(2)(A) of the Act sets out the two competitive need limitations (CNLs) applicable to eligible articles from beneficiary developing countries (other than sub-Saharan African and least-developed beneficiaries). 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 (\$120 million for 2005), 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 must terminate GSP duty-free treatment for that article from that beneficiary developing country by no later than July 1 of the next calendar year.

Under section 503(d) of the 1974 Act, the President may waive the application of section 503(c)(2) if the President (1) receives the advice of the International Trade Commission (ITC) on whether any industry in the United States is likely to be adversely affected by such waiver; (2) determines, based on the considerations in section 501 and 502(c) of the Act and the advice of the ITC that such waiver is in the national economic interest of the United States; and (3) publishes the determination in the *Federal Register*. CNL waivers were first authorized by Congress in 1984. Nineteen GSP beneficiaries currently benefit from 83 CNL waivers.

Under section 503(d)(5) of the Act, a waiver may be terminated if the President determines that it is no longer warranted due to changed circumstances. The GSP Subcommittee is seeking comments on whether any of the 83 existing waivers should be terminated pursuant to this provision of the statute. For a list of existing CNL waivers, see “CNL Waivers”, http://www.ustr.gov/Trade_Development/Preference_Programs/GSP/Section_Index.html.

REQUIREMENTS FOR SUBMISSION

In order to facilitate prompt processing of submissions, USTR strongly urges and prefers electronic e-mail submissions only in response to this notice. Hand-delivered submissions will not be accepted. These submissions should be single-copy transmissions in English with the total submission, including attachments, not to exceed 30 single-spaced standard letter-size pages using 12-point font. E-mail submissions should use the following subject line: “2006 GSP Eligibility and CNL Waiver Review”. Comments on CNL waivers should include the 8-digit

tariff number of the Harmonized Tariff Schedule of the United States (HTSUS). Documents must be submitted in English in one of the following formats: MSWord (.DOC), WordPerfect (.WPD), or text (.TXT) files. Documents may not be submitted as electronic image files or contain imbedded images (for example, “.JPG”, “.TIF”, “.PDF”, “.BMP”, or “.GIF”). Supporting documentation submitted as spreadsheets are acceptable as Excel files, formatted for printing on 8½ x 11 inch paper. To the extent possible, any data attachments to the submission should be included in the same file as the submission itself, and not as separate files.

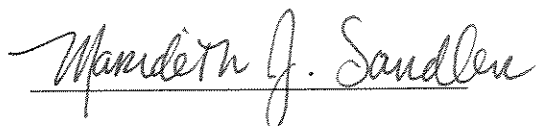
If the submission contains business confidential information, a non-confidential version of the submission must also be submitted that indicates where confidential information was redacted by inserting asterisks where material was deleted. In addition, the confidential submission must be clearly marked “BUSINESS CONFIDENTIAL” at the top and bottom of each page of the document. The non-confidential version must also be clearly marked at the top and bottom of each page (either “PUBLIC VERSION” or “NON-CONFIDENTIAL”). Documents that are submitted without any marking will be considered public documents. For any document containing business confidential information submitted as an electronic attached file to an e-mail transmission, 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 party (government, company, union, association, etc.) making the submission.

E-mail submissions should not include separate cover letters or messages in the message area of the e-mail; information that might appear in any cover letter should be included directly in the

attached file containing the submission itself, including the sender's e-mail address and other identifying information.

The e-mail address for these submissions is FR0052@USTR.EOP.GOV. Documents not submitted in accordance with these instructions might not be considered in this review. If unable to provide submissions by e-mail, please contact the GSP Subcommittee to arrange for an alternative method of transmission.

Public versions of all documents relating to this review will be available for review approximately two weeks after the due date by appointment in the USTR public reading room, 1724 F Street N.W., Washington, D.C. Appointments may be made from 9:30 A.M. to noon and 1 P.M. to 4 P.M., Monday through Friday, by calling (202) 395-6186.



Marideth J. Sandler

Executive Director for the GSP Program

Chairman, GSP Subcommittee of the Trade Policy Staff Committee