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OMNIBUS TARIFF AND TRADE MEASURES

EXPLANATION OF PROVISIONS APPROVED BY THE COMMITTEE ON JULY 31, 1984

TO BE OFFERED AS A COMMITTEE AMENDMENT TO H.R. 3398

COMMITTEE ON FINANCE

UNITED STATES SENATE

AUGUST 1984

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I. INTRODUCTION

On July 31, 1984, the Committee on Finance approved a committee amendment to H.R. 3398, an omnibus tariff and trade bill reported by the committee on November 10, 1983 (Calendar No. 559). This document, drafted in the form of a committee report, explains only the new miscellaneous tariff and customs provisions of the committee amendment; the provisions of the amendment already included in H.R. 3398 are explained in S. Rept. 98-308, and the other new provisions of the committee amendment are explained in separate reports. The committee amendment is to be offered as an amendment in the nature of a substitute for H.R. 3398 upon Senate consideration of that bill.

II. SUMMARY

The committee amendment to H.R. 3398 is drafted in the nature of a substitute for H.R. 3398. It therefore incorporates the substantive provisions currently set forth in that bill as reported and as amended during Senate debate on March 2, 1984.

The committee amendment further contains the following new provisions: (1) 35 miscellaneous tariff and customs amendments; (2) the substance of S. 1718, a bill to renew the Generalized System of Preferences that previously was reported favorably by the committee; and (3) the substance of S. 2746, a bill to authorize negotiations for trade agreements with Israel and Canada that was also previously reported favorably by the committee.

More specifically, title I of the committee amendment contains all of the miscellaneous amendments to the Tariff Schedules of the United States (TSUS) contained in H.R. 3398 (except for one provision already enacted into law), plus 33 new such provisions. Title II contains the customs and miscellaneous amendments of H.R. 3398, plus four new such provisions. Title III sets forth the International Trade and Investment Act, as presently incorporated in title III of H.R. 3398. Title IV embodies the substance of S. 2746, a bill to authorize the negotiation of trade agreements with Israel and Canada. Finally, title V contains the substance of S. 1718, as amended, a bill to renew the Generalized System of Preferences.

The following is a summary of the sections in title I that are not presently included in H.R. 3398:

Title I, Subtitle B

1. Section 119 would apply duty-free treatment with respect to articles exported for purposes of rendering certain geophysical or contracting services abroad, and later returned.

2. Section 120 would extend duty-free treatment to scrolls or tablets imported for use in religious observances.

3. Section 121 would amend the Tariff Schedules of the United States (TSUS) to clarify the classification of any naphtha described as both a petroleum product and a benzenoid chemical. The effect would be to provide the same tariff treatment to naphthas described as benzenoid chemicals as that provided naphthas described as petroleum products.

4. Section 122 would create new tariff nomenclature for imported tapered steel tubes used in lampposts.

5. Section 123 would create new tariff nomenclature for most wearing apparel imported as parts of sets.

6. Section 124 would create new tariff nomenclature for certain whey products.

Title I, Subtitle C

7. Section 155 is amended to include acetylsulfaguanidine among the sulfa compounds for which duties will be suspended through December 31, 1987.

8. Section 160 would suspend through December 31, 1987, the duty on an antibiotic known as rifampin.

9. Section 161 would suspend through December 31, 1987, the duty on a drug known as mepenzolate bromide.

10. Section 162 would suspend through December 31, 1987, the duty on a tricyclic antidepressant known as desipramine hydrochloride.

11. Section 163 would suspend through June 30, 1987, the duty on diphenyl guanidine, and di-ortho-tolyl guanidine.

12. Section 164 would continue until the close of June 30, 1989, a pre-existing suspension of duties on certain forms of zinc.

13. Section 165 would suspend through June 30, 1986, the duty on clomiphene citrate.

14. Section 166 would suspend through June 30, 1986, the duty on terfenadine.

15. Section 167 would suspend through June 30, 1986, the duty on dicyclomine hydrochloride.

16. Section 168 would suspend through June 30, 1987, the duty on lactulose.

17. Section 169 would suspend through June 30, 1987, the duty on iron-dextran complex.

18. Section 170 would suspend the duties on circular knitting machines designed for sweater or garment length knitting until the close of December 31, 1989.

19. Section 171 would extend through December 31, 1986, the current suspension of duty on uncompounded allyl resins.

20. Section 172 would suspend through December 31, 1987, the duty on o-Benzyl-p-chlorophenol.

21. Section 173 would suspend through June 30, 1987, the duty on narrow fabric looms.

22. Section 174 would suspend through June 30, 1987, the duty on nicotine resin complex.

23. Section 175 would suspend through June 30, 1988, a recently expired temporary suspension of duty on tartaric acid and certain tartaric chemicals. The chemicals are potassium salts, cream of tartar and sodium tartrate (Rochelle salts).

24. Section 176 would suspend through June 30, 1987, the duty on mixtures of magnesium chloride and magnesium nitrate.

25. Section 177 would suspend through June 30, 1987, the duty on mixtures of potassium 1-(p-chlorophenyl)-1,4-dihydro-6-methyl-4-oxopyridazine-3-carboxylate ("fenridazion-potassium") and formulation adjuvants.

26. Section 178 would suspend the duty on certain benzoid chemicals until the close of June 30, 1986. The chemicals are: trichlorosalicylic acid; m-Aminophenol; 6-Amino-1-naphthol-3-sulfonic acid; and 4-acetaminobenzenesulfonyl chloride.

27. Section 179 would suspend through June 30, 1987, the duty on lace-braiding machines.

28. Section 180 would suspend through June 30, 1989, the duty on yttrium bearing ores, materials, and compounds containing by weight more than 19 per centum but less than 85 per centum yttrium oxide equivalent.

29. Section 181 would extend through December 31, 1987, the current duty suspension on graphite.

Title I, Subtitle D

30. Section 199 would establish effective dates for the new tariff items approved by the committee. The section further would change the effective dates in H.R. 3398 to advance their original effective periods, and to make retroactive any tariff suspensions that have now expired, but were still effective when the bill was originally reported.

Title II, Subtitle A

31. Section 201 embodies an amendment to the antidumping and countervailing duty laws previously approved by the committee as section 2 of S. 2746, relating to authority for trade agreements with Israel and Canada. The section would clarify that those laws apply to situations where a product has been or is likely to be sold for importation but has not yet been imported.

Title II, Subtitle B

32. Section 246 would clarify and narrow a provision currently in H.R. 3398 that provides for the importation of antique guns.

33. Section 247 would authorize the President to proclaim modifications in tariffs on certain articles used in civil aircraft, as provided in the Multilateral Agreement on Trade in Civil Aircraft.

34. Section 248 would authorize the reopening of administrative proceedings relating to duties paid on the entry of two mass spectrometers that may have been entitled to duty-free entry.

35. Section 249 clarifies an amendment previously approved to H.R. 3398 that would authorize the importation of parts for a telescope intended for use at the University of Arizona.

36. Section 251 would authorize products eligible for duty-free entry under the provisions of the Caribbean Basin Initiative to be entered under bond for manufacture in Puerto Rico; the resulting manufactured products later may be withdrawn for consumption if they are otherwise eligible for duty-free treatment.

Title III

Title III contains the substance of title III of H.R. 3398, which is the "International Trade and Investment Act of 1984." It is fully explained in S. Rept. 98-508.

Title IV

Title IV contains the substance of S. 2746, a bill to authorize the negotiation of trade agreements with Israel and Canada. The bill is fully explained in S. Rept. 98-510.

Title V

Title V contains the substance of S. 1718, a bill to authorize the renewal of the Generalized System of Preferences for another 10 years. The bill is fully explained in S. Rept. 98-485.

The committee approved one amendment to S. 1718 as previously reported. The change, incorporated in section 505 of the committee amendment, would eliminate watches from the import-sensitive items now excluded from GSP eligibility.

III. GENERAL EXPLANATION

Title I, Subtitle B. Permanent Tariff Changes

SECTION 119—GEOPHYSICAL OR CONTRACTING SERVICES ABROAD

Section 119 would apply duty-free treatment with respect to articles exported for purposes of rendering certain geophysical or contracting services abroad and returned.

Current law.—The foreign-manufactured articles covered by this legislation are not separately provided for in the TSUS. They are currently provided for in, and account for varying percentages of the value of imports which enter under, numerous TSUS item numbers, chiefly in schedule 6 of the TSUS. The rates of duty applicable to such imported equipment vary, but most of the equipment does not enter free of duty. The proposed item 802.50 would allow the subject articles to enter free of duty from all sources, if exported for the specified temporary uses abroad and if other criteria are met.

The bill.—Section 119 would establish a new provision in subpart A of part 1 of schedule 8 of the TSUS to provide duty-free treatment for articles exported for purposes of rendering certain geophysical or contracting services abroad and returned. The foreign-manufactured equipment used in connection with the exploration, extraction, or development of natural resources abroad and subsequently returned to the United States is currently classifiable in various provisions (chiefly in schedule 6) of the TSUS. This legislation would create a new tariff item in schedule 8 (proposed item 802.50) with a most-favored-nation (MFN) rate of duty (column 1 of the TSUS) of free and a non-MFN rate of duty (column 2 of the TSUS of free. Most of the provision in which these articles are now classified do not provide for duty-free entry regardless of source, so the applicable rates would be eliminated as to such articles if the legislation is enacted.

Background.—The intent of this section is to allow duty-free entry of foreign-manufactured articles which are being returned to the United States after having been exported for temporary use abroad solely in the rendering of the specified geophysical or contracting services, provided that the equipment is reimported into the United States by the same party who exported the equipment.

Most U.S. firms that own and operate the subject foreign-manufactured equipment are currently liable for payment of duties each time such equipment is exported for use in rendering certain geophysical or contracting services abroad and later returned. If the duties for each article were payable only upon its initial importation, U.S. firms would benefit from the subsequent duty savings and thus potentially be more competitive with foreign-based firms.

Domestically produced equipment that is exported and returned without having been advanced in value or improved in condition is currently provided for in TSUS item 800.00. No separate data are available concerning the value of U.S.-produced equipment which is comparable to or competitive with the wide variety of articles classifiable in the proposed tariff item; there may in some instances be no domestic products which may be substituted for foreign manufactures.

SECTION 120—SCROLLS OR TABLETS IMPORTED FOR USE IN RELIGIOUS OBSERVANCES

Section 120 would extend duty-free treatment to certain Buddhist tablets or scrolls called Gohonzon.

Current law.—Gohonzon are classified under TSUS item 207.00, wood not specifically provided for. The MFN tariff rate is 6.2 percent ad valorem, which will decline to 5.1 percent by 1987.

The bill.—Section 120 would provide for the duty-free entry of Gohonzon.

Background.—Gohonzon are either tablets or scrolls. The tablet form is principally used by institutions (e.g., temples) and is made of wood approximately 2 inches thick, 2 feet wide, and 4 feet long. The wooden tablets are carved by the high priest. There are only a few of this type of Gohonzon imported into the United States due to their limited use. The scroll form is used by individuals and is made of a combination of paper and wood. It comes in a variety of sizes depending on its use (some Gohonzon can be carried on the person, though traditionally the scrolls measure 8 inches in width and 16 inches in length), and is imprinted by lithographic techniques. The top of the scroll paper is attached to wood; the bottom is weighted via a wooden dowel to keep the paper flat when hanging. The bulk of U.S. imports are of the scroll type. These objects are considered by Buddhist adherents to be highly respected objects of worship and are the focal point of the religion. Frequently, the Gohonzon is enshrined by the believer in a home altar. A true and most respectful worshipper chants a series of prayers while facing the Gohonzon.

There are no domestic producers of Gohonzon because the high priest in Japan must either inscribe or oversee the inscription of the item. Each temple in the United States imports its Gohonzon. Once an adherent was demonstrated a prescribed level of commit-

ment, a priest presents the individual with a Gohonzon. Thus, the Buddhist priesthood controls the manufacture and distribution of this article.

The principal user of Gohonzon is the Japanes Buddhist sect Nishiren Shoshu, a 750-year-old denomination first introduced into the United States in the 1950s by Japanese wives of U.S. military personnel. At present, there are 6 temples, 37 community centers, and 2 training centers, with an estimated 300,000 adherents.

Japan is the sole source of Gohonzon. There were approximately 32,000 Gohonzons imported into the United States in the period 1979-83. An estimated 2,000 articles were imported during 1979 and 1980, around 3,000 articles during 1981 and 1982, and an estimated 22,000 in 1983.

SECTION 121—CERTAIN NAPHTHA

Section 121 would amend the TSUS to equalize the tariff treatment of naphthas described as petroleum products and those described as benzenoid chemicals.

Current law.—Currently, naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel) are classified under item 375.35 at a MFN duty rate of 0.25 cent per gallon (ad valorem equivalent (AVE) rate of 3%) and a non-MFN rate of 0.5 cent per gallon. Naphthas containing more than 5 percent dutiable benzenoid products, however, are currently classified as other mixtures of organic chemicals containing benzenoid chemicals in item 407.16 at a MFN rate of 1.7 cents per pound plus 13.6 percent ad valorem (AVE rate of 27%), but no less than the highest rate applicable to any component material, and a non-MFN rate of 7 cents per pound plus 43.5 percent ad valorem, but not less than the highest rate applicable to any component material.

Imports from beneficiary developing countries other than Venezuela are eligible for duty-free entry under the Generalized System of Preferences (GSP) and the Caribbean Basin Initiative (CBI).

The bill.—Section 121 would amend headnote 1 for part 10 of schedule 4 of the TSUS (petroleum, natural gas, and products derived therefrom) to include naphthas (whether or not catalytic naphthas) provided for in item 473.35, motor fuel blending stock, within part 10 instead of part 1 of schedule 4, which covers benzenoid chemicals and products. Further, section 121 would amend headnote 2 of part 10, which defines the terms "reconstituted crude petroleum" and "motor fuel" as used in part 10, to add a definition of "motor fuel blending stocks." Such products will be classified in a new item 475.27, which section 121 would create, and will mean any product (except naphthas provided for in item 475.35) derived primarily from petroleum, shale oil, or natural gas, whether or not containing additivies, which is chiefly used for direct blending in the manufacture of motor fuel. The MFN duty rate for products imported under new item 475.27 would be 1.25 cents per gallon, while the non-MFN rate would be 2.5 cents per gallon. Section 121 further would amend existing item 475.30, which now describes kerosene (except motor fuel) derived from petroleum, shale oil, or both, by adding "motor fuel blending stock" to the exception.

Background.—The naphtha described in this section is a mixture of aliphatic (acyclic) and aromatic (benzenoid) compounds produced by catalytic reforming of crude petroleum. As a result of this reforming process, the final naphtha mixture usually contains between 30 and 40 percent benzenoid compounds of which 5 to 10 percent are dutiable.

Recently, the Customs Service determined in guidelines to Customs officers that naphtha used to increase octane in lead-free gasoline was required to be classified as benzenoid chemicals, which had the practical effect of placing prohibitive duties on these products. Prior to the Customs Service determination, the duty on naphtha was $.0025 per gallon, so the determination resulted in a duty increase of $.22 per gallon. As reported by the committee, this section corrects the duty anomaly caused by the Customs Service determination, but it also places a ceiling on the percentage level of benzenoid compounds that imported naphtha may contain in order to receive the benefits of this section.

In 1982, U.S. imports of this product amounted to 190 million pounds, from Venezuela and Argentina.

SECTION 122—STEEL PIPES AND TUBES USED IN LAMPPOSTS

Section 122 would create a new tariff item for tapered steel pipes and tubes of certain dimensions that are suitable for use as supports for illuminating articles and for other applications. The bill would codify a recent court decision classifying the articles as parts of illuminating articles instead of steel pipes and tubes.

Current law.—The Court of Appeals of the Federal Circuit, in reversing the Court of International Trade (CIT), recently held that the articles in question are classifiable under TSUS item 653.39 as parts of illuminating articles, even though unfinished when imported, so long as the pipes and tubes are chiefly used as parts of illuminating articles. The CIT had held that the articles were classifiable as pipes and tubes, of other than alloy iron or steel, under item 610.32.

TSUS item 653.39 has a MFN duty rate of 11.9 percent ad valorem, a least-developed developing country (LDDC) rate of 7.6 percent, and non-MFN duty rate of 45 percent. The MFN rate is being staged down to 7.6 percent by 1987. Articles imported from designated beneficiary developing countries are eligible for duty-free treatment under the GSP. Imports from designated Caribbean countries are also eligible for free entry under the CBI. Articles imported under TSUS item 610.32 are subject to a MFN rate of 1.9 percent ad valorem.

The bill.—Section 122 would establish a new tariff item to provide specifically for tapered steel pipes and tubes suitable for illuminating articles and supports, having a diameter of between 5.9 and 7.5 inches and rates of taper from end to end between 0.10 inches and 0.7 inches per foot. The MFN tariff rate would be 11.9 percent ad valorem, while the non-MFN rate would be 45 percent.

Background.—The tapered steel pipes and tubes of the dimensions specified in this bill are used principally as supports for street and highway lighting, commercial area lighting, sports facility lighting, traffic lighting, and, particularly those pipes and tubes

with a base diameter of 30 inches or more, supports for the transmission and distribution of electricity.

There are at least 9 U.S. producers of tapered steel pipes and tubes. U.S. shipments ranged from $150 million to $180 million during 1979-83. Imports are estimated to have accounted for less than 10 percent of U.S. consumption in 1983 (about $18 million). U.S. exports are negligible.

SECTION 123—WEARING APPAREL

Section 123 would change the tariff classification of most wearing apparel imported as parts of sets.

Current law.—Eo nomine provisions (provisions which describe an article by a specific name) were first established for large numbers of apparel articles on January 1, 1982, to implement tariff concessions granted by the United States during the Tokyo round of the Multilateral Trade Negotiations (MTN). Before 1982, most apparel was described in terms of its composition (e.g., "of cotton") and fabric construction (i.e., "knit" or "not knit"), so that apparel articles of the same fiber and construction were dutiable under the same tariff provision at the same rate. However, during the Tokyo round of negotiations, consideration was given to the import sensitivity of apparel on a product-by-product basis resulting in small or no-duty reductions as to more sensitive articles and more significant tariff cuts as to less sensitive ones. Consequently, *eo nomine* provisions were created to cover the sensitive articles, while the remainder of the articles were classified under residual or "basket" tariff provisions which have lower rates of duty.

Importers soon began entering apparel sets containing one or more articles provided for *eo nomine* and one or more covered by basket tariff items. Such sets, in which not all components are provided for *eo nomine*, are classified as entireties usually in basket tariff items at the lower duty rates. The U.S. Customs Service classifies apparel sets as entireties if: (1) the components are sold as a unit and not separately; (2) the components are coordinated as to color to the extent that it is obvious they were designed and intended to be worn together; (3) the components, when joined together, form a new article which possesses a character or use different from its parts, or one of the components in the set is so predominant that the other components are merely incidental.

Apparel sets classified as entireties during January-November 1983 were assessed an average rate of duty of 27 percent ad valorem. If this legislation had then been in effect, the average duty rate on these sets would have been 31 percent ad valorem. This tariff differential will widen considerably during 1984-90, as the staged tariff reductions on apparel negotiated in the Tokyo round are implemented and the duty rates of *eo nomine* provisions are reduced less than those of the basket items.

The bill.—Section 123 would amend part 6, schedule 3 of the TSUS by changing the tariff classification of most wearing apparel imported as parts of sets. Apparel sets, which are now, in general, classified as entireties, would instead be classified according to their separate components. This would result in higher duties on garments imported as parts of sets, because most of the individual

components (such as blouses or jackets) would be classified in tariff provisions having significantly higher rates of duty than those now applicable to articles classified as entireties.

Background.—The articles most significantly affected by the section are shirts, sweaters, trousers, coats, and dresses made of textile fibers. Approximately 94 percent of the value of all apparel articles imported as parts of sets in 1983 was accounted for by women's, girls', and infants' garments; shirts and blouses accounted for about 59 percent of the total value of imported sets. Sets are often packaged, put on hangers, shipped, or otherwise marketed together to promote unit purchases at retail.

There are approximately 20,000 establishments producing wearing apparel in the United States. These establishments are located mainly in the Northeast—particularly in New York, New Jersey, and Pennsylvania—and in California. Employment in 1982 totaled 1.16 million people, down 13 percent from 1978. The six major firms in 1982 recorded sales of $7.5 billion, approximately 15 percent of the total apparel market. Shipments of the articles principally affected by this legislation during 1979–83 increased 29 percent to $25 billion (4 percent by quantity, to 249 million dozen). Imports increased in the same period 75 percent by value, to $7 billion, and 43 percent by quantity, to 141 million dozen.

Articles imported specifically as parts of sets accounted for less than 1 percent of the total imports in each garment category, although the total value of these parts rose to $35 million in 1983—up to 37 percent from the previous year. The number of such parts increased 29 percent in 1983 to 862 thousand dozen.

SECTION 124—RECENTLY DEVELOPED DAIRY PRODUCTS

Section 124 would provide new tariff nomenclature for certain recently developed dairy products: whey protein concentrate, lactalbumin, and total milk proteinate.

Current law.—Whey protein concentrate is currently classified in TSUS item 183.05, "other edible preparations not specially provided for." The MFN rate of duty is 10 percent ad valorem, while the non-MFN rate is 20 percent.

Lactalbumin is classified under TSUS item 190.15, "albumin not specially provided for." The MFN and non-MFN rates are free.

Total milk proteinate is classified under TSUS item 493.17, "other casein and mixtures in chief value thereof." The MFN duty rate is 0.2 cents per pound, while the non-MFN duty rate is 5.5 cents per pound.

The bill.—Section 124 would create three new items for these three products within subpart D of part 4 of schedule 1 of the TSUS, which is entitled "other milk products." The tariff rates currently applicable will not change.

Background.—Whey protein concentrate (WPC) is a modified whey product from which most of the non-protein constituents have been removed. It is used as a protein booster in certain foods. Lactalbumin is similar to WPC but has an even higher protein content. Total milk proteinate (TMP) is a soluble milk proteinate in which casein and undenatured whey products are isolated as a

single protein complex. TMP is derived from skim milk and is intended for many of the same purposes as nonfat dry milk.

These new products have only recently been approved for use, so that there are practically no imports of them.

Title I, Subtitle C

SECTION 155—CERTAIN SULFA COMPOUNDS

The committee amendment incorporates one new sulfa compound, acetylsulfaguanidine, in a group of such compounds already reported in H.R. 3398 for which duties will be suspended through December 31, 1987.

Current law.—Acetylsulfaguanidine currently is classified under item 406.56 in the Chemical Appendix of the TSUS. It is dutiable at a MFN rate of 1.7 cents per pound plus 18 percent ad valorem. The non-MFN rate is 7 cents per pound plus 57.5 percent ad valorem. The article is not eligible for GSP treatment, but is eligible for duty-free entry from eligible CBI countries.

The bill.—Section 155 provides for a suspension of duties for five sulfa compounds through December 31, 1987. The articles are: acetylsulfaguanidine, sulfamethazine, sulfaguanidine, sulfaguinoxaline, and sulfanilamide. The last four compounds are included in section 135 of H.R. 3398. The committee amendment adds acetylsulfaguanidine to this list.

Background.—Acetylsulfaguanidine is a synthetic organic chemical used in the production of sulfaguanidine, which in turn is used primarily to produce a sulfa drug, sulfamethazine. In the United States, this drug is used to combat bacterial infections in animals. Acetylsulfaguanidine is not produced in the United States. 1983 imports were approximately 60,000 pounds.

SECTION 160—RIFAMYCIN

Section 160 would amend the Appendix to the TSUS by adding a new item to suspend for a three-year period the MFN rate of duty on the chemical 3-(4-methylpiperazinyliminomethyl)rifamycin SV.

Current law.—The generic name for this drug is rifampin. Rifampin is classified under TSUS item 437.32 as an antibiotic. The current MFN rate of duty is 4.4 percent ad valorem. The non-MFN rate of duty is 25 percent ad valorem. Imports from designated beneficiary developing countries under TSUS item 437.32 are eligible for duty-free entry under the GSP. The LDDC rate of duty is 3.7 percent ad valorem. The MFN rate for this TSUS item is being staged down to 3.7 percent ad valorem by 1987.

The bill.—Section 160 would suspend the MFN rate of duty on rifampin until December 31, 1987.

Background.—Rifampin is a broad-spectrum antibiotic, effective against many bacteria, that is used in combination with at least one other antituberculosis agent in the treatment of tuberculosis. Rifampin is not produced in the United States, nor has it been produced domestically within the last five years. Imports are approximately 22,000 pounds per year, valued at roughly $10 million.

SECTION 161—MEPENZOLATE BROMIDE

Section 161 would suspend through December 31, 1987, the MFN rate of duty on a chemical known generically as mepenzolate bromide.

Current law.—Mepensolate bromide is classified under TSUS item 412.02 as an autonomic drug provided for in the Chemical Appendix to the TSUS. The current MFN rate of duty is 14.1 percent ad valorem. The non-MFN rate of duty is 7¢ per pound plus 71.5 percent ad valorem. Imports from designated beneficiary developing countries under TSUS item 412.02 are not eligible for duty-free entry under the GSP. The LDDC rate of duty is 8.2 percent ad valorem.

The bill.—Section 161 would suspend until December 31, 1987 the MFN rate of duty on mepenzolate bromide.

Background.—Mepenzolate bromide occurs as a white crystalline powder that is sparingly soluble in water. It is used in the management of diseases of the colon associated with inflammation, hypermobility, and spasm. Currently, there is no U.S. production of this drug.

SECTION 162—DESIPRAMINE HYDROCHLORIDE

Section 162 would amend the Appendix to the TSUS to suspend for a 3-year period the MFN rate of duty on a chemical known generically as desipramine hydrochloride.

Current law.—Desipramine hydrochloride is classified under TSUS item 412.35 as an antidepressant drug provided for in the Chemical Appendix to the TSUS. The MFN rate of duty is 30.5 percent ad valorem. The non-MFN rate of duty is 7¢ per pound plus 149.5 percent ad valorem. Imports from designated beneficiary developing countries under TSUS item 412.35 are not eligible for duty-free entry under the GSP. The LDDC rates of duty is 16.6 percent ad valorem.

The bill.—Section 162 would suspend until December 31, 1987, the MFN rate of duty on desipramine hydrochloride.

Background.—There is apparently no domestic production of desipramine hydrochloride. Imports are approximately 10,000 pounds per year valued at $1.0 million. There is no known U.S. production of any competing product.

SECTION 163—DIPHENYL GUANIDINE AND DI-ORTHO-TOLYL GUANIDINE

Section 163 would suspend temporarily the duty on diphenyl guanidine and di-ortho-tolyl guanidine.

Current law.—Imports of diphenyl guanidine and di-ortho-tolyl guanidine presently enter with a MFN duty rate of 17.3 percent ad valorem. This rate is scheduled to decrease in stages to 15 percent ad valorem by January 1, 1987, as a result of concessions made in the Tokyo Round of trade negotiations. Diphenyl guanidine and di-ortho-tolyl guanidine are not eligible for duty-free treatment under the U.S. GSP program.

The bill.—Section 163 would suspend the MFN duty until June 30, 1987, on imports of diphenyl guanidine and di-ortho-tolyl guanidine that enter under TSUS item 405.52.

Background.—No U.S. producer presently makes these chemicals, and substitutes do not function as well nor are they as environmentally sound. In 1982, U.S. imports of diphenyl guanidine and di-ortho-tolyl guanidine amounted to 1.6 million pounds and 471,000 pounds, respectively.

SECTION 164—CONTINUATION OF SUSPENSION OF DUTY ON CERTAIN FORMS OF ZINC

Section 164 would extend to June 30, 1989, the temporary suspension of the MFN rate of duty for certain forms of zinc.

Current law.—The existing temporary suspension of the MFN rate of duty applies to zinc-bearing ores; zinc dross and zinc skimmings; zinc-bearing materials; and zinc waste and scrap.

The duty on these items was originally suspended in 1975 for a 3-year period because U.S. mines did not have sufficient capacity to satisfy demand; it also was recognized that other major zinc-producing countries permit the importation of ores and concentrates free of duty. This temporary duty suspension expired on June 30, 1978. Public Law 96-467, effective October 17, 1980, retroactively restored the temporary duty suspension, which continued until June 30, 1984.

The bill.—Section 164 would continue the temporary suspension of the MFN duties on zinc-bearing ores, zinc dross and skimmings, zinc-bearing materials and zinc waste and scrap from July 1, 1984, to the close of June 30, 1989.

Background.—Imports of these zinc materials are important to the United States because U.S. zinc mines, even when operating at full capacity, cannot produce sufficient ores and concentrates to meet the raw material needs of U.S. zinc smelters and refiners. The downward trend in U.S production is attributable to low ore grades, low by-product values, high production costs, and exhaustion of ore reserves. The U.S. Bureau of Mines estimates that in 1983 domestic mine production was 315,000 tons and U.S. apparent consumption was 1 million tons. Thus, domestic supplies of zinc raw materials are inadequate to meet the requirements of the zinc smelting industry.

Prior to the 1975 enactment of the duty suspension, the United States was the only major zinc metal producing country which imposed a tariff on these raw material imports. This tariff placed U.S. zinc smelters and refiners at a competitive disadvantage in the acquisition of these materials.

SECTION 165—CLOMIPHENE CITRATE

Section 165 would suspend until June 30, 1986 the duty on clomiphene citrate.

Current law.—Clomiphene citrate is classified under TSUS item 412.50 as a hormone, synthetic substitute, or antagonist not provided for in the chemical appendix to the TSUS. The MFN rate of duty is 8.7 percent ad valorem and has been in effect since July 1, 1980. The non-MFN rate of duty is 7¢/lb plus 78.5 percent ad valorem.

Imports from designated beneficiary developing countries under TSUS item 412.50 are not eligible for duty-free entry under the GSP. The LDDC rate of duty is the same as the MFN rate of duty.

The bill.—Section 165 would amend the Appendix to the TSUS to suspend until June 30, 1986 the MFN rate of duty on the chemical 2-[4-(2-chloro-1,2-diphenylethenyl)-phenoxy]-N,N-diethylethanamine dihydrogen citrate.

Background.—Clomiphene citrate has both estrogenic and antiestrogenic properties. The drug is used to induce ovulation in anovulary women. In addition, clomiphene citrate is used in small doses as a gonad stimulating agency in therapy for male infertility. There is no domestic production of this fertility drug. The domestic market is served entirely by imports, which amounted to approximately 900 pounds, valued at $900,000, in 1982.

SECTION 166—TERFENADINE

Section 166 would amend the Appendix to the TSUS to suspend, through June 30, 1986, the MFN rate of duty on the chemical terfenadine.

Current law.—Terfenadine has been imported into the United States for clinical trials under TSUS item 411.58 as an antihistamine not provided for in the Chemical Appendix to the TSUS. The MFN rate of duty is 9.2 percent ad valorem and has been in effect since July 1, 1980. The current MFN rate reflects the full U.S. MTN concession rate implemented without staging for articles classified under TSUS item 411.58. The non-MFN rate of duty is 7¢/lb. plus 82 percent ad valorem.

Imports from designated beneficiary developing countries under TSUS item 411.58 are not eligible for duty-free entry under the GSP. The LDDC rate of duty is the same as the MFN rate of duty.

The bill.—Section 166 would suspend the MFN rate of duty on chemical terfenadine through June 30, 1986.

Background.—Terfenadine is not produced in the United States. It is an intermediate used to produce a new antihistamine product. There is no import data available, although some terfenadine is being imported for testing purposes by the Food and Drug Administration.

SECTION 167—DICYCLOMINE HYDROCHLORIDE

Section 167 would amend the Appendix to the TSUS to suspend through June 30, 1986, the MFN rate of duty on chemical dicyclomine hydrochloride.

Current law.—Dicyclomine hydrochloride is classified under TSUS item 412.02 as an autonomic drug provided for in the Chemical Appendix to the TSUS. The current MFN rate of duty is 12.6 percent ad valorem. The non-MFN rate of duty is 7¢/lb. plus 71.5 percent ad valorem. Imports from designated beneficiary developing countries under TSUS item 412.02 are not eligible for duty-free entry under the GSP. The LDDC rate of duty is 8.2 percent ad valorem.

The bill.—Section 167 would suspend through June 30, 1986, the MFN rate of duty on chemical dicyclomine hydrochloride.

Background.—Dicyclomine hydrochloride is an autonomic drug that acts as an anticholinergic agent. It is used in the symptomatic treatment of disorders of the gastrointestinal tract, such as spastic colitis, ulcerative dolitis, etc. No company in the United States produces this chemical. Imports in 1982 were approximately 10,000 pounds, valued at $900,000.

SECTION 168—LACTULOSE

Section 168 would suspend through June 30, 1987 the duty on lactulose.

Current law.—Lactulose is classified in subpart C of schedule 4, part 3 under TSUS item 439.50, which provides for other drugs, including synthetic drugs. The current rate of duty for MFN and LDDC countries is 3.7 percent ad valorem. The non-MFN rate of duty is 25 percent. Articles imported from designated beneficiary countries and classified under TSUS 439.50 are eligible for duty-free entry under the GSP. Imports from designated beneficiary Caribbean Basin countries are eligible for duty-free entry under the CBI.

The bill.—Section 168 would amend the Appendix to the TSUS to suspend through June 30, 1987 the MFN rate of duty on lactulose. Current imports are approximately 1 million pounds per year valued at $1 million.

Background.—Lactulose is not produced in the United States. It is used in the manufacture of two prescription drugs. One is a laxative used to correct chronic constipation and the other is a drug used to treat PSE, a disease resulting from cirrhosis of the liver.

SECTION 169—IRON-DEXTRAN COMPLEX

This bill would suspend through June 30, 1987 the duty on iron-dextran complex.

Current law.—Iron-dextran complex is classified in subpart C of schedule 4, part 3, under TSUS item 440.00 which provides for drugs not provided for in subparts A or B which are imported in ampoules, capsules, jubes, lozenges, pills, tablets, troches, or similar forms, including powders put up in medicinal doses. If it were imported in bulk rather than dosage form, it would be classified in subpart C under TSUS item 439.50.

The current MFN rate of duty for item 440.00 is the rate provided for the product in subpart C, but not less than 4.2 percent ad valorem. The non-MFN rate of duty is the rate provided for the product in subpart C, but not less than 25 percent ad valorem. The LDDC rate of duty is the rate provided for the product in subpart C, but not less than 3.7 percent ad valorem. Because the rates currently in effect for item 439.50 are either the same or lower than these rates, these rates apply to the product.

Articles imported from designated beneficiary developing countries and classified under TSUS item 444.00 are eligible for duty-free entry under the GSP. Imports from designated beneficiary Caribbean Basin countries are eligible for duty-free entry under the CBI.

The bill.—Section 169 would amend the Appendix to the TSUS to suspend through June 30, 1987 the MFN rate of duty on iron dextran complex.

Background.—There is no domestic producer of this product, which is used to treat iron deficiency mania. The product is sold under the trademarks Imferon and Proferdex. Imports for 1983 are estimated to have been valued at $500,000.

SECTION 170—CIRCULAR KNITTING MACHINES

Section 170 would suspend MFN duties on certain circular knitting machines through December 31, 1989.

Current law.—These machines are classified under TSUS item 670.17, and are subject to a MFN rate of 4.9 percent ad valorem, which is being phased down to 4.2 percent by 1987. The non-MFN rate is 40 percent. The LDDC rate is 4.2 percent ad valorem. The machines are eligible for duty-free entry under the CBI and GSP.

The bill.—Section 170 would suspend the MFN duty rate on circular knitting machines designed for sweater or garment length knitting through December 31, 1989.

Background.—Knitting is the process of forming fabric by creating interlocking loops of yarn; it may be accomplished by hand or with machines. These machines employ yarn feeds, needle housings in which replaceable hooked needles are installed, cams, drives, and fabric take-up mechanisms. Industrial machines are usually powered by electric motors; other machines may be driven manually. When a machine is operating, the hooked needles move within their individual housings in a manner determined by the cam settings. Each needle in its turn moves through an existing loop, hooks onto a yarn end, and pulls it through the old loop, which is then cast off. In circular knitting machines, the needle housings (or slots) are in a cylinder, positioned over a set of cams which engage the needle butts. As the cylinder rotates over the cams (or in some machines, as the cams rotate in relation to the stationary cylinder), the needles rise and fall as their butts pass over the cam.

There are two basic types of circular knitting machines for sweater and garment length knitting—namely, cylinder and dial machines and double cylinder machines. Cylinder and dial machines possess two circular opposed needle housings called the cylinder and the dial. In the dial, needles are arranged horizontally and radially, while the needles contained in the cylinder are arranged vertically. Cylinder and dial machines used to produce sweaters and garment length knitting are also known as sweater strip machines, garment length machines, body strip machines, and body length machines.

Double cylinder machines possess two cylinders, one on top of the other, containing a distinctive type of needle known as a double-headed latch needle designed to operate off each cylinder in turn in the knitting zone. Double cylinder machines are also known as circular links and links machines, circular purl machines, and superimposed cylinder machines.

There apparently is no domestic production of cylinder and dial or double cylinder circular knitting machines. Imports have increased from 32, valued at $492,000 in 1980, to 87, valued at

$3,747,000 in 1983. The imports originate in Spain, Italy, West Germany, and the United Kingdom.

SECTION 171—UNCOMPOUNDED ALLYL RESINS

Section 171 would extend a current duty suspension for uncompounded allyl resins through December 31, 1986.

Current law.—Uncompounded allyl resins are classified under TSUS item 408.96 and are subject to MFN and LDDC ad valorem duty rates of 7.4 percent and 5.8 percent, respectively. These rates currently are suspended, under a provision of law that expires September 30, 1984. The MFN rate will be staged down to 5.8 percent by January 1, 1987. The articles are eligible for duty-free entry under the GSP and CBI.

The bill.—Section 171 would extend the current duty suspension through December 31, 1986.

Background.—Uncompounded allyl resins are also called prepolymers. One, diallyl phthalate (DAP), is used as an ingredient in making engineering plastics for a variety of electronics and electrical applications. There is at least one domestic producer of these compounds. In 1983, imports of allyl prepolymer resins and allyl molding compounds amounted to 1,889,000 pounds, valued at $2,818,000.

SECTION 172—O-BENZYL-P-CHLOROPHENOL

Section 172 would suspend until December 31, 1987, the duty on o-Benzyl-p-chlorophenol.

Current law.—This chemical, a biocide, is classified under TSUS item 408.16 with a MFN duty rate of 12.2 percent ad valorem, an LDDC rate of 11.1 percent, and a non-MFN rate of 7¢/lb. + 40 percent ad valorem.

The bill.—Section 172 would create a temporary item 907.13 to provide for the suspension of MFN duties for three years beginning on the date of enactment.

Background.—o-Benzyl-p-chlorophenol is a biocide commonly used as the active ingredient in cleaning solutions and disinfectants. It is the only known biocide that effectively kills mycobacterium tuberculosis, the bacterium causing TB. There apparently are no U.S. producers of the chemical.

SECTION 173—NARROW FABRIC LOOMS

Section 173 would suspend through June 30, 1987, the duty on narrow fabric looms.

Current law.—Narrow fabric looms currently enter under TSUS item 670.14 at a MFN rate of 5.6 percent ad valorem. The non-MFN rate of duty is 25 percent ad valorem. This rate is being reduced in stages to 4.7 percent by 1987. Loom parts enter under item 670.74 at the same rate as the machines. The items are eligible for duty-free treatment under the GSP and CBI.

The bill.—Section 173 bill would suspend the duties on the looms and parts through June 30, 1987.

Background.—Only one U.S. firm manufactures a limited number of narrow fabric needle looms. Several produce parts for

regular-size fabric looms that can also be used on narrow fabric looms. 1983 imports of narrow fabric looms were 440 units valued at $3.9 million.

SECTION 174—NICOTINE RESIN COMPLEX

Section 174 would suspend through June 30, 1987 the duty on nicotine resin complex.

Current law.—Nicotine resin complex is classified under TSUS item 437.13 as an alkaloid compound based on nicotine. The MFN rate of duty is 4.2 percent ad valorem. The non-MFN rate of duty is 25 percent ad valorem. The LDDC rate is 3.7 percent ad valorem.

Articles imported from designated beneficiary developing countries and classified under TSUS item 437.13 are eligible for duty-free entry under the GSP. Imports from designated Caribbean countries are eligible for duty-free treatment under the CBI.

The bill.—Section 174 would amend the Appendix to the TSUS to suspend through June 30, 1987 the MFN rate of duty on nicotine resin complex.

Background.—The trade name of this product is Nicorette. Nicorette is a prescription chewing gum that has been available for purchase in the United States since March 1984, following FDA approval. Nicorette has been sold for more than five years in Europe and for nearly that long in Canada. When chewed, it releases a small amount of nicotine which is much less than that produced by smoking. It is intended to help smokers who want to wean themselves from the habit of smoking. There is no domestic producer of this product.

SECTION 175—TARTARIC ACID AND CERTAIN TARTARIC CHEMICALS

Section 175 would through until June 30, 1988, a temporary duty suspension for certain tartaric chemicals that expired June 30, 1984.

Current law.—Tartaric acid is classified under TSUS item 425.94 with a MFN duty rate of 5.1 percent of ad valorem, an LDDC rate of 4.3 percent ad valorem, and a non-MFN duty rate of 17 percent ad valorem. Tarter emetic is classified under TSUS item 426.72, with a MFN duty rate of 1.9 percent ad valorem, an LDDC rate of 1.8 percent ad valorem, and a non-MFN duty rate of 4 percent ad valorem. Cream of tartar is classified under TSUS item 426.76 with a MFN duty rate of 5.5 percent ad valorem, an LDDC rate of 4.6 percent ad valorem, and a MFN duty rate of 11 percent ad valorem. Rochelle salt is classified under TSUS item 426.82 with a MFN duty rate of 4.7 percent ad valorem, an LDDC rate of 4.1 percent ad valorem, and a non-MFN duty rate of 11.5 percent ad valorem. The MFN rates are being staged down through 1987.

Imports under all four of the above tariff provisions, if from designated beneficiary countries, are eligible for duty-free entry under the GSP and CBI.

The bill.—Section 175 would amend items 907.65 (tartaric acid), 907.66 (potassium salts), 907.68 (cream of tartar), and 907.69 (sodium tartrate (Rochelle Salts)) of the Appendix to the Tariff Schedules of the United States (TSUS) to extend the temporary

suspension of MFN duties of those four items through June 30, 1988. There would be no change in the non-MFN rates of duty.

Background.—Tartaric acid is a colorless, transparent, crystalline solid or a white crystalline powder and is classified chemically as a disubstituted, dicarboxylic acid. It is produced from argols or wine lees by treatment with milk of lime (calcium hydroxide), followed by precipitation of calcium sulfate, and crystallization of the acid. Tartaric acid can also be produced synthetically by the hydroxylation of maleic anhydride.

Tartaric acid is used as an intermediate in the production of chemicals such as acetaldehyde, and various tartaric acid salts and esters. It is also used as sequestrant in tanning effervescent beverages, baking powder, flavors, ceramics, galvano-plastics, medicinal preparations, photographic printing and developing, textile processing, silvering glass mirrors, coloring metals, and foods.

Tartar emetic (also referred to as potassium antimony tartarate) is an ordorless, poisonous, transparent, crystalline solid which effloresces when exposed to air. It is produced from potassium bitartrate by reaction with antimony metal or antimony trioxide, and is used as a textile and leather mordant, a medicine, a perfumery component, and in insecticide.

Cream of tartar (containing over 90 percent potassium bitartrate by weight) is a white, crystalline powder with a pleasant acid taste. It is classified chemically as an organic acid salt. It is produced by hot water extraction from wine lees followed by crystallization. Cream of tartar is used in baking powder, the production of other tartrates, medicine, galvanizing meals, and foods.

Rochelle salt (also referred to as potassium-sodium tartrate) is a colorless, transparent, crystalline solid with a cooling saline taste that effloresces slightly in warm air. Rochelle salt is produced from a solution of cream of tartar by saturation with sodium carbonate, followed by concentration and crystallization. Rochelle salt is used in the manufacture of mirrors, the manufacture of Seidlitz powders, in baking powder, and for the control of radio frequencies in piezo-electric crystals.

Tartaric acid accounts for the major portion of imports of these tartaric chemicals. Imports of this product rose from 3.4 million pounds, valued at $3.4 million, in 1979 to 3.9 million pounds, valued at $4.7 million, in 1981, then declined to 3.6 million pounds, valued at $2.4 million, in 1983. U.S. imports of cream of tartar fluctuated during 1979-83 from a low of 2.0 million pounds, valued at $1.5 million, in 1980 to a peak of 2.4 million pounds, valued at $1.8 million, in 1981. The import quantity for all of these tartaric chemicals decreased from 6.9 million pounds, valued at $6.7 million, in 1979 to 6.7 million pounds, valued at $4.0 million, in 1983.

Rochelle salt and potassium bitartrate are the only tartaric chemicals produced in the United States.

Imports of tartaric acid approximate consumption and amounted to 3.4 million pounds in 1979. Imports of tartaric acid peaked at 3.9 million pounds in 1981, then declined slightly to a level of 3.6 million pounds in 1982 and 1983. Apparent consumption of tartaric acid salts was 3.5 million pounds in 1979. Apparent consumption of tartaric acid salts fell in 1980 to approximately 2.8 million pounds,

then increased to 3.5 million pounds in 1981. During 1982-1983, apparent consumption remained level at about 3.2 million pounds.

SECTION 176—MAGNESIUM CHLORIDE AND MAGNESIUM NITRATE

Section 176 provides for a suspension of the duties on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium chloride and magnesium nitrate through June 30, 1987.

Current law.—Mixtures of isothiazolinones are classified in TSUS item 432.25 as other mixtures not specially provided for, at a MFN rate of duty of 4.2 percent as valorem, but not less than the highest rate applicable to any component material. The LDDC and non-MFN rates are, respectively, 3.7 percent and 25 percent ad valorem, but no less than the highest rate applicable to any component material. Articles imported from designated beneficiary countries and classified under TSUS item 432.25 are eligible for duty-free treatment under the GSP. Imports from designated beneficiary Caribbean Basin countries are eligible for duty-free entry under the CBI.

The component material contained in this mixture which has the highest rate of duty if imported as an individual compound is either one of the isothiazolinone compounds. Isothiazolinones are nitrogenous compounds classified under item 425.52, at a MFN and LDDC rate of duty of 7.9 percent ad valorem, and a non-MFN rate of 30.5 percent ad valorem.

The bill.—Section 176 would amend part 1B of the Appendix to the TSUS to suspend the MFN rate of duty on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium chloride and magnesium nitrate, provided for in item 432.25, TSUS. The non-MFN rate of duty would remain unchanged. The duty would be suspended through June 30, 1987.

Background.—No company in the United States produces this product. The product is a chemical mixture used as a biostat for the inhibition of bacteria growth and industrial production applications and a variety of detergent formulations.

SECTION 177—POTASSIUM MIXTURES

Section 177 would provide for the suspension of the duty on mixtures of potassium 1-(p-chlorophenyl)-1,4-dihydro-6-methyl-4-oxopyridazine-3-carboxylate ("fenridazion-potassium") and formulation adjuvants through June 30, 1987.

Current law.—Mixtures of fenridazon-potassium and its formulation adjuvants are classified as pesticides in TSUS item 408.38, a provision created by Presidential Proclamation 4768 (45 F.R. 45135). Item 408.38 has a MFN duty rate of 0.8¢/lb plus 9.7 percent ad valorem and a non-MFN rate of 7¢/lb plus 31 percent ad valorem. No preferential rate is provided for imports from least developed developing countries. However, articles imported from designated beneficiary developing countries and classified under item 408.38 are eligible for duty-free entry under the GSP and imports from designated Caribbean Basin countries are eligible for duty-free treatment under the CBI. The MFN duty rate is not scheduled to be reduced through staging.

The bill.—Section 177 would suspend the MFN rate of duty for mixtures of potassium 1-(p-chlorophenyl)-1,4-dihydro-6-methyl-4-oxo-pyridazine-3-carboxylate ("fenridazion-potassium") and formulation adjuvants until June 30, 1987.

Background.—Fenridazion-potassium is manufactured only in the United States by one company for captive use. There have been no imports for the past four years. The product is used as a plant growth regulator. In particular, it is used to inhibit the development of pollen on wheat, allowing hybrid wheat seed to develop by selective cross-pollination.

SECTION 178—CERTAIN BENZOID CHEMICALS

Section 178 would suspend, through June 30, 1986, the duties on four chemical intermediates.

Current law.—This bill covers the following chemicals, which are classified under the indicated TSUS item numbers: (1) Trichlorosalicylic acid (item 404.46); (2) m-aminophenol (item 404.92); (3) 6-Amino-1-napthol-3-sulfonic acid (item 405.00); and (4) 4-acetaminobenzenesulfonyl chloride (item 405.31). The first and fourth of these have MFN duty rates of 1.7¢ plus 17.9 percent ad valorem and 1.7¢ plus 18.1 percent ad valorem, respectively. Their non-MFN rates are 7¢ plus 57 percent and 7¢ plus 58 percent ad valorem, respectively. The other two articles have the following MFN ad valorem rates: (1) item 404.92—8.4 percent; and (2) item 405.00—9.2 percent. These rates are being staged down through 1987. Only item 405.31 is GSP eligible; all are eligible for duty-free treatment under the CBI.

The bill.—Section 178 would provide for duty-free entry of these articles through June 30, 1986.

Background.—All of the chemicals are produced synthetically from petroleum products (e.g., benzene, phenol, naphthol, and so forth). The primary use of these chemicals is as intermediates in the production of more complex chemicals. The chemical 4-Acetaminobenzenesulfonyl chloride (N-acetylsulfanilyl chloride) is used in the production of sulfa drugs; 6-Amino-1-napthol-3-sulfonic acid is used in the production of dyes. The remaining two chemicals, trichlorosalicylic acid, and m-Aminophenol, are used to produce a number of products such as dyes, pharmaceuticals, antitoxidants, pigments, and luminescent agents. There are not significant differences in the quality of domestic and foreign products.

SECTION 179—DECORATIVE LACE-BRAIDING MACHINES

Section 179 would suspend the MFN duties on decorative lace-braiding machines and parts for such machines through June 30, 1987.

Current law.—Lace-braiding machines enter under TSUS item 670.25 at a MFN rate of 5.6 percent ad valorem and a non-MFN rate of 40 percent ad valorem. The LDDC rate is 4.7 percent. The articles are eligible for duty-free entry under the GSP and CBI. Parts enter at the same rate as the machines, under item 670.74. The MFN rates are being staged down to 4.7 percent ad valorem in 1987.

The bill.—Section 179 would suspend the MFN rate of duty for decorative lace-braiding machines and parts such machines through June 30, 1987.

Background.—Textile braiding machines are of three general types: the comparatively simple Maypole type, which is used to produce such articles as sash cords, fire-hose covering, shoe laces, ornamental braid, fiberglass, sutures, optical fibers, and pacemaker leads; the high-speed type, which is used chiefly for making materials for insulating electrical wires and cables; and the Barmen lace-brader, which produces a fabric that is similar to handmade laces. These machines produce fabric by interlacing, diagonally, a series of threads of strands in a maypole fashion.

There are at least three domestic producers of lace-braiding machines, but apparently none make decorative lace machines. Because such machines constitute only a part of all textile machinery, it is not possible to provide separate data on production, imports, and exports of them.

SECTION 180—YTTRIUM

Section 180 would suspend through June 30, 1989, the MFN rate on yttrium-bearing ores and materials and yttrium compounds.

Current law.—The current MFN duty rate on these articles is 5.9 percent ad valorem, under TSUS item 603.70. The LDDC rate is 5 percent, while the non-MFN rate is 30 percent.

The bill.—Section 180 will suspend through June 30, 1989, the duty on yttrium-bearing ores, materials, and compounds containing by weight more than 19 percent but less than 85 percent yttrium oxide equivalent.

Background.—The rare earths are a family of closely related elements, both in terms of being found together in nature and their chemical and physical properties. They consist of yttrium and the lanthanides, which are the elements lanthanum through lutetium in the periodic table. Despite their name, "rare earths" are actually very abundant. There are very few places in the world, however, where the rare earths are found in economically recoverable quantities.

The two principal rare earth minerals are bastnasite and monazite. One deposit of bastnasite is at Mountain Pass, California. The ore there consists of approximately 7 percent bastnasite which in turn consists of approximately 70 percent rare earth oxides. Cerium, lanthanum, neodymium, and praseodymium are the most abundant of the rare earths in bastnasite. The Mountain Pass deposit apparently is the only place of primary production of rare earths in the world. Rare earths are produced from other deposits in other countries as byproducts of titanium, iron, tin, or uranium production.

Yttrium oxides represent only 0.1 percent of the total rare earth oxides found in bastnasite; thus, high-purity (99.99 percent) yttrium oxide must be produced from imported yttrium concentrates. High-purity rare earth oxides are produced using imported yttrium concentrate and other rare earth concentrates from Mountain Pass.

High-purity yttrium oxide is the host matrix used with europium to emit the visible red light in color television and in energy saving

fluorescent lights. Yttrium aluminum garnets (YAGs) and yttrium iron garnets (YIGs) are vital in classified military applications including microwave transmission and phase-array radar guidance systems. Other applications include yags for simulated diamonds, neodymium doped yttrium crystals for lasers, and yttrium oxide-stabilized zirconia for refractory insulating materials. Yttrium is also used in nickel-based, cobalt-based and iron-chromium-aluminum superalloys.

SECTION 181—NATURAL GRAPHITE

Section 181 would extend through December 31, 1987, the current duty suspension on graphite.

Current law.—Natural graphite, crude and refined, is classified in TSUS items 517.21 and 517.24. If valued at not over 5.5 cents per pound, the MFN rate of duty is 4.7 percent ad valorem; if valued over 5.5 cents per pound, the duty is 0.3 cents per pound. The LDDC rate is 3 percent ad valorem, while the non-MFN rate is 1.65 cents per pound. The MFN rates of duty are presently suspended through December 31, 1984.

The bill.—Section 181 would extend for 3 years the present duty suspension on graphite.

Reason for provision.—Graphite is a form of carbon which is found naturally as a mineral. It is used largely in foundry facings, steelmaking, lubricants, refractories, pencils, and batteries. There is no natural graphite of any type mined in the United States.

SECTION 210—INVESTIGATIONS OF COUNTERVAILING DUTIES AND ANTIDUMPING DUTIES

Section 210 incorporates the substance of section 2 of S. 2746. It would clarify that the countervailing duty and antidumping duty laws apply to situations where a product has been or is likely to be sold for importation but has not yet been imported.

Current law.—Title VII of the Tariff Act of 1930 authorizes the imposition of countervailing and antidumping duties to remedy the injurious effects of subsidized and dumped imported articles. For a countervailing duty investigation, section 701(a) requires a countervailing duty to be imposed when the Department of Commerce determine that merchandise "imported into the United States" benefits from a countervailable subsidy, and the International Trade Commission finds that a U.S. industry is materially injured or threatened with material injury "by reason of imports of that merchandise." In antidumping investigations, section 731 requires the Commerce Department to determine whether "foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value," and the Commission to determine whether a U.S. industry is materially injured, or threatened with material injury "by reason of imports of that merchandise."

The bill.—Section 210 amends section 701(a) and 705(b)(1) of the 1930 Tariff Act to clarify that countervailing duty determinations may be made with respect to merchandise that has not necessarily been imported already, but has been sold or is likely to be sold for importation. Further, the section would amend sections 705(b)(1) and 735(b)(1) to make clear that leases of merchandise that are the

equivalent of sales shall be treated as sales for purposes of the countervailing and antidumping duty laws.

Background.—The antidumping duty law long has applied not only to actual importations, but also to transactions involving both sales and likely sales. Although the countervailing duty law refers only to "imports", the Department of Commerce has ruled that investigations may proceed on the basis of sales contracts involving future subsidized imports, even though merchandise which is the subject of the investigation has not actually been imported at the time the investigation was commenced. See *Railcars from Canada* (48 Fed. Reg. 6569 (Feb. 14, 1983)). This situation may arise particularly in transactions involving capital goods, in which delivery times may be spread over several years but there is a large immediate loss to U.S. firms competing with the imports.

The second amendment made by section 210 clarifies that both the countervailing and antidumping duty laws apply to leases that are the equivalent of sales. Import transactions may be structured in a variety of ways that may not be denominated as sales but are in fact permanent exchanges for valuable consideration. This section would ensure that these unfair trade practice laws are not avoided on the basis of form alone. It would be the responsibility of the Department of Commerce to determine whether any particular leasing arrangement is equivalent to a sale for purposes of the countervailing and antidumping duty laws.

SECTION 247—CERTAIN CIVIL AIRCRAFT PARTS

Section 247 would authorize the President to proclaim tariff reductions for certain articles covered by the Agreement on Trade in Civil Aircraft, a multilateral agreement concluded in 1979 under the auspices of the Overall Agreement on Tariffs and Trade.

Current law.—The United States is a party to the GATT Agreement on Trade in Civil Aircraft, one of the nontariff barrier agreements concluded in the Tokyo Round of multilateral trade negotiations. Among other things, that agreement, approved by the Congress in the 1979 Trade Agreements Act, provided for the elimination of duties on civil aircraft and engines, and flight simulators. The MFN duty rates on articles encompassed by section 247, ad valorem range from 3.4 percent to 16.5 percent, which would authorize the elimination of duties on other products covered by the agreement.

The bill.—Section 247 would authorize the President to proclaim modifications in the TSUS to provide duty-free entry, beginning January 1, 1985, to imports of various articles from countries entitled to MFN status. These modifications, which are the subject of an agreement reached among parties to the code, would represent the extension of duty-free treatment by the United States which would be equivalent to that provided by other signatories to the Agreement on Trade in Civil Aircraft and the proposed expansion of the Annex thereto.

Specifically, the President would be empowered to modify the MFN rates of duty and the article descriptions of enumerated tariff items, to provide duty-free entry for articles certified for use in civil aircraft in accordance with headnote 3, part 6C of schedule 6

of TSUS. Thus, the following articles and tariff items (or parts of the latter) would be included if properly certified:

Automatic door closers of base metal (TSUS item 646.95 (part) (pt.)); parts of nonelectric engines and motors, not specifically provided for (TSUS item 660.85 (pt.)); parts of pumps for liquids (TSUS item 660.97 (pt.)); parts of fans and blowers (TSUS item 661.06 (pt.)); parts of air or gas compressors (TSUS item 661.10 (pt.)); parts of air pumps and vacuum pumps (TSUS item 661.15 (pt.)); parts of air-conditioning machines and heat exchange units and parts of refrigerators and refrigeration equipment, including air humidifiers and dehumidifiers and parts thereof (TSUS items 661.20 (pt.) and 661.35 (pt.)); certain gear boxes and other speed changers (TSUS item 680.59 (pt.) as implemented through item 680.61); certain mechanical power transmission equipment and parts thereof (TSUS items 680.62 (pt.), 680.92 (pt.), 680.95 (pt.), 681.01 (pt.), 681.15 (pt.), 681.18 (pt.), 681.21 (pt.), and 681.24 (pt.)); transformers rated at less than 1kVA (TSUS item 682.05 (pt.)); storage batteries and parts thereof (TSUS items 683.05 (pt.), 683.07 (pt.), and 683.15 (pt.)); lenses, prisms, mirrors, and other optical elements (TSUS items 708.01 (pt.), 708.03 (pt.), 708.05 (pt.), 708.07 (pt.), 708.09 (pt.), 708.21 (pt.), 708.23 (pt.), 708.25 (pt.), 708.27 (pt.), and 708.29 (pt.)); and parts of aircraft instruments (TSUS items 711.77 (pt.), 711.78 (pt.), 711.98 (pt.) and 712.49 (pt.)).

Background.—Estimated total U.S. shipments of the articles proposed for inclusion under the expanded Annex to the Agreement on Trade in Civil Aircraft rose each year during 1978-81, from $676.0 million to $943.3 million. This represents an estimated increase of 38.2 percent during the period. The estimated value of shipments declined to $891.0 million in 1982, due primarily to decreased production of civil aircraft. Later data are unavailable.

U.S. imports of the subject articles increased annually during the five-year period. Estimated imports rose from $36.7 million in 1978 to $76.6 million in 1982, a gain of 108.7 percent. Because of production requirements, a substantial period of time may pass between the placement of orders and the shipment of the finished articles. This is the principal reason why imports did not decline in 1982, despite the sharp decline in production of civil aircraft. The major sources of imports of these articles are believed to be the United Kingdom, Canada, and France. According to industry sources, some of the trade in certain imported products—specifically lenses, prisms, optical instruments, and parts of aircraft instruments—is conducted between related parties, usually U.S.-owned firms. Due to the wide variety of products to be eligible for duty-free treatment, the names and locations of principal importers cannot be identified.

Exports (estimated) of the articles proposed for inclusion under the Agreement on Trade in Civil Aircraft rose from $97.8 million in 1978 to $111.6 million in 1979. The estimated value of U.S. exports also increased in each of the following 2 years, reaching $136.0 million in 1980 and $162.7 million in 1981. In 1982, exports fell to an estimated $155.3 million. The decline was due primarily to a drop in demand for large transport planes. Because of the diversity of products involved and the lack of available data, the

names and locations of principal exporters and the major foreign markets for these exports cannot be specified.

Estimated apparent U.S. consumption of the subject products increased from $614.9 million in 1978 to $846.6 million in 1981, before declining to $812.3 million in 1982. During the 5-year period, consumption rose by an estimated 32.1 percent. The ratio of imports to apparent consumption (estimated) increased from 6.0 percent in 1978 to 9.4 percent in 1982.

SECTION 248—TWO SPECTROMETERS

Section 248 would authorize the reopening of administrative proceedings relating to the possible refund of import duties paid by the Montana State University on two mass spectrometers.

Current law.—The Educational, Scientific, and Cultural Materials Importation Act provides that nonprofit institutions may import scientific equipment duty-free so long as equivalent U.S.-manufactured equipment is not available. The Department of Commerce administers this law.

An importer may protest an assessment of duties by the Customs Service and seek a refund if a protest is filed within 90 days. Refunds cannot be made without a timely protest.

The bill.—Section 248 would require the Secretary of the Treasury to reliquidate the entry of two mass spectrometers imported in 1982 for the use of Montana State University and for which applications were filed with the Commerce Department for duty-free entry.

Background.—Montana State University alleges that it believed a proper protest was timely filed with regard to duties paid on the subject articles. However, it subsequently learned this was not the case, and is barred by law from pursuing administrative relief. Section 248 would require the reliquidation of the entries of the two spectrometers, thus placing the University in a position to seek review by the Commerce Department of its claim for duty-free entry.

SECTION 249—CERTAIN TELESCOPE PARTS

Section 249 would provide for the duty-free entry of articles required for the installation and operation of a sub-mm telescope in Arizona.

Current law.—Articles intended for the use of any nonprofit institution, whether public or private, established for educational or scientific purposes may enter duty-free if the Department of Commerce determines that equivalent U.S. manufactured instruments are not available.

The bill.—Section 249 would require the duty-free entry of any article provided by the Max Planck Institute for Radioastronomy of the Federal Republic of Germany for the construction, installation, and operation of a sub-mm telescope at the Steward Observatory of the University of Arizona if no instruments or apparatus of equivalent scientific value are being manufactured in the United States. The section applies also to repair components of such qualifying articles. The Commerce Department and Customs Service are

charged with making the determinations of eligibility under this section.

Background.—This section of the committee amendment is substantially the same as an amendment to H.R. 3398 previously approved by the Senate. The intent of the section is to facilitate the construction and operation of a telescope to be jointly owned by the Steward Observatory and the Max Planck Institute. Although duty-free treatment may be available to the imported components under current law, the construction of the telescope will require numerous entries, reexports, and reentries of equipment that must be adjusted and repaired. This section would allow the University to avoid seeking new administrative determinations each time an import occurs.

SECTION 251—PRODUCTS OF CARIBBEAN BASIN COUNTRIES ENTERED IN PUERTO RICO

This section would allow products of a beneficiary country under the Caribbean Basin Initiative to enter Puerto Rico under bond for manufacture and later to be withdrawn for consumption free of duty if the products otherwise are entitled to enter duty-free under the CBI.

Current law.—Pursuant to the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701 net seq.), which implemented the Caribbean Basin Initiative, eligible products from qualifying Caribbean Basin nations may enter the United States duty-free. Among other criteria, to be eligible an article must be imported directly from a beneficiary country and the sum of (1) the cost of value of materials produced in beneficiary countries and (2) the direct cost of processing performed in them must be not less than 35 percent of the article's value. This minimum percent of value may include costs originating in Puerto Rico and the U.S. Virgin Islands. Because Puerto Rico is in the customs territory of the United States, an article qualifying for duty-free entry under the CBI because it includes value added in Puerto Rico must qualify prior to entering Puerto Rico; it cannot enter the commonwealth, incorporate qualifying value-added, and then be exported to the United States.

The bill.—Section 251 would amend section 213 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703) to authorize products of a CBI beneficiary country to be imported directly into Puerto Rico, entering under bond to be processed or manufactured there, together with other imported products to be used in that manufacture. The section further authorizes the resulting manufactured products to be withdrawn for entry into Puerto Rico and thus into U.S. customs territory. If the products otherwise qualify for duty-free entry under the CBI, then they are entitled to duty-free treatment under this section, notwithstanding that the products are not being imported directly from a beneficiary country.

Background.—In enacting the CBI implementing legislation, the Congress provided that value-added in Puerto Rico and the U.S. Virgin Islands could be included in that amount of value that qualified an article as originating in a beneficiary country. One purpose was to encourage joint manufacturing ventures between firms in Puerto Rico and the Virgin Islands and those in the bene-

ficiary countries. The government of Puerto Rico in particular seeks to encourage the use of the island's technical resources, labor skills, and advanced infrastructure by Caribbean firms which will commence the basic manufacture of a complex product in their home nations. The "twin plant" concept offers an opportunity for mutual development, a goal of the CBI.

Because a product must be imported directly from a beneficiary nation in order to qualify for CBI benefits, the current rule of origin is a substantial impediment to the promotion of joint development projects. This section would allow the final stage of manufacture to occur in Puerto Rico to avoid that unnecessary impediment, but it would not otherwise change the criteria qualifying the article for CBI eligibility.

IV. VOTE OF THE COMMITTEE IN REPORTING THE COMMITTEE AMENDMENT

The committee states that the committee amendment was ordered favorably reported without objection.

V. BUDGETARY IMPACT OF THE COMMITTEE AMENDMENT

The following statement is made relative to the cost and budgetary impact of the new provisions to be offered to H.R. 3398 in this committee amendment. The committee has received the following letter from the Congressional Budget Office regarding the budgetary impact of these provisions of the committee amendment, which the committee accepts as its own estimate.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 10, 1984.

Hon. ROBERT J. DOLE,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In accordance with Section 403 of the Congressional Budget Act, the Congressional Budget Office has examined the committee amendment to H.R. 3398, approved July 31, 1984. The amendment is comprised of various tariff measures and two bills previously reported favorably by the committee. In addition, the amendment would update the effective dates in H.R. 3398 and apply retroactivity rules to certain provisions that have expired since H.R. 3398 was originally reported.

The two previously reported bills are S. 1718, a bill to renew the Generalized System of Preferences, and S. 2746, a bill authorizing negotiations for a free-trade area with Israel and with Canada. Estimating the revenue effect of these two bills is impossible due to the discretionary nature and indeterminant scope of the legislation.

The various tariff bills would reduce some duties, temporarily suspend other duties and clarify the classification of certain goods. The estimates shown below assume an enactment date of October 1, 1984, and are based on reports prepared by the International Trade Commission.

It should be noted that the estimates shown below do not include the effects of several bills due to the lack of reliable data on articles covered.

Effect of revenues of committee amendment to H.R. 3398

[By fiscal years, in millions of dollars]

1985	−4
1986	−3
1987	−3
1988	1
1989	1

With best wishes.
Sincerely,

RUDOLPH G. PENNER,
Director.

VI. REGULATORY IMPACT OF THE BILL

The committee states that the provisions of the committee amendment will impose no new regulatory burdens on any individuals or businesses, will not impact on the personal privacy of individuals, and will result in no new paperwork requirements.

VII. THE COMMITTEE AMENDMENT

The following is the text of the committee amendment approved July 31, 1984 by the Committee on Finance.

H.R. 3398,

A BILL To change the tariff treatment with respect to certain articles, and for other purposes

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. TABLE OF CONTENTS.

TITLE I—TARIFF SCHEDULES AMENDMENTS

Subtitle A—Reference to Tariff Schedules

SEC. 101. REFERENCE.

Whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, item, headnote or other provision, the reference shall be considered to be made to a schedule, item, headnote or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

Subtitle B—Permanent Changes in Tariff Treatment

SEC. 111. COATED TEXTILE FABRICS.

(a) Headnote 5 of schedule 3 is amended to read as follows:

"5. (a) Except as otherwise provided in subsection (b) of this headnote, for the purposes of parts 5, 6, and 7 of this schedule and parts 1 (except subpart A), 4, and 12 of schedule 7, in determining the

classification of any article which is wholly or in part of a fabric coated or filled, or laminated, with nontransparent rubber or plastics (which fabric is provided for in part 4C of this schedule), the fabric shall be regarded not as a textile material but as being wholly of rubber or plastics to the extent that (as used in the article) the nontransparent rubber or plastics forms either the outer surface of such article or the only exposed surface of such fabric.

"(b) Any fabric described in part 4C of this schedule shall be classified under part 4C whether or not also described elsewhere in the schedules.".

(b) The headnotes to subpart C of part 4 of schedule 3 are amended—

(1) by striking out clause (vii) in headnote 1; and

(2) by inserting "or value" after "quantities" in headnote 2(c).

(c) Part 12 of schedule 7 is amended by inserting immediately after headnote 1 of part 12 headnote the following new headnote:

"2. This part does not cover fabrics, coated or filled, or laminated, with rubber or plastics provided for in part 4C of schedule 3.".

SEC. 112. WARP KNITTING MACHINES.

(a) Subpart E of part 4 of schedule 6 is amended by striking out item 670.20 and inserting in lieu thereof the following new items with article descriptions at the same indentation level as the article description in item 670.19:

"	670.20	Warp knitting machines	Free		40% ad val.	
	670.21	Other	5.6% ad val.	4.7% ad val.	40% ad val.	".

(b) Item 912.14 of the Appendix is repealed.

(c)(1) The rate of duty in column numbered 1 for item 670.21 (as added by subsection (a)) shall be subject to all staged rate reductions for item 670.20 that were proclaimed by the President before the date of the enactment of this Act.

(2) Whenever the rate of duty specified in column numbered 1 for such item 670.21 is reduced to the same level as the corresponding rate of duty specified in the column entitled "LDDC" for such item, or to a lower level, the rate of duty in such "LDDC" column shall be deleted.

SEC. 113. CERTAIN GLOVES.

Subpart C of part 1 of schedule 7 is amended—

(1) by amending headnote 1—

(A) by striking out "and" at the end of paragraph (a),

(B) by striking out the period at the end of paragraph (b) and inserting "; and", and

(C) by adding at the end thereof the following new paragraph:

"(c) the term 'with fourchettes' includes only gloves which, at a minimum, have fourchettes extending from fingertip to fingertip between each of the four fingers."; and

(2) by amending item 705.85 by striking out "textile fabric" and "or sidewalls".

SEC. 114. PET TOYS.

Subpart A of part 13 of schedule 7 is amended by inserting immediately after item 790.55 the following new item:

"	790.57	Toys for pets, of textile materials	8.5% ad val.	80% ad val.	".

SEC. 115. WATER CHESTNUTS AND BAMBOO SHOOTS.

(a) Items 903.45, 903.50, and 903.55 are repealed.

(b) Subpart A of part 8 of schedule 1 is amended as follows:

(1) Item 137.84 is amended by striking out "25% ad val." in column 1 and inserting in lieu thereof "Free".

(2) Item 138.40 is amended by striking out "17.5% ad val." in column 1 and inserting in lieu thereof "Free".

(c) Subpart C of part 8 of schedule 1 is amended as follows:

(1) Item 141.70 is amended by striking out "7% ad val." in column 1 and inserting in lieu thereof "Free".

(2) Item 141.78 is amended by striking out "8.1% ad val." in column 1 and inserting in lieu thereof "Free".

SEC. 116. GUT FOR USE IN MANUFACTURE OF STERILE SURGICAL SUTURES.

(a) Subpart C of part 13 of schedule 7 is amended by striking out item 792.22 and inserting in lieu thereof the following new items with the article description at the same indentation level as the article description in item 792.20:

"	792.24	If imported for use in the manufacture of sterile surgical sutures	5.4% ad val.	3.5% ad val.	40% ad val.	
	792.26	Other	11.2% ad val.	7.7% ad val.	40% ad val.	".

(b)(1) The rate of duty in column numbered 1 for item 792.24 (as added by subsection (a)) shall be subject to any staged rate reductions for item 495.10 which are proclaimed by the President before the date of the enactment of this Act.

(2) Whenever, after the application of paragraph (1), the rate of duty provided for item 792.24 in the column numbered 1 is not greater than the rate of duty provided for such item in the column designated "LDDC", no rate of duty shall be provided for such item in the column designated "LDDC".

(c) The rate of duty in column numbered 1 for item 792.26 (as added by subsection (a)) shall be subject to the same staged rate reductions that were proclaimed by the President before the date of the enactment of this Act for item 792.20.

SEC. 117. ORANGE JUICE PRODUCTS.

Subpart A of part 12 of schedule 1 is amended—

(1) by inserting after item 165.25 the following new items and the superior heading thereto, with such superior heading at the same indentation level as the article description "Lime" in item 165.25:

"		Orange:		
	165.27	Not concentrated and not made from a juice having a degree of concentration of 1.5 or more (as determined before correction to the nearest 0.5 degree)	20¢ per gal.	70¢ per gal.

165.29	Other	35¢ per gal.	70¢ per gal.	".

(2) by redesignating items 165.30 and 165.35 as items 165.32 and 165.36, respectively.

SEC. 118. REIMPORTATION OF CERTAIN ARTICLES ORIGINALLY IMPORTED DUTY FREE.

Item 801.00 is amended by inserting "or which were previously entered free of duty pursuant to the Caribbean Basin Economic Recovery Act or title V of the Trade Act of 1974" after "previous importation".

SEC. 119. GEOPHYSICAL EQUIPMENT.

Part 1 of schedule 8 is amended by inserting in numerical sequence the following new item that has the same indentation as "Exhibition" in item 802.10:

"	802.50	Rendition of geophysical or contracting services in connection with the exploration for, or the extraction or development of, natural resources	Free	Free	".

SEC. 120. SCROLLS OR TABLETS IMPORTED FOR USE IN RELIGIOUS OBSERVANCES.

Part 4 of schedule 8 is amended—

(1) by striking out "and 854.30" in headnote 1 and inserting in lieu thereof "854.30, and 854.40"; and

(2) by inserting in numerical sequence the following:

"	854.40	Scrolls or tablets of wood or paper, commonly known as gohonzon, imported for use in public or private religious observances, whether or not imported for the use of a religious institution	Free	Free	".

SEC. 121. NAPHTHAS.

Headnote 1 for part 10 of schedule 4 is amended—

(1) by amending headnote 1 by inserting "naphas (whether or not catalytic napthas) provided for in item 473.35, motor fuel blending stock," after "except";

(2) by amending headnote 2—

(A) by striking out "and" at the end of subdivision (a);

(B) by striking out the period at the end of subdivision (b) and inserting in lieu thereof "; and

(C) by adding at the end thereof the following:

"(c) 'Motor fuel blending stocks' (item 475.27) is any product (except napthas provided for in item 475.35) derived primarily from petroleum, shale oil, or natural gas, whether or not containing additives, which is chiefly used for direct blending in the manufacture of motor fuel.";

(3) by inserting in numerical sequence the following new item:

"	475.27	Motor fuel blending stock	1.25¢ per gal.		2.5¢ per gal. ";

and

(4) by amending 475.30 by striking out "fuel)" and inserting in lieu thereof "fuel or motor fuel blending stock)".

SEC. 122. STEEL PIPES AND TUBES USED IN LAMPPOSTS.

(a) Subpart F of part 3 of schedule 6 is amended by inserting after item 653.37 the following new item with the same indentation as "Of brass" in item 653.37:

"	653.38	Tapered steel pipes and tubes chiefly used as parts of illuminating articles	11.9% ad val.	7.6% ad val.	45% ad val.	".

(b)(1) Notwithstanding any other provision of law, any reduction authorized under section 101 of the Trade Act of 1974 (19 U.S.C. 2111) in the rate of duty provided in any rate column for item 653.39 which takes effect after the date of enactment of this Act shall apply to the rate of duty provided in the corresponding column for item 653.38.

(2) Whenever, after the application of paragraph (1), the rate of duty provided for item 653.38 in the column numbered 1 is not greater than the rate of duty provided for such item in the column designated "LDDC", no rate of duty shall be provided for such item in the column designated "LDDC".

SEC. 123. WEARING APPAREL.

The headnotes for part 6 of schedule 3 are amended by adding at the end thereof the following new headnote:

"(3)(a) Except as provided in (b) of this headnote, each garment is to be separately classified under the appropriate tariff item, even if 2 or more garments are imported together and designed to be sold together at retail.

"(b) The provisions of (a) of this headnote shall not apply to—

"(i) suits,

"(ii) pajamas and other nightwear,

"(iii) playsuits, washsuits, and similar apparel,

"(iv) judo, karate, and other oriental martial arts uniforms,

"(v) swimwear, and

"(vi) infants' sets for children who are not over 2 years of age.".

SEC. 124. RECENTLY DEVELOPED DAIRY PRODUCTS.

(a) Subpart D of part 4 of schedule 1 is amended—

(1) by adding at the end thereof the following new items with the same indentation as "Malted milk" in item 118.30:

"	118.35	Whey protein concentrate	Lb.	10% ad val.		20% ad val.	
	118.40	Lactalbumin	Lb.	Free		Free	
	118.45	Milk protein concentrate	Lb.	0.2¢ per lb.		5.5¢ per lb.	";

and

(2) by inserting after the heading of such subpart the following:

"Subpart D headnote:

"1. For purposes of item 118.45, the term 'milk protein concentrate' means any milk protein concentrate that is 40 percent or more protein by weight.".

(b)(1) Part 3 of the Appendix to the Tariff Schedules of the United States is amended—

(A) by striking out "and dried whey" in the superior heading to item 950.01 and inserting in lieu thereof ", dried whey, whey protein concentrate, lactalbumin, and milk protein concentrate",

(B) by striking out "items 115.45 and 118.05" in item 950.01 and inserting in lieu thereof "item 115.45, 118.05, 118.35, or 118.40", and

(C) by inserting "or 118.45" after "115.50" in item 950.02.

(2) Any article described in item 118.35, 118.40, or 118.45 of the Tariff Schedules of the United States which is entered before the date which is 15 days after the date of enactment of this Act shall not be taken into account in applying items 950.01 and 950.02 of such Schedules.

(c) The superior heading for item 493.12 of the Tariff Schedules of the United States is amended by inserting "(other than a product described in item 118.45)" after "value thereof".

SEC. 125. TECHNICAL AMENDMENT.

Headnote 3(a)(i) of the general headnotes and rules of interpretation is amended by striking out "of schedule 7, part 2, subpart E, and except as provided in headnote 4 of schedule 7, part 7, subpart A" and inserting in lieu thereof "of subpart E of part 2 of schedule 7, and except as provided in headnote 3 of subpart A of part 7 of schedule 7".

Subtitle C—Temporary Changes in Tariff Treatment

SEC. 141. CRUDE FEATHERS AND DOWN.

Items 903.70 and 903.80 of the Appendix are each amended by striking out "On or before 6/30/84" and inserting in lieu thereof "On or before 6/30/87."

SEC. 142. CANNED CORNED BEEF.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	903.15	Corned beef in airtight containers (provided for in item 107.48, part 2B, schedule 1).....	3% ad val.	No change	On or before 12/31/89	".

SEC. 143. HOVERCRAFT SKIRTS.

Item 905.40 of the Appendix is amended—

(1) by striking out "manmade" and inserting in lieu thereof "man-made", and

(2) by striking out "6/30/83" and inserting in lieu thereof "6/30/86".

SEC. 144. MXDA.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"	907.02	m-Xylenediamine (MXDA) (provided for in item 404.88, part 1B, schedule 4)	Free	No change	On or before 6/30/87	
	907.04	1,3-Bis [aminomethyl] cyclohexane (1,3-BAC) (provided for in item 407.05, part 1B, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 145. 4,4'-Bis(α,α-DIMETHYLBENZYL) DIPHENYLAMINE.

Supart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"	906.95	4,4'-Bis(α,α-dimethyl-benzyl)diphenylamine (provided for in item 404.88, part 1B, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 146. FLECAINIDE ACETATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.21	Flecainide acetate (provided for in item 412.12, part 1C, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 147. CAFFEINE.

Item 907.22 of the Appendix is amended—

(1) by striking out "6% ad val." and inserting in lieu thereof "4.1% ad val."; and

(2) by striking out "12/31/83" and inserting in lieu thereof "12/31/85".

SEC. 148. WATCH CRYSTALS.

(a) Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	909.40	Watch glasses other than round watch glasses (provided for in item 547.13, part 3C, schedule 5)	6.2% ad val.	4.9% ad val.	No change	On or before 12/31/87	".

(b) Effective with respect to articles provided for in item 909.40 (as added by subsection (a)) that are entered, or withdrawn from warehouse for consumption, on or after each of the dates set forth below, column 1 for such item is amended by striking out the rate of duty in effect on the day before such date and inserting in lieu thereof the rate of duty appearing below next to each such date:

Date:	Rate of duty:
January 1, 1985	5.9% ad val.
January 1, 1986	5.6% ad val.
January 1, 1987	5.2% ad val.

SEC. 149. UNWROUGHT LEAD.

(a) Item 911.50 of the Appendix is amended by striking out "6/30/83" and inserting in lieu thereof "6/30/88".

(b) Section 114 of Public Law 96-609 is amended by striking out "July 1, 1983" in subsection (b) and inserting in lieu thereof "July 1, 1988".

SEC. 150. FLAT KNITTING MACHINES.

Item 912.13 of the Appendix is amended—

(1) by striking out "(provided for in item 670.19 or 670.20," and inserting in lieu thereof ", and parts thereof (provided for in items 670.19, 670.20, and 670.74,"; and

(2) by striking out "6/30/83" and inserting in lieu thereof "6/30/88".

SEC. 151. CERTAIN MENTHOL FEEDSTOCKS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.13	Mixtures containing not less than 90 percent by weight of stereoisomers of 2-iso-propyl-5-methylcyclohexanol, but containing not more than 30 percent by weight of any one such stereoisomer (provided for in item 407.16, part 1B, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 152. 2-METHYL, 4-CHLOROPHENOL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.97	2-Methyl, 4-chlorophenol (provided for in item 403.56, part 1B, schedule 4)	Free	No change	On or before 12/31/87	".

SEC. 153. UNWROUGHT ALLOYS OF COBALT.

Item 911.90 of the Appendix is amended by striking out "6/30/83" and inserting in lieu thereof "6/30/86".

SEC. 154. CERTAIN INTERMEDIATES FOR THE PRODUCTION OF DYES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"	907.31	Beta-Naphthol (provided for in item 403.29, part 1B, schedule 4)	Free	No change	On or before 12/31/86	
	907.34	6-Amino-1-naphthol-3-sulfonic acid (provided for in item 405.00, part 1B, schedule 4)	Free	No change	On or before 12/31/86	
	907.35	2-(4-Aminophenyl)-6-methylbenzothiazole-7-sulfonic acid (provided for in item 406.40, part 1B, schedule 4)	Free	No change	On or before 12/31/86	".

SEC. 155. CERTAIN SULFA COMPOUNDS.

(a) Item 907.19 of the Appendix is amended—

(1) by striking out "13.3% ad val." and inserting in lieu thereof "Free";

(2) by striking out "7 per lb. + 80% ad val." and inserting in lieu thereof "Free"; and

(3) by striking out "12/31/83" and inserting in lieu thereof "12/31/86".

(b) Subpart B of part I of the Appendix is amended by inserting in numerical sequence the following new items:

"	907.33	Acetylsulfaguanidine (CAS No. 19077-97-5, provided for in item 406.56, part 1B, schedule 4)	Free	Free	On or before 12/31/87	
	907.36	Sulfamethazine (provided for in item 411.24, part 1C, schedule 4)	Free	Free	On or before 12/31/87	
	907.37	Sulfaguanidine (provided for in item 411.27, part 1C, schedule 4)	Free	Free	On or before 12/31/87	
	907.38	Sulfaquinoxaline (provided for in item 411.81, part 1C, schedule 4)	Free	Free	On or before 12/31/87	
	907.39	Sulfanilamide (provided for in item 411.81, part 1C, schedule 4)	Free	Free	On or before 12/31/87	".

SEC. 156. CERTAIN PARTS FOR SPINDLE MOTORS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	912.03	Parts designed for use exclusively in permanent magnet, brushless, electronically commutated, direct current, computer memory disk drive spindle motors of less than 1/10 horsepower (provided for in items 682.55, 682.60, and 685.90, part 5, schedule 6)	Free	No change	On or before 12/31/85	".

SEC. 157. MELAMINE.

(a) Subpart A of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	901.25	Melamine (provided for in item 425.10, part 2D, schedule 4)	5.1% ad val.	Free	On or before 12/31/86	".

(b) Effective with respect to articles provided for in item 901.25 (as added by subsection (a)) that are entered, or withdrawn from warehouse for consumption, on or after January 1, 1986, column 1 for such item is amended by striking out "5.1% ad val." and inserting in lieu thereof "5.3% ad val.".

SEC. 158. 4-CHLORO-3-METHYLPHENOL.

Item 907.08 of subpart B of part 1 of the Appendix is amended by striking out "6/30/84" and inserting in lieu thereof "6/30/87".

SEC. 159. CERTAIN CLOCK RADIOS.

Item 911.95 of the Appendix is amended by striking out "9/30/84" and inserting in lieu thereof "12/31/85".

SEC. 160. RIFAMPIN.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.99	Rifampin (provided for in item 437.32, part 3B, schedule 4)	Free	No change	On or before 12/31/87	".

SEC. 161. MEPENZOLATE BROMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.56	Mepenzolate bromide (provided for in item 412.02, part 1C, schedule 4)	Free	No change	On or before 12/31/87	".

SEC. 162. DESIPRAMINE HYDROCHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.54	Desipramine hydrochloride (provided for in item 412.35, part 1C, schedule 4)	Free	No change	On or before 12/31/87	".

SEC. 163. DIPHENYL GUANIDINE AND DI-ORTHO-TOLYL GUANIDINE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.50	Diphenyl guanidine, and di-ortho-tolyl guanidine (provided for in item 405.52, part 1B, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 164. CONTINUATION OF SUSPENSION OF DUTY ON CERTAIN FORMS OF ZINC.

Items 911.00, 911.01, 911.02, and 911.03 of the Appendix are each amended by striking out "6/30/84" and inserting in lieu thereof "6/30/89".

SEC. 165. CLOMIPHENE CITRATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.42	Clomiphene citrate (provided for in item 412.50, part 1C, schedule 4).	Free	No change	On or before 6/30/86	".

SEC. 166. TERFENADINE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.25	Terfenadine (provided for in item 411.58, part 1C, schedule 4)	Free	No change	On or before 6/30/86	".

SEC. 167. DICYCLOMINE HYDROCHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.53	Dicyclomine hydrochloride (provided for in item 412.02, part 1C, schedule 4)	Free	No change	On or before 6/30/86	".

SEC. 168. LACTULOSE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.76	Lactulose (provided for in item 439.50, part 3C, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 169. IRON-DEXTRAN COMPLEX.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.79	Iron-dextran complex (provided for in item 440.00, part 3C, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 170. CIRCULAR KNITTING MACHINES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items with a superior heading that has the same indentation as "Powerdriven" in item 912.13:

		Circular knitting machines:				
"	912.17	Cylinder and dial machines designed for sweater strip or garment length knitting (provided for in item 670.17, part 4E, schedule 6)	Free	No change	On or before 12/31/89	
	912.18	Double cylinder machines for sweater strip or garment length knitting (provided for in item 670.17 part 1E, schedule 6)	Free	No change	On or before 12/31/89	".

SEC. 171. UNCOMPOUNDED ALLYL RESINS.

Item 907.16 of the Appendix is amended by striking out "9/30/84" and inserting in lieu thereof "12/31/86".

SEC. 172. o-BENZYL-p-CHLOROPHENOL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.23	o-Benzyl-p-chlorophenol (provided for in item 408.16, part 1C, schedule 4)....	Free	No change	On or before 12/31/87	".

SEC. 173. NARROW FABRIC LOOMS.

(a) Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	912.04	Power driven weaving machines for weaving fabrics not over 12 inches in width (provided for in item 670.14, part 4E, schedule 6), not including parts thereof (provided for in item 670.74, part 4E, schedule 6)....	Free	No change	On or before 6/30/87	".

(b) The headnotes for subpart B of part 1 of the Appendix is amended by adding at the end thereof the following new headnote:

"(7) Parts of power driven weaving machines for weaving fabrics not over 12 inches in width which are excluded from item 912.04 are classifiable under item 670.74 and are dutiable at the rate that would apply to the machines of which they are parts in the absence of the duty suspension provided for in item 912.04.".

SEC. 174. NICOTINE RESIN COMPLEX.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.63	Nicotine resin complex (provided for in item 437.13, part 3B, schedule 4)....	Free	No change	On or before 6/30/87	".

SEC. 175. TARTARIC ACID AND CERTAIN TARTARIC CHEMICALS.

Items 907.65, 907.66, 907.68, and 907.69 are each amended by striking out "6/30/84" and inserting in lieu thereof "6/30/88".

SEC. 176. MAGNESIUM CHLORIDE AND MAGNESIUM NITRATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.52	Mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium chloride and magnesium nitrate (provided for in item 432.25, part 2E, schedule 4).....	Free	No change	On or before 6/30/87	".

SEC. 177. POTASSIUM MIXTURES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.41	Mixtures of potassium 1-(p-chlorophenyl)-1,4-dihydro-6-methyl-4-oxopyridazine-3-carboxylate ("fenridazon-potassium") and formulation adjuvants (provided for in item 408.38, part 1C, schedule 4)	Free	No change	On or before 6/30/87	".

SEC. 178. CERTAIN BENZENOID CHEMICALS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"	906.30	Trichlorosalicylic acid (provided for in item 404.46, part 1B, schedule 4)	Free	Free	On or before 6/30/86	
	906.32	m-Aminophenol (provided for in item 404.92, part 1B, schedule 4)	Free	Free	On or before 6/30/86	
	906.36	6-Amino-1-naphthol-3-sulfonic acid (provided for in item 405.00, part 1B, schedule 4)	Free	Free	On or before 6/30/86	
	906.38	4-Acetaminobenzene-sulfonyl chloride (provided for in item 405.33, part 1B, schedule 4)	Free	Free	On or before 6/30/86	".

SEC. 179. LACE-BRAIDING MACHINES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	912.11	Decorative lace-braiding machines using the Jacquard system, and parts thereof (provided for in items 670.25 and 670.74, part 4E, schedule 6)	Free	No change	On or before 6/30/87	".

SEC. 180. YTTRIUM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.51	Yttrium bearing ores, materials, and compounds containing by weight more than 19% but less than 85% yttrium oxide equivalent (provided for in item 423.00 or 423.96, part 2C schedule 4, or item 603.70, part 1, schedule 6)	Free	No change	On or before 6/30/89	".

SEC. 181. NATURAL GRAPHITE.

Item 909.01 of subpart B of part 1 of the Tariff Schedules of the United States is amended by striking out "12/31/84" and inserting in lieu thereof "12/31/87".

SEC. 182. TETRAAMINO BIPHENYL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	907.32	Tetraamino biphenyl (provided for in item 404.90, subpart 1C, schedule 4)...	Free	No change	On or before 12/31/88	".

SEC. 183. CERTAIN CHEMICAL INTERMEDIATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	906.51	(6R,7R)-7-[(R)-2-Amino-2-phenyl-acetamidol-3-methyl-8-oxo-5-thia-1-azabicyclo [4.2.0]oct-2-ene-2-carboxyl-ic acid disolvate (provided for in item 406.42, part 1B, schedule 4).....	Free	No change	On or before 12/31/86	".

SEC. 184. CERTAIN MAGNETRON TUBES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	912.02	Magnetron tubes with an operating frequency of 2.450 GHZ and a minimum power of at least 300 watts and a maximum power not greater than 2,000 watts (provided for in item 684.28, part 5, schedule 6).....	Free	No change	On or before 12/31/86	".

Subtitle D—Effective Dates

SEC. 199. EFFECTIVE DATES.

(a) As used in this section, the term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(b) Except as provided in subsections (c) and (d), the amendments made by subtitles B and C shall apply with respect to articles entered on or after the fifteenth day after the date of the enactment of this Act.

(c)(1) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the ninetieth day after the date of the enactment of this Act, the application of the amendments made by this Act to the entry of any article described in paragraph (2) shall be treated as provided in such paragraph.

(2) In the case of the application of the amendment made by section 112, 115, 118, 141, 142, 143, 147, 149, 150, 153, 155(a), 158, 159, and 164 to any entry—

(A) which was made after the applicable date and before the fifteenth day after the date of the enactment of this Act; and

(B) with respect to which there would have been no duty or a lesser duty if the amendment made by such section applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on the fifteenth day after the date of the enactment of this Act.

(3) For purposes of paragraph (2), the term "applicable date" means—

(A) in the case of sections 112, 115, 143, 149, 150, and 153, June 30, 1983;

(B) in the case of section 118, June 1, 1982;

(C) in the case of sections 147 and 155(a), December 31, 1983;

(D) in the case of sections 141, 158, and 164, June 30, 1984; and

(E) in the case of section 159, September 30, 1984.

(d)(1) The amendments made by section 117 of this Act shall apply to articles entered after March 31, 1985.

(2) The amendment made by section 142 of this Act shall apply with respect to articles entered on or after October 30, 1983.

(3) The amendments made by section 137 shall apply with respect to articles entered after December 31, 1984.

TITLE II—CUSTOMS AND MISCELLANEOUS AMENDMENTS

Subtitle A—Amendments to the Tariff Act of 1930

SEC. 201. PACKAGING MATERIALS FOR MERCHANDISE ENTITLED TO SAME CONDITION DRAWBACK.

(a) Section 313(j) of the Tariff Act of 1930 (19 U.S.C. 1313(j)) is amended by adding at the end thereof the following new paragraph:

"(3) Packaging material that is imported for use in packaging or repackaging imported merchandise to which paragraph (1) applies shall be eligible under the same conditions provided in such paragraph for refund, as drawback, of 99 per centum of any duty, tax, or fee imposed under Federal law on the importation of such material.".

(b) The amendment made by subsection (a) shall take effect on or after the fifteenth day after the date of the enactment of this Act.

SEC. 202. PUBLIC DISCLOSURE OF CERTAIN MANIFEST INFORMATION.

(a) Section 431 of the Tariff Act of 1930 (19 U.S.C. 1431) is amended—

(1) by striking out the period at the end of the paragraph designated as "Third" in subsection (a) and inserting in lieu thereof "; and the names of the shippers of such merchandise."; and

(2) by adding at the end thereof the following new subsection:

"(c)(1) Except as provided in subparagraph (2), the following information, when contained in such manifest, shall be available for public disclosure:

"(A) The name and address of each importer or consignee and the name and address of the shipper to such importer or consignee, unless the importer or consignee has made a biennial certification, in accordance with procedures adopted by the Secretary of the Treasury, claiming confidential treatment of such information.

"(B) The general character of the cargo.

"(C) The number of packages and gross weight.

"(D) The name of the vessel or carrier.

"(E) The port of loading.

"(F) The port of discharge.

"(G) The country or origin of the shipment.

"(2) The information listed in paragraph (1) shall not be available for public disclosure if—

"(A) the Secretary of the Treasury makes an affirmative finding on a shipment-by-shipment basis that disclosure is likely to pose a threat of personal injury or property damage; or

"(B) the information is exempt under the provisions of section 552(b)(1) of title 5 of the United States Code.

"(3) The Secretary of the Treasury, in order to allow for the timely dissemination and publication of the information listed in paragraph (1), shall establish procedures to provide access to manifests. Such procedures shall include provisions for adequate protection against the public disclosure of information not available for public disclosure from such manifests.".

(b) The amendments made by subsection (a) shall take effect on or after the fifteenth day after the date of the enactment of this Act.

SEC. 203. VIRGIN ISLANDS EXCURSION VESSELS.

(a) Section 441(3) of the Tariff Act of 1930 (19 U.S.C. 1441(3)) is amended to read as follows:

"(3) Vessels carrying passengers on excursion from the United States Virgin Islands to the British Virgin Islands and returning, and licensed yachts or undocumented American pleasure vessels not engaged in trade: *Provided,* That such vessels do not in any way violate the customs or navigation laws of the United States and have not visited any hovering vessel: *Provided further,* That the master of any such vessel which has on board any article required by law to be entered shall be required to report such article to the appropriate customs officer within twenty-four hours after arrival.".

(b) The amendment made by subsection (a) shall apply with respect to vessels returning from the British Virgin Islands on or after the fifteenth day after the date of the enactment of this Act.

SEC. 204. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES.

(a) Part V of title IV of the Tariff Act of 1930 (19 U.S.C. 1581 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 627. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES; INSPECTIONS.

"(a)(1) Whoever knowingly imports, exports, or attempts to import or export—

"(A) Any stolen self-propelled vehicle, vessel, aircraft, or part of a self-propelled vehicle, vessel, or aircraft; or

"(B) any self-propelled vehicle or part of self-propelled vehicle from which the identification number has been removed, obliterated, tampered with, or altered;

shall be subject to a civil penalty in an amount determined by the Secretary, not to exceed $10,000 for each violation.

"(2) Any violation of this subsection shall make such self-propelled vehicle, vessel, aircraft, or part thereof subject to seizure and forfeiture under this Act.

"(b) A person attempting to export a used self-propelled vehicle shall present, pursuant to regulations prescribed by the Secretary, to the appropriate customs officer both the vehicle and a document describing such vehicle which includes the vehicle identification number, before lading if the vehicle is to be transported by vessel or aircraft, or before export if the vehicle is to be transported by rail, highway, or under its own power. Failure to comply with the regulations of the Secretary shall subject such person to a civil penalty of not more than $500 for each violation.

"(c) For purposes of this section—

"(1) the term 'self-propelled vehicle' includes any automobile, truck, tractor, bus, motorcycle, motor home, self-propelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled vehicle used or designed for running on land but not on rail;

"(2) the term 'aircraft' has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5));

"(3) the term 'used' refers to any self-propelled vehicle the equitable or legal title to which has been transferred by a manufacturer, distributor, or dealer to an ultimate purchaser; and

"(4) the term 'ultimate purchaser' means the first person, other than a dealer purchasing in his capacity as a dealer, who in good faith purchases a self-propelled vehicle for purposes other than resale.

"(d) Customs officers may cooperate and exchange information concerning motor vehicles, off-highway mobile equipment, vessels, or aircraft, either before exportation or after exportation or importation, with such Federal, State, local, and foreign law enforcement or governmental authorities, and with such organizations engaged in theft prevention activities, as may be designated by the Secretary.".

(b) The amendment made by subsection (a) shall take effect on or after the fifteenth day after the date of the enactment of this Act.

SEC. 205. INCREASE IN AMOUNT FOR INFORMAL ENTRY OF GOODS.

(a) Paragraph (1) of section 498 of the Tariff Act of 1930 (19 U.S.C. 1498) is amended—

(1) by striking out "$250" and inserting in lieu thereof "$1,000"; and

(2) by inserting before the semicolon at the end thereof: ", except that this paragraph does not apply to articles valued in excess of $250 classified in—

"(A) schedule 3,

"(B) parts 1, 4A, 7B, 12A, 12D, and 13B of schedule 7, and

"(C) parts 2 and 3 of the Appendix,

of the Tariff Schedules of the United States, or to any other article for which formal entry is required without regard to value.".

(b) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the fifteenth day after the date of the enactment of this Act.

SEC. 206. CERTAIN COUNTRY OF ORIGIN MARKING REQUIREMENTS.

(a) Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) is amended—

(1) by redesignating subsections (c), (d), and (e) as subsections (f), (g), and (h), respectively;

(2) by inserting immediately after subsection (b) the following new subsections:

"(c) MARKING OF CERTAIN PIPE AND FITTINGS.—No exception may be made under subsection (a)(3) with respect to pipes of iron, steel, or stainless steel, to pipe fittings of steel, stainless steel, chrome-moly steel, or cast and malleable iron each of which shall be marked with the English name of the country of origin by means of die stamping, cast-in-mold lettering, etching, or engraving.

"(d) MARKING OF COMPRESSED GAS CYLINDERS.—No exception may be made under subsection (a)(3) with respect to compressed gas cylinders designed to be used for the transport and storage of compressed gases whether or not certified prior to exportation to have been made in accordance with the safety requirements of sections 178.36 through 178.68 of title 49, Code of Federal Regulations, each of which shall be marked with the English name of the country of origin by means of die stamping, molding, etching, raised lettering, or an equally permanent method of marking.

"(e) MARKING OF CERTAIN MANHOLE RINGS OR FRAMES, COVERS, AND ASSEMBLIES THEREOF.—No exception may be made under subsection (a)(3) with respect to manhole rings or frames, covers, and assemblies thereof each of which shall be marked on the top surface with the English name of the country of origin by means of die stamping, cast-in-mold lettering, etching, or engraving."; and

(3) by striking out "subsection (c)" in subsection (g) (as so redesignated) and inserting in lieu thereof "subsection (f)".

(b) The amendments made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the fifteenth day after the date of the enactment of this Act; except for such of those articles that, on or before such fifteenth day, had been taken onboard for transit to the customs territory of the United States.

SEC. 207. EQUIPMENTS AND REPAIRS OF CERTAIN VESSELS EXEMPT FROM DUTIES.

(a) Section 466(e) of the Tariff Act of 1930 (19 U.S.C. 1466(e)) is amended to read as follows:

"(e)(1) In the case of any vessel referred to in subsection (a) that arrives in a port of the United States two years or more after its last departure from a port in the United States, the duties imposed by this section shall apply only with respect to—

"(A) fish nets and netting, and

"(B) other equipments and parts thereof, repair parts and materials purchased, or repairs made, during the first six months after the last departure of such vessel from a port of the United States.

"(2) If such vessel is designed and used primarily for transporting passengers or property, paragraph (1) shall not apply if the vessel departed from the United States for the sole purpose of obtaining such equipments, parts, materials, or repairs.".

(b)(1) The amendment made by subsection (a) shall apply with respect to entries made in connection with arrivals of vessels on or after the fifteenth day after the date of the enactment of this Act.

(2) Upon request therefor filled with the customs officer concerned on or before the ninetieth day after the date of the enactment of this Act, any entry in connection with the arrival of a vessel used primarily for transporting passengers or property—

(A) made before the fifteenth day after the date of the enactment of this Act but not liquidated as of January 1, 1983, or

(B) made before the fifteenth day after the date of the enactment of this Act but which is the subject of an action in a court of competent jurisdiction on September 19, 1983, and

(C) with respect to which there would have been no duty if the amendment made by subsection (a) applied to such entry,

shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, be liquidated or reliquidated as though such entry had been made on the fifteenth day after the date of the enactment of this Act.

SEC. 208. FUNGIBLE MERCHANDISE ENTITLED SAME CONDITION DRAWBACK.

(a) Section 313(j) of the Tariff Act of 1930 (19 U.S.C. 1313(j)) is amended—

(1) by redesignating paragraph (2) as paragraph (3);

(2) by inserting after paragraph (1) the following new paragraph:

"(2) If merchandise which is fungible to imported merchandise on which was paid any duty, tax, or fee because of its importation, or an aggregate of such imported merchandise and fungible merchandise (either of which has been imported by a person prior to the subsequent exportation by the same person of such commercially identical merchandise) is—

"(A) before the close of a three-year period beginning on the date of importation—

"(i) exported from the United States; or

"(ii) destroyed under Customs supervision; and

"(B) not used within the United States before such exportation or destruction;

then upon such exportation or destruction 99 per centum of the amount of each such duty, tax or fee so paid shall be refunded as drawback, notwithstanding the fact that none of the imported merchandise may actually have been exported or destroyed under Customs supervision.".

(b) The amendment made by subsection (a) shall take effect on or after the fifteenth day after the date of enactment of this Act.

SEC. 209. DRAWBACK FOR CERTAIN BULK ARTICLES.

(a) Section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) is amended—

(1) by redesignating subsections (k) and (l) as subsections (l) and (m), respectively, and

(2) by inserting after subsection (j) the following new subsection:

"(k) For purposes of subsections (a) and (b), the use of any domestic merchandise acquired in exchange for imported merchandise of the same kind and quality shall be treated as the use of such imported merchandise if no certificate of delivery is issued with respect to such imported merchandise.".

(b) The amendment made by this section shall apply with respect to articles entered, or withdrawn from warehouse, for consumption after the date of enactment of this Act.

SEC. 210. INVESTIGATIONS OF COUNTERVAILING DUTIES AND ANTIDUMPING DUTIES.

(a)(1) Subsection (a) of section 701 of the Tariff Act of 1930 (19 U.S.C. 1671(a)) is amended—

(A) by inserting ", or sold (or likely to be sold) for importation," after "imported" in paragraph (1);

(B) by inserting "or by reason of sales (or the likelihood of sales) of that merchandise for importation" immediately after "by reason of imports of that merchandise" in paragraph (2); and

(C) by adding at the end thereof the following new sentence: "For purposes of this subsection and section 705(b)(1), a reference to the sale of merchandise includes the entering into of any leasing arrangement regarding the merchandise that is equivalent to the sale of the merchandise.".

(2) Section 705(b)(1) of the Tariff Act of 1930 (19 U.S.C. 1671(b)(1)) is amended by inserting ", or sales (or the likelihood of sales) for importation," immediately after "by reason of imports".

(b) Section 731 of the Tariff Act of 1930 (19 U.S.C. 1673) is amended by adding at the end thereof the following new sentence: "For purposes of this section and section 735(b)(1), a reference to the sale of foreign merchandise includes the entering into of any leasing arrangement regarding the merchandise that is equivalent to the sale of the merchandise.".

Subtitle B—Miscellaneous Provisions

SEC. 241. DUTY-FREE ENTRY FOR PIPE ORGAN FOR THE CRYSTAL CATHEDRAL, GARDEN GROVE, CALIFORNIA.

The pipe organ that was imported for the use of the Crystal Cathedral of Garden Grove, California, and entered in six shipments between April 30, 1981, and April 8, 1982, at Los Angeles, California, shall be considered to have been admitted free of duty as of the date of each such entry. If the liquidation of any such entry has become final, the Secretary of the Treasury shall reliquidate each such entry and make the appropriate refund of any duty paid on such organ.

SEC. 242. DUTY-FREE ENTRY FOR SCIENTIFIC EQUIPMENT FOR THE ELLIS FISCHEL STATE CANCER HOSPITAL, COLUMBIA, MISSOURI.

Notwithstanding any provision of the Tariff Act of 1930 or any other provisions of the law to the contrary, the Secretary of the Treasury shall reliquidate, as duty free, the entries numbered 220286 (dated November 7, 1975) and 235380 (dated January 23, 1976) made at Chicago, Illinois, and covering scientific equipment for the use of the Ellis Fischel Cancer Hospital, Columbia, Missouri, in accordance with the decision of the Department of Commerce in docket numbered 76-00199-33-00530.

SEC. 243. ENFORCEMENT ARRANGEMENT ON EUROPEAN COMMUNITY EXPORT OF PIPES AND TUBES.

(a) The Secretary of Commerce is directed to enter into consultations immediately, if such consultations have not already been initiated, with the European Communities pursuant to the Arrangement on European Communities Export of Pipes and Tubes to the United States of America, contained in an exchange of letters dated October 21, 1982, between representatives of the United States and the Commission of the European Communities. The Secretary shall promptly report the results of the consultations to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) If after a period of sixty days after such consultations begin, consultations undertaken pursuant to subsection (a) have not resulted in an agreement the Secretary of Commerce determines will result in—

(1) an annual level of exports of pipes and tubes to the United States from the European Communities not exceeding the 1979-1981 average share of annual United States apparent consumption, and

(2) a pattern of United States-European Communities trade within the pipe and tube sector that is not distorted,

the Secretary is authorized to request the Secretary of the Treasury to take action pursuant to subsection (c). For purposes of this subsection, the Secretary of Commerce shall determine whether distortion is occurring in the pipe and tube sector by reference to product categories developed by the Secretary and by the average share of annual United States apparent consumption accounted for by European Communities articles within each category during the historical period specified in paragraph (1) of this subsection. Any

request to the Secretary of the Treasury pursuant to this subsection by the Secretary of Commerce shall identify one or more specific categories of pipe and tube products with respect to which action under subsection (c) is requested.

(c) At the request of the Secretary of Commerce pursuant to subsection (b), the Secretary of the Treasury shall take such action as may be necessary to ensure that the aggregate quantity of European Communities articles in each product category identified by the Secretary of Commerce in such request that are entered into the United States during the remainder of the term of the Arrangement, are in accordance with the terms of the Arrangement. The Secretary of the Treasury is authorized to promulgate regulations establishing the terms and conditions under which European Communities articles may be denied entry into the United States pursuant to this subsection.

SEC. 244. NO STATE OR LOCAL TAX ON INVENTORY LOCATED IN FOREIGN TRADE ZONES.

(a) Section 15 of the Act of June 18, 1934 (48 Stat. 1002; 19 U.S.C. 81o), commonly known as the Foreign Trade Zones Act, is amended by adding at the end thereof the following new subsection:

"(e) Tangible personal property imported from outside the United States and held in a zone for the purpose of storage, sale, exhibition, repackaging, assembly, distribution, sorting, grading, cleaning, mixing, display, manufacturing, or processing, and tangible personal property produced in the United States and held in a zone for exportation, either in its original form or as altered by any of the above processes, shall be exempt from State and local ad valorem taxation.".

(b) The amendment made by subsection (a) shall take effect on January 1, 1983.

SEC. 245. DENIAL OF DEDUCTION FOR CERTAIN FOREIGN ADVERTISING EXPENSES.

(a) Section 162 of the Internal Revenue Code of 1954 (relating to trade or business expenses) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) CERTAIN FOREIGN ADVERTISING EXPENSES.—

"(1) IN GENERAL.—No deduction shall be allowed under subsection (a) for any expenses of an advertisement carried by a foreign broadcast undertaking and directed primarily to a market in the United States. This paragraph shall apply only to foreign broadcast undertakings located in a country which denies a similar deduction for the cost of advertising directed primarily to a market in the foreign country when placed with a United States broadcast undertaking.

"(2) BROADCAST UNDERTAKING.—For purposes of paragraph (1), the term 'broadcast undertaking' includes (but is not limited to) radio and television stations.".

(b) The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 246. CERTAIN RELICS AND CURIOS.

Section 925 of title 18, United States Code, is amended by inserting at the end thereof the following:

"(e) Notwithstanding any other provision of this title, the Secretary shall authorize the importation of, by any licensed importer, the following:

"(1) All rifles and shotguns listed as curios or relics by the Secretary pursuant to section 921(a)(13), and

"(2) All handguns, listed as curios or relics by the Secretary pursuant to section 921(a)(13), provided that such handguns are generally recognized as particularly suitable for or readily adaptable to sporting purposes.".

SEC. 247. MODIFICATION OF DUTIES ON CERTAIN ARTICLES USED IN CIVIL AVIATION.

(a) The President may proclaim modifications in the rate of duty column numbered 1 and in the article descriptions, including the superior headings thereto, for the articles provided for in the following items in the Tariff Schedules of the United States (19 U.S.C. 1202) in order to provide duty-free coverage comparable to the expanded coverage provided by all other signatories to the Agreement on Trade in Civil Aircraft pursuant to the extension of the Annex to the Agreement on Trade in Civil Aircraft of October 6, 1983, if such articles are certified for use in civil aircraft in accordance with headnote 3 to schedule 6, part 6, subpart C of such Schedules:

646.95	680.92	708.03
660.85	680.95	708.05
660.97	681.01	708.07
661.06	681.15	708.09
661.10	681.18	708.21
661.15	681.21	708.23
661.20	681.24	708.25
661.35	682.05	708.27
680.59	683.05	708.29
680 61	683.07	711.77
680.62	683.15	711.78
	708.01	711.98
		712.49

(b) For purposes of section 125 of the Trade Act of 1974, the duty-free treatment, if any, proclaimed under the first section of this Act shall be considered to be trade agreement obligations entered into under the Trade Act of 1974 of benefit to foreign countries or instrumentalities.

SEC. 248. RELIQUIDATION OF CERTAIN MASS SPECTROMETER SYSTEMS.

Notwithstanding sections 514 and 520 of the Tariff Act of 1930 and any other provision of law, the Secretary of the Treasury shall reliquidate the entry of 2 mass spectrometer systems—

(1) which were imported into the United States for the use of Montana State University, Bozeman, Montana, and

(2) with respect to which applications were filed with the International Trade Administration of the Department of Commerce for duty-free entry of scientific instruments that were assigned the docket numbers 82-00323 and 83-108 (described in 47 Federal Register 41409 and 48 Federal Register 13214, respectively).

SEC. 249. MAX PLANCK INSTITUTE FOR RADIOASTRONOMY.

(a)(1) The Secretary of the Treasury is authorized and directed to admit free of duty any article provided by the Max Planck Institute for Radioastronomy of the Federal Republic of Germany to the joint astronomical project being undertaken by the Steward Observatory of the University of Arizona and the Max Planck Institute for the construction, installation, and operation of a sub-mm telescope in the State of Arizona if—

(A) such article is an instrument or apparatus (within the meaning of headnote 6(a) of part 4 of schedule 8 of the Tariff Schedules of the United States (19 U.S.C. 1202)), and

(B) no instruments or apparatus of equivalent scientific value for the purposes for which such article is intended to be used is being manufactured in the United States.

(2) For purposes of paragraph (1)(B), scientific testing equipment provided by the Max Planck Institute and necessary for aligning, calibrating, or otherwise testing an instrument or apparatus shall be considered to be part of such instrument or apparatus.

(b) The University of Arizona or the Max Planck Institute shall submit to the United States Customs Service and to the International Trade Administration descriptions of the articles sought to be admitted free of duty containing sufficient detail to allow the United States Customs Service to determine whether subsection (a)(1)(A) is satisfied and the International Trade Administration to determine whether subsection (a)(1)(B) is satisfied. The descriptions may be submitted in a single or in several submissions to each agency, as the University of Arizona or the Max Planck Institute deem appropriate during the course of the project. The United States Customs Service and the International Trade Administration are directed to make their respective determinations under this section within ninety days of the date the agency receives a sufficient submission of information with respect to any article.

(c) The Secretary of the Treasury is authorized and directed to readmit free of duty any article admitted free of duty under subsection (a) and subsequently returned to the Federal Republic of Germany for repair, replacement, or modification.

(d) The Secretary of the Treasury is authorized and directed to admit free of duty any repair components for articles admitted free of duty under subsection (a).

(e) If any article admitted free of duty under subsection (a) is used for any purpose other than the joint project described in subsection (a)(1) within five years after being entered, duty on the article shall be assessed in accordance with the procedures established in headnote 1 of part 4 of schedule 8 (19 U.S.C. 1202).

(f) The provisions of subsection (a) shall apply with respect to articles entered for consumption after the day which is 15 days after the date of enactment of this Act and before November 1, 1993.

SEC. 250. STUDY ON HONEY IMPORTS.

(a) The Congress finds that—

(1) in 1976 the International Trade Commission found that honey imports threatened serious injury to the domestic honey industry and recommended action to control honey imports,

(2) the domestic honey industry is essential for production of many agricultural crops,

(3) a significant part of our total diet is dependent directly or indirectly on insect pollination, and

(4) it is imperative that the domestic honey bee industry be maintained at a level sufficient to provide crop pollination.

(b) It is the sense of the Congress that the Secretary of Agriculture should promptly request the President to call for an International Trade Commission investigation of honey imports, under section 22 of the Agriculture Adjustment Act.

SEC. 251. PRODUCTS OF CARIBBEAN BASIN COUNTRIES ENTERED IN PUERTO RICO.

Subsection (a) of section 213 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding section 311 of the Tariff Act of 1930, the products of a beneficiary country which are imported directly from such country into Puerto Rico may be entered under bond for processing or use in manufacturing in Puerto Rico. No duty shall be imposed on the withdrawal from warehouse of the product of such processing or manufacturing if, at the time of such withdrawal, such product meets the requirements of paragraph (1)(B).".

TITLE III—MISCELLANEOUS AMENDMENTS TO THE TRADE ACT OF 1974

SEC. 301. SHORT TITLE; AMENDMENT OF TRADE ACT OF 1974.

(a) This title may be cited as the "International Trade and Investment Act".

(b) Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Trade Act of 1974.

SEC. 302. STATEMENT OF PURPOSES.

The purposes of this title are—

(1) to foster the economic growth of, and full employment in, the United States by expanding competitive United States exports through the achievement of commercial opportunities in foreign markets substantially equivalent to those accorded by the United States;

(2) to improve the ability of the President—

(A) to identify and to analyze barriers to (and restrictions on) United States trade and investment, and

(B) to achieve the elimination of such barriers and restrictions;

(3) to encourage the expansion of international trade in services through the negotiation of agreements (both bilateral and multilateral) which reduce or eliminate barriers to international trade in services; and

(4) to enhance the free flow of foreign direct investment through the negotiation of agreements (both bilateral and mul-

tilateral) which reduce or eliminate the trade distortive effects of certain investment-related measures.

SEC. 303. ANALYSIS OF FOREIGN TRADE BARRIERS.

(a) Title I (19 U.S.C. 2111 et seq.) is amended by adding at the end thereof the following new chapter:

"CHAPTER 8—BARRIERS TO MARKET ACCESS

"SEC. 181. ACTIONS CONCERNING BARRIERS TO MARKET ACCESS.

"(a) NATIONAL TRADE ESTIMATES.—

"(1) IN GENERAL.—Not later than the date on which the initial report is required under subsection (b)(1), the United States Trade Representative, through the interagency trade organization established pursuant to section 242(a) of the Trade Expansion Act of 1962:

"(A) identify and analyze acts, policies, or practices which constitute significant barriers to, or distortions of—

"(i) United States exports of goods (including agricultural commodities) or services, and

"(ii) foreign direct investment by United States persons, especially if such investment has implications for trade in goods or services; and

"(B) make an estimate of the trade-distorting impact on United States commerce of any act, policy, or practice identified under subparagraph (A).

"(2) CERTAIN FACTORS TAKEN INTO ACCOUNT IN MAKING ANALYSIS AND ESTIMATE.—In making any analysis or estimate under paragraph (1), the Trade Representative shall take into account—

"(A) the relative impact of the act, policy, or practice on United States commerce;

"(B) the availability of information to document prices, market shares, and other matters necessary to demonstrate the effects of the act, policy, or practice;

"(C) the extent to which such act, policy, or practice is subject to international agreements to which the United States is a party; and

"(D) any advice given through appropriate committees established pursuant to section 135.

"(3) ANNUAL REVISIONS AND UPDATES.—The Trade Representative shall annually revise and update the analysis and estimate under paragraph (1).

"(b) REPORT TO CONGRESS.—

"(1) IN GENERAL.—On or before the date which is one year after the date of the enactment of the International Trade and Investment Act, and each year thereafter, the Trade Representative shall submit the analysis and estimate under subsection (a) to the Commitee on Finance of the Senate and to the Committee on Ways and Means of the House of Representatives.

"(2) REPORTS TO INCLUDE INFORMATION WITH RESPECT TO ACTION BEING TAKEN.—The Trade Representaitve shall include in each report submitted under paragraph (1) information with

respect to any action taken (or the reasons for no action taken) to eliminate any act, policy, or practice identified under subsection (a), including, but not limited to—

"(A) any action under section 301, or

"(B) negotiations or consultations with foreign governments.

"(3) CONSULTATION WITH CONGRESS ON TRADE POLICY PRIORITIES.—The Trade Representative shall keep the committees described in paragraph (1) currently informed with respect to trade policy priorities for the purposes of expanding market opportunities.

"(c) ASSISTANCE OF OTHER AGENCIES.—

"(1) FURNISHING OF INFORMATION.—The head of each department or agency of the executive branch of the Government, including any independent agency, is authorized and directed to furnish to the Trade Representative or to the appropriate agency, upon request, such data, reports, and other information as is necessary for the Trade Representative to carry out his functions under this section.

"(2) RESTRICTIONS ON RELEASE OR USE OF INFORMATION.—Nothing in this subsection shall authorize the release of information to, or the use of information by, the Trade Representative in a manner inconsistent with law or any procedure established pursuant thereto.

"(3) PERSONNEL AND SERVICES.—The head of any department, agency, or instrumentality of the Unitd States may detail such personnel and may furnish such services, with or without reimbursement, as the Trade Representative may request to assist in carrying out his functions.".

(b) The table of contents for title I is amended by adding at the end thereof the following:

"CHAPTER 8—BARRIERS TO MARKET ACCESS

"SEC. 181. Actions concerning barriers to market access.".

SEC. 304. AMENDMENTS TO TITLE III OF THE TRADE ACT OF 1974.

(a) Section 301(a) (19 U.S.C. 2411(a)) is amended to read as follows:

"(a) DETERMINATIONS REQUIRING ACTION.—

"(1) IN GENERAL.—If the President determines that action by the United States is appropriate—

"(A) to enforce the rights of the United States under any trade agreement; or

"(B) to respond to any act, policy, or practice of a foreign country or instrumentality that—

"(i) is inconsistent with the provisions of, or otherwise denies benefits to the United States under, any trade agreement, or

"(ii) is unjustifiable, unreasonable, or discriminatory and burdens or restricts United States commerce;

the President shall take all appropriate and feasible action within his power to enforce such rights or to obtain the elimination of such act, policy, or practice.

"(2) SCOPE OF ACTION.—The President may exercise his authority under this section with respect to any goods or sector—

"(A) on a nondiscriminatory basis or solely against the foreign country or instrumentality involved, and

"(B) without regard to whether or not such goods or sector were involved in the act, policy, or practice identified under paragraph (1).".

(b) Section 301(b) (19 U.S.C. 2411(b)) is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) in paragraph (2)—

(A) by inserting "notwithstanding any other provision of law," before "impose";

(B) by striking out "products" and inserting in lieu thereof "goods"; and

(C) by striking out the period and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following:

"(3) propose legislation where necessary and appropriate to carry out the objectives of subsection (a).

Any legislation proposed under paragraph (3) shall be treated as an implementing bill pursuant to the provisions of section 151, except that, for purposes of section 151(c)(1), no trade agreement shall be required and the day on which the implementing bill is submitted shall be treated as the day on which the trade agreement is submitted. The President shall notify Congress, and publish notice in the Federal Register, of his intention to propose legislation under paragraph (3) at least ninety days before the implementing bill is submitted.".

(c)(1) Section 302 (19 U.S.C. 2412) is amended to read as follows:

"SEC. 302. INITIATION OF INVESTIGATIONS BY UNITED STATES TRADE REPRESENTATIVE.

"(a) FILING OF PETITION.—

"(1) IN GENERAL.—Any interested person may file a petition with the United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative') requesting the President to take action under section 301 and setting forth the allegations in support of the request.

"(2) REVIEW OF ALLEGATIONS.—The Trade Representative shall review the allegations in the petition and, not later than forty-five days after the date on which he received the petition, shall determine whether to initiate an investigation.

"(b) DETERMINATIONS REGARDING PETITIONS.—

"(1) NEGATIVE DETERMINATION.—If the Trade Representative determines not to initiate an investigation with respect to a petition, he shall inform the petitioner of the reasons therefor and shall publish notice of the determination, together with a summary of such reasons, in the Federal Register.

"(2) AFFIRMATIVE DETERMINATION.—If the Trade Representative determines to initiate an investigation with respect to a petition, he shall initiate an investigation regarding the issues raised. The Trade Representative shall publish a summary of the petition in the Federal Register and shall, as soon as possi-

ble, provide opportunity for the presentation of views concerning the issues, including a public hearing—

"(A) within the thirty-day period after the date of the determination (or on a date after such period if agreed to by the petitioner) if a public hearing within such period is requested in the petition; or

"(B) at such other time if a timely request therefor is made by the petitioner.

"(c) DETERMINATION TO INITIATE BY MOTION OF TRADE REPRESENTATIVE.—

"(1) DETERMINATION TO INITIATE.—If the Trade Representative determines with respect to any matter that an investigation should be initiated in order to advise the President concerning the exercise of the President's authority under section 301, the Trade Representative shall publish such determination in the Federal Register and such determination shall be treated as an affirmative determination under subsection (b)(2).

"(2) CONSULTATION BEFORE INITIATION.—The Trade Representative shall, before making any determination under paragraph (1), consult with appropriate committees established pursuant to section 135.".

(2)(A) Section 141(d) is amended—

(i) by striking out "and" at the end of paragraph (6),

(ii) by striking out the period at the end of paragraph (7) and inserting in lieu thereof a semicolon and "and", and

(iii) by adding at the end thereof the following new paragraph:

"(8) provide, where authorized by law, copies of documents to persons at cost, except that any funds so received shall be credited to, and be available for use from, the account from which expenditures relating thereto were made.".

(B) Section 303 (19 U.S.C. 2413) is amended—

(i) by striking out "with respect to a petition";

(ii) by inserting "or the determination of the Trade Representative under section 302(c)(1)" after "in the petition"; and

(iii) by inserting "(if any)" after "petitioner".

(C) Section 304 (19 U.S.C. 2414) is amended by striking out "issues raised in the petition" and inserting in lieu thereof "matters under investigation" in paragraph (1) of subsection (a).

(D) The item relating to section 302 in the table of contents is amended to read as follows:

"Sec. 302. Initiation of investigations by United States Trade Representative.".

(d) Section 303 (19 U.S.C. 2413) is amended—

(1) by inserting "(a) IN GENERAL.—" before "On"; and

(2) By adding at the end thereof the following new subsection:

"(b) DELAY OF REQUEST FOR CONSULTATIONS FOR UP TO 90 DAYS.—

"(1) IN GENERAL.—Notwithstanding the provisions of subsection (a)—

"(A) the United States Trade Representative may delay for up to 90 days any request for consultations under subsection (a) for the purpose of verifying or improving the petition to ensure an adequate basis for consultation, and

"(B) if such consultations are delayed by reason of subparagraph (A), each time limitation under section 304 shall be extended for the period of such delay.

"(2) NOTICE AND REPORT.—The Trade Representative shall—

"(A) publish notice of any delay under paragraph (1) in the Federal Register, and

"(B) report to Congress on the reasons for such delay in the report required by section 306.".

(e)(1) Paragraph (1) of section 301(d) (19 U.S.C. 301(d)) is amended to read as follows:

"(1) DEFINITION OF COMMERCE.—The term 'commerce' includes, but is not limited to—

"(A) services (including transfers of information) associated with international trade, whether or not such services are related to specific goods, and

"(B) foreign direct investment by United States persons with implications for trade in goods or services.".

(2) Section 301(d) (19 U.S.C. 2411(d)) is amended by adding at the end thereof the following new paragraphs:

"(3) DEFINITION OF UNREASONABLE.—The term 'unreasonable' means any act, policy, or practice which, while not necessarily in violation of or inconsistent with the international legal rights of the United States, is othewise deemed to be unfair and inequitable. The term includes, but is not limited to, any act, policy, or practice which denies fair and equitable—

"(A) market opportunities;

"(B) opportunities for the establishment of an enterprise; or

"(C) provision of adequate protection of intellectual property rights.

"(4) DEFINITION OF UNJUSTIFIABLE.—

"(A) IN GENERAL.—The term 'unjustifiable' means any act, policy, or practice which is in violation of, or inconsistent with, the international legal rights of the United States.

"(B) CERTAIN ACTIONS INCLUDED.—The term 'unjustifiable' includes, but is not limited to, any act, policy, or practice described in subparagraph (A) which denies national or most-favored-nation treatment, the right of establishment, or protection of intellectual property rights.

"(5) DEFINITION OF DISCRIMINATORY.—The term 'discriminatory' includes where appropriate any act, policy, or practice which denies national or most-favored-nation treatment to United States goods, services, or investment.".

(3) Section 301(d) (19 U.S.C. 2411(d)) is amended by striking out the heading and inserting in lieu thereof:

"(d) DEFINITIONS: SPECIAL RULE FOR VESSEL CONSTRUCTION SUBSIDIES.—For purposes of this section—".

(f) Section 305 of the Trade Act of 1974 (19 U.S.C. 2415) is amended by adding at the end thereof the following new subsection:

"(c) CERTAIN BUSINESS INFORMATION NOT MADE AVAILABLE.—

"(1) IN GENERAL.—Except as provided in paragraph (2), and notwithstanding any other provision of law (including section 552 of title 5, United States Code), no information requested and

received by the Trade Representative in aid of any investigation under this chapter shall be made available to any person if—

"(A) the person providing such information certifies that—

"(i) such information is business confidential,

"(ii) the disclosure of such information would endanger trade secrets or profitability, and

"(iii) such information is not generally available;

"(B) the Trade Representative determines that such certification is well-founded; and

"(C) to the extent required in regulations prescribed by the Trade Representative, the person providing such information provides an adequate nonconfidential summary of such information.

"(2) USE OF INFORMATION.—The Trade Representative may—

"(A) use such information, or make such information available (in his own discretion) to any employee of the Federal Government for use, in any investigation under this chapter, or

"(B) may make such information available to any other person in a form which cannot be associated with, or otherwise identify, the person providing the information.".

SEC. 305. NEGOTIATING OBJECTIVES WITH RESPECT TO INTERNATIONAL TRADE IN SERVICES AND INVESTMENT AND HIGH TECHNOLOGY INDUSTRIES.

(a)(1) Chapter 1 of title I is amended by inserting immediately after section 104 the following new section:

"SEC. 104A. NEGOTIATING OBJECTIVES WITH RESPECT TO TRADE IN SERVICES, FOREIGN DIRECT INVESTMENT, AND HIGH TECHNOLOGY PRODUCTS.

"(a) TRADE IN SERVICES.—Principal United States negotiating objectives under section 102 shall be—

"(1) to reduce or to eliminate barriers to, or other distortions of, international trade in services (particularly United States service sector trade in foreign markets), including barriers that deny national treatment and the rights of establishment and operation in such markets; and

"(2) to develop internationally agreed rules, including dispute settlement procedures, which—

"(A) are consistent with the commercial policies of the United States, and

"(B) will reduce or eliminate such barriers or distortions and help ensure open international trade in services.

"(b) FOREIGN DIRECT INVESTMENT.—Principal United States negotiating objectives under section 102 shall be—

"(1) to reduce or to eliminate artificial or trade-distorting barriers to foreign direct investment, to expand the principle of national treatment, and to reduce unreasonable barriers to establishment; and

"(2) to develop internationally agreed rules, including dispute settlement procedures, which—

"(A) will help ensure a free flow of foreign direct investment, and

"(B) will reduce or eliminate the trade distortive effects of certain investment related measures.

"(c) HIGH TECHNOLOGY PRODUCTS.—Principal United States negotiating objectives shall be—

"(1) to obtain and preserve the maximum openness with respect to international trade and investment in high technology products and related services;

"(2) to obtain the elimination or reduction of, or compensation for, the significantly distorting effects of, foreign government acts, policies, or practices identified in section 181, with particular consideration given to the nature and extent of foreign government intervention affecting United States exports of high technology products or investments in high technology industries, including—

"(A) foreign industrial policies which distort international trade or investment;

"(B) measures which deny national treatment or otherwise discriminate in favor of domestic high technology industries;

"(C) measures which impair access to domestic markets for key commodity products; and

"(D) measures which facilitate or encourage anticompetitive market practices or structures;

"(3) to obtain commitments that official policy of foreign countries or instrumentalities will not discourage government or private procurement of foregin high technology products and related services;

"(4) to obtain the reduction or elimination of all tariffs on, and other barriers to, United States exports of high technology products and related services;

"(5) to obtain commitments to foster national treatment;

"(6) to obtain commitments to—

"(A) foster the pursuit of joint scientific cooperation between companies, institutions or governmental entities of the United States and those of the trading partners of the United States in areas of mutual interest through such measures as financial participation and technical and personnel exchanges, and

"(B) ensure that access by all participants to the results of any such cooperative efforts should not be impaired; and

"(7) to provide effective minimum safeguards for the acquisition and enforcement of intellectual property rights and the property value of proprietary data.

"(d) DEFINITION OF BARRIERS AND OTHER DISTORTIONS.—For purposes of subsection (a), the term 'barriers to, or other distortions of, international trade in services' includes, but is not limited to—

"(1) barriers to the right of establishment in foreign markets, and

"(2) restrictions on the operation of enterprises in foreign markets, including—

"(A) direct or indirect restrictions of the transfer of information into, or out of, the country or instrumentality concerned, and

"(B) restrictions of the use of data processing facilities within or outside of such country or instrumentality.".

(2) The table of contents for chapter 1 of title I is amended by inserting after the item relating to section 104 the following new item:

"Sec. 104A. Negotiating objectives with respect to trade in services, foreign direct investment, and high technology products.".

SEC. 306. PROVISIONS RELATING TO INTERNATIONAL TRADE IN SERVICES.

(a)(1) The United States Trade Representative, through the interagency trade organization established pursuant to section 242(a) of the Trade Expansion Act of 1962 or any subcommittee thereof, shall, in conformance with other provisions of law, develop (and coordinate the implementation of) United States policies concerning trade in services.

(2) In order to encourage effective development and coordination of United States policies on trade in services, each department or agency of the United States responsible for the regulation of any service sector industry shall, as appropriate, advise and work with the United States Trade Representative concerning matters that have come to the department's or agency's attention with respect to—

(A) the treatment afforded United States service sector interests in foreign markets, or

(B) allegations of unfair practices by foreign governments or companies in a service sector.

(3) Noting in this section shall be construed to alter any existing authority or responsibility with respect to any specific service sector.

(b)(1) The Secretary of Commerce is authorized to establish a service industries development program. Such program shall be designed to—

(A) promote the competitiveness of United States service firms and American employees through appropriate economic policies;

(B) promote actively the use and sale of United States services abroad and develop trade opportunities for United States service firms;

(C) develop a data base for policymaking pertaining to services;

(D) collect and analyze, in consultation with appropriate agencies, information pertaining to the international operations and competitiveness of United States service industries, including information with respect to—

(i) United States regulation of service industries;

(ii) tax treatment of services, with particular emphasis on the effect of United States taxation on the international competitiveness of United States firms and exports;

(iii) antitrust policies as such policies affect the competitiveness of United States firms;

(iv) treatment of services in international agreements of the United States; and

(v) adequacy of current United States export promotion activities in the service sector. For purposes of the collection and analysis required by this subsection, and for the purpose of any reporting the Department of Commerce makes to the Congress of the United States, such collection and reporting shall distinguish between income from investment and income from noninvestment services;

(E) provide, together with other appropriate agencies, staff support for negotiations on service-related issues by the United States Trade Representative and the domestic implementation of service-related agreements;

(F) collect such statistical information on the domestic service sector as may be necessary for the development of governmental policies toward the service sector;

(G) conduct sectoral studies of domestic service industries;

(H) collect comparative international information on service industries and policies of foreign governments toward services;

(I) develop policies to strengthen the export competitiveness of domestic service industries;

(J) conduct a program of research and analysis of service-related issues and problems, including forecasts and industrial strategies; and

(K) provide statistical, analytical, and policy information to State and local governments and service industries.

(2) The Secretary of Commerce shall carry out the program under this subsection from funds otherwise made available to him which may be used for such purposes.

(c)(1) It is the policy of Congress that the President shall, as he deems appropriate—

(A) consult with State governments on issues of trade policy affecting the regulatory authority of non-Federal governments, or their procurement of goods and services; and

(B) establish one or more intergovernmental policy advisory committees on trade which shall serve as a principal forum in which State and local governments may consult with the Federal Government with respect to the matters described in subparagraph (A).

(2) Section 135 (19 U.S.C. 2155) is amended—

(A) by inserting "and the non-Federal governmental sector" after "private sector" in subsection (a),

(B) by adding at the end of subsection (c) the following new paragraph:

"(3) The President—

"(A) may establish policy advisory committees representing non-Federal governmental interests to provide, where the President finds it necessary, policy advice—

"(i) on matters referred to in subsection (a), and

"(ii) with respect to implementation of trade agreements, and

"(B) shall include as members of committees established under paragraph (2) representatives of non-Federal governmental interests where he finds such inclusion appropriate after consultation by the Trade Representative with such representatives.";

(C) by inserting "or non-Federal government" after "private" each place it appears in subsections (g) and (j);

(D) by inserting "government," before "labor" in subsection (j); and

(E) by adding at the end thereof the following new subsection:

"(m) Non-Federal Government Defined.—The term 'non-Federal government' means—

"(1) any State, territory, or possession of the United States, or the District of Columbia, or any political subdivision thereof, or

"(2) any agency or instrumentality of any entity described in paragraph (1).''; and

(F) by inserting "or Public" after "Private" in the heading thereof.

(3)(A) Section 104(c) (19 U.S.C. 2114(c)) is amended by inserting "or non-Federal governmental" after "private".

(B) Sections 303 (19 U.S.C. 2413) and 304(b)(2) (19 U.S.C. 2414(b)(2)) are each amended by striking out "private sector".

(C) The table of sections for chapter 3 of title I is amended by inserting "and public" after "private" in the item relating to section 135.

SEC. 307. NEGOTIATING AUTHORITY WITH RESPECT TO FOREIGN DIRECT INVESTMENT.

Paragraph (3) of section 102(g) (19 U.S.C. 2112(g)(3)) is amended to read as follows:

"(3) the term 'international trade' includes—

"(A) trade in both goods and services, and

"(B) foreign direct investment by United States persons, especially if such investment has implications for trade in goods and services.".

SEC. 308. NEGOTIATION OF AGREEMENTS CONCERNING HIGH TECHNOLOGY INDUSTRIES.

(a) The President may enter into such bilateral or multilateral agreements as may be necessary or appropriate to achieve the objectives of this section and the negotiating objectives under section 104A(c) of the Trade Act of 1974.

(b)(1) Chapter 2 of title I is amended by inserting at the end thereof the following new section:

"SEC. 128. MODIFICATION AND CONTINUANCE OF TREATMENT WITH RESPECT TO DUTIES ON HIGH TECHNOLOGY PRODUCTS.

"(a) In order to carry out any agreement concluded as a result of the negotiating objectives under section 104A(c), the President may proclaim, subject to the provisions of chapter 3—

"(1) such modification, elimination, or continuance of any existing duty, duty-free, or excise treatment, or

"(2) such additional duties, as he deems appropriate.

"(b) The President shall exercise his authority under subsection (a) only with respect to the following items listed in the Tariff Schedules of the United States (19 U.S.C. 1202):

"(1) Transistors (provided for in item 687.70, part 5, schedule 6).

"(2) Diodes and rectifiers (provided for in item 687.72, part 5, schedule 6).

"(3) Monolithic integrated circuits (provided for in item 687.74, part 5, schedule 6).

"(4) Other integrated circuits (provided for in item 687.77, part 5, schedule 6).

"(5) Other components (provided for in item 687.81, part 5, schedule 6).

"(6) Parts of semiconductors (provided for in item 687.85, part 5, schedule 6).

"(7) Parts of automatic data-processing machines and units thereof (provided for in item 676.52, part 4G, schedule 6) other than parts incorporating a cathode ray tube.

"(c) TERMINATION.—The President may exercise his authority under this section only during the 5-year period beginning on the date of the enactment of the International Trade and Investment Act.".

(2) The table of contents of chapter 1 of title I is amended by adding at the end thereof the following new item:

"Sec. 128. Modification and continuance of treatment with respect to duties on high technology products.".

TITLE IV—TRADE WITH ISRAEL AND CANADA

SEC. 401. NEGOTIATION OF TRADE AGREEMENTS TO REDUCE TRADE BARRIERS.

(a) Subsection (b) of section 102 of the Trade Act of 1974 (19 U.S.C. 2112(b)) is amended—

(1) by striking out "Whenever" and inserting in lieu thereof "(1) Whenever", and

(2) by adding at the end thereof the following new paragraphs:

"(2) Trade agreements that provide for the elimination or reduction of any duty imposed by the United States may be entered into under paragraph (1) only with Israel or Canada.

"(3) Notwithstanding any other provision of law, no trade benefit shall be extended to any country by reason of the extension of any trade benefit to Israel or Canada under a trade agreement entered into under paragraph (1) with Israel or Canada.

"(4)(A) Notwithstanding paragraph (2), a trade agreement that provides for the elimination or reduction of any duty imposed by the United States may be entered into under paragraph (1) with any country other than Israel or Canada if—

"(i) such country requested the negotiation of such an agreement, and

"(ii) the President, at least 60 days prior to the date notice is provided under subsection (e)(1)—

"(I) provides written notice of such negotiations to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, and

"(II) consults with such committees regarding the negotiation of such agreement.

"(B) The provisions of section 151 shall not apply to an implementing bill (within the meaning of section 151(b)) if—

"(i) such implementing bill contains a provision approving of any trade agreement which—

"(I) is entered into under this section with any country other than Israel or Canada, and

"(II) provides for the elimination or reduction of any duty imposed by the United States, and

"(ii) either—

"(I) the requirements of subparagraph (A) were not met with respect to the negotiation of such agreement, or

"(II) the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives disapproved of the negotiation of such agreement before the close of the 60-day period which begins on the date notice is provided under subsection (A)(ii)(I) with respect to the negotiation of such agreement.

"(C) The 60-day period described in subparagraphs (A)(ii) and (B)(ii)(II) shall be computed without regard to—

"(i) the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

"(ii) any Saturday and Sunday, not excluded under clause (i), when either House of Congress is not in session.".

(b) Paragraph (1) of section 102(g) of the Trade Act of 1974 (19 U.S.C. 2112(g)) is amended to read as follows:

"(1) the term 'barrier' includes—

"(A) the American selling price basis of customs evaluation as defined in section 402 or 402a of the Tariff Act of 1930, as appropriate, and

"(B) any duty or other import restriction;".

(c)(1) Section 102 of the Trade Act of 1974 (19 U.S.C. 2112) is amended by striking out "Nontariff" in the heading.

(2) The table of contents of the Trade Act of 1974 is amended by striking out "Nontariff" in the item relating to section 102.

SEC. 402. JOINT COMMISSION TO RESOLVE ECONOMIC DISPUTES BETWEEN THE UNITED STATES AND CANADA.

Subsection (b) of section 612 of the Trade Act of 1974 (19 U.S.C. 2486(b)) is amended to read as follows:

"(b) The President is authorized to seek (through an agreement) establishment of a joint commission to resolve trade and other economic issues between the United States and Canada.".

TITLE V—GENERALIZED SYSTEM OF PREFERENCES

SEC. 501. SHORT TITLE; STATEMENT OF PURPOSE.

(a) This title may be cited as the "Generalized System of Preferences Renewal Act of 1984".

(b) The purpose of this title is to—

(1) promote the development of developing countries, which often need temporary preferential advantages to compete effectively with industrialized countries;

(2) promote the notion that trade, rather than aid, is a more effective and cost-efficient way of promoting broad-based sustained economic development;

(3) take advantage of the fact that developing countries provide the fastest growing markets for United States exports and that foreign exchange earnings from trade with such countries through the Generalized System of Preferences can further stimulate United States exports;

(4) allow for the consideration of the fact that there are significant differences among developing countries with respect to their general development and international competitiveness;

(5) encourage the providing of increased trade liberalization measures, thereby setting an example to be emulated by other industrialized countries;

(6) recognize that a large number of developing countries must generate sufficient foreign exchange earnings to meet international debt obligations;

(7) promote the creation of additional opportunities for trade among the developing countries;

(8) integrate developing countries into the international trading system with its attendant responsibilities in a manner commensurate with their development;

(9) encourage developing countries to eliminate or to reduce significant barriers to trade in goods and services and to investment, and

(10) address the concerns listed in the preceding paragraphs in a manner that—

(A) does not adversely affect United States producers and workers, and

(B) conforms to the international obligations of the United States under the General Agreement on Tariffs and Trade.

SEC. 502. 10-YEAR EXTENSION OF THE GENERALIZED SYSTEM OF PREFERENCES.

(a) Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended to read as follows:

"SEC. 505. TERMINATION OF DUTY-FREE TREATMENT.

"No duty-free treatment provided under this title shall remain in effect after January 3, 1995.".

(b) The table of contents of the Trade Act of 1974 is amended by striking out the item relating to section 505 and inserting in lieu thereof the following:

"Sec. 505. Termination of duty-free treatment.".

SEC. 503. CONSIDERATION OF A BENEFICIARY DEVELOPING COUNTRY'S COMPETITIVENESS IN EXTENDING PREFERENCES.

Section 501 of the Trade Act of 1974 (19 U.S.C. 2461) is amended—

(1) by striking out "and" at the end of paragraph (2),

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and

(3) by adding at the end thereof the following new paragraph:

"(4) the extent of the beneficiary developing country's competitiveness with respect to eligible articles.".

SEC. 504. AMENDMENTS RELATING TO THE BENEFICIARY DEVELOPING COUNTRY DESIGNATION CRITERIA AND THE PROVISION OF PROTECTION FOR INTELLECTUAL PROPERTY.

(a) Paragraph (4) of section 502(b) of the Trade Act of 1974 (19 U.S.C. 2462(b)) is amended—

(1) by inserting ", including patents, trademarks, or copyrights," after "control of property" in subparagraphs (A) and (B), and

(2) by inserting ", including patents, trademarks, or copyrights" after "control of such property" in subparagraph (C).

(b) Subsection (c) of section 502 of the Trade Act of 1974 (19 U.S.C. 2462) is amended—

(1) by striking out "and" at the end of paragraph (3),

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon, and

(3) by adding at the end thereof the following new paragraphs:

"(5) the extent to which such country is providing adequate and effective means under its laws for foreign nationals to secure, to exercise, and to enforce exclusive rights in intellectual property, including patents, trademarks, and copyrights; and

"(6) the extent to which such country has taken action to reduce trade distorting investment practices and policies (including export performance requirements).".

SEC. 505. ARTICLES WHICH MAY NOT BE DESIGNATED AS ELIGIBLE ARTICLES.

Paragraph (1) of section 503(c) of the Trade Act of 1974 (19 U.S.C. 2463(c)(1)) is amended by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraph:

"(B) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of this title on April 1, 1984.".

SEC. 506. LIMITATIONS ON PREFERENTIAL TREATMENT.

(a) Subsection (a) of section 504 of the Trade Act of 1974 (19 U.S.C. 2464) is amended—

(1) by striking out "The President" and inserting in lieu thereof "(1) The President", and

(2) by adding at the end thereof the following new paragraph:

"(2) The President shall, as necessary, advise the Congress and, by no later than January 4, 1988, submit to the Congress a report on the application of sections 501 and 502(c), with particular emphasis on—

(A) the extent to which beneficiary developing countries have—

"(i) assured the United States that such countries will provide equitable and reasonable access to the markets and basic commodity resources of such countries,

"(ii) provided adequate and effective means for foreign nationals to secure, to exercise, and to enforce exclusive rights in intellectual property, including patents, trademarks, and copyrights, and

"(iii) taken action to reduce trade-distorting investment practices and policies (including export performance requirements), and

"(B) the actions the President has taken to withdraw, to suspend, or to limit the application of duty-free treatment with respect to any country which has failed to adequately take the actions described in clause (i).".

(b) Subsections (c) and (d) of section 504 of the Trade Act of 1974 (19 U.S.C. 2464 (c) and (d)) are amended to read as follows:

"(c)(1) Whenever the President determines that any country—

"(A) has exported (directly or indirectly) to the United States during a calendar year a quantity of an eligible article having an appraised value in excess of an amount which bears the same ratio to $25,000,000 as the gross national product of the United States for the preceding calendar year (as determined by the Department of Commerce) bears to the gross national product of the United States for calendar year 1974, or

"(B) except as provided in subsection (d), has exported (either directly or indirectly) to the United States a quantity of any eligible article equal to or exceeding 50 percent of the appraised value of the total imports of such article into the United States during any calendar year,

then, not later than 90 days after the close of such calendar year, such country shall not be treated as a beneficiary developing country with respect to such article.

"(2)(A) Not later than January 4, 1987, and periodically thereafter, the President shall conduct a general review of eligible articles based on the considerations described in sections 501 and 502(c).

"(B) If, after any review under subparagraph (A), the President determines that this subparagraph should apply because a beneficiary developing country has demonstrated a sufficient degree of competitiveness (relative to other beneficiary developing countries) with respect to any eligible article, then paragraph (1) shall be applied to such country with respect to such article by substituting—

"(i) '1984' for '1974' in subparagraph (A), and

"(ii) '25 percent' for '50 percent' in subparagraph (B).

"(3)(A) Not earlier than January 4, 1987, the President may waive the application of this subsection with respect to any eligible article of any beneficiary developing country if, before the 90th day after the close of the calendar year for which a determination described in paragraph (1) was made with respect to such eligible article, the President—

"(i) receives the advice of the International Trade Commission on whether any industry in the United States is likely to be adversely affected by such waiver,

"(ii) determines, based on the considerations described in sections 501 and 502(c) and the advice described in clause (i), that

such waiver is in the national economic interest of the United States, and

"(iii) publishes the determination described in clause (ii) in the Federal Register.

"(B) In making any determination under subparagraph (A), the President shall give great weight to—

"(i) the extent to which the beneficiary developing country has assured the United States that such country will provide equitable and reasonable access to the markets and basic commodity resources of such country, and

"(ii) the extent to which such country provides adequate and effective means under its law for foreign nationals to secure, to exercise, and to enforce exclusive rights in intellectual property, including patent, trademark, and copyright rights.

"(C) Any waiver granted pursuant to this paragraph shall remain in effect until the President determines that such waiver is no longer warranted due to changed circumstances.

"(4) Except in any case to which paragraph (2)(B) applies, the President may waive the application of this subsection if, before the 90th day after the close of the calendar year for which a determination described in paragraph (1) was made, the President determines and publishes in the Federal Register that, with respect to such country—

"(A) there has been an historical preferential trade relationship between the United States and such country,

"(B) there is a treaty or trade agreement in force covering economic relations between such country and the United States, and

"(C) such country does not discriminate against, or impose unjustifiable or unreasonable barriers to, United States commerce.

"(5) A country which is no longer treated as a beneficiary developing country with respect to an eligible article by reason of this subsection may be redesignated a beneficiary developing country with respect to such article, subject to the provisions of sections 501 and 502, if imports of such article from such country did not exceed the limitations in paragraph (1) (after application of paragraph (2)) during the preceding calendar year.

"(6)(A) This subsection shall not apply to any beneficiary developing country which the President determines, based on the considerations described in sections 501 and 502(c), to be a least-developed beneficiary developing country.

"(B) The President shall—

"(i) make a detemination under subparagraph (A) with respect to each beneficiary developing country before July 4, 1985, and periodically thereafter, and

"(ii) notify the Congress at least 60 days before any such determination becomes final.

"(7) For purposes of this subsection, the term 'country' does not include an association of countries which is treated as one country under section 502(a)(3), but does include a country which is a member of any such association.

"(d)(1) Subsection (c)(1)(B) (after application of subsection (c)(2)) shall not apply with respect to any eligible article if a like or di-

rectly competitive article is not produced in the United States on January 3, 1985.

"(2) The President may disregard subsection (c)(1)(B) with respect to any eligible article if the appraised value of the total imports of such article into the United States during the preceding calendar year is not in excess of an amount which bears the same ratio to $1,000,000 as the gross national product of the United States for that calendar year (as determined by the Department of Commerce) bears to the gross national product of the United States for calendar year 1979.".

SEC. 507. EFFECTIVE DATE.

The amendments made by this title shall take effect on January 4, 1985.

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