

AMENDMENTS TO THE GENERALIZED SYSTEM OF
PREFERENCES (GSP)

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS DETERMINATION THAT MALAYSIA SHOULD BE GRADUATED FROM THE GSP PROGRAM BECAUSE IT IS SUFFICIENTLY ADVANCED IN ECONOMIC DEVELOPMENT AND IMPROVED IN TRADE COMPETITIVENESS, ALSO OTHER DETERMINATIONS—RECEIVED IN THE UNITED STATES HOUSE OF REPRESENTATIVES OCTOBER 17, 1996, PURSUANT TO 19 U.S.C. 2462



JANUARY 7, 1997.—Referred to the Committee on Ways and Means and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

THE WHITE HOUSE,
Washington, October 17, 1996.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: The Generalized System of Preferences (GSP) program offers duty-free treatment to specified products that are imported from designated developing countries. The program is authorized by title V of the Trade Act of 1974, as amended.

Pursuant to title V, I have determined that Malaysia should be graduated from the GSP program because it is sufficiently advanced in economic development and improved in trade competitiveness. I have also determined that certain products from Pakistan should be suspended from duty-free treatment under the GSP program because it is not making sufficient progress in protecting basic labor rights. In addition, I have determined that Botswana and Western Samoa should be deleted from the list of least-developed beneficiary developing countries and Angola, Ethiopia, Madagascar, Zaire, and Zambia should be added to that list. Finally, I have determined that Cyprus, Aruba, Macau, the Netherlands Antilles, Greenland, and the Cayman Islands meet the definition of "high income" country as defined by the statistics of the International Bank for Reconstruction and Development and are subject to mandatory graduation.

The action regarding Malaysia and designation of least-developed beneficiary developing countries is effective January 1, 1997. The action against Pakistan is retroactive to July 1, 1996. The mandatory graduation of high income countries is effective January 1, 1998.

This notice is submitted in accordance with the requirements of title V of the Trade Act of 1974.

Sincerely,

WILLIAM J. CLINTON.

TO AMEND THE GENERALIZED SYSTEM OF PREFERENCES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

1. Sections 501 (1) and (4) of the Trade Act of 1974, as amended (“Trade Act”) (19 U.S.C. 2461 (1) and (4)), provide that, in affording duty-free treatment under the Generalized System of Preferences (GSP), the President shall have due regard for, among other factors, the effect such action will have on furthering the economic development of a beneficiary developing country and the extent of the beneficiary developing country’s competitiveness with respect to eligible articles. Section 502(c)(2) of the Trade Act (19 U.S.C. 2462(c)(2)) provides that, in determining whether to designate any country as a beneficiary developing country for purposes of the GSP, the President shall take into account various factors, including the country’s level of economic development, the country’s per capita gross national product, the living standards of its inhabitants, and any other economic factors he deems appropriate. Section 502(d) of the Trade Act (19 U.S.C. 2462(d)) authorizes the President to withdraw, suspend, or limit the application of duty-free treatment under the GSP with respect to any country after considering the factors set forth in sections 501 and 502(c) of the Trade Act. Section 502(f)(2) of the Trade Act (19 U.S.C. 2462(f)(2)) requires the President to notify the Congress and the affected country, at least 60 days before termination, of the President’s intention to terminate the affected country’s designation as a beneficiary developing country for purposes of the GSP.

2. Section 502(e) of the Trade Act (19 U.S.C. 2462(e)) provides that the President shall terminate the designation of a country as a beneficiary developing country if the President determines that such country has become a “high income” country as defined by the official statistics of the International Bank for Reconstruction and Development. Termination is effective on January 1 of the second year following the year in which such determination is made.

3. Section 502(c)(7) of the Trade Act (19 U.S.C. 2462(c)(7)) provides that, in determining whether to designate any country a beneficiary developing country under this section, the President shall take into account whether the country has taken or is taking steps to afford internationally recognized work rights to workers in the country.

4. Section 502(a)(1) of the Trade Act (19 U.S.C. 2462(a)(1)) authorizes the President to designate countries as beneficiary developing countries for purposes of the GSP. Section 503(c)(2)(F) of the Trade Act (19 U.S.C. 2463(c)(2)(F)) authorizes the President to disregard the limitations provided in section 503(c)(2)(A)(i)(II) of the

Trade Act (19 U.S.C. 2463(c)(2)(A)(i)(II)) with respect to any eligible article if the aggregate appraised value of the imports of such article into the United States during the preceding calendar year is *de minimis*.

5. Section 502(a)(2) of the Trade Act (19 U.S.C. 2462(a)(2)) authorizes the President to designate any beneficiary developing country as a least-developed beneficiary developing country for purposes of the GSP based on the consideration in section 501 and 502(c) of the Trade Act.

6. Pursuant to section 502(d) of the Trade Act, and having considered the factors set forth in section 501 and 502(c)(2), I have determined that Malaysia is sufficiently advanced in economic development and improved in trade competitiveness that continued preferential treatment under the GSP is not warranted, and that it is appropriate to terminate the designation of Malaysia as a beneficiary developing country for purposes of the GSP effective January 1, 1997. In order to take into account the termination of benefits under the GSP for articles imported from Malaysia, I have determined that it is appropriate to: (i) terminate the designation of Malaysia for GSP purposes as a member of the Association of South East Asian National (“ASEAN”) and to modify general note 4(a) of the Harmonized Tariff Schedule of the United States (“HTS”) to reflect such termination, (ii) delete from general note 4(d) of the HTS and from pertinent HTS subheadings all references to particular products of Malaysia which are currently excluded from preferential tariff treatment under the GSP, and (iii) to terminate any waivers of the competitive need limits granted to Malaysia pursuant to section 503(d) of the Trade Act (19 U.S.C. 2463(d)).

7. Pursuant to section 502(e) of the Trade Act, I have determined that Cyprus, Aruba, Macau, the Netherlands Antilles, Greenland, and the Cayman Islands meet the definition of a “high income” country as defined by the official statistics of the International Bank for Reconstruction and Development. As a result and pursuant to section 502(e) of the Trade Act, I am terminating the preferential treatment under the GSP for articles that are currently eligible for such treatment and that are imported from Cyprus, Aruba, Macau, the Netherlands Antilles, Greenland, and the Cayman Islands effective January 1, 1998.

8. Pursuant to section 502(d) of the Trade Act, and having considered the factors set forth in sections 501 and 502(c)(7), I have determined that it is appropriate to suspend some of Pakistan’s GSP benefits because of insufficient progress on affording workers in that country internationally recognized worker rights. In order to reflect the suspension of benefits under the GSP for certain articles imported from Pakistan, I have determined that it is appropriate to modify general note 4(d) of the HTS and pertinent HTS subheadings so that Pakistan will no longer receive preferential tariff treatment under the GSP with respect to certain eligible articles effective July 1, 1996.

9. Pursuant to section 502(a)(1) of the Trade Act, I am acting to correct the name of Guinea-Bissau and the Republic of Yemen in the HTS, beneficiary developing countries previously proclaimed. In addition, I have determined that it is appropriate to disregard section 503(c)(2)(A)(i)(II) of the Trade Act with respect to certain eligi-

ble articles from certain beneficiary developing countries based on imports for calendar year 1994 and to restore preferential treatment under the GSP to imports of such articles from such countries.

10. Pursuant to sections 502(a)(2) and 502(d) of the Trade Act, and having considered the factors set forth in sections 501 and 502(c), I have determined that Botswana and Western Samoa should be deleted from the list of least-developed beneficiary developing countries and Angola, Ethiopia, Madagascar, Zaire, and Zambia should be added.

11. Section 604 of the Trade Act, as amended (19 U.S.C. 2483), authorizes the President to embody in the HTS the substance of the relevant provisions of that Act, and of other Acts affecting import treatment, and actions thereunder.

Now, therefore, I, William J. Clinton, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States, including but not limited to section 301 of Title 3, United States Code, and Title V and section 604 of the Trade Act, do proclaim that:

(1) In order to terminate the designation of Malaysia as a beneficiary developing country under the GSP and to modify the list of beneficiary developing countries designated as least-developed beneficiary developing for purposes of the GSP, the HTS is modified as provided in Annex I to this proclamation.

(2) In order to terminate the designation of Cyprus, Aruba, Macau, the Netherlands Antilles, Greenland, and the Cayman Islands as beneficiary developing countries under the GSP, the HTS is modified as provided in Annex II to this proclamation.

(3) In order to reflect the suspension of benefits under the GSP for certain articles imported from Pakistan, the HTS is modified as provided in Annex III of this proclamation.

(4) In order to correct the name of Guinea-Bissau and Republic of Yemen and to restore preferential treatment to certain eligible articles from certain beneficiary developing countries as a result of granting of *de minimis* waivers to such articles, the HTS is modified as provided in Annex to this proclamation.

(5) I delegate to the United States Trade Representative the powers granted to me in section 502(f)(2) of the Trade Act to notify a country of my intention to terminate that country's status as a beneficiary developing country for the purpose of the GSP.

(6) Any provisions of previous proclamation and Executive orders inconsistent with the provisions of this proclamation are hereby superseded to the extent of such inconsistency.

(7) The modifications to the HTS made in paragraphs (1) through (4) of this proclamation shall be effective with respect to articles both: (i) imported on or after January 1, 1976, and (ii) entered, or withdrawn from warehouse for consumption, on or after the date specified in the respective Annex.

In witness whereof, I have hereunto set my hand this seventeenth day of October, in the year of our Lord nineteenth hundred and ninety-six, and of the Independence of the United States of America the two hundred and twenty-first.

WILLIAM J. CLINTON.

ANNEX I

Effective with respect to articles both: (i) imported on or after January 1, 1976, and (ii) entered, or withdrawn from warehouse for consumption, on or after January 1, 1997.

SECTION A. MODIFICATION IN THE HTS OF AN ARTICLE'S
PREFERENTIAL TARIFF TREATMENT UNDER THE GSP

For the following HTS provisions, the Rates of Duty 1 Special subcolumn is modified by deleting the symbol "A*" and inserting an "A" in lieu thereof.

4015.11.00	8521.10.90	8528.21.16	9006.53.00
4418.20.40	8528.12.12	8528.21.19	
8519.21.00	8528.12.16	8528.21.41	
8519.99.00	8528.12.36	8528.30.30	

SECTION B. MODIFICATIONS TO GENERAL NOTE 4 OF THE HTS

- (1) General note 4(a) is modified by:
- (a) deleting "Malaysia" from the list of independent countries.
 - (b) deleting "Malaysia" from the list of countries entitled "Members of the Association of South East Asian Nations (ASEAN) Eligible for GSP except Brunei Darussalam and Singapore".
 - (c) deleting the title "Members of the Association of South East Asian Nations (ASEAN) Eligible for GSP except Brunei Darussalam and Singapore" and inserting in lieu thereof "Members of the Association of South East Asian Nations (ASEAN) Eligible for GSP except Brunei Darussalam, Malaysia and Singapore".
- (2) General note 4(b) is modified by:
- (a) deleting "Botswana" and "Western Samoa".
 - (b) adding, in alphabetical order, the following countries: Angola, Ethiopia, Madagascar, Zaire, Zambia.
- (3) General note 4(d) is modified by:
- (a) deleting the following HTS provisions and the countries set out opposite such provisions:

4015.11.00	Malaysia	8528.12.36	Malaysia
4418.20.40	Malaysia	8528.21.16	Malaysia
8519.21.00	Malaysia	8528.21.19	Malaysia
8519.99.00	Malaysia	8528.21.41	Malaysia
8521.10.90	Malaysia	8528.30.30	Malaysia
8528.12.12	Malaysia	9006.53.00	Malaysia
8528.12.16	Malaysia		

- (b) deleting the countries set out opposite the following HTS subheadings:

1605.10.20	Malaysia	8471.49.26	Malaysia
3823.11.00	Malaysia	8471.49.29	Malaysia
3823.12.00	Malaysia	8471.60.35	Malaysia
3824.90.40	Malaysia	8471.60.45	Malaysia

ANNEX II

Effective with respect to articles both: (i) imported on or after January 1, 1976, and (ii) entered, or withdrawn from warehouse for consumption, on or after January 1, 1998.

General note 4(a) is modified by:

- (A) deleting “Cyprus” from the list of independent countries.
- (B) deleting, from the list of non-independent countries and territories, the following: Aruba, Cayman Islands, Greenland, Macau, Netherlands Antilles.

ANNEX III

Effective with respect to articles both: (i) imported on or after January 1, 1976, and (ii) entered, or withdrawn from warehouse for consumption, on or after July 1, 1996.

SECTION A. MODIFICATION IN THE HTS OF AN ARTICLE’S
PREFERENTIAL TARIFF TREATMENT UNDER THE GSP

For the following HTS subheadings, the Rates of Duty 1 Special subcolumn is modified by deleting the symbol “A” and inserting an “A*” in lieu thereof.

3926.20.30	5702.91.20
4203.21.55	5805.00.20
4203.21.60	6304.99.10
4203.21.80	6304.99.40
5701.10.13	9506.62.80
5702.10.10	9506.91.00

SECTION B. MODIFICATIONS TO GENERAL NOTE 4(D) OF THE HTS

General note 4(d) is modified by:

- (1) inserting, in numerical sequence, the following HTS subheadings and the country set out opposite such subheadings:

3926.20.30	Pakistan	5702.91.20	Pakistan
4203.21.55	Pakistan	5805.00.20	Pakistan
4203.21.60	Pakistan	6304.99.10	Pakistan
4203.21.80	Pakistan	6304.99.40	Pakistan
5701.10.13	Pakistan	9506.62.80	Pakistan
5702.10.10	Pakistan	9506.91.00	Pakistan

- (2) inserting, in alphabetical order, after the HTS subheading enumerated in such note the country set out opposite the following HTS subheadings:

4203.21.20	Pakistan	9018.90.80	Pakistan
------------	----------	------------	----------

ANNEX IV

Effective with respect to articles both: (i) imported on or after January 1, 1976, and (ii) entered, or withdrawn from warehouse for consumption, on or after October 1, 1996.

SECTION A. MODIFICATION IN THE HTS OF AN ARTICLE’S
PREFERENTIAL TARIFF TREATMENT UNDER THE GSP

For the following HTS provisions, the Rates of Duty 1 Special subcolumn is modified by deleting the symbol “A*” and inserting an “A” in lieu thereof.

0708.10.20	0811.90.50	2008.99.35	4823.90.20	8402.20.00
0708.10.40	0811.90.55	2106.90.52	5607.30.20	8414.90.30
0710.22.15	0813.40.10	2202.90.36	5609.00.20	8450.90.40
0710.29.05	0813.40.80	2202.90.37	6501.00.60	8483.50.40
0710.29.30	1106.30.20	2207.10.30	7002.10.20	8519.31.00
0710.80.50	1601.00.40	2208.90.10	7109.00.00	8528.12.04
0710.80.65	1604.16.30	2309.90.70	7113.20.21	8528.21.05
0710.80.93	1604.30.20	2401.20.57	7114.19.00	8528.30.10
0711.30.00	1605.10.05	2516.90.00	7308.20.00	8802.60.90
0711.40.00	1702.90.35	4104.31.20	7319.20.00	9102.29.04
0714.10.20	1703.90.30	4202.22.35	7407.29.15	9303.90.80
0714.20.20	1902.11.40	4412.19.30	7603.10.00	9401.90.15
0714.90.10	2005.80.00	4412.19.40	7614.90.50	9606.29.20
0802.50.20	2007.99.40	4412.92.40	8107.90.00	9614.20.60
0802.50.40	2008.19.30	4412.99.45	8112.91.50	9614.20.80
0804.50.80	2008.99.28	4421.90.10	8213.00.60	

SECTION B. MODIFICATIONS TO GENERAL NOTE 4 OF THE HTS

(1) General note 4(a) is modified by deleting “Guinea Bissau” and “Yemen Arab Republic (Sanaa)” from the list of independent countries and inserting “Guinea-Bissau” and “Republic of Yemen” in lieu thereof.

(2) General note 4(b) is modified by deleting “Yemen Arab Republic (Sanaa)” and inserting “Republic of Yemen” in lieu thereof.

(3) General note 4(d) is modified by:

(a) deleting the following HTS provisions and the countries set out opposite such provisions:

0708.10.20	Guatemala	2208.90.10	Trinidad and Tobago
0708.10.40	Guatemala	2309.90.70	Hungary
0710.22.15	Guatemala	2401.20.57	Indonesia
0710.29.05	Turkey	2516.90.00	South Africa
0710.29.30	Dominican Republic	4104.31.20	Thailand
0710.80.50	Dominican Republic	4202.22.35	Philippines
0710.80.65	Guatemala	4412.19.30	Russia
0710.80.93	Guatemala	4412.19.40	Indonesia
0711.30.00	Turkey	4412.92.40	Indonesia
0711.40.00	Sri Lanka	4412.99.45	Indonesia
0714.10.20	Costa Rica	4421.90.10	Honduras
0714.20.20	Dominican Republic	4823.90.20	Philippines
0714.90.10	Costa Rica	5607.30.20	Philippines
0802.50.20	Turkey	5609.00.20	Philippines
0802.50.40	Turkey	6501.00.60	Czech Republic
0804.50.80	Thailand	7002.10.20	Malaysia
0811.90.50	Costa Rica	7109.00.00	Chile
0811.90.55	Guatemala	7113.20.21	Oman
0813.40.10	Thailand	7114.19.00	Chile
0813.40.80	Thailand	7308.20.00	Brazil
1106.30.20	Ecuador	7319.20.00	Malaysia
1601.00.40	Brazil	7407.29.15	Chile
1604.16.30	Morocco	7603.10.00	Bahrain
1604.30.20	Russia	7614.90.50	Venezuela
1605.10.05	Thailand	8107.90.00	Bulgaria
1702.90.35	Belize	8112.91.50	Chile
1703.90.30	Lebanon	8213.00.60	Brazil
1902.11.40	Thailand	8402.20.00	Colombia
2005.80.00	Thailand	8414.90.30	Slovenia
2007.99.40	Thailand	8450.90.40	Brazil
2008.19.30	Turkey	8483.50.40	Malaysia
2008.99.28	Turkey	8519.31.00	Malaysia
2008.99.35	Thailand	8528.12.04	Hungary
2106.90.52	Philippines	8528.21.05	Hungary
2202.90.36	Colombia	8528.30.10	Hungary
2202.90.37	Dominican Republic	8802.60.90	Russia
2207.10.30	Ecuador	9102.29.04	Philippines

9303.90.80	Russia	9614.20.60	Turkey
9401.90.15	Czech Republic	9614.20.80	Turkey
9606.29.20	Thailand		

(b) deleting the countries set out opposite the following HTS subheadings:

1701.99.05	Colombia	2910.20.00	Brazil
1701.99.10	Colombia	2915.34.00	Venezuela
2804.29.00	Ukraine	2915.35.00	Venezuela
2805.40.00	Russia	2917.14.10	Brazil
2825.30.00	South Africa	2917.37.00	Romania
2825.70.00	Chile	2933.40.08	Hungary
2840.11.00	Turkey	2938.10.00	Brazil
2843.21.00	Chile	7202.21.10	Macedonia, Former Yugoslavia Republic of
2903.14.00	Brazil		
2903.23.00	Brazil	7403.12.00	Peru
2907.15.10	Russia		