

**Proclamation 7912—To Modify Duty-Free Treatment Under the Generalized System of Preferences and Certain Rules of Origin Under the North American Free Trade Agreement, and For Other Purposes**

June 29, 2005

*By the President of the United States of America*

**A Proclamation**

1. Pursuant to section 502(a)(1) of the Trade Act of 1974, as amended (the “1974 Act”) (19 U.S.C. 2462(a)(1)), the President is authorized to designate countries as beneficiary developing countries for purposes of the Generalized System of Preferences (GSP).

2. In Proclamation 6425 of April 29, 1992, the President suspended duty-free treatment for certain eligible articles imported from India after considering the factors set forth in sections 501 and 502(c) of the 1974 Act (19 U.S.C. 2461, 2462(c)), in particular section 502(c)(5) of the 1974 Act (19 U.S.C. 2462(c)(5)) on the extent to which India provides adequate and effective protection of intellectual property rights.

3. In Proclamation 6942 of October 17, 1996, the President suspended duty-free treatment for certain eligible articles imported from Pakistan because of insufficient progress on affording workers in that country internationally recognized worker rights.

4. Pursuant to sections 501 and 503(a)(1)(A) of the 1974 Act (19 U.S.C. 2463(a)(1)(A)), the President may designate articles as eligible for preferential tariff treatment under the GSP.

5. Pursuant to section 503(c)(2)(A) of the 1974 Act (19 U.S.C. 2463(c)(2)(A)), beneficiary developing countries, except those designated as least-developed beneficiary developing countries or beneficiary sub-Saharan African countries as provided in section 503(c)(2)(D) of the 1974 Act (19 U.S.C. 2463(c)(2)(D)), are subject to competitive need limitations on the preferential treatment afforded under the GSP to eligible articles.

6. Section 503(c)(2)(C) of the 1974 Act (19 U.S.C. 2463(c)(2)(C)) provides that a country

that is no longer treated as a beneficiary developing country with respect to an eligible article may be redesignated as a beneficiary developing country with respect to such article if imports of such article from such country did not exceed the competitive need limitations in section 503(c)(2)(A) of the 1974 Act during the preceding calendar year.

7. Section 503(c)(2)(F)(i) of the 1974 Act (19 U.S.C. 2463(c)(2)(F)(i)) provides that the President may disregard the competitive need limitation provided in section 503(c)(2)(A)(i)(II) (19 U.S.C. 2463(c)(2)(A)(i)(II)) with respect to any eligible article from any beneficiary developing country if the aggregate appraised value of the imports of such article into the United States during the preceding calendar year does not exceed an amount set forth in section 503(c)(2)(F)(ii) of the 1974 Act (19 U.S.C. 2463(c)(2)(F)(ii)).

8. Pursuant to section 503(d)(1) of the 1974 Act (19 U.S.C. 2463(d)(1)) and after giving great weight to the considerations in section 503(d)(2) of the 1974 Act (19 U.S.C. 2463(d)(2)), the President may, subject to the limitations set out in section 503(d)(4) (19 U.S.C. 2463(d)(4)), waive the application of the competitive need limitations in section 503(c)(2)(A) of the 1974 Act with respect to any eligible article from any beneficiary developing country, if after receiving advice from the United States International Trade Commission (USITC), he determines that such waiver is in the national economic interest of the United States.

9. Section 507(2) of the 1974 Act (19 U.S.C. 2467(2)) provides that in the case of an association of countries that is a free trade area or customs union, or that is contributing to a comprehensive regional economic integration among its members through appropriate means, the President may provide that all members of such association other than members that are barred from designation under section 502(b) of the 1974 Act (19 U.S.C. 2462(b)) shall be treated as one country for purposes of the GSP.

10. Pursuant to section 502 of the 1974 Act (19 U.S.C. 2462) and taking into account the factors set forth in section 502(c) of the 1974 Act, I have decided to designate Serbia

and Montenegro as a beneficiary developing country for purposes of the GSP.

11. After a review of the current situation in India and taking into account the factors set out in section 502 of the 1974 Act, in particular section 502(c)(5), I have determined that India has made progress in providing adequate and effective protection of intellectual property rights. Accordingly, I have determined to terminate the suspension of India's duty-free treatment for certain articles under the GSP.

12. After a review of the current situation in Pakistan, I have determined that Pakistan has taken or is taking steps to afford workers in that country internationally recognized worker rights as provided in section 502(c)(7) of the 1974 Act (19 U.S.C. 2462(c)(7)). Accordingly, I have determined to restore Pakistan's eligibility for certain articles for preferential treatment under the GSP.

13. Pursuant to sections 501 and 503(a)(1)(A) of the 1974 Act, and after receiving advice from the USITC in accordance with section 503(e) of the 1974 Act (19 U.S.C. 2463(e)), I have determined to designate certain articles, some of which were previously designated under section 503(a)(1)(B) of the 1974 Act (19 U.S.C. 2463(a)(1)(B)), as eligible articles. In order to do so for certain articles, it is necessary to subdivide and amend the nomenclature of certain existing subheadings of the Harmonized Tariff Schedule of the United States (HTS).

14. Pursuant to section 503(c)(2)(A) of the 1974 Act, I have determined that certain beneficiary countries have exported certain eligible articles in quantities exceeding the applicable competitive need limitation in 2004, and I therefore terminate the duty-free treatment for such articles from such beneficiary developing countries.

15. Pursuant to section 503(c)(2)(C) of the 1974 Act, and subject to the considerations set forth in sections 501 and 502 of the 1974 Act, I redesignate certain countries as beneficiary developing countries with respect to certain eligible articles that previously had been imported in quantities exceeding the competitive need limitations of section 503(c)(2)(A) of the 1974 Act.

16. Pursuant to section 503(c)(2)(F)(i) of the 1974 Act, I have determined that the competitive need limitation provided in section 503(c)(2)(A)(i)(II) of the 1974 Act should be disregarded with respect to certain eligible articles from certain beneficiary developing countries.

17. Pursuant to section 503(d)(1) of the 1974 Act, I have received the advice of the USITC on whether any industries in the United States are likely to be adversely affected by such waivers, and I have determined, based on that advice and on the considerations described in sections 501 and 502(c) of the 1974 Act, and after giving great weight to the considerations in section 503(d)(2) of the 1974 Act, that such waivers are in the national economic interest of the United States. Accordingly, I have determined that the competitive need limitations of section 503(c)(2)(A) should be waived with respect to certain eligible articles from certain beneficiary developing countries.

18. Pursuant to section 507(2) of the 1974 Act, I have determined that currently qualifying members of the South Asian Association for Regional Cooperation (SAARC) should be treated as one country for purposes of the GSP.

19. Presidential Proclamation 6641 of December 15, 1993, implemented the North American Free Trade Agreement (NAFTA) with respect to the United States and, pursuant to the North American Free Trade Agreement Implementation Act (Public Law 103-182) (the "NAFTA Implementation Act") incorporated in the HTS the tariff modifications and rules of origin necessary or appropriate to carry out the NAFTA.

20. Section 202 of the NAFTA Implementation Act (19 U.S.C. 3332) provides rules for determining whether goods imported into the United States originate in the territory of a NAFTA Party and thus are eligible for the tariff and other treatment contemplated under the NAFTA. Section 202(q) of the NAFTA Implementation Act (19 U.S.C. 3332(q)) authorizes the President to proclaim, as a part of the HTS, the rules of origin set out in the NAFTA and to proclaim modifications to such previously proclaimed rules of origin, subject to the consultation and lay-over requirements of section 103(a) of the

NAFTA Implementation Act (19 U.S.C. 3313(a)).

21. The United States and Canada have agreed to modifications to certain NAFTA rules of origin. Modifications to the NAFTA rules of origin set out in Proclamation 6641 are therefore necessary.

22. Section 1558 of the Miscellaneous Trade and Technical Corrections Act of 2004 (Public Law 108–429) (the “Miscellaneous Trade Act”) amended section 213(b) of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2703(b)) to exclude certain footwear from duty-free treatment under the CBERA and to provide duty-free treatment for certain other footwear that is the product of a designated beneficiary Caribbean Basin Trade Partnership Act country.

23. In order to implement the tariff treatment provided under section 1558 of the Miscellaneous Trade Act, it is necessary to modify the HTS.

24. Section 7(c) of the AGOA Acceleration Act of 2004 (Public Law 108–274) (the “AGOA Acceleration Act”) amended section 112(b)(6) of the of the African Growth and Opportunity Act (title I of Public Law 106–200) (AGOA) (19 U.S.C. 3721(b)(6)) by adding ethnic printed fabrics to the list of textile and apparel goods of beneficiary sub-Saharan African countries that may be eligible for the preferential treatment described in section 112(a) of the AGOA (19 U.S.C. 3721(a)).

25. Section 2 of Executive Order 13191 of January 17, 2001, delegated the President’s authority under section 112(b)(6) of the AGOA to the Committee for the Implementation of Textile Agreements (Committee), in consultation with the then-Commissioner, United States Customs Service, now the Commissioner, Bureau of Customs and Border Protection (Commissioner), to determine which, if any, particular textile and apparel goods of beneficiary sub-Saharan African countries shall be treated as being handloomed, handmade, or folklore articles. Executive Order 13191 further ordered the Commissioner to take actions directed by the Committee to carry out such determinations.

26. In order to implement section 7(c) of the AGOA Acceleration Act, it is necessary to modify Executive Order 13191.

27. Section 604 of the 1974 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, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

**Now, Therefore, I, George W. Bush,** 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 title V and section 604 of the 1974 Act, section 202 of the NAFTA Implementation Act, section 1558 of the Miscellaneous Trade Act, section 7(c) of the AGOA Acceleration Act, and section 301 of title 3, United States Code, do hereby proclaim:

(1) In order to reflect in the HTS the addition of Serbia and Montenegro as a beneficiary developing country under the GSP, general note 4(a) to the HTS is modified as provided in section A(1) of Annex I to this proclamation.

(2) In order to provide that one or more countries that have not been treated as beneficiary developing countries with respect to one or more eligible articles should be designated or redesignated as beneficiary developing countries with respect to such article or articles for purposes of the GSP, in order to terminate the suspensions of India’s and Pakistan’s eligibility for certain articles, and in order to provide that one or more countries should no longer be treated as beneficiary developing countries with respect to one or more eligible articles for purposes of the GSP, general note 4(d) to the HTS is modified as provided in section A(2) of Annex I to this proclamation.

(3) In order to designate certain articles as eligible articles for purposes of the GSP, the HTS is modified by amending and subdividing the nomenclature of certain existing HTS subheadings as provided in section B of Annex I to this proclamation.

(4) (a) In order to designate certain articles as eligible articles for purposes of the GSP, the Rates of Duty 1-Special subcolumn for such HTS subheadings is modified as provided in sections C(1) and C(2) of Annex I to this proclamation.

(b) In order to designate certain articles as eligible articles for purposes of the GSP when imported from any beneficiary developing country except for a country or countries exceeding the applicable competitive need limitation in 2004, the Rates of Duty 1-Special subcolumn for such HTS subheadings is modified as provided for in section C(3) of Annex I to this proclamation.

(c) In order to provide preferential tariff treatment under the GSP to a beneficiary developing country that has been excluded from the benefits of the GSP for certain eligible articles, the Rates of Duty 1-Special subcolumn for such HTS subheadings is modified as provided for in section C(4) of Annex I to this proclamation.

(d) In order to provide that one or more countries should not be treated as beneficiary developing countries with respect to certain eligible articles for purposes of the GSP, the Rates of Duty 1-Special subcolumn for such HTS subheadings is modified as provided for in section C(5) of Annex I to this proclamation.

(e) In order to reflect in the HTS the decision that certain members of the SAARC should be treated as one country for purposes of title V of the 1974 Act, and to enumerate those countries, general note 4(a) to the HTS is modified as provided in section D of Annex I to this proclamation.

(5) A waiver of the application of section 503(c)(2)(A)(i)(II) of the 1974 Act shall apply to the eligible articles in the HTS subheadings and to the beneficiary developing countries listed in Annex II to this proclamation.

(6) A waiver of the application of section 503(c)(2)(A) of the 1974 Act shall apply to the eligible articles in the HTS subheading and to the beneficiary developing countries set forth in Annex III to this proclamation.

(7) In order to modify the rules of origin under the NAFTA, general note 12 to the HTS is modified as provided in Annex IV to this proclamation.

(8) The modifications made by Annex IV to this proclamation shall be effective with respect to goods of Canada that are entered,

or withdrawn from warehouse for consumption, on or after the date provided in that Annex.

(9) General notes 7 and 17 to the HTS are modified as set forth in Annex V to this proclamation.

(10) The modifications made by Annex V to this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after December 18, 2004.

(11) In order to make technical corrections to the HTS, the HTS is modified as provided in Annex VI to this proclamation.

(12) The modifications made by Annex VI to this proclamation shall be effective with respect to articles entered, or withdrawn for consumption, on or after the dates provided in that Annex.

(13) Section 2 of Executive Order 13191 of January 17, 2001, is modified by revising the heading to state “Handloomed, Handmade, and Folklore Articles and Ethnic Printed Fabrics” and deleting the phrase “handloomed, handmade, or folklore articles,” and inserting in lieu thereof, “handloomed, handmade, or folklore articles or ethnic printed fabrics.”

(14) Any provisions of previous proclamations and Executive Orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

**In Witness Whereof**, I have hereunto set my hand this twenty-ninth day of June, in the year of our Lord two thousand five, and of the Independence of the United States of America the two hundred and twenty-ninth.

**George W. Bush**

[Filed with the Office of the Federal Register, 2:36 p.m., June 29, 2005]

NOTE: This proclamation and its attached annex were published in the *Federal Register* on June 30.

**Memorandum on Assignment of Certain Functions Relating to Telecommunications**

June 29, 2005

*Memorandum for the Director of the Office of Management and Budget*

*Subject:* Assignment of Certain Functions Relating to Telecommunications

By virtue of the authority vested in me by the Constitution and the laws of the United States, including section 301 of title 3, United States Code, I hereby assign to you the functions of the President under section 414 of the Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005 (Division H of Public Law 108-447), and the authority to issue regulations to which section 414 refers.

You are authorized and directed to publish this memorandum in the *Federal Register*.

**George W. Bush**

[Filed with the Office of the Federal Register, 8:45 a.m., July 5, 2005]

NOTE: This memorandum will be published in the *Federal Register* on July 7.

**Message to the Congress on Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters**

June 28, 2005

*To the Congress of the United States:*

Pursuant to the International Emergency Economic Powers Act, 50 U.S.C. 1701 *et seq.* (IEEPA), I hereby report that I have issued an Executive Order that takes additional steps with respect to the national emergency declared in Executive Order 12938 of November 14, 1994, regarding the proliferation of weapons of mass destruction (WMD) and the means of delivering them, and the measures imposed by that order, as expanded by Executive Order 13094 of July 28, 1998.

This order is designed to combat WMD trafficking by blocking the property of persons that engage in proliferation activities and their support networks. It is intended to advance international cooperative efforts

against WMD financing, including with our G-8 partners and through the Proliferation Security Initiative. This order also provides a model for other nations to follow in adopting laws to stem the flow of financial and other support for proliferation activities, as decided in United Nations Security Council Resolution 1540. It further implements a key recommendation of the Silberman-Robb WMD Commission.

Executive Order 12938, as amended, authorizes the Secretary of State to impose certain measures against foreign persons (individuals or entities) determined to have materially contributed to the proliferation efforts of any foreign country, project, or entity of proliferation concern. The measures that the Secretary of State may choose to impose under Executive Order 12938, as amended, are a ban on U.S. Government procurement from the designated foreign person; a ban on U.S. Government assistance to the designated foreign person; and a ban on imports from the designated foreign person.

Recognizing the need for additional tools to defeat the proliferation of WMD, I have signed the new order, which authorizes the imposition of a new measure—blocking—against WMD proliferators and their support networks. This action, sometimes referred to as freezing, will apply to property and interests in property of persons designated under the order and will deny such persons access to the U.S. financial and commercial systems. Modeled after Executive Order 13224 of September 23, 2001, the new order provides broad new authorities to target not only persons engaged in proliferation activities, but also those providing support or services to such proliferators.

In particular, the order blocks the property and interests in property in the United States, or in the possession or control of United States persons, of (1) the persons listed in the Annex to the order; (2) any foreign person determined by the Secretary of State, in consultation with the Secretary of the Treasury, the Attorney General, and other relevant agencies, to have engaged, or attempted to engage, in activities or transactions that have materially contributed to, or pose a risk of materially contributing to, the proliferation of WMD or their means of