

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Trade Act of 2002”.*

3 **SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF**
4 **CONTENTS.**

5 *(a) DIVISIONS.—This Act is organized into 5 divisions*
6 *as follows:*

7 *(1) DIVISION A.—Trade Adjustment Assistance.*

8 *(2) DIVISION B.—Bipartisan Trade Promotion*
9 *Authority.*

10 *(3) DIVISION C.—Andean Trade Preference Act.*

11 *(4) DIVISION D.—Extension of Certain Pref-*
12 *erential Trade Treatment and Other Provisions.*

13 *(5) DIVISION E.—Miscellaneous Provisions.*

14 *(b) TABLE OF CONTENTS.—The table of contents for*
15 *this Act is as follows:*

Sec. 1. Short title.

Sec. 2. Organization of Act into divisions; table of contents.

DIVISION A—TRADE ADJUSTMENT ASSISTANCE

Sec. 101. Short title.

TITLE I—TRADE ADJUSTMENT ASSISTANCE PROGRAM

Subtitle A—Trade Adjustment Assistance For Workers

Sec. 111. Reauthorization of trade adjustment assistance program.

Sec. 112. Filing of petitions and provision of rapid response assistance; expedited review of petitions by secretary of labor.

Sec. 113. Group eligibility requirements.

Sec. 114. Qualifying requirements for trade readjustment allowances.

Sec. 115. Waivers of training requirements.

Sec. 116. Amendments to limitations on trade readjustment allowances.

Sec. 117. Annual total amount of payments for training.

Sec. 118. Provision of employer-based training.

Sec. 119. Coordination with title I of the Workforce Investment Act of 1998.

Sec. 120. Expenditure period.

Sec. 121. Job search allowances.



- Sec. 122. Relocation allowances.*
- Sec. 123. Repeal of NAFTA transitional adjustment assistance program.*
- Sec. 124. Demonstration project for alternative trade adjustment assistance for older workers.*
- Sec. 125. Declaration of policy; sense of Congress.*

Subtitle B—Trade Adjustment Assistance For Firms

- Sec. 131. Reauthorization of program.*

Subtitle C—Trade Adjustment Assistance For Farmers

- Sec. 141. Trade adjustment assistance for farmers.*
- Sec. 142. Conforming amendments.*
- Sec. 143. Study on TAA for fishermen.*

Subtitle D—Effective Date

- Sec. 151. Effective date.*

TITLE II—CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS

- Sec. 201. Credit for health insurance costs of individuals receiving a trade readjustment allowance or a benefit from the Pension Benefit Guaranty Corporation.*
- Sec. 202. Advance payment of credit for health insurance costs of eligible individuals.*
- Sec. 203. Health insurance assistance for eligible individuals.*

TITLE III—CUSTOMS REAUTHORIZATION

- Sec. 301. Short title.*

Subtitle A—United States Customs Service

CHAPTER 1—DRUG ENFORCEMENT AND OTHER NONCOMMERCIAL AND COMMERCIAL OPERATIONS

- Sec. 311. Authorization of appropriations for noncommercial operations, commercial operations, and air and marine interdiction.*
- Sec. 312. Antiterrorist and illicit narcotics detection equipment for the United States-Mexico border, United States-Canada border, and Florida and the Gulf Coast seaports.*
- Sec. 313. Compliance with performance plan requirements.*

CHAPTER 2—CHILD CYBER-SMUGGLING CENTER OF THE CUSTOMS SERVICE

- Sec. 321. Authorization of appropriations for program to prevent child pornography/child sexual exploitation.*

CHAPTER 3—MISCELLANEOUS PROVISIONS

- Sec. 331. Additional Customs Service officers for United States-Canada Border.*
- Sec. 332. Study and report relating to personnel practices of the Customs Service.*
- Sec. 333. Study and report relating to accounting and auditing procedures of the Customs Service.*
- Sec. 334. Establishment and implementation of cost accounting system; reports.*
- Sec. 335. Study and report relating to timeliness of prospective rulings.*



- Sec. 336. Study and report relating to customs user fees.*
- Sec. 337. Fees for customs inspections at express courier facilities.*
- Sec. 338. National Customs Automation Program.*
- Sec. 339. Authorization of appropriations for customs staffing.*

CHAPTER 4—ANTITERRORISM PROVISIONS

- Sec. 341. Immunity for United States officials that act in good faith.*
- Sec. 342. Emergency adjustments to offices, ports of entry, or staffing of the customs service.*
- Sec. 343. Mandatory advanced electronic information for cargo and other improved Customs reporting procedures.*
- Sec. 343A. Secure systems of transportation.*
- Sec. 344. Border search authority for certain contraband in outbound mail.*
- Sec. 345. Authorization of appropriations for reestablishment of customs operations in New York City.*

CHAPTER 5—TEXTILE TRANSSHIPMENT PROVISIONS

- Sec. 351. GAO audit of textile transshipment monitoring by Customs Service.*
- Sec. 352. Authorization of appropriations for textile transshipment enforcement operations.*
- Sec. 353. Implementation of the African Growth and Opportunity Act.*

Subtitle B—Office of the United States Trade Representative

- Sec. 361. Authorization of appropriations.*

Subtitle C—United States International Trade Commission

- Sec. 371. Authorization of appropriations.*

Subtitle D—Other trade provisions

- Sec. 381. Increase in aggregate value of articles exempt from duty acquired abroad by United States residents.*
- Sec. 382. Regulatory audit procedures.*
- Sec. 383. Payment of duties and fees.*

DIVISION B—BIPARTISAN TRADE PROMOTION AUTHORITY

TITLE XXI—TRADE PROMOTION AUTHORITY

- Sec. 2101. Short title and findings.*
- Sec. 2102. Trade negotiating objectives.*
- Sec. 2103. Trade agreements authority.*
- Sec. 2104. Consultations and assessment.*
- Sec. 2105. Implementation of trade agreements.*
- Sec. 2106. Treatment of certain trade agreements for which negotiations have already begun.*
- Sec. 2107. Congressional Oversight Group.*
- Sec. 2108. Additional implementation and enforcement requirements.*
- Sec. 2109. Committee staff.*
- Sec. 2110. Conforming amendments.*
- Sec. 2111. Report on impact of trade promotion authority.*
- Sec. 2112. Interests of small business.*
- Sec. 2113. Definitions.*



DIVISION C—ANDEAN TRADE PREFERENCE ACT

TITLE XXXI—ANDEAN TRADE PREFERENCE

- Sec. 3101. Short title.*
- Sec. 3102. Findings.*
- Sec. 3103. Articles eligible for preferential treatment.*
- Sec. 3104. Termination.*
- Sec. 3105. Report on Free Trade Agreement with Israel.*
- Sec. 3106. Modification of duty treatment for tuna.*
- Sec. 3107. Trade benefits under the caribbean basin economic recovery act.*
- Sec. 3108. Trade benefits under the African Growth and Opportunity Act.*

DIVISION D—EXTENSION OF CERTAIN PREFERENTIAL TRADE TREATMENT

TITLE XLI—EXTENSION OF GENERALIZED SYSTEM OF PREFERENCES

- Sec. 4101. Extension of generalized system of preferences.*
- Sec. 4102. Amendments to generalized system of preferences.*

DIVISION E—MISCELLANEOUS PROVISIONS

TITLE L—MISCELLANEOUS TRADE BENEFITS

Subtitle A—Wool Provisions

- Sec. 5101. Wool provisions.*
- Sec. 5102. Duty suspension on wool.*

Subtitle B—Other Provisions

- Sec. 5201. Fund for WTO dispute settlements.*
- Sec. 5202. Certain steam or other vapor generating boilers used in nuclear facilities.*
- Sec. 5203. Sugar tariff-rate quota circumvention.*

1 ***DIVISION A—TRADE***
 2 ***ADJUSTMENT ASSISTANCE***

3 ***SEC. 101. SHORT TITLE.***

4 *This division may be cited as the “Trade Adjustment*
 5 *Assistance Reform Act of 2002”.*



1 **TITLE I—TRADE ADJUSTMENT**
2 **ASSISTANCE PROGRAM**
3 **Subtitle A—Trade Adjustment**
4 **Assistance For Workers**

5 **SEC. 111. REAUTHORIZATION OF TRADE ADJUSTMENT AS-**
6 **SISTANCE PROGRAM.**

7 (a) *ASSISTANCE FOR WORKERS.*—Section 245 of the
8 *Trade Act of 1974 (19 U.S.C. 2317) is amended by striking*
9 *“October 1, 1998, and ending September 30, 2001,” each*
10 *place it appears and inserting “October 1, 2001, and end-*
11 *ing September 30, 2007.”.*

12 (b) *ASSISTANCE FOR FIRMS.*—Section 256(b) of the
13 *Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by strik-*
14 *ing “October 1, 1998, and ending September 30, 2001” and*
15 *inserting “October 1, 2001, and ending September 30,*
16 *2007.”.*

17 (c) *TERMINATION.*—Section 285 of the *Trade Act of*
18 *1974 is amended to read as follows:*

19 **“SEC. 285. TERMINATION.**

20 “(a) *ASSISTANCE FOR WORKERS.*—

21 “(1) *IN GENERAL.*—*Except as provided in para-*
22 *graph (2), trade adjustment assistance, vouchers, al-*
23 *lowances, and other payments or benefits may not be*
24 *provided under chapter 2 after September 30, 2007.*



1 “(2) *EXCEPTION.—Notwithstanding paragraph*
2 *(1), a worker shall continue to receive trade adjust-*
3 *ment assistance benefits and other benefits under*
4 *chapter 2 for any week for which the worker meets the*
5 *eligibility requirements of that chapter, if on or before*
6 *September 30, 2007, the worker is—*

7 “(A) *certified as eligible for trade adjust-*
8 *ment assistance benefits under chapter 2 of this*
9 *title; and*

10 “(B) *otherwise eligible to receive trade ad-*
11 *justment assistance benefits under chapter 2.*

12 “(b) *OTHER ASSISTANCE.—*

13 “(1) *ASSISTANCE FOR FIRMS.—Technical assist-*
14 *ance may not be provided under chapter 3 after Sep-*
15 *tember 30, 2007.*

16 “(2) *ASSISTANCE FOR FARMERS.—*

17 “(A) *IN GENERAL.—Except as provided in*
18 *subparagraph (B), adjustment assistance, vouch-*
19 *ers, allowances, and other payments or benefits*
20 *may not be provided under chapter 6 after Sep-*
21 *tember 30, 2007.*

22 “(B) *EXCEPTION.—Notwithstanding sub-*
23 *paragraph (A), an agricultural commodity pro-*
24 *ducer (as defined in section 291(2)) shall con-*
25 *tinue to receive adjustment assistance benefits*



1 *and other benefits under chapter 6, for any week*
2 *for which the agricultural commodity producer*
3 *meets the eligibility requirements of chapter 6, if*
4 *on or before September 30, 2007, the agricultural*
5 *commodity producer is—*

6 “(i) *certified as eligible for adjustment*
7 *assistance benefits under chapter 6; and*

8 “(ii) *is otherwise eligible to receive ad-*
9 *justment assistance benefits under such*
10 *chapter 6.”.*

11 **SEC. 112. FILING OF PETITIONS AND PROVISION OF RAPID**
12 **RESPONSE ASSISTANCE; EXPEDITED REVIEW**
13 **OF PETITIONS BY SECRETARY OF LABOR.**

14 *(a) FILING OF PETITIONS AND PROVISION OF RAPID*
15 *RESPONSE ASSISTANCE.—Section 221(a) of the Trade Act*
16 *of 1974 (19 U.S.C. 2271(a)) is amended to read as follows:*

17 “(a)(1) *A petition for certification of eligibility to*
18 *apply for adjustment assistance for a group of workers*
19 *under this chapter may be filed simultaneously with the*
20 *Secretary and with the Governor of the State in which such*
21 *workers’ firm or subdivision is located by any of the fol-*
22 *lowing:*

23 “(A) *The group of workers (including workers in*
24 *an agricultural firm or subdivision of any agricul-*
25 *tural firm).*



1 “(B) *The certified or recognized union or other*
2 *duly authorized representative of such workers.*

3 “(C) *Employers of such workers, one-stop opera-*
4 *tors or one-stop partners (as defined in section 101 of*
5 *the Workforce Investment Act of 1998 (29 U.S.C.*
6 *2801)), including State employment security agencies,*
7 *or the State dislocated worker unit established under*
8 *title I of such Act, on behalf of such workers.*

9 “(2) *Upon receipt of a petition filed under paragraph*
10 *(1), the Governor shall—*

11 “(A) *ensure that rapid response assistance, and*
12 *appropriate core and intensive services (as described*
13 *in section 134 of the Workforce Investment Act of*
14 *1998 (29 U.S.C. 2864)) authorized under other Fed-*
15 *eral laws are made available to the workers covered*
16 *by the petition to the extent authorized under such*
17 *laws; and*

18 “(B) *assist the Secretary in the review of the pe-*
19 *tition by verifying such information and providing*
20 *such other assistance as the Secretary may request.*

21 “(3) *Upon receipt of the petition, the Secretary shall*
22 *promptly publish notice in the Federal Register that the*
23 *Secretary has received the petition and initiated an inves-*
24 *tigation.”.*



1 (b) *EXPEDITED REVIEW OF PETITIONS BY SECRETARY*
2 *OF LABOR.*—Section 223(a) of such Act (19 U.S.C. 2273(a))
3 is amended in the first sentence by striking “60 days” and
4 inserting “40 days”.

5 **SEC. 113. GROUP ELIGIBILITY REQUIREMENTS.**

6 (a) *TRADE ADJUSTMENT ASSISTANCE PROGRAM.*—

7 (1) *IN GENERAL.*—Section 222 of the Trade Act
8 of 1974 (19 U.S.C. 2272) is amended—

9 (A) by amending subsection (a) to read as
10 follows:

11 “(a) *IN GENERAL.*—A group of workers (including
12 workers in any agricultural firm or subdivision of an agri-
13 cultural firm) shall be certified by the Secretary as eligible
14 to apply for adjustment assistance under this chapter pur-
15 suant to a petition filed under section 221 if the Secretary
16 determines that—

17 “(1) a significant number or proportion of the
18 workers in such workers’ firm, or an appropriate sub-
19 division of the firm, have become totally or partially
20 separated, or are threatened to become totally or par-
21 tially separated; and

22 “(2)(A)(i) the sales or production, or both, of
23 such firm or subdivision have decreased absolutely;



1 “(ii) imports of articles like or directly competi-
2 tive with articles produced by such firm or subdivi-
3 sion have increased; and

4 “(iii) the increase in imports described in clause
5 (ii) contributed importantly to such workers’ separa-
6 tion or threat of separation and to the decline in the
7 sales or production of such firm or subdivision; or

8 “(B)(i) there has been a shift in production by
9 such workers’ firm or subdivision to a foreign country
10 of articles like or directly competitive with articles
11 which are produced by such firm or subdivision; and

12 “(ii)(I) the country to which the workers’ firm
13 has shifted production of the articles is a party to a
14 free trade agreement with the United States;

15 “(II) the country to which the workers’ firm has
16 shifted production of the articles is a beneficiary
17 country under the Andean Trade Preference Act, Afri-
18 can Growth and Opportunity Act, or the Caribbean
19 Basin Economic Recovery Act; or

20 “(III) there has been or is likely to be an in-
21 crease in imports of articles that are like or directly
22 competitive with articles which are or were produced
23 by such firm or subdivision.”;

24 (B) by redesignating subsection (b) as sub-
25 section (c); and



1 (C) by inserting after subsection (a) the fol-
2 lowing:

3 “(b) *ADVERSELY AFFECTED SECONDARY WORKERS.*—
4 *A group of workers (including workers in any agricultural*
5 *firm or subdivision of an agricultural firm) shall be cer-*
6 *tified by the Secretary as eligible to apply for trade adjust-*
7 *ment assistance benefits under this chapter if the Secretary*
8 *determines that—*

9 “(1) *a significant number or proportion of the*
10 *workers in the workers’ firm or an appropriate sub-*
11 *division of the firm have become totally or partially*
12 *separated, or are threatened to become totally or par-*
13 *tially separated;*

14 “(2) *the workers’ firm (or subdivision) is a sup-*
15 *plier or downstream producer to a firm (or subdivi-*
16 *sion) that employed a group of workers who received*
17 *a certification of eligibility under subsection (a), and*
18 *such supply or production is related to the article*
19 *that was the basis for such certification (as defined in*
20 *subsection (c) (3) and (4)); and*

21 “(3) *either—*

22 “(A) *the workers’ firm is a supplier and the*
23 *component parts it supplied to the firm (or sub-*
24 *division) described in paragraph (2) accounted*



1 *for at least 20 percent of the production or sales*
2 *of the workers' firm; or*

3 “(B) *a loss of business by the workers' firm*
4 *with the firm (or subdivision) described in para-*
5 *graph (2) contributed importantly to the work-*
6 *ers' separation or threat of separation deter-*
7 *mined under paragraph (1).”.*

8 (b) *DEFINITIONS.—Section 222(c) of such Act, as re-*
9 *designated by paragraph (1)(A), is amended—*

10 (1) *in the matter preceding paragraph (1), by*
11 *striking “subsection (a)(3)” and inserting “this sec-*
12 *tion”;* and

13 (2) *by adding at the end the following:*

14 “(3) *DOWNSTREAM PRODUCER.—The term*
15 *‘downstream producer’ means a firm that performs*
16 *additional, value-added production processes for a*
17 *firm or subdivision, including a firm that performs*
18 *final assembly or finishing, directly for another firm*
19 *(or subdivision), for articles that were the basis for a*
20 *certification of eligibility under subsection (a) of a*
21 *group of workers employed by such other firm, if the*
22 *certification of eligibility under subsection (a) is*
23 *based on an increase in imports from, or a shift in*
24 *production to, Canada or Mexico.*



1 “(4) *SUPPLIER.*—The term ‘supplier’ means a
2 *firm that produces and supplies directly to another*
3 *firm (or subdivision) component parts for articles*
4 *that were the basis for a certification of eligibility*
5 *under subsection (a) of a group of workers employed*
6 *by such other firm.”.*

7 **SEC. 114. QUALIFYING REQUIREMENTS FOR TRADE READ-**
8 **JUSTMENT ALLOWANCES.**

9 (a) *CLARIFICATION OF CERTAIN REDUCTIONS.*—Sec-
10 *tion 231(a)(3)(B) of the Trade Act of 1974 (19 U.S.C.*
11 *2291(a)(3)(B)) is amended by inserting after “any unem-*
12 *ployment insurance” the following: “, except additional*
13 *compensation that is funded by a State and is not reim-*
14 *bursed from any Federal funds,”.*

15 (b) *ENROLLMENT IN TRAINING REQUIREMENT.*—Sec-
16 *tion 231(a)(5)(A) of such Act (19 U.S.C. 2291(a)(5)(A)) is*
17 *amended—*

18 (1) *by inserting “(i)” after “(A)”;*

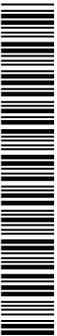
19 (2) *by adding “and” after the comma at the end;*

20 *and*

21 (3) *by adding at the end the following:*

22 “(i) *the enrollment required under clause*
23 *(i) occurs no later than the latest of—*

24 “(I) *the last day of the 16th week after*
25 *the worker’s most recent total separation*



1 *from adversely affected employment which*
2 *meets the requirements of paragraphs (1)*
3 *and (2),*

4 *“(II) the last day of the 8th week after*
5 *the week in which the Secretary issues a*
6 *certification covering the worker,*

7 *“(III) 45 days after the later of the*
8 *dates specified in subclause (I) or (II), if*
9 *the Secretary determines there are extenu-*
10 *ating circumstances that justify an exten-*
11 *sion in the enrollment period, or*

12 *“(IV) the last day of a period deter-*
13 *mined by the Secretary to be approved for*
14 *enrollment after the termination of a waiver*
15 *issued pursuant to subsection (c),”.*

16 **SEC. 115. WAIVERS OF TRAINING REQUIREMENTS.**

17 *(a) IN GENERAL.—Section 231(c) of the Trade Act of*
18 *1974 (19 U.S.C. 2291(c)) is amended to read as follows:*

19 *“(c) WAIVERS OF TRAINING REQUIREMENTS.—*

20 *“(1) ISSUANCE OF WAIVERS.—The Secretary*
21 *may issue a written statement to an adversely af-*
22 *ected worker waiving the requirement to be enrolled*
23 *in training described in subsection (a)(5)(A) if the*
24 *Secretary determines that it is not feasible or appro-*



1 *appropriate for the worker, because of 1 or more of the fol-*
2 *lowing reasons:*

3 *“(A) RECALL.—The worker has been noti-*
4 *fied that the worker will be recalled by the firm*
5 *from which the separation occurred.*

6 *“(B) MARKETABLE SKILLS.—The worker*
7 *possesses marketable skills for suitable employ-*
8 *ment (as determined pursuant to an assessment*
9 *of the worker, which may include the profiling*
10 *system under section 303(j) of the Social Secu-*
11 *rity Act (42 U.S.C. 503(j)), carried out in ac-*
12 *cordance with guidelines issued by the Secretary)*
13 *and there is a reasonable expectation of employ-*
14 *ment at equivalent wages in the foreseeable fu-*
15 *ture.*

16 *“(C) RETIREMENT.—The worker is within 2*
17 *years of meeting all requirements for entitlement*
18 *to either—*

19 *“(i) old-age insurance benefits under*
20 *title II of the Social Security Act (42*
21 *U.S.C. 401 et seq.) (except for application*
22 *therefor); or*

23 *“(ii) a private pension sponsored by*
24 *an employer or labor organization.*



1 “(D) *HEALTH.*—*The worker is unable to*
2 *participate in training due to the health of the*
3 *worker, except that a waiver under this subpara-*
4 *graph shall not be construed to exempt a worker*
5 *from requirements relating to the availability for*
6 *work, active search for work, or refusal to accept*
7 *work under Federal or State unemployment com-*
8 *ensation laws.*

9 “(E) *ENROLLMENT UNAVAILABLE.*—*The*
10 *first available enrollment date for the approved*
11 *training of the worker is within 60 days after*
12 *the date of the determination made under this*
13 *paragraph, or, if later, there are extenuating cir-*
14 *cumstances for the delay in enrollment, as deter-*
15 *mined pursuant to guidelines issued by the Sec-*
16 *retary.*

17 “(F) *TRAINING NOT AVAILABLE.*—*Training*
18 *approved by the Secretary is not reasonably*
19 *available to the worker from either governmental*
20 *agencies or private sources (which may include*
21 *area vocational education schools, as defined in*
22 *section 3 of the Carl D. Perkins Vocational and*
23 *Technical Education Act of 1998 (20 U.S.C.*
24 *2302), and employers), no training that is suit-*



1 *able for the worker is available at a reasonable*
2 *cost, or no training funds are available.*

3 “(2) *DURATION OF WAIVERS.*—

4 “(A) *IN GENERAL.*—*A waiver issued under*
5 *paragraph (1) shall be effective for not more*
6 *than 6 months after the date on which the waiv-*
7 *er is issued, unless the Secretary determines oth-*
8 *erwise.*

9 “(B) *REVOCATION.*—*The Secretary shall re-*
10 *voke a waiver issued under paragraph (1) if the*
11 *Secretary determines that the basis of a waiver*
12 *is no longer applicable to the worker and shall*
13 *notify the worker in writing of the revocation.*

14 “(3) *AGREEMENTS UNDER SECTION 239.*—

15 “(A) *ISSUANCE BY COOPERATING STATES.*—
16 *Pursuant to an agreement under section 239, the*
17 *Secretary may authorize a cooperating State to*
18 *issue waivers as described in paragraph (1).*

19 “(B) *SUBMISSION OF STATEMENTS.*—*An*
20 *agreement under section 239 shall include a re-*
21 *quirement that the cooperating State submit to*
22 *the Secretary the written statements provided*
23 *under paragraph (1) and a statement of the rea-*
24 *sons for the waiver.”.*



1 “(g) Notwithstanding any other provision of this sec-
 2 tion, in order to assist an adversely affected worker to com-
 3 plete training approved for the worker under section 236
 4 which includes a program of remedial education (as de-
 5 scribed in section 236(a)(5)(D)), and in accordance with
 6 regulations prescribed by the Secretary, payments may be
 7 made as trade readjustment allowances for up to 26 addi-
 8 tional weeks in the 26-week period that follows the last week
 9 of entitlement to trade readjustment allowances otherwise
 10 payable under this chapter.”

11 **SEC. 117. ANNUAL TOTAL AMOUNT OF PAYMENTS FOR**
 12 **TRAINING.**

13 Section 236(a)(2)(A) of the Trade Act of 1974 (19
 14 U.S.C. 2296(a)(2)(A)) is amended by striking
 15 “\$80,000,000” and all that follows through “\$70,000,000”
 16 and inserting “\$220,000,000”.

17 **SEC. 118. PROVISION OF EMPLOYER-BASED TRAINING.**

18 (a) *IN GENERAL.*—Section 236(a)(5)(A) of the Trade
 19 Act of 1974 (19 U.S.C. 2296(a)(5)(A)) is amended to read
 20 as follows:

21 “(A) employer-based training, including—
 22 “(i) on-the-job training, and
 23 “(ii) customized training.”

24 (b) *REIMBURSEMENT.*—Section 236(c)(8) of such Act
 25 (19 U.S.C. 2296(c)(8)) is amended to read as follows:



1 “(8) the employer is provided reimbursement of
2 not more than 50 percent of the wage rate of the par-
3 ticipant, for the cost of providing the training and
4 additional supervision related to the training.”.

5 (c) *DEFINITION.*—Section 236 of such Act (19 U.S.C.
6 2296) is amended by adding at the end the following new
7 subsection:

8 “(f) For purposes of this section, the term ‘customized
9 training’ means training that is—

10 “(1) designed to meet the special requirements of
11 an employer or group of employers;

12 “(2) conducted with a commitment by the em-
13 ployer or group of employers to employ an individual
14 upon successful completion of the training; and

15 “(3) for which the employer pays for a signifi-
16 cant portion (but in no case less than 50 percent) of
17 the cost of such training, as determined by the Sec-
18 retary.”.

19 **SEC. 119. COORDINATION WITH TITLE I OF THE WORK-**
20 **FORCE INVESTMENT ACT OF 1998.**

21 Section 235 of the Trade Act of 1974 (19 U.S.C. 2295)
22 is amended by inserting before the period at the end of the
23 first sentence the following: “, including the services pro-
24 vided through one-stop delivery systems described in section



1 134(c) of the Workforce Investment Act of 1998 (29 U.S.C.
2 2864(c))”.

3 **SEC. 120. EXPENDITURE PERIOD.**

4 Section 245 of the Trade Act of 1974 (19 U.S.C. 2317),
5 as amended by section 111(a) of this Act, is further amend-
6 ed by amending subsection (b) to read as follows:

7 “(b) *PERIOD OF EXPENDITURE.*—Funds obligated for
8 any fiscal year to carry out activities under sections 235
9 through 238 may be expended by each State receiving such
10 funds during that fiscal year and the succeeding two fiscal
11 years.”.

12 **SEC. 121. JOB SEARCH ALLOWANCES.**

13 Section 237 of the Trade Act of 1974 (19 U.S.C. 2297)
14 is amended to read as follows:

15 **“SEC. 237. JOB SEARCH ALLOWANCES.**

16 “(a) *JOB SEARCH ALLOWANCE AUTHORIZED.*—

17 “(1) *IN GENERAL.*—An adversely affected worker
18 covered by a certification issued under subchapter A
19 of this chapter may file an application with the Sec-
20 retary for payment of a job search allowance.

21 “(2) *APPROVAL OF APPLICATIONS.*—The Sec-
22 retary may grant an allowance pursuant to an appli-
23 cation filed under paragraph (1) when all of the fol-
24 lowing apply:



1 “(A) *ASSIST ADVERSELY AFFECTED WORK-*
2 *ER.—The allowance is paid to assist an ad-*
3 *versely affected worker who has been totally sepa-*
4 *rated in securing a job within the United States.*

5 “(B) *LOCAL EMPLOYMENT NOT AVAIL-*
6 *ABLE.—The Secretary determines that the work-*
7 *er cannot reasonably be expected to secure suit-*
8 *able employment in the commuting area in*
9 *which the worker resides.*

10 “(C) *APPLICATION.—The worker has filed*
11 *an application for the allowance with the Sec-*
12 *retary before—*

13 “(i) *the later of—*

14 “(I) *the 365th day after the date*
15 *of the certification under which the*
16 *worker is certified as eligible; or*

17 “(II) *the 365th day after the date*
18 *of the worker’s last total separation; or*

19 “(ii) *the date that is the 182d day*
20 *after the date on which the worker con-*
21 *cluded training, unless the worker received*
22 *a waiver under section 231(c).*

23 “(b) *AMOUNT OF ALLOWANCE.—*

24 “(1) *IN GENERAL.—An allowance granted under*
25 *subsection (a) shall provide reimbursement to the*



1 *worker of 90 percent of the cost of necessary job search*
2 *expenses as prescribed by the Secretary in regulations.*

3 “(2) *MAXIMUM ALLOWANCE.—Reimbursement*
4 *under this subsection may not exceed \$1,250 for any*
5 *worker.*

6 “(3) *ALLOWANCE FOR SUBSISTENCE AND TRANS-*
7 *PORTATION.—Reimbursement under this subsection*
8 *may not be made for subsistence and transportation*
9 *expenses at levels exceeding those allowable under sec-*
10 *tion 236(b) (1) and (2).*

11 “(c) *EXCEPTION.—Notwithstanding subsection (b), the*
12 *Secretary shall reimburse any adversely affected worker for*
13 *necessary expenses incurred by the worker in participating*
14 *in a job search program approved by the Secretary.”.*

15 **SEC. 122. RELOCATION ALLOWANCES.**

16 *Section 238 of the Trade Act of 1974 (19 U.S.C. 2298)*
17 *is amended to read as follows:*

18 **“SEC. 238. RELOCATION ALLOWANCES.**

19 “(a) *RELOCATION ALLOWANCE AUTHORIZED.—*

20 “(1) *IN GENERAL.—Any adversely affected work-*
21 *er covered by a certification issued under subchapter*
22 *A of this chapter may file an application for a reloca-*
23 *tion allowance with the Secretary, and the Secretary*
24 *may grant the relocation allowance, subject to the*
25 *terms and conditions of this section.*



1 “(2) *CONDITIONS FOR GRANTING ALLOWANCE.*—
2 *A relocation allowance may be granted if all of the*
3 *following terms and conditions are met:*

4 “(A) *ASSIST AN ADVERSELY AFFECTED*
5 *WORKER.*—*The relocation allowance will assist*
6 *an adversely affected worker in relocating within*
7 *the United States.*

8 “(B) *LOCAL EMPLOYMENT NOT AVAIL-*
9 *ABLE.*—*The Secretary determines that the work-*
10 *er cannot reasonably be expected to secure suit-*
11 *able employment in the commuting area in*
12 *which the worker resides.*

13 “(C) *TOTAL SEPARATION.*—*The worker is*
14 *totally separated from employment at the time*
15 *relocation commences.*

16 “(D) *SUITABLE EMPLOYMENT OBTAINED.*—
17 *The worker—*

18 “(i) *has obtained suitable employment*
19 *affording a reasonable expectation of long-*
20 *term duration in the area in which the*
21 *worker wishes to relocate; or*

22 “(ii) *has obtained a bona fide offer of*
23 *such employment.*

24 “(E) *APPLICATION.*—*The worker filed an*
25 *application with the Secretary before—*



1 “(i) the later of—
2 “(I) the 425th day after the date
3 of the certification under subchapter A
4 of this chapter; or
5 “(II) the 425th day after the date
6 of the worker’s last total separation; or
7 “(ii) the date that is the 182d day
8 after the date on which the worker con-
9 cluded training, unless the worker received
10 a waiver under section 231(c).

11 “(b) *AMOUNT OF ALLOWANCE.*—The relocation allow-
12 ance granted to a worker under subsection (a) includes—

13 “(1) 90 percent of the reasonable and necessary
14 expenses (including, but not limited to, subsistence
15 and transportation expenses at levels not exceeding
16 those allowable under section 236(b) (1) and (2) spec-
17 ified in regulations prescribed by the Secretary, in-
18 curred in transporting the worker, the worker’s fam-
19 ily, and household effects; and

20 “(2) a lump sum equivalent to 3 times the work-
21 er’s average weekly wage, up to a maximum payment
22 of \$1,250.

23 “(c) *LIMITATIONS.*—A relocation allowance may not
24 be granted to a worker unless—



1 “(1) the relocation occurs within 182 days after
2 the filing of the application for relocation assistance;
3 or

4 “(2) the relocation occurs within 182 days after
5 the conclusion of training, if the worker entered a
6 training program approved by the Secretary under
7 section 236(b) (1) and (2).”.

8 **SEC. 123. REPEAL OF NAFTA TRANSITIONAL ADJUSTMENT**
9 **ASSISTANCE PROGRAM.**

10 (a) *IN GENERAL.*—Subchapter D of chapter 2 of title
11 *II of such Act (19 U.S.C. 2331) is repealed.*

12 (b) *CONFORMING AMENDMENTS.*—

13 (1) *Section 225(b) (1) and (2) of the Trade Act*
14 *of 1974 (19 U.S.C. 2275(b) (1) and (2)) is amended*
15 *by striking “or subchapter D” each place it appears.*

16 (2) *Section 249A of such Act (19 U.S.C. 2322)*
17 *is repealed.*

18 (3) *The table of contents of such Act is*
19 *amended—*

20 (A) *by striking the item relating to section*
21 *249A; and*

22 (B) *by striking the items relating to sub-*
23 *chapter D of chapter 2 of title II.*

24 (4) *Section 284(a) of such Act is amended by*
25 *striking “or section 250(c)”.*



1 (c) *EFFECTIVE DATE.*—

2 (1) *IN GENERAL.*—*The amendments made by*
3 *this section shall apply with respect to petitions filed*
4 *under chapter 2 of title II of the Trade Act of 1974,*
5 *on or after the date that is 90 days after the date of*
6 *enactment of this Act.*

7 (2) *WORKERS CERTIFIED AS ELIGIBLE BEFORE*
8 *EFFECTIVE DATE.*—*Notwithstanding subsection (a), a*
9 *worker receiving benefits under chapter 2 of title II*
10 *of the Trade Act of 1974 shall continue to receive (or*
11 *be eligible to receive) benefits and services under chap-*
12 *ter 2 of title II of the Trade Act of 1974, as in effect*
13 *on the day before the amendments made by this sec-*
14 *tion take effect under subsection (a), for any week for*
15 *which the worker meets the eligibility requirements of*
16 *such chapter 2 as in effect on such date.*

17 **SEC. 124. DEMONSTRATION PROJECT FOR ALTERNATIVE**
18 **TRADE ADJUSTMENT ASSISTANCE FOR**
19 **OLDER WORKERS.**

20 (a) *DEMONSTRATION PROGRAM.*—*Chapter 2 of title II*
21 *of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) is amended*
22 *by striking section 246 and inserting the following new sec-*
23 *tion:*



1 **“SEC. 246. DEMONSTRATION PROJECT FOR ALTERNATIVE**
2 **TRADE ADJUSTMENT ASSISTANCE FOR**
3 **OLDER WORKERS.**

4 *“(a) IN GENERAL.—*

5 *“(1) ESTABLISHMENT.—Not later than 1 year*
6 *after the date of enactment of the Trade Adjustment*
7 *Assistance Reform Act of 2002, the Secretary shall es-*
8 *tablish an alternative trade adjustment assistance*
9 *program for older workers that provides the benefits*
10 *described in paragraph (2).*

11 *“(2) BENEFITS.*

12 *“(A) PAYMENTS.—A State shall use the*
13 *funds provided to the State under section 241 to*
14 *pay, for a period not to exceed 2 years, to a*
15 *worker described in paragraph (3)(B), 50 per-*
16 *cent of the difference between—*

17 *“(i) the wages received by the worker*
18 *from reemployment; and*

19 *“(ii) the wages received by the worker*
20 *at the time of separation.*

21 *“(B) HEALTH INSURANCE.—A worker de-*
22 *scribed in paragraph (3)(B) participating in the*
23 *program established under paragraph (1) is eli-*
24 *gible to receive, for a period not to exceed 2*
25 *years, a credit for health insurance costs under*
26 *section 35 of the Internal Revenue Code of 1986,*



1 *as added by section 201 of the Trade Act of*
2 *2002.*

3 “(3) *ELIGIBILITY.*—

4 “(A) *FIRM ELIGIBILITY.*—

5 “(i) *IN GENERAL.*—*The Secretary shall*
6 *provide the opportunity for a group of*
7 *workers on whose behalf a petition is filed*
8 *under section 221 to request that the group*
9 *of workers be certified for the alternative*
10 *trade adjustment assistance program under*
11 *this section at the time the petition is filed.*

12 “(ii) *CRITERIA.*—*In determining*
13 *whether to certify a group of workers as eli-*
14 *gible for the alternative trade adjustment*
15 *assistance program, the Secretary shall con-*
16 *sider the following criteria:*

17 “(I) *Whether a significant number*
18 *of workers in the workers’ firm are 50*
19 *years of age or older.*

20 “(II) *Whether the workers in the*
21 *workers’ firm possess skills that are not*
22 *easily transferable.*

23 “(III) *The competitive conditions*
24 *within the workers’ industry.*



1 “(iii) *DEADLINE.*—*The Secretary shall*
2 *determine whether the workers in the group*
3 *are eligible for the alternative trade adjust-*
4 *ment assistance program by the date speci-*
5 *fied in section 223(a).*

6 “(B) *INDIVIDUAL ELIGIBILITY.*—*A worker*
7 *in the group that the Secretary has certified as*
8 *eligible for the alternative trade adjustment as-*
9 *sistance program may elect to receive benefits*
10 *under the alternative trade adjustment assistance*
11 *program if the worker—*

12 “(i) *is covered by a certification under*
13 *subchapter A of this chapter;*

14 “(ii) *obtains reemployment not more*
15 *than 26 weeks after the date of separation*
16 *from the adversely affected employment;*

17 “(iii) *is at least 50 years of age; and*

18 “(iv) *earns not more than \$50,000 a*
19 *year in wages from reemployment;*

20 “(v) *is employed on a full-time basis*
21 *as defined by State law in the State in*
22 *which the worker is employed; and*

23 “(vi) *does not return to the employ-*
24 *ment from which the worker was separated.*



1 “(4) *TOTAL AMOUNT OF PAYMENTS.*—*The pay-*
2 *ments described in paragraph (2)(A) made to a work-*
3 *er may not exceed \$10,000 per worker during the 2-*
4 *year eligibility period.*

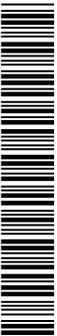
5 “(5) *LIMITATION ON OTHER BENEFITS.*—*Except*
6 *as provided in section 238(a)(2)(B), if a worker is re-*
7 *ceiving payments pursuant to the program established*
8 *under paragraph (1), the worker shall not be eligible*
9 *to receive any other benefits under this title.*

10 “(b) *TERMINATION.*—

11 “(1) *IN GENERAL.*—*Except as provided in para-*
12 *graph (2), no payments may be made by a State*
13 *under the program established under subsection (a)(1)*
14 *after the date that is 5 years after the date on which*
15 *such program is implemented by the State.*

16 “(2) *EXCEPTION.*—*Notwithstanding paragraph*
17 *(1), a worker receiving payments under the program*
18 *established under subsection (a)(1) on the termination*
19 *date described in paragraph (1) shall continue to re-*
20 *ceive such payments provided that the worker meets*
21 *the criteria described in subsection (a)(3)(B).”.*

22 “(b) *TABLE OF CONTENTS.*—*The Trade Act of 1974*
23 *(U.S.C. et seq.) is amended in the table of contents by in-*
24 *serting after the item relating to section 245 the following*
25 *new item:*



“Sec. 246. Demonstration project for alternative trade adjustment assistance for older workers.”.

1 **SEC. 125. DECLARATION OF POLICY; SENSE OF CONGRESS.**

2 (a) *DECLARATION OF POLICY.*—Congress reiterates
3 that, under the trade adjustment assistance program under
4 chapter 2 of title II of the Trade Act of 1974, workers are
5 eligible for transportation, childcare, and healthcare assist-
6 ance, as well as other related assistance under programs
7 administered by the Department of Labor.

8 (b) *SENSE OF CONGRESS.*—It is the sense of Congress
9 that the Secretary of Labor, working independently and in
10 conjunction with the States, should, in accordance with sec-
11 tion 225 of the Trade Act of 1974, provide more specific
12 information about benefit allowances, training, and other
13 employment services, and the petition and application pro-
14 cedures (including appropriate filing dates) for such allow-
15 ances, training, and services, under the trade adjustment
16 assistance program under chapter 2 of title II of the Trade
17 Act of 1974 to workers who are applying for, or are certified
18 to receive, assistance under that program, including infor-
19 mation on all other Federal assistance available to such
20 workers.



1 **Subtitle B—Trade Adjustment**
2 **Assistance For Firms**

3 **SEC. 131. REAUTHORIZATION OF PROGRAM.**

4 Section 256(b) of chapter 3 of title II of the Trade Act
5 of 1974 (19 U.S.C. 2346(b)) is amended to read as follows:

6 “(b) There are authorized to be appropriated to the
7 Secretary \$16,000,000 for each of fiscal years 2003 through
8 2007, to carry out the Secretary’s functions under this
9 chapter in connection with furnishing adjustment assist-
10 ance to firms. Amounts appropriated under this subsection
11 shall remain available until expended.”.

12 **Subtitle C—Trade Adjustment**
13 **Assistance For Farmers**

14 **SEC. 141. TRADE ADJUSTMENT ASSISTANCE FOR FARMERS.**

15 (a) *IN GENERAL.*—Title II of the Trade Act of 1974
16 (19 U.S.C. 2251 et seq.) is amended by adding at the end
17 the following new chapter:

18 **“CHAPTER 6—ADJUSTMENT ASSISTANCE**
19 **FOR FARMERS**

20 **“SEC. 291. DEFINITIONS.**

21 *“In this chapter:*

22 *“(1) AGRICULTURAL COMMODITY.—The term ‘ag-*
23 *ricultural commodity’ means any agricultural com-*
24 *modity (including livestock) in its raw or natural*
25 *state.*



1 “(2) *AGRICULTURAL COMMODITY PRODUCER.*—
2 *The term ‘agricultural commodity producer’ has the*
3 *same meaning as the term ‘person’ as prescribed by*
4 *regulations promulgated under section 1001(5) of the*
5 *Food Security Act of 1985 (7 U.S.C. 1308(5)).*

6 “(3) *CONTRIBUTED IMPORTANTLY.*—

7 “(A) *IN GENERAL.*—*The term ‘contributed*
8 *importantly’ means a cause which is important*
9 *but not necessarily more important than any*
10 *other cause.*

11 “(B) *DETERMINATION OF CONTRIBUTED IM-*
12 *PORTANTLY.*—*The determination of whether im-*
13 *ports of articles like or directly competitive with*
14 *an agricultural commodity with respect to which*
15 *a petition under this chapter was filed contrib-*
16 *uted importantly to a decline in the price of the*
17 *agricultural commodity shall be made by the*
18 *Secretary.*

19 “(4) *DULY AUTHORIZED REPRESENTATIVE.*—*The*
20 *term ‘duly authorized representative’ means an asso-*
21 *ciation of agricultural commodity producers.*

22 “(5) *NATIONAL AVERAGE PRICE.*—*The term ‘na-*
23 *tional average price’ means the national average*
24 *price paid to an agricultural commodity producer for*



1 *an agricultural commodity in a marketing year as*
2 *determined by the Secretary.*

3 “(6) *SECRETARY.*—*The term ‘Secretary’ means*
4 *the Secretary of Agriculture.*

5 **“SEC. 292. PETITIONS; GROUP ELIGIBILITY.**

6 “(a) *IN GENERAL.*—*A petition for a certification of*
7 *eligibility to apply for adjustment assistance under this*
8 *chapter may be filed with the Secretary by a group of agri-*
9 *cultural commodity producers or by their duly authorized*
10 *representative. Upon receipt of the petition, the Secretary*
11 *shall promptly publish notice in the Federal Register that*
12 *the Secretary has received the petition and initiated an in-*
13 *vestigation.*

14 “(b) *HEARINGS.*—*If the petitioner, or any other person*
15 *found by the Secretary to have a substantial interest in the*
16 *proceedings, submits not later than 10 days after the date*
17 *of the Secretary’s publication under subsection (a) a request*
18 *for a hearing, the Secretary shall provide for a public hear-*
19 *ing and afford such interested person an opportunity to be*
20 *present, to produce evidence, and to be heard.*

21 “(c) *GROUP ELIGIBILITY REQUIREMENTS.*—*The Sec-*
22 *retary shall certify a group of agricultural commodity pro-*
23 *ducers as eligible to apply for adjustment assistance under*
24 *this chapter if the Secretary determines—*



1 “(1) that the national average price for the agri-
2 cultural commodity, or a class of goods within the agri-
3 cultural commodity, produced by the group for the
4 most recent marketing year for which the national av-
5 erage price is available is less than 80 percent of the
6 average of the national average price for such agricul-
7 tural commodity, or such class of goods, for the 5
8 marketing years preceding the most recent marketing
9 year; and

10 “(2) that increases in imports of articles like or
11 directly competitive with the agricultural commodity,
12 or class of goods within the agricultural commodity,
13 produced by the group contributed importantly to the
14 decline in price described in paragraph (1).

15 “(d) *SPECIAL RULE FOR QUALIFIED SUBSEQUENT*
16 *YEARS.*—A group of agricultural commodity producers cer-
17 tified as eligible under section 293 shall be eligible to apply
18 for assistance under this chapter in any qualified year after
19 the year the group is first certified, if the Secretary deter-
20 mines that—

21 “(1) the national average price for the agricul-
22 tural commodity, or class of goods within the agricul-
23 tural commodity, produced by the group for the most
24 recent marketing year for which the national average



1 *price is available is equal to or less than the price de-*
2 *termined under subsection (c)(1); and*

3 *“(2) the requirements of subsection (c)(2) are*
4 *met.*

5 *“(e) DETERMINATION OF QUALIFIED YEAR AND COM-*
6 *MODITY.—In this chapter:*

7 *“(1) QUALIFIED YEAR.—The term ‘qualified*
8 *year’, with respect to a group of agricultural com-*
9 *modity producers certified as eligible under section*
10 *293, means each consecutive year after the year in*
11 *which the group is certified and in which the Sec-*
12 *retary makes the determination under subsection (c)*
13 *or (d), as the case may be.*

14 *“(2) CLASSES OF GOODS WITHIN A COM-*
15 *MODITY.—In any case in which there are separate*
16 *classes of goods within an agricultural commodity,*
17 *the Secretary shall treat each class as a separate com-*
18 *modity in determining group eligibility, the national*
19 *average price, and level of imports under this section*
20 *and section 296.*

21 **“SEC. 293. DETERMINATIONS BY SECRETARY OF AGRI-**
22 **CULTURE.**

23 *“(a) IN GENERAL.—As soon as practicable after the*
24 *date on which a petition is filed under section 292, but in*
25 *any event not later than 40 days after that date, the Sec-*



1 *retary shall determine whether the petitioning group meets*
2 *the requirements of section 292 (c) or (d), as the case may*
3 *be, and shall, if the group meets the requirements, issue a*
4 *certification of eligibility to apply for assistance under this*
5 *chapter covering agricultural commodity producers in any*
6 *group that meets the requirements. Each certification shall*
7 *specify the date on which eligibility under this chapter be-*
8 *gins.*

9 “(b) *NOTICE.*—*Upon making a determination on a pe-*
10 *tition, the Secretary shall promptly publish a summary of*
11 *the determination in the Federal Register, together with the*
12 *Secretary’s reasons for making the determination.*

13 “(c) *TERMINATION OF CERTIFICATION.*—*Whenever the*
14 *Secretary determines, with respect to any certification of*
15 *eligibility under this chapter, that the decline in price for*
16 *the agricultural commodity covered by the certification is*
17 *no longer attributable to the conditions described in section*
18 *292, the Secretary shall terminate such certification and*
19 *promptly cause notice of such termination to be published*
20 *in the Federal Register, together with the Secretary’s rea-*
21 *sons for making such determination.*



1 **“SEC. 294. STUDY BY SECRETARY OF AGRICULTURE WHEN**
2 **INTERNATIONAL TRADE COMMISSION BEGINS**
3 **INVESTIGATION.**

4 *“(a) IN GENERAL.—Whenever the International Trade*
5 *Commission (in this chapter referred to as the ‘Commis-*
6 *sion’) begins an investigation under section 202 with re-*
7 *spect to an agricultural commodity, the Commission shall*
8 *immediately notify the Secretary of the investigation. Upon*
9 *receipt of the notification, the Secretary shall immediately*
10 *conduct a study of—*

11 *“(1) the number of agricultural commodity pro-*
12 *ducers producing a like or directly competitive agri-*
13 *cultural commodity who have been or are likely to be*
14 *certified as eligible for adjustment assistance under*
15 *this chapter, and*

16 *“(2) the extent to which the adjustment of such*
17 *producers to the import competition may be facili-*
18 *tated through the use of existing programs.*

19 *“(b) REPORT.—Not later than 15 days after the day*
20 *on which the Commission makes its report under section*
21 *202(f), the Secretary shall submit a report to the President*
22 *setting forth the findings of the study described in sub-*
23 *section (a). Upon making the report to the President, the*
24 *Secretary shall also promptly make the report public (with*
25 *the exception of information which the Secretary determines*



1 *to be confidential) and shall have a summary of the report*
2 *published in the Federal Register.*

3 **“SEC. 295. BENEFIT INFORMATION TO AGRICULTURAL COM-**
4 **MODITY PRODUCERS.**

5 *“(a) IN GENERAL.—The Secretary shall provide full*
6 *information to agricultural commodity producers about the*
7 *benefit allowances, training, and other employment services*
8 *available under this title and about the petition and appli-*
9 *cation procedures, and the appropriate filing dates, for such*
10 *allowances, training, and services. The Secretary shall pro-*
11 *vide whatever assistance is necessary to enable groups to*
12 *prepare petitions or applications for program benefits*
13 *under this title.*

14 *“(b) NOTICE OF BENEFITS.—*

15 *“(1) IN GENERAL.—The Secretary shall mail*
16 *written notice of the benefits available under this*
17 *chapter to each agricultural commodity producer that*
18 *the Secretary has reason to believe is covered by a cer-*
19 *tification made under this chapter.*

20 *“(2) OTHER NOTICE.—The Secretary shall pub-*
21 *lish notice of the benefits available under this chapter*
22 *to agricultural commodity producers that are covered*
23 *by each certification made under this chapter in*
24 *newspapers of general circulation in the areas in*
25 *which such producers reside.*



1 “(3) *OTHER FEDERAL ASSISTANCE.*—*The Sec-*
2 *retary shall also provide information concerning pro-*
3 *cedures for applying for and receiving all other Fed-*
4 *eral assistance and services available to workers fac-*
5 *ing economic distress.*

6 **“SEC. 296. QUALIFYING REQUIREMENTS FOR AGRICUL-**
7 **TURAL COMMODITY PRODUCERS.**

8 “(a) *IN GENERAL.*—

9 “(1) *REQUIREMENTS.*—*Payment of a trade ad-*
10 *justment allowance shall be made to an adversely af-*
11 *ected agricultural commodity producer covered by a*
12 *certification under this chapter who files an applica-*
13 *tion for such allowance within 90 days after the date*
14 *on which the Secretary makes a determination and*
15 *issues a certification of eligibility under section 293,*
16 *if the following conditions are met:*

17 “(A) *The producer submits to the Secretary*
18 *sufficient information to establish the amount of*
19 *agricultural commodity covered by the applica-*
20 *tion filed under subsection (a) that was produced*
21 *by the producer in the most recent year.*

22 “(B) *The producer certifies that the pro-*
23 *ducer has not received cash benefits under any*
24 *provision of this title other than this chapter.*



1 “(C) *The producer’s net farm income (as de-*
2 *termined by the Secretary) for the most recent*
3 *year is less than the producer’s net farm income*
4 *for the latest year in which no adjustment assist-*
5 *ance was received by the producer under this*
6 *chapter.*

7 “(D) *The producer certifies that the pro-*
8 *ducer has met with an Extension Service em-*
9 *ployee or agent to obtain, at no cost to the pro-*
10 *ducer, information and technical assistance that*
11 *will assist the producer in adjusting to import*
12 *competition with respect to the adversely affected*
13 *agricultural commodity, including—*

14 “(i) *information regarding the feasi-*
15 *bility and desirability of substituting 1 or*
16 *more alternative commodities for the ad-*
17 *versely affected agricultural commodity;*
18 *and*

19 “(ii) *technical assistance that will im-*
20 *prove the competitiveness of the production*
21 *and marketing of the adversely affected ag-*
22 *ricultural commodity by the producer, in-*
23 *cluding yield and marketing improvements.*

24 “(2) *LIMITATIONS.—*

25 “(A) *ADJUSTED GROSS INCOME.—*



1 “(i) *IN GENERAL.*—*Notwithstanding*
2 *any other provision of this chapter, an agri-*
3 *cultural commodity producer shall not be el-*
4 *igible for assistance under this chapter in*
5 *any year in which the average adjusted*
6 *gross income of the producer exceeds the*
7 *level set forth in section 1001D of the Food*
8 *Security Act of 1985.*

9 “(ii) *CERTIFICATION.*—*To comply with*
10 *the limitation under subparagraph (A), an*
11 *individual or entity shall provide to the*
12 *Secretary—*

13 “(I) *a certification by a certified*
14 *public accountant or another third*
15 *party that is acceptable to the Sec-*
16 *retary that the average adjusted gross*
17 *income of the producer does not exceed*
18 *the level set forth in section 1001D of*
19 *the Food Security Act of 1985; or*

20 “(II) *information and documenta-*
21 *tion regarding the adjusted gross in-*
22 *come of the producer through other*
23 *procedures established by the Secretary.*

24 “(B) *COUNTER-CYCLICAL PAYMENTS.*—*The*
25 *total amount of payments made to an agricul-*



1 *tural producer under this chapter during any*
2 *crop year may not exceed the limitation on*
3 *counter-cyclical payments set forth in section*
4 *1001(c) of the Food Security Act of 1985.*

5 “(C) *DEFINITIONS.*—*In this subsection:*

6 “(i) *ADJUSTED GROSS INCOME.*—*The*
7 *term ‘adjusted gross income’ means adjusted*
8 *gross income of an agricultural commodity*
9 *producer—*

10 “(I) *as defined in section 62 of the*
11 *Internal Revenue Code of 1986 and*
12 *implemented in accordance with proce-*
13 *dures established by the Secretary; and*

14 “(II) *that is earned directly or in-*
15 *directly from all agricultural and non-*
16 *agricultural sources of an individual*
17 *or entity for a fiscal or corresponding*
18 *crop year.*

19 “(ii) *AVERAGE ADJUSTED GROSS IN-*
20 *COME.*—

21 “(I) *IN GENERAL.*—*The term ‘av-*
22 *erage adjusted gross income’ means the*
23 *average adjusted gross income of a pro-*
24 *ducer for each of the 3 preceding tax-*
25 *able years.*



1 “(II) *EFFECTIVE ADJUSTED*
2 *GROSS INCOME.*—*In the case of a pro-*
3 *ducer that does not have an adjusted*
4 *gross income for each of the 3 pre-*
5 *ceding taxable years, the Secretary*
6 *shall establish rules that provide the*
7 *producer with an effective adjusted*
8 *gross income for the applicable year.*

9 “(b) *AMOUNT OF CASH BENEFITS.*—

10 “(1) *IN GENERAL.*—*Subject to the provisions of*
11 *section 298, an adversely affected agricultural com-*
12 *modity producer described in subsection (a) shall be*
13 *entitled to adjustment assistance under this chapter*
14 *in an amount equal to the product of—*

15 “(A) *one-half of the difference between—*

16 “(i) *an amount equal to 80 percent of*
17 *the average of the national average price of*
18 *the agricultural commodity covered by the*
19 *application described in subsection (a) for*
20 *the 5 marketing years preceding the most*
21 *recent marketing year, and*

22 “(ii) *the national average price of the*
23 *agricultural commodity for the most recent*
24 *marketing year, and*



1 “(B) *the amount of the agricultural com-*
2 *modity produced by the agricultural commodity*
3 *producer in the most recent marketing year.*

4 “(2) *SPECIAL RULE FOR SUBSEQUENT QUALI-*
5 *FIED YEARS.—The amount of cash benefits for a*
6 *qualified year shall be determined in the same man-*
7 *ner as cash benefits are determined under paragraph*
8 *(1) except that the average national price of the agri-*
9 *cultural commodity shall be determined under para-*
10 *graph (1)(A)(i) by using the 5-marketing-year period*
11 *used to determine the amount of cash benefits for the*
12 *first certification.*

13 “(c) *MAXIMUM AMOUNT OF CASH ASSISTANCE.—The*
14 *maximum amount of cash benefits an agricultural com-*
15 *modity producer may receive in any 12-month period shall*
16 *not exceed \$10,000.*

17 “(d) *LIMITATIONS ON OTHER ASSISTANCE.—An agri-*
18 *cultural commodity producer entitled to receive a cash ben-*
19 *efit under this chapter—*

20 “(1) *shall not be eligible for any other cash ben-*
21 *efit under this title, and*

22 “(2) *shall be entitled to employment services and*
23 *training benefits under part II of subchapter B of*
24 *chapter 2.*



1 **“SEC. 297. FRAUD AND RECOVERY OF OVERPAYMENTS.**

2 “(a) *IN GENERAL.*—

3 “(1) *REPAYMENT.*—*If the Secretary, or a court*
4 *of competent jurisdiction, determines that any person*
5 *has received any payment under this chapter to which*
6 *the person was not entitled, such person shall be liable*
7 *to repay such amount to the Secretary, except that the*
8 *Secretary may waive such repayment if the Secretary*
9 *determines, in accordance with guidelines prescribed*
10 *by the Secretary, that—*

11 “(A) *the payment was made without fault*
12 *on the part of such person; and*

13 “(B) *requiring such repayment would be*
14 *contrary to equity and good conscience.*

15 “(2) *RECOVERY OF OVERPAYMENT.*—*Unless an*
16 *overpayment is otherwise recovered, or waived under*
17 *paragraph (1), the Secretary shall recover the over-*
18 *payment by deductions from any sums payable to*
19 *such person under this chapter.*

20 “(b) *FALSE STATEMENT.*—*A person shall, in addition*
21 *to any other penalty provided by law, be ineligible for any*
22 *further payments under this chapter—*

23 “(1) *if the Secretary, or a court of competent ju-*
24 *risdiction, determines that the person—*



1 “(A) knowingly has made, or caused an-
2 other to make, a false statement or representation
3 of a material fact; or

4 “(B) knowingly has failed, or caused an-
5 other to fail, to disclose a material fact; and

6 “(2) as a result of such false statement or rep-
7 resentation, or of such nondisclosure, such person has
8 received any payment under this chapter to which the
9 person was not entitled.

10 “(c) NOTICE AND DETERMINATION.—Except for over-
11 payments determined by a court of competent jurisdiction,
12 no repayment may be required, and no deduction may be
13 made, under this section until a determination under sub-
14 section (a)(1) by the Secretary has been made, notice of the
15 determination and an opportunity for a fair hearing there-
16 on has been given to the person concerned, and the deter-
17 mination has become final.

18 “(d) PAYMENT TO TREASURY.—Any amount recovered
19 under this section shall be returned to the Treasury of the
20 United States.

21 “(e) PENALTIES.—Whoever makes a false statement of
22 a material fact knowing it to be false, or knowingly fails
23 to disclose a material fact, for the purpose of obtaining or
24 increasing for himself or for any other person any payment
25 authorized to be furnished under this chapter shall be fined



1 *not more than \$10,000 or imprisoned for not more than*
2 *1 year, or both.*

3 **“SEC. 298. AUTHORIZATION OF APPROPRIATIONS.**

4 *“(a) IN GENERAL.—There are authorized to be appro-*
5 *priated and there are appropriated to the Department of*
6 *Agriculture not to exceed \$90,000,000 for each of the fiscal*
7 *years 2003 through 2007 to carry out the purposes of this*
8 *chapter.*

9 *“(b) PROPORTIONATE REDUCTION.—If in any year the*
10 *amount appropriated under this chapter is insufficient to*
11 *meet the requirements for adjustment assistance payable*
12 *under this chapter, the amount of assistance payable under*
13 *this chapter shall be reduced proportionately.”.*

14 *(b) EFFECTIVE DATE.—The amendments made by this*
15 *title shall take effect on the date that is 180 days after the*
16 *date of enactment of this Act.*

17 **SEC. 142. CONFORMING AMENDMENTS.**

18 *(a) JUDICIAL REVIEW.—*

19 *(1) Section 284(a) of the Trade Act of 1974 (19*
20 *U.S.C. 2395(a)) is amended—*

21 *(A) by inserting “an agricultural com-*
22 *modity producer (as defined in section 291(2))*
23 *aggrieved by a determination of the Secretary of*
24 *Agriculture under section 293, ” after “section*
25 *251 of this title,”; and*



1 **Subtitle D—Effective Date**

2 **SEC. 151. EFFECTIVE DATE.**

3 (a) *IN GENERAL.*—*Except as otherwise provided in*
4 *sections 123(c) and 141(b), and subsections (b), (c), and (d)*
5 *of this section, the amendments made by this division shall*
6 *apply to petitions for certification filed under chapter 2 or*
7 *3 of title II of the Trade Act of 1974 on or after the date*
8 *that is 90 days after the date of enactment of this Act.*

9 (b) *WORKERS CERTIFIED AS ELIGIBLE BEFORE EF-*
10 *FECTIVE DATE.*—*Notwithstanding subsection (a), a worker*
11 *shall continue to receive (or be eligible to receive) trade ad-*
12 *justment assistance and other benefits under chapter 2 of*
13 *title II of the Trade Act of 1974, as in effect on September*
14 *30, 2001, for any week for which the worker meets the eligi-*
15 *bility requirements of such chapter 2 as in effect on such*
16 *date, if on or before such date, the worker—*

17 (1) *was certified as eligible for trade adjustment*
18 *assistance benefits under such chapter as in effect on*
19 *such date; and*

20 (2) *would otherwise be eligible to receive trade*
21 *adjustment assistance benefits under such chapter as*
22 *in effect on such date.*

23 (c) *WORKERS WHO BECAME ELIGIBLE DURING*
24 *QUALIFIED PERIOD.*—



1 (1) *IN GENERAL.*—Notwithstanding subsection
2 (a) or any other provision of law, including section
3 285 of the Trade Act of 1974, any worker who would
4 have been eligible to receive trade adjustment assist-
5 ance or other benefits under chapter 2 of title II of
6 the Trade Act of 1974 during the qualified period if
7 such chapter 2 had been in effect during such period,
8 shall be eligible to receive trade adjustment assistance
9 and other benefits under chapter 2 of title II of the
10 Trade Act of 1974, as in effect on September 30,
11 2001, for any week during the qualified period for
12 which the worker meets the eligibility requirements of
13 such chapter 2 as in effect on September 30, 2001.

14 (2) *QUALIFIED PERIOD.*—For purposes of this
15 subsection, the term “qualified period” means the pe-
16 riod beginning on January 11, 2002, and ending on
17 the date that is 90 days after the date of enactment
18 of this Act.

19 (d) *ADJUSTMENT ASSISTANCE FOR FIRMS.*—

20 (1) *IN GENERAL.*—Notwithstanding subsection
21 (a) or any other provision of law, including section
22 285 of the Trade Act of 1974, and except as provided
23 in paragraph (2), any firm that would have been eli-
24 gible to receive adjustment assistance under chapter 3
25 of title II of the Trade Act of 1974 during the quali-



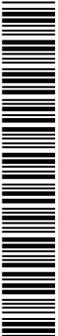
1 *fied period if such chapter 3 had been in effect during*
2 *such period, shall be eligible to receive adjustment as-*
3 *sistance under chapter 3 of title II of the Trade Act*
4 *of 1974, as in effect on September 30, 2001, for any*
5 *week during the qualified period for which the firm*
6 *meets the eligibility requirements of such chapter 3 as*
7 *in effect on September 30, 2001.*

8 (2) *QUALIFIED PERIOD.—For purposes of this*
9 *subsection, the term “qualified period” means the pe-*
10 *riod beginning on October 1, 2001, and ending on the*
11 *date that is 90 days after the date of enactment of*
12 *this Act.*

13 ***TITLE II—CREDIT FOR HEALTH***
14 ***INSURANCE COSTS OF ELIGI-***
15 ***BLE INDIVIDUALS***

16 ***SEC. 201. CREDIT FOR HEALTH INSURANCE COSTS OF INDI-***
17 ***VIDUALS RECEIVING A TRADE READJUST-***
18 ***MENT ALLOWANCE OR A BENEFIT FROM THE***
19 ***PENSION BENEFIT GUARANTY CORPORATION.***

20 (a) *IN GENERAL.—Subpart C of part IV of subchapter*
21 *A of chapter 1 of the Internal Revenue Code of 1986 (relat-*
22 *ing to refundable credits) is amended by redesignating sec-*
23 *tion 35 as section 36 and inserting after section 34 the fol-*
24 *lowing new section:*



1 **“SEC. 35. HEALTH INSURANCE COSTS OF ELIGIBLE INDIVID-**
2 **UALS.**

3 *“(a) IN GENERAL.—In the case of an individual, there*
4 *shall be allowed as a credit against the tax imposed by sub-*
5 *title A an amount equal to 65 percent of the amount paid*
6 *by the taxpayer for coverage of the taxpayer and qualifying*
7 *family members under qualified health insurance for eligi-*
8 *ble coverage months beginning in the taxable year.*

9 *“(b) ELIGIBLE COVERAGE MONTH.—For purposes of*
10 *this section—*

11 *“(1) IN GENERAL.—The term ‘eligible coverage*
12 *month’ means any month if—*

13 *“(A) as of the first day of such month, the*
14 *taxpayer—*

15 *“(i) is an eligible individual,*

16 *“(ii) is covered by qualified health in-*
17 *surance, the premium for which is paid by*
18 *the taxpayer,*

19 *“(iii) does not have other specified cov-*
20 *erage, and*

21 *“(iv) is not imprisoned under Federal,*
22 *State, or local authority, and*

23 *“(B) such month begins more than 90 days*
24 *after the date of the enactment of the Trade Act*
25 *of 2002.*



1 “(2) *JOINT RETURNS.*—*In the case of a joint re-*
2 *turn, the requirements of paragraph (1)(A) shall be*
3 *treated as met with respect to any month if at least*
4 *1 spouse satisfies such requirements.*

5 “(c) *ELIGIBLE INDIVIDUAL.*—*For purposes of this*
6 *section—*

7 “(1) *IN GENERAL.*—*The term ‘eligible indi-*
8 *vidual’ means—*

9 “(A) *an eligible TAA recipient,*

10 “(B) *an eligible alternative TAA recipient,*

11 *and*

12 “(C) *an eligible PBGC pension recipient.*

13 “(2) *ELIGIBLE TAA RECIPIENT.*—*The term ‘eligi-*
14 *ble TAA recipient’ means, with respect to any month,*
15 *any individual who is receiving for any day of such*
16 *month a trade readjustment allowance under chapter*
17 *2 of title II of the Trade Act of 1974 or who would*
18 *be eligible to receive such allowance if section 231 of*
19 *such Act were applied without regard to subsection*
20 *(a)(3)(B) of such section. An individual shall con-*
21 *tinue to be treated as an eligible TAA recipient dur-*
22 *ing the first month that such individual would other-*
23 *wise cease to be an eligible TAA recipient by reason*
24 *of the preceding sentence.*



1 “(3) *ELIGIBLE ALTERNATIVE TAA RECIPIENT.*—
2 *The term ‘eligible alternative TAA recipient’ means,*
3 *with respect to any month, any individual who—*

4 “(A) *is a worker described in section*
5 *246(a)(3)(B) of the Trade Act of 1974 who is*
6 *participating in the program established under*
7 *section 246(a)(1) of such Act, and*

8 “(B) *is receiving a benefit for such month*
9 *under section 246(a)(2) of such Act.*

10 *An individual shall continue to be treated as an eligi-*
11 *ble alternative TAA recipient during the first month*
12 *that such individual would otherwise cease to be an*
13 *eligible alternative TAA recipient by reason of the*
14 *preceding sentence.*

15 “(4) *ELIGIBLE PBGC PENSION RECIPIENT.*—*The*
16 *term ‘eligible PBGC pension recipient’ means, with*
17 *respect to any month, any individual who—*

18 “(A) *has attained age 55 as of the first day*
19 *of such month, and*

20 “(B) *is receiving a benefit for such month*
21 *any portion of which is paid by the Pension*
22 *Benefit Guaranty Corporation under title IV of*
23 *the Employee Retirement Income Security Act of*
24 *1974.*



1 “(d) *QUALIFYING FAMILY MEMBER.*—For purposes of
2 *this section*—

3 “(1) *IN GENERAL.*—The term ‘qualifying family
4 *member*’ means—

5 “(A) *the taxpayer’s spouse, and*

6 “(B) *any dependent of the taxpayer with re-*
7 *spect to whom the taxpayer is entitled to a de-*
8 *duction under section 151(c).*

9 *Such term does not include any individual who has*
10 *other specified coverage.*

11 “(2) *SPECIAL DEPENDENCY TEST IN CASE OF DI-*
12 *VORCED PARENTS, ETC.*—If paragraph (2) or (4) of
13 *section 152(e) applies to any child with respect to*
14 *any calendar year, in the case of any taxable year be-*
15 *ginning in such calendar year, such child shall be*
16 *treated as described in paragraph (1)(B) with respect*
17 *to the custodial parent (within the meaning of section*
18 *152(e)(1)) and not with respect to the noncustodial*
19 *parent.*

20 “(e) *QUALIFIED HEALTH INSURANCE.*—For purposes
21 *of this section*—

22 “(1) *IN GENERAL.*—The term ‘qualified health
23 *insurance*’ means any of the following:



1 “(A) Coverage under a COBRA continu-
2 ation provision (as defined in section
3 9832(d)(1)).

4 “(B) State-based continuation coverage pro-
5 vided by the State under a State law that re-
6 quires such coverage.

7 “(C) Coverage offered through a qualified
8 State high risk pool (as defined in section
9 2744(c)(2) of the Public Health Service Act).

10 “(D) Coverage under a health insurance
11 program offered for State employees.

12 “(E) Coverage under a State-based health
13 insurance program that is comparable to the
14 health insurance program offered for State em-
15 ployees.

16 “(F) Coverage through an arrangement en-
17 tered into by a State and—

18 “(i) a group health plan (including
19 such a plan which is a multiemployer plan
20 as defined in section 3(37) of the Employee
21 Retirement Income Security Act of 1974),

22 “(ii) an issuer of health insurance cov-
23 erage,

24 “(iii) an administrator, or

25 “(iv) an employer.



1 “(G) Coverage offered through a State ar-
2 rangement with a private sector health care cov-
3 erage purchasing pool.

4 “(H) Coverage under a State-operated
5 health plan that does not receive any Federal fi-
6 nancial participation.

7 “(I) Coverage under a group health plan
8 that is available through the employment of the
9 eligible individual’s spouse.

10 “(J) In the case of any eligible individual
11 and such individual’s qualifying family mem-
12 bers, coverage under individual health insurance
13 if the eligible individual was covered under indi-
14 vidual health insurance during the entire 30-day
15 period that ends on the date that such individual
16 became separated from the employment which
17 qualified such individual for—

18 “(i) in the case of an eligible TAA re-
19 cipient, the allowance described in sub-
20 section (c)(2),

21 “(ii) in the case of an eligible alter-
22 native TAA recipient, the benefit described
23 in subsection (c)(3)(B), or



1 “(iii) in the case of any eligible PBGC
2 pension recipient, the benefit described in
3 subsection (c)(4)(B).

4 For purposes of this subparagraph, the term ‘in-
5 dividual health insurance’ means any insurance
6 which constitutes medical care offered to individ-
7 uals other than in connection with a group
8 health plan and does not include Federal- or
9 State-based health insurance coverage.

10 “(2) REQUIREMENTS FOR STATE-BASED COV-
11 ERAGE.—

12 “(A) IN GENERAL.—The term ‘qualified
13 health insurance’ does not include any coverage
14 described in subparagraphs (B) through (H) of
15 paragraph (1) unless the State involved has
16 elected to have such coverage treated as qualified
17 health insurance under this section and such cov-
18 erage meets the following requirements:

19 “(i) GUARANTEED ISSUE.—Each
20 qualifying individual is guaranteed enroll-
21 ment if the individual pays the premium
22 for enrollment or provides a qualified health
23 insurance costs credit eligibility certificate
24 described in section 7527 and pays the re-
25 mainder of such premium.



1 “(ii) *NO IMPOSITION OF PREEXISTING*
2 *CONDITION EXCLUSION.—No pre-existing*
3 *condition limitations are imposed with re-*
4 *spect to any qualifying individual.*

5 “(iii) *NONDISCRIMINATORY PRE-*
6 *MIUM.—The total premium (as determined*
7 *without regard to any subsidies) with re-*
8 *spect to a qualifying individual may not be*
9 *greater than the total premium (as so deter-*
10 *mined) for a similarly situated individual*
11 *who is not a qualifying individual.*

12 “(iv) *SAME BENEFITS.—Benefits under*
13 *the coverage are the same as (or substan-*
14 *tially similar to) the benefits provided to*
15 *similarly situated individuals who are not*
16 *qualifying individuals.*

17 “(B) *QUALIFYING INDIVIDUAL.—For pur-*
18 *poses of this paragraph, the term ‘qualifying in-*
19 *dividual’ means—*

20 “(i) *an eligible individual for whom,*
21 *as of the date on which the individual seeks*
22 *to enroll in the coverage described in sub-*
23 *paragraphs (B) through (H) of paragraph*
24 *(1), the aggregate of the periods of creditable*
25 *coverage (as defined in section 9801(c)) is 3*



1 *months or longer and who, with respect to*
2 *any month, meets the requirements of*
3 *clauses (iii) and (iv) of subsection (b)(1)(A);*
4 *and*

5 *“(ii) the qualifying family members of*
6 *such eligible individual.*

7 “(3) *EXCEPTION.—The term ‘qualified health in-*
8 *surance’ shall not include—*

9 *“(A) a flexible spending or similar arrange-*
10 *ment, and*

11 *“(B) any insurance if substantially all of*
12 *its coverage is of excepted benefits described in*
13 *section 9832(c).*

14 “(f) *OTHER SPECIFIED COVERAGE.—For purposes of*
15 *this section, an individual has other specified coverage for*
16 *any month if, as of the first day of such month—*

17 *“(1) SUBSIDIZED COVERAGE.—*

18 *“(A) IN GENERAL.—Such individual is cov-*
19 *ered under any insurance which constitutes med-*
20 *ical care (except insurance substantially all of*
21 *the coverage of which is of excepted benefits de-*
22 *scribed in section 9832(c)) under any health*
23 *plan maintained by any employer (or former*
24 *employer) of the taxpayer or the taxpayer’s*
25 *spouse and at least 50 percent of the cost of such*



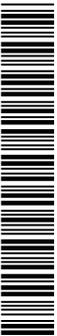
1 coverage (determined under section 4980B) is
2 paid or incurred by the employer.

3 “(B) *ELIGIBLE ALTERNATIVE TAA RECIPI-*
4 *ENTS.—In the case of an eligible alternative*
5 *TAA recipient, such individual is either—*

6 “(i) *eligible for coverage under any*
7 *qualified health insurance (other than in-*
8 *surance described in subparagraph (A), (B),*
9 *or (F) of subsection (e)(1)) under which at*
10 *least 50 percent of the cost of coverage (de-*
11 *termined under section 4980B(f)(4)) is paid*
12 *or incurred by an employer (or former em-*
13 *ployer) of the taxpayer or the taxpayer’s*
14 *spouse, or*

15 “(ii) *covered under any such qualified*
16 *health insurance under which any portion*
17 *of the cost of coverage (as so determined) is*
18 *paid or incurred by an employer (or former*
19 *employer) of the taxpayer or the taxpayer’s*
20 *spouse.*

21 “(C) *TREATMENT OF CAFETERIA PLANS.—*
22 *For purposes of subparagraphs (A) and (B), the*
23 *cost of coverage shall be treated as paid or in-*
24 *curring by an employer to the extent the coverage*
25 *is in lieu of a right to receive cash or other*



1 *qualified benefits under a cafeteria plan (as de-*
2 *finied in section 125(d)).*

3 “(2) *COVERAGE UNDER MEDICARE, MEDICAID,*
4 *OR SCHIP.—Such individual—*

5 “(A) *is entitled to benefits under part A of*
6 *title XVIII of the Social Security Act or is en-*
7 *rolled under part B of such title, or*

8 “(B) *is enrolled in the program under title*
9 *XIX or XXI of such Act (other than under sec-*
10 *tion 1928 of such Act).*

11 “(3) *CERTAIN OTHER COVERAGE.—Such*
12 *individual—*

13 “(A) *is enrolled in a health benefits plan*
14 *under chapter 89 of title 5, United States Code,*
15 *or*

16 “(B) *is entitled to receive benefits under*
17 *chapter 55 of title 10, United States Code.*

18 “(g) *SPECIAL RULES.—*

19 “(1) *COORDINATION WITH ADVANCE PAYMENTS*
20 *OF CREDIT.—With respect to any taxable year, the*
21 *amount which would (but for this subsection) be al-*
22 *lowed as a credit to the taxpayer under subsection (a)*
23 *shall be reduced (but not below zero) by the aggregate*
24 *amount paid on behalf of such taxpayer under section*
25 *7527 for months beginning in such taxable year.*



1 “(2) *COORDINATION WITH OTHER DEDUC-*
2 *TIONS.—Amounts taken into account under subsection*
3 *(a) shall not be taken into account in determining*
4 *any deduction allowed under section 162(l) or 213.*

5 “(3) *MSA DISTRIBUTIONS.—Amounts distributed*
6 *from an Archer MSA (as defined in section 220(d))*
7 *shall not be taken into account under subsection (a).*

8 “(4) *DENIAL OF CREDIT TO DEPENDENTS.—No*
9 *credit shall be allowed under this section to any indi-*
10 *vidual with respect to whom a deduction under sec-*
11 *tion 151 is allowable to another taxpayer for a tax-*
12 *able year beginning in the calendar year in which*
13 *such individual’s taxable year begins.*

14 “(5) *BOTH SPOUSES ELIGIBLE INDIVIDUALS.—*
15 *The spouse of the taxpayer shall not be treated as a*
16 *qualifying family member for purposes of subsection*
17 *(a), if—*

18 “(A) *the taxpayer is married at the close of*
19 *the taxable year,*

20 “(B) *the taxpayer and the taxpayer’s spouse*
21 *are both eligible individuals during the taxable*
22 *year, and*

23 “(C) *the taxpayer files a separate return for*
24 *the taxable year.*



1 “(6) *MARITAL STATUS; CERTAIN MARRIED INDIVIDUALS LIVING APART.*—*Rules similar to the rules of paragraphs (3) and (4) of section 21(e) shall apply for purposes of this section.*

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5 “(7) *INSURANCE WHICH COVERS OTHER INDIVIDUALS.*—*For purposes of this section, rules similar to the rules of section 213(d)(6) shall apply with respect to any contract for qualified health insurance under which amounts are payable for coverage of an individual other than the taxpayer and qualifying family members.*

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12 “(8) *TREATMENT OF PAYMENTS.*—*For purposes of this section—*

13
14 “(A) *PAYMENTS BY SECRETARY.*—*Payments made by the Secretary on behalf of any individual under section 7527 (relating to advance payment of credit for health insurance costs of eligible individuals) shall be treated as having been made by the taxpayer on the first day of the month for which such payment was made.*

15
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21 “(B) *PAYMENTS BY TAXPAYER.*—*Payments made by the taxpayer for eligible coverage months shall be treated as having been made by the taxpayer on the first day of the month for which such payment was made.*



1 “(9) *REGULATIONS.*—*The Secretary may pre-*
2 *scribe such regulations and other guidance as may be*
3 *necessary or appropriate to carry out this section,*
4 *section 6050T, and section 7527.”*

5 *(b) PROMOTION OF STATE HIGH RISK POOLS.*—*Title*
6 *XXVII of the Public Health Service Act is amended by in-*
7 *serting after section 2744 the following new section:*

8 “**SEC. 2745. PROMOTION OF QUALIFIED HIGH RISK POOLS.**

9 “*(a) SEED GRANTS TO STATES.*—*The Secretary shall*
10 *provide from the funds appropriated under subsection (c)(1)*
11 *a grant of up to \$1,000,000 to each State that has not cre-*
12 *ated a qualified high risk pool as of the date of the enact-*
13 *ment of this section for the State’s costs of creation and*
14 *initial operation of such a pool.*

15 “*(b) MATCHING FUNDS FOR OPERATION OF POOLS.*—

16 “*(1) IN GENERAL.*—*In the case of a State that*
17 *has established a qualified high risk pool that—*

18 “*(A) restricts premiums charged under the*
19 *pool to no more than 150 percent of the premium*
20 *for applicable standard risk rates;*

21 “*(B) offers a choice of two or more coverage*
22 *options through the pool; and*

23 “*(C) has in effect a mechanism reasonably*
24 *designed to ensure continued funding of losses in-*



1 *curring by the State after the end of fiscal year*
2 *2004 in connection with operation of the pool;*
3 *the Secretary shall provide, from the funds appro-*
4 *propriated under subsection (c)(2) and allotted to the*
5 *State under paragraph (2), a grant of up to 50 per-*
6 *cent of the losses incurred by the State in connection*
7 *with the operation of the pool.*

8 “(2) *ALLOTMENT.*—*The amounts appropriated*
9 *under subsection (c)(2) for a fiscal year shall be made*
10 *available to the States in accordance with a formula*
11 *that is based upon the number of uninsured individ-*
12 *uals in the States.*

13 “(c) *FUNDING.*—*Out of any money in the Treasury of*
14 *the United States not otherwise appropriated, there are au-*
15 *thorized and appropriated—*

16 “(1) *\$20,000,000 for fiscal year 2003 to carry*
17 *out subsection (a); and*

18 “(2) *\$40,000,000 for each of fiscal years 2003*
19 *and 2004 to carry out subsection (b).*

20 *Funds appropriated under this subsection for a fiscal year*
21 *shall remain available for obligation through the end of the*
22 *following fiscal year. Nothing in this section shall be con-*
23 *strued as providing a State with an entitlement to a grant*
24 *under this section.*



1 “(d) *QUALIFIED HIGH RISK POOL AND STATE DE-*
2 *FINED.*—*For purposes of this section, the term ‘qualified*
3 *high risk pool’ has the meaning given such term in section*
4 *2744(c)(2) and the term ‘State’ means any of the 50 States*
5 *and the District of Columbia.”.*

6 (c) *CONFORMING AMENDMENTS.*—

7 (1) *Paragraph (2) of section 1324(b) of title 31,*
8 *United States Code, is amended by inserting before*
9 *the period “, or from section 35 of such Code”.*

10 (2) *The table of sections for subpart C of part IV*
11 *of chapter 1 of the Internal Revenue Code of 1986 is*
12 *amended by striking the last item and inserting the*
13 *following new items:*

 “*Sec. 35. Health insurance costs of eligible individuals.*
 “*Sec. 36. Overpayments of tax.*”.

14 (d) *EFFECTIVE DATE.*—

15 (1) *IN GENERAL.*—*Except as provided in para-*
16 *graph (2), the amendments made by this section shall*
17 *apply to taxable years beginning after December 31,*
18 *2001.*

19 (2) *STATE HIGH RISK POOLS.*—*The amendment*
20 *made by subsection (b) shall take effect on the date of*
21 *the enactment of this Act.*



1 **SEC. 202. ADVANCE PAYMENT OF CREDIT FOR HEALTH IN-**
2 **SURANCE COSTS OF ELIGIBLE INDIVIDUALS.**

3 (a) *IN GENERAL.*—Chapter 77 of the Internal Revenue
4 Code of 1986 (relating to miscellaneous provisions) is
5 amended by adding at the end the following new section:

6 **“SEC. 7527. ADVANCE PAYMENT OF CREDIT FOR HEALTH IN-**
7 **SURANCE COSTS OF ELIGIBLE INDIVIDUALS.**

8 “(a) *GENERAL RULE.*—Not later than August 1, 2003,
9 the Secretary shall establish a program for making pay-
10 ments on behalf of certified individuals to providers of
11 qualified health insurance (as defined in section 35(e)) for
12 such individuals.

13 “(b) *LIMITATION ON ADVANCE PAYMENTS DURING ANY*
14 *TAXABLE YEAR.*—The Secretary may make payments
15 under subsection (a) only to the extent that the total amount
16 of such payments made on behalf of any individual during
17 the taxable year does not exceed 65 percent of the amount
18 paid by the taxpayer for coverage of the taxpayer and quali-
19 fying family members under qualified health insurance for
20 eligible coverage months beginning in the taxable year.

21 “(c) *CERTIFIED INDIVIDUAL.*—For purposes of this
22 section, the term ‘certified individual’ means any indi-
23 vidual for whom a qualified health insurance costs credit
24 eligibility certificate is in effect.

25 “(d) *QUALIFIED HEALTH INSURANCE COSTS CREDIT*
26 *ELIGIBILITY CERTIFICATE.*—For purposes of this section,



1 *the term ‘qualified health insurance costs credit eligibility*
2 *certificate’ means any written statement that an individual*
3 *is an eligible individual (as defined in section 35(c)) if such*
4 *statement provides such information as the Secretary may*
5 *require for purposes of this section and—*

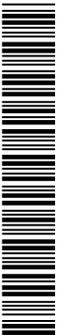
6 “(1) *in the case of an eligible TAA recipient (as*
7 *defined in section 35(c)(2)) or an eligible alternative*
8 *TAA recipient (as defined in section 35(c)(3)), is cer-*
9 *tified by the Secretary of Labor (or by any other per-*
10 *son or entity designated by the Secretary), or*

11 “(2) *in the case of an eligible PBGC pension re-*
12 *ipient (as defined in section 35(c)(4)), is certified by*
13 *the Pension Benefit Guaranty Corporation (or by any*
14 *other person or entity designated by the Secretary).”.*

15 **(b) DISCLOSURE OF RETURN INFORMATION FOR PUR-**
16 **POSES OF CARRYING OUT A PROGRAM FOR ADVANCE PAY-**
17 **MENT OF CREDIT FOR HEALTH INSURANCE COSTS OF ELI-**
18 **GIBLE INDIVIDUALS.—**

19 **(1) IN GENERAL.—***Subsection (l) of section 6103*
20 *of such Code (relating to disclosure of returns and re-*
21 *turn information for purposes other than tax admin-*
22 *istration) is amended by adding at the end the fol-*
23 *lowing new paragraph:*

24 **“(18) DISCLOSURE OF RETURN INFORMATION**
25 **FOR PURPOSES OF CARRYING OUT A PROGRAM FOR**



1 *ADVANCE PAYMENT OF CREDIT FOR HEALTH INSUR-*
2 *ANCE COSTS OF ELIGIBLE INDIVIDUALS.—The Sec-*
3 *retary may disclose to providers of health insurance*
4 *for any certified individual (as defined in section*
5 *7527(c)) return information with respect to such cer-*
6 *tified individual only to the extent necessary to carry*
7 *out the program established by section 7527 (relating*
8 *to advance payment of credit for health insurance*
9 *costs of eligible individuals).”.*

10 (2) *PROCEDURES AND RECORDKEEPING RE-*
11 *LATED TO DISCLOSURES.—Subsection (p) of such sec-*
12 *tion is amended—*

13 (A) *in paragraph (3)(A) by striking “or*
14 *(17)” and inserting “(17), or (18)”, and*

15 (B) *in paragraph (4) by inserting “or (17)”*
16 *after “any other person described in subsection*
17 *(l)(16)” each place it appears.*

18 (3) *UNAUTHORIZED INSPECTION OF RETURNS OR*
19 *RETURN INFORMATION.—Section 7213A(a)(1)(B) of*
20 *such Code is amended by striking “section 6103(n)”*
21 *and inserting “subsection (l)(18) or (n) of section*
22 *6103”.*

23 (c) *INFORMATION REPORTING.—*

24 (1) *IN GENERAL.—Subpart B of part III of sub-*
25 *chapter A of chapter 61 of the Internal Revenue Code*



1 of 1986 (relating to information concerning trans-
2 actions with other persons) is amended by inserting
3 after section 6050S the following new section:

4 **“SEC. 6050T. RETURNS RELATING TO CREDIT FOR HEALTH**
5 **INSURANCE COSTS OF ELIGIBLE INDIVID-**
6 **UALS.**

7 “(a) *REQUIREMENT OF REPORTING.*—Every person
8 who is entitled to receive payments for any month of any
9 calendar year under section 7527 (relating to advance pay-
10 ment of credit for health insurance costs of eligible individ-
11 uals) with respect to any certified individual (as defined
12 in section 7527(c)) shall, at such time as the Secretary may
13 prescribe, make the return described in subsection (b) with
14 respect to each such individual.

15 “(b) *FORM AND MANNER OF RETURNS.*—A return is
16 described in this subsection if such return—

17 “(1) is in such form as the Secretary may pre-
18 scribe, and

19 “(2) contains—

20 “(A) the name, address, and TIN of each
21 individual referred to in subsection (a),

22 “(B) the number of months for which
23 amounts were entitled to be received with respect
24 to such individual under section 7527 (relating



1 to advance payment of credit for health insur-
2 ance costs of eligible individuals),

3 “(C) the amount entitled to be received for
4 each such month, and

5 “(D) such other information as the Sec-
6 retary may prescribe.

7 “(c) *STATEMENTS TO BE FURNISHED TO INDIVIDUALS*
8 *WITH RESPECT TO WHOM INFORMATION IS REQUIRED.*—
9 *Every person required to make a return under subsection*
10 *(a) shall furnish to each individual whose name is required*
11 *to be set forth in such return a written statement showing—*

12 “(1) the name and address of the person required
13 to make such return and the phone number of the in-
14 formation contact for such person, and

15 “(2) the information required to be shown on the
16 return with respect to such individual.

17 *The written statement required under the preceding sen-*
18 *tence shall be furnished on or before January 31 of the year*
19 *following the calendar year for which the return under sub-*
20 *section (a) is required to be made.”.*

21 (2) *ASSESSABLE PENALTIES.*—

22 (A) *Subparagraph (B) of section 6724(d)(1)*
23 *of such Code (relating to definitions) is amended*
24 *by redesignating clauses (xi) through (xvii) as*
25 *clauses (xii) through (xviii), respectively, and by*



1 *inserting after clause (x) the following new*
2 *clause:*

3 *“(xi) section 6050T (relating to returns*
4 *relating to credit for health insurance costs*
5 *of eligible individuals).”.*

6 *(B) Paragraph (2) of section 6724(d) of*
7 *such Code is amended by striking “or” at the*
8 *end of subparagraph (Z), by striking the period*
9 *at the end of subparagraph (AA) and inserting*
10 *“, or”, and by adding after subparagraph (AA)*
11 *the following new subparagraph:*

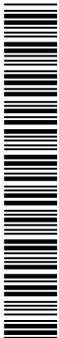
12 *“(BB) section 6050T (relating to returns re-*
13 *lating to credit for health insurance costs of eli-*
14 *gible individuals).”.*

15 *(d) CLERICAL AMENDMENTS.—*

16 *(1) ADVANCE PAYMENT.—The table of sections*
17 *for chapter 77 of the Internal Revenue Code of 1986*
18 *is amended by adding at the end the following new*
19 *item:*

“Sec. 7527. Advance payment of credit for health insurance costs
 of eligible individuals.”.

20 *(2) INFORMATION REPORTING.—The table of sec-*
21 *tions for subpart B of part III of subchapter A of*
22 *chapter 61 of such Code is amended by inserting after*
23 *the item relating to section 6050S the following new*
24 *item:*



“Sec. 6050T. Returns relating to credit for health insurance costs of eligible individuals.”.

1 (e) *EFFECTIVE DATE.*—*The amendments made by this*
2 *section shall take effect on the date of the enactment of this*
3 *Act.*

4 **SEC. 203. HEALTH INSURANCE ASSISTANCE FOR ELIGIBLE**
5 **INDIVIDUALS.**

6 (a) *ELIGIBILITY FOR GRANTS.*—*Section 173(a) of the*
7 *Workforce Investment Act of 1998 (29 U.S.C. 2918(a)) is*
8 *amended—*

9 (1) *in paragraph (2), by striking “and” at the*
10 *end;*

11 (2) *in paragraph (3), by striking the period and*
12 *inserting “; and”; and*

13 (3) *by adding at the end the following:*

14 *“(4) from funds appropriated under section*
15 *174(c)—*

16 *“(A) to a State or entity (as defined in sec-*
17 *tion 173(c)(1)(B)) to carry out subsection (f), in-*
18 *cluding providing assistance to eligible individ-*
19 *uals; and*

20 *“(B) to a State or entity (as so defined) to*
21 *carry out subsection (g), including providing as-*
22 *sistance to eligible individuals.”.*

23 (b) *USE OF FUNDS FOR HEALTH INSURANCE COV-*
24 *ERAGE.*—*Section 173 of the Workforce Investment Act of*



1 1998 (29 U.S.C. 2918) is amended by adding at the end
2 the following:

3 “(f) *HEALTH INSURANCE COVERAGE ASSISTANCE FOR*
4 *ELIGIBLE INDIVIDUALS.*—

5 “(1) *IN GENERAL.*—*Funds made available to a*
6 *State or entity under paragraph (4)(A) of subsection*
7 *(a) may be used by the State or entity for the fol-*
8 *lowing:*

9 “(A) *HEALTH INSURANCE COVERAGE.*—*To*
10 *assist an eligible individual and such individ-*
11 *ual’s qualifying family members in enrolling in*
12 *qualified health insurance.*

13 “(B) *ADMINISTRATIVE AND START-UP EX-*
14 *PENSES.*—*To pay the administrative expenses*
15 *related to the enrollment of eligible individuals*
16 *and such individuals’ qualifying family members*
17 *in qualified health insurance, including—*

18 “(i) *eligibility verification activities;*

19 “(ii) *the notification of eligible indi-*
20 *viduals of available qualified health insur-*
21 *ance options;*

22 “(iii) *processing qualified health insur-*
23 *ance costs credit eligibility certificates pro-*
24 *vided for under section 7527 of the Internal*
25 *Revenue Code of 1986;*



1 “(iv) providing assistance to eligible
2 individuals in enrolling in qualified health
3 insurance;

4 “(v) the development or installation of
5 necessary data management systems; and

6 “(vi) any other expenses determined
7 appropriate by the Secretary, including
8 start-up costs and on going administrative
9 expenses to carry out clauses (iv) through
10 (ix) of paragraph (2)(A).

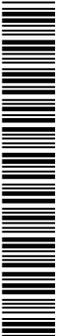
11 “(2) QUALIFIED HEALTH INSURANCE.—For pur-
12 poses of this subsection and subsection (g)—

13 “(A) IN GENERAL.—The term ‘qualified
14 health insurance’ means any of the following:

15 “(i) Coverage under a COBRA con-
16 tinuation provision (as defined in section
17 733(d)(1) of the Employee Retirement In-
18 come Security Act of 1974).

19 “(ii) State-based continuation coverage
20 provided by the State under a State law
21 that requires such coverage.

22 “(iii) Coverage offered through a quali-
23 fied State high risk pool (as defined in sec-
24 tion 2744(c)(2) of the Public Health Service
25 Act).



1 “(iv) Coverage under a health insur-
2 ance program offered for State employees.

3 “(v) Coverage under a State-based
4 health insurance program that is com-
5 parable to the health insurance program of-
6 fered for State employees.

7 “(vi) Coverage through an arrange-
8 ment entered into by a State and—

9 “(I) a group health plan (includ-
10 ing such a plan which is a multiem-
11 ployer plan as defined in section 3(37)
12 of the Employee Retirement Income
13 Security Act of 1974),

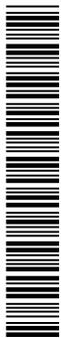
14 “(II) an issuer of health insurance
15 coverage,

16 “(III) an administrator, or

17 “(IV) an employer.

18 “(vii) Coverage offered through a State
19 arrangement with a private sector health
20 care coverage purchasing pool.

21 “(viii) Coverage under a State-oper-
22 ated health plan that does not receive any
23 Federal financial participation.



1 “(ix) Coverage under a group health
2 plan that is available through the employ-
3 ment of the eligible individual’s spouse.

4 “(x) In the case of any eligible indi-
5 vidual and such individual’s qualifying
6 family members, coverage under individual
7 health insurance if the eligible individual
8 was covered under individual health insur-
9 ance during the entire 30-day period that
10 ends on the date that such individual be-
11 came separated from the employment which
12 qualified such individual for—

13 “(I) in the case of an eligible TAA
14 recipient, the allowance described in
15 section 35(c)(2) of the Internal Rev-
16 enue Code of 1986,

17 “(II) in the case of an eligible al-
18 ternative TAA recipient, the benefit de-
19 scribed in section 35(c)(3)(B) of such
20 Code, or

21 “(III) in the case of any eligible
22 PBGC pension recipient, the benefit
23 described in section 35(c)(4)(B) of such
24 Code.



1 For purposes of this clause, the term ‘indi-
2 vidual health insurance’ means any insur-
3 ance which constitutes medical care offered
4 to individuals other than in connection
5 with a group health plan and does not in-
6 clude Federal- or State-based health insur-
7 ance coverage.

8 “(B) *REQUIREMENTS FOR STATE-BASED*
9 *COVERAGE.*—

10 “(i) *IN GENERAL.*—The term ‘qualified
11 health insurance’ does not include any cov-
12 erage described in clauses (ii) through (viii)
13 of subparagraph (A) unless the State in-
14 volved has elected to have such coverage
15 treated as qualified health insurance under
16 this paragraph and such coverage meets the
17 following requirements:

18 “(I) *GUARANTEED ISSUE.*—Each
19 qualifying individual is guaranteed
20 enrollment if the individual pays the
21 premium for enrollment or provides a
22 qualified health insurance costs credit
23 eligibility certificate described in sec-
24 tion 7527 of the Internal Revenue Code



1 of 1986 and pays the remainder of
2 such premium.

3 “(II) NO IMPOSITION OF PRE-
4 EXISTING CONDITION EXCLUSION.—No
5 pre-existing condition limitations are
6 imposed with respect to any qualifying
7 individual.

8 “(III) NONDISCRIMINATORY PRE-
9 MIUM.—The total premium (as deter-
10 mined without regard to any subsidies)
11 with respect to a qualifying individual
12 may not be greater than the total pre-
13 mium (as so determined) for a simi-
14 larly situated individual who is not a
15 qualifying individual.

16 “(IV) SAME BENEFITS.—Benefits
17 under the coverage are the same as (or
18 substantially similar to) the benefits
19 provided to similarly situated individ-
20 uals who are not qualifying individ-
21 uals.

22 “(i) QUALIFYING INDIVIDUAL.—For
23 purposes of this subparagraph, the term
24 ‘qualifying individual’ means—



1 “(I) an eligible individual for
2 whom, as of the date on which the in-
3 dividual seeks to enroll in clauses (ii)
4 through (viii) of subparagraph (A), the
5 aggregate of the periods of creditable
6 coverage (as defined in section 9801(c)
7 of the Internal Revenue Code of 1986)
8 is 3 months or longer and who, with
9 respect to any month, meets the re-
10 quirements of clauses (iii) and (iv) of
11 section 35(b)(1)(A) of such Code; and

12 “(II) the qualifying family mem-
13 bers of such eligible individual.

14 “(C) *EXCEPTION.*—The term ‘qualified
15 health insurance’ shall not include—

16 “(i) a flexible spending or similar ar-
17 rangement, and

18 “(ii) any insurance if substantially all
19 of its coverage is of excepted benefits de-
20 scribed in section 733(c) of the Employee
21 Retirement Income Security Act of 1974.

22 “(3) *AVAILABILITY OF FUNDS.*—

23 “(A) *EXPEDITED PROCEDURES.*—With re-
24 spect to applications submitted by States or enti-



1 *ties for grants under this subsection, the Sec-*
2 *retary shall—*

3 *“(i) not later than 15 days after the*
4 *date on which the Secretary receives a com-*
5 *pleted application from a State or entity,*
6 *notify the State or entity of the determina-*
7 *tion of the Secretary with respect to the ap-*
8 *proval or disapproval of such application;*

9 *“(ii) in the case of an application of a*
10 *State or other entity that is disapproved by*
11 *the Secretary, provide technical assistance,*
12 *at the request of the State or entity, in a*
13 *timely manner to enable the State or entity*
14 *to submit an approved application; and*

15 *“(iii) develop procedures to expedite*
16 *the provision of funds to States and entities*
17 *with approved applications.*

18 *“(B) AVAILABILITY AND DISTRIBUTION OF*
19 *FUNDS.—The Secretary shall ensure that funds*
20 *made available under section 174(c)(1)(A) to*
21 *carry out subsection (a)(4)(A) are available to*
22 *States and entities throughout the period de-*
23 *scribed in section 174(c)(2)(A).*



1 “(4) *ELIGIBLE INDIVIDUAL DEFINED.*—For pur-
2 poses of this subsection and subsection (g), the term
3 ‘eligible individual’ means—

4 “(A) an eligible TAA recipient (as defined in
5 section 35(c)(2) of the Internal Revenue Code of
6 1986),

7 “(B) an eligible alternative TAA recipient
8 (as defined in section 35(c)(3) of the Internal
9 Revenue Code of 1986), and

10 “(C) an eligible PBGC pension recipient (as
11 defined in section 35(c)(4) of the Internal Rev-
12 enue Code of 1986),

13 who, as of the first day of the month, does not have
14 other specified coverage and is not imprisoned under
15 Federal, State, or local authority.

16 “(5) *QUALIFYING FAMILY MEMBER DEFINED.*—
17 For purposes of this subsection and subsection (g)—

18 “(A) *IN GENERAL.*—The term ‘qualifying
19 family member’ means—

20 “(i) the eligible individual’s spouse,
21 and

22 “(ii) any dependent of the eligible in-
23 dividual with respect to whom the indi-
24 vidual is entitled to a deduction under sec-



1 *tion 151(c) of the Internal Revenue Code of*
2 *1986.*

3 *Such term does not include any individual who*
4 *has other specified coverage.*

5 *“(B) SPECIAL DEPENDENCY TEST IN CASE*
6 *OF DIVORCED PARENTS, ETC.—If paragraph (2)*
7 *or (4) of section 152(e) of such Code applies to*
8 *any child with respect to any calendar year, in*
9 *the case of any taxable year beginning in such*
10 *calendar year, such child shall be treated as de-*
11 *scribed in subparagraph (A)(i) with respect to*
12 *the custodial parent (within the meaning of sec-*
13 *tion 152(e)(1) of such Code) and not with respect*
14 *to the noncustodial parent.*

15 *“(6) STATE.—For purposes of this subsection*
16 *and subsection (g), the term ‘State’ includes an entity*
17 *as defined in subsection (c)(1)(B).*

18 *“(7) OTHER SPECIFIED COVERAGE.—For pur-*
19 *poses of this subsection, an individual has other speci-*
20 *fied coverage for any month if, as of the first day of*
21 *such month—*

22 *“(A) SUBSIDIZED COVERAGE.—*

23 *“(i) IN GENERAL.—Such individual is*
24 *covered under any insurance which con-*
25 *stitutes medical care (except insurance sub-*



1 *stantially all of the coverage of which is of*
2 *excepted benefits described in section*
3 *9832(c) of the Internal Revenue Code of*
4 *1986) under any health plan maintained by*
5 *any employer (or former employer) of the*
6 *taxpayer or the taxpayer's spouse and at*
7 *least 50 percent of the cost of such coverage*
8 *(determined under section 4980B of such*
9 *Code) is paid or incurred by the employer.*

10 *“(i) ELIGIBLE ALTERNATIVE TAA RE-*
11 *CIPIENTS.—In the case of an eligible alter-*
12 *native TAA recipient (as defined in section*
13 *35(c)(3) of the Internal Revenue Code of*
14 *1986), such individual is either—*

15 *“(I) eligible for coverage under*
16 *any qualified health insurance (other*
17 *than insurance described in clause (i),*
18 *(ii), or (vi) of paragraph (2)(A)) under*
19 *which at least 50 percent of the cost of*
20 *coverage (determined under section*
21 *4980B(f)(4) of such Code) is paid or*
22 *incurred by an employer (or former*
23 *employer) of the taxpayer or the tax-*
24 *payer's spouse, or*



1 “(II) covered under any such
2 qualified health insurance under which
3 any portion of the cost of coverage (as
4 so determined) is paid or incurred by
5 an employer (or former employer) of
6 the taxpayer or the taxpayer’s spouse.

7 “(iii) *TREATMENT OF CAFETERIA*
8 *PLANS.*—For purposes of clauses (i) and
9 (ii), the cost of coverage shall be treated as
10 paid or incurred by an employer to the ex-
11 tent the coverage is in lieu of a right to re-
12 ceive cash or other qualified benefits under
13 a cafeteria plan (as defined in section
14 125(d) of the Internal Revenue Code of
15 1986).

16 “(B) *COVERAGE UNDER MEDICARE, MED-*
17 *ICAID, OR SCHIP.*—Such individual—

18 “(i) is entitled to benefits under part A
19 of title XVIII of the Social Security Act or
20 is enrolled under part B of such title, or

21 “(ii) is enrolled in the program under
22 title XIX or XXI of such Act (other than
23 under section 1928 of such Act).

24 “(C) *CERTAIN OTHER COVERAGE.*—Such
25 individual—



1 “(i) is enrolled in a health benefits
2 plan under chapter 89 of title 5, United
3 States Code, or

4 “(ii) is entitled to receive benefits
5 under chapter 55 of title 10, United States
6 Code.

7 “(g) INTERIM HEALTH INSURANCE COVERAGE AND
8 OTHER ASSISTANCE.—

9 “(1) IN GENERAL.—Funds made available to a
10 State or entity under paragraph (4)(B) of subsection
11 (a) may be used by the State or entity to provide as-
12 sistance and support services to eligible individuals,
13 including health care coverage to the extent provided
14 under subsection (f)(1)(A), transportation, child care,
15 dependent care, and income assistance.

16 “(2) INCOME SUPPORT.—With respect to any in-
17 come assistance provided to an eligible individual
18 with such funds, such assistance shall supplement and
19 not supplant other income support or assistance pro-
20 vided under chapter 2 of title II of the Trade Act of
21 1974 (19 U.S.C. 2271 et seq.) (as in effect on the day
22 before the effective date of the Trade Act of 2002) or
23 the unemployment compensation laws of the State
24 where the eligible individual resides.



1 “(3) *HEALTH INSURANCE COVERAGE.*—*With re-*
2 *spect to any assistance provided to an eligible indi-*
3 *vidual with such funds in enrolling in qualified*
4 *health insurance, the following rules shall apply:*

5 “(A) *The State or entity may provide as-*
6 *sistance in obtaining such coverage to the eligible*
7 *individual and to such individual’s qualifying*
8 *family members.*

9 “(B) *Such assistance shall supplement and*
10 *may not supplant any other State or local funds*
11 *used to provide health care coverage and may*
12 *not be included in determining the amount of*
13 *non-Federal contributions required under any*
14 *program.*

15 “(4) *AVAILABILITY OF FUNDS.*—

16 “(A) *EXPEDITED PROCEDURES.*—*With re-*
17 *spect to applications submitted by States or enti-*
18 *ties for grants under this subsection, the Sec-*
19 *retary shall—*

20 “(i) *not later than 15 days after the*
21 *date on which the Secretary receives a com-*
22 *pleted application from a State or entity,*
23 *notify the State or entity of the determina-*
24 *tion of the Secretary with respect to the ap-*
25 *proval or disapproval of such application;*



1 “(ii) in the case of an application of a
2 State or entity that is disapproved by the
3 Secretary, provide technical assistance, at
4 the request of the State or entity, in a time-
5 ly manner to enable the State or entity to
6 submit an approved application; and

7 “(iii) develop procedures to expedite
8 the provision of funds to States and entities
9 with approved applications.

10 “(B) AVAILABILITY AND DISTRIBUTION OF
11 FUNDS.—The Secretary shall ensure that funds
12 made available under section 174(c)(1)(B) to
13 carry out subsection (a)(4)(B) are available to
14 States and entities throughout the period de-
15 scribed in section 174(c)(2)(B).

16 “(5) INCLUSION OF CERTAIN INDIVIDUALS AS EL-
17 IGIBLE INDIVIDUALS.—For purposes of this sub-
18 section, the term ‘eligible individual’ includes an in-
19 dividual who is a member of a group of workers cer-
20 tified after April 1, 2002, under chapter 2 of title II
21 of the Trade Act of 1974 (as in effect on the day be-
22 fore the effective date of the Trade Act of 2002) and
23 is participating in the trade readjustment allowance
24 program under such chapter (as so in effect) or who
25 would be determined to be participating in such pro-



1 *gram under such chapter (as so in effect) if such*
2 *chapter were applied without regard to section*
3 *231(a)(3)(B) of the Trade Act of 1974 (as so in ef-*
4 *fect).”.*

5 *(c) AUTHORIZATION OF APPROPRIATIONS.—Section*
6 *174 of the Workforce Investment Act of 1998 (29 U.S.C.*
7 *2919) is amended by adding at the end the following:*

8 *“(c) ASSISTANCE FOR ELIGIBLE WORKERS.—*

9 *“(1) AUTHORIZATION AND APPROPRIATION FOR*
10 *FISCAL YEAR 2002.—There are authorized to be appro-*
11 *priated and appropriated—*

12 *“(A) to carry out subsection (a)(4)(A) of*
13 *section 173, \$10,000,000 for fiscal year 2002;*
14 *and*

15 *“(B) to carry out subsection (a)(4)(B) of*
16 *section 173, \$50,000,000 for fiscal year 2002.*

17 *“(2) AUTHORIZATION OF APPROPRIATIONS FOR*
18 *SUBSEQUENT FISCAL YEARS.—There are authorized to*
19 *be appropriated—*

20 *“(A) to carry out subsection (a)(4)(A) of*
21 *section 173, \$60,000,000 for each of fiscal years*
22 *2003 through 2007; and*

23 *“(B) to carry out subsection (a)(4)(B) of*
24 *section 173—*



1 “(i) \$100,000,000 for fiscal year 2003;

2 and

3 “(ii) \$50,000,000 for fiscal year 2004.

4 “(3) AVAILABILITY OF FUNDS.—Funds appro-
5 priated pursuant to—

6 “(A) paragraphs (1)(A) and (2)(A) for each
7 fiscal year shall, notwithstanding section 189(g),
8 remain available for obligation during the pend-
9 ency of any outstanding claim under the Trade
10 Act of 1974, as amended by the Trade Act of
11 2002; and

12 “(B) paragraph (1)(B) and (2)(B), for each
13 fiscal year shall, notwithstanding section 189(g),
14 remain available during the period that begins
15 on the date of enactment of the Trade Act of
16 2002 and ends on September 30, 2004.”.

17 (d) CONFORMING AMENDMENT.—Section 132(a)(2)(A)
18 of the Workforce Investment Act of 1998 (29 U.S.C.
19 2862(a)(2)(A)) is amended by inserting “, other than under
20 subsection (a)(4), (f), and (g)” after “grants”.

21 (e) TEMPORARY EXTENSION OF COBRA ELECTION
22 PERIOD FOR CERTAIN INDIVIDUALS.—

23 (1) ERISA AMENDMENTS.—Section 605 of the
24 Employee Retirement Income Security Act of 1974
25 (29 U.S.C. 1165) is amended—



1 (A) by inserting “(a) *IN GENERAL.—*” be-
2 fore “*For purposes of this part*”; and

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

4 “(b) *TEMPORARY EXTENSION OF COBRA ELECTION*
5 *PERIOD FOR CERTAIN INDIVIDUALS.—*

6 “(1) *IN GENERAL.—In the case of a nonelecting*
7 *TAA-eligible individual and notwithstanding sub-*
8 *section (a), such individual may elect continuation*
9 *coverage under this part during the 60-day period*
10 *that begins on the first day of the month in which the*
11 *individual becomes a TAA-eligible individual, but*
12 *only if such election is made not later than 6 months*
13 *after the date of the TAA-related loss of coverage.*

14 “(2) *COMMENCEMENT OF COVERAGE; NO REACH-*
15 *BACK.—Any continuation coverage elected by a TAA-*
16 *eligible individual under paragraph (1) shall com-*
17 *mence at the beginning of the 60-day election period*
18 *described in such paragraph and shall not include*
19 *any period prior to such 60-day election period.*

20 “(3) *PREEXISTING CONDITIONS.—With respect to*
21 *an individual who elects continuation coverage pursu-*
22 *ant to paragraph (1), the period—*

23 “(A) *beginning on the date of the TAA-re-*
24 *lated loss of coverage, and*



1 “(B) ending on the first day of the 60-day
2 election period described in paragraph (1),
3 shall be disregarded for purposes of determining the
4 63-day periods referred to in section 701(c)(2), section
5 2701(c)(2) of the Public Health Service Act, and sec-
6 tion 9801(c)(2) of the Internal Revenue Code of 1986.

7 “(4) *DEFINITIONS.*—For purposes of this sub-
8 section:

9 “(A) *NONELECTING TAA-ELIGIBLE INDI-*
10 *VIDUAL.*—The term ‘nonelecting TAA-eligible in-
11 dividual’ means a TAA-eligible individual
12 who—

13 “(i) has a TAA-related loss of coverage;
14 and

15 “(ii) did not elect continuation cov-
16 erage under this part during the TAA-re-
17 lated election period.

18 “(B) *TAA-ELIGIBLE INDIVIDUAL.*—The
19 term ‘TAA-eligible individual’ means—

20 “(i) an eligible TAA recipient (as de-
21 fined in paragraph (2) of section 35(c) of
22 the Internal Revenue Code of 1986), and

23 “(ii) an eligible alternative TAA re-
24 cipient (as defined in paragraph (3) of such
25 section).



1 “(C) *TAA-RELATED ELECTION PERIOD.*—
2 *The term ‘TAA-related election period’ means,*
3 *with respect to a TAA-related loss of coverage,*
4 *the 60-day election period under this part which*
5 *is a direct consequence of such loss.*

6 “(D) *TAA-RELATED LOSS OF COVERAGE.*—
7 *The term ‘TAA-related loss of coverage’ means,*
8 *with respect to an individual whose separation*
9 *from employment gives rise to being an TAA-eli-*
10 *gible individual, the loss of health benefits cov-*
11 *erage associated with such separation.”.*

12 (2) *PHSA AMENDMENTS.*—*Section 2205 of the*
13 *Public Health Service Act (42 U.S.C. 300bb–5) is*
14 *amended—*

15 (A) *by inserting “(a) IN GENERAL.—” be-*
16 *fore “For purposes of this title”; and*

17 (B) *by adding at the end the following:*

18 “(b) *TEMPORARY EXTENSION OF COBRA ELECTION*
19 *PERIOD FOR CERTAIN INDIVIDUALS.*—

20 “(1) *IN GENERAL.*—*In the case of a nonelecting*
21 *TAA-eligible individual and notwithstanding sub-*
22 *section (a), such individual may elect continuation*
23 *coverage under this title during the 60-day period*
24 *that begins on the first day of the month in which the*
25 *individual becomes a TAA-eligible individual, but*



1 *only if such election is made not later than 6 months*
2 *after the date of the TAA-related loss of coverage.*

3 “(2) *COMMENCEMENT OF COVERAGE; NO REACH-*
4 *BACK.—Any continuation coverage elected by a TAA-*
5 *eligible individual under paragraph (1) shall com-*
6 *mence at the beginning of the 60-day election period*
7 *described in such paragraph and shall not include*
8 *any period prior to such 60-day election period.*

9 “(3) *PREEXISTING CONDITIONS.—With respect to*
10 *an individual who elects continuation coverage pursu-*
11 *ant to paragraph (1), the period—*

12 “(A) *beginning on the date of the TAA-re-*
13 *lated loss of coverage, and*

14 “(B) *ending on the first day of the 60-day*
15 *election period described in paragraph (1),*
16 *shall be disregarded for purposes of determining the*
17 *63-day periods referred to in section 2701(c)(2), sec-*
18 *tion 701(c)(2) of the Employee Retirement Income Se-*
19 *curity Act of 1974, and section 9801(c)(2) of the In-*
20 *ternal Revenue Code of 1986.*

21 “(4) *DEFINITIONS.—For purposes of this sub-*
22 *section:*

23 “(A) *NONELECTING TAA-ELIGIBLE INDI-*
24 *VIDUAL.—The term ‘nonelecting TAA-eligible in-*



1 *dividual’ means a TAA-eligible individual*
2 *who—*

3 *“(i) has a TAA-related loss of coverage;*
4 *and*

5 *“(ii) did not elect continuation cov-*
6 *erage under this part during the TAA-re-*
7 *lated election period.*

8 *“(B) TAA-ELIGIBLE INDIVIDUAL.—The*
9 *term ‘TAA-eligible individual’ means—*

10 *“(i) an eligible TAA recipient (as de-*
11 *fin ed in paragraph (2) of section 35(c) of*
12 *the Internal Revenue Code of 1986), and*

13 *“(ii) an eligible alternative TAA re-*
14 *ci pient (as defined in paragraph (3) of such*
15 *section).*

16 *“(C) TAA-RELATED ELECTION PERIOD.—*
17 *The term ‘TAA-related election period’ means,*
18 *with respect to a TAA-related loss of coverage,*
19 *the 60-day election period under this part which*
20 *is a direct consequence of such loss.*

21 *“(D) TAA-RELATED LOSS OF COVERAGE.—*
22 *The term ‘TAA-related loss of coverage’ means,*
23 *with respect to an individual whose separation*
24 *from employment gives rise to being an TAA-eli-*



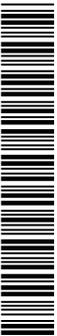
1 gible individual, the loss of health benefits cov-
2 erage associated with such separation.”.

3 (3) *IRC AMENDMENTS.*—Paragraph (5) of sec-
4 tion 4980B(f) of the Internal Revenue Code of 1986
5 (relating to election) is amended by adding at the end
6 the following:

7 “(C) *TEMPORARY EXTENSION OF COBRA*
8 *ELECTION PERIOD FOR CERTAIN INDIVIDUALS.*—

9 “(i) *IN GENERAL.*—In the case of a
10 nonelecting TAA-eligible individual and
11 notwithstanding subparagraph (A), such in-
12 dividual may elect continuation coverage
13 under this subsection during the 60-day pe-
14 riod that begins on the first day of the
15 month in which the individual becomes a
16 TAA-eligible individual, but only if such
17 election is made not later than 6 months
18 after the date of the TAA-related loss of cov-
19 erage.

20 “(ii) *COMMENCEMENT OF COVERAGE;*
21 *NO REACH-BACK.*—Any continuation cov-
22 erage elected by a TAA-eligible individual
23 under clause (i) shall commence at the be-
24 ginning of the 60-day election period de-
25 scribed in such paragraph and shall not in-



1 *clude any period prior to such 60-day elec-*
2 *tion period.*

3 *“(iii) PREEXISTING CONDITIONS.—*
4 *With respect to an individual who elects*
5 *continuation coverage pursuant to clause*
6 *(i), the period—*

7 *“(I) beginning on the date of the*
8 *TAA-related loss of coverage, and*

9 *“(II) ending on the first day of*
10 *the 60-day election period described in*
11 *clause (i),*

12 *shall be disregarded for purposes of deter-*
13 *mining the 63-day periods referred to in*
14 *section 9801(c)(2), section 701(c)(2) of the*
15 *Employee Retirement Income Security Act*
16 *of 1974, and section 2701(c)(2) of the Pub-*
17 *lic Health Service Act.*

18 *“(iv) DEFINITIONS.—For purposes of*
19 *this subsection:*

20 *“(I) NONELECTING TAA-ELIGIBLE*
21 *INDIVIDUAL.—The term ‘nonelecting*
22 *TAA-eligible individual’ means a TAA-*
23 *eligible individual who has a TAA-re-*
24 *lated loss of coverage and did not elect*
25 *continuation coverage under this sub-*

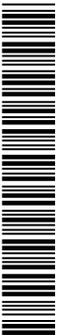


1 section during the TAA-related election
2 period.

3 “(II) TAA-ELIGIBLE INDI-
4 VIDUAL.—The term ‘TAA-eligible indi-
5 vidual’ means an eligible TAA recipi-
6 ent (as defined in paragraph (2) of sec-
7 tion 35(c)) and an eligible alternative
8 TAA recipient (as defined in para-
9 graph (3) of such section).

10 “(III) TAA-RELATED ELECTION
11 PERIOD.—The term ‘TAA-related elec-
12 tion period’ means, with respect to a
13 TAA-related loss of coverage, the 60-
14 day election period under this sub-
15 section which is a direct consequence of
16 such loss.

17 “(IV) TAA-RELATED LOSS OF
18 COVERAGE.—The term ‘TAA-related
19 loss of coverage’ means, with respect to
20 an individual whose separation from
21 employment gives rise to being an
22 TAA-eligible individual, the loss of
23 health benefits coverage associated with
24 such separation.”.



1 (f) *RULE OF CONSTRUCTION.*—*Nothing in this title (or*
2 *the amendments made by this title), other than provisions*
3 *relating to COBRA continuation coverage and reporting re-*
4 *quirements, shall be construed as creating any new mandate*
5 *on any party regarding health insurance coverage.*

6 **TITLE III—CUSTOMS**
7 **REAUTHORIZATION**

8 **SEC. 301. SHORT TITLE.**

9 *This Act may be cited as the “Customs Border Secu-*
10 *rity Act of 2002”.*

11 **Subtitle A—United States Customs**
12 **Service**

13 **CHAPTER 1—DRUG ENFORCEMENT AND**
14 **OTHER NONCOMMERCIAL AND COM-**
15 **MERCIAL OPERATIONS**

16 **SEC. 311. AUTHORIZATION OF APPROPRIATIONS FOR NON-**
17 **COMMERCIAL OPERATIONS, COMMERCIAL OP-**
18 **ERATIONS, AND AIR AND MARINE INTERDIC-**
19 **TION.**

20 (a) *NONCOMMERCIAL OPERATIONS.*—*Section 301(b)(1)*
21 *of the Customs Procedural Reform and Simplification Act*
22 *of 1978 (19 U.S.C. 2075(b)(1)) is amended—*

23 (1) *by striking subparagraph (A), and inserting*
24 *the following:*



1 “(A) \$1,365,456,000 for fiscal year 2003.”;

2 and

3 (2) by striking subparagraph (B), and inserting
4 the following:

5 “(B) \$1,399,592,400 for fiscal year 2004.”.

6 (b) *COMMERCIAL OPERATIONS.*—

7 (1) *IN GENERAL.*—Section 301(b)(2)(A) of the
8 *Customs Procedural Reform and Simplification Act*
9 *of 1978 (19 U.S.C. 2075(b)(2)(A))* is amended—

10 (A) by striking clause (i), and inserting the
11 following:

12 “(i) \$1,642,602,000 for fiscal year 2003.”;

13 and

14 (B) by striking clause (ii), and inserting
15 the following:

16 “(ii) \$1,683,667,050 for fiscal year 2004.”.

17 (2) *AUTOMATED COMMERCIAL ENVIRONMENT*
18 *COMPUTER SYSTEM.*—Of the amount made available
19 for each of fiscal years 2003 and 2004 under section
20 301(b)(2)(A) of the *Customs Procedural Reform and*
21 *Simplification Act of 1978 (19 U.S.C. 2075(b)(2)(A))*,
22 as amended by paragraph (1), \$308,000,000 shall be
23 available until expended for each such fiscal year for
24 the development, establishment, and implementation



1 *of the Automated Commercial Environment computer*
2 *system.*

3 (3) *REPORTS.*—*Not later than 90 days after the*
4 *date of the enactment of this Act, and not later than*
5 *the end of each subsequent 90-day period, the Com-*
6 *missioner of Customs shall prepare and submit to the*
7 *Committee on Ways and Means of the House of Rep-*
8 *resentatives and the Committee on Finance of the*
9 *Senate a report demonstrating that the development*
10 *and establishment of the Automated Commercial En-*
11 *vironment computer system is being carried out in a*
12 *cost-effective manner and meets the modernization re-*
13 *quirements of title VI of the North American Free*
14 *Trade Agreement Implementation Act.*

15 (c) *AIR AND MARINE INTERDICTION.*—*Section*
16 *301(b)(3) of the Customs Procedural Reform and Sim-*
17 *plification Act of 1978 (19 U.S.C. 2075(b)(3)) is*
18 *amended—*

19 (1) *by striking subparagraph (A), and inserting*
20 *the following:*

21 “(A) \$170,829,000 for fiscal year 2003.”;

22 *and*

23 (2) *by striking subparagraph (B), and inserting*
24 *the following:*

25 “(B) \$175,099,725 for fiscal year 2004.”.



1 (d) *SUBMISSION OF OUT-YEAR BUDGET PROJEC-*
2 *TIONS.—Section 301(a) of the Customs Procedural Reform*
3 *and Simplification Act of 1978 (19 U.S.C. 2075(a)) is*
4 *amended by adding at the end the following:*

5 “(3) *By not later than the date on which the President*
6 *submits to Congress the budget of the United States Govern-*
7 *ment for a fiscal year, the Commissioner of Customs shall*
8 *submit to the Committee on Ways and Means of the House*
9 *of Representatives and the Committee on Finance of the*
10 *Senate the projected amount of funds for the succeeding fis-*
11 *cal year that will be necessary for the operations of the Cus-*
12 *toms Service as provided for in subsection (b).”.*

13 **SEC. 312. ANTITERRORIST AND ILLICIT NARCOTICS DETEC-**
14 **TION EQUIPMENT FOR THE UNITED STATES-**
15 **MEXICO BORDER, UNITED STATES-CANADA**
16 **BORDER, AND FLORIDA AND THE GULF**
17 **COAST SEAPORTS.**

18 (a) *FISCAL YEAR 2003.—Of the amounts made avail-*
19 *able for fiscal year 2003 under section 301(b)(1)(A) of the*
20 *Customs Procedural Reform and Simplification Act of 1978*
21 *(19 U.S.C. 2075(b)(1)(A)), as amended by section 311(a)*
22 *of this Act, \$90,244,000 shall be available until expended*
23 *for acquisition and other expenses associated with imple-*
24 *mentation and deployment of antiterrorist and illicit nar-*
25 *cotics detection equipment along the United States-Mexico*



1 border, the United States-Canada border, and Florida and
2 the Gulf Coast seaports, as follows:

3 (1) UNITED STATES-MEXICO BORDER.—For the
4 United States-Mexico border, the following:

5 (A) \$6,000,000 for 8 Vehicle and Container
6 Inspection Systems (VACIS).

7 (B) \$11,200,000 for 5 mobile truck x-rays
8 with transmission and backscatter imaging.

9 (C) \$13,000,000 for the upgrade of 8 fixed-
10 site truck x-rays from the present energy level of
11 450,000 electron volts to 1,000,000 electron volts
12 (1-MeV).

13 (D) \$7,200,000 for 8 1-MeV pallet x-rays.

14 (E) \$1,000,000 for 200 portable contraband
15 detectors (busters) to be distributed among ports
16 where the current allocations are inadequate.

17 (F) \$600,000 for 50 contraband detection
18 kits to be distributed among all southwest border
19 ports based on traffic volume.

20 (G) \$500,000 for 25 ultrasonic container in-
21 spection units to be distributed among all ports
22 receiving liquid-filled cargo and to ports with a
23 hazardous material inspection facility.

24 (H) \$2,450,000 for 7 automated targeting
25 systems.



1 (I) \$360,000 for 30 rapid tire deflator sys-
2 tems to be distributed to those ports where port
3 runners are a threat.

4 (J) \$480,000 for 20 portable Treasury En-
5 forcement Communications Systems (TECS) ter-
6 minals to be moved among ports as needed.

7 (K) \$1,000,000 for 20 remote watch surveil-
8 lance camera systems at ports where there are
9 suspicious activities at loading docks, vehicle
10 queues, secondary inspection lanes, or areas
11 where visual surveillance or observation is ob-
12 scured.

13 (L) \$1,254,000 for 57 weigh-in-motion sen-
14 sors to be distributed among the ports with the
15 greatest volume of outbound traffic.

16 (M) \$180,000 for 36 AM traffic information
17 radio stations, with 1 station to be located at
18 each border crossing.

19 (N) \$1,040,000 for 260 inbound vehicle
20 counters to be installed at every inbound vehicle
21 lane.

22 (O) \$950,000 for 38 spotter camera systems
23 to counter the surveillance of customs inspection
24 activities by persons outside the boundaries of



1 ports where such surveillance activities are oc-
2 curring.

3 (P) \$390,000 for 60 inbound commercial
4 truck transponders to be distributed to all ports
5 of entry.

6 (Q) \$1,600,000 for 40 narcotics vapor and
7 particle detectors to be distributed to each border
8 crossing.

9 (R) \$400,000 for license plate reader auto-
10 matic targeting software to be installed at each
11 port to target inbound vehicles.

12 (2) UNITED STATES-CANADA BORDER.—For the
13 United States-Canada border, the following:

14 (A) \$3,000,000 for 4 Vehicle and Container
15 Inspection Systems (VACIS).

16 (B) \$8,800,000 for 4 mobile truck x-rays
17 with transmission and backscatter imaging.

18 (C) \$3,600,000 for 4 1-MeV pallet x-rays.

19 (D) \$250,000 for 50 portable contraband de-
20 tectors (busters) to be distributed among ports
21 where the current allocations are inadequate.

22 (E) \$300,000 for 25 contraband detection
23 kits to be distributed among ports based on traf-
24 fic volume.



1 (F) \$240,000 for 10 portable Treasury En-
2 forcement Communications Systems (TECS) ter-
3 minals to be moved among ports as needed.

4 (G) \$400,000 for 10 narcotics vapor and
5 particle detectors to be distributed to each border
6 crossing based on traffic volume.

7 (3) FLORIDA AND GULF COAST SEAPORTS.—For
8 Florida and the Gulf Coast seaports, the following:

9 (A) \$4,500,000 for 6 Vehicle and Container
10 Inspection Systems (VACIS).

11 (B) \$11,800,000 for 5 mobile truck x-rays
12 with transmission and backscatter imaging.

13 (C) \$7,200,000 for 8 1-MeV pallet x-rays.

14 (D) \$250,000 for 50 portable contraband de-
15 tectors (busters) to be distributed among ports
16 where the current allocations are inadequate.

17 (E) \$300,000 for 25 contraband detection
18 kits to be distributed among ports based on traf-
19 fic volume.

20 (b) FISCAL YEAR 2004.—Of the amounts made avail-
21 able for fiscal year 2004 under section 301(b)(1)(B) of the
22 Customs Procedural Reform and Simplification Act of 1978
23 (19 U.S.C. 2075(b)(1)(B)), as amended by section 311(a)
24 of this Act, \$9,000,000 shall be available until expended for
25 the maintenance and support of the equipment and train-



1 *ing of personnel to maintain and support the equipment*
2 *described in subsection (a).*

3 *(c) ACQUISITION OF TECHNOLOGICALLY SUPERIOR*
4 *EQUIPMENT; TRANSFER OF FUNDS.—*

5 *(1) IN GENERAL.—The Commissioner of Customs*
6 *may use amounts made available for fiscal year 2003*
7 *under section 301(b)(1)(A) of the Customs Procedural*
8 *Reform and Simplification Act of 1978 (19 U.S.C.*
9 *2075(b)(1)(A)), as amended by section 311(a) of this*
10 *Act, for the acquisition of equipment other than the*
11 *equipment described in subsection (a) if such other*
12 *equipment—*

13 *(A)(i) is technologically superior to the*
14 *equipment described in subsection (a); and*

15 *(ii) will achieve at least the same results at*
16 *a cost that is the same or less than the equip-*
17 *ment described in subsection (a); or*

18 *(B) can be obtained at a lower cost than the*
19 *equipment described in subsection (a).*

20 *(2) TRANSFER OF FUNDS.—Notwithstanding any*
21 *other provision of this section, the Commissioner of*
22 *Customs may reallocate an amount not to exceed 10*
23 *percent of—*

24 *(A) the amount specified in any of subpara-*
25 *graphs (A) through (R) of subsection (a)(1) for*



1 *equipment specified in any other of such sub-*
2 *paragraphs (A) through (R);*

3 *(B) the amount specified in any of subpara-*
4 *graphs (A) through (G) of subsection (a)(2) for*
5 *equipment specified in any other of such sub-*
6 *paragraphs (A) through (G); and*

7 *(C) the amount specified in any of subpara-*
8 *graphs (A) through (E) of subsection (a)(3) for*
9 *equipment specified in any other of such sub-*
10 *paragraphs (A) through (E).*

11 **SEC. 313. COMPLIANCE WITH PERFORMANCE PLAN RE-**
12 **QUIREMENTS.**

13 *As part of the annual performance plan for each of*
14 *the fiscal years 2003 and 2004 covering each program activ-*
15 *ity set forth in the budget of the United States Customs*
16 *Service, as required under section 1115 of title 31, United*
17 *States Code, the Commissioner of Customs shall establish*
18 *performance goals and performance indicators, and shall*
19 *comply with all other requirements contained in para-*
20 *graphs (1) through (6) of subsection (a) of such section with*
21 *respect to each of the activities to be carried out pursuant*
22 *to section 312.*



1 **CHAPTER 2—CHILD CYBER-SMUGGLING**
2 **CENTER OF THE CUSTOMS SERVICE**

3 **SEC. 321. AUTHORIZATION OF APPROPRIATIONS FOR PRO-**
4 **GRAM TO PREVENT CHILD PORNOGRAPHY/**
5 **CHILD SEXUAL EXPLOITATION.**

6 (a) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
7 *authorized to be appropriated to the Customs Service*
8 *\$10,000,000 for fiscal year 2003 to carry out the program*
9 *to prevent child pornography/child sexual exploitation es-*
10 *tablished by the Child Cyber-Smuggling Center of the Cus-*
11 *toms Service.*

12 (b) *USE OF AMOUNTS FOR CHILD PORNOGRAPHY*
13 *CYBER TIPLINE.*—*Of the amount appropriated under sub-*
14 *section (a), the Customs Service shall provide 3.75 percent*
15 *of such amount to the National Center for Missing and Ex-*
16 *ploited Children for the operation of the child pornography*
17 *cyber tipline of the Center and for increased public aware-*
18 *ness of the tipline.*

19 **CHAPTER 3—MISCELLANEOUS**
20 **PROVISIONS**

21 **SEC. 331. ADDITIONAL CUSTOMS SERVICE OFFICERS FOR**
22 **UNITED STATES-CANADA BORDER.**

23 *Of the amount made available for fiscal year 2003*
24 *under paragraphs (1) and (2)(A) of section 301(b) of the*
25 *Customs Procedural Reform and Simplification Act of 1978*



1 *(19 U.S.C. 2075(b)), as amended by section 311 of this Act,*
2 *\$28,300,000 shall be available until expended for the Cus-*
3 *toms Service to hire approximately 285 additional Customs*
4 *Service officers to address the needs of the offices and ports*
5 *along the United States-Canada border.*

6 **SEC. 332. STUDY AND REPORT RELATING TO PERSONNEL**
7 **PRACTICES OF THE CUSTOMS SERVICE.**

8 *(a) STUDY.—The Commissioner of Customs shall con-*
9 *duct a study of current personnel practices of the Customs*
10 *Service, including an overview of performance standards*
11 *and the effect and impact of the collective bargaining proc-*
12 *ess on drug interdiction efforts of the Customs Service and*
13 *a comparison of duty rotation policies of the Customs Serv-*
14 *ice and other Federal agencies that employ similarly situ-*
15 *ated personnel.*

16 *(b) REPORT.—Not later than 120 days after the date*
17 *of the enactment of this Act, the Commissioner of Customs*
18 *shall submit to the Committee on Ways and Means of the*
19 *House of Representatives and the Committee on Finance*
20 *of the Senate a report containing the results of the study*
21 *conducted under subsection (a).*



1 **SEC. 333. STUDY AND REPORT RELATING TO ACCOUNTING**
2 **AND AUDITING PROCEDURES OF THE CUS-**
3 **TOMS SERVICE.**

4 (a) *STUDY.*—(1) *The Commissioner of Customs shall*
5 *conduct a study of actions by the Customs Service to ensure*
6 *that appropriate training is being provided to Customs*
7 *Service personnel who are responsible for financial auditing*
8 *of importers.*

9 (2) *In conducting the study, the Commissioner—*

10 (A) *shall specifically identify those actions taken*
11 *to comply with provisions of law that protect the pri-*
12 *vacancy and trade secrets of importers, such as section*
13 *552(b) of title 5, United States Code, and section*
14 *1905 of title 18, United States Code; and*

15 (B) *shall provide for public notice and comment*
16 *relating to verification of the actions described in sub-*
17 *paragraph (A).*

18 (b) *REPORT.*—*Not later than 6 months after the date*
19 *of the enactment of this Act, the Commissioner of Customs*
20 *shall submit to the Committee on Ways and Means of the*
21 *House of Representatives and the Committee on Finance*
22 *of the Senate a report containing the results of the study*
23 *conducted under subsection (a).*

24 **SEC. 334. ESTABLISHMENT AND IMPLEMENTATION OF COST**
25 **ACCOUNTING SYSTEM; REPORTS.**

26 (a) *ESTABLISHMENT AND IMPLEMENTATION.*—



1 (1) *IN GENERAL.*—Not later than September 30,
2 2003, the Commissioner of Customs shall, in accord-
3 ance with the audit of the Customs Service’s fiscal
4 years 2000 and 1999 financial statements (as con-
5 tained in the report of the Office of the Inspector Gen-
6 eral of the Department of the Treasury issued on Feb-
7 ruary 23, 2001), establish and implement a cost ac-
8 counting system for expenses incurred in both com-
9 mercial and noncommercial operations of the Customs
10 Service.

11 (2) *ADDITIONAL REQUIREMENT.*—The cost ac-
12 counting system described in paragraph (1) shall pro-
13 vide for an identification of expenses based on the
14 type of operation, the port at which the operation
15 took place, the amount of time spent on the operation
16 by personnel of the Customs Service, and an identi-
17 fication of expenses based on any other appropriate
18 classification necessary to provide for an accurate
19 and complete accounting of the expenses.

20 (b) *REPORTS.*—Beginning on the date of the enactment
21 of this Act and ending on the date on which the cost ac-
22 counting system described in subsection (a) is fully imple-
23 mented, the Commissioner of Customs shall prepare and
24 submit to Congress on a quarterly basis a report on the



1 *progress of implementing the cost accounting system pursu-*
2 *ant to subsection (a).*

3 **SEC. 335. STUDY AND REPORT RELATING TO TIMELINESS**
4 **OF PROSPECTIVE RULINGS.**

5 *(a) STUDY.—The Comptroller General shall conduct a*
6 *study on the extent to which the Office of Regulations and*
7 *Rulings of the Customs Service has made improvements to*
8 *decrease the amount of time to issue prospective rulings*
9 *from the date on which a request for the ruling is received*
10 *by the Customs Service.*

11 *(b) REPORT.—Not later than 1 year after the date of*
12 *the enactment of this Act, the Comptroller General shall*
13 *submit to the Committee on Ways and Means of the House*
14 *of Representatives and the Committee on Finance of the*
15 *Senate a report containing the results of the study con-*
16 *ducted under subsection (a).*

17 *(c) DEFINITION.—In this section, the term “prospec-*
18 *tive ruling” means a ruling that is requested by an im-*
19 *porter on goods that are proposed to be imported into the*
20 *United States and that relates to the proper classification,*
21 *valuation, or marking of such goods.*

22 **SEC. 336. STUDY AND REPORT RELATING TO CUSTOMS**
23 **USER FEES.**

24 *(a) STUDY.—The Comptroller General shall conduct a*
25 *study on the extent to which the amount of each customs*



1 *user fee imposed under section 13031(a) of the Consolidated*
2 *Omnibus Budget Reconciliation Act of 1985 (19 U.S.C.*
3 *58c(a)) is commensurate with the level of services provided*
4 *by the Customs Service relating to the fee so imposed.*

5 (b) *REPORT.*—*Not later than 120 days after the date*
6 *of the enactment of this Act, the Comptroller General shall*
7 *submit to the Committee on Ways and Means of the House*
8 *of Representatives and the Committee on Finance of the*
9 *Senate a report in classified form containing—*

10 (1) *the results of the study conducted under sub-*
11 *section (a); and*

12 (2) *recommendations for the appropriate amount*
13 *of the customs user fees if such results indicate that*
14 *the fees are not commensurate with the level of serv-*
15 *ices provided by the Customs Service.*

16 **SEC. 337. FEES FOR CUSTOMS INSPECTIONS AT EXPRESS**
17 **COURIER FACILITIES.**

18 (a) *IN GENERAL.*—*Section 13031(b)(9) of the Consoli-*
19 *dated Omnibus Budget Reconciliation Act of 1985 (19*
20 *U.S.C. 58c(b)(9)) is amended as follows:*

21 (1) *In subparagraph (A)—*

22 (A) *in the matter preceding clause (i), by*
23 *striking “the processing of merchandise that is*
24 *informally entered or released” and inserting*
25 *“the processing of letters, documents, records,*



1 *shipments, merchandise, or any other item that*
2 *is valued at an amount that is less than \$2,000*
3 *(or such higher amount as the Secretary of the*
4 *Treasury may set by regulation pursuant to sec-*
5 *tion 498 of the Tariff Act of 1930), except such*
6 *items entered for transportation and exportation*
7 *or immediate exportation”; and*

8 *(B) by striking clause (ii), and inserting*
9 *the following:*

10 *“(ii) Subject to the provisions of sub-*
11 *paragraph (B), in the case of an express*
12 *consignment carrier facility or centralized*
13 *hub facility, \$.66 per individual airway bill*
14 *or bill of lading.”.*

15 *(2) By redesignating subparagraph (B) as sub-*
16 *paragraph (C) and inserting after subparagraph (A)*
17 *the following:*

18 *“(B)(i) Beginning in fiscal year 2004, the*
19 *Secretary of the Treasury may adjust (not more*
20 *than once per fiscal year) the amount described*
21 *in subparagraph (A)(ii) to an amount that is*
22 *not less than \$.35 and not more than \$1.00 per*
23 *individual airway bill or bill of lading. The Sec-*
24 *retary shall provide notice in the Federal Reg-*
25 *ister of a proposed adjustment under the pre-*



1 *ceding sentence and the reasons therefor and*
2 *shall allow for public comment on the proposed*
3 *adjustment.*

4 “(i) Notwithstanding section 451 of the
5 *Tariff Act of 1930, the payment required by sub-*
6 *paragraph (A)(ii) shall be the only payment re-*
7 *quired for reimbursement of the Customs Service*
8 *in connection with the processing of an indi-*
9 *vidual airway bill or bill of lading in accordance*
10 *with such subparagraph and for providing serv-*
11 *ices at express consignment carrier facilities or*
12 *centralized hub facilities, except that the Customs*
13 *Service may require such facilities to cover ex-*
14 *penditures of the Customs Service for adequate office*
15 *space, equipment, furnishings, supplies, and se-*
16 *curity.*

17 “(iii)(I) The payment required by subpara-
18 *graph (A)(ii) and clause (ii) of this subpara-*
19 *graph shall be paid on a quarterly basis by the*
20 *carrier using the facility to the Customs Service*
21 *in accordance with regulations prescribed by the*
22 *Secretary of the Treasury.*

23 “(II) 50 percent of the amount of payments
24 *received under subparagraph (A)(ii) and clause*
25 *(ii) of this subparagraph shall, in accordance*



1 with section 524 of the Tariff Act of 1930, be de-
2 posited in the Customs User Fee Account and
3 shall be used to directly reimburse each appro-
4 priation for the amount paid out of that appro-
5 priation for the costs incurred in providing serv-
6 ices to express consignment carrier facilities or
7 centralized hub facilities. Amounts deposited in
8 accordance with the preceding sentence shall be
9 available until expended for the provision of cus-
10 toms services to express consignment carrier fa-
11 cilities or centralized hub facilities.

12 “(III) Notwithstanding section 524 of the
13 Tariff Act of 1930, the remaining 50 percent of
14 the amount of payments received under subpara-
15 graph (A)(ii) and clause (ii) of this subpara-
16 graph shall be paid to the Secretary of the Treas-
17 ury, which is in lieu of the payment of fees
18 under subsection (a)(10) of this section.”.

19 (b) *EFFECTIVE DATE.*—The amendments made by sub-
20 section (a) take effect on October 1, 2002.

21 **SEC. 338. NATIONAL CUSTOMS AUTOMATION PROGRAM.**

22 Section 411(b) of the Tariff Act of 1930 (19 U.S.C.
23 1411(b)) is amended by striking the second sentence and
24 inserting the following: “The Secretary may, by regulation,
25 require the electronic submission of information described



1 *in subsection (a) or any other information required to be*
2 *submitted to the Customs Service separately pursuant to*
3 *this subpart.”.*

4 **SEC. 339. AUTHORIZATION OF APPROPRIATIONS FOR CUS-**
5 **TOMS STAFFING.**

6 *There are authorized to be appropriated to the Depart-*
7 *ment of Treasury such sums as may be necessary to provide*
8 *an increase in the annual rate of basic pay—*

9 *(1) for all journeyman Customs inspectors and*
10 *Canine Enforcement Officers who have completed at*
11 *least one year’s service and are receiving an annual*
12 *rate of basic pay for positions at GS–9 of the General*
13 *Schedule under section 5332 of title 5, United States*
14 *Code, from the annual rate of basic pay payable for*
15 *positions at GS–9 of the General Schedule under such*
16 *section 5332, to an annual rate of basic pay payable*
17 *for positions at GS–11 of the General Schedule under*
18 *such section 5332; and*

19 *(2) for the support staff associated with the per-*
20 *sonnel described in subparagraph (A), at the appro-*
21 *priate GS level of the General Schedule under such*
22 *section 5332.*



1 **CHAPTER 4—ANTITERRORISM**
2 **PROVISIONS**

3 **SEC. 341. IMMUNITY FOR UNITED STATES OFFICIALS THAT**
4 **ACT IN GOOD FAITH.**

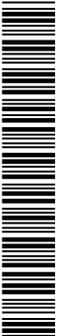
5 (a) *IMMUNITY.*—Section 3061 of the Revised Statutes
6 (19 U.S.C. 482) is amended—

7 (1) by striking “Any of the officers” and insert-
8 ing “(a) Any of the officers”; and

9 (2) by adding at the end the following:

10 “(b) Any officer or employee of the United States con-
11 ducting a search of a person pursuant to subsection (a)
12 shall not be held liable for any civil damages as a result
13 of such search if the officer or employee performed the search
14 in good faith and used reasonable means while effectuating
15 such search.”.

16 (b) *REQUIREMENT TO POST POLICY AND PROCEDURES*
17 *FOR SEARCHES OF PASSENGERS.*—Not later than 30 days
18 after the date of the enactment of this Act, the Commissioner
19 of Customs shall ensure that at each Customs border facility
20 appropriate notice is posted that provides a summary of
21 the policy and procedures of the Customs Service for search-
22 ing passengers, including a statement of the policy relating
23 to the prohibition on the conduct of profiling of passengers
24 based on gender, race, color, religion, or ethnic background.



1 **SEC. 342. EMERGENCY ADJUSTMENTS TO OFFICES, PORTS**
2 **OF ENTRY, OR STAFFING OF THE CUSTOMS**
3 **SERVICE.**

4 *Section 318 of the Tariff Act of 1930 (19 U.S.C. 1318)*
5 *is amended—*

6 *(1) by striking “Whenever the President” and in-*
7 *serting “(a) Whenever the President”; and*

8 *(2) by adding at the end the following:*

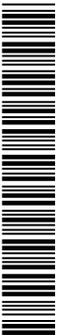
9 *“(b)(1) Notwithstanding any other provision of law,*
10 *the Secretary of the Treasury, when necessary to respond*
11 *to a national emergency declared under the National Emer-*
12 *gencies Act (50 U.S.C. 1601 et seq.) or to a specific threat*
13 *to human life or national interests, is authorized to take*
14 *the following actions on a temporary basis:*

15 *“(A) Eliminate, consolidate, or relocate any of-*
16 *fice or port of entry of the Customs Service.*

17 *“(B) Modify hours of service, alter services ren-*
18 *dered at any location, or reduce the number of em-*
19 *ployees at any location.*

20 *“(C) Take any other action that may be nec-*
21 *essary to respond directly to the national emergency*
22 *or specific threat.*

23 *“(2) Notwithstanding any other provision of law, the*
24 *Commissioner of Customs, when necessary to respond to a*
25 *specific threat to human life or national interests, is author-*
26 *ized to close temporarily any Customs office or port of entry*



1 *or take any other lesser action that may be necessary to*
2 *respond to the specific threat.*

3 “(3) *The Secretary of the Treasury or the Commis-*
4 *sioner of Customs, as the case may be, shall notify the Com-*
5 *mittee on Ways and Means of the House of Representatives*
6 *and the Committee on Finance of the Senate not later than*
7 *72 hours after taking any action under paragraph (1) or*
8 *(2).”.*

9 **SEC. 343. MANDATORY ADVANCED ELECTRONIC INFORMA-**
10 **TION FOR CARGO AND OTHER IMPROVED**
11 **CUSTOMS REPORTING PROCEDURES.**

12 (a) *CARGO INFORMATION.*—

13 (1) *IN GENERAL.*—*Subject to paragraphs (2) and*
14 *(3), not later than 1 year after the date of enactment*
15 *of this Act, the Secretary shall promulgate regulations*
16 *providing for the transmission to the Customs Serv-*
17 *ice, through an electronic data interchange system, of*
18 *information pertaining to cargo destined for importa-*
19 *tion into the United States or exportation from the*
20 *United States, prior to such importation or expor-*
21 *tation.*

22 (2) *INFORMATION REQUIRED.*—*The information*
23 *required by the regulations promulgated pursuant to*
24 *paragraph (1) under the parameters set forth in*
25 *paragraph (3) shall be such information as the Sec-*



1 *retary determines to be reasonably necessary to ensure*
2 *aviation, maritime, and surface transportation safety*
3 *and security pursuant to those laws enforced and ad-*
4 *ministered by the Customs Service.*

5 *(3) PARAMETERS.—In developing regulations*
6 *pursuant to paragraph (1), the Secretary shall adhere*
7 *to the following parameters:*

8 *(A) The Secretary shall solicit comments*
9 *from and consult with a broad range of parties*
10 *likely to be affected by the regulations, including*
11 *importers, exporters, carriers, customs brokers,*
12 *and freight forwarders, among other interested*
13 *parties.*

14 *(B) In general, the requirement to provide*
15 *particular information shall be imposed on the*
16 *party most likely to have direct knowledge of*
17 *that information. Where requiring information*
18 *from the party with direct knowledge of that in-*
19 *formation is not practicable, the regulations*
20 *shall take into account how, under ordinary*
21 *commercial practices, information is acquired by*
22 *the party on which the requirement is imposed,*
23 *and whether and how such party is able to verify*
24 *the information. Where information is not rea-*
25 *sonably verifiable by the party on which a re-*



1 *quirement is imposed, the regulations shall per-*
2 *mit that party to transmit information on the*
3 *basis of what it reasonably believes to be true.*

4 *(C) The Secretary shall take into account*
5 *the existence of competitive relationships among*
6 *the parties on which requirements to provide*
7 *particular information are imposed.*

8 *(D) Where the regulations impose require-*
9 *ments on carriers of cargo, they shall take into*
10 *account differences among different modes of*
11 *transportation, including differences in commer-*
12 *cial practices, operational characteristics, and*
13 *technological capacity to collect and transmit in-*
14 *formation electronically.*

15 *(E) The regulations shall take into account*
16 *the extent to which the technology necessary for*
17 *parties to transmit and the Customs Service to*
18 *receive and analyze data in a timely fashion is*
19 *available. To the extent that the Secretary deter-*
20 *mines that the necessary technology will not be*
21 *widely available to particular modes of transpor-*
22 *tation or other affected parties until after pro-*
23 *mulgation of the regulations, the regulations*
24 *shall provide interim requirements appropriate*



1 *for the technology that is available at the time*
2 *of promulgation.*

3 *(F) The information collected pursuant to*
4 *the regulations shall be used exclusively for en-*
5 *surving aviation, maritime, and surface transpor-*
6 *tation safety and security, and shall not be used*
7 *for determining entry or for any other commer-*
8 *cial enforcement purposes.*

9 *(G) The regulations shall protect the pri-*
10 *vacuity of business proprietary and any other con-*
11 *fidential information provided to the Customs*
12 *Service. However, this parameter does not repeal,*
13 *amend, or otherwise modify other provisions of*
14 *law relating to the public disclosure of informa-*
15 *tion transmitted to the Customs Service.*

16 *(H) In determining the timing for trans-*
17 *mittal of any information, the Secretary shall*
18 *balance likely impact on flow of commerce with*
19 *impact on aviation, maritime, and surface*
20 *transportation safety and security. With respect*
21 *to requirements that may be imposed on carriers*
22 *of cargo, the timing for transmittal of informa-*
23 *tion shall take into account differences among*
24 *different modes of transportation, as described in*
25 *subparagraph (D).*

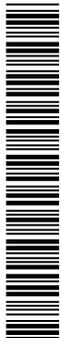


1 (I) Where practicable, the regulations shall
2 avoid imposing requirements that are redundant
3 with one another or that are redundant with re-
4 quirements in other provisions of law.

5 (J) The Secretary shall determine whether
6 it is appropriate to provide transition periods
7 between promulgation of the regulations and the
8 effective date of the regulations and shall pre-
9 scribe such transition periods in the regulations,
10 as appropriate. The Secretary may determine
11 that different transition periods are appropriate
12 for different classes of affected parties.

13 (K) With respect to requirements imposed
14 on carriers, the Secretary, in consultation with
15 the Postmaster General, shall determine whether
16 it is appropriate to impose the same or similar
17 requirements on shipments by the United States
18 Postal Service. If the Secretary determines that
19 such requirements are appropriate, then they
20 shall be set forth in the regulations.

21 (L) Not later than 15 days prior to promul-
22 gation of the regulations, the Secretary shall
23 transmit to the Committees on Finance and
24 Commerce, Science, and Transportation of the
25 Senate and the Committees on Ways and Means



1 *and Transportation and Infrastructure of the*
2 *House of Representatives a report setting forth—*

3 *(i) the proposed regulations;*

4 *(ii) an explanation of how particular*
5 *requirements in the proposed regulations*
6 *meet the needs of aviation, maritime, and*
7 *surface transportation safety and security;*

8 *(iii) an explanation of how the Sec-*
9 *retary expects the proposed regulations to*
10 *affect the commercial practices of affected*
11 *parties; and*

12 *(iv) an explanation of how the pro-*
13 *posed regulations address particular com-*
14 *ments received from interested parties.*

15 ***(b) DOCUMENTATION OF WATERBORNE CARGO.—Part***
16 ***II of title IV of the Tariff Act of 1930 is amended by insert-***
17 ***ing after section 431 the following new section:***

18 **“SEC. 431A. DOCUMENTATION OF WATERBORNE CARGO.**

19 ***“(a) APPLICABILITY.—This section shall apply to all***
20 ***cargo to be exported that is moved by a vessel carrier from***
21 ***a port in the United States.***

22 ***“(b) DOCUMENTATION REQUIRED.—(1) No shipper of***
23 ***cargo subject to this section (including an ocean transpor-***
24 ***tation intermediary that is a non-vessel-operating common***
25 ***carrier (as defined in section 3(17)(B) of the Shipping Act***



1 of 1984 (46 U.S.C. App. 1702(17)(B)) may tender or cause
2 to be tendered to a vessel carrier cargo subject to this section
3 for loading on a vessel in a United States port, unless such
4 cargo is properly documented pursuant to this subsection.

5 “(2) For the purposes of this subsection, cargo shall
6 be considered properly documented if the shipper submits
7 to the vessel carrier or its agent a complete set of shipping
8 documents no later than 24 hours after the cargo is deliv-
9 ered to the marine terminal operator, but under no cir-
10 cumstances later than 24 hours prior to departure of the
11 vessel.

12 “(3) A complete set of shipping documents shall
13 include—

14 “(A) for shipments for which a shipper’s export
15 declaration is required, a copy of the export declara-
16 tion or, if the shipper files such declarations electroni-
17 cally in the Automated Export System, the complete
18 bill of lading, and the master or equivalent shipping
19 instructions, including the Internal Transaction
20 Number (ITN); or

21 “(B) for shipments for which a shipper’s export
22 declaration is not required, a shipper’s export dec-
23 laration exemption statement and such other docu-
24 ments or information as the Secretary may by regula-
25 tion prescribe.



1 “(4) *The Secretary shall by regulation prescribe the*
2 *time, manner, and form by which shippers shall transmit*
3 *documents or information required under this subsection to*
4 *the Customs Service.*

5 “(c) *LOADING UNDOCUMENTED CARGO PROHIB-*
6 *ITED.—*

7 “(1) *No marine terminal operator (as defined in*
8 *section 3(14) of the Shipping Act of 1984 (46 U.S.C.*
9 *App. 1702(14))) may load, or cause to be loaded, any*
10 *cargo subject to this section on a vessel unless in-*
11 *structed by the vessel carrier operating the vessel that*
12 *such cargo has been properly documented in accord-*
13 *ance with this section.*

14 “(2) *When cargo is booked by 1 vessel carrier to*
15 *be transported on the vessel of another vessel carrier,*
16 *the booking carrier shall notify the operator of the*
17 *vessel that the cargo has been properly documented in*
18 *accordance with this section. The operator of the ves-*
19 *sel may rely on such notification in releasing the*
20 *cargo for loading aboard the vessel.*

21 “(d) *REPORTING OF UNDOCUMENTED CARGO.—A ves-*
22 *sel carrier shall notify the Customs Service of any cargo*
23 *tendered to such carrier that is not properly documented*
24 *pursuant to this section and that has remained in the ma-*
25 *rine terminal for more than 48 hours after being delivered*



1 *to the marine terminal, and the location of the cargo in*
2 *the marine terminal. For vessel carriers that are members*
3 *of vessel sharing agreements (or any other arrangement*
4 *whereby a carrier moves cargo on another carrier's vessel),*
5 *the vessel carrier accepting the booking shall be responsible*
6 *for reporting undocumented cargo, without regard to wheth-*
7 *er it operates the vessel on which the transportation is to*
8 *be made.*

9 “(e) *ASSESSMENT OF PENALTIES.—Whoever is found*
10 *to have violated subsection (b) of this section shall be liable*
11 *to the United States for civil penalties in a monetary*
12 *amount up to the value of the cargo, or the actual cost of*
13 *the transportation, whichever is greater.*

14 “(f) *SEIZURE OF UNDOCUMENTED CARGO.—*

15 “(1) *Any cargo that is not properly documented*
16 *pursuant to this section and has remained in the ma-*
17 *rine terminal for more than 48 hours after being de-*
18 *livered to the marine terminal operator shall be sub-*
19 *ject to search, seizure, and forfeiture.*

20 “(2) *The shipper of any such cargo is liable to*
21 *the marine terminal operator and to the ocean carrier*
22 *for demurrage and other applicable charges for any*
23 *undocumented cargo which has been notified to or*
24 *searched or seized by the Customs Service for the en-*
25 *tire period the cargo remains under the order and di-*



1 *rection of the Customs Service. Unless the cargo is*
2 *seized by the Customs Service and forfeited, the ma-*
3 *rine terminal operator and the ocean carrier shall*
4 *have a lien on the cargo for the amount of the demur-*
5 *rage and other charges.*

6 *“(g) EFFECT ON OTHER PROVISIONS.—Nothing in this*
7 *section shall be construed, interpreted, or applied to relieve*
8 *or excuse any party from compliance with any obligation*
9 *or requirement arising under any other law, regulation, or*
10 *order with regard to the documentation or carriage of*
11 *cargo.”.*

12 *(c) SECRETARY.—For purposes of this section, the*
13 *term “Secretary” means the Secretary of the Treasury. If,*
14 *at the time the regulations required by subsection (a)(1) are*
15 *promulgated, the Customs Service is no longer located in*
16 *the Department of the Treasury, then the Secretary of the*
17 *Treasury shall exercise the authority under subsection (a)*
18 *jointly with the Secretary of the Department in which the*
19 *Customs Service is located.*

20 **SEC. 343A. SECURE SYSTEMS OF TRANSPORTATION.**

21 *(a) JOINT TASK FORCE.—The Secretary of the Treas-*
22 *ury shall establish a joint task force to evaluate, prototype,*
23 *and certify secure systems of transportation. The joint task*
24 *force shall be comprised of officials from the Department*
25 *of Transportation and the Customs Service, and any other*



1 *officials that the Secretary deems appropriate. The task*
2 *force shall establish a program to evaluate and certify se-*
3 *cure systems of international intermodal transport no later*
4 *than 1 year after the date of enactment of this Act. The*
5 *task force shall solicit and consider input from a broad*
6 *range of interested parties.*

7 **(b) PROGRAM REQUIREMENTS.**—*At a minimum the*
8 *program referred to in subsection (a) shall require certified*
9 *systems of international intermodal transport to be signifi-*
10 *cantly more secure than existing transportation programs,*
11 *and the program shall—*

12 (1) *establish standards and a process for screen-*
13 *ing and evaluating cargo prior to import into or ex-*
14 *port from the United States;*

15 (2) *establish standards and a process for a sys-*
16 *tem of securing cargo and monitoring it while in*
17 *transit;*

18 (3) *establish standards and a process for allow-*
19 *ing the United States Government to ensure and vali-*
20 *date compliance with the program elements; and*

21 (4) *include any other elements that the task force*
22 *deems necessary to ensure the security and integrity*
23 *of the international intermodal transport movements.*

24 **(c) RECOGNITION OF CERTIFIED SYSTEMS.**—



1 (1) *SECRETARY OF THE TREASURY.*—*The Sec-*
2 *retary of the Treasury shall recognize certified sys-*
3 *tems of intermodal transport in the requirements of*
4 *a national security plan for United States seaports,*
5 *and in the provisions requiring planning to reopen*
6 *United States ports for commerce.*

7 (2) *COMMISSIONER OF CUSTOMS.*—*The Commis-*
8 *sioner of Customs shall recognize certified systems of*
9 *intermodal transport in the evaluation of cargo risk*
10 *for purposes of United States imports and exports.*

11 (d) *REPORT.*—*Within 1 year after the program de-*
12 *scribed in subsection (a) is implemented, the Secretary of*
13 *the Treasury shall transmit a report to the Committees on*
14 *Commerce, Science, and Transportation and Finance of the*
15 *Senate and the Committees on Transportation and Infra-*
16 *structure and Ways and Means of the House of Representa-*
17 *tives that—*

18 (1) *evaluates the program and its requirements;*

19 (2) *states the Secretary's views as to whether any*
20 *procedure, system, or technology evaluated as part of*
21 *the program offers a higher level of security than*
22 *under existing procedures;*

23 (3) *states the Secretary's views as to the integ-*
24 *rity of the procedures, technology, or systems evalu-*
25 *ated as part of the program; and*



1 (4) *makes a recommendation with respect to*
2 *whether the program, or any procedure, system, or*
3 *technology should be incorporated in a nationwide*
4 *system for certified systems of intermodal transport.*

5 **SEC. 344. BORDER SEARCH AUTHORITY FOR CERTAIN CON-**
6 **TRABAND IN OUTBOUND MAIL.**

7 (a) *IN GENERAL.—The Tariff Act of 1930 is amended*
8 *by inserting after section 582 the following:*

9 **“SEC. 583. EXAMINATION OF OUTBOUND MAIL.**

10 “(a) *EXAMINATION.—*

11 “(1) *IN GENERAL.—For purposes of ensuring*
12 *compliance with the Customs laws of the United*
13 *States and other laws enforced by the Customs Serv-*
14 *ice, including the provisions of law described in para-*
15 *graph (2), a Customs officer may, subject to the provi-*
16 *sions of this section, stop and search at the border,*
17 *without a search warrant, mail of domestic origin*
18 *transmitted for export by the United States Postal*
19 *Service and foreign mail transiting the United States*
20 *that is being imported or exported by the United*
21 *States Postal Service.*

22 “(2) *PROVISIONS OF LAW DESCRIBED.—The pro-*
23 *visions of law described in this paragraph are the fol-*
24 *lowing:*



1 “(A) Section 5316 of title 31, United States
2 Code (relating to reports on exporting and im-
3 porting monetary instruments).

4 “(B) Sections 1461, 1463, 1465, and 1466,
5 and chapter 110 of title 18, United States Code
6 (relating to obscenity and child pornography).

7 “(C) Section 1003 of the Controlled Sub-
8 stances Import and Export Act (relating to ex-
9 portation of controlled substances) (21 U.S.C.
10 953).

11 “(D) The Export Administration Act of
12 1979 (50 U.S.C. App. 2401 et seq.).

13 “(E) Section 38 of the Arms Export Control
14 Act (22 U.S.C. 2778).

15 “(F) The International Emergency Eco-
16 nomic Powers Act (50 U.S.C. 1701 et seq.).

17 “(b) SEARCH OF MAIL NOT SEALED AGAINST INSPEC-
18 TION AND OTHER MAIL.—Mail not sealed against inspec-
19 tion under the postal laws and regulations of the United
20 States, mail which bears a Customs declaration, and mail
21 with respect to which the sender or addressee has consented
22 in writing to search, may be searched by a Customs officer.

23 “(c) SEARCH OF MAIL SEALED AGAINST INSPECTION
24 WEIGHING IN EXCESS OF 16 OUNCES.—



1 “(1) *IN GENERAL.*—*Mail weighing in excess of 16*
2 *ounces sealed against inspection under the postal laws and*
3 *regulations of the United States may be searched by a Cus-*
4 *toms officer, subject to paragraph (2), if there is reasonable*
5 *cause to suspect that such mail contains one or more of*
6 *the following:*

7 “(A) *Monetary instruments, as defined in section*
8 *1956 of title 18, United States Code.*

9 “(B) *A weapon of mass destruction, as defined*
10 *in section 2332a(b) of title 18, United States Code.*

11 “(C) *A drug or other substance listed in schedule*
12 *I, II, III, or IV in section 202 of the Controlled Sub-*
13 *stances Act (21 U.S.C. 812).*

14 “(D) *National defense and related information*
15 *transmitted in violation of any of sections 793*
16 *through 798 of title 18, United States Code.*

17 “(E) *Merchandise mailed in violation of section*
18 *1715 or 1716 of title 18, United States Code.*

19 “(F) *Merchandise mailed in violation of any*
20 *provision of chapter 71 (relating to obscenity) or*
21 *chapter 110 (relating to sexual exploitation and other*
22 *abuse of children) of title 18, United States Code.*

23 “(G) *Merchandise mailed in violation of the Ex-*
24 *port Administration Act of 1979 (50 U.S.C. App.*
25 *2401 et seq.).*



1 “(H) Merchandise mailed in violation of section
2 38 of the Arms Export Control Act (22 U.S.C. 2778).

3 “(I) Merchandise mailed in violation of the
4 International Emergency Economic Powers Act (50
5 U.S.C. 1701 et seq.).

6 “(J) Merchandise mailed in violation of the
7 Trading with the Enemy Act (50 U.S.C. App. 1 et
8 seq.).

9 “(K) Merchandise subject to any other law en-
10 forced by the Customs Service.

11 “(2) LIMITATION.—No person acting under the
12 authority of paragraph (1) shall read, or authorize
13 any other person to read, any correspondence con-
14 tained in mail sealed against inspection unless prior
15 to so reading—

16 “(A) a search warrant has been issued pur-
17 suant to rule 41 of the Federal Rules of Criminal
18 Procedure; or

19 “(B) the sender or addressee has given writ-
20 ten authorization for such reading.

21 “(d) SEARCH OF MAIL SEALED AGAINST INSPECTION
22 WEIGHING 16 OUNCES OR LESS.—Notwithstanding any
23 other provision of this section, subsection (a)(1) shall not
24 apply to mail weighing 16 ounces or less sealed against in-



1 *spection under the postal laws and regulations of the United*
2 *States.”.*

3 (b) *CERTIFICATION BY SECRETARY.*—Not later than 3
4 months after the date of enactment of this section, the Sec-
5 retary of State shall determine whether the application of
6 section 583 of the Tariff Act of 1930 to foreign mail
7 transiting the United States that is imported or exported
8 by the United States Postal Service is being handled in a
9 manner consistent with international law and any inter-
10 national obligation of the United States. Section 583 of such
11 Act shall not apply to such foreign mail unless the Sec-
12 retary certifies to Congress that the application of such sec-
13 tion 583 is consistent with international law and any inter-
14 national obligation of the United States.

15 (c) *EFFECTIVE DATE.*—

16 (1) *IN GENERAL.*—Except as provided in para-
17 graph (2), this section and the amendments made by
18 this section shall take effect on the date of enactment
19 of this Act.

20 (2) *CERTIFICATION WITH RESPECT TO FOREIGN*
21 *MAIL.*—The provisions of section 583 of the Tariff Act
22 of 1930 relating to foreign mail transiting the United
23 States that is imported or exported by the United
24 States Postal Service shall not take effect until the
25 Secretary of State certifies to Congress, pursuant to



1 *subsection (b), that the application of such section*
2 *583 is consistent with international law and any*
3 *international obligation of the United States.*

4 **SEC. 345. AUTHORIZATION OF APPROPRIATIONS FOR REES-**
5 **TABLISHMENT OF CUSTOMS OPERATIONS IN**
6 **NEW YORK CITY.**

7 *(a) AUTHORIZATION OF APPROPRIATIONS.—*

8 *(1) IN GENERAL.—There is authorized to be ap-*
9 *propriated for the reestablishment of operations of the*
10 *Customs Service in New York, New York, such sums*
11 *as may be necessary for fiscal year 2003.*

12 *(2) OPERATIONS DESCRIBED.—The operations*
13 *referred to in paragraph (1) include, but are not lim-*
14 *ited to, the following:*

15 *(A) Operations relating to the Port Director*
16 *of New York City, the New York Customs Man-*
17 *agement Center (including the Director of Field*
18 *Operations), and the Special Agent-In-Charge*
19 *for New York.*

20 *(B) Commercial operations, including tex-*
21 *tile enforcement operations and salaries and ex-*
22 *penses of—*

23 *(i) trade specialists who determine the*
24 *origin and value of merchandise;*



1 (c) TRANSSHIPMENT DESCRIBED.—Transshipment
2 within the meaning of this section has occurred when pref-
3 erential treatment under any provision of law has been
4 claimed for a textile or apparel article on the basis of ma-
5 terial false information concerning the country of origin,
6 manufacture, processing, or assembly of the article or any
7 of its components. For purposes of the preceding sentence,
8 false information is material if disclosure of the true infor-
9 mation would mean or would have meant that the article
10 is or was ineligible for preferential treatment under the
11 provision of law in question.

12 **SEC. 352. AUTHORIZATION OF APPROPRIATIONS FOR TEX-**
13 **TILE TRANSSHIPMENT ENFORCEMENT OPER-**
14 **ATIONS.**

15 (a) AUTHORIZATION OF APPROPRIATIONS.—

16 (1) IN GENERAL.—There is authorized to be
17 appropriated for transshipment (as described in sec-
18 tion 351(c)) enforcement operations, outreach, and
19 education of the Customs Service \$9,500,000 for fis-
20 cal year 2003.

21 (2) AVAILABILITY.—Amounts appropriated pur-
22 suant to the authorization of appropriations under
23 paragraph (1) are authorized to remain available
24 until expended.



1 (b) USE OF FUNDS.—Of the amount appropriated
2 pursuant to the authorization of appropriations under sub-
3 section (a), the following amounts are authorized to be
4 made available for the following purposes:

5 (1) IMPORT SPECIALISTS.—\$1,463,000 for 21
6 Customs import specialists to be assigned to selected
7 ports for documentation review to support detentions
8 and exclusions and 1 additional Customs import spe-
9 cialist assigned to the Customs headquarters textile
10 program to administer the program and provide
11 oversight.

12 (2) INSPECTORS.—\$652,080 for 10 Customs
13 inspectors to be assigned to selected ports to exam-
14 ine targeted high-risk shipments.

15 (3) INVESTIGATORS.—(A) \$1,165,380 for 10
16 investigators to be assigned to selected ports to in-
17 vestigate instances of smuggling, quota and trade
18 agreement circumvention, and use of counterfeit
19 visas to enter inadmissible goods.

20 (B) \$149,603 for 1 investigator to be assigned
21 to the Customs headquarters textile program to co-
22 ordinate and ensure implementation of textile pro-
23 duction verification team results from an investiga-
24 tion perspective.



1 (4) INTERNATIONAL TRADE SPECIALISTS.—
2 \$226,500 for 3 international trade specialists to be
3 assigned to Customs headquarters to be dedicated to
4 illegal textile transshipment policy issues, outreach,
5 education, and other free trade agreement enforce-
6 ment issues.

7 (5) PERMANENT IMPORT SPECIALISTS FOR
8 HONG KONG.—\$500,000 for 2 permanent import
9 specialist positions and \$500,000 for 2 investigators
10 to be assigned to Hong Kong to work with Hong
11 Kong and other government authorities in Southeast
12 Asia to assist such authorities in pursuing proactive
13 enforcement of bilateral trade agreements.

14 (6) VARIOUS PERMANENT TRADE POSITIONS.—
15 \$3,500,000 for the following:

16 (A) 2 permanent positions to be assigned
17 to the Customs attaché office in Central Amer-
18 ica to address trade enforcement issues for that
19 region.

20 (B) 2 permanent positions to be assigned
21 to the Customs attaché office in South Africa to
22 address trade enforcement issues pursuant to
23 the African Growth and Opportunity Act (title
24 I of Public Law 106–200).



1 (C) 4 permanent positions to be assigned
2 to the Customs attaché office in Mexico to ad-
3 dress the threat of illegal textile transshipment
4 through Mexico and other related issues under
5 the North American Free Trade Agreement
6 Act.

7 (D) 2 permanent positions to be assigned
8 to the Customs attaché office in Seoul, South
9 Korea, to address the trade issues in the geo-
10 graphic region.

11 (E) 2 permanent positions to be assigned
12 to the proposed Customs attaché office in New
13 Delhi, India, to address the threat of illegal tex-
14 tile transshipment and other trade enforcement
15 issues.

16 (F) 2 permanent positions to be assigned
17 to the Customs attaché office in Rome, Italy, to
18 address trade enforcement issues in the geo-
19 graphic region, including issues under free
20 trade agreements with Jordan and Israel.

21 (7) ATTORNEYS.—\$179,886 for 2 attorneys for
22 the Office of the Chief Counsel of the Customs Serv-
23 ice to pursue cases regarding illegal textile trans-
24 shipment.



1 (8) AUDITORS.—\$510,000 for 6 Customs audi-
2 tors to perform internal control reviews and docu-
3 ment and record reviews of suspect importers.

4 (9) ADDITIONAL TRAVEL FUNDS.—\$250,000
5 for deployment of additional textile production ver-
6 ification teams to sub-Saharan Africa.

7 (10) TRAINING.—(A) \$75,000 for training of
8 Customs personnel.

9 (B) \$200,000 for training for foreign counter-
10 parts in risk management analytical techniques and
11 for teaching factory inspection techniques, model law
12 development, and enforcement techniques.

13 (11) OUTREACH.—\$60,000 for outreach efforts
14 to United States importers.

15 **SEC. 353. IMPLEMENTATION OF THE AFRICAN GROWTH**
16 **AND OPPORTUNITY ACT.**

17 Of the amount made available for fiscal year 2003
18 under section 301(b)(2)(A) of the Customs Procedural Re-
19 form and Simplification Act of 1978 (19 U.S.C.
20 2075(b)(2)(A)), as amended by section 311(b)(1) of this
21 Act, \$1,317,000 shall be available until expended for the
22 Customs Service to provide technical assistance to help
23 sub-Saharan African countries develop and implement ef-
24 fective visa and anti-transshipment systems as required by



1 the African Growth and Opportunity Act (title I of Public
2 Law 106–200), as follows:

3 (1) TRAVEL FUNDS.—\$600,000 for import spe-
4 cialists, special agents, and other qualified Customs
5 personnel to travel to sub-Saharan African countries
6 to provide technical assistance in developing and im-
7 plementing effective visa and anti-transshipment sys-
8 tems.

9 (2) IMPORT SPECIALISTS.—\$266,000 for 4 im-
10 port specialists to be assigned to Customs head-
11 quarters to be dedicated to providing technical as-
12 sistance to sub-Saharan African countries for devel-
13 oping and implementing effective visa and anti-
14 transshipment systems.

15 (3) DATA RECONCILIATION ANALYSTS.—
16 \$151,000 for 2 data reconciliation analysts to review
17 apparel shipments.

18 (4) SPECIAL AGENTS.—\$300,000 for 2 special
19 agents to be assigned to Customs headquarters to be
20 available to provide technical assistance to sub-Saha-
21 ran African countries in the performance of inves-
22 tigations and other enforcement initiatives.



1 **Subtitle B—Office of the United**
2 **States Trade Representative**

3 **SEC. 361. AUTHORIZATION OF APPROPRIATIONS.**

4 (a) IN GENERAL.—Section 141(g)(1) of the Trade
5 Act of 1974 (19 U.S.C. 2171(g)(1)) is amended—

6 (1) in subparagraph (A)—

7 (A) in the matter preceding clause (i), by
8 striking “not to exceed”;

9 (B) by striking clause (i), and inserting the
10 following:

11 “(i) \$32,300,000 for fiscal year 2003.”; and

12 (C) by striking clause (ii), and inserting
13 the following:

14 “(ii) \$33,108,000 for fiscal year 2004.”; and

15 (2) in subparagraph (B)—

16 (A) in clause (i), by adding “and” at the
17 end;

18 (B) by striking clause (ii); and

19 (C) by redesignating clause (iii) as clause
20 (ii).

21 (b) SUBMISSION OF OUT-YEAR BUDGET PROJEC-
22 TIONS.—Section 141(g) of the Trade Act of 1974 (19
23 U.S.C. 2171(g)) is amended by adding at the end the fol-
24 lowing:



1 “(3) By not later than the date on which the Presi-
2 dent submits to Congress the budget of the United States
3 Government for a fiscal year, the United States Trade
4 Representative shall submit to the Committee on Ways
5 and Means of the House of Representatives and the Com-
6 mittee on Finance of the Senate the projected amount of
7 funds for the succeeding fiscal year that will be necessary
8 for the Office to carry out its functions.”.

9 (c) ADDITIONAL STAFF FOR OFFICE OF ASSISTANT
10 U.S. TRADE REPRESENTATIVE FOR CONGRESSIONAL AF-
11 FAIRS.—

12 (1) IN GENERAL.—There is authorized to be
13 appropriated such sums as may be necessary for fis-
14 cal year 2003 for the salaries and expenses of two
15 additional legislative specialist employee positions
16 within the Office of the Assistant United States
17 Trade Representative for Congressional Affairs.

18 (2) AVAILABILITY.—Amounts appropriated pur-
19 suant to the authorization of appropriations under
20 paragraph (1) are authorized to remain available
21 until expended.



1 **Subtitle C—United States**
2 **International Trade Commission**

3 **SEC. 371. AUTHORIZATION OF APPROPRIATIONS.**

4 (a) IN GENERAL.—Section 330(e)(2)(A) of the Tariff
5 Act of 1930 (19 U.S.C. 1330(e)(2)(A)) is amended—

6 (1) by striking clause (i), and inserting the fol-
7 lowing:

8 “(i) \$54,000,000 for fiscal year 2003.”; and

9 (2) by striking clause (ii), and inserting the fol-
10 lowing:

11 “(ii) \$57,240,000 for fiscal year 2004.”.

12 (b) SUBMISSION OF OUT-YEAR BUDGET PROJEC-
13 TIONS.—Section 330(e) of the Tariff Act of 1930 (19
14 U.S.C. 1330(e)(2)) is amended by adding at the end the
15 following:

16 “(4) By not later than the date on which the Presi-
17 dent submits to Congress the budget of the United States
18 Government for a fiscal year, the Commission shall submit
19 to the Committee on Ways and Means of the House of
20 Representatives and the Committee on Finance of the
21 Senate the projected amount of funds for the succeeding
22 fiscal year that will be necessary for the Commission to
23 carry out its functions.”.



1 **Subtitle D—Other trade provisions**

2 **SEC. 381. INCREASE IN AGGREGATE VALUE OF ARTICLES**
3 **EXEMPT FROM DUTY ACQUIRED ABROAD BY**
4 **UNITED STATES RESIDENTS.**

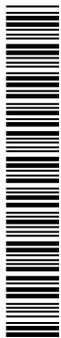
5 (a) IN GENERAL.—Subheading 9804.00.65 of the
6 Harmonized Tariff Schedule of the United States is
7 amended in the article description column by striking
8 “\$400” and inserting “\$800”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall take effect 90 days after the date of
11 the enactment of this Act.

12 **SEC. 382. REGULATORY AUDIT PROCEDURES.**

13 Section 509(b) of the Tariff Act of 1930 (19 U.S.C.
14 1509(b)) is amended by adding at the end the following:

15 “(6)(A) If during the course of any audit con-
16 cluded under this subsection, the Customs Service
17 identifies overpayments of duties or fees or over-dec-
18 larations of quantities or values that are within the
19 time period and scope of the audit that the Customs
20 Service has defined, then in calculating the loss of
21 revenue or monetary penalties under section 592,
22 the Customs Service shall treat the overpayments or
23 over-declarations on finally liquidated entries as an
24 offset to any underpayments or underdeclarations
25 also identified on finally liquidated entries, if such



1 overpayments or over-declarations were not made by
2 the person being audited for the purpose of violating
3 any provision of law.

4 “(B) Nothing in this paragraph shall be con-
5 strued to authorize a refund not otherwise author-
6 ized under section 520.”.

7 **SEC. 383. PAYMENT OF DUTIES AND FEES.**

8 Section 505(a) of the Tariff Act of 1930 (19 U.S.C.
9 1505(a)) is amended to read as follows:

10 “(a) DEPOSIT OF ESTIMATED DUTIES AND FEES.—
11 Unless the entry is subject to a periodic payment or the
12 merchandise is entered for warehouse or transportation,
13 or under bond, the importer of record shall deposit with
14 the Customs Service at the time of entry, or at such later
15 time as the Secretary may prescribe by regulation (but
16 not later than 10 working days after entry or release) the
17 amount of duties and fees estimated to be payable on such
18 merchandise. As soon as a periodic payment module of the
19 Automated Commercial Environment is developed, but no
20 later than October 1, 2004, a participating importer of
21 record, or the importer’s filer, may deposit estimated du-
22 ties and fees for entries of merchandise no later than the
23 15th day of the month following the month in which the
24 merchandise is entered or released, whichever comes
25 first.”.



1 ***DIVISION B—BIPARTISAN TRADE***
2 ***PROMOTION AUTHORITY***
3 ***TITLE XXI—TRADE PROMOTION***
4 ***AUTHORITY***

5 ***SEC. 2101. SHORT TITLE AND FINDINGS.***

6 (a) *SHORT TITLE.*—*This title may be cited as the “Bi-*
7 *partisan Trade Promotion Authority Act of 2002”.*

8 (b) *FINDINGS.*—*The Congress makes the following*
9 *findings:*

10 (1) *The expansion of international trade is vital*
11 *to the national security of the United States. Trade*
12 *is critical to the economic growth and strength of the*
13 *United States and to its leadership in the world. Sta-*
14 *ble trading relationships promote security and pros-*
15 *perity. Trade agreements today serve the same pur-*
16 *poses that security pacts played during the Cold War,*
17 *binding nations together through a series of mutual*
18 *rights and obligations. Leadership by the United*
19 *States in international trade fosters open markets, de-*
20 *mocracy, and peace throughout the world.*

21 (2) *The national security of the United States*
22 *depends on its economic security, which in turn is*
23 *founded upon a vibrant and growing industrial base.*
24 *Trade expansion has been the engine of economic*
25 *growth. Trade agreements maximize opportunities for*



1 *the critical sectors and building blocks of the economy*
2 *of the United States, such as information technology,*
3 *telecommunications and other leading technologies,*
4 *basic industries, capital equipment, medical equip-*
5 *ment, services, agriculture, environmental technology,*
6 *and intellectual property. Trade will create new op-*
7 *portunities for the United States and preserve the un-*
8 *paralleled strength of the United States in economic,*
9 *political, and military affairs. The United States, se-*
10 *cured by expanding trade and economic opportuni-*
11 *ties, will meet the challenges of the twenty-first cen-*
12 *tury.*

13 (3) *Support for continued trade expansion re-*
14 *quires that dispute settlement procedures under inter-*
15 *national trade agreements not add to or diminish the*
16 *rights and obligations provided in such agreements.*
17 *Therefore—*

18 (A) *the recent pattern of decisions by dis-*
19 *pute settlement panels of the WTO and the Ap-*
20 *pellate Body to impose obligations and restric-*
21 *tions on the use of antidumping, countervailing,*
22 *and safeguard measures by WTO members under*
23 *the Antidumping Agreement, the Agreement on*
24 *Subsidies and Countervailing Measures, and the*



1 *Agreement on Safeguards has raised concerns;*
2 *and*

3 *(B) the Congress is concerned that dispute*
4 *settlement panels of the WTO and the Appellate*
5 *Body appropriately apply the standard of review*
6 *contained in Article 17.6 of the Antidumping*
7 *Agreement, to provide deference to a permissible*
8 *interpretation by a WTO member of provisions*
9 *of that Agreement, and to the evaluation by a*
10 *WTO member of the facts where that evaluation*
11 *is unbiased and objective and the establishment*
12 *of the facts is proper.*

13 **SEC. 2102. TRADE NEGOTIATING OBJECTIVES.**

14 *(a) OVERALL TRADE NEGOTIATING OBJECTIVES.—The*
15 *overall trade negotiating objectives of the United States for*
16 *agreements subject to the provisions of section 2103 are—*

17 *(1) to obtain more open, equitable, and recip-*
18 *rocal market access;*

19 *(2) to obtain the reduction or elimination of bar-*
20 *riers and distortions that are directly related to trade*
21 *and that decrease market opportunities for United*
22 *States exports or otherwise distort United States*
23 *trade;*



1 (3) to further strengthen the system of inter-
2 national trading disciplines and procedures, includ-
3 ing dispute settlement;

4 (4) to foster economic growth, raise living stand-
5 ards, and promote full employment in the United
6 States and to enhance the global economy;

7 (5) to ensure that trade and environmental poli-
8 cies are mutually supportive and to seek to protect
9 and preserve the environment and enhance the inter-
10 national means of doing so, while optimizing the use
11 of the world's resources;

12 (6) to promote respect for worker rights and the
13 rights of children consistent with core labor standards
14 of the ILO (as defined in section 2113(6)) and an un-
15 derstanding of the relationship between trade and
16 worker rights;

17 (7) to seek provisions in trade agreements under
18 which parties to those agreements strive to ensure that
19 they do not weaken or reduce the protections afforded
20 in domestic environmental and labor laws as an en-
21 couragement for trade;

22 (8) to ensure that trade agreements afford small
23 businesses equal access to international markets, equi-
24 table trade benefits, and expanded export market op-
25 portunities, and provide for the reduction or elimi-



1 *nation of trade barriers that disproportionately im-*
2 *ply on small businesses; and*

3 *(9) to promote universal ratification and full*
4 *compliance with ILO Convention No. 182 Concerning*
5 *the Prohibition and Immediate Action for the Elimini-*
6 *ation of the Worst Forms of Child Labor.*

7 *(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—*

8 *(1) TRADE BARRIERS AND DISTORTIONS.—The*
9 *principal negotiating objectives of the United States*
10 *regarding trade barriers and other trade distortions*
11 *are—*

12 *(A) to expand competitive market opportu-*
13 *nities for United States exports and to obtain*
14 *fairer and more open conditions of trade by re-*
15 *ducing or eliminating tariff and nontariff bar-*
16 *riers and policies and practices of foreign gov-*
17 *ernments directly related to trade that decrease*
18 *market opportunities for United States exports*
19 *or otherwise distort United States trade; and*

20 *(B) to obtain reciprocal tariff and nontariff*
21 *barrier elimination agreements, with particular*
22 *attention to those tariff categories covered in sec-*
23 *tion 111(b) of the Uruguay Round Agreements*
24 *Act (19 U.S.C. 3521(b)).*



1 (2) *TRADE IN SERVICES.*—*The principal negoti-*
2 *ating objective of the United States regarding trade in*
3 *services is to reduce or eliminate barriers to inter-*
4 *national trade in services, including regulatory and*
5 *other barriers that deny national treatment and mar-*
6 *ket access or unreasonably restrict the establishment*
7 *or operations of service suppliers.*

8 (3) *FOREIGN INVESTMENT.*—*Recognizing that*
9 *United States law on the whole provides a high level*
10 *of protection for investment, consistent with or great-*
11 *er than the level required by international law, the*
12 *principal negotiating objectives of the United States*
13 *regarding foreign investment are to reduce or elimi-*
14 *nate artificial or trade-distorting barriers to foreign*
15 *investment, while ensuring that foreign investors in*
16 *the United States are not accorded greater substantive*
17 *rights with respect to investment protections than*
18 *United States investors in the United States, and to*
19 *secure for investors important rights comparable to*
20 *those that would be available under United States*
21 *legal principles and practice, by—*

22 (A) *reducing or eliminating exceptions to*
23 *the principle of national treatment;*

24 (B) *freeing the transfer of funds relating to*
25 *investments;*



1 (C) reducing or eliminating performance re-
2 quirements, forced technology transfers, and
3 other unreasonable barriers to the establishment
4 and operation of investments;

5 (D) seeking to establish standards for expro-
6 priation and compensation for expropriation,
7 consistent with United States legal principles
8 and practice;

9 (E) seeking to establish standards for fair
10 and equitable treatment consistent with United
11 States legal principles and practice, including
12 the principle of due process;

13 (F) providing meaningful procedures for re-
14 solving investment disputes;

15 (G) seeking to improve mechanisms used to
16 resolve disputes between an investor and a gov-
17 ernment through—

18 (i) mechanisms to eliminate frivolous
19 claims and to deter the filing of frivolous
20 claims;

21 (ii) procedures to ensure the efficient
22 selection of arbitrators and the expeditious
23 disposition of claims;



1 (iii) procedures to enhance opportuni-
2 ties for public input into the formulation of
3 government positions; and

4 (iv) providing for an appellate body or
5 similar mechanism to provide coherence to
6 the interpretations of investment provisions
7 in trade agreements; and

8 (H) ensuring the fullest measure of trans-
9 parency in the dispute settlement mechanism, to
10 the extent consistent with the need to protect in-
11 formation that is classified or business confiden-
12 tial, by—

13 (i) ensuring that all requests for dis-
14 pute settlement are promptly made public;

15 (ii) ensuring that—

16 (I) all proceedings, submissions,
17 findings, and decisions are promptly
18 made public; and

19 (II) all hearings are open to the
20 public; and

21 (iii) establishing a mechanism for ac-
22 ceptance of amicus curiae submissions from
23 businesses, unions, and nongovernmental or-
24 ganizations.



1 (4) *INTELLECTUAL PROPERTY*.—*The principal*
2 *negotiating objectives of the United States regarding*
3 *trade-related intellectual property are—*

4 (A) *to further promote adequate and effec-*
5 *tive protection of intellectual property rights, in-*
6 *cluding through—*

7 (i)(I) *ensuring accelerated and full im-*
8 *plementation of the Agreement on Trade-Re-*
9 *lated Aspects of Intellectual Property Rights*
10 *referred to in section 101(d)(15) of the Uru-*
11 *guay Round Agreements Act (19 U.S.C.*
12 *3511(d)(15)), particularly with respect to*
13 *meeting enforcement obligations under that*
14 *agreement; and*

15 (II) *ensuring that the provisions of*
16 *any multilateral or bilateral trade agree-*
17 *ment governing intellectual property rights*
18 *that is entered into by the United States re-*
19 *fect a standard of protection similar to*
20 *that found in United States law;*

21 (ii) *providing strong protection for*
22 *new and emerging technologies and new*
23 *methods of transmitting and distributing*
24 *products embodying intellectual property;*



1 (iii) preventing or eliminating dis-
2 crimination with respect to matters affect-
3 ing the availability, acquisition, scope,
4 maintenance, use, and enforcement of intel-
5 lectual property rights;

6 (iv) ensuring that standards of protec-
7 tion and enforcement keep pace with techno-
8 logical developments, and in particular en-
9 suring that rightholders have the legal and
10 technological means to control the use of
11 their works through the Internet and other
12 global communication media, and to pre-
13 vent the unauthorized use of their works;
14 and

15 (v) providing strong enforcement of in-
16 tellectual property rights, including through
17 accessible, expeditious, and effective civil,
18 administrative, and criminal enforcement
19 mechanisms;

20 (B) to secure fair, equitable, and non-
21 discriminatory market access opportunities for
22 United States persons that rely upon intellectual
23 property protection; and

24 (C) to respect the Declaration on the TRIPS
25 Agreement and Public Health, adopted by the



1 *World Trade Organization at the Fourth Min-*
2 *isterial Conference at Doha, Qatar on November*
3 *14, 2001.*

4 (5) *TRANSPARENCY.*—*The principal negotiating*
5 *objective of the United States with respect to trans-*
6 *parency is to obtain wider and broader application*
7 *of the principle of transparency through—*

8 (A) *increased and more timely public access*
9 *to information regarding trade issues and the ac-*
10 *tivities of international trade institutions;*

11 (B) *increased openness at the WTO and*
12 *other international trade fora by increasing pub-*
13 *lic access to appropriate meetings, proceedings,*
14 *and submissions, including with regard to dis-*
15 *pute settlement and investment; and*

16 (C) *increased and more timely public access*
17 *to all notifications and supporting documenta-*
18 *tion submitted by parties to the WTO.*

19 (6) *ANTI-CORRUPTION.*—*The principal negoti-*
20 *ating objectives of the United States with respect to*
21 *the use of money or other things of value to influence*
22 *acts, decisions, or omissions of foreign governments or*
23 *officials or to secure any improper advantage in a*
24 *manner affecting trade are—*



1 (A) to obtain high standards and appro-
2 priate domestic enforcement mechanisms appli-
3 cable to persons from all countries participating
4 in the applicable trade agreement that prohibit
5 such attempts to influence acts, decisions, or
6 omissions of foreign governments; and

7 (B) to ensure that such standards do not
8 place United States persons at a competitive dis-
9 advantage in international trade.

10 (7) *IMPROVEMENT OF THE WTO AND MULTILAT-*
11 *ERAL TRADE AGREEMENTS.*—*The principal negoti-*
12 *ating objectives of the United States regarding the im-*
13 *provement of the World Trade Organization, the Uru-*
14 *guay Round Agreements, and other multilateral and*
15 *bilateral trade agreements are—*

16 (A) to achieve full implementation and ex-
17 tend the coverage of the World Trade Organiza-
18 tion and such agreements to products, sectors,
19 and conditions of trade not adequately covered;
20 and

21 (B) to expand country participation in and
22 enhancement of the Information Technology
23 Agreement and other trade agreements.

24 (8) *REGULATORY PRACTICES.*—*The principal ne-*
25 *gotiating objectives of the United States regarding the*



1 *use of government regulation or other practices by for-*
2 *ign governments to provide a competitive advantage*
3 *to their domestic producers, service providers, or in-*
4 *vestors and thereby reduce market access for United*
5 *States goods, services, and investments are—*

6 *(A) to achieve increased transparency and*
7 *opportunity for the participation of affected par-*
8 *ties in the development of regulations;*

9 *(B) to require that proposed regulations be*
10 *based on sound science, cost-benefit analysis, risk*
11 *assessment, or other objective evidence;*

12 *(C) to establish consultative mechanisms*
13 *among parties to trade agreements to promote*
14 *increased transparency in developing guidelines,*
15 *rules, regulations, and laws for government pro-*
16 *curement and other regulatory regimes; and*

17 *(D) to achieve the elimination of govern-*
18 *ment measures such as price controls and ref-*
19 *erence pricing which deny full market access for*
20 *United States products.*

21 *(9) ELECTRONIC COMMERCE.—The principal ne-*
22 *gotiating objectives of the United States with respect*
23 *to electronic commerce are—*

24 *(A) to ensure that current obligations, rules,*
25 *disciplines, and commitments under the World*



1 *Trade Organization apply to electronic com-*
2 *merce;*

3 *(B) to ensure that—*

4 *(i) electronically delivered goods and*
5 *services receive no less favorable treatment*
6 *under trade rules and commitments than*
7 *like products delivered in physical form;*
8 *and*

9 *(ii) the classification of such goods and*
10 *services ensures the most liberal trade treat-*
11 *ment possible;*

12 *(C) to ensure that governments refrain from*
13 *implementing trade-related measures that im-*
14 *pede electronic commerce;*

15 *(D) where legitimate policy objectives re-*
16 *quire domestic regulations that affect electronic*
17 *commerce, to obtain commitments that any such*
18 *regulations are the least restrictive on trade,*
19 *nondiscriminatory, and transparent, and pro-*
20 *mote an open market environment; and*

21 *(E) to extend the moratorium of the World*
22 *Trade Organization on duties on electronic*
23 *transmissions.*

24 *(10) RECIPROCAL TRADE IN AGRICULTURE.—(A)*

25 *The principal negotiating objective of the United*



1 *States with respect to agriculture is to obtain com-*
2 *petitive opportunities for United States exports of ag-*
3 *ricultural commodities in foreign markets substan-*
4 *tially equivalent to the competitive opportunities af-*
5 *forded foreign exports in United States markets and*
6 *to achieve fairer and more open conditions of trade*
7 *in bulk, specialty crop, and value-added commodities*
8 *by—*

9 *(i) reducing or eliminating, by a date cer-*
10 *tain, tariffs or other charges that decrease mar-*
11 *ket opportunities for United States exports—*

12 *(I) giving priority to those products*
13 *that are subject to significantly higher tar-*
14 *iffs or subsidy regimes of major producing*
15 *countries; and*

16 *(II) providing reasonable adjustment*
17 *periods for United States import-sensitive*
18 *products, in close consultation with the*
19 *Congress on such products before initiating*
20 *tariff reduction negotiations;*

21 *(ii) reducing tariffs to levels that are the*
22 *same as or lower than those in the United States;*

23 *(iii) reducing or eliminating subsidies that*
24 *decrease market opportunities for United States*



1 *exports or unfairly distort agriculture markets to*
2 *the detriment of the United States;*

3 *(iv) allowing the preservation of programs*
4 *that support family farms and rural commu-*
5 *nities but do not distort trade;*

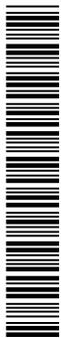
6 *(v) developing disciplines for domestic sup-*
7 *port programs, so that production that is in ex-*
8 *cess of domestic food security needs is sold at*
9 *world prices;*

10 *(vi) eliminating government policies that*
11 *create price-depressing surpluses;*

12 *(vii) eliminating state trading enterprises*
13 *whenever possible;*

14 *(viii) developing, strengthening, and clari-*
15 *fying rules and effective dispute settlement mech-*
16 *anisms to eliminate practices that unfairly de-*
17 *crease United States market access opportunities*
18 *or distort agricultural markets to the detriment*
19 *of the United States, particularly with respect to*
20 *import-sensitive products, including—*

21 *(I) unfair or trade-distorting activities*
22 *of state trading enterprises and other ad-*
23 *ministrative mechanisms, with emphasis on*
24 *requiring price transparency in the oper-*
25 *ation of state trading enterprises and such*



1 *other mechanisms in order to end cross sub-*
2 *sidization, price discrimination, and price*
3 *undercutting;*

4 *(II) unjustified trade restrictions or*
5 *commercial requirements, such as labeling,*
6 *that affect new technologies, including bio-*
7 *technology;*

8 *(III) unjustified sanitary or*
9 *phytosanitary restrictions, including those*
10 *not based on scientific principles in con-*
11 *travention of the Uruguay Round Agree-*
12 *ments;*

13 *(IV) other unjustified technical bar-*
14 *riers to trade; and*

15 *(V) restrictive rules in the administra-*
16 *tion of tariff rate quotas;*

17 *(ix) eliminating practices that adversely af-*
18 *fect trade in perishable or cyclical products,*
19 *while improving import relief mechanisms to*
20 *recognize the unique characteristics of perishable*
21 *and cyclical agriculture;*

22 *(x) ensuring that import relief mechanisms*
23 *for perishable and cyclical agriculture are as ac-*
24 *cessible and timely to growers in the United*



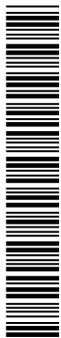
1 *States as those mechanisms that are used by*
2 *other countries;*

3 *(xi) taking into account whether a party to*
4 *the negotiations has failed to adhere to the provi-*
5 *sions of already existing trade agreements with*
6 *the United States or has circumvented obliga-*
7 *tions under those agreements;*

8 *(xii) taking into account whether a product*
9 *is subject to market distortions by reason of a*
10 *failure of a major producing country to adhere*
11 *to the provisions of already existing trade agree-*
12 *ments with the United States or by the cir-*
13 *cumvention by that country of its obligations*
14 *under those agreements;*

15 *(xiii) otherwise ensuring that countries that*
16 *accede to the World Trade Organization have*
17 *made meaningful market liberalization commit-*
18 *ments in agriculture;*

19 *(xiv) taking into account the impact that*
20 *agreements covering agriculture to which the*
21 *United States is a party, including the North*
22 *American Free Trade Agreement, have on the*
23 *United States agricultural industry;*



1 (xv) maintaining bona fide food assistance
2 programs and preserving United States market
3 development and export credit programs; and

4 (xvi) striving to complete a general multi-
5 lateral round in the World Trade Organization
6 by January 1, 2005, and seeking the broadest
7 market access possible in multilateral, regional,
8 and bilateral negotiations, recognizing the effect
9 that simultaneous sets of negotiations may have
10 on United States import-sensitive commodities
11 (including those subject to tariff-rate quotas).

12 (B)(i) Before commencing negotiations with re-
13 spect to agriculture, the United States Trade Rep-
14 resentative, in consultation with the Congress, shall
15 seek to develop a position on the treatment of seasonal
16 and perishable agricultural products to be employed
17 in the negotiations in order to develop an inter-
18 national consensus on the treatment of seasonal or
19 perishable agricultural products in investigations re-
20 lating to dumping and safeguards and in any other
21 relevant area.

22 (ii) During any negotiations on agricultural
23 subsidies, the United States Trade Representative
24 shall seek to establish the common base year for calcu-
25 lating the Aggregated Measurement of Support (as de-



1 *fined in the Agreement on Agriculture) as the end of*
2 *each country's Uruguay Round implementation pe-*
3 *riod, as reported in each country's Uruguay Round*
4 *market access schedule.*

5 *(iii) The negotiating objective provided in sub-*
6 *paragraph (A) applies with respect to agricultural*
7 *matters to be addressed in any trade agreement en-*
8 *tered into under section 2103(a) or (b), including any*
9 *trade agreement entered into under section 2103(a) or*
10 *(b) that provides for accession to a trade agreement*
11 *to which the United States is already a party, such*
12 *as the North American Free Trade Agreement and the*
13 *United States-Canada Free Trade Agreement.*

14 *(11) LABOR AND THE ENVIRONMENT.—The prin-*
15 *cipal negotiating objectives of the United States with*
16 *respect to labor and the environment are—*

17 *(A) to ensure that a party to a trade agree-*
18 *ment with the United States does not fail to ef-*
19 *fectively enforce its environmental or labor laws,*
20 *through a sustained or recurring course of action*
21 *or inaction, in a manner affecting trade between*
22 *the United States and that party after entry into*
23 *force of a trade agreement between those coun-*
24 *tries;*



1 (B) to recognize that parties to a trade
2 agreement retain the right to exercise discretion
3 with respect to investigatory, prosecutorial, regu-
4 latory, and compliance matters and to make de-
5 cisions regarding the allocation of resources to
6 enforcement with respect to other labor or envi-
7 ronmental matters determined to have higher
8 priorities, and to recognize that a country is ef-
9 fectively enforcing its laws if a course of action
10 or inaction reflects a reasonable exercise of such
11 discretion, or results from a bona fide decision
12 regarding the allocation of resources, and no re-
13 tiation may be authorized based on the exercise
14 of these rights or the right to establish domestic
15 labor standards and levels of environmental pro-
16 tection;

17 (C) to strengthen the capacity of United
18 States trading partners to promote respect for
19 core labor standards (as defined in section
20 2113(6));

21 (D) to strengthen the capacity of United
22 States trading partners to protect the environ-
23 ment through the promotion of sustainable devel-
24 opment;



1 (E) to reduce or eliminate government prac-
2 tices or policies that unduly threaten sustainable
3 development;

4 (F) to seek market access, through the elimi-
5 nation of tariffs and nontariff barriers, for
6 United States environmental technologies, goods,
7 and services; and

8 (G) to ensure that labor, environmental,
9 health, or safety policies and practices of the
10 parties to trade agreements with the United
11 States do not arbitrarily or unjustifiably dis-
12 criminate against United States exports or serve
13 as disguised barriers to trade.

14 (12) *DISPUTE SETTLEMENT AND ENFORCE-*
15 *MENT.*—The principal negotiating objectives of the
16 United States with respect to dispute settlement and
17 enforcement of trade agreements are—

18 (A) to seek provisions in trade agreements
19 providing for resolution of disputes between gov-
20 ernments under those trade agreements in an ef-
21 fective, timely, transparent, equitable, and rea-
22 soned manner, requiring determinations based
23 on facts and the principles of the agreements,
24 with the goal of increasing compliance with the
25 agreements;



1 (B) to seek to strengthen the capacity of the
2 Trade Policy Review Mechanism of the World
3 Trade Organization to review compliance with
4 commitments;

5 (C) to seek adherence by panels convened
6 under the Dispute Settlement Understanding
7 and by the Appellate Body to the standard of re-
8 view applicable under the Uruguay Round
9 Agreement involved in the dispute, including
10 greater deference, where appropriate, to the fact-
11 finding and technical expertise of national inves-
12 tigating authorities;

13 (D) to seek provisions encouraging the early
14 identification and settlement of disputes through
15 consultation;

16 (E) to seek provisions to encourage the pro-
17 vision of trade-expanding compensation if a
18 party to a dispute under the agreement does not
19 come into compliance with its obligations under
20 the agreement;

21 (F) to seek provisions to impose a penalty
22 upon a party to a dispute under the agreement
23 that—

24 (i) encourages compliance with the ob-
25 ligations of the agreement;



1 (ii) is appropriate to the parties, na-
2 ture, subject matter, and scope of the viola-
3 tion; and

4 (iii) has the aim of not adversely af-
5 fecting parties or interests not party to the
6 dispute while maintaining the effectiveness
7 of the enforcement mechanism; and

8 (G) to seek provisions that treat United
9 States principal negotiating objectives equally
10 with respect to—

11 (i) the ability to resort to dispute set-
12 tlement under the applicable agreement;

13 (ii) the availability of equivalent dis-
14 pute settlement procedures; and

15 (iii) the availability of equivalent rem-
16 edies.

17 (13) *WTO EXTENDED NEGOTIATIONS.*—*The*
18 *principal negotiating objectives of the United States*
19 *regarding trade in civil aircraft are those set forth in*
20 *section 135(c) of the Uruguay Round Agreements Act*
21 *(19 U.S.C. 3355(c)) and regarding rules of origin are*
22 *the conclusion of an agreement described in section*
23 *132 of that Act (19 U.S.C. 3552).*



1 (14) *TRADE REMEDY LAWS.*—*The principal ne-*
2 *gotiating objectives of the United States with respect*
3 *to trade remedy laws are—*

4 (A) *to preserve the ability of the United*
5 *States to enforce rigorously its trade laws, in-*
6 *cluding the antidumping, countervailing duty,*
7 *and safeguard laws, and avoid agreements that*
8 *lessen the effectiveness of domestic and inter-*
9 *national disciplines on unfair trade, especially*
10 *dumping and subsidies, or that lessen the effec-*
11 *tiveness of domestic and international safeguard*
12 *provisions, in order to ensure that United States*
13 *workers, agricultural producers, and firms can*
14 *compete fully on fair terms and enjoy the bene-*
15 *fits of reciprocal trade concessions; and*

16 (B) *to address and remedy market distor-*
17 *tions that lead to dumping and subsidization,*
18 *including overcapacity, cartelization, and mar-*
19 *ket-access barriers.*

20 (15) *BORDER TAXES.*—*The principal negotiating*
21 *objective of the United States regarding border taxes*
22 *is to obtain a revision of the WTO rules with respect*
23 *to the treatment of border adjustments for internal*
24 *taxes to redress the disadvantage to countries relying*



1 *primarily on direct taxes for revenue rather than in-*
2 *direct taxes.*

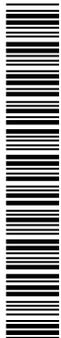
3 (16) *TEXTILE NEGOTIATIONS.*—*The principal*
4 *negotiating objectives of the United States with re-*
5 *spect to trade in textiles and apparel articles are to*
6 *obtain competitive opportunities for United States ex-*
7 *ports of textiles and apparel in foreign markets sub-*
8 *stantially equivalent to the competitive opportunities*
9 *afforded foreign exports in United States markets and*
10 *to achieve fairer and more open conditions of trade*
11 *in textiles and apparel.*

12 (17) *WORST FORMS OF CHILD LABOR.*—*The*
13 *principal negotiating objective of the United States*
14 *with respect to the trade-related aspects of the worst*
15 *forms of child labor are to seek commitments by par-*
16 *ties to trade agreements to vigorously enforce their*
17 *own laws prohibiting the worst forms of child labor.*

18 (c) *PROMOTION OF CERTAIN PRIORITIES.*—*In order to*
19 *address and maintain United States competitiveness in the*
20 *global economy, the President shall—*

21 (1) *seek greater cooperation between the WTO*
22 *and the ILO;*

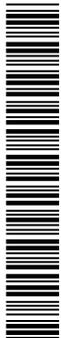
23 (2) *seek to establish consultative mechanisms*
24 *among parties to trade agreements to strengthen the*
25 *capacity of United States trading partners to promote*



1 *respect for core labor standards (as defined in section*
2 *2113(6)) and to promote compliance with ILO Con-*
3 *vention No. 182 Concerning the Prohibition and Im-*
4 *mediate Action for the Elimination of the Worst*
5 *Forms of Child Labor, and report to the Committee*
6 *on Ways and Means of the House of Representatives*
7 *and the Committee on Finance of the Senate on the*
8 *content and operation of such mechanisms;*

9 *(3) seek to establish consultative mechanisms*
10 *among parties to trade agreements to strengthen the*
11 *capacity of United States trading partners to develop*
12 *and implement standards for the protection of the en-*
13 *vironment and human health based on sound science,*
14 *and report to the Committee on Ways and Means of*
15 *the House of Representatives and the Committee on*
16 *Finance of the Senate on the content and operation*
17 *of such mechanisms;*

18 *(4) conduct environmental reviews of future*
19 *trade and investment agreements, consistent with Ex-*
20 *ecutive Order 13141 of November 16, 1999, and its*
21 *relevant guidelines, and report to the Committee on*
22 *Ways and Means of the House of Representatives and*
23 *the Committee on Finance of the Senate on such re-*
24 *views;*



1 (5) review the impact of future trade agreements
2 on United States employment, including labor mar-
3 kets, modeled after Executive Order 13141 to the ex-
4 tent appropriate in establishing procedures and cri-
5 teria, report to the Committee on Ways and Means of
6 the House of Representatives and the Committee on
7 Finance of the Senate on such review, and make that
8 report available to the public;

9 (6) take into account other legitimate United
10 States domestic objectives including, but not limited
11 to, the protection of legitimate health or safety, essen-
12 tial security, and consumer interests and the law and
13 regulations related thereto;

14 (7) direct the Secretary of Labor to consult with
15 any country seeking a trade agreement with the
16 United States concerning that country's labor laws
17 and provide technical assistance to that country if
18 needed;

19 (8) in connection with any trade negotiations
20 entered into under this Act, submit to the Committee
21 on Ways and Means of the House of Representatives
22 and the Committee on Finance of the Senate a mean-
23 ingful labor rights report of the country, or countries,
24 with respect to which the President is negotiating, on



1 *a time frame determined in accordance with section*
2 *2107(b)(2)(E);*

3 *(9) with respect to any trade agreement which*
4 *the President seeks to implement under trade authori-*
5 *ties procedures, submit to the Congress a report de-*
6 *scribing the extent to which the country or countries*
7 *that are parties to the agreement have in effect laws*
8 *governing exploitative child labor;*

9 *(10) continue to promote consideration of multi-*
10 *lateral environmental agreements and consult with*
11 *parties to such agreements regarding the consistency*
12 *of any such agreement that includes trade measures*
13 *with existing environmental exceptions under Article*
14 *XX of the GATT 1994;*

15 *(11) report to the Committee on Ways and*
16 *Means of the House of Representatives and the Com-*
17 *mittee on Finance of the Senate, not later than 12*
18 *months after the imposition of a penalty or remedy*
19 *by the United States permitted by a trade agreement*
20 *to which this title applies, on the effectiveness of the*
21 *penalty or remedy applied under United States law*
22 *in enforcing United States rights under the trade*
23 *agreement; and*

24 *(12) seek to establish consultative mechanisms*
25 *among parties to trade agreements to examine the*



1 *trade consequences of significant and unanticipated*
2 *currency movements and to scrutinize whether a for-*
3 *foreign government engaged in a pattern of manipu-*
4 *lating its currency to promote a competitive advan-*
5 *tage in international trade.*

6 *The report under paragraph (11) shall address whether the*
7 *penalty or remedy was effective in changing the behavior*
8 *of the targeted party and whether the penalty or remedy*
9 *had any adverse impact on parties or interests not party*
10 *to the dispute.*

11 *(d) CONSULTATIONS.—*

12 *(1) CONSULTATIONS WITH CONGRESSIONAL AD-*
13 *VISERS.—In the course of negotiations conducted*
14 *under this title, the United States Trade Representa-*
15 *tive shall consult closely and on a timely basis with,*
16 *and keep fully apprised of the negotiations, the Con-*
17 *gressional Oversight Group convened under section*
18 *2107 and all committees of the House of Representa-*
19 *tives and the Senate with jurisdiction over laws that*
20 *would be affected by a trade agreement resulting from*
21 *the negotiations.*

22 *(2) CONSULTATION BEFORE AGREEMENT INI-*
23 *TIALED.—In the course of negotiations conducted*
24 *under this title, the United States Trade Representa-*
25 *tive shall—*



1 (A) *consult closely and on a timely basis*
2 *(including immediately before initialing an*
3 *agreement) with, and keep fully apprised of the*
4 *negotiations, the congressional advisers for trade*
5 *policy and negotiations appointed under section*
6 *161 of the Trade Act of 1974 (19 U.S.C. 2211),*
7 *the Committee on Ways and Means of the House*
8 *of Representatives, the Committee on Finance of*
9 *the Senate, and the Congressional Oversight*
10 *Group convened under section 2107; and*

11 (B) *with regard to any negotiations and*
12 *agreement relating to agricultural trade, also*
13 *consult closely and on a timely basis (including*
14 *immediately before initialing an agreement)*
15 *with, and keep fully apprised of the negotiations,*
16 *the Committee on Agriculture of the House of*
17 *Representatives and the Committee on Agri-*
18 *culture, Nutrition, and Forestry of the Senate.*

19 (e) *ADHERENCE TO OBLIGATIONS UNDER URUGUAY*
20 *ROUND AGREEMENTS.—In determining whether to enter*
21 *into negotiations with a particular country, the President*
22 *shall take into account the extent to which that country has*
23 *implemented, or has accelerated the implementation of, its*
24 *obligations under the Uruguay Round Agreements.*



1 **SEC. 2103. TRADE AGREEMENTS AUTHORITY.**

2 (a) *AGREEMENTS REGARDING TARIFF BARRIERS.—*

3 (1) *IN GENERAL.—Whenever the President deter-*
4 *mines that one or more existing duties or other im-*
5 *port restrictions of any foreign country or the United*
6 *States are unduly burdening and restricting the for-*
7 *ign trade of the United States and that the purposes,*
8 *policies, priorities, and objectives of this title will be*
9 *promoted thereby, the President—*

10 (A) *may enter into trade agreements with*
11 *foreign countries before—*

12 (i) *June 1, 2005; or*

13 (ii) *June 1, 2007, if trade authorities*
14 *procedures are extended under subsection*
15 *(c); and*

16 (B) *may, subject to paragraphs (2) and (3),*
17 *proclaim—*

18 (i) *such modification or continuance of*
19 *any existing duty,*

20 (ii) *such continuance of existing duty-*
21 *free or excise treatment, or*

22 (iii) *such additional duties,*

23 *as the President determines to be required or ap-*
24 *propriate to carry out any such trade agreement.*



1 *The President shall notify the Congress of the Presi-*
2 *dent's intention to enter into an agreement under this*
3 *subsection.*

4 (2) *LIMITATIONS.—No proclamation may be*
5 *made under paragraph (1) that—*

6 (A) *reduces any rate of duty (other than a*
7 *rate of duty that does not exceed 5 percent ad va-*
8 *lorem on the date of the enactment of this Act)*
9 *to a rate of duty which is less than 50 percent*
10 *of the rate of such duty that applies on such date*
11 *of enactment;*

12 (B) *reduces the rate of duty below that ap-*
13 *plicable under the Uruguay Round Agreements,*
14 *on any import sensitive agricultural product; or*

15 (C) *increases any rate of duty above the*
16 *rate that applied on the date of the enactment of*
17 *this Act.*

18 (3) *AGGREGATE REDUCTION; EXEMPTION FROM*
19 *STAGING.—*

20 (A) *AGGREGATE REDUCTION.—Except as*
21 *provided in subparagraph (B), the aggregate re-*
22 *duction in the rate of duty on any article which*
23 *is in effect on any day pursuant to a trade*
24 *agreement entered into under paragraph (1)*



1 shall not exceed the aggregate reduction which
2 would have been in effect on such day if—

3 (i) a reduction of 3 percent ad valorem
4 or a reduction of one-tenth of the total re-
5 duction, whichever is greater, had taken ef-
6 fect on the effective date of the first reduc-
7 tion proclaimed under paragraph (1) to
8 carry out such agreement with respect to
9 such article; and

10 (ii) a reduction equal to the amount
11 applicable under clause (i) had taken effect
12 at 1-year intervals after the effective date of
13 such first reduction.

14 (B) *EXEMPTION FROM STAGING.*—No stag-
15 ing is required under subparagraph (A) with re-
16 spect to a duty reduction that is proclaimed
17 under paragraph (1) for an article of a kind
18 that is not produced in the United States. The
19 United States International Trade Commission
20 shall advise the President of the identity of arti-
21 cles that may be exempted from staging under
22 this subparagraph.

23 (4) *ROUNDING.*—If the President determines that
24 such action will simplify the computation of reduc-
25 tions under paragraph (3), the President may round



1 *an annual reduction by an amount equal to the lesser*
2 *of—*

3 *(A) the difference between the reduction*
4 *without regard to this paragraph and the next*
5 *lower whole number; or*

6 *(B) one-half of 1 percent ad valorem.*

7 *(5) OTHER LIMITATIONS.—A rate of duty reduc-*
8 *tion that may not be proclaimed by reason of para-*
9 *graph (2) may take effect only if a provision author-*
10 *izing such reduction is included within an imple-*
11 *menting bill provided for under section 2105 and that*
12 *bill is enacted into law.*

13 *(6) OTHER TARIFF MODIFICATIONS.—Notwith-*
14 *standing paragraphs (1)(B), (2)(A), (2)(C), and (3)*
15 *through (5), and subject to the consultation and lay-*
16 *over requirements of section 115 of the Uruguay*
17 *Round Agreements Act, the President may proclaim*
18 *the modification of any duty or staged rate reduction*
19 *of any duty set forth in Schedule XX, as defined in*
20 *section 2(5) of that Act, if the United States agrees*
21 *to such modification or staged rate reduction in a ne-*
22 *gotiation for the reciprocal elimination or harmoni-*
23 *zation of duties under the auspices of the World Trade*
24 *Organization.*



1 (7) *AUTHORITY UNDER URUGUAY ROUND AGREE-*
2 *MENTS ACT NOT AFFECTED.*—*Nothing in this sub-*
3 *section shall limit the authority provided to the Presi-*
4 *dent under section 111(b) of the Uruguay Round*
5 *Agreements Act (19 U.S.C. 3521(b)).*

6 (b) *AGREEMENTS REGARDING TARIFF AND NONTARIFF*
7 *BARRIERS.*—

8 (1) *IN GENERAL.*—(A) *Whenever the President*
9 *determines that—*

10 (i) *one or more existing duties or any other*
11 *import restriction of any foreign country or the*
12 *United States or any other barrier to, or other*
13 *distortion of, international trade unduly burdens*
14 *or restricts the foreign trade of the United States*
15 *or adversely affects the United States economy,*
16 *or*

17 (ii) *the imposition of any such barrier or*
18 *distortion is likely to result in such a burden, re-*
19 *striction, or effect,*

20 *and that the purposes, policies, priorities, and objec-*
21 *tives of this title will be promoted thereby, the Presi-*
22 *dent may enter into a trade agreement described in*
23 *subparagraph (B) during the period described in sub-*
24 *paragraph (C).*



1 (B) *The President may enter into a trade agree-*
2 *ment under subparagraph (A) with foreign countries*
3 *providing for—*

4 (i) *the reduction or elimination of a duty,*
5 *restriction, barrier, or other distortion described*
6 *in subparagraph (A); or*

7 (ii) *the prohibition of, or limitation on the*
8 *imposition of, such barrier or other distortion.*

9 (C) *The President may enter into a trade agree-*
10 *ment under this paragraph before—*

11 (i) *June 1, 2005; or*

12 (ii) *June 1, 2007, if trade authorities proce-*
13 *dures are extended under subsection (c).*

14 (2) *CONDITIONS.—A trade agreement may be en-*
15 *tered into under this subsection only if such agree-*
16 *ment makes progress in meeting the applicable objec-*
17 *tives described in section 2102(a) and (b) and the*
18 *President satisfies the conditions set forth in section*
19 *2104.*

20 (3) *BILLS QUALIFYING FOR TRADE AUTHORITIES*
21 *PROCEDURES.—(A) The provisions of section 151 of*
22 *the Trade Act of 1974 (in this title referred to as*
23 *“trade authorities procedures”) apply to a bill of ei-*
24 *ther House of Congress which contains provisions de-*
25 *scribed in subparagraph (B) to the same extent as*



1 *such section 151 applies to implementing bills under*
2 *that section. A bill to which this paragraph applies*
3 *shall hereafter in this title be referred to as an “im-*
4 *plementing bill”.*

5 *(B) The provisions referred to in subparagraph*
6 *(A) are—*

7 *(i) a provision approving a trade agreement*
8 *entered into under this subsection and approving*
9 *the statement of administrative action, if any,*
10 *proposed to implement such trade agreement;*
11 *and*

12 *(ii) if changes in existing laws or new statu-*
13 *tory authority are required to implement such*
14 *trade agreement or agreements, provisions, nec-*
15 *essary or appropriate to implement such trade*
16 *agreement or agreements, either repealing or*
17 *amending existing laws or providing new statu-*
18 *tory authority.*

19 *(c) EXTENSION DISAPPROVAL PROCESS FOR CONGRES-*
20 *SIONAL TRADE AUTHORITIES PROCEDURES.—*

21 *(1) IN GENERAL.—Except as provided in section*
22 *2105(b)—*

23 *(A) the trade authorities procedures apply*
24 *to implementing bills submitted with respect to*



1 *trade agreements entered into under subsection*
2 *(b) before July 1, 2005; and*

3 *(B) the trade authorities procedures shall be*
4 *extended to implementing bills submitted with*
5 *respect to trade agreements entered into under*
6 *subsection (b) after June 30, 2005, and before*
7 *July 1, 2007, if (and only if)—*

8 *(i) the President requests such exten-*
9 *sion under paragraph (2); and*

10 *(ii) neither House of the Congress*
11 *adopts an extension disapproval resolution*
12 *under paragraph (5) before June 1, 2005.*

13 (2) *REPORT TO CONGRESS BY THE PRESI-*
14 *DENT.—If the President is of the opinion that the*
15 *trade authorities procedures should be extended to im-*
16 *plementing bills described in paragraph (1)(B), the*
17 *President shall submit to the Congress, not later than*
18 *March 1, 2005, a written report that contains a re-*
19 *quest for such extension, together with—*

20 *(A) a description of all trade agreements*
21 *that have been negotiated under subsection (b)*
22 *and the anticipated schedule for submitting such*
23 *agreements to the Congress for approval;*

24 *(B) a description of the progress that has*
25 *been made in negotiations to achieve the pur-*



1 *poses, policies, priorities, and objectives of this*
2 *title, and a statement that such progress justifies*
3 *the continuation of negotiations; and*

4 *(C) a statement of the reasons why the ex-*
5 *tension is needed to complete the negotiations.*

6 (3) *OTHER REPORTS TO CONGRESS.—*

7 (A) *REPORT BY THE ADVISORY COM-*
8 *MITTEE.—The President shall promptly inform*
9 *the Advisory Committee for Trade Policy and*
10 *Negotiations established under section 135 of the*
11 *Trade Act of 1974 (19 U.S.C. 2155) of the Presi-*
12 *dent's decision to submit a report to the Congress*
13 *under paragraph (2). The Advisory Committee*
14 *shall submit to the Congress as soon as prac-*
15 *ticable, but not later than May 1, 2005, a writ-*
16 *ten report that contains—*

17 (i) *its views regarding the progress*
18 *that has been made in negotiations to*
19 *achieve the purposes, policies, priorities,*
20 *and objectives of this title; and*

21 (ii) *a statement of its views, and the*
22 *reasons therefor, regarding whether the ex-*
23 *tension requested under paragraph (2)*
24 *should be approved or disapproved.*



1 (B) *REPORT BY ITC.*—*The President shall*
2 *promptly inform the International Trade Com-*
3 *mission of the President’s decision to submit a*
4 *report to the Congress under paragraph (2). The*
5 *International Trade Commission shall submit to*
6 *the Congress as soon as practicable, but not later*
7 *than May 1, 2005, a written report that contains*
8 *a review and analysis of the economic impact on*
9 *the United States of all trade agreements imple-*
10 *mented between the date of enactment of this Act*
11 *and the date on which the President decides to*
12 *seek an extension requested under paragraph (2).*

13 (4) *STATUS OF REPORTS.*—*The reports sub-*
14 *mitted to the Congress under paragraphs (2) and (3),*
15 *or any portion of such reports, may be classified to*
16 *the extent the President determines appropriate.*

17 (5) *EXTENSION DISAPPROVAL RESOLUTIONS.*—

18 (A) *For purposes of paragraph (1), the term “exten-*
19 *sion disapproval resolution” means a resolution of ei-*
20 *ther House of the Congress, the sole matter after the*
21 *resolving clause of which is as follows: “That the _____*
22 *disapproves the request of the President for the exten-*
23 *sion, under section 2103(c)(1)(B)(i) of the Bipartisan*
24 *Trade Promotion Authority Act of 2002, of the trade*
25 *authorities procedures under that Act to any imple-*



1 *menting bill submitted with respect to any trade*
2 *agreement entered into under section 2103(b) of that*
3 *Act after June 30, 2005.”, with the blank space being*
4 *filled with the name of the resolving House of the*
5 *Congress.*

6 *(B) Extension disapproval resolutions—*

7 *(i) may be introduced in either House of the*
8 *Congress by any member of such House; and*

9 *(ii) shall be referred, in the House of Rep-*
10 *resentatives, to the Committee on Ways and*
11 *Means and, in addition, to the Committee on*
12 *Rules.*

13 *(C) The provisions of section 152(d) and (e) of*
14 *the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))*
15 *(relating to the floor consideration of certain resolu-*
16 *tions in the House and Senate) apply to extension*
17 *disapproval resolutions.*

18 *(D) It is not in order for—*

19 *(i) the Senate to consider any extension dis-*
20 *approval resolution not reported by the Com-*
21 *mittee on Finance;*

22 *(ii) the House of Representatives to consider*
23 *any extension disapproval resolution not re-*
24 *ported by the Committee on Ways and Means*
25 *and, in addition, by the Committee on Rules; or*



1 (iii) *either House of the Congress to con-*
2 *sider an extension disapproval resolution after*
3 *June 30, 2005.*

4 (d) *COMMENCEMENT OF NEGOTIATIONS.—In order to*
5 *contribute to the continued economic expansion of the*
6 *United States, the President shall commence negotiations*
7 *covering tariff and nontariff barriers affecting any indus-*
8 *try, product, or service sector, and expand existing sectoral*
9 *agreements to countries that are not parties to those agree-*
10 *ments, in cases where the President determines that such*
11 *negotiations are feasible and timely and would benefit the*
12 *United States. Such sectors include agriculture, commercial*
13 *services, intellectual property rights, industrial and capital*
14 *goods, government procurement, information technology*
15 *products, environmental technology and services, medical*
16 *equipment and services, civil aircraft, and infrastructure*
17 *products. In so doing, the President shall take into account*
18 *all of the principal negotiating objectives set forth in section*
19 *2102(b).*

20 **SEC. 2104. CONSULTATIONS AND ASSESSMENT.**

21 (a) *NOTICE AND CONSULTATION BEFORE NEGOTIA-*
22 *TION.—The President, with respect to any agreement that*
23 *is subject to the provisions of section 2103(b), shall—*

24 (1) *provide, at least 90 calendar days before ini-*
25 *tiating negotiations, written notice to the Congress of*



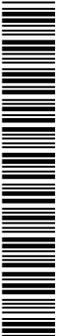
1 *the President's intention to enter into the negotiations*
2 *and set forth therein the date the President intends to*
3 *initiate such negotiations, the specific United States*
4 *objectives for the negotiations, and whether the Presi-*
5 *dent intends to seek an agreement, or changes to an*
6 *existing agreement;*

7 *(2) before and after submission of the notice, con-*
8 *sult regarding the negotiations with the Committee on*
9 *Finance of the Senate and the Committee on Ways*
10 *and Means of the House of Representatives, such other*
11 *committees of the House and Senate as the President*
12 *deems appropriate, and the Congressional Oversight*
13 *group convened under section 2107; and*

14 *(3) upon the request of a majority of the mem-*
15 *bers of the Congressional Oversight Group under sec-*
16 *tion 2107(c), meet with the Congressional Oversight*
17 *Group before initiating the negotiations or at any*
18 *other time concerning the negotiations.*

19 ***(b) NEGOTIATIONS REGARDING AGRICULTURE.—***

20 ***(1) IN GENERAL.—****Before initiating or con-*
21 *tinuing negotiations the subject matter of which is di-*
22 *rectly related to the subject matter under section*
23 *2102(b)(10)(A)(i) with any country, the President*
24 *shall assess whether United States tariffs on agricul-*
25 *tural products that were bound under the Uruguay*



1 *Round Agreements are lower than the tariffs bound*
2 *by that country. In addition, the President shall con-*
3 *sider whether the tariff levels bound and applied*
4 *throughout the world with respect to imports from the*
5 *United States are higher than United States tariffs*
6 *and whether the negotiation provides an opportunity*
7 *to address any such disparity. The President shall*
8 *consult with the Committee on Ways and Means and*
9 *the Committee on Agriculture of the House of Rep-*
10 *resentatives and the Committee on Finance and the*
11 *Committee on Agriculture, Nutrition, and Forestry of*
12 *the Senate concerning the results of the assessment,*
13 *whether it is appropriate for the United States to*
14 *agree to further tariff reductions based on the conclu-*
15 *sions reached in the assessment, and how all applica-*
16 *ble negotiating objectives will be met.*

17 (2) *SPECIAL CONSULTATIONS ON IMPORT SEN-*
18 *SITIVE PRODUCTS.—(A) Before initiating negotiations*
19 *with regard to agriculture, and, with respect to the*
20 *Free Trade Area for the Americas and negotiations*
21 *with regard to agriculture under the auspices of the*
22 *World Trade Organization, as soon as practicable*
23 *after the enactment of this Act, the United States*
24 *Trade Representative shall—*



1 (i) identify those agricultural products sub-
2 ject to tariff-rate quotas on the date of enactment
3 of this Act, and agricultural products subject to
4 tariff reductions by the United States as a result
5 of the Uruguay Round Agreements, for which the
6 rate of duty was reduced on January 1, 1995, to
7 a rate which was not less than 97.5 percent of
8 the rate of duty that applied to such article on
9 December 31, 1994;

10 (ii) consult with the Committee on Ways
11 and Means and the Committee on Agriculture of
12 the House of Representatives and the Committee
13 on Finance and the Committee on Agriculture,
14 Nutrition, and Forestry of the Senate
15 concerning—

16 (I) whether any further tariff reduc-
17 tions on the products identified under
18 clause (i) should be appropriate, taking into
19 account the impact of any such tariff reduc-
20 tion on the United States industry pro-
21 ducing the product concerned;

22 (II) whether the products so identified
23 face unjustified sanitary or phytosanitary
24 restrictions, including those not based on



1 *scientific principles in contravention of the*
2 *Uruguay Round Agreements; and*

3 (iii) *whether the countries partici-*
4 *parting in the negotiations maintain export*
5 *subsidies or other programs, policies, or*
6 *practices that distort world trade in such*
7 *products and the impact of such programs,*
8 *policies, and practices on United States*
9 *producers of the products;*

10 (iii) *request that the International Trade*
11 *Commission prepare an assessment of the prob-*
12 *able economic effects of any such tariff reduction*
13 *on the United States industry producing the*
14 *product concerned and on the United States*
15 *economy as a whole; and*

16 (iv) *upon complying with clauses (i), (ii),*
17 *and (iii), notify the Committee on Ways and*
18 *Means and the Committee on Agriculture of the*
19 *House of Representatives and the Committee on*
20 *Finance and the Committee on Agriculture, Nu-*
21 *trition, and Forestry of the Senate of those prod-*
22 *ucts identified under clause (i) for which the*
23 *Trade Representative intends to seek tariff liber-*
24 *alization in the negotiations and the reasons for*
25 *seeking such tariff liberalization.*



1 (B) *If, after negotiations described in subpara-*
2 *graph (A) are commenced—*

3 *(i) the United States Trade Representative*
4 *identifies any additional agricultural product*
5 *described in subparagraph (A)(i) for tariff re-*
6 *ductions which were not the subject of a notifica-*
7 *tion under subparagraph (A)(iv), or*

8 *(ii) any additional agricultural product de-*
9 *scribed in subparagraph (A)(i) is the subject of*
10 *a request for tariff reductions by a party to the*
11 *negotiations,*

12 *the Trade Representative shall, as soon as practicable,*
13 *notify the committees referred to in subparagraph*
14 *(A)(iv) of those products and the reasons for seeking*
15 *such tariff reductions.*

16 (3) *NEGOTIATIONS REGARDING THE FISHING IN-*
17 *DUSTRY.—Before initiating, or continuing, negotia-*
18 *tions which directly relate to fish or shellfish trade*
19 *with any country, the President shall consult with the*
20 *Committee on Ways and Means and the Committee*
21 *on Resources of the House of Representatives, and the*
22 *Committee on Finance and the Committee on Com-*
23 *merce, Science, and Transportation of the Senate,*
24 *and shall keep the Committees apprised of negotia-*
25 *tions on an ongoing and timely basis.*



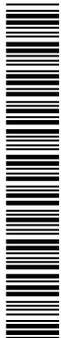
1 (c) *NEGOTIATIONS REGARDING TEXTILES.*—*Before*
2 *initiating or continuing negotiations the subject matter of*
3 *which is directly related to textiles and apparel products*
4 *with any country, the President shall assess whether United*
5 *States tariffs on textile and apparel products that were*
6 *bound under the Uruguay Round Agreements are lower*
7 *than the tariffs bound by that country and whether the ne-*
8 *gotiation provides an opportunity to address any such dis-*
9 *parity. The President shall consult with the Committee on*
10 *Ways and Means of the House of Representatives and the*
11 *Committee on Finance of the Senate concerning the results*
12 *of the assessment, whether it is appropriate for the United*
13 *States to agree to further tariff reductions based on the con-*
14 *clusions reached in the assessment, and how all applicable*
15 *negotiating objectives will be met.*

16 (d) *CONSULTATION WITH CONGRESS BEFORE AGREE-*
17 *MENTS ENTERED INTO.*—

18 (1) *CONSULTATION.*—*Before entering into any*
19 *trade agreement under section 2103(b), the President*
20 *shall consult with—*

21 (A) *the Committee on Ways and Means of*
22 *the House of Representatives and the Committee*
23 *on Finance of the Senate;*

24 (B) *each other committee of the House and*
25 *the Senate, and each joint committee of the Con-*



1 gress, which has jurisdiction over legislation in-
2 volving subject matters which would be affected
3 by the trade agreement; and

4 (C) the Congressional Oversight Group con-
5 vened under section 2107.

6 (2) *SCOPE.*—The consultation described in para-
7 graph (1) shall include consultation with respect to—

8 (A) the nature of the agreement;

9 (B) how and to what extent the agreement
10 will achieve the applicable purposes, policies,
11 priorities, and objectives of this title; and

12 (C) the implementation of the agreement
13 under section 2105, including the general effect
14 of the agreement on existing laws.

15 (3) *REPORT REGARDING UNITED STATES TRADE*
16 *REMEDY LAWS.*—

17 (A) *CHANGES IN CERTAIN TRADE LAWS.*—

18 The President, at least 180 calendar days before
19 the day on which the President enters into a
20 trade agreement under section 2103(b), shall re-
21 port to the Committee on Ways and Means of the
22 House of Representatives and the Committee on
23 Finance of the Senate—

24 (i) the range of proposals advanced in
25 the negotiations with respect to that agree-



1 *ment, that may be in the final agreement,*
2 *and that could require amendments to title*
3 *VII of the Tariff Act of 1930 or to chapter*
4 *1 of title II of the Trade Act of 1974; and*
5 *(ii) how these proposals relate to the*
6 *objectives described in section 2102(b)(14).*

7 *(B) CERTAIN AGREEMENTS.—With respect*
8 *to a trade agreement entered into with Chile or*
9 *Singapore, the report referred to in subpara-*
10 *graph (A) shall be submitted by the President at*
11 *least 90 calendar days before the day on which*
12 *the President enters into that agreement.*

13 *(C) RESOLUTIONS.—(i) At any time after*
14 *the transmission of the report under subpara-*
15 *graph (A), if a resolution is introduced with re-*
16 *spect to that report in either House of Congress,*
17 *the procedures set forth in clauses (iii) through*
18 *(vi) shall apply to that resolution if—*

19 *(I) no other resolution with respect to*
20 *that report has previously been reported in*
21 *that House of Congress by the Committee on*
22 *Ways and Means or the Committee on Fi-*
23 *nance, as the case may be, pursuant to those*
24 *procedures; and*



1 (ii) no procedural disapproval resolu-
2 tion under section 2105(b) introduced with
3 respect to a trade agreement entered into
4 pursuant to the negotiations to which the
5 report under subparagraph (A) relates has
6 previously been reported in that House of
7 Congress by the Committee on Ways and
8 Means or the Committee on Finance, as the
9 case may be.

10 (ii) For purposes of this subparagraph, the
11 term “resolution” means only a resolution of ei-
12 ther House of Congress, the matter after the re-
13 solving clause of which is as follows: “That the
14 _____ finds that the proposed changes to United
15 States trade remedy laws contained in the report
16 of the President transmitted to the Congress on
17 _____ under section 2104(d)(3) of the Bipartisan
18 Trade Promotion Authority Act of 2002 with re-
19 spect to _____, are inconsistent with the negoti-
20 ating objectives described in section 2102(b)(14)
21 of that Act.”, with the first blank space being
22 filled with the name of the resolving House of
23 Congress, the second blank space being filled with
24 the appropriate date of the report, and the third



1 *blank space being filled with the name of the*
2 *country or countries involved.*

3 *(iii) Resolutions in the House of*
4 *Representatives—*

5 *(I) may be introduced by any Member*
6 *of the House;*

7 *(II) shall be referred to the Committee*
8 *on Ways and Means and, in addition, to*
9 *the Committee on Rules; and*

10 *(III) may not be amended by either*
11 *Committee.*

12 *(iv) Resolutions in the Senate—*

13 *(I) may be introduced by any Member*
14 *of the Senate;*

15 *(II) shall be referred to the Committee*
16 *on Finance; and*

17 *(III) may not be amended.*

18 *(iv) It is not in order for the House of Rep-*
19 *resentatives to consider any resolution that is*
20 *not reported by the Committee on Ways and*
21 *Means and, in addition, by the Committee on*
22 *Rules.*

23 *(v) It is not in order for the Senate to con-*
24 *sider any resolution that is not reported by the*
25 *Committee on Finance.*



1 (vi) *The provisions of section 152(d) and (e)*
2 *of the Trade Act of 1974 (19 U.S.C. 2192(d) and*
3 *(e)) (relating to floor consideration of certain*
4 *resolutions in the House and Senate) shall apply*
5 *to resolutions.*

6 (e) *ADVISORY COMMITTEE REPORTS.—The report re-*
7 *quired under section 135(e)(1) of the Trade Act of 1974 re-*
8 *garding any trade agreement entered into under section*
9 *2103(a) or (b) of this Act shall be provided to the President,*
10 *the Congress, and the United States Trade Representative*
11 *not later than 30 days after the date on which the President*
12 *notifies the Congress under section 2103(a)(1) or*
13 *2105(a)(1)(A) of the President’s intention to enter into the*
14 *agreement.*

15 (f) *ITC ASSESSMENT.—*

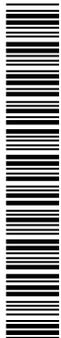
16 (1) *IN GENERAL.—The President, at least 90 cal-*
17 *endar days before the day on which the President en-*
18 *ters into a trade agreement under section 2103(b),*
19 *shall provide the International Trade Commission*
20 *(referred to in this subsection as “the Commission”)*
21 *with the details of the agreement as it exists at that*
22 *time and request the Commission to prepare and sub-*
23 *mit an assessment of the agreement as described in*
24 *paragraph (2). Between the time the President makes*
25 *the request under this paragraph and the time the*



1 *Commission submits the assessment, the President*
2 *shall keep the Commission current with respect to the*
3 *details of the agreement.*

4 (2) *ITC ASSESSMENT.*—*Not later than 90 cal-*
5 *endar days after the President enters into the agree-*
6 *ment, the Commission shall submit to the President*
7 *and the Congress a report assessing the likely impact*
8 *of the agreement on the United States economy as a*
9 *whole and on specific industry sectors, including the*
10 *impact the agreement will have on the gross domestic*
11 *product, exports and imports, aggregate employment*
12 *and employment opportunities, the production, em-*
13 *ployment, and competitive position of industries like-*
14 *ly to be significantly affected by the agreement, and*
15 *the interests of United States consumers.*

16 (3) *REVIEW OF EMPIRICAL LITERATURE.*—*In*
17 *preparing the assessment, the Commission shall re-*
18 *view available economic assessments regarding the*
19 *agreement, including literature regarding any sub-*
20 *stantially equivalent proposed agreement, and shall*
21 *provide in its assessment a description of the analyses*
22 *used and conclusions drawn in such literature, and a*
23 *discussion of areas of consensus and divergence be-*
24 *tween the various analyses and conclusions, including*
25 *those of the Commission regarding the agreement.*



1 **SEC. 2105. IMPLEMENTATION OF TRADE AGREEMENTS.**

2 (a) *IN GENERAL.*—

3 (1) *NOTIFICATION AND SUBMISSION.*—*Any agree-*
4 *ment entered into under section 2103(b) shall enter*
5 *into force with respect to the United States if (and*
6 *only if)—*

7 (A) *the President, at least 90 calendar days*
8 *before the day on which the President enters into*
9 *the trade agreement, notifies the House of Rep-*
10 *resentatives and the Senate of the President's in-*
11 *tervention to enter into the agreement, and prompt-*
12 *ly thereafter publishes notice of such intention in*
13 *the Federal Register;*

14 (B) *within 60 days after entering into the*
15 *agreement, the President submits to the Congress*
16 *a description of those changes to existing laws*
17 *that the President considers would be required in*
18 *order to bring the United States into compliance*
19 *with the agreement;*

20 (C) *after entering into the agreement, the*
21 *President submits to the Congress, on a day on*
22 *which both Houses of Congress are in session, a*
23 *copy of the final legal text of the agreement, to-*
24 *gether with—*

25 (i) *a draft of an implementing bill de-*
26 *scribed in section 2103(b)(3);*



1 (ii) a statement of any administrative
2 action proposed to implement the trade
3 agreement; and

4 (iii) the supporting information de-
5 scribed in paragraph (2); and

6 (D) the implementing bill is enacted into
7 law.

8 (2) *SUPPORTING INFORMATION.*—*The supporting*
9 *information required under paragraph (1)(C)(iii)*
10 *consists of—*

11 (A) an explanation as to how the imple-
12 menting bill and proposed administrative action
13 will change or affect existing law; and

14 (B) a statement—

15 (i) asserting that the agreement makes
16 progress in achieving the applicable pur-
17 poses, policies, priorities, and objectives of
18 this title; and

19 (ii) setting forth the reasons of the
20 President regarding—

21 (I) how and to what extent the
22 agreement makes progress in achieving
23 the applicable purposes, policies, and
24 objectives referred to in clause (i);



1 (II) whether and how the agree-
2 ment changes provisions of an agree-
3 ment previously negotiated;

4 (III) how the agreement serves the
5 interests of United States commerce;

6 (IV) how the implementing bill
7 meets the standards set forth in section
8 2103(b)(3); and

9 (V) how and to what extent the
10 agreement makes progress in achieving
11 the applicable purposes, policies, and
12 objectives referred to in section 2102(c)
13 regarding the promotion of certain pri-
14 orities.

15 (3) *RECIPROCAL BENEFITS.*—*In order to ensure*
16 *that a foreign country that is not a party to a trade*
17 *agreement entered into under section 2103(b) does not*
18 *receive benefits under the agreement unless the coun-*
19 *try is also subject to the obligations under the agree-*
20 *ment, the implementing bill submitted with respect to*
21 *the agreement shall provide that the benefits and obli-*
22 *gations under the agreement apply only to the parties*
23 *to the agreement, if such application is consistent*
24 *with the terms of the agreement. The implementing*
25 *bill may also provide that the benefits and obligations*



1 *under the agreement do not apply uniformly to all*
2 *parties to the agreement, if such application is con-*
3 *sistent with the terms of the agreement.*

4 (4) *DISCLOSURE OF COMMITMENTS.—Any agree-*
5 *ment or other understanding with a foreign govern-*
6 *ment or governments (whether oral or in writing)*
7 *that—*

8 (A) *relates to a trade agreement with re-*
9 *spect to which the Congress enacts an imple-*
10 *menting bill under trade authorities procedures,*
11 *and*

12 (B) *is not disclosed to the Congress before*
13 *an implementing bill with respect to that agree-*
14 *ment is introduced in either House of Congress,*
15 *shall not be considered to be part of the agreement ap-*
16 *proved by the Congress and shall have no force and*
17 *effect under United States law or in any dispute set-*
18 *tlement body.*

19 (b) *LIMITATIONS ON TRADE AUTHORITIES PROCE-*
20 *DURES.—*

21 (1) *FOR LACK OF NOTICE OR CONSULTATIONS.—*

22 (A) *IN GENERAL.—The trade authorities*
23 *procedures shall not apply to any implementing*
24 *bill submitted with respect to a trade agreement*
25 *or trade agreements entered into under section*



1 2103(b) if during the 60-day period beginning
2 on the date that one House of Congress agrees to
3 a procedural disapproval resolution for lack of
4 notice or consultations with respect to such trade
5 agreement or agreements, the other House sepa-
6 rately agrees to a procedural disapproval resolu-
7 tion with respect to such trade agreement or
8 agreements.

9 (B) PROCEDURAL DISAPPROVAL RESOLU-
10 TION.—(i) For purposes of this paragraph, the
11 term “procedural disapproval resolution” means
12 a resolution of either House of Congress, the sole
13 matter after the resolving clause of which is as
14 follows: “That the President has failed or refused
15 to notify or consult in accordance with the Bi-
16 partisan Trade Promotion Authority Act of 2002
17 on negotiations with respect to _____
18 and, therefore, the trade authorities procedures
19 under that Act shall not apply to any imple-
20 menting bill submitted with respect to such trade
21 agreement or agreements.”, with the blank space
22 being filled with a description of the trade agree-
23 ment or agreements with respect to which the
24 President is considered to have failed or refused
25 to notify or consult.



1 (ii) For purposes of clause (i), the President
2 has “failed or refused to notify or consult in ac-
3 cordance with the Bipartisan Trade Promotion
4 Authority Act of 2002” on negotiations with re-
5 spect to a trade agreement or trade agreements
6 if—

7 (I) the President has failed or refused
8 to consult (as the case may be) in accord-
9 ance with section 2104 or 2105 with respect
10 to the negotiations, agreement, or agree-
11 ments;

12 (II) guidelines under section 2107(b)
13 have not been developed or met with respect
14 to the negotiations, agreement, or agree-
15 ments;

16 (III) the President has not met with
17 the Congressional Oversight Group pursu-
18 ant to a request made under section 2107(c)
19 with respect to the negotiations, agreement,
20 or agreements; or

21 (IV) the agreement or agreements fail
22 to make progress in achieving the purposes,
23 policies, priorities, and objectives of this
24 title.



1 (2) *PROCEDURES FOR CONSIDERING RESOLU-*
2 *TIONS.—(A) Procedural disapproval resolutions—*

3 *(i) in the House of Representatives—*

4 *(I) may be introduced by any Member*
5 *of the House;*

6 *(II) shall be referred to the Committee*
7 *on Ways and Means and, in addition, to*
8 *the Committee on Rules; and*

9 *(III) may not be amended by either*
10 *Committee; and*

11 *(ii) in the Senate—*

12 *(I) may be introduced by any Member*
13 *of the Senate;*

14 *(II) shall be referred to the Committee*
15 *on Finance; and*

16 *(III) may not be amended.*

17 *(B) The provisions of section 152(d) and (e) of*
18 *the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))*
19 *(relating to the floor consideration of certain resolu-*
20 *tions in the House and Senate) apply to a procedural*
21 *disapproval resolution introduced with respect to a*
22 *trade agreement if no other procedural disapproval*
23 *resolution with respect to that trade agreement has*
24 *previously been reported in that House of Congress by*
25 *the Committee on Ways and Means or the Committee*

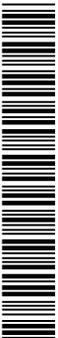


1 *on Finance, as the case may be, and if no resolution*
2 *described in section 2104(d)(3)(C)(ii) with respect to*
3 *that trade agreement has been reported in that House*
4 *of Congress by the Committee on Ways and Means or*
5 *the Committee on Finance, as the case may be, pursu-*
6 *ant to the procedures set forth in clauses (iii) through*
7 *(vi) of such section 2104(d)(3)(C).*

8 *(C) It is not in order for the House of Represent-*
9 *atives to consider any procedural disapproval resolu-*
10 *tion not reported by the Committee on Ways and*
11 *Means and, in addition, by the Committee on Rules.*

12 *(D) It is not in order for the Senate to consider*
13 *any procedural disapproval resolution not reported by*
14 *the Committee on Finance.*

15 *(3) FOR FAILURE TO MEET OTHER REQUIRE-*
16 *MENTS.—Not later than December 31, 2002, the Sec-*
17 *retary of Commerce, in consultation with the Sec-*
18 *retary of State, the Secretary of the Treasury, the At-*
19 *torney General, and the United States Trade Rep-*
20 *resentative, shall transmit to the Congress a report*
21 *setting forth the strategy of the executive branch to*
22 *address concerns of the Congress regarding whether*
23 *dispute settlement panels and the Appellate Body of*
24 *the WTO have added to obligations, or diminished*
25 *rights, of the United States, as described in section*



1 2101(b)(3). *Trade authorities procedures shall not*
2 *apply to any implementing bill with respect to an*
3 *agreement negotiated under the auspices of the WTO*
4 *unless the Secretary of Commerce has issued such re-*
5 *port in a timely manner.*

6 (c) *RULES OF HOUSE OF REPRESENTATIVES AND SEN-*
7 *ATE.*—*Subsection (b) of this section, section 2103(c), and*
8 *section 2104(d)(3)(C) are enacted by the Congress—*

9 (1) *as an exercise of the rulemaking power of the*
10 *House of Representatives and the Senate, respectively,*
11 *and as such are deemed a part of the rules of each*
12 *House, respectively, and such procedures supersede*
13 *other rules only to the extent that they are incon-*
14 *sistent with such other rules; and*

15 (2) *with the full recognition of the constitutional*
16 *right of either House to change the rules (so far as re-*
17 *lating to the procedures of that House) at any time,*
18 *in the same manner, and to the same extent as any*
19 *other rule of that House.*

20 **SEC. 2106. TREATMENT OF CERTAIN TRADE AGREEMENTS**
21 **FOR WHICH NEGOTIATIONS HAVE ALREADY**
22 **BEGUN.**

23 (a) *CERTAIN AGREEMENTS.*—*Notwithstanding the*
24 *prenegotiation notification and consultation requirement*



1 *described in section 2104(a), if an agreement to which sec-*
2 *tion 2103(b) applies—*

3 *(1) is entered into under the auspices of the*
4 *World Trade Organization,*

5 *(2) is entered into with Chile,*

6 *(3) is entered into with Singapore, or*

7 *(4) establishes a Free Trade Area for the Amer-*
8 *icas,*

9 *and results from negotiations that were commenced before*
10 *the date of the enactment of this Act, subsection (b) shall*
11 *apply.*

12 *(b) TREATMENT OF AGREEMENTS.—In the case of any*
13 *agreement to which subsection (a) applies—*

14 *(1) the applicability of the trade authorities pro-*
15 *cedures to implementing bills shall be determined*
16 *without regard to the requirements of section 2104(a)*
17 *(relating only to 90 days notice prior to initiating*
18 *negotiations), and any procedural disapproval resolu-*
19 *tion under section 2105(b)(1)(B) shall not be in order*
20 *on the basis of a failure or refusal to comply with the*
21 *provisions of section 2104(a); and*

22 *(2) the President shall, as soon as feasible after*
23 *the enactment of this Act—*

24 *(A) notify the Congress of the negotiations*
25 *described in subsection (a), the specific United*



1 *States objectives in the negotiations, and whether*
2 *the President is seeking a new agreement or*
3 *changes to an existing agreement; and*

4 *(B) before and after submission of the no-*
5 *tice, consult regarding the negotiations with the*
6 *committees referred to in section 2104(a)(2) and*
7 *the Congressional Oversight Group convened*
8 *under section 2107.*

9 **SEC. 2107. CONGRESSIONAL OVERSIGHT GROUP.**

10 *(a) MEMBERS AND FUNCTIONS.—*

11 *(1) IN GENERAL.—By not later than 60 days*
12 *after the date of the enactment of this Act, and not*
13 *later than 30 days after the convening of each Con-*
14 *gress, the chairman of the Committee on Ways and*
15 *Means of the House of Representatives and the chair-*
16 *man of the Committee on Finance of the Senate shall*
17 *convene the Congressional Oversight Group.*

18 *(2) MEMBERSHIP FROM THE HOUSE.—In each*
19 *Congress, the Congressional Oversight Group shall be*
20 *comprised of the following Members of the House of*
21 *Representatives:*

22 *(A) The chairman and ranking member of*
23 *the Committee on Ways and Means, and 3 addi-*
24 *tional members of such Committee (not more*



1 *than 2 of whom are members of the same polit-*
2 *ical party).*

3 *(B) The chairman and ranking member, or*
4 *their designees, of the committees of the House of*
5 *Representatives which would have, under the*
6 *Rules of the House of Representatives, jurisdic-*
7 *tion over provisions of law affected by a trade*
8 *agreement negotiations for which are conducted*
9 *at any time during that Congress and to which*
10 *this title would apply.*

11 *(3) MEMBERSHIP FROM THE SENATE.—In each*
12 *Congress, the Congressional Oversight Group shall*
13 *also be comprised of the following members of the Sen-*
14 *ate:*

15 *(A) The chairman and ranking member of*
16 *the Committee on Finance and 3 additional*
17 *members of such Committee (not more than 2 of*
18 *whom are members of the same political party).*

19 *(B) The chairman and ranking member, or*
20 *their designees, of the committees of the Senate*
21 *which would have, under the Rules of the Senate,*
22 *jurisdiction over provisions of law affected by a*
23 *trade agreement negotiations for which are con-*
24 *ducted at any time during that Congress and to*
25 *which this title would apply.*



1 (4) *ACCREDITATION.*—*Each member of the Con-*
2 *gressional Oversight Group described in paragraph*
3 *(2)(A) and (3)(A) shall be accredited by the United*
4 *States Trade Representative on behalf of the President*
5 *as an official adviser to the United States delegation*
6 *in negotiations for any trade agreement to which this*
7 *title applies. Each member of the Congressional Over-*
8 *sight Group described in paragraph (2)(B) and*
9 *(3)(B) shall be accredited by the United States Trade*
10 *Representative on behalf of the President as an offi-*
11 *cial adviser to the United States delegation in the ne-*
12 *gotiations by reason of which the member is in the*
13 *Congressional Oversight Group. The Congressional*
14 *Oversight Group shall consult with and provide ad-*
15 *vice to the Trade Representative regarding the formu-*
16 *lation of specific objectives, negotiating strategies and*
17 *positions, the development of the applicable trade*
18 *agreement, and compliance and enforcement of the ne-*
19 *gotiated commitments under the trade agreement.*

20 (5) *CHAIR.*—*The Congressional Oversight Group*
21 *shall be chaired by the Chairman of the Committee on*
22 *Ways and Means of the House of Representatives and*
23 *the Chairman of the Committee on Finance of the*
24 *Senate.*

25 (b) *GUIDELINES.*—



1 (1) *PURPOSE AND REVISION.*—*The United States*
2 *Trade Representative, in consultation with the chair-*
3 *men and ranking minority members of the Committee*
4 *on Ways and Means of the House of Representatives*
5 *and the Committee on Finance of the Senate—*

6 (A) *shall, within 120 days after the date of*
7 *the enactment of this Act, develop written guide-*
8 *lines to facilitate the useful and timely exchange*
9 *of information between the Trade Representative*
10 *and the Congressional Oversight Group convened*
11 *under this section; and*

12 (B) *may make such revisions to the guide-*
13 *lines as may be necessary from time to time.*

14 (2) *CONTENT.*—*The guidelines developed under*
15 *paragraph (1) shall provide for, among other*
16 *things—*

17 (A) *regular, detailed briefings of the Con-*
18 *gressional Oversight Group regarding negoti-*
19 *ating objectives, including the promotion of cer-*
20 *tain priorities referred to in section 2102(c), and*
21 *positions and the status of the applicable nego-*
22 *tiations, beginning as soon as practicable after*
23 *the Congressional Oversight Group is convened,*
24 *with more frequent briefings as trade negotia-*
25 *tions enter the final stage;*



1 (B) access by members of the Congressional
2 Oversight Group, and staff with proper security
3 clearances, to pertinent documents relating to the
4 negotiations, including classified materials;

5 (C) the closest practicable coordination be-
6 tween the Trade Representative and the Congres-
7 sional Oversight Group at all critical periods
8 during the negotiations, including at negotiation
9 sites;

10 (D) after the applicable trade agreement is
11 concluded, consultation regarding ongoing com-
12 pliance and enforcement of negotiated commit-
13 ments under the trade agreement; and

14 (E) the time frame for submitting the report
15 required under section 2102(c)(8).

16 (c) *REQUEST FOR MEETING.*—Upon the request of a
17 majority of the Congressional Oversight Group, the Presi-
18 dent shall meet with the Congressional Oversight Group be-
19 fore initiating negotiations with respect to a trade agree-
20 ment, or at any other time concerning the negotiations.

21 **SEC. 2108. ADDITIONAL IMPLEMENTATION AND ENFORCE-**
22 **MENT REQUIREMENTS.**

23 (a) *IN GENERAL.*—At the time the President submits
24 to the Congress the final text of an agreement pursuant to
25 section 2105(a)(1)(C), the President shall also submit a



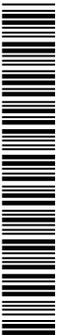
1 *plan for implementing and enforcing the agreement. The*
2 *implementation and enforcement plan shall include the fol-*
3 *lowing:*

4 (1) *BORDER PERSONNEL REQUIREMENTS.—A de-*
5 *scription of additional personnel required at border*
6 *entry points, including a list of additional customs*
7 *and agricultural inspectors.*

8 (2) *AGENCY STAFFING REQUIREMENTS.—A de-*
9 *scription of additional personnel required by Federal*
10 *agencies responsible for monitoring and implementing*
11 *the trade agreement, including personnel required by*
12 *the Office of the United States Trade Representative,*
13 *the Department of Commerce, the Department of Ag-*
14 *riculture (including additional personnel required to*
15 *implement sanitary and phytosanitary measures in*
16 *order to obtain market access for United States ex-*
17 *ports), the Department of the Treasury, and such*
18 *other agencies as may be necessary.*

19 (3) *CUSTOMS INFRASTRUCTURE REQUIRE-*
20 *MENTS.—A description of the additional equipment*
21 *and facilities needed by the United States Customs*
22 *Service.*

23 (4) *IMPACT ON STATE AND LOCAL GOVERN-*
24 *MENTS.—A description of the impact the trade agree-*



1 *ment will have on State and local governments as a*
2 *result of increases in trade.*

3 (5) *COST ANALYSIS.—An analysis of the costs as-*
4 *sociated with each of the items listed in paragraphs*
5 *(1) through (4).*

6 (b) *BUDGET SUBMISSION.—The President shall in-*
7 *clude a request for the resources necessary to support the*
8 *plan described in subsection (a) in the first budget that the*
9 *President submits to the Congress after the submission of*
10 *the plan.*

11 **SEC. 2109. COMMITTEE STAFF.**

12 *The grant of trade promotion authority under this title*
13 *is likely to increase the activities of the primary committees*
14 *of jurisdiction in the area of international trade. In addi-*
15 *tion, the creation of the Congressional Oversight Group*
16 *under section 2107 will increase the participation of a*
17 *broader number of Members of Congress in the formulation*
18 *of United States trade policy and oversight of the inter-*
19 *national trade agenda for the United States. The primary*
20 *committees of jurisdiction should have adequate staff to ac-*
21 *commodate these increases in activities.*

22 **SEC. 2110. CONFORMING AMENDMENTS.**

23 (a) *IN GENERAL.—Title I of the Trade Act of 1974*
24 *(19 U.S.C. 2111 et seq.) is amended as follows:*

25 (1) *IMPLEMENTING BILL.—*



1 (A) Section 151(b)(1) (19 U.S.C.
2 2191(b)(1)) is amended by striking “section
3 1103(a)(1) of the Omnibus Trade and Competi-
4 tiveness Act of 1988, or section 282 of the Uru-
5 guay Round Agreements Act” and inserting “sec-
6 tion 282 of the Uruguay Round Agreements Act,
7 or section 2105(a)(1) of the Bipartisan Trade
8 Promotion Authority Act of 2002”.

9 (B) Section 151(c)(1) (19 U.S.C.
10 2191(c)(1)) is amended by striking “or section
11 282 of the Uruguay Round Agreements Act” and
12 inserting “, section 282 of the Uruguay Round
13 Agreements Act, or section 2105(a)(1) of the Bi-
14 partisan Trade Promotion Authority Act of
15 2002”.

16 (2) *ADVICE FROM INTERNATIONAL TRADE COM-*
17 *MISSION.—*Section 131 (19 U.S.C. 2151) is
18 amended—

19 (A) in subsection (a)—

20 (i) in paragraph (1), by striking “sec-
21 tion 123 of this Act or section 1102 (a) or
22 (c) of the Omnibus Trade and Competitive-
23 ness Act of 1988,” and inserting “section
24 123 of this Act or section 2103(a) or (b) of



1 *the Bipartisan Trade Promotion Authority*
2 *Act of 2002,”; and*

3 (ii) *in paragraph (2), by striking “sec-*
4 *tion 1102 (b) or (c) of the Omnibus Trade*
5 *and Competitiveness Act of 1988” and in-*
6 *serting “section 2103(b) of the Bipartisan*
7 *Trade Promotion Authority Act of 2002”;*

8 (B) *in subsection (b), by striking “section*
9 *1102(a)(3)(A)” and inserting “section*
10 *2103(a)(3)(A) of the Bipartisan Trade Pro-*
11 *motion Authority Act of 2002”; and*

12 (C) *in subsection (c), by striking “section*
13 *1102 of the Omnibus Trade and Competitiveness*
14 *Act of 1988,” and inserting “section 2103 of the*
15 *Bipartisan Trade Promotion Authority Act of*
16 *2002,”.*

17 (3) *HEARINGS AND ADVICE.—Sections 132,*
18 *133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and*
19 *2154(a)) are each amended by striking “section 1102*
20 *of the Omnibus Trade and Competitiveness Act of*
21 *1988,” each place it appears and inserting “section*
22 *2103 of the Bipartisan Trade Promotion Authority*
23 *Act of 2002,”.*

24 (4) *PREREQUISITES FOR OFFERS.—Section*
25 *134(b) (19 U.S.C. 2154(b)) is amended by striking*



1 *“section 1102 of the Omnibus Trade and Competitive-*
2 *ness Act of 1988” and inserting “section 2103 of the*
3 *Bipartisan Trade Promotion Authority Act of 2002”.*

4 (5) *ADVICE FROM PRIVATE AND PUBLIC SEC-*
5 *TORS.—Section 135 (19 U.S.C. 2155) is amended—*

6 (A) *in subsection (a)(1)(A), by striking*
7 *“section 1102 of the Omnibus Trade and Com-*
8 *petitiveness Act of 1988” and inserting “section*
9 *2103 of the Bipartisan Trade Promotion Author-*
10 *ity Act of 2002”;*

11 (B) *in subsection (e)(1)—*

12 (i) *by striking “section 1102 of the*
13 *Omnibus Trade and Competitiveness Act of*
14 *1988” each place it appears and inserting*
15 *“section 2103 of the Bipartisan Trade Pro-*
16 *motion Authority Act of 2002”;* and

17 (ii) *by striking “section 1103(a)(1)(A)*
18 *of such Act of 1988” and inserting “section*
19 *2105(a)(1)(A) of the Bipartisan Trade Pro-*
20 *motion Authority Act of 2002”;* and

21 (C) *in subsection (e)(2), by striking “section*
22 *1101 of the Omnibus Trade and Competitiveness*
23 *Act of 1988” and inserting “section 2102 of the*
24 *Bipartisan Trade Promotion Authority Act of*
25 *2002”.*



1 (6) *TRANSMISSION OF AGREEMENTS TO CON-*
2 *GRESS.—Section 162(a) (19 U.S.C. 2212(a)) is*
3 *amended by striking “or under section 1102 of the*
4 *Omnibus Trade and Competitiveness Act of 1988”*
5 *and inserting “or under section 2103 of the Bipar-*
6 *tisan Trade Promotion Authority Act of 2002”.*

7 (b) *APPLICATION OF CERTAIN PROVISIONS.—For pur-*
8 *poses of applying sections 125, 126, and 127 of the Trade*
9 *Act of 1974 (19 U.S.C. 2135, 2136(a), and 2137)—*

10 (1) *any trade agreement entered into under sec-*
11 *tion 2103 shall be treated as an agreement entered*
12 *into under section 101 or 102, as appropriate, of the*
13 *Trade Act of 1974 (19 U.S.C. 2111 or 2112); and*

14 (2) *any proclamation or Executive order issued*
15 *pursuant to a trade agreement entered into under sec-*
16 *tion 2103 shall be treated as a proclamation or Exec-*
17 *utive order issued pursuant to a trade agreement en-*
18 *tered into under section 102 of the Trade Act of 1974.*

19 **SEC. 2111. REPORT ON IMPACT OF TRADE PROMOTION AU-**
20 **THORITY.**

21 (a) *IN GENERAL.—Not later than 1 year after the date*
22 *of enactment of this Act, the International Trade Commis-*
23 *sion shall report to the Committee on Finance of the Senate*
24 *and the Committee on Ways and Means of the House of*
25 *Representatives regarding the economic impact on the*



1 *United States of the trade agreements described in sub-*
2 *section (b).*

3 (b) *AGREEMENTS.*—*The trade agreements described in*
4 *this subsection are the following:*

5 (1) *The United States-Israel Free Trade Agree-*
6 *ment.*

7 (2) *The United States-Canada Free Trade Agree-*
8 *ment.*

9 (3) *The North American Free Trade Agreement.*

10 (4) *The Uruguay Round Agreements.*

11 (5) *The Tokyo Round of Multilateral Trade Ne-*
12 *gotiations.*

13 **SEC. 2112. INTERESTS OF SMALL BUSINESS.**

14 *The Assistant United States Trade Representative for*
15 *Industry and Telecommunications shall be responsible for*
16 *ensuring that the interests of small business are considered*
17 *in all trade negotiations in accordance with the objective*
18 *described in section 2102(a)(8). It is the sense of the Con-*
19 *gress that the small business functions should be reflected*
20 *in the title of the Assistant United States Trade Representa-*
21 *tive assigned the responsibility for small business.*

22 **SEC. 2113. DEFINITIONS.**

23 *In this title:*

24 (1) *AGREEMENT ON AGRICULTURE.*—*The term*
25 *“Agreement on Agriculture” means the agreement re-*



1 *ferred to in section 101(d)(2) of the Uruguay Round*
2 *Agreements Act (19 U.S.C. 3511(d)(2)).*

3 (2) *AGREEMENT ON SAFEGUARDS.—The term*
4 *“Agreement on Safeguards means the agreement re-*
5 *ferred to in section 101(d)(12) of the Uruguay Round*
6 *Agreements Act (19 U.S.C. 3511(d)(12)).*

7 (2) *AGREEMENT ON SUBSIDIES AND COUNTER-*
8 *VAILING MEASURES.—The term “Agreement on Sub-*
9 *sidies and Countervailing Measures” means the agree-*
10 *ment referred to in section 101(d)(13) of the Uruguay*
11 *Round Agreements Act (19 U.S.C. 3511(d)(13)).*

12 (4) *ANTIDUMPING AGREEMENT.—The term*
13 *“Antidumping Agreement“ means the Agreement on*
14 *Implementation of Article VI of the General Agree-*
15 *ment on Tariffs and Trade 1994 referred to in section*
16 *101(d)(7) of the Uruguay Round Agreements Act (19*
17 *U.S.C. 3511(d)(7)).*

18 (5) *APPELLATE BODY.—The term “Appellate*
19 *Body” means the Appellate Body established under*
20 *Article 17.1 of the Dispute Settlement Understanding.*

21 (6) *CORE LABOR STANDARDS.—The term “core*
22 *labor standards” means—*

23 (A) *the right of association;*

24 (B) *the right to organize and bargain collec-*
25 *tively;*



1 (C) a prohibition on the use of any form of
2 forced or compulsory labor;

3 (D) a minimum age for the employment of
4 children; and

5 (E) acceptable conditions of work with re-
6 spect to minimum wages, hours of work, and oc-
7 cupational safety and health.

8 (7) *DISPUTE SETTLEMENT UNDERSTANDING.*—
9 The term “Dispute Settlement Understanding” means
10 the Understanding on Rules and Procedures Gov-
11 erning the Settlement of Disputes referred to in sec-
12 tion 101(d)(16) of the Uruguay Round Agreements
13 Act.

14 (8) *GATT 1994.*—The term “GATT 1994” has
15 the meaning given that term in section 2 of the Uru-
16 guay Round Agreements Act (19 U.S.C. 3501).

17 (9) *ILO.*—The term “ILO” means the Inter-
18 national Labor Organization.

19 (10) *IMPORT SENSITIVE AGRICULTURAL PROD-*
20 *UCT.*—The term “import sensitive agricultural prod-
21 uct” means an agricultural product—

22 (A) with respect to which, as a result of the
23 Uruguay Round Agreements the rate of duty was
24 the subject of tariff reductions by the United
25 States and, pursuant to such Agreements, was



1 *reduced on January 1, 1995, to a rate that was*
2 *not less than 97.5 percent of the rate of duty that*
3 *applied to such article on December 31, 1994; or*

4 *(B) which was subject to a tariff-rate quota*
5 *on the date of the enactment of this Act.*

6 (11) *UNITED STATES PERSON.*—*The term*
7 *“United States person” means—*

8 *(A) a United States citizen;*

9 *(B) a partnership, corporation, or other*
10 *legal entity organized under the laws of the*
11 *United States; and*

12 *(C) a partnership, corporation, or other*
13 *legal entity that is organized under the laws of*
14 *a foreign country and is controlled by entities*
15 *described in subparagraph (B) or United States*
16 *citizens, or both.*

17 (12) *URUGUAY ROUND AGREEMENTS.*—*The term*
18 *“Uruguay Round Agreements” has the meaning given*
19 *that term in section 2(7) of the Uruguay Round*
20 *Agreements Act (19 U.S.C. 3501(7)).*

21 (13) *WORLD TRADE ORGANIZATION; WTO.*—*The*
22 *terms “World Trade Organization” and “WTO”*
23 *mean the organization established pursuant to the*
24 *WTO Agreement.*



1 (14) *WTO AGREEMENT.*—*The term “WTO Agree-*
2 *ment” means the Agreement Establishing the World*
3 *Trade Organization entered into on April 15, 1994.*

4 (15) *WTO MEMBER.*—*The term “WTO member”*
5 *has the meaning given that term in section 2(10) of*
6 *the Uruguay Round Agreements Act (19 U.S.C.*
7 *3501(10)).*

8 ***DIVISION C—ANDEAN TRADE***
9 ***PREFERENCE ACT***
10 ***TITLE XXXI—ANDEAN TRADE***
11 ***PREFERENCE***

12 ***SEC. 3101. SHORT TITLE.***

13 *This title may be cited as the “Andean Trade Pro-*
14 *motion and Drug Eradication Act”.*

15 ***SEC. 3102. FINDINGS.***

16 *Congress makes the following findings:*

17 (1) *Since the Andean Trade Preference Act was*
18 *enacted in 1991, it has had a positive impact on*
19 *United States trade with Bolivia, Colombia, Ecuador,*
20 *and Peru. Two-way trade has doubled, with the*
21 *United States serving as the leading source of imports*
22 *and leading export market for each of the Andean*
23 *beneficiary countries. This has resulted in increased*
24 *jobs and expanded export opportunities in both the*
25 *United States and the Andean region.*



1 (2) *The Andean Trade Preference Act has been a*
2 *key element in the United States counternarcotics*
3 *strategy in the Andean region, promoting export di-*
4 *versification and broad-based economic development*
5 *that provides sustainable economic alternatives to*
6 *drug-crop production, strengthening the legitimate*
7 *economies of Andean countries and creating viable al-*
8 *ternatives to illicit trade in coca.*

9 (3) *Notwithstanding the success of the Andean*
10 *Trade Preference Act, the Andean region remains*
11 *threatened by political and economic instability and*
12 *fragility, vulnerable to the consequences of the drug*
13 *war and fierce global competition for its legitimate*
14 *trade.*

15 (4) *The continuing instability in the Andean re-*
16 *gion poses a threat to the security interests of the*
17 *United States and the world. This problem has been*
18 *partially addressed through foreign aid, such as Plan*
19 *Colombia, enacted by Congress in 2000. However, for-*
20 *foreign aid alone is not sufficient. Enhancement of le-*
21 *gitimate trade with the United States provides an al-*
22 *ternative means for reviving and stabilizing the*
23 *economies in the Andean region.*

24 (5) *The Andean Trade Preference Act constitutes*
25 *a tangible commitment by the United States to the*



1 (2) *by amending subsection (b) to read as fol-*
2 *lows:*

3 “(b) *EXCEPTIONS AND SPECIAL RULES.—*

4 “(1) *CERTAIN ARTICLES THAT ARE NOT IMPORT-*
5 *SENSITIVE.—The President may proclaim duty-free*
6 *treatment under this title for any article described in*
7 *subparagraph (A), (B), (C), or (D) that is the growth,*
8 *product, or manufacture of an ATPDEA beneficiary*
9 *country, that is imported directly into the customs*
10 *territory of the United States from an ATPDEA bene-*
11 *ficiary country, and that meets the requirements of*
12 *this section, if the President determines that such ar-*
13 *ticle is not import-sensitive in the context of imports*
14 *from ATPDEA beneficiary countries:*

15 “(A) *Footwear not designated at the time of*
16 *the effective date of this title as eligible for pur-*
17 *poses of the generalized system of preferences*
18 *under title V of the Trade Act of 1974.*

19 “(B) *Petroleum, or any product derived*
20 *from petroleum, provided for in headings 2709*
21 *and 2710 of the HTS.*

22 “(C) *Watches and watch parts (including*
23 *cases, bracelets and straps), of whatever type in-*
24 *cluding, but not limited to, mechanical, quartz*
25 *digital or quartz analog, if such watches or*



1 *watch parts contain any material which is the*
2 *product of any country with respect to which*
3 *HTS column 2 rates of duty apply.*

4 “(D) *Handbags, luggage, flat goods, work*
5 *gloves, and leather wearing apparel that were*
6 *not designated on August 5, 1983, as eligible ar-*
7 *ticles for purposes of the generalized system of*
8 *preferences under title V of the Trade Act of*
9 *1974.*

10 “(2) *EXCLUSIONS.—Subject to paragraph (3),*
11 *duty-free treatment under this title may not be ex-*
12 *tended to—*

13 “(A) *textiles and apparel articles which*
14 *were not eligible articles for purposes of this title*
15 *on January 1, 1994, as this title was in effect*
16 *on that date;*

17 “(B) *rum and tafia classified in subheading*
18 *2208.40 of the HTS;*

19 “(C) *sugars, syrups, and sugar-containing*
20 *products subject to over-quota duty rates under*
21 *applicable tariff-rate quotas; or*

22 “(D) *tuna prepared or preserved in any*
23 *manner in airtight containers, except as pro-*
24 *vided in paragraph (4).*



1 “(3) *APPAREL ARTICLES AND CERTAIN TEXTILE*
2 *ARTICLES.*—

3 “(A) *IN GENERAL.*—*Apparel articles that*
4 *are imported directly into the customs territory*
5 *of the United States from an ATPDEA bene-*
6 *ficiary country shall enter the United States free*
7 *of duty and free of any quantitative restrictions,*
8 *limitations, or consultation levels, but only if*
9 *such articles are described in subparagraph (B).*

10 “(B) *COVERED ARTICLES.*—*The apparel ar-*
11 *ticles referred to in subparagraph (A) are the fol-*
12 *lowing:*

13 “(i) *APPAREL ARTICLES ASSEMBLED*
14 *FROM PRODUCTS OF THE UNITED STATES*
15 *OR ATPDEA BENEFICIARY COUNTRIES OR*
16 *PRODUCTS NOT AVAILABLE IN COMMERCIAL*
17 *QUANTITIES.*—*Apparel articles sewn or oth-*
18 *erwise assembled in 1 or more ATPDEA*
19 *beneficiary countries, or the United States,*
20 *or both, exclusively from any one or any*
21 *combination of the following:*

22 “(I) *Fabrics or fabric components*
23 *wholly formed, or components knit-to-*
24 *shape, in the United States, from*
25 *yarns wholly formed in the United*



1 *States or 1 or more ATPDEA bene-*
2 *ficiary countries (including fabrics not*
3 *formed from yarns, if such fabrics are*
4 *classifiable under heading 5602 or*
5 *5603 of the HTS and are formed in the*
6 *United States). Apparel articles shall*
7 *qualify under this subclause only if all*
8 *dyeing, printing, and finishing of the*
9 *fabrics from which the articles are as-*
10 *sembled, if the fabrics are knit fabrics,*
11 *is carried out in the United States.*
12 *Apparel articles shall qualify under*
13 *this subclause only if all dyeing, print-*
14 *ing, and finishing of the fabrics from*
15 *which the articles are assembled, if the*
16 *fabrics are woven fabrics, is carried*
17 *out in the United States.*

18 “(II) *Fabrics or fabric compo-*
19 *nents formed or components knit-to-*
20 *shape, in 1 or more ATPDEA bene-*
21 *ficiary countries, from yarns wholly*
22 *formed in 1 or more ATPDEA bene-*
23 *ficiary countries, if such fabrics (in-*
24 *cluding fabrics not formed from yarns,*
25 *if such fabrics are classifiable under*



1 heading 5602 or 5603 of the HTS and
2 are formed in 1 or more ATPDEA ben-
3 eficiary countries) or components are
4 in chief value of llama, alpaca, or
5 vicuña.

6 “(III) Fabrics or yarns, to the ex-
7 tent that apparel articles of such fab-
8 rics or yarns would be eligible for pref-
9 erential treatment, without regard to
10 the source of the fabrics or yarns,
11 under Annex 401 of the NAFTA.

12 “(ii) ADDITIONAL FABRICS.—At the re-
13 quest of any interested party, the President
14 is authorized to proclaim additional fabrics
15 and yarns as eligible for preferential treat-
16 ment under clause (i)(III) if—

17 “(I) the President determines that
18 such fabrics or yarns cannot be sup-
19 plied by the domestic industry in com-
20 mercial quantities in a timely manner;

21 “(II) the President has obtained
22 advice regarding the proposed action
23 from the appropriate advisory com-
24 mittee established under section 135 of
25 the Trade Act of 1974 (19 U.S.C.



1 2155) and the United States Inter-
2 national Trade Commission;

3 “(III) within 60 days after the re-
4 quest, the President has submitted a re-
5 port to the Committee on Ways and
6 Means of the House of Representatives
7 and the Committee on Finance of the
8 Senate that sets forth the action pro-
9 posed to be proclaimed and the reasons
10 for such action, and the advice ob-
11 tained under subclause (II);

12 “(IV) a period of 60 calendar
13 days, beginning with the first day on
14 which the President has met the re-
15 quirements of subclause (III), has ex-
16 pired; and

17 “(V) the President has consulted
18 with such committees regarding the
19 proposed action during the period re-
20 ferred to in subclause (III).

21 “(iii) APPAREL ARTICLES ASSEMBLED
22 IN 1 OR MORE ATPDEA BENEFICIARY COUN-
23 TRIES FROM REGIONAL FABRICS OR RE-
24 GIONAL COMPONENTS.—(I) Subject to the
25 limitation set forth in subclause (II), ap-



1 *parel articles sewn or otherwise assembled*
2 *in 1 or more ATPDEA beneficiary coun-*
3 *tries from fabrics or from fabric components*
4 *formed or from components knit-to-shape,*
5 *in 1 or more ATPDEA beneficiary coun-*
6 *tries, from yarns wholly formed in the*
7 *United States or 1 or more ATPDEA bene-*
8 *ficiary countries (including fabrics not*
9 *formed from yarns, if such fabrics are clas-*
10 *sifiable under heading 5602 or 5603 of the*
11 *HTS and are formed in 1 or more*
12 *ATPDEA beneficiary countries), whether or*
13 *not the apparel articles are also made from*
14 *any of the fabrics, fabric components*
15 *formed, or components knit-to-shape de-*
16 *scribed in clause (i) (unless the apparel ar-*
17 *ticles are made exclusively from any of the*
18 *fabrics, fabric components formed, or com-*
19 *ponents knit-to-shape described in clause*
20 *(i)).*

21 *“(II) The preferential treatment re-*
22 *ferred to in subclause (I) shall be extended*
23 *in the 1-year period beginning October 1,*
24 *2002, and in each of the 4 succeeding 1-year*
25 *periods, to imports of apparel articles in an*



1 amount not to exceed the applicable percent-
2 age of the aggregate square meter equiva-
3 lents of all apparel articles imported into
4 the United States in the preceding 12-
5 month period for which data are available.

6 “(III) For purposes of subclause (II),
7 the term ‘applicable percentage’ means 2
8 percent for the 1-year period beginning Oc-
9 tober 1, 2002, increased in each of the 4
10 succeeding 1-year periods by equal incre-
11 ments, so that for the period beginning Oc-
12 tober 1, 2006, the applicable percentage does
13 not exceed 5 percent.

14 “(iv) *HANDLOOMED, HANDMADE, AND*
15 *FOLKLORE ARTICLES.*—A handloomed,
16 handmade, or folklore article of an
17 ATPDEA beneficiary country identified
18 under subparagraph (C) that is certified as
19 such by the competent authority of such
20 beneficiary country.

21 “(v) *CERTAIN OTHER APPAREL ARTI-*
22 *CLES.*—

23 “(I) *GENERAL RULE.*—Any ap-
24 parel article classifiable under sub-
25 heading 6212.10 of the HTS, except for



1 *articles entered under clause (i), (ii),*
2 *(iii), or (iv), if the article is both cut*
3 *and sewn or otherwise assembled in the*
4 *United States, or one or more*
5 *ATPDEA beneficiary countries, or*
6 *both.*

7 *“(II) LIMITATION.—During the 1-*
8 *year period beginning on October 1,*
9 *2003, and during each of the 3 suc-*
10 *ceeding 1-year periods, apparel articles*
11 *described in subclause (I) of a producer*
12 *or an entity controlling production*
13 *shall be eligible for preferential treat-*
14 *ment under this paragraph only if the*
15 *aggregate cost of fabrics (exclusive of*
16 *all findings and trimmings) formed in*
17 *the United States that are used in the*
18 *production of all such articles of that*
19 *producer or entity that are entered and*
20 *eligible under this clause during the*
21 *preceding 1-year period is at least 75*
22 *percent of the aggregate declared cus-*
23 *tom value of the fabric (exclusive of*
24 *all findings and trimmings) contained*
25 *in all such articles of that producer or*



1 *entity that are entered and eligible*
2 *under this clause during the preceding*
3 *1-year period.*

4 *“(III) DEVELOPMENT OF PROCE-*
5 *DURE TO ENSURE COMPLIANCE.—The*
6 *United States Customs Service shall*
7 *develop and implement methods and*
8 *procedures to ensure ongoing compli-*
9 *ance with the requirement set forth in*
10 *subclause (II). If the Customs Service*
11 *finds that a producer or an entity con-*
12 *trolling production has not satisfied*
13 *such requirement in a 1-year period,*
14 *then apparel articles described in sub-*
15 *clause (I) of that producer or entity*
16 *shall be ineligible for preferential treat-*
17 *ment under this paragraph during any*
18 *succeeding 1-year period until the ag-*
19 *gregate cost of fabrics (exclusive of all*
20 *findings and trimmings) formed in the*
21 *United States that are used in the pro-*
22 *duction of such articles of that pro-*
23 *ducer or entity entered during the pre-*
24 *ceding 1-year period is at least 85 per-*
25 *cent of the aggregate declared customs*



1 *value of the fabric (exclusive of all*
2 *findings and trimmings) contained in*
3 *all such articles of that producer or en-*
4 *tity that are entered and eligible under*
5 *this clause during the preceding 1-year*
6 *period.*

7 “(vi) *SPECIAL RULES.—*

8 “(I) *EXCEPTION FOR FINDINGS*
9 *AND TRIMMINGS.—An article otherwise*
10 *eligible for preferential treatment*
11 *under this paragraph shall not be in-*
12 *eligible for such treatment because the*
13 *article contains findings or trimmings*
14 *of foreign origin, if such findings and*
15 *trimmings do not exceed 25 percent of*
16 *the cost of the components of the assem-*
17 *bled product. Examples of findings and*
18 *trimmings are sewing thread, hooks*
19 *and eyes, snaps, buttons, ‘bow buds’,*
20 *decorative lace, trim, elastic strips,*
21 *zippers, including zipper tapes and la-*
22 *bel, and other similar products.*

23 “(II) *CERTAIN INTERLINING.—*

24 *(aa) An article otherwise eligible for*
25 *preferential treatment under this para-*



1 *graph shall not be ineligible for such*
2 *treatment because the article contains*
3 *certain interlinings of foreign origin, if*
4 *the value of such interlinings (and any*
5 *findings and trimmings) does not ex-*
6 *ceed 25 percent of the cost of the com-*
7 *ponents of the assembled article.*

8 *“(bb) Interlinings eligible for the*
9 *treatment described in division (aa)*
10 *include only a chest type plate, ‘hymo’*
11 *piece, or ‘sleeve header’, of woven or*
12 *weft-inserted warp knit construction*
13 *and of coarse animal hair or man-*
14 *made filaments.*

15 *“(cc) The treatment described in*
16 *this subclause shall terminate if the*
17 *President makes a determination that*
18 *United States manufacturers are pro-*
19 *ducing such interlinings in the United*
20 *States in commercial quantities.*

21 *“(III) DE MINIMIS RULE.—An ar-*
22 *ticle that would otherwise be ineligible*
23 *for preferential treatment under this*
24 *subparagraph because the article con-*
25 *tains yarns not wholly formed in the*



1 *United States or in one or more*
2 *ATPDEA beneficiary countries shall*
3 *not be ineligible for such treatment if*
4 *the total weight of all such yarns is not*
5 *more than 7 percent of the total weight*
6 *of the good.*

7 *“(IV) SPECIAL ORIGIN RULE.—An*
8 *article otherwise eligible for pref-*
9 *erential treatment under clause (i) or*
10 *(iii) shall not be ineligible for such*
11 *treatment because the article contains*
12 *nylon filament yarn (other than elas-*
13 *tomeric yarn) that is classifiable under*
14 *subheading 5402.10.30, 5402.10.60,*
15 *5402.31.30, 5402.31.60, 5402.32.30,*
16 *5402.32.60, 5402.41.10, 5402.41.90,*
17 *5402.51.00, or 5402.61.00 of the HTS*
18 *from a country that is a party to an*
19 *agreement with the United States es-*
20 *tablishing a free trade area, which en-*
21 *tered into force before January 1,*
22 *1995.*

23 *“(vii) TEXTILE LUGGAGE.—Textile*
24 *luggage—*



1 “(I) assembled in an ATPDEA
2 beneficiary country from fabric wholly
3 formed and cut in the United States,
4 from yarns wholly formed in the
5 United States, that is entered under
6 subheading 9802.00.80 of the HTS; or

7 “(II) assembled from fabric cut in
8 an ATPDEA beneficiary country from
9 fabric wholly formed in the United
10 States from yarns wholly formed in the
11 United States.

12 “(C) *HANDLOOMED, HANDMADE, AND FOLK-*
13 *LORE ARTICLES.*—For purposes of subparagraph
14 (B)(iv), the President shall consult with rep-
15 resentatives of the ATPDEA beneficiary coun-
16 tries concerned for the purpose of identifying
17 particular textile and apparel goods that are
18 mutually agreed upon as being handloomed,
19 handmade, or folklore goods of a kind described
20 in section 2.3(a), (b), or (c) of the Annex or Ap-
21 pendix 3.1.B.11 of the Annex.

22 “(D) *PENALTIES FOR TRANSSHIPMENT.*—

23 “(i) *PENALTIES FOR EXPORTERS.*—If
24 the President determines, based on sufficient
25 evidence, that an exporter has engaged in



1 *transshipment with respect to apparel arti-*
2 *cles from an ATPDEA beneficiary country,*
3 *then the President shall deny all benefits*
4 *under this title to such exporter, and any*
5 *successor of such exporter, for a period of 2*
6 *years.*

7 “(ii) *PENALTIES FOR COUNTRIES.—*
8 *Whenever the President finds, based on suf-*
9 *ficient evidence, that transshipment has oc-*
10 *curred, the President shall request that the*
11 *ATPDEA beneficiary country or countries*
12 *through whose territory the transshipment*
13 *has occurred take all necessary and appro-*
14 *priate actions to prevent such trans-*
15 *shipment. If the President determines that a*
16 *country is not taking such actions, the*
17 *President shall reduce the quantities of ap-*
18 *parel articles that may be imported into the*
19 *United States from such country by the*
20 *quantity of the transshipped articles multi-*
21 *plied by 3, to the extent consistent with the*
22 *obligations of the United States under the*
23 *WTO.*

24 “(iii) *TRANSSHIPMENT DESCRIBED.—*
25 *Transshipment within the meaning of this*



1 *subparagraph has occurred when pref-*
2 *erential treatment under subparagraph (A)*
3 *has been claimed for an apparel article on*
4 *the basis of material false information con-*
5 *cerning the country of origin, manufacture,*
6 *processing, or assembly of the article or any*
7 *of its components. For purposes of this*
8 *clause, false information is material if dis-*
9 *closure of the true information would mean*
10 *or would have meant that the article is or*
11 *was ineligible for preferential treatment*
12 *under subparagraph (A).*

13 “(E) *BILATERAL EMERGENCY ACTIONS.*—

14 “(i) *IN GENERAL.*—*The President may*
15 *take bilateral emergency tariff actions of a*
16 *kind described in section 4 of the Annex*
17 *with respect to any apparel article im-*
18 *ported from an ATPDEA beneficiary coun-*
19 *try if the application of tariff treatment*
20 *under subparagraph (A) to such article re-*
21 *sults in conditions that would be cause for*
22 *the taking of such actions under such sec-*
23 *tion 4 with respect to a like article de-*
24 *scribed in the same 8-digit subheading of*
25 *the HTS that is imported from Mexico.*



1 “(i) *RULES RELATING TO BILATERAL*
2 *EMERGENCY ACTION.*—*For purposes of ap-*
3 *plying bilateral emergency action under*
4 *this subparagraph—*

5 “(I) *the requirements of para-*
6 *graph (5) of section 4 of the Annex (re-*
7 *lating to providing compensation)*
8 *shall not apply;*

9 “(II) *the term ‘transition period’*
10 *in section 4 of the Annex shall mean*
11 *the period ending December 31, 2006;*
12 *and*

13 “(III) *the requirements to consult*
14 *specified in section 4 of the Annex*
15 *shall be treated as satisfied if the*
16 *President requests consultations with*
17 *the ATPDEA beneficiary country in*
18 *question and the country does not*
19 *agree to consult within the time period*
20 *specified under section 4 of the Annex.*

21 “(4) *TUNA.*—

22 “(A) *GENERAL RULE.*—*Tuna that is har-*
23 *vested by United States vessels or ATPDEA ben-*
24 *eficiary country vessels, that is prepared or pre-*
25 *served in any manner, in an ATPDEA bene-*



1 *ficiary country, in foil or other flexible airtight*
2 *containers weighing with their contents not more*
3 *than 6.8 kilograms each, and that is imported*
4 *directly into the customs territory of the United*
5 *States from an ATPDEA beneficiary country,*
6 *shall enter the United States free of duty and*
7 *free of any quantitative restrictions.*

8 “(B) *DEFINITIONS.*—*In this paragraph—*

9 “(i) *UNITED STATES VESSEL.*—*A*
10 *‘United States vessel’ is a vessel having a*
11 *certificate of documentation with a fishery*
12 *endorsement under chapter 121 of title 46,*
13 *United States Code.*

14 “(ii) *ATPDEA VESSEL.*—*An*
15 *‘ATPDEA vessel’ is a vessel—*

16 “(I) *which is registered or re-*
17 *corded in an ATPDEA beneficiary*
18 *country;*

19 “(II) *which sails under the flag of*
20 *an ATPDEA beneficiary country;*

21 “(III) *which is at least 75 percent*
22 *owned by nationals of an ATPDEA*
23 *beneficiary country or by a company*
24 *having its principal place of business*
25 *in an ATPDEA beneficiary country, of*



1 *which the manager or managers, chair-*
2 *man of the board of directors or of the*
3 *supervisory board, and the majority of*
4 *the members of such boards are nation-*
5 *als of an ATPDEA beneficiary country*
6 *and of which, in the case of a com-*
7 *pany, at least 50 percent of the capital*
8 *is owned by an ATPDEA beneficiary*
9 *country or by public bodies or nation-*
10 *als of an ATPDEA beneficiary coun-*
11 *try;*

12 *“(IV) of which the master and of-*
13 *ficers are nationals of an ATPDEA*
14 *beneficiary country; and*

15 *“(V) of which at least 75 percent*
16 *of the crew are nationals of an*
17 *ATPDEA beneficiary country.*

18 “(5) *CUSTOMS PROCEDURES.—*

19 “(A) *IN GENERAL.—*

20 “(i) *REGULATIONS.—Any importer*
21 *that claims preferential treatment under*
22 *paragraph (1), (3), or (4) shall comply with*
23 *customs procedures similar in all material*
24 *respects to the requirements of Article*
25 *502(1) of the NAFTA as implemented pur-*



1 *suant to United States law, in accordance*
2 *with regulations promulgated by the Sec-*
3 *retary of the Treasury.*

4 *“(i) DETERMINATION.—*

5 *“(I) IN GENERAL.—In order to*
6 *qualify for the preferential treatment*
7 *under paragraph (1), (3), or (4) and*
8 *for a Certificate of Origin to be valid*
9 *with respect to any article for which*
10 *such treatment is claimed, there shall*
11 *be in effect a determination by the*
12 *President that each country described*
13 *in subclause (II)—*

14 *“(aa) has implemented and*
15 *follows, or*

16 *“(bb) is making substantial*
17 *progress toward implementing*
18 *and following,*

19 *procedures and requirements similar*
20 *in all material respects to the relevant*
21 *procedures and requirements under*
22 *chapter 5 of the NAFTA.*

23 *“(II) COUNTRY DESCRIBED.—A*
24 *country is described in this subclause if*



1 *it is an ATPDEA beneficiary*
2 *country—*

3 *“(aa) from which the article*
4 *is exported; or*

5 *“(bb) in which materials*
6 *used in the production of the arti-*
7 *cle originate or in which the arti-*
8 *cle or such materials undergo pro-*
9 *duction that contributes to a*
10 *claim that the article is eligible*
11 *for preferential treatment under*
12 *paragraph (1), (3), or (4).*

13 *“(B) CERTIFICATE OF ORIGIN.—The Certifi-*
14 *cate of Origin that otherwise would be required*
15 *pursuant to the provisions of subparagraph (A)*
16 *shall not be required in the case of an article im-*
17 *ported under paragraph (1), (3), or (4) if such*
18 *Certificate of Origin would not be required under*
19 *Article 503 of the NAFTA (as implemented pur-*
20 *suant to United States law), if the article were*
21 *imported from Mexico.*

22 *“(C) REPORT ON COOPERATION OF ATPDEA*
23 *COUNTRIES CONCERNING CIRCUMVENTION.—The*
24 *United States Commissioner of Customs shall*



1 *conduct a study analyzing the extent to which*
2 *each ATPDEA beneficiary country—*

3 “(i) *has cooperated fully with the*
4 *United States, consistent with its domestic*
5 *laws and procedures, in instances of cir-*
6 *cumvention or alleged circumvention of ex-*
7 *isting quotas on imports of textile and ap-*
8 *parel goods, to establish necessary relevant*
9 *facts in the places of import, export, and,*
10 *where applicable, transshipment, including*
11 *investigation of circumvention practices, ex-*
12 *changes of documents, correspondence, re-*
13 *ports, and other relevant information, to the*
14 *extent such information is available;*

15 “(ii) *has taken appropriate measures,*
16 *consistent with its domestic laws and proce-*
17 *dures, against exporters and importers in-*
18 *involved in instances of false declaration con-*
19 *cerning quantities, description, classifica-*
20 *tion, or origin of textile and apparel goods;*
21 *and*

22 “(iii) *has penalized the individuals*
23 *and entities involved in any such cir-*
24 *cumvention, consistent with its domestic*
25 *laws and procedures, and has worked closely*



1 to seek the cooperation of any third country
2 to prevent such circumvention from taking
3 place in that third country.

4 *The Commissioner of Customs shall submit to the*
5 *Congress, not later than October 1, 2003, a re-*
6 *port on the study conducted under this subpara-*
7 *graph.*

8 “(6) *DEFINITIONS.*—*In this subsection—*

9 “(A) *ANNEX.*—*The term ‘the Annex’ means*
10 *Annex 300-B of the NAFTA.*

11 “(B) *ATPDEA BENEFICIARY COUNTRY.*—
12 *The term ‘ATPDEA beneficiary country’ means*
13 *any ‘beneficiary country’, as defined in section*
14 *203(a)(1) of this title, which the President des-*
15 *ignates as an ATPDEA beneficiary country, tak-*
16 *ing into account the criteria contained in sub-*
17 *sections (c) and (d) of section 203 and other ap-*
18 *propriate criteria, including the following:*

19 “(i) *Whether the beneficiary country*
20 *has demonstrated a commitment to—*

21 “(I) *undertake its obligations*
22 *under the WTO, including those agree-*
23 *ments listed in section 101(d) of the*
24 *Uruguay Round Agreements Act, on or*
25 *ahead of schedule; and*



1 “(II) participate in negotiations
2 toward the completion of the FTAA or
3 another free trade agreement.

4 “(ii) The extent to which the country
5 provides protection of intellectual property
6 rights consistent with or greater than the
7 protection afforded under the Agreement on
8 Trade-Related Aspects of Intellectual Prop-
9 erty Rights described in section 101(d)(15)
10 of the Uruguay Round Agreements Act.

11 “(iii) The extent to which the country
12 provides internationally recognized worker
13 rights, including—

14 “(I) the right of association;

15 “(II) the right to organize and
16 bargain collectively;

17 “(III) a prohibition on the use of
18 any form of forced or compulsory
19 labor;

20 “(IV) a minimum age for the em-
21 ployment of children; and

22 “(V) acceptable conditions of work
23 with respect to minimum wages, hours
24 of work, and occupational safety and
25 health.



1 “(iv) Whether the country has imple-
2 mented its commitments to eliminate the
3 worst forms of child labor, as defined in sec-
4 tion 507(6) of the Trade Act of 1974.

5 “(v) The extent to which the country
6 has met the counternarcotics certification
7 criteria set forth in section 490 of the For-
8 eign Assistance Act of 1961 (22 U.S.C.
9 2291j) for eligibility for United States as-
10 sistance.

11 “(vi) The extent to which the country
12 has taken steps to become a party to and
13 implements the Inter-American Convention
14 Against Corruption.

15 “(vii) The extent to which the
16 country—

17 “(I) applies transparent, non-
18 discriminatory, and competitive proce-
19 dures in government procurement
20 equivalent to those contained in the
21 Agreement on Government Procure-
22 ment described in section 101(d)(17) of
23 the Uruguay Round Agreements Act;
24 and



1 “(II) contributes to efforts in
2 international fora to develop and im-
3 plement international rules in trans-
4 parency in government procurement.

5 “(viii) The extent to which the country
6 has taken steps to support the efforts of the
7 United States to combat terrorism.

8 “(C) NAFTA.—The term ‘NAFTA’ means
9 the North American Free Trade Agreement en-
10 tered into between the United States, Mexico,
11 and Canada on December 17, 1992.

12 “(D) WTO.—The term ‘WTO’ has the
13 meaning given that term in section 2 of the Uru-
14 guay Round Agreements Act (19 U.S.C. 3501).

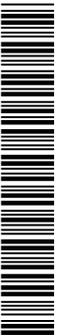
15 “(E) ATPDEA.—The term ‘ATPDEA’
16 means the Andean Trade Promotion and Drug
17 Eradication Act.

18 “(F) FTAA.—The term ‘FTAA’ means the
19 Free Trade Area for the Americas.”.

20 (b) DETERMINATION REGARDING RETENTION OF DES-
21 IGNATION.—Section 203(e)(1) of the Andean Trade Pref-
22 erence Act (19 U.S.C. 3202(e)(1)) is amended—

23 (1) by redesignating subparagraphs (A) and (B)
24 as clauses (i) and (ii), respectively;

25 (2) by inserting “(A)” after “(1)”; and



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

2 “(B) The President may, after the requirements of
3 paragraph (2) have been met—

4 “(i) withdraw or suspend the designation of any
5 country as an ATPDEA beneficiary country, or

6 “(ii) withdraw, suspend, or limit the application
7 of preferential treatment under section 204(b)(1), (3),
8 or (4) to any article of any country,

9 if, after such designation, the President determines that, as
10 a result of changed circumstances, the performance of such
11 country is not satisfactory under the criteria set forth in
12 section 204(b)(6)(B).”.

13 (c) CONFORMING AMENDMENTS.—(1) Section 202 of
14 the Andean Trade Preference Act (19 U.S.C. 3201) is
15 amended by inserting “(or other preferential treatment)”
16 after “treatment”.

17 (2) Section 204(a) of the Andean Trade Preference Act
18 (19 U.S.C. 3203(a)) is amended—

19 (A) in paragraph (1)—

20 (i) by inserting “(or otherwise provided
21 for)” after “eligibility”; and

22 (ii) by inserting “(or preferential treat-
23 ment)” after “duty-free treatment”; and

24 (B) in paragraph (2), by striking “subsection
25 (a)” and inserting “paragraph (1)”.



1 (d) *PETITIONS FOR REVIEW.*—

2 (1) *IN GENERAL.*—Not later than 180 days after
3 the date of the enactment of this Act, the President
4 shall promulgate regulations regarding the review of
5 eligibility of articles and countries under the Andean
6 Trade Preference Act, consistent with section 203(e) of
7 such Act, as amended by this title.

8 (2) *CONTENT OF REGULATIONS.*—The regulations
9 shall be similar to the regulations regarding eligi-
10 bility under the generalized system of preferences
11 under title V of the Trade Act of 1974 with respect
12 to the timetable for reviews and content, and shall in-
13 clude procedures for requesting withdrawal, suspen-
14 sion, or limitations of preferential duty treatment
15 under the Andean Trade Preference Act, conducting
16 reviews of such requests, and implementing the results
17 of the reviews.

18 (e) *REPORTING REQUIREMENTS.*—Section 203(f) of
19 the Andean Trade Preference Act (19 U.S.C. 3202(f)) is
20 amended to read as follows:

21 “(f) *REPORTING REQUIREMENTS.*—

22 “(1) *IN GENERAL.*—Not later than April 30,
23 2003, and every 2 years thereafter during the period
24 this title is in effect, the United States Trade Rep-



1 *representative shall submit to the Congress a report re-*
2 *garding the operation of this title, including—*

3 *“(A) with respect to subsections (c) and (d),*
4 *the results of a general review of beneficiary*
5 *countries based on the considerations described*
6 *in such subsections; and*

7 *“(B) the performance of each beneficiary*
8 *country or ATPEA beneficiary country, as the*
9 *case may be, under the criteria set forth in sec-*
10 *tion 204(b)(6)(B).*

11 *“(2) PUBLIC COMMENT.—Before submitting the*
12 *report described in paragraph (1), the United States*
13 *Trade Representative shall publish a notice in the*
14 *Federal Register requesting public comments on*
15 *whether beneficiary countries are meeting the criteria*
16 *listed in section 204(b)(6)(B).”.*

17 **SEC. 3104. TERMINATION.**

18 *(a) IN GENERAL.—Section 208 of the Andean Trade*
19 *Preference Act (19 U.S.C. 3206) is amended to read as fol-*
20 *lows:*

21 **“SEC. 208. TERMINATION OF PREFERENTIAL TREATMENT.**

22 *“No duty-free treatment or other preferential treat-*
23 *ment extended to beneficiary countries under this title shall*
24 *remain in effect after December 31, 2006.”.*



1 (b) *RETROACTIVE APPLICATION FOR CERTAIN LIQ-*
2 *UIDATIONS AND RELIQUIDATIONS.*—

3 (1) *IN GENERAL.*—*Notwithstanding section 514*
4 *of the Tariff Act of 1930 or any other provision of*
5 *law, and subject to paragraph (3), the entry—*

6 (A) *of any article to which duty-free treat-*
7 *ment (or preferential treatment) under the Ande-*
8 *an Trade Preference Act (19 U.S.C. 3201 et seq.)*
9 *would have applied if the entry had been made*
10 *on December 4, 2001, and*

11 (B) *that was made after December 4, 2001,*
12 *and before the date of the enactment of this Act,*
13 *shall be liquidated or reliquidated as if such duty-free*
14 *treatment (or preferential treatment) applied, and the*
15 *Secretary of the Treasury shall refund any duty paid*
16 *with respect to such entry.*

17 (2) *ENTRY.*—*As used in this subsection, the term*
18 *“entry” includes a withdrawal from warehouse for*
19 *consumption.*

20 (3) *REQUESTS.*—*Liquidation or reliquidation*
21 *may be made under paragraph (1) with respect to an*
22 *entry only if a request therefor is filed with the Cus-*
23 *oms Service, within 180 days after the date of the en-*
24 *actment of this Act, that contains sufficient informa-*
25 *tion to enable the Customs Service—*



1 (A) to locate the entry; or

2 (B) to reconstruct the entry if it cannot be
3 located.

4 **SEC. 3105. REPORT ON FREE TRADE AGREEMENT WITH**
5 **ISRAEL.**

6 (a) *REPORT TO CONGRESS.*—The United States Trade
7 Representative shall review the implementation of the
8 United States-Israel Free Trade Agreement and shall sub-
9 mit to the Speaker of the House of Representatives, the
10 President of the Senate, the Committee on Ways and Means
11 of the House of Representatives, and the Committee on Fi-
12 nance of the Senate a report on the results of such review.

13 (b) *CONTENTS OF REPORT.*—The report under sub-
14 section (a) shall include the following:

15 (1) A review of the terms of the United States-
16 Israel Free Trade Agreement, particularly the terms
17 with respect to market access commitments.

18 (2) A review of subsequent agreements which
19 may have been reached between the parties to the
20 Agreement and of unilateral concessions of additional
21 benefits received by each party from the other.

22 (3) A review of any current negotiations between
23 the parties to the Agreement with respect to imple-
24 mentation of the Agreement and other pertinent mat-
25 ters.



1 (4) *An assessment of the degree of fulfillment of*
2 *obligations under the Agreement by the United States*
3 *and Israel.*

4 (5) *An assessment of improvements in struc-*
5 *turing future trade agreements that should be consid-*
6 *ered based on the experience of the United States*
7 *under the Agreement.*

8 (c) *TIMING OF REPORT.*—*The United States Trade*
9 *Representative shall submit the report under subsection (a)*
10 *not later than 6 months after the date of the enactment of*
11 *this Act.*

12 (d) *DEFINITION.*—*In this section, the terms “United*
13 *States-Israel Free Trade Agreement” and “Agreement”*
14 *means the Agreement on the Establishment of a Free Trade*
15 *Area between the Government of the United States of Amer-*
16 *ica and the Government of Israel entered into on April 22,*
17 *1985.*

18 **SEC. 3106. MODIFICATION OF DUTY TREATMENT FOR TUNA.**

19 *Subheading 1604.14.20 of the Harmonized Tariff*
20 *Schedule of the United States is amended—*

21 (1) *in the article description, by striking “20*
22 *percent of the United States pack of canned tuna”*
23 *and inserting “4.8 percent of apparent United States*
24 *consumption of tuna in airtight containers”; and*



1 (2) *by redesignating such subheading as sub-*
2 *heading 1604.14.22.*

3 **SEC. 3107. TRADE BENEFITS UNDER THE CARIBBEAN BASIN**
4 **ECONOMIC RECOVERY ACT.**

5 (a) *IN GENERAL.*—Section 213(b)(2)(A) of the
6 *Caribbean Basin Economic Recovery Act (19 U.S.C.*
7 *2703(b)(2)(A)) is amended as follows:*

8 (1) *Clause (i) is amended—*

9 (A) *by striking the matter preceding sub-*
10 *clause (I) and inserting the following:*

11 “(i) *APPAREL ARTICLES ASSEMBLED*
12 *IN ONE OR MORE CBTPA BENEFICIARY*
13 *COUNTRIES.—Apparel articles sewn or oth-*
14 *erwise assembled in one or more CBTPA*
15 *beneficiary countries from fabrics wholly*
16 *formed and cut, or from components knit-*
17 *to-shape, in the United States from yarns*
18 *wholly formed in the United States, (includ-*
19 *ing fabrics not formed from yarns, if such*
20 *fabrics are classifiable under heading 5602*
21 *or 5603 of the HTS and are wholly formed*
22 *and cut in the United States) that are—”;*
23 *and*

24 (B) *by adding at the end the following:*



1 *“Apparel articles entered on or after Sep-*
2 *tember 1, 2002, shall qualify under the pre-*
3 *ceding sentence only if all dyeing, printing,*
4 *and finishing of the fabrics from which the*
5 *articles are assembled, if the fabrics are knit*
6 *fabrics, is carried out in the United States.*
7 *Apparel articles entered on or after Sep-*
8 *tember 1, 2002, shall qualify under the first*
9 *sentence of this clause only if all dyeing,*
10 *printing, and finishing of the fabrics from*
11 *which the articles are assembled, if the fab-*
12 *rics are woven fabrics, is carried out in the*
13 *United States.”.*

14 (2) *Clause (ii) is amended to read as follows:*

15 *“(ii) OTHER APPAREL ARTICLES AS-*
16 *SEMBLED IN ONE OR MORE CBTPA BENE-*
17 *FICIARY COUNTRIES.—Apparel articles sewn*
18 *or otherwise assembled in one or more*
19 *CBTPA beneficiary countries with thread*
20 *formed in the United States from fabrics*
21 *wholly formed in the United States and cut*
22 *in one or more CBTPA beneficiary coun-*
23 *tries from yarns wholly formed in the*
24 *United States, or from components knit-to-*
25 *shape in the United States from yarns*



1 *wholly formed in the United States, or both*
2 *(including fabrics not formed from yarns, if*
3 *such fabrics are classifiable under heading*
4 *5602 or 5603 of the HTS and are wholly*
5 *formed in the United States). Apparel arti-*
6 *cles entered on or after September 1, 2002,*
7 *shall qualify under the preceding sentence*
8 *only if all dyeing, printing, and finishing*
9 *of the fabrics from which the articles are as-*
10 *sembled, if the fabrics are knit fabrics, is*
11 *carried out in the United States. Apparel*
12 *articles entered on or after September 1,*
13 *2002, shall qualify under the first sentence*
14 *of this clause only if all dyeing, printing,*
15 *and finishing of the fabrics from which the*
16 *articles are assembled, if the fabrics are*
17 *woven fabrics, is carried out in the United*
18 *States.”.*

19 *(3) Clause (iii)(II) is amended to read as fol-*
20 *lows:*

21 *“(II) The amount referred to in sub-*
22 *clause (I) is as follows:*

23 *“(aa) 500,000,000 square meter*
24 *equivalents during the 1-year period*
25 *beginning on October 1, 2002.*



1 “(bb) 850,000,000 square meter
2 equivalents during the 1-year period
3 beginning on October 1, 2003.

4 “(cc) 970,000,000 square meter
5 equivalents in each succeeding 1-year
6 period through September 30, 2008.”.

7 (4) Clause (iii)(IV) is amended to read as fol-
8 lows:

9 “(IV) The amount referred to in sub-
10 clause (III) is as follows:

11 “(aa) 4,872,000 dozen during the
12 1-year period beginning on October 1,
13 2001.

14 “(bb) 9,000,000 dozen during the
15 1-year period beginning on October 1,
16 2002.

17 “(cc) 10,000,000 dozen during the
18 1-year period beginning on October 1,
19 2003.

20 “(dd) 12,000,000 dozen in each
21 succeeding 1-year period through Sep-
22 tember 30, 2008.”.

23 (5) Clause (iv) is amended to read as follows:

24 “(iv) CERTAIN OTHER APPAREL ARTI-
25 CLES.—



1 “(I) *GENERAL RULE.*—Subject to
2 subclause (II), any apparel article
3 classifiable under subheading 6212.10
4 of the HTS, except for articles entered
5 under clause (i), (ii), (iii), (v), or (vi),
6 if the article is both cut and sewn or
7 otherwise assembled in the United
8 States, or one or more CBTPA bene-
9 ficiary countries, or both.

10 “(II) *LIMITATION.*—During the 1-
11 year period beginning on October 1,
12 2001, and during each of the 6 suc-
13 ceeding 1-year periods, apparel articles
14 described in subclause (I) of a producer
15 or an entity controlling production
16 shall be eligible for preferential treat-
17 ment under subparagraph (B) only if
18 the aggregate cost of fabrics (exclusive
19 of all findings and trimmings) formed
20 in the United States that are used in
21 the production of all such articles of
22 that producer or entity that are en-
23 tered and eligible under this clause
24 during the preceding 1-year period is
25 at least 75 percent of the aggregate de-



1 *clared customs value of the fabric (ex-*
2 *clusive of all findings and trimmings)*
3 *contained in all such articles of that*
4 *producer or entity that are entered and*
5 *eligible under this clause during the*
6 *preceding 1-year period.*

7 *“(III) DEVELOPMENT OF PROCE-*
8 *DURE TO ENSURE COMPLIANCE.—The*
9 *United States Customs Service shall*
10 *develop and implement methods and*
11 *procedures to ensure ongoing compli-*
12 *ance with the requirement set forth in*
13 *subclause (II). If the Customs Service*
14 *finds that a producer or an entity con-*
15 *trolling production has not satisfied*
16 *such requirement in a 1-year period,*
17 *then apparel articles described in sub-*
18 *clause (I) of that producer or entity*
19 *shall be ineligible for preferential treat-*
20 *ment under subparagraph (B) during*
21 *any succeeding 1-year period until the*
22 *aggregate cost of fabrics (exclusive of*
23 *all findings and trimmings) formed in*
24 *the United States that are used in the*
25 *production of such articles of that pro-*



1 *ducer or entity entered during the pre-*
2 *ceding 1-year period is at least 85 per-*
3 *cent of the aggregate declared customs*
4 *value of the fabric (exclusive of all*
5 *findings and trimmings) contained in*
6 *all such articles of that producer or en-*
7 *tity that are entered and eligible under*
8 *this clause during the preceding 1-year*
9 *period.”.*

10 *(6) Clause (vii) is amended by adding at the end*
11 *the following new subclause:*

12 *“(V) THREAD.—An article other-*
13 *wise eligible for preferential treatment*
14 *under this paragraph shall not be in-*
15 *eligible for such treatment because the*
16 *thread used to assemble the article is*
17 *dyed, printed, or finished in one or*
18 *more CBTPA beneficiary countries.”.*

19 *(7) Section 213(b)(2)(A) of such Act is further*
20 *amended by adding at the end the following new*
21 *clause:*

22 *“(ix) APPAREL ARTICLES ASSEMBLED*
23 *IN ONE OR MORE CBTPA BENEFICIARY*
24 *COUNTRIES FROM UNITED STATES AND*
25 *CBTPA BENEFICIARY COUNTRY COMPO-*



1 *NENTS.—Apparel articles sewn or otherwise*
2 *assembled in one or more CBTPA bene-*
3 *ficiary countries with thread formed in the*
4 *United States from components cut in the*
5 *United States and in one or more CBTPA*
6 *beneficiary countries from fabric wholly*
7 *formed in the United States from yarns*
8 *wholly formed in the United States, or from*
9 *components knit-to-shape in the United*
10 *States and one or more CBTPA beneficiary*
11 *countries from yarns wholly formed in the*
12 *United States, or both (including fabrics*
13 *not formed from yarns, if such fabrics are*
14 *classifiable under heading 5602 or 5603 of*
15 *the HTS). Apparel articles shall qualify*
16 *under this clause only if they meet the re-*
17 *quirements of clause (i) or (ii) (as the case*
18 *may be) with respect to dyeing, printing,*
19 *and finishing of knit and woven fabrics*
20 *from which the articles are assembled.”.*

21 ***(b) EFFECTIVE DATE OF CERTAIN PROVISIONS.—The***
22 *amendment made by subsection (a)(3) shall take effect on*
23 *October 1, 2002.*



1 **SEC. 3108. TRADE BENEFITS UNDER THE AFRICAN GROWTH**
2 **AND OPPORTUNITY ACT.**

3 (a) *IN GENERAL.*—Section 112(b) of the African
4 *Growth and Opportunity Act* (19 U.S.C. 3721(b)) is
5 amended as follows:

6 (1) Paragraph (1) is amended by amending the
7 matter preceding subparagraph (A) to read as follows:

8 “(1) *APPAREL ARTICLES ASSEMBLED IN ONE OR*
9 *MORE BENEFICIARY SUB-SAHARAN AFRICAN COUN-*
10 *TRIES.*—Apparel articles sewn or otherwise assembled
11 in one or more beneficiary sub-Saharan African
12 countries from fabrics wholly formed and cut, or from
13 components knit-to-shape, in the United States from
14 yarns wholly formed in the United States, (including
15 fabrics not formed from yarns, if such fabrics are
16 classifiable under heading 5602 or 5603 of the Har-
17 monized Tariff Schedule of the United States and are
18 wholly formed and cut in the United States) that
19 are—”.

20 (2) Paragraph (2) is amended to read as follows:

21 “(2) *OTHER APPAREL ARTICLES ASSEMBLED IN*
22 *ONE OR MORE BENEFICIARY SUB-SAHARAN AFRICAN*
23 *COUNTRIES.*—Apparel articles sewn or otherwise as-
24 ssembled in one or more beneficiary sub-Saharan Afri-
25 can countries with thread formed in the United States
26 from fabrics wholly formed in the United States and

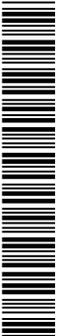


1 *cut in one or more beneficiary sub-Saharan African*
2 *countries from yarns wholly formed in the United*
3 *States, or from components knit-to-shape in the*
4 *United States from yarns wholly formed in the*
5 *United States, or both (including fabrics not formed*
6 *from yarns, if such fabrics are classifiable under*
7 *heading 5602 or 5603 of the Harmonized Tariff*
8 *Schedule of the United States and are wholly formed*
9 *in the United States).”.*

10 (3) Paragraph (3) is amended—

11 (A) by amending the matter preceding sub-
12 paragraph (A) to read as follows:

13 “(3) APPAREL ARTICLES FROM REGIONAL FABRIC
14 OR YARNS.—Apparel articles wholly assembled in one
15 or more beneficiary sub-Saharan African countries
16 from fabric wholly formed in one or more beneficiary
17 sub-Saharan African countries from yarns origi-
18 nating either in the United States or one or more
19 beneficiary sub-Saharan African countries (including
20 fabrics not formed from yarns, if such fabrics are
21 classified under heading 5602 or 5603 of the Har-
22 monized Tariff Schedule of the United States and are
23 wholly formed in one or more beneficiary sub-Saha-
24 ran African countries), or from components knit-to-
25 shape in one or more beneficiary sub-Saharan Afri-



1 *can countries from yarns originating either in the*
2 *United States or one or more beneficiary sub-Saharan*
3 *African countries, or apparel articles wholly formed*
4 *on seamless knitting machines in a beneficiary sub-*
5 *Saharan African country from yarns originating ei-*
6 *ther in the United States or one or more beneficiary*
7 *sub-Saharan African countries, subject to the fol-*
8 *lowing:’; and*

9 *(B) by amending subparagraph (B) to read*
10 *as follows:*

11 *“(B) SPECIAL RULE FOR LESSER DEVEL-*
12 *OPED COUNTRIES.—*

13 *“(i) IN GENERAL.—Subject to subpara-*
14 *graph (A), preferential treatment under this*
15 *paragraph shall be extended through Sep-*
16 *tember 30, 2004, for apparel articles wholly*
17 *assembled, or knit-to-shape and wholly as-*
18 *sembled, or both, in one or more lesser devel-*
19 *oped beneficiary sub-Saharan African coun-*
20 *tries regardless of the country of origin of*
21 *the fabric or the yarn used to make such ar-*
22 *ticles.*

23 *“(ii) LESSER DEVELOPED BENE-*
24 *FICIARY SUB-SAHARAN AFRICAN COUNTRY.—*

25 *For purposes of clause (i), the term ‘lesser*



1 *developed beneficiary sub-Saharan African*
2 *country' means—*

3 “(I) *a beneficiary sub-Saharan*
4 *African country that had a per capita*
5 *gross national product of less than*
6 *\$1,500 in 1998, as measured by the*
7 *International Bank for Reconstruction*
8 *and Development;*

9 “(II) *Botswana; and*

10 “(III) *Namibia.*”

11 (4) *Paragraph (4)(B) is amended by striking*
12 *“18.5” and inserting “21.5”.*

13 (5) *Section 112(b) of such Act is further amend-*
14 *ed by adding at the end the following new paragraph:*

15 “(7) *APPAREL ARTICLES ASSEMBLED IN ONE OR*
16 *MORE BENEFICIARY SUB-SAHARAN AFRICAN COUN-*
17 *TRIES FROM UNITED STATES AND BENEFICIARY SUB-*
18 *SAHARAN AFRICAN COUNTRY COMPONENTS.—Apparel*
19 *articles sewn or otherwise assembled in one or more*
20 *beneficiary sub-Saharan African countries with*
21 *thread formed in the United States from components*
22 *cut in the United States and one or more beneficiary*
23 *sub-Saharan African countries from fabric wholly*
24 *formed in the United States from yarns wholly*
25 *formed in the United States, or from components*



1 *knit-to-shape in the United States and one or more*
2 *beneficiary sub-Saharan African countries from yarns*
3 *wholly formed in the United States, or both (includ-*
4 *ing fabrics not formed from yarns, if such fabrics are*
5 *classifiable under heading 5602 or 5603 of the Har-*
6 *monized Tariff Schedule of the United States).”.*

7 *(b) INCREASE IN LIMITATION ON CERTAIN BENE-*
8 *FITS.—The applicable percentage under clause (ii) of sec-*
9 *tion 112(b)(3)(A) of the African Growth and Opportunity*
10 *Act (19 U.S.C. 3721(b)(3)(A)) shall be increased—*

11 *(1) by 2.17 percent for the 1-year period begin-*
12 *ning on October 1, 2002, and*

13 *(2) by equal increments in each succeeding 1-*
14 *year period provided for in such clause, so that for*
15 *the 1-year period beginning October 1, 2007, the ap-*
16 *plicable percentage is increased by 3.5 percent,*

17 *except that such increase shall not apply with respect to*
18 *articles eligible under subparagraph (B) of section*
19 *112(b)(3) of that Act.*



1 **DIVISION D—EXTENSION OF**
2 **CERTAIN PREFERENTIAL**
3 **TRADE TREATMENT**
4 **TITLE XLI—EXTENSION OF GEN-**
5 **ERALIZED SYSTEM OF PREF-**
6 **ERENCES**

7 **SEC. 4101. EXTENSION OF GENERALIZED SYSTEM OF PREF-**
8 **ERENCES.**

9 (a) *EXTENSION OF DUTY-FREE TREATMENT UNDER*
10 *SYSTEM.*—Section 505 of the Trade Act of 1974 (19 U.S.C.
11 2465(a)) is amended by striking “September 30, 2001” and
12 inserting “December 31, 2006”.

13 (b) *RETROACTIVE APPLICATION FOR CERTAIN LIQ-*
14 *UIDATIONS AND RELIQUIDATIONS.*—

15 (1) *IN GENERAL.*—Notwithstanding section 514
16 of the Tariff Act of 1930 or any other provision of
17 law, and subject to paragraph (2), the entry—

18 (A) of any article to which duty-free treat-
19 ment under title V of the Trade Act of 1974
20 would have applied if the entry had been made
21 on September 30, 2001,

22 (B) that was made after September 30,
23 2001, and before the date of the enactment of this
24 Act, and



1 (C) to which duty-free treatment under title
2 V of that Act did not apply,
3 shall be liquidated or reliquidated as free of duty, and
4 the Secretary of the Treasury shall refund any duty
5 paid with respect to such entry.

6 (2) *REQUESTS.*—Liquidation or reliquidation
7 may be made under paragraph (1) with respect to an
8 entry only if a request therefor is filed with the Customs
9 Service, within 180 days after the date of the enactment
10 of this Act, that contains sufficient information
11 to enable the Customs Service—

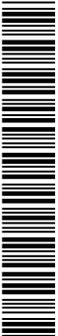
12 (A) to locate the entry; or

13 (B) to reconstruct the entry if it cannot be
14 located.

15 (3) *DEFINITION.*—As used in this subsection, the
16 term “entry” includes a withdrawal from warehouse
17 for consumption.

18 **SEC. 4102. AMENDMENTS TO GENERALIZED SYSTEM OF**
19 **PREFERENCES.**

20 (a) *ELIGIBILITY FOR GENERALIZED SYSTEM OF PREFERENCES.*—
21 *Section 502(b)(2)(F) of the Trade Act of 1974*
22 *(19 U.S.C. 2462(b)(2)(F)) is amended by striking the pe-*
23 *riod at the end and inserting “or such country has not*
24 *taken steps to support the efforts of the United States to*
25 *combat terrorism.”.*



1 (b) *DEFINITION OF INTERNATIONALLY RECOGNIZED*
2 *WORKER RIGHTS.*—Section 507(4) of the Trade Act of 1974
3 (19 U.S.C. 2467(4)) is amended by amending subparagraph
4 (D) to read as follows:

5 “(D) a minimum age for the employment of
6 children, and a prohibition on the worst forms of
7 child labor, as defined in paragraph (6); and”.

8 ***DIVISION E—MISCELLANEOUS***
9 ***PROVISIONS***

10 ***TITLE L—MISCELLANEOUS***
11 ***TRADE BENEFITS***

12 ***Subtitle A—Wool Provisions***

13 ***SEC. 5101. WOOL PROVISIONS.***

14 (a) *SHORT TITLE.*—This section may be cited as the
15 “Wool Manufacturer Payment Clarification and Technical
16 Corrections Act”.

17 (b) *CLARIFICATION OF TEMPORARY DUTY SUSPEN-*
18 *SION.*—Heading 9902.51.13 of the Harmonized Tariff
19 Schedule of the United States is amended by inserting “av-
20 erage” before “diameters”.

21 (c) *PAYMENTS TO MANUFACTURERS OF CERTAIN*
22 *WOOL PRODUCTS.*—

23 (1) *PAYMENTS.*—Section 505 of the Trade and
24 Development Act of 2000 (Public Law 106–200; 114
25 Stat. 303) is amended as follows:



1 (A) *Subsection (a) is amended—*

2 (i) *by striking “In each of the calendar*
3 *years” and inserting “For each of the cal-*
4 *endar years”; and*

5 (ii) *by striking “for a refund of duties”*
6 *and all that follows through the end of the*
7 *subsection and inserting “for a payment*
8 *equal to an amount determined pursuant to*
9 *subsection (d)(1).”.*

10 (B) *Subsection (b) is amended to read as*
11 *follows:*

12 “(b) *WOOL YARN.—*

13 “(1) *IMPORTING MANUFACTURERS.—For each of*
14 *the calendar years 2000, 2001, and 2002, a manufac-*
15 *turer of worsted wool fabrics who imports wool yarn*
16 *of the kind described in heading 5107.10 or*
17 *9902.51.13 of the Harmonized Tariff Schedule of the*
18 *United States shall be eligible for a payment equal to*
19 *an amount determined pursuant to subsection (d)(2).*

20 “(2) *NONIMPORTING MANUFACTURERS.—For*
21 *each of the calendar years 2001 and 2002, any other*
22 *manufacturer of worsted wool fabrics of imported*
23 *wool yarn of the kind described in heading 5107.10*
24 *or 9902.51.13 of the Harmonized Tariff Schedule of*
25 *the United States shall be eligible for a payment*



1 *equal to an amount determined pursuant to sub-*
2 *section (d)(2).”.*

3 *(C) Subsection (c) is amended to read as*
4 *follows:*

5 “*(c) WOOL FIBER AND WOOL TOP.—*

6 “*(1) IMPORTING MANUFACTURERS.—For each of*
7 *the calendar years 2000, 2001, and 2002, a manufac-*
8 *turer of wool yarn or wool fabric who imports wool*
9 *fiber or wool top of the kind described in heading*
10 *5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5103.10,*
11 *5103.20, 5104.00, 5105.21, 5105.29, or 9902.51.14 of*
12 *the Harmonized Tariff Schedule of the United States*
13 *shall be eligible for a payment equal to an amount*
14 *determined pursuant to subsection (d)(3).*

15 “*(2) NONIMPORTING MANUFACTURERS.—For*
16 *each of the calendar years 2001 and 2002, any other*
17 *manufacturer of wool yarn or wool fabric of imported*
18 *wool fiber or wool top of the kind described in head-*
19 *ing 5101.11, 5101.19, 5101.21, 5101.29, 5101.30,*
20 *5103.10, 5103.20, 5104.00, 5105.21, 5105.29, or*
21 *9902.51.14 of the Harmonized Tariff Schedule of the*
22 *United States shall be eligible for a payment equal to*
23 *an amount determined pursuant to subsection*
24 *(d)(3).”.*



1 (D) Section 505 is further amended by
2 striking subsection (d) and inserting the fol-
3 lowing new subsections:

4 “(d) AMOUNT OF ANNUAL PAYMENTS TO MANUFAC-
5 TURERS.—

6 “(1) MANUFACTURERS OF MEN’S SUITS, ETC. OF
7 IMPORTED WORSTED WOOL FABRICS.—

8 “(A) ELIGIBLE TO RECEIVE MORE THAN
9 \$5,000.—Each annual payment to manufacturers
10 described in subsection (a) who, according to the
11 records of the Customs Service as of September
12 11, 2001, are eligible to receive more than \$5,000
13 for each of the calendar years 2000, 2001, and
14 2002, shall be in an amount equal to one-third
15 of the amount determined by multiplying
16 \$30,124,000 by a fraction—

17 “(i) the numerator of which is the
18 amount attributable to the duties paid on
19 eligible wool products imported in calendar
20 year 1999 by the manufacturer making the
21 claim, and

22 “(ii) the denominator of which is the
23 total amount attributable to the duties paid
24 on eligible wool products imported in cal-
25 endar year 1999 by all the manufacturers



1 *described in subsection (a) who, according*
2 *to the records of the Customs Service as of*
3 *September 11, 2001, are eligible to receive*
4 *more than \$5,000 for each such calendar*
5 *year under this section as it was in effect*
6 *on that date.*

7 “(B) *ELIGIBLE WOOL PRODUCTS.*—*For pur-*
8 *poses of subparagraph (A), the term ‘eligible*
9 *wool products’ refers to imported worsted wool*
10 *fabrics described in subsection (a).*

11 “(C) *OTHERS.*—*All manufacturers described*
12 *in subsection (a), other than the manufacturers*
13 *to which subparagraph (A) applies, shall each*
14 *receive an annual payment in an amount equal*
15 *to one-third of the amount determined by divid-*
16 *ing \$1,665,000 by the number of all such other*
17 *manufacturers.*

18 “(2) *MANUFACTURERS OF WORSTED WOOL FAB-*
19 *RICS OF IMPORTED WOOL YARN.*—

20 “(A) *IMPORTING MANUFACTURERS.*—*Each*
21 *annual payment to an importing manufacturer*
22 *described in subsection (b)(1) shall be in an*
23 *amount equal to one-third of the amount deter-*
24 *mined by multiplying \$2,202,000 by a*
25 *fraction—*



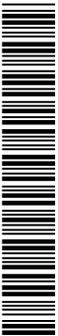
1 “(i) the numerator of which is the
2 amount attributable to the duties paid on
3 eligible wool products imported in calendar
4 year 1999 by the importing manufacturer
5 making the claim, and

6 “(ii) the denominator of which is the
7 total amount attributable to the duties paid
8 on eligible wool products imported in cal-
9 endar year 1999 by all the importing man-
10 ufacturers described in subsection (b)(1).

11 “(B) ELIGIBLE WOOL PRODUCTS.—For pur-
12 poses of subparagraph (A), the term ‘eligible
13 wool products’ refers to imported wool yarn de-
14 scribed in subsection (b)(1).

15 “(C) NONIMPORTING MANUFACTURERS.—
16 Each annual payment to a nonimporting manu-
17 facturer described in subsection (b)(2) shall be in
18 an amount equal to one-half of the amount deter-
19 mined by multiplying \$141,000 by a fraction—

20 “(i) the numerator of which is the
21 amount attributable to the purchases of im-
22 ported eligible wool products in calendar
23 year 1999 by the nonimporting manufac-
24 turer making the claim, and



1 “(i) the denominator of which is the
2 total amount attributable to the purchases
3 of imported eligible wool products in cal-
4 endar year 1999 by all the nonimporting
5 manufacturers described in subsection
6 (b)(2).

7 “(3) *MANUFACTURERS OF WOOL YARN OR WOOL*
8 *FABRIC OF IMPORTED WOOL FIBER OR WOOL TOP.—*

9 “(A) *IMPORTING MANUFACTURERS.—Each*
10 *annual payment to an importing manufacturer*
11 *described in subsection (c)(1) shall be in an*
12 *amount equal to one-third of the amount deter-*
13 *mined by multiplying \$1,522,000 by a*
14 *fraction—*

15 “(i) the numerator of which is the
16 amount attributable to the duties paid on
17 eligible wool products imported in calendar
18 year 1999 by the importing manufacturer
19 making the claim, and

20 “(ii) the denominator of which is the
21 total amount attributable to the duties paid
22 on eligible wool products imported in cal-
23 endar year 1999 by all the importing man-
24 ufacturers described in subsection (c)(1).



1 “(B) *ELIGIBLE WOOL PRODUCTS.*—*For pur-*
2 *poses of subparagraph (A), the term ‘eligible*
3 *wool products’ refers to imported wool fiber or*
4 *wool top described in subsection (c)(1).*

5 “(C) *NONIMPORTING MANUFACTURERS.*—
6 *Each annual payment to a nonimporting manu-*
7 *facturer described in subsection (c)(2) shall be in*
8 *an amount equal to one-half of the amount deter-*
9 *mined by multiplying \$597,000 by a fraction—*

10 “(i) *the numerator of which is the*
11 *amount attributable to the purchases of im-*
12 *ported eligible wool products in calendar*
13 *year 1999 by the nonimporting manufac-*
14 *turer making the claim, and*

15 “(ii) *the denominator of which is the*
16 *amount attributable to the purchases of im-*
17 *ported eligible wool products in calendar*
18 *year 1999 by all the nonimporting manu-*
19 *facturers described in subsection (c)(2).*

20 “(4) *LETTERS OF INTENT.*—*Except for the non-*
21 *importing manufacturers described in subsections*
22 *(b)(2) and (c)(2) who may make claims under this*
23 *section by virtue of the enactment of the Wool Manu-*
24 *facturer Payment Clarification and Technical Correc-*
25 *tions Act, only manufacturers who, according to the*



1 *records of the Customs Service, filed with the Customs*
2 *Service before September 11, 2001, letters of intent to*
3 *establish eligibility to be claimants are eligible to*
4 *make a claim for a payment under this section.*

5 *“(5) AMOUNT ATTRIBUTABLE TO PURCHASES BY*
6 *NONIMPORTING MANUFACTURERS.—*

7 *“(A) AMOUNT ATTRIBUTABLE.—For pur-*
8 *poses of paragraphs (2)(C) and (3)(C), the*
9 *amount attributable to the purchases of imported*
10 *eligible wool products in calendar year 1999 by*
11 *a nonimporting manufacturer shall be the*
12 *amount the nonimporting manufacturer paid for*
13 *eligible wool products in calendar year 1999, as*
14 *evidenced by invoices. The nonimporting manu-*
15 *facturer shall make such calculation and submit*
16 *the resulting amount to the Customs Service,*
17 *within 45 days after the date of enactment of the*
18 *Wool Manufacturer Payment Clarification and*
19 *Technical Corrections Act, in a signed affidavit*
20 *that attests that the information contained there-*
21 *in is true and accurate to the best of the affiant’s*
22 *belief and knowledge. The nonimporting manu-*
23 *facturer shall retain the records upon which the*
24 *calculation is based for a period of five years be-*



1 *ginning on the date the affidavit is submitted to*
2 *the Customs Service.*

3 “(B) *ELIGIBLE WOOL PRODUCT.—For pur-*
4 *poses of subparagraph (A)—*

5 *“(i) the eligible wool product for non-*
6 *importing manufacturers of worsted wool*
7 *fabrics is wool yarn of the kind described in*
8 *heading 5107.10 or 9902.51.13 of the Har-*
9 *monized Tariff Schedule of the United*
10 *States purchased in calendar year 1999;*
11 *and*

12 *“(ii) the eligible wool products for non-*
13 *importing manufacturers of wool yarn or*
14 *wool fabric are wool fiber or wool top of the*
15 *kind described in heading 5101.11, 5101.19,*
16 *5101.21, 5101.29, 5101.30, 5103.10,*
17 *5103.20, 5104.00, 5105.21, 5105.29, or*
18 *9902.51.14 of such Schedule purchased in*
19 *calendar year 1999.*

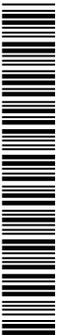
20 “(6) *AMOUNT ATTRIBUTABLE TO DUTIES PAID.—*
21 *For purposes of paragraphs (1), (2)(A), and (3)(A),*
22 *the amount attributable to the duties paid by a man-*
23 *ufacturer shall be the amount shown on the records of*
24 *the Customs Service as of September 11, 2001, under*
25 *this section as then in effect.*



1 “(7) *SCHEDULE OF PAYMENTS; REALLOCA-*
2 *TIONS.—*

3 “(A) *SCHEDULE.—Of the payments de-*
4 *scribed in paragraphs (1), (2)(A), and (3)(A),*
5 *the Customs Service shall make the first and sec-*
6 *ond installments on or before the date that is 45*
7 *days after the date of enactment of the Wool*
8 *Manufacturer Payment Clarification and Tech-*
9 *nical Corrections Act, and the third installment*
10 *on or before April 15, 2003. Of the payments de-*
11 *scribed in paragraphs (2)(C) and (3)(C), the*
12 *Customs Service shall make the first installment*
13 *on or before the date that is 120 days after the*
14 *date of enactment of the Wool Manufacturer*
15 *Payment Clarification and Technical Corre-*
16 *ctions Act, and the second installment on or be-*
17 *fore April 15, 2003.*

18 “(B) *REALLOCATIONS.—In the event that a*
19 *manufacturer that would have received payment*
20 *under subparagraph (A) or (C) of paragraph*
21 *(1), (2), or (3) ceases to be qualified for such*
22 *payment as such a manufacturer, the amounts*
23 *otherwise payable to the remaining manufactur-*
24 *ers under such subparagraph shall be increased*



1 *on a pro rata basis by the amount of the pay-*
2 *ment such manufacturer would have received.*

3 “(8) *REFERENCE.*—*For purposes of paragraphs*
4 *(1)(A) and (6), the ‘records of the Customs Service as*
5 *of September 11, 2001’ are the records of the Wool*
6 *Duty Unit of the Customs Service on September 11,*
7 *2001, as adjusted by the Customs Service to the extent*
8 *necessary to carry out this section. The amounts so*
9 *adjusted are not subject to administrative or judicial*
10 *review.*

11 “(e) *AFFIDAVITS BY MANUFACTURERS.*—

12 “(1) *AFFIDAVIT REQUIRED.*—*A manufacturer*
13 *may not receive a payment under this section for cal-*
14 *endar year 2000, 2001, or 2002, as the case may be,*
15 *unless that manufacturer has submitted to the Cus-*
16 *tom Service for that calendar year a signed affidavit*
17 *that attests that, during that calendar year, the affi-*
18 *ant was a manufacturer in the United States de-*
19 *scribed in subsection (a), (b), or (c).*

20 “(2) *TIMING.*—*An affidavit under paragraph (1)*
21 *shall be valid—*

22 “(A) *in the case of a manufacturer de-*
23 *scribed in paragraph (1), (2)(A), or (3)(A) of*
24 *subsection (d) filing a claim for a payment for*
25 *calendar year 2000 or 2001, or both, only if the*



1 *affidavit is postmarked no later than 15 days*
2 *after the date of enactment of the Wool Manufac-*
3 *turer Payment Clarification and Technical Cor-*
4 *rections Act; and*

5 *“(B) in the case of a claim for a payment*
6 *for calendar year 2002, only if the affidavit is*
7 *postmarked no later than March 1, 2003.*

8 *“(f) OFFSETS.—Notwithstanding any other provision*
9 *of this section, any amount otherwise payable under sub-*
10 *section (d) to a manufacturer in calendar year 2001 and,*
11 *where applicable, in calendar years 2002 and 2003, shall*
12 *be reduced by the amount of any payment received by that*
13 *manufacturer under this section before the enactment of the*
14 *Wool Manufacturer Payment Clarification and Technical*
15 *Corrections Act.*

16 *“(g) DEFINITION.—For purposes of this section, the*
17 *manufacturer is the party that owns—*

18 *“(1) imported worsted wool fabric, of the kind*
19 *described in heading 9902.51.11 or 9902.51.12 of the*
20 *Harmonized Tariff Schedule of the United States, at*
21 *the time the fabric is cut and sewn in the United*
22 *States into men’s or boys’ suits, suit-type jackets, or*
23 *trousers;*

24 *“(2) imported wool yarn, of the kind described*
25 *in heading 5107.01 or 9902.51.13 of such Schedule, at*



1 *the time the yarn is processed in the United States*
2 *into worsted wool fabric; or*

3 “(3) *imported wool fiber or wool top, of the kind*
4 *described in heading 5101.11, 5101.19, 5101.21,*
5 *5101.29, 5101.30, 5103.10, 5103.20, 5104.00, 5105.21,*
6 *5105.29, or 9902.51.14 of such Schedule, at the time*
7 *the wool fiber or wool top is processed in the United*
8 *States into wool yarn.”.*

9 (2) *FUNDING.—There is authorized to be appro-*
10 *propriated and is hereby appropriated, out of amounts*
11 *in the General Fund of the Treasury not otherwise*
12 *appropriated, \$36,251,000 to carry out the amend-*
13 *ments made by paragraph (1).*

14 **SEC. 5102. DUTY SUSPENSION ON WOOL.**

15 (a) *EXTENSION OF TEMPORARY DUTY REDUCTIONS.—*

16 (1) *HEADING 9902.51.11.—Heading 9902.51.11 of*
17 *the Harmonized Tariff Schedule of the United States*
18 *is amended by striking “2003” and inserting “2005”.*

19 (2) *HEADING 9902.51.12.—Heading 9902.51.12 of*
20 *the Harmonized Tariff Schedule of the United States*
21 *is amended—*

22 (A) *by striking “2003” and inserting*
23 *“2005”; and*

24 (B) *by striking “6%” and inserting “Free”.*



1 (3) *HEADING 9902.51.13.—Heading 9902.51.13 of*
2 *the Harmonized Tariff Schedule of the United States*
3 *is amended by striking “2003” and inserting “2005”.*

4 (4) *HEADING 9902.51.14.—Heading 9902.51.14 of*
5 *the Harmonized Tariff Schedule of the United States*
6 *is amended by striking “2003” and inserting “2005”.*

7 (b) *LIMITATION ON QUANTITY OF IMPORTS.—*

8 (1) *NOTE 15.—U.S. Note 15 to subchapter II of*
9 *chapter 99 of the Harmonized Tariff Schedule of the*
10 *United States is amended—*

11 (A) *by striking “from January 1 to Decem-*
12 *ber 31 of each year, inclusive”; and*

13 (B) *by striking “, or such other” and insert-*
14 *ing the following: “in calendar year 2001,*
15 *3,500,000 square meter equivalents in calendar*
16 *year 2002, and 4,500,000 square meter equiva-*
17 *lents in calendar year 2003 and each calendar*
18 *year thereafter, or such greater”.*

19 (2) *NOTE 16.—U.S. Note 16 to subchapter II of*
20 *chapter 99 of the Harmonized Tariff Schedule of the*
21 *United States is amended—*

22 (A) *by striking “from January 1 to Decem-*
23 *ber 31 of each year, inclusive”; and*

24 (B) *by striking “, or such other” and insert-*
25 *ing the following: “in calendar year 2001,*



1 2,500,000 square meter equivalents in calendar
2 year 2002, and 3,500,000 square meter equiva-
3 lents in calendar year 2003 and each calendar
4 year thereafter, or such greater”.

5 (c) *EXTENSION OF DUTY REFUNDS AND WOOL RE-*
6 *SEARCH TRUST FUND.*—

7 (1) *IN GENERAL.*—*The United States Customs*
8 *Service shall pay each manufacturer that receives a*
9 *payment under section 505 of the Trade and Develop-*
10 *ment Act of 2000 (Public Law 106–200) for calendar*
11 *year 2002, and that provides an affidavit that it re-*
12 *maines a manufacturer in the United States as of*
13 *January 1 of the year of the payment, 2 additional*
14 *payments, each payment equal to the payment re-*
15 *ceived for calendar year 2002 as follows:*

16 (A) *The first payment to be made after*
17 *January 1, 2004, but on or before April 15,*
18 *2004.*

19 (B) *The second payment to be made after*
20 *January 1, 2005, but on or before April 15,*
21 *2005.*

22 (2) *CONFORMING AMENDMENT.*—*Section 506(f)*
23 *of the Trade and Development Act of 2000 (Public*
24 *Law 106–200) is amended by striking “2004” and*
25 *inserting “2006”.*



1 (3) *AUTHORIZATION.*—*There is authorized to be*
2 *appropriated and is hereby appropriated out of*
3 *amounts in the general fund of the Treasury not oth-*
4 *erwise appropriated such sums as are necessary to*
5 *carry out the provisions of this subsection.*

6 (d) *EFFECTIVE DATE.*—*The amendment made by sub-*
7 *section (a)(2)(B) applies to goods entered, or withdrawn*
8 *from warehouse for consumption, on or after January 1,*
9 *2002.*

10 ***Subtitle B—Other Provisions***

11 ***SEC. 5201. FUND FOR WTO DISPUTE SETTLEMENTS.***

12 (a) *ESTABLISHMENT OF FUND.*—*There is established*
13 *in the Treasury a fund for the payment of settlements under*
14 *this section.*

15 (b) *AUTHORITY OF USTR TO PAY SETTLEMENTS.*—
16 *Amounts in the fund established under subsection (a) shall*
17 *be available, as provided in appropriations Acts, only for*
18 *the payment by the United States Trade Representative of*
19 *the amount of the total or partial settlement of any dispute*
20 *pursuant to proceedings under the auspices of the World*
21 *Trade Organization, if—*

22 (1) *in the case of a total or partial settlement in*
23 *an amount of not more than \$10,000,000, the Trade*
24 *Representative certifies to the Secretary of the Treas-*



1 (1) *by striking “4.9%” and inserting “Free”;*
2 *and*

3 (2) *by striking “12/31/2003” and inserting “12/*
4 *31/2006”.*

5 ***(b) EFFECTIVE DATE.—***

6 (1) *IN GENERAL.—The amendments made by*
7 *subsection (a) shall apply to goods entered, or with-*
8 *drawn from warehouse for consumption, on or after*
9 *January 1, 2002.*

10 (2) *RETROACTIVE APPLICATION.—Notwith-*
11 *standing section 514 of the Tariff Act of 1930 or any*
12 *other provision of law, and subject to paragraph (4),*
13 *the entry of any article—*

14 (A) *that was made on or after January 1,*
15 *2002, and*

16 (B) *to which duty-free treatment would*
17 *have applied if the amendment made by this sec-*
18 *tion had been in effect on the date of such entry,*
19 *shall be liquidated or reliquidated as if such duty-free*
20 *treatment applied, and the Secretary of the Treasury*
21 *shall refund any duty paid with respect to such entry.*

22 (3) *ENTRY.—As used in this subsection, the term*
23 *“entry” includes a withdrawal from warehouse for*
24 *consumption.*



1 (4) *REQUESTS.*—*Liquidation or reliquidation*
2 *may be made under paragraph (2) with respect to an*
3 *entry only if a request therefor is filed with the Cus-*
4 *tom Service, within 180 days after the date of the en-*
5 *actment of this Act, that contains sufficient informa-*
6 *tion to enable the Customs Service—*

7 *(A) to locate the entry; or*

8 *(B) to reconstruct the entry if it cannot be*
9 *located.*

10 **SEC. 5203. SUGAR TARIFF-RATE QUOTA CIRCUMVENTION.**

11 *(a) IN GENERAL.*—*Chapter 17 of the Harmonized Tar-*
12 *iff Schedule of the United States is amended in the superior*
13 *text to subheading 1702.90.05 by striking “Containing”*
14 *and all that follows through “solids:” and inserting the fol-*
15 *lowing:*

16 *“Containing soluble non-sugar solids (excluding any*
17 *foreign substances, including but not limited to mo-*
18 *lasses, that may have been added to or developed in*
19 *the product) equal to 6 percent or less by weight of*
20 *the total soluble solids:”.*

21 *(b) MONITORING FOR CIRCUMVENTION.*—*The Sec-*
22 *retary of Agriculture and the Commissioner of Customs*
23 *shall continuously monitor imports of sugar and sugar-con-*
24 *taining products provided for in chapters 17, 18, 19, and*
25 *21 of the Harmonized Tariff Schedule of the United States,*



1 *other than molasses imported for use in animal feed or the*
2 *production of rum and articles prepared for marketing to*
3 *the ultimate consumer in the form and package in which*
4 *imported, for indications that an article is being used to*
5 *circumvent a tariff-rate quota provided for in those chap-*
6 *ters. The Secretary and Commissioner shall specifically ex-*
7 *amine imports of articles provided for in subheading*
8 *1703.10.30 of the Harmonized Tariff Schedule of the United*
9 *States.*

10 *(c) REPORTS AND RECOMMENDATIONS.—The Sec-*
11 *retary and the Commissioner shall report their findings to*
12 *Congress and the President not later than 180 days after*
13 *the date of enactment of this Act and every 6 months there-*
14 *after. The reports shall include data and a description of*
15 *developments and trends in the composition of trade of arti-*
16 *cles provided for in the chapters of the Harmonized Tariff*
17 *Schedule of the United States identified in subsection (b)*
18 *and any indications of circumvention that may exist. The*
19 *reports shall also include recommendations for ending such*
20 *circumvention, including recommendations for legislation.*

And the Senate agree to the same.

