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**H.R. 3009**—Andean Trade Promotion and Drug Eradication Act

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**H.R. 3009—Andean Trade Promotion and Drug Eradication Act  
(Crane [Thomas substitute])**

**Order of Business:** The bill is scheduled to be considered on Friday, November 16<sup>th</sup>, subject to a rule.

**Summary:** H.R. 3009 would extend (through December 31, 2006) and expand the Andean Trade Preference Act (ATPA), which is set to expire on December 4, 2001. ATPA, enacted on December 4, 1991, as title II of Public Law 102-182, provides preferential trade benefits to Bolivia, Colombia, Ecuador, and Peru.

Specifically, H.R. 3009 would implement the following provisions.

**Articles Eligible for Duty-Free Treatment.** H.R. 3009 would apply duty-free treatment to any article eligible under the existing ATPA framework that meets specified rule-of-origin requirements, including a minimum 35 percent Andean content. The President would be authorized to proclaim duty-free treatment for previously ineligible articles (such as footwear, petroleum products, watches, and luggage, as listed in the bill) from any beneficiary country, subject to certain conditions. Moreover, the President could suspend duty-free treatment for any product for national security reasons or for imports of perishable agricultural products from Andean countries within seven days of a recommendation from the Secretary of Agriculture.

The bill would also outline details of duty- and quota-free treatment for apparel assembled in one or more of the applicable Andean countries. Imports of rum and textile articles subject to textile agreements would continue to be *exempt* from duty-free treatment.

**Transshipment.** H.R. 3009 would define “transshipment” as the claiming of preferential trade treatment based on false information concerning the country of origin, manufacture, processing, or assembly of an apparel article. The President would be required to deny individual transshippers (upon the first offense) all trade benefits for two years and to reduce the quantities of apparel articles imported into the U.S. from any ATPA country that is not taking sufficient actions to prevent transshipment.

Beneficiary Countries. H.R. 3009 would authorize the President to consider Bolivia, Ecuador, Colombia, and Peru as beneficiary countries. The President would also be directed to take into account certain other factors in designating new countries as beneficiaries for preferential trade treatment:

- Whether the country has demonstrated a commitment to undertake its obligations under the World Trade Organization
- Whether the country has demonstrated a commitment to participate in negotiations toward the completion of the Free Trade Area of the Americas (or another free trade agreement)
- The extent to which the country provides protection of intellectual property rights
- The extent to which the country provides internationally recognized worker rights, including:
  - the right of association
  - the right to organize and bargain collectively
  - a prohibition on forced labor
  - a minimum age for the employment of children
  - acceptable conditions of work regarding **minimum wages**, hours of work, and occupational safety
- Whether the country has implemented its commitments to eliminate the “worst forms of child labor”
- Whether the country has met U.S. counternarcotics certification criteria
- Whether the country has taken steps to implement the Inter-American Convention Against Corruption
- The extent to which the country applies transparent, nondiscriminatory, and competitive procedures in government procurement.

The President could withdraw or suspend beneficiary country status or duty-free treatment on any article as a result of “changed circumstances.”

Amendments to Caribbean Basin Trade Partnership Act (CBTPA) and the Africa Growth and Opportunity Act (AGOA). CBTPA and AGOA both grant preferential trade treatment to apparel articles (in beneficiary Caribbean and sub-Saharan countries, respectively). H.R. 3009 would amend CBTPA and AGOA to grant preferential treatment to “knit-to-shape” apparel articles assembled in beneficiary countries. [Such articles currently do not receive preferential treatment.] Further, the bill would add new rules in CBTPA and AGOA to provide preferential treatment for apparel articles that are cut both in the U.S. and beneficiary countries, and would raise the cap on apparel made in Africa with regional yarn

**Additional Background:** According to the Ways & Means Committee, between 1991 (when ATPA was enacted) and 2000, total two-way trade between the United States and the four Andean countries referenced in ATPA nearly doubled. U.S. exports to the ATPA countries increased 66 percent, while imports from these countries increased from \$5 billion to \$11 billion.

**Cost to Taxpayers**: CBO estimates that enacting the bill would reduce federal revenues (because of the extension of the list of products that would not be subject to tariffs) by \$41 million in FY2002 and by \$248 million over the FY2002-FY2006 period.

**Does the Bill Create New Federal Programs or Rules?**: The bill would reauthorize and expand ATPA and clarify provisions of CBTPA and AGOA. It does not create any new programs.

**Constitutional Authority**: The Ways & Means Committee (in House Report 107-290) cites constitutional authority in Article I, Section 8, Clause 1 (the power to lay and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defense and general welfare of the United States).

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