

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. _____
OFFERED BY MR. CAMP OF MICHIGAN
(United States–Panama Trade Promotion Agreement
Implementation Bill)

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “United States–Panama Trade Promotion Agreement Im-
4 plementation Act”.

5 (b) TABLE OF CONTENTS.—The table of contents for
6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes.
- Sec. 3. Definitions.

TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING
TO, THE AGREEMENT

- Sec. 101. Approval and entry into force of the Agreement.
- Sec. 102. Relationship of the Agreement to United States and State law.
- Sec. 103. Implementing actions in anticipation of entry into force and initial regulations.
- Sec. 104. Consultation and layover provisions for, and effective date of, proclaimed actions.
- Sec. 105. Administration of dispute settlement proceedings.
- Sec. 106. Arbitration of claims.
- Sec. 107. Effective dates; effect of termination.

TITLE II—CUSTOMS PROVISIONS

- Sec. 201. Tariff modifications.
- Sec. 202. Additional duties on certain agricultural goods.
- Sec. 203. Rules of origin.
- Sec. 204. Customs user fees.

- Sec. 205. Disclosure of incorrect information; false certifications of origin; denial of preferential tariff treatment.
- Sec. 206. Reliquidation of entries.
- Sec. 207. Recordkeeping requirements.
- Sec. 208. Enforcement relating to trade in textile or apparel goods.
- Sec. 209. Regulations.

TITLE III—RELIEF FROM IMPORTS

- Sec. 301. Definitions.

Subtitle A—Relief From Imports Benefitting From the Agreement

- Sec. 311. Commencing of action for relief.
- Sec. 312. Commission action on petition.
- Sec. 313. Provision of relief.
- Sec. 314. Termination of relief authority.
- Sec. 315. Compensation authority.
- Sec. 316. Confidential business information.

Subtitle B—Textile and Apparel Safeguard Measures

- Sec. 321. Commencement of action for relief.
- Sec. 322. Determination and provision of relief.
- Sec. 323. Period of relief.
- Sec. 324. Articles exempt from relief.
- Sec. 325. Rate after termination of import relief.
- Sec. 326. Termination of relief authority.
- Sec. 327. Compensation authority.
- Sec. 328. Confidential business information.

Subtitle C—Cases Under Title II of the Trade Act of 1974

- Sec. 331. Findings and action on Panamanian articles.

TITLE IV—MISCELLANEOUS

- Sec. 401. Eligible products.
- Sec. 402. Modification to the Caribbean Basin Economic Recovery Act.

TITLE V—OFFSETS

- Sec. 501. Extension of customs user fees.
- Sec. 502. Time for payment of corporate estimated taxes.

TITLE VI—BUDGETARY EFFECTS

- Sec. 601. Determination of budgetary effects.

1 **SEC. 2. PURPOSES.**

2 The purposes of this Act are—

- 3 (1) to approve and implement the free trade
- 4 agreement between the United States and Panama
- 5 entered into under the authority of section 2103(b)

1 of the Bipartisan Trade Promotion Authority Act of
2 2002 (19 U.S.C. 3803(b));

3 (2) to strengthen and develop economic rela-
4 tions between the United States and Panama for
5 their mutual benefit;

6 (3) to establish free trade between the United
7 States and Panama through the reduction and elimi-
8 nation of barriers to trade in goods and services and
9 to investment; and

10 (4) to lay the foundation for further coopera-
11 tion to expand and enhance the benefits of the
12 Agreement.

13 **SEC. 3. DEFINITIONS.**

14 In this Act:

15 (1) AGREEMENT.—The term “Agreement”
16 means the United States–Panama Trade Promotion
17 Agreement approved by Congress under section
18 101(a)(1).

19 (2) COMMISSION.—The term “Commission”
20 means the United States International Trade Com-
21 mission.

22 (3) HTS.—The term “HTS” means the Har-
23 monized Tariff Schedule of the United States.

24 (4) TEXTILE OR APPAREL GOOD.—The term
25 “textile or apparel good” means a good listed in the

1 Annex to the Agreement on Textiles and Clothing
2 referred to in section 101(d)(4) of the Uruguay
3 Round Agreements Act (19 U.S.C. 3511(d)(4)),
4 other than a good listed in Annex 3.30 of the Agree-
5 ment.

6 **TITLE I—APPROVAL OF, AND**
7 **GENERAL PROVISIONS RE-**
8 **LATING TO, THE AGREEMENT**

9 **SEC. 101. APPROVAL AND ENTRY INTO FORCE OF THE**
10 **AGREEMENT.**

11 (a) APPROVAL OF AGREEMENT AND STATEMENT OF
12 ADMINISTRATIVE ACTION.—Pursuant to section 2105 of
13 the Bipartisan Trade Promotion Authority Act of 2002
14 (19 U.S.C. 3805) and section 151 of the Trade Act of
15 1974 (19 U.S.C. 2191), Congress approves—

16 (1) the United States–Panama Trade Pro-
17 motion Agreement entered into on June 28, 2007,
18 with the Government of Panama and submitted to
19 Congress on [_____, 2011]; and

20 (2) the statement of administrative action pro-
21 posed to implement the Agreement that was sub-
22 mitted to Congress on [_____, 2011].

23 (b) CONDITIONS FOR ENTRY INTO FORCE OF THE
24 AGREEMENT.—At such time as the President determines
25 that Panama has taken measures necessary to comply

1 with those provisions of the Agreement that are to take
2 effect on the date on which the Agreement enters into
3 force, the President is authorized to exchange notes with
4 the Government of Panama providing for the entry into
5 force, on or after January 1, 2012, of the Agreement with
6 respect to the United States.

7 **SEC. 102. RELATIONSHIP OF THE AGREEMENT TO UNITED**
8 **STATES AND STATE LAW.**

9 (a) RELATIONSHIP OF AGREEMENT TO UNITED
10 STATES LAW.—

11 (1) UNITED STATES LAW TO PREVAIL IN CON-
12 FFLICT.—No provision of the Agreement, nor the ap-
13 plication of any such provision to any person or cir-
14 cumstance, which is inconsistent with any law of the
15 United States shall have effect.

16 (2) CONSTRUCTION.—Nothing in this Act shall
17 be construed—

18 (A) to amend or modify any law of the
19 United States, or

20 (B) to limit any authority conferred under
21 any law of the United States,

22 unless specifically provided for in this Act.

23 (b) RELATIONSHIP OF AGREEMENT TO STATE
24 LAW.—

1 (1) LEGAL CHALLENGE.—No State law, or the
2 application thereof, may be declared invalid as to
3 any person or circumstance on the ground that the
4 provision or application is inconsistent with the
5 Agreement, except in an action brought by the
6 United States for the purpose of declaring such law
7 or application invalid.

8 (2) DEFINITION OF STATE LAW.—For purposes
9 of this subsection, the term “State law” includes—

10 (A) any law of a political subdivision of a
11 State; and

12 (B) any State law regulating or taxing the
13 business of insurance.

14 (c) EFFECT OF AGREEMENT WITH RESPECT TO PRI-
15 VATE REMEDIES.—No person other than the United
16 States—

17 (1) shall have any cause of action or defense
18 under the Agreement or by virtue of congressional
19 approval thereof; or

20 (2) may challenge, in any action brought under
21 any provision of law, any action or inaction by any
22 department, agency, or other instrumentality of the
23 United States, any State, or any political subdivision
24 of a State, on the ground that such action or inac-
25 tion is inconsistent with the Agreement.

1 **SEC. 103. IMPLEMENTING ACTIONS IN ANTICIPATION OF**
2 **ENTRY INTO FORCE AND INITIAL REGULA-**
3 **TIONS.**

4 (a) IMPLEMENTING ACTIONS.—

5 (1) PROCLAMATION AUTHORITY.—After the
6 date of the enactment of this Act—

7 (A) the President may proclaim such ac-
8 tions, and

9 (B) other appropriate officers of the
10 United States Government may issue such reg-
11 ulations,

12 as may be necessary to ensure that any provision of
13 this Act, or amendment made by this Act, that takes
14 effect on the date on which the Agreement enters
15 into force is appropriately implemented on such
16 date, but no such proclamation or regulation may
17 have an effective date earlier than the date on which
18 the Agreement enters into force.

19 (2) EFFECTIVE DATE OF CERTAIN PROCLAIMED
20 ACTIONS.—Any action proclaimed by the President
21 under the authority of this Act that is not subject
22 to the consultation and layover provisions under sec-
23 tion 104 may not take effect before the 15th day
24 after the date on which the text of the proclamation
25 is published in the Federal Register.

1 (3) WAIVER OF 15-DAY RESTRICTION.—The 15-
2 day restriction contained in paragraph (2) on the
3 taking effect of proclaimed actions is waived to the
4 extent that the application of such restriction would
5 prevent the taking effect on the date the Agreement
6 enters into force of any action proclaimed under this
7 section.

8 (b) INITIAL REGULATIONS.—Initial regulations nec-
9 essary or appropriate to carry out the actions required by
10 or authorized under this Act or proposed in the statement
11 of administrative action submitted under section
12 101(a)(2) to implement the Agreement shall, to the max-
13 imum extent feasible, be issued within 1 year after the
14 date on which the Agreement enters into force. In the case
15 of any implementing action that takes effect on a date
16 after the date on which the Agreement enters into force,
17 initial regulations to carry out that action shall, to the
18 maximum extent feasible, be issued within 1 year after
19 such effective date.

20 **SEC. 104. CONSULTATION AND LAYOVER PROVISIONS FOR,**
21 **AND EFFECTIVE DATE OF, PROCLAIMED AC-**
22 **TIONS.**

23 If a provision of this Act provides that the implemen-
24 tation of an action by the President by proclamation is

1 subject to the consultation and layover requirements of
2 this section, such action may be proclaimed only if—

3 (1) the President has obtained advice regarding
4 the proposed action from—

5 (A) the appropriate advisory committees
6 established under section 135 of the Trade Act
7 of 1974 (19 U.S.C. 2155); and

8 (B) the Commission;

9 (2) the President has submitted to the Com-
10 mittee on Finance of the Senate and the Committee
11 on Ways and Means of the House of Representatives
12 a report that sets forth—

13 (A) the action proposed to be proclaimed
14 and the reasons therefor; and

15 (B) the advice obtained under paragraph
16 (1);

17 (3) a period of 60 calendar days, beginning on
18 the first day on which the requirements set forth in
19 paragraphs (1) and (2) have been met, has expired;
20 and

21 (4) the President has consulted with the com-
22 mittees referred to in paragraph (2) regarding the
23 proposed action during the period referred to in
24 paragraph (3).

1 **SEC. 105. ADMINISTRATION OF DISPUTE SETTLEMENT PRO-**
2 **CEEDINGS.**

3 (a) ESTABLISHMENT OR DESIGNATION OF OFFICE.—
4 The President is authorized to establish or designate with-
5 in the Department of Commerce an office that shall be
6 responsible for providing administrative assistance to pan-
7 els established under chapter 20 of the Agreement. The
8 office shall not be considered to be an agency for purposes
9 of section 552 of title 5, United States Code.

10 (b) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated for each fiscal year after
12 fiscal year 2011 to the Department of Commerce up to
13 \$150,000 for the establishment and operations of the of-
14 fice established or designated under subsection (a) and for
15 the payment of the United States share of the expenses
16 of panels established under chapter 20 of the Agreement.

17 **SEC. 106. ARBITRATION OF CLAIMS.**

18 The United States is authorized to resolve any claim
19 against the United States covered by article
20 10.16.1(a)(i)(C) or article 10.16.1(b)(i)(C) of the Agree-
21 ment, pursuant to the Investor-State Dispute Settlement
22 procedures set forth in section B of chapter 10 of the
23 Agreement.

24 **SEC. 107. EFFECTIVE DATES; EFFECT OF TERMINATION.**

25 (a) EFFECTIVE DATES.—Except as provided in sub-
26 section (b), this Act and the amendments made by this

1 Act take effect on the date on which the Agreement enters
2 into force.

3 (b) EXCEPTIONS.—

4 (1) IN GENERAL.—Sections 1 through 3, this
5 title, and title V take effect on the date of the enact-
6 ment of this Act.

7 (2) CERTAIN AMENDATORY PROVISIONS.—The
8 amendments made by sections 204, 205, 207, and
9 401 of this Act take effect on the date of the enact-
10 ment of this Act and apply with respect to Panama
11 on the date on which the Agreement enters into
12 force.

13 (c) TERMINATION OF THE AGREEMENT.—On the
14 date on which the Agreement terminates, this Act (other
15 than this subsection) and the amendments made by this
16 Act (other than the amendments made by title V) shall
17 cease to have effect.

18 **TITLE II—CUSTOMS PROVISIONS**

19 **SEC. 201. TARIFF MODIFICATIONS.**

20 (a) TARIFF MODIFICATIONS PROVIDED FOR IN THE
21 AGREEMENT.—

22 (1) PROCLAMATION AUTHORITY.—The Presi-
23 dent may proclaim—

24 (A) such modifications or continuation of
25 any duty,

1 (B) such continuation of duty-free or ex-
2 cise treatment, or

3 (C) such additional duties,
4 as the President determines to be necessary or ap-
5 propriate to carry out or apply articles 3.3, 3.5, 3.6,
6 3.26, 3.27, 3.28, and 3.29, and Annex 3.3, of the
7 Agreement.

8 (2) EFFECT ON GSP STATUS.—Notwithstanding
9 section 502(a)(1) of the Trade Act of 1974 (19
10 U.S.C. 2462(a)(1)), the President shall, on the date
11 on which the Agreement enters into force, terminate
12 the designation of Panama as a beneficiary devel-
13 oping country for purposes of title V of the Trade
14 Act of 1974 (19 U.S.C. 2461 et seq.).

15 (3) EFFECT ON CBERA STATUS.—

16 (A) IN GENERAL.—Notwithstanding sec-
17 tion 212(a) of the Caribbean Basin Economic
18 Recovery Act (19 U.S.C. 2702(a)), the Presi-
19 dent shall, on the date on which the Agreement
20 enters into force, terminate the designation of
21 Panama as a beneficiary country for purposes
22 of that Act.

23 (B) EXCEPTION.—Notwithstanding sub-
24 paragraph (A), Panama shall be considered a
25 beneficiary country under section 212(a) of the

1 Caribbean Basin Economic Recovery Act, for
2 purposes of—

3 (i) sections 771(7)(G)(ii)(III) and
4 771(7)(H) of the Tariff Act of 1930 (19
5 U.S.C. 1677(7)(G)(ii)(III) and
6 1677(7)(H));

7 (ii) the duty-free treatment provided
8 under paragraph 4 of the General Notes to
9 the Schedule of the United States to
10 Annex 3.3 of the Agreement; and

11 (iii) section 274(h)(6)(B) of the Inter-
12 nal Revenue Code of 1986.

13 (b) OTHER TARIFF MODIFICATIONS.—Subject to the
14 consultation and layover provisions of section 104, the
15 President may proclaim—

16 (1) such modifications or continuation of any
17 duty,

18 (2) such modifications as the United States
19 may agree to with Panama regarding the staging of
20 any duty treatment set forth in Annex 3.3 of the
21 Agreement,

22 (3) such continuation of duty-free or excise
23 treatment, or

24 (4) such additional duties,

1 as the President determines to be necessary or appropriate
2 to maintain the general level of reciprocal and mutually
3 advantageous concessions with respect to Panama pro-
4 vided for by the Agreement.

5 (c) CONVERSION TO AD VALOREM RATES.—For pur-
6 poses of subsections (a) and (b), with respect to any good
7 for which the base rate in the Schedule of the United
8 States to Annex 3.3 of the Agreement is a specific or com-
9 pound rate of duty, the President may substitute for the
10 base rate an ad valorem rate that the President deter-
11 mines to be equivalent to the base rate.

12 (d) TARIFF RATE QUOTAS.—In implementing the
13 tariff rate quotas set forth in Appendix I to the General
14 Notes to the Schedule of the United States to Annex 3.3
15 of the Agreement, the President shall take such action as
16 may be necessary to ensure that imports of agricultural
17 goods do not disrupt the orderly marketing of commodities
18 in the United States.

19 **SEC. 202. ADDITIONAL DUTIES ON CERTAIN AGRICUL-**
20 **TURAL GOODS.**

21 (a) DEFINITIONS.—In this section:

22 (1) APPLICABLE NTR (MFN) RATE OF DUTY.—
23 The term “applicable NTR (MFN) rate of duty”
24 means, with respect to a safeguard good, a rate of
25 duty equal to the lowest of—

1 (A) the base rate in the Schedule of the
2 United States to Annex 3.3 of the Agreement;

3 (B) the column 1 general rate of duty that
4 would, on the day before the date on which the
5 Agreement enters into force, apply to a good
6 classifiable in the same 8-digit subheading of
7 the HTS as the safeguard good; or

8 (C) the column 1 general rate of duty that
9 would, at the time the additional duty is im-
10 posed under subsection (b), apply to a good
11 classifiable in the same 8-digit subheading of
12 the HTS as the safeguard good.

13 (2) SAFEGUARD GOOD.—The term “safeguard
14 good” means a good—

15 (A) that is included in the Schedule of the
16 United States to Annex 3.17 of the Agreement;

17 (B) that qualifies as an originating good
18 under section 203; and

19 (C) for which a claim for preferential tariff
20 treatment under the Agreement has been made.

21 (3) SCHEDULE RATE OF DUTY.—The term
22 “schedule rate of duty” means, with respect to a
23 safeguard good, the rate of duty for that good that
24 is set forth in the Schedule of the United States to
25 Annex 3.3 of the Agreement.

1 (4) TRIGGER LEVEL.—

2 (A) IN GENERAL.—The term “trigger
3 level” means—

4 (i) in the case of a safeguard good
5 classified under subheading 0201.10.50,
6 0201.20.80, 0201.30.80, 0202.10.50,
7 0202.20.80, or 0202.30.80 of the HTS—

8 (I) in year 1 of the Agreement,
9 330 metric tons; and

10 (II) in year 2 of the Agreement
11 through year 14 of the Agreement, a
12 quantity equal to 110 percent of the
13 trigger level for that safeguard good
14 for the preceding calendar year; and

15 (ii) in the case of any other safeguard
16 good, 115 percent of the quantity that is
17 provided for that safeguard good in the
18 corresponding calendar year in the applica-
19 ble table contained in Appendix I to the
20 General Notes to the Schedule of the
21 United States to Annex 3.3 of the Agree-
22 ment.

23 (B) RELATIONSHIP TO TABLE.—For pur-
24 poses of subparagraph (A)(ii), year 1 in the ap-
25 plicable table contained in Appendix I to the

1 General Notes to the Schedule of the United
2 States to Annex 3.3 of the Agreement cor-
3 responds to year 1 of the Agreement.

4 (5) YEAR 1 OF THE AGREEMENT.—The term
5 “year 1 of the Agreement” means the period begin-
6 ning on the date, in a calendar year, on which the
7 Agreement enters into force and ending on Decem-
8 ber 31 of that calendar year.

9 (6) YEARS OTHER THAN YEAR 1 OF THE
10 AGREEMENT.—Any reference to a year of the Agree-
11 ment subsequent to year 1 of the Agreement shall
12 be deemed to be a reference to the corresponding
13 calendar year in which the Agreement is in force.

14 (b) ADDITIONAL DUTIES ON SAFEGUARD GOODS.—

15 (1) IN GENERAL.—In addition to any duty pro-
16 claimed under subsection (a) or (b) of section 201,
17 the Secretary of the Treasury shall assess a duty, in
18 the amount determined under paragraph (2), on a
19 safeguard good imported into the United States in
20 a calendar year if the Secretary determines that,
21 prior to such importation, the total volume of that
22 safeguard good that is imported into the United
23 States in that calendar year exceeds the trigger level
24 for that good for that calendar year.

1 (2) CALCULATION OF ADDITIONAL DUTY.—The
2 additional duty on a safeguard good under this sub-
3 section shall be—

4 (A) in the case of a good classified under
5 subheading 0201.10.50, 0201.20.80,
6 0201.30.80, 0202.10.50, 0202.20.80, or
7 0202.30.80 of the HTS—

8 (i) in year 1 of the Agreement
9 through year 6 of the Agreement, an
10 amount equal to 100 percent of the excess
11 of the applicable NTR (MFN) rate of duty
12 over the schedule rate of duty; and

13 (ii) in year 7 of the Agreement
14 through year 14 of the Agreement, an
15 amount equal to 50 percent of the excess
16 of the applicable NTR (MFN) rate of duty
17 over the schedule rate of duty;

18 (B) in the case of a good classified under
19 subheading 0406.10.08, 0406.10.88,
20 0406.20.91, 0406.30.91, 0406.90.97, or
21 2105.00.20 of the HTS—

22 (i) in year 1 of the Agreement
23 through year 11 of the Agreement, an
24 amount equal to 100 percent of the excess

1 of the applicable NTR (MFN) rate of duty
2 over the schedule rate of duty; and

3 (ii) in year 12 of the Agreement
4 through year 14 of the Agreement, an
5 amount equal to 50 percent of the excess
6 of the applicable NTR (MFN) rate of duty
7 over the schedule rate of duty; and

8 (C) in the case of any other safeguard
9 good—

10 (i) in year 1 of the Agreement
11 through year 13 of the Agreement, an
12 amount equal to 100 percent of the excess
13 of the applicable NTR (MFN) rate of duty
14 over the schedule rate of duty; and

15 (ii) in year 14 of the Agreement
16 through year 16 of the Agreement, an
17 amount equal to 50 percent of the excess
18 of the applicable NTR (MFN) rate of duty
19 over the schedule rate of duty.

20 (3) NOTICE.—Not later than 60 days after the
21 date on which the Secretary of the Treasury first as-
22 sesses an additional duty in a calendar year on a
23 good under this subsection, the Secretary shall no-
24 tify the Government of Panama in writing of such

1 action and shall provide to that Government data
2 supporting the assessment of the additional duty.

3 (c) EXCEPTIONS.—No additional duty shall be as-
4 sessed on a good under subsection (b) if, at the time of
5 entry, the good is subject to import relief under—

6 (1) subtitle A of title III of this Act; or

7 (2) chapter 1 of title II of the Trade Act of
8 1974 (19 U.S.C. 2251 et seq.).

9 (d) TERMINATION.—The assessment of an additional
10 duty on a good under subsection (b) shall cease to apply
11 to that good on the date on which duty-free treatment
12 must be provided to that good under the Schedule of the
13 United States to Annex 3.3 of the Agreement.

14 **SEC. 203. RULES OF ORIGIN.**

15 (a) APPLICATION AND INTERPRETATION.—In this
16 section:

17 (1) TARIFF CLASSIFICATION.—The basis for
18 any tariff classification is the HTS.

19 (2) REFERENCE TO HTS.—Whenever in this
20 section there is a reference to a chapter, heading, or
21 subheading, such reference shall be a reference to a
22 chapter, heading, or subheading of the HTS.

23 (3) COST OR VALUE.—Any cost or value re-
24 ferred to in this section shall be recorded and main-
25 tained in accordance with the generally accepted ac-

1 counting principles applicable in the territory of the
2 country in which the good is produced (whether
3 Panama or the United States).

4 (b) ORIGINATING GOODS.—For purposes of this Act
5 and for purposes of implementing the preferential tariff
6 treatment provided for under the Agreement, except as
7 otherwise provided in this section, a good is an originating
8 good if—

9 (1) the good is a good wholly obtained or pro-
10 duced entirely in the territory of Panama, the
11 United States, or both;

12 (2) the good—

13 (A) is produced entirely in the territory of
14 Panama, the United States, or both, and—

15 (i) each of the nonoriginating mate-
16 rials used in the production of the good
17 undergoes an applicable change in tariff
18 classification specified in Annex 4.1 of the
19 Agreement; or

20 (ii) the good otherwise satisfies any
21 applicable regional value-content or other
22 requirements specified in Annex 4.1 of the
23 Agreement; and

24 (B) satisfies all other applicable require-
25 ments of this section; or

1 (3) the good is produced entirely in the terri-
2 tory of Panama, the United States, or both, exclu-
3 sively from materials described in paragraph (1) or
4 (2).

5 (c) REGIONAL VALUE-CONTENT.—

6 (1) IN GENERAL.—For purposes of subsection
7 (b)(2), the regional value-content of a good referred
8 to in Annex 4.1 of the Agreement, except for goods
9 to which paragraph (4) applies, shall be calculated
10 by the importer, exporter, or producer of the good,
11 on the basis of the build-down method described in
12 paragraph (2) or the build-up method described in
13 paragraph (3).

14 (2) BUILD-DOWN METHOD.—

15 (A) IN GENERAL.—The regional value-con-
16 tent of a good may be calculated on the basis
17 of the following build-down method:

$$\text{RVC} = \frac{\text{AV} - \text{VNM}}{\text{AV}} \times 100$$

18 (B) DEFINITIONS.—In subparagraph (A):

19 (i) RVC.—The term “RVC” means
20 the regional value-content of the good, ex-
21 pressed as a percentage.

22 (ii) AV.—The term “AV” means the
23 adjusted value of the good.

1 (iii) VNM.—The term “VNM” means
2 the value of nonoriginating materials that
3 are acquired and used by the producer in
4 the production of the good, but does not
5 include the value of a material that is self-
6 produced.

7 (3) BUILD-UP METHOD.—

8 (A) IN GENERAL.—The regional value-con-
9 tent of a good may be calculated on the basis
10 of the following build-up method:

$$\text{RVC} = \frac{\text{VOM}}{\text{AV}} \times 100$$

11 (B) DEFINITIONS.—In subparagraph (A):

12 (i) RVC.—The term “RVC” means
13 the regional value-content of the good, ex-
14 pressed as a percentage.

15 (ii) AV.—The term “AV” means the
16 adjusted value of the good.

17 (iii) VOM.—The term “VOM” means
18 the value of originating materials that are
19 acquired or self-produced, and used by the
20 producer in the production of the good.

21 (4) SPECIAL RULE FOR CERTAIN AUTOMOTIVE
22 GOODS.—

23 (A) IN GENERAL.—For purposes of sub-
24 section (b)(2), the regional value-content of an

1 automotive good referred to in Annex 4.1 of the
2 Agreement may be calculated by the importer,
3 exporter, or producer of the good on the basis
4 of the build-down method described in para-
5 graph (2), the build-up method described in
6 paragraph (3), or the following net cost method:

$$\text{RVC} = \frac{\text{NC} - \text{VNM}}{\text{NC}} \times 100$$

7 (B) DEFINITIONS.—In subparagraph (A):

8 (i) AUTOMOTIVE GOOD.—The term
9 “automotive good” means a good provided
10 for in any of subheadings 8407.31 through
11 8407.34, subheading 8408.20, heading
12 8409, or any of headings 8701 through
13 8708.

14 (ii) RVC.—The term “RVC” means
15 the regional value-content of the auto-
16 motive good, expressed as a percentage.

17 (iii) NC.—The term “NC” means the
18 net cost of the automotive good.

19 (iv) VNM.—The term “VNM” means
20 the value of nonoriginating materials that
21 are acquired and used by the producer in
22 the production of the automotive good, but
23 does not include the value of a material
24 that is self-produced.

1 (C) MOTOR VEHICLES.—

2 (i) BASIS OF CALCULATION.—For
3 purposes of determining the regional value-
4 content under subparagraph (A) for an
5 automotive good that is a motor vehicle
6 provided for in any of headings 8701
7 through 8705, an importer, exporter, or
8 producer may average the amounts cal-
9 culated under the net cost formula con-
10 tained in subparagraph (A), over the pro-
11 ducer's fiscal year—

12 (I) with respect to all motor vehi-
13 cles in any one of the categories de-
14 scribed in clause (ii); or

15 (II) with respect to all motor ve-
16 hicles in any such category that are
17 exported to the territory of Panama
18 or the United States.

19 (ii) CATEGORIES.—A category is de-
20 scribed in this clause if it—

21 (I) is the same model line of
22 motor vehicles, is in the same class of
23 motor vehicles, and is produced in the
24 same plant in the territory of Panama
25 or the United States, as the good de-

1 scribed in clause (i) for which regional
2 value-content is being calculated;

3 (II) is the same class of motor
4 vehicles, and is produced in the same
5 plant in the territory of Panama or
6 the United States, as the good de-
7 scribed in clause (i) for which regional
8 value-content is being calculated; or

9 (III) is the same model line of
10 motor vehicles produced in the terri-
11 tory of Panama or the United States
12 as the good described in clause (i) for
13 which regional value-content is being
14 calculated.

15 (D) OTHER AUTOMOTIVE GOODS.—For
16 purposes of determining the regional value-con-
17 tent under subparagraph (A) for automotive
18 materials provided for in any of subheadings
19 8407.31 through 8407.34, in subheading
20 8408.20, or in heading 8409, 8706, 8707, or
21 8708, that are produced in the same plant, an
22 importer, exporter, or producer may—

23 (i) average the amounts calculated
24 under the net cost formula contained in
25 subparagraph (A) over—

1 (I) the fiscal year of the motor
2 vehicle producer to whom the auto-
3 motive goods are sold,

4 (II) any quarter or month, or

5 (III) the fiscal year of the pro-
6 ducer of such goods,

7 if the goods were produced during the fis-
8 cal year, quarter, or month that is the
9 basis for the calculation;

10 (ii) determine the average referred to
11 in clause (i) separately for such goods sold
12 to 1 or more motor vehicle producers; or

13 (iii) make a separate determination
14 under clause (i) or (ii) for such goods that
15 are exported to the territory of Panama or
16 the United States.

17 (E) CALCULATING NET COST.—The im-
18 porter, exporter, or producer of an automotive
19 good shall, consistent with the provisions re-
20 garding allocation of costs provided for in gen-
21 erally accepted accounting principles, determine
22 the net cost of the automotive good under sub-
23 paragraph (B) by—

24 (i) calculating the total cost incurred
25 with respect to all goods produced by the

1 producer of the automotive good, sub-
2 tracting any sales promotion, marketing,
3 and after-sales service costs, royalties,
4 shipping and packing costs, and nonallow-
5 able interest costs that are included in the
6 total cost of all such goods, and then rea-
7 sonably allocating the resulting net cost of
8 those goods to the automotive good;

9 (ii) calculating the total cost incurred
10 with respect to all goods produced by that
11 producer, reasonably allocating the total
12 cost to the automotive good, and then sub-
13 tracting any sales promotion, marketing,
14 and after-sales service costs, royalties,
15 shipping and packing costs, and nonallow-
16 able interest costs that are included in the
17 portion of the total cost allocated to the
18 automotive good; or

19 (iii) reasonably allocating each cost
20 that forms part of the total cost incurred
21 with respect to the automotive good so that
22 the aggregate of these costs does not in-
23 clude any sales promotion, marketing, and
24 after-sales service costs, royalties, shipping

1 and packing costs, or nonallowable interest
2 costs.

3 (d) VALUE OF MATERIALS.—

4 (1) IN GENERAL.—For the purpose of calcu-
5 lating the regional value-content of a good under
6 subsection (c), and for purposes of applying the de
7 minimis rules under subsection (f), the value of a
8 material is—

9 (A) in the case of a material that is im-
10 ported by the producer of the good, the ad-
11 justed value of the material;

12 (B) in the case of a material acquired in
13 the territory in which the good is produced, the
14 value, determined in accordance with Articles 1
15 through 8, Article 15, and the corresponding in-
16 terpretive notes, of the Agreement on Imple-
17 mentation of Article VII of the General Agree-
18 ment on Tariffs and Trade 1994 referred to in
19 section 101(d)(8) of the Uruguay Round Agree-
20 ments Act (19 U.S.C. 3511(d)(8)), as set forth
21 in regulations promulgated by the Secretary of
22 the Treasury providing for the application of
23 such Articles in the absence of an importation
24 by the producer; or

1 (C) in the case of a material that is self-
2 produced, the sum of—

3 (i) all expenses incurred in the pro-
4 duction of the material, including general
5 expenses; and

6 (ii) an amount for profit equivalent to
7 the profit added in the normal course of
8 trade.

9 (2) FURTHER ADJUSTMENTS TO THE VALUE OF
10 MATERIALS.—

11 (A) ORIGINATING MATERIAL.—The fol-
12 lowing expenses, if not included in the value of
13 an originating material calculated under para-
14 graph (1), may be added to the value of the
15 originating material:

16 (i) The costs of freight, insurance,
17 packing, and all other costs incurred in
18 transporting the material within or be-
19 tween the territory of Panama, the United
20 States, or both, to the location of the pro-
21 ducer.

22 (ii) Duties, taxes, and customs broker-
23 age fees on the material paid in the terri-
24 tory of Panama, the United States, or
25 both, other than duties or taxes that are

1 waived, refunded, refundable, or otherwise
2 recoverable, including credit against duty
3 or tax paid or payable.

4 (iii) The cost of waste and spoilage re-
5 sulting from the use of the material in the
6 production of the good, less the value of
7 renewable scrap or byproducts.

8 (B) NONORIGINATING MATERIAL.—The
9 following expenses, if included in the value of a
10 nonoriginating material calculated under para-
11 graph (1), may be deducted from the value of
12 the nonoriginating material:

13 (i) The costs of freight, insurance,
14 packing, and all other costs incurred in
15 transporting the material within or be-
16 tween the territory of Panama, the United
17 States, or both, to the location of the pro-
18 ducer.

19 (ii) Duties, taxes, and customs broker-
20 age fees on the material paid in the terri-
21 tory of Panama, the United States, or
22 both, other than duties or taxes that are
23 waived, refunded, refundable, or otherwise
24 recoverable, including credit against duty
25 or tax paid or payable.

1 (iii) The cost of waste and spoilage re-
2 sulting from the use of the material in the
3 production of the good, less the value of
4 renewable scrap or byproducts.

5 (iv) The cost of originating materials
6 used in the production of the nonorigi-
7 nating material in the territory of Panama,
8 the United States, or both.

9 (e) ACCUMULATION.—

10 (1) ORIGINATING MATERIALS USED IN PRODUC-
11 TION OF GOODS OF THE OTHER COUNTRY.—Orig-
12 inating materials from the territory of Panama or
13 the United States that are used in the production of
14 a good in the territory of the other country shall be
15 considered to originate in the territory of such other
16 country.

17 (2) MULTIPLE PRODUCERS.—A good that is
18 produced in the territory of Panama, the United
19 States, or both, by 1 or more producers, is an origi-
20 nating good if the good satisfies the requirements of
21 subsection (b) and all other applicable requirements
22 of this section.

23 (f) DE MINIMIS AMOUNTS OF NONORIGINATING MA-
24 TERIALS.—

1 (1) IN GENERAL.—Except as provided in para-
2 graphs (2) and (3), a good that does not undergo a
3 change in tariff classification pursuant to Annex 4.1
4 of the Agreement is an originating good if—

5 (A) the value of all nonoriginating mate-
6 rials that—

7 (i) are used in the production of the
8 good, and

9 (ii) do not undergo the applicable
10 change in tariff classification (set forth in
11 Annex 4.1 of the Agreement),

12 does not exceed 10 percent of the adjusted
13 value of the good;

14 (B) the good meets all other applicable re-
15 quirements of this section; and

16 (C) the value of such nonoriginating mate-
17 rials is included in the value of nonoriginating
18 materials for any applicable regional value-con-
19 tent requirement for the good.

20 (2) EXCEPTIONS.—Paragraph (1) does not
21 apply to the following:

22 (A) A nonoriginating material provided for
23 in chapter 4, or a nonoriginating dairy prepara-
24 tion containing over 10 percent by weight of
25 milk solids provided for in subheading 1901.90

1 or 2106.90, that is used in the production of a
2 good provided for in chapter 4.

3 (B) A nonoriginating material provided for
4 in chapter 4, or a nonoriginating dairy prepara-
5 tion containing over 10 percent by weight of
6 milk solids provided for in subheading 1901.90,
7 that is used in the production of the following
8 goods:

9 (i) Infant preparations containing
10 over 10 percent by weight of milk solids
11 provided for in subheading 1901.10.

12 (ii) Mixes and doughs, containing over
13 25 percent by weight of butterfat, not put
14 up for retail sale, provided for in sub-
15 heading 1901.20.

16 (iii) Dairy preparations containing
17 over 10 percent by weight of milk solids
18 provided for in subheading 1901.90 or
19 2106.90.

20 (iv) Goods provided for in heading
21 2105.

22 (v) Beverages containing milk pro-
23 vided for in subheading 2202.90.

1 (vi) Animal feeds containing over 10
2 percent by weight of milk solids provided
3 for in subheading 2309.90.

4 (C) A nonoriginating material provided for
5 in heading 0805, or any of subheadings
6 2009.11 through 2009.39, that is used in the
7 production of a good provided for in any of sub-
8 headings 2009.11 through 2009.39, or in fruit
9 or vegetable juice of any single fruit or vege-
10 table, fortified with minerals or vitamins, con-
11 centrated or unconcentrated, provided for in
12 subheading 2106.90 or 2202.90.

13 (D) A nonoriginating material provided for
14 in heading 0901 or 2101 that is used in the
15 production of a good provided for in heading
16 0901 or 2101.

17 (E) A nonoriginating material provided for
18 in heading 1006 that is used in the production
19 of a good provided for in heading 1102 or 1103
20 or subheading 1904.90.

21 (F) A nonoriginating material provided for
22 in chapter 15 that is used in the production of
23 a good provided for in chapter 15.

24 (G) A nonoriginating material provided for
25 in heading 1701 that is used in the production

1 of a good provided for in any of headings 1701
2 through 1703.

3 (H) A nonoriginating material provided for
4 in chapter 17 that is used in the production of
5 a good provided for in subheading 1806.10.

6 (I) Except as provided in subparagraphs
7 (A) through (H) and Annex 4.1 of the Agree-
8 ment, a nonoriginating material used in the
9 production of a good provided for in any of
10 chapters 1 through 24, unless the nonorigi-
11 nating material is provided for in a different
12 subheading than the good for which origin is
13 being determined under this section.

14 (3) TEXTILE OR APPAREL GOODS.—

15 (A) IN GENERAL.—Except as provided in
16 subparagraph (B), a textile or apparel good
17 that is not an originating good because certain
18 fibers or yarns used in the production of the
19 component of the good that determines the tar-
20 iff classification of the good do not undergo an
21 applicable change in tariff classification, set
22 forth in Annex 4.1 of the Agreement, shall be
23 considered to be an originating good if—

24 (i) the total weight of all such fibers
25 or yarns in that component is not more

1 than 10 percent of the total weight of that
2 component; or

3 (ii) the yarns are those described in
4 section 204(b)(3)(B)(vi)(IV) of the Andean
5 Trade Preference Act (19 U.S.C.
6 3203(b)(3)(B)(vi)(IV)) (as in effect on
7 February 12, 2011).

8 (B) CERTAIN TEXTILE OR APPAREL
9 GOODS.—A textile or apparel good containing
10 elastomeric yarns in the component of the good
11 that determines the tariff classification of the
12 good shall be considered to be an originating
13 good only if such yarns are wholly formed and
14 finished in the territory of Panama, the United
15 States, or both.

16 (C) FABRIC, YARN, OR FIBER.—For pur-
17 poses of this paragraph, in the case of a good
18 that is a fabric, yarn, or fiber, the term “com-
19 ponent of the good that determines the tariff
20 classification of the good” means all of the fi-
21 bers in the good.

22 (g) FUNGIBLE GOODS AND MATERIALS.—

23 (1) IN GENERAL.—

24 (A) CLAIM FOR PREFERENTIAL TARIFF
25 TREATMENT.—A person claiming that a fun-

1 gible good or fungible material is an originating
2 good may base the claim either on the physical
3 segregation of the fungible good or fungible ma-
4 terial or by using an inventory management
5 method with respect to the fungible good or
6 fungible material.

7 (B) INVENTORY MANAGEMENT METHOD.—
8 In this subsection, the term “inventory manage-
9 ment method” means—

- 10 (i) averaging;
11 (ii) “last-in, first-out”;
12 (iii) “first-in, first-out”; or
13 (iv) any other method—

14 (I) recognized in the generally
15 accepted accounting principles of the
16 country in which the production is
17 performed (whether Panama or the
18 United States); or

19 (II) otherwise accepted by that
20 country.

21 (2) ELECTION OF INVENTORY METHOD.—A
22 person selecting an inventory management method
23 under paragraph (1) for a particular fungible good
24 or fungible material shall continue to use that meth-

1 od for that fungible good or fungible material
2 throughout the fiscal year of such person.

3 (h) ACCESSORIES, SPARE PARTS, OR TOOLS.—

4 (1) IN GENERAL.—Subject to paragraphs (2)
5 and (3), accessories, spare parts, or tools delivered
6 with a good that form part of the good's standard
7 accessories, spare parts, or tools shall—

8 (A) be treated as originating goods if the
9 good is an originating good; and

10 (B) be disregarded in determining whether
11 all the nonoriginating materials used in the pro-
12 duction of the good undergo the applicable
13 change in tariff classification set forth in Annex
14 4.1 of the Agreement.

15 (2) CONDITIONS.—Paragraph (1) shall apply
16 only if—

17 (A) the accessories, spare parts, or tools
18 are classified with and not invoiced separately
19 from the good, regardless of whether such ac-
20 cessories, spare parts, or tools are specified or
21 are separately identified in the invoice for the
22 good; and

23 (B) the quantities and value of the acces-
24 sories, spare parts, or tools are customary for
25 the good.

1 (3) REGIONAL VALUE-CONTENT.—If the good is
2 subject to a regional value-content requirement, the
3 value of the accessories, spare parts, or tools shall
4 be taken into account as originating or nonorigi-
5 nating materials, as the case may be, in calculating
6 the regional value-content of the good.

7 (i) PACKAGING MATERIALS AND CONTAINERS FOR
8 RETAIL SALE.—Packaging materials and containers in
9 which a good is packaged for retail sale, if classified with
10 the good, shall be disregarded in determining whether all
11 the nonoriginating materials used in the production of the
12 good undergo the applicable change in tariff classification
13 set forth in Annex 4.1 of the Agreement, and, if the good
14 is subject to a regional value-content requirement, the
15 value of such packaging materials and containers shall be
16 taken into account as originating or nonoriginating mate-
17 rials, as the case may be, in calculating the regional value-
18 content of the good.

19 (j) PACKING MATERIALS AND CONTAINERS FOR
20 SHIPMENT.—Packing materials and containers for ship-
21 ment shall be disregarded in determining whether a good
22 is an originating good.

23 (k) INDIRECT MATERIALS.—An indirect material
24 shall be treated as an originating material without regard
25 to where it is produced.

1 (l) TRANSIT AND TRANSHIPMENT.—A good that has
2 undergone production necessary to qualify as an origi-
3 nating good under subsection (b) shall not be considered
4 to be an originating good if, subsequent to that produc-
5 tion, the good—

6 (1) undergoes further production or any other
7 operation outside the territory of Panama or the
8 United States, other than unloading, reloading, or
9 any other operation necessary to preserve the good
10 in good condition or to transport the good to the ter-
11 ritory of Panama or the United States; or

12 (2) does not remain under the control of cus-
13 toms authorities in the territory of a country other
14 than Panama or the United States.

15 (m) GOODS CLASSIFIABLE AS GOODS PUT UP IN
16 SETS.—Notwithstanding the rules set forth in Annex 4.1
17 of the Agreement, goods classifiable as goods put up in
18 sets for retail sale as provided for in General Rule of Inter-
19 pretation 3 of the HTS shall not be considered to be origi-
20 nating goods unless—

21 (1) each of the goods in the set is an origi-
22 nating good; or

23 (2) the total value of the nonoriginating goods
24 in the set does not exceed—

1 (A) in the case of textile or apparel goods,
2 10 percent of the adjusted value of the set; or

3 (B) in the case of goods, other than textile
4 or apparel goods, 15 percent of the adjusted
5 value of the set.

6 (n) DEFINITIONS.—In this section:

7 (1) ADJUSTED VALUE.—The term “adjusted
8 value” means the value determined in accordance
9 with Articles 1 through 8, Article 15, and the cor-
10 responding interpretive notes, of the Agreement on
11 Implementation of Article VII of the General Agree-
12 ment on Tariffs and Trade 1994 referred to in sec-
13 tion 101(d)(8) of the Uruguay Round Agreements
14 Act (19 U.S.C. 3511(d)(8)), adjusted, if necessary,
15 to exclude any costs, charges, or expenses incurred
16 for transportation, insurance, and related services
17 incident to the international shipment of the mer-
18 chandise from the country of exportation to the
19 place of importation.

20 (2) CLASS OF MOTOR VEHICLES.—The term
21 “class of motor vehicles” means any one of the fol-
22 lowing categories of motor vehicles:

23 (A) Motor vehicles provided for in sub-
24 heading 8701.20, 8704.10, 8704.22, 8704.23,
25 8704.32, or 8704.90, or heading 8705 or 8706,

1 or motor vehicles for the transport of 16 or
2 more persons provided for in subheading
3 8702.10 or 8702.90.

4 (B) Motor vehicles provided for in sub-
5 heading 8701.10 or any of subheadings
6 8701.30 through 8701.90.

7 (C) Motor vehicles for the transport of 15
8 or fewer persons provided for in subheading
9 8702.10 or 8702.90, or motor vehicles provided
10 for in subheading 8704.21 or 8704.31.

11 (D) Motor vehicles provided for in any of
12 subheadings 8703.21 through 8703.90.

13 (3) FUNGIBLE GOOD OR FUNGIBLE MATE-
14 RIAL.—The term “fungible good” or “fungible mate-
15 rial” means a good or material, as the case may be,
16 that is interchangeable with another good or mate-
17 rial for commercial purposes and the properties of
18 which are essentially identical to such other good or
19 material.

20 (4) GENERALLY ACCEPTED ACCOUNTING PRIN-
21 CIPLES.—The term “generally accepted accounting
22 principles”—

23 (A) means the recognized consensus or
24 substantial authoritative support given in the
25 territory of Panama or the United States, as

1 the case may be, with respect to the recording
2 of revenues, expenses, costs, assets, and liabil-
3 ities, the disclosure of information, and the
4 preparation of financial statements; and

5 (B) may encompass broad guidelines for
6 general application as well as detailed stand-
7 ards, practices, and procedures.

8 (5) GOOD WHOLLY OBTAINED OR PRODUCED
9 ENTIRELY IN THE TERRITORY OF PANAMA, THE
10 UNITED STATES, OR BOTH.—The term “good wholly
11 obtained or produced entirely in the territory of
12 Panama, the United States, or both” means any of
13 the following:

14 (A) Plants and plant products harvested or
15 gathered in the territory of Panama, the United
16 States, or both.

17 (B) Live animals born and raised in the
18 territory of Panama, the United States, or
19 both.

20 (C) Goods obtained in the territory of Pan-
21 ama, the United States, or both from live ani-
22 mals.

23 (D) Goods obtained from hunting, trap-
24 ping, fishing, or aquaculture conducted in the

1 territory of Panama, the United States, or
2 both.

3 (E) Minerals and other natural resources
4 not included in subparagraphs (A) through (D)
5 that are extracted or taken from the territory
6 of Panama, the United States, or both.

7 (F) Fish, shellfish, and other marine life
8 taken from the sea, seabed, or subsoil outside
9 the territory of Panama or the United States
10 by—

11 (i) a vessel that is registered or re-
12 corded with Panama and flying the flag of
13 Panama; or

14 (ii) a vessel that is documented under
15 the laws of the United States.

16 (G) Goods produced on board a factory
17 ship from goods referred to in subparagraph
18 (F), if such factory ship—

19 (i) is registered or recorded with Pan-
20 ama and flies the flag of Panama; or

21 (ii) is a vessel that is documented
22 under the laws of the United States.

23 (H)(i) Goods taken by Panama or a person
24 of Panama from the seabed or subsoil outside

1 the territorial waters of Panama, if Panama
2 has rights to exploit such seabed or subsoil.

3 (ii) Goods taken by the United States or a
4 person of the United States from the seabed or
5 subsoil outside the territorial waters of the
6 United States, if the United States has rights
7 to exploit such seabed or subsoil.

8 (I) Goods taken from outer space, if the
9 goods are obtained by Panama or the United
10 States or a person of Panama or the United
11 States and not processed in the territory of a
12 country other than Panama or the United
13 States.

14 (J) Waste and scrap derived from—

15 (i) manufacturing or processing oper-
16 ations in the territory of Panama, the
17 United States, or both; or

18 (ii) used goods collected in the terri-
19 tory of Panama, the United States, or
20 both, if such goods are fit only for the re-
21 covery of raw materials.

22 (K) Recovered goods derived in the terri-
23 tory of Panama, the United States, or both
24 from used goods, and used in the territory of

1 Panama, the United States, or both, in the pro-
2 duction of remanufactured goods.

3 (L) Goods, at any stage of production, pro-
4 duced in the territory of Panama, the United
5 States, or both, exclusively from—

6 (i) goods referred to in any of sub-
7 paragraphs (A) through (J), or

8 (ii) the derivatives of goods referred
9 to in clause (i).

10 (6) IDENTICAL GOODS.—The term “identical
11 goods” means goods that are the same in all re-
12 spects relevant to the rule of origin that qualifies the
13 goods as originating goods.

14 (7) INDIRECT MATERIAL.—The term “indirect
15 material” means a good used in the production, test-
16 ing, or inspection of another good but not physically
17 incorporated into that other good, or a good used in
18 the maintenance of buildings or the operation of
19 equipment associated with the production of another
20 good, including—

21 (A) fuel and energy;

22 (B) tools, dies, and molds;

23 (C) spare parts and materials used in the
24 maintenance of equipment or buildings;

1 (D) lubricants, greases, compounding ma-
2 terials, and other materials used in production
3 or used to operate equipment or buildings;

4 (E) gloves, glasses, footwear, clothing,
5 safety equipment, and supplies;

6 (F) equipment, devices, and supplies used
7 for testing or inspecting the good;

8 (G) catalysts and solvents; and

9 (H) any other good that is not incor-
10 porated into the other good but the use of
11 which in the production of the other good can
12 reasonably be demonstrated to be a part of that
13 production.

14 (8) MATERIAL.—The term “material” means a
15 good that is used in the production of another good,
16 including a part or an ingredient.

17 (9) MATERIAL THAT IS SELF-PRODUCED.—The
18 term “material that is self-produced” means an orig-
19 inating material that is produced by a producer of
20 a good and used in the production of that good.

21 (10) MODEL LINE OF MOTOR VEHICLES.—The
22 term “model line of motor vehicles” means a group
23 of motor vehicles having the same platform or model
24 name.

1 (11) NET COST.—The term “net cost” means
2 total cost minus sales promotion, marketing, and
3 after-sales service costs, royalties, shipping and
4 packing costs, and nonallowable interest costs that
5 are included in the total cost.

6 (12) NONALLOWABLE INTEREST COSTS.—The
7 term “nonallowable interest costs” means interest
8 costs incurred by a producer that exceed 700 basis
9 points above the applicable official interest rate for
10 comparable maturities of the country in which the
11 producer is located.

12 (13) NONORIGINATING GOOD OR NONORIGI-
13 NATING MATERIAL.—The term “nonoriginating
14 good” or “nonoriginating material” means a good or
15 material, as the case may be, that does not qualify
16 as originating under this section.

17 (14) PACKING MATERIALS AND CONTAINERS
18 FOR SHIPMENT.—The term “packing materials and
19 containers for shipment” means goods used to pro-
20 tect another good during its transportation and does
21 not include the packaging materials and containers
22 in which the other good is packaged for retail sale.

23 (15) PREFERENTIAL TARIFF TREATMENT.—
24 The term “preferential tariff treatment” means the
25 customs duty rate, and the treatment under article

1 3.10.4 of the Agreement, that are applicable to an
2 originating good pursuant to the Agreement.

3 (16) PRODUCER.—The term “producer” means
4 a person who engages in the production of a good
5 in the territory of Panama or the United States.

6 (17) PRODUCTION.—The term “production”
7 means growing, mining, harvesting, fishing, raising,
8 trapping, hunting, manufacturing, processing, as-
9 sembling, or disassembling a good.

10 (18) REASONABLY ALLOCATE.—The term “rea-
11 sonably allocate” means to apportion in a manner
12 that would be appropriate under generally accepted
13 accounting principles.

14 (19) RECOVERED GOODS.—The term “recov-
15 ered goods” means materials in the form of indi-
16 vidual parts that are the result of—

17 (A) the disassembly of used goods into in-
18 dividual parts; and

19 (B) the cleaning, inspecting, testing, or
20 other processing that is necessary for improve-
21 ment to sound working condition of such indi-
22 vidual parts.

23 (20) REMANUFACTURED GOOD.—The term “re-
24 manufactured good” means a good that is classified
25 under chapter 84, 85, 87, or 90, or heading 9402,

1 other than a good classified under heading 8418 or
2 8516, and that—

3 (A) is entirely or partially comprised of re-
4 covered goods; and

5 (B) has a similar life expectancy and en-
6 joys a factory warranty similar to such a good
7 that is new.

8 (21) TOTAL COST.—The term “total cost”
9 means all product costs, period costs, and other
10 costs for a good incurred in the territory of Panama,
11 the United States, or both.

12 (22) USED.—The term “used” means utilized
13 or consumed in the production of goods.

14 (o) PRESIDENTIAL PROCLAMATION AUTHORITY.—

15 (1) IN GENERAL.—The President is authorized
16 to proclaim, as part of the HTS—

17 (A) the provisions set forth in Annex 4.1
18 of the Agreement; and

19 (B) any additional subordinate category
20 that is necessary to carry out this title con-
21 sistent with the Agreement.

22 (2) FABRICS, YARNS, OR FIBERS NOT AVAIL-
23 ABLE IN COMMERCIAL QUANTITIES IN THE UNITED
24 STATES.—The President is authorized to proclaim
25 that a fabric, yarn, or fiber is added to the list in

1 Annex 3.25 of the Agreement in an unrestricted
2 quantity, as provided in article 3.25.4(e) of the
3 Agreement.

4 (3) MODIFICATIONS.—

5 (A) IN GENERAL.—Subject to the consulta-
6 tion and layover provisions of section 104, the
7 President may proclaim modifications to the
8 provisions proclaimed under the authority of
9 paragraph (1)(A), other than provisions of
10 chapters 50 through 63 (as included in Annex
11 4.1 of the Agreement).

12 (B) ADDITIONAL PROCLAMATIONS.—Not-
13 withstanding subparagraph (A), and subject to
14 the consultation and layover provisions of sec-
15 tion 104, the President may proclaim before the
16 end of the 1-year period beginning on the date
17 on which the Agreement enters into force,
18 modifications to correct any typographical, cler-
19 ical, or other nonsubstantive technical error re-
20 garding the provisions of chapters 50 through
21 63 (as included in Annex 4.1 of the Agree-
22 ment).

23 (4) FABRICS, YARNS, OR FIBERS NOT AVAIL-
24 ABLE IN COMMERCIAL QUANTITIES IN PANAMA AND
25 THE UNITED STATES.—

1 (A) IN GENERAL.—Notwithstanding para-
2 graph (3)(A), the list of fabrics, yarns, and fi-
3 bers set forth in Annex 3.25 of the Agreement
4 may be modified as provided for in this para-
5 graph.

6 (B) DEFINITIONS.—In this paragraph:

7 (i) INTERESTED ENTITY.—The term
8 “interested entity” means the Government
9 of Panama, a potential or actual purchaser
10 of a textile or apparel good, or a potential
11 or actual supplier of a textile or apparel
12 good.

13 (ii) DAY; DAYS.—All references to
14 “day” and “days” exclude Saturdays, Sun-
15 days, and legal holidays observed by the
16 Government of the United States.

17 (C) REQUESTS TO ADD FABRICS, YARNS,
18 OR FIBERS.—

19 (i) IN GENERAL.—An interested entity
20 may request the President to determine
21 that a fabric, yarn, or fiber is not available
22 in commercial quantities in a timely man-
23 ner in Panama and the United States and
24 to add that fabric, yarn, or fiber to the list

1 in Annex 3.25 of the Agreement in a re-
2 stricted or unrestricted quantity.

3 (ii) DETERMINATIONS.—After receiv-
4 ing a request under clause (i), the Presi-
5 dent may determine whether—

6 (I) the fabric, yarn, or fiber is
7 available in commercial quantities in a
8 timely manner in Panama or the
9 United States; or

10 (II) any interested entity objects
11 to the request.

12 (iii) PROCLAMATION AUTHORITY.—
13 The President may, within the time peri-
14 ods specified in clause (iv), proclaim that
15 the fabric, yarn, or fiber that is the subject
16 of the request is added to the list in Annex
17 3.25 of the Agreement in an unrestricted
18 quantity, or in any restricted quantity that
19 the President may establish, if the Presi-
20 dent has determined under clause (ii)
21 that—

22 (I) the fabric, yarn, or fiber is
23 not available in commercial quantities
24 in a timely manner in Panama and
25 the United States; or

1 (II) no interested entity has ob-
2 jected to the request.

3 (iv) TIME PERIODS.—The time peri-
4 ods within which the President may issue
5 a proclamation under clause (iii) are—

6 (I) not later than 30 days after
7 the date on which a request is sub-
8 mitted under clause (i); or

9 (II) not later than 44 days after
10 the request is submitted, if the Presi-
11 dent determines, within 30 days after
12 the date on which the request is sub-
13 mitted, that the President does not
14 have sufficient information to make a
15 determination under clause (ii).

16 (v) EFFECTIVE DATE.—Notwith-
17 standing section 103(a)(2), a proclamation
18 made under clause (iii) shall take effect on
19 the date on which the text of the proclama-
20 tion is published in the Federal Register.

21 (vi) ELIMINATION OF RESTRICTION.—
22 Not later than 6 months after proclaiming
23 under clause (iii) that a fabric, yarn, or
24 fiber is added to the list in Annex 3.25 of
25 the Agreement in a restricted quantity, the

1 President may eliminate the restriction if
2 the President determines that the fabric,
3 yarn, or fiber is not available in commer-
4 cial quantities in a timely manner in Pan-
5 ama and the United States.

6 (D) DEEMED APPROVAL OF REQUEST.—If,
7 after an interested entity submits a request
8 under subparagraph (C)(i), the President does
9 not, within the applicable time period specified
10 in subparagraph (C)(iv), make a determination
11 under subparagraph (C)(ii) regarding the re-
12 quest, the fabric, yarn, or fiber that is the sub-
13 ject of the request shall be considered to be
14 added, in an unrestricted quantity, to the list in
15 Annex 3.25 of the Agreement beginning—

16 (i) 45 days after the date on which
17 the request is submitted; or

18 (ii) 60 days after the date on which
19 the request is submitted, if the President
20 made a determination under subparagraph
21 (C)(iv)(II).

22 (E) REQUESTS TO RESTRICT OR REMOVE
23 FABRICS, YARNS, OR FIBERS.—

24 (i) IN GENERAL.—Subject to clause

25 (ii), an interested entity may request the

1 President to restrict the quantity of, or re-
2 move from the list in Annex 3.25 of the
3 Agreement, any fabric, yarn, or fiber—

4 (I) that has been added to that
5 list in an unrestricted quantity pursu-
6 ant to paragraph (2) or subparagraph
7 (C)(iii) or (D) of this paragraph; or

8 (II) with respect to which the
9 President has eliminated a restriction
10 under subparagraph (C)(vi).

11 (ii) TIME PERIOD FOR SUBMISSION.—
12 An interested entity may submit a request
13 under clause (i) at any time beginning on
14 the date that is 6 months after the date of
15 the action described in subclause (I) or (II)
16 of that clause.

17 (iii) PROCLAMATION AUTHORITY.—
18 Not later than 30 days after the date on
19 which a request under clause (i) is sub-
20 mitted, the President may proclaim an ac-
21 tion provided for under clause (i) if the
22 President determines that the fabric, yarn,
23 or fiber that is the subject of the request
24 is available in commercial quantities in a

1 timely manner in Panama or the United
2 States.

3 (iv) EFFECTIVE DATE.—A proclama-
4 tion issued under clause (iii) may not take
5 effect earlier than the date that is 6
6 months after the date on which the text of
7 the proclamation is published in the Fed-
8 eral Register.

9 (F) PROCEDURES.—The President shall
10 establish procedures—

11 (i) governing the submission of a re-
12 quest under subparagraphs (C) and (E);
13 and

14 (ii) providing an opportunity for inter-
15 ested entities to submit comments and sup-
16 porting evidence before the President
17 makes a determination under subpara-
18 graph (C) (ii) or (vi) or (E)(iii).

19 **SEC. 204. CUSTOMS USER FEES.**

20 Section 13031(b) of the Consolidated Omnibus Budg-
21 et Reconciliation Act of 1985 (19 U.S.C. 58c(b)) is
22 amended by adding after paragraph (20) the following:

23 “(21) No fee may be charged under subsection (a)(9)
24 or (10) with respect to goods that qualify as originating
25 goods under section 203 of the United States–Panama

1 Trade Promotion Agreement Implementation Act. Any
2 service for which an exemption from such fee is provided
3 by reason of this paragraph may not be funded with
4 money contained in the Customs User Fee Account.”.

5 **SEC. 205. DISCLOSURE OF INCORRECT INFORMATION;**
6 **FALSE CERTIFICATIONS OF ORIGIN; DENIAL**
7 **OF PREFERENTIAL TARIFF TREATMENT.**

8 (a) DISCLOSURE OF INCORRECT INFORMATION.—
9 Section 592 of the Tariff Act of 1930 (19 U.S.C. 1592)
10 is amended—

11 (1) in subsection (c)—

12 (A) by redesignating paragraph (13) as
13 paragraph (14); and

14 (B) by inserting after paragraph (12) the
15 following new paragraph:

16 “(13) PRIOR DISCLOSURE REGARDING CLAIMS
17 UNDER THE UNITED STATES–PANAMA TRADE PRO-
18 MOTION AGREEMENT.—An importer shall not be
19 subject to penalties under subsection (a) for making
20 an incorrect claim that a good qualifies as an origi-
21 nating good under section 203 of the United States–
22 Panama Trade Promotion Agreement Implementa-
23 tion Act if the importer, in accordance with regula-
24 tions issued by the Secretary of the Treasury,
25 promptly and voluntarily makes a corrected declara-

1 tion and pays any duties owing with respect to that
2 good.”; and

3 (2) by adding at the end the following new sub-
4 section:

5 “(1) FALSE CERTIFICATIONS OF ORIGIN UNDER THE
6 UNITED STATES–PANAMA TRADE PROMOTION AGREE-
7 MENT.—

8 “(1) IN GENERAL.—Subject to paragraph (2),
9 it is unlawful for any person to certify falsely, by
10 fraud, gross negligence, or negligence, in a Panama
11 TPA certification of origin (as defined in section
12 508 of this Act) that a good exported from the
13 United States qualifies as an originating good under
14 the rules of origin provided for in section 203 of the
15 United States–Panama Trade Promotion Agreement
16 Implementation Act. The procedures and penalties
17 of this section that apply to a violation of subsection
18 (a) also apply to a violation of this subsection.

19 “(2) PROMPT AND VOLUNTARY DISCLOSURE OF
20 INCORRECT INFORMATION.—No penalty shall be im-
21 posed under this subsection if, promptly after an ex-
22 porter or producer that issued a Panama TPA cer-
23 tification of origin has reason to believe that such
24 certification contains or is based on incorrect infor-
25 mation, the exporter or producer voluntarily provides

1 written notice of such incorrect information to every
2 person to whom the certification was issued.

3 “(3) EXCEPTION.—A person shall not be con-
4 sidered to have violated paragraph (1) if—

5 “(A) the information was correct at the
6 time it was provided in a Panama TPA certifi-
7 cation of origin but was later rendered incorrect
8 due to a change in circumstances; and

9 “(B) the person promptly and voluntarily
10 provides written notice of the change in cir-
11 cumstances to all persons to whom the person
12 provided the certification.”.

13 (b) DENIAL OF PREFERENTIAL TARIFF TREAT-
14 MENT.—Section 514 of the Tariff Act of 1930 (19 U.S.C.
15 1514) is amended by adding at the end the following new
16 subsection:

17 “(1) DENIAL OF PREFERENTIAL TARIFF TREATMENT
18 UNDER THE UNITED STATES–PANAMA TRADE PRO-
19 MOTION AGREEMENT.—If U.S. Customs and Border Pro-
20 tection or U.S. Immigration and Customs Enforcement of
21 the Department of Homeland Security finds indications
22 of a pattern of conduct by an importer, exporter, or pro-
23 ducer of false or unsupported representations that goods
24 qualify under the rules of origin provided for in section
25 203 of the United States–Panama Trade Promotion

1 Agreement Implementation Act, U.S. Customs and Border
2 Protection, in accordance with regulations issued by the
3 Secretary of the Treasury, may suspend preferential tariff
4 treatment under the United States–Panama Trade Pro-
5 motion Agreement to entries of identical goods covered by
6 subsequent representations by that importer, exporter, or
7 producer until U.S. Customs and Border Protection deter-
8 mines that representations of that person are in con-
9 formity with such section 203.”.

10 **SEC. 206. RELIQUIDATION OF ENTRIES.**

11 Section 520(d) of the Tariff Act of 1930 (19 U.S.C.
12 1520(d)) is amended in the matter preceding paragraph
13 (1)—

14 (1) by striking “or”; and

15 (2) by striking “for which” and inserting “, or
16 section 203 of the United States–Panama Trade
17 Promotion Agreement Implementation Act for
18 which”.

19 **SEC. 207. RECORDKEEPING REQUIREMENTS.**

20 Section 508 of the Tariff Act of 1930 (19 U.S.C.
21 1508) is amended—

22 (1) by redesignating subsection (k) as sub-
23 section (l);

24 (2) by inserting after subsection (j) the fol-
25 lowing new subsection:

1 “(k) CERTIFICATIONS OF ORIGIN FOR GOODS EX-
2 PORTED UNDER THE UNITED STATES–PANAMA TRADE
3 PROMOTION AGREEMENT.—

4 “(1) DEFINITIONS.—In this subsection:

5 “(A) RECORDS AND SUPPORTING DOCU-
6 MENTS.—The term ‘records and supporting
7 documents’ means, with respect to an exported
8 good under paragraph (2), records and docu-
9 ments related to the origin of the good, includ-
10 ing—

11 “(i) the purchase, cost, and value of,
12 and payment for, the good;

13 “(ii) the purchase, cost, and value of,
14 and payment for, all materials, including
15 indirect materials, used in the production
16 of the good; and

17 “(iii) the production of the good in
18 the form in which it was exported.

19 “(B) PANAMA TPA CERTIFICATION OF ORI-
20 GIN.—The term ‘Panama TPA certification of
21 origin’ means the certification established under
22 article 4.15 of the United States–Panama
23 Trade Promotion Agreement that a good quali-
24 fies as an originating good under such Agree-
25 ment.

1 “(2) EXPORTS TO PANAMA.—Any person who
2 completes and issues a Panama TPA certification of
3 origin for a good exported from the United States
4 shall make, keep, and, pursuant to rules and regula-
5 tions promulgated by the Secretary of the Treasury,
6 render for examination and inspection all records
7 and supporting documents related to the origin of
8 the good (including the certification or copies there-
9 of).

10 “(3) RETENTION PERIOD.—The person who
11 issues a Panama TPA certification of origin shall
12 keep the records and supporting documents relating
13 to that certification of origin for a period of at least
14 5 years after the date on which the certification is
15 issued.”; and

16 (3) in subsection (l), as so redesignated, by
17 striking “(i), or (j)” and inserting “(i), (j), or (k)”.

18 **SEC. 208. ENFORCEMENT RELATING TO TRADE IN TEXTILE**

19 **OR APPAREL GOODS.**

20 (a) ACTION DURING VERIFICATION.—

21 (1) IN GENERAL.—If the Secretary of the
22 Treasury requests the Government of Panama to
23 conduct a verification pursuant to article 3.21 of the
24 Agreement for purposes of making a determination
25 under paragraph (2), the President may direct the

1 Secretary to take appropriate action described in
2 subsection (b) while the verification is being con-
3 ducted.

4 (2) DETERMINATION.—A determination under
5 this paragraph is a determination of the Secretary
6 that—

7 (A) an enterprise in Panama is complying
8 with applicable customs laws, regulations, and
9 procedures regarding trade in textile or apparel
10 goods, or

11 (B) a claim that a textile or apparel good
12 exported or produced by such enterprise—

13 (i) qualifies as an originating good
14 under section 203, or

15 (ii) is a good of Panama,
16 is accurate.

17 (b) APPROPRIATE ACTION DESCRIBED.—Appropriate
18 action under subsection (a)(1) includes—

19 (1) suspension of preferential tariff treatment
20 under the Agreement with respect to—

21 (A) any textile or apparel good exported or
22 produced by the person that is the subject of a
23 verification under subsection (a)(1) regarding
24 compliance described in subsection (a)(2)(A), if
25 the Secretary of the Treasury determines that

1 there is insufficient information to support any
2 claim for preferential tariff treatment that has
3 been made with respect to any such good; or

4 (B) the textile or apparel good for which a
5 claim of preferential tariff treatment has been
6 made that is the subject of a verification under
7 subsection (a)(1) regarding a claim described in
8 subsection (a)(2)(B), if the Secretary deter-
9 mines that there is insufficient information to
10 support that claim;

11 (2) denial of preferential tariff treatment under
12 the Agreement with respect to—

13 (A) any textile or apparel good exported or
14 produced by the person that is the subject of a
15 verification under subsection (a)(1) regarding
16 compliance described in subsection (a)(2)(A), if
17 the Secretary determines that the person has
18 provided incorrect information to support any
19 claim for preferential tariff treatment that has
20 been made with respect to any such good; or

21 (B) the textile or apparel good for which a
22 claim of preferential tariff treatment has been
23 made that is the subject of a verification under
24 subsection (a)(1) regarding a claim described in
25 subsection (a)(2)(B), if the Secretary deter-

1 mines that a person has provided incorrect in-
2 formation to support that claim;

3 (3) detention of any textile or apparel good ex-
4 ported or produced by the person that is the subject
5 of a verification under subsection (a)(1) regarding
6 compliance described in subsection (a)(2)(A) or a
7 claim described in subsection (a)(2)(B), if the Sec-
8 retary determines that there is insufficient informa-
9 tion to determine the country of origin of any such
10 good; and

11 (4) denial of entry into the United States of
12 any textile or apparel good exported or produced by
13 the person that is the subject of a verification under
14 subsection (a)(1) regarding compliance described in
15 subsection (a)(2)(A) or a claim described in sub-
16 section (a)(2)(B), if the Secretary determines that
17 the person has provided incorrect information as to
18 the country of origin of any such good.

19 (c) ACTION ON COMPLETION OF A VERIFICATION.—
20 On completion of a verification under subsection (a), the
21 President may direct the Secretary of the Treasury to take
22 appropriate action described in subsection (d) until such
23 time as the Secretary receives information sufficient to
24 make the determination under subsection (a)(2) or until
25 such earlier date as the President may direct.

1 (d) APPROPRIATE ACTION DESCRIBED.—Appro-
2 priate action under subsection (c) includes—

3 (1) denial of preferential tariff treatment under
4 the Agreement with respect to—

5 (A) any textile or apparel good exported or
6 produced by the person that is the subject of a
7 verification under subsection (a)(1) regarding
8 compliance described in subsection (a)(2)(A), if
9 the Secretary of the Treasury determines that
10 there is insufficient information to support, or
11 that the person has provided incorrect informa-
12 tion to support, any claim for preferential tariff
13 treatment that has been made with respect to
14 any such good; or

15 (B) the textile or apparel good for which a
16 claim of preferential tariff treatment has been
17 made that is the subject of a verification under
18 subsection (a)(1) regarding a claim described in
19 subsection (a)(2)(B), if the Secretary deter-
20 mines that there is insufficient information to
21 support, or that a person has provided incorrect
22 information to support, that claim; and

23 (2) denial of entry into the United States of
24 any textile or apparel good exported or produced by
25 the person that is the subject of a verification under

1 subsection (a)(1) regarding compliance described in
2 subsection (a)(2)(A) or a claim described in sub-
3 section (a)(2)(B), if the Secretary determines that
4 there is insufficient information to determine, or
5 that the person has provided incorrect information
6 as to, the country of origin of any such good.

7 (e) PUBLICATION OF NAME OF PERSON.—In accord-
8 ance with article 3.21.9 of the Agreement, the Secretary
9 of the Treasury may publish the name of any person that
10 the Secretary has determined—

11 (1) is engaged in intentional circumvention of
12 applicable laws, regulations, or procedures affecting
13 trade in textile or apparel goods; or

14 (2) has failed to demonstrate that it produces,
15 or is capable of producing, the textile or apparel
16 goods that are the subject of a verification under
17 subsection (a)(1).

18 **SEC. 209. REGULATIONS.**

19 The Secretary of the Treasury shall prescribe such
20 regulations as may be necessary to carry out—

21 (1) subsections (a) through (n) of section 203;

22 (2) the amendment made by section 204; and

23 (3) any proclamation issued under section
24 203(o).

1 **TITLE III—RELIEF FROM**
2 **IMPORTS**

3 **SEC. 301. DEFINITIONS.**

4 In this title:

5 (1) PANAMANIAN ARTICLE.—The term “Pan-
6 amanian article” means an article that qualifies as
7 an originating good under section 203(b).

8 (2) PANAMANIAN TEXTILE OR APPAREL ARTI-
9 CLE.—The term “Panamanian textile or apparel ar-
10 ticle” means a textile or apparel good (as defined in
11 section 3(4)) that is a Panamanian article.

12 **Subtitle A—Relief From Imports**
13 **Benefitting From the Agreement**

14 **SEC. 311. COMMENCING OF ACTION FOR RELIEF.**

15 (a) FILING OF PETITION.—A petition requesting ac-
16 tion under this subtitle for the purpose of adjusting to
17 the obligations of the United States under the Agreement
18 may be filed with the Commission by an entity, including
19 a trade association, firm, certified or recognized union, or
20 group of workers, that is representative of an industry.
21 The Commission shall transmit a copy of any petition filed
22 under this subsection to the United States Trade Rep-
23 resentative.

24 (b) INVESTIGATION AND DETERMINATION.—Upon
25 the filing of a petition under subsection (a), the Commis-

1 sion, unless subsection (d) applies, shall promptly initiate
2 an investigation to determine whether, as a result of the
3 reduction or elimination of a duty provided for under the
4 Agreement, a Panamanian article is being imported into
5 the United States in such increased quantities, in absolute
6 terms or relative to domestic production, and under such
7 conditions that imports of the Panamanian article con-
8 stitute a substantial cause of serious injury or threat
9 thereof to the domestic industry producing an article that
10 is like, or directly competitive with, the imported article.

11 (c) APPLICABLE PROVISIONS.—The following provi-
12 sions of section 202 of the Trade Act of 1974 (19 U.S.C.
13 2252) apply with respect to any investigation initiated
14 under subsection (b):

15 (1) Paragraphs (1)(B) and (3) of subsection
16 (b).

17 (2) Subsection (c).

18 (3) Subsection (i).

19 (d) ARTICLES EXEMPT FROM INVESTIGATION.—No
20 investigation may be initiated under this section with re-
21 spect to any Panamanian article if, after the date on which
22 the Agreement enters into force, import relief has been
23 provided with respect to that Panamanian article under
24 this subtitle.

1 **SEC. 312. COMMISSION ACTION ON PETITION.**

2 (a) DETERMINATION.—Not later than 120 days after
3 the date on which an investigation is initiated under sec-
4 tion 311(b) with respect to a petition, the Commission
5 shall make the determination required under that section.

6 (b) APPLICABLE PROVISIONS.—For purposes of this
7 subtitle, the provisions of paragraphs (1), (2), and (3) of
8 section 330(d) of the Tariff Act of 1930 (19 U.S.C.
9 1330(d) (1), (2), and (3)) shall be applied with respect
10 to determinations and findings made under this section
11 as if such determinations and findings were made under
12 section 202 of the Trade Act of 1974 (19 U.S.C. 2252).

13 (c) ADDITIONAL FINDING AND RECOMMENDATION IF
14 DETERMINATION AFFIRMATIVE.—

15 (1) IN GENERAL.—If the determination made
16 by the Commission under subsection (a) with respect
17 to imports of an article is affirmative, or if the
18 President may consider a determination of the Com-
19 mission to be an affirmative determination as pro-
20 vided for under paragraph (1) of section 330(d) of
21 the Tariff Act of 1930 (19 U.S.C. 1330(d)(1)), the
22 Commission shall find, and recommend to the Presi-
23 dent in the report required under subsection (d), the
24 amount of import relief that is necessary to remedy
25 or prevent the injury found by the Commission in
26 the determination and to facilitate the efforts of the

1 domestic industry to make a positive adjustment to
2 import competition.

3 (2) LIMITATION ON RELIEF.—The import relief
4 recommended by the Commission under this sub-
5 section shall be limited to the relief described in sec-
6 tion 313(e).

7 (3) VOTING; SEPARATE VIEWS.—Only those
8 members of the Commission who voted in the af-
9 firmative under subsection (a) are eligible to vote on
10 the proposed action to remedy or prevent the injury
11 found by the Commission. Members of the Commis-
12 sion who did not vote in the affirmative may submit,
13 in the report required under subsection (d), separate
14 views regarding what action, if any, should be taken
15 to remedy or prevent the injury.

16 (d) REPORT TO PRESIDENT.—Not later than the
17 date that is 30 days after the date on which a determina-
18 tion is made under subsection (a) with respect to an inves-
19 tigation, the Commission shall submit to the President a
20 report that includes—

21 (1) the determination made under subsection
22 (a) and an explanation of the basis for the deter-
23 mination;

24 (2) if the determination under subsection (a) is
25 affirmative, any findings and recommendations for

1 import relief made under subsection (c) and an ex-
2 planation of the basis for each recommendation; and
3 (3) any dissenting or separate views by mem-
4 bers of the Commission regarding the determination
5 referred to in paragraph (1) and any finding or rec-
6 ommendation referred to in paragraph (2).

7 (e) PUBLIC NOTICE.—Upon submitting a report to
8 the President under subsection (d), the Commission shall
9 promptly make public the report (with the exception of
10 information which the Commission determines to be con-
11 fidential) and shall publish a summary of the report in
12 the Federal Register.

13 **SEC. 313. PROVISION OF RELIEF.**

14 (a) IN GENERAL.—Not later than the date that is
15 30 days after the date on which the President receives a
16 report of the Commission in which the Commission's de-
17 termination under section 312(a) is affirmative, or which
18 contains a determination under section 312(a) that the
19 President considers to be affirmative under paragraph (1)
20 of section 330(d) of the Tariff Act of 1930 (19 U.S.C.
21 1330(d)(1)), the President, subject to subsection (b), shall
22 provide relief from imports of the article that is the subject
23 of such determination to the extent that the President de-
24 termines necessary to remedy or prevent the injury found
25 by the Commission and to facilitate the efforts of the do-

1 mestic industry to make a positive adjustment to import
2 competition.

3 (b) EXCEPTION.—The President is not required to
4 provide import relief under this section if the President
5 determines that the provision of the import relief will not
6 provide greater economic and social benefits than costs.

7 (c) NATURE OF RELIEF.—

8 (1) IN GENERAL.—The import relief that the
9 President is authorized to provide under this section
10 with respect to imports of an article is as follows:

11 (A) The suspension of any further reduc-
12 tion provided for under Annex 3.3 of the Agree-
13 ment in the duty imposed on the article.

14 (B) An increase in the rate of duty im-
15 posed on the article to a level that does not ex-
16 ceed the lesser of—

17 (i) the column 1 general rate of duty
18 imposed under the HTS on like articles at
19 the time the import relief is provided; or

20 (ii) the column 1 general rate of duty
21 imposed under the HTS on like articles on
22 the day before the date on which the
23 Agreement enters into force.

24 (2) PROGRESSIVE LIBERALIZATION.—If the pe-
25 riod for which import relief is provided under this

1 section is greater than 1 year, the President shall
2 provide for the progressive liberalization (described
3 in article 8.2.3 of the Agreement) of such relief at
4 regular intervals during the period of its application.

5 (d) PERIOD OF RELIEF.—

6 (1) IN GENERAL.—Subject to paragraph (2),
7 any import relief that the President provides under
8 this section may not, in the aggregate, be in effect
9 for more than 4 years.

10 (2) EXTENSION.—

11 (A) IN GENERAL.—If the initial period for
12 any import relief provided under this section is
13 less than 4 years, the President, after receiving
14 a determination from the Commission under
15 subparagraph (B) that is affirmative, or which
16 the President considers to be affirmative under
17 paragraph (1) of section 330(d) of the Tariff
18 Act of 1930 (19 U.S.C. 1330(d)(1)), may ex-
19 tend the effective period of any import relief
20 provided under this section, subject to the limi-
21 tation under paragraph (1), if the President de-
22 termines that—

23 (i) the import relief continues to be
24 necessary to remedy or prevent serious in-

1 jury and to facilitate adjustment by the do-
2 mestic industry to import competition; and

3 (ii) there is evidence that the industry
4 is making a positive adjustment to import
5 competition.

6 (B) ACTION BY COMMISSION.—

7 (i) INVESTIGATION.—Upon a petition
8 on behalf of the industry concerned that is
9 filed with the Commission not earlier than
10 the date that is 9 months, and not later
11 than the date that is 6 months, before the
12 date on which any action taken under sub-
13 section (a) is to terminate, the Commission
14 shall conduct an investigation to determine
15 whether action under this section continues
16 to be necessary to remedy or prevent seri-
17 ous injury and whether there is evidence
18 that the industry is making a positive ad-
19 justment to import competition.

20 (ii) NOTICE AND HEARING.—The
21 Commission shall publish notice of the
22 commencement of any proceeding under
23 this subparagraph in the Federal Register
24 and shall, within a reasonable time there-
25 after, hold a public hearing at which the

1 Commission shall afford interested parties
2 and consumers an opportunity to be
3 present, to present evidence, and to re-
4 spond to the presentations of other parties
5 and consumers, and otherwise to be heard.

6 (iii) REPORT.—The Commission shall
7 submit to the President a report on its in-
8 vestigation and determination under this
9 subparagraph not later than 60 days be-
10 fore the action under subsection (a) is to
11 terminate, unless the President specifies a
12 different date.

13 (e) RATE AFTER TERMINATION OF IMPORT RE-
14 LIEF.—When import relief under this section is termi-
15 nated with respect to an article—

16 (1) the rate of duty on that article after such
17 termination and on or before December 31 of the
18 year in which such termination occurs shall be the
19 rate that, according to the Schedule of the United
20 States to Annex 3.3 of the Agreement, would have
21 been in effect 1 year after the provision of relief
22 under subsection (a); and

23 (2) the rate of duty for that article after De-
24 cember 31 of the year in which such termination oc-

1 curs shall be, at the discretion of the President, ei-
2 ther—

3 (A) the applicable rate of duty for that ar-
4 ticle set forth in the Schedule of the United
5 States to Annex 3.3 of the Agreement; or

6 (B) the rate of duty resulting from the
7 elimination of the tariff in equal annual stages
8 ending on the date set forth in the Schedule of
9 the United States to Annex 3.3 of the Agree-
10 ment for the elimination of the tariff.

11 (f) **ARTICLES EXEMPT FROM RELIEF.**—No import
12 relief may be provided under this section on—

13 (1) any article that is subject to import relief
14 under—

15 (A) subtitle B; or

16 (B) chapter 1 of title II of the Trade Act
17 of 1974 (19 U.S.C. 2251 et seq.); or

18 (2) any article on which an additional duty as-
19 sessed under section 202(b) is in effect.

20 **SEC. 314. TERMINATION OF RELIEF AUTHORITY.**

21 (a) **GENERAL RULE.**—Subject to subsection (b), no
22 import relief may be provided under this subtitle after the
23 date that is 10 years after the date on which the Agree-
24 ment enters into force.

1 (b) EXCEPTION.—If an article for which relief is pro-
2 vided under this subtitle is an article for which the period
3 for tariff elimination, set forth in the Schedule of the
4 United States to Annex 3.3 of the Agreement, is greater
5 than 10 years, no relief under this subtitle may be pro-
6 vided for that article after the date on which that period
7 ends.

8 **SEC. 315. COMPENSATION AUTHORITY.**

9 For purposes of section 123 of the Trade Act of 1974
10 (19 U.S.C. 2133), any import relief provided by the Presi-
11 dent under section 313 shall be treated as action taken
12 under chapter 1 of title II of such Act (19 U.S.C. 2251
13 et seq.).

14 **SEC. 316. CONFIDENTIAL BUSINESS INFORMATION.**

15 Section 202(a)(8) of the Trade Act of 1974 (19
16 U.S.C. 2252(a)(8)) is amended in the first sentence—

17 (1) by striking “and”; and

18 (2) by inserting before the period at the end “,
19 and title III of the United States–Panama Trade
20 Promotion Agreement Implementation Act”.

21 **Subtitle B—Textile and Apparel**
22 **Safeguard Measures**

23 **SEC. 321. COMMENCEMENT OF ACTION FOR RELIEF.**

24 (a) IN GENERAL.—A request for action under this
25 subtitle for the purpose of adjusting to the obligations of

1 the United States under the Agreement may be filed with
2 the President by an interested party. Upon the filing of
3 a request, the President shall review the request to deter-
4 mine, from information presented in the request, whether
5 to commence consideration of the request.

6 (b) PUBLICATION OF REQUEST.—If the President de-
7 termines that the request under subsection (a) provides
8 the information necessary for the request to be considered,
9 the President shall publish in the Federal Register a no-
10 tice of commencement of consideration of the request, and
11 notice seeking public comments regarding the request. The
12 notice shall include a summary of the request and the
13 dates by which comments and rebuttals must be received.

14 **SEC. 322. DETERMINATION AND PROVISION OF RELIEF.**

15 (a) DETERMINATION.—

16 (1) IN GENERAL.—If a positive determination is
17 made under section 321(b), the President shall de-
18 termine whether, as a result of the elimination of a
19 duty under the Agreement, a Panamanian textile or
20 apparel article is being imported into the United
21 States in such increased quantities, in absolute
22 terms or relative to the domestic market for that ar-
23 ticle, and under such conditions as to cause serious
24 damage, or actual threat thereof, to a domestic in-

1 industry producing an article that is like, or directly
2 competitive with, the imported article.

3 (2) SERIOUS DAMAGE.—In making a deter-
4 mination under paragraph (1), the President—

5 (A) shall examine the effect of increased
6 imports on the domestic industry, as reflected
7 in changes in such relevant economic factors as
8 output, productivity, utilization of capacity, in-
9 ventories, market share, exports, wages, em-
10 ployment, domestic prices, profits, and invest-
11 ment, no one of which is necessarily decisive;
12 and

13 (B) shall not consider changes in consumer
14 preference or changes in technology as factors
15 supporting a determination of serious damage
16 or actual threat thereof.

17 (3) DEADLINE FOR DETERMINATION.—The
18 President shall make the determination under para-
19 graph (1) not later than 30 days after the comple-
20 tion of any consultations held pursuant to article
21 3.24.4 of the Agreement.

22 (b) PROVISION OF RELIEF.—

23 (1) IN GENERAL.—If a determination under
24 subsection (a) is affirmative, the President may pro-
25 vide relief from imports of the article that is the

1 subject of such determination, as provided in para-
2 graph (2), to the extent that the President deter-
3 mines necessary to remedy or prevent the serious
4 damage and to facilitate adjustment by the domestic
5 industry.

6 (2) NATURE OF RELIEF.—The relief that the
7 President is authorized to provide under this sub-
8 section with respect to imports of an article is an in-
9 crease in the rate of duty imposed on the article to
10 a level that does not exceed the lesser of—

11 (A) the column 1 general rate of duty im-
12 posed under the HTS on like articles at the
13 time the import relief is provided; or

14 (B) the column 1 general rate of duty im-
15 posed under the HTS on like articles on the
16 day before the date on which the Agreement en-
17 ters into force.

18 **SEC. 323. PERIOD OF RELIEF.**

19 (a) IN GENERAL.—Subject to subsection (b), any im-
20 port relief that the President provides under section
21 322(b) may not, in the aggregate, be in effect for more
22 than 3 years.

23 (b) EXTENSION.—If the initial period for any import
24 relief provided under section 322 is less than 3 years, the
25 President may extend the effective period of any import

1 relief provided under that section, subject to the limitation
2 set forth in subsection (a), if the President determines
3 that—

4 (1) the import relief continues to be necessary
5 to remedy or prevent serious damage and to facili-
6 tate adjustment by the domestic industry to import
7 competition; and

8 (2) there is evidence that the industry is mak-
9 ing a positive adjustment to import competition.

10 **SEC. 324. ARTICLES EXEMPT FROM RELIEF.**

11 The President may not provide import relief under
12 this subtitle with respect to an article if—

13 (1) import relief previously has been provided
14 under this subtitle with respect to that article; or

15 (2) the article is subject to import relief
16 under—

17 (A) subtitle A; or

18 (B) chapter 1 of title II of the Trade Act
19 of 1974 (19 U.S.C. 2251 et seq.).

20 **SEC. 325. RATE AFTER TERMINATION OF IMPORT RELIEF.**

21 On the date on which import relief under this subtitle
22 is terminated with respect to an article, the rate of duty
23 on that article shall be the rate that would have been in
24 effect but for the provision of such relief.

1 **SEC. 326. TERMINATION OF RELIEF AUTHORITY.**

2 No import relief may be provided under this subtitle
3 with respect to any article after the date that is 5 years
4 after the date on which the Agreement enters into force.

5 **SEC. 327. COMPENSATION AUTHORITY.**

6 For purposes of section 123 of the Trade Act of 1974
7 (19 U.S.C. 2133), any import relief provided by the Presi-
8 dent under this subtitle shall be treated as action taken
9 under chapter 1 of title II of such Act (19 U.S.C. 2251
10 et seq.).

11 **SEC. 328. CONFIDENTIAL BUSINESS INFORMATION.**

12 The President may not release information received
13 in connection with an investigation or determination under
14 this subtitle which the President considers to be confiden-
15 tial business information unless the party submitting the
16 confidential business information had notice, at the time
17 of submission, that such information would be released by
18 the President, or such party subsequently consents to the
19 release of the information. To the extent a party submits
20 confidential business information, the party shall also pro-
21 vide a nonconfidential version of the information in which
22 the confidential business information is summarized or, if
23 necessary, deleted.

1 **Subtitle C—Cases Under Title II of**
2 **the Trade Act of 1974**

3 **SEC. 331. FINDINGS AND ACTION ON PANAMANIAN ARTI-**
4 **CLES.**

5 (a) EFFECT OF IMPORTS.—If, in any investigation
6 initiated under chapter 1 of title II of the Trade Act of
7 1974 (19 U.S.C. 2251 et seq.), the Commission makes an
8 affirmative determination (or a determination which the
9 President may treat as an affirmative determination under
10 such chapter by reason of section 330(d) of the Tariff Act
11 of 1930 (19 U.S.C. 1330(d))), the Commission shall also
12 find (and report to the President at the time such injury
13 determination is submitted to the President) whether im-
14 ports of the Panamanian article are a substantial cause
15 of serious injury or threat thereof.

16 (b) PRESIDENTIAL DETERMINATION REGARDING IM-
17 PORTS OF PANAMANIAN ARTICLES.—In determining the
18 nature and extent of action to be taken under chapter 1
19 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et
20 seq.), the President may exclude from the action Panama-
21 nian articles with respect to which the Commission has
22 made a negative finding under subsection (a).

1 **TITLE IV—MISCELLANEOUS**

2 **SEC. 401. ELIGIBLE PRODUCTS.**

3 Section 308(4)(A) of the Trade Agreements Act of
4 1979 (19 U.S.C. 2518(4)(A)) is amended—

5 (1) by striking “or” at the end of clause (viii);

6 (2) by striking the period at the end of clause
7 (ix) and inserting “; or”; and

8 (3) by adding at the end the following new
9 clause:

10 “(x) a party to the United States—
11 Panama Trade Promotion Agreement, a
12 product or service of that country or in-
13 strumentality which is covered under that
14 agreement for procurement by the United
15 States.”.

16 **SEC. 402. MODIFICATION TO THE CARIBBEAN BASIN ECO-**
17 **NOMIC RECOVERY ACT.**

18 (a) IN GENERAL.—Section 212(b) of the Caribbean
19 Basin Economic Recovery Act (19 U.S.C. 2702(b)) is
20 amended by striking “Panama” from the list of countries
21 eligible for designation as beneficiary countries.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) takes effect on the date on which the Presi-
24 dent terminates the designation of Panama as a bene-
25 ficiary country pursuant to section 201(a)(3) of this Act.

1 **TITLE V—OFFSETS**

2 **SEC. 501. EXTENSION OF CUSTOMS USER FEES.**

3 Section 13031(j)(3) of the Consolidated Omnibus
4 Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3))
5 is amended by adding at the end the following:

6 “(D) Notwithstanding subparagraph (B)(i),
7 fees may be charged under paragraphs (1) through
8 (8) of subsection (a) of this section during the pe-
9 riod beginning on September 1, 2021, and ending on
10 September 30, 2021.”.

11 **SEC. 502. TIME FOR PAYMENT OF CORPORATE ESTIMATED**
12 **TAXES.**

13 Notwithstanding section 6655 of the Internal Rev-
14 enue Code of 1986, in the case of a corporation with assets
15 of not less than \$1,000,000,000 (determined as of the end
16 of the preceding taxable year)—

17 (1) the amount of any required installment of
18 corporate estimated tax which is otherwise due
19 under such section in July, August, or September of
20 2016 is increased by 0.25 percent of such amount
21 (determined without regard to any increase in such
22 amount not contained in such Code), and

23 (2) the amount of the next required installment
24 after an installment referred to in paragraph (1)

1 shall be appropriately reduced to reflect the amount
2 of the increase by reason of such paragraph.

3 **TITLE VI—BUDGETARY EFFECTS**

4 **SEC. 601. DETERMINATION OF BUDGETARY EFFECTS.**

5 The budgetary effects of this Act, for the purpose of
6 complying with the Statutory Pay-As-You-Go Act of 2010,
7 shall be determined by reference to the latest statement
8 titled “Budgetary Effects of PAYGO Legislation” for this
9 Act, submitted for printing in the Congressional Record
10 by the Chairman of the House Budget Committee, pro-
11 vided that such statement has been submitted prior to the
12 vote on passage.

