

H.R. 6560
Establishing an Earned Import Allowance
Program for the Dominican Republic
and for Other Purposes

H.R. 6560 will include the following elements (as considered on suspension):

- **Establishment of a “2-for-1” textile and apparel program for the Dominican Republic.** Under the program, when producers purchase a certain quantity of qualifying U.S. fabric (2 square meter equivalents or “SMEs”) for apparel production in the Dominican Republic, they will receive a credit (equivalent to 1 SME). This credit can then be used to ship a corresponding quantity of eligible apparel (pants and other bottoms) from the Dominican Republic to the United States duty-free regardless of the origin of the fabric from which the apparel product is made.
- **Repeal of the African Growth and Opportunity Act (AGOA) “Abundant Supply” Provision:** The existing “abundant supply” provision states that if any fabric is available in “abundant supply” in Africa and is not wholly consumed in the production of apparel under AGOA over a certain period (2 years), LDCs will lose the third-country fabric privileges with respect to any apparel produced from that fabric. As a result of the provision, least-developed countries like Lesotho, Kenya, Madagascar, and Swaziland will lose their ability to ship denim apparel duty-free as of October 2008, which is devastating the apparel industries in those countries. H.R. 6560 repeals the “abundant supply” provision and replaces it with a request for U.S. government studies to find new ways of encouraging investment in Africa.

(Over)

- **Reinstatement of “least developed country” (LDC)**

designation for Mauritius under AGOA: Mauritius was an LDC for AGOA purposes until September 2005, and therefore able to use the critical “third country” fabric provisions of the program. Since that designation lapsed, the Mauritius industry has gone into significant decline, as many garment factories shut down operations in Mauritius and moved to Asia. H.R. 6560 reinstates the LDC designation of Mauritius.

- **Extension of the Generalized System of Preferences (GSP).** GSP currently expires in December 2008. H.R. 6560 provides a one-year extension until December 2009.
- **Repeal of a customs user fee “prepayment” provision.** The original provision was needed in the 2008 Farm Bill for pay-for purposes but the Rangel/McCrery/Baucus/Grassley staffs agreed to repeal the provision at the first opportunity. H.R. 6560 implements that agreement.
- **Technical fix to the Haiti HOPE II legislation.** Two numbers were accidentally transposed in one of the Haiti HOPE II provisions that were included in the 2008 Farm Bill. H.R. 6560 fixes this typographical error.