

117TH CONGRESS
1ST SESSION

S. 1481

To provide duty-free treatment for certain goods from designated Reconstruction Opportunity Zones in Pakistan and Afghanistan, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 29, 2021

Mr. VAN HOLLEN (for himself, Mr. YOUNG, and Ms. CANTWELL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide duty-free treatment for certain goods from designated Reconstruction Opportunity Zones in Pakistan and Afghanistan, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Pakistan-Afghanistan
5 Economic Development Act”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are—

8 (1) to stimulate economic activity and develop-
9 ment in Afghanistan and the border region of Paki-

1 stan, critical fronts in the struggle against violent
2 extremism;

3 (2) to reflect the strong support that the
4 United States has pledged to Pakistan and Afghani-
5 stan to build regional stability; and

6 (3) to offer a vital opportunity—

7 (A) to improve livelihoods of indigenous
8 populations of Reconstruction Opportunity
9 Zones; and

10 (B) to promote good governance in the re-
11 gion.

12 **SEC. 3. DEFINITIONS.**

13 In this Act:

14 (1) AGREEMENT ON TEXTILES AND CLOTH-
15 ING.—The term “Agreement on Textiles and Cloth-
16 ing” means the Agreement on Textiles and Clothing
17 referred to in section 101(d)(4) of the Uruguay
18 Round Agreements Act (19 U.S.C. 3511(d)(4)).

19 (2) CATEGORY; TEXTILE AND APPAREL CAT-
20 EGORY NUMBER.—The terms “category” and “tex-
21 tile and apparel category number” mean the number
22 assigned under the U.S. Textile and Apparel Cat-
23 egory System of the Office of Textiles and Apparel
24 of the Department of Commerce, as listed in the

1 HTS under the applicable heading or subheading (as
2 in effect on January 22, 2020).

3 (3) CORE LABOR STANDARDS.—The term “core
4 labor standards” means—

5 (A) freedom of association;

6 (B) the effective recognition of the right to
7 bargain collectively;

8 (C) the elimination of all forms of compul-
9 sory or forced labor;

10 (D) the effective abolition of child labor
11 and a prohibition on the worst forms of child
12 labor; and

13 (E) the elimination of discrimination in re-
14 spect of employment and occupation.

15 (4) ENTERED.—The term “entered” means en-
16 tered, or withdrawn from warehouse for consump-
17 tion, in the customs territory of the United States.

18 (5) ENTITY.—The term “entity” means—

19 (A) a natural person, corporation, com-
20 pany, business association, partnership, society,
21 trust, or any other nongovernmental entity, or-
22 ganization, or group, whether or not for-profit;

23 (B) any governmental entity or instrumen-
24 tality of a government; and

1 (C) any successor, subunit, or subsidiary of
2 any entity described in subparagraph (A) or
3 (B).

4 (6) HTS.—The term “HTS” means the Har-
5 monized Tariff Schedule of the United States.

6 (7) RECONSTRUCTION OPPORTUNITY ZONE.—

7 (A) IN GENERAL.—The term “Reconstruc-
8 tion Opportunity Zone” means any area de-
9 scribed in subparagraph (B) that—

10 (i) has been designated by the com-
11 petent authorities in Pakistan or Afghani-
12 stan, as the case may be, as an area in
13 which merchandise may be introduced
14 without payment of duty or excise tax; and

15 (ii) has been designated by the Presi-
16 dent as a Reconstruction Opportunity Zone
17 pursuant to section 4(a).

18 (B) AREA DESCRIBED.—An area described
19 in this subparagraph is an area that solely en-
20 compasses portions of the territory of the fol-
21 lowing:

22 (i) Afghanistan.

23 (ii) One or more of the following areas
24 of Pakistan:

1 (I) The 7 tribal agencies formerly
2 known as the Federally Administered
3 Tribal Areas and also known as the
4 “newly merged districts”.

5 (II) Khyber Pakhtunkhwa.

6 (III) Areas of Baluchistan that
7 are within 100 miles of the border be-
8 tween Pakistan and Afghanistan.

9 (8) USMCA.—The term “USMCA” means the
10 Agreement between the United States of America,
11 the United Mexican States, and Canada, which is—

12 (A) attached as an Annex to the Protocol
13 Replacing the North American Free Trade
14 Agreement with the Agreement between the
15 United States of America, the United Mexican
16 States, and Canada, done at Buenos Aires on
17 November 30, 2018, as amended by the Pro-
18 tocol of Amendment to the Agreement Between
19 the United States of America, the United Mexi-
20 can States, and Canada, done at Mexico City
21 on December 10, 2019; and

22 (B) approved by Congress under section
23 101(a)(1) of the United States-Mexico-Canada
24 Agreement Implementation Act.

1 **SEC. 4. DESIGNATION OF RECONSTRUCTION OPPORTUNITY**
2 **ZONES.**

3 (a) **AUTHORITY TO DESIGNATE.**—The President may
4 designate an area within Pakistan or Afghanistan de-
5 scribed in subparagraph (A)(i) of section 3(8) as a Recon-
6 struction Opportunity Zone if—

7 (1) after consideration of the factors set forth
8 in subsection (c) of section 502 of the Trade Act of
9 1974 (19 U.S.C. 2462(c)), the President determines
10 that Pakistan or Afghanistan, as the case may be,
11 is eligible for designation as a beneficiary developing
12 country under that section and is not ineligible
13 under subsection (b) of such section; and

14 (2) the President determines that—

15 (A) Pakistan or Afghanistan, as the case
16 may be, meets the eligibility criteria set forth in
17 subsection (b); and

18 (B) designation of the area as a Recon-
19 struction Opportunity Zone is appropriate tak-
20 ing into account the factors listed in subsection
21 (c).

22 (b) **ELIGIBILITY CRITERIA.**—Pakistan or Afghani-
23 stan meets the eligibility criteria set forth in this sub-
24 section if Pakistan or Afghanistan, as the case may be—

25 (1) has established, or is making continual
26 progress toward establishing—

1 (A) a market-based economy that—

2 (i) protects private property rights;

3 (ii) incorporates an open rules-based
4 trading system; and

5 (iii) minimizes government inter-
6 ference in the economy through measures
7 such as price controls, subsidies, and gov-
8 ernment ownership of economic assets;

9 (B) the rule of law, political pluralism, and
10 the right to due process, a fair trial, and equal
11 protection under the law;

12 (C) economic policies—

13 (i) to reduce poverty;

14 (ii) to increase the availability of
15 health care and educational opportunities;

16 (iii) to expand physical infrastructure;

17 (iv) to promote the development of
18 private enterprise; and

19 (v) to encourage the formation of cap-
20 ital markets through microcredit or other
21 programs;

22 (D) a system to combat corruption and
23 bribery, such as a system involving ratification
24 and implementation of the United Nations Con-

1 vention Against Corruption, done at New York
2 October 31, 2003; and

3 (E) the protection of core labor standards;
4 (2) is eliminating or has eliminated barriers to
5 trade and investment, including—

6 (A) by providing national treatment and
7 measures to create an environment conducive to
8 domestic and foreign investment;

9 (B) by protecting intellectual property; and

10 (C) by resolving bilateral trade and invest-
11 ment disputes;

12 (3) does not engage in activities that undermine
13 the national security or foreign policy interests of
14 the United States;

15 (4) does not engage in gross violations of inter-
16 nationally recognized human rights;

17 (5) does not provide support for acts of inter-
18 national terrorism; and

19 (6) cooperates in international efforts to elimi-
20 nate human rights violations and terrorist activities.

21 (c) ADDITIONAL FACTORS.—In determining whether
22 to designate an area in Pakistan or Afghanistan as a Re-
23 construction Opportunity Zone, the President shall take
24 into account—

1 (1) an expression by the Government of Paki-
2 stan or Afghanistan, as the case may be, of its de-
3 sire to have a particular area designated as a Recon-
4 struction Opportunity Zone under this Act;

5 (2) whether that Government has provided the
6 United States with a monitoring and enforcement
7 plan outlining specific actions that Government will
8 take to cooperate with the United States—

9 (A) to facilitate legitimate cross-border
10 commerce;

11 (B) to ensure that articles for which duty-
12 free treatment is sought pursuant to this Act
13 satisfy the applicable rules of origin described
14 in sections 5 and 6; and

15 (C) to prevent unlawful transshipment, as
16 described in section 7(b)(4);

17 (3) the potential for such designation to create
18 local employment and to promote local and regional
19 economic development;

20 (4) the physical security of the proposed Recon-
21 struction Opportunity Zone;

22 (5) the economic viability of the proposed Re-
23 construction Opportunity Zone, including—

1 (A) whether there are commitments to fi-
 2 nance economic activity proposed for the Recon-
 3 struction Opportunity Zone; and

4 (B) whether there is existing or planned
 5 infrastructure for power, water, transportation,
 6 and communications in the area;

7 (6) whether such designation would be compat-
 8 ible with and contribute to the foreign policy and na-
 9 tional security objectives of the United States, tak-
 10 ing into account the information provided under sub-
 11 section (d); and

12 (7) the comments of interested persons sub-
 13 mitted pursuant to subsection (e).

14 (d) INFORMATION RELATING TO COMPATIBILITY
 15 WITH AND CONTRIBUTION TO FOREIGN POLICY AND NA-
 16 TIONAL SECURITY OBJECTIVES OF THE UNITED
 17 STATES.—

18 (1) IN GENERAL.—In determining whether des-
 19 ignation of a Reconstruction Opportunity Zone
 20 would be compatible with and contribute to the for-
 21 eign policy and national security objectives of the
 22 United States in accordance with subsection (c)(6),
 23 the President shall take into account whether the
 24 Government of Pakistan or Afghanistan, as the case
 25 may be, has provided the United States with a plan

1 outlining specific actions that Government will take
2 to verify the ownership and nature of the activities
3 of entities to be located in the proposed Reconstruc-
4 tion Opportunity Zone.

5 (2) ELEMENTS.—The specific actions outlined
6 in a plan described in paragraph (1) shall include
7 methods—

8 (A) to annually register each entity by a
9 competent authority in Pakistan or Afghani-
10 stan, as the case may be;

11 (B) to collect information from each entity
12 operating in, or proposing to operate in, a Re-
13 construction Opportunity Zone, including—

14 (i) the name and address of the enti-
15 ty;

16 (ii) the name and location of all facili-
17 ties owned or operated by the entity that
18 are operating in, or proposed to be oper-
19 ating in, a Reconstruction Opportunity
20 Zone;

21 (iii) the name, nationality, date and
22 place of birth, and position title of each
23 person who is an owner, director, or officer
24 of the entity; and

1 (iv) the nature of the activities of each
2 entity;

3 (C) to update the information required
4 under subparagraph (B) as changes occur; and

5 (D) to provide such information promptly
6 to the Secretary of State.

7 (e) OPPORTUNITY FOR PUBLIC COMMENT.—Before
8 the President designates an area as a Reconstruction Op-
9 portunity Zone pursuant to subsection (a), the President
10 shall provide an opportunity for interested persons to sub-
11 mit comments concerning the designation.

12 (f) NOTIFICATION TO CONGRESS.—Before the Presi-
13 dent designates an area as a Reconstruction Opportunity
14 Zone pursuant to subsection (a), the President shall notify
15 Congress of the President’s intention to make the designa-
16 tion and the reasons for making the designation.

17 **SEC. 5. DUTY-FREE TREATMENT FOR CERTAIN NONTEX-**
18 **TILE AND NONAPPAREL ARTICLES.**

19 (a) IN GENERAL.—The President may proclaim duty-
20 free treatment for—

21 (1) any article from a Reconstruction Oppor-
22 tunity Zone that the President has designated as an
23 eligible article under section 503(a)(1)(A) of the
24 Trade Act of 1974 (19 U.S.C. 2463(a)(1)(A));

1 (2) any article from a Reconstruction Oppor-
 2 tunity Zone located in Afghanistan that the Presi-
 3 dent has designated as an eligible article under sec-
 4 tion 503(a)(1)(B) of the Trade Act of 1974 (19
 5 U.S.C. 2463(a)(1)(B)); or

6 (3) any article from a Reconstruction Oppor-
 7 tunity Zone that is not a textile or apparel article,
 8 regardless of whether the article has been designated
 9 as an eligible article under subparagraph (A) or (B)
 10 of section 503(a)(1) of the Trade Act of 1974 (19
 11 U.S.C. 2463(a)(1)), if, after receiving the advice of
 12 the United States International Trade Commission
 13 pursuant to subsection (b), the President determines
 14 that the article is not import-sensitive in the context
 15 of imports from a Reconstruction Opportunity Zone.

16 (b) ADVICE CONCERNING CERTAIN ELIGIBLE ARTI-
 17 CLES.—Before proclaiming duty-free treatment for an ar-
 18 ticle pursuant to subsection (a)(3), the President shall
 19 publish in the Federal Register and provide to the United
 20 States International Trade Commission a list of articles
 21 that may be considered for such treatment. The provisions
 22 of sections 131 through 134 of the Trade Act of 1974
 23 (19 U.S.C. 2151 through 2154) shall apply to any des-
 24 ignation under subsection (a)(3) in the same manner as
 25 such sections apply to action taken under section 123 of

1 the Trade Act of 1974 (19 U.S.C. 2133) regarding a pro-
2 posed trade agreement.

3 (c) GENERAL RULES OF ORIGIN.—

4 (1) IN GENERAL.—The duty-free treatment
5 proclaimed with respect to an article described in
6 paragraph (1) or (3) of subsection (a) shall apply to
7 any article subject to such proclamation that is the
8 growth, product, or manufacture of 1 or more Re-
9 construction Opportunity Zones if—

10 (A) that article is imported directly from a
11 Reconstruction Opportunity Zone into the cus-
12 toms territory of the United States; and

13 (B)(i) with respect to an article that is an
14 article of a Reconstruction Opportunity Zone in
15 Pakistan, the sum of—

16 (I) the cost or value of the materials
17 produced in 1 or more Reconstruction Op-
18 portunity Zones in Pakistan or Afghani-
19 stan,

20 (II) the direct costs of processing op-
21 erations performed in 1 or more Recon-
22 struction Opportunity Zones in Pakistan or
23 Afghanistan, and

1 (III) the cost or value of materials
2 produced in the United States, determined
3 in accordance with paragraph (2),
4 is not less than 35 percent of the appraised
5 value of the article at the time it is entered into
6 the United States; or

7 (ii) with respect to an article that is an ar-
8 ticle of a Reconstruction Opportunity Zone in
9 Afghanistan, the sum of—

10 (I) the cost or value of the materials
11 produced in 1 or more Reconstruction Op-
12 portunity Zones in Pakistan or Afghani-
13 stan,

14 (II) the cost or value of the materials
15 produced in 1 or more countries that are
16 members of the South Asian Association
17 for Regional Cooperation,

18 (III) the direct costs of processing op-
19 erations performed in 1 or more Recon-
20 struction Opportunity Zones in Pakistan or
21 Afghanistan, and

22 (IV) the cost or value of materials
23 produced in the United States, determined
24 in accordance with paragraph (2),

1 is not less than 35 percent of the appraised
2 value of the article at the time it is entered into
3 the United States.

4 (2) DETERMINATION OF 35 PERCENT FOR ARTI-
5 CLES FROM RECONSTRUCTION OPPORTUNITY
6 ZONES.—If the cost or value of materials produced
7 in the customs territory of the United States is in-
8 cluded with respect to an article described in para-
9 graph (1), for purposes of determining the 35-per-
10 cent appraised value requirement under that para-
11 graph, not more than 15 percent of the appraised
12 value of the article at the time the article is entered
13 into the United States may be attributable to the
14 cost or value of such United States materials.

15 (d) RULES OF ORIGIN FOR CERTAIN ARTICLES OF
16 RECONSTRUCTION OPPORTUNITY ZONES IN AFGHANI-
17 STAN.—

18 (1) IN GENERAL.—The duty-free treatment
19 proclaimed with respect to an article described in
20 subsection (a)(2) shall apply to any article subject to
21 such proclamation that is the growth, product, or
22 manufacture of 1 or more Reconstruction Oppor-
23 tunity Zones in Afghanistan if—

24 (A) that article is imported directly from a
25 Reconstruction Opportunity Zone in Afghani-

stan into the customs territory of the United States; and

(B) with respect to that article, the sum of—

(i) the cost or value of the materials produced in 1 or more Reconstruction Opportunity Zones in Afghanistan,

(ii) the cost or value of the materials produced in 1 or more countries that are members of the South Asian Association for Regional Cooperation,

(iii) the direct costs of processing operations performed in 1 or more Reconstruction Opportunity Zones in Afghanistan, and

(iv) the cost or value of materials produced in the United States, determined in accordance with paragraph (2),

is not less than 35 percent of the appraised value of the product at the time it is entered into the United States.

(2) DETERMINATION OF 35 PERCENT FOR ARTICLES FROM RECONSTRUCTION OPPORTUNITY ZONES.—If the cost or value of materials produced in the customs territory of the United States is in-

1 cluded with respect to an article described in para-
 2 graph (1)(B), for purposes of determining the 35-
 3 percent appraised value requirement under that
 4 paragraph, not more than 15 percent of the ap-
 5 praised value of the article at the time the article is
 6 entered into the United States may be attributable
 7 to the cost or value of such United States materials.

8 (e) EXCLUSIONS.—An article shall not be treated as
 9 the growth, product, or manufacture of 1 or more Recon-
 10 struction Opportunity Zones, and no material shall be in-
 11 cluded for purposes of determining the 35-percent ap-
 12 praised value requirement under subsection (c)(1) or
 13 (d)(1), by virtue of having merely undergone—

14 (1) simple combining or packaging operations;

15 or

16 (2) mere dilution with water or with another
 17 substance that does not materially alter the charac-
 18 teristics of the article or material.

19 (f) DIRECT COSTS OF PROCESSING OPERATIONS.—

20 (1) IN GENERAL.—For purposes of subsections
 21 (c) and (d), the term “direct costs of processing op-
 22 erations” includes—

23 (A) all actual labor costs relating to the
 24 growth, production, manufacture, or assembly
 25 of the article, including—

- 1 (i) fringe benefits;
- 2 (ii) on-the-job training; and
- 3 (iii) costs of engineering, supervisory,
- 4 quality control, and similar personnel; and
- 5 (B) costs relating to dyes, molds, tooling,
- 6 and depreciation on machinery and equipment
- 7 that are allocable to the article.

8 (2) EXCLUDED COSTS.—For purposes of sub-
9 sections (c) and (d), the term “direct costs of proc-
10 essing operations” does not include costs that are
11 not directly attributable to the article or are not
12 costs of manufacturing the article, such as—

- 13 (A) profit; and
- 14 (B) general expenses of doing business
- 15 that are either not allocable to the article or are
- 16 not related to the growth, production, manufac-
- 17 ture, or assembly of the article, such as admin-
- 18 istrative salaries, casualty and liability insur-
- 19 ance, advertising, and salesmen’s salaries, com-
- 20 missions, or expenses.

21 (g) REGULATIONS.—The Secretary of the Treasury,
22 after consultation with the United States Trade Rep-
23 resentative, shall prescribe such regulations as may be
24 necessary to carry out this section. The regulations may

1 provide that, in order for an article to be eligible for duty-
 2 free treatment under this section, the article shall be—

3 (1) wholly the growth, product, or manufacture
 4 of 1 or more Reconstruction Opportunity Zones; or

5 (2) a new or different article of commerce that
 6 has been grown, produced, or manufactured in 1 or
 7 more Reconstruction Opportunity Zones.

8 **SEC. 6. DUTY-FREE TREATMENT FOR CERTAIN TEXTILE**
 9 **AND APPAREL ARTICLES.**

10 (a) DUTY-FREE TREATMENT.—The President may
 11 proclaim duty-free treatment for any textile or apparel ar-
 12 ticle described in subsection (b) if the President deter-
 13 mines that Pakistan or Afghanistan, as the case may be,
 14 has satisfied the requirements set forth in section 7.

15 (b) TEXTILE OR APPAREL ARTICLES DESCRIBED.—
 16 A textile or apparel article described in this subsection is
 17 an article in 1 of the following categories:

18 (1) ARTICLES OF RECONSTRUCTION OPPOR-
 19 TUNITY ZONES.—An article that—

20 (A) is the product of 1 or more Recon-
 21 struction Opportunity Zones; and

22 (B) falls within the scope of 1 of the fol-
 23 lowing textile and apparel category numbers, as
 24 set forth in the HTS (as in effect on January
 25 22, 2020):

237	641	751
330	642	752
331	643	758
333	644	759
334	650	831
335	651	832
336	653	833
341	654	834
342	665	835
350	669	836
351	733	838
353	734	839
354	735	840
360	736	842
361	738	843
362	739	844
363	740	845
369	741	846
465	742	850
469	743	851
630	744	852
631	745	858
633	746	859
634	747	863
635	748	899
636	750	

- 1 (2) ARTICLES OF RECONSTRUCTION OPPOR-
2 TUNITY ZONES IN AFGHANISTAN.—An article that—
3 (A) is the product of 1 or more Recon-
4 struction Opportunity Zones in Afghanistan;
5 and
6 (B) falls within the scope of 1 of the fol-
7 lowing textile and apparel category numbers, as
8 set forth in the HTS (as in effect on January
9 22, 2020):

201	439	459
414	440	464
431	442	670
433	444	800
434	445	810
435	446	870
436	448	871
438		

- 10 (3) CERTAIN OTHER TEXTILE AND APPAREL
11 ARTICLES.—An article that—

1 (A) is the product of 1 or more Recon-
 2 struction Opportunity Zones;

3 (B) falls within the scope of 1 of the fol-
 4 lowing textile and apparel category numbers as
 5 set forth in the HTS (as in effect on January
 6 22, 2020); and

7 (C) is covered by the corresponding de-
 8 scription for such category:

9 (i) CATEGORY 239.—An article in cat-
 10 egory 239 (relating to cotton and man-
 11 made fiber babies' garments) except for
 12 baby socks and baby booties described in
 13 subheading 6111.20.6050, 6111.30.5050,
 14 or 6111.90.5050 of the HTS.

15 (ii) CATEGORY 338.—An article in cat-
 16 egory 338 (relating to men's and boys' cot-
 17 ton knit shirts) if the article is a certain
 18 knit-to-shape garment that meets the defi-
 19 nition included in Statistical Note 6 to
 20 Chapter 61 of the HTS, and is provided
 21 for in subheading 6110.20.1026,
 22 6110.20.2067 or 6110.90.9067 of the
 23 HTS.

24 (iii) CATEGORY 339.—An article in
 25 category 339 (relating to women's and

girls' cotton knit shirts and blouses) if the article is a knit-to-shape garment that meets the definition included in Statistical Note 6 to Chapter 61 of the HTS, and is provided for in subheading 6110.20.1031, 6110.20.2077, or 6110.90.9071 of the HTS.

(iv) CATEGORY 359.—An article in category 359 (relating to other cotton apparel) except swimwear provided for in subheading 6112.39.0010, 6112.49.0010, 6211.11.8010, 6211.11.8020, 6211.12.8010, or 6211.12.8020 of the HTS.

(v) CATEGORY 632.—An article in category 632 (relating to man-made fiber hosiery) if the article is panty hose provided for in subheading 6115.21.0020 of the HTS.

(vi) CATEGORY 638.—An article in category 638 (relating to men's and boys' man-made fiber knit shirts) if the article is a knit-to-shape garment that meets the definition included in Statistical Note 6 to Chapter 61 of the HTS, and is provided

for in subheading 6110.30.2051,
6110.30.3051, or 6110.90.9079 of the
HTS.

(vii) CATEGORY 639.—An article in
category 639 (relating to women’s and
girls’ man-made fiber knit shirts and
blouses) if the article is a knit-to-shape
garment that meets the definition included
in Statistical Note 6 to Chapter 61 of the
HTS, and is provided for in subheading
6110.30.2061, 6110.30.3057, or
6110.90.9081 of the HTS.

(viii) CATEGORY 647.—An article in
category 647 (relating to men’s and boys’
man-made fiber trousers) if the article is
ski/snowboard pants that meets the defini-
tion included in Statistical Note 4 to Chap-
ter 62 of the HTS, and is provided for in
subheading 6203.43.3510, 6210.40.5031,
or 6211.20.1525 of the HTS.

(ix) CATEGORY 648.—An article in
category 648 (relating to women’s and
girls’ man-made fiber trousers) if the arti-
cle is ski/snowboard pants that meets the
definition included in Statistical Note 4 to

Chapter 62 of the HTS, and is provided for in subheading 6204.63.3010, 6210.50.5031, or 6211.20.1555 of the HTS.

(x) CATEGORY 659.—An article in category 659 (relating to other man-made fiber apparel) except for swimwear provided for in subheading 6112.31.0010, 6112.31.0020, 6112.41.0010, 6112.41.0020, 6112.41.0030, 6112.41.0040, 6211.11.1010, 6211.11.1020, 6211.12.1010, or 6211.12.1020 of the HTS.

(xi) CATEGORY 666.—An article in category 666 (relating to other man-made fiber furnishings) except for window shades and window blinds provided for in subheading 6303.12.0010 or 6303.92.2030 of the HTS.

(4) CERTAIN OTHER ARTICLES.—An article that—

(A) is the product of 1 or more Reconstruction Opportunity Zones; and

- 1 (B) falls within the scope of 1 of the fol-
- 2 lowing statistical reporting numbers of the HTS
- 3 (as in effect on January 22, 2020):

4202.12.8010	6210.20.3000	6304.99.1000
4202.12.8050	6210.20.7000	6304.99.2500
4202.22.4010	6210.30.3000	6304.99.4000
4202.22.7000	6210.30.7000	6304.99.6030
4202.22.8070	6210.40.3000	6306.22.9010
4202.92.3010	6210.40.7000	6306.29.1100
4202.92.6010	6210.50.3000	6306.29.2100
4202.92.9010	6210.50.7000	6306.40.4100
4202.92.9015	6211.20.0810	6306.40.4900
5601.29.0010	6211.20.0820	6306.91.0000
5702.39.2090	6211.32.0003	6306.99.0000
5702.49.2000	6211.33.0003	6307.10.2030
5702.50.5900	6211.42.0003	6307.20.0000
5702.99.2000	6211.43.0003	6307.90.7200
5703.90.0000	6212.10.3000	6307.90.7500
5705.00.2090	6212.10.7000	6307.90.8500
6108.22.1000	6212.90.0050	6307.90.8950
6111.90.7000	6213.90.0500	6307.90.8985
6113.00.1005	6214.10.1000	6310.90.1000
6113.00.1010	6216.00.0800	6406.99.1580
6113.00.1012	6216.00.1300	6501.00.6000
6115.29.4000	6216.00.1900	6502.00.2000
6115.30.1000	6216.00.2600	6502.00.4000
6115.99.4000	6216.00.3100	6502.00.9060
6116.10.0800	6216.00.3500	6504.00.3000
6116.10.1300	6216.00.4600	6504.00.6000
6116.10.4400	6217.10.1010	6504.00.9045
6116.10.6500	6217.10.8500	6504.00.9075
6116.10.9500	6301.90.0020	6505.10.0000
6116.92.0800	6302.29.0010	6505.90.8015
6116.93.0800	6302.39.0020	6505.90.9050
6116.99.3500	6302.59.3010	6505.90.9076
6117.10.4000	6302.99.1000	9404.90.2000
6117.80.3010	6303.99.0030	9404.90.8523
6117.80.8500	6304.19.3030	9404.90.9523
6210.10.2000	6304.91.0060	9404.90.9570
6210.10.7000		

1 (c) RULES OF ORIGIN FOR CERTAIN COVERED ARTI-

2 CLES.—

3 (1) GENERAL RULES.—Except with respect to

4 an article listed in paragraph (2) of subsection (b),

5 the President may proclaim duty-free treatment for

6 a textile or apparel article described in that sub-

7 section only if the article is imported directly into

8 the customs territory of the United States from a

9 Reconstruction Opportunity Zone and—

1 (A) the article is wholly the growth, prod-
 2 uct, or manufacture of 1 or more Reconstruc-
 3 tion Opportunity Zones;

4 (B) the article is a yarn, thread, twine,
 5 cordage, rope, cable, or braiding, and—

6 (i) the constituent staple fibers are
 7 spun in, or

8 (ii) the continuous filament fiber is
 9 extruded in,
 10 1 or more Reconstruction Opportunity Zones;

11 (C) the article is a fabric, including a fab-
 12 ric classifiable under chapter 59 of the HTS,
 13 and the constituent fibers, filaments, or yarns
 14 are woven, knitted, needled, tufted, felted, en-
 15 tangled, or transformed by any other fabric-
 16 making process in 1 or more Reconstruction
 17 Opportunity Zones; or

18 (D) the article is any other textile or ap-
 19 parel article that is cut (or knit-to-shape) and
 20 sewn or otherwise assembled in 1 or more Re-
 21 construction Opportunity Zones from its compo-
 22 nent pieces.

23 (2) SPECIAL RULES.—

24 (A) CERTAIN MADE-UP ARTICLES, TEXTILE
 25 ARTICLES IN THE PIECE, AND CERTAIN OTHER

1 TEXTILES AND TEXTILE ARTICLES.—Notwith-
 2 standing paragraph (1)(D) and except as pro-
 3 vided in subparagraphs (C) and (D) of this
 4 paragraph, subparagraph (A), (B), or (C) of
 5 paragraph (1), as appropriate, shall determine
 6 whether an article that is classifiable under 1 of
 7 the following headings or subheadings of the
 8 HTS shall be considered to meet the rules of
 9 origin of this subsection: 5609, 5807, 5811,
 10 6209.20.50.40, 6213, 6214, 6301, 6302, 6303,
 11 6304, 6305, 6306, 6307.10, 6307.90, 6308,
 12 and 9404.90.

13 (B) CERTAIN KNIT-TO-SHAPE TEXTILES
 14 AND TEXTILE ARTICLES.—Notwithstanding
 15 paragraph (1)(D) and except as provided in
 16 subparagraphs (C) and (D) of this paragraph,
 17 a textile or apparel article that is wholly formed
 18 on seamless knitting machines or by hand-knit-
 19 ting in 1 or more Reconstruction Opportunity
 20 Zones shall be considered to meet the rules of
 21 origin of this subsection.

22 (C) CERTAIN DYED AND PRINTED TEX-
 23 TILES AND TEXTILE ARTICLES.—Notwith-
 24 standing paragraph (1)(D), an article classifi-
 25 able under subheading 6117.10, 6213.00,

1 6214.00, 6302.22, 6302.29, 6302.52, 6302.53,
 2 6302.59, 6302.92, 6302.93, 6302.99, 6303.92,
 3 6303.99, 6304.19, 6304.93, 6304.99,
 4 9404.90.85, or 9404.90.95 of the HTS, except
 5 for an article classifiable under 1 of such sub-
 6 headings as of cotton or of wool or consisting
 7 of fiber blends containing 16 percent or more
 8 by weight of cotton, shall be considered to meet
 9 the rules of origin of this subsection if the fab-
 10 ric in the article is both dyed and printed in 1
 11 or more Reconstruction Opportunity Zones, and
 12 such dyeing and printing is accompanied by 2
 13 or more of the following finishing operations:
 14 bleaching, shrinking, fulling, napping, decatizing,
 15 permanent stiffening, weighting, permanent em-
 16 bossing, or moireing.

17 (D) FABRICS OF SILK, COTTON, MAN-MADE
 18 FIBER, OR VEGETABLE FIBER.—Notwith-
 19 standing paragraph (1)(C), a fabric classifiable
 20 under the HTS as of silk, cotton, man-made
 21 fiber, or vegetable fiber shall be considered to
 22 meet the rules of origin of this subsection if the
 23 fabric is both dyed and printed in 1 or more
 24 Reconstruction Opportunity Zones, and such
 25 dyeing and printing is accompanied by 2 or

1 more of the following finishing operations:
 2 bleaching, shrinking, fulling, napping, decating,
 3 permanent stiffening, weighting, permanent em-
 4 bossing, or moireing.

5 (d) RULES OF ORIGIN FOR COVERED ARTICLES
 6 THAT ARE PRODUCTS OF 1 OR MORE RECONSTRUCTION
 7 OPPORTUNITY ZONES IN AFGHANISTAN.—

8 (1) GENERAL RULES.—Duty-free treatment
 9 may be proclaimed for an article listed in subsection
 10 (b)(2) only if the article is imported directly into the
 11 customs territory of the United States from a Re-
 12 construction Opportunity Zone in Afghanistan
 13 and—

14 (A) the article is wholly the growth, prod-
 15 uct, or manufacture of 1 or more Reconstruc-
 16 tion Opportunity Zones in Afghanistan,

17 (B) the article is a yarn, thread, twine,
 18 cordage, rope, cable, or braiding, and—

19 (i) the constituent staple fibers are
 20 spun in, or

21 (ii) the continuous filament fiber is
 22 extruded in,

23 1 or more Reconstruction Opportunity Zones in
 24 Afghanistan;

(C) the article is a fabric, including a fabric classifiable under chapter 59 of the HTS, and the constituent fibers, filaments, or yarns are woven, knitted, needled, tufted, felted, entangled, or transformed by any other fabric-making process in 1 or more Reconstruction Opportunity Zones in Afghanistan; or

(D) the article is any other textile or apparel article that is cut (or knit-to-shape) and sewn or otherwise assembled in 1 or more Reconstruction Opportunity Zones in Afghanistan from its component pieces.

(2) SPECIAL RULES.—

(A) CERTAIN MADE-UP ARTICLES, TEXTILE ARTICLES IN THE PIECE, AND CERTAIN OTHER TEXTILES AND TEXTILE ARTICLES.—Notwithstanding paragraph (1)(D) and except as provided in subparagraphs (C) and (D) of this paragraph, subparagraph (A), (B), or (C) of paragraph (1), as appropriate, shall determine whether an article that is classifiable under 1 of the following headings or subheadings of the HTS shall be considered to meet the rules of origin of this subsection: 5609, 5807, 5811, 6209.20.50.40, 6213, 6214, 6301, 6302, 6303,

1 6304, 6305, 6306, 6307.10, 6307.90, 6308,
2 and 9404.90.

3 (B) CERTAIN KNIT-TO-SHAPE TEXTILES
4 AND TEXTILE ARTICLES.—Notwithstanding
5 paragraph (1)(D) and except as provided in
6 subparagraphs (C) and (D) of this paragraph,
7 a textile or apparel article that is wholly formed
8 on seamless knitting machines or by hand-knit-
9 ting in 1 or more Reconstruction Opportunity
10 Zones in Afghanistan shall be considered to
11 meet the rules of origin of this subsection.

12 (C) CERTAIN DYED AND PRINTED TEX-
13 TILES AND TEXTILE ARTICLES.—Notwith-
14 standing paragraph (1)(D), an article classifi-
15 able under subheading 6117.10, 6213.00,
16 6214.00, 6302.22, 6302.29, 6302.52, 6302.53,
17 6302.59, 6302.92, 6302.93, 6302.99, 6303.92,
18 6303.99, 6304.19, 6304.93, 6304.99,
19 9404.90.85, or 9404.90.95 of the HTS, except
20 for an article classifiable under 1 of such sub-
21 headings as of cotton or of wool or consisting
22 of fiber blends containing 16 percent or more
23 by weight of cotton, shall be considered to meet
24 the rules of origin of this subsection if the fab-
25 ric in the article is both dyed and printed in 1

1 or more Reconstruction Opportunity Zones in
 2 Afghanistan, and such dyeing and printing is
 3 accompanied by 2 or more of the following fin-
 4 ishing operations: bleaching, shrinking, fulling,
 5 napping, decating, permanent stiffening,
 6 weighting, permanent embossing, or moireing.

7 (D) FABRICS OF SILK, COTTON, MAN-MADE
 8 FIBER OR VEGETABLE FIBER.—Notwith-
 9 standing paragraph (1)(C), a fabric classifiable
 10 under the HTS as of silk, cotton, man-made
 11 fiber, or vegetable fiber shall be considered to
 12 meet the rules of origin of this subsection if the
 13 fabric is both dyed and printed in 1 or more
 14 Reconstruction Opportunity Zones in Afghani-
 15 stan, and such dyeing and printing is accom-
 16 panied by 2 or more of the following finishing
 17 operations: bleaching, shrinking, fulling, nap-
 18 ping, decating, permanent stiffening, weighting,
 19 permanent embossing, or moireing.

20 (e) REGULATIONS.—The Secretary of the Treasury,
 21 after consultation with the United States Trade Rep-
 22 resentative, shall prescribe such regulations as may be
 23 necessary to carry out this section.

1 **SEC. 7. PROTECTIONS AGAINST UNLAWFUL TRANS-**
2 **SHIPMENT.**

3 (a) DUTY-FREE TREATMENT CONDITIONED ON EN-
4 FORCEMENT MEASURES.—

5 (1) IN GENERAL.—The President may not pro-
6 claim duty-free treatment described in section 6 for
7 textile or apparel articles described in subsection (b)
8 of that section that are imported from a Reconstruc-
9 tion Opportunity Zone unless the President deter-
10 mines that the Government of Pakistan or Afghani-
11 stan, as the case may be—

12 (A) has adopted an effective visa or elec-
13 tronic certification system, domestic laws, and
14 enforcement procedures applicable to such arti-
15 cles to prevent unlawful transshipment of the
16 articles and the use of false documents relating
17 to the importation of such articles into the
18 United States;

19 (B) has enacted legislation or promulgated
20 regulations that would permit U.S. Customs
21 and Border Protection verification teams to
22 have the access necessary to investigate thor-
23 oughly allegations of unlawful transshipment
24 through Pakistan or Afghanistan, as the case
25 may be;

1 (C) agrees to provide U.S. Customs and
2 Border Protection with a monthly report on
3 shipments of such articles from each facility en-
4 gaged in the production of such articles in a
5 Reconstruction Opportunity Zone;

6 (D) will cooperate fully with the United
7 States to address and take action necessary to
8 prevent circumvention, as described in article 5
9 of the Agreement on Textiles and Clothing;

10 (E) agrees to require each entity engaged
11 in the production or manufacture of such arti-
12 cles in a Reconstruction Opportunity Zone—

13 (i) to register with the competent gov-
14 ernment authority;

15 (ii) to provide that authority with—

16 (I) the name and address of the
17 entity, including the location of all
18 textile or apparel facilities owned or
19 operated by that entity in Pakistan or
20 Afghanistan, as the case may be;

21 (II) the telephone number, fac-
22 simile number, and electronic mail ad-
23 dress of the entity;

24 (III) the names and nationalities
25 of the owners, directors, and cor-

1 porate officers of the entity, and their
2 positions within the entity;

3 (IV) the number of employees of
4 the entity and their occupations;

5 (V) a general description of the
6 textile and apparel articles described
7 in section 6(b) the entity produces
8 and the production capacity of the en-
9 tity;

10 (VI) the number and type of ma-
11 chines the entity uses to produce such
12 articles at each facility;

13 (VII) the approximate number of
14 hours the machines operate per week;

15 (VIII) the identity of any sup-
16 plier to the entity of such articles, or
17 fabrics, yarns, or fibers used in the
18 production of such articles; and

19 (IX) the name of, and contact in-
20 formation for, each of the customers
21 of the entity in the United States; and

22 (iii) to update the information under
23 clause (ii) as changes occur;

24 (F) agrees to provide to U.S. Customs and
25 Border Protection on a timely basis all of the

information received by the competent government authority under subparagraph (E) and to provide U.S. Customs and Border Protection with an annual update of that information;

(G) agrees to require that all producers and exporters of textile and apparel articles described in section 6(b) in a Reconstruction Opportunity Zone maintain complete records of the production and the export of such articles, including materials used in the production, for at least 5 years after the production or export (as the case may be); and

(H) agrees to provide, on a timely basis, at the request of U.S. Customs and Border Protection, documentation establishing the eligibility of such articles for duty-free treatment under section 6.

(2) DOCUMENTATION ESTABLISHING ELIGIBILITY OF ARTICLES FOR DUTY-FREE TREATMENT.—For purposes of paragraph (1)(H), documentation establishing the eligibility of a textile or apparel article described in section 6(b) for duty-free treatment under section 6 includes documentation such as production records, information relating to the place of production, the number and identifica-

tion of the types of machinery used in production,
the number of workers employed in production, and
certification from the manufacturer and the ex-
porter.

(b) CUSTOMS PROCEDURES AND ENFORCEMENT.—

(1) IN GENERAL.—

(A) REGULATIONS.—The Secretary of the
Treasury, after consultation with the United
States Trade Representative, shall prescribe
regulations setting forth customs procedures
similar in all material respects to the require-
ments of article 5.4 of the USMCA as imple-
mented pursuant to United States law, which
shall apply to any importer that claims duty-
free treatment for an article under section 6.

(B) DETERMINATION.—In order for arti-
cles produced in a Reconstruction Opportunity
Zone to qualify for duty-free treatment under
section 6, there shall be in effect a determina-
tion by the President that Pakistan or Afghani-
stan, as the case may be—

(i) has implemented and follows, or

(ii) is making substantial progress to-
ward implementing and following,

1 procedures and requirements similar in all ma-
2 terial respects to the relevant procedures and
3 requirements under chapter 5 of the USMCA.

4 (2) CERTIFICATE OF ORIGIN.—A certificate of
5 origin that otherwise would be required pursuant to
6 the provisions of paragraph (1) shall not be required
7 in the case of an article imported under section 6 if
8 such certificate of origin would not be required
9 under article 5.5 of the USMCA, as implemented
10 pursuant to United States law, if the article were
11 imported from Mexico.

12 (3) PENALTIES.—If the President determines,
13 based on sufficient evidence, that an entity has en-
14 gaged in unlawful transshipment described in para-
15 graph (4), the President shall deny for a period of
16 5 years beginning on the date of the determination
17 duty-free treatment under section 6 for articles of
18 the entity, any successor of the entity, and any other
19 entity owned, operated, or controlled by the prin-
20 cipals of the entity.

21 (4) UNLAWFUL TRANSSHIPMENT DESCRIBED.—
22 For purposes of this section, unlawful transshipment
23 occurs when duty-free treatment for a textile or ap-
24 parel article described in section 6(b) has been
25 claimed on the basis of material false information

concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of the preceding sentence, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for duty-free treatment under section 6.

(5) MONITORING AND REPORTS TO CONGRESS.—The Commissioner of U.S. Customs and Border Protection shall monitor and, not later than March 31 of each year, submit to Congress a report on—

(A) the effectiveness of the visa or electronic certification systems and the implementation of legislation and regulations described in subsection (a); and

(B) measures taken by the governments of Pakistan and Afghanistan to prevent circumvention as described in article 5 of the Agreement on Textile and Clothing.

(c) ADDITIONAL CUSTOMS ENFORCEMENT.—

(1) IN GENERAL.—The Commissioner of U.S. Customs and Border Protection shall—

(A) make available technical assistance to Pakistan and Afghanistan—

1 (i) in the development and implemen-
 2 tation of visa or electronic certification sys-
 3 tems, legislation, and regulations described
 4 in subparagraphs (A) and (B) of sub-
 5 section (a)(1); and

6 (ii) to train officials of Pakistan and
 7 Afghanistan in anti-transshipment enforce-
 8 ment;

9 (B) send production verification teams to
 10 Pakistan and Afghanistan as necessary; and

11 (C) to the extent feasible, include Pakistan
 12 and Afghanistan in the Electronic Certification
 13 System of U.S. Customs and Border Protection
 14 or other relevant electronic certification pro-
 15 gram.

16 (2) AUTHORIZATION OF APPROPRIATIONS.—
 17 There is authorized to be appropriated to U.S. Cus-
 18 toms and Border Protection to carry out this sub-
 19 section \$10,000,000 for each of fiscal years 2021
 20 through 2031.

21 **SEC. 8. TECHNICAL ASSISTANCE, CAPACITY BUILDING,**
 22 **COMPLIANCE ASSESSMENT, AND REMEDI-**
 23 **ATION PROGRAM.**

24 (a) DEFINITIONS.—In this section:

1 (1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term “appropriate congressional com-
3 mittees” means the Committee on Finance of the
4 Senate and the Committee on Ways and Means of
5 the House of Representatives.

6 (2) TEXTILE OR APPAREL EXPORTING ENTER-
7 PRISE.—The term “textile or apparel exporting en-
8 terprise” means a producer of textile or apparel arti-
9 cles that is located in a Reconstruction Opportunity
10 Zone and is seeking or receiving any duty-free treat-
11 ment for articles under section 6.

12 (b) ELIGIBILITY.—

13 (1) PRESIDENTIAL CERTIFICATION OF COMPLI-
14 ANCE WITH REQUIREMENTS.—Upon the expiration
15 of the 24-month period beginning on the date on
16 which the President notifies Congress of the Presi-
17 dent’s intention to designate an area within Paki-
18 stan or Afghanistan as a Reconstruction Oppor-
19 tunity Zone under section 4, duty-free treatment
20 shall continue to apply under this Act only if the
21 President determines and certifies to Congress that
22 the Government of Pakistan or Afghanistan, as the
23 case may be—

24 (A) has implemented the requirements set
25 forth in subsections (c) and (d); and

1 (B) has agreed to require textile or apparel
2 exporting enterprises to participate in the pro-
3 gram described in subsection (d) and has devel-
4 oped a system to ensure participation in such
5 program by such enterprises, including by de-
6 veloping and maintaining the registry described
7 in subsection (c)(2)(A).

8 (2) EXTENSION.—The President may extend
9 the period for compliance by Pakistan or Afghani-
10 stan under paragraph (1) if the President—

11 (A) determines that the Government of
12 Pakistan or Afghanistan, as the case may be,
13 has made a good faith effort toward such com-
14 pliance and has agreed to take additional ac-
15 tions to come into full compliance that are sat-
16 isfactory to the President; and

17 (B) not later than 180 days after the last
18 day of the 24-month period specified in para-
19 graph (1), and every 180 days thereafter, sub-
20 mits to the appropriate congressional commit-
21 tees a report identifying—

22 (i) the actions that the Government of
23 Pakistan or Afghanistan, as the case may
24 be, has agreed to take to come into full
25 compliance under paragraph (1); and

1 (ii) the progress made over the pre-
2 ceding 180-day period in implementing
3 such actions.

4 (3) CONTINUING COMPLIANCE.—

5 (A) TERMINATION OF ELIGIBILITY FOR
6 DUTY-FREE TREATMENT.—If, after making a
7 certification under paragraph (1), the President
8 determines that Pakistan or Afghanistan is no
9 longer meeting the requirements set forth in
10 paragraph (1), the President shall terminate
11 the eligibility of Pakistan or Afghanistan, as
12 the case may be, provided under section 4(b),
13 unless the President determines, after con-
14 sulting with the appropriate congressional com-
15 mittees, that meeting such requirements is not
16 practicable because of extraordinary cir-
17 cumstances existing in Pakistan or Afghani-
18 stan, as the case may be, when the determina-
19 tion is made.

20 (B) SUBSEQUENT COMPLIANCE.—If, after
21 terminating the eligibility of Pakistan or Af-
22 ghanistan under subparagraph (A), the Presi-
23 dent determines that Pakistan or Afghanistan,
24 as the case may be, is meeting the requirements
25 set forth in paragraph (1), the President shall

1 reinstate the eligibility of Pakistan or Afghani-
2 stan, as the case may be, under section 4(b).

3 (c) LABOR OFFICIAL.—

4 (1) IN GENERAL.—The governments of Paki-
5 stan and Afghanistan shall designate a labor official
6 within that Government who—

7 (A) reports directly to the President of
8 Pakistan or Afghanistan, as the case may be;

9 (B) is chosen by the President of Pakistan
10 or Afghanistan, as the case may be, in consulta-
11 tion with labor unions and industry associa-
12 tions; and

13 (C) is vested with the authority to perform
14 the functions described in paragraph (2).

15 (2) FUNCTIONS.—The functions of the labor of-
16 ficial designated under paragraph (1) shall include—

17 (A) developing and maintaining a registry
18 of textile or apparel exporting enterprises, and
19 developing, in consultation and coordination
20 with any other appropriate officials of the Gov-
21 ernment of Pakistan or Afghanistan, as the
22 case may be, a system to ensure participation
23 by such enterprises in the program described in
24 subsection (d);

1 (B) overseeing the implementation of the
2 program described in subsection (d);

3 (C) receiving and investigating comments
4 from any interested party regarding the condi-
5 tions described in subsection (d)(2) in facilities
6 of textile or apparel exporting enterprises listed
7 in the registry described in subparagraph (A)
8 and, as appropriate, referring such comments
9 or the result of such investigations to the ap-
10 propriate authorities of Pakistan or Afghani-
11 stan, as the case may be, or to the entity oper-
12 ating the program described in subsection (d);

13 (D) assisting, in consultation and coordina-
14 tion with any other appropriate authorities of
15 Pakistan or Afghanistan, as the case may be,
16 textile or apparel exporting enterprises listed in
17 the registry described in subparagraph (A) in
18 meeting the conditions described in subsection
19 (d)(2); and

20 (E) coordinating, with the assistance of the
21 entity operating the program described in sub-
22 section (d), a committee comprised of appro-
23 priate representatives of government agencies,
24 employers, and workers, as well as other rel-
25 evant interested parties, for the purposes of—

1 (i) evaluating progress in imple-
 2 menting the program described in sub-
 3 section (d); and

4 (ii) consulting on improving core labor
 5 standards and working conditions in the
 6 textile and apparel sector in Pakistan or
 7 Afghanistan, as the case may be, and on
 8 other matters of common concern relating
 9 to such core labor standards and working
 10 conditions.

11 (d) TECHNICAL ASSISTANCE, CAPACITY BUILDING,
 12 COMPLIANCE ASSESSMENT, AND REMEDIATION PRO-
 13 GRAM.—

14 (1) IN GENERAL.—The governments of Paki-
 15 stan and Afghanistan, in cooperation with the Inter-
 16 national Labour Organization, shall each establish a
 17 program meeting the requirements under paragraph
 18 (3)—

19 (A) to assess compliance by textile or ap-
 20 parel exporting enterprises listed in the registry
 21 described in subsection (c)(2)(A) with the con-
 22 ditions described in paragraph (2) and to assist
 23 such enterprises in meeting such conditions;
 24 and

1 (B) to provide assistance to improve the
2 capacity of that government—

3 (i) to inspect facilities of textile or ap-
4 parel exporting enterprises listed in the
5 registry described in subsection (c)(2)(A);
6 and

7 (ii) to enforce national labor laws and
8 resolve labor disputes, including through
9 measures described in paragraph (5).

10 (2) CONDITIONS DESCRIBED.—The conditions
11 described in this paragraph are—

12 (A) compliance with core labor standards;
13 and

14 (B) compliance with the labor laws of
15 Pakistan or Afghanistan, as the case may be,
16 that relate directly to core labor standards and
17 to ensuring acceptable conditions of work with
18 respect to minimum wages, hours of work, and
19 occupational health and safety.

20 (3) REQUIREMENTS.—The program established
21 under paragraph (1) shall—

22 (A) be operated by the International
23 Labour Organization (or any subdivision, in-
24 strumentality, or designee thereof) that pub-

lishes annual reports in accordance with paragraph (4);

(B) be developed through a participatory process that includes the labor official designated pursuant to subsection (c) and appropriate representatives of government agencies, employers, and workers;

(C) assess compliance by each textile or apparel exporting enterprise listed in the registry described in subsection (c)(2)(A) with the conditions described in paragraph (2) and identify any deficiencies by such enterprise with respect to meeting such conditions, including—

(i) by conducting site visits to facilities of the enterprise;

(ii) by conducting confidential interviews with workers and management of the facilities of the enterprise; and

(iii) by providing to management and workers, and as applicable, worker organizations in the enterprise, on a confidential basis—

(I) the results of the assessment carried out under this subparagraph; and

1 (II) specific suggestions for reme-
2 diating any such deficiencies;

3 (D) assist the textile or apparel exporting
4 enterprise in remediating any deficiencies iden-
5 tified under subparagraph (C);

6 (E) conduct prompt follow-up site visits to
7 the facilities of the textile or apparel exporting
8 enterprise to assess progress on remediation of
9 any deficiencies identified under subparagraph
10 (C); and

11 (F) provide training to workers and man-
12 agement of the textile or apparel exporting en-
13 terprise, and as appropriate, to other persons or
14 entities, to promote compliance with the condi-
15 tions described in paragraph (2).

16 (4) ANNUAL REPORT.—

17 (A) IN GENERAL.—Not later than 1 year
18 after the date on which Pakistan or Afghani-
19 stan, as the case may be, has implemented the
20 program under this subsection, and annually
21 thereafter, the entity operating the program
22 shall publish a report, covering the preceding 1-
23 year period, that includes the following:

24 (i) The name of each textile or ap-
25 parel exporting enterprise listed in the reg-

1 istry described in subsection (c)(2)(A) that
2 has been identified as having met the con-
3 ditions described in paragraph (2).

4 (ii) The name of each textile or ap-
5 parel exporting enterprise listed in the reg-
6 istry described in subsection (c)(2)(A) that
7 has been identified as having deficiencies
8 with respect to the conditions set forth in
9 paragraph (2), and has failed to remedy
10 such deficiencies.

11 (iii) For each textile or apparel ex-
12 porting enterprise listed under clause (ii)—

13 (I) a description of the defi-
14 ciencies found to exist and the specific
15 suggestions for remediating such defi-
16 ciencies made by the entity operating
17 the program;

18 (II) a description of the efforts
19 by the enterprise to remediate the de-
20 ficiencies, including a description of
21 assistance provided by any entity to
22 assist in such remediation; and

23 (III) with respect to deficiencies
24 that have not been remediated, the
25 amount of time that has elapsed since

1 the deficiencies were first identified in
2 a report under this subparagraph.

3 (iv) For each textile or apparel ex-
4 porting enterprise identified as having defi-
5 ciencies with respect to the conditions de-
6 scribed in paragraph (2) in a previous re-
7 port under this subparagraph—

8 (I) a description of the progress
9 made in remediating such deficiencies
10 since the submission of the previous
11 report; and

12 (II) an assessment of whether
13 any aspect of such deficiencies per-
14 sists.

15 (B) AVAILABILITY.—Each report required
16 by subparagraph (A) shall be made available to
17 the public in a readily accessible manner.

18 (5) CAPACITY BUILDING.—The assistance to
19 the governments of Pakistan and Afghanistan re-
20 ferred to in paragraph (1)(B) shall include pro-
21 grams—

22 (A) to review the labor laws and regula-
23 tions of Pakistan and Afghanistan and to de-
24 velop and implement strategies for improving
25 labor laws and regulations;

1 (B) to develop additional strategies for fa-
2 cilitating protection of core labor standards and
3 providing acceptable conditions of work with re-
4 spect to minimum wages, hours of work, and
5 occupational safety and health, including
6 through legal, regulatory, and institutional re-
7 form;

8 (C) to increase awareness of core labor
9 standards and national labor laws;

10 (D) to promote consultation and coopera-
11 tion between government representatives, em-
12 ployers, worker representatives, and United
13 States importers on matters relating to core
14 labor standards and national labor laws;

15 (E) to assist the labor official designated
16 pursuant to subsection (c) in establishing and
17 coordinating operation of the committee de-
18 scribed in subsection (c)(2)(E);

19 (F) to assist worker representatives in
20 more fully and effectively advocating on behalf
21 of members; and

22 (G) to provide on-the-job training and
23 technical assistance to labor inspectors, judicial
24 officers, and other relevant personnel to build

1 capacity to enforce national labor laws and re-
2 solve labor disputes.

3 (e) COMPLIANCE WITH ELIGIBILITY CRITERIA.—

4 (1) COUNTRY COMPLIANCE WITH CORE LABOR
5 STANDARDS ELIGIBILITY CRITERIA.—In making a
6 determination of whether Pakistan or Afghanistan,
7 as the case may be, is meeting the requirement set
8 forth in section 4(b)(1)(E) relating to core labor
9 standards, the President shall consider the reports
10 required by subsection (d)(4).

11 (2) ENTERPRISE ELIGIBILITY.—

12 (A) IDENTIFICATION OF PRODUCERS.—

13 Not later than 2 years after the date on which
14 the President makes the certification under
15 subsection (b)(1), and every 2 years thereafter,
16 the President shall identify whether a textile or
17 apparel exporting enterprise listed in the reg-
18 istry described in subsection (c)(2)(A) has
19 failed to comply with core labor standards and
20 the labor laws of Pakistan or Afghanistan, as
21 the case may be, that directly relate to and are
22 consistent with core labor standards.

23 (B) ASSISTANCE TO ENTERPRISES; WITH-
24 DRAWAL, SUSPENSION, OR LIMITATION OF
25 DUTY-FREE TREATMENT.—For each textile or

1 apparel exporting enterprise that the President
2 identifies under subparagraph (A), the Presi-
3 dent shall seek to assist such enterprise in com-
4 ing into compliance with core labor standards
5 and the labor laws of Pakistan or Afghanistan,
6 as the case may be, that directly relate to and
7 are consistent with core labor standards. If
8 such efforts fail, the President shall withdraw,
9 suspend, or limit the application of duty-free
10 treatment under section 6 to articles of such
11 enterprise.

12 (C) REINSTATING DUTY-FREE TREAT-
13 MENT.—If, after withdrawing, suspending, or
14 limiting the application of duty-free treatment
15 under subparagraph (B) to articles of a textile
16 or apparel exporting enterprise, the President
17 determines that such enterprise is complying
18 with core labor standards and the labor laws of
19 Pakistan or Afghanistan, as the case may be,
20 that directly relate to and are consistent with
21 core labor standards, the President shall rein-
22 state the application of duty-free treatment
23 under section 6 to the articles of the enterprise.

24 (D) CONSIDERATION OF REPORTS.—In
25 making the identification under subparagraph

1 (A) and the determination under subparagraph
 2 (C), the President shall consider the reports re-
 3 quired by subsection (d)(4).

4 (f) REPORTS BY THE PRESIDENT.—

5 (1) IN GENERAL.—Not later than 1 year after
 6 the date of the enactment of this Act, and annually
 7 thereafter, the President shall submit to the appro-
 8 priate congressional committees a report on the im-
 9 plementation of this section during the preceding 1-
 10 year period.

11 (2) MATTERS TO BE INCLUDED.—Each report
 12 required by paragraph (1) shall include the fol-
 13 lowing:

14 (A) An explanation of the efforts of the
 15 governments of Pakistan and Afghanistan, the
 16 President, and the International Labour Orga-
 17 nization to carry out this section.

18 (B) A summary of each report required by
 19 (d)(4) during the preceding 1-year period and a
 20 summary of the findings contained in such re-
 21 port.

22 (C) Identifications made under subsection
 23 (e)(2)(A) and determinations made under sub-
 24 section (e)(2)(C).

1 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
2 authorized to be appropriated to carry out this section
3 \$20,000,000 for the period beginning on October 1, 2021,
4 and ending on September 30, 2031.

5 **SEC. 9. REVIEW OF ELIGIBILITY OF PAKISTAN AND AF-**
6 **GHANISTAN.**

7 (a) IN GENERAL.—Any interested party may file a
8 request to have the President review the eligibility of Paki-
9 stan or Afghanistan under section 4(b) for the designation
10 of Reconstruction Opportunity Zones under this Act.

11 (b) PROCEDURES.—To carry out subsection (a), the
12 President shall use the same procedures applicable to re-
13 viewing the eligibility of countries for designation as bene-
14 ficiary developing countries under section 502 of the
15 Trade Act of 1974 (19 U.S.C. 2462).

16 **SEC. 10. LIMITATIONS ON PROVIDING DUTY-FREE TREAT-**
17 **MENT.**

18 (a) IN GENERAL.—

19 (1) PROCLAMATION.—Except as provided in
20 paragraph (2), and subject to subsection (b) and the
21 conditions described in sections 4 through 8, the
22 President shall exercise the President’s authority
23 under this Act and proclaim any duty-free treatment
24 pursuant to that authority.

1 (2) WAIVER.—The President may waive the ap-
 2 plication of duty-free treatment under this Act with
 3 respect to articles imported from Reconstruction Op-
 4 portunity Zones in Pakistan or Afghanistan or tex-
 5 tile or apparel exporting enterprises receiving duty-
 6 free treatment under section 5 or 6 if the President
 7 determines that providing such treatment is incon-
 8 sistent with the national interests of the United
 9 States. In making such a determination, the Presi-
 10 dent shall consider—

11 (A) obligations of the United States under
 12 international agreements;

13 (B) the national economic interests of the
 14 United States; and

15 (C) the foreign policy interests of the
 16 United States, including the economic develop-
 17 ment of—

18 (i) the border region of Pakistan; and

19 (ii) Afghanistan.

20 (b) WITHDRAWAL, SUSPENSION, OR LIMITATION OF
 21 DUTY-FREE TREATMENT.—

22 (1) IN GENERAL.—The President may with-
 23 draw, suspend, or limit the application of duty-free
 24 treatment proclaimed under this Act.

1 (2) RECONSTRUCTION OPPORTUNITY ZONES.—

2 In taking any action to withdraw, suspend, or limit
3 duty-free treatment with respect to articles imported
4 from Reconstruction Opportunity Zones, the Presi-
5 dent shall consider the factors set forth in—

6 (A) subsections (b) and (c) of section 4 of
7 this Act; and

8 (B) subsections (b) and (c) of section 502
9 of the Trade Act of 1974 (19 U.S.C. 2462 (b)
10 and (c)).

11 (3) ENTERPRISES.—In taking any action to
12 withdraw, suspend, or limit duty-free treatment with
13 respect to textile or apparel exporting enterprises re-
14 ceiving duty-free treatment under section 5 or 6, the
15 President shall consider—

16 (A) the factors set forth in—

17 (i) subsections (b) and (c) of section
18 4 of this Act; and

19 (ii) subsections (b) and (c) of section
20 502 of the Trade Act of 1974 (19 U.S.C.
21 2462 (b) and (c));

22 (B) the information described in section
23 4(d) relating to verification of the ownership
24 and nature of the activities of such enterprises;
25 and

1 (C) any other relevant information the
2 President determines to be appropriate.

3 (c) NOTICE TO CONGRESS.—The President shall no-
4 tify Congress—

5 (1) of any action the President takes to with-
6 draw, suspend, or limit the application of duty-free
7 treatment with respect to Reconstruction Oppor-
8 tunity Zones in Pakistan or Afghanistan or textile or
9 apparel exporting enterprises receiving duty-free
10 treatment under section 5 or 6; and

11 (2) if Pakistan or Afghanistan fails to ade-
12 quately satisfy the factors set forth in—

13 (A) subsections (b) and (c) of section 4 of
14 this Act; or

15 (B) subsections (b) and (c) of section 502
16 of the Trade Act of 1974 (19 U.S.C. 2462).

17 **SEC. 11. TERMINATION OF DUTY-FREE TREATMENT.**

18 Duty-free treatment provided under this Act shall re-
19 main in effect through September 30, 2031.

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