

MEMORANDUM

TO: PETER ALLGEIR
ASSOCIATE U.S. TRADE REPRESENTATIVE
FOR WESTERN HEMISPHERE

FROM: CACTAC – CENTRAL AMERICA AND & CARIBBEAN TEXTILES AND APPAREL
COUNCIL

DATE: AUGUST 8, 2000

RE: AGREEMENT AMONG THE CBI COUNTRIES TO IMPLEMENT THE CARIBBEAN
BASIN ECONOMIC RECOVERY ACT, ENHANCEMENT LEGISLATION, AS INCLUDED
IN THE TRADE AND DEVELOPMENT ACT 2000

This Agreement has been reached among the members of the Central American and Caribbean Textiles and Apparel Council. CACTAC is an interest group representing the textiles and apparel industry from the CBI Countries. This Agreement maximizes the benefits of the Act in our Countries. As such, it is not intended to be construed as a Treaty or Compact involving the sovereign powers of the CBI Countries. It represents an agreed mechanism to maximize the benefits of the Act and to allow the appropriate US Agency, or Department to efficiently and fairly administer the Act.

The enclosed therefore, sets forth the agreements reached among CBI countries to allocate the caps on knit fabric and dozens of t-shirts provided for in the Trade and Development Act of 2000 (hereinafter referred to as the Act). The countries have agreed to a country by country allocation that includes the consensus of all the CBI countries, by their respective governments, or through agreement of the countries represented by CARICOM, as is appropriate (see Allocation Matrix). The caps were included in the Act in order to phase in the production of regional fabric over a period of time, with growth rates included, and hopes the necessary cap adjustments are made in the near future. Countries. believe this agreement is necessary to ensure a certain investment climate during the implementation of the Act.

The general guidelines contained here in provide a fair and equitable manner of implementing the Trade and Development Act of 2000 and requests that the applicable U.S. Agency, or Department, initiate the process of clearance and approval so that this CACTAC Agreement becomes the implementing system for administering the cap levels set forth in the Trade and Development Act of 2000.

The countries have agreed that there will be establishment of a Regional Body or entity to administer the caps, to issue and authorize certificates of origin, to oversee the administration of the allocations, including any pooling of unused cap availability, and to provide a dispute resolution mechanism to ensure that the United States may rely on the agreed to documentation and procedures in administering the relevant parts of the Act.

1. Country Allocations

Exhibit A, which is attached hereto and incorporated herein, sets forth, the 250 Million SME's allocated to each country for knit fabric and the 4.2 Million dozen t-shirts similarly allocated as a result the agreement of the countries.

2. Regional Body:

The Regional Body established will function with a Board of representatives from the following parties:

CARICOM
Costa Rica
Dominican Republic
El Salvador
Guatemala
Haiti
Honduras
Nicaragua
Panama

3. Certification Process

In order to guarantee strict compliance, certification will take place by the countries and The Regional Body as follows:

- A. Each shipment of U.S. yarn must include a Certificate of Origin or other documentation of proof,
- B. The factory that knits the U.S. certified yarn into fabric, will certify the amount produced.
- C. The apparel manufacturer must certify the utilization of the qualified regional knit fabric.
- D. The country allocating the cap must complete the Certificate of Origin for export to the U.S. and forward all information to the CBI Regional Body, which for this purpose will act as a clearing house. Each country will designate its own authority to issue this documentation according to the allocation in the matrix,
- E. The Regional Body will certify the origin for all qualifying shipments under both of the Regional Fabric Caps. However, each country will maintain full autonomy in the local administration. In this line, the Forms or Certificates agreed upon with U.S. Customs for the purpose, will be completed by the local authority (s) in the country where the fabric is manufactured from U.S. yarn as well in the country where the apparel is manufactured, if the two are different.
- F. The Regional Body will issue a unique identifying number for each Certificate. Procedures and time frames regarding these issues will be determined by the Regional Body in coordination with the country authority with the understanding that Certificates will be issued in a timely manner after receipt of each request.
- G. The applicable United States Agency, or Department, may rely on the certificate of the Regional Body in admitting shipments to the United States as qualified for the benefits of the Act, and shall be free of responsibility to look beyond the aforementioned documents and certificates.

4.- Dispute Resolution Mechanism

It is agreed among the countries that any decision of the Regional Body may be appealed. The appeal will be by arbitration, binding on the parties, without right of appeal to another body.

5.- Transshipment

The Regional Body shall provide any necessary information and support to any United States Government Agency, or Department, which requests it concerning the administration of the Act. In the event of a question about an effort to circumvent applicable laws by transshipment, rerouting, false declaration concerning country or place of origin, or falsification of documents, the countries and the Regional Body shall expeditiously provide all information or assistance so requested. The corresponding U.S. Agency shall likewise provide on reciprocal basis, the relevant information to pursue cases related to, above.

6.- Notices to the Applicable United States Agency, or Department.

The Regional Body will keep the applicable United States Agency or Department fully apprised of its actions and will immediately notify the United States of any changes in allocations, or procedures, and any instances of violations of applicable law, including the Act.

CACTAC welcomes the opportunity to discuss our points views with the U.S. Agencies involved in the implementation of the Act in order to assure strict compliance, readiness and optimum advantage of the enhancement benefits.

Note: The Country by Country Allocation Matrix is part of this document.

End.