

**SUPPORTING STATEMENT FOR
UNITED STATES INTERNATIONAL TRADE COMMISSION
PURCHASER QUESTIONNAIRE
COMMERCIAL AVAILABILITY OF FABRIC AND YARNS IN AGOA COUNTRIES**

A. Justification

1. Statutory requirement– In December 2006, the President signed legislation that amends the African Growth and Opportunity Act (AGOA) to require the U.S. International Trade Commission to make certain determinations with respect to the commercial availability of regional fabric and yarn in beneficiary sub-Saharan African countries, and the amount used. Pursuant to section 112(c)(2)(B)(ii) of AGOA (19 U.S.C. 3721(c)(2)(B)(ii)), the Commission must determine by September 30, 2007, whether the denim articles described in section 112(c)(2)(C) of AGOA will be available in commercial quantities during the period October 1, 2007-September 30, 2008 (FY 2008), and, if so, the quantity that will be available. In response, the Commission instituted investigation No. AGOA-07, *Commercial Availability of Fabric and Yarns in AGOA Countries*, for the purpose of gathering information and making the required determination. (For the amendments to AGOA, see the sections of Public Law 109-432 in Attachment 1.)
2. Purpose– The Commission will collect information through questionnaires, which will be tabulated and used by the Commission in making the determinations described above. The Commission expects to transmit its report containing these determinations to the President by September 25, 2007. A public version of the report will be issued shortly thereafter. The information to be collected is critical to the Commission's task because it will provide the basis for the Commission's determination as to whether the subject denim will be commercially available in FY 2008 and, if so, the quantity that will be available in FY 2008.
3. Technology– All available information technology has been incorporated into the questionnaire design and processing to reduce the reporting burden. The questionnaire is designed to be submitted electronically (via email) if respondents choose to do so.
4. Non-duplication– The Commission is conducting its investigation in such a manner as to rely to the greatest extent possible on existing publicly available data collections by other government agencies and private sources. After a thorough search of data sources for this investigation, it has been determined that no other industry, government, or academic organizations collect or publish data that are duplicative of the data requested in the questionnaires.

Although there are limited data on production and shipments of textile and apparel articles in sub-Saharan Africa, these data are only available at a highly aggregated level and do not include the product-specific data required for the study. Moreover, U.S. import data on apparel articles that are made of denim do not distinguish between different types of denim and in some instances do not distinguish between denim and other types of fabric.

5. Small businesses– Some of the companies that will receive a purchaser questionnaire may be "small businesses" as defined by the Small Business Administration Rules (13 CFR Part 121). Some of the purchasers are members of the African Coalition of Trade, which has assisted the Commission in the drafting of the questionnaires. To minimize the reporting burden, the purchaser questionnaire was designed to be as brief as possible, consistent with information requirements. Check-in type questions are used where appropriate to simplify questionnaire response. Also, the questionnaires indicate that carefully prepared estimates are acceptable; this should further reduce the potential burden on smaller firms that may not have the administrative resources or automated record systems

of larger firms in the industry.

6. Consequences of non-collection– The data needed by the Commission to make its determinations are not available from other sources, Without this information collection, the Commission will be unable to discharge its responsibility, as set forth in section 112(c) of AGOA, as amended.

7. Special circumstances– Not applicable.

8a. Consistency with 5 CFR 1320.6 guidelines– No special circumstances exist that require the collection to be conducted in a manner inconsistent with the guidelines of 5 CFR 1320.6. If any respondents do not maintain information in the format requested by the questionnaires, they are permitted to submit carefully prepared estimates based upon available information and their best estimates.

8b. Consultations–The Commission’s notice of submission to OMB requesting clearance under emergency approval provisions will be submitted to the Federal Register on June 8, 2007. The notice will be posted on the Commission’s Internet site (<http://www.usitc.gov>).

Certain Denim

From May 3 - May 19, 2007, the Commission field-tested the purchasers’ questionnaire for certain denim with regard to the availability of data, reporting burden, product coverage and definitions, clarity of instructions, disclosure, and reporting format. The following representatives of associations and companies were consulted on the content of the questionnaires and all received copies of the questionnaire.

1. Paul Ryberg, African Coalition for Trade, Inc. (represents a number of the sub-Saharan African firms that either produce denim or purchase denim for their production of denim apparel), (202-996-1094)
2. Maurice Vigier de Latour, Managing Director, Denim de l’île, Ltd, Republic of Mauritius (Denim de l’île, Ltd is a vertically integrated company that produces yarn, denim fabric, and downstream denim apparel products), (*JennifferG@DDI.mu*)
3. Eugenia Chang, President, China Garment Manufacturers (CGM) and President, United Clothing (PTY) Ltd., The Kingdom of Lesotho (United Clothing is part of the CGM group. CGM produces denim fabric in South Africa; United Clothing is one of CGM’s apparel firms.) (*Eugenia@appias.com.tw*)
4. Jean Abris, Manager, Ho’s Enterprise (PTY) LTD, Nhlanguano, The Kingdom of Swaziland. (Ho’s Enterprise is an apparel producer.) (*hos@swazi.net*)

The following table provides comments from industry sources and actions taken during preparation of the questionnaire for purchasers of the subject denim. “FT” refers to the version of the questionnaire that was field-tested. “FV” refers to the final version.

Page/question number(s)	Comments/Suggestions	Adjustments to Questionnaire
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FT – 8/II-5 FV – 8/II-7	Do you want to ask if firms have a regular supplier with whom they do business on an ongoing basis? If so, what % of their denim do they acquire from such regular supplier? Where are they located? Are they a related entity?	Suggestion adopted.
FT – 9/II-9 FV – 8/II-9	Do you want to ask if their customers (i.e., U.S. jeans importers require pre-qualification of their denim before placing an order? If so, describe standards, etc.	Suggestion adopted.
FT – 11/II-12 FV – 3/I-4, 8/II-7	Do you want to ask if their purchases are affected by whether the supplier is a related entity?	In an effort to reduce burden, some questions were consolidated or eliminated, including question referenced here. Comment was addressed through adjustments to other questions.
FT – 12/III-2 FV – 10/II-1	Ask why firms order from one country over another.	Already included in other questions.
FT – 12/III-3 FV – 11/III-7	Are any types of denim not produced in Africa?	Suggestion adopted.
FT – 13/III-5 FV – 10/III-2	Please describe any quality differences.	Suggestion reflected in other questions, as appropriate.
FT – 14/III-6 FV –	Please address quality differences.	Suggestion reflected in other questions, as appropriate.
FT – 16 FV – 13	The amount of information sought is consequential. The specific information related to purchase data is too detailed and would be burdensome to compile and should therefore be simplified.	Purchase product definitions are based on input from industry sources. These sources indicated that broader definitions would not be useful because of variations in product mix. Therefore suggestion not adopted. However, reporting time period was reduced to reduce burden.
FT – 6/II-2 and 17-19/III-11 – III-13 FV – 6/II-2, 14-16/III-9 – III-11	Firms commented that reporting on Oct. 1 – Sept. 30 basis would require some adjustments as the period does not conform to their respective fiscal years.	No change was made. The statute's requirements are in terms of the U.S. government's fiscal years. The firms commenting on this issue reported using different fiscal years. Therefore any annual period chosen would require adjustments on the part of some firms. In addition to allowing estimates, the Commission reduced the number of years required for some of the information requested.
	Report data in linear yards or linear meters rather than square meters	Relevant questions were changed.

9. Payments or gifts– Not applicable. Questionnaire recipients will not be provided with any payments or gifts for their responses.

10. Confidentiality– The first page of the purchaser questionnaire states: “The commercial and financial data furnished in response to this questionnaire that reveal the individual operations of your firm will be treated as confidential by the Commission to the extent that such data are not otherwise

available to the public and will not be disclosed except as described in the certification paragraph below, and as may be required by law.” However, the Commission notes that confidential business information submitted may be included in the confidential version of the report it sends to the President. On page 2 of the instructions for the questionnaires, confidentiality is further addressed under “Confidentiality.” Submissions of information as confidential are accepted under 19 CFR 201.6.

11. Sensitive information– Information on issues of a sensitive nature involving persons is not being sought.

12. Response burden– The Commission attempted to reduce burden on respondents by designing the questionnaires so that firms can easily identify those sections which apply to their operations. Some of the requested data being collected are largely qualitative in nature and should require relatively little time to complete.

The Commission estimates the following burden will be placed on respondents:

Purchasers’ questionnaire – Certain Denim from Beneficiary sub-Saharan African Countries

Number of respondents	(No.)	40
Frequency of response:	(No.)	1
Annual burden per respondent:	(hours)	10
Total burden:	(hours)	400

These estimates are based on past Commission experience with similar questionnaires and from consulting with potential respondents. The burden on individual respondents may vary widely. The variance is due to the following reason:

The questionnaires are constructed so that meaningful data can be obtained from firms with complex business operations; some sections of the questionnaires may not apply to respondents with comparatively simple operations.

The Commission included a notice of the above response burden averages in the questionnaires, along with a request that respondents send comments to the Commission and to OMB. The Commission used the standard format recommended by OMB.

The combined annualized cost to all respondents for the estimated hour burdens identified above is as follows:

$$\text{Cost} = 400 \text{ hours} \times \$53.43^* \text{ per hour} = \$21,372$$

*This is the same hourly cost used in item 14 below. The Commission projects that this is an accurate cost estimate of personnel who will likely complete the questionnaires.

13. Estimated Annual Cost Burden to Respondents and Recordkeepers– The total annual cost burden is zero, as explained below.

a. Total capital and start-up cost component.–The Commission does not expect any capital and start-up costs because all information already exists in records storage facilities in office and resides with the firms’ personnel.

b. Total operation and maintenance and purchase of service component.–The

Commission does not expect respondents will need to purchase any services in completing the questionnaires.

14. Annualized Cost to the Federal Government– The estimated total cost to the Federal Government is \$55,567 as detailed below. No new equipment will be purchased because existing equipment will be used to process the questionnaires.

The estimated number of work hours includes designing the questionnaires, soliciting field test comments, editing results (i.e., contacting respondents after completion of the questionnaires to clarify responses), and compiling and tabulating questionnaire responses.

Cost = 1,040 hours x \$53.43* per hour = \$55,567

*The hourly figure was approximated by dividing the Commission's average salary level (\$111,135) by the number of work hours per year (2,080).

15. Change in burden– The President signed legislation that amends the African Growth and Opportunity Act (AGOA) to require the U.S. International Trade Commission to make certain determinations with respect to the commercial availability of regional fabric and yarn in beneficiary sub-Saharan African countries, and the amount used. Such data is not publicly available. This is a one-time collection.

16. Project plan and schedule– After receiving the completed questionnaires, the Commission's staff will edit and review each response for accuracy, resolve any questions with the respondent, and tabulate the returns. Data will be analyzed and compiled, and prepared for transmittal to the President. For the public report, data that will reveal the individual operations of any respondent will be redacted. The questionnaires are scheduled to be mailed on or before June 25, 2007. The respondents are requested to respond by July 18, 2007. The report incorporating the questionnaire information will be submitted to the Commission by early September and to the President by September 25, 2007.

17. Non-display of expiration date– Not applicable.

18. Exceptions to certification statement to form OMB 83-I– Not applicable.

B. Collections of Information Employing Statistical Methods

This proposed information collection does not employ statistical methods because sufficient data to develop a sample using such methods are not available. The sample was developed to minimize the inclusion of very small firms. All of the potential respondents are located in sub-Saharan Africa. Given the limited available information, any attempt to use statistical methods would not reduce burden or improve the accuracy of results.

Attachment 1

H.R.6111

Tax Relief and Health Care Act of 2006 (Enrolled as Agreed to or Passed by Both House and Senate)

**TITLE VI--AFRICAN GROWTH AND OPPORTUNITY ACT
SEC. 6001. SHORT TITLE.**

This title may be referred to as the `Africa Investment Incentive Act of 2006'.

**SEC. 6002. PREFERENTIAL TREATMENT OF APPAREL
PRODUCTS OF LESSER DEVELOPED COUNTRIES.**

(a) In General- Section 112 of the African Growth and Opportunity Act (19 U.S.C. 3721) is amended--

(1) by redesignating subsections (c) through (f) as subsections (d) through (g);

(2) in subsection (b)--

(A) in the matter preceding paragraph (1), by striking `The' and inserting `Subject to subsection (c), the' ; and

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(3) by inserting after subsection (b) the following new subsection:

'(c) Lesser Developed Countries-

'(1) PREFERENTIAL TREATMENT OF PRODUCTS THROUGH
SEPTEMBER 30, 2012-

'(A) PRODUCTS COVERED- In addition to the products described in subsection (b), and subject to paragraph (2), the preferential treatment described in subsection (a) shall apply through September 30, 2012, to apparel articles wholly assembled, or knit-to-shape and wholly assembled, or both, in one or more lesser developed beneficiary sub-Saharan African countries, regardless of the country of origin of the fabric or the yarn used to make such articles, in an amount not to exceed the applicable percentage of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available.

'(B) APPLICABLE PERCENTAGE- For purposes of subparagraph (A), the term `applicable percentage' means--

'(i) 2.9285 percent for the 1-year period beginning on October 1, 2005; and

'(ii) 3.5 percent for the 1-year period beginning on October 1, 2006, and each 1-year period thereafter through September 30, 2012.

'(2) SPECIAL RULES FOR PRODUCTS IN COMMERCIAL QUANTITIES IN AFRICA-

'(A) PETITION PROCESS- Upon a petition filed by an interested party (which may include a foreign manufacturer), the Commission shall determine whether a fabric or yarn produced in beneficiary sub-Saharan African countries is available in commercial quantities for use by lesser developed beneficiary sub-Saharan African countries.

'(B) EFFECT OF AFFIRMATIVE DETERMINATION-

'(i) DETERMINATION OF QUANTITY AVAILABLE- If the Commission determines under subparagraph (A) that a fabric or yarn produced in beneficiary sub-Saharan African countries is available in commercial quantities for use by lesser developed beneficiary sub-Saharan African countries, the Commission shall determine the quantity of the fabric or yarn that will be so available in lesser developed beneficiary sub-Saharan African countries in the applicable 1-year period beginning after the determination is made.

'(ii) DETERMINATIONS- In each case in which the Commission determines that a fabric or yarn is available in commercial quantities under subparagraph (A) for an applicable 1-year period, the Commission shall determine, before the end of that applicable 1-year period--

'(I) whether the fabric or yarn produced in beneficiary sub-Saharan African countries will be available in commercial quantities in the succeeding applicable 1-year period; and

'(II) if so, the quantity of the fabric or yarn that will be so available in that succeeding 1-year period, subject to clause (iii).

'(iii) DETERMINATION REGARDING IMPORTED ARTICLES- After the end of each applicable 1-year period for which a determination under clause (i) is in effect, the Commission shall determine to what extent the quantity of the fabric or yarn determined under clause (i) to be available in commercial quantities for use by lesser developed beneficiary sub-Saharan African countries was used in the production of apparel articles receiving preferential treatment under paragraph (1) that were

entered in that applicable 1-year period. To the extent that the quantity so determined was not so used, then the Commission shall add to the quantity of that fabric or yarn determined to be available in the next applicable 1-year period the quantity not so used in the preceding applicable 1-year period.

'(C) DENIM- Denim articles provided for in subheading 5209.42.00 of the Harmonized Tariff Schedule of the United States shall be deemed to have been determined to be in abundant supply under subparagraph (A) in an amount of 30,000,000 square meter equivalents for the 1-year period beginning October 1, 2006.

'(D) PRESIDENTIAL AUTHORITY TO RESTRICT IMPORTS-

'(i) IN GENERAL- Subject to clause (ii), the President may by proclamation provide that apparel articles otherwise eligible for preferential treatment under paragraph (1) that contain a fabric or yarn determined to be available in commercial quantities under subparagraph (A) may not receive such preferential treatment in an applicable 1-year period unless--

'(I) the fabric or yarn in such articles was produced in 1 or more beneficiary sub-Saharan African countries; or

'(II) the Commission has determined that the quantity of the fabric or yarn determined under subparagraph (B) (or (C), as the case may be) to be available in lesser developed beneficiary sub-Saharan African countries for that applicable 1-year period has already been used in the production of apparel articles receiving preferential treatment under paragraph (1) that were entered in that applicable 1-year period.

'(ii) MANDATORY RESTRICTION- If a fabric or yarn is determined to be available in commercial quantities under subparagraph (A) in an applicable 1-year period, and for 2 consecutive applicable 1-year periods the quantities determined to be so available are not used in the production of apparel articles receiving preferential treatment under paragraph (1) that were entered during those 2 applicable 1-year periods, then beginning in the succeeding applicable 1-year period, apparel articles containing that fabric or yarn are ineligible for preferential treatment under paragraph (1) in any succeeding applicable 1-year period unless the Commission has determined that the quantity of the fabric or yarn determined under subparagraph (B) (or (C), as the case may be) to be available in lesser developed beneficiary sub-Saharan African countries for that applicable 1-year period has already been used in the production of apparel articles receiving preferential treatment under paragraph (1) that were entered in that

applicable 1-year period.

'(E) PROCEDURES- The Commission shall use the procedures prescribed in subsection (b)(3)(C)(iv) for the Secretary of Commerce in making determinations under this paragraph.

'(3) REMOVAL OF DESIGNATION OF FABRICS OR YARNS NOT AVAILABLE IN COMMERCIAL QUANTITIES- If the President determines that--

'(A) any fabric or yarn described in paragraph (2)(A) was determined to be eligible for preferential treatment, or

'(B) any fabric or yarn described in paragraph (2)(B) was designated as not being available in commercial quantities, on the basis of fraud, the President may remove the eligibility or designation (as the case may be) of that fabric or yarn with respect to articles entered after such removal.

'(4) APPLICABILITY OF OTHER PROVISIONS- Subsection (b)(3)(C) applies to apparel articles eligible for preferential treatment under this subsection to the same extent as that subsection applies to apparel articles eligible for preferential treatment under subsection (b)(3).

'(5) DEFINITIONS- In this subsection:

'(A) APPLICABLE 1-YEAR PERIOD- The term `applicable 1-year period' means each of the 12-month periods beginning on October 1 of each year and ending on September 30 of the following year.

'(B) COMMISSION- The term `Commission' means the United States International Trade Commission.

'(C) ENTER; ENTRY- The terms `enter' and `entry' refer to the entry, or withdrawal from warehouse for consumption, in the customs territory of the United States.

'(D) LESSER DEVELOPED BENEFICIARY SUB-SAHARAN AFRICAN COUNTRY- The term `lesser developed beneficiary sub-Saharan African country' means--

'(i) a beneficiary sub-Saharan African country that had a per capita gross national product of less than \$1,500 in 1998, as measured by the International Bank for Reconstruction and Development;

'(ii) Botswana; and

'(iii) Namibia.'

'(b) Additional Preferential Treatment- Section 112(b) of the African Growth and Opportunity Act (19 U.S.C. 3721(b)) is amended by adding at the end the following new paragraph:

'(8) TEXTILE ARTICLES ORIGINATING ENTIRELY IN ONE OR MORE LESSER DEVELOPED BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES- Textile and textile articles classifiable under chapters 50 through 60 or chapter 63 of the Harmonized Tariff Schedule of the United States that are products of a lesser developed beneficiary sub-Saharan African country and are wholly formed in one or more such countries from fibers, yarns, fabrics, fabric components, or components knit-to-shape that are the product of one or more such countries'.

'(c) Technical Amendment- Section 112(e)(3) of the African Growth and Opportunity Act (as redesignated by subsection (a)(1) of this section) is amended by striking `subsection (b)' and inserting `subsections (b) and (c)'.

SEC. 6003. TECHNICAL CORRECTIONS.

Section 112 of the African Growth and Opportunity Act (19 U.S.C. 3721) is amended as follows:

(1) Subsection (b)(5) is amended by adding at the end the following new subparagraph:

(C) REMOVAL OF DESIGNATION OF FABRICS OR YARNS NOT AVAILABLE IN COMMERCIAL QUANTITIES- If the President determines that any fabric or yarn was determined to be eligible for preferential treatment under subparagraph (A) on the basis of fraud, the President is authorized to remove that designation from that fabric or yarn with respect to articles entered after such removal.'

(2) Subsection (f), as redesignated by section 6002(a)(1), is amended by adding at the end the following:

(5) ENTER; ENTERED- The terms `enter' and `entered' refer to the entry, or withdrawal from warehouse for consumption, in the customs territory of the United States.'

SEC. 6004. EFFECTIVE DATE FOR AGOA.

Subsection (g) of section 112 of the African Growth and Opportunity Act (19 U.S.C. 3721), as redesignated by section 6002(a)(1), is amended by striking `2008' and inserting `2015'.