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(Original Signature of Member)

109TH CONGRESS
2D SESSION

H. R. _____

To authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam, and to establish a procedure for imposing quotas on imports of subsidized textile and apparel products of Vietnam.

IN THE HOUSE OF REPRESENTATIVES

Mr. THOMAS introduced the following bill; which was referred to the Committee on _____

A BILL

To authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam, and to establish a procedure for imposing quotas on imports of subsidized textile and apparel products of Vietnam.

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. FINDINGS.**

4 Congress finds the following:

1 (1) In July 1995, President Bill Clinton an-
2 nounced the formal normalization of diplomatic rela-
3 tions between the United States and Vietnam.

4 (2) Vietnam has taken cooperative steps with
5 the United States under the United States Joint
6 POW/MIA Accounting Command (formerly the
7 Joint Task Force-Full Accounting) established in
8 1992 by President George H.W. Bush to provide the
9 fullest possible accounting of MIA and POW cases.

10 (3) In 2000, the United States and Vietnam
11 concluded a bilateral trade agreement that included
12 commitments on goods, services, intellectual prop-
13 erty rights, and investment. The agreement was ap-
14 proved by joint resolution enacted pursuant to sec-
15 tion 405(c) of the Trade Act of 1974 (19 U.S.C.
16 2435(c)), and entered into force in December 2001.

17 (4) Since 2001, normal trade relations treat-
18 ment has consistently been extended to Vietnam pur-
19 suant to title IV of the Trade Act of 1974.

20 (5) Vietnam has undertaken significant market-
21 based economic reforms, including the reduction of
22 government subsidies, tariffs and nontariff barriers,
23 and extensive legal reform. These measures have
24 dramatically improved Vietnam's business and in-
25 vestment climate.

1 (6) Vietnam is in the process of acceding to the
2 World Trade Organization. On May 31, 2006, the
3 United States and Vietnam signed a comprehensive
4 bilateral agreement providing greater market access
5 for goods and services and other trade liberalizing
6 commitments as part of the World Trade Organiza-
7 tion accession process.

8 **SEC. 2. TERMINATION OF APPLICATION OF TITLE IV OF**
9 **THE TRADE ACT OF 1974 TO VIETNAM.**

10 (a) PRESIDENTIAL DETERMINATIONS AND EXTEN-
11 SION OF NON-DISCRIMINATORY TREATMENT.—Notwith-
12 standing any provision of title IV of the Trade Act of 1974
13 (19 U.S.C. 2431 et seq.), the President may—

14 (1) determine that such title should no longer
15 apply to Vietnam; and

16 (2) after making a determination under para-
17 graph (1) with respect to Vietnam, proclaim the ex-
18 tension of nondiscriminatory treatment (normal
19 trade relations treatment) to the products of that
20 country.

21 (b) TERMINATION OF THE APPLICABILITY OF TITLE
22 IV.—On and after the effective date of the extension of
23 nondiscriminatory treatment to the products of Vietnam
24 under subsection (a), title IV of the Trade Act of 1974
25 shall cease to apply to that country.

1 **SEC. 3. PROCEDURE FOR DETERMINING PROHIBITED SUB-**
2 **SIDIES BY VIETNAM.**

3 (a) **AUTHORITY OF TRADE REPRESENTATIVE.**—The
4 Trade Representative may conduct proceedings under this
5 section to determine whether the Government of Vietnam
6 is providing, on or after the date on which Vietnam ac-
7 cedes to the World Trade Organization, a prohibited sub-
8 sidy to its textile or apparel industry, if such proceedings
9 are begun, and consultations under section 4(a) are initi-
10 ated, during the 1-year period beginning on the date on
11 which Vietnam accedes to the World Trade Organization.

12 (b) **PETITIONS.**—

13 (1) **FILING.**—Any interested person may file a
14 petition with the Trade Representative requesting
15 that the Trade Representative make a determination
16 under subsection (a). The petition shall set forth the
17 allegations in support of the request.

18 (2) **REVIEW BY TRADE REPRESENTATIVE.**—
19 The Trade Representative shall review the allega-
20 tions in any petition filed under paragraph (1) and,
21 not later than 20 days after the date on which the
22 Trade Representative receives the petition, shall de-
23 termine whether to initiate proceedings to make a
24 determination under subsection (a).

25 (3) **PROCEDURES.**—

1 (A) DETERMINATION TO INITIATE PRO-
2 CEEDINGS.—If the Trade Representative makes
3 an affirmative determination under paragraph
4 (2) with respect to a petition, the Trade Rep-
5 resentative shall publish a summary of the peti-
6 tion in the Federal Register and notice of the
7 initiation of proceedings under this section.

8 (B) DETERMINATION NOT TO INITIATE
9 PROCEEDINGS.—If the Trade Representative
10 determines not to initiate proceedings with re-
11 spect to a petition, the Trade Representative
12 shall inform the petitioner of the reasons there-
13 for and shall publish notice of the determina-
14 tion, together with a summary of those reasons,
15 in the Federal Register.

16 (c) INITIATION OF PROCEEDINGS BY OTHER
17 MEANS.—If the Trade Representative determines, in the
18 absence of a petition, that proceedings should be initiated
19 under this section, the Trade Representative shall publish
20 in the Federal Register that determination, together with
21 the reasons therefor, and notice of the initiation of pro-
22 ceedings under this section.

1 **SEC. 4. CONSULTATIONS UPON INITIATION OF INVESTIGA-**
2 **TION.**

3 If the Trade Representative initiates a proceeding
4 under subsection (b)(3)(A) or (c) of section 3, the Trade
5 Representative, on behalf of the United States, shall, on
6 the day on which notice thereof is published under the ap-
7 plicable subsection, so notify the Government of Vietnam
8 and request consultations with that government regarding
9 the subsidy.

10 **SEC. 5. PUBLIC PARTICIPATION AND CONSULTATION.**

11 (a) **PUBLIC PARTICIPATION.**—In the notice published
12 under subsection (b)(3)(A) or (c) of section 3, the Trade
13 Representative shall provide an opportunity to the public
14 for the presentation of views concerning the issues—

15 (1) within the 30-day period beginning on the
16 date of the notice (or on a date after such period if
17 agreed to by the petitioner), or

18 (2) at such other time if a timely request there-
19 for is made by the petitioner or by any interested
20 person,

21 with a public hearing if requested by an interested person.

22 (b) **CONSULTATION.**—The Trade Representative shall
23 consult with the Committee on Ways and Means of the
24 House of Representatives and the Committee on Finance
25 of the Senate, and with the appropriate advisory commit-
26 tees established under section 135 of the Trade Act of

1 1974 (19 U.S.C. 2155), with respect to whether to initiate
2 proceedings under section 3 and, if proceedings are con-
3 ducted, with respect to making the determination under
4 subsection (c).

5 (c) DETERMINATION.—After considering all com-
6 ments submitted, and within 30 days after the close of
7 the comment period under subsection (a), the Trade Rep-
8 resentative shall determine whether the Government of
9 Vietnam is providing, on or after the date on which Viet-
10 nam accedes to the World Trade Organization, a prohib-
11 ited subsidy to its textile or apparel industry. The Trade
12 Representative shall publish that determination in the
13 Federal Register, together with the justification for the
14 determination.

15 (d) RECORD.—The Trade Representative shall make
16 available to the public a complete record of all noncon-
17 fidential information presented in proceedings conducted
18 under this section, together with a summary of confiden-
19 tial information so submitted.

20 **SEC. 6. ARBITRATION AND IMPOSITION OF QUOTAS.**

21 (a) ARBITRATION.—If, within 60 days after consulta-
22 tions are requested under section 4, in a case in which
23 the Trade Representative makes an affirmative determina-
24 tion under section 5(c), the matter in dispute is not re-
25 solved, the Trade Representative shall request arbitration

1 of the matter under the Dispute Settlement Under-
2 standing.

3 (b) IMPOSITION OF QUOTAS.—

4 (1) IN GENERAL.—The Trade Representative
5 shall impose, for a period of not more than 1 year,
6 the quantitative limitations described in paragraph

7 (2) on textile and apparel products of Vietnam—

8 (A) if, pursuant to arbitration under sub-
9 section (a), the arbitrator determines that the
10 Government of Vietnam is providing, on or
11 after the date on which Vietnam accedes to the
12 World Trade Organization, a prohibited subsidy
13 to its textile or apparel industry; or

14 (B) if the arbitrator does not issue a deci-
15 sion within 120 days after the request for arbi-
16 tration, in which case the restrictions cease to
17 be effective if the arbitrator thereafter deter-
18 mines that Government of Vietnam is not pro-
19 viding, on or after the date on which Vietnam
20 accedes to the World Trade Organization, a
21 prohibited subsidy to its textile or apparel in-
22 dustry.

23 (2) RESTRICTIONS DESCRIBED.—The quan-
24 titative restrictions referred to in paragraph (1) are
25 those quantitative restrictions that were in effect

1 under the Bilateral Textile Agreement during the
2 most recent full calendar year in which the Bilateral
3 Textile Agreement was in effect.

4 (c) DETERMINATION OF COMPLIANCE.—If, after im-
5 posing quantitative limitations under subsection (b) be-
6 cause of a prohibited subsidy, the Trade Representative
7 determines that the Government of Vietnam is not pro-
8 viding, on or after the date on which Vietnam accedes to
9 the World Trade Organization, a prohibited subsidy to its
10 textile or apparel industry, the quantitative limitations
11 shall cease to be effective on the date on which that deter-
12 mination is made.

13 **SEC. 7. DEFINITIONS.**

14 In this Act:

15 (1) BILATERAL TEXTILE AGREEMENT.—The
16 term “Bilateral Textile Agreement” means the
17 Agreement Relating to Trade in Cotton, Wool, Man-
18 Made Fiber, Non-Cotton Vegetable Fiber and Silk
19 Blend Textiles and Textile Products Between the
20 Governments of the United States of America and
21 the Socialist Republic of Vietnam, entered into on
22 July 17, 2003.

23 (2) DISPUTE SETTLEMENT UNDERSTANDING.—
24 The term “Dispute Settlement Understanding”
25 means the Understanding on Rules and Procedures

1 Governing the Settlement of Disputes referred to in
2 section 101(d)(16) of the Uruguay Round Agree-
3 ments Act (19 U.S.C. 3511(d)(16)).

4 (3) INTERESTED PERSON.—The term “inter-
5 ested person” includes, but is not limited to, domes-
6 tic firms and workers, representatives of consumer
7 interests, United States product exporters, and any
8 industrial user of any goods or services that may be
9 affected by action taken under section 4(c).

10 (4) PROHIBITED SUBSIDY.—

11 (A) IN GENERAL.—The term “prohibited
12 subsidy” means a subsidy described in Article
13 3.1 of the Agreement on Subsidies and Coun-
14 tervailing Measures.

15 (B) SUBSIDY.—The term “subsidy” means
16 a subsidy within the meaning of article 1.1 of
17 the Agreement on Subsidies and Countervailing
18 Measures.

19 (C) AGREEMENT ON SUBSIDIES AND
20 COUNTERVAILING MEASURES.—The term
21 “Agreement on Subsidies and Countervailing
22 Measures” means the Agreement on Subsidies
23 and Countervailing Measures referred to in sec-
24 tion 101(d)(12) of the Uruguay Round Agree-
25 ments Act (19 U.S.C. 3511(d)(12)).

1 (5) TEXTILE OR APPAREL PRODUCT.—The
2 term “textile or apparel product” means a good list-
3 ed in the Annex to the Agreement on Textiles and
4 Clothing referred to in section 101(d)(4) of the Uru-
5 guay Round Agreements Act (19 U.S.C.
6 3511(d)(4)).

7 (6) TRADE REPRESENTATIVE.—The term
8 “Trade Representative” means the United States
9 Trade Representative.