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(Original Signature of Member)

117TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To modify the competitive need limitation provisions under the Generalized System of Preferences program.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mrs. WALORSKI introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To modify the competitive need limitation provisions under the Generalized System of Preferences program.

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 “CNL Update Act”.

5 **SEC. 2. SENSE OF CONGRESS.**

6 It is the sense of Congress that—

7 (1) United States trade capacity building agen-  
8 cies should work with, and provide appropriate re-  
9 sources to, beneficiary developing countries under

1 the Generalized System of Preferences program  
2 under title V of the Trade Act of 1974 (19 U.S.C.  
3 2461 et seq.) to assist such countries in meeting the  
4 eligibility criteria under such program;

5 (2) the goal of such eligibility criteria is to raise  
6 standards and improve the well-being of individuals  
7 in the beneficiary developing countries through trade  
8 and economic development;

9 (3) trade policies cannot create a race to the  
10 top if punitive actions treat good and bad actors  
11 alike;

12 (4) in determining appropriate actions to take  
13 under subsection (d) of section 502 of the Trade Act  
14 of 1974 (19 U.S.C. 2462(d)), the President should,  
15 in a manner consistent with statutory require-  
16 ments—

17 (A) consider the impact of withdrawal, sus-  
18 pension, or limitation of duty-free treatment on  
19 the criteria and factors affecting eligibility de-  
20 scribed in subsections (b) and (c) of such sec-  
21 tion; and

22 (B) take all available steps to facilitate  
23 continued duty-free treatment for products  
24 where the imposition of duties is likely to slow  
25 or reverse progress made toward meeting the

1 criteria and factors described in subsections (b)  
2 and (c) of such section or result in severe eco-  
3 nomic harm to United States entities, particu-  
4 larly small businesses; and

5 (5) the United States Trade Representative  
6 should establish and maintain a process to mitigate  
7 the harm for products determined to meet the cri-  
8 teria and factors described in subsections (b) and (c)  
9 of section 502 of the Trade Act of 1974, including  
10 exploring the feasibility of preserving duty-free eligi-  
11 bility on a case by case basis for qualifying compa-  
12 nies if the President decides to withdraw, suspend,  
13 or limit the application of the duty-free treatment  
14 accorded under title V of such Act.

15 **SEC. 3. MODIFICATION OF COMPETITIVE NEED LIMITATION**  
16 **PROVISIONS UNDER THE GENERALIZED SYS-**  
17 **TEM OF PREFERENCES PROGRAM.**

18 (a) IN GENERAL.—Section 503 of the Trade Act of  
19 1974 (19 U.S.C. 2463) is amended—

20 (1) in subsection (c)(2)—

21 (A) in subparagraph (A)(ii)(II), by striking  
22 “\$5,000,000” and inserting “an amount equal  
23 to 6.5 percent of such applicable amount”;

24 (B) in subparagraph (C)—

1 (i) by striking “may, subject” and in-  
2 serting “should, subject”; and

3 (ii) by striking “the limitations in  
4 subparagraph (A)” and inserting “the limi-  
5 tations in subparagraph (A) or (F)”;

6 (C) in subparagraph (F)—

7 (i) in clause (i), by striking “may dis-  
8 regard” and inserting “should disregard”;  
9 and

10 (ii) in clause (ii)(II), by striking  
11 “\$500,000” and inserting “an amount  
12 equal to 6.5 percent of such applicable  
13 amount”; and

14 (D) by inserting after subparagraph (F)  
15 the following:

16 “(G) CALCULATION OF LIMITATIONS.—  
17 There shall be counted against the limitations  
18 imposed under subparagraph (A) for any cal-  
19 endar year only that value of any eligible article  
20 of a beneficiary developing country that entered  
21 duty-free under this title during such calendar  
22 year.”; and

23 (2) in subsection (d)(1), by striking “, before  
24 November 1 of the calendar year beginning after the  
25 calendar year for which a determination described in

1 subsection (c)(2)(A) was made with respect to such  
2 eligible article,”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 subsection (a)—

5 (1) take effect on the date of the enactment of  
6 this Act; and

7 (2) apply with respect to imports into the  
8 United States of eligible articles from beneficiary de-  
9 veloping countries under title V of the Trade Act of  
10 1974 (19 U.S.C. 2461 et seq.) during the calendar  
11 year preceding the calendar year in which the first  
12 annual review is carried out under such title V after  
13 such date of enactment and each subsequent cal-  
14 endar year.