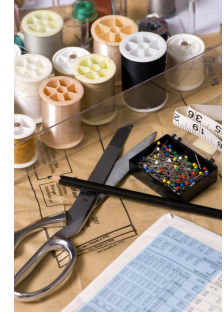

❖ SPC&B Textile Report ❖

A Newsletter for Clients of Sharretts, Paley, Carter & Blauvelt, P.C.

March 6, 2012

CBP Announces DR Loss of Cumulation Benefit Under DR-CAFTA



Under the terms of the original DR-CAFTA agreement, certain Mexican inputs could be treated as originating materials and duty free entry could be made under HTS subheadings 9822.05.11 or 9822.05.13. This treatment is described as the “cumulation provision” of the DR-CAFTA agreement.

According to Customs & Border Protection (CBP), a footnote in the agreement also provided that the Dominican Republic (DR) would only be eligible for the cumulation provision (for a period of five years, unless the DR and Mexico entered into a separate agreement. CBP advises that such an agreement has not been reached and, therefore, effective March 1, 2012, goods made in the DR utilizing Mexican inputs are no longer eligible for duty free treatment under the cumulation provisions of subheadings 9822.05.11 or 9822.05.13, HTS. Goods made in Costa Rica, El Salvador, Guatemala, Honduras or Nicaragua are not affected by this change.

According to CBP official, in order to implement the change to the requirements for the DR, a Presidential Proclamation must be issued. Accordingly, until such time as the Proclamation is issued and goes into effect, importers can continue to enter goods from the DR duty free under the cumulation provisions, but CBP warns that the entries will eventually be liquidated with duty increases. We recommend that any importers affected by this change discontinue making DR-CAFTA claims for DR goods under the cumulation provisions, to avoid any additional interest liability.

If you have concerns about the eligibility of merchandise being imported from any of the DR-CAFTA countries, please contact Gail Cumins at gcumins@spcblaw.com, Alli Baron at abaron@spcblaw.com, or Donna Shira at dshira@spcblaw.com respectively, or call (212) 425-0055.

75 Broad Street
New York, New York 10004
Phone: 212-425-0055
Fax: 212-425-1797
212-742-2180

SHARRETTS, PALEY, CARTER & BLAUVELT, P.C.

www.spcblaw.com

Email: customs@sharretts-paley.com

1660 L Street, N.W.
Washington, D.C. 20036
Phone: 202-223-4433
Fax: 202-659-3904
