



Introduction to the Dominican Republic's Two-for-One Earned Import Allowance Program



INTERNATIONAL
TRADE
ADMINISTRATION



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Earned Import Allowance Program

- Congress passed the Dominican Republic Two-for-One Earned Import Allowance Program (DR 2-for-1) through the Andean Trade Preference Act of 2008. The Program became effective on December 1, 2008.
- The DR 2-for-1 Earned Import Allowance Program allows duty-free entry from the Dominican Republic into the United States of trousers, bib and brace overalls, breeches and shorts, skirts and divided skirts, of bottom weight twill (but initially not denim), classifiable in Chapter 62 of the Harmonized System. This Allowance is granted in a two-to-one ratio. Qualifying apparel producers may export 1 Square Meter Equivalent (SME) of imported apparel made from non-Originating fabric being accorded duty-free treatment for every 2 SME of qualifying U.S. made cotton woven fabric exported to the Dominican Republic.
- OTEXA will implement and administer the Earned Import Allowance Program.

Federal Register Notice: Procedures and Comments

- On January 21, 2009, the Office of Textiles and Apparel (OTEXA) published interim procedures for the Earned Import Allowance Program: See *Imports of Certain Apparel Articles: Interim Procedures for the Implementation of the Earned Import Allowance Program Established Under the Andean Trade Preference Act of 2008*, 74 FR, No. 12 pages 3563-3566 (January 21, 2009).
- A copy of the notice is available on OTEXA's website:
[http://otexa.ita.doc.gov/fr2006/atpaimportall1\(11-08\).htm](http://otexa.ita.doc.gov/fr2006/atpaimportall1(11-08).htm)
- Although these procedures are not subject to the requirement to provide prior notice and opportunity for public comment under 5 U.S.C. 553(b)(A) ("Administrative Procedures Act"), OTEXA will consider written comments received by 5 p.m. on March 23, 2009.

What is a Qualifying Apparel Producer?

- **Qualifying Apparel Producer:** An individual, corporation, partnership, association, or other entity or group that exercises direct, daily operational control over the apparel production process in the Dominican Republic; or an individual, corporation, partnership, association or other entity that is not a producer and that controls the apparel production process in the Dominican Republic through a contractual relationship or other indirect means.



Qualifying Fabric

- Woven Cotton Fabric that is wholly formed in the United States from yarns wholly formed in the United States.
- Fabric must be purchased on or after August 1, 2007, expressly for production of apparel in the Dominican Republic.
- Fabrics are not ineligible if:
 - They contain nylon filament yarn
 - The total weight of non-U.S. yarns is less than 10% of the total weight of the fabric
 - They contain yarns deemed in short supply



Requirements for the DR 2-for-1 Earned Import Allowance Program



Establishing an Account

- Qualifying apparel producers may submit requests to open accounts, deposit credits and have certificates issued through an interactive online system available through OTEXA's website.
- To establish an account, applicants must submit a request to OTEXA that includes:
 - Full name
 - Address
 - Contact information
 - Authorized designees
 - A statement explaining why they are eligible as a qualifying apparel producer.
- OTEXA will review the request and verify that the applicant qualifies under the DR 2-for-1 Earned Import Allowance Program provisions and Commerce's implementing procedures.
- After the account is opened, qualifying apparel producers may review available balances and account activity online.

Depositing Credits for Qualifying Fabrics

- Qualifying apparel producers with existing accounts may submit requests to deposit credits for purchases of qualifying woven fabric. The requests must contain the following information:
 - The name of the qualifying apparel producer;
 - A complete description of the woven fabric;
 - A statement that the qualifying woven fabric is intended for the production of eligible apparel articles in the Dominican Republic.
 - Supporting documentation
- OTEXA will review requests to deposit credits. Once approved, OTEXA will add the amount to account balance.
- Requests must be made online. Supporting documentation may be submitted online (preferred) or by fax.

Required Supporting Documentation

- The required documentation needed when submitting a request to deposit credits, which in their totality includes:
 - The U.S. manufacturer of the qualifying woven fabric.
 - The full description of the fabric in question (including any non-U.S. components or inputs and their manufacturer).
 - The quantity, in SMEs, of the qualifying woven fabric.
 - The name of the qualifying apparel producer as the ultimate consignee.
 - A copy of an invoice from a supplier of the qualifying fabric indicating the date and amount of fabric purchased and that it was sold to the qualifying apparel producer.
 - A copy of the Shipper's Export Declaration (SED) or its successor, a printout of the Electronic Export Information (EEI) submitted to the Census Bureau via its on-line system.
 - An affirmation that the fabric purchased is intended for production of eligible apparel articles in the Dominican Republic.

Insufficient Supporting Documentation

- If there is insufficient information with which to make a determination, OTEXA may request additional information from:
 - The qualifying apparel producer.
 - The manufacturer of the fabric in question.
 - Any other entity identified in the supporting documentation.



Requesting an Earned Import Allowance Certificate

- A qualifying producer may go online to request an earned import allowance certificate.
- If there is a sufficient balance in the account, a certificate will be automatically generated by the DR 2-for-1 online system, and the amount of the requested credits will automatically be deducted from the account balance.
- The earned import allowance certificate must be presented to Customs and Border Protection with other customs documentation.
- If the account balance is insufficient, the online system will automatically decline the request.

Verification of Requests

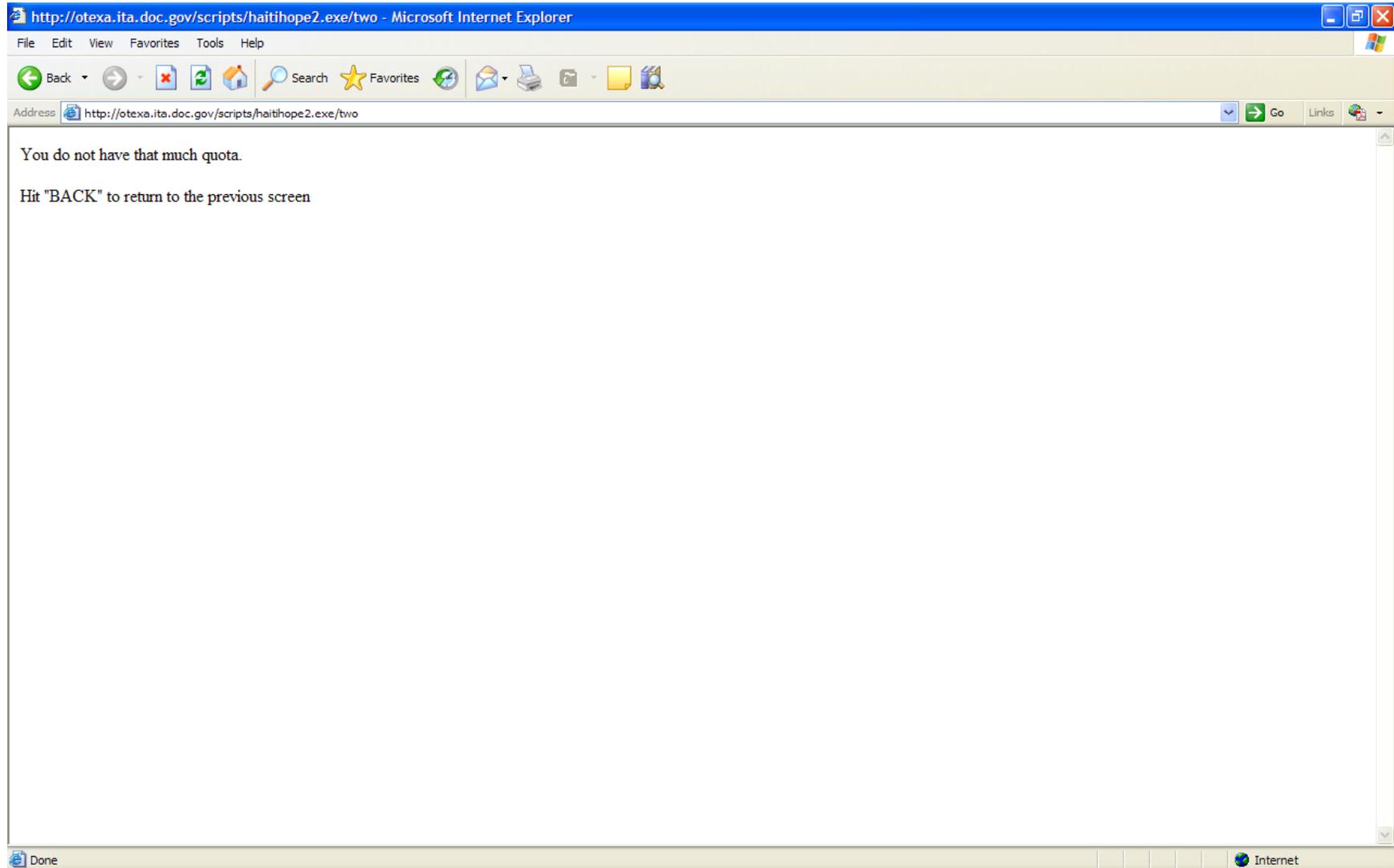
- OTEXA will review all requests and supporting documentation to determine eligibility of producers and fabrics in question.
- OTEXA may request additional documentation from producers or any entity named in documents to verify the accuracy of requests.
- OTEXA may impose penalties for fraudulent submissions.



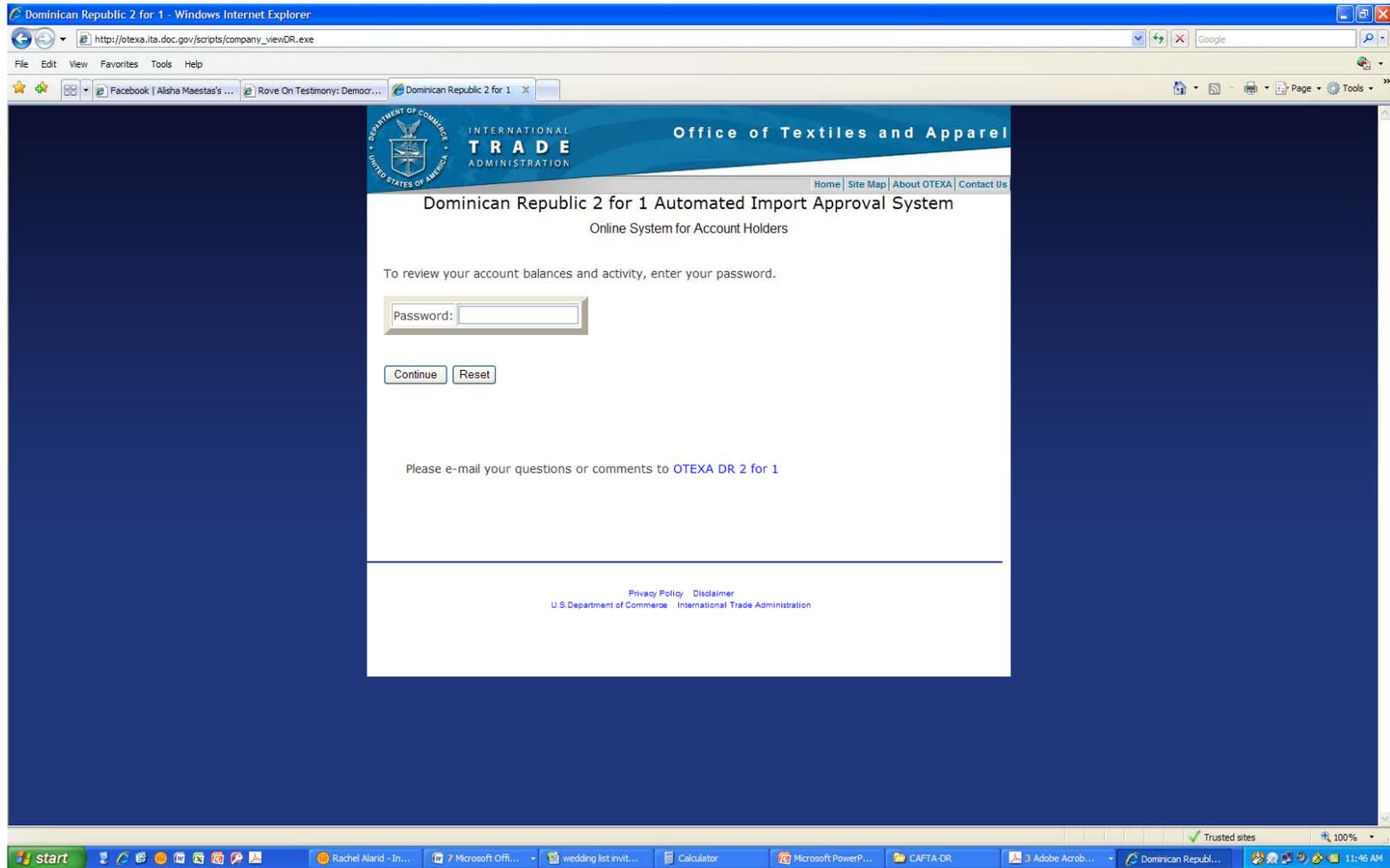
Possible Errors



Possible Errors



Reviewing Account Activity Online



Reviewing Account Activity Online

Activity Under Dominican Republic 2 for 1 for OTEXA test 1

COMPANY	LICENSE	AMOUNT	SHIPMENT	DATE	APPROVAL	IMPNO	WEBNAME
450		100					
450	DR0845	78	1	12/1/2008	DR08450A07	62-1652974	DR test
450	DR0845	77	1	12/1/2008	DR08450A08	62-1652974	DR test
450	DR0845	76	1	12/1/2008	DR08450A09	62-1652974	DR test
450	DR0845	26	50	12/2/2008	DR08450A10	62-1652974	DR test
450	D08450	22	4	1/15/2009	D08450A11	62-1652974	DR test
450	D08450	9	13	1/16/2009	D08450112	62-1652974	DR test
450	D08450	7	2	1/16/2009	D08450A13	62-1652974	DR test
450	D08450	6	1	1/16/2009	D08450114	62-1652974	DR test
450	D08450	100	1	1/16/2009	D08450A15	62-1652974	DR test
450	D08450	85	15	1/16/2009	D08450A16	62-1652974	DR test
450	D08450	81	4	1/16/2009	D08450A17	62-1652974	DR test
450	D08450	77	4	1/21/2009	D08450A18	62-1652974	DR test
450	D08450	73	4	3/11/2009	D08450A19	62-1652974	DR test

Third Party Account Access

- Participants may designate third parties to have access to their account in order to import goods on their behalf.
- In order to make this designation, participants must send a letter of authorization to the third party, with a copy to OTEXA.
- The letter must include the importer of record number that will be used to enter the goods, a 5 digit PIN, and a code name that will identify the importer requesting the import certificate.
- Letters may be submitted to OTEXA via email (preferred) or fax.
- Sample authorization letters will be provided upon request.

DR 2-for-1 Online System

- The DR 2-for-1 online system is only available through OTEXA's website.
- Participants will be assigned individual account numbers and a password. Account holders will be able to request to deposit credits and request the issuance of import certificates.
- Participants will also be able to designate parties to request import certificates and import goods on their behalf.
- Account activity and balances will be tracked and available for participants' review via OTEXA's website.

DR 2-for-1 Online System

- Requesting a new account
- Requesting a deposit into an existing account
- Requesting an import certificate
- Reviewing account balances and activity online

Questions?

- If you have a question, please submit it in writing using the “Q&A” or “Ask a Question” feature.
- We will address as many questions as time allows.
- The remaining questions will be addressed via email following the webinar.
- If questions come up later, please contact OTEXA using the information on the next slide.



For More Information

For more information, please contact OTEXA:

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THANK YOU!

