

APPENDIX E

UNITED STATES – VIET NAM EARNED IMPORT ALLOWANCE PROGRAMME

1. The United States shall grant duty-free treatment to a covered good that:
 - (a) is cut and sewn or otherwise assembled in Viet Nam and is made from U.S. covered fabric and qualifies for preferential tariff treatment under this Agreement; or
 - (b) is cut and sewn or otherwise assembled in Viet Nam and made from covered fabric that is originating under this Agreement or of any other origin, but otherwise qualifies for preferential tariff treatment under this Agreement, subject to paragraph 9.
2. For each square metre equivalent of U.S. covered fabric imported to Viet Nam from the United States, the United States shall issue one U.S. fabric credit and one matching fabric credit.
3. As a condition of providing duty-free treatment under paragraph 1(a), the United States shall require the importer to demonstrate that the exporter or producer of the covered good has U.S. fabric credits equal to or greater than the total square metre equivalents of U.S. covered fabric in the covered good.
4. As a condition of providing duty-free treatment under paragraph 1(b), the United States shall require the importer to demonstrate that the exporter or producer of the covered good has matching fabric credits equal to or greater than 75 per cent of the total square metre equivalents of fabric in the covered good if it is classified in subheading 6204.62.20 or 6204.62.40, or 130 per cent of the total square metre equivalents of fabric in the covered good if it is classified in subheading 6203.42.20 or 6203.42.40.
5. For the purposes of determining the quantity of square metre equivalents under paragraphs 2 and 3, the conversion factors listed in “Correlation: U.S. Textile and Apparel Industry Category System with the Harmonized Tariff Schedule of the United States of America, 2008”, or its successor publications, apply.
6. For the purposes of this Appendix:

covered fabric means woven fabric of cotton that is suitable for use in the manufacture of trousers, bib and brace overalls, breeches or shorts;¹

U.S. covered fabric means covered fabric that is wholly formed and finished in the United States of yarns wholly formed and finished in the United States classified in Chapter 52 of the Harmonised System, and so certified by the producer of the fabric;

covered good means a good classified in HS 6203.42.20, 6203.42.40, 6204.62.20 or 6204.62.40;

U.S. fabric credit means a credit that may be used to import a covered good of U.S. fabric described under paragraph 1(a); and

matching fabric credit means a credit that may be used to import a covered good described under paragraph 1(b).

7. The United States shall establish a programme to provide duty-free treatment to covered goods, including to register eligible entities, issue credits and maintain a record of credits used, and shall publish procedures for operation of the programme. The programme shall include an online account system. The programme shall allow for the use of a credit for import of a covered good by a different exporter or producer than the one who earned the credit.

8. The United States shall apply duty-free treatment under this Appendix no later than the date of publication of procedures for the programme or 180 days after the date of entry into force of this Agreement for the United States and Viet Nam, whichever is later.

9. Preferential treatment under paragraph 1(b) shall be provided to imports of covered goods classified in subheading 6203.42.20 or 6203.42.40 in an amount not to exceed:

Year	Square Metre Equivalents
1	15 million
2	15.5 million
3	16 million
4	16.5 million
5	17 million
6	17.5 million
7	18 million
8	18.5 million
9	19 million

¹ Such fabrics shall be in a condition ready for cutting and assembly. This shall preclude further finishing of the fabric before assembly, but does not preclude finishing processes on the covered good.

10	20 million
All subsequent years	20 million

10. Credits of any type not used in a year will not expire and may be used in any subsequent year while this Appendix is in effect.