

**Tariff schedules and appendices are subject to legal review, transposition and verification by the Parties. The only authentic tariff commitments are those that are set out in the Tariff Elimination Annex that accompanies the final, signed Agreement.**

## **APPENDIX E – EARNED IMPORT ALLOWANCE PROGRAM UNITED STATES**

1. The United States shall grant duty-free treatment to a covered good that:
  - a) is cut and sewn or otherwise assembled in Vietnam 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 Vietnam and made from covered fabric that is originating under the TPP Agreement or of any other origin, but otherwise qualifies for preferential tariff treatment under this Agreement, subject to paragraph 9.
2. For each square meter equivalent of U.S. covered fabric imported to Vietnam 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 meter 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 credits equal to or greater than 75 per cent of the total square meter 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 meter 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 meter 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 purposes of this Appendix:

“covered fabrics” are woven fabrics of cotton that are suitable for use in the manufacture of trousers, bib and brace overalls, breeches, or shorts,<sup>1</sup>

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<sup>1</sup> 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.

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“U.S. covered fabrics” are covered fabrics that are wholly formed and finished in the United States of yarns wholly formed and finished in the United States classified in Chapter 52 of the Harmonized System, and so certified by the producer of the fabric,

a “covered good” is a good classified in HS 6203.42.20, 6203.42.40, 6204.62.20, or 6204.62.40,

a “U.S. fabric credit” is a credit that may be used to import a covered good of U.S. fabric described under paragraph 1(a), and

a “matching credit” is a credit that may be used to import a covered good described under paragraph 1(b).

7. The United States shall establish a program to provide duty-free treatment to covered goods, including to register eligible entities, issue credits, and maintain a record of credits used, and it shall publish procedures for operation of the program. The program shall include an online account system. The program 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 program or 180 days after the date of entry into force of the Agreement between the Parties, 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 Meter 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
10	20million
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.