

even on a garment with a permanently attached hood or "tuck away" hood, the wearer may decide not to exercise the hood option.

After a careful review of all the comments, it is our decision that the current practice in regard to these water resistant garments is correct. That is to say, water resistant garments with non-water resistant hoods (whether or not attached, or tuck-away) are properly classifiable within the appropriate provisions of Chapter 62, HTSUS, for water resistant garments.

**Samuel H. Banks,**

*Acting Commissioner of Customs.*

Approved: May 19, 1995.

**Timothy G. Skud,**

*Acting Deputy Assistant Secretary of the Treasury.*

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## OFFICE OF THE UNITED STATES REPRESENTATIVE

### Request for Public Comment Regarding Proposed Change to Threshold Under Chapter 10 of the North American Free Trade Agreement (NAFTA)

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** The Trade Policy Staff Committee (TPSC) requests public comment regarding a proposed increase in threshold to \$100,000 for coverage of government procurement contracts by federal government entities under Chapter 10 of the NAFTA.

**SUMMARY:** NAFTA Chapter 10 sets forth obligations of the United States, Canada and Mexico on government procurement. The scope and coverage of

Chapter 10 is specified in Article 1001, which refers to entities and to goods, services and construction definitions, as set out in the annexes to the Chapter.

Article 1001 also specifies value thresholds for determining coverage of individual contracts. Article 1001:1(c)(i) specifies that contracts for goods and services procured by federal government entities are covered if they exceed the threshold of \$50,000. The parties to the NAFTA have discussed increasing this threshold to \$100,000 to reduce the administrative burden associated with implementation of Chapter 10 and to allow for simplification of acquisition procedures for contracts between \$100,000.

**DATES:** Comments are requested by June 30, 1995.

**FOR FURTHER INFORMATION:** Contact Mark Linscott, Director, International Procurement Policy, Office of the U.S. Trade Representative, (202) 395-3063, or Bill Craft, Director, Multilateral Trade Affairs, Economic Bureau, State Department, (202) 647-3696.

**SUPPLEMENTARY INFORMATION:** The parties to the NAFTA expect to amend Article 1001:1(c)(i) to increase the threshold from \$50,000 to \$100,000 for coverage of goods and services (excluding construction services) procured by federal government entities. The threshold for construction services procured by federal entities will remain at \$6.5 million. Additionally, the thresholds specified in Article 1001:1(c)(ii) for government-owned enterprises would remain at \$250,000 for goods and services and \$8 million for construction services. NAFTA Chapter 10 does not yet apply to subcentral governments.

Application of the thresholds specified in Article 1001:1(c) are subject

to the considerations referred to in Article 1002, regarding valuation of contracts. Article 1002:5 applies to an individual requirement resulting in multiple contracts or contracts being awarded in separate parts and requires that the method for valuation be either the total actual value of similar recurring contracts over the previous 12 month period or the estimated value of recurring contracts in the fiscal year or 12-month period subsequent to the initial contract. Article 1002:6 applies to contracts that do not specify a total contract price, such as requirement contracts, and requires that the method for valuation be the total estimated value for the duration of fixed term contracts or the estimated monthly installment multiplied by 48 for contracts for an indefinite period.

Comments from interested parties regarding the proposed increase in threshold should be submitted by noon, Friday, June 30, 1995. Comments must be in English and provided in eight copies to Carolyn Frank, Executive Secretary, Trade Policy Staff Committee, Office of the United States Trade Representative, 600 Seventeenth Street, NW, Washington, DC 20506. Comments will be available for public inspection by appointment with the staff of the USTR Reading Room (202-395-6186), except for information granted "business confidential" status pursuant to 15 CFR 2003.6. Any business confidential material must be clearly marked as such at the top of the cover page or letter and each succeeding page of each copy and must be accompanied by a nonconfidential summary.

**Frederick L. Montgomery,**

*Chairman, Trade Policy Staff Committee.*

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