

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the SRO included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The SRO has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend PHLX Rule 605, Advertisements, Market Letters, Research Reports and Sales Literature, in order to assure that the Exchange has the opportunity to review and approve advertisements, including market quotation reports, which are disseminated over the Internet, radio, television and via public telephone prior to their dissemination. Exchange Rule 605 currently requires prior approval only by the member/participant or its general partner or voting stock holder. The Exchange has recently become aware of certain Internet advertisements by at least one of its members which it believes may not comply with the communication guidelines contained in the Supplementary Material to PHLX Rule 605. The Exchange therefore, believes that prior Exchange approval is warranted. The rule will be amended to apply to members and foreign currency options participants for which the Exchange is the DEA so that firms for which another SRO is the DEA will not have to be burdened by duplication of approvals.

The revised language will apply to advertisements, broadcasts of Exchange market quotations or broadcasts for any other business purpose, which could even include advertisements for brokers or traders. It will also specify that it applies to advertisements and broadcasts that are disseminated over radio, television, public telephone and the Internet.

Another new requirement under the proposed rule will be that these firms must also supply to the Exchange the text of all commercials and program material (except lists of market quotations) about securities or investing promptly following the program in which it is used. This will assure that

the approved text is actually the one that was publicly disseminated. Finally, the Commentary to Rule 605 which made the rule specifically not applicable to options will be deleted. The Exchange believes that the requirements imposed under this rule are equally important for option advertising as for advertising of any other type of securities.

2. Basis

The proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices and to protect investors and the public interest by assuring that the Exchange reviews its designated firms' advertisements

B. Self-Regulatory Organization's Statement on Burden on Competition

The PHLX does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the PHLX consents, the Commission will:

(A) By order approve such proposed rule change, or,

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commissions, 450 Fifth Street, NW, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the

proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal office of the PHLX. All submissions should refer to File No. SR-PHLX-97-49 and should be submitted by January 20, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Technical Corrections to the Harmonized Tariff Schedule of the United States

AGENCY: Office of the United States Trade Representative.

ACTION: Technical corrections to the Harmonized Tariff Schedule of the United States.

SUMMARY: The United States Trade Representative (USTR) is making technical corrections to the Harmonized Tariff Schedule of the United States (HTS) as set forth in the annex to this notice, pursuant to authority granted by Congress to the President in section 604 of the Trade Act of 1974 and delegated by the President to the USTR in Presidential Proclamation No. 6969 of January 27, 1997 (62 FR 4415). These modifications will correct errors in prior proclamations, so that the intended tariff treatment is accorded.

ADDRESSES: Office of the United States Trade Representative, 600 17th Street, NW, Washington, DC 20508.

FOR FURTHER INFORMATION CONTACT: Barbara Chattin, Director for Tariff Affairs (202) 395-5097, or Catherine Field, Senior Counsel for Multilateral Affairs, (202) 395-3432.

Explanation of Proposed Changes

This notice makes several technical corrections to the Harmonized Tariff Schedule of the United States (HTS) to remedy omissions, misspellings, or other problems included in previously issued proclamations, or to make conforming changes in HTS provisions previously proclaimed to reflect previous modifications to the HTS. The

modification made in each paragraph is explained in turn.

The action designated as 1. conforms certain provisions for goods returned from Canada or Mexico after alterations or repairs with U.S. obligations under the NAFTA. This modification is effective as of the date of entry into force of the NAFTA, i.e., January 1, 1994.

The action designated as 2.(a) modifies an HTS category to allow duty-free entry of a product enumerated in the Intermediate Chemicals for Dyes appendix to the HTS, as provided for in Schedule XX as annexed to the Marrakesh Protocol to the Agreement Establishing the World Trade Organization (WTO Agreement). The special duty rate symbol "L" must appear in the HTS tariff category containing an intermediate chemical enumerated in this HTS appendix for Customs to allow duty-free entry upon claims therefor by importers. This action is effective as of the date of entry into force of the WTO Agreement, i.e., January 1, 1995.

Actions 2. (b) and (c) realign language in particular HTS legal notes to ensure that the tariff treatment intended under the NAFTA is achieved. The modification corrects an error incorporated in a previous proclamation and is effective as of the date of that erroneous modification. The correction ensures that particular provisions dealing with textile and apparel differentiate between originating goods (including "products of" Canada or Mexico) and non-originating goods (including "imports from" these countries—potentially applicable to transshipped third-country goods as well as other goods not substantially transformed into NAFTA originating goods) under the terms of HTS general note 12.

The actions designated as 2.(d) and 2.(e) correct typographical or spelling errors and are effective as of the date the particular HTS categories were established or modified.

The action is section 3.(a) make a conforming change (reflecting a renumbering of an HTS category) in one NAFTA tariff shift rule in general note 12(t), and reinsert another tariff shift rule that previously was erroneously deleted, effective as of the date of the prior action or deletion, respectively.

Actions designated as 3.(b) and 3.(c) make conforming changes that reflect in one set of HTS provisions the previous, but unrecognized, modifications to other provisions. The changes are effective as of the date of the previous modifications to these corresponding HTS provisions.

The action designated as 3.(d) corrects the omission of a conforming change from Proclamation 6857 of December 11, 1995. The cited note to subchapter II of chapter 98 should have been modified to reflect a World Customs Organization (WCO) change in the status of the note. The WCO elevated additional U.S. note 1 to section XV from its prior status as a U.S. note to the status of international-level note 3 to section XV. As a result of this WCO action the note is now included in the annex to the Harmonized System Convention.

The action designated as 4. corrects an omission from Proclamation 6982 of April 1, 1997, which modified the scope of duty-free treatment accorded under the pharmaceuticals appendix to the HTS.

Section 5. corrects 3 typographical errors in the **Federal Register** notice that was published and was effective on April 28, 1997, which made certain changes in NAFTA rules of origin set forth in general note 12 to the HTS.

The actions in section 6. correct an omission and errors in Proclamation 7007 of May 30, 1997, which modified duty-free treatment under the GSP for least-developed beneficiary developing countries. The first action provides such treatment to a subheading created in the proclamation, and the second action deletes from the list of HTS subheadings that were designated for the new GSP treatment certain tariff categories that were already eligible for GSP benefits.

The action designated as 7. corrects the advertent deletion of a preexisting duty suspension provision from the HTS and recognize the goods covered under the former duty suspension now fall in another provision of chapter 84. As a result of this prior change in classification, the duty suspension provision of chapter 99 must be amended to reflect the permanent tariff subheading now applicable to these goods. The continuation of the duty suspension (which had been scheduled to continue through the close of 2000) allows the subject products to continue to enter the customs territory free of duty.

The actions designated as 8. correct errors in dates in provisions of the cited proclamation so that future proclaimed actions could be administered as intended.

Actions designated as 9. (a) and (b) correct two errors in staging tables in the HTS. The staging table for general rates of duty contained erroneous 1997 and 1998 duty rates for subheading 2620.90.20, in that the two rates shown in the staging table should have been reversed. Thus, as presently proclaimed,

the 1997 duty rate is too low and the 1998 duty rate would increase before returning to the scheduled 1999 stage; it was intended that the 1998 and 1999 rates be the same. This notice also corrects the inadvertent omission of the final staged Canada rate under the NAFTA for subheading 8529.90.88. As presently proclaimed, the 1997 duty rate of "0.5% (CA)" would not be eliminated as scheduled on January 1, 1998.

Actions designated as 9. (c) through (h) correct previously proclaimed provisions of the general notes to the HTS to update statutory references and thereby reflect the amendments to title V of the Trade Act of 1974 concerning the Generalized System of Preferences (GSP). Some of these provisions deal with the freely associated states (see general note 10), because the statute implementing the compacts of free association imposed certain criteria of the GSP program as limitations on imports.

The action designated as 10. corrects omissions from Proclamation 6914 of August 28, 1966, which modified the allocation of tariff-rate quotas for certain cheeses from the EC 15. For the enumerated cheese quota notes, Proclamation 6914 modified the notes by changing the references to "EC 12" to read "EC 15" but did not provide for the increased quota access for the years 1999 and 2000 as set forth in Proclamation 6763 of December 23, 1994.

Ambassador Charlene Barshefsky,
United States Trade Representative.

Annex

Corrections: The HTS is modified as set forth below with respect to goods entered, or withdrawn from warehouse for consumption, on or after the effective dates specified for the enumerated actions:

1. Effective on January 1, 1994, U.S. note 3 to subchapter II of chapter 98 of the HTS is modified by redesignating subdivision (d) as subdivision (e), and by inserting the following new subdivision in alphabetical sequence:

"(d) For the purposes of subheadings 9802.00.40 and 9802.00.50, the rates of duty in the "Special" subcolumn of column 1 followed by the symbol "CA" or "MX" in parentheses shall apply to any goods which are returned to the United States after having been repaired or altered in Canada or in Mexico, respectively, whether or not such goods are goods of Canada or goods of Mexico under the terms of general note 12 to the tariff schedule."

2. Effective on January 1, 1995, the HTS is modified as follows:

(a) For subheading 2922.49.37, the Rates of Duty 1—Special subcolumn is modified by inserting, in alphabetical sequence, the

symbol "L" in the parentheses following the "Free" rate of duty in such subcolumn.

(b) In the additional U.S. notes to HTS section XI listed below, the expression "articles the product of Canada" is deleted at each instance and the expression "Imports from Canada" is inserted in lieu thereof.

additional U.S. note 3(a); additional U.S. note 4(c)

additional U.S. note 3(f); additional U.S. note 5(a)

additional U.S. note 4(a); additional U.S. note 5(c)

(c) In the additional U.S. notes to HTS section XI listed below, the expression "articles the product of Mexico" is deleted at each instance and the expression "imports from Mexico" is inserted in lieu thereof.

additional U.S. note 3(b); additional U.S. note 4(b)

additional U.S. note 3(c); additional U.S. note 4(d)

additional U.S. note 3(d); additional U.S. note 5(b)

additional U.S. note 3(e); additional U.S. note 5(d)

additional U.S. note 3(g)

(d) The article description for HTS heading 9817.29.01 is modified by deleting "3701.90.32" and by inserting in lieu thereof "3707.90.32".

(e) The Intermediate Chemicals for Dyes Appendix to the HTS is modified by deleting the chemical name "Benzamine, 2, 6-dichloro-4-nitro" and by inserting "Benzamine, 2, 6-dichloro-4-nitro" in lieu thereof, and by deleting the chemical name "Benzeneamine, 2-(trifluoromethyl)-" and by inserting "Benzeneamine, 2-(trifluoromethyl)-" in lieu thereof.

3. Effective on January 1, 1996, the HTS is modified as follows:

(a) The tariff classification rules ("TCRs") in subdivision (t) of general note 12 to the HTS are modified by deleting from chapter rule 1 to chapter 61 and from chapter rule 1 to chapter 62 the subheading number "5407.60" and by inserting in lieu thereof "5407.61".

(b) The article description for HTS subheading 6303.92.10 is modified by deleting "5407.60.11, 5407.60.21 or 5407.60.91" and by inserting in lieu thereof "5407.61.11, 5407.61.21 or 5407.61.91".

(c) The article description for HTS subheading 9017.20.50 is modified by deleting "8456.90.20" and by inserting in lieu thereof "8456.99.10".

(d) U.S. note 3(d) to subchapter II of chapter 98 is modified by deleting "additional U.S. note 1" and inserting "note 3" in lieu thereof.

4. Effective April 1, 1997, for subheading 2933.59.95, the Rates of Duty 1—special subcolumn is modified by inserting, in alphabetical sequence, the symbol "K" in the parentheses following the "Free" rate of duty in such subcolumn.

5. Effective April 28, 1997, general note 12 to the HTS is modified as follows:

(a) by numbering the tariff classification rule to chapter 82 that reads "A change to subheadings 8202.39 through 8202.99 from any other chapter." as TCR 4 to that chapter;

(b) by modifying TCR 231 for chapter 84 by deleting "tariff items," and by inserting in lieu thereof "tariff item,"; and

(c) by deleting from TCR 90 for chapter 85 "8428.12.62" and by inserting in lieu thereof "8528.12.62".

6. Effective May 31, 1997:

(a) For HTS subheading 0802.90.98, the Rates of Duty 1—Special subcolumn is modified by inserting, immediately before the symbol "CA" in parentheses, the symbol "A+,"; and

(b) Section (c) to Annex II to Presidential Proclamation 7007 is modified by deleting HTS subheadings 0802.90.90, 2901.29.50, 8607.19.03, 9603.10.50 and 9603.10.60.

7. Effective July 1, 1997, section B of Annex I to Presidential Proclamation 7011 of June 30, 1997, is modified by deleting the text of paragraph (68) and by inserting in lieu thereof the following: "Heading 9902.84.77 is modified by deleting "8477.10.80" and by inserting in lieu thereof "8477.10.70".

8. Effective on the date of publication of this notice in the **Federal Register**, section A(5) of Annex II to Presidential Proclamation 6969 is modified as follows:

(a) by deleting, from subparagraph (a) of such section, the expression "April 1, 1998, through March 31, 1999, inclusive" and by inserting "April 1 in any year through March 31, inclusive" in lieu thereof; and

(b) by deleting, from subparagraph (b) of such section, the expression "April 1, 1999, through March 31, 2000, inclusive" and by inserting "April 1, 2000, through March 31, 2001, inclusive" in lieu thereof.

9. Effective January 1, 1998:

(a) Section D of the Annex to Proclamation 6763 is modified by striking from the column headed "1998" for subheading 2620.90.20 the duty rate of "18.5¢/kg on tungsten content + 4%" and by inserting the duty rate "17.6¢/kg on tungsten content + 4%" in lieu thereof; and

(b) Subheading 8529.90.88 is modified by striking from the "Special" rates of duty subcolumn the rate "0.5% (CA)" and by inserting in alphabetical sequence in the parenthetical expression following the duty rate of "Free" in such subcolumn the symbol "CA,".

(c) General note 3(iv)(C) is modified by deleting "sections 503(b) and 504(c) and by inserting "sections 503(a)(2), 503(a)(3) and 503(c)" in lieu thereof.

(d) General note 4(a) is modified by deleting "section 502(a)(3) of the Trade Act of 1974 (19 U.S.C. 2462(a)(3))" and by inserting "section 507(2) of the Trade Act of 1974 (19 U.S.C. 2467(2))" in lieu thereof.

(e) General note 4(b)(i) is modified by deleting "section 504(c)(6)" and by inserting "section 502(a)(2)" in lieu thereof, by deleting "section 504(c)" and by inserting "section 503(c)(2)(A)" in lieu thereof, and by deleting "19 U.S.C. 2464(c)" and by inserting "19 U.S.C. 2463(c)(2)(A)" in lieu thereof.

(f) The last paragraph of general note 4(c) is modified by deleting "section 503(a)(3)" and by inserting "section 507(2)" in lieu thereof.

(g) General note 10(e)(i)(A) is modified by deleting "section 504(c)(1)(A) of the Trade Act of 1974 (19 U.S.C. 2464(c)(1)(A))" and by inserting "sections 503(c)(2)(A)(i)(I) and

503(c)(2)(A)(ii) of the Trade Act of 1974 (19 U.S.C. 2463(c)(2)(A)(i)(I) and 503(c)(2)(A)(ii))" in lieu thereof.

(h) General note 10(f) is modified by deleting "section 504(c)(3) of the Trade Act of 1974 (19 U.S.C. 2464(c)(3))" and by inserting "section 503(c)(2)(F) of the Trade Act of 1974 (19 U.S.C. 2463(c)(2)(F))" in lieu thereof.

10. Effective on January 1 in each of the following years, the enumerated additional U.S. notes to chapter 4 of the HTS are each modified by deleting the existing quantitative limitation set forth therein for the EC 15 and by inserting in lieu thereof the new quantitative limitation set forth in this table:

	1999	2000
(a) Additional U.S. note 17 to chapter 4 ...	2,729,000	2,779,000
(b) Additional U.S. note 18 to chapter 4 ...	1,096,333	1,263,000
(c) Additional U.S. note 19 to chapter 4 ...	337,333	354,000
(d) Additional U.S. note 21 to chapter 4 ...	3,965,333	4,082,000

Additional information regarding these technical modifications can be obtained by contacting the above-named officials of the USTR at the number noted above.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Trade Policy Staff Committee; Public Comments for Multilateral Negotiations in the World Trade Organization on Expansion of the List of Pharmaceutical Products Receiving Zero Duties

AGENCY: Office of the United States Trade Representative.

ACTION: Notice and request for comments.

SUMMARY: The Trade Policy Staff Committee (TPSC) is requesting written public comments with respect to expansion of the list of pharmaceuticals subject to reciprocal duty elimination by certain members of the World Trade Organization (WTO). The specific information being sought is described in the background section below.

DATES: Public comments are due by noon, January 30, 1998.

ADDRESSES: Office of the U.S. Trade Representative, 600 17th Street, N.W., Washington, D.C. 20508.

FOR FURTHER INFORMATION CONTACT: Barbara Chattin, Director for Tariff Negotiations, USTR, (202-395-5097).