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## COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

### Solicitation of Public Comments on Request for Textile and Apparel Safeguard Action on Imports from China

April 28, 2005.

**AGENCY:** The Committee for the Implementation of Textile Agreements (the Committee)

**ACTION:** Solicitation of public comments concerning a request for safeguard action on imports from China of cotton and man-made fiber sweaters (Category 345/645/646).

**SUMMARY:** On April 6, 2005, the Committee received a request from the American Manufacturing Trade Action Coalition, the National Council of Textile Organizations, the National Textile Association, and UNITE HERE requesting that the Committee limit imports from China of cotton and man-made fiber sweaters (Category 345/645/646). They request that a textile and apparel safeguard action, as provided for in the Report of the Working Party on the Accession of China to the World Trade Organization (the Accession Agreement), be taken on imports of such sweaters. The Committee hereby solicits public comments on this request, in particular with regard to whether imports from China of such sweaters are, due to market disruption, threatening to impede the orderly development of trade in this product. Comments must be submitted by June 3, 2005 to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, United States Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. 20230.

**FOR FURTHER INFORMATION CONTACT:** Jay Dowling, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4058.

#### SUPPLEMENTARY INFORMATION:

**Authority:** Section 204 of the Agriculture Act of 1956, as amended; Executive Order 11651, as amended.

#### BACKGROUND:

The Report of the Working Party on the Accession of China to the World

Trade Organization (Accession Agreement) provides that, if a WTO Member, such as the United States, believes that imports of Chinese origin textile and apparel products are, "due to market disruption, threatening to impede the orderly development of trade in these products", it may request consultations with China with a view to easing or avoiding the disruption. Pursuant to this provision, if the United States requests consultations with China, it must, at the time of the request, provide China with a detailed factual statement showing (1) the existence or threat of market disruption; and (2) the role of products of Chinese origin in that disruption. Beginning on the date that it receives such a request, China must restrict its shipments to the United States to a level no greater than 7.5 percent (6 percent for wool product categories) above the amount entered during the first 12 months of the most recent 14 months preceding the month in which the request was made.

On April 6, 2005, the Committee received a request that an Accession Agreement textile and apparel safeguard action be taken on imports from China of cotton and man-made fiber sweaters (Category 345/645/646). The Committee has determined that this request provides the information necessary for the Committee to consider the request in light of the considerations set forth in the Procedures. In this case, the Committee notes that imports from China of cotton and man-made fiber sweaters (Category 345/645/646) have increased from 134,828 dozen in the first quarter of 2004 to 383,314 dozen in the first quarter of 2005 (includes preliminary data for 2005). The text of the request is reproduced in full below.

The Committee is soliciting public comments on this request, in particular with regard to whether imports from China of such sweaters are, due to market disruption, threatening to impede the orderly development of trade in this product.

Comments may be submitted by any interested person. Comments must be received no later than June 3, 2005. Interested persons are invited to submit ten copies of such comments to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, U.S. Department of Commerce, 14th and Constitution Avenue N.W., Washington, DC 20230.

If a comment alleges that there is no market disruption or that the subject

imports are not the cause of market disruption, the Committee will closely review any supporting information and documentation, such as information about domestic production or prices of like or directly competitive products. Particular consideration will be given to comments representing the views of actual producers in the United States of a like or directly competitive product.

The Committee will protect any business confidential information that is marked "business confidential" from disclosure to the full extent permitted by law. To the extent that business confidential information is provided, two copies of a non-confidential version must also be provided in which business confidential information is summarized or, if necessary, deleted. Comments received, with the exception of information marked "business confidential", will be available for inspection between Monday - Friday, 8:30 a.m and 5:30 p.m in the Trade Reference and Assistance Center Help Desk, Suite 800M, USA Trade Information Center, Ronald Reagan Building, 1300 Pennsylvania Avenue, NW, Washington, DC, (202) 482-3433.

The Committee expects to make a determination within 60 calendar days of the close of the comment period as to whether the United States will request consultations with China. If, however, the Committee is unable to make a determination within 60 calendar days, it will cause to be published a notice in the **Federal Register**, including the date by which it will make a determination. If the Committee makes a negative determination, it will cause this determination and the reasons therefore to be published in the **Federal Register**. If the Committee makes an affirmative determination that imports of Chinese origin cotton and man-made fiber sweaters are, due to market disruption, threatening to impede the orderly development of trade in these products, the United States will request consultations with China with a view to easing or avoiding such market disruption in accordance with the Accession Agreement and the Committee's procedures.

#### D. Michael Hutchinson,

*Acting Chairman, Committee for the Implementation of Textile Agreements.*

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April 6, 2005

James Leonard  
Chairman, Committee for the Implementation of Textile Agreements  
Room H3100  
U.S. Department of Commerce  
14<sup>th</sup> and Constitution Ave, NW  
Washington, DC 20230

Dear Mr. Leonard:

The American Manufacturing Trade Action Coalition (AMTAC), National Council of Textile Organizations (NCTO), National Textile Association (NTA), and UNITE HERE! request that the Committee for the Implementation of Textile Agreements (CITA) take the necessary actions to impose a safeguard on U.S. imports from China of cotton and man-made fiber sweaters classified within Category 345/645/646 of the U.S. Textile and Apparel Category System. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27788, May 21, 2003).

The parties submitting this request are trade associations and unions which are representative of either domestic producers of products like or directly competitive with cotton and man-made fiber sweaters contained in Category 345/645/646 or of domestic producers of components used in the production of products that are like or directly competitive with the those contained in Category 345/645/646.

For your background information, descriptions of each organization are as follows:

**AMTAC** is a not-for-profit manufacturing trade association established for the purpose of preserving and creating American manufacturing jobs through the establishment of trade policy and other measures necessary for the U.S. manufacturing sector to stabilize and grow. Its members are involved in a wide variety of manufacturing, including textiles, throughout the United States. AMTAC's office is in Washington, D.C.  
[www.amtacdc.org](http://www.amtacdc.org)

**NCTO** is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers in the textile machinery, chemical and other such sectors which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters are in Washington, D.C., and it also maintains an office in Gastonia, NC. [www.ncto.org](http://www.ncto.org)

**NTA** is a not-for-profit trade association of companies who knit or weave fabrics in the United States, dye, print or otherwise finish fabrics in the United States, or supply fibers, yarns, or other services to the American textile industry. NTA's office is in Boston, MA.  
[www.nationaltextile.org](http://www.nationaltextile.org)

**UNITE HERE!** was formed by a merger in 2004 of UNITE (formerly the Union of Needletrades, Textiles and Industrial Employees) and HERE (Hotel Employees and Restaurant Employees International Union). The union UNITE HERE represents more than 440,000 active members and more than 400,000 retirees throughout North America. UNITE HERE's headquarters are in New York, NY. [www.unitehere.org](http://www.unitehere.org)

It is the strong view of the petitioners that the surge in imports during the first quarter of 2005 from China of cotton and man-made fiber sweaters compounded with the long-term decline in U.S. production of these products constitutes market disruption under § 11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization (WTO). This rise in imports and corresponding long-term decline in domestic production has produced a steady downward trend in the domestic market share for these products according to the I/P Book published by the Office of Textiles and Apparel, International Trade Administration, U.S. Department of Commerce (OTEXA).

In recent years, U.S. apparel production has declined in virtually all of the major cotton and man-made fiber categories. The Petitioners assert that this decline has been the direct result of increasing imports far surpassing the growth of the U.S. market for these products. With the January 1, 2005 removal of quotas on all WTO members, imports are rising across the board, and the surge in the first quarter 2005 imports from China is disrupting the U.S. market.

CITA is well aware of the circumstances following the integration of certain categories on January 1, 2002 in which China registered enormous increases and quickly moved to dominate trade. Following the same track, U.S. imports of cotton and man-made fiber sweaters from China skyrocketed 203.71 percent year-to-date March 2005 compared to the same period in 2004, according to preliminary import data provided by OTEXA. The preliminary import figures demonstrate that China's annual percent share of the U.S. import market rose from 7.0 percent in calendar year 2004 to 8.86 percent year-ending March 2005. Furthermore, China's year-to-date March 2005 share was 33.89 percent, which was the largest import share of any country. China was the sixth largest supplier to the U.S. during 2004. It should be noted, however, that imports from four of the top five suppliers of cotton and manmade fiber sweaters to the U.S. declined in 2004 compared to the previous year. The increase from Hong Kong was less than 1 percent. China's growth in this market has come at the expense of U.S. producers and other top Asian suppliers.

Sharp price reductions are likely a major element in the sudden surge of Chinese imports with the removal of quotas and corresponding quotas costs. A review of recent price data indicates that China's January 2005 prices for cotton and man-made fiber sweaters averaged \$78.63/dozen. This average unit value is 6 percent below the price last January of \$83.72/dozen and 17 percent below the calendar year 2004 average price of \$94.37/dozen. As with the surging import numbers, the large and instantaneous price drops China demonstrated in January 2005 again follow the pattern established in 2002 with the removal of certain items from quota. In those categories integrated in 2002, China dropped its prices by an average of 58 percent.

In sum, surging low-priced imports from China are clearly disrupting the U.S. market in Category 345/645/646. The language on safeguards in the U.S./China Protocol of Accession is based on language in the Multi-Fiber Agreement (MFA) and the WTO's Agreement on Textiles and Clothing (ATC). Both of those international agreements contained language providing for immediate action in the event of highly unusual and critical circumstances. We believe that current circumstances are such and that prompt action is necessary irrespective of the timelines in the CITA procedures.

Thank you for your consideration of this important matter.

Sincerely,



Auggie Tantillo  
Executive Director  
AMTAC



Cass Johnson  
President  
NCTO



Karl Spilhaus  
President  
NTA



Bruce Raynor  
General President  
UNITE HERE

Table 1: U.S. Production, Imports, and Domestic Market Share for Cotton and Man-Made Fiber Sweaters (Category 345/645/646) 1999-2003

Time Period	U.S. Production (Thousand Dozen)	U.S. Imports	Imports From China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	5,377	9,432	655	36.3	63.7	4.42
2000	5,908	12,854	989	31.5	68.5	5.27
2001	4,171	18,583	1,073	18.3	81.7	4.72
2002	3,881	18,320	941	17.5	82.5	4.24
2003	2,364	16,989	983	12.2	87.8	5.08
YTD 6/03	929	3,387	243	21.52	78.48	5.63
YTD 6/04	1,051	3,149	255	25.02	74.98	6.07
YE 6/03	3,184	17,710	1018	15.24	84.77	4.87
YE 6/04	2,486	16,751	996	12.92	87.08	5.18

Source: U.S. Imports, Production, Markets, Import Production Ratios and Domestic Market Shares for Textile and Apparel Product Categories (OTEXA/ITA/U.S. Department of Commerce)

Table 2: U.S. Imports of Cotton and Man-Made Fiber Sweaters (Category 345/645/646) 1999-2004, YE January 2004 and 2005, and January 2004 and 2005 from the World and China: Quantity (Dozen), Percent Change, and China's Percent Share of the World

Time Period	U.S. Imports-Category 345/645/646 from:			China:		
	World:			China:		
	Quantity (Dozen)	Percent Change	Quantity (Dozen)	Quantity (Dozen)	Percent Change	Percent Share
1999	9,431,967	-18.1	655,266	655,266	-25.8	6.9
2000	12,854,264	36.3	989,382	989,382	51.0	7.7
2001	18,582,908	44.6	1,073,230	1,073,230	8.5	5.8
2002	18,320,384	-1.4	941,004	941,004	-12.3	5.1
2003	16,988,410	-7.3	983,329	983,329	4.5	5.8
2004	15,258,807	-10.2	1,073,133	1,073,133	9.1	7.0
YTD 1/04	555,077	--	101,975	101,975	--	18.4
YTD 1/05	456,009	-17.8	123,234	123,234	20.8	27.0
YE 1/04	16,915,973	--	977,837	977,837	--	5.8
YE 1/05	15,159,739	-10.4	1,094,392	1,094,392	11.9	7.2
YTD 3/04	1,261,701	--	134,828	134,828	--	10.7
YTD 3/05 (p)	1,208,144	-4.2	409,490	409,490	203.7	33.9
YE 3/04	16,960,783	--	954,183	954,183	--	5.6
YE 3/05 (p)	15,205,250	-10.4	1,347,795	1,347,795	41.3	8.9

(p) based on preliminary import data from OTEXA

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April 28, 2005.

**AGENCY:** The Committee for the Implementation of Textile Agreements (the Committee)

**ACTION:** Solicitation of public comments concerning a request for safeguard action on imports from China of cotton and man-made fiber brassieres (Category 349/649).

**SUMMARY:** On April 6, 2005, the Committee received a request from the American Manufacturing Trade Action Coalition, the National Council of Textile Organizations, the National Textile Association, and UNITE HERE requesting that the Committee limit imports from China of cotton and man-made fiber brassieres (Category 349/649). They request that a textile and apparel safeguard action, as provided for in the Report of the Working Party on the Accession of China to the World Trade Organization (the Accession Agreement), be taken on imports of such brassieres. The Committee hereby solicits public comments on this request, in particular with regard to whether imports from China of such brassieres are, due to market disruption, threatening to impede the orderly development of trade in this product. Comments must be submitted by June 3, 2005 to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, United States Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. 20230.

**FOR FURTHER INFORMATION CONTACT:** Jay Dowling, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4058.

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On April 6, 2005, the Committee received a request that an Accession Agreement textile and apparel safeguard action be taken on imports from China of cotton and man-made fiber brassieres (Category 349/649). The Committee has determined that this request provides the information necessary for the Committee to consider the request in light of the considerations set forth in the Procedures. In this case, the Committee notes that imports from China of cotton and man-made fiber brassieres (Category 349/649) have increased from 4,079,865 dozen in the first quarter of 2004 to 5,581,965 dozen in the first quarter of 2005 (includes preliminary data for 2005). The text of the request is reproduced in full below.

The Committee is soliciting public comments on this request, in particular with regard to whether imports from China of such brassieres are, due to market disruption, threatening to impede the orderly development of trade in this product.

Comments may be submitted by any interested person. Comments must be received no later than June 3, 2005. Interested persons are invited to submit ten copies of such comments to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, U.S. Department of Commerce, 14th and Constitution Avenue N.W., Washington, DC 20230.

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The Committee will protect any business confidential information that is marked "business confidential" from disclosure to the full extent permitted by law. To the extent that business confidential information is provided, two copies of a non-confidential version must also be provided in which business confidential information is summarized or, if necessary, deleted. Comments received, with the exception of information marked "business confidential", will be available for inspection between Monday - Friday, 8:30 a.m and 5:30 p.m in the Trade Reference and Assistance Center Help Desk, Suite 800M, USA Trade Information Center, Ronald Reagan Building, 1300 Pennsylvania Avenue, NW, Washington, DC, (202) 482-3433.

The Committee expects to make a determination within 60 calendar days of the close of the comment period as to whether the United States will request consultations with China. If, however, the Committee is unable to make a determination within 60 calendar days, it will cause to be published a notice in the **Federal Register**, including the date by which it will make a determination. If the Committee makes a negative determination, it will cause this determination and the reasons therefore to be published in the **Federal Register**. If the Committee makes an affirmative determination that imports of Chinese origin cotton and man-made fiber brassieres are, due to market disruption, threatening to impede the orderly development of trade in these products, the United States will request consultations with China with a view to easing or avoiding such market disruption in accordance with the Accession Agreement and the Committee's procedures.

#### D. Michael Hutchinson,

*Acting Chairman, Committee for the Implementation of Textile Agreements.*

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