

## COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

### **The Committee for the Implementation of Textile Agreements Submits Written Notice to the Government of Honduras of its Intent to Apply a Textile Safeguard Measure on Imports from Honduras of Cotton Socks**

[INSERT DATE]

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

**ACTION:** Notice.

**SUMMARY:** The Committee is submitting written notice to the Government of Honduras with respect to its intent to apply a textile safeguard measure on imports of Honduran origin cotton socks (Category 332).

**FOR FURTHER INFORMATION CONTACT:** Sergio Botero, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-3400.

#### **SUPPLEMENTARY INFORMATION:**

**Authority:** Title III, Subtitle B, Section 321 through Section 328 of the Dominican Republic-Central America-United States Free Trade Agreement (“CAFTA-DR” or the “Agreement”) Implementation Act; Article 3.23 of the Dominican Republic-Central America-United States Free Trade Agreement.

#### **Notice**

On January 18, 2007, as provided for under Article 3.23 of the Dominican Republic-Central America-United States Free Trade Agreement, the United States submitted written notice to the Government of Honduras with respect to its intent to apply a textile safeguard measure on imports of Honduran origin cotton socks (Category 332).

#### **Background**

On August 21, 2007, the Committee initiated a safeguard proceeding to determine whether imports of Honduran cotton, wool, and man-made fiber socks (merged Category 332/432 and 632 part) are causing serious damage, or actual threat thereof, to the U.S. industry producing socks, (72 FR 46611, August 21, 2007). The initiation of the safeguard proceeding launched a 30-day period during which interested parties and stakeholders submitted comments. In accordance with section 4 of the Committee’s Procedures for considering action under the CAFTA-DR textile and apparel safeguard, (71 FR 25157, April 28, 2006), the Committee has determined that it intends to apply a textile safeguard measure with respect to imports of Honduran origin cotton socks (Category 332). This determination is based on the comments received and information available to the Committee that demonstrates that safeguard measures are warranted with respect to Honduran origin cotton socks falling within Category 332, which represent approximately 99% of the imports subject to this safeguard inquiry. The Committee notes that it is not at this time making a determination to apply a safeguard measure with

respect to wool and man-made fiber socks (Categories 432 and 632 Part, respectively), that were part of this original safeguards inquiry.

Article 3.23(4) of the Agreement provides that, following receipt of written notice by an importing Party of intent to apply a safeguard measure, the exporting Party may request consultations. Article 3.23(4) further provides that, upon receipt of a request for consultations, the United States and the Government of Honduras shall begin consultations without delay and shall be completed within 60 days of the date of the request for consultations. The United States shall make a decision on whether to apply a safeguard measure within 30 days of completion of the consultations.

If the United States decides in the affirmative, the United States would increase the duty on all Honduran origin cotton socks within Category 332 (including those knit in the United States) to a level that does not exceed the lesser of: (a) the prevailing U.S. normal trade relations (NTR)/most-favored-nation (MFN) duty rate for the article at the time the measure is applied; or (b) the U.S. NTR/MFN applied duty rate in effect on the date of entry into force of the CAFTA-DR, currently 13.5% for most socks imported from Honduras. The Committee is further considering the appropriate safeguard tariff rate that would be applied to imported cotton socks from Honduras.

Article 3.23 of the Agreement provides that, no Party may maintain a textile safeguard measure for a period exceeding three years. In this case, the Committee has further determined that, if at the conclusion of the consultation period, the United States decides in the affirmative, the United States would apply a safeguard measure on imports of Honduran origin cotton socks (Category 332) until December 31, 2008, to coincide with the expiring limits on cotton sock imports from China.

In the event that safeguard measures are applied by the United States, the United States would have to provide mutually agreed and substantially equivalent compensation in textile and apparel products to Honduras. If the United States and Honduras are unable to agree on compensation within 30 days of the application of a textile safeguard measure, Honduras may take tariff action of a substantially equivalent trade effect.

**R. Matthew Priest,**

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