

Yarn Spinners Association, American Manufacturing Trade Action Coalition, American Textile Manufacturers Institute and the National Textile Association alleging that imports from the People's Republic of China of knit fabric (Category 222) are, due to market disruption, threatening to impede the orderly development of trade in this product, and requesting that an Accession Agreement textile and apparel safeguard action be taken on imports of knit fabric. The Committee determined that this request provided the information necessary for the Committee to consider the request, and, on August 18, 2003, the Committee solicited public comments on the request (68 FR 49440). This public comment period ended on September 17, 2003. The Committee determined that imports of Chinese origin knit fabric are, due to market disruption and the threat of market disruption, threatening to impede the orderly development of trade in knit fabric, and that imports of knit fabric from China play a significant role in the existence and threat of market disruption. A summary statement of the reasons and justifications for the U.S. request for consultations concerning imports of Category 222 from the People's Republic of China follows this notice.

A description of the textile and apparel categories in terms of Harmonized Tariff Schedule of the United States numbers is available in the CORRELATION: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States (see **Federal Register** notice 68 FR 1599, published on January 13, 2003). Also see 67 FR 63891, published on October 16, 2002.

**D. Michael Hutchinson,**

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

**Committee for the Implementation of Textile Agreements**

December 23, 2003.

Commissioner,  
*Bureau of Customs and Border Protection,  
Washington, DC 20229.*

Dear Commissioner: Pursuant to Section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); and Executive Order 11651 of March 3, 1972, as amended, you are directed to prohibit, effective on December 24, 2003, entry into the United States for consumption and withdrawal from warehouse for consumption of knit fabric textile products in Category 222, produced or manufactured in the People's Republic of China and exported during the twelve-month period beginning on December 24, 2003, and extending through December 23, 2004, in excess of 9,664,477 kilograms.

Paragraph 2.B. of the U.S.-China Textile Visa Arrangement provides that if additional categories become subject to import quotas, those categories shall be automatically included in the coverage of the Visa Arrangement. This Visa Arrangement was notified to the World Trade Organization Textiles Monitoring Body as an agreed administrative arrangement on May 21, 2002. Consequently, the United States will require that shipments of Chinese origin knit fabric in Category 222 be accompanied by an export visa and Electronic Visa Information System (ELVIS) transmission issued by the Government of the People's Republic of China. In order to provide a period for adjustment, the United States will allow shipments of goods in this category that are not accompanied by an export visa and an ELVIS transmission to enter the United States if exported prior to January 23, 2004. However, shipments exported from China on or after January 23, 2004 must be accompanied by an export visa and ELVIS transmission issued by the Government of the People's Republic of China, and shipments without an export visa and ELVIS transmission will be denied entry.

Products which have been exported to the United States prior to December 24, 2003, shall not be subject to the limit established in this directive.

In carrying out the above directions, the Commissioner should construe entry into the United States for consumption to include entry for consumption into the Commonwealth of Puerto Rico.

The Committee for the Implementation of Textile Agreements has determined that this action falls within the foreign affairs exception of the rulemaking provisions of 5 U.S.C. 553(a)(1).

Sincerely,  
D. Michael Hutchinson,  
*Acting Chairman, Committee for the Implementation of Textile Agreements.*

**SUMMARY OF THE REASONS AND JUSTIFICATIONS FOR U.S. REQUEST FOR CONSULTATIONS WITH CHINA PURSUANT TO PARAGRAPH 242 OF THE REPORT OF THE WORKING PARTY ON THE ACCESSION OF CHINA TO THE WORLD TRADE ORGANIZATION**

**Knit Fabric Category 222**

The United States believes that imports of Chinese origin knit fabric are, due to market disruption, threatening to impede the orderly development of trade in knit fabric, and that imports of knit fabric from China play a significant role in the existence of market disruption. Further, the United States believes that imports of Chinese origin knit fabric are, due to the threat of market disruption, threatening to impede the orderly development of trade in knit fabric, and that imports of knit fabric from China play a significant role in the threat of market disruption. Either finding supports a request for consultations with the Government of the People's Republic of China under Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization ("Paragraph 242"). The following facts, and others contained in the full Statement, support these beliefs:

**U.S. Imports from China Are Increasing Rapidly in Absolute Terms.** U.S. imports of knit fabric from China increased from 42,505 kilograms in 2000 to over 7 million kilograms in 2002 (an increase of 16,396 percent) and to 9.1 million kilograms in the year ending in October 2003 (an increase of 21,307 percent from the 2000 level).

**U.S. Imports from China Are Increasing Rapidly Relative to Other Imports.** In 2001, China was the 30th largest exporter of knit fabric to the United States. Just one year later, China was the 5th largest exporter. In the year ending October 2003, China surpassed Mexico, becoming the 4th largest exporter of knit fabric to the United States.

**Chinese Average Unit Values Are Well Below Values from Other Countries.** In the year ending October 2003, the average unit value of knit fabric imports from China was US\$5.26 per kilogram, compared to a "rest of world" average unit import value of US\$6.46 per kilogram.

**U.S. Imports from China Are Likely to Increase Further in the Near Future.** China is the world's largest textile machinery importing country. Between January and May 2003, China imported \$1.8 billion worth of textile machinery, an increase of 71 percent compared to the same period last year. According to Chinese Customs data, China imported over US\$243 million of knitting machines in the first five months of 2003 - an increase of over 105.4 percent over the same period in 2002.

**The U.S. Knit Fabric Industry Is Vulnerable to Any Increase in Imports.** U.S. production of knit fabric fell 27 percent from 2000 to 2002 (from 657,040 kilograms to 479,960 kilograms), while the share of the market held by U.S. producers fell by 9.6 percentage points (from 86.9 percent to 77.3 percent) during this period.

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**COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS**

**Announcement of Request for Bilateral Textile Consultations with the Government of the People's Republic of China and the Establishment of an Import Limit for Brassieres and Other Body Supporting Garments, Category 349/649, Produced or Manufactured in the People's Republic of China**

December 23, 2003.

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

**ACTION:** Notice

**EFFECTIVE DATE:** December 24, 2003.

**FOR FURTHER INFORMATION CONTACT:** Roy Unger, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4212. For information on the quota

status of these limits, refer to the Quota Status Reports posted on the bulletin boards of each Customs port, call (202) 927-5850, or refer to the Bureau of Customs and Border Protection website at <http://www.customs.gov>. For information on embargoes and quota re-openings, refer to the Office of Textiles and Apparel website at <http://otexa.ita.doc.gov>.

#### SUPPLEMENTARY INFORMATION:

**Authority:** Section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); Executive Order 11651 of March 3, 1972, as amended.

On December 24, 2003, as provided for under paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization (Accession Agreement), the United States requested consultations with the Government of the People's Republic of China with respect to imports of Chinese origin brassieres and other body supporting garments in Category 349/649. In accordance with paragraph 242 of the Accession Agreement and the procedures set forth by the Committee on May 21, 2003 (68 FR 27787), as clarified on August 18, 2003 (68 FR 49440), the United States is establishing a twelve-month limit on brassieres and other body supporting garments in Category 349/649 from China, beginning on December 24, 2003, and extending through December 23, 2004 at a level of 16,828,971 dozen.

Paragraph 2.B. of the U.S.-China Textile Visa Arrangement provides that if additional categories become subject to import quotas, those categories shall be automatically included in the coverage of the Visa Arrangement. This Visa Arrangement was notified to the World Trade Organization Textiles Monitoring Body as an agreed administrative arrangement on May 21, 2002. Consequently, the United States will require that shipments of Chinese origin brassieres and other body supporting garments in Category 349/649 be accompanied by an export visa and Electronic Visa Information System (ELVIS) transmission issued by the Government of the People's Republic of China. In order to provide a period for adjustment, the United States will allow shipments of goods in this category that are not accompanied by an export visa and an ELVIS transmission to enter the United States if exported prior to January 23, 2004. However, shipments exported from China on or after January 23, 2004 must be accompanied by an export visa and ELVIS transmission issued by the Government of the People's Republic of China, and shipments without an export visa and

ELVIS transmission will be denied entry.

Paragraph 242 of the Accession Agreement allows World Trade Organization Members that believe imports of Chinese origin textile and apparel products are, due to market disruption, threatening to impede the orderly development of trade in these products to request consultations with the People's Republic of China with a view to easing or avoiding such market disruption. Upon receipt of the request, the People's Republic of China has agreed to hold its shipments 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 request for consultations. The Member requesting consultations may implement such a limit. Consistent with paragraph 242, consultations with the People's Republic of China will be held within 30 days of receipt of the request for consultations, and every effort will be made to reach agreement on a mutually satisfactory solution within 90 days of receipt of the request for consultations. If agreement on a different limit is reached, the Committee will issue a **Federal Register** Notice containing a directive to the Bureau of Customs and Border Protection to implement the negotiated limit.

On July 24, 2003, the Committee received a request from the American Manufacturing Trade Action Coalition, American Textile Manufacturers Institute and the National Textile Association alleging that imports from the People's Republic of China of brassieres and other body supporting garments (Category 349/649) are, due to market disruption, threatening to impede the orderly development of trade in this product, and requesting that an Accession Agreement textile and apparel safeguard action be taken on imports of brassieres and other body supporting garments. The Committee determined that this request provided the information necessary for the Committee to consider the request, and, on August 18, 2003, the Committee solicited public comments on the request (68 FR 49448). This public comment period ended on September 17, 2003. The Committee determined that imports of Chinese origin brassieres and other body supporting garments are, due to market disruption and the threat of market disruption, threatening to impede the orderly development of trade in brassieres and other body supporting garments, and that imports of brassieres and other body supporting garments from China play a significant role in the existence of and threat of

market disruption. A summary statement of the reasons and justifications for the U.S. request for consultations concerning imports of Category 349/649 from the People's Republic of China follows this notice.

A description of the textile and apparel categories in terms of Harmonized Tariff Schedule of the United States numbers is available in the CORRELATION: Textile and Apparel Category with the Harmonized Tariff Schedule of the United States (see **Federal Register** notice 68 FR 1599, published on January 13, 2003). Also see 67 FR 63891, published on October 16, 2002.

#### D. Michael Hutchinson,

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

#### Committee for the Implementation of Textile Agreements

December 23, 2003.

Commissioner,  
Bureau of Customs and Border Protection,  
Washington, DC 20229.

Dear Commissioner: Pursuant to Section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); and Executive Order 11651 of March 3, 1972, as amended, you are directed to prohibit, effective on December 24, 2003, entry into the United States for consumption and withdrawal from warehouse for consumption of brassieres and other body supporting garments in Category 349/649, produced or manufactured in the People's Republic of China and exported during the twelve-month period beginning on December 24, 2003, and extending through December 23, 2004, in excess of 16,828,971 dozen.

Paragraph 2.B. of the U.S.-China Textile Visa Arrangement provides that if additional categories become subject to import quotas, those categories shall be automatically included in the coverage of the Visa Arrangement. This Visa Arrangement was notified to the World Trade Organization Textiles Monitoring Body as an agreed administrative arrangement on May 21, 2002. Consequently, the United States will require that shipments of Chinese origin brassieres and other body supporting garments in Category 349/649 be accompanied by an export visa and Electronic Visa Information System (ELVIS) transmission issued by the Government of the People's Republic of China. In order to provide a period for adjustment, the United States will allow shipments of goods in this category that are not accompanied by an export visa and an ELVIS transmission to enter the United States if exported prior to January 23, 2004. However, shipments exported from China on or after January 23, 2004 must be accompanied by an export visa and ELVIS transmission issued by the Government of the People's Republic of China, and shipments without an export visa and ELVIS transmission will be denied entry.

Products which have been exported to the United States prior to December 24, 2003,

shall not be subject to the limit established in this directive.

In carrying out the above directions, the Commissioner should construe entry into the United States for consumption to include entry for consumption into the Commonwealth of Puerto Rico.

The Committee for the Implementation of Textile Agreements has determined that this action falls within the foreign affairs exception of the rulemaking provisions of 5 U.S.C. 553(a)(1).

Sincerely,  
D. Michael Hutchinson,  
*Acting Chairman, Committee for the Implementation of Textile Agreements.*

**SUMMARY OF THE REASONS AND JUSTIFICATIONS FOR U.S. REQUEST FOR CONSULTATIONS WITH CHINA PURSUANT TO PARAGRAPH 242 OF THE REPORT OF THE WORKING PARTY ON THE ACCESSION OF CHINA TO THE WORLD TRADE ORGANIZATION**

**Brassieres and Other Body Supporting Garments**

**Category 349/649**

The United States believes that imports of Chinese origin brassieres and other body supporting garments are, due to market disruption, threatening to impede the orderly development of trade in brassieres and other body supporting garments, and that imports of brassieres and other body supporting garments from China play a significant role in the existence of market disruption. Further, the United States believes that imports of Chinese origin brassieres and other body supporting garments are, due to the threat of market disruption, threatening to impede the orderly development of trade in brassieres and other body supporting garments, and that imports of brassieres and other body supporting garments from China play a significant role in the threat of market disruption. Either finding supports a request for consultations with the Government of the People's Republic of China under Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization ("Paragraph 242"). The following facts, and others contained in the full Statement, support these beliefs:

**U.S. Imports from China Are Increasing Rapidly in Absolute Terms.** U.S. imports of brassieres and other body supporting garments from China increased from 4,084,363 dozens in 2000 to 10,580,029 dozens in 2002 (an increase of 159 percent), and to 15,967,519 dozens in the year ending October 2003 (an increase of 291 percent from the 2000 level).

**U.S. Imports from China Are Increasing Rapidly Relative to Other Imports.** In 2001, China was the 6th largest exporter of brassieres and other body supporting garments to the United States. Just one year later, China was the largest exporter of brassieres and other body supporting garments to the United States and has remained so through the year ending October 2003.

**Chinese Average Unit Values Are Well Below Values from Other Countries.** In 2002, the average unit value of U.S. brassieres and other body supporting garments imports from

China was US\$33.43 per dozen, compared to a "rest of world" import average unit value of US\$42.24 per dozen. In the year ending October 2003, the average unit value of imports from China fell to US\$32.08 per dozen, compared to US\$43.17 per dozen for "rest of world" imports.

**U.S. Imports from China Are Likely to Increase Further in the Near Future.** China's capacity to produce apparel, including brassieres and other body supporting garments, and the low prices of China imports of these products threaten to disrupt the U.S. market for brassieres and other body supporting garments. Due to the vulnerability of the U.S. industry today, even a relatively small increase in low-priced imports from China in the near future could have a considerable impact.

**The U.S. Brassieres and Other Body Supporting Garments Industry Is Vulnerable to Any Increase in Imports.** U.S. production including outward processing of brassieres and other body supporting garments fell 2 percent from 2000 to the year ending June 2003 (from 28,375 thousand dozen to 27,781 thousand dozen), while the share of the market held by U.S. producers fell by 9 percentage points (from 52.8 percent to 43.8 percent) during this period.

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**COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS**

**Announcement of Request for Bilateral Textile Consultations with the Government of the People's Republic of China and the Establishment of an Import Limit for Cotton and Man-Made Fiber Dressing Gowns and Robes, Category 350/650, Produced or Manufactured in the People's Republic of China**

December 23, 2003.

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

**ACTION:** Notice

**EFFECTIVE DATE:** December 24, 2003.

**FOR FURTHER INFORMATION CONTACT:** Roy Unger, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4212. For information on the quota status of these limits, refer to the Quota Status Reports posted on the bulletin boards of each Customs port, call (202) 927-5850, or refer to the Bureau of Customs and Border Protection website at <http://www.customs.gov>. For information on embargoes and quota reopenings, refer to the Office of Textiles and Apparel website at <http://otexa.ita.doc.gov>.

**SUPPLEMENTARY INFORMATION:**

**Authority:** Section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); Executive Order 11651 of March 3, 1972, as amended.

On December 24, 2003, as provided for under paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization (Accession Agreement), the United States requested consultations with the Government of the People's Republic of China with respect to imports of Chinese origin cotton and man-made fiber dressing gowns and robes in Category 350/650. In accordance with paragraph 242 of the Accession Agreement and the procedures set forth by the Committee on May 21, 2003 (68 FR 27787), as clarified on August 18, 2003 (68 FR 49440), the United States is establishing a twelve-month limit on cotton and man-made fiber dressing gowns in Category 350/650 from China, beginning on December 24, 2003, and extending through December 23, 2004 at a level of 4,094,382 dozen.

Paragraph 2.B. of the U.S.-China Textile Visa Arrangement provides that if additional categories become subject to import quotas, those categories shall be automatically included in the coverage of the Visa Arrangement. This Visa Arrangement was notified to the World Trade Organization Textiles Monitoring Body as an agreed administrative arrangement on May 21, 2002. Consequently, the United States will require that shipments of Chinese origin cotton and man-made fiber dressing gowns and robes in Category 350/650 be accompanied by an export visa and Electronic Visa Information System (ELVIS) transmission issued by the Government of the People's Republic of China. In order to provide a period for adjustment, the United States will allow shipments of goods in this category that are not accompanied by an export visa and an ELVIS transmission to enter the United States if exported prior to January 23, 2004. However, shipments exported from China on or after January 23, 2004 must be accompanied by an export visa and ELVIS transmission issued by the Government of the People's Republic of China, and shipments without an export visa and ELVIS transmission will be denied entry.

Paragraph 242 of the Accession Agreement allows World Trade Organization Members that believe imports of Chinese origin textile and apparel products are, due to market disruption, threatening to impede the orderly development of trade in these products to request consultations with the People's Republic of China with a view to easing or avoiding such market