

United States International Trade Commission

Commercial Availability of Apparel Inputs (2003):

**Effect of Providing Preferential
Treatment to Apparel From
Sub-Saharan African, Caribbean
Basin, and Andean Countries**

Compilation of Reports Requested in 2003

Investigation No. 332-450
USITC Publication 3677
March 2004



U.S. International Trade Commission

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This report was prepared principally by the Office of Industries
Jackie W. Jones, *Project Leader*
jackie.jones@usitc.gov

Louise Gillen, *Statutory Research Process Manager*
louise.gillen@usitc.gov

Primary Reviewer

Jan Summers, *Office of Tariff Affairs and Trade Agreements*
Judy Dean, *Office of Economics*

Contributing Authors

Vincent DeSapio, Kimberlie Freund, Jackie W. Jones, Laura Rodriguez,
and Cynthia Trainor

Technical Assistance

William Cunningham, Sharon L. Williams, and Brenda F. Carroll, *Office of Industries*

Office of Publishing

Under the direction of:

Robert W. Wallace, Chief
Textiles and Apparel Branch

Dennis Rapkins, *Acting Chief*
Energy, Chemicals, and Textiles Division

OVERVIEW

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the U.S. International Trade Commission (Commission) instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice during 2003 in connection with petitions filed by interested parties under the “commercial availability” (previously informally known as “short supply”) provisions of the African Growth and Opportunity Act (AGOA), the United States–Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA). For further information on the investigation, see appendix A for a copy of the USTR request letter and appendix B for a copy of the Commission’s notice of institution, which was published in the *Federal Register* (68 F.R. 5651) on February 4, 2003.

During 2003, the Commission was requested to provide advice under the “commercial availability” provisions for 11 petitions. A copy of the Commission’s advice in connection with each of these petitions is included in this report, with any confidential business information deleted.

A list of petitions for which the Commission has provided advice under the “commercial availability” provisions since the beginning of the program in 2001 is shown in table 1, which appears on the following page.¹ The table provides a brief description of the articles named in each petition, the date on which each petition was received by the Committee for the Implementation of Textile Agreements (CITA), whether the advice was requested under the AGOA, CBTPA and/or the ATPDEA, and whether the specified apparel articles were subsequently designated by CITA as eligible for duty-free and quota-free treatment under the “commercial availability” provisions of the AGOA, the CBTPA, and the ATPDEA.²

¹ The investigations conducted by the U.S. International Trade Commission (USITC) in 2001 and 2002 are *Apparel Inputs in “Short Supply” (2001): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries* (investigation No. 332-428), USITC publication 3492, Feb. 2002, and *Apparel Inputs in “Short Supply” (2002): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries* (investigation No. 332-436), USITC publication 3581, Feb. 2003.

² In Executive Order No. 13191, the President delegated to CITA, chaired by the U.S. Department of Commerce, the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and the USTR to submit the required report to the Congress, and delegated to USTR the authority to obtain advice from the USITC.

Table 1
Petition for which the Commission provided advice under the “commercial availability” provisions of the AGOA, CBTPA, and ATPDEA

No.	Brief product description	CITA received	AGOA	CBTPA	ATPDEA	CITA decision
2003 Petitions, Inv. No. 332-450:						
001	Apparel made with lastol elastic yarn	02/21/03	X	X		Denied
002	Apparel of certain corduroy fabrics	03/17/03			X	Denied
003	Certain apparel of certain cotton velvet fabrics . . .	03/21/03	X			Withdrawn
004	Certain apparel of certain cotton velvet fabrics . .	04/08/03	X			Denied
005	Men’s and boys’ shirts of certain fabrics	06/02/03	X			Approved
006	Apparel of micro modal fiber/cotton yarn	06/05/03	X	X	X	Approved
007	Apparel of open-end spun viscose rayon yarns . .	11/03/03	X	X		Approved
008	Apparel of certain printed, 100-percent rayon	11/13/03		X		Denied
009	Apparel of viscose rayon filament yarn	11/24/03			X	Approved
010	Blouses of certain plain-woven cotton fabrics	12/18/03		X		(¹)
011	Blouses of certain plain-woven polyester fabrics	12/18/03		X		(¹)
2002 Petitions, Inv. No. 332-436:						
001	Blouses of certain cotton and manmade-fiber	01/04/02		X		Denied
002	Apparel of combed cashmere and camel hair yarn	01/04/02		X		Approved
003	Certain apparel of fine-yarn, high-count woven fabrics	02/28/02	X			Approved
004	Apparel of flannel fabrics	06/11/02		X		Denied ²
005	Men’s suits and suit jackets of certain worsted wool fabrics	07/19/02		X		Denied
006	Apparel made with certain fusible interlinings	12/12/02		X		Approved
007	Blouses of certain shirting fabrics	12/18/02		X		Approved
2001 Petitions, Inv. No. 332-428:						
001	Apparel of cashmere and camel hair yarns	02/28/01		X		Denied
002	Blouses and nightwear of certain fabrics	03/01/01	X			Approved
003	Apparel of crushed panne velour fabrics	03/06/01		X		Approved
004	Knit apparel of viscose rayon yarns	03/12/01		X		Denied
005	Apparel of textured polyester yarns	03/26/01		X		Denied
006	Apparel of certain nonwoven fabrics	05/08/01		X		Denied
007	Apparel of certain polyester-wool yarns	05/11/01	X	X		Denied
008	Apparel of rayon filament yarns	05/23/01	X	X		Approved
009	Knit apparel of open-end spun rayon yarns	06/29/01	X	X		Denied
010	Apparel of cuprammonium rayon filament yarns . .	11/20/01	X	X		Approved

¹ CITA and USTR have submitted a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed, the reasons for such action, and advice obtained, as required by the AGOA, CBTPA, and/or ATPDEA.

² On April 21, 2003, CITA received a new petition from counsel on behalf of several firms, including the original petitioner, which narrowed the scope of the petition filed in June 2002. As CITA had already sought advice from the Commission in response to the 2002 request, CITA did not do so again. On July 23, 2003, CITA announced that it had determined that certain cotton flannel fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and, therefore, designated apparel articles, excluding gloves, made in eligible CBTPA countries from the subject fabrics as eligible for duty-free and quota-free treatment under the commercial availability provisions of the CBTPA (see CITA’s notice in the *Federal Register* of July 29, 2003 (68 F.R. 44528)).

CONTENTS

	<i>Page</i>
Overview	i
Apparel made with lastol elastic yarn	001-1
Apparel of certain corduroy fabrics	002-1
Certain apparel of certain cotton velvet fabrics	003-1
Certain apparel of certain cotton velvet fabrics	004-1
Men's and boys' shirts of certain fabrics	005-1
Apparel of micro modal fiber/cotton yarn	006-1
Apparel of open-end spun viscose rayon yarns	007-1
Apparel of certain printed, 100-percent rayon	008-1
Apparel of viscose rayon filament yarn	009-1
Blouses of certain plain-woven cotton fabrics	010-1
Blouses of certain plain-woven polyester fabrics	011-1

APPENDICES

A. Request letter from the United States Trade Representative	A-1
B. Federal Register Notice	B-2

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Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel From Sub-Saharan African, Caribbean Basin, and Andean Countries

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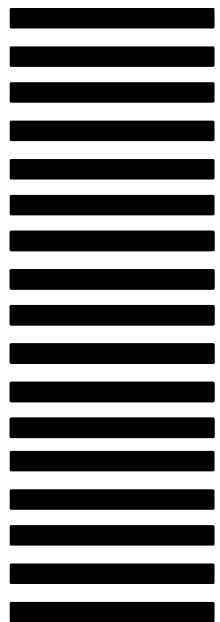
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Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-001

Products	Apparel made with lastol elastic yarn
Requesting Party	Dow Chemical Company, Midland, MI
Date of Commission Report: USTR Public	April 4, 2003 April 2003
Commission Contact	Cynthia Trainor (202-205-3354); trainor@usitc.gov

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON APRIL 4, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN
REMOVED AND REPLACED WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible sub-Saharan African or Caribbean Basin countries from lastol elastic yarn, or from U.S.-formed fabrics containing such yarns, regardless of the source of the yarn, likely would have a negligible effect on U.S. producers of other elastic yarns, benefit U.S. textile mills and their workers, and have a slight adverse effect on U.S. firms making competitive garments domestically, and their workers. The proposed preferential treatment likely would benefit U.S. apparel firms making garments in the eligible countries, and their U.S.-based workers. U.S. consumers likely would benefit from some of the duty savings resulting from the proposed preferential treatment.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice during 2003 in connection with petitions filed by interested parties under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA, Division D of the Trade Act of 2002).¹

The Commission's advice in this report concerns a petition received by the Committee for the Implementation of Textile Agreements (CITA) on February 21, 2003, alleging that lastol elastic yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for apparel from such yarns, or from U.S.-formed fabrics containing such yarns, made in eligible AGOA and CBTPA beneficiary countries, regardless of the source of the yarns. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and its website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The elastic yarn named in the petition is a synthetic monofilament that is classified in the Harmonized Tariff Schedule of the United States (HTS) as a synthetic elastomeric yarn under subheadings 5404.10.80 and 5402.49.90 and statistical reporting numbers 5404.10.8005 (less than 67 decitex) and subheading 5402.49.9005 (67 decitex or more). According to the petitioner, Dow Chemical Co., the imported elastic yarn would undergo a process in the United States known as “core spinning,” in which the core yarn (the elastic yarn) is wrapped with a sheath of cotton fibers during the spinning process, thus concealing the core yarn, to form a core-spun cotton yarn. When this yarn is processed into fabric, the finished fabric has the stretch of the core elastic yarn and the “hand” or feel of cotton. Apparel articles made from the subject yarns, or from fabrics made in the United States from such yarns, would include a wide range of garments such as uniform shirts and pants, classifiable in HTS chapter 61 (apparel, knitted or crocheted) and chapter 62 (apparel, not knitted or crocheted). The 2003 column 1-general rates of duty on woven cotton shirts and pants range from 15.5 percent to 19.8 percent ad valorem.

Lastol is an elastic fiber with a molecular design and fiber structure founded upon metallocene-based polyolefin elastomer chemistry. The fiber is created from a synthetic polymer, with low but significant crystallinity, composed of at least 99 percent by weight of ethylene and at least one other olefin unit. Among the properties of the fiber are heat resistance to temperatures up to and greater than 220 degrees Celsius and chemical resistance to stringent textile-processing chemicals such as potassium permanganate and hypochlorite. The core-spun yarns containing lastol can be dyed without special handling. According to Dow Chemical, fabrics made from the subject yarns can be piece-dyed using a broad range of chemicals and temperatures not typically used for fabrics of other elastic yarns, and they can be thermosol dyed in deep, rich colors without degradation of the elastic properties. Dow Chemical noted that fabrics made from the subject yarns can accept application of performance finishes (e.g., stain-release and anti-wrinkle) without degradation of stretch performance. Dow Chemical also said that apparel made from the subject yarns exhibits “comfort stretch” or ease, even in highly bleached denim, and can be repeatedly washed, bleached, tumbled dry, and dry-cleaned without degradation or loss of stretch performance.

The technology to produce lastol is proprietary to Dow Chemical,³ which asserts that comparable fibers are not made in the United States. Dow indicates that two critical steps in the production of lastol – melt spinning and electron beam cross-linking -- cannot be performed to commercial levels on equipment available in the United States.⁴ ***⁵ ***.

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. He authorized CITA and USTR to submit the required report to the Congress.

³ U.S. Letters Patent 6,500,540 issued to the Dow Chemical Company, Midland, MI, on Dec. 31, 2002, covers technology used in the production of lastol.

⁴ Lastol in fiber form undergoes high-intensity electron-beam radiation cross-linking procedures, which impart a constrained geometry to the molecular architecture of the polymer. As a result of the anthrax problems, the U.S. Government has procured all domestic electron-beam machines for the irradiation of mail and they are no longer available on a toll basis to Dow. ***. Petition received by CITA on behalf of Dow Fiber Solutions, from Sandler, Travis & Rosenberg, LLC, Washington, DC, counsel for petitioner, Feb. 21, 2003, and Dow Fiber Solutions video conference with Commission staff, Mar. 25, 2003.

⁵ ***, telephone interview by Commission staff and e-mail correspondence, Mar. 26, 2003, and Dow Fiber Solutions video conference with Commission staff, Mar. 25, 2003.

***⁶

Brief discussion of affected U.S. industries, workers, and consumers

The segments of the U.S. textile and apparel sector that may be affected by the proposed preferential treatment are manmade fiber manufacturers, textile mills (yarn spinning, fabric forming, dyeing, and finishing), and apparel producers.

Manmade fiber manufacturers

The Commission contacted Bayer Polymers, LLC, DuPont Textiles and Interiors, and RadiciSpandex, all U.S. manufacturers of manmade fibers.

Bayer Polymers, LLC, Charleston, SC, ***⁷

DuPont Textiles & Interiors, Wilmington, DE (DuPont), ***⁸ ***⁹

RadiciSpandex Corp., Fall River, MA, a manufacturer of spandex, ***¹⁰

Textile Mills

***¹¹

***¹²

***¹³

***¹⁴

Apparel manufacturers

***¹⁵

Retailers

***¹⁶

⁶ ***. Jean Aukerman, Dow Fiber Solutions, telephone interview by Commission staff, Mar. 26, 2003, and petition received by CITA on behalf of Dow Fiber Solutions, from Sandler, Travis & Rosenberg, LLC, Washington, DC, counsel for petitioner, Feb. 21, 2003.

⁷ ***, telephone interview by Commission staff, Mar. 15, 2003.

⁸ ***. Mary Vane, Director, International Trade and Business Development, DuPont Apparel & Textile Sciences, written submission to the Commission, Mar. 24, 2003.

⁹ Mary Vane, Director, International Trade and Business Development, DuPont Apparel & Textile Sciences, telephone interview by Commission staff and written submission to the Commission, Mar. 24, 2003.

¹⁰ ***, telephone interview by Commission staff, Mar. 19, 2003.

¹¹ ***, telephone interview by Commission staff, Mar. 24, 2003.

¹² ***, telephone interview by Commission staff, Mar. 26, 2003.

¹³ ***, telephone interview by Commission staff, Mar. 25, 2003.

¹⁴ ***, telephone interview by Commission staff, Mar. 23, 2003.

¹⁵ ***, telephone interview by Commission staff, Mar. 26, 2003.

¹⁶ ***, telephone interview by Commission staff, Mar. 24, 2003.

Views of interested parties

The Commission received a written statement in support of the petition from Dan River Inc., and submissions in opposition from the American Fiber Manufacturers Association, Inc. (AFMA), Bayer Polymers LLC Americas, DuPont Textiles & Interiors, and RadiciSpandex Corp. Dan River states that “lastol fiber provides a new opportunity for U.S. textile manufacturers to produce fabrics that have stretch properties with styling and fashion characteristics that currently available elastic fibers do not permit.” Dan River cites the unusual impact of terrorist activities on domestic high intensity electron beam radiation facilities required for crosslinking the fiber, as the underlying reason lastol fiber cannot be manufactured in the United States in commercial quantities in a timely manner, for the foreseeable future.¹⁸

In opposition to the petition, AFMA, a trade association representing U.S. producers of manufactured fibers, cited the “yarn forward rules of origin first used in the North American Free Trade Agreement (NAFTA) now govern fair and mutually beneficial U.S. textile sector trade with nearly 80 countries. AFMA contends that the subject petition does not meet the necessary criteria to qualify for this exemption.” AFMA further contends that “lastol fiber’s performance characteristics fall within the standard specifications for elastic fiber readily available in the U.S. market” from producers such as DuPont, RadiciSpandex, and Bayer. AFMA also states that Dow’s “allegation of commercial non-availability is of its own making” from its decision to use an extraterritorial venue for startup production” and that there are “readily available U.S.-produced substitutes.”¹⁹

Bayer states that, while lastol may differ from other elastomeric material in terms of chemical composition, it disagrees with the premise that there is insufficient supply of elastic fiber to meet domestic industry demand, and cites lack of differentiation from existing elastic fibers within the U.S. manufacturing industry which have proven themselves to meet the needs of all existing fiber knitting and finishing processes that require stretch. Bayer states ***, and that the chemical differences among lastol, spandex, rubber, and other elastomeric materials are not critical to the knitting and weaving industry and do not hinder development of stretch fabrics by the U.S. textile and apparel industries. Bayer states that spandex and natural rubber, composed of natural latex crosslinked to give retroactive power, can both be used in the same textile applications as lastol. According to Bayer, heat resistance to 220 degrees Celsius is not required for normal textile finishing operations; relevant temperatures range from 180 to 200 degrees Celsius and current elastic fibers exhibit considerable variation in heat resistance. Bayer also states that chemical resistance to stringent chemicals used in textile processing operations may be addressed through the proper choice of chemical additives to perform all normal high and low pH dyeing, chlorine bleaching, oxidative scouring, high temperature dyeing and other chemical treatments used in the textile industry.²⁰

DuPont states that it opposes the petition on the basis of readily available domestically produced functional substitutes, longstanding trade policy of “yarn forward” rule of origin for textiles and apparel, and anticipated harm to the U.S. textile industry. DuPont produces elastic fibers or yarns of two generic types (spandex or elastane, as well as elasterell-p), with 10 distinct chemistries, in the United States. These fibers are considered fabric “enhancers” and are used as minority components in a fabric and garment to create the functionality of elasticity and comfort or enhanced support. The company cites lastol elasticity limitations as restrictive to end use opportunities, particularly in knit products. DuPont

¹⁷ ***, telephone interview by Commission staff, Mar. 26, 2003.

¹⁸ James Martin, President, Apparel Fabrics Division, Dan River Inc., written submission to the Commission, Mar. 25, 2003.

¹⁹ Paul O’Day, President, AFMA, written submission to the Commission, Mar. 20, 2003.

²⁰ Neal Tonks, Vice President, Global Manufacturing & Technology, Dorlastan Spandex, Bayer Polymers, LLC, written submission to the Commission, Mar. 24, 2003.

states that to confer benefits upon foreign specialty producers undermines its significant annual investments on research in elastic fibers and yarns targeted at growing the domestic market, keeping U.S. textile mills competitive, and offering a continuous flow of innovations. DuPont also states that equipment is commercially available in the United States to produce melt spun elastomeric yarns. DuPont states further concerns, citing the practice of providing new products to best customers first: if investment is in large sustainable overseas markets, that is the most likely market for new products and it will be difficult for higher cost U.S. producers to maintain a competitive position unless U.S. customers are first with new products.²¹

RadiciSpandex states that to grant a duty waiver for apparel made with lastol elastic yarn may have potential injurious impact on a viable and fundamental U.S. fiber industry component that is already under attack by import competition. The company further states that lastol fiber is not substantially different from spandex fibers and yarns that are available in more than adequate supply. RadiciSpandex opined that claims of heat resistance of lastol are far in excess of user industry requirements for such fibers, and that it has commercially available elastic yarn products in its S-45 line which exceed all commercial heat requirements for the textile industry.²²

Probable economic effect advice²³

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible AGOA or CBTPA beneficiary countries from the subject yarn, or from U.S. fabric formed from such yarn, regardless of the source of the yarn, likely would have a negligible effect on U.S. producers of elastic yarns that may compete with the subject yarn. ***. Information available to the Commission suggests that the subject yarn differs from other domestic elastic yarns in chemical composition, properties, and yarn performance attributes.

The proposed preferential treatment would benefit U.S. textile mills that process the subject yarn into core-spun yarns and finished fabrics, and their workers, by spurring demand for U.S. fabrics for use in the production of apparel in eligible AGOA and CBTPA beneficiary countries. The expected increase in U.S. apparel imports made from the subject yarn likely would displace some imports of competitive apparel, and there could be a slight adverse effect on U.S. firms making competitive garments domestically. However, the extent to which this displacement would occur depends on the reliability of sources of supply and any perceived quality differences relative to price differences for U.S. firms using the subject yarn. Information on the quality, price, and delivery time of the imported subject fiber was not readily available.

The proposed preferential treatment likely would benefit U.S. and other apparel firms making garments in AGOA and CBTPA eligible countries with the subject yarn by increasing the supply of "eligible" fabrics and of lower priced fabrics. U.S. consumers of apparel made with the subject yarn would benefit from the proposed preferential treatment to the extent that importers pass on some of the duty savings to retail consumers in today's highly competitive market for shirts, pants, casual wear, and uniforms.

²¹ Mary Vane, Director, International Trade & Business Development, DuPont Textiles & Interiors, written submission to the Commission, Mar. 24, 2003.

²² Robert Rebello, CEO, RadiciSpandex Corp., written submission to the Commission, Mar. 21, 2003.

²³ The Commission's advice is based on information currently available to the Commission.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-002

Products	Apparel of certain corduroy fabrics
Requesting Party	Breaker Jeanswear/ARC International, Miami, FL
Date of Commission Report: USTR Public	April 28, 2003 April 2003
Commission Contact	Cynthia Trainor (202-205-3354); trainor@usitc.gov

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON APRIL 28, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN
REMOVED AND REPLACED WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible Andean countries from certain corduroy fabrics, regardless of the source of the fabrics, likely would have some adverse effect on U.S. producers of corduroy fabrics and their workers, and have a slight adverse effect on U.S. firms making competitive garments domestically, and their workers. The proposed preferential treatment likely would benefit U.S. apparel firms making garments in the eligible countries, and their U.S.-based workers. U.S. consumers likely would benefit from some of the duty savings resulting from the proposed preferential treatment.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA, Division D of the Trade Act of 2002).¹

The Commission's advice in this report concerns a petition received by CITA on March 17, 2003, alleging that certain corduroy fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for apparel made in eligible Andean beneficiary countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and its website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The corduroy fabrics named in the petition are classified in subheading 5801.22.90 of the Harmonized Tariff Schedule of the United States (HTS), which provides for cut corduroy cotton fabrics with 7.5 wales per centimeter or less.³ In general, corduroy is a woven cut-pile fabric with ribs or wales running lengthwise in the fabric. According to the petition, the subject fabrics are dyed, either wholly of cotton or 97-98 percent cotton and 2-3 percent spandex, have 6-8 wales per centimeter, and weigh 271 grams per square meter. The petition indicates that the subject fabrics are used in the production of such garments as jackets, pants, shorts, dresses, and skirts, classifiable in HTS chapter 62 (apparel, not knitted or crocheted). The 2003 column 1-general rates of duty on such garments range from 8.2 percent to 16.7 percent ad valorem.

Breaker Jeanswear, the petitioner, stated that apparel articles made with the subject fabrics are marketed in a wide range of retail outlets.⁴ The firm stated that its corduroy consumption requirement averages approximately *** per month of dyed cotton corduroy to be supplied within 4 to 6 weeks following its fabric, pattern, and color selection decisions.⁵

Brief discussion of affected U.S. industries, workers, and consumers

The segments of the U.S. textile and apparel sector that may be affected by the proposed preferential treatment are textile mills and apparel producers.

Textile mills

The only known U.S. producers of cotton corduroy fabrics are Galey & Lord, Greenwood Mills, and Majestic Mills, Inc. Galey & Lord, New York, NY, states that it is the only remaining vertical producer of corduroy in the United States, with annual production of more than 7 million yards. The firm states that *** and that it employs about 158 workers in its corduroy operations. The firm weaves corduroy in McDowell County, NC, and dyes and finishes it in Society Hill, SC.⁶ The firm stated that ***. The firm provided ***.⁷

Greenwood Mills, Greenwood, SC, states that ***.⁸

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. He authorized CITA and USTR to submit the required report to the Congress.

³ Cotton corduroy fabrics with more than 7.5 wales per centimeter, classifiable in HTS subheading 5801.22.10, were designated as "not available in commercial quantities" under the North American Free Trade Agreement (NAFTA) at the time of NAFTA's implementation in 1994. This NAFTA provision was subsequently included in the AGOA, CBTPA, and ATPDEA. Because of that designation, the United States grants duty-free and quota-free treatment to apparel made in eligible NAFTA, AGOA, CBTPA, and ATPDEA beneficiary countries from cotton corduroy fabrics with more than 7.5 wales per centimeter.

⁴ Paul Arcia, CEO, Breaker Jeanswear/ARC International, Miami, FL, telephone interview by Commission staff, Apr. 15, 2003.

⁵ ***. Paul Arcia, CEO, Breaker Jeanswear/ARC International, telephone interview by Commission staff, Apr. 17, 2003, and petition received by CITA on behalf of Breaker Jeanswear/ARC International, from Sandler, Travis & Rosenberg, LLC, Washington, DC, counsel for petitioner, Mar. 17, 2003.

⁶ Robert J. McCormack, President, Galey & Lord, written submission to the Commission, Apr. 15, 2003.

⁷ Robert J. McCormack, President, Galey & Lord, telephone interview by Commission staff, Mar. 26, 2003, and written submissions to the Commission, Apr. 9 and 15, 2003.

⁸ ***, telephone interview by Commission staff, Apr. 17, 2003.

Majestic Mills, Inc., New York, NY, stated that ***.⁹

Apparel manufacturers

***. Breaker Jeanswear manufactures apparel in Colombia ***.¹⁰

***.¹¹

***.¹²

***.¹³

***.¹⁴

Retailers

***.¹⁵

Views of interested parties

The only written statements received by the Commission were from Galey & Lord, which stated its opposition to the proposed preferential treatment. Galey & Lord stated that it makes more than 7 million yards of corduroy in the United States annually, much of it within petition specifications. The firm stated that if the proposed preferential treatment is granted, its financial performance, production, and labor force will be adversely impacted, and the communities where the firm is located would be damaged significantly. It cited ***. The firm said it received an inquiry from the petitioner in March 2003, regarding the availability of “fine line” corduroy of 88-percent cotton, 10-percent polyester, and 2-percent Lycra® spandex, in two specified colors. Galey & Lord said it informed the petitioner that it had undyed corduroy fabric available for delivery in four weeks, which, according to the firm, is its standard time to prepare, apply color, and finish the fabric. According to Galey & Lord, the petitioner did not follow up, even after several calls to the petitioner. Galey & Lord stated that it currently produces large quantities of corduroy fabrics in a weight at or near the petitioner’s specifications, that it has produced large quantities of corduroy in petitioner’s blend specifications, and that it is prepared to accommodate petitioner specifications commensurate with an order of commercial quantity.¹⁶

Probable economic effect advice¹⁷

The Commission’s analysis shows that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible Andean beneficiary countries from the subject corduroy fabrics, regardless of the source of the fabrics, likely would have some adverse effect on U.S. producers of corduroy fabrics and their workers. The expected increase in U.S. apparel imports made in eligible Andean beneficiary countries from the subject fabrics likely would displace demand for U.S. corduroy fabrics as well as some

⁹ ***, telephone interview by Commission staff, Apr. 10, 2003.

¹⁰ ***, telephone interview by Commission staff, Apr. 10, 2003.

¹¹ ***, telephone interview by Commission staff, Apr. 14, 2003.

¹² ***, telephone interview by Commission staff, Apr. 17, 2003.

¹³ ***, telephone interview by Commission staff, Apr. 14, 2003.

¹⁴ ***, telephone interview by Commission staff, Apr. 15, 2003.

¹⁵ ***, telephone interview by Commission staff, Apr. 17, 2003.

¹⁶ Robert J. McCormack, President, Galey & Lord, written submissions to the Commission, Apr. 9 and 15, 2003.

¹⁷ The Commission’s advice is based on information currently available to the Commission.

imports of competitive apparel, and there could be a slight adverse effect on U.S. firms making competitive garments domestically.

The proposed preferential treatment likely would benefit U.S. and other apparel firms making garments in eligible Andean beneficiary countries from the subject fabrics by increasing the supply of corduroy fabrics, particularly lower priced corduroy fabrics. U.S. consumers of apparel made from the subject fabrics would benefit from the proposed preferential treatment to the extent that importers pass on some of the duty savings to retail consumers in today's highly competitive market for corduroy apparel.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-003

Products	Apparel of Certain Cotton Velvet Fabrics
Requesting Parties	Crystal Apparel Ltd., Hong Kong Sinotex Mauritius Ltd., Mauritius
Date of Commission Report: USTR Public	May 20, 2003 May 2003
Commission Contact	Cynthia Trainor (202-205-3354); trainor@usitc.gov

NOTICE

Petition was withdrawn from consideration by the Committee for the Implementation of Textile Agreements.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-004

Products	Apparel of Certain Cotton Velvet Fabrics
Requesting Parties	Crystal Apparel Ltd., Hong Kong Sinotex Mauritius Ltd., Mauritius
Date of Commission Report: USTR Public	May 20, 2003 May 2003
Commission Contact	Cynthia Trainor (202-205-3354); trainor@usitc.gov

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON MAY 20, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN
REMOVED AND REPLACED WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible AGOA countries from certain cotton velvet fabrics, regardless of the source of the fabrics, likely would have some adverse effect on U.S. yarn spinners, producers of velvet fabrics, and firms making competitive garments domestically, and their workers. The proposed preferential treatment likely would benefit U.S. apparel firms making garments in the eligible countries, and their U.S.-based workers. U.S. consumers likely would benefit from some of the duty savings resulting from the proposed preferential treatment.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA, Division D of the Trade Act of 2002).¹

The Commission's advice in this report concerns a petition received by CITA on April 7, 2003, alleging that certain cotton velvet fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for apparel made in eligible AGOA beneficiary countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and its website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The velvet fabrics named in the petition are classified in subheading 5801.25.00 of the Harmonized Tariff Schedule of the United States (HTS), which provides for woven cotton fabrics having a cut warp pile. Velvet is a cut warp-pile fabric in which the cut fibrous ends of yarn create a surface “pile” that gives the fabric its rich appearance and soft texture. According to the petition, the subject fabrics are dyed, wholly of cotton or 97-98 percent cotton and 2-3 percent spandex, and used to make “special occasion” garments such as jackets, pants, dresses, and skirts, classifiable in HTS chapter 62 (apparel, not knitted or crocheted). The 2003 column 1-general rates of duty on such garments range from 8.2 percent to 16.7 percent ad valorem. The petitioner, Crystal Apparel, reported that it cuts and sews the fabrics in China and Mauritius and will need more than 1 million yards (923,077 meters) for the 2003 fall/winter season to be supplied within 4 to 6 weeks of fabric sample review and approval.

Brief discussion of affected U.S. industries, workers, and consumers

The segments of the U.S. textile and apparel sector that may be affected by the proposed preferential treatment are yarn spinners, fabric mills, and apparel producers.

Yarn spinners

Parkdale Mills, Inc., Gastonia, NC, stated that it is the largest consumer of raw cotton and the largest independently owned yarn spinner in the United States, ***.³

R.L. Stowe Mills, Inc., Belmont, NC, said it employs 900 workers and makes yarn for domestic velvet production by Asheville Velour Inc. and J.B. Martin Co. R.L. Stowe said its sales of cotton yarn ***.⁴

Fabric mills

The only known U.S. producers of cotton velvet fabrics for apparel applications are Asheville Velour Inc., Asheville, NC; J.B. Martin Co., Batesburg-Leesville, SC; and A. Wimpfheimer & Bros., Inc., Blackstone, VA. Asheville Velour ***.⁵

A. Wimpfheimer & Bros. ***.⁶

J.B. Martin Co. ***.⁷

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. He authorized CITA and USTR to submit the required report to the Congress.

³ ***, telephone interview by Commission staff, May 1, 2003, and John Smeak, Jr., President, Parkdale Sales Co., written submission to the Commission, May 9, 2003.

⁴ D. Harding Stowe, President and CEO, R.L. Stowe Mills, Inc., telephone interview by Commission staff, May 8, 2003, and written submission to the Commission, May 13, 2003.

⁵ William Trienekens, Chairman of the Board, Asheville Velour Inc., telephone interview by Commission staff, May 1, 2003, and Paul Flay, Treasurer, Asheville Velour Inc., written submission to the Commission, May 2, 2003.

⁶ ***, telephone interview by Commission staff, May 15, 2003.

⁷ Loic de Kertanguy, President, J.B. Martin Co., telephone interviews by Commission staff, Apr. 29 and May 15, 2003, and written submission to the Commission, Apr. 30, 2003.

U.S. apparel companies and retailers

Crystal Apparel makes apparel in AGOA countries from the subject fabrics *** which stated that it is impractical to use U.S. fabrics in AGOA countries because of the long “lead times” associated with shipping the fabrics to sub-Saharan Africa. Crystal Apparel is a “full package” supplier of apparel made from the subject fabrics, whereby it buys the fabrics, subject to customer approval, and cuts and sews them in AGOA countries. ***.⁸ *** stated that although it generally sources most of its own fabrics, especially those that carry over for more than one season, it buys velvet garments as full package goods because of their seasonal nature (for fall or holiday delivery).⁹

***, stated that Crystal Apparel is its full package supplier of seasonal velvet apparel and that Crystal Apparel decides where to source the velvet fabrics. *** stated that the subject fabrics cost more in the United States than in many other countries, which, along with long lead times and costs associated with shipping U.S. fabrics to AGOA countries, discourages the use of U.S. fabrics in AGOA apparel production.¹⁰

JCPenney Purchasing Corp., Dallas, TX, stated that the subject fabrics are made in the United States in limited quantities and, thus, are not widely available in commercial quantities. The firm said the velvet fabrics made by Asheville Velour in the United States do not meet AGOA requirements because the producer does not have any domestic capacity to dye and finish the fabrics. JCPenney also said it believes that only one mill in the United States (J.B. Martin Co.) claims to produce the subject fabrics. However, JCPenney said J.B. Martin’s production capability for the subject fabrics of 1 million yards for the fall/winter season does not meet the petitioner’s requirement for velvet fabrics “in excess of 1 million yards,” much less meet the needs of other U.S. apparel companies and retailers.¹¹

Views of interested parties

The Commission received a written statement in support of the petition from the JCPenney Purchasing Corp., Dallas, TX, which said its sales of articles made from velvet fabrics totaled \$10.8 million in 2002. The firm stated that because the U.S. textile industry cannot meet the needs of the petitioners, failure to grant the petition would result in lost business opportunities for AGOA beneficiary countries, with the sourcing of the garments likely to be from Asia, and increased costs for U.S. consumers. According to JCPenney, a velvet garment sourced from an AGOA beneficiary country likely would cost \$9.54 and sell at retail for \$26, compared with a cost of \$12 and a retail price of \$32 for the same garment sourced from China subject to duties and quotas.¹²

The Commission also received written statements from Asheville Velour Inc., J.B. Martin Co., Parkdale Mills Inc., R.L. Stowe Mills Inc., and the American Yarn Spinners Association, Inc., all of which expressed opposition to the proposed preferential treatment. Asheville Velour stated that it has the capability to weave fabrics in the United States of the type specified in the petition, entirely from U.S. yarns, in commercial quantities and on a timely basis. Asheville Velour stated that as the firm currently has no dyeing and finishing capability, its woven fabrics are shipped to *** its parent company in Granby, Quebec, for dyeing and finishing. Asheville Velour said that the proposed preferential treatment would have a serious detrimental impact on its business and, in turn, impact the business of its U.S. yarn suppliers and their U.S. cotton suppliers. The firm further stated that to grant the petition could ultimately mean the loss of a significant number of textile jobs in a region of the country already hard hit by competition from low-cost foreign suppliers.

⁸ ***, telephone interview by Commission staff, May 9, 2003.

⁹ ***, telephone interview by Commission staff, May 7, 2003.

¹⁰ ***, telephone interview by Commission staff, May 8, 2003.

¹¹ Tami Wolfe, Vice President of Product Development, JCPenney Purchasing Corp., written submission to the Commission, May 9, 2003.

¹² Ibid.

J.B. Martin Co., a U.S. velvet producer for more than 100 years, stated that the proposed preferential treatment would have a negative economic impact on the firm, factory, and community. The firm further states that it has been supplying the U.S. market with "lightweight dyed warp pile velvet" as stated in the petition for 50 years, and currently produces for the U.S. market two light- to medium-weight 100 percent combed cotton qualities: 8550 Juliet at 264 grams per square meter and 8552 Juliet Stretch at 282 grams per square meter. According to J.B. Martin, the firm has the capability and capacity to quickly produce commercial quantities of the subject fabrics on available excess loom capacity.

Parkdale Mills stated that the proposed preferential treatment would be detrimental to its business and a significant threat to continuation of its operations as they are today.¹³ R.L. Stowe Mills, a yarn spinner with 900 employees and operations in North Carolina and Tennessee, stated that it is a long-term supplier of cotton yarns to Asheville Velour and J.B. Martin Co., the two largest U.S. producers of cotton velvet fabrics. The firm stated that its yarn sales to these two fabric companies has declined in recent years, largely reflecting weak sales volumes of these companies. According to R.L. Stowe, with a high unemployment rate in Gaston County (an average of 7.6 percent in 2002) and plant closings, the company has difficulty retaining employees due to employees' desire to work in a more stable environment. R.L. Stowe Mills indicated that it has the capacity to make cotton yarns for use in the production of the subject fabrics.¹⁴

The American Yarn Spinners Association, Inc. (AYSA) stated that it was its understanding that Asheville Velour made the subject fabrics and that the U.S. industry is able to supply the subject fabrics in commercial quantities in a timely manner. AYSA further stated that to approve this petition would have a detrimental impact on the U.S. textile industry and the thousands of people employed by the textile mills in various facets of velvet production.¹⁵

Probable economic effect advice¹⁶

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible AGOA beneficiary countries from the subject fabrics, regardless of the source of the fabrics, likely would have some adverse effect on U.S. yarn spinners and U.S. producers of velvet fabrics, and on their workers. ***. The expected increase in U.S. apparel imports made in eligible AGOA beneficiary countries from the subject fabrics likely would displace demand for U.S. velvet fabrics as well as some imports of competitive apparel, and there could be a slight adverse effect on U.S. firms making competitive garments domestically.

The proposed preferential treatment likely would benefit U.S. and other apparel firms making garments in eligible AGOA beneficiary countries from the subject fabrics by increasing the supply of velvet fabrics, particularly lower priced velvet fabrics. U.S. consumers of apparel made from the subject fabrics would benefit from the proposed preferential treatment to the extent that importers pass on some of the duty savings to retail consumers in today's highly competitive market for velvet apparel.

¹³ John Smeak, Jr., President, Parkdale Sales Co., written submission to the Commission, May 9, 2003.

¹⁴ D. Harding Stowe, President and CEO, R.L. Stowe Mills, Inc., written submission to the Commission, May 9, 2003.

¹⁵ Michael Hubbard, Executive Vice President, AYSA, Gastonia, NC, written submission to the Commission, May 12, 2003.

¹⁶ The Commission's advice is based on information currently available to the Commission.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-005

Products	Men's and Boys' Shirts of Certain Fabrics
Requesting Parties	Consolidated Fabrics Ltd., Socota Textile Mills Ltd., New Island Clothing Ltd., and Aquarelle Clothing Ltd., of Mauritius, and Jaysix USA, Inc. (U.S. importer)
Date of Commission Report: USTR Public	July 14, 2003 July 2003
Commission Contact	Laura Rodriguez (202-205-3499); rodriguez@usitc.gov

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR ON JULY 11, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of men's and boys' shirts made in eligible sub-Saharan African countries from certain fabrics, regardless of the source of the fabrics, could have some adverse effect on the U.S. yarn sector and its workers, but would likely have little or no adverse effect on U.S. producers of fabrics or shirts, and their workers. The proposed preferential treatment would likely benefit U.S. firms producing shirts in eligible countries, and their U.S.-based workers, as well as U.S. consumers. The Commission's advice in this review remains unchanged from that provided in April 2002 in connection with the Commission's review of a petition covering the same fabrics for use in certain apparel articles other than men's and boys' shirts.¹

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA, Title XXXI of the Trade Act of 2002).²

¹ U.S. International Trade Commission, "Certain Apparel of Fine-Yarn, High-Count Woven Fabrics from AGOA Countries," *Apparel Inputs in "Short Supply" (2002): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries* (investigation No. 332-436-003), Apr. 11, 2002. Garments named in this petition were certain trousers, shorts, skirts, dresses, handkerchiefs, dressing gowns, boxer shorts, and other apparel articles.

² For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and its website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

The Commission's advice in this report concerns a petition received by CITA on June 2, 2003, alleging that certain fabrics for use in men's and boys' shirts cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for shirts made in eligible AGOA beneficiary countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.³

Brief discussion of products

The fabrics named in the petition are classified in the Harmonized Tariff Schedule of the United States (HTS) under numerous provisions, depending on such factors as the fiber in chief weight, whether the fabric is finished or unfinished, and fabric weight.⁴ The fabrics are woven shirting fabrics made of "fine count" cotton or manmade-fiber yarns and are used in the production of "better" shirts for men (and boys). Most of the subject fabrics have an average yarn number exceeding 135 metric, which is equal to 80s yarn, based on the English cotton count used by the U.S. textile industry (the higher the number, the finer the fiber). The fabrics are made in different weave patterns, such as plain weave and oxford construction. Shirts made from the subject fabrics are classified in HTS chapter 62 (apparel, not knitted or crocheted) and are subject to 2003 normal-trade-relations duty rates of 19.8 percent ad valorem (shirts of cotton) or 29.3 cents per kilogram plus 26.1 percent ad valorem (shirts of manmade fibers).⁵

According to the petition, if CITA determines that the subject fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and designates the shirts as eligible for duty-free and quota-free treatment under the AGOA commercial availability provision,⁶ the petitioners intend to weave the fabrics, and cut and sew the fabrics into shirts, in Mauritius.⁷ The petition also states that the petitioners intend to use "third-country" (e.g., Asian) yarns in the production of the fabrics, claiming that the "petitioners have been unable to locate a source in either any AGOA beneficiary country or the United States for the yarns."

The AGOA already authorizes duty-free and quota-free treatment for men's shirts made in eligible AGOA countries from the subject fabrics, regardless of the source of the fabrics—that is, provided that the fabrics are not made in the United States or an eligible AGOA country (as noted above, the petitioners intend to make the fabrics in Mauritius, a beneficiary country). Specifically, section 112(b)(5)(A) of the AGOA allows preferential treatment for apparel made in beneficiary countries from certain fabrics or yarns that are not formed in the United States or a beneficiary sub-Saharan African country, to the extent that apparel of such fabrics or yarns would be eligible for preferential treatment, without regard to the source of the fabrics or yarns, under Annex 401 of the North American Free Trade Agreement (NAFTA). Under Annex 401 of the NAFTA, men's shirts made from the subject fabrics are eligible for NAFTA preferences as long as the fabrics are "cut and assembled" in NAFTA countries, without regard to the source of the

³ In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. He authorized CITA and USTR to submit the required report to the Congress.

⁴ The fabrics are classified in HTS subheadings 5208.21, 5208.22, 5208.29, 5208.31, 5208.32, 5208.39, 5208.41, 5208.42, 5208.49, 5208.51, 5208.52, 5208.59, 5210.21, 5210.31, 5407.81, 5407.82, 5407.83, 5513.11, and 5513.21.

⁵ The ad valorem equivalent of the compound duty rate for the manmade-fiber shirts is 28.1 percent, based on 2002 trade.

⁶ In connection with two separate petitions filed under section 112(b)(5)(B) of the AGOA, CITA determined that the subject fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and designated certain apparel articles as eligible for preferential treatment under the AGOA commercial availability provision. The articles included such items as blouses, nightwear, pants, skirts, dresses, dressing gowns, boxer shorts, and handkerchiefs.

⁷ The petitioners are Mauritius-based fabric weavers (Consolidated and Socota) and shirt producers (New Island and Aquarelle), and a U.S. shirt importer (Jaysix).

fabrics.⁸ The petition under consideration in this Commission review was filed under section 112(b)(5)(B) of the AGOA, which authorizes the President, on request of an interested party, to proclaim preferential treatment for apparel made in beneficiary countries from additional fabrics or yarns, if the President determines that such fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner.

Brief discussion of affected U.S. industries, workers, and consumers

Dan River Inc., Danville, VA, is believed to be the only domestic producer of fabrics similar to those named in the petition.⁹ The firm is vertically integrated--it spins fibers into yarn, weaves the yarn into fabric, and dyes or otherwise finishes these materials at different stages of production. The firm currently weaves ***.

Buhler Quality Yarns Corp., Jefferson, GA, is the only known U.S. mill that currently makes (spins) fine count yarns for use in fabrics of a type named in the petition.¹⁰ According to Buhler's Internet website, the firm employs 120 workers. Buhler stated that cotton yarns of 135 metric or higher account for *** percent of its total yarn production. Buhler said it currently sells two-ply cotton yarns of 135 metric to the two Mauritius-based petitioners that weave fabrics (Consolidated and Socota).¹¹ Buhler said it also sells fine-count cotton yarns to ***. Two other U.S. yarn spinners (Parkdale Mills, Gastonia, NC, and Ramtex, Inc., Ramseur, NC) said they each have the capacity to make the fine yarns, but are not currently doing so.¹²

Oxford Industries, Atlanta, GA, a major U.S. producer of men's and women's apparel, including men's dress shirts of the subject fabrics, ***¹³ ***.

Views of interested parties

The Commission received written submissions in opposition to the proposed preferential treatment from Buhler Quality Yarns Corp. and the American Yarn Spinners Association, Inc. (AYSA). Buhler said it is "perfectly capable of making the yarns in question in *** Georgia facility and that it presently sells two-ply cotton yarn of 135 metric number to both of the petitioners that are Mauritius based fabric weavers." Buhler indicated that it has never been unable to fill the Mauritius firms' orders and that it can accept orders for more yarn. Buhler stated that it has evidence on its website of supplying yarns finer than 135 metric and that it regularly supplies yarns in even finer counts to a U.S. customer. The submission from the AYSA, which represents 75 producers of spun yarn, stated that Buhler, as well as Parkdale Mills, Gastonia, NC, and Ramtex, Inc., Ramseur, NC, are willing and able to spin fine count yarns for use in the production of the subject fabrics.

⁸ The NAFTA exemption for the men's shirts (HTS heading 6205) appears in General Note 12(t)62.29 of the HTS. The Trade and Development Act of 2000 includes this exemption in section 112(b)(5)(A) of the AGOA.

⁹ Information in the paragraph is from Jim Martin, President, Apparel Fabrics Division, Dan River Inc., telephone interview by Commission staff, July 7, 2003.

¹⁰ Except as noted, information in the paragraph is from Werner Bieri, President & CEO, Buhler Quality Yarns Corp., telephone interview by Commission staff, June 30, 2003, and written submission to the Commission, June 20, 2003.

¹¹ According to official U.S. trade data, U.S. exports of all types of cotton yarns to Mauritius totaled almost \$60,000 in 2002 and \$128,000 in January-April 2003; however, none of the reported exports comprised cotton yarns of 135 metric or higher. Such yarns are a subset of Schedule B heading 5206.35, which provides for combed cotton single yarn, containing less than 85 percent by weight of cotton, and exceeding 80 metric per single yarn.

¹² Dan Nation, Parkdale Mills, telephone interview by Commission staff, June 27, 2003, and Bill Beaver, Vice President, Ramtex Inc., voice mail message to Commission staff, June 27, 2003.

¹³ Information in the paragraph is from Thomas C. Chubb III, Vice President-Law and International Trade, and General Counsel, Oxford Industries, Inc., Atlanta, GA, telephone interview by Commission staff, July 8, 2003.

Probable economic effect advice¹⁴

The current petition covers the same fabrics, but different apparel applications, as the petition for which the Commission provided advice to USTR on April 11, 2002.¹⁵ Because the Commission is unaware of any changes in the U.S. textile industry's capability to supply the subject fabrics since that review, the Commission's probable economic effect advice remains unchanged from its earlier review. The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of men's and boys' shirts made in eligible AGOA beneficiary countries from the subject fabrics, regardless of the source of the fabrics, could have some adverse effect on the U.S. yarn sector, and its workers. The only known U.S. producer of fine-count cotton yarns, Buhler Quality Yarns Corp., states that it currently exports such yarns to Mauritius. If CITA determines that the subject fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and designates the shirts as eligible for preferential treatment under the AGOA commercial availability provision, the petition states that the petitioners intend to use "third-country" (e.g., Asian) yarns in the production of the fabrics, claiming that the "petitioners have been unable to locate a source in either any AGOA beneficiary country or the United States for the yarns." However, official U.S. statistics show that there were no U.S. exports of the fine-count cotton yarns to Mauritius in either 2002 or January-April 2003.

The proposed preferential treatment would likely have little or no adverse effect on Dan River Inc., the only known U.S. producer of fabrics similar to those named in the petition, or its workers. ***.

The U.S. market for men's and boys' shirts made from the subject fabrics is believed to be relatively small and supplied largely by imports. The expected increase in U.S. imports of men's shirts made in eligible AGOA countries from the subject fabrics would likely displace imports from countries whose shipments are subject to U.S. tariffs. The proposed preferential treatment would likely benefit U.S. firms making shirts in eligible AGOA countries, and their U.S.-based workers.

U.S. consumers would likely benefit from the proposed preferential treatment for men's shirts made in eligible AGOA countries from the subject fabrics, because the duty and other cost savings resulting from the proposed action would likely be passed on to consumers in today's highly competitive apparel retail market.

¹⁴ The advice below is based on information currently available to the Commission.

¹⁵ U.S. International Trade Commission, "Certain Apparel of Fine-Yarn, High-Count Woven Fabrics from AGOA Countries," *Apparel Inputs in "Short Supply" (2002): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries* (investigation No. 332-436-003), Apr. 11, 2002. Garments named in this petition were certain trousers, shorts, skirts, dresses, handkerchiefs, dressing gowns, boxer shorts, and other apparel articles.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-006

Products	Apparel of Certain Yarn of Micro Modal Fiber/Cotton
Requesting Parties	Ge-Ray Fabrics, Inc.
Date of Commission Report: USTR Public	July 17, 2003 July 2003
Commission Contact	Vincent DeSapio (202-205-3435); desapio@usitc.gov

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR ON JULY 17, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of specified women's and girls' knit apparel made in eligible sub-Saharan African, Caribbean Basin, and Andean countries from certain yarn, or from fabric made in the United States from such yarn, regardless of the source of the yarn, likely would have no adverse effect on U.S. fiber, yarn, fabric, or apparel producers, or their workers. The proposed preferential treatment likely would benefit U.S. firms making the specified apparel in eligible countries, and their U.S.-based workers, as well as U.S. consumers.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabric or yarn that is the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA, Title XXXI of the Trade Act of 2002).¹

The Commission's advice in this report concerns a petition received by CITA on June 5, 2003, alleging that certain yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for certain women's and girls' knit apparel made in eligible sub-Saharan African, Caribbean Basin, and Andean countries from such yarn, or from fabric formed in the United States of such yarn, regardless of the source of the yarn. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and its website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The yarn named in the petition is classified in subheading 5510.30.00 of the Harmonized Tariff Schedule of the United States (HTS), which provides for yarn (other than sewing thread) of artificial staple fibers, other than yarn containing 85 percent or more by weight of such fibers, mixed mainly or solely with cotton, and not put up for retail sale. The proposed preferential treatment covers women's and girls' knit blouses, shirts, lingerie, and underwear made from the subject yarn or from fabric formed in the United States of such yarn. These garments are classified in HTS chapter 61 (apparel, knitted or crocheted) and are subject to 2003 column 1-general rates of duty ranging from 15 percent to 32.3 percent ad valorem.

The petition states that the subject yarn is made in "yarn counts" of 30 singles fine yarn and 50 singles super-fine yarn.³ The yarn is ring-spun; contains 50 percent or more, but less than 85 percent, by weight of 0.9 denier or finer micro modal fibers; and such fibers are mixed solely with U.S. extra-long pima combed cotton. The micro modal fibers used in the subject yarn are viscose rayon fibers, a type of artificial fiber. The petition notes that these modal fibers individually are of "extreme fineness." A key feature of yarn containing micro modal fibers is their ability to retain their strength when wet, which, in turn, allows garments made of such yarns to be laundered. Garments containing the subject yarn have a soft, luxurious "hand" and generally are sold at the higher end of the retail market.

According to the petitioner (Ge-Ray Fabrics), there currently is no satisfactory substitute for micro modal fibers in the firm's intended apparel applications. According to representatives of ***, there are significant differences between micro modal fibers and synthetic micro fibers.⁴ Apparel items produced with micro modal fibers have properties more closely resembling cotton or silk; for example, such garments have soft "hand" and are more delicate than garments made from synthetic fibers. Because garments made with micro modal fibers are more delicate, they must be carefully laundered and are often dry cleaned, while garments made from synthetic fibers have better wash-and-wear properties. Micro modal fibers are more expensive, reportedly costing twice as much, on average, as polyester fiber. According to industry sources, apparel containing the subject yarn does not compete with apparel made in the United States from synthetic-fiber yarn because of the differences between the two fibers in terms of properties and cost.

Brief discussion of affected U.S. industries, workers, and consumers

There currently is no known U.S. production of the subject yarn or of micro modal fibers used in the production of the yarn. The only known world producer of micro modal fibers is Lenzing AG (Austria), which reportedly produces and markets the fibers in Europe. According to Lenzing, the market for micro modal fibers is much larger in Europe than in the United States; garments made from such fibers have long been considered a specialty product in the U.S. market.⁵ U.S. mills reportedly have the capability to make (spin) the subject yarn, but are unable to purchase micro modal fibers from Lenzing.⁶ Lenzing indicated that it has already "committed" its production of such fibers to customers in other markets and

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabric or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner. He authorized CITA and USTR to submit the required report to the Congress.

³ The yarn count indicates the number of 840-yard lengths in a pound of yarn (e.g., 30 or 50). The higher the yarn number, the finer the yarn.

⁴ ***, telephone interviews by Commission staff, July 8 and 9, 2003.

⁵ Paul Souza, Manager of Technical Services, Lenzing AG, Charlotte, NC, telephone interview by Commission staff, July 2, 2003.

⁶ Charles Bremer, Vice President of International Trade, American Textile Manufacturers Institute, Washington, DC, telephone interview by Commission staff, June 30, 2003.

that it has insufficient capacity to satisfy additional customers.⁷ According to Lenzing, supplying additional customers would involve substantial investment in plant capacity in Austria that the company is unprepared to make at this time.

U.S. mills reported to have the spinning capability to make fine yarns are Buhler Quality Yarns Corp., Jefferson, GA; R.L. Stowe Mills, Inc., Belmont, NC; Parkdale Mills, Gastonia, NC; and Avondale Mills, Inc., Sylacauga, AL. ***.⁸ ***. Buhler stated that it employs 120 persons and specializes in making yarn in counts of 30 to 100. Buhler stated that 80 singles yarn and finer account for about *** percent of its yarn output. Buhler stated that it sells only a small portion of its fine yarn production to customers in the United States, with the majority being shipped to customers in the Caribbean Basin, Mexico, and Mauritius. Buhler stated that yarn exported by the firm to Mauritius is used in the production of apparel in Mauritius and Madagascar and that some of this apparel is imported into the United States under the AGOA.

R.L. Stowe Mills said ***.⁹ ***.

Parkdale Mills indicated that ***.¹⁰ ***.

Avondale Mills stated that ***.¹¹ ***.

Views of interested parties

No written submissions were filed with the Commission.

Probable economic effect advice¹²

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of certain women's and girls' apparel made in eligible AGOA, CBTPA, and Andean beneficiary countries from the subject yarn, or from fabric formed in the United States from the subject yarn, regardless of the source of the yarn, likely would not have an adverse effect on U.S. fiber, yarn, fabric, or apparel producers, and their workers. There currently is no known U.S. production of the subject yarn or of micro modal fibers used in the production of the yarn. In addition, there is no known U.S. production of fabrics containing the subject yarn. Industry sources indicated that the subject yarn is not competitive with yarn produced in the United States from synthetic fibers.

The proposed preferential treatment would likely benefit U.S. apparel firms making apparel items in eligible beneficiary countries by increasing the supply and access to fabric containing the subject yarn. According to industry sources, a number of U.S. apparel retailers have recently begun to express interest in sourcing apparel containing micro modal fibers.¹³ U.S. consumers of apparel made from the subject yarn would benefit from the proposed preferential treatment to the extent that such apparel articles become available in greater quantities in the U.S. market and to the extent that importers of such apparel pass on some of the duty savings to retail consumers in today's highly competitive market for women's and girls' apparel.

⁷ R.L. Horne, Technical Manager of Specialty Products, Lenzing AG, Charlotte, NC, telephone interview by Commission staff, July 9, 2003.

⁸ Information on Buhler is from Werner Bieri, President, Buhler Quality Yarns Corp., Jefferson, GA, telephone interviews by Commission staff, June 16 and July 9, 2003.

⁹ Harding Stowe, President, R.L. Stowe Mills, Inc., Belmont, NC, telephone interview by Commission staff, June 18, 2003.

¹⁰ Dan Nation, President, Parkdale Mills, Inc., Gastonia, NC, telephone interview by Commission staff, June 18, 2003.

¹¹ Steven Johnston, Sales Manager, Avondale Mills, Graniteville, SC, telephone interview by Commission staff, June 23, 2003.

¹² The Commission's advice is based on information currently available to the Commission.

¹³ R.L. Horne, Technical Manager of Specialty Products, Lenzing AG, Charlotte, NC, telephone interview by Commission staff, July 9, 2003.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-007

Products	Apparel of viscose rayon yarns
Requesting Parties	Fabritex, Inc., Lincolnton, NC
Date of Commission Report: USTR Public	December 15, 2003 December 2003
Commission Contact	Laura V. Rodriguez (202-205-3499; lrodriguez@usitc.gov)

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON DECEMBER 15, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN
REMOVED AND REPLACED WITH ASTERISKS (***)

Summary of Findings

The petition filed by Fabritex with the Committee for the Implementation of Textile Agreements (CITA) on November 3, 2003, is identical to the petition that it filed with CITA in June 2001. CITA denied the earlier petition, stating that the subject yarns could be supplied by the domestic industry in commercial quantities in a timely manner.¹ In the current petition, Fabritex stated that there have been "changed circumstances in the domestic yarn spinning industry" since 2001, stating that the subject yarns have not been and are not currently made in the United States and that the sole respondent of record opposing its 2001 petition does not oppose the current petition.²

The Commission is unaware of any firm that makes the subject yarns in the United States. As such, the Commission in the current review finds that granting duty-free and quota-free treatment to apparel made in eligible Caribbean Basin and sub-Saharan African countries from fabrics made in the United States of the subject yarns, regardless of the source of the yarns, would likely have no adverse effect on U.S. yarn producers.³ The Commission also finds that, like in the 2001 review, granting the proposed preferential treatment would likely benefit U.S. producers of fabrics made of the subject yarns and U.S. firms making apparel in eligible Caribbean Basin and sub-Saharan African countries from such U.S.-made fabrics, and their U.S.-based workers, but would likely have a negligible adverse effect on U.S. producers of similar apparel and their workers. U.S. consumers would likely benefit from any duty savings resulting from the proposed preferential treatment.

¹ The petition filed by Fabritex in June 2001 was the second of two petitions that it filed on rayon yarns that year. The second petition clarified the product coverage of the first petition, which was also denied by CITA. CITA's decisions on the 2001 petitions appeared in the *Federal Register* of May 3, 2001 (66 F.R. 23237) and Sept. 6, 2001 (66 F.R. 46608).

² Edward Moskowitz, Chief Executive Officer, Fabritex, Inc., petition submitted to CITA on Nov. 3, 2003.

³ Based on information available in its review of the second petition filed by Fabritex in 2001, the Commission found that the proposed preferential treatment "would likely have a negligible adverse effect on U.S. producers having the capacity to make the subject yarns or similar yarns." The Commission's reports on the two Fabritex petitions in 2001, *Knit Apparel of Viscose Rayon Yarns* (Inv. No. 332-428-004), Apr. 27, 2001, and *Knit Apparel of Open-End-Spun Yarn* (Inv. No. 332-428-009), Aug. 15, 2001, are available on the Commission website at http://www.usitc.gov/332s/shortsup/332_428_004.pdf and http://www.usitc.gov/332s/shortsup/332_428_009.pdf, respectively.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with CITA under the “commercial availability” provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).⁴

The Commission’s advice in this report concerns a petition received by CITA alleging that certain rayon yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for apparel produced in eligible CBTPA and AGOA beneficiary countries from fabrics made in the United States of such yarns, regardless of the source of yarns. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.⁵

Brief discussion of the product

The rayon yarns named in the petition are classified in subheading 5510.11.00 of the Harmonized Tariff Schedule of the United States (HTS), which provides for singles yarn (other than sewing thread), not put up for retail sale, containing 85 percent or more by weight of artificial staple fibers. According to Fabrictex, the subject yarns are very fine, high-quality yarns used to make fabrics having exceptional “hand,” drape, and silkiness, and for which there are no viable substitutes.⁶ The fabrics are used in fashion apparel, particularly women’s tops, pants, skirts, and intimate apparel, and men’s underwear. The 2003 rates of duty on these garments, classified in HTS chapter 61 (knitted or crocheted apparel) and chapter 62 (apparel, not knitted or crocheted), range from 8.9 percent to 32.3 percent ad valorem.

The subject yarns are 30 singles and 36 singles yarns made of very fine (micro-denier), solution-dyed, viscose rayon staple fibers that are spun into yarns on the open-end spinning system.⁷ In general, the manufacture of these yarns involves (1) processing cellulosic materials such as wood pulp into a viscose liquid, (2) extruding the liquid through a spinneret (a “showerhead-like” metal disc having many tiny holes) into fiber filaments and cutting them into short, staple fibers, and (3) spinning the fibers into yarn.⁸ The

⁴ For more information on the investigation, see the Commission’s notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and the Commission’s website at <http://www.usitc.gov/332s/shortsup/shortsupintro.htm>

⁵ In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

⁶ Edward Moskowitz, Chief Executive Officer, Fabrictex, Inc., telephone interview by Commission staff, Nov. 14, 2003.

⁷ The terms 30 singles and 36 singles yarns are a measure of yarn fineness and represent the number of 840-yard lengths in a pound of yarn (30 or 36) and the number of plies (single ply). The higher the yarn number, the finer the yarn. Denier is a measure of fiber size. Micro-denier is 1 denier or less (the number of unit weights of 0.05 grams per 450-meter length). The lower the number, the finer the fiber.

⁸ Yarns are usually made of staple fibers or filaments. A filament is a long (e.g., as much as miles in length), thin strand of extruded material, and consists mainly of manmade fibers (artificial and synthetic). Staple fibers usually measure 1 inch to 4 inches in length and include natural fibers (e.g., cotton) and cut lengths of filament. To form yarn from staple fibers, the fibers

subject yarns are solution dyed—that is, the color is added to the viscose liquid before extrusion, making the yarn more colorfast than fiber dyed after it has been made into yarn.⁹

Brief discussion of affected U.S. industries, workers, and consumers

The only known U.S. producer of rayon staple fibers, Liberty Fibers Corp. (formerly Lenzing Fibers Corp.), Lowland, TN, does not perform solution dyeing.¹⁰ A company official said the expertise and equipment needed for solution dyeing does not exist in the United States and it is not economically feasible to import the needed expertise and equipment.¹¹

There are no known U.S. producers of the subject yarns, according to representatives of the American Yarn Spinners Association (AYSA), the sole respondent of record opposing the petition filed by Fabrictex in June 2001, and the American Textile Manufacturers Institute (ATMI).¹² Commission staff contacted all U.S. yarn producers cited in the previous two reviews, and confirmed that none of them currently make the subject yarns.¹³ ***¹⁴***¹⁵*** Fabrictex said it believes that there are a few other small U.S. producers of fabrics similar to its fabrics.¹⁶

According to Fabrictex, which produces knitted fabrics from the subject yarns imported mainly from Spain and also Germany, the unavailability of the yarns from domestic sources has caused the firm to lose fabric orders from customers that require AGOA- and CBTPA-compliant fabrics—that is, fabrics made in the United States of U.S. yarns. Fabrictex stated that since the denial of its petitions by CITA in 2001, the firm ***¹⁷ and, according to the petition, reduced the size of the workforce in its North Carolina mill from more than 300 workers in March 2001 to 200 in 2003. In a letter to CITA concerning the second petition filed by Fabrictex in 2001, Liz Claiborne Inc. said it “has recently been compelled to discontinue sourcing fabrics from Fabrictex for use in Caribbean apparel production. With Fabrictex’s inability to supply a CBTPA-compliant fabric, it is more cost effective for our company to use non-U.S. fabrics and pay the duty [on the finished garment] than to use Fabrictex fabrics.”¹⁸

Information on U.S. firms making apparel from the subject yarns is not readily available, partly because of the wide range of apparel articles involved and partly because imports likely account for most of the domestic market for such garments. Fabrictex stated that if the proposed preferential treatment is granted,

are cleaned, aligned in a parallel manner, and then wound together (spun) so that the fibers adhere to each other.

⁹ Marjory L. Joseph, *Essentials of Textiles*, 4th ed. (Holt, Rinehart and Winston, Inc., 1988), p. 83.

¹⁰ Effective on November 21, 2003, the Austrian-based Lenzing Group sold its residual share in Lenzing Fibers Corp. to the majority shareholder of the firm, a private equity group. See “The Lenzing Group Withdraws from US Minority Holding Lenzing Fibers Corporation,” press release, Nov. 24, 2003, found at <http://www.lenzing.com> on Dec. 4, 2003.

¹¹ Dan Blair, Director of Production, Lenzing Fibers, Lowland, TN, telephone interview by Commission staff, Nov. 13, 2003.

¹² Telephone interviews by Commission staff with Michael Hubbard, Executive Vice President, AYSA, Nov. 10, 2003, and Charles Bremer, Director, International Trade, ATMI, Nov. 19, 2003.

¹³ The information was obtained by Commission staff in November 2003 from Kenneth Goodman, Richmond Yarns, Inc.; Conrad Rhyne, Production Manager, Colored Yarns, Carolina Mills, Inc.; David Miller, Vice President, Marketing, Four Leaf Textiles, LLC; Roger Muckenfuss, Vice President, Manufacturing, Belding Hausman, Inc.; and Charles L. Little, President, Yarn Division, Mount Vernon Mills, Inc.

¹⁴ Lise Charron, Vice President, Marketing and Sales, Cavalier Specialty Yarn Co., USA, telephone interview by Commission staff, Nov. 17, 2003.

¹⁵ ***

¹⁶ Edward Moskowitz, Chief Executive Officer, Fabrictex, Inc., telephone interview by Commission staff, Nov. 19, 2003.

¹⁷ Edward Moskowitz, Chief Executive Officer, Fabrictex, Inc., telephone interview by Commission staff, Nov. 14, 2003.

¹⁸ Don Baum, Vice President, Group Manufacturing Director, Liz Claiborne Brands, North Bergen, NJ, letter to CITA, available on the website of the U.S. Department of Commerce, Office of Textiles and Apparel, at <http://otexa.ita.doc.gov>.

the firm could recapture some of its lost business and substantially increase its existing business. ***¹⁹ Fabrictex said it currently sells its Savannah line of knitted fabrics ***. It is believed that many of the garments made for these firms are assembled abroad.²⁰

Views of interested parties

No written statements were filed with the Commission.

Probable economic effect advice²¹

The current petition filed by Fabrictex covers the same rayon yarns as its June 2001 petition. The sole respondent of record opposing the June 2001 petition (American Yarn Spinners Association) does not oppose the current petition.²² In addition, the Commission is unaware of any firm that makes the subject yarns in the United States. As such, the Commission in the current review finds that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible CBTPA and AGOA beneficiary countries from fabrics made in the United States of the subject yarns, regardless of the source of the yarns, would likely have no adverse effect on U.S. yarn producers and their workers because there currently is no known U.S. production of the yarns.²³

The proposed preferential treatment is likely to benefit U.S. producers of fabrics made from the subject yarns, and their workers, as a result of increased demand for these specialty fabrics that are used in fashion apparel. The apparel is extremely price competitive, and lowering the price on such apparel would likely result in increased sales and corresponding higher demand for the fabrics. The proposed preferential treatment is also likely to benefit U.S. and other firms making apparel in eligible CBTPA and AGOA beneficiary countries from non-U.S. yarns. The expected increase in imports of such apparel from eligible countries is likely to displace dutiable imports of similar apparel from Asian countries. However, the proposed preferential treatment still is likely to have a negligible adverse effect on any U.S. firms making the apparel domestically and on their workers.

U.S. consumers of apparel made from the subject yarns would likely benefit from the proposed preferential treatment because importers are likely to pass on some of the duty savings to retail consumers in today's highly competitive retail apparel market. In addition, consumers may benefit from having access to a wider range of apparel articles made from the subject yarns.

¹⁹ ***

²⁰ Ed Moskowitz, Chief Executive Officer, Fabrictex, telephone interview by Commission staff, Nov. 14, 2003.

²¹ The Commission's advice is based on information currently available to the Commission.

²² Michael Hubbard, Executive Vice President, AYSA, telephone interview by Commission staff, Nov. 10, 2003.

²³ Based on information available in its review of the second petition filed by Fabrictex in June 2001, the Commission found that the proposed preferential treatment "would likely have a negligible adverse effect on U.S. producers having the capacity to make the subject yarns or similar yarns." The Commission's report on the petition, *Knit Apparel of Open-End-Spun Yarn* (Inv. No. 332-428-009), Aug. 15, 2001, is available on its website at http://www.usitc.gov/332s/shortsup/332_428_009.pdf.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-008

Products	Apparel of certain printed, 100-percent rayon fabric
Requesting Parties	Alarmex Holdings Group, Inc., New York, NY
Date of Commission Report: USTR Public	December 26, 2003 December 2003
Commission Contact	Laura V. Rodriguez (202-205-3499; lrodriguez@usitc.gov)

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR ON DECEMBER 26, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (***) .

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to apparel made in eligible Caribbean Basin countries from the subject fabrics, regardless of the source of the fabrics, likely would have a negligible effect on the U.S. textile industry because there is no known domestic production of the fabrics, although at least one U.S. producer stated that it has the capability to make the fabrics. The proposed preferential treatment likely would have a negligible adverse effect on U.S. producers of apparel of the subject fabrics and their workers, but likely would benefit U.S. firms making similar apparel in eligible Caribbean Basin countries and their U.S.-based workers. U.S. consumers likely would benefit from any duty savings resulting from the proposed preferential treatment.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).¹

The Commission's advice in this report concerns a petition received by CITA on November 13, 2003, alleging that certain rayon fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for apparel made in eligible CBTPA beneficiary countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action,

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and the Commission's website at <http://www.usitc.gov/332s/shortsup/shortsupstat.htm>.

and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The rayon fabrics named in the petition are classified in subheading 5516.14.00 of the Harmonized Tariff Schedule of the United States (HTS), which provides for printed woven fabrics containing 85 percent or more by weight of artificial staple fibers. The subject fabrics are printed woven herringbone fabrics made wholly of open-end spun yarns of rayon staple fibers, an artificial fiber generally made of wood pulp. According to the petition, garments made of the fabrics have the look and feel of silk apparel, but are machine washable and more affordable to buy and maintain. The fabrics are used in fashion apparel, such as women's shirts, pants, and skirts, and men's shirts. The 2003 rates of duty on these garments, classified in HTS chapter 62 (apparel, not knitted or crocheted), range from 16.1 percent to 28.8 percent ad valorem.

The subject fabrics are made of 20 singles rayon yarn made on the open-end spinning system.³ The fabrics are made in a herringbone weave and have a 100 x 64 construction.⁴ According to the petition, the herringbone weave⁵ gives dimension to the fabric that, when printed, allows for deep, dark, and bold colors and provides more depth to the pattern than can be found in other printed woven fabrics.

Brief discussion of affected U.S. industries, workers, and consumers

The segments of the U.S. textile and apparel sector that may be affected by the proposed preferential treatment include producers of rayon fibers, yarns, fabrics, and apparel, and dyeing and finishing mills that print fabrics.⁶

The only U.S. producer of rayon staple fibers is Liberty Fibers Corp. (formerly Lenzing Fibers Corp.), Lowland, TN.⁷ A representative of the firm stated that ***.⁸

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

³ The term "20 singles yarn" is a measure of yarn fineness and represents the number of 840-yard lengths in a pound of yarn (20) and the number of plies (single ply). Yarns are usually made of staple fibers or filaments. A filament is a long (e.g., as much as miles in length), thin strand of extruded material, and consists mainly of manmade fibers (artificial and synthetic). Staple fibers usually measure 1 inch to 4 inches in length and include natural fibers (e.g., cotton) and cut lengths of filament. To form yarn from staple fibers, the fibers are cleaned, aligned in a parallel manner, and then wound together (spun) so that the fibers adhere to each other.

⁴ The fabric construction represents the number of warp ends (100) and filling picks (64) per inch. Warp yarns run lengthwise on the loom and in the fabric, while filling yarns run across the width of the loom and fabric.

⁵ A herringbone fabric is made with a broken twill weave that creates a balanced, zigzag effect and that resembles the skeletal structure of a herring. See Marjory L. Joseph, *Introductory Textile Science*, 2d ed. (Holt, Rinehart and Winston, Inc., 1972), p. 386.

⁶ In general, the manufacturing progression in the textile sector is: (1) fibers are made into yarns, (2) yarns are made into fabrics, (3) fabrics are cut into components, and (4) cut components are sewn into apparel and other finished articles.

⁷ Effective on November 21, 2003, the Austrian-based Lenzing Group sold its residual share in Lenzing Fibers Corp. to the majority shareholder of the firm, a private equity group. See "The Lenzing Group Withdraws from US Minority Holding Lenzing Fibers Corporation," press release, Nov. 24, 2003, found at <http://www.lenzing.com> on Dec. 4, 2003.

⁸ Except as noted, information in the paragraph is from Douglas Noble, Vice President, Sales and Marketing, Liberty Fibers Corp., telephone interview by Commission staff, Dec. 12, 2003.

The only known U.S. producer of open-end spun yarn wholly of rayon staple fibers is Carolina Mills, Inc., Maiden, NC, ***.⁹ The firm stated that most U.S. fabric producers ceased production of woven rayon fabrics long ago because of intense competition from low-cost imports.¹⁰

There are three known U.S. producers of rayon fabrics, but none of them make the subject fabrics (printed woven fabrics wholly of open-end spun yarns of rayon staple fibers, in a herringbone weave). The producers are Milliken & Co., Spartanburg, SC; Schneider Mills, Inc., Taylorsville, NC; and New River Industries, Radford, VA. Milliken said it likely was the largest U.S. rayon spinner and weaver during 1987-94,¹¹ ***.¹² According to Milliken, spun rayon imports from Turkey rose significantly during 1993-95 and "overwhelmed the U.S. market and destroyed our cost competitiveness."¹³ ***¹⁴ Milliken said it has the capability to make the subject fabrics in a greige or unfinished form (e.g., not printed), but it does not have the in-house capability to print the fabrics.¹⁵ Schneider Mills said it makes woven greige fabrics *** at its facilities in Taylorsville and Forest City, NC; the firm said it does not make the rayon fabrics in a herringbone weave.¹⁶ New River Industries stated that it makes woven greige fabrics of open-end spun rayon yarns ***.¹⁷

Commission staff contacted three U.S. firms whose officials stated that the firms currently print or have the technical capability to print fabrics of a kind named in the petition: Cranston Print Works, Cranston, RI; Symphony Fabrics, NY, NY; and Duro Industries, Fall River, MA. Cranston Print Works stated that it has the technical capacity to print the fabrics but it currently does not do so because much of this business moved offshore.¹⁸ Symphony Fabrics stated that it prints very little rayon fabric; however, it stated that if U.S. fabric mills can produce the subject fabrics, that there are likely to be firms in the United States that can print the fabrics.¹⁹ Duro Industries stated that it currently does not print the fabrics, but has the technical capability to print the fabric.²⁰

Alarmex (the petitioner) stated that it can buy the subject fabrics from sources in Korea and China that offer fabrics in finished (e.g., printed) form. According to Alarmex, ***, the fabric suppliers in Korea and China can provide large quantities of printed herringbone fabric from a single source, thereby expediting the turnaround time from placement of fabric orders to delivery of the finished fabrics.²¹ According to Alarmex, however, even if the subject fabrics were made domestically, it would have to contract with

⁹ A number of U.S. yarn spinners produce rayon blend yarns such as polyester-rayon yarns, but Carolina Mills is believed to be the only U.S. spinner of open-end spun yarns wholly of rayon staple fibers.

¹⁰ Information in the paragraph is from Stephen Dobbins, President and Chief Executive Officer, Carolina Mills, Inc., telephone interview by Commission staff, Dec. 5, 2003.

¹¹ Ben F. Shoaf, President, Finished Apparel & Specialty Fabrics Division, Milliken & Co., written submission to CITA, Nov. 25, 2003.

¹² Wes Matthews, General Director of Manufacturing, Milliken & Co., telephone interview by Commission staff, Dec. 3, 2003.

¹³ Ben F. Shoaf, President, Finished Apparel & Specialty Fabrics Division, Milliken & Co., written submission to CITA, Nov. 25, 2003.

¹⁴ Wes Matthews, General Director of Manufacturing, Milliken & Co., telephone interview by Commission staff, Dec. 3, 2003.

¹⁵ The U.S. textile industry includes dyeing and finishing mills that dye, print, and otherwise finish fabrics for other firms.

¹⁶ George Shtohryn, Senior Vice President, Merchandising, Schneider Mills, Inc., telephone interview by Commission staff, Dec. 10, 2003.

¹⁷ Rodney Whitley, Yarn Procurement, Planning, and Quality Control, New River Industries, telephone interview by Commission staff, Dec. 12, 2003.

¹⁸ George W. Schuster, Chairman, President, and Chief Executive Officer, Cranston Print Works, voice-mail message, Dec. 10, 2003.

¹⁹ Howard Ellis, Head of Development and Knits, Symphony Fabrics, telephone interview by Commission staff, Dec. 5, 2003.

²⁰ William Milowitz, Vice President, Sales and Marketing, Duro Industries, telephone interview by Commission staff, Dec. 8, 2003.

²¹ Fran Feldman, Director, Global Sourcing, Alarmex Holdings Group, stated that the firm's typical turnaround time from placement of the fabric order [in China, to shipping the fabric to Guatemala for cutting and sewing, and receiving the finished apparel articles in the United States averages about 12 weeks]. Telephone interview by Commission staff, Dec. 3, 2003.

“commission printers” to print the fabrics, thereby complicating accountability for product quality and slowing down fabric delivery.²²

Several industry sources indicated that printed herringbone fabrics made of lyocell, which like rayon is an artificial manmade fiber made of wood pulp cellulose, could be considered substitutable for the subject fabrics.²³ Lyocell, marketed under such brand-names as Tencel®, has many of the same desirable properties as rayon, including comfort, absorbency, and abrasion resistance. Like the rayon fabrics, lyocell fabrics have depth, are machine washable and colorfast, and are viewed as an attractive alternative to silk because of their soft drape and luxurious hand, which makes them particularly sought in women’s fashion garments and men’s shirts.²⁴ However, Alarmex stated that the cost of lyocell fabrics is much higher than that for fabrics made of open-end spun rayon yarn, making the lyocell fabrics too costly for use in apparel designed for the moderate income market. A representative of Alarmex estimated that the cost of printed lyocell fabrics would be at least *** per square yard, compared with *** per square yard for the subject fabrics from Korea and China.²⁵

Views of interested parties

No written statements were filed with the Commission.

Probable economic effect advice²⁶

The Commission’s analysis shows that granting duty-free and quota-free treatment to U.S. imports of apparel made in eligible CBTPA countries from the subject fabrics, regardless of the source of the fabrics, is likely to have a negligible effect on U.S. producers of yarns and fabrics and on printers of fabric, and their workers, because there currently is no known domestic production or printing of the subject fabrics.

The proposed preferential treatment likely would have a negligible adverse effect on U.S. producers of apparel of the subject fabrics and their workers, but likely would benefit U.S. firms making similar apparel in eligible CBTPA countries and their U.S.-based workers. The proposed preferential treatment is likely to spur demand for apparel made from the subject fabrics.

U.S. consumers of apparel made from the subject fabrics would likely benefit from the proposed preferential treatment because importers are likely to pass on some of the duty savings to retail consumers in today’s highly competitive retail apparel market. In addition, consumers may benefit from having access to a wider range of apparel articles made from the subject fabrics.

²² Fran Feldman, Director, Global Sourcing, Alarmex Holdings Group, telephone interview by Commission staff, Dec. 9, 2003.

²³ Ellen Flynn, Vice President, Tencel; Gail Strickler, President and Chief Executive Officer, Saxton Textiles, and Vince Trotta, Senior Vice President, Marketing, Dan River, Inc., telephone interviews by Commission staff, Dec. 4, 2003. Vince Trotta stated that lyocell herringbone fabric is not printed in the United States.

²⁴ Rose Marie Tondl, “Tencel Lyocell, the New Generic Fiber, *NebFacts*, found at <http://www.ianr.unl.edu/pub/textiles/nf350.htm>, and Joyce Ann Smith, “Lyocell-One Fiber, Many Faces,” *Ohio State University Extension Fact Sheet - Consumer and Textile Sciences*, found at <http://ohioline.osu.edu/hyg-fact/5000/5572.html>, retrieved Dec. 12, 2003, and telephone interviews by Commission staff on Dec. 4, 2003, with Gail Strickler, Saxton Textiles; Ellen Flynn, Vice President, Marketing, Tencel; and Vince Trotta, Senior Vice President, Marketing, Dan River, Inc.

²⁵ Fran Feldman, Director, Global Sourcing, Alarmex Holdings Group, telephone interview by Commission staff, Dec. 9, 2003.

²⁶ The Commission’s advice is based on information currently available to the Commission.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-009

Products	Apparel of viscose rayon filament yarn
Requesting Parties	Encajes S.A., Bogota, Colombia
Date of Commission Report: USTR Public	January 5, 2004 January 2004
Commission Contact	Jackie W. Jones (202-205-3466; jones@usitc.gov)

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ON JANUARY 5, 2004. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND REPLACED
WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to apparel made in eligible Andean countries from certain viscose rayon filament yarn, regardless of the source of the yarn, would likely have no adverse effect on most of the U.S. yarn industry, because the subject yarn is not produced domestically. However, the preferential treatment could have a small adverse effect on U.S. producers of acetate filament yarn that might compete with the subject yarn and U.S. producers of fabrics made from the subject yarn and from acetate filament yarn. The proposed preferential treatment would likely benefit U.S. firms making apparel in eligible Andean countries, but would likely have a negligible adverse effect on U.S. producers of similar apparel and their workers. U.S. consumers would likely benefit from some of the duty savings resulting from the proposed preferential treatment.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).¹

The Commission's advice in this report concerns a petition received by CITA on November 24, 2003, alleging that certain rayon yarns cannot be supplied by the domestic industry in commercial quantities in a

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and the Commission's website at www.usitc.gov/332s/shortsup/shortsupintro.htm

timely manner and requesting that the President proclaim preferential treatment for apparel articles containing such yarns assembled in one or more ATPDEA beneficiary countries, regardless of the source of yarns. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The rayon yarns named in the petition are classified in subheading 5403.41.00 of the Harmonized Tariff Schedule of the United States (HTS), which provides for multiple (folded) or cabled viscose rayon filament yarn (other than sewing thread), not put up for retail sale. According to the petition filed by Encajes S.A. of Bogota, Colombia, a producer of lace, curtain panels, lace tablecloths, and curtain fabric, the firm uses the subject yarn primarily in the production of lace.³ The petitioner stated that there are no substitutes for the viscose rayon filament yarn. His customers—mostly lingerie producers—require lace made with “special color combinations” that can only be achieved through cross dyeing, which allows for dyeing the lace in two-color combinations.⁴ The petitioner added that many of their customers are U.S. companies, such as Target and Sara Lee.⁵ The petitioner explained that, in general, rayon fibers accept dyes more readily than acetate fibers,⁶ and that, acetate must be dyed at higher temperatures than rayon. The lace is used mainly in women’s lingerie, and to a lesser extent, other apparel, classified in HTS chapters 61 (knitted or crocheted apparel) and 62 (apparel, not knitted or crocheted). The 2003 rates of duty on lingerie range from 0.9 percent to 16.1 percent ad valorem.

The subject yarns are either multiple (folded) yarns, which are plied yarns made of two or more single yarns twisted together, or cabled yarns, which consist of two or more plied yarns twisted together.⁷ The yarns are filament yarns made of viscose rayon, an artificial manmade fiber (as opposed to a synthetic manmade fiber such as polyester). In general, the manufacture of the subject yarns involves (1) processing cellulosic materials such as wood pulp into a viscose liquid and (2) extruding the liquid through a spinneret (a “showerhead-like” metal disc having many tiny holes) in an acid bath into long fiber filaments.

Brief discussion of affected U.S. industries, workers, and consumers

The United States does not produce the subject rayon filament yarn or any other type of rayon filament yarn. Rayon staple yarn is made domestically by one firm (Liberty Fibers Corp. (formerly Lenzing Fibers Corp.), Lowland, TN), but the staple yarn does not compete with the subject filament yarn because of significant differences between them in terms of physical properties and end-use characteristics, such as fabric sheen, silkiness, texture, and durability.⁸ For example, rayon staple yarn cannot be used to produce

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

³ Juan Carlos Atehortua, General Manager, Encajes S.A., Bogota, Colombia, petition submitted to CITA, Nov. 24, 2003. Information on products made by the petitioner is from the firm’s website at <http://www.encajes.com>, Dec. 15, 2003.

⁴ E-mails from Juan Carlos Atehortua, General Manager, Encajes, S.A., Bogota, Colombia, to Commission staff, Dec. 16 and 19, 2003.

⁵ Ibid.

⁶ Like rayon, acetate is an artificial manmade fiber made with cellulosic materials, as opposed to polyester, for example, which is made entirely of manmade materials.

⁷ In November 2001, CITA determined that rayon filament yarns classified in HTS subheadings 5403.31 and 5403.32 cannot be supplied by the domestic industry in commercial quantities in a timely manner. These rayon filament yarns are “single” yarns, while the rayon filament yarns named in the petition under current review are “multiple” or “cabled” yarns. CITA’s decision in the 2001 review was published in the *Federal Register* of November 19, 2001 (66 F.R. 57942), p. 57942.

⁸ Yarns are usually made of staple fibers or filaments. A filament is a long (e.g., as much as miles in length), thin strand of extruded material, and consists mainly of manmade fibers (artificial and synthetic). Staple fibers usually measure 1 inch to 4 inches in length and include natural fibers (e.g., cotton) and cut lengths of filament. To form yarn from staple fibers, the fibers

a shiny satin or velvet fabric, while rayon filament yarn cannot be used to make fabrics normally made of rayon staple yarns, such as a lightweight challis fabric. In addition, the production methods and equipment used to make rayon staple yarn differ from those used in the production of rayon filament yarn.

The two remaining U.S. producers of acetate filament yarns, Celanese Ltd. and Eastman Chemical Co., stated that acetate filament yarns are substitutable for rayon filament yarns in the production of fabrics with various end-uses.⁹ A representative of Eastman¹⁰ stated that if the subject rayon yarns were found to be not available domestically in commercial quantities in a timely manner, the yarns could be used in the production of all types of fabrics in eligible Andean countries, not just in the production of lace. Therefore, the subject yarns could be used in the production of fabrics used to manufacture such products as apparel linings, dresses, women's blouses, and bridal clothing, all of which are commonly among the end uses for fabrics made with acetate filament yarns. Eastman indicated that the fabrics made of acetate filament yarns are interchangeable with fabrics made of rayon filament yarns in these and other end uses. In addition, Eastman stated that some lower cost countries such as India and Brazil are producing rayon filament yarn at prices competitive with acetate filament yarn.

According to Dr. Peter D. Kilduff, Textile Product Design and Marketing, University of North Carolina at Greensboro, who conducted a study, funded by Celanese Ltd., on the substitutability of rayon filament yarn for acetate filament yarn (discussed below in the "Views of interested parties"), fabrics made of the subject rayon filament yarn have characteristics that are superior to those of fabrics made of acetate filament yarn.¹¹ Dr. Kilduff stated that if the price of rayon filament yarn fell to that of acetate filament yarn, some apparel producers may switch to using fabrics of rayon filament yarn, depending on the end use.^{12 ***}

According to ICF Industries, Inc., a U.S. importer and distributor of rayon filament yarns,¹³ rayon filament yarns and acetate filament yarns undergo different manufacturing processes and have different physical properties (e.g., anti-static properties, breaking strength, stretch capacity, and moisture retention) that affect dyeing, finishing, and processing; wearing comfort; product life span; and ease of handling in garment manufacturing.¹⁴ As such, in many instances fabrics made from rayon filament yarn and acetate filament yarn have different characteristics such as durability and comfort absorbency. *** He also stated that the cost of the rayon filament yarn ICF Industries imports from Germany is *** per pound, compared with *** per pound for comparable U.S.-made acetate filament yarn.¹⁵ The viscose rayon filament yarn the petitioner, Encajes, S.A., imports from the Ukraine costs approximately *** per pound.¹⁶

Views of interested parties

The Commission received a statement from Voridian Co., a Division of Eastman Chemical Co., a U.S. producer of cellulose acetate yarn that opposes the petition.¹⁷ Voridian stated that granting the proposed

are cleaned, aligned in a parallel manner, and then wound together (spun) so that the fibers adhere to each other.

⁹ Telephone interviews with V.A. Robbins Jr., Business Director, Voridian Co., a Division of Eastman Chemical Co., Kingsport, TN, and Keith Nagy, Celanese, Ltd, by Commission staff, Dec. 10 and 16, 2003, respectively. For more information on their views, see Commission review, *Apparel of Rayon Filament Yarn*, (Inv. No. 332-428-008), July 9, 2001, p. 3, found on the Commission's website at http://www.usitc.gov/332s/shortsup/332_428_008.pdf.

¹⁰ ***.

¹¹ Information in this paragraph is from Dr. Peter D. Kilduff, Textile Product Design and Marketing, University of North Carolina at Greensboro, telephone interview by Commission staff, Dec. 16, 2003.

¹² ***.

¹³ Representative for David G. Trachtenberg, Vice President, ICF Industries, Inc., New York, NY, telephone interview by Commission staff, Dec. 16, 2003.

¹⁴ Commission review, *Apparel of Rayon Filament Yarn*, (Inv. No. 332-428-008), July 9, 2001, p. 3, found on the Commission's website at http://www.usitc.gov/332s/shortsup/332_428_008.pdf.

¹⁵ ***.

¹⁶ E-mail from Juan Carlos Atehortua, General Manager, Encajes, S.A., Bogota, Colombia, to Commission staff, Dec. 18, 2003.

¹⁷ V.A. Robbins, Jr., Business Director, Acetate Yarn Fibers Business Group, Voridian, a Division of Eastman Chemical Co., written submission to the Commission, Dec. 2003.

preferential treatment will injure the domestic acetate yarn industry and threaten the more than 500 high-tech, above-average-wage jobs at its plant in Kingsport, TN, associated with the production and sale of cellulose acetate yarn.

Voridian stated that rayon filament yarns and acetate filament yarns are interchangeable, especially in the case of woven lining fabrics used to line such garments as suits, jackets, coats, and dresses. The firm cited the *** study of Dr. Peter Kilduff,¹⁸ who at the time was with the College of Textiles at North Carolina State University,¹⁹ stating that “rayon poses a credible threat of taking significant market share away from acetate if its price were to converge with that of acetate. There appears to be a reasonable threat that as low cost rayon imports from developing countries, such as Brazil and India, expand in the U.S. market they will negatively impact demand for acetate filament products. . . .”²⁰ The Kilduff study found that rayon and acetate filament yarns are substitutable because “they have a number of significant common characteristics; share many of the same end-uses; and are used in blends.” In the study, Dr. Kilduff stated that “some fabric companies told him that apparel companies often switch between rayon and acetate in order to meet certain retail price points or changing fashions.”

Voridian stated that the U.S. cellulose acetate yarn industry has declined in size since the early 1970s, largely reflecting the substitution of nylon and polyester for acetate yarn and increasing apparel imports from Asia, Latin America, and Europe. According to Voridian, annual U.S. production capacity for cellulose acetate yarn fell from more than 500 million pounds in 1970 to 108 million pounds in 2001. For 2003, the Voridian statement stated that Voridian and Celanese together will likely supply approximately 60 million pounds to the U.S. textile industry.

Probable economic effect advice²¹

According to industry sources, it appears that, generally, rayon filament yarn has superior qualities compared to acetate filament yarn and may be used in some of the same end uses as that of acetate filament yarn, such as apparel linings.²² Substitution of rayon for acetate in linings has not occurred thus far, in part because the price of quality rayon has been considerably higher than that of acetate. Currently, some industry sources are indicating that if the prices of rayon filament yarns were to fall to prices similar to that of acetate filament yarns, some end users would switch to the use of rayon filament yarn from acetate filament yarn.²³ Industry sources have also indicated that such developing countries as India and Brazil are selling rayon filament yarn at prices competitive with the domestic prices of acetate filament yarn. An analysis of U.S. imports of the subject rayon filament yarn indicate that Germany and China are, by far, the largest suppliers, accounting for 29 percent and 25 percent of the total quantity, respectively, in 2002. India was the 6th largest supplier that year, accounting for 4 percent of the total quantity. Information on the quality and selling prices of the rayon filament yarn from the lower cost supplying countries, such as China and India, cannot be determined. The extent that apparel producers have switched or would switch from using acetate filament yarns to rayon filament yarns also cannot be determined, but is believed to be small. In conclusion, the Commission’s analysis shows that granting duty-free and quota-free treatment to apparel made in eligible Andean countries from certain viscose rayon filament yarn, regardless of the source of the yarn, would likely have no adverse effect on most of the U.S. yarn industry, because the

¹⁸ This is the same study which was discussed in the “Brief discussion of affected U.S. industries, workers, and consumers” section of this review.

¹⁹ The April 2002 study was entitled “An Analysis of the Substitutability of Viscose and Cupramonium (sic) Rayon Filament Yarn for Acetate Filament Yarn.”

²⁰ V.A. Robbins, Jr., Business Manager, Voridian Co., a Division of Eastman Chemical Co., Kingsport, TN, written submission to the Commission, Dec. 12, 2003.

²¹ The Commission’s advice is based on information currently available to the Commission.

²² However, fabrics made of acetate filament yarns may be preferred over fabrics of rayon filament yarns to obtain a certain look in fashion fabrics used in the production of women’s fashion apparel, for example.

²³ Dr. Peter D. Kilduff, Textile Product Design and Marketing, University of North Carolina at Greensboro, telephone interview by Commission staff, Dec. 16, 2003.

subject yarn is not produced domestically. However, the preferential treatment could have a small adverse effect on U.S. producers of acetate filament yarn that might compete with the subject yarn and U.S. producers of fabrics made from the subject yarn and from acetate filament yarn.

The proposed preferential treatment would likely benefit U.S. firms making apparel articles containing such yarns in eligible Andean countries. The expected increase in imports of such apparel from eligible Andean countries would displace some imports of similar apparel from other countries. Although imports are believed to account for the majority of the U.S. market for apparel made of the subject yarn, there could be a negligible adverse effect on any U.S. firms making similar or competing apparel domestically.

U.S. consumers of apparel made of the subject yarns would benefit from the proposed preferential treatment because importers are likely to pass on some of the duty savings to retail consumers in today's highly competitive retail apparel market. In addition, consumers may benefit from having access to a wider range of apparel articles made from the subject yarns.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-010

Products	Blouses of certain plain-woven cotton fabrics
Requesting Parties	School Apparel, Inc., Star City, AR
Date of Commission Report: USTR Public	January 29, 2004 January 2004
Commission Contact	Kimberlie Freund (202-708-5402; kfreund@usitc.gov)

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ON JANUARY 29, 2004. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND
REPLACED WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of women's and girls' blouses made in eligible Caribbean Basin countries from certain plain-woven cotton fabrics, regardless of the source of the fabrics, could have some adverse effect on at least two U.S. fabric producers that stated they make fabrics of a kind named in the petition. The proposed preferential treatment would likely have a negligible adverse effect on U.S. producers of the blouses and their employees, but would likely benefit U.S. firms that dye and finish the subject fabrics domestically and firms that make the blouses in eligible Caribbean Basin countries, and their U.S.-based workers, as well as U.S. consumers of blouses.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).¹

The Commission's advice in this report concerns a petition received by CITA on December 18, 2003, alleging that certain fabrics used in blouses cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for such

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and the Commission's website at www.usitc.gov/332s/shortsup/shortsupintro.htm

apparel made in eligible CBTPA countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The fabrics named in the petition are classified in subheading 5210.11 of the Harmonized Tariff Schedule of the United States (HTS), which provides for unbleached plain-woven fabrics of cotton, containing less than 85 percent cotton by weight, mixed mainly or solely with manmade fibers, and weighing not more than 200 grams per square meter. The subject fabrics are chiefly cotton shirting fabrics (e.g., broadcloth), not of square construction, containing more than 70 warp ends and filling picks per square centimeter, and having an average yarn number exceeding 70 metric. The fabrics are in an unfinished or "grey" condition as imported and, thus, need to be dyed and otherwise finished before being made into apparel. The fabrics are used in women's and girls' blouses, classified in HTS chapter 62 (apparel, not knitted or crocheted) and subject to a 2004 general duty rate of 8.1 percent or 15.4 percent ad valorem, depending on the type of blouse.³

CITA has already determined that the bleached and dyed versions of the subject cotton grey fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner under the CBTPA.⁴ On April 22, 2003, CITA designated women's and girls' blouses made in eligible CBTPA countries from these bleached or dyed fabrics, regardless of the source of such fabrics, as eligible for duty-free and quota-free treatment under the CBTPA commercial availability provisions.⁵

The petitioner (School Apparel) simultaneously filed two petitions under the CBTPA commercial availability provisions on fabrics of cotton and manmade-fiber blends used by the firm to make school uniform blouses in CBTPA countries: the petition under review in this report covers fabrics chiefly of cotton (e.g., 60 percent cotton/40 percent polyester); the second petition covers those chiefly of polyester and is the subject of a separate Commission review (Inv. No. 332-450-011). The petitioner makes the blouses to customer specifications, mainly in four different colors (white, yellow, blue, and pink) and special finishes such as stain resistance. ***⁶ School Apparel stated that the use of imported grey fabrics (as opposed to imported finished fabrics) enables the firm to carry smaller fabric inventories and decide on color and finish closer to the time when the fabrics are needed to fulfill blouse purchase orders.⁷

89

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

³ The blouses are dutiable under HTS subheadings 6206.30.30 and 6211.42.00 at 15.4 percent and 8.1 percent ad valorem, respectively.

⁴ The bleached and dyed plain-woven cotton fabrics are classified in HTS subheadings 5210.21 and 5210.31, respectively.

⁵ See CITA notice published in the *Federal Register* of April 28, 2003 (68 F.R. 22363), p. 22363.

⁶ ***

⁷ Information on School Apparel is from David Watts of the firm, telephone interviews by Commission staff, Jan. 7 and 13, 2004.

⁸ ***

⁹ ***

Brief discussion of affected U.S. industries, workers, and consumers

U.S. industry sources stated that U.S. mills believed to have the capacity to make the subject fabrics are Alice Manufacturing Co. (Easley, SC); Dan River, Inc. (Danville, VA); Hamrick Mills (Gaffney, SC); Wade Manufacturing Co. (Wadesboro, NC); and Ramtex, Inc. (Ramseur, NC).¹⁰ Dan River said it makes fabrics similar to the subject fabrics (e.g., white broadcloth), but does not oppose the petition.¹¹ Ramtex and Wade Manufacturing said they oppose the petition because, as discussed below, they currently make fabrics that are covered by the petition (the petition covers plain-woven cotton-manmade fiber blended fabrics that have an average yarn number exceeding 70 metric, which is equivalent to about 42 singles yarn or higher, based on the English cotton count used by the U.S. textile industry).¹²

Wade Manufacturing said it currently makes plain-woven fabrics of *** singles yarn, which is equivalent to a metric yarn number of about ***.¹³ Wade said it would not oppose the petition if the fabrics named in the petition were limited to those having an average yarn number of "40 singles to 45 singles yarn."¹⁴ Wade said it can make such fabrics, but does not do so because it cannot meet the price points of any prospective customer.

Ramtex stated that it makes cotton-polyester blended broadcloth fabrics (chiefly of cotton) of *** singles yarns, which are equivalent to metric yarn numbers of ***.¹⁵*** Ramtex stated that it has invested more than \$*** million to make its facility one of the most modern textile spinning and weaving mills in the United States and that it employs about *** people.

Views of interested parties

No written submissions were filed with the Commission.

Probable economic effect advice¹⁶

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of women's and girls' blouses made in eligible CBTPA countries from the subject fabrics, regardless of the source of the fabrics, could have some adverse effect on U.S. producers of fabrics of a kind named in the petition. Wade Manufacturing and Ramtex each said it currently produces plain-woven cotton fabrics of a kind named in the petition.

The proposed preferential treatment would likely benefit U.S. firms that dye and finish the subject grey fabrics domestically to the extent that the firms making blouses in eligible CBTPA countries substitute the imported grey fabrics for the third-country finished fabrics.

¹⁰ Commission staff contacted by telephone Alice Manufacturing (Jan. 13 and 14, 2004) and Hamrick Mills (Jan. 13, 2004). ***

¹¹ Jim Martin, President, Apparel Fabrics Division, Dan River, Inc., telephone interview by Commission staff, Jan. 13, 2004.

¹² The HTS classifies the fabrics by ranges of metric yarn numbers. English yarn numbers can be converted to metric yarn numbers by multiplying them by 1.6933 (e.g., a 42 singles yarn is equivalent to a metric yarn number of 71).

¹³ Bernard Hodges, Wade Manufacturing, Inc., telephone interview by Commission staff, Jan. 8, 2004.

¹⁴ The plain-woven cotton fabrics used by the petitioner in its blouses typically are of *** singles yarn, or a metric yarn number of about ***. David Watts, School Apparel, Inc., telephone interview by Commission staff, Jan. 13, 2004.

¹⁵ Information on Ramtex was obtained by Commission staff from Thomas E. Seiler, president of the firm, telephone interviews and e-mail correspondence, Jan. 14 and 15, 2004.

¹⁶ The Commission's advice is based on information currently available to the Commission.

The proposed preferential treatment would likely have a negligible adverse effect on U.S. producers of the blouses and their employees, but would likely benefit U.S. firms that make the blouses in eligible CBTPA countries and their U.S.-based workers. The U.S. market for blouses, including school uniform blouses made from the subject fabrics, is supplied largely by imports from Asia. U.S. consumers of blouses would likely benefit from the proposed preferential treatment, because importers would likely pass on some of the duty savings, given the highly competitive market for uniform blouses.



Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-450-011

Products	Blouses of certain plain-woven polyester fabrics
Requesting Parties	School Apparel, Inc., Star City, AR
Date of Commission Report: USTR PUBLIC	January 29, 2004 January 2004
Commission Contact	Kimberlie Freund (202-708-5402; kfreund@usitc.gov)

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON JANUARY 29, 2004. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED
AND REPLACED WITH ASTERISKS (***)

Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of women's and girls' blouses made in eligible Caribbean Basin countries from certain plain-woven polyester fabrics, regardless of the source of the fabrics, could have some adverse effect on at least one U.S. fabric producer that stated it makes fabrics of a kind named in the petition. The proposed preferential treatment would likely have a negligible adverse effect on U.S. producers of the blouses and their employees, but would likely benefit U.S. firms making the blouses in eligible Caribbean Basin countries and their U.S.-based workers, as well as U.S. consumers of blouses.

Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).¹

The Commission's advice in this report concerns a petition received by CITA on December 18, 2003, alleging that certain fabrics used in blouses cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for such apparel made in eligible CBTPA countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and the Commission's website at www.usitc.gov/332s/shortsup/shortsupintro.htm

Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.²

Brief discussion of the product

The fabrics named in the petition are classified in subheadings 5513.11 and 5513.21 of the Harmonized Tariff Schedule of the United States (HTS), which provide for certain plain-woven fabrics of polyester staple fibers, containing less than 85 percent by weight of synthetic staple fibers, mixed mainly or solely with cotton, and weighing not more than 170 grams per square meter. The fabrics can be either unbleached or bleached (5513.11) or dyed (5513.21). The subject fabrics are chiefly polyester shirting fabrics (e.g., broadcloth), not of square construction, containing more than 70 warp ends and filling picks per square centimeter, and having an average yarn number exceeding 70 metric. The fabrics are used in women's and girls' blouses, classified in HTS chapter 62 (apparel, not knitted or crocheted) and subject to a 2004 general duty rate of 16 percent or 26.9 percent ad valorem, depending on the type of blouse.³

The commercial availability provisions of the CBTPA consider the subject fabrics "to be not available from the domestic industry in commercial quantities in a timely manner" when used in different, but related apparel articles, namely men's and boys' shirts.⁴ As such, the CBTPA grants duty-free and quota-free treatment to imports of men's and boys' shirts made in eligible CBTPA countries from the subject fabrics, regardless of the source of the fabrics. In addition, CITA has determined that certain of the subject fabrics--that is, those having an average yarn number exceeding 135 metric--cannot be supplied by the domestic industry in commercial quantities in a timely manner and, as such, designated women's and girls' blouses and certain other apparel articles made from these fabrics, regardless of the source of such fabrics, as eligible for duty-free and quota-free treatment under the commercial availability provisions of the AGOA.

The petitioner (School Apparel) simultaneously filed two petitions under the CBTPA commercial availability provisions on fabrics of cotton and manmade-fiber blends used by the firm to make school uniform blouses in CBTPA countries: the petition under review in this report covers fabrics chiefly of polyester (e.g., 60 percent polyester/40 percent cotton), whether in a "grey" (unfinished) or finished condition as imported; the second petition covers grey fabrics chiefly of cotton and is the subject of a separate Commission review (Inv. No. 332-450-010). School Apparel stated that the use of imported grey fabrics (as opposed to imported finished fabrics) enables the firm to carry smaller fabric inventories and decide on color and finish closer to the time when the fabrics are needed to fulfill blouse purchase orders.⁵*** The petitioner makes the blouses to customer specifications, usually in four different colors (white, yellow, blue, and pink) and special finishes such as stain resistance. ***⁶

² In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

³ The blouses are dutiable under HTS subheadings 6206.40.30 and 6211.43.00 at 26.9 percent and 16 percent ad valorem, respectively.

⁴ U.S. imports of men's and boys' shirts made in Mexico and Canada from the subject fabrics, regardless of the source of the fabrics, are considered to originate in North America and thus are eligible for duty-free and quota-free treatment under the North American Free Trade Agreement (NAFTA). This NAFTA exemption was included in the Trade and Development Act of 2000 in both section 112 of the AGOA and section 211 of the CBTPA. It was also included in the Trade Act of 2002, Division C, ATPDEA.

⁵ Information on School Apparel is from David Watts of the firm, telephone interviews by Commission staff, Jan. 7 and 13, 2004.

⁶ ***

Brief discussion of affected U.S. industries, workers, and consumers

U.S. industry sources stated that U.S. mills believed to have the capacity to make the subject fabrics are Alice Manufacturing Co. (Easley, SC); Dan River, Inc. (Danville, VA); Hamrick Mills (Gaffney, SC); Wade Manufacturing Co. (Wadesboro, NC); and Ramtex, Inc. (Ramseur, NC).⁹ Dan River said it makes fabrics similar to the subject fabrics (e.g., white broadcloth), but does not oppose the petition.¹⁰ Ramtex and Wade Manufacturing said they oppose the petition because, as discussed below, they make fabrics that either are covered by the petition (Wade) or are very similar to those named in the petition (Ramtex).

Ramtex stated that it makes cotton-polyester blended broadcloth fabrics (chiefly of cotton) of *** singles yarns, which are equivalent to metric yarn numbers of ***, and that it ***¹¹ According to both Wade Manufacturing and Ramtex, it is a relatively simple procedure to change the fiber blend from chiefly cotton to chiefly polyester, and that they change the fiber blend according to customer specifications.

Wade Manufacturing said it currently makes plain-woven fabrics of *** singles yarn, which is equivalent to a metric yarn number of about ***.¹² (The petition covers plain-woven, polyester-cotton blended fabrics (chiefly of polyester) that have an average yarn number exceeding 70 metric, which is equivalent to about 42 singles yarn or higher, based on the English cotton count used by the U.S. textile industry (the higher the yarn number, the finer the yarn).¹³ Wade said it would not oppose the petition if the fabrics named in the petition were limited to those having an average yarn number of "40 singles to 45 singles yarn."¹⁴ Wade said it can make such fabrics, but does not do so because it cannot meet the price points of any prospective customer.

Views of interested parties

No written submissions were filed with the Commission.

Probable economic effect advice¹⁵

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of women's and girls' blouses made in eligible CBTPA countries from the subject fabrics, regardless of the source of the fabrics, could have some adverse effect on at least one U.S. producer of fabrics of a kind named in the petition. Wade Manufacturing said it currently makes plain-woven chiefly polyester fabrics of a kind specified in the petition--namely, those having an average yarn number of about *** metric. Ramtex said it currently produces fabrics of a kind specified in the petition, but in a cotton-polyester blend (chiefly of cotton) and that it could easily change the fiber blend to chiefly of polyester.

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⁹ Commission staff contacted by telephone Alice Manufacturing Co. (Jan. 13 and 14, 2004) and Hamrick Mills (Jan. 13, 2004). ***

¹⁰ Jim Martin, President, Apparel Fabrics Division, Dan River, Inc., telephone interview by Commission staff, Jan. 13, 2004.

¹¹ Information on Ramtex was obtained by Commission staff from Thomas E. Seiler, president of the firm, telephone interviews and e-mail correspondence, Jan. 14 and 15, 2004.

¹² Bernard Hodges, Wade Manufacturing, Inc., telephone interview by Commission staff, Jan. 8, 2004.

¹³ The HTS classifies the fabrics by ranges of metric yarn numbers. English yarn numbers can be converted to metric yarn numbers by multiplying them by 1.6933 (e.g., a 42 singles yarn is equivalent to a metric yarn number of 71).

¹⁴ The plain-woven cotton fabrics used by the petitioner in its blouses typically are of *** singles yarn, or a metric yarn number of about ***. David Watts, School Apparel, Inc., telephone interview by Commission staff, Jan. 13, 2004.

¹⁵ The Commission's advice is based on information currently available to the Commission.

The proposed preferential treatment would likely have a negligible adverse effect on U.S. producers of the blouses and their employees, but would likely benefit U.S. firms that make the blouses in eligible CBTPA countries and their U.S.-based workers. The U.S. market for blouses, including school uniform blouses made from the subject fabrics, is supplied largely by imports from Asia. U.S. consumers of blouses would likely benefit from the proposed preferential treatment, because importers would likely pass on some of the duty savings, given the highly competitive market for uniform blouses.

APPENDIX A
REQUEST LETTER FROM THE UNITED STATES
TRADE REPRESENTATIVE

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

The Honorable Deanna Tanner Okun
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

DOCKET NUMBER 2284
Office of the Secretary Int'l Trade Commission

DEC 23 2002

DOCKET

Dear Chairman Okun:

On March 5, 2001, I requested that the Commission initiate an "umbrella" investigation under section 322 of the Tariff Act of 1930 to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed with the Committee for the Implementation of Textile Agreement (CITA) under the "commercial availability" (formerly "short supply") provisions of the African Growth and Opportunity Act (AGOA) and/or the United States-Caribbean Basin Trade Partnership Act (CBTPA). The recently enacted Andean Trade Promotion and Drug Eradication Act of the Trade Act of 2002 also creates the same kind of commercial availability mechanism included in the AGOA and the CBTPA.

Therefore, I am requesting that the Commission initiate a new "umbrella" investigation under section 332 of the Tariff Act of 1930 to provide its advice regarding all commercial availability petitions filed with CITA in 2003 under the three Acts stated above. Please consider the terms of this request to be the same as my request of January 11, 2002.

I would also like to take this opportunity to thank the Commission and its staff for the excellent work and analysis that have gone into the Commission's reports on commercial availability petitions to-date. We greatly appreciate the Commission's assistance in this matter.

Sincerely,

Robert B. Zoellick

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DEC 30 2002

APPENDIX B
FEDERAL REGISTER NOTICE

River Restoration Program, PO Box 1300, 1313 South Main Street, Weaverville, California 96093, (530) 623-1800.

For logistical questions related to the February 20-21, 2003 meeting contact Charlie Chamberlain, U.S. Fish and Wildlife Service, Arcata Fish and Wildlife Office, 1655 Heindon Road, Arcata, CA 95521, (707) 822-7201.

Dated: January 27, 2003.

Dan Walsworth,

Manager, California/Nevada Operations Office, Sacramento, CA.

[FR Doc. 03-2478 Filed 2-3-03; 8:45 am]

BILLING CODE 4310-55-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-450]

Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel From Sub-Saharan African, Caribbean Basin, and Andean Countries

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation.

EFFECTIVE DATE: January 28, 2003.

SUMMARY: Following receipt of a request from the United States Trade Representative (USTR) on December 30, 2002, the Commission instituted investigation No. 332-450, Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries. The Commission instituted the investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" (previously informally known as "short supply") provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA, Division D of the Trade Act of 2002). The Commission conducted similar investigations in 2001 and 2002 to provide advice with respect to requests filed those years under the AGOA and the CBTPA. The recently enacted ATPDEA contains a similar commercial availability mechanism.

FOR FURTHER INFORMATION CONTACT: For general information, contact Jackie W. Jones (202-205-3466, jones@usitc.gov of the Office of Industries; for information on legal aspects, contact William Gearhart (202-205-3091, wgearhart@usitc.gov) of the Office of the General Counsel. The media should contact Margaret O'Laughlin, Public Affairs Officer (202-205-1819). Hearing impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information about the Commission may be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) <http://edis.usitc.gov>.

The Commission will follow procedures similar to those in the "short supply" reviews in 2001 and 2002 under investigation Nos. 332-428 and 332-436, respectively. Thus, during 2003, the Commission will provide advice for each commercial availability review under one investigation number. However, the Commission will be adjusting its procedure for notifying interested parties and the public on the initiation of commercial availability reviews. The Commission will not publish notices of the initiation of the reviews in the *Federal Register* and will no longer issue news releases as it has in the past. Instead, the Commission will post a notification letter announcing the initiation of each review on its Internet site (<http://www.usitc.gov>). The Commission also has developed a group list of facsimile addresses of interested parties or individuals who wish to be automatically notified via facsimile about any requests for which the Commission initiated analysis. Interested parties may be added to this list by notifying Jackie W. Jones (202-205-3466, jones@usitc.gov). The notification letter will specify the article(s) under consideration, the deadline for submission of public comments on the proposed preferential treatment, and the name, telephone number, and Internet e-mail address of a staff contact for additional information. CITA publishes a summary of each request from interested parties in the *Federal Register* and posts them on its Internet site (U.S. Department of Commerce, Office of Textiles and Apparel (OTEXA), at [\[otexa.ita.doc.gov/fr.htm\]\(http://otexa.ita.doc.gov/fr.htm\)\). The Commission has developed a special area on its Internet site \(<http://www.usitc.gov/332s/shortsup/shortsupintro.htm>\) to provide the public with information on the status of each request for which the Commission initiated analysis.](http://</p>
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The Commission will submit its reports to the USTR not later than the 42nd day after receiving a request for advice. The Commission will issue a public version of each report as soon thereafter as possible, with any confidential business information deleted.

Written Submissions

Because of time constraints, the Commission will not hold public hearings in connection with the advice provided under this investigation number. However, interested parties will be invited to submit written statements (original and 3 copies) concerning the matters to be addressed by the Commission in this investigation. The Commission is particularly interested in receiving input from the private sector on the likely effect of any proposed preferential treatment on affected segments of the U.S. textile and apparel industries, their workers, and consumers. Commercial or financial information that a person desires the Commission to treat as confidential must be submitted in accordance with section 201.6 of the Commission's rules of practice and procedure (19 CFR 201.6). The Commission's Rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (Nov. 8, 2002). All written submissions, except for confidential business information, will be made available in the Office of the Secretary to the Commission for inspection by interested parties. The Commission may include confidential business information submitted in the course of this investigation in the reports to the USTR. In the public version of these reports, however, the Commission will not publish confidential business information in a manner that could reveal the individual operations of the firms supplying the information. All submissions should be addressed to the Secretary, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436.

List of Subjects: Caribbean, African, Andean, tariffs, imports, yarn, fabric, and apparel.

By order of the Commission.

Issued: January 29, 2003.

Marilyn R. Abbott,
Secretary.

[FR Doc. 03-2513 Filed 2-3-03; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-449]

U.S. Market Conditions for Certain Wool Articles in 2002-04

AGENCY: International Trade Commission.

ACTION: Institution of investigation and request for public comments.

EFFECTIVE DATE: January 24, 2003.

SUMMARY: Following receipt of a request from the United States Trade Representative (USTR) on December 30, 2002, the Commission instituted Investigation No. 332-449, U.S. Market Conditions for Certain Wool Articles in 2002-04, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)).

FOR FURTHER INFORMATION CONTACT: For general information, contact Lisa Ferens (202) 205-3486; lferens@usitc.gov; of the Office of Industries; for information on legal aspects, contact William Gearhart (202) 205-3091; wgearhart@usitc.gov; of the Office of the General Counsel. The media should contact Margaret O'Laughlin, Public Affairs Officer (202-205-1819). Hearing impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on (202) 205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205-2000. General information about the Commission may be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) <http://edis.usitc.gov>.

Background

As requested by the USTR, the Commission will provide information on U.S. market conditions, including domestic demand, supply, and increases in domestic production for men's and boys' worsted wool suits, suit-type jackets, and trousers; worsted wool fabric and yarn used in the manufacture of such clothing; and wool fibers used to make such fabrics and yarn. As requested, the Commission will also provide, to the extent practicable, data on:

(1) Increases or decreases in sales and production of the subject domestically-produced worsted wool fabrics;

(2) Increases or decreases in domestic production and consumption of the subject apparel items;

(3) The ability of domestic producers of the subject worsted wool fabrics to meet the needs of domestic manufacturers of the subject apparel items in terms of quantity and ability to meet market demands for the apparel items;

(4) Sales of the subject worsted wool fabrics lost by domestic manufacturers to imports benefitting from the temporary duty reductions on certain worsted wool fabrics under HTS headings 9902.51.11 and 9902.51.12;

(5) Loss of sales by domestic manufacturers of the subject apparel items related to the inability to purchase adequate supplies of the subject worsted wool fabrics on a cost competitive basis; and

(6) The price per square meter of imports and domestic sales of the subject worsted wool fabrics. The USTR requested that the Commission provide two confidential reports. The first report will provide, to the extent information is publicly available or is available from discussions with representatives of trade and industry, an update on market conditions for the subject wool products and a summary of any major changes with respect to the above factors, for the year 2002 and year-to-date 2002-03. The Commission will transmit this report to the USTR by October 27, 2003. The Commission will transmit the second report, providing data for 2003 and year-to-date 2003-04, by October 25, 2004. The USTR requested that the Commission issue public versions of the reports as soon as possible thereafter, with any business confidential information deleted.

In the request letter, the USTR noted that section 5102 of the Trade Act of 2002, signed by the President on August 6, 2002, amends headings 9902.51.21 and 9902.51.12 of the Harmonized Tariff Schedule of the United States (HTS) to extend, through December 31, 2005, the temporary reductions of tariffs and the tariff-rate quotas (TRQs) in those headings for imports of certain worsted wool fabric, certified by the importer as suitable for use in men's or boys' suits, suit-type jackets, and trousers. The USTR also noted that, under section 504 of the Trade and Development Act of 2000, the President is required to monitor U.S. market conditions, including domestic demand, domestic supply, and increases in domestic production for men's and boys' worsted wool suits, suit-type jackets, and

trousers; worsted wool fabric and yarn used in the manufacture of such clothing; and wool fibers used in the manufacture of such fabrics and yarn. He noted that the President, in Proclamation 7383 (December 1, 2000), delegated to the USTR the authority to monitor these market conditions.

Written Submissions

The Commission intends to hold a public hearing in connection with the second report under this investigation, but not the first report. However, interested parties are invited to submit written statements (original and 14 copies) concerning the matters to be addressed by the Commission in its first report on this investigation at the earliest practical date, and such statements should be received no later than the close of business on June 9, 2003. Commercial or financial information that a person desires the Commission to treat as confidential must be submitted on separate sheets of paper, each marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). The Commission's Rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's Rules, as amended, 67 FR 68036 (November 8, 2002). All written submissions, except for confidential business information, will be made available in the Office of the Secretary to the Commission for inspection by interested parties. The Commission may include confidential business information submitted in the course of this investigation in its reports to the USTR. In the public version of these reports, however, the Commission will not publish confidential business information in a manner that would reveal the individual operations of the firm supplying the information. All submissions should be addressed to the Secretary, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436.

List of Subjects: Tariffs, imports, wool, fabric, and suits.

By order of the Commission.

Issued: January 29, 2003.

Marilyn R. Abbott,
Secretary.

[FR Doc. 03-2515 Filed 2-3-03; 8:45 am]

BILLING CODE 7020-02-P