

## COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

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

October 5, 2005.

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

**ACTION:** Solicitation of public comments concerning a request for safeguard action on imports from China of cotton knit shirts and blouses (Category 338/339).

**SUMMARY:** On September 14, 2005, the Committee received a request from the American Manufacturing Trade Action Coalition, the National Council of Textile Organizations, the National Textile Association, SEAMS, and UNITE HERE requesting that the Committee reapply a limit on imports from China of cotton knit shirts and blouses (Category 338/339). They request that a textile and apparel safeguard action, as provided for in the Report of the Working Party on the Accession of China to the World Trade Organization (the Accession Agreement), be reappplied on imports of cotton knit shirts and blouses. The current limit on cotton knit shirts and blouses expires on December 31, 2005. The Committee hereby solicits public comments on this request, in particular with regard to whether imports from China of cotton knit shirts and blouses are, due to the threat of market disruption, threatening to impede the orderly development of trade in this product. Comments must be submitted by November 10, 2005 to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, United States Department of Commerce, 14th and Constitution Avenue, N.W., Washington, DC 20230.

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

#### SUPPLEMENTARY INFORMATION:

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

#### Background

The Report of the Working Party on the Accession of China to the World Trade Organization (WTO) provides that, if a WTO Member, such as the United States, believes that imports of Chinese origin textile and apparel products are, "due to market disruption,

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

The Committee has published procedures (the Procedures) it follows in considering requests for Accession Agreement textile and apparel safeguard actions (68 FR 27787, May 21, 2003; 68 FR 49440, August 18, 2003), including the information that must be included in such requests in order for the Committee to consider them.

On September 14, 2005, the Committee received a request that an Accession Agreement textile and apparel safeguard action be reappplied on imports from China of cotton knit shirts and blouses (Category 338/339). The Committee has determined that this request provides the information necessary for the Committee to consider the request in light of the considerations set forth in the Procedures. The text of the request is available at <http://otexa.ita.doc.gov/Safeguard05.htm>.

The Committee is soliciting public comments on this request, in particular with regard to whether there is a threat of disruption to the U.S. market for cotton knit shirts and blouses and, if so, the role of Chinese-origin cotton knit shirts and blouses in that disruption. To this end, the Committee seeks relevant information addressing factors such as the following, which may be relevant in the particular circumstances of this case, involving a product under a quota that will be removed on December 31, 2005: (1) Whether cotton knit shirt and blouse imports from China are entering, or are expected to enter, the United States at prices that are substantially below prices of the like or directly competitive U.S. product, and whether those imports are likely to have a significant depressing or suppressing effect on domestic prices of the like or directly competitive U.S. product, or are likely to increase demand for further imports from China; (2) Whether exports of Chinese-origin cotton knit shirts and

blouses to the United States are likely to increase substantially and imminently (due to existing unused production capacity, to capacity that can easily be shifted from the production of other products to the production of cotton knit shirts and blouses, or to an imminent and substantial increase in production capacity or investment in production capacity), taking into account the availability of other markets to absorb any additional exports; (3) Whether Chinese-origin cotton knit shirts and blouses that are presently sold in the Chinese market or in third-country markets will be diverted to the U.S. market in the imminent future (for example, due to more favorable pricing in the U.S. market or to existing or imminent import restraints into third country market); (4) The level and the extent of any recent change in inventories of cotton knit shirts and blouses in China or in U.S. bonded warehouses; (5) Whether conditions of the domestic industry of the like or directly competitive product demonstrate that market disruption is likely (as may be evident from any anticipated factory closures or decline in investment in the production of cotton knit shirts and blouses, and whether actual or anticipated imports of Chinese-origin cotton knit shirts and blouses are likely to affect the development and production efforts of the U.S. cotton knit shirt and blouse industry; and (6) Whether U.S. managers, retailers, purchasers, importers or other market participants have recognized Chinese producers of cotton knit shirts and blouses as potential suppliers (for example, through pre-qualification procedures or framework agreements).

Comments may be submitted by any interested person. Comments must be received no later than November 10, 2005. Interested persons are invited to submit ten copies of such comments to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, U.S. Department of Commerce, 14th and Constitution Avenue N.W., Washington, DC 20230.

If a comment alleges that there is no threat of market disruption or that the subject imports are not threatening to cause market disruption, the Committee will closely review any supporting information and documentation, such as information about domestic production or prices of like or directly competitive products. Particular consideration will be given to comments representing the views of actual producers in the United States of a like or directly competitive product.

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

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

**James C. Leonard III,**

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

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

October 5, 2005.

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

**ACTION:** Solicitation of public comments concerning a request for safeguard action on imports from China of men's and boys' cotton and man-made fiber shirts, not knit (Category 340/640).

**SUMMARY:** On September 14, 2005, the Committee received a request from the American Manufacturing Trade Action Coalition, the National Council of Textile Organizations, the National Textile Association, SEAMS, and UNITE HERE requesting that the Committee reapply a limit on imports from China of men's and boys' cotton and man-made fiber shirts, not knit (Category 340/640). They request that a textile and apparel safeguard action, as provided for in the Report of the Working Party on the Accession of China to the World Trade Organization (the Accession Agreement), be reapplied on imports of such shirts. The current limit on men's and boys' cotton and man-made fiber shirts, not knit expires on December 31, 2005. The Committee hereby solicits public comments on this request, in particular with regard to whether imports from China of such shirts are, due to the threat of market disruption, threatening to impede the orderly development of trade in this product. Comments must be submitted by November 10, 2005, to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, United States Department of Commerce, 14th and Constitution Avenue, N.W., Washington, DC 20230.

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

#### SUPPLEMENTARY INFORMATION:

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

#### Background

The Report of the Working Party on the Accession of China to the World Trade Organization (WTO) provides that, if a WTO Member, such as the United States, believes that imports of Chinese origin textile and apparel products are, "due to market disruption, threatening to impede the orderly development of trade in these products", it may request consultations with China with a view to easing or avoiding the disruption. Pursuant to this provision, if the United States requests consultations with China, it must, at the time of the request, provide China with a detailed factual statement showing (1) the existence or threat of market disruption; and (2) the role of products of Chinese origin in that disruption. Beginning on the date that it receives

such a request, China must restrict its shipments to the United States to a level no greater than 7.5 percent (6 percent for wool product categories) above the amount entered during the first 12 months of the most recent 14 months preceding the month in which the request was made.

The Committee has published procedures (the Procedures) it follows in considering requests for Accession Agreement textile and apparel safeguard actions (68 FR 27787, May 21, 2003; 68 FR 49440, August 18, 2003), including the information that must be included in such requests in order for the Committee to consider them.

On September 14, 2005, the Committee received a request that an Accession Agreement textile and apparel safeguard action be reapplied on imports from China of men's and boys' cotton and man-made fiber shirts, not knit (Category 340/640). The Committee has determined that this request provides the information necessary for the Committee to consider the request in light of the considerations set forth in the Procedures. The text of the request is available at <http://otexa.ita.doc.gov/Safeguard05.htm>.

The Committee is soliciting public comments on this request, in particular with regard to whether there is a threat of disruption to the U.S. market for men's and boys' cotton and man-made fiber shirts, not knit and, if so, the role of Chinese-origin men's and boys' cotton and man-made fiber shirts, not knit in that disruption. To this end, the Committee seeks relevant information addressing factors such as the following, which may be relevant in the particular circumstances of this case, involving a product under a quota that will be removed on December 31, 2005: (1) Whether men's and boys' cotton and man-made fiber shirts, not knit imports from China are entering, or are expected to enter, the United States at prices that are substantially below prices of the like or directly competitive U.S. product, and whether those imports are likely to have a significant depressing or suppressing effect on domestic prices of the like or directly competitive U.S. product, or are likely to increase demand for further imports from China; (2) Whether exports of Chinese-origin men's and boys' cotton and man-made fiber shirts, not knit to the United States are likely to increase substantially and imminently (due to existing unused production capacity, to capacity that can easily be shifted from the production of other products to the production of men's and boys' cotton and man-made fiber shirts, not knit, or to an imminent and substantial increase