

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

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

**D. Michael Hutchinson,**

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

**Committee for the Implementation of Textile Agreements**

December 23, 2003.

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

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

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

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

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

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

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

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

**Knit Fabric Category 222**

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

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

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

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

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

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

[FR Doc. 03-32031 Filed 12-24-03; 8:45 am]

BILLING CODE 3510-DR-S

**COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS**

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

December 23, 2003.

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

**ACTION:** Notice

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

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