

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

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

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

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

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

Brassieres and Other Body Supporting Garments

Category 349/649

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

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

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

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

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

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

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

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COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

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

December 23, 2003.

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

ACTION: Notice

EFFECTIVE DATE: December 24, 2003.

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

SUPPLEMENTARY INFORMATION:

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

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

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

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