

disruption. Upon receipt of the request, the People's Republic of China has agreed to hold its shipments to a level no greater than 7.5 percent (6 percent for wool product categories) above the amount entered during the first 12 months of the most recent 14 months preceding the request for consultations. The Member requesting consultations may implement such a limit. Consistent with paragraph 242, consultations with the People's Republic of China will be held within 30 days of receipt of the request for consultations, and every effort will be made to reach agreement on a mutually satisfactory solution within 90 days of receipt of the request for consultations. If agreement on a different limit is reached, the Committee will issue a **Federal Register** Notice containing a directive to the Bureau of Customs and Border Protection to implement the negotiated limit.

On July 24, 2003, the Committee received a request from the American Manufacturing Trade Action Coalition, American Textile Manufacturers Institute and the National Textile Association alleging that imports from the People's Republic of China of cotton and man-made fiber dressing gowns and robes. (Category 350/650) 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 cotton and man-made fiber dressing gowns and robes. 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 49444). This public comment period ended on September 17, 2003. The Committee determined that imports of Chinese origin cotton and man-made fiber dressing gowns and robes are, due to market disruption and the threat of market disruption, threatening to impede the orderly development of trade in cotton and man-made fiber dressing gowns and robes, and that imports of cotton and man-made fiber dressing gowns and robes 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 350/650 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 cotton and man-made fiber dressing gowns and robes, in Category 350/650, 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 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.

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

Cotton and Man-Made Fiber Dressing Gowns and Robes

Category 350/650

The United States believes that imports of Chinese origin cotton and man-made fiber dressing gowns and robes are, due to market disruption, threatening to impede the orderly development of trade in cotton and man-made fiber dressing gowns and robes, and that imports of cotton and man-made fiber dressing gowns and robes from China play a significant role in the existence of market disruption. Further, the United States believes that imports of Chinese origin cotton and man-made fiber dressing gowns and robes are, due to the threat of market disruption, threatening to impede the orderly development of trade in cotton and man-made fiber dressing gowns and robes, and that imports of cotton and man-made fiber dressing gowns and robes 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 cotton and man-made fiber dressing gowns and robes from China increased from 259,868 dozens in 2000 to 2,171,896 dozens in 2002 (an increase of 736 percent), and to 4,117,377 dozens in the year ending in October 2003 (an increase of 1,484 percent from the 2000 level).

U.S. Imports from China Are Increasing Rapidly Relative to Other Imports. In 2001, China was the 5th largest exporter of cotton and man-made fiber dressing gowns and robes to the United States. Just one year later, China was the largest exporter of cotton and man-made fiber dressing gowns and robes 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. imports of cotton and man-made fiber dressing gowns and robes from China was US\$66.61 per dozen, compared to a "rest of world" import average unit value of US\$74.60 per dozen. In the year ending October 2003, the average unit value of imports from China fell to US\$56.46 per dozen, compared to US\$65.74 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 cotton and man-made fiber dressing gowns and robes, and the low prices of Chinese imports