

COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Solicitation of Public Comments Regarding Possible Safeguard Action on Imports from Honduras of Cotton, Wool, and Man-Made Fiber Socks

August 16, 2007.

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

ACTION: Solicitation of public comments regarding possible safeguard action on imports from Honduras of cotton, wool, and man-made fiber socks (merged Category 332/432 and 632 part).

SUMMARY: The Committee has decided, on its own initiative, to consider whether imports of Honduran cotton, wool, and man-made fiber socks (merged Category 332/432 and 632 part) are being imported into the United States in such increased quantities, in absolute terms or relative to the domestic market for such socks, and under such conditions as to cause serious damage, or actual threat thereof, to the U.S. industry producing such socks. The Committee is soliciting public comments to assist it in considering this issue and in determining whether safeguard action is appropriate. Comments must be submitted by September 20, 2007 to the Chairman, Committee for the Implementation of Textile Agreements, Room 3001A, United States Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. 20230.

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

SUPPLEMENTARY INFORMATION:

Authority: Authority: Title III, Subtitle B, Section 321 through Section 328 of the Dominican Republic-Central America-United States Free Trade Agreement ("CAFTA-DR" or the "Agreement") Implementation Act; Article 3.23 of the Dominican Republic-Central America-United States Free Trade Agreement.

BACKGROUND:

The CAFTA-DR textile and apparel safeguard applies when, as a result of the elimination of a customs duty under the Agreement, a textile or apparel article of the Dominican Republic, El Salvador, Guatemala, Honduras, or Nicaragua ("CAFTA-DR country"), is being imported into the United States in such increased quantities, in absolute terms or relative to the domestic market for that article, and under such conditions as to cause serious damage, or actual threat thereof, to a domestic industry producing an article that is like, or directly competitive with, the imported article. In making this determination, the Committee: (1) shall examine the effect of increased imports on the domestic industry as reflected in such relevant economic factors as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits, and investment, none of which is necessarily decisive; and (2) shall not consider changes

in technology or consumer preference as factors supporting a determination of serious damage or actual threat thereof. If a determination is affirmative, the Committee will provide written notice of its decision to the specified CAFTA-DR country and will consult with said party upon its request. Consultations with the specified CAFTA-DR country will begin without delay and shall be completed within 60 days of the date of the receipt of the request for consultations. The Committee shall make a determination on whether to apply a safeguard measure within 30 days of completion of the consultations.

If the Committee makes a determination to apply a safeguard measure, the Committee may provide import tariff relief to the domestic industry to the extent necessary to remedy or prevent the serious damage or actual threat thereof and to facilitate adjustment by the domestic industry to import competition. Such relief would consist of an increase in the rate of duty on the article to a level that does not exceed the lesser of the applied U.S. normal trade relations (NTR)/most-favored-nation (MFN) duty rate for the article or the applied U.S. NTR (MFN) duty rate in effect on the day before the Agreement entered into force. The import tariff relief is effective beginning on the date that the Committee's affirmative determination is published in the Federal Register. The maximum period of import tariff relief shall be three years. However, if the initial period for import relief is less than three years, the Committee may extend the period of import tariff relief to the maximum three-year period if the Committee determines that the continuation is necessary to remedy or prevent serious damage or actual threat thereof by the domestic industry to import competition, and that the domestic industry is, in fact, making a positive adjustment to import competition. Import tariff relief may not be imposed for an aggregate period greater than three years.

Under Article 3.23.6 of the Agreement, if the United States provides relief to a domestic industry under the textile and apparel safeguard, it must provide the country whose good is subject to the measure "mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional customs duties expected to result from the textile safeguard measure." Such concessions shall be limited to textile and apparel articles, unless the United States and the specified CAFTA-DR country agree otherwise. If the United States and the CAFTA-DR country are unable to agree on trade liberalizing compensation, that country may increase customs duties on any U.S. articles to achieve substantially equivalent trade effects. The obligation to provide compensation terminates upon termination of the safeguard relief.

In accordance with section 4 of its procedures for considering action under the CAFTA-DR textile and apparel safeguard, (71 FR 25157, April 28, 2006), the Committee has decided, on its own initiative, to consider whether imports of Honduran cotton, wool, and man-made fiber socks are being imported into the United States in such increased quantities, in absolute terms or relative to the domestic market for cotton, wool, and man-made fiber socks, and under such conditions as to cause serious damage, or actual threat thereof, to the U.S. industry producing these products.

The Committee is soliciting public comments on this matter, in particular with regard to whether imports of Honduran cotton, wool, and man-made fiber socks are causing serious damage, or actual threat thereof, to a domestic industry. It invites the public to provide information and analysis to assist the Committee in considering whether serious damage, or actual threat thereof, exists, and, if so, the role of imports of Honduran articles in causing that serious damage, or actual threat thereof. Such information may include the following: recent and historical data regarding the U.S. market for cotton, wool, and man-made fiber socks (including imports and U.S. production data); and a description of how, if at all, imports of Honduran cotton, wool, and man-made fiber socks will affect the domestic industry, as reflected in such relevant economic factors as changes in productivity, utilization of capacity, inventories, exports, wages, employment, domestic prices, profits, and investment, and any other information, relating to the existence of actual threat of serious damage. Any member of the public who provides information to the Committee should also indicate the sources from which information provided was obtained.

In providing comments, the public may wish to consider the following data:

U.S. Imports of Cotton, Wool, and Man-Made Fiber Socks, Merged Category 332/432 and 632 part ¹ (Dozen pairs) Period	Imports from the World	Imports from Honduras	Honduras' Share of Imports (%)
2005	219,195,035	10,946,828	5.0
2006	233,245,477	15,216,853	6.5
Year-to-date June 2006	111,395,689	7,421,253	6.7
Year-to-date June 2007	120,235,661	12,256,786	10.2
Year-ending June 2006	221,028,674	13,183,488	6.0
Year-ending June 2007	242,085,449	20,052,386	8.3
¹ The relevant product of Honduran origin is imports from Honduras in Category 332/432 and 632 part, which consists of twenty-three Harmonized Tariff Schedule of the United States (HTS) sub-headings: 6115.10.3000, 6115.10.4000, 6115.10.5500, 6115.91.0000, 6115.92.6000, 6115.92.9000, 6115.93.6010, 6115.93.6020, 6115.93.9010, 6115.93.9020, 6115.94.0000, 6115.95.6000, 6115.95.9000, 6115.96.6010, 6115.96.6020, 6115.96.9010, 6115.96.9020, 6115.99.1410, 6115.99.1420, 6115.99.1810, 6115.99.1820, 6115.99.1910 and 6115.99.1920.			

U.S. Production, Imports, Market	Production	World	Market	Domestic
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and Domestic Market Share of Cotton, Wool, and Man-Made Fiber Socks, Merged Category 332/432 and 632 part (Dozen Pairs) Period		Imports		Market Share (%)
2005	133,631,000	219,195,035	352,826,035	37.9
2006	116,003,000	233,245,477	349,248,477	33.2
Year-to-date March 2006	29,084,000	50,450,041	79,534,041	36.6
Year-to-date March 2007	23,458,000	57,017,494	80,475,494	29.1

Comments must be in English, and must be received no later than September 20, 2007. Comments must be submitted in writing and electronic mail.

(1) An electronic mail ("email") version of the comments must be either in PDF, Word, or Word-Perfect format, and sent to cafta-dr-safeguard@ita.doc.gov. Comments must have a bolded heading stating "Public Version", and all business confidential information must be deleted and substituted with asterisks. No business confidential information should be submitted in the "email" version of the document.

(2) The original signed comments must be mailed to the Chairman, Committee for the Implementation of Textile Agreements, Room H3001A, U.S. Department of Commerce, 14th and Constitution Avenue N.W., Washington, DC 20230. Any business confidential information upon which an interested person wishes to rely must be included in the original signed comments only. Brackets must be placed around all business confidential information. Comments containing business confidential information must have a bolded heading stating "Confidential Version." Attachments considered business confidential information must have a heading stating "Business Confidential Information". The Committee will protect from disclosure any business confidential information that is marked "business confidential" to the full extent permitted by law. Except for the inclusion of business confidential information, the two versions of comments should be identical.

(3) All comments submitted via "email" will be made available for public inspection at Import Administration's Central Records Unit, Room B-099, between the hours of 8:30 a.m. and 5:00 p.m. on business days. In addition, the "email" version of the comments will be posted for public review on the Office of Textile and Apparel ("OTEXA"), CAFTA-DR Free Trade Agreement website at <http://otexa.ita.doc.gov/tradeagree2007.htm>

If a comment alleges that there is no serious damage, or actual threat thereof, or that the reduction or elimination of the duty did not result in an increase in imports so as to cause serious damage, or actual threat thereof, the Committee will closely review any

supporting information and documentation, such as information about domestic production or prices of like or directly competitive products. While we are taking comments from the public, particular consideration will be given to comments representing the views of actual producers in the United States of a like or directly competitive product.

Any interested party may submit information to rebut, clarify, or correct public comments submitted by any other interested party at any time prior to the close of the public comment period. If public comments are submitted less than 10 days before, or on, the applicable deadline for submission of such public comments, an interested party may submit information to rebut, clarify, or correct the public comments no later than 10 days after the applicable deadline for submission of public comments. Rebuttal comments must meet the requirements outlined in (1) through (2) of this Notice.

The Committee will make a determination within 60 calendar days of the close of the comment period as to whether the United States will request consultations with Honduras. If 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, as a result of the reduction or elimination of a duty, Honduran cotton, wool, and man-made fiber socks, merged Category 332/432 and 632 part are being imported into the United States in such increased quantities, in absolute terms or relative to the domestic market for that article, and under such conditions as to cause serious damage, or actual threat thereof, to the U.S. industry producing cotton, wool, and man-made fiber socks, the United States will promptly notify Honduras in accordance with CAFTA-DR and will enter into consultations upon request.

R. Matthew Priest,
Chairman, Committee for the Implementation of Textile Agreements.