REQUEST FOR REAPPLICATION OF SAFEGUARDS

BRASSIERES AND OTHER BODY SUPPORTING GARMENTS

(CATEGORY 349/649)

IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

filed November 30, 2004

Authority for Action: Section 204 of the Agriculture Act of 1956, as amended, and § 11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization.

Subject of Petition: Imports of brassieres and other body supporting garments from China, classified as category 349/649 by the U.S. Textile and Apparel Category System.

Original Federal Register Notice: 68 F.R. 74945 (December 29, 2003)

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A. INTRODUCTION

This Petition is filed requesting the reapplication of safeguards under the authority of § 204 of the Agriculture Act of 1956, as amended, and § 11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization ("Report of the Working Party") with respect to imports of brassieres and other body supporting garments (classified in the U.S. Textile and Apparel Category System as category 349/649, the "subject products") of Chinese origin.

Petitioners assert that imports of the subject products from China are, due to market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the existence of market disruption. Petitioners also assert that imports from China are, due to the threat of market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the threat of market disruption.

On December 24, 2003, the Committee for the Implementation of Textile Agreements (CITA) instituted consultations with China concerning imports of the subject products with respect to calendar year 2004.[1]

CITA is hereby requested to take all appropriate steps in order to avoid market disruption in 2005 with respect to imports from China of such products by reapplying safeguards to the subject products. Petitioners submit that such market disruption can only be avoided by the reapplication of limitations on imports of the subject products from China according to the provisions of Section 11.242 of the Report of the Working Party and the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27787, May 21, 2003)[2].

Upon the lifting of safeguard limitations on January 1, 2005, the U.S. market will experience an increase in imports of the subject products from China and from other sources which will continue the market disruption already found by CITA to exist. These increasing imports also threaten the U.S. with market disruption, and imports of the subject products from China will play a role in that increase and in the threat of market disruption.[3]

This petition establishes that, should the United States not reapply safeguards as authorized under paragraph 11.242 of the Report of the Working Party:

- U.S. imports from China will increase rapidly in absolute terms in 2005;
- U.S. imports from China will increase rapidly relative to other imports;

[1] See, Announcement of Request for Bilateral 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, 68 F.R. 74945 (December 29, 2003), [hereinafter "Consultation Announcement 349/649]. The Federal Register Notice issued by the Committee for the Implementation of Textile Agreements (CITA) soliciting public comments on the request for safeguard action on imports of the subject products is 68 F.R. 49448 (August 18, 2003).

[2] Procedures for Considering Requests from the Public for Textile and Apparel Safeguard Actions on Imports from China, 68 F.R. 27787 (May 21, 2003), [hereinafter "Safeguard Procedures"]. The procedures were clarified by notice issued August 18, 2003 (68 F.R. 49440).

[3] Petitioners also note that the lifting of safeguard limits threatens the outward processing component of the U.S. market for the subjects products with market disruption and threatens to disrupt the orderly development of this portion of the U.S. market (sec I-2).

- the increase in imports will contribute to market disruption in the U.S. as the U.S. industry is vulnerable to any increase in imports;
- imports of the subject products from China play a role in the threatened market disruption to the U.S. market;
- imports from China are likely to increase further in the near future; and
- average unit values of imports of the subject products from China will undercut prevailing prices and further disrupt the U.S. market.

By demonstrating market disruption or the threat of market disruption and the role of Chinese imports in that disruption or threat of disruption should safeguards not be reapplied, Petitioners have established sufficient grounds for the reapplication of safeguards under section 11.242 of the Report of the Working Party and under the procedures established by CITA.[4] The imminent threat of substantial increases in imports of the subject products from China and of market disruption will impede the orderly development of trade in the subject products.

This Petition is filed on behalf of organizations[5] representing U.S. manufacturers and workers involved in the production of the subject products and its components. Some of these organizations' members produce products like or directly competitive with the subject products. The production of the subject products occurs in the United States and under outward processing arrangements.

B. BACKGROUND ON REAPPLICATION

1. Provisions of Accession Agreement and Procedures

Paragraph 11.242 of the Report of the Working Party, subparagraphs (e) and (f) provide as follows:

> *(e) The term of any restraint limit established under subparagraph (d) would be effective for the period beginning on the date of the request for consultations and ending on 31 December of the year in which consultations were requested, or where three or fewer months remained in the year at the time of the request for consultations, for the period ending 12 months after the request for consultations;*
>
> *(f) No action taken under this provision would remain in effect beyond one year, without reapplication, unless otherwise agreed between the Member concerned and China; ...*

In its Procedures for Considering Requests from the Public for Textile and Apparel Safeguard Actions on Imports from China, CITA affirmed the applicable provisions of the Report of the Working Party and further provided as follows:

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[4] See the 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, 68 F.R. 74947 (December 29, 2003) [hereinafter "Summary Decision 349/649"], where CITA found both current market disruption and the threat of market disruption and stated that "[e]ither 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...."

[5] A description of each organization and its membership is included in section C of this report and in Exhibit 1.

> ***Reapplication.*** *Under the Accession Agreement, no action may remain in effect beyond one year, without reapplication, unless otherwise agreed between the United States and China. Reapplication will only take place if the Committee makes a new affirmative determination that imports of Chinese origin textiles and apparel products are, due to market disruption, threatening to impede the orderly development of trade in these products. In considering requests or in considerations begun on its own initiative for reapplication, the Committee will follow procedures consistent with those set forth in this notice.*[6]

Accordingly, petitioners hereby submit this request for reapplication of safeguards concerning the subject products. Petitioners assert that the same grounds that justified the original imposition of safeguards with respect to the subject products continue to exist, namely, imports of the subject products from China are, due to market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the existence of market disruption. Petitioners also assert that imports from China are, due to the threat of market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the threat of market disruption.

2. Previous Finding of CITA Regarding the Subject Products

In its previous decision concerning the subject products, CITA made the following findings:

> 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.[7] ....
>
> **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

[6] Safeguard Procedures, *supra* note 2, 68 F.R. 27789 (May 21, 2003).

[7] Summary Decision 349/649, *supra* note 3, 68 F.R, page 74947.

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.[8]

The circumstances that justified the original imposition of safeguards on imports from China of the subject products continue to exist. Of particular note, imports from China of the subject products grew from an import market share of 8.6 percent in 2001 to 35.4 percent for the year ending September 2004. Furthermore, China has already filled 100 percent of their safeguard quota as of November 28th.

C. OVERVIEW OF THE CASE

This petition proves that imports of the subject products from China are, due to market disruption and the threat of market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the existence and threat of market disruption.

Imports from China will continue to increase should the safeguard limits be removed on January 1, 2005. Increasing imports of the subject products threaten to disrupt the U.S. market and impede the orderly development of trade in the subject products, and imports from China play a role in that disruption and threat of disruption.

It is evident that imports of the subject products into the United States will increase because 1) the removal of safeguards on January 1 will provide greater opportunity for imports to increase; 2) when quotas were removed on the subject products, imports from China increased prior to the imposition of safeguards; 3) in all other textile or apparel categories where quotas have been removed, imports have increased; 4) the price of the subject imports from China fell after import quotas were removed, making them more attractive in the U.S. market; and 5) China continues to build capacity to produce exports of the subject products.

Following the removal of quotas on brassieres and other body supporting garments in 2002, China moved quickly and decisively to gain market share in the lucrative U.S. market by cutting their prices over 27 percent in one year and expanding their exports five times 2001 levels. From 2001 to 2003, total imports of the subject products into the United States rose 31 percent and

8 *Id.*

imports from China rose 404 percent. Furthermore, China has filled its safeguard quota for the subject products in 2004.

Not only did imports of the subject products from China increase, but also per unit values of the subject products from China decreased.

U.S. production of the subject products has declined by 30 percent since 1998[9], and the U.S. industry is vulnerable to any increase in imports.

In this regard, the petition provides evidence that China is well positioned to play a role in the increase of imports from the world into the United States in the subject product categories. China is already a major producer and exporter of the products in question and has been increasing its textile and apparel production capacity at unprecedented rates. Chinese government statistics reveal that China has invested $22.2 billion in its textile and apparel operations over the past three years.

China's ability to penetrate and capture world markets is substantially aided by the existence of numerous unfair trading practices. For example, China's ability to undercut the prices of its competitors, including U.S. producers, is a direct result of its resort to unfair trade practices, such as the manipulation of its currency, direct state subsidization, export tax rebates and the proliferation of non-performing loans - many of which are in the textile and apparel sectors. All of these practices have enabled China to undermine free market conditions and give it substantial capability to disrupt world markets, including the United States.

Further reinforcing the threat of disruption is the fact that the financial condition of the U.S. industry producing the subject products has worsened, with recent declines in virtually every measure of financial health, including declines in sales, volume, production, employment, and capacity utilization.

Historical trends, current levels of import, price considerations, recent history in other textile and apparel categories where quotas were lifted, examples from other markets where quotas were lifted, productive capacity, retail business operations and the experience in the U.S. market with respect to the subject products demonstrate conclusively that imports of the subject products from China will surge should the safeguard limits not be reapplied.

Reapplication of appropriate limitations in January 2005 as provided for in paragraph 11.242 of the Working Party Report is the only avenue by which CITA can avoid market disruption and the disruption of the orderly development of trade due to imminent increases in imports from China and the world.

D. PETITIONERS

Petitioners are trade associations and unions which are representative of either domestic producers of products that are like or directly competitive with the subject products or of domestic producers of a component used in the production of products that are like or directly competitive with the subject products.

This Petition is filed on behalf of the following organizations[10] which represent U.S. manufacturers of the subject products (and components):

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[9] The percentage increase is based off of a full year's production for the years 1998 through 2002 - the last year for which full production data is available.

SEAMS

The National Council of Textile Organizations (NCTO)

The National Textile Association (NTA)

The American Manufacturing Trade Action Coalition (AMTAC)

UNITE HERE!

E. PRODUCT DESCRIPTION

This Petition is brought with respect to U.S. imports of brassieres and other body supporting garments from China, classified within category 349/649 of the U.S. Textile and Apparel Category System.

The subheadings of the Harmonized Tariff Schedule of the United States applicable to category 349/649 are set out in Exhibit 2.

Imports classified in category 349/649 were covered by the WTO Agreement on Textiles and Clothing as of the date the WTO Agreement entered into force and are under quota restraints until January 1, 2002. Category 349/649 products were then quota-free until December 24, 2003, when the U.S. imposed a safeguard limitation of 16,828,971 dozen for imports of products in category 349/649 from China. The current safeguard limitation expires December 23, 2004, after which imports of category 349/649 will once again be unrestrained. The current U.S. safeguard limitation is 16,828,971 dozen. Data from OTEXA[11] indicates that China has filled 100 percent of the safeguard limit as of November 28, 2004.

Imports of the subject product compete directly with products produced in the U.S. market that are classified as category 349/649.

F. IMPORT, PRODUCTION AND MARKET SHARE DATA

As required by the guidelines issued by CITA, this section provides import data concerning the subject products from all sources and from China. CITA has previously made determinations concerning increases in imports of the subject products from China, the unit values of those imports, and the market disruption caused or threatened by those imports. In this request for reapplication, Petitioners establish that the situation has not changed since the original safeguard action taken by CITA. Imports of the subject products from China continue to cause or threaten market disruption to the U.S. industry. To the best of the knowledge of the Petitioners, there have been no material changes in circumstances -- market conditions, China's productive capacity, China's ability and intention to export the subject products, or in the condition of the U.S. industry producing like or competitive products -- to warrant any different conclusion by CITA.

The table attached as Exhibit 3 contains updates of all information required by CITA pursuant to its guidelines. Regarding this data, petitioners note the following key points in support of a finding of market disruption:

- Total imports of the subject products increased by 34 percent from 1998 to 2003.

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[10] A description of each organization and its membership is included in Exhibit 1.

[11] Office of Textile and Apparel, International Trade Administration, U.S. Department of Commerce.

- Imports of the subject products from China increased by 404 percent following the removal of quotas in 2002.
- U.S. domestic production of like or directly competitive products declined by 30 percent since 1998.
- The U.S. market share of the subject products declined from 47 percent to 31 percent;
- The market share of imports of the subject products increased from 53 percent to 69 percent;
- The market share of imports of the subject products from China increased from 6 percent to 16 percent.
- The average unit price of imports of the subject products from China plummeted from $37.73 per dozen in 2001 to $26.14 in 2003.
- China has the following fill rate with respect to the safeguard limit imposed by CITA: 100 percent as of November 28, 2004.

The increase in imports of the subject product overall and in imports of the subject products from China is consistent with overall import trends when import restrictions are lifted. In general, imports of textile and apparel products from China increased enormously once quotas were removed, with apparel products increasing by 279 percent in the first year following quota removal. Textile categories showed a similar pattern, with textile products increasing by 165 percent during 2002.

Table 1 - Imports from China - First 12 Months Following Quota Removal

Increases in Imports from China during the 12 months Following Quota Removal		
	Increase in square meters (2002-2001)	**Percentage**
Textiles	793,477,911	165%
Apparel	. 292,105,642	279%

China continued to dramatically increase its exports into 2002, 2003 and 2004. As of year-ending August 2004, the following increases in imports from China had occurred:

Table 2 - Overall Imports from China Following Quota Removal

Increases from China since Quotas were Removed		
	Increase in square meters (YE 8/2004-2001)	**Percentage**
Textiles	3,817,716,392	581%
Apparel	1,922,166,910	1,061%

As the tables above illustrate, China will undoubtedly play a significant role in the overall increase in imports of the subject products if the safeguard is again removed.

As discussed more fully in section G below, other factors also demonstrate that imports from China will rise should safeguard limits not be reapplied. These include the combination of China's productive capacity in textile and apparel, its substantial investment in its textile and apparel sectors, its use of unfair trade practices, its performance in other textile and apparel categories and in other, similar markets.

As a result, there can be no serious question as to whether China will increase its exports of the subject products should safeguard limits not be reapplied.

G. THE THREAT OF INCREASED IMPORTS FROM CHINA

There is strong and compelling evidence from many sources that imports of the subject products from China will increase should safeguard limits be removed on January 1.

1. Growth in textile and apparel production capacity in China has occurred at an astounding rate, demonstrating the country's commitment to accelerated market share in textiles and apparel worldwide;
2. China has moved quickly to dominate the market in virtually all textile and apparel categories removed from quota control;
3. China has engaged in significant price cutting in order to rapidly accumulate orders in every category removed from quota in the U.S. market;
4. China exports of the subject products have not slowed;
5. In other developed markets similar to the United States where quotas were removed, China moved quickly to dominate them; and
6. China continues to engage in a variety of unfair trade practices, including currency manipulation, that allow Chinese textile and apparel manufacturers to undercut U.S. and other competitors' prices.

1. Growth in China's Productive Capacity for Textiles and Apparel

China's capacity to produce the subject products and other textile products has increased dramatically in recent years[12], and this increase will fuel growth in U.S. imports from China. China has been aggressively buying textile and apparel machinery for the past four years, in

[12] "In 2001, China imported the advanced textile machinery in value of US$2.5 billion, 31.4% up as against 2000. And the textile machinery imports for the first half of 2002 has already reached US$1.3 billion, a 5.82% up against the same period of last year; 2001 saw an import of 5.9526 million tons of dyestuffs and textile chemicals, 22.75% up against 2000, and from 1-6 months this year, this import arrived at 3.69 million tons, 37.71% growth compared with the same period of last year." Statement of Mr. Du Yuzhou, President of China National Textile Industry Council (2002), as reported at http://www.cntextile.com/cntex/english2/2002_du.htm.

Also see, "The country's import textile machinery reached 4,372,090,000 US dollars in 2003, an increase of 24.26 percent over the previous year. Of this, import in December was 452.04 million US dollars, rising 27.6 percent over the previous month. The biggest importers of textile machinery were Zhejiang Province to reach 1,167,210,000 US dollars and Jiangsu Province to 1,118,070,000. The two accounted for 48.67 percent of the total, rising 3.6 percentage points over the previous year. ... Looms and knitting machinery took up the biggest part of the import, followed by spinning and dyeing and printing machinery. Import of looms was 921.40 million US dollars; knitting machine, 834.85 million US dollars; spinning machinery, 732.72 million US dollars, and dyeing and printing machine, 745.38 million US dollars. Import value of knitting machinery jumped 34.72 percent and the price increased 52.54 percent." *China's fast development of textile industry has spurred a fast growth of imports of textile machinery,* Xinhua Economic News Service*,* April 7, 2004.

some cases consuming up to two-thirds of world production of textile machinery (i.e. broadwoven fabric looms). According to *China Daily*, Chinese purchases of textile machinery totaled nearly $12 billion between 2000 and June 2003. Chinese government statistics reveal that China has invested $22.2 billion in its textile and apparel sectors since 2001.

Table 3 - Textile machinery purchases in China

Major Textile Machinery Imports		
Item	**2002 (in units)**	**% Change from 2001**
Automatic Spooling	1,186	23.54%
Rapier Looms	5,873	67.61%
Water-jet Looms	9,589	71.82%
Air-Jet Looms	14,963	108.31%
Washing, Bleaching, Dyeing Machines	4,582	51.82%

Source: China National Textile Industry Council,
2002/2003 Report on China Textile Industry Development

Table 4 - China Investment in Textile Industry

China: Cumulative Fixed Asset Investment in the Textile Industry (Bil US$)

Cumulative Annual Total		
	Amount	**% Change**
1999	1.64318	-
2000	2.48413	51.2%
2001	3.54893	42.9%
2002	4.34511	22.4%
2003	7.24306	66.7%
Jan-Aug 2004	7.06277	72.6%

Note: Excluding investment by rural collectives and urban and rural individuals.
Sources: State Development Planning Commission, National Bureau of Statistics and SIC.

China's garment industry, already by far the largest in the world, has been expanding rapidly in order to take advantage of the removal of quotas. According to the CEIC Economic Database[13], China's production of garments has expanded by 50 percent during the past four years, growing from 6.9 billion pieces in 2000 to 10.3 billion pieces in 2003.

As noted by the International Trade Commission, the "size and performance of the world textile industry can be measured in terms of mill consumption of fibers, installed spinning and weaving capacity, and investment in new production equipment.... there has been a shift of world yarn spinning and fabric weaving capacity from developed countries to developing countries in the past two decades. Most of the increase in production capacity has occurred in Asia, particularly China, which along with India has the largest number of spindles and weaving machines in the

[13] CEIC Data Company Ltd ("CEIC") has had over 12 years of well-regarded reputation in the financial information service industry, specializing in providing high quality, comprehensive databases focusing on Asia economic, industrial, and financial time series data. CEIC is headquartered in Hong Kong with physical and strategic presence in Singapore, Kuala Lumpur, Jakarta, Manila, Bangkok, and Beijing. Website: www.ceicdata.com

world. Growth of spinning and weaving capacity in China and India has been facilitated by strong demand for their exports of downstream textile goods."[14]

The ITC report goes on to note that "mill fiber consumption in China far exceeded that of any other developing country.... China alone accounted for 29 percent (34.7 billion pounds) of the world total in 2001; its mill consumption rose three times as fast as that for the world during 1997 through 2001 (39 percent versus 13 percent)."[15]

Mill use of cotton in China continues to skyrocket and is supplemented with significant purchases of cotton fabric and cotton yarn from around the world.

Chart 1- Source, Global Trade Atlas Database

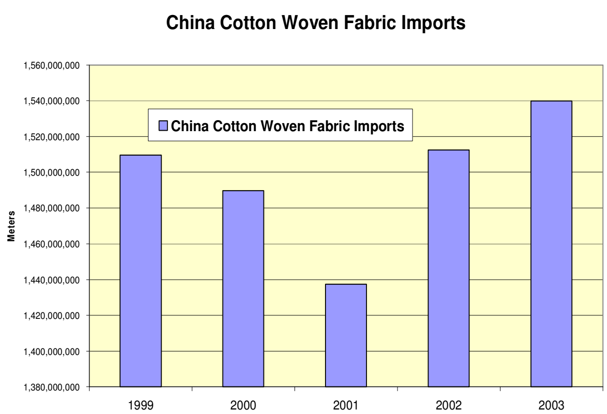


Chart 2 – China's Cotton Yarn Imports

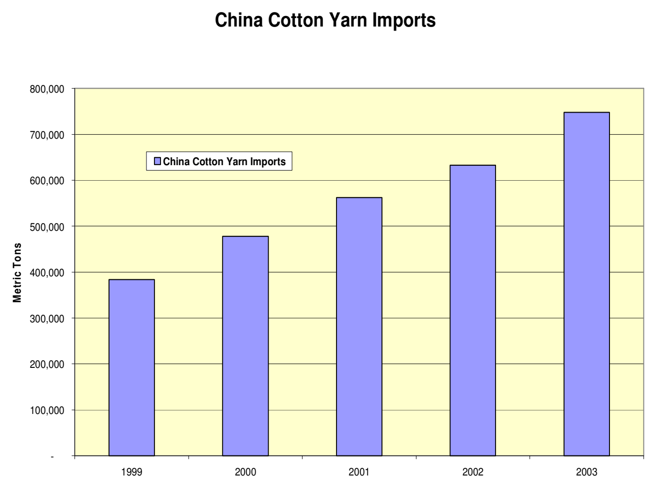
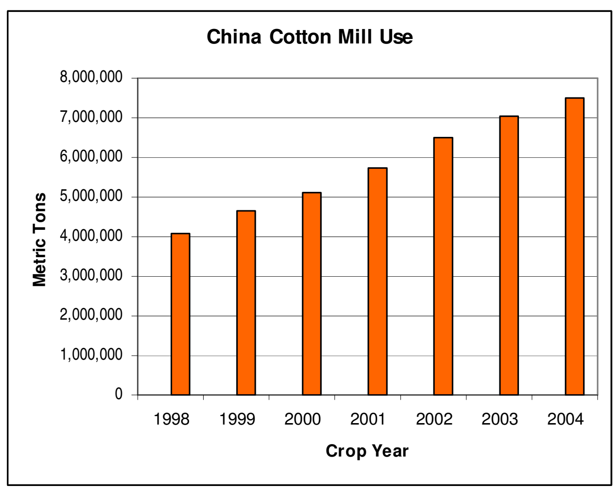


Table 5 – China Cotton Mill Use

China Cotton Mill Use
(Source: USDA/FAS PSD Database)

Crop Year	Metric Tons	Million Bales
1995	4,223,895	19.39
1996	4,343,645	19.94
1997	4,169,464	19.14
1998	4,071,487	18.69
1999	4,637,576	21.29
2000	5,116,574	23.49
2001	5,715,322	26.23
2002	6,510,024	29.88
2003	7,054,340	32.38
2004	7,511,566	34.48
	Increase since '98	84%

Chart 3 – China Cotton Mill Use



[14] Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market, Investigation No. 332-448, USITC Publication 3671 (January 2004) [hereinafter "ITC Report"], page 1-19.

[15] *Id*. *See*, ITC discussion of Yarn and Fabric production Capacity, pp. 1-19 - 1-22 of the ITC Report, *supra* note 14.

Petitioners attempted to discover the names and addresses of manufacturers of the subject products in China. A list of those manufacturers reasonably believed by Petitioners to produce the subject products is attached as Exhibit 4. Petitioners do not assert that this list is complete.

In addition to cotton mill use, yarn production and fabric production, man-made fiber production capacity grew by 18 percent in China during the 1990s and has continued on a dramatic pace since 2000. China's share of world polyester fiber capacity has jumped from 26 percent in 2000 to 44 percent in 2004. The following tables chart China's growth in both mill consumption of manufactured fiber since 1998 and polyester fiber capacity in recent years with an estimate for 2005.

Table 6 – China Manufactured Fiber Mill Consumption

China Mill Consumption of Manufactured Fiber	
Year	***Metric tons***
1998	7,198,222
1999	8,241,586 (+14%)
2000	9,412,138 (+14%)
2001	10,204,168 (+ 8%)
2002	11,637,032 (+14%)
2003	12,952,016 (+11%)
Source: Fiber Economics Bureau	

Table 7 - China Polyester Fiber Capacity

China Polyester Fiber Capacity	
Year	***Thousand tons***
2000	7,300
2001	8,847 (+21%)
2002	10,354 (+17%)
2003	12,846 (+24%)
2004	15,835 (+23%)
2005	17,025 (+8%)
Source: PCI Consulting	

Not only is China a significant producer of man-made fiber, but also China has imported an ever-increasing amount of man-made fiber from other sources to feed its growing man-made textile and apparel operations, having increased polyester imports from 832,000 tons in 2000 to 992,000 tons in 2003.[16]

According to a recent report in the China Textile Leader[17], the production of man-made fibers in China continues to rise at a torrid pace. In an article reporting chemical fiber production in China for the January - July period, it reported:

[16] Source: China Customs Statistics.

[17] China Textile Leader, 10F China Textile Mansion 6 South Dongzhimen St., 100027 Beijing China, Tel: 86-10-64160494, Fax: 86-10-64159702, E-mail: info@texleader.com.cn.

> *The chemical fiber production in China in the January-July period of 2004 totaled 7.97 million tons, up 27.02% over the same period of last year, according to the National Bureau of Statistics. The production of ... synthetic fibers 7.36 million tons, up 28.01%.*
>
> *According to the customs, China imported about 1.04 million tons of chemical fibers, an increase of 90,100 tons by 9.49% compared with the same period of last year. The import of ... synthetic fibers 997,300 tons, an increase of 74,500 tons by 8.07% compared with same period of last year. The production of major synthetic fibers is respectively as follows: polyester fiber about 6.34 million tons, up 30.72% compared with same period of last year, polyester chips 4.77 million tons, up 17.86%, polypropylene fiber 168,500 tons, up 11.07%, polyvinyl alcohol fiber 21,739 tons, up 8.33%, polyamide fiber 378,800 tons, up 20.98% and acrylic fiber 386,800 tons, up 8.99%.*

China has now overtaken the United States as the world's largest recipient of foreign direct investment.

News reports consistently cite increases in the buildup of production capacity in China.[18]

- Chinese government statistics showed that last year there were 3,784 textile plants under construction in China, with $180 billion in outstanding planned investment and $78 billion poured into new production in 2003.[19]
- The Investment Department of the National Bureau of Statistics reported that 4,584 textile "projects" were underway in 2003, with a total planned investment of $25 billion.[20]
- Total investment in the textile sector is up significantly in China. It is reported that there are 90 million people directly or indirectly employed in the Chinese textile industry.[21]

2. China Dominates the Market in Textile Product Categories Previously Removed From Quotas

Not only did China move to dominate the U.S. market in the subject products following the removal of quotas in 2002, China consistently dominates trade in virtually all textile product categories where quotas have been removed.

According to U.S. Department of Commerce data, in the 25 apparel categories where quotas were removed in 2002[22] (and safeguards were not applied), China increased its share of the U.S. import market from 10 percent in 2001 to 72 percent as of June 2004. Within the first twelve months of quota removal, China more than doubled its import market share to 18 percent and then doubled that share again with in the next 20 months.

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[18] *See also, Gerber Technology Embarks on Chinese Expansion, just-style.com, September 24, 2004,* CAD/CAM supplier Gerber Technology has expanded its Advanced Technology Center in China in anticipation of a surge in business after quota phase-out.

[19] *China Surge Big Topic at Cotton Meet,* Women's Wear Daily, March 3, 2004.

[20] *Textile sector investment hits US$25b in 2003*, China Textile Network Co.

[21] *China: Stick to WTO Rules, Commerce Minister Urges,* just-style.com, September 20, 2004.

[22] Results of a tracking study by the National Council of Textile Organizations (NCTO) on the impact of China on the apparel categories released from quota control in 2002.

China accounted for 86 percent of growth in total imports in these decontrolled categories, with imports from China increasing by 1.05 billion square meters and import from all other sources decreasing by 370 million square meters.

3. China Engages in Significant Price Cutting in Categories Removed From Quota

China has already demonstrated its ability to cut prices once imports restrictions are lifting. The per unit value of China imports of the subject products decreased dramatically when quotas were lifted in 2002, from $32.72 in 2001 to $26.14 in 2003. All the evidence points to the continuation of these low prices on imports from China of the subject products should the safeguard limits not be reapplied.

Similarly, price declines have been evident in other import categories where quotas have been lifted and have been evident in other markets where quotas were lifted on products from China. U.S. Commerce Department data show that China dropped its prices by an average of 53 percent, with average prices falling from $6.23/square meter in 2001 (with quotas still in place) to $3.12/square meter for year-to-date June 2004.[23]

China's prices dropped in every single apparel category removed from quota control, with the largest drop being 89% and the smallest drop being 4 percent. However, the 4 percent price drop occurred in a category (silk gloves) where China already had an 80 percent share of the market.

In the category with the 89 percent price drop (wool hosiery), China went from a 4 percent share of the U.S. import market to a 48 percent share in two and a half years.

Petitioners submit that, absent reapplication of the safeguard limits, price declines or the continuation of low prices can be expected to occur for imports of the subject products on January 1, 2005.

4. China Exports of the Subject Products Have Not Slowed

China exports of the subject products have risen every year since 1997 (except for 2001). Exports in 2003 were up over 40 percent as compared to 2002. Exports of the subject products from China have grown by over 95 percent since 1999. Further, the average per unit prices of the subject products exported from China in 2003 to the world were over 20 percent lower than the already low per unit prices of the subject products exported from China to the United States, demonstrating China's ability to lower prices even further.[24]

5. In Markets Similar to the U.S., China Quickly Dominated Categories Removed From Quota.

According to studies produced by the U.S. government and other institutional sources, China is expected to increase its market share dramatically once quota restraints are lifted.

In her WTO study, Nordds[25] confirmed this by stating, "a high and rapidly increasing market share is observed for China following its accession to the WTO in 2001 in Australia, Japan and

[23] Results of a tracking study by the National Council of Textile Organizations (NCTO) on the impact of China on the apparel categories released from quota control in 2002.

[24] Source: Global Trade Atlas Database.

[25] Nordds, Hilegunn, "The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing," World Trade Organization, 2004

South Africa." In 2001, Chinese share of the apparel market in South Africa was 56%, Japan was 78% and Australia was 70 percent (source: Comtrade database). WTO figures also show that by 2003 China had achieved an 80 percent share of the Japanese apparel market.

As cited by the U.S. International Trade Commission report, "China has proven its ability to compete in other developed country markets, particularly Australia and Japan, for which it accounted for 69 percent (2002) and 77 percent (2001) of their apparel import markets, respectively." In the trouser market itself, China has gained a monopoly share of the Australian market for trousers. Australia is significant because it represents a developed market with similar consumption patterns and preferences as the United States but for whom quotas were removed ten years ago.

Similarly, the ITMF Country Statements Publication[26] for Australia stated: "China has maintained its dominance and has demonstrated sustained growth and increasing share in the last year. Over the past five years, imports from China in value terms have roughly doubled and now account for 70% of clothing imports. As average fob prices from China are low relative to other countries, in quantitative terms, this share is significantly higher."

6. China Engages in a Variety Of Unfair Trade Practices, Including Currency Manipulation

China's persistent use of unfair trade practices will provide additional fuel to its ability to rapidly increase its exports of the subject products. In a major review last June by the U.S.-China Economic and Security Review Commission of China's industrial policies,[27] Commissioners cited a wide range of unfair and mercantilist trade practices. In summation, the Commissioners noted that major areas of concern were "China's manipulation of its currency, continued provision of direct and indirect subsidies to Chinese producers, use of unjustified technical and safety standards to exclude foreign products and poor enforcement of intellectual property rights."

Regarding the textile and apparel sector, the Commission noted that the Chinese government had selected this sector as one of its "pillar industries." According the Commission, the Chinese government supports these pillar industries,

> "through a wide range of measures that include tariffs, limitations on access to domestic marketing channels, requirements for technology transfer, government selection of partners for major international joint ventures, preferential loans from state banks, subsidized credit, privileged access to listings on national and international stock markets, tax relief, privileged access to land, and direct support from R&D from the government budget."

Of particular note, China's tax rebates of 13 percent for textile and apparel products exported to the United States, China's government subsidization of state-owned textile and apparel enterprises and the proliferation of "free credit" for both these enterprises and private enterprises

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[26] For its annual conference, the International Textile Manufacturers Federation (ITMF) publishes a review of the current state of the textile industry in each member country. Included are data relating to the general economic situation, textile manufacturing capacities, activity levels and trade in textiles. ITMF is an international association for the world's textile industries.

[27] *Ibid.*

have created a “playing field” in textiles and apparel where China can choose to underprice its competitors, including U.S. producers, virtually at will. Indeed with a non-performing loan rate at near fifty percent by its state banks and an apparent enormous increase in apparel capacity, Chinese manufacturers are poised to meet and break price points set by its free market competitors in the U.S. and around the world.

China's manipulation of its currency over the past ten years by pegging the yuan to the U.S. dollar has had a particularly disruptive impact on world trade of textiles and apparel, and this disruption has been even more pronounced since 1999. The undervaluation of China's currency has enabled China to sell the subject products at prices that are lower than fair value and enabled it to undercut prices for the products in many markets around the world. Further, the continued devaluation of the yuan ensures that China retains significant price flexibility once quotas are lifted on January 1, 2005. It is clear that China is positioned to repeat the type and degree of price undercutting it has practiced with respect to other products and in other markets.

According to the Federal Reserve, over the past five years, the yuan has been valued at an average of 8.2775 yuan to the U.S. dollar, with only a very narrow fluctuation range of plus or minus 0.1 percent (essentially equal to 1/100th of one U.S. cent). In the last year, the range has narrowed even further to plus or minus 0.01 percent (equal to 1/1000th of one U.S. cent). Such microscopic variations in the yuan vis-à-vis the U.S. dollar clearly constitute a fixed-peg currency system, and as a consequence it is the consensus view among economists, academicians and policy makers that the yuan has been artificially undervalued by a significant margin, possibly as much as 40 percent.

Moreover, this fixed-peg currency system, when combined with the absence of quantitative restraints, has given China such an unbeatable and unfair competitive advantage that it has enabled China to literally manipulate and seize control of textile and apparel markets worldwide.

China's currency manipulation, which has been acknowledged by the Administration as harmful to U.S. manufacturing, violates a number of international agreements and legal obligations, including those which prohibit export subsidies, and it circumvents the basic goal of the World Trade Organization -- to promote the orderly development of world trade. It also violates the International Monetary Fund's Articles of Agreement, which states that each IMF member shall "avoid manipulating exchange rates or the international monetary system in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage over other members."[28]

H. ADDITIONAL INFORMATION

1. Economic Condition of the U.S. Textile and Apparel Industries

U.S. apparel shipments have been consistently contracting in recent years. For 2003, the end of the year total of $52.7 billion marked the sixth consecutive year in which shipments declined since they peaked at $68.0 billion in 1997. Looking at the first six months of 2004, shipments were at $28.3 billion, which was $3.5 billion lower than they were in the first six months of

[28] International Monetary Fund Articles of Agreement, Article IV, Section 1 (iii).

1999. While shipments rose during the second quarter, inventories continued to decline. At $7 billion, inventories were $2.6 billion lower than the comparable period in 1999.[29]

Employment in U.S. apparel manufacturing continued to fall in 2004. In August, employment in this industry stood at 282,300 workers, which was 21,400 or 7 percent below August 2003 levels. August 2004 employment levels are almost half of August 1999 levels, representing a 48.6 percent decrease in total U.S. apparel jobs.[30]

U.S. apparel production is continuing to show the same negative trends evident in both the employment and shipment sectors of the industry. For 2003, apparel production was at $23.9 billion or 11.8 percent below 2002 levels. Like the continuing decline in shipments and employment, production has declined year in and year out. Since reaching the $41.6 billion mark in production in 1999, U.S. apparel production has dropped $17.5 billion or 42.5 percent.[31]

Apparel sales at the wholesale stage of the pipeline dropped considerably in 2003 with more than a 5.5 percent decline for the year from the previous year 2002. At $84.7 billion, wholesale U.S. apparel sales are now at their lowest levels since 1998. End of period inventories are also on the decline and are 12.3 percent lower than 1998 levels.[32]

The expected increase in imports of the subject products from China should safeguard limits be lifted will exacerbate these negative trends.[33]

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[29] Source: U.S. Census Bureau

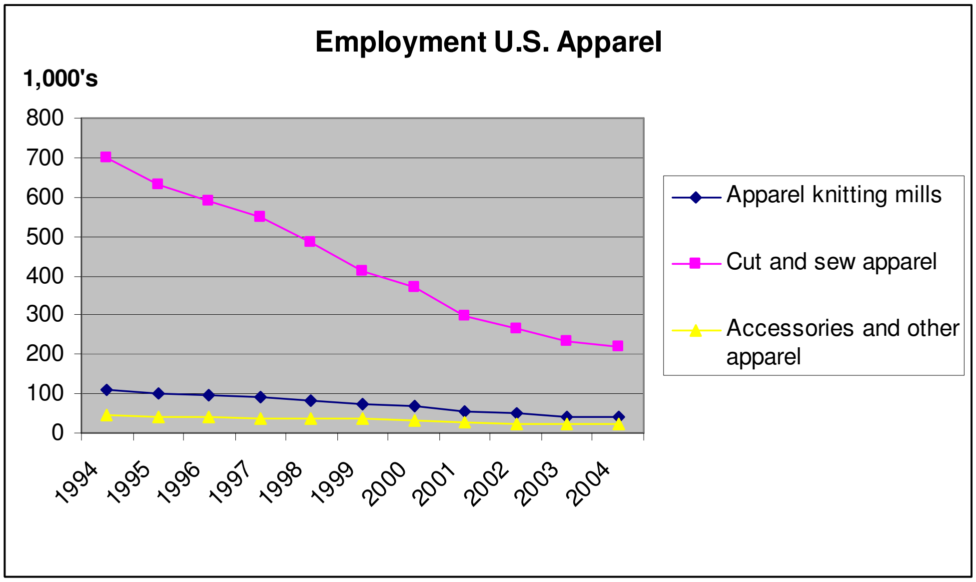
[30] Source: U.S. Bureau of Labor Statistics

[31] Source: U.S. Census Bureau

[32] Source: U.S. Census Bureau

[33] Bruce Raynor, President of the Union of Needle, Trades, Industrial and Textile Employees predicts that an additional 500,000 domestic jobs will be lost if textile quotas, which were set when China entered the WTO, are lifted. In 2001, Wal-Mart brought its international buying division in-house and almost half of Wal-Mart's global sourcing employees work in China. Daniels, Alex, *"Suppliers Move Jobs Overseas,"* Arkansas Democratic – Gazette, November 12, 2003.

Chart 4 - Employment in US Apparel



According to the U.S. Department of Labor Bureau of Labor Statistics there are 220,000 U.S. workers in the apparel cut and sew industry.

Series Id: CEU3231520001
Not Seasonally Adjusted
Super Sector: Manufacturing
Industry: Cut and sew apparel
NAICS Code: 3152
Data Type: ALL EMPLOYEES, THOUSANDS

Table 8 - Employees Cut & Sew Apparel

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1999	472.7	464.7	462.1	454.6	453.2	451.5	435.0	438.6	432.9	428.7	424.1	413.6	444.3
2000	401.8	405.7	409.0	403.9	401.7	404.5	388.6	389.2	385.7	382.3	379.8	369.9	393.5
2001	359.7	361.4	362.3	354.3	348.3	346.3	331.8	320.9	319.2	311.5	304.1	296.4	334.7
2002	286.4	286.8	287.8	284.2	287.0	292.4	281.9	281.9	282.9	278.6	277.3	267.0	282.9
2003	259.6	255.3	255.7	250.2	251.1	251.8	235.4	236.3	236.2	237.2	235.1	231.5	244.6
2004	227.8	232.8	233.4	229.8	231.0	231.1	219.9(p)						

p : preliminary - [SOURCE: U.S. Dept. of Labor Bureau of Labor Statistics]

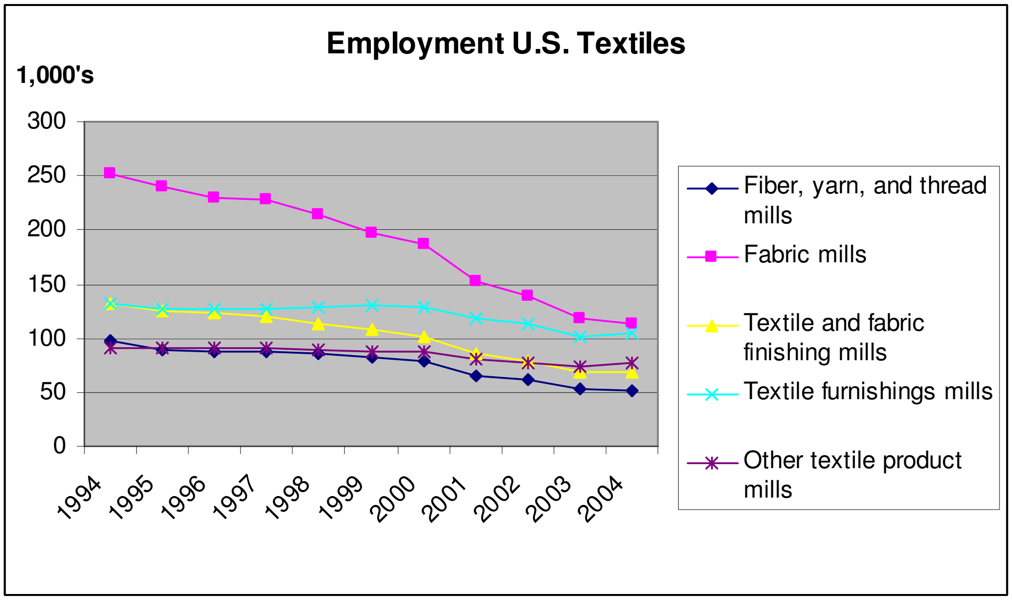
Those 220,000 apparel workers are employed on all sorts of fabrics for all sorts of garments. Petitioners attempted, but were unable to determine the exact number of workers engaged in the production of the subject products.

Since the late 1990s, and despite spending over $2 billion annually[34] in capital investments in an effort to modernize and increase productivity, the United States textile sector has experienced an unprecedented wave of plant closings and job losses. In the last six years, the U.S. has lost

[34] Source: U.S. Census Bureau (industry record for capital expenditures was $3.4 billion in 1997; because of industry contraction, capital expenditures had dropped to $2.3 billion in 2001, the most recent year for which figures are available)

some 220,000 textile jobs, fully 33 percent of its entire workforce. The textile industry lost 50,000 jobs in 2003 alone, fully 10 percent of the workforce. These jobs paid an average of between $11 and $12 per hour, depending on the position.[35] (For apparel, the damage has been even worse, as 347,000 jobs have been lost in the last six years, equal to 55 percent of that workforce.) Using a 50-year time frame, the 10 percent rate of decline in textiles employment in 2003 was second only to the 13 percent rate the industry suffered in 2001.[36]

Chart 5 - Employment in U.S. Textiles



By virtually every measure, the textile industry's fortunes continued to suffer in 2003 and did not rebound significantly in 2004, even as the rest of the economy was reported to be recovering. Textile mill shipments fell in 2003 by eight percent to $39.8 billion and, while they have risen in 2004 by a small percentage, 3.5 percent over last year, in year-to-date figures through August, they are still 6 percent lower than the comparable period in 2002.[37] Textile corporate sales also declined in 2003 by three percent to $47 billion, and while corporate sales are up somewhat in 2004, so far they are still barely three percent above the comparable period in 2002.[38]

As imports have risen, the U.S. textile industry has experienced losses in employment and an increased number of plant closings. The charts below show job losses over the past five years in textiles nationally and in key textile producing states, as well as plant closing data:

[35] Source: U.S. Bureau of Labor Statistics

[36] Source for all employment data: U.S. Bureau of Labor Statistics

[37] Source: U.S. Census Bureau

[38] Source: U.S. Census Bureau Quarterly Financial Report

Table 9 - Textile Job Losses

Textile Job Losses Over the Past 5 Years

(Thousands of jobs)

	Latest Employment Figures	*Change Since:* Over 12 Month Period (Sept-03)		Over 5 Year Period (Sept-99)	
	(Sept 2004)	Jobs Lost	Percent	Jobs Lost	Percent
United States Textile Workers:	413.1	-12.8	-3.0%	-197.7	-32.4%
Alabama	24	-0.4	-1.6%	-8.4	-25.9%
North Carolina	77.3	-5.4	-6.5%	-58.4	-42.8%
South Carolina	47.4	-2.3	-4.6%	-28.8	-37.8%
Virginia	12.3	-1.3	-9.6%	-7.3	-37.2%

Source: Bureau of Labor Statistics

Table 10 - Textile Plant Closings

Textile Plant Closings

(as of July 1, 2004)

	2004	2003	2002	2001	2000	1999	1998	1997	Since Crisis Began (1997 – to date)
United States	21	50	42	116	29	35	26	14	328
- North Carolina	5	24	20	31	14	16	9	6	125
- South Carolina	2	11	5	31	6	5	4	6	70
- Georgia	4	1	1	16	2	4	6	0	34
- Virginia	1	1	3	4	1	3	2	1	16
- Alabama	1	4	1	7	0	0	0	1	14
- All other states	8	9	12	22	6	7	5	0	69

Sources: various media and company reports.

A partial listing of textile plant closings can be found by visiting the following website: http://www.ncto.org/ustextiles/plantclosingsUSA.html

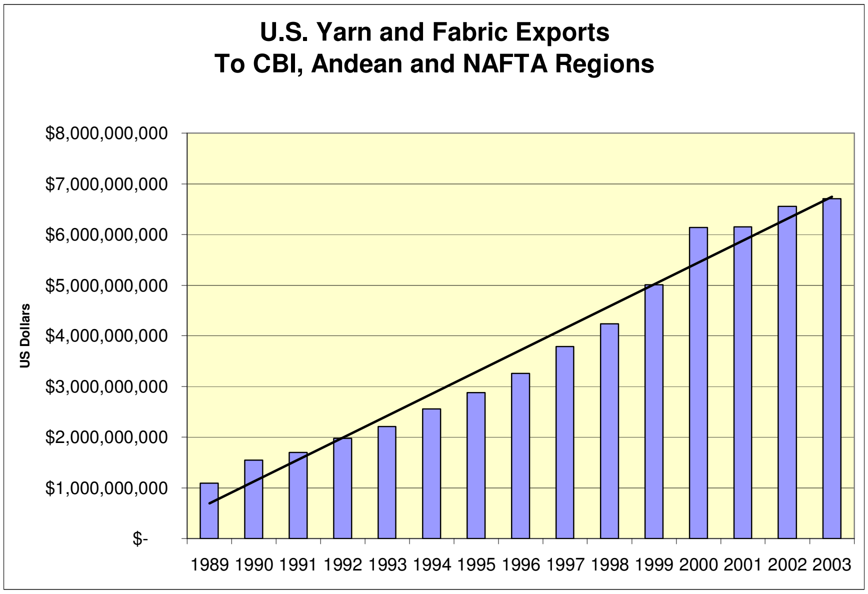
This decline would have been far more pronounced had it not been for a successful transition into an increased outward processing trade. U.S. participation in outward processing trade has increased substantially over the last 10 years. Increased imports of the subject products from China seriously threaten the continuation of the outward processing trade.[39]

[39] *See* discussion of Preferential trade in section I.2 below.

2. Threat to Outward Processing Trade

U.S. trade in the subject products has participated in a growing outward processing trade, primarily with Western Hemisphere countries which has been beneficial for all trading partners (Charts 6[40] and 7).

Chart 6 – U.S. Exports in Outward Processing Trade



Source: OTEXA data.

U.S. yarn and fabric exports to Mexico, Canada and the CBI and Andean regions have been in a strong upward trend. Many U.S. textile and apparel manufacturing companies currently have a significant level of participation in the outward processing trade. A December 2003 study conducted jointly by the National Cotton Council and the Jassin-O'Rourke Group[41] revealed a 2003 U.S. retail market for apparel totaling 25.7 billion SMEs, sourced as follows:

24.9% - apparel made in the U.S. from yarn and fabric made in the U.S.

25.3% - apparel made in the Americas, excluding the U.S.

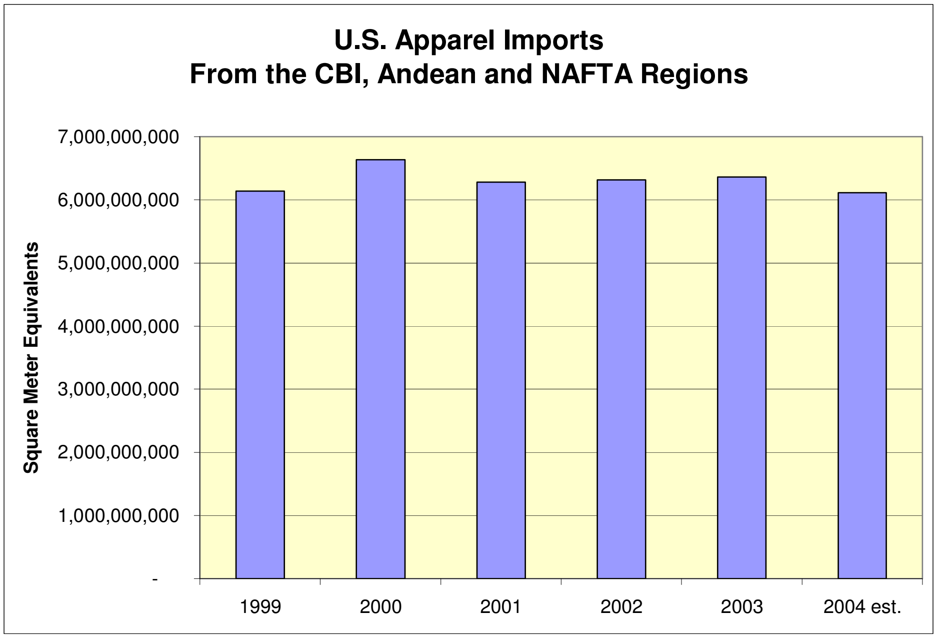
49.8% - apparel from the rest of the world

At least three-fourths of the yarns and fabrics consumed in apparel made in the Americas (excluding the U.S.) are of U.S. origin. The substantial volume of yarn and fabric production involved in the outward processing part of the trade has been beneficial to the U.S. textile industry.

[40] Export data for cut parts are recorded with apparel exports and cannot be broken out separately.

[41] Merits of A Free Trade Area of the Americas, December 2003.

Chart 7 – U.S. Apparel Imports in Connection With Outward Processing Arrangements



In a February 9, 2004, news release announcing findings of its study on Competitiveness of apparel manufacturing, the U.S. International Trade Commission (ITC) underscores the importance of textile safeguard action. The ITC study cites findings of a 2001 study by Avisse and Fouquin (see table reproduced below as Table J-5) reflecting a commonly held view of China's dominance of global apparel markets. Asian exporters, led by China, are expected to increase substantially their apparel exports at the expense of other countries and regions, with the biggest losses occurring among Western Hemisphere trading partners of the U.S., many of which are involved in outward processing arrangements with the U.S. industry producing the subject products.

Table I-2

Likely Impact of Removing Quotas on Apparel Exports

Region	Percent Change
NAFTA	-27
Latin America (Excluding Mexico)	-39
China	87

Source: Avisse, Richard and Michel Fouquin (2001) "Textiles and Clothing, The End of Discriminatory Protection," La Lettre du CEPII, No 198, Feb 2001.

The ITC study cites work by Francois and Spinanger[42] showing Asia to be the biggest winner from quota removal, with Mexico and Latin America being among the biggest losers. The ITC study, together with findings of numerous other studies, support petitioners' contention that

[42] Francois, Joseph and Dean Spinanger (2001), "With Rags to Riches but Then What? Hong Kong's T & C Industry vs. the ATC and China's WTO Accession," Paper prepared for The Fourth Annual Conference on Global Economic Analysis, Purdue University, West Lafayette, Indiana, June 27-29, 2001.

removal of quotas is an imminent threat to the orderly development of trade. The only way in which this threat can be avoided is through the imposition of a timely safeguard action.

I. ACTION AUTHORIZED UNDER THE AGREEMENT

Action by the United States reapplying safeguard limitations under paragraph 11.242 of the Report of the Working Party is authorized, warranted and appropriate upon the belief of the United States that there is market disruption or a threat of market disruption concerning the subject products and that imports from China of the subject products played a role in the market disruption or threat of market disruption.

The WTO Report of the Working Party—Special Safeguard Authorization provides, in pertinent part, as follows:

> "... The Member requesting consultations would provide China, at the time of the request, with a detailed factual statement of reasons and justifications for its request for consultations with current data which, in the view of the requesting Member, showed: (1) the existence or threat of market disruption; and (2) the role of products of Chinese origin in that disruption;..."

J. REQUESTED ACTION

The Committee for the Implementation of Textile Agreements (CITA) is hereby requested to take all appropriate steps in order to avoid market disruption in 2005 with respect to imports from China of such products. Petitioners submit that such market disruption can only be avoided by the reapplication of safeguard limitations on imports of the subject products from China according to the provisions of Section 11.242 of the Report of the Working Party, the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27788, May 21, 2003), and the previous decision of CITA reflected in its determination published at 68 F.R. 74945 (December 29, 2003). .

K. EXHIBITS

Exhibit 1 - Description of Petitioners

Exhibit 2 - HTSUS Codes of articles covered by the applicable category

Exhibit 3 - Table containing information as required by CITA guidelines

Exhibit 4 - List of China manufacturers (as complete as possible)

EXHIBIT 1

Description of Petitioners

SEAMS - SEAMS is a not-for-profit association that represents the all of the U.S.A. soft goods supply chain. It is comprised of manufacturing and contract manufacturing companies, and their suppliers in the sewn products industry. The mission of SEAMS is to work for the promotion of the sewn products industry by keeping members informed about federal issues that could affect them, and by offering members a variety of educational and other programs. SEAMS is headquartered in Columbia, SC (www.seams.org).

SEAMS represents one company that manufactures the subject products in the United States.

The American Manufacturing Trade Action Coalition (AMTAC) – AMTAC is a not-for-profit manufacturing trade association established for the purpose of preserving and creating American manufacturing jobs through the establishment of trade policy and other measures necessary for the U.S. manufacturing sector to stabilize and grow. Its members are involved in a wide variety of manufacturing, including textiles, throughout the United States. Its office is in Washington, DC. (www.amtacdc.org)

National Council of Textile Organizations (NCTO) – NCTO is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers in the textile machinery, chemical and other such sectors which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters is in Washington, DC, and it also maintains an office in Gastonia, NC. (www.ncto.org)

The National Textile Association (NTA) – NTA is a not-for-profit trade association of companies who knit or weave fabrics in the United States, dye, print or otherwise finish fabrics in the United States, or supply fibers, yarns, or other supplies or services to the American textile industry. NTA's office is in Boston, MA. (www.nationaltextile.org)

UNITE HERE! – Formed by a merger in 2004 of UNITE (formerly the Union of Needletrades, Textiles and Industrial Employees) and HERE (Hotel Employees and Restaurant Employees International Union), the union UNITE HERE represents more than 440,000 active members and more than 400,000 retirees throughout North America. UNITE HERE's headquarters are in New York, NY. (www.unitehere.org)

UNITE HERE! represents about 597 workers engaged in the production of the subject products in the United States.

EXHIBIT 2

HTSUS Codes of articles covered by the applicable category

CATEGORY 349 * BRASSIERES, OTHER BODY SUPPORT GAR
(Conversion Factor to Square Meters= 4.00 ; Unit=DOZ)

HTS CODE	DESCRIPTION
6212.10.5010	BRASSIERES CONT LACE, NET OR EMBROIDERY OF COTTON
6212.10.9010	BRAS NOT CONTAINING LACE NET OR EMBROIDERY COTTON
6212.20.0010	GIRDLES AND PANTY-GIRDLES OF COTTON
6212.30.0010	CORSETS OF COTTON

CATEGORY 649 * MMF BRAS & OTH BODY SUPPORT GARM
(Conversion Factor to Square Meters= 4.00 ; Unit=DOZ)

HTS CODE	DESCRIPTION
6212.10.5020	BRASSIERES CONT LACE NET/EMBROIDERY MANMADE FIBERS
6212.10.9020	BRAS NOT CONTAINING LACE NET OR EMBROIDERY MMF
6212.20.0020	GIRDLES AND PANTY-GIRDLES OF MAN-MADE FIBERS
6212.30.0020	CORSETS OF MAN-MADE FIBERS

EXHIBIT 3

Information Requested by CITA

Category 349/649 - Brassieres

Yearly Data - Most Recent 5 Years Available						
Quantity in Thousand Dozen (Except where otherwise noted.)						
	1998	**1999**	**2000**	**2001**	**2002**	**2003**
1) Imports from the World	33,050	38,861	39,216	36,903	44,641	44,255
2) Imports from China	3,546	3,943	4,084	3,185	10,580	16,056
3) China Quota Level **- Group II* *(In SMEs)***	129,745	131,319	132,077	132,602	Cats. 349 & 649 Removed From Quota - NO LIMITS	
4) Imports Charged to Quota - Group II	128,776	131,319	129,684	123,137		
5) Quota Fill - Group II	99.25%	100%	98.19%	92.86%		
6) China Quota Level **- Cat. 649***	997	1,010	1,011	1,067		
7) Imports Charged to Quota - Cat. 649	997	1,010	996	1,067		
8) China Quota Fill - Cat. 649	100%	100%	98.51%	100%		
9) Total U.S. Market	61,992	70,940	67,576	61,237	64,915	
10) U.S. Domestic Production	28,942	32,079	28,360	24,334	20,274	
11) U.S. Domestic Market Share	46.69%	45.22%	41.97%	39.74%	31.23%	
12) U.S. Mkt Share - Total Imports	53.31%	54.78%	58.03%	60.26%	68.77%	
13) U.S. Mkt Share - Imports from China	5.72%	5.56%	6.04%	5.20%	16.30%	
14) Avg. unit price of China Imports (Dollars per Doz.)	$26.18	$28.68	$32.72	$37.73	$27.39	$26.14
Value of Trade - In Thousand U.S. Dollars						
15) Imports from the World	$1,082,795	$1,333,951	$1,397,023	$1,384,794	$1,601,400	$1,529,692
16) Imports from China	$92,834	$113,083	$133,632	$120,170	$289,812	$419,702

SOURCES:

(1), (2), (15), and (16) Trade Data section of OTEXA website

(3), (4), (5), (6), (7), and (8) China Performance Reports available on OTEXA website

(9), (10), and (11) IP Book available on OTEXA website

(12) and (13) Calculated by taking Imports from the World (1) and Imports from China (2) as percentages of the Total U.S. Market (9)

(14) Calculated by dividing the value of Imports from China (16) by the quantity (2)

NOTE:

*Category 349 was controlled under the Group II quota for 1998-2001, while Cat. 649 had its own seperate quota. Group II quota levels and imports charged to quota are reported in Square Meter Equivalents (SMEs).

Category 349/649, Brassieres

Most Recent Year-to-Date and Year Ending Data Available						
Quantity in Thousand Dozen						
	YTD 9/02	**YTD 9/03**	**YTD 9/04**	**YE 9/02**	**YE 9/03**	**YE 9/04**
1) Imports from the World	32,607	34,137	38,292	42,007	46,171	48,409
2) Imports from China	7,187	12,262	13,349	8,076	15,655	17,144
3) China Safeguard Quota Level **- 349/649***			16,829			
4) Imports Charged to Safeguard Quota**			16,793			
5) China Safeguard Quota Fill**			99.8%			
6) Total U.S. Market	48,609	46,875		63,489	63,181	
7) U.S. Domestic Production	16,002	12,738		21,483	17,010	
8) U.S. Domestic Market Share	32.92%	27.17%		33.84%	26.92%	
9) U.S. Mkt Share - Total Imports	67.08%	72.83%		66.16%	73.08%	
10) U.S. Mkt Share - Imports from China	14.79%	26.16%		12.72%	24.78%	
11) Avg. unit price of China Imports (Dollars per Doz.)	$27.87	$26.81	$25.22	$29.56	$26.72	$24.94
Value of Trade - In Thousand U.S. Dollars						
12) Imports from the World	$1,181,095	$1,172,033	$1,321,478	$1,538,956	$1,592,338	$1,679,136
13) Imports from China	$200,278	$328,744	$336,638	$238,690	$418,278	$427,597

SOURCES:

(1), (2), (12), and (13) Trade Data section of OTEXA website

(3), (4), and (5) from Status Report on Current Import Quotas - OTEXA and U.S. Customs and Border Protection websites

(6), (7), and (8) from IP Book available on OTEXA website

(9) and (10) Calculated by taking Imports from the World (1) and Imports from China (2) as percentages of the total U.S. market (6)

(11) Calculated by dividing the value of imports from China (13) by the quantity (2)

NOTE:

*Imports from China of Category 349/649 are restricted by a safeguard quota of 16,828,971 dozen for the period December 24, 2003 - December 23, 2004.

** As of November 22, 2004.

Category 349/649, Brassieres

Most Recent Quarterly Data Available						
Quantity in Thousand Dozen						
	1Q 03	**2Q 03**	**3Q 03**	**1Q 04**	**2Q 04**	**3Q 04**
1) Imports from the World	11,593	11,854	10,690	11,531	12,969	13,792
2) Imports from China	3,700	4,311	4,251	4,079	4,149	5,121
3) Avg. unit price of China Imports (Dollars per Doz.)	$28.12	$25.83	$26.66	$25.81	$23.80	$25.89
Value of Trade - In Thousand U.S. Dollars						
4) Imports from the World	$405,937	$401,716	$364,380	$395,715	$441,805	$483,959
5) Imports from China	$104,041	$111,373	$113,330	$105,278	$98,756	$132,603

SOURCES:

(1), (2), (4), and (5) from Trade Data section of OTEXA website

(3) Calculated by dividing the value of Imports from China (5) by the quantity (2)

EXHIBIT 4

List of China manufacturers

Petitioners' attempt to develop a list of China manufacturers of the subject products (349/649 brassieres and other body support garments) returned information on around 329 Chinese manufacturers, which would require an additional 200 or more pages to be added to this reapplication petition. Petitioners are willing to share this information directly with CITA, but determined it would create too lengthy of a document if attached at the present time.