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CHINA SAFEGUARD UPDATE
Effective December 6, 2005

Much has been said in the general and trade press about the Memorandum of Understanding signed between the U.S. and China to resolve the pending safeguard actions, so we will not repeat that here. CITA's decision to not consider any more safeguard petitions for the quota categories covered by the MOU has also been widely reported. The only really newsworthy event since then is the November 22, 2005, CITA announcement which provides details regarding the release of Chinese textile goods which were embargoed under the safeguard actions which previously existed. Between November 28, 2005 and December 2, 2005, CITA allowed the release of all embargoed goods falling under quota categories 338/339 (cotton knit shirts and blouses), 347/348 (cotton trousers), 352/652 (cotton and mmf underwear), 638/639 (mmf knit shirts and blouses) and 647/648 (mmf trousers) which had been entered into a bonded warehouse or FTZ prior to November 8, 2005. This notice does not apply to socks (332/432/632) which are subject to a different time line.

In its notice, CITA also reaffirmed that the previously announced (see CITA's April 21, 2005 and November 4, 2005 notices) release process for all other embargoed goods would continue to apply, meaning that any goods which are classified in any other quota category or goods falling under the categories unconditionally released but not entered, would be released starting one month after the expiration of the safeguard quota. Release will then occur in five (5%) percent increments (calculated from the baseline amount), each a month apart, until such time as all the embargoed goods are released.