

The Honorable Elizabeth Dole
United States Senate
Washington, D.C. 20510

SEP 28 2006

Dear Senator Dole:

Thank you for sharing with the Administration your concerns regarding granting Permanent Normal Trade Relations (PNTR) to Vietnam and its possible effect on the domestic textile industry. We understand the sensitivity of these issues for the textile industry at a time of increased global competition after the end of worldwide quotas.

In the course of the negotiations on our bilateral market access agreement that is part of Vietnam's accession to the World Trade Organization ("WTO"), we consulted closely with the domestic textile industry. The bilateral agreement contains a unique mechanism to ensure that Vietnam will live up to its obligations to immediately end all WTO-prohibited subsidies for textile and apparel goods. Specifically, in addition to the standard remedies for WTO-prohibited subsidies already available to the United States through WTO dispute settlement, we have taken the unprecedented step of adding an enforcement mechanism that would allow for the prompt reimposition of quotas on textile and apparel goods, if Vietnam fails to fulfill its obligations to eliminate WTO-prohibited subsidies immediately upon becoming a WTO Member.

We understand that some of your constituents nevertheless remain concerned that, notwithstanding these undertakings, Vietnam may continue to offer prohibited subsidies to the state run textile and apparel industry, which could result in unfair competition in this sector, possibly including dumping in the U.S. market. The WTO system allows U.S. producers injured by any such dumping to seek antidumping remedies against Vietnamese imports being sold for less than fair value in the United States. However, according to domestic textile industry representatives, the structure of the U.S. textile and apparel industry may make it difficult for them to make effective use of this remedy.

The Administration is prepared to systematically monitor and review U.S. imports of textile and apparel goods from Vietnam and such data will be made publicly available on a monthly basis. Specifically, upon entry of Vietnam into the WTO and for the duration of this Administration, the Department of Commerce (the Department) will conclude a review every six months as to whether there is sufficient evidence to initiate an antidumping investigation of any textile or apparel goods from Vietnam pursuant to section 732(a) of the Trade Act of 1930 (19 U.S.C. § 1673a(a)), and, if so, whether critical circumstances exist that would allow for preliminary duties to be applied retroactively. The Department is responsible for initiating and conducting antidumping investigations and would examine whether initiation of an antidumping action would be warranted under U.S. law and the applicable WTO rules.

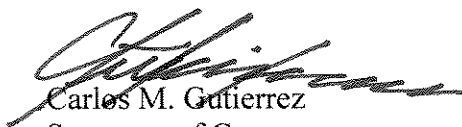
The Department will begin a comprehensive program to monitor imports of textile and apparel products from Vietnam, including the import values and volumes of these goods. In order to do this, the Department will construct, in consultation with industry, production templates for textile and apparel products of interest in order to determine the inputs and other factors that contribute to the fair market price of a good. As long as Vietnam is considered a non-market economy for antidumping purposes, the Department will use a proxy country for this monitoring program in order to assess whether Vietnamese goods may be dumped into the U.S. market. If this monitoring process indicates that dumping exists and the domestic textile industry fully cooperates in supplying data available to the domestic industry indicating the existence of material injury caused by such imports, the Department will self-initiate anti-dumping investigations with respect to the relevant products. For the duration of this Administration, as part of the monitoring system, the Department will take note of the special sensitivity to the domestic industry of trousers, shirts, underwear, swimwear, and sweaters and the Department will make available to interested private-sector parties as much of the information it gathers as possible. In addition, the Department will endeavor to prepare templates and monitoring criteria that are consistent with its current dumping methodologies, however, consistent with the quasi-judicial nature of antidumping investigations, the Department may not prejudge the specific methodologies or information that would be utilized in any particular investigation.

We hope this will help to alleviate the domestic textile industry's concerns and look forward to working with you on this approach. If you have any further questions, please contact Nat Wienecke, Commerce Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663, or Justin J. McCarthy, Assistant U.S. Trade Representative for Congressional Affairs, at (202) 395-3406.

Sincerely,



Susan C. Schwab
United States Trade Representative



Carlos M. Gutierrez
Secretary of Commerce



The Honorable Lindsey Graham
United States Senate
Washington, D.C. 20510

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Susan C. Schwab
United States Trade Representative


Carlos M. Gutierrez
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