

MEMORANDUM

FOLLICK & BESSICH, ATTORNEYS AT LAW

TO: All Customs Brokers, Importers & Interested Parties

FROM: Follick & Bessich

DATE: May 16, 2005

RE: Committee for the Implementation of Textile Agreements will invoke safeguards on Textile Imports from China

On May 13, 2005, the Committee for the Implementation of Textile Agreements (“CITA” or “The Committee”) determined that imports of Chinese origin cotton knit shirts and blouses (Category 338/339), Chinese origin cotton trousers (Category 347/348) and Chinese origin cotton and man-made fiber underwear (Category 352/652) are disrupting the U.S. market. Accordingly, the Committee will request consultations with China by the end of May with a view to easing or avoiding market disruption. On the date China receives the United States’ request for consultations, China must restrict its shipments to the U.S. to a level no greater than 7.5% (6% for wool product categories) above the amount entered during the first 12 months of the most recent 14 month preceding the request. Accordingly, customs brokers will be required to file live quota entries for shipments exported after said date. (As of this date, Customs has not determined whether a visa will be required).

Within ninety (90) days of the request for consultations, the U.S. will make every effort to reach a mutually satisfactory agreement with the Government of China to ease or avoid the disruption in the U.S. market. In the event that a mutually satisfactory agreement cannot be reached by the conclusion of the consultations period, quota will remain in place through the end of 2005.

Note: This memorandum is intended to provide you with a basic understanding of the above matter. Accordingly, it is not an all inclusive summary and should not be solely relied upon in determining a company’s responsibilities under applicable laws and regulations.