

Because the exact timing of the consultations is not yet certain, comments should be submitted promptly. Comments or information submitted in response to this notice will be available for public inspection in the Office of Textiles and Apparel, room H3100, U.S. Department of Commerce, 14th and Constitution Avenue, NW., Washington, DC.

Further comments may be invited regarding particular comments or information received from the public which the Committee for the Implementation of Textile Agreements considers appropriate for further consideration.

The solicitation of comments regarding any aspect of the implementation of an agreement is not a waiver in any respect of the exemption contained in 5 U.S.C.553(a)(1) relating to matters which constitute "a foreign affairs function of the United States."

The United States remains committed to finding a solution concerning Category 363. Should such a solution be reached in consultations with the Government of Nepal, further notice will be published in the **Federal Register**.

A description of the textile and apparel categories in terms of HTS numbers is available in the CORRELATION: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States (see **Federal Register** notice 61 FR 66263, published on December 17, 1996).

Troy H. Cribb,

Chairman, Committee for the Implementation of Textile Agreements.

Summary of the Statement in Support of Request for Consultations Under Section 204 of the Agricultural Act of 1956

Cotton Terry and Other Pile Towels—Category 363

April 1997

U.S. imports of cotton terry and other pile towels, Category 363, from Nepal surged to 4,089,480 units in year ending January 1997, 177 percent above the 1,477,450 units imported in year ending January 1996 and more than 30 times the 123,720 units imported in 1994. Imports from Nepal were 2.0 percent of total U.S. imports of Category 363 in the year ending January 1997, and were equivalent to nearly one percent of U.S. production of Category 363 in 1996.

U.S. imports of cotton terry and other pile towels, Category 363 from Nepal, entered the U.S. at an average landed duty-paid value of \$0.43 per unit during 1996, 71 percent below the average landed duty-paid value for all cotton terry and other pile towel imports into the U.S., and 72 percent below the

average U.S. producers' price for cotton terry and other pile towels.

The sharp increase of low-valued Category 363 imports from Nepal threatens to cause disruption to the U.S. cotton terry and other pile towel market and to the orderly flow of trade in these products. In several instances, Nepal's import level for year ending January 1997 exceeds the trade levels of WTO countries that have quota agreements with the United States.

U.S. Production, Import Penetration, and Market Share

U.S. production of cotton pile and other terry towels, Category 363, declined in 1996 falling to an estimated 498,141,000 units, 6 percent below the 1995 production level and 5 percent below the 1994 level. In contrast, imports of Category 363 increased to 208,807,000 units in year ending January 1997, 10 percent above the same period a year earlier and 13 percent above the 1994 level.

The ratio of imports to domestic production increased from 35 percent in 1994 to 41 percent in 1996. Imports' share of the U.S. market for cotton pile and other terry towels increased from 27 percent in 1994 and 1995 to 30 percent in 1996.

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COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Request for Public Comments on Bilateral Consultations with the Government of Pakistan

May 8, 1997.

AGENCY: Committee for the Implementation of Textile Agreements (CITA).

ACTION: Notice.

FOR FURTHER INFORMATION CONTACT: Ross Arnold, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4212. For information on categories for which consultations have been requested, call (202) 482-3740.

SUPPLEMENTARY INFORMATION:

Authority: Executive Order 11651 of March 3, 1972, as amended; section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); Uruguay Round Agreements Act.

On April 23, 1997, under the terms of Article 6 of the Uruguay Round Agreement on Textiles and Clothing (ATC) and the Uruguay Round Agreements Act, the Government of the United States requested consultations

with the Government of Pakistan with respect to cotton yarn in Category 301pt. (HTS numbers 5205.21.0000, 5205.22.0000, 5205.23.0000, 5205.24.0000, 5205.26.0000, 5205.27.0000, 5205.28.0000, 5205.41.0000, 5205.42.0000, 5205.43.0000, 5205.44.0000, 5205.46.0000, 5205.47.0000, 5205.48.0000), produced or manufactured in Pakistan.

The purpose of this notice is to advise the public that, if no solution is agreed upon in consultations with the Government of Pakistan, the Government of the United States reserves its right to establish a twelve-month limit of not less than 2,319,944 kilograms for the entry and withdrawal from warehouse for consumption of cotton textile products in Category 301pt., produced or manufactured in Pakistan.

A summary statement of serious damage, the actual threat of serious damage or the exacerbation of serious damage concerning Category 301pt. follows this notice.

Anyone wishing to comment or provide data or information regarding the treatment of Category 301pt. or to comment on domestic production or availability of products included in Category 301pt. is invited to submit 10 copies of such comments or information to Troy H. Cribb, Chairman, Committee for the Implementation of Textile Agreements, U.S. Department of Commerce, Washington, DC 20230; ATTN: Helen L. LeGrande. The comments received will be considered in the context of the consultations with the Government of Pakistan.

Because the exact timing of the consultations is not yet certain, comments should be submitted promptly. Comments or information submitted in response to this notice will be available for public inspection in the Office of Textiles and Apparel, room H3100, U.S. Department of Commerce, 14th and Constitution Avenue, NW., Washington, DC.

Further comments may be invited regarding particular comments or information received from the public which the Committee for the Implementation of Textile Agreements considers appropriate for further consideration.

The solicitation of comments regarding any aspect of the implementation of an agreement is not a waiver in any respect of the exemption contained in 5 U.S.C.553(a)(1) relating to matters which constitute "a foreign affairs function of the United States."

The United States remains committed to finding a solution concerning

Category 301pt. Should such a solution be reached in consultations with the Government of Pakistan, further notice will be published in the **Federal Register**.

A description of the textile and apparel categories in terms of HTS numbers is available in the CORRELATION: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States (see **Federal Register** notice 61 FR 66263, published on December 17, 1996).

Troy H. Cribb,

Chairman, Committee for the Implementation of Textile Agreements.

Summary of Statement in Support of Request for Consultations Under Article 6 of the ATC—Pakistan

Cotton Yarn—Category 301pt.

April 1997

The USG has determined that the increase in imports of yarn for sale, 85 percent or more by weight combed cotton ring spun, Category 301 Part, has caused serious damage, or actual threat thereof, to the industry in the United States producing like and/or directly competitive yarn for sale.

Imports of the subject yarn from all sources increased by 64 percent from 1994 to 1996, a net increase of 6.2 million kilograms. During this time, domestic shipments dropped substantially, falling by 5.1 million kilograms. Orders lost to imported yarns also resulted in a 1.5 percent reduction in production during this period, and caused inventories to increase sharply, by 50 percent. Increasing low-valued imports forced domestic margins to fall. Mills scrambled to cut prices in the last half of 1995 and 1996 to keep the remaining customers they had not already lost to imports. Despite price cuts, mills continued to lose orders, with unfilled orders dropping 30 percent from 1994 to 1996.

Capacity utilization declined as production and shipments fell, causing severe margin pressure as fixed costs had to be allocated over fewer sales, which cut gross margins. Seventy three percent of the companies reported declining profitability from 1994 to 1996 on the yarn in question. Seven mills fell victim to the margin squeeze and shut down, and production worker employment in the defined industry lost a total of 767 jobs between 1994 and 1996.

The USG concluded that the increase in imports between 1994 and 1996 was the direct cause of serious damage to the industry as reflected in the industry's declining shipments, the substantial increase in inventories, and the

significant fall in unfilled orders and employment.

The USG also determined that serious damage to this industry was directly attributable to the sharp and substantial increase in imports of the subject yarn from Pakistan. Imports from Pakistan had increased significantly, both absolutely and relative to domestic production and world imports, thereby increasing Pakistan's share of U.S. imports and the U.S. market. Pakistan's low-valued imports adversely affected U.S. domestic prices.

There were no imports of the subject yarn from Pakistan before 1995. U.S. imports of the subject yarn from Pakistan began in May 1995 and reached 471,758 kilograms by the end of 1995. Imports from Pakistan of the subject yarn surged to 2,319,944 kilograms in year-ending January 1997, an increase of 392 percent above the total level imported during 1995.

The USG further determined that the significant increase in imports of the subject yarn from all sources constituted the actual threat of serious damage or the exacerbation of serious damage to the defined domestic industry producing like and/or directly competitive yarn, and that, based on the sharp and substantial increase in imports of the subject yarn from Pakistan, such threat was attributable to Pakistan.

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COMMODITY FUTURES TRADING COMMISSION

Comex Division of the New York Mercantile Exchange Petition for Exemption From the Dual Trading Prohibition in Affected Contract Markets

AGENCY: Commodity Futures Trading Commission.

ACTION: Order.

SUMMARY: The Commodity Futures Trading Commission ("Commission") is granting the petition of the Comex Division of the New York Mercantile Exchange ("Comex" or "Exchange") for exemption from the prohibition against dual trading in its gold and silver futures contracts.

DATES: This Order is effective May 6, 1997.

FOR FURTHER INFORMATION CONTACT: Duane C. Andersen, Special Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre,

1155 21st St., NW., Washington, DC 20581; telephone (202) 418-5490.

SUPPLEMENTARY INFORMATION: On October 21, 1993, the Commodity Exchange, Inc., now the Comex Division ("Comex" or "Exchange") of the New York Mercantile Exchange, submitted a Petition for Exemption from the Dual Trading Prohibition for its gold and silver futures contracts. Subsequently, the Exchange submitted a corrected petition, a supplement, and an update on November 30, 1993, January 5, 1994, and January 17, 1997, respectively. Upon consideration of these petitions and other matters of record, including staff review of Exchange audit trail test results to Commission-specified tests, compliance with the order ticket customer identification requirement of Commission Regulation 1.35, dual trading surveillance data required under the Commission's August 12, 1996 Audit Trail Report, and disciplinary and investigatory actions undertaken by the Exchange between January 1995 and December 1996, the Commission hereby finds that Comex meets the standards for granting a dual trading exemption contained in section 4j(a) of the Commodity Exchange Act ("Act") as interpreted in Commission Regulation 155.5.¹

Subject to Comex's continuing ability to demonstrate that it meets applicable requirements, the Commission specifically finds that Comex maintains a trade monitoring system which is capable of detecting and deterring, and is used on a regular basis to detect and to deter, all types of violations attributable to dual trading and, to the full extent feasible, all other violations involving the making of trades and execution of customer orders, as required by section 5a(b) and Commission Regulation 155.5. The Commission further finds that Comex's trade monitoring system includes audit trail and recordkeeping systems that satisfy the Act and regulations.²

¹ The record consists of the information, views, and arguments presented in writing in the Comex Division's petition and its attachments, supplements and update thereto, and other relevant information identified by the Commission, which includes the audit trail test conducted by the Exchange in June 1996 and reviewed by the Commission in November 1996, the audit trail re-test conducted by the Commission in December, 1996, and documents submitted by the Exchange as part of a rule enforcement review of the Exchange initiated by the Commission in January 1997.

² Sections 4j(a)(3) and 5a(b) of the Commodity Exchange Act and Commission Regulations 155.5 and 1.35, 17 CFR 1.35, 155.5(d). Section 4j(a)(3) requires the Commission to exempt a contract market from the prohibition against dual trading, either unconditionally or on stated conditions, upon finding that the trade monitoring system in place at the contract market satisfies the