



Textile News & Information

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For Immediate Release

NCTO Predicts Large U.S. Textile and Apparel Job Losses from Inclusion of Vietnam in Trans-Pacific Partnership Agreement

Citing Vietnam's "China" Model, Urges U.S. to Rethink Support

Washington, DC) - Cass Johnson, President of the National Council of Textile Organizations, testified before the United States International Trade Commission today regarding the proposed U.S.-Trans-Pacific Partnership Free Trade Agreement. During his testimony, Johnson raised significant concerns with the inclusion of Vietnam in the agreement and urged the Obama Administration to re-think its proposal.

"NCTO is strongly opposed to the inclusion of Vietnam in the TPP agreement because it would mean the loss of tens of thousands of U.S. textile export jobs in this country," Johnson stated. Johnson also noted that the agreement puts at risk hundreds of thousands of related apparel jobs in the Western Hemisphere that depend on U.S. textile exports.

Johnson also raised concerns regarding Vietnam's mercantilist trade policy. He noted that in 2006, the Vietnam government provided assurances during the Permanent Normal Trade Relations (PNTR) debate that it would not stop subsidizing its textile and apparel export sector but recently boasted that since 2008 it had poured \$3 billion in new investment into the sector. Johnson also presented information on VINATEX, a state-owned conglomerate that is one of the largest garment producers in the world.

Johnson stated, "The VINATEX example is one reason that we urge the Administration to reconsider by selecting a government for a free trade agreement that has largely patterned its economy on China's central planning model. The last thing our economy needs is another China problem." Johnson noted that, "One quarter of Vietnam's economy is devoted to exporting, a higher percentage than China's, and workers in Vietnam are paid less than half the amount of workers in China."

Since Vietnam was granted PNTR and quotas were removed, Vietnam's exports of apparel to the U.S. have increased by 57 percent. Vietnam is now the second largest exporter of apparel – after China – to the U.S. market. At the same time, exports from the NAFTA and CAFTA regions of virtually the same types of apparel dropped by four billion dollars. As a result, thousands of U.S. textile export jobs were lost as orders for yarns and fabrics from those countries disappeared.

"It is no surprise that exports from Vietnam and China, two non-market economies which have poured resources into their textile and apparel sectors, have surged since 2006, while exports from nearly every other country have fallen."

The NAFTA, CAFTA and Andean regions are vitally important export markets for U.S. textile industry, as seventy-five percent of all textile exports go to free trade partners in the Western Hemisphere and whose exports support jobs for nearly one million apparel workers throughout the region.

“We strongly urge the Administration to rethink its strategy of inviting non-market economies like Vietnam to become free trade partners with the United States. This policy move only encourages the “China model” of export dependency and will lead to higher trade deficits and more U.S. manufacturing job losses.”

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Key Facts – U.S. Textile Industry

- One of the largest manufacturing employers in the United States, the overall textile sector employed over 675,000 workers in 2008. Textile mills alone employed 298,000 workers.
- The 3rd largest exporter of textile products in the world – more than \$13 billion in 2009.
- Nearly two-thirds of U.S. textile exports during 2008 went to developing countries. The U.S. textile industry exported to more than 50 countries, with 20 countries buying more than \$100 million a year.
- Supplies more than 8,000 different textile products a year to the U.S. military.
- U.S. textile shipments totaled \$68.5 billion in 2007.
- Invested more than \$9 billion in new plants and equipment from 2001 to 2006.
- Has increased productivity by 50 percent over the last 10 years and ranks second among all industrial sectors in productivity increases.
- In 2007, textile workers on average earned 136% more than clothing store workers (\$524 a week vs. \$222) and received health care and pension benefits.