



Textile News & Information

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NCTO Calls on House Committee to Pass Bill to Address China's Exchange Rate Policy

Urges Action as a "No Cost" Step that Creates Jobs and Builds New Export Markets.

Washington, DC) - NCTO applauded Ways and Means Chairman Dave Camp (R-MI) for scheduling a hearing to examine the U.S.- China Economic Relationship and urged passage of H.R. 639, the Currency Reform for Fair Trade Act. In a written [submission](#) to the Committee, NCTO argued China's export economy is based in large part on government subsidies, particularly currency manipulation, which ensures that Chinese exporters can out bid U.S. and other producers around the world. As part of the submission, NCTO provided examples from its membership regarding U.S. textiles plants that have been forced to close because of China's predatory trade practices.

"Today's hearing presents a golden opportunity for the House to add its voice to the growing number of legislators who are demanding that Congress stand up for American workers and American jobs and pass real, effective currency legislation," stated NCTO President Cass Johnson.

Johnson went on to say, "In the wake of the Senate's bipartisan passage of S. 1619, the Currency Exchange Rate Oversight Reform Act, the textile industry strongly urges Chairman Camp (R-MI) to move H.R. 639, the Currency Reform for Fair Trade Act, to the floor of the House for final passage. This bill is the single most effective step the Congress can take to add manufacturing jobs and build new export markets – all at no cost to the U.S. taxpayer." Last month, NCTO published an [analysis](#) that documented 30 subsidies that the Chinese government gives to its textile exporters; the largest of these, by far, was currency manipulation.

Johnson explained, "For textiles, it is clear that from our \$30 billion textile and apparel trade deficit with China¹ that undervaluation of the renminbi (RMB) is a predatory export practice. Currency manipulation has allowed countries like China to flood the U.S. market with artificially cheap manufactured products which in turn has cost millions of U.S. manufacturing workers their jobs. China's currency practices not only create dangerous and wealth-sapping trade deficits, but also foster a fundamentally destructive race to the bottom for the U.S. economy."

Johnson argued that American consumer demand for ever cheaper goods has been driven by the loss of millions of high skilled, high wage manufacturing jobs to China over the last decade. Studies have shown that lost manufacturing jobs are most often replaced by a lower paying, few benefits service jobs and that the cost to the U.S. taxpayer in terms of unemployment payments, lost tax revenue and other charges has nearly equaled overall consumer savings from the cheaper Chinese goods.

¹ YTD Sept 2011

Background:

Through the use of predatory trade practices, Chinese textile and apparel exporters have embarked on the greatest export surge in history. China exports \$200 billion in textile and apparel products around the world, six times more than its next largest competitor (Italy). In the U.S. market, China's market share in textiles and apparel is now nearly 40 percent – China is six times larger than its next largest competitor, Vietnam. Over the last ten years, the value of imports of textiles and apparel from the world increased by only 39 percent while imports from China increased 517 percent. As the figures show, China's gain has come largely at the expense of other producers, with the impact hitting the U.S. textile industry and its customers in the Western Hemisphere particularly hard. Since the Chinese surge began in 2000, the U.S. textile and apparel industry has lost over half a million workers and U.S. textile manufacturers have closed nearly one thousand textile plants.

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Key Facts about the U.S. Textile Industry

- The U.S. textile industry is one of the largest manufacturing employers in the United States. In 2010, the overall textile sector, from fibers to final garments and other textile products, employed nearly 600,000 workers. Textile companies alone employed 255,000 workers.
- The U.S. textile sector is the third largest exporter of textile and apparel products in the world with exports growing 19 percent in 2010 to more than \$20 billion.
- U.S. textile exports support a textile and apparel platform created by the NAFTA/CAFTA/Andean free trade areas that now employs nearly two million workers.
- The U.S. textile industry supplies more than 8,000 different textile products each year to the U.S. military.
- The U.S. textile industry has a long history of creating innovative, hi-tech products, from heart valve prosthesis and nanotube body armor to non-iron apparel and moisture wicking athletic wear.
- The U.S. textile industry invested more than \$15 billion in new plants and equipment from 2001 to 2009. U.S. textile shipments totaled \$51 billion in 2010.
- The U.S. textile industry increased productivity by 45 percent over the last 10 years, making textiles one of the top industries among all industrial sectors in productivity increases.
- In 2010, textile workers on average earned 155% more than clothing store workers (\$559 per week vs. \$219) and received health care and pension benefits.