



Citing Chinese Intransigence, U.S. Industry Files Petitions to Limit Textile and Clothing Imports from China in 2006

For Immediate Release

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WASHINGTON, DC – Citing continuing Chinese government intransigence on bilateral consultations and an ongoing flood of Chinese textile and apparel imports, U.S. textile industry and labor union officials announced that they had filed to reapply nine (9) current safeguards covering sixteen (16) product categories through the end of 2006 on September 14. All nine safeguards are scheduled to expire at the end of this year.

Over the last seven months, China has mounted the biggest export surge in history. U.S. imports from China in the apparel safeguard categories grew by 850 million garments, an average increase of 627 percent. According to UN trade databases, Chinese prices for these and other major apparel items are on average 58 percent below the prices other countries charge¹. The Chinese government heavily subsidizes its textile and apparel industry through multiple unfair trade practices, including currency manipulation, direct industrial subsidization and the use of state banks that provide credit which never has to be repaid (non-performing loans), among others.

The reapplications cover the following products:

Safeguard Category/Description Share	2005 China Increase Year-to-Date (YTD)	% Change	YTD China Share of U.S. Import Market	
	January to July		7/2004	7/2005
<u>Apparel Products</u>				
338/339 – cotton knit shirts	+ 227 million shirts	+ 1287 %	1 %	9 %
340/640 – woven shirts	+ 55 million shirts	+ 348 %	6 %	20 %
347/348 – cotton trousers	+ 205 million trousers	+ 1427 %	1 %	17 %
349/649 – brassieres	+ 26 million brassieres	+ 26 %	34 %	43 %
352/652 – underwear	+ 178 million pieces	+ 486 %	2 %	11 %
638/639 – mmf* knit shirts	+ 90 million shirts	+ 442 %	4 %	18 %
647/648 – mmf* trousers	+ 69 million trousers	+ 370 %	4 %	19 %
<i>Increase (apparel)</i>	<i>+ 850 million garments</i>			
301 – combed cotton yarn	+ 370,292 kilograms	+ 27 %	3 %	4 %
620 – synthetic filament fabric	+ 44,280,312 sq. meters	+ 1145 %	2 %	16 %

* mmf = man-made fiber

All U.S. textile and apparel import data statistics were obtained from U.S. Office of Textiles and Apparel on September 13, 2005.

¹ NCTO press release, 12/15/04: www.ncto.org

Trade Association/Labor Union Comments

“The U.S. textile industry appreciates the Bush Administration’s approval of nine safeguard cases in 2005 and its efforts to negotiate a reasonable comprehensive textile agreement with China,” said Cass Johnson, President of the National Council of Textile Organizations.

“With China showing little serious interest thus far in negotiating a comprehensive agreement, the industry is forced to seek renewal of the safeguard through 2006. The U.S. textile industry is re-filing these petitions now to give the U.S. government the opportunity to renew the current safeguards seamlessly in January 2006 if no comprehensive textile agreement is reached,” Johnson continued.

American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo said, “While the re-filings of nine petitions were announced today, the U.S. textile industry also intends to file additional safeguard petitions covering fabrics, apparel, and home furnishings products in the very near future.”

“This action on behalf of the unified textile industry is a signal that U.S. textile industry aggressively will utilize the WTO safeguard process to the fullest degree possible. It is critical that the U.S. government approve these cases in a timely manner to prevent China from surging into the U.S. market in 2006 like they did in 2005,” Tantillo added.

“The special textile China safeguards contained in China’s accession agreement to the WTO give the U.S. government the right to invoke safeguards if the U.S. market is threatened with disruption that will impede the orderly development of trade. The U.S. textile industry is simply asking the U.S. government to act within the rights granted to it by China’s accession agreement to the WTO,” observed Karl Spilhaus, President of the National Textile Association.

“China’s export surge in these categories released from quota on January 1, 2005 is directly attributable to the illegal and unfair subsidies given to their producers in an effort to drive all other competitors out of the market. These subsidies include illegal currency manipulation, non-performing loans, state-owned enterprises, reduced or free utilities, shipping, and property taxes, free land and factories, and export tax rebates. No industry playing by free-market rules can compete with an industry allowed to sell into a free-market but not play by free-market rules,” Spilhaus remarked.

UNITE HERE President Bruce Raynor stressed, “Since quotas have expired on January 1, 2005, 128 apparel and textile workers have lost their jobs every single day. The crisis is now. If safeguards aren't implemented on January 1st, 2006, more plants will close and thousands of workers will be without jobs.”

Facts on Safeguard Reapplications Announced on September 15

The combined value of total U.S. imports for the 16 categories covered by the September 15 announcement for year-to-date 2005 is \$24.2 billion, with imports from China accounting for \$3.4 billion of that total.

The value of the Chinese imports covered by the petitions amounts to 26 percent of the \$13.1 billion in textile and apparel imports from China and 7 percent of the \$50.6 billion in imports from the world (including China) in 2005.

In terms of the \$130 billion in total U.S. imports of all goods from China in 2005, these petitions affect only 2.6 percent of that trade.

Quick Facts on Imports, Jobs, and the Safeguard Process

Press conference participants noted that data on which the safeguard filings are based simply confirms long established trends such as:

- In the first five months of the year, all U.S. textile and apparel imports from China increased by 46 percent by volume.
- Year to date (January to July) in 2005, China has 32.5 percent U.S. import market share by volume, the highest share held by a single country in modern U.S. history. China's share of the U.S. import market by volume for the same time period in 2004 was 24.1 percent.
- Since January 2001, U.S. textile and apparel employment has fallen from 1,047,200 to 651,900 as of August 2005. The loss of 395,300 jobs represents 37.7 percent of the January 2001 workforce.

Textile safeguard petitions are filed with the Committee for the Implementation of Textile Agreements (CITA). CITA is a five-member interagency group comprising of representatives from the U.S. Departments of Commerce, State, Labor and Treasury as well as the Office of the U.S. Trade Representative. At least three agencies must vote to approve any safeguard petition.

Once a safeguard petition is filed, CITA has up to 15 working days to accept or reject the petition on its technical merits. If the petition is accepted, a 30-day public comment then commences, followed by a 60-day CITA decision-making window.

If CITA approves a safeguard petition, by terms of its WTO accession agreement with the United States, a consultation period then begins. If no agreement is reached between the parties, the United States can limit Chinese exports in the safeguard categories to 7.5 percent growth.

Safeguards imposed between January 1 and September 30 last through the end of the calendar, while safeguards imposed between October 1 and December 31 last for twelve months from the date of their imposition. The U.S. government's authority to impose safeguards on China is contained in Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization.

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