

September 11th, 2008

The Honorable Charles Rangel
Chairman, Ways and Means Committee

The Honorable Charles McCreary
Ranking Member, Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman and Mr. McCreary:

As representatives of textile and apparel groups from seventeen developed, developing and least developed countries, we are asking that you help to ensure that China does not devastate and overrun our vital textile and apparel export markets when the current safeguards expire on January 1st, 2009. Specifically, we are asking you to support the maintenance and extension of the Textile Monitoring Program (TMP), currently in place for Vietnam, to China on January 1, 2009.

The extension of the TMP to China will allow the U.S. government to move quickly if China attempts to repeat the outrageous behavior that occurred three years ago. During that time, between January and May 2005, quotas were briefly removed and Chinese prices dropped 40 percent and its apparel exports to the U.S. increased by more than 600 percent. The Chinese surge was only curtailed because the Administration imposed the current safeguards.

As in 2005, the stakes at risk are enormous for textile export sectors in Africa, Central America, the Middle East, the Andean region and Mexico. The current safeguards have preserved \$37 billion worth of trade in the exports of shirts, trouser, underwear and other products that our sectors depend upon. The current safeguards have helped to keep China's share to 16 percent and thus have helped to keep intact over one million jobs in our countries.

In non-safeguard areas, the story is much different. China's market share in apparel products where quotas have permanently been removed has risen from 13 percent to nearly 60 percent in only a few years time. As a result, our sectors have lost billions of dollars in business to China and its unfair trade practices.

With the safeguards expiration quickly approaching, we are deeply concerned that China will again seek to drive our sectors out of business. Our concerns have increased because China has increased both the range and scope of subsidies it offers to its textile industry¹. According to public reports, China currently offers its textile industry at least 63 different subsidies. Within the last several months, China has acted to hike its export tax rebate while announcing plans to

¹ Since the safeguards were put into place, China added new textile subsidies for marketing, promotion, branding and advanced technology investment as part of its Eleventh Five Year Plan for the Textile Sector. China has subsidized its textile industry for more than half a century.

increase other subsidies to spur export sales. These actions have occurred while Chinese exports in newly quota free apparel categories in the EU are already surging. Since EU apparel quotas were removed on January 1st, Chinese exports have increased by 34 percent and prices in some safeguard categories have dropped as much as 44 percent.

By supporting the extension of the TMP to China, you will help ensure that China will not surge into the U.S. market with illegally low dumped goods and put more than one million jobs in our sectors at risk. Thank you for your consideration of this important issue.

Sincerely,

Colombia

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President
ASCOLTEX
Bogotá, Colombia

Ivan Amaya
President
Federacion Textile Andina
Bogotá, Colombia

The Dominican Republic

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El Salvador

Ingric Burgos
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Ecuador

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