



Currency Legislation Urgent as Trade Deficit with China Soars in 2007

More U.S. Textile Jobs at Risk as China's Cheating Continues

Washington, D.C. – NCTO called on Congress to quickly pass currency legislation as the latest government data showed the textile and apparel trade deficit with China soaring in 2007, increasing by 20 percent and hitting a record of \$31.8 billion.

At the same time, China's rampant unfair trade practices, particularly its currency manipulation, caused the loss of thousands of additional U.S. textile and apparel jobs in 2007. While China's exports increased by 19 percent last year, up \$5.3 billion, U.S. textile and apparel employment declined at a similar rate and totaled 53,000, a decline of 9 percent.

"Congress must quickly pass currency legislation and give our companies and their workers the ability to defend themselves against China's predatory trade practices," said Cass Johnson, President of NCTO. "When foreign governments play dirty to gain a competitive advantage, our government should respond and at the very least provide U.S. companies with adequate tools to defend themselves. Congress needs to pass strong currency legislation now and give manufacturing workers in this country a fighting chance."

Johnson also noted that increasing economic uncertainty should also prompt Congressional action: "With our domestic economy stagnating and job losses increasing, this legislation could not come at a better time. It will help revive domestic production, help reduce our trade deficit and help ensure that good paying middle-class jobs stay in this country."

Johnson explained that the situation is particularly urgent for the textile industry because the last remaining quotas on China are due to be removed at the end of this year. "We should not risk the loss of another major manufacturing sector because of continuing Congressional inaction."

Since quotas have been progressively removed on China's exports, China has gained a dominant share in the US textile and apparel market. In the last five years, China's exports have increased by 370 percent and China's market share has increased from 12 percent to 34 percent. In apparel

categories where China's quotas have been permanently removed, China now has a 60 percent market share.

CHINESE TEXTILE AND APPAREL TRADE and U.S. EMPLOYMENT, 2006-2007

	2006	2007	Change	% Change
Textile and apparel trade deficit with China (bil)	\$26.6	\$31.8	\$5.2	19.6%
Chinese textile and apparel exports (bil)	\$27.1	\$32.3	\$5.6	19.4%
U.S. textile and apparel employment (000)	594.1	541.3	52.8	-8.9%

FIVE YEAR TRENDS:

	2002	2007	Change	% Change
Textile and apparel trade deficit with China (\$bil)	\$8.5	\$31.8	\$23.3	274%
Chinese textile and apparel exports (\$ bil)	\$8.7	\$32.3	\$23.6	260%
U.S. textile and apparel employment (000)	845	541	303	-39%

Sources: BLS, Department of Commerce.

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