

September 11<sup>th</sup>, 2008

The Honorable Max Baucus  
Chairman, Senate Finance Committee

The Honorable Charles Grassley  
Ranking Member, Senate Finance Committee  
United States Senate  
Washington, DC 20510

Dear Senator Baucus and Senator Grassley:

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 1<sup>st</sup>, 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 industry<sup>1</sup>. According to public reports, China currently offers its textile industry at least 63 different subsidies. Within

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<sup>1</sup> 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.

the last several months, China has acted to hike its export tax rebate while announcing plans to 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 1<sup>st</sup>, 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

Ivan Amaya Villegas  
President  
ASCOLTEX  
Bogotá, Colombia

Ivan Amaya  
President  
Federacion Textile Andina  
Bogotá, Colombia

The Dominican Republic

Jose Torres  
Executive Vice President  
ADOZONA  
Santo Domingo, the Dominican Republic

El Salvador

Ingric Burgos  
President  
CAMTEX  
San Salvador, El Salvador

Honduras

Daniel Facusse  
President  
Asociacion Hondurena de Maquiladores  
San Pedro Sula, Honduras

Costa Rica

Rodolfo Molina  
President  
Costa Rica Textile Chamber  
San Jose, Costa Rica

Ecuador

Javier Diaz  
Executive President  
Ecuadorian Textile Manufacturers Association  
(AITE)  
Quito, Ecuador

Ethiopia

Endalkachew Sime  
Secretary General  
Ethiopian Textile & Garment Manufacturers'  
Association (ETGAMA)  
Addis Addaba, Ethiopia

Kenya

Betty Maina  
Chief Executive  
Kenya Association of Manufacturers  
Nairobi, Kenya

Lesotho

David Chen  
President  
Lesotho Textile Exporters Association  
Masuru, Lesotho

Mexico

Juan Antonio Reus  
Director General  
CANAINTEX  
Mexico City, Mexico

Nicaragua

Dean Garcia Foster  
Association Nicaraguense de la Industria Textil  
Y de Confeccion  
Managua, Nicaragua

Philippines

Maritess Jocson-Agoncillo  
Confederation of Garment Exporters of the  
Philippines  
Manila, the Philippines

United States

Cass Johnson  
President  
NCTO  
Washington, DC

Auggie Tantillo  
Executive Director  
AMTAC  
Washington, DC

Madagascar

Henri Jacky Radavidra  
Chairman  
Madagascar Export Processing Zone Assoc.  
Antananarivo, Madagascar

Mauritius

Lilowtee Rajmun  
Director  
Mauritius Export Association  
Port Louis, Mauritius

Peru

Martín Reaño Vera  
President  
Comité Textil - S.N.I.  
Lima, Peru

South Africa

Abisha Tembo  
President  
Textile Federation of South Africa  
Edenvale, South Africa

Jack Kipling  
Chairman  
Export Council for the Clothing Industry in  
South Africa  
Kenilworth, South Africa