



Textile News & Information

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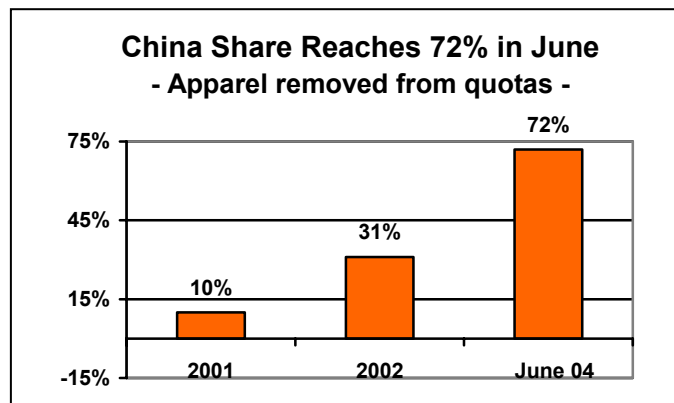
Updated Study Shows China Now Grabbing 72% of U.S. Apparel Market in Quota-Free Categories

New Analysis of Home Furnishings Products Show China Taking 70%

(Washington, DC) – An updated analysis by the National Council of Textile Organizations (NCTO) shows that, based on official U.S. government import data through June of this year, China has now captured an astonishing 72% of the market share in the 29 apparel categories that were removed from quota control in 2002.

NCTO President Cass Johnson said the update provided yet another clarion call that China will monopolize world trade in textiles and apparel if action is not taken: “This demonstrates yet again that China stands poised to put 650,000 US textile and apparel workers once quotas are removed. The danger is not only in apparel but in home furnishings as well, which this study shows China has now taken a 70 percent share. The US industry will soon act on this threat and file safeguard requests to the US industry.”

As noted in the chart below, China’s market share has soared from 10 percent in 2001 to 72 percent as of June, 2004. Further, based on the accelerated increase in market share during the 2nd quarter of 2004, it is now projected that China’s share of the U.S. market could hit 80 percent by the end of 2004. Earlier studies by NCTO had estimated that China would “only” reach 75 percent market share by the end of December, but China’s relentless import surge has caused that figure to be revised upward.



All of this confirms earlier analyses by NCTO that, once quotas are removed, China will quickly come to dominate textile and apparel trade in the United States and more than 650,000 textile and apparel jobs in the United States will be lost.

(cont.)

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The updated study also includes tracking for **home furnishings products** removed from quota control. Chinese share in those products increased from 5 percent to 70 percent during the past 30 months. Share held by Pakistan, Mexico, Thailand and Taiwan fell sharply.

NCTO's analysis of U.S. Department of Commerce import data also showed that China's shipments in the apparel categories removed from quota control on January 1, 2002 increased over the following 30 months by 1,009 percent. However, over the same period of time, the share of market held by another 50+ supplying countries has fallen from 90 percent to 28 percent as of June 2004.

These losing market share to China included major producers and U.S. allies such as Bangladesh, Mexico, the nations of the Caribbean, Turkey, the Philippines and Pakistan. Even India, which formerly was able to hold its own market share vis-à-vis China, lost 46 percent of its market share in the 2nd quarter of 2004. In all, 31 countries suffered between a 75 percent to 100 percent loss of market share, 40 countries suffered a 50 percent to 74 percent decline in market share and 17 others suffered a 25 percent to 49 percent loss of market share, all this coming as China's share increased from 10 percent to 72 percent.

Other key points from the NCTO study:

- The NCTO Study conclusions are confirmed by six other analyses or studies which all conclude that China will be the dominant player in textiles and apparel. These sources include the WTO, the ITC and the World Bank.
- Every major supplier except for India (which realized a slight increase over the past 28 months) has realized declines in actual shipments, which China's shipments increased 1.05 billion square meters. Experiencing the largest declines in actual shipments were Mexico, Thailand, Bangladesh, the Philippines and the nations of the Caribbean.
- It was noted that the preferential trading arrangements the U.S. has with Mexico and the Caribbean nations do not prevented those countries from losing share as quickly as other countries.
- China's prices in these decontrolled categories have declined an average of 53 percent after quotas were removed, falling from an average of \$6.23/square meter in 2001 to \$3.12/square meter as of YTD June 04. This 53 percent price free fall has given China an enormous and unfair advantage.

A copy of the updated NCTO study can be found by clicking [here](#).

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