

NCTO Cites Huge Chinese Price Gap from Currency Manipulation

- Chinese Apparel Prices 30 Percent Now Below Rest of the World -

- NCTO Calls on U.S. Government to Aggressively Attack Manipulation & Save U.S. Jobs -

(Washington DC) – The National Council of Textile Organizations (NCTO) released figures today showing that prices for Chinese apparel goods recently released from quota control are 30 percent lower than the same apparel goods made by dozens of other countries. These countries include Mexico and the nations of the Caribbean, which are the major export markets for U.S. yarns and fabrics.

This 30 percent price gap has enabled China to amass a 60 percent import market share in those products in just the last two years and to increase its exports by more than 700 percent. During the same period of time, the import market share held by China’s competitors declined sharply, from 91% to 40%. And according to year-to-date figures for 2004, China’s share is continuing to climb.

Cass Johnson, President of NCTO, said: “China’s artificially low prices are the result of an array of illegal and unfair trade practices which our government continues to be reluctant to attack. The worst of these practices is China’s manipulation of its currency. China’s currency manipulation so distorts the free market that literally no other country can compete today with China’s exports. Until our government becomes as aggressive on behalf of our workers as China is on behalf of its workers, no manufacturing job in this country is safe.”

Johnson also said, “Last year, the U.S. textile industry lost 50,000 jobs while exports from China, propped up by China’s undervalued currency, flooded the U.S. market. As a result, the trade deficit in textiles and apparel with China reached almost \$14 billion, accounting for 12 percent of the total U.S.-China trade deficit.”

NCTO was among the many manufacturing groups that were stunned at the U.S. government’s pre-emptive denial last week of a Section 301 case being prepared against Chinese currency manipulation by the Fair Currency Alliance. Johnson commented, “Labeling U.S. manufacturers as ‘economic isolationists’ because they have sought to use U.S. trade law to attack a practice that the President himself has said hurts U.S. workers calls into question the Administration’s commitment to attacking this serious problem. NCTO, along with other members of the Alliance, will carefully monitor Administration efforts over the next several months, before making a decision whether or not to file the petition.”

Imports of Apparel Products* (2001-2003)			
	China	Rest of World	
Average price per square meter	\$2.65	\$3.44	China’s currency-driven price gap = 30%
Change imports in square meters	1.03 billion	-323 million	China import market share: 60%
Change in imports in dollars	+ \$2.5 billion	- \$1.4 billion	

**29 apparel categories removed from quota control on January 1, 2002.*

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