
Textile and Apparel Imports from China Flood U.S. Market

Citing Actual Damage, Industry and Union Call on Government to Self-Initiate Safeguards

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WASHINGTON, DC – In January 2005, the first month following the expiration of quotas on textile and apparel products, imports from China in major apparel products doubled compared to January 2004 according to the U.S. Office of Textiles and Apparel. Some particularly sensitive products such as cotton trousers saw import increases of as much as 1,001 percent. The U.S. textile industry, fiber producing sector, and labor union UNITE HERE immediately called on the U.S. government to self-initiate the World Trade Organization (WTO) safeguard mechanism to limit the very real and severe damage being inflicted by China to the U.S. industry.

In the month of January, China took a 35 percent share of the U.S. import market for textiles and a 22 percent share for apparel. Total Chinese share of the U.S. import market was 29 percent, the highest share of any single country in history.

At the same time, textile and apparel job losses have accelerated sharply with over 12,000 jobs lost in the combined sector in January. At least 7 textile plants have already closed in the United States this year.

Because January import numbers contain a significant amount of goods shipped from China while China was still under quota, the January figures are considered only a portent of what is to come. Chinese Customs figures released earlier this week showed a 546% increase in exports of goods shipped from China in January. These goods will be reflected in February 2005 U.S. import statistics, which are scheduled for release in mid April. The industry is urging the Administration to release preliminary figures on February imports now.

Chinese prices in January dropped an average of 22 percent compared to prices one year ago, with the average Chinese price in January 2004 of 1.25 per square meter compared to \$1.61 per square meter in January 2004. Furthermore, imports from China in the apparel categories where the U.S. industry filed threat-based safeguard petitions were up dramatically. Overall, imports from China in those categories doubled in January, increasing from 45 millions square meters to 89 million square meters.

Man-Made Fiber = MMF

Category	January 05 Percent Increase over January 04
338 – Cotton shirts – Men's and Boys'	249.46%
339 – Cotton shirts – Women's and Girls'	522.68%
340 – Non-knit cotton shirts – Men's and Boys'	149.52%

347 – Cotton trousers – Men’s and Boys’	989.63%
348 – Cotton trousers – Women’s and Girls’	1081.29%
352 – Cotton underwear	71.59%
447 – Wool trousers – Men’s and Boys’	57.20%
620 – Other synthetic filament fabric	278.64%
638 – MMF shirts – Men’s and Boys’	27.69%
639 – MMF shirts – Women’s and Girls’	175.17%
640 – Non-knit MMF shirts – Men’s and Boys’	39.28%
647 – MMF trousers – Men’s and Boys’	165.42%
648 – MMF trousers – Women’s and Girls’	89.14%
649 – MMF brassieres	10.46%
652 – MMF underwear	210.38%

These official U.S. government figures confirm earlier indications of China’s massive move to take over global textile and apparel markets. In February the European Union released statistics demonstrating that China’s exports to the EU had grown dramatically, up 387% in vital product categories. In addition, official Chinese export data released earlier this month demonstrated that their exports in January to the U.S. have soared by an average of nearly 550% in critical categories. The increase was more than three times that rate in some of the most important overall categories. For example, in cotton knit shirts China reports that their exports to the U.S. are up by over 1,800%, and in cotton trousers their shipments have increased by more than 1,300% for January 2005 as compared to January 2004.

This rapid and unprecedented growth into the U.S. market by one supplier has prompted U.S. textile, fiber and labor leaders to call on the Administration to self-initiate the WTO sanctioned China textile safeguard immediately. The safeguard would allow China to continue to expand its exports to the U.S., but would limit growth to 7.5% above their shipments in the first 12 months of the most recent 14 months. Given these facts, self-initiation by the government is urgently needed. To date, the Committee for the Implementation of Textile Agreements (CITA) has not self-initiated any safeguards for any categories.

Karl Spilhaus, President of the National Textile Association noted that when, in the fall of 2004, NTA formally asked CITA to self-initiate cases, the response from the Chairman of CITA confirmed that current procedures allow CITA to self-initiate. However, CITA declined at that time to self-initiate, stating, in part, that industry has the option of filing threat-based cases. "Well, now the court has stopped consideration of our threat cases and threat has become reality," said Spilhaus, "given these import numbers CITA needs to act swiftly on the only effective option -- self-initiation."

Bruce Raynor, President of the labor union UNITE HERE agreed, "Quotas have expired, imports from China are soaring, and nearly 10,000 apparel and textile workers lost their jobs in the first 60 days of 2005. These job losses highlight the immediate need to implement the China safeguard. The U.S. government has the power to act and it must do so immediately." U.S. employment in the textile and apparel manufacturing sector has fallen from 1,047,200 in January 2001 to 673,400. The loss of 373,800 jobs represents 35.7 percent of the industry’s jobs.

"We now have Chinese data, U.S. data, European data - the evidence is irrefutable - it is now time for the government to act quickly and save our workers jobs", said Cass Johnson, President of the National Coalition of Textile Organizations (NCTO).

"This surge of imports from China is just the tip of the iceberg. If history is any indication, Chinese imports will continue to soar until they gain a virtual monopoly of the U.S. market. If the U.S. government fails to act immediately to implement the WTO safeguard, it will be an act of reckless disregard of the available evidence costing hundreds of thousands of U.S. jobs as a consequence", said American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo.

National Cotton Council Chairman Woods Eastland noted that January 2005 U.S. cotton mill use's seasonally adjusted annualized rate of 6.18 million bales was down from December 2004's and January 2004's comparable rates of 6.43 million and 6.46 million bales, respectively.

"The flood of Chinese shipments to the U.S. following the January 1 lifting of textile and apparel quotas comes as no surprise," Eastland said. "That surge is evidenced by China Customs data which shows that China shipped almost 26.7 million pairs of cotton trousers to the U.S., a 1,332 percent increase over January 2004. That's larger than total U.S. imports of cotton trousers from China for all of 2004."

Continued Eastland, "The use of safeguards is completely consistent with and a part of China's WTO accession agreement. These data clearly demonstrate the importance of having a system that allows for the early monitoring of U.S. trade data as well as a resolve by the U.S. government to make full and timely use of safeguard provisions."