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NCTO Applauds Bush Administration Decision to Self-Initiate Safeguards Against China

Washington, DC – Earlier today the Committee for the Implementation of Textile Agreements (CITA) announced that the U.S. government will self-initiate safeguard actions against China in six major product categories including trousers, knit shirts and underwear.

In response to the government's announcement, NCTO Chairman Allen Gant said, "This action by the Bush Administration represents a very significant step-forward for the U.S. textile industry. We are extremely grateful that the government has recognized the dangers that China's unfair trade practices pose to our workers. To our knowledge, this is the first time this Administration has self-initiated a safeguard action against China for any product. Our government's willingness to take this aggressive step against China sends a clear message that the United States will not stand by and allow China to steal U.S. textile and apparel jobs."

The industry anticipates that a final decision on these petitions could be reached in as little as five weeks and will be filing extensive comments in support of the government petitions. Assuming these petitions are approved, a request for consultations with the Chinese to limit the growth of imports to the United States in these categories could be made shortly thereafter. If a mutual agreement to limit imports cannot be reached, the U.S., under China's WTO accession agreement, may unilaterally limit imports from China to 7.5 percent above their shipments during the first 12 months of the most recent 14 months preceding the request for consultations.

Jim Chesnutt, NCTO Vice-Chairman, responded by saying, "NCTO would like to thank President Bush and the members of CITA for this action. We also want to thank our congressional supporters who have been diligent in pressing this issue with the Administration. The categories that the government acted upon today are the bread and butter of this industry and recent import data clearly demonstrates that China is specifically targeting them. If the U.S. industry is going to survive against a country that employs numerous illegal and unfair trade practices to gain market share, our government must aggressively utilize the legal remedies it has available to address these abuses. We look forward to the timely imposition of new quotas following the 30 day review period."

According to early monitoring data released by the Department of Commerce Office of Textiles and Apparel, imports of trousers from China are up by 1,521 percent in the first quarter of 2005 compared to 2004. Knit shirts are up by nearly 1,258 percent and underwear by 308 percent during this same period.

CATEGORY	QUANTITY (dozens)		
	Jan/Feb/Mar 2004	Jan/Feb/Mar 2005	Percent Change
Knit Shirts (Categories 338, 339)	518,481	7,040,276	1257.9%
Trousers (Categories 347, 348)	406,070	6,582,574	1521.0%
Underwear (Categories 352/652)	1,255,900	5,124,896	308.1%
Total	2,180,451	18,747,746	759.8%

The industry is also reviewing the just released data to determine which other textile and apparel categories China's imports are disrupting. Cass Johnson, President of NCTO, stated: "We will quickly file cases where the facts warrant such action. And we will be urging the government to quickly review these petitions and come to a speedy determination. As we have seen from the import data, with each passing day, China is building a higher and higher market share. We look forward to an expedited response by the government on any new industry petitions."

The early monitoring data released by the Office of Textiles and Apparel confirms what the industry has been predicting for months – that once quotas were removed on January 1, 2005, China would quickly move to gain U.S. market share. If left unchecked, NCTO anticipates that China will quickly gain more than 70 percent market share as it has already achieved in product categories removed from quota in 2002. If this happens, more than half a million U.S. textile, apparel and related jobs would be lost and almost 1,300 U.S. mills would close.