

**News Release**

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## **NCTO Applauds Bush Administration Decision to Impose Safeguards on China**

### **Fast Action Will Save Thousands of Textile Jobs**

Washington DC) NCTO hailed the decision today by the Bush Administration to return China to quota control on the product areas that represent more jobs in the domestic industry than any others, namely cotton trousers, cotton knit shirts and underwear.

Cass Johnson, President of NCTO, said:

“The fast action to re-impose quotas by the Bush Administration today has saved thousands of textile jobs in this country and we are extremely grateful. By expediting its decision-making process and moving quickly to impose safeguards, the U.S. government sent a strong message that it understands the real crisis that these enormous surges present to our workers.

The government acted faster today than it has ever acted before. Six weeks ago, for the first time ever, the government released comprehensive preliminary data on Chinese imports. Three days later, the government self-initiated investigations on the biggest categories affected by this surge. Today, less than one week after the official comment period on those investigations closed, the government has imposed new quotas on Chinese imports.

This fast action by the government saves U.S. jobs. Given the enormous surge from China – more than 1,500 percent in cotton trousers – China would have caused enormous U.S. job losses if the government had not made a quick decision. Based on current Chinese export trends, Chinese quotas could have been as much as 19 times their 2004 trade levels if the government had not moved quickly.

Throughout our meetings with the Administration and on Capitol Hill, NCTO has stressed that illegally subsidized textile and apparel imports from China pose the greatest single threat to the industry’s welfare. We look forward to continuing to work with government to meet this threat. We also look forward to decisions soon on the outstanding cases filed by the industry. “

<b>Imports from China Since Quotas were Lifted</b>				
	Jan-April 2004	Jan-April 2005	Increase	Chinese Price Dec

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Cotton Trousers	6.9 million	111 million	<b>1,519%</b>	<b>-55%</b>
Cotton Knit Shirts	8.1 million	117 million	<b>1,350%</b>	<b>-45%</b>
Underwear	19.5 million	91 million	<b>366%</b>	<b>-44%</b>

Source: US Dept. of Commerce

FACTS on the U.S. TEXTILE and APPAREL COMPLEX:

- The U.S. textile and apparel complex, including textile fibers and machinery, employs more than 950,000 workers in the United States.
- The U.S. textile industry, which employs 409,000 workers, has invested \$34 billion in new plants and technology during the past five years to prepare for the quota phase-out.
- Since quotas were lifted on China, 18 textile plants have closed and 16, 600 textile and jobs have been lost.

FACTS on CHINA:

- China dropped prices by average of 48 percent on the safeguard categories listed above since quotas were removed on January 1st. According to United Nations statistics, Chinese prices for major apparel products average 58 percent below average world prices ([www.ncto.org](http://www.ncto.org): 12/14/04 press release.).
- The Chinese government subsidizes its textile and apparel exports to the United States in a number of ways: currency manipulation; export tax rebates; forgiveness of loans by its government banks; direct payments to its state-owned textile and apparel industry, and subsidized utilities and shipping costs, among others.
- The Chinese textile and apparel sector has been declared a “pillar industry of the nation” and its expansion has been actively managed by the government according successive Five Year Plans.

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