



Textile News & Information

Contact: Cass Johnson, 202-822-8025
Missy Branson, 202-822-8026

January 29, 2007

New Vietnam Antidumping Commitment Key to Future Stability of U.S. Textile Industry

Long-term Threat from China and Vietnam Remain Top Industry Concerns

NCTO Supports Free Trade Agreements with Peru and Columbia – Model Agreements for U.S. Textile Industry

NCTO's Year-End Economic and Trade Review for the Textile Industry

In its year-end textile trade and economic review, the National Council of Textile Organizations (NCTO) cited the implementation of an apparel import monitoring program for Vietnam and the passage of expanded trade preferences for Haiti as two of the most important events affecting the United States textile industry in 2006. Other important factors were the rolling implementation of the DR-CAFTA agreement and the conclusion of free trade agreements with Peru, Columbia and Panama.

NCTO Chairman Smyth McKissick commented,

“There is never a dull moment in the U.S. textile industry and 2006 was no exception. From policy to politics, the year was filled with enormous challenges that resulted in unprecedented opportunities.

During 2006, the industry experienced significant changes on the trade policy front. From the implementation of the U.S.-China textile bilateral agreement and the DR-CAFTA agreement, to Vietnam's accession to the WTO, to new trade preferences for Haiti, and the signing of free trade agreements with Peru, Columbia and Panama, the only constant was change.

Of course, NCTO's success and the results that we have been able to achieve are the direct effect of the relationships that we have built with members of Congress and the Administration. It is only through partnership with these elected officials and public servants that significant results have been achieved for our industry.

Earlier this year, NCTO launched its “Hill to the Mill” campaign which brought elected officials and public servants into textile manufacturing facilities to educate these policy makers about our industry and its significance to the nation and the states and communities where we reside. As a result of this campaign, more than three dozen visits to U.S. plants were conducted and U.S. policy makers

saw a 21st-century, highly innovative industry that is capable of competing against anyone in the world as long as the rules of trade are applied equitably and fairly.

Thanks in part to this reinvigorated partnership and educational effort by NCTO, the three new free trade agreements concluded this year – Peru, Columbia and Panama – are the tightest free trade agreements ever negotiated for textiles and apparel.

Thanks also to the leadership of Senators Elizabeth Dole (R-NC) and Lindsey Graham (R-SC), the U.S. industry is no longer completely defenseless against imports of subsidized apparel from Vietnam. Senators Dole and Graham should be congratulated for their success in securing a new program by which the U.S. government will self-initiate dumping cases against Vietnam for textile and apparel products.

This is the first time in more than 20 years that the government has moved aggressively on dumping on behalf of a specific sector. And in a post quota world, this system represents a new and fresh approach to addressing the problem of dumped and subsidized apparel imports from countries that refuse to act responsibly and live by their commitments.

As we look ahead, the challenges confronting our industry will grow. With the expiration of the China safeguards in 2008, the implementation of a new trade preference program for Haiti and the push to conclude a Doha Round global trade agreement, our future challenges will be no less daunting than the ones we have confronted in the past.

Over the next year, NCTO is positioned to take advantage of significant opportunities as well. With a host of new “fair trade” voices in the 110th Congress, Chinese currency manipulation is going to be a major issue and NCTO, a founding member of the China Currency Coalition, will be diligently working with other sectors to see that a strong China bill is enacted. NCTO looks forward to working with the new Congress on fair trade proposals that ensure the future viability of the U.S. textile manufacturing sector.

Review of 2006 Textile Industry Economic and Trade Statistics

In 2006, textile shipments fell slightly (down two percent) while exports rose (up 2 percent) as the US textile industry continued to adjust to a more competitive worldwide environment following the removal of quotas in 2005. In particular, yarn, thread and fabric mills, which make components for apparel production, saw their shipments fall by nearly seven percent. Overall textile employment fell sharply as well, declining by almost seven percent with the loss of 35,000 textile jobs. Textile profits, while up over 2005 ratios, were still far below the overall manufacturing sector. Textile capital investment matched 2005 levels at \$1.3 billion.

On the export side, the textile sector remained the third largest exporter in the world with \$16.8 billion in sales.

TEXTILE INDUSTRY BENCHMARKS 2005-2006

National Council of Textile Organizations

	2005	2006	% CHANGE
SHIPMENTS (Billion, YE November)			
Total Textiles	\$70.2	\$68.6	-2.3%
-Textile Mills (NAICS 313)	\$36.5	\$34.2	-6.7%
-Textile Products (NAICS 314)	\$33.7	\$34.4	2.9%
CORPORATE SALES (NAICS 313 & 314)			
(Billion) (YE September 06)	\$49.2	\$48.8	-1%
PROFITS AFTER TAXES (NAICS 313 & 314)			
(Billion) (YE September 06)	\$1.41	\$1.54	9.2%
EARNINGS ON SALES			
(Percent) (YE September 06)			
Textiles (NAICS 313 & 314)	2.9%	3.2%	-----
All Manufacturing	7.5%	7.7%	-----
EMPLOYMENT (Year End) (Seasonally Adjusted)			
Textiles (NAICS 313 & 314)	390,600	365,600	-6.8%
Apparel (NAICS 315)	260,300	247,600	-5.1%
All Manufacturing	14,234,000	14,216,000	0.0%
HOURLY EARNINGS (NAICS 313) (Annual Average \$) (Not Seasonally Adjusted)			
	12.4	12.5	1.4%
WEEKLY EARNINGS (NAICS 313) (Annual Average \$) (Not Seasonally Adjusted)			
	\$498.47	\$510.00	2.3%
PRODUCER PRICE INDEX (YE November)			
Textiles (NAICS 313) (1982=100)	103.3	106.5	3.0%
Apparel (NAICS 315) (2003=100)	100.1	100.4	0.0%
All Commodities (1982=100)	156.3	164.5	5.0%
CAPITAL EXPENDITURES (2004/2005)			
Total Textiles	\$1,334	\$1,323	(0.1%)
- Textile Mills (NAICS 313)	\$888	\$853	(4.1%)
- Textile Product Mills (NAICS 314)	\$446	\$470	5.0%
TOTAL TEXTILE & APPAREL IMPORTS			
(YE November in billions of square meter equivalents)	50.7	52.1	9.2%
Textiles Only (YE November in billions of square meter equivalents)	28.7	29.7	3.4%

TEXTILE & APPAREL IMPORTS FROM CHINA:

(YE November in billions of square meter equivalents)	16.5	18.3	11.0%
Textiles Only (YE November in billions of square meter equivalents)	10.7	12.0	12.1%

TOTAL TEXTILE & APPAREL EXPORTS

(YE November) (Billion \$)	\$16.5	\$16.8	1.8%
Textiles Only (YE November) (Billion \$)	\$12.1	\$12.4	2.1%

TEXTILE & APPAREL TRADE BALANCE WITH WORLD

(YTD November) (Million \$)	(\$73,451)	(\$76,659)	4.4%
-----------------------------	------------	------------	------

TEXTILE & APPAREL TRADE BALANCE WITH CHINA

(YTD November) (Million \$)	(\$23,779)	(\$27,142)	14.1%
-----------------------------	------------	------------	-------

#