



## **Threat-Based Special Textile China Safeguard Petition Filings Announced**

### **Coalition of Textile, Apparel, Fiber Production, and Labor Interests Calls for Timely Approval by U.S. Government**

October 12, 2004

WASHINGTON, DC – A coalition of six U.S. apparel, textile, and fiber producing trade associations and the labor union UNITE HERE! supporting the implementation of threat-based special textile China safeguards announced that a safeguard petition covering categories 347 and 348 had been filed on Friday, October 8. The coalition also announced that 9 additional petitions covering 13 more categories were expected to be filed in the coming days.

The ten threat-based safeguard petitions cover 15 of the 91 product categories on which U.S. quotas will expire on January 1, 2005.

The categories and product descriptions are listed below:

Category #'s	Product Description
1. 347/348	Men's and boys' and women's and girls' cotton trousers
2. 647/648	Men's and boys' and women's and girls' man-made fiber trousers
3. 447	Wool trousers
4. 338/339	Men's and boys' and women's and girls' cotton knit shirts
5. 638/639	Men's and boys' and women's and girls' man-made fiber knit shirts
6. 340/640	Non-knit cotton and man-made fiber shirts
7. 352/652	Cotton and man-made fiber underwear
8. 361	Cotton sheets
9. 620	Synthetic filament fabric
10. 301	Cotton yarn

The coalition also stated that a further three petitions were expected to be filed. The petitions would request an extension of the safeguards placed by the U.S. government on December 24, 2003 on the five categories listed below:

1. 350/650 Cotton and man-made fiber dressing gowns and robes

2. 349/649 Cotton and man-made fiber brassieres
3. 222 Knit fabric

In addition, the coalition supporting the thirteen petitions discussed today is actively examining the possibility of filing additional threat-based petitions covering other categories as the merits of the facts allow.

The petitions announced on October 12 cover roughly \$1.96 billion in U.S. textile and clothing imports. This accounts for 13.8 percent of the \$14.21 billion in Chinese imports and 2.5 percent of the \$77 billion in imports from the entire world (including China) in 2003. In terms of the \$151 billion in U.S. imports of all goods from China in 2003, these petitions affect only about 1.3 percent of that trade.

Organizations supporting the petitions discussed in this press release include:

American Manufacturing Trade Action Coalition (AMTAC)  
National Council of Textile Organizations (NCTO)  
National Textile Association (NTA)  
SEAMS (The National Association for the Sewn Products Industry)  
National Cotton Council (NCC)  
American Fiber Manufacturers Association (AFMA)  
UNITE HERE!

The petitions were filed with the Committee for the Implementation of Textile Agreements (CITA). CITA is a five-member interagency group comprised of representatives from the U.S. Departments of Commerce, State, Labor and Treasury as well as the Office of the U.S. Trade Representative. At least three agencies must vote to approve any safeguard petition.

Once a safeguard petition is filed, CITA has 15 working days to accept or reject the petition on its technical merits. If the petition is accepted, a 30-day public comment then commences, followed by a 60-day CITA decision-making window.

If CITA approves a safeguard petition, by terms of its WTO accession agreement with the United States, a consultation period then begins. If no agreement is reached between the parties, the United States can limit Chinese exports in the safeguard categories to 7.5 percent growth.

“Quotas on all textile and clothing products are scheduled to expire on January 1, 2005. In the apparel and home textile categories released from quota in January 2002, China exploded from less than 10 percent market share in 2001 to more than 70 percent market share as of June 2004. Absent the implementation of safeguards, China will capture similar market share post-2005 and destroy the textile and apparel manufacturing complex, one of the largest employment sectors in the United States,” said Cass Johnson, President of NCTO.

“China’s export surge in categories released from quota in 2002 is directly attributable to the illegal and unfair subsidies given to their producers in an effort to drive all other competitors out of the market. These subsidies include illegal currency manipulation, non-performing loans, state-owned enterprises, reduced or free utilities, shipping, and property taxes, free land and factories, and export tax rebates. No industry playing by free-market rules can compete with an industry

allowed to sell into a free-market but not play by free-market rules,” remarked Karl Spilhaus, President of NTA.

“In recent years, the financial condition of our domestic sewn products industry, including manufacturers of trousers and other apparel articles has worsened, with recent declines in virtually every measure of financial health, including declines in sales, volume, production, employment, and capacity utilization. We believe this decline will rapidly accelerate if the U.S. government does not approve the China safeguard petitions discussed today,” stated Sarah Friedman, Executive Director of SEAMS.

“The coalition members participating in the safeguard filings extensively researched new investment in China to expand textile and apparel manufacturing capacity, Chinese production and export trends, and Chinese productive capacity. We also explored China’s unfair trading practices and their export performance. Finally, we scrutinized independent studies on how the expiration of quotas on textile and apparel products will affect the U.S. market. The evidence collected leads to the conclusion that Chinese exports in the categories covered by the petitions will surge into the United States in 2005 and cause irreparable damage,” commented Auggie Tantillo, Executive Director of AMTAC.

“Nearly 700,000 textile and apparel manufacturing workers are counting on the U.S. government to approve the petitions discussed today. Without decisive action by the U.S. government, the 350,500 jobs lost since January 2001 will pale in comparison to the jobs that will be lost in 2005 and beyond,” stressed Edgar Romney, Executive Vice-President of UNITE HERE!.

Endorsing the petition on cotton trousers filed on Friday, Mark Lange, President of NCC, explained, “The U.S. currently manufactures about 45 million dozen cotton trousers annually. The US imports 63 million dozen from NAFTA and the CBI, mostly made with U.S. components. Any surge of Chinese exports will come at the direct expense of U.S. manufacturers and hemispheric partners using U.S. components. This will hurt the entire U.S. cotton industry.”

“The special textile China safeguards contained in China’s accession agreement to the WTO give the U.S. government the right to invoke safeguards if the U.S. market is threatened with disruption that will impede the orderly development of trade. Every independent study predicts that China will surge into the U.S. market in 2005. Our customers are simply asking the U.S. government to act within the rights granted to it by China’s accession agreement to the WTO,” said Paul O’Day, President of AFMA.

“Not only is the U.S. textile and clothing market threatened with disruption, but a Chinese surge into the U.S. and European markets will destabilize the economies of key allies in the war on terrorism, including Morocco, Tunisia, Turkey, Jordan, Egypt, Pakistan, Sri Lanka, Bangladesh, Thailand, Malaysia, Indonesia, and the Philippines,” concluded Auggie Tantillo, Executive Director of AMTAC.

The United States imported more than \$77 billion worth of textile and clothing products under the MFA in 2003. Of that total, more than \$61 billion of those imports were in categories where quotas are scheduled to expire in 2005.

Approximately 33.5 percent of U.S. textile and apparel manufacturing jobs (350,500) have been lost since January 2001. 695,800 U.S. textile and apparel manufacturing jobs still remain.

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