



## U.S. Industry Files New Petitions to Limit Textile and Clothing Imports from China

For Immediate Release

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WASHINGTON, DC – After 31 U.S. textile plant closures in 2005 and China’s failure to agree to a reasonable comprehensive textile deal with the United States after four rounds of bilateral consultations, U.S. textile industry and labor union officials announced that they had filed four (4) new safeguard petitions covering five (5) categories on Wednesday, September 21.

A fifth round of bilateral consultations between the United States and China is scheduled for September 26 and 27.

The new petitions cover the following products:

Safeguard Category/Description	2005 China Increase Year-to-Date (YTD) Jan. to July	% Change	YTD China Share of U.S. Import Market	
			7/2004	7/2005
<u>Apparel</u>				
443 – wool suits	+ 680,075 suits	+ 890 %	2 %	16 %
634/635 – mmf* coats	+ 44 million coats	+ 563 %	7 %	36 %
<u>Textiles</u>				
226 – cheesecloth	+ 14 million square meters	+ 263 %	16 %	47 %
619 – polyester filament fabric	+ 31 million square meters	+ 1034 %	2 %	17 %

\* mmf = man-made fiber

# All U.S. textile and apparel import data statistics were obtained from U.S. Office of Textiles and Apparel on September 20, 2005.

### Facts on New Safeguard Filings

The combined value of total U.S. imports for the five categories covered by the September 22 announcement for year-to-date 2005 is \$1.78 billion, with imports from China accounting for \$487 million of that total.

The value of the Chinese imports covered by the petitions amounts to less than 4 percent of the \$13.1 billion in textile and apparel imports from China and less than 1 percent of the \$50.6 billion in imports from the world (including China) in 2005.

In terms of the \$130 billion in total U.S. imports of all goods from China in 2005, these petitions affect only 0.4 percent of that trade.

## **Trade Association/Labor Union Comments**

American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo said, “Just as we promised last week, these new filings demonstrate that the U.S. industry aggressively will utilize the WTO safeguard process to the fullest degree possible.”

“The U.S. textile industry will keep filing safeguard petitions until all categories of interest to us are covered or the Chinese agree to a reasonable comprehensive agreement. So far, China has not been serious about negotiating a deal. Regardless of whether a comprehensive agreement with China is reached, we intend to take all steps necessary to ensure that China’s ability to disrupt the market is curtailed,” Tantillo continued.

“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. The U.S. textile industry is simply asking the U.S. government to act within the rights granted to it by China’s accession agreement to the WTO,” observed Karl Spilhaus, President of the National Textile Association.

“It is critical that the U.S. government approve these and all other outstanding safeguard cases in a timely manner to slow China’s surge into the U.S. market,” Spilhaus added.

UNITE HERE President Bruce Raynor stressed, “Nearly three million men’s and boys’ wool suits were produced last year in the United States. This crucial and historic industry which provides good jobs for thousands of Americans in New York, Illinois, and Ohio and other states further will be decimated without approval of this safeguard petition.”

Raynor went on to say, “Since quotas have expired on January 1, 2005, 128 apparel and textile workers have lost their jobs every single day. The crisis is now. If safeguards aren’t implemented, more plants will close and thousands of workers will be without jobs.”

“The U.S. textile industry appreciates the Bush Administration’s approval of nine safeguard cases in 2005 and its efforts to negotiate a reasonable comprehensive textile agreement with China. We believe these new safeguard cases are as strong as those cases previously approved,” said Cass Johnson, President of the National Council of Textile Organizations.

“China’s export surge in these categories released from quota on January 1, 2005 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,” Johnson remarked.

## **Quick Facts on Imports, Jobs, and the Safeguard Process**

Press conference participants noted that data on which the safeguard filings are based simply confirms long established trends such as:

- In the first five months of the year, all U.S. textile and apparel imports from China increased by 46 percent by volume. At the same time, 31 textile plants in the United States have closed, the third largest number of closings in the industry's history.
- Year to date (January to July) in 2005, China has 32.5 percent U.S. import market share by volume, the highest share held by a single country in modern U.S. history. China's share of the U.S. import market by volume for the same time period in 2004 was 24.1 percent.
- Since January 2001, U.S. textile and apparel employment has fallen from 1,047,200 to 651,900 as of August 2005. The loss of 395,300 jobs represents 37.7 percent of the January 2001 workforce.

Textile safeguard petitions are filed with the Committee for the Implementation of Textile Agreements (CITA). CITA is a five-member interagency group comprising 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 up to 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.

Safeguards imposed between January 1 and September 30 last through the end of the calendar, while safeguards imposed between October 1 and December 31 last for twelve months from the date of their imposition. The U.S. government's authority to impose safeguards on China is contained in Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization.

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