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PRESS STATEMENT

U.S. Textile Mill Output Suffers Record Fall in 2007

Flood of Subsidized Imports, Especially from China, Crippling U.S. Industry

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WASHINGTON, DC -- Data released by the U.S. Federal Reserve yesterday showed that U.S. Textile Mill¹ output fell sharply by 12.1 percent in 2007. The drop in output was the largest since the U.S. government began publishing output data on the topic in 1972. From its peak in December 1997, U.S. Textile Mill output has plunged 44.85 percent.

Output in other sectors of the industry declined too, with U.S. Textile Product Mill output falling 4.9 percent and U.S. Apparel output falling 2.5 percent in 2007. From its peak in April 2000, U.S. Textile Product Mill output is down 17.71 percent. U.S. Apparel output has fallen 59.8 percent since December 1994.

"A flood of subsidized imports, especially those from China, is crippling the U.S. textile industry. The decline in U.S. output directly is tied to the loss of market share, and the loss of market share then directly is tied to the loss of hundreds of thousands of U.S. textile and apparel manufacturing jobs," said American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo.

In contrast to the apparel assembly sector where labor represents a substantial portion of a product's cost, textile production is just the opposite. It is heavily automated, capital intensive, and engineering driven. That is why subsidy schemes and illegal trade practices are the main reasons why China and other predatory exporters are able to take away market share away from highly efficient and productive U.S. textile producers.

"While tax cuts and education are important, it also is critical to the health of the U.S. textile industry for the U.S. government to counter the aggressive subsidy schemes and illegal trade practices of China and other predatory exporters," Tantillo continued.

"Without specifically addressing the \$428 billion annually disadvantage to U.S. producers and service providers caused by foreign value-added (VAT) taxes and rampant currency manipulation by China, among other problems, the playing field for U.S. manufacturers cannot be leveled," Tantillo stated.

To combat the VAT inequity, AMTAC encourages swift passage of H.R. 2600, the Border Tax Equity Act, introduced by U.S. Congressmen Bill Pascrell (D-NJ), Duncan Hunter (R-CA), Mike

Michaud (D-ME), and Walter Jones (R-NC). This legislation would eliminate the estimated \$428 billion disadvantage to U.S. producers and service providers caused by the imposition and rebating of foreign value-added (VAT) taxes.

To stop currency manipulation, AMTAC supports immediate passage of H.R. 2942, the Fair Currency Act of 2007, introduced by U.S. Congressmen Tim Ryan (D-OH) and Duncan Hunter (R-CA). This bill would discourage currency manipulation by China and other countries by giving injured parties the right to seek a remedy under U.S. countervailing duty (CVD) law.

For the 12-month period ending in November 2007, U.S. textile and apparel imports by volume totaled 53.15 billion square meters equivalent (SME), up from 32.81 billion SME in 2001 according to the U.S. Commerce Department's Office of Textiles and Apparel (OTEXA). The 20.34 billion SME increase represents a 62 percent increase in U.S. imports.

For the 12-month period ending in November 2007, U.S. textile and apparel imports by volume from China totaled 21.38 billion SME, up from 2.21 billion SME in 2001 according to OTEXA. The 19.17 billion SME increase represents an 867 percent increase in U.S. imports from that country. All told, China has accounted for 94 percent of the increase in U.S. textile and apparel imports since 2001.

Since China joined the World Trade Organization in December 2001, employment in the U.S. textile and apparel sector has fallen from 886,900 to 522,800 -- loss of 364,100 jobs and a decline of 41 percent. According to data from the U.S. Bureau of Labor Statistics, states among the hardest hit include:

Alabama -- 25,372 textile and apparel manufacturing job losses -- a decline of 50 percent.
California -- 26,816 textile and apparel manufacturing job losses -- a decline of 21 percent.
Georgia -- 25,458 textile and apparel manufacturing job losses -- a decline of 27 percent.
New York -- 28,546 textile and apparel manufacturing job losses -- a decline of 45 percent.
North Carolina -- 67,314 textile and apparel manufacturing job losses -- a decline of 49 percent.
South Carolina -- 37,373 textile and apparel manufacturing job losses -- a decline of 57 percent.
Virginia -- 13,194 textile and apparel manufacturing job losses -- a decline of 51 percent.

U.S. output data and national employment statistics attached and used in this release were compiled from U.S. government sources and analyzed by Charles W. McMillion, President and Chief Economist of MBG Information Services.

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ⁱ Textile mills (NAICS 313)—Textile mills include establishments that transform a basic fiber (like wool, cotton or polyester) into a product, such as yarn or fabric. They may further fabricate the textiles into non-apparel products.

Textile product mills (NAICS 314)—Establishments within textile product mills make non-apparel products from purchased fabric, such as curtains, sheets, towels, and canvas products. Carpet and rug manufacturers are also found within textile product mills.

Apparel (NAICS 315)—Apparel manufacturers are either “cut and sew” establishments (they purchase fabric and perform cutting and sewing activities to make a garment), or they knit fabric and then cut and sew the fabric into a garment.

See: www.doleta.gov/whatsnew/new_releases/textile_apparel_report.pdf