

AMTAC

American Manufacturing Trade Action Coalition

910 16th ST NW STE 410
Washington, DC 20006

www.amtacdc.org
amtac@amtacdc.org

Telephone (202) 452-0866
Facsimile (202) 452-0739

Effects of Chinese Imports on U.S. Companies

House Committee on Appropriations Subcommittee on Commerce, Justice, State, and Judiciary

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Room 2359, Rayburn House Office Building**

On behalf of the American Manufacturing Trade Action Coalition (AMTAC), I am pleased to have this opportunity to address this Congressional hearing on the effects of Chinese imports on U.S. Companies. Our purpose is to work in support of federal trade policies designed to stabilize the U.S. marketplace and thereby preserve the over 16 million domestic jobs supplied by U.S. manufacturers. AMTAC is a coalition of U.S. manufacturers from practically every region of the United States. The rapid increase of low-priced Chinese imports has had a dramatic adverse impact on these companies and their communities. AMTAC is therefore seeking the implementation of the China safeguards provisions contained in the U.S.-China WTO Accession Agreement.

There are two safeguard provisions in this WTO Accession Agreement, a general safeguard that applies to all imported products from China, and a special safeguard that applies only to textiles and apparel. The other witness on this panel will speak to the general safeguard provision, so I will confine my testimony to the special textile safeguard.

The textile safeguard was designed to protect U.S. textile manufacturers and workers from a rapid and disruptive increase of low-cost Chinese textile imports and was first negotiated as part of the Chinese/U.S. textile agreement in 1997. The China safeguard was reaffirmed as part of China's World Trade Organization (WTO) accession agreement in 2001.

Although this safeguard was first agreed to six years ago, it is now a year and a half after China actually joined the WTO. Finally, the U.S. government has just gotten around to merely publishing procedures to implement the safeguard. The U.S. domestic textile industry began asking early last year that this special textile safeguard mechanism be invoked against surges in several specific textile categories, but the answer has always been to wait until the procedures are published.

The inexcusable delay on the part of our government has already resulted in enormous damage to the U.S. textile industry and its workers. While China's exports to the U.S. grew by 117% last year, the U.S. textile and apparel industries continue to lose thousands of jobs. In fact, since January of 2001, our industry has lost 206,000 jobs nationwide.

The Executive Branch highlighted the textile safeguard as a key selling point in the China WTO accession debate. The U.S. textile industry was told that this safeguard would prevent China's ability to surge into the market and displace U.S. jobs. However, since China's admittance to the WTO, the Administration has done nothing to stem the massive surge of textile imports.

Since joining the WTO on January 1, 2002, the People's Republic of China has demonstrated their manufacturing might by producing the largest export surge in the history of the U.S. textile import program. Already the single largest exporter of textile and apparel products to the U.S., for 12 straight months China's textile and apparel imports have been increasing at an annual rate of over 100%. And still the Administration refuses to implement the special textile safeguard provisions that it has already negotiated with China. China's textile and apparel exports to the U.S. are now valued at close to \$10 billion for the latest 12-month period, with a volume of over 5.8 billion square meters.

Just take a look at one category of apparel imports from China, socks. Chinese exports of socks to the U.S. market went from 1 million dozen pair a year as of March of 2002, to 8.5 million dozen pair in March 2003, an increase of about 800% a year.

Clearly it is time for action. U.S. textile and apparel manufacturers don't need any more promises, commitments or hollow announcements about rules that should have been published last year. What the industry needs is results. When the U.S. government actually uses this safeguard to keep Chinese exports from totally undermining U.S. manufacturers of textiles and apparel -- that will be cause for celebration. With textile quotas to be eliminated in 2005 for WTO members, it is very significant that this special textile safeguard mechanism will be available to our domestic manufacturers allowing them to petition for textile quotas on China until 2008.

Hopefully, such action will come in time to save some of the 904,000 textile and apparel jobs that are left in this country.

Auggie D. Tantillo
Washington Coordinator