

# Congress of the United States

House of Representatives

Washington, D.C. 20515

July 15, 2008

## Help U.S. Textile Manufacturers

Dear Colleague,

We encourage you to cosign the attached letter to President Bush asking him increase trade enforcement towards China by extending the Textile Monitoring Program (TMP) to China, which is currently used for Vietnam. Extending the TMP to China will be an essential step in preventing a sudden loss of U.S. manufacturing jobs due to a surge of subsidized textile and apparel imports from China once the U.S.-China Textile Bilateral Agreement expires on January 1, 2009.

American manufacturing and its workers have been a cornerstone of our economic growth and prosperity. At the end of last year, however, U.S. manufacturing jobs dropped to less than 14 million, with more than 3 million good-paying manufacturing jobs being lost over the last five years. There are several reasons for this including increased energy, health care and transportation costs. But the greatest contributors to the loss of manufacturing jobs are unfair trade practices by countries such as China is the lack of effective trade enforcement by the United States.

One example of effective trade enforcement policy was the reaction of the U.S. government to the surge of Chinese textile and apparel imports in 2005. In 2005, when quotas were removed, textile and apparel products made in China surged into our market. Chinese suppliers used government subsidies to reduce their prices by an average of 40 percent. The domestic textile and apparel industry, as well as our preference partners such as the CAFTA, Middle East and African countries, were unable to compete with the resulting artificially low “China price.” Within a few months time, Chinese exports had increased by nearly 600 percent!

Fortunately, the U.S. government acted quickly to restrain the disruptive Chinese imports and imposed the safeguards that are in place today. These quotas, however, expire at the end of this year and cannot be renewed. And the U.S. textile industry has learned that China has created a whole new set of subsidies for its textile sector since the safeguards went into effect. So there is great concern that once again a disruptive surge of Chinese textile and apparel products will occur.

By extending the TMP program to China, the U.S. government can effectively track China’s import and pricing practices and be ready to react quickly if China once again threatens our domestic workforce, as well as those in many vulnerable and developing countries.

We encourage you to join with us in signing the attached letter to President Bush to prevent a surge of subsidized textile and apparel imports from China once the U.S.-China Textile Bilateral Agreement expires on January 1, 2009.

We have attached a copy of the letter for your review. If you would like additional information or would like to cosign this letter, please contact Kevin Lawson in Congressman Spratt's office at 202-225-5501 or Blair Beddow in Congressman Coble's office at 202-225-3065 by Thursday, July 31.

Sincerely,

Howard Coble

Member of Congress

John Spratt

Member of Congress

President George W. Bush  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear Mr. President:

We are writing to ask that you take a critical step necessary to strengthen enforcement of our trade laws regarding China and to prevent a sudden loss of U.S. manufacturing jobs. We are writing specifically in regards to a likely surge in imports of subsidized manufactured products from China once the U.S.-China Textile Bilateral Agreement expires on January 1, 2009.

The need for stronger enforcement of trade with China has never been more evident. From problems with lead and other toxic substances in children's toys to recent trade cases that have revealed dozens of illegal subsidies, China is the leading violator of U.S. trade laws. On July 10, Customs and Border Protection announced the seizure of 1,000 containers of Chinese apparel illegally shipped through 10 different countries. China's behavior has severe consequences for U.S. workers – the U.S. – China Economic and Security Review Commission estimates that China's unfair trade practices have resulted in the loss of 1.5 million U.S. manufacturing jobs.

On January 1, 2009, the remaining quotas on textile and apparel imports from China will expire, and we are asking you to increase enforcement efforts by extending the Textile Monitoring Program (TMP) currently in place with Vietnam to textile and apparel products from China.

Less than three years ago, when the current quotas on China were briefly lifted, Chinese manufacturers dropped prices by an average of 40 percent and China's apparel exports surged by nearly 600 percent. Only the quick re-imposition of quotas prevented massive job losses for U.S. textile and apparel manufacturing, an employment sector totaling more than 500,000 workers. The stakes are just as high today and also extend to hundreds of thousands of workers in Africa, Central America and the Middle East who depend on exporting to the U.S. market. All told, over one million workers are at risk if China attempts to once again monopolize the U.S. market due to the removal of quotas. And there is good reason to expect that China will do so – in apparel products where China has not faced safeguards or a monitoring system, China has taken 60 percent of the U.S. market by dramatically under pricing all competition .

The TMP was created to impede countries from using subsidies to subvert the marketplace. When Secretary Schwab and Commerce Secretary Gutierrez announced the TMP, they explained that “Vietnam may continue to offer prohibited subsidies to the state run textile and apparel industry, which could result in unfair competition in this sector.” Over the past year, the U.S. textile industry has identified 63 separate subsidy programs that the Chinese government gives to its textile sector. These programs include many new subsidies that China has created since the current safeguards were put in place.

As we have seen, the TMP can serve as a vital early warning system that allows the government to react quickly and decisively if dumping occurs, and we appreciate your commitment to monitoring prices from Vietnam through the remainder of the Administration. As importantly, the TMP can prevent

illegal trade from getting started. As experienced with Vietnam, the TMP program injected a level of discipline on textile and apparel pricing practices, and through monitoring, no dumping actions have been necessary. The same rationale applies even more urgently to China, whose vast support for its textile sector has now been thoroughly documented.

We urge you to take this simple enforcement step to ensure that we have a strong and effective trade enforcement program for our workers.