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September 29, 2008

Secretary Carlos Gutierrez
United States Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Ambassador Sue Schwab
Office of the United States Trade Representatives Office
600 17th St, NW
Washington, DC 20508

Dear Secretary Gutierrez and Ambassador Schwab:

As representatives of United States textile and manufacturing groups, we are asking that you help to ensure that China does not devastate and overrun our vital textile and apparel market when the current safeguards expire on January 1, 2009. Specifically, we are asking that the United States government maintain and extend the Textile Monitoring Program (TMP), currently in place for Vietnam, to China on January 1, 2009.

The extension of the TMP to China will allow the U.S. government to move quickly if China attempts to repeat the outrageous behavior that occurred three years ago. When quotas were briefly removed between January and May 2005, Chinese prices dropped 40 percent and its apparel exports to the U.S. increased by more than 600 percent. The Chinese surge was only curtailed because the Administration imposed the current safeguards.

As in 2005, the stakes are enormous for the U.S. textile and apparel industry and our preference partners in facing the expiration of safeguard quotas. The current safeguards have helped to keep China's share to 16 percent and thus have helped to keep intact over one million jobs in our countries.

In non-safeguard areas, the story is much different. China's market share in apparel products where quotas have permanently been removed has risen from 13 percent to nearly 60 percent in only a few years time. As a result, our sectors and those of our preference partners have lost billions of dollars in business to China and its unfair trade practices.

Our companies are extremely concerned that with expiration of safeguards quickly approaching, China will once again take this opportunity to illegally dump large quantities of artificially priced and heavily subsidized products into our market. These concerns are also shared among the U.S. textile sectors and its workers, as well as our preference partners in the CAFTA and African countries that rely on our domestic components.

As we have seen, China's continued employment of unfair trade practices, currency manipulation, violation of internationally recognized worker rights and heavily subsidized textile and apparel industries gives it a significant advantage in the global marketplace as compared to other countries. Our concerns have

increased because China has expanded both the range and scope of subsidies it offers to its textile industry.¹ Within the last several months, China has acted to hike its export tax rebate while announcing plans to increase other subsidies to further spur export sales. These actions have occurred while Chinese exports in newly quota-free apparel categories in the European Union are already surging. Since EU apparel quotas were removed on January 1, Chinese exports have increased by 34 percent and prices in some safeguard categories have dropped as much as 44 percent.

By extending the TMP to China, you will help ensure that China will not surge into the U.S. market with illegally dumped goods and put more than one million jobs at home and abroad at risk.

Thank you for your consideration of this important issue.

Sincerely,

National Council of Textile Organizations
American Manufacturing Trade Action Coalition
American Fiber Manufacturers Association
American Sheep Industry Association
Georgia Traditional Manufacturers Association
North Carolina Manufacturers Association
National Cotton Council of America
National Textile Association
South Carolina Manufacturers Alliance
U.S. Industrial Fabrics Institute
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¹ Since the safeguards were put into place, China has added new textile subsidies for marketing, promotion, branding and advanced technology investment as part of its Eleventh Five Year Plan for the Textile Sector. China has subsidized its textile industry for more than half a century.