



PRESS STATEMENT

Rangel Orders Monitoring of Textile and Apparel Imports from China

Industry Applauds Action – Could Lead to New Safeguards on China

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Washington, DC – The Chairman of the Committee on Ways and Means, U.S. Representative Charles Rangel of New York, formally requested the U.S. International Trade Commission (ITC) to initiate an investigation to monitor certain U.S. textile and apparel imports from China beginning in 2009. Chairman Rangel's request is designed to help prevent a repeat of the disruptive surge of Chinese textile and apparel exports to the United States following the discontinuation of quotas in January 2005. The Committee will use the data to evaluate whether the imposition of safeguards are appropriate once the remaining quotas are removed. The U.S.-China bilateral agreement limiting the growth of certain categories of U.S. textile and apparel imports from China expires at the end of 2008.

Chairman Rangel's request follows a September 26 letter to President George W. Bush signed by seventy-three (73) U.S. Representatives led by Textile Caucus Co-Chairs Howard Coble (R) of North Carolina and John Spratt (D) of South Carolina. That letter urged the Bush Administration to extend and expand the Textile Monitoring Program (TMP) to cover U.S. textile and apparel imports from China beginning on January 1, 2009. The TMP currently monitors U.S. apparel imports from Vietnam for illegal dumping. Ten textile and fiber industry trade associations and the labor union UNITE HERE followed the congressional letter with their own letter on September 29 to U.S. Secretary of Commerce Carlos Gutierrez and U.S. Trade Representative Susan Schwab making the same request.

The expiration of Chinese safeguards next year also has raised grave concerns among U.S. preference partners in the NAFTA, CAFTA, and African countries that rely on domestic components. To underscore this point, seventeen international textile and apparel organizations also sent letters to Secretary Gutierrez, Ambassador Schwab and the chairs and ranking members of the U.S. Senate Finance and the U.S. House Ways and Means Committees urging the extension and expansion of the TMP.

Bruce Raynor, the General President of the labor union UNITE HERE said, "I applaud Chairman Rangel for directing the ITC to monitor U.S. imports of apparel and textile products from China when current safeguards expire. When quotas ended in early 2005, and before safeguards were put in place, China's apparel and textile exports to the U.S. soared by over 1,000 percent for some products. The implementation of safeguards encouraged China to negotiate a bilateral agreement with the United States that saved the jobs both of thousands of U.S. workers and of hundreds of thousands of additional workers in other apparel and textile producing countries around the world. If exports from China soar when the current safeguards expire, any monitoring program should quickly be followed by a new permanent safeguard on apparel and textile products from China."

"We thank Chairman Rangel for his decisive action to monitor imports from China, and we appreciate the leadership he has shown to find real solutions to the unfair trade balance in our manufacturing sector. Today's action strengthens U.S. trade enforcement policy, especially when dealing with non-market economies that provide their

manufacturing sectors with massive financial incentives and WTO illegal subsidies," said Cass Johnson, President of the National Council of Textile Organizations. Earlier in the year, NCTO reported that China offered its textile industry 63 different subsidies.

"Textile manufacturers in the United States are the most competitive in the world, but they cannot compete indefinitely against producers from countries like China that both engage in predatory trade practices and benefit from illegal subsidies. By implementing this monitoring program, the Chairman Rangel is sending a clear message that his committee won't allow disruption to the U.S. market," said Ruth Stephens, Executive Director of the U.S. Industrial Fabrics Institute (USIFI).

"We're pleased that Chairman Rangel is taking the prudent step of monitoring imports of Chinese-origin textile products. Given Chinese history of subsidies and other illegal trade practices, it is just common-sense to at least monitor their trade so that the Ways and Means Committee can respond in a timely manner should disruptive activity be found," said Karl Spilhaus, President of the National Textile Association (NTA).

In light of the ongoing financial crisis and the recent \$700 billion rescue package for Wall Street, American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo said, "To boost the economy, it is just as important to help U.S. manufacturing sectors like textiles that are under siege from predatory imports from countries like China. Chairman Rangel's action to have the ITC monitor imports will help preserve America's 500,000 middle-class jobs in the textile and apparel sector."

National Cotton Council (NCC) President and CEO John Mark Lange said, "This monitoring program does not break new ground. As Chairman Rangel noted in his letter, the ITC has been asked on numerous occasions to generate reports for agricultural products such as the one being requested on textiles and apparel. We thank the Chairman for using the tools at his disposal to monitor the U.S. market for potential disruption."

American Sheep Industry Association (ASI) Executive Director Peter Orwick said, "As long-time suppliers to the U.S. textile industry, as we have seen before, damage to domestic manufacturers ultimately hurts U.S. wool producers. The monitoring arrangement announced by Chairman Rangel is a positive step."

Concerns about market disruption are not unwarranted. The expiration of quotas in World Trade Organization's (WTO) Agreement on Textiles and Clothing (ATC) in 2005 resulted in a 40 percent price drop on and a nearly 600 percent volume increase of U.S. textile and apparel imports from China, severely disrupting the U.S. market. This led the U.S. government to impose WTO-legal safeguards on numerous categories of U.S. textile and apparel imports from China. In turn, that action encouraged the United States and China to negotiate the bilateral that expires at year end. Within the last few months, China has announced four steps to increase subsidies to its textile sector and indicated additional actions are likely.

Under Section 332(g) of the Tariff Act of 1930, the Chairman of the Ways and Means Committee may request the ITC to initiate investigations and provide data to enable his committee to monitor imports and gather information on international trade related issues. This is important, because under Section 421(b) of the Trade Act of 1974, the Ways and Means Committee has the ability to initiate a safeguard investigation as provided under China's Protocol of Accession to the WTO to determine whether the U.S. market is being disrupted or being threatened with disruption. A Section 421(b) safeguard would allow the U.S. government to take steps to mitigate any disruption to the U.S. market, or threat thereof, by implementing quotas, tariffs, or a combination of both.

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