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For Immediate Release

Washington, DC - The U.S. government approved three safeguard cases against China today covering shirts, trousers, and underwear/sleepwear. <338/339 – 347/348 – 352/652>

"The fast action to re-impose quotas by the Bush Administration today has saved thousands of textile jobs in this country and we are extremely grateful. By expediting its decision-making process and moving quickly to impose safeguards, the U.S. government sent a strong message that it understands the real crisis that these enormous surges present to our workers." said Cass Johnson, President of NCTO

"This is a victory for the Istanbul Declaration Coalition and textile apparel producing countries" "Chinese textile and apparel exports to the European Union are up by record levels as well. The governments of France, Italy, Portugal, Spain and others are right to press the E.U. to impose safeguards on Chinese imports as quickly as possible," said Ziya Sukun, Executive Director of ITKIB Association USA.

The global textile crisis is too important to textile and apparel producing nations for the WTO to ignore," continued Sukun

"We are pleased that the U.S. government approved these cases. The unprecedented surge of Chinese imports imperiled tens of thousands of jobs, leaving the U.S. government no choice but to act," said American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo.

Through April 2005 according to the U.S. Office of Textiles and Apparel (OTEXA), The volume of U.S. imports from China had surged:

- 1505 % in cotton trousers
- 1346 % in cotton shirts
- 347 % in cotton and man-made fiber underwear

The three safeguards cover 11.2 percent of U.S. imports from the world in the categories affected. In terms of value these safeguards cover 0.18 percent of total U.S. imports and 1.3 percent of *total imports* from China.

With approval of the safeguards, the growth of Chinese exports to the United States will be limited to 7.5 percent when the U.S. government sends China an official diplomatic cable requesting consultation on this matter.

The United States and China then have 90 days to consult and try to reach an agreement on

limiting the growth of Chinese exports to the United States in these categories. If no agreement is reached, the United States can *maintain* the 7.5 percent growth limit through the end of calendar year 2005.

The U.S. right to impose safeguards on textile and clothing imports from China is contained in Paragraph 242 of the Report of the Working Party on the Accession of China to the WTO.

In 1995, the WTO began implementing a ten-year phaseout of worldwide quotas on textile and apparel products. When China joined the WTO in 2002, it was allowed to join the quota phaseout in lockstep, giving it a three-year transition period compared to ten years for the rest of the world. China agreed to be subject to textile and clothing safeguards through the end of 2008 in return for receiving the reduced transition period.

Since January 2001, U.S. textile and apparel manufacturing employment has fallen from 1,047,200 to 666,500 - a loss of 380,700 jobs (36.4 percent of total employment in the industry).

Facts on China:

- China dropped prices by average of 48 percent on the safeguard categories listed above since quotas were removed on January 1st. According to United Nations statistics, Chinese prices for major apparel products average 58 percent below average world prices
- The Chinese government subsidizes its textile and apparel exports to the United States in a number of ways: currency manipulation; export tax rebates; forgiveness of loans by its government banks; direct payments to its state-owned textile and apparel industry, and subsidized utilities and shipping costs, among others.

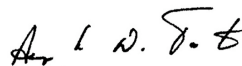
The Chinese textile and apparel sector has been declared a “pillar industry of the nation” and its expansion has been actively managed by the government according successive Five Year Plans.



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