

# **U.S. Rejects Industry Demands That Textile Quotas Be Extended**

By Mark Drajem

June 23 (Bloomberg) -- The Bush administration rejected industry demands for quotas on textiles and apparel to be extended past the end of this year and said it wants to encourage more U.S. textile exports to China.

**``Forestalling the end of quotas is not something we are pushing," Undersecretary of Commerce Grant Aldonas said in an interview in Beijing. ``We remain open about discussing ways of moderating things once the market is open."**

The U.S. has informed other members of the World Trade Organization that it doesn't favor an extension, he said. The textile issue has been part of discussions involving Aldonas, U.S. Commerce Secretary Donald Evans and Chinese officials in Beijing this week.

U.S. textile groups have warned of a crisis if the quotas expire as planned at the end of the year. They say that imports from China will surge next year, and 650,000 American textile workers could lose their jobs.

For textiles now exempt from U.S. quotas, China's share of production widened to 65 percent in March from 9 percent in 2001, according to a textile industry study released last week. Prices of those products dropped 48 percent, it said. Apparel and shoe imports from China grew to more than \$27 billion last year, a 50 percent increase from 1999. U.S. textile exports to China were \$7 billion last year.

## **Voluntary Limits**

The U.S. says it can curb textile imports from China by applying tariffs agreed to by the Chinese to when it joined the World Trade Organization in December 2001. It has also asked China to limit its textile exports voluntarily to avoid stoking protectionist pressures in the U.S. and other nations.

**``Unfortunately, they say they are still not interested in doing some kind of comprehensive agreement," Aldonas said.**

Earlier this month more than 100 members of Congress urged President George W. Bush to convene an emergency meeting of the World Trade Organization to postpone the removal of the 40-year-old quotas on textiles and apparel.

In addition 81 trade associations from 43 countries have signed a declaration calling for the WTO to consider an extension. Industries in Turkey, Guatemala, Bangladesh and other countries say that they could be wiped out by competition from China. China is ``under pressure, and so they have an incentive to make some concessions," said James Leonard, the top textile official at the U.S. Commerce Department.