

Textiles ask U.S. to keep quotas

Chinese goods could flood market if caps end, companies say

BLOOMBERG NEWS
Friday, September 16, 2005

WASHINGTON

U.S. textile producers filed petitions yesterday asking the Bush administration to extend caps on about \$3.4 billion worth of Chinese textile and clothing imports for 12 more months.

The applications to the Commerce Department ask for an extension of limits on imports of Chinese knit shirts, brassieres, and 14 other products through 2006. Caps on those goods were first put in place in May and are scheduled to expire at the end of this year. Without those quotas, Chinese imports will swamp the U.S. market, the industry representatives say.

"The Chinese threat is real," said Cass Johnson, the president of the National Council of Textile Organizations in Washington. "We will continue to file and re-file textile-safeguard petitions until China is willing to come to the table and negotiate."

The industry will file new petitions for separate product categories next week, he said.

U.S. legislators and manufacturers complain that China's currency policies and government subsidies give its exporters an unfair advantage and have led to a U.S. trade deficit with China that is likely to widen to more than \$200 billion this year from a record \$162 billion last year. China exported \$15 billion of textiles and apparel to the United States last year and is on pace to surpass that by more than 60 percent this year.

The United States and China are trying to reach a broad agreement on limiting textile trade to stop the barrage of petitions from companies that want caps on individual product categories. After negotiators failed to reach an agreement at the end of last month in Beijing, both sides said they would meet again.

"These filings show the Chinese that if you don't make progress, we are going to exercise our rights. We are going to moderate trade," said Auggie Tantillo, the executive director of the American Manufacturing Trade Action Coalition in Washington.

The U.S. Trade Representative's office said that it has scheduled talks with China for Sept. 26-27 in Washington.

The petitions would most notably extend import restrictions that the Commerce Department imposed on imports of yarn, men's and boys' shirts, man-made trousers, man-made knit shirts, cotton shirts, cotton trousers and underwear.

The dispute is pitting Chinese textile producers as well as such U.S. retailers as Wal-Mart Stores Inc., which rely on cheap Chinese clothing, against textile factories in the United States, which are losing business since a worldwide quota system ended Jan. 1.

U.S. textile and apparel companies have eliminated 389,000 jobs since President Bush took office, 37 percent of the work force, industry groups said, citing government data.

The Chinese government blames the United States and Europe for the sudden surge in shipments, arguing that the WTO had called for quotas to be reduced more gradually in the past 10 years.

Also, the Commerce Department announced yesterday that it will allow U.S. apparel importers to have access to textiles and apparel from China that are embargoed at U.S. ports so that those goods can be donated to victims of Hurricane Katrina.

The decision means that \$45 million worth of clothing are now available to be donated, including millions of pairs of socks, more than one million pairs of pants and half a million pairs of underwear, according to U.S. Customs data.