

U.S. court blocks safeguard considerations

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By Forrest Laws

Textile industry efforts to slow the onslaught of Chinese textile and apparel exports into the United States were dealt a blow when the U.S. Court of International Trade ruled the federal government could not consider threat-based Chinese safeguard petitions.

U.S. Judge Richard Goldberg of New York made the ruling at the request of the U.S. Association of Importers of Textiles and Apparel, a trade group representing U.S. retailers including J.C. Penney Co., Liz Claiborne Inc. The association filed a lawsuit seeking to block the safeguard filings in December.

The American Manufacturing Trade Action Coalition, one of several groups that filed a series of safeguard petitions in November, asked the Bush administration to appeal the decision as soon as possible.

“This ruling could open the door to allowing China to gain a monopoly share of the U.S. textile and apparel market in short order, threatening the economic livelihood of nearly 700,000 U.S. textile and apparel manufacturing workers in the United States,” AMTAC officials said in a statement.

“The court order claims that the U.S. importing and retailing community will be irreparably harmed by the U.S. government considering threat-based special textile China safeguard petitions. In reality, the true parties facing irreparable damage in this case are the hundreds of thousands of U.S. workers who will be left jobless if the U.S. government is prevented from considering threat-based safeguards.”

AMTAC and other manufacturing trade groups and labor unions filed the safeguard petitions under provisions of China’s accession agreement to the World Trade Organization that allow the government to limit the flow of Chinese products that threaten irreparable harm to U.S. manufacturers.

The textile safeguard petitions would limit the amount of increase in Chinese textile and apparel products in specific categories to 7.5 percent in the year following the approval of the petitions.

The Committee for the Implementation of Textile Agreements, an inter-agency group led by U.S. Commerce Department officials, had already agreed to accept 10 of the petitions filed by the manufacturing groups.

AMTAC officials said the Court of International Trade’s action could harm hundreds of thousands of U.S. textile workers.

“The Court in this case has turned a blind eye to the tremendous damage to domestic manufacturers and their communities,” said Jim Schollaert, a spokesman for AMTAC who was interviewed by the Wall Street Journal.

But AMTAC officials said the problem goes deeper than Chinese manufacturing expertise.

“China’s ongoing use of unfair trade practices such as currency manipulation, export tax rebates, non-performing loans and other subsidies is aimed at driving all other producers out of business so it can gain a monopoly share of global trade in textiles and clothing,” said the press statement.

“These unfair practices have proven devastatingly damaging. For example, in the apparel categories released from quota in 2002, China’s U.S. import market share went from 9 percent in 2001 to 72 percent as of June 2004. Also, since January 2002, 190,200 U.S. textile and apparel manufacturing jobs have been lost – many due to the surge in Chinese imports.”

The officials added: “It is specifically for this reason, that the terms of China’s WTO accession agreement allow safeguard actions to prevent massive market disruption and job loss. The terms of the agreement are so clear that other countries, such as Argentina, Mexico and Turkey have already implemented threat-based safeguard measures against China to prevent damage to their textile and apparel industries.”

AMTAC said the “far-reaching” injunction issued by the U.S. Court of International Trade suggests that it is prepared to overturn decades of legal precedent and undermine the Executive Branch’s authority to administer and interpret trade agreements.

“The Executive Branch’s rulemaking and interpretation of trade agreements is exempt from the Administrative Procedure Act when it exercises its foreign affairs exemption as was done for the Committee for the Implementation of Textile Agreements,” the statement said. “In essence, the ruling in this case is unprecedented in that it will overturn CITA’s ability to interpret trade agreements like China’s accession agreement to the WTO.”

[e-mail: flaws@primediabusiness.com](mailto:flaws@primediabusiness.com)