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U.S. Weighs Putting Limits On Textiles From China

By ELIZABETH BECKER

WASHINGTON, Oct. 12 - The administration agreed on Tuesday to consider a petition from a coalition of textile manufacturers, along with the union representing their workers, asking that the federal government limit imports from China next year, an action that could eventually cover nearly $2 billion of goods.

The petition was the first of what is expected to be dozens filed in the weeks ahead as the United States prepares for the expiration of textile quotas on Jan. 1, 2005, which is intended to allow for free-flowing trade in textiles and clothing.

In contrast to their previous petitions, in this one the American textile and garment industry has asked for relief in advance of any market disruption by Chinese imports, rather than wait for the imports, which they said would destroy their economic base.

A spokeswoman at the Commerce Department, Mary Brown Brewer, said, "Our industry is well within its right to file these petitions based on the threat of a market disruption."

The coalition said that the timing of the filing had nothing to do with presidential elections, but the government must decide by Nov. 1, the day before the country votes, whether to take steps eventually to impose any limits, or safeguards.

Lifting the quota system was aimed at helping developing nations, but China's success in the marketplace has convinced rich and poor countries that some limits or safeguards are needed.

"There will be 650,000 jobs lost in the United States if China is allowed to flood the U.S. market," said **Cass Johnson**, president of the National Council of Textile Organizations, during a telephone news conference.

His coalition has asked the Bush administration to grant its petition to limit increases in Chinese imports to 7 percent higher than the previous year's imports.

Retailers, who will benefit once the quotas are lifted, accused the American manufacturers of using electoral politics to avoid the consequences of a trade decision made 10 years ago.

"We urge the administration to ensure that petitions are adjudicated in a way that advances economic interests of the United States, and does not reflect political considerations," said Kevin M. Burke, president of the American Apparel and Footwear Association.

The European Union announced on Tuesday that it was considering its own system for monitoring China's textile imports when the quotas are lifted.

Those fears seem well grounded. China was swift to fill the vacuum when some quotas were lifted in recent years. Since 1999, imports of Chinese shoes and apparel have increased 50 percent and now top $27 billion.

Coalition officials said that China's success was a result of unfair trading practices that included government subsidies to its textile and apparel industry, manipulation of its currency and giving its industry loans that are rarely paid back.

Those practices, critics said, allowed China to reduce the prices of its goods by as much as 50 percent, pushing out competition from poorer nations as well as the developed world.

"The benefits of free trade are being washed away by China which is creating a monopoly," said Karl Spilhaus, president of the National Textile Association.

The World Trade Organization estimated that once the quotas are lifted, China will be supplying half of the clothing imports to the United States.

If that occurs, the American industry is expected to suffer. North and South Carolina will be directly affected by the administration's decision. Although President Bush is considered the likely winner in both states, the election is so close that the textile industry hopes the administration is inclined to help the thousands of workers who fear for their jobs.

"Absent the implementation of safeguards," Mr. Johnson said, "China will destroy the textile and apparel manufacturing complex, one of the largest employment sectors in the United States."

The administration agreed last year to limit the growth of imports of robes, bras and knit shirts from China at the request of those American industries.

Democrats in Congress have accused the administration of failing to prepare to help prevent job losses and further eroding the American textile industry, which has already been cut in half by foreign competitors.

"We anticipated problems with China over textiles and crafted legislation to give us tools to deal with them but the administration did nothing," said Representative Sander M. Levin, Democrat of Michigan.

The White House rejected a request last summer by Democratic and Republican lawmakers to delay the lifting of the quotas, saying that decision is best left to the W.T.O.