

July 11, 2005

James Leonard  
Chairman, Committee for the Implementation of Textile Agreements  
Room H3100  
U.S. Department of Commerce  
14<sup>th</sup> and Constitution Ave, NW  
Washington, DC 20230

Dear Mr. Leonard:

The American Manufacturing Trade Action Coalition (AMTAC), National Council of Textile Organizations (NCTO), National Textile Association (NTA), and UNITE HERE! request that the Committee for the Implementation of Textile Agreements (CITA) take the necessary actions to impose a safeguard on U.S. imports from China of women's and girls' woven shirts classified within Category 341/641 of the U.S. Textile and Apparel Category System. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27788, May 21, 2003).

The parties submitting this request are trade associations and unions which are representative of either domestic producers of products like or directly competitive with women's and girls' woven shirts in Category 341/641 or of domestic producers of components used in the production of products that are like or directly competitive with the those contained in Category 341/641.

For your background information, descriptions of each organization are as follows:

**AMTAC** is a not-for-profit manufacturing trade association established for the purpose of preserving and creating American manufacturing jobs through the establishment of trade policy and other measures necessary for the U.S. manufacturing sector to stabilize and grow. Its members are involved in a wide variety of manufacturing, including textiles, throughout the United States. AMTAC's office is in Washington, D.C.  
[www.amtacdc.org](http://www.amtacdc.org)

**NCTO** is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers of textile machinery, chemicals and other such sectors, which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters are in Washington, D.C., and it also maintains an office in Gastonia, NC. [www.ncto.org](http://www.ncto.org)

**NTA** is a not-for-profit trade association of companies who knit or weave fabrics in the United States, dye, print or otherwise finish fabrics in the United States, or supply fibers, yarns, or other services to the American textile industry. NTA's office is in Boston, MA.  
[www.nationaltextile.org](http://www.nationaltextile.org)

**UNITE HERE!** was formed by a merger in 2004 of UNITE (formerly the Union of Needletrades, Textiles and Industrial Employees) and HERE (Hotel Employees and Restaurant Employees International Union). The union, UNITE HERE, represents more than 440,000 active members and more than 400,000 retirees throughout North America. UNITE HERE's headquarters are in New York, NY. [www.unitehere.org](http://www.unitehere.org)

It is the strong view of the petitioners that the surge in the 1<sup>st</sup> Quarter 2005 imports from China of women's and girls' woven shirts, compounded with the long-term decline in U.S. production of these products, constitutes marked disruption under § 11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization (WTO). According to data provided in the I/P Book published by the Office of Textiles and Apparel, International Trade Administration, U.S. Department of Commerce (OTEXA), the long-term decline in domestic production and the steady downward trend in the domestic market share, correlates directly to the import rise in these products.

In recent years, U.S. apparel production has declined in virtually all of the major cotton and man-made fiber categories. The Petitioners assert that this decline has been the direct result of increasing imports, far surpassing the growth of the U.S. market for these products. With the January 1, 2005 removal of quotas on all WTO members, imports are rising across the board. The recent import surge from China represents an alarming snapshot of what is to come.

CITA knows well the circumstances following the integration of certain categories on January 1, 2002, in which China registered enormous increases and quickly moved to dominate trade. A similar pattern of domination can be seen by tracking China's rise from sixth-largest supplier of this product category in 2004 to the second largest supplier in first half of 2005. Their new posture is also reflected in the sharp rise in imports of this product category, which registered an increase of 463 percent in the first half of 2005.

A closer look at the data show that China was the sixth largest supplier behind India, Indonesia, Bangladesh, Hong Kong, and Sri Lanka with a 5.8 percent share of the U.S. import market for calendar year 2004. For the year ending March 2005, Chinese market share rose to 9.6 percent, with China moving ahead of Hong Kong and Sri Lanka to take fourth place. First quarter 2005 data shows that China rose to the number two slot with a 16.3 percent share, preceded only by India with a 23.4 percent share. China has continued to increase its market share and now holds 21.2 percent of the U.S. import market for the first 6 months of 2005, the latest data available.

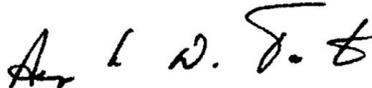
Precipitous price reductions, corresponding to the removal of quota and the corresponding quota costs, are likely a major reason for the sudden surge of Chinese imports. A review of recent price data indicates that China's 1<sup>st</sup> Quarter 2005 prices for women's and girls' woven shirts averaged \$57.39/dozen. This average unit value is 38.6 percent below the price in the 1<sup>st</sup> Quarter 2004 of \$93.52/dozen and 33.9 percent below the calendar year 2004 average price of \$86.80/dozen. China's surging imports, their rise in market dominance and their sharp price reductions, follow the pattern China

established in 2002 with the removal of certain items from quota. In those categories integrated in 2002, China dropped its prices by an average of 58 percent.

In sum, surging low-priced imports from China and declining U.S. domestic production in Category 341/641 are an indication of disruption of the U.S. market. Safeguard language in the U.S./China Protocol of Accession is based on similar language in the Multi-Fiber Agreement (MFA) and the WTO's Agreement on Textiles and Clothing (ATC). Both of those international agreements provide for immediate action in the event of highly unusual and critical circumstances. We believe that current circumstances are such that prompt action is necessary, irrespective of the timelines in the CITA procedures.

Thank you for your consideration of this important matter.

Sincerely,



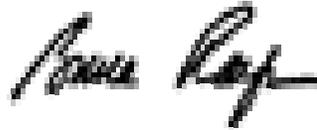
Auggie Tantillo  
Executive Director  
AMTAC



Cass Johnson  
President  
NCTO



Karl Spilhaus  
President  
NTA



Bruce Raynor  
General President  
UNITE HERE

**Table 1:** U.S. Production, Imports, and Domestic Market Share for Cotton and Man-Made Fiber Women’s and Girls’ Shirts, Not Knit (Category 341/641) 1999-2004 (Market Share values calculated as a percentage of U.S. Production plus U.S. Imports.)

Time Period	U.S. Production (Thousand Dozen)	U.S. Imports	U.S. Imports from China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	13,497	28,598	2,137	32.06	67.94	5.08
2000	13,625	32,140	1,956	29.77	70.23	4.27
2001	11,379	31,534	2,365	26.52	73.48	5.51
2002	11,034	35,095	2,135	23.92	76.08	4.63
2003	8,674	37,752	2,167	18.68	81.32	4.67
2004	7,396	37,236	2,143	16.57	83.43	4.80

Source: U.S. Imports, Production, Markets, Import Production Ratios and Domestic Market Shares for Textile and Apparel Product Categories (OTEXA/ITA/U.S. Department of Commerce)

**Table 2:** U.S. Imports of Cotton and Man-Made Fiber Women's and Girls' Shirts, Not Knit (Category 341/641) 1999-2004, YE March 2004 and 2005, YTD March 2004 and 2005, YE April 2004 and 2005, YTD April 2004 and 2005, YE June 2004 and 2005(p), and YTD June 2004 and 2005(p) from the World and China: Quantity (Dozen), Percent Change, and China's Percent Share of Total U.S. Imports

Time Period	U.S. Imports-Category 341/641 from:		China:		
	World: Quantity (Doz.)	% Change	Quantity (Doz.)	% Change	% Share
1999	28,597,563	--	2,137,396	--	7.5
2000	32,140,259	12.4	1,956,243	-8.5	6.1
2001	31,533,654	-1.9	2,364,601	20.9	7.5
2002	35,094,808	11.3	2,134,802	-9.7	6.1
2003	37,751,310	7.6	2,167,227	1.5	5.7
2004	37,235,642	-1.4	2,143,037	-1.1	5.8
YE 3/04	36,611,294	--	2,010,174	--	5.5
YE 3/05	38,147,610	4.2	3,674,013	82.8	9.6
1 <sup>st</sup> Qtr/04	11,043,679	--	417,161	--	3.8
1 <sup>st</sup> Qtr/05	11,955,647	8.3	1,948,137	367.0	16.3
YE 4/04	36,344,187	--	1,983,397	--	5.5
YE 4/05	38,311,146	5.4	4,372,067	120.4	11.4
YTD 4/04	14,543,014	--	556,760	--	3.8
YTD 4/05	15,618,518	7.4	2,785,790	400.4	17.8
YE 6/04	36,324,240	--	1,985,248	--	5.5
YE 6/05(p)	39,687,359	9.3	6,150,283	209.8	15.5
YTD 6/04	20,567,166	--	864,880	--	4.2
YTD 6/05(p)	23,018,883	11.9	4,872,126	463.3	21.2