

September 21, 2005

James Leonard
Chairman, Committee for the Implementation of Textile Agreements
Room H3100
U.S. Department of Commerce
14th 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 Other Men's and Boys' Man-Made Fiber Coats and Women's and Girls' Man-Made Fiber Coats classified within Category 634/635 of the U.S. Textile and Apparel Category System. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27787, 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 products in Category 634/635 or of domestic producers of component parts used in the production of products that are like or directly competitive with the those contained in Category 634/635.

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.amtadc.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

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

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

It is the strong view of the petitioners that the surge in the year-to-date July imports from China of other man-made fiber coats, compounded with continuous declines in U.S. production of these products, constitutes market 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 for in the I/P Book published by the Office of Textiles and Apparel, International Trade Administration, U.S. Department of Commerce (OTEXA), long-term declines in domestic production and domestic market share correlate directly to the import rise in these products.

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 in the U.S. textile and apparel market. A similar pattern of domination can be seen in relation to the subject products by tracking China's rise from a distant second place to Vietnam as the largest supplier in 2004 to the number one supplier with a 36.1 percent U.S. import market share for the first seven months of 2005. China's new posture is also reflected in the sharp rise in imports of these product categories, which registered an increase of 563.5 percent in the first seven months of 2005.

A closer look at the data shows that China was the second largest supplier of the subject products with a 6.7 percent share of the U.S. import market for calendar year 2004. The number one supplier last year was Vietnam, holding 21.8% of the market and shipping over three times as much as China to the U.S. For the 1st quarter of 2005, Chinese market share rose to an astounding 20.1 percent, and China soared into the position of largest supplier to the U.S. market. China has continued to increase its share and now holds 38.6 percent of the U.S. import market for the first 8 months of 2005, the latest preliminary monthly data available. Meanwhile, Vietnam has fallen to second place with a 16.0 percent share.

China's surge is driving a significant increase in total U.S. imports as well, with imports from all sources up 24.8 percent year-to-date July 2005. Furthermore, increases in imports from the world and China have taken a significant toll on U.S. production and domestic market share. U.S. production is down 16.5 percent for the 1st quarter of 2005, following a 5.9 percent drop in calendar year 2004. Likewise, domestic market share is down 24.6 percent for the 1st quarter of this year to a mere 10.1 percent.

Precipitous price reductions, corresponding to the removal of quota and the corresponding quota costs, are a major reason for the sudden surge of Chinese imports. A review of the most recent price data available indicates that China's January – July 2005 prices for Category 634/635 coats averaged \$101.67/dozen. This average unit value is 59.7 percent below the price for the same period in 2004 of \$252.56/doz and 5.2 percent below the average rest of the world price for YTD July 2005 of \$107.22/doz. 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 634/635 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 Other Man-Made Fiber Coats (Category 634/635) 1999-2004, Year Ending (YE) March 2004 and 2005, and Year-to-Date (YTD) March 2004 and 2005 (Market Share values calculated as a percentage of U.S. Production plus U.S. Imports.)

Time Period	U.S. Production (1,000 Dozen)	U.S. Imports	U.S. Imports from China (Percent)	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	4,290	16,063	1,184	21.08	78.92	5.82
2000	3,911	18,883	1,422	17.16	82.84	6.24
2001	3,181	20,269	1,546	13.57	86.43	6.59
2002	2,354	19,931	1,530	10.56	89.44	6.87
2003	1,717	20,646	1,511	7.68	92.23	6.76
2004	1,615	22,440	1,501	6.71	93.29	6.24
YE 3/04	1,702	20,551	1,503	7.65	92.35	6.75
YE 3/05	1,542	22,868	1,933	6.32	93.68	7.92
YTD 3/04	443	2,879	232	13.34	86.67	6.98
YTD 3/05	370	3,307	665	10.06	89.94	18.09

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 Other Man-Made Fiber Coats (Category 634/635) 1999-2004, 1st Quarter 2004 and 2005, 2nd Quarter 2004 and 2005, YE July 2004 and 2005, YTD July 2004 and 2005, YE August 2004 and 2005(p), YTD August 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 634/635 from:		China:		
	World: Quantity (Doz.)	% Change	Quantity (Doz.)	% Change	% Share
1999	16,062,623	--	1,184,405	--	7.4
2000	18,883,175	17.6	1,422,419	20.1	7.5
2001	20,268,906	7.3	1,546,439	8.7	7.6
2002	19,931,304	-1.7	1,529,950	-1.1	7.7
2003	20,646,345	3.6	1,510,667	-1.3	7.3
2004	22,439,807	8.7	1,500,574	-0.7	6.7
1 st Qtr/04	2,878,702	--	232,332	--	8.1
1 st Qtr/05	3,307,297	14.9	664,879	186.2	20.1
2 nd Qtr/04	3,781,203	--	226,625	--	6.0
2 nd Qtr/05	4,818,409	27.4	1,732,943	664.7	36.0
YE 7/04	20,860,117	--	1,475,634	--	7.1
YE 7/05	24,798,600	18.9	5,129,956	247.6	20.7
YTD 7/04	9,493,425	--	644,053	--	6.8
YTD 7/05	11,852,218	24.8	4,273,435	563.5	36.1
YE 8/04	21,267,403	--	1,466,036	--	6.9
YE 8/05(p)	25,483,346	19.8	6,783,166	362.7	26.6

YTD 8/04	12,924,098	--	888,807	--	6.9
YTD 8/05(p)	15,967,637	23.5	6,171,399	594.3	38.6