

**REQUEST FOR TEXTILE AND APPAREL SAFEGUARD  
ACTIONS ON IMPORTS FROM CHINA**

*COMBED COTTON YARN (CATEGORY 301) IMPORTED FROM  
THE PEOPLE'S REPUBLIC OF CHINA*

**filed October 27, 2004**

**Authority for Action:** Section 204 of the Agriculture Act of 1956, as amended, and §11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization.

**Subject of Petition:** Imports of combed cotton yarn from China, classified as category 301 by the U.S. Textile and Apparel Category System.

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## **A. INTRODUCTION**

This Petition is filed requesting action under the authority of § 204 of the Agriculture Act of 1956, as amended, and § 11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization with respect to imports of combed cotton yarn (classified in the U.S. Textile and Apparel Category System as category 301, the “subject products”) of Chinese origin. The Committee for the Implementation of Textile Agreements (CITA) is hereby requested to take all appropriate steps in order to avoid market disruption in 2005 with respect to imports from China of such products. Petitioners submit that such market disruption can only be avoided by the timely imposition of limitations on imports of the subject products from China according to the provisions of Section 11.242 of the Report of the Working Party and the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27788, May 21, 2003).

Upon the lifting of quotas on January 1, 2005, the U.S. market will experience an increase in imports of the subject products from all sources. These increasing imports threaten the U.S. with market disruption, and imports of the subject products from China will play a role in that increase and in the threat of market disruption. Imports of the subject products have increased and will increase in 2005.

This petition establishes:

- ◆ That imports will increase in 2005 as a result of the lifting of quotas;
- ◆ That imports from China will play a role in that increase;
- ◆ That the increase in imports will contribute to a decline in U.S. production of the subject products and a decline in U.S. market share;
- ◆ That the U.S. market for the subject products will be disrupted in January and throughout 2005 by increasing imports of the subject products; and
- ◆ That imports of the subject products from China play a role in the threatened market disruption to the U.S. market.

By demonstrating the threat of market disruption and the role of Chinese imports in that disruption, Petitioners have established sufficient grounds for action to be taken under section 11.242 of the Report of the Working Party. The imminent threat of substantial increases in imports of the subject products from China and of market disruption will impede the orderly development of trade in the subject products.

This Petition is filed on behalf of organizations<sup>1</sup> which represent U.S. manufacturers involved in the production of combed cotton yarn and components of yarn. Some of these organizations’ members produce products like or directly competitive with the subject products. The production of the subject products occurs primarily in the United States and is often used in fabric or apparel production under outward processing arrangements.

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<sup>1</sup> A description of each organization and its membership is included in section C of this report and in Exhibit 1.

### B. SUMMARY OF THE CASE

This petition proves that total imports of the subject products into the United States will rise upon the expiration of quotas on January 1, 2005. Imports from the People's Republic of China will play a role in the rise of overall imports in the subject category. As a result of these rising imports, U.S. production of the subject products will decrease. Consequently, the percentage of U.S. market share held by domestic producers will also decline and there will be disruption to the U.S. market.

It is evident that imports of the subject products into the United States will increase because 1) imports of the subject products are currently increasing; 2) the removal of import quotas on January 1 will provide greater opportunity for imports to increase; 3) in all other textile or apparel categories where quotas have been removed, imports have increased; and 4) the price of imports typically falls after import quotas are removed, making them more attractive in the U.S. market.

Imports of the subject products into the United States have risen by 44.5 percent since 1999 and are likely to continue to increase when import limitations are removed on January 1, 2005. As evidence, year-to-date 2004 imports are up over 44 percent over year-to-date imports for 2003.

Increasing imports of the subject products threaten to disrupt the U.S. market and impede the orderly development of trade in the subject products. U.S. production of the subject products has declined by 61 percent since 1998.<sup>2</sup>

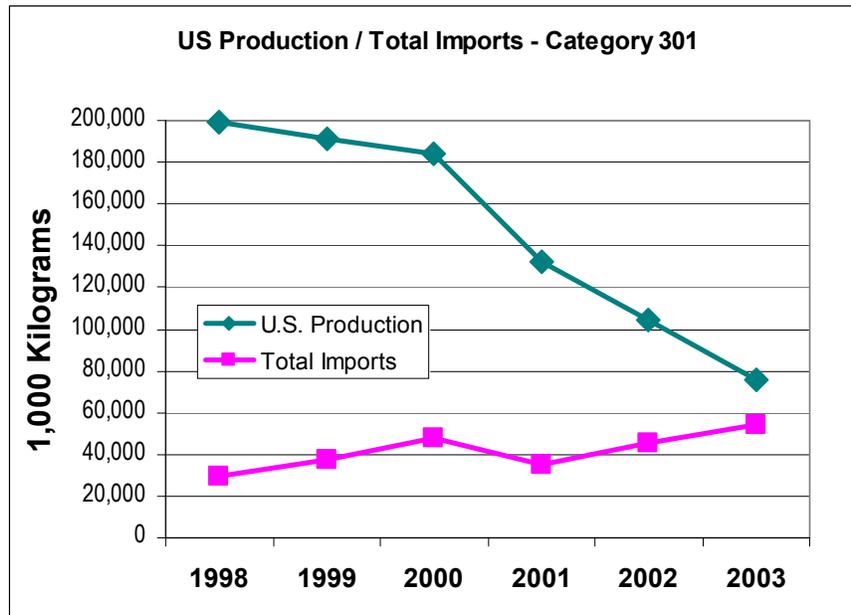


Chart 1 - U.S. Production and Total Imports, Category 301

The petition provides evidence that China is well-positioned to play a role in the increase of imports from the world into the United States in the subject category. China is already a major producer and exporter of the subject products with almost half a billion dollars in exports

<sup>2</sup> The percentage increase is based off of a full year's production for the years 1998 through 2003 - the last year for which full production data is available.

worldwide in 2003. Exports of combed cotton from China have more than doubled over the last three years. Exports from China of the subject products to the United States have also surged, increasing 59 percent in 2003 and by 26 percent so far this year (year-to-date August 2004)

The petition demonstrates that China is increasing its textile production capacity, and specifically its yarn spinning capacity, at unprecedented rates. This includes enormous purchases of short staple spindles which are used to produce cotton yarn. China alone claimed almost 5 million of the 8 million short-staple spindles recorded shipped in 2003, or over 61 percent of the total shipped.<sup>3</sup> Chinese government statistics also reveal that China has invested \$22.2 billion in its textile and apparel operations over the past three years.

China's ability to penetrate and capture world markets is substantially aided by the existence of numerous unfair trading practices. For example, China's ability to undercut the prices of its competitors, including U.S. producers, is a direct result of its resort to unfair trade practices, such as the manipulation of its currency, direct state subsidization, export tax rebates and the proliferation of non-performing loans - many of which are in the textile and apparel sectors. All of these practices have enabled China to undermine free market conditions and give it substantial capability to disrupt world markets, including the United States.

China's ability to disrupt the U.S. market is clearly evident from recent quota removal experience. In virtually every category where quotas were removed in 2002, China has increased its imports to the U.S. substantially, while cutting prices dramatically. In addition, in overseas markets similar to the United States where China has not faced quota restraints, it has moved quickly to dominate those markets.

Further reinforcing the threat of disruption is the fact that the financial condition of the U.S. industry producing the subject products has worsened, with recent declines in virtually every measure of financial health, including declines in sales, volume, production and employment.

Virtually every independent study or report that has considered the quota removal issue has come to the same conclusion - China textile and apparel exports to the U.S. will accelerate dramatically after quotas are lifted.

Historical trends, current levels of import, price considerations, recent history in other textile and apparel categories where quotas were lifted, examples from other markets where quotas were lifted, productive capacity, retail business operations and voluminous studies by experts and market participants all demonstrate conclusively that imports of the subject products from China will surge after quotas are lifted.

Implementation of appropriate limitations in January 2005 as provided for in paragraph 11.242 of the Working Party Report is the only avenue by which CITA can avoid market disruption and the disruption of the orderly development of trade due to imminent increases in imports from China and the world.

### **C. PETITIONERS**

Petitioners are trade associations which are representative of either domestic producers of products that are like or directly competitive with the subject products or of domestic producers

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<sup>3</sup> *Source*, International Textile Machinery Statistics, Vol. 26, 2003, published by the International Textile Manufacturers Federation (hereinafter referred to as ITMF Machinery, 2003).

of a component used in the production of products that are like or directly competitive with the subject products.

This Petition is filed on behalf of the following organizations<sup>4</sup> which represent U.S. manufacturers of combed cotton yarn and components of yarn:

The National Council of Textile  
Organizations (NCTO)

The American Manufacturing Trade Action  
Coalition (AMTAC)

The National Textile Association (NTA)

#### **D. PRODUCT DESCRIPTION**

This Petition is brought with respect to U.S. imports of combed cotton yarn of Chinese origin and includes all such products which are classified within category 301 of the U.S. Textile and Apparel Category System.

The subheadings of the Harmonized Tariff Schedule of the United States applicable to category 301 are set out in Exhibit 2.

Imports classified in category 301 were covered by the WTO Agreement on Textiles and Clothing as of the date the WTO Agreement entered into force and are under quota restraints until January 1, 2005. The U.S. quota on imports of the subject products from China is about 2.5 million kilograms in the merged category 300 and 301. Data from OTEXA<sup>5</sup> indicates that China has filled almost 72 percent of this merged category's quota as of October 6th.

Imports of the subject products compete directly with products produced in the U.S. market that are classified as category 301.

#### **E. IMPORT DATA**

As required by the guidelines issued by CITA, this section provides import data concerning the subject products from all sources and specifically from China.

With respect to all sources, the data shows significant increases of combed cotton yarn with imports from all sources rising by 44.5% from 1999 to 2003 **with a further 44 percent increase for year-to-date August 2004.**

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<sup>4</sup> A description of each organization and its membership is included in Exhibit 1.

<sup>5</sup> Office of Textile and Apparel, International Trade Administration, U.S. Department of Commerce.

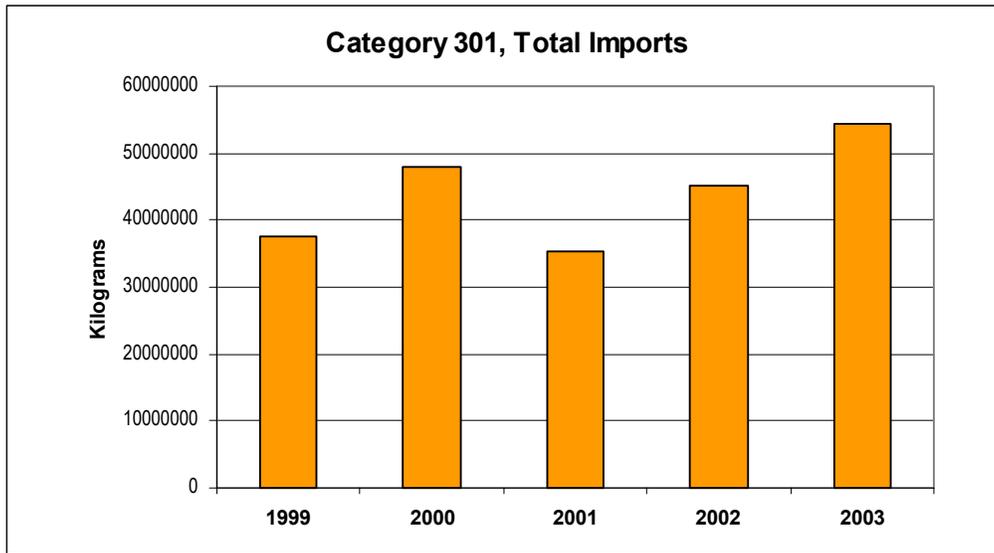


Chart 2 - Total U.S. Imports category 301

This increase is consistent with the fact that imports of textiles and apparel into the United States have consistently increased over the last 10 years. In addition, the strong likelihood that combed cotton yarn imports will continue to increase in 2005 is demonstrated by the fact that following quota removals in 2002, imports of yarn, as well as other products, increased significantly.

In the 44 textile and apparel categories removed from quota control, imports from the world rose by an average 19 percent during the twelve months following the removal of quotas. Large increases occurred in each kind of textile product, with yarn imports increasing by 12 percent, fabric imports increasing by 22 percent, made-up articles increasing by 16 percent and apparel products increasing by 12 percent.

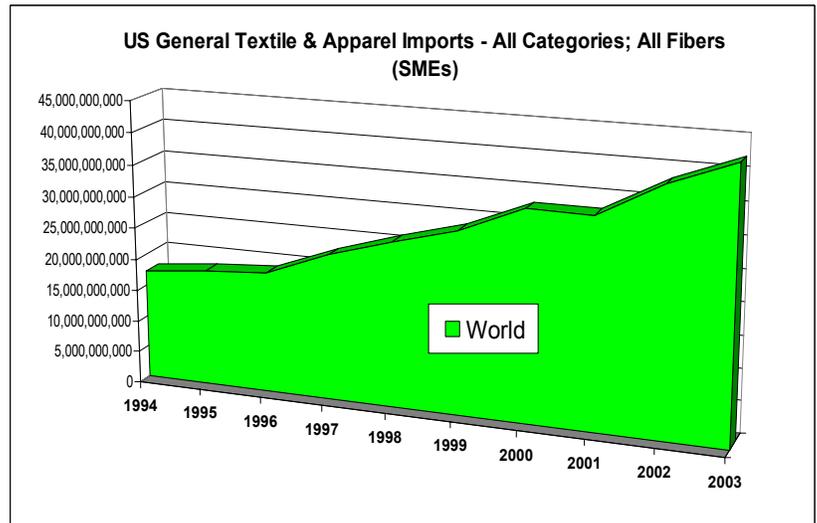


Table 1 - Overall Import Growth First 12 Months Following Quota Removal

<b>Increases in Imports during the 12 Months following Quota Removal</b>		
	<b>Increase in square meters (2002-2001)</b>	<b>Percentage</b>
All textiles	1,244,685,214	17%
- Yarn	155,284,502	12%
- Fabric	641,673,905	22%
- Made-ups	447,726,808	16%
Apparel	129,203,805	12%

Increases in imports in de-controlled categories continued into 2002, 2003 and 2004. As of year-ending August 2004, the following increases in world wide imports had occurred:

Table 2 - Overall Import Growth Following Quota Removal

<b>Increases in Imports Since Quotas were Removed</b>		
	<b>Increase in square meters (YE 2004-2001)</b>	<b>Percentage</b>
All textiles	3,817,716,392	54%
- Yarn	243,056,375	19%
- Fabric	1,652,493,106	56%
- Made-ups	745,506,327	71%
Apparel	1,922,166,910	67%

Regarding China specifically, imports of combed cotton yarn from China are restrained under a quota which merged categories 300 (carded cotton yarn) and 301 (combed cotton yarn). The merged quota for categories 300 and 301 is approximately 2.6 million kilograms for 2004 with combed cotton yarn dominating the merged category and accounting for approximately 80 percent of trade. China has filled almost 72 percent of its quota for these merged categories as of October 20, 2004. According to OTEXA trade statistics for year-to-date August, Chinese exports to the U.S. in the combined category are running at a rate of nearly 2.9 million kg/year.

Imports from China of combed cotton yarn on a year-to-date basis for 2004 are well above the pace they set in 2003. Imports from China of combed cotton yarn have increased by 59 percent in 2003 as compared to 2002 and by 27 percent for year-to-date August 2004. As a result, imports of combed cotton yarn from China in 2004 are expected to exceed 2 million kilograms for the first time. The increase from China has been most dramatic during the last six months (March-August 2004), with monthly imports averaging 235 thousand kilograms, for an annual rate of 2.8 million kilograms.

China is expected to further expand its already surging exports of combed cotton yarn to the United States once quotas are removed. In textile categories where quotas have already been

removed, China played by far the dominant role in both the immediate increase during the first year and in enormous increases during the following years.

Imports of textile and apparel from China in all de-controlled categories increased by 185 percent during the first 12 months following quota removal, with imports of yarn increasing by 1,425 percent, fabric by 310 percent, made-ups by 155 percent. Overall, imports from China of textile products increased by 165% during 2002. Imports of apparel products increased by 279 percent during the same time period.

Table 3 - Imports from China - First 12 Months Following Quota Removal

<b>Increases in Imports from China during the 12 months Following Quota Removal</b>		
	<b>Increase in square meters (2002-2001)</b>	<b>Percentage</b>
All textiles	793,477,911	165%
- Yarn	13,068,613	1,425%
- Fabric	69,623,244	310%
- Made-ups	710,786,054	155%
Apparel	292,105,642	279%

Again, China continued to dramatically increase its exports into 2002, 2003 and 2004. As of year-ending August 2004, the following increases in imports from China had occurred:

Table 4 - Overall Imports from China Following Quota Removal

<b>Increases from China since Quotas were Removed</b>		
	<b>Increase in square meters (YE 8/2004-2001)</b>	<b>Percentage</b>
All textiles	3,817,716,392	581%
- Yarn	243,056,375	1,062%
- Fabric	1,652,493,106	1,400%
- Made-ups	745,506,327	540%
Apparel	1,922,166,910	1,061%

As the tables above illustrate, China will undoubtedly play a significant role in the overall increase in imports of the subject products. As discussed more fully in section H below, other factors also demonstrate that imports from China will rise once quotas are removed. These include the combination of China's productive capacity in textile and apparel, its substantial investment in its textile and apparel sectors, its use of unfair trade practices, its performance in other apparel categories and in other, similar, apparel markets, and a virtually unanimous chorus of opinions by experts in the textile and apparel field.

As a result, there can be no serious question as to whether China will increase its exports of the subject products as well as other textile products to the United States once import quotas are lifted. The general surge of textile and apparel imports from China has already begun. OTEXA's report on textile and apparel imports for the January-August 2004 time period already reads like a competition between China and the rest of the world - with China taking almost every category.

China is --

- the number one shipper of textiles and apparel to the United States
- the number one shipper of textiles to the United States
- the number one shipper of apparel to the United States
- the number one shipper of other miscellaneous textile and apparel products to the United States.

A comparison of growth between imports from the entire world and imports from China is also compelling:

**Increase in Imports: Jan-Aug 2004**

<b><u>Article</u></b>	<b><u>From World</u></b>	<b><u>From China</u></b>
Textiles and apparel	10.8%	47.4%
Apparel	1.3%	26.7%
Textiles	18.7%	55.5%
Made-ups and home furnishings	27.6%	58.9%

When the OTEXA report lists the countries accounting for 80 percent of the growth in imports to the United States, China is the only country listed for all textiles and apparel (81 percent of total growth), for apparel (244 percent of the growth), and for other miscellaneous imports (93. percent of the growth) and is one of three countries listed for textiles (but claims 72 percent of the growth).

**1. Table Showing Total U.S. Imports**

Table 5 - Total imports, category 301

Total Imports		Category 301	
		Quantity (kgs)	Value (U.S. Dollars)
<b>5 Full Years</b>	<b>1999</b>	37,587,409	\$138,431,599
	<b>2000</b>	47,820,883	\$168,647,257
	<b>2001</b>	35,277,270	\$115,192,418
	<b>2002</b>	45,232,206	\$125,963,523
	<b>2003</b>	54,319,712	\$162,904,054
<b>YTD</b>			
	<b>YTD '03</b>	36,118,150	\$106,600,623
<b>January – Aug.</b>	<b>YTD '04</b>	52,091,218	\$182,494,333
<b>Quarterly Data</b>			
	<b>1Q '03</b>	11,082,702	\$33,219,948
	<b>2Q '03</b>	14,832,594	\$43,770,564
	<b>1Q '04</b>	14,724,316	\$52,337,272
	<b>2Q '04</b>	24,618,948	\$86,539,742

**2. Table Showing Imports from China into the U.S.**

Table 6 – Imports from China, category 301

Imports From China		Category 301	
		Quantity (1,000 kgs.)	Value (1,000 U.S. Dollars)
<b>5 Full Years</b>	<b>1999</b>	1,513	4,588
	<b>2000</b>	1,991	5,968
	<b>2001</b>	1,417	4,046
	<b>2002</b>	1,081	2,902
	<b>2003</b>	1,719	4,510
<b>YTD</b>			
	<b>YTD '03</b>	1,242	3,206
<b>January-August</b>	<b>YTD '04</b>	1,572	5,545
<b>Quarterly Data</b>			
	<b>1Q '03</b>	345	840
	<b>2Q '03</b>	443	1,164
	<b>1Q '04</b>	279	1,003
	<b>2Q '04</b>	999	3,591

Table 7 - China import quota, category 301

China Quota Performance		Category 301		
		Quantity (1,000 kgs)	Quota Limits (1,000 kgs)	Percent quota filled
5 Full Years	1999	2,011	2,401	83.76%
	2000	1,826	2,437	74.93%
	2001	1,421	2,474	57.44%
	2002	1,248	2,571	48.54%
	2003	1,940	2,522	76.92%
YTD as of 10/20	2004	2,036	2,671	71.85%

\*Quota is for combined categories 300 & 301.

### F. PRODUCTION DATA

U.S. production of the subject products has declined each year since 1998, and in 2003 was nearly 62 percent below 1998 production levels. In raw numbers, U.S. production fell by nearly 123 million kilograms in just five years.

Table 8 - U.S. production, category 301

U.S. Production		Category 301
		Quantity (1,000 kgs)
5 Full Years	1998	199,053
	1999	190,969
	2000	184,220
	2001	132,449
	2002	104,458
	2003	75,989
YTD	YTD '02*	60,934
January - Sept.	YTD '03*	44,327
Year Ending	Sept. 02*	116,121
	Sept. 03*	87,851

\*Commerce Department production reports do not break out YTD and YE production. Petitioners estimated YTD numbers by dividing the total production quantity by 12 months, then multiplying by 7 months. For the YE petitioners divided annual production by 12 to get a monthly figure, then added the Oct-Dec quantity to the Jan-Sept quantity of the following year to get a year-ending estimate.

Employment in U.S. yarn and thread mills has declined significantly since 1998.

### G. MARKET SHARE DATA

In every year between 1998 and 2003 (the last full year reported), the U.S. industry's share of the U.S. market of the subject products has declined, while import market share has increased.

China's share of the U.S. market has been constrained by import quotas, but has begun to increase.

Table 9 - Compiled data - imports &amp; production, category 301

Compiled Data / Prod. & Imports		Category 301 (Quantity = 1,000 kgs.)			
		US Production	Total Imports	Total Domestic Market	China Imports
Calendar Years	1998	199,053	29,544	228,597	117
	1999	190,969	37,587	228,556	1,513
	2000	184,220	47,821	232,041	1,991
	2001	132,449	35,277	167,726	1,417
	2002	104,458	45,232	149,690	1,081
	2003	75,989	54,320	130,309	1,719
<b>YTD</b>	<b>YTD '02</b>	60,934	34,911	95,845	771
<b>Jan - Sept</b>	<b>YTD '03</b>	44,327	40,756	85,083	1,396
<b>YE</b>	<b>YE '02</b>	116,121	41,308	157,429	1,046
<b>Sept</b>	<b>YE '03</b>	87,851	48,776	136,627	1,706

Table 10 - Market share information, category 301

Compiled Data / Market Shares		Category 301 (% of total market based on quantities)			
		U.S. Market Share (% of total market)	Import Market Share (% of total market)	Total Domestic Market (1,000 kgs)	China Mkt. Share (% of total market)
5 Full Years	1998	87.08%	12.92%	228,597	0.05%
	1999	83.55%	16.45%	228,556	0.66%
	2000	79.39%	20.61%	232,041	0.86%
	2001	78.97%	21.03%	167,726	0.84%
	2002	69.78%	30.22%	149,690	0.72%
	2003	58.31%	41.69%	130,309	1.32%
<b>YTD</b>	<b>YTD '02</b>	63.58%	36.42%	95,845	0.80%
<b>Jan - Sept</b>	<b>YTD '03</b>	52.10%	47.90%	85,083	1.64%
<b>YE</b>	<b>YE '02</b>	73.76%	26.24%	157,429	0.66%
<b>Sept</b>	<b>YE '03</b>	64.30%	35.70%	136,627	1.25%

## H. THE THREAT OF INCREASED IMPORTS FROM CHINA

There is strong and compelling evidence from many sources that imports of the subject products from China will increase when quotas are removed on January 1.

1. Growth in textile and apparel production capacity in China has occurred at an astounding rate, demonstrating the country's commitment to increase market share in textiles and apparel worldwide;
2. China has moved quickly to dominate the market in virtually all categories removed from quota control;

3. China has engaged in significant price cutting in order to rapidly accumulate market share;
4. There is a general agreement by academicians, analysts and international institutions that China will dominate world trade in textiles and apparel, and particularly the U.S. market;
5. There have been consistent statements by executives from major suppliers, retailers and sourcing agents that China will dominate world trade in apparel, and particularly the U.S. market;
6. In other developed markets similar to the United States where quotas were removed, China moved quickly to dominate them; and
7. China continues to engage in a variety of unfair trade practices, including currency manipulation, which allows Chinese textile and apparel manufacturers to undercut U.S. and other competitors' prices.

### **1. Growth in China's Productive Capacity for Textiles and Apparel**

China's capacity to produce the subject products and other cotton textile products has increased dramatically in recent years<sup>6</sup> and this increase will fuel growth in U.S. imports from China. China has been aggressively buying textile machinery for the past four years, in some cases consuming up to two-thirds of world production of textile machinery (i.e. broadwoven fabric looms). According to *China Daily*, Chinese purchases of textile machinery totaled nearly \$12 billion between 2000 and June 2003. Chinese government statistics reveal that China has invested \$22.2 billion in textile and apparel sectors since 2001.

Petitioners attempted, but were unable to get information on specific Chinese investment in yarn spinning for export. Other statistics show that China has been upgrading its yarn spinning capabilities for several years and that growth in the ability of China to spin cotton yarn is continuing at an almost unbelievable pace. China alone accounted for almost 5 million of the 8 million short-staple spindles recorded shipped in 2003, or over 61 percent of the total shipped.<sup>7</sup>

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<sup>6</sup> "In 2001, China imported the advanced textile machinery in value of US\$2.5 billion, 31.4% up as against 2000. And the textile machinery imports for the first half of 2002 has already reached US\$1.3 billion, a 5.82% up against the same period of last year; 2001 saw an import of 5.9526 million tons of dyestuffs and textile chemicals, 22.75% up against 2000, and from 1-6 months this year, this import arrived at 3.69 million tons, 37.71% growth compared with the same period of last year." Statement of Mr. Du Yuzhou, President of China National Textile Industry Council (2002), as reported at [http://www.cntextile.com/cntex/english2/2002\\_du.htm](http://www.cntextile.com/cntex/english2/2002_du.htm).

*Also*, "The country's import textile machinery reached 4,372,090,000 US dollars in 2003, an increase of 24.26 percent over the previous year. Of this, import in December was 452.04 million US dollars, rising 27.6 percent over the previous month. The biggest importers of textile machinery were Zhejiang Province to reach 1,167,210,000 US dollars and Jiangsu Province to 1,118,070,000. The two accounted for 48.67 percent of the total, rising 3.6 percentage points over the previous year. ... Looms and knitting machinery took up the biggest part of the import, followed by spinning and dyeing and printing machinery. Import of looms was 921.40 million US dollars; knitting machine, 834.85 million US dollars; spinning machinery, 732.72 million US dollars, and dyeing and printing machine, 745.38 million US dollars. Import value of knitting machinery jumped 34.72 percent and the price increased 52.54 percent." *China's fast development of textile industry has spurred a fast growth of imports of textile machinery*, Xinhua Economic News Service, April 7, 2004.

<sup>7</sup> *Source*, International Textile Machinery Statistics, Vol. 26, 2003, published by the International Textile Manufacturers Federation (hereinafter referred to as ITMF Machinery, 2003).

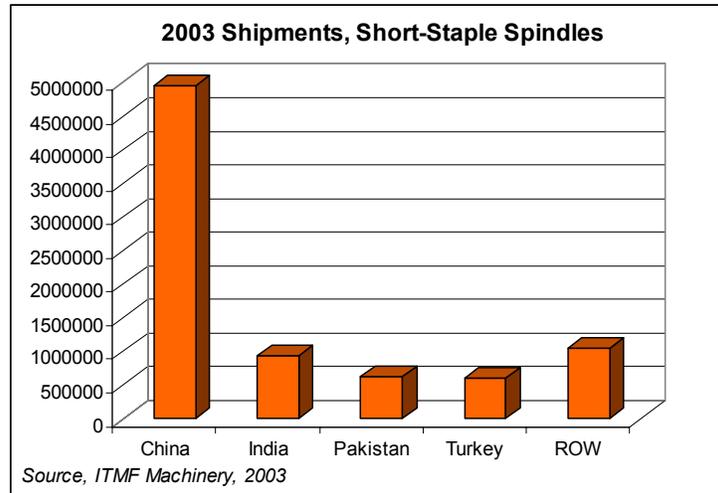


Chart 4 - 2003 Shipments, Short Staple Spindles, China and ROW

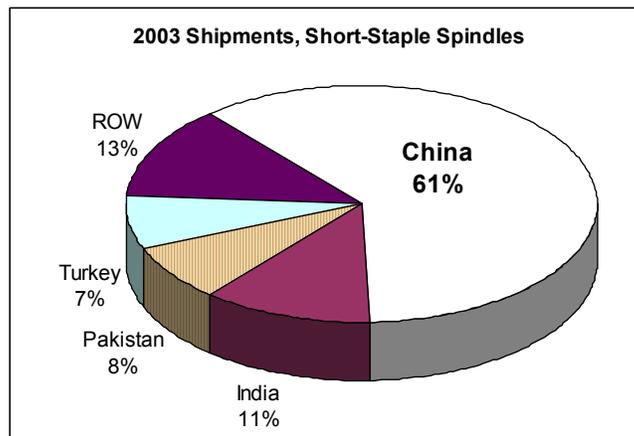


Chart 5 - Percent of Shipments Short Staple Spindles, ITMF Machinery 2003

As a result of China enormous investments in spinning machinery, Chinese yarn output has increased dramatically. According to China’s National Bureau of Statistics, cotton yarn production increased 15.7 percent in 2003, totaling a record 9.84 million tons, with a further 12 percent increase being recorded in the first quarter of 2004. Cotton yarn for export in 2003 totaled 496,000 tons, an increase of 31 percent over the previous year.

According to the Global Trade Atlas Database, China has been rapidly expanding its exports of combed cotton yarn over the past five years. Chinese exports of combed cotton yarn have increased by 547 percent since 1998, rising from 20,862 tons to 136,640 tons in 2003. 2004 figures from *Cntextile.com* indicate that Chinese exports are continuing to grow and are currently running at an annual rate of 147,000 tons for the first half of the year.

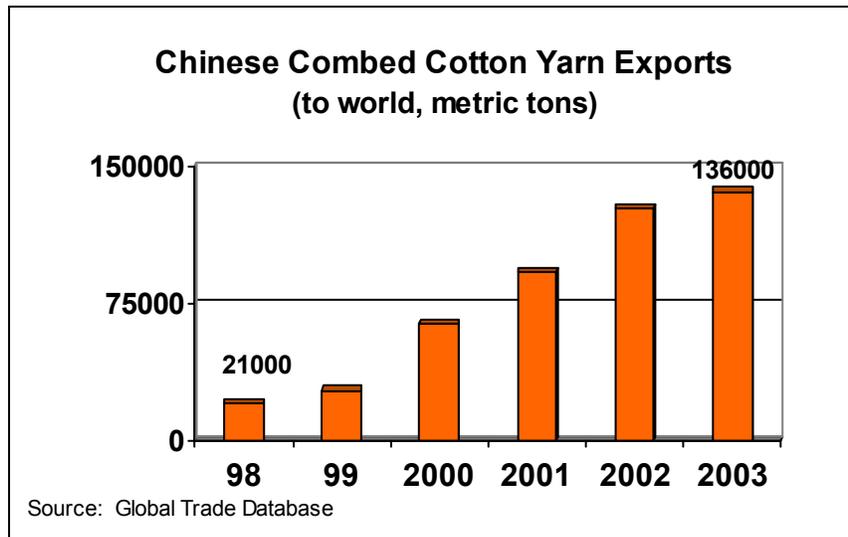


Chart 6 - China Combed Cotton Yarn Exports to the World

In comparison, the entire U.S. production of combed cotton yarn totaled 75 million kilograms (75,000 metric tons). These numbers make it clear that simply retargeting a small portion of China’s overall yarn production, or its combed yarn exports, could have a substantial impact on U.S. combed cotton yarn producers.

China's overall exports of combed and carded cotton yarn have also increased dramatically in the last few years, with 2003 exports of 504,000 metric tons representing a 190 percent increase over exports of cotton yarn from China in 1999.

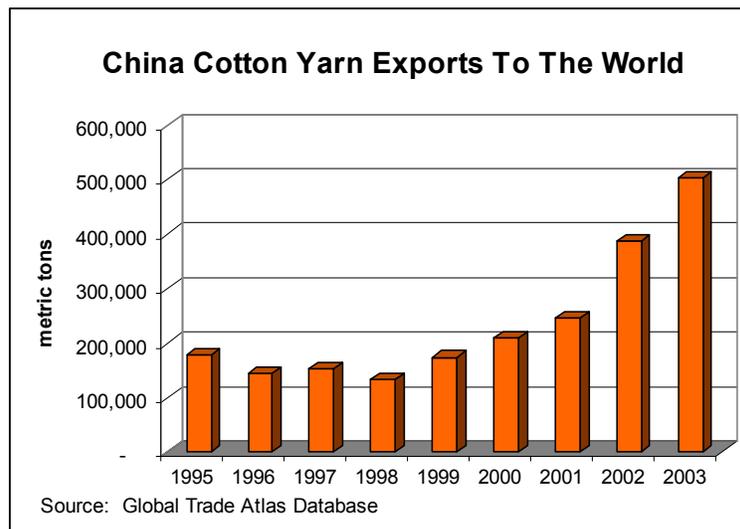


Chart 7 - Cotton Yarn Exports from China to the World

The cotton combed and total cotton yarn export figures demonstrate that China is both competing heavily in world cotton yarn export markets as well as supplying increasing amounts of yarn for its rapidly increasing domestic fabric production.



- The Investment Department of the National Bureau of Statistics reported that 4,584 textile “projects” were underway in 2003, with a total planned investment of \$25 billion.<sup>12</sup>
- Total investment in the textile sector is up significantly in China. It is reported that there are 90 million people directly or indirectly employed in the Chinese textile industry.<sup>13</sup>

Table 11 - China investment in textile industry

<b>China: Cumulative Fixed Asset Investment in the Textile Industry (Bil US\$)</b>		
<b>Cumulative Annual Total</b>		
	<b>Amount</b>	<b>% Change</b>
1999	1.64318	-
2000	2.48413	51.2%
2001	3.54893	42.9%
2002	4.34511	22.4%
2003	7.24306	66.7%
Jan-Aug 2004	7.06277	72.6%

*Note: Excluding investment by rural collectives and urban and rural individuals.*

*Sources: State Development Planning Commission, National Bureau of Statistics and SIC.*

## **2. China Dominates the Market in Textile Product Categories Previously Removed from Quotas**

China consistently dominates trade in those product categories where quotas have been removed. According to Department of Commerce data, in the 44 textile and apparel categories where quotas were removed in 2002.<sup>14</sup> China increased its share of the U.S. import market from 7 percent in 2001 to 39 percent as of August 2004. Within the first twelve months of quota removal, China more than doubled its import market share to 18 percent and then doubled that share again within the next 20 months. China accounted for 86 percent of the growth of total imports in these decontrolled categories, with imports from China increasing by 3.9 billion square meters and imports from all other sources increasing by 655 million square meters.

In textile specific categories, China’s domination of U.S. textile imports followed a similar track. China share increased from 7 percent in 2001 to 33 percent by August 2004. Again, China more than doubled its import share to 15 percent within the first twelve months and then doubled it again over the next twenty months. China accounted for 73 percent of the total growth of 3.8 billion sme in imports in these categories.<sup>15</sup>

<sup>11</sup> *China Surge Big Topic at Cotton Meet*, Women's Wear Daily, March 3, 2004.

<sup>12</sup> *Textile sector investment hits US\$25b in 2003*, China Textile Network Co.

<sup>13</sup> *China: Stick to WTO Rules, Commerce Minister Urges*, just-style.com, September 20, 2004.

<sup>14</sup> Results of a tracking study by the National Council of Textile Organizations (NCTO) on the impact of China on the apparel categories released from quota control in 2002.

<sup>15</sup> Textile categories: 600, 606, 607, 800, 222, 223, 229, 621, 810, 464, 465, 665, 670, 870, 871, 899.

In apparel categories, China increased its market share from 10 percent in 2001 to 72 percent as of year to date June 2004. Imports from China in these product categories grew by 1,009 percent or 1.05 billion square meters during the two and a half year period after quotas were removed.

### **3. China Engages in Significant Price Cutting in Order to Accumulate Market Share**

China has engaged in significant price reductions in both its current exports of combed cotton yarn around the world and in textile and apparel categories removed from quota control. These examples indicate a desire to rapidly accumulate market share.

China already has demonstrated the ability to undercut the worldwide market in combed cotton yarn. According to the Global Trade Atlas Database, China's average price of exported combed cotton yarn has dropped by 25 percent over the past seven years, with China dropping its price from \$3.92/kilogram in 1996 to \$3.13/kilogram in 2003. Chinese prices are 29 percent below world prices<sup>16</sup> which averaged \$4.37/kilogram in 2003. This compares with an average U.S. producer price of \$ 3.26/kilogram in 2003.<sup>17</sup>

As a result, China now is one of the largest exporters of combed cotton yarn in the world. According to the Global database, China exported ten times as much combed cotton yarn as its next largest competitor (India) in 2003.<sup>18</sup>

In addition, experience with products previously under quota control show a strong likelihood that China will cut prices. U.S. Commerce Department data shows that, with respect to the categories where quotas have been lifted, China dropped its prices by an average of 53 percent, with average prices falling from \$6.23/square meter in 2001 (with quotas still in place) to \$3.12/square meter for year-to-date June 2004.<sup>19</sup>

China's prices dropped in every single apparel category removed from quota control, with the largest drop being 89 percent and the smallest drop being 4 percent. However, the 4 percent price drop occurred in a category (silk gloves) where China already had an 80 percent share of the market. In the category with the 89 percent price drop (wool hosiery), China went from a 4 percent share of the U.S. import market to a 48 percent share in two and a half years.

Price declines and increases in imports from China were more pronounced in cotton containing categories, with the average quantity of imports increasing by 641% in 2002 from 2001 with an average price decline of 71 percent.<sup>20</sup>

Of the twenty-five apparel categories that had quotas removed, China's prices were below average world prices in every single category except one, vegetable fiber knit shirts. However, China's prices only climbed above average world prices after the China had gained an import

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<sup>16</sup> It is important to note that one major exporter, Pakistan, is not included in the database.

<sup>17</sup> Combed cotton yarn prices are collected by Textile World magazine in its monthly Yarn Market report. U.S. price was calculated by averaging the asking prices of the most common sizes of cotton yarn that the U.S. industry produces (18/1 and 30/1).

<sup>18</sup> See note 17, above. Pakistan is not included in the database.

<sup>19</sup> Results of a tracking study by the National Council of Textile Organizations (NCTO) on the impact of China on the apparel categories released from quota control in 2002.

<sup>20</sup> Comparison of 8 categories removed from quota (222, 223, 229, 330, 349, 350, 353, 354)/ Analyzed by the National Cotton Council.

market share of 95 percent. Textile categories removed from quota also show a significant price drops.

Petitioners submit that, absent implementation of timely threat-based safeguard action, similar price declines can be expected to occur for imports of the subject products when remaining quotas are removed on January 1, 2005.

#### **4. Academicians, Analysts and International Institutions Agree that China Will Dominate World and U.S. Trade in Yarn and Textiles**

The anticipated growth in imports from China is supported by a wide array of economic literature and independent studies. Virtually every study produced by private consulting groups, governments and international agencies has concluded that once quotas are removed China will rapidly increase its share of world trade in textiles, and particularly the U.S. market. These studies include:

##### ***Goldman Sachs: "China's Textile/Apparel Manufacturing: The big bang in 2005," June 2004.***

Goldman Sachs concludes that "without quotas, China's exports are set to expand immediately" and that "China has the ability to grow its textile and apparel exports rapidly once trade barriers are removed."

The Sachs study cites China's domination of similar sectors "such as footwear or toys or sporting goods – equally labor-intensive and low-value added" with Chinese market shares of 66 and 67 percent as an example of the kind of market control China can assert. The study also cites the development of a "complete food chain in textile and apparel manufacturing" in China and the likelihood that "once quotas are removed, wholesalers and retailers are likely to immediately consolidate their orders."

The study concludes that "we expect a rapid increase in textile and apparel manufacturing" from China and warns that "China is likely to have rapid market dominance in certain products, and exert tremendous price pressure and destructive power on other exporters as well as domestic manufacturers in the importing countries once quotas are removed."

The study also concludes that safeguard measures *based on market disruption* are not likely to be successful because of China's ability to rapidly capture market share. Sachs says that such safeguards may be approved but because "there is likely a lead time for China's exports to prove to be market disruptive, and by which time, China's exports in these product may already be very substantial.

##### ***World Trade Organization, Hilegunn Nordds: "The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing," 2004***

Nordds notes the consensus view among researchers: "Most analyses of the phasing out of impact of the ATC conclude that China and India will come to dominate world trade in textiles and clothing, with post-ATC share of China alone estimated at more than 50 percent or more. This study replicates those predictions."

***United States International Trade Commission, publication 3671: “Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market”***

The United States International Trade Commission study of the impact of the quota phase-out concluded that “China is expected to become the ‘supplier of choice’ for most importers because of its large ability to make almost any type of textile and apparel product at any quality at a competitive price.”

The Commission reviewed a number of recent studies concerning the quota phase-out, all of which predicted a large increase in Asian market share (China share was not generally extrapolated). One study by Avisse and Fouquin (2001) extrapolates China’s apparel exports, predicting that it would jump 87 percent once quotas are removed.

The Commission noted many reasons for China’s predicted dominant position, including that “China is the world’s largest producer and exporter of textiles and apparel and it has invested more in spinning and weaving equipment than any other country during the last five years. Moreover, China’s huge supply of inexpensive labor and skilled sewers, coupled with access to indigenous raw materials, has enabled China’s textile and apparel industries to remain highly price competitive and attract foreign direct investment in facilities and technologies.”

**5. Major Suppliers, Retailers and Sourcing Agents Indicate China Will Dominate World And U.S. Trade in Textiles**

The companies that supply the U.S. consumer with textile and apparel merchandise believe imports from China into the United States will dramatically increase. Numerous statements from major importers and retailers have appeared in the media that confirm the executives who make the sourcing decisions regarding the purchase of textiles and apparel in the United States plan to quickly move sourcing to China.

Of these statements perhaps most significant was a confidential survey earlier this year of top U.S. executives for major importing and retailing firms who predicted that China would dominate trade in apparel once quotas are removed. The poll, which was conducted in January at the Cotton Sourcing Summit in Miami, asked what percentage of the U.S. apparel market China would take once quotas were removed. 87% of the respondents said China’s share would exceed 50 percent and half of those predicted that China would gain between 75 and 90 percent.

Regarding major suppliers, 96 textile and apparel trade associations from 54 countries around the world have joined together in the Global Alliance for Fair Trade in Textiles (GAFTT) to raise concerns about China’s ability to disrupt markets around the world once quotas are lifted. Citing member concerns, GAFTT recently stated: “Since China joined the WTO at the end of 2001, it has engaged in a premeditated and systematic effort to monopolize world trade in textiles and clothing by undercutting free market prices through a complex scheme of industrial subsidization and currency manipulation” and that “China has used and continues to use the following unfair trade practices to artificially undercut the prices of every other country in the world.”

Regarding sourcing agents, one leading sourcing executive recently sketched his scenario for the end of quotas and the likely Chinese response. In a Women’s Wear Daily article, Robert Zane, of Liz Claiborne, described why China would move to quickly flood the U.S. market. Zane, who is senior vice president of sourcing, distribution and logistics at New York-based Liz Claiborne

Inc., said the likelihood of safeguards will probably prompt a flood of Chinese goods into the U.S. market starting in January.

*"We should not underestimate what many Chinese factories will do at the end of this year to prepare to ship early next year," he told the group of mill, importer and apparel manufacturer executives. "They will be looking for incentives to offer their buyers."*

*In a later interview, Zane said price cuts of as much as 20 percent might be reasonably expected in the opening months of the year. He added that for a brief period companies might resort to selling goods at or below cost to drive volume.*

*Chinese exporters will be looking to quickly fill their order books for a simple tactical reason, Zane said. The U.S. is allowed to impose one-year safeguard quotas that would limit Chinese exports in any given category to no more than 7.5 percent higher than the volume of goods imported over the past year. Even a few months of sharply higher imports could lead to significantly higher safeguard quotas.*

*According to several sources, including Zane, Chinese officials have indicated they will not negotiate safeguard quotas until the U.S. can show evidence that their exports are growing rapidly enough to meet the standard of market disruption called for in the bilateral agreement. That suggests that if safeguard quotas were imposed after a few months of enormous export growth, those quotas would be higher than they would have been if they were imposed in January, when they would have been based on a restricted level of trade.*

*"They're going to assume there will be a quota number and the new quota will be based on actual business," said Zane.*

*Another speaker suggested that idea will also motivate Chinese negotiators to delay and prolong talks.*

*"What they may try to do is extend the period of time under which negotiations take place," said Martin Trust, president of Salem, N.H.-based Brandot International Ltd., a sourcing company with investments in countries including Sri Lanka and Madagascar. "They'll look to buy time. The longer they can stretch it out, the better the performance is going to be and the higher amount of quota they can get."*

Other leading retail, importing and sourcing executives have regularly expressed their own expectations regarding how China will quickly move to dominate the U.S. market:

**South China Morning Post 6/11/04** – “A lot of importers in the US and Europe are placing huge orders for basic items like jeans and polo shirts, in anticipation of the lifting of quotas. These importers want to grab market share. These are not normal purchases but speculative. In the end they may depress prices and prompt dumping.” – Hong Kong Textile Council vice-chairman Willy Lin Sun-mo

**Women's Wear Daily 3/3/04** – 300 importers and retailers who participated in a survey at the Cotton Sourcing Summit in Miami in February 2004 were asked to predict what percentage of U.S. market share China would capture after quotas expire. 43 percent of the respondents thought China would capture 50 to 75 percent market share while another 44 percent thought China share would total 75 to 90 percent.

**Bloomberg News 8/4/04** – Bruce Rockowitz, an executive director at Hong Kong-based Li & Fung, which sources clothing worldwide for retailers including American Eagle Outfitters and Abercrombie and Fitch, estimates that 70 to 80 percent of all clothing production will move to China after January 1. Mr Rockowitz said that the Li & Fung has seen a sharp rise in U.S. orders for Chinese clothing. “The surge probably reflects fears that the US will impose anti-surge quotas on Chinese clothing,” stated Rockowitz.

**Financial Times 7/20/04** – Bob Zane, head of global sourcing and manufacturing for Liz Claiborne, told the Financial Times that he expects Liz Claiborne to halve the number of countries from which it sources clothes in the next three to four years. In the process, China’s share of company direct overseas sourcing will go from about 15 percent to about half, a ratio that Zane expects other big U.S. purchasers will match. He sees China becoming “the factory of the world.”

**Textile Asia, June 2004** - Alex To Man-yau, head of Chinese operations for Hong Kong trade facilitator, Trade Easy, said: “We are seeing a lot of inquiries and orders for Chinese garments from the US, Europe and Canada.” Mr. To said that the average value of orders placed through his firm for Chinese garments by US, Canadian and European buyers has increased fivefold this year over last year.”

**Textile Asia, June 2004** - Mr. Neeraj Sawhney, a director for the Hong Kong textile trade, Topnet International, said: “There are many more queries for orders and shipments of Chinese garments from the U.S. for 2005 and beyond.”

**Textile Asia, July 2004** - Steven Feninger, Chief Executive of Linmark Group, a trading firm, said: “Garment orders are rushing to the Mainland from Southeast Asia and Central America in anticipation of the lifting of global textile quotas next January. The scale of the move to China is going to affect national economies.” Linmark notes that “once textile quotas are eliminated under World Trade Organization rules, buyers are expected to shift en masse to cheaper Chinese goods.” Linmark estimated “that the proportion of its sourcing from Mainland, Hong Kong and Taiwan will rise to 70 percent in two years.”

**China Daily, Sept. 8, 2004** - Zhao Hanyu, Chairman of Tianlong Holding, China’s leading textile manufacturer and exporters: “The costs of quotas have made the price of many Chinese textile products close to those of some quota-free Southeast Asian countries, although China’s manufacturing costs are much lower. After the quota is lifted, the cost advantage of Chinese products will be realized and its exports to the U.S. market should increase significantly.”

#### **6. In Markets Similar to the U.S., China Quickly Dominated Categories Removed From Quota.**

It is expected that imports from China into the United States will increase on January 1 because textile and apparel imports from China quickly took a dominant position upon the lifting of quotas in other markets similar to the United States. In her WTO study, Nordds confirmed this by stating, “a high and rapidly increasing market share is observed for China following its accession to the WTO in 2001 in Australia, Japan and South Africa.” In 2001, Chinese share of the apparel market in South Africa was 56%, Japan was 78% and Australia was 70 percent (source: Comtrade database). WTO figures also show that by 2003 China had achieved an 80 percent share of the Japanese apparel market.

As cited by the US International Trade Commission report, “China has proven its ability to compete in other developed country markets, particularly Australia and Japan, for which it accounted for 69 percent (2002) and 77 percent (2001) of their apparel import markets, respectively.” Australia is significant because it represents a developed market with similar consumption patterns and preferences as the United States but for whom quotas were removed ten years ago.

The ITMF Country Statements Publication<sup>21</sup> for Australia stated: “China has maintained its dominance and has demonstrated sustained growth and increasing share in the last year. Over the past five years, imports from China in value terms have roughly doubled and now account for 70% of clothing imports. As average fob prices from China are low relative to other countries, in quantitative terms, this share is significantly higher.”

### **7. China Engages in a Variety Of Unfair Trade Practices, Including Currency Manipulation**

China's persistent use of unfair trade practices will provide additional fuel to its export surge. In a major review last June by the U.S.-China Economic and Security Review Commission of China's industrial policies<sup>22</sup>, Commissioners cited a wide range of unfair and mercantilist trade practices. In summation, the Commissioners noted that major areas of concern were “China's manipulation of its currency, continued provision of direct and indirect subsidies to Chinese producers, use of unjustified technical and safety standards to exclude foreign products and poor enforcement of intellectual property rights.”

Regarding the textile and apparel sector, the Commission noted that the Chinese government had selected this sector as one of its “pillar industries.” According the Commission, the Chinese government supports these pillar industries “through a wide range of measures that include tariffs, limitations on access to domestic marketing channels, requirements for technology transfer, government selection of partners for major international joint ventures, preferential loans from state banks, subsidized credit, privileged access to listings on national and international stock markets, tax relief, privileged access to land, and direct support from R&D from the government budget.”

Of particular note, China's tax rebates of 13 percent for textile and apparel products exported to the United States, China's government subsidization of state-owned textile and apparel enterprises and the proliferation of “free credit” for both these enterprises and private enterprises have created a “playing field” in textiles and apparel where China can choose to underprice its competitors, including U.S. producers, virtually at will.<sup>23</sup> Indeed with a non-performing loan rate at near fifty percent by its state banks and an apparent enormous increase in apparel

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<sup>21</sup> For its annual conference, the International Textile Manufacturers Federation (ITMF) publishes a review of the current state of the textile industry in each member country. Included are data relating to the general economic situation, textile manufacturing capacities, activity levels and trade in textiles. ITMF is an international association for the world's textile industries.

<sup>22</sup> *Ibid.*

<sup>23</sup> According the China Textile Network Report, 47 percent of all textile state-owned enterprises ran at a loss in 2003. The Statistics Center of the China National Textile Industry Center reported that state-owned enterprises accounted for 44% of total textile and garment exports or \$24.8 billion. Collective enterprises accounted for another 10 percent of exports or \$5.8 billion.

capacity, Chinese manufacturers are poised to meet and break price points set by its free market competitors in the U.S. and around the world.

China's manipulation of its currency over the past ten years by pegging the yuan to the U.S. dollar has had a particularly disruptive impact on world trade of textiles and apparel, and this disruption has been even more pronounced since 1999. The undervaluation of China's currency has enabled China to sell the subject products at prices that are lower than fair value and enabled it to undercut prices for the products in many markets around the world. Further, the continued devaluation of the yuan ensures that China retains significant price flexibility once quotas are lifted on January 1, 2005. It is clear that China is positioned to repeat the type and degree of price undercutting it has practiced with respect to other products and in other markets.

According to the Federal Reserve, over the past five years, the yuan has been valued at an average of 8.2775 yuan to the U.S. dollar, with only a very narrow fluctuation range of plus or minus 0.1 percent (essentially equal to 1/100th of one U.S. cent). In the last year, the range has narrowed even further to plus or minus 0.01 percent (equal to 1/1000th of one U.S. cent). Such microscopic variations in the yuan vis-à-vis the U.S. dollar clearly constitute a fixed-peg currency system, and as a consequence it is the consensus view among economists, academicians and policy makers that the yuan has been artificially undervalued by a significant margin, possibly as much as 40 percent.

Moreover, this fixed-peg currency system, when combined with the absence of quantitative restraints, has given China such an unbeatable and unfair competitive advantage that it has enabled China to literally manipulate and seize control of textile and apparel markets worldwide.

China's currency manipulation, which has been acknowledged by the Administration as harmful to U.S. manufacturing, violates a number of international agreements and legal obligations, including those which prohibit export subsidies, and it circumvents the basic goal of the World Trade Organization -- to promote the orderly development of world trade. It also violates the International Monetary Fund's Articles of Agreement, which states that each IMF member shall "avoid manipulating exchange rates or the international monetary system in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage over other members."<sup>24</sup>

## I. ADDITIONAL INFORMATION

### 1. Economic Condition of the U.S. Textile Industries

As the following table illustrates, U.S. employment in fiber, yarn and thread mills has declined significantly since 1999, falling from 85.4 thousand in January 1999 to 52.5 thousand in June 2004.

**Series Id:** CEU3231310001, Not Seasonally Adjusted

**Super Sector:** Manufacturing

**Industry:** Fiber, yarn, and thread mills

**NAICS Code:** 3131

**Data Type:** ALL EMPLOYEES, THOUSANDS

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<sup>24</sup> International Monetary Fund Articles of Agreement, Article IV, Section 1 (iii).

Table 12 - Employees in fiber, yarn and thread mills

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1999	85.4	84.8	84.3	84.7	83.7	83.6	82.1	83	82.4	83.2	82.6	82.8	83.6
2000	81.9	82.2	81.7	81.4	81.9	81.7	80.3	81.2	81	80.1	79.1	78.6	80.9
2001	76.5	74.9	74.3	73.4	71.9	70.8	69.3	68.8	69.1	67.6	65.8	65.7	70.7
2002	64.6	64.1	64.6	64.5	63.8	63.6	63.3	63	62.7	62.2	61.5	61	63.2
2003	60.7	59.1	59.2	58.3	57.1	56.8	56	55.4	54.8	53.1	52.1	52.3	56.2
2004	51.6	51.8	52	51.7	52.5	52.5(p)							

p : preliminary - [SOURCE: U.S. Dept. of Labor Bureau of Labor Statistics]

The spinning sector declines mirror those occurring in the overall domestic industry.

Since the late 1990s, and despite spending over \$2 billion annually<sup>25</sup> in capital investments in an effort to modernize and increase productivity, the United States textile sector has experienced an unprecedented wave of plant closings and job losses. In the last six years, the United States has lost some 220,000 textile jobs, fully 33 percent of its entire workforce. The textile industry lost 50,000 jobs in 2003 alone, fully 10 percent of the workforce, jobs which paid an average of between \$11 and \$12 per hour, depending on the position.<sup>26</sup> (For apparel, the damage has been even worse, as 347,000 jobs have been lost in the last six years, equal to 55 percent of that workforce.) Using a 50 year time frame, the 10 percent rate of decline in textiles employment in 2003 was second only to the 13 percent rate the industry suffered in 2001.<sup>27</sup>

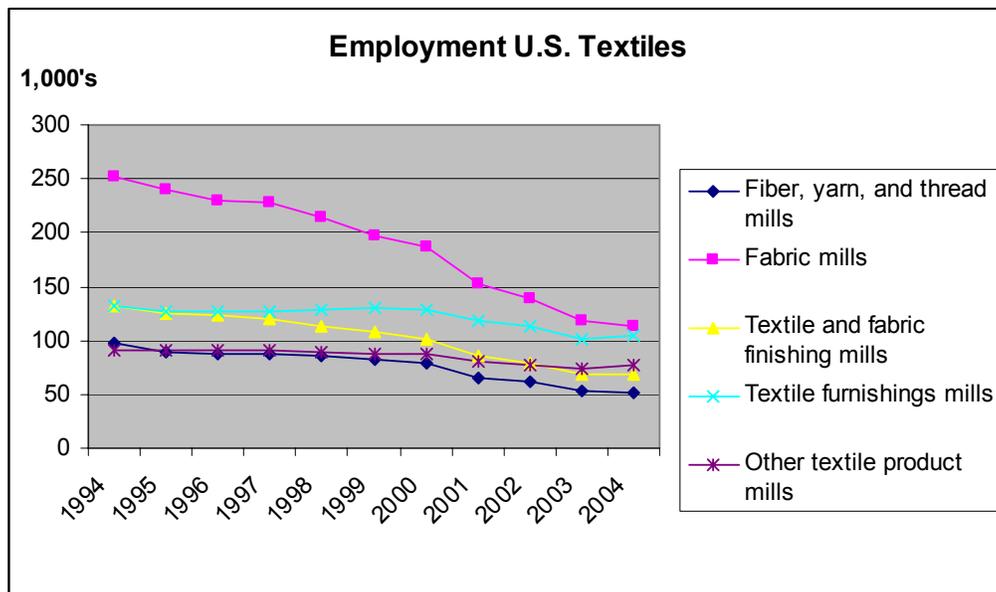


Chart 9 - Employment in U.S. Textiles

By virtually every measure, the textile industry’s fortunes continued to suffer in 2003 and did not rebound significantly in 2004, even as the rest of the economy was reported to be recovering. Textile mill shipments fell in 2003 by eight percent to \$39.8 billion and, while they have risen in 2004 by a small percentage, 3.5% over last year, in year-to-date figures through August, they are

<sup>25</sup> Source: U.S. Census Bureau (industry record for capital expenditures was \$3.4 billion in 1997; because of industry contraction, capital expenditures had dropped to \$2.3 billion in 2001, the most recent year for which figures are available)

<sup>26</sup> Source: U.S. Bureau of Labor Statistics

<sup>27</sup> Source for all employment data: U.S. Bureau of Labor Statistics

still 6% lower than the comparable period in 2002.<sup>28</sup> Textile corporate sales also declined in 2003 by three percent to \$47 billion and, while corporate sales are up somewhat in 2004, so far they are still barely three percent above the comparable period in 2002.<sup>29</sup>

Also, total fiber consumption on the cotton spinning system, where yarn for most apparel and home furnishings use is produced, fell ten percent in 2003 and through August of this year has fallen by another 12 percent, meaning 2004 will assuredly be the seventh consecutive year in which such consumption has declined.<sup>30</sup> The drop in 2003 brought consumption last year to its lowest level since the early 1980s. This contraction in the consumption of raw material is the result of a consolidation which saw the industry lose more than 1,600,000 ring spindles, nearly 300,000 open-end rotors, and 27,000 air-jet positions between year-end 2000 and year-end 2003.<sup>31</sup> Finally, seasonally adjusted capacity utilization continued to fall in 2003 to 71.8% and has fallen further in the first eight months of 2004 to a year-to-date average of 71.4 percent, nearly a full percent below the first eight months of 2002 and far below the average mark of 84.3% realized for the years 1995-2000.<sup>32</sup>

As imports have risen, the U.S. textile industry has experienced losses in employment and an increased number of plant closings. The charts below show job losses over the past five years in textiles nationally and in key textile producing states, as well as plant closing data:

Table 13 - U.S. Textile Job Losses

(Thousands of jobs)

	Latest Employment Figures  (June 2004)	Change Since:			
		Over 12 Month Period (June-03)		Over 5 Year Period (June-99)	
		Jobs Lost	Percent	Jobs Lost	Percent
<b>United States Textile Workers:</b>	414.6	-29.9	-6.70%	-199.4	-32.50%
<b>Alabama</b>	23.8	-1.4	-5.60%	-8.8	-27.00%
<b>North Carolina</b>	78.9	-10.2	-11.40%	-61.1	-43.60%
<b>South Carolina</b>	47.8	-1.9	-3.80%	-27.8	-36.80%
<b>Virginia</b>	12.8	-1.1	-7.9%	-7.1	-35.70%

Source: U.S. Bureau of Labor Statistics

<sup>28</sup> Source: U.S. Census Bureau

<sup>29</sup> Source: U.S. Census Bureau Quarterly Financial Report

<sup>30</sup> Source: U.S. Census Bureau, M313P (data unadjusted for variation)

<sup>31</sup> *Ibid.*

<sup>32</sup> Source: Federal Reserve, "Industrial Production and Capacity Utilization"

Table 14 - Textile Plant Closings

Textile Plant Closings (as of July 1, 2004)									Since Crisis Began (1997 – to date)
	2004	2003	2002	2001	2000	1999	1998	1997	
United States	21	50	42	116	29	35	26	14	328
- North Carolina	5	24	20	31	14	16	9	6	125
- South Carolina	2	11	5	31	6	5	4	6	70
- Georgia	4	1	1	16	2	4	6	0	34
- Virginia	1	1	3	4	1	3	2	1	16
- Alabama	1	4	1	7	0	0	0	1	14
- All other states	8	9	12	22	6	7	5	0	69

Sources: various media and company reports.

A partial listing of textile plant closings can be found by visiting the following website:  
<http://www.ncto.org/ustextiles/plantclosingsUSA.html>

This decline would have been far more pronounced had it not been for a successful transition into an increased outward processing trade. U.S. participation in an outward processing trade has increased substantially over the last 10 years. Increased imports of the subject products from China seriously threaten the continuation of the outward processing trade.<sup>33</sup>

## **2. Apparel Sector Declines Have Hurt the U.S. Yarn Sector**

Declines in the production of U.S. apparel have had a corresponding negative impact on the U.S. yarn sector - an impact that would have been even more pronounced if not for the development of the outward processing component of the U.S. market.

U.S. apparel shipments have been consistently contracting in recent years. For 2003, the end of the year total of \$52.7 billion marked the sixth consecutive year in which shipments declined since they peaked at \$68.0 billion in 1997. Looking at the first six months of 2004, shipments were at \$28.3 billion, which was \$3.5 billion lower than they were in the first six months of 1999. While shipments rose during the second quarter, inventories continued to decline. At \$7 billion, inventories were \$2.6 billion lower than the comparable period in 1999.<sup>34</sup>

Employment in U.S. apparel manufacturing continued to fall in 2004. In August, employment in this industry stood at 282,300 workers, which was 21,400 or 7 percent below August 2003 levels. August 2004 employment levels are almost half of August 1999 levels, representing a 48.6 percent decrease in total U.S. apparel jobs.<sup>35</sup>

<sup>33</sup> See discussion of Preferential trade in section I.2 below.

<sup>34</sup> Source: U.S. Census Bureau

<sup>35</sup> Source: U.S. Bureau of Labor Statistics

U.S. apparel production is continuing to show the same negative trends evident in both the employment and shipment sectors of the industry. For 2003, apparel production was at \$23.9 billion or 11.8 percent below 2002 levels. Like the continuing decline in shipments and employment, production has declined year in and year out. Since reaching the \$41.6 billion mark in production in 1999, U.S. apparel production has dropped \$17.5 billion or 42.5 percent.<sup>36</sup>

Apparel sales at the wholesale stage of the pipeline dropped considerably in 2003 with more than a 5.5 percent decline for the year from the previous year 2002. At \$84.7 billion, wholesale U.S. apparel sales are now at their lowest levels since 1998. End of period inventories are also on the decline and are 12.3 percent lower than 1998 levels.<sup>37</sup>

The expected increase in imports of yarn, fabric and apparel products from China when quotas are lifted will exacerbate these negative trends.<sup>38</sup>

## **J. ACTION AUTHORIZED UNDER THE AGREEMENT**

Action by the United States under paragraph 11.242 of the Report of the Working Party is authorized, warranted and appropriate upon the belief of the United States that there is a threat of market disruption concerning the subject products and that Imports from China of the subject products played a role in the threat of market disruption.

The WTO Report of the Working Party—Special Safeguard Authorization provides, in pertinent part, as follows:

"... The Member requesting consultations would provide China, at the time of the request, with a detailed factual statement of reasons and justifications for its request for consultations with current data which, in the view of the requesting Member, showed: (1) the existence or threat of market disruption; and (2) the role of products of Chinese origin in that disruption;..."

## **K. REQUESTED ACTION**

The Committee for the Implementation of Textile Agreements (CITA) is hereby requested to take all appropriate steps in order to avoid market disruption in 2005 with respect to imports from China of such products. Petitioners submit that such market disruption can only be avoided by the imposition of limitations on imports of the subject products from China according to the provisions of Section 11.242 of the Report of the Working Party and the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27788 (May 21, 2003)).

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<sup>36</sup> Source: U.S. Census Bureau

<sup>37</sup> Source: U.S. Census Bureau

<sup>38</sup> Bruce Raynor, President of the Union of Needle, Trades, Industrial and Textile Employees predicts that an additional 500,000 domestic jobs will be lost if textile quotas, which were set when China entered the WTO, are lifted. In 2001, Wal-Mart brought its international buying division in-house and almost half of Wal-Mart's global sourcing employees work in China. Daniels, Alex, "Suppliers Move Jobs Overseas," Arkansas Democratic – Gazette, November 12, 2003.

## **L. EXHIBITS**

Exhibit 1 - Description of Petitioners

Exhibit 2 - HTSUS Codes of articles covered by the applicable category

Exhibit 3 - List of China manufacturers (as complete as possible)

## EXHIBIT 1

### *Description of Petitioners*

**The American Manufacturing Trade Action Coalition (AMTAC)** – 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. Its office is in Washington, DC. ([www.amtacdc.org](http://www.amtacdc.org))

**National Council of Textile Organizations (NCTO)** – 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 in the textile machinery, chemical and other such sectors which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters is in Washington, DC, and it also maintains an office in Gastonia, NC. ([www.ncto.org](http://www.ncto.org))

**The National Textile Association (NTA)** – 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 supplies or services to the American textile industry. NTA's office is in Boston, MA. ([www.nationaltextile.org](http://www.nationaltextile.org))

## EXHIBIT 2

### HTSUS Codes of articles covered by the applicable category

OTEXA Correlation Category 301CATEGORY 301 \* COMBED COTTON YARN  
(Conversion Factor to Square Meters= 8.50 ; Unit=KG )

HTS CODE	DESCRIPTION
5205.21.0020	SING COMB COT YARN, >=85% COT, <=14 NM, RING SPUN
5205.21.0090	SING COMB COT YARN, >=85% COT, <=14 NM, OTHER
5205.22.0020	SING CMB COT YRN, >=85% COT, >14 BUT<=43NM, RNG SPU
5205.22.0090	SING COMB COT YARN, >85% COT, >14 BUT<=43 NM, OTH
5205.23.0020	SING CMB COT YRN, >=85% COT, >43 BUT<=52NM, RNG SPU
5205.23.0090	SING COMB COT YARN, >=85% COT, >43 BUT<=52 NM, OTHE
5205.24.0020	SING CMB COT YRN, >=85% COT, >52 BUT<=80NM, RNG SPU
5205.24.0090	SING COMB COT YARN, >=85% COT, >52 BUT<=80NM, OTHE
5205.26.0020	SING CMB COT YRN, >=85% COT, >80 BUT<=94NM, RNG SPU
5205.26.0090	SING COMB COT YARN, >=85% COT, >80 BUT<=94NM, OTH
5205.27.0020	SING CMB COT YRN, >=85% COT, >94 BUT<=120NM, RNG SP
5205.27.0090	SING COMB COT YARN, >=85% COT, >94 BUT<=120NM, OTH
5205.28.0020	SING COMB COT YARN, >=85% COT, >120 NM, RING SPUN
5205.28.0090	SING COMB COT YARN, >=85% COT, >120 NM, OTHER
5205.41.0020	ML/CB COMB COT YRN, >=85% COT, <=14 NM, RING SPUN
5205.41.0090	ML/CB COMB COT YARN, >=85% COT, <=14 NM, OTHER
5205.42.0020	ML/CB CMB COT YRN, >=85% COT, >14 BUT<=43NM, RNG SP
5205.42.0090	ML/CB COMB COT YARN, >=85% COT, >14 BUT<=43NM, OTH
5205.43.0020	ML/CB CMB COT YRN, >=85% COT, >43 BUT<=52NM, RNG SP
5205.43.0090	ML/CB COT YARN, >=85% COT, >43 BUT<=52 NM, OTHER
5205.44.0020	ML/CB CMB COT YRN, >=85% COT, >52 BUT<=80NM, RNG SP
5205.44.0090	ML/CB CMB COT YRN, >=85% COT, >52 BUT<=80NM, OTHER
5205.46.0020	ML/CB CMB COT YRN, >=85% COT, >80 BUT<=94NM, RNG SP
5205.46.0090	ML/CB CMB COT YRN, >=85% COT, >80 BUT<=94NM, OTHER
5205.47.0020	ML/CB CMB COT YRN, >=85% COT, >94 BUT<=120NM, RNG S
5205.47.0090	ML/CB CMB COT YARN, >=85% COT, >94 BUT<=120NM, OTH
5205.48.0020	ML/CB COMB COT YARN, >=85% COT, >120 NM, RING SPUN
5205.48.0090	ML/CB COMB COT YARN, >=85% COT, >120 NM, OTHER
5206.21.0000	COT YR N SW TH<85% CT N RT SL SN Y C FB<= 14 NM
5206.22.0000	CT YR N SW TH<85% CT N RT SL SN Y C FB>14NM<=43
5206.23.0000	CT YR N SW TH<85% CT N RT SL SN Y C FB>43NM<=52
5206.24.0000	CT YR N SW TH<85% CT N RT SL SN Y C FB>52NM<=80
5206.25.0000	CT YR N SW TH<85% CT N RT SL SN Y C FB>80 NM
5206.41.0000	CT YR N SW T<85% CT N RT SL M/C Y C F<= 14 NM
5206.42.0000	CT YR N SW TH<85% CT N RT SL M/C Y C F>14NM<=43
5206.43.0000	CT YR N SW T<85% CT N RT SL M/C U C F>43NM<=52
5206.44.0000	CT YR N SW T<85% CT N RT SL M/C Y C F>52NM<=80
5206.45.0000	CT YR N SW TH<85% CT N RT SL M/C Y C F>80 NM

## **EXHIBIT 3**

### *List of China manufacturers (as complete as possible)*

The attached list was compiled using the best available information. Petitioners cannot be certain this list is complete.

**CHINESE COMBED COTTON YARN MANUFACTURERS**Source: China Commodity Net [http://ccn.mofcom.gov.cn/cbg/zgsp/zgsp\\_en.html](http://ccn.mofcom.gov.cn/cbg/zgsp/zgsp_en.html)

<b>YANCHENG QINNAN TEXTILE CO., LTD.</b>	
PostCode:	224021
Address:	NO. 33, GUANGMINGXI, QINNAN TOWN, YANCHENG, JIANGSU, CHINA
Management Nature:	Manufacturer Franchiser
Operating rights of Import & Export:	NO
Establishment:	January ,1967
Number of Employees:	1000persons
Capital:	
Last Year Exports:	7055(ten thousand)
Name of Sell Manager:	Wang Bin
Duty:	General Manager
Tel:	0515-8690999
Fax:	0515-8601207
E-mail:	<a href="mailto:qnfz@ycqnfz.com">qnfz@ycqnfz.com</a>
Website:	<a href="http://www.ycqnfz.com">www.ycqnfz.com</a>
Overseas Office:	
City:	
Business Activity:	Textile
Parent Company:	
Products:	CARDED YARN COMBED COTTON YARN COTTON YARN FLOCK LINT ROTARY CUP SPIN

<b>WUXI QINGFENG CO., LTD</b>	
PostCode:	214008
Address:	NO. 203, XIHU WEST ROAD, CHONG' AN DISTRICT, WUXI, JIANGSU, CHINA.
Management Nature:	Manufacturer
Operating rights of Import & Export:	YES
Establishment:	July ,1921
Number of Employees:	3013persons
Capital:	RMB13244(ten thousand)
Last Year Exports:	USD1539(ten thousand)
Name of Sell Manager:	Mr. Xu
Duty:	Manager
Tel:	0510-2352612
Fax:	0510-2357620

E-mail:	<a href="mailto:qingfeng@public1.wx.js.cn">qingfeng@public1.wx.js.cn</a>
Website:	<a href="http://www.qingfengchina.com">www.qingfengchina.com</a>
Overseas Office:	
City:	
Business Activity:	Cotton yarns/Fabrics, Stretch yarns/Fabrics with dupont lycra, Poly/Cotton yarns /Fabrics, Tencil yarns/Fabrics, High density home textiles fabrics, dyed and printed cloth.
Parent Company:	WUXI QINGFENG GROUP CO., LTD.
Products:	BEDDING CARDED COTTON YARN CARDED POLY/COTTON YARN COMBED COTTON YARN COMBED POLY/COTTON YARN DRESS FABRIC MELAMINE MOLDING POWDER(MELAMINE-UREA MOLDING POWDER: MF1P-A110, MF1P-A112...) MELAMINE RESIN PHENOLIC MOLDING COMPOUND PLASTIC STRETCH YARNS WITH DU PONT LYCRA TENCIL FABRICS UREA FORMALDEHYDE MOLDING POWDER (UF1P-A 105, UF1P-A110, UF1P-A115... )

<b>ANYANG DELONG TEXTILE CO., LTD.</b>	
PostCode:	455000
Address:	NO. 1, XIANGSAN ROAD, ANYANG, HENAN, CHINA.
Management Nature:	Manufacturer
Operating rights of Import & Export:	YES
Establishment:	August ,2000
Number of Employees:	4000persons
Capital:	RMB1039(ten thousand)
Last Year Exports:	USD50(ten thousand)
Name of Sell Manager:	Mr. Zhang
Duty:	Vice Manager of Sales Dept.
Tel:	0372-2968201
Fax:	0372-2975458
E-mail:	<a href="mailto:delongfz@163.net">delongfz@163.net</a>
Website:	<a href="http://www.delongfz.com">www.delongfz.com</a>
Overseas Office:	
City:	
Business Activity:	It mainly produces cotton yarn, T/C yarn, Cotton grey fabric, T/C grey fabric including stretch jean in series, stretch drill, stretch poplin, T/C poplin, pure cotton dill and T/C dill etc.
Parent Company:	
Products:	BLENDED FABRIC BLENDED YARN COMBED COTTON YARN COTTON YARN

	ELASTIC JEAN GREY FABRIC POLY/COTTON BLENDED YARN POLY/VISCOSE BLENDED YARN POWERFUL TWILL PURE COTTON YARN STRETCH POPLIN STRETCH POPLIN STRETCH TWILL VISCOSE/COTTON BLENDED YARN
--	--

<b>JIANGSU TONGYU TEXTILE GROUP CO., LTD.</b>	
PostCode:	225009
Address:	NO. 7, JIANGYANG MID. ROAD, YANGZHOU, JIANGSU, CHINA
Management Nature:	Manufacturer
Operating rights of Import & Export:	YES
Establishment:	December ,1958
Number of Employees:	3500persons
Capital:	
Last Year Exports:	
Name of Sell Manager:	Ma Baoxiang
Duty:	General Manager
Tel:	0514-7858831 0514-7880128
Fax:	0514-7867112 0514-7086111
E-mail:	<a href="mailto:yz.ty@public.yz.js.cn">yz.ty@public.yz.js.cn</a>
Website:	<a href="http://www.jstextile.com">www.jstextile.com</a>
Overseas Office:	
City:	
Business Activity:	Yarn, Cloth, Knitted fabric
Parent Company:	
Products:	ANTI-PELLETING KNITTED YARN BLENDED SPINNING YARN BUNCHY YARN CARDED YARN CIRCULAR SPINNED YARN CLOTH COMBED COTTON YARN COTTON/POLYESTER BLENDING YARN COVERING YARN ENTWISTED KNITTED THREAD KNITWEAR OPEN-END SPINNING OPEN-END SPUN YARN RING SPINDLE KNITTED YARN ROTARY CUP KNITTED YARN YARN

<b>HANGZHOU ZHONGHUI COTTON TEXTILE CO., LTD.</b>
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PostCode:	311203
Address:	NO. 59, GONGREN ROAD, XIAOSHAN DIST., HANGZHOU, ZHEJIANG, CHINA
Management Nature:	Manufacturer Franchiser
Operating rights of Import & Export:	YES
Establishment:	December ,1958
Number of Employees:	2740persons
Capital:	
Last Year Exports:	
Name of Sell Manager:	Xu Yajun
Duty:	Sales Manager
Tel:	0571-82623911
Fax:	0571-82623944
E-mail:	<a href="mailto:hzzxtm@xsptt.zjpta.net.cn">hzzxtm@xsptt.zjpta.net.cn</a>
Website:	
Overseas Office:	
City:	
Business Activity:	7s-80s yarns and combed yarns, Pure chemical fiber yarns and blended yarns, Cott on and chemical fiber fabrics in width of 47"-103".
Parent Company:	
Products:	BLENDED FABRICS BUNCHY YARN CARDED COTTON YARN COLOR-SPINNING YARN COMBED COTTON YARN COTTON BEDDING CLOTHS COTTON SPANDEX COTTON THREADS OE SPINNING YARN POLYESTER THREADS RAYON YARN T/C YARN

<b>ZHANGJIAGANG LEYU TEXTILE CO., LTD.</b>	
PostCode:	215621
Address:	NO.44, ZHENBEI RD., LEYU TOWN, ZHANGJIAGANG, JIANGSU, CHINA
Management Nature:	Manufacturer
Operating rights of Import & Export:	NO
Establishment:	January ,1975
Number of Employees:	420persons
Capital:	
Last Year Exports:	
Name of Sell Manager:	Mr. Gao
Duty:	Manager
Tel:	0512-58661440

Fax:	0512-58603983
E-mail:	
	<a href="http://www.leyutex.com">www.leyutex.com</a>
Overseas O	
City:	
Business Activity:	Cotton yarn, Chemical fiber yarn.
Parent Company:	
Products:	CHEMICAL FIBER YARN COMBED COTTON YARN COTTON NITRILON YARN

<b>YANCHENG QIAOYI TEXTILE CO., LTD.</b>	
P	224300
Address:	NO.42, JIEFANG XILU, SHEYANG, YANCHENG, JIANGSU, CHINA
Management Nature:	Manufacturer Franchiser
Operating rights of Import &	YES
Establishment:	
Number of Em	1200persons
Capital:	
Last Year Exports:	7561(ten thousand)
Name of Sell Man	Lu Qingcai
D	Manager
Tel:	0515-2338070
Fax:	0515-2338070
E-mail:	
	<a href="http://www.qiaoyitex.com">www.qiaoyitex.com</a>
Overseas O	
City:	
Business Activity:	Carded yarn, Combed yarn, Knitwear and textile, Cotton yarn, Knitted underwear, Knitted gray cloth.
Parent Company:	
Products:	CARDED YARN COMBED COTTON YARN COTTON YARN KNITTED GREY CLOTH KNITTED UNDERWEAR KNITWEAR AND TEXTILE

<b>WUJIN HONGTAI MATERIALS CO., LTD.</b>	
P	213161
Address:	HUTANG TOWN, WUJIN, JIANGSU, CHINA
Management Nature:	Manufacturer
Operating rig Export:	NO

Establishment:	January ,1997
Num	30persons
Capital:	
Last Year Ex	
Name of Sell Mana	Zhou Feng
D	Chairman of the Board
Tel:	0519-6559999
Fax:	0519-6559999
We	<a href="http://www.wj-hongtai.com">www.wj-hongtai.com</a>
City:	
Business Activity:	Cotton yarn, Polyester yarn, Blended yarn
Parent Company:	
Products:	CARDED COTTON YARN COMBED COTTON YARN COMBED PLIED YARN COTTON OPEN-END SPUN YARN COTTON YARN COTTON/VISCOSE YARN POLYESTER YARN POLYESTER/VISCOSE YARN RAYON YARN T/C YARN

YONGKANG COTTON TEXTILE FACTORY	
PostCode:	321306
Address:	NO.33 QILONG ROAD, ZHIYING TOWN, YONGKANG, ZHEJIANG, CHINA
Management Nature:	Manufacturer
Operating rights of Import &	NO
Establi	January ,1987
Num	1560persons
Capital:	
Last Year Ex	
Name of Sell Mana	Sun Hongdan
D	Factory Director
Tel:	0579-7441770
	0579-7441770
	<a href="mailto:master@besda.com">master@besda.com</a>
We	<a href="http://www.yk-textile.com.cn">www.yk-textile.com.cn</a>
City:	
Busines	Combed cotton yarn
Parent Company:	

Products:	COMBED COTTON YARN
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PostCode:	430050
A	NO.70, HANNAN RD., HANYANG DISTRICT, WUHAN, HUBEI, CHINA
Mana	Manufacturer
Ope Export:	NO
Establishment:	January ,1952
Number of Employees:	17000persons
C	RMB600000(ten thousand)
Last Year Exp	RMB32906(ten thousand)
Name of Sell Man	Shunhua Jiang
Duty:	
Tel:	027-84718840 027-84712911
Fax:	027-84711560
E-	
Website:	
Overseas Office:	
City:	
Business Activity:	Textiles
Parent Company:	
Products:	CLOTH COMBED COTTON YARN COTTON FABRIC COTTON YARN POLYESTER-MIXED COTTON PURE COTTON THREAD YARN

PostCode:	224500
A	NO.205, FUDONG ROAD (E), DONGKAN TOWN, BINHAI, YANCHENG, JIANGSU, CHINA
Mana	Manufacturer
Ope Export:	NO
Establishment:	January ,1981
Number of Employees:	1080persons
C	
Last Year Exp	
Name of Sell Man	Zhu Fuqun
Duty:	General Manager

Tel:	0515-4103084
Fax:	0515-4102785
E-	
Website:	
Overseas Office:	
City:	
Busines	Pure cotton cotton yarn
Parent Company:	
Products:	CARDED COTTON YARN COMBED COTTON YARN T/C BLENDED YARN

PostCode:	529300
Address:	NO.22, GANGKOU RD., CHANGSHA, KAIPING, GUANGDONG, CHINA
Management Nature:	Manufacturer Franchiser
Operating rights of Import &	NO
Establishment:	January ,1987
Number of Employees:	600persons
C	
Last Year Exp	
Name of Sell Man	Yang Guorui
Duty:	Manager
	0750-2219063
Fax:	0750-2299883
E-	<a href="mailto:jmpingda@pub.jiangmen.gd.cn">jmpingda@pub.jiangmen.gd.cn</a>
Overseas Office:	
City:	
Busines	Cotton yarn, Co-spun yarn.
Parent Company:	
Products:	AIR-CURRENT SPUN YARN CO-SPUN YARN COMBED COTTON YARN COMBED PURE-COTTON ORIGINAL-COLOUR YARN COTLON YARN

PostCode:	274016
Address:	NO.40 EAST SHUANGHE ROAD, HEZE, SHANDONG, CHINA
Management Nature:	Manufacturer
Operating rights of I Export:	YES

Establishment:	January ,1966
Number of Employees:	4000persons
C	
Last Year Exp	
Name of Sell Man	Dong Pingxue
Duty:	Manager
	0530-5132213
	0530-5150755
E-	<a href="mailto:cntex@public.hzptt.sd.cn">cntex@public.hzptt.sd.cn</a>
	<a href="http://www.cntex.com">www.cntex.com</a>
City:	
Business Activity:	Yarns
Parent Company:	
Products:	CARDED COTTON YARN CARDED STAPLE RAYON YARN CARDED T/C YARN COMBED COTTON YARN COMBED STAPLE RAYON YARN COMBED T/C YARN DRILL ELASTIC CLOTH FINE PLAIN POLYESTER CLOTH KHAKI COTTON PIECE GOODS KHAKI PLAIN GREY CLOTH MEDIUM PLAIN CLOTH MEDIUM PLAIN COTTON PIECE GOODS MEDIUM POPLIN PLAIN CLOTH POLYESTER POPLIN POPLIN RAIN-PROOF FABRIC SPUN RAYON FABRICS STAPLE RAYON KHAKI CLOTH TWILL WIDE CARDED CLOTH WIDE PLAIN COTTON PIECE GOODS

PostCode:	610031
Address:	NO. 9, JINXIANQIAO RD., CHENGDU, SICHUAN, CHINA
Management Nature:	Manufacturer Franchiser
Operating rights of Import &	YES
Establishment:	January ,1998
Number of Employees:	
C	RMB9066(ten thousand)
Last Year Exp	
Name of Sell Man	

Duty:	
	028-87679888 028-87666783
Fax:	028-87679666
E-	<a href="mailto:qlb@scgreen.com">qlb@scgreen.com</a>
	<a href="http://www.scgreen.com">www.scgreen.com</a>
Overseas Office:	
City:	
Business Activity:	Food, Textile, Automobile oil-saving purifier, System integration software.
Parent Company:	
Products:	AUTOMOBILE OIL-SAVING PURIFIER BAIFAN DUCK BAIYULUO DUCK BONED DUCK LEG BRINED DUCK DRIED DUCK DUCK BREAST IN BLACK TEA DUCK BRISKET DUCK BRISKET WITH BLACK TEA DUCK LEG WITH BONE DUCK MEAT KEBAB DUCK MEAT ROLL FRAGRANT AND CRISP DUCK GRILLED DUCK HIGH COUNT COMBED COTTON YARN HUAYULUO DUCK NATURAL COLOUR COTTON YARN SESAME DUCK RIBS SHIITAKE MEAT BALL SLICED BRISKET SLICED DUCK LEG SPICY CHICKEN WING SYSTEM INTEGRATION SOFTWARE
<b>GUANGZHAN TEXTILE INDUSTRIAL CO., LTD.</b>	
PostCode:	524022
Address:	NO.75, RENMIN DADAOZHONG, ZHANJIANG, GUANGDONG, CHINA
Management Nature:	Manufacturer Franchiser
Operating rights of Import &	YES
Establishment:	January ,1990
Number of Employees:	420persons
C	
Last Year Exp	
Name of Sell Man	Lin Feiza
Duty:	Board Chairman
Tel:	0759-3380234
Fax:	0759-3380912
E-	
Website:	
Overseas Office:	
City:	

Business Activity:	Cotton yarn, Blended yarn
Parent Company:	
Products:	BLENDED YARN FINE-SPUN AND COMBED COTTON YARN

PostCode:	056026
A	NO. 24, LIANFANG RD., HANDAN, HEBEI, CHINA
Mana	Manufacturer
Ope	Export: YES
	January ,1999
Number of Employees:	7000persons
C	
Last Year Exp	RMB5528(ten thousand)
Name of Sell Man	Guo'an He
Duty:	General Manager
	0310-3271689 0310-3271999
Fax:	0310-3271910 0310-3272479
E-	<a href="mailto:imandex@deyuan-textile.com">imandex@deyuan-textile.com</a>
	<a href="http://www.deyuan-textile.com">www.deyuan-textile.com</a>
Overseas Office:	
City:	
Business Activity:	Cotton yarn, Cotton cloth
Parent Company:	
Products:	CARDED COTTON YARN COMBED COTTON YARN COMBED T/C CLOTH CORDUROY DOWNPROOFS FABRIC DRILL FINE PLAIN FURE COTTON FABRIC HERRING-BONE WOOLLEN KASHA PLAIN CLOTH POLYESTER/COTTON DELAINE STRETCH GREY SATIN Twill WIRE CLIP

PostCode:	730060
A	NO. 515 MIDDLE XIGU ROAD, LANZHOU, GANSU, CHINA
Mana	Manufacturer
Ope	Export: NO

Establishment:	January ,1958
Number of Employees:	4498persons
C	
Last Year Exp	10401(ten thousand)
Name of Sell Man	Zhou Mingli
Duty:	
Tel:	0931-4633256
Fax:	
E-	
Website:	
Overseas Office:	
City:	
Business Activity:	Pure cotton yarn, Comed yarn, Garment
Parent Company:	
Products:	CLOTHING COMBED COTTON YARN COTLON YARN COTTON PIECE GOODS KNITWEAR POLYESTER-COTTON FINE CLOTH POLYESTER-COTTON RING SPUN YARN PURE COTTON COMBED RING SPUNNING THREAD PURE COTTON COMED YARN PURE COTTON FINE YARN PURE COTTON RING SPUN YARN PURE COTTON YARN SYNTHETIC PRODUCTS

PostCode:	256612
Address:	NO. 593, HUANGHE 2ND. RD., BINZHOU, SHANDONG, CHINA
Management Nature:	Manufacturer
Operating rights of Import &	NO
Establishment:	January ,1968
Number of Employees:	2800persons
C	RMB1988(ten thousand)
Last Year Exp	10310(ten thousand)
Name of Sell Man	Xu Feng
Duty:	Manager
Tel:	0543-3263953
Fax:	0543-3261385
E-	
Website:	
Overseas Office:	
City:	

Business Activity:	Combed yarn, Medium flat cloth, Carded cheese
Parent Company:	
Products:	CARDED CHEESE COMBED COTTON YARN MEDIUM FLAT CLOTH POLYESTER-COTTON POPLIN

PostCode:	150038
Address:	SOUTH OF HACHENG ROAD, XINXIANGFANG, XIANGFANG DIST., HARBIN, HEILONGJIANG, CHINA
Management Nature:	Manufacturer
Operating rights of I Export:	NO
Establishment:	January ,1983
Number of Emplo	7427persons
Cap	RMB56359(ten thousand)
Last Year Exports:	16410(ten thousand)
Name of Sell M	Mr. Han
Duty:	Factory Director
Tel:	0451-82054481
Fax:	
E-mail:	
Website:	
Overseas Office:	
City:	
Business Activity:	Dyeing cloth
Parent Company:	
Products:	COMBED COTTON YARN

<b>SHANDONG HUALE TEXTILE GROUP COMPANY</b>	
Po	253614
Address:	ZHAIYOU VILLAGE, LELING, SHANDONG, CHINA
Management Nature:	Manufacturer
Operating rights of I Export:	NO
	January ,1978
Number of Emplo	1700persons
Cap	
Last Year Exp	11277(ten thousand)
Name of Sell M	Su Shoutang
Duty:	Manager
Tel:	0534-6603818

Fax:	0534-6603878
E-mail:	
Website:	
Overseas Office:	
City:	
Business Activity:	Textile
Parent Company:	
Products:	CANVAS COMBED COTTON YARN INDUSTRIAL RUBBER CANVAS KNITTED GARMENT KNITTED YARN ORDINARY COTTON YARN PURE DACRON SEWING THREAD SEWING THREAD

<b>TAICANG NO. 2 COTTON TEXTILE FACTORY</b>	
PostCode:	215400
Address:	NO. 25 SOUTH RENMIN ROAD, CHENGXIANG TOWN, TAICANG, JIANGSU, CHINA
Management Nature:	Manufacturer
Operating rights of Import &	NO
Establishment:	January ,1979
Number of Emplo	1300persons
Cap	RMB1650(ten thousand)
Last Year Exp	11667(ten thousand)
Name of Sell M	Liu Jinhong
Duty:	Director
Tel:	0512-53526933
Fax:	0512-53520588
E-mail:	
Website:	
Overseas Office:	
City:	
Busines	Cotton textile
Parent Company:	
Products:	COMBED COTTON YARN COVERING YARN POLYESTER/VISCOSE YARN PURE COTTON COMBED YARN ON CONES PURE COTTON OPEN-END SPUN YARN PURE COTTON RING SPUN YARN T/C YARN

<b>SUZHOU SPECIAL YARN FACTORY</b>	
PostCode:	215007

Address:	NO.3, NANHUAN DONGLU, SUZHOU, JIANGSU, CHINA
Management Nature:	Manufacturer
Operating rights of I Export:	NO
Establishment:	January ,1970
Number of Emplo	1000persons
Cap	RMB1572(ten thousand)
Last Year Exp	2273(ten thousand)
Name of Sell M	Wang Qing
Duty:	Director
Tel:	0512-65251221
Fax:	0512-65251221
E-mail:	
Website:	
Overseas Office:	
City:	
Business Activity:	Yarn.
Parent Company:	
Products:	BLENDED YARN BUNCHY YARN CHEMICAL FIBRE COLOR YARN CHENILLE YARN CLAD YARN COMBED COTTON YARN COTTON YARN COVERING YARN MEDIUM-LENGTH YARN OPEN-END YARN POLYURETHANE COVERING YARN TERYLENE-COTTON COVERING YARN

<b>TANGYIN GINNING COTTON FACTORY</b>	
Po	456150
Address:	NO.9, YONGTONG RD., TANGYIN, HENAN, CHINA
Management Nature:	Manufacturer
Operating rights of I Export:	NO
	January ,1953
Number of Emplo	595persons
Cap	
Last Year Exp	RMB3913(ten thousand)
Name of Sell M	Guofang Li
Duty:	Director
Tel:	0372-6213214
Fax:	
E-mail:	

Website:	
Overseas Office:	
City:	
Business Activity:	Combed cotton yarn, Spindle, Flock, Lint
Parent Company:	
Products:	COMBED COTTON YARN FLOCK LINT SPINDLE

YANGXIN COTTON TEXTILE CO., LTD.	
PostCode:	251800
Address:	XINGFU ERLU, YANGXIN, SHANDONG, CHINA
Management Nature:	Manufacturer Franchiser
Operating rights of Import &	NO
Establishment:	January ,1999
Number of Emplo	100persons
Cap	
Last Year Exp	
Name of Sell M	Chen Xizhen
Duty:	General Manager
Tel:	0543-8230902
Fax:	0543-8212902-8181
E-mail:	
Website:	
Overseas Office:	
City:	
Business Activity:	Cotton yarn
Parent Company:	
Products:	CHEMICAL FIBER YARN COMBED COTTON YARN COTTON YARN

WUHAN YIMIAN GROUP CO., LTD.	
	430050
	NO.70, HANNAN RD., HANYANG DISTRICT, WUHAN, HUBEI, CHINA
Management	Manufacturer
Operatin Export:	NO
Establishment:	January ,1952
Number of Emplo	17000persons
Cap	RMB600000(ten thousand)
Last Year Exp	RMB32906(ten thousand)

Name of Sell Manager:	Shunhua Jiang
Duty:	
Tel:	027-84718840 027-84712911
Fax:	027-84711560
E-mail:	
Website:	
Overseas Office:	
City:	
Business	Textiles
Parent Company:	
Products:	CLOTH COMBED COTTON YARN COTTON FABRIC COTTON YARN POLYESTER-MIXED COTTON PURE COTTON THREAD YARN

<b>KAIFENG HUAYIN TEXTILE CO., LTD.</b>	
PostCode:	475400
Address:	38, YINGBIN LU, TONGXU, KAIFENG, HENAN, CHINA
Management Nature:	Manufacturer
Operating rights of Import &	YES
Establishment:	January ,1970
Number of Emplo	2100persons
Cap	
Last Year Exp	
Name of Sell M	Du Zhen
	General Manager
	0378-4991018
Fax:	0378-4976458
E-mail:	<a href="mailto:kfhyfzgs@huayintex.com">kfhyfzgs@huayintex.com</a>
	<a href="http://www.huayintex.com">www.huayintex.com</a>
Overseas Office:	
City:	
Business Activity:	Textile
Parent Company:	
Products:	BLENDED YARN COMBED COTTON YARN COTTON YARN GREY FABRICS HALF COMBED YARN

SHAOXING ERMAO SPINNING CO., LTD.	
PostCode:	312028
Address:	YANGXUNQIAO ZHEN, SHAOXING, ZHEJIANG, CHINA
Management Nature:	Manufacturer
Operating rights of Import & Export:	NO
Establishment:	January ,1996
Number of Emplo	1500persons
Cap	
Last Year Exp	
Name of Sell M	Wang Shuizhi
	General Manager
	0575-4069318
Fax:	0575-4069286
E-mail:	<a href="mailto:sales@sx-textile.com">sales@sx-textile.com</a>
	<a href="http://www.sx-textile.com">www.sx-textile.com</a>
Overseas Office:	
City:	
Business Activity:	Cotton yarn
Parent Company:	
Products:	ACRYCLIC YARN BLENDED CHEMICAL FIBER YARN BUNCHY YARN COLOR SPINNED YARN COMBED COTTON YARN COVERING YARN PURE COTTON YARN T/C YARN VISCOSE YARN

PostCode:	225009
Address:	NO. 7, JIANGYANG MID. ROAD, YANGZHOU, JIANGSU, CHINA
Management	Manufacturer
Operatin Export:	YES
Establishment:	December ,1958
Number of Emplo	3500persons
Cap	
Last Year Exp	
Name of Sell M	Ma Baoxiang
Duty:	General Manager
Tel:	0514-7858831 0514-7880128
Fax:	0514-7867112 0514-7086111
	<a href="mailto:yz.ty@public.yz.js.cn">yz.ty@public.yz.js.cn</a>

Website:	<a href="http://www.jstextile.com">www.jstextile.com</a>
Overseas Office:	
City:	
Business Activity:	Yarn, Cloth, Knitted fabric
Parent Company:	
Products:	ANTI-PELLETING KNITTED YARN BLENDED SPINNING YARN BUNCHY YARN CARDED YARN CIRCULAR SPINNED YARN CLOTH COMBED COTTON YARN COTTON/POLYESTER BLENDING YARN COVERING YARN ENTWISTED KNITTED THREAD KNITWEAR OPEN-END SPINNING OPEN-END SPUN YARN RING SPINDLE KNITTED YARN ROTARY CUP KNITTED YARN YARN

<b>ZAOZHUANG TIANGONG TEXTILE CO., LTD.</b>	
PostCode:	277400
Address:	NO.88, CHANGJIE RD., TAI'ERZHUANG DIST., ZAOZHUANG, SHANDONG, CHINA
Management Nature:	Manufacturer
Operating rights of Import &	NO
Establishment:	
Number of Emplo	
Cap	
Last Year Exp	
Name of Sell M	
	0632-6666666
Fax:	0632-6619233
E-mail:	<a href="mailto:makez@tgzz.com">makez@tgzz.com</a>
	<a href="http://www.tgzz.com">www.tgzz.com</a>
Overseas Office:	
City:	
Business Activity:	Denim
Parent Company:	
Products:	100% COTTON DENIM COMBED COTTON YARN HIGH-GRADE DENIM MEDIUM GRADE DENIM POLYSTER-MIXED COTTON JEAN