

REQUEST FOR REAPPLICATION OF SAFEGUARDS

DRESSING GOWNS AND ROBES (CATEGORIES 350/650)

IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

filed November 24, 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 dressing gowns and robes from China, classified as categories 350/650 by the U.S. Textile and Apparel Category System.

Original Federal Register Notice: 68 F.R. 74947 (December 29, 2003)

TABLE OF CONTENTS

A.	INTRODUCTION	3
B.	BACKGROUND ON REAPPLICATION	4
	1. Provisions of Accession Agreement and Procedures.....	4
	2. Previous Finding of CITA Regarding the Subject Products	5
C.	OVERVIEW OF THE CASE	6
D.	PETITIONERS	8
E.	PRODUCT DESCRIPTION.....	8
F.	IMPORT, PRODUCTION AND MARKET SHARE DATA.....	8
G.	THE THREAT OF INCREASED IMPORTS FROM CHINA	10
	1. Growth in China's Productive Capacity for Textiles and Apparel.....	11
	2. China Dominates the Market in Apparel Product Categories Previously Removed From Quotas.....	16
	3. China Engages in Significant Price Cutting in Subject Products and Other Categories Removed From Quota.....	16
	4. China Dominates World Wide Trade in Subject Products	17
	5. In Markets Similar to the U.S., China Quickly Dominated Other Apparel Categories Removed From Quota.....	17
	6. China Engages in a Variety Of Unfair Trade Practices, Including Currency Manipulation.....	18
H.	ADDITIONAL INFORMATION.....	19
	1. Economic Condition of the U.S. Textile and Apparel Industries	19
	2. Threat to Outward Processing Trade	23
I.	ACTION AUTHORIZED UNDER THE AGREEMENT	25
J.	REQUESTED ACTION	25
K.	EXHIBITS	26

A. INTRODUCTION

This Petition is filed requesting the reapplication of safeguards 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 ("Report of the Working Party") with respect to imports of dressing gowns and robes (classified in the U.S. Textile and Apparel Category System as categories 350/650, the "subject products") of Chinese origin.

Petitioners assert that imports of the subject products from China are, due to market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the existence of market disruption. Petitioners also assert that imports from China are, due to the threat of market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the threat of market disruption.

On December 24, 2003, the Committee for the Implementation of Textile Agreements (CITA) instituted consultations with China concerning imports of the subject products with respect to calendar year 2004.¹

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 by reapplying safeguards to the subject products. Petitioners submit that such market disruption can only be avoided by the reapplication of limitations on imports of the subject products from China according to the provisions of § 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. 727788, May 21, 2003)².

Upon the expiration of the current safeguard limitations on December 23, 2004, the U.S. market will experience an increase in imports of the subject products from China and from other sources which will continue the market disruption already found by CITA to exist. These increasing imports also 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 disruption³.

This petition establishes that, should the United States not reapply safeguards as authorized under § 11.242 of the Report of the Working Party:

- ◆ U.S. imports from China will increase rapidly in absolute terms in 2005;
- ◆ U.S. imports from China will increase rapidly relative to other imports;
- ◆ the increase in imports will contribute to market disruption in the U.S. as the U.S. industry is vulnerable to any increase in imports;
- ◆ imports of the subject products from China play a role in the threatened market disruption to the U.S. market;

¹ See, 68 F.R. 74947 (December 29, 2003). The notice issued by CITA requesting comments on the consultations regarding the subject products is at 68 F.R. 49444 (August 18, 2003).

² The procedures were clarified by notice issued August 18, 2003 (68 F.R. 49440).

³ Petitioners also note that the lifting of safeguard limits also threaten the outward processing component of the U.S. market for the subject products with market disruption and threatens to disrupt the orderly development of this portion of the U.S. market (sec I-2).

- ♦ imports from China are likely to increase further in the near future; and
- ♦ average prices of imports of the subject products from China will undercut prevailing prices and further disrupt the U.S. market.

By demonstrating market disruption or the threat of market disruption and the role of Chinese imports in that disruption or threat of disruption should safeguards not be reapplied, petitioners have established sufficient grounds for the reapplication of safeguards under § 11.242 of the Report of the Working Party and under the procedures established by CITA.⁴

This Petition is filed on behalf of organizations⁵ which represent U.S. manufacturers and workers involved in the production of the subject products and its components. Some of these organizations' members produce products like or directly competitive with the subject products. The production of the subject products occurs in the United States and under outward processing arrangements.

B. BACKGROUND ON REAPPLICATION

1. Provisions of Accession Agreement and Procedures

§ 11.242 of the Report of the Working Party, subparagraphs (e) and (f) provide as follows:

(e) The term of any restraint limit established under subparagraph (d) would be effective for the period beginning on the date of the request for consultations and ending on 31 December of the year in which consultations were requested, or where three or fewer months remained in the year at the time of the request for consultations, for the period ending 12 months after the request for consultations;

(f) No action taken under this provision would remain in effect beyond one year, without reapplication, unless otherwise agreed between the Member concerned and China; ...

In its Procedures for Considering Requests from the Public for Textile and Apparel Safeguard Actions on Imports from China, CITA affirmed the applicable provisions of the Report of the Working Party and further provided as follows:

Reapplication. *Under the Accession Agreement, no action may remain in effect beyond one year, without reapplication, unless otherwise agreed between the United States and China. Reapplication will only take place if the Committee makes a new affirmative determination that imports of Chinese origin textiles and apparel products are, due to market disruption, threatening to impede the orderly development of trade in these products. In considering requests or in considerations begun on its own initiative for reapplication, the Committee will follow procedures consistent with those set forth in this notice.*⁶

⁴ See the Summary of the Reasons and Justifications for U.S. Request for Consultations With China Pursuant to Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization, 68 F.R. 74948 (December 29, 2003) [hereinafter Summary Decision Category 350/650], where CITA found both current market disruption and the threat of market disruption and stated that "[e]ither finding supports a request for consultations with the Government of the People's Republic of China under Paragraph 242 of the Report of the Working Party on the Accession of China to the World Trade Organization...."

⁵ A description of each organization and its membership is included in section D of this report and in Exhibit 1.

⁶ 68 F.R. 27789 (May 21, 2003).

Accordingly, petitioners hereby submit this request for reapplication of safeguards concerning the subject products. Petitioners assert that the same grounds that justified the original imposition of safeguards with respect to the subject products continue to exist, namely, imports of the subject products from China are, due to market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the existence of market disruption. Petitioners also assert that imports from China are, due to the threat of market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the threat of market disruption.

2. Previous Finding of CITA Regarding the Subject Products

In its previous finding concerning the subject products, CITA made the following findings:

The United States believes that imports of Chinese origin cotton and man-made fiber dressing gowns and robes are, due to market disruption, threatening to impede the orderly development of trade in cotton and manmade fiber dressing gowns and robes, and that imports of cotton and man-made fiber dressing gowns and robes from China play a significant role in the existence of market disruption.

Further, the United States believes that imports of Chinese origin cotton and man-made fiber dressing gowns and robes are, due to the threat of market disruption, threatening to impede the orderly development of trade in cotton and manmade fiber dressing gowns and robes, and that imports of cotton and man-made fiber dressing gowns and robes from China play a significant role in the threat of market disruption.⁷

U.S. Imports from China Are Increasing Rapidly in Absolute Terms. U.S. imports of cotton and man-made fiber dressing gowns and robes from China increased from 259,868 dozens in 2000 to 2,171,896 dozens in 2002 (an increase of 736 percent), and to 4,117,377 dozens in the year ending in October 2003 (an increase of 1,484 percent from the 2000 level).

U.S. Imports from China Are Increasing Rapidly Relative to Other Imports. In 2001, China was the 5th largest exporter of cotton and man-made fiber dressing gowns and robes to the United States. Just one year later, China was the largest exporter of cotton and man-made fiber dressing gowns and robes and has remained so through the year ending October 2003.

Chinese Average Unit Values Are Well Below Values from Other Countries. In 2002, the average unit value of U.S. imports of cotton and man-made fiber dressing gowns and robes from China was US\$66.61 per dozen, compared to a “rest of world” import average unit value of US\$74.60 per dozen. In the year ending October 2003, the average unit value of imports from China fell to US\$56.46 per dozen, compared to US\$65.74 per dozen for “rest of world” imports.

U.S. Imports from China Are Likely to Increase Further in the Near Future. China’s capacity to produce apparel, including cotton and man-made fiber dressing gowns and robes, and the low prices of Chinese imports of these products threaten to disrupt the U.S. market for cotton and man-made fiber and dressing gowns and robes.

⁷ Summary Findings category 350/650, supra, pages 74948-9.

Due to the vulnerability of the U.S. industry today, even a relatively small increase in low-priced imports from China in the near future could have a considerable impact.

The U.S. Cotton and Man-Made Fiber Dressing Gowns and Robes Industry is Vulnerable to Any Increase in Imports. U.S. production including outward processing of cotton and man-made fiber dressing gowns and robes fell 38.6 percent from 2000 to the year ending June 2003 (from 1,990 thousand dozens to 1,221 thousand dozens), while the share of the market held by U.S. producers fell by 17.9 percentage points (from 30 percent to 12.1 percent) during this period.⁸

The circumstances that justified the original imposition of safeguards on imports from China of the subject products continue to exist.

C. OVERVIEW OF THE CASE

This petition proves that imports of the subject products from China are, due to market disruption and the threat of market disruption, threatening to impede the orderly development of trade in the subject products, and that imports of the subject products from China play a significant role in the existence and threat of market disruption. As a result, petitioners ask that the safeguard currently in place be re-applied.

Regarding the case for disruption, petitioners show that overall imports in 2005 are likely to continue their historical trend of increasing each year. Imports of the subject products have increased every year for the past ten years, regardless of economic conditions in the United States. These increases have been substantial, totaling 131 percent from 1998 to 2003, with imports increasing an additional 17 percent for year-ending September 2004. The latest increases have been driven by a continuing fall in prices for imports of subject products since 2001, thus making these products ever more attractive in the U.S. market vis-à-vis U.S. producers. According to U.S. government data, price declines for imports of these products have continued into 2004.

In addition, since worldwide quotas on the subject products were removed in 2002, China has been responsible for 90 percent of the increase in imports of these products. With the removal of the current safeguard, China is again likely to spur significant import increases in this category. Prices of imports of dressing gowns from China have continued to fall (even with the safeguard in place). These price declines will spur imports overall to increase as the Chinese share of imports increases.

Regarding whether imports from China will increase rapidly relative to other sources, petitioners note that China has now cut prices by 55 percent for dressing gowns since its 2001 quota was removed and that Chinese prices for U.S. imported goods remain substantially below the prices of other suppliers. In addition, UN data on imports of Chinese goods into other markets also confirm that China offers significantly lower prices than other suppliers on both world markets and in the U.S. market.

Petitioners note that these significant price advantages fueled the increase in imports from China once quotas were removed in 2002. During the two- year time period before the current safeguard was applied, imports from China rose by 1,159 percent while imports from other

⁸ *Id.*

countries actually declined by 27 percent. Imports from other suppliers only began to recover once Chinese imports were again put under restraint.

Given that Chinese prices have continued to fall since 2003, there is ample reason to conclude that China will take back this trade if the safeguard is removed. China's ability to dominate the U.S. market in these products is reflected by China's dominant share of world trade. According to UN statistics, China is by far the largest supplier of these products to the world market, with a 34 percent share of the world trade in 2003.

At the same time, U.S. producers remain vulnerable to any increase in imports. U.S. production has continued to decline into the third quarter of 2003 (latest figures available) and is now down by 51 percent since 1998. U.S. market share has also continued to decline. In addition, industry statistics show that the overall apparel industry continues to suffer, with declines continuing in industry shipments and employment.

In addition, the petitioners supply supplementary evidence which demonstrates that China continues to build capacity to produce exports of the subject products with more than \$21 billion in new textile and apparel capacity over the past three years.

The petitioners also provide evidence regarding China's ability to penetrate and capture world markets, which 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.

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

Finally, the petitioners provide evidence regarding informed expectations by academics, international bodies, sourcing agents and importers and retailers that China will increase its exports of apparel products to the United States once quotas are removed.

In sum, both recent and historical import trends, current levels of import, pricing evidence, 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 the experience in the U.S. market with respect to the subject products demonstrate conclusively that imports of the subject products from China will surge should the safeguard limits not be reapplied.

Reapplication of appropriate limitations in January 2005 as provided for in § 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.

D. PETITIONERS

Petitioners are trade associations and unions which are representative of either domestic producers of products that are like or directly competitive with the subject products or of domestic producers 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 organizations⁹ which represent U.S. manufacturers of the subject products (and components) and workers who make the subject products or components:

The National Council of Textile Organizations (NCTO)

The American Manufacturing Trade Action Coalition (AMTAC)

The National Textile Association (NTA)

UNITE HERE!

SEAMS

E. PRODUCT DESCRIPTION

This Petition is brought with respect to U.S. imports of dressing gowns and robes from China, classified within categories 350/650 of the U.S. Textile and Apparel Category System.

The subheadings of the Harmonized Tariff Schedule of the United States applicable to categories 350/650 are set out in Exhibit 2.

Imports classified in categories 350/650 were covered by the WTO Agreement on Textiles and Clothing as of the date the WTO Agreement entered into force and are imports from China are under textile safeguard quota restraints until December 23, 2004. The current U.S. safeguard limitation is 4,094,382 dozen. Data from OTEXA¹⁰ indicates that China has filled 100 percent of the safeguard limit as of November 1, 2004.

Imports of the subject products compete directly with products produced in the U.S. market that are classified as categories 350/650.

F. IMPORT, PRODUCTION AND MARKET SHARE DATA

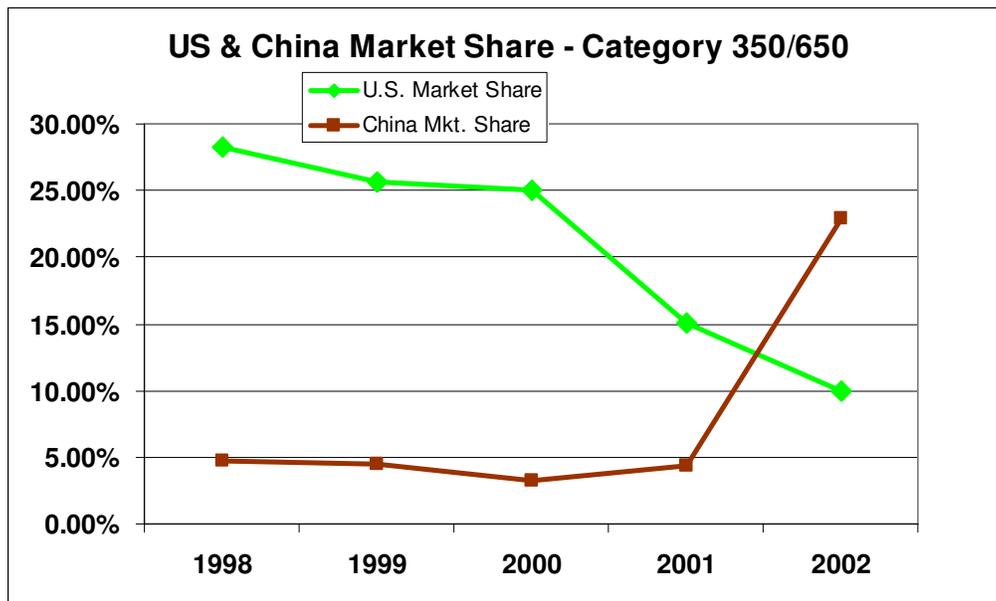
As required by the guidelines issued by CITA, this section provides import data concerning the subject products from all sources and from China. CITA has previously made determinations concerning increases in imports of the subject products from China, the unit values of those imports, and the market disruption caused or threatened by those imports. In this request for reapplication, petitioners establish that the situation has not changed since the original safeguard action taken by CITA. Imports of the subject products from China continue to cause or threaten market disruption to the U.S. industry. To the best of the knowledge of the petitioners, there have been no material changes in circumstances -- market conditions, China's productive capacity, China's ability and intention to export the subject products, or in the condition of the U.S. industry producing like or competitive products -- to warrant any different conclusion by CITA.

⁹ A description of each organization and its membership is included in Exhibit 1.

¹⁰ Office of Textile and Apparel, International Trade Administration, U.S. Department of Commerce.

The table attached as Exhibit 3 contains updates of all information required by CITA pursuant to its guidelines. Regarding this data, petitioners note the following key points in support of a finding of market disruption:

- ◆ Total imports of the subject products increased by 131 percent from 1998 to 2003 and have increased by 17 percent for year-ending September. (Petitioners also note that imports in subject products have increased every year for the past ten years, regardless of economic conditions.)
- ◆ Imports of the subject products from China increased by 1,159 percent during the two years that China was quota-free (2002-3). China’s share of the overall U.S. import market increased from 5.1 percent to 40.5 percent during this time period.
- ◆ U.S. domestic production of like or directly competitive products has declined by 47.5 percent since 1998 and by 50.9 percent for year-ending September 2003.
- ◆ The U.S. market share of the subject products declined from 28.2 percent to 9.9 percent from 1998 to 2002 and fell to 7.9% for year-ending September 2003.
- ◆ The market share of imports of the subject products increased from 71.8 percent to 90.1 percent from 1998 to 2002.
- ◆ The market share of imports of the subject products from China increased from 4.7 percent to 22.9 percent from 1998 to 2002.



Other data also support the petitioners’ conclusions. China has filled its safeguard limit 100% on subject products early (November 1st), indicating suppressed demand for imports from China of these products.

In addition, imports of textile and apparel products from China increased enormously once quotas were removed, with apparel products increasing by 279 percent in the first year following

quota removal. Textile categories showed a similar pattern with textile products increasing by 165 percent during 2002.

Table 1 - Imports from China - First 12 Months Following Quota Removal

Increases in Imports from China during the 12 months Following Quota Removal		
	Increase in square meters (2002-2001)	Percentage
Textiles	793,477,911	165%
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 2 - Overall Imports from China Following Quota Removal

Increases from China since Quotas were Removed		
	Increase in square meters (YE 8/2004-2001)	Percentage
Textiles	3,817,716,392	581%
Apparel	1,922,166,910	1,061%

As the tables above illustrate, Chinese exports of subject products are expected to continue to increase if the safeguard is not re-applied. Over the 25 apparel categories removed from quota control in 2002, China has taken an average import share of 72 percent. Petitioners can find no reason that the Chinese share would not increase to a similar level if the safeguard is not reapplied.

As discussed more fully in section G below, other factors also demonstrate that imports from China will rise should safeguard limits not be reapplied. These include the combination of China's productive capacity in textile and apparel, its pricing powers, its substantial investment in its textile and apparel sectors, its use of unfair trade practices, its performance in other textile and apparel categories and in other, similar markets.

As a result, there can be no serious question as to whether China will increase its exports of the subject products should safeguard limits not be reapplied.

G. 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 should safeguard limits be removed.

1. Growth in textile and apparel production capacity in China has occurred at an astounding rate, demonstrating the country's commitment to accelerated market share in textiles and apparel worldwide;

2. China has moved quickly to dominate the market in virtually every apparel category removed from quota control;
3. China has engaged in significant price cutting in the subject products as well as in every category removed from quota in the U.S. market;
4. China dominates worldwide exports of the subject products;
5. In other developed markets similar to the United States where quotas were removed, China moved quickly to dominate them; and
6. China continues to engage in a variety of unfair trade practices, including currency manipulation, which allow 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 products has increased dramatically in recent years¹¹ and this increase will fuel growth in U.S. imports from China. China has been aggressively buying textile and apparel 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 its textile and apparel sectors since 2001.

China's garment industry, already by far the largest in the world, has been expanding rapidly in order to take advantage of the removal of quotas. According to the CEIC Economic Database,¹² China's production of garments has expanded by 50 percent during just the past four years, growing from 6.9 billion pieces in 2000 to 10.3 billion pieces in 2003.

As noted by the International Trade Commission, the "size and performance of the world textile industry can be measured in terms of mill consumption of fibers, installed spinning and weaving capacity, and investment in new production equipment.... there has been a shift of world yarn

¹¹ "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.

Also see, "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.

¹² CEIC Data Ltd ("CEIC") has had over 12 years of well-regarded reputation in the financial information service industry, specializing in providing high quality, comprehensive databases, focusing on Asia economic, industrial and financial time series data. CEIC is headquartered in Hong Kong with physical and strategic presence in Singapore, Kuala Lumpur, Jakarta, Manila, Bangkok and Beijing. Website: www.ceicdata.com

spinning and fabric weaving capacity from developed countries to developing countries in the past two decades. Most of the increase in production capacity has occurred in Asia, particularly China, which along with India has the largest number of spindles and weaving machines in the world. Growth of spinning and weaving capacity in China and India has been facilitated by strong demand for their exports of downstream textile goods."¹³

The ITC report goes on to note that "mill fiber consumption in China far exceeded that of any other developing country.... China alone accounted for 29 percent (34.7 billion pounds) of the world total in 2001; its mill consumption rose three times as fast as that for the world during 1997 through 2001 (39 percent versus 13 percent)."¹⁴

Mill use of cotton in China continues to skyrocket and is supplemented with significant purchases of cotton fabric and cotton yarn from around the world.

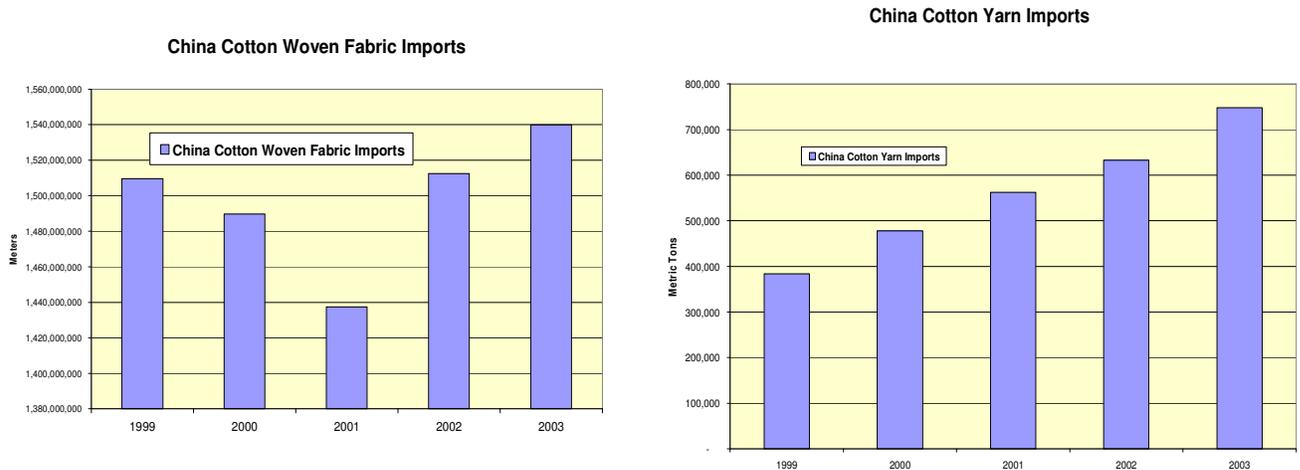


Chart 1- Source, Global Trade Atlas Database

¹³ ITC Report, page 1-19.

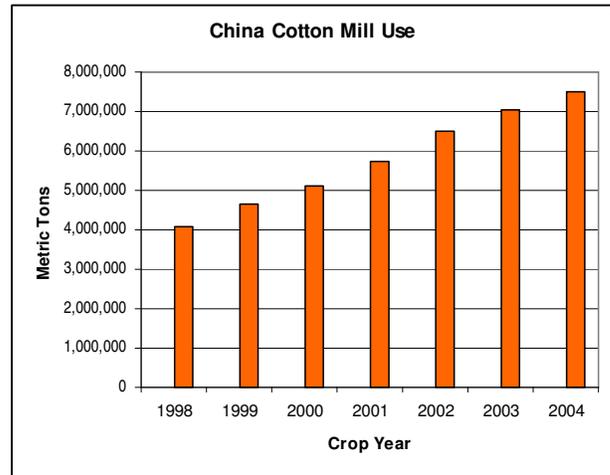
¹⁴ *Id.* See, ITC discussion of Yarn and Fabric production Capacity, pp. 1-19 - 1-22 of the ITC Report.

China Cotton Mill Use

(Source: USDA/FAS PSD Database)

Crop Year	Metric Tons	Million Bales
1995	4,223,895	19.39
1996	4,343,645	19.94
1997	4,169,464	19.14
1998	4,071,487	18.69
1999	4,637,576	21.29
2000	5,116,574	23.49
2001	5,715,322	26.23
2002	6,510,024	29.88
2003	7,054,340	32.38
2004	7,511,566	34.48

Increase since '98 84%



Petitioners attempted to discover the names and addresses of manufacturers of the subject products in China. A list of those manufacturers reasonably believed by Petitioners to produce the subject products is attached as Exhibit 4. Petitioners do not assert that this list is complete.

In addition to cotton mill use, yarn production and fabric production, man-made fiber production capacity grew by 18 percent in China during the 1990s and has continued on a dramatic pace since 2000. China's share of world polyester fiber capacity has jumped from 26 percent in 2000 to 44 percent in 2004. The following tables charts China's growth in both mill consumption of manufactured fiber since 1998 and polyester fiber capacity in recent years with over the last 6 years and contains an estimate for 2005.

Table 7 – China Manufactured Fiber Mill Consumption

China Mill Consumption of Manufactured Fiber	
<i>Year</i>	<i>Metric tons</i>
1998	7,198,222
1999	8,241,586 (+14%)
2000	9,412,138 (+14%)
2001	10,204,168 (+ 8%)
2002	11,637,032 (+14%)
2003	12,952,016 (+11%)
Source: Fiber Economics Bureau	

Table 8 - China Polyester Fiber Capacity

China Polyester Fiber Capacity	
Year	Thousand tons
2000	7,300
2001	8,847 (+21%)
2002	10,354 (+17%)
2003	12,846 (+24%)
2004	15,835 (+23%)
2005	17,025 (+8%)
Source: PCI Consulting	

Not only is China a significant producer of man-made fiber, but also China has imported an ever-increasing amount of man-made fiber from other sources to feed its growing man-made textile and apparel operations, having increased polyester imports from 832,000 tons in 2000 to 992,000 tons in 2003.¹⁵

According to a recent report in the China Textile Leader¹⁶, the production of man-made fibers in China continues to rise at a torrid pace. In an article reporting chemical fiber production in China for the January - July period, it reported:

The chemical fiber production in China in the January-July period of 2004 totaled 7.97 million tons, up 27.02% over the same period of last year, according to the National Bureau of Statistics. The production of ... synthetic fibers 7.36 million tons, up 28.01%.

According to the customs, China imported about 1.04 million tons of chemical fibers, an increase of 90,100 tons by 9.49% compared with the same period of last year. The import of ... synthetic fibers 997,300 tons, an increase of 74,500 tons by 8.07% compared with same period of last year.

The production of major synthetic fibers is respectively as follows: polyester fiber about 6.34 million tons, up 30.72% compared with same period of last year, polyester chips 4.77 million tons, up 17.86%, polypropylene fiber 168,500 tons, up 11.07%, polyvinyl alcohol fiber 21,739 tons, up 8.33%, polyamide fiber 378,800 tons, up 20.98% and acrylic fiber 386,800 tons, up 8.99%.

China has now overtaken the United States as the world's largest recipient of foreign direct investment.

¹⁵ Source: China Customs Statistics.

¹⁶ China Textile Leader, 10F China Textile Mansion 6 South Dongzhimen St., 100027 Beijing China, Tel: 86-10-64160494, Fax: 86-10-64159702, E-mail: info@texleader.com.cn.

Table 9 - Textile machinery purchases in China

Major Textile Machinery Imports		
Item	2002 (in units)	% Change from 2001
Automatic Spooling	1,186	23.54%
Rapier Looms	5,873	67.61%
Water-jet Looms	9,589	71.82%
Air-Jet Looms	14,963	108.31%
Washing, Bleaching, Dyeing Machines	4,582	51.82%

Source: China National Textile Industry Council,
2002/2003 Report on China Textile Industry Development

News reports consistently cite increases in the buildup of production capacity in China.¹⁷

- Chinese government statistics showed that last year there were 3,784 textile plants under construction in China, with \$180 billion in outstanding planned investment and \$78 billion poured into new production in 2003.¹⁸
- 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.¹⁹
- 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.²⁰

Table 10 - China Investment in Textile Industry

China: Cumulative Fixed Asset Investment in the Textile Industry (Bil US\$)		
Cumulative Annual Total		
	Amount	% Change
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.

¹⁷ See also, *Gerber Technology Embarks on Chinese Expansion*, just-style.com, September 24, 2004, CAD/CAM supplier Gerber Technology has expanded its Advanced Technology Center in China in anticipation of a surge in business after quota phase-out.

¹⁸ *China Surge Big Topic at Cotton Meet*, Women's Wear Daily, March 3, 2004.

¹⁹ *Textile sector investment hits US\$25b in 2003*, China Textile Network Co.

²⁰ *China: Stick to WTO Rules, Commerce Minister Urges*, just-style.com, September 20, 2004.

2. China Dominates the Market in Apparel Product Categories Previously Removed From Quotas

Not only did China move to dominate the U.S. market in the subject products following the removal of quotas in 2002, China has consistently dominated trade in virtually all apparel categories where quotas have been removed.

According to U.S. Department of Commerce data, in the 25 apparel categories where quotas were removed in 2002²¹ (and safeguards were not applied), China increased its share of the U.S. import market from 10 percent in 2001 to 72 percent as of June 2004. Within the first twelve months of quota removal, China more than tripled its import market share to 31 percent and then more than 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 1.05 billion square meters and imports from all other sources decreasing by more 370 million square meters.

3. China Engages in Significant Price Cutting in Subject Products and in Other Categories Removed From Quota

According to Commerce Department data, the average price of imports from China of subject products dropped by 55 percent (from 2001 to YTD September 2003), falling from \$99.29 per dozen to \$44.17 per dozen. The Chinese price declines have continued even as the products have been put under safeguard restraint, with prices declining by 5.4% from 2003 to YTD September 2004.

At the same time, prices for imported dressing gowns from China into the U.S. market remain significantly below import prices offered by other producers. At \$44.17 per dozen for YTD September 2004, Chinese prices are 15 percent below prices for other suppliers (\$51.72 per dozen).

According to the Global Trade Atlas database, China retains considerable flexibility to reduce U.S. prices even further. In 2003, China reported that the average price of exports of the subject products worldwide was 19 percent below the average price of China's exports of the subject products to the United States.²²

According to data supplied to the UN COMTRADE database by importing countries, China's average price for exports of dressing gowns²³ worldwide in 2003 was \$9.62 per kilogram compared to an average price for other suppliers of \$11.78 per kilogram. The Chinese price is 18 percent under the price offered by other suppliers.

These price advantages for the subjects are not unique. Sharp Chinese price declines have been evident in other import categories where quotas have been lifted. U.S. Commerce Department data show that China dropped its prices by an average of 53 percent, with average prices falling

²¹ 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.

²² Source: Global Trade Atlas Database.

²³ United Nations COMTRADE database

from \$6.23/square meter in 2001 (with quotas still in place) to \$3.12/square meter for year-to-date June 2004.²⁴

China's prices dropped in every single apparel category removed from quota control, with the largest drop being 89% 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.

4. China Dominates of Worldwide Trade in Subject Products

According to the COMTRADE database, China is the dominant producer of nightwear for export in the world, accounting for 34 percent of worldwide trade in these products in 2003.

COMTRADE statistics from importing countries show that China supplied 45 million kilograms of the subject products compared to worldwide exports of 132 million kilograms.

From 2001 to 2003, China's share of world trade increased dramatically, rising from 14 percent to 34 percent of worldwide trade. China's exports during that period of time increased from 20 million kilograms to 45 million kilograms while exports from other suppliers declined from 140 million kilograms to 88 million kilograms.

5. In Markets Similar to the U.S., China Quickly Dominated Other Apparel Categories Removed From Quota.

According to studies produced by the U.S. government and other institutional sources, China is expected to increase its market share dramatically once quota restraints are lifted.

In her WTO study, Nordds²⁵ stated that "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 U.S. 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." In the trouser market itself, China has gained a monopoly share of the Australian market for trousers. 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.

Similarly, the ITMF Country Statements Publication²⁶ for Australia stated: "China has maintained its dominance and has demonstrated sustained growth and increasing share in the last

²⁴ 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.

²⁵ Nordds, Hilegunn, "The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing," World Trade Organization, 2004

²⁶ 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

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."

6. 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 ability to rapidly increase its exports of subject products. In a major review last June by the U.S.-China Economic and Security Review Commission of China's industrial policies,²⁷ 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 under price its competitors, including U.S. producers, virtually at will. Indeed with a non-performing loan rate reported to be close to fifty percent for its state banks and an apparent enormous increase in apparel 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

manufacturing capacities, activity levels and trade in textiles. ITMF is an international association for the world's textile industries.

²⁷ *Ibid.*

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."²⁸

H. ADDITIONAL INFORMATION

1. Economic Condition of the U.S. Textile and Apparel Industries

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 1999.²⁹

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.³⁰

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.³¹

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.

²⁸ International Monetary Fund Articles of Agreement, Article IV, Section 1 (iii).

²⁹ Source: U.S. Census Bureau

³⁰ Source: U.S. Bureau of Labor Statistics

³¹ Source: U.S. Census Bureau

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.³²

The expected increase in imports of the subject products from China should safeguard limits be lifted will exacerbate these negative trends.³³

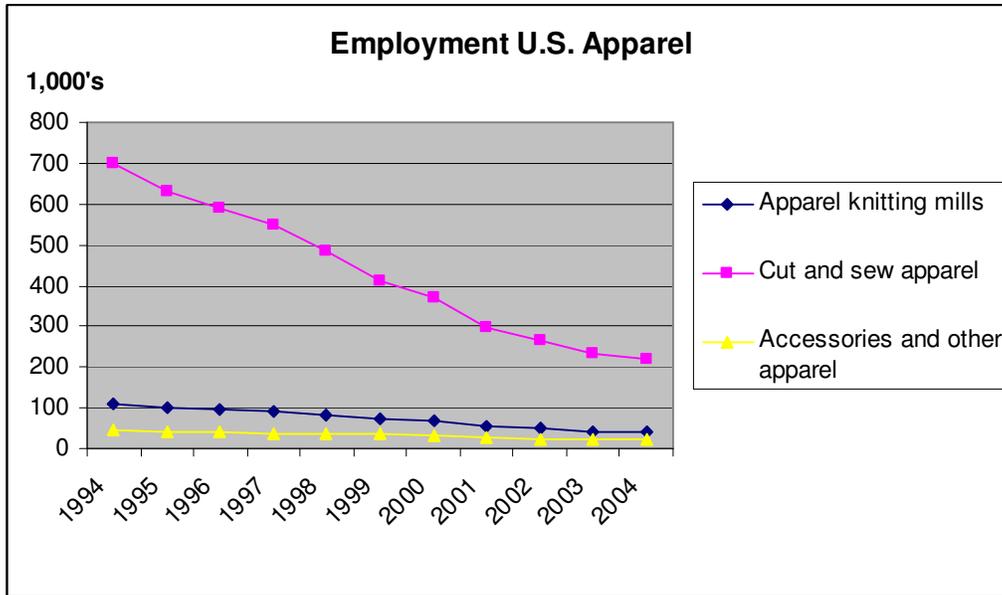


Chart 2 - Employment in US Apparel

According to the U.S. Department of Labor Bureau of Labor Statistics there are 220,000 U.S. workers in the apparel cut and sew industry.

Series Id: CEU3231520001
 Not Seasonally Adjusted
Super Sector: Manufacturing
Industry: Cut and sew apparel
NAICS Code: 3152
Data Type: ALL EMPLOYEES, THOUSANDS

Table 113 - Employees Cut & Sew Apparel

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1999	472.7	464.7	462.1	454.6	453.2	451.5	435.0	438.6	432.9	428.7	424.1	413.6	444.3
2000	401.8	405.7	409.0	403.9	401.7	404.5	388.6	389.2	385.7	382.3	379.8	369.9	393.5
2001	359.7	361.4	362.3	354.3	348.3	346.3	331.8	320.9	319.2	311.5	304.1	296.4	334.7
2002	286.4	286.8	287.8	284.2	287.0	292.4	281.9	281.9	282.9	278.6	277.3	267.0	282.9
2003	259.6	255.3	255.7	250.2	251.1	251.8	235.4	236.3	236.2	237.2	235.1	231.5	244.6

³² Source: U.S. Census Bureau

³³ 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.

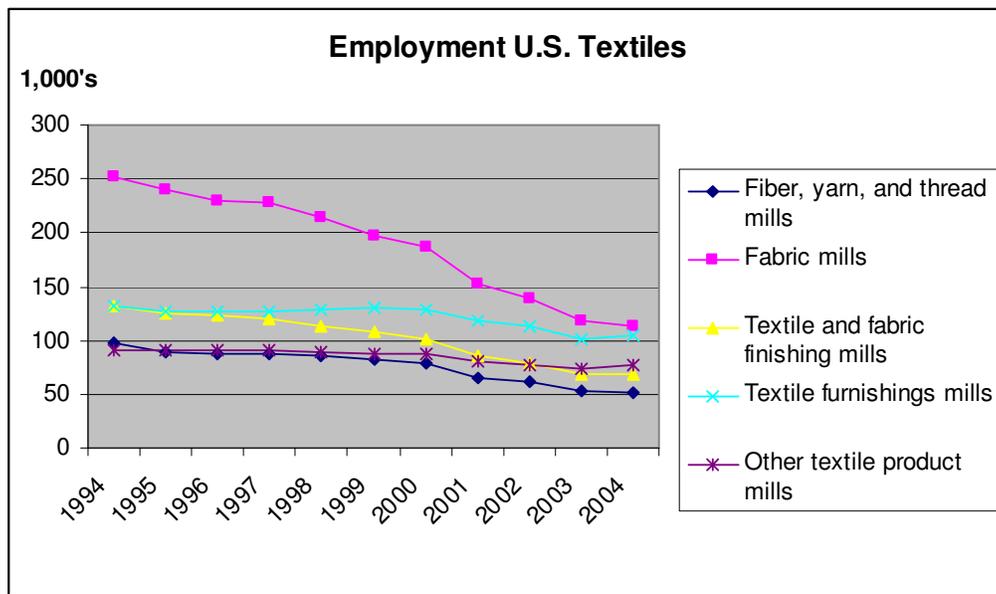
2004	227.8	232.8	233.4	229.8	231.0	231.1	219.9(p)						
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p : preliminary - [SOURCE: U.S. Dept. of Labor Bureau of Labor Statistics]

Those 220,000 apparel workers are employed on all sorts of fabrics for all sorts of garments. Petitioners attempted, but were unable to determine the exact number of workers engaged in the production of the subject products.

Since the late 1990s, and despite spending over \$2 billion annually³⁴ 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 U.S. 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. These jobs paid an average of between \$11 and \$12 per hour, depending on the position.³⁵ (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 2001.³⁶

Chart 34 - 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 percent over last year, in year-to-date figures through August, they are still 6 percent lower than the comparable period in 2002.³⁷ Textile corporate sales also

³⁴ 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)

³⁵ Source: U.S. Bureau of Labor Statistics

³⁶ Source for all employment data: U.S. Bureau of Labor Statistics

³⁷ Source: U.S. Census Bureau

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 2002.³⁸

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 124 - Textile Job Losses

Textile Job Losses Over the Past 5 Years

(Thousands of jobs)

	Latest Employment Figures (Sept 2004)	Change Since:			
		Over 12 Month Period (Sept-03)		Over 5 Year Period (Sept-99)	
		Jobs Lost	Percent	Jobs Lost	Percent
United States Textile Workers:	413.1	-12.8	-3.0%	-197.7	-32.4%
Alabama	24	-0.4	-1.6%	-8.4	-25.9%
North Carolina	77.3	-5.4	-6.5%	-58.4	-42.8%
South Carolina	47.4	-2.3	-4.6%	-28.8	-37.8%
Virginia	12.3	-1.3	-9.6%	-7.3	-37.2%

Source: Bureau of Labor Statistics

Table 135 - Textile Plant Closings

Textile Plant Closings

(as of July 1, 2004)

	2004	2003	2002	2001	2000	1999	1998	1997	Since Crisis Began (1997 – to date)
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.

³⁸ Source: U.S. Census Bureau Quarterly Financial Report

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 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.³⁹

2. Threat to Outward Processing Trade

U.S. trade in the subject products has participated in a growing outward processing trade, primarily with Western Hemisphere countries which has been beneficial for all trading partners (Charts 42⁴⁰ and 35).

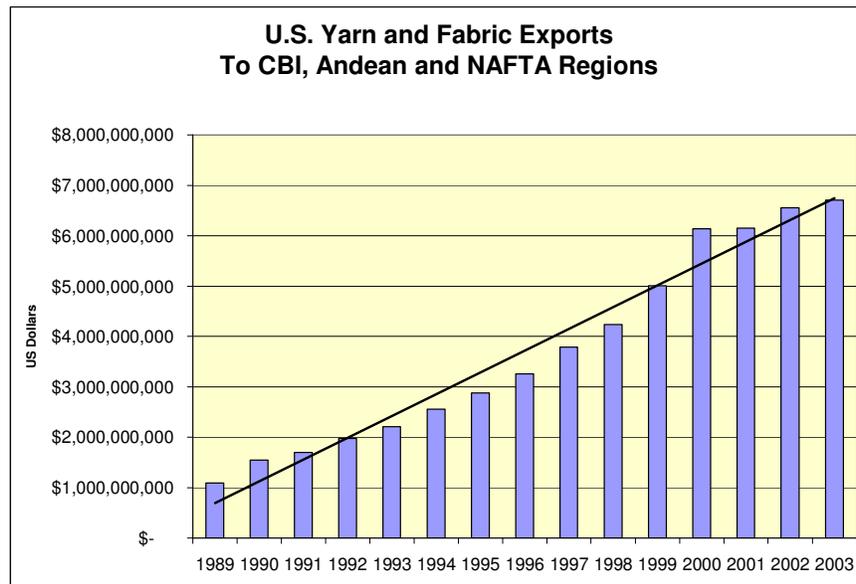


Chart 3 4 - US Exports in Outward Processing Trade

Source: OTEXA data.

U.S. yarn and fabric exports to Mexico, Canada and the CBI and Andean regions have been in a strong upward trend. Many U.S. textile and apparel manufacturing companies currently have a significant level of participation in the outward processing trade. A December 2003 study conducted jointly by the National Cotton Council and the Jassin-O'Rourke Group⁴¹ revealed a 2003 U.S. retail market for apparel totaling 25.7 billion SMEs, sourced as follows:

24.9% - apparel made in the U.S. from yarn and fabric made in the U.S.

25.3% - apparel made in the Americas, excluding the U.S.

49.8% - apparel from the rest of the world

³⁹ See discussion of Preferential trade in section I.2 below.

⁴⁰ Export data for cut parts are recorded with apparel exports and cannot be broken out separately.

⁴¹ Merits of A Free Trade Area of the Americas, December 2003.

At least three-fourths of the yarns and fabrics consumed in apparel made in the Americas (excluding the U.S.) are of U.S. origin. The substantial volume of yarn and fabric production involved in the outward processing part of the trade has been beneficial to the U.S. textile industry.

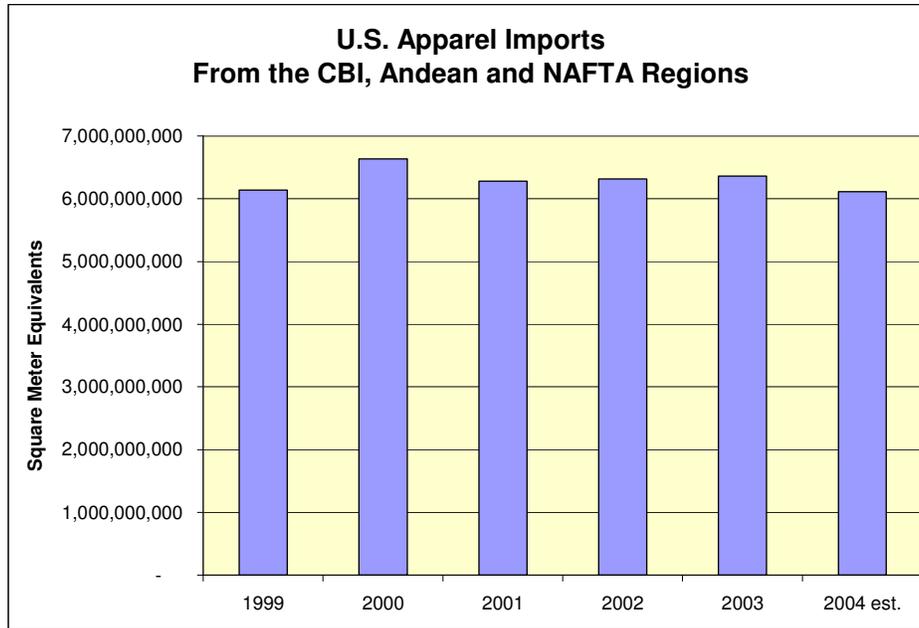


Chart 4-5 - US Apparel Imports in Connection With Outward Processing Arrangements

In a February 9, 2004, news release announcing findings of its study on Competitiveness of apparel manufacturing, the U.S. International Trade Commission (ITC) underscores the importance of textile safeguard action. The ITC study cites findings of a 2001 study by Avisse and Fouquin (see table reproduced below as Table J-5) reflecting a commonly held view of China’s dominance of global apparel markets. Asian exporters, led by China, are expected to increase substantially their apparel exports at the expense of other countries and regions, with the biggest losses occurring among Western Hemisphere trading partners of the U.S., many of which are involved in outward processing arrangements with the U.S. industry producing the subject products.

Table I-2**Likely Impact of Removing Quotas on Apparel Exports**

<u>Region</u>	<u>Percent Change</u>
NAFTA	-27
Latin America (Excluding Mexico)	-39
China	87

Source: Avisse, Richard and Michel Fouquin (2001) "Textiles and Clothing, The End of Discriminatory Protection," La Lettre du CEPII, No 198, Feb 2001.

The ITC study cites work by Francois and Spinanger⁴² showing Asia to be the biggest winner from quota removal, with Mexico and Latin America being among the biggest losers. The ITC study, together with findings of numerous other studies, support petitioners' contention that removal of the subject product safeguard is an imminent threat to the orderly development of trade. The only way in which this threat can be avoided is through the imposition of a timely safeguard action.

I. ACTION AUTHORIZED UNDER THE AGREEMENT

Action by the United States reapplying safeguard limitations under § 11.242 of the Report of the Working Party is authorized, warranted and appropriate upon the belief of the United States that there is market disruption or a threat of market disruption concerning the subject products and that imports from China of the subject products played a role in the market disruption or 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;..."

J. 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 reapplication of safeguard limitations on imports of the subject products from China according to the provisions of § 11.242 of the Report of the Working Party, the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27788, May 21, 2003), and the previous decision of CITA reflected in its determination published at 68 F.R. 74945 (December 29, 2003).

⁴² Francois, Joseph and Dean Spinanger (2001), "With Rags to Riches but Then What? Hong Kong's T & C Industry vs. the ATC and China's WTO Accession," Paper prepared for The Fourth Annual Conference on Global Economic Analysis, Purdue University, West Lafayette, Indiana, June 27-29, 2001.

K. EXHIBITS

Exhibit 1 - Description of Petitioners

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

Exhibit 3 - Table containing information as required by CITA guidelines

Exhibit 4 - List of China manufacturers (as complete as possible)

EXHIBIT 1

Description of Petitioners

SEAMS - SEAMS is a not-for-profit association that represents the all of the U.S.A. soft goods supply chain. It is comprised of manufacturing and contract manufacturing companies, and their suppliers in the sewn products industry. The mission of SEAMS is to work for the promotion of the sewn products industry by keeping members informed about federal issues that could affect them, and by offering members a variety of educational and other programs. SEAMS is headquartered in Columbia, SC (www.seams.org <<http://www.seams.org>>).

SEAMS represents four companies that manufacture category 350 or 650 dressing gowns in the United States.

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)

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)

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)

UNITE HERE! – 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 difficult for UNITE HERE! to determine the exact number of its members that make the subject products exclusively as it represents numerous contract textile and apparel workers who make all types of textiles and apparel, including the subject products. UNITE HERE! has as many as 418 members who are engaged in the production of the subject products in the United States on a constant basis.

EXHIBIT 2

HTSUS Codes of articles covered by the applicable category

CATEGORY 350 * COTTON DRESSING GOWNS, ROBES ETC. (Conversion Factor to Square Meters= 42.60 ; Unit=DOZ)

HTS CODE	DESCRIPTION
6107.91.0040	MEN'S BATHROBES AND DRESSING GOWNS, OF COTTON, KNIT
6107.91.0090	BOYS' BATHROBES AND DRESSING GOWNS, OF COTTON, KNIT
6108.91.0030	WOMEN'S NEGLIGEES, BATHROBES ETC OF COTTON, KNIT
6108.91.0040	GIRLS' NEGLIGEES, BATHROBES ETC OF COTTON, KNIT
6207.91.1000	M/B BATHROBES, DRESSING GOWN ETC COTTON, NOT KNIT
6208.91.1010	WOMEN'S NEGLIGEES, BATHROBES ETC OF COTTON, NT KT
6208.91.1020	GIRLS' NEGLIGEES, BATHROBES ETC OF COTTON, NT KT

CATEGORY 650 * MMF ROBES, DRESSING GOWNS, ETC. (Conversion Factor to Square Meters= 42.60 ; Unit=DOZ)

HTS CODE	DESCRIPTION
6107.92.0040	MEN'S BATHROBES AND DRESSING GOWNS OF MMF, KNIT
6107.92.0090	BOYS' BATHROBES AND DRESSING GOWNS OF MMF, KNIT
6108.92.0030	WOMEN'S NEGLIGEE, BATHROBE, ETC OF MANMADE FIB, KNIT
6108.92.0040	GIRLS' NEGLIGEES, BATHROBE, ETC OF MANMADE FIB, KNIT
6207.92.2020	M/B BATHROBE DRESSING GOWN ETC MMF<36% WL/FAH, N KT
6208.92.0010	WOMEN'S NEGLIGEE, BATHROBE, ETC OF MANMADE FIB, N KT
6208.92.0020	GIRLS' NEGLIGEES, BATHROBE, ETC OF MANMADE FIB, N KT

EXHIBIT 3*Information Requested by CITA***Category 350/650, Dressing Gowns**

Yearly Data - Most Recent 5 Years Available						
Quantity in Thousand Dozen						
	1998	1999	2000	2001	2002	2003
1) Imports from the World	4,556	4,823	5,937	6,646	8,538	10,538
2) Imports from China	299	290	260	339	2,172	4,269
3) China Quota Level - Cat. 350	177	172	179	191	Cats. 350 & 650 Removed From Quota - NO LIMITS	
4) Imports Charged to Quota - Cat. 350	177	172	152	188		
5) Quota Fill - Cat. 350	100%	100%	84.94%	98.29%		
6) China Quota Level - Cat. 650	120	121	129	130		
7) Imports Charged to Quota - Cat. 650	119	114	124	123		
8) China Quota Fill - Cat. 650	99.18%	93.94%	96.34%	94.95%		
9) Total U.S. Market	6,347	6,485	7,924	7,829	9,479	
10) U.S. Domestic Production	1,791	1,662	1,987	1,183	941	
11) U.S. Domestic Market Share	28.21%	25.63%	25.07%	15.11%	9.93%	
12) U.S. Mkt Share - Total Imports	71.79%	74.37%	74.93%	84.89%	90.07%	
13) U.S. Mkt Share - Imports from China	4.70%	4.47%	3.28%	4.33%	22.91%	
14) Avg. Unit Price of China Imports (Dollars per Dozen)	\$116.49	\$106.73	\$109.61	\$99.29	\$56.21	\$46.69
Value of Trade - In Thousand US Dollars						
15) Imports from the World	\$421,434	\$404,556	\$477,336	\$504,091	\$512,717	\$542,224
16) Imports from China	\$34,779	\$30,941	\$28,483	\$33,676	\$122,082	\$199,312

SOURCES:

- (1), (2), (15), and (16) - Trade Data section on OTEXA website
(3), (4), (5), (6), (7), and (8) - China Performance Reports on OTEXA websites
(9), (10), and (11) - IP Book available on OTEXA website
(12) and (13) - Calculated by taking Imports from the World (1) and Imports from China (2) as percentages of the Total U.S. market (9)
(14) - Calculated by dividing the value of Imports from China (16) by the quantity (2)

Information Requested by CITA (Continued)

Category 350/650, Dressing Gowns

Most Recent Year-to-Date and Year Ending Data Available						
Quantity in Thousand Dozen						
	YTD 9/02	YTD 9/03	YTD 9/04	YE 9/02	YE 9/03	YE 9/04
1) Imports from the World	5,845	7,569	8,996	7,680	10,261	11,966
2) Imports from China	1,372	3,009	3,865	1,478	3,809	5,125
3) China Safeguard Quota Level - 350/650*			4,094			
4) Imports Charged to Safeguard Quota**			4,094			
5) China Safeguard Quota Fill**			100.0%			
6) Total U.S. Market	6,382	8,045		8,585	11,141	
7) U.S. Domestic Production	537	476		905	880	
8) U.S. Domestic Market Share	8.41%	5.92%		10.54%	7.90%	
9) U.S. Mkt Share - Total Imports	91.59%	94.08%		89.46%	92.10%	
10) U.S. Mkt Share - Imports from China	21.50%	37.40%		17.21%	34.19%	
11) Avg. Unit Price of China Imports (Dollars per Dozen)	\$55.81	\$45.50	\$44.17	\$59.02	\$47.90	\$45.49
Value of Trade - In Thousand U.S. Dollars						
12) Imports from the World	\$352,810	\$384,520	\$436,117	\$494,682	\$544,427	\$593,821
13) Imports from China	\$76,585	\$136,929	\$170,739	\$87,215	\$182,426	\$233,123

SOURCES:

- (1), (2), (12), and (13) - Trade Data section on OTEXA website
(3), (4), and (5) - U.S. Customs and OTEXA websites
(6), (7), and (8) - IP Book available on OTEXA website
(9) and (10) - Calculated by taking Imports from the World (1) and Imports from China (2) as percentages of the Total U.S. market (6)
(11) - Calculated by dividing the value of Imports from China (13) by the quantity (2)

NOTE:

- *Imports from China of Category 350/650 are restricted by a safeguard quota of 4,094,382 dozen for the period December 24, 2003 - December 23, 2004.
** As of November 18, 2004.

Category 350/650, Dressing Gowns

Most Recent Quarterly Data Available						
Quantity in Thousand Dozen						
	1Q 03	2Q 03	3Q 03	1Q 04	2Q 04	3Q 04
1) Imports from the World	2,247	2,083	3,239	2,572	2,545	3,880
2) Imports from China	724	817	1,468	884	1,060	1,921
3) Avg. Unit Price of China Imports (Dollars per Dozen)	\$44.06	\$35.76	\$51.64	\$39.56	\$39.20	\$49.04
Value of Trade - In Thousand U.S. Dollars						
4) Imports from the World	\$104,187	\$90,458	\$189,876	\$108,254	\$110,221	\$217,642
5) Imports from China	\$31,896	\$29,199	\$75,833	\$34,973	\$41,560	\$94,205

SOURCES:

- (1), (2), (4), and (5) - Trade Data section on OTEXA website
(3) - Calculated by dividing the value of Imports from China (4) by the quantity (5)

EXHIBIT 4

List of China manufacturers

Petitioners' attempt to develop a list of China manufacturers of the subject products (350/650 dressing gowns and robes) returned information on over 150 manufacturers. Petitioners are willing to share this information directly with CITA, but determined it would create too lengthy of a document if attached at the present time.