

September 14, 2005

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

Dear Mr. Leonard:

The American Manufacturing Trade Action Coalition (AMTAC), National Council of Textile Organizations (NCTO), National Textile Association (NTA), SEAMS, and UNITE HERE! request that the Committee for the Implementation of Textile Agreements (CITA) take the necessary actions to re-impose a safeguard on U.S. imports from China of men's and boys' cotton and man-made fiber shirts, non-knit, classified within Category 340/640 of the U.S. Textile and Apparel Category System by January 1, 2006. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27787, May 21, 2003).

Petitioners strongly request that there be a seamless reapplication of the safeguard quota in order to avoid market disruption with respect to the subject products when the current safeguard limit expires on December 31, 2005. Without re-imposition of quota restraints on January 1, 2006, available evidence demonstrates that the U.S. market will clearly experience a substantial increase of the subject products from China, causing market disruption in the United States. As such, the imminent threat of substantial increases in imports of the subject products from China will impede the orderly development of trade in the subject products.

The parties submitting this request are trade associations and unions that are representative of either domestic producers of products like or directly competitive with men's and boys' cotton and man-made fiber shirts, non-knit, in Category 340/640 or of domestic producers of components used in the production of products that are like or directly competitive with those contained in Category 340/640.

Description of Petitioners

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

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

NCTO is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers of textile machinery, chemicals and other such sectors, which have a stake in the

prosperity and survival of the U.S. textile sector. Its headquarters are in Washington, D.C., and it also maintains an office in Gastonia, NC. www.ncto.org

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

SEAMS is a not-for-profit association that represents the all 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 and represents companies that manufacture the subject products in the United States. www.seams.org

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

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 men's and boys' cotton and man-made fiber shirts, not knit, are, due to a threat of market disruption, threatening to impede the orderly development of trade in these products. This 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 (“Paragraph 242”). The following facts, and others contained in this Statement, support this belief:

U.S. Imports from China Are Increasing Rapidly in Absolute Terms. U.S. imports of men's and boys' cotton and man-made fiber shirts, not knit, from China were 2,471,403 dozens for the entire twelve months of 2004. In the first quarter of 2005, U.S. imports from China were 1,921,894 dozens, an increase of 284 percent from the first quarter of 2004, and a level of 78 percent of total calendar year 2004 imports from China.

U.S. Imports from the World Are Increasing Rapidly in Absolute Terms. U.S. imports of men's and boys' cotton and man-made fiber shirts, not knit, from all sources, excluding men's and boys' cotton and man-made fiber shirts, not knit, containing U.S. components that were imported under outward processing programs, increased from 9,570 thousand dozens in the first quarter of 2004 to 11,682 thousand dozens in the first quarter of 2005 - an increase of 22 percent. Two-thirds of this increase was attributable to imports from China.

The Average Unit Value of Imports from China Is Falling in 2005. In 2004, the average unit value of U.S. men's and boys' cotton and man-made fiber shirts, not knit, from China was US\$84.66 per dozen. In the first three months of 2005, the average unit value of those imports fell to US\$64.75 per dozen, compared to US\$89.62 for "rest of world" imports."¹

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

- Imports from China have continued to surge and are up 278.1 percent for the most recent period, year-to-date August², even with the safeguard quota in place.
- China has risen from 6th largest supplier of the subject products to the U.S. market in 2004 to number one supplier so far in 2005.
- China's share of the U.S. import market has also exploded from 5.7 percent in 2004 to 18.4 percent year-to-date August.
- China's precipitous price drops continue with the China price now at \$48.12/doz for year-to-date July, or 28.4 percent below the world price of \$67.16.
- Furthermore, China has already filled 98.9 percent of their safeguard quota as of September 12, 2005, just over three months since the quota was established.

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 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 accelerated market share in textiles and apparel worldwide;
2. China has moved quickly to dominate the market in virtually all textile and apparel categories removed from quota control;
3. China has engaged in significant price cutting in order to rapidly accumulate orders in every category, including this category, removed from quota in the U.S. market;
4. Chinese exports of the subject products to the world have increased substantially while other exporters have declined;
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 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, 70 F.R. 30930, May 31, 2005.

² All year-to-date August 2005 figures are preliminary.

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

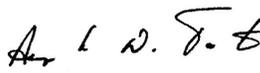
- ◆ U.S. imports from China will increase rapidly in absolute terms in 2006;
- ◆ U.S. imports from China will increase rapidly relative to other imports;
- ◆ The increase in imports will contribute to market disruption in the U.S. as the U.S. industry is vulnerable to any increase in imports;
- ◆ Imports of the subject products from China play a role in the threatened market disruption to the U.S. market;
- ◆ Imports from China are likely to increase further in the near future; and
- ◆ Average unit values of imports of the subject products from China will undercut prevailing prices and further disrupt the U.S. market.

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 2006 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 Section 11.242 of the Report of the Working Party, the guidelines issued by the Committee for the Implementation of Textile Agreements (68 F.R. 27787, May 21, 2003), and the previous decision of CITA reflected in its determination published at 70 F.R. 30930 (May 31, 2005).

Thank you for your consideration of this important matter.

Sincerely,


Auggie Tantillo
Executive Director
AMTAC


Cass Johnson
President
NCTO


Karl Spilhaus
President
NTA


Sarah Friedman
Executive Director
SEAMS


Bruce Raynor
General President
UNITE HERE

Table 1: U.S. Production, Imports, and Domestic Market Share for Cotton and Man-Made Fiber Men’s and Boys’ Shirts, Not Knit (Category 340/640) 1999-2004 (Market Share values calculated as a percentage of U.S. Production plus U.S. Imports.)

Time Period	U.S. Production (Thousand Dozen)	U.S. Imports	U.S. Imports from China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	8,680	38,187	2,195	18.52	81.48	4.68
2000	9,528	42,479	2,081	18.32	81.68	4.00
2001	7,209	39,380	2,404	15.47	84.53	5.16
2002	5,746	38,155	2,540	13.09	86.91	5.79
2003	4,900	40,289	2,243	10.84	89.16	4.96
2004	4,912	43,395	2,471	10.17	89.83	5.12

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

Table 2: U.S. Imports of Cotton and Man-Made Fiber Men's and Boys' Shirts, Not Knit (Category 340/640) 1999-2004, 1st Quarter 2004 and 2005, 2nd Quarter 2004 and 2005, YE July 2004 and 2005, YTD July 2004 and 2005, YE August 2004 and 2005(p), YTD August 2004 and 2005(p), from the World and China: Quantity (Dozen), Percent Change, and China's Percent Share of Total U.S. Imports

Time Period	U.S. Imports-Category 340/640 from:		China:		
	World: Quantity (Doz.)	% Change	Quantity (Doz.)	% Change	% Share
1999	38,187,254	--	2,195,182	--	5.7
2000	42,478,777	11.2	2,080,997	-5.2	4.9
2001	39,379,833	-7.3	2,403,780	15.5	6.1
2002	38,154,768	-3.1	2,540,017	5.7	6.7
2003	40,287,272	5.6	2,242,997	-11.7	5.6
2004	43,395,247	7.7	2,471,403	10.2	5.7
1 st Qtr/04	10,397,661	--	500,713	--	4.8
1 st Qtr/05	12,538,536	20.6	1,921,894	283.8	15.3
2 nd Qtr/04	9,430,830	--	551,763	--	5.9
2 nd Qtr/05	11,861,883	25.8	2,740,623	396.7	23.1
YE 7/04	39,930,859	--	2,233,940	--	5.6
YE 7/05	48,947,297	22.6	7,069,861	216.5	14.4
YTD 7/04	23,572,155	--	1,322,976	--	5.6
YTD 7/05	29,124,205	23.6	5,921,434	347.6	20.3
YE 8/04	40,490,432	--	2,271,110	--	5.6
YE 8/05(p)	48,430,236	19.6	6,893,599	203.5	14.2
YTD 8/04	27,717,303	--	1,590,227	--	5.7
YTD 8/05(p)	32,752,292	18.2	6,012,423	278.1	18.4