

July 11, 2005

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

Dear Mr. Leonard:

The American Manufacturing Trade Action Coalition (AMTAC), National Council of Textile Organizations (NCTO), National Textile Association (NTA), and UNITE HERE! request that the Committee for the Implementation of Textile Agreements (CITA) take the necessary actions to impose a safeguard on U.S. imports from China of cotton and manmade fiber swimwear included in the combined Category 359S/659S¹ of the U.S. textile and apparel category system. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27788, May 21, 2003).

The parties submitting this request are trade associations and unions which are representative of either domestic producers of products like or directly competitive with Category 359S/659S cotton and man-made fiber swimwear or of domestic producers of components used in the production of products that are like or directly competitive with cotton and manmade fiber swimwear.

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

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

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

¹ The Harmonized Tariff System numbers included in Category 359S/659S are 6112.31.0010, 6112.31.0020, 6112.39.0010, 6112.41.0010, 6112.41.0020, 6112.41.0030, 6112.41.0040, 6112.49.0010, 6211.11.1010, 6211.11.1020, 6211.11.8010, 6211.11.8020, 6211.12.1010, 6211.12.1020, 6211.12.8010, and 6211.12.8020.

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

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

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

It is the strong view of the petitioners that the surge in first quarter 2005 imports from China of cotton and man-made fiber swimwear included in Category 359S/659S, compounded with the decline in U.S. production of these products, constitutes market disruption under § 11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization (WTO). This rise in imports and corresponding decline in domestic production has produced a loss in the domestic market share for these products according to production data supplied the Current Industry Report MQ315(A), *Apparel*, published by the Census Bureau and import data supplied by the U.S. International Trade Commission.

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

CITA is well aware of the circumstances following the integration of certain categories on January 1, 2002 in which China registered enormous increases and quickly moved to dominate trade. Following the same track, U.S. imports of Category 359S/659S swimwear from China skyrocketed 143.8 percent in the first quarter of 2005 compared to the first quarter of 2004. Looking at the first three months of 2005 alone, China became the number one supplier with 18.2 percent share, followed by Bangladesh with 15.2 percent, Mexico with 11.2 percent, and Indonesia with 10.1 percent share of total imports. China was the 5th largest supplier behind Mexico, Bangladesh, Indonesia, and Taiwan with an 8.8 percent share of the U.S. import market for calendar year 2004. For the year-ending March 2005, Chinese market share rose to 14 percent.

Sharp price reductions, corresponding with the removal of quotas and the relevant quota costs, are likely a major reason for the sudden surge of Chinese imports. A review of recent price data indicates that China's first quarter 2005 prices for Category 359S/659S cotton and man-made fiber swimwear averaged \$38.87/dozen. This average unit value is

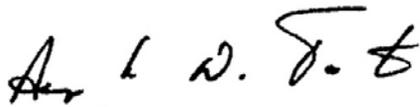
3.4 percent below the price in the first quarter of 2004 of \$40.25/dozen and 4.6 percent below the calendar year 2004 average price of \$40.74/dozen. China's surging imports, its rise in market dominance and its sharp price reductions, follow the pattern established in 2002 with the removal of certain items from quota. In those categories integrated in 2002, China dropped its prices by an average of 58 percent.

Price data from the rest of the world show that prices in Category 359S/659S increased from \$53.00/dozen in the first quarter of 2004 to \$55.25/dozen in the first quarter of 2005, or a 4.2 percent increase. The price of swimwear imported from the rest of the world in the first quarter of 2005 was 42 percent higher than swimwear imported from China.

In sum, surging low-priced imports from China are clearly disrupting the U.S. market in cotton and manmade fiber swimwear in Category 359S/659S. The language on safeguards in the U.S./China Protocol of Accession is based on language in the Multi-Fiber Agreement (MFA) and the WTO's Agreement on Textiles and Clothing (ATC). Both of those international agreements contained language providing for immediate action in the event of highly unusual and critical circumstances. We believe that current circumstances are such and that prompt action is necessary irrespective of the timelines in the CITA procedures.

Thank you for your consideration of this important matter.

Sincerely,



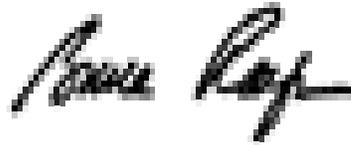
Auggie Tantillo
Executive Director
AMTAC



Cass Johnson
President
NCTO



Karl Spilhaus
President
NTA



Bruce Raynor
General President
UNITE HERE

Table 1: U.S. Production, Imports, and Domestic Market Share for Men’s, Boys’, Women’s and Girls’ Cotton and Manmade Fiber Swimwear in Category 359S/659S 2000-2004 and YTD March 2004 and 2005

Time Period	U.S. Production (Thousand Dozen)	U.S. Imports	Imports From China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
2000	4,888 ²	10,423	745	31.92	68.08	4.87
2001	4,108 ³	11,074	712	27.06	72.94	4.69
2002	4,116	10,284	809	28.58	71.42	5.62
2003	4,256	12,570	1,228	25.29	74.71	7.30
2004	3,418	13,777	1,207	19.88	80.12	7.02
Q1 04	1,431	6,735	512	17.52	82.48	6.27
Q1 05	1,237	6,852	1,247	15.29	84.71	15.42

Source Data:

Production Data from Current Industrial Reports, *Apparel*, MQ315(A), (U.S. Census Bureau).

Import data from the United States International Trade Commission, including HTS codes 6112.31.0010, 6112.31.0020, 6112.39.0010, 6112.41.0010, 6112.41.0020, 6112.41.0030, 6112.41.0040, 6112.49.0010, 6211.11.1010, 6211.11.1020, 6211.11.8010, 6211.11.8020, 6211.12.1010, 6211.12.1020, 6211.12.8010, and 6211.12.8020 for Category 359S/659S.

² Excludes “little boys” swimwear. Data for this product was not reported by Census to avoid disclosing data for individual companies.

³ Excludes “little boys” and “little girls” swimwear. Data for this product was not reported by Census to avoid disclosing data for individual companies.

Table 2: U.S. Imports of Cotton and Manmade Fiber Swimwear in Category 359S/659S 2000-2004, YTD and YE March 2004 and 2005 and YTD and YE April 2004 and 2005 from the World and China: Quantity (Dozen), Percent Change, and China's Percent Share of the World

Time Period	U.S. Imports-Swimwear:		China:		
	World: Quantity (Dozen)	Percent Change	Quantity (Dozen)	Percent Change	Percent Share
2000	10,422,630	--	745,392	--	7.2
2001	11,074,435	6.3	711,820	-4.5	6.4
2002	10,283,519	-7.1	809,258	13.7	7.9
2003	12,570,299	22.2	1,227,512	51.7	9.8
2004	13,777,232	9.6	1,207,340	-1.6	8.8
Q1 2004	6,735,000	--	511,697	--	7.6
Q1 2005	6,852,024	1.7	1,247,323	143.8	18.2
YE 3/04	13,477,391	--	1,064,027	--	7.9
YE 3/05	13,894,256	3.1	1,942,966	82.6	14.0
YTD 4/04	8,630,434	--	701,120	--	8.1
YTD 4/05	8,785,426	1.8	1,673,505	138.7	19.0
YE 4/04	13,427,170	--	1,038,225	--	7.7
YE 4/05	13,932,224	3.8	2,179,725	109.9	15.6

Source: United States International Trade Commission