

September 14, 2005

James Leonard  
Chairman, Committee for the Implementation of Textile Agreements  
Room H3100  
U.S. Department of Commerce  
14<sup>th</sup> 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 re-impose a safeguard on U.S. imports from China of other synthetic filament fabric classified within Category 620 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 other synthetic filament fabric in Category 620 or of domestic producers of components used in the production of products that are like or directly competitive with those contained in Category 620.

### **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.amtadc.org](http://www.amtadc.org)

**NCTO** is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as

well as suppliers of textile machinery, chemicals and other such sectors, which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters are in Washington, D.C., and it also maintains an office in Gastonia, NC. [www.ncto.org](http://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](http://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](http://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 other synthetic filament fabric are, due to the existence of market disruption, threatening to impede the orderly development of trade in these products. Further, the United States believes that imports of Chinese-origin other synthetic filament fabric are, due to the threat of market disruption, threatening to impede the orderly development of trade in these products. Either 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 these beliefs:

**U.S. Imports from China Are Increasing Rapidly in Absolute Terms.** U.S. imports of other synthetic filament fabric from China were 5,895,247 square meters for the entire twelve months of 2004. In the period January-June 2005, U.S. imports from China increased to 39,973,330 square meters, an increase of 1,185 percent from the January-June 2004 level.

**U.S. Imports from the World Are Increasing Rapidly in Absolute Terms.** U.S. imports of other synthetic filament fabric from all sources increased from 135,921 thousand square meters in January-June 2004 to 256,020 thousand square meters in January-June 2005 - an increase of 88 percent. Over thirty percent 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. other synthetic filament fabric imports from China was US\$2.36 per square meter. In the period January-June 2005, the average unit value of those imports fell to US\$0.70 per square meter compared to US\$0.77 per

square meter for "rest of world" imports.

**The U.S. Other Synthetic Filament Fabric Industry is Vulnerable to Increasing Imports.** U.S. production fell by 13 percent between the first quarter of 2004 and the first quarter of 2005, while the share of the market held by U.S. producers fell by 15 percentage points during this period.”<sup>1</sup>

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 1,211.5 percent for the most recent period, year-to-date August.<sup>2</sup>
- China has risen from 12<sup>th</sup> largest supplier of the subject products to the U.S. market in 2004 to number two supplier so far in 2005.
- China’s share of the U.S. import market has also exploded from 2.1 percent in 2004 to 17.4 percent year-to-date August.
- China’s precipitous price drops continue with the China price now at \$0.56/square meter for year-to-date July, or 15 percent below the world price of \$0.66.

### **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.

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<sup>1</sup> 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. 52994, September 6, 2005.

<sup>2</sup> 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. 52994, (September 6, 2005).

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 Imports of Other Synthetic Filament Fabric (Category 620) 1999-2004 (Market Share values calculated as a percentage of U.S. Production plus U.S. Imports.)

Time Period	U.S. Production (Thousand Square Meters)	U.S. Imports	U.S. Imports from China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	4,697,148	368,648	1,747	92.72	7.28	0.03
2000	4,209,575	308,541	6,764	93.17	6.83	0.15
2001	3,372,886	283,901	4,666	92.24	7.76	0.13
2002	1,181,187	293,967	6,860	80.07	19.93	0.47
2003	1,016,425	253,051	4,473	80.07	19.93	0.35
2004	1,006,058	283,590	5,895	78.01	21.99	0.46

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

**Table 2:** U.S. Imports of Other Synthetic Filament Fabric (Category 620) 1999-2004, 1<sup>st</sup> Quarter 2004 and 2005, 2<sup>nd</sup> 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 (SME), Percent Change, and China's Percent Share of Total U.S. Imports

Time Period	U.S. Imports-Category 620 from:		China:		
	World: Quantity (SME)	% Change	Quantity (SME)	% Change	% Share
1999	368,648,001	--	1,746,571	--	0.5
2000	308,541,491	-16.3	6,764,289	287.3	2.2
2001	283,901,283	-8.0	4,666,045	-31.0	1.6
2002	293,966,733	3.5	6,860,358	47.0	2.3
2003	253,206,412	-13.9	4,472,629	-34.8	1.8
2004	284,028,618	12.2	5,895,247	31.8	2.1
1 <sup>st</sup> Qtr/04	62,193,073	--	1,534,747	--	2.5
1 <sup>st</sup> Qtr/05	106,692,911	71.6	12,380,731	706.7	11.6
2 <sup>nd</sup> Qtr/04	73,728,274	--	1,576,862	--	2.1
2 <sup>nd</sup> Qtr/05	149,368,545	102.6	27,592,599	1,649.8	18.5
YE 7/04	267,657,491	--	5,870,712	--	2.2
YE 7/05	425,994,969	59.2	50,175,559	754.7	11.8
YTD 7/04	162,145,038	--	3,867,807	--	2.4
YTD 7/05	304,111,389	87.6	48,148,119	1,144.8	15.8
YE 8/04	270,939,693	--	5,913,190	--	2.2
YE 8/05(p)	440,688,861	62.7	60,926,575	930.4	13.8
YTD 8/04	185,895,297	--	4,542,253	--	2.4
YTD 8/05(p)	342,555,540	84.3	59,573,581	1,211.5	17.4