



## FLOOD OF CLOTHING IMPORTS FROM CHINA WORRIES U.S. GOVERNMENT AND WORKERS

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*As Chinese textile goods, including pants, underwear and shirts, hit stores across the country at unprecedented rates, U.S. officials and the textile industry worry about the effects on the American apparel market and industry workers.*

Imports of Chinese cotton knit shirts and blouses have grown approximately 1,250 percent, cotton pants 1,500 percent, and man-made fiber underwear 300 percent over this time last year.

This surge of clothing imports from China is the result of the December 2004 expiration of the Multi-Fiber Agreement (MFA), which gave developing countries access to international markets and bolstered job creation.

The arrangement also protected industrialized countries such as the United States from competing against China, where lower labor costs enable manufacturers to offer fabric and clothing at rock bottom prices.

### **U.S. textile companies call for action**

Now that these quotas are no longer in effect, U.S. clothing manufacturers are scrambling. According to a group of American fabric manufacturers, the National Council of Textile Organizations, the first three months of soaring import figures have resulted in the closing of at least 17 textile mills and 17,000 lost jobs for American garment workers since Jan. 1.

"This surge of imports from China is just the tip of the iceberg. If history is any indication, Chinese imports will continue to soar until they gain a virtual monopoly of the U.S. market," executive director of the American Manufacturing Trade Action Coalition Auggie Tantillo told the Delta Farm Press.

Politicians in the United States are feeling pressure to act. When China joined the World Trade Organization (WTO) in 2001, it agreed to allow member countries to impose quotas -- limits -- if its exports harmed markets.

In response to the flood of Chinese apparel products, the U.S. government announced it would begin an investigation to determine whether or not to impose quotas.

## **American retailers disagree**

However, companies such as the Gap and J.C. Penney, which sell clothing, disagree with textile industry officials.

They argue that reestablishing quotas will raise prices for consumers without helping American workers.

The upsurge of Chinese imports is taking away business from other low cost Asian and Latin American countries and not causing U.S. job loss, they argue.

"Imposing new quotas is just going to impose a hidden tax on consumers. This is all about reshuffling deckchairs. This is not about saving jobs in the United States," Erik Autor of the National Retail Federation told The New York Times.

## **Global Concerns**

Other countries are also affected by the change. Southeast Asian and Latin American countries such as Vietnam, Thailand and Honduras are now struggling to compete with China's manufacturing prowess.

As retailers and industry officials in the United States contemplate moves to limit China's textile export growth, debate over how to strike a balance between job protection and free, open markets will continue with China opposing any limitations.

"Any attempt or moves to extend the quota system would go against the principle of free and fair trade and shakes the foundations of the multilateral trading system," spokesman Chong Wen said on China's commerce ministry Web site.

*--Compiled by Monica Villavicencio for NewsHour Extra*

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