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Safeguards on Textile and Apparel Imports from China

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Summary

Textile and apparel import data for January 2005 indicated that the volume of overall U.S. imports from China grew by 19.8% in comparison to January 2004. Preliminary data for February through May 2005 demonstrated that import increases in selected apparel categories were even more substantial. To date, the Committee for the Implementation of Textile Agreements (CITA) has formally requested consultations with China and simultaneously implemented China-specific safeguard quotas on cotton knit shirts and blouses (categories 338/338); cotton trousers (categories 347/348); cotton and man-made fiber underwear (categories 352/652); cotton yarn (category 301); men's and boys cotton and man-made fiber shirts, not knit (categories 340/640); man-made fiber knit shirts and blouses (categories 638/639); and man-made fiber trousers (category 647/648).

A textile-specific safeguard measure in China's World Trade Organization (WTO) accession agreement allows the United States and other Member countries to impose import quotas on textile and apparel imports from China if they determine that Chinese-origin imports of the targeted products are causing "market disruption." On December 23, 2003, the United States used the measure to implement temporary safeguard quotas for one year on imports of dressing gowns, brassieres, and knit fabrics, and October 28, 2004, implemented similar quotas on imports of cotton, wool, and man-made fiber socks.

In December 2004, CITA, a Department of Commerce-related group responsible for regulating U.S. textile and apparel imports, decided to consider petitions for certain apparel categories still under quotas on the basis of "threat" of market disruption. In late December, however, the U.S. Court of International Trade, on behalf of apparel retailers and importers, enjoined the U.S. government, including CITA, from doing so. The U.S. Justice Department appealed the ruling, and on April 27, 2005, the Court of Appeals for the Federal Circuit granted the government's motion for a stay of the injunction, pending appeal. CITA resumed consideration of these cases, and has already implemented safeguards on many of the textile and apparel categories covered in the threat-based petitions.

U.S. textile and apparel production has been steadily declining, and imports from all countries have been increasing. However, U.S. imports from China have been growing at a much faster rate. The U.S. industry is concerned that Chinese imports will capture the domestic market share in many product categories since all textile and apparel quotas expired on January 1, 2005. Many developing nations are also concerned that the quota phase-out will result in a global consolidation of textile and apparel production in which only a few nations, including China, India, and Pakistan, will benefit. Retailers and other importers of textiles and apparel oppose the safeguards in part because they believe that the quotas will cause market inefficiencies that result in higher prices to U.S. consumers than would otherwise be the case. Chinese officials have strongly objected to the safeguards and reserved the right to challenge U.S. implementation through the WTO dispute settlement process. This report will be updated as events warrant.

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Introduction

A textile-specific safeguard measure in China's World Trade Organization (WTO) accession agreement allows the United States and other Member countries to impose "safeguard" import quotas on textile and apparel imports from China if they determine that Chinese-origin imports of the targeted products are causing "market disruption." Many in the U.S. textile and apparel industry are concerned that exports from China will increase rapidly now that the extensive system of quotas on textile and apparel products expired on January 1, 2005. In order to moderate further gains in market share by imports, and thus soften the impact on factories, workers, and communities, they advocate implementation of safeguards on product categories in which imports from China have increased in recent years and months.

Evidence of large recent increases can be seen in import data. Overall textile and apparel exports to the United States from China were 20% greater in volume (square meter equivalents) in January 2005 than they were in January 2004. Chinese-origin imports in certain textile and apparel categories were even more substantial (see **Table 1**). These recent increases have come on top of longer term growth in textile and apparel imports from China (see **Table 2**). Preliminary data for the first quarter of 2005 illustrated continued rapid growth in imports from China and in China's share of the U.S. textile and apparel market.

On May 5, 2005, the Committee for the Implementation of Textile Agreements (CITA) announced that it would resume consideration of twelve petitions for implementation of a China-specific safeguard measure that had been filed in November and December 2004. These petitions were filed on the basis that imports from China threatened market disruption once existing quotas on the subject merchandise were removed. A stay, pending appeal, of a preliminary injunction barring CITA from taking any action on these petitions made it possible for CITA to resume consideration.

Filing safeguard petitions is one method that the U.S. textile and apparel industry is using to protect its plants and workers from further rapid declines in market share and job losses that many expect to occur since textile and apparel quotas expired on January 1, 2005. Retailers and other importers of textiles and apparel oppose any attempt to continue shielding an industry that they say has

enjoyed "an extraordinary level of protection against foreign imports compared to any other industry."[1]

While implementing China-specific safeguards on these products does not require direct legislative action, the decision is important to many in Congress because these actions may affect textile plants, workers, retailers, and consumers in their districts. Moreover, safeguard actions have implications for overall U.S.-China commercial relations, as well as for U.S. trade relations with other WTO Members.

Regulation of Textile Imports

U.S. authority for regulating textile imports is provided for in section 204 of the Agriculture Act of 1956, as amended (7 U.S.C. § 1854). The statute gives authority to the President to negotiate with representatives of foreign governments in order to obtain agreements limiting imports and to regulate the imports of textiles and agricultural products into the United States. In Executive Order 11651, as amended (37 F.R. 4699), the President delegated the supervision of the implementation of all textile and apparel trade agreements to the Committee for the Implementation of Textile Agreements (CITA), consisting of representatives from the Departments of State, the Treasury, Commerce, and Labor, and the United States Trade Representative or his designee. The representative from Commerce is the chairman of the committee, which is located for administrative purposes in the Department of Commerce. CITA is authorized by the President to "take appropriate actions concerning textiles and textile products ... and with respect to any other matter affecting textile trade policy." Thus, CITA has broad authority to impose quotas, implement safeguards, and request consultations with other nations when it determines that imports are causing serious damage to domestic industry.

Uruguay Round Textile Commitments

As part of the Uruguay Round of trade negotiations, the United States and other WTO Member countries adopted the Agreement on Textiles and Clothing (ATC). In the ATC, the United States and others agreed to integrate the textile and clothing sectors into the General Agreement on Tariffs and Trade (GATT) by gradually phasing out import quotas in four stages over a ten-year period until eventual elimination of all quotas on January 1, 2005. The ATC also contained a safeguard mechanism permitting countries to establish transition-period quotas on articles not yet integrated, if necessary, to protect domestic markets; required Members to reduce other trade barriers to textiles and apparel in their home markets; and allowed countries to take action against circumvention of quotas.

When China became a WTO Member in December 2001, it also agreed to the provisions of the ATC thus becoming subject to its benefits and obligations. The U.S. and China had reached an agreement in November 1999 covering a wide range

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[1] Autor, Erik O. "Clothing Optional — What's All the Buzz About Textiles in 2005?" Remarks at panel discussion at the Washington International Trade Association, July 22, 2004.

of bilateral trade issues. This agreement incorporated a previously negotiated textile and apparel agreement (adopted in 1997) which provided that upon accession to the WTO, China would "catch up" to the schedule of quota phase-outs by the end of 2004. Thus, inasmuch as China joined the WTO in December 2001, quotas on textile and apparel goods from China have been phased out in three years, whereas other WTO Members' quotas began to be phased out in 1995.[2]

China-Specific Textile and Apparel Safeguard

The safeguard measure used to limit Chinese textile and apparel imports is different from the more commonly known "Section 201" (or Section 421 for other Chinese imports generally) safeguard measure most recently used to provide relief to the steel industry from surges of steel imports. Section 201 of the Trade Act of 1974, as amended (19 U.S.C. §§ 2251-2254), grants relief for U.S. industries that are seriously injured or threatened with serious injury by import surges from any country. Section 421 provides similar relief for import surges caused by goods originating in China. In each of these statutes, safeguard action requires (1) an injury finding and recommendation of remedy by the U.S. International Trade Commission, and (2) Presidential action.

In the case of textiles and apparel, a China-specific safeguard provision in China's WTO accession agreement allows the United States and other Member countries to impose temporary quotas on products from the People's Republic of China if they determine that Chinese-origin imports of the targeted merchandise are causing "market disruption." Under safeguard quotas, China is required to hold its shipments of the goods in question to a level no greater than 7.5% (6% for wool categories) more than the quantity entered during the previous year. The quotas may continue for a maximum of a year unless reapplied for, or unless an agreement is reached between the parties. While the quotas are in force, the country concerned and China is expected to continue in consultations in order to negotiate a mutually satisfactory solution.[3] According to the agreement, the safeguard provision expires December 31, 2008.

CITA set forth its procedures for considering safeguard requests in the Federal Register on May 19, 2003.[4] According to CITA, petitions may be filed by a trade association, firm, certified or recognized union, or group of workers that are representative of (A) a domestic producer or producers of a like or directly competitive product with the targeted Chinese textile or apparel product; or (B) a domestic producer of a component included in the targeted product. Petitions must contain (1) a product description; (2) import data showing the present share of the U.S. market for the product accounted for by imports from China is "increasing rapidly in absolute terms"; (3) U.S. production data illustrative of "the nature and

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[2] CRS Report RS20889, *Textile and Apparel Quota Phaseout: Some Economic Implications,* by Bernard A. Gelb.

[3] *Report of the Working Party on the Accession of China*. World Trade Organization, WT/ACC/CHN/49, Paragraph 242.

[4] 68 F.R. 27787.

extent of market disruption"; (4) market share data on product imports from China and the similar domestic product as a percentage of the U.S. market; and (5) a description of how the Chinese imports have adversely affected the domestic industry.[5]

After receiving a petition, CITA has 15 working days to determine whether the request provides all the necessary information. If CITA finds that the petition contains sufficient information in order to reach a determination, CITA will publish a notice in the Federal Register seeking public comments, including the text of the petition itself and a date by which comments must be received (usually 30 calendar days from the date of publication). CITA will generally make a determination within 60 calendar days of the close of the comment period. If it is unable to make a determination in that time frame, it will publish in the Federal Register a date by which it will make a determination.[6]

CITA's will also publish its final determination in the Federal Register. If the determination is affirmative, CITA will request consultations with China, and will hold consultations within 30 days. Immediately after the Chinese government receives the request for consultations, CITA will implement quantitative limits on the subject merchandise. If a mutually satisfactory solution is not reached, quotas will continue in force for a maximum of one year unless industry representatives reapply for safeguards. According to CITA procedures, reapplication after the maximum time period has expired requires a new affirmative determination of market disruption.[7]

Continuing Controversy

The textile and apparel industry, arguably one of the most historically protected domestic industries, has lobbied heavily for relief from fast-growing imports from China, alleging that the imports have contributed to substantial job losses and plant closings, and threaten to cause further industry losses. Industry representatives have pledged to continue filing safeguard petitions until a broader bilateral agreement is reached with China that will cover all categories of textile and apparel imports. A more comprehensive agreement is favored because industry representatives believe that it may provide relief before the industry suffers the job losses and declines required to trigger the implementation of safeguard measures.[8]

U.S. retailers and other textile and apparel importers are opposed to any implementation of safeguards because they believe the industry has already been given substantial protection over the last fifty years. They point out that many of the

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[5] 68 F.R. 27787.

[6] Ibid.

[7] Ibid.

[8] Comments of Augustine Tantillo, Washington Coordinator, American Manufacturing Trade Action Coalition, at a meeting of the Washington International Trade Association (WITA), July 22, 2004.

jobs lost in U.S. textile and apparel manufacturing can be attributed to improvements in technology and productivity rather than from increased imports from China or other countries, and that any implementation of safeguards would allow the U.S. industry to continue to remain uncompetitive in the international marketplace.[9] In addition, they argue that even in the absence of quotas, a high tariff wall will remain in place on many textile and apparel products relative to tariffs on many other U.S. imports. Retailers especially oppose any implementation of safeguards based on the threat of market disruption, or any extensions of safeguards beyond the time period originally authorized.[10] Additionally, some retail industry supporters believe that if quotas are imposed on Chinese goods, retailers are more likely to divert orders to other lower-wage countries such as India and Pakistan rather than buying U.S. goods.[11]

Safeguards Implemented and Requested

On July 24, 2003, CITA received petitions from the American Manufacturing Trade Action Coalition, the American Textile Manufacturers Institute, and the National Textile Association, alleging that Chinese imports of certain textile and apparel products "have threatened to impede the orderly development of trade and caused market disruption in the U.S. market" after quotas on the goods had been liberalized. Petitioners said that "the U.S. textile industry, which depends heavily on production-sharing agreements with Central America, the Caribbean, and Mexico, in addition to domestic purchasers, has seen its production of the product in question or the component drop substantially because of the Chinese surge." On August 13, 2003, CITA requested public comments concerning the request for safeguard action on imports from China of knit fabric, brassieres and other body-supporting garments, and robes and dressing gowns.[12] Formal notification of the safeguards was forwarded to the Chinese government on December 24, 2003, requesting consultations and establishing 12-month import limits (effective from December 24, 2003 to December 23, 2004) on the three products.[13]

On June 28, 2004, CITA received another safeguard petition from the Domestic Manufacturers Committee of the Hosiery Association and the American Manufacturing Trade Action Coalition requesting action on cotton, wool, and man-made fiber socks. The industry alleged that Chinese imports, which increased from

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[9] Comments of Erik Autor, International Trade Counsel, National Retail Federation, at a meeting of the WITA, July 22, 2004.

[10] "Bush Administration to Restrain Textile and Apparel Import from China." *BNA International Trade Reporter*, November 20, 2003; "Industry Hopes CITA Ruling on China Textiles Leads to Broader Deal on Imports," *China Trade Extra*, November 19, 2003.

[11] Magnusson, Paul. "There's No Holding Back China's Textile Tide," *Business Week*, May 9, 2005.

[12] CITA requested public comment on implementation of safeguards on knit fabric (68 F.R. 49440), brassieres (68 F.R. 49448), and robes and dressing gowns (69 F.R. 49448).

[13] 68 F.R. 74944 (knit fabric), 68 F.R. 74945 (brassieres), 68 F.R. 74947 (robes and dressing gowns). See [http://otexa.ita.doc.gov/Safeguard_intro.htm].

less than one million dozen pair in 2001 to 22 million dozen pair in 2003, caused severe market disruption. In addition the petition stated that the increased lower-cost imports placed steep downward price pressure on U.S. sock producers, and led to declines in domestic sock production (166 million dozen pairs in 2003, down from 207 million dozen pairs in 2001) and employment (16,000 employees in 2003, down from 19,300 in 2001).[14] On October 28, 2004, CITA determined to request consultations with China and implemented safeguard quotas on socks from October 29, 2004, to October 28, 2005.[15]

Threat-Based Petitions

From mid-October to mid-November 2004, textile and apparel trade organizations and employee unions filed several additional safeguard petitions, including cotton knit shirts and blouses (categories 338/339); man-made fiber and cotton shirts, not knit (categories 340/640); cotton trousers (categories 347/348); man-made fiber trousers (categories 647/648); man-made fiber (MMF) knit shirts and blouses (categories 638/639); cotton and man-made fiber underwear (categories 352/652); and combed cotton yarn (category 301). Although all of the targeted goods in these petitions were still covered by quotas until January 2005, petitioners alleged that once the quotas were lifted, import surges from China were imminent and threatened the U.S. industry. CITA published notices requesting public comment on the petitions on November 3, 2004, and November 17 — a signal that CITA intended to actively consider petitions based on the threat of market disruption.[16] Additional "threat-based" requests were accepted by CITA in December 2004: cotton and MMF brassieres (categories 349/649); cotton and MMF dressing gowns and robes (categories 350/650); knit fabric (category 222); wool trousers (category 447); and "other" synthetic filament fabric (category 620).[17]

CITA's decision to consider "threat-based" petitions surprised some observers, due to previous statements to the contrary by James Leonard, chairman of CITA. Nonetheless, then-U.S. Undersecretary for of Commerce for International Trade Grant Aldonas said on September 22, 2004, that the United States would not hesitate to impose textile and apparel safeguards based *on threat of* disruption by increased imports.[18] It was partly due to Aldonas' comments that textile and apparel industry officials and trade unions filed several such petitions.

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[14] 69 F.R. 43807.

[15] 69 F.R. 63771.

[16] Cotton knit shirts and blouses (69 F.R. 64912); men's and boys' cotton and man-made fiber shirts, not knit (69 F.R. 64913); cotton and man-made fiber underwear (69 F.R. 64914); man-made fiber knit shirts and blouses (69 F.R. 64911); man-made fiber trousers (69 F.R. 64915); cotton trousers (69 F.R. 64034); combed cotton yarn (69 F.R. 68133).

[17] Brassieres (69 F.R. 77998); dressing gowns and robes (69 F.R. 77232); knit fabric (69 F.R. 75516); wool trousers (69 F.R. 71781); synthetic filament fabric (69 F.R. 70667).

[18] "U.S. Will Proceed with Textile Safeguard Despite Chinese Complaints." *Inside U.S. Trade*, October 1, 2004.

Domestic Judicial Challenge. On December 1, 2004, the U.S. Association of Importers of Textiles and Apparel (USA-ITA) filed a lawsuit against United States, including CITA, in the U.S. Court of International Trade challenging the legality of CITA's action and seeking an injunction prohibiting CITA from, among other things, taking action on petitions based on threat of market disruption based on increased imports of products still under quota. The USA-ITA lawsuit "contests the legality of the secret consideration and acceptance of petitions for safeguard relief based on the threat of market disruption and of petitions for safeguard relief concerning products currently under quota."[19] The group argued that failure to issue such an injunction would expose U.S. importers to irreparable harm due to previous decisions to source goods from China that they would be unable to import if threat-based safeguards were imposed on the products.[20]

On December 30, 2004, the Court granted a preliminary injunction preventing CITA or any U.S. government officials from "accepting, considering, or taking any further action" on petitions "that are based on the threat of market disruption by Chinese textile or textile products," and from self-initiating consideration of whether to impose such safeguards.[21] The U.S. Department of Justice (DOJ) decided to appeal the motion, and on April 27, 2005, the Court of Appeals for the Federal Circuit granted the government's motion for a stay of the injunction, pending appeal.[22]

Recent Developments

Responding to industry concerns, the U.S. Commerce Department released preliminary data on textile and apparel imports for the months of January - March in early April 2005, about a month before the official data was scheduled to be released. Commerce officials acknowledged that the preliminary data would be accepted by CITA when considering safeguard petitions, although the final CITA determination would be based on official import data scheduled to be released well within the CITA time frame for safeguard consideration.

On April 4, 2005, CITA self-initiated China safeguard investigations on three apparel categories: cotton knit shirts and blouses (textile and apparel category 338/339), cotton and man-made fiber (MMF) underwear (category 352/652), and cotton trousers (category 347/348). According to CITA's announcement, preliminary data in these categories illustrated that imports from China had grown by

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[19] Complaint, *U.S. Association of Importers of Textiles and Apparel v. United States*, No. 04-00598 (Ct. Int'l Trade December 30, 2004), p. 1.

[20] Ibid, p. 1.

[21] *U.S. Association of Importers of Textiles & Apparel v. United States*, No. 04-00598 (Ct. Int'l Trade Dec. 30, 2004).

[22] *U.S. Association of Importers of Textiles &Apparel v. United States*, Ct. No. 05-1209 (Fed. Cir. April 27, 2005).

approximately 1,250%, 1,500%, and 300%, respectively, in the first three months following the expiration of quotas.[23]

Textile and apparel industry trade associations filed seven additional petitions on April 6, 2005: on cotton/MMF non-knit shirts (category 340/640); cotton/MMF sweaters (categories 345/645/646); synthetic filament fabric (category 620); MMF knit shirts (categories 638/639); MMF trousers (categories 647/648); cotton/MMF brassieres (categories 349/649); and cotton/MMF dressing gowns (categories 350/650).[24] These petitions were duplicative of the petitions filed in November/December 2004 on the basis of threat, but provided data (preliminary and official) from early 2005 on the subject imports and alleged actual, rather than threat of, market disruption. In late April 2005, CITA determined that it would conduct safeguard investigations on these products.[25]

Immediately after the preliminary injunction on considering threat-based petitions was overturned, CITA announced that it had resumed consideration of those requests filed during the fourth quarter of 2004.[26] With respect to those petitions for which the public comment period closed prior to December 30, 2004 (the date the preliminary injunction was imposed), CITA said that it is not soliciting additional comments.[27] However, comments will still be solicited for a limited time for those petitions for which the comment periods had not closed prior to December 30.[28] All comments received during the time that CITA was barred by the injunction from considering such comments were retained and need not be re-submitted.[29]

On May 23, 2005, CITA implemented China-specific safeguards and simultaneously implemented quotas on imports of cotton knit shirts and blouses (category 338/339); cotton trousers (category 347/348); and cotton and man-made

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[23] Cotton knit shirts and blouses (70 F.R. 17978), cotton and man-made fiber underwear (70 F.R. 17979), cotton trousers (70 F.R. 17980).

[24] "U.S. Industry Files Seven Petitions to Limit Textile Imports from China," National Council of Textile Organizations and affiliated associations, Press Release, April 6, 2005.

[25] Cotton/MMF non-knit shirts (category 340/640), 70 F.R. 23100; cotton/MMF sweaters (categories 345/645/646), 70 F.R. 23107; synthetic filament fabric (category 620), 70 F.R. 23124; MMF knit shirts (categories 638/639), 70 F.R. 23130; MMF trousers (categories 647/648), 70 F.R. 23136; cotton/MMF brassieres (categories 349/649), 70 F.R. 23113; and cotton/MMF dressing gowns (categories 350/650), 70 F.R. 23117.

[26] 70 F.R. 24398.

[27] 70 F.R. 24398. The comment period closed prior to December 30 for the following petitions: Cotton trousers; cotton knit shirts and blouses; men's and boy's cotton and man-made fiber shirts, not knit; man-made fiber knit shirts and blouses; and man-made fiber trousers.

[28] 70 F.R. 24398. Public comments are still being accepted for the following petitions: synthetic filament fabric (8 days); men's and boys' wool trousers (12 days); knit fabric (20 days); dressing gowns and robes (28 days); and brassieres (30 days).

[29] 70 F.R. 24398.

fiber underwear (categories 352/652).[30] On May 27, 2005, quotas were also implemented on cotton/MMF non-knit shirts (category 340/640); MMF knit shirts (categories 638/639); MMF trousers (categories 647/648); and combed cotton yarn (category 301).[31]

According to the terms of the China safeguard provision, if implemented, safeguards are "effective beginning on the date of the request for consultations and expire 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 twelve months after the request for consultations."[32] For example, any safeguards implemented in late May 2005 will be in place for seven months.

The European Union sought urgent talks with China due to surging textile imports and requested formal consultations with China under the WTO accession protocol. On June 10, 2005, the European Union and China reached an agreement to limit the growth of Chinese textile and apparel imports in 10 categories of concern: pullovers, blouses, men's trousers, T-shirts, dresses, brassieres, flax yarn, cotton fabrics, bed linen, table linen, and kitchen linen. Import growth in these categories will be limited to between 8 and 12.5 percent per year until 2008.[33]

China's Responses

Following the CITA implementation of safeguards on brassieres, dressing gowns, and knit fabric in late 2003, Chinese officials said "the U.S. administration's decision to request negotiations regardless of China's strong opposition runs against WTO principles on free trade, transparency, and nondiscrimination." Following the June 2005 implementation of safeguards by the United States, Chinese Vice Premier Wu Yi praised the European Union for settling its trade dispute with China, and criticized the United States for implementing quotas before talks could resolve the disagreement, saying that the move "severely harmed Chinese textile enterprises that were enjoying the benefits of globalization."[34]

Chinese government officials have commented that putting all the blame on China for recent textile trade disputes is "groundless."[35] China's Trade Minister Bo Xilai has charged the United States and the European Union with using double

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[30] 70 F.R. 29722.

[31] 70 F.R. 30930.

[32] *Report of the Working Party on the Accession of China*. World Trade Organization, WT/ACC/CHN/49, Paragraph 242.

[33] European Commission. "EU - China Textile Agreement 10 June 1008," Press Release, MEMO/01/201, June 10, 2005.

[34] "Chinese Vice Premier Criticizes U.S. Restrictions on Chinese Textile Imports," *Textile World*, June 16, 2005.

[35] Comments on Request for Safeguard Action on Imports from China of Cotton Trousers, People's Republic of China. Submission to CITA, December 1, 2004.

standards in their trade dealings, saying, "Double standards should not be adopted in international trade where you demand free trade for your own products, while restrictions are placed on the competitive products of developing countries. This kind of trade protectionism will only harm the healthy development of trade."[36] Some Chinese industry executives disputed the allegations of market disruption by saying that firms that once disguised goods of Chinese origin as exports of Hong Kong, Macau, or Taiwan are simply reporting the real country of origin, thus causing the apparent import surges.[37]

However, in a possible acknowledgment of concerns expressed by the United States and other countries, the Chinese Ministry of Commerce announced on December 15, 2004 that it would impose export taxes of 2 to 4 percent on certain textile and apparel products, in part, to encourage the "export of high value-added products and optimize the mix of Chinese textile exports."[38] In response to U.S. and EU pressure, China announced that it will increase export taxes by 400% on 74 categories of textiles and clothing beginning June 1, 2005. However, products processed on the mainland but listed as originating in Hong Kong or Macao will be exempted from these tariffs.[39]

Reportedly, the Chinese Ministry of Commerce has also developed an "early warning system" to monitor export and import trade statistics and existing international trade conflicts so that Chinese enterprises, including textile and apparel manufacturers, will be able to monitor statistics in sensitive product areas worldwide. Chinese businesses have been encouraged to remain aware of policy changes in their target markets in order to overcome potential technical barriers to exports, and to be more active in trade dispute investigations if they arise.[40]

Concerns of Other Countries

Textile and apparel industries in other developed and developing countries are also concerned about increased textile and apparel imports. On January 9, 2005, Turkey implemented quotas under the safeguard on 43 categories of textile and apparel imports from China, and textile and apparel manufacturers in the European Union have been putting pressure on EU officials to do the same, citing increases of

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[36] "China Trade Minister Accuses U.S., Europe of 'Double Standards' on Textiles, Xinhua Financial Network, May 9, 2005.

[37] Toh Han Shih, "Surge in China Textile Exports Alarms Key Trading Partners," *South China Morning Post*, March 9, 2005.

[38] "Taking the Positive Measure to Promote Textile Export of Our Country to Realize Sustainable Development." Chinese Ministry of Commerce (MOFCOM) Press Release, December 15, 2004.

[39] "Export Tariffs for Some Textile Products Exempted," *Xinhua News Agency*, May 25, 2005.

[40] "China Develops Warning System to Monitor Trade Changes." *Asia Pulse*, March 10, 2005.

more than 300 percent in some textile imports from China.[41] In response to these concerns, the European Commission (EC) published guidelines governing the use of the China safeguard provision on April 6, 2005.[42] EC officials have announced that it will decide whether or not to open a safeguard investigation on April 25, 2005.[43]

Most industry experts believe that the expiration of quotas will lead to several countries — particularly China, India, Pakistan, and Turkey — being major beneficiaries at the expense of other developing countries. Many developing nations, such as Indonesia, Sri Lanka, and Thailand, have invested heavily in the textile and apparel industry sectors due to access that the quota regime provided to developed country markets, and are now concerned that they will lose considerable international market share to China.

Anecdotal evidence indicates that the expiration of quotas has already adversely affected employment in many developing countries. Cambodia reportedly lost 22,000 textile and apparel jobs in the first three months of 2005 when twelve garment factories closed and 24 others suspended operations.[44] According to officials in Central America, 18 plants in Guatemala, Honduras, Costa Rica, and the Dominican Republic have closed since January 2005 at a cost of about 10,000 jobs.[45]

A U.S. International Trade Commission (ITC) study forecasted, for example, that apparel exports from Indonesia, the Philippines, and Thailand are likely to decline, as has already occurred in apparel categories for which quotas were already eliminated. Many African nations may also lose U.S. market share, even though preferences under the African Growth and Opportunity Act (AGOA) may spur some U.S. retailers to source products from the region in order to avoid high U.S. duty rates for products originating in other countries.[46]

Concerns over China's forecasted increase in global market share led to several calls for ameliorative action. On March 3, 2004, a group of textile industry associations from Turkey and the United States formulated the so-called Istanbul Declaration calling for an emergency meeting of the WTO to review the possibility

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[41] von Reppert-Bismark, Juliane. "Turkey's China-Textiles Quota Roils EU." *Wall Street Journal*, January 14, 2005. "Europe's Textile Makers Urge EC to Use WTO Safeguard Against Flood of Chinese Imports." BNA *International Trade Reporter*, March 17, 2005.

[42] European Commission. *Guidelines For the Use of Safeguards on Chinese Textiles Exports to the EU.* MEMO/05/110, April 6, 2005.

[43] "EU to Decide Whether or Not to Open Chines Textile Probe on April 25." *AFX International Focus*, April 14, 2005.

[44] Toh Han Shih,"ASEAN Losing Business to China's Textile Exporters." *South China Morning Post*, March 26, 2005.

[45] Thompson, Ginger. "Fraying of a Latin Textile Industry." *New York Times*, March 25, 2005.

[46] *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, U.S. International Trade Commission (ITC). Investigation No. 332-448, Publication 3671, January 2004, pp. xiv-xx (hereafter cited as ITC Textiles and Apparel Study).

of a three-year extension of the quota phase-out due to the threat of increased Chinese textile and apparel imports.[47] The declaration was joined by a coalition of textile manufacturing associations representing 47 countries on June 17, 2004, at a meeting in Brussels, Belgium. However, many at the meeting acknowledged that it was unlikely that WTO Members would agree to suspend quotas before the end of the year.[48] On July 20, the government of Mauritius became the first country to formally request an emergency WTO meeting, but did not propose an extension of the quota system beyond December 31, 2004.[49] At an October 1, 2004 meeting of the WTO Council for Trade in Goods, several developing countries — Bangladesh, the Dominican Republic, Fiji, Madagascar, Sri Lanka, Uganda, Jamaica, Nepal, and Mongolia — joined Mauritius in a proposal calling the WTO secretariat to prepare a study on adjustment-related issues and costs arising from quota elimination and to establish a WTO work program to discuss solutions for the problems identified in the study.

Further efforts to establish a work program addressing their concerns were deadlocked at an informal meeting of the Council on October 26, 2004, primarily due to efforts by China, India, and Brazil — all countries that stand to benefit from the elimination of textile quotas — but talks are continuing.[50]

Legislation

Some of the countries that are expected to be adversely affected by the removal of textile and apparel quotas, including Indonesia, Thailand, and Sri Lanka, were also the countries most impacted by the tsunami in South Asia on December 26, 2004. Thailand and Sri Lanka, in particular, have actively lobbied for trade relief following the disaster.

S. 191 (Smith), the "TRADE Act of 2005" introduced January 25, 2005, seeks to provide limited duty-free access to textile and apparel exports from least-developed countries, including Sri Lanka, Bangladesh, the Maldives, and twelve other countries not affected by the tsunami. The bill would provide relief similar to that granted to sub-Saharan African countries by the African Growth and Opportunity Act. Initially seen as more of an effort to help countries that depend on apparel and textile trade cope with increased imports from China, the bill is now being proposed,

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[47] *Istanbul Declaration Regarding Fair Trade in Textiles and Clothing*, Global Alliance for Fair Textile Trade, [http://www.fairtextiletrade.org/istanbul/declaration.html].

[48] "International Textiles Coalition Calls for Emergency WTO Meet." *Bridges Weekly Trade News Digest*, International Center for Trade and Sustainable Development,, June 23, 2004, [http://www.ictsd.org/]; "Textile Makers Shift Focus from Textile Extension to Quota Safeguard,"*Inside U.S. Trade*, China Update, July 23, 2004, [http://www.insidetrade.com/].

[49] "Mauritius Makes First Attempt to Discuss Textile Quota Phase Out in WTO,", *Inside U.S. Trade*, China Update July 23, 2004, [http://www.insidetrade.com/].

[50] "WTO Members Deadlock on How to Address End of Textile Quotas, Pan Turkey's Proposal," BNA *International Trade Reporter*, October 28, 2004, p. 1747; "China Fails in Bid to End WTO Talks on Textile Agreement, Adjustment Issues" BNA *Daily Report for Executives*, November 29, 2004.

in part, as a tsunami relief bill.[51] Similar legislation has also been introduced in the House (H.R. 886, Kolbe, introduced February 17, 2005).

Thailand, one of the countries not named in the bill, has mainly requested relief from antidumping measures currently in place, including shrimp, pineapple, and steel pipe, as opposed to increased access for textile and apparel goods.[52] India and Indonesia, also not named in the bill, have made no specific requests for improved market access to date.

Recent Trends in U.S. Textile and Apparel Trade

In terms of value, total U.S. imports of textiles and apparel from the world in increased 28% between 1998 and 2003, from $60.4 billion in 1998 to $77.4 billion in 2003 (see **Table 2**). In terms of volume, U.S. imports from the world increased 62% (25.9 billion square meter equivalents or SME in 1998 compared with 42.2 billion in 2003). In 2004, U.S. imports from the world increased an additional 11% by volume and about 8% in terms of value compared to 2003.

The value of U.S. imports of textiles and apparel from China increased 97% between 1998 and 2003, from $5.9 billion in 1998 to $11.6 billion in 2003, while the volume of Chinese imports grew more than 330% during the same time period, from 1.9 billion SME in 1998 to 8.3 billion in 2003. In 2004, imports from China increased by an additional 41% by value and 25% by volume compared to 2003.

Lower growth rate in terms of value, compared with higher growth rates in terms of volume, may be accounted for by (1) reduced prices for textile and apparel imports over the time period, (2) declines in Asian currencies vs. the U.S. dollar, and (3) possible changes in the product mix of imports.

Targeted Imports

U.S. production and domestic market share in each of the textile and apparel groups in which the Chinese-specific safeguard quotas have been implemented has steadily declined in the past several years, while imports of the products from the world have increased. However, imports of the goods from China have increased at an even faster rate. The following is a description of import growth in each product category in which the United States has implemented safeguard quotas, based on CITA's stated reasons and justifications as published in the Federal Register. For more current trade data on each product, see **Table 1**.

Cotton Knit Shirts and Blouses. The United States requested consultations and simultaneously implemented safeguard quotas on cotton knit shirts and blouses (categories 338/339). In its petition, the apparel industry asserted, and CITA agreed,

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[51] "Countries Impacted by Tsunami Push for Trade Benefits From U.S.," *Inside Trade*, January 21, 2005.

[52] Ibid.

that "imports of Chinese origin were, due to market disruption, threatening to impede the orderly development of trade in these products." Quotas limiting imports of the product from China to no greater than 4.7 million dozen will be in place from May 26, 2005, through December 31, 2005. According to the industry petition and CITA's calculations, U.S. imports from China in the first quarter of 2005 rose by 1,277 percent compared to the same period in 2004 — over two and a half times the level of all imports of the product from China in 2004. The unit price of the Chinese imports also dropped rapidly, from $99.57 per dozen in 2004 to $39.88 per dozen in the first quarter of 2005.[53]

Cotton Trousers, Slacks and Shorts. Consultations were also requested, and quotas implemented, on imports of cotton trousers, slacks, and shorts (categories 347/348) from China. According to the CITA justification, U.S. imports of the products from China increased in the first quarter of 2005 by 1,573 percent compared to the same period in 2004. In addition, the average unit value of the imports also fell from $154.53 in 2004 to $66.64 per dozen in the first quarter of 2005. Quotas limiting imports of the product from China to no greater than 4.3 million dozen will be in place from May 26, 2005, through December 31, 2005.[54]

Cotton and Man-Made Fiber Underwear. The United States also requested consultations and implemented quotas on cotton and MMF underwear (categories 352/652) of Chinese origin. Based on CITA's justification, U.S. imports of the products from China rose by 318 percent in the first quarter of 2005, compared to the same period in 2004. Unit prices also fell from $31.46 per dozen in 2004 to $15.68 per dozen in the first quarter of 2005. Quotas limiting imports of the product from China to no greater than 5.1 million dozen will be in place from May 26, 2005, through December 31, 2005.[55]

Combed Cotton Yarn. Quotas were also implemented and consultations requested on combed cotton yarn (category 301) imported from China. The industry's petition indicated that imports of the product had increased by 120 percent in the first quarter of 2005 in comparison to the same time period in 2004. In contrast, imports from the rest of the world increased by only 33 percent. In addition, the unit price of the Chinese-origin product fell from $3.98 per kilogram in 2004 to $3.14 per kilogram in the first quarter of 2005, in comparison to a unit price of $3.31 per kilogram for imports from the rest of the world. Quotas limiting imports of Chinese-origin combed cotton yarn to no greater than 1.5 million kilograms were implemented effective May 27, 2005, and will be in place until December 31, 2005.[56]

Cotton and Man-Made Fiber Shirts, Not Knit. Effective May 27, 2004, the CITA implemented quotas and requested consultations in order to limit imports of non-knitted cotton and man made fiber shirts (categories 340/640). According to the industry petition and CITA justifications for the action, first quarter imports from

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[53] 68 F.R. 29724.

[54] Ibid.

[55] Ibid.

[56] 70 F.R. 30930.

China increased by 284 percent in the first quarter of 2005, compared to the same time period in 2004. Unit prices of the Chinese products also fell radically, from $84.66 per dozen in 2004 to $64.75 per dozen in the first quarter of 2005. In contrast, unit prices from the rest of the world increased to an average of $89.62 per dozen in 2005. Quotas limiting imports of Chinese-origin shirts to no greater than 2.2 million dozen became effective on May 27, 2005, and will be in place until December 31, 2005.[57]

Man-Made Fiber Knit Shirts and Blouses. Quotas limiting imports of Chinese-origin man-made fiber knit shirts and blouses (categories 638/639) to no greater than 2.8 million dozen were implemented on May 27, 2005, and will be in place until December 31, 2005.[58] According to CITA's justification, imports of these products from China were threatening to impede the orderly development of trade in these products due to threat of market disruption. U.S. imports of man-made fiber knit shirts and blouses from China increased by 328 percent the first quarter of 2005, in comparison to the same time period in 2004, while imports from the world increased by only 5 percent. In addition, the unit price of the goods from China fell to $71.72 per dozen in 2005, compared to $111.39 per dozen in 2004. In this case, however, the first-quarter 2005 unit price of the targeted product from the rest of the world, $60.67 per dozen, was lower than the unit price of the Chinese products.[59]

Man-Made Fiber Trousers, Slacks, and Shorts. Quotas were also implemented (and consultations with China requested) on man-made fiber trousers, slacks and shorts (categories 647/648). CITA found that imports of these products from China threatened the U.S. apparel industry with market disruption based on a 278% increase of the imports from China in the first quarter of 2005, compared to the same period in 2004. The unit price of the goods from China fell from an average of $130.58 per dozen in 2004 to $68.76 per dozen in the first quarter of 2005. The average unit price of imports of the products from the rest of the world was lower than the Chinese price, however, at $62.18 per dozen. Quotas limiting imports of Chinese-origin man-made fiber trousers, slacks, and shorts to no greater than 2.7 million dozen became effective on May 27, 2005, and will be in place until December 31, 2005.[60]

Knit Fabrics. When quotas on knit fabrics (category 222) were removed on January 1, 2002,[61] U.S. imports of such products from all countries increased by 33% by January 1, 2003. The Chinese share of these imports, which had been insignificant in previous years, increased to 5%. In terms of domestic market share (domestic production plus imports), the Chinese goods accounted for 1.1% of the U.S. market in 2002, up from less than 0.01% in 2001. According to the petition filed by the textile industry, Chinese prices also fell 52% in 2002 "putting severe

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[57] Ibid.

[58] Ibid.

[59] Ibid.

[60] Ibid.

[61] A list of textile and apparel products and their scheduled dates for quota phase-out is found in a CITA notice in the Federal Register of April 26, 1995 (60 F.R. 21075).

downward pricing pressure on U.S. and foreign suppliers."[62] According to CITA, imports of knit fabrics from China increased from 42,505 kilograms in 2000, up to 9.1 million kilograms in the twelve-month period ending October 2003. The import limit established by CITA for knit fabric (category 222) in the textile safeguard provision sets the level of imports from China at no greater than 9.7 million kilograms between December 23, 2003 and December 23, 2004.[63] China safeguard quotas on knit fabrics expired at the end of 2004, but an industry petition requesting the implementation of quotas on the basis of threat of market disruption is pending as of this writing.

Brassieres. With regard to cotton and man-made fiber (MMF) brassieres and other body support garments (categories 349/649),[64] U.S. imports from the world increased 21% in 2002, and accounted for 60% of the domestic market in 2001 and 68% in 2002. The Chinese share of U.S. imports rose from 9% in 2001 to 24% in 2002. In terms of domestic market share, Chinese imports increased from 5% of the U.S. market in 2001 to 16% in 2002. Furthermore, prices of Chinese imports of MMF brassieres fell 54% in 2002 (account for 85% of the market), and prices of cotton brassieres fell 15% through March 2003, according to the industry petition. According to CITA, imports of these items increased 159% from 2000 to 2002, and 291% from October 2002 to October 2003. The safeguard import limit on cotton and MMF brassieres was set by CITA at no greater than 16,828,971 dozen for the year beginning December 23, 2003.[65] Safeguard quotas on brassieres from China ended at the end of December 2004, and preliminary statistics for the year-to-date 2005 indicate that Chinese imports are up 37.4 percent by volume compared to the same time period in 2004. An industry petition requesting the implementation of safeguard quotas on the basis of threat of market disruption is pending as of this writing.

Dressing Gowns. U.S. imports of cotton and man-made fiber (MMF) dressing gowns from the world increased 35% after the January 1, 2002 quota phase-out. The Chinese share of these imports increased from 5% in 2001 to 25% 2002. In terms of domestic market share, Chinese imports of dressing gowns increased from 4% in 2001 to 23% in 2002. According to the textile industry petition, prices of cotton dressing gowns fell 44% in 2002, and prices for imports of MMF gowns fell by 43%. According to CITA notice, imports of dressing gowns from China increased 736% from 2000 to 2002, and 1,484% between October 2002 and October 2003. CITA-implemented safeguard limit for cotton and MMF dressing gowns (categories 350/650) was set at a level no greater than 4,094,382 dozen.[66] China safeguard quotas for dressing gowns expired at the end of 2004, but cumulative statistics for year-to-date 2005 indicate that imports of dressing gowns from China are up 27.5 percent by volume compared to January - May 2004. An industry

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[62] 68 F.R. 44940. Textile and apparel trade data are available at [http://otexa.ita.doc.gov].

[63] 68 F.R. 74944.

[64] Quotas for cotton brassieres were phased out on January 1, 1998, and for MMF brassieres on January 1, 1998.

[65] 68 F.R. 74945.

[66] 68 F.R. 74947.

petition requesting the implementation of safeguard quotas on the basis of threat of market disruption is pending as of this writing.

Socks. Regarding the petition on cotton, wool, and MMF socks, the industry alleged that sock imports from China increased from less than one million dozen pair in 2001 to 22 million dozen pairs in 2003, and that China's share of the U.S. market surged from about 1% in 2001 to about 15% in 2003. The imports then increased to 21% of market share in the first quarter of 2004. The petition also cited a marked reduction in the price of socks (landed duty-paid value) from China, from $9.00 per dozen pair in 2001 to $4.15 per dozen pair in 2003.[67] A safeguard on socks imported from China was implemented on October 29, 2004, limiting imports to no greater than 422,433,990 dozen pairs, and is still in force through October 28, 2005.[68]

Observations

While worldwide multilateral trade negotiations have been based on the principles of free trade, they also have emphasized the importance of "rules-based" trade in order to prevent any trading partner taking unfair advantage. In this case, China's WTO accession agreement authorizes the United States and other WTO members to take action when Chinese textile and apparel imports are found to cause market disruption.

Those who support the use of safeguards applauded the Bush Administration's decision to respond to textile industry complaints. Mickey Kantor, former U.S. Trade Representative under President Clinton, after remarking that China has fallen well short of its obligations within the WTO, said "A shot across China's bow right now could prove helpful in addressing many of the problems we have now with China."[69] Since the U.S. law granting China permanent normal trade relations status also provides for congressional oversight to ensure that China is honoring its WTO agreements, the textile and apparel safeguard decision and its subsequent implementation may also lead to committee hearings and subsequent congressional attention.

Federal Reserve Chairman Alan Greenspan, however, called for the Bush Administration to restrain from implementing measures of this kind, warning that "clouds of protectionism" could "significantly erode" the flexibility of the global economy.[70]

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[67] *Solicitation of Public Comments on Request for Textile and Apparel Safeguard Action on Imports from China,* Committee for the Implementation of Textile Agreements, July 19, 2004, [http://otexa.ita.doc.gov/fr2004/csgpc4.htm].

[68] 69 F.R. 63371.

[69] King, N. et al., "Bush Sets Quotas on Some Imports of Chinese Goods," *Wall Street Journal*, November 19, 2003.

[70] Iritani, E., and W. Vieth, "China Adds Threat to U.S. Trade Tensions," *Los Angeles Times*, November 21, 2003.

Both U.S. and Chinese trade officials have expressed hope and optimism that an agreement favorable to both sides can be negotiated, thus avoiding further trade shocks.

Table 1. U.S. Imports of Textiles and Apparel from China: Selected Categories by Volume, Year-To-Date April 2004 and 2005 and Cumulative (12-Month) Data

Category	Description	CITA Status[a]	Year-To-Date (YTD) Data			Cumulative (12-Month) Data			
			YTD May 2004	YTD May 2005 (Prelim.)	%Change YTD April 04-YTD May 05	Cumulative 12-month Data Apr 03-May 04	Cumulative 12-month Data Apr 04-May 05 (Prelim.)	% Change Cumulative Data	Chinese % of U.S. Market Share Apr 04 - May 05 (Prelim.)
222	Knit Fabric (thousand kilograms)	For threat-based petition, comment period closed May 31, 2005. Quotas were in place through 12/31/04.	5,199.0	5,038.5	-3.1%	10,928.8	10,549.3	-4.3%	8.2
301	Combed Cotton Yarn	Quotas in effect 05/27/05 - 12/31/05	920.0	1,352.3	47.0%	1,997.5	2,349.2	22.6%	3.3%
338/339	Cotton Knit Shirts, Blouses (thousand dozen)	Quotas in effect 05/23/05 - 12/31/05.	830.5	13,719.8	1551.9%	2,415.8	15,705.3	550.1%	4.5%
347/348	Cotton Trousers, Slacks (thousand dozen)	Quotas in effect 05/27/05 - 12/31/05	723.1	12,481.4	1626.1%	1,842.6	13,942.3	656.7%	8.7%

Category	Description	CITA Status[a]	Year-To-Date (YTD) Data			Cumulative (12-Month) Data			
			YTD May 2004	YTD May 2005 (Prelim.)	%Change YTD April 04-YTD May 05	Cumulative 12-month Data Apr 03-May 04	Cumulative 12-month Data Apr 04-May 05 (Prelim.)	% Change Cumulative Data	Chinese % of U.S. Market Share Apr 04 - May 05 (Prelim.)
340/640	Cotton/MMF Non-Knit Shirts (thousand dozen)	Quotas in effect 05/27/05 - 12/31/05	805.9	3,372.8	318.5%	2,076.7	5,038.3	142.6%	10.7%
345/645/646	Cotton and MMF sweaters (thousand dozen)	Comment period closed June 3, 2005.	177.5	924.5	420.8%	961.2	1,820.1	89.3%	10.5%
349/649	Brassieres (thousand dozen)	For threat-based petition, comment period closes June 8, 2005.	6,572.4	8,958.9	36.31%	16,198.2	20,121.5	24.2%	38.9%
350/650	Dressing Gowns and Robes (thousand dozen)	For threat-based petition, comment period closed June 6, 2005.	1,477.0	1,894.8	28.3%	4,499.6	4,972.5	10.5%	39.6%

Category	Description	CITA Status[a]	Year-To-Date (YTD) Data			Cumulative (12-Month) Data			
			YTD May 2004	YTD May 2005 (Prelim.)	%Change YTD April 04-YTD May 05	Cumulative 12-month Data Apr 03-May 04	Cumulative 12-month Data Apr 04-May 05 (Prelim.)	% Change Cumulative Data	Chinese % of U.S. Market Share Apr 04 - May 05 (Prelim.)
352/652	Cotton, MMF[b] Underwear (thousand dozen)	Quotas in effect 05/23/05 - 12/31/05	1,981.2	10,779.5	444.1%	5,519.8	14,010.4	153.8%	5.0%
447	Wool Trousers	For threat-based petition, comment period closed May 23, 2005.	26.7	82.2	208.1%	107.1	122.0	14.0%	8.4%
620	Other Synthetic Filament Fabric (thousand square meters)	For threat-based petition, comment period closed May 17, 2005.	2,564.2	32,120.6	1152.7%	5,691.6	35,451.7	522.9%	9.5%
638/639	MMF Knit Shirts, Blouses (thousand dozen)	Quotas in effect 05/27/05 - 12/31/05	1,011.7	5,485.8	442.2%	2,738.5	7,399.1	170.2%	8.3%

Category	Description	CITA Status[a]	Year-To-Date (YTD) Data			Cumulative (12-Month) Data			
			YTD May 2004	YTD May 2005 (Prelim.)	%Change YTD April 04-YTD May 05	Cumulative 12-month Data Apr 03-May 04	Cumulative 12-month Data Apr 04-May 05 (Prelim.)	% Change Cumulative Data	Chinese % of U.S. Market Share Apr 04 - May 05 (Prelim.)
647/648	MMF Trousers, Slacks (thousand dozen)	Quotas in effect 05/27/05 - 12/31/05	967.5	4,157.4	329.7%	2,632.9	6,041.2	129.5%	9.7%

Source: Department of Commerce, Office of Textiles and Apparel Preliminary Textile and Apparel Import Data. Data in thousand dozen.

a. "CITA Status" indicates time period outstanding for public comment or when quotas were implemented. For threat-based petitions time for comment period is based on the time remaining for public comment as of December 30, 2004, when CITA was enjoined from considering such requests. If the comment period had closed for the petition prior to December 30, CITA is no longer soliciting comments. Following the close of the comment period, CITA will make its determination within 60 calendar days or, if it is unable to make a determination in that time frame, will publish a final date of determination in the Federal Register.

b. Man-Made Fiber.

Table 2. U.S. Imports of Selected Textiles from China and the World, 1998-2004

Country	Description	Units (000)	1999	2000	2001	2002	2003	2004
World	Knit Fabrics	US $	663,847	692,527	748,825	818,826	784,606	742,866
China	Knit Fabrics	US $	791	547	340	31,548	42,871	46,337
World	Knit Fabrics	kg	94,266	99,018	105,703	140,620	138,879	134,717
China	Knit Fabrics	kg	113	44	32	7,011	9,491	10,620
World	Dressing Gowns	US $	404,556	477,336	504,091	512,717	542,211	598,347
China	Dressing Gowns	US $	30,941	28,483	33,676	122,082	199,312	208,999
World	Dressing Gowns	doz	4,823	5,937	6,646	8,538	10,538	12,098
China	Dressing Gowns	doz	290	260	339	2,172	4,269	4,555
World	Brassieres	US $	1,333,951	1,397,023	1,384,794	1,601,400	1,529,692	1,763,719
China	Brassieres	US $	113,083	133,632	120,170	289,812	419,702	446,866
World	Brassieres	doz	38,861	39,216	36,903	44,641	44,254	50,352
China	Brassieres	doz	3,943	4,084	3,185	10,580	16,056	17,736
World	Socks	U.S. $	474,043	564,419	616,270	766,738	846,851	NA
China	Socks	U.S. $	3,925	4,319	8,790	29,580	91,207	NA

Country	Description	Units (000)	1999	2000	2001	2002	2003	2004
World	Socks	doz	58,107	77,886	90,167	121,434	147,283	NA
China	Socks	doz	461	504	976	5,874	21,999	NA
World	Cotton Knit Shirts	U.S. $	8,031,019	9,078,903	9,281,404	9,912,476	10,848,006	11,278,387
China	Cotton Knit Shirts	U.S. $	220,321	208,038	211,981	205,527	197,835	216,499
World	Cotton Knit Shirts	doz	193,920	226,929	234,260	265,157	309,038	322,212
World	Cotton Knit Shirts	doz	2,708	2,523	2,639	2,848	2,602	2,816
World	MMF Knit Shirts	U.S. $	3,330,284	3,533,769	3,382,606	3,560,179	3,642,711	3,889,267
China	MMF Knit Shirts	U.S. $	233,447	140,567	252,088	204,171	188,274	235,096
World	MMF Knit Shirts	doz	73,965	80,220	78,991	81,116	82,026	86,060
China	MMF Knit Shirts	doz	2,456	1,789	3,306	2,607	2,439	2,924
World	Cotton Trousers	U.S. $	8,665,585	9,825,274	9,726,253	10,404,744	11,376,204	11,354,760
China	Cotton Trousers	U.S. $	277,650	239,294	296,430	315,051	216,290	271,881
World	Cotton Trousers	doz	111,061	125,377	126,983	140,305	154,903	149,307
China	Cotton Trousers	doz	2,466	1,870	2,607	2,787	2,476	2,184
World	MMF/Cotton Shirts	U.S. $	2,882,012	3,165,165	2,837,071	2,561,257	2,729,569	3,049,744

Country	Description	Units (000)	1999	2000	2001	2002	2003	2004
China	MMF/Cotton Shirts	U.S. $	146,137	152,827	151,588	154,553	136,004	160,634
World	MMF/Cotton Shirts	doz	38,187	42,479	39,380	38,155	40,288	43,395
China	MMF/Cotton Shirts	doz	2,195	2,081	2,404	2,540	2,243	2,471
World	MMF Trousers	U.S. $	2,733,797	3,525,925	3,547,540	3,307,651	3,452,882	3,529,166
China	MMF Trousers	U.S. $	279,110	315,179	265,647	284,954	297,328	287,742
World	MMF Trousers	doz	44,144	54,285	56,801	57,775	60,031	61,507
China	MMF Trousers	doz	2,921	2,808	2,334	3,366	3,220	2,852
World	MMF/Cotton Underwear	U.S. $	2,997,728	3,053,371	2,869,821	3,078,158	3,146,099	3,310,441
China	MMF/Cotton Underwear	U.S. $	104,578	98,529	110,009	103,844	120,126	137,039
World	MMF/Cotton Underwear	doz	227,180	229,884	220,921	242,402	255,977	268,287
China	MMF/Cotton Underwear	doz	4,988	4,423	5,394	4,446	5,394	5,211
World	Cotton/MMF Sweaters	U.S. $	919,091	1,196,158	1,609,135	1,468,845	1,293,112	1,141,618
China	Cotton/MMF Sweaters	U.S. $	86,732	118,285	122,069	100,664	90,276	101,276

Country	Description	Units (000)	1999	2000	2001	2002	2003	2004
World	Cotton/MMF Sweaters	SME	290,505	395,911	572,354	564,268	523,243	469,971
China	Cotton/MMF Sweaters	SME	20,182	30,473	33,055	29,983	30,287	33,052
World	Synthetic Filament Fabric	U.S.$	315,863	324,906	258,015	248,374	239,799	267,127
China	Synthetic Filament Fabric	U.S.$	1,964	8,633	5,846	8,981	6,571	11,641
World	Synthetic Filament Fabric	SME	368,648	308,541	283,901	293,967	253,406	284,029
China	Synthetic Filament Fabric	SME	1,747	6,764	4,666	6,860	4,473	166,609
World	Textiles Total	US $	63,742,885	71,691,546	70,239,765	72,183,131	77,436,309	83,312,013
China	Textiles Total	US $	6,128,820	6,527,482	6,536,315	8,744,041	11,608,737	14,559,928
World	Textiles Total	SME	28,614,986	32,864,151	32,811,747	38,288,154	42,225,764	46,941,765
China	Textiles Total	SME	2,035,487	2,217,897	2,210,674	4,963,116	8,286,761	11,667,848

Source: CRS calculations based on trade data from the Office of Textiles and Apparel, Department of Commerce. Calculations may vary slightly from figures in industry petition due to agency revision of data.

MMF: man-made fibers
SME: square meter equivalent