United States Senate

WASHINGTON, DC 20510

October 28, 2003

The Honorable George W. Bush
The White House
1600 Pennsylvania Avenue
Washington, DC 20502

Dear President Bush:

We are writing to request that your Administration take the following three specific actions in an effort to address the enormous threat from China confronting the U.S. textile and apparel industries and their nearly 800,000 workers nationwide.

1) Initiate the China Textile Safeguard

The U.S. government must move immediately to apply the special China textile safeguard to sensitive textile and apparel categories where China is surging into the U.S. market. By initiating this safeguard, the government will send a crystal clear message that it will not allow China with its pegged currency and its state-owned and subsidized textile sector to gain control of the U.S. textile and apparel market.

2) Reject any tariff preference levels in the Central American Free Trade Agreement (CAFTA) and other free trade agreements

To prevent these agreements from contributing to more textile job losses in the United States, they must not include exceptions, such as tariff preference levels (TPLs). TPLs would allow China and other free-rider foreign suppliers to benefit from agreements designed to promote trade and investment between signatory countries at the expense of U.S. and regional manufacturers.

3) Maintain U.S. textile tariffs in the Doha Round of trade talks

In the next series of World Trade Organization negotiations, the U.S. government must reject the Girard proposal for zero duties on textile tariffs. Instead, the United States should work with a coalition of preferential trade countries such as Mexico, Israel and Jordan, the countries of the Caribbean and Central America, the Andean nations and the countries of Sub-Saharan Africa, to forge an alliance that will support the lowering of other nations' textile and apparel tariffs to U.S. tariff levels and the complete removal of non-tariff barriers. Only at this point should a demand-offer procedure for further reciprocal tariff reductions be considered.

Mr. President, we feel that these basic steps are absolutely essential to offset China's massive and damaging surge into the U.S. textile and apparel market. Since joining the World Trade Organization (WTO) on January 1, 2002, exports of textile and apparel products from the Peoples Republic of China to the U.S. have more than doubled. Working from a massive existing base, their exports grew by an astounding 117% in 2002 and have grown by an additional 114% so far in 2003. This export surge from China represents the largest single increase in the history of the

U.S. textile and apparel market. Almost all of these imports (96%) are contained in textile categories that were released from quota control on January 1, 2002. China's increase has been so great - 2.8 billion square meters - that it has surpassed the *combined* increases in textile and apparel exports from every other country in the world. The result has been an enormous wave of textile and apparel plant closures and worker layoffs. In fact, 271,100 U.S. textile and apparel industry jobs have been lost since January 2001.

Moreover, China's rapid surge into our market has been significantly aided by its illegal pegging of the Yuan to the U.S. dollar. Their currency manipulation has allowed China to gain a persistent 38% unfair price advantage in our own market. China's activities are so disruptive that they are not only displacing U.S. workers and producers; they are undermining the ability of true developing countries to compete in the U.S. market. Left unchecked, China will certainly destroy hundreds of thousands of jobs in important countries near the U.S. border, such as Mexico, the Dominican Republic, Honduras, El Salvador, Guatemala, Jamaica and Haiti. Other trade preference areas, particularly in Africa, will also see their growing industries shrivel overnight and face the burden of yet more unemployed workers added to their already strained economies.

A recent report released by American Textile Manufacturers Institute (ATMI) shows that unless our government acts, China is poised to quickly take control of 65 to 75 percent of the U.S. textile and apparel market once remaining quotas are removed. ATMI's study confirms other reports by the World Bank and the United Nations that once quotas are removed China will quickly develop a stranglehold on world textile and apparel trade.

In conclusion, we urge you to act decisively and quickly through the initiation of the China textile safeguard, the rejection of tariff preference levels in current FTA negotiations with Central America and elsewhere and the maintenance of current textile tariffs in the Doha Round of trade talks. Absent these strong actions on the part of your Administration, it is clear that the wave of job losses recently experienced by the domestic textile and apparel sector will only accelerate.

Sincerely,

Fritz Hollings
Lindsey Graham
Elizabeth Dole
Saxby Chambliss
John Edwards
Zell Miller
George Allen
John W Warner

John Breaux

Mary L. Landrieu

Ted Kennedy

Susan M. Collins

Frank R. Lautenberg

Mark Pryor

Sam Brownback

Jack Reed

Charles Schumer

Russell D. Feingold

Blanche L. Lincoln

Robert C. Byrd

Joe Lieberman

Byron L. Dorgan

Hillary Rodham Clinton

John F. Kerry

Barbara Boxer

Arlen Specter