



Sock Petition Seeks Curb On China Exports

A petition asking the Bush administration to curb the flood of Chinese-made socks into the United States has been submitted to the U.S. Commerce Department.

The Domestic Manufacturers Committee of The Hosiery Association (THA) was joined by three other textile groups, charging that the U.S. sock industry has suffered "major market disruption" from Chinese imports. According to figures included in the petition, some 226 million dozens of socks were shipped from China in 2003, up from 1 million just two years earlier.

"It is not too late to save our domestic sock industry," said Charles Cole, president of Alabama Footwear in Fort Payne, A.L., and chair of the THA committee. Cole is immediate past chairman of the Hosiery Association.

Because of heavy Chinese competition, the industry insists, U.S. sock production dropped from 207 million dozens in 2001 to 166 million dozens last year. Domestic socks makers, located primarily in North Carolina and Alabama, now account for 40 percent of the U.S. market but that compares with 76 percent four years ago.

"We have a very compelling case for quota relief and expect the most stringent possible quota limit to be imposed on Chinese sock imports as soon as possible," Cole was quoted as saying.

The upsurge in imports stems from China's entry into the World Trade Organization in 2001. Low wages and heavy government subsidies have attracted thousands of manufacturers to the country. On January 1, all quotas are scheduled to be eliminated among WTO nations. The U.S. textiles, apparel and hosiery industries have asked that the phaseout of quotas be delayed.

The hosiery industry's petition was filed under a provision that

porters to increase shipments by no more than 7.5% over the previous year's sales. The U.S. industry must request the cap to be extended on a yearly basis. The WTO safeguards provision expired in 2003.

Last year, China shipped 226 million pairs of socks to the U.S., a 50% increase in 2001. During that period, the average price per dozen pairs from China fell by more than half, to around \$4.15. China's share of the U.S. import market for man-made socks jumped to nearly 40% in 2003, compared with less than 2% in 2001.

Domestic sock producers, clustered mainly in North Carolina and Alabama, make about 95% of the socks sold in the U.S. market. The industry figures.

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Grant Aldonas, the Commerce Department's undersecretary for international affairs, warned Chinese officials last week that the U.S. may have to crack down on China's sock exports. In an interview last week, he said Chinese officials were firm in dismissing any talk of a larger agreement to rein in their garment exports, but that the U.S. would continue to explore the matter.

A 15-day deadline to accept the petition before opening it up to public comment and making a final ruling.

U.S. garment and textile companies have threatened to file a wave of requests for quotas on Chinese imports once the limits come off next year. The U.S. industry might also move to request heightened duties on Chinese garment imports by filing so-called anti-dumping cases, though that route is time consuming and far more expensive.

China agreed to as part of its admission to the WTO. That measure allows the U.S. and other countries to impose emergency "safeguard" quotas on China's textiles and apparel products if its exports surge. The Bush administration has used that provision to restrict imports on bras, knit fabrics and dressing gowns.

The U.S. hosiery industry employs an estimated 40,000 in this country, including 24,000 in North Carolina and 7,500 in Alabama. East Tennessee mills also employ thousands of hosiery workers.

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Cole said the limits on imports from China would buy the U.S. manufacturers some breathing room as they acquire new technologies and reduce payrolls.

Joining the THA committee in the petition are the American Manufacturing Trade Action Committee which employs Jim Schollaert and Jock Nash, the National Council of Textile Organizations and the National Textile Association.

If the petition is approved, the volume of imports from China can increase no more than 7.5 percent of the previous year's sales. The process of accumulating data for the petition required almost a year of work, it was noted.

Some of the larger, multi-national mills in the U.S. have opposed the petition, some predicting the action could result in more imports from other Asian countries, notably India and Pakistan.