

U.S. Customs Socks It To Importers

U.S. Customs created something of a whirlwind within the hosiery industry recently when it stopped or delayed the entry of socks from China, Pakistan, South Korea, Taiwan and 18 other countries as part of a crackdown on transshipping.

The action, authorized by Janet Labuda, director of the textiles enforcement division at Customs and Border Protection, was a response to a letter from U.S. Reps. T Cass Ballenger of North Carolina and Robert B. Aderholt of Alabama, both Republicans.

The letter from the congressmen complained that some countries were mislabeling socks to gain preferential access to the U.S. market. The mislabeling allows foreign rivals to avoid quotas and often pay lower duties.

"The future of our domestic hosiery and sock manufacturers is extremely disadvantaged by these illegal trading practices," the letter said.

Miss Labuda replied to Aderholt and Ballenger that customs officials were developing a plan that might include detaining shipments of socks and having officers verify shipment origins by examining paperwork. The process began Feb. 2.

Labuda said that in some cases labs would test products for fiber content. Tests conducted by the Hosiery Technology Center in Hickory NC showed that some imported socks are not constructed of fibers listed on the label. The federally-sponsored lab tests are reportedly aimed at China, South Korea, Taiwan and Pakistan.

The loudest complaints came from importers who buy directly from Asia and who have no manufacturing capabilities. These groups, including some retailers, said the action is "pure politics."

"It's a politically motivated effort in an election year to try to take on importers," said Julia Hughes, vice president for international trade for the U.S. Association of Importers of Textiles and Apparel.

Some U.S. hosiery companies experienced delays in receiving outsourced goods and complained to the Hosiery Technology Center. "I just told them I tested socks for a company that filed the complaint," said Dan St. Louis, managing director.

St. Louis said the volume for testing has accelerated dramatically since the U.S. Customs started its borders checking.

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THA Meeting To Include Global, Legislative Issues

Participants at the 99th annual meeting and convention of The Hosiery Association April 29 - May 2 will learn more about global trends and sourcing of products outside the United States.

The Grand Hotel Marriott Resort on Alabama's Gulf Coast will be the site for the convention that will include industry presentations, workshops and social events for networking.

The opening session on Friday, April 30, will feature Grant Aldonas, Undersecretary for Commerce, and Mary Vane, director of International Trade and Business Development for Invista. Both will speak to the legislative landscape for the hosiery industry at the national level, including trade agreements and enforcement of those agreements.

A breakout session sponsored by THA's Global Committee will feature hosiery manufacturers from Pakistan, Mexico and Canada, with Bill Sheely, vice president of Gold Toe Brands as moderator.

A Saturday breakout session sponsored by the THA Domestic Manufacturers Committee will feature

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GLOBAL OUTLOOK

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Charles Cole, chairman of the committee and president of Alabama Footwear, and Jim Schollaert, a Washington lobbyist who represents THA through AMTAC.

The sourcing breakout session on Saturday will include Sheely, Bob Yoe, president of Crescent Hosiery Inc., and Monty Milner, president of Hope Hosiery Mills. THA said this session is for executives who may not be sourcing outside the U.S. but who would like to know more about the trend -- advantages as well as challenges.

Dan St. Louis, manager, and Tony Whitener will present an update on the activities of the Hosiery Technology Center. The HTC leaders also will discuss marketing programs at the center, including prototypes and exporting opportunities.

The THA committees for sheers and socks also will convene during the convention.

The agenda also includes receptions, a banquet, golf, fishing charters, and tours of the area. Registration is \$550 per person for members, \$250 for spouses and \$750 for nonmembers and \$400 for their guests.

Win-Loss Record For Hosiery In Miscellaneous Tariffs Bill

The Miscellaneous Tariffs Bill passed by Congress recently includes socks labeling provisions pushed by the industry.

The labeling provisions, inserted by powerful Alabama Senator Richard Shelby, moves country of origin labeling to the front of the package for socks, with a 15-months phase-in. There will be no retroactive rebates for large mills that outsourced goods to the Caribbean since 2000.

Large manufacturers, however, came away with a prize.

Sen. Charles Grassley, Republican chairman of the Finance Committee, praised passage of the legislation "to help U.S. factories compete internationally by suspending duties on products the American factories don't produce domestically."

"This bill supports American factories and workers by allowing factories to save money when they import necessary products," Grassley

said in a statement released by his office.

"At this stage in America's economic recovery, we have to give factories every opportunity to stay in business, to continue to employ workers, and reduce product costs for consumers," he continued.

Since Congress began debating the bill, it is estimated that over 150,000 textiles people have lost their jobs because of outsourcing.

Election Year Climate Leaves CAFTA Cold

The controversial Central American Free Trade Agreement (CAFTA) is dead for 2004, according to congressional insiders.

With more Democrats walking away from trade agreements, House Republican leaders have abandoned efforts to enact a CAFTA bill, despite intense lobbying from retailer organizations and large manufacturing groups including the National Association of Manufacturers.

Manufacturing job losses and growing skepticism about the terms of trade deals in an election year have weakened the working coalition of Republicans and free-trade Democrats who jointed to steer trade negotiating authority through Congress. They also pushed to normalize trade relations with China.

"If we're only going to get 15 Democrats to vote for CAFTA, we can't pass it," a GOP leadership aide was quoted as saying. Another said that House Speaker Dennis Hastert does not favor scheduling any trade votes this year in light of the unfavorable political climate.

Still, U.S. Trade Representative Robert Zoellick continues to negotiate with other nations and in early March announced completion of the Northern African nation of Morocco.

Sen. John Kerry, the likely Democratic candidate to face President Bush, has pledge an "audit" of trade agreements if he is elected. President Bush had said he would sign CAFTA if it reached his desk. Now White House sources confirm the measure won't come up until after the election.

Even though the five Caribbean nations that are party to the deal represent relatively small economies, the pending pact remains political hot potato because it encompasses low-way countries that pose a threat to more U.S. manufacturing jobs.



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