

CAFTA passes

*N.C. lawmakers
play pivotal role*

by PAUL FOGLEMAN, *Publisher*

At three minutes past midnight on July 28, the U.S. House of Representatives followed the bidding of President George Bush and opened the doors for free trade between five Caribbean nations and the Dominican Republic.

The vote was 217-215 and two North Carolina Republicans tipped the scales in favor of the treaty – Reps. Sue Myrick of Charlotte and Robin Hayes of Concord. They were the only two GOP members of the state's congressional delegation to support the treaty known as CAFTA-DR (Caribbean Area Free Trade Agreement-Dominican Republic). All of the Democratic members of the delegation voted "no".

Also supporting the treaty was Alabama Rep. Robert Aderholt who has been a longtime friend of the socks manufacturers in Fort Payne. Most Republican representatives in Alabama and Georgia

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President's Bush's entourage was met with some anti-CAFTA signs that were mobilized in Dallas, N.C.



With employees from R.L. Stowe Mills in the background, President Bush in July spoke to an audience at Gaston College in Gaston County, N.C. addressing the need for passage of CAFTA.

Hosiery industry gets concessions hours before vote

by PAUL FOGLEMAN, *Publisher*

Watching the debates in the hours before a vote on CAFTA-DR, Charles Cole, president of Alabama Footwear Inc. in Fort Payne, Alabama, thought it is time to cut a deal.

As a close ally with U.S. Rep. Robert Aderholt of Alabama's Fourth District, Cole had lobbied the congressman on behalf of the nation's domestic hosiery manufacturers. He is immediate past chairman of The Hosiery Association and chairs the Domestic Manufacturers Committee which has opposed the trade agreements which threaten the future of sock manufacturers.

Aderholt, too, had been lobbied by the administration and the leaders of Congress. But his loyalty was to the Fort Payne socks manufacturers who had supported him over the years. The administration needed his vote.

Aderholt wanted protection for his con-

stituents. As a result of his efforts, U.S. Trade Representative Robert Portman and U.S. Commerce Secretary Carlos M. Gutierrez agreed to commitments that will provide for tougher customs enforcement for trade laws.

And more.

In the last hour negotiations, Portman and Gutierrez on behalf of the Bush administration agreed to:

(1) Negotiate tariffs on socks manufactured in the CAFTA countries to stay in place for another five years, with some tariffs to remain an additional five years;

(2) Should the U.S. engage China with a view toward a broad agreement on textiles and apparel, Portman and Gutierrez will place a priority on socks in such an agreement.

(3) Porter and Gutierrez pledged to support an application from the Hosiery Technology Center for a grant of more than \$200,000 to develop an export mar-

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CAFTA

diminished on board with the President. FROM page 5

Owners of small and medium-sized companies – family-managed for generations – had fought hard to defeat the bill. Even some large family-owned operations lined up in opposition, seeing the treaty as the establishment of a new conduit for Chinese transshipping.

The CAFTA market has little significance for U.S. business. All total it is less than the GDP of Orlando, Florida. But for manufacturers seeking to reduce costs in order to compete with China, the low wages and non-regulatory environment is seen as a last opportunity.

Democrats insist the passage of CAFTA dooms the jobs of people employed in U.S. manufacturing operations. And many CAFTA supporters agree. N.C. Rep. William Current in an open committee meeting in the N.C. Legislature quoted a prominent Gaston County yarn executive as saying he will move his operations to Honduras with approval of CAFTA.

Significant sectors of the hosiery and textile operations had labored hard to generate opposition, using outdoor advertising, emails, letters, telephone calls, and personal visits. In North Carolina, it apparently was effective, as members of congress representing hosiery and textile clusters joined Democrats in opposition. Those who watched the House vote said GOP leadership exerted "tremendous pressure" and "heavy-handed tactics" to keep their members in line.

"It took a lot of guts for our GOP representatives to oppose the treaty," said one hosiery executive. He was referring to Reps. Walter Jones, Patrick McHenry, Virginia Foxx, and Howard Coble. Rep. Charles Taylor did not vote.

Peter Menzies, president of Southern Hosiery, said "I'm disappointed, but we just have to roll with the punches. ...it's now time to concentrate on reigning in China."

"I'm proud of my congressman (McHenry). He will be up there for life if my vote makes the difference," Menzies continued.

Darrell Frye, executive vice president of Harriss and Covington Hosiery in High Point, had more precise recommendations for hosiery companies.

"We are seeing more demand for goods coming from 132, 144, and 168

needle equipment," Frye said. "Greige mills and knitters that acquire this type of machines will probably have business," he said. On the contrary, those mills that

try to compete with commodity goods coming from CAFTA nations or China will find the competition too great, he added.

Concessions

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keting program, mainly focusing on Japan. The grant would come from the Market Development Cooperator Program in Gutierrez's department.

Perhaps most significant in the letter to Rep. Aderholt were these words:

"As you know, domestic sock manufacturers recently filed a petition requesting a reapplication of the existing safeguard

quota which is due to expire in late October of this year. We are pleased to inform you that the Administration has accepted this reapplication petition and will now proceed with an investigation...should the Administration renew the safeguard, we will do so after October 1, allowing the safeguard to be in place for another 12 months."



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