

# CAFTA: Shifting Positions Followed By Hosiery Leaders

CAFTA (Caribbean Area Free Trade Agreement) will be another door for Chinese-made products to flow into the U.S. marketplace. Or it may be the key to the survival of American manufacturers. Take your pick.

Over the past weeks, attitudes have shifted. First, U.S. Sen. Elizabeth Dole (R-NC) announced she would vote for a CAFTA treaty. She was followed by Rep. Sue Myrick (R-NC) who said her decision was influenced by major yarn producers in her district.

Other N.C. representatives such as Rep. Howard Coble (R-NC) who once opposed CAFTA now says he isn't sure. So does U.S. Sen. Jeff Sessions of Alabama. And then there is U.S. Sen. Richard Burr (R-NC) who once supported free trade who now says he does not support CAFTA.

Southern hosiery manufacturers who produce the major share of domestic products are split also. But the family-owned companies, with few exceptions, are opposing CAFTA on the grounds it will become a conduit for transshipping of goods from China, Pakistan and other Asian countries.

That point was emphasized recently when manufacturers from North Carolina and Alabama hit the halls on Capitol Hill. Their mission was to encourage renewal of the safeguards on socks coming from China and to voice opposition to CAFTA.

The Fort Payne, AL contingency led by Charles Cole, president of Alabama Footwear Inc. and chair of the Domestic Manufacturers Committee of THA, included Jody Goggins of V.I. Pruett Mills. Goggins said that employment over the past year has dropped from almost 2,000 to just over 1,200 because of the flood of cheaper socks from Asia. Also in the Alabama group was Eddie Everett of Ben-Mar Hosiery and two representatives from the Alabama Department of Commerce.

Two powerful voices in the North Carolina group were Darrell Frye, vice president of Harriss&Covington Hosiery Inc., chair of the Hosiery Governmental Affairs Council, and Bill Nichols Jr, president of Kentucky Derby Hosiery Co., Surry County's largest employer with over 1,500. Also from North Carolina were Nimrod Harris, president of Pickett Hosiery; Susan Harris Moss of Pickett; Hooper Harris, president of Lakeside Dyeing and Finishing; Vance Richardson, president of Clayson Knitting Co.; Dennis Martin, president of N.C. Socks Inc., Hickory; and B.J. Frye, president of Conover Plastics Inc. a supplier of hangers for the merchandising of socks.

The agenda for the day was organized by Jim Schollaert, outreach director for the American Manufacturing Trade Action Committee (AMTAC). Schollaert is the Washington lobbyist for the DMC.

(Officially, The Hosiery Association is neutral on trade issues although its DMC is aggressively fighting open door trade agreements).

Nichols, whose company has offices

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# CAFTA

in China, told Assistant

Secretary of Commerce for Trade Agreements Jim Leonard, "If safeguards (limiting Chinese imports) had not been in place, our industry would be in a mess beyond comprehension."

Leonard was non-committal about the renewal of the safeguards which expire Nov. 1 of this year.

Frye said that since the limitations on Chinese imports was reached in early May, his company has seen a major return of business. The safeguards limited Chinese imports to 15 percent over that over the previous year. The safeguards on socks was approved in late October, about two weeks before the fall elections.

The delegations attended a "debate" on CAFTA scheduled by the House Textiles Caucus chaired by Coble and John Spratt (D-SC). AMTAC and the apparel union UNITE put forth cases opposing CAFTA while supporters, including Asheboro Elastic Inc., insisted it will enable companies to compete more effectively in a global business environment.

Rep. Virginia Foxx (R-NC) who signed a pledge from the Hosiery Council to oppose CAFTA said she did not think the Bush administration has the votes to get it passed. Manufacturing organizations and congressmen from Midwestern states have announced strong opposition.

More recently, agricultural interests in Florida and other southern states have come out in opposition to CAFTA.

John Moretz, president of Moretz Inc., is among the few owners of closely-held companies to support CAFTA, saying it will protect the knitting operations in the U.S.

Warren Nichols, president of Renfro Inc., also is a proponent of free trade.

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