

WTO Date Will Mean Louder Roar From China

When the World Trade Organization (WTO) quota-free trade agreements kick in on January 1, some 30 million apparel jobs around the world could shift to China.

A few of those jobs will be at the expense of the U.S. hosiery industry. But millions will leave other U.S. companies, the Caribbean and South America, Europe, even other Asian countries including India, Bangladesh, and South Korea.

According to Jane Johnson, government relations director for Unifi Inc., some 2,400 products will be affected and China's worldwide market share in apparel will reach 71 percent.

Ms. Johnson, who has followed the shifting dynamics of imports and its impact on the yarn industry, summarized her findings at Supplier Luncheons for North Carolina manufacturers and suppliers in August and September. Her presentation attracted standing-room only attendance.

China's apparel exports now exceed \$83 billion. In the U.S., imports from China jumped from 9 percent in 2002 to 65 percent by March of this year. In May exports from China were up 27.5 percent, while exports in the rest of the world were down 5.1 percent. The trend, Ms. Johnson observed, is eroding growth in the Caribbean nations.

China's growth is being fueled by its undervalued money system, intellectual property theft, government subsidies, and a 1.5 billion labor market.

In Europe, several countries signed the "Istanbul Declaration" which proposed a three-years extension on WTO quotas. But that has been rebuffed by the WTO and is a dead issue, Ms. Johnson allowed.

The U.S. socks petition, while not a long-term solution, will give U.S. manufactures some breathing room to retire debts and acquire technologies. The petition caps socks exports from China at a 7.5 percent annual growth. But the extension is for one year only.

The petition, filed by the Domestic Manufacturers Committee of The Hosiery Association, emphasized that in

2001 China was exporting cotton socks at \$9 per dozen. But by 2004, that price has dropped to \$3.80 per dozen. In view of this trend, U.S. retailers are demanding 15 to 20 percent price decreases from their vendors.

Although China is at the top of the list of concerns, since Congress gave President Bush "fast track" negotiating authority some 12 trade agreements have been signed. Down the road, Russia, Vietnam, Saudi Arabia, and the Ukraine are likely to be in the WTO.



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