

UPDATE: China Threat
to World Textile & Clothing Trade



Summit on Fair Trade in Textiles and Clothing
by the National Council of Textile Organizations

June 16, 2004

Proxies for 2005

- ✍ US imports in apparel categories removed from quota in 2002 - **updated**
- ✍ Developed countries with no quotas
- ✍ Similar products – developed countries
- ✍ Other reports – ITC - **new**
- ✍ Survey – Importers and retailers – **new**
- ✍ **IMPORTER MOVES – news stories**

US Apparel Categories Recently Removed From Quota:

- ✍ ATMI analyzed Chinese growth into US market in all 29 apparel categories removed from quota control on January 1, 2002.
- ✍ Key point: first time China is competing head to head without quotas with everyone else – Vietnam, Bangladesh, India, Mexico. . .

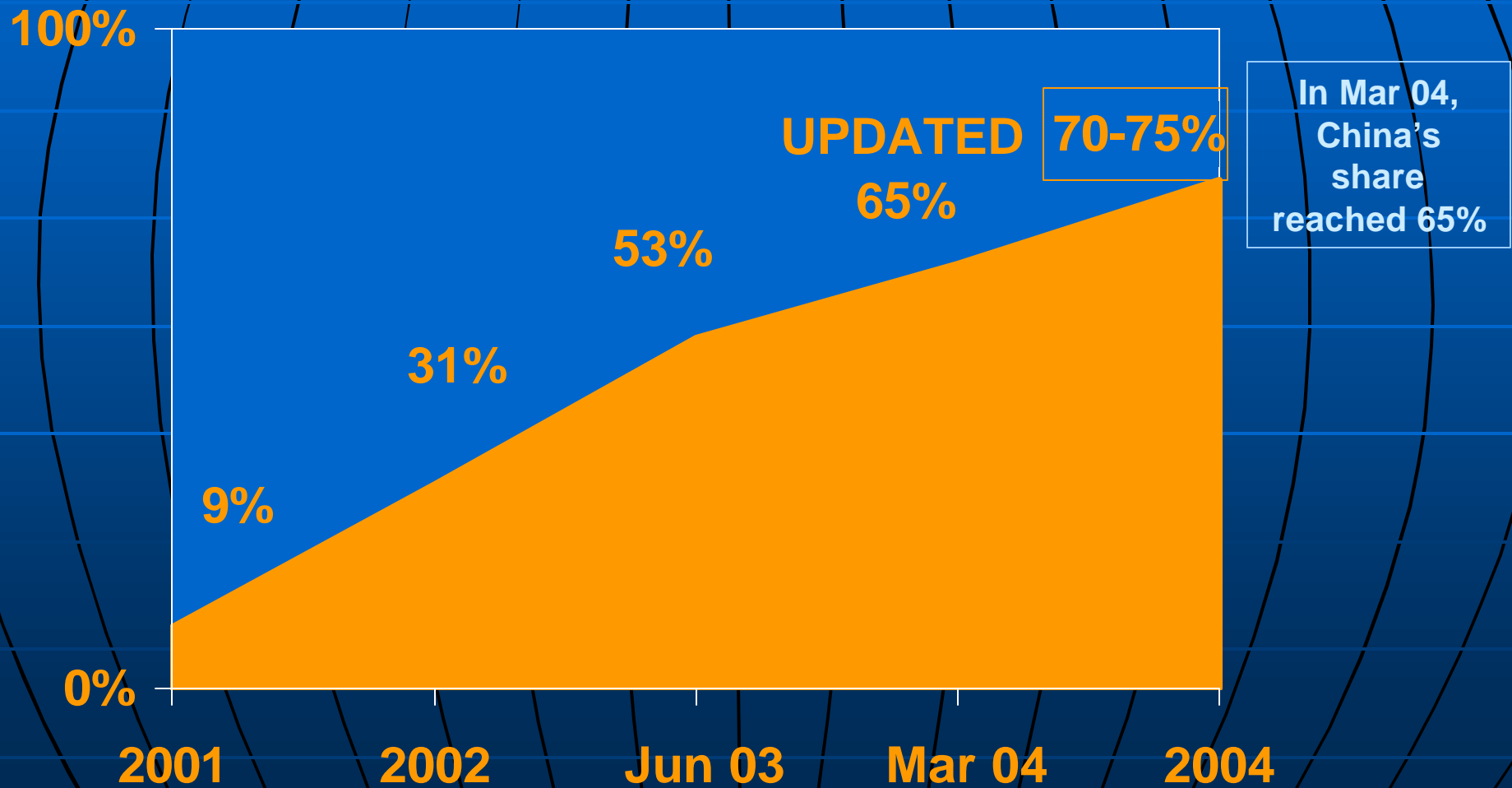
Average Price Per Square Meter *Pre and Post Quota Removal*

	<u>2001</u>	Updated <u>2003</u>	<u>change</u>
China	\$6.23	\$2.65	- 58%
Rest of World	\$3.55	\$3.44	- 3%

 30% Gap

29 apparel categories removed from quota control

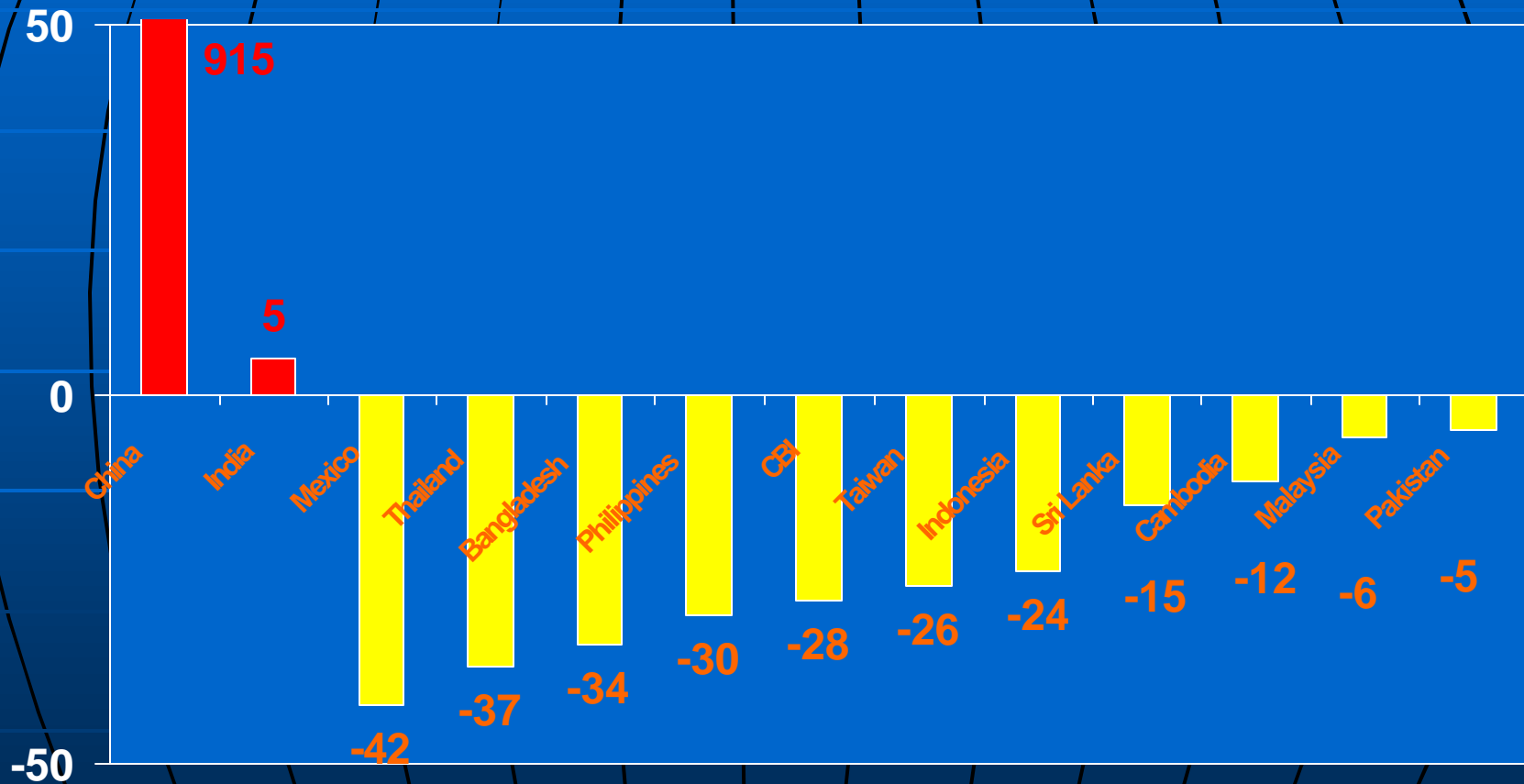
China's Share of Apparel Removed From Quota in 2002



Share of Market

	<u>2001</u>	<u>YTD Mar 2004</u>
China	9%	65%
Thailand	10%	4%
Mexico	8%	2%
CBI	8%	3%
Taiwan	7%	2%
Bangladesh	7%	2%
Philippines	6%	2%
India	3%	3%
Korea	3%	1%
Sri Lanka	3%	1%
Italy	2%	1%
Cambodia	1.8%	.4%
Pakistan	1.5%	.5%
Turkey	1%	.5%
Sub-Saharan Africa	.5%	.25%

Changes in Volume (mil sme)



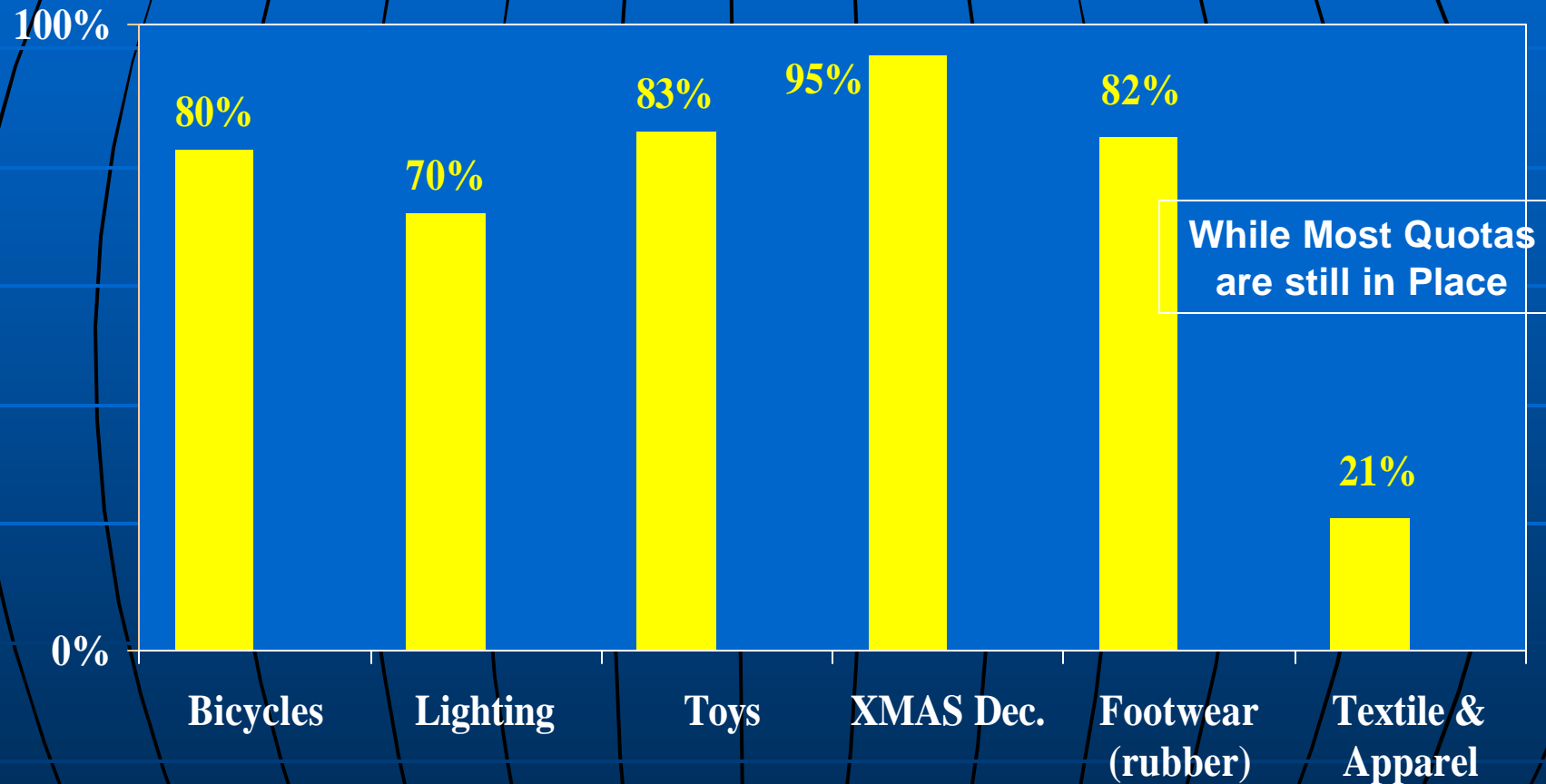
Countries with NO quotas: Japan and Australia

- ✍ Similar to US - big developed consumer markets
- ✍ But no quotas
- ✍ China is head to head with everyone else

China share, 2001

Japan	77%
- Cotton apparel	83%
Australia	70%

China's Share of Similar Type Products



2002 Data

Who Will Be Hardest Hit?

PER THE ITC REPORT:

✍ Trade Preference Countries: AGOA (even if AGOA III passes), CBI, MEXICO AND THE ANDEAN

✍ Allies in the War on Terror: TURKEY, EGYPT, PHILLIPINES, SRI LANKA, INDONESIA, MALAYSIA

Importers and Retailers

Cotton Sourcing Summit, 1/04

- ✍ – 300 Top Retail and Importing Executives
- ✍ – Secret Electronic Ballot

China Share Once Quotas Removed

43% of Exec's
44%

50 – 75%
75- 90%

Recent News Stories

- ✍ Importers Planning for quick surge in 2005
- ✍ Use of bonded warehouses
- ✍ Sara Lee shutdowns