



The Honorable Cass Ballenger
House of Representatives
Washington, D.C. 20515

Dear Representative Ballenger:

Thank you for your letter outlining steps to ensure that our textile industry can compete in global markets. Both the President and I recognize the competitive challenges facing our industry. The President has asked me to work closely with you and other Members of Congress to level the playing field for our industry internationally. I have consulted closely with Ambassador Zoellick on these important issues as well. We will take the following steps as a starting point.

First, we will aggressively pursue the opening of foreign markets to U.S. textile and apparel products in any future trade agreement. Frankly, given the other cost advantages most foreign producers have, particularly in terms of lower wage rates, there is no excuse for the support they receive from their governments in the form of high tariffs, subsidies, and other barriers to trade. We will make reciprocal market access in the textile and apparel market a priority in upcoming negotiations by insisting that new trade agreements afford U.S. companies significant access to foreign markets in order to level the playing field for our firms. As an initial matter, I have asked my Under Secretary for International Trade, Grant Aldonas, to identify those foreign barriers or trade practices in the textile and apparel sector that should become priorities for our negotiators in any future trade talks. In addition, we support inclusion of the augmented consultation mechanism for textiles in H.R. 3005 proposed by Chairman Thomas to address tariff disparities and support the instructions for textiles negotiations reflected in the Ways and Means Committee report to H.R. 3005.

Second, we will place a high priority on enforcing our existing trade agreements on textiles and apparel and closely monitor foreign textile trade barriers. I have asked Under Secretary Aldonas and our Assistant Secretary for Market Access and Compliance, Bill Lash, to develop an improved trade agreements compliance strategy government-wide. We will make textile sector issues a priority in that effort and will take firm action where countries are found to be in violation of their commitments.

Third, with respect to existing trade arrangements, particularly the World Trade Organization's Agreement on Textiles and Clothing (ATC), we intend to implement the ATC integration as scheduled. We have declined all requests to negotiate an accelerated schedule for elimination of existing quotas and intend to continue to do so. The ATC was a carefully balanced agreement designed to provide the industry with a gradual transition to the new regime beginning in 2005. We intend to preserve the balance struck in that agreement for the industry.

Fourth, I intend to do my utmost to help U.S. textile companies take advantage of the benefits of our tariff preference programs, including the Caribbean Basin Trade Partnership Act (CBTPA) and the African Growth and Opportunity Act, which were structured with their interests in mind. Those programs can help foster apparel production using U.S. yarn and fabric inputs, and open

new markets for our textile, yarn, and fiber exporters in the process. You may rely on the resources and expertise of the Commerce Department to ensure that U.S. producers are positioned to take full advantage of any market-opening opportunities. Both Under Secretary Aldonas and I are scheduled to meet with Caribbean, Central American and African officials and business leaders in the coming months. We intend to use those sessions to emphasize the importance and benefits of using American fabric and fiber in apparel manufacturing operations wherever practicable in those regions. The Administration recognizes the importance to Members of the dyeing and finishing issue under the provisions of the CBTPA. We support an agreement by Congress that would address this issue while maintaining the balance of benefits provided under the program.

Fifth, we will place a high priority on the Commerce Department's Export Expansion Program for the textile and apparel industries. In the spring of next year we plan a variety of events, including a reverse apparel fabric trade mission in Los Angeles and New York, an "in-store promotion" program for U.S. apparel in European and Japanese department stores, a trade mission to Mexico for U.S. manufacturers of apparel fabrics and yarns, and a series of targeted export seminars in several cities featuring virtual trade show technology, just to name a few.

Sixth, we are committed to strengthening U.S. enforcement efforts to prevent illegal textile transshipment both under U.S. customs law and pursuant to existing or future trade agreements. I intend to work closely with Secretary O'Neill, who oversees the Customs Service, and Attorney General Ashcroft, who is responsible for the prosecution of such cases, to redouble efforts in that regard. I will also work with Ambassador Zoellick to ensure that future U.S. trade agreements include clear rules of origin. In addition, we will insist on strong enforcement provisions that will allow us to address industry concerns with illegal transshipment. We have already begun to move aggressively on that front in consultations with China. Those talks relate to the potential "charge-back" against China's quota of some 400,000 dozen garments which illegally entered the United States with an approximate value of \$28 million. This would be the largest set of charge-backs applied since 1995. Customs is aggressively pursuing further investigations that could result in additional charge-backs of greater magnitude should the facts warrant. We support and commend Chairman Thomas for his efforts to increase the number of Customs personnel to reduce illegal transshipment of textiles and apparel into the United States and we look forward to working with Congress to continue to bolster U.S. enforcement efforts through a strengthened Customs Service.

Seventh, with respect to assistance to Pakistan, Pakistan's assistance to the United States in pursuing operations in the war against terrorism has been fundamental. Pakistan, despite considerable internal unrest, has provided our forces with a wide variety of essential support. The President has called for broad economic support for Pakistan. In developing any proposal for assistance to Pakistan, the Administration is committed to working with the Congress to minimize the impact on the U.S. textile and apparel industry. It is Congress, of course, that holds the authority to lower tariffs or duties on textile and apparel products from Pakistan.

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Eighth, we continue to support the reauthorization of the Trade Adjustment Assistance program. In addition, we would like to see the current TAA and NAFTA-TAA programs consolidated and streamlined to help better address the needs of textile and apparel workers who lose their jobs as a result of trade. We intend to work closely with Congress on changes to the TAA programs that would improve the services and training delivered to hard-working Americans.

Finally, I want to emphasize the Administration's commitment to enforcing our trade remedy laws generally, and on behalf of our textile industry in particular. As I have testified many times before Congress, there is nothing more dispiriting to American industry and American workers than to see the benefits of trade undermined by unfair trade practices. I intend to ensure that our industry has full access to our trade remedy laws consistent with our international rights and obligations.

Please be assured that President Bush and I take the concerns and perspectives of our textile industry very seriously. I look forward to working with you in the months ahead and will seek Congress' views on additional steps we may take to help improve conditions in the industry. If you have any further questions, please feel free to contact me, Under Secretary Aldonas, or Brenda Becker, my Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663.

Warm regards,



Donald L. Evans

Identical letters sent to the following House Members

The Honorable Bob Barr

The Honorable Henry Brown

The Honorable Richard Burr

The Honorable Michael Collins

The Honorable Nathan Deal

The Honorable Jim DeMint

The Honorable Bob Etheridge

The Honorable Robin Hayes

The Honorable Sue Myrick

The Honorable Bob Riley