

Daniel Nation, Director of Government Relations, Parkdale
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My name is Dan Nation, and I am Director of Government Relations of Parkdale, which is headquartered in Gastonia, North Carolina.

When I define what Parkdale is, I like to start with "American Made, Globally Traded." We are proud to be a 103-year-old U.S. textile company based in Gastonia, North Carolina.

We operate 28 yarn spinning and consumer product producing facilities in 8 states employing 5,200 people. Our annual payroll exceeds \$170 million and our benefit package ranks within the top 20 of all industrials. Additionally, we have operations in Mexico, South America, and throughout Central America - all as a result of the passage of regional Free Trade Agreements. We are the largest single consumer of U.S. grown cotton, representing almost 50% of domestic consumption. We export over 400 containers per week of yarns for the weaving and knitting industries, which represents 80% of our production in our U.S. plants. To give you some perspective, our annual production produces enough yarn to manufacture 2.14 billion t-shirts. As an upstream producer of textile inputs going into finished apparel and home furnishings, our success is directly tied to the stability of those downstream manufacturers.

Parkdale is keenly interested in the ongoing Section 301 case against China, due to China's massive and disruptive impact in the U.S. market and in key overseas textile and apparel markets. As such, we have strongly supported President Trump's initiatives to recalibrate what has clearly been a lopsided and often severely unfair trading relationship between the U.S. and China. A broken relationship that has routinely come at the expense of U.S. manufacturing investment, output and most importantly U.S. manufacturing jobs.

As evidence of the lopsided nature of this relationship, I note that in 2018, the U.S. ran a trade deficit in textile and apparel products with China of \$46.5 billion. In fact, at 46%, China represented nearly

half of the total U.S. trade deficit in textiles and apparel last year. Statistics also indicate that China dominates global markets, as they own nearly 40% of total world textile and apparel exports.

There is little doubt that China's extreme position in the global textile and apparel marketplace has been advanced by an elaborate system of illegal practices, which include state sponsored subsidies, unethical labor and environmental practices and theft of intellectual property. Consequently, Parkdale supports the existing Section 301 case against China. With that stated, we believe the effectiveness of this case has been greatly diminished through the omission of fully finished textile and apparel products from the various 301 tranches currently in effect. A decision to include apparel and finished textile home furnishing products would be fully supported by the following:

First, according to reports, the textile and apparel sector is the largest single provider of industrial employment in China, with approximately 24,000 enterprises responsible for over 10 million direct jobs. This does not include the tens of millions of workers in China employed in support sectors such as chemicals, machinery and shipping. If the United States wants to resolve China's rampant IPR abuse, sectors that are critical to their economy will need to be finally included on the 301 retaliation list. Threatening China's illegal stranglehold on hundreds of billions of dollars of exports in the textile sector will greatly enhance U.S. leverage in the negotiations. In our estimation, leaving high employment sectors off the list that are critical to China's economy has played major role in the failure to reach an IPR settlement with China, to date.

Secondly, the impact on U.S. consumers of including finished textiles and apparel on the retaliation list is being greatly exaggerated by importers and retailers. The application of a penalty tariff would only impair U.S. consumers if there were no viable alternatives to China. The textile and apparel industry is unique among industrial sectors in that virtually every region and country produces and exports textile and apparel products. In terms of the U.S market, finished apparel and home furnishings are sourced from nearly 100 different countries according to the U.S. Department of Commerce. In fact, the United States imported over \$77 billion in textile and apparel goods from sources other than China in

2018. To argue that the American consumer would be deprived of choice or forced to pay significantly more for their textile and apparel goods ignores the reality of the numerous and varied global suppliers in this sector.

Finally, a significant source of U.S. textile and apparel imports is the Western Hemisphere. The U.S. enjoys a \$35 billion two-way textile trade relationship with the nations of the Western Hemisphere. The overwhelming majority of Western Hemisphere textile exports come to the U.S. duty-free from our free-trade partners who produce finished apparel and home furnishings that compete directly in the U.S. market with Chinese-made product. By finally addressing China's massive illegal trade activity in the textile sector, the Trump administration could help direct new investment, production and employment throughout the U.S. – Western Hemisphere textile and apparel production chain.

In summary, the U.S. textile industry has been the victim of an aggressive set of predatory trade practices on the part of China for decades. China's illegal actions have contributed to the loss of millions of U.S. jobs in the textile sector and throughout the various support industries that service domestic textile manufacturing. The Trump administration has a generational opportunity to finally address this blatantly unfair and illegal situation. Including finished textile and apparel products on the 301 retaliation list would greatly enhance the Administration's leverage in the ongoing negotiations and help redirect trade in this sector to the Western Hemisphere. Doing so would not disadvantage U.S. consumers due to the numerous and vibrant sourcing alternatives that exist in terms of global textile and apparel production.

As a result, we strongly urge the U.S. government to move forward with enacting penalty tariffs on the finished textile and apparel items proposed as part of the \$300 billion list in the pending China 301 IPR case.

Thank you for the opportunity to provide this testimony.