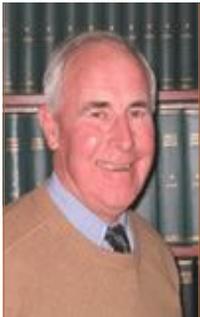


Effect of the Elimination of Quotas on Textiles & Apparel

Maxwell Corner, Executive-in-Residence, **The School of Polymer, Textile and Fiber Engineering, Georgia Institute of Technology**, spoke before the Northwest Georgia Workforce Investment Board on January 19. Mr. Corner's presentation was titled "The Effect of the Elimination of Quotas with China on Textiles and Apparel."



Maxwell Corner

In this issue of the Informer we will summarize the section of Mr. Corner's speech covering the World Trade Organization Agreement and When It Went Into Effect with China; The Present Situation for Textiles and Apparel in the U.S.; and Our Present Level of Textile and Apparel Imports. In the next issue, we will cover What is Projected to Happen Assuming no Action is Taken by the U.S. Government; the Status of the China Safeguard; and Why

China is so Tough and Almost Unbeatable.

The World Trade Organization (WTO) is made up of 148 countries. The intent of the Agreement was to promote free trade and, over a 10-year period, to phase out quotas between countries and eventually eliminate tariffs. The total elimination of quotas on textile and apparel was scheduled for January 1, 2005; and this, indeed, happened.

China was invited into the WTO in 2000. It was anticipated that their entry could have a radical impact on employment in the U.S. Thus, for textile apparel, a provision called the China Safeguard was agreed to. The safeguard says that if the elimination of quotas in any textile or apparel category should cause a major disruption in business or employment, China and the U.S. would discuss actions to temper future growth. If no agreement could be reached, the U.S. government, through the "Committee for the Implementation of Textile Agreements," could implement the safeguard that would limit increases to a 7.5% increase over the previous year. The Safeguard would be in effect for one year but can be renewed annually until 2008.

Textile and Apparel employment in the U.S. today stands at about 660,000. In 2001, employment was around one million. We have lost about 330,000 jobs in textile and apparel since 2001. However, existing industry has

invested heavily in the latest machinery and methods. The industry is world-class with well-trained people. Most manufacturing today has continuous improvement programs, using tools such as lean manufacturing and 6 Sigma.

The floor covering and carpet industry is streamlined with some of the larger companies starting from polymers and going through ready-to-install carpet. Labor costs are approximately 10% of total costs; short runs and fast machine changes are the order of the day; and rapid response to customer demand is standard procedure. The industry also has innovative designs and great distribution channels to the customer.

Non-wovens are another healthy and growing area in the U.S. The machinery is automated with excellent productivity. The range of finished products continues to grow. Examples of non-woven products include materials that go into diapers, disposable uniforms such as those used in hospitals, insulation, all types of filters, and carpet backing.

Currently, 95% of apparel and clothing sold in the U.S. is imported. Of the 95%, 27% comes from Mexico and the Caribbean. A major portion of the material used for making the clothes in Mexico and the Caribbean is spun, woven, and dyed in the U.S. in world-class facilities utilizing the latest machinery.

The U.S. businesses that produce these materials are most at risk with the elimination of quotas with China.

Following is a summary of the present level of textiles and apparel imports into the U.S.

- China 25% - up 34% in the last year
- Caribbean 18%
- Mexico 9% - used to be 15%
- Hong Kong 5%
- Followed by India, Canada, Vietnam, South Korea, and Indonesia

In 2001, before any quotas were lifted between the U.S. and China, imports from China to the U.S. were 7%. In 2002, quotas were lifted on 29 textile and apparel categories. Since 2002, imports on these 29 categories have gone from 7% to 72%. Major items in these 29 categories are blankets, travel rugs, quilts, comforters, curtains, socks, brassieres, knit fabric, and robes.



Following are some other examples of exports from China since quotas have been eliminated. As you will see, China is a viable worldwide competitor in many areas.

- Apparel sold to Japan from China - 77%
- Apparel sold to Australia from China - 70%
- Bikes sold to U.S. from China - 80%
- Lighting sold to U.S. from China - 70%
- Toys sold to U.S. from China - 67%

...to be continued in the next issue.

Appalachian Technical College Unveils BusinessLink

Appalachian Technical College (ATC), Jasper, is pioneering one of the most enterprising economic development programs in the state. January 11, ATC announced the opening of **BusinessLink: The Entrepreneur and Small Business Development Center**. The center is located in Fannin County with an office at the **Blue Ridge Department of Labor Career Center**.

BusinessLink's purpose is to connect entrepreneurs, students, the local business community, and other resources in a network that will provide fertile ground for growth of small businesses in the local economy. "We'll work with anybody," said **Glenn Rasco**, Vice President of Economic Development at ATC. "Whether it be aspiring business owners, students, or people who already own a business and want to move forward."



Carolyn Wills

While many services to small businesses are available, relatively few current or potential business owners know how to tap into the network. BusinessLink aims to be the local point of contact to connect entrepreneurs to the appropriate resources to help them achieve their goals. "While business owners are experts in their arenas, they might know nothing about such issues as payroll tax, unemployment insurance,

workers compensation, borrowing money, or running daily finances," said **Carolyn Wills**, BusinessLink Coordinator.

Wills will provide free, confidential, one-on-one guidance for entrepreneurs wishing to start, improve, or expand small businesses. She will also serve as a facilitator for her clients, linking them to resources including local Small Business Development Centers, other business owners, mentors, college students with particular skills needed by their businesses, etc. "We are helping people do what they love, while growing the economy at the same time," said Ms. Wills. BusinessLink will also provide educational

opportunities including seminars, continuing education and credit programs, depending on the needs of clients. Business Link is available to anyone, not just businesses in Fannin County.

Eventually, Rasco expects to have BusinessLink offices in all four counties of ATC's service area - Fannin, Gilmer, Pickens, and Cherokee Counties. Fannin County was chosen as the starting point for BusinessLink because it is ready to support small business growth said Rasco. Fannin County is the third community in Georgia to be designated "entrepreneur-friendly" by the **Georgia Department of Economic Development's Office of Entrepreneur and Small Business Development** and **Georgia Tech's Economic Development Institute**.

For more information about BusinessLink, contact Ms. Wills at 706.632.1838 or e-mail cjwills@appalachiantech.edu.

♻️ E-Informer ♻️

A news release entitled "**U.S. Labor Department Publishes Youth Employment Rules**" is located at <http://www.dol.gov/opa/media/press/esa/ESA20042526.htm>. The new youth employment rules take effect in mid February. Provisions modernize the youth employment provisions regarding what types of cooking 14- and 15-year olds are permitted to perform and expand the current prohibition against youth under age 18 working in roofing occupations. A link to the Federal Register which includes all provisions can be found through the above URL.



Information about **Military Spouse Corporate Employment Opportunities** is located at web site http://www.armycommunityservice.org/vacs_employment/partners.asp. Many corporations -- including Sears, CVS, Dell, Hospital Corporation of America, Home Depot, Sprint, and Manpower, Inc. -- have partnered with the U.S. Army to enhance the employment opportunities for spouses of military members.



Tax Information for Businesses can be found at <http://www.irs.gov/businesses/>. Of note are the new regulations that generally permit small business taxpayers to elect to deduct up to \$100,000 of the cost of qualifying property purchased and placed in service in a taxable year beginning after 2002 and before 2006.

2005 Unemployment Insurance Tax Cut

Labor Commissioner Michael Thurmond has announced a \$50 million unemployment insurance tax cut in 2005. The reduction was made possible by an improved job market and the Department's emphasis on the speedy re-employment of Unemployment Insurance claimants. In fact, Georgia ranks number one in the nation for moving the jobless back to work.

The recent food drive for the county food pantries resulted in over 1,200 cans of food being collected and distributed between Fannin, Gilmer, and Pickens Counties. The canned goods were collected by students at **Appalachian Technical College**, employees of the **Blue Ridge Department of Labor Career Center**, and the **North Georgia Employer Committee** members.

At the January Employer Committee Meeting, **Gary Hyde, North Georgia Regional Education Service Agency (RESA)**, spoke about the success of the **Youth Apprenticeship** program. He noted that there are about 400 students and employers from Fannin, Gilmer, and Pickens Counties participating in the program.

Students are encouraged to research career paths in which they are interested. The advisors then attempt to match the students with an employer who supports his or her interest. Employers in Fannin, Gilmer, and Pickens counties interested in working with the Youth Apprenticeship Program may contact Gary Hyde at 706.276.1111. Employers in Bartow, Chattooga, Dade, Floyd, and Polk counties may contact **Lynne Reese, Northwest Georgia RESA Apprenticeship Coordinator**, at 706.295.6189.

The North Georgia Employer Committee will next meet on March 1 and April 5. All employers in Fannin, Gilmer, and Pickens Counties are invited to attend. For information, contact Candy Day, Blue Ridge Career Center, 706.632.2033, or Linda Burnette, Gilmer County Bank, 706.276.8017.

Murray Senior Center Presented Certificate

Murray County Department of Family and Children Services (DFCS) recently presented a Certificate of



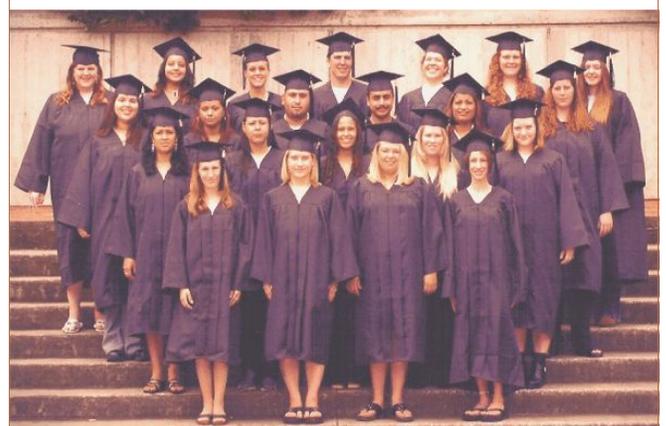
Pictured L to R: Rosemary Smith, Murray DFCS Family Independence Case Manager; Joan Dooley, Chatsworth Senior Center Director; Brenda Edwards, Murray DFCS Community Resource Specialist

Appreciation to **Joan Dooley**, Director of the **Chatsworth Senior Center**. The Center has operated as a "TANF-Work Now" work experience site for Murray County DFCS for approximately five years. The Temporary Assistance to Needy Families (TANF) recipients

placed at the Center gain knowledge and skills as well as valuable experience in working in the Dietary Department.

Employers interested in becoming a subsidized or unsubsidized "TANF-Work Now" site may contact **Brenda Edwards**, Community Resource Specialist for Gilmer/Murray County DFCS, at 706.635.2361 or 706.695.7315.

Endless Opportunities Graduates



1st Row: H. Heath, J. Vinyard, S. Carter, V. Howe. 2nd Row: M. Chavez, A. Davis, E. Rivera, T. Dodson, M. Gribble. 3rd Row: L. Hernandez, D. Quintero, L. Deora, J. Hernandez, D. Gomez, A. Coleman; 4th Row: K. Tapp, N. Isaola, A. Watts, B. Weeks, B. Amos, R. McNeese, C. Cantrell. Not pictured: C. Reid, S. Segoviano, T. Leynwood, C. Billings, C. Chastain, C. Cowan, A. Jenkins, A. Keown, A. Lunsford, J. Price, M. Rollins, S. Sanford, C. Shaffor, J. Shaffor.

Chris Johnson, Endless Opportunities, saw thirty-five of her students receive their GED Certificates at the annual graduation ceremony. As they walked across the stage to receive their certificates, the graduates were loudly cheered by the proud family members, friends, and guests. Bruce Kenemer, keynote speaker, spoke of the pride the students should feel at their accomplishment.

The Endless Opportunity youth program is funded by the **Northwest Georgia Workforce Investment Board**. For information about this Dalton-based program for youth dropouts, please contact Chris Johnson at 706.275.0545. For information about WIB Youth Programs provided throughout Northwest Georgia, contact **Wanda Williams** at 706.295.6485 or 800.332.1965.

You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.
R. Buckminster Fuller



LG Chem Industrial Materials (LGCIM) will begin production at its new 150,000 square-foot manufacturing plant in Calhoun, Georgia, this spring. The South Korean owned company will manufacture LG Hi-Macs, a solid acrylic substance used for kitchen and bathroom countertops and furniture tops. The company describes LG HI-MACS as an advanced non-porous, highly versatile decoration material that is available in a wide range of colors and patterns that is ideally suited for hundreds of interior applications. The company's web site is located at www.lgchem.com. LGCIM initially will employ 70, with potential for future growth.

The **Georgia Department of Labor Dalton Career Center** has been assisting LG Chem in hiring its staff. Two recruitment/job fairs have been held with approximately 400 applicants applying for the available jobs. The job fairs were held at **Coosa Valley Technical College (CVT) Gordon County Campus**. **Derita Carter**, Career Center Manager, complemented **Craig McDaniel**, CVT President,



Dalton Career Center Staff L to R: Ronnie Cochran, Kathy Williams, Sonja McKinnon, Derita Carter, Manager

and **Dan Willis**, Vice President of Operations Gordon County Campus, on the helpfulness and professionalism of their staff's assistance during the job fairs.

Verify New Hires Via the Internet

The **Department of Homeland Security's Systematic Alien Verification for Entitlements (SAVE)** Program and the **Social Security Administration (SSA)** are jointly conducting the Basic Pilot Program. The **Basic Pilot Program** involves verification checks of the SSA and the Department of Homeland Security databases, using an automated system to verify the employment authorization of all newly hired employees.

Since December, the Basic Pilot Program has been available to employers in all 50 states. Participation in the Program is voluntary, and there is no cost to the employer. Employers must, however, sign a Memorandum of Understanding (MOU) with the Department of Homeland Security and SSA to participate in the program.

In addition to having hire verification transmitted electronically, the new system will permit employers to electronically store the I-9 forms. The benefit increases for those employers who conduct business in multiple locations. For more information visit web site <https://www.vis-dhs.com/employerregistration> or call the toll free number 1.888.464.4218.

Federal Laws Help Mobilized Soldiers

The **Soldiers' and Sailors' Civil Relief Act (SSCRA)** and the **Uniformed Services Employment and Reemployment Rights Act (USERRA)** are intended to

protect service members while they are mobilized. One of the benefits of the SSCRA is an interest cap of 6% on all debts that were made prior to active-duty. The interest cap does not come



48th Brigade, 1st Battalion, 108th Armor Georgia National Guard from Calhoun, Canton, Dalton, Douglasville, and Rome, mobilize for active duty in Iraq.

automatically, however; service members must submit a written request. The lenders must reduce the monthly payments and not increase the principal payments to the point that they equal the pre-mobilization amount. The 6% cap in intended to protect service members whose income is less while on active duty as compared to their income as a civilian. The act also protects Reserve and Guard members called to active duty from mortgage foreclosures until released from active duty.

The USERRA, enacted in 1994, requires employers to rehire service members returning from active duty. The



employee must meet certain criteria for the Act to be invoked. The service member must have provided timely notification to the employer; not have served on active duty for more than 5 years continuously; not have received a dishonorable discharge or discharge for other punitive conditions; and have reported back to the employer in a timely manner or have submitted a timely application for re-employment. For more information visit the U.S. Department of Labor web site at www.dol.gov/vets.

The Business Informer is a quarterly publication of the Northwest Georgia WIB and the Coosa Valley / North Georgia Council of Chief Elected Officials. For more information about our business services contact Gwen Dellinger, Workforce Development Director, Coosa Valley RDC, PO Box 1793, Rome GA 30162-1793, 706.295.6485 or 800.332.1965 or Karen Howell, Workforce Development Coordinator, 706.277.7466, Vandy88@aol.com. Suggestions or articles to contribute - contact Karen.

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