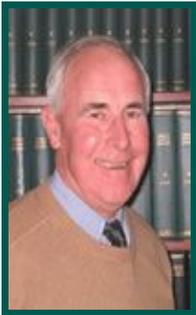


Effect of the Elimination of Quotas on Textiles & Apparel

(Continued from February Issue)

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 the February issue of the Informer, we summarized the sections of Mr. Corner's talk 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 this issue of the Informer we will summarize the section of Mr. Corner's speech covering

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.

If quotas on textiles and apparel are eliminated with China, it is projected that imports of those items from China to the U.S. will go from 25% to more than 50%. It is projected that imports from India to the U.S. will go from 4% to 15%. Imports from Mexico and the Caribbean could decrease considerably from the present level of 27%. Whatever this decrease actually is, the major hurt will be realized by the U.S. textiles in terms of adversely effecting business.

The elimination of quotas could globally put as many as 30 million people out of work. This would be particularly felt in less developed countries where textiles and apparel account for most of their exports – Bangladesh, Cambodia, Pakistan, El Salvador, Mauritius, and Sri Lanka.

The upside of the elimination of quotas is a possible reduction in selling price at the retail level. In the U.S. this could be up to 30% for textile and apparel products. China and Wal-mart combined exert terrific downward pressure on the cost of goods. This includes not only goods coming out of China but from the rest of the world as well. Wal-mart takes 12% of all exports coming out of China.

In 2003 and 2004, the 7.5% China Safeguard was implemented and put into effect on knit fabric, robes, brassieres, and socks imported from China to the U.S. This 7.5% increase over the previous year is in effect for one year but can be renewed annually until 2008.

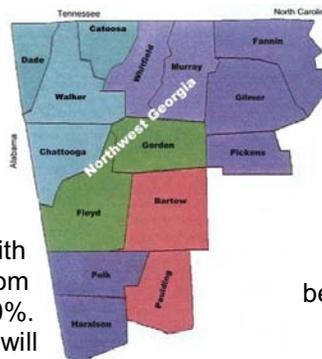
Last November a petition was filed by the National Council of Textile Organizations with the Department of Commerce asking that the safeguard be implemented on twelve categories of textiles and apparel where it was deemed a major disruption in business would occur if quotas were eliminated. It was a pre-emptive request. The petition seemed to be getting favorable response from the Bush Administration and the Department of Commerce. However, the government has been sued by a retail organization called ITA which claims it is illegal to make a pre-emptive strike using the China Safeguard Provision. The Court of International Trade ruled in favor of the retailers and issued a temporary halt of the government's review of the twelve categories. The court's final ruling will be critical.

The less developed countries that will be adversely affected by quota elimination filed a protest with the World Trade Organization (WTO), but the WTO has taken no positive action to slow down the total elimination of quotas on textiles and apparel.

China is so tough and almost unbeatable because it has low-cost labor. The average Chinese worker costs \$1,000 per year; the average Mexican worker costs \$4,000 per year; and the average U.S. worker, \$36,000 per year. China has an almost endless supply of good labor. The people have a very good work ethic and require minimum supervision. They take pride in doing a good job. The productivity is high. It is said that a Chinese worker makes a cotton shirt in 13 minutes.

The Chinese plants are world class. They have heavy capital investment in plants and the latest machinery. Thirty-five percent of the investment is coming from other countries. China has very good ports and airports where volume shipments are made very fast. China is graduating more than 300,000 engineers per year. The U.S. graduates about 65,000.

The two main items which the U.S. textile industry sees as the major barrier to being able to compete are the fact that the Chinese government has highly subsidized the textile industry and the pegged exchange rate is said to give them



export costs which are up to 40% lower than reality. The U.S. textile industry says it could compete with China if it wasn't for the government subsidized industry and the pegged exchange rate. If those two items were corrected, the U.S. textile industry believes it would not need the China Strategy.

In summary, we have areas in textiles in the U.S. such as carpets, non-wovens, and several niche areas which are strong and viable and not threatened at this time by China. We have a very modern textile industry feeding material to Mexico and the Caribbean which is threatened and at risk.

We have lost more than 330,000 jobs in textiles since 2001. The elimination of quotas with China without government action on the China Safeguard or getting the Chinese to quit subsidizing textiles and letting the exchange rate float will mean further losses of jobs in the U.S. textile industry. No one really knows the precise impact on numbers.

What can we do to assist if we are interested in preserving jobs and industry in the U.S.? We can contact our Representatives and Senators in Washington and voice our concern on the need for action in the implementation of the China Safeguard strategy to slow down the rate of business loss. This is urgent. We can contact these same people to have them exert pressure on the Bush Administration to get tough with China in letting the exchange rate float and get the Chinese to quit subsidizing the textile industry.

Need Trade Adjustment Assistance?

If you are being affected by imports, your sales are down, and your employment is down, you need trade adjustment assistance. To learn about the services which may be available to you through the Economic Development Institute at Georgia Tech, visit their web site at www.edi.gatech.edu/, click on Manufacturing, scroll down, and click on Trade Adjustment Assistance.

Shaw Industries - LaFayette

Doug Tucker, Shaw Industries - LaFayette Human Resource Manager, is working with the **LaFayette Career Center** as a sole source provider of applicants for Space Dye, Heat Set, and Cabling positions. The Career Center provides workshops to all interested applicants. The workshops cover Shaw's mission, vision, history, and benefits. The attendees are also informed of the area's labor market and hiring trends. The Career Center has been successful in placing 84 attendees in jobs thus far.

For more information about the service, contact **Rhonda Espy**, Employer Marketing Representative, LaFayette Career Center, 706.638.5525.

TeachGeorgia

On May 23, 2005 from 1:00 p.m. until 3:00 p.m., the **Dalton Career Center** will be hosting a TeachGeorgia Information session. This session is for college graduates who do not have a degree in education and who want to have the opportunity to start a teaching career. This information session will show avenues to take to become a teacher, employment opportunities for teachers, teacher supply and demand, critical shortage fields, alternative teacher certificate routes for career changers, and teacher job search resources. For more information, contact **Kathy Williams**, Employment Marketing Representative, at the Dalton Career Center, 706.272.2301 or via e-mail



kathy.williams@dol.state.ga.us

Small Business Health Insurance

The **Catoosa County Chamber of Commerce** has announced an affordable health benefits program designed for small and medium sized businesses. The program provides businesses with access to **Blue Cross and Blue Shield of Georgia/Blue Cross Blue Shield Healthcare Plan of Georgia** health insurance coverage at very attractive terms. Employers with 2 to 99 employees can choose from a wide range of coverage options tailored to meet the needs of their employees. For more information, contact the Catoosa County Chamber of Commerce at 706.965.5201 or Purchasing Alliance Solutions at 800.782.8254.

Youth Apprenticeship

At right is a picture of the fabulous folks at the **Bartow County Water Department** who have hired Ashley Smith, a Cartersville High School graduate, as a long-term temp after funds for the **W o r k f o r c e**



Investment/Youth Apprenticeship Grant were depleted. Ashley will complete her Youth Apprenticeship 2,000 hours of training as of May 13, 2005. Left to right are **Dianne Smith**, **Ashley Smith**, and **Sandra Kelly. Lynne Reese**, Youth Apprenticeship Coordinator, 706.295.6189, extension 26, can provide more information about the Youth program.

We're Working for Georgia

Coosa Valley Technical College, Dalton Career Center, and the **Workforce Investment Program (WIA)** teamed up to assist **LG Chem Industrial Materials** meet the personnel needs for its new plant in Calhoun. The Dalton Career Center held two recruitment fairs, Coosa Valley Technical College provided QuickStart training, and WIA assisted through its On-the-Job Training Program.

Georgia's QuickStart Program is nationally recognized for providing high quality training services at no cost to Georgia's new or expanding businesses. WIA's On-the-Job Training Program will reimburse employers up to 50% of a person's salary during his/her training period. For information about QuickStart, contact your local technical college. For information about on-the-job training, contact your local career center and ask to talk to the OJT Coordinator.

***** E-Informer *****

Hiring Injured Military: Interested in hiring severely injured service members returning from Afghanistan or Iraq? A number of American businesses have volunteered to be part of this program including Cherokee County, Georgia. For more information about this program and how to become part of it, visit the web site <http://military.com/support>.

Hiring Mature Workers: Kelly Services has partnered with AARP to help mature workers seek a new career path or to further their professional development with employers looking for experienced workers. For additional information, visit <http://www.kellyservices.us/aarp>.

USERRA Poster: Employers are required to provide a notice of the rights, benefits, and obligations under the Uniformed Services Employment and Reemployment Rights Act (USERRA) to persons entitled to its rights and benefits. An USERRA poster suitable for display is available at www.dol.gov/vets/programs/userra/poster.pdf.

North Georgia Seminars

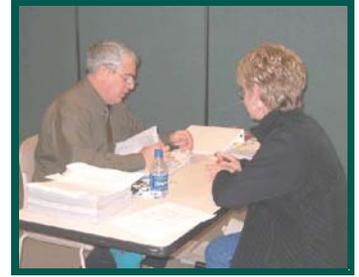
Supervisor Training in Positive Employee Relations, May 24, 9 am - Noon, **Appalachian Technical College,** Economic Development Building, 100 Campus Drive, Jasper, Georgia, presented by Ogletree-Deakins Law Firm, cost \$45 per attendee.

Hiring and Firing Guidelines, June 24, 10 am - Noon, **Appalachian Technical College** (address above), presented by Ogletree-Deakins Law Firm, cost \$45 per attendee.

For more information about or to register for the seminars, contact **Candy Day** at the **Blue Ridge Career Center** at 706.632.2033.

Job Fair

On February 9, the **Blue Ridge Career Center** and **Appalachian Technical College** hosted a Job Fair for **Kroger** in Jasper. Over 175 people attended the Fair, held in the Economic Development Center on Appalachian Tech's Jasper campus. Kroger has hired over 100 people for this new store which opened in March.



Kroger Representative & Lisa Adkisson, Manager Blue Ridge Career Center, discuss applications.

If you would like information about holding job fairs in Fannin, Gilmer, or Pickens counties, please contact **Candy Day**, Blue Ridge Career Center, 706.632.2033 or **Sandy Ott**, Appalachian Tech, 706.253.4591.

Financial Training at LaFayette HS

The **LaFayette Area Employer Committee**, in partnership with the **LaFayette Career Center**, completed a six week course of Financial Planning with **LaFayette High School** students on March 23. The students were in **Mrs. Lugenia Thomas's** Leadership / Mentoring Class.

The **National Endowment for Financial Education (NEFE)** High School Financial Planning Program is a six-week course that assists students with the basics of financial planning. The course covers money management, career goals, budgeting and financial goals, savings and investments, credit, and insurance. According to NEFE, a survey commissioned by the national Jump\$tart Coalition found that 2002 high school seniors knew less than 1997 students about personal finance.

The teachers for the course were **Rhonda Espy**, LaFayette Career Center; **Vince Stallings** Northwestern Technical College Youth Academy; **Jon Dutton**, Edward-Jones Investments; **JoAnna Jackson**, Jackson Realty; **Judy Jackson**, Cohutta Bank, and **Mike Herndon**, State Farm Insurance.

The Business Informer is a 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.

An Equal Opportunity Program. Published by
Coosa Valley Regional Development Center.