

Highlights of [GAO-05-296](#), a report to congressional committees

Why GAO Did This Study

U.S. textile and apparel imports from China have more than doubled in value since China became a World Trade Organization (WTO) member. When joining the WTO, China agreed to a special textile safeguard mechanism applicable only to that country. In this report, GAO (1) describes the mechanism, (2) describes requests for safeguard action filed by U.S. producers and the results of these requests, and (3) evaluates U.S. agency procedures for transparency and accessibility.

What GAO Recommends

If the courts rule that CITA may process threat-based cases, GAO recommends that CITA clarify its procedures for such cases.

GAO also recommends that the Commerce Department take actions to make production data more available for industry sectors that are at risk of experiencing disruptive import surges.

Agency officials did not comment on the first recommendation due to ongoing litigation but had concerns about the descriptions of CITA procedures. Agency officials disagreed with the second recommendation, stating that such actions would not be productive. GAO made some revisions in response, but continues to believe that the recommendations would make the textile safeguard more transparent and accessible.

www.gao.gov/cgi-bin/getrpt?GAO-05-296.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

U.S.-CHINA TRADE

Textile Safeguard Procedures Should Be Improved

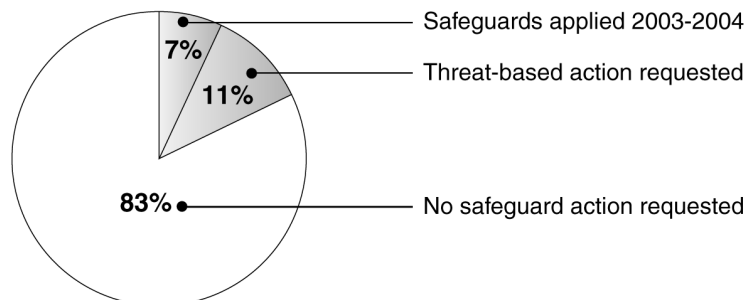
What GAO Found

The WTO China textile safeguard is a transitional mechanism that allows the United States and other WTO members to temporarily restrict growth in specific textile and apparel imports from China through the end of 2008 even though textile and apparel quotas in general were eliminated on January 1, 2005. The U.S. government's interagency Committee for the Implementation of Textile Agreements (CITA) has established procedures that explain to the public how it will consider safeguard action requests. These procedures stipulate that when requesting safeguard actions, producers must submit data on imports, market share, U.S. production, and additional information showing how imports from China have adversely affected U.S. industry or any other data deemed pertinent.

CITA has applied safeguard quotas on specific products in response to 4 out of 5 U.S. industry requests that were based primarily on evidence of actual market disruption. Twelve threat-based requests remain unresolved.

Procedural shortcomings have impaired effective application of the China textile safeguard. First, CITA's procedures created uncertainty about when, how, and under what circumstances it would consider threat-based requests. Seventeen months elapsed before CITA issued any procedures about the China textile safeguard, and the procedures did not clearly indicate how CITA would proceed in threat-based cases. Also, a court-ordered injunction prevents further government consideration of threat-based cases until litigation is resolved. GAO does not take any position on the legal issues involved. Regardless of the result, this situation will affect the speed, scope, and duration of potential relief available to U.S. producers who made these requests. Second, the unavailability of production data on about 20 percent of textile and apparel product categories—data that is necessary to fulfill CITA filing requirements—inhibits equal access to the safeguard. Beyond these issues, uncertainty about future developments in global textile trade makes the future impact of the safeguard unclear.

Share of \$12 Billion in U.S. Imports from China Subject to Safeguards or Requests



Source: GAO analysis of data from the Department of Commerce, Bureau of the Census, and the Office of Textiles and Apparel.