

American Manufacturing Trade Action Coalition

PRESS STATEMENT

U.S. Government Reaches WTO Accession Agreement with Vietnam U.S. Industry Will Be Big Losers

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For Immediate Release:

WASHINGTON, DC -- The United States and Vietnam announced yesterday that they had reached a bilateral agreement on accession terms to allow Vietnam to join the WTO. Although Vietnam, like China, is a non-market economy that heavily subsidizes its manufacturing base, the U.S. government failed to include adequate safeguards in the accession agreement to prevent Vietnam from engaging in predatory trade practices. The U.S. textile sector will be especially impacted as a result. Virtually half of Vietnam's current exports to the United States are in textiles and apparel.

For the agreement to take effect, the U.S. Congress must vote to grant Vietnam permanent most favored nation trade status (PNTR).

"This deal is a disaster for U.S. manufacturing and the U.S. textile industry in particular. The Administration had to choose whether to side with U.S. industry or to give Vietnam a green light to keep violating free-market rules. Sadly, for millions of American workers, they chose to give Vietnam the green light. This agreement provides an open invitation to continue the devastating trend of outsourcing the very jobs that are so critical to our middle class," said American Manufacturing Trade Action Coalition Executive Director Auggie Tantillo.

"This agreement is bound to replicate the disastrous trade pattern the U.S. has constructed with China. Because of China's state-sponsored advantages, their manufacturers have run roughshod over U.S. companies in our own market. Inconceivably, we have just approved an agreement that will allow Vietnam to do the same thing. President Bush constantly preaches the concept of free markets. Yet, I am confident that history will record that the two biggest winners under his trade policy were the two countries that most egregiously ignored free market principles – China and Vietnam. We already know who the biggest losers are, U.S. companies, their workers, and their families," Tantillo continued.

Tantillo went on to say, "The U.S. textile industry explicitly told the Administration that it could not support any agreement with Vietnam that did not include adequate safeguards because Vietnam has a non-market communist economy with a heavily subsidized state-owned textile industry just like China. There are no adequate safeguards in this deal. In its present form, we are left with no choice but to urge Congress to oppose this flawed agreement."

"This deal is a double loser. It will further damage the hard-hit U.S. textile industry and more than likely cause substantial job losses in Mexico and Central America. Illegal immigration is the hottest issue on Capitol Hill right now and this deal directly will exacerbate the problem.

A congressman that votes for this deal might as well be putting his name in neon lights saying that he supports more illegal immigration," Tantillo concluded.

Quick Facts on Vietnam's Textile Sector:

- Vietnam is a non-market economy that engages in the same cutthroat predatory trade and pricing practices as does China. That's why it is imperative to extend the current bilateral or to impose safeguards on Vietnam if they are to be admitted to the WTO.
- Vietnam's textile and clothing exports to the United States jumped from \$49 million in 2001 to \$952 million in 2002 to \$2.4 billion in 2003. Vietnam's exports in 2005 were \$2.9 billion. That's a growth of more than 5,700 percent since 2001!
- As a result of this import explosion, the United States signed a bilateral agreement in April 2003 that imposed quotas on Vietnam's textile and apparel exports to our market.
- Meanwhile, U.S. textile and apparel exports to Vietnam have only grown by a paltry \$2 million since 2001, from \$10 million to \$12 million annually.
- Vietnam jumped from the 69th largest exporter of textiles and clothing to the United States by value in 2001 to the 7th largest exporter in 2005. As of March 2006, Vietnam is now the 6th largest exporter to the United States.
- Vietnam heavily subsidizes its textile and apparel sector. Vietnam's Industry Ministry plans to invest \$3 billion in developing its textile and apparel industry by 2010.
- VINATEX, Vietnam's largest state-owned textile and apparel conglomerate, received almost \$900 million in capital investment from 2001 to 2005.
- Textile and apparel products accounted for more than 44 percent of Vietnam's \$6.5 billion in total exports to the United States in 2005.

Quick Facts on the U.S. Textile Industry and U.S. Manufacturing:

- The U.S. manufacturing sector has lost 2,859,000 jobs on a seasonally adjusted basis since January 2001.
- The U.S. textile industry has lost 423,000 jobs, 40.4 percent of the industry's total employment, since January 2001.
- Even with those devastating job losses, 624,200 U.S. textile and apparel manufacturing jobs still remain.

CONTACT: Lloyd Wood, Director of Membership and Media Outreach
(202) 452-0866 or lwood@amtacdc.org

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