

Statement of International Textile Group

804 Green Valley
Greensboro, NC 27408

Before the Committee on Finance

United States Senate

On S.3495—A bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam

July 12, 2006

International Textile Group (ITG) supports pending legislation to confer permanent normal trade relations (PNTR) status on Vietnam because it is good for American business, including companies involved in the textile industry.

ITG, based in North Carolina, is the union of Cone Mills and Burlington Industries, two of the most respected names in the dynamic textile arena. Working in four integral business units and from a U.S. base, ITG companies provide innovative textile solutions and distinguished brands to apparel, interior furnishing and industrial customers worldwide.

For ITG, as a North Carolina-based textile maker, Vietnam represents a significant opportunity to expand sales globally, with much of the benefit inuring to employees and know how firmly planted in the state. ITG, as a diverse and innovative provider of textile solutions, uses its North Carolina base to design and market merchandise that is produced globally. It is precisely its global outlook that has allowed ITG to expand and has secured its success and the long term future of its employees in North Carolina.

Vietnam is one site of ITG's successful global reach. In June, ITG committed to build a state of the art cotton manufacturing complex in DaNang, as part of a joint venture with a Vietnamese textile and garment enterprise. The facility will produce apparel fabrics, and significantly, it will do so using not only U.S. cotton and U.S. dyes and chemicals, but also the valuable technology and innovation that is being developed in North Carolina today. Clearly, this is the way for American firms to be competitive in the global economy.

Vietnam is a country at the forefront of growth and it provides an excellent platform for ITG to introduce more customers to the full range of products and technology we offer. A significant factor underlying ITG's decision to invest in Vietnam was its commitment to accede to the World Trade Organization, including its commitments to continue legal reforms that will make doing business in that fast growing economy more transparent and more attractive. With Vietnam's commitment to reduce the role of state trading enterprises in commercial activities, and the elimination of restrictions on trading rights, the time is clearly right for us to act.

ITG firmly rejects the suggestion that Vietnam, as a non-market economy, is either not ready to join the World Trade Organization or not ready for the benefits of PNTR. Delaying

Vietnam's induction into the international trading system, with its established rule of law and forum for resolving disputes, would postpone the very reforms that are essential for Vietnam to become a market economy. It is also contrary to the interests of the United States, which stands to gain from Vietnam's compliance with the WTO's agreements, such as those on intellectual property rights protection and subsidies disciplines. Moreover, without PNTR, Vietnam will still become a WTO member, but businesses like ITG would not be eligible to take advantage of the new benefits of that membership. U.S. influence would wane and, no doubt, the volume of U.S. inputs would decline. Clearly, it would be short-sighted and poor policy for the United States to allow that to happen.

PNTR is a win-win for ITG and for the United States, and particularly, North Carolina. We get the full benefits of Vietnam's WTO concessions and commitments and a meaningful opportunity to deploy North Carolina resources to expand our reach around the world. ITG urges the Congress to act without delay to approve this important legislation.

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Chairman
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