

Before the
U.S. INTERNATIONAL TRADE COMMISSION
Washington, D.C.

**Investigation Nos. AGOA-002/AGOA-003:
Commercial Availability of Fabric and Yarns
in AGOA Countries**

**Post-Hearing Statement Submitted By
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April 23, 2008

This post-hearing statement is respectfully submitted by the African Coalition for Trade (ACT) in response to questions raised during the April 9, 2008 hearing before the U.S. International Trade Commission (Commission) in Investigation Nos. AGOA-002/AGOA-003: Commercial Availability of Fabric and Yarns in AGOA Countries.

I. RS Denim's Production and Sales Estimates

Several questions were raised during the hearing by Commissioner Aranoff and others concerning the accuracy of the 2007-08 denim fabric production and sales projections made by RS Denim in the table submitted by ACT. RS Denim is a new denim fabric producer that began operations in Mauritius this year, so its production and sales estimates were predictions based on expectations rather than an established track record. The accuracy of RS Denim's estimates is important because its sales to LDC garment makers could be critical to whether the obligation to use the quantity of denim found to be commercial available is met for 2007-08 or, conversely, whether a shortfall occurs.

In the data submitted by ACT, RS Denim predicted 2007-08 denim fabric production of 13.5 million sme and sales to LDC garment makers of 5,960,000 sme. Since that data was compiled, RS Denim has encountered some start-up complications that have delayed its reaching its predicted level of production. RS Denim now believes it is unlikely to achieve its prior estimated production of 13.5 million sme during 2007-08. Rather, its current estimated production is 11.5 million sme.

This reduced production is also likely to affect RS Denim's sales to AGOA LDCs, which it now estimates will be 4,960,000 sme, down 1.0 million sme from its original estimates. A revised table No. 1 incorporating the updated data from RS Denim is attached to this statement.

The reduced sales to LDCs by RS Denim further increase the risk of a commercial availability use shortfall, which in turn, increases the importance that the Commission should explore all options for avoiding the loss of duty-free eligibility for garments made in LDCs from third-country denim.

II. Impact of China Safeguards.

Commissioner Williamson inquired whether denim jeans are subject to the safeguard quotas on China, and if so, what the impact of the lifting of the safeguards will be on African jeans producers.

The China safeguards are applied on the basis of the old Multi-Fiber Arrangement (MFA) product categories. Included among the product categories that are subject to the safeguard quotas is Category 347, which consists of cotton trousers including jeans.

The expiration of the safeguard quota on jeans from China at the end of the year is likely to have a potentially serious negative impact on African jeans manufacturers. As illustrated in the attached table No. 2, China is the second largest supplier of jeans to the United States. Following the expiration of the MFA, U.S. imports of denim garments from China grew by 81% from \$306 million in 2005 to \$556 million in 2007. Significantly, the safeguard quota on jeans from China was in effect for most of this period. By contrast, U.S. imports of denim garments from Africa fell during the same period by 16% from \$244 million to \$206 million.

When the safeguard quotas expire at the end of 2008, it is likely that U.S. denim garment imports from China will continue to grow, probably at an even higher rate. Unfortunately, it is also likely that denim garment imports from Africa will continue to decline. If jeans made in AGOA LDCs from third-country fabric have lost duty-free eligibility in the meantime, it is likely that the damage to Africa will be compounded.

ACT and its members appreciate the Commission's consideration of these views, and are available to provide any additional information that may be required.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul Ryberg". The signature is written in a cursive style with some loops and a horizontal line extending to the left.

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African Denim Production and Sales

Table No. 1

Denim Production <i>(in million sme)</i>	Company	2006 - 2007 (actual)	2007 - 2008 (projection)	2008 - 2009 (projection)
	Nien Hsing	26.280	25.000	27.000
	DDI	17.400	19.800	19.800
	Frame	7.905	7.929	8.145
	RS Denim	0.000	11.500	27.000
	Total	51.585	64.229	81.945

Denim Sales <i>(in square meters)</i>		LDCs under AGOA		Non-LDCs under AGOA		Non-AGOA		Total	
		2006 - 2007	2007-2008	2006 - 2007	2007-2008	2006 - 2007	2007-2008	2006 - 2007	2007-2008
	Nien Hsing								
	Lesotho	10,356,565	10,400,000	NA	NA	102,634	100,000	10,459,199	10,500,000
	<i>used in own vertical operations</i>	8,070,221	8,400,000	NA	NA	102,634	100,000	102,634	8,500,000
	<i>Sold to third parties</i>	2,286,344	2,000,000	NA	NA	0	0	0	2,000,000
	Kenya	6,786,825	6,800,000	NA	NA	0	0	6,786,825	6,800,000
	Madagascar	5,187,978	5,000,000	NA	NA	0	0	5,187,978	5,000,000
	Mauritius	NA	NA	656,609	600,000	0	0	656,609	600,000
	South Africa	NA	NA	0	0	318,954	400,000	318,954	400,000
	Others (non-AGOA)	NA	NA	NA	NA	1,738,734	1,700,000	1,738,734	1,700,000
	Total	22,331,368	22,200,000	656,609	600,000	2,160,322	2,200,000	25,148,299	25,000,000 *
	DDI								
	Madagascar	0	0	NA	NA	0	150,000	0	150,000
	Mauritius	NA	NA	10,200,000	13,200,000	0	0	3,750,000	3,750,000
	<i>used in own vertical operations</i>	NA	NA	6,450,000	9,450,000	0	0	6,450,000	9,450,000
	<i>Sold to third parties</i>	NA	NA	3,750,000	3,750,000	0	0	0	0
	South Africa	NA	NA	<i>minimal</i>	<i>minimal</i>	0	0	0	0
	Others (non-AGOA)	NA	NA	NA	NA	7,200,000	6,450,000	7,200,000	6,450,000
	Total	0	0	10,200,000	13,200,000	7,200,000	6,600,000	17,400,000	19,800,000
	RS Denim								
	Madagascar	0	1,980,671	NA	NA	0	0	0	1,980,671
	Lesotho	0	1,314,899	NA	NA	0	0	0	1,314,899
	Kenya	0	665,772	NA	NA	0	0	0	665,772
	Swaziland	0	665,772	NA	NA	0	0	0	665,772
	Malawi/Botswana	0	332,886	NA	NA	0	0	0	332,886
	Mauritius	NA	NA	0	2,200,000	NA	1,600,000	0	3,800,000
	<i>used in own vertical operations</i>	NA	NA	0	733,334	NA	533,333	0	1,266,667
	<i>Sold to third parties</i>	NA	NA	0	1,466,666	NA	1,066,667	0	2,533,333
	South Africa	NA	NA	NA	NA	NA	NA	0	0
	Others (non-AGOA)	NA	NA	NA	NA	0	2,370,000	0	2,370,000
	Total	0	4,960,000	0	2,200,000	0	3,970,000	0	11,130,000
	Frame								
	South Africa	NA	NA	0	0	7,905,000	7,929,000	7,905,000	7,929,000
	Total	NA	NA	0	0	7,905,000	7,929,000	7,905,000	7,929,000
	Grand Totals	22,331,368	27,160,000	10,856,609	16,000,000	17,265,322	20,699,000	50,453,299	63,859,000

*Note that Nien Hsing has reduced its 2007-08 sales estimate from 27.6 million sme, which Nien Hsing submitted to the ITC last year, to 25 million sme due to declining US orders caused by the economic slowdown

U.S. Imports of Denim Apparel, World and Africa

Table No. 2

Country	2005	2006	2007	Percent Change 2005-2007	Country	2005	2006	2007	Percent Change 2005-2007
	<i>In Dollars</i>					<i>In Million SME</i>			
WORLD	4,674,924,753	4,290,295,129	4,014,400,258	-14.13%	WORLD	756.649	722.298	678.509	-10.33%
Mexico	1,858,780,766	1,435,291,257	1,140,724,891	-38.63%	Mexico	263.679	208.106	170.143	-35.47%
China	306,763,480	400,766,160	556,563,120	81.43%	China	63.389	73.617	87.534	38.09%
Hong Kong	360,084,715	328,384,682	295,763,631	-17.86%	Hong Kong	42.378	40.711	38.127	-10.03%
Bangladesh	123,608,978	193,148,314	209,622,373	69.59%	Bangladesh	29.184	46.125	51.941	77.98%
Cambodia	177,415,841	143,160,136	166,368,573	-6.23%	Cambodia	31.757	25.259	32.140	1.21%
Egypt	76,029,428	119,666,468	166,181,440	118.58%	Egypt	17.238	24.299	32.793	90.24%
Pakistan	66,320,752	122,256,033	147,118,875	121.83%	Pakistan	14.602	26.113	29.953	105.13%
Macao	81,244,121	92,562,042	121,013,725	48.95%	Macao	11.899	12.471	17.285	45.26%
Guatemala	231,245,336	107,339,515	109,918,954	-52.47%	Guatemala	27.285	12.661	12.884	-52.78%
Jordan	77,820,948	78,184,821	77,795,141	-0.03%	Jordan	14.071	13.742	13.231	-5.97%
AGOA	244,373,873	222,720,168	206,009,752	-15.70%	AGOA	50.804	47.607	44.311	-12.78%
Lesotho	104,087,749	87,774,884	89,201,024	-14.30%	Lesotho	21.492	19.616	19.662	-8.51%
Madagascar	53,031,925	50,761,786	49,058,524	-7.49%	Madagascar	10.328	10.374	11.043	6.92%
Kenya	48,423,075	46,771,468	34,783,140	-28.17%	Kenya	9.638	8.835	6.881	-28.61%
Swaziland	16,093,610	19,633,692	16,422,701	2.04%	Swaziland	4.768	5.531	4.276	-10.32%
Mauritius	13,396,152	10,970,367	12,901,161	-3.70%	Mauritius	2.087	1.598	1.477	-29.23%
Malawi	1,524,805	3,749,421	3,345,644	119.41%	Malawi	0.424	1.005	0.907	113.92%
Botswana	1,321,086	2,893,830	161,465	-87.78%	Botswana	0.331	0.573	0.052	-84.29%
Sierra Leone	0	0	103,623	N/A	Sierra Leone	0.000	0.000	0.010	N/A
South Africa	6,342,407	161,271	32,470	-99.49%	South Africa	1.331	0.030	0.003	-99.77%
Senegal	0	1,750	0	N/A	Senegal	0.000	0.001	0.000	N/A
Tanzania	41,383	0	0	-100.00%	Tanzania	0.387	0.000	0.000	-100.00%
Nigeria	111,681	0	0	-100.00%	Nigeria	0.018	0.000	0.000	-100.00%
Uganda	0	1,699	0	N/A	Uganda	0.000	0.044	0.000	N/A

Products included: 6203.32.2030 - MEN'S OR BOYS' SUIT-TYPE JACKETS AND BLAZERS, NOT KNITTED, OF COTTON, LESS THAN 36 PERCENT BY WEIGHT OF FLAX FIBERS, BLUE DENIM
6203.42.4011 - MEN'S BLUE DENM TROUSERS & BREECHES COTTON NT KNIT
6303.42.4031 - BOYS BLUE DENM TROUSER ETC COT PLYSUIT PTS NT KNIT
6303.42.4036 - BOYS' BLUE DENIM TROUSERS ETC COTTON NT KNIT NESOI
6204.52.2030 - WOMEN'S SKIRTS AND DIVIDED SKIRTS, OF COTTON, NOT KNITTED, BLUE DENIM
6204.52.2040 - GIRLS' SKIRTS AND DIVIDED SKIRTS, OF COTTON, NOT KNITTED, BLUE DENIM
6204.62.4011 - WOMENS BLUE DENM TROUSERS & BREECHES COTTON NT KNT
6204.62.4036 - GIRLS BLUE DNM TROUSRS ETC COT PLYSUIT PTS NT KNIT
6204.62.4041 - GIRLS BLUE DENIM TROUSERS ETC COTTON NT KNIT NESOI