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Textile Makers Fight to Be Heard on South Korea Trade Pact

By BINYAMIN APPELBAUM

WASHINGTON — There are still a few textile mills in the Carolina Piedmont, making futuristic fabrics that cover soldiers' helmets and the roofs of commercial buildings.

There is also a new threat on the horizon. A proposed free trade agreement with South Korea, which the House and Senate are scheduled to consider this week, would open the American market to a manufacturing powerhouse that has its own high-technology textile industry.

The South Korea deal, and companion pacts with Colombia and Panama, are sailing toward approval. Both political parties are eager to show they are doing something to revive the ailing economy, and there is a broad consensus among the Obama administration, Republican leaders in Congress and many moderate Democrats that the deals will reduce costs for American consumers and increase foreign purchases of American goods and services.

That has left opponents of trade deals, like the textile industry, struggling to be heard. They say past trade agreements, which removed tariffs and other protections for domestic manufacturers, have eroded the nation's industrial strength. The new round of deals will repeat that pattern, they say, allowing companies in South Korea, the world's 14th-largest economy, just ahead of Australia, to flood the domestic market without creating significant export opportunities for American manufacturers.

“We are very much in favor of global trade, but we’re just not about having agreements that are unfair to the U.S. textile industry,” said Allen E. Gant Jr., president and chief executive of Glen Raven, a family-owned company that employs 1,500 people in the United States. “The U.S. needs every single job that we can get.”

The Obama administration renegotiated some elements of the deals — first written by the Bush administration — to address concerns raised by trade unions and industries. The agreements are a centerpiece of its strategy to increase exports as a driver of faster economic growth, and the White House is pushing to seal the deals in time for a state visit to Washington this week by President Lee Myung-bak of South Korea. Votes in both chambers of Congress could come as soon as Wednesday, during Mr. Lee’s scheduled visit.

“These agreements will support tens of thousands of jobs across the country for workers making products stamped with three proud words: Made in America,” President Obama said in a statement last week when he submitted the deals to Congress.

Economists generally predict that free trade agreements benefit all participating countries by creating a larger market for goods and services. But that benefit derives in part from the movement of some activities to the lower-cost countries. In other words, even if the deal is good for the United States as a whole, it is likely to create clear losers.

The government estimated in a series of 2007 studies that the deals would increase annual economic output by up to $14.4 billion, or about one-tenth of 1 percent. Most of that demand would come from South Korea, which would join a short list of developed nations that have free trade pacts with the United States, including Australia, Canada, Israel and Singapore.

But the studies by the United States International Trade Commission found that the deals would cost jobs in some industries, especially the textile industry.

Highland Industries, a Greensboro, N.C., company that employs 680 people at two factories, manufactures a kind of fabric that is used to reinforce the roof coverings on commercial buildings like big-box stores. The massive rolls of fabric can be 12 feet wide and 5,000 yards long.

South Korean companies sell similar material at prices 15 to 20 percent below Highland's. Bret Kelley, a Highland executive, said the company was able to compete on speed and customer service, but he said that could change if the trade agreement passed because the tariff reductions would allow South Korean companies to lower prices by another 10 percent.

"We're quick and nimble, and we forge strong relationships, but what we're selling is a commoditized product," Mr. Kelley said. "Those companies will start looking away for savings of 25 and 30 percent."

Textile industry executives are particularly incensed that for some products the deal requires the United States to end tariffs more quickly than South Korea.

The administration says there are only about two dozen such cases, and that the deal on the whole favors American companies. South Korea must eliminate tariffs immediately on 98 percent of the roughly 1,500 listed products in the textiles and apparel categories, and complete the process within five years. The United States would eliminate tariffs immediately on 87 percent of listed products, and complete the process within 10 years.

The agreement also allows the textile industry to ask the government to reinstate tariffs if South Korean imports are flooding the market and hurting domestic producers.

"Textiles is a sensitive industry for the United States, and this agreement contains key provisions on tariffs and in other areas that can help keep America's textile industry competitive," said Carol J. Guthrie, a spokeswoman for the Office of the United States Trade Representative. "We realize that just opening markets for our textiles and apparel exporters is not enough, so the export opportunities in this agreement go hand in hand with strong rules of origin and strong textiles enforcement mechanisms."

But many in the textile industry say the promise of a level playing field offers little comfort, because a deal between a larger economy and a smaller one inherently favors companies in the smaller country, which gain access to the larger market. South Korea's annual consumption of goods and services is less than one-tenth the size of America's.

"There's not a market for our products there," Mr. Kelley said. "We don't have an opportunity."

All of this is a familiar story for the textile industry. The production of shirts and sheets has shifted steadily from the United States to countries with lower-cost labor. Economists argue that this process strengthens the economy as companies and workers shift to more productive and lucrative kinds of work.

The American Apparel and Footwear Association, a trade group that includes many members who have shifted some production overseas, is among the supporters of the trade deals. The group's president and chief executive, Kevin M. Burke, has said the deal would "create more jobs here at home," because American workers still run textile companies, and design, transport and sell the products.

But from the perspective of the dwindling ranks of domestic manufacturers, putting existing jobs in jeopardy seems like an act of senseless destruction.

"We have felt for many years that our government isn't supporting the idea of keeping manufacturing alive in the United States," said Ruth A. Stephens, the executive director of the United States Industrial Fabrics Institute, a trade group that represents companies with domestic factories.

Critics also see little evidence that American workers are moving on to better jobs. The main benefit of the deals, they say, is that corporations can make goods more cheaply for consumption in the United States.

"We don't have a free trade agreement with Great Britain, which could actually buy American products," said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, which opposes the agreements. "Instead we have this penchant for doing free trade agreements with countries that are low-cost manufacturing centers. Why? Because multinational companies aren't looking at this and saying, 'It will be great to make things in Ohio and send it to South Korea.' No, they're looking at this and saying, 'It will be great to make things in South Korea and send it to Ohio.' "