

The U.S. Textile Industry: Impact of Regional Trade Pacts and the Asian Currency Crisis

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Abstract

The U.S. textile industry has gone through much upheaval in the past two decades. As protective barriers are gradually phased out the industry is faced with stiff foreign competition. Regional trade pacts, such as NAFTA and CBI, on the other hand help to improve the competitiveness of the domestic textile industry. This paper looks at the trends in U.S. textile trade with the various trading zones and the various factors influencing textile imports and exports. We examine the impact of the new global environment, the regional trade pacts, NAFTA and CBI, and the recent Asian currency crisis on the changing nature and pattern of trade. The overall trends indicate a significant decline in imports from the EU countries, Asia remains significant, but NAFTA and CBI countries are quickly gaining ground over the old trading partners. The OECD remains the most significant destination for U.S. textile exports. The impact of the devaluation of the Asian currencies against the dollar, especially since the currency crisis of 1997-1998 appears to be less significant than is often reported.

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1. Introduction

The U.S. textile industry has become increasingly vulnerable to import competition with textile imports outstripping textile exports since the early 1980s. Textile imports grew by more than four folds between 1980-2001, while exports grew by only three times the initial value. Once highly protected, global competition has intensified with the gradual phasing out of the protective barriers and the Multi-Fiber Agreement (MFA). The quota system that has been in place since the early 1960s will end by December 2004. Textile manufacturers in the U.S. have faced stiff competition from low cost producers in Asia, especially from the newly industrializing countries (NICs). Further, the overvaluation of the U.S. dollar has also contributed to a rise in imports from the less developed countries (Cline, 1990). The recent Asian economic crisis of 1997-98, marked by a widespread devaluation of major Asian currencies and artificially low prices of textile and apparel, poses new challenges for the industry.

Competition from foreign imports has often translated into job losses within this sector. A recent article in *The Washington Post* (2003) notes that nearly 900,000 textile and apparel manufacturing jobs have been lost over the last decade. The health of the domestic textile industry is a major concern for the economy as it still is the third largest manufacturing industry in the United States. Any decline in this sector will have serious repercussions on employees, ancillary industries and indeed, the overall economy.

The U.S. textile industry has responded to these challenges in different ways. For one, textile manufacturers have moved towards greater capitalization and technology upgrades to achieve higher productivity (Levinsohn and Petropoulos, 2001). In fact productivity growth in the textile industry has outpaced productivity growth of all manufacturing sectors (Christoffersen and Datta, 2003). Two, regional trade pacts like the NAFTA and CBI have led to a major realignment of

markets, with production sharing arrangements aimed at helping the textile industry become more competitive. Partnership with countries closer to home markets helps reduce delivery time and lowers transportation cost. Additionally, much of the trade arrangement with Mexico and the Caribbean basin countries requires these countries to use U.S. inputs.

In this paper, we look at the trends in U.S. textile imports and exports and analyze the role of the regional trade pacts, NAFTA and CBI, and the Asian currency crisis, on the changing pattern of trade. Our analysis is based on annual trade data for the 1989-2001 period for six important trading zones: OECD, EU-15 (European Union), Asia, Latin America and the Caribbean Basin. This time period allows us to consider the impact of three important events on textile trade: the formation of NAFTA, the EU and the Asian currency crisis.

The paper is organized as follows: In section 2 we provide the data sources, section 3 discusses the trends in U.S. textile imports and exports. In section 4 we analyze the impact of the regional trade pacts and section 5 examines the impact of the Asian currency crisis. Section 6 concludes.

2. Data

We compiled annual data on textile exports and imports from United States International Trade Commission for 1989-2001 period for 180 countries. Data on average annual exchange rates was compiled from Penn World Tables(1950-1998)¹ for 1989-1998 period and International Financial Statistics (IFS) for the remaining years. Our analysis is restricted to countries in the following six trading zones: OECD, EU-15, NAFTA, Latin America, Asia, and CBTPA,² which represent almost all of US textile trade. Note there is some overlap as some countries are included in more than one trading zone.

¹ See Heston, Summers and Aten (2002) for details.

² For a complete list of countries in each zone refer to Appendix A.

3. U.S. Textile Imports and Exports

3.1 Aggregate Trends

Table 1 shows that total imports of US textile have almost doubled during 1989 to 2001, increasing from \$4.79 billion in 1989 to nearly \$9.24 billion in 2001. The growth has been fairly steady. The only exception is year 1997 when the total imports increased by more than fifteen percent. This may be because of the strong dollar and/or due to Asian currency crisis. We examine the impact of Asian currency crisis in greater detail later. OECD constitutes the most important trading zone, accounting for nearly sixty percent of total imports in 2001. Asia follows with about forty-three percent of total imports. EU-15 and NAFTA are also important trading partners accounting for roughly

[Table 1 appears here]

twenty percent each of the total imports. While the total dollar value of imports from EU-15 has increased during the 1989-2001 period, the share of EU-15 in total imports has significantly declined, dropping from thirty percent in 1989 to less than twenty percent in 2001. The reverse is true for NAFTA zone, which witnessed an exponential increase from seven percent of total imports to nearly twenty-five percent during the same period. If we remove Mexico from the Latin American group, the share of remaining countries remains fairly constant at around five percent of the total imports. Although, the share of the Caribbean Basin in U.S. textile trade is small, imports from this region have increased significantly in recent years.

Table 2 shows that the exports of US textiles increased from \$2.71 billion in 1989 to \$8.79 billion in 2001. The trend has been generally upward although there was a marginal decline in the total exports from 2000 to 2001. OECD countries rank the highest among countries to which

[Table 2 appears here]

U.S. textiles are exported. The share of exports to the EU-15 countries has declined noticeably from nearly twenty-three percent in 1989 to less than nine percent in 2001. We observe a similar trend in exports to Asian countries. Not surprisingly, exports to NAFTA countries (Canada and Mexico) have shown an increase, which has helped compensate for the decline in exports to the EU and Asian zones. The share of NAFTA in total exports increased from 29 percent in 1989 to nearly 54 percent in 2001 (hitting a high of 58 percent in 2000). Caribbean basin is also emerging as an important trading partner.

While imports continue to exceed exports, the trade gap (exports minus imports) has fallen significantly from negative \$2.08 billion in 1989 to less than \$.5 billion in 2001. The average trade gap during this period was a negative \$1.29 billion.

3.2 Analysis by Region

OECD: OECD includes a total of 28 countries and represents the most important source of imports, accounting for an average of a little over sixty percent of the total imports (table 3). In terms of dollar value, imports from OECD countries increased from around \$3billion in 1989 to nearly \$6 billion in 2001. As Figure 1 shows the share of OECD group has remained fairly constant, fluctuating within a narrow range of 57 to 63 percent. Over the thirteen year period, Canada accounted for the largest share of imports (with 18.77% of the total imports from OECD). Korea, Italy, Japan, and Mexico follow with 13.4, 13, 12.34 and 9.5 percent respectively.

OECD countries still represent the single largest destination for U.S. textile exports, accounting for about two-thirds of the total exports. However, within the OECD exports primarily went to the NAFTA countries (Canada and Mexico), which accounted for nearly seventy percent

of the total exports. United Kingdom was a distant third with a share of around six percent.

Seventeen countries had shares of less than one percent of the total exports.

EU-15: The total imports from this region increased from \$1.45 billion in 1989 to \$1.76 billion in 2001. Italy accounts for nearly 34 percent of the total imports. UK, Germany, France, and Belgium follow with 14.5, 13.8, 11.1 and 9.8 percent respectively. The remaining countries in the EU-group have fairly insignificant shares, ranging from a low of 0.2 percent from Greece and a high of 3.7% from Spain.

Exports to EU-15 countries have fallen significantly. In 1989, about 23 per cent of total exports were going to EU-15 countries. However, in 2001, their share had fallen to less than nine percent. The average growth rate of exports over the entire period is fairly low at 2.40 percent (compared to 10.59 percent for the overall US textile exports). United Kingdom, Belgium, Germany had the highest shares with 29.4 percent, 18.18 percent and 17.25 percent respectively.

[Tables 3 and 4 appear here]

ASIA The Asia group includes a total of 24 countries. As Table 3 indicates, Asia has been an important source of imports, accounting for nearly fifty percent of the total textile imports in the early nineties. However, the share of Asian countries has been gradually declining since then, hitting a low of 42.76 percent in 2001. Among the Asian countries, five countries (Korea, Japan, China, Taiwan, India) account for nearly 75 percent of the U.S. imports of textiles. There has been a marked increase in imports from these countries, with the exception of Japan.

Figure 2 indicates that U.S. textile exports to Asian countries have declined dramatically from 22.21 percent in 1989 to 8.2 percent in 2001. Between 1997-1998 alone, (Asian crisis period), exports to Asia fell by more than 25 percent compared to the previous year. Among the Asian countries, exports to Hong Kong was the highest at nearly 25 percent of the total exports. About

ten percent of the exports to Asia went to Korea while China, Singapore and Taiwan each accounted for around seven percent of the total exports.

Latin America: Latin America includes a total of 40 countries. As figure 2 indicates the share of Latin America in total imports ranged from a high of 14.35% in 1999 to a low of 6.81% in 1990. Not surprisingly, Mexico is the leading source of imports with a share of nearly 52 percent. Brazil ranks as the second most important country in this region. Contribution of other countries in this group is relatively insignificant with twenty-three countries accounting for less than one percent of the imports from this region.

Exports to Latin American countries have also steadily increased, going up from \$.7 billion in 1989 to nearly \$5 billion in 2001. The average growth rate of exports to this region has been an impressive 17.51 percent. Much of the growth can be attributed to Mexico, which accounted for about 57 percent of the total exports to this region.

Taken together, the aggregate figures (for exports and imports) seem to favor the US economy. Imports have increased while the exports have not declined. Thus US has been able to import cheaper priced goods from abroad, benefiting the domestic consumers. At the same time, the increasing export figures seem to imply that the industry has not been hurt. However, we will have to do a more comprehensive analysis before reaching such a conclusion. For example, while the dollar value of exports has increased substantially, the market share of US textile industry may be declining.

4. The Regional Trade Pacts and the Changing Pattern of U.S. Textile Trade

4.1 NAFTA

The North American Free Trade Agreement (NAFTA) between the U.S., Canada and Mexico came into force in 1994. NAFTA is by far the largest free trade pact outside of the European Union. Even before NAFTA came into being, the United States had a free trade agreement with Canada (since 1989) and a semi-integrated textile and clothing industry with Mexico (Hufbauer

and Schott (1993)) with a preferential tariff regime. Since NAFTA became effective, growth in bilateral trade between the U.S. and Mexico has been phenomenal. Overall, Mexico is now the second largest trading partner of the U.S. after Canada, accounting for 11.5% of US imports in 2001 and 13.9% of US exports (Romalis, 2002). The growth in the share of the NAFTA countries, Mexico in particular, has largely come at the expense of a declining share for the Asian countries. Similar trends are seen in trade in U.S. textiles.

4.1.1 *Nafta and Textile Imports*

Between 1989 and 2001 the share of NAFTA countries in U.S. textile imports more than tripled from 7.29% to 24% respectively. The dollar value of imports from this region have correspondingly increased from \$3.5 billion in 1989 to \$22.4 billion in 2001. Canada is the more important trading partner having provided 66.29% of the total imports during 1989-2001 period. In 1994, Canada accounted for 81% of the imports from this group but since then share of Canada has dropped, reaching 63.56% in 2001. Thus there has been a noticeable shift in imports to Mexico after the implementation of the NAFTA.

[Figure 1 appears here]

The creation of NAFTA had a significant impact on the pattern U.S. textile imports. Figure 1 shows that the share of imports from Asia, which were at a high of 52.17 percent in 1991 have steadily decreased to a low of 42.76 percent in 2001. Similarly, U.S. textile imports from the OECD group of countries (excluding Mexico and Canada), and the EU countries in particular, have declined from 48 percent and 26 percent in 1994, to 36 percent and 19 percent in 2001, respectively. Imports from Latin America, when Mexico is excluded, have remained more or less unchanged at less than 6 percent. One reason for this could be that any decrease in imports due to NAFTA might be compensated by an increase in trade with the CBI countries, which form a part of Latin America.

To test if the creation of NAFTA had a significant impact on trade with this region, we conducted an analysis of variance (ANOVA) test. Table 4, gives the results from an ANOVA conducted on the data on real textile imports from Mexico and Canada before and after 1994. The value of textile imports, measured in billions of U.S. dollars, is deflated by the textile price index. The average imports for the two periods and the significant *F-value* indicate that the post-NAFTA imports from this region are significantly higher. This result is supported by other studies such as James and Umemoto (2000) and Arndt and Huemer (2001), who find evidence of an increase in U.S. imports of textiles and apparel after 1994, especially from Mexico, at the expense of countries in East Asia.

[Table 4 appears here]

However, the formation of NAFTA cannot be credited for ‘trade diversion’ alone as the overall U.S. textiles imports increased from \$47.98 billion in 1994 to \$100 billion in 2000. While a large part of this increased imports came from the NAFTA region, imports from Asia increased from \$30.7 billion to \$43.5 billion during the same period, while imports from the OECD (excluding NAFTA countries) region went up from \$32 billion to \$36 billion.

[Figure 2 appears here]

4.1.2 *Nafta and Textile Exports*

Total exports to this region increased from \$0.8 billion in 1989 to nearly \$5 billion in 2001. As figure 2 indicates, in 2001 textile mill products exports to Mexico and Canada’s accounted for 54% of total U.S. exports, up from 29% in 1989. The average growth rate of exports to this region over the 1989-2001 period has been 16.98 percent (much higher than the average overall growth of 10.59 percent). Canada had relatively bigger share of the exports until 1998 after which more exports went to Mexico. Results from analysis of variance (ANOVA) tests on U.S. textile exports to Mexico and Canada before and after NAFTA are reported in Table 5. Here too the average exports for the two periods and the significant *F-value* indicate that the post NAFTA exports to

this region are significantly higher than before. Arndt and Huemer (2001), show that Mexico increased its share imports of U.S. textiles and apparel at the expense China and other Asian suppliers.

[Table 5 appears here]

Between 1989 and 2001 the share of U.S. textile exports to the OECD (excluding Canada and Mexico), the EU-15 countries and Asia show a declining trend. Besides the NAFTA countries the other group that shows an increase in its share of U.S. exports is the CBI countries. We will discuss that in the next section under the Caribbean Basin Initiative.

Increased trade with the NAFTA and CBI countries makes the U.S. textile firms more competitive against the Asian producers. This is because most apparel imported from Mexico and the Caribbean region contains U.S. yarn and fabric³, unlike those from Asian countries, which have no U.S. content.

4.2 Caribbean Basin Initiative

The Caribbean Basin Initiative (CBI) established in 1984, grants preferential tariff treatment to selected Caribbean and Central American countries. In particular, the Caribbean Basin Trade Partnership Act (CBTPA) allows duty-free and quota-free treatment for apparel made in the Caribbean region that contains U.S.-made yarn and fabric. The Trade and Development Act mostly address the importation of textile and apparel products. Effective from October 2000, the CBI Act provides for duty-free and quota-free treatment, for certain textiles and apparel articles that are imported from Caribbean Basin beneficiary countries⁴. This favorable trade policy has been framed to protect the US textile industry and also promote trade with their closest neighbor by utilizing cheap labor. Based on a study, the “yarn-forward” 807A/809 CBI trade enhancement

³ Mexican exports entered the US market under the 9802.00.80 regime of the U.S. tariff system (previously called the 807 regime).

⁴ Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago and the British Virgin Islands.

bill, was predicted to increase U.S. textile exports to the Caribbean by \$11 billion and create textile and textile-related employment in the U.S. to the tune of 121,400 by the end of five years (ATMI, 1999).

The Caribbean Basin is emerging as an important export region, with its share of total exports in 2001 at nearly twenty percent. U.S. exports to the beneficiary countries of the CBI increased from \$2.46 billion in 1989 to \$17.44 billion in 2001, representing a phenomenal 608 percent growth over the period. In terms of trade shares, the share of CBI countries in U.S. exports increased from 9.08% to 19.83% during the same period. There was a significant increase in total exports to the region in 2001, one year after the passage of the “yarn-forward” CBTPA legislation. Exports to the region increased by around sixty five percent to \$1.74 billion (from \$1.06 billion in 2000). Dominican Republic was the biggest exporter in this group (26.98% of total exports to this region) followed by Honduras (19.09%), El Salvador (14.04%) and Costa Rica (12.04%).

The Caribbean basin countries have not been a significant source of imports, accounting for an average share of 2.32% of the total imports. However, the region has come into greater prominence, beginning in the mid-1990s. The total imports from this region increased from \$46 million in 1989 to \$311 million in 2001, with a major share of the imports coming from Jamaica and El Salvador.

The two regional trade pacts, NAFTA and CBI, have thus led to a major realignment of U.S. textile trade. Production sharing arrangements with these countries is aimed at helping the textile industry become more competitive. As mentioned much of the trade arrangement with Mexico and the Caribbean basin countries requires these countries to use U.S. content. Moreover, partnership with countries closer to home markets helps reduce delivery time and lowers transportation cost.

5. Asian Currency Crisis and its Impact on U.S. Textile Trade

Cline (1987, 1990) and Chmura (1987) suggest that U.S. Exchange rates with its regional trading partners influence imports from and exports to the region. Decline in the value of the Asian currencies against the dollar in recent years is touted as an important factor in the surge of imports from this region. In this section we consider the impact of Asian currency collapse on the import trends from these countries.

Asian currency crisis that started in Thailand in the summer of 1997 quickly infected other neighboring countries that include Indonesia, Malaysia, Korea, and Philippines, resulting in a meltdown of the currencies of these nations. The collapse in the currencies of the major textile exporting countries in Asia, drove prices of Asian textile and apparel products to artificially low levels. A continued strong dollar policy on the part of the U.S. further exacerbated the problem. It is alleged that these two phenomena caused low priced Asian imports to flood the U.S. markets [ATMI, 2001]. This forced the prices of U.S. textile products downwards leading to a sharp decline in profits. The ATMI (2001) alleges that the continuing problem caused more than 100 textile plants to close down leading to a loss of over 60,000 textile jobs.

[Figure 3 appears here]

Figure 3 reports the dollar exchange against the currencies of Thailand, Malaysia, Philippines, Korea and Indonesia. As one can see from Figure 3, at the height of the crisis i.e. 1997-1998, the Indonesian Rupiah fell nearly 40 percent, while the Korean Won fell by about 30 percent. With weakening of the currencies for these nations, it was widely expected that Asian exports to the U.S. market would increase sharply.

To analyze the impact of the changing value of the dollar on textile trade with Asia we look at U.S. textile imports and exports to and from the major textile trading partners in Asia. Table 6 reports the values of textile imports from the five counties that were infected by “Asian currency flu.” The figures show a 19 percent jump in textile imports from these countries between 1996

and 1997 and then by another 5 percent in 1998. However, import figures in the following years indicate that the currency crisis did not have a sustained impact. Imports from these countries registered a decline in 2001.

[Tables 6 and 7 appear here]

It is also unclear if the change in imports can be attributed to the currency crisis as even countries not affected by it such as China and India (with a bigger share of U.S. textile imports) showed similar trends during this period, as indicated by Table 7. These results are quite surprising and in contrast to the contention of many industry analysts that Asian currency meltdown flooded the U.S. markets with cheap imports. As can be seen from the numbers for the period 1989-2001 textiles imports from Asia have followed a cyclical trend, suggesting that there may be a strong link to U.S. business cycles. For example imports surged in 2000 when the U.S. economy was booming and however by 2001 when the U.S. economy went into a recession imports show a significant decline.

In conclusion, while cheap Asian currencies can be partially blamed for the increase in imports from Asia, there are other underlying factors also at work such as cheap labor in countries like China and India, and strength of the U.S. economy.

6. Conclusion

In this paper, we examine the trends in U.S. textile exports and imports during the 1989-2001 period for six important trading zones: OECD, EU-15, NAFTA, Latin America, Asia, and CBTPA. We also analyze the impact of regional trade pacts (NAFTA and CBI) and Asian currency crisis on textile trade. The total imports of US textiles almost doubled from \$4.79 billion in 1989 to \$9.24 billion in 2001, while the exports increased from \$2.71 billion to \$8.79 billion during the same period. The data shows that there has been a noticeable shift in the pattern of trade for the U.S. Textile Industry. Textile trade has shifted from European Union countries to NAFTA and CBI beneficiary countries. This has allowed the industry to become

more competitive. The impact of Asian currency crisis on textile trade is inconclusive as there seem to be factors other than weak Asian currency contributing to the surge in trade imbalance from Asia.

With increasing globalization and removal of tariff and quota restrictions, many fear that the situation is likely to get worse for the U.S. textile industry. There are several proposals on board to resolve the crisis in textile industry including pushing for revaluation of Chinese currency and imposing limits on Chinese imports. While imposing trade barriers on Chinese imports may protect domestic jobs in the short-run, it is not a permanent solution as retailers will inevitably shift the procurement to other low-cost nations. Furthermore, such protectionist policies will ignite retaliation from affected countries that will adversely affect other industries. Instead of thwarting free trade through protectionist policies, we believe, the textile industry should determine how best to respond to the challenges posed by the global competition. Efforts to carve out niche markets, investment in technology and regional trade pacts are steps in the right direction and will bode well for the industry.

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Appendix:

The table below shows the number and list of countries included in each trading zone.

<i>Trading Zone</i>	<i>Number of Countries</i>	<i>Countries</i>
<i>OECD</i>	<i>28</i>	<i>Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom</i>
<i>EU-15</i>	<i>15</i>	<i>Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom</i>
<i>Asia</i>	<i>24</i>	<i>Afghanistan, Bangladesh, Brunei, Burma, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Macao, Malaysia, Maldives, Mongolia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Vietnam</i>
<i>Latin America</i>	<i>40</i>	<i>Anguilla, Antigua Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, British Virgin Islands, Brazil, Cayman Islands, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, French Guiana, Grenada Islands, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat Islands, Nicaragua, Panama, Paraguay, Peru, St. Kitts-Nevis, St. Lucia Islands, St. Pierre, St. Vincent, Suriname, Trinidad & Tobago, Turks & Caic islands, Uruguay, Venezuela</i>
<i>NAFTA</i>	<i>2</i>	<i>Canada, Mexico</i>
<i>CBTPA</i>	<i>14</i>	<i>Barbados, Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, St. Lucia Islands, Trinidad & Tobago</i>

Table 1:Textile Imports by Regional Groups (in billions)

Year	OECD	EU-15	Asia	Latin America	NAFTA	CBTPA	TOTAL
1989	3.024	1.453	2.213	.364	.350	.046	4.798
1990	3.090	1.499	2.474	.335	.393	.046	4.921
1991	3.188	1.453	2.836	.406	.443	.060	5.437
1992	3.422	1.559	3.077	.452	.521	.068	5.941
1993	3.651	1.606	3.179	.481	.609	.132	6.258
1994	3.977	1.732	3.070	.567	.777	.159	6.616
1995	4.208	1.725	3.176	.729	1.047	.186	7.036
1996	4.547	1.701	3.197	.838	1.401	.192	7.233
1997	5.088	1.761	3.831	1.110	1.782	.221	8.437
1998	5.268	1.797	3.942	1.171	1.933	.281	8.849
1999	5.478	1.752	3.983	1.302	2.155	.324	9.073
2000	5.940	1.900	4.357	1.402	2.335	.340	10.010
2001	5.589	1.765	3.952	1.246	2.240	.312	9.242

Table 2:Textile Exports by Regional Groups (in billions)

Year	OECD	EU-15	Asia	Latin America	NAFTA	CBTPA	TOTAL
1989	1.834	.612	.603	.711	.804	.246	2.713
1990	2.547	.811	.608	.881	1.347	.280	3.588
1991	2.699	.854	.653	1.060	1.474	.339	4.188
1992	2.902	.848	.707	1.255	1.678	.359	4.553
1993	3.063	.806	.690	1.394	1.856	.440	4.823
1994	3.486	.872	.768	1.594	2.155	.463	5.247
1995	3.797	.963	.858	1.786	2.325	.595	5.687
1996	4.214	.997	.891	2.029	2.696	.659	6.315
1997	4.861	1.083	.964	2.458	3.213	.782	7.225
1998	5.154	1.012	.714	2.892	3.692	.860	7.337
1999	5.699	.808	.689	3.585	4.477	.828	7.697
2000	6.512	.854	.795	4.563	5.210	1.063	8.909
2001	5.835	.742	.722	4.859	4.724	1.744	8.798

Table 3: Textile Imports: 1989-2001

Region	Average Annual Imports (in billions)	Average Share of World Imports	Average Annual Growth Rate of Imports	Prominent Countries
OECD	4.34 (1.04)	60.25% (1.73)	5.34% (4.52%)	Canada, Korea, Italy, Japan and Mexico
EU-15	1.66 (.14)	24.01% (4.04)	1.74% (4.79%)	Italy, UK, Germany, France and Belgium
Asia	3.33 (.64)	46.70% (3.34)	5.23% (8.02%)	Korea, Japan, China, Taiwan, India
Latin America	.80 (.39)	10.45% (2.93)	11.51% (12.93%)	Mexico, Brazil
NAFTA	1.23 (.77)	15.55% (6.85)	17.26% (11.58%)	Canada
CBTPA	.18 (.10)	2.32% (.98)	19.36% (26.50%)	Jamaica, El Salvador
World	7.21 (1.75)	-	5.77% (5.92%)	

* Standard deviation are in parenthesis

Table 4: Textile Exports 1989-2001

Zone	Average Annual Exports (in billions)	Average Share of World Imports	Average Annual Growth Rate of Exports	Prominent Countries
OECD	4.04 (1.45)	67.79 (3.36)	10.62 (11.14)	Canada, Mexico, United Kingdom
EU-15	.87 (12)	15.96 (4.55)	2.40 (13.33)	UK, Belgium, Germany
Asia	.74 (.11)	13.66 (3.92)	2.16 (11.38)	Hong Kong, Korea, China, Taiwan, Singapore
Latin America	2.23 (1.36)	34.84 (10.17)	17.51 (6.15)	Mexico
NAFTA	2.74 (1.41)	43.65 (8.99)	16.98 (17.79)	Canada, Mexico
CBTPA	.67 (.41)	10.52 (3.13)	18.75 (17.28)	Dominican Republic, Honduras, El Salvador, Costa Rica
World	5.92 (1.96)	-	10.59 (8.71)	

*Standard deviation are in parenthesis

Figure 1: U.S Textile Imports by Region



Figure 2: U.S Textile Exports by Region

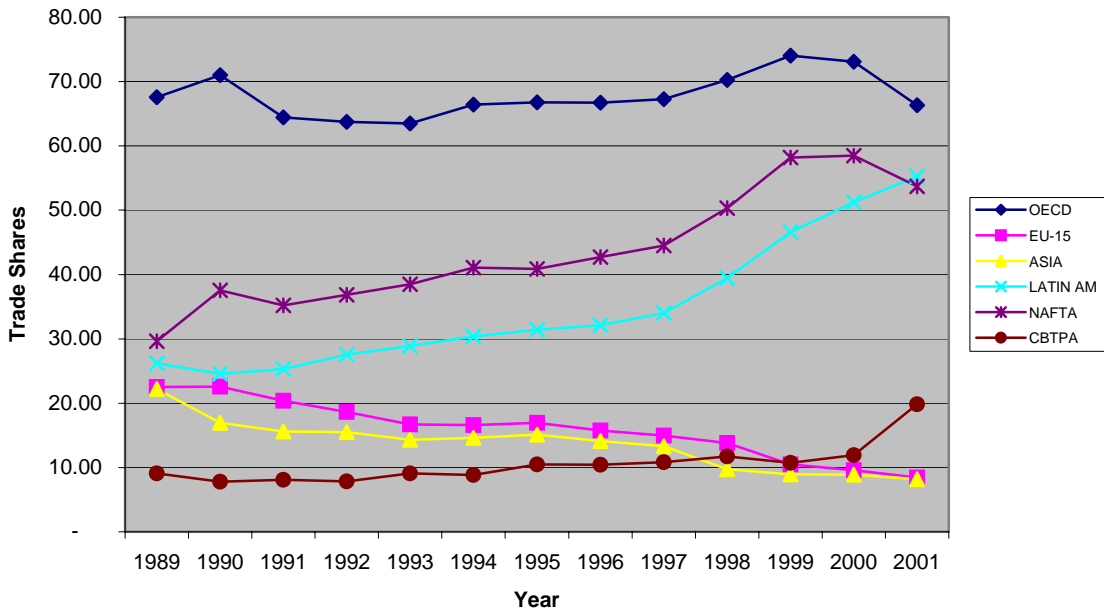


Table 4. Comparing Imports from Mexico and Canada before and after NAFTA

Imports(billion \$)	Average	Variance			
1989-1994	0.542	0.026			
1995-2001	1.870	0.247			
ANOVA					
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>
Between Groups	5.696	1	5.696	38.942 ^a	0.000
Within Groups	1.609	11	0.146		
Total	7.305	12			

^a Significant at the 1% level.

Table 5. Comparing Exports to Mexico and Canada before and after NAFTA

Exports(billion \$)	Average	Variance			
1989-1994	1.632	0.223			
1995-2001	3.649	1.319			
ANOVA					
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>
Between Groups	12.202	1	12.202	15.812 ^a	0.002
Within Groups	7.717	10	0.771		
Total	19.920	11			

^a Significant at the 1% level.

Figure 3: Asian Currency Crisis

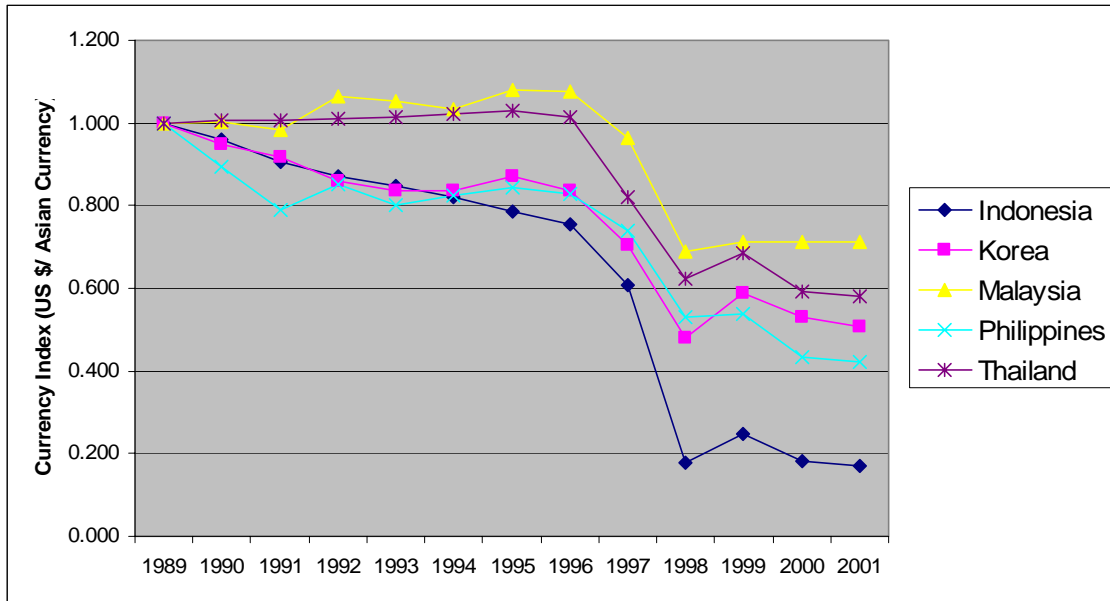


Table 6: Asian Currency Crisis and U.S. Textile Imports (in millions)

Year	Indonesia	Korea	Malaysia	Philippines	Thailand	Total Imports	Growth Rate
1989	65.2	385.5	30.8	19.5	93.4	1568.8	-
1990	63.8	422.5	35.3	20.3	86.0	1685.6	5.6
1991	81.2	483.8	49.6	17.0	103.6	2034.3	17.1
1992	104.1	454.3	61.1	15.7	165.2	2193.2	8.9
1993	120.1	521.8	66.2	21.2	162.9	2322.9	11.5
1994	121.6	499.8	61.2	24.0	146.0	2258.7	-4.4
1995	113.3	530.0	63.2	26.5	145.0	2423.8	3.0
1996	112.4	588.2	50.6	35.2	134.6	2490.2	4.9
1997	164.4	676.9	44.3	50.5	160.8	3095.1	19.1
1998	174.2	662.4	43.1	70.1	200.8	3193.3	4.9
1999	109.8	728.4	57.5	98.5	186.2	3218.7	0.8
2000	134.3	815.5	64.6	88.3	202.0	3563.4	10.7
2001	118.0	822.0	47.2	65.2	179.7	501.8	-5.6

Table 7: U.S. Textile Imports from other Asian countries

Year	Taiwan	China	India	Pakistan	Total Imports	Growth Rate
1989	299.5	327.6	243.7	103.6	974.4	
1990	353	327.9	244	132.8	1057.7	8.55
1991	480	374.6	284.1	160.4	1299.1	22.82
1992	402.7	460.3	343.5	186.3	1392.8	7.21
1993	420	475.2	351.2	184.3	1430.7	2.72
1994	423.4	418.3	367.1	197.2	1406	-1.73
1995	425.9	464.2	430.1	225.7	1545.9	9.95
1996	475.8	417.6	447	228.9	1569.3	1.51
1997	535.3	618.3	523.9	320.7	1998.2	27.33
1998	494.1	582.3	567.5	398.8	2042.7	2.23
1999	522.4	581	587.7	347.2	2038.3	-0.22
2000	517	663.6	629.6	448.5	2258.7	10.81
2001	501.8	593.7	538.1	442.5	2076.1	-8.08