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ABSTRACT

In response to rising imports and globalization, the U.S. textile and apparel industries respectively adopted various restructuring strategies in recent years which fundamentally changed the way the two industries operate and imply their shifting relationship with imports. This study conducted panel data model based on government official trade and industry data ranging from 2002 to 2008 at 4-digit North American Industrial Classification System (NAICS) code level to empirically test the relationship between import penetration and the operation of the U.S. textile and apparel industries.

Results from the random effect model suggests that overall the U.S. textile industry formed a weak cooperative relationship with import penetration level in the U.S. market, while fixed effect model suggests an overall neutral relationship between the U.S. apparel industry and the level of imports in the U.S. market.

Findings of this study are of great value to understand the global nature of today’s U.S. textile and apparel industries under substantial structural changes. This study is also with important implications to the appropriate making of U.S. trade and industrial policies affecting the two industries.