

# Textile and Apparel Imports: The Consumer's Choice

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"Made in Taiwan ... Made in the Philippines ... Made in Hong Kong." More and more often we see these tags, not only on cameras or television sets, but on the clothes we wear. American textile workers and the American economy are beginning to feel the pinch as American consumers begin purchasing more clothing made in foreign lands by foreign laborers working for as little as 20 cents per hour.

To combat this invasion of foreign goods, the industry has launched a campaign urging consumers to "buy American." This, in turn, has touched off a debate among manufacturers, economists and consumers. Here we present the facts behind this debate in an effort to help you make an informed consumer decision.

## Why are we hearing so much about imports now?

In recent years, shipments of textile and apparel products from other nations have increased greatly in U.S. markets. Although there are many aspects to consider in this issue, American manufacturers are concerned by the growing volume of imported products. Industry leaders believe these imports hurt the sale of domestic products to American consumers. The following figure indicates the trend in import shipments in recent years.

Because of this increase in imports, American manufacturers have expressed concerns for their industry.

Although this guide focuses on the textile and apparel industry, virtually the same situation, only magnified, exists for the leather/footwear industry.

# Is the textile/apparel industry a special case?

The manufacturing of clothing, as a global industry, has characteristics that create special problems. Because the basic component used in manufacturing garments is limp fabric, many processes cannot be readily automated. Thus, it requires a great deal of human handling to assemble garments, making this a "labor intensive" industry. This means that labor costs account for an unusually high proportion of the cost of production compared with the labor costs of manufacturing other products. The amount of labor required to make an item of clothing and the cost of that labor are the major points that enter into the heated discussions over imports.

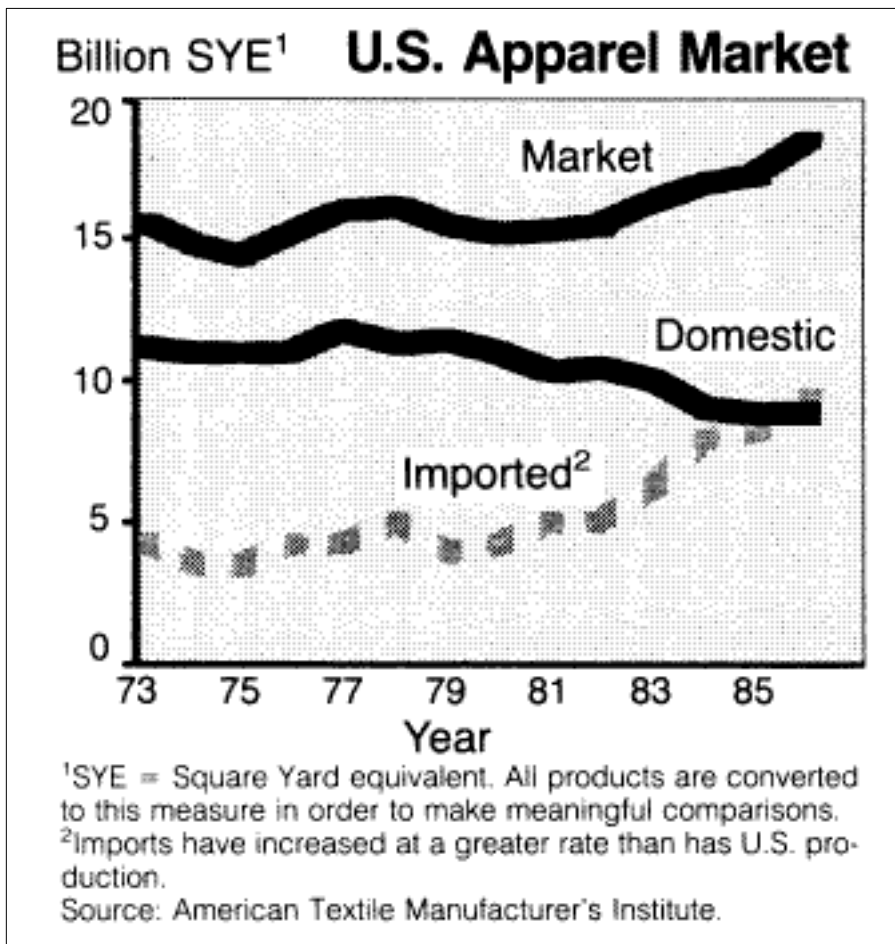


Figure 1. U.S. apparel market.

Developing countries (such as those in the Far East, Latin America, the Caribbean and Africa), often choose to enter the garment industry as they move toward economic development. Because the industry requires a great deal of labor but only limited capital and technology compared to most other industries, apparel production often seems a perfect choice to the developing countries. Usually developing countries have large numbers of people in need of work and willing to work for low pay. Similarly, they have little technology and capital in the early stages of development.

As recently as 25 years ago, only a limited number of nations competed for the global textile and apparel markets. The world market has grown little in recent years, but the number of countries producing textile and apparel products has increased greatly. Thus, because so many nations now produce textiles and apparel, competition for a share of the global market has become quite intense.

The international competition becomes even more dramatic because of the differences in wages paid to workers (refer to wages chart, figure 3) — a major factor in the cost of the finished garment. In the poorer developing countries, manufacturers pay their workers as little as 20 cents to 40 cents per hour, compared to several dollars per hour (plus the costs of workers' benefits) in countries such as the United States.

The textile and apparel manufacturers in the industrialized countries (the United States, major European countries, Canada and Japan) are concerned about the increased competition. First of all, the wage differences make it difficult to compete. Secondly, the newly developing countries direct most of their products to the same markets the United States, Europe, Canada and Japan need to reach. Producers in many parts of the world view the U.S. market as the most attractive of all and have directed their products to this country. As might be expected, American producers have reacted with alarm.

## **What does the textile and apparel sector mean to the United States?**

- These industries are a major sector of the U.S. economy, employing more than 2 million people.
- One of every 10 people employed in manufacturing jobs in the United States is employed in a textile/apparel/fiber industry job.
- The industry is particularly important to some regions of the United States and provides jobs to many persons who would have few or no other alternatives for employment.
- The industry is a major contributor to the U.S. gross national product.

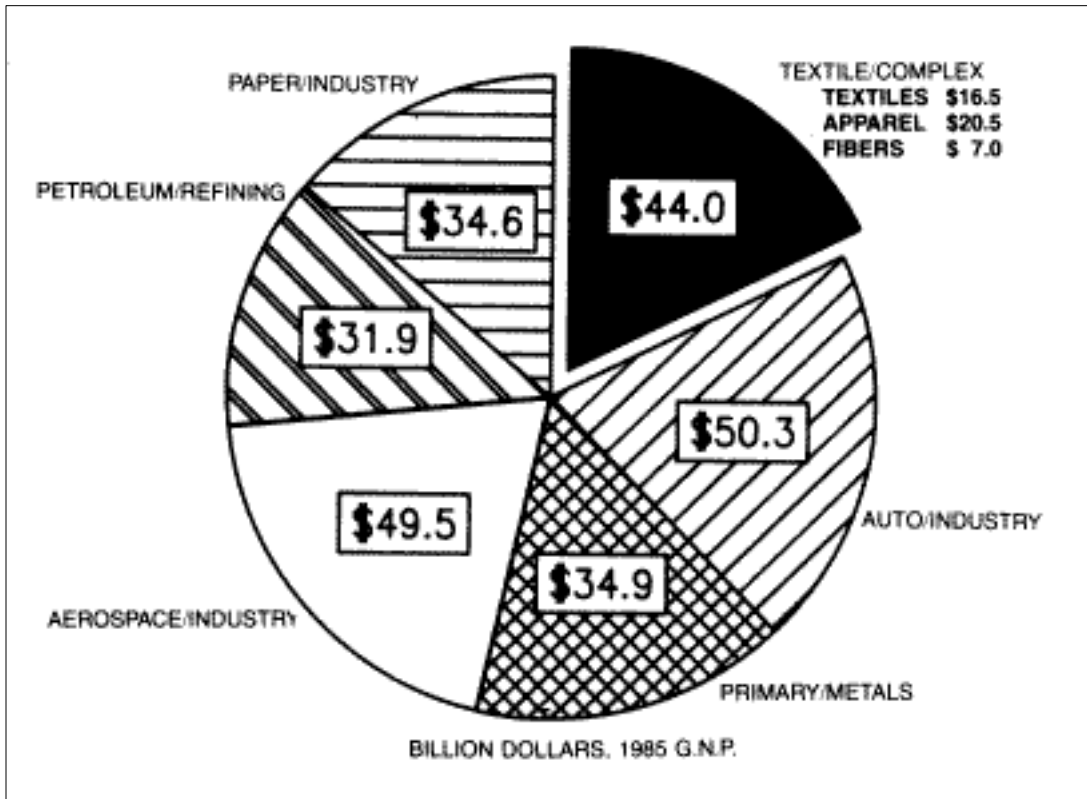


Figure 2.

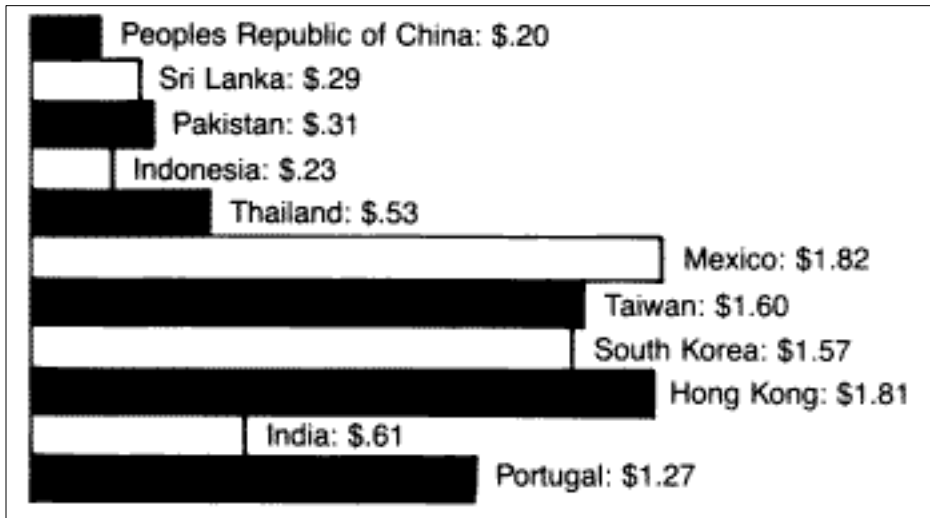


Figure 3. Wages, in U.S. dollar equivalents (1984 data). Source: Werner International.

# What does the textile and apparel industry mean to Missouri?

Apparel manufacturing is the seventh largest manufacturing employer in Missouri. The related leather/footwear industry also provides many jobs. According to data from *County Business Patterns*, (1986), published by the U.S. Department of Commerce, these industries employ the following number of jobs for Missourians (similar data are available in *County Business Patterns* for each county):

Sector	Persons employed
Apparel	23,827
Textile mill products	756
Leather/footwear	13,118
<b>Total</b>	<b>37,701</b>

According to *County Business Patterns* (Based on 1984 data), textile and apparel jobs generate \$288.8 million in Missouri wages annually. A few examples of how the apparel industry alone compares to other industries in the state:

- Employs 4 times the number of people employed in agricultural services, forestry and fisheries jobs.
- Employs 2/3 the number of people employed in banking.
- Employs 2/3 the number of people employed in educational services.
- Employs more individuals than the hotel/lodging industry.
- Employs about the same number of individuals as those employed by general contractors and operative builders.

## What does this mean to the consumer?

**Allowing an unrestricted flow of textile and apparel imports (free trade) may mean:**

- Products made in low-wage countries may be available (but not always) at lower prices.
- Imports require domestic manufacturers to be competitive, hence, better values may be available to the consumer, even on U.S.-made products.

- More variety is available to the consumer.
- Consumers bear no costs in protecting a particular industry from global competition.
- Increased shipments of imports are likely to reduce U.S. jobs: costs of unemployment and providing public assistance funding may be passed on to taxpayers.

**Limiting the flow of textile and apparel imports (a form of protectionism) may mean:**

- Consumer prices may be higher due to tariffs and other costs associated with protecting the industry.
- Variety may be limited because of restrictions on certain products from other countries.

## What does this mean to the industry?

**An unrestricted flow of imports may mean:**

- The loss of our share of the market will hurt the U.S. industry.

**Limiting the flow of imports may mean:**

- Shielding the U.S. industry from the effects of imports will save jobs.
- The textile and apparel industry will experience fewer negative effects, but other industries may feel the pinch as other countries retaliate by not buying U.S. products or by imposing tariffs and quotas.

## Looking at the broad picture

For policymakers involved in textile and apparel trade, deciding who can export products to whom — and who will import products from whom involves many complex concerns:

### Economic

Which nation's economy shall gain at another's expense? How can the interests of all industries be considered e.g., if textile/apparel imports are restricted from a country, how might another industry be injured by retaliation? How can other countries, particularly developing countries, buy U.S.-made goods if they are unable to make money through sale of products they have the capacity to produce?

## Political

What are the political costs and benefits of opening or restricting our markets? Can we afford to offend other nations by restricting their products?

## Social

What are our obligations to help workers in poor, developing countries? What are our obligations to our own workers who may have few or no job alternatives?

## How can consumers tell where a clothing item was made?

Consumers now have a way to tell where a garment was made. Earlier Federal labeling laws required that the country where the garment was made (country of origin) be identified for imported items. Since December 24, 1984, manufacturers must label all textile and apparel items including those made in the United States. They must place the label on the neck of a garment or in another easy-to-find place. Manufacturers may label small items like stockings on the package rather than on the actual item. If laborers in another country produced components or assembled the garment, the manufacturer must state this information on the label for the previous stage in the production process. For example, if a garment is made of fabric from another country, or was assembled in another country, that must be given. If a sweater is made of yarn produced in another country, that must be labeled as such, and so on.

A second labeling effort also may help consumers in identifying products. To help American consumers identify textile and apparel products made in the United States, a major labeling and promotion campaign, "Crafted with Pride in the U.S.A.," has been launched. The industry sponsors this labeling and participation is strictly voluntary on the part of the manufacturer (but only for domestic products, of course). Thus, some U.S.-made products are being identified with the "Crafted with Pride" label.

## Summary

There is not an easy answer for the consumer. Becoming aware of the different views, however, will make it difficult for groups representing only one side of the issue to sway your thinking. Consumers should be aware of the broader issues so they can make an informed choice between a U.S.-made or a foreign-made product. Further, this guide focuses on the cost/price aspects of textile and apparel items. Because price is not the only consideration, consumers must evaluate the quality of products as well.

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