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Textiles and Apparel in a Global Context

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In-depth Trade and Investment Training
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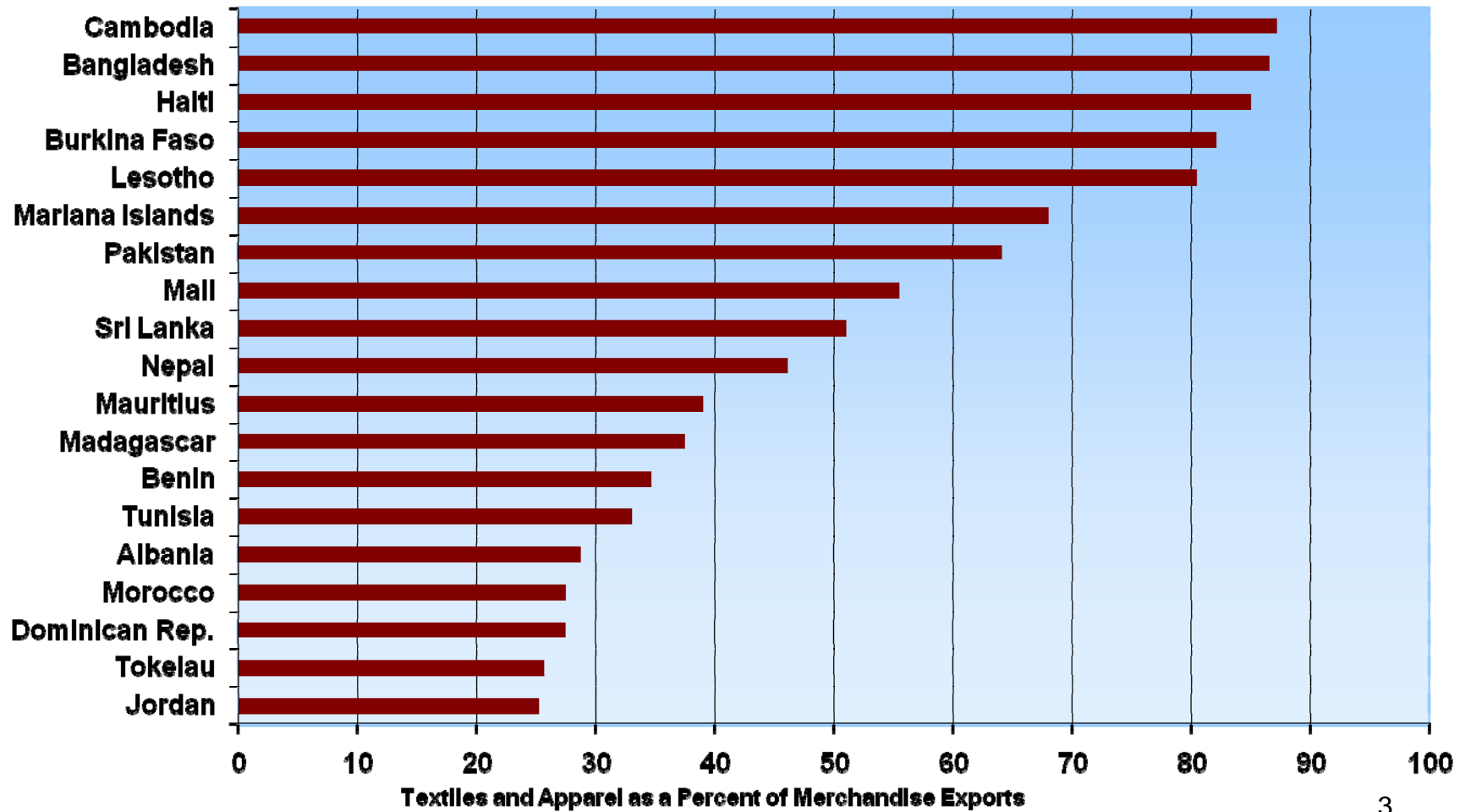
Overview of Presentation

- Why do we care about textiles and apparel?
- The changing global landscape for textiles and apparel
 - How the world has changed
 - How the world is continuing to change
- Implication for USAID



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Percentage of Textiles and Apparel In Developing Country Exports 2006





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CHANGING TRADE RULES



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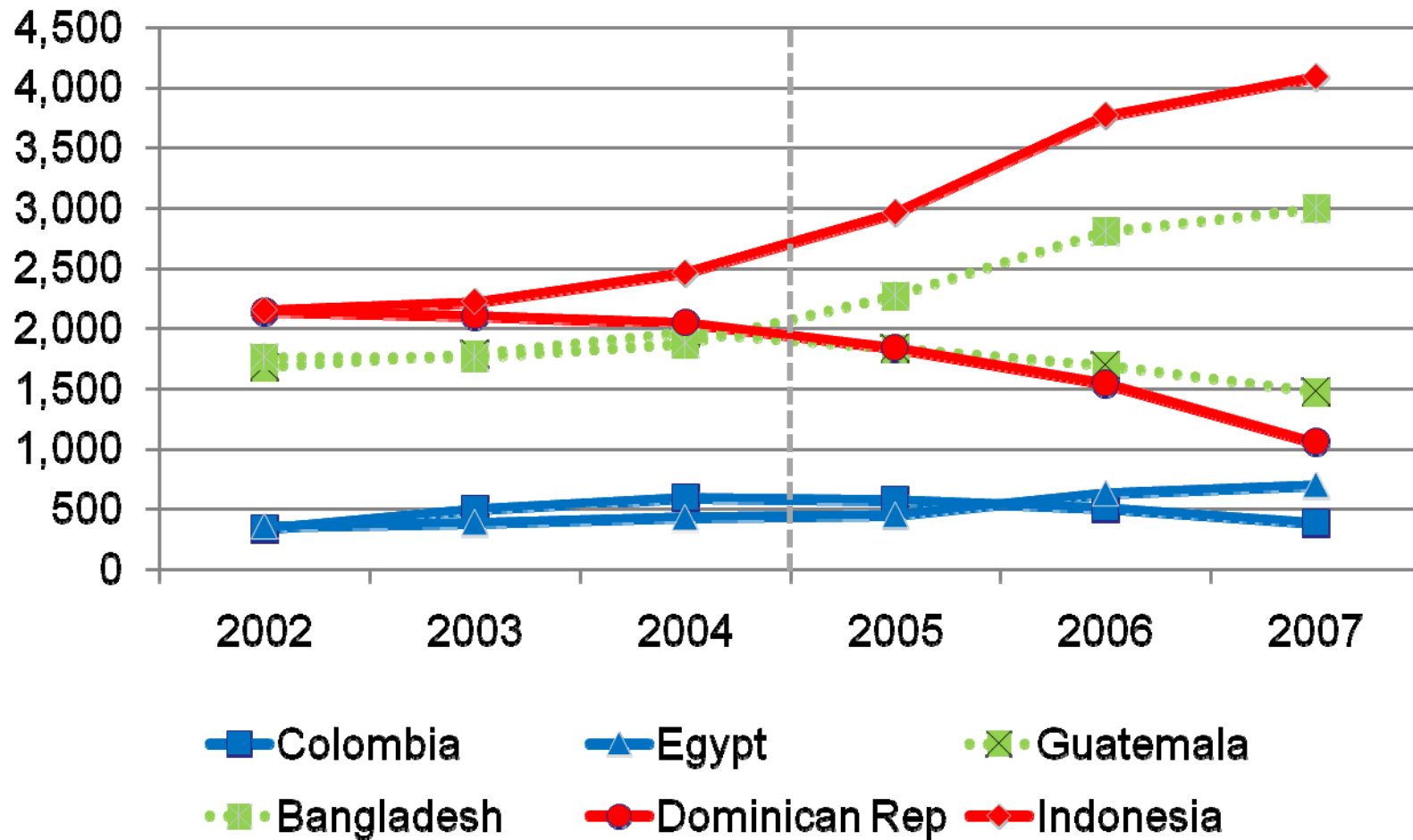
How the World has Changed in Just a Few Years

Old Fact (Pre-2005)	New Fact (Post-2005)
<ul style="list-style-type: none">•A small country could count on consistent trade in these products	<ul style="list-style-type: none">•Small countries must compete with the largest, best suppliers; trade volumes can decline rapidly
<ul style="list-style-type: none">•Free or preferential trade are fast track to rapid export expansion	<ul style="list-style-type: none">•Preferential trade can assist on the margin; dependant on rules of origin
<ul style="list-style-type: none">•Factories require basic skills	<ul style="list-style-type: none">•Value added services and higher skill level are an essential part of the business
<ul style="list-style-type: none">•Lead times were normally measured in months	<ul style="list-style-type: none">•Lead times are measured in weeks



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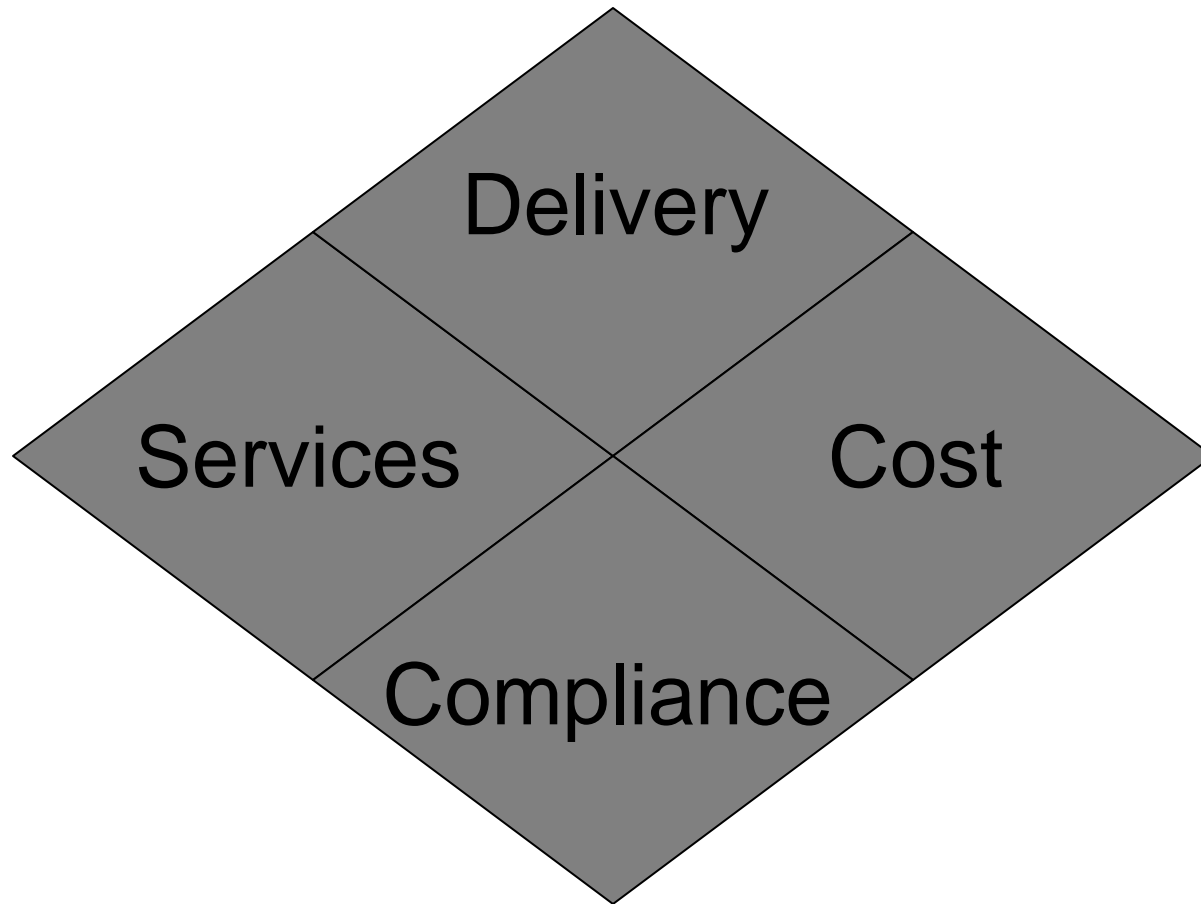
US Imports of Apparel US\$ Millions (2002-2007)





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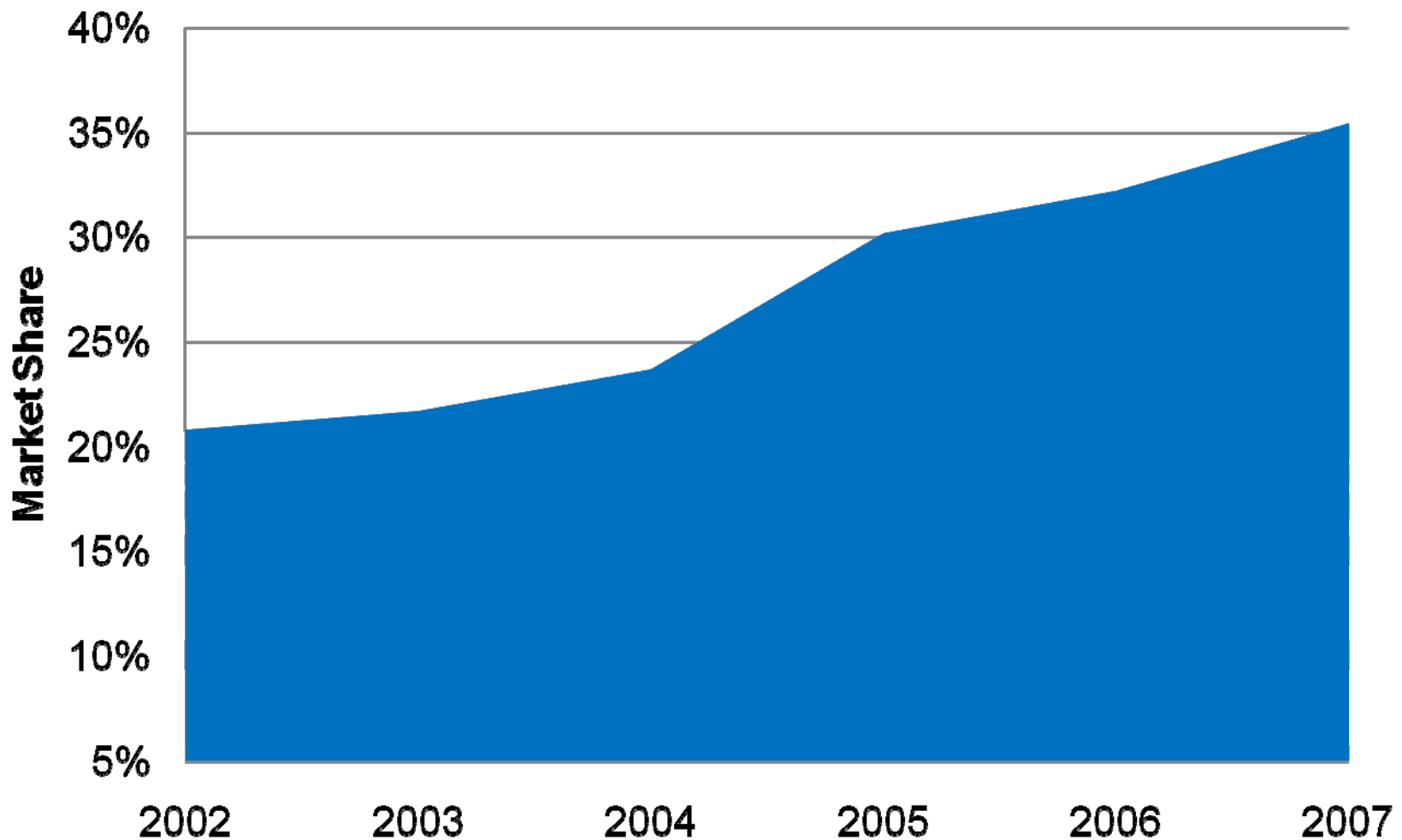
The apparel sourcing diamond





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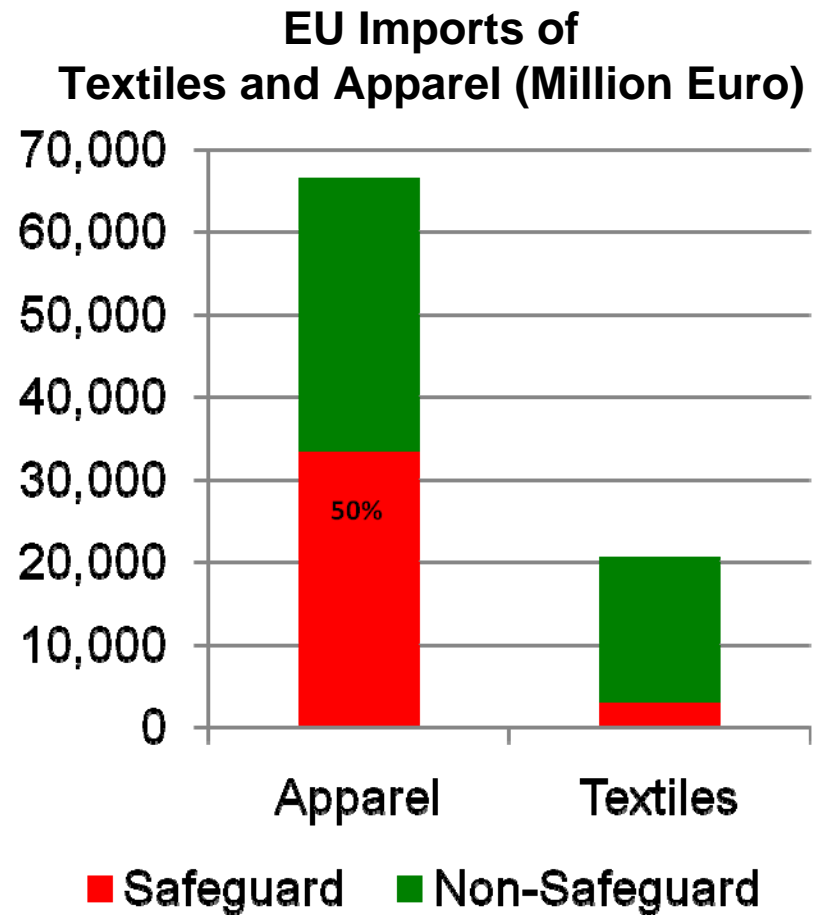
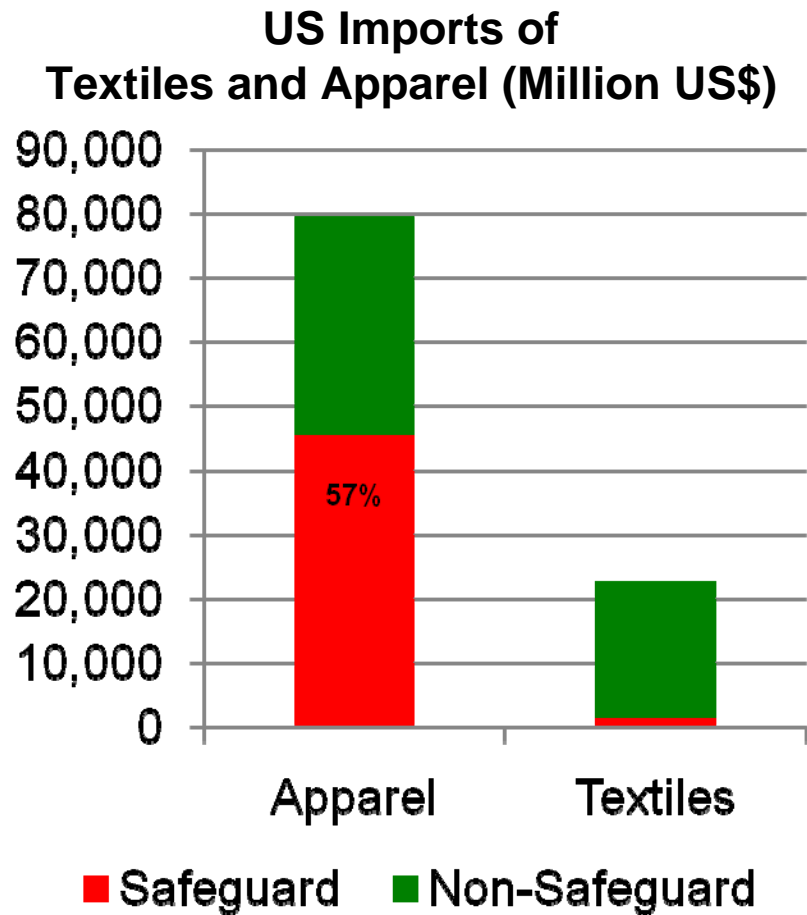
China's US Apparel Import Market Share (2002 – 2007)





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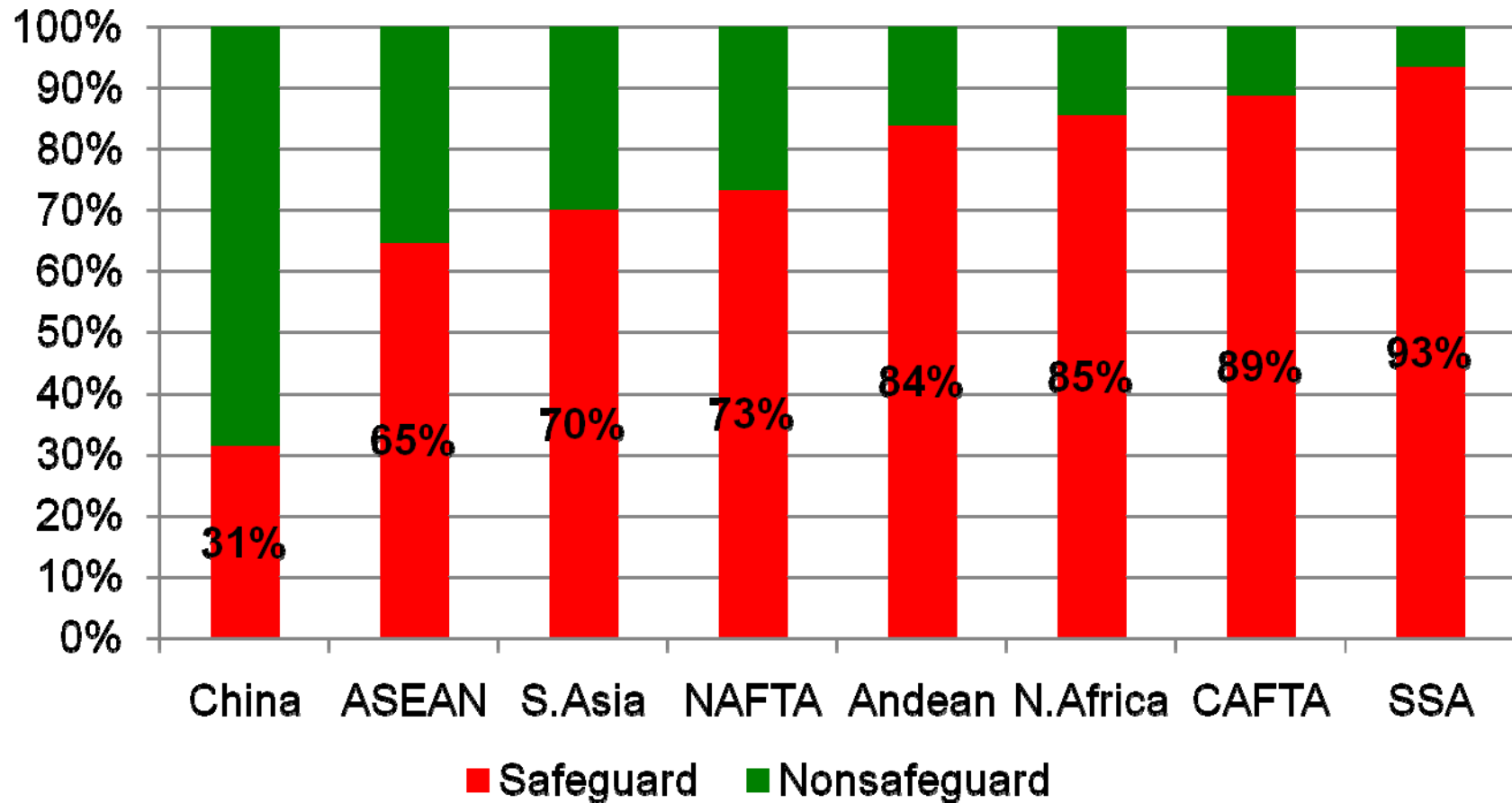
Import Markets Affected by China Safeguards





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US Imports of Apparel by Region and Exposure to US Safeguards on China





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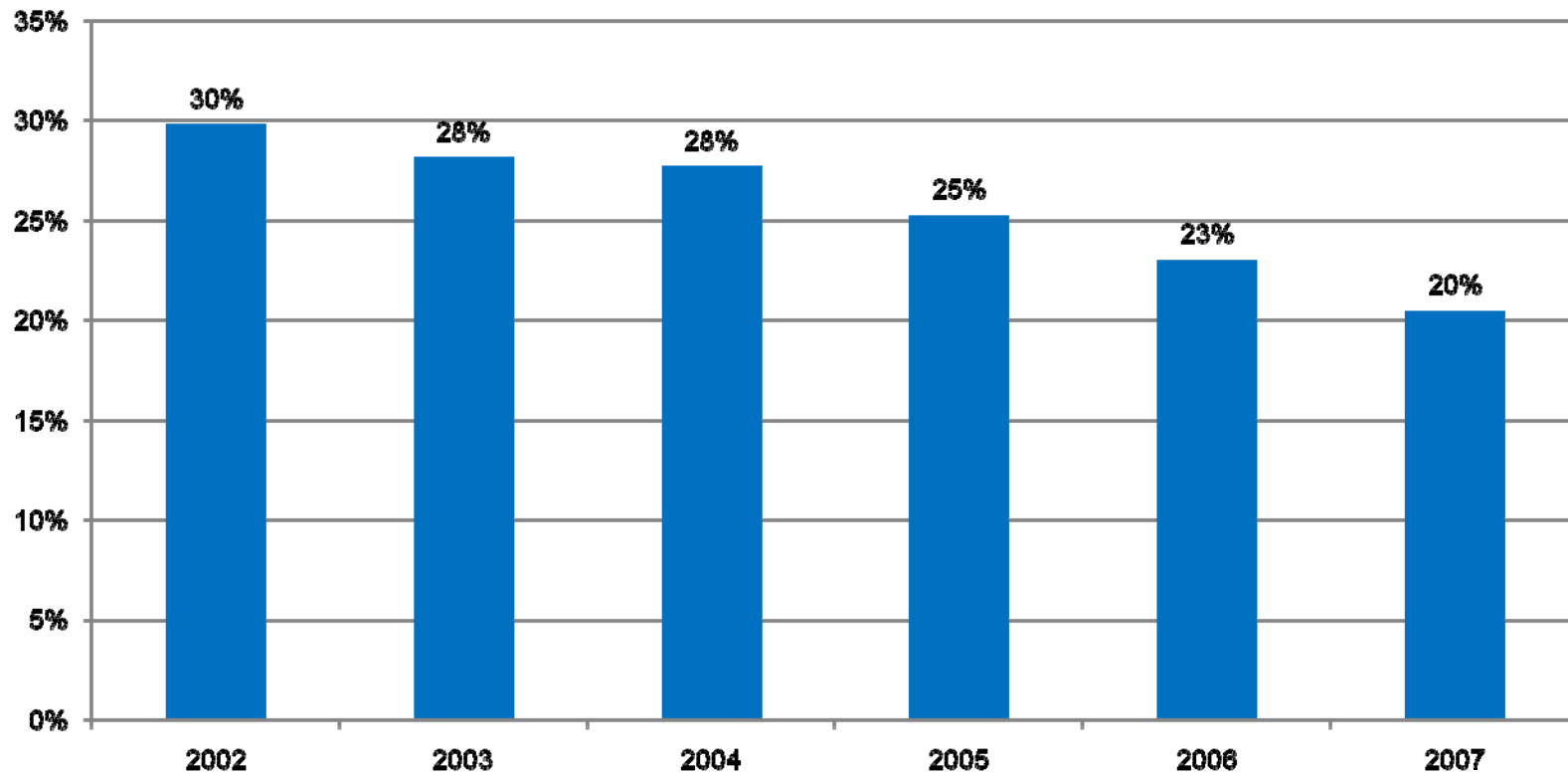
Trade Remedies Led by China's

- Anti-Dumping and Counter Veiling Duties (AD\CVD) cases in textiles have been infrequent
- With the elimination of safeguards on China at the end of 2008, we can expect the threat of trade actions to increase
- China will likely impose a set of export restraints on its industry to reduce the likelihood of these actions
- Other countries can be caught up in the storm, should it ensue – countries may stand to win or loose



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Preferential Suppliers Market Share in the US Market





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Rules of origin are pivotal in preferential trade

- Frequently preferential agreements define the fabrics and materials which confer preferences
- Fabric can comprise 50% or more of a garment's factory gate price
- Rules of origin often raise the cost to producers as much as they provide benefits through tariff relief



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IMPLICATIONS FOR USAID



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What Are USAID Missions Doing?

- Conducting studies and drafting strategies to guide stakeholders (industry, government and donors)
- Improving the business enabling environment
- Workforce development
- Export and industry promotion
- Assisting with labor compliance and collective bargaining



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Competitiveness and Textiles/Apparel Industries

- Individual country risk and potential will depend on:
 - Raw materials (cotton, synthetic, silk)
 - Processes (knitting, weaving, dying)
 - End products (trousers or knit shirts)
 - End markets (private label, mass merchandise)
 - Delivery (customs, supply chains, stability)
 - Services (design capabilities, finance, logistics)
 - Tariffs and safeguards (differ by product)
 - Rules of origin (differ by agreement)
 - Compliance (labor, security, environment, laws)