

Trade Agreements for Textiles
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During the past decade, it has been said many times that the language of the future is Chinese. People often believe that one day China will take over global business. In this scenario, it is believed that those who are fluent in Chinese will be the most valuable to the future of business. The reality is that, within the textile production business, the two major nations to watch out for are China and Vietnam. David Trumbull addressed people's concerns with excessive amounts of imports coming into the United States. In 1965, 95% of American clothing was made in the USA. By 2009, only 5% of American clothing was made in the USA. This substantial decrease was caused by many changes in policies. In the 1960s, the majority of apparel was created in the US because of policies that implemented tariffs on imported goods. Textiles and apparel had some of the highest tariffs; this meant that it was rare for people to have textiles or clothing from another country because it was expensive to own imported goods.

After World War II, many countries came together to form organizations that would promote peace, harmony, and prosperity. One belief established that if there was more international trade then everyone could benefit. The idea was that international trade would build the economies of all countries; poor countries would prosper from rich countries and rich countries would be able to get inexpensive goods from poorer countries. This would allow for every nation's economy to depend on other countries, and as a result, it would prevent another World War. GATT, the General Agreement on Tariffs and Trade, was created to help international trade. It was comprised of all the major trade associations in the world. The goal was to remove any non-tariff barriers and decrease the tariffs on clothing. When it was less expensive to receive foreign goods, imports started to come in. This became a problem for Americans in the manufacturing business because jobs were being taken away from people working in textile mills, cotton farms, and wool production. At this point, the US could not raise tariffs; instead, quotas were put in place. This allowed for only a certain amount of imports country by country and item by item. It limited the number of imports coming into the US so that it would not completely wipe out our industry. At this point, 74% of American clothing was being produced in the US.

In the mid-1980s, an idea was brought to Washington D.C. about a trade deal with the Caribbean. It was proposed that yarn and fabric would be produced in the US and sent down to the Caribbean where it would be made into apparel. This gave jobs to people in the Caribbean and allowed the US to import tariff and quota-free. In the early 1990s, a similar idea was brought to Washington, but this time it would include more of North America; this was called NAFTA (North Atlantic Free Trade Agreement). It was intended to allow trade between Canada, the United States, and Mexico without tariffs. In reality, US manufacturing did not benefit and nearly died out because labor was too expensive compared to other countries. In 2005, GATT was replaced with the World Trade Organization. The WTO allowed for imports without barriers or quotas. By 2009, only 22% of US fabrics were coming from Mexico and the Caribbean, 40% of imports were from China, and 8% from Vietnam. Today, China is still importing to the US and they are getting richer. However, China's wages have gone up, so they are looking to other nations to send production for cheaper labor.

In the last decade, there has been a resurgence of American manufacturing. Some of the reasons for this is that the US has low energy costs, a cheap clean water supply, and the US is the biggest consumer market. Further, young consumers are more concerned about where products are made.

