Import Trends in the U.S. Textile and Apparel Industries

By Kim Anderson, [TC]²

With only one exception— when textile and apparel imports fell by 2.0% in 2001, imports have risen steadily since 1989—culminating in a grand total *value growth* of 249%. However, recent data shows that U.S. textile and apparel import growth is gradually slowing. Many industry professionals are hoping that this trend will give domestic producers some reprieve.

SOME RECENT DATA

Volume growth of textile and apparel imports has gradually decelerated since it peaked in 2002 with a 16.7% rise from the previous year. In 2005, volume growth was calculated to be 8.3%. In 2006, volume growth fell to 2.6%. The growth rate of imports in 2006 was the fourth slowest increase rate recorded since 1983. *Value growth* of textile and apparel imports is also showing a gradual decline. Between 2005 and 2006, U.S. imports in textiles and clothing rose from 89.2 billion dollars to 93.3 billion dollars, representing an increase of 4.6% in value growth, which was down from the previous year where there was a 7.1% growth.

A comparison between value growth (4.6%) and volume growth (2.6%) for 2006, illustrates that the average import price *increased*. Prior to 2006, the average import price for textiles and apparel had fallen for nine consecutive years. This represents a divergence from previous years—between 1996 and 2005 the average import price *decreased* by 27.4%, from 2.41 dollars per square meter to 1.75 dollars per square meter.

There is a direct correlation between the international perceived health of the U.S. economy and U.S. import patterns. This phenomenon can be observed by looking at import data collected during the U.S. recession in the early 1990's. In 1990, the volume of textile and apparel imports rose by 0.4%. As the economy recovered, import growth accelerated—as indicated by a 13.4% import growth in 1992; a 9.1% import growth in 1993; and a 9.0% growth in 1994. In 1995, growth dropped to 6.0%, followed by a 4.1% drop in 1996. As the U.S. economy made significant recovery, imports surged to 20.1% in 1997—the fastest growth since 1986 when imports peaked at 20.8%.

U.S. imports are categorized as yarn, fabric, made-up textiles and apparel. Made-up textiles are products such as blankets, sheets, towels and curtains. See Charts One-Five for a break-down of the volume growth of imports between 1982-2006.

CHART ONE

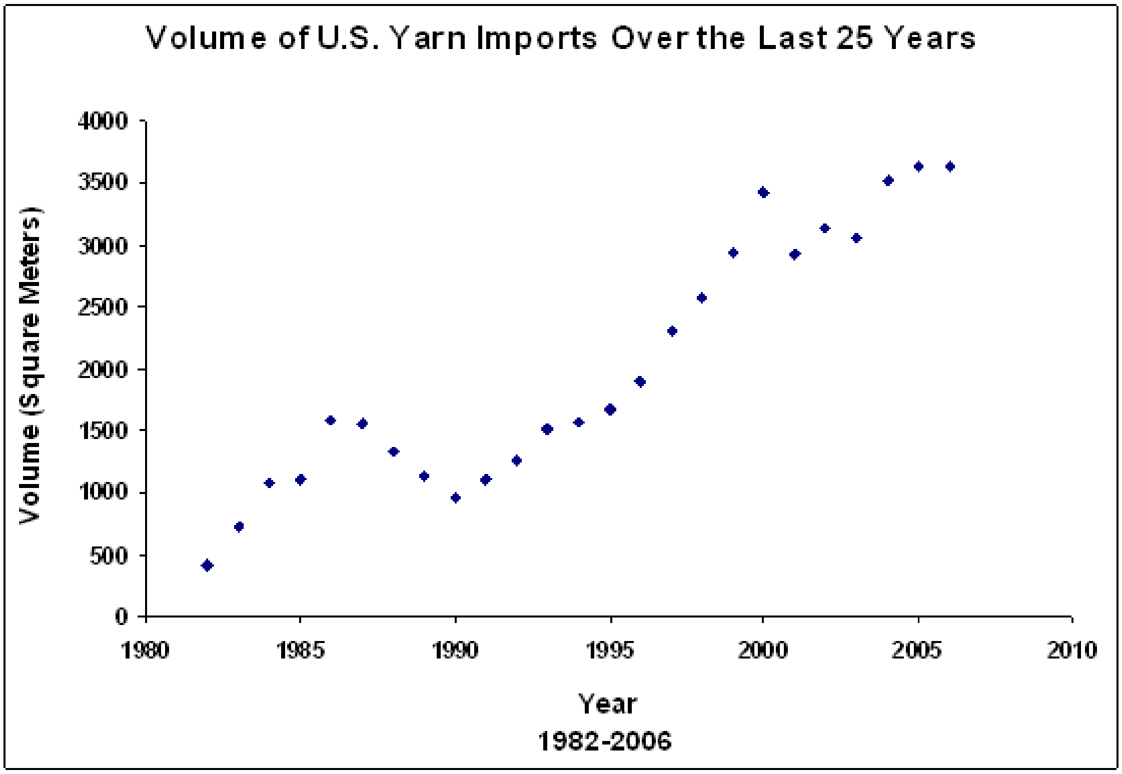


CHART TWO

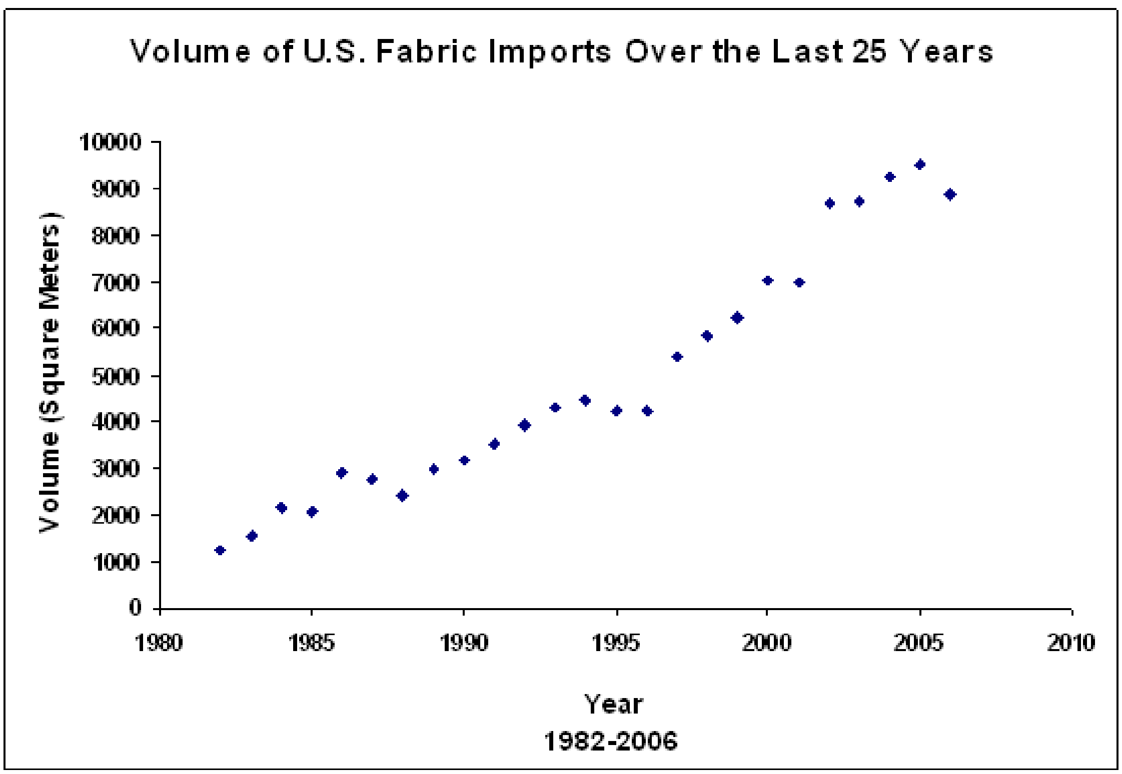


CHART THREE

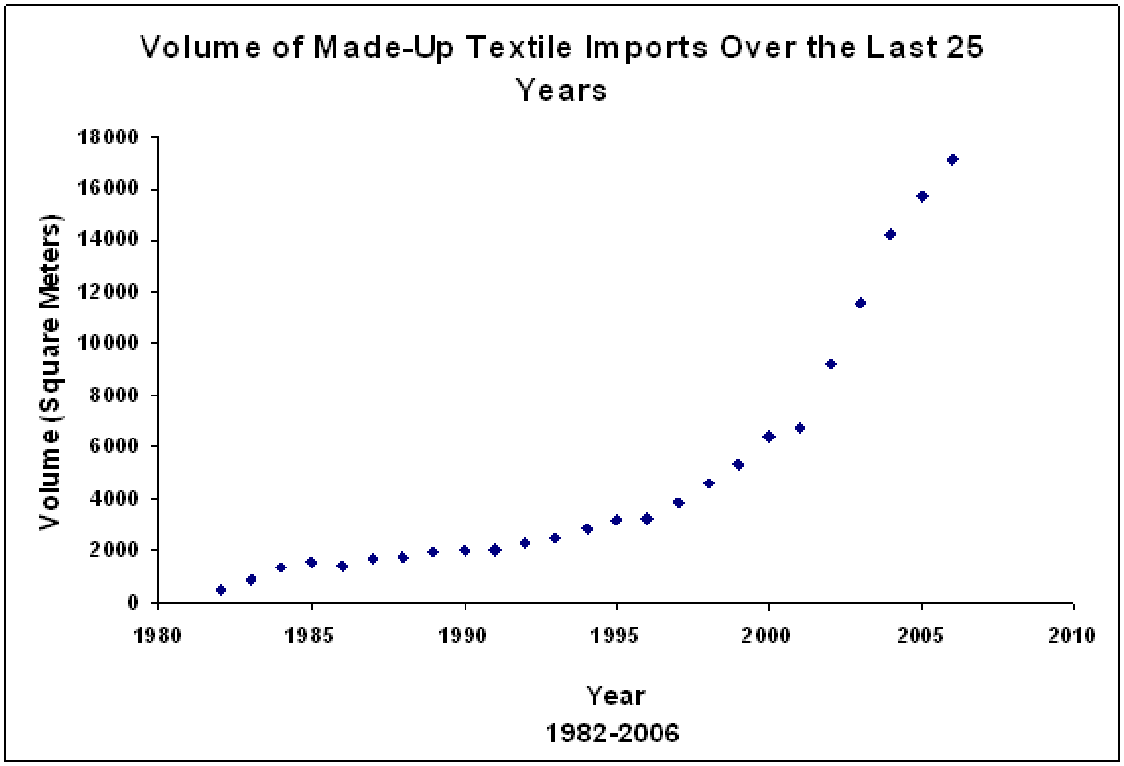


CHART FOUR

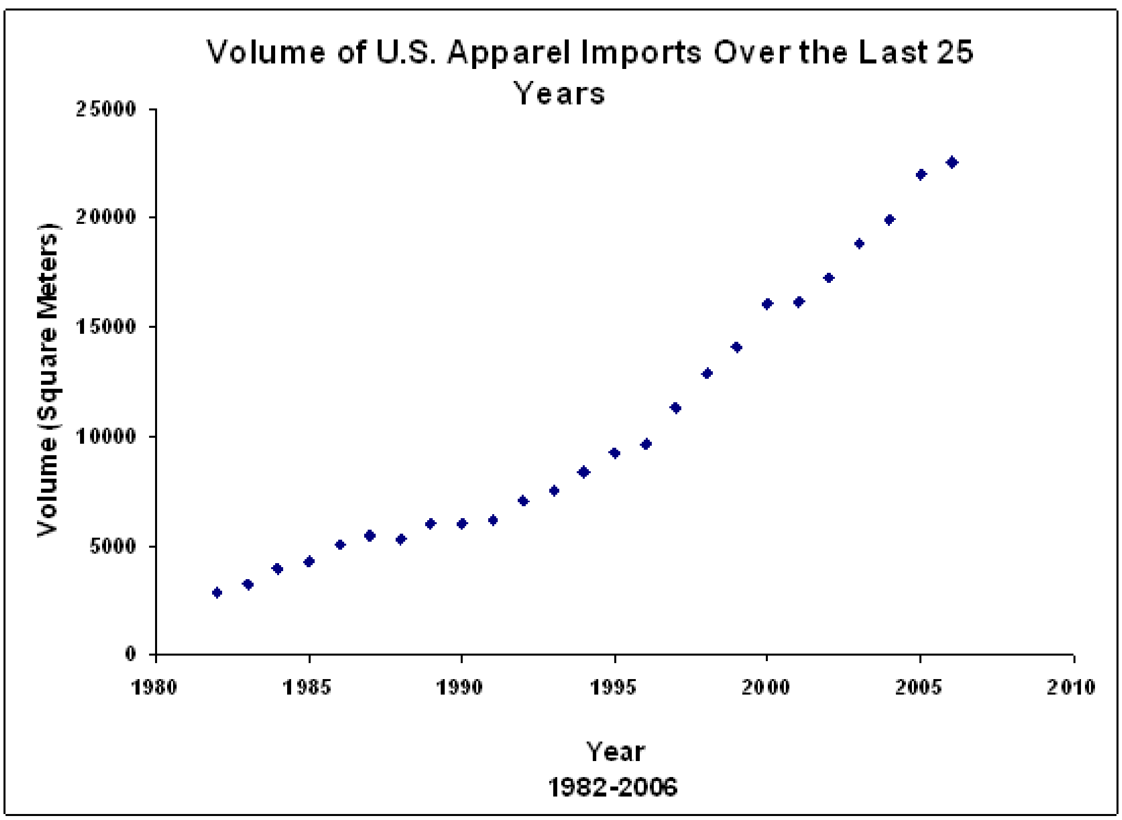
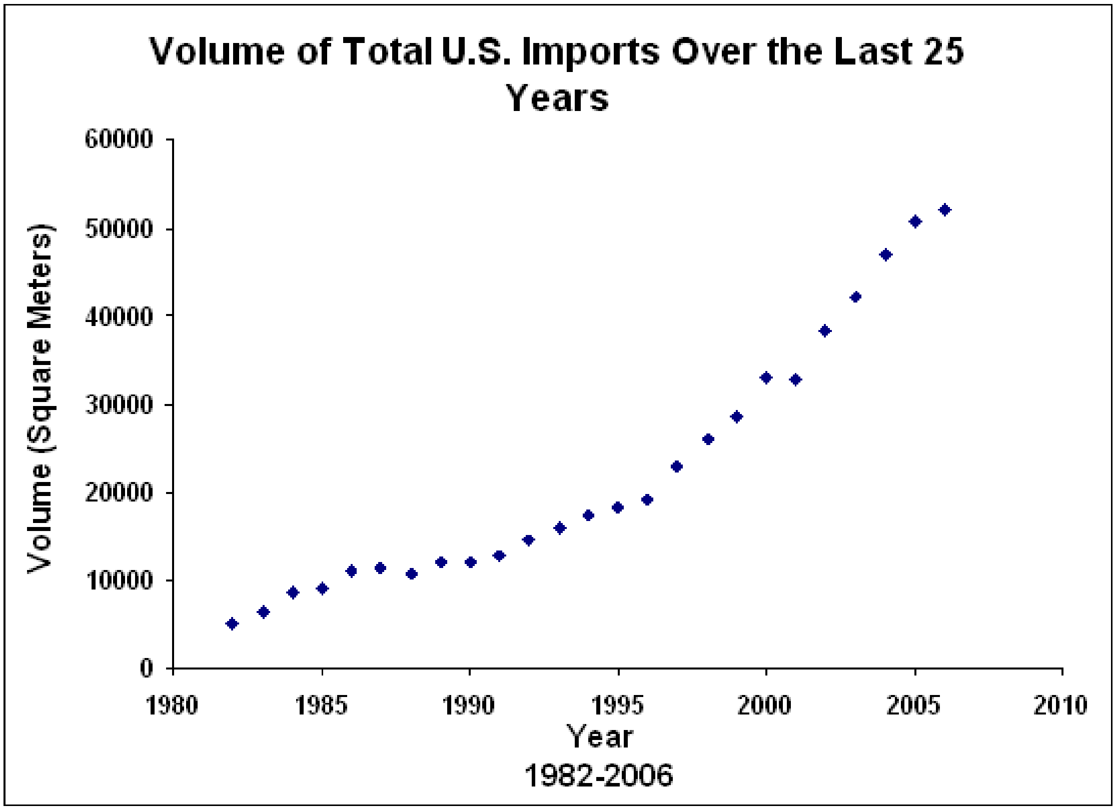


CHART FIVE

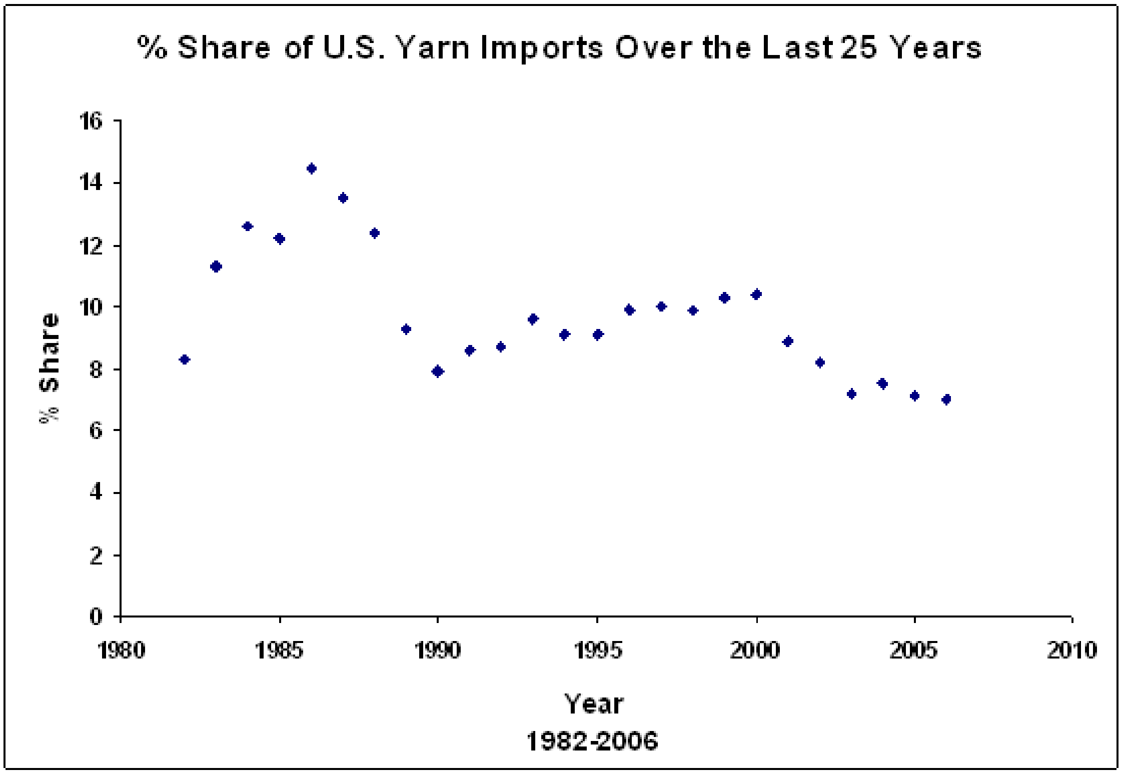


Note: Total imports include yarn, fabric, apparel and made-up textiles

IMPORTS BY PRODUCT TYPE

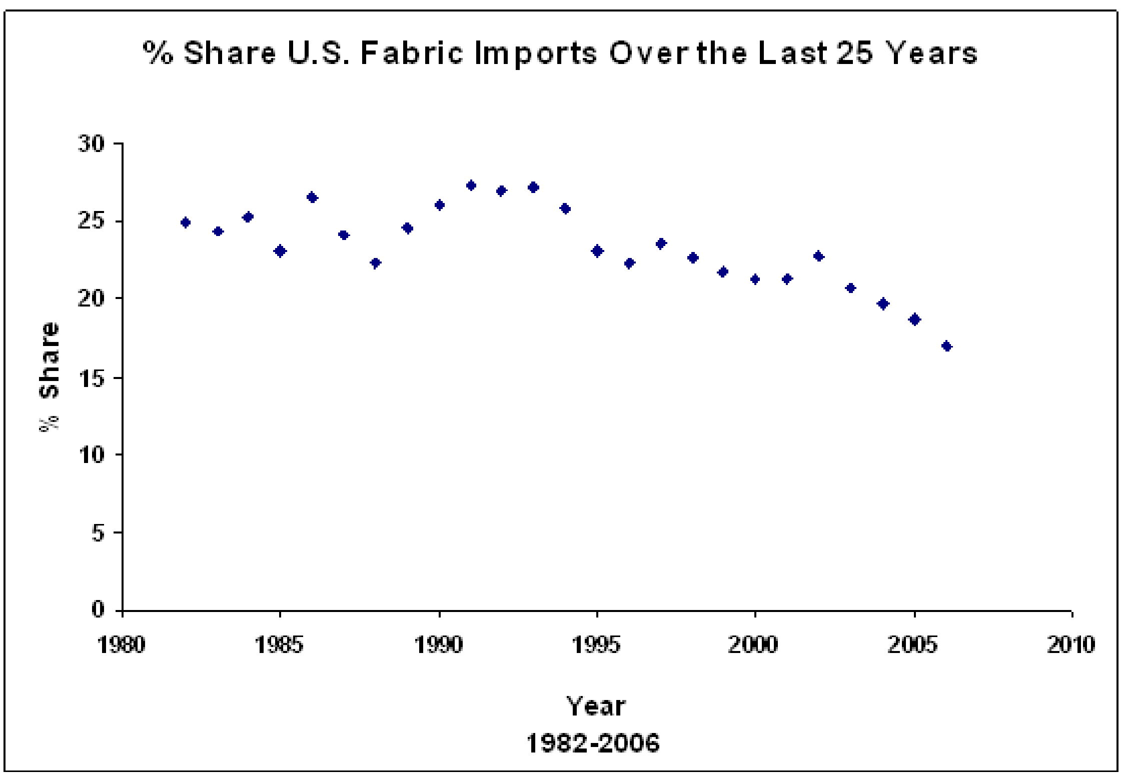
Between 1982 and 1988 U.S. yarn imports grew steadily. This growth was followed by a decrease in yarn imports in 1989 and 1990. Moderate fluctuations can be seen up until 2000. Since 2000, yarn imports have steadily declined as a percentage of total imports including yarn, fabric, made-up textiles and apparel, see Chart Six.

CHART SIX



The importation of fabrics grew gradually between 1982 and1993. Since 1993 fabric imports share has had a gradual yet steady decline. See Chart Seven.

CHART SEVEN

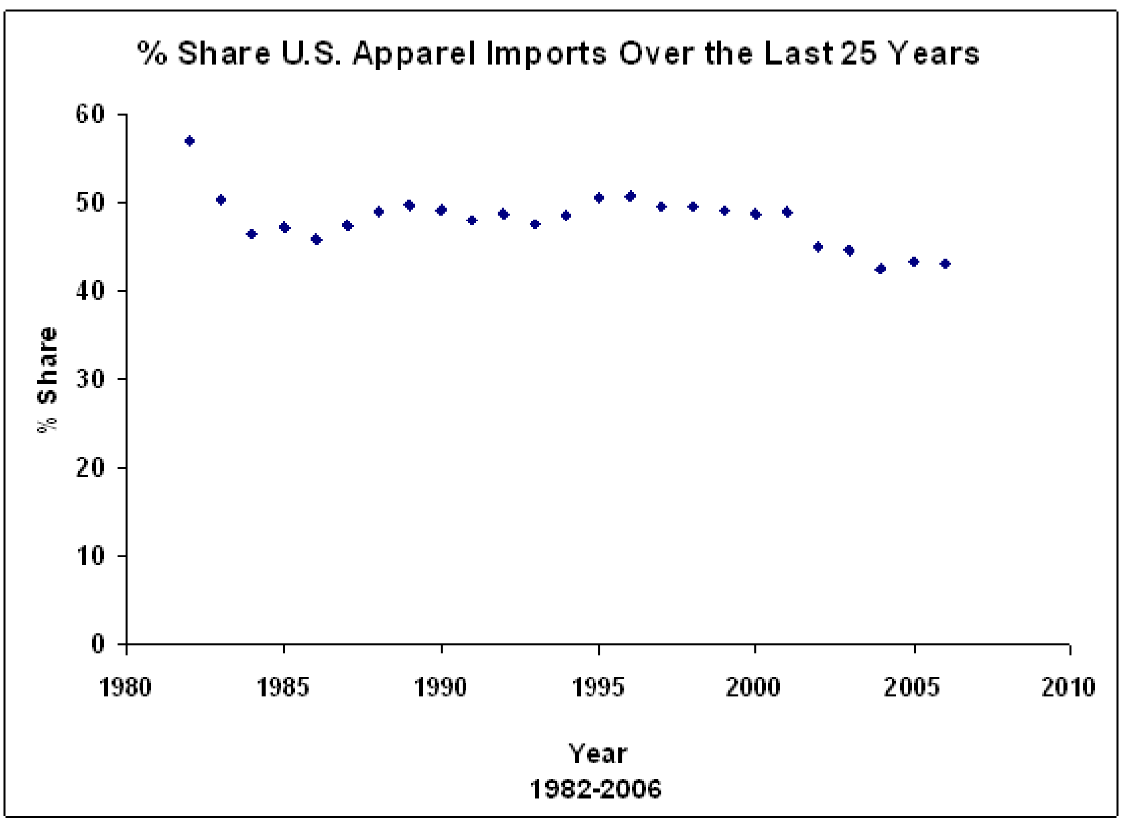


Made-up textiles are the second largest import product category. The % share of made-up textile imports grew by 9.1% in 2006, however this is relatively mild when compared to the import surge that took place in 2002 in which a 35.5% growth was recorded, followed by a 26% in 2003 and 22.7% in 2004, see Chart Eight.

CHART EIGHT

Out of yarns, fabrics apparel and made-up textiles imports, apparel has been the largest product category since 1982, see Chart Nine. There has been a gradual decline of the % share of apparel imports since 2001, although this is probably due to the slowdown in the U.S. economy rather than a revival of the industry.

CHART NINE



IMPORTS BY FIBER TYPE
Cotton and synthetic fiber imports fluctuate depending on consumer trends, prices and availability. In 2006, synthetic fibers held the largest share of U.S. imports for textiles and apparel, representing 54.5% of the import market. Import of synthetic fibers has steadily increased sine 2001. Cotton fibers represented 42.9% of the import fiber market in 2006. Other fibers such as wool, silk, flax, hemp, jute, ramie and sisal were calculated to represent 2.6% of the U.S. import market.

MAJOR SUPPLIERS
In 2006, the top ten suppliers of U.S. textile and apparel imports were China, Mexico, India, Indonesia, Vietnam, Pakistan, Bangladesh, Hong Kong, Canada and Honduras. This list is given in descending order.

China has maintained its number one spot as the largest supplier of U.S. textile and apparel imports. As expected, Chinese shipments of textiles and apparel increased rapidly when China joined the World Trade Organization in 2001. By 2002, Chinese imports in these categories grew by 33.8% in value and 124% in volume. Although imports from China have steadily grown, the growth rate has slowed. In 2006 the value of imports increased by 20.8% and 11.0% in volume.

Some of the largest import growth from China was in women's and girls' cotton coats, cotton skirts, wool coats, cotton trousers and knit cotton shirts. The percent of volume growth recorded in 2005 for each product category was 1,558; 1,452; 1,444; 844 and 792 respectively. Value growth for each product was 564, 537, 799, 323 and 277 respectively.

In 2005, men's and boys' cotton trousers, cotton coats and cotton knit shirts had a percent volume growth of 608, 535.5 and 470 respectively. The percent of value growth for each category was 247, 233.5 and113.5 respectively.

OUTLOOK
The textile and apparel industries experienced a tumultuous year with the ten-year phasing out of quotas starting in 1995 and ending in 2005. Due to the high level of price competition, numerous companies went out of business. In order to survive, textile and apparel companies must continually seek out strategies to minimize cost. Companies that successfully differentiate themselves through recognized style and fashion could also be successful.

Reference:
Trends in U.S. Textiles and Clothing Imports. Textile Outlook International, March-April 2007.

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