



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Textile Trade Liberalization Brings Difficulties to Some Rural Communities

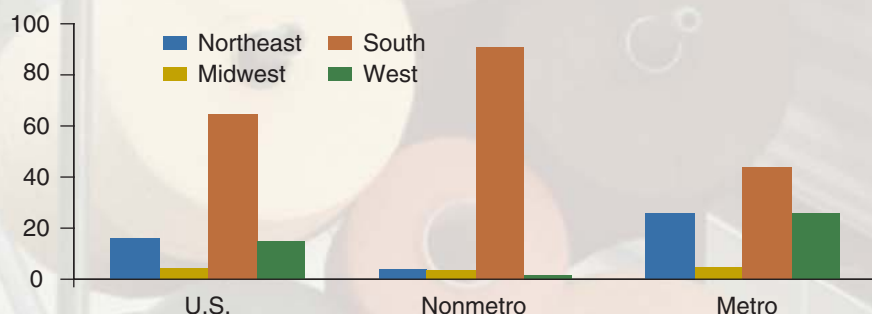
On January 1, 2005, the quotas that governed world textile and apparel trade for decades were removed, the culmination of a 10-year global liberalization process under the aegis of the World Trade Organization (WTO). With this relaxation of import protection, U.S. clothing imports from Asia have risen and clothing prices have fallen. While both rural and urban communities across the United States have benefited from lower clothing prices, they have also felt the sting of a large number of textile plant closings. U.S. textile and apparel employment has fallen by more than 900,000 jobs since 1994, nearly a 60-percent decline. Nonmetro counties in the Southeast have taken the brunt of the losses, with some rural communities hit especially hard.

After the expiration of the 1974 Multifiber Arrangement, WTO members agreed to eliminate textile and apparel trade quotas in four stages between 1995 and 2005 and to expand the import quantities permitted by quotas in the years leading up to their removal (see "The World Bids Farewell to the Multifiber Arrangement," in *Amber Waves*, February 2006). In the United States, the quota removal was "backloaded," that is, 80 percent of the effective quotas—quotas that were limiting imports from major Asian producers—remained in place through 2004. Despite that measure, U.S. textile and apparel employment declined steadily over the 10-year period, in large part as a result of a rise in nonquota imports from Mexico and the Caribbean Basin.

These changes have been difficult for many U.S. textile and apparel workers. Compared with displaced workers in other industries, textile and apparel workers were more likely to drop out of the labor force, and those who found new jobs took longer to do so, with three-fourths earning less in their new jobs. Rural areas have been disproportionately affected by the job losses—45 percent of all displaced textile and apparel workers between 1997 and 2003 were nonmetro residents, more than double the nonmetro population's share of the U.S. labor force. Rural communities, as well as workers, have been hurt by these plant closings, as the losses of these long-established businesses can take a large bite out of an area's tax base. With many of these communities already operating with low budgets, those faced with plant closures may be hard-pressed to maintain public service levels. *W*

Displaced textile and apparel workers overwhelmingly located in the nonmetro South, 1997-2003

Percent of displaced workers



Source: Estimates by USDA, Economic Research Service, from 2000, 2002, and 2004 Displaced Worker Survey Supplements of the Current Population Survey.

Roger Tully, Getty Images

Stephen MacDonald,
stephenm@ers.usda.gov

Karen Hamrick,
khamrick@ers.usda.gov

This finding is drawn from ...

The U.S. Textile and Apparel Industries and Rural America chapter of ERS Briefing Room on Cotton, www.ers.usda.gov/briefing/cotton/ustextileapparel.htm