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Journal Article of the Year for 1993

Policy Implications of Textile Trade Management and the U.S. Cotton Industry

Shangnan Shui, Michael K. Wohlgenant, and John C. Beghin

North Carolina State University

This study investigates the effects on the U.S. cotton industry of textile trade liberalization using a multi-market equilibrium displacement model. The simulation results suggest that textile trade liberalization would induce small changes in the total demand for U.S. cotton but would affect considerably U.S. cotton demand structure, making U.S. cotton growers more dependent on world markets. The welfare analyses reveal the textile liberalization would result in a small welfare loss for U.S. cotton producers. As expected, textile trade liberalization also would lead to considerable substitution of imports for domestic production and substantial declines in prices of all textile products.