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Press Statement

U.S. Job Loss Breaks 1,000,000 Mark for Textiles and Apparel Since NAFTA

Two Out of Every Three Jobs in Industry Lost to Import Surge

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WASHINGTON, DC -- With the loss of another 4,700 jobs in May 2007, the U.S. textile and apparel manufacturing sector now has lost 1,000,400 jobs – a 65 percent loss of employment in the industry – since the implementation of the North American Free Trade Agreement (NAFTA) in January 1994. Despite these losses, the sector continues to employ 548,400 according to data from the U.S. Bureau of Labor Statistics.

Breaking down the numbers, the U.S. textile industry lost 362,200 jobs (52 percent employment loss) and the U.S. apparel industry another 638,200 jobs (74 percent employment loss) over this period.

"The loss of one million jobs is an outrage. It drives home the point that the current U.S. trade policy has failed and must be changed now," said American Manufacturing Trade Action Coalition Executive Director Auggie Tantillo.

"Despite an uncontrolled flood of heavily subsidized imports crippling the U.S. textile industry, nearly 550,000 good jobs and tens of billions of dollars in productive capacity still remain. This vibrancy shows that the U.S. textile industry is the most competitive in the world. The industry still maintains a large footprint although forced by U.S. trade policy to compete with both hands tied behind our back," Tantillo added.

"U.S. demand for textiles and apparel has grown substantially since 1994. Analysis shows that the U.S. textile and apparel sector would have added more than 400,000 new jobs had this growth in the U.S. market been supplied by domestic production. Instead, U.S. trade policy has encouraged a surge of predatory imports has destroyed one million jobs," Tantillo lamented.

"The loss of these one million jobs also negatively impacts America's national security, as textiles and apparel products are vital the U.S. military. Moreover, the damage happening to the textile industry also is occurring in other manufacturing sectors critical to our military industrial base," continued Tantillo.

Tantillo concluded, "Today, the U.S. Congress has the choice to change course or stay with a failed status quo. Congress must stop passing the buck and reassert itself in the trade policy arena or U.S. manufacturing will lose millions more of the 14 million jobs, including the 550,000 in textiles and apparel, that still remain."

Textile and apparel jobs losses in key states since 1994 are as follows:

- Alabama -- 60,800 losses -- (88,100 jobs in 1994, 27,300 jobs still remain)
- California -- 38,900 losses -- (141,700 jobs in 1994, 103,300 jobs still remain)
- Georgia -- 77,355 losses -- (152,353 jobs in 1994, 74,998 jobs still remain)
- New York -- 80,550 losses -- (118,192 jobs in 1994, 37,642 jobs still remain)
- North Carolina -- 193,000 losses -- (267,100 jobs in 1994, 74,100 jobs still remain)

- South Carolina -- 90,211 losses -- (122,511 jobs in 1994, 32,200 jobs still remain)
- Virginia -- 43,685 losses -- (57,557 jobs in 1994, 13,872 jobs still remain)

While NAFTA alone has caused only a portion of the job losses in the industry since 1994, its implementation was symbolic of a sea change in U.S. trade policy. With NAFTA, the United States either gave free access or lowered barriers to imports of manufactured products from Mexico, a country with an economy less than one-tenth the size of the U.S. economy. While Mexico (pop. 102 million in 1994) with its large supply of cheap labor could undercut U.S. wage rates, its consumers had little ability to buy finished U.S. products in large quantities. Unsurprisingly, the arrangement turned a small U.S. trade surplus with Mexico in 1994 to a \$64 billion trade deficit in 2006.

This model was replicated in the Uruguay Round that led to the formation of the World Trade Organization (WTO), China and Vietnam's accession to the WTO, and free trade agreements like those with Chile, Singapore, Morocco, the CAFTA countries, Peru, Colombia, and Panama. In addition, this model is the format for the ongoing negotiations in Doha Round and the recently completed free trade agreement with Korea.

All of these trade deals have one common thread. They opened the U.S. market to a flood of imported manufactured goods from countries where the U.S. manufacturers, in return, received access to markets (1) where consumers have little ability to purchase finished U.S. goods in substantial quantities, and/or (2) where high tariff and non-tariff barriers remain.

This policy described above, in large part is why:

- The United States has run a cumulative trade deficit in excess of \$5 trillion since 1994;
- The U.S. trade deficit in textiles and apparel has jumped from \$28 billion in 1994 to \$77 billion in 2006;
- The cumulative U.S. trade deficit in textiles and apparel since 1994 is \$659 billion; and,
- The United States has lost 3.2 million manufacturing jobs since 2000.

To fix U.S. trade policy and stop our massive deficits and manufacturing job losses, several things must be done. Legislation must be passed to:

- Eliminate the disadvantage caused by foreign value-added (VAT) taxes;
- Stop unfair currency misalignment by countries like China;
- Codify the application of countervailing duty (CVD) law to non-market economies like China and Vietnam; and,
- More rigorously penalize foreign theft of intellectual property.

Other actions needed include:

- Rejecting the U.S.-Korea Free Trade Agreement; and,
- Defeating renewal of Trade Promotion Authority (TPA).

** Job loss data collected with the help of Dr. Charles W. McMillion of MBG Information Services.

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