

## **Recent Trends in U.S. Textiles and Clothing Imports**

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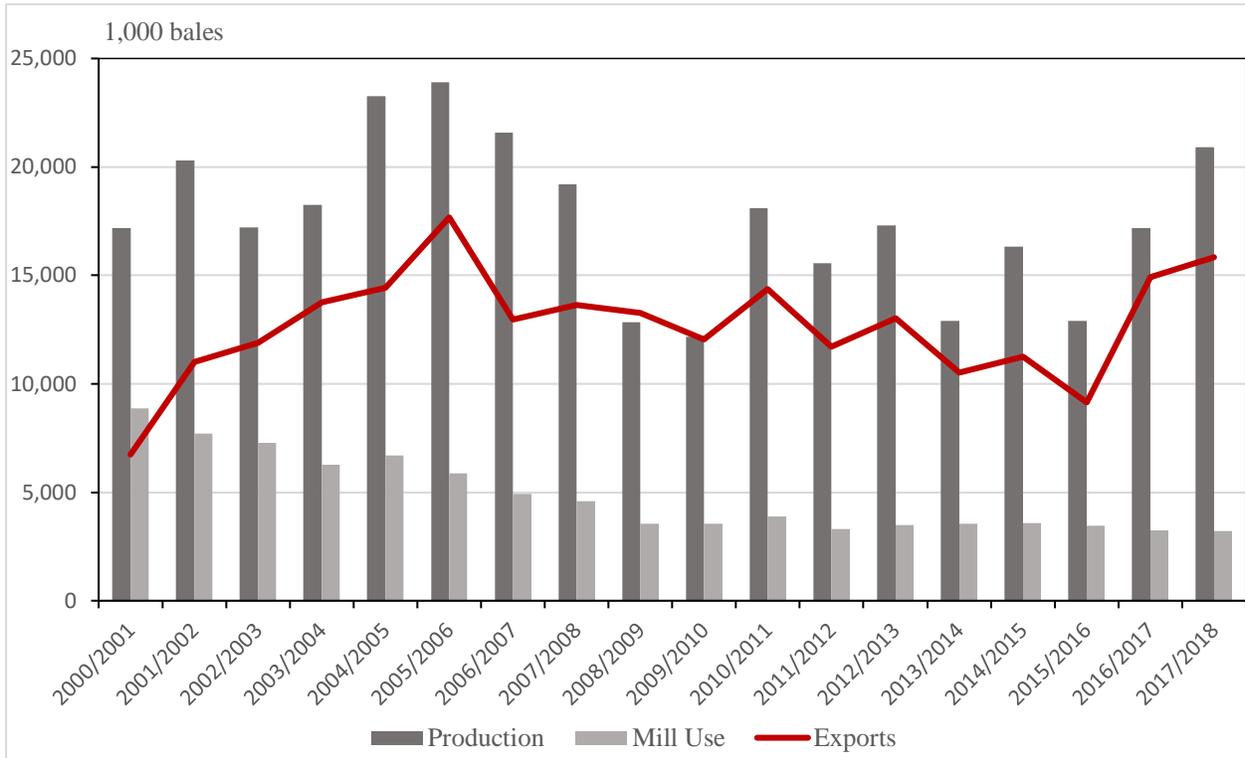
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Over the past two decades, the structure and performance of the U.S. cotton and textiles markets have changed dramatically. For the marketing years between 2000/01 and 2009/10, U.S. cotton production averaged 18.6 million bales, accounting for 18% of the world total (Figure 1). During 2010 – 2017, the U.S. has remained the third-largest producer, with an average of 16.4 million bales – 14% of the world total. Strong demand growth kept U.S. cotton exports high during most of the 2010s. The peak period for U.S. cotton exports was from 2001/02 – 2005/06; and, the share of U.S. cotton in world cotton trade reached an average of 40% during that period. After the 2005/06 record high of 17.7 million bales, the share of U.S. cotton exports began to dip slowly, falling to 26% (9.2 million bales) in 2015/16. Then it increased afterwards, reaching 39% (15.8 million bales) in 2017/18. Associated with the large increase in cotton exports, there was a notable downward trend in domestic cotton mill use from 2000/01 – 2009/10, which has remained flat over the last ten years. Mill use represented 52% (8.9 million bales) of the U.S. total cotton production in 2000; that share declined to 15% (3.2 million bales) by 2017.

**Figure 1.** U.S. Cotton Production, Mill use and Exports, 2000 – 2017

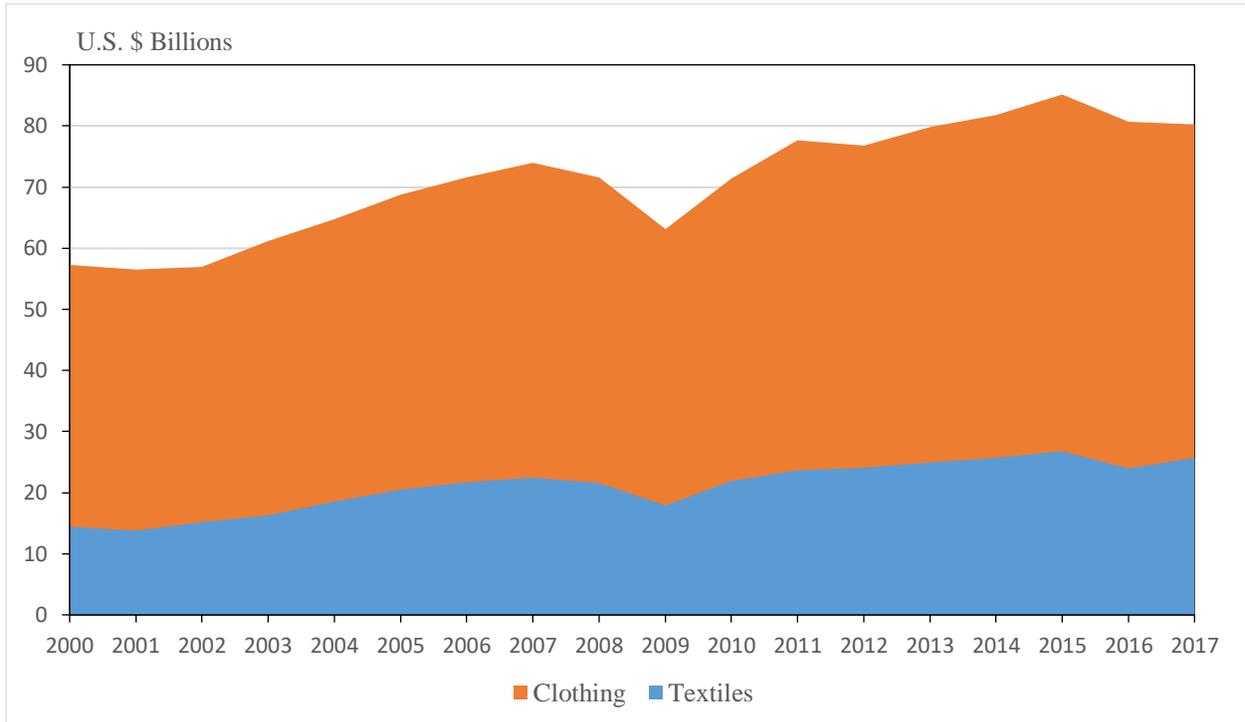


**Source:** U.S. Department of Agriculture. Production, Supply and Distribution (PS & D).

Corresponded with the rapid loss of cotton mill use in the U.S., the trade data shows a substantial rise in U.S. clothing and textiles imports over the past two decades. Figure 2 shows the gross value of U.S. textiles and clothing imports from 2000 to 2017. The nominal dollar value of U.S. imports of textiles and clothing rose by about 48% to \$106 billion, with clothing accounting for 76% (\$80.3 billion) of total import value. During the same period, the value of U.S. clothing imports increased by \$23 billion, or an average annual growth rate of 2.2%. Textile imports, by contrast, rose steadily in nominal dollars from about \$14.5 billion to about \$25.7

billion, or an average annual growth rate of 3.8%.<sup>2</sup> Overall, U.S. textiles imports grew faster than clothing imports over the 2000 – 2017 period.

**Figure 2.** U.S. Textiles and Clothing Import Values (U.S. \$ Billions), 2000 – 2017



**Source:** U.S. Department of Commerce, Office of Textile and Apparel (OTEXA)

To understand the dramatic changes that have occurred in U.S. cotton production, use and trade, two markets related to the cotton fiber market must be considered, the cotton market and the man-made fibers (MMF) market. Because MMF is the primary substitute for cotton used to produce textiles. While cotton consumption has been increasing over time, man-made fibers use has been increasing at a faster rate. Between 2000 and 2017, the U.S. import values of MMF

<sup>2</sup> It is interesting to note that the trend in U.S. clothing imports look different while the effect of inflation is considered. The real dollar value (2010 = 100) of U.S. total imports rose by about 3.8% (\$3.5 billion). During the same period, however, the real value of U.S. clothing import decreased by \$1.1 billion. On the other hand, textile imports rose steadily in real dollars from about \$18.3 billion to about \$22.9 billion, or an average annual growth rate of 1.7%.

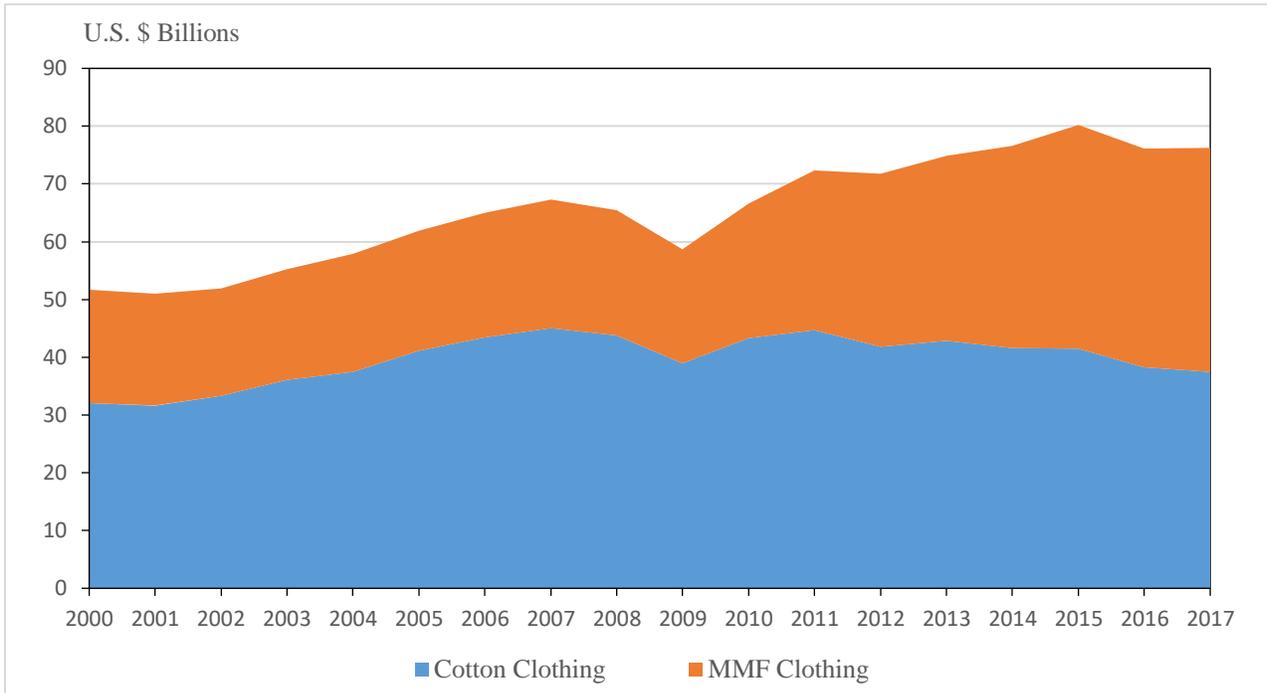
clothing and textiles doubled – from \$27 billion to \$54.5 billion.<sup>3</sup> During the same period, the U.S. import value of MMF grew at an annual rate of 4.5% for both textiles and clothing, compared to just 1.4% for cotton. For clothing, MMF clothing comprised 34% (\$19.6 billion) of all U.S. clothing imports in 2000 (figure 3). The share of MMF clothing reached 48% (\$38.8 billion) of the total market by 2017 as manufacturers increasingly substituted MMF for cotton. U.S. textiles imports experienced a similar change as in clothing. There has been a rapid growth in U.S. MMF textiles imports, but comparatively modest increases in cotton textiles imports (figure 4). From 2000 – 2017, total textiles imports of U.S. increased by \$11.2 billion – an increase of 78%.<sup>4</sup> MMF textiles rose substantially by \$8.2 billion – an increase of 112%.<sup>5</sup> As a result, MMF textiles captured about 73% of the increase in U.S. textiles imports over the 2000 – 2017 period. As the production of MMF has expanded especially in China, cotton has lost market share to man-made fibers.

<sup>3</sup> The real value of MMF clothing and textiles increased from \$34.2 billion to \$48.4 billion, or an increase of 42%.

<sup>4</sup> The real value of U.S. textiles imports increased by \$4.5 billion, or an increase of 25%.

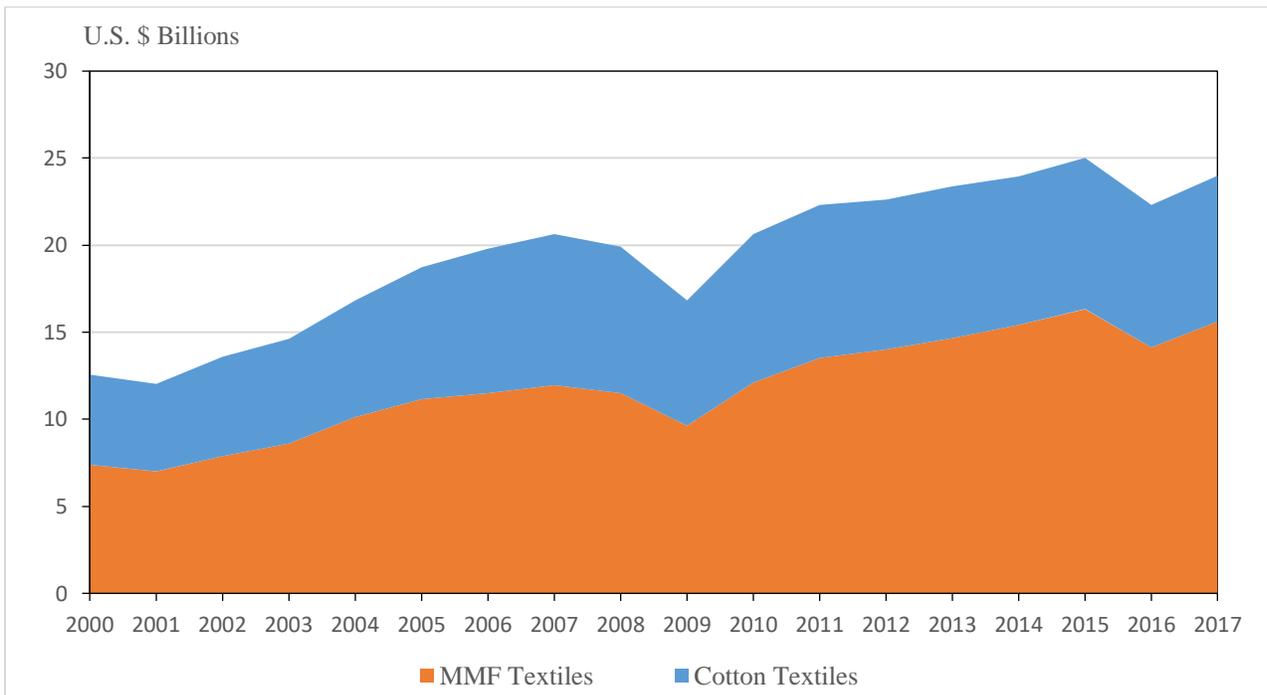
<sup>5</sup> The real value of MMF textiles rose by \$4.5 billion, or an increase of 49%.

**Figure 3.** U.S. Clothing Import Values (Cotton and MMF) (U.S. \$ Billions), 2000 – 2017



**Source:** U.S. Department of Commerce, Office of Textile and Apparel (OTEXA)

**Figure 4.** U.S. Textiles Import Values (Cotton and MMF) (U.S. \$ Billions), 2000 – 2017



**Source:** U.S. Department of Commerce, Office of Textile and Apparel (OTEXA)

Important textiles and clothing suppliers to the United States include China, India, Indonesia, Vietnam, Bangladesh and Mexico (OTEXA, 2018). While most countries have had moderate increases in the size of their textiles and apparel industry, increases have been the largest in China and Vietnam. Among all of the exporting countries, China is the dominant supplier of U.S. textiles and clothing imports (figures 5 and 6). Since it joined the World Trade Organization (WTO) in 2001, particularly after the abolition of the Agreement on Textiles and Clothing (ATC)<sup>6</sup> in 2005, China's market share of U.S. imports in apparel grew from about 8% (\$4.5 billion) in 2000 to 34% (\$27 billion) in 2017 while its share grew from about 9% (\$6.5 billion) in 2000 to 37% (\$38.7 billion) of U.S. textiles imports in 2017.

The other changes in the major textiles and clothing suppliers for the U.S. are the recent emergence of Vietnam. During the last decade, Vietnam has risen to be a top supplier of U.S. textiles and clothing imports. Until 2002, U.S. imports of textiles and clothing from Vietnam were negligible in value (below \$0.1 billion). Since then, Vietnam however has rapidly increased both in its market share and in value. In 2017, Vietnam was the second largest source of U.S. textiles and clothing imports behind China, with a market share of 13% (\$23.7 billion).

Despite the dramatic increases in China and Vietnam, India and other major suppliers of U.S. textiles and clothing imports, such as Indonesia and Bangladesh, have had moderate increases both in market shares and values of their exports to the U.S. For clothing, Bangladesh's market share rose from 3.7% (\$2.1 billion) in 2000 to 6.3% (\$5.1 billion) in 2017. Meanwhile, India's market share rose from 3.1% (\$1.8 billion) in 2000 to 4.6% (\$3.7 billion) in 2017.

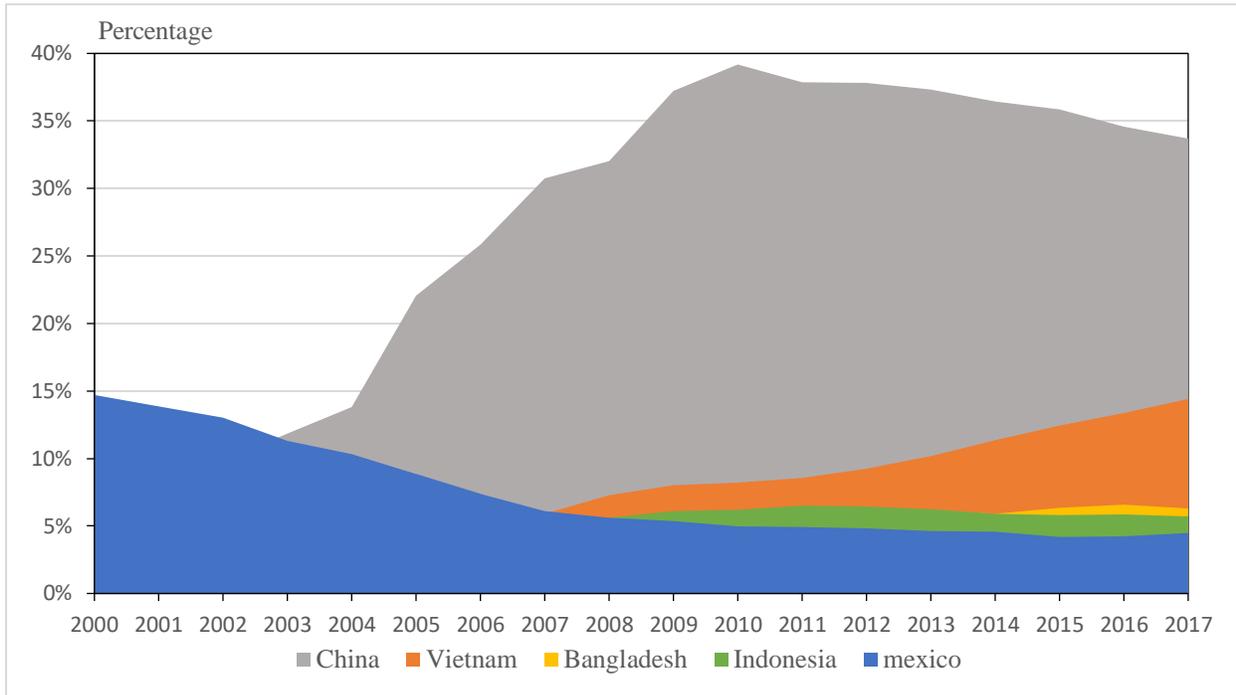
<sup>6</sup> A 10-year transitional trade arrangement allowing for selective application of tariffs and quotas, which had replaced the more restrictive Multi-fiber Arrangement (MFA) in 1995.

Similarly, Indonesia's market share went from 3.6% (\$2.1 billion) in 2000 to 5.7% (\$4.6 billion) in 2017. The textile exports of these countries were similar to the trends of clothing exports. Bangladesh's textile market share rose from 3.1% (\$2.2 billion) in 2000 to 5% (\$5.3 billion) in 2017. India's market share rose from 3.8% (\$2.7 billion) in 2000 to 7% (\$7.4 billion) in 2017, and Indonesia's market share went from 3.3% (\$2.4 billion) in 2000 to 4.5% (\$4.8 billion) in 2017.

On the other hand, traditional suppliers to the U.S. market, such as Mexico, have experienced steady declines in its sales to the United States. Between 2000 and 2003, Mexico was the country that made the greatest gains in the U.S. textiles and clothing market, providing an average of 13% of those imports over that period. However, as China has overtaken Mexico as a result of trade policy changes, Mexico's market share declined to 4% (\$8.3 billion) in 2017.

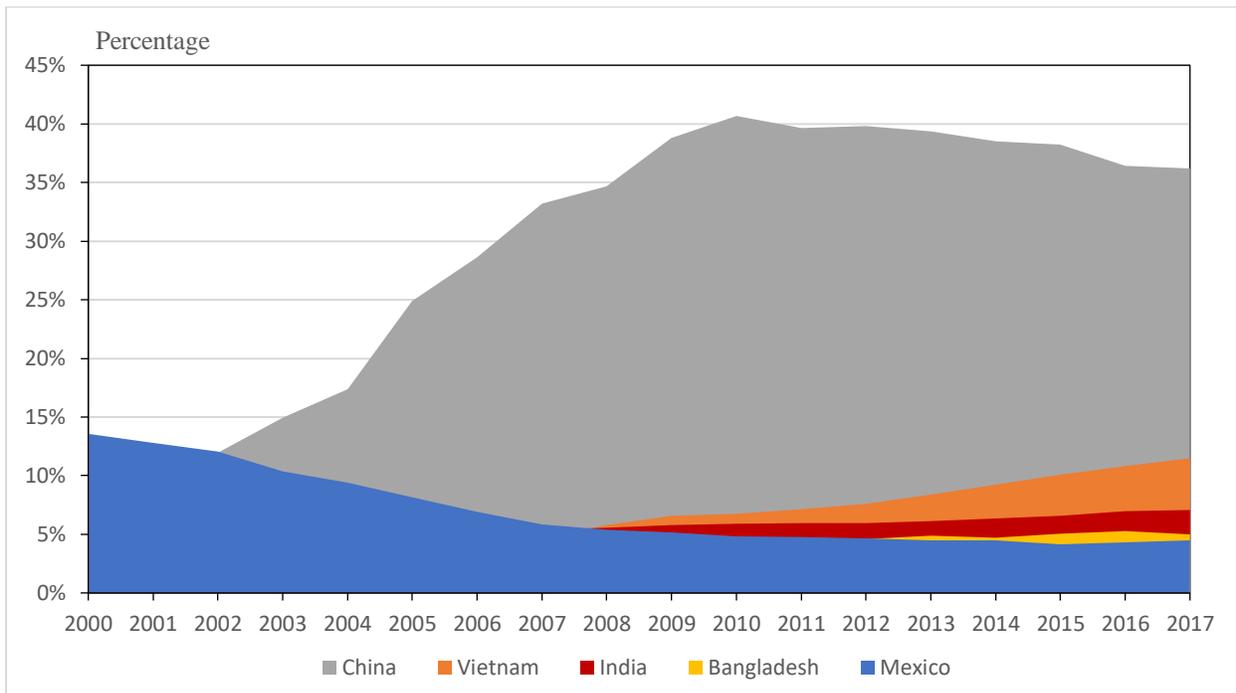
In general, the trade data shows a substantial rise in U.S. clothing and textiles imports starting after China's WTO accession in 2001, accelerated by the termination of ATC quotas in 2005. Corresponded with the rapid loss of textile manufacturing in the U.S., cotton consumption by textile mills has shifted toward developing countries in Asia. The rapid growth in mill use has been prominent in several of the dominant suppliers – China, Vietnam, India, Indonesia, and Bangladesh. While global cotton consumption has been increasing, MMF use has been increasing at a faster rate due to expanded production capacity growth, particularly in China.

**Figure 5. Market Shares of Major Clothing Suppliers for the U.S., 2000 – 2017**



**Source:** U.S. Department of Commerce, Office of Textile and Apparel (OTEXA)

**Figure 6. Market Shares of Major Textiles Suppliers for the U.S., 2000 – 2017**



**Source:** U.S. Department of Commerce, Office of Textile and Apparel (OTEXA)