

U.S. APPAREL AND FOOTWEAR IMPORTS REMAIN DOWN DURING JAN-OCT 2008

*An Analysis by the American Apparel & Footwear Association (AAFA)
December 16, 2008*

Summary

U.S. apparel imports (<http://www.apparelandfootwear.org/statistics/usimportsapparel0810.pdf>) declined 2.6 percent to 19.4 billion square meter equivalents (SME) worth \$61.4 billion during January-October 2008, compared to January-October 2007, while U.S. footwear imports (<http://www.apparelandfootwear.org/statistics/usimportsfootwear0810.pdf>) slid 6.3 percent to 1.9 billion pairs worth \$16.4 billion.

U.S. Apparel Imports

U.S. apparel imports from China fell 3.8 percent to 6.7 billion SME worth \$19.6 billion during January-October, dragged by significantly lower demand for infants' apparel, manmade fiber coats and jackets, cotton skirts, and women's and girls' manmade fiber sweaters, knit shirts and blouses. China remains the largest apparel supplier to the United States despite this lackadaisical performance with a 34.4 percent share of total U.S. apparel imports during January-October 2008, down from a share of 34.8 percent during January-October 2007. U.S. apparel imports from many other countries also declined to varying degrees during January-October, including #6 Mexico (-14.1 percent), #7 India (-1.0 percent), #10 Pakistan (-1.4 percent), #11 Thailand (-6.9 percent), #12 Philippines (-15.6 percent), #13 Sri Lanka (-8.7 percent), #14 Dominican Republic (-5.5 percent), #18 Taiwan (-18.1 percent), #20 Jordan (-8.8 percent), #21 Haiti (-11.7 percent), #23 Macau (-17.9 percent), #25 South Korea (-14.0 percent), #26 Lesotho (-12.2 percent), #27 Peru (-12.6 percent), #28 Canada (-33.9 percent) and #29 Turkey (-38.3 percent).

U.S. apparel imports from #2 Vietnam, on the other hand, grew 22.0 percent during the period despite the decision by the Bush administration to establish a monitoring program on imports from that country. On November 21, the U.S. Department of Commerce again decided not to initiate any antidumping investigations on imports from Vietnam, a decision that could have a positive effect on apparel shipments from that country in the months to come. While this monitoring program is scheduled to expire on January 20, 2009, the Obama administration could conceivably decide to continue it and perhaps extend it to U.S. imports from China. U.S. apparel imports from a number of other suppliers did modestly well during January-October, including #3 Bangladesh (+5.0 percent), #5 Indonesia (+3.4 percent), #7 Cambodia (+3.0 percent), #19 Malaysia (+2.8 percent), #22 Egypt (+1.1 percent) and #30 Madagascar (+1.7 percent). U.S. apparel imports from sub-Saharan Africa fell noticeably, declining by 9.9 percent, while U.S. imports from the Andean region went down by 15.2 percent.

U.S. apparel imports from Central America and the Dominican Republic rose 3.3 percent during January-October spurred by substantially higher shipments of cotton hosiery from Honduras, cotton underwear from Honduras and Nicaragua, and men's and boys' manmade fiber knit shirts from El Salvador, Honduras, Nicaragua and the Dominican Republic. The U.S./Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) continues to have a positive impact on U.S. imports from several Central American countries, namely #4 Honduras (+11.2 percent), #9 El Salvador (+6.2 percent) and #16 Nicaragua (+18.3 percent). On the other hand, U.S. apparel imports from #14 Dominican Republic and #15 Guatemala fell further during January-October, although trade from the Dominican Republic has picked up noticeably in recent months.

U.S. Footwear Imports

U.S. footwear imports from China fell 6.6 percent to 1.7 billion pairs worth \$12.2 billion during January-October, compared to January-October 2007. Despite this decline, China remains by far the largest footwear supplier to the United States with an 87.1 percent share of total U.S. footwear imports during January-October, down modestly from an 87.4 percent share during January-October 2007.

U.S. footwear imports during January-October from #2 Vietnam (+11.0 percent), #4 Indonesia (+4.2 percent), #7 Taiwan (+16.9 percent), #8 India (+5.0 percent), #11 Dominican Republic (+5.8 percent) and #19 Israel (+3.7 percent) grew during the period. Despite rampant inflation and other concerns, Vietnam continued to establish itself as the alternative sourcing destination of choice to China. U.S. importers remain hesitant about India, but continue to test the waters. Meanwhile, Indonesia and Taiwan are among the other countries in Asia that continue to benefit from the move away from China. The move away from China as well as increasing interest in the duty-free benefits it receives under CAFTA-DR continue to help the Dominican Republic.

Conversely, U.S. imports from #3 Brazil (-23.7 percent), #5 Italy (-12.0 percent), #6 Thailand (-10.5 percent), #9 Mexico (-19.0 percent), #12 Canada (-15.2 percent), #13 Spain (-31.1 percent), #14 Germany (-26.3 percent), #15 South Korea (-16.6 percent), #16 Romania (-32.7 percent), #17 Portugal (-13.3 percent), #18 Slovak Republic (-27.7 percent) and #20 Philippines (-49.9 percent) all suffered double-digit declines during January-October. U.S. demand for Western European and Brazilian shoes continue to be hurt by the strong Euro and the Brazilian Real, although the recent surge in the value of the U.S. dollar could stimulate shipments from these locations. U.S. footwear imports from Thailand, which should have benefited from the move away from China, have instead fallen due to the ongoing political turmoil in the country.

U.S. Cotton, Yarn & Fabric Exports

U.S. fabric exports (<http://www.otexa.ita.doc.gov/exports/grp4.htm>) fell 1.5 percent to \$6.3 billion during January-October 2008 versus January-October 2007 primarily as a result of weaker foreign demand for cotton broadwoven fabrics and silk and other vegetable fiber fabrics. U.S. fabric exports to the CAFTA region, the 2nd largest export market after Mexico, declined 6.5 percent during the period, as moderately higher sales to El Salvador (+4.3 percent) were more than offset by large declines in shipments to the Dominican Republic (-26.4 percent) and Costa Rica (-29.5 percent). U.S. fabric exports to #1 Mexico (-7.0 percent) and #3 Canada (-2.4 percent) also fell during the period. On the other hand, U.S. fabric exports to #4 China grew 13.4 percent.

Meanwhile, U.S. yarn exports (<http://www.otexa.ita.doc.gov/exports/grp3.htm>) grew 16.1 percent to \$1.9 billion during January-October. U.S. yarn exports to the CAFTA region, the #1 market for U.S. yarn, surged 28.1 percent as a result of huge demand in Honduras (+43.5 percent), Dominican Republic (+15.0 percent) and El Salvador (+17.4 percent). U.S. yarn exports to #3 Canada fell 15.9 percent during the period but shipments to #2 Mexico and #4 China grew by 7.6 percent and 16.6 percent, respectively.

U.S. exports of cotton (<http://www.fas.usda.gov/scripts/bico/bico.asp?Entry=lout&doc=620>) increased 7.4 percent to \$4.3 billion during the first ten months of this year. U.S. exports of cotton to China, the #1 market, went up by 6.0 percent to \$1.4 billion, accounting for 33.4 percent of all U.S. cotton exports during the period. U.S. cotton exports to #3 Mexico (+18.0 percent), #4 Indonesia (+46.9 percent), #5 Thailand (+53.1 percent) and #6 Vietnam (+124.2 percent) also increased during the period.

Please contact Nate Herman for more information at 703.797.9062 or nherman@apparelandfootwear.org.