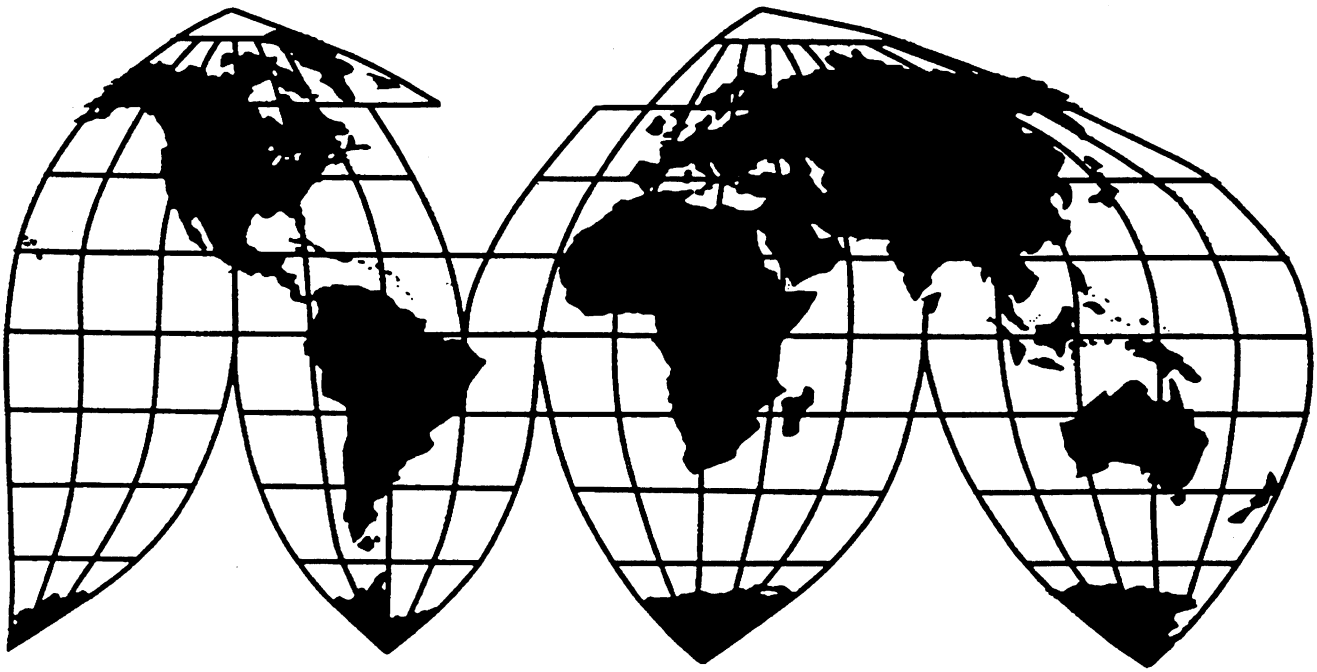
Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel From Sub-Saharan Africa

Investigation No. 332-379

Publication 3056 **September 1997**

U.S. International Trade Commission



Washington, DC 20436

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Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel From Sub-Saharan Africa



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Preface

Following receipt on January 14, 1997, of a request from the Committee on Ways and Means of the U.S. House of Representatives, the U.S. International Trade Commission instituted investigation No. 332-379, Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel From Sub-Saharan Africa. The purpose of the investigation is to provide the Committee with an assessment of the competitiveness of the textile and apparel industries in Sub-Saharan Africa and the likely impact of granting increased access to the U.S. market for textiles and apparel from the region. The Committee requested the Commission to provide the information in a report by September 2, 1997.

A copy of the Committee's request letter is in appendix A, and a copy of the Commission's response letter is in appendix B. Appendix C comprises a copy of the Commission's notice of investigation, which was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the *Federal Register* (62 F.R. 8036) on February 21, 1997. The Commission held a public hearing in connection with the investigation on May 1, 1997, in Washington, DC. All persons were allowed to appear by counsel or in person, to present information, and to be heard. In addition, interested parties were invited to submit written statements concerning the investigation. Appendix D contains a list of witnesses appearing at the hearing and a summary of the views of interested parties submitted to the Commission at the hearing or in written statements. Appendix E contains a technical description of the model use to conduct the requested quantitative analysis and appendix F comprises tables showing U.S. imports of textiles and apparel from Sub-Saharan Africa, by selected countries and by product categories, for 1993-96.

The information and analysis in this report are for the purpose of this report only. Nothing in this report should be construed as indicating how the Commission would find in an investigation conducted under other statutory authority covering the same or similar matters.■

Abstract

At the request of the Committee on Ways and Means of the U.S. House of Representatives in January 1997, the U.S. International Trade Commission initiated a study on the likely impact of granting quota-free and duty-free entry to textiles and apparel from Sub-Saharan Africa (SSA). Legislation introduced in April 1997 (H.R. 1432, the African Growth and Opportunity Act) would grant such trade preferences.

U.S. imports of textiles and apparel from SSA grew by an annual average of 18.8 percent during 1991-96 to $383 million, or less than 1 percent of total U.S. imports of such goods. They were concentrated in apparel, especially cotton shirts and pants, and came mostly from Mauritius, South Africa, and Lesotho. SSA exports of textiles and apparel to the world rose by 5.4 percent a year during 1990-95 to $1.7 billion, or 2 percent of the region's total exports. The European Union (EU) accounted for 53 percent of SSA exports of textiles and apparel in 1994; the United States followed with 23 percent.

Seven of the 48 countries in SSA export textiles and apparel to developed-country markets such as the United States and the EU. They are Mauritius, South Africa, Lesotho, Kenya, Swaziland, Madagascar, and Zimbabwe. Nine other SSA countries have the potential to expand exports of such goods to the United States should SSA be granted preferential U.S. market access. They are Botswana, Cameroon, Côte d'Ivoire, Ghana, Malawi, Mozambique, Nigeria, Tanzania, and Zambia. The other SSA countries are less likely to compete in the U.S. market; imports of such goods from most of them were less than $100,000 each in 1996.

Key findings of the Commission's study are as follows:

- Removal of U.S. quotas on textile and apparel imports from SSA would have a small impact on such trade, based on the Commission's quantitative analysis using 1996 data. The estimated increase in apparel imports from SSA would range from 0.4 to 0.6 percent. U.S. consumers would benefit from quota removal, but the welfare gains would be small ($2.6 to $3.3 million). The impact of quota removal on U.S. producers and workers is negligible. Since the quota for textiles from SSA did not have a restrictive effect in 1996, its removal would likely have a negligible effect on trade.
- If both quotas and tariffs were removed, the Commission estimated that U.S. imports of apparel from SSA would grow between 26.4 and 45.9 percent (between $100 million and $175 million) and net welfare would rise between $47 million and $96 million. U.S. apparel imports from the rest of the world would fall by not more than an estimated 0.2 percent ($75 million). U.S. domestic shipments of apparel would decline by about 0.1 percent ($47 million) and result in employment losses of 676 full-time-equivalents (an upper-bound estimate).
- For textiles, the Commission estimated that the removal of duties would result in an increase in U.S. imports from SSA of 10.5 to 16.8 percent ($2.5 to $4 million) and in a welfare gain of $0.6 to $1.5 million. The expected increase in textile imports from SSA would lead to a slight decline (not more than 0.05 percent) in textile imports from the rest of the world. The likely impact on the U.S. textile industry and its workers would be negligible.
- Entry barriers for the production of apparel, compared with that for textiles, are generally minimal in terms of capital and infrastructure requirements. Therefore, new investment in SSA resulting from preferential access to the U.S. market will likely be in the apparel sector. However, uncertainty regarding the economic environment in SSA with respect to limited infrastructure development, macroeconomic policies, and political instability, precludes the assessment of the extent to which foreign direct investment would be attracted to SSA, particularly in the short term.
- U.S. industry has expressed concern about a possible increase in textile fraud, especially illegal transshipments of Asian textiles and apparel through SSA to avoid U.S. quotas. The legislation would require exporting countries in SSA to adopt a visa system to guard against transshipment.■

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Executive Summary

On January 14, 1997, the U.S. International Trade Commission (Commission) received a request from the Committee on Ways and Means of the U.S. House of Representatives for an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) regarding the likely impact of granting quota-free and duty-free entry to textiles and apparel from 48 countries of Sub-Saharan Africa (SSA). Specifically, the Committee requested that the Commission provide--

(1) a review of any relevant literature on this issue prepared by governmental and nongovernmental organizations;

(2) an assessment of the competitiveness of the textile and apparel industries in SSA countries, to the extent possible;

(3) a qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of quota-free entry for imports of textiles and apparel from SSA. The Committee also asked that the Commission address the potential shifting of global textile and apparel production facilities to SSA that might occur as a result of the changes contained in proposed legislation. (The Committee specifically referenced H.R. 4198, African Growth and Opportunity: The End of Dependency Act of 1996, introduced in the 104th Congress, and stated that a similar bill would be introduced in the 105th Congress); and

(4) a qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of eliminating the exclusion of textiles and apparel from SSA countries from coverage under the Generalized System of Preferences (GSP), in addition to quota-free entry for imports from these countries.

The Committee also requested that the Commission identify the specific types of textile and apparel articles which are most likely to be produced in SSA and which would have the most significant impact on U.S. producers, workers, and consumers.

Proposed Legislation

Legislation introduced in the 105th Congress on April 24, 1997--H.R. 1432, the African Growth and Opportunity Act--would authorize a new trade and investment policy for SSA. In part, the bill provides for increased U.S. market access for textiles and apparel from the region; SSA countries currently account for less than 1 percent of U.S. imports of such goods. The bill would eliminate existing U.S. quotas on imports of textiles and apparel from SSA countries and authorize the President to grant duty-free treatment under the GSP to such imports. All 48 SSA countries would be eligible under the Act, but only if the President determines that the country has established, or is making continual progress toward establishing, a market-based economy.

Section 8(a) of H.R. 1432 sets forth several findings of Congress regarding the competitiveness of SSA in the global market. First, SSA has limited capacity to produce textiles and apparel, and this capacity is projected to grow at a modest rate; accordingly, it will be difficult for SSA to annually supply more than 3 percent of U.S. textile and apparel imports during the next 10 years. Further, if imports of textiles and apparel from SSA grow to "around 3 percent" of total U.S. imports of such goods, they will not represent a threat to U.S. producers, workers, or consumers.

Section 8(c) of the bill eliminates U.S. import quotas on textiles and apparel from Kenya and Mauritius, the only SSA countries now subject to such quotas, but only after each country adopts a visa system to guard against unlawful transshipment of textiles and apparel.[1] Other SSA countries planning to export large quantities of textiles and apparel to the United States would also be required to have a visa system in place to guard against transshipment.

Section 9 of the bill authorizes the President to designate textiles and apparel as GSP-eligible articles with respect to eligible SSA countries if, after receiving the advice of the Commission, he determines that such articles are not import sensitive in the context of imports from these countries. The proposed GSP duty-free treatment would remain in effect until May 31, 2007.[2]

Country and Product Coverage

Sub-Saharan Africa comprises a diverse set of countries (see map on next page). Population data for 1995 show that Nigeria is the largest SSA country with 111 million people, followed by Ethiopia with 56 million. South Africa has the largest economy, with a gross national product (GNP) of $131 billion in 1995; Nigeria is second, with $28 billion. Most countries in the region rank among the poorest in the world. The World Bank classifies 38 of the 48 SSA countries in the lowest income group (GNP per capita of $765 or less in 1995) and 6 in the lower middle income group ($766 to $3,035); the remaining 4 countries are in the upper middle income group ($3,036 to $9,385).

The articles covered by this investigation are those subject to textile agreements, namely textiles and apparel of cotton, other vegetable fibers, wool, manmade fibers, and silk blends (hereinafter referred to as sector goods). Used clothing and other used textile items are a major U.S. export to SSA. Such U.S. exports to SSA totaled $92 million in 1996; they were eighth out of all U.S. exports to the region. Several SSA countries have expressed concern about the adverse impact that shipments of used apparel and textile articles have had on their domestic textile and apparel sectors, as such goods depress demand for locally made goods.

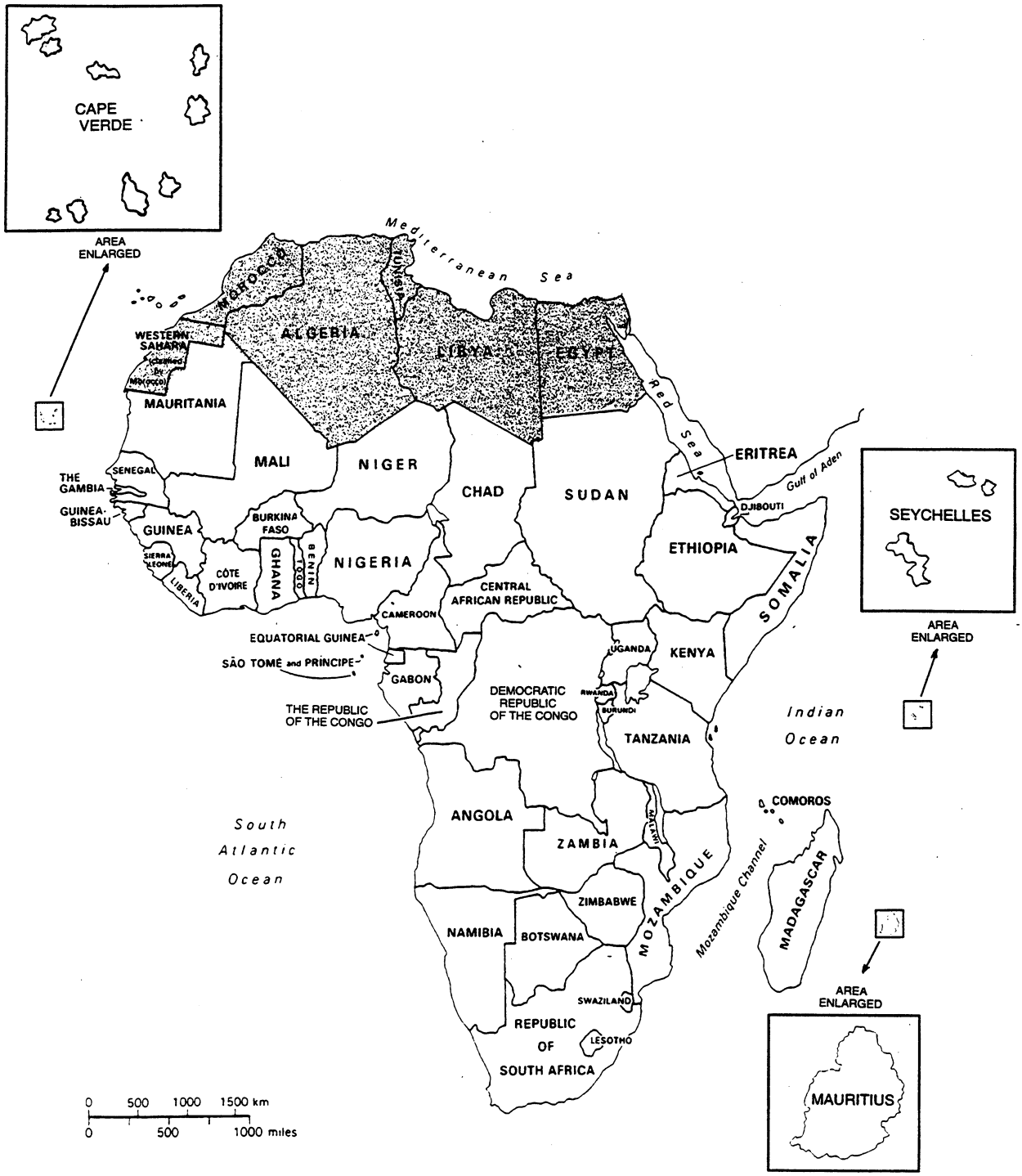
U.S. imports of sector goods from SSA grew by an annual average of 18.8 percent during 1991-96 to $383 million, or less than 1 percent of total U.S. sector imports. In 1996, sector imports from SSA fell by 7 percent. Most sector imports from SSA consist of apparel (93 percent of the 1996 total), particularly basic cotton pants, shirts, and blouses. These goods are especially suited to production in countries at the initial stages of industrialization because manufacturing involves standardized runs, simple tasks, and few styling changes.

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[1] Visas are issued by the quota regulatory authority of the country in which the goods originate, and they certify the origin of the goods, specify the product type and quantity, and authorize the shipment.

[2] The GSP program, which had expired on May 31, 1997, was extended retroactively to June 30, 1998, by the Revenue Reconciliation Act of 1997.

Map of Sub-Saharan Africa



Some 80 percent of sector imports from SSA in 1996 came from three countries--Mauritius (43 percent), South Africa (20 percent), and Lesotho (17 percent). Kenya followed with 7 percent of the total. Sector imports from most of the remaining SSA countries were very small; 24 of the countries each shipped less than $100,000 in 1996. Although sector goods accounted for slightly less than 3 percent of total U.S. merchandise imports from SSA in 1996, they represented a significant share of the shipments from several SSA countries. For example, sector goods accounted for 99 percent of total U.S. imports from Lesotho, 76 percent for Mauritius, and 38 percent for Swaziland.

The transshipment of sector goods through third countries to avoid quotas, as well as other types of textile fraud, is a priority of the U.S. Customs Service, which has expanded efforts to combat such illegal transshipments. Although official data are not available on the extent of these transshipments, the Customs Service has documented that eight SSA countries have been used as illegal points of transshipment: Kenya,[3] Lesotho, Mauritius, Mozambique, South Africa, Tanzania, Togo, and Zimbabwe. Under textile agreements negotiated with exporting countries, the United States may send "jump teams" to foreign countries to verify production capacity of a factory. In addition, the United States may apply transshipments to the quota of the true country of origin and charge up to three times the amount of the transshipment against quota in the event of repeated circumvention by a country.

Economic Overview of Sub-Saharan Africa

Economic growth in SSA, as measured by the average annual growth rate of the region's gross domestic product (GDP), fell from 1.7 percent during 1980-90 to 1.4 percent during 1990-95. The region's growth was much lower than that of most other lower and middle-income country groups during 1990-95.

During the past decade, many SSA countries began the process of economic reform. To varying degrees, these countries initiated reforms that were designed to stabilize foreign exchange rates, liberalize trade and investment, and promote foreign direct investment (FDI) and free enterprise. Nevertheless, SSA still lags behind other developing countries in terms of net private capital flows, including FDI. Most net private capital and FDI flows into SSA are concentrated in a few countries, led by Nigeria, Angola, and Ghana, and in the energy and mining sectors.

SSA also faces a significant debt burden. High debt burdens can have a detrimental effect on economic growth both by acting as a disincentive to investment and by potentially increasing uncertainty. The World Bank classifies 31 of the 48 SSA countries as "severely indebted." The ratio of total external debt to either GNP or exports of goods and services for SSA is higher than the respective ratios for other regions, such as South Asia, Latin America and the Caribbean, and the Middle East and North Africa.

Although many SSA countries rely heavily on agriculture, the services sector accounts for the largest share of SSA GDP. From 1980 to 1995, services' share of SSA GDP rose from 38 to 48 percent, while industry's share fell from 36 to 30 percent, and agriculture's share declined

[3] H. E. Dr. Benjamin E. Kipkorir, Ambassador of the Republic of Kenya, stated that there was only one instance of transshipment involving Kenya and that the transshipment "was dealt with." Transcript of hearing, p. 12.

from 24 to 20 percent. The latest available data show that agriculture accounted for 68 percent of SSA employment in 1990. Manufacturing value added accounted for more than 20 percent of GDP in only six SSA countries--between 20 and 25 percent for Burkina Faso, Mauritius, and South Africa, 30 percent for Zambia and Zimbabwe, and 36 percent for Swaziland.

Recent data on the value added for the textile and apparel sector are more limited. Of the SSA countries currently competing in the global market, South Africa has the largest textile and apparel sector ($2.0 billion), followed by Mauritius ($288 million), and Zimbabwe ($236 million). Mauritius stands out since the sector accounts for 45 percent of its manufacturing value added.

Overall SSA exports decreased by 24 percent during 1980-93, to $62 billion. A major portion of the decline was accounted for by the drop in exports of Nigeria (55 percent) and the Democratic Republic of the Congo (36 percent). The share of SSA exports accounted for by fuels, minerals, and metals fell from 61 to 40 percent during the period; "other manufactures" rose from 16 to 36 percent. On a geographic basis, SSA exports to the European Union (EU) declined by 31 percent during the period, to $18.9 billion, and exports to the United States fell by 21 percent, to $13.0 billion. Exports to the rest of the world dropped by 21 percent to $30.1 billion. The decline in SSA exports to the EU occurred despite trade preferences afforded SSA under the Lomé Convention. Factors attributable to the SSA's inability to maintain or expand its share of the EU market include unstable macroeconomic conditions and supply-side constraints.

Although the level of infrastructure varies among SSA countries, the region as a whole lags behind other low- to middle-income regions. SSA's infrastructure deficiencies contribute to the region's difficulty in attracting FDI.

Competitive Position of the Textile and Apparel Sector in SSA Countries

SSA is a very small exporter of sector goods to the global market, accounting for less than 1 percent of world exports of such goods in 1995. SSA sector exports grew by an annual average of 5.4 percent during 1990-95 to $1.7 billion, two-thirds of which consisted of apparel. Sector exports accounted for about 2 percent of the region's total exports in 1995. Mauritius and South Africa together generated three-fourths of SSA's sector exports in 1995. The EU, with its colonial ties to SSA, was the primary market for the region's exports of textiles and apparel, accounting for just over one-half of the total in 1994. The United States followed with just under one-fourth of the total. Other SSA countries accounted for 13 percent of exports.

For purposes of this report, the 48 SSA countries are divided into three groups. The first group comprises the seven countries that currently export textiles and apparel to developed country markets such as the United States and the EU. Although costs related to entry into foreign markets such as the United States are often substantial, the growth and/or current size of the export sectors in these SSA countries suggests that costs related to entry and expansion are not insurmountable. The second group consists of nine countries that are considered to have the potential to expand exports of textiles and apparel to the United States based, in part, on past production and export performance. The third group includes the 32 remaining SSA countries, which are less likely to compete in the U.S. market for such goods.

- The seven countries in group 1 are Mauritius, South Africa, Lesotho, Kenya, Swaziland, Madagascar, and Zimbabwe. Mauritius has the most developed, export-oriented apparel industry in SSA, exporting quality apparel all over the world. U.S. sector imports from Mauritius peaked at $191 million in 1995, and then fell to $165 million in 1996. The price competitiveness of Mauritian sector goods has declined recently because of rising labor costs brought on by a tight labor market. As a result, some Mauritian sector trade has shifted to neighboring Madagascar. U.S. sector imports from Madagascar, which has a low-cost, relatively skilled workforce, rose from less than $1 million a year in the early 1990s to $11 million in 1996.

- U.S. sector imports from South Africa have grown rapidly since 1991, when the United States lifted the trade embargo imposed against South Africa under the Comprehensive Anti-Apartheid Act of 1986. Imports rose from $1.5 million in 1991 to $77 million in 1996; the pre-embargo peak was $55 million in 1985. South Africa is the largest producer of sector goods in SSA, but it exports only a small share of its production. Factors such as low productivity and the limitations initially imposed during the period of international sanctions hamper its ability to compete globally, especially with Asian sector firms. In addition, South Africa has relatively high labor costs, so the sector tends to focus on the production of higher quality or niche products for export. Nonetheless, South Africa has a developed infrastructure and an established textile and apparel sector upon which to expand production. Both Lesotho and Swaziland, which have close trading relationships with South Africa, have long-term potential to develop globally competitive textile and apparel sectors.

- The trade sanctions on South Africa encouraged firms there to shift production of sector goods for export to neighboring Lesotho and Swaziland. The resulting increase in U.S. sector imports from Lesotho, from negligible levels in the mid-1980s to $27 million in 1991 and to $52 million in 1992, led to the establishment of U.S. quotas. However, reflecting the imposition of the quotas and the lifting of the U.S. trade embargo on South Africa, sector imports from Lesotho leveled off at slightly more than $60 million during 1994 and 1995, and then rose to a high of $65 million in 1996. Sector imports from Swaziland more than doubled between 1991 and 1994 to $15 million, and then fell to about $11 million in 1995 and 1996. Both Lesotho and Swaziland, which have close trading relationships with South Africa, have long-term potential to develop globally competitive textile and apparel sectors.

- Zimbabwe's textile and apparel sector has shown the capability to export to developed country markets, which account for most of its sector exports. The 50-percent growth in Zimbabwe's sector exports during 1990-95 partly reflected efforts by apparel exporters to shift their product mix to more fashionable and higher valued goods. Zimbabwe's textile industry mainly exports low-valued cotton goods, such as yarn and unfinished fabric. For the most part, the industry is unable to competitively produce quality finished fabrics or other textiles for export to developed country markets.

- U.S. sector imports from Kenya rose about sixfold during 1991-94, to a high of $37 million, before decreasing to just under $28 million in 1996. Although these imports fell following the establishment of U.S. quotas on Kenya's shipments of certain shirts and pillowcases in 1994 and the difficulty that the Government of Kenya and sector

producers had in allocating the quotas, Kenya's textile and apparel sector has the capacity and capability to regain a share of the U.S. market.

- The nine countries in group 2 that are considered to have the potential to expand exports of sector goods to the United States are Botswana, Cameroon, Côte d'Ivoire, Ghana, Malawi, Mozambique, Nigeria, Tanzania, and Zambia. With the proper amount of investment and the opportunity to export to the United States with quota-free and duty-free status, these countries would likely develop a textile and apparel sector capable of competing in the U.S. market.

- The 32 remaining countries (group 3), which are considered less likely to compete in the U.S. textile and apparel market, are among the poorest in the world. These countries, some of which have no formal textile or apparel industry, are characterized by political instability, a poor natural resource base, a small internal market, and/or limited infrastructure.

- Entry barriers for the production of apparel, compared with that for textiles, are generally minimal in terms of capital and infrastructure requirements. Thus, new investment in SSA resulting from preferential access to the U.S. market will likely be in the apparel industry. However, uncertainty regarding the economic environment in SSA with respect to limited infrastructure development, macroeconomic policies, and political instability, precluded the assessment of the extent to which FDI would be attracted to SSA, particularly in the short term.

Qualitative and Quantitative Assessment

- The Commission estimated the potential economic effect of removing the quotas imposed on U.S. imports of sector goods from SSA. It found that quota removal would have a small impact on U.S. imports of apparel (an increase of 0.4 to 0.6 percent). U.S. consumers would benefit somewhat, but the welfare gains would be small ($2.6 million to $3.3 million). The impact of quota removal on U.S. producers and U.S. workers would be negligible. Since the U.S. quota on imports of textiles from SSA did not have a restrictive effect in 1996, its removal is likely to have a negligible effect on trade.

- If both quotas and tariffs on U.S. imports of apparel from SSA were eliminated, the gains to SSA exporters and U.S. consumers would be more significant. U.S. imports of apparel from SSA are projected to increase by 26.4 to 45.9 percent; net welfare would increase by $47.0 million to $96.4 million.

- Duty-free treatment for U.S. imports of textiles from SSA would result in increases in imports of between 10.5 and 16.8 percent. The welfare gains generated by tariff elimination would amount to an estimated $0.6 million to $1.5 million.

- The increase in U.S. imports of textiles and apparel from SSA resulting from duty-free and quota-free treatment leads to a slight reduction in imports of comparable goods from the rest of the world. However, the declines do not exceed 0.3 percent.

- U.S. domestic shipments of apparel would decrease by about 0.1 percent ($47.1 million) with the removal of quotas and duties on U.S. apparel imports from SSA. Corresponding employment losses amount to approximately 676 full-time-equivalents (an upper-bound estimate). The estimated impact on the U.S. textile industry and its workers is considerably smaller; the decline in domestic shipments and employment would be negligible.

Views of Interested Parties

The Commission received written submissions from representatives of five SSA countries, which support the proposed legislation. The Ambassador of the Republic of Kenya underscored the importance of removing quotas on imports from his country, asserting that the U.S. decision to impose quotas in 1994 has had a negative impact on the apparel sector of Kenya's economy. The Mauritian Ambassador noted that imports of sector goods from 46 of the 48 countries in SSA currently enter free of quota and that sector imports from these nations do not negatively affect the U.S. industry. He also stated that the proposed trade preferences for SSA will allow for further development by the more established SSA countries, in turn enabling the more developed nations to invest in the region and to serve as a model for development for other SSA countries.

Representatives of the U.S. textile and apparel industry opposed the opening of the U.S. market to sector goods from low-wage countries in SSA. They expressed concern about transshipments from Asian firms, which have quotas and therefore would be the unintended beneficiaries of U.S. efforts to assist SSA countries. Other interested parties, including African textile and apparel trade associations and U.S. importers of apparel, expressed support for the proposed legislation as a means to increase the competitiveness of the SSA textile and apparel sector and encourage overall economic development in SSA countries. U.S. importers also supported the measure as a means to obtain low-cost goods for sale in the domestic market, thereby lowering the overall cost of apparel in the United States.■

CHAPTER 1
Introduction

Purpose

On January 14, 1997, the U.S. International Trade Commission (Commission) received a request (see appendix A) from the Committee on Ways and Means of the U.S. House of Representatives for an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) regarding the likely impact of granting quota-free and duty-free entry to textiles and apparel from 48 countries of Sub-Saharan Africa (SSA). Specifically, the Committee requested that the Commission provide--

(1) a review of any relevant literature on this issue prepared by governmental and nongovernmental organizations;

(2) an assessment of the competitiveness of the textile and apparel industries in SSA countries, to the extent possible;

(3) a qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of quota-free entry for imports of textiles and apparel from SSA. The Committee also asked that the Commission address the potential shifting of global textile and apparel production facilities to SSA that might occur as a result of the changes contained in proposed legislation. (The Committee specifically referenced H.R. 4198, African Growth and Opportunity: The End of Dependency Act of 1996, introduced in the 104th Congress,[1] and stated that a similar bill would be introduced in the 105th Congress); and

(4) a qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of eliminating the exclusion of textiles and apparel from SSA countries from coverage under the Generalized System of Preferences (GSP),[2] in addition to quota-free entry for imports from these same countries.

The Committee also requested that the Commission identify the specific types of textile and apparel articles which are most likely to be produced in SSA and which would have the most significant impact on U.S. producers, workers, and consumers.

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[1] H.R. 4198 was introduced in September 1996 and referred to the Committee on Ways and Means. No further action was taken on the bill during the 104th Congress.

[2] Under current law (title V of the Trade Act of 1974, which authorizes the GSP program), the President may not designate textiles and apparel subject to textile agreements as eligible for duty-free treatment under GSP. Legislation introduced in the 105th Congress (H.R. 1432) would create an exception and authorize the President to provide GSP duty-free benefits to qualifying textiles and apparel from eligible SSA countries.

Proposed Legislation

Legislation introduced in the 105th Congress on April 24, 1997--H.R. 1432, the African Growth and Opportunity Act--would authorize a new trade and investment policy for SSA. In part, the bill provides for increased U.S. market access for textiles and apparel from the region; SSA countries currently account for less than 1 percent of U.S. textile and apparel imports. As discussed below, the bill would eliminate existing U.S. quotas on imports of textiles and apparel from SSA countries and authorize the President to grant GSP duty-free treatment to such imports. All 48 SSA countries would be eligible under the Act, but only if the President determines that the country has established, or is making continual progress toward establishing, a market-based economy.

Section 8(a) of H.R. 1432 sets forth several findings of Congress regarding the competitiveness of SSA in the global market, stating--

> that SSA has limited capacity to produce textiles and apparel and that this capacity is projected to grow at a modest rate; that it will be difficult for SSA to annually supply more than 3 percent of U.S. textile and apparel imports during the next 10 years; and that, if imports of textiles and apparel from SSA grow to "around 3 percent" of total U.S. imports of such goods, they will not represent a threat to U.S. producers, workers, or consumers.

Section 8(c) of the bill eliminates U.S. import quotas on textiles and apparel from Kenya and Mauritius, but only after each country adopts a visa system to guard against unlawful transshipment of textiles and apparel.[3] Kenya and Mauritius are the only SSA countries now subject to such quotas.[4] Other SSA countries planning to export large quantities of textiles and apparel to the United States would also be required to have a visa system in place to guard against transshipment.

Section 9 of the bill authorizes the President to designate textiles and apparel as GSP-eligible articles with respect to eligible SSA countries if, after receiving the advice of the Commission, he determines that such articles are not import sensitive in the context of imports from these countries. The proposed GSP duty-free treatment would remain in effect until May 31, 2007.[5]

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[3] The United States requires visas for textile and apparel imports from many countries. Issued by the quota regulatory authority of the country in which the goods originate, a visa is a stamp on a paper document that certifies the origin of the goods, specifies the product type and quantity, and authorizes the shipment. The U.S. Customs Service, which uses the information to charge imports against quotas, is implementing an electronic visa system to help expedite the clearance of imports and eliminate visa fraud and unlawful transshipments.

[4] South Africa, Nigeria, and Lesotho are SSA countries previously subject to U.S. quotas. The quota agreement with South Africa, scheduled to expire in 1988, was made inoperative by the Comprehensive Anti-Apartheid Act of 1986, which banned imports of textiles and certain other goods from South Africa. The trade sanctions were lifted by Executive Order 12769 of July 10, 1991, published in the *Federal Register* of July 12, 1991 (56 F.R. 31855). The quota agreements with Nigeria and Lesotho expired in December 1992 and November 1994, respectively.

[5] The GSP program, which had expired on May 31, 1997, was extended retroactively to June 30, 1998, by the Revenue Reconciliation Act of 1997 (Public Law 105-34, Aug. 5, 1997).

H.R. 1432, which was introduced by Representative Philip M. Crane et al., was referred to the House Committees on Ways and Means, International Relations, and Banking and Financial Services. On May 22, 1997, the Africa Subcommittee of the Committee on International Relations held a public markup and amended the bill, and cleared it for full committee action. On June 25, 1997, the Committee on International Relations held a public markup and approved the bill, as amended. The measure must still be approved by the Ways and Means and Banking Committees before it can be considered by the full House. In the Senate, a companion measure, S. 778, was introduced by Senator Richard G. Lugar on May 21, 1997. The bill was referred to the Senate Committee on Finance. No action had been taken in the Senate, as of August 1997.

Scope

Country Coverage

Sub-Saharan Africa comprises a diverse set of countries. As shown in the map in the Executive Summary, although most are on the African continent, several are island nations located in the Atlantic Ocean (Cape Verde, São Tomé and Principe, and parts of Equatorial Guinea) and the Indian Ocean (Comoros, Madagascar, Mauritius, and Seychelles). In terms of 1995 population, Nigeria is the largest SSA country, with 111 million people, followed by Ethiopia with 56 million, the Democratic Republic of the Congo (formerly Zaire) with 44 million, and South Africa with 41 million (table 1-1). Seven SSA countries have less than 1 million people; Seychelles, the smallest, has 74,000. South Africa has the largest economy by far, with a gross national product (GNP) of $131 billion in 1995, followed by Nigeria at $28.4 billion and Côte d'Ivoire at $9.2 billion. At least eight SSA countries each had a GNP of less than $1 billion; São Tomé and Principe, the smallest, had a GNP of $45 million.

According to published World Bank data, GNP per capita for SSA declined at an annual rate of 1.1 percent during 1985-95, to an average of $490. Most countries in the region rank among the poorest in the world. In terms of 1995 GNP per capita, 38 SSA countries were in the lowest income group ($765 or less) and 6 were in the lower middle income group ($766 to $3,035). The remaining four countries--Gabon, Mauritius, Seychelles, and South Africa--were in the upper middle income group ($3,036 to $9,385).

Used clothing and other used textile articles are a major U.S. export to SSA. Such U.S. exports amounted to $92 million in 1996; they were eighth out of all U.S. exports (on a 6-digit Harmonized Tariff Schedule basis) to the region. Several SSA countries have expressed concern about the adverse impact that used apparel and used textile articles have had on their domestic textile and apparel industries, as such goods depress demand for locally made products.

For purposes of this report, the 48 SSA countries are divided into three groups. The first group comprises the seven countries that currently export textiles and apparel to developed country markets such as the United States and the European Union (EU). The second group consists of nine countries that are considered to have the potential to expand exports of such goods to the United States based, in part, on past production and export performance. The third group includes the 32 remaining SSA countries, which are less likely to compete in the U.S. market for textiles and apparel. The countries in groups 1 and 2 are listed in table 1-2. The criteria used to divide the countries into the three groups are presented in chapter 2 of this report, which assesses the competitive position of the textile and apparel sector in SSA countries.

Table 1-1
Sub-Saharan Africa: Population, GNP per capita, and GNP, 1995, and U.S. general imports, total and for textiles and apparel,[1] 1996

Country	Population, 1995	GNP per capita, 1995	GNP, 1995	U.S. imports, 1996		
				Total	Textiles and apparel [1]	
					Total	Share of total imports
	Thousands	*Dollars*	*Million dollars*	*—— 1,000 dollars ——*		*Percent*
Angola	10,772	410	4,422	2,575,444	0	0
Benin	5,475	370	2,034	18,154	264	1
Botswana	1,450	3,020	4,381	26,981	6,841	25
Burkina Faso	10,377	230	2,417	3,860	9	(2)
Burundi	6,264	160	984	2,081	6	(2)
Cameroon	13,288	650	8,615	64,497	799	1
Cape Verde	380	960	366	378	0	0
Central African Republic	3,275	340	1,123	268	1	(2)
Chad	6,448	180	1,144	7,116	0	0
Comoros	499	470	237	6,217	30	(2)
Congo, Republic of the	2,633	680	1,784	280,280	0	0
Congo, Democratic Republic of [3]	43,848	120	5,313	214,290	31	(2)
Côte d'Ivoire	13,978	660	9,248	397,376	569	(2)
Djibouti	634	(4)	(5)	8	0	0
Equatorial Guinea	400	380	152	76,022	0	0
Eritrea	3,574	(6)	(5)	1,548	165	11
Ethiopia	56,404	100	5,722	34,586	429	1
Gabon	1,077	3,490	3,759	1,520,431	15	(2)
Gambia, The	1,113	320	354	1,927	26	1
Ghana	17,075	390	6,719	171,354	912	1
Guinea	6,591	550	3,593	116,454	13	(2)
Guinea-Bissau	1,070	250	265	46	0	0
Kenya	26,688	280	7,583	106,621	27,911	26
Lesotho	1,980	770	1,519	65,347	65,215	99
Liberia	2,733	(6)	(5)	26,893	3	(2)
Madagascar	13,651	230	3,178	45,629	11,034	24
Malawi	9,757	170	1,623	72,483	1,540	2
Mali	9,788	250	2,410	5,486	259	5
Mauritania	2,274	460	1,049	5,294	147	3
Mauritius	1,128	3,380	3,815	216,935	164,955	76
Mozambique	16,168	80	1,353	26,552	447	2
Namibia	1,545	2,000	3,098	26,973	13	(2)
Niger	9,028	220	1,961	697	161	23
Nigeria	111,273	260	28,411	4,700,775	1,530	(2)
Rwanda	6,400	180	1,128	8,748	0	0
São Tomé and Principe	129	350	45	449	(2)	(2)
Senegal	8,468	600	5,070	5,489	1,018	19
Seychelles	74	6,620	487	2,826	0	0
Sierra Leone	4,195	180	762	22,380	40	(2)
Somalia	9,491	(6)	(5)	150	(2)	(2)
South Africa	41,457	3,160	130,918	2,307,866	77,052	3
Sudan	26,707	(6)	(5)	18,654	1	(2)
Swaziland	900	1,170	1,051	29,934	11,458	38
Tanzania	29,646	120	3,703	16,085	4,106	26
Togo	4,085	310	1,266	4,236	145	3
Uganda	19,168	240	4,668	15,909	0	0
Zambia	8,978	400	3,605	64,102	456	1
Zimbabwe	11,011	540	5,933	133,039	5,455	4
Total [7]	583,300	490	278,574	13,448,871	383,055	3

See footnotes for table on next page.

Table 1-1—*Continued*
Sub-Saharan Africa: Population, GNP per capita, and GNP, 1995, and U.S. general imports, total and for textiles and apparel,[1] 1996

[1] Includes articles covered by the Multifiber Arrangement, that is, textiles and apparel of cotton, other vegetable fibers, wool, manmade fibers, and silk blends.
[2] Less than $500 or 0.5 percent.
[3] Formerly Zaire.
[4] Estimated by the World Bank to be in the lower middle income group ($766 to $3,035).
[5] Not available.
[6] Estimated by the World Bank to be in the low income group ($765 or less).
[7] Data shown for total population, average GNP per capita, and total GNP for all of Sub-Saharan Africa are from different World Bank reports (as indicated below) and, thus, may not represent the sum or average of the country data shown in the respective columns.

Source: U.S. import data compiled from official statistics of the U.S. Department of Commerce; textile and apparel data are from a special table prepared by Commerce's Office of Textiles and Apparel on the basis of data published in its *Major Shippers Reports*. All other data are from the World Bank, Washington, DC, as follows: data on total population and average GNP per capita for all of Sub-Saharan Africa are from *World Development Report 1997* (New York: Oxford University Press, Inc., June 1997), table 1, p. 215; data on total GNP for all of Sub-Saharan Africa are from *Global Development Finance 1997*, vol. 2: Country Tables, p. 38; data on population by country from *1997 World Bank Atlas*, pp. 16 and 17; and data on GNP and GNP per capita by country from *World Development Indicators* (CD-ROM), unnumbered table entitled "Economy."

Table 1-2
Textiles and apparel: U.S. general imports from Sub-Saharan Africa, by major sources, 1991-96

(1,000 dollars)

Source	1991	1992	1993	1994	1995	1996
Group 1:						
Mauritius	98,906	114,903	162,298	187,192	191,005	164,955
South Africa	1,533	13,425	24,443	47,344	68,525	77,052
Lesotho	27,076	51,683	55,030	62,669	61,936	65,215
Kenya	5,054	7,883	23,155	37,432	35,711	27,911
Swaziland	5,893	7,811	9,569	15,382	11,727	11,458
Madagascar	400	763	2,041	3,625	7,289	11,034
Zimbabwe	6,849	5,936	12,956	11,370	14,386	5,455
Group 2:						
Botswana	1,135	12	0	2,106	4,930	6,841
Tanzania	1,381	359	1,254	3,480	3,245	4,106
Malawi	5,680	7,849	8,176	3,766	2,307	1,540
Nigeria	3,005	1,719	781	1,037	1,893	1,530
Ghana	127	368	1,042	1,922	2,990	912
Cameroon	8	2	157	265	620	799
Côte d'Ivoire	1,425	2,367	3,212	1,023	776	569
Zambia	1	233	439	1,279	0	456
Mozambique	590	78	1,425	464	223	447
Group 3:						
Senegal	694	1,595	1,531	72	649	1,018
Ethiopia	0	1	74	1,053	902	429
Benin	211	5	1,106	1,567	1,087	264
Mali	209	76	193	181	559	259
Other	1,417	433	702	2,984	1,991	805
Total	161,594	217,501	309,584	386,213	412,751	383,055

Source: Compiled from official statistics of the U.S. Department of Commerce (*Major Shippers Reports*).

Product Coverage

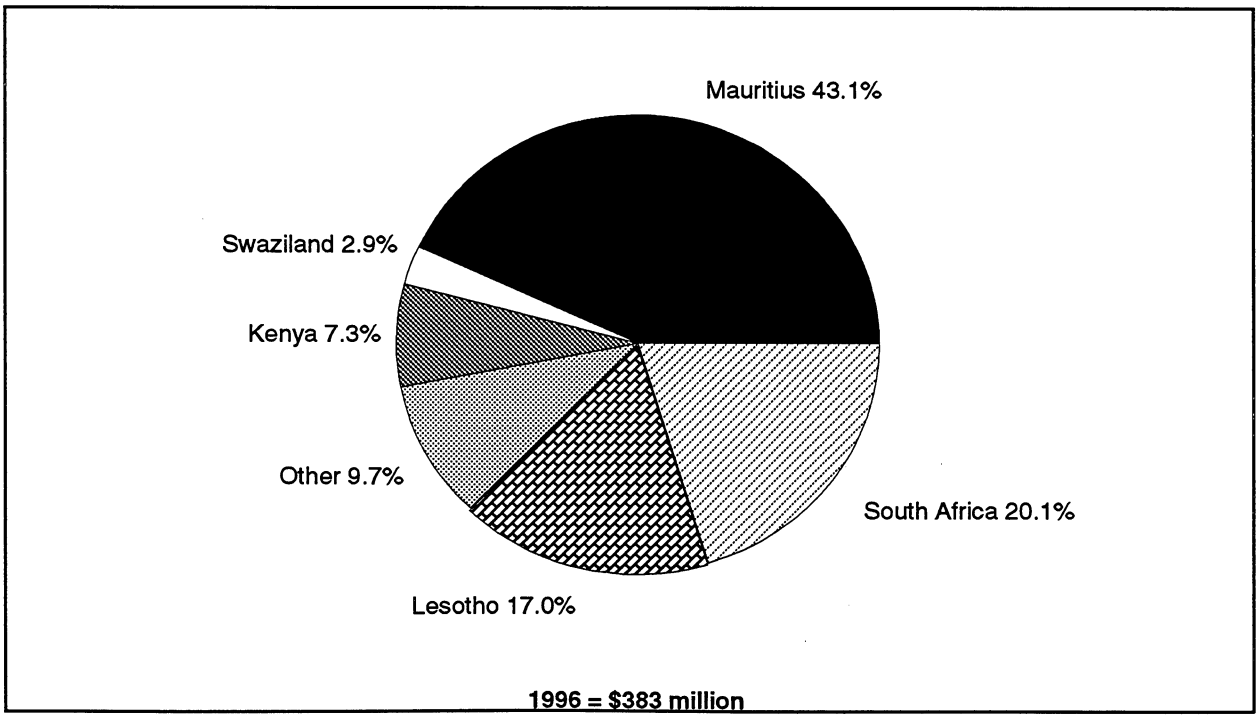
The items covered by this investigation are those subject to textile agreements, namely textiles and apparel of cotton, other vegetable fibers, wool, manmade fibers, and silk blends (hereinafter referred to as sector goods). Apparel accounted for 93 percent of U.S. sector imports from SSA in 1996. The main apparel imports are pants, shirts, and blouses. The principal textile imports from SSA are fabrics, yarns, carpets, and home furnishings. Cotton goods accounted for 86 percent of U.S. sector imports from SSA, followed by those of manmade fibers (9 percent) and wool (5 percent).

U.S. Sector Imports from SSA

Sector imports from SSA grew by an annual average of 18.8 percent during 1991-96 to $383 million (table 1-2), or less than 1 percent of total U.S. sector imports. Most of the growth occurred during 1991-94, when imports more than doubled. Sector imports from SSA rose by just 7 percent in 1995, and then fell by 7 percent in 1996.

Some 80 percent of sector imports from SSA in 1996 came from three countries--Mauritius (43 percent), South Africa (20 percent), and Lesotho (17 percent) (figure 1-1). Kenya followed with 7 percent of the total. Sector imports from most of the remaining SSA countries were very small; 24 of the countries each shipped less than $100,000 in 1996 (table 1-1).

Figure 1-1
Textiles and apparel: U.S. general imports from Sub-Saharan Africa, by principal suppliers, 1996



Source: Compiled from official statistics of the U.S. Department of Commerce (*Major Shippers Reports*).

Although sector goods accounted for slightly less than 3 percent of total U.S. merchandise imports from SSA in 1996, they represented a significant share of the shipments from several SSA countries. For example, sector goods accounted for 99 percent of total U.S. imports from Lesotho, 76 percent for Mauritius, 38 percent for Swaziland, and for at least 20 percent for Botswana, Kenya, Madagascar, Niger, and Tanzania.

Sector imports from Mauritius peaked at $191 million in 1995, and then fell by 14 percent to $165 million in 1996. Mauritius entered the U.S. apparel market mainly as an "outward processing" site for Asian firms faced with rising production costs and tight quotas on their home-country exports to the United States. The Asian firms supplied the materials, scheduled production, and marketed the finished goods. Today, the Mauritian apparel industry comprises a number of local investors performing such entrepreneurial tasks as product design, manufacturing, and marketing. The price competitiveness of the industry has declined recently because of rising labor costs brought on by a tight labor market. Part of the Mauritian apparel trade has shifted to Madagascar, a neighboring country in the Indian Ocean with lower cost labor. Sector imports from Madagascar grew from less than $1 million a year in the early 1990s to $11 million in 1996.

Sector imports from South Africa have grown rapidly since 1991, when the United States lifted the trade embargo imposed against South Africa in Title III of the Comprehensive Anti-Apartheid Act of 1986.[6] Imports rose from $1.5 million in 1991 to $77 million in 1996; the pre-embargo peak was $55 million in 1985. The embargo reportedly encouraged firms in South Africa to shift sector production for export to neighboring Lesotho and Swaziland. The resulting increase in imports from Lesotho, from negligible levels in the mid-1980s to $27 million in 1991 and to $52 million in 1992, led to the establishment of U.S. quotas. However, reflecting the imposition of quotas and the lifting of the U.S. trade embargo on South Africa, sector imports from Lesotho leveled off at slightly more than $60 million during 1994 and 1995, and then rose to a high of $65 million in 1996. Imports from Swaziland more than doubled between 1991 and 1994 to a high of $15 million, and then fell to about $11 million during 1995 and 1996.

Sector imports from Kenya rose about sixfold during 1991-94, to a high of $37 million, before decreasing to just under $28 million in 1996. The decline followed the establishment of U.S. quotas on Kenya's shipments of cotton and manmade-fiber shirts and cotton pillowcases in 1994. Imports of the Kenyan shirts covered by quota more than doubled from 1993 to 1994, to almost $21 million (55 percent of sector imports from Kenya), and then fell to $12 million in 1996. Imports of Kenyan pillowcases rose by 51 percent from 1993 to 1994, to $1.1 million (3 percent of sector imports from Kenya), and then fell to $235,000 in 1996.

Transshipments

The transshipment of sector goods through third countries to avoid quotas, and other types of textile fraud are a priority issue for the U.S. Customs Service (Customs),[7] which has expanded efforts to combat such illegal transshipments. Although official data are not available on the

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[6] The trade sanctions were lifted by Executive Order 12769 of July 10, 1991, published in the *Federal Register* of July 12, 1991 (56 F.R. 31855).

[7] Keith T. Seagraves, U.S. Customs Service, "Textile Fraud and Illegal Textile Transshipments," *Global Trade Talk*, Mar./Apr. 1996, p. 15.

extent of these transshipments, Customs has documented that eight SSA countries have been used as illegal points of transshipment: Kenya,[8] Lesotho, Mauritius, Mozambique, South Africa, Tanzania, Togo, and Zimbabwe.[9]

The World Trade Organization (WTO) Agreement on Textiles and Clothing allows WTO countries to deal with circumvention of quotas by transshipment, rerouting, false declaration of country of origin, or falsification of official documents. Under textile agreements negotiated with exporting countries, the United States may send verification teams ("jump teams") to foreign countries to verify production capacity of a factory. In addition, the United States may apply transshipments to the quota of the true country of origin and charge up to three times the amount of the transshipment against quota in the event of repeated circumvention by a country. Section 333 of the Uruguay Round Agreements Act authorizes the Secretary of the Treasury to publish biannually in the *Federal Register* a list of the names of any firms or persons located outside the United States found to be involved in illegal transshipments of textiles or apparel to the United States or other types of textile fraud. In October 1996, Customs opened a textile clearinghouse to address issues and problems associated with textiles and textile transshipments.[10]

Organization of the Report and Approach

The rest of chapter 1 provides a brief overview of conditions and recent developments in the U.S. textile and apparel sector.[11] Chapter 2 provides a qualitative assessment of the competitiveness of the textile and apparel industries in SSA countries. It first discusses recent macroeconomic trends in SSA and factors influencing trade and investment in the region, drawing on relevant literature concerning these issues. The chapter then examines the structure and recent performance of the textile and apparel sectors in selected SSA countries, and assesses the competitive position and potential of these countries to expand sector exports to the U.S. market in a quota-free and duty-free environment.

Chapter 3 provides a qualitative and quantitative assessment of the likely economic effect of quota-free and duty-free entry of sector goods from SSA. It begins with a review of the literature concerning the impact that tariff and nontariff measures have had on international trade in sector goods, followed by a quantitative assessment of the proposed preferential treatment. This assessment uses a comparative static partial equilibrium model to examine the impact on U.S. consumption, production, employment, and trade in the sector goods.[12] The

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[8] H. E. Dr. Benjamin E. Kipkorir, Ambassador of the Republic of Kenya, stated that there was only one instance of transshipment involving Kenya, that the United States and Kenya each conducted an investigation into the matter, and that the transshipment "was dealt with." Transcript of hearing, p. 12.

[9] U.S. Customs Service official, telephone interview with USITC staff, Aug. 6, 1997.

[10] U.S. Customs Service, *Global Trade Talk*, Nov./Dec. 1996.

[11] See the "preface" of this report for a discussion of the contents of appendixes A to F.

[12] This type of model has been used in previous Commission studies regarding the potential impact of changes in U.S. trade policy. See, for example, USITC, *Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements* (USITC publication 2790), June 1994; *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement* (USITC publication 2596), Jan. 1993; and *The Economic Effects of Significant U.S.*

(continued...)

analysis provides estimates of the likely increase in U.S. sector imports from SSA resulting from quota and tariff elimination, and the extent to which this increase might lead to reductions in U.S. production and/or U.S. imports from other foreign suppliers. The size of the changes would depend largely on how suppliers in SSA, other major supplying countries, and the United States react to preferential treatment for SSA. Their reactions are influenced by conditions of competition in the U.S. market.

A central methodological issue concerns the initial measurement of the price effects of existing U.S. quotas on sector goods. When quotas restrict imports (i.e., when quotas are binding), the price of the restricted goods increases over what it would have been without quantity restrictions. This price increase can be represented as an ad valorem export tax equivalent.[13] When quotas are set at levels that exceed what would be imported under quota-free conditions, the quotas are considered nonbinding, and are not likely to have an effect on the price of imports in the U.S. market.[14] U.S. import quotas on sector products from Mauritius and Kenya were largely nonbinding in 1996. A discussion of the method used to calculate the estimated export tax equivalent of the quotas appears in appendix E.

The partial equilibrium model used in this analysis treats sector goods produced in the United States, SSA, and the rest of the world are treated as imperfect substitutes in the U.S. market.[15] Using 1996 U.S. sector trade and production data as a basis, the model estimates the direct effects of the elimination of U.S. quotas and tariffs. Factors such as investment and productivity are held constant.[16]

The quantitative analysis focuses first on the impact on the textile and apparel sectors of quota elimination and then on the simultaneous removal of quotas and tariffs. In addition to estimating the impact of the proposed changes on the textile and apparel sectors, two apparel subsectors (shirts and blouses, and trousers) are treated separately. These subsectors account for the vast majority of U.S. sector imports from SSA and, thus, are likely to be most affected by the proposed changes.

Chapter 3 examines the results of the quantitative analysis in the context of other factors that may influence the potential of SSA countries to increase sector exports to the U.S. market in response to the proposed preferential treatment. Such factors include transportation costs, the

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[12] (...continued)
Import Restraints, Phase I: Manufacturing (USITC publication 2222), Oct. 1989.

[13] Given the way U.S. quotas on sector goods are administered, any price increases associated with these quotas are likely to be reflected in the foreign country export prices. This issue is discussed in chapter 3 and in appendix E.

[14] In theory, it is possible for nonbinding quotas to have an upward effect on import prices because of costs associated with the administration of the quotas. In practice, this does not appear to apply to imports from SSA covered by quotas.

[15] The assumption that products from different sources are imperfect substitutes for each other in the market is often referred to as the Armington assumption. See P. Armington, "A Theory of Demand for Products Distinguished by Place of Production," IMF Staff Papers, 16 (Mar. 1969), pp. 159-178. The assumption suggests that even if the goods are functionally equivalent, they can be distinguished by origin as a result of factors such as quality, transport costs, or transport time.

[16] The model used in this analysis is based on one developed by Joseph F. Francois and H. Keith Hall. It consists of a system of nonlinear equations that assumes constant elasticity of substitution for the composite good, which in this case is textiles and/or apparel. Appendix E provides model documentation.

macroeconomic environment, political stability, and the outward orientation of the SSA economies. The analysis discusses conditions likely to affect local and foreign investment in SSA, and the likelihood that global production of sector goods will shift to the region.

The assessments in chapters 2 and 3 were based on data and other information from many different sources. The Commission obtained information at a hearing on May 1, 1997, and in written statements from representatives of several SSA governments, from interested parties representing trade and industry in the United States and SSA countries, and from other organizations. The Commission also received information from U.S. embassies in many SSA countries and in connection with Commission staff travel to Mauritius, Kenya, South Africa, Zimbabwe, Ghana, and Côte d'Ivoire. Numerous publications of the World Bank and other relevant academic literature were consulted as well.

Overview of U.S. Textile and Apparel Sector

The U.S. textile and apparel sector, which includes producers in Standard Industrial Classification (SIC) 22, Textile Mill Products, and SIC 23, Apparel and Other Textile Products, has declined considerably in size over the years. In the early 1970s, the sector employed 2.4 million workers, or 12.1 percent of U.S. manufacturing employment. In 1996, sector employment fell to just under 1.5 million workers, or 8.1 percent of manufacturing jobs. Similarly, the sector's share of value added for all manufacturing fell from just over 6 percent in the 1970s to 4.5 percent ($53 billion in current dollars) in 1994.[17]

The U.S. textile and apparel sector has recently slowed after several years of growth (table 1-3). Between 1991 and 1995, industry shipments rose by an annual average of 5.1 percent for SIC 22 and by 3.4 percent for SIC 23, compared with 5.7 percent for all manufacturing. In 1996, however, industry shipments for SIC 22 and SIC 23 each fell by about 1.5 percent. Moreover, the production index and capacity utilization for both categories peaked in 1994, and then fell in 1995 and 1996.

The sector, particularly apparel, faces significant import competition from low-labor-cost developing countries. Notwithstanding quota restrictions and relatively high tariffs, U.S. apparel imports--based on the landed duty-paid value--grew by 53 percent during 1991-96 to $45.6 billion, accounting for roughly one-half of the U.S. apparel market in 1996 (table 1-4).

The landed duty-paid value of U.S. textile imports rose by 38 percent during the period to $11.6 billion. The framework for sector trade will become less restrictive as a result of the phaseout of quotas under the WTO Agreement on Textiles and Clothing (ATC); such trade liberalization will most likely spur further investment in some developing countries for production of sector goods for export, thereby adding to the competitive pressures facing the U.S. industry.

[17] The 1994 data are the latest available figures. See U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Aug. 1996, p. 150, and May 1997, p. D-28.

Table 1-3
Selected economic indicators for the U.S. textile and apparel industries, 1991-96

Item	1991	1992	1993	1994	1995	1996
Textile mill products (SIC 22):						
Industry shipments (*million dollars*)	65,362	70,768	73,969	78,006	79,770	78,472
Production index [1]	92.7	100.0	105.5	110.8	109.9	106.6
Capacity utilization (*percent*)	81.7	87.1	89.8	91.6	87.4	82.1
Value added per employee (*dollars*)	45,033	48,613	50,790	52,814	53,897	(2)
Employment (*1,000 persons*)	670	674	675	676	663	624
Capital expenditures (*million dollars*)	2,109	2,224	2,450	2,961	2,878	(2)
Apparel and other textile products (SIC 23):						
Industry shipments (*million dollars*)	68,283	71,754	74,023	76,938	78,062	76,872
Production index [1]	97.8	100.0	102.4	106.5	103.3	98.2
Capacity utilization (*percent*)	78.7	80.3	82.0	84.9	80.8	75.2
Value added per employee (*dollars*)	34,840	36,926	37,929	40,639	41,594	(2)
Employment (*1,000 persons*)	1,006	1,007	989	974	936	864
Capital expenditures (*million dollars*)	723	942	961	1,091	1,194	(2)

[1] The production index measures the physical output of each industry. The production index is expressed as a percentage of output in 1992.
[2] Not available.

Source: Production index and capacity utilization data from Board of Governors of the Federal Reserve System, fax of June 6, 1997; employment data from U.S. Bureau of Labor Statistics, found on the Internet at *http://stats.bls.gov/cgi-bin/surveymost*, June 12, 1997; industry shipments (seasonally adjusted) data from U.S. Bureau of the Census, fax of June 9, 1997, showing historical revisions back to 1958; and all other data from U.S. Bureau of the Census, *1995 Annual Survey of Manufactures*, and back issues.

Table 1-4
Apparel:[1] U.S. product shipments, exports of domestic merchandise, imports for consumption, and apparent U.S. consumption, 1991-96

Year	U.S. shipments[2]	U.S. exports[3]	U.S. imports[4]	Apparent consumption[5]	Ratio of imports to consumption
	Million dollars				*Percent*
1991	48,000	3,222	29,870	74,648	40.0
1992	51,600	4,102	35,184	82,682	42.6
1993	53,700	4,817	37,556	86,439	43.4
1994	55,000	5,468	40,772	90,304	45.1
1995	55,200	6,488	43,768	92,480	47.3
1996	[6]54,400	7,293	45,596	92,703	49.2

[1] Includes hosiery and other knitwear in SIC 22 and apparel of textile materials in SIC 23; excludes fur and leather apparel and leather belts in SIC 23.
[2] Includes product (as opposed to industry) shipments. USITC staff adjusted official U.S. statistics for product shipments for 1991-95 to eliminate double counting of contract receipts reported as shipments by both the contractor sewing the garments and the firm for which the contract work was done. Such contract receipts accounted for an estimated 12.8 percent of annual shipments.
[3] Includes garment parts for assembly abroad; such parts annually account for an estimated 55 to 60 percent of reported U.S. apparel exports.
[4] Represents the landed duty-paid value, which consists of the c.i.f. (cost, insurance, and freight) value and calculated duties paid. This value (as opposed to the customs value) is used as it more closely approximates the comparable value of U.S. product shipments and thus provides a more realistic basis for calculating import penetration levels.
[5] Equals U.S. shipments minus U.S. exports plus U.S. imports.
[6] Estimated by USITC staff on the basis of the percentage change in industry shipments for SIC 23, as shown in table 1-3.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Trade liberalization is also prompting U.S. producers of sector goods to develop new markets abroad, especially in developing countries. The ATC requires both developed and developing countries to reduce trade barriers on sector goods in their home markets. During the Uruguay Round negotiations, a number of developing countries that are significant exporters of sector goods to the U.S. market agreed to open their internal markets to U.S. sector exports. They include Egypt, India, Pakistan, the Philippines, Thailand, and Turkey. In a bilateral textile agreement signed in February 1997, China agreed to open its internal market to U.S. sector exports.

U.S. Textile Industry

The U.S. textile industry is one of the world's largest and most efficient textile producers. During the past decade, domestic firms have restructured operations extensively, investing heavily in technology to increase productivity and capacity while reducing employment levels. The industry has achieved high levels of productivity in the production of high-volume commodity goods and in printing, dyeing, and finishing operations. Textile mills have also invested in technology to improve manufacturing flexibility in an effort to coordinate production and marketing with the needs of their downstream apparel customers.

Compared with the apparel industry, the textile industry faces little direct competition from imports in most major segments, such as yarns, knit fabrics, nonwoven fabrics, carpets, and most home furnishings. The greatest direct import competition is in broadwoven cotton fabrics for use mainly in the production of apparel; imports supplied 28 percent of domestic demand for such fabrics in 1996.[18] A large portion of these fabrics come from India, Pakistan, and China, which benefit from low production costs.

Continued growth in apparel imports limits the domestic market for the U.S. textile industry to the extent that imports substitute foreign-produced yarns and fabrics for domestic materials. As the single largest market for the textile industry, apparel accounts for 40 percent of domestic fiber consumption. As apparel imports rise, demand for textile materials for use in domestic garment production falls. However, the growth in imports of apparel assembled offshore from U.S. components, as discussed below, has stimulated demand for U.S. apparel fabrics. The value of garment parts cut to shape in the United States and sent offshore for assembly totaled $5.5 billion in 1996, representing an increase of 126 percent since 1992.

U.S. Apparel Industry

The U.S. apparel industry is a highly competitive and fragmented sector of more than 20,000, mostly small, establishments. The industry has undergone major restructuring during the past decade in response to rising import competition, changing consumer preferences, and an increase in the concentration of retail sales volume among a few large retailers. The strong bargaining power of these retailers tends to reduce the flexibility of producers in negotiating prices and delivery dates, and enables the retailers to reduce inventory levels and push inventory costs back up the supply chain.

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[18] U.S. Department of Commerce, Bureau of the Census, *Current Industrial Reports: Broadwoven Fabrics* (MQ22T - Calendar Year 1996), table 11.

The competitive pressures from retailers and foreign suppliers have prompted many U.S. apparel firms to invest in new technology and improve production and marketing processes in an effort to maximize their inherent advantage of market proximity. These firms now operate quick response (QR) systems to speed the flow of goods, services, and information between segments of the industry, linking them electronically with textile suppliers and retailers. QR programs provide apparel firms with timely access to point-of-sale retail data, enabling them to focus production on apparel items with strong consumer demand.

To facilitate the use of QR programs, producers have adopted technology that reduces the time and cost of designing and producing garments and increases product quality and manufacturing flexibility. However, apparel production remains labor intensive, and there are constraints on its automation. As a result, many U.S. producers have expanded their use of assembly operations in Caribbean Basin Initiative (CBI) countries and Mexico to reduce production costs. U.S. firms ship cut garment parts to the region for sewing, the most labor-intensive stage of production, and re-import the assembled garments under the 9802 (formerly 807) tariff provision.[19] U.S. imports of such apparel tripled during 1991-96 to $8.7 billion, or 24 percent of total apparel imports.

All but a small part of the apparel imports under the 9802 provision come from CBI countries and Mexico, which mainly compete with one another for assembly work from U.S. firms. These countries offer competitively priced labor, and their proximity to the United States provides U.S. firms with greater management control over production, quicker turnaround, and lower shipping costs than would Asian operations. The North American Free Trade Agreement (NAFTA) has given Mexico a competitive advantage, however.[20] Whereas garments sewn in Mexico from fabric made and cut in the United States enter free of duty and quota, such goods from CBI countries enter under virtually unlimited "guaranteed access levels" but are still subject to duty on the value added offshore.[21]

U.S. Sector Imports [22]

Sector imports rose by an annual average of 9.6 percent during 1991-96 to $45.9 billion ($36.4 billion is apparel and $9.5 billion is textiles). Significant shifts in sector trade occurred among the major suppliers during the period. NAFTA partners Mexico and Canada, and the CBI

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[19] The 9802 provision provides a duty exemption for U.S.-made components returned to the United States as parts of articles assembled abroad. Duty is assessed only on the value added abroad, and not on the value of the U.S. parts sent offshore for assembly. The parts must be exported ready for assembly, and they can be made from either domestic or foreign fabric as long as the cloth is cut to shape in the United States.

[20] On June 18, 1997, the Administration transmitted the United States-Caribbean Basin Trade Enhancement Act to Congress. The proposed legislation would extend to CBI countries certain trade preferences essentially equivalent to those Mexico receives under NAFTA.

[21] For every $10 in f.o.b. value, a typical CBI garment entered under the 9802 provision contains $6.40 in duty-free U.S. components and $3.60 in dutiable, foreign value added. Applying the 1996 trade-weighted average duty on apparel of 16.7 percent to the foreign value added yields an average duty of $0.60, or an ad valorem equivalent of 6.0 percent.

[22] Import data in this section are from U.S. Department of Commerce, Office of Textiles and Apparel, *Major Shippers Report* (CD-ROM). Such data, which represent the customs value of U.S. general imports of goods covered by the U.S. textile trade agreements program, are on the Internet at http://www.ita.doc.gov/industry/textiles.

nations grew in importance, while China and the traditional Big Three Asian suppliers--Hong Kong, Taiwan, and Korea--lost market share (figure 1-2). Sector imports from Mexico grew by an annual average of 37 percent during 1991-96, and tripled following NAFTA's enactment in 1994. With shipments of $4.2 billion in 1996, Mexico was the second largest supplier by value (9.2 percent of the total), after China. Imports from Canada, the sixth largest source (4.3 percent), rose by 27 percent a year during 1991-96 to $2.0 billion. Imports from CBI countries, which as a group were the largest source with 1996 shipments of $6.1 billion (13.3 percent), grew by 19 percent a year. Although Asia is still the major source of sector imports, its share of the total fell from 71 percent in 1991 to 59 percent in 1996. Imports from Asia (including Oceania) rose by 7 percent a year during 1991-95 to $27 billion, but they fell for the first time in many years in 1996, by less than 1 percent.

China, with shipments of $4.9 billion in 1996, is still the largest single supplier of sector imports, but its share of the total fell to 10.7 percent from a high of 13.4 percent in 1992. The decline partly reflected limited quota growth--none in 1994 and 1-percent growth on average in 1995 and 1996. In February 1997, the United States signed a new textile agreement with China that generally extends previous quota arrangements for 4 years, but cuts quotas in categories of repeated transshipment violations.

Aggregate sector imports from Hong Kong, Taiwan, and Korea fell by 8 percent during 1991-96, to $8.8 billion. Their share of total sector imports fell to 19 percent in 1996, after amounting to 40 percent as recently as 1987. Faced with rising operating costs and labor shortages, firms in these economies have moved sector production during the past decade to lower cost areas, especially China and the ASEAN (Association of South East Asian Nations) countries--Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. ASEAN shipments grew by an average annual rate of 12 percent during 1991-95, but they rose less than 1 percent in 1996, to $5.7 billion (12 percent of the total).

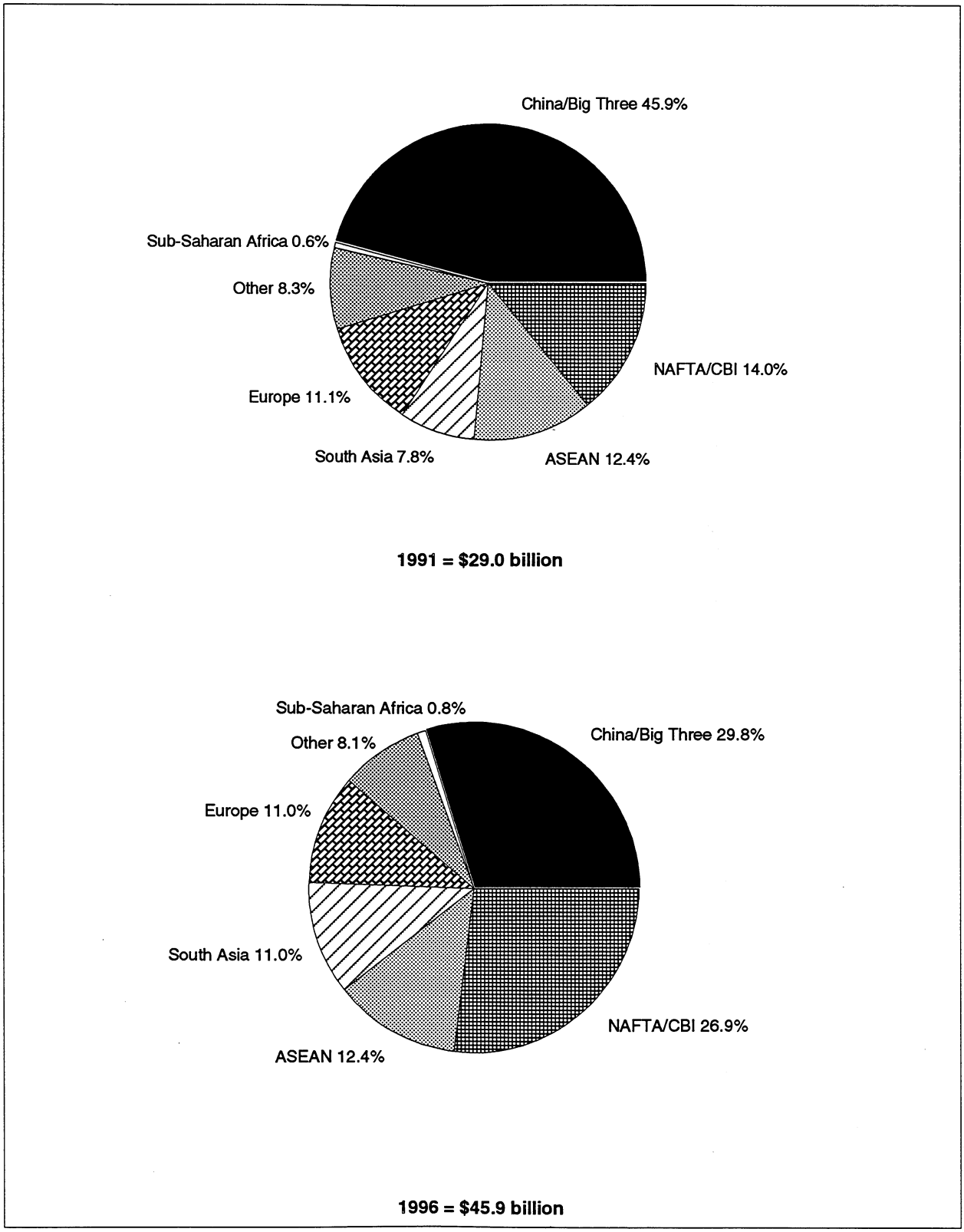
The region outside the Western Hemisphere showing the most growth in sector shipments to the United States is South Asia, led by India, Pakistan, Bangladesh, and Sri Lanka. Sector imports from these four countries, which are among the lowest cost producers in Asia, grew by an average of 17.6 percent a year during 1991-96 to $5.1 billion (11 percent of the total).

Quota Phaseout

On January 1, 1995, the WTO Agreement on Textiles and Clothing replaced the Multifiber Arrangement (MFA), and obligates WTO countries to phase out quotas maintained under the MFA on imports from other WTO countries within 10 years.[23] Under the ATC, sector goods are to be "integrated" into the WTO regime--that is, brought under WTO discipline and made subject to the same rules as articles of other sectors. The 10-year integration process will occur in three stages, the first of which occurred in 1995, when importing countries integrated 16 percent of their sector trade into the WTO regime (based on 1990 import volume). The second stage will occur in 1998, when at least another 17 percent of the trade is to be integrated,

[23] The United States has quotas on textile and apparel imports from 46 countries; 37 are WTO members and are thus entitled to ATC benefits. Quotas for Mexico, a WTO member, are being phased out under the North American Free Trade Agreement. Non-WTO suppliers subject to quotas, led by China and Taiwan, are not eligible for ATC benefits.

Figure 1-2
Textiles and apparel: U.S. general imports, by principal suppliers, 1991 and 1996



Source: Compiled from official statistics of the U.S. Department of Commerce (*Major Shippers Reports*).

followed by another 18 percent in 2002. The rest of the trade is to be integrated at the end of the 10-year period on January 1, 2005.[24]

Although product integration is likely to have long-term implications for the U.S. sector, near-term implications are expected to be limited because most import-sensitive goods will remain under quota throughout the 10-year transition period.[25] In the meantime, however, the ATC obligates WTO countries to accelerate growth rates for quotas still in place during the transition period. Quota growth rates differ by country and product. With quotas and growth rates in effect at the end of 1994 used as a basis, annual quota growth rates for major supplying countries were increased by 16 percent in 1995, and they will be increased again by 25 percent in 1998 and by 27 percent in 2002. For small suppliers (i.e., countries accounting for 1.2 percent or less of an importing country's total quotas at the end of 1991), quota growth rates were advanced by one stage in 1995; that is, growth rates were increased by 25 percent, rather than 16 percent.

Implementing legislation for the WTO agreements required the United States to adopt new rules of origin for sector goods in July 1996. As mandated by section 334 of the Uruguay Round Agreements Act, the rules change affects country-of-origin determinations for goods involved in outward processing--that is, goods subject to manufacturing and processing operations in, or containing components from, more than one country. For apparel assembled in one country from parts cut to shape in another, the rules generally confer origin on the country where the assembly occurs, rather than the one where the cutting took place, as was the usual case under the previous rules. For fabrics, the country of origin is the one where they were made, even if the fabrics undergo dyeing, printing, and other finishing operations in another country. For "flat goods" such as scarves and bed linens, it is the one where the fabric was made, rather than the country where the fabric was cut and sewn, as was previously the case.[26]■

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[24] During the 10-year transition period, article 6 of the ATC permits importing countries to establish new quotas on uncontrolled imports that cause or threaten serious damage to a domestic industry. Safeguards may remain in place for up to 3 years, or until the item is integrated into the WTO regime. The United States initiated 24 actions under article 6 in 1995, but only 2 since then.

[25] The Statement of Administrative Action (SAA) accompanying the legislation implementing U.S. Uruguay Round Agreements states that the Committee for the Implementation of Textile Agreements (CITA), in drawing up the lists of articles, was to defer the integration of the most sensitive goods until the end of the 10-year period. See SAA, p. 115. See also CITA, "Final List of Products for Second, Third and Final Phase Integration of Textile and Apparel Products into GATT 1994," published in the *Federal Register* of May 1, 1995 (60 F.R. 21075).

[26] In April 1997, the EU filed a request with the WTO for formal consultations with the United States; it claims the rules adversely impact its exports of certain textiles to the United States. In August 1997, the United States and the EU announced that they had reached an agreement on the matter and were in the process of drafting letters to effect the agreement. As a result, the EU request for formal WTO consultations has been postponed.

CHAPTER 2
Assessment of the Competitiveness of the Textile and Apparel Sector in Sub-Saharan Africa

This chapter provides a qualitative assessment of the competitive position of the textile and apparel sectors in Sub-Saharan Africa (SSA). It begins with a brief overview of recent macroeconomic trends in SSA and a discussion of some of the factors affecting trade and investment in the region. This discussion draws on relevant literature regarding these issues. The chapter then examines the structure and recent performance of the textile and apparel sectors in selected SSA countries, and assesses the competitiveness and potential of these countries to expand sector exports to the U.S. market in a quota-free and duty-free environment.

Economic Overview of Sub-Saharan Africa

SSA countries have varied resource endowments and diverse political, economic, and social systems. As discussed in chapter 1, gross national product (GNP) per capita for SSA averaged $490 in 1995, ranging from a low of $80 in Mozambique to $6,620 in Seychelles (table 1-1 in ch. 1 of this report). The portion of the population that is urban ranges from 6 percent in Burundi to 50 percent in Zambia.[1] Despite their differences, many of the SSA countries share common economic and political problems. Overall economic growth in SSA, as measured by the average annual growth rate of the region's gross domestic product (GDP), declined from 1.7 percent during 1980-90 to 1.4 percent during 1990-95. Moreover, the region's rate of growth was significantly lower than that of most of the other lower and middle-income country groups during 1990-95.[2]

Recent research focusing on the determinants of economic growth provides some explanation regarding the poor economic performance of individual SSA countries and the region as a whole. The World Bank, for example, identified two general factors (government policies and the size and capability of the government) that help explain the difference between East Asia's higher rate of economic growth and that of SSA during 1964-93.[3] The World Bank's underlying analysis suggests that higher growth rates are positively related to government policies that result in:

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[1] Donald L. Sparks, "Economic Trends in Africa South of the Sahara, 1996," in *Africa South of the Sahara 1997* (London: Europa Publications Ltd., 1997), p. 11.

[2] During 1990-95, GDP increased at an average annual rate of 10.3 percent in East Asia and the Pacific, 4.6 percent in South Asia, 3.2 percent in Latin America and the Caribbean, and 2.3 percent in the Middle East and North Africa. The only low and middle-income country group that experienced slower growth during the period was Europe and Central Asia, where the reported average annual growth rate was negative (-6.5 percent). World Bank, *World Development Report: 1997* (Washington, DC: World Bank, 1997), p. 235.

[3] Ibid., p. 32.

- greater openness (measured by the share of trade in GDP);
- the lack of currency overvaluation (measured by the absence of black market exchange rate premiums);
- smaller differences between international and domestic prices;
- high levels of human capital (as measured by schooling); and
- high levels of investment (measured by the ratio of investment to GDP).

Growth rates are negatively affected by government size (measured by government consumption spending) and positively related to government or institutional capability (an index measure that reflects the complexity of dealing with government), the degree of "autonomy from political pressure," and the regulatory environment.[4] Other researchers have identified similar factors as important determinants of economic growth.[5]

SSA also faces a significant debt burden. High debt burdens can have a detrimental effect on economic growth both by acting as a disincentive to investment and by potentially increasing uncertainty. The World Bank has classified 31 of the 48 SSA countries as "severely indebted."[6] Moreover, in a preliminary assessment of debt sustainability for countries classified as severely indebted, the World Bank classified seven SSA countries as "unsustainable" and nine SSA countries as "possibly stressed."[7] Three measures of the magnitude of the region's debt burden relative to those calculated for other regions are shown in table 2-1. As the table shows, the ratio of total external debt to either GNP or exports of goods and services for SSA is higher than the respective ratios for other regions.

During the past decade, many of the SSA countries began the process of economic reform. By 1991, 30 SSA countries with relatively large economies were undergoing some type of structural adjustment. To varying degrees, these countries initiated reforms that were designed to stabilize foreign exchange rates, liberalize trade and investment, and promote foreign direct investment

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[4] Ibid., pp. 169-171. See also, the discussion on p. 13.

[5] See, for example, Oladeji Ojo and Temitope Oshikoya, "Determinants of Long-Term Growth: Some African Results," *Journal of African Development Studies*, 4, No. 2 (1995), pp. 163-191; World Bank, *Adjustment in Africa: Reforms, Results, and the Road Ahead* (New York: Oxford University Press, 1994), p. 140; and Robert J. Barro and Jong-Wha Lee, "Sources of Economic Growth," *Carnegie-Rochester Conference Series on Public Policy*, 40 (1994), pp. 1-46. Barro and Lee's analysis included a variable to account for political instability (the frequency of revolutions). Their finding that growth is negatively related to political instability is not surprising.

[6] World Bank, *Global Development Finance: 1997, Volume 2, Country Tables* (Washington, DC: World Bank, 1997), pp. 10-12.

[7] See discussion regarding the determination of debt sustainability and the relationship between large debt overhangs and economic growth in World Bank, *Global Development Finance: 1997, Volume 1, Analysis and Summary Tables* (Washington, DC: World Bank, 1997), pp. 43-44. Unsustainable countries include Burundi, Guinea-Bissau, Mozambique, São Tomé and Principe, Sudan, Democratic Republic of the Congo (Zaire), and Zambia. Possibly stressed countries include Cameroon, Republic of the Congo, Côte d'Ivoire, Ethiopia, Madagascar, Niger, Rwanda, Tanzania, and Uganda.

Table 2-1
Selected debt indicators for developing countries and regions [1]

(Percent)

Region	Ratio of total external debt to— GNP	Exports of goods and services	Ratio of total debt service to exports of goods and services
All developing countries	37.0	146.2	16.4
Sub-Saharan Africa	76.2	236.9	12.4
South Asia	28.3	208.8	23.1
East Asia and Pacific	30.8	98.9	12.2
Latin America and Caribbean	41.4	202.8	30.0
Europe and Central Asia	34.7	126.3	11.3
Middle East and North Africa	34.0	126.8	12.1

[1] Preliminary 1996 data.

Source: World Bank, *Global Development Finance: 1997, Volume 2, Country Tables* (Washington, DC: World Bank, 1997), pp. 14-38.

(FDI) and free enterprise.[8] For example, a number of the SSA countries have initiated specific monetary reforms. During the early 1990s, Kenya, Madagascar, Malawi, Mauritius, Tanzania, Uganda, and Zimbabwe lifted restrictions on external capital transactions. Moreover, Angola, Zambia, Ethiopia, and Sierra Leone have taken steps to bring their foreign exchange rates into line with their respective market rates and, in 1995, South Africa abolished its policy of maintaining a two-tiered exchange rate.[9] Even with these reforms, problems are still reported in some countries. Bachmann, for example, notes that lack of transparency related to foreign exchange controls in Zimbabwe and Tanzania continues to concern investors.[10]

As noted above, there is a positive relationship between investment and economic growth. Despite the reforms undertaken by many SSA countries, the region and most of the countries within it continue to face problems attracting private investment. As table 2-2 shows, SSA lags behind other developing countries in terms of net private capital flows and one of its components--FDI.

[8] World Bank, *Adjustment in Africa*. See in particular, discussion on p. 36. The countries include: Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo (Republic of the), Côte d'Ivoire, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. The report notes that Ethiopia initiated significant reforms at the end of its civil war. It also notes, Mauritius "graduated" from adjustment during the mid-1980s. Other countries in the South African Customs Union (Botswana, Lesotho, Namibia, and Swaziland) have generally adopted better policies and did not face external problems of the same magnitude during the 1980s.

[9] Sparks, p. 16.

[10] Heinz Bachmann, *Implementing Deregulation and Promoting Foreign Direct Investment in Africa: A Report on Six Workshops*, IMS Research Paper Series (Washington, DC: World Bank/IFC/MIGA, 1996), p. 25.

Table 2-2
Selected investment indicators for all developing countries and Sub-Saharan Africa, 1990-96

Country group	1990	1991	1992	1993	1994	1995	1996[1]
	Billion dollars						
Net private capital flows to:							
All developing countries	44.4	56.9	90.6	157.1	161.3	184.2	243.8
Sub-Saharan Africa	0.3	0.8	-0.3	-0.5	5.2	9.1	11.8
Net foreign direct investment in:							
All developing countries	24.5	33.5	43.6	67.2	83.7	95.5	109.5
Sub-Saharan Africa	0.9	1.6	0.8	1.6	3.1	2.2	2.6
	Percent						
Net foreign direct investment as a share of GNP:							
All developing countries	0.6	0.8	1.0	1.5	1.8	1.8	1.9
Sub-Saharan Africa	0.3	0.6	0.3	0.6	1.2	0.8	0.8

[1] Preliminary.

Source: World Bank, *Global Development Finance: 1997, Volume 1, Analysis and Summary Tables* (Washington, DC: World Bank 1997), pp. 7 and 29.

A small number of SSA countries attract most of the net private capital and FDI flows into the region (table 2-3). Nigeria, Angola, and Ghana accounted for approximately 58 percent of net FDI in 1995. A considerable portion of the FDI is reportedly concentrated in the energy and mining sectors.[11] Moreover, during 1990-95, gross domestic investment for many of the SSA countries was negative.

Structure of the Economy[12]

Although many of the individual country economies within SSA depend heavily on agriculture, services value added accounts for the largest share of SSA GDP (figure 2-1). Between 1980 and 1995, the share of SSA GDP accounted for by services increased from 38 percent to 48 percent, while the industry sector decreased from 36 percent to 30 percent, and agriculture decreased from 24 percent to 20 percent. Although the industry sector declined during the period (from $105.3 billion to $89.0 billion), the decline stemmed from non-manufacturing activity. Manufacturing value added increased by 27 percent during 1980-95, from $35.1 billion to $44.5 billion.

[11] Sparks, p. 13.

[12] For a more comprehensive discussion of sectors in SSA, see USITC, *Shifts in U.S. Merchandise Trade in 1996* (investigation No. 332-345), USITC publication 3051, July 1997, pp. 3-55 to 3-59, and *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy* (investigation No. 332-362), USITC publication 3000, Oct. 1996.

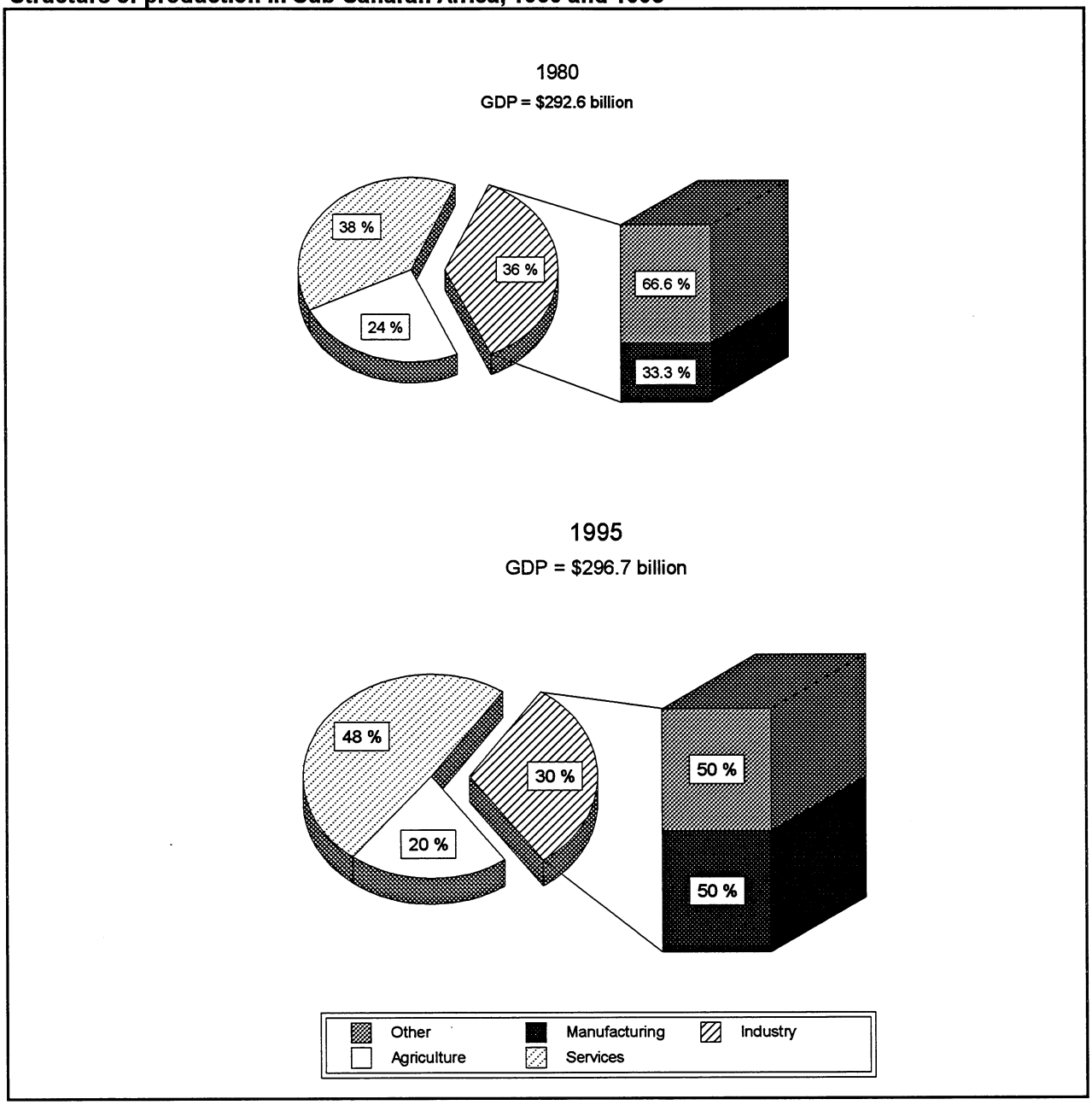
Table 2-3
Sub-Saharan Africa: Selected investment indicators, by country

Country	Private capital flows (*million dollars*)			Gross domestic investment (average annual percentage growth)
	Foreign direct investment		Net private capital flows	
	1990	1995	1995	1990-95
Angola	-335	400	523	0.1
Benin	1	1	1	12.1
Botswana	95	70	64	([1])
Burkina Faso	0	0	0	-5.8
Burundi	1	2	1	-5.0
Cameroon	-113	102	49	-4.1
Central African Republic	1	3	3	-8.7
Chad	0	7	7	-2.9
Congo, Republic of the	0	1	-49	-7.9
Côte d'Ivoire	48	19	36	138.3
Ethiopia[2]	12	7	-42	21.9
Gabon	74	-50	-125	-0.5
Gambia, The	0	10	10	3.0
Ghana	15	230	525	0.9
Guinea	18	35	20	0.6
Guinea-Bissau	2	1	1	1.2
Kenya	57	32	-42	0.0
Lesotho	17	23	32	12.1
Madagascar	22	10	4	-4.5
Malawi	0	1	-14	-11.2
Mali	-7	1	1	6.1
Mauritania	7	3	3	-1.3
Mauritius	41	15	304	1.7
Mozambique	9	36	67	8.6
Namibia	29	47	([1])	-2.8
Niger	-1	1	-23	0.3
Nigeria	588	650	453	([1])
Rwanda	8	1	1	-6.3
Senegal	57	1	-24	4.7
Sierra Leone	32	1	-28	-20.0
South Africa	-5	3	([1])	4.7
Tanzania	0	150	137	([1])
Uganda	0	121	112	7.9
Dem. Rep. of Congo (Zaire)	-12	1	1	([1])
Zambia	203	66	30	-10.2
Zimbabwe	-12	40	99	1.5

[1] Data not reported for this country.
[2] Includes Eritrea.

Source: World Bank, *World Development Indicators: 1997 (Washington, DC: World Bank, 1997)*, pp. 178-180 and 236-238.

Figure 2-1
Structure of production in Sub-Saharan Africa, 1980 and 1995



Source: Derived from data published in World Bank, *World Development Report: 1997* (Washington, DC: World Bank, 1997), p. 237.

Despite the decline in agricultural production during the period, the sector accounted for 68 percent of SSA employment in 1990, the most recent year for which data are available.[13] Prior to the 1990s, many of the SSA countries followed policies that made SSA agricultural products less competitive in export markets and increased the price of these goods in the region's domestic markets. However, by the early 1990s many of the region's governments reportedly had taken steps to correct the structural problems that had contributed to the decline in the sector's growth.[14]

As shown in table 2-4, GDP growth for the region as a whole was much lower than that of other low- and middle-income regions (particularly East Asia and the Pacific) during 1990-95. Nonetheless, a number of the SSA countries grew at average annual rates exceeding 4 percent and a few (e.g., Lesotho, Mozambique, and Uganda) exhibited growth rates of greater than 6 percent. Countries showing strong growth in industrial production during 1990-95 included Ghana (4.4 percent), Lesotho (12.3 percent), Mali (5.3 percent), Mauritius (5.6 percent), Tanzania (8.4 percent), and Uganda (11 percent). Industrial activity in the countries with the three largest economies was significantly lower (Côte d'Ivoire) or showed a decline (Nigeria and South Africa).

A number of the countries' economies continue to be dominated by agricultural production (table 2-4).[15] In contrast, manufacturing value added accounted for greater than 20 percent of GDP in only six countries--Burkina Faso (21 percent), Mauritius (23 percent), South Africa (24 percent), Swaziland (36 percent), Zambia (30 percent), and Zimbabwe (30 percent).

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[13] In contrast, the industry sector accounted for 9 percent of total SSA employment.

[14] Many SSA countries traditionally relied on export taxes as a source of revenue. In addition, a number of the countries adopted import substitution policies that not only increased domestic prices (by limiting competition in their respective markets) but also lead to overvalued currencies. The net result was a decline in the sector's average annual growth rate from 2.2 percent during the late 1960s to 0.6 percent during 1981-85. World Bank, *World Development Report: 1997*, p. 48.

[15] In particular, Burundi, Central African Republic, Chad, Equatorial Guinea, Ethiopia, Ghana, Guinea-Bissau, Malawi, Mali, Sierra Leone, Tanzania, and Uganda.

Table 2-4
Economic growth and the structure of production, by region and by country

Region and country	GDP 1995 (*Million dollars*)	Average annual growth rate, 1990-95 (*Percent*)		Percent share of 1995 GDP accounted for by--			
		GDP	Industry	Agriculture value added	Industry value added	Manufacturing value added	Services value added
Low and middle income countries	5,393,142	2.1	4.9	14	36	20	48
Sub-Saharan Africa	296,748	1.4	0.2	20	30	15	48
East Asia and Pacific	1,341,265	10.3	15.0	18	44	32	38
South Asia	439,203	4.6	5.3	30	27	17	41
Latin America and the Caribbean	1,688,195	3.2	2.5	10	33	21	55
Selected Sub-Saharan countries:							
Angola	3,722	-4.1	0.9	12	59	3	28
Benin	1,522	4.1	3.5		12	7	53
Botswana	4,318	4.2	1.4	5	46	4	48
Burkina Faso	2,325	2.6	1.4	34	27	21	39
Burundi	1,062	-2.3	-5.0	56	18	12	26
Cameroon	7,931	-1.8	-6.8	39	23	10	38
Central African Republic	1,128	1.0	-4.6	44	13	(1)	43
Chad	1,138	1.9	-9.9	44	22	16	35
Comoros	227	21.4	(1)	39	13	5	48
Congo, Republic of the	2,163	-0.6	1.2	10	38	6	51
Côte d'Ivoire	10,069	0.7	1.7	31	20	18	50
Djibouti	495	(1)	(1)	3	20	5	77
Equatorial Guinea	169	26.3	(1)	50	(1)	(1)	(1)
Eritrea	579	(1)	(1)	11	20	11	69
Ethiopia	5,287	21.9	(1)	57	10	3	33
Gabon	4,691	-2.5	2.7	(1)	(1)	(1)	(1)
Gambia, The	384	1.6	0.4	28	15	7	58
Ghana	6,315	4.3	4.4	46	16	6	38
Guinea	3,686	3.8	2.3	24	31	5	45

See footnotes at end of table.

Table 2-4—*Continued*
Economic growth and the structure of production, by region and by country

Region and country	GDP 1995 (*Million dollars*)	Average annual growth rate, 1990-95 *(Percent)*		Percent share of 1995 GDP accounted for by–			
		GDP	Industry	Agriculture value added	Industry value added	Manufacturing value added	Services value added
Selected Sub-Saharan countries–*Continued*							
Guinea-Bissau	257	3.5	1.9	46	24	7	30
Kenya	9,095	1.4	1.5	29	17	11	54
Lesotho	1,029	7.5	12.3	10	56	18	34
Madagascar	3,198	0.1	0.5	34	13	13	53
Malawi	1,465	0.7	0.4	42	27	18	31
Mali	2,431	2.5	5.3	46	17	6	37
Mauritania	1,068	4.0	3.9	27	30	13	43
Mauritius	3,919	4.9	5.6	9	33	23	58
Mozambique	1,469	7.1	-2.4	33	12	(1)	55
Namibia	3,033	3.8	2.9	14	29	9	56
Niger	1,860	0.5	(1)	39	18	(1)	44
Nigeria	26,817	1.6	-1.2	28	53	5	18
Rwanda	1,128	-12.8	-17.0	37	17	3	46
São Tomé and Principe	45	[2]0.9	(1)	23	(1)	(1)	(1)
Senegal	4,867	1.9	2.0	20	18	12	62
Sierra Leone	824	-4.2	-2.8	42	27	6	31
South Africa	136,035	0.6	-0.1	5	31	24	64
Swaziland	1,073	[2]1.8	(1)	9	86	36	5
Tanzania	3,602	3.2	8.4	58	17	8	24
Togo	981	-3.4	-6.0	38	21	9	41
Uganda	5,655	6.6	11.0	50	14	6	36
Zambia	4,073	-0.2	-1.2	22	40	30	37
Zimbabwe	6,522	1.0	-3.6	15	36	30	48

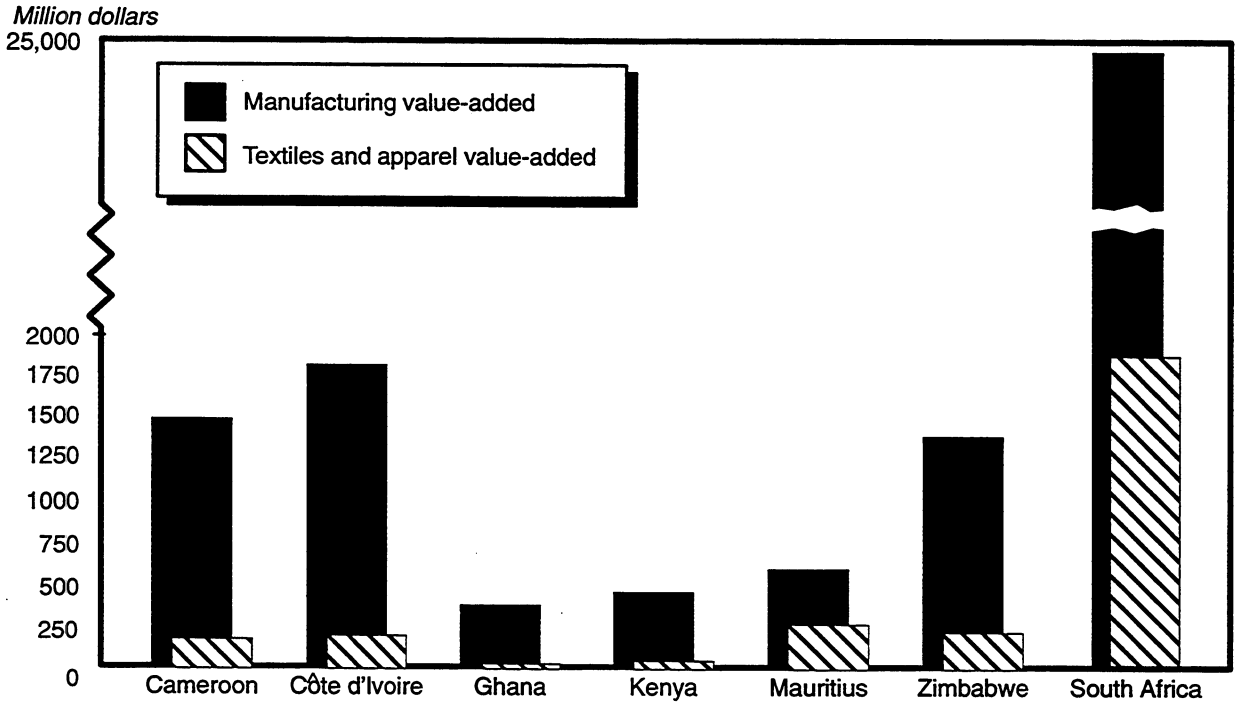
[1] Information not reported.
[2] Reflects average annual growth rate, 1990-94.

Note.–Cape Verde, Liberia, Seychelles, Somalia, Sudan, and the Democratic Republic of the Congo (Zaire) were omitted because of lack of reported data.

Source: World Bank, *World Development Report: 1997*, (Washington, DC: World Bank, 1997), p. 234-237, African Development Indicators: 1996 (Washington, DC: World Bank, 1996), p. 22, and *World Development Indicators: 1997*, on CD-ROM.

Recent data regarding the total value of production of textiles and apparel are more limited, but are reported for most of the SSA countries that are active in the international market.[16] Figure 2-2 shows total value added in manufacturing and the value added reported for the textile and apparel sectors of these countries. As the figure illustrates, South Africa's textile and apparel industry is the largest ($2.0 billion), followed by Mauritius ($287.6 million), and Zimbabwe ($236.3 million).[17] Of the seven countries, Mauritius stands out since its textile and apparel sector accounts for 45 percent of its manufacturing value added.

Figure 2-2
Value-added in the manufacturing sector and value-added generated by textiles and apparel for selected SSA countries, 1993[1]



[1] Data shown for Mauritius are for 1992.

Source: World Bank, *World Development Indicators: 1997*, on CD-ROM.

[16] Comparable data were unavailable for some countries with smaller economies such as Lesotho, Swaziland, and Madagascar. These countries along with the countries shown in figure 2-2, are discussed later in this chapter.

[17] Information for South Africa and Zimbabwe reflect 1993 production; data for Mauritius are for 1992.

Current Trade Patterns

Changes in the composition and destination of total SSA merchandise exports between 1980 and 1993 are shown in figures 2-3 and 2-4, respectively.[18] As figure 2-3 illustrates, the share of exports accounted for by fuels, minerals, and metals declined significantly, from 61 percent in 1980 to 40 percent in 1993. The "other manufactures" sector moved in the opposite direction, accounting for 16 percent and 36 percent of total exports in 1980 and 1993, respectively. In value terms, exports of other manufactures increased from $11.1 billion to approximately $19.0 billion, or by 71 percent during the period.[19]

Overall, exports from SSA declined by 24 percent during 1980-93 (from $81.9 billion to $62.0 billion). A significant share of this decline was accounted for by the decline in overall exports from Nigeria (55 percent) and the Democratic Republic of the Congo (36 percent). The destination of SSA exports changed slightly between 1980 and 1993 (figure 2-4). SSA exports to the European Union (EU) declined by 30.7 percent, from $27.3 billion to $18.9 billion. The region's exports to the United States dropped 21.4 percent, from $16.6 billion to $13.0 billion. Exports to the rest of the world declined by 20.8 percent from $38.0 billion to $30.1 billion.

The decline in SSA exports to the EU occurred despite trade preferences afforded SSA under the Lomé Convention. Under Lomé, African, Caribbean, and Pacific (ACP) developing countries are granted quota-free and duty-free access to the EU market.[20] Some of the SSA countries have gained entry into the EU market for certain "non-traditional exports." Examples include products such as processed rubber, cut flowers, cotton yarn, apparel, and wood products.[21] However, with the exception of Mauritius, SSA countries generally have not been able to fully exploit these preferences.[22] A number of factors related to unstable macroeconomic conditions and supply-side constraints have been cited as factors that contributed to the region's inability to maintain and/or expand its share of the EU market.[23]

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[18] 1993 is the most recent year for which data on the composition of merchandise exports from SSA are available.

[19] As noted in figure 2-3, sectoral information was not available for certain SSA countries; thus these values understate total exports of other manufactures.

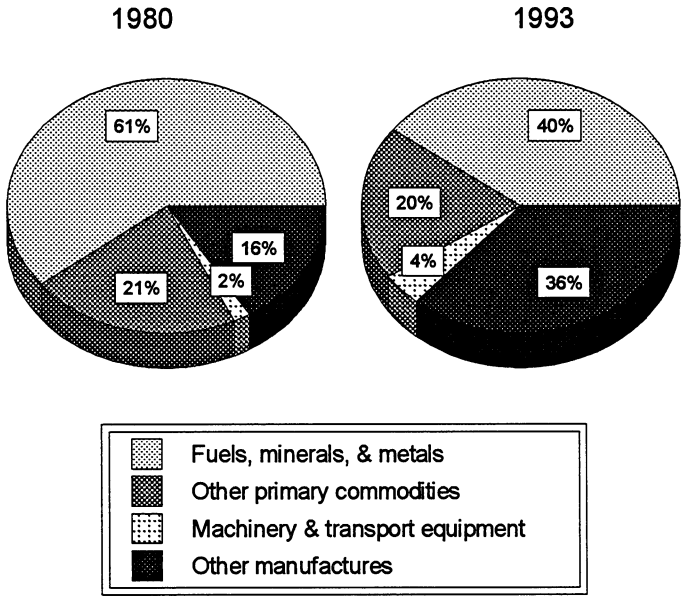
[20] To date, South Africa has not been designated as an ACP country.

[21] A recent assessment of the impact of the trade preferences under Lomé identified these products as examples of export development that was facilitated by the preferences. The report noted that the following countries were able to develop export markets for cotton yarn (Kenya, Zambia, and Zimbabwe) and apparel (Kenya, Ethiopia, Zimbabwe, and Mauritius). Imani Development (International) Ltd., *Evaluation of the Trade Provisions of the Lome Convention: Volume I, Main Report*, 1994, p. 2.

[22] Ibid.

[23] Specifically, in case studies of a number of ACP countries, the following problems were cited: ". . . low priority given by ACP States to trade policy; very small manufacturing sector; lack of production capacity to increase export supply; inability to conform to EU quality standards; inadequate access to export finance; lack of market knowledge; lack of technology; shortage of trained, skilled manpower." Ibid., p. 6.

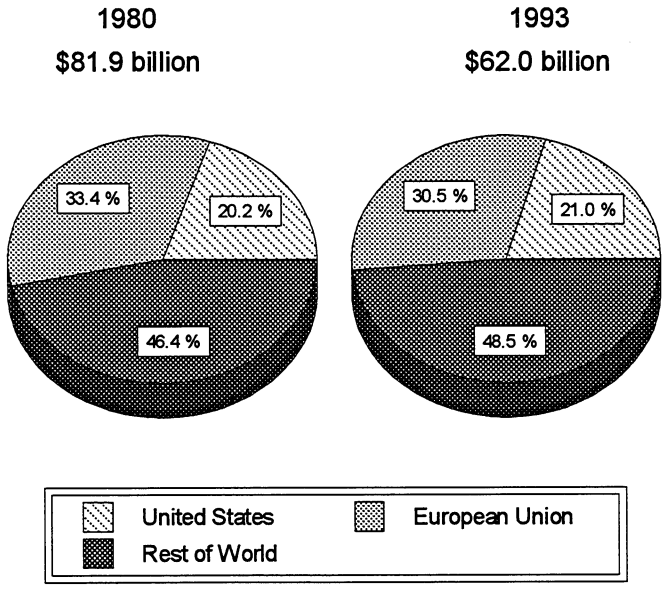
Figure 2-3
Structure of total merchandise exports from Sub-Saharan Africa, 1980 and 1993[1]



[1] Excludes the following countries because of incomplete data: Cape Verde, Comoros, Djibouti, Equatorial Guinea, Eritrea, Liberia, São Tomé and Principe, Seychelles, Somalia, Swaziland, and Tanzania.

Source: Derived from data shown in World Bank, *World Development Indicators: 1997*, on CD-ROM.

Figure 2-4
Destination of merchandise exports from Sub-Saharan Africa, 1980 and 1993[1]



[1] Does not include the following countries: Botswana, Swaziland, Eritrea, São Tomé and Principe, Cape Verde, Lesotho, and Namibia.

Source: Compiled by ITC staff using data reported by Statistics Canada, "World Trade Database 1980-1995 on CD-ROM," Mar. 1997.

Infrastructure in Sub-Saharan Africa

Although the level of infrastructure varies among SSA countries, the region as a whole lags behind other low- to middle-income regions (table 2-5). In particular, the differences between SSA and two regions--East Asia and Latin America and the Caribbean--are significant. SSA's overall infrastructure deficiencies contribute to the region's difficulty in attracting FDI. Problems with infrastructure in the region include inadequate roads and port facilities, communications, unreliable public power, and poor access to necessities such as water. For every 1,000 people in SSA, there were approximately 11 telephone mainlines connecting customers to public switched telephone networks and an average waiting time for telephone lines of 15 years in 1995. In contrast, the average waiting time for low- and middle-income countries in East Asia and the Pacific was less than 1 year in 1995. For Latin America and the Caribbean countries, the average waiting time amounted to 1.3 years.[24] Energy use per capita for SSA amounted to 237 kg. in 1994. In contrast, energy use amounted to 593 kg. in East Asia and 960 kg. in Latin America and the Caribbean (table 2-5).

Competitiveness of the Textile and Apparel Sector in Sub-Saharan Africa

Sub-Saharan Africa is a very small supplier of textiles and apparel (hereinafter referred to as sector goods) in the global market, accounting for less than 1 percent of world exports of such goods in 1995. SSA sector exports rose by an annual average of 5.4 percent during 1990-95, to $1.7 billion; these exports accounted for about 2 percent of SSA's total exports in 1995. The pattern of SSA trade in sector goods depends mainly on the performance of Mauritius and South Africa, which together generated three-fourths of the region's sector exports in 1995 (table 2-6). Mauritius contributed 52 percent of the total and South Africa, 23 percent. Zimbabwe followed with 7 percent of the total. Other significant exporting countries in SSA were Lesotho, Kenya, Swaziland, Madagascar, Côte d'Ivoire, Botswana, Malawi, Tanzania, Zambia, and Nigeria. Virtually all of these countries were considered to have the potential to increase sector exports to the U.S. market if granted duty-free and quota-free treatment.

Apparel represents the majority of SSA's sector exports; it accounted for two-thirds of the total in 1995 (figure 2-5). The major apparel exports were basic shirts, other undergarments, sweaters, and trousers. These articles are, for the most part, particularly suited to production in countries that are at the initial stages of industrialization because the manufacturing generally involves standardized runs, simple tasks, and few styling changes.[25] The rest of SSA sector exports consisted of textiles, mainly cotton fabric and yarn. The EU, with its colonial ties to SSA, was the primary market for SSA sector exports, accounting for about half of the 1995 total (figure 2-6). The United States was the second largest market.

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[24] World Bank, *World Development Indicators: 1997* (Washington, DC: World Bank, 1997), p. 274.

[25] Biggs and Srivastava, for example, note that SSA firms often began exporting items such as shirts that required few or no design changes over multiple orders rather than other types of apparel subject to fashion changes, since production of the more basic articles allowed the firms to achieve improved task-level efficiencies. Tyler Biggs and Pradeep Srivastava, *Structural Aspects of Manufacturing in Sub-Saharan Africa*, World Bank Discussion Paper No. 346, Africa Technical Department Series (Washington, DC: World Bank, 1996), p. 52.

Table 2-5
Indicators of infrastructure, 1994 and 1995, by region and by country

Region and country	Freshwater resources per capita (cubic meters) 1995	Percentage of total population with access to safe water 1994-95	Electricity production (kwh per capita) 1994	Commerical energy use (kg. per capita)[1] 1994	Telephone mainlines per 1,000 people[2] 1995	Mobile phones per 1,000 people 1995	Paved roads (percent of total) 1995
Regional averages:							
Sub-Saharan Africa	9,106	47	571	237	11	1.0	([3])
South Asia	4,239	63	385	222	13	0.1	([3])
East Asia and Pacific	5,558	49	704	593	34	3.7	([3])
Latin America and Caribbean	28,340	80	1,574	960	91	7.7	([3])
Sub-Saharan Africa:							
Angola	17,081	32	92	89	6	0.2	25
Benin	4,712	70	2	20	5	0.2	31
Botswana	10,138	70	([3])	387	40	0.0	14
Burkina Faso	2,698	([3])	20	16	3	0.0	([3])
Burundi	575	58	20	23	3	0.1	7
Cameroon	20,169	41	212	103	4	0.2	13
Central African Republic	43,053	([3])	31	29	2	0.0	2
Chad	6,669	29	14	16	1	0.0	1
Congo, Republic of the	315,989	60	172	331	8	0.0	10
Côte d'Ivoire	5,487	82	170	103	8	0.0	10
Eritrea	2,462	([3])	([3])	([3])	5	0.0	21
Ethiopia	1,950	27	24	22	2	0.0	15
Gabon	152,275	67	876	652	30	2.5	8
Gambia, The	7,188	61	70	56	18	1.3	35
Ghana	3,116	56	368	93	4	0.4	25
Guinea	34,289	49	86	65	2	0.1	16
Guinea-Bissau	25,234	27	41	37	9	0.0	10
Kenya	1,132	49	136	110	9	0.1	14
Lesotho	2,626	57	([3])	([3])	9	0.0	18
Madagascar	24,687	32	47	36	2	0.0	12
Malawi	1,917	54	86	39	4	0.0	18
Mali	10,217	44	36	22	2	0.0	12
Mauritania	5,013	72	68	103	4	0.0	11
Mauritius	1,950	100	901	387	131	10.4	93
Mozambique	12,865	28	31	40	3	0.0	19
Namibia	29,450	57	([3])	([3])	51	2.3	13
Niger	3,600	57	21	37	1	0.0	8

See footnotes at end of table.

Table 2-5—*Continued*
Indicators of infrastructure, 1994 and 1995, by region and by country

Region and country	Freshwater resources per capita (cubic meters) 1995	Percentage of total population with access to safe water 1994-95	Electricity production (kwh per capita) 1994	Commerical energy use (kg. per capita)[1] 1994	Telephone mainlines per 1,000 people[2] 1995	Mobile phones per 1,000 people 1995	Paved roads (percent of total) 1995
Sub-Saharan Africa—*Continued*							
Nigeria	2,516	43	144	162	4	0.1	83
Rwanda	984	([3])	39	34	2	0.0	10
Senegal	4,653	([3])	121	97	10	0.0	29
Sierra Leone	38,141	([3])	56	77	4	0.0	11
South Africa	1,206	([3])	4,670	2,146	95	12.9	33
Sudan	5,766	77	51	66	3	0.0	36
Tanzania	3,002	49	66	34	3	0.1	4
Togo	2,938	67	24	46	5	0.0	32
Uganda	3,443	42	44	23	2	0.1	8
Democratic Republic of Congo [4]	23,239	25	131	45	1	0.2	([3])
Zambia	12,920	47	893	149	8	0.2	18
Zimbabwe	1,816	74	([3])	438	14	0.0	19

[1] Measured in terms of oil equivalents.
[2] Mainlines connect a customer's equipment to the public switched network.
[3] Information not reported.
[4] Formerly Zaire.

Source: World Bank, *World Development Indicators: 1997*, various tables. Information on paved roads was from the CD-ROM version of the *World Development Indicators: 1997* database.

Table 2-6
Textiles and apparel: Exports of Sub-Saharan African countries to the world, 1990-95

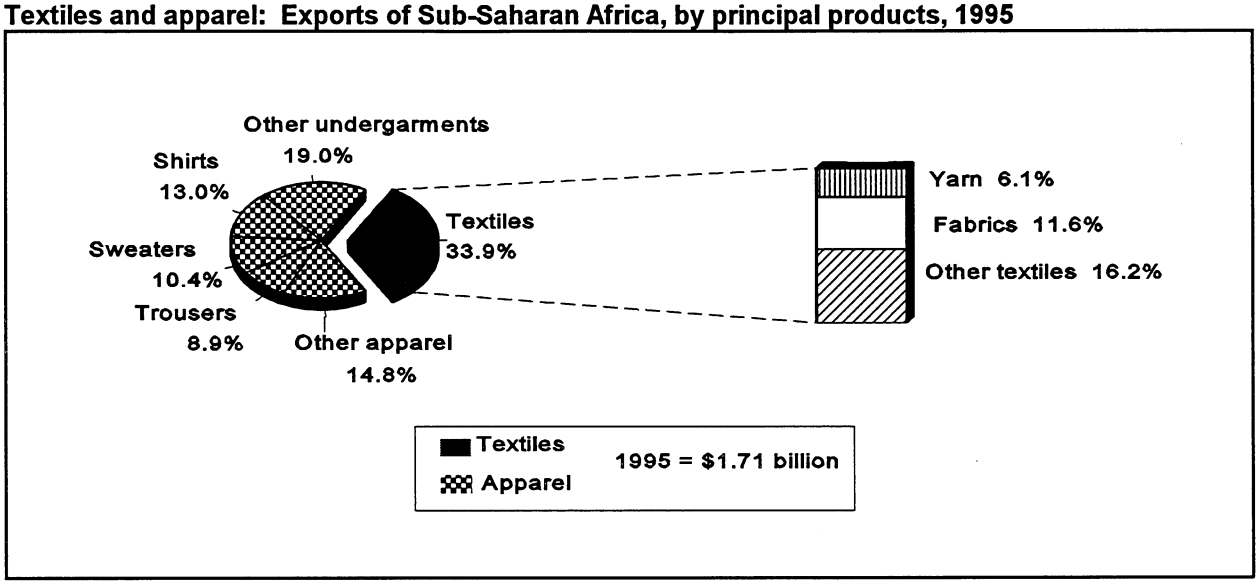
(1,000 dollars)

Country	1990	1991	1992	1993	1994	1995
Angola	0	0	46	401	779	201
Benin	3,137	3,106	3,603	2,817	4,126	2,842
Burkina Faso	691	487	439	143	360	263
Burundi	1,060	652	259	749	974	472
Cameroon	11,664	15,364	8,091	7,510	9,812	9,811
Cape Verde [with Guinea-Bissau]	206	251	188	207	633	1,237
Central African Republic	54	31	57	0	39	61
Chad	117	214	35	102	5	159
Comoros	357	371	172	56	42	70
Congo, Democratic Republic of[1]	979	893	1,188	408	1,724	858
Congo, Republic of the	64	199	103	408	236	576
Côte d'Ivoire	58,259	58,236	45,206	51,956	46,199	44,320
Djibouti	0	85	548	7,706	48	65
Equatorial Guinea	5	25	5	43	15	128
Ethiopia	7,945	3,208	1,498	1,118	3,493	2,852
Gabon	72	88	797	1,335	2,635	216
Gambia, The	107	168	505	647	290	173
Ghana	816	809	574	1,367	2,398	4,431
Guinea	72	454	80	140	288	302
Kenya	31,627	19,166	18,974	28,171	60,446	55,107
Lesotho	35,000	([2])	([2])	106,000	103,000	([2])
Liberia	986	298	86	47	160	153
Madagascar	20,915	30,997	26,169	24,522	17,460	22,887
Malawi	11,257	10,350	16,813	21,615	31,819	39,735
Mali	1,403	1,974	743	921	1,303	2,933
Mauritania	739	682	661	822	651	961
Mauritius	677,494	675,094	742,798	885,604	769,902	887,212
Mozambique	9,968	7,250	6,924	8,624	4,061	4,651
Niger	933	831	468	602	829	1,276
Nigeria	18,682	28,319	14,243	11,182	15,256	21,615
Rwanda	24	68	120	24	86	140
Senegal	9,711	4,499	3,266	5,701	4,744	3,016
Seychelles	10	0	133	0	0	12
Sierra Leone	941	926	673	2,296	2,392	1,988
Somalia	90	92	212	205	63	65
South Africa	315,357	355,889	455,858	441,993	362,066	395,921
Sudan	1,864	2,095	1,777	2,028	1,250	4,708
Tanzania	29,347	28,703	28,878	30,458	38,464	36,768
Togo	7,373	1,405	746	2,392	4046	1,518
Uganda	157	123	683	303	316	223
Zambia	11,475	10,149	14,547	16,373	24,986	36,108
Zimbabwe	83,746	84,448	112,385	114,309	138,951	125,834

[1] Formerly Zaire.
[2] Not available.

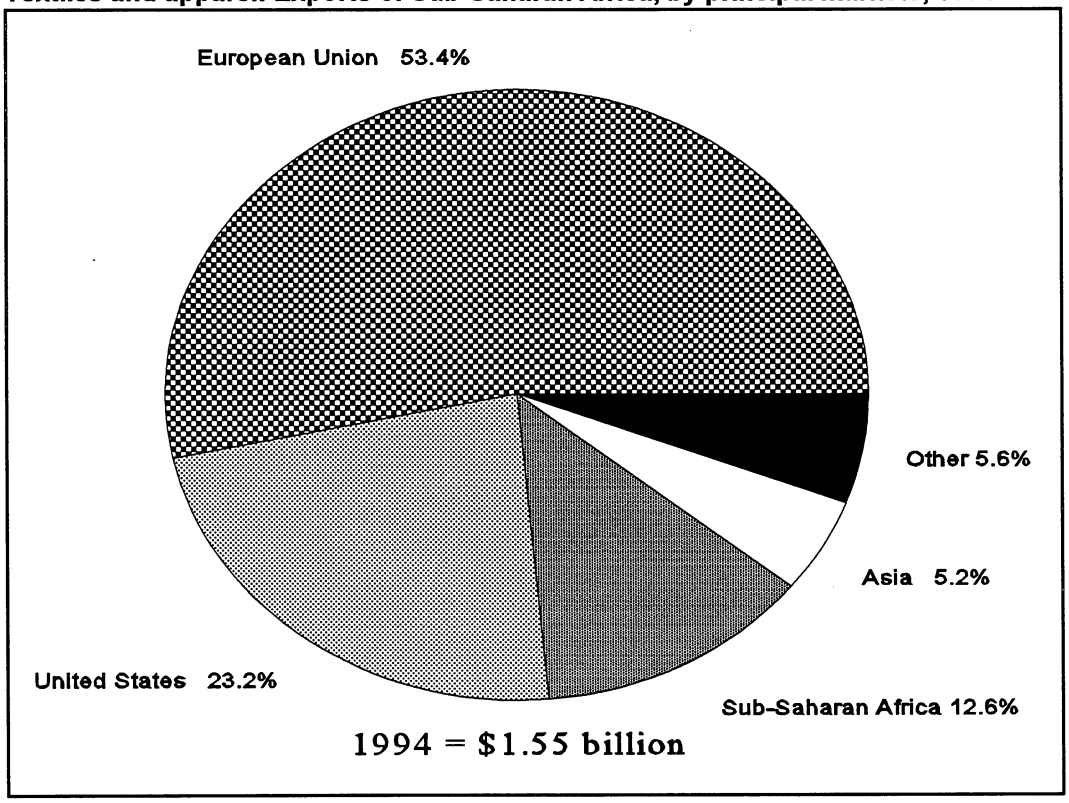
Source: Compiled from Statistics Canada, "World Trade Database 1980-1995 on CD-ROM," Mar. 1997. Data are not available for Botswana, Eritrea, Namibia, São Tomé and Principe, and Swaziland. Data for Lesotho are official statistics of the Government of Lesotho, as provided by Donald Keesing, World Bank Consultant.

Figure 2-5
Textiles and apparel: Exports of Sub-Saharan Africa, by principal products, 1995



Source: Compiled from Statistics Canada, "World Trade Database, 1980-1995, on CD-ROM," Mar. 1997.

Figure 2-6
Textiles and apparel: Exports of Sub-Saharan Africa, by principal markets, 1994



Source: Compiled from Statistics Canada, "World Trade Database, 1980-1995, on CD-ROM," Mar. 1997.

Successful entry into foreign markets such as the United States depends, in part, on being able to achieve unit production cost efficiencies, which, in turn, depend on factors such as labor compensation costs and total factor productivity. However, other factors can reduce the cost competitiveness of exporting firms in a given country; they include inadequate infrastructure (including transportation networks), government commercial policies, and access to export finance.[26] In addition, start-up costs for firms entering foreign markets such as the United States are likely to be substantial, since firms may have to conduct market research in order to develop a customer base and become familiar with basic product quality requirements; develop new products, which may require changes in plant and equipment; and establish distribution channels.[27] As Roberts and Tybout suggest, the decision to enter foreign markets is likely a function of whether expected export profits exceed these costs.

Within SSA, infrastructure, the level of technology, and access to factors of production are subject to wide variation from country to country. Therefore, the assessment of the competitiveness of the textile and apparel sectors within SSA involved an evaluation of three sets of indicators, as follows:

1. Industry indicators relating to levels of production, employment, trade, and capacity utilization.
2. Factors of production such as access to and cost of labor and raw materials, skill levels of the workforce, and levels of productivity and technology.
3. Other factors including the state of the infrastructure, government trade and investment policies, stability of exchange rates, presence of export processing zones (EPZs), transparency of legal and investment processes, and planned aid from governmental and private sources.

On the basis of these indicators and information developed in chapter 3 regarding SSA unit production costs, the 48 countries in the region were divided into three groups. The first group consists of the seven countries that currently export sector goods to developed country markets such as the United States and the EU. The current size and/or recent growth trends of these countries' export sectors suggest that barriers to entry into the U.S. and/or EU markets are not insurmountable and that at least some firms within these SSA countries' textile and apparel sectors have achieved sufficient cost efficiencies to profitably export. Nine SSA countries are in the second group. These countries' exports of sector goods to the United States generally are substantially lower than those of countries in group 1. Nonetheless, on the basis of indicators such as domestic production levels and past export performance, the group 2 countries show the potential to expand their exports of sector goods to the United States in response to the proposed preferential treatment. The third group consists of the 32 remaining countries, which are less likely to compete in the U.S. market for sector goods.

The competitiveness assessment is based on information from many different sources. The amount of relevant material available varies widely among the 48 SSA countries. The limited information for many countries simply reflects the fact that their respective sectors operate on an extremely small scale or as a cottage industry. The Commission supplemented the available data with anecdotal information and its expertise on competitive factors affecting the global

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[26] Ibid, p. 53.

[27] Mark J. Roberts and James R. Tybout, *What Makes Exports Boom?* (Washington, DC: World Bank, 1997), pp. 10-11.

sector. The Commission obtained information from representatives of several SSA governments, from interested parties representing trade and industry in the United States and SSA countries, and from other organizations at the hearing on May 1, 1997, and in written statements. The Commission also received information from U.S. embassies in many SSA countries and in connection with Commission staff travel to Mauritius, Kenya, South Africa, Zimbabwe, Ghana, and Côte d'Ivoire. Finally, numerous publications of the World Bank and other relevant academic literature were also consulted.

Statistics on SSA exports of sector goods, unless otherwise indicated, are from Statistics Canada, "World Trade Database, 1980-1995, on CD-ROM" (March 1997). The export data are in terms of the Standard International Trade Classification (SITC) codes 65 (textiles) and 84 (apparel). Data on U.S. imports of sector goods from SSA countries are from the *Major Shippers Reports* prepared by the U.S. Department of Commerce, Office of Textiles and Apparel; detailed data on imports of sector goods from SSA countries in groups 1 and 2 are presented in appendix F of this report. In addition, statistics on the textile and apparel sectors in SSA countries from the sources noted above were supplemented, as necessary, by data from the United Nations Industrial Development Organization (UNIDO), *International Yearbook of Industrial Statistics 1996.*

Countries Currently Exporting to Developed-Country Markets

The first section focuses on Mauritius, Kenya, South Africa, Lesotho, Swaziland, Zimbabwe, and Madagascar. These countries already ship a major portion of their sector exports to developed countries and are capable of expanding production of sector goods for export, assuming that current industry conditions do not change appreciably. This section begins with a competitiveness assessment for Mauritius and Kenya, the only countries in SSA currently subject to U.S. quotas. This is followed by an assessment for South Africa, Lesotho, and Swaziland, which are grouped together for geographic and trade-related reasons, Zimbabwe, and Madagascar.

Mauritius[28]

Mauritius	
1995 GNP per capita	$3,380
1995 GDP (*million dollars*)	3,919
GDP growth, 1990-95 (*percent*)	4.9
1995 manufacturing share of GDP (*percent*)	23
1994 textile and apparel share of manufacturing value added (*percent*)	45
1995 FDI (*million dollars*)	15
1995 total exports (*million dollars*)	1,540
Export growth, 1990-95 (*percent*)	4.1
1995 manufacturing share of exports (*percent*)	70
1995 textile and apparel share of manufacturing exports (*percent*)	82

Note.—GDP and export growth rates are annual averages.

Mauritius, which has been a parliamentary democracy since it became independent in 1968, has grown from a low-income, agriculture-based economy to a middle-income, diversified economy. Once dependent on the sugar industry, which accounted for over half of its exports during the 1970s, the Mauritian economy expanded into tourism, services, and light manufacturing, especially apparel, following the establishment of an export processing zone (EPZ) in 1976. By 1993, the EPZ accounted for 56 percent of export earnings, tourism accounted for 19 percent, and sugar had declined to 23 percent. A long-term economic goal of Mauritius is to become a financial and shipping center, like Hong Kong and Singapore.

Mauritius has the most developed apparel industry in SSA. The industry is highly export oriented and accounts for nearly half of the country's manufacturing value added, one of the highest such totals in the world. The Mauritian textile and apparel sector consists of 413 establishments, employing about 74,000 workers. Most of these establishments are in the EPZ, which accounts for more than 90 percent of sector output and employment. Of the 274 sector establishments in the EPZ, 242 make apparel and 32 produce yarn or fabric. The remainder of the firms in the textile and apparel sector are small and produce for the local market. Apparel accounts for 87 percent of gross sector output, and yarns, fabrics, and knit sweater panels account for 13 percent.

Much of the EPZ textile output is used by the apparel firms there; however, this textile output provides only a small amount of the inputs needed by the apparel industry. Consequently, the

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[28] Unless otherwise indicated, information in this section is from U.S. Department of State cables, prepared by U.S. Embassy, Port Louis, "Mauritian Economic Forecasts," message reference No. 00786, Apr. 11, 1997; "Mauritian Reaction to U.S. African Initiative," message reference No. 00999, May 19, 1997; and "USITC Textile Investigation: Mauritius, Seychelles, Comoros," message reference No. 00668, Mar. 28, 1997; H. E. Chitmansing Jesseramsing, Ambassador of the Republic of Mauritius, written statement to the Commission at hearing, May 1, 1997; Government of Mauritius, written response to Commission questions delivered through the Embassy of the Republic of Mauritius; Europa Publications Ltd., "Mauritius," *Africa South of the Sahara 1997*, pp. 639-649; World Bank, *Trends in Developing Economies 1995, Extracts, Vol. 3, Sub-Saharan Africa*, pp. 132-136, and *World Development Report: 1997*; Narud Fowdar, "Foreign Investment in the Mauritian Textiles and Clothing Industry," *Textile Outlook International*, Textiles Intelligence Ltd., Nov. 1992; Dennis P. Ferrill, "Textile and Garment Production in Mauritius," (Working Draft), *Regional Program On Enterprise Development, Case Study Series*, Mar. 1993; and Simon Gray, "Mauritius--Sustaining the Competitive Edge," Industry and Energy Division, Central African and Indian Ocean Department, Africa Region, World Bank.

apparel firms import most of their inputs from France, Hong Kong, India, Taiwan, Germany, South Africa, and, to a lesser extent, Swaziland and Kenya.

Foreign investment, primarily from Hong Kong, France, and the United Kingdom, was largely responsible for the growth of the Mauritian apparel industry in the EPZ during the 1980s. Other significant investors included firms from Germany, South Africa, Italy, and China. The development of the apparel industry relied heavily on Asian, Indian, and European expertise in production planning and marketing.[29] Much of the motivation behind the foreign investment was preferential access to the EU market under the Lomé Convention. Moreover, the Lomé rules of origin stimulated local (Mauritian) investment for the development of support industries, such as spinning, dyeing, and finishing. Whereas most firms in these support industries are locally owned and are supported by extensive technical expertise and worldwide marketing contacts, most weaving mills are foreign owned. Today, many of the newer apparel producers in Mauritius are locally owned, and these firms perform all the entrepreneurial functions from product design to production and marketing.

The number of apparel establishments in the EPZ declined from 301 in March 1993 to 242 in March 1996, and the number of employees fell from 74,716 to 66,810 during the period. Employment in the EPZ textile (yarn and fabric) industry rose slightly from 3,867 workers in 1993 to 3,877 in 1996. FDI in the Mauritian textile and apparel sector fell sharply in recent years, from $13 million in 1992 to $5 million in 1993, and to $3 million in 1994. FDI already was on the decline as far back as 1988, when the sector first began downsizing. A reported 200 firms closed during 1986-91, largely reflecting rising wages, labor shortages, reduced productivity, and a lack of investment in modern equipment. The Mauritian apparel industry continues to face high wage rates compared with those of producers in competing countries. In the spring of 1996, the hourly wage cost in Mauritius was $1.40 per hour, compared with $0.56 in India, $0.91 in the Philippines, and $0.45 in Sri Lanka.[30]

To remain competitive in the global market, a number of foreign firms with apparel operations in Mauritius have shifted to better quality, higher value-added products. These firms have introduced new designs and product features and have developed niche markets and the capability to handle small orders of varied specifications. Many locally owned apparel firms have invested in automation, design capabilities, and marketing infrastructure in an effort to react more quickly to changing fashions and customer demands and to move into higher value-added products. Many of the large firms are modernizing facilities. For example, one firm--Compagnie Mauricienne de Textile--plans to invest $20 million in a new production and dyeing unit in the coming year. Other firms are investing in labor saving technology and/or moving production to nearby SSA countries, such as Madagascar and Mozambique, which have lower labor costs and no U.S. quotas on their textile and apparel shipments.

In spite of the contraction of the industry, Mauritian exports of sector goods increased by 31 percent during 1990-95, to $887 million in 1995, indicating some improvement in productivity. Apparel accounted for all but a small part of the sector exports. Almost two-thirds of the sector exports in 1994 went to the EU. Of these exports, the United Kingdom received 40 percent,

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[29] Frank S. E. Leong, Managing Director, Esquel Group of Companies, Mauritius; interview by USITC staff, Port Louis, Mauritius, Apr. 1997.

[30] Werner International Inc., "Spinning, Weaving, and Apparel Labour Cost Comparisons," Spring 1966, New York. See ch. 3 for a discussion of overall production costs in Mauritius and competing supplier countries.

France 33 percent, and Germany 11 percent.[31] The exports to the EU were concentrated in wool undergarments, men's shirts, sweaters and knit pullovers, and trousers. About 30 percent of Mauritian sector exports went to the United States in 1994 and were concentrated in men's shirts, trousers, and wool undergarments. The sweaters and pullovers that are important to the EU market are not significant products for the United States; many Mauritian firms are unable to produce these in the quantities required by large U.S. retailers.[32] Only 4 percent of sector exports went to other SSA countries, and a large part of these consisted of cotton fabrics sent to Mauritian-owned or Mauritian-run apparel plants in Madagascar; other Mauritian sector exports shipped to SSA countries consisted of wool yarns, unfinished cotton fabrics, and knitted or crocheted fabrics.

U.S. imports of textiles and apparel from Mauritius increased from $99 million in 1991 to $191 million in 1995, or by 93 percent, before falling by 14 percent to $165 million in 1996 (see table 1-2 in ch. 1 of this report). The decline in 1996 probably reflected Mauritian companies' moving production to lower cost countries. Most of the decline occurred in men's cotton woven shirts, which fell by $26 million in 1996 from the 1995 level, and also in women's trousers, cotton knit shirts, and cotton underwear (appendix F). Some large U.S. apparel specialty stores have part of their private label products made in Mauritius or by Mauritian firms in other countries.

The United States first imposed quotas on sector imports from Mauritius in July 1981, and the two countries signed a textile agreement providing for quotas on certain knitwear in October 1981. Bilateral textile agreements have been in effect since then. In 1991, quotas covered 90 percent of the total value of sector imports from Mauritius. Only the quota on cotton trousers, which was 91 percent filled, was binding in 1991.[33] In 1996, virtually the same products were covered by quota in the bilateral textile agreement with Mauritius as had been covered in 1990; only skirts were no longer covered by quota. The quota products accounted for 92 percent of the total value of sector imports from Mauritius in 1996. Only the quota on cotton knit shirts and blouses, which was 100-percent filled, was binding in 1996.

The apparel industry in Mauritius has shown and continues to show the capability to be a world exporter of quality apparel. Not only does Mauritius have a government which actively encourages foreign investment in its textile and apparel sector, it also offers a skilled workforce, supportive infrastructure, and has a stable government. The main obstacle to expansion in the sector is Mauritius' tight labor market. The Government of Mauritius has introduced measures to assist the industry in producing high value-added textiles and apparel and improving productivity.[34] Some of the larger Mauritian textile and apparel manufacturers have been improving their competitiveness by upgrading to activities which can be mechanized. Because of the tight labor market, the Mauritian industry is adopting some of the changes in garment manufacturing that U.S. apparel producers have adopted to improve their productivity. Such changes include introducing conveyor cloth-handling procedures as opposed to using the conventional bundle system and phasing out the traditional assembly lines in favor of group

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[31] Qualifying sector exports to the EU are eligible for preferential tariff and quota treatment under the Lomé Convention. Daniel Giraud, Chief Executive Director, Floreal Group, interview by USITC staff, Curepipe, Mauritius, Apr. 1997.

[32] Geraldine Lim-Sing Fat, Shibani Knitting Co., interview by USITC staff, Phoenix, Mauritius, Apr. 1997.

[33] Quotas are considered to be binding when they are filled by 90 percent or more.

[34] Government of Mauritius' written response to questions of the USITC staff.

work systems. However, transportation costs, including shipping times from Mauritius to the United States, affect the ability of Mauritian firms to compete in the U.S. market, especially against firms in Mexico and the Caribbean Basin with their proximity advantages.[35]

Table 2-7
Mauritius: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- During 1990-95, sector exports rose from $677 million to $887 million; apparel accounted for $810 million of 1995 trade; textiles, $77 million - U.S. sector imports rose from $99 million in 1991 to $191 million in 1995, then fell $165 million in 1996; apparel accounted for almost all the imports - Sector firms in the EPZ account for 93 percent of gross output and 96 percent of employment - EPZ apparel firms employed 66,810 workers in 1996, down from 74,716 in 1993 - EPZ textile firms employed 3,877 workers in 1996, up from 3,867 in 1993	- Skilled labor force - Textile industry is small but competitive - Virtually no local fiber production; high input costs; most apparel fabrics imported from Asian sources - Sector moving to higher value-added goods; investing in new technology - World Bank projects to improve education levels are intended to diversify economy and move into higher value-added industries and services, such as banking	**Positive:** - Experienced production and marketing managers - Apparel industry highly export oriented; EPZs facilitate production of apparel for export - World Bank funds to improve road and harbor facilities - Government encourages FDI to help sector compete against lower wage countries **Negative:** - Low unemployment pushing up wages; workers moving to higher paying industries - Apparel firms moving production to lower cost countries

Source: Compiled by staff of the U.S. International Trade Commission.

[35] Maurice Vigier De La Tour, Director, Floreal Group, interview by USITC staff, Mauritius, Apr. 1997.

Kenya[36]

Kenya is among the less developed countries in SSA, as evidenced by its GNP per capita of $280 in 1995. It has had a constitutional government with elected officials since independence in 1963. Civil and ethnic unrest has impeded economic development.

Kenya

1995 GNP per capita	$280
1995 GDP (*million dollars*)	9,095
GDP growth, 1990-95 (*percent*)	1.4
1995 manufacturing share of GDP (*percent*)	11
1994 textile and apparel share of manufacturing value added (*percent*)	9
1995 FDI (*million dollars*)	32
1995 total exports (*million dollars*)	1,989
Export growth, 1990-95 (*percent*)	11.6
1995 manufacturing share of exports (*percent*)	10
1995 textile and apparel share of manufacturing exports (*percent*)	28

Note.—GDP and export growth rates are annual averages.

The Government began implementing export-oriented projects in 1990 with the adoption of Manufacturing Under Bond and Export Processing Zones Programmes (EPZs).[37] It particularly encouraged investments that would produce foreign exchange, generate employment for local workers, promote use of technology, and lead to expansion of upstream and downstream industries. Foreign investment is protected from expropriation through registration of interests, and the legal system protects and facilitates transfer of property rights. Investors in industries producing goods for export do not have to pay import duties or value added taxes on imported plant, equipment, raw materials, or intermediate inputs. Those in the EPZs are also granted a 10-year tax holiday and are exempt from certain other taxes and industrial regulations.

In 1992 the Government agreed to IMF demands that it institute actions to establish a sound macroeconomic environment. By late 1993, the effects of these reforms became evident, and the inflation rate fell by nearly 50 percent, to 55 percent annually, and exchange rates had stabilized. Kenya then began structural reforms also facilitated by the IMF. Among the reforms were liberalizing the market for maize (the primary crop), deregulating the petroleum sector, eliminating all price controls, and reducing tariff rates. Additionally, the Government adopted a civil service reform program aimed at eliminating about one-fourth of 270,000 positions and planned to privatize many parastatal industries. Although the Government encourages employment of Kenyan nationals, it will authorize work permits for foreign workers if a specified minimum is invested in an enterprise.

Kenya's exports to the world are dominated by agricultural and mineral products; manufactured goods accounted for only 10 percent of its total 1995 exports. Likewise, manufactured goods

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[36] Unless otherwise indicated, information in this section is from the World Bank, *Trends in Developing Economies 1995, Extracts, Vol. 3 Sub-Saharan Africa*, pp. 101-104, *World Development Report: 1997*, and *Africa Can Compete! Export Opportunities and Challenges For Garments and Home Products in the European Market*, World Bank Discussion Papers: 300; and U.S. Department of State cables, prepared by U.S. Embassy, Nairobi, "Kenya: Textile/Apparel Industry Overview and Impact of U.S. Quotas," message reference No. 008474, June 6, 1997, and "Kenya: 1997 Investment Climate Statement," message reference No. 011311, July 18, 1997.

[37] Joseph Ng'Ok, Executive Chairman, Investment Promotion Centre, Nairobi, Kenya; written submission to the USITC, May 6, 1997.

accounted for 11 percent of Kenya's 1995 GDP; manufacturing value added totaled $58 million in 1994. Although textiles and apparel accounted for only 9 percent of manufacturing GDP in 1994, they accounted for 29 percent of manufacturing exports, and 3 percent of Kenya's total exports.

Kenya's exports of sector goods to the global market, after falling from $32 million in 1990 to just under $19 million in 1992, accelerated to $60 million in 1994, and then declined to $55 million in 1995. The pattern of trade largely reflected changes in demand for Kenyan goods in the United States. U.S. import data show that sector imports from Kenya rose by more than sixfold during 1991-94 to $37 million, and then fell by 25 percent to $28 million in 1996 (see table 1-2 in ch. 1 of this report). About 88 percent of these sector imports during 1993-96 consisted of cotton shirts and trousers (appendix F). U.S. imports of woven cotton shirts from Kenya in 1994 of almost $21 million were 55 percent of the total for the sector; by 1996, such imports were $12 million and accounted for 43 percent of the total.

The decline in U.S. imports of shirts from Kenya followed the establishment of U.S. quotas on Kenyan woven shirts of cotton and of manmade fibers and the difficulty that the Government of Kenya and Kenya's apparel producers had in allocating the quotas.[38] The quotas were considerably less than Kenya's capacity to produce shirts for the U.S. market and less than orders that had already been placed for 1995.[39] Buyers faced uncertainty over whether the Kenyan goods would be allowed to enter the U.S. market or if the quota would be filled. As a result, U.S. importers canceled orders for the Kenyan shirts.[40] Similarly, U.S. imports of cotton pillowcases from Kenya declined following the establishment of a quota in 1994; Kenyan shipments of such goods fell from $1.1 million in 1994 to $235,000 in 1996.

Kenya's second largest market for sector exports is the EU, which accounted for 15 percent, or $8.3 million, of the total in 1995. Kenya's sector exports to the EU are eligible for preferential treatment under the Lomé Convention. The most important sector item shipped to the EU is knit wool undergarments which, at $2.6 million, accounted for 31 percent of the 1995 total. Trousers accounted for 22 percent ($1.8 million), virtually all of which went to the United Kingdom. Yarn of vegetable fibers other than cotton accounted for 11 percent of the 1995 total, or $1 million. The remainder consisted of a variety of apparel items, yarns, and fabrics.

Kenya's exports to other SSA countries go primarily to neighboring Uganda and consist of a mixture of apparel items, yarns, and fabrics. Some of these shipments are low-cost seconds from Kenyan apparel firms. Kenya, Uganda, and Tanzania have a trade agreement that eliminates most duties on shipments among the three countries.

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[38] Rubina Ahmed, Managing Director, Universal Apparels Ltd., and Joseph Ng'Ok, Executive Chairman, Investment Promotion Centre; interviews by USITC staff, Nairobi, Kenya, Apr. 1997. Kenya's Investment Promotion Centre estimated that by 1998, the textile and apparel sector would have received investment of over $400 million if not for the U.S. quotas on shirts and pillowcases, resulting in the creation of 200,000 jobs and stimulating investment and employment in related sectors.

[39] The U.S. quota for woven shirts of cotton and of manmade fibers was 360,000 dozen in 1994 and 387,000 dozen in 1995. As a result of increased capacity, Kenya had the ability to produce just over 2 million dozen shirts in April 1995.

[40] Harjinder Luther, Group General Manager, Fashionette Industries Ltd., Sunny Style Manufacturers Ltd., and Interfashions Garment Manufacturers, Ltd.; interview by USITC staff, Nairobi, Kenya, Apr. 1997.

Kenya's textile and apparel sector is declining. In the early 1990s, the sector grew rapidly as the export-oriented apparel industry grew. Many of the firms were Asian-owned and Asian-managed and had moved their operations from India, Pakistan, China, Korea, and Taiwan as export quotas to the United States in those countries became filled. In 1993, 47 firms in Kenya manufactured apparel for export, mainly to the U.S. market. Of these firms, 28 were in the manufacturing under bond program and another 8 were in EPZs. In 1994, employment in the export-oriented firms totaled 15,000 workers. However, as a result of the problems in administering the quotas and the subsequent decline in orders from U.S. importers, in mid-1997 only 11 of the 47 firms were still in operation and employment had fallen to 3,000 workers.

Producers for Kenya's domestic market also experienced declining employment and production, largely because of imports of used clothing, mostly from the United States.[41] U.S. export data show that U.S. exports of used clothing and other used textile articles rose from $696,000 in 1992 to $3.7 million in 1996. Despite being second-hand, much of this apparel is of higher quality and lower cost than new Kenyan-made garments. Firms producing for the domestic market were also adversely affected by imports of low-cost apparel from India and other countries in Asia following import liberalization in 1993. Employment in textile and apparel firms producing for the Kenyan domestic market was 45,000 in 1993 and 12,000 in 1997. The textile industry is dominated by 14 integrated firms that account for about 85 percent of the country's capacity. Additionally, the textile industry has another 45 medium-sized firms and many smaller manufacturers. Much of the equipment is outdated and inefficiently run and the firms lack economies of scale.[42] Apparel producers are faced with high costs for local inputs, low productivity, and high transportation costs.[43]

Kenya has the potential to compete in sector--particularly apparel--markets in the United States, as evidenced by the growth in its exports in the early 1990s. It has an educated labor force and adequate infrastructure.[44] Furthermore, as a result of the factories that were closed and workers that lost jobs after the quotas were imposed, Kenya has facilities and trained workers that have shown that they can produce garments that can compete in the U.S. apparel market.[45] Additionally, Kenyan producers have established contacts with U.S. importers from the pre-quota period.[46]

As described earlier, Kenya's textile industry is not now competitive in the world market. Not only is the equipment outdated, it is inefficiently managed. Most mills are too small to take advantage of economies of scale, particularly spinning mills. Their production of a large variety of fabrics in small production runs also adversely affects their efficiency. Most mills would need to replace essentially all of their equipment and retrain their workers to operate and repair it. However, with investment this could be done. Two mills privatized in 1991 have installed new equipment and retrained their workers.

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[41] U.S. Department of State cable, "Kenya: Textile/Apparel Industry Overview."

[42] The minimum economic size of a modern spinning mill is about 25,000 to 30,000 spindles; Kenya's mills average 8,000 spindles per mill.

[43] Shipping a container of apparel the 300 miles from Mombassa to Nairobi costs about $800; shipping the same size container the much greater distance from India to Nairobi costs $1,100.

[44] J. P. Mbogua, Director, Government Relations, Del Monte Kenya Ltd.; interview by USITC staff, Nairobi, Kenya, Apr. 1997.

[45] Dr. Benjamin E. Kipkorir, Ambassador of the Republic of Kenya; statement at USITC hearing, May 1, 1997, Washington, DC.

[46] Joseph Ng'Ok, interview by USITC staff, Nairobi, Kenya, Apr. 1997.

Table 2-8
Kenya: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports fell from $31.6 million in 1990 to $19 million in 1992, rose to $60.4 million in 1994, then fell to $55.1 million in 1995 - 1995 sector exports were mostly apparel ($47 million); textiles were $8 million - U.S. sector imports rose from $5 million in 1991 to $37 million in 1994; fell to $28 million in 1996 - Sector production for local markets fell as imports of textiles and used clothing rose and economic growth slowed - Producers of apparel for export employed 3,000 in mid-1997, down from 3,300 in 1996 and from 16,000 in 1994 - Textile employment was 25,100 in 1993	- Grows some cotton but imports about one-third of cotton consumption - Considerable unused capacity and labor supply exist to expand production	**Positive**: - Offers incentives for export production, including EPZs, export promotion program, and Investment Promotion Center - Has vacant factories and unemployed, trained workers **Negative**: - Difficult to obtain temporary work visas for foreign skilled labor - Recent declines in employment and exports, particularly in apparel industry

Source: Compiled by staff of the U.S. International Trade Commission.

South Africa, Lesotho, and Swaziland[47]

South Africa, a member of the British Commonwealth, has the most developed infrastructure and modern business environment in SSA. In 1995, South Africa was first in SSA in total exports and in manufactured exports ($12.2 billion).

South Africa

1995 GNP per capita	$3,160
1995 GDP (*million dollars*)	136,035
GDP growth, 1990-95 (*percent*)	0.6
1995 manufacturing share of GDP (*percent*)	24
1994 textile and apparel share of manufacturing value added (*percent*)	8
1995 FDI (*million dollars*)	(1)
1995 total exports (*million dollars*)	27,193
Export growth, 1990-95 (*percent*)	1.6
1995 manufacturing share of exports (*percent*)	45
1995 textile and apparel share of manufacturing exports (*percent*)	3

[1] Not available.

Note.—GDP and export growth rates are annual averages.

South Africa is the largest producer of textiles and apparel in SSA, with output estimated at $4 billion in 1995. When this output is combined with sector production in Lesotho and Swaziland, fellow members of the Southern African Customs Union (SACU),[48] these three countries are a major player in the regional market for sector goods.

South Africa is the second largest exporter of sector goods in SSA, after Mauritius. South Africa's exports of sector goods peaked at $456 million in 1992, fell to $362 million in 1994, and then partially recovered to $396 million in 1995. The principal market for its sector exports is the EU, which accounted for 38 percent of the total in 1995, followed by other SSA countries (22 percent) and the United States (16 percent). Sector exports consisted of a wide range of products, with apparel accounting for 37 percent of the total in 1995, followed by yarn at 31 percent and cotton fabric at 7 percent.

South Africa's sector exports to the U.S. market have accelerated since 1991, when the United States lifted the trade embargo imposed against South Africa under the Comprehensive Anti-Apartheid Act of 1986. U.S. import data show that sector imports from South Africa rose from $1.5 million in 1991 to $77 million in 1996 (table 1-2 in ch. 1); the pre-embargo peak was $55 million in 1985. The principal sector imports from South Africa were, cotton shirts, blouses, and pants which together accounted for almost 60 percent of the 1996 total. Unlike sector imports from other SSA countries, however, shipments of wool goods from South Africa are significant. U.S. imports of wool goods from South Africa in 1996 totaled almost $10 million

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[47] Unless otherwise indicated, information in this section is from U.S. Department of State cable, "South Africa: Textile and Apparel Industries - A General Industrial Overview," message reference No. 004324, prepared by U.S. Embassy, Pretoria, May 12, 1997; The Textile Institute, *International Reference Book & Membership*, 1995; Textile Federation, *Textile Statistics and Economic Review*, South Africa, 1995/1996; Industrial Development Corporation of South Africa, Ltd., *The South African Clothing & Textiles Sectors--A Macroeconomic Overview*, Apr. 15, 1997; Panel and Task Group for the Textile and Clothing Industries, *Long-Term Strategic Plan for the Textile and Clothing Industries in South Africa*, South Africa, Mar. 28, 1994; and Clothing Industry of South Africa, *1997 Product Directory and Handbook.*

[48] SACU comprises Botswana, Lesotho, Namibia, South Africa, and Swaziland.

or 13 percent of sector imports from the country in 1996. Nearly 70 percent of the wool product imports from South Africa, a leading world producer of wool, consisted of apparel, particularly tailored clothing (appendix F).

South Africa is a major regional producer of sector goods, but is not a significant global competitor. During the U.S. economic embargo, which was in effect from 1986 to 1991, it was difficult to create or foster trading relationships with the United States in any sector. The textile and apparel sector in South Africa still has problems breaking into the global market today, particularly when competing with major global producers such as Asian firms. Much of the sector in South Africa has been traditionally inward-looking and lacks the experience or aggressiveness of sector exporters in Mauritius.[49] In addition, although South Africa's sector exports to the United States have grown significantly in recent years, this is a consequence of recovery from the effects of the embargo.

South Africa's textile industry comprised about 680 firms, employing some 80,000 workers in 1995, down from 93,000 workers in 1990. The industry is dominated by a few vertically integrated firms mostly focused on the domestic market. Some 16 percent of the firms produce at least 80 percent of annual textile output. The industry's recent decline has been caused, in part, by the drop in local market share due to a rapid reduction of trade barriers, which allows more competition in the domestic market. In addition to these difficulties, textile firms face an inability to source all inputs at world prices. Although national wool production is high, cotton output is limited, and domestic producers often must turn to imports from nearby countries, particularly Zimbabwe. Of the 400,000 bales of cotton used in 1995, about one-half was imported. Furthermore, labor productivity in the industry is low.[50] Labor productivity in South Africa's textile mills averages from 21 to 41 percent of international norms.[51] Part of the problem is the low skills base, outdated technology, and the effect of the recession on capacity utilization. In short, the textile industry faces a problematic future, although some of the larger firms have shifted production to high-quality products for export to Europe and the United States.

The apparel industry in South Africa consisted of 1,600, mostly small, firms employing some 120,000 workers in 1995, a decline from 123,000 workers in 1990. This decline was partly attributable to increased competition from imports. Lower tariffs have allowed imports from Asia to become competitive with local goods; imports from India and the Far East accounted for 51 percent of South African apparel imports in 1995. Also, because of poor frontier controls, South Africa has significant difficulty with illegal shipments of used clothing, which adversely affects the local industry.[52] The apparel industry also consists of many informal firms, which are estimated to contribute up to a quarter of the industry's output.

The most significant problem for apparel producers is relatively high labor costs vis-a-vis other SSA and global producers. The average clothing-plant worker earns up to 7 times the salary of a similar worker in China. Both labor and management productivity is low. In addition,

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[49] Chris Kotze, Manager, Economic Research and Development, Industrial Development Corporation of South Africa Ltd.; interview by USITC staff, Sandton, South Africa, Apr. 1997.

[50] Ann Moore, General Manager, Safto (PTY) Ltd.; interview by USITC staff, South Africa, Apr. 1997.

[51] Panel and Task Group, *Long-Term Strategic Plan for the Textile and Clothing Industries*, p. iv.

[52] U.S. Department of State cable, "South Africa: Textile and Apparel Industries."

relations between the two are difficult. It is widely acknowledged that there is a need for more participatory management.

Although some apparel firms in South Africa have invested in state-of-the-art production facilities, the current overall level of technology in the apparel industry is low. Reportedly, some $605 million will be needed over the next 8 years to bring about a satisfactory technology upgrade throughout the industry. In addition, the small size of orders usually handled by the apparel industry necessitates constant equipment adjustment and line changes. Production of apparel for the local market has bred inefficiency and low volumes of goods.[53]

South Africa's textile and apparel sector is going through a difficult period. Hence, it is understandable that the industry is not yet able to compete on the global level. However, domestic efforts are underway to improve conditions in the sector, most notably to alleviate a lack of price competitiveness, lower input costs, and minimize the disadvantage of its distance from major markets. These efforts include further phasing down of import duties, supply-side measures, accelerated skills training, investment in and upgrading of technology, partial relocation of production to other southern African countries, promotion of exports, and attempts to negotiate favorable trade arrangements.

The Government of South Africa has also initiated projects to help improve conditions in the sector. The Duty Credit Certificate Program lets producers import needed manufacturing equipment free of duty, helping firms to modernize and become more competitive. The Export Marketing and Investment Assistance program provides marketing and exhibition assistance and trade mission funding; the Government also offers a Competitiveness Fund and a Sector Partnership Fund.[54] Reports indicate that industry, labor, and Government officials are also addressing other issues that may help alleviate the sector's weak global presence.

In conclusion, the situation in South Africa reveals a partially developed sector close to but not at a level of global competitiveness. South Africa offers a developed infrastructure and an existing base upon which to build sector production. Therefore, it is not surprising to find that there has been some investment from China and Taiwan. However, there are concerns that because of politics, infrastructure may not be maintained and a decline may result. Furthermore, there are no EPZs, and investment is sometimes deterred because of possible nationalization of industry in the future.[55] It has been generally recognized that the traditional regional focus of sector producers must now be broadened. Orders from the United States are considered very large by South African standards, such that many experts regard access to the U.S. market as the key to maximizing production efficiency and profitability. The textile and apparel sector hopes that, as a result of the above measures as well as preferential access to the U.S. market, South Africa could become a regional hub providing technical expertise in terms of labor, technology, and logistics to other countries in the region. This likely would in turn lead to

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[53] Kobus Du Plooy, Deputy Director, Multilateral Trade Relations, and D. J. (Danie) Jordaan, Chairman, Board on Tariffs and Trade, and Chief Director, Industrial Promotion for Multilateral Trade Relations, Department of Trade and Industry; interview by USITC staff, Pretoria, South Africa, Apr. 1997.

[54] The government-sponsored General Export Incentive Scheme, a formula-based countervailable subsidy for manufacturers that export, was scheduled to expire on July 31, 1997. U.S. Department of State cable, "South Africa: Textile and Apparel Industries - A General Industrial Overview."

[55] Several findings gathered from various interviews conducted by USITC staff in South Africa, Apr. 1997.

industrialization and modernization in some of South Africa's neighbors, improving their economies as well.[56] If South Africa's textile and apparel sector is able to overcome the problems outlined above, they stand to benefit from the proposed preferential access to the U.S. textile and apparel market. Because extensive reforms and substantial investment are necessary before South Africa can rise to the level of global competitiveness, it is unlikely that such a transformation will take place in the near future.

Lesotho[57] is wholly situated within the borders of South Africa and has therefore cultivated a significant economic relationship with its larger neighbor. Particularly during the period that South Africa faced economic sanctions by the international community, Lesotho pursued South African investment in its industries by offering tax incentives and other benefits to firms willing to relocate. Because of the strong ties between the two countries, which are further formalized through SACU membership, the potential of Lesotho's textile and apparel sector is affected by the strength of South Africa's economy. Not only does South Africa provide a large, accessible market for Lesotho's exports, it also serves as a source for necessary raw materials. In 1993, 83 percent of Lesotho's total imports (from all sectors) came from other SACU countries, and 39 percent of its total exports stayed within the customs union. The EU received 22 percent of Lesotho's total 1993 exports, mostly under the beneficial terms of the Lomé Convention.

In the textile and apparel sector, Lesotho's exports totaled slightly more than $100 million in 1994. The available data show that Lesotho's sector exports go mainly to the United States. Based on official U.S. statistics, U.S. sector imports from Lesotho more than doubled from $27 million in 1991 to $65 million in 1996 (table 1-2 in ch. 1).[58] The 1996 U.S. imports consisted entirely of apparel, particularly women's knit cotton shirts and men's cotton pants (appendix F). The other major markets for Lesotho's sector exports were the EU ($46 million) and Canada ($18 million).

Lesotho has the potential to further develop its textile and apparel sector. It has a fairly low-cost skilled workforce, adequate infrastructure, and government initiatives to help attract investment. Currently, many of the textile and apparel firms operating in Lesotho are Taiwanese owned; a small group is owned by South Africans. However, working conditions in the sector are considered to be poor, and Lesotho has lost some of its best workers to higher salaries in South Africa. Also, some investors are hesitant to enter a country with Lesotho's history of political unrest, although the current Government is considered to be stable. Trade with Europe is somewhat curtailed under the Lomé Convention because the agreement excludes goods made with inputs from South Africa, Lesotho's primary source for raw materials and

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[56] Mike L. Getz, former President, Clothing Federation of South Africa, Gardenview, South Africa; written submission to the USITC, Apr. 16, 1997.

[57] Information on Lesotho is from U.S. Department of State cables, prepared by U.S. Embassy, Maseru, "Updated Country Notes From Lesotho," message reference No. 1384, Aug. 1996, and "Top Investment Official Burns Out, Moves On," message reference No. 0250, Jan. 1997; fax from Jeffrey Miotke, U.S. Department of State cable, U.S. Embassy, Maseru, June 6, 1997; Europa Publications Ltd., "Lesotho," *Africa South of the Sahara 1997*, pp. 528-539; and "Lesotho: Poor Conditions for Textile Workers," Africa Information Africa, Comtex Scientific Corp., NewsEDGE/LAN, Oct. 6, 1995.

[58] U.S. sector imports from Lesotho were subject to quotas during the 2-year period ending on November 30, 1994. The two quotas in effect covered men's and women's knit cotton and manmade-fiber shirts and cotton pants. In 1996, these garments accounted for 93 percent of U.S. sector imports from Lesotho.

equipment. Nonetheless, with investment to improve the quality of the work environment, there is a significant chance that a competitive exporting industry will emerge.

Swaziland,[59] is a landlocked country in the northeast corner of South Africa, also has strong economic ties to South Africa and the other SACU countries. Its government is stable and its infrastructure is among the best in SSA. U.S. import data show that U.S. imports of sector goods from Swaziland rose from $5.9 million in 1991 to a high of $15.4 million in 1994, and then fell to just under $11.5 million in 1996 (table 1-2 in ch. 1). The sector imports in 1996 consisted almost entirely of apparel, especially knit cotton shirts (appendix F).

Although there is little specific information available on Swaziland's textile and apparel sector, the country's ties to South Africa affords it certain benefits that could facilitate growth in this sector, such as assistance with training the Swazi workforce and access to a large export market. Swaziland claims one of the most technologically advanced textile facilities in the world, which spins yarns and weaves and finishes fabrics. Most apparel production involves small firms producing for the local market. With 36 percent of 1995 GDP coming from the manufacturing sector, the groundwork for light manufacturing industries already exists. Given proper investment and some degree of government coordination to encourage the development of this sector, Swaziland could become a significant exporter of sector goods to the United States if SSA countries were granted preferential access to the U.S. market.

[59] Information on Swaziland was obtained from the SADC-USA website (www.sadc-usa.net).

Table 2-9
South Africa, Lesotho, and Swaziland: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
South Africa: - During 1990-95, sector exports ranged from $315 million in 1990 to $456 million in 1992; 1995 exports were $396 million - 1995 sector exports were mostly textiles ($249 million); apparel was $147 million - U.S. sector imports rose from $1.5 million in 1991 to $77 million in 1996 - Largest producer of sector goods in SSA - Formal sector comprises about 2,300 textile/apparel firms employing 250,000 workers - Informal sector comprises about 400 firms employing 30,000 workers; annual output is about $1 billion - Capacity utilization in 1995 was 84 percent in textiles and 92 percent in apparel - Textile industry dominated by a few large, vertically integrated firms; apparel industry consists of many small firms - Nearly 20 percent of textile output from "garage shops" - Textile industry capacity of 500 million square meters per year	- Textile industry has 650,000 spindles, 4,500 high-speed looms, and 2,000 circular and flat knitting machines - Advanced technology such as computer-aided design systems, made necessary by relatively high labor costs - Increasing production for niche markets, such as high-valued clothing - Low labor and management productivity - Shorter work week than in many other developing countries - Produces only small amounts of cotton, much of which is short and of poor quality; relies on cotton imports from neighbors such as Zimbabwe - A major world producer of wool	**Positive:** - Decline of the rand benefits exports - Export Marketing and Investment Assistance; R2 billion invested in technology upgrades in 1995-96 - Government aid to sector through supply-side measures - Excellent infrastructure and financial system; good access to international transportation - Recent trade liberalization **Negative:** - Rand devaluation increases price of imported raw materials - Shortage of skilled labor; industry/labor union tension - Sector is inward-focused, partly due to effects of sanctions caused by apartheid - Unpredictability of production and inexperience in global marketing - Influx of illegal imports of textiles and apparel adversely affecting sector - An estimated $600 million in investment needed by the industry to become competitive
Lesotho: - Sector exports totaled just over $100 million in 1993 and 1994; sector is a major source of export revenue for Lesotho - U.S. sector imports rose from $27 million in 1991 to $65 million in 1996; consisted of apparel - Sector employs more than 20,000 people, roughly 4 percent of total workforce - Sector dominated by Taiwanese-owned firms and a few South African firms	- Skilled young labor force; excellent school system - Costly utilities - Competitive labor costs	**Positive**: - Government encourages FDI - Low corporate and personal taxes and social security costs - Foreign exchange availability **Negative**: - Flight of skilled workers to South Africa - Substandard production conditions and poor labor/management relations - Negative effects of past political unrest

Table 2-9--*Continued*
South Africa, Lesotho, and Swaziland: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
Swaziland: - U.S. sector imports rose from $5.9 million in 1991 to $15.4 million in 1994, and then fell to $11.5 million in 1996 - Almost all U.S. sector imports are apparel - Cotton is an important export	- Receives much support from South Africa in terms of training, skilled workers, and technical expertise	**Positive**: - One of the more prosperous African nations; infrastructure is among the best in SSA **Negative**: - South Africa accounts for over 50 percent of imports and 90 percent of exports

Source: Compiled by staff of the U.S. International Trade Commission.

Zimbabwe[60]

Zimbabwe	
1995 GNP per capita	$540
1995 GDP (*million dollars*)	6,522
GDP growth, 1990-95 (*percent*)	1.0
1995 manufacturing share of GDP (*percent*)	30
1994 textile and apparel share of manufacturing value added (*percent*)	15
1995 FDI (*million dollars*)	40
1995 total exports (*million dollars*)	1,852
Export growth, 1990-95 (*percent*)	4.8
1995 manufacturing share of exports (*percent*)	37
1995 textile and apparel share of manufacturing exports (*percent*)	18

Note.—GDP and export growth rates are annual averages.

Zimbabwe was a British colony but gained formal recognition as an independent country in 1980. It is more industrialized than most SSA countries, although its economy is still largely agriculturally oriented. In 1995, manufacturing accounted for 30 percent of GDP and agriculture, 15 percent; services contributed 48 percent of GDP. The economy is still in the process of recovering from the 1992 drought, which was the worst drought to hit southern Africa this century. Zimbabwe's agricultural output fell by 25 percent in 1992 from the 1991 level, pushing the country's GDP down by 8 percent. Manufacturing output also fell. The economy recovered somewhat in 1993 and 1994 with good rainy seasons. However, unemployment remains high (about 45 percent in the formal sector).

Total investment in Zimbabwe's private sector accounts for about 20 percent of GDP, which is a higher rate than that of most other SSA countries. Most of this investment is in mining and tourism. Foreign investment in the textile and apparel sector is small; about 96 percent of sector firms are locally owned.

With interest rates as high as 35 percent and an inflation rate of 25 percent, Zimbabwe is experiencing difficulties in attracting FDI to build up the manufacturing sector. Zimbabwe faces other hurdles, such as a high incidence of HIV/AIDS infection and deaths, a declining standard of living, and continuing threats of drought. Moreover, although Zimbabwe has good infrastructure compared with that in many other SSA countries, it is landlocked and thus incurs relatively high costs to transport goods to other countries' ports for exportation. Exporters in Zimbabwe move goods destined for foreign markets by rail to Mozambique and South Africa.

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[60] Unless otherwise indicated, information in this section is from Kurt Salmon Associates (KSA), *Consulting Service for Zimbabwe Garment and Textile PHRD Initiative: Final Report for World Bank* (Dusseldorf, Germany: KSA, Feb. 1996); Jozef de Coster, "Profile of the Textile and Clothing Industry in Zimbabwe," *Textile Outlook International*, The Economist Intelligence Unit, Sept. 1996; World Bank, *World Development Report: 1997, Global Development Finance: 1997, Volume 2, Country Tables*, pp. 4-6, and *Trends in Developing Economies 1995, Extracts, Vol. 3 Sub-Saharan Africa*; Europa Publications Ltd., "Zimbabwe," *Africa South of the Sahara 1997*, pp. 1096 and 1102; and U.S. Department of State cable, "Zimbabwe: Prospects for Economic and Social Growth," message reference No. 001718, prepared by U.S. Embassy, Harare, Feb. 21, 1997.

Zimbabwe's exports of sector goods are also shipped through Alice Bay, Namibia, and Port Libito, Angola.[61]

Zimbabwe completed its first 5-year IMF- and World Bank-supported structural adjustment programs at the end of 1995. Zimbabwe agreed to liberalize trade and investment policies, deregulate financial and labor markets, and abolish price controls. Among the reforms implemented to enhance the country's foreign investment climate were the elimination of quantitative restrictions on imports, import licensing requirements, and tariffs on capital goods, and the reduction of tariffs on raw materials and intermediate goods. Zimbabwe also introduced duty drawback and inward-processing schemes, offered tax concessions, and established the Zimbabwe Investment Centre to provide "one-stop" assistance to investors. However, the IMF terminated its program with Zimbabwe in 1995 because the Government did not meet the program's goals of budget deficit reduction, civil service downsizing, and parastatal privatization.[62] Trade sources recently reported that the IMF has modified its position and has notified donors such as the World Bank that they can resume funding projects in Zimbabwe once the 1997 budget has been authorized.[63]

Zimbabwe's textile and apparel sector has been struggling in recent years. Following the phaseout of the textile and apparel agreement between Zimbabwe and South Africa in 1992, South Africa's tariffs on imports of sector goods from Zimbabwe rose from 30 percent to 90 percent.[64] Under the new bilateral agreement that went into effect in April 1997, Zimbabwe's exports of sector goods to South Africa are now eligible for a partial rebate of South African tariffs, thereby reducing the effective tariff rate to 30 percent.[65] Zimbabwe's sector production has also been affected by competition from increased smuggling of apparel and increased trade in used apparel.[66] Some textile firms have moved to South Africa and Botswana.[67] From 1991 to 1992, the number of firms declined by 15 percent in the apparel industry and by 8 percent in the textile industry. Employment declined accordingly. Some recovery occurred in 1994, but not to 1991 levels. Trade sources indicate that further declines occurred during the first half of 1997.[68] Among the closures was one of Zimbabwe's largest textile firms, which had employed 4,000 workers. The closures in the sector during the 1997 period were attributed to competition from South Africa and other countries and the large volume of used apparel entering the country.

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[61] Joe Foroma, Chief Executive, Confederation of Zimbabwe Industries (CZI); interview by USITC staff, Harare, Apr. 1997.

[62] Success of the structural adjustment reforms was also hindered by general administrative inexperience within the Government of Zimbabwe. Keith Atkinson, Director, Imani Development (Pvt.) Ltd.; interview by USITC staff, Harare, May 1997.

[63] The IMF is not expected to resume its structural adjustment funding until Zimbabwe meets agreed targets, probably not until 1999. See The Economist Intelligence Unit Ltd., "Zimbabwe: Donors to Resume Support," *Business Africa*, July 16-31, 1997, p. 6.

[64] Keith Atkinson, Director, Imani Development (Pvt.) Ltd.; interview by USITC staff, Harare, Apr. 1997.

[65] The Economist Intelligence Unit Ltd., "Clothing and Textiles: Zimbabwe," *Business Africa*, Apr. 16-30, 1997, p. 10.

[66] Stuart Kufeni, General Manager, Economic Research and Policy Division, Reserve Bank of Zimbabwe; interview by USITC staff, Harare, Apr. 1997.

[67] Joe Foroma, CZI; interview by USITC staff, Harare, Apr. 1997.

[68] "Econews: Zimbabwe-Liquidations Over 41 Zimbabwe Companies Liquidated ," NewsEDGE/LAN, July 8, 1997.

Zimbabwe's textile industry consisted of 49 firms, employing about 20,000 people, in 1994. Until 1991, the industry had been protected by import substitution policies of the Government that prohibited imports of fabrics for use by the apparel industry and subsidized the price of raw cotton. As a result, the textile industry was inward oriented. Today, it operates at 50 to 60 percent of capacity. Generally, the weaving equipment is old but comparable to that found in some other developing textile-exporting countries; the spinning capacity is also old but well maintained. High interest rates limit the amount of capital that is available locally, making it difficult to upgrade equipment and obtain new technology.

The textile industry in Zimbabwe imports much of its inputs. Zimbabwe grows high-quality cotton, but exports more than half of its output. The textile industry is competitive in certain yarns and cotton greige (unfinished) fabrics, but is unable to competitively produce quality finished fabrics and other textiles. The dyeing and finishing segment of the industry is weak, partly because of water shortages and partly because the dyes and chemicals must be imported from Europe at prohibitive costs for Zimbabwean firms. Overall labor productivity in the textile industry is low, largely because of overstaffing, problems with the quality of middle management and training programs, and antiquated equipment. As a result, Zimbabwe's exports of textile articles are concentrated in low-valued yarns and greige fabrics. These exports go mainly to the EU, where the products are dyed or otherwise finished.

Zimbabwe's apparel industry consisted of 225 registered firms and many small firms in 1994. Most of the registered firms are small, with only about one-fourth of them employing more than 200 persons. The apparel industry employs a total of 372,000 workers, 350,000 of which are in the informal sector. Product development is one of the industry's greatest weaknesses. Although the fashion content of most firms' apparel lines may meet local market expectations, they seldom meet Western European standards. Overall productivity is low in the apparel industry, averaging about 40 percent for small- and medium-sized companies, 60 percent for large firms and, in exceptional cases, 70 percent for export-oriented firms. Moreover, salaries are fixed and low, and few firms offer quality-oriented incentives. Only the large firms have incentive schemes based on quality and output. Overall profitability is also low.

About 20 of the larger apparel firms in Zimbabwe produce apparel for export; such production accounted for roughly 30 percent of the country's total apparel output in 1994. One such firm is Archer Clothing Manufacturers Ltd., which exports about 80 percent of its output. Archer, with 570 employees, produces about 500,000 men's shirts and 500,000 men's trousers annually. About 95 percent of Archer's exports are made with private labels for retail customers such as Littlewoods in the United Kingdom and Eddie Bauer in the United States. The firm also produces some Pierre Cardin apparel under license. The Ascot Group, which employs 1,000 persons, produces primarily men's and women's trousers and shorts for such customers as The Gap, Banana Republic, Eddie Bauer, Levi Strauss, and Patagonia. Overall, two types of apparel firms export--those few which export 70 percent or more of their output and achieve economies of scale, and those apparel firms which produce primarily for the local market and export less than 25 to 35 percent of their output.

Zimbabwe is the third largest exporter of sector goods in SSA, after Mauritius and South Africa. Zimbabwe's sector exports rose from just under $84 million in 1990 to a high of $139 million in 1994, and then fell to $126 million in 1995. Most of Zimbabwe's sector exports go to the EU, which grants preferential treatment to qualifying sector goods under the Lomé

Convention.[69] The principal export markets in the EU are Germany and the United Kingdom. Because Zimbabwe was once a British colony, the country has a strong commercial link to the United Kingdom.

Zimbabwe's exports of sector goods to the United States are small. U.S. import data show that U.S. imports of sector goods from Zimbabwe rose continually from $6.8 million in 1991 to $14.4 million in 1995, and then declined to just under $5.5 million in 1996 (table 1-2 in ch. 1). About 90 percent of the 1996 U.S. imports consisted of apparel, particularly cotton trousers and shirts (appendix F). Industry sources in Zimbabwe reported that U.S. apparel imports from the country are small because producers in Zimbabwe cannot generate the large orders of quality apparel requested by U.S. buyers.[70] These sources stated that purchasers in the EU tend to purchase smaller quantities to supply niche markets and are willing to accept longer lead times than U.S. buyers. Apparel firms in Zimbabwe also export smaller amounts to the neighboring countries of South Africa, Namibia, and Botswana.

Zimbabwe's textile and apparel sector has shown the capability to export certain goods successfully, as illustrated by 50-percent growth in sector exports to the world during 1990-95. Some of this increase reflected the efforts of Zimbabwe's apparel firms to shift from basic products to more fashionable and higher valued goods.[71] Zimbabwe's textile industry is likely to continue to supply the EU and neighboring country markets with unfinished cotton yarns and greige fabrics. However, the industry's competitive position is likely to weaken because of a lack of new investment in spinning and weaving machinery. Capital investment is unlikely owing to Zimbabwe's high interest rates. Furthermore, the development of Zimbabwe's textile and apparel sector is hindered by imports of used clothing and illegal imports of apparel, both of which account for an estimated 40 percent of the country's total apparel consumption. Trade sources in Zimbabwe stated that even with preferential access to the U.S. market, expansion of the textile and apparel sector would be limited primarily because Zimbabwe is landlocked and consequently incurs relatively high transportation costs.[72] However, trade sources report increasing interest in investment in manufacturing in Zimbabwe with the establishment of peace and political stability, as well as general improvement in the economy.[73]

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[69] Only those apparel exports made in Zimbabwe of fabrics made in Lomé-member countries from yarn spun in Lomé-member countries are eligible for duty-free and quota-free treatment in the EU.

[70] Joe Foroma, CZI; Peter Muzariri, Deputy Managing Director, Truworths; and Ray Woolley, Chief Executive and Deputy Chairman, David Whitehead Textiles Ltd.; interview by USITC staff, Harare, Apr. 1997.

[71] During 1990-94, the value of Zimbabwe's apparel exports to the EU rose more rapidly, by 38 percent, than did the volume of these exports, which rose by 24 percent.

[72] Joe Foroma, CZI, interview by USITC staff, Harare, Apr. 1997.

[73] There has been renewed interest in Bulawayo, once Zimbabwe's industrial capital, which is surrounded by strong mining and textile sectors and good road and rail links with neighboring countries, because of a proposed solution to water shortages affecting the area. One proposal calls for the construction of a water pipeline from a major river. "Zimbabwe-Investment Prospects Brighten in Bulawayo," Comtex Scientific Corp., NewsEDGE/LAN, July 12, 1997.

Table 2-10
Zimbabwe: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports rose from $84 million in 1990 to $139 million in 1994, and then fell to $126 million in 1995 - 1995 sector exports almost equally divided between textiles ($63.4 million) and apparel ($62.4 million) - U.S. sector imports rose from $6.8 million in 1991 to $14.4 million in 1995; fell to $5.5 million in 1996 - EU is the largest export market - Formal apparel industry had 225 firms in 1994; employment fell from 28,000 in 1990 to 17,000 in 1992, then rose to 22,000 in 1994 - Cottage industry has 350,000 workers making apparel for local and tourist markets - 49 textile firms in 1994, employing 20,000 workers	- Produces high-quality cotton; exports over half of crop - Outdated spinning equipment - High interest rates discourage textile mills from keeping adequate cotton inventories to ensure dependable delivery of fabrics to apparel producers - Most textile equipment is old but well maintained - Absence of a textile chain (fiber, fabric, apparel) discourages investment in textile industry - Mills must import chemicals and dyes, often at a high cost - Skilled labor force - Wages and productivity competitive in world markets	**Positive:** - Investment center set up in 1993 to provide "one-stop" assistance to private investors - Repatriation of investment capital and remittance of profits and dividends for new investments - Political stability **Negative:** - Strong global demand for cotton pushes up local cotton prices - High interest rates discourage investment - Landlocked location raises costs and extends time needed to ship goods

Source: Compiled by staff of the U.S. International Trade Commission.

Madagascar[74]

Madagascar	
1995 GNP per capita	$230
1995 GDP (*million dollars*)	3,198
GDP growth, 1990-95 (*percent*)	0.1
1995 manufacturing share of GDP (*percent*)	13
1994 textile and apparel share of manufacturing value added (*percent*)	(1)
1995 FDI (*million dollars*)	10
1995 total exports (*million dollars*)	357
Export growth 1990-95 (*percent*)	3.9
1995 manufacturing share of exports (*percent*)	13.9
1995 textile and apparel's share of manufacturing exports (*percent*)	46.3

[1] Not available.

Note.—GDP and export growth rates are annual averages.

Madagascar, the world's fourth largest island, located in the Indian Ocean off the coast of east Africa, is among the poorest countries in the world. Poverty affects 60 to 70 percent of the nation's population. Madagascar's economy is based predominantly on agriculture, which employs about 80 percent of the labor force and which accounted for 34 percent of the country's GDP in 1995. Manufacturing accounted for 13 percent of GDP and services, for 53 percent. Growth in the agricultural sector during 1990-95 was slower, at an average annual rate of 1.6 percent, than growth in the manufacturing sector, which averaged 2.5 percent annually. Madagascar, which gained its independence in 1960, underwent a peaceful transition from a socialistic-type government to a multiparty democracy in 1993.

Madagascar's economy is still in the process of recovering from the socialist programs of price controls and parastatal sectors. The Government has had some success in controlling monetary growth and inflation, which was cut in half to 24 percent in 1996. In addition, Madagascar's GDP grew by an estimated 2 percent in 1996. The Government entered into structural adjustment agreements with the IMF in 1996 and with the World Bank in 1997. As part of these agreements, the Government agreed to develop the private sector, reduce public sector deficits and debts, and increase exports. It also passed laws liberalizing investment and the telecommunications sector.

An important part of the Government's reform was to open up trade and attract foreign investment. Madagascar lowered its top tariff rate from 80 percent to 30 percent and lifted export and import licensing requirements. The Government removed regulatory constraints on private investment and simplified the administrative procedure for obtaining business entry

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[74] Unless otherwise indicated, information in this section is from World Bank, *World Development Report: 1997*, and *Trends in Developing Economies 1995, Extracts, Vol. 3 Sub-Saharan Africa*; Europa Publications Ltd., "Madagascar," *Africa South of the Sahara 1997*, pp. 563-577; U.S. Department of State, "FY 1997 Country Commercial Guide: Madagascar," prepared by U.S. Embassy, Antananarivo, Aug. 1996; and U.S. Department of State cables, prepared by U.S. Embassy, Antananarivo, "Madagascar: Executive Summary of Country," message reference No. 003658, July 1, 1997, "Madagascar: Policy in the Near-Term - A High Stakes Game That We Can Win," message reference No. 001138, Feb. 25, 1997, "Madagascar: Annual Report on Prospects for Economic and Social Growth, message reference No. 001101, Feb. 21, 1997, "Madagascar: USITC Study on U.S.-Africa Trade," message reference No. 003534, June 23, 1997, and "Madagascar: Assistance Requested for USITC Investigation Into Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel From Sub-Saharan Africa," message reference No. 003276, June 13, 1997.

visas. The liberalization of Madagascar's foreign exchange market also enhances the country's export competitiveness. An export processing zone (EPZ), which was established in 1991, offers exemptions from customs duties on imports of inputs, value-added taxes, and export duties. Over 200 investors, particularly garment producers, have located in the EPZ since 1991.

Madagascar has a small but developing textile and apparel sector, which represents 12 percent of the country's industrial production. Concentrated in the EPZ, the sector accounts for 62 percent of total investment and 40 percent of FDI in the EPZ. FDI comes mainly from Mauritius, Singapore, Hong Kong, and France. The equipment comes mainly from China, Taiwan, and the United Kingdom. The absence of U.S. quotas on apparel shipments and special access to the EU market under the Lomé Convention have helped stimulate growth in apparel manufacturing.

Because of Madagascar's proximity to Mauritius and its comparatively low-cost and mostly literate workforce, producers in Mauritius have targeted Madagascar as a location to which to expand their apparel production. The Floreal Group, a Mauritian firm which is the world's second largest wool sweater producer after Benetton, operates several factories in Madagascar as part of its plan for international expansion, and Aquarelle Clothing Ltd., a Mauritian shirt producer, also has a factory in Madagascar.

Madagascar's sector exports peaked at $31 million in 1991, fell to $17 million in 1994, and then partially recovered to $23 million in 1995. One-half of the sector exports in 1995 went to the EU, which has increased investment in Madagascar's textile and apparel sector and has provided such assistance as training and setting up trade exhibitions. Madagascar's sector exports to the EU consisted mainly of woven cotton greige fabrics to be finished by EU textile converters, as well as yarns. About 18 percent of Madagascar's apparel exports went to neighboring SSA countries, primarily Mauritius, reflecting intracompany trade. Apparel accounted for about one-quarter of Madagascar's sector exports in 1995.

The United States is also an important market for Madagascar's sector exports. U.S. statistics show that U.S. imports of sector goods from Madagascar rose from less than $1 million a year in the early 1990s to $11 million in 1996 (table 1-2 in ch. 1). The 1996 imports consisted almost entirely of apparel, especially cotton shirts (43 percent of the total), cotton pants (27 percent), and wool sweaters (almost 10 percent) (appendix F).

The chief obstacle to further development of Madagascar's textile and apparel sector is the country's inadequate infrastructure. The country has poor rail links and its ports need improvement; its roads tend to be narrow and windy and can become impassable during rainy season. Inland transportation costs are high in shipping inputs to factories and finished goods to the coast for export. However, international assistance efforts are underway to address the infrastructure problem.

In spite of the infrastructure problems, Madagascar has considerable potential to expand exports of sector goods to the United States if SSA is granted preferential access to the U.S. market. The country has a stable democratic government, a favorable investment policy, and a low-cost, trainable, mostly literate labor force. Its textile and apparel sector has shown the capability to export successfully to developed-country markets. Moreover, investment in the sector has

increased in the EPZ.[75] A few global textile and apparel firms now produce garments in Madagascar in an effort to diversify their sources of supply and because Madagascar's exports of sector goods to the United States enter free of quota. Also, several large U.S. retailers purchase garments from a Mauritian firm that produces apparel in Madagascar.

Table 2-11
Madagascar: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- During 1990-95, sector exports ranged from $17 million in 1994 to $31 million in 1991; 1995 exports were $23 million - U.S. sector imports reached a high of $11 million in 1996; consisted mostly of apparel - Sector has 109 factories, employing 41,700 workers	- Increased European investment in sector - European assistance such as training and exhibitions to develop sector - Trainable, mostly literate workforce - Abundant labor supply; low wage rates	**Positive**: - Favorable investment policy - Stable democratic government - Economy shifting from agriculture to manufacturing **Negative**: - Uncertain legal climate discourages FDI; legal system does not ensure security of private property, assignment of liability, or enforcement of contracts - Inadequate infrastructure, but ongoing efforts to improve telecommunications systems

Source: Compiled by staff of the U.S. International Trade Commission.

[75] U.S. Embassy, Antananarivo, e-mail to USITC staff, July 17, 1997.

Countries With the Potential to Export to the U.S. Market

The nine SSA countries in group 2--Botswana, Cameroon, Côte d'Ivoire, Ghana, Malawi, Mozambique, Nigeria, Tanzania, and Zambia--did not export as much sector goods to the United States during 1991-96 as the first group because of their size, stage of development, level of technology, or other factors. However, they are all countries that, given the proper amount of investment and the opportunity to export to the United States with quota-free and duty-free status, would be most likely to develop a textile and apparel sector capable of competing in the U.S. market.

Botswana[76]

Botswana is a landlocked country in southern Africa; it borders South Africa to the south, Namibia to the west, and Zimbabwe to the northeast. It is a multiparty, constitutional democracy and enjoys political stability. Botswana is one of the most developed countries in SSA, as illustrated by its high GNP per capita compared with that of other SSA countries. The relative economic wealth of Botswana is attributable to its large mineral deposits. The mineral sector, 90 percent of which comprises diamonds, accounted for 32 percent of Botswana's GDP and 80 percent of its export earnings during June 1994-July 1995. Botswana has used earnings from this sector to develop its infrastructure, including roads, communication networks, and utilities, and its manufacturing sector.

Botswana

1995 GNP per capita	$3,020
1995 GDP (*million dollars*)	4,318
GDP growth, 1990-95 (*percent*)	4.2
1995 manufacturing share of GDP (*percent*)	4
1994 textile and apparel share of manufacturing value added (*percent*)	(1)
1995 FDI (*million dollars*)	70
1995 total exports (*million dollars*)	(1)
Export growth, 1990-95 (*percent*)	(1)
1995 manufacturing share of exports (*percent*)	(1)
Preliminary 1996 textile and apparel share of total exports (*percent*)	2.5

[1] Not available.

Note.—GDP growth is the annual average.

In spite of the strong mining sector, unemployment--especially for the 20 to 24 age group--is very high at an estimated 36 percent. Almost one-fourth of high-school graduates in Botswana cannot find a job. Consequently, the Government is promoting the development of the manufacturing sector to increase job opportunities and is promoting production of sector goods as part of its diversification program. The Government has had some success in promoting the

[76] Unless otherwise indicated, information in this section is from the World Bank, *World Development Report: 1997*; Europa Publications Ltd., "Botswana," *Africa South of the Sahara 1996*, pp. 180-188; U.S. Department of State, "FY 1997 Country Commercial Guide: Botswana," prepared by U.S. Embassy, Gabarone, Aug. 1996; Department of State cables, "IMI: Commercial Opportunities in Botswana," message reference No. 000723, prepared by U.S. Embassy, Pretoria, Jan. 27, 1997, and "Information Provided for the Assessment of the Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel from Sub-Saharan Africa," message reference No. 002117, prepared by U.S. Embassy, Gaborone, Apr. 22, 1997; and "Botswana Records Seven Percent Growth," Comtex Scientific Corp., NewsEDGE/LAN, June 8, 1997.

non-mineral sector of the economy, as it grew by 5.5 percent during June 1994-July 1995, compared with growth for the overall economy of 3.1 percent in the period.

The Government encourages foreign investment through favorable corporate tax rates and duty rebates on imported raw materials. The parastatal Botswana Development Corporation (BDC) promotes industrial development by encouraging joint ventures, especially when foreign firms provide production expertise, product design, and/or marketing ties. BDC's interests include apparel manufacturing.

Botswana has a fairly well-established textile and apparel sector. In 1993, an estimated 105 firms, employing 3,800 persons, produced sector goods. The sector obtains its inputs from many sources. Cotton yarn is primarily imported from the neighboring countries of Zimbabwe, Zambia, and South Africa, as well as Switzerland; manmade fibers are imported from South Africa, Italy, the United Kingdom, and the United States; and fabrics are imported from Hong Kong and other Far Eastern countries. Industry sources in Botswana reported that low labor productivity is prevalent in the sector; for example, labor productivity in similar manufacturing plants in South Africa is 15 percent higher.

The available trade data show that Botswana's exports of sector goods rose by 61 percent from 1993 to 1994 before falling by 40 percent to $48 million in 1996. Sector goods accounted for almost 3 percent of the country's total exports during January-September 1996. Most sector exports go to Botswana's neighbors, namely South Africa and Zimbabwe. Industry sources in Botswana reported that because demand for their products in these countries has been relatively strong, sector firms have not been compelled to look for alternative export markets. Most of the sector exports in 1996 consisted of apparel.

U.S. import data show that U.S. imports of sector goods from Botswana fell from $1.1 million in 1991 to zero in 1993, and then rebounded to $6.8 million in 1996 (table 1-2 in ch. 1). The imports in 1996 consisted almost entirely of cotton apparel, with men's woven cotton shirts accounting for two-thirds of sector imports that year (appendix F).

Botswana has moderate potential to become a supplier of sector goods to the United States, especially with foreign investment. Botswana has a favorable economic and investment climate, and encourages FDI in its textile and apparel sector. Most sector firms have benefited from Botswana's financial assistance policy, which is a government program designed to assist with setting up or expanding private sector businesses in order to create further employment. Factors moderating its export potential for sector goods include the high cost of financing and exchange rate fluctuations.

Table 2-12
Botswana: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- During 1993-96, sector exports ranged from $39 million in 1993 to $66 million in 1994; 1996 exports were $48 million (apparel was 46 percent of total) - Sector exports go mainly to South Africa and Zimbabwe - U.S. sector imports were $6.8 million in 1996; consisted mostly of cotton apparel	- Imports most inputs, mainly from the Far East - High utility costs - Low labor costs - Shortage of skilled labor; low productivity	**Positive**: - Government encourages private sector growth and FDI in textile and apparel sector - Politically stable country - Duty-free access to other members of South African Customs Union - Developed infrastructure, including a modern telecommunications system **Negative**: - High cost of financing deters investment - Industry not oriented toward global exporting

Source: Compiled by staff of the U.S. International Trade Commission.

Cameroon[77]

Cameroon's GDP fell by 6.3 percent a year during 1985-93, reflecting sharp declines in world market prices of its exports and poor economic policies.[78] The economy began to recover following a 50-percent currency devaluation in Africa's French franc zone in January 1994. In 1995, real GDP growth was 1.7 percent; it was expected to reach 5 percent in 1996. As a large, strategically-located member of the Central African Economic and Customs Union (UDEAC), the vitality of Cameroon's economy affects the entire sub-region.[79]

Cameroon

1995 GNP per capita	$650
1995 GDP (*million dollars*)	7,931
GDP growth, 1990-95 (*percent*)	-1.8
1995 manufacturing share of GDP (*percent*)	10
1994 textile and apparel share of manufacturing value added (*percent*)	12
1995 FDI (*million dollars*)	102
1995 total exports (*million dollars*)	1,507
Export growth, 1990-95 (*percent*)	-6.6
1995 manufacturing share of exports (*percent*)	8
1995 textile and apparel share of manufacturing exports (*percent*)	8

Note.—GDP and export growth rates are annual averages.

The textile and apparel sector represented 12 percent of Cameroon's manufacturing value added in 1994, compared with 9 percent in 1980. Cameroon's exports of sector goods in 1995 totaled $9.8 million, down from $15.4 million in 1991. Some 80 percent of the sector exports went to the EU in 1995. The exports to the EU, which are eligible for preferential treatment under the Lomé Convention, consisted almost entirely of unbleached cotton fabric.[80] U.S. import data show that U.S. imports of sector goods from Cameroon in 1996 totaled $799,000, and consisted mostly of cotton fabric (appendix F).

The textile and apparel sector in Cameroon benefits from the strength of the local cotton industry, which is considered one of the country's greatest assets. The country's cotton

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[77] Unless otherwise indicated, information in this section is from U.S. Department of State cables, prepared by U.S. Embassy, Yaounde, "Assistance Requested for USITC Investigation into Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel from Sub-Saharan Africa," message reference No. 02447, Apr. 21, 1997, and "IMI: Prospective Markets for Seconds, Used and Discontinued Apparel and Bulk Lot Consumer Goods in Cameroon," message reference No. 001986, Mar. 31, 1997; and World Bank, Africa Regional Program on Enterprise Development, *State Crisis and the Manufacturing Sector in Cameroon*, Country Background Paper (first draft), prepared by Centre d'étude en administration internationale, HEC Montréal, Apr. 1993, pp. 36-37.

[78] U.S. Department of State, "FY 1997 Country Commercial Guide: Cameroon," prepared by U.S. Embassy, Yaounde, Aug. 1996, p. 1.

[79] UDEAC, the acronym for the French name of this customs union, comprises Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea, and Gabon; notably, all are francophone countries.

[80] In addition to Lomé, Cameroon has a preference agreement specifically with France, but it has only recently been implemented. The agreement provides several advantages to French firms that maintain branches or agents in Cameroon, including exemptions from the 15 percent special tax applicable to other firms operating in Cameroon.

parastatal, Sodecoton, oversees cotton production.[81] Although Cameroon exports 95 percent of its cotton output, the cotton and textile industries are relatively integrated.

Cameroon has the only remaining national textile operation among the UDEAC countries. Cottonniere Industrielle Du Cameroun (CICAM), created in 1965, is partly owned by French and German interests, in addition to partial ownership by Cameroon's National Investment Corporation. CICAM benefits not only from relatively low labor costs, but also from reduced prices for cotton from Sodecoton and electricity from the national utility. The four cotton textile operations in the other UDEAC countries (Equatorial Guinea has none) reportedly have suspended production, which presumably favors Cameroon's industry. Two small Cameroonian firms involved in low-quality finishing and weaving do not appear to pose great competitive concerns to CICAM.

CICAM is a vertically integrated operation involved in spinning, weaving, embroidery, printing, dyeing, and finishing. It has 3 facilities and employs 1,334 people in the production of a wide range of cotton textiles, including fancy African colored wax and resin prints, sheets, pillowcases, and towels for sale primarily in local and regional markets. Sales of CICAM, including those of its distribution firm (Newco), totaled about $46 million in 1996. CICAM markets its output in Cameroon (78 percent), Europe--mainly France and Italy (16 percent), and the five other UDEAC countries (4 percent). CICAM exports a large portion of its unbleached fabric to Europe for further finishing; this share of the market is projected to grow by 31 percent in 1997.

The 1994 currency devaluation prompted CICAM to restructure its operations in an effort to improve productivity and competitiveness. However, most of CICAM's equipment, primarily purchased from Belgium and Italy, is more than 20 years old and a number of its machines are currently not being used.

The textile industry also faces several other obstacles. The porosity of the border with Nigeria, where there is little attempt at efficient collection of customs duties, has reportedly resulted in the illegal importation of fabrics from Nigeria, Pakistan, and China (estimated at 49 percent of the national market) at what are described as "dumping prices." Competition from Nigeria has been tempered somewhat as the CFA exchange rate with the Nigerian naira dropped and brought the volume of sales nearly back up to 1987 levels. Also of great importance is the recent increase in imports of used apparel and textile articles from other SSA countries, Europe, and the United States, which reduces demand for locally made sector goods.

The apparel industry in Cameroon consists mainly of small private firms, most of which operate in the informal sector. These informal operations employ as much as 80 percent of the apparel workforce. Because there are no strong links between the textile and apparel industries in Cameroon, a large share of the inputs for use in garment production are imported. The apparel industry reportedly suffers from poor management, weak distribution networks, and obsolete equipment. As stated earlier, it also faces growing competition from imports of used apparel. Cameroon's imports of such goods totaled $24.3 million in 1996, up by 19 percent over the

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[81] The Government's 70-percent share of Sodecoton (a French firm owns the rest) was scheduled for sale in June 1997. In 1995/96, cotton seed volume grew by 18 percent over the year-earlier level, to 195,000 metric tons, and the number of cotton growers rose by 85 percent, to 277,000. See The Economist Intelligence Unit Ltd., "Privatisation Round-Up: Sodecoton Turnaround," *Business Africa*, Feb. 1-15, 1997, p. 9.

1995 level. U.S. export data show that U.S. exports of worn clothing and other used textile articles to Cameroon totaled $864,000 in 1996, down from $1.1 million in 1995 but up from $140,000 in 1991. Belgian firms are also significant exporters of used clothing to Cameroon.

The potential exists for Cameroon to expand sector exports to the United States if SSA is granted preferential access to the U.S. market. FDI would be needed to modernize the sector's facilities and upgrade the infrastructure to support an export-oriented manufacturing sector. Cameroon has an abundance of trainable, low-cost labor, a stable government, and a favorable investment climate that may prove effective in attracting foreign investors to this potentially significant sector. Moreover, with one-half of UDEAC's nearly 27 million people living in Cameroon, the country with its coastal location and industrial free zone could serve as a regional base for foreign investors interested in expanding into the UDEAC market.

Table 2-13
Cameroon: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports fell from $15.4 million in 1991 to $7.5 million in 1993, and then rose to $9.8 million in 1994 and 1995 - 1995 sector exports were mostly cotton fabric - Parastatal dominates textile production - Small informal firms dominate apparel industry - U.S. sector imports were $799,000 in 1996	- Textile parastatal benefits from reduced cotton and electricity costs - Cotton growing sector is one of the country's greatest assets; exports 95 percent of cotton crop - Textile production constrained by old equipment - Apparel producers import most fabrics - Large, low-cost labor pool	**Positive**: - Political stability - Favorable investment climate; industrial free zone - Coastal location; member of UDEAC **Negative**: - Imports of used clothing adversely affecting sector - Inadequate infrastructure

Source: Compiled by staff of the U.S. International Trade Commission.

Côte d'Ivoire[82]

The République de Côte d'Ivoire was a French colony until 1960 and consequently continues to benefit from various economic links with France, such as "la zone franc." The country, which has a history of stability in West Africa, also benefits from preferential access to the EU market under the Lomé Convention.

Côte d'Ivoire	
1995 GNP per capita	$660
1995 GDP (*million dollars*)	10,069
GDP growth, 1990-95 (*percent*)	0.7
1995 manufacturing share of GDP (*percent*)	18
1994 textile and apparel share of manufacturing value added (*percent*)	11
1995 FDI (*million dollars*)	19
1995 total exports (*million dollars*)	4,866
Export growth, 1990-95 (*percent*)	6.4
1995 manufacturing share of exports (*percent*)	7
1995 textile and apparel share of manufacturing exports (*percent*)	13

Note.—GDP and export growth rates are annual averages.

Côte d'Ivoire has the largest economy in francophone West Africa and benefits from an established infrastructure. For example, it has the best transportation infrastructure and banking center in West Africa. As a result, it is better equipped than most of its neighbors for the development of manufacturing industries, including textiles and apparel. However, although the Government is trying to diversify the country's production base, agricultural and mineral products still account for over one-third of GDP.

Côte d'Ivoire was the third largest exporter overall in SSA in 1995, after South Africa and Nigeria, and the sixth largest exporter of sector goods with shipments of $44.3 million. It also was the principal exporter of sector goods in West Africa, with at least $20 million more in shipments than the next highest exporting country in that region. The major sector exports of Côte d'Ivoire are cotton fabrics, which accounted for more than 70 percent of the total in 1995. Most of its sector exports go to the EU, which received 93 percent of the total in 1995. Sector exports to the United States are small. U.S. import data show that U.S. sector imports from Côte d'Ivoire declined from a high of $3.2 million in 1993 to $569,000 in 1996 (table 1-2 in ch. 1). Most of the 1996 U.S. imports were fabrics (appendix F).

The textile and apparel sector in Côte d'Ivoire produces primarily for the local market. The apparel industry generally produces custom-tailored clothing rather than goods designed for the mass market. The textile industry, which is cotton based, must contend with the fact that the Government sets prices for cotton and that production and distribution of the fiber are monopolized by French firms. The textile and apparel sector faces high labor, shipping, and public utility costs; the average wage of sector workers is an estimated $40 per month. Technology is not advanced and is usually provided by foreign investors. Moreover, imports of used clothing from the United States and counterfeit fabrics from Nigeria, India, and Bangladesh have resulted in reduced demand for local production.

[82] Unless otherwise indicated, information in this section is from USITC staff interviews in Côte d'Ivoire with officials of the U.S. Embassy, ICBM, World Bank, Promotion du Commerce Exterieur, Centre de Promotion des Investissements en Côte d'Ivoire, Nestlé, SGS, Citibank, and Société Financière de Production Agricole, June 1997.

Despite these difficulties, Côte d'Ivoire has the potential to expand sector exports to the United States if SSA is granted preferential access to the U.S. market. There are plans to expand local production of sector goods. The Union Industrielle Textile de Côte d'Ivoire (UTEXI), one of the big three textile firms in the country, plans to double capacity over the next 5 years. This investment is designed to upgrade current technology as well as employ more workers.[83]

Table 2-14
Côte d'Ivoire: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports declined from $58.3 million in 1990 to $44.3 million in 1995 - 1995 sector exports were mostly textiles ($37.7 million); apparel was $6.6 million	- Workforce comprises mostly skilled production workers - Variable levels of technology - Textile industry faces supply and efficiency problems - High labor costs - Government sets cotton prices; French firms dominate cotton production and distribution	**Positive**: - Governmental initiatives designed to promote private sector development - Best infrastructure in West Africa **Negative:** - Reliance on agricultural and mineral products for revenue - Imports of used clothing and counterfeit fabrics adversely affecting local production

Source: Compiled by staff of the U.S. International Trade Commission.

[83] Officials of UTEXI, interview by USITC staff, Côte d'Ivoire, June 1997.

Ghana[84]

Ghana posted real GDP growth of 5.2 percent in 1996, up from an average annual gain of 4.3 percent during 1990-95. It relies heavily on the production and export of primary commodities for economic growth.[85] Agriculture is still the cornerstone of the economy, though its share of GDP fell to 46 percent in 1995 from 58 percent in 1980. The share accounted for by manufacturing fell from 8 to 6 percent during the period.

Ghana

1995 GNP per capita	$390
1995 GDP (*million dollars*)	6,315
GDP growth, 1990-95 (*percent*)	4.3
1995 manufacturing share of GDP (*percent*)	6
1994 textile and apparel share of manufacturing value added (*percent*)	5
1995 FDI (*million dollars*)	230
1995 total exports (*million dollars*)	1,752
Export growth, 1990-95 (*percent*)	6.5
1995 manufacturing share of exports (*percent*)	16
1995 textile and apparel share of manufacturing exports (*percent*)	2

Note.—GDP and export growth rates are annual averages.

Trade reforms adopted in the early 1980s exposed many local firms to import competition, leading to extensive restructuring in industries such as textiles and apparel that were beneficiaries of the country's import-substitution policies. Ghana cut import tariffs to a maximum rate of 25 percent, abolished the import licensing system, and phased out foreign exchange controls. While import liberalization has increased competition for local industry, it has enabled the industry to obtain needed raw materials, capital goods, and spare parts, and at reduced cost. However, high interest rates impede access to local financing and stifle business activity. Limited credit makes it difficult for businesses to replace outdated capital equipment.[86]

The textile and apparel sector in Ghana has declined considerably in size in recent years, largely reflecting increased competition as a result of trade liberalization. Employment in the textile industry fell from 16,650 workers in 1992 to 6,500 in 1996, while employment in the apparel industry rose from 25,000 in 1992 to 37,000 in 1995 and then fell to 22,000 in 1996. Labor costs are very low in the sector, as is productivity. The sector faces keen competition from imports, particularly those of used clothing. Such goods from the United States, sold on the local market, are not only cheaper than apparel made locally, but are often of better quality. For example, an imported used shirt costs 57 percent less than a locally made new shirt.[87]

The apparel industry in Ghana comprises a large number of small firms. In 1993, the industry had just 9 firms with at least 20 workers. The textile industry is highly concentrated, with six integrated mills accounting for about 90 percent of its installed capacity and 70 percent of its

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[84] Unless otherwise indicated, information in this section is from U.S. Department of State cables, prepared by U.S. Embassy, Accra, "Ghana's 1997 Trade Act Report," message reference No. 07443, Nov. 20, 1996, and "An Overview of Ghana's Economy and the 1997 Budget," message reference No. 001622, Mar. 12, 1997; and Messie Y. Amoah, Counselor for Economic and Development Issues, Permanent Mission of Ghana to the United Nations, written submission to the Commission, May 27, 1997.

[85] Ghana's major exports in 1995 were cocoa ($470 million), unwrought aluminum ($228 million), wood and wood products ($225 million), and unworked diamonds ($203 million).

[86] Officials of U.S. Embassy, Accra; interview with USITC staff, Accra, Ghana, June 1997.

[87] Officials of Akosombo (shirt firm in Ghana); interview with USITC staff, Ghana, June 1997.

employment. Smaller firms specialize in the production of such goods as jute sacks, sewing thread, mats, and fishing and mosquito nets. Many small firms hand-print designs on fabrics and make batik and kente cloth.[88] Capacity utilization in the textile industry is low, averaging about 40 percent for spinning and 50 percent for weaving. Major constraints facing the industry are the poor and antiquated state of equipment and the lack of spare parts. Most of the spinning and weaving equipment was installed in the 1960s and early 1970s.

The textile and apparel sector processes mostly imported materials. In recent years, Ghana has met more than one-half of its total cotton needs locally, with the remainder being imported. With ideal climate conditions, good soil, trained manpower, and better incentives, Ghana soon expects to attain self-sufficiency in cotton (about 15,000 metric tons).

Ghana's sector exports grew from less than $1 million a year during 1990-92 to $4.4 million in 1995 (table 2-6). Almost all the 1995 exports went to the United States and the EU. U.S. import data show that U.S. sector imports from Ghana rose from less than $1 million a year in 1991 and 1992 to nearly $3 million in 1995, and then fell to just under $1 million in 1996 (table 1-2 in ch. 1). The pattern of U.S. sector trade with Ghana largely reflected changes in imports of men's woven cotton and manmade-fiber shirts, which rose from $5,000 in 1993 to just over $2 million in 1995, and then fell to $785,000 in 1996 (appendix F). Ghana's sector exports to the EU, which are eligible for preferential treatment under the Lomé Convention, were negligible during the early 1990s, but rose to $1.1 million in 1995. The exports to the EU consisted mostly of apparel.

The potential exists for Ghana to expand sector exports to the United States if SSA is granted preferential access to the U.S. market. Ghana is a country with a history of political stability, where U.S. presence is significant, English is spoken, and the U.S. dollar is used for many transactions. It is a hospitable place to do business and has a transparent investment regime. Moreover, Ghana's port of Tema is one of the most modern ports in Africa.[89] Although the labor force has not worked in mass production operations, it is young and trainable. To attract foreign investment for the development of export-competitive industries, Ghana offers such financial incentives as tax holidays and duty drawback on imported inputs. It also approved the creation of 12 free trade zones (FTZs) for the production of goods for export; firms in the FTZs must export at least 70 percent of their output. According to a firm with operations in Ghana and other SSA countries, preferential U.S. market access could give it an opportunity to compete in the low end of the U.S. market while learning the marketing skills necessary to eventually sell higher quality goods such as batik fabric.[90]

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[88] Kente cloth is handwoven in narrow four-inch strips and sewn together to form a fabric that is often worn as a body wrap. The cloth, made of cotton, silk, and rayon, comes in vibrant colors and unique patterns. See "History of Kente Cloth," on the Internet at http://www.webusers.anet.-chi.com/~midwest/history.html.

[89] Public and private sector officials in Accra, interviews with USITC staff, June 1997. Ghana plans to modernize its ports of Tema and Takoradi in 1998. These ports now handle some 6,700 tons a year, or less than half their annual capacity of 15,000 tons. See The Economist Intelligence Unit Ltd., "Ports & Shipping: Ghana," *Business Africa*, May 1-15, 1997, p. 11.

[90] Officials of the Cha Group, a group of textile and apparel firms located primarily in Nigeria, Ghana, Togo, and the Democratic Republic of the Congo; interview with USITC staff, May 1997.

Table 2-15
Ghana: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports rose from less than $1 million a year during 1990-92 to $4.4 million in 1995 - Apparel was 85 percent of 1995 sector exports - 1995 sector exports to U.S. ($3.3 million) and EU ($1.1 million) - U.S. sector imports rose from less than $1 million a year in 1991-92 to $3 million in 1995, then fell to $912,000 in 1996 - Textile employment fell from 16,650 workers in 1992 to 6,500 in 1996 - Apparel employment rose from 25,000 in 1992 to 37,000 in 1995, and then fell to 22,000 in 1996 - Textile capacity in 1996 was 48 million meters; capacity utilization was 41 percent - Apparel capacity was 12 million units in 1995 and 14.5 million in 1996; capacity utilization was 42 percent in 1995 and 48 percent in 1996	- Sector production constrained by poor or obsolete equipment; most spinning and weaving equipment installed during the 1960s and early 1970s - Imports most inputs; seeks self-sufficiency in cotton in the not too distant future; imports now supply about half of its needs - Basic labor skills exist, but workers need more specialized skills; most worker experience is in artisan areas - Qualified management personnel are available locally, but shortage of mid-level and line managers exists	**Positive**: - Political stability; hospitable place to do business; transparent investment code - 12 approved FTZs; FTZ firms pay no taxes in first 10 years and 8 percent in next 10 years - General level of education is modest but labor force is young and trainable **Negative**: - Imports of used clothing adversely affecting sector - High interest rates (40 to 50 percent) limit manufacturing growth and investment - Investment also hindered by small internal market - Inadequate infrastructure, but ongoing efforts to improve roads and telecommunications - Institutionalized down time and many holidays; poor health care delivery system results in much time off due to sickness

Source: Compiled by staff of the U.S. International Trade Commission.

Malawi[91]

Malawi, a landlocked country in the southern part of Africa, relies on agriculture for economic growth. The sector accounts for 40 percent of GDP, over 80 percent of employment, and more than 90 percent of exports. GDP growth averaged 0.7 percent a year during 1990-95; however, Malawi's economic program called for GDP growth to increase to 11 percent in 1996.

Malawi

1995 GNP per capita	$170
1995 GDP (*million dollars*)	1,465
GDP growth, 1990-95 (*percent*)	0.7
1995 manufacturing share of GDP (*percent*)	18
1994 textile and apparel share of manufacturing value added (*percent*)	(1)
1995 FDI (*million dollars*)	1
1995 total exports (*million dollars*)	414
Export growth, 1990-95 (*percent*)	5.0
1995 manufacturing share of exports (*percent*)	11
1995 textile and apparel share of manufacturing exports (*percent*)	87

[1] Not available.

Note.—GDP and export growth rates are annual averages.

Textiles and apparel accounted for most of Malawi's exports of manufactured goods (87 percent) in 1995. Its exports of sector goods grew by about 250 percent during 1990-95, to $39.7 million (table 2-6). Largely as a result of its geography, Malawi ships most of its sector exports to other SSA countries, which received 76 percent of the total in 1995. Malawi's major SSA market for sector goods is South Africa, which mostly imports apparel and home furnishings from Malawi. The EU accounted for 16 percent of Malawi's sector exports in 1995; these shipments consisted primarily of cotton fabrics.

Malawi's sector exports to the United States have declined in recent years. U.S. import data show that U.S. sector imports from Malawi decreased from $8.2 million in 1993 to $1.5 million in 1996 (table 1-2 in ch. 1). Most of the decline occurred in women's knit cotton shirts, imports of which were nil in 1996 after totaling $5.6 million in 1993 (appendix F).

Malawi's apparel industry has the capacity to produce 28.1 million garments a year and employ up to 6,500 workers. Knit garments account for three-fourths of the capacity in the apparel industry, which plans to expand capacity by 4.4 million units. Malawi's fabric mills have the capacity to produce 16 million linear meters of woven and knit fabric and employ up to 3,000 workers. Fabric finishers have the capacity to dye, print, or otherwise finish almost 16 million linear meters a year and employ up to 60 workers. Malawi's textile industry plans to expand its fabric finishing capacity by 16.2 million linear meters a year; similar information for fabric production capacity is not available. Malawi's producers of home furnishings have the capacity to annually make 3.7 million units of such goods as bed linens, towels, and curtains and employ

[91] Information in this section is from The Economist Intelligence Unit Ltd., "Malawi: IMF Gives $22m," *Business Africa*, Feb. 16-28, 1997, p. 5; U.S. Department of State, prepared by U.S. Embassy, Lilongwe, "FY 1997 Country Commercial Guide: Malawi," Aug. 1996, "Malawi CCG: Executive Summary," message reference No. 03054, June 1997, and "IMF Team and Donors Find Malawi Reform Program Is on Track But Can Do Better," message reference No. 000652, Feb. 1997; H. J. K. Mandindi, for the Secretary for Commerce and Industry, Government of Malawi, written submission to the Commission, July 16, 1997; and "Malawi: Reforms Inadequate To Boost Malawi's Business Image," NewsEDGE/LAN, Jan. 7, 1997.

up to 220 workers. Malawi plans to increase production capacity for home furnishings by 4.8 million units.

Malawi faces several obstacles to developing a large exporting textile or apparel sector. The 1994 legalization of used clothing imports may present problems for the sector, and exporting is a challenge because of its landlocked location. Moreover, overall FDI in Malawi is small, totaling $1 million in 1995. However, continuation of plans to privatize the economy, coupled with the export processing zone program and initiatives to improve infrastructure, should enhance Malawi's ability to attract FDI. The recent growth in its sector exports indicates that Malawi has potential to expand sector exports to the United States if SSA is granted preferential access to the U.S. market.

Table 2-16
Malawi: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports increased from $11 million in 1990 to $39.7 million in 1995 (apparel was $23.2 million and textiles, $16.5 million) - U.S. sector imports rose from $5.7 million in 1991 to $8 million in 1993, then fell to $1.5 million in 1996 - Apparel production capacity is 7.0 million woven garments and 21.1 million knit garments a year - Production capacity of 1.2 million bed linens, 2.1 million towels, 160,000 furniture covers, and 340,000 curtains	- Shortage of engineers, skilled labor - Apparel industry uses over-lock sewing machines - Textile industry uses ring and open-end spinning equipment; rapiers, air-jet looms, and circular knitting machines	**Positive**: - Privatization a high priority; 26 firms scheduled for sale in 1996/97 and 20 in 1997/98 - Export processing zones facilitate production for export **Negative**: - Landlocked location increases costs of transporting goods - Sector faces competition from used clothing imports, which were legalized in 1994

Source: Compiled by staff of the U.S. International Trade Commission.

Mozambique[92]

Mozambique is one of the poorest nations in the world with GNP per capita of $80 in 1995. Its exports of sector goods fell from about $10 million in 1990 to $4.1 million in 1994, and then partially recovered to almost $4.7 million in 1995 (table 2-6). The major market for Mozambican sector exports was the EU, which accounted for 73 percent of the total in 1995. Most of the exports to the EU were cotton fabrics. The next largest market for Mozambican sector exports was other SSA countries, which received 17 percent of the 1995 total. U.S. import data show that U.S. sector imports from Mozambique fell from $1.4 million in 1993 to $447,000 in 1996 (table 1-2 in ch. 1). These imports consisted entirely of apparel (appendix F).

Mozambique

1995 GNP per capita	$80
1995 GDP (*million dollars*)	1,469
GDP growth, 1990-95 (*percent*)	7.1
1995 manufacturing share of GDP (*percent*)	(1)
1994 textile and apparel share of manufacturing value added (*percent*)	(1)
1995 FDI (*million dollars*)	36
1995 total exports (*million dollars*)	261
Export growth, 1990-95 (*percent*)	-9.4
1995 manufacturing share of exports (*percent*)	8
1995 textile and apparel share of manufacturing exports (*percent*)	24

[1] Not available.

Note.—GDP and export growth rates are annual averages.

Although the poor infrastructure is a deterrent to new foreign investment in Mozambique, the country's textile industry has a significant foreign presence, with current investment from Portuguese, British, and South African firms. A Singaporean group is exploring the possibility of investing in a textile facility that is currently closed, and Chinese and Mauritian firms are also looking at Mozambique for potential investment. Furthermore, the Government of Mozambique has recently undertaken economic reforms, many of which are intended to encourage international trade. As a result of these reforms, which include privatization initiatives, the Government considers the sector to have great potential for increases in production of cotton and coir yarns, cotton fabrics, synthetic fabrics, and garments.[93]

Yet there are obstacles to the expansion of Mozambique's textile industry. The Government's practice of setting local cotton prices at levels significantly higher than those in the international market has increased raw material costs for the industry. In addition, the Government's reputation for excessive bureaucracy and corruption has been a deterrent to foreign investment.

The Mozambican apparel industry was once fairly active, but many of its facilities were damaged during 1983-85, at the middle of the country's civil war. A major hindrance to the revitalization of this industry is the limited demand for new clothing in Mozambique. In addition to the extreme poverty of the general population, which precludes such purchases, a large quantity of used clothing is imported to meet local demand. However, potential foreign

[92] Unless otherwise indicated, information in this section is from U.S. Department of State cable, "Textiles: USITC Investigation," message reference No. 001911, U.S. Embassy, Maputo, Apr. 1997; The Economist Intelligence Unit Ltd., "Investment Checklist," *Business Africa*, June 1-15, 1997, p. 2; and UNIDO data.

[93] Marcos G. Namashulua, Ambassador of the Republic of Mozambique,written submission to the USITC, May 9, 1997.

investors have inquired about the openness of the U.S. market to products from Mozambique. In particular, two Korean firms are exploring the possibility of relocating facilities to Mozambique, but access to the United States appears to be an important criterion. With FDI, Mozambique has the potential to expand sector exports to the United States if SSA is granted preferential access to the U.S. market.

Table 2-17
Mozambique: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports declined from $10 million in 1990 to $4.7 million in 1995 - Textiles were 74 percent of 1995 sector exports; apparel, 26 percent - 14,850 employees in the sector (including leather, fur, and footwear) in 1991 - U.S. sector imports totaled $447,000 in 1996; consisted of apparel	- Exports most of its cotton crop	**Positive**: - Portuguese, British, and South African investors in sector - Investors from Singapore, China, Mauritius, and Korea exploring sector investment **Negative**: - Government sets high prices for local cotton - Limited local demand for clothing and imports of used clothing hinder revitalization of sector - Inadequate infrastructure, government corruption, and excessive bureaucracy deter new investment

Source: Compiled by staff of the U.S. International Trade Commission.

Nigeria[94]

Nigeria has the largest population of any country in SSA, with 111 million people in 1995. A British colony until 1960, Nigeria continues to benefit from its status as a member of the British Commonwealth. Nigeria was the second largest exporter in SSA in 1995, after South Africa. Oil is Nigeria's major export, accounting for 80 percent of export revenues in 1995. The oil sector accounts for almost all the FDI in Nigeria.

Nigeria

1995 GNP per capita	$260
1995 GDP (*million dollars*)	26,817
GDP growth, 1990-95 (*percent*)	1.6
1995 manufacturing share of GDP (*percent*)	5
1994 textile and apparel share of manufacturing value added (*percent*)	(1)
1995 FDI (*million dollars*)	650
1995 total exports (*million dollars*)	12,789
Export growth, 1990-95 (*percent*)	-1.1
1995 manufacturing share of exports (*percent*)	2
1995 textile and apparel share of manufacturing exports (*percent*)	9

[1] Not available.

Note.—GDP and export growth rates are annual averages.

Nigeria is troubled by political instability, unreliable and deteriorating infrastructure, corruption, and social unrest. However, it offers a large domestic market and a large labor pool to prospective investors. Although Nigeria has the capability to maintain a large manufacturing sector, limited investment has restricted its development. The Government has sought to rectify this situation through efforts at export promotion and privatization. These efforts have not had much impact on Nigeria's textile and apparel sector, which reportedly is inward looking and aimed at protecting its home market rather than expanding through exports.

The textile and apparel sector's domestic shipments fell from $525 million in 1993 to $450 million in 1994, or by 14 percent. The textile industry is much larger than the apparel industry, but it is relatively inefficient, with 198 mills reportedly producing at only 25 percent of capacity. The level of technology in the textile industry is adequate, but not advanced. A few air-jet looms and open-end spinning machines have been installed, but only recently and by the largest and most successful mills. Total fixed investment in the industry has remained fairly steady in recent years at about the 1993 level of $810,000. Recent privatization, along with consolidation, has led to some improvement in the industry, which supplies 80 percent of local demand for cotton fabric. The rest is supplied by high-quality fabrics from the EU, China, and Japan.

Nigeria's exports of sector goods have fluctuated widely in recent years. They rose from $18.7 million in 1990 to $28.3 million in 1991, fell to $11.2 million in 1993, and then partially rebounded to $21.6 million in 1995. Most of Nigeria's sector exports went to the EU, which received 85 percent of the total in 1995. Yarn accounted for most of the sector exports that year (73 percent of the total).

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[94] Information in this section is from U.S. Department of State cable, "Impact of Quota-Free/Duty-Free Entry of Textiles From Sub-Saharan Africa," message reference No. 003385, prepared by U.S. Embassy, Lagos, Apr. 14, 1997; and Mbendi AfroPaedia, African Development Consulting Group, "African Textile Industry--Nigerian Focus," found on the Internet at http://mbendi.co.za, Apr. 1997.

The United States accounted for 9 percent of Nigeria's sector exports in 1995. U.S. import data show that U.S. sector imports from Nigeria fell from $3 million in 1991 to $781,000 in 1993, rose to $1.9 million in 1995, and then fell to $1.5 million in 1996 (table 1-2 in ch. 1). The pattern of sector imports from Nigeria largely reflected changes in imports of cotton printcloth, which accounted for the vast majority of the imports during 1993-96.[95] Imports of such fabric from Nigeria rose from negligible levels in 1993 to almost $1.7 million in 1995 before falling to $1.2 million in 1996 (appendix F).

The presence of large global textile concerns in Nigeria, such as the Cha Chi Ming Group and the Churchgate Group, has helped to bring in capacity, experience, and private capital. With FDI and an improvement in domestic economic and political conditions, Nigeria has the potential to expand exports of sector goods to the United States if SSA is granted preferential access to the U.S. market.

Table 2-18
Nigeria: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- Sector exports fluctuated widely during 1990-95; 1995 exports were $21.6 million (textiles were $19.1 million and apparel, $2.5 million) - U.S. sector imports totaled $1.5 million in 1996; mostly cotton fabric - Sector shipments to home market fell from $525 million in 1993 to $450 million in 1994 - Annual output of yarn/synthetic fiber is 101,950 tons; fabric output is 425 million meters - Capacity utilization was 25 percent for yarn and fabric	- 18,000 shuttle looms, 2,700 shuttleless looms, 730 knitting machines, 180 embroidery machines, 16,000 rotors, and 720,000 spindles - Problematic electric, water, gasoline, and diesel supplies	**Positive:** - No restriction on ownership **Negative:** - Declining infrastructure - Political instability - Unstable macroeconomic environment

Source: Compiled by staff of the U.S. International Trade Commission.

[95] U.S. sector imports from Nigeria were subject to quotas during 1990-92. The five quotas in effect during the period essentially covered cotton fabrics, namely duck (quota category 219), special weave (220), sheeting (313), poplin and broadcloth (314), printcloth (315), and twill (317). In 1996, these fabrics accounted for 82 percent of the total value of U.S. sector imports from Nigeria.

Tanzania[96]

Tanzania has recently liberalized its trade policies as part of its World Bank structural adjustment program. Trade liberalization has exposed Tanzania's textile and apparel sector to increased competition from imports of both new and used sector goods. According to the Tanzanian sector, inadequate border controls by the government have resulted in many foreign goods entering the country without the proper application of duties. This situation has hampered the sector's ability to compete in its home market.

Tanzania

1995 GNP per capita	$120
1995 GDP (*million dollars*)	3,602
GDP growth, 1990-95 (*percent*)	3.2
1995 manufacturing share of GDP (*percent*)	8
1994 textile and apparel share of manufacturing value added (*percent*)	(1)
1995 FDI (*million dollars*)	150
1995 total exports (*million dollars*)	761
Export growth, 1990-95 (*percent*)	12.2
1995 manufacturing share of exports (*percent*)	10
1995 textile and apparel share of manufacturing exports (*percent*)	50

[1] Not available.

Note.—GDP and export growth rates are annual averages.

Tanzania has privatized parts of its economy. The privately held firms in the textile and apparel sector have lower productivity than the state-owned operations, partly reflecting poor management and unfamiliarity with the economics of privatization. Foreign investment may lead to improved productivity through the infusion of technical expertise. Chinese firms, which began investing in the Tanzanian textile industry in the 1960s, have recently initiated new projects in the sector.[97]

The textile and apparel sector generated one-half of Tanzania's manufacturing exports in 1995. Sector exports grew by 25 percent during 1990-95, to $36.8 million. The EU accounted for 67 percent of the total, followed by the United States with 17 percent. U.S. import data show that U.S. sector imports from Tanzania fell from $1.4 million in 1991 to $359,000 in 1992, and then rose to $4.1 million in 1996 (table 1-2 in ch. 1). Most of these U.S. imports consisted of men's woven cotton shirts (appendix F).

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[96] Information in this section is from "Tanzania: Government Moves To Save Textile Industry From Collapse," Africa Information Afrique, May 4, 1995; "Tanzania-China Friendship Textile Co. Ltd.," NewsEDGE/LAN, Apr. 1, 1997; U.S. Department of State cable, "Assistance Requested for USITC Investigation (to Africa)," message reference No. 002458, prepared by U.S. Embassy, Dar es Salaam, Apr. 1997; and "China, Tanzania To Strengthen Economic Ties," NewsEDGE/LAN, May 13, 1997.

[97] Tanzania and China plan to reorganize the Friendship Textile Mill of Tanzania, which the two countries set up as a joint venture in 1968. A Chinese firm will operate the mill (now the Tanzania China Friendship Textile Co.) and have a 51-percent equity stake in it. The Economist Intelligence Unit Ltd., "Clothing & Textiles: Tanzania," *Business Africa*, May 1-15, 1997, p. 10.

A United Nations project to enhance the expansion and export capabilities of Tanzanian textile firms may facilitate future growth. With increased foreign investment, Tanzania has the potential to expand sector exports to the United States if SSA is granted preferential access to the U.S. market.

Table 2-19
Tanzania: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- During 1990-95, sector exports ranged from $28.7 million in 1991 to $38.5 million in 1994; they were $36.8 million in 1995 - 1995 sector exports were mostly textiles ($22.1 million); apparel was $14.6 million - U.S. sector imports totaled $4.1 million in 1996; mostly men's shirts - Capacity utilization less than 30 percent	- Outdated technology - Poor management	**Positive**: - Government plan for privatization - Chinese investment in sector - U.N. program to offer technical and export assistance to sector **Negative**: - Influx of inexpensive imports adversely affecting sector - Inadequate infrastructure deters new investment

Source: Compiled by staff of the U.S. International Trade Commission.

Zambia[98]

Zambia	
1995 GNP per capita	$400
1995 GDP (*million dollars*)	4,073
GDP growth, 1990-95 (*percent*)	-0.2
1995 manufacturing share of GDP (*percent*)	30
1994 textile and apparel share of manufacturing value added (*percent*)	(1)
1995 FDI (*million dollars*)	66
1995 total exports (*million dollars*)	1,224
Export growth, 1990-95 (*percent*)	-1.0
1995 manufacturing share of exports (*percent*)	5
1995 textile and apparel share of manufacturing exports (*percent*)	55

[1] Not available.

Note.—GDP and export growth rates are annual averages.

Zambia, a landlocked country in southern Africa, implemented its second structural adjustment program in 1991 to liberalize the economy. Following adoption of the program, which called for measures to privatize industry, control inflation, allow exchange rates and interest rates to fluctuate, and open internal markets to imports, Zambia's economy experienced such short-run setbacks as increased unemployment and currency devaluations. However, the long-term benefits of the economic plan have begun to emerge. Zambia's GDP, after declining by an annual average of 0.2 percent during 1990-95, rose by 6.4 percent in 1996, and is expected to grow by 5.5 percent in 1997.[99]

The economic reforms of Zambia, while supporting business development, have exposed the textile and apparel sector to increased import competition from Asia. Consequently overall capacity utilization in 1996 was just over 50 percent for spinning and under 40 percent for weaving. However, privatized textile firms reportedly operate at a much higher capacity utilization rate than state-run firms. Privatization of textile firms also has resulted in higher productivity in the private firms than exists at the state-run firms. Investment, largely in private firms, was $21 million in 1993 and $30 million in 1996, but much lower during 1994 and 1995. Budget allocations for transportation infrastructure improvements, plans for the establishment of EPZs, and enhanced investment incentives could help attract FDI to Zambia. Chinese investment, particularly in the textile industry, has played a significant role in modernizing Zambian manufacturing facilities.

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[98] Unless otherwise indicated, information in this section is from U.S. Department of State cables, prepared by U.S. Embassy, Geneva, "Trade Policy Review of Zambia," message reference No. 06657, Sept. 1996, and "Annual Report on Prospects for Economic and Social Growth - Zambia," message reference No. 01068, Feb. 1997; cables prepared by U.S. Embassy, Lusaka, "USITC Investigation of Impact of Duty/Quota-Free Textile and Apparel Imports From Sub-Saharan Africa," message reference No. 03016, Apr. 29, 1997, and "Chinese Premier Visits Zambia," message reference No. 03167, May 1997; NewsEDGE/LAN articles, "Zambian Government Backs Exports," Jan. 21, 1997, "Garment, Textile Exports Shoot Up in Zambia," Jan. 10, 1997, "Li Peng Satisfied With Visit to Zambia: Spokesman," May 6, 1997, "Chinese Premier Unveils Plaque for Zambia-China Joint Venture," May 6, 1997, "Zambia Seeks To Boost Ties With China," May 6, 1997, and "Zambia Gets 40 Million Dollars From Cotton Textile Export," Aug. 12, 1997; and The Economist Intelligence Unit Ltd., "Investment Checklist," *Business Africa*, June 1-15, 1997, p. 2.

[99] GDP growth for 1996-97 is from remarks attributed to Zambia's finance minister, as reported by The Economist Intelligence Unit Ltd., "Zambia: Mining Growth Figures 'Suspect,'" *Business Africa*, Feb. 16-28, 1997, p. 5.

The textile and apparel sector in Zambia has been a strong export performer in recent years, with exports growing from $11.5 million in 1990 to $36.1 million in 1995 (table 2-6). Zambia's sector exports, which accounted for 55 percent of the country's manufacturing exports in 1995, reportedly rose to $40 million in 1996. The principal markets for Zambia's sector exports, which consisted mostly of cotton textiles, were Germany, the United Kingdom, and Switzerland, which together accounted for 95 percent of the 1996 total. Zambia's sector exports to the EU countries are eligible for preferential entry under the Lomé Convention. U.S. import data show that U.S. sector imports from Zambia fluctuated widely during 1991-96; they totaled $456,000 in 1996 (table 1-2 in ch. 1). The U.S. imports were almost equally divided between cotton fabrics and men's woven cotton shirts (appendix F).

The Export Board of Zambia has played a vital role in developing the country's export-oriented industries, mainly by promoting Zambian goods in the world market. Additionally, the Textile Producers of Zambia (TPZ) and the EU-funded Export Development Program have sponsored training at spinning and weaving facilities. The TPZ plans to set up a training institute for textile workers, and it has begun to solicit international assistance to fund the program. With increased FDI, more experience in global marketing, and a well-trained workforce, Zambia has the potential to expand exports of sector goods to the United States if SSA is granted preferential access to the U.S. market for such goods.

Table 2-20
Zambia: Selected factors used to assess competitiveness of textile and apparel sector

Industry indicators	Factors of production	Competitive factors
- During 1990-95, sector exports rose from $11 million to $36 million; textiles accounted for almost all the 1995 trade - U.S. sector imports were $456,000 in 1996 - Private textile mills operate at 90 percent of capacity - Textile workforce declined from 8,000 in 1992 to 4,200 in 1996 - Investment was $21 million in 1993, $1 million in 1994, $8 million in 1995, and $30 million in 1996	- Low productivity at state-owned firms; higher productivity at private sector firms - Fairly modern equipment - Low tariff rates on imported raw materials	**Positive**: - Liberalized trade and privatized state-owned firms - Plans to create EPZ to facilitate production for export - Chinese investment in sector **Negative**: - Sector hurt by low-cost imports from Asia - Poor infrastructure, but 1997 budget calls for improvements in transportation infrastructure

Source: Compiled by staff of the U.S. International Trade Commission.

Countries Less Likely to Benefit from the Proposed Preferential Treatment

The 32 remaining SSA countries (group 3) are considered less likely to compete in the U.S. textile and apparel market in the near future.[100] They all share certain characteristics; almost all are ranked among the poorest economies in the world. In addition, in most of these nations, production of sector goods fluctuates from year to year, but annual exports of sector goods never amount to more than $10 million individually. Infrastructure is generally poor, but more so in some countries than in others. The apparel industry can be an attractive option for these SSA nations because of short start-up times. However, FDI would be needed to develop a competitive apparel industry. These countries usually have governmental programs or plans to improve domestic manufacturing and attract investment.

The 32 SSA nations can be divided into three groups to better explain their lack of competitiveness. The first group is made up of countries with a very limited or nonexistent textile and apparel sector. These nations' exports of sector goods usually amount to less than $1 million annually. Some countries, such as Chad, Gabon, and Equatorial Guinea, have no formal textile and apparel sector. If there is any meaningful production, it is mostly on the part of a single firm, such as in Burkina Faso, where one firm handles all formal textile and apparel production. Factors causing this low level of production are mostly related to market size or lack of a good natural resource base. For example, Cape Verde is very small in terms of both territory and population, which makes the development of competitive manufacturing very difficult. Other countries may have reasonable access to factors of production, but the economy may be focused on a particular commodity, such as oil in Angola. In addition, domestic infrastructure may have been ruined by a recent civil war, as in Rwanda. Other obstacles that prevent the sector's development include problems in gaining access to production inputs, caused by comparatively poor infrastructure. For these reasons, it seems highly unlikely that these countries will develop into significant exporters of textiles and apparel to the U.S. market in the near future.

The second group includes those countries that are a step above the first group in the amount of textiles and apparel they produce. Nevertheless, the industry is still very limited there, with annual sector exports of between $1 million and $3 million. These nations are usually significant cotton producers and, thus, have immediate access to the raw cotton; however, some countries, such as Benin, export most of their cotton output. Other countries in this group (e.g., Togo) have three or four textile and apparel firms that produce under capacity because of lack of resources, poor infrastructure, or reliance on foreign industry inputs. These countries tend to be somewhat closer to developing competitive industries than those of the first group. However, because of poor infrastructure, weak supply and marketing methods, or domestic political conditions, it is improbable that they will develop competitive textile and apparel industries in the short term.

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[100] These countries are: Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Republic of the Congo, Democratic Republic of the Congo (formerly Zaire), Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Namibia, Niger, Rwanda, São Tomé and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Togo, and Uganda.

The last group is made up of countries similar to those of the second group but with the potential to eventually develop a competitive textile and apparel sector. However, major impediments usually exist that currently limit this kind of development. For example, Senegal is capable of significant production of sector goods. However, because of the high cost of industry inputs and outdated equipment, the textile and apparel sector in Senegal has experienced a steady decline in production and exports since 1990. In other cases, the country may have potential but is currently suffering from the effects of civil war or other political instability, as in Sudan and the Democratic Republic of the Congo (formerly Zaire). Some countries may develop an efficient industry, but it will most likely be limited in scope because of the country's size and problematic access to needed materials. These countries are usually seen to have potential because of a large labor pool and an existing foundation from which it would be possible to develop a more advanced textile and apparel sector. However, substantial investment (either domestic or foreign) in technology and training as well as macroeconomic and political stability are generally required for these countries to develop a textile and apparel sector capable of exporting to the U.S. market.■

CHAPTER 3
Economic Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel from Sub-Saharan Africa[1,2]

Introduction

This chapter provides the requested assessment of the likely impact on U.S. producers, workers, and consumers of granting quota-free and duty-free entry to textiles and apparel from Sub-Saharan Africa (SSA). It provides estimates of the impact of the proposed preferential treatment based on simulations generated by a comparative-static partial equilibrium model.[3]

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[1] For Vice Chairman Bragg's views on economic modeling, see U.S. International Trade Commission, *The Economic Effects of Antidumping and Countervailing Duty Orders and Suspension Agreements*, USITC publication 2900, 1995, p. xii, and *The Impact of the North American Free Trade Agreement on the U.S. Economy and Industries: A Three Year Review*, (USITC publication 3045), June 1997, p. F-1.

[2] Commissioner Newquist notes that although he does not necessarily disagree with many of the "findings" in this report, he is generally skeptical of conclusions drawn from economic models rather than empirical quantification. In his view, economic modelling is essentially an exercise in untested, unverifiable, and often unrealistic theory. At its base level, economic modelling is nothing more than the manipulation of "data" and often vague or unspecific "variables." Underlying the data collection and identification of variables is the individual modeler's prejudices and subjective assumptions.

Thus, individuals measuring the impact of a particular event or occurrence, may employ completely different assumptions and focus on different variables -- to say nothing of "ranges" within the assumptions and variables. Likewise, the quality and representativeness of data collected must be assessed and acknowledged.

Commissioner Newquist does not dispute that model results in this report may represent a particular manipulation of available data using certain assumptions. However, given the limitations of the modelling exercise, he questions the extent to which policy decisions should be based on these manipulations, particularly where, as here, some of the "measuring" is of events which have not occurred.

For further discussion of Commissioner Newquist's view regarding economic modelling, particularly its limitations, see, USITC, *The Impact of the North American Free Trade Agreement on the U.S. Economy and Industries: A Three Year Review* (USITC publication 3045), June 1997, appendix F, and *The Economic Effects of Antidumping and Countervailing Duty Orders and Suspension Agreements* (USITC publication 2900), June 1995, p. XI ("Views of Commissioner Don Newquist"). See also, USITC, *Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements, Volume I* (USITC publication 2790), June 1994, p. I-7, n. 17, and *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement* (USITC publication 2597), Jan. 1993, p. 1-6, n. 9.

[3] As noted in chapter 1, the partial equilibrium model treats sector goods produced in the United States, SSA, and the rest of the world as imperfect substitutes. It estimates the direct effects of the proposed preferential treatment using U.S. imports and production of these goods in 1996, the base year. Factors such as productivity, new investment, and the general macroeconomic environment are held constant. Appendix E provides a description of the model's structure.

The model results are then supplemented by an assessment of qualitative information compiled during the course of this investigation.

The first section of this chapter reviews the literature and discusses general issues regarding the impact of tariffs and quotas on the pattern of international trade in textiles and apparel and the likely effects of the changes agreed to under the World Trade Organization (WTO). The second section discusses the estimated price effects of the quotas currently imposed on U.S. imports of textiles and apparel from SSA. The third section provides a quantitative assessment of the likely impact of quota and tariff elimination on these imports. The final section provides a supplemental qualitative assessment of these policy changes.

Estimating the Economic Effects of Tariffs and Quotas

As discussed in chapter 1, international trade in textiles and apparel has been governed largely by the Multifiber Arrangement (MFA) and, since 1995, the WTO Agreement on Textiles and Clothing (ATC). Under the MFA, the United States and other major importing countries (particularly countries within the European Union (EU)) have established quota levels and quota growth rates for imports from various developing countries.[4] The ATC provides for the total elimination of these quotas by January 1, 2005, for WTO member countries. The ATC also provides for the acceleration of the quota growth rates during the 10-year transition period. Although this provision is expected to reduce the overall restrictiveness of the textile and apparel quotas during the phaseout period, imports of various types of sector goods from the larger, more cost-efficient developing-country suppliers are likely to continue to be effectively restricted during the period. Moreover, non-WTO member countries such as China and Taiwan will continue to face restrictions.

When quotas, such as those imposed on U.S. imports of textiles and apparel, are binding, the price faced by domestic consumers is expected to increase because of the restriction in supply brought about by the quota.[5] In essence, the binding quota creates a gap between the domestic and "world" prices for the restricted good.[6] The size of the price increase depends, in part, on how consumers respond to the supply shortage. The higher domestic price for the restricted imported good implies potentially higher profits for either the importer or the exporter. If, as in the case of the textile and apparel quotas, the exporting country controls the allocation of the quota, the additional profits (or "rents") associated with the price increase will most likely accrue to the foreign exporter. The importing country's tariffs are then assessed on the rent-inclusive, higher import price as described in figure 3-1.

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[4] Some importing countries (e.g., Japan, Australia, and New Zealand) do not impose quotas on their imports of these goods. Similarly, trade between developed countries has historically not been governed by these bilateral quota agreements.

[5] The term "binding" refers to quotas that actually restrict the supply of imports. As noted in chapter 1, nonbinding quotas can have an upward effect on import prices because of associated administrative costs. However, available information regarding the administration of quotas in Kenya and Mauritius suggests that these types of costs are insignificant.

[6] If the government administering the quota either auctions it or allows trading, the unit purchase price of the quota can be used as an estimate of the size of this gap. When a quota is allocated by other means, or when quota prices are not publicly available, the price increase generated by the quota has to be estimated using an alternative method. The estimates used in this study were made following the approach discussed in appendix E.

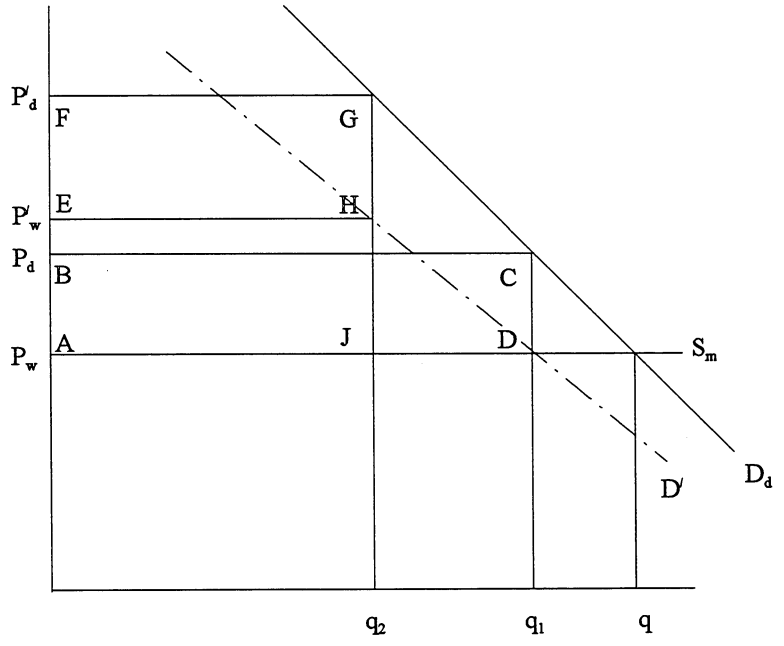
Figure 3-1
The price and quantity effects of tariffs and export quotas under competitive market conditions

When a quota is administered by the exporting country government, as is the case with U.S. quotas on textile and apparel imports, any price increase resulting from the restriction is likely to be captured by the exporter, assuming that competitive conditions exist in the import market. The following figure shows the effect of imposing export quotas in conjunction with tariffs on the price and quantity of imports in the importing country.

As shown below, D_d represents domestic demand for imports and $D' = D_d/(1 + t)$, where t equals the ad valorem tariff. The import supply curve, shown by S_m, is perfectly elastic. P_w denotes the world price, and the domestic price is defined as $P_d = P_w(1+ t)$. If the tariff is the only measure applied to the imports, q_1 shows the quantity of imports and P_d denotes the price faced by domestic consumers. The area ABCD represents the tariff revenues captured by the importing country government and any costs faced by the importers.

Assuming an existing import tariff, if a quota is imposed at a level greater than q_1, the quota will have no effect on the price of the imported product since it is not binding. If a binding export quota is imposed (e.g., at q_2), the price faced by domestic consumers increases to P'_d. The export price increases to P'_w and exporters realize additional profits or economic rents measured by area AEHJ. The export tax equivalent (TE) of the price increase associated with the quota can be calculated as $TE = ([P'_w - P_w]/ P_w) \times 100$. Tariff revenue is represented by area EFGH. In general, with the restrictive quota in place, elimination of the tariff will not result in changes in the domestic price or quantity of the imported good. Rather, the rents captured by exporters will equal the area AFGJ, and the TE associated with the quota will equal the percentage increase from P_w to P'_d.

If both the binding quota and the tariff are eliminated, domestic purchasers will increase their imports of the product to q and pay the world price, P_w. Consumers benefit from lower prices that reflect both the gain associated with the quota rents re-entering the domestic economy and the redistribution of tariff revenue from the importing government to consumers.



Source: Prepared by the staff of the U.S. International Trade Commission.

Because of its scope in terms of the countries and products involved, the impact of textile and apparel quotas on importing and exporting countries has been the subject of numerous research efforts. Although much of this research has focused on the effects that quotas have had on the importing countries' economies, the work provides some indication of the effect that these restrictions have had on the economies of the restricted and nonrestricted exporting countries. With a few exceptions (e.g., Mauritius and Kenya), suppliers in the SSA countries have not faced quotas on their exports to the major developed-country markets. However, research suggests that the restrictions placed on textiles and apparel from other exporting countries have resulted in increases in the export prices of these goods. These price increases, in turn, have allowed countries with emerging, presumably less efficient, producers such as those in SSA to compete in the international market.[7] Erzan, Goto, and Holmes, for example, estimated that nonrestricted developing countries, as a group, realized small increases in their shipments to the U.S. market as a result of the textile and apparel quotas.[8] With the elimination of the textile and apparel quotas under the ATC, these smaller, nonrestricted suppliers are likely to see a decline in their exports.

Available estimates of the price gaps generated by the textile and apparel quotas show a wide variation across quota categories and among restricted country suppliers. In general, quotas applied to U.S. imports of apparel have been binding more often than those applied to U.S. imports of textiles.[9] Differences related to fiber content are also evident. Martin, for example, estimated that during 1991-93, quotas applied to U.S. imports of apparel from Hong Kong generated larger price effects for goods made from cotton than for those made from man-made fiber or wool.[10] Cross-country variation in the quota price gaps is also significant. Table 3-1 shows the estimated price gaps (measured as export-tax equivalents) resulting from the textile and apparel quotas imposed by the EU and by the United States and Canada combined on exports of the major restricted textile and apparel suppliers.[11]

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[7] This spillover to nonrestricted markets is termed "trade diversion." As noted in chapter 2, some of the early investment in the Mauritian apparel sector was financed by Hong Kong firms that faced restrictions on their home-country exports to the United States and/or the EU. In 1990, foreign direct investment in the Mauritian textile and apparel sectors (including joint ventures with Mauritian firms) accounted for approximately 60 percent of total employment and 63 percent of total exports. Hong Kong, France, and the United Kingdom were the main sources of foreign investment, accounting for 51.5 percent of the sectors' total exports. Narud Fowdar, "Foreign Investment in the Mauritian Textiles and Clothing Industry," *Textile Outlook International*, Nov. 1992, pp. 87-89.

[8] Refik Erzan, Junichi Goto, and Paula Holmes, "Effects of the Multi-Fibre Arrangement on Developing Country Exporters," in *Textiles Trade and the Developing Countries: Eliminating the Multi-Fibre Arrangement in the 1990s*, ed. Carl B. Hamilton (Washington, DC: World Bank, 1990), p. 86.

[9] The trade-weighted export-tax equivalents of U.S. quotas estimated by the Commission reflect this variation. For example, the export-tax equivalent estimate of U.S. quotas covering total U.S. imports of apparel in 1993 amounted to 16 percent versus export-tax equivalents ranging from 0.1 to 13.7 percent for quotas covering other textile and textile product groups. See, USITC, *The Economic Effects of Significant U.S. Import Restraints: First Biannual Update* (USITC publication 2935), Dec. 1995, p. 3-6.

[10] Will Martin, "The Abolition of the Multi-fibre Arrangement and Its Implications for Fiber Markets," International Trade Division, World Bank, May 24, 1996 (unpublished).

[11] The export-tax equivalents shown in table 3-1 for the United States and Canada are trade-weighted averages of the two countries' separate export-tax equivalents.

Table 3-1
Textiles and apparel: Export-tax equivalents of quotas imposed by the United States and Canada and by the EU, 1992

(Percent)

Exporting country or region	Exports of apparel to—		Exports of textiles to—	
	United States and Canada	European Union	United States and Canada	European Union
Indonesia	46	48	13	17
China	40	36	19	27
South Asia	40	36	19	27
Malaysia	37	32	10	12
Thailand	35	36	9	13
Philippines	33	28	9	10
South Korea	23	19	10	10
Taiwan	19	22	8	12
Hong Kong	17	16	7	8

Source: Martin (1996), p. 11.

Estimates derived from computable general equilibrium (CGE) models of the economy-wide effects of the textile and apparel quotas on the United States provide another measure of the MFA's scope. Moreover, the research provides some indication of the effect of quota elimination on the countries that supply these products.[12] The estimates of the impact of quota elimination generated by this research vary somewhat because of differences in the type of model used and the time period under analysis. Nonetheless, the direction and magnitude of the estimates are similar. Overall, the research shows substantial gains for importing countries such as the United States from quota elimination. For example, the Commission estimated that the elimination of U.S. textile and apparel quotas, based on 1993 economic conditions, would have generated a net welfare gain of $7.2 billion to $9.2 billion.[13]

The impact of quota elimination on exporting countries is mixed, but researchers generally have estimated small gains for some (if not all) of the restricted textile and apparel suppliers and losses for nonrestricted exporting countries such as those in SSA. Jones, Nguyen, and Whalley

[12] Unlike partial equilibrium models, single and multicountry CGE models reflect economic activity across all sectors of the economy or economies. The models account for upstream and downstream production linkages and intersectoral competition for labor and capital. Moreover, the models account for the balance of trade and the effects of income transfers associated with border measures such as tariffs and quotas.

[13] USITC (1995), p. 3-6. These results are consistent with other estimates of the impact of quota removal on the U.S. economy. In a similar exercise, de Melo and Tarr estimated that quota elimination would result in welfare gains ranging from $6.9 billion to $15.0 billion (1984 dollars). Jaime de Melo and David Tarr, *A General Equilibrium Analysis of US Foreign Trade Policy* (Cambridge, MA: The MIT Press, 1992), p. 90. Hufbauer and Elliott, using a partial equilibrium model, estimated that the simultaneous elimination of U.S. tariffs and quotas on textiles and apparel would have resulted in an increase in net welfare of $8.6 billion in 1990. Gary C. Hufbauer and Kimberly A. Elliott, *Measuring the Costs of Protection in the United States* (Washington, DC: Institute for International Economics, 1994). See also, USITC, *The Economic Effects of Significant Import Restraints* (USITC publication 2699), Nov. 1993, pp. 12-14, for a review of additional studies.

estimated the impact of quota removal on exporting countries covered by quotas in 1983.[14] Their results suggest that the restricted exporters as a group would probably have experienced a loss in welfare since gains in market access were offset by lost quota rents. The market shares of countries with higher production costs, such as Hong Kong and Taiwan, declined as lower cost, and possibly more restricted, countries such as China and India realized substantial increases in their respective market shares. Mauritius, the only SSA country included in their analysis, experienced a small decline in net welfare ($34 million).

More recent estimates of the impact of the elimination of the textile and apparel quotas on various exporting countries or regions reflect similar changes in net welfare. Hertel, et al.,[15] and Harrison, Rutherford, and Tarr[16] use global CGE models to examine the regional and country-specific impact of the elimination of textile and apparel quotas under the ATC. The studies use the same data base, which reflects global production, trade, and the export-tax equivalents of the textile and apparel quotas in 1992. Although the levels of their respective welfare estimates differ somewhat, the results of both studies show economy-wide welfare gains realized by restricted textile and apparel suppliers such as China, Indonesia, and South Asia as a result of the elimination under the ATC. In contrast, both studies show economy-wide welfare losses for SSA and other less restricted regions such as Latin America.[17]

In terms of growth in exports to developed-country markets such as the United States, the SSA suppliers' marginal advantage is expected to erode, as restricted, low-cost exporters gain greater market access. Moreover, country-specific estimates of the impact of quota elimination on textile and apparel production show declining growth rates for SSA. Hertel, et al., estimate the percentage change in output growth between 1992 and 2005 for the textile and apparel sectors under two scenarios. The first allows for general economic growth, but assumes that none of the ATC or WTO provisions are implemented. Thus, the tariffs and quotas remain in place, with the textile and apparel quota growth rates that existed in 1992. The second accounts for the implementation of all of the ATC and WTO provisions. Under the first scenario, production of textiles and apparel in SSA increases by 75 and 111 percent, respectively. Under the second scenario, SSA output in these sectors continues to grow, but at a significantly slower rate (58 percent for textiles and 30 percent for apparel).[18]

As noted in chapter 2, SSA suppliers to the EU currently are afforded additional preferences under the Lomé Convention. Exports of textiles and apparel that satisfy rules-of-origin requirements are eligible for quota-free and duty-free treatment. The scheduled reduction in EU's most-favored-nation tariff rates under the WTO agreements combined with the elimination

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[14] The model used in this analysis is a multicountry CGE model that includes three importers (Canada, the European Economic Community, and the United States) and 35 exporting countries. Rich Jones, Trien T. Nguyen, and John Whalley, "Computation of a World General Equilibrium Under Bilateral Quotas and an Application to the Analysis of Textile Trade Restrictions," *Journal of Policy Modeling*, 12, No. 3, 1990, pp. 511-526.

[15] Thomas Hertel, Will Martin, Koji Yanagishima, and Betina Dimaranan, "Liberalizing Manufactures Trade in a Changing World Economy," in *The Uruguay Round and the Developing Economies*, eds. W. Martin and L. A. Winters, World Bank Discussion Paper No. 307 (Washington, DC: World Bank, 1995), pp. 73-96.

[16] Glenn W. Harrison, Thomas F. Rutherford, and David G. Tarr, "Quantifying the Uruguay Round," in *The Uruguay Round and the Developing Economies*, pp. 215-284.

[17] The data base used by both studies excludes South Africa from SSA.

[18] Hertel, et al. (1995), p. 92.

of quotas under the ATC represents a significant erosion in the preferences afforded qualifying SSA exporters.[19] This issue is discussed more fully in the qualitative assessment of tariff and quota elimination at the end of this chapter.

Estimating the Price Effects of the ATC Quotas

To assess the potential effect of quota-free entry on U.S. imports of textiles and apparel from SSA, Commission staff first estimated export-tax equivalents of the quotas in place on U.S. imports from SSA in 1996. As discussed in chapter 1, Mauritius and Kenya are the only countries in the region covered by U.S. textile and apparel quotas. Although the remaining SSA countries' exports enter the United States quota-free, each of the countries faces the possibility of having quotas imposed on its textile and apparel exports during the phaseout period of the ATC. The impact of the potential threat of quotas is discussed qualitatively in the final section of this chapter.

As shown in table 3-2, U.S. imports of textiles and apparel from Mauritius and Kenya were only partially bound by quotas in 1995. In 1996, none of the three quotas applied to U.S. imports from Kenya were binding, as the utilization rates for these quotas were all less than 60 percent. Of the 29 quotas applied to U.S. imports of apparel from Mauritius in 1996, only quota categories 338 and 339 (covering cotton knit shirts) had utilization rates greater than 90 percent and therefore can be considered binding.[20] The remaining quota utilization rates ranged from zero to 77 percent and therefore are not considered binding.

Table 3-2
Textiles and apparel: U.S. imports from Kenya and Mauritius, total and covered and bound by quota, 1995 and 1996

(Million dollars)

	U.S. imports				
		Covered	Bound	Number of categories	
Year and country	Total	by quota	by quota	Covered	Bound
1995:					
Kenya	35.7	20.7	20.3	3	2
Mauritius	191.0	164.5	91.6	23	4
1996:					
Kenya	27.9	12.5	0	3	0
Mauritius	165.0	144.4	27.1	29	2

Source: Compiled from official statistics of the U.S. Department of Commerce.

[19] Imani Development (International) Ltd., *Evaluation of the Trade Provisions of the Lomé Convention: Volume I, Main Report,* 1994, pp. 1-12. The report notes that SSA exports of clothing and textiles to the EU are expected to decline as the quotas on exports from other countries are phased out under the ATC.

[20] Researchers have generally treated the textile and apparel quotas as binding when quota utilization rates reach 90 percent. See, for example, USITC (1995) and Irene Trela and John Whalley, "Global Effects of Developed Country Trade Restrictions on Textiles and Apparel," *The Economic Journal,* 100, (Dec. 1990), pp. 1190-1205.

U.S. textile and apparel quotas on imports from Kenya have only been in place since 1994. As shown in table 3-2, the quotas are likely to have had no discernible effect on U.S. import prices in 1996 (i.e., the export-tax equivalents for these quotas were zero). As a result, any short run quantitative analysis of the impact of quota removal on Kenyan exports to the U.S. market based on 1996 imports would show no changes in either U.S. import prices or quantities. However, other information suggests that the imposition of quotas had a negative impact on U.S. demand for Kenyan textiles and apparel. Although this demand response is not captured in the following quantitative analysis, it is addressed in the final qualitative section of this chapter.

The United States has imposed quotas on various types of textiles and apparel exported by Mauritian suppliers since the early 1980s. However, in 1996 only exports of cotton knit shirts (categories 338 and 339) were bound.[21] These products accounted for approximately 16 percent of total U.S. imports of textiles and apparel from Mauritius. These utilization rates indicate the likelihood that the quotas on categories 338 and 339 would have some upward effect on U.S. import prices. Using the estimation approach discussed in appendix E, the estimated export-tax equivalent for categories 338 and 339 combined amounts to 3.8 percent. The trade-weighted export-tax equivalent for U.S. imports of all types of shirts and blouses from Mauritius is considerably lower (1.3 percent). Similarly, when U.S. imports of all types of apparel from Mauritius are aggregated, the export-tax equivalent of the price gap declines to 0.6 percent.

Industry officials in Mauritius reported to Commission staff that the administration of the quotas was both transparent and relatively costless.[22] They also asserted that the existing restrictions on categories 338 and 339 did not generate any type of price increase.[23] Thus, the estimated export-tax equivalents, which are used in the analysis below, can be considered as upper-bound estimates.

In the simulations discussed below, the analysis considers the impact of quota removal in terms of U.S. imports from all of the SSA countries combined. Although Mauritius is the largest SSA supplier of apparel to the U.S. market, the estimated upper-bound export-tax equivalents

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[21] Utilization rates for categories 338 and 339 reached 100 percent.

[22] Roundtable discussion with Mauritian Government officials, industry representatives, and USITC staff, Port Louis, Mauritius, Apr. 1997. Since 1985, the Government of Mauritius has used a two-stage process to allocate U.S. quotas. First, quotas are distributed on the basis of past performance. Firms that do not fill their allocation face the prospect of losing future quota rights. Second, the criteria for allocating the remaining "open" quotas include past export performance and evidence of orders. Posthearing submission of the Government of Mauritius.

[23] Generally, analysis of the quotas has assumed that when quotas are fully utilized, there is a likely upward effect on U.S. domestic prices and that exporters capture the quota rents (figure 3-1). It is possible that U.S. quotas on shirts and blouses have no effect on export prices in Mauritius. For example, U.S. importers may have sufficient bargaining power to suppress prices in Mauritius and then raise prices in the United States. This situation is referred to as rent-sharing. In this case, quota removal may lead to reductions in domestic market prices. With the removal of the quotas, those quota rents captured by U.S. importers are redistributed to U.S. consumers. This redistribution represents a shift within the U.S. economy rather than a net gain to the U.S. economy. The limited empirically based research on this issue includes: Geoffrey J. Bannister, "Rent Sharing in the Multi-Fibre Arrangement: The Case of Mexico," *Weltwirtschaftliches Archiv,* 130, no. 4 (1994), pp. 800-827, and Refik Erzan, Kala Krishna, and Ling Hui Tan, "Rent Sharing in the Multi-Fibre Arrangement: Theory and Evidence from U.S. Apparel Imports from Hong Kong," *Review of International Economics* 2, no. 1 (1994), pp. 62-73.

weighted by total U.S. imports from all of the SSA countries decline to 0.5 percent for shirts and blouses and 0.3 percent for all apparel.[24]

Estimated Direct Effects of Quota and Tariff Removal

This section discusses the results of analysis that was conducted to estimate the likely effects of quota and tariff elimination on U.S. imports of textiles and apparel from SSA. The first set of simulations provides estimates of the effects of quota elimination. The second set provides estimates of the impact of eliminating quotas and tariffs simultaneously. The simulations are based on a comparative-static partial equilibrium model. The 1996 base data used for these simulations are shown in table 3-3.

Table 3-3
Textiles and apparel: U.S. domestic shipments, employment, imports,[1] import/consumption ratios, and average ad valorem tariffs, 1996

Sector	U.S. domestic shipments	U.S. employment	U.S. imports from– Sub-Saharan Africa	U.S. imports from– Rest of world	Ratio of imports from Sub-Saharan Africa to apparent consumption [2]	Average ad valorem tariffs [3] applied to U.S. imports from– Sub-Saharan Africa	Average ad valorem tariffs [3] applied to U.S. imports from– Rest of world
	Million dollars	*Thousands*	*— Million dollars —*		*Percent*		
Total	127,850	1,291	406	47,518	0.23	17.0	12.0
Textiles	80,750	615	24	9,955	0.03	8.7	8.7
Apparel	47,100	676	382	37,563	0.45	17.6	12.9
Shirts and blouses	10,211	98	200	11,605	0.91	19.7	17.6
Trousers	11,423	140	118	7,699	0.61	16.9	11.0

[1] U.S. import data reflect general imports reported on a c.i.f. basis.
[2] Apparent U.S. consumption equals the sum of U.S. domestic shipments and total U.S. imports.
[3] Tariffs reflect trade-weighted averages.

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. Department of Labor.

Both sets of simulations were run at the appropriate industry and sector levels. In the case of quota elimination, the simulations focused on the impact of U.S. imports of all apparel and then separately on U.S. imports of shirts and blouses, the industry sector that is directly affected by the binding quotas. In the case of both quota and tariff removal, separate simulations were conducted for textiles, apparel, shirts and blouses, and trousers. These two categories of apparel accounted for a substantial portion of U.S. imports from SSA in 1996 and thus are likely to be particularly affected by any increases in imports generated by the proposed policy changes.[25] In addition to estimating the impact of the proposed changes at different levels of aggregation, the simulations reflect upper- and lower-bound estimates for the behavioral parameters underlying the model. These parameter estimates are shown in appendix E.

[24] For a description of the weighting method, see app. E.

[25] Shirts and blouses accounted for 53 percent of U.S. imports of apparel from SSA in 1996; trousers accounted for 31 percent.

Quota Elimination

In terms of the apparel sector as a whole, quota elimination is likely to have a small effect on U.S. imports from SSA, with increases ranging from 0.4 to 0.6 percent. As shown in table 3-4, the corresponding percentage changes in U.S. imports from the rest of the world are close to zero. Quota removal will probably also have a negligible effect on U.S. production. On the assumption that any change in U.S. employment associated with this industry is similar in magnitude to the corresponding changes in production, workers in the industry are likely to be largely unaffected. The negligible estimated impact on U.S. imports from the rest of the world and on the domestic industry and workers stems, in part, from the low starting levels of U.S. imports from SSA. As shown in table 3-3, U.S. imports of apparel from SSA accounted for 0.45 percent of apparent U.S. consumption of these goods in 1996. Although the share of apparent U.S. consumption accounted for by shirts and blouses was higher (0.91 percent), it is still very small. The low values of the estimated export-tax equivalents associated with the two binding quotas also contribute to these results.

Table 3-4
Estimated economic effects arising from quota-free and/or duty-free treatment for U.S. imports of textiles and apparel from Sub-Saharan Africa [1]

Simulation and sector	U.S. imports from– Sub-Saharan Africa	Rest of the world	Domestic shipments	U.S. tariff revenue	U.S. net welfare
	Percentage change			*Change in million dollars*	
Elimination of quotas:					
Apparel	0.4 – 0.6	(2)	(2)	0.9 – 0.9	[3] 2.6 – 3.3
Shirts and blouses	0.7 – 1.2	(2)	(2)	0.1 – 0.1	[3] 1.8 – 2.6
Elimination of quotas and tariffs:					
Textiles	10.5 – 16.8	(2)	(2)	(2.1) – (2.1)	0.6 – 1.5
Apparel	26.4 – 45.9	(0.1) – (0.2)	(4) – (0.1)	(69.9) – (74.5)	[3] 47.0 – 96.4
Shirts and blouses	30.1 – 52.7	(0.1) – (0.4)	(0.1) – (0.2)	(43.0) – (47.3)	[3] 28.5 – 58.2
Trousers	24.9 – 43.1	(0.1) – (0.2)	(0.1) – (0.1)	(20.8) – (21.9)	13.1 – 27.5

[1] The ranges shown in each case represent upper- and lower-bound estimates. Numbers shown in parentheses are negative.
[2] Both the upper- and lower-bound estimates declined by less than 0.05 percent.
[3] Includes transfer of quota rents amounting to $1.0 million.
[4] Less than 0.05 percent.

Source: Estimated by staff of the U.S. International Trade Commission.

The elimination of quotas on imports of apparel from SSA has a small, but positive estimated effect on U.S. tariff revenues. Although the estimated unit value on which the tariffs are assessed declines slightly, the growth in the volume of imports more than offsets this decline. The net welfare gains to the United States realized as a result of quota elimination range from $2.6 million to $3.3 million. The welfare estimates shown in table 3-4 reflect the assumption

that the economic rents associated with the quotas are currently captured by Mauritian suppliers. With quota elimination, these rents re-enter the U.S. economy.[26]

As noted above, quotas had a restrictive effect only on U.S. imports of knit cotton shirts and blouses from Mauritius in 1996. Table 3-4 also shows the likely economic effects of quota removal when all types of shirts and blouses are isolated from other types of apparel. Although U.S. imports of these products are estimated to increase by 0.7 to 1.2 percent, the effect on U.S. production and imports of comparable goods from the rest of the world continues to be negligible. Similarly, tariff revenue and net welfare gains are also small.[27]

Tariff and Quota Removal

Removal of both tariffs and quotas has a larger impact on U.S. imports of textiles and apparel from SSA than when only quotas are removed. The estimated growth of U.S. imports from SSA is directly related to the current level of the ad valorem tariffs applied to these imports. Although U.S. imports from SSA exhibit large upper-bound increases in each of the four simulations (16.8 to 52.7 percent), this growth does not contribute to significant trade diversion, as U.S. imports of these products from the rest of the world decline only slightly. Moreover, the estimated effect of quota and tariff removal on corresponding U.S. domestic shipments and employment is small. The limited impact of these changes on the level of U.S. imports from the rest of the world and on U.S. shipments and employment is largely a function of the small initial share of the market accounted for by SSA.

In terms of upper-bound estimates, tariff and quota elimination generates the largest percentage increase in U.S. imports of shirts and blouses (52.7 percent). This estimated change is to be expected since the sector is restricted by quotas and has the highest average ad valorem tariff rate (19.7 percent). With this rate of import growth, U.S. production of shirts and blouses declines by an estimated 0.2 percent or approximately $20.4 million. The potential impact on employment corresponding to this decline amounts to an estimated reduction of 196 full-time equivalents (FTEs).[28] The slightly lower estimated upper-bound increases in U.S. imports of trousers (43.1 percent) and apparel (45.9 percent) correspond to lower initial tariff and quota levels.[29] When trousers are examined alone, the estimated declines in U.S. production and employment are smaller, in both percentage and absolute terms, than those estimated for shirts and blouses. The sector's output declines by approximately 0.1 percent ($11.4 million), with

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[26] The estimated quota rents associated with imports entering under categories 338 and 339 amount to approximately $1 million. As noted above, if rent-sharing exists, the net welfare benefits would be reduced by the amount of the rents already entering the U.S. economy. In this instance, the rents would be redistributed from importers to U.S. consumers, assuming competition in the U.S. market.

[27] Net changes in economic welfare, as calculated by this model, account for gains or losses realized by consumers and producers of sector goods and related products, as well as for the repatriation of quota rents, terms-of-trade effects, and the gain or loss of tariff revenues associated with changes in imports from the rest of the world.

[28] The changes in employment shown here and in the following discussion reflect the assumption that percentage changes in U.S. domestic shipments and employment are identical. The estimated changes in FTEs do not necessarily correspond to the same number of actual jobs.

[29] In the case of trousers, the only shock applied to the model was the elimination of the 16.9 percent average ad valorem tariff since the sector faces no restrictive quotas. In the case of the total apparel sector, the average ad valorem tariff of 17.6 percent along with the estimated 0.3 percent export tax equivalent were eliminated.

an associated 0.1-percent reduction in employment (approximately 140 FTEs). Estimated upper-bound changes in output and employment for the apparel industry as a whole amount to approximately $47.1 million and 676 FTEs, respectively.

The importance of the level of the initial ad valorem tariff is also evident in the changes estimated for textiles. The smaller estimated change for textiles reflects the fact that imports of these products are not restricted by quotas and face significantly lower average ad valorem tariffs than those applied to apparel (8.7 versus 17.6 percent). U.S. imports of textiles from SSA increase by an estimated 16.8 percent (approximately $4.0 million). The estimated impact on U.S. textile production and associated employment is minimal.

In all four sets of simulations, the proposed policy changes generate reductions in net U.S. tariff revenues, although the loss associated with the textile sector is small ($2.1 million). These estimates account for the elimination of U.S. tariffs assessed on the respective imports from SSA and small losses associated with the reduction in U.S. imports from the rest of the world.[30]

As shown in table 3-4, all of the tariff and quota elimination simulations generate gains in net welfare. These gains primarily reflect the positive benefits realized by U.S. consumers from the price reductions that occur in the U.S. market.[31] The most sizable gains result from liberalization in the apparel sector ($96.4 million). These gains, although not insignificant, are relatively small compared with estimates of welfare gains resulting from broader changes in trade policy.[32]

The estimated effects of tariff and quota liberalization applied to the apparel sector as a whole most closely correspond to estimates submitted to the Commission by the International Mass Retail Association (IMRA). IMRA conducted similar partial-equilibrium simulations to estimate the effect of tariff elimination on the apparel sector.[33] Its results differ somewhat from the results presented above. Notably, the estimated changes in U.S. imports of apparel from SSA are considerably lower (7- to 9-percent increases) than those shown in table 3-4. This difference stems primarily from the values of the behavioral parameters used in the two analyses. The value of IMRA's estimated substitution, domestic supply, and aggregate demand

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[30] These estimated changes in tariff revenue only reflect changes associated with the sectors under evaluation. If the entire U.S. economy were captured by this model, the projected changes in net tariff revenue would probably be somewhat lower. This is because with lower prices for apparel and textiles, consumers would increase their purchases of not only the duty-free goods, but also other types of goods (of which some would likely be dutiable imports).

[31] For example, in the simulation that focuses on all apparel products, tariff and quota elimination results in a 12-percent decline in the price of U.S. imports of these products from SSA. Because of the small starting share of these goods in the U.S. market, this price decline has virtually no impact on the corresponding average prices of U.S. imports from other countries or U.S.- produced goods.

[32] As noted earlier, the Commission estimated that total elimination of the quotas applied to U.S. imports of textiles and apparel from countries that were restricted in 1993 would have generated an economy-wide welfare gain ranging from $7.7 billion to $9.2 billion. See, USITC (1995), p. 3-6.

[33] The economic analysis, conducted by The Trade Partnership, was limited to tariff removal, ". . . because the quotas cover only a very small portion of total SSA exports of apparel to the United States; it is also in part because the quotas were not binding and therefore the tariff was the measurable impediment to trade." Post-hearing submission of IMRA, p. 3.

elasticities are generally lower than the values used in the Commission's analysis.[34] These lower values tend to reduce the estimated changes in U.S. apparel imports, as well as the estimated impact on U.S. production.

Qualitative Assessment of Quota and Tariff Elimination

The quantitative analysis presented in the previous section examines what the impact of the proposed preferential treatment would have been in 1996, holding factors such as productivity, SSA government policies that affect trade and investment, and general macroeconomic conditions constant. The following analysis addresses whether these results reasonably account for the current economic and sector-specific conditions in SSA discussed in chapter 2 and whether the growth in U.S. imports might differ from the estimated results if factors such as those mentioned above were to change.

One way to examine the potential impact of the proposed preferential treatment is to compare estimates of average production costs in the textile and apparel sectors of SSA countries with those of other developing countries that export to the U.S. market. Although data for SSA producers are limited, the data that are available provide some measure of current competitiveness. Assuming that production costs and product quality are similar for the SSA countries and the countries with which they compete in the U.S. market, the proposed preferential treatment would confer a significant advantage to SSA producers and thus would most likely lead to additional foreign and domestic investment in these sectors. However, an evaluation of noncost factors that influence the supply- and demand-side conditions is necessary. Cost and noncost factors are discussed below.

Production Cost Differences

Labor costs account for a substantial share of the production costs of a typical garment. For example, information supplied by the Government of Mauritius indicates that for a typical apparel manufacturing plant that employs 140 workers, labor compensation (for direct and indirect workers) accounts for 42 percent of total production costs.[35] Table 3-5 shows average labor compensation costs for textile and apparel production workers in selected SSA countries,[36] as well as for a group of major international suppliers that compete directly with SSA suppliers in the U.S. market. As the data show, countries such as Kenya and Madagascar compare favorably with low-wage countries such as China, Bangladesh, and India and have labor costs that are significantly lower than those of Hong Kong and Mexico. In contrast, Mauritius and South Africa face a clear disadvantage compared with the low-wage countries.

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[34] For purposes of comparison, these parameter values are shown in app. E. The inclusion of quota elimination in the simulation results shown in table 3-4 contributes little to the differences in IMRA's analysis versus the Commission's analysis. If tariffs alone are eliminated, the estimated increase in U.S. imports of apparel from SSA is 45.0 percent (using the upper-bound parameter estimates).

[35] Posthearing submission of the Government of Mauritius.

[36] The SSA countries shown in table 3-5 were the only countries for which Werner International, Inc., published current data.

Table 3-5
Hourly labor costs in the textile and apparel industries, spring 1996[1]

(U.S. dollars)

Country	Textiles	Apparel
Sub-Saharan Africa		
Kenya	0.41	0.30
Madagascar	0.39	0.29
Mauritius	1.40	1.02
Nigeria	0.77	0.51
South Africa	1.86	1.26
Zambia [2]	0.50	0.38
Other		
Bangladesh	0.44	0.31
China	0.58	0.28
India	0.56	0.36
Hong Kong	4.90	4.51
Mexico	1.52	1.08

[1] Labor costs include social and fringe benefits.
[2] Data reported for summer 1995 in current dollars.

Source: Werner International, Inc.

Labor costs alone are not a sufficient measure of cost competitiveness. Unit production cost comparisons take into account other factors such as labor productivity, the cost of raw materials, and operating costs. Two types of production cost comparisons are available for selected SSA countries. Table 3-6 shows cost comparisons based on surveys of exporters that were conducted in 1994 by the World Bank. The data indicate that the cost of production reported for Zimbabwean manufacturers is the highest and is roughly 15 and 10 percent above that for the Indian and Chinese suppliers, respectively.[37] Similar comparisons were reported for other types of garments. For example, f.o.b. plant costs for jeans were as follows: Zimbabwe, $7.92; India, $6.90; and China (EPZ), $7.27.[38] The cost breakdowns also highlight differences in the cost of material inputs. As shown in table 3-6, the cost of material inputs for the Ghanaian manufacturer were approximately 8 percent higher than those of the Chinese manufacturer. These differences may stem from differences in customs charges and tariffs, domestic taxes, and transportation costs.

[37] The cost differential reported for Zimbabwe is fairly significant for products like shirts, which tend to be relatively price sensitive. Moreover, the Zimbabwean manufacturers' labor cost disadvantage is compounded by higher transport costs to the port (included in "other" in table 3-6). Tyler Biggs, et al., *Africa Can Compete! Export Opportunities and Challenges for Garments and Home Products in the European Market*, World Bank Discussion Paper No. 300, Africa Technical Department Series (Washington, DC: World Bank, 1996), p. 78.

[38] Ibid., p. 81. Similar cost differentials were reported for Kenyan firms producing school shirts and sweaters. In each case, the Kenyan manufacturer's costs were compared with those of firms in Sri Lanka and Bangladesh.

Table 3-6
Production cost comparison for a man's casual long-sleeved shirt, fall 1994 [1]

U.S. dollars

Item	Ghana	Kenya	Zimbabwe	India	China (EPZ)
Materials	3.70	3.65	3.66	3.55	3.43
Labor	1.22	1.68	2.09	1.22	1.83
Other	0.52	0.77	0.52	0.67	0.46
Total	5.44	6.10	6.27	5.44	5.72

[1] These comparisons reflect manufacturers' estimates of production costs for a shirt following fairly detailed product specifications.

Source: Biggs, et al. (1996), p. 80.

Alternative production cost comparisons based on the cost per standard minute for typical apparel manufacturing operations in Mauritius, South Africa, and Zimbabwe suggest that manufacturing operations in these countries are competitive compared with apparel operations in countries such as Hong Kong and Taiwan.[39] These measures reflect total operating costs and account for overall differences in production efficiency.[40] Even SSA countries with relatively high labor compensation costs such as South Africa and Mauritius compare favorably with countries such as Indonesia and India. For example, the cost per minute shown for South Africa amounted to 9.2 cents in 1992. Comparable costs for Hong Kong, Taiwan, Indonesia, and India were 9.4, 13.2, 9.5, and 9.2 cents, respectively.[41] Both types of cost comparisons suggest that SSA firms are reasonably competitive. However, it is unclear how representative these comparisons are--either for other firms in the SSA countries or for firms in the reference countries.[42]

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[39] Comparisons for South Africa and other major supplier countries in 1992 were estimated by Kurt Salmon Associates and are taken from Panel and Task Group for the Textile and Clothing Industries, *Long Term Strategic Plan for the Textile and Clothing Industries in South Africa*, Mar. 1994, pp. 67-68. Comparisons for Zimbabwe (based on 1995 data) are included in Kurt Salmon Associates, *Consulting Service for Zimbabwe Garment and Textile PHRD Initiative: Final Report for World Bank*, (Dusseldorf: Kurt Salmon Associates, 1996), p. 163. Comparisons for Mauritius were provided by the Government of Mauritius in its posthearing submission. The base year for these comparisons is not known.

[40] The measures account for direct labor costs associated with the production of a standard garment in terms of standard time (standard apparel minute or SAM) and labor productivity. Standard time is determined by the " . . . design and construction of the garment, the machines and methods used and is measured and determined by a production engineer prior to starting production." Kurt Salmon Associates (1996), p. 149.

[41] Panel and Task Group for the Textile and Clothing Industries (1994), p. 66.

[42] For example, the cost data reported by Biggs, et al. (1996) were for a limited number of firms that exported to the EU market. If comparable data were available for all firms, including those producing for their respective domestic markets, it is possible that the cost comparisons might be less favorable for the SSA countries. Information developed from survey data of firms in the textile and apparel sectors of Ghana, Kenya, and Zimbabwe indicate that firms employing 100-199 employees are more efficient (in terms of output to capital or output to labor ratios or in terms of average technical efficiency) than firms employing more than 200 employees or less than 100 employees. See, Tyler Biggs, Manju Shah, and Pradeep Srivastava, *Technological Capabilities and Learning in African Enterprises*, World Bank Technical Paper No. 288, Africa Technical Department Series, (Washington, DC: World Bank, 1995), pp. 36 and 47.

Standard cross-country production cost measures are unavailable for the textile industry as a whole or the various subsectors of the industry. However, recent assessments of the industries in South Africa and Zimbabwe provide some indication of how these countries' industries compare with textile industries in developed and other developing countries. As noted in chapter 2, the South African textile industry faces two major problems: higher than average materials costs and high labor costs (given current productivity levels). One study estimated that South African mills would have to ". . . lower their raw material and labour costs as a percentage of sales by 10 percentage points each to compete internationally."[43] The same study reported that the cost of raw materials was also a significant problem for integrated worsted mills, but that labor costs in these establishments were competitive with those in the U.S. mills and lower than those in Italy. A 1994 assessment of the industry in Zimbabwe provides a more detailed sectoral assessment (table 3-7). In general, the information shows that manufacturers in Zimbabwe have achieved certain production efficiencies, but require longer than average lead times and have difficulty meeting international quality standards.

Table 3-7
Comparison of cotton textile manufacturers in Zimbabwe with comparable firms in developed and less-developed countries, by selected production criteria, 1994 [1]

	General		Spinning		Weaving		Dyeing and finishing	
Item	Developed countries	Less developed countries	Developed countries	Less developed countries	Developed countries	Less developed countries	Developed countries	Less developed countries
Manufacturing lead time	Worse	Worse	Worse	Worse	Worse	Worse	Worse	Worse
Labor productivity	([2])	([2])	Worse	Better	([2])	([2])	([2])	([2])
Capacity utilization	([2])	([2])	Worse	Worse	Worse	Worse	Worse	Worse
Machine speed	([2])	([2])	Same	Better	Worse	Same	Worse	Worse
Loom/machine efficiency	([2])	([2])	Worse	Worse	Worse	Better	Worse	Worse
Technology gap	([2])	([2])	Worse	Better	Worse	Better	Worse	Worse
Greige quality	Worse	Better	([2])	([2])	([2])	([2])	([2])	([2])
Finished quality	Worse	Worse	([2])	([2])	([2])	([2])	([2])	([2])

[1] Rankings reflect Zimbabwe's performance versus the developed or less-developed countries.
[2] Not available.

Source: Kurt Salmon Associates, *Consulting Service for Zimbabwe Garment and Textile PHRD Initiative: Final Report for World Bank*, (Dusseldorf, Germany: Kurt Salmon Associates, 1996), pp. 169-172.

The cost comparisons cited above do not reflect transport cost differences, except where noted. More important, the comparisons do not reflect the unit price effects of the ad valorem tariffs and quotas applied to imports of these goods by the United States. As shown in table 3-3, the trade-weighted average ad valorem tariffs applied to U.S. imports of textiles in 1996 amounted to 8.7 percent for goods from SSA and from the rest of the world. There was more variation in the average tariffs applied to imports of apparel from SSA versus the rest of the world (17.6 and 12.9 percent, respectively). This variation reflects compositional differences between the SSA

[43] Panel and Task Group for the Textile and Clothing Industries (1994), p. 42.

and the rest of the world and the large volume of imports of apparel entering at reduced rates under the North American Free Trade Agreement (NAFTA). As noted earlier, a significant percentage of total U.S. imports of textiles and apparel are restricted by the textile and apparel quotas under the ATC. In addition to the export tax equivalents shown in table 3-1, recent estimates of the average aggregate price effect of these quotas on imports from India and China suggest that costs of the quotas have been substantial.[44] However, as discussed above, these quotas are scheduled to be phased out by 2005. Thus, the unit cost differences may well diminish as quotas are eliminated and the levels of the remaining quotas are increased.

Given the cost comparisons shown above for selected SSA and other major suppliers, SSA apparel manufacturers, in particular, should have gained a larger share of the U.S. market than they currently have. Moreover, even with the preferential treatment afforded these countries under the Lomé Convention, their share of the EU market for textiles and apparel has also been small, fluctuating between 1.9 and 2.0 percent during 1989-94. The Lomé rules of origin, which establish process and value-added criteria, have made it difficult for SSA exporters to take advantage of the preferential treatment. For example, the rules require apparel to be made from fabric produced in an ACP or EU country. As a result of these criteria, SSA manufacturers have the choice of either using higher cost suppliers for their inputs in order to qualify for Lomé treatment or forgoing the preferential access and selecting least cost suppliers. However, these constraints do not fully account for the lack of growth of SSA exports to the EU. Other factors such as supply-side constraints not only have limited the level of production, but also have limited foreign demand, since buyers generally cannot accommodate fluctuations in the volume, value, or quality of their imports.[45] These factors, which have also limited SSA exports to the U.S. market, are discussed below.

Transportation Costs

Differences in transportation costs and transport time have been cited as factors that reduce SSA's apparent production cost advantage shown above. Transportation costs to the U.S. market generally place the SSA countries at a disadvantage compared with other suppliers. On average, the cost differences between shipments from SSA and shipments from other regions are not that large for sea shipments. Larger disparities are evident for shipments by air. In both cases, the differences amount to an implicit export tax.[46]

Amjadi, Reincke, and Yeats, using 1993 U.S. import data, were able to calculate the transport cost disadvantage faced by SSA suppliers for air and sea freight.[47] They compared the average differences in the cost, insurance, and freight (c.i.f.) component of the total value of U.S. imports of selected textiles and apparel from SSA versus the rest of the world (minus Canada

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[44] Biggs, et al. (1996) report that quota costs may add an additional $2.00 and $1.00 to the unit cost estimates for long-sleeved shirts reported in table 3-6 for China and India, respectively. The resulting export-tax equivalents of these estimates (18 percent for India and 35 percent for China) are generally in line with the results of other research that has estimated the price effects of the MFA.

[45] Imani Development (International) Ltd. (1994), pp. 4-5.

[46] See, for example, the discussion in Paul Collier, "The Marginalization of Africa," in *International Labour Review*, 134, No. 4-5, 1995, p. 546.

[47] Aziti Amjadi, Ulrich Reincke, and Alexander J. Yeats, "Did External Barriers Cause the Marginalization of SSA in World Trade?" World Bank Discussion Paper No. 348 (Washington, DC: World Bank, 1996), pp. 66-75.

and Mexico) and found that the costs faced by SSA suppliers were consistently higher for shipments of cotton and cotton textiles, knit apparel, and apparel made from woven fabric.[48] The percentage point differences in the markup for goods shipped by air ranged from 4.7 to 15.2. For sea shipments the difference range from 1.3 to 2.1 percentage points.[49]

Similar comparisons were calculated for U.S. imports in 1996. The percentage markups accounted for by c.i.f. charges applied to sector goods from different regions are shown in table 3-8.[50] Not surprisingly, the largest differences, at this level of aggregation, are between imports from SSA and imports from the Western Hemisphere. For example, for HTS chapter 62 (apparel, not knit or crocheted), the percentage point difference in air freight charges for SSA versus the Western Hemisphere is 12. In this case, the percentage difference between the freight-on-board (f.o.b.) and c.i.f. import values for U.S. imports of these goods from SSA is 16 percent. The percentage difference between the f.o.b. and c.i.f. values for U.S. imports of these goods from the Western Hemisphere is 4 percent. The comparable 3-percentage point difference for vessel shipments of these goods is lower, but still significant.

Amjadi, Reincke, and Yeats note that some of the differences reflected by the above margins may relate to some of the SSA countries' cargo reservation policies. They suggest that these policies may have contributed to the higher shipping costs shown below.[51]

SSA countries (especially those on the East Coast and Mauritius) also are at a disadvantage because shipping times to the United States are reported to be significantly longer than those for West African and Asian suppliers.[52] Although shipping times for ocean freight can vary considerably, such shipments of goods from Sri Lanka and Bangladesh to New York or Newark have been reported to take approximately 32 and 37 days, respectively.[53] Shipments to Miami from the Caribbean Basin countries reportedly take 5 to 7 days.[54]

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[48] These are the products covered by Harmonized Tariff Schedule (HTS) chapters 52, 61, and 62.

[49] They reported that the percentage mark ups associated with the c.i.f. charges are calculated as follows: (c.i.f. value - f.a.s. value)/ f.a.s. value. The percentage point differences were then calculated by subtracting the mark up associated with imports from the rest of the world from the SSA markup. Ibid., p. 63.

[50] The import data reported by the U.S. Department of Commerce are available on an f.o.b. (customs value) and c.i.f. basis. Thus the calculated rates shown in table 3-8 represent the percentage difference between the f.o.b. value and the c.i.f. value. The rates and margins shown in table 3-8 should be viewed with caution. First, the c.i.f. component, by definition, includes insurance and other costs in addition to transport charges. Second, the levels of imports shown for some of the HTS chapters are extremely low and may represent goods with unit values that differ significantly from the average unit values of corresponding imports from the other regions. This may lead to differences in the c.i.f. component that are unrelated to transport cost differences.

[51] They report that the following West African countries have instituted such policies: Angola, Benin, Cameroon, Republic of the Congo, Côte d'Ivoire, Gabon, Ghana, Guinea, Mauritania, Nigeria, Senegal, Togo, and the Democratic Republic of the Congo (Zaire). Ibid., p. 77.

[52] This also applies to shipments destined for the European market. The estimated lead time for sea freight from Zimbabwe to Western Europe is 6 to 8 weeks. Moreover, container rates are reported to be 58 percent greater than those for comparable shipments from Asia. Kurt Salmon Associates (1996), p. 162.

[53] Biggs, et al., *Africa Can Compete: Export Opportunities and Challenges for Garments and Home Products in the U.S. Market*, World Bank Discussion Paper No. 242, Africa Technical Department Series (Washington, DC: World Bank, 1994), p. 45.

[54] U.S. importer, telephone conversation with USITC staff, Aug. 6, 1997.

Table 3-8
Textiles and apparel: U.S. imports from SSA and transport cost margins[1] for air and vessel shipments, 1996

HTS chapter and description	U.S. imports from Sub-Saharan Africa	Rate	Margin		
			Rest of the world	Asia	Western Hemisphere
	U.S. dollars	*Percent*	*Percentage point*		
Air shipments					
50 Silk, silk textiles	$19,805	0.04	0.01	0.00	-0.01
51 Wool, wool textiles	183,726	0.14	0.08	0.04	0.09
52 Cotton, cotton textiles	2,275,358	0.19	0.10	-0.04	0.08
53 Other vegetable fibers, textiles	8,828	0.09	0.02	-0.11	-0.04
54 Manmade filament textiles	200,166	0.54	0.45	0.40	0.46
55 Manmade staple fiber textiles	71,561	0.21	0.10	0.02	0.11
56 Miscellaneous textile products	74,703	0.17	0.02	-0.23	0.15
57 Carpets and rugs	318,567	0.16	0.06	0.06	0.06
58 Special fabrics	5,522,760	0.03	-0.04	-0.06	-0.05
59 Industrial fabrics	119,073	0.28	0.22	0.13	0.20
60 Knitted fabrics	79,694	0.34	0.25	0.15	0.22
61 Knit apparel	9,927,671	0.15	0.08	0.02	0.10
62 Apparel, not knit	27,067,227	0.16	0.11	0.05	0.12
63 Home furnishings	1,092,255	0.17	0.08	-0.05	0.09
Total	46,961,394	0.15	0.08	0.03	0.10
Vessel shipments					
50 Silk, silk textiles	0	(2)	(2)	(2)	(2)
51 Wool, wool textiles	2,937,898	0.05	0.01	0.03	0.02
52 Cotton, cotton textiles	9,390,742	0.07	0.02	0.03	0.02
53 Other vegetable fibers, textiles	0	(2)	(2)	(2)	(2)
54 Manmade filament textiles	13,874,607	0.05	0.02	0.01	0.01
55 Manmade staple fiber textiles	1,424,363	0.16	0.11	0.10	0.11
56 Miscellaneous textile products	1,888,799	0.11	0.07	0.04	0.04
57 Carpets and rugs	1,310,728	0.04	0.00	-0.01	-0.01
58 Special fabrics	38,892	0.11	0.07	0.07	0.07
59 Industrial fabrics	86,990	0.07	0.04	0.03	0.03
60 Knitted fabrics	212,512	0.06	0.01	0.02	0.03
61 Knit apparel	115,618,771	0.05	0.01	0.02	0.03
62 Apparel, not knit	207,628,253	0.04	0.00	0.01	0.03
63 Home furnishings	1,096,067	0.07	0.03	0.02	0.03
Total	355,508,622	0.05	0.01	0.01	0.03

[1] The rates shown for U.S. imports from SSA reflect the percentage difference between imports valued on a f.o.b. (customs value) basis and on a c.i.f. basis. The margins are defined as the percentage point difference between SSA rates and those of the rest of the world (excluding Canada and Mexico). Positive values reflect an African cost disadvantage.
[2] Not applicable.

Source: Compiled from official statistics of the U.S. Department of Commerce.

In contrast, shipping times reported for shipments from various SSA countries to New York range from 15 to 48 days, when overland transportation time for land-locked countries such as Zimbabwe is taken into account.[55] One Mauritian apparel manufacturer indicated that shipments from Mauritius to the United States takes approximately 50 days. The firm noted that orders from the United States have declined over the past few years because U.S. retailers have adopted "quick response" inventory management. As a result, the firm has focused more on the EU market and currently does not fill its allocation of U.S. quotas. The firm indicated that with the proposed preferential treatment, it would be more viable to ship by air since the preferences would help offset airfreight charges.[56]

Other Factors Affecting Domestic and Foreign Investment in SSA

This section discusses factors that tend to either enhance or reduce the cost advantages or disadvantages that SSA firms have in the international market. Given the country- and region-specific information discussed in chapter 2 and in the previous section of this chapter, it seems reasonable to conclude that the SSA apparel sector is in the best position to benefit from the proposed preferential treatment.

First, the incentives for SSA apparel exporters provided by the proposed preferential treatment are higher than those for textile exporters. Although U.S. imports of textiles from some of the larger SSA producer countries (South Africa in particular) are likely to increase as a result of duty-free treatment, the resulting unit cost advantage is considerably less, as measured by the initial ad valorem tariff, than the resulting unit cost advantage for apparel.[57]

Second, the factors limiting the expansion of the apparel industry in most of these countries are significantly less than those limiting expansion of textile manufacturing. To begin with, SSA's recent export trends as well as much of the industry and country-specific information provided in chapter 2 suggest that the majority of SSA's textile producers have difficulty competing internationally. In 1995, textile products accounted for only 25 percent of the EU's imports of textiles and apparel from SSA and for only 6 percent of U.S. imports from SSA in 1996. Although SSA producers such as South Africa, Zimbabwe, and Kenya have access to raw materials (in particular, cotton and wool), the supply of these materials is sometimes erratic.[58]

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[55] Biggs, et al. (1994), p. 45.

[56] Thierry Lagesse, Executive Chairman, Tee Sun Ltd.; interview by USITC staff, Mauritius, Apr. 1997.

[57] This statement applies to the average ad valorem rates applied to the entire textile sector versus the apparel sector. At the tariff line level, the ad valorem rates for some textiles are relatively high. For example, U.S. imports of some wool fabrics have ad valorem tariff rates that exceed 30 percent. Preferential treatment for these items would provide SSA producers (most likely South African firms) with a considerable cost advantage over other foreign suppliers (assuming the SSA firms can achieve similar quality for a given unit cost).

[58] A number of other SSA countries including Mali, Benin, Côte d'Ivoire, Cameroon, Mozambique, and Senegal produce cotton. As noted in chapter 2, these countries often export much of their cotton as a result of domestic pricing policies that either reduce domestic demand or make it more profitable to export to other markets. Although these countries have textile industries, production is often limited to certain stages of the production process such as spinning and weaving.

(continued...)

Furthermore, as noted in chapter 2, much of the existing textile production capacity is outdated and/or inefficiently used.[59] Industry efforts to upgrade plant and equipment and restructure operations have, in the past, been hampered by a lack of access to capital, high capital costs,[60] high input costs, limited labor availability (for skilled management and production workers), and inadequate infrastructure. Although preferential treatment would provide an incentive to expand production and exports, these factors along with the temporary nature of the proposed changes make it less likely that the textile industry will exhibit rapid growth as a result of either additional domestic investment or inflows of foreign capital.

In contrast, much of the information presented earlier in the report suggests that many of the SSA apparel manufacturers in the major supplying countries are regionally, if not internationally, competitive in certain segments of the market. How these firms will respond to the proposed preferential treatment depends, in part, on their ability to (a) maintain or reduce overall production costs; (b) expand their production to achieve scale economies and to meet the typical quantity demands of U.S. importers; and (c) maintain or improve quality to satisfy U.S. importers' quality standards. This, in turn, depends on access to capital, adequate management, engineering, and production skills, and better information about the U.S. market.[61] Recent empirical research suggests that the firms most likely to export are those that already are efficient producers.[62]

In addition, the response to the proposed changes depends on whether investors (either domestic or foreign) and exporters consider the timeframe of the proposed preferential treatment sufficient to warrant undertaking the risks associated with entry into or expansion in this sector. This last point is important since entry into the export market is often conditioned on whether

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[58] (...continued)
As a result, exports from these countries are dominated by cotton fiber, cotton yarn, and, in some cases, greige (unfinished) fabric.

[59] For example, a recent assessment of the South African textile industry found that labor productivity comparisons between South African textile mills and the international norm indicated that South African ring spinning mills achieved 21 to 34 percent of the international norm. Cotton weaving mills achieved 26 to 40 percent. The study cited the following reasons for this disparity: manual rather than automated handling methods, outdated technology, inaccurate work measurement, and incompetence at the managerial and production levels. Panel and Task Group for the Textile and Clothing Industries (1994), p. 51.

[60] For example, firms in Zimbabwe face interest rates of 33 percent and those in Ghana, 40 percent. Ray Woolley, David Whitehead Textiles Ltd.; interview by USITC staff, Harare, Zimbabwe, Apr. 1997, and U.S. Embassy, Accra, interview by USITC staff, Ghana, June 1997.

[61] Biggs, et al., clearly document the problems certain SSA apparel manufacturers encountered with U.S. buyers. Specifically, they note that there was a: ". . . (a) mismatch between the scale and technical competence of the African exporter and the U.S. buyer; (b) inability on the part of the African exporter to negotiate a realistic price; (c) lack of familiarity on the part of the African exporter with financial institutions and instruments in international trade; (d) differences in 'business culture,' and (e) an inexperienced intermediary." Biggs, et al. (1994), p. 24.

[62] See discussion in Mark J. Roberts and James R. Tybout, *What Makes Exports Boom?* (Washington, DC: World Bank, 1997), pp. 18-22.

the expected gains from export sales are large enough to offset entry costs.[63] When entry costs are perceived to be too high, export growth tends to be limited to existing exporters.[64]

The experience of Kenyan manufacturers during the 1990s suggests that SSA suppliers can achieve scale economies and rapidly expand exports to the U.S. and EU markets, particularly when the firms are backed by foreign investment and foreign management expertise. Kenya's exports of apparel to the United States increased from $312,000 in 1990 to $2.9 million in 1993 and $42.2 million in 1994. Its exports to the EU also increased significantly, from $4.1 million in 1990 to $11.2 million in 1994. The impact of the 1994 U.S.-Kenyan bilateral agreement provides some evidence regarding the way U.S. importers assess risks associated with supply uncertainties. As mentioned earlier, the imposition of U.S. quotas in 1994 resulted in a reduction in U.S. imports after 1994. Kenyan manufacturers reported that after quotas were imposed, U.S. demand for their products dropped sharply because they were no longer able to guarantee delivery on orders.[65] The net result was a reduction in production and employment associated with Kenyan exports to the U.S. market.[66]

Whether the proposed preferential treatment will result in the type of growth that occurred in Kenya during the 1990s is difficult to predict. Although the reduction of risk associated with quota-free entry and the cost advantage associated with duty-free treatment provide a clear incentive for export expansion, there are other factors, most notably the actual impact of SSA government reforms that lower various input costs and the response of foreign investors, that are difficult to assess. It is unlikely that the growth in U.S. imports of textiles and apparel will be less than the sector-specific estimates presented earlier in this chapter. However, there are clear impediments, particularly those associated with transport costs and time, that could limit growth. Given these constraints, it seems probable that the products most likely to constitute future U.S. imports from SSA are those which make use of existing production technologies and expertise (e.g., cotton and wool apparel) and are those that tend to be less subject to rapid changes in demand.■

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[63] Roberts and Tybout found, for example, that expected export profits were influenced by plant-level marginal production costs, geographic location, multinational affiliations, and product type. In their analysis of producer behavior in Colombia and Morocco, they found that expected exporting profits were higher for clothing and textiles than for industries such as bakeries and machinery and equipment. Roberts and Tybout (1997), p. 13 and n. 7.

[64] James Tybout, et al., "How do Industrial Enterprises Respond to Policy Reforms? Recent Evidence from Cameroon," RPED Discussion Papers (Washington DC: World Bank, 1996), pp. 58-59.

[65] Unlike many other countries whose exports are covered by U.S. textile and apparel quotas, Kenya does not allocate quotas on the basis of past performance. Rather, the textile and apparel quotas are allocated at the time of shipment. One consequence of this allocation method is that suppliers have no way of guaranteeing future orders. Staff interviews with Kenyan apparel manufacturers, Apr. 1997.

[66] In a written submission to the Commission, the Investment Promotion Centre (IPC) of Kenya noted that in 1994 there were ". . . 50 operating enterprises with an installed capacity of 2,000,000 dozens per annum." Most of this production was for the U.S. market. The IPC noted that currently there are only 11 operating firms. Dr. Joseph N. K. Arap Ng'Ok, Executive Chairman, Investment Promotion Centre; written submission to the USITC, May 6, 1997.

APPENDIX A
Letter From the House Ways and Means Committee

SUBCOMMITTEE ON TRADE

BILL THOMAS, CALIFORNIA
E. CLAY SHAW, JR., FLORIDA
AMO HOUGHTON, NEW YORK
MEL HANCOCK, MISSOURI
DAVE CAMP, MICHIGAN
JIM RAMSTAD, MINNESOTA
DICK ZIMMER, NEW JERSEY
JENNIFER DUNN, WASHINGTON

RLES B. RANGEL, NEW YORK
M. GIBBONS, FLORIDA
ROBERT T. MATSUI, CALIFORNIA
WILLIAM J. COYNE, PENNSYLVANIA
L.F. PAYNE, VIRGINIA
RICHARD E. NEAL, MASSACHUSETTS

Ex Officio:
BILL ARCHER, TEXAS

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

SUBCOMMITTEE ON TRADE

BILL ARCHER, TEXAS, C
COMMITTEE ON WAYS AN

PHILLIP D. MOSELEY, CHIEF
THELMA J. ASKEY, SUBCOMMITTEE

JANICE MAYS, MINORITY CHI
E. BRUCE WILSON, SUBCOMMIT

January 13, 1997

The Honorable Marcia E. Miller
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Miller:

On September 26, 1996, Mr. Crane, Mr. Rangel, and Mr. McDermott introduced H.R. 4198, entitled African Growth and Opportunity: the End of Dependency Act of 1996. The bill, which would authorize a new trade and investment policy in Sub-Saharan Africa, will be reintroduced and considered in the 105th Congress.

The objective of the bill is to promote a market-oriented transition from development assistance to economic self-reliance for that region. It is in the mutual economic interest of the United States and Sub-Saharan Africa to expand our trade and investment relationship, and a significant provision of the bill would help reach those objectives.

Among the bill's provisions is one relating to increased U.S. market access for textiles and apparel from the region. Sub-Saharan Africa supplied less than one percent, or about $400 million, of U.S. imports of textiles and apparel in 1995. The bill provides that, until imports of these articles from Sub-Saharan Africa reach a much higher level, the transitional safeguards provided in Article 6 of the Uruguay Round Agreement on Textiles and Clothing should not apply. In addition, the bill eliminates existing U.S. quotas on imports of textiles and apparel from Sub-Saharan Africa. The Sub-Saharan African countries currently covered by U.S. textiles and apparel quotas are Kenya and Mauritius.

(1) a review of any relevant literature on this issue prepared by governmental a non-governmental organizations;

(2) an assessment of the competitiveness of the textile and apparel industries in Sub-Saharan African countries, to the extent possible;

(3) a qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of quota-free entry for imports of textiles and appa from Sub-Saharan Africa. This assessment should address the potential shifting of global textile and apparel production facilities to Sub-Saharan Africa that might occur a result of the changes contained in the proposed legislation; and

(4) a qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of an elimination of the exclusion of textile and apparel products from coverage under the Generalized System of Preferences, in addit to quota-free entry.

In conducting its assessment, the Commission should identify to the extent possible, specific types of textiles and apparel products that are most likely to be produced in Sub-Saharan African countries, and which would have the most significan impact on U.S. producers, workers, and consumers.

In light of the need for timely information on these issues, as Congress consider the legislation, the Committee would appreciate receiving the study by September 2, 1997.

Thank you for your cooperation.

With best personal regards,

Bill Archer
Chairman

APPENDIX B
Commission Response Letter

CHAIRMAN

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

Honorable Bill Archer
Chairman, Committee on Ways and Means
United Sates House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In response to your letter of January 13, 1997, the U.S. International Trade Commission has instituted, pursuant to section 332(g) of the Tariff Act of 1930, an investigation entitled "Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel from Sub-Saharan Africa." In its report, the Commission will examine the likely impact of certain provisions of the proposed legislation (H.R. 4198, entitled, African Growth and Opportunity: The End of Dependency Act 1996) on textiles and apparel production and trade, as requested.

Enclosed for your information is a copy of the Commission's notice announcing the institution of the investigation, which will be published in the *Federal Register*. The Commission has scheduled a public hearing on the matter for May 1, 1997, and expects to submit its report to the Committee by September 2, 1997.

Please continue to call on us whenever we can be of assistance to you.

Sincerely,

Marcia E. Miller

Enclosure

APPENDIX C
Federal Register Notice

Orleans, LA, April 1, 1997 (OCS Oil RIK); and New Orleans, LA, April 2, 997 (OCS Gas RIK). The meetings will ommence at 9:30 a.m. on these respective dates and should end by 4:30 p.m.

ADDRESSES: The meetings will be held at the following locations:

Minerals Management Service, Houston Area Audit Office, 4141 N. Sam Houston Parkway, Houston, Texas 77032–3843, (281) 987–6805;

Hilton Inn Casper, 800 N. Poplar Rd., Casper, Wyoming 82601, (307) 266–6000;

Minerals Management Service, Gulf of Mexico Regional Office, Elmwood Towers Building, Conference Rooms 111–115, 1201 Elmwood Park Boulevard, Jefferson, Louisiana 70123, (504) 736–2949.

FOR FURTHER INFORMATION CONTACT: Mr. Greg Smith, Minerals Management Service, P.O. Box 25165, Mail Stop 9130, Denver, CO, 80401, telephone number (303) 275–7102, fax (303) 275–7124; e-mail Greg_Smith@SMTP.MMS.GOV or contact Mr. Jim McNamee at the same address and fax, telephone number (303) 275–7126, e-mail James_McNamee@ SMTP.MMS.GOV.

COMMENTS: Written comments on the meetings or the issues discussed below should be addressed to Mr. Greg Smith at the address given in the **FURTHER INFORMATION** section.

SUPPLEMENTARY INFORMATION: MMS conducted a Royalty Gas Marketing Pilot in 1995 in the Gulf of Mexico. The MMS sold its royalty gas to competitively selected gas marketers. The MMS had two objectives in conducting the pilot: (1) streamline royalty collections, and (2) test a process which could result in increased efficiency and greater certainty in valuation.

MMS' assessment of the gas RIK pilot indicated that it was an operational success, proving that the concept of MMS taking and selling royalty gas in-kind is feasible. However, MMS' analysis of the gas RIK revenues, as compared to in-value royalties paid and administrative savings realized, was not favorable to MMS.

Congress has directed MMS to consider additional projects for taking oil and/or gas in-kind. MMS is currently considering a variety of RIK scenarios that would build on lessons learned from the 1995 Royalty Gas Marketing Pilot. Any further RIK projects undertaken by MMS would be intended to address specific operational and revenue issues necessary before any longer-term implementation. The objectives of the proposed RIK options are to:

- Simplify the royalty collection process;
- Decrease administrative costs for both MMS and industry;
- Realize fair and equitable market value for the products;
- Provide certainty in royalty valuation;
- Decrease audit burden and appeal actions; and
- Provide MMS with alternative sources of data for use for in-value product valuation.

MMS is developing several options for taking Federal oil and gas in-kind. However, any new RIK programs will be separate from the current program of providing royalty oil in-kind to small refiners and will not involve production from Indian lands. The following are the general options being considered:

- Take OCS and onshore oil production in-kind; and
- Take OCS gas in-kind.

At the public meetings, MMS will present one or several specific options for taking royalties in-kind on a project/test basis. MMS will solicit public input at the meetings on the workability of these option(s). The issues that MMS would like to discuss at the meetings are presented below. The listing of issues is not necessarily complete but will be used as a starting point for the meetings.

1. Mandatory or voluntary participation;
2. Areas/leases to be selected for royalty in-kind projects;
3. Delivery points for RIK production: at the lease or various points away from the lease (e.g., first mainline interconnect, gas plant/refinery inlet, gas plant tailgate);
4. Transportation responsibility away from the lease (e.g., MMS, marketer, or lessee);
5. Aggregation of royalty volumes;
6. Pricing indicators to be used to assure a fair and equitable price for RIK production as well as certainty of price to industry;
7. Requirements to be placed on lessees (e.g., marketable condition, data submitted to MMS, coordination with purchasers); and
8. Requirements to be placed on purchasers (e.g., transportation of product away from the lease, data required by MMS, coordination with lessees, balancing, contract provisions concerning breach, payment terms).

MMS will more fully develop the RIK option(s) before the public meetings. Interested parties may request this information from the contacts listed in the **FURTHER INFORMATION** section.

Dated: February 14, 1997.

Robert E. Brown,

Acting Associate Director, Policy and Management Improvement.

[FR Doc. 97–4350 Filed 2–20–97; 8:45 am]

BILLING CODE 4310–MR–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–379]

Likely Impact of Providing Quota-Free and Duty-Free Entry To Textiles and Apparel From Sub-Saharan Africa

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

EFFECTIVE DATE: February 10, 1997.

SUMMARY: Following receipt on January 14, 1997 of a request from the Committee on Ways and Means of the U.S. House of Representatives for an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332 (g)), the Commission instituted Investigation No. 332–379, Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel from Sub-Saharan Africa. As requested by the Committee, the Commission will provide the following in its report—

(1) A review of any relevant literature on this issue prepared by governmental and non-governmental organizations;

(2) An assessment of the competitiveness of the textile and apparel industries in Sub-Saharan African countries, to the extent possible;

(3) A qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of quota-free entry for imports of textiles and apparel from Sub-Saharan Africa. This assessment will address the potential shifting of global textile and apparel production facilities to Sub-Saharan Africa that might occur as a result of the changes contained in proposed legislation [H.R. 4198, African Growth and Opportunity: The End of Dependency Act of 1996, introduced in the 104th Congress by Mssrs. Crane, Rangel and McDermott]; and

(4) A qualitative and quantitative assessment of the economic impact on U.S. producers, workers, and consumers of an elimination of the exclusion of textile and apparel products from Sub-Saharan African countries, from coverage under the Generalized System of Preferences in addition to quota-free entry for imports from these same countries.

The Committee also requested that the Commission attempt to identify the

specific types of textiles and apparel products that are most likely to be produced in Sub-Saharan African countries, and which would have the most significant impact on U.S. producers, workers, and consumers. As requested by the Committee, the Commission will seek to provide its advice not later than September 2, 1997.

FOR FURTHER INFORMATION CONTACT: Lee Cook, Office of Industries (202–205–3471) or Mary Elizabeth Sweet, Office of Industries (202–205–3455), or William Gearhart, Office of the General Counsel (202–205–3091) for information on legal aspects. The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819). Hearing impaired individuals are advised that information on this matter can be obtained by contacting the TDD terminal on (202–205–1810).

Background

Among the provisions in H.R. 4198 is one relating to increased U.S. market access for textiles and apparel from Sub-Saharan Africa. According to the Committee's request, Sub-Saharan Africa supplied less than 1 percent, or about $400 million, of U.S. imports of textiles and apparel in 1995. H.R. 4198 provides that, until imports of these articles from Sub-Saharan Africa reach a much higher level, the transitional safeguards provided in Article 6 of the Uruguay Round Agreement on Textiles and Clothing should not apply. In addition, H.R. 4198 would eliminate existing U.S. quotas on imports of textiles and apparel from Sub-Saharan Africa. The Sub-Saharan African countries currently covered by U.S. textiles and apparel quotas are Kenya and Mauritius.

The Sub-Saharan African countries covered in this investigation include the following 48 countries: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Togo, Tanzania, Uganda, Zaire, Zambia, and Zimbabwe.

Public Hearing

A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on May 1, 1997, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, D.C. All persons have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file a letter asking to testify with the Secretary, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436, not later than the close of business (5:15 p.m.) on April 17, 1997. In addition, persons testifying should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on April 17, 1997. In the event that no requests to appear at the hearing are received by the close of business on April 17, 1997, the hearing will be canceled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary (202–205–1816) after April 17, 1997 to determine whether the hearing will be held. Posthearing briefs/statements and other written submissions should be filed not later than the close of business on May 8, 1997.

Written Submissions

In lieu of or in addition to appearing at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on May 8, 1997. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Issued: February 10, 1997

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 97–4286 Filed 2–20–97; 8:45 am]

BILLING CODE 7020–02–P

JUDICIAL CONFERENCE OF THE UNITED STATES

Committee on Automation and Technology; Notice of Opportunity To Comment and of Public Hearing on the ABA Citation Resolution

AGENCY: Judicial Conference of the United States, Committee on Automation and Technology.

ACTION: Notice of opportunity to comment and of public hearing on the ABA Citation Resolution.

In August 1996, the American Bar Association (ABA) approved a resolution made by its Special Committee on Citation Issues calling for state and federal courts to develop a standard citation system and recommending a format that could be used by state and federal courts. That resolution calls for courts to identify the citation on each decision at the time it is made available to the public. The ABA resolution is available through the Internet (http://www.ABANET.ORG/citation/home.html).

The federal judiciary seeks written public comments from judges, court personnel, the bar, and the public as to:

(1) Whether the federal courts should adopt the form of official citation for court decisions recommended by the ABA resolution; and,

(2) The costs and benefits such a decision would have on the courts, the bar, and the public.

In addition, a public hearing will be held on Thursday, April 3, beginning at 9 a.m. in the ceremonial courtroom of the U.S. District Court for the District of Columbia, 3rd and Constitution Ave., N.W., Washington, D.C. to address issues (1) and (2) stated above.

Persons and organizations wishing to submit written comments should do so by sending them to: Appellate Court and Circuit Administration Division, ATTN: ABA Citation Resolution, Suite 4–512, Administrative Office of the U.S. Courts, Washington, D.C. 20544, Fax (202) 273–1555. *Internet address:* citation@ao.uscourts.gov.

Submission of written comments is preferred in electronic form and should be sent to citation@ao.uscourts.gov in ASCII or WordPerfect 6.1 or earlier versions. Alternatively, comments may be submitted in printed form through mail or facsimile. Persons without access to Internet may send a diskette. If printed comments are submitted, ten copies should be provided. Written comments are due no later than Friday, March 14, 1997. All comments received will be considered public information.

Anyone submitting written comments who also is interested in testifying at the

APPENDIX D
List of Witnesses at the Hearing and Views of Interested Parties

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the U.S. International Trade Commission's hearing:

Subject	:	LIKELY IMPACT OF PROVIDING QUOTA-FREE AND DUTY-FREE ENTRY TO TEXTILES AND APPAREL FROM SUB-SAHARAN AFRICA
Inv. No.	:	332-379
Date and Time	:	May 1, 1997 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room 101, 500 E Street, SW., Washington, DC.

ORGANIZATION AND WITNESS

Panel 1

Embassy of the Republic of Kenya, Washington, DC

Dr. Benjamin E. Kipkorir, Ambassador

Panel 2

Embassy of the Republic of Mauritius, Washington, DC

H. E. Chitmansing Jesseramsing, Ambassador

Israhyanada Dhalladoo, Deputy Chief of Mission

Panel 3

American Apparel Manufacturers Association, Arlington, VA

Larry K. Martin, President

-MORE-

ORGANIZATION AND WITNESS-CONTINUED

Panel 4

Clothing Federation of South Africa

Mike L. Getz, Former President

Dana J. Du Rand, Minister, South African Embassy

Mauritius-U.S. Business Association, Inc., Washington, DC

Paul Ryberg, Jr., President

Panel 5

Powell, Goldstein, Frazer & Murphy LLP
Washington, DC
on behalf of

U.S. Association of Importers of Textiles and Apparel

Francis X. Kelly, Chairman of the Board of Directors of USA-ITA and Vice President for International Trade at Liz Claiborne, Inc.

Brenda A. Jacobs--OF COUNSEL

International Mass Retail Association, Arlington, VA

Robin W. Lanier, Senior Vice President for Government Affairs

Laura Baughman, President, The Trade Partnership

-END-

SUMMARY OF POSITIONS OF INTERESTED PARTIES

The rest of this appendix summarizes the views of interested parties submitted to the Commission in connection with the investigation, either at the hearing or in written statements. For ease of presentation, the interested parties are grouped into three categories: (1) officials of African embassies and United Nations (U.N.) missions of countries in Sub-Saharan Africa (SSA), who support the proposed legislation to grant quota-free and duty-free treatment to U.S. imports of textiles and apparel from SSA; (2) U.S. textile and apparel producers, who generally oppose the bill; and (3) other interested parties, including SSA textile and apparel industry representatives and U.S. retailers and importers, who support the proposal.

African Embassies and U.N. Missions

Burkina Faso

Simplice H. Guibila, Chargé d'Affaires ad interim, Embassy of Burkina Faso, stated that the Government of Burkina Faso supports the proposed legislation, which is "one of the first concrete steps to promote the economic relations between the United States and Africa."[1] The Government's plan to expand its country's cotton industry could be very useful in attracting investment in its textile and apparel sector. From the perspective of the Government, the proposal offers an opportunity for cooperation and partnerships between SSA and the United States.

Ghana

Messie Y. Amoah, Counselor for Economic and Development Issues, Permanent Mission of Ghana to the United Nations, provided data on Ghana's textile and apparel sector (see ch. 2 of this report). Of particular interest is the decline in employment in the sector during 1992-96. According to the written submission, consultants of the United Nations Industrial Development Organization have recommended that a $50 million fund be established for the modernization of the textile and apparel sector in Ghana.

Kenya

Dr. Benjamin E. Kipkorir, Ambassador, Embassy of Kenya, submitted a written statement in support of the proposed legislation. Noting that the textile and apparel industries are often significant to the industrialization of an economy, the Ambassador stated that the U.S. decision in 1994 to impose quotas on shirts and pillowcases from Kenya has had a significant negative effect on Kenya. In 1994 Kenya was

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[1]Written submission to the USITC, Apr. 18, 1997.

enjoying the moderate success of its Manufacturing Under Bond and Export Processing Zones initiatives, which involved at least 50 factories and as many as 15,000 workers. The Ambassador stated that U.S. importers began sourcing from other countries once the quotas came into effect, which discouraged potential investors and led to the closing of some factories. By 1995 there were only 20 factories in operation, employing fewer than 5,000 people. The quotas are reported to have had a far-reaching effect, largely due to the uncertainty over the Kenyan Government's administration of the quotas.

According to the Ambassador, since the portion of the U.S. market supplied by the two restricted Kenyan products was 0.4 percent for shirts and 2.2 percent for pillowcases, there should be no significant damage to the U.S. sector. In testimony at the hearing, the Ambassador noted that Kenya would very much like to return to the U.S. market, which his country considers more desirable than Europe, based on relative size. The Ambassador also addressed the issue of transshipments, indicating that investigations have shown that Kenya does not have problems with this type of illegal activity.

Malawi

H. J. K. Mandindi, on behalf of the Secretary for Commerce and Industry, Government of Malawi, submitted a written statement that provided information on the textile and apparel sector in Malawi (see ch. 2 of this report). According to the submission, the textile and apparel sector in Malawi plans to expand apparel and home furnishings production and dyeing, printing, and finishing operations.

Mauritius

Chitmansing Jesseramsing, Ambassador, Embassy of the Republic of Mauritius, provided a written statement to detail his country's support for the proposed legislation. With regard to quota-free status, the Ambassador provided three arguments: only 2 of the 48 SSA countries have existing quotas imposed by the United States, and exports from the unrestricted countries are very low; competition will control any potential upsurges in goods from quota-free countries; and the U.S. global quotas are not being filled, allowing ample cushion for any minimal increases that might occur. The Ambassador suggested that duty-free access should be afforded to provide adequate footing for SSA countries, which must compete with naturally endowed, more advanced industries in the Far East and Southeast Asia, as well as with U.S. preferential trading partners in Latin America and the Caribbean. The Ambassador also stated that SSA countries are further disadvantaged by their geographic position in relation to the United States and the general state of their economies. Ambassador Jesseramsing noted that these trade provisions will help the more developed

countries initially, but these are the countries that will promote growth through investment and will be used as models for development in neighboring countries.

In testimony submitted to the Commission at the hearing, the Ambassador stated that the proposed legislation would be beneficial to Mauritius, one of two SSA nations subject to U.S. textile and apparel quotas. He stated that wages have increased as a result of full national employment, necessitating a move to higher value-added products in order to remain competitive in global markets. Duty-free treatment would help compensate for the high transportation costs, raw material deficiencies, and limited labor supply that characterize the Mauritian industry.

Mozambique

Marcos G. Namashulua, Ambassador, Embassy of the Republic of Mozambique, wrote in support of the proposed preferential treatment for SSA. He stated that Mozambique has the potential to expand production of certain textile goods, including cotton yarn, coir yarn, cotton fabric, and synthetic fabric, as well as some apparel items. The Mozambican Government has encouraged economic growth through the implementation of reforms, including initiatives to promote exports and attract foreign capital and expertise to its industries. The Ambassador noted that these measures alone are insufficient to bring about significant development; they must be paired with incentives such as quota-free and duty-free treatment to increase production and exports.

U.S. Textile and Apparel Interests

American Apparel Manufacturers Association

Larry Martin, President, American Apparel Manufacturers Association (AAMA), stated that AAMA opposes the proposed legislation. AAMA noted that providing quota-free treatment to textiles and apparel from SSA countries will most likely have little impact on their respective textile and apparel sectors, as most of the nations will not be able to develop industries capable of filling their quotas before quotas are phased out globally. AAMA agrees that some garments cannot be produced efficiently in the United States, but AAMA has a general policy of sourcing in the Western Hemisphere. AAMA stated that the U.S. industry is able to minimize costs through the North American Free Trade Agreement (NAFTA) and the 807/807A programs in Mexico and the Caribbean. AAMA would be amenable to a program for SSA such as 807, which involves greatly reduced tariffs for finished apparel products made of U.S. textiles cut domestically. The 807/807A programs require stringent documentation for both countries, which would help prevent transshipments through the SSA countries.

In testimony submitted to the Commission at the hearing, AAMA noted that U.S. apparel producers have recently experienced some success in exporting, largely because of the desirability of certain U.S. brands. AAMA could not rule out the possibility of U.S. firms' eventually establishing a co-production arrangement with African firms but considered it very unlikely anytime soon. AAMA considers the duty-free concessions to be more significant than elimination of quotas, although geographical constraints and the lack of established industries in SSA largely preclude substantial rapid growth for the region's apparel industry.

American Textile Manufacturers Institute

Carlos Moore, Executive Vice President, American Textile Manufacturers Institute (ATMI), stated that ATMI opposes the proposed legislation. ATMI noted that although less than 1 percent of U.S. textile and apparel imports come from SSA countries, more than half of the SSA countries had exported to the United States. The region has potential to participate in this trade, with few exceptions. ATMI also stated that developing textile and apparel sectors usually produce woven fabric shirts and blouses, knit shirts and tops, and trousers and shorts.

ATMI asserted that transshipments and other customs fraud will proliferate if SSA is given preferential treatment, noting that the U.S. Customs Service recognizes that eight SSA countries are frequently used for transshipments by countries with apparel quotas. With the possibility of using the SSA countries as a springboard to the U.S. market, ATMI stated, the textile industries of India and some Asian countries would unintentionally benefit from the proposed legislation. Additionally, ATMI stated that the Indian and Asian textile producers would be the most likely suppliers of fabric to the SSA apparel industry.

ATMI also stated that the proposed legislation would compound the negative effects of quota-free and duty-free treatment for SSA countries, as the bill would remove the right of the United States to invoke the provisions of article 6 of the World Trade Organization (WTO) Agreement on Textiles and Clothing, a safeguard allowed to all WTO member countries.

ATMI stated that it opposes passage of the proposed legislation on the basis of the extreme cost that the bill would impose on the U.S. textile and apparel industries and on countries with which production partnerships have been established, including Caribbean countries and Mexico.

Clothing Manufacturers Association of the United States of America

Robert Kaplan, Executive Director, Clothing Manufacturers Association of the United States of America (CMA), stated that CMA opposes the proposed legislation because of concerns that U.S. jobs will be lost to workers in countries with relative labor cost advantages. Representing U.S. producers of men's and

boys' tailored clothing, CMA noted that U.S. Department of Commerce data for 1996 show that domestic cuttings for men's and boys' suits fell to a record low of 9.1 million units, while suit imports rose to a record high of 6.6 million units. Similarly, the total number of domestic cuttings of wool and wool-blend suits fell to 2.6 million units in 1996, a 30-year low, while imports increased by 200,000 units to 4.9 million. South African wool suit production rose significantly, nearly doubling from 52,000 units in 1994 to 95,000 units in 1996.

Cranston Print Works Co.

George W. Shuster, President, Cranston Print Works Co. (CPW), expressed his firm's concern about providing duty-free and quota-free access to textile goods from SSA countries. CPW buys fabric from around the world, prints designs on the fabric in the United States, and sells the printed fabrics worldwide for a variety of uses. CPW anticipates a negative impact on the U.S. textile and apparel industry if the proposed legislation is passed and contends that the industry is struggling, primarily because of detrimental trade policy. Additionally, CPW stated that the proposed benefits for SSA will make this region attractive for transshipments of textile and apparel goods.

Footwear Industry of America

Fawn Evenson, President, Footwear Industry of America (FIA), provided FIA's position on H.R. 1432, which includes preferential treatment for footwear from SSA. FIA represents the interests of U.S. producers and distributors of nonrubber footwear, which are located in 38 States and include over 350 establishments. FIA opposes duty-free treatment under the Generalized System of Preferences (GSP) for nonrubber footwear. Growth of this industry in other parts of the world, particularly Asia, has hurt the U.S. industry; this is indicated by U.S. Labor Department reports of a 60-percent drop in U.S. sector employment during 1984-96. FIA noted that imports rose from 726 million pairs in 1984 to 1.1 billion pairs in 1996, and now account for about 90 percent of the U.S. market.

FIA stated that U.S. trade policy has historically reflected the import sensitivity of the nonrubber footwear industry. Nonrubber footwear is excluded from the Caribbean Basin Initiative (CBI), the Andean Trade Preference Act, GSP, and duty cuts in both the Tokyo and Uruguay Rounds. In addition, these goods are scheduled for a 10-year phaseout of duties under NAFTA. FIA stated that SSA countries exhibit the characteristics of other countries that have successfully established a footwear industry; including low-cost labor, a plan for economic development, and a leather industry. Moreover, FIA stated, the SSA countries have the benefit of international assistance for the development of their leather industries, as evidenced by the

sponsorship by international organizations of two leather industry trade fairs for African producers. FIA asserted that the increased imports from SSA nonrubber footwear producers will cause serious damage to U.S. firms.

Luggage and Leather Goods Manufacturers of America

The Luggage and Leather Goods Manufacturers of America, Inc. (LLGMA), which represents the U.S. luggage, flat goods, and handbag industry, provided a written statement opposing the proposed legislation. LLGMA stated that U.S. producers of these goods have experienced serious competition from imported products since 1984, and U.S. employment in this sector dropped off substantially during the period.

According to LLGMA, U.S. trade policy has reflected that this industry, like the nonrubber footwear industry, is import sensitive. These products are also excluded from the CBI, the Andean Trade Preference Act, the GSP, and duty cuts in both the Tokyo and Uruguay Rounds. They are also scheduled for a 10-year phaseout of duties under NAFTA. LLGMA noted the fact that SSA countries have low wages, which makes them attractive to firms in labor-intensive industries. With the mobility of capital, investors could easily move into SSA countries and develop a strong exporting industry. LLGMA also indicated that international organizations are cultivating a healthy leather industry in SSA, which could make these countries even more appealing for foreign enterprises. In addition to increases in legitimate trade, LLGMA expressed concern about the possibility that transshipments could proliferate to the detriment of the U.S. industry.

National Association of Hosiery Manufacturers

Chuck Brooks, Executive Vice President, National Association of Hosiery Manufacturers (NAHM), stated that although U.S.-SSA trade of hosiery is currently limited, NAHM is optimistic that the potential for expansion exists. NAHM stated that it supports trade measures offering "mutual benefits and opportunity" for both regions, as well as government policies that will promote U.S. exports, eliminate unfair foreign trade practices, and enforce existing trade laws.

National Knitwear and Sportswear Association

Seth M. Bodner, Executive Director, National Knitwear and Sportswear Association (NKSA), stated that the American Apparel Alliance, which consists of NKSA and the American Apparel Contractors Association, opposes the proposed legislation. The Alliance's submission noted that U.S. apparel imports exceeded U.S. apparel exports by $34 billion in 1996. In the view of the Alliance, the current U.S. quota

system is only minimally effective in protecting the domestic industry because of exceptions in favor of certain countries (e.g., the Caribbean) and the global phaseout of quotas. The Alliance also stated that because of offshore labor cost advantages, some large U.S. firms have relocated their production sites, creating additional pressure on small firms that cannot readily relocate. The Alliance predicted that quota-free entry for $3.5 billion in U.S. apparel imports from SSA (the proposed cap in H.R. 4198) would probably displace 256,000 U.S. workers. The issue of transshipments, particularly of goods produced in China, is also of concern to the Alliance.

Neckwear Association of America

The Neckwear Association of America, Inc. (NAA), which represents the majority of U.S. necktie producers, stated that, in conjunction with already stiff competition from Asian necktie imports, duty-free and quota-free treatment for apparel from SSA would cause further damage to the U.S. industry. Many SSA countries have a low-wage labor force and ample raw materials, elements conducive to the development of a necktie industry. NAA stated that the U.S. Government recognized the vulnerability of the U.S. industry many years ago when it excluded neckties from GSP. NAA stated that the U.S. necktie industry should not be sacrificed for the economic development of SSA.

Northern Textile Association

Karl Spilhaus, President, Northern Textile Association (NTA), stated that NTA opposes the proposed legislation. NTA noted that although textile imports from SSA are not currently high, certain countries are experiencing growth. For example, wool and cotton apparel and manmade-fiber imports from South Africa have grown significantly since 1994, with manmade-fiber yarn imports doubling annually.

NTA stated that it has received reports that cheap cotton diapers and blouses from Lesotho have hurt U.S. producers. NTA also asserted that it has concerns about customs fraud involving the products of SSA countries. In addition, NTA noted that U.S. textile firms may lose money from counterfeits of their protected textile patterns in countries with limited protection of intellectual property rights. NTA also objected to the extension of trade concessions to countries which have extremely protected markets.

Burlington Industries, Inc.

George W. Henderson, III, President and CEO, Burlington Industries, Inc., Greensboro, NC, a diversified U.S. textile producer, stated that his firm opposes the extension of duty-free and quota-free access to textiles and apparel from SSA. Burlington stated that the U.S. textile industry continues to lose jobs owing

to growing textile and apparel imports. The phaseout of quotas under the WTO Agreement on Textiles and Clothing and free-trade agreements with new countries create further import growth at the expense of domestic production and employment. Burlington expressed concern that problems could arise with monitoring and implementation of the preferential customs treatment because of SSA's distance from the United States, increasing the likelihood of transshipments and other import fraud. Burlington stated that a different type of assistance should be granted to SSA to avoid penalizing a U.S. manufacturing sector already in difficulty.

Other Interested Parties

Cha Group in Africa

The Cha Group in Africa is a group of textile and apparel firms located primarily in Nigeria, Ghana, Togo, and the Democratic Republic of Congo-Kinshasa. These firms use African-grown cotton to produce various fabrics, the most important of which is wax-resistant dyed fabric. The Cha Group believes that if the United States grants duty-free and quota-free entry to textiles and apparel from SSA, member firms would be able to diversify and expand capacity and output with an assured market. Entry into the U.S. market could give the firms an opportunity to produce lower quality goods while learning the marketing skills necessary to eventually sell higher quality goods such as the wax-resistant dye fabric. In a meeting held with USITC staff, the Cha Group stated that most marketing is done through long-term connections with middlemen. Exports to neighboring African countries are limited because of high tariffs which allow only for small shipments of goods. The Cha Group's efforts at exporting to the U.S. and European Union (EU) markets have been hampered by the fact that wax-resistant dyed fabric is not easily marketed there. Other fabrics could be produced, but markets for them are much more competitive and thus less likely to be profitable.

Clothing Federation of South Africa

Mike Getz, on behalf of the Clothing Federation of South Africa (CLOFED), Gardenview, South Africa, stated that CLOFED supports the granting of duty-free and quota-free entry to textiles and apparel from SSA. In a written submission, CLOFED described the general state of affairs in SSA. The average gross national product (GNP) per person in SSA consistently decreased between 1979 and 1996, assuring its status as the poorest region in the world. Foreign aid to SSA has declined steadily since the early 1990s, relative to other regions in the world. However, South Africa is acknowledged as one of the strongest economies in Africa, contributing the most to overall GNP in southern Africa. Despite the economy's size, unemployment in the country is high and there is difficulty attracting fixed investment. This is characteristic

of many countries in SSA that show potential for development. However, there is a trend in many SSA countries to move toward free markets, trade and foreign-exchange liberalization, lower government expenditures, and improvements in political stability and the justice system. The congressional proposal on duty-free and quota-free entry for textiles and apparel may help sustain these developments. CLOFED cited Professor J. Sachs, who suggests that the best way to support development in Africa is to open the markets of the developed world to African exports.

CLOFED also pointed to the proposed legislation as a step toward repairing the economic distortions caused by the exclusion of textiles and apparel from trade liberalization agreements around the world. The measure could provide impetus for South Africa to enter into a free-trade arrangement with neighboring countries, thus promoting cooperation and development in the region; such an arrangement would be especially profitable for some of the lesser developed countries. CLOFED also suggested that U.S. exports to South Africa would increase, especially exports of machinery.

Because South Africa is a middle-cost producer, the industry could compete in the middle to upper end of the U.S. market, where there are few imports of textiles and apparel from Africa. According to CLOFED, even a 10-fold increase would be insignificant compared with total U.S. imports and production of apparel. However, such an increase in exports would be extremely beneficial to South Africa, probably creating jobs in the sector and in allied industries. Furthermore, CLOFED claimed that, in discussions between CLOFED and the American Apparel Manufacturers Association 2 years ago, there was agreement that, given certain limits, improved access to the U.S. market could be granted to apparel from South Africa.

Investment Promotion Centre

Dr. Joseph N. K. Arap Ng'Ok, Executive Chairman, Investment Promotion Centre (IPC), Nairobi, Kenya, presented a written statement, through the Kenyan Embassy, supporting the initiative to grant duty-free and quota-free access to textiles and apparel from SSA. The IPC pointed to Kenya's history of textile and apparel exports to the United States, which began in 1990 following implementation of export-promotion plans. By 1994, the Kenyan textile and apparel industry was growing steadily and relied on exports to the U.S. market for most of its business. However, the U.S. quotas imposed in 1994 caused considerable damage to the industry, particularly in terms of its ability to attract investment. The IPC claimed that the number of firms in the industry fell from 50 in 1994 to 11 in 1997. The IPC estimated that without the quotas, by the end of 1998, Kenya would have had significant development funds allocated to the textile and apparel industry and related industries, contributing to an industrial takeoff.

The IPC cited the comments of Congressman Jim McDermott opposing limits on U.S. imports of textiles and apparel from SSA, given the small amounts involved. The IPC also stated that increased imports from SSA will provide only minimal disruption to the U.S. sector. Supporting the same type of provision for other types of products as well, the IPC cited the idea that a strong trade relationship with SSA will be the best means of help for political and economic development in the region.

The IPC stated that Kenya is especially suitable for the proposed measures. The country has recently adopted a democratic system with elections to be held this year. Economic reforms have included the removal of price and foreign-exchange controls as well as extensive privatization and special programs to promote production for export. According to the IPC, Kenya hopes that the removal of quotas and the adoption of these proposed measures by Congress will help industrialize and modernize the country so that it can serve as an example to neighbors in the region.

International Mass Retail Association (IMRA)

International Mass Retail Association (IMRA), Washington, DC, represents various stores, outlets, and industry suppliers. Robert J. Verdisco, President, and Robin W. Lanier, Senior Vice President, of IMRA, accompanied at the hearing by Ms. Laura Baughman, President, The Trade Partnership, Washington, DC, stated that IMRA supports the proposed measures to grant duty-free and quota-free access to textiles and apparel from SSA. IMRA stated that such a measure would be of significant benefit both to SSA and to U.S. consumers without harming U.S. producers. Furthermore, by granting this type of access to SSA producers, the United States would be helping develop SSA's competitive potential vis-a-vis Asia.

IMRA stated that SSA's exports of textiles and apparel are declining and make up only a small portion of commodities sourced by U.S. retailers and importers. Recently, these importers and retailers have found additional impetus to develop their relationship with SSA as goods from more traditional regions have become too costly. IMRA has ranked the following countries in descending order in terms of their importance as suppliers for U.S. importers and retailers: South Africa, Mauritius, Lesotho, Kenya, Swaziland, Zimbabwe, Botswana, Malawi, and Tanzania. According to IMRA, the United States currently imposes costly quotas on Mauritius and Kenya and prohibitively high tariffs on the region as a whole. IMRA stated that these trade restrictions limit U.S. firms' interest in SSA by making the final cost of SSA goods higher than that of similar items from Mexico or CBI countries. The WTO Agreement on Textiles and Clothing is not enough to prevent continued trade restrictions for SSA countries, mostly because of the provision for "transitional safeguards" but also because the agreement terminates in 2005. Furthermore,

some SSA countries are not yet members of the WTO. IMRA stated that it is important to implement the proposed measures as soon as possible to benefit SSA as well as U.S. retailers, importers, and consumers.

IMRA stated that there are several advantages to sourcing apparel and textile home furnishings in SSA. The region's ethnic Afrocentric home furnishings and apparel have a significant and growing market in the United States. In addition, the region produces low- to moderately-priced basic apparel products, which represent the most important goods for IMRA members. Another advantage comes from the fact that producers in SSA are usually cost competitive compared with those in Asia. Lower productivity in SSA is balanced by the region's lower wages. Finally, a current advantage for suppliers in SSA is that most do not have to contend with U.S. quotas, which many of their Asian competitors face.

IMRA also noted the disadvantages associated with seeking suppliers in SSA. The region can exhibit high craft and apparel product prices. There are various problems associated with supply: poor internal infrastructure, difficult production coordination, and problematic delivery. Finally, capital for financing export ventures is difficult to obtain. Access to the U.S. market afforded by the proposed quota-free and duty-free entry would allow U.S. importers and retailers, as well as suppliers in SSA, to surmount these disadvantages and exploit the advantages noted above to become competitive in the production of textiles and apparel for export to the global market.

IMRA stated that duty-free treatment for SSA apparel would lower the cost of all apparel sold domestically, freeing resources to be used more efficiently in other sectors. It noted that there are many factors that reduce the competitiveness of SSA countries, and the elimination of duties could help minimize the difficulties in doing business there. IMRA contended that quotas also dampen the attractiveness of a market, even if the only effect is psychological; removing quotas for SSA will have a positive effect on the performance of countries in that region. Acknowledging that quotas will be lifted globally in 2005, IMRA indicated that without implementation of the current proposal, the SSA countries will be too far behind the rest of the world to attract interest away from more established exporting countries.

In a posthearing brief, IMRA stated that U.S. producers are not capable of serving as sole suppliers of certain commodity apparel products, such as T-shirts and trousers, and that the cost of this legislation to U.S. producers would be minimal.

Mauritius-U.S. Business Association, Inc.

The Mauritius-U.S. Business Association, Inc. (MUSBA) is a nonprofit chamber of commerce in Washington, DC, consisting of various firms and individuals in the private sectors of both countries. Paul Ryberg, Jr., President, stated that MUSBA supports duty-free and quota-free access to the U.S. market

because it will promote growth and development in SSA and alleviate the adverse consequences of the WTO Agreement on Textiles and Clothing and NAFTA. The textile and apparel sector is now the largest industry in Mauritius and, therefore, it is important to develop and maintain U.S. market access for this sector of Mauritius' economy. Without such access, SSA countries will not be able to develop healthy textile and apparel industries and, thus, economic development will be even more difficult to achieve.

New South Africa Garment Manufacturers

Dr. Suleman Cotwall, Director, New South Africa Garment Manufacturers, stated that his organization supports the proposed legislation. The organization stated that the global community is responsible for helping South Africa in its post-apartheid period, and underscored the importance of economic viability to the stability of the country. The organization stated that many industries feed off of the apparel industry, including the textiles, printing, and transportation industries. By encouraging economic development and creating jobs, the United States would be helping scores of previously oppressed South Africans. Moreover, the organization stated, this assistance comes at little cost to the U.S. industry, as technological developments will allow the U.S. industry to maintain its substantial lead over South Africa for many years to come.

South African Chamber of Business

Philip J. Krawitz, President, South African Chamber of Business (SACOB), Aucklandpark, South Africa, which represents over 45,000 businesses and is the largest employer organization in South Africa, stated that SACOB welcomes the proposed measure as a much needed step in the region's development. SACOB pointed out that in South Africa, the export of high labor-value-added products is necessary to alleviate the conditions of rising unemployment. South Africa has had difficulties in making the necessary structural adjustments involved in keeping up with economic globalization. SACOB said that while South African labor benefits from relatively high wages in the region, retraining is difficult because of the poor education offered laborers under apartheid. The measures proposed by Congress would help alleviate these problems, not only in South Africa but also among countries participating in the Southern African Free Trade Agreement. These countries' exports of textiles and apparel are small and, thus, would have little impact on the U.S. economy.

Textile Federation

Brian Brink, Executive Director, Textile Federation (the official organization of the South African Spinning, Knitting, Weaving and Synthetic Fibre Producing Industries), Johannesburg, South Africa, stated that the Federation supports the proposed measure. The Federation stated that the proposed measure would provide a means for regional development in Africa through job creation and economic growth and that this type of arrangement would be more effective than direct aid. A surge in U.S. textile and apparel imports from SSA after implementation of the proposal is unlikely, as installed capacity in the region is low. The only risk might come from "quota jumping" from foreign countries and an accompanying small shift in sourcing of U.S. imports. Also, South Africa may benefit from increased foreign investment from countries whose exports are still under U.S. quotas. The Federation stated that if quota-free access is granted to South African textile and apparel goods, it is not likely that U.S. demand will increase. Should duty-free access be granted these goods, however, it is likely to increase their competitiveness in the U.S. market and, hence, demand for them. This would create an increase in investment and create jobs in the South African textile and apparel sector.

U.S. Association of Importers of Textiles and Apparel

The U.S. Association of Importers of Textiles and Apparel (USA-ITA), New York, represented by Francis X. Kelly, Chairman of the Board of Directors and Vice President for International Trade at Liz Claiborne Inc., and Brenda Jacobs, Counsel to USA-ITA, supports the granting of duty-free and quota-free treatment to U.S. imports of textiles and apparel from SSA. The USA-ITA is a trade association of more than 165 manufacturers, distributors, retailers, and related service providers involved in sourcing textiles and apparel domestically and internationally. USA-ITA member firms employ over 1 million people and generate sales of more than $44 billion annually.

The USA-ITA stated that it supports the proposed measure because of the benefits it will provide to SSA countries and U.S. consumers. Such a measure would be of potential benefit to the U.S. textile industry and would have minimal impact on the U.S. apparel industry. Importers would benefit from reduced costs and a larger market. The current quotas on various SSA textile and apparel shipments are unnecessary, and quota-free and duty-free treatment accorded these shipments would allow the region to augment existing levels of exports and eventually compete with Asian producers. The USA-ITA underscored the difficulty that U.S. firms have had in moving operations to SSA as a result of U.S. trade restrictions; consequently, imports from the region have remained flat. SSA countries have had problems with the trade restrictions as well. According to the USA-ITA, more than 30 firms and about 10,000 people have been forced out of the industry because of the U.S. quotas on pillowcases and men's shirts from Kenya. The USA-ITA also claimed that the

new U.S. rules of origin for textile articles, which went into effect on July 1, 1996, have had similar effects on Kenya's economy. Although there is a risk of transshipment under the new measures, these problems can be solved through intergovernmental programs. USA-ITA used South Africa as an example of how minimal trade restrictions can benefit a country: South African exports of textiles and apparel have increased because they have not been subject to any quotas since the lifting of the U.S. embargo in 1991.

APPENDIX E
Technical Description of the Model and Underlying Parameter Estimates and Supplemental Economic Analysis

This appendix consists of four sections. The first provides a description of the method used to estimate the export tax equivalent of the U.S. quotas applied to imports of apparel from Mauritius. The second section describes the range of parameter estimates used in the model simulations reviewed in chapter 3 and below. The third part describes the equations underlying the model used in this study. Finally, additional simulations requested by House Ways and Means Committee staff are reviewed.

Estimation of Export Tax Equivalents

The upper-bound export tax equivalent estimates reported in chapter 3 were calculated from estimated unit supply costs for comparable goods produced in Hong Kong. First, for quota categories 338 and 339, Hong Kong unit supply costs are calculated by the following:

$$C_i^{HK} = P_i^{HK} - L_i^{HK} \quad (1)$$

where C_i denotes the estimated unit cost, P_i represents the f.o.b. unit value, and L_i is the license price per unit for product category i.[1] The Hong Kong license prices are used as a proxy for the unit values of the price gaps generated by the respective quotas.[2] The export tax equivalents for each of these categories can then be calculated by: L_i^{HK}/C_i^{HK}.

The calculation of estimated unit costs and the export tax equivalents for Mauritius is based on the assumption that the unit costs of the exported products would be similar for the two countries after accounting for differences in production costs. Previous research concerning the economic effects of the Multifiber Arrangement and Agreement on Textiles and Clothing quotas has relied on a similar approach that adjusts the Hong Kong supply costs for each quota category using the ratio of wages to gross output.[3] An alternative approach that makes use of more current, sector-specific data is used here.[4] Estimates of production costs per standard apparel minute are used. These production cost comparisons, which essentially

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[1]The f.o.b. unit values are calculated from U.S. import data reported in USITC, *Annual Statistical Report on U.S. Imports of Textiles and Apparel: 1996* (USITC publication 3038), Apr. 1997. The values and quantities reported in this report are on a "customs value" basis. This valuation is the equivalent of the f.o.b. designation for exports. The license prices were provided to the Commission by the International Business and Economic Research Corporation (IBERC). These prices are annual averages of weekly prices reported to IBERC by a Hong Kong broker.

[2]Unlike most of the exporting countries that are restricted by textile and apparel quotas, Hong Kong allows quotas to be traded openly. Thus, much of the past research regarding the price effects of the Agreement on Textiles and Clothing (and earlier Multifiber Arrangement) quotas has relied on Hong Kong license prices and/or license price data from other countries when such data have been available. See, for example, Carl B. Hamilton, "Restrictiveness and International Transmission of the 'New' Protectionism," in *Issues in US-EC Trade Relations*, ed. Robert E. Baldwin, Carl B. Hamilton, and Andre Sapir (Chicago: The University of Chicago Press, 1988), pp. 199-224.

[3]See, for example, Irene Trela and John Whalley, "Global Effects of Developed Country Trade Restrictions on Textiles and Apparel," *The Economic Journal*, 100 (Dec. 1990), pp., 1190-1205, and USITC, *The Economic Effects of Significant U.S. Import Restraints: First Biannual Update* (USITC publication 2935), Dec. 1995.

[4]This approach was also taken by Linda A. Linkins, "Assessing the Economic Impact of the MFA: An Analysis of Estimation, Aggregation, and Modeling Methods" (Ph.D. diss., American University , forthcoming).

reflect the cost of goods sold, are potentially better measures than the data used in earlier work because in addition to labor compensation costs and productivity, the measures include all other operating costs.[5]

The production cost estimates for Hong Kong and Mauritius were used to estimate the supply cost for Mauritius as follows:

$$C_i^M = C_i^{HK}\left(\frac{COGS^M}{COGS^{HK}}\right) \tag{2}$$

where COGS represents the production cost estimate, i denotes the two quota categories, and M and HK denote Mauritius and Hong Kong, respectively. From these estimated unit supply costs, tariff equivalents can be calculated by: $(P_i^M - C_i^M) / C_i^M$.

Aggregate export tax equivalents (TEs) are calculated by the following:

$$TE = \sum_i \sum_c \frac{(P_i^c M_i^c - C_i^c M_i^c)}{C_i^c M_i^c} \tag{3}$$

where the superscript c denotes each of the SSA countries and M represents import quantities. For countries not covered by quotas or for products covered by nonbinding quotas, P_i is assumed to equal C_i.

Description of Parameter Estimates

The partial equilibrium model used in this study requires several behavioral parameter estimates: price elasticity of demand for the composite product; substitution elasticity between the domestic product, product imports from SSA, and product imports from the rest of the world; and the respective import and domestic supply elasticities. Table E-1 shows the elasticities used in the model simulations. The sources for these estimates are discussed below.

Values for the price elasticity of aggregate demand were taken from Cline.[6] The values for the elasticity of substitution between domestic goods and corresponding imports are based on the range of elasticity estimates taken from the literature. De Melo and Tarr developed low and high estimates of 0.62 and 4.56 for textiles

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[5]These data were supplied by the Government of Mauritius in its posthearing submission. These data are similar to those reported in Kurt Salmon Associates (KSA), *Cost Comparisons Study* (Dusseldorf: Kurt Salmon Associates, 1995). KSA's country comparisons are based on a typical apparel production plant in the respective country and account for wages and associated wage costs, productivity, working days and working hours, cost of management and service staff, running costs, and material costs.

[6]William R. Cline, *The Future of World Trade in Textiles and Apparel* (Washington, DC: Institute for International Economics, 1987), pp. 297-298. Cline adopted estimates of -0.9 for apparel and -0.4 for textiles. An average of these estimates was also used by Trela and Whalley. In the current research, the value for the textile sector was increased to 0.5.

and apparel combined, with a central elasticity of 2.58.[7] Erzan, Goto, and Holmes used a value of 3.0, the approximate mid-point between the high and low elasticities used in an earlier study by Tarr and Morkre.[8] Reinert and Shiells estimated substitution elasticities for apparel and various textile sectors.[9] Their sectoral estimates generally fall within these ranges. The range used in the current research (2 to 3) is based on de Melo and Tarr's central estimate (2.58).

There is little empirical work on which to base the elasticities of supply. Cline, citing earlier research, assumed that the domestic supply elasticity for both the textile and apparel industries was 1.0.[10] Erzan, Goto, and Holmes adopted values of 1.5 for U.S. apparel suppliers and 2.0 for restricted and unrestricted foreign suppliers.[11] They also ran simulations that assumed infinite supply elasticities for all three types of suppliers. The lower-bound domestic supply elasticities shown in table E-1 are based on Erzan, Goto, and Holmes (apparel) and Cline (textiles). These values were doubled for the upper-bound scenarios. The supply elasticities adopted for SSA suppliers and suppliers from the rest of the world assume that textile suppliers are less responsive to changes in price (in either direction) than suppliers of apparel.

Table E-1
Upper and lower-bound parameter estimates

	Apparel		Textiles	
Parameter	Lower-bound	Upper-bound	Lower-bound	Upper-bound
Aggregate demand elasticity (NA)	-0.9	-0.9	-0.5	-0.5
Substitution elasticity (σ)	2	3	2	3
Supply elasticities :				
U.S. production (ϵ_{si})	1.5	3	1	2
U.S. imports from Sub-Saharan Africa (ϵ_{si})	5	10	3	5
U.S. imports from the rest-of-the-world (ϵ_{si})	5	10	3	5

Source: References are cited in the preceding text.

[7]Jaime de Melo and David Tarr, *A General Equilibrium Analysis of US Foreign Trade Policy* (Cambridge, MA: The MIT Press, 1992), pp. 230-231.

[8]Refik Erzan, Junichi Goto, and Paula Holmes, "Effects of the Multi-Fibre Arrangement on Developing Country Exporters," in *Textiles Trade and the Developing Countries: Eliminating the Multi-Fibre Arrangement in the 1990s*, ed. Carl B. Hamilton (Washington, DC: World Bank, 1990), p. 97. See also, David Tarr and Morris Morkre, *Aggregate Cost to the United States of Tariffs and Quotas on Imports* (Washington, DC: Federal Trade Commission, 1984).

[9]Kenneth A. Reinert and Clinton R. Shiells, "Estimated Elasticities of Substitution for Analysis of a North American Free Trade Area," Staff Research Study No. 19, Office of Economics (Washington, DC: U.S. International Trade Commission, 1991).

[10]Cline (1987), p. 307.

[11]Erzan, Goto, and Holmes (1990), p. 97.

In contrast to the estimates presented above, the parameter values used by the International Mass Retail Association in its analysis of the proposed legislation are as follows:

Aggregate demand elasticity: -0.282[12]
Elasticity of substitution: 0.45[13]
Domestic supply elasticity: 1
Import supply elasticity (from SSA and the rest of the world): infinity

These parameter estimates have been used in earlier research related to textiles and apparel.[14]

Commission staff selected higher elasticity values so as to reduce the possibility of understating the impact of the proposed policy changes on the domestic industry. Additional sensitivity analysis to supplement the analysis presented in chapter 3 is included in the final section of this appendix. The additional simulations show the impact of assuming infinite elasticities of supply, rather than the values shown in table E-1.

Description of Model Structure[15]

As noted in chapter 1, the model used in this research is a comparative-static nonlinear partial equilibrium model. It resembles most other partial equilibrium models in that import demand and export supply are defined over the prices of the specific commodities that are being modeled.[16] The model does not account for the upstream-downstream price effects generated by the policy shocks. Rather, it only considers the effects on the immediate sector of interest. The model treats goods from different regions as imperfect substitutes and makes use of a constant elasticity of substitution aggregation function.

The CES composite good, Q, is defined as--

$$Q = \left[\sum_{i=1}^{n} \alpha_i X_i^{\rho} \right]^{1/\rho} \qquad (4)$$

where X_i represents the domestic and import goods and α denotes the CES weights. In the current research, the import goods are defined by region--SSA and the rest-of-the-world. Here and in subsequent equations, $\rho = 1 - (1/\sigma)$, where σ denotes the substitution elasticity. The price index associated with Q is--

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[12]H. S. Houthakker, "New Evidence on Demand Elasticities," *Econometrica*, 33, no. 2, (1965), pp. 277-288.

[13]This estimate was taken from Kenneth A. Reinert and David Roland-Holst, "Armington Elasticities for the United States Manufacturing Sectors," *Journal of Policy Modeling*, 14, no. 5, (1992), pp. 631-639.

[14]As noted earlier, the domestic supply elasticity was adopted by Cline. Erzan, Goto, and Holmes adopted Houthakker's estimate of -0.282 for their analysis and assumed an import supply elasticity of infinity for the purpose of sensitivity analysis. The substitution elasticity estimate of 0.45 has been used previously by the Commission. See, for example, USITC, *The Economic Effects of Significant U.S. Import Restraints, Phase III: Services, with a Computable General Equilibrium Analysis of Significant U.S. Import Restraints* (USITC publication 2422), Sept. 1991.

[15]The description of the model is taken from the discussion in Joseph F. Francois and H. Keith Hall, "Partial Equilibrium Modeling," in *Trade Policy Modeling: A Handbook*, ed. Joseph F. Francois and Kenneth A. Reinert (Cambridge: Cambridge University Press, 1997).

[16]A number of previous Commission studies have used similar partial equilibrium models to examine changes in U.S. trade policy. See, for example, USITC, *Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements* (USITC publication 2790), June 1994.

$$P = \left[\sum_{i=1}^{n} \alpha_i^{\sigma} P_i^{1-\sigma} \right]^{1-1/\rho} \tag{5}$$

The demand for X_i can be defined as--

$$X_i = \left(\frac{\alpha_i}{P_i} \right)^{\sigma} P^{\sigma-1} Y \tag{6}$$

where Y denotes total expenditure in the importing country market.

These equations, in conjunction with supply equations, define a nonlinear system.[17] Excess demand in each market then becomes--

$$\left(\frac{\alpha_i}{P_i} \right)^{\sigma} P^{\sigma-1} Y - K_{si} \left(\frac{P_i}{(1+t_i)(1+te_i)} \right)^{\epsilon_{si}} = 0. \tag{7}$$

Here, ϵ_{si} represents the supply elasticity for the respective country suppliers. The ad valorem tariff and export tax equivalent for the apparel quotas are denoted by t_i and te_i, respectively. The denominator in the second term does not apply to the domestic market.

Composite demand can be defined as--

$$Q = k_A P^{NA} \tag{8}$$

where k_A is the composite demand constant and NA denotes the aggregate demand elasticity. It follows that excess demand for the composite good is then--

$$k_A P^{NA+1} - Y = 0. \tag{9}$$

[17]The supply equations in the model assume a constant supply elasticity.

Additional Simulations and Sensitivity Analysis

Estimated Impact of Imports Reaching $3.5 Billion

Staff of the House Ways and Means Committee also requested, in discussion with Commission staff, that the Commission provide estimates of what the likely impact on U.S. producers and U.S. workers would be if U.S. imports of textiles and apparel from SSA were to increase to $3.5 billion. In 1996, apparent U.S. consumption of textiles and apparel amounted to approximately $175.8 billion, with the share of U.S. imports from SSA accounting for 0.2 percent. In terms of 1996 apparent U.S. consumption, imports of $3.5 billion would account for approximately 2.0 percent.

As shown in chapter 3, the estimated increases in U.S. imports of textiles and apparel from SSA generated by tariff and quota elimination result in import levels that remain substantially less than $3.5 billion. Thus, additional shocks had to be applied to the model to increase imports to this level.[18] The simulation was conducted at the most aggregate level possible, combining textiles and apparel. In addition, parameter values were increased to reflect the more long run nature of this simulation.[19]

The results of the quantitative analysis reported in chapter 3 and information discussed in chapters 2 and 3 regarding existing SSA industry conditions suggest that an increase in U.S. imports of textiles and apparel from SSA to $3.5 billion is unlikely in the short term. However, if U.S. imports of textiles and apparel from SSA were to reach approximately $3.5 billion, part of the increase would occur at the expense of U.S. imports from the rest of the world. The estimated decline in U.S. imports from the rest of the world amounts to just over 1 percent. This displacement reduces the impact on U.S. production and employment. Shipments of U.S.-produced textiles and apparel would most likely decline by an estimated 0.6 percent ($767.1 million). Assuming that changes in the labor force directly corresponds to the estimated change in domestic shipments, the number of full time equivalents (FTEs) would decline by approximately 0.6 percent (7,750).[20]

Sensitivity Analysis

To test how sensitive the model was to alternate assumptions regarding import supply elasticities, Commission staff ran additional simulations. Both simulations retained the upper-bound elasticities used in chapter 3 for aggregate demand elasticity (0.9), substitution (3), and domestic supply (3). The supply elasticities for SSA and the rest of the world were increased to values that approach infinity. The results are shown in table E-2 along with comparable upper-bound simulations that were reported in table 3-4 in Chapter 3.

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[18]This was accomplished by introducing a price shock.

[19]The elasticity values are as follows: aggregate demand, 1.1; domestic supply, 5; SSA and rest-of-the- world supply, approaching infinity; and substitution, 4.

[20]As noted in ch. 3, the number of FTEs does not necessarily correspond to actual jobs.

Table E-2
Sensitivity analysis of estimated economic effects arising from quota and duty-free treatment for U.S. imports from Sub-Saharan Africa[1]

Simulation and sector	U.S. imports from Sub-Saharan Africa	U.S. imports from Rest-of-the-world	Domestic shipments	Tariff revenue	Net welfare [2]
	Percentage change			*Change in Million dollars*	
Upper-bound results from table 3-4:					
All apparel	45.9	(0.2)	(0.1)	(74.5)	96.4
Shirts and blouses	52.7	(0.4)	(0.2)	(47.3)	58.2
Adjusted import supply elasticities:					
All apparel	61.3	(0.2)	(0.1)	(77.8)	150.0
Shirts and blouses	70.9	(0.5)	(0.3)	(50.3)	91.2

[1] Numbers shown in parentheses are negative.
[2] Includes transfer of quota rents amounting to $1.0 million.

Source: Estimated by USITC staff.

Increasing the import supply elasticity in both simulations generates a larger increase in U.S. imports from SSA and slightly greater declines in U.S. imports from the rest of the world. Larger gains in net welfare and slightly larger tariff revenue losses result primarily from declining prices in the U.S. market and the decrease in the value of imports entering the U.S. from the rest of the world. In addition, the growth in U.S. imports from SSA leads to a slightly greater decline in U.S. shipments.

APPENDIX F
U.S. General Imports of Textiles and Apparel From Selected Countries in Sub-Saharan Africa, 1993-96

Textiles and apparel: Imports from Sub-Saharan Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				—1,000 dollars—			
200.–Cot/MMF yarn, thread	397	572	268	173	373	487	244	169
201.–Cot/MMF specialty yarns	0	0	3	0	0	0	10	3
218.–Cot/MMF colored yarn	126	71	72	54	172	114	164	174
219.–Cot/MMF duck fabric	521	1,111	94	0	373	727	65	1
220.–Cot/MMF special weave	1,441	1,278	1,002	580	2,160	1,912	1,655	933
222.–Cot/MMF knit fabric	7	358	251	441	7	205	170	293
223.–Cot/MMF non-woven fabric	146	0	0	10	73	0	0	8
224.–Cot/MMF pile tuft fabric	1	2	1	0	5	5	8	1
225.–Cot/MMF blue denim		0	0	285		0	0	444
226.–Cot/MMF cheesecloth	1,811	1,448	667	249	595	427	295	639
229.–Cot/MMF special purpose	596	936	927	910	2,998	3,450	4,823	4,596
237.–Cot/MMF playsuits	279	192	600	64	349	388	2,346	173
239.–Cot/MMF baby garments	2,029	1,982	2,691	1,017	2,526	3,129	5,009	3,272
300.–Carded cotton yarn	12,491	5,338	0	333	3,277	1,585	0	83
301.–Combed cotton yarn	2,104	0	0	1	650	0	0	2
313.–Cotton sheeting	6,129	4,871	3,598	1,063	3,369	2,191	1,801	581
314.–Cot poplin/broadcloth	510	182	464	208	551	299	667	322
315.–Cotton printcloth	3,822	1,786	5,262	3,488	1,974	1,378	2,881	2,477
317.–Cotton twill	5,999	10,734	3,497	20	4,105	6,699	2,349	48
326.–Cotton sateen	2	260	214	77	6	505	489	208
330.–Cotton handkerchiefs	0	0	0	0	0	0	1	0
331.–Cotton gloves	603	1,427	1,367	1,127	253	495	721	701
332.–Cotton hosiery	110	48	31	36	240	140	133	78
333.–Cotton men's sport coats	4	10	7	1	16	100	21	2
334.–Cotton men's other coats	704	803	1,909	3,015	2,233	1,501	5,071	7,355
335.–Cotton women's coats	128	103	496	292	260	262	1,285	751
336.–Cotton dresses	470	494	1,637	1,939	828	996	2,574	3,413
338.–Cotton men's knit shirts	3,031	3,359	3,569	4,552	15,725	19,690	25,300	34,435
339.–Cot women's knit shirts	6,251	6,932	6,852	9,582	35,303	38,617	42,189	54,678
340.–Cot men's nonknit shirts	20,821	37,794	38,304	26,964	73,684	116,308	121,945	83,648
341.–Cot women's nonknit shirt	1,357	1,685	2,276	1,248	5,846	5,859	6,118	5,070
342.–Cotton skirts	517	483	1,262	1,856	2,308	1,744	4,717	7,801
345.–Cotton sweaters	375	510	303	59	1,381	1,258	601	195
347.–Cotton men's trousers	14,054	16,406	16,537	17,696	64,102	76,495	75,848	82,838
348.–Cotton women's trousers	9,249	9,806	8,604	5,813	33,927	35,807	34,345	23,056
349.–Cotton brassieres	0	0	53	126	0	0	432	1,104

Textiles and apparel: Imports from Sub-Saharan Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	----1,000 square meters equivalent----				----------1,000 dollars----------			
350.--Cotton robes	243	4	122	12	371	9	199	93
351.--Cotton nightwear	928	2,436	3,132	2,343	1,334	2,440	3,776	3,256
352.--Cotton underwear	9,473	6,116	6,528	3,872	8,345	4,994	6,674	5,678
353.--Cotton/down men's coats		0	0	0		0	0	0
359.--Cotton other apparel	298	978	2,367	2,728	655	1,796	3,888	4,965
360.--Cotton pillowcases	1,289	1,894	542	390	891	1,254	438	280
361.--Cotton sheets	465	825	2,658	357	150	517	1,374	219
362.--Cotton bedspreads/quilts	1	6	10	8	9	35	56	77
363.--Cotton terry/pile towels	0	0	24	1	1	3	148	7
369.--Cotton other manufactures	599	707	427	646	463	557	372	510
400.--Wool yarn	171	579	181	240	249	933	361	466
410.--Wool woven fabric	33	38	68	65	166	209	307	348
414.--Wool other fabric	92	175	183	174	303	486	574	617
431.--Wool gloves		0	0	0		0	0	2
432.--Wool hosiery		0	0	61		0	0	69
433.--Wool men's sport coats	33	71	64	97	424	895	677	1,186
435.--Wool women's coats	116	45	3	1	618	553	69	6
436.--Wool dresses	0	1	24	0	0	7	67	0
438.--Wool knit shirts/blouses	24	5	130	30	228	87	1,566	419
440.--Wool nonknit shirts	0	3	3	57	0	83	80	519
442.--Wool skirts	0	0	22	16	0	1	133	96
443.--Wool men's suits	168	195	301	358	2,165	2,374	3,280	4,139
444.--Wool women's suits	0	0	1	28	0	1	46	282
445.--Wool men's sweaters	43	177	88	456	429	1,848	896	4,860
446.--Wool women's sweaters	0	119	61	29	6	1,578	1,819	437
447.--Wool men's trousers	37	143	120	87	340	1,468	1,456	1,063
448.--Wool women's trousers	0	17	0	68	3	157	19	565
459.--Wool other apparel	238	494	290	102	868	2,470	1,387	584
464.--Wool blankets	0	1	0	12	1	9	3	95
465.--Wool floor coverings	10	17	19	39	259	522	779	1,592
469.--Wool other manufactures	4	6	4	1	9	14	7	10
600.--Textured filament yarn.	1,651	675	332	200	590	218	117	49
604.--Synthetic staple yarn	2,897	0	0	1,813	1,425	0	0	740
606.--Non-textured filament	3,582	661	11,500	23,949	266	73	2,256	5,451
607.--MMF other staple yarn	0	0	1	4	0	0	2	2
611.--Artif staple woven fabric		0	0	6		0	0	8
615.--MMF printcloth		0	0	3		0	0	4

Textiles and apparel: Imports from Sub-Saharan Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
617.--MMF twill/sateen	0	0	0	0	0	1	0	0
619.--Polyester filament fabric	44	257	113	29	58	190	79	71
620.--Other syn filament fabric	1	11	9	21	4	24	19	54
622.--Glass fiber fabric		0	0	48		0	0	18
624.--MMF/wool blended fabric	0	0	63	0	0	0	169	0
629.--MMF stap/fil other fabric	0	1	2	11	0	3	11	19
630.--MMF handkerchiefs	0	0	0	0	0	1	0	0
631.--Manmade fiber gloves	39	30	167	23	185	211	318	129
632.--Manmade fiber hosiery	0	6	7	0	1	22	10	1
633.--MMF men's sport coats	4	5	6	4	37	47	50	37
634.--MMF other men's coats	936	645	560	409	1,712	1,260	760	617
635.--MMF women's coats	2,619	3,776	2,055	229	8,303	10,457	7,795	1,562
636.--Manmade fiber dresses	749	223	478	1,109	456	351	788	1,951
638.--MMF men's knit shirts	1,319	1,323	651	1,159	2,243	2,697	1,377	3,637
639.--MMF women's knit shirts	2,252	1,878	2,377	2,351	5,271	4,398	6,020	5,158
640.--MMF men's nonknit shirts	17	84	700	567	19	244	2,017	2,126
641.--MMF women's nonknit shirt	63	321	10	1	244	1,108	24	3
642.--Manmade fiber skirts	23	24	77	104	88	103	283	437
643.--MMF men's suits	60	138	128	136	441	939	940	1,015
644.--MMF women's suits	0	0	0	11	1	2	1	105
645.--MMF men's sweaters	0	0	0	0	0	1	0	0
646.--MMF women's sweaters	14	2	0	1	27	5	0	13
647.--MMF men's trousers	749	1,242	506	624	1,789	2,372	1,340	1,371
648.--MMF women's trousers	2,356	3,393	2,491	1,079	4,540	6,392	5,193	2,780
649.--MMF brassieres	0	0	8	0	0	0	45	0
650.--MMF robes/dressing gowns	0	0	85	0	0	0	170	0
651.--Manmade fiber nightwear	460	1,038	0	207	389	1,047	0	270
652.--Manmade fiber underwear	7	0	8	3	44	0	40	25
659.--MMF other apparel	692	1,237	982	411	986	1,480	1,312	709
665.--MMF floor coverings	0	10	7	0	0	55	81	4
666.--MMF other furnishings	259	884	21	30	143	617	69	107
669.--MMF other manufactures	5,136	2,354	437	1,249	514	358	228	408
670.--MMF flat goods	6	69	21	19	40	52	109	78
810.--SLR woven fabric	0	16	4	2	0	20	20	9
831.--Silk linen ramie gloves	0	15	0	1	0	37	0	7
833.--SLR men's sports coats	0	0	2	0	0	0	17	0
835.--SLR women's coats	0	0	0	9	2	1	3	39

Textiles and apparel: Imports from Sub-Saharan Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
836.--Silk linen ramie dresses.....	66	1	21	65	222	7	197	340
838.--SLR knit shirts.....	0	0	2	0	0	1	59	0
839.--SLR baby garments.....		0	0	0		0	0	0
840.--SLR nonknit shirts.....	33	54	192	92	302	354	1,788	860
842.--Silk linen ramie skirts.....	0	0	0	0	0	1	1	0
843.--SLR men's suits.....	0	0	6	0	2	2	56	2
844.--SLR women's suits.....	0	0	0	0	0	4	0	0
845.--Noncotton veg-fib sweater.....	10	37	18	1	70	128	73	5
846.--Silk-blended sweaters.....		0	0	2		0	0	9
847.--Silk linen ramie trousers.....	285	565	908	259	1,159	2,019	3,800	782
851.--SLR nightwear.....	0	2	0	0	0	2	0	0
852.--SLR underwear.....		0	0	0		0	0	0
859.--SLR other apparel.....	24	64	10	15	15	64	17	31
870.--Silk linen ramie luggage.....	9	5	7	8	24	25	17	6
871.--SLR handbags/flat goods	9	75	34	2	16	728	336	5
899.--SLR other manufactures.	0	13	3	15	1	18	18	9
Total.....	136,722	147,167	145,198	131,840	309,584	386,213	412,751	383,055

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Botswana, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				————1,000 dollars————			
218.–Cot/MMF colored yarn.....	0	0	0	0	0	0	1	0
229.–Cot/MMF special purpose.....	0	0	0	0	0	0	0	0
237.–Cot/MMF playsuits.....	0	0	15	0	0	0	38	0
334.–Cotton men's other coats.....	0	0	5	196	0	0	21	474
335.–Cotton women's coats.....		0	0	23		0	0	47
336.–Cotton dresses.....	0	0	246	129	0	0	473	331
338.–Cotton men's knit shirts.....	0	0	0	0	0	0	0	0
340.–Cot men's nonknit shirts.....	0	306	1,200	2,408	0	937	2,980	4,534
341.–Cot women's nonknit shirt.....	0	222	171	71	0	849	660	362
342.–Cotton skirts.....	0	56	10	4	0	229	40	16
347.–Cotton men's trousers.....	0	0	1	162	0	0	2	607
348.–Cotton women's trousers.....	0	0	16	43	0	0	39	221
351.–Cotton nightwear.....		0	0	99		0	0	53
359.–Cotton other apparel.....	0	0	102	24	0	0	236	56
438.–Wool knit shirts/blouses.....	0	0	0	0	0	0	0	0
465.–Wool floor coverings.....		0	0	0		0	0	2
636.–Manmade fiber dresses.....	0	0	166	62	0	0	308	107
638.–MMF men's knit shirts.....		0	0	2		0	0	12
640.–MMF men's nonknit shirts.....		0	0	2		0	0	8
641.–MMF women's nonknit shirt...	0	3	0	0	0	13	0	0
642.–Manmade fiber skirts.....	0	0	43	0	0	0	130	0
665.–MMF floor coverings.....	0	10	0	0	0	55	0	0
670.–MMF flat goods.....		0	0	2		0	0	11
840.–SLR nonknit shirts.....	0	6	0	0	0	23	0	0
Total.....	0	603	1,976	3,226	0	2,106	4,930	6,841

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Cameroon, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
220.--Cot/MMF special weave.....	2	10	0	0	8	43	0	0
237.--Cot/MMF playsuits.....	0	0	0	0	0	0	0	0
313.--Cotton sheeting.....	1	4	0	0	2	4	0	0
314.--Cot poplin/broadcloth.....	0	20	184	1	0	35	161	12
315.--Cotton printcloth.....		0	0	144		0	0	721
334.--Cotton men's other coats.....	0	0	0	0	0	0	0	0
336.--Cotton dresses.....		0	0	1		0	0	10
338.--Cotton men's knit shirts.....	0	1	0	1	0	6	0	16
341.--Cot women's nonknit shirt.....	0	0	0	0	1	1	0	0
342.--Cotton skirts.....	0	0	0	0	0	1	0	1
348.--Cotton women's trousers.....	0	0	0	0	1	0	0	0
349.--Cotton brassieres.....	4	0	0	0	21	0	0	0
350.--Cotton robes.....	0	2	0	0	0	4	0	0
351.--Cotton nightwear.....	1	0	0	0	0	0	0	0
359.--Cotton other apparel.....	0	0	0	0	0	0	1	0
363.--Cotton terry/pile towels.....	0	0	24	0	0	0	140	0
369.--Cotton other manufactures....	0	1	0	0	0	2	0	0
465.--Wool floor coverings.....	0	0	0	0	17	0	0	0
649.--MMF brassieres.....	0	0	8	0	0	0	45	0
651.--Manmade fiber nightwear.....	0	27	0	0	0	76	0	0
652.--Manmade fiber underwear.....	7	0	8	3	44	0	40	25
659.--MMF other apparel.....	0	1	0	1	0	1	0	3
666.--MMF other furnishings.....	0	0	0	0	0	0	0	0
670.--MMF flat goods.....		0	0	2		0	0	5
810.--SLR woven fabric.....		0	0	1		0	0	1
836.--Silk linen ramie dresses.....	0	0	21	0	0	0	194	0
845.--Noncotton veg-fib sweater.....	8	28	2	1	63	92	21	5
847.--Silk linen ramie trousers.....	0	0	2	0	0	0	17	0
Total.....	24	95	249	155	157	265	620	799

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Cote d'Ivoire, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
218.--Cot/MMF colored yam	112	42	0	0	152	37	1	0
220.--Cot/MMF special weave	665	370	253	284	952	474	327	383
226.--Cot/MMF cheesecloth	0	0	38	43	0	1	51	139
227.--Cot/MMF oxford cloth	100	0	0	0	47	0	0	0
237.--Cot/MMF playsuits	0	0	0	0	0	0	0	0
239.--Cot/MMF baby garments	0	0	0	0	0	5	0	0
313.--Cotton sheeting	190	134	17	2	278	92	11	7
314.--Cot poplin/broadcloth	294	101	99	0	381	164	249	0
315.--Cotton printcloth	2,919	40	61	0	1,122	39	84	0
317.--Cotton twill	234	0	0	0	199	0	1	0
333.--Cotton men's sport coats	0	1	0	0	0	4	0	0
334.--Cotton men's other coats		0	0	0		0	0	1
335.--Cotton women's coats	0	0	0	0	0	1	0	0
336.--Cotton dresses	1	4	2	0	1	9	6	1
339.--Cot women's knit shirts	0	0	0	0	1	0	0	0
340.--Cot men's nonknit shirts	0	6	0	0	0	15	1	1
341.--Cot women's nonknit shirt	0	1	1	0	3	6	9	4
342.--Cotton skirts	0	0	1	0	1	3	5	3
347.--Cotton men's trousers	0	18	0	0	0	80	0	0
348.--Cotton women's trousers	0	1	1	0	0	5	3	1
350.--Cotton robes	0	0	0	0	0	1	1	1
352.--Cotton underwear	0	0	0	0	0	0	1	2
359.--Cotton other apparel	0	2	0	2	2	3	0	2
362.--Cotton bedspreads/quilts	0	0	0	0	0	0	0	0
369.--Cotton other manufactures	11	89	42	17	9	40	20	13
459.--Wool other apparel	0	0	0	0	0	0	0	0
465.--Wool floor coverings	0	0	0	0	1	5	0	0
631.--Manmade fiber gloves	0	4	0	0	0	36	0	0
635.--MMF women's coats		0	0	1		0	0	10
641.--MMF women's nonknit shirt		0	0	0		0	0	0
659.--MMF other apparel	0	0	0	0	0	0	5	0
670.--MMF flat goods	3	0	0	0	15	0	0	0
839.--SLR baby garments	46	0	0	0	4	0	0	0
845.--Noncotton veg-fib sweater	6	0	0	0	39	0	0	0
847.--Silk linen ramie trousers	0	0	0	0	3	0	0	0
859.--SLR other apparel	0	0	0	0	0	1	0	0

Textiles and apparel: Imports from Cote d'Ivoire, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
899.--SLR other manufactures.	0	0	0	0	0	1	0	0
Total.....	4,580	815	515	350	3,212	1,023	776	569

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Ghana, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
218.--Cot/MMF colored yarn	2	0	31	0	8	6	70	0
219.--Cot/MMF duck fabric	0	3	0	0	0	3	0	0
220.--Cot/MMF special weave	332	259	174	6	748	586	397	10
222.--Cot/MMF knit fabric	0	0	1	0	0	0	0	0
229.--Cot/MMF special purpose	7	1	0	0	2	3	0	0
237.--Cot/MMF playsuits	0	0	0	0	1	0	0	1
239.--Cot/MMF baby garments	1	0	0	0	1	1	0	0
313.--Cotton sheeting	116	151	0	0	115	171	1	1
314.--Cot poplin/broadcloth	1	0	1	0	4	1	1	2
315.--Cotton printcloth	2	9	0	0	2	10	0	0
330.--Cotton handkerchiefs	0	0	0	0	0	0	1	0
333.--Cotton men's sport coats	1	0	0	0	4	2	0	0
334.--Cotton men's other coats	0	0	0	0	0	0	0	0
335.--Cotton women's coats	2	0	1	1	9	2	1	1
336.--Cotton dresses	16	38	52	8	24	62	137	21
338.--Cotton men's knit shirts	0	0	0	0	1	0	1	0
339.--Cot women's knit shirts	0	0	0	0	0	1	3	3
340.--Cot men's nonknit shirts	2	210	259	311	4	529	1,012	785
341.--Cot women's nonknit shirt	12	12	6	5	14	42	25	23
342.--Cotton skirts	4	26	23	5	17	113	124	16
345.--Cotton sweaters	0	22	0	0	0	50	0	0
347.--Cotton men's trousers	0	1	0	0	4	4	3	1
348.--Cotton women's trousers	1	2	1	2	5	3	6	4
350.--Cotton robes		0	0	0		0	0	0
352.--Cotton underwear		0	0	0		0	0	1
359.--Cotton other apparel	15	39	36	17	26	78	119	17
360.--Cotton pillowcases	0	0	0	0	0	0	1	0
362.--Cotton bedspreads/quilts	0	0	0	0	0	0	2	0
369.--Cotton other manufactures	3	17	25	18	4	96	39	15
440.--Wool nonknit shirts	0	0	0	0	0	1	0	0
442.--Wool skirts	0	0	0	0	0	0	0	0
459.--Wool other apparel		0	0	1		0	0	1
465.--Wool floor coverings	0	0	0	0	0	0	0	0
620.--Other syn filament fabric		0	0	1		0	0	1
636.--Manmade fiber dresses		0	0	0		0	0	1
640.--MMF men's nonknit shirts	0	57	363	0	1	140	1,025	0

Textiles and apparel: Imports from Ghana, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
647.--MMF men's trousers.....	0	0	0	0	1	0	0	0
649.--MMF brassieres.....	0	0	0	0	1	0	0	0
659.--MMF other apparel.....	5	2	1	2	40	3	1	3
670.--MMF flat goods.....	0	0	0	0	2	0	0	0
836.--Silk linen ramie dresses.....	1	1	0	0	1	1	0	0
840.--SLR nonknit shirts.....	0	0	0	0	0	1	3	0
842.--Silk linen ramie skirts.....	0	0	0	0	0	0	1	0
847.--Silk linen ramie trousers.....	0	0	0	0	0	1	1	0
859.--SLR other apparel.....	2	12	5	1	2	14	9	2
870.--Silk linen ramie luggage.....	0	0	2	0	0	0	9	0
871.--SLR handbags/flat goods		0	0	0		0	0	0
899.--SLR other manufactures.		0	0	0		0	0	0
Total.....	526	866	983	378	1,042	1,922	2,990	912

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Kenya, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
220.--Cot/MMF special weave.....	0	0	0	0	0	1	0	0
222.--Cot/MMF knit fabric.....	1	0	0	1	1	0	0	3
224.--Cot/MMF pile tuft fabric.....	1	1	0	0	5	2	2	0
226.--Cot/MMF cheesecloth.....	2	0	0	0	2	0	0	0
229.--Cot/MMF special purpose.....	3	4	0	2	3	14	1	2
237.--Cot/MMF playsuits.....	57	17	72	4	94	36	165	3
239.--Cot/MMF baby garments.....	0	2	12	0	1	4	24	0
315.--Cotton printcloth.....	0	0	1	0	1	0	2	0
331.--Cotton gloves.....	26	952	252	0	30	334	122	0
332.--Cotton hosiery.....	0	7	1	0	0	26	3	0
333.--Cotton men's sport coats.....	1	0	0	0	1	0	0	0
334.--Cotton men's other coats.....	54	116	558	586	132	205	1,088	1,321
335.--Cotton women's coats.....	0	1	0	18	1	6	1	21
336.--Cotton dresses.....	4	19	96	723	11	30	187	1,015
338.--Cotton men's knit shirts.....	355	53	65	67	838	168	424	527
339.--Cot women's knit shirts.....	3	21	6	16	22	52	75	112
340.--Cot men's nonknit shirts.....	3,832	7,940	7,804	4,635	8,906	20,617	20,091	12,094
341.--Cot women's nonknit shirt.....	134	405	247	117	419	1,350	813	386
342.--Cotton skirts.....	2	11	6	60	5	17	16	107
347.--Cotton men's trousers.....	3,557	3,714	2,753	2,936	11,058	11,439	8,880	8,703
348.--Cotton women's trousers.....	187	206	339	149	453	359	1,108	268
350.--Cotton robes.....	0	0	103	0	0	0	142	0
352.--Cotton underwear.....	53	0	0	0	74	0	0	0
353.--Cotton/down men's coats.....		0	0	0		0	0	0
359.--Cotton other apparel.....	26	185	274	71	23	221	234	102
360.--Cotton pillowcases.....	1,110	1,776	539	384	749	1,135	411	235
361.--Cotton sheets.....	465	824	2,656	351	147	509	1,364	198
362.--Cotton bedspreads/quilts.....	0	0	0	0	1	0	0	0
369.--Cotton other manufactures....	18	3	9	11	15	4	20	4
435.--Wool women's coats.....	0	17	0	0	0	249	0	0
446.--Wool women's sweaters.....	0	0	0	0	0	0	0	1
447.--Wool men's trousers.....	0	0	0	0	0	1	0	0
465.--Wool floor coverings.....	0	0	0	0	0	1	0	1
619.--Polyester filament fabric.....	4	3	0	29	4	7	0	70
620.--Other syn filament fabric.....	0	0	1	0	0	0	2	0
634.--MMF other men's coats.....	0	1	0	2	0	7	0	36

Textiles and apparel: Imports from Kenya, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	----1,000 square meters equivalent----				----------1,000 dollars----------			
635.–MMF women's coats.....	0	0	0	0	5	0	0	0
636.–Manmade fiber dresses.....	0	0	0	616	0	0	0	1,193
638.–MMF men's knit shirts.....	0	9	0	0	0	30	0	0
639.–MMF women's knit shirts.....	0	10	0	0	0	73	0	0
640.–MMF men's nonknit shirts.....	16	12	86	90	18	43	169	199
641.–MMF women's nonknit shirt...	0	0	0	0	6	0	0	1
643.–MMF men's suits.....	0	0	0	0	1	0	0	0
644.–MMF women's suits.....		0	0	11		0	0	105
645.–MMF men's sweaters.....	0	0	0	0	0	1	0	0
647.–MMF men's trousers.....	0	0	0	0	0	1	0	0
650.–MMF robes/dressing gowns..	0	0	85	0	0	0	170	0
651.–Manmade fiber nightwear.....		0	0	207		0	0	270
659.–MMF other apparel.....	16	2	4	35	11	1	37	195
666.–MMF other furnishings.....	157	726	0	0	70	379	1	0
669.–MMF other manufactures.....	0	0	0	2	0	1	0	4
670.–MMF flat goods.....	0	0	4	1	2	1	0	5
810.–SLR woven fabric.....	0	10	0	0	0	12	0	0
836.–Silk linen ramie dresses.....		0	0	0		0	0	2
840.–SLR nonknit shirts.....	0	5	27	0	0	14	43	0
847.–Silk linen ramie trousers.....	4	1	23	242	7	3	91	718
851.–SLR nightwear.....	0	2	0	0	0	2	0	0
859.–SLR other apparel.....	20	42	2	0	9	36	3	0
870.–Silk linen ramie luggage.....	8	3	5	8	16	4	8	6
871.–SLR handbags/flat goods	8	20	1	2	12	35	5	4
899.–SLR other manufactures.	0	0	1	0	0	0	5	0
Total.....	10,123	17,120	16,033	11,378	23,155	37,432	35,711	27,911

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Lesotho, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
239.--Cot/MMF baby garments.....	1,697	1,188	2,019	411	1,863	1,184	2,441	626
334.--Cotton men's other coats.....	0	22	35	3	0	54	75	6
335.--Cotton women's coats.....	14	79	333	99	24	177	613	235
336.--Cotton dresses.....		0	0	7		0	0	15
338.--Cotton men's knit shirts.....	1,583	1,400	926	853	6,558	5,345	3,726	4,278
339.--Cot women's knit shirts.....	3,201	4,117	3,458	5,263	16,963	21,511	19,020	26,808
340.--Cot men's nonknit shirts.....	2,350	2,542	745	781	3,790	4,106	1,501	1,472
341.--Cot women's nonknit shirt.....	38	354	363	181	121	578	751	420
342.--Cotton skirts.....	250	233	630	302	771	625	2,092	1,007
347.--Cotton men's trousers.....	1,861	2,959	4,062	4,914	8,395	13,730	19,038	22,967
348.--Cotton women's trousers.....	3,666	3,212	2,633	1,847	14,811	11,143	8,878	6,138
350.--Cotton robes.....	0	0	0	0	0	0	0	0
351.--Cotton nightwear.....	100	24	88	0	92	20	87	0
352.--Cotton underwear.....	108	195	0	0	148	205	1	0
359.--Cotton other apparel.....	77	333	453	250	119	319	553	430
414.--Wool other fabric.....	0	0	0	0	0	0	0	0
446.--Wool women's sweaters.....	0	0	0	0	0	1	0	0
459.--Wool other apparel.....	0	0	0	0	0	1	0	0
469.--Wool other manufactures	0	1	0	0	0	2	0	0
638.--MMF men's knit shirts.....	0	120	0	24	0	247	0	52
639.--MMF women's knit shirts.....	352	273	303	119	877	787	763	330
641.--MMF women's nonknit shirt...	0	2	0	0	0	11	0	0
647.--MMF men's trousers.....	3	134	0	17	8	328	0	36
648.--MMF women's trousers.....	4	211	673	177	14	472	1,362	395
659.--MMF other apparel.....	0	0	0	0	0	0	1	0
847.--Silk linen ramie trousers.....	159	508	288	0	479	1,821	1,033	0
Total.....	15,462	17,906	17,009	15,249	55,030	62,669	61,936	65,215

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Madagascar, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
237.–Cot/MMF playsuits		0	0	2		0	0	13
239.–Cot/MMF baby garments	0	0	0	0	0	0	0	1
313.–Cotton sheeting	585	0	485	0	271	0	211	0
314.–Cot poplin/broadcloth	92	0	0	0	58	0	0	0
333.–Cotton men's sport coats	0	0	0	0	3	0	0	0
334.–Cotton men's other coats	26	0	1	13	89	0	8	28
335.–Cotton women's coats	0	2	1	0	0	11	6	0
336.–Cotton dresses	0	0	0	5	0	0	1	17
338.–Cotton men's knit shirts	7	0	0	28	56	0	1	200
339.–Cot women's knit shirts	0	0	15	107	0	0	245	803
340.–Cot men's nonknit shirts	83	16	159	711	457	67	674	3,661
341.–Cot women's nonknit shirt	0	32	16	6	0	495	249	88
342.–Cotton skirts		0	0	14		0	0	36
345.–Cotton sweaters	4	0	8	39	6	0	25	99
347.–Cotton men's trousers	212	319	732	542	815	1,049	2,485	1,858
348.–Cotton women's trousers	0	141	137	303	0	468	487	1,170
352.–Cotton underwear		0	0	747		0	0	822
359.–Cotton other apparel	1	69	3	77	2	223	8	364
369.–Cotton other manufactures	265	0	0	0	231	0	0	3
436.–Wool dresses	0	0	24	0	0	0	67	0
438.–Wool knit shirts/blouses	0	0	78	29	0	0	1,050	345
442.–Wool skirts	0	0	0	0	0	0	6	0
445.–Wool men's sweaters	5	3	20	95	41	29	207	1,010
446.–Wool women's sweaters	0	15	28	0	0	564	1,198	41
448.–Wool women's trousers	0	0	0	0	0	0	18	0
469.–Wool other manufactures		0	0	1		0	0	5
636.–Manmade fiber dresses		0	0	1		0	0	2
640.–MMF men's nonknit shirts		0	0	72		0	0	464
810.–SLR woven fabric	0	6	0	0	0	7	0	0
840.–SLR nonknit shirts	0	0	1	0	0	0	9	3
852.–SLR underwear		0	0	0		0	0	0
859.–SLR other apparel	0	0	0	1	0	0	0	3
870.–Silk linen ramie luggage	1	2	0	0	8	21	0	0
871.–SLR handbags/flat goods	1	55	34	0	3	692	330	0

Textiles and apparel: Imports from Madagascar, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
Total	1,281	659	1,741	2,795	2,041	3,625	7,289	11,034

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Malawi, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
219.--Cot/MMF duck fabric.....	0	781	94	0	0	520	65	0
220.--Cot/MMF special weave.....	0	76	0	0	0	31	0	0
226.--Cot/MMF cheesecloth.....	1,806	1,445	625	58	589	420	211	21
313.--Cotton sheeting.....	1,360	1,798	2,097	717	489	643	786	213
317.--Cotton twill.....	281	1,426	714	0	181	885	454	0
334.--Cotton men's other coats.....		0	0	158		0	0	377
338.--Cotton men's knit shirts.....	3	27	0	0	20	53	0	0
339.--Cot women's knit shirts.....	1,007	100	0	0	5,596	416	0	0
340.--Cot men's nonknit shirts.....	0	30	423	1,190	0	75	791	929
342.--Cotton skirts.....	8	0	0	0	30	0	0	0
348.--Cotton women's trousers.....	467	165	0	0	1,251	611	0	0
639.--MMF women's knit shirts.....	8	0	0	0	19	0	0	0
648.--MMF women's trousers.....	0	74	0	0	0	113	0	0
899.--SLR other manufactures.		0	0	0		0	0	1
Total.....	4,941	5,924	3,953	2,123	8,176	3,766	2,307	1,540

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Mauritius, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
200.–Cot/MMF yarn, thread	397	571	268	170	373	486	244	160
218.–Cot/MMF colored yarn	0	0	1	27	0	0	6	51
220.–Cot/MMF special weave	0	0	1	0	0	0	12	0
224.–Cot/MMF pile tuft fabric	0	0	0	0	0	0	5	0
226.–Cot/MMF cheesecloth	0	0	2	0	0	0	20	0
229.–Cot/MMF special purpose	0	0	0	0	0	0	1	0
237.–Cot/MMF playsuits	221	158	437	21	248	305	1,974	78
239.–Cot/MMF baby garments	76	387	457	552	349	1,296	2,052	2,481
313.–Cotton sheeting	0	0	0	0	0	0	4	0
314.–Cot poplin/broadcloth		0	0	6		0	0	17
315.–Cotton printcloth	0	0	46	0	0	0	36	0
326.–Cotton sateen	0	0	0	0	0	0	0	0
333.–Cotton men's sport coats	0	5	0	0	0	69	0	0
334.–Cotton men's other coats	578	661	727	676	1,898	1,207	2,564	2,072
335.–Cotton women's coats	107	7	117	64	195	28	447	232
336.–Cotton dresses	360	343	555	545	654	735	1,183	1,461
338.–Cotton men's knit shirts	730	1,039	1,402	1,485	6,417	9,743	14,254	16,260
339.–Cot women's knit shirts	1,102	896	1,476	1,354	8,150	7,974	12,415	10,819
340.–Cot men's nonknit shirts	10,267	13,902	12,338	5,655	52,717	66,296	64,366	38,544
341.–Cot women's nonknit shirt	1,091	517	227	196	5,093	2,070	1,021	1,831
342.–Cotton skirts	202	107	402	1,254	1,126	552	2,000	6,138
345.–Cotton sweaters	372	298	247	16	1,375	993	517	85
347.–Cotton men's trousers	6,317	7,064	6,225	6,264	34,537	40,693	35,135	38,700
348.–Cotton women's trousers	3,333	4,107	3,182	2,646	14,287	18,064	16,465	13,104
349.–Cotton brassieres	0	0	53	126	0	0	432	1,104
350.–Cotton robes	243	0	17	0	370	0	43	0
351.–Cotton nightwear	827	1,754	1,975	1,759	1,240	1,978	2,706	2,648
352.–Cotton underwear	7,936	4,551	6,261	2,917	7,008	3,409	6,375	4,356
359.–Cotton other apparel	51	212	1,344	2,017	206	724	2,435	3,450
360.–Cotton pillowcases	178	94	0	0	138	88	0	0
361.–Cotton sheets	124	0	0	0	152	0	0	0
369.–Cotton other manufactures	0	166	61	13	0	179	66	49
414.–Wool other fabric	0	0	0	0	0	0	0	0
431.–Wool gloves		0	0	0		0	0	2
433.–Wool men's sport coats	0	0	0	0	0	1	0	0
435.–Wool women's coats	0	2	2	0	0	48	65	0

Textiles and apparel: Imports from Mauritius, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
436.--Wool dresses	0	1	0	0	0	7	0	0
438.--Wool knit shirts/blouses	23	5	52	1	227	86	515	74
440.--Wool nonknit shirts	0	2	3	57	0	83	79	519
442.--Wool skirts	0	0	21	16	0	1	126	96
443.--Wool men's suits	0	0	0	0	0	2	1	2
444.--Wool women's suits	0	0	1	0	0	0	46	0
445.--Wool men's sweaters	38	174	68	361	389	1,818	688	3,850
446.--Wool women's sweaters	0	103	33	29	6	1,001	620	394
447.--Wool men's trousers	0	17	22	25	0	162	264	246
448.--Wool women's trousers	0	17	0	68	0	156	0	565
459.--Wool other apparel	1	62	19	3	7	616	215	25
465.--Wool floor coverings	1	0	0	0	32	0	0	0
469.--Wool other manufactures	0	0	0	0	0	0	0	0
604.--Synthetic staple yarn	58	0	0	0	33	0	0	0
619.--Polyester filament fabric		0	0	0		0	0	0
629.--MMF stap/fil other fabric	0	0	0	0	0	0	5	0
631.--Manmade fiber gloves	39	26	52	23	185	175	265	129
634.--MMF other men's coats	936	608	528	407	1,711	1,219	617	581
635.--MMF women's coats	2,428	3,356	1,785	131	7,532	8,778	5,280	391
636.--Manmade fiber dresses	749	217	221	396	454	340	225	573
638.--MMF men's knit shirts	1,318	1,000	453	939	2,240	1,808	882	3,072
639.--MMF women's knit shirts	1,767	1,424	1,875	2,130	3,997	2,929	4,612	4,532
640.--MMF men's nonknit shirts	0	9	121	295	0	49	585	1,250
641.--MMF women's nonknit shirt	62	316	0	0	231	1,083	3	0
642.--Manmade fiber skirts	22	24	29	89	74	103	137	399
646.--MMF women's sweaters		0	0	1		0	0	13
647.--MMF men's trousers	575	1,017	427	559	1,487	1,854	1,037	1,248
648.--MMF women's trousers	2,351	2,985	1,736	677	4,516	5,390	3,639	1,742
650.--MMF robes/dressing gowns	240	0	0	0	303	0	0	0
651.--Manmade fiber nightwear	460	965	0	0	389	888	0	0
659.--MMF other apparel	634	1,176	910	275	796	1,293	1,160	379
666.--MMF other furnishings	91	93	0	0	54	53	0	0
670.--MMF flat goods		0	0	7		0	0	26
810.--SLR woven fabric	0	0	1	0	0	0	7	0
831.--Silk linen ramie gloves	0	5	0	0	0	26	0	0
833.--SLR men's sports coats	0	0	0	0	0	0	0	0
836.--Silk linen ramie dresses	65	0	0	63	221	0	0	330

Textiles and apparel: Imports from Mauritius, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				————1,000 dollars————			
838.–SLR knit shirts	0	0	1	0	0	0	54	0
839.–SLR baby garments		0	0	0		0	0	0
840.–SLR nonknit shirts	22	27	164	92	194	283	1,733	857
845.–Noncotton veg-fib sweater	2	9	15	0	7	36	52	0
846.–Silk-blended sweaters		0	0	2		0	0	9
847.–Silk linen ramie trousers	120	5	182	2	667	15	1,316	9
859.–SLR other apparel	0	0	0	0	1	0	0	0
870.–Silk linen ramie luggage	1	0	0	0	11	0	0	0
Total	46,517	50,486	46,542	34,410	162,298	187,192	191,005	164,955

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Mozambique, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				————1,000 dollars————			
317.–Cotton twill.....	0	37	0	0	0	21	0	0
338.–Cotton men's knit shirts.....	12	0	0	21	60	0	0	53
339.–Cot women's knit shirts.....	59	0	0	0	245	0	0	0
340.–Cot men's nonknit shirts.....	346	130	131	92	487	200	219	126
348.–Cotton women's trousers.....	269	164	0	0	463	242	0	0
444.–Wool women's suits.....		0	0	27		0	0	268
465.–Wool floor coverings.....	0	0	0	0	0	0	2	0
640.–MMF men's nonknit shirts.....	88	0	0	0	171	0	0	0
641.–MMF women's nonknit shirt...	0	0	0	0	0	0	1	0
659.–MMF other apparel.....	0	0	0	0	0	0	1	0
Total.....	774	331	132	139	1,425	464	223	447

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Nigeria, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				———1,000 dollars———			
218.–Cot/MMF colored yarn	9	6	0	0	10	21	1	0
220.–Cot/MMF special weave	3	5	0	0	10	4	0	2
222.–Cot/MMF knit fabric	2	2	0	1	4	1	0	1
226.–Cot/MMF cheesecloth	0	0	0	0	1	0	0	0
229.–Cot/MMF special purpose	0	1	0	0	0	1	0	1
237.–Cot/MMF playsuits	0	0	0	0	1	1	0	0
239.–Cot/MMF baby garments		0	0	1		0	0	2
313.–Cotton sheeting	17	43	20	2	8	12	25	1
314.–Cot poplin/broadcloth	1	1	5	2	3	2	3	4
315.–Cotton printcloth	3	930	3,135	2,787	1	435	1,669	1,246
333.–Cotton men's sport coats	2	1	1	0	2	3	1	0
334.–Cotton men's other coats	3	0	0	1	6	1	1	2
335.–Cotton women's coats	2	2	0	0	5	1	2	1
336.–Cotton dresses	34	33	26	27	72	72	50	36
338.–Cotton men's knit shirts	0	0	0	0	0	0	0	1
339.–Cot women's knit shirts	0	9	0	0	1	18	2	0
340.–Cot men's nonknit shirts	9	6	6	2	24	15	29	6
341.–Cot women's nonknit shirt	12	9	6	6	27	34	20	17
342.–Cotton skirts	9	7	1	12	82	20	7	18
347.–Cotton men's trousers	2	2	2	0	9	9	6	3
348.–Cotton women's trousers	6	2	4	2	24	12	13	11
350.–Cotton robes	0	1	2	1	1	2	13	6
351.–Cotton nightwear	1	292	0	0	2	113	0	1
352.–Cotton underwear	0	0	0	0	1	0	0	1
359.–Cotton other apparel	14	11	6	13	26	18	14	13
362.–Cotton bedspreads/quilts	0	0	0	0	0	0	1	0
369.–Cotton other manufactures	3	10	10	138	5	7	6	34
436.–Wool dresses		0	0	0		0	0	0
440.–Wool nonknit shirts	0	0	0	0	1	0	0	0
443.–Wool men's suits		0	0	0		0	0	2
447.–Wool men's trousers	0	0	0	0	1	0	0	0
459.–Wool other apparel	0	0	0	0	0	0	1	0
600.–Textured filament yarn	917	675	0	100	289	218	0	29
617.–MMF twill/sateen	0	0	0	0	0	1	0	0
619.–Polyester filament fabric		0	0	0		0	0	0
633.–MMF men's sport coats	0	0	0	0	0	0	0	0

Textiles and apparel: Imports from Nigeria, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				—1,000 dollars—			
635.–MMF women's coats		0	0	0		0	0	0
636.–Manmade fiber dresses	0	1	0	0	0	5	0	1
639.–MMF women's knit shirts	0	0	0	0	0	0	0	0
640.–MMF men's nonknit shirts	0	1	0	0	0	2	1	0
641.–MMF women's nonknit shirt	0	0	0	0	0	0	0	1
642.–Manmade fiber skirts	0	0	0	0	0	0	0	2
643.–MMF men's suits		0	0	0		0	0	1
644.–MMF women's suits	0	0	0	0	0	0	1	0
648.–MMF women's trousers	0	0	0	0	0	0	1	0
659.–MMF other apparel	2	0	1	4	6	1	2	1
669.–MMF other manufactures	1,442	0	173	914	155	0	14	81
670.–MMF flat goods		0	0	0		0	0	2
810.–SLR woven fabric	0	0	2	0	0	0	8	0
836.–Silk linen ramie dresses	0	0	0	0	0	0	0	1
840.–SLR nonknit shirts	0	0	0	0	0	1	0	0
842.–Silk linen ramie skirts	0	0	0	0	0	1	0	0
847.–Silk linen ramie trousers	0	0	0	0	1	0	0	0
859.–SLR other apparel	0	2	2	4	1	3	3	3
870.–Silk linen ramie luggage	0	0	0	0	0	0	0	0
899.–SLR other manufactures	0	0	0	0	0	0	0	0
Total	2,494	2,052	3,405	4,022	781	1,037	1,893	1,530

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Republic of South Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
200.--Cot/MMF yarn, thread	0	1	0	3	0	1	0	9
201.--Cot/MMF specialty yarns	0	0	3	0	0	0	10	3
218.--Cot/MMF colored yarn	0	22	39	25	0	49	82	121
219.--Cot/MMF duck fabric	0	0	0	0	0	1	0	0
220.--Cot/MMF special weave	7	73	126	83	20	219	342	264
222.--Cot/MMF knit fabric	4	355	250	437	3	204	169	288
223.--Cot/MMF non-woven fabric	146	0	0	10	73	0	0	8
224.--Cot/MMF pile tuft fabric		0	0	0		0	0	1
225.--Cot/MMF blue denim		0	0	285		0	0	444
226.--Cot/MMF cheesecloth	0	0	1	3	0	0	7	8
229.--Cot/MMF special purpose	585	924	926	907	2,992	3,420	4,820	4,593
237.--Cot/MMF playsuits	0	0	1	37	0	1	1	78
239.--Cot/MMF baby garments	210	308	167	23	274	518	376	56
300.--Carded cotton yarn	11,302	2,241	0	333	2,873	589	0	83
301.--Combed cotton yarn	2,104	0	0	1	650	0	0	2
313.--Cotton sheeting	473	44	59	5	259	103	138	17
314.--Cot poplin/broadcloth	6	21	11	9	27	49	27	27
315.--Cotton printcloth	1	0	0	3	1	0	0	5
317.--Cotton twill	579	2,060	829	16	368	1,454	573	42
326.--Cotton sateen	2	260	214	77	6	505	488	208
331.--Cotton gloves	31	0	30	12	14	0	14	48
332.--Cotton hosiery	110	37	31	36	240	96	130	78
333.--Cotton men's sport coats	1	3	6	0	9	22	20	0
334.--Cotton men's other coats	40	4	583	1,382	88	32	1,314	3,073
335.--Cotton women's coats	2	1	0	78	19	5	0	198
336.--Cotton dresses	0	1	84	222	2	3	91	183
338.--Cotton men's knit shirts	180	329	710	1,636	1,211	2,289	5,065	10,061
339.--Cot women's knit shirts	37	99	932	1,870	214	699	5,024	9,773
340.--Cot men's nonknit shirts	2,671	9,055	11,535	9,283	4,358	15,420	21,302	16,294
341.--Cot women's nonknit shirt	1	29	287	607	9	136	515	1,617
342.--Cotton skirts	1	14	47	201	0	34	133	427
345.--Cotton sweaters	0	0	47	0	0	2	59	0
347.--Cotton men's trousers	350	1,114	1,443	1,839	1,066	5,261	6,331	6,773
348.--Cotton women's trousers	120	430	1,278	417	243	2,059	4,575	903
349.--Cotton brassieres		0	0	0		0	0	0
351.--Cotton nightwear	0	367	631	0	0	328	549	0

Textiles and apparel: Imports from Republic of South Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
352.--Cotton underwear	5	13	0	159	5	18	1	441
359.--Cotton other apparel	9	7	14	147	44	36	48	419
360.--Cotton pillowcases	0	0	0	0	0	5	0	0
361.--Cotton sheets	0	1	0	0	0	3	0	0
362.--Cotton bedspreads/quilts	0	1	0	0	0	8	1	0
369.--Cotton other manufactures	5	8	45	114	6	28	68	132
400.--Wool yarn	171	579	181	240	249	933	361	466
410.--Wool woven fabric	33	38	35	56	166	209	220	331
414.--Wool other fabric	92	175	183	174	301	485	574	615
432.--Wool hosiery		0	0	61		0	0	69
433.--Wool men's sport coats	33	71	64	97	424	894	677	1,186
435.--Wool women's coats	116	26	0	0	618	256	4	0
436.--Wool dresses	0	0	0	0	0	0	0	0
438.--Wool knit shirts/blouses	0	0	0	0	1	1	0	0
442.--Wool skirts	0	0	0	0	0	0	1	0
443.--Wool men's suits	168	195	301	358	2,165	2,372	3,277	4,126
444.--Wool women's suits	0	0	0	1	0	1	0	14
446.--Wool women's sweaters	0	1	0	0	0	2	0	0
447.--Wool men's trousers	37	126	88	62	340	1,305	1,027	818
448.--Wool women's trousers	0	0	0	0	3	1	1	0
459.--Wool other apparel	237	432	270	98	861	1,853	1,170	557
464.--Wool blankets	0	0	0	12	0	7	3	95
465.--Wool floor coverings	9	17	18	37	235	493	745	1,506
469.--Wool other manufactures	4	4	2	0	9	7	4	0
600.--Textured filament yarn.	734	0	332	99	301	0	117	21
604.--Synthetic staple yarn	2,897	0	0	1,813	1,425	0	0	740
606.--Non-textured filament	3,582	632	11,500	23,949	266	69	2,256	5,451
607.--MMF other staple yarn	0	0	1	4	0	0	2	2
614.--MMF poplin/broadcloth	1	0	0	0	3	0	0	0
619.--Polyester filament fabric	41	254	113	0	53	182	79	0
620.--Other syn filament fabric	1	11	8	20	4	24	17	51
622.--Glass fiber fabric		0	0	48		0	0	18
629.--MMF stap/fil other fabric	0	1	2	11	0	3	6	19
630.--MMF handkerchiefs	0	0	0	0	0	1	0	0
631.--Manmade fiber gloves	0	0	115	0	0	0	54	0
632.--Manmade fiber hosiery	0	6	7	0	1	22	10	1
633.--MMF men's sport coats	4	5	6	4	37	46	50	37

Textiles and apparel: Imports from Republic of South Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
634.--MMF other men's coats.....	0	1	32	0	1	6	142	0
635.--MMF women's coats.....	191	420	269	97	771	1,679	2,514	1,161
636.--Manmade fiber dresses.....	0	1	72	32	2	2	113	70
638.--MMF men's knit shirts.....	0	160	192	170	4	542	473	420
639.--MMF women's knit shirts.....	0	6	6	77	0	65	16	240
640.--MMF men's nonknit shirts.....	0	0	131	9	0	0	238	9
641.--MMF women's nonknit shirt...	0	0	0	0	7	1	1	0
642.--Manmade fiber skirts.....	1	0	0	0	14	0	0	0
643.--MMF men's suits.....	60	138	128	135	441	939	940	1,014
644.--MMF women's suits.....	0	0	0	0	1	2	0	0
645.--MMF men's sweaters.....	0	0	0	0	0	0	0	0
646.--MMF women's sweaters.....	14	2	0	0	27	5	0	0
647.--MMF men's trousers.....	24	37	3	48	73	101	22	87
648.--MMF women's trousers.....	1	59	62	207	10	259	146	584
651.--Manmade fiber nightwear.....	0	46	0	0	0	83	0	0
659.--MMF other apparel.....	35	56	61	94	133	181	99	128
665.--MMF floor coverings.....	0	0	0	0	0	0	0	4
666.--MMF other furnishings.....	8	50	19	23	18	180	62	88
669.--MMF other manufactures.....	3,694	2,354	265	330	359	357	214	318
670.--MMF flat goods.....	5	69	15	6	36	50	84	28
810.--SLR woven fabric.....	0	0	1	1	0	0	5	8
831.--Silk linen ramie gloves.....	0	10	0	1	0	11	0	7
833.--SLR men's sports coats.....	0	0	2	0	0	0	17	0
835.--SLR women's coats.....	0	0	0	9	2	1	3	39
836.--Silk linen ramie dresses.....	0	0	0	0	0	6	3	0
838.--SLR knit shirts.....	0	0	0	0	0	1	0	0
840.--SLR nonknit shirts.....	0	0	0	0	0	0	0	0
842.--Silk linen ramie skirts.....	0	0	0	0	2	0	0	0
843.--SLR men's suits.....	0	0	6	0	2	2	56	2
844.--SLR women's suits.....	0	0	0	0	0	4	0	0
847.--Silk linen ramie trousers.....	2	19	88	5	6	92	433	30
859.--SLR other apparel.....	0	0	0	2	0	2	1	10
871.--SLR handbags/flat goods	0	0	0	0	0	1	0	0
899.--SLR other manufactures.	0	8	2	7	0	9	12	4

Textiles and apparel: Imports from Republic of South Africa, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
Total	31,179	23,831	34,908	48,657	24,443	47,344	68,525	77,052

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Swaziland, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				—1,000 dollars—			
222.–Cot/MMF knit fabric	0	0	0	0	0	0	1	0
229.–Cot/MMF special purpose	0	0	0	0	0	0	0	0
237.–Cot/MMF playsuits	0	6	73	0	0	8	166	0
239.–Cot/MMF baby garments	0	11	35	30	0	35	115	107
331.–Cotton gloves	546	475	749	252	209	161	358	153
336.–Cotton dresses	18	0	0	114	18	0	0	169
338.–Cotton men's knit shirts	137	485	440	460	401	1,952	1,759	3,032
339.–Cot women's knit shirts	893	1,687	955	970	4,301	7,927	5,338	6,342
340.–Cot men's nonknit shirts	114	30	209	0	404	212	509	0
341.–Cot women's nonknit shirt	0	0	70	0	0	0	231	0
342.–Cotton skirts	0	6	0	0	0	7	0	0
345.–Cotton sweaters	0	190	0	0	0	213	0	0
347.–Cotton men's trousers	283	266	427	181	555	453	848	398
348.–Cotton women's trousers	958	1,211	355	218	1,658	2,158	796	495
350.–Cotton robes	206	0	0	0	50	0	0	0
351.–Cotton nightwear	0	0	439	484	0	0	435	555
352.–Cotton underwear	1,370	1,356	267	0	1,109	1,360	296	0
359.–Cotton other apparel	53	0	88	0	103	0	174	0
410.–Wool woven fabric	0	0	0	0	3	0	0	0
414.–Wool other fabric	0	0	0	0	2	2	0	0
443.–Wool men's suits	0	0	0	0	0	0	1	0
459.–Wool other apparel		0	0	0		0	0	0
465.–Wool floor coverings	0	0	0	0	7	3	3	4
469.–Wool other manufactures	0	1	2	0	0	2	2	4
624.–MMF/wool blended fabric	1	0	0	0	18	0	0	0
631.–Manmade fiber gloves	6	0	0	0	3	0	0	0
638.–MMF men's knit shirts	0	34	6	25	0	69	21	82
639.–MMF women's knit shirts	133	165	194	24	398	544	628	56
642.–Manmade fiber skirts		0	0	15		0	0	36
647.–MMF men's trousers	146	54	0	0	221	86	0	0
648.–MMF women's trousers	0	64	17	15	0	159	42	24
666.–MMF other furnishings	0	0	1	0	0	0	4	0
840.–SLR nonknit shirts	11	15	0	0	108	33	0	0
899.–SLR other manufactures	0	0	0	0	0	0	1	0

Textiles and apparel: Imports from Swaziland, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	—1,000 square meters equivalent—				—1,000 dollars—			
Total	4,875	6,055	4,325	2,786	9,569	15,382	11,727	11,458

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Tanzania, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
201.--Cot/MMF specialty yarns.....	8	0	0	0	1	0	0	0
219.--Cot/MMF duck fabric.....	521	327	0	0	373	203	0	0
220.--Cot/MMF special weave.....	23	38	0	0	18	30	1	0
229.--Cot/MMF special purpose.....	0	0	0	0	0	0	0	0
313.--Cotton sheeting.....	1	1	0	0	0	1	0	0
314.--Cot poplin/broadcloth.....	0	2	0	0	1	2	0	0
315.--Cotton printcloth.....	0	0	0	0	1	0	0	0
331.--Cotton gloves.....	0	0	336	863	0	0	227	500
336.--Cotton dresses.....	0	0	0	0	0	0	2	0
338.--Cotton men's knit shirts.....	0	0	0	0	0	0	0	2
339.--Cot women's knit shirts.....	1	0	0	0	4	0	0	0
340.--Cot men's nonknit shirts.....	351	1,731	1,280	1,241	513	3,119	2,920	3,407
341.--Cot women's nonknit shirt.....	59	36	14	0	128	100	45	0
348.--Cotton women's trousers.....	141	0	40	0	213	0	46	0
360.--Cotton pillowcases.....	0	23	0	0	0	10	0	0
369.--Cotton other manufactures....	0	0	6	0	1	0	4	0
640.--MMF men's nonknit shirts.....	0	5	0	100	0	9	0	196
666.--MMF other furnishings.....	0	15	0	0	0	5	0	0
859.--SLR other apparel.....	0	0	0	0	0	0	0	0
871.--SLR handbags/flat goods	0	0	0	0	1	0	0	0
Total.....	1,108	2,179	1,678	2,204	1,254	3,480	3,245	4,106

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Zambia, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
226.--Cot/MMF cheesecloth.....		0	0	68		0	0	220
300.--Carded cotton yarn.....	1,189	3,097	0	0	404	995	0	0
313.--Cotton sheeting.....	86	129	0	0	34	53	0	0
317.--Cotton twill.....	0	457	0	0	0	230	0	0
336.--Cotton dresses.....	2	0	0	0	1	0	0	0
340.--Cot men's nonknit shirts.....		0	0	142		0	0	232
465.--Wool floor coverings.....		0	0	0		0	0	4
Total.....	1,277	3,683	0	211	439	1,279	0	456

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.

Textiles and apparel: Imports from Zimbabwe, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	---1,000 square meters equivalent---				---------1,000 dollars---------			
218.–Cot/MMF colored yarn.....	0	0	0	1	0	0	1	3
220.–Cot/MMF special weave.....	0	1	2	3	0	3	11	7
224.–Cot/MMF pile tuft fabric.....	0	1	0	0	0	1	0	0
226.–Cot/MMF cheesecloth.....	0	1	0	76	0	4	0	247
229.–Cot/MMF special purpose.....	1	0	1	1	1	0	0	0
237.–Cot/MMF playsuits.....	1	10	0	0	5	37	0	0
239.–Cot/MMF baby garments.....	0	3	0	0	0	10	0	0
300.–Carded cotton yarn.....	1,318	0	0	0	333	0	0	0
313.–Cotton sheeting.....	2,620	2,371	548	1	1,175	1,010	292	5
314.–Cot poplin/broadcloth.....	0	0	3	1	0	0	13	3
317.–Cotton twill.....	3,994	6,200	1,940	0	2,484	3,660	1,313	0
331.–Cotton gloves.....	0	0	0	0	0	0	0	0
333.–Cotton men's sport coats.....		0	0	0		0	0	0
334.–Cotton men's other coats.....	0	0	0	0	1	0	0	1
335.–Cotton women's coats.....	0	7	39	0	1	25	207	0
336.–Cotton dresses.....	1	30	565	134	1	46	421	107
338.–Cotton men's knit shirts.....	25	22	0	0	162	114	0	0
339.–Cot women's knit shirts.....	8	3	10	2	52	19	53	16
340.–Cot men's nonknit shirts.....	58	557	1,659	285	272	1,487	4,268	1,050
341.–Cot women's nonknit shirt.....	9	60	792	31	22	137	1,476	228
342.–Cotton skirts.....	49	21	139	0	303	134	287	0
345.–Cotton sweaters.....	0	0	0	4	0	1	0	12
347.–Cotton men's trousers.....	1,445	945	865	827	7,591	3,775	3,031	2,762
348.–Cotton women's trousers.....	100	144	608	162	516	611	1,896	697
352.–Cotton underwear.....	0	0	0	0	0	1	0	0
359.–Cotton other apparel.....	2	45	6	2	7	108	22	7
360.–Cotton pillowcases.....	0	2	3	6	4	16	26	45
361.–Cotton sheets.....	0	1	2	5	3	6	10	21
362.–Cotton bedspreads/quilts.....	1	4	9	8	7	27	52	76
363.–Cotton terry/pile towels.....	0	0	1	1	1	3	8	7
369.–Cotton other manufactures....	2	29	42	43	10	65	72	143
414.–Wool other fabric.....		0	0	0		0	0	2
445.–Wool men's sweaters.....	0	0	0	0	0	1	0	0
446.–Wool women's sweaters.....		0	0	0		0	0	1
465.–Wool floor coverings.....	0	0	0	0	1	4	0	3
469.–Wool other manufactures	0	0	0	0	0	2	0	1

Textiles and apparel: Imports from Zimbabwe, by MFA categories, 1993-1996

Category Description	Quantity				Value			
	1993	1994	1995	1996	1993	1994	1995	1996
	----1,000 square meters equivalent----				----------1,000 dollars----------			
638.--MMF men's knit shirts.....	0	0	0	0	0	0	0	0
647.--MMF men's trousers.....	0	0	9	0	0	0	19	0
659.--MMF other apparel.....	1	0	0	0	2	0	0	0
665.--MMF floor coverings.....	0	0	0	0	0	0	1	0
666.--MMF other furnishings.....	4	0	0	0	1	0	0	0
669.--MMF other manufactures.....		0	0	2		0	0	6
838.--SLR knit shirts.....	0	0	0	0	0	0	5	0
847.--Silk linen ramie trousers.....	0	20	321	0	0	56	899	0
859.--SLR other apparel.....	0	6	0	1	0	7	0	3
899.--SLR other manufactures.	0	0	0	0	0	0	0	1
Total.....	9,641	10,483	7,564	1,595	12,956	11,370	14,386	5,455

Note.--A "zero" indicates that imports were less than $500 or 500 square meters equivalent. For 1993, a "blank" indicates that there were no imports.