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It is my great pleasure and honor to once again have the opportunity to speak to you today. It is amazing to consider that an event we have all worked so hard to achieve is less than one year away. I speak of course of the end of an onerous quota system that has consumed more than its fair share of resources – both economic and political -- for decades. Naturally, anticipation of something so long sought is mixed with a some concern about just how it will all work out in practice. Some see smooth sailing, others a brewing storm.

A number of studies, of varying degrees of sophistication, are finding their way into the public domain purporting to predict what will happen after the textile and clothing quotas end in 2005. Significant expected declines in the cost of sourcing apparel from exporters in China (among others, of course), coupled with the end of quota as the primary factor in sourcing decisions, are leading many to suggest, a few more passionately than others, that China will dominate international supply of clothing beginning in 2005.[1] This conclusion has some textile and clothing exporters very concerned, some to the point that they now may favor an extension of the quota system, at least as it applies to China, from 2005.

While I agree that China will indeed be a significant supplier of textiles and clothing after 2004, I would like to suggest to you today that there will be a number of ways exporters in other countries will be able to compete after the quotas are gone. I do not believe that hope is lost for all other exporters. The good news for many of you is that price is not always the driving factor in sourcing decisions, and there are things you as government officials and industry representatives can do now to forestall losses you may expect after 2005.

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[1] China's gains to date in those few products that are no longer under quota is not necessarily indicative of what will happen with all other textile and apparel products after 2004. Let's take brassieres. This product is an example of what China produces best. High sewing needle dexterity sets China apart from many other countries. Its advantage is detail and ability to work with difficult to sew fabrics. Brassieres typically have more than 24 components, involve at least 32 sewing operations and are linked together with 145 feet of thread. It is no wonder business moved to China when the quotas came off.

Textile luggage is also most logically produced in China both because of the complexity of the manufacturing process and because that is where the raw materials are located. Like brassieres, luggage is a highly labor intensive product involving a large number of components and sewing operations. But just as significantly, luggage also requires hardware – items such as metal frames, buckles, clips and hooks, rivets, hinge partitions, handle and wheel systems, and zippers – which are produced in China. Previously, because of the quota restrictions on China, companies were compelled to ship all that hardware from China to other manufacturing sites outside China. Now that logistical nightmare, including additional costs and time, has finally ended.

Priority Sourcing Considerations in Post-Quota World

Many of you may have had a chance to look at the recently-released study by the U.S. International Trade Commission regarding possible sourcing changes after the textile and clothing quotas are lifted in 2005. It is a very thorough study and I do commend it to you, with some caveats. The ITC examined in detail the relative competitiveness of textile and clothing sectors in 35 countries that together represented 80 percent of the total value of U.S. textile and clothing imports in 2002. It conducted interview with representatives of U.S. textile and clothing importers, retailers, and U.S. and foreign producers. It also interviewed foreign government representatives and trade and industry groups. The ITC report reviews a number of academic studies that purport to measure the impact of quota removal on textile and clothing exporters taking into account these long-run "dynamic" effects.

But it must be noted that the ITC report does not consider some important variables that could change, perhaps importantly, its conclusions. For example, it did not consider the likely changes in trade and production among developed country suppliers, particularly the United States and the European Union. It did not consider the impact of the coincident elimination of EU quotas export opportunities to that region. While it summarizes the research of others who looked at the longer-run dynamic effects of quota elimination, the ITC's analysis itself is static, rather than dynamic. In other words it does not consider economic growth in key developing-country markets, particularly China and India, and how those effects might affect global trade patterns.

I thought I would summarize for you the ITC study results, the results of the dynamic analyses, and some additional perspectives I have gleaned from my own sources which include not only American retailers but retailers in Europe and what might be termed "trans-national" textile and apparel producers. I will use the framework suggested by the ITC as it seems to hit virtually every sourcing factor I've been told by those who buy apparel internationally is important once quotas are no longer one of the most important factors. I've summarized in Table 1 the criteria the ITC and others believe are likely to affecting sourcing decisions in a post-quota world. Broadly, they are business climate and infrastructure; speed to market; market access; labor and management; raw material availability; and level of service provided by and reliability of the supplier.

The bottom line is this: there is no bottom line. Cost is determined by all of these factors, and low-cost producer A may get there with a set of production capabilities that is completely different from low-cost producer B. And U.S. purchasers in turn have different lists of priorities that matter most to them, and often vary with the products they sell.

Retailers and other importers will use a variety of business models in the post-2004 environment, just as they use today. For example, mass retailers must put price at the top of their sourcing criteria list because they sell largely to low- or middle-income consumers for whom price is the most relevant factor in a purchasing decision. Large retailers and brands that are importers can be expected to enter into mega relationships with big suppliers or factories that are vertical, permitting them to maximize economies of scale.

Other retailers and brands cater to fashion-conscious consumers. These retailers and brands need to react to trends quickly and therefore speed and flexibility, not price, will top their sourcing criteria list. These retailers are willing to pay a little more for clothing that meets their other priority sourcing requirements.

And even within one retail format, different products may require different strategies: price for T-shirts; speed for jeans. A UK retailer noted that different products have different requirements for sourcing: ladies' wear needs to react quickly to sales trends and thus the company plans to contract production in Eastern Europe and Northern Africa, which also means the company can use innovative European fabrics. Its men's wear business is less volatile so product can be sourced from further away. Lingerie has a more mixed product portfolio between fashion and core merchandise, so sourcing would need to be balanced between the different regions of the world. So because of the diverse nature of apparel retailing, buyers will react differently; no one factor is dispositive. This is good news for all of you.

That said, it is also true as you have heard or read that the end of the quotas will see the importing community focus its attention on fewer countries, with those countries that either produce both the raw materials and finished goods or that produce raw materials and are close to countries producing finished goods best positioned to win new business. Importers most certainly will continue to diversify their portfolios of countries. Given the risks involved, no importing company can afford to put too large a portion of its business in a single country.

China does have the potential for significant and rapid growth in a post-quota world and all of the economic modeling points in this direction. This is not surprising since its labor force sets the standard for productivity. Its supply chain is one of the world's most efficient. But what the economic models cannot consider is that as a practical matter, the major importers in the United States will limit the amount of business they place in China. They worry that, for example, trade actions against China will prevent them from receiving orders they may place, and they cannot afford to be caught short. Putting too much of your business in one country, or one factory for that matter, is not a good business practice and this is especially true for China which will be high on the "watch list" of the U.S. textile industry and unions for trade remedy actions of one kind or another. Smaller and medium sized American apparel importers without a developed sourcing plan may not necessarily make the same decision.

Trade with preferential trading partners after 2004 is a mixed picture. Obviously, countries in the Western Hemisphere have an inherent advantage by virtue of their location and ability to offer quick inventory replenishment to American and Canadian retailers, and countries in southern Europe and Turkey enjoy the same advantage with the European Union markets. However, the future attractiveness of these supposed preferential suppliers varies based in large part upon the commercial viability and manageability of the origin rules that apply to them. Preference advantages – most prominently duty-elimination – can be fully offset by difficult rules of origin. For purely political reasons, the U.S. Government simply does not recognize that rules designed to limit options, such as those that would restrict duty-free access to articles made only from U.S. formed components, are shortsighted and counter-productive. Even if the rules of origin are workable, preferences can also be minimized if not offset completely by poor infrastructure, child labor problems, or inability to offer "full package" service.

All of this is about the US and Europe. The International Trade Centre correctly reminds us that while these markets will continue to account for two-thirds of all world clothing imports after 2004, new markets will emerge in higher-income South-East Asian countries as well as in the high- and middle-income groups in the larger developing countries. These emerging markets will become important targets for apparel exporters in the future.

I have attempted in Table 2 to summarize some of the details of the ITC's survey of the 35 countries it explored. It may help to give you some individual guidance about what those it interviewed felt needed to be improved to enhance the competitiveness of the range of current textile and clothing suppliers. The table points clearly to two conclusions: there are things you can do to "stay in the game," and there are individual products many of you will be competitive in a post-quota world, even if your total textile and clothing exports are projected to decline.

How to Prepare: That Is, Ways to Lower Total Cost

I am sure that each of you has been busy meeting with your producers and their customers to determine your own priorities for ensuring that your exporters remain competitive in a post-quota world. At the risk of making suggestions for actions you already have well under way, I would like to focus on just a few of the factors listed in Table 1 that many American retailers and importers think are key.

<u>Increasing speed</u>. Especially when the economy is spotty, retailers like to be able to delay their orders as long as possible. For time-sensitive and fashion-driven goods, manufacturing in a nearby country pays off if it means buyers can wait an extra three weeks before they need to commit to an order, even if the cost of the order is a little higher than it would be if it came from a source with longer lead times. For retailers and importers who care most about speed to market, the ability to get product quickly is a higher priority than price.

So those of your with a locational advantage to a large market need to capitalize on it. The fly in the ointment for Western Hemisphere exporters is that the textile and clothing trade benefits enshrined in U.S. preference programs and free trade agreements are predicated on rules of origin that most retailers and importers who care more about price than speed have deemed too restrictive to provide sufficient inducement to look to the Western Hemisphere in lieu of, say, Asia. To catch the attention of these price-focused importers, it is imperative that you be able to meet that rule of origin. This may mean that your suppliers need to develop regional sourcing networks that allow your clothing producers to have ready access to yarn or fabric made in other qualifying countries. It may mean that you need to help your domestic producers gain access to the credit they could need to purchase these inputs so they can become "full package" suppliers. It may also mean that you need to encourage U.S. fabric and yarn producers to invest in your countries, either independently or in joint ventures or other alliances with domestic apparel producers, so that the yarn-forward rule is a plus rather than a minus.

Exporters *without* locational advantages can increase their speed to market capabilities by doing more with technology, particularly the Internet. The Internet is a huge contributor to shortening lead times and reducing costs generally. Avoiding the Internet (and a state of the art telecommunications infrastructure that is needed to access it efficiently) is also increasingly less of an option for companies in any industry who wish to compete successfully in this fast-changing global market. Wal-Mart, for example, is now requiring its suppliers to send and receive orders electronically over the Internet, rather than by fax. The result is that both Wal-Mart and its suppliers are saving time – orders are filled faster, product gets to market faster, costs are lower for everyone. J.C. Penney has implemented another approach to reducing costs by saving time using technology. A Hong Kong shirt company collects daily point of sale data for Penney's men's shirts directly from Penney stores in North America. It then on its own initiative reorders new stock as needed from manufacturers in, say, Taiwan, and arranges for those shirts to be shipped directly to the Penney store that is out of stock or low on stock. Penney does not get involved. Penney now holds no inventory of men's dress shirts in the United States. The Hong Kong company monitors sales, and when there is a spike in sales it steps up production; when demand slumps, it dials back production. Penney's is thrilled with all the overhead costs it is saving by not having to stock inventory or sell slow-moving goods in inventory at a discount. Interestingly, the Hong Kong company developed this service as a way to reduce *its* costs: it makes most of its shirts in places with higher wages than China – in Thailand, Malaysia, Taiwan and Hong Kong. To compete with China's declining prices, it developed this service that relies heavily on technology and the electronic transmission of data.

Developing an "angle." As the story I just told demonstrates, companies that have an angle, some special service or product or feature that distinguishes them from the competition can compete successfully against lower-cost exporters. Everyone wants to sell T-shirts to the United States, but as the International Trade Center has noted, competition for such easy products to such large markets is high and prices are low. The angle can be as simple as fostering the design and fashion skills needed to manufacture value added, high-quality products attractive to niche markets. A skilled population of sewers can sometimes be cost competitive even if its wages are higher than another country with an unskilled workforce. A Women's Wear article from a year ago surveying innerwear producers' plans for post-2004 reported that those importers were wary of dropping operations in countries where quality control and shipments have been reliable and consistent. The article cited Bangladesh, Pakistan, Turkey, Sri Lanka, Thailand, Indonesia, the Philippines, the Caribbean Basin, Mexico and Central America as examples of higher-cost sources that would continue to supply U.S. importer demand for moderate and high-end innerwear.

To move your producers in this direction, governments can partner with industry associations to improve their companies' assessments of foreign markets, and promote investment in skill development and machinery that will improve design and craftsmanship. In addition, retailers are increasingly enamored of private labels and propriety brands, which are accounting for a growing share of their apparel sales – and profits. Developing close relationships with retailers in manufacturing these brands will be important.

Moreover, many retailers and other importers will take the price declines afforded by quota elimination to offer their customers more value for their money. Many importers and retailers will invest that quota cost savings in more detailed products and higher quality goods, including more durable and colorfast fabrics. We have already seen this phenomenon in the area of infants wear, which was integrated in 1998. The offerings today include far more embroidery and other detail, as well as better quality fabrics, without additional cost.

Avoiding the trade remedy and consumer backlash sand traps. A post-quota world will see even more attention paid to how foreign producers do business. Are they "dumping"? Are they using child labor? Or sweatshop labor? How safe are their facilities? Are they big polluters? As prices decline, importing country policy makers will hear more than ever the already common lament: how can we be expected to compete with countries whose labor practices and environmental practices are so much lower than ours? How can we compete against unfair imports? Therefore, retailers and importers will prefer to import from foreign suppliers with high standards of legal compliance: those that enforce domestic labor and environmental laws, those that are not likely to be found to be "dumping" or benefiting from WTO-illegal subsidies.

So, you and your industry associations need to ensure that your domestic laws and enforcement are up to snuff. Especially enforcement. Make sure that your domestic producers understand what types of pricing and subsidy practices give rise to trade remedy investigations, and how they can respond to them should the need arise. Trade associations should keep information about EU and US trade remedy laws and practices as they apply specifically to textiles and clothing, and perhaps even sponsor seminars from law firms who help foreign companies navigate through this arcane process.

As I've already suggested, your producers should seek out joint ventures or other alliances with U.S. fabric and yarn producers, not only to help them take advantage of preference programs but also to help insulate them from future trade remedy actions. The U.S. textile industry is going to be less inclined to include a country in the scope of an AD or CVD action if it has production relationships there that would be harmed by the imposition of duties.

Finally, make sure your companies are aware of the social standards sought by EU and American importers.

Logistics. A factory can have a highly skilled workforce with state-of-the-art machinery but if it has to shut down twice a week because the power goes out or if its containers miss their connections at the ports because of poor roads, it has serious competitive disadvantages. Bad logistics adds time and cost to exports, and not just apparel exports. In addition, cargo security is a growing concern. Retailers and other importers will avoid placing orders from suppliers burdened by frequent power outages, bad roads, bottlenecked ports, Customs processing delays, and, increasingly significant, security concerns.

Service. Large retailers and brands that are importers can be expected to enter into mega relationships with big suppliers or factories that are vertical, permitting them to maximize economies of scale. Gone will be the days when apparel companies take fabric made in China and ship it to Africa to be cut into garments that get preferential advantages, or take Indian fabric and send it to Sri Lanka to be made into apparel for which insufficient Indian quota exists. This means that your producers must increasingly be capable of producing using a "full package" model rather than the more traditional "cut and sew" model. You need to encourage your producers to develop fully integrated operations.

One common obstacle to the development of "full package" production by apparel producers who are not integrated is access to credit. You need to think about ways you can provide your producers with access to credit so that they can purchase the raw materials they need to offer "full package" production. Another obstacle is access to competitively priced raw materials, ranging from energy to yarns and fabrics. This may mean reducing, even eliminating, tariffs and other costly barriers to importing raw materials. But beware that the support you provide does not make your producers vulnerable to countervailing duty actions.

Trade preferences. I know that many of you think that if you just had a free trade agreement or a special preference program with the United States, all your textile and clothing competitiveness worries would be over. Well, sadly, such agreements – with the United States, anyway -- are highly overrated. (Europe and Canada are much more generous.) It is true that the reduction or elimination of duties goes a long way to lowering your costs in the U.S. market relative to other suppliers outside the trade agreement. However, nasty rules of origin almost universally accompany those duty reductions. Other cost-raising headaches come from paperwork requirements and related compliance costs. These compliance costs can offset a large portion of the program benefits.

Conclusion

I hope I have managed to convince you that the picture of a post-quota world is not black and white, but full of color. Yes, China and other suppliers with low-cost high-quality production capabilities will account for huge shares of textile and clothing trade after 2005. But there is plenty of room for other manufacturers to carve out for themselves significant pockets of supply for important products that thrive on whatever it is they do best – and that take advantage of the uncertainty associated with sourcing from China at least through 2008. Industries, governments and customers must work closely together to succeed. Change represents an opportunity, not an obstacle. We look forward to working with you in the coming years to ensure that the benefits of a quota-free world extend to the widest possible audience, from producers to consumers. We've waited a long time for this day. We should celebrate it, not run from it.

Table 1

Priority Sourcing Considerations in Post-Quota World:
Factors Affecting Total Cost

Business Climate and Infrastructure
- Political stability
- Safety of personnel
- Security of production and shipping
- Transparent and predictable legal, commercial and regulatory systems
- Minimal administrative burden and corruption
- Compliance with internationally-recognized health and labor standards
- Vulnerability to trade remedy actions, including safeguard actions
- Subsidies and tax credits
- Free trade zones
- Real exchange rates
- Market demand and economic growth
- Roads, ports, rail and airports in good condition
- Shipping and other transportation times and costs
- Access to reliable sources of energy, water and telecommunications

Speed to Market
- Proximity to the U.S. market
- Other factors that otherwise reduce the time it takes to get product into US stores (e.g., proficiency with Internet, lead time and flexibility to respond to quick turnaround orders)

Market Access
- Direct or indirect preferential access to U.S. market

Labor and Management
- Availability of workers
- Compensation rates
- Labor skills and productivity
- Availability of qualified managers, including middle management

Raw Material Availability
- Access to quality and cost-competitive domestic or regional yarn and fabric production
- Tariffs on imports of raw materials
- Rules of origin for trade preferences
- Cost and availability of capital to invest in new machinery and purchase raw materials

Level of Service/Reliability of Supplier
- Reputation for quality and on-time delivery
- Existing business networks (supply chain linkages, relationship with customer)
- Level of service provided (e.g., “full package” vs. assembly only)
- Flexibility and variety in styles or products and lot sizes offered

Source: U.S. International Trade Commission and The Trade Partnership.

Table 2
Summary of ITC Assessment of Relative Competitiveness of 35 Textile and Clothing Suppliers to the U.S. Market

	Advantages	**Disadvantages**	**Post-Quota Competitive Products**
China	Low-cost; ready supply of inputs; can make any product at any level of quality at any price level; huge investments in new spinning, weaving equipment; efficient business-savvy management	Vulnerable to trade remedy actions, must import cotton, dyeing & printing sector lags	All
Hong Kong and Macao	Alternative to China, in event of China trade remedy actions; full service	High labor costs	Not clear after 2008
Korea and Taiwan	High productivity, full package small & flexible sewing lines, excellent plant managers	High labor costs, chronic labor shortages	Fashion apparel, dress shirts, synthetic fabrics & fibers, yarn for knit-to-shape products
India	Huge relatively inexpensive skilled labor force w/design expertise; big producer of yarns & fabrics, especially strong in yarn spinning	Personal safety, security of shipments between factories, government red tape and infrastructure are problems, lower productivity than China	Wide range of apparel, bed linens, towels, with hand embroidery
Pakistan	Huge relatively inexpensive labor, access to local raw cotton, large installed capacity for spun yarn, consistent quality	Personal safety and security of shipments are problems, lower productivity than China	Cotton yarns and fabrics, men’s apparel, home textiles, knit tops

Summary of ITC Assessment of Relative Competitiveness of 35 Textile and Clothing Suppliers to the U.S. Market, continued

	Advantages	**Disadvantages**	**Post-Quota Competitive Products**
Bangladesh	Low wages; duty-free access to EU, Canada, Norway; making progress in supplying apparel industry's yarn needs for knitwear	Productivity needs work, labor standards need work, needs to develop "full package" capabilities, infrastructure (esp. ports) needs improvement, lower productivity than China	Mass-produced, basic apparel like cotton knit tops, cotton woven pants
Sri Lanka	Duty-free and quota-free access to EU, reduced-duty access to India, duty-free access to some large Asian markets	Relatively small labor pool, relatively high wage rates, relies heavily on imported yarn and fabric, needs to develop "full package" capability, infrastructure needs work	Specialty & fashion goods, hosiery, women's intimate apparel
Indonesia	Abundant supply of low-cost, skilled labor, huge manufacturing base for raw materials (e.g., synthetic fibers, yarns, fabrics)	Political and social unrest, foreign investment declining because of fears that judicial system cannot protect it, shipping times to US too long	Cotton and polyester fabric
Philippines	Skilled labor, modernized infrastructure	High wage rates, relies heavily on imported yarns and fabric, political & social unrest, shipping time to US too long, Customs delays in importing fabric along with high port and shipping costs extend lead times and total costs	Fashion apparel w/complex construction

Summary of ITC Assessment of Relative Competitiveness of 35 Textile and Clothing Suppliers to the U.S. Market, continued

	Advantages	**Disadvantages**	**Post-Quota Competitive Products**
Thailand	High-skilled labor; domestic supply of yarns, fabrics; flexibility in sourcing	High wages due in part to labor shortages	Niche goods w/complex construction or detailed sewing requirements
Malaysia	Vertically integrated textile and apparel sectors	Labor shortage, high wages wages	Not clear
Mexico	Proximity to US market; US textile, apparel duties eliminated; produces basic fabrics (e.g., denim and some wool)	Rising labor cost, inconsistent quality & production reliability problematic, middle management weak, product design expertise limited, limited ability to offer "full package" production, additional costs for security for shipments to the US, complying w/ NAFTA paperwork	Basic goods (e.g., 5-pocket jeans); goods needed fast; could expand yarn, fabric exports to Western hemisphere
Costa Rica	Highly-educated workforce, proximity to US market, political and economic stability, good infrastructure	High-cost workforce, may have priced itself out of the US market, insufficient domestic yarn/fabric production	Not clear
Dominican Republic	Proximity to US market, some (limited) "full package" production ability, imports most raw materials	High labor costs, some energy shortages	Quick-turn apparel, higher-value added apparel (pants, jackets)

Summary of ITC Assessment of Relative Competitiveness of 35 Textile and Clothing Suppliers to the U.S. Market, continued

	Advantages	Disadvantages	Post-Quota Competitive Products
El Salvador	Proximity to US market, domestic yarn production	Labor costs higher than China; electricity, gas equipment, water, chemicals are more expensive than in US; relies heavily on imports of cotton fabric and garment parts, MMF fabrics	Not clear
Guatemala	Proximity to US market, quick turnaround, relatively developed textile sector, "full package" capability	Labor costs higher than China; has textile sector but still must import most of its yarn and fabric needs	Not clear
Honduras	Proximity to US market, some regional knit fabric production, some "full package" ability, productive workforce	Labor costs higher than China, infra-structure problems (roads, telecom., power outages)	Not clear
Nicaragua	Proximity to US market	Labor costs higher than China, poor ports & roads, need to import raw materials	Not clear
Haiti and Jamaica	Proximity to US market, low labor costs	Personal safety and security of shipments are problems; Haiti: poor infrastructure, high costs of shipping & storing, shortage of qualified managers, high cost and low quality inputs, political instab-ility; Jamaica: high worker turnover, low productivity, inflexible labor laws	Not clear

Summary of ITC Assessment of Relative Competitiveness of 35 Textile and Clothing Suppliers to the U.S. Market, continued

	Advantages	**Disadvantages**	**Post-Quota Competitive Products**
Colombia	Proximity to US market; domestic supply of knit, woven fabrics; capable supplier of tailored clothing, sportswear; skilled in fashion apparel; workers have excellent needlework skills	Personal safety and security of shipments are problems	Fast turn apparel, tailored clothing, sportswear, fashion apparel
Peru	Proximity to US market, domestic supply of high-quality cotton and fine animal hair, domestic production of yarns and knit fabrics	Damaged infrastructure, relatively higher shipping/transportation costs, shortage of skilled workers	High-end knit shirts
Bolivia and Ecuador	Proximity to US market, some domestic supply of specialty animal fibers	Relies heavily on imports of yarns, fabrics, findings	Specialty goods (e.g. made with fine hairs from animals indigenous to those countries)
Turkey	Domestic supplies of raw cotton, cotton yarns, fabric, proximity & duty-free access to EU, fast turn-around and fashion capabilities, export-oriented apparel sector, shipping times to US similar to those for East Asia.	Quality could be better	Cotton fabric

Summary of ITC Assessment of Relative Competitiveness of 35 Textile and Clothing Suppliers to the U.S. Market, continued

	Advantages	Disadvantages	Post-Quota Competitive Products
Egypt	Abundant labor supply, access to high-quality cotton	Largely government-owned textile industry, excess employment, out-dated technology, low productivity, high raw material costs (because of government-set minimum cotton price), need to import yarn and fabric	"Egyptian cotton" yarns
Israel	Duty-free access to US market w/ good rules of origin, automated production, good shipping times to US, high quality, good service, fast turnaround	Labor costs high, security issues affect reliability of supply and make long-term sourcing decisions difficult	Niche supplier of intimate apparel
Jordan	Duty-free access to US market with good rules of origin, good shipping times to US, low labor costs, close to major regional fabric sources (e.g., Egypt, Turkey, Israel, Pakistan)	Security and political instability affect reliability of supply & make long-term sourcing decisions difficult, lack of access to water prevents development of textile industry	Niche supplier of MMF tops, wool apparel

Summary of ITC Assessment of Relative Competitiveness of 35 Textile and Clothing Suppliers to the U.S. Market, continued

	Advantages	Disadvantages	Post-Quota Competitive Products
Kenya	Preferential access to EU and US markets, but worth something only when US duties high, abundant labor supply	Personal safety an issue	Not clear
Lesotho	Preferential access to EU and US markets, but worth something only when US duties high, abundant labor supply	No domestic yarn, fabric supply, long shipping times to US a problem for basics, high utility costs, low labor productivity and other raw material costs offset low wage rates	Not clear
Madagascar	Preferential access to EU and US markets, but worth something only when US duties high, abundant labor supply	High electricity and transportation costs, low labor productivity and other raw material costs offset low wages	Not clear
Mauritius	Preferential access to EU and US markets, but worth something only when US duties high	High labor costs (due to shortages of labor), shortage of cotton yarn, long shipping time to US	Fully-fashioned sweaters, wool and MMF apparel
South Africa	Preferential access to EU and US markets, but worth something only when US duties high, domestic supply of yarns and fabrics, produces synthetic filament yarn	Relatively high labor costs (highly unionized workforce)	Fully-fashioned sweaters, wool and MMF apparel

Source: The Trade Partnership from U.S. International Trade Commission