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Textile Exports to Trade Preference Regions

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Abstract. This report examines the levels of U.S. yarn, fiber, and fabric exports to countries covered by U.S. trade preference programs before and after textile trade preferences went into effect. Specifically, the trade preference programs covered are the African Growth and Opportunity Act (AGOA), the Andean Trade Promotion and Drug Eradication Act (ATPDEA), and the Caribbean Basin Trade Preference Act (CBTPA) - including any subsequent amendments. AGOA textile trade preference provisions became effective in October 2000. ATPDEA textile trade preference provisions became effective in late 2002. CBTPA textile trade preference provisions became effective in October 2000. The nature and the product coverage of trade preferences differ among the programs. Textile preferences of all three programs have been liberalized since initial enactment. The report first presents and describes trends in the dollar value of U.S. domestic exports of fiber, yarn, and fabric of all fiber types (cotton, manmade, silk, etc.) to each of the three trade preference regions from 1996 through 2004. This is followed by a focus on exports of cotton fiber, yarn, and fabric only. Cotton or cotton blend intermediate textile items account for about half of U.S. domestic exports to the three trade preference regions combined. The data are organized according to Harmonized Tariff Schedule (HTS) chapters described in the appendix to this report.

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Textile Exports to Trade Preference Regions

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Textile Exports to Trade Preference Regions

Summary

With Congress currently debating approval of a free trade agreement with five Central American countries and the Dominican Republic (CAFTA-DR), it may be useful to know how successful existing trade preference programs have been in terms of spurring U.S. exports of textiles to the designated regions. Congress has eased trade terms on a variety of products from Andean, Caribbean, and sub-Saharan region nations — especially on textiles and apparel — in moves to stimulate economic growth in poorer regions of the world. To provide markets for U.S. manufacturers of yarn and fabric, however, the trade preference programs for the most part require U.S.-made yarn and/or fabric as inputs for textile and apparel end-products for them to qualify for trade preference.

This report examines the dollar value of U.S. yarn, fiber, and fabric exports to countries covered by U.S. trade preference programs before and after textile trade preferences went into effect. The trade preference programs covered are the African Growth and Opportunity Act (AGOA), the Andean Trade Promotion and Drug Eradication Act (ATPDEA), and the Caribbean Basin Trade Preference Act (CBTPA) — including any subsequent amendments.

Dominated by trends in exports to CBTPA countries, U.S. exports of fiber, yarn, and fabric to the three trade preference regions increased steeply in the early 2000s. Among the above three trade preference regions, CBTPA countries as a group constitute the largest market by far for U.S. fiber, yarn, and fabric, with ATPDEA countries second, and AGOA countries third. U.S. domestic exports of fiber, yarn, and fabric to CBTPA countries, which had been rising at least since the mid-1990s, increased sharply in 2001 and have risen further since then, although not as rapidly.

U.S. domestic exports of fiber, yarn, and fabric to ATPDEA countries also increased markedly between 2002 and 2003, but less rapidly than exports to CBTPA countries, with each of the major categories registering sharp gains. And such exports rose again in 2004. However, U.S. exports of fiber, yarn, and fabric to ATPDEA countries for the most part did not re-attain their levels of the late 1990s. U.S. domestic exports of the items in question to AGOA countries are the lowest by far among the three trade preference regions covered by this report; have not reattained their levels of the late 1990s; and have experienced no increase of note in the 2000s. Such exports actually fell in 2001, the year after AGOA textile trade preferences became effective.

Cotton or cotton blend intermediate textile items account for about half of U.S. domestic exports of fiber, yarn, and fabrics to the three trade preference regions combined. As in the case of overall domestic exports of fiber, yarn and fabric, trends in exports of cotton fiber, yarn, and fabric to the three regions are dominated by trends in exports to CBTPA countries. However, in contrast to the case of overall exports, exports of cotton fiber, yarn, and fabric to two of the three regions after 2000 have *exceeded* levels of the late 1990s. This report will be updated as warranted.

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With Congress currently debating approval of a free trade agreement with five Central American countries and the Dominican Republic (CAFTA-DR), it may be useful to know how successful existing trade preference programs have been in terms of spurring U.S. exports of textiles to the designated regions. Congress has eased trade terms on a variety of products from Andean, Caribbean, and sub-Saharan region nations, especially on textiles and apparel, in moves to stimulate economic growth in poorer regions of the world. It is reasonable to expect that the textile and apparel industries would be among the first to grow rapidly in these regions, given the large role usually played by textiles and apparel in early industrial development. To provide markets for U.S. manufacturers of yarn and fabrics, the trade preference programs for the most part require U.S.-made yarn and/or fabric as inputs for textile and apparel end-products for them to qualify for trade preference.

This report examines the levels of U.S. yarn, fiber, and fabric exports to countries covered by U.S. trade preference programs before and after textile trade preferences went into effect. Specifically, the trade preference programs covered are the African Growth and Opportunity Act (AGOA), the Andean Trade Promotion and Drug Eradication Act (ATPDEA), and the Caribbean Basin Trade Preference Act (CBTPA) — including any subsequent amendments. AGOA textile trade preference provisions became effective in October 2000. ATPDEA textile trade preference provisions became effective in late 2002. CBTPA textile trade preference provisions became effective in October 2000. The nature and the product coverage of trade preferences differ among the programs. Textile preferences of all three programs have been liberalized since initial enactment.[1]

The report first presents and describes trends in the dollar value of U.S. domestic exports of fiber, yarn, and fabric of all fiber types (cotton, manmade, silk, etc.) to each of the three trade preference regions from 1996 through 2004. This is followed by a focus on exports of cotton fiber, yarn, and fabric only. Cotton or cotton blend intermediate textile items account for about half of U.S. domestic exports to the three trade preference regions combined. The data are organized according to Harmonized Tariff Schedule (HTS) chapters described in the appendix to this report.

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[1] Backgrounds, legislative histories, and details of the programs can be found in the following CRS Reports among others: CRS Report RS21772, *AGOA III: Amendment to the African Growth and Opportunity Act*; CRS Report RL31772, *U.S. Trade and Investment Relationship with Sub-Saharan Africa: The African Growth and Opportunity Act and Beyond*; CRS Report RL32770, *Andean-U.S. Free Trade Agreement Negotiations*; CRS Report RL32160, *Caribbean Region: Issues in U.S. Relations*; CRS Issue Brief IB95050, *Caribbean Basin Interim Trade Program: CBI/NAFTA Parity.*

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Exports With All Types of Fiber Content

Among the three trade preference regions covered by this report, CBTPA countries as a group constitute the largest market by far for U.S. fiber, yarn, and fabric, with ATPDEA countries second, and AGOA countries third (**Table 1**). Consequently, trends in exports to the three regions combined are dominated by trends in exports to CBTPA countries. Also, before presenting recent developments, it may be useful to note that in the cases of two of the three trade preference regions (AGOA and ATPDEA), U.S. exports of fiber, yarn, and fabric were higher in the late 1990s than they have become — at least so far — since the trade preferences applicable to textiles were liberalized in the early 2000s.

Table 1. U.S. Domestic Exports of Fiber, Yarn, and Fabric to Beneficiary Countries of the African Growth and Opportunity Act, Andean Trade Promotion and Drug Eradication Act, and Caribbean Basin Trade Preference Act, 1996-2004: Summary
(millions of dollars)

Year	AGOA	ATPDEA	CBTPA	Total
1996	74.6	279.2	658.0	1,011.8
1997	63.0	380.0	771.7	1,214.7
1998	54.4	346.5	851.8	1,252.7
1999	54.6	211.0	672.5	938.1
2000	53.8	280.7	931.2	1,265.7
2001	48.4	241.3	1,676.8	1,966.5
2002	44.3	218.5	2,275.7	2,538.5
2003	45.8	287.2	2,462.3	2,795.3
2004	45.9	348.4	2,823.4	3,217.7

Note: Data are for domestic exports of Harmonized Tariff Schedule Chapters 50 through 60.

Source: U.S. International Trade Commission (ITC), Trade Database, compiled from tariff and trade data from the Department of Commerce, Department of the Treasury, and the ITC.

CBTPA Countries

U.S. domestic exports of fiber, yarn, and fabric to CBTPA countries, which had been rising at least since the mid-1990s, increased sharply in 2001 and have risen further since then, although not as rapidly. Such exports jumped 80% between 2000 and 2001, and rose 68% between 2001 and 2004.

A roughly similar pattern holds for most of the major HTS fiber, yarn, and fabric categories (**Table 2**) exported to CBTPA countries, with cotton fiber and cotton woven fabric and knitted and crocheted fabrics recording the steepest gains. In 2004, these two categories combined accounted for two thirds of U.S. fiber, yarn, and fabric exports to CBTPA countries.[2] Exports of special woven, tufted, and other products in HTS Chapter 58 doubled between 2000 and 2002, but have since declined.

Table 2. U.S. Domestic Exports of Fiber, Yarn, and Fabric to Caribbean Basin Trade Preference Act Countries: Selected Major Categories and Total, 1996-2004

(millions of dollars)

Year	Cotton[a]	Manmade Filaments[b]	Manmade Staple[c]	Special Woven, Tufted, Etc.[e]	Knitted or Crocheted Fabrics[e]	TOTAL[f]
1996	250.9	57.2	56.6	84.2	128.0	658.0
1997	276.8	78.6	62.0	120.9	136.1	771.7
1998	351.3	95.1	68.0	126.8	98.9	851.8
1999	181.4	78.0	62.5	140.4	90.6	672.5
2000	295.3	117.9	71.7	191.8	104.0	931.2
2001	607.5	139.2	176.4	337.7	270.0	1,676.8
2002	779.2	148.5	246.8	409.2	525.2	2,275.7
2003	820.1	175.7	292.4	220.4	799.4	2,462.3
2004	1,083.3	168.1	287.2	256.4	863.4	2,823.4

Note: Data are for domestic exports. All categories excepted "Knitted and Crocheted Fabrics" include both fiber and fabric.

[a] Harmonized Tariff Schedule Chapter 52. Excludes knitted and crocheted cotton fabric.
[b] HTS Chapter 54.
[c] HTS Chapters 55.
[d] HTS Chapter 58.
[e] HTS Chapter 60.
[f] Includes HTS Chapters not shown separately.

Source: U.S. International Trade Commission (ITC), Trade Database, compiled from tariff and trade data from the Department of Commerce, Department of the Treasury, and the ITC.

ATPDEA Countries

Between 2002 and 2003, total U.S. domestic exports of fiber, yarn, and fabric to ATPDEA countries increased markedly, albeit less rapidly than exports to CBTPA countries, with each of the major categories registering sharp gains (**Table 3**). And such exports rose again in 2004. Exports of cotton fiber, yarn, and woven fabrics rose 70% over the two years; manmade materials (two categories combined) rose

[2] HTS chapters are organized partly by type of fiber and partly by the nature of the intermediate product. For example, Chapters 51 and 52 cover, respectively, wool fiber, yarn, and woven fabric and cotton fiber, yarn, and woven fabric. Chapter 56 covers wadding, felt and nonwovens, twine, cordage, etc. Chapter 60 covers knitted and crocheted fabrics regardless of fiber content. See the appendix to this report.

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58%; and knitted and crocheted fabrics rose 132%. However, as stated earlier, U.S. exports of fiber, yarn, and fabrics to ATPDEA countries for the most part did not re-attain their levels of the late 1990s.

Table 3. U.S. Domestic Exports of Fiber and Fabric to Andean Trade Promotion and Drug Eradication Act Countries: Selected Major Categories and Total, 1996-2004

(millions of dollars)

Year	Cotton[a]	Manmade Filaments[b]	Manmade Staple[c]	Impregnated, Coated, Etc.[d]	Knitted or Crocheted Fabrics[e]	TOTAL[f]
1996	98.0	48.5	45.7	34.5	11.9	279.2
1997	169.8	52.2	48.5	43.9	12.4	380.0
1998	161.0	46.0	38.4	35.5	10.5	346.5
1999	65.5	37.7	34.8	25.0	11.1	211.0
2000	122.5	42.8	39.2	25.4	8.8	280.7
2001	123.3	24.3	27.6	16.9	6.1	241.3
2002	117.9	24.8	27.7	12.6	3.4	218.5
2003	174.2	35.0	22.7	12.8	6.9	287.2
2004	200.5	45.7	37.1	19.2	7.9	348.4

Notes: Data are for domestic exports. All categories except “Knitted and Crocheted Fabrics” include fiber as well as fabric.

[a] Harmonized Tariff Schedule (HTS) Chapter 52. Excludes knitted and crocheted cotton fabrics.
[b] HTS Chapter 54.
[c] HTS Chapter 55.
[d] HTS Chapter 59.
[e] HTS Chapter 60.
[f] Includes HTS Chapters not shown separately.

Source: U.S. International Trade Commission (ITC), Trade Database, compiled from tariff and trade data from the Department of Commerce, Department of the Treasury, and the ITC.

AGOA Countries

Total U.S. domestic exports of fiber, yarn, and fabric to AGOA countries are the lowest by far among the three trade preference regions covered by this report; have not reached even $50 million per year since 2000; have not re-attained their levels of the late 1990s; and have experienced no increase of note in the 2000s. Such exports actually fell in 2001, the year after AGOA textile trade preferences became effective. Exports of manmade fiber, yarn, and fabrics to AGOA countries fell 40% between 2000 and 2004 — from 37% of the total in 2000 to 26% in 2004. Exports of cotton fiber, yarn, and fabrics have increased steeply since 2000, but that year’s level was the point of the 1996-2000 period.

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Table 4. U.S. Domestic Exports of Fiber, Yarn, and Fabric to African Growth and Opportunity Act Countries Selected Major Categories and Total, 1996-2004
(millions of dollars)

Year	Cotton[a]	Manmade Filaments[b]	Manmade Staple[c]	Wadding, Felt, Etc.[d]	Knitted or Crocheted Fabrics[e]	TOTAL[f]
1996	14.9	9.6	21.4	3.5	3.9	74.6
1997	10.9	11.2	11.6	3.1	5.2	63.0
1998	10.9	9.4	6.6	3.6	3.9	54.4
1999	6.5	12.2	5.6	4.1	5.5	54.6
2000	4.7	13.0	6.7	2.4	5.8	53.8
2001	6.1	12.4	3.4	4.0	8.6	48.4
2002	4.9	11.1	3.5	6.5	2.2	44.3
2003	8.9	9.7	4.2	6.1	1.6	45.8
2004	8.2	7.6	4.3	6.4	1.2	45.9

Note: Data are for domestic exports. All categories excepted "Knitted and Crocheted Fabrics" include both fiber and fabrics.

[a] Harmonized Tariff Schedule Chapter 52. Excludes knitted and crocheted cotton fabrics.
[b] HTS Chapter 54.
[c] HTS Chapter 55.
[d] HTS Chapter 56.
[e] HTS Chapter 60.
[f] Includes HTS Chapters not shown separately.

Source: U.S. International Trade Commission (ITC), Trade Database, compiled from tariff and trade data from the Department of Commerce, Department of the Treasury, and the ITC.

Exports With Full or Major Cotton Content

Cotton or cotton blend intermediate textile items account for about half of U.S. domestic exports of fiber, yarn, and fabrics to the three trade preference regions combined. (Data for yarns and woven fabrics include blends with other fibers, with cotton as the dominant component by weight.) As in the case of overall domestic exports of fiber, yarn and fabric, trends in exports of cotton fiber, yarn, and fabric to the three regions are dominated by trends in exports to CBTPA countries (**Table 5**). However, in contrast to the case of overall exports, exports of cotton fiber, yarn, and fabrics to two of the three regions after 2000 have *exceeded* levels of the late 1990s.

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Table 5. U.S. Domestic Exports of Cotton Fiber, Yarns, and Woven Fabrics to Beneficiary Countries of the African Growth and Opportunity Act, Andean Trade Promotion and Drug Eradication Act, and Caribbean Basin Trade Preference Act, 1996-2004: Summary
(millions of dollars)

Year	AGOA Countries	ATPDEA Countries	CBTPA Countries	Total
1996	14.9	98.8	314.4	428.1
1997	11.0	169.9	325.5	506.4
1998	9.9	161.4	370.4	541.7
1999	6.7	65.9	198.1	270.7
2000	4.7	122.8	332.0	459.5
2001	6.1	123.6	711.2	840.9
2002	5.0	119.5	953.2	1,077.7
2003	9.0	177.9	1,151.7	1,338.6
2004	8.2	201.8	1,390.3	1,600.3

Source: Table 6.

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U.S. domestic exports of the categories cotton fiber, yarn, and woven fabrics and cotton knitted or crocheted fabrics to CBTPA countries increased steeply in 2001, and have increased further since then (**Table 6**). The former more than doubled and the latter nearly tripled between 2000 and 2001. Between 2001 and 2004, the former rose 78% and the latter nearly tripled again. The former accounted for more than three quarters of U.S. exports of cotton fiber, yarn, and fabric to CBTPA countries in 2004. Detailed data not shown in **Table 6** indicate a large shift in exports to CBTPA countries from undyed to dyed knitted or crocheted fabrics in 2002, probably reflecting newly enacted statutory requirements.

U.S. exports to ATPDEA countries of cotton knitted and crocheted fabrics increased sharply in 2002, while exports of cotton fiber, yarn, and woven fabrics to the ATPDEA region did so in 2003. But the apparent volatility of this export category series makes it unclear if the high level in 2004 is part of a rising trend. Other detailed data not included in **Table 6** indicate that, among exports of knitted or crocheted fabrics to ATPDEA countries, there was a shift to pile fabrics in 2002, possibly responding to the inclusion of (Andean) handloomed, handmade, and folklore products as eligible for duty free entry into the United States, and possibly is reflected in a much higher level of U.S. imports of carpets and rugs from Andean countries in 2004.

U.S. exports of cotton fiber, yarn, and fabrics to the AGOA region are almost exclusively in the form of fiber, yarn, and woven fabrics. The level of exports of this category in 2003 and 2004 is significantly higher than in 2000 through 2002, suggesting a response to the liberalization of trade preferences to that region.

However, here too it is unclear if the increased level in 2003 and 2004 is part of a rising trend, given the high level of exports of fiber, yarn and woven fabrics to AGOA countries in 1996 relative to later years.

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Table 6. U.S. Domestic Exports of Cotton Fiber, Yarn, and Woven Fabric to Beneficiary Countries of the African Growth and Opportunity Act, Andean Trade Promotion and Drug Eradication Act, and Caribbean Basin Trade Preference Act, 1996-2004

(thousands of dollars)

Year	AGOA Countries		ATPDEA Countries		CBTPA Countries	
	Fiber, Yarns, & Woven Fabrics[a]	Knitted or Crocheted Fabrics	Fiber, Yarns, & Woven Fabrics[a]	Knitted or Crocheted Fabrics	Fiber, Yarns, & Woven Fabrics[a]	Knitted or Crocheted Fabrics
1996	14,881	54	97,965	829	252,244	62,176
1997	10,943	9	169,759	165	278,363	47,144
1998	9,864	16	161,081	275	353,351	17,044
1999	6,450	252	65,456	459	182,614	15,459
2000	4,690	30	122,496	353	296,474	35,516
2001	6,086	11	123,197	437	609,140	102,086
2002	4,920	62	117,883	1,653	780,151	173,057
2003	8,926	30	174,190	3,687	821,295	330,443
2004	8,182	14	200,482	1,291	1,084,089	306,184

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Note: Categories shown are totals of selected six-digit HTS subcategories.
[a] Includes blended yarns and fabrics with cotton as the dominant component by weight.
Source: Harmonized Tariff Schedule data from the U.S. International Trade Commission (ITC), Trade Database, compiled from tariff and trade data from the Department of Commerce, Department of the Treasury, and the ITC.

Appendix:
Two-Digit Harmonized Tariff Schedule Chapters Covering Fiber, Yarn, and Fabric

50 Silk, including yarns and woven fabrics thereof

51 Wool and fine or coarse animal hair, including yarns and woven fabric thereof; horsehair yarn and woven fabric

52 Cotton, including yarns and woven fabrics thereof

53 Vegetable textile fibers nesoi*; yarns and woven fabrics of vegetable textile fibers nesoi* and paper

54 Manmade filaments, including yarns and woven fabrics thereof

55 Manmade staple fibers, including yarns and woven fabrics thereof

56 Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof

57 Carpets and other textile floor coverings

58 Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery

59 Impregnated, coated, covered or laminated textile fabrics; textile articles suitable for industrial use

60 Knitted or crocheted fabrics

* – Not elsewhere specified or indicated.

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