Rules of Origin and the Competitive Position of Asian Textiles and Apparel Producers in the North American Market

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Abstract

The rules of origin pertaining to preferential trade in textiles and apparel in the North American Free Trade Agreement (NAFTA) are particularly restrictive. Coupled with the elimination of internal tariffs and quotas, a large margin of preference is conferred upon NAFTA producers of textiles and apparel relative to those in East Asia. The large price wedge resulting from the preferential reduction in internal trade barriers between members and non-members is expected to divert trade in textiles and apparel from non-members to members of NAFTA. Asian producers of textiles and wearing apparel are most likely to suffer from trade diversion effects of NAFTA. Trade data for the period since implementation of NAFTA are compared with the period before the agreement as a means of establishing whether or not trade diversion may have occurred. An ex post evaluation of NAFTA imports of textiles and apparel compared with imports from a control sector with less restrictive rules of origin is undertaken. This heuristic study seeks to provide evidence that restrictive rules of origin are indeed diverting substantial amounts of trade in textiles and apparel from low-cost producers in East Asia to producers within NAFTA.

I.   INTRODUCTION

Rules of origin are among the most controversial aspects of the North American Free Trade Agreement (NAFTA). Early assessments of NAFTA indicated that its rules of origin, contained in a nearly two hundred page compendium, were one of the agreement's most disappointing features (Hufbauer and Schott 1993).[1] Preferential trading arrangements must employ such rules in order to determine whether or not a good entering the customs territory is entitled to preferential treatment. In negotiations leading to the NAFTA, industry interests were well represented and were particularly involved in the design of detailed and product specific rules of origin. The possible use of rules of origin as tools of commercial policy had been pointed out by Vermulst and Waer (1990) in the context of the European Union (EU). Awareness of the possible protectionist uses of such rules in the context of free trade areas (FTAs) has created new interest among economists in examining the welfare implications of FTAs. Some economists have regarded free trade agreements favorably, on the grounds that they, on balance, lead to lower trade barriers among members without raising barriers to non-members as is required by Article XXIV of the General Agreement on Tariffs and Trade.[2] Bhagwati (1991) has taken up the cudgel in opposing discriminatory regional and other preferential trading arrangements on the grounds that they undermine multilateralism and the principles of GATT/WTO. Others have taken a middle ground, arguing that agreements such as NAFTA have desirable and undesirable features that need to be carefully weighed.[3] The arguments for and against FTAs have been largely based on non-empirical theoretical analysis and on *ex ante* judgements regarding the likely magnitude of trade and investment creation versus diversion.[4]

It is too early to judge whether or not NAFTA as a whole is beneficial in terms of world economic welfare or to comment on the overall distribution of gains and losses. However, it is now possible to begin an empirical assessment of the performance of trade components of NAFTA. Based on UN Commodity Trade Statistics and other available statistical evidence, this paper examines trade in textiles and apparel among NAFTA members (Canada, Mexico and the United States). Textiles and apparel have the strictest rules of origin and, therefore, have the greatest potential with regard to trade diversion and protectionism (Hufbauer and Schott 1993, Krueger 1997, and Krishna and Krueger 1994). Asian countries that have rapidly expanded market share in global markets for textiles and apparel (China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand) are most likely to be harmed by any trade diversion resulting from NAFTA's textiles and apparel rules of origin.

II. "Triple-Transformation"—NAFTA Rules of Origin for Textiles and Apparel

Special rules of origin governing trade in fibers, yarns, fabrics, made-up textiles and clothing are set out in NAFTA Volume II, annex 401 (HS chapters 50-63), and pp.401-30 to 401-51. In essence these rules establish that most items of textiles and apparel must be produced from yarn-forward to be conferred origin within the FTA. Some items must even have the fibers used to produce yarn originate within NAFTA (a fiber-forward rule). Some apparel items that require fabrics not generally available in NAFTA (such as silk, certain types of linen and shirt-making fabric) are allowed to qualify for preferential treatment, provided that otherwise they meet NAFTA labeling and origin requirements. These items, however, constitute a very small share of NAFTA trade in apparel.[5] The requirement of yarn-forward production of textiles and apparel practically requires apparel items to use only fabrics produced with yarn from a NAFTA member and further requires that the cutting and sewing operations wholly occur within NAFTA. Any textile or apparel item that contains fibers or yarns that do not originate within NAFTA and that account for more than seven percent of the good by total weight is excluded from NAFTA preferences (NAFTA, Vol. I, part 2, chapter 4, p. 4-12). Textile and apparel items produced in North America with no more than 7 percent of total weight accounted for by non-originating fibers or yarns may still qualify for NAFTA preferences up to specified import levels. Again, this is a very small loophole in the rules and is unlikely to offset the trade-diverting impacts on non-members. The triple-transformation rule (yarn to fabric to apparel) is in its essence the equivalent of a 100 hundred percent local content rule of origin. The restrictive rules governing trade in textiles and apparel are in contrast with the rules of origin for most other manufactured products. For example, the rule for footwear requires 55 percent regional value content under the net cost method and a change in the items' tariff heading (NAFTA Vol. II, annex 401, p. 401-52).

Once NAFTA origin is attained for textile and apparel items, the items are not subject to any non-tariff barriers and receive preferential tariff treatment. The U.S. and Canada have removed import quotas on textile and apparel items from Mexico. In addition, they have drastically lowered tariffs on textile and apparel items that have NAFTA origin (gradually these preferential tariffs will become zero). With import-weighted average US

and Canadian textile and apparel most favored nation (MFN) tariffs of 17.5 and 12.5 percent respectively, this provides Mexico with a huge margin of preference over non-members. Hence, it will be to the advantage of NAFTA apparel producers to shift purchases of textile items or other components of apparel to US, Canadian and Mexican sources, even if the cost is higher than that for imports from non-members.

The elimination of import quotas on Mexican textile and apparel items by the United States coupled with the 100% local content rule and the huge margin of preference would seem ideally suited to maximize trade diversion (or to minimize trade creation) in these sectors. Asian producers, which will continue to face rather restrictive import quotas in the US and Canada until after the turn of the century under the Multi-Fiber Arrangement (MFA), are likely to be put at a competitive disadvantage. The absence of non-tariff barriers for Mexican producers is to be applauded, however, until MFA quotas are brought down, Mexican gains are likely to come at the expense of lower cost producers in Asia. The expected gains to Asian textile and apparel exporters from the phasing out of the MFA and the lowering of MFN tariffs may not materialize in the case of the North American market. Such an outcome will make it more difficult for these countries to proceed with their own trade reforms, at least for reforms proposed on the basis of securing market access for key export industries.

A previous study by Noland (1995) finds that NAFTA will have substantial trade diversion impacts on Korea. Noland estimates trade diversion by taking the product of the tariff-equivalent of trade barriers to Korean exports in the US market and the cross price elasticity between Korean and Mexican exports as the reduction in Korean exports that would take place once Mexico has unrestricted access to the US market. Noland's study does not include trade diversion in the Canadian or Mexican markets. The most sizable trade diversion occurs in the textiles sector (ranging from $463 to $890 million) and the apparel sector (ranging from $322 to $405 million). Trade diversion is also found to be large in footwear (ranging from $90 to $ 217 million). These estimates are among the more sizable trade diversion effects found among the available *ex ante* studies.

In the following section, we use a simple model to examine the likely impact of a 100% local content rule with trade in intermediate and final goods under discriminatory preferential tariffs.

III.   A Simple Model: Trade in Intermediate and Final Products in a FTA

Trade in Intermediate goods

Production is viewed as a sequence of transformations in which components or intermediate inputs are combined until a final good is produced. Components are indexed by a variable k belonging to a continuum $[0,1]$. The unit cost of component k in the country i is denoted by $w_i[k]$. We assume a three-country world (countries are designated as A, B and C) with the home country A and member country B to form the FTA, and the non-member country C to be excluded from the FTA.

We divide the components used in production of the final good into three groups. Group I is a set of components that satisfy the condition: $w_A[k] \leq w_i[k]$, where $i \in \{B,C\}$. This implies that the unit cost of Group I components is cheapest in the home country (country A). Group II is a set of components that satisfy the condition: $w_B[k] < w_A[k]$ and $w_B[k] \leq w_C[k]$. A component in Group II is cheapest in the member country (B). Finally, Group III is a set of components that satisfy the condition: $w_C[k] < w_j[k]$, where $j \in \{A,B\}$. The components in Group III are those that belong to neither group I or group II and are cheapest in the non-member country (C).

We index the components of each group. Initially, the components in group I belong to the interval $[0,\alpha_0]$. Those in group II belong to the next interval $(\alpha_0, \beta_0]$. Those in group III belong to the interval $(\beta_0, 1]$. Moreover, in the first and third intervals, the components are indexed by the following functions. In the interval for group I, the components are indexed so that $r_I[k] = \dfrac{w_B[k]}{w_A[k]}$ is non-increasing in k. This means that the component that has a smaller index number is relatively more expensive in the member country B than in the home country A. Similarly, the components are indexed so that $r_{III}[k] = \dfrac{w_B[k]}{w_C[k]}$ is non-decreasing in k in the interval for group III. The index depends on the relative unit cost of components in the member country B compared with country A or country C for each group.

Note that the indexing of components according to cost does not necessarily correspond to the sequence of production stages. As a result, components may have to cross boundaries more than once. However, we look at the production process as collecting the most efficient components in the home country (A) to minimize the cost in order to keep the model simple. We assume ad valorem tariff, t, on each imported component is included in unit cost.

Figure 1 shows the division of labor in the production of intermediate inputs among the three countries from the perspective of the final goods producer in the home country A. Production is characterized by a constant-returns-to-scale technology. Before forming the FTA, the profit maximizing final good producer uses components belonging to group I in the home country A, those in group II in the member country B and those in group III in the non-member country C. In the upper panel of Figure 1, each group corresponds to the interval $[0,\alpha_0]$, $(\alpha_0, \beta_0]$ and $(\beta_0, 1]$ respectively. Then the unit production cost or the marginal cost is derived from the sum of the following definite integrals:

$$MC_0 = \int_0^{\alpha_0} w_A[k]dk + \int_{\alpha_0}^{\beta_0} w_B[k]dk + \int_{\beta_0}^1 w_C[k]dk.$$

First, simply consider the effect of forming a FTA. In the FTA, tariffs on imported components in the home country from the member country B are assumed to be reduced

to zero, while tariffs on non-member components remain greater than zero. The formation of the FTA between A and B results in a downward shift of the two index functions in the upper panel of Figure 1 since the unit costs of components from the member country B decline. As is shown in the lower panel of Figure 1, the range of group II expands from $(\alpha_0, \beta_0]$ to $(\alpha_1, \beta_1]$. The ranges of group I and III, however, contract from $[0, \alpha_0]$ and $(\beta_0, 1]$ to $[0, \alpha_1]$ and $(\beta_1, 1]$ respectively. In the interval $(\alpha_0, \alpha_1]$, lower cost components from FTA member country B are substituted for the high cost home components. Thus, trade creation takes place in this interval. In contrast, the cheaper initial imports from non-member country C are replaced by more expensive imports from member country B in the interval $(\beta_0, \beta_1]$. This is the trade diversion effect. Then, the unit production cost after forming FTA becomes:

$$MC_1 = \int_0^{\alpha_1} w_A[k]dk + \int_{\alpha_1}^{\beta_1} \frac{w_B[k]}{(1+t)}dk + \int_{\beta_1}^1 w_C[k]dk \ .$$

Next, we will investigate how restrictive rules of origin may increase the trade diversion effect of the FTA. In forming the FTA rules requiring member country components to be a certain physical ratio of total components are introduced. Let us say the required physical content ratio is γ and that $(0 < \gamma \leq 1)$. If the content requirement ratio is not large (so that $0 < \gamma \leq \beta_1$), the required content is already met and will not affect trade in components with non-member country C. Therefore, the producer still employs components in Group III from the non-member country C. If $\beta_1 < \gamma < 1$, however, the components in the interval, $(\beta_1, \gamma]$, must originate in members of the FTA. Let us re-index the components in that interval with the non-decreasing function $R_{III}[k] = \frac{w_B[k]/(1+t)}{w_A[k]}$ for $k \in (\beta_1, \gamma]$. The upper panel in Figure 2 shows the case with the new index function. The producer must employ the member countries' components in the interval $(\beta_1, \gamma]$, even though the components from the non-member country C are cheapest. Therefore, additional trade diversion occurs in that interval. In the upper panel of Figure 2, the final good producer uses components belonging to the interval (β_1, β_2) from the member country (B) and components belonging to the interval $[\beta_2, \gamma]$ from the home country (A). Then, only components belonging the rest interval $(\gamma, 1]$ are imported from the non-member country (C). Obviously, the marginal cost would increase:

$$MC_2 = \int_0^{\alpha_1} w_A[k]dk + \int_{\alpha_1}^{\beta_2} \frac{w_B[k]}{(1+t)}dk + \int_{\beta_2}^{\gamma} w_A[k]dk + \int_{\gamma}^1 w_C[k]dk \ .$$

Consider now the effects of FTA rules requiring that member country components must be one hundred percent ($\gamma = 1$). According to the lower panel of Figure 2, the final good producer needs only compare the unit cost of components in the home country A and the member country B in Group III. As a result, the imports of components from the member country B increase and the imports from the non-member country C are eliminated. In the lower panel of Figure 2, the components belonging the interval (α_1, β_2) are originated from the member country (B) and the rest components are produced in home country (A).

Thus, the more restrictive the rule of origin the greater is the trade diversion effect. This is analogous to the impact to be expected of the NAFTA on textile product imports from member countries compared with non-member countries.

IV.   Methodology: A Control Sector Approach

This study is an *ex post* exercise in that it attempts to evaluate the impact of restrictive textile and apparel rules of origin on trade flows within NAFTA and between NAFTA and East Asia. The approach taken is rather simple and heuristic. We do not attempt to develop a traditional model that explains imports into NAFTA in terms of standard variables and then to develop a comparison of trade flows with and without the tariff preferences for various NAFTA partners across all traded goods sectors. Instead we examined trade flows between NAFTA members and non-members in sectors with more or less restrictive rules of origin in hopes of identifying a problem. Our focus is on the issue of the possible impact of highly restrictive preferential rules of origin. Our concern is to demonstrate that such rules may be fashioned in a protectionist manner and to support this with evidence on actual trade in sectors of interest. The evidence provided we hope will provide impetus for further studies of the problem using more rigorous techniques. However, we also wish to contribute a timely input into the review of NAFTA rules of origin.

Data are from the United Nations commodity trade statistics for the years 1989 through 1996. NAFTA was established in 1994 and began to be implemented immediately thereafter. Private economic agents understood the contents of the NAFTA accord prior to implementation. Hence, changes in investment and consequent changes in production, consumption and trade may have been influenced even prior to the formal establishment of the FTA. In addition the Canada-US Free Trade Agreement (CUSTA) had already been implemented and was in force during the period under consideration. CUSTA may have led to some trade diversion, as the US and Canada have high MFN tariffs on textiles and apparel. However, the impact of NAFTA is expected to be much larger as it brings a low-wage developing country (Mexico) into the FTA. Moreover, Mexico was freed from quotas on its textile and apparel exports as part of the agreement. With the highly restrictive rule of origin, no quotas and a very substantial tariff margin of preference, one would expect trade diversion to Mexico in these products. Footwear is a logical control sector, as the industry is similar in factor-intensity to textiles and apparel and East Asian producers are likely to have a similar comparative advantage in footwear as in textiles and apparel as a result.[6] Import data from the NAFTA members (Canada, Mexico and United States) are examined in attempting to assess the possibility of trade diversion in textiles and apparel. Imports by NAFTA members from one another, from ten East Asian developing economies (China, Hong Kong, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam) and from the world are tabulated and compared with respect to import shares and growth rates. In order to take into account the possibility of anticipatory effects, two growth rates before and after NAFTA are calculated (1989-1993, 1989-1994 and 1993-1996, 1994-1996).[7]

Of course, many supply and demand factors may have influenced the patterns of trade between East Asian economies and NAFTA. One cannot rule out the possibility that East Asia was losing its comparative advantage in labor-intensive sectors by the late 1980s and 1990s. The pattern of trade may also have been influenced by the economic crisis that hit Mexico in late 1994 and early 1995. The sharp peso devaluation vis-à-vis the US and Canadian dollars would have improved the competitive position of Mexican producers compared with those in East Asia, with the exception of China which also devalued in 1994. However, one would expect such effects to be largely similar across these sectors.

V.   Results

Imports of textiles (SITC code 65), apparel (SITC code 84), and footwear (SITC code 851) of each NAFTA reporter (Canada, Mexico and United States) are tabulated for the years 1989-1996 and growth rates are computed over the periods 1989-93, 1989-94 (for pre-NAFTA) and 1993-96 and 1994-96 (for post-NAFTA). Imports from each of ten East Asian partners and for East Asia as a group are tabulated for each NAFTA reporter as are each reporter's imports from NAFTA partners, NAFTA as a group and the world.[8] Growth rates are also shown for each partner. In the case of the United States, we also include tables on electrical machinery imports (SITC 72) as an additional control sector. The tariff preferences in NAFTA are quite large in textiles and apparel as well as footwear. For example, Mexico on average imposes a 16% tariff on textiles and apparel, but only a 5% tariff on imports of textiles and apparel from NAFTA partners. In footwear, the NAFTA preference is even larger (18.8% MFN tariff versus 0.6% for NAFTA partners). In the case of the United States average tariffs on textiles and apparel are 9.1% but for NAFTA partners preferential tariffs are 1.3%. In the case of US footwear imports the difference between MFN and preferential tariffs is 7.8% versus 4.1%. In electronics, MFN tariffs in the US are only 2.6%, but are just 0.4% for NAFTA partners.[9]

Summary tables are constructed showing imports of NAFTA as the reporter from partners in East Asia, NAFTA and the World. Import shares of East Asia and NAFTA partners in overall NAFTA imports are shown in the last two rows of each of the summary tables. These provide a convenient summary comparison of import shares in the three SITC codes. In addition, a table summarizing growth of imports of SITC 65, 84 and 851 in NAFTA as a group has been compiled.

The organization of the tables by reporter rather than by SITC code is somewhat arbitrary. One reason from presenting the tables this way is one expects a priori that the most dramatic changes in trade patterns will involve Mexico and shifts in Mexico's shares in NAFTA partners imports as well as in Mexico's imports from NAFTA partners as a reporter. In the case of trade flows involving the US and Canada, the impact of NAFTA is expected to be less dramatic as CUSTA (the Canada-US FTA) was implemented starting in 1989.

<u>Canada</u>

Canada's imports of textiles from each partner (Table 1) reveals a continuous rise in the share of NAFTA partners from 49.3% in 1989 to 59.8% in 1994 and 67.2% in 1996. There is simultaneously a steady decline in the share of East Asia from 18.9% in 1989 to just under 13% in 1996. Canada's textile imports were increasingly dominated by NAFTA partners throughout the years covered. The growth rates of imports from each partner (Table 2) as expected show a dramatic shift in textile imports towards Mexico, with negative growth between 1989-93 and 1989-94 reversed to strongly positive growth in 1993-96 and 1994-96. While imports from Mexico change from being well below the growth of textile imports from the world in the pre-NAFTA years, import growth from Mexico was over five times higher than import growth from the world. In contrast, imports from East Asia grow more slowly in Canada than for the world in each period, but negative growth accelerated with NAFTA. It is possible that growth of imports from E. Asia were adversely affected by CUSTA throughout the period 1989-94, as Canada's textile imports from the USA grew very rapidly (over 9% per annum) pre-NAFTA. Growth of Canada's textile imports from the USA even accelerated after NAFTA to nearly 11% per annum. In looking at individual partners from E. Asia, China, Hong Kong and Thailand appear to have experienced a serious slowdown with NAFTA, while Vietnam, the Philippines and Indonesia had a relatively good performance even after NAFTA was implemented. Korea, Singapore and Taiwan have relatively weak performance throughout the years covered.

Canada's apparel imports are much less dominated by NAFTA partners than are textiles (Table 3) with East Asian partners accounting for 64.3% of imports in 1989 and NAFTA partners only 8.2%. However, there is a clear shift in market share from East Asia to NAFTA during the entire period. The decline in East Asia's share of Canada's apparel imports clearly accelerates after 1993 when the share was still over 60%. In 1996, East Asia still accounts for half of Canada's imports of clothing, but NAFTA partners share rises to over 21%.

Growth rates of apparel imports of Canada (Table 4) reveal that the formation of NAFTA may have had a very significant impact on the direction of Canada's apparel imports. Across the board, East Asian partners (with the exception of Vietnam) experience a sharp growth deceleration after NAFTA is formed. In contrast, growth of imports from Mexico double or triple after NAFTA, depending on the intervals selected. Imports of apparel grow more slowly from East Asia than from the world throughout the years covered, but the growth becomes substantially negative only after NAFTA is formed. Growth of imports from NAFTA partners in all years is well above that from the world. However, the most striking feature is the acceleration of import growth from Mexico in the periods 1993-96 and 1994-96. Between 1993 and 1994, imports from Mexico are basically flat, reflecting the poor economic performance of Mexico in 1994.

Canada's imports of footwear (Table 5) provide a stark contrast to imports of textiles and apparel. East Asia actually gains market share of footwear imports from 46-47% in 1989 and 1990 to around 55% in 1995 and 1996. Growth in East Asia's market share, however,

is rather sluggish after NAFTA is formed compared with before. NAFTA partners also gain in Canada's total footwear imports in the earlier years (1989-93 or 94), but the share falls slightly after NAFTA is formed. Growth rates (table 6) also differ markedly for Canada's footwear imports, with growth of imports from East Asia remaining above the growth of total imports over the entire sample period. NAFTA does appear to have a substantial impact, however, as footwear imports from Mexico grow extremely rapidly from a small base between 1993-96 and 1994-96. In contrast, imports from the USA were growing strongly before NAFTA, but growth became negative and well below world import growth in the period after NAFTA was formed. In the case of Canada's imports of footwear, it is likely that NAFTA shifted trade from US based footwear companies to those in Mexico, but did not divert imports from low-cost East Asian producers.

Mexico

Mexico's direction of trade has been strongly oriented to the USA. Mexican imports of textiles have been dominated by the USA (and, hence, NAFTA) though between 1989 and 1991 there is a slight shift towards East Asia and away from NAFTA. After the implementation of NAFTA there is a drastic shift in imports of textiles towards NAFTA partners and away from East Asia (table 7). There is a radical decline in Mexico's textile imports from East Asia after 1994. By 1996, only Korea and Taiwan remain as significant suppliers of textile imports from East Asia. Growth rates of Mexican textile imports from East Asian partners had been strong prior to formation of NAFTA (table 8), though slightly below the growth rate of imports from the world. After NAFTA, textile imports from East Asian partners (with the exception of Malaysia) slow substantially and become negative across the board between 1994 and 1996 (table 8). Mexico's world imports of textiles also slow significantly after 1993, reflecting Mexico's economic crisis in 1994 and 1995. Imports from NAFTA slow down in the latter period, but growth rates remain well above those of imports from the world.

Mexico's imports of apparel had a similar pattern to textiles before the formation of NAFTA. About 64% of apparel imports were from NAFTA (almost entirely from the USA) in 1989, with about 18% from East Asia. As was the case for textiles, East Asian partners' share of imports rose in 1990 and 1991 and then fell off sharply thereafter. East Asian apparel imports were nearly entirely annihilated by 1996 falling to just 2.7% of the total, while imports from NAFTA partners rose to over 93% of the total (table 9). By 1996, apparel imports supplied by USA producers accounted for $2.2 billion of total Mexican imports of around $2.4 billion. Canada had also become a larger supplier of garments to Mexico than China, Indonesia and Thailand! There can be little doubt that trade diversion has taken place on a massive scale in the Mexican apparel market since 1994. US apparel producers appear to be major beneficiaries of NAFTA. Growth rates of Mexico's imports of apparel (table 10) reinforce the story with East Asian growth falling from positive and slightly below the world rates to sharply negative and greatly below the rate of import growth from the world. From 1994-1996, imports from each East Asian partner fall very sharply without exception. Import growth from NAFTA

partners is above the growth of imports of apparel from the world, but the growth differential becomes much more pronounced after formation of NAFTA.

The relocation of apparel production from East Asia to Mexico is likely to be part of the picture and future research could usefully take up this issue.

In the case of footwear imports, the picture is nearly completely reversed. First, Mexico's imports of footwear fall sharply with the economic crisis of 1994-1995 and continue to decline in 1996. This contrasts with the positive growth of imports of textiles and apparel shown in tables 8 and 10. However, NAFTA partners share of footwear imports falls from 45% in 1989 to just 10% in 1994. Imports from East Asia rise from 36% in 1989 to 67% in 1994. NAFTA appears to have an impact in the sense that the share of NAFTA partners rises to around 16% after 1994 (table 11), though East Asia retains its share by 1996. The Mexican economic crisis is also well reflected in the growth rates of footwear imports (table 12). Between 1989 and 1993 or 1994, import growth from East Asia is strong and well above the world average, imports from NAFTA are below the growth rates of footwear imports from the world. Mexico's footwear imports decline sharply after 1993, however, imports from East Asia fall at about the same rate as total imports of footwear rather than falling much more rapidly as was the case in apparel. The growth rate of imports from NAFTA falls more than growth from the world for footwear in 1993-96, but slightly less than the growth of imports from the world during 1994-96. The declines in import growth following the economic crisis may reflect temporary protective measures to limit Mexican imports. Hence, it is difficult to reach any clear conclusions based on the limited sample period and possible adverse conditions for footwear imports into Mexico during recent years. Nevertheless, the picture that emerges is that the discriminatory effect of NAFTA is far more limited in footwear than in textiles and apparel in Mexico's imports.

United States

Textile imports from East Asia rose to a third of US textile imports from the world in 1991-1993, but fell thereafter to 30% of imports in 1996. In contrast, US imports from NAFTA partners have increased as a share of total US textile imports continuously since 1989 (table 13). The increase in the share of NAFTA partners in total US textile imports is particularly pronounced between 1993 (13.5%) and 1996 (20.8%). China, Korea, and Taiwan are by far the largest East Asian suppliers of textiles to the US market. Imports of textiles from Canada, however, became larger than imports from China in 1996, a reversal of the situation in earlier years. Textile imports from Mexico topped those of the second largest East Asian supplier, Korea, by 1995 (table 13). Growth rates of textile imports into the USA from East Asian partners were at or above USA textile import growth from the world during the pre-NAFTA years (table 14). Import growth from both NAFTA partners have been substantially above those of the world and East Asia throughout the sample period. Textile import growth from the world slowed slightly after 1993 and more sharply after 1994. This is alarming in light of the commitment of the US to dismantle MFA quotas as part of the Uruguay Round Agreement (URA) of 1994. It may be that the change in the US textile rules of origin implemented in 1996 coupled

with NAFTA's restrictive rules of origin have offset the liberalizing effect of the URA on textiles trade. Growth rates of imports from China, Hong Kong, Indonesia, Malaysia, Singapore and Thailand have fallen very sharply in the US market since NAFTA was implemented. In contrast import growth from the Philippines accelerated in the more recent years and import growth from traditional large East Asian suppliers Korea and Taiwan have been maintained. Import growth from Mexico accelerated to 37% per annum from 1994-96 well above the growth of any other partner with the exception of Vietnam. Vietnam is a special case as trade between the US and Vietnam was normalized after 1994.

The US imports of apparel are extremely large and, unlike textiles, have been dominated by East Asian suppliers. In the period 1989 to 1992, over 60% of US apparel imports have been supplied by East Asian partners (in 1989 the share was over two-thirds—table 15). In contrast, NAFTA partners accounted for just 3-5% of imports between 1989-1992. However, between 1993 and 1996, NAFTA partners' share of US imports more than doubled rising to 11.5% in 1996. Meanwhile, East Asian partners' share fell from 58.9% in 1993 to 47.5% in 1996. Growth rates of imports from East Asian partners underwent a radical reversal after 1993 (table 16), with import growth minimal in 1994 (1.7%) and thereafter becoming negative. In contrast imports from NAFTA partners accelerated sharply with the formation of the FTA. Imports from Mexico grew especially rapidly after 1993 rising by 40% or more. As was the case in textiles, growth in overall US apparel imports has actually decelerated from 8.3% in 1989 to 1994 to 5.8% in 1994-96 (table 16).

Imports of footwear into the United States are greater in value than imports of textiles, but are lesser in value than imports of apparel. East Asia's share of US footwear imports rose from 65% in 1989 to 70% by 1991-1992. The share remains stable after formation of NAFTA at about 69-70% (table 17). NAFTA partners have a very small share of the large US footwear imports (about 2%) before NAFTA, and this share rises slightly to 2.5% in 1996. US footwear imports are dominated by imports from China with substantial amounts being imported from Indonesia, Thailand, Korea and Taiwan as well. However, imports from Korea and Taiwan have been declining steadily. Indeed, it is clear that footwear production has been relocating from Korea and Taiwan to China and Southeast Asia during the sample period. Growth rates of imports of footwear in the United States (table 18) reflect this phenomenon, with very high positive growth rates from Indonesia and China in the period before formation of NAFTA and high negative growth rates from Korea and Taiwan. For East Asia as a group, import growth is above the import growth from the world before NAFTA and is equal to the world import growth following the formation of NAFTA. Growth of imports from NAFTA is slightly lower than growth of imports from the world prior to NAFTA's establishment, but accelerates considerably after 1993. Growth is particularly rapid from Mexico between 1994 and 1996, however, the growth is from a small base and Mexico is a smaller supplier than five East Asian partners even in 1996. Footwear imports from Mexico enjoy a less substantial tariff margin of preference in the US market than do imports of textile and apparel products (see page 7 above). Thus, the impact on East Asian producers is still rather small compared with the impact of NAFTA on textiles and apparel.

For purposes of comparison, US imports of electrical machinery from East Asia, NAFTA and the World (table 19) and growth of imports from each of these partners (table 20) are tabulated. Electrical machinery imports are not protected by high MFN tariffs or other restrictions in the US market, hence the sector provides a contrasting control sector with footwear. The liberal rules of origin for electrical machinery (particularly for computers and components of computer equipment and telecommunications equipment where a change in tariff heading is about the only requirement) also strongly contrast with the origin rules in the other sectors. The import statistics show that both East Asia and NAFTA partners are increasing the share of US electrical machinery imports during the sample period, though shares have fluctuated somewhat. Between 1989 and 1994, East Asian imports rise from 34% to 38% and increase further to 41% in 1996. In contrast, imports from NAFTA barely rise as a share of total US imports between 1989-1991 (21.3%) and 1994-1996 (22.4%) as a three-year average. In terms of growth rates, imports from East Asian partners remain above the growth of imports from the world consistently throughout the sample period, as do imports from NAFTA partners. Surprisingly, import growth rates from East Asia, Canada and Mexico all accelerate following the formation of NAFTA, indicating trade creation is likely to dominate in electrical machinery as a result of the very limited margins of preference and the liberal rules of origin.

Summary of NAFTA Imports

Tables summarizing imports of NAFTA as a reporter from East Asia, NAFTA and the World as partners for SITC 65, SITC 84, and SITC 851 are presented. These summary data demonstrate that overall there are large shifts in trade shares towards NAFTA and away from East Asia in textiles and apparel (tables 21 and 22) but not for footwear (table 23). Growth in textile imports from East Asia in NAFTA is flat after NAFTA is implemented. Growth in apparel imports from East Asia becomes negative after NAFTA is formed (Table 24). In contrast, NAFTA imports of footwear continue to grow from East Asia after 1994 (or 1993). Textile imports from East Asia fall slightly in Canada and fall sharply in Mexico, while increasing slightly in the USA after formation of NAFTA. In contrast, apparel imports from East Asia fall across the board in NAFTA after 1994 and decrease especially in Mexico after 1994. The latter may be partly the result of import restrictions applied as a temporary measure in the face of the economic crisis. The devaluation of the peso was matched by devaluation of the renminbi, hence it is unlikely that the decline in Mexican apparel imports from China is the result of the Mexican devaluation. In the US market, imports of apparel from Mexico and members of the Caribbean Basin Initiative (CBI) have risen sharply in recent years, displacing imports from East Asia. Major CBI suppliers of apparel to the USA include Costa Rica, Honduras, El Salvador and the Dominican Republic. We have not included the CBI members in the present study, however.

The data presented above are consistent with the predictions of this study of the impact of restrictive rules of origin. NAFTA combines restrictive rules of origin with substantial margins of tariff preference and the release of Mexico from quotas on its textile and apparel product exports within NAFTA. *Ex ante* studies of NAFTA already warned that

this combination would lead to substantial trade diversion. Our *ex post* study verifies and begins to quantify these negative effects of NAFTA. The cost of trade diversion to NAFTA consumers is likely to be substantial. As a rough approximation of trade diversion in textiles and apparel one can compare actual trade flows in NAFTA with trade flows that would have taken place if East Asian shares of NAFTA imports of textiles and apparel from the World had remained constant at the pre-NAFTA average during 1989-1992. The differences between imports under this assumption and actual imports of textiles and apparel from East Asia are quite large. Under the constant import share assumption, NAFTA imports from East Asia would have been larger by $4.7 billion in 1994, $7.4 billion in 1995 and $9.5 billion in 1996. Arguably, the share of large East Asian producers with low labor costs such as China and Indonesia would be able to rise in the absence of trade preferences and other restrictions imports face in the NAFTA markets. East Asian producers have been able to increase their shares in footwear and electronics, where there are no NTBs or highly restrictive rules of origin.[10]

As in the case of footwear, the relocation of production of textiles and apparel within East Asia would enable exports to other markets to continue to expand. The loosening of quota restrictions under the URA of 1994 would be likely to encourage this process as global markets for textiles and apparel become more open and competitive. It appears that NAFTA is an obstacle to this process as a direct result of its restrictive rules of origin coupled with its large discriminatory trade preferences. The cost to consumers in the NAFTA markets of this trade diversion is likely to be substantial and could easily exceed $1 billion per year in higher priced clothing.

VI.   Conclusions

NAFTA rules of origin for textiles and apparel have no doubt contributed to the shift in the direction of trade from non-members to NAFTA partners observed in the data. However, we cannot claim that the restrictive rules of origin are the only factor in the shift. Other factors such as loss of export competitiveness of East Asian producers, at least those in newly industrialized economies such as Singapore, Taiwan, Korea and Hong Kong are no doubt also important. Mexican producers may have become more efficient as a result of the preferential tariff liberalization under NAFTA and policy reforms taking place in Mexico. The devaluation of the peso in 1995 may have also boosted competitiveness of imports from Mexico compared with East Asia. The continued application of MFA quotas on imports of textile and apparel from East Asia is another factor (Mexico has been released from quota restrictions as a NAFTA member). The change in non-preferential rules of origin governing textiles and apparel trade in the United States implemented in 1996 is also likely to be important in restricting the future growth of imports of textile and apparel products from China. China has been accused of circumventing US import quotas through transshipment. It is very unlikely that the change in non-preferential rules of origin had a big impact on imports until late 1996 and hence would have little impact on the data we have presented. In future, the imports of textile and apparel into the US market from China and other Asian economies may be influenced by this change however. US imports of textiles and apparel from CBI members are also likely to have displaced imports from East Asia and we have neglected to quantify this effect. The CBI rules of origin are similar to those employed in NAFTA

and are likely to have analogous effects. Finally, use of other forms of administered protection; particularly antidumping actions may have also reduced NAFTA members' imports of textiles and apparel from East Asia.[11]

Our study does provide evidence that preferential rules of origin in a free trade area have the potential to divert trade from low-cost non-members to higher cost sources of supply. The strong protective effects of the restrictive rules of origin in NAFTA textiles and apparel trade and the injurious impact on non-member exporters (as well as on consumers within NAFTA) provide the grounds for a serious review and revision of the specific rules of origin applied to textiles and apparel. More generally, this study provides empirical support to the contention that rules of origin are increasingly being used as instruments of commercial policy. Renewed effort in the WTO to bring greater discipline to this area of trade regulation is called for.
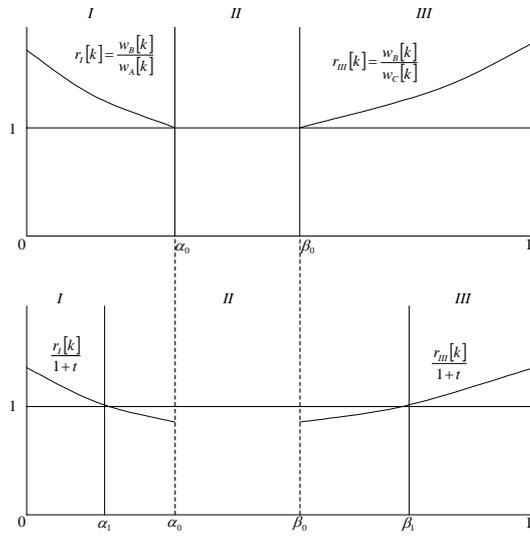
Figure 1. Cross-country allocation of production before and after FTA
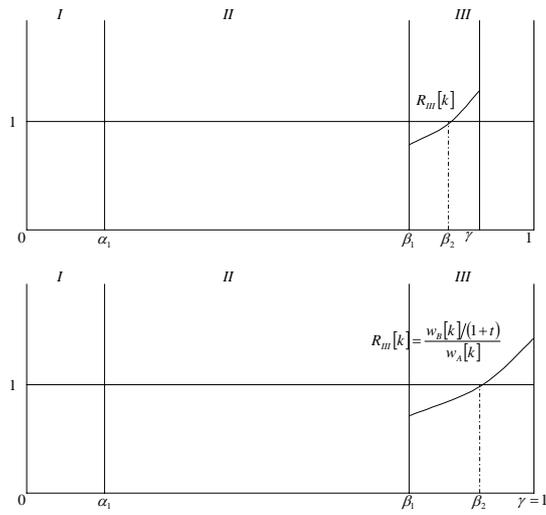
Figure 2. Cross-country allocation of production after FTA with a strict Rule of Origin

NOTES

[1] Hufbauer and Schott (1993) attached grades to various aspects of NAFTA and rules of origin received the lowest mark --C minus.

[2] Bergsten (1996) argues that FTAs are building blocks for trade liberalization on a global scale.

[3] Lloyd (1993), Stephenson and James (1995), James (1997) and Hirsch (1998) are examples.

[4] Krueger (1997), Krishna and Krueger (1995) and Krueger (1993) provide theoretical insights into the potential protectionist effects of NAFTA rules of origin. Plummer and Kreinin (1992) provide a methodology for attempting to measure the magnitude of potential trade creation and diversion in NAFTA with regard to Asian developing countries. James (1993) provided a qualitative assessment of how NAFTA might influence Japan's patterns of trade and foreign investment.

[5] An example of the capture of NAFTA rules of origin by producer interests is found in the nature of these exceptions. An American shirt producer managed to insert a rule that allows fabric used in producing the outer shell of its men's shirts to be considered to have NAFTA origin. The rule states this is allowed provided the item is:"hand-woven, with a loom of less than 76cm, woven in the United Kingdom in accordance with the rules and regulations of the Harris Tweed Association, Ltd., and so certified by the Association."

[6] Kreinin and Plummer (1998) use a control country approach in doing an ex post evaluation of the impact of the single market (EC 92) on the exports of selected developing countries. They note that NAFTA is very likely to cause major trade diversion from Asia towards Mexico and Canada, as there is substantial overlap between these countries' commodity exports.

[7] Tables showing NAFTA members' exports of textile, apparel and footwear to one another and the world are included in the appendix. These tables reveal that intra-NAFTA exports have increased relatively more rapidly in apparel and textiles than in footwear. They are less useful than the import based tables for understanding the possible trade diverting effects of NAFTA on East Asia.

[8] There are a few gaps in the data. The most significant gaps are that Mexico does not report on imports from Taiwan in the years 1989, 1990, 1992 and 1993 and from China in 1991. Trade between Vietnam and the United States was not opened until 1994, hence growth rates are not reported for three of the four periods in those cases.

[9] See Secretaria de Relaciones Exteriores (1997). The MFN tariffs for textiles and apparel reported in the case of the US appear somewhat low and do not take into account the tariff equivalent of import quotas imposed on Asian exporters. Thus, the difference between MFN tariffs and NAFTA preferential tariffs will understate the margin of preference (MOP) or tariff equivalent of trade barriers in the case of sectors with non-tariff barriers such as import quotas. In the US and Canadian cases, some Asian countries have access for certain commodities under the generalized system of preferences (GSP) in which case the tariff preferences given to Mexico may exaggerate the margin of preference actually enjoyed. The problem of exaggerating the MOP of NAFTA partners is not thought to be significant in the sectors examined in this study.

[10] Imports of certain semiconductors from Japan have been subject to strategic trade policy restrictions and antidumping actions are being mulled against semiconductor imports from Taiwan and Korea. However, US MFN tariffs average less than 3% and often are zero.

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Table 1.   Canadian Textile Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
CAN	IMP	CHN	650.	99778	91815	112846	117345	136363	143757	175428	145938
CAN	IMP	HNG	650.	63909	54772	54838	58707	58069	47480	36952	32626
CAN	IMP	IDO	650.	12704	14131	19574	29686	29728	25807	32062	36299
CAN	IMP	KRS	650.	161050	136840	141856	118250	119056	108714	105980	104315
CAN	IMP	MLA	650.	9886	10084	6588	10904	9120	10531	9458	5745
CAN	IMP	PHI	650.	3019	2028	2478	2173	2300	2151	3246	4199
CAN	IMP	SIN	650.	5503	6623	2933	1963	1569	304	388	271
CAN	IMP	THA	650.	14212	17728	21397	19836	23864	26336	30512	27489
CAN	IMP	TAI	650.	72926	70957	65599	57182	64434	74829	66803	67959
CAN	IMP	VIE	650.	48	8		233	214	662	4133	3812
CAN	IMP	E.Asia	650.	443035	404986	428109	416279	444717	440571	464962	428653
CAN	IMP	MEX	650.	33573	25690	27483	26976	28292	30577	51369	56454
CAN	IMP	USA	650.	1123018	1175737	1313345	1422347	1586326	1760893	1974366	2161591
CAN	IMP	NAFTA	650.	1156591	1201427	1340828	1449323	1614618	1791470	2025735	2218045
CAN	IMP	WOR	650.	2344776	2312745	2413492	2493416	2701842	2907395	3191103	3299857
NAFTA Imports as a % of total			650.	49.33%	51.95%	55.56%	58.13%	59.76%	61.62%	63.48%	67.22%
E. Asia Imports as a % of total			650.	18.89%	17.51%	17.74%	16.70%	16.46%	15.15%	14.57%	12.99%

Table 2. Canadian Imports of Textiles Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
CAN	IMP	CHN	650.	8.12	7.58	2.29	0.76
CAN	IMP	HNG	650.	-2.37	-5.77	-17.48	-36.25
CAN	IMP	IDO	650.	23.68	15.23	6.88	18.60
CAN	IMP	KRS	650.	-7.27	-7.56	-4.31	-2.04
CAN	IMP	MLA	650.	-2.00	7.58	-14.28	-26.14
CAN	IMP	PHI	650.	-6.57	-6.56	22.22	39.72
CAN	IMP	SIN	650.	-26.93	-43.97	-44.31	-5.58
CAN	IMP	THA	650.	13.83	13.13	4.83	2.17
CAN	IMP	TAI	650.	-3.05	0.52	1.79	-4.70
CAN	IMP	VIE	650.	45.31	69.01	161.16	139.96
CAN	IMP	E.Asia	650.	0.09	-0.11	-1.22	-1.36
CAN	IMP	MEX	650.	-4.19	-13.08	25.90	35.88
CAN	IMP	USA	650.	9.02	9.41	10.86	10.80
CAN	IMP	NAFTA	650.	8.70	9.41	11.16	11.27
CAN	IMP	WOR	650.	3.61	4.40	6.89	6.54

Table 3.　Canadian Apparel Imports from East Asia, NAFTA and the World　　(thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
CAN	IMP	CHN	84	227927	299314	363719	474146	507918	445812	488950	483240
CAN	IMP	HNG	84	401301	389777	359796	414622	389327	345817	361298	331904
CAN	IMP	IDO	84	31843	42508	36692	47489	62989	65062	65469	62023
CAN	IMP	KRS	84	378305	372990	277493	237289	214035	188507	153158	105253
CAN	IMP	MLA	84	36141	54497	55227	60169	64638	69534	72539	65996
CAN	IMP	PHI	84	45988	55095	54745	60932	65580	62123	63587	51873
CAN	IMP	SIN	84	22298	28353	23376	18553	19262	14837	14311	10414
CAN	IMP	THA	84	45987	54038	46458	52232	54790	61525	71166	63656
CAN	IMP	TAI	84	216487	186724	171054	149938	140403	129399	107849	97079
CAN	IMP	VIE	84	973	1528	1775	2678	4197	2924	8384	14372
CAN	IMP	E.Asia	84	1407250	1484824	1390335	1518048	1523139	1385540	1406711	1285810
CAN	IMP	MEX	84	7635	9068	11852	13800	18163	18717	28456	49999
CAN	IMP	USA	84	172769	210462	239125	304692	370910	442420	497699	492182
CAN	IMP	NAFTA	84	180404	219530	250977	318492	389073	461137	526155	542181
CAN	IMP	WOR	84	2189822	2400172	2225843	2452495	2528755	2536787	2708016	2557805
NAFTA Imports as % of total			84	8.24%	9.15%	11.28%	12.99%	15.39%	18.18%	19.43%	21.20%
E.Asia Imports as % of total			84	64.26%	61.86%	62.46%	61.90%	60.23%	54.62%	51.95%	50.27%

Table 4. Canadian Apparel Imports Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
CAN	IMP	CHN	84	22.18	14.36	-1.65	4.11
CAN	IMP	HNG	84	-0.75	-2.93	-5.18	-2.03
CAN	IMP	IDO	84	18.59	15.36	-0.51	-2.36
CAN	IMP	KRS	84	-13.27	-13.00	-21.07	-25.28
CAN	IMP	MLA	84	15.64	13.98	0.70	-2.58
CAN	IMP	PHI	84	9.28	6.20	-7.52	-8.62
CAN	IMP	SIN	84	-3.59	-7.82	-18.53	-16.22
CAN	IMP	THA	84	4.48	5.99	5.13	1.72
CAN	IMP	TAI	84	-10.26	-9.78	-11.57	-13.38
CAN	IMP	VIE	84	44.11	24.62	50.73	121.70
CAN	IMP	E.Asia	84	2.00	-0.31	-5.49	-8.57
CAN	IMP	MEX	84	24.19	19.64	40.15	63.44
CAN	IMP	USA	84	21.05	20.69	9.89	5.47
CAN	IMP	NAFTA	84	21.18	20.65	11.70	8.43
CAN	IMP	WOR	84	3.66	2.99	0.38	0.41

Table 5.   Canadian Footwear Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
CAN	IMP	CHN	851.	54906	64506	93715	129784	192010	233761	293104	291540
CAN	IMP	HNG	851.	9660	12481	14095	14288	10450	11942	6196	8356
CAN	IMP	IDO	851.	2824	5682	16772	34371	35678	48525	55809	51893
CAN	IMP	KRS	851.	115976	137692	115906	87261	59082	39806	30597	18109
CAN	IMP	MLA	851.	1532	2779	1697	1438	1298	1834	1845	1331
CAN	IMP	PHI	851.	3236	2647	4067	4175	7193	8350	5489	3060
CAN	IMP	SIN	851.	165	.	56	25	19	140	38	4
CAN	IMP	THA	851.	9490	10968	15092	24350	25470	32580	26603	19546
CAN	IMP	TAI	851.	116741	95983	85714	63221	39561	30404	16617	9804
CAN	IMP	VIE	851.	.	.	.	.	213	1481	11991	18912
CAN	IMP	E.Asia	851.	314530	332738	347114	358913	370974	408823	448289	422555
CAN	IMP	MEX	851.	3562	2465	3583	5274	4783	4059	4655	9648
CAN	IMP	USA	851.	41409	43445	48876	50798	57154	58589	57629	52430
CAN	IMP	NAFTA	851.	44971	45910	52459	56072	61937	62648	62284	62078
CAN	IMP	WOR	851.	666496	726928	703988	693758	700364	752050	821353	774427
NAFTA Imports as % of total			851.	6.75%	6.32%	7.45%	8.08%	8.84%	8.33%	7.58%	8.02%
E.Asia Imports as % of total			851.	47.19%	45.77%	49.31%	51.73%	52.97%	54.36%	54.58%	54.56%

Table 6. Canadian Imports of Footwear Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
CAN	IMP	CHN	851.	36.75	33.61	14.94	11.68
CAN	IMP	HNG	851.	1.98	4.33	-7.18	-16.35
CAN	IMP	IDO	851.	88.53	76.61	13.30	3.41
CAN	IMP	KRS	851.	-15.52	-19.25	-32.58	-32.55
CAN	IMP	MLA	851.	-4.06	3.66	0.84	-14.81
CAN	IMP	PHI	851.	22.10	20.87	-24.79	-39.46
CAN	IMP	SIN	851.	-41.75	-3.23	-40.51	-83.10
CAN	IMP	THA	851.	27.99	27.98	-8.45	-22.54
CAN	IMP	TAI	851.	-23.70	-23.59	-37.19	-43.21
CAN	IMP	VIE	851.	na	na	346.12	257.35
CAN	IMP	E.Asia	851.	4.21	5.38	4.44	1.67
CAN	IMP	MEX	851.	7.65	2.65	26.35	54.17
CAN	IMP	USA	851.	8.39	7.19	-2.83	-5.40
CAN	IMP	NAFTA	851.	8.33	6.86	0.08	-0.46
CAN	IMP	WOR	851.	1.25	2.44	3.41	1.48

Table 7.   Mexican Textile Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
MEX	IMP	CHN	650	11649	19580		40741	49798	8284	4818	6900
MEX	IMP	HNG	650	17478	26901	47842	72292	83678	39138	2790	2745
MEX	IMP	IDO	650	1061	1392	1063	1757	3661	11035	8355	8415
MEX	IMP	KRS	650	43538	40920	72442	90747	155179	219675	99915	136168
MEX	IMP	MLA	650	45	54	34	3	95	1134	537	2198
MEX	IMP	PHI	650	50	308	47	74	238	1514	491	493
MEX	IMP	SIN	650	69	42	794	693	2309	541	170	68
MEX	IMP	THA	650	558	2610	3315	3319	3302	9396	6689	7515
MEX	IMP	TAI	650				22903		62425	22519	36152
MEX	IMP	VIE	650		4	21	1		1216		2
MEX	IMP	E.Asia	650	74448	91811	148461	209627	298260	354358	146284	200656
MEX	IMP	CAN	650	3764	4834	6961	8614	8880	11557	12669	21337
MEX	IMP	USA	650	234920	295772	391212	1121256	1368344	1508377	1453167	1786393
MEX	IMP	NAFTA	650	238684	300606	398173	1129870	1377224	1519934	1465836	1807730
MEX	IMP	WOR	650	392989	497155	688330	1509280	1865102	2135762	1759619	2203578
NAFTA Imports as % of total			650	60.74%	60.47%	57.85%	74.86%	73.84%	71.17%	83.30%	82.04%
E.Asia Imports as % of total			650	18.94%	18.47%	21.57%	13.89%	15.99%	16.59%	8.31%	9.11%

Note: Data are not available for China in 1991, Taiwan in 1989, 1990, 1992 and 1993, and Vietnam in 1989, 1993 and 1995.

Table 8. Mexican Imports of Textiles Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
MEX	IMP	CHN	650	43.79	-6.59	-48.25	-8.73
MEX	IMP	HNG	650	47.92	17.50	-67.99	-73.52
MEX	IMP	IDO	650	36.29	59.74	31.97	-12.67
MEX	IMP	KRS	650	37.40	38.22	-4.26	-21.27
MEX	IMP	MLA	650	20.54	90.67	184.95	39.22
MEX	IMP	PHI	650	47.71	97.80	27.47	-42.94
MEX	IMP	SIN	650	140.52	50.96	-69.12	-64.55
MEX	IMP	THA	650	55.97	75.90	31.54	-10.57
MEX	IMP	TAI	650	na	na	na	-23.90
MEX	IMP	VIE	650	na	na	na	na
MEX	IMP	E.Asia	650	41.48	36.62	-12.38	-24.75
MEX	IMP	CAN	650	232.56	438.01	33.94	35.88
MEX	IMP	USA	650	55.35	45.05	9.29	8.83
MEX	IMP	NAFTA	650	54.99	44.81	9.49	9.06
MEX	IMP	WOR	650	47.60	40.29	5.72	1.58

Table 9.   Mexican Apparel Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
MEX	IMP	CHN	84	9090	18195		15490	13808	14006	6488	7024
MEX	IMP	HNG	84	34501	77474	93672	171088	133514	90049	44799	20685
MEX	IMP	IDO	84	349	530	479	695	2303	14504	7135	5923
MEX	IMP	KRS	84	5676	4810	9260	16428	18590	29694	10606	10125
MEX	IMP	MLA	84	67	310	773	1127	1573	6751	4416	5068
MEX	IMP	SIN	84	256	465	706	1849	2822	1569	1595	347
MEX	IMP	THA	84	1273	2203	2380	7098	10839	27214	7268	3734
MEX	IMP	TAI	84				10678		26031	10866	9962
MEX	IMP	VIE	84	6				13	4173	2259	1435
MEX	IMP	E.Asia	84	51218	103987	117948	213775	183462	213991	95432	64303
MEX	IMP	CAN	84	445	663	1553	1787	2350	4450	6075	8279
MEX	IMP	USA	84	178585	201579	254985	745591	958185	1332263	1662801	2220011
MEX	IMP	NAFTA	84	179030	202242	256538	747378	960535	1336713	1668876	2228290
MEX	IMP	WOR	84	281178	386412	479348	1116282	1305814	1800177	1897702	2386874
NAFTA Imports as a % of total			84	63.67%	52.34%	53.52%	66.95%	73.56%	74.25%	87.94%	93.36%
E.Asia Imports as a % of total			84	18.22%	26.91%	24.61%	19.15%	14.05%	11.89%	5.03%	2.69%

Note: Data are not available for China in 1991, Taiwan in 1989, 1990, 1992 and 1993, and Vietnam in 1990-1992.

Table 10. Mexican Imports of Apparel Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
MEX	IMP	CHN	84	11.02	9.03	-20.17	-29.18
MEX	IMP	HNG	84	40.26	21.15	-46.29	-52.07
MEX	IMP	IDO	84	60.28	110.73	37.01	-36.10
MEX	IMP	KRS	84	34.53	39.23	-18.33	-41.61
MEX	IMP	MLA	84	120.12	151.57	47.70	-13.36
MEX	IMP	SIN	84	82.21	43.71	-50.27	-52.97
MEX	IMP	THA	84	70.82	84.50	-29.90	-62.96
MEX	IMP	TAI	84	na	na	na	-38.14
MEX	IMP	VIE	84	21.32	270.22	379.70	-38.14
MEX	IMP	E.Asia	84	37.57	33.11	-74.41	-45.18
MEX	IMP	CAN	84	51.59	58.49	52.16	36.40
MEX	IMP	USA	84	52.20	49.47	32.32	29.09
MEX	IMP	NAFTA	84	52.19	49.49	32.38	29.11
MEX	IMP	WOR	84	46.80	44.97	22.27	15.15

Table 11. Mexican Imports of Footwear from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
MEX	IMP	CHN	851.	20162	12708	.	22963	24770	5226	2305	2178
MEX	IMP	HNG	851.	6758	8808	35949	64931	55205	2368	755	266
MEX	IMP	IDO	851.	133	73	69	1029	4680	61237	24425	16054
MEX	IMP	KRS	851.	3652	6118	9710	13681	13900	29999	7383	3388
MEX	IMP	MLA	851.	.	.	.	19	.	804	163	97
MEX	IMP	PHI	851.	.	47	.	132	189	5414	1032	1211
MEX	IMP	SIN	851.	.	9	27	1378	2276	55	.	.
MEX	IMP	THA	851.	315	175	60	716	1957	10215	4768	4081
MEX	IMP	TAI	851.	.	.	10522	.	.	29304	8060	3669
MEX	IMP	VIE	851.	.	17	.	.	.	1325	2365	1858
MEX	IMP	E.Asia	851.	31020	27955	56337	104849	102977	145947	51256	32802
MEX	IMP	CAN	851.	85	20	2	92	266	60	141	7
MEX	IMP	USA	851.	39162	49895	72666	104252	77110	21547	13433	7768
MEX	IMP	NAFTA	851.	39247	49915	72668	104344	77376	21607	13574	7775
MEX	IMP	WOR	851.	86964	91113	147864	234270	214024	215554	84832	48997
NAFTA Imports as a % of total			851.	45.13%	54.78%	49.15%	44.54%	36.15%	10.02%	16.00%	15.87%
E.Asia Imports as a % of total			851.	35.67%	30.68%	38.10%	44.76%	48.11%	67.71%	60.42%	66.95%

Note: No imports are reported from China in 1991, Malaysia, Philippines, Singapore, Taiwan and Vietnam in some years, as indicated.

Table 12. Mexican Imports of Footwear Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
MEX	IMP	CHN	851.	5.28	-23.66	-55.53	-35.44
MEX	IMP	HNG	851.	69.06	-18.92	-83.11	-66.48
MEX	IMP	IDO	851.	143.56	240.90	50.82	-48.80
MEX	IMP	KRS	851.	39.68	52.38	-37.53	-66.39
MEX	IMP	MLA	851.	na	na	na	-65.27
MEX	IMP	PHI	851.	na	na	85.74	-52.71
MEX	IMP	SIN	851.	na	na	na	na
MEX	IMP	THA	851.	57.88	100.53	27.76	-36.79
MEX	IMP	TAI	851.	na	na	na	-64.62
MEX	IMP	VIE	851.	na	na	na	18.42
MEX	IMP	E.Asia	851.	34.98	36.30	-31.71	-52.59
MEX	IMP	CAN	851.	33.00	-6.73	-70.26	-65.84
MEX	IMP	USA	851.	18.46	-11.26	-53.47	-39.96
MEX	IMP	NAFTA	851.	18.49	-11.25	-53.51	-40.01
MEX	IMP	WOR	851.	25.25	19.91	-38.83	-52.32

Table 13. USA Textile Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
USA	IMP	CHN	650.	615385	654691	744982	929136	1007976	1042274	1144957	1056173
USA	IMP	HNG	650.	201539	215641	239846	235380	193164	213254	207869	178797
USA	IMP	IDO	650.	70152	67566	86441	111070	138451	147471	138966	146450
USA	IMP	KRS	650.	466537	512745	579769	562881	629504	637574	668323	732317
USA	IMP	MLA	650.	32458	36388	50510	64886	70953	65367	67752	63193
USA	IMP	PHI	650.	46246	53625	40098	41019	48182	51075	60191	68966
USA	IMP	SIN	650.	9449	8982	9783	8269	8442	8921	1992	1815
USA	IMP	THA	650.	128261	124763	146105	217239	217194	201488	213758	194732
USA	IMP	TAI	650.	441856	458380	515881	539895	593785	601195	620536	693651
USA	IMP	VIE	650.				8		24	106	176
USA	IMP	Easia	650	2011883	2132781	2413415	2709783	2907651	2968643	3124450	3136270
USA	IMP	MEX	650.	184676	295325	328712	358565	426725	465659	723462	874015
USA	IMP	CAN	650.	373550	408055	507302	606799	749240	923892	1076961	1298395
USA	IMP	NAFTA	650	558226	703380	836014	965364	1175965	1389551	1800423	2172410
USA	IMP	World	650	6312979	6604647	7199825	8062631	8687680	9450685	10195103	10454555
USA	NAFTA Imports as % of total			8.84%	10.65%	11.61%	11.97%	13.54%	14.70%	17.66%	20.78%
USA	E.Asia Imports as % of total			31.87%	32.29%	33.52%	33.61%	33.47%	31.41%	30.65%	30.00%

Table 14. United States Imports of Textiles Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
USA	IMP	CHN	650.	13.13	11.11	1.57	0.66
USA	IMP	HNG	650.	-1.06	1.14	-2.54	-8.43
USA	IMP	IDO	650.	18.53	16.02	1.89	-0.35
USA	IMP	KRS	650.	7.78	6.45	5.17	7.17
USA	IMP	MLA	650.	21.59	15.03	-3.79	-1.68
USA	IMP	PHI	650.	1.03	2.01	12.70	16.20
USA	IMP	SIN	650.	-2.78	-1.14	-40.09	-54.89
USA	IMP	THA	650.	14.07	9.45	-3.57	-1.69
USA	IMP	TAI	650.	7.67	6.35	5.32	7.41
USA	IMP	VIE	650.	na	na	na	170.80
USA	IMP	Easia	650	9.64	8.09	2.56	2.78
USA	IMP	MEX	650.	23.29	20.32	27.00	37.00
USA	IMP	CAN	650.	19.01	19.85	20.11	18.55
USA	IMP	NAFTA	650	20.47	20.01	22.70	25.04
USA	IMP	World	650	8.31	8.40	6.37	5.18

Table 15. USA Apparel Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
USA	IMP	CHN	840	3134904	3724447	4104874	5455738	6569669	6659285	6148669	6566512
USA	IMP	HNG	840	4205820	4224261	4280041	4600847	4253965	4636433	4557132	4187753
USA	IMP	IDO	840	629294	703717	671381	1003644	1188766	1259755	1435735	1591565
USA	IMP	KRS	840	3855516	3500029	2990124	2869931	2667935	2360439	1940045	1603555
USA	IMP	MLA	840	591932	640124	740522	937986	1018983	1104087	1251718	1290739
USA	IMP	PHI	840	965322	1175230	1153437	1357352	1451923	1540210	1730575	1655995
USA	IMP	SIN	840	660106	656220	636821	676600	541941	494608	443070	341305
USA	IMP	THA	840	453676	517502	612006	858536	999392	1061923	1234243	1304059
USA	IMP	TAI	840	2937088	2598992	2786193	2584261	2414042	2354829	2221180	2124565
USA	IMP	VIE	840						2837	18317	25688
USA	IMP	E.Asia	840	17433658	17740522	17975399	20344895	21106616	21474406	20980684	20691736
USA	IMP	CAN	840	251238	239413	306752	434201	555066	708981	887703	1089770
USA	IMP	MEX	840	593847	713823	912959	1190751	1426713	1918880	2915018	3899301
USA	IMP	NAFTA	840	845085	953236	1219711	1624952	1981779	2627861	3802721	4989071
USA	IMP	WOR	840	26122024	27179591	27916715	33198031	35821744	38862944	41601473	43527385
USA	NAFTA Imports as % of total			3.24%	3.51%	4.37%	4.89%	5.53%	6.76%	9.14%	11.46%
USA	E.Asia Imports as % of total			66.74%	65.27%	64.39%	61.28%	58.92%	55.26%	50.43%	47.54%

Table 16. United States Imports of Apparel Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
USA	IMP	CHN	840	20.32	16.26	-0.02	-0.70
USA	IMP	HNG	840	0.28	1.97	-0.52	-4.96
USA	IMP	IDO	840	17.24	14.89	10.22	12.40
USA	IMP	KRS	840	-8.79	-9.35	-15.61	-17.58
USA	IMP	MLA	840	14.54	13.28	8.20	8.12
USA	IMP	PHI	840	10.74	9.79	4.48	3.69
USA	IMP	SIN	840	-4.81	-5.61	-14.28	-16.93
USA	IMP	THA	840	21.83	18.54	9.27	10.82
USA	IMP	TAI	840	-4.78	-4.32	-4.17	-5.01
USA	IMP	VIE	840	na	na	na	200.91
USA	IMP	E.Asia	840	30.69	4.26	-0.66	-1.84
USA	IMP	CAN	840	21.92	23.06	25.22	23.98
USA	IMP	MEX	840	24.50	26.44	39.81	42.55
USA	IMP	NAFTA	840	23.75	25.47	36.04	37.79
USA	IMP	WOR	840	8.21	8.27	6.71	5.83

Table17. USA   Footwear Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
USA	IMP	CHN	851.	744970	1539008	2631610	3517494	4689681	5446283	6048628	6580006
USA	IMP	HNG	851.	131854	115629	110899	126550	140684	132026	115133	78075
USA	IMP	IDO	851.	86823	254126	438206	700233	882228	933473	1013408	1113477
USA	IMP	KRS	851.	2237385	2644852	2030718	1559514	1066761	685917	520747	345135
USA	IMP	MLA	851.	2323	4969	2887	2719	3895	6401	6139	2495
USA	IMP	PHI	851.	41434	34832	40218	61779	74796	83054	90147	86438
USA	IMP	SIN	851.	297	178	473	513	586	386	1261	1388
USA	IMP	THA	851.	181115	284876	291963	315704	351651	376345	410632	349670
USA	IMP	TAI	851.	2019978	1531245	1163272	843461	590387	453787	343769	247038
USA	IMP	VIE	851.	.	.	.	.	.	81	3622	42467
USA	IMP	E.Asia	851.	5446179	6409715	6710246	7127967	7800669	8117753	8553486	8846189
USA	IMP	CAN	851.	41620	38795	30797	36723	53171	81731	82618	87066
USA	IMP	MEX	851.	121922	115501	115307	158993	154484	139561	172969	232322
USA	IMP	NAFTA	851.	163542	154296	146104	195716	207655	221292	255587	319388
USA	IMP	WOR	851.	8385129	9570294	9550326	10153302	11182766	11697379	12176970	12760965
USA	NAFTA Imports as % of total			1.95%	1.61%	1.53%	1.93%	1.86%	1.89%	2.10%	2.50%
USA	E.Asia Imports as % of total			64.95%	66.98%	70.26%	70.20%	69.76%	69.40%	70.24%	69.32%

Table 18. United States Imports of Footwear Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
USA	IMP	CHN	851.	58.40	48.86	11.95	9.92
USA	IMP	HNG	851.	1.63	0.03	-17.82	-23.10
USA	IMP	IDO	851.	78.54	60.80	8.07	9.22
USA	IMP	KRS	851.	-16.90	-21.06	-31.35	-29.07
USA	IMP	MLA	851.	13.79	22.47	-13.80	-37.57
USA	IMP	PHI	851.	15.91	14.92	4.94	2.02
USA	IMP	SIN	851.	18.52	5.38	33.30	89.63
USA	IMP	THA	851.	18.04	15.75	-0.19	-3.61
USA	IMP	TAI	851.	-26.47	34.80	-25.20	-26.22
USA	IMP	VIE	851.	na	na	na	2189.72
USA	IMP	E.Asia	851.	9.40	8.31	4.28	4.39
USA	IMP	CAN	851.	6.31	14.45	17.87	3.21
USA	IMP	MEX	851.	6.10	2.74	14.57	29.02
USA	IMP	NAFTA	851.	6.15	6.23	15.43	20.14
USA	IMP	WOR	851.	7.46	6.88	4.50	4.45

Table 19. USA Electrical Machinery Imports from East Asia, NAFTA and the World   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
USA	IMP	CHN	720	1599611	1919783	2495129	3299275	4246764	6009079	7284656	8325901
USA	IMP	HNG	720	1506702	1337710	1219774	1243422	1375223	1469877	2012064	2010212
USA	IMP	IDO	720	19007	37745	103075	167338	285046	511708	667604	904462
USA	IMP	KRS	720	4336553	3891480	3726999	4069644	4602263	6393917	9551769	8262100
USA	IMP	MLA	720	2610301	2822889	3093878	4136557	5376328	6860493	8935200	8715130
USA	IMP	PHI	720	826876	947277	1073365	1397445	1813179	2355499	3037826	3690879
USA	IMP	SIN	720	2685123	2820085	2753324	2802123	2742627	3462216	4020990	3985871
USA	IMP	THA	720	699909	930288	1099735	1340172	1605036	1984024	2311219	2427561
USA	IMP	TAI	720	4609339	4005571	3810204	4333790	4797649	5693079	6843768	7216272
USA	IMP	VIE	720						33	26	271
USA	IMP	E.Asia	720	18893421	18712828	19375483	22789766	26844115	34739925	44665122	45538659
USA	IMP	CAN	720.	3685336	4668520	5056942	5149615	5088943	5799864	6971244	8426392
USA	IMP	MEX	720	7148199	7565477	8014289	9233297	10771284	14122797	16301511	18391334
USA	IMP	NAFTA	720	10833535	12233997	13071231	14382912	15860227	19922661	23272755	26817726
USA	IMP	WOR	720	55219784	55909048	58572843	65054727	74472460	90786529	111042758	110460907
USA	NAFTA Imports as % of total			19.62%	21.88%	22.32%	22.11%	21.30%	21.94%	20.96%	24.28%
USA	E.Asia Imports as % of total			34.21%	33.47%	33.08%	35.03%	36.05%	38.27%	40.22%	41.23%

Table 20. United States Imports of Electrical Machinery Before and After NAFTA (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
USA	IMP	CHN	720	27.65	30.30	25.16	17.71
USA	IMP	HNG	720	-2.26	-0.49	13.49	16.94
USA	IMP	IDO	720	96.79	93.21	46.95	32.95
USA	IMP	KRS	720	1.50	8.07	21.54	13.67
USA	IMP	MLA	720	19.80	21.32	17.47	12.71
USA	IMP	PHI	720	21.69	23.29	26.73	25.18
USA	IMP	SIN	720	0.53	5.22	13.27	7.30
USA	IMP	THA	720	23.06	23.17	14.79	10.61
USA	IMP	TAI	720	1.01	5.42	70.01	12.59
USA	IMP	VIE	720	na	na	na	186.57
USA	IMP	E.Asia	720	9.18	12.95	19.26	14.49
USA	IMP	CAN	720.	8.40	9.49	18.31	20.53
USA	IMP	MEX	720	10.79	14.59	19.52	14.12
USA	IMP	NAFTA	720	10.00	12.96	19.13	16.02
USA	IMP	WOR	720	7.76	10.45	14.04	10.30

Table 21. Summary of Textiles Imports of NAFTA   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996				
CAN	IMP	E.Asia	650.	443035	404986	428109	416279	444717	440571	464962	428653				
MEX	IMP	E.Asia	650	74448	91811	148461	209627	298260	354358	146284	200656				
USA	IMP	E.Asia	650	2011883	2132781	2413415	2709783	2907651	2968643	3124450	3136270				
NAFTA	IMP	E.Asia	650	2529366	2629578	2989985	3335689	3650628	3763572	3735696	3765579	9.607173	8.272387	1.038772	0.02666
CAN	IMP	NAFTA	650.	1156591	1201427	1340828	1449323	1614618	1791470	2025735	2218045				
MEX	IMP	NAFTA	650	238684	300606	398173	1129870	1377224	1519934	1465836	1807730				
USA	IMP	NAFTA	650	558226	703380	836014	965364	1175965	1389551	1800423	2172410				
NAFTA	IMP	NAFTA	650	1953501	2205413	2575015	3544557	4167807	4700955	5291994	6198185	20.85747	19.19952	14.1438	14.82573
CAN	IMP	WOR	650.	2344776	2312745	2413492	2493416	2701842	2907395	3191103	3299857				
MEX	IMP	WOR	650	392989	497155	688330	1509280	1865102	2135762	1759619	2203578				
USA	IMP	WOR	650	6312979	6604647	7199825	8062631	8687680	9450685	10195103	10454555				
NAFTA	IMP	WOR	650	9050744	9414547	10301647	12065327	13254624	14493842	15145825	15957990	10.00712	9.875243	6.382516	4.929435
	NAFTA Imports as % of total			21.58%	23.43%	25.00%	29.38%	31.44%	32.43%	34.94%	38.84%				
	E.Asia Imports as % of total			27.95%	27.93%	29.02%	27.65%	27.54%	25.97%	24.66%	23.60%				

Table 22. Summary of Apparel Imports of NAFTA   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
CAN	IMP	E.Asia	84	1407250	1484824	1390335	1518048	1523139	1385540	1406711	1285810
MEX	IMP	E.Asia	84	51218	103987	117948	213775	183462	213991	95432	64303
USA	IMP	E.Asia	84	17433658	17740522	17975399	20344895	21106616	21474406	20980684	20691736
NAFTA	IMP	E.Asia	84	18892126	19329333	19483682	22076718	22813217	23073937	22482827	22041849
CAN	IMP	NAFTA	84	180404	219530	250977	318492	389073	461137	526155	542181
MEX	IMP	NAFTA	84	179030	202242	256538	747378	960535	1336713	1668876	2228290
USA	IMP	NAFTA	84	845085	953236	1219711	1624952	1981779	2627861	3802721	4989071
NAFTA	IMP	NAFTA	84	1204519	1375008	1727226	2690822	3331387	4425711	5997752	7759542
CAN	IMP	WOR	84	2189822	2400172	2225843	2452495	2528755	2536787	2708016	2557805
MEX	IMP	WOR	84	281178	386412	479348	1116282	1305814	1800177	1897702	2386874
USA	IMP	WOR	84	26122024	27179591	27916715	33198031	35821744	38862944	41601473	43527385
NAFTA	IMP	WOR	84	28593024	29966175	30621906	36766808	39656313	43199908	46207191	48472064
		NAFTA Imports as % of total		4.21%	4.59%	5.64%	7.32%	8.40%	10.24%	12.98%	16.01%
		E.Asia Imports as % of total		66.07%	64.50%	63.63%	60.05%	57.53%	53.41%	48.66%	45.47%

Table 23. Summary of Footwear Imports of NAFTA   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
CAN	IMP	E.Asia	851.	314530	332738	347114	358913	370974	408823	448289	422555
MEX	IMP	E.Asia	851.	31020	27955	56337	104849	102977	145947	51256	32802
USA	IMP	E.Asia	851.	5446179	6409715	6710246	7127967	7800669	8117753	8553486	8846189
NAFTA	IMP	E.Asia	851.	5791729	6770408	7113697	7591729	8274620	8672523	9053031	9301546
CAN	IMP	NAFTA	851.	44971	45910	52459	56072	61937	62648	62284	62078
MEX	IMP	NAFTA	851.	39247	49915	72668	104344	77376	21607	13574	7775
USA	IMP	NAFTA	851.	163542	154296	146104	195716	207655	221292	255587	319388
NAFTA	IMP	NAFTA	851.	247760	250121	271231	356132	346968	305547	331445	389241
CAN	IMP	WOR	851.	666496	726928	703988	693758	700364	752050	821353	774427
MEX	IMP	WOR	851.	86964	91113	147864	234270	214024	215554	84832	48997
USA	IMP	WOR	851.	8385129	9570294	9550326	10153302	11182766	11697379	12176970	12760965
NAFTA	IMP	WOR	851.	9138589	10388335	10402178	11081330	12097154	12664983	13083155	13584389
		NAFTA Imports as % of total		2.71%	2.41%	2.61%	3.21%	2.87%	2.41%	2.53%	2.87%
		E.Asia Imports as % of total		63.38%	65.17%	68.39%	68.51%	68.40%	68.48%	69.20%	68.47%

Table 24. Summary of NAFTA Imports of Textiles, Apparel and Footwear (annual % change)

reporter	type	partner	sitc	1989-1993	1989-1994	1993-1996	1994-1996
NAFTA	IMP	E.Asia	65	9.61	8.27	1.04	0.03
NAFTA	IMP	NAFTA	65	20.86	19.20	14.14	14.83
NAFTA	IMP	WOR	65	10.01	9.88	6.38	4.93
NAFTA	IMP	E.Asia	84	4.83	4.08	-1.14	-2.26
NAFTA	IMP	NAFTA	84	28.96	29.73	32.56	32.41
NAFTA	IMP	WOR	84	8.52	8.60	6.92	5.93
NAFTA	IMP	E.Asia	851.	9.33	8.41	3.98	3.56
NAFTA	IMP	NAFTA	851.	11.88	4.28	3.91	12.87
NAFTA	IMP	WOR	851.	7.26	6.74	3.94	3.57

Appendix Table 1.   NAFTA Textile Exports   (thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
Canada Textile Exports											
CAN	EXP	MEX	650.	6727	5638	3450	4031	4116	24442	16530	19206
CAN	EXP	USA	650.	358208	425421	526807	627623	768301	951076	1107006	1334237
CAN	EXP	NAFTA	650.	364935	431059	530257	631654	772417	975518	1123536	1353443
CAN	EXP	WOR	650.	600084	685245	775330	854381	971602	1167739	1370739	1646439
Ratio of NAFTA Exports to World Exports				60.8%	62.9%	68.4%	73.9%	79.5%	83.5%	82.0%	82.2%
Mexico Textile Exports											
MEX	EXP	CAN	650.	19081	15254	16157	14717	14670	11986	25890	43786
MEX	EXP	USA	650.	194602	179810	179561	404562	487794	611477	754131	992969
MEX	EXP	NAFTA	650.	213683	195064	195718	419279	502464	623463	780021	1036755
MEX	EXP	WOR	650.	335274	341963	359535	610887	704275	853636	1216551	1462511
Ratito of NAFTA Exports to World Exports				63.7%	57.0%	54.4%	68.6%	71.3%	73.0%	64.1%	70.9%
US Textile Exports											
USA	EXP	CAN	650.	690797	1191579	1373327	1447295	1629603	1799170	2044929	2238756
USA	EXP	MEX	650.	381629	504873	538238	701472	782857	955426	937110	1222917
USA	EXP	NAFTA	650.	1072426	1696452	1911565	2148767	2412460	2754596	2982039	3461673
USA	EXP	WOR	650.	3862500	4895136	5461259	5732798	5854867	6404666	7153800	7774056
Ratio of NAFTA Exports to World Exports			650.	27.8%	34.7%	35.0%	37.5%	41.2%	43.0%	41.7%	44.5%
Intra-NAFTA Exports as % of World Exports			**650**	**34.41%**	**39.22%**	**39.99%**	**44.45%**	**48.96%**	**51.67%**	**50.15%**	**53.77%**

Appendix Table 2.   NAFTA Apparel Exports   (thousands of US$, current prices)

Canada: Apparel Exports

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
CAN	EXP	MEX	840.	437	170	560	643	1097	1196	727	2335
CAN	EXP	USA	840.	259214	272317	328780	459530	581577	739618	916955	1133669
CAN	EXP	NAFTA	840.	259651	272487	329340	460173	582674	740814	917682	1136004
CAN	EXP	WOR	840.	314340	319810	394590	518379	653102	818065	1010661	1236839
Ratio of NAFTA Exports to World Exports				82.6%	85.2%	83.5%	88.8%	89.2%	90.6%	90.8%	91.8%

Mexico: Apparel Exports

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
MEX	EXP	CAN	840.	3511	4590	6285	10401	8797	7272	7939	17243
MEX	EXP	USA	840.	83450	60545	73981	1125866	1258532	1688696	2670618	3683004
MEX	EXP	NAFTA	840.	86961	65135	80266	1136267	1267329	1695968	2678557	3700247
MEX	EXP	WOR	840.	101386	88590	115980	1177916	1304922	1724107	2728660	3789898
Ratio of NAFTA Exports to World Exports				85.8%	73.5%	69.2%	96.5%	97.1%	98.4%	98.2%	97.6%

United States: Apparel Exports

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
USA	EXP	CAN	840.	105619	216837	245466	310033	378807	435782	506035	2092960
USA	EXP	MEX	840.	372929	392052	532183	719850	840452	1141845	1354860	1687420
USA	EXP	NAFTA	840.	478548	608889	777649	1029883	1219259	1577627	1860895	3780380
USA	EXP	WOR	840.	2042476	2449323	3174325	4040567	4738927	5388071	6406594	7206723
Ratio of NAFTA Exports to World Exports				23.43%	24.86%	24.50%	25.49%	25.73%	29.28%	29.05%	52.46%
Intra-NAFTA Exports as % of World Exports				**33.57%**	**33.12%**	**32.22%**	**45.78%**	**45.83%**	**50.62%**	**53.79%**	**70.43%**

Appendix Table 3.　　NAFTA Footwear Exports　　(thousands of US$, current prices)

reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
Canada: Footwear Exports											
CAN	EXP	MEX	851.	521	35	.	.	27	45	.	15
CAN	EXP	USA	851.	34577	52358	45271	55054	78228	111031	102343	124386
CAN	EXP	NAFTA	851.	35098	52393	45271	55054	78255	111076	102343	124401
CAN	EXP	WOR	851.	39413	59655	55679	64796	87730	117444	111329	136016
Ratio of NAFTA Exports to World Exports					89.1%	87.8%	81.3%	85.0%	89.2%	94.6%	91.9%	91.5%
Mexico: Footwear Exports											
reporter	type	partner	sitc	1989	1990	1991	1992	1993	1994	1995	1996
MEX	EXP	CAN	851.	1365	437	1264	2290	2580	1432	2582	6430
MEX	EXP	USA	851.	38537	50294	59073	157122	148027	120674	157847	226733
MEX	EXP	NAFTA	851.	39902	50731	60337	159412	150607	122106	160429	233163
MEX	EXP	WOR	851.	64682	74921	99194	208447	197757	150087	190891	274300
Ratio NAFTA Exports to World Exports					61.7%	67.7%	60.8%	76.5%	76.2%	81.4%	84.0%	85.0%
United States Footwear Exports											
USA	EXP	CAN	851.	27340	49321	53664	55407	63908	65216	66300	60225
USA	EXP	MEX	851.	32258	27135	26040	41942	49023	43842	20384	22303
USA	EXP	NAFTA	851.	59598	76456	79704	97349	112931	109058	86684	82528
USA	EXP	WOR	851.	247099	348885	411107	453676	440575	475200	466311	464163
Ratio of NAFTA Exports to World Exports			851.	24.12%	21.91%	19.39%	21.46%	25.63%	22.95%	18.59%	17.78%
Intra-NAFTA Exports as % of World Exports			**851.**	**38.33%**	**37.14%**	**32.74%**	**42.90%**	**47.07%**	**46.08%**	**45.47%**	**50.33%**