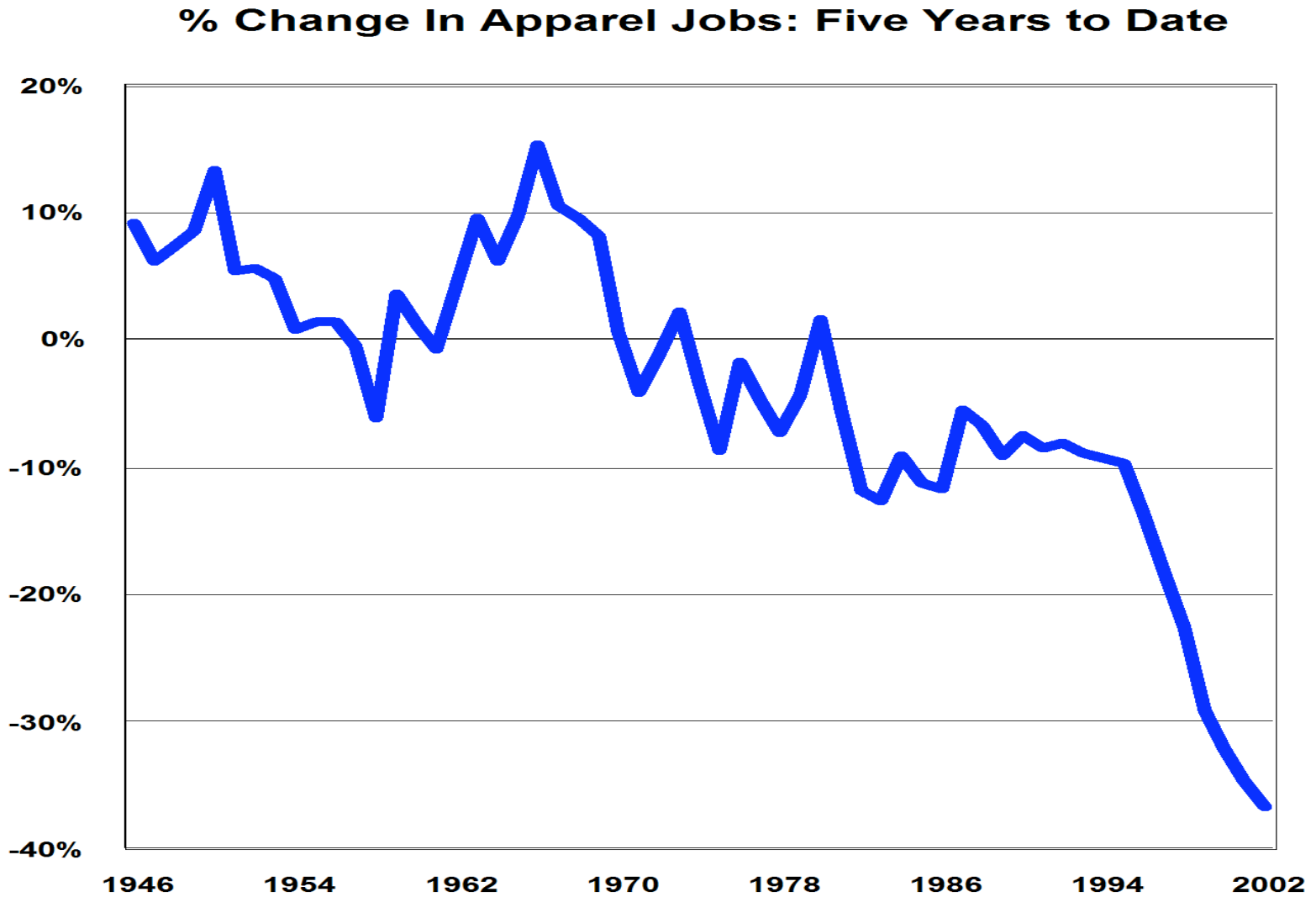


The Global Apparel and Textile Industry

The Shakeup

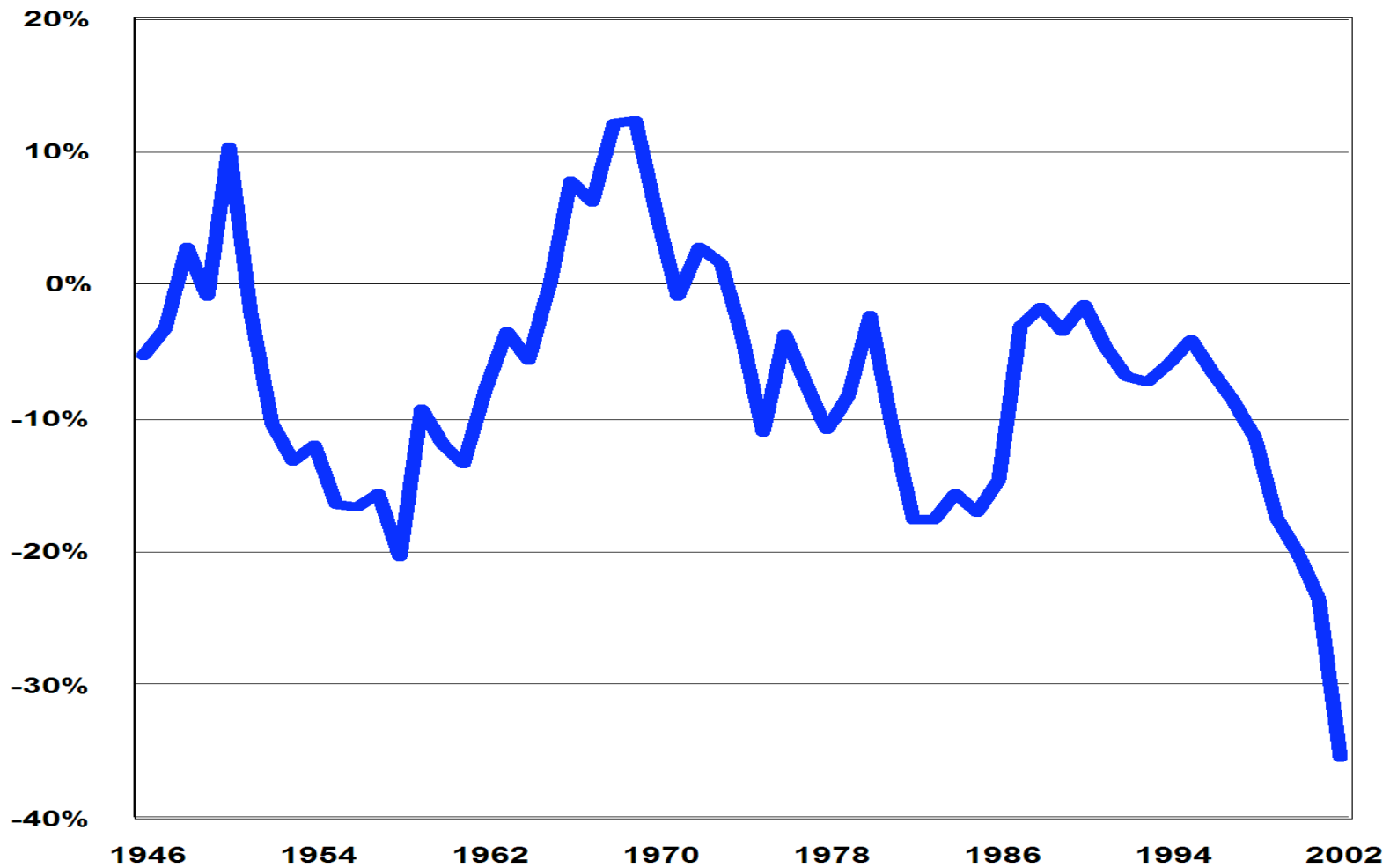
Record Apparel Job Losses



US Dept. of Labor, BLS and MBG Information Services

Record Textile Job Losses

% Change In Textile Jobs: Five Years to Date



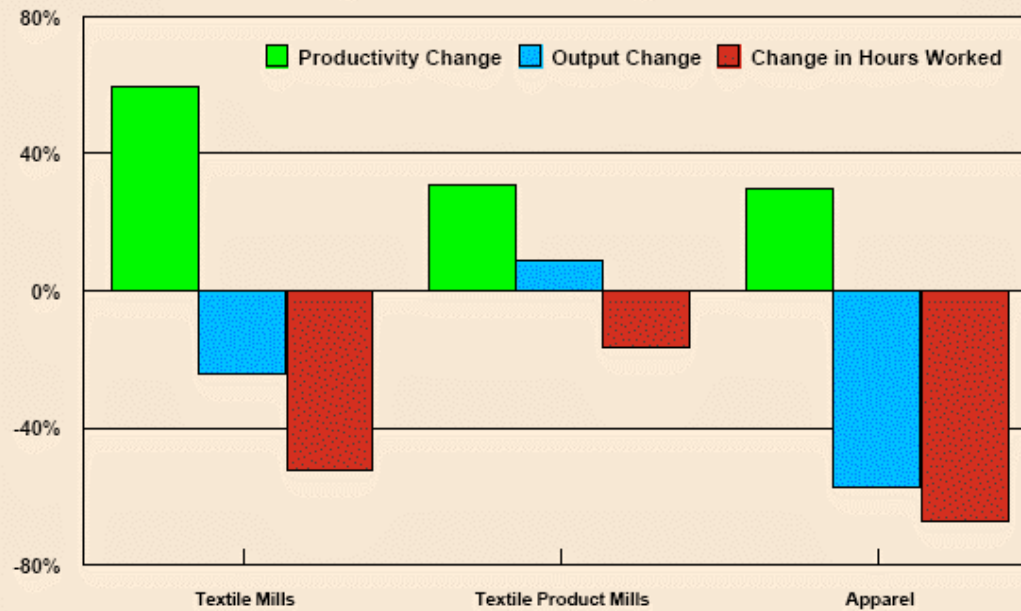
US Dept. of Labor, BLS and MBG Information Services

However, there are still...

- 224,400 apparel workers in the U.S.
- 334,100 textile workers in the U.S.

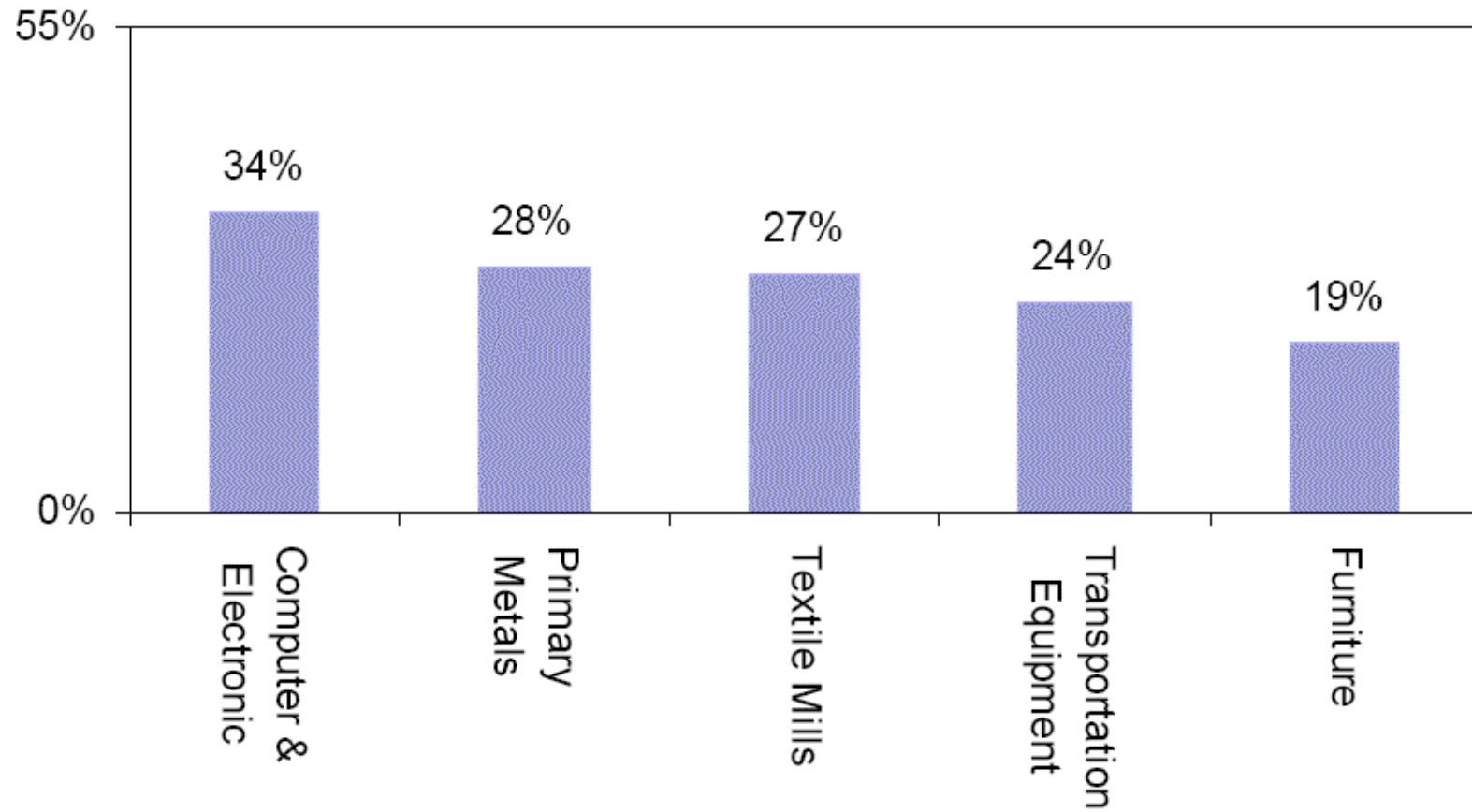
Textile & Apparel Productivity: Making Less With Less Since 1993 Labor Hours and Output are Down Sharply

% Total Change for each Industry Segment from 1993 to 2004



US Dept. of Labor, BLS and MBG Information Services © MBG Information Services

Textiles Rank Third in Productivity Increases Last 5 Years



January 1, 2005

The system that regulated the
global apparel and textile
industry for 30 years ended

Global Reconfiguration of Apparel Industry...

- Hundred's of thousands of jobs lost in U.S.
- Developing countries in Africa, Asia, in Central and Latin America will lose millions of apparel jobs
- Massive industry move into China

The McGraw-Hill Companies

BusinessWeek

ASIAN EDITION / DECEMBER 15, 2003

www.businessweek.com

BOEING
WHAT'S REALLY
BEHIND THE
SHAKEUP?
(P. 40)

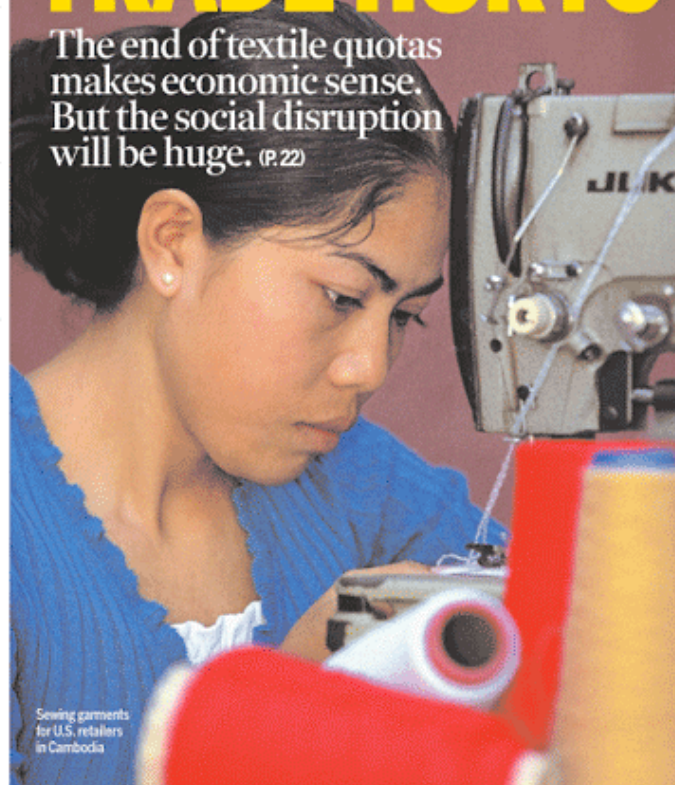
KOREA'S LG
HOW IT GOT A
\$1.7 BILLION
BAILOUT
(P. 54)

SINGAPORE
THE REBIRTH
OF A TECH
INNOVATOR
(P. 28)

THE ATHENS
OLYMPICS
SPENDING
BIG ON
SECURITY
(P. 80)

WHERE FREE TRADE HURTS

The end of textile quotas
makes economic sense.
But the social disruption
will be huge. (P. 22)

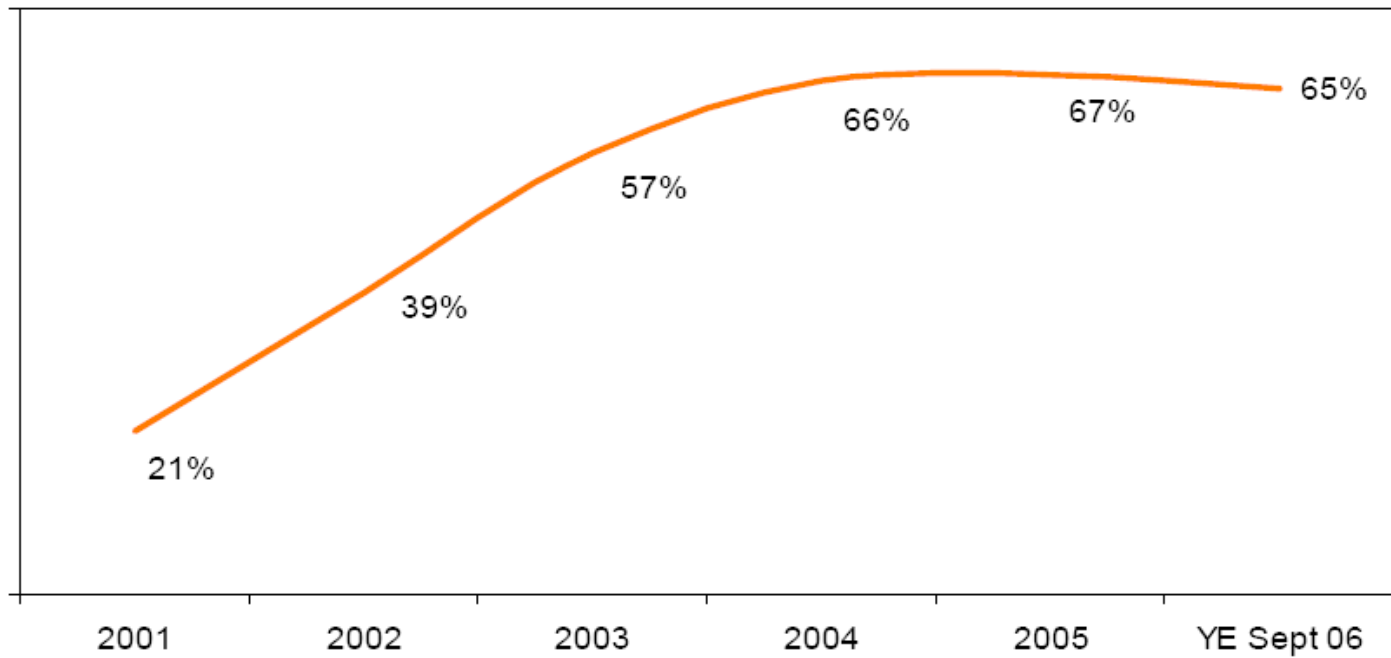


Sewing garments
for U.S. retailers
in Cambodia

Business Week Article

- 30 million textile and apparel jobs lost to China
- World Bank: China to have over \$220 billion in world garment trade once quotas are lifted
 - One of the biggest short term transfers of production in the history of the world
- Turkey, CBI, Mexico, Africa among the hardest hit

Chinese Market Share – Apparel Categories Removed From Quota Control in 2002



China Share of US Apparel Imports

Products that went quota free in 2002

1	2001	2002	2003	2004	2005	2006
China	21	39	57	66	67	65
CBI Mexico	16	12	7	5	4	4

China Share of US Import Market: Safeguard Vs. Non-Safeguard Apparel Categories

	2001	2002	2003	2004	2005	YTD Oct 06	YE Oct 06	2007-Proj	2008
Quotas Removed 2002*	20.9%	38.5%	56.5%	65.7%	66.5%	65.8%	65.3%	66.00%	66.00%
Quotas Removed 2005**	11.4%	13.5%	14.0%	15.2%	38.4%	35.5%	46.0%	54%	62%
Safeguards Applied 2005***	3.2%	3.2%	3.2%	3.2%	11.0%	11.2%	7.5%	15%	17%

Source: U.S. Dept of Commerce

*Categories: 239,330,350,353,354,432,439,464,465,630,631,632,650,653,654,733,734,735,736,738,739,740,741,742,743,744,745,746,747,748,750,751,752,758,759,831,832,834,835,836,838,839,840,842,843,844,847,850,851,858,859

**Categories: 237,331,333,334,335,336,341,342,351,359,431,433,434,435,436,438,440,442,444,445,446,448,459,633,634,635,636,641,642,643,644,651,845,846,852

***Categories: 332,338,339,340,345,347,348,349,352,443,437,638,639,640,645,646,647,648,649,652

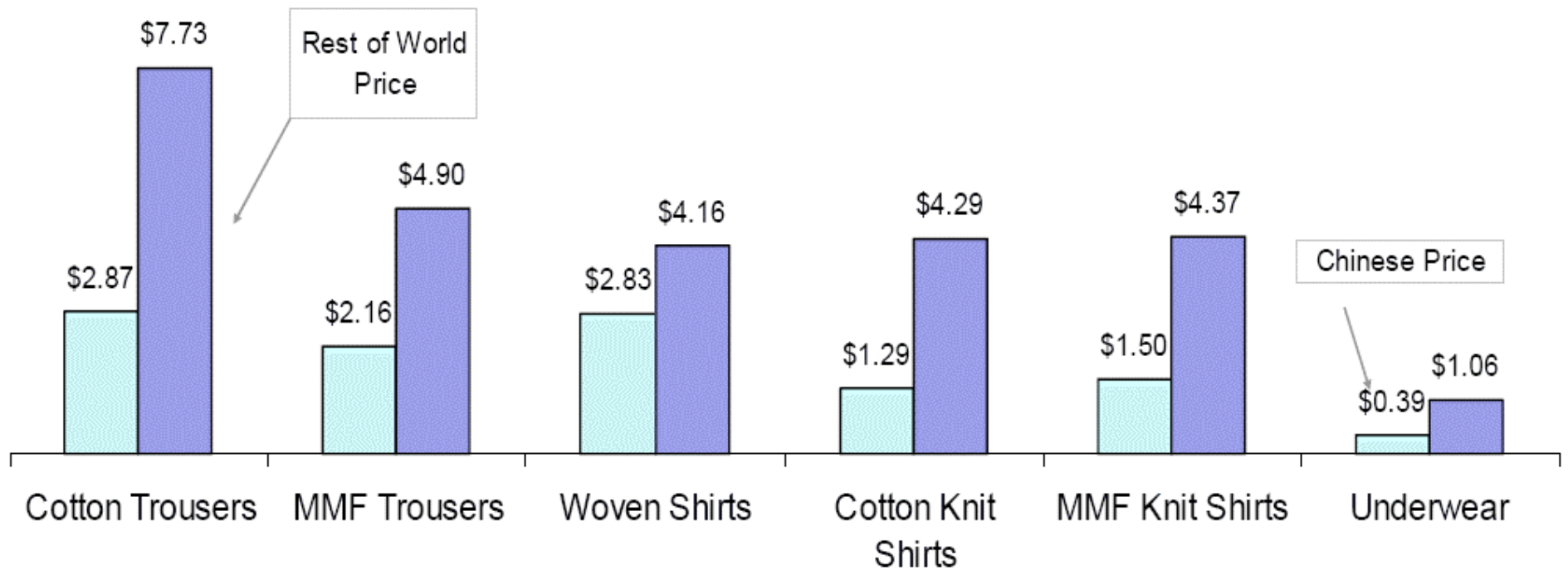
U.S. Apparel Imports

Since January 1, 2005

China Up 118% 3,530 million sq. meters

Rest of World Down 5% 945 million sq. meters

Chinese Prices for Apparel vs. Prices for Rest of World



The China Price

- China's reliance on global buyers and its "survival of the cheapest" approach has created a production glut that places enormous pressures on wages, working conditions, and profit margins at the factory level. A typical export factory in southern China pays a salary of \$40 per month, which is 40 percent less than the local minimum wage. Workers put in 18 hour days with poor workplace conditions, minimal training and continual pressure to boost output.

» Gary Gereffi, The New Offshoring of Jobs and Global Development

If China captures 70% of the U.S. textile and apparel market that would result in a net shift of approximately \$42 billion in trade from other exporting countries to China.

Projected Export Losses to China

CBI region	\$-6.3 billion
Mexico	-5.4 billion
Indonesia	-1.4 billion
South Korea	-1.6 billion
Thailand	-1.2 billion
Bangladesh	-1 billion
Cambodia	-676 million
Japan	-400 million
Lesotho	-289 million
Mauritius	-187 million

Apparel Industry in Mexico and Caribbean Basin

Country	# Apparel Workers	Apparel exports % of total exports
Mexico	557,000	6
Dom. Republic	145,000	53
Honduras	110,923	78
Guatemala	77,107	53
El Salvador	60,000	79
Costa Rica	38,494	20

Asia, Africa, and Eastern Europe

Country	# Apparel Workers	Apparel exports % of total exports
Bangladesh	1,800,000	78%
Sri Lanka	450,000	46%
Pakistan	917,000	24%
Turkey	503,000	24%
Mauritania		63%
Tunisia		39%
Cambodia		97%
Morocco		34%

What Is the China Safeguard?

- Part of China's Accession Agreement to the WTO
- Allows any WTO member nation to limit clothing or textile imports from China if the imports cause or threaten to cause a "market disruption or impede the orderly development of trade"
- Limits – or "safeguards" – would restrict growth of imports from China in specified categories of goods to 7.5% per year, for up to three years.

Safeguards Already Implemented

- United States
- European Union
- Turkey
- Argentina
- Peru
- Brazil
- South Africa
- Columbia