Textile

Business

The growing use of synthetic fibers like polyester and acrylic promoted the first Multi- Fiber Arrangement (MFC). The Multi-Fleer Arrangement, a multilateral treaty, was conceived as a temporary measure to allow developed and Industrialized countries to adjust to Imports from developing countries wealth the textile global market. The MFC was made to foster expansion in world textile trade with emphasis on developing country exports while preventing “ disruption” of developed and industrialized country domestic markets.

What began as a means to stabilize the world textile market has taken on a more political agenda. With the expiration approaching, all parties, including the US are questioning if the MFC should be renewed or not. We are recommending that the MFC be renewed but on a more regime level versus a bilateral level, specific recommendations include the removal of the reasonable departure clause, flexibility of bilateral agreements and voluntary export restraints.

A freer trade globally benefits all, however keeping some overspent Intervention Like the MFC allows for a more organized means of business and also a greater sense of security. Based on the case study one of the key Issues Is growth levels were not tied to market growth of the Importing country, there needed to be some distinctions between poorer countries and newly industrialized for example: Hong Kong.

This needs to be revised in the MFC for a better over all result. We would recommend, based on the table from Exhibit 6 that a more unilateral approach be taken to control the level of imports and exports.

The inclusion of the lateral agreements within the current MFC has had a negative impact on the domestic textile production in developed nations. Statistics show that U. S. Imports of textiles have been substantially higher during the MFC years from 1970 through 1980 textile Imports have doubled consecutively within In every five-year increment.

(Exhibit 9) Enforcement of a more unilateral agreement will prevent “ side deals” and unfair advantages, creating a less disruption to the overall world market.

Additionally, voluntary restraints can gradually create an artificial level of Imports, which can open he door for other exporters to increase their share of exports into a domestic market, and then later, the country that initiated the voluntary constraint can demand higher imports into the same market in order to regain its market share. This further hinders the importing country’s textile market. By limiting the Veer’s, the MFC can reduce some of the discriminatory practices with regards to imports. At the onset, this may create an imbalance, but this imbalance would correct itself as past Veer’s expire.

If the MFC were to be renewed without any changes, the trade deficits would intuition to grow. Americans would be paying more for the products. The high tariffs on textile Imports cost Americans between 23-38 billion dollars a year, which factors down to approximately $620 more spent for a family of four. Based off of the chart In exhibit 6 of the case study. Furthermore, the MFC without changes would threaten the Jobs of over 5 million Americans who produce goods for exporting. There would be increased competition between industries, workers and regions within the US.

Restricted international agreements.

Renegotiating the MFC would provide the axiom protection of the textile workers in the US without having to give up Jobs within our exporting atmosphere and not overwhelming the American consumer. The renewal of the MFC needs to send a message that the US wants to move towards trade liberation. The concept of reasonable departures needs to be removed and completely excluded from any of the renewal agreements. This clause gives countries too much flexibility, therefore the ability to create discriminatory practices with little or no restrictions, thereby, undermining the purpose on which the MFC was conceived.