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How will Trump's victory impact the global apparel industry?

Bagaimana kemenangan Trump akan mempengaruhi industri pakaian secara global?

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The U.S. presidential elections got over a month back and we all know the news/ implications/ assumptions surrounding Mr. Donald Trump's win. Like everyone else, I am very interested to know about Trump's policies and agreements on apparel market. Because although there isn't much overlap between fashion and politics, his economic policies on International trade is something each one of you should know about.

Pemilihan presiden A.S. sudah lebih dari satu bulan yang lalu dan kita semua mengetahui berita / implikasi / asumsi seputar kemenangan Mr. Donald Trump. Seperti orang lain, saya sangat tertarik untuk mengetahui tentang kebijakan dan kesepakatan Trump di pasar pakaian jadi. Karena walaupun tidak ada banyak tumpang tindih antara fashion dan politik, kebijakan ekonominya tentang perdagangan internasional adalah sesuatu yang masing-masing harus Anda ketahui.

Now, Mr. Trump made a variety of statements during his election campaign which indicated his opposition to certain trade agreements and his interest in tax reforms. This was solely focused on bringing jobs back to America.

So, what are the implications of his presidency on different geographies due to the trade agreements?

Kini, Mr. Trump membuat berbagai pernyataan selama kampanye pemilihannya yang mengindikasikan tentangannya terhadap kesepakatan dagang tertentu dan ketertarikannya pada reformasi pajak. Ini semata-mata berfokus pada membawa pekerjaan kembali ke Amerika.
Jadi, apa implikasi terhadap kepresidenannya tentang geografi yang berbeda karena kesepakatan dagang tersebut?

Mexico

On January 1, 1994, then US president George Bush signed an agreement with Canada and Mexico. This was called **NAFTA (North American Free Trade Agreement)** where the participating countries (US and Mexico) forgoes tariffs on imported goods originating in other NAFTA countries (naftanow.com). Thus, US lifted tariffs on about 30% of apparel imports from Mexico.

Pada tanggal 1 Januari 1994, presiden AS George Bush menandatangani sebuah kesepakatan dengan Kanada dan Meksiko. Ini disebut NAFTA (Perjanjian Perdagangan Bebas Amerika Utara) di mana negara-negara peserta (AS dan Meksiko) menolak tarif barang impor yang berasal dari negara-negara NAFTA lainnya (naftanow.com). Dengan demikian, AS mencabut tarif sekitar 30% dari impor pakaian jadi dari Meksiko.

How did NAFTA help?

NAFTA accelerated apparel manufacturing in Mexico and resulted in lower prices for US consumers. *As a result, US exports of textiles and apparel to Mexico increased by 79% between 1993 and 1996, increasing from $1.6 billion to $2.8 billion, despite Mexico's recession. The US share of Mexico's textile and apparel imports rose from 68% in 1993 to 86% in 1996* (Study on the Operation and Effects of the North American Free Trade Agreement)

Bagaimana bantuan NAFTA?

Manufaktur pakaian jadi NAFTA dipercepat di Meksiko dan menghasilkan harga yang lebih rendah untuk konsumen AS. Akibatnya, ekspor tekstil dan pakaian jadi AS ke Meksiko meningkat 79% antara tahun 1993 dan 1996, meningkat dari $ 1,6 miliar menjadi $ 2,8 miliar, meskipun resesi Meksiko. Bagian AS dari impor tekstil dan pakaian jadi Meksiko meningkat dari 68% di tahun 1993 menjadi 86% di tahun 1996 (Studi tentang Operasi dan Pengaruh Perjanjian Perdagangan Bebas Amerika Utara)

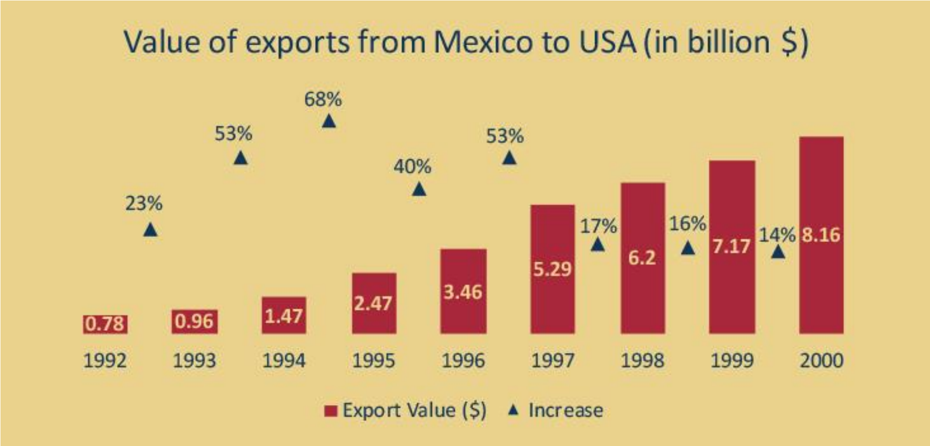

Figure 1: Increase in apparel exports from Mexico to USA after NAFTA

Source: https://comtrade.un.org/

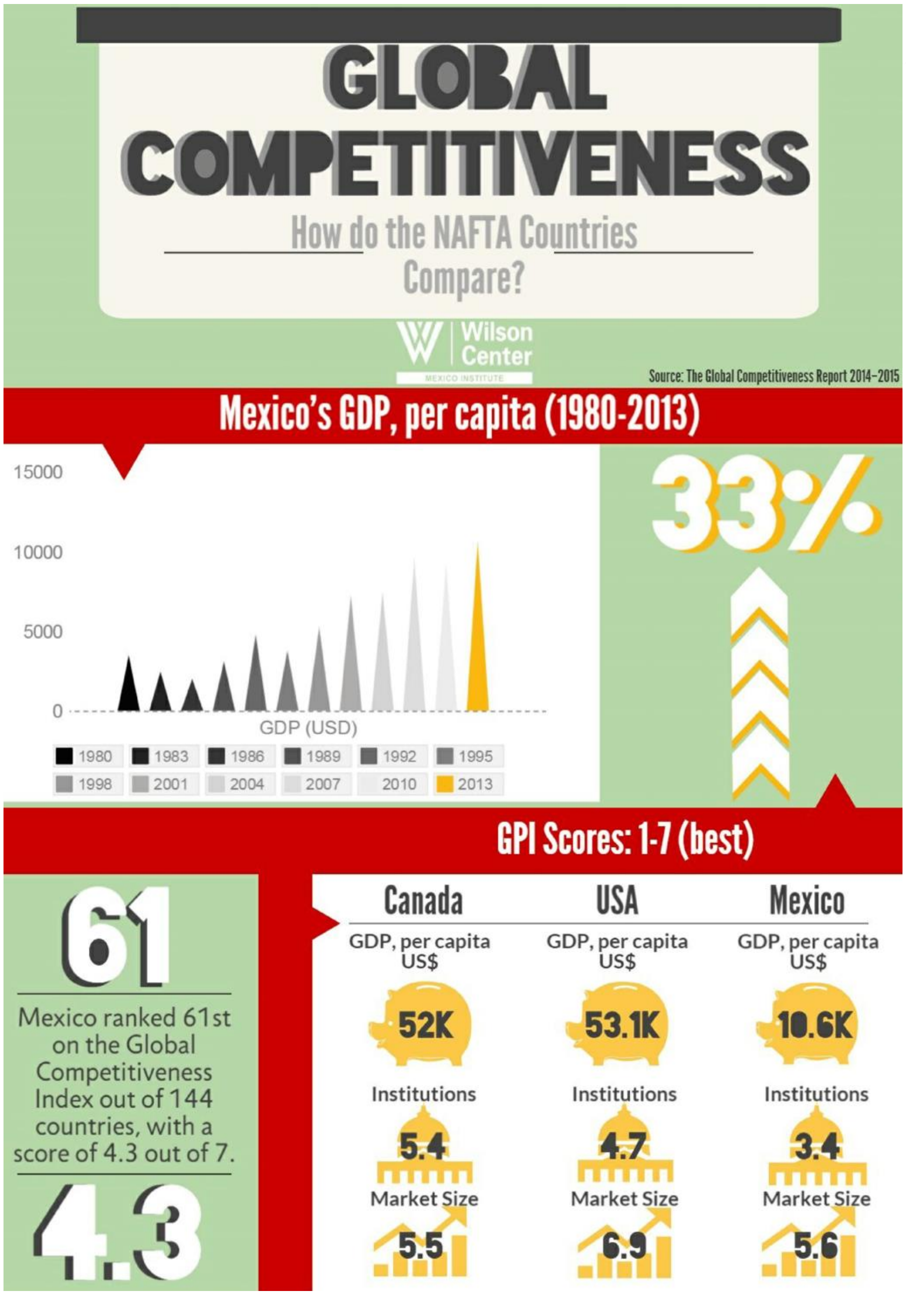

Figure 2: Global competitiveness scores of NAFTA countries

Source: https://www.wilsoncenter.org/article/infographic-global-competitiveness-how-do-the-nafta-countries-compare

Trump plans to renegotiate/ withdraw NAFTA.

Trump berencana untuk menegosiasi ulang / menarik NAFTA.

Implication on NAFTA post US election?

Trump has stated to put a 35% tariff on some Mexican goods.

In addition, he has said he would round up and send home up illegal immigrants living and working in America, 5 million of whom are thought to be Mexican. If implemented in full, the impact on the Mexican economy of these policies would be profound. Trade between the US and Mexico would slow, factories would close, foreign direct investment flows would dry up and millions of repatriated workers would have to be absorbed into the Mexican workforce. US consumers would see the price of some goods rise(theguardian.com).

Implikasi terhadap NAFTA pasca pemilihan di AS?

Trump telah menyatakan untuk menempatkan tarif 35% untuk beberapa barang Meksiko. Selain itu, dia mengatakan akan mengumpulkan dan mengirim pulang imigran ilegal yang tinggal dan bekerja di Amerika, 5 juta di antaranya dianggap orang Meksiko. Jika diimplementasikan secara penuh, dampak terhadap ekonomi Meksiko terhadap kebijakan ini akan sangat mendalam. Perdagangan antara AS dan Meksiko akan melambat, pabrik-pabrik tutup, arus investasi langsung asing akan mengering dan jutaan pekerja yang dipulangkan harus diserap ke dalam angkatan kerja Meksiko. Konsumen AS akan melihat harga beberapa barang naik (theguardian.com).

China

Trump plans to impose 45% tariff on Chinese imports. Also, to note that America is the largest importer of apparel from China (about 35%).

Implications of the tariff?

*In general, the president, acting unilaterally via executive action, can only impose tariffs of up to 15% and for 150 days to combat balance of payments deficits. This clause was used by President George W. Bush in 2002 to combat under-priced imports of steel; tariffs were priced at 8-30%. As a result, the U.S. angered trading partners and was held in violation of WTO commitments. (*Forbes.com*)*

Putting 45% tariff on all imported goods from China is against the trade of terms of WTO. This might result in US withdrawal from WTO.

Trump berencana mengenakan tarif 45% untuk impor China. Juga, untuk dicatat bahwa Amerika adalah importir pakaian jadi terbesar dari China (sekitar 35%).

Implikasi tarif?

Secara umum, presiden, yang bertindak secara sepihak melalui tindakan eksekutif, hanya dapat mengenakan tarif hingga 15% dan selama 150 hari untuk memerangi defisit neraca pembayaran. Klausul ini digunakan oleh Presiden George W. Bush pada tahun 2002 untuk memerangi impor baja dengan harga di bawah harga; Tarif dengan harga 8-30%. Akibatnya, AS mempermalukan mitra dagang dan dianggap melanggar komitmen WTO. (Forbes.com)

Menempatkan tarif 45% untuk semua barang impor dari China bertentangan dengan perdagangan terms of WTO. Hal ini bisa mengakibatkan penarikan AS dari WTO.

Pacific Region

On 4 February, 2016, an agreement was signed among 12 of the Pacific Rim countries (Singapore, Brunei, New Zealand, Chile, US, Australia, Peru, Vietnam, Malaysia, Mexico, Canada and Japan) which account for 40% of the world's economy. This was called **TPP (Trans-Pacific Partnership)** where tariff between US and 11 involved nations was lowered. (BBC.com)

How would TPP have helped?

TPP would have reduced the cost for manufacturers which would have trickled down to the consumers as well.

Pada tanggal 4 Februari 2016, sebuah kesepakatan ditandatangani di antara 12 negara di Pacific Rim (Singapura, Brunei, Selandia Baru, Cile, Amerika Serikat, Australia, Peru, Vietnam, Malaysia, Meksiko, Kanada dan Jepang) yang menyumbang 40% Ekonomi dunia. Ini disebut TPP (Trans-Pacific Partnership) dimana tarif antara AS dan 11 negara yang terlibat diturunkan. (BBC.com)

Bagaimana TPP bisa membantu?

TPP akan mengurangi biaya untuk produsen yang akan menetes ke konsumen juga.

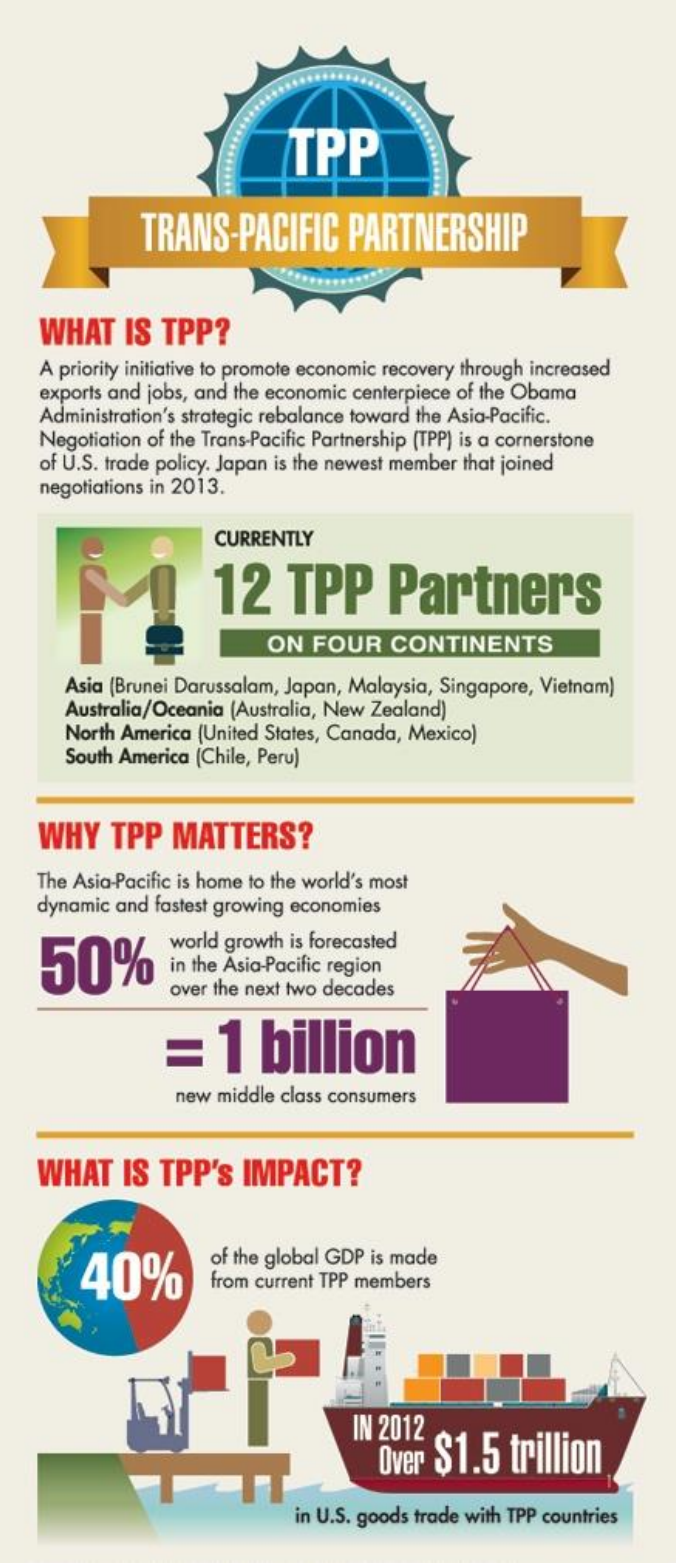

Figure 3: TPP in short

Source: https://www.state.gov/s/d/rm/rls/perfrpt/2013/html/221326.htm

Implication on TPP post US election?

Trump made it clear that he was against TPP and would withdraw America's participation. This could result in a blow to countries like Vietnam which counts to America for nearly 50% of its textile and garment turnover (inspectorio.com) and could suffer lowest growth rate in nearly a decade.

Implikasi terhadap TPP pasca pemilihan di AS?

Trump menegaskan bahwa dia melawan TPP dan akan menarik partisipasi Amerika. Hal ini dapat mengakibatkan pukulan ke negara-negara seperti Vietnam yang mengandalkan Amerika hampir 50% dari omset tekstil dan garmennya (inspectorio.com) dan dapat mengalami tingkat pertumbuhan terendah dalam hampir satu dekade.

Bahrain

On 1 January 2006, an agreement was signed between US and Bahrain. This was called **The United States- Bahrain Free Trade Agreement** which allows the textiles and apparel exported from Bahrain a duty-free access to the US market.

How did FTA help?

Tariffs on textiles and apparel trade were eliminated immediately, promoting new opportunities for U.S. and Bahraini fiber, yarn, fabric, and apparel manufacturing.

Pada tanggal 1 Januari 2006, sebuah kesepakatan ditandatangani antara AS dan Bahrain. Ini disebut The United States-Bahrain Free Trade Agreement yang memungkinkan tekstil dan pakaian jadi diekspor dari Bahrain menjadi akses bebas bea ke pasar AS.

Bagaimana FTA bisa membantu?

Tarif perdagangan tekstil dan pakaian jadi segera dieliminasi, mempromosikan peluang baru untuk serat, benang, kain, dan pakaian jadi A.S. dan Bahrain.

Implication on FTA post US election?

If Trump carries forward his vision to cut the imports in the US to develop manufacturing jobs at home, the Gulf apparel industry is bound to feel a setback. The Tariff Preference Levels or TPLs enjoyed by Bahrain are set to expire in 2016 and with trump in the hot seat, renewal of the same cannot be guaranteed. The apparel manufacturers in Bahrain rely on these TPLs because 100% of their exports are to the US, and they mostly source their fabrics and yarns from third-party countries like China. Now, these apparel manufacturing firms are mostly owned by foreign firms. Thus, if Trump is still reluctant towards China's involvement and America's imports of finished goods, the foreign owner companies will take away their investments from the Gulf nations, therefore affecting the Gulf Apparel industry hugely.

Implikasi pada FTA pasca pemilihan di AS?

Jika Trump meneruskan visinya untuk memotong impor di AS untuk mengembangkan pekerjaan manufaktur di rumah, industri pakaian di Teluk pasti akan mengalami kemunduran. Tingkat Preferensi Tarif atau TPL yang dinikmati oleh Bahrain ditetapkan akan berakhir pada tahun 2016 dan dengan trump di kursi panas, pembaharuan yang sama tidak dapat dijamin. Pabrik pakaian jadi di Bahrain bergantung pada TPL ini karena 100% ekspor mereka ke AS, dan mereka kebanyakan menggunakan kain dan benang dari negara-negara pihak ketiga seperti China. Kini, perusahaan manufaktur pakaian jadi ini kebanyakan dimiliki oleh perusahaan asing. Jadi, jika Trump masih enggan terhadap keterlibatan China dan impor barang jadi Amerika, perusahaan pemilik asing akan mengambil investasi mereka dari negara-negara Teluk, oleh karena itu sangat mempengaruhi industri Gulf Apparel.

Trump's victory and his policy changes regarding imports and the tariffs involved are going to have a substantial effect on the global apparel industry, be it in the Pacific Nations, Gulf Nations, or Mexico. Now, with Trump in the decision-making chair, all we need to do is wait and watch for the changes that are coming our way, and meanwhile search relentlessly for other markets to absorb the shock, if Trump is able to implement what has been claimed by him time and again, throughout his campaign.

Kemenangan Trump dan perubahan kebijakannya terkait impor dan tarif yang terkait akan berpengaruh besar terhadap industri pakaian jadi global, baik di Negara-negara Pasifik, Teluk, atau Meksiko. Sekarang, dengan Trump di kursi pengambilan keputusan, yang perlu kita lakukan hanyalah menunggu dan melihat perubahan yang akan terjadi, dan sementara itu mencari tanpa henti untuk pasar lain untuk mendapat kejutan, jika Trump mampu menerapkan apa yang telah Diklaim olehnya berkali-kali, sepanjang kampanyenya.

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