

Made In America: Apparel, Leather, and Allied Products

By Ryan Bogert, Jessica R. Nicholson, and Ryan Noonan, Economists

Edited by Jane Callen

In 2012, shipments from the U.S. manufacturing sector totaled \$5.7 trillion. So, what do we make in the United States? This series of manufacturing profiles by the U.S. Commerce Department's Economics and Statistics Administration (ESA) will answer that question one industry at a time. The focus of this profile is apparel, leather, and allied products.¹ Previous profiles focused on [machinery](#); [food, beverages and tobacco products](#); [transportation equipment \(excluding motor vehicles\)](#); and [chemicals](#).

Among other findings, this report shows that combined shipments of apparel, leather, and allied products totaled nearly \$18 billion in 2012, with apparel contributing the bulk of that total. Four states—California, New York, Texas, and North Carolina—account for more than half of all production in the industry. And, while the United States imports the majority of the apparel, leather, and allied products consumed here, the products made in these industries by U.S. manufacturers have a very high level of domestic content – they are truly “Made in the U.S.A.”

As we continue to profile the various manufacturing industries, we will deepen our understanding of what is made in America and how it affects the economy as a whole.



Overview

Although technically classified as separate industries, apparel manufacturing and leather and allied product manufacturing are both largely dedicated to clothing and accessories. Because they produce similar products, and are small and shrinking industries domestically, it is reasonable to analyze them together.¹

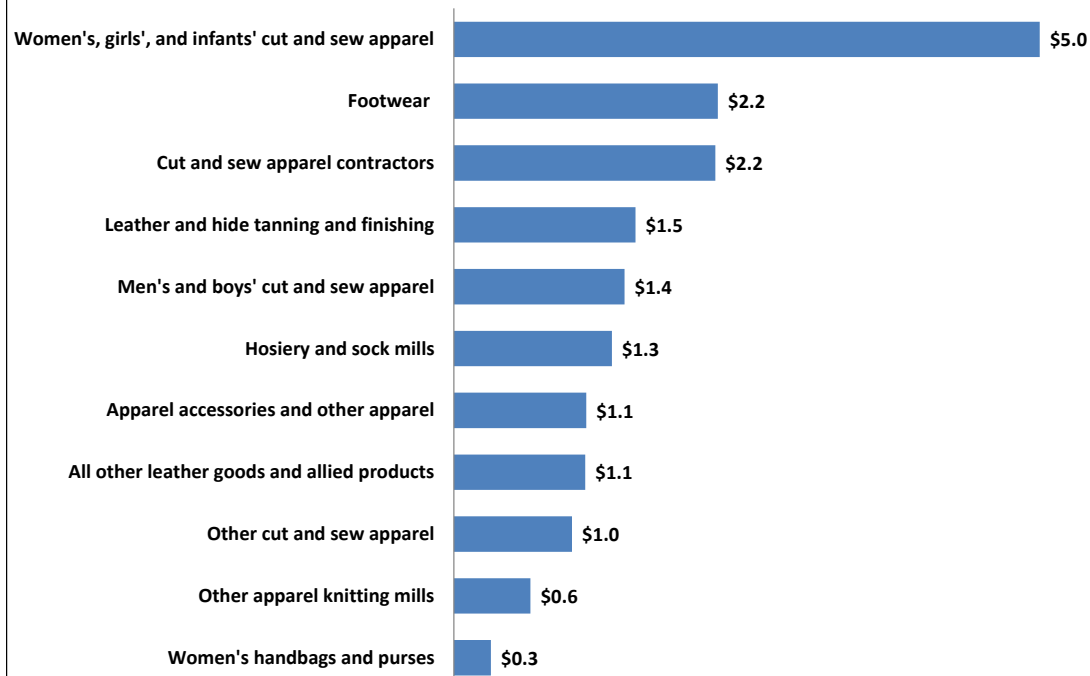
To be precise, apparel manufacturers: “(1) cut and sew (i.e., purchase fabric and cut and sew to make a garment), or (2) manufacture garments in establishments that first knit fabric and then cut and sew the fabric into a garment.”²

Leather and allied product manufacturers “transform hides into leather, by tanning or curing, and fabricating the leather into products for final consumption.” These establishments also “manufacture similar products from other materials, including products (except apparel) made from ‘leather substitutes,’ such as rubber, plastics, or textiles. Rubber footwear, textile luggage, and plastic purses or wallets are examples of ‘leather substitute’ products” and they “are included in this subsector because they are made in similar ways leather products are made (e.g. luggage)” and because they “are made in the same establishments, so it is not practical to separate them.”³



Shipments

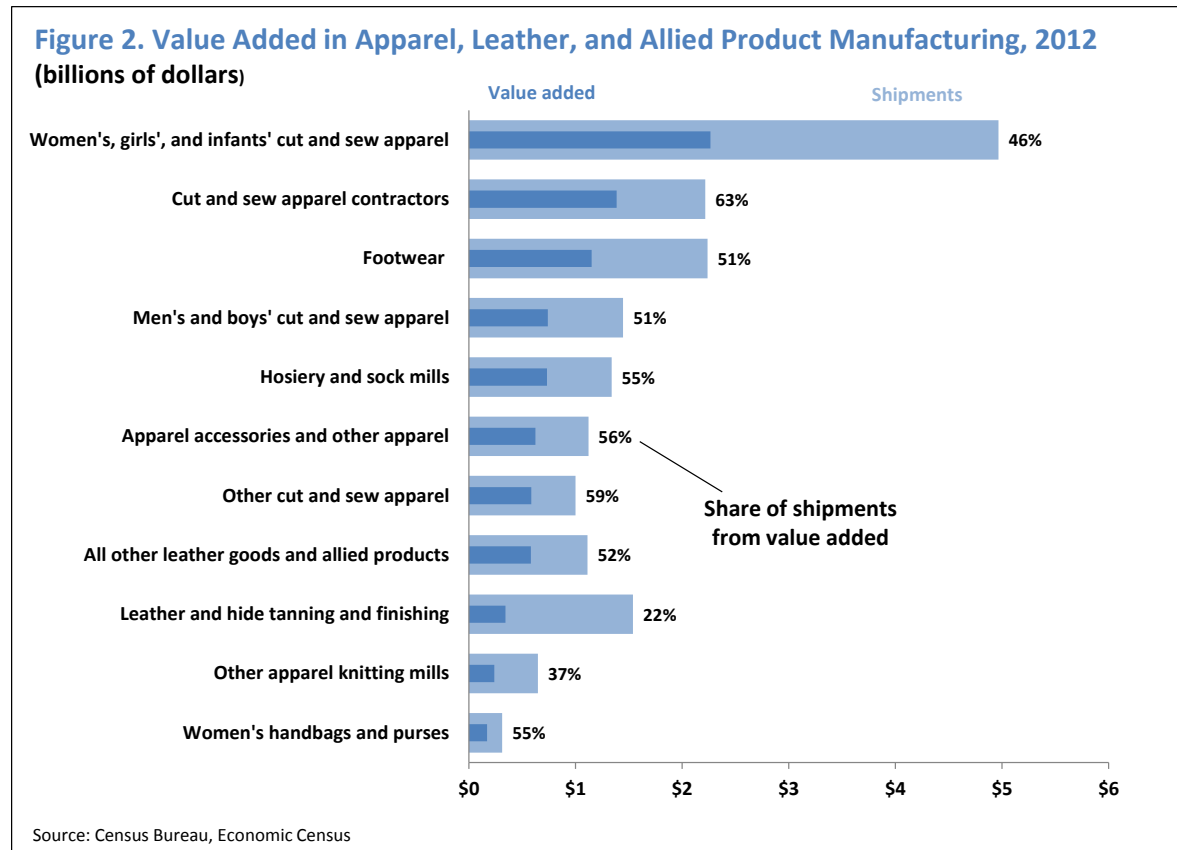
Figure 1. Shipments in Apparel, Leather, and Allied Products, 2012
(billions of dollars)



Source: Census Bureau, Economic Census

- Total shipments in the combined apparel, leather, and allied product industry were \$17.9 billion in 2012. Apparel production accounted for 71 percent (\$12.7 billion) of this total.
- Leading the way was women's, girls', and infants cut and sew apparel. Its \$5.0 billion in shipments in 2012 accounted for 28 percent of total shipments in the apparel, leather, and allied products industry. Comparatively, men's and boys' cut and sew apparel accounted for only \$1.4 billion (8 percent).
- The second and third largest industries were, respectively, footwear and cut and sew apparel contractors (who cut or sew materials owned by others). These industries each produced approximately \$2.2 billion in shipments (12 percent of the industry total).
- The apparel, leather, and allied products industries represent only 0.3 percent of all U.S. manufacturing shipments. U.S. manufacturers in these industries compete with low-wage countries in Asia and other parts of the world which may help explain the relatively small value of product in this sector produced in the U.S.
- Although the United States imports the majority (93 percent) of the apparel, leather, and allied products consumed here, the products made in these industries by U.S. manufacturers have a very high level of domestic content (87 percent)—so when these goods say “Made in the U.S.A.,” they truly do contain very little foreign materials.⁴

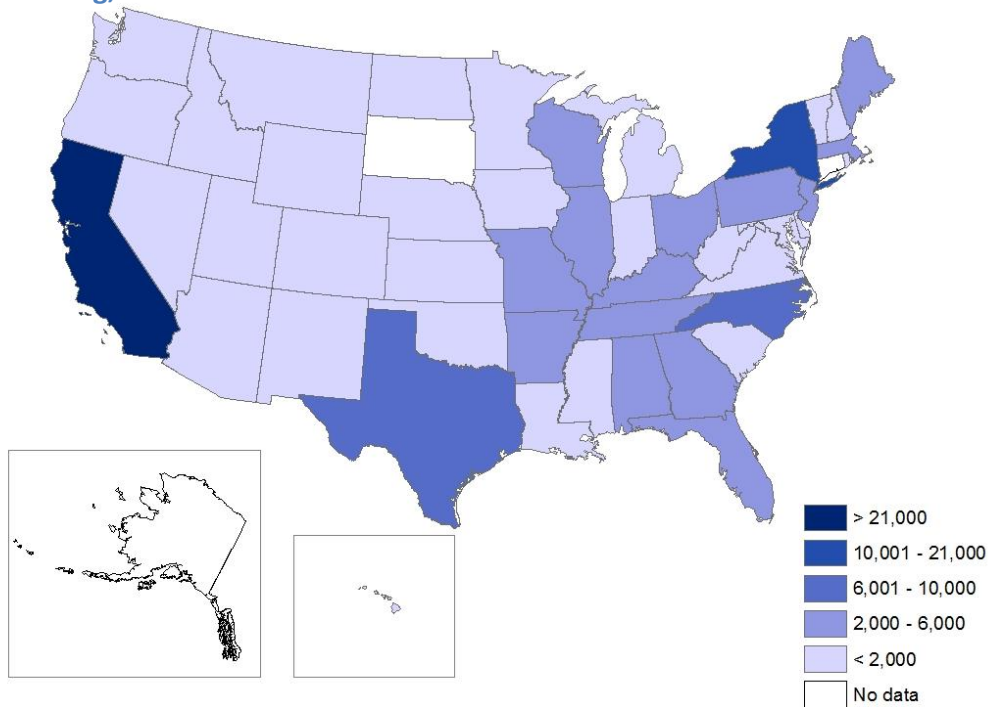
Value Added



- In 2012, value added accounted for 49 percent of the total value of apparel, leather, and allied products shipments. The other 51 percent consisted of materials and inputs from other industries, such as fabric, thread, accessories, and packaging.
- Compensation of employees, or labor, accounted for 80 percent of value added in 2012.⁵ Returns to capital accounted for another 18 percent, while taxes on production and imports less subsidies made up the rest. Labor has a high value-added share because these industries are very labor intensive; in contrast, labor accounts for only 46 percent of value added in the average U.S. manufacturing establishment.
- Production occupations comprise two-thirds of all jobs in apparel, leather, and allied product manufacturing.⁶ This broad occupation category includes patternmakers, sewing machine operators, pressers, and repairers.
- In 2013, the average wage in the apparel manufacturing industry was \$16.16 compared to \$23.00 in manufacturing overall. Leather and allied products workers were similar to their counterparts in apparel, earning an average wage of \$16.74 that year.⁷ Workers in these industries generally make less than workers in the same occupations in other industries.

Which States Make Apparel, Leather, and Allied Products?

Figure 3. Annual Average Employment in Apparel, Leather, and Allied Products Manufacturing, 2013



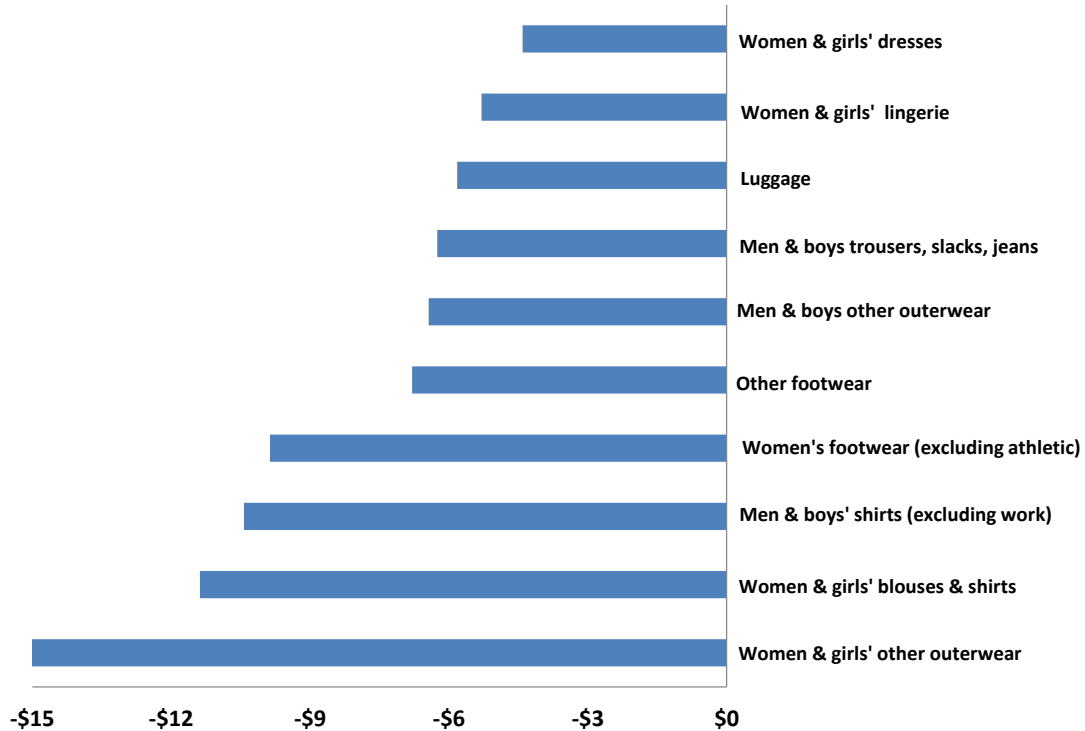
Note: This map covers 99 percent of employment in apparel, leather, and allied products manufacturing. The remaining 1 percent is comprised of employment for which data was not available by state. Six states (Delaware, Mississippi, Montana, Nevada, Rhode Island, and Wyoming) had available data for either apparel or leather and allied products but not both.

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

- In 2013, there were 172,000 jobs in apparel, leather, and allied products manufacturing; this represented only 1 percent of the jobs in U.S. manufacturing. The vast majority (83 percent) of the jobs were in the apparel manufacturing industry.
- Four states accounted for over 50 percent of all manufacturing in the apparel, leather, and allied products industries: California (35 percent); New York (12 percent); and Texas and North Carolina (5 percent each). The top apparel jobs state was California, while Texas had the highest number of jobs in leather and allied products manufacturing.
- Since 1990, employment in apparel, leather, and allied product manufacturing has shrunk by 912,000 jobs, or 84 percent. Of the 46 states reporting data for apparel, leather and allied products, or both over the time period, only 2 states saw growth: Idaho, which added 144 jobs, and Montana, which added 53 jobs. The other 44 states saw job losses ranging from a low of 49 percent in Oregon (1,500 jobs) to a high of 97 percent in Louisiana (13,400 jobs) and West Virginia (3,700 jobs).

Satisfying Demand for Apparel, Leather, and Allied Products Here and Abroad

Figure 4. Top Ten Deficits in U.S. Apparel, Leather, and Allied Products Trade, 2012
(billions of dollars)



Source: Census Bureau, USA Trade Online

- In 2012, only 7 percent of apparel, leather, and allied products purchased by U.S. consumers were domestically made.⁸
- The United States imported \$117.4 billion of apparel, leather, and allied products in 2012, and exported \$6.1 billion, resulting in a trade deficit of \$111.2 billion. That year, the overall manufacturing trade deficit was \$687.5 billion in 2012. Consequently, the deficit in apparel, leather, and allied products production comprised 16 percent of the country's overall manufacturing trade deficit, second behind only computers and electronic products.
- This large deficit is representative of the apparel sector's global supply chain and widespread outsourcing of apparel production to nations with lower labor costs.⁹ In 2012, the largest source of imports of these goods was China, which accounted for 48 percent of total imports, followed by Vietnam (8 percent), Mexico (5 percent), and Indonesia (5 percent). In total, Asia accounted for 78 percent of U.S. imports of apparel, leather, and allied products.
- The largest export industries within apparel, leather, and allied products were leather and hide tanning (22 percent of total exports of these products), other apparel accessories (10 percent), and women's and girls' outerwear (9 percent).¹⁰
- There were no industries in U.S. apparel, leather, and allied goods manufacturing that recorded a trade surplus in 2012.

Endnotes

1. For instance, the Bureau of Economic Analysis combines these industries in its input-output accounts.
2. The apparel manufacturing subsector is categorized by the North American Industry Classification System (NAICS) as NAICS 315. Industry definition available at: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=315&search=2012%20NAICS%20Search>. For full classification structure, see: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>.
3. The leather and allied product manufacturing subsector is categorized by the North American Industry Classification System (NAICS) as NAICS 316. Industry definition available at: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=316&search=2012%20NAICS%20Search>. For full classification structure, see: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>.
4. Economics and Statistics Administration, “What is Made in America?” See Figure 7.
5. For this calculation, we use Bureau of Economic Analysis data rather than Economic Census data. Because of data limitations in the Economic Census data, it is difficult to separate value added into labor, capital, and tax components. Bureau of Economic Analysis industry data available from: www.bea.gov. For more information on these concepts, see “Measuring the Nation’s Economy: An Industry Perspective. A Primer on BEA’s Industry Accounts.” Bureau of Economic Analysis. Available at: http://bea.gov/industry/pdf/industry_primer.pdf.
6. For more detail on the occupations and wages in the apparel manufacturing industry, refer to the Occupational Employment Statistics program of the Bureau of Labor Statistics. Available at: http://www.bls.gov/oes/current/naics3_315000.htm. Information about the leather and allied products manufacturing industry can be found at: http://www.bls.gov/oes/current/naics3_316000.htm.
7. Ibid.
8. Economics and Statistics Administration, “What is Made in America?” See Figure 8.
9. Because of the labor intensity of apparel, leather, and allied product manufacturing (see page 4 of this report), labor costs represent a relatively large share of the total cost of ownership in this set of industries. For more discussion about total cost of ownership and how costs should be assessed when making a decision about where to locate production or buy supplies, see the U.S. Department of Commerce's Assess Costs Everywhere (ACE) tool, available at: <http://acetool.commerce.gov/>.
10. For detailed international trade statistics, see the U.S. Census Bureau’s USA Trade Online data portal. Available at: <https://usatrade.census.gov/>.