



The
Rural
Center

Import Penetration in Rural Manufacturing Industries

June 6, 2005

Economic Research Service

**Globalization and Restructuring
Conference**

Washington, DC

Our economy is strong today. People are getting back to work. There's an excitement amongst the risk takers, and capital is moving. I'm confident it's going to get stronger as the days go on.

Remarks by the President on Innovation
U.S. Department of Commerce
Washington, D.C.

Weekly U.S. jobless claims drop

Applications fall to lowest level since April 2001

The Associated Press

US economy generates 274,000 new jobs

By Christopher Swann in Washington

Published: May 6 2005

The economy's improving, right?



Yes, but...

- **Layoffs continue**
- **High unemployment and limited job creation prospects in many areas**
- **Trade-related risks to apparel, textiles, furniture, other industries**
- **Many of those laid off are least equipped to cope with change**

Recession and Structural Change in Rural North Carolina

STATE RANKS NO.1 IN LOSS OF TEXTILE AND APPAREL JOBS: THE TREND PUTS MORE PRESSURE ON COLLEGES AND UNIVERSITIES TO RETRAIN WORKERS, A PROFESSOR SAYS

Greensboro News & Record

November 20 2000

April 16,
2005

News & Observer, The (Raleigh, NC)

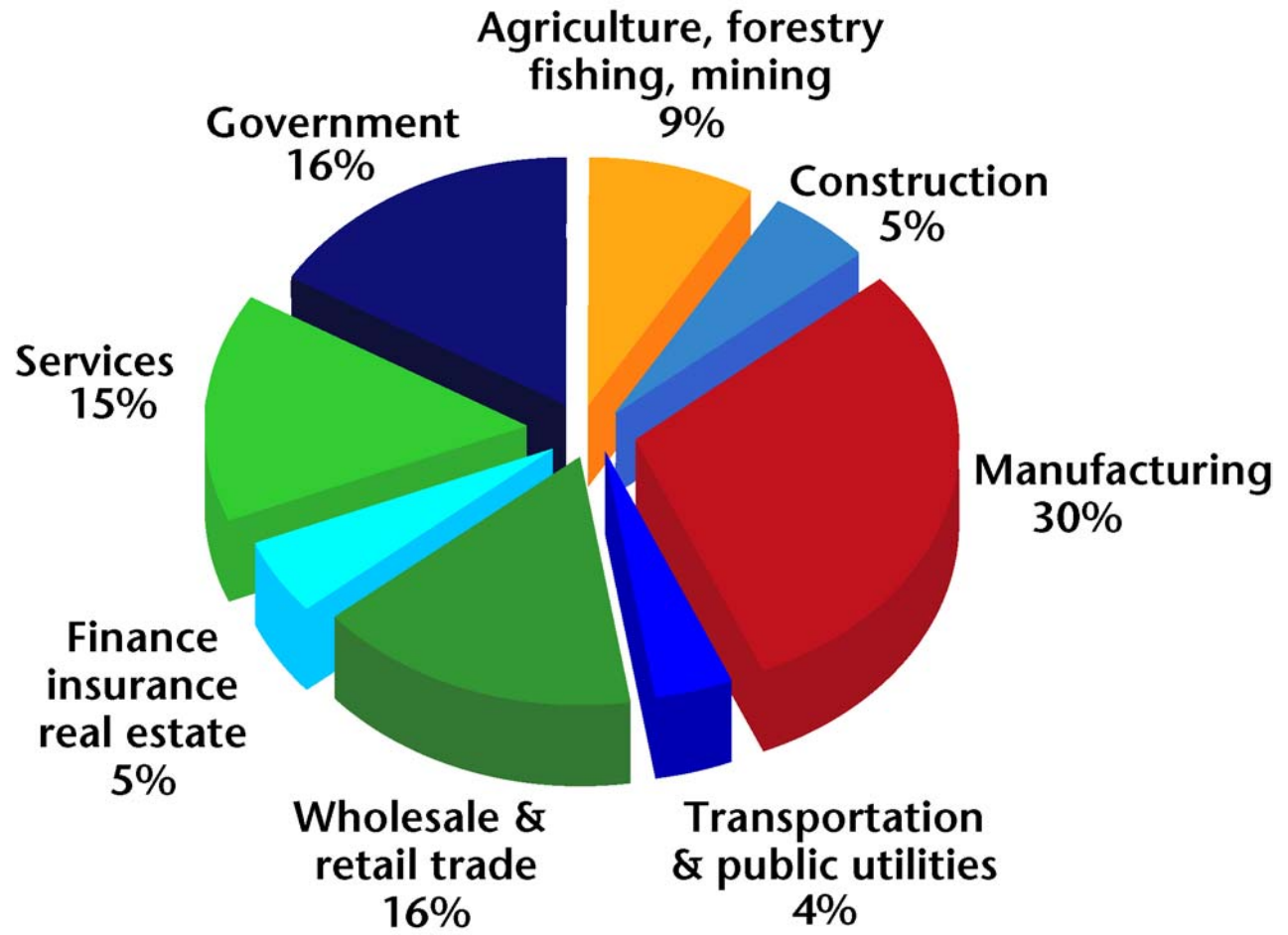
State job growth small

Amy Martinez Staff Writer

North Carolina employers remained reluctant to hire in March, and economists said the next few months will be critical in determining the overall health of the job market. Employers added just 2,200 jobs last month, a gain of less than one-half of 1 percent of the state's nonfarm payroll, a report Friday from the N.C. Employment Security Commission showed. That was down from February's gain of 4,700 jobs --- considered meager in a state with 3.8 million jobs.

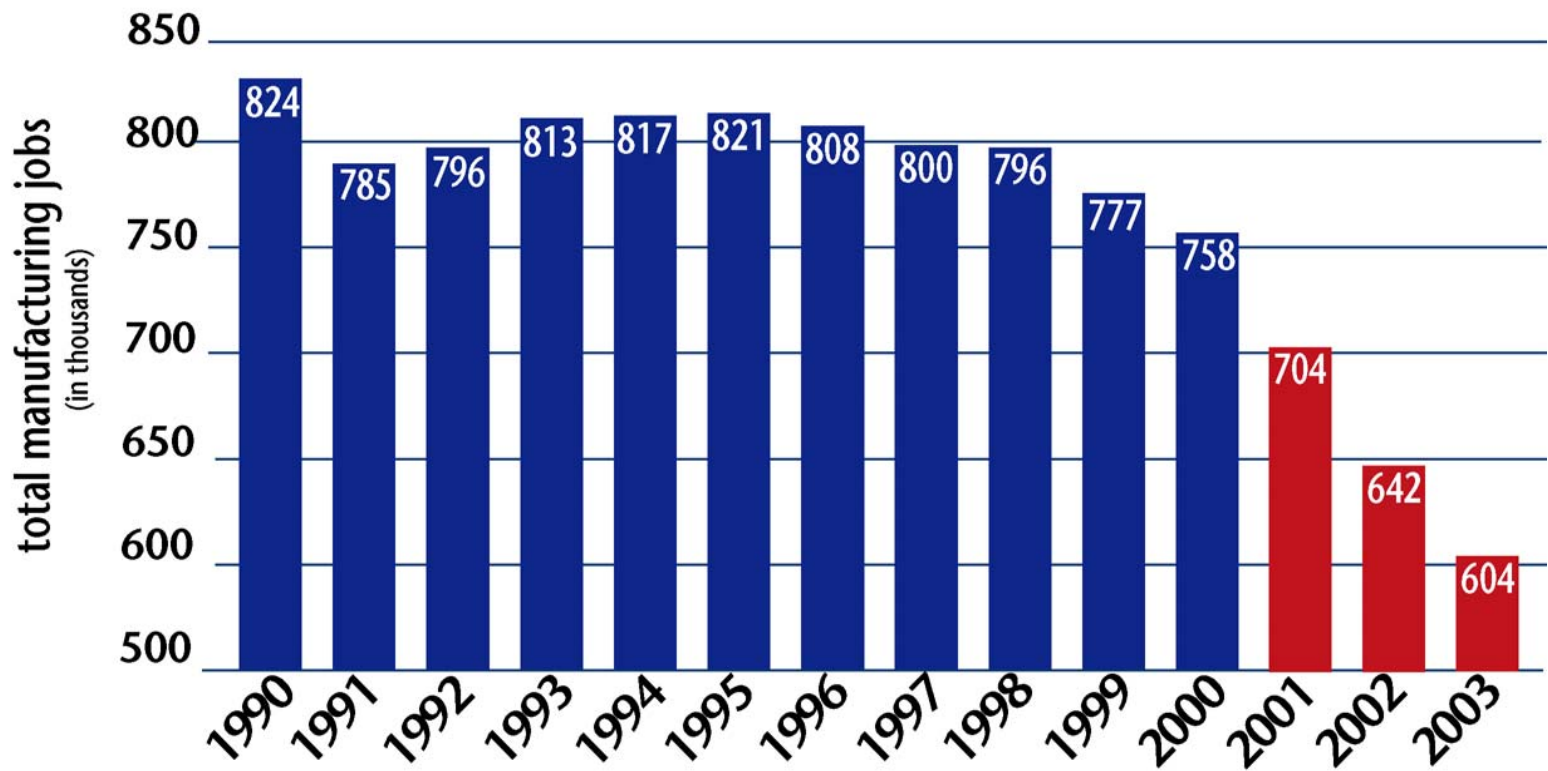
Structural Change ...

North Carolina Employment, 1970



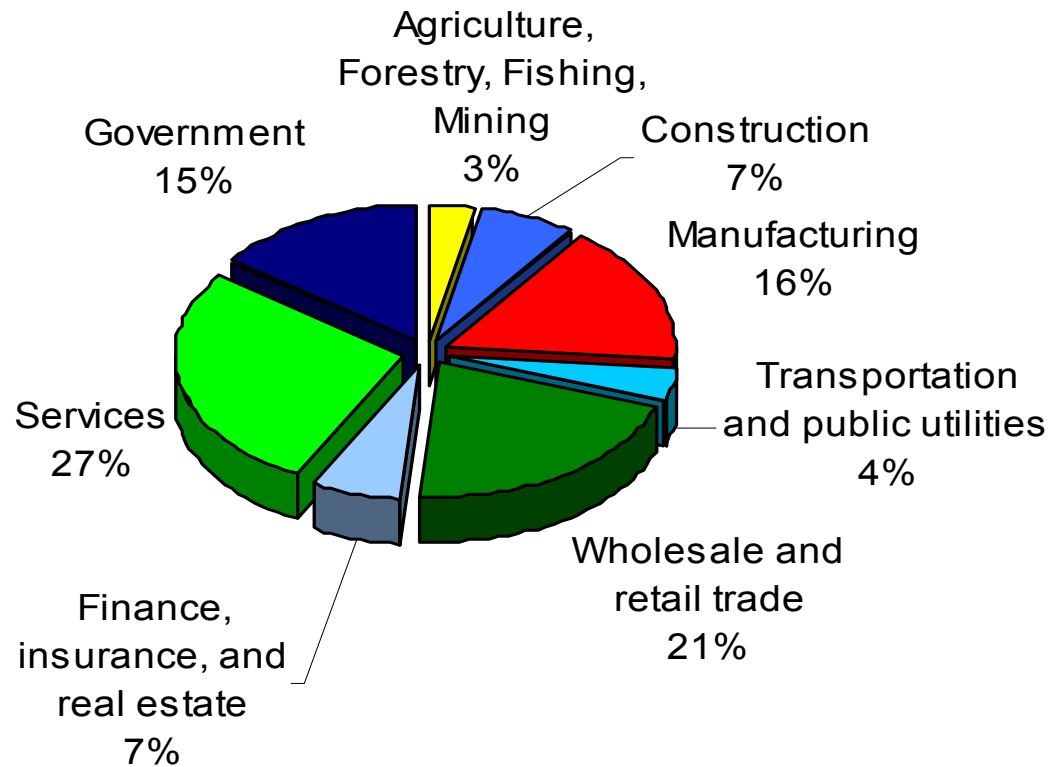
Downturn

N.C. Manufacturing Employment, 1990-2003



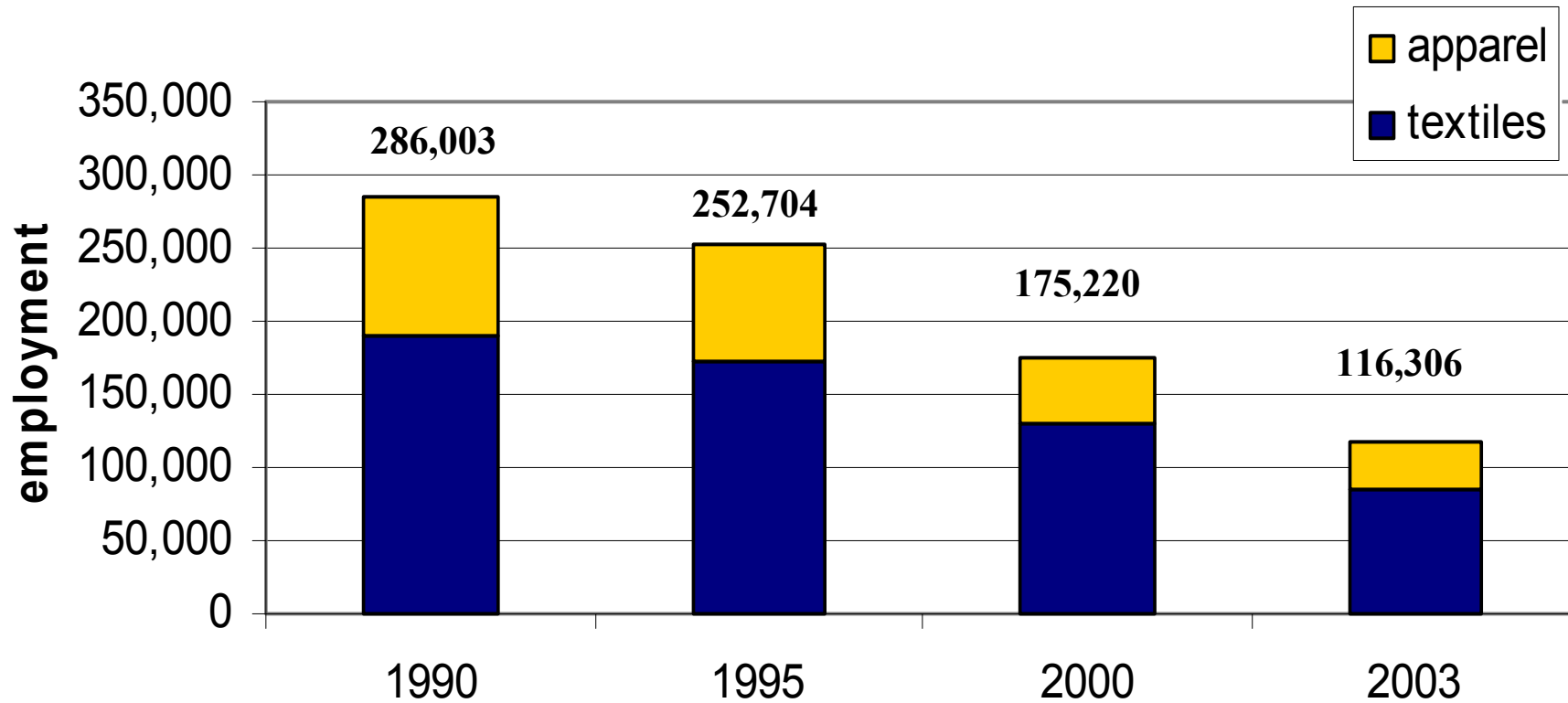
Structural Change ...

North Carolina Employment, 2000



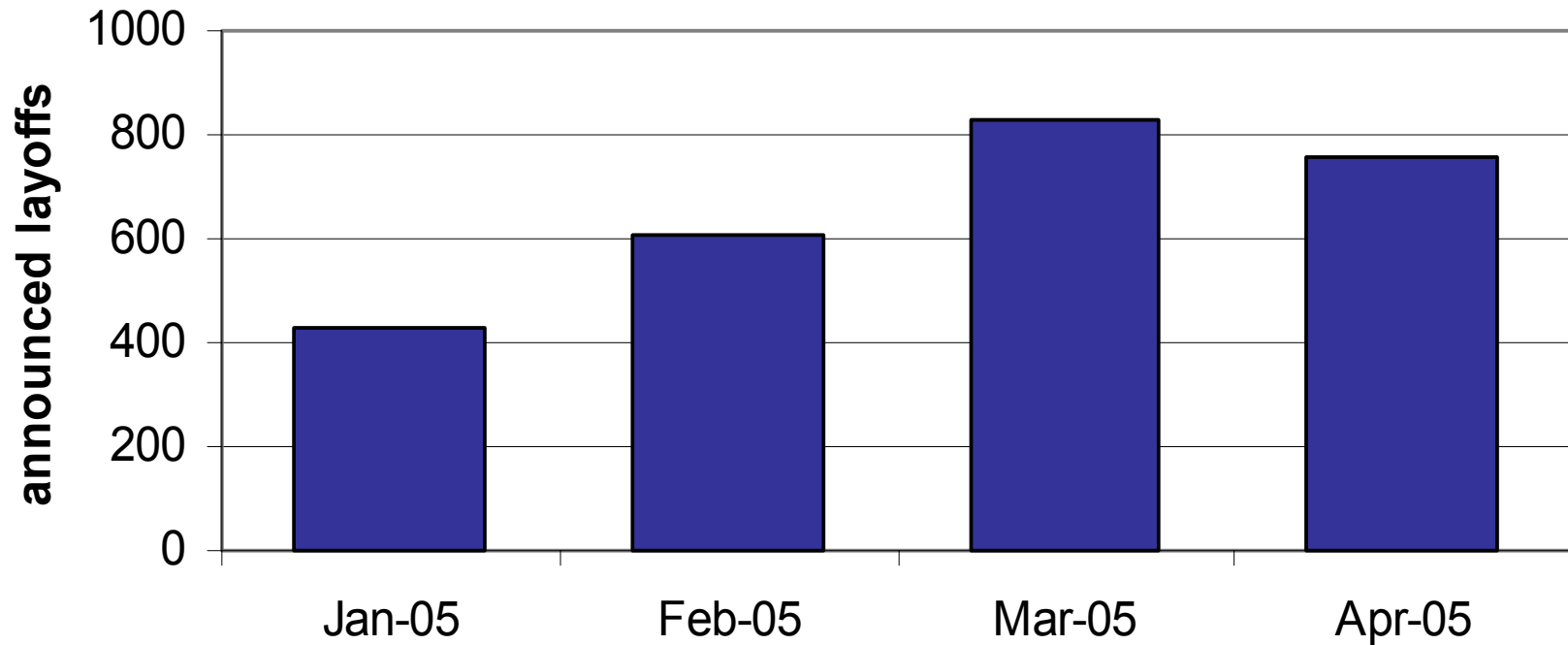
Textiles and Apparel Downturn

**Employment in Textiles and Apparel,
North Carolina 1990-2003**



Continuing Downturn

Announced Layoffs in Textile and Apparel, January - April 2005



More Trouble on the Horizon

- **2005 projected to be 2nd worst year for N.C. textile/ apparel layoffs**
- **As many textile/apparel layoffs announced for 2005 (1/3 into year) as for full year of 2004**
- **More than 115,000 North Carolinians exhausted state unemployment benefits without a job in 2004**

Causes?

- **Import penetration as a result of globalization**
- **“High” wages and other production costs**
- **Lack of investment in R&D, specialization and innovation**



COMMERCE SECRETARY ANNOUNCES EXPEDITED MONITORING OF TEXTILE AND APPAREL IMPORTS

USDOC May 13, 2005

EU launches investigation
into textile imports

The China Daily June 3, 2005

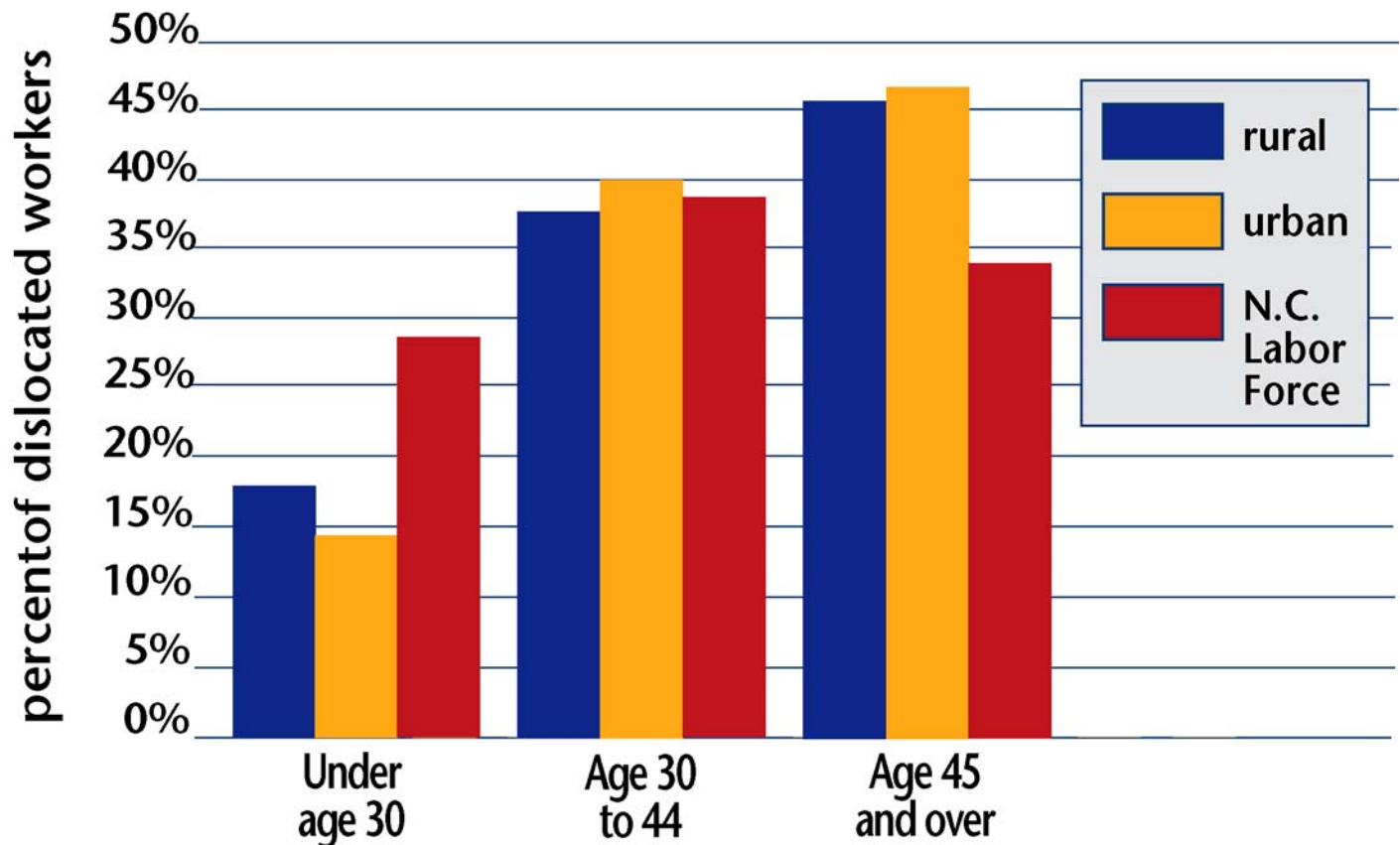


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***Who are these
dislocated workers?***

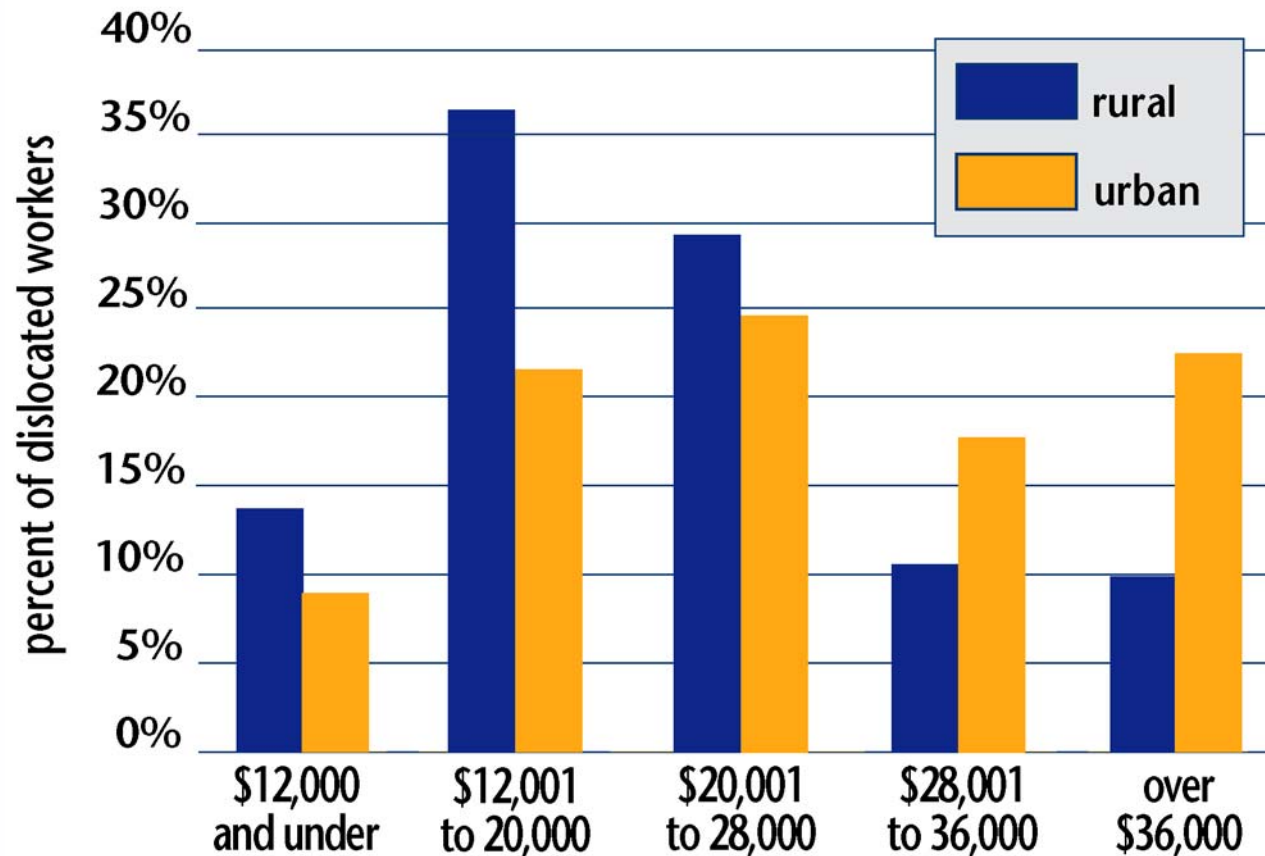
Dislocated Workers

Dislocated Workers by Age Group, 2003



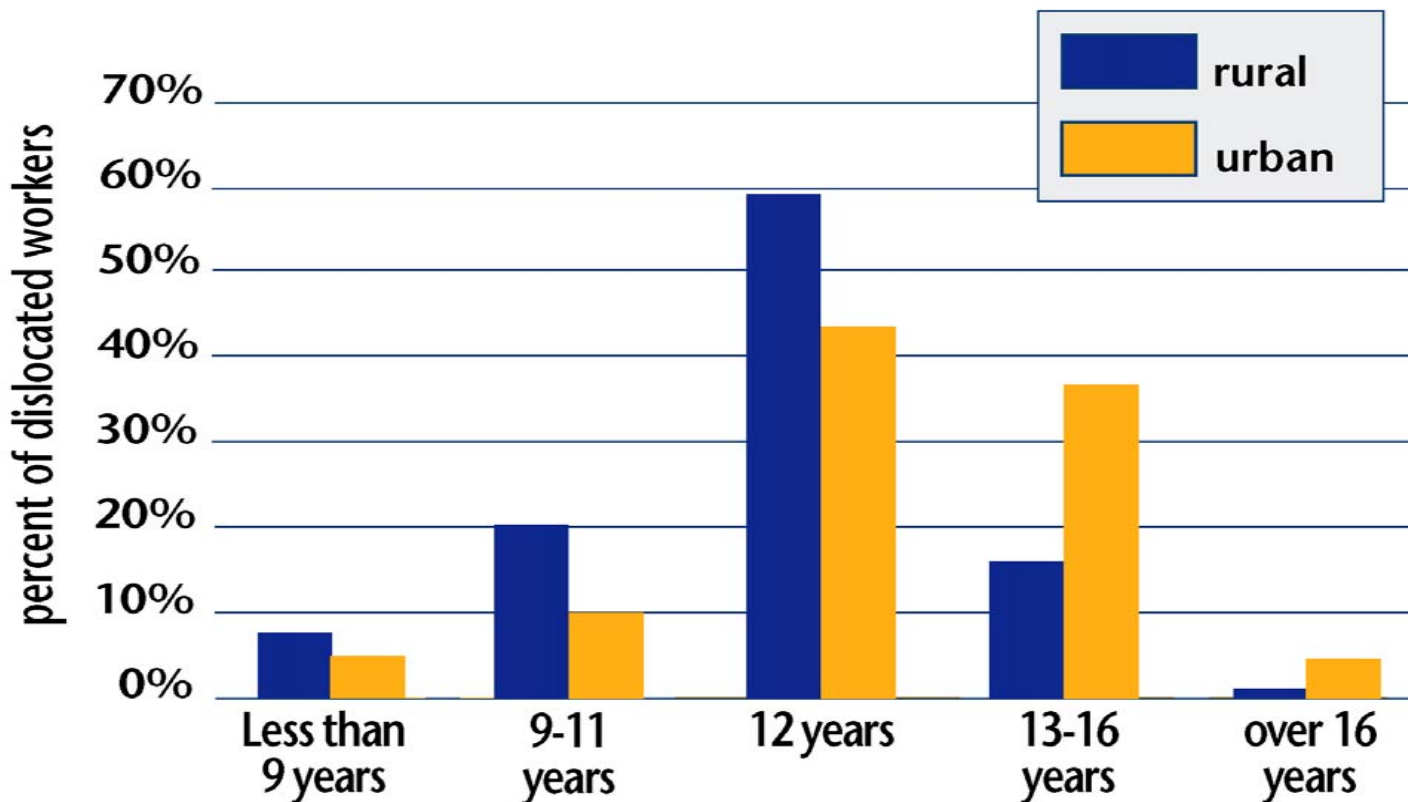
Dislocated Workers

Displaced Workers by Annual Income, 2003



Dislocated Workers

Dislocated Workers by Educational Level 2003

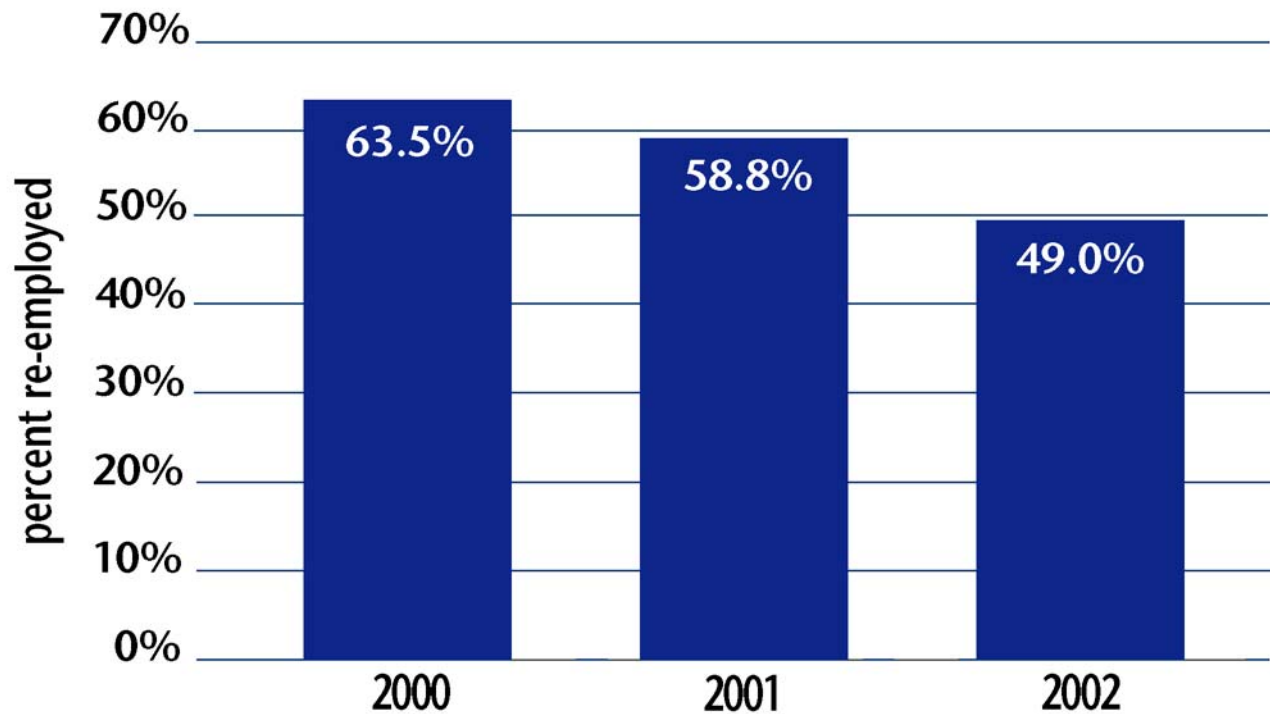


***How have rural
dislocated
workers fared?***

Re-employment
Re-employment wages

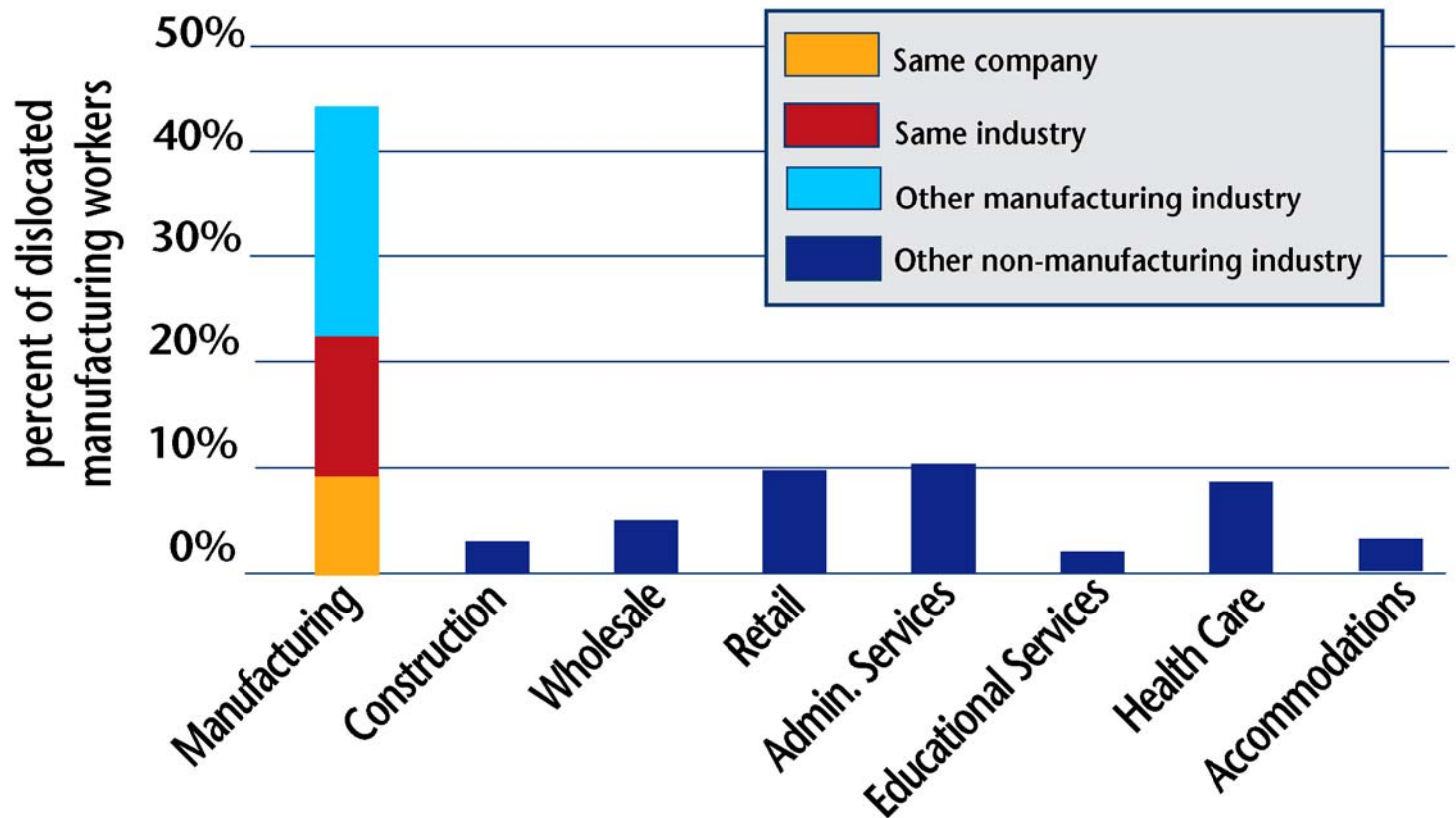
Re-employment

Rural Re-employment Within One Year of Layoff



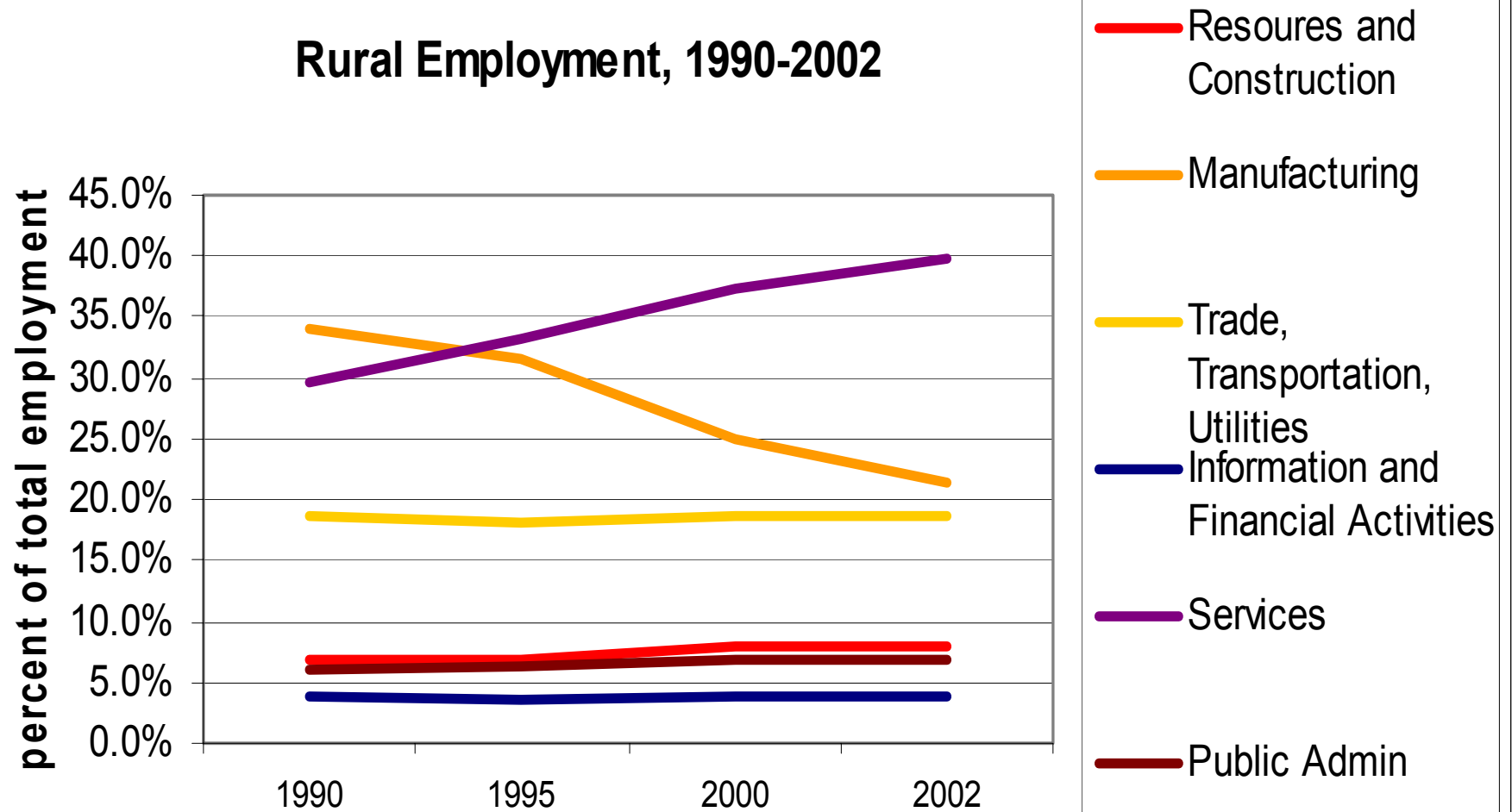
Re-employment

Industry of Re-employment, Rural N.C., 2000

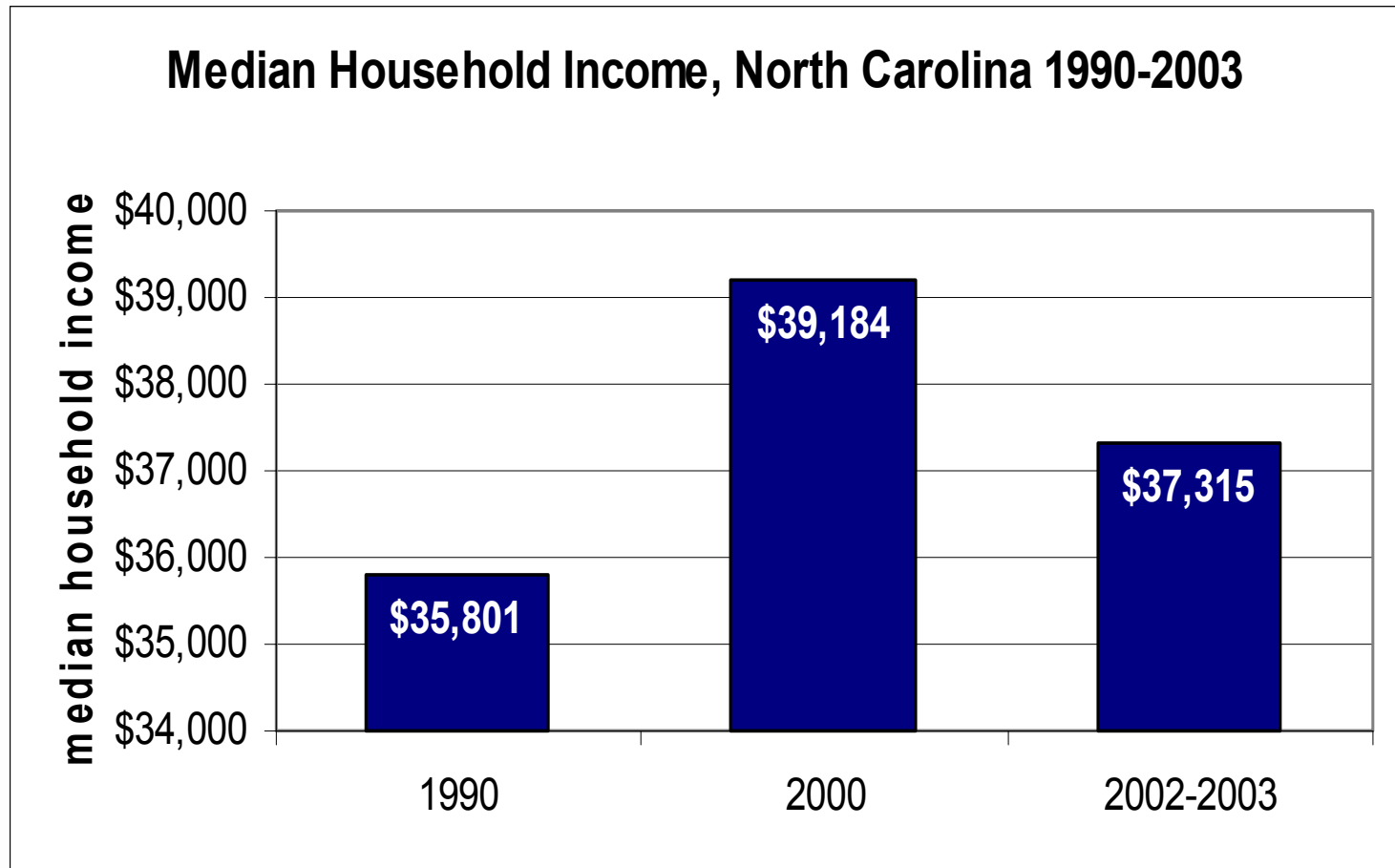


Employed? Where?

Rural Employment, 1990-2002



Impact on MHI



Action Agenda

Federal Government:

- **Expand Trade Adjustment Assistance (TAA) eligibility**
- **Provide automatic eligibility for textile/apparel workers**
- **Increase flexibility in use of TAA funds**
- **Raise federal funding and funding cap on TAA training**
- **Increase Health Coverage Tax Credit from 65% to 80%**

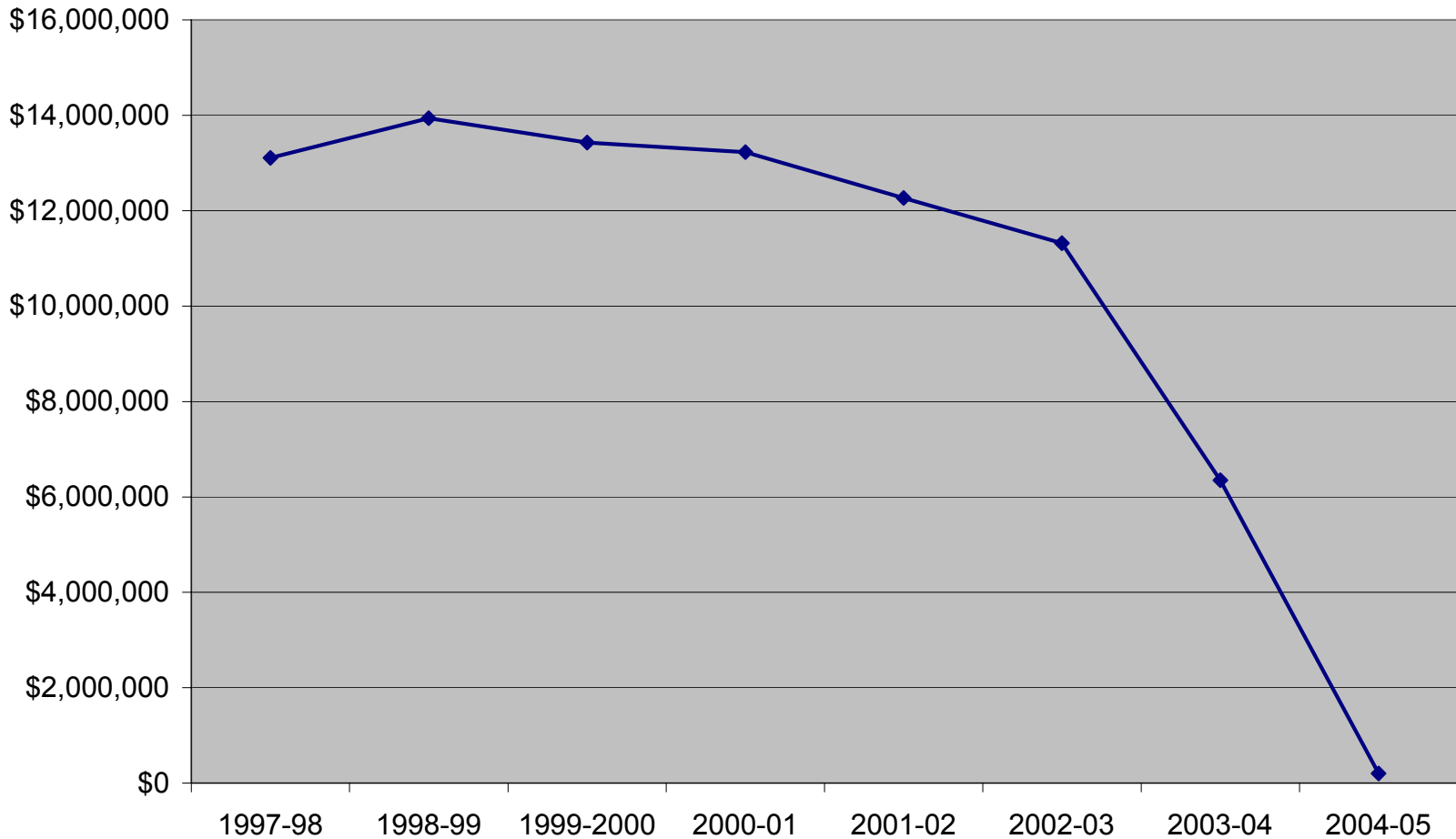
State Government:

- Develop an “economic disaster” response system
- Bolster community college system to meet education and skill enhancement challenge
- Restore the NC Worker Training Trust Fund (\$14 million to \$0 in seven years)
- Join economic development and workforce programs

Replace lost workforce funds



N.C. Worker Training Trust Fund



Action Items

Non-Profits and Local Agencies

- Focus on existing business and industry
- Invest in Supports for Entrepreneurship
 - Institute for Rural Entrepreneurship
- Build community capacities
 - Leadership
- Advocate for economic diversification

- **North Carolina Employment Security Commission**
- **U.S. Bureau of the Census**
- **U.S. Bureau of Labor Statistics**
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