



## Outlook for the U.S. Short Staple Yarn Industry

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### Abstract

*While it is possible to use historical data to predict the general trends that will be followed both in yarn manufacturing technology and production, this approach has several inherent dangers. Particular problems are related to 1) preferences associated with geographical location and markets, 2) short term impact of changes in specifications and/or markets, and 3) changes in trade agreements. This paper will survey current trends in staple yarn production and prices in the U.S. and internationally. It will furthermore review the present status of different spinning technologies and indicate likely areas of development.*

KEYWORDS: Spinning, Yarn, Yarn Production, Yarn Price, Cotton, NAFTA, Labor

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### **Introduction**

Due to the changing global dynamics currently surrounding the textile industry, it is impossible to precisely predict the path that the spinning industry will take in the future. The North American Free Trade Agreement (NAFTA) has had an apparent effect on the U.S. textile industry, but the effect of the more recent agreements, such as the Trade and Development Act (TDA) will not be obvious for some time. Theoretically, these agreements should increase the demand for U.S. yarn, since the details of both agreements include a "yarn forward" clause. However, what *should* happen is not always what *does* happen.

To overcome this problem, this paper uses historical data to examine the different factors that can affect yarn demand and thus, yarn production and price. By doing this, the possible effects that certain factors will have

on the U.S. short staple yarn industry can be estimated based on history.

Some of the main factors examined in this paper deal with both domestic and international issues, such as recent trends in yarn production and prices, yarn price components, and international labor productivity. These factors are examined from a historical viewpoint. Each one intuitively should have a relationship to production and price, whether direct or indirect, which, in turn, affects the total quantity produced.

### **Yarn Production**

While exhibiting a general upward trend, U.S. yarn production varied considerably from year to year until 1990, when it began to increase steadily. But in 1994, NAFTA was implemented, and yarn production began to decrease. This trend is clearly