9 Conclusion

The past century has not washed the charm of denim, rather, it has been welcomed by more and more people in different countries. The US, as the home of denim, remains as the leading denim consumer in the world. With the establishment of NAFTA in 1994, trade with Mexico has prospered, providing about 52.3% of the denim products to the world between January and November 1998. EU is the second largest market for denim products, who is a net denim fabric exporter and jeans importer. About 53% of EU denim product imports and 79.4% of EU denim product exports were conducted within EU member in 1997, underlying the more and more importance of regional trading. Though Japan was a late mover in denim manufacturing, it quickly gained wide recognition for its ability to supply quality and technologically innovative products. Its trade focus is upon the Asia, especially the East Asian countries, despite lack of any form of FTAs.

Since the three countries consume about three quarters of world denim [Zimmermann, 1998 #2], their trade policy and priority exert much influence upon the overall international trading pattern. In view of current textile and apparel trade in the world, several distinctive features can be identified, including international division of labor, increased share of developing countries at the expense of developed ones, rapid trade creation within member nations and frequent use of non-tariff barriers to manage trade. Analysis of denim trading in these markets further strengthens these arguments.

Though HK is still a very important textile and apparel supplier, it has been overtaken by the Chinese mainland in recent years. However, thanks to its well-developed infrastructure and trade expertise, its entrepot trade volume is now much larger than normal one. China's WTO entry is both an opportunity and a threat to HK's textile and apparel industry. The final result is largely dependent upon the industry's own efforts and determination to meet the possible challenges, such as hotter competition in the major export markets and further facilities re-location.

Textile and apparel industry in China is now undergoing restructuring process with SOE reform as the most priority task. The entry into WTO puts another drastic change to the external environment. Though most public opinion thinks that this sector will benefit a lot from WTO entry, analysis of the diamond structure shows that it cannot be overoptimistic about the sector's future, especially before the year 2005. Moreover, if the diamond fails to upgrade to a higher level, the sector will face a more difficult condition when more players enter the picture and when competition is conducted in a quota-free environment. Lack of a textile cluster may prove to be fatal to its future development and move upmarket.

Today's business environment is very different from that of 50 years ago. Tariff protection is replaced by various complicated non-tariff ones, which are hard to be compromised through multilateral talk. Regionalism is on the rise, with the formation of NAFTA and envisioned EU enlargement as typical examples. Proliferation of information technology makes QR technologically feasible, partly leading to the rapid changes in the whole supply chain. Consumers want more value for money and in some developed countries, "green" consumption has been a trend now. All of these political, economic and social changes are interacting together, pressurizing textile and apparel enterprises to make strategically adjustment in the new network economy. Within the network, individual companies cannot be as independent as before. They may have to be closely involved in a certain form of alliance with others to survive the more adverse and dynamic environment. No matter what long-term vision they hold, both the business scope and strategy should be re-defined to meet the new economy. Some may argue that the textile and apparel industry is labor-intensive in nature, therefore, it is less subject to impacts encountered by those hi-tech or service industries. It is somewhat true if the industry is viewed in an isolated situation. However, today's world is interwoven together by various kinds of relationships and multi-layered sophisticated information technology. No single industry can be left intact under such a drastically changed competitive environment. Moreover, with more entrants and relatively stable demand, the competition frontier has been moved to more abstract areas, such as QR, green products, more segmented market niches and new marketing approaches. In this sense, current information era will definitely re-shape the industrial structure as well as individual company's ways of thinking. Therefore, Chinese textile and apparel enterprises should be well prepared for the coming hotter competition in a more extensive frontier and in a more dynamic environment.