

foreign suppliers on the basis of increased efficiency. The intensity of competition in the domestic apparel (knit and woven) industry constantly drives individual firms to operate near the peak level of productivity attainable with existing know-how and technology. In this respect they are no different than producers abroad. The latter, however, have a large and unfair competitive advantage over American producers as a result of the great difference between wages in American factories and their foreign counterparts. With labor cost representing a high proportion of total cost in apparel manufacturing, relative wage levels thus become crucial. As can be seen from Annex Y, average hourly earnings in key exporting countries in Europe range from 17 cents to 88 cents an hour. Elsewhere the wages range from 8 cents an hour to 35 cents an hour. These figures on hourly earnings exclude the earnings of cottage workers employed in significant numbers in many countries. Their earnings are but a fraction of the average wages paid to apparel workers employed as factory workers in the same countries. The competitive advantage is not modified when account is taken of fringe benefits which are paid to some workers abroad. Dollar for dollar, fringe benefit payments in the United States are substantially higher than those found in the foreign apparel factories, even though at times it may appear lower if expressed in terms of percentages of hourly earnings. As a matter of fact, however, apparel workers in many parts of the world do not receive fringe benefits. Also unlike the United