



# Decomposing Central America's Textile & Apparel Industry

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# Geography & Climate

- ❖ The region makes up “the most of the tapering isthmus that separates the Pacific Ocean, to the west, from the Caribbean Sea
- ❖ It extends in an arc roughly 1,140 miles (1,835 km) long from the northwest to the southeast.
- ❖ Central America’s northside neighbor is Mexico, followed by it’s southeast neighbor Colombia, the Caribbean Sea to the East and the Pacific Ocean to both the West & South



# Natural Resources

- ❖ Central America contains natural resources like nickel, iron ore, fish, timber and oil.
- ❖ traditionally grown resources are corn (maize), beans, and squash



- ❖ After World War II cotton, sugar, and beef rapidly increasing for exporting
- ❖ In Honduras mining has led to water pollution, the logging of timber has led each of the six countries to unsustainable rates of deforestation



# Population

The Central American region has a population of 41,739 million people, and an area of 522,760 square kilometres (1% of the World area).



# Technology



- ❖ By the year 2030, the renewable energy will be able to generate the electricity needed to fulfill 3.9 billion of water desalination and the synthetic natural gas
- ❖ Bici-Tec, a social business has focused on designing and implementing technology to solve common day problems with a single bike

# Culture

- ❖ Belize, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama.
- ❖ The Europeans colonization has had a huge influence on Central American culture





# Economy

- ❖ Panama - their annual growth rate is more than 7% from 2010 through 2017 and will possibly have a growth of 5.2% GDP for 2018
  - ❖ Costa Rica, the second country that has the highest GDP, will grow 3.5% this year
- ❖ Guatemala, El Salvador and Honduras, economy is expected to grow slightly in 2018

# Labor & Employment Practices

❖ Throughout much of the developing world, children make up an disturbing amount of the workforce

La Misterio de Economía y Finanzas

-number of employed rose to 1,888,704

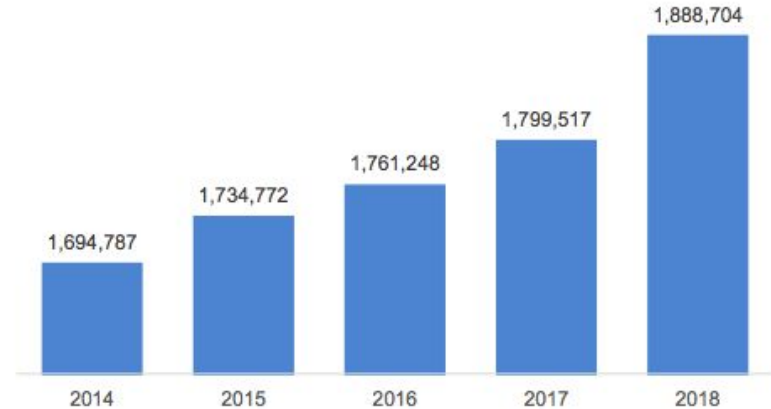
and the unemployed to 116,321, that is,

for every eight new employees a new

unemployed person was registered

Población ocupada de 15 y años más de edad en la República:  
Encuesta de Propósitos Múltiples de Marzo de 2014 - 2018

(En número)



Fuente: Instituto Nacional de Estadística y Censo.





# Fiber , Fabric & Apparel Production



- ❖ The textile and apparel industry of Central America began in the late 1970's when "free zone laws" were established
- ❖ In it's commence, most apparel production revolved around cotton t-shirts, and over time slowly evolved into more product categories such as "women and men apparel, to woven shirts, athleisure performance apparel and knit goods, etc.

# Fiber , Fabric & Apparel Production

## Domestic Production

- ❖ The main textiles produced include “cotton, thread, yarn, woven cotton fabrics; synthetic polyester/cotton blended fabrics” (CIA World Factbook, 2007).

- ❖ A large conglomerate of spinning mills, knitting mills, weaving mills and dyeing mills, and such facilities are primarily found in Guatemala and Honduras



## Outsourced Production

- ❖ Outsourcing is crucial to operations & reports of 2017 show that more than \$264 mil were invested in such practices

Country	Millions Invested
Guatemala	\$96 mi
El Salvador	\$94 mil
Nicaragua	\$27 mil

# Fiber , Fabric & Apparel Production



- ❖ Once finished fibers and yarns are received by their perspective parties in Central America or are readily produced within the region, they are immediately put to use across hundreds of textile mills and factories such as

- ❖ Liztex ( the largest of the region),
- ❖ Elitex Group
- ❖ Iris Textiles

To create garments across all apparel categories ( work apparel, unisex, and an emphasis on athleisure clothing lately



# Distribution & Consumption

- ❖ The world is experiencing the full force of the “consumption” era & Central America’s returns speak just to that
- ❖ Honduras -> \$2.63 million in returns
- ❖ Guatemala -> \$1.724 million in returns (12% increase since 2017)

Who’s on the receiving end of Central American exports?.....

Over 90% of apparel manufactured in Central America is received by the United States

Big brand names of Nike, Under Armour, Adidas, JCPenney, Macy’s - the list goes on!

# Import & Export Trade Policies & Practices

- ❖ The DR-CAFTA trade agreements have completely revolutionized the way Central America does business with major countries
- ❖ Pertains to the Dominican Republic, Central America and the United States



# Sustainable Culture



- ❖ Huge focus of sustainable and conscious production within the region
- ❖ Elitex Group: follows a business structure that focuses on producing sustainable, elastic garments developed through minimal environmental impact. This particular company has a waste-water recovery plant that functions at a 40% and has goals in place to increase that percentage

# Import & Export Trade Policies

- ❖ DR-CAFTA allows the countries involved to trade freely with duty-free entry into the United States
- ❖ Instantly swipes off up of the 32% tariff otherwise met (The U.S Trade Representatives, 2018).
- ❖ Such advantage, allows for even faster production as paperwork, restrictions, regulations, the setbacks are eliminated
- ❖ Today's technology also aids in accelerating the processes of import/exports.





# Interrelationships and Interdependencies

- ❖ Central American Free Trade Agreement (CAFTA)
- ❖ Central America participates in a lot of international trading being the second largest trading partner

## ❖ Six central nations

- Guatemala,
- El Salvador,
- Honduras,
- Costa Rica,
- Nicaragua
- Dominican Republic

Central American Free Trade Agreement (CAFTA)

- ❖ Central America participates in a lot of international trading being the second largest trading partner, totaling to 25.1 percent in total exports throughout the world