

Chapter 4  
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"U.S. Retailers & Asian Garment Production"

# Global Production

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## *The Apparel Industry in the Pacific Rim*

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## U.S. Retailers and Asian Garment Production

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Beginning in the 1980s, changes in demography and lifestyles led the American mass market to fragment into distinct, if overlapping, constituencies. This development has set in motion a transformation of the retail institution. The traditional department stores and mass merchandisers have lost their hegemonic position, while a wide variety of specialty stores and large-volume discount chains has gained in importance. Measured by their overall sales, the discount chains of Wal-Mart and Kmart surpassed Sears as the largest U.S. retailers in 1991, and the specialty stores have the highest ratio of sales per square footage of any U.S. retail establishments (Gereffi 1994).

Frequent transnational movement of people and the efficient dissemination of ideas have contributed to the universalization of fashion taste and consumer demand. At the same time, consumer segmentation has been spurred by an increasing emphasis on individual expression. These two parallel trends led to the formation of an international market for a variety of product lines. Fashions created by designers of different nationalities in any world city are produced for specific customers found throughout the world. These concurrent developments have a definite relationship with the emergence of new production patterns in the global economy.

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### The Organization of Global Sourcing by U.S. Buyers

Although U.S. garment production is far from dead, more than 50 percent of apparel on the country's retail market is produced else-

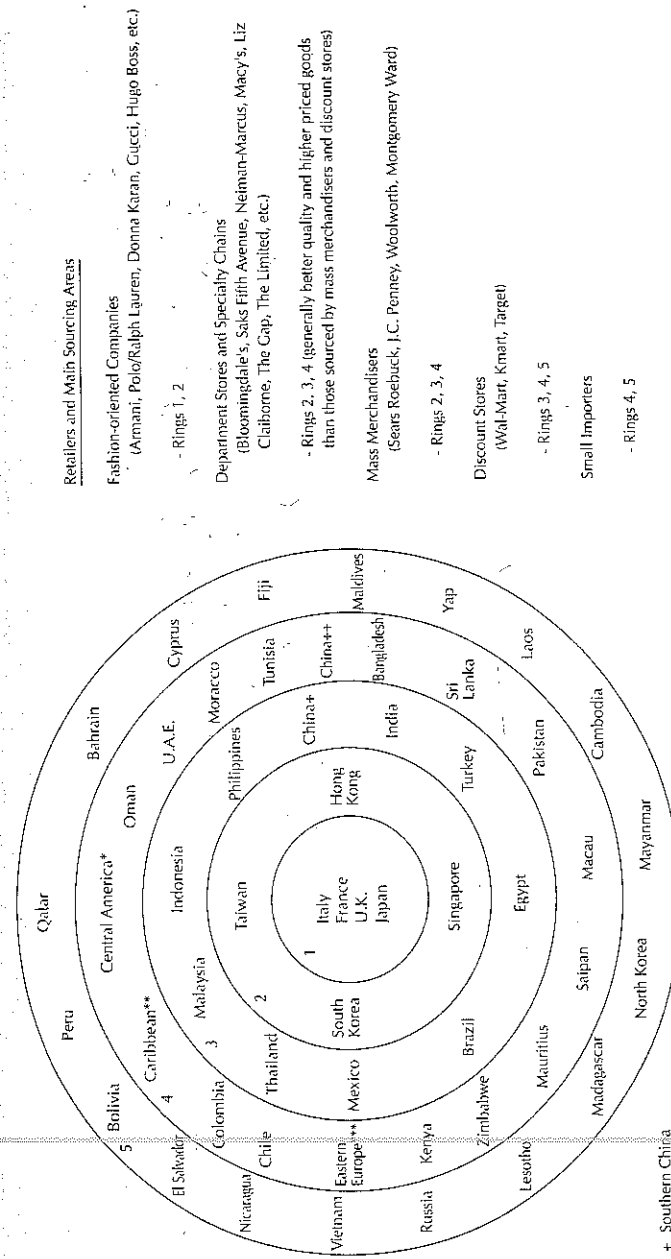
where. The organization of garment consumption in the United States is clearly stratified by retail institutions that target distinct income groups in the population. There are several types of retailers: swapmeet stalls; street vendors; small-volume, low- and medium-priced stores; large-volume, low-priced discount stores; mass merchandisers; department stores; and fashion boutiques or upper-end specialized retailers that deal exclusively with international and national brand-named products (see Table 4.1). The different categories of retailers establish distinctive relationships with importers and overseas manufacturers. As one moves down this list of retailers, the quality and price of the goods sold increase and the requirements of their international suppliers are more stringent.

U.S. buyers obtain their goods through the export and marketing networks they establish with overseas factories and trading companies. Increasingly, these networks span countries and even regions, depending on the wage factor and the stage of development of the apparel industry in each country.

Retailers and brand-named designers/merchandisers have different strategies of global sourcing, which in large part are dictated by the client bases they serve (see Figure 4.1). Fashion-oriented retailers that cater to an exclusive clientele for "designer" products obtain their expensive, nationally branded goods from an inner ring of premium-quality, high-value-added exporting countries (e.g., Italy, France, the United Kingdom, and Japan). Department stores that emphasize "private label" (i.e., store brand) products as well as national brands will source from the most established Third World exporters (the East Asian newly industrializing countries [NICs]), while the mass merchandisers who sell lower-priced store brands buy primarily from a third tier of medium- to low-cost, mid-quality exporters

**Table 4.1**  
Organization of U.S. Retail Garment Industry

	High Price	Medium Price	Low Price
High Volume		Department stores Specialty stores	Discount stores Mass merchandisers
Low volume	Fashion boutiques	Small stores	Small stores Street vendors Swapmeet stalls



**Figure 4.1** Production Frontiers for Global Sourcing by U.S. Retailers: The Apparel Industry

Source: Gereffi (1993).

(Brazil, Mexico, low-end producers in the NICs, plus the People's Republic of China and the ASEAN [Association of Southeast Asian Nations] countries of Thailand, Malaysia, the Philippines, and Indonesia). Large-volume discount stores that sell the most inexpensive products import from an outer ring of low-cost suppliers of standardized goods (China, Bangladesh, Sri Lanka, Mauritius, the Dominican Republic, Guatemala, and others). Finally, some importers are like industry "scouts," who operate on the outer fringes of the international production frontier and help develop potential new sources of supply for global commodity chains (e.g., Vietnam, Burma, Saipan).

Several generalizations can be made about the production frontiers identified in Figure 4.1 (Gereffi 1994, 113). As one moves from the inner to the outer rings, the following changes are apparent: production costs and manufacturing sophistication decrease, while the lead time needed for deliveries increases. Therefore, the high-quality, multiple-season "fashion" companies, as well as the more upscale department and specialty stores, tend to source their production from the two inner rings, while the price-conscious mass merchandisers and discount chains tolerate the lower quality and longer lead times that characterize production in the two outer rings. The "industry scout" role played by certain importers is particularly important for this latter set of buyers, since these importers are willing to take the time needed to bring the new, low-cost production sites located in the fourth ring (and beyond) into global sourcing networks.

### The Organization of Asian Production for Export

Most Asian garment production for export is for the U.S. market. For example, in 1989, 76 percent of North American clothing imports came from Asia, and 40 percent of Asian exports went to North America. Both trends now seem to be in decline. As the garment industry in "old" developing countries matures and "new" developing countries embark on garment production for export, U.S. sourcing activities will become less concentrated in Asia. Simultaneously, because of U.S. quota restrictions, unfavorable exchange rates, and the emergence of new markets, Asian countries increasingly seek to diversify their export destinations. With some exceptions, U.S. re-

tailers typically do not deal directly with the final Asian producers, but go through several layers of contractors and agents.

Asian production for U.S. retailers is organized into two large categories. One involves a hierarchical structure headed by large, semi-official trade associations and the buying offices of major U.S. retail chains. Asian states have encouraged their establishment and in some cases have played an active role in their support. Another category consists of a variety of smaller traders, including importers, exporters, and wholesalers, who accept orders from U.S. buyers and arrange for Asian production and delivery, or who actively seek orders on behalf of the Asian producers. Each of these organizations has a specific production relationship with local factories and workshops. Some have exclusive arrangements with specific producers; others contract under a "free market" situation with small to medium-sized production firms or large garment factories; and many are subsidiaries or branches of vertically integrated conglomerates involving textile and chemical industries. All have their own networks of producers reaching into rural households.

The garment producers are involved in "specification contracting" relationships with the buyers who place the orders. Specification contracting is the production of finished consumer goods by local firms, whose output is distributed and marketed abroad by trading companies, retail chains, or their agents. This type of arrangement is the major export niche filled by the East Asian NICs in the world economy. East Asian factories, which have handled the bulk of the contract manufacturing orders from U.S. retailers, tend to be locally owned and vary greatly in size—from giant plants in South Korea to myriad small family firms that account for a large proportion of the exports from Taiwan and Hong Kong. Taiwan and Hong Kong have elaborate domestic subcontracting networks that include some large firms that produce key intermediate inputs such as textiles, medium-sized factories that do final product assembly, and many small factories and household enterprises that make all or part of the garment.

It is common for a developing country embarked on world trade to make maximum use of its most valuable resource: cheap and abundant labor. As a labor-intensive industry, garment production for export has been the choice of many countries at the early stage of national development. This choice soon met with resistance from

the more developed destination countries in the form of quotas. Therefore, making good use of limited quotas became a concern of several Asian countries with strong state-guided development programs. Japan, Taiwan, and South Korea, at various times and under direct state initiative, have formed semiofficial trading associations to allocate quotas to producers. The existence of these associations allows the state to implement industrial development strategies, phasing out inefficient production as well as facilitating particular programs of development. The institution also provides a fierce battleground for firms jockeying for allocations and a warm bed for corruption.

### *The Overseas Buying Offices of U.S. Retailers*

When U.S. retailers began knocking on their doors, Asian governments set up semiofficial associations and commissions to promote garment export and actively encouraged the formation of trading companies. In response, U.S. retailers began to organize their global sourcing efforts in some new ways. One example is the Associated Merchandising Corporation (AMC), which represents more than forty department stores in the United States. The AMC is a nonprofit service organization owned by its member firms. It is "the world's largest retail and merchandising organization, and a major importer with 31 offices on five continents" (Moin 1992, 7). The AMC has recently restructured to cut costs and provide more individualized services to its shareholders. Although more than 10 percent of its product-development program has been dropped, the AMC strengthened its worldwide sourcing and delivery services by establishing a research and development team to investigate changing sourcing opportunities globally (Moin 1992, 7). AMC shareholders are U.S. stores such as the Broadway and Bloomingdale's. Not all U.S. stores are represented by the AMC. J.C. Penney, Kmart, and Macy's, for example, have their own buying offices in Asia and buy their own private-label merchandise.

The AMC serves as a link between the U.S. consumer and Asian factories. Fashion trends, mostly European, are fed into the AMC headquarters in New York. Using consumer response, sales figures of the previous year, and suggestions from the local AMC offices in foreign countries, the headquarters develops a line for the new year

and works with stores and merchants to establish objectives. A development trip to the AMC overseas offices is made to review samples and to visit vendors for further sample development and for price, quota, and delivery negotiations. To meet the objectives, local AMC offices find factories to produce samples, which are tested before they are shipped to headquarters for approval and forwarded to store buyers for approval or modifications. Orders are then confirmed, revised, or canceled. If they are confirmed, local offices arrange for production and shipping. The entire process takes a total of twenty-nine weeks, or slightly over seven months.

Foreign AMC offices compete as well as cooperate with one another. Orders may be switched from one locale to another because of price, color, fabric, quality of work, quota limitation, and so on. The local AMC office must be very familiar with the capacity of the factories in its area in order to be successful. Taiwan, for example, has about 1,000 "vendors" (factories), mostly small to medium sized, and the local AMC uses about 100 to 120 of them. Vendors are located throughout the island, primarily in suburbs and small towns. AMC production managers visit vendors frequently to obtain up-to-date information concerning the progress of orders and any potential labor problems. Their trips are also intended to cement personal ties with vendors, which are necessary for the stability of supply networks and quality control.

Workers interviewed at factories in Taiwan producing for the AMC are fairly satisfied with their pay and conditions. In fact, some experienced workers are so highly valued that the vendor shuttles them back and forth between the factory and their homes several times a day. Vendors complain that they have to do a lot to keep these workers but consider losing them a catastrophe. Many of the workers gained their experience from working at large factories. They switched to smaller factories in order to stay closer to home. Women workers have been socialized to accept the double burden of wage work and domestic responsibilities (Cheng and Hsiung 1991).

Because of rising labor costs in Taiwan, some medium-sized vendors are hiring foreign workers illegally. Tsai Kuang-chi, president of the Taiwan Garment Industry Association, blamed the 1990 fall in exports on the shortage of labor: "Garment factories have taken steps to contend with the labor shortage by improving productivity through new equipment and technology. Even so, the labor problem

is so deep it has extended well beyond general laborers to the technician and management levels" (*Free China Journal*, August 31, 1991). In October 1991 the government lifted its ban on labor imports to "remedy Taiwan's serious labor shortage" (*Free China Journal*, June 1, 1993), and since then it has implemented several quotas for selected industries, including textiles and, to a much smaller extent, apparel.

Local AMC officials mention the high cost of Taiwan labor as the reason for losing production contracts to Hong Kong, Thailand, and more recently to Indonesia and the Philippines. They feel that Taiwan will become a center for technological and managerial services to garment factories in the region rather than merely being a production site. An official of the AMC in Taiwan explained: "Stores in the U.S. are relying more on us to provide market information, design, and fashion trends. Now that people in Taiwan have more money to spend, they buy more clothes. Also they prefer to buy American brands, not knowing that they are actually made here." Far from being a simple one-way relationship, the trans-Pacific linkage between retail and production is multifaceted and interactive.

AMC does not invest any capital in local firms. Although there are no long-term contracts and each order is independent, there is an ongoing relationship based on past performance. Typically, an order is too large for one firm and has to be split among several vendors. AMC frowns on subcontracting because of difficulties in quality control. It prefers to deal with the vendors directly. Although the production price is fixed, markup varies by store in the United States. Taiwan informants claim that standard markup is about 400 percent.

In addition to member-owned, large sourcing units such as the AMC, some major U.S. retailers have their own buying offices abroad. There are three types of overseas buying offices. Some companies, such as Sears and May Department Stores, do their own centralized sourcing. Others, such as The Limited, are retailers that are supplied through wholly owned subsidiaries, in this case, Mast Industries. Lark and Inchcape, on the other hand, are independent sourcing agents that meet the need of a wide variety of clients.

There is a symbiotic relationship between the overseas buying offices of major retail chains and the role played by importers and ex-

porters. The overseas buying offices of major retailers purchase a wide assortment of products, typically grouped into "soft goods" (such as garments and shoes) and "hard goods" (such as lighting fixtures, kitchenware, appliances, furniture, and toys). Obviously, it is difficult for these buyers to develop an intimate knowledge of the supplier networks and product characteristics of such a diverse array of items. As a result, retail chains depend heavily on specialized importers and trading companies that continuously develop new product lines with the local manufacturers and provide retailers with valuable information about the popular items and sales trends of their competitors. By maintaining permanent representatives in the Asian producing countries, U.S. overseas buying offices can exercise better quality control (ESCAP/UNCTC 1985, 35).

U.S. retailers visit garment and fashion shows in Asian countries. Some countries, such as China, stage regular trade fairs where deals between U.S. visitors and Chinese producers are made. In Taiwan the Fangcuhui, or Textile Industry Promotion Association, and the Foreign Trade Department sponsor periodic exhibitions to attract foreign buyers. They also organize trade expeditions to the United States. Both organizations provide trade information to local manufacturers and exporters. The Fangcuhui is responsible for quota allocations. Since competition for orders is intense, U.S. buyers are generally wined and dined in Asia. Many Asian firms see entertainment as a very important activity in their business relationship with visiting U.S. retailers.

Generally, then, the overseas buying offices of major retailers tend to work with importers and trading companies in the fashion-oriented and new-product end of consumer-goods industries, while purchasing the more standardized, popular, or large-volume items directly from the factories in order to eliminate the importer's commission on these items. These factories in turn subcontract with smaller factories or household producers.

Smaller U.S. retailers often seek to establish long-term relations with end producers. Many "adopt" entrepreneur-producers and sponsor their children to study in the United States. This pattern of stabilizing a trading relationship is especially pronounced when buyers and producers belong to the same ethnic group.

### *Traders*

Traders may be located in the United States or overseas. There are many categories of exporters and importers. General trading companies and exporters handle a wide assortment of products and sometimes help finance the production of their vendors. Importers and wholesalers are the intermediaries between retailers and their production subcontractors. Most of the leading apparel companies, such as Calvin Klein, Polo/Ralph Lauren, and Liz Claiborne, market their own exclusive designs or brand-named products but rely heavily on importers to ensure that quality standards and logistical schedules are met. Specialized importers deal only in garments or even in specific product niches within the garment industry.

As the garment market becomes more competitive, importers and wholesalers are finding themselves at the short end of bargains with respect to big U.S. buyers. The latter often insist on a buy-back arrangement for unsold garments. Some Asian importers and wholesalers have bought retail stores in the United States or developed other outlets such as the swapmeet to help absorb their buy-backs.

### *Big Production Firms*

Since Asian governments have long facilitated the development of big firms that can monopolize domestic markets, medium-sized and small firms have been forced to find their niche in export-oriented production. Any production firm with more than three hundred workers is generally considered a big firm. Some large companies are foreign-owned, but the majority are set up by local capital. Frequently, the big firms are part of larger conglomerates. The factories are operated mainly by young women workers, although in Taiwan the workers tend to be older, between thirty and forty-five, and married.

As mentioned earlier, experienced workers are in high demand and therefore are in a better position to negotiate with local capital for higher wages and more benefits. Labor struggles in 1988 over benefit payments for childbirth resulted in the first women garment workers' union in Taiwan (Zhang Shenglin 1989). In response to labor demands, some big firms in Korea and Taiwan have closed permanently or have moved to other, less-developed countries such as

Thailand, Indonesia, and Guatemala. Managers of big firms claim that they have more orders than they can fill but are reluctant either to increase the work force or to subcontract out. This development has created more space for the growth of small and medium-sized firms.

U.S. retailers do not generally deal with big firms directly. Some companies have their own brands and labels, and others produce for large U.S. manufacturers. Asian firms gain access to the U.S. retail market for their own brands through exporters-importers, who until recently were mostly Asian American entrepreneurs.

Some of these entrepreneurs reported that although they import clothing from Asia, they prefer to use Jewish salespeople in the United States. One Chinese American importer-exporter explained: "They are more aggressive and skillful in sales work. There is also still a lot of prejudice against Asians selling Asian goods. We want the boutiques that cater to [white] Americans to buy Asian labels. It is more successful to have other Americans sell to them."

### *Small and Medium-Sized Producers*

Small and medium-sized production firms constitute by far the largest group in the Asian garment industry dealing directly with U.S. retailers. Some of the firms are satellites of other firms. These companies may have, in addition to their own employees, a network of homeworkers, but only a few can claim an exclusive relationship with them. The preferred homeworkers are those who formerly worked for the big firms. U.S. retailers are linked with these firms in several ways. One way is for the local firms to serve as subcontractors to the main vendors of U.S. retail buying groups such as the AMC. Another method is for the firms to directly contract with traders or U.S. overseas buying offices. In a third way, Asian firms play an active role in soliciting orders from the United States.

Asian manufacturers are narrowing their gap with U.S. retailers. These firms are increasingly showing their products in U.S. trade fairs; inviting customers to visit; buying advertising spaces in international magazines, newspapers, and trade journals; and sending catalogs to overseas customers (e.g., Tang 1989). Many visit the United States regularly, calling on potential customers with samples of clothing. They tend to be very flexible and will make almost any

modifications. A few firms have Asian American designers as partners or employees. In fact, some Asian American designers in Los Angeles trace their experience in the garment business to Asia before immigration. Again, the spatial linkages between U.S. retail and Asian production are more complex than simply a division between marketing and producing activities.

### *Triangular Manufacturing: The Role of China*

The imposition of U.S. import quotas, the rising cost of labor, and currency appreciations in the Asian NICs led to the search for new, preferably quota-free and labor problem-free, production sites in the Pacific Rim. Each Asian NIC has a different set of preferred countries where it sets up new factories. Many of the chapters in this book have identified this process of "triangular manufacturing," described by Gereffi (1994):

U.S. [or other overseas] buyers place their orders with the NIC manufacturers they have sourced from in the past, who in turn shift some or all of the requested production to affiliated offshore factories in one or more low-wage countries. . . . The triangle is completed when the finished goods are shipped directly to the overseas buyer, under the import quotas issued to the exporting nation. Payments to the non-NIC factory usually flow through the NIC intermediary firm. (114)

Economic reform in China opened up a vast potential site for production. Geographic proximity, common cultural and linguistic heritage, and abundant and cheap labor made China a favorite link in the manufacturing triangle for Taiwan and Hong Kong (see Chen 1994). A 1991 survey of Hong Kong manufacturing companies reported that the number of garment workers employed by these companies in China was eight times the number employed within the Hong Kong territory (Hong Kong Trade Development Council 1991, 3). Taiwan does not have similar statistics; however, the authoritative Textile Industry Annals for 1992 included an entire chapter on China's role in Taiwan's apparel industry (*Zhonghua Minguo Fangzhi Gongye Nianjian* 1992, 113-20).

By all accounts, traditional garment manufacturing has declined in Taiwan. Employed garment and accessory workers in registered factories dropped from 140,000 in 1987 to 82,000 in 1991, while the

number of establishments increased from 2,124 to 2,806 (*Zhonghua* 1992, 286). Factories are getting smaller, and an increasing number of garment workers, mostly women, are in the informal economy (Bo 1993). Although there are still barriers in Taiwan-China economic interactions, trade and investment have grown steadily, and transactions go through third countries, mostly Hong Kong. The Taiwan government reports that among those in the textile industry that have invested in China manufacturing, the garment firms makes up the largest share: 48.6 percent, or US\$34 million (*Zhonghua* 1992, 62). Taiwan government and industry officials are promoting a division of labor between China and Taiwan to avoid retardation of industry upgrading. The plan suggests that China specialize in low-technology manufacturing, leaving to Taiwan the high-tech and high-value-added products. Taiwan is to be responsible for foreign buying orders, design, quality control, and overseas marketing, while China is to handle production processing (*Zhonghua* 1992, 116). China is unlikely to accept this division of labor, however, on any but a short-term and limited basis. Chinese officials are more interested in developing high value-added industries in their economic pursuit.

The China angle is not without risk. The constant threat of losing most-favored-nation (MFN) status has led to a general hesitation by Hong Kong, Taiwan, and other foreign entrepreneurs to rely on China for garment production. If China were to lose MFN status, tariffs on apparel would increase from about 20 to 90 percent, which would make it impossible to compete (*Women's Wear Daily*, June 17, 1991). U.S. buyers are still placing orders in China but are actively seeking alternatives. Hong Kong and Taiwan are diversifying while continuing to invest in China. For Hong Kong, which will be incorporated into China in 1997, the lure of China for apparel firms is twofold: as an integrated production base and as a booming market, especially for mid-priced branded apparel being developed by Hong Kong specifically for Asian consumers (see Gereffi 1994, 115, 115n.34).

### *Asian Immigration, the Changing Retail Market, and Garment Production in Asia*

The growth of the Asian American middle class in the past two decades has brought about a change in American merchandising be-



havior. In the early 1980s it was nearly impossible for an Asian American woman of a body type typical of her group to find moderately priced and fashionable clothing that would fit without alteration. Recently, however, large department stores have greatly expanded their "petite" or "Club 5'3" sections to meet her needs. Similar adjustments have been made by shoestores and other businesses. Asian American models also have begun to appear more frequently in fashion magazines and sales catalogs, indicating a deliberate attempt to capture this burgeoning market. This phenomenon has contributed in part to the continued development of the garment industry in Asia, especially in the reconfiguration of the division of labor on both sides of the Pacific.

With the increase in the U.S. Asian population, the role of Asian Americans involved in the garment business has greatly diversified. Many are designers, wholesalers, buyers, and retailers. Their trans-Pacific linkage gives them an advantage in securing producers in Asia. One Chinese American interviewed claims to have eight small factories in Taiwan, Hong Kong, and China producing sweaters for him. His wife gets ideas from fashion magazines and by visiting boutiques in Los Angeles. They sell to stores in southern California, and the leftovers are sold in bazaars and swapmeets at reduced prices. Another Chinese American who has spent ten years in the business claims to have a corps of designers in Taiwan and Korea. He has factories in China and Taiwan and has about eight thousand boutique buyers all over the United States. Recently, he opened an outlet in downtown Los Angeles to absorb unsold goods and buy-backs. The heavy involvement of Korean Americans in the garment industry is also no longer limited to manufacturing but includes design and retailing as well.

Designers are no longer exclusively European or U.S., either in the ethnic sense or in spatial terms. Asian names such as Donna Hsu, Lin Chia-hwa, and Shiatzy are found in U.S. and Asian stores. Nor are there restrictions on the locations and ethnicity of producers, salespeople, and customers for the same garment design. U.S. linkage with East Asia in the garment industry has gone from a scenario of predominantly white designers, white producers, white salespeople, and white consumers; to white designers, Asian producers in Asia, white salespeople, and white consumers; to white, Asian, and Asian American designers, Asian and Asian American producers,

and white and Asian salespeople and consumers in the United States and in Asia. Production, capital, and markets are globalized.

Although retailing in the United States structures garment production in Asia, Asian production also is changing retailing. Examples are the flourishing of swapmeets, street vendors, and boutiques in department stores, allowing greater diversification of lines. This trend is caused by overproduction and uneven distribution in Asia and by the buy-back policies imposed by large U.S. department stores.

As in other economic institutions, the organization and operation of the garment industry cannot be understood in purely economic terms. Socially embedded factors determine how the industry operates in various countries and how linkages between functions, agents, and organizations are formed. Some factors relate to the dominance of the state, which plays an active role in the promotion of particular forms of industrialization. An example is the set-up of "living-room factories" promoted by the Taiwan state to facilitate decentralization of industries within an export-led growth program of development. The living-room factories succeeded because the measure is consistent with family ideology and gender discrimination. The nature of garment production lends itself to labor-intensive activity, flexible work, and segmented time. All are characteristic of female labor (Cheng and Hsiung 1991).

U.S. retailers play a significant role in the structuring of Asian garment production, but the relationship is quite complex. As Asian immigration has increased, various roles in the garment industry have become ethnically diversified. Requirements of Asian customers in the United States and in Asia are linking the retail market on both sides of the Pacific. In a similar way, the appearance of Asian designers in U.S. cities is reconfiguring the traditional division of labor in garment production between the United States and Asia.

The current increase of women wage earners in the United States means that they need and can afford to buy more clothing for themselves and their families. There is a link between U.S. women consumers and Asian women workers in the garment industry.

## Conclusion

We are witnessing a changing configuration of roles in the garment industry within the Pacific Rim. Spatially and ethnically, retailers,

consumers, designers, and producers have shifting social identities and are engaged in overlapping networks that blur the boundaries between previously distinct functions in the industry. While U.S. retailers are a major factor in determining the organization of overseas production, Asian producers are buying U.S. retail outlets and are seeing both the United States and Asia as viable markets for their goods. Regional centers have emerged. In the Asia Pacific Rim, Taiwan, Hong Kong, and Korea have become service and financial centers for garment production, and Indonesia, the Philippines, Thailand, and China have become production sites. This particular configuration will no doubt shift as individual countries struggle for economic survival and vie for better positions in the capitalist world system.

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