

Abstract

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**North American Symposium on Understanding
the Linkages between Trade and Environment**

The Relocation of El Paso's Garment Stonewashing Industry and its Implications for Trade and Environment

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El Paso, Texas once was considered the stonewashing capital of North America. Major manufacturers like Levi Strauss, Lee, and Wrangler operated facilities in El Paso and contracted out to local businesses cutting, sewing, and finishing work. The El Paso stone-washing industry peaked in 1993 with approximately 36 facilities. In a region where major water shortages are predicted by 2030, nearly all of these operations used municipal drinking water for stonewashing. At its height, the industry used and discharged an estimated 7 million gallons per day (mgd) of water. By the late 1990s, the stonewashing industry largely had left the region, with most moving their operations to Mexico or the Pacific Rim. In January 2000, an estimated three facilities remain, using approximately 1 mgd of water.

This study will examine the growth and decline of the El Paso stonewashing industry. Specifically, it will:

- Identify the factors involved in companies' decisions to relocate operations, including specific NAFTA components.
- Analyze the net environmental impact of industry out-migration on water resources in El Paso and in the relocated sites; and if in relocating, industry alleviated pressure on border environmental resources.
- Determine what, if any, changes companies made in water usage efficiency as they built facilities in their new locations.
- Compare water usage efficiency and effluent discharge practices in U.S. and non-U.S. locations and evaluate circumstances conducive to beneficial environmental impact.

Based on the CEC's *Final Analytic Framework for Assessing the Environmental Effects of NAFTA*, the study will assess whether NAFTA-induced trade liberalization, specifically the removal of duties that required companies to do garment cutting and finishing in the United States, enhanced Mexico's comparative advantage. It also will determine whether companies made technological modernizations when building new facilities, whether these modernizations reduced environmental stresses, and whether they were driven by industry or government.