



we wear® jobs

February 13, 2015

The Honorable Michael Froman
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Mr. Ambassador:

I am writing to offer two technical comments relating to the so-called “yarn forward” provisions in the Trans Pacific Partnership (TPP).

In comments before the House Ways and Means Committee last month, you indicated that the United States is pursuing the inclusion of yarn forward provisions in the TPP. You identified inclusion of these provisions as part of a balanced approach that also features other flexibilities to meet the needs of the U.S. textile and apparel industry.

We understand that the offer the U.S. has made does not include provisions that have been included in previous yarn forward style agreements. These provisions include:

- The **gimped yarn exception found in EVERY other U.S. yarn forward free trade agreement (FTA)**. Some of our member companies have made yarn forward provisions work for certain products because previously negotiated FTAs contain an exception for gimped yarn – a stretchy yarn that has a spandex core with a covering yarn mechanically wrapped around it – classified in Harmonized Tariff System (HTS) heading 5606. Attached is a letter that we sent to Ambassador Ron Kirk providing more detail and background on this issue.
- The **exception for nylon filament yarns made in Israel**. A provision found in a number of our FTAs and preference programs enables nylon filament yarns made in Israel to be used in yarns manufactured in North Carolina.

Without these two provisions, the subsequent yarns and products made from those yarns would be rendered ineligible under the TPP. The resultant yarn forward rule, therefore, would discourage U.S. textile manufacturing and U.S. exports of textile products into the TPP region.

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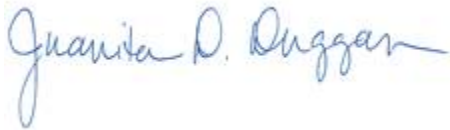
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Since the inputs for these yarns are sourced in other U.S. FTA partners, the absence of these provisions would also disrupt U.S.-based supply chains that U.S. trade policy has encouraged.

Conclusion of the TPP does not have to come at the expense of these U.S. manufacturing operations or the jobs they support.

There is a strong precedent for inclusion of these provisions within the yarn forward rule. To support the jobs those provisions support, we urge you to do so.

Sincerely,

A handwritten signature in blue ink that reads "Juanita D. Duggan". The signature is fluid and cursive, with the first name being the most prominent.

Juanita D. Duggan
President and CEO

Cc: The Honorable Penny Pritzker, U.S. Secretary of Commerce

Attachment



September 16, 2011

The Honorable Ron Kirk
U.S. Trade Representative
Office of the U.S. Trade Representative
Executive Office of the President
600 17th Street, NW
Washington, DC 20508

Dear Mr. Ambassador:

On behalf of the American Apparel & Footwear Association (AAFA) – the national trade association of the apparel and footwear industry, and their suppliers – I am writing to express concern about a provision in the recent proposal that the United States tabled in Vietnam with respect to the rules of origin for textiles and apparel in the Trans Pacific Partnership (TPP).

We understand that, in that proposal, the United States departed from a long standing policy of not restricting the origin of gimped yarn in free trade agreements.

We are puzzled by this approach for several reasons.

First, a gimped yarn restriction has never existed in any of the free trade agreements that the U.S. has negotiated, including any using a yarn forward rule.

Second, the U.S. apparel industry – the main users of this input – has not requested inclusion of such a restriction.

Third, inclusion of the gimped yarn restriction takes us in the opposite direction of what we need to effectively develop trade and investment with the TPP region. To achieve your vision of a 21st century agreement, given the global supply chains upon which the modern apparel industry relies, the textile and apparel rules of origin must contain simple and flexible rules of origin. A TPP built on a highly restrictive yarn forward rule of origin, including additional restrictions on gimped yarn, would not create trade and investment.

Fourth, a survey of our members who use gimped yarn report that there are no commercial quantities of originating gimped yarn produced in the United States or the TPP region.

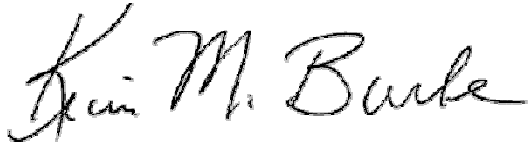
Fifth, a new restriction on gimped yarn adds a level of uncertainty that could put into jeopardy the regulatory understanding of existing rules of origin with respect to gimped yarn. Given the role that this input plays in exports, this is a risk we do not want to take.

Finally, and most importantly, inclusion of a gimped yarn restriction will hurt the ability of US companies to export. Such restrictions set an unacceptably high burden that US companies have to meet, which has the effect of discouraging the use of US content. This undermines the President's National Export Initiative while directly putting US jobs at risk.

As we move forward with future rounds of the TPP, it is our hope that we can embrace a simpler and more flexible approach that, among other things, does not include a restriction on the use of gimped yarn.

I look forward to working with you and your staff on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Burke". The signature is written in a cursive, flowing style.

Kevin M. Burke
President and CEO