



February 5, 2010

TEXTILE DEVELOPMENT MEMO

Obama Talks About Trade Policy:

Expect More Trade Cases, Enforcement Action Against China and Pressure on Currency

This week President Barack Obama met with the Democratic Policy Committee Issues Conference in Washington, D.C. He talked about the Administration trade policy and then answered questions from Congressional Democrats.

There were some positive statements about trade, particularly Obama's comments that Democrats should not be ideological about trade. He said, "We've got to be in favor of competition and exports and trade. We don't want to be looking backwards"

But much more attention is focused on Obama's comments about the U.S.-China relationship. Obama tried to take a moderate position about trade ties between the U.S. and China. In response to a question from Senator Arlen Specter (D-PA), he reportedly said that he does not support the elimination of presidential discretion for decision in 421 cases against China. And Obama emphasized that more trade with Asia is the only way to meet the Administration goal to increase U.S. exports by fifty percent.

Obama also said he is committed to tougher enforcement and will keep "constant pressure" on China and other countries to open up their markets. New trade cases are expected soon, with officials from the Office of the U.S. Trade Representative confirming that they are working on a series of new dispute settlement cases at the World Trade Organization, including some that will target China. It is possible that this could include action against Chinese subsidies in the textile and apparel sector – something on the agenda for the U.S. textile industry.

Action to combat currency manipulation also is on the Administration agenda. While Obama did not specifically mention China, he said that his Administration will address imbalanced currency rates because they put the U.S. at a "huge competitive disadvantage."

Customs Schedules COAC Meeting

The next meeting of the COAC (the Advisory Committee on Commercial Operations of Customs and Border Protection) is scheduled for February 25, 2010. The COAC will meet in Miami. The agenda includes a briefing on C-TPAT, Importer Security Filing (10+2) and reports from COAC subcommittees.

USA-ITA Joins Coalition Letters to Transportation Secretary and Seattle Mayor In Opposition to FAAAA Lobbying

On February 4, 2010, USA-ITA joined with twenty-three other industry groups that oppose efforts to re-write the federal trucking rules in the Federal Aviation Administration Authorization Act (FAAAA). The coalition wrote to Transportation Secretary Ray LaHood asking the Obama Administration to oppose efforts to change the FAAAA. They also wrote to Seattle Mayor Mike McGinn in response to his letter asking Congressman Jay Inslee (D-WA) to support a change in the FAAAA. Both letters emphasize that the trade and industry groups support Clean Truck Programs, but do not support changes that would give regulatory authority over port transportation services to local governments. Copies are available on the USA-ITA website, www.usaita.com.

Commerce Secretary Locke Outlines Administration Plan to Double Exports By 2015

On February 4, 2010, U.S. Commerce Secretary Gary Locke delivered a speech at the National Press Club in Washington, D.C. outlining how the Administration will reach the goal to double U.S. exports by 2015. The Administration plan has three major elements:

1. Increased U.S. government advocacy for U.S. products and businesses abroad;
2. Improved access to credit for U.S. companies, especially small- and medium-sized enterprises (SMEs); and
3. Rigorous enforcement of international trade laws.

Under the Administration's plan, the U.S. government will take a much more active role to promote U.S. exports abroad and secure market access for U.S. firms. And there will be an emphasis to increase U.S. exports to China, India, and Brazil. Locke provided some details about the National Export Initiative, which is the package of programs the Obama Administration says will help double U.S. exports by 2015. The Initiative will create an Export Promotion Cabinet which reports to the president, and which will create a detailed plan about how to increase exports within six months. The Export Promotion Cabinet will include officials from the Department of Commerce, the Treasury Department, the State Department, the Department of Agriculture, the Export-Import Bank, the Office of the U.S. Trade Representative (USTR), and the Small Business Administration.

Responsible Sourcing Network Announces Meeting To Discuss Ways To End Child Labor In Uzbekistan Cotton Sector

On April 7, 2010, the Responsible Sourcing Network (a project of San Francisco-based non-governmental organization (NGO) As You Sow), the Institute for Human Rights and Business, Anti-Slavery International, and Boston Common Asset Management will hold a meeting on ways to end forced child labor in the cotton sector in Uzbekistan. The meeting will take place in Brussels, Belgium, and will include a wide range of stakeholders, including industry

associations, apparel brands, retailers, civil society, and trade unions. The Responsible Sourcing Network says the meeting will include a plenary session, panel discussions, and an afternoon working session. The exact location and agenda will be announced shortly.

CITA Request Comments on Additional Short Supply Fabrics for Singapore FTA

In a Federal Register that will be published on Monday, the Committee for the Implementation of Textile Agreements (CITA) asks for public comments on proposals to add twenty-one additional types of fabrics [with a total of thirty-one variations of specific fabrics] to the Singapore FTA Commercial Availability List. All of the fabrics are used to make apparel, and range from bamboo fabrics to fleece to stretch blends. Please contact USA-ITA for a copy of the Federal Register notice.

Details of Wyden and Nelson Bill to Expand HOPE Benefits and Facilitate U.S. Imports from Haiti

As reported, on February 2, 2010, Senator Ron Wyden (D-OR) and Bill Nelson (D-FL) introduced the Renewing Hope for Haitian Trade and Investment Act of 2010. Wyden serves on the Senate Finance Committee, and is Chairman of the Subcommittee on International Trade, Customs and Global Competitiveness. Nelson also serves on the Senate Finance Committee, as well as the Senate Committee on Commerce, Science and Transportation.

The bill contains four major provisions to make it easier for Haiti's apparel sector to recover from the devastating earthquake, and to facilitate economic development in the country. The press release issued by the co-sponsors also says that they want to send "a clear signal to U.S. retailers that they do not need to look to China and other Asian countries to fill orders but will instead be able to continue doing business with Haitian producers."

Following are details on the major provisions:

Caribbean Basin Trade Partnership Agreement (CBTPA)

The CBTPA program, of which Haiti is a beneficiary, is currently scheduled to expire on September 30, 2010. The legislation extends CBTPA through September 30, 2013.

The Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE)

The Wyden/Nelson legislation expands the HOPE trade benefits:

- Extends the Value Added TPL for an additional two years, until December 19, 2013. Under current rules, the Value Added TPL expires on December 19, 2011.
- Holds the value content requirement down at fifty percent for an additional two years. [Currently the value content requirement is scheduled to increase from fifty to sixty percent by 2011.] According to the legislation:
 - From December 20, 2011 - December 19, 2012, the value added Rule of Origin increases to fifty-five percent.

- From December 20, 2012 - December 19, 2013, the value added Rule of Origin increases to sixty percent.
- Extends the HOPE Knit and Woven Apparel TPLs for an additional four years, until September 30, 2022. (The TPLs are slated to expire on September 30, 2018.)

U.S. Customs Provisions

The bill directs U.S. Customs to help pre-clear exports from Haiti to the U.S. and to facilitate smooth trade flows. Customs also would provide technical assistance to help compliance by the Haiti customs service. The press release issued by Wyden says the bill will "deploy resources and personnel from the U.S. Customs and Border Patrol to facilitate trade between Haiti and the U.S. and the Dominican Republic. Having Customs agents on the ground in Haiti will help Haitian producers fast-track their exports and secure their supply chain in order to get Haitian factories up and running again."

Haiti Recovery and Investment Task Force

Creates a Haiti Recovery and Investment Task Force to facilitate investment, remittances, and international aid flows into Haiti. The Task Force will include officials from the Treasury, the Commerce Department, and the Office of the U.S. Trade Representative (USTR). The Task Force will prepare a stock-taking report every six months for Congress. The Task Force will terminate after twelve years.

Finally, the bill requires the Government Accountability Office (GAO) to prepare a report for Congress by May 31, 2010 on the effectiveness of U.S. trade preferences for Haiti. The GAO report also will provide recommendations for improve