



TRANS-PACIFIC PARTNERSHIP APPAREL COALITION

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COMMON MYTHS

ABOUT THE TRANS-PACIFIC PARTNERSHIP AND THE YARN FORWARD RULE OF ORIGIN

CUSTOMS

Myth: *Yarn-forward is the most logical rule because it aids in Customs enforcement.*

Fact: A yarn-forward style rule creates extensive documentation requirements and relies on confusing and complex rules that even the most sophisticated customs compliance professionals, Customs agents and port officials find difficult to understand. Enforcement of these rules requires Customs to expend scarce resources – in budget and personnel – on education, paperwork checks, and exhaustive and detailed verification visits – to make sure that each garment contains the proper inputs, right down to the elastic strips and sewing thread. Moreover, this paperwork burden is so great that it alone acts as a disincentive to use FTAs whose tariff benefits are limited by yarn-forward. No other countries face such procedures on entry to the U.S.

Myth: *Given Vietnam's heavy reliance on China for yarns and fabrics, strong customs rules are mandatory if fraudulent activity is to be contained.*

Fact: Strong customs rules are always important. But equally important are customs rules that allow Customs officials to accurately and efficiently do their job, and to build trusted partners in the trade. A 21st century trade agreement needs to incorporate account management and other risk mitigation tools to enable Customs and buyers to focus their energies on those intent on perpetrating Customs fraud – be they in China or elsewhere. Finally, strong Customs rules should be applied equally to all sectors. There is no valid reason to apply special rules to textile and apparel shipments.