



UNITED STATES  
ASSOCIATION OF  
IMPORTERS OF  
TEXTILES AND  
APPAREL

1140 CONNECTICUT AVENUE, NW  
SUITE 950  
WASHINGTON, D.C. 20036  
TELEPHONE: 202-419-0444  
FAX: 202-783-0727  
[www.usaita.com](http://www.usaita.com)

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Statement by the United States Association of Importers of Textiles and Apparel  
Before the House and Ways Committee Subcommittee on Trade  
On the Trans-Pacific Partnership  
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Julia K. Hughes, President, United States Association of Importers of Textiles & Apparel (USA-ITA)

Thank you for the opportunity to present the views of the U.S. Association of Importers of Textiles and Apparel (USA-ITA) about how the Trans-Pacific Partnership (TPP) can benefit American companies and workers. USA-ITA and our member companies strongly support the negotiation of an ambitious twenty-first century trade agreement. We support the statement by the Obama Administration that TPP should be an agreement that will “enhance trade and investment among the TPP partner countries, promote innovation, economic growth and development, and support the creation and retention of jobs.” We look forward to working with the Committee and with the Administration to ensure that the TPP meets these goals.

Since USA-ITA was founded in 1989, our mission has been to support the elimination of barriers to trade. For many years we needed to fight for more open trade for textile and apparel products. The elimination of the decades-long special quota protection for textiles and apparel was a difficult goal, but U.S. apparel brands, retailers and importers ultimately were successful. Today – ten years after China joined the World Trade Organization – there are no special quotas on textile and apparel products.

Today our members say that it is time for the U.S. to recognize that the textile and apparel sector does not need special Rules of Origin or special protection in the TPP negotiations. The global value chain for American brands and retailers has changed a lot in the past ten years. Sourcing decisions are made based on consumer demand – and many U.S. companies manufacture products for a global consumer. A true 21<sup>st</sup> century agreement should contain a flexible Rule of Origin for the majority of products and impose a restrictive yarn-forward Rule of Origin only on those U.S.-manufactured products that need special protection. The yarn-forward Rule of Origin hinders trade opportunities within the TPP. And it hinders the ability of creative American companies to expand high-paying jobs in the United States – whether they are designers, compliance executives, supply experts or sourcing decision-makers. Indeed, the yarn-forward Rule of Origin for apparel products in old U.S. trade agreements is more restrictive than the rule of origin for any other manufactured product -- an anomaly that has no place in a 21st century trade agreement. Simply put, it is time to treat textile and apparel products like any other product in the TPP.

In the competitive world of apparel brands, retailers and importers, there is an amazing global value chain. A garment might be created and designed in America and manufactured overseas. A garment might be manufactured in the U.S. from imported fabric, or even from U.S. fabric made using imported yarns. This is a creative business – and a truly successful TPP will recognize that a 21<sup>st</sup> century agreement needs to offer flexibility to reward that creativity. Given a chance, these U.S. companies will create high-paying jobs here in the United States.

To achieve that goal, USA-ITA is an active participant in the TPP Apparel Coalition. The TPP Apparel Coalition counts as its members American retailers, apparel brands, apparel manufacturers, and

importers who design, market, and retail products manufactured in and imported to the United States, as well as market and retail products throughout the TPP partner countries. The Coalition submitted a statement to the Committee and we support that statement. Our Coalition has the following priorities for TPP:

- **Integrate textile and apparel products into the Market Access negotiations** in the same way as is done with other products.
- **Liberalize and simplify the Rules of Origin.** At a minimum, these liberalized and simplified rules should:
  - Base the rule of origin (ROO) for apparel on either a change in tariff heading (CTH) or a regional value-content (RVC) requirement. A change in tariff heading would require any product in an apparel chapter (chapters 61 and 62) to be transformed within the region from any heading outside of that chapter. With an RVC rule, the value of those processes (and the inputs they create) within the territories must account for a minimum percent [35%] of the total value of the garment with a specific value calculation.
  - Limit tougher product-specific ROOs to sensitive products when necessary and appropriate, meaning there is data establishing sufficient availability of inputs in commercial quantities within the TPP territory;
  - Allow outward processing of intermediary products and not penalize products that use TPP-country inputs;
  - Harmonize the ROOs for all TPP countries, including those that currently have FTAs with the United States;
  - Guarantee the “ability to cumulate” among all TPP partner countries to facilitate regional integration;
  - Establish a transparent and commercially meaningful “Commercial Availability” [Short Supply] process; and
  - Create a process to allow “cumulation” with other countries that have FTAs with all TPP countries.
- **Implement immediate and reciprocal duty-free treatment** for all qualifying products.
- **Harmonize and streamline procedures throughout the supply chain (including customs procedures) among all TPP countries and incorporate account-based processing** to facilitate the flow of goods.
- **Harmonize the rules and regulations** – such as product safety and labeling – among all TPP countries, including those that currently have FTAs with the United States.
- **Strengthen intellectual property rights (IPR) protections among all TPP countries** to better enable American apparel brands, manufacturers and retailers to protect their brands from counterfeiters and trademark violators.
- **Create a “living” agreement** that welcomes additional parties and can evolve to address new textile and apparel issues as they arise.

USA-ITA’s member companies represent many of the most-recognized, most-competitive American brands in the world. The TPP countries include some of the fastest-growing markets for U.S. exports and U.S. branded apparel products, as well as for U.S. yarns, textiles, and other components. We are competitive, not only within the United States, but around the globe, and we maintain global supply chains. For these reasons, the TPP must enhance production and marketing opportunities for American companies within all TPP members, not simply bilaterally between the United States and each TPP Party.

USA-ITA supports meaningful market access, the removal of trade barriers, and the immediate duty free treatment for textiles and apparel within TPP countries. Recent free trade agreements, including CAFTA, provided immediate duty free treatment for textiles and apparel and there is no reason for the United States to insist upon higher textile and apparel tariffs now than in the agreements of several years ago. Likewise, the TPP's customs enforcement provisions must not be so restrictive as to discourage trade and serve as a proxy for high tariffs or restrictive rules of origin. Overall, an effective, true 21st century TPP agreement would be flexible and would recognize the commercial reality that companies rely on global value chains to produce and sell products. Such an agreement would provide the United States with the best possible economic benefits for U.S. companies, U.S. workers, and U.S. consumers.

***The United States Association of Importers of Textiles and Apparel (USA-ITA)*** was established in January 1989 by nine companies with a vision to create a unified voice for textile and apparel importers across the country. USA-ITA provides education, information and advocacy to executives active in textile and apparel sourcing, importing, compliance, and logistics. Headquartered in Washington, D.C., USA-ITA represents the needs of American brands, retailers and importers, as well as related service providers, with the objective to remove barriers to business and to trade.