

# U.S. Customs and Border Protection

## Textiles and Apparel Updates



23RD ANNUAL **Textile & Apparel Importer  
Trade & Transportation Conference**

NOVEMBER 8, 2011 / BRIDGEWATERS SOUTH STREET SEAPORT

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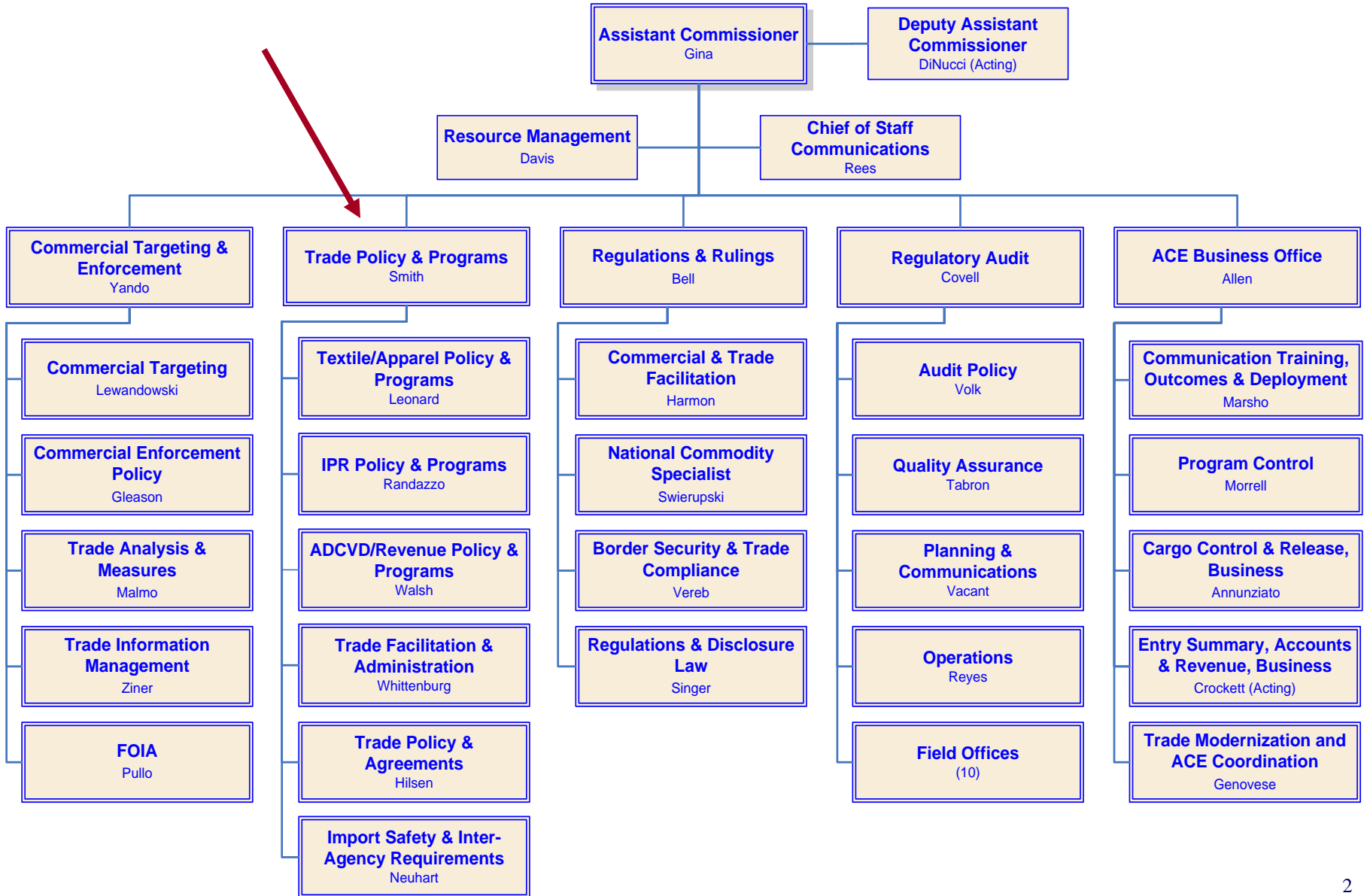


**AISA**

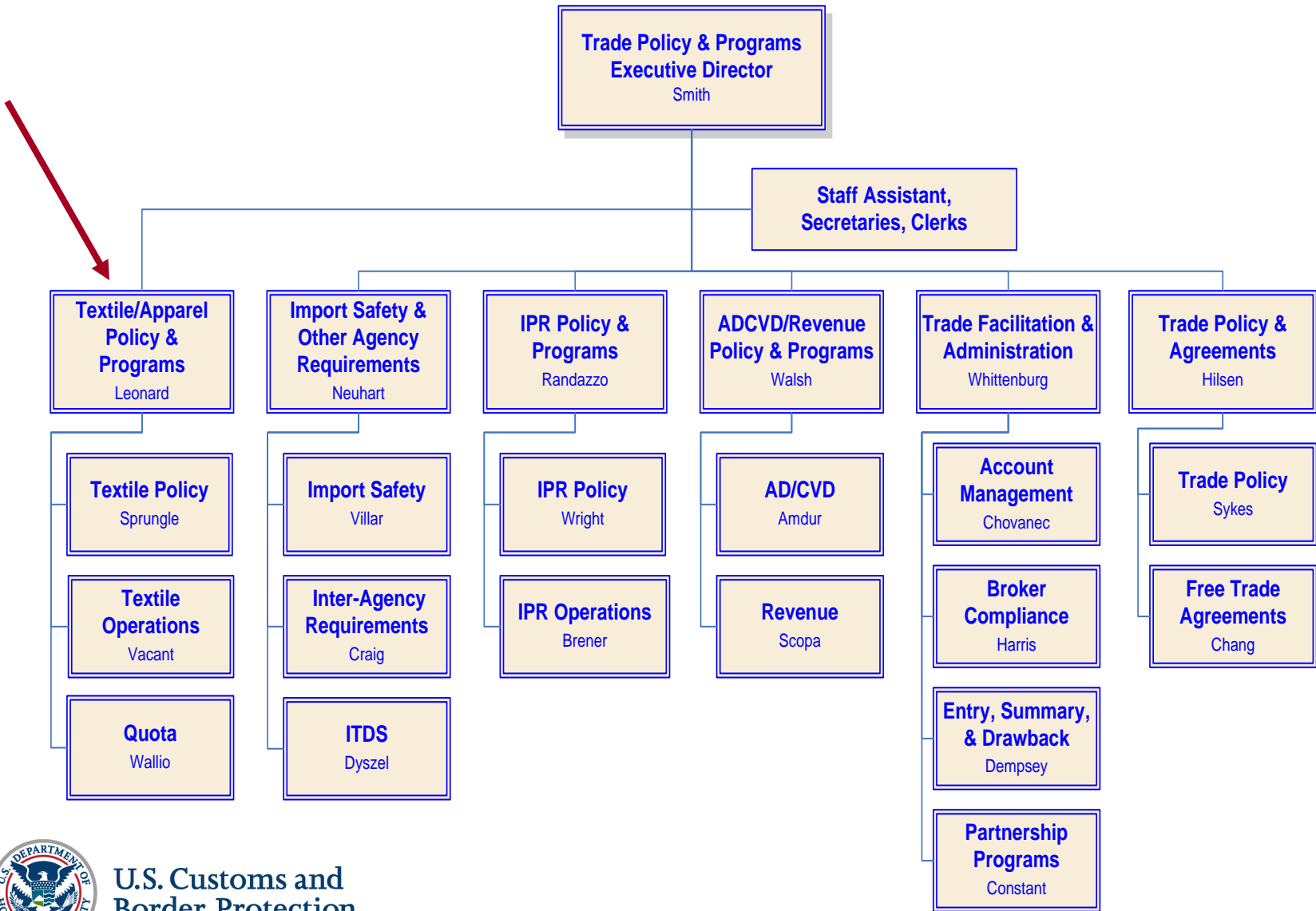
American Import  
Shippers Association



**U.S. CUSTOMS & BORDER PROTECTION  
OFFICE OF INTERNATIONAL TRADE  
ASSISTANT COMMISSIONER**



**U.S. CUSTOMS & BORDER PROTECTION  
OFFICE OF INTERNATIONAL TRADE  
TRADE POLICY & PROGRAMS**



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# U.S. Customs and Border Protection Priority Trade Issues (PTIs)

- Agriculture Programs
  - Antidumping and Countervailing Duties (ADCVD)
  - Intellectual Property Rights
  - Import Safety
  - Penalties
  - Revenue
  - **Textiles**
  - Trade Agreements
- Textiles** The goal of the **Textiles PTI** is to ensure that textile imports, which generate more than 40% of the duties collected by CBP, fully comply with applicable laws, regulations, quotas, Free Trade Agreement requirements, and Intellectual Property provisions.
- Trade Agreements** The objective of the **Trade Agreements PTI** is to advance CBP's mission by working with internal and external stakeholders to facilitate legitimate trade and address areas of non-compliance while effectively communicating the terms of our free trade agreements and preferential trade legislation. The TA PTI is limited to goods other than textiles and apparel, as textiles and apparel products are handled under a separate Textiles PTI.



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# CBP Textiles Priority Trade Issue

- U.S. Imports of Textile and Apparel Goods Total **\$115** Billion
- Account for Approximately **43%** of All Duties Collected
- Key Industry for the U.S. Economy
- Highly Regulated and Legislated
  - FTAs (*17% of Textile and Apparel Imports Claim a Preference*)
- Key Industry for Free Trade Agreements
- Key Industry for Administration's Trade Policy
- Key Industry for Congressional Legislation



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# CBP Textiles Priority Trade Issue

	FY2008	FY2009	FY2010	FY2011	%CHG FY10-11
<b>Importers</b>	68.4K	69.1K	67.3K	66.9K	-1%
<b>Lines</b>	9.9M	10.2M	11.8M	12.5M	5%
<b>Value</b>	\$106.7B	\$95.4B	\$102.1B	\$115.0B	13%
<b>Duty</b>	\$11.2B	\$10.2B	\$11.0B	\$12.5B	14%

FY10	Industry Total	All Imports	% Overall
<b>Importers</b>	66.9K	313.2K	21%
<b>Lines</b>	12.5M	117.1M	11%
<b>Value</b>	\$115.0B	\$2.2T	5%
<b>Duty</b>	\$12.5B	\$28.9B	43%



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# Textile/Apparel Supplier Countries by Value

## FY10

1	China	42%
2	Vietnam	6%
3	Mexico	6%
4	India	5%
5	Indonesia	4%
6	Bangladesh	4%
7	Pakistan	3%
8	Honduras	2%
9	Canada	2%
10	Cambodia	2%
11	Italy	2%
12	Thailand	2%
13	El Salvador	2%
14	Sri Lanka	1%
15	Guatemala	1%

## FY11

1	China	41%
2	Vietnam	6%
3	India	6%
4	Mexico	5%
5	Indonesia	5%
6	Bangladesh	4%
7	Pakistan	3%
8	Honduras	2%
9	Cambodia	2%
10	Canada	2%
11	Italy	2%
12	El Salvador	2%
13	Thailand	1%
14	Sri Lanka	1%
15	Guatemala	1%



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# Apparel Supplier Countries by Value

## FY10

1	China	39%
2	Vietnam	8%
3	Indonesia	6%
4	Mexico	5%
5	Bangladesh	5%
6	India	4%
7	Honduras	3%
8	Cambodia	3%
9	El Salvador	2%
10	Pakistan	2%
11	Thailand	2%
12	Sri Lanka	2%
13	Guatemala	2%
14	Italy	1%
15	Philippines	1%

## FY11

1	China	38%
2	Vietnam	8%
3	Indonesia	6%
4	Bangladesh	6%
5	Mexico	5%
6	India	4%
7	Honduras	3%
8	Cambodia	3%
9	El Salvador	2%
10	Pakistan	2%
11	Sri Lanka	2%
12	Guatemala	2%
13	Nicaragua	2%
14	Thailand	2%
15	Italy	1%



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# CBP Textiles Priority Trade Issue

## Textile Trade Strategy

- Enforcement of Free Trade Agreements and Preference Programs
- Origin Fraud / Illegal Transshipment
- Importers of Record: Non-Existent or No Ownership of Imported Goods
- Misdescription, Underreporting, Undervaluation & Smuggling
- Mexico Textile Task Force Initiative – NAFTA Enforcement



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# CBP Textiles Priority Trade Issue

## Enforcement Efforts

- **Unilateral/Bilateral/Multilateral Preference Programs**
  - African Growth and Opportunity Act (AGOA)
  - Qualifying Industrial Zones; Jordan/Israel/Egypt
  - Caribbean Basin Trade Partnership Act, Haiti HOPE and HELP
  - Andean Trade Promotion and Drug Eradication Act
  - Free Trade Agreements (Australia, Bahrain, CAFTA, Chile, Israel, Jordan, Morocco, NAFTA, Oman, Peru, Singapore)
- **Trade Agreements Have Become a Critical Element in the Overall Foreign Policy of the United States**
- **Unique Qualifying Rules for Each for Textile and Apparel Goods**



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# Textile & Apparel Preference Programs

## Updates

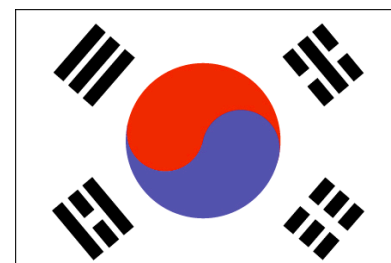
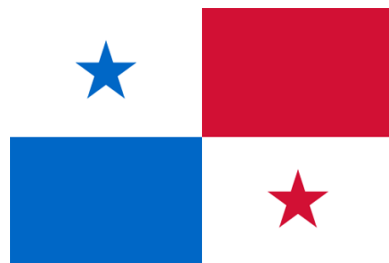
- **African Growth and Opportunity Act (AGOA)**
  - Benefits Restored for Cote d'Ivoire, Guinea & Niger
  - Effective October 25, 2011
  - **But** Must Re-Establish Effective Visa System Before Using Benefits for Apparel
- **Andean Trade Promotion and Drug Eradication Act**
  - Benefits Retroactively Renewed for Colombia & Ecuador
  - TBT-11-008 and QBT-11-559 Provide Guidance for Filing for Refund of Duties Paid on Goods Entered Between February 13 & November 4, 2011
  - Standard Post Entry Amendment Procedures
  - Reminder ATPDEA Certificate of Eligibility Required for Apparel Claims



# Textile & Apparel Preference Programs

## Updates

- **New Recently Ratified Free Trade Agreements**
  - U.S.-Colombia Trade Promotion Agreement
  - U.S.-Panama Free Trade Agreement
  - U.S.-Korea Free Trade Agreement
- **USTR To Advise When Prerequisites for Implementation Are Satisfied**



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# Textile & Apparel Trade Preference Activity

FY11 TRADE PREFERENCE TOTALS		
TEXTILES AND APPAREL		
Trade Program	Total Value	% of Total Value
CAFTA	\$7.1B	35.9%
NAFTA-MX	\$5.7B	28.9%
NAFTA-CA	\$2.2B	11.0%
QIZ	\$1.1B	5.4%
AGOA	\$827.5M	4.2%
JOFTA	\$795.1M	4.0%
PEFTA	\$685.4M	3.5%
CBTPA	\$460.3M	2.3%
ILFTA	\$274.2M	1.4%
HAITI HOPE	\$216.3M	1.1%
BHFTA	\$192.7M	1.0%
ATPDEA	\$143.3M	0.73%
AUFTA	\$34.6M	0.18%
MAFTA	\$31.8M	0.16%
SGFTA	\$24.0M	0.12%
CLFTA	\$11.4M	0.06%
OMFTA	\$3.6M	0.02%
<b>Total</b>	<b>\$19.7B</b>	<b>100%</b>

FY11 TRADE PREFERENCE TOTALS		
APPAREL		
Trade Program	Total Value	% of Total Value
CAFTA	\$6.9B	44.3%
NAFTA-MX	\$3.7B	24.1%
QIZ	\$1.0B	6.3%
AGOA	\$827.3M	5.3%
JOFTA	\$794.0M	5.1%
PEFTA	\$660.7M	4.3%
NAFTA-CA	\$586.2M	3.8%
CBTPA	\$460.3M	3.0%
HAITI HOPE	\$216.3M	1.4%
ATPDEA	\$142.6M	0.92%
ILFTA	\$89.1M	0.57%
BHFTA	\$79.8M	0.51%
MAFTA	\$31.5M	0.20%
SGFTA	\$21.9M	0.14%
CLFTA	\$5.1M	0.03%
OMFTA	\$3.4M	0.02%
AUFTA	\$2.8M	0.02%
<b>Total</b>	<b>\$15.5B</b>	<b>100%</b>



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# Verifying Preference Claims

## CBP Compliance Tools

- Textile Production Verification Teams
- Special Operations & CBP Port Verifications
- Training of CBP Personnel on FTAs and Preference Program Requirements
- Establish & Foster Relationships with Industry Stakeholders
- Establish & Foster Relationships with Foreign Counterparts



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# Textile Production Verification Teams

- **Team Members Include:** Import Specialists, Immigration and Customs Enforcement Investigators, CBP Auditors or International Trade Specialists
- **Teams Visit Foreign Manufacturing Operations to:**
  - Determine if they made the goods that were entered into the U.S.
  - Determine production capacity of the factory/type of goods and amount of goods capable of being produced
  - Determine if the apparel or textile goods produced meet the requirements for trade preference treatment



# Textile Production Verification Teams

## ■ Countries Visited FY11

- Mauritius
- Guatemala
- Costa Rica
- Dominican Republic
- Honduras
- Kenya
- El Salvador
- Lesotho
- Nicaragua



## ■ Results

- Visited 165 factories
- 16 factories were found closed when team arrived in country
- 45 factories non-compliant for trade preference
- 27% non-compliance rate for trade preference programs because of insufficient documents or violation of the rules



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# CBP Port Verifications

- Generally Conducted Post Entry Summary
- Do Not Require the Detention of Merchandise
- Exam and Acquisition of Sample May be Required
- CBP Will Request Proof of Origin for Origin-Restricted Inputs, *such as*:
  - Affidavit from Actual Producers of Yarn and Fabric
  - Commercial Invoice Clearly Stating Goods Were Produced by Factory
  - Other Documents as Required
- CBP May Verify Accuracy of Affidavits with Mills
- CBP May Request Documents in Support of Transit and Transshipment Requirements



# Textile/Apparel Policy & Programs Division

## FY12 Objectives / Goals

- Industry & Foreign Counterpart Outreach
- Trans-Pacific Partnership Negotiations
- Removal of Formal Entry Requirement / Raise Informal Entry Limit
  - Proposed Rulemaking
  - October 28, 2011 Federal Register notice
  - Comments Due December 27, 2011
- Trade Preference Programs Training for CBP Port Personnel
  - Training developed in FY09, 3 sessions held in FY10, 1 session in FY11
  - Additional Sessions in FY12



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# Centers for Excellence & Expertise

## Goals of the Centers

- Increase uniformity of practices across ports of entry
  - Facilitate the timely resolution of trade compliance issues nationwide
  - Further strengthen critical agency knowledge on key industry practices

## Two Centers Established October 1, 2011

- **Electronics Center (Long Beach, CA):** Covers the full spectrum of commodities within the Information Technology and Consumer Electronics industries
- **Pharmaceutical Center (New York, NY):** Covers the full spectrum of commodities within the Pharmaceutical, Medical Devices and Chemical industries
- Centers serve as a single point of processing for businesses enrolled in CBP's trusted shipper programs, Customs-Trade Partnership Against Terrorism (C-TPAT) and Importer Self Assessment (ISA)
- The Centers will also serve as a resource to the broader trade community and to CBP's U.S. government partners; center personnel will answer questions, provide information and develop trade facilitation strategies to address uniformity and compliance concerns



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# Simplified Processes Overview

## Goals of the Project:

- Reduce filings involved in obtaining release for low risk companies
- Expedite entry submission and cargo release windows
- Align summary requirements with importer business models
- Link summary and financial submissions, expand the timeframe for submitting entry summary, and allow users to consolidate the payment of duties, taxes, and fees

## Plan for Moving Forward

- CBP is proceeding by splitting the work into two tracks:
  - **Track A: Simplified Entry**
    - Planning to deploy in December for the Air Mode of Transportation (MOT); ocean and rail environments pilots will deploy 60-90 days after M1 ACE deployment
  - **Track B: Simplified Summary & Financial Processes**
    - Planning to pilot in 2012



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Thank You!