



### Trans-Pacific Partnership Apparel Coalition

The Trans-Pacific Partnership (TPP) Apparel Coalition supports negotiation of a 21st Century TPP agreement that generates new trade and investment opportunities for the benefit of workers, businesses, and families. These opportunities include buying and selling goods and services, sustaining and growing well-paying jobs, and providing high added value for the U.S. and TPP economies. To maximize benefits to companies, consumers, and workers, TPP negotiators should embrace a policy on textiles and apparel that facilitates today's global value chains and the millions of American jobs that depend on them.

As it stands today, textiles and apparel are treated differently than other products. Restrictive rules such as the "yarn-forward" style rule of origin--which require all the materials that go into a garment to originate and be assembled in a TPP country to receive tariff-free treatment--are unworkable in today's global value chains. Past FTAs with TPP countries have shown that such an "all or nothing" approach does not spur new U.S. exports or new apparel trade. Today's consumers expect a wide variety of fashionable apparel and flexibility in sourcing inputs is vital to meet design specifications and consumer demands. While scrutiny in very specific cases may be warranted, applying such constraints to all textiles and apparel goes beyond supporting the domestic industry, rather it actually reduces export opportunities in the region, and artificially increases prices for consumers during a time of global economic distress.

Nearly 70 percent of all duties collected by the U.S., the largest importer of apparel among TPP countries, from TPP nations are on apparel imports. Changing these rules is important for the exchange of concessions from the other participating nations on new market access for U.S. exports of industrial goods, services and agricultural products, and strong intellectual property rights and investor protections.

The TPP Apparel Coalition endorses the following priorities to achieve the best overall agreement for American businesses, American workers, American farmers and American consumers:

- **Integrate textile and apparel products into the Market Access negotiations in the same way as is done with other products.** We advocate for no separate chapter or separate provisions. This includes no separate safeguard process for textile and apparel products, and no separate customs enforcement measures.
- **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.



## TPP Apparel Coalition

The TPP Apparel Coalition is made up of American retailers, apparel brands, apparel manufacturers, and importers, and the millions of American workers they employ. Our member companies design, market, and sell products manufactured in and imported to the United States, as well as market and sell products throughout the Trans-Pacific partner countries.

**American Apparel & Footwear Association (AAFA)** is the national trade association representing apparel, footwear and other sewn products companies, and their suppliers, which compete in the global market. AAFA's mission is to promote and enhance its members' competitiveness, productivity and profitability in the global market by minimizing regulatory, commercial, political, and trade restraints.

**National Retail Federation (NRF)**, as the world's largest retail trade association and the voice of retail worldwide, the National Retail Federation's global membership includes retailers of all sizes, formats and channels of distribution as well as chain restaurants and industry partners from the U.S. and more than 45 countries abroad. In the U.S., NRF represents the breadth and diversity of an industry with more than 1.6 million American companies that employ nearly 25 million workers and generated 2010 sales of \$2.4 trillion.

**Outdoor Industry Association® (OIA)** is a national trade association whose mission is to ensure the growth and success of the outdoor industry. OIA provides trade services for over 4000 manufacturers, distributors, suppliers, sales representatives and retailers in the outdoor industry. OIA programs include representation in government/legislative affairs, market and social research, business-to-business services and youth outreach initiatives. Educational events include the annual Rendezvous, Outdoor University, and the Capitol Summit. Outdoor Industry Association is based in Boulder, Colorado, and is the title sponsor of the Outdoor Retailer tradeshow. For more information go to [outdoorindustry.org](http://outdoorindustry.org) or call 303.444.3353.

**The Retail Industry Leaders Association (RILA)** is the trade association of the world's largest and most innovative retail companies. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

**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 retailers, brands and importers, as well as related service providers, with the objective to remove barriers to business and to trade.