



U.S. Customs and Border Protection



USAITA
November 2010





The Textile Import Industry

TEXTILES	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	%CHG CY08- 09
Importers	68.9K	70.4K	69.3K	68.3K	68.7K	1%
Lines	8.3M	9.0M	9.7M	10.2M	10.2M	-0.1%
Value	\$100.3B	\$104.2B	\$106.9B	\$105.2B	\$93.4B	-11%
Duty	\$10.0B	\$10.6B	\$11.2B	\$11.1B	\$10.0B	-10%

CY09	Industry Total	All Imports	% Overall
Importers	68.7K	313.7K	22%
Lines	10.2M	95.9M	11%
Value	\$93.4B	\$1.7T	6%
Duty	\$10.0B	\$21.5B	47%





Textile/Apparel Supplier Countries

CY 2008		
RANK	COUNTRY	% of TEV
1	CHINA	36%
2	MEXICO	6%
3	INDIA	5%
4	VIETNAM	5%
5	INDONESIA	4%
6	BANGLADESH	3%
7	PAKISTAN	3%
8	HONDURAS	3%
9	CANADA	2%
10	ITALY	2%
11	CAMBODIA	2%
12	THAILAND	2%
13	HONG KONG	2%
14	EL SALVADOR	2%
15	SRI LANKA	1%

CY 2009		
RANK	COUNTRY	% of TEV
1	CHINA	40%
2	MEXICO	6%
3	VIETNAM	6%
4	INDIA	5%
5	INDONESIA	4%
6	BANGLADESH	4%
7	PAKISTAN	3%
8	HONDURAS	2%
9	CANADA	2%
10	CAMBODIA	2%
11	THAILAND	2%
12	ITALY	2%
13	EL SALVADOR	1%
14	SRI LANKA	1%
15	GUATEMALA	1%





Apparel Supplier Countries by Value

CY 2008		
RANK	COUNTRY	% of TEV
1	CHINA	33%
2	VIETNAM	7%
3	INDONESIA	5%
4	MEXICO	6%
5	BANGLADESH	5%
6	INDIA	4%
7	HONDURAS	4%
8	CAMBODIA	3%
9	THAILAND	2%
10	EL SALVADOR	2%
11	PAKISTAN	2%
12	SRI LANKA	2%
13	ITALY	2%
14	GUATEMALA	2%
15	PHILIPPINES	2%

CY 2009		
RANK	COUNTRY	% of TEV
1	CHINA	38%
2	VIETNAM	8%
3	INDONESIA	6%
4	MEXICO	6%
5	BANGLADESH	5%
6	INDIA	4%
7	HONDURAS	3%
8	CAMBODIA	3%
9	PAKISTAN	2%
10	EL SALVADOR	2%
11	THAILAND	2%
12	SRI LANKA	2%
13	GUATEMALA	2%
14	PHILIPPINES	2%
15	ITALY	2%





Trade Preference Programs

§ Unilateral/Bilateral/Multilateral Preference Programs

- § African Growth and Opportunity Act
- § Qualifying Industrial Zones; Jordan/Israel/Egypt
- § Caribbean Basin Trade Partnership Act
- § Haiti HOPE 1 and 2, HELP
- § Andean Trade Promotion and Drug Eradication Act
- § Free Trade Agreements (Israel, NAFTA, Jordan, Chile, Singapore, Australia, Morocco, CAFTA, Bahrain, Oman, Peru)

§ Unique Qualifying Rules for Each





Textile Enforcement

§ Textile Production Verification Team 2010 (Preference Claims)

§ Visited 11 Countries

- § Nicaragua
- § Guatemala
- § Jordan
- § Peru
- § Egypt
- § Honduras
- § Dominican Republic
- § El Salvador
- § Swaziland
- § Lesotho
- § Mauritius





Textile Enforcement

§ Textile Production Verification Team 2010 (Preference Claims)

- § Visited 235 Factories to Validate FTA/Trade Preference Claims
- § 11 Factories Closed
- § 22 Factories High-Risk for Illegal Transshipment
- § Number of Factories Compliant: 111
- § Number of Factories Non Compliant for Trade Preference: 59
- § Recovered Revenue \$5 Million
- § 25% Non-Compliance Rate for Trade Preference Programs





Textile Enforcement

- § **Completed Curriculum/Materials for Trade Preference Training**
 - § **Roll out of 3 Sessions**
 - § **Additional Sessions for 2011/Import Specialists, Entry Specialists, Auditors and International Trade Specialists**
- § **Major CAFTA Training Initiative Conducted**
- § **Morocco Training**
- § **Egypt Training**





Special Enforcement Initiatives

- § Operation Mirage Initiated As a Prototype to Determine the Scope and Impact of Undervalued Textiles Claiming China as the Country of Origin
- § Scientific Statistical Sample of 181 Importers of Record (IoR) and 400 Entry Lines
 - § New IoR Number Used over the Last 18 Months
 - § More than \$50,000 in Value
 - § ISA Partners Eliminated
- § Volunteer Teams of CBP and ICE Personnel Conducted Visits to the Sampled IoR
 - § Visits to the Brokers (Filers) and Freight Forwarders Were Also Conducted





Special Enforcement Initiatives

- § Approximately 55% of the IoR Visited Did Not Have the Legal Right to Make Entry (19 U.S.C. 1484)
 - § Did Not Own the Goods
 - § Had No Financial Interest In the Goods
 - § In Most Instances Did Not Even Know that Goods Were Being Imported into the United States
 - § Had NO KNOWLEDGE of the Transaction; No Paperwork: Contracts, Invoices, Payment Records
 - § DDP/LDP Parties Importing Branded Merchandise for Major Retailers





Special Enforcement Initiatives

- § Bogus (Exist on Paper Only) Importers
- § No CBP Systems to Validate IoR
- § EIN/CBP Generated ID Numbers Are Not Vetted
- § Entities Keep Generating New Identities on Paper
 - § Inability to Collect Duties
 - § Inability to Penalize
 - § Inability to Hold Anyone Accountable





Impact

- § **Weak Link in the Security of the Supply Chain**
 - § **Who Is the Importer? What Is Actually Coming into the Country? What Is the Actual Country of Origin?**
 - § **Loss of Revenues (Extent to Be Determined)**
 - § **Companies Are Circumventing the Entire System and Not Paying Monies Owed by Reinventing Themselves As New Players**
 - § **No Control Over the Use of IoR Numbers**





Impact

- § Trade Statistics Are Affected and Result in the Underreporting of the Trade Deficit
- § Domestic Industry Cannot Compete
- § Importers Doing Business Legitimately Cannot Compete





What's Next

- § Visits to Ultimate Purchasers
- § Additional Mirage Company Visits
- § Textile Enforcement Security Act
- § Major NAFTA Fraud—U.S. Illegal Transshipment
 - § Joint U.S./Mexico Initiative





Thank You



U.S. Customs and Border Protection

