

IFAI Outlook Conference



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AGENDA

1. Trans-Pacific Partnership (TPP)
2. Trade Promotion Authority
3. Other Trade Legislation
4. Trade Facilitation and the "Single Window"
5. Mexico's New Import Regulations

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The Office of Textiles and Apparel

- Free Trade Agreement Negotiation and Implementation
- Trade Data Publication
- Industry Research and Analysis
- Promote Made in USA

www.otexa.trade.gov



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Trans-Pacific Partnership (TPP)

A 21st Century Agreement that Promotes Jobs and Sourcing Opportunities



- A regional agreement of 12 countries representing 40% of world GDP
- Establishes rules governing IPR, environment, and state-owned enterprises
- Will promote trade & investment among member countries
- Aim of future expansion to other partners in the region

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TPP: Meeting the Rule of Origin

- The TPP textile and apparel rule of origin is based on the general yarn-forward rule.
- A yarn-forward rule of origin promotes regional integration, encourages investment, and creates sustainable supply chains.
- There are significant capabilities within the TPP region for sourcing fibers, yarns, and fabrics.

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TPP: Short Supply List

- Goods incorporating inputs from the Short Supply List are eligible for the duty reductions as originating goods
- The list has over 150 products including:
 - Variety of fibers and yarns – cashmere, rayon, acrylic, silk, nylon blends
 - Knit fabrics from a variety of yarns – for use in specific end-uses, such as sweaters; or for use in all products of Chapter 61 (Knit Apparel)
 - Variety of woven fabrics – such as, velveteen and velour; rayon challis; stretch denim, stretch wool blends

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TPP Status

- Met in Hawaii in mid-March – progress on enforcement, rules of origin, market access
- Most difficult issues remain but commitment by Parties to complete an agreement
- Meeting in Guam aimed at concluding agreement
- Passage of TPA essential to completion of TPP

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Trade Promotion Authority

- Guidance to the President on priorities and objectives
- Requires notification and consultation with Congress, private sector, other stakeholders and the public
- Defines conditions under which Congress considers legislation to implement negotiated agreements

President	Authority	Source
Reagan	Yes	Trade Agreements Act 1979; Trade & Tariff Act 1984
Bush I	Yes	Omnibus Trade and Competitiveness Act 1988
Clinton	Yes	Omnibus Trade and Competitiveness Act 1988, renewed 1993
Bush II	Yes	Trade Act of 2002
Obama	Pending	Pending

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TPA Bills

- Senate Finance Committee approved, with 3 amendments
 - Negotiating objective in T-TIP to discourage limiting economic ties with Israel
 - Principal negotiating objective on rule of law issues
 - Prohibit “fast track” to trade agreements with a “Tier 3” country in State Department’s human trafficking report
- House Ways and Means Committee approved, with only the first 2 amendments to the Senate version
- Both bills have to be considered by the full chambers. If remain different, then will be reconciled in a Conference Committee.

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Other Trade Legislation

- Customs Reauthorization
- Trade Adjustment Assistance
- Extensions of AGOA, GSP, Haiti

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The African Growth and Opportunity Act (AGOA)



- Entered into force October 1, 2000; expires September 30, 2015.
- A unilateral preference program, providing duty-free treatment to most textile and apparel goods manufactured in a qualifying sub-Saharan African (SSA) country.
- Trade
 - U.S. imports of AGOA-qualifying textiles and apparel totaled \$986.0 million in 2014 (+9% from 2013)
 - 95% of imports enter duty-free under the 3rd country fabric provision
- Proposed legislation extends AGOA for 10 years, through September 2025.

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Generalized System of Preferences (GSP)

- A formal system to lower tariffs on products from least developed countries.
- Expired on July 31, 2013.
- Renews GSP through December 31, 2017.
- Amendment to Senate version allows for textile and leather travel goods to be eligible for GSP treatment.
- Amendment to create new tariff classifications for “recreational performance outerwear” but does not eliminate existing import tariffs.

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Haiti



- Haiti receives benefits through the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE), the Food Conservation and Energy Act of 2008 (HOPE II) and the Haiti Economic Lift Program of 2010 (HELP).
- Certain restrictions apply (e.g. the source of the yarns and fabrics and "caps" or tariff preference levels).
- Earned Import Allowance Program (EIAP): For every 2 square meter equivalents (SMEs) of qualifying U.S. fabric purchased or manufactured by the producer for apparel production in Haiti, qualifying producers can earn a 1 SME credit to be used for duty-free imports of apparel manufactured in Haiti using non-qualifying fabric.
- Proposed bills extend Haiti preferences through 2025.
- Trade**
 - U.S. imports of Haitian-qualifying textiles and apparel totaled \$851 million in 2014 (+6% from 2013)
 - Virtually all textile and apparel imports from Haiti receive preferential access to the U.S. market

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Miscellaneous Tariff Bills (MTBs)

- Temporarily reduce or eliminate tariffs on specific manufacturing inputs and other goods.
- The 112th Congress considered 2100 bills covering 1300 unique products but failed to pass a bill. MTB legislation introduced in 2013 also failed to pass.
- Reformed MTB process introduced in stand-alone legislation and as an amendment to the Customs Reauthorization bill.
- Establishes a new process for submitting proposed MTBs to the International Trade Commission for review and new time frames for Commerce and CBP review.

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FACILITATING TRADE

- More than 20 government agencies require the submission of more than 130 forms to clear imports, and at least 8 agencies require more than 40 forms to clear exports.
- The International Trade Data System (ITDS) – A "single window" for importers and exporters to clear goods in and out of the country. Whole of government effort: U.S. Customs and Border Protection and 47 other government agencies.
- President Obama issued an Executive Order requiring completion by December 2016.
- Streamline the import/export process by moving from a paper-based to paperless system.
- More information: <http://www.cbp.gov/trade/automated>
- OTEXA: Laurie.Mease@trade.gov ; (202) 482-2043

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Mexico: New Import Requirements

- New requirements on Mexican imports of textiles, apparel, and footwear
- Purpose: Address undervaluation and illegal transshipment
- Footwear measures in place since August 2014
- Most textile/apparel measures effective February 2, 2015
- Measures include the use of automatic import licenses and establishment of a catalog of estimated prices
- Additional measure aimed at Mexican importers: Must register in sector-specific importer registry or will not be allowed to import such products
- Exception: Treatment for NAFTA-qualifying goods remains unchanged



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Mexico: New Import Requirements

- OTEXA and the U.S. Commercial Service in Mexico City are monitoring implementation of the requirements to ensure that trade is not disrupted
- Webinar with Mexico's SAT (tax authority) and Ministry of Economy on April 8, 2015: Available for download on OTEXA's website (<http://otexa.trade.gov>)



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“Made in the USA” Database

- Search by Supplier, Manufacturer, or Service Provider

<http://otexa.trade.gov/MadeInUSA>

The screenshot shows the OTEXA website interface. At the top, it says "INTERNATIONAL TRADE" and "TEXTILES AND APPAREL". The main heading is "MADE IN THE U.S.A. SOURCING DATABASE". Below this, there is a welcome message: "Welcome to the Office of Textiles and Apparel (OTEXA) Made in the U.S.A. Sourcing Database! The purpose of this database is to list U.S.A. manufacturers, suppliers, and contractors. This self-registered and searchable database is available to the public through OTEXA's website and can be a useful tool for those seeking to locate/source Made-in-U.S.A. textiles, apparel and footwear products." There are links for "REGISTER AS AN U.S.A. COMPANY" and "SEARCH FOR U.S.A. COMPANIES".

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Thank you!

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