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Surging U.S. Textile Export Figures Reaffirm Need for Strong Textile Rules in TPP Negotiations

Washington, DC) U.S. government trade figures released this month show a surge of U.S. textile exports to the CAFTA region and reaffirm the importance of a strict yarn forward rule in the Trans Pacific Partnership negotiations. The figures show that U.S. textile exports of yarns and fabric increased 41% to the CAFTA region during the first four months of the year, up \$377 million, and reaching a total of \$1.3 billion.

The export surge occurred under the yarn forward rules governing the U.S.-CAFTA trade agreement. Under the “yarn forward” rule, yarns, fabrics and garments must be made in the free trade region in order to receive duty free benefits.

The textile export surge paralleled an increase in textile mill employment over the past year as the U.S. textile industry added jobs and production to service the increasing demand in the Western Hemisphere for products made from U.S. yarns and fabrics. Over the last year, U.S. textile mills have added 2,500 direct jobs with U.S. government statistics showing that an additional 7,500 indirect jobs were created as a result. Just last week, Santana Textiles announced that it would begin hiring 800 textile workers for its new denim plant in Edinburg, Texas.

NCTO President Cass Johnson pointed to the trade and employment figures when reviewing the upcoming TPP negotiations. The negotiations are expected to begin to focus on the textile rules during the next the round in September.

“The outcome of the TPP negotiations will have a profound impact on the U.S. textile industry and the nearly two million workers in the Western Hemisphere textile and apparel supply chain. The CAFTA agreement demonstrates that a strict yarn forward rule which requires that the yarns, fabrics and garments be made in the free trade area can produce powerful benefits for U.S. workers, U.S. exports and for workers in countries close to home. That is why NCTO supports only a strict yarn forward rule in the TPP negotiations and will strongly oppose any deviations to that rule. In addition, the textile rules must be accompanied by stronger, more effective customs rules and enforcement to prevent fraud.”

Johnson continued, “As our industry has repeatedly stated, the inclusion of Vietnam in the negotiations represents a special case. Vietnam is a non-market economy which includes large state-owned and state-subsidized textile and apparel entities. On June 28th, Representative Sandy Levin and the eight member of the Ways and Means Committee remarked the problem of state subsidization in the TPP talks in a recent letter to President Obama:

“The competitive harm from state-owned enterprises and state-supported enterprises can be felt in every market in which they compete with U.S. businesses, whether it is in the U.S. market, the home market of the SOE/SSE, or in third country markets. In all such cases, U.S. goods and

services are put at a competitive disadvantage and U.S. workers, producers, exporters and investors are denied vital opportunities.”

Senate Majority Leader Harry Reid echoed these concerns in a May 17th letter to the Administration regarding the problem of SOEs in the TPP talks. Reid said, “Increasingly, state-owned and state-supported enterprises acting on a non-commercial basis are squeezing out their market-based competitors. Reid added that because of SOEs and SSE’s “market access we thought we had obtained through tough negotiations has evaporated. . . Our \$646 billion goods trade deficit is a sorry testament to these facts.”

Johnson concluded, “Vietnam’s decades long subsidization of its textile and apparel sector is an established fact. As a result, the U.S. government must include special measures in the TPP to ensure that U.S. textile exporters and their customers in the CAFTA region are not put at a competitive disadvantage. By doing so, they will ensure that U.S. textile exports – and U.S. textile jobs – will continue to grow.”

For more information on the U.S. textile industry position and Congressional concerns regarding the textile portion of the TPP talks, click [here](#).

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Key Facts about the U.S. Textile Industry

- The U.S. textile industry is one of the largest manufacturing employers in the United States. In 2010, the overall textile sector, from fibers to final garments and other textile products, employed nearly 600,000 workers. Textile mills alone employed 255,000 workers.
- The U.S. textile sector is the third largest exporter of textile and apparel products in the world with exports growing 19 percent in 2010 and totaling \$20 billion.
 - U.S. textile exports support a textile and apparel platform created by the NAFTA/CAFTA/Andean free trade areas that now employs nearly two million workers.
- The U.S. textile industry supplies more than 8,000 different textile products each year to the U.S. military.
- The U.S. textile industry has a long history of creating innovative, hi-tech products, from heart valve prosthesis and nanotube body armor to non-iron apparel and moisture wicking athletic wear.
- The U.S. textile industry invested more than \$15 billion in new plants and equipment from 2001 to 2009. U.S. textile shipments totaled \$51 billion in 2010.
- The U.S. textile industry increased productivity by 45 percent over the last 10 years, making textiles one of the top industries among all industrial sectors in productivity increases.
- In 2010, textile workers on average earned 155% more than clothing store workers (\$559 per week vs. \$219) and received health care and pension benefits.