

NCTO Announces Support for U.S. - Australia Free Trade Agreement, Opposition to FTAs with Bahrain and Morocco

U.S. Textile Makers Praise Strict Rule of Origin Included in Australia FTA, Urges Agreement's "No-Loophole" Language to Serve as Model for Any Future Trade Pacts

Washington, DC – The National Council of Textile Organizations (NCTO) announced today that it *supports* the recent U.S. - Australia Free Trade Agreement (FTA) *because it contains a strict yarn-forward rule of origin with no loopholes*, and that it *opposes* and will urge congressional defeat of the proposed FTAs with Bahrain and Morocco *because they contain massive exceptions to the rule of origin that will harm U.S. yarn and fabric producers.*

In a statement to the House Ways & Means Committee, NCTO stressed that the export opportunities that FTAs are supposed to provide U.S. yarn and fabric producers “can only materialize in an FTA if a strict, yarn-forward rule of origin without any exceptions is included. The United States textile industry has strongly and consistently urged the United States government to insist that the benefits of any free trade agreement must be limited to the participating countries, and that textile manufacturers in China, India and other third party countries should not be allowed to reap the benefits of the agreement at the expense of U.S. textile producers.”

Unfortunately, NCTO said, the recently negotiated FTAs with Bahrain and Morocco contain enormous and unwarranted exceptions to the rule of origin*, as does the proposed Central America Free Trade Agreement (CAFTA). As a result, NCTO will be opposing all three agreements and urging their rejection by Congress.

By contrast, NCTO said that it was “pleased to see that the final U.S.-Australia FTA includes a strict yarn-forward rule of origin with no (zero) exceptions. No tariff preference levels, no cumulation provisions, no loopholes of any kind to the yarn-forward rule of origin.” Accordingly, NCTO supports the FTA with Australia.

Further, NCTO “urges that the U.S.-Australia FTA serve as a template for any future free trade agreements that the United States might negotiate, including any agreements currently being negotiated. If future FTAs do not adhere to this strict yarn-forward rule of origin requirement, NCTO and very likely many of our allies in the textile and fiber sector will be forced to oppose such agreements, and we will urge their defeat in Congress.”

NCTO President Cass Johnson said, “The FTA with Australia has shown that our government does have the ability to negotiate trade agreements that are win-win deals for U.S. textile producers and our potential customers in other countries. But the questions that our industry and workers are asking in this election year are: Will the Australia FTA serve as the model for future trade agreements, or will the U.S. negotiators go back to their old habit of allowing China, India and other free riders to horn in on agreements they are not party to, at the expense of U.S. textile production and jobs? Or, more bluntly, do the U.S. negotiators stand with U.S. textile workers or Asian textile workers? We urge them to choose U.S. textile workers.”

* The agreement with Bahrain allows duty-free treatment for as much as 65 million square meter equivalents (SMEs) worth of imported textile products made of fabric and yarn not from the U.S. or Bahrain, which is 95% of the total level of all textile imports from Bahrain in the 12 months ending February 2004. The Morocco agreement similarly allows duty-free treatment for up to 30 million SMEs worth of imported textiles made of fabric and yarn not from either the U.S. or Morocco, which is nearly twice the amount of all such goods made from yarn and fabric from all sources and shipped to the U.S. by Morocco in 2003.

EDITOR'S NOTE: NCTO was recently established to represent the entire unified spectrum of the U.S. textile sector, from fibers to finished products, including yarn, fabric, man-made fibers, cotton, textile machinery and chemicals and others concerned with the prosperity and survival of the U.S. textile industry. NCTO is more broadly based than any previous domestic textile organization.

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