

PRESS STATEMENT

U.S. & Regional Textile Groups Press for Jobs-Oriented “Yarn-Forward” Rule in TPP Negotiations in Chicago

September 13, 2011

WASHINGTON, DC – Twenty representatives from U.S. textile trade associations, textile companies and regional trade partners were in Chicago last week at the Trans-Pacific Partnership (TPP) negotiations to voice strong support for the U.S. government backed yarn-forward rule of origin in the textile chapter.

Four textile trade associations made presentations to TPP governments and stakeholders:

- the American Manufacturing Trade Action Coalition (AMTAC) – PowerPoint attached;
- the National Council of Textile Organizations (NCTO) – PowerPoint attached;
- African Cotton and Textile Industries Federation (ACTIF); and,
- the Camara de la Industria Textil y de Confeccion de El Salvador (CAMTEX).

Presentations also were made by the following:

- Bill Jasper, Chairman & CEO of Unifi Manufacturing, Inc. (current Chairman of NCTO);
- Anderson Warlick, President & CEO of Parkdale Mills (former Chairman of NCTO);
- W. David Hastings, President & CEO of Mount Vernon Mills (former Chairman of NCTO);
- Werner Bieri, President & CEO of Buhler Quality Yarns;
- John Bakane, CEO of Frontier Spinning; and,
- Carlos Arias, President of Denimatrix (representing PCCA).

Representatives from the U.S. Industrial Fabrics Institute (USIFI) and American Fiber Manufacturers Association (AFMA) as well as textile companies Milliken & Co., Glen Raven Inc., Gildan Activewear and Wigwam Mills also provided input.

AMTAC Executive Director Auggie Tantillo said, “If there is to be a TPP, the benefits accrued should go to the signatories rather than to countries that are not part of the agreement. For the TPP to be a success from an industry jobs standpoint, the agreement cannot just stimulate consumption, it must stimulate U.S. textile production. The only way for this to happen is to include a tight yarn-forward rule of origin.”

NCTO President Cass Johnson said, “The number one political issue right now is jobs and that is what yarn-forward is all about. By limiting benefits to the signatory countries, yarn-forward encourages investment and job creation in those places. In contrast, a “single transformation” rule would not only drain potential jobs and investment from the TPP but it also would cause the catastrophic loss of textile and apparel jobs in the United States and in its free trade partner countries. ”

The presentations outlined the job and other economic benefits the yarn forward rule would bring to the TPP countries. They also reviewed the importance of maintaining the rule to more than two million

textile and apparel workers in the United States and our current free-trade and trade preference partner countries.

On Friday, Sept. 7th, a 25-country industry coalition released a [letter](#) to U.S. Trade Representative (USTR) Ambassador Ron Kirk asking him to ensure that the yarn forward rule is maintained in the agreement. The industry coalition, which represents more than \$30 billion in two way textile trade in Africa, the Andean region, Central America, Haiti and North America, said that the yarn forward rule was essential to maintaining more than two million textile and apparel jobs.

The United States government formally backed the yarn forward rule in the TPP negotiations during negotiations in Vietnam earlier this year. President Obama first voiced support for the yarn forward rule in a candidate [letter](#) to NCTO in October 2008, when he stated, “I support inclusion of the yarn forward rule in free trade agreements.” Obama explained that he wanted to ensure “that countries with which we enter special trade relationships do not become conduits for source yarn outside those countries.”

As the name implies, a yarn-forward rule of origin means that all stages of production, starting with yarn spinning, moving to fabric formation and the final garment assembly, must be done either in the United States or in a free-trade agreement (FTA) partner country to qualify for duty preferences.

This is a logical rule because the vast majority of the value of a finished textile or apparel product comes from its components rather than final assembly. To allow high value-added elements of the production chain to take place outside of the contracting FTA countries transfers benefits to third countries, particularly China, which have not had to make market-opening concessions in return.

The TPP is being negotiated between the United States, Singapore, Chile, New Zealand, Brunei, Australia, Peru, Vietnam and Malaysia. In terms of potential impact, it is the most significant negotiation for the U.S. and its regional trade partners since the NAFTA agreement. With the inclusion of Vietnam, these talks hold the potential to dramatically shift global trading patterns, displacing critical U.S. and regional textile and apparel jobs and undermining trade relationships in the Western Hemisphere and Africa.

Key Facts

- Direct employment in U.S. textile and apparel manufacturing currently stands at 392,100 jobs, which U.S. government statistics show support 980,000 additional jobs. Total direct and indirect jobs total 1.3 million.
- U.S. free trade and trade preference agreements support more than 2 million direct textile and apparel jobs with millions of additional jobs being created by indirect effects. These jobs include textile and apparel jobs in Africa, Central America (including Haiti), the Andean Region, and North America.
- The U.S. is the largest textile/apparel market in the world with imports of over \$95 billion in 2010. Accounted for more than **17 percent** of total world imports of \$559 billion.
- All other TPP partners combined accounted for less than \$20 billion, or only **3.5 percent**, of world imports in 2010.
- The U.S. textile/apparel market is nearly 5 times larger than other TPP partners combined.