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### **TPP Apparel Coalition Continues to Press Negotiators for Flexible Apparel Rules** *Trans-Pacific Partnership Negotiators Conclude 14<sup>th</sup> Round of Negotiations*

**Leesburg, VA** – Following the 14<sup>th</sup> round of negotiations of the Trans-Pacific Partnership (TPP), the Trans-Pacific Partnership Apparel Coalition urges negotiators to abandon out of date apparel trade rules in favor of a 21<sup>st</sup> Century approach to promote and sustain apparel value chains that employ millions of American workers. TPP negotiators wrapped up the 14<sup>th</sup> round of negotiations Saturday in Leesburg, VA. Representatives of the TPP Apparel Coalition were on hand in Leesburg to meet with negotiators and other stakeholders.

**“A TPP agreement that preserves rigid and outdated apparel rules would almost certainly prevent U.S. agriculture exporters from gaining access to lucrative Asian markets, undermine the overall value of the TPP for American families, and deny many American industries the job creating growth that would otherwise result from a successful TPP,”** said Sandy Kennedy, president of the Retail Industry Leaders Association.

The TPP is a prospective regional free trade agreement (FTA) between the United States, Australia, Chile, Peru, Singapore, New Zealand, Brunei, Malaysia, and Vietnam. Canada and Mexico are expected to join the TPP negotiations next month.

**“We welcome the inclusion of Canada and Mexico in the TPP as both countries will be able to provide first-hand knowledge of how the trade-restrictive and outdated “yarn forward rule” undermines the potential benefits of FTAs. Flexible apparel rules that reflect the commercial realities of global value chains and stress the importance of market access will create jobs, trade and investment here in the United States,”** said Kevin Burke, president and CEO of the American Apparel & Footwear Association.

[Economic studies](#) reveal that 70-80 percent of the retail value of imported products is generated in the United States by American workers. In the case of imported apparel, this translates into 3 million good-paying U.S. jobs. These American jobs are short-changed by the yarn-forward rule of origin.

The yarn forward rule of origin denies duty-free treatment for apparel unless it is almost entirely manufactured in the FTA country. In fact, if any component of the item—thread, yarn, elastic strips, or fabric—is sourced elsewhere, duties are applied on the entire garment. As shown by this [chart](#), the

experience of the U.S. Free Trade Agreement with Central America and the Dominican Republic (CAFTA-DR) demonstrates that yarn-forward does not promote trade, U.S. exports, or U.S. Jobs."

Flexible apparel rules are a priority for a number of TPP stakeholders, particularly Vietnam. Apparel is the top export product for Vietnam to the United States. Last week in a [letter to U.S. Trade Representative Ron Kirk and Secretary of Agriculture Tom Vilsack](#), 46 organizations representing U.S. agricultural interests said that "Vietnam holds far and away the greatest market potential for the vast majority of U.S. food and agricultural products" and to "make every effort to ensure that the Vietnamese agricultural market is fully liberalized as part of a final agreement." Vietnam is unlikely to open its market to U.S. agricultural products without flexible apparel rules that provide the Vietnamese apparel industry with meaningful access to the U.S. market.

**"The TPP Apparel Coalition remains committed to the successful conclusion of a comprehensive TPP that promotes trade and investment in all sectors. Growing evidence suggests that flexible rules for apparel trade will be a critical component of a successful agreement,"** said Julie Hughes, president of the United States Association of Importers of Textiles and Apparel.

**"Inflexible rules on apparel trade, like yarn-forward, don't work because they are not compatible with how business operates in the 21st Century. Without a more flexible approach, these rules will continue their record of failure in promoting new trade and investment, and will end up being a barrier to both U.S. imports and exports,"** said Matt Shay, president and CEO of the National Retail Federation.

The [Trans-Pacific Partnership \(TPP\) Apparel Coalition](#) supports negotiation of a 21st Century TPP agreement that generates new trade and investment opportunities for the benefit of workers, businesses, and families. These opportunities include buying and selling goods and services, sustaining and growing well-paying U.S jobs, and providing high added value for the U.S. and TPP economies.

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