



TRANS-PACIFIC PARTNERSHIP APPAREL COALITION

DOCUMENTS NECESSARY TO VERIFY A PREFERENCE CLAIM WITH A YARN FORWARD RULE OF ORIGIN

To promote trade and investment within the TPP region, the TPP Apparel Coalition urges TPP negotiators to consider ways to reduce the risks and documentation burdens to claim a TPP preference without undermining effective enforcement. To illustrate that the current process is too risky and burdensome, this paper provides a snapshot of the requirements that exist in the implementation of other FTAs.

When making claims for preferential tariff treatment of textiles and apparel under an FTA (or preferential trade program), importers must be able to provide origin conferring documentation upon request to U.S. Customs and Border Protection (CBP). The paperwork burden for preferential claims is tremendous, in most cases requiring in the range of 100 unique documents for *each garment style* (or sku) contained in the entry.

These documents must be able to clearly demonstrate that each garment style qualifies for preferential treatment, or the importer risks denial of the preference claim (including potentially all prior claims previously made, and all future claims for that FTA). All submitted documents must demonstrate a direct correlation of the materials or components to the finished garment by way of style numbers, fabric type and construction. Documents are required to be in English, or accompanied with an English translation, regardless of the origin of the documents, and paper copies must be stored in two locations—at the overseas factory and with the importer. If there is an error in the documentation, CBP may consider the entry to be a case of transshipment.

Because of the potential impact to U.S. importers, significant time and resources must be allocated to preparing the documents. For importers that can afford it, legal counsel is often engaged and therefore significant monetary costs are also incurred. Due to the sheer volume of the documents that must be provided, a verification for one entry can involve numerous back and forth discussions that last several months. Below is a sample list and images of the documentation that is necessary to verify a preference claim with a yarn forward rule of origin:

Entry Documents

- Entry Document (7501)
- Textile Certificate of Origin
- Multiple Country Textile Declaration (if available/applicable)
- Purchase orders (for merchandise)
- Invoices (for merchandise)
- Proof of Payment
- Bill of Lading
- Packing List

Yarn Acquisition

- Purchase Orders (for raw materials including fibers, threads, yarns and fabrics)
- Invoices (raw materials including fibers, threads, yarns and fabrics)
- Proof of Payment
- Shipping Documentation, including bills of lading, delivery receipts, packing lists for raw materials and components.
- Affidavits for Yarns from the Manufacturer

Affidavits for Yarns from the Supplier

Knitting Operations

Purchase Order for fabric

Invoice for Fabric

Proof of Payment

Shipping Documentation, including bills of lading, delivery receipts, packing lists for raw materials and components.

Knitting Records

Employee Time Cards

Employee Payment Records

Affidavits for Fabric from the Manufacturer

Affidavits for Fabric from the Supplier

Cutting Operations

Cutting records and/or production summaries (including work performed by subcontractors)

Employee Time Cards

Employee Payment Records

Sewing Operations

Sewing records

Employee Time Cards

Employee Payment Records

Finishing Operations

Daily Finishing Records

Employee Time Cards

Employee Payment Records

Inspection Reports

In-line inspection reports

Final inspection reports

Factory Information

Factory Profile

Product Information

Bill of Materials for the Garment

Fabric Consumption (this is not so common anymore, but we've had to produce this in the past)

Affidavits for thread from the Manufacturer

Affidavits for thread from the Supplier

Proof of Payment

Shipping Documentation, including bills of lading, delivery receipts, packing lists for raw materials and components

