

Achieving 21st Century Terms of Trade for Apparel and Footwear in the TPP

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Vietnam TPP Stakeholders Briefing

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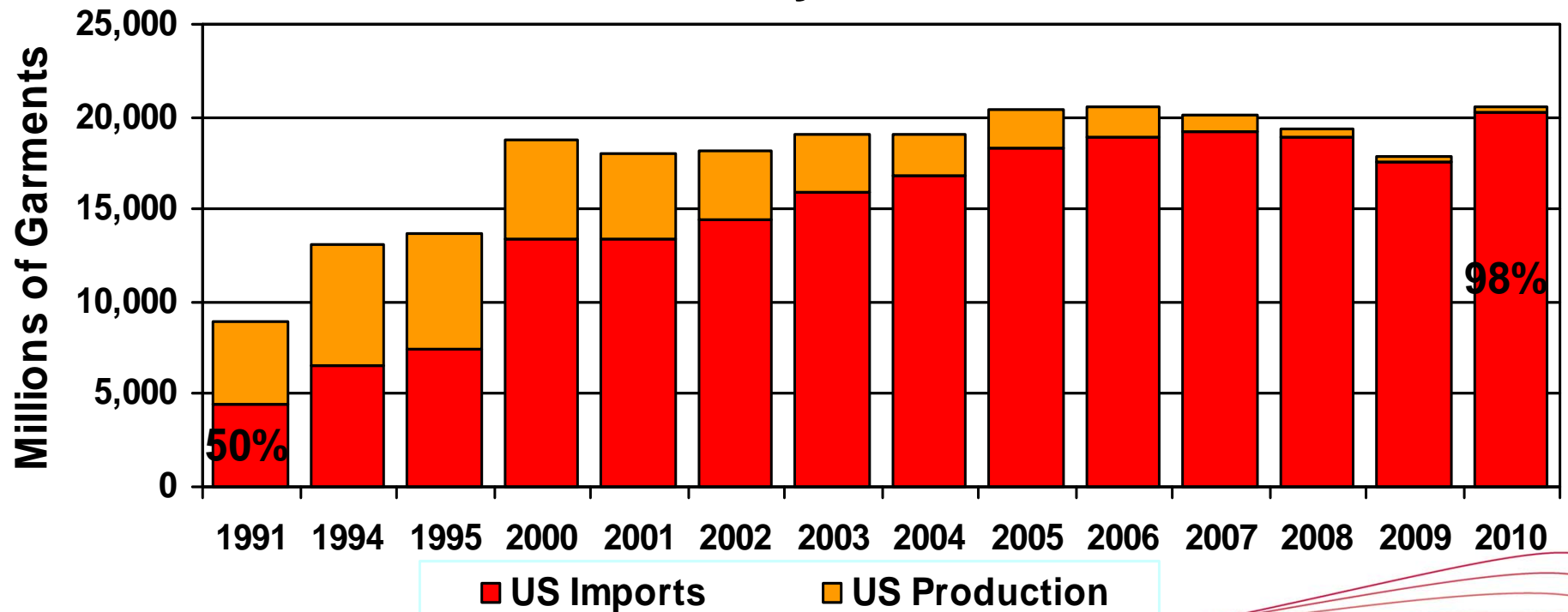


The US Market

- **US consumers spent \$338.1 billion buying clothes and shoes in 2010.**
- **Americans purchased an estimated 20.5 billion garments and 2.3 billion pairs of shoes in 2010.**
- **That means that every man, woman, and child in the United States, on average, spent over \$1,100 each to buy an average of 68 new garments and 8 pairs of shoes in 2010.**

U.S. Apparel Imports

- 50% of U.S. market in 1991
- 98% of U.S. market today



Top 5 Apparel Suppliers to U.S.



1980

Taiwan

Hong Kong

Korea

China

Philippines

Today

China (42%)

Vietnam (8%)

Bangladesh (6%)

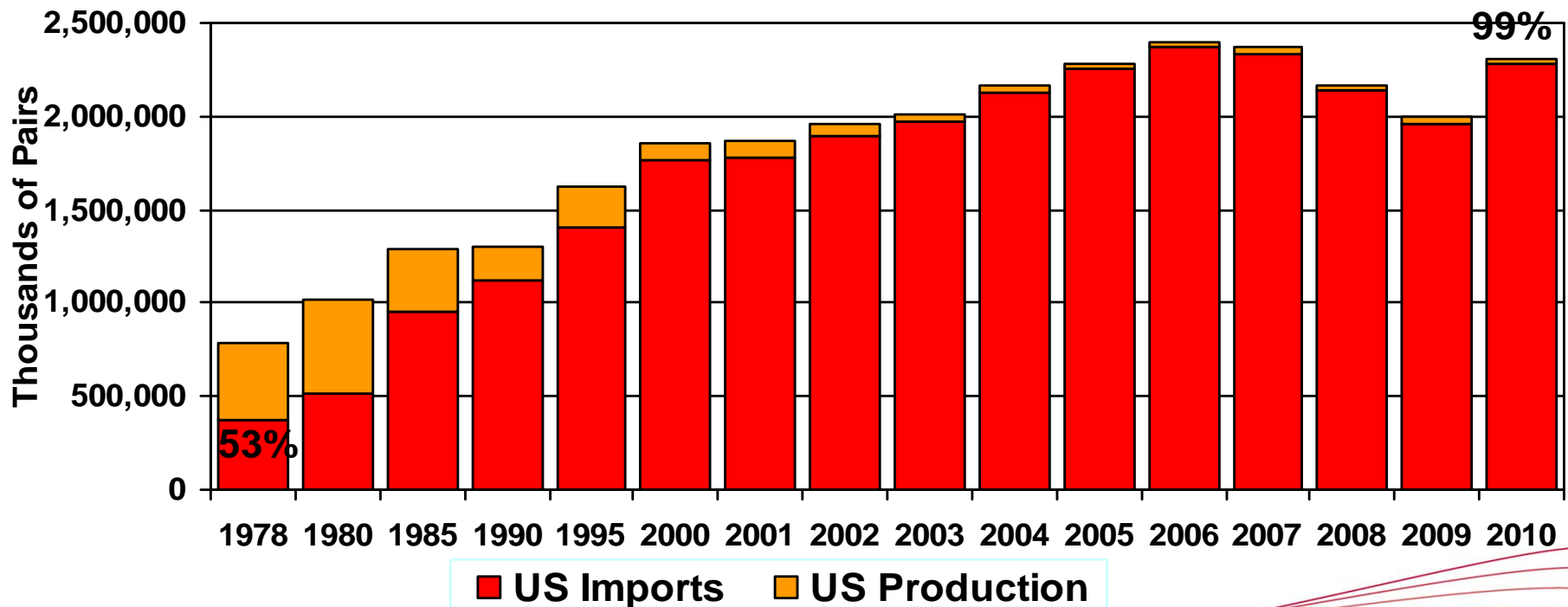
Honduras (5%)

Indonesia (5%)

U.S. Footwear Imports



- 53% of US market in 1978
- 99% of US market today



Top 5 Footwear Suppliers to U.S.



1980

Taiwan

Italy

Korea

Brazil

Hong Kong

Today

China (88%)

Vietnam (5%)

Indonesia (2%)

Brazil (1%)

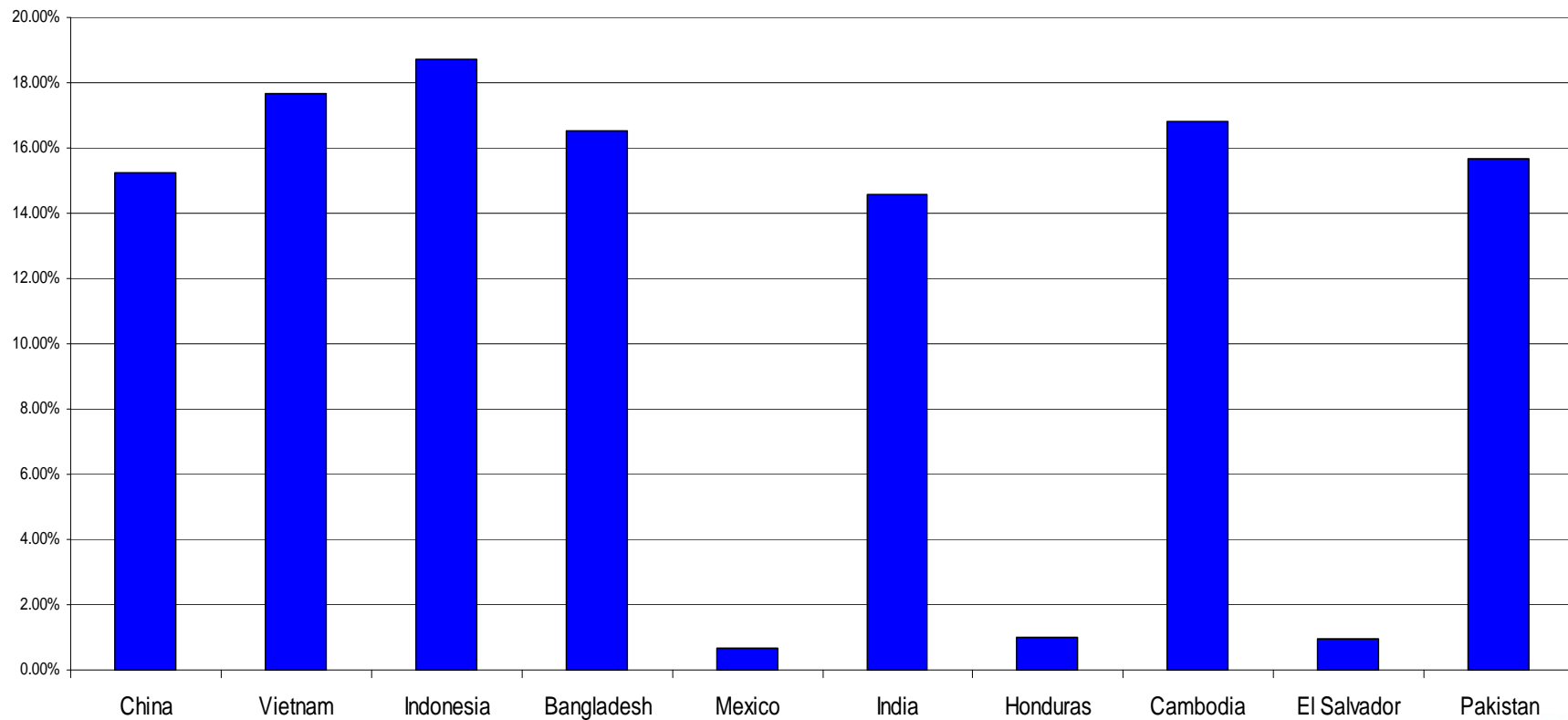
Italy (1%)

TPP Opportunities



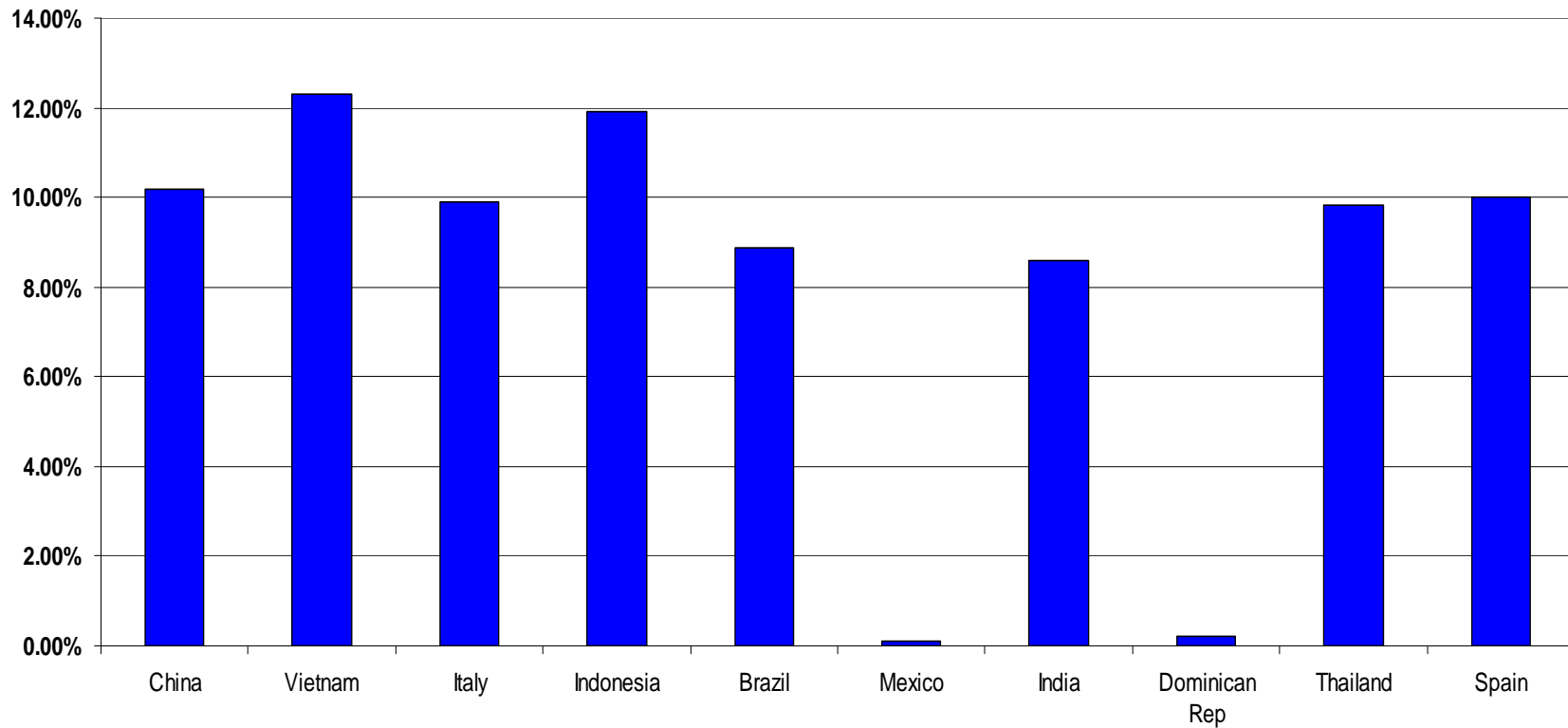
- New FTAs between US and four Asian countries.
 - **Brunei**
 - **Malaysia**
 - **New Zealand**
 - **Vietnam**
- Improve and strengthen partnerships with existing US FTA partners
 - **Australia**
 - **Chile**
 - **Peru**
 - **Singapore**
- Expand Regional Links
- Improve Customs Procedures
- Lay Foundation for Simple and Harmonized Rules

Average Duty Paid on US Imports of Apparel from Top 10 Apparel Countries – 2010



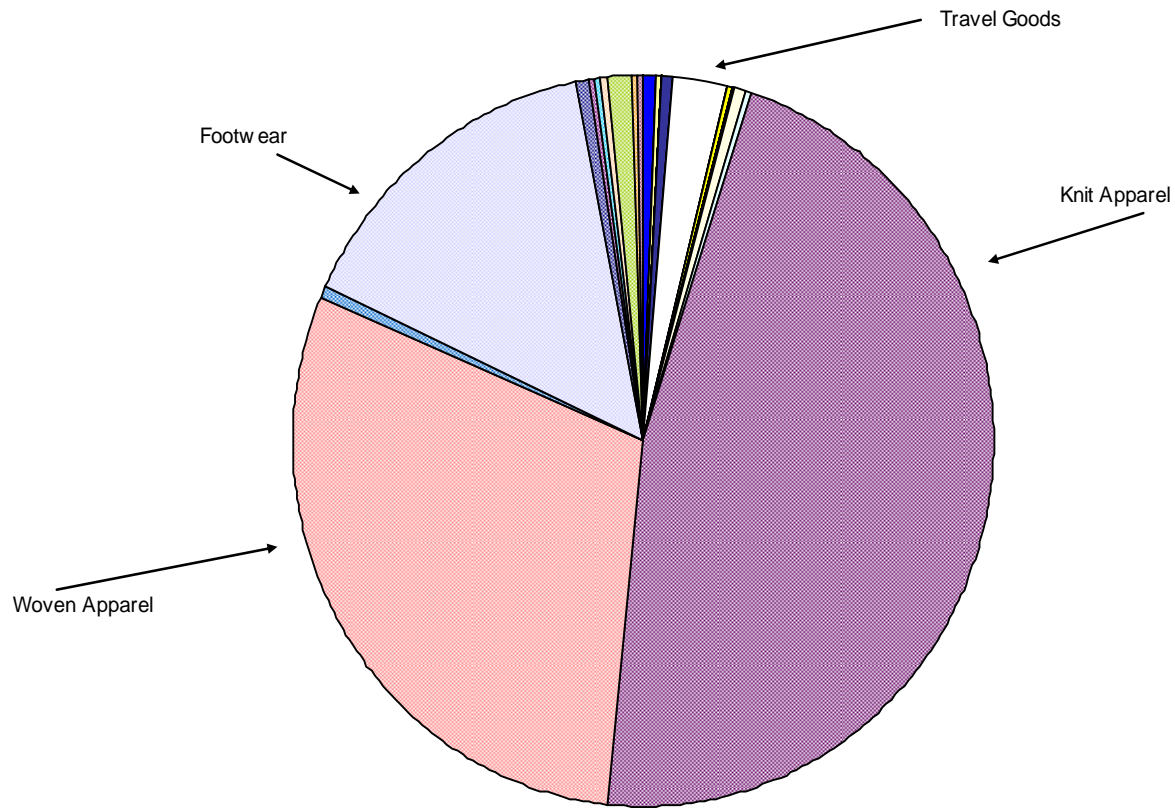
Source: USITC

Average Duty Paid on US Imports of Footwear from Top 10 Footwear Countries – 2010



Source: USITC

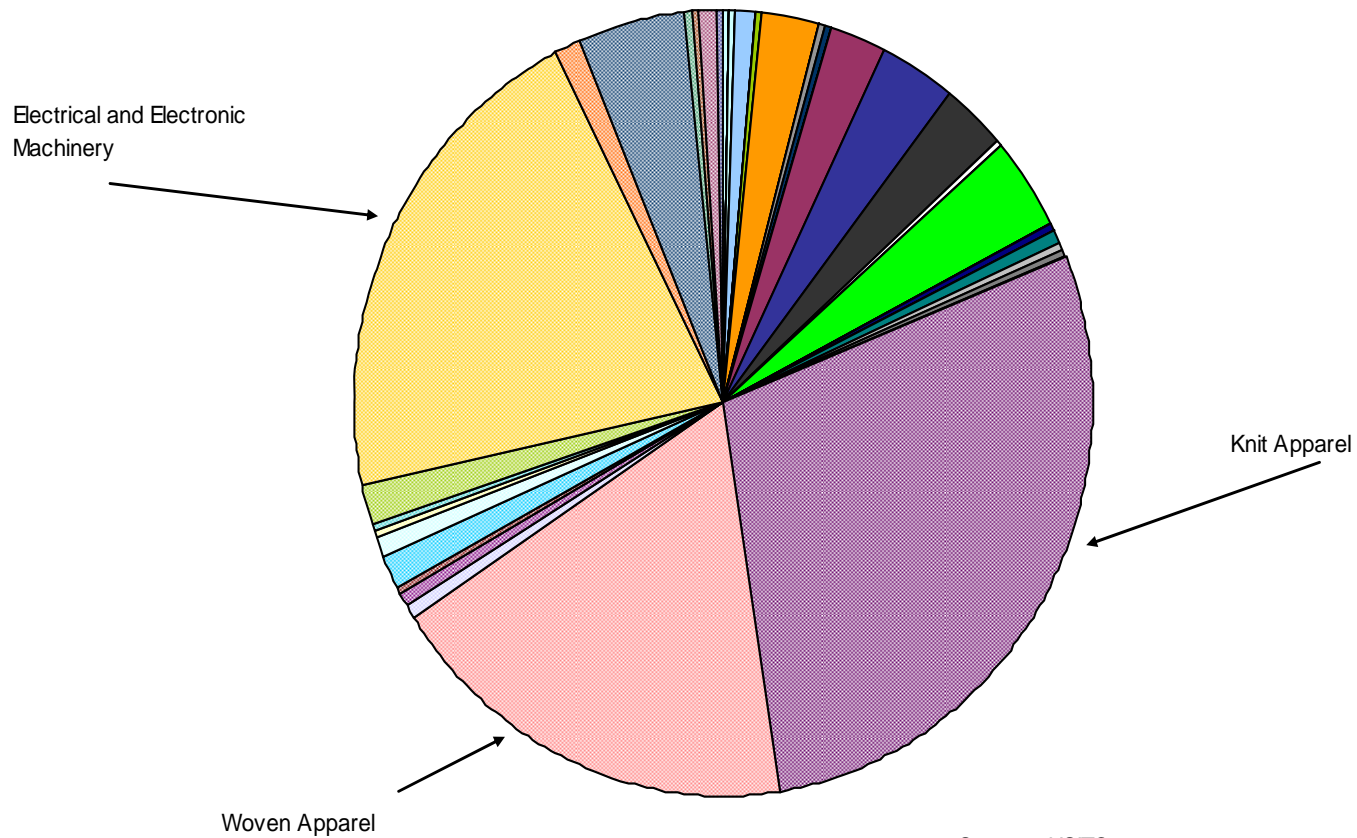
Distribution of Duties Paid by Vietnam During 2010



Source: USITC

Total Duties: \$1.33 billion

Distribution of Malaysia Duties in 2010



Source: USITC

Total Duties: \$185 million

TPP Apparel Coalition



TPP Apparel Coalition Key Goals



We support the negotiation of a **21st Century TPP agreement**, which offers a potential **growth platform** for **economic integration**, trade and **investment** that could provide tremendous **new opportunities** for our members **to buy and sell goods and services**, to **sustain and grow well paying U.S. jobs** and to provide **high value add** for the **US and TPP economies**.

TPP Apparel Coalition Objectives

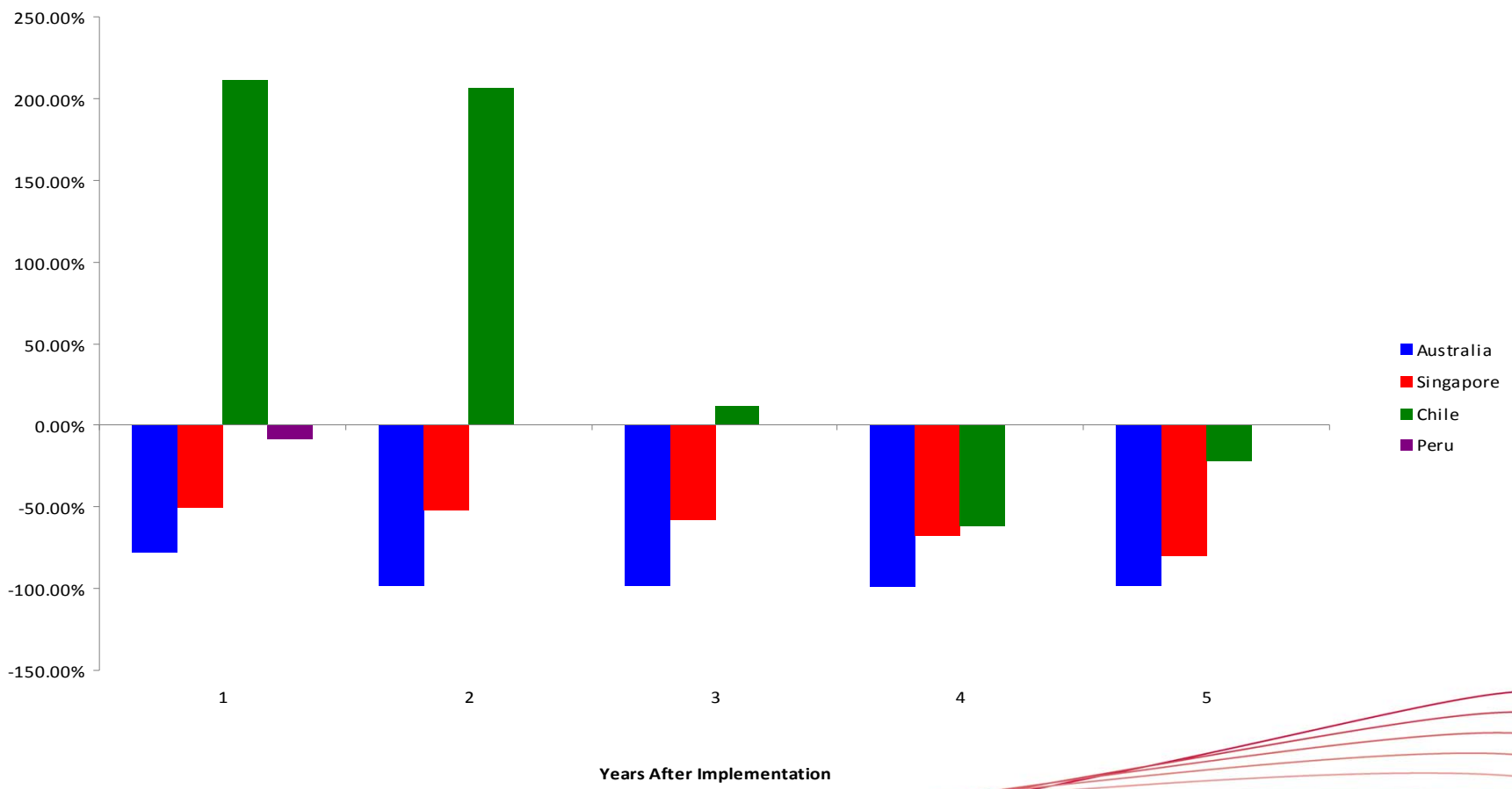


- **No separate textile and apparel chapter.**
- **Liberalize and simplify the Rules of Origin.**
- **Immediate and reciprocal duty-free** treatment for all qualifying products.
- **Harmonize and streamline customs procedures.**
- **Harmonize the other rules and regulations** – such as product safety and labeling – among all TPP countries.
- **Strengthen intellectual property rights (IPR) protections** among all TPP countries.
- **Create a "living" agreement** that welcomes additional parties and can evolve to address new textile and apparel issues as they arise.

Key Apparel Features in US TPP FTAs

	Date	Basic ROO	Duty Free	TPL	TPL Feature
Australia	1/1/2005	Yarn Forward	15 year phase out	No	
Chile	1/1/2004	Yarn Forward	Immediate	Yes	Permanent, 10 year drop down
Peru	2/1/2009	Yarn Forward	Immediate	No	
Singapore	1/1/2004	Yarn Forward	Immediate	Yes	Temporary, declining, duty free phased in.

Percent US Apparel Import Growth of 4 TPP FTAs



Source: US Commerce Dept, data based on SMEs

TPP Footwear Associations



Footwear Distributors and Retailers of America



Key Footwear Features in US TPP FTAs

	Date	Regular ROO	Regular Tariff Schedule	Sensitive ROO	Sensitive Tariff Schedule
Australia	1/1/2005	Tariff shift plus value added.	Immediate	Tariff shift plus higher value added. No 3 rd country uppers.	10 year linear phase out.
Chile	1/1/2004	Tariff shift plus value added.	Immediate	Tariff shift plus higher value added. No 3 rd country uppers.	10 year phase out begins in year 8.
Peru	2/1/2009	Tariff shift plus value added.	Immediate	Tariff shift plus higher value added. No 3 rd country uppers.	10 year linear phase out.
Singapore	1/1/2004	Tariff shift plus value added.	Formula approach with immediate, 4 year, 8 year, and 10 year phase outs.	Tariff shift plus higher value added. No 3 rd country uppers.	Formula approach with immediate, 4 year, 8 year, and 10 year phase outs.

THANK YOU!



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