



August 11, 2006

Senator Charles Grassley, Chairman
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, DC, 20510
E-mail: mtb2006@finance-rep.senate.gov

REF: Request for Comments on Miscellaneous Tariff Measures (July 11, 2006 Press Release)

Dear Chairman Grassley:

On behalf of the American Apparel and Footwear Association – the national trade association of the apparel and footwear industries, and their suppliers – I am writing to express strong support for the following bills identified in the subject press release.

S 3080, S 3124, S 3198, S 2833, S 2834, S 2835, S2836, S 2837, S 2841, S 2842, S 2843, S 2844, S 2845, S2846, S 2848, S 3124, S 3477, S 3571, S 3572, S 3573, S3574, S3575, S3576, S 3669, S 3670, S 3671, S 3672, S 3673, S3674, S 3735, S 3736 – Duty suspensions with respect to various footwear articles.

Comment. AAFA strongly supports these provisions. We are not aware of any domestic production of any of these footwear articles. Moreover, in the few cases where these bills cover the 17 footwear items that the Rubber & Plastics Footwear Manufacturers Association (RPFMA) identify as still being manufactured in the United States, the measures were crafted and refined, with the assistance of RPFMA and domestic industry, to ensure that they do not affect any domestic production of footwear.

S 3123, S 3125, S 3126, S 3127, S. 3393, S. 3394, S. 3396, S. 3397, S. 3400, S. 3401, S.3402, S. 3403, S 3493, S 3494 – Duty suspensions with respect to ski, snowboard and other water-resistant pants (i.e. performance outerwear pants) and bills to remove such pants from any sort of U.S. import quotas.

Comment. AAFA strongly supports these provisions. AAFA was involved in the development of these pieces of legislation. There is no domestic production of performance outerwear pants. Therefore, subjecting imports of such pants to duties or quotas provides no benefits to U.S. manufacturers while subjecting U.S. companies and U.S. consumers to additional costs.

S 3241/S 3242 – Two bills to provide duty suspensions with respect to various backpacks.

Comment. AAFA strongly supports these provisions. We are not aware of any domestic production of any of these backpacks.

S. 1954 – A bill to amend the General Notes of the HTS to give products imported from U.S. insular possessions the same treatment as products imported from FTA countries.

Comment: AAFA strongly supports this legislation. We have previously communicated to the Committee our strong support for this measure, and our desire to see this bill included in the miscellaneous tariff bill.

S. 738/S. 3344 – Bills to provide suspension of duty for certain cotton shirting fabrics.

Comment: AAFA strongly supports this legislation. Our association supported an earlier version of this legislation in the 108th Congress. This legislation would result in duty elimination for cotton fabrics that are already designated in short supply under various trade preference programs because these fabrics are unavailable in the United States and in the preference countries. Given that finished shirts may enter duty free using these fabrics, we believe it is also appropriate to permit the fabrics themselves to enter duty free. Thus, U.S. domestic manufacturers of shirts will be able to enjoy equal access to those same high quality fabrics that foreign-based manufacturers enjoy.

S. 3164 - A bill to extend trade benefits to certain tents imported into the United States.

Comment. AAFA strongly supports this provision. This legislation relates to certain camping tents, which are not made in the United States. Moreover, similar but slightly smaller tents, differentiated only by the fact that they are classified as “backpacking” tents, already enjoy duty free treatment. This provision would correct that anomaly.

S. 3051, 3052, 3053, and 3054 - Bills to provide suspension of duty for certain fibers.

Comment. AAFA strongly supports these provisions. Each of these fibers is a unique, innovative product, which is not available in the United States. Therefore, subjecting imports of the subject fibers to duties or quotas provides no benefits to U.S. manufacturers while subjecting U.S. companies and U.S. consumers to additional costs.

In addition, we note the inclusion of a number of other provisions relating to various yarns, fabrics and fibers. While we are not taking a position on any of these provisions we would suggest that reduction in duties in those articles is more likely to sustain U.S. jobs by providing U.S. manufacturers access to foreign inputs when those inputs are no longer available in the United States. Moreover, inasmuch as many free trade agreements now contain yarn and/or fiber forward principles, enactment of such provisions may also facilitate proper findings of short supply for those programs, which would also support U.S. jobs dependent on those production-sharing relationships.

Finally, we have not commented on bills that were included in the trade provisions section of the HR 4 – the Pension Protection Act of 2006.

Please contact me should you require additional information on these or other provisions.

Respectfully submitted,



Stephen Lamar
Senior Vice President



August 15, 2006

The Honorable Charles Grassley
Chairman, Senate Finance Committee
219 Dirksen Office Building
Washington, DC 20510

RE: S. 738 and S. 3344 – Legislation to suspend duties on woven cotton shirting fabrics

Dear Mr. Chairman:

I am writing to let you know of the National Council of Textile Organization's (NCTO) strong opposition to duty suspension legislation for woven cotton shirting fabrics. Legislation to suspend duties on woven cotton shirting fabrics was introduced by Senator Arlen Specter and the bill numbers are S. 738 and S. 3344.

The NCTO is an association representing the entire spectrum of the textile industry, including fibers, yarns, fabrics and industry suppliers. Several of our member companies manufacture woven cotton shirting fabrics that are used to produce men's and boy's shirts. This category of imports is also very import sensitive and this is why NCTO and other trade associations were successful in having safeguards imposed against men's and boys' cotton woven shirts from China. A major consideration in the government's decision to reimpose quotas was the impact that Chinese imports of woven cotton men's and boys' shirts were having on U.S. shirting fabric manufacturers.

With respect to S. 738, we also understand that there is a difference of opinion between the International Trade Commission (ITC) and the U.S. Customs Service regarding the exact fabrics that would be covered under this duty suspension. While the ITC maintains that only certain fabrics will be covered under this legislation, specifically those fabrics covered under Annex 401 of the NAFTA, the Customs Service interprets this legislation to open the floodgates to all imports of woven cotton fabrics used in the production of men's and boys' shirts. If this happens, the U.S. textile industry would be devastated.

Given that quotas have been reimposed on imports of men's and boy's woven cotton shirts from China because of the damage these imports were having on domestic shirting fabric manufacturers and also that there is a difference of opinion regarding which categories of cotton woven fabrics would actually be affected, NCTO must strongly oppose these bills.

The U.S. textile industry is already facing tremendous market pressures due to the lifting of textile and apparel quotas on January 1, 2005. If this industry is forced to absorb duty-free competition resulting from measures such as this, many companies will be unable to compete and will be forced to exit the market.

I understand that Congress has provided the duty suspension process to address situations where domestic capacity does not exist. As evidenced by the government's own actions, U.S. manufacturers produce significant quantities of these products and are capable of meeting domestic demand. As a result, we do not believe these duty suspension proposals merit approval, and NCTO strongly encourages an unfavorable report by the Committee on these bills.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Cass Johnson", written over a thin red horizontal line.

Cass Johnson
President
cjohnson@ncto.org



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July 28, 2006

The Honorable Charles Grassley
Chairman, Senate Finance Committee
219 Dirksen Office Building
Washington, DC 20510

**National Textile Association Statement Regarding Miscellaneous
Tariff Measures Introduced in the Senate During the 109th Congress**

Dear Mr. Chairman:

I write in response to the July 11, 2006, Senate Finance Committee solicitation of statements regarding miscellaneous tariff measures introduced in the Senate during the 109th Congress.

The National Textile Association is the nation's oldest and largest organization representing the fabric-making industry in the U.S. Our members knit, weave, dye, print, and finish fabric in the U.S., as well as supply the fabric industry with fibers, yarns, and other products and services.

From the list published at <http://finance.senate.gov/sitepages/2006MTB.htm> we have identified three bills that we must oppose as harmful to the interest of domestic producers we represent.

NTA opposes S.738 a bill to provide relief for the cotton shirt industry. We have communicated our concerns to a representative of the U.S. cotton shirt industry and he agreed to changes to the bill to make it acceptable to NTA. Those changes resulted in the filing of a new bill, S.3344 to which NTA has no objection.

NTA opposes S.1954 the *Insular Possessions Act of 2005*.

This bill would amend the requirements for duty-free treatment of goods shipped to the U.S. from insular possessions of the U.S. by lowering, from 50 percent to 30 percent, the percentage of the total value of a good which must originate in the insular possession or the U.S. This change is of great interest to U.S. textile producers because the Commonwealth of the Northern Mariana Islands (CNMI) is one of the beneficiaries of the insular possessions duty-free provision, being a

major shipper (79 million square meters worth in 2005) of apparel articles to the U.S.

In addition to duty-free status, the CNMI enjoys an extremely privileged trading relationship with the U.S. Apparel articles assembled in the CNMI may, legally, be marked "Made in the U.S.A." notwithstanding that the CNMI is exempt from the U.S. minimum wage. Furthermore, exemption from U.S. immigration laws, combined with the CNMI's own liberal guest worker program means that most of the apparel jobs in the CNMI are not even held by citizens of the CNMI.

Allowing more foreign content in goods entered duty-free from insular possessions will create an incentive for manufacturers to reduce insular possession/U.S. content in favor of cheap inputs from foreign countries. Among these foreign beneficiaries is, undoubtedly, China. U.S. imports of certain textile and apparel articles of Chinese origin are limited, through the year 2008, under a bilateral agreement between the U.S. and China. S.1954 would create a loop-hole for Chinese-origin goods to enter the U.S., via the CNMI, in circumvention of the hard-won U.S.-China bilateral agreement.

NTA opposes S.3642 a bill to temporarily suspend the duty on knitted or crocheted fabrics of cotton, printed. The NTA member companies who indicate that they manufacture cotton knit fabrics in the U.S. are

Alamac American Knits LLC

Beverly Knits, Inc.

Contempora Fabrics

Domestic Fabrics

Fab Industries, Inc.

Safer Textile Processing

From the list published at <http://finance.senate.gov/sitepages/2006MTB.htm> we have identified the follow bills that we support, the passage of which would be beneficial to the domestic producers we represent, or to which we have no objection:

NTA supports S.982 a bill to suspend the duty on certain rayon staple fibers. To the best of our knowledge and believe there is no domestic source for rayon.

NTA supports S.2328 a bill to extend through 2009 the existing duty suspension on certain synthetic filament yarns.

NTA supports S.2329 a bill to extend through 2009 the existing duty suspension on certain filament yarns.

NTA supports S.3022
NTA supports S.3023
NTA supports S.3024
NTA supports S.3025
NTA supports S.3026
NTA supports S.3027
NTA supports S.3028
NTA supports S.3029



These bills are suspension (or extend existing suspensions) of duty on certain fibers, yarns, and fabrics of fine animal hair such as cashmere, camel hair, and vicuna. These fibers are not commercially produced in the U.S. and the domestic producers of yarns and fabrics of fine animal hair support the duty suspension.

NTA supports S.3051

NTA supports S.3052

NTA supports S.3053

NTA supports S.3054

NTA supports S.3217. To the best of our knowledge and belief there is no domestic source for this rayon.

NTA supports S.3227 To the best of our knowledge and belief there is no domestic source for this rayon.

NTA supports S.3232.
NTA supports S.3233.



These bills extend and modify duty suspensions on wool products, wool research fund, and wool duty refunds, programs that have been in force since 2000 and which, taken together have provided significant relieve to the domestic wool textile and apparel industry.

NTA supports S.3240 a bill to clarify the tariff treatment of textile parts of seats and other furniture.

Cut pieces of fabric for use as furniture upholstery are classified as furniture parts under headings 9401 or 9403 of the Harmonized Tariff Schedule of the U.S. They are duty-free, in contrast to the duty on fabric in roll form, which range from 7 to 17 percent depending on fabric type.

This duty circumvention is severely damaging to U.S. upholstery fabric manufacturers. In 2005 the U.S. imported \$1.2 billion in textile parts for chairs and other furniture, of which \$811 million were of Mexican origin (for automobile seats) and \$336 million were of Chinese origin (for home

furnishings). While it is not possible to calculate precisely the loss in tariff revenue to the U.S. treasury due to this duty circumvention, it is undoubtedly several tens of millions of dollars annually.

The tariff schedule does not define what operations must be performed on fabric to transform it into furniture parts. Currently U.S. Customs and Border Protection classifies fabric as a furniture part even if it has undergone the very minimal further processing of cutting. We believe that the mere cutting of fabric should not be considered transforming operation for classification in HTSUS headings 9401 and 9403.

The design of this bill is to establish a reasonable definition of textile furniture parts based on substantial transformation. The National Textile Association endorses this effort. In addition, Senator Elizabeth Dole and Senator Rick Santorum have joined Senator Chafee in efforts to challenge this misclassification.

The NTA Upholstery Fabrics Committee, at the meeting held on Tuesday, April 11, 2006

VOTED to endorse the efforts of Senator Lincoln Chafee of Rhode Island to correct the misclassification of upholstery fabric as furniture parts and to contact their members of Congress and urge them to support Senator Chafee's efforts. The members of the Upholstery Fabrics Committee reiterated that misclassification of upholstery fabrics is a major issues which is seriously damaging U.S. producers of upholstery fabrics.

The NTA Board of Government, meeting later the same day, likewise

VOTED to support efforts to correct the misclassification of upholstery fabrics. Noting the seriousness of the issue, as emphasized by the members of the Upholstery Fabrics Committee, the NTA Board of Government directed the staff to exert the utmost energies in pushing for a legislative or administrative correction to the problem of misclassification of upholstery fabrics.

NTA supports S.3252

NTA supports S.3264

NTA supportss S.3265

NTA supports S.3266

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To the best of our knowledge and belief there is no domestic source for this rayon.

NTA has no objection to S.3344 a bill to provide relief for the cotton shirt industry. This is an alternative version of S.738; NTA opposes S.738.

NTA supports S.3395. To the best of our knowledge and belief there is no domestic source for this rayon.

NTA supports S.3434.

NTA supports S.3435.

NTA supports S.3436.

NTA supports S. 3645. To the best of our knowledge and belief there is no domestic source for this rayon.

Finally, from the list published at <http://finance.senate.gov/sitepages/2006MTB.htm> we have identified additional bills that may be of interest to domestic U.S. textile producers but regarding which we are not making comments at this time. We may be filing additional comments before the August 15th deadline. Our silence at this time regarding the following bills should not be taken as an indication of domestic industry assent.

S.541	S.3102	S.3236	S.3402
S.2647	S.3103	S.3241	S.3403
S.2648	S.3105	S.3242	S.3479
S.3070	S.3110	S.3362	S.3493
S.3071	S.3123	S.3393	S.3494
S.3097	S.3125	S.3394	S.3556
S.3098	S.3126	S.3396	S.3641
S.3099	S.3127	S.3397	S.3643
S.3100	S.3150	S.3400	S.3644
S.3101	S.3164	S.3401	

Thank you for your consideration of these comments.

Sincerely yours,

David Trumbull
Director, Member Services