

SPC&B Update

October 19, 2015 - In This Issue: Textile Report

TPP For Textiles & Apparel



TPP For Textiles & Apparel

While very few details of the Trans-Pacific Partnership (TPP) have been made public, certain aspects of the rules of origin and duty phase-outs for apparel products have been released by sources close to the negotiations. Less clear are the details for other textile products, for which we may not learn more until the official text is released.

Sources advise that some apparel products will be duty free upon implementation of the agreement. For the remainder, there are three different methods of phasing out applicable duties: 1) a 10-year phase-out for certain knit apparel; 2) a 12-year phase-out for certain woven apparel; and 3) a 5-year phase-out for certain other apparel products.

As previously advised, generally apparel will be subject to a yarn-forward rule of origin. Exceptions include apparel made with non-originating fabric that has been designated as commercially unavailable in the TPP region ("short supply"). Reportedly, the agreement has an extensive list of short supply fabrics.

In addition, there is an "earned import allowance" program, which will allow Vietnam to earn credits by importing a certain amount of U.S. cotton pants fabric for use against shipments of cotton pants made from third-country fabric imported into the United States duty free, similar to the 2 for 1 program for the Dominican Republic under CAFTA. It is not clear what ratio will be used for Vietnam -- i.e., whether it will be 2 for 1, 1 for 1, or something in the middle. Because under the TPP, cotton pants from Vietnam reportedly will be duty free upon implementation, Mexico and Peru are very concerned about the program and tried, unsuccessfully, to have their fabric counted toward the earned import allowance. Unfortunately, however, our sources indicate that only U.S. fabric will qualify. The only concession made was a last-minute imposition of a quantitative limit on men's cotton pants from Vietnam imported to the U.S. under the program.

A third category of exceptions is a limited list of products that are subject to a "single transformation" rule of origin, requiring only cutting and sewing in the TPP region. According to our sources, included are travel bags and handbags, brassieres, and babies' garments of synthetic materials.

For further details on textile and apparel issues, please contact Gail T. Cumins at gcumins@spcblaw.com, Alli Baron at abaron@spcblaw.com, or Donna Shira at dshira@spcblaw.com, or call us at 212-425-0055.

Sharretts, Paley, Carter & Blauvelt, P.C.
75 Broad Street, 5th Floor
New York, NY 10004
212-425-0055
customs@sharretts-paley.com

For more than sixty years, Sharretts, Paley, Carter & Blauvelt, P.C. has been one of the preeminent firms in the fields of global customs law, international trade law, and compliance. Our mission is to provide our clients with the personalized, focused service of a small-sized firm while offering the advantages of a top national law firm.

Attorney Advertising pursuant to New York RPC 7.1. This newsletter is provided for information purposes only.