

United States International Trade Commission

**Certain Yarns and
Fabrics FY 2009:
Effect of Modification of
U.S.-Singapore FTA Rules
of Origin**

Investigation No. U.S.-Singapore FTA-103-022

USITC Publication 4096

August 2009



U.S. International Trade Commission

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Executive Summary

This report provides probable effects advice on proposed modifications to the United States-Singapore Free Trade Agreement (USSFTA) rules of origin for certain apparel made of certain yarns and fabrics on U.S. trade under the USSFTA, on total trade, and on affected domestic producers. The subject apparel is made of viscose rayon filament yarns; plain-woven cotton fabrics; combed compact yarns of wool; and a variety of cotton flannel fabrics. The proposed changes to the USSFTA stem from determinations that these yarns and fabrics are not produced in the United States or Singapore in commercial quantities in a timely manner. During the period from November 16, 2002, to May 4, 2005, the subject yarns and fabrics were determined to not be commercially available by the Committee of the Implementation of Textile Agreements (CITA) under the commercial availability provisions of the Caribbean Basin Trade Partnership Act (CBTPA) and the Andean Trade Partnership Drug Enforcement Act (ATPDEA).

During the course of this investigation, Commission staff contacted domestic firms to ascertain whether domestic production of these textile products exists. Staff learned that, since CITA's determinations were made, the U.S. textile industry has been producing combed compact wool yarns. ***. The textile industry in the United States has not produced viscose rayon filament yarns since 1990.

Table 1 provides a short description of the subject yarns and fabrics and their uses, a summary of advice regarding the modifications to the USSFTA rules of origin for these textile articles, and advice concerning any likely changes in total trade, USSFTA trade, and domestic production.

TABLE 1 Summary of advice concerning modifications to the U.S.-Singapore FTA rules of origin for certain textile articles of the United States and Singapore

Product	Nature of modification	Probable effect advice	
<p><u>Product name:</u> Viscose rayon filament yarns</p> <p><u>Description:</u> Artificial filament fiber made by altering a cellulosic material into a long, continuous strand</p> <p><u>HTS subheading:</u> 5403.10.60</p> <p><u>Used in:</u> For the purpose of this investigation, production of apparel articles, particularly high-quality, high-fashion apparel</p>	<p>The current FTA rules specify that these types of yarns must be made in an FTA party in order for the apparel to be considered originating and thus qualify for FTA preferences.</p> <p>The proposed rule change is liberalizing because it would allow apparel made of this type of yarn formed outside an FTA party to be considered an originating good for FTA purposes.</p>	<p>Change in U.S. total trade: Imports: None Exports: None</p> <p>Change in U.S. production: None</p> <p>The proposed rule change would likely have no effect on the U.S. industry, because there is no domestic production of the subject yarns or any substitutable yarns. ***. There is likely to be no effect on U.S. trade under the USSFTA because there is likely to be little to no increase in U.S. imports of apparel made of the subject yarns from Singapore. Therefore, there is also likely to be no effect on total U.S. trade.</p>	<p>Change in U.S. trade under FTA: Imports: None Exports: None</p>
<p><u>Product name:</u> Plain-woven cotton fabrics</p> <p><u>Description:</u> Unbleached shirting fabrics of cotton mixed mainly with manmade fibers, not of square construction</p> <p><u>HTS subheading:</u> 5210.11</p> <p><u>Used in:</u> Women's and girls' blouses</p>	<p>The current FTA rules specify that this type of fabric must be made in an FTA party from yarn made in an FTA party in order for the apparel to be considered originating and thus qualify for FTA preferences.</p> <p>The proposed rule change is liberalizing because it would allow apparel made of this type of fabric formed outside an FTA party, of yarn formed outside of an FTA party, to be considered an originating good for FTA purposes.</p>	<p>Change in U.S. total trade: Imports: None Exports: None</p> <p>Change in U.S. production: None</p> <p>The proposed rule change would likely have no effect on the U.S. textile and apparel industry, because there appears to be no current verifiable domestic production of the subject plain-woven fabric. In addition, there appears to be no U.S. production of the blouses of this fabric. Because Singapore is not a cost-competitive apparel producer, an increase in U.S. trade in the blouses, which are mostly commodity-type apparel products, is not likely. Therefore, there would likely be no effect on U.S. trade in the blouses under the USSFTA and no effect on total U.S. trade.</p>	<p>Change in U.S. trade under FTA: Imports: None Exports: None</p>

TABLE 1 Summary of advice concerning modifications to the U.S.-Singapore FTA rules of origin for certain textile articles of the United States and Singapore—*Continued*

Product	Nature of modification	Probable effect advice	
<p><u>Product name:</u> Combed compact wool yarns</p> <p><u>Description:</u> A type of combed yarn of wool or fine animal hair produced by a compact ring-spinning process</p> <p><u>HTS subheadings:</u> 5107.10, 5107.20, and 5108.20</p> <p><u>Used in:</u> Wool hosiery (socks), long underwear, and high-end women’s dresses</p>	<p>The current FTA rules specify that these types of yarns must be made in an FTA party in order for the apparel to be considered originating and thus qualify for FTA preferences.</p> <p>The proposed rule change is liberalizing because it would allow apparel made of these types of yarns formed outside an FTA party to be considered an originating good for FTA purposes.</p>	<p>Change in U.S. total trade: Imports: Negligible increase Exports: None</p> <p>Change in U.S. production: Threat of adverse effect</p> <p>As there is some U.S. production of these yarns, the proposed rule change could result in the threat of an adverse effect on the domestic industry producing the subject yarns, on producers of other combed wool yarns, and on U.S. producers of apparel made from the subject yarns. The extent of any adverse effect would depend upon the amount of increase in imports of apparel of the subject yarns from Singapore under the USSFTA. It is likely that this increase would be small; therefore, there could be a negligible increase in total U.S. trade of apparel made of the subject yarns.</p>	<p>Change in U.S. trade under FTA: Imports: Small increase Exports: None</p>
<p><u>Product name:</u> Certain flannel and/or napped fabrics</p> <p><u>Description:</u> A wide variety of flannel fabrics, differing by the weight of the fabrics, the size of the yarns used, and fabric construction (plain or twill weaves)</p> <p><u>HTS subheadings and/or nos.:</u> 5208.32.3040, 5208.42.30, 5208.43.00, 5209.31.6050, and 5209.41.6040</p> <p><u>Used in:</u> Sleepwear, shirts and blouses, trousers, and undergarments such as boxer shorts</p>	<p>The current FTA rules specify that this type of fabric must be made in an FTA party from yarn produced in a party in order for the apparel to be considered originating and thus qualify for FTA preferences.</p> <p>The proposed rule change is liberalizing because it would allow apparel made of this type of fabric formed outside an FTA party of yarn formed outside of a party to be considered an originating good for FTA purposes.</p>	<p>Change in U.S. total trade: Imports: None Exports: None</p> <p>Change in U.S. production: None</p> <p>The proposed rule change would have no effect on the U.S. textile and apparel industry, because there is no current U.S. production of any of the subject flannel fabrics, and the Commission was unable to identify any U.S. producers of apparel made from the subject flannel fabrics. Singapore is not a cost-competitive apparel producer. Because there is no expected increase in imports from Singapore of apparel made of the subject fabrics, there is likely to be no effect on U.S. trade under the USSFTA and no increase in total U.S. trade of the subject apparel.</p>	<p>Change in U.S. trade under FTA: Imports: None Exports: None</p>

Glossary

Artificial manmade fiber—A type of manmade fiber created through technological means from chemicals and natural materials, such as cellulose, e.g., rayon, acetate.

Average Yarn Number—The average yarn number (a relative measure of the fineness of the yarn) of all the yarns used in a fabric.

Broadcloth fabric—A tightly woven, lustrous, plain weave cotton or polyester/cotton blend fabric with a crosswise rib.

Carded yarn—Carding includes opening, cleaning, and aligning the staple fibers, and then forming them into a continuous, untwisted strand, known as a “sliver”. When carded fibers are spun into yarns, they are known as carded yarns. If further alignment and smoothness of the yarn is desired, the fibers are combed.

Challis fabric—A fine, very soft, lightweight, plain weave fabric.

Combed yarn—Combing is an extra step that takes place after carding. A combed yarn is stronger, more even, more compact, finer, and smoother than a yarn that is spun after carding. Wool combed yarns are also referred to as “worsted” yarns.

Filament yarn—Yarn made from filament fibers, which are fibers of continuous and/or indefinite lengths.

Filling—In woven fabric, the yarns that run the width of the fabric, at right angles to the warp.

Gingham—Fabric with dyed yarns introduced at fixed intervals in both the width and length of the fabric to achieve a block or check effect.

Grey fabric—Fabric that has not been bleached, dyed, or finished in any way after initial production. Also referred to as “greige” fabric.

Loft—Refers to the bulk and fluffiness of the fabric, such as that created by napping.

Napped—The cotton fibers are brushed up slightly to create a soft, raised, or slightly fuzzy surface on the fabric.

Nep—A small knot of entangled fibers that usually will not straighten to a parallel position during carding and combing.

Number metric (NM)—Describes the linear density of the yarn and indicates the number of 1,000-meter lengths of yarn in one kilogram.

Open-end spinning—A method of spinning yarn. Staple fibers go through a continuous process whereby the fibers enter into a rotor where twist is applied, ultimately creating spun yarn.

Pick—A single filling yarn. The pick count is the number of filling yarns per centimeter of fabric.

Piece-dyed—Fabric that is dyed after it has been woven (rather than weaving the fabric from dyed yarn). Piece dyeing generally results in solid-colored fabric.

Pilling—The creation of small balls of fibers on the surface of the fabric as a result of friction or rubbing the surface of the fabric.

Plaid—A pattern consisting of multicolored bars or stripes on both the width and length of the fabric that cross at right angles. Plaid indicates a relatively large pattern, as compared with checks.

Plain weave—The simplest form of weaving. The warp or vertical yarn goes over one and under one, filling (horizontal) yarn across the entire width of the fabric.

Plied yarns—Yarns formed by twisting together two or more single yarns.

Poplin—A tightly woven, plain weave fabric characterized by a rib effect. Poplin is similar to broadcloth, but generally has a heavier rib pattern, and uses fewer filling yarns than broadcloth.

Ring spinning—A method of spinning yarn. Twist is applied to staple fibers by the movement of a spindle and a metal ring that moves around the spindle (a long, thin stick used in spinning). Ring spinning tends to be slower and more expensive than open-end spinning. Ring-spun yarns tend to be smoother and softer than open-end spun yarns.

Sanforized—A trademarked process to prevent fabric shrinkage.

Sheeting fabric—A type of plain-woven fabric made of closely woven yarns and characterized by a smooth and flat surface.

Shirting fabric—A type of fabric typically used in men's and women's woven shirts, such as broadcloth or poplin.

Single yarn—Made of staple fibers that are twisted or spun into a yarn.

Square construction—Fabric that has the same (or roughly the same) number of filling and warp yarns per square centimeter of fabric.

Synthetic manmade fiber—A type of manmade fiber created from polymers synthesized from chemical compounds, e.g., acrylic, nylon, polyester.

Twill weave—A fundamental weave characterized by diagonal lines produced by a series of floats staggered in the warp (fabric length) direction. The floats are created by passing a filling (or warp) yarn over two or more adjacent warps (or filling yarns). For example, a basic 2/1 twill weave occurs when the warp yarn floats over two filling yarns and passes under one filling yarn, creating a distinct diagonal line on the face and sometimes on the back of the fabric.

Warp—The set of all yarns that runs the length of the woven fabric. Warp ends signify the number of warp yarns per centimeter of fabric.

Yarn-dyed fabric—A fabric made with yarns that are dyed before weaving.

Sources: Celanese Corporation, *Man-Made Fiber and Textile Dictionary*, 1974; Hoechst Celanese, *Dictionary of Fiber & Textile Technology*, 1990; Collier and Tortora, *Understanding Textiles*, 1997; Dan River, Inc., *A Dictionary of Textile Terms*, 1980; *TextileGlossary.com*, "Open End Spinning Explained," undated (accessed April 1, 2009); Marjory L. Joseph, *Introductory Textile Science*, 1972; and industry sources.

CHAPTER 1

Introduction

Following receipt of a request on January 28, 2009, from the United States Trade Representative (USTR), the U.S. International Trade Commission (Commission) instituted Investigation No. Singapore FTA-103-22, *Certain Yarns and Fabrics FY 2009: Effect of Modification of U.S.-Singapore FTA Rules of Origin*.¹ As noted in the USTR request letter, U.S. negotiators reached agreement in principle with representatives of the government of Singapore concerning modifications to the United States-Singapore Free Trade Agreement (USSFTA) rules of origin for apparel articles made of certain yarns and fabrics.² The proposed changes to the USSFTA rules of origin are reflected in an attachment to the USTR request letter. The proposed changes, if implemented, would apply to U.S. imports from and exports to Singapore of apparel articles made of the specified yarns and fabrics.

The proposed changes to the USSFTA are the result of determinations that producers in the United States and Singapore are not able to produce certain yarns and fabrics in commercial quantities in a timely manner. The yarns and fabrics named in the attachment to the USTR request letter have been the subject of previous determinations made during the period from November 16, 2002, to May 4, 2005.³ These determinations were made by the Committee for the Implementation of Textile Agreements (CITA) under the “commercial availability” provisions of the United States-Caribbean Basin Trade Partnership Act (CBTPA) and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).⁴ Designations made by CITA under the commercial availability provisions of the African Growth and Opportunity Act (AGOA) and the CBTPA on or before November 15, 2002, were “grandfathered” into the USSFTA.

Singapore’s textile and apparel industry currently produces none of the subject yarns and fabrics.⁵ Singapore is a small supplier of textiles and apparel to the United States, accounting for less than 0.5 percent of total U.S. imports in 2008. Singapore’s textile and apparel exports to the United States have declined in recent years, falling by almost 50

¹ USTR made the request under authority delegated by the President and pursuant to section 103 of the United States-Singapore Free Trade Agreement Implementation Act (19 U.S.C. 3805 note). Section 202(o)(2)(B)(i) of the United States-Singapore Free Trade Agreement Implementation Act (the act) authorizes the President, subject to the consultation and layover requirements of section 103 of the act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Singapore pursuant to art. 3.18.4(c) of the agreement. One of the requirements set out in section 103 of the act is that the President obtains advice from the U.S. International Trade Commission.

² See the USTR request letter in app. A.

³ 70 Fed. Reg. 24553 (May 10, 2005).

⁴ See subheading 9820.11.27 of the Harmonized Tariff Schedule of the United States (HTS) for the CBTPA and subheading 9821.11.10 of the HTS for the ATPDEA. CITA determined that the specified yarns and fabrics could not be supplied by the domestic industry in commercial quantities in a timely manner and, accordingly, designated certain apparel articles made of such yarns and fabrics, regardless of the source of these inputs, as eligible to enter free of quotas and duties under the commercial availability provisions of the AGOA, the CBTPA, and/or the ATPDEA. All other yarn or fabric inputs used in the qualifying apparel items must be formed in the United States.

⁵ Callia Chua (deputy director/lead manager, Apparel Singapore), e-mail message to Commission staff, May 6, 2009. Apparel Singapore is a group of Singaporean-managed companies working together to create a brand identity, overseen by Singapore’s Textile and Fashion Federation. For more information, see <http://www.apparelsingapore.com>.

percent since 2004 to \$122 million in 2008.⁶ Singapore's apparel industry is less cost competitive than many of its Asian neighbors, particularly China, Vietnam, and Indonesia. Many of Singapore's garment producers have established multiple offshore production locations to enhance their production flexibility and are working together to create a regional "leading fashion business hub supported by internationally recognized global brands and operations."⁷

As requested by the USTR, the Commission is providing advice on the probable effect of the proposed modifications to the USSFTA rules of origin for certain apparel articles made of the specified yarns and fabrics on U.S. trade under the USSFTA, on total U.S. trade, and on affected domestic producers. The Commission is aware of one change in the capability of the U.S. textile industry to supply the specified yarns and fabrics since the date that CITA determined that the specified yarns and fabrics could not be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of the CBTPA and the ATPDEA. The U.S. textile industry is currently producing combed compact wool yarns in commercial quantities for the U.S. market; consequently, the proposed rule of origin change under the USSFTA could pose a threat of an adverse effect on the U.S. industry producing these yarns.

The Commission did not hold a public hearing in connection with this investigation but invited written submissions from the public. The Commission received three written submissions opposing the proposed rule of origin change for apparel made from combed compact wool yarns because they are reportedly now being manufactured domestically in commercial quantities. The Commission did not receive any written submissions concerning proposed modifications to the USSFTA rules of origin for apparel articles made from the other specified yarns and fabrics. The data and analysis presented herein draw on information collected by the Commission from publicly available sources and telephone interviews with industry representatives. The Commission conducted a qualitative analysis to assess the effects the changes to the rules of origin might have, if implemented, on trade and production for the subject products. The Commission's qualitative analysis is based on the best available information, including available trade and production data and information pertaining to the market conditions for the subject products (e.g., industry structure, production, product uses, and trade flows); information obtained from interested parties, including producers of the affected articles and other members of the textile and apparel industry; and Commission staff expertise. All information collected was used to provide advice on the probable effects of the rule changes on imports of the subject products from Singapore, imports of the subject products from all sources, and U.S. production of the subject products. Probable effects advice regarding import effects are each considered when evaluating the effects on U.S. production.

The remainder of the report contains the related information for the proposed rules changes on the specified products. Appendix A contains the request letter from the USTR and the attachment containing the specified product descriptions. Appendix B contains the Commission's notice of institution of the investigation and request for public comments. Positions of interested parties are summarized in appendix C.

⁶ Compiled from official statistics of the U.S. Department of Commerce.

⁷ DE International, "Singapore-Textile Industry," undated (accessed April 14, 2009); *Just-style.com*, "Singapore: Apparel Firms Step Up Efforts," October 29, 2008; and *MarketResearch.com*. "An Overview of the Singapore Apparel Industry," undated (accessed April 29, 2009).

CHAPTER 2

Certain Viscose Rayon Filament Yarns

Summary of Findings

The Commission's analysis indicates that the proposed modification of the USSFTA rule of origin for apparel made from certain viscose rayon filament yarns would likely have no effect on the level of U.S. trade under the USSFTA and, therefore, no effect on the level of total U.S. trade. The Commission's analysis also indicates that the proposed changes would have no effect on U.S. yarn, fabric, and apparel producers, because certain viscose rayon filament yarns are not produced in the United States. In addition, because of the special characteristics of viscose rayon filament yarns, there are no substitutable yarns.

Description of the Subject Viscose Rayon Filament Yarns

The yarns covered in this chapter¹ are filament yarns made of viscose rayon, an artificial manmade fiber (in contrast to a synthetic manmade fiber such as polyester). Viscose rayon fibers blend easily with other fibers, resulting in soft and lustrous fabrics that drape well. Consequently, viscose rayon filament yarns are considered ideal for producing higher-quality linings, high-fashion apparel garments, and neckties.

First manufactured in 1910, rayon filament was the first manmade fiber.² The basic viscose process involves chemically changing a cellulosic material, primarily wood pulp, into a soluble compound.³ This solution is then passed through a spinnerette (a device that resembles a shower head) to form soft, continuous strands or filaments as they pass through a sulfuric acid bath. In this process, the filaments are converted into almost pure cellulose.⁴

The subject yarns are classified in subheading 5403.10.60 of the Harmonized Tariff Schedule of the United States (HTS), which provides for multiple (folded), i.e., plied yarns made of two or more single yarns twisted together, or cabled viscose rayon filament yarns (other than sewing thread), which consist of two or more plied yarns twisted together, all the foregoing not put up for retail sale. The 2009 normal trade relations (NTR) duty rate on the subject yarns is 9.1 percent ad valorem. Apparel made

¹ See product section (1) of the attachment to the USTR's request letter (app. A) that lists the two types of viscose rayon filament yarns.

² Swicofil AG Textile Services, "Rayon Viscose," undated (accessed May 14, 2009).

³ Rayon's properties are therefore closer to natural cellulosic fibers such as cotton or linen rather than thermoplastic, petroleum-based, synthetic fibers such as nylon or polyester. Swicofil AG Textile Services, "Rayon Viscose," undated (accessed May 14, 2009).

⁴ Fiber Source, "Rayon Fiber (Viscose)," undated (accessed May 1, 2009). Production of viscose rayon requires significant water and energy inputs and causes environmental pollution as noxious or toxic gases are released into the environment. According to industry sources, a primary producer of all types of viscose rayon, Lenzing Group of Austria, has developed an environmentally friendly process. ***, telephone interviews by Commission staff, September 2, 2008.

from the subject yarns is classified in chapters 61 and 62 of the HTS and has NTR duty rates ranging from free to 28.2 percent ad valorem.

Explanation of Existing Rule of Origin and Proposed Rule Modification

Under the current rules in the USSFTA, the subject yarns must be formed in the United States or Singapore in order for apparel made from the yarn to be considered originating and thus qualify for FTA preferences. The proposed rule change would be implemented by both FTA parties and would allow apparel to be made in either party from the subject yarn formed outside the United States and Singapore (nonoriginating yarn), so that upon importation into the other party, the apparel containing the yarn would be considered an originating good and qualify for FTA preferences, including duty-free treatment.

U.S. Trade, Industry, and Market Conditions for Viscose Rayon Filament Yarns

The United States has not produced the subject viscose rayon filament yarns since 1990,⁵ nor are the subject yarns produced in commercial quantities in Singapore.⁶ Two U.S. companies, Tuscarora Yarns, Mount Pleasant, North Carolina, and Lenzing Fibers, Inc., New York, New York, spin viscose rayon yarns from rayon staple fibers, but do not make filament rayon yarns.^{***}⁷

Rayon staple yarns and the subject filament yarns differ in physical properties and end-use characteristics, such as fabric sheen, silkiness, texture, and durability.⁸ For example, rayon staple yarns cannot be used to produce a shiny satin or velvet fabric, while rayon filament yarns cannot be used to make fabrics normally produced from rayon staple yarns, such as a lightweight challis fabric. Also, the production methods and equipment used to make rayon staple yarns differ from those used to produce rayon filament yarns. The United States imports a relatively small amount of the subject yarns, primarily from Germany, Taiwan, and Italy. In 2008, Germany accounted for three-fourths of U.S. imports of these yarns.^{***}⁹

⁵ Frank Horn (president, Fiber Economics Bureau), telephone interview by Commission staff, May 4, 2009; ^{***}, telephone interview by Commission staff, June 30, 2009.

⁶ Callia Chua (deputy director/lead manager, Apparel Singapore), e-mail message to Commission staff, May 6, 2009. Apparel Singapore is a group of Singaporean-managed companies working together to create a brand identity, overseen by Singapore's Textile and Fashion Federation. For more information, see <http://www.apparelsingapore.com>.

⁷ ^{***}, telephone interview by Commission staff, April 29, 2009.

⁸ Yarns are usually made of staple fibers or filaments. A filament is a long, continuous, thin strand of extruded material (as long as a yard or more in length), and consists of manmade fibers (artificial and synthetic). Staple fibers usually measure 1 inch to 4 inches in length and include natural fibers (e.g., cotton) and cut lengths of filament. Viscose rayon spun yarns are classified in a different chapter of the HTS than viscose rayon filament yarns. The viscose rayon spun or staple yarns are classified in HTS subheading 5510.11.00 if a single yarn, and in subheading 5510.12.00 if a multiple (folded) or cabled yarn.

⁹ ^{***}.

Probable Effect of the Proposed Modification on U.S. Trade under the U.S.-Singapore FTA, on Total U.S. Trade, and on Any Existing Domestic Producers of the Affected Products¹⁰

The Commission's analysis indicates that the proposed modification of USSFTA rule of origin for apparel made from certain viscose rayon filament yarns would likely have no effect on the level of U.S. imports of apparel made of the subject yarn from Singapore, no effect on the level of total U.S. trade in the affected apparel, and no adverse effect on the domestic textile and apparel industry. The subject viscose rayon filament yarns have not been produced domestically since 1990, and because of the special characteristics of the subject yarns, there are no substitutable yarns. The Commission was not able to locate any fabric or apparel producers using the subject viscose rayon filament yarns in domestic production. To the extent that there may be U.S. production of apparel made of imported viscose rayon filament yarns, it is likely for niche markets, such as linings for higher-priced, tailored clothing or higher-priced fashion apparel. However, the level of any such U.S. production would be small because ***. In addition, Singapore is a small supplier of apparel made of all types of manmade fibers to the U.S. market.

¹⁰ The Commission's advice is based on information currently available to the Commission.

CHAPTER 3

Plain-Woven Cotton Fabrics

Summary of Findings

The Commission's analysis indicates that the proposed modification of the USSFTA rule of origin for certain unbleached plain-woven fabrics of cotton would likely have no effect on the level of U.S. imports of apparel made of the subject fabrics from Singapore under the USSFTA and, therefore, no effect on total U.S. trade in such apparel. The Commission's analysis also indicates that the proposed changes would have no effect on the U.S. textile and apparel industry, because there appears to be no current U.S. production of the subject fabrics.¹

Description of the Subject Plain-Woven Cotton Fabrics

The fabrics covered in this chapter² are plain-woven cotton fabrics, meaning that the filling threads and warp threads interlace alternately in a simple, checkerboard-like pattern. The subject fabrics are chiefly cotton/manmade-fiber blended shirting fabrics (e.g., broadcloth or poplin), not of square construction, containing more than 70 warp ends and filling picks per square centimeter, and having an average yarn number (AYN) exceeding 70 metric. The fabrics are in an unfinished or "grey" condition as imported and need to be dyed or otherwise finished before being made into apparel.

The subject fabrics are classified in HTS subheading 5210.11, which provides for unbleached, plain-woven fabrics of cotton, containing less than 85 percent cotton by weight, mixed mainly or solely with manmade fibers, and weighing not more than 200 grams per square meter. The 2009 NTR rate of duty on these fabrics is 13.5 percent ad valorem. The fabrics are used in women's and girls' blouses that are classified in HTS chapter 62 (apparel, not knitted or crocheted). The blouses are dutiable under HTS subheadings 6206.30.30 and 6211.42.00 at 15.4 percent and 8.1 percent ad valorem, respectively.

Explanation of Existing Rule of Origin and Proposed Rule Modification

Under the current rules in the FTA, the subject fabrics and the yarns from which they are formed must be made in the United States or Singapore in order for the apparel made using these fabrics and yarns to be considered originating and thus qualify for FTA preferences. The proposed rule change would be implemented by both FTA parties and would allow apparel made in either party from the subject fabrics formed outside the United States and Singapore (nonoriginating fabrics) upon importation into the other

¹ The Commission was unable to verify any current quantifiable U.S. production of the subject plain-woven cotton fabrics.

² See product section (2) in the attachment to the USTR's letter (app. A).

party, to be considered an originating good and qualify for FTA preferences, including duty-free treatment.

U.S. Trade, Industry, and Market Conditions for Plain-Woven Cotton Fabrics

U.S. production of unbleached cotton fabrics has declined in recent years.³ Production data for the subject plain-woven cotton fabrics are not readily available. However, the capacity of the U.S. textile industry to produce the subject fabrics appears to have contracted since December 2003, when the fabrics were the focus of a commercial availability petition filed with CITA by School Apparel, Inc.⁴ School Apparel alleged that the subject fabrics used to produce women's and girls' blouses could not be supplied by the domestic industry in commercial quantities in a timely manner. CITA had previously rejected (in March 2002) a petition by School Apparel for the bleached and dyed version of the subject fabrics,⁵ but found pursuant to the re-petition that the domestic industry could not supply the product.⁶

At the time of the re-petition, Alice Mills stated it was capable of producing the subject fabrics, but did not supply production data or product samples. The Commission's report on the same 2003 commercial availability petition stated that domestic mills believed to have the capacity to make the subject fabrics included ***.⁷ The Commission was not, however, able to verify domestic production of the subject fabrics at that time. Since then, *** have ceased operations.

To assess the potential effect of the proposed change in the rule of origin for the subject fabrics under the USSFTA, Commission staff interviewed the respective presidents of *** the proposed rule of origin change for the subject fabrics.⁸ ***⁹ *** stated that his company makes the subject fabrics; however, information to substantiate *** claim was not provided.¹⁰ Commission staff also made several attempts to reach representatives of

³ Based on data in USDOC, Census, "Current Industrial Reports: Textiles; Second Quarter 2005," September 2005; USDOC, Census, "Current Industrial Reports: Textiles; Fourth Quarter 2005," March 2006; USDOC, Census, "Current Industrial Reports: Textiles; Second Quarter 2006," September 2006; USDOC, Census, "Current Industrial Reports: Textiles; Fourth Quarter 2006," March 2007; USDOC, Census, "Current Industrial Reports: Textiles; Second Quarter 2007," September 2007; USDOC, Census, "Current Industrial Reports: Textiles; Fourth Quarter 2007," March 2008; and USDOC, Census, "Current Industrial Reports: Textiles; 2008 Summary," March 2009. The general decline in U.S. production of cotton fabrics can be largely attributed to falling demand, as competitively priced U.S. imports of apparel made from these fabrics have climbed steadily in recent years, especially since the January 1, 2005, elimination of quotas under the Agreement on Textiles and Clothing.

⁴ USDOC, ITA, OTEXA, "Report on the December 18, 2003, Commercial Availability Request," (under the CBTPA) undated (accessed May 6, 2009).

⁵ 67 Fed. Reg. 10683 (March 8, 2002).

⁶ 69 Fed. Reg. 22008 (April 23, 2004).

⁷ See USITC, "Blouses of Certain Plain-Woven Cotton Fabrics, Investigation No. 332-450-010," 2004, 010-3.

⁸ *** and ***, telephone interviews by Commission staff, May 7 and May 11, 2009. A representative of the National Council of Textile Organizations (NCTO) also voiced opposition to the proposed change claiming these *** produce the fabrics domestically. Michael Hubbard (president, NCTO), e-mail message to Commission staff, May 7, 2009.

⁹ ***, e-mail message to Commission staff, May 8, 2009, and telephone interview by Commission staff, May 11, 2009.

¹⁰ ***, telephone interview by Commission staff, May 7, 2009. Commission staff was not able to verify production of the subject fabrics, because it received no responses to requests for information concerning how much of the subject fabrics ***.

*** but received no reply. In addition, although a representative of *** commented on other subject products covered by this investigation, no response was received with respect to inquiries concerning plain-woven cotton fabrics.

Commission staff interviewed representatives of *** U.S. apparel companies, ***, that have been buying imports of the subject fabrics from ***¹¹ *** to be cut and sewn into women's and girls' blouses.¹² Commission staff was unable to identify any U.S. importers of women's and girls' blouses made from the subject or similar fabrics from Singapore. ***¹³ *** of these apparel companies could identify any U.S. firms that domestically produce women's and girls' blouses and shirts from the subject fabrics.

Probable Effect of the Proposed Modification on U.S. Trade under the U.S.-Singapore FTA, on Total U.S. Trade, and on Any Existing Domestic Producers of the Affected Products¹⁴

The Commission's analysis indicates that the proposed modification of the USSFTA rule of origin for plain-woven cotton fabrics classified in HTS subheading 5210.11 used in women's and girls' shirts and blouses would likely have no effect on U.S. trade in the subject fabrics and apparel made from such fabrics under the USSFTA and, therefore, no effect on total U.S. trade in the subject fabrics and apparel made from such fabrics.

Although ***, the Commission was unable to verify domestic production of the subject fabrics, ***.¹⁵ Therefore, the Commission concludes that the proposed rule change would have no effect on U.S. fabric producers. In addition, the Commission was unable to identify any U.S. producers of blouses made of the subject fabrics. Imports supply most, if not all, of the U.S. market for the blouses, and most U.S. imports of the subject blouses are lower-priced, commodity-type apparel products such as uniforms. Singapore is not a cost-competitive lower-priced apparel producer, but rather tends to produce higher-priced, branded apparel. Therefore, granting duty-free treatment to U.S. imports from Singapore of apparel articles containing such fabrics would likely not result in increased imports from Singapore and thus would likely have no effect on the U.S. textile and apparel industry.

¹¹ ***, telephone interview by Commission staff, May 11, 2009.

¹² *** and ***, telephone interviews by Commission staff, May 8 and 11, 2009.

¹³ ***, telephone interview by Commission staff, May 11, 2009.

¹⁴ The Commission's advice is based on information currently available to the Commission.

¹⁵ As noted, Commission staff received ***.

CHAPTER 4

Certain Combed Compact Yarns of Wool or Fine Animal Hair for Use in Apparel Articles

Summary of Findings

The Commission's analysis indicates that the proposed modification of the USSFTA rule of origin for apparel made from certain combed compact yarns of wool or fine animal hair could result in the threat of an adverse effect on the domestic industry producing the subject yarns, and also, indirect effects on producers of other (traditional) combed wool yarns and on wool sock producers because of difficulties distinguishing the subject yarns from non-subject yarns. In addition, the capability of the U.S. textile industry to supply these subject yarns has changed since the United States and Singapore affirmed that there was no production of these yarns in either country. However, because Singapore is an insignificant supplier of wool apparel to the United States and because its apparel industry is not cost competitive relative to some of its Asian neighbors, it is difficult to estimate the magnitude of an adverse effect on the U.S. industry. Any potential increase in imports of apparel made from the subject yarns from Singapore under the USSFTA is likely to be small, and the resulting increase in total U.S. trade or imports of apparel made from the subject yarns would likely be negligible.

Description of the Subject Combed Compact Yarns of Wool or Fine Animal Hair

The combed¹ compact yarns of wool or fine animal hair for use in apparel articles covered in this chapter² are yarns that have been produced by a compact ring-spinning process whereby air suction and compaction is used to condense the fibers, causing them to lay closer together and parallel with each other.³ Compact yarns are similar to traditional combed yarns in that the two types of yarns have "identical end use applications" in apparel.⁴ However, industry representatives assert that yarns produced by compact spinning, a "modified ring-spinning process," have "superior yarn structure and quality, especially in terms of hairiness and strength"⁵ compared with traditional combed wool yarns.⁶ Compact spinning also allows almost all the fibers to be twisted and results

¹ The process of combing yarns, which straightens fibers and extracts neps, foreign matter, and short fibers, follows carding to create stronger, finer, smoother, more even, and more compact yarns.

² See product section (3) of the attachment to the USTR's request letter (app. A).

³ ***, telephone interview by Commission staff, April 16, 2009.

⁴ USITC, "Apparel of Combed Compact Yarns, Investigation No. 332-458-009," 2005, 001-3.

⁵ Textile Research Journal, "A Comparison of Compact Yarns Properties," March 1, 2006. "Yarns production technique and the structure of the yarns are among the basic elements which influence the quality of the textile end product." See Fibers and Textiles in Eastern Europe, "A Comparative Study of the Characteristics of Compact Yarns-Based Knitted Fabrics," April/June 2005, 39.

⁶ Fibers and Textiles in Eastern Europe, "A Comparative Study of the Characteristics of Compact Yarns-Based Knitted Fabrics," April/June 2005, 39.

in stronger yarns with less breakage, greater durability and longevity, and reduced pilling.⁷ In addition, producing combed compact wool yarns is more expensive and time-consuming than spinning traditional combed wool yarns. The specialized spinning frames used to produce combed compact spun wool yarns, which became available during the past five to seven years,⁸ are larger (because air compression and air injection require more air tubes and hoses), and require more production space.

The subject combed compact wool yarns are suitable for many types of apparel and are most commonly used in hosiery and socks, base layer apparel (i.e., long underwear), and increasingly for high-end women's dress lines.⁹ Industry sources report that, after combed compact yarns of wool or other animal fibers are woven into fabric, it is impossible for the naked eye to distinguish between fabric and garments made from combed compact wool yarns and fabric and garments made from other traditional combed wool yarns.¹⁰ A representative of U.S. Customs and Border Protection confirmed that it is very difficult to distinguish garments made from traditional combed wool yarns and those made from combed compact wool yarns.¹¹ The wool apparel made from the subject yarns is classified in HTS chapter 61 (apparel, knitted or crocheted), and these wool apparel articles are subject to NTR duty rates ranging from 11.3 percent to 18.8 percent ad valorem. The duty rates for the subject wool yarns classified in HTS headings 5107.10 and 5107.20 are 6 percent and for those under 5108.20 are 4 percent.

Explanation of Existing Rule of Origin and Proposed Rule Modification

Under the current rules in the FTA, the subject yarns must be formed in the United States or Singapore in order for apparel made from the yarns to be considered originating and thus qualify for FTA preferences. The proposed rule change would be implemented by both FTA parties and would allow apparel to be made in either party from the subject yarns formed outside the United States and Singapore (nonoriginating yarns), so that upon importation into the other party, the apparel would be considered an originating good and qualify for FTA preferences.

⁷ ***, telephone interview by Commission staff, April 8, 2009; ***, telephone interview by Commission staff, April 9, 2009. Also, in compact spinning, the fibers are "compacted aerodynamically just after the drafting" and become "more closely aligned and increasingly parallel, which leads to "relatively equal tension" in the yarns structure. See Fibers and Textiles in Eastern Europe, "A Comparative Study of the Characteristics of Compact Yarns-Based Knitted Fabrics," April/June 2005, 39.

⁸ ***, telephone interview by Commission staff, April 8, 2009.

⁹ ***, telephone interview by Commission staff, April 16, 2009.

¹⁰ This is the consensus among numerous industry representatives. ***, telephone interview by Commission staff, April 8, 2009; ***, telephone interview by Commission staff, April 16, 2009; ***, telephone interview by Commission staff, April 16, 2009; and ***, telephone interview by Commission staff, April 8, 2009.

¹¹ ***, Maribeth Dunajski (national import specialist, U.S. Customs and Border Protection), e-mail message to Commission staff, May 29, 2009.

U.S. Trade, Industry, and Market Conditions for Combed Compact Yarns of Wool or Fine Animal Hair

Wool yarns spinners

Although traditional combed wool yarns have been produced domestically for many years, the subject combed compact wool yarns were not produced in the United States until late 2007. Currently, *** known to spin the subject combed compact wool yarns domestically.¹² *** a complete range of compact wool yarns of all yarn counts.¹³ Combed compact wool yarns are not currently produced in commercial quantities in Singapore.¹⁴ These yarns are produced in China, which has a considerable number of the special spinning frames required to produce such yarns; Canada and Mexico also reportedly produce compact wool yarns.¹⁵ Demand for combed compact wool yarns apparently is limited because of its higher price.¹⁶

*** began production of the subject combed compact wool yarns, ***.¹⁷ In 2008, *** and sold the yarns to domestic and foreign customers. About *** combed compact wool yarns go into hosiery; the remainder is for use in long underwear and high-end women's dresses.¹⁸ Key domestic customers include ***. In addition to the above information that *** supplied, the National Council of Textile Organizations stated that "there is no short supply of compact yarns of wool in the United States" and requested that this item be removed from consideration for duty-free treatment under the proposed rule of origin modification.¹⁹

*** to make traditional (not compact) combed wool yarns, primarily for hosiery producers.²⁰ *** that the proposed change in the rule of origin under the USSFTA would hamper *** competitiveness, because fabric and apparel made from combed compact wool yarns are indistinguishable from fabric and apparel made from traditional combed wool yarns (thus, apparel made from traditional combed wool yarns but falsely labeled as made from combed compact wool yarns could potentially enter duty-free under the USSFTA). The *** asserted that, if implemented, the proposed rule of origin change would likely lead to "backdoor imports from China."²¹ *** traditional combed wool yarns sold primarily to U.S. customers, stated opposition to the proposed change in the rule of origin for the same reason.²² In addition, *** noted that the proposed rule change

¹² Production was verified by speaking with U.S. customers of combed compact wool yarns made by ***. ***, telephone interview by Commission staff, April 16, 2009.

¹³ ***, telephone interview by Commission staff, April 9, 2009.

¹⁴ Callia Chua (deputy director/lead manager, Apparel Singapore), e-mail message to Commission staff, May 6, 2009. Apparel Singapore is a group of Singaporean-managed companies working together to create a brand identity, overseen by Singapore's Textile and Fashion Federation. For more information, see <http://www.apparelsingapore.com>.

¹⁵ ***, telephone interview by Commission staff, April 16, 2009; ***, telephone interview by Commission staff, April 8, 2009; and ***, telephone interview by Commission staff, April 9, 2009.

¹⁶ ***, telephone interview by Commission staff, April 16, 2009.

¹⁷ ***, telephone interview by Commission staff, April 16, 2009.

¹⁸ ***, telephone interview by Commission staff, April 16, 2009.

¹⁹ NCTO, written submission to the Commission, April 27, 2009, 2.

²⁰ ***, telephone interview by Commission staff, April 8, 2009.

²¹ ***, telephone interview by Commission staff, April 8, 2009.

²² ***, telephone interview by Commission staff, April 8, 2009.

could inhibit additional investment in compact spinning equipment and future expansion of domestic production of combed compact wool yarns.²³

Wool sock and hosiery producers

Commission staff interviewed *** wool sock producers, ***, that buy wool yarn from ***.²⁴ *** companies produce myriad types of socks, including athletic socks, work socks, and outdoor socks of many kinds of fibers including acrylic, cotton, merino wool, and combed wool (both compact and noncompact).²⁵ These wool sock firms expressed concern that the proposed rule of origin change would negatively affect their business because of increased competition from possible transshipments of wool socks from other Asian suppliers through Singapore. Also, U.S. wool sock firms noted that imports of wool socks made from traditional combed wool yarn could increase, because they are difficult to distinguish from those made from compact combed wool yarn.²⁶

Probable Effect of the Proposed Modification on U.S. Trade under the U.S.-Singapore FTA, on Total U.S. Trade, and on Any Existing Domestic Producers of the Affected Products²⁷

The request letter from the USTR stated that the proposed changes in the rules of origin for the specified yarns and fabrics were “the result of determinations that producers in the United States and Singapore are not able to produce certain yarns and fabrics in commercial quantities in a timely manner.”²⁸ Commission staff found during their research, however, that this is no longer true for combed compact wool yarns. ***.²⁹

The Commission’s analysis indicates that, if the proposed modification of the USSFTA rule of origin for fabric and apparel made from the subject combed compact wool yarns was adopted and resulted in an increase in imports of apparel made from the subject yarns from Singapore, there could be a threat of an adverse effect on the domestic industry producing the subject yarns and also, indirect effects on producers of other (traditional) combed wool yarns and on U.S. producers of apparel made from the yarns.³⁰ It is difficult, however, to estimate the magnitude of any adverse effect on the U.S.

²³ ***, telephone interview by Commission staff, April 8, 2009.

²⁴ ***, telephone interview by Commission staff, April 8, 2009; ***, telephone interview by Commission staff, April 16, 2009.

²⁵ ***.

²⁶ ***, telephone interview by Commission staff, April 8, 2009; ***, telephone interview by Commission staff, April 16, 2009.

²⁷ The Commission’s advice is based on information currently available to the Commission.

²⁸ See the USTR’s request letter (app. A).

²⁹ The capability of the U.S. textile industry to supply the yarns has changed since 2004, when CITA determined that the subject yarns could not be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of the AGOA, the CBTPA, and the ATPDEA. 69 Fed. Reg. 30631-30633 (May 24, 2004).

³⁰ The potential exists for U.S. wool apparel producers to experience the threat of an adverse effect because U.S. industry sources indicate that apparel made from the subject wool yarns, although higher priced, is otherwise indistinguishable from apparel made from traditional combed wool yarns (and they have identical end-use applications), so that the apparel made from the traditional combed yarns may be misidentified when imported and receive the preferences conferred on apparel made with the subject yarns.

industry. Singapore is an insignificant supplier of wool apparel to the United States, accounting for less than 1 percent of the total value of U.S. imports of apparel from Singapore in 2008. Furthermore, Singapore is not a cost-competitive apparel producer compared with its Asian neighbors such as China, Vietnam, and Indonesia.

The potential exists for a small increase in U.S. imports of apparel made from the subject yarns from Singapore under the USSFTA, which could then result in a negligible increase in total U.S. trade in apparel made from the subject yarns.

CHAPTER 5

Certain Cotton Flannel and/or Napped Fabrics for Use in Apparel Articles

Summary of Findings

The Commission's analysis indicates that the proposed modification of the USSFTA rule of origin for certain flannel fabrics would likely have no effect on U.S. trade in apparel made from the subject fabrics under the USSFTA and, therefore, no effect on total U.S. trade of such apparel. The Commission's analysis indicates that the proposed changes would have no effect on U.S. textile and apparel firms, because the Commission was unable to identify any current U.S. production of the subject flannel fabrics or apparel made from the subject flannel fabrics. Also Singapore is not a cost-competitive apparel producer.

Description of the Subject Flannel Fabrics

The fabrics covered in this chapter¹ consist of a wide variety of flannel fabrics, differing by the weight of the fabrics, the size of the yarns from which they are woven, the fabric construction (number of yarns used), and how the fabrics are dyed and finished. For the purposes of this report, the flannel fabrics are split into five groups, reflecting sections (4) through (8) of the USTR's request letter. The subject flannel fabrics consist of 100 percent cotton, plain or twill woven fabrics. All of the fabrics must be napped; the fabrics in groups 2-5, (product sections (5) through (8) of the USTR's request letter), specifically must be napped on both sides.

The subject cotton flannel fabrics are usually used in sleepwear, shirts and blouses, trousers, and undergarments such as boxer shorts, which are classified in HTS chapter 62 (apparel, not knitted or crocheted). The 2009 normal trade relations (NTR) rates of duty applied to this apparel range from 6.1 percent to 19.7 percent ad valorem. Although not the subject of this investigation, flannel fabrics may also be used in the production of gloves and home furnishings such as sheets.

¹ See product sections (4) through (8) of the attachment to the USTR's request letter (app. A).

The 100 percent flannel fabrics in Group 1 below are a subset of those fabrics classified in HTS subheading 5208.43.00. These fabrics are yarn-dyed and made using a twill weave.

Group 1²

Fabric specifications				
HTS statistical reporting number and U.S. NTR rate of duty	Dyeing and finishing^a	Weight	Construction	Yarn description
Fabric 1: 5208.43.0000 Rate of duty: Free	Yarns of different colors	200g/m ² or less	2 x 1 twill weave ^b	14 to 41 number metric (NM) single ring-spun yarns
^a In addition, the fabric must be napped. ^b The 2 x 1 indicates that the warp yarn floats over 2 filling yarns and floats under 1 filling yarn, thus creating a distinguishable diagonal line on the face of the fabric.				

² Flannel fabrics in group 1 are those in product section (4) of the attachment to the USTR's request letter (app. A).

The three fabrics in Group 2 below are 100 percent cotton flannel fabrics. Fabric 1 of this group is a subset of those fabrics imported under HTS subheading 5208.42.30 and is a plain-woven fabric. Fabrics 2 and 3 of this group of flannel fabrics are subsets of those fabrics imported under HTS statistical reporting number 5209.41.6040.

The three fabrics in Group 2 must be napped on both sides and must be made with warp yarns that are ring spun and filling yarns that are open-end spun. According to the original commercial availability review conducted on these fabrics, the warp yarns must be ring spun to provide additional tensile strength to handle the degrading effects of extensive napping on both sides of the fabric, while the filling yarns must be open-end spun to provide the necessary loft and softness to the fabric.³ The yarns with average yarn numbers (AYN) ranging from 23.3 metric to 39.4 metric have a density or “thickness” considered to be commodity-type yarns.⁴

Group 2⁵

Fabric specifications				
HTS statistical reporting number and U.S. NTR rate of duty	Dyeing and finishing^a	Weight and width^b	Construction	Yarn number for the warp, filling, and overall average yarn number (AYN)^c
Fabric 1: 5208.42.3000 Rate of duty: 8.1 percent ad valorem	Yarns of different colors	152.6 g/m2; 150 cm	Plain woven 24.4 warp ends/cm; 15.7 filling picks/cm; Total: 40.1 threads/cm2	Warp: 40.6 metric Filling: 20.3 metric AYN: 39.4 metric
Fabric 2: 5209.41.6040 Rate of duty: 8.1 percent ad valorem	Yarns of different colors	251 g/m2; 160 cm	Plain woven 22.8 warp ends/cm; 17.3 filling picks/cm; Total: 40.1 threads/cm2	Warp: 40.6 metric Filling: 8.46 metric AYN: 24.1 metric
Fabric 3: 5209.41.6040 Rate of duty: 8.1 percent ad valorem	Yarns of different colors	251 g/m2; 160 cm	Plain woven 20.1 warp ends/cm; 16.5 filling picks/cm; Total: 36.6 threads/cm2	Warp: 27.07 metric Filling: 10.16 metric AYN: 23.3 metric
^a In addition, all the fabrics must be napped on both sides and sanforized. ^b All the widths are “cuttable” widths, useable for making the garments. ^c For each of the three fabrics, the warp yarn is ring spun, and the filling yarn is open-end spun.				

The eight fabrics in Group 3 on the following page are 100 percent cotton flannel fabrics. Fabric 1 of this group is a subset of fabrics imported under HTS statistical reporting number 5208.32.3040 and is a piece-dyed, plain-woven, sheeting fabric.⁶ Fabrics 2 through 6 are subsets of fabrics imported under HTS statistical reporting number 5209.31.6050 and are piece-dyed, plain-woven sheeting fabrics. Fabrics 7 and 8 are imported under HTS statistical reporting number 5209.41.6040 and are yarn-dyed, plain-woven fabrics.

³ Most of the information in this paragraph is based on USITC, “Apparel of Certain Cotton Flannel Fabrics,” Investigation No. 332-458-010, 2005, 2.

⁴ ***, telephone interview by Commission staff, April 29, 2009.

⁵ Flannel fabrics in group 2 are those in product section (5) of the attachment to the USTR’s request letter (app. A).

⁶ The HTS defines “sheeting fabric” as plain-weave fabric, whether or not napped, and not of square construction. For more information on sheeting fabric, see Statistical Note 1. (b) of chap. 52 of the HTS.

Group 3⁷

Fabric specifications				
HTS statistical reporting number and U.S. NTR rate of duty	Dyeing and finishing^a	Weight and width^b	Construction	Yarn number for the warp, filling, and overall average yarn number (AYN)^c
Fabric 1: 5208.32.3040 Rate of duty: 7 percent ad valorem	Piece-dyed	152.6 g/m2; 150 cm	Plain woven 24.4 warp ends/cm; 15.7 filling picks/cm; Total: 40.1 threads/cm2	Warp: 40.6 metric Filling: 20.3 metric AYN: 39.4 metric
Fabric 2: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	251 g/m2; 160 cm	Plain woven 22.8 warp ends/cm; 15 filling picks/cm; Total: 37.8 threads/cm2	Warp: 40.6 metric Filling: 8.46 metric AYN: 24.1 metric
Fabric 3: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	203 g/m2; 150 cm	Plain woven 20.5 warp ends/cm; 17.3 filling picks/cm; Total: 37.8 threads/cm2	Warp: 40.6 metric Filling: 13.5 metric AYN: 27.9 metric
Fabric 4: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	291.5 g/m2; 160 cm	Plain woven 23.2 warp ends/cm; 15 filling picks/cm; Total: 38.2 threads/cm2	Warp: 27.07 metric Filling: 8.46 metric AYN: 20.1 metric
Fabric 5: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	291.5 g/m2; 160 cm	Plain woven 26.8 warp ends/cm; 16.5 filling picks/cm; Total: 43.3 threads/cm2	Warp: 25.46 metric Filling: 10.16 metric AYN: 23.8 metric
Fabric 6: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	254 g/m2; 160 cm	Plain woven 20 warp ends/cm; 14.5 filling picks/cm; Total: 34.5 threads/cm2	Warp: 28.8 metric Filling: 8.46 metric AYN: 20.1 metric
Fabric 7: 5209.41.6040 Rate of duty: 7.5 percent ad valorem	Gingham check or plaid of yarns of different colors	251 g/m2; 160 cm	Plain woven 22.8 warp ends/cm; 15 filling picks/cm; Total: 37.8 threads/cm2	Warp: 40.6 metric Filling: 8.46 metric AYN: 24.1 metric
Fabric 8: 5209.41.6040 Rate of duty: 7.5 percent ad valorem	Plaid of yarns of different colors	251 g/m2; 160 cm	Plain woven 19.7 warp ends/cm; 11.8 filling picks/cm; Total: 31.5 threads/cm2	Warp: 20.3 metric Filling: 8.46 metric AYN: 20.1 metric
^a In addition, all the fabrics must be napped on both sides and sanforized. ^b All the widths are "cuttable" widths, useable for making the garments. ^c For each of the eight fabrics, the warp yarn is ring spun, and the filling yarn is open-end spun.				

⁷ Flannel fabrics in group 3 are those in product section (6) of the attachment to the USTR's request letter (app. A).

The two 100 percent cotton flannel fabrics in Group 4 below are subsets of the fabrics imported under HTS statistical reporting number 5209.31.6050 and are similar to those piece-dyed, plain-woven, sheeting flannel fabrics that are imported under the same HTS statistical reporting number in group 3. The differences are in the fabric construction and yarn size. The group 4 fabrics are made of yarns that have lower average yarn numbers, indicating that these are thicker or more dense yarns than the yarns used to produce the fabrics in group 3.

Group 4⁸

Fabric specifications				
HTS statistical reporting numbers and U.S. NTR rate of duty	Dyeing and finishing^a	Weight and width^b	Construction	Yarn number for the warp, filling, and overall average yarn number (AYN)^c
Fabric 1: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	291.5g/m2; 160 cm	Plain woven 24.41 warp ends/cm; 16.53 filling picks/cm; Total: 40.94 threads/cm2	Warp: 25.4 metric Filling: 10.16 metric AYN: 14.04 metric
Fabric 2: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	305g/m2; 160 cm	Plain woven 24.41 warp ends/cm; 18.11 filling picks/cm; Total: 42.52 threads/cm2	Warp: 25.4 metric Filling: 10.16 metric AYN: 13.95 metric
^a In addition, all the fabrics must be napped on both sides and sanforized. ^b All the widths are “cuttable” widths, useable for making the garments. ^c For each of the two fabrics, the warp yarn is ring spun, and the filling yarn is open-end spun.				

The one type of 100 percent cotton flannel fabric included in Group 5 below is also a subset of the fabrics classified in HTS statistical reporting number 5209.31.6050 and is similar to the other flannel fabrics that are piece-dyed. This fabric is woven of yarns that are finer than those in group 4 but relatively thicker than the similar yarns used in weaving the piece-dyed flannels in group 3.

Group 5⁹

Fabric specifications				
HTS statistical reporting number and U.S. NTR rate of duty	Dyeing and finishing^a	Weight and width^b	Construction	Yarn description^c
Fabric 1: 5209.31.6050 Rate of duty: 8.4 percent ad valorem	Piece-dyed	203g/m2; 150 cm	Plain woven 21 warp ends/cm; 18 filling picks/cm; Total: 39.0 threads/cm2	Warp: 40.6 metric Filling: 13.54 metric AYN: 19.2 metric
^a In addition, the fabric must be napped on both sides and sanforized. ^b The width is a “cuttable” width, useable for making the garments. ^c The warp yarn is ring spun and the filling yarn is open-end spun.				

⁸Flannel fabrics in group 4 are those in product section (7) of the attachment to the USTR’s request letter (app. A).

⁹Flannel fabrics in group 5 are those in product section (8) of the attachment to the USTR’s request letter (app. A).

Explanation of Existing Rule of Origin and Proposed Rule Modification

Under the current rules in the FTA, the subject fabrics and the yarns used to make the fabrics must be formed in the United States or Singapore in order for apparel made using these fabrics and yarns to be considered originating and thus qualify for FTA preferences. The proposed rule change would be implemented by both FTA parties and would allow apparel made in either party from the subject fabrics formed outside the United States and Singapore (nonoriginating fabrics and yarns), upon importation into the other party, to be considered originating and qualify for FTA preferences, including duty-free treatment.

U.S. Trade, Industry, and Market Conditions for Cotton Flannel and/or Napped Fabrics for Use in Apparel Articles

Fabric producers

Commission staff attempted to contact all potential producers of flannel fabrics, including those that had been contacted in past commercial availability reviews, as well as new firms or previously established firms that may have started producing flannel fabrics. Dan River, Inc., Danville, Virginia; Avondale Mills, Granitville, South Carolina; and Carolina Mills, Maiden, North Carolina, have ceased operations since the last commercial availability review conducted regarding the subject flannel fabrics.¹⁰ Cone Mills LLC, Greensboro, North Carolina, acquired by International Textile Group (ITG), became Cone Denim, and ceased production of all flannel fabrics. Only ***, were identified as potential producers of flannel fabrics.¹¹ These *** firms were contacted, and *** is currently producing the subject flannel fabrics. ***¹² ***¹³ ***¹⁴ ***¹⁵ ***¹⁶ ***¹⁷ ***¹⁸ ***¹⁹

Yarn spinners

Three U.S. yarn spinners, Parkdale Mills, Inc., Gastonia, North Carolina; Wellstone Group, Greenville, South Carolina; and Swift Spinning, Columbus, Georgia, were identified as possible suppliers of cotton yarns that could be used in potential U.S.

¹⁰ See USITC, "Certain Apparel of Yarn-Dyed Flannel Fabrics," Investigation No. 332-473-002, 2007, 002-1-002-3.

¹¹ Carolina Specialty Mills Web site. <http://www.carolinaspecialtyfabrics.com> (accessed May 8, 2009).
***, telephone interview by Commission staff, April 29, 2009.

¹² ***, e-mail message to Commission staff, May 19, 2009.

¹³ ***, e-mail message to Commission staff, May 4, 2009.

¹⁴ ***

¹⁵ ***, e-mail message to Commission staff, May 4, 2009.

¹⁶ ***, telephone interview by Commission staff, May 7, 2009.

¹⁷ ***, telephone interview by Commission staff, May 7, 2009. Nine of the 15 fabrics covered in this report are piece-dyed.

¹⁸ USITC, "Apparel of Certain Cotton Flannel Fabrics," Investigation No. 332-458-009, 2005, 009-4; USITC, "Apparel of Certain Cotton Flannel Fabrics," Investigation No. 332-458-010, 2005, 010-3, 010-4.

¹⁹ ***, e-mail message to Commission staff, May 20, 2009.

production of the subject flannel fabrics.²⁰ Parkdale Mills, Inc. produces both ring spun and open-end spun cotton yarns that may be used in the production of flannel fabrics.²¹ Wellstone Group also produces both ring spun and open-end spun cotton yarns. ***²²
***²³

Apparel producers

Commission staff was unable to identify any apparel firms that produce apparel made from the subject flannel fabrics domestically for the U.S. retail market. Trade sources report that there are very few U.S. apparel firms that produce apparel, including flannel apparel, domestically for the U.S. retail market.²⁴ Representatives of U.S. retailers and/or importers reported that 90–95 percent of the U.S. retail market is supplied by imports. Those apparel firms that manufacture apparel domestically produce primarily for the U.S. military, U.S. government contracts,²⁵ high technology and fashion niche markets, and for replenishment purposes. For example, Wellstone Group’s apparel division manufactures U.S. military battle dress uniforms, dress clothing for military recruits, and postal uniforms for U.S. postal employees.²⁶

Probable Effect of the Proposed Modification on U.S. Trade under the U.S.-Singapore FTA, on Total U.S. Trade, and on Domestic Producers of the Affected Products²⁷

The Commission’s analysis indicates that the proposed modification of the USSFTA rule of origin for certain flannel fabrics would likely have no effect on the level of U.S. imports of apparel made with the subject flannel fabrics from Singapore under the USSFTA. Consequently, it would not affect total U.S. trade. Singapore’s apparel industry focuses on higher-priced, branded apparel. U.S. imports of all cotton apparel from Singapore accounted for less than 1 percent of the total value of cotton apparel imports from the world in 2008.

The Commission’s analysis also indicates that the proposed rule of origin change for apparel (except gloves) made from the subject flannel fabrics would likely have no effect on the domestic fabric industry. Currently, there is no production of the subject flannel fabrics in the United States. From June 2002 through March 2006, CITA determined that the subject flannel fabrics, in addition to other similar flannel fabrics, could not be

²⁰ ***

²¹ ***, telephone interview by Commission staff, May 4, 2009.

²² ***, telephone interview by Commission staff, May 4, 2009.

²³ ***, telephone interview by Commission staff, May 8, 2009.

²⁴ ***, interview by Commission staff, Washington DC, May 20, 2009.

²⁵ ***, interview by Commission staff, Washington DC, May 20, 2009. The Berry Amendment requires that Department of Defense acquisitions of any clothing or textile articles, including the fibers, yarns, and fabrics used in such articles, be produced in the United States (10 U.S.C. 2533a). For further information on the Berry Amendment, see U.S. Department of Defense, Office of the Under Secretary of Defense for Acquisition Technology and Logistics, Defense Procurement and Acquisition Policy, at <http://www.acq.osd.mil/dpap/paic/berryamendmentfaq.htm>.

²⁶ Wellstone Group Web site. <http://www.wellstonemills.com/apparel.htm> (accessed May 29, 2009).

²⁷ The Commission’s advice is based on information currently available to the Commission.

supplied by the domestic industry.²⁸ Since then, four U.S. textile firms that were capable of producing the subject fabrics domestically have closed or ceased production of all flannel fabrics, leaving an estimated ***.

There would also likely be no effect on domestic yarn spinners or apparel producers. Although there is some domestic production of the cotton yarn that could be used to make the subject fabric, it is not currently being produced for such use. If there were domestic production of apparel made from the subject flannel fabrics, it would be minimal, since production of apparel for the U.S. retail market has largely moved offshore, and imports supply most, if not all, of the U.S. market for apparel of the subject fabrics.

²⁸ USDOC, ITA, OTEXA, Commercial Availability Documents Database, Trade Preference Programs.

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APPENDIX A

Request Letter from the United States Trade Representative

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JAN 28 2009

The Honorable Shara L. Aranoff
Chairman
U.S. International Trade Commission
500 E St., SW
Washington, DC 20436

DOCKET NUMBER 2649 ----- Office of the Secretary Int'l Trade Commission

Dear Chairman Aranoff:

Chapter Three and Annex 3-A of the United States-Singapore Free Trade Agreement (USSFTA) set out rules of origin for textiles and apparel that indicate the tariff treatment applicable to those products under that Agreement. General Note 25 of the Harmonized Tariff Schedule of the United States (HTS) reflects these rules.

Section 202(o)(2)(B)(i) of the United States-Singapore Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Singapore pursuant to Article 3.18.4(c) of the Agreement. Section 103(a)(1)(B) requires the President to obtain advice regarding the proposed action from the U.S. International Trade Commission (the Commission).

On April 8, 2005, the Government of the United States received a request from the Government of Singapore requesting consultations on the rules of origin for certain products that have been the subject of prior determinations made by the Committee on Implementation of Textile Agreements (CITA) between April 6, 2004 and January 18, 2005 pursuant to the Caribbean Basin Trade Partnership Act (CBTPA) and the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The Government of Singapore requested that the Government of the United States consider whether the USSFTA rules of origin for these products should be modified to allow the use of certain yarns and fabrics that do not originate in the territory of the United States or Singapore.

Our negotiators have recently reached agreement in principle with representatives of the Government of Singapore regarding modifications to the USSFTA rules of origin. The proposed changes are reflected in the attached document. These changes are the result of determinations that producers in the United States and Singapore are not able to produce certain yarns and fabrics in commercial quantities in a timely manner.

Under authority delegated by the President, and pursuant to sections 103(a)(1)(B) and 202(o)(2)(B)(i) of the Act, I request that the Commission provide advice on the probable effect of the modifications reflected in the enclosed proposals on U.S. trade under the USSFTA, total U.S. trade, and on domestic producers of the affected articles. I request that the Commission provide this advice at the earliest possible date, but in any event not later than seven months

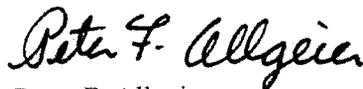
The Honorable Shara L. Aranoff

Page Two

after the date of this letter. The Commission should issue, as soon as possible thereafter, a public version of its report with any business confidential information deleted.

We greatly appreciate the Commission's assistance in this matter.

Sincerely,

A handwritten signature in black ink that reads "Peter F. Allgeier". The signature is written in a cursive style with a large, prominent "P" and "A".

Peter F. Allgeier

Acting

Enclosure

Attachment
Proposals Under Paragraph 4 of Article 3.18 of the U.S.-Singapore
Free Trade Agreement (USSFTA)

The products covered by this request are:

(1) Certain viscose rayon filament yarns, of the specifications detailed below, classified in subheading 5403.10.60¹ of the Harmonized Tariff Schedule of the United States (HTSUS), for use in apparel articles;

Specifications:

1. Viscose Filament Yarn

DTEX 166/40 Bright Centrifugal

Tenacity, cN/tex, min. - 142.0

Elongation at rupture, % - 18.0 - 24.0

Elongation at rupture variation factory, % max. - 8.1

Twist direction - S

2. Viscose Filament Yarn

DTEX 330/60 Bright Centrifugal

Tenacity, cN/tex, min. - 142.0

Elongation at rupture, % - 18.0 - 24.0

Elongation at rupture variation factor, % max. - 8.1

Twist direction - S

(2) Certain fabrics, classified in subheading 5210.11 of the HTSUS, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric, used in the production of women's and girls' blouses;

¹Singapore's original request indicated that the HTSUS product classification for this product was 5403.41.0000. The U.S. and Singapore have subsequently agreed that the correct product classification is 5403.10.60.

(3) Certain combed compact yarns, of wool or fine animal hair, classified in subheadings 5107.10, 5107.20, or 5108.20 of the HTSUS, for use in apparel articles;

(4) 100 percent cotton yarn-dyed woven flannel fabrics, made from 14 through 41 NM single ring-spun yarns, classified in 5208.43.00 of the HTSUS, of construction 2 X 1 twill weave, weighing 200 grams per square meter or less, for use in apparel articles excluding gloves;

(5) Certain woven, 100 percent cotton, flannel fabrics, of the specifications detailed below, classified in the indicated subheadings of the HTSUS, for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

Fabric 1:

HTS Subheading: 5208.42.30.00
 Fiber Content: 100% Cotton
 Weight: 152.6 g/m²
 Width: 150 centimeters cuttable
 Thread Count: 24.4 warp ends per centimeter; 15.7 filling picks per centimeter; total: 40.1 threads per square centimeter
 Yarn Number: Warp: 40.6 metric, ring spun; filling: 20.3 metric, open end spun; overall average yarn number: 39.4 metric
 Finish: Of yarns of different colors; napped on both sides, sanforized

Fabric 2:

HTS Subheading: 5209.41.60.40
 Fiber Content: 100% Cotton
 Weight: 251 g/m²
 Width: 160 centimeters cuttable
 Thread Count: 22.8 warp ends per centimeter; 17.3 filling picks per centimeter; total: 40.1 threads per square centimeter
 Yarn Number: Warp: 40.6 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 24.1 metric
 Finish: Of yarns of different colors; napped on both sides, sanforized

Fabric 3:
 HTS Subheading: 5209.41.60.40
 Fiber Content: 100% Cotton
 Weight: 251 g/m²
 Width: 160 centimeters cuttable
 Thread Count: 20.1 warp ends per centimeter; 16.5 filling picks per centimeter; total: 36.6 threads per square centimeter
 Yarn Number: Warp: 27.07 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 23.3 metric
 Finish: Of yarns of different colors; napped on both sides, sanforized

(6) Certain woven, 100 percent cotton, flannel fabrics, of the specifications detailed below, classified in the indicated subheadings of the HTSUS, for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

Fabric 1:
 HTS Subheading: 5208.32.30.40
 Fiber Content: 100% Cotton
 Weight: 152.6 g/m²
 Width: 150 centimeters cuttable
 Thread Count: 24.4 warp ends per centimeter; 15.7 filling picks per centimeter; total: 40.1 threads per square centimeter
 Yarn Number: Warp: 40.6 metric, ring spun; filling: 20.3 metric, open end spun; overall average yarn number: 39.4 metric
 Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 2:
 HTS Subheading: 5209.31.60.50
 Fiber Content: 100% Cotton
 Weight: 251 g/m²
 Width: 160 centimeters cuttable
 Thread Count: 22.8 warp ends per centimeter; 15 filling picks per centimeter; total: 37.8 threads per square centimeter
 Yarn Number: Warp: 40.6 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 24.1 metric
 Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 3:

HTS Subheading: 5209.31.60.50
Fiber Content: 100% Cotton
Weight: 203 g/m²
Width: 150 centimeters cuttable
Thread Count: 20.5 warp ends per centimeter; 17.3 filling picks per centimeter; total: 37.8 threads per square centimeter
Yarn Number: Warp: 40.6 metric, ring spun; filling: 13.5 metric, open end spun; overall average yarn number: 27.9 metric
Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 4:

HTS Subheading: 5209.31.60.50
Fiber Content: 100% Cotton
Weight: 291.5 g/m²
Width: 160 centimeters cuttable
Thread Count: 23.2 warp ends per centimeter; 15 filling picks per centimeter; total: 38.2 threads per square centimeter
Yarn Number: Warp: 27.07 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 20.1 metric
Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 5:

HTS Subheading: 5209.31.60.50
Fiber Content: 100% Cotton
Weight: 291.5 g/m²
Width: 160 centimeters cuttable
Thread Count: 26.8 warp ends per centimeter; 16.5 filling picks per centimeter; total: 43.3 threads per square centimeter
Yarn Number: Warp: 25.46 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 23.8 metric
Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 6:

HTS Subheading: 5209.31.60.50
Fiber Content: 100% Cotton
Weight: 254 g/m²

Width: 160 centimeters cuttable
 Thread Count: 20 warp ends per centimeter; 14.5 filling picks per centimeter; total: 34.5 threads per square centimeter
 Yarn Number: Warp: 28.8 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 20.1 metric
 Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 7:
 HTS Subheading: 5209.41.60.40
 Fiber Content: 100% Cotton
 Weight: 251 g/m²
 Width: 160 centimeters cuttable
 Thread Count: 22.8 warp ends per centimeter; 15 filling picks per centimeter; total: 37.8 threads per square centimeter
 Yarn Number: Warp: 40.6 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 24.1 metric
 Finish: gingham check or plaid of yarns of different colors; napped on both sides, sanforized

Fabric 8: Style 4245
 HTS Subheading: 5209.41.60.40
 Fiber Content: 100% Cotton
 Weight: 251 g/m²
 Width: 160 centimeters cuttable
 Thread Count: 19.7 warp ends per centimeter; 11.8 filling picks per centimeter; total: 31.5 threads per square centimeter
 Yarn Number: Warp: 20.3 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 20.1 metric
 Finish: Plaid of yarns of different colors; napped on both sides, sanforized

(7) Certain woven, 100 percent cotton, napped fabrics, of the specifications detailed below, classified in subheading 5209.31.60.50 of the Harmonized Tariff Schedule of the United States (HTSUS), for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

Fabric 1:

HTS Subheading: 5209.31.60.50
 Fiber Content: 100% Cotton
 Weight: 291.5 g/m²
 Width: 160 centimeters cuttable
 Thread Count: 24.41 warp ends per centimeter; 16.53 filling picks per centimeter; total: 40.94 threads per square centimeter
 Yarn Number: Warp: 25.4 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 14.04 metric
 Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 2:

HTS Subheading: 5209.31.60.50
 Fiber Content: 100% Cotton
 Weight: 305 g/m²
 Width: 160 centimeters cuttable
 Thread Count: 24.41 warp ends per centimeter; 18.11 filling picks per centimeter; total: 42.52 threads per square centimeter
 Yarn Number: Warp: 25.4 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 13.95 metric
 Finish: (Piece) dyed; napped on both sides, sanforized

(8) Certain woven, 100 percent cotton, double-napped flannel fabric, of specifications detailed below, classified in HTSUS subheading 5209.31.6050, for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

HTS Subheading: 5209.31.6050
 Fiber Content: 100% Cotton
 Weight: 203 g/m²
 Width: 150 centimeters cuttable
 Thread Count: 21 warp ends per centimeter; 18 filling picks per centimeter; total: 39 threads per square centimeter
 Yarn Number: Warp: 40.6 metric, ring spun; filling: 13.54 metric, open end spun; overall average yarn number: 19.2 metric
 Finish: (Piece) dyed; napped on both sides, sanforized

APPENDIX B
***Federal Register* Notice**

what if any enforcement measures are appropriate.

2. For purposes of the enforcement proceeding so instituted, the following are parties to the proceeding:

Complainants:

INEOS Fluor Holdings Ltd., The Heath, Runcorn, Cheshire, WA74QX, United Kingdom;

INEOS Fluor Ltd., The Heath, Runcorn, Cheshire, WA74QX, United Kingdom;

INEOS Fluor Americas L.L.C., 4990 B IC1 Road, St. Gabriel, LA 70776.

Respondent:

Sinochem Environmental Protection Chemicals (Taicang) Co. Ltd., South Binjiang Road, Petrochemical Industrial Section, Taicang Port Development Zone, Taicang, Jiangsu 215433, China.

A Commission investigative attorney to be designated by the Director, Office of Unfair Import Investigations.

3. The formal enforcement proceeding is hereby certified to the chief ALJ, Chief Judge Paul J. Luckern, who shall designate a presiding ALJ for this proceeding for issuance of an enforcement initial determination ("EID"). The presiding ALJ is directed to set a target date for completion of these proceedings within forty-five (45) days of institution in accordance with 19 CFR 210.51(a).

4. The presiding ALJ, in his discretion, may conduct any proceedings he deems necessary, including issuing a protective order, holding hearings, taking evidence, and ordering discovery consistent with Commission rules to issue his EID. The EID will rule on the question of whether Sinochem (Taicang) has violated the September 11, 2008 consent order issued in the above-captioned investigation. All defenses not barred by claim preclusion may be raised in this proceeding. The presiding ALJ shall also recommend to the Commission what enforcement measures are appropriate if Sinochem (Taicang) is found to violate the Commission's consent order. The presiding ALJ, in his discretion, may also conduct any proceedings he deems necessary, including taking evidence and ordering discovery, to issue his recommendations on appropriate enforcement measures.

5. Petitions for review of the EID may be filed within fourteen (14) days of service of the EID. Responses to any petitions for review may be filed within seven (7) days of service of any petitions for review.

6. Notwithstanding Commission Rule 210.75(b)(3), the EID shall become the Commission's final determination sixty (60) days after service of the EID, unless

the Commission orders review or changes the deadline for determining whether to review it.

7. The Secretary shall:

(a) Docket INEOS's complaint for a formal enforcement proceeding;

(b) Serve a copy of INEOS's "Complaint to Enforce Consent Order Pursuant to Commission Rule 210.75" on the proposed respondent and advise Sinochem (Taicang) of the provisions of Commission Rule 210.75 concerning responses to a request for a formal enforcement proceeding;

(c) Serve a copy of this order upon each party to the formal enforcement proceeding;

(d) Publish notice of this order in the **Federal Register**.

By Order of the Commission.

Issued: February 18, 2009.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E9-3803 Filed 2-20-09; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. Singapore FTA-103-22]

Certain Yarns and Fabrics FY 2009: Effect of Modification of U.S.-Singapore Free Trade Agreement Rules of Origin

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation.

SUMMARY: Following receipt of a request on January 28, 2009, from the Office of the United States Trade Representative (USTR) under authority delegated by the President and pursuant to section 103 of the United States-Singapore Free Trade Agreement (USSFTA) Implementation Act, the U.S. International Trade Commission (Commission) instituted investigation No. Singapore FTA-103-22, *Certain Yarns and Fabrics FY 2009: Effect of Modification of U.S.-Singapore Free Trade Agreement Rules of Origin*.

DATES: May 19, 2009: Deadline for filing all written submissions.

On or before August 28, 2009: Transmittal of report to the USTR.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. The public record for this investigation may be

viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

FOR FURTHER INFORMATION CONTACT:

Project Leaders Jackie Jones (202-205-3466 or jackie.jones@usitc.gov) or Laura V. Rodriguez (202-205-3499 or laura.rodriguez@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

Background: Chapter 3 and Annex 3-A of the U.S.-Singapore FTA set out rules of origin for textiles and apparel for applying the tariff provisions of the USSFTA. These rules are reflected in General Note 25 of the Harmonized Tariff Schedule (HTS). According to the request letter from USTR, U.S. negotiators have recently reached agreement in principle with representatives of the Government of Singapore to modify the USSFTA rules of origin for certain yarns and fabrics because it has been determined that producers in the United States and Singapore are not able to manufacture these products in commercial quantities in a timely manner. The products covered by this request are listed in the appendix that follows.

Section 203(o)(2)(B)(i) of the United States-Singapore Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Singapore pursuant to Article 3.18.4(c) of the Agreement. One of the requirements set out in section 103 of the Act is that the President obtain advice regarding the proposed action from the Commission. The request letter asks that the Commission provide advice on the probable effect of the proposed modification of the USSFTA rules of origin described above

on U.S. trade under the USSFTA, on total U.S. trade, and on domestic producers of the affected articles. The USTR asked that the Commission submit its advice to USTR by August 28, 2009, and that the Commission shortly thereafter issue a public version of the report with any confidential business information deleted.

Additional information concerning the articles and the proposed modifications can be obtained by accessing the electronic version of this investigation notice at the Commission Internet site (<http://www.usitc.gov>). The USTR request letter may be obtained at http://www.usitc.gov/ind_econ_ana/research_ana/Ongoing_Inv/documents/103req1wt.pdf. The current USSFTA rules of origin applicable to U.S. imports can be found in general note 25 of the HTS (see "General Notes" link at <http://www.usitc.gov/tata/hts/bychapter/index.htm>).

Written Submissions: No public hearing is planned. However, interested parties are invited to submit written submissions concerning this investigation. All written submissions should be addressed to the Secretary at the earliest possible date, and should be received not later than 5:15 p.m., May 19, 2009. All written submissions must conform to the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.8). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information must also conform to the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the Aconfidential@ or Anon-confidential@

version, and that the confidential business information is clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

The Commission may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR and the President. As requested by the USTR, the Commission will publish a public version of the report. However, in the public version, the Commission will not publish confidential business information in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission.

Issued: February 17, 2009.

Marilyn R. Abbott,

Secretary to the Commission.

Appendix

Proposals Under Paragraph 4 of Article 3.18 of the U.S.-Singapore Free Trade Agreement (USSFTA)

The products covered by this request are:

(1) Certain viscose rayon filament yarns, of the specifications detailed below, classified in subheading 5403.10.60¹ of the Harmonized Tariff Schedule of the United States (HTSUS), for use in apparel articles; Specifications:

1. Viscose Filament Yarn; DTEX 166/40 Bright Centrifugal; Tenacity, cN/tex, min.—142.0; Elongation at rupture, %—18.0–24.0; Elongation at rupture variation factor, % max.—8.1; Twist direction—S.
2. Viscose Filament Yarn; DTEX 330/60 Bright Centrifugal; Tenacity, cN/tex, min.—142.0; Elongation at rupture, %—18.0–24.0; Elongation at rupture variation factor, % max.—8.1; Twist direction—S.

(2) Certain fabrics, classified in subheading 5210.11 of the Harmonized Tariff Schedule of the United States (HTSUS), not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric, used in the production of women's and girls' blouses;

(3) Certain combed compact yarns, of wool or fine animal hair, classified in subheadings 5107.10, 5107.20, or 5108.20 of (HTSUS), for use in apparel articles;

(4) 100 percent cotton yarn-dyed woven flannel fabrics, made from 14 through 41 NM single ring-spun yarns, classified in 5208.43.00 of the (HTSUS), of construction 2 X 1 twill weave, weighing 200 grams per square meter or less, for use in apparel articles excluding gloves;

(5) Certain woven, 100 percent cotton, flannel fabrics, of the specifications detailed

below, classified in the indicated subheadings of the (HTSUS), for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

Fabric 1

HTS Subheading: 5208.42.30.00

Fiber Content: 100% Cotton

Weight: 152.6 g/m²

Width: 150 centimeters cuttable

Thread Count: 24.4 warp ends per centimeter; 15.7 filling picks per centimeter; total: 40.1 threads per square centimeter

Yarn Number: Warp: 40.6 metric, ring spun; filling: 20.3 metric, open end spun; overall average yarn number: 39.4 metric

Finish: Of yarns of different colors; napped on both sides, sanforized

Fabric 2

HTS Subheading: 5209.41.60.40

Fiber Content: 100% Cotton

Weight: 251 g/m²

Width: 160 centimeters cuttable

Thread Count: 22.8 warp ends per centimeter; 17.3 filling picks per centimeter; total: 40.1 threads per square centimeter

Yarn Number: Warp: 40.6 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 24.1 metric

Finish: Of yarns of different colors; napped on both sides, sanforized

Fabric 3

HTS Subheading: 5209.41.60.40

Fiber Content: 100% Cotton

Weight: 251 g/m²

Width: 160 centimeters cuttable

Thread Count: 20.1 warp ends per centimeter; 16.5 filling picks per centimeter; total: 36.6 threads per square centimeter

Yarn Number: Warp: 27.07 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 23.3 metric

Finish: Of yarns of different colors; napped on both sides, sanforized

(6) Certain woven, 100 percent cotton, flannel fabrics, of the specifications detailed below, classified in the indicated subheadings of the (HTSUS), for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

Fabric 1:

HTS Subheading: 5208.32.30.40

Fiber Content: 100% Cotton

Weight: 152.6 g/m²

Width: 150 centimeters cuttable

Thread Count: 24.4 warp ends per centimeter; 15.7 filling picks per centimeter; total: 40.1 threads per square centimeter

Yarn Number: Warp: 40.6 metric, ring spun; filling: 20.3 metric, open end spun; overall average yarn number: 39.4 metric

Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 2:

HTS Subheading: 5209.31.60.50

Fiber Content: 100% Cotton

Weight: 251 g/m²

Width: 160 centimeters cuttable

Thread Count: 22.8 warp ends per centimeter; 15 filling picks per centimeter; total: 37.8 threads per square centimeter

Yarn Number: Warp: 40.6 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 24.1 metric

¹ Singapore's original request indicated that the HTS product classification for this product was 5403.41.0000. The U.S. and Singapore have subsequently agreed that the correct product classification is 5403.10.60.

Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 3:

HTS Subheading: 5209.31.60.50

Fiber Content: 100% Cotton

Weight: 203 g/m²

Width: 150 centimeters cuttable

Thread Count: 20.5 warp ends per centimeter; 17.3 filling picks per centimeter; total: 37.8 threads per square centimeter

Yarn Number: Warp: 40.6 metric, ring spun; filling: 13.5 metric, open end spun; overall average yarn number: 27.9 metric

Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 4:

HTS Subheading: 5209.31.60.50

Fiber Content: 100% Cotton

Weight: 291.5 g/m²

Width: 160 centimeters cuttable

Thread Count: 23.2 warp ends per centimeter; 15 filling picks per centimeter; total: 38.2 threads per square centimeter

Yarn Number: Warp: 27.07 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 20.1 metric

Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 5:

HTS Subheading: 5209.31.60.50

Fiber Content: 100% Cotton

Weight: 291.5 g/m²

Width: 160 centimeters cuttable

Thread Count: 26.8 warp ends per centimeter; 16.5 filling picks per centimeter; total: 43.3 threads per square centimeter

Yarn Number: Warp: 25.46 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 23.8 metric

Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 6:

HTS Subheading: 5209.31.60.50

Fiber Content: 100% Cotton

Weight: 254 g/m²

Width: 160 centimeters cuttable

Thread Count: 20 warp ends per centimeter; 14.5 filling picks per centimeter; total: 34.5 threads per square centimeter

Yarn Number: Warp: 28.8 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 20.1 metric

Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 7:

HTS Subheading: 5209.41.60.40

Fiber Content: 100% Cotton

Weight: 251 g/m²

Width: 160 centimeters cuttable

Thread Count: 22.8 warp ends per centimeter; 15 filling picks per centimeter; total: 37.8 threads per square centimeter

Yarn Number: Warp: 40.6 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 24.1 metric

Finish: Gingham check or plaid of yarns of different colors; napped on both sides, sanforized

Fabric 8: Style 4245

HTS Subheading: 5209.41.60.40

Fiber Content: 100% Cotton

Weight: 251 g/m²

Width: 160 centimeters cuttable

Thread Count: 19.7 warp ends per centimeter; 11.8 filling picks per centimeter; total: 31.5 threads per square centimeter

Yarn Number: Warp: 20.3 metric, ring spun; filling: 8.46 metric, open end spun; overall average yarn number: 20.1 metric

Finish: Plaid of yarns of different colors; napped on both sides, sanforized

(7) Certain woven, 100 percent cotton, napped fabrics, of the specifications detailed below, classified in subheading 5209.31.60.50 of the (HTSUS), for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

Fabric 1

HTS Subheading: 5209.31.60.50

Fiber Content: 100% Cotton

Weight: 291.5 g/m²

Width: 160 centimeters cuttable

Thread Count: 24.41 warp ends per centimeter; 16.53 filling picks per centimeter; total: 40.94 threads per square centimeter

Yarn Number: Warp: 25.4 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 14.04 metric

Finish: (Piece) dyed; napped on both sides, sanforized

Fabric 2

HTS Subheading: 5209.31.60.50

Fiber Content: 100% Cotton

Weight: 305 g/m²

Width: 160 centimeters cuttable

Thread Count: 24.41 warp ends per centimeter; 18.11 filling picks per centimeter; total: 42.52 threads per square centimeter

Yarn Number: Warp: 25.4 metric, ring spun; filling: 10.16 metric, open end spun; overall average yarn number: 13.95 metric

Finish: (Piece) dyed; napped on both sides, sanforized

(8) Certain woven, 100 percent cotton, double-napped flannel fabric, of specifications detailed below, classified in HTSUS subheading 5209.31.6050, for use in shirts, trousers, nightwear, robes, dressing gowns, and woven underwear:

Specifications:

HTS Subheading: 5209.31.6050

Fiber Content: 100% Cotton

Weight: 203 g/m²

Width: 150 centimeters cuttable

Thread Count: 21 warp ends per centimeter; 18 filling picks per centimeter; total: 39 threads per square centimeter

Yarn Number: Warp: 40.6 metric, ring spun; filling: 13.54 metric, open end spun; overall average yarn number: 19.2 metric

Finish: (Piece) dyed; napped on both sides, sanforized

[FR Doc. E9-3804 Filed 2-20-09; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Pursuant to the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA")

Notice is hereby given that on February 11, 2009, a proposed Consent Decree in *United States v. Bristol Myers Squibb Company, et al.*, CIV No. 09-cv-

0161 (N.D.N.Y.) was lodged with the United States District Court for the Northern District of New York.

The proposed Consent Decree is between the United States on behalf of the United States Environmental Protection Agency ("EPA") and Bristol-Myers Squibb Company, General Electric Company, International Business Machines Corporation, and Pass & Seymour, Inc. (Settling Defendants). The proposed Consent Decree resolves claims against the Settling Defendants under Sections 106, 107, and 113 of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended ("CERCLA"), 42 U.S.C. 9606, 9607, 9613 related to the Solvent Savers Superfund Site in Lincklaen, Chenango County, New York. Under the proposed Consent Decree, the Settling Defendants agree to design, construct and operate groundwater remedies for the Site, estimated to cost \$9.9 million, and a soil remedy including treatment of VOC's and PCBs for an estimated \$4.9 million, and to pay EPA's future oversight costs. In return, the Decree provides the Settling Defendants with a covenant not to sue under CERCLA §§ 106 and 107(a) for the performance and costs of this work and for oversight costs.

The Department of Justice will receive for a period of thirty (30) days from the date of this publication comments relating to the Consent Decree. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and either e-mailed to pubcomment-ees.enrd@usdoj.gov or mailed to P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044-7611, and should refer to *United States v. Bristol Myers Squibb Company*, (N.D.N.Y.) No. 09-cv-0161, D.J. Ref. 90-11-3-704/1.

The Consent Decree may be examined at the Office of the United States Attorney, Northern District of New York, Suite 900, 100 S. Clinton St., Syracuse, NY 13261-7198 and at the Environmental Protection Agency, Region 2, Office of Regional Counsel, 290 Broadway, New York, New York 10007-1866. During the public comment period, the Consent Decree, may also be examined on the following Department of Justice Web site, http://www.usdoj.gov/enrd/Consent_Decrees.html. A copy of the Consent Decree may also be obtained by mail from the Consent Decree Library, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044-7611 or by faxing or e-mailing a request to Tonia Fleetwood (tonia.fleetwood@usdoj.gov), fax no. (202) 514-0097, phone

APPENDIX C

Summary of Positions of Interested Parties

Summary of Positions of Interested Parties

The Commission received written submissions concerning the proposed rule of origin change for combed compact wool yarns from the National Council of Textile Organizations (NCTO), Jagger Brothers, Inc., and a combined submission representing the views of the National Textile Association (NTA), the Cashmere and Camel Hair Manufacturers Institute (CCMI), and the American Manufacturing Trade Action Coalition (AMTAC). All three submissions expressed objection to the proposed rule of origin change under the USSFTA for combed compact yarns of wool or fine animal hair.

The NCTO reported that it strongly objects to the inclusion of combed compact yarns of wool or fine animal hair, classified in HTS subheadings 5107.10, 5107.20, or 5108.20, for use in apparel items, because of a recent significant development in the U.S. industry.¹ The NCTO indicated that since 2004, when combed compact wool yarn was included in the Caribbean Basin Trade Partnership Act following a petition from the Warren Corporation, the latest and most modern equipment used in producing compact spun wool yarns has become fully operational in the United States.² The NCTO added that, since a U.S. wool yarn company can produce such yarns in all count ranges, there is no short supply of compact yarns of wool, and this product should be removed from consideration.

Jagger Brothers, Inc. also reported that combed compact yarns are available from domestic U.S. sources in commercial quantities. Jagger Brothers, Inc. stated that it spins traditional combed wool yarns at its mill in Springvale, Maine, and employs 40–50 people.³ Jagger claimed that, because it is difficult to distinguish between combed compact wool yarns and Jagger’s traditional combed wool yarns, all combed wool fabrics entering the United States would be declared to be made from combed compact wool yarns and enter duty free, leading to lost sales for Jagger. Finally, Jagger concluded that, since compact spun yarns are commercially available in the United States, there is no reason for the proposed preferential duty treatment for these products to be implemented.

The submission from the NTA, the CCMI, and AMTAC opposes the proposed modification, claiming that it is unwarranted, as combed compact wool yarns are currently available in the United States in commercial quantities.⁴ The groups also asserted that the adoption of such modification would result in harm to the domestic U.S. wool textile industry. The groups indicated that, since 2004, the U.S. domestic industry has installed and put into production the equipment to spin the subject yarns, and that the capacity to make the subject yarns in the United States remains today. The groups stated that, “had U.S. officials been aware of the changed circumstances in the domestic industry, they would not have agreed in principle to the proposed modification.” The groups added that the scope of the 2004 determination was substantially limited compared with the potential scope of the modification of the rules of origin of the USSFTA. The groups further indicated that commercial availability determinations under the rules of a unilateral preference program are of limited value in assessing the effect of modification of rules of origin under an FTA. The groups also noted that any wool products entering the United States from Singapore could potentially be designated

¹ NCTO, written submission to the Commission, April 27, 2009.

² The NCTO asserted that compact yarn spinning production began in 2008.

³ Jagger Brothers, Inc., written submission to the Commission, May 11, 2009.

⁴ NTA, CCMI, and AMTAC, written submission to the Commission, May 18, 2009.

as containing combed compact wool yarns, and U.S. Customs and Border Protection, with limited resources, would be unable to validate such claims.