



May 16, 2016

Joshua Teitelbaum, Chairman
Committee for the Implementation of Textile Agreements
Room 3001
U.S. Department of Commerce
14th and Constitution Avenue NW
Washington, DC 20230

Re: Short Supply Petitions under U.S.-Morocco Free Trade Agreement to Modify the Rules of Origin for Certain Apparel Articles

Dear Mr. Teitelbaum:

This letter is transmitted in response to the Federal Register notices dated April 15, 2016, in which CITA invited public comments on three commercial availability requests under the U.S.-Morocco Free Trade Agreement (USMFTA) covering a total of twelve fabrics. The National Council of Textile Organizations (NCTO) and American Fiber Manufacturers Association (AFMA) strongly oppose the three petitions as we represent member companies that produce the subject fabrics domestically as well as their component suppliers. It is our contention that a number of these fabrics as outlined below can be provided in commercial quantities in a timely manner by U.S. producers, and thus the U.S.-Morocco FTA should not be amended.

The three requests are summarized as follows:

- 1) A request from the Government of Morocco, on behalf of ARYANS, to consider whether the USMFTA rules of origin for dresses, skirts, blouses and tops, classified in HTSUS chapter 62, should be modified to allow the use of 87%-93% cotton/5%-9% polyester/2%-4% elastane woven fabric, classified in subheading 5209.42 of the HTSUS that is not originating under the USMFTA.
- 2) A request from the Government of Morocco, on behalf of CROSSING, to consider whether the USMFTA rules of origin for pants, skirts, jackets, shirts, and casual dresses, classified in HTSUS subheading 6204.52 and 6206.40, should be modified to allow the use of 6 fabrics that are not originating under the USMFTA:
 - Fabric 1: 100% lyocell classified in subheading 5516.11 and 5516.12 of the HTSUS;
 - Fabric 2: Lyocell/cotton classified in subheading 5516.41, 5516.42, and 5516.43 of the HTSUS;
 - Fabric 3: Cotton/polyester classified in subheading 5210.49 and 5211.42 of the HTSUS;
 - Fabric 4: Cotton/polyester/elastane classified in subheading 5210.49 and 5211.4210 of the HTSUS;
 - Fabric 5: Corduroy with cotton classified in subheading 5801.22 of the HTSUS; and
 - Fabric 6: Corduroy polyester classified in subheading 5801.32 of the HTSUS.
- 3) A request from the Government of Morocco, on behalf of MODALINE HOLDING, to consider whether the USMFTA rules of origin for certain women's pants, classified in HTSUS heading 6204, should be modified to allow the use of 5 fabrics that are not originating under the USMFTA:

Fabric 1: 45%-52% polyester, 45%-52% rayon, 1%-7% spandex woven synthetic bi-stretch fabric, classified in subheading 5515.11 of the HTSUS;

Fabric 2: 60%-68% polyester, 29%-37% rayon, 1%-7% spandex woven poly-viscose fabric, classified in subheading 5515.11 of the HTSUS;

Fabric 3: 31%-37% viscose, 17%-23% polyester, 17%-23% cotton, 13%-19% wool, 5%-11% nylon, 1%-6% spandex woven herringbone fabric, classified in subheading 5408.33 of the HTSUS;

Fabric 4: 94%-99% virgin wool, 1%-6% spandex, twill stretch flannel reactive dyed fabric, classified in subheading 5112.11 of the HTSUS; and

Fabric 5: 89%-95% polyester, 5%-11% spandex printed and solid woven polyester crepe fabric (with filament yarn size of 120D + 40D*120D + 40D and a construction of 175*104), classified in subheading 5407.61 of the HTSUS.

Regarding the request on behalf of Aryans, denim fabric of 87%-93% cotton/5%-9% polyester/2%-4% elastane woven fabric is available from our member companies as indicated in individual company responses submitted for the record.

We would also note that there are a number of discrepancies in the Aryans request letter. HTS 5209.42.1000 is not a valid HTS code in the U.S. tariff schedule. Further, the request letter indicates that fabric falling under 5209.42 was added to the CAFTA-DR short supply list in 2007. According to our review of the current CAFTA-DR list, there are no fabrics included on the list that fall under 5209.42. In fact, no chief-weight cotton fabrics with polyester and spandex content were added to the list in 2007. Lastly, the definitions presented in the letter are unclear with the inclusion of terms such as "Lagerta" and "New Altura" without any context or explanation. Overall, the lack of clear and complete information about the exact change being requested is highly problematic from a process standpoint, noting the critical importance of thorough and transparent vetting.

Regarding the request on behalf of Crossing, our member companies have supplied information indicating that fabrics 1, 2, 3, and 4 are available domestically, and there are additional issues with the petition from a technical standpoint. There is a discrepancy in that the petition specifies "pants, skirts, jackets, shirts, and casual dresses" classified in HTSUS subheadings 6204.52 and 6206.40 as the end use. HTS 6204.52 captures cotton woven skirts and divided skirts, and 6206.40 captures women's and girls' man-made fiber woven blouses, shirts, and shirt blouses. Pants, jackets and casual dresses are not classified under either of the two the HTS subheadings listed, and, therefore, it is unclear as to whether the request is to modify the rules only for 6204.52 and 6206.40 or for a broader grouping of products, which could have different implications. As a result, in addition to Crossing fabrics 1, 2, 3, and 4, we also oppose fabrics 5 and 6 noting that further clarification is needed to ensure a full vetting process.

Regarding the request on behalf of Modaline Holding, our member companies have supplied information indicating that fabrics 4 and 5 are available domestically. Further, the Modaline Holding request references inclusion of fabrics 1 and 2 on the Trans-Pacific Partnership short supply list as sufficient evidence that the subject fabrics are not available domestically. As an initial point, TPP is not current law. Additionally, fabrics 1 and 2 in the Modaline petition do not precisely match the cited TPP list entry #48 in that the designated fiber content ranges for Modaline fabrics 1 and 2 exceed the allowable ranges specified in the TPP definition.

More importantly, NCTO and AFMA never viewed the TPP list as a definitive statement that the products included are in short supply. Certain items on the TPP list were objected to by our members, and it is only logical to conclude that the final TPP listing is the result of a negotiated compromise with the other countries involved in the agreement. There are certainly domestic producers that would argue that they

have production capabilities that overlap with various products on the TPP list. For these reasons, we object to any predetermination that the inclusion of a product on the TPP list is grounds for granting short supply status to that product under other U.S. free trade agreements.

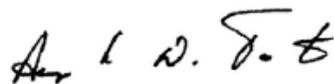
Overall, we view Modaline fabrics 4 and 5 as available domestically, and we believe that further vetting is needed regarding fabrics 1, 2 and 3.

Beyond these product-specific comments, we would also note that our members report that they were not approached by Aryans, Crossing, or Modaline Holdings, inquiring about domestic availability of such fabrics, and, further, NCTO was not contacted as we often are with any requests to circulate due diligence inquires to our members. While the due diligence step may not be specifically prescribed under the Morocco FTA as it is under the CAFTA-DR process, it is possible additional companies would have responded if a more exhaustive due diligence process had been undertaken.

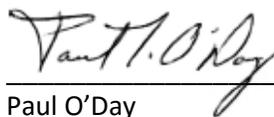
Based on the aforementioned process concerns, the evidence of domestic production by established U.S. producers, and the harm that approval of these petitions would inflict on U.S. producers and their suppliers, we respectfully urge CITA to reject these three requests.

We appreciate the opportunity comment, and please let us know if we can provide any further information.

Sincerely,



Auggie Tantillo
President & CEO
National Council of Textile Organizations



Paul O'Day
President & Counsel
American Fiber Manufacturers Association