

# ETAC Meeting Minutes

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## **Minutes of the Exporters' Textile Advisory Committee**

**April 12, 2007, 1:00 P.M**

**1300 Pennsylvania Avenue, N.W.**

**The Ronald Reagan Building**

**Washington, D.C.**

### INDUSTRY AND TRADE PRESS REPRESENTATIVES:

Michael Harris Faribault Mills  
David Trumbull National Textile Association  
Lauren Fredendal Vinson & Elkins  
Richard Williams Williams Company  
Evan Clark WWD  
Sara Ormand AMTAC  
Vaughn Jordan Cotton Council  
Steve Lamar AAFA  
Natalie Hanson IDS  
John Bernards IASC  
Dennis Doran Pharr Yarns  
Glen Jackman North Carolina Dept. of Commerce

### U.S. GOVERNMENT REPRESENTATIVES:

R. Matthew Priest Office of Textiles and Apparel  
Philip J. Martello Office of Textiles and Apparel  
Janet Heinzen Office of Textiles and Apparel  
Lawrence J. Brill Office of Textiles and Apparel  
Rachel Anne Alarid Office of Textiles and Apparel  
Laurie Mease Office of Textiles and Apparel  
Kim Bang-Nguyen Office of Textiles and Apparel  
Laura Rodriguez USITC  
Ann Ngo USDOC  
Mary-Lynn Landgraf Office of Textiles and Apparel  
Linda Martinich Office of Textiles and Apparel  
Pamela Kirkland Office of Textiles and Apparel

Mr. R. Matthew Priest, Deputy Assistant Secretary for Textiles and Apparel, and chairman of the Exporters' Textile Advisory Committee (ETAC), convened the meeting at 1:00 p.m. The meeting was held at the Ronald Reagan Building in Washington, D.C.

Mr. Lawrence Brill of the Office of Textiles and Apparel introduced Mr. Priest as the new Deputy Assistant Secretary for Textiles and Apparel and the new chairman of ETAC. Mr. Priest welcomed all members and guests, and gave a brief introduction to the functions of the ETAC Committee. Mr. Brill reminded the members that ETAC is an advisory committee to advise OTEXA/USDOC about what is going on in the textile and apparel trade and how we can help expand exports. There also was some member concerns raised regarding abuses/illegalities and subsidies by some countries in exporting to the U.S. Mr. Philip Martello, then Director of OTEXA responded that any person can report possible trade infractions via "Export Advantage" to OTEXA and we will investigate illegal subsidies and non-tariff trade barriers.

Mr. Priest introduced Richard Stetson from OTEXA who provided updates on DR-CAFTA and other FTAs in the Western Hemisphere. Mr. Stetson said that: on March 1, 2007 DR-CAFTA entered into force in the Dominican Republic; Pocketing negotiations have concluded and that such agreements are now in a six

month USITC process and will probably enter into force in late 2007; and that Mexico is concluding FTA amendments with Central America to effectuate 'cumulation'. Mr. Stetson added that the FTA with Costa Rica is being scrubbed so that it can be legislated by the government of Costa Rica, hopefully with the pocketing amendment in place. Ms Janet Heinzen of OTEXA added that other aspects have entered into force with individual countries. We anticipate that pocketing will be the same. Mr. Stetson also provided an update on the Colombia and Peru negotiated FTA's and said that he did not know when they would go to Congress for a vote, and that extension of the ATPDA is being considered in case FTAs do not enter into force before the fast track authority expires.

There were other questions posed to Mr. Stetson regarding revised short supply procedures. He said that new procedures and FAQs are now posted on our website. Mr. Stetson added that we have received eight petitions under the new procedures, five approved, one pending and two denied – 75 total products on the DR-CAFTA Short Supply List A member asked whether the new procedures were working, and Mr. Martello responded that one was denied because we found a producer in Guatemala. And that we would like to see the law amended so that we can implement the way we intended when negotiated.

DAS Priest introduced Ann Ngo from Commerce's Office of the European Union who briefed the members on the EU Metric requirements. Ms. Ngo said that there was a desire to bring the United Kingdom into the metric system; all measurements in the U.S. would convert to the metric system (Fair Products Labeling Act-1979), with a grace period that was extended. All but three of states (European) have converted, but if current extension is not extended past 2009, it might cause some difficulty for the U.S.

Ms. Ngo added that we are entering into an unprecedented "consultation" period and that the USG asked U.S. companies to provide comments. The USG also found that European companies had problems, some comments were missing or not made public; and that the commission decided no to publish comments from individual companies. Ms. Ngo was asked what is the argument against dual labeling? She said that this act was originally drafted many years ago just to appease the United Kingdom and to convince them to join the European Union. The world has changed drastically since 1979, but no one has gone back to match current technology to the original intent.

One participant commented that many U.S. based fiber producers are now out of business but still ship inventory. They ship and invoice by pounds, but print out a sticker in kilos. This, however, could be a major problem because all old inventories are in pounds

Ms. Ngo responded that certain industries would never be able to go metric only, because the infrastructure is not metric. The EU says that they will review industry comments, but that they will not be posted on-line.

DAS Priest introduced Laurie Mease who updated the members on the newest additions Export Advantage. These modifications originated from critiques from previous ETAC meetings. Ms. Mease provided information on how OTEXA has made this website more user friendly and the fact that OTEXA added a link to the Textiles and Apparel Team Newsletter. Ms. Mease added that an integral part of Export Advantage has been our suppliers' databases. This is a free company listing on our website. OTEXA frequently refers people to the databases who are looking to buy products. The key is keeping company entries up-to-date. Most recent entries move to the top. Companies can send an updated product photo every six months, and can enter company information on line ([U.S. Supplier Application](#)) or contact (Laurie\_Mease@ita.doc.gov) for a paper application. The U.S. Suppliers Database application can be faxed (202-482-2859) or returned through the mail.

Ms.Mease also said that OTEXA created sections that will promote niche markets and how they are surviving/thriving in the U.S.

Market Focus will change quarterly and will focus on a particular region, product, etc., will be archived when a new topic is posted. This is not intended to be a comprehensive research report, but rather an introduction to the topic, but if anyone is interested they can contact us for more information.

Artisan's Spotlight highlights "cottage" industries in the United States. Each piece contains the history, current activities and export potential of the products highlighted.

Industry, Innovations and Trends highlight new and exciting developments in the textile and apparel industry, including manufacturing techniques, innovative products, etc.

Topic suggestions, can be e-mailed to [market\\_expansion@ita.doc.gov](mailto:market_expansion@ita.doc.gov)

DAS Priest introduced Larry Brill and his staff from OTEXA's Market Expansion Division to brief the members on the current OTEXA events calendar. Brill and his staff discussed each show on the attached trade event schedule, and the market conditions supporting each event.

One member asked why Domotex in Dubai dropped from the event schedule.

Kim-Bang Nguyen, Deputy Director of OTEXA's Market Expansion Division, responded: that we tried to work with Wanda Ellis of the American Floorcovering Alliance (AFA), but did not want to create a situation where OTEXA was competing against her ongoing efforts to recruit a USA Pavilion. Mr. Brill added that OTEXA would try and work with the AFA to recruit one USA Pavilion. Another member asked whether rugs/carpets going to be reintegrated into Heimtextil 2008. Mr. Brill responded that Area rugs are going to be a featured product at this event.

DAS Priest opened the round table part of the meeting, asking about the issues with which the members are most concerned. One participant asked whether OTEXA is providing textile and apparel specific export financing information to exporters. Mr. Brill responded that we are providing such information on an ongoing basis and that textiles and apparel exporters can benefit from considering EXIM and SBA financing programs. One participant inquired whether a representative from EXIM be sent to shows like Material world to make these programs known. Mr. Brill answered by saying that OTEXA can at least send materials down to include with DAS Priest's presentation at Material World (Miami Beach, May 2007) but also we will try and work with EXIM to send a representative to the show. Mr. Brill stated that all USG backed financial services by law are based, in least in part, on the credit worthiness of the borrower.

There were some questions regarding the details of a reverse trade mission.

Mr. Brill responded by announcing that a delegation was coming from the Dominican Republic to Greensboro, Charlotte and Charleston. This will be a pretty high level mission with 15-18 companies OTEXA will know more by May 1st, and will get the word out to U.S. seller. The DR government has requested certain products but we do not currently have a list. (Editors note- the Mission was cancelled due to an insufficient number of available Dominican textile buyers and manufacturers.)

Ms. Nguyen added that OTEXA would also be working with a Moroccan delegation, setting up appointments. They are looking for textile inputs to take advantage of the FTA. This will be followed up

with a Trade Mission to Morocco in November (editors note-recruitment now underway).

DAS Priest introduced Linda Martinich from OTEXA who provided an update on our Export Advantage website. Based on comments from the previous meeting we are currently making changes that will hopefully be more user friendly. Ms. Martinich stated that we have a new FTA section that specifically focuses on textile provisions, and have revamped info on foreign markets. She added that we have removed 100 countries, but will reintroduce them to the page as each country is updated, and we have revamped our labeling requirements.

There was a question regarding what else has happened since our last meeting on the CE Mark. Wanda Ellis has found a lab in the EU that can do the testing for her floorcovering members, but there are still other issues, there are portions of the whole concept that are offensive.

Ms. Martinich said that the carpets and rugs companies are compliant with the WTO and the U.S companies were given adequate notice. Therefore, we have no recourse, and a lab would open up in the United States if they felt there was enough of a market.

Mr. Priest requested member input on our OTEXA program. Mr. Brill asked the members for their input regarding the number of ETAC meetings per year, their location, and when such meeting should be held. There was a general consensus that no more than three meetings in Washington, in the Carolinas, and perhaps on the West Coast would be sufficient. There was a follow-up question regarding the number of members we have on the East Coast that are actually manufacturers? Rachel Alarid from OTEXA said that currently we have about 24 members, and that ETAC is capped at 35 manufacturers, suppliers, and trade associations, but no press.

There was a question about the effectiveness of Sample/Catalog Shows for the apparel industry. Mr. Brill replied that costs have gone up tremendously all over the world, and we have found that this is an inexpensive way for a company to test a market. He added that it is not supposed to be long term, but rather just an introduction. OTEXA tried sample pavilions in both Japan and Spain with positive results, and we just need to market the concept differently for apparel. Mr. Brill also said that there not a better deal out there for new companies to enter a market. Ms. Pamela Kirkland added that as companies decide to exhibit we could always secure larger space. One member inquired about whether the government can offset prices at trade events. Mr. Brill replied that export subsidies are inconsistent with our WTO commitments and internal policy requirements.

DAS Priest adjourned the meeting and thanked the members and guests for attending the meeting. He reminded the members that ETAC is their committee, and they are here to advise us.

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R. Matthew Priest  
Deputy Assistant Secretary for Textiles and Apparel

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Rachel Anne Alarid/Lawrence J. Brill  
Commerce Recorders