

**Minutes of the Exporters' Textile Advisory Committee**  
**November 4th, 2009**  
Washington D.C.

**Attending ETAC Members**

Werner Bieri  
Vaughn Jordan  
Ron Sutton  
Jack Jay  
Steve Lamar  
Dan St.Louis  
Stan Fradin

**Attending Government Members**

Kim Glas  
Janet Heinzen  
Kim-Bang Nguyen  
Laurie Mease  
Mary Lynn Landgraf  
Larry Brill  
Sergio Botero  
Maria D'Andrea  
Gail Strickler

The meeting was called to order at 1:00 PM by DAS Kim Glas. DAS Glas introduced herself as the new Deputy Assistant Secretary for the Office of Textiles and Apparel and gave a brief summary of her background.

Janet Heinzen, Director OTEXA, provided an update on OTEXA activities. She announced a webinar:  
**India/South Asia: IPR Protection and Enforcement for Textile, Apparel, Footwear and Travel Goods**  
**Free Web-based Seminar**  
**Tuesday, November 17th, 2009**  
**9 a.m. ET**

Regarding CAFTA-DR Commercial Availability, there are no pending cases.

Regarding NAFTA Commercial Availability, Ms. Heinzen announced that several cases involving a proposed change in the Rules of Origin for certain Chenille fabrics, Rayon, and non woven wipes had been resolved and changes to the rules of origin implemented.

Ms. Heinzen said that negotiations with Bahrain had begun regarding proposed rules of origin changes for bedding products. Ms. Heinzen reported that consultations are ongoing regarding Singapore's requests for commercial availability treatment under the U.S. – Singapore FTA for certain products found to be unavailable under the CAFTA-DR.

Member Ron Sutton asked about new possible trade agreements. Ms. Heinzen said that the Administration had not yet issued announcement regarding any new agreements, but that there are continuing efforts to resolve issues with pending agreements with Korea, Panama, and Colombia.

Gail Strickler was introduced as the new Assistant U.S. Trade Representative (USTR). Ms. Strickler discussed USTR's new SME Initiative that establishes a USTR-wide working group to ensure that USTR, as the lead agency working with USDOC and SBA, seek to better serve small and medium sized companies to identify barriers and free trade benefits of special importance to SME's. Over 97% of all exports come from SME's, but account for only 1% of total exports and for only 29% of total merchandise exports. By comparison, in the EU countries 3 times as many SME's are involved in exports as they are in the U.S.

Ms. Stricker and Laura Bloodgood of the ITC discussed ITC's ongoing study of SME exporting. The first phase due in January 2010 will look at available data; phase two due in six months will compare U.S. and EU exports to benchmark performance; and phase three, due next year, will analyze deeper issues, especially regarding service industries. Ms. Bloodgood said that this process will involve hearings in Washington, D.C. and possibly other locations, to obtain the views of SME exporters, as the general business community.

Finally, Ms. Strickler discussed five next steps: Work with EXIM to explore financing options for SME's; develop new-, and strengthen existing mechanisms, to provide outreach and consultation with SME's; enhance ITAC 3 group for SME's at USTR; work with international groups and organizations on the SME agenda; and develop metrics to monitor success. Ms. Strickler said that America must be less consumption driven and more investment driven, and that more growth must come from exports.

Ms. Strickler said that the availability of credit for exporters is among the most important issues affecting the ability of U.S companies today and that the USTR study will address this issue specifically. She discussed a meeting between USTR and EXIM, where the need for EXIM to be more flexible was discussed at length. Ms. Strickler used ongoing credit issues involving Central America as an example of the need for such flexibility.

ETAC member Jack Jay discussed Korea as an example of a country that provides its manufacturers with the necessary resources to become successful exporters. Werner Bieri added that EXIM was being overly cautious and hurting SME exporters. Ms. Strickler asked the members to provide case histories to boost their arguments.

ETAC member, Stanley Fradin of Rockland Mills asked whether the EU/UK and Japanese fire retardant regulations would continue to favor local products over imported products, and whether such issues could be publicized by USTR. Ms. Strickler and Ms. Bloodgood said that the USITC is not an advocacy organization, but that USTR can advocate on behalf of American industry as long as they are considered Non-tariff Trade Barriers, and not internal policies of other countries. Ms. Strickler also said that all requests to advocate on such NTB's must be documented. Mr. Fradin also reminded the group of the ongoing issue regarding Formaldehyde, but Ms. Strickler pointed out that the only U.S. standards for Formaldehyde involve OSHA since it is used in the manufacturing process. Imported products are not subject to the OSHA rules. ETAC member Steve Lamar pointed out that GSA is reportedly doing a study in the use of Formaldehyde in textiles and will send Kim-Bang Nguyen the information to be sent to ETAC members. Ms. Strickler also said that there may need to be a discussion among agencies of the impact of domestic and international standards on exporting.

ETAC member Werner Bieri of Buhler Quality Yarns pointed out that in Germany most exporters are high-tech companies which require higher education which lends itself to an export culture. This may explain why relatively few U.S. companies export because of the nature of the products and the educational level of the workers.

Steve Lamar said that EXIM and OPIC policies need updating to reflect the new reality of export competition facing U.S. exporters today. Ms. Strickler pointed out that EXIM does not need any statutory changes, but just a more proactive policy to help SME exporters.

Robert Abels, of U.S. Customs and Border Protection discussed problems with verifying and identifying compliance of textile imports. Customs is aware of and understands the types of non-compliance issues involved and sometimes closely monitors suspected companies until they have proof to prosecute. Even when they do not prosecute alleged violators themselves, they will refer cases to other government agencies as warranted.

Michael Messerman Director of the Office of Advisory Committees at the USDOC provided an update on the federal advisory committee process and joined Kim-Bang Nguyen in a discussion of whether to eliminate ETAC as a standalone federal advisory committee and combine it with ITAC 13 in 2010 when the current ETAC charter expires. Maria D'Andrea, OTEXA DFO for ITAC 13 discussed what ITAC does and the types of issues involved. The reason cited by Ms. Nguyen for combining ITAC 13 and ETAC is that most members of ETAC are to a certain degree both importers and exporters, thus diluting the need to have separate committees since the issues are similar. By combining the two committees, members would not have to make two separate trips to attend the meetings; meetings would be substantive and there will be a varied choice of topics to cover. Ms. Nguyen emphasized that the main reason for the consolidation of the two committees is primarily for efficiency purpose. It will cut costs for companies and allow the industry to have one voice from one committee with representation from both sides of the industry. Furthermore, ITAC Members have access to confidential briefings and negotiating positions.

If a final decision is made to consolidate the two committees, all ETAC members have to apply to be on ITAC. We will give further guidance on this process.

**For those members not present at the meeting, if you have comments, please email them to me. Upon hearing your comments/concerns, Ms. Nguyen will inform all on OTEXA's final decision shortly.**

Mr. Messerman also discussed the new restrictions on lobbyists being members of all federal advisory committees. This includes ETAC and ITAC 13, which will lose some members.

Ms. Nguyen also informed members that nomination letters for membership on the ETAC have been cleared and are being processed.

Meeting was adjourned at 4:15. The next meeting will be scheduled in April or May 2010.