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May 10, 2013

Mr. Doug Bell
Chair
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Re: Transatlantic Trade and Investment Partnership, Docket No. USTR-2013-0019

Dear Mr. Bell:

The United States Association of Importers of Textiles and Apparel (USA-ITA), on behalf of its member companies, respectfully submits the following comments in response to the Office of the U.S. Trade Representative's Request for Public Comment on the United States' priorities and negotiating objectives in the Transatlantic Trade and Investment Partnership (TTIP) negotiations. Thank you for the opportunity to provide comments as the Administration works to complete a commercially significant TTIP agreement.

USA-ITA represents more than 200 apparel manufacturers and brands, retailers, distributors, importers, and related service providers, such as shipping lines and customs brokers. USA-ITA member companies include large, nationally-recognized brands and smaller companies. Our members represent the most successful, global American companies, accounting for approximately 2.9 million jobs and exporting goods to more than 170 countries.

USA-ITA members supply apparel to consumers in both the United States and the EU. Our member companies manage supply chains that span the globe, providing our companies with hands-on familiarity with market access barriers -- a familiarity that, perhaps, purely domestic manufacturers lack. We are acutely aware of the need to aggressively challenge foreign trade barriers, both to boost U.S. exports and to facilitate global trade generally.

USA-ITA strongly supports the soon-to-launch TTIP negotiations. The size and purchasing power of the EU make it an attractive market for U.S. apparel brands and retailers, though the EU maintains high tariff and non-tariff barriers on apparel imports and retail enterprises. The TTIP represents a real opportunity to eliminate these trade barriers, providing a significant boost to jobs in the United States.

There is little doubt that the EU is an attractive market for retailers and apparel brands. The European Union's GDP exceeds the GDP of the United States,[1] and the region has more than 500 million consumers with a healthy per capita GNI of $34,000.[2] Simply put, the EU has hundreds of millions of consumers who crave American brands and who can afford to buy them.

Just as importantly from an apparel brand and retail perspective, European consumers demonstrate a keen interest in fashion and retail. Europe often serves as a trend-setter for fashion worldwide, making both the size and nature of the European market extremely attractive to American retailers and fashion brands. It is no coincidence Europe is home to more than a third of the world's largest retailers.[3]

Nevertheless, the EU maintains significant tariffs on imported apparel products. According to the WTO, the EU's average tariff binding for textile and apparel goods is 7.9% -- a formidable barrier in the highly-competitive apparel industry, and well above the EU's average of 4.1%. A primary goal of the United States in the TTIP negotiations must be to obtain immediate elimination of these tariff peaks in the EU (as well as in the United States' apparel tariffs), so that American brands can better serve consumers in both the EU and the U.S. markets.

Tariff concessions are, of course, rendered meaningless when the parties adopt protectionist rules of origin. The yarn forward rule of origin, so often pursued by the United States in past free trade agreements with developing countries, is meant to stifle FTA-qualifying apparel exports from our trade agreement partners. It has no place in a trade agreement with the EU. Apparel and textile producers in the EU operate under similar cost structures and legal requirements as U.S. producers. EU apparel producers are no "threat" to America, requiring rules of origin for apparel that are more restrictive than the rules for other goods. Adoption of modern rules of origin in the TTIP's apparel chapter – rules that recognize the flexibility of today's global supply chains – would permit consumers in the U.S. and Europe to access the American and European brands they love and would foster thousands of retail and apparel jobs in the United States.

The TTIP would also permit the Administration to resolve non-tariff barriers that hinder access of American brands and retailers into the European market. Notwithstanding the existence of customs laws that cover all EU Member States, for example, application of the customs laws is left to each of the EU's 27 Member States, resulting in a lack of uniformity on classification, valuation, and origin issues. Some EU Member States limit sales and mark-downs, the effect of which is to limit the ability of new retailers to enter the market. USA-ITA will work with USTR throughout the TTIP negotiations to help address these and other non-tariff barriers faced by U.S. apparel brands and retailers.

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1 According to the latest World Bank data, the EU had a GDP of $17.58 trillion in 2011 (the latest year for which the World Bank has reported data) (*see* http://data.worldbank.org/region/EUU). The United States had a GDP of $14.99 trillion (*see* http://data.worldbank.org/country/united-states).

2 *See* http://data.worldbank.org/region/EUU

3 *See* "Global Powers of Retailing: Retail Beyond," by Deloitte LLP, published January 2013, at p.G14 (reporting that 35.2% of the world's largest retailers are in Europe). Report found at: http://www.deloitte.com/assets/Dcom-Australia/Local%20Assets/Documents/Industries/Consumer%20business/Deloitte_Global_Powers_of_Retail_2013.pdf

Finally, the TTIP presents an excellent opportunity to align differing U.S. and EU standards and norms that, while not non-tariff barriers per se, make it more difficult for apparel brands and retailers to serve both jurisdictions. For example, the United States and the EU have different apparel labeling and product safety standards, and the EU's e-commerce regulations, as the U.S. Trade Representative has long documented, can be a challenge for retailers that reside outside of the EU. Both the U.S. and the EU take matters like consumer protection, product safety, and data privacy seriously, but differing implementation strategies lead to diverging regulations that increase compliance burdens for retailers and apparel brands. The TTIP negotiations provide an excellent opportunity to harmonize U.S. and EU approaches to these issues, facilitating trade while preserving reasonable regulatory objectives.

If the Administration concludes a TTIP agreement that represents a concrete and aggressive plan to reduce foreign trade barriers, our companies, our employees, and the American consumer will benefit from new job opportunities and enhanced access to a more affordable and diverse supply of goods. USA-ITA and its member-companies strongly support the Administration's decision to launch trade negotiations with the EU. The EU offers significant potential market opportunities and offers attractive sourcing opportunities in support of jobs here in the United States.

USA-ITA appreciates your consideration of the foregoing comments. Should you have any questions or require clarification, please do not hesitate to contact me.

Sincerely,

Julia K Hughes

Julia Hughes
President
USA-ITA