



Opportunities for the U.S. Textiles and Apparel Sector



U.S. Textiles and Apparel Exporters Face Barriers in New TPP Markets**

\$813 Million

in U.S. Textiles and Apparel Exports to New TPP Markets in 2015

Certain Textiles and Apparel Exports Face Tariffs in New TPP Markets as high as **34%**

An estimated **\$48 Million** in Duties are Levied on U.S. Exports of Textiles and Apparel Products in TPP Markets Every Year

TPP Will Provide Immediate Benefits

Duty Savings in Year One under TPP on U.S. Imports of Textile and Apparel Products from the New TPP Markets May be as High as:

\$932 Million

The Textiles and Apparel Sector includes products such as man-made fibers, yarn, knit and woven fabric, non-wovens, industrial and advanced textile materials, knit and woven apparel, carpets and rugs, and home furnishing products

Key Market Access Benefits

Japan will eliminate import taxes on **99.2%** of U.S. textiles and apparel exports **immediately**

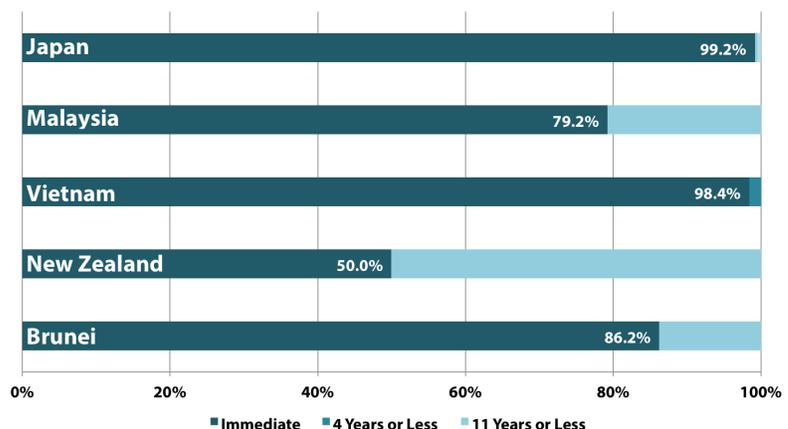
Vietnam will eliminate import taxes on **98.4%** of U.S. textiles and apparel exports immediately and **100%** within **4 years**

Malaysia will eliminate import taxes on **79.2%** of U.S. textiles and apparel exports **immediately**

New Zealand will eliminate import taxes on **50.0%** of U.S. textiles and apparel exports immediately and **100%** within **7 years**

92.6% of U.S. Textiles & Apparel Exports to New TPP Markets will Enjoy Duty-Free Access Immediately

Share of Exports by Tariff Elimination Basket



* **TPP Countries:** Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam

** **New TPP Countries:** Countries with which the United States currently does not have preferential market access – Brunei, Japan, Malaysia, New Zealand, and Vietnam
This report also covers leather hides and skins

Importance of the U.S. Textiles and Apparel Sector

The United States is the **4th Largest** Single Country Exporter of Textiles in the World

56% of Total U.S. Textiles and Apparel Exports went to TPP Markets in 2015

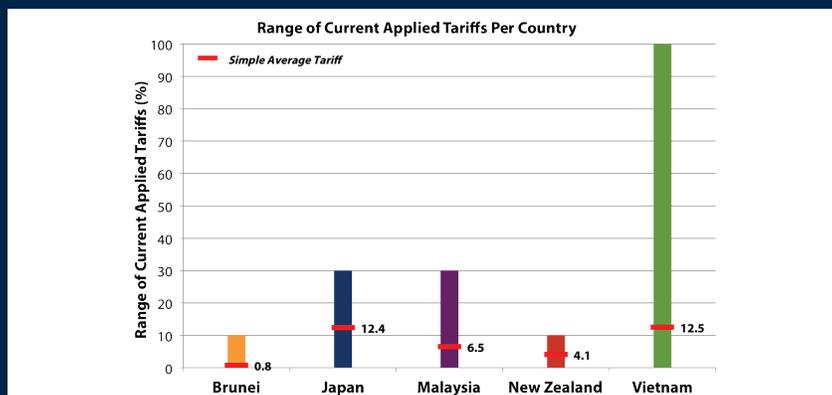
The United States is the **Largest** Single Country Importer of Textiles and Apparel in the World

369,500 Textiles and Apparel Manufacturing Jobs in 2015

New TPP Partners Are Important Markets for U.S. Exporters

Japan	\$440 Million
Malaysia	\$36 Million
Vietnam	\$220 Million
New Zealand	\$61 Million
Brunei	\$774,841

U.S. Textiles and Apparel Exports Currently Face High Barriers in New TPP Markets . . .



. . . Which Will be Eliminated Under TPP

The Textile Industry in the United States and Opportunities for Selected Textile Products

The United States is a globally competitive manufacturer of textiles. Textile industry workers are highly skilled and the industry is technologically advanced, with investments of \$1.6 billion in total capital expenditures in 2013. In recent years, U.S. textile companies have focused on retooling their businesses, finding more effective work processes, and investing in niche products and markets.

Cotton Fiber, Yarn, and Cotton Woven Fabric

In 2015, the United States exported \$475 million of cotton fiber*, yarn, and woven fabric to Vietnam, making the United States the second largest supplier of such products to Vietnam, behind only China. U.S. exporters hold 15% of the Vietnamese market for these goods even though they face tariffs of up to 12%. Under TPP, Vietnam will eliminate these tariffs immediately, giving U.S. cotton textile manufacturers an opportunity to increase their already significant exports to the Vietnamese market.

Synthetic Fiber, Yarn, and Woven Fabric

Since 2009, U.S. exports of synthetic fibers, yarns, and woven fabrics to Japan have grown by 53%, and last year U.S. manufacturers exported \$98 million of these products to Japan. However, U.S. exporters face tariffs on their goods ranging from 2.7% to 10%. Under TPP, these tariffs will be eliminated immediately, further opening the Japanese market to U.S. synthetic textile manufacturers.

Industrial and Advanced Textile Fabrics

In 2015, the United States exported \$132 million of industrial and advanced textile fabrics to Japan, where the United States is the fourth largest supplier of these fabrics, behind only China, South Korea, and Taiwan. Similarly, in 2015, the United States exported \$27.7 million of industrial and advanced textile fabrics to Malaysia, where the United States is the second largest supplier of these fabrics, behind only China. U.S. exports currently face tariffs of up to 8.2% in Japan and 20% in Malaysia. Under TPP, nearly all these tariffs will be eliminated immediately.

TPP Commitments Will Make it Easier to Sell More Made-in-America Products

Market Opportunity Spotlight

Vietnam – Non-Wovens

Vietnam has a vibrant and rapidly expanding textile industry. The Vietnamese market represents a tremendous opportunity for all types of U.S. textile businesses and workers, including producers of non-woven fabrics used, for example, in filtration, surgical gowns, and protective apparel. Exports of non-woven fabric to Vietnam are an especially promising opportunity for U.S. manufacturers. U.S. exports of non-woven fabric to Vietnam grew an impressive 921% from 2009 to 2015, to \$22 million. The United States will continue to see export growth in this sector. Under TPP, Vietnam will eliminate its tariffs on non-wovens, which average 12%, immediately.



Market Opportunity Spotlight

Japan – Men's and Boys' Apparel

The "Made in USA" label has great appeal in the Japanese market. One segment with significant potential for U.S.-made product is men's and boys' trousers and knit shirts. Japan is the fifth largest market for the United States in these product areas, behind Canada, Mexico, Honduras, and the United Kingdom. U.S. exports of men's and boys' trousers and knit shirts totaled \$43.6 million in 2015, an increase of 21.1% from 2009. Under TPP, Japan will eliminate its tariffs on these products, which average 9.8%, immediately. Since Japan is a fashion leader across Asia, success in Japan can significantly raise a brand's visibility in other Asian markets.

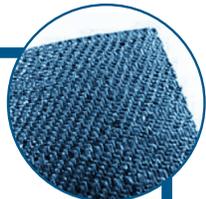


Market Opportunity Spotlight

Japan – Industrial and Advanced Textile Materials

One of the most important trends in the domestic textile industry is the growing role of industrial and advanced textiles, which are manufactured primarily for their technical performance and functional properties, rather than their aesthetic or decorative characteristics. Industrial and advanced textiles are used in the aerospace, industrial, marine, medical, military, public safety, and transportation fields.

The global industrial and advanced textile industry has seen rapid growth in the past few decades, and Japan has become a prime location for the consumption of industrial and advanced textiles. U.S. exports of industrial and advanced textile materials to Japan totaled \$132.2 million in 2015, an increase of over 31.2% from 2009. Under TPP, Japan will eliminate its tariffs on these products, which average 4.2%, immediately.



Want to learn about the tariff for your specific product in the TPP? Visit the FTA Tariff Tool at <http://www.export.gov/fta/ftatarifftool/>

TPP Commitments for the Textile and Apparel Sector

▶ Benefits for U.S. Domestic Manufacturers



- **Long Tariff Phase-outs:** The most sensitive products to domestic industry, such as certain sweaters, shirts, trousers, and industrial textiles, will be subject to lower up-front tariff cuts and longer tariff phase-out periods than other textile products, reflecting careful consideration of U.S. domestic interests and helping to preserve commercial relationships with Western Hemisphere trading partners.
- **Rules of Origin:** The “yarn-forward” rule will promote the use of fibers, yarns, and fabrics made in the United States and other TPP countries, ensure that domestic manufacturers have an opportunity to develop new business in the region, and incentivize foreign direct investment in regional textile manufacturing.
- **Textile-Specific Safeguard:** TPP includes a special textile safeguard mechanism which will provide for temporary re-application of tariffs if imports under the agreement are shown to be causing or threatening to cause serious damage to domestic industry.

▶ Greater Market Access Opportunities for Brands and Retailers



- **Tariff Cuts and Duty Savings:** Significant cuts or duty-free treatment on all apparel tariffs, which can be as high as 32%, on day one of the Agreement will provide meaningful opportunities for brands and retailers to realize millions of dollars in cost savings.
- **Short Supply List:** The TPP will give brands and retailers flexibility to source inputs from outside the TPP countries if they are not commercially available from TPP suppliers.

▶ Customs Procedures to Ensure Enforcement and Compliance



- **Specific Textile Customs Cooperation:** TPP includes specific commitments to enforce each TPP country's measures affecting trade in textile and apparel goods, to ensure the accuracy of claims of origin, and to prevent circumvention of the TPP rules of origin. Enhanced customs cooperation under TPP will allow information sharing between the United States and TPP partner countries to identify non-compliant traders and prevent customs offenses.
- **Verification and Factory Visits:** Under TPP, U.S. Customs and Border Protection (CBP) will be able to conduct verification activities in TPP partner countries – including visiting factories themselves. This will enable CBP to ensure that textile products being imported into the United States meet applicable TPP rules of origin and to take targeted, effective enforcement action whenever unscrupulous businesses are breaking the rules.

TPP Promotes Fairness and Values

- **Labor:** Establishes an enforceable requirement for adherence to fundamental labor rights as recognized by the International Labor Organization.
- **Competition Policy/State-Owned Enterprises (SOEs):** Develops rules to ensure that U.S. private sector businesses and workers are able to compete on fair terms with SOEs engaged in commercial activity.
- **Transparency, Anticorruption and Regulatory Coherence:** Promotes greater transparency, participation, and accountability in the development of regulations and other government decisions.
- **Intellectual Property Rights:** Establishes strong protections for patents, trademarks, copyrights, and trade secrets, including safeguards against cyber theft of trade secrets.
- **Government Procurement:** Increases access to government procurement markets in TPP countries by creating fair, transparent and non-discriminatory rules to administer government procurement while maintaining an exclusion for the procurement of clothing and textiles for the U.S. military.
- **Development and Trade Capacity Building:** Creates cooperative development activities in TPP countries to promote broad-based economic growth and sustainable development.
- **Environment:** Creates strong and enforceable environment obligations that are subject to the dispute settlement mechanism.