Kingdom of Bahrain
Ministry of Industry & Commerce
Minister's Office

مملكة البحرين
وزارة الصناعة والتجارة
مكتب الوزير

USTR/IC/~~IHH~~BH/09/

1st April, 2009

The Honorable Ron Kirk
United States Trade Representative
600 17th Street, NW
Washington DC 20508
United States of America

Dear Ambassador Kirk,

Let me first congratulate you on your confirmation to the post of US Trade Representative, I look forward to working with you to enhance the prospects of our Free Trade Agreement.

As you may be aware, the Ministry of Industry and Commerce (MOIC) has been tasked with following up the implementation issues regarding the Kingdom of Bahrain's Free Trade Agreement (FTA) with the United States, and with a particular emphasis on ensuring an early take-up by the private sector in terms of actualizing the potential benefits.

In particular our textiles sector has been enjoying the benefits of Chapter 3 of the agreement, and with a view to maximizing the potential of this sector's capabilities, and in line with the FTA mechanism, which acknowledges that market conditions and supply opportunities would change over the course of the agreement, I would request the consultations provided for in accordance with Article 3.2.3 of the FTA, pertaining to the rules of origin applicable to a particular textile or apparel good, with a view to seeking a revision, so as to address issues of availability of supply of fibers, yarns, or fabrics in the territories of the Parties, and in particular with regard to the availability of certain yarns used by manufacturers in Bahrain of home furnishing goods, such as sheets, pillow cases, and others.

We are seeking the designation of yarns that are not commercially available for certain bedding, curtains, bed covers, and pillow covers that are made from fine compact ring spun yarns. The attached document evidences that these yarns are not available in the United States, and that the United States has previously designated certain compact ring

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spun yarns as not commercially available under its Caribbean Basin Trade Partnership Act and its Andean Trade Promotion and Drug Eradication Act.

Specifically, we request that certain origin rules for Chapter 63 be amended to allow goods of this Chapter be considered to originate if it is both cut and sewn or otherwise assembled in the territory of one or both of the Parties and if the component that determines the tariff classification of the good is woven in the territory of one or both Parties using compact ring spun cotton yarns measuring 135 metric or finer which is not available in commercial quantities in either of the free trade agreement Parties.

We understand that there are no producers of these yarns in the territory of either Party, and that other cotton yarns, that are not compact ring spun, are not substitutable and propose, therefore that such a change in the origin rule for these products is wholly appropriate.

I have enclosed a document that provides additional information regarding the markets for compact ring spun cotton yarns and the characteristics of those yarns and the products produced from those yarns.

The attention of your good offices to consider this request at an early opportunity would be much appreciated.

Assuring you of the highest considerations.

With kind regards

Yours sincerely,

Dr. Hassan A. Fakhro
Minister of Industry and Commerce

Enclosed:
Above- mentioned document.

US – BAHRAIN MARKET FOR FINE GAUGE COMPACT RING SPUN COTTON YARNS & CHARACTERISTICS OF FINE GAUGE COMPACT RING SPUN COTTON YARNS

CURRENT PRODUCTION CAPABILITIES

Bahrain:

There are no producers of fine gauge[1] compact ring spun cotton yarns in Bahrain.

A producer in Bahrain [Westpoint Home] makes bed linen for the U.S. and other markets from fine gauge compact ring spun and other yarns. Currently production levels demand approximately 140,000 kilograms of fine gauge compact ring spun yarn per month.

United States:

According to our analysis, there are two known spinners of fine gauge cotton yarns in the United States. [Buhler Cotton Yarns] currently produces fine gauge cotton yarns as fine as 60's. It does currently have limited production of 110's for niche orders. While it can produce 100's yarns in significant quantities, it is not currently doing so. However, **the company does not produce, nor does it have the capability to produce, compact ring spun yarns in any gauge in the United States.**

The second supplier [R L Stowe Mills, Inc.] currently produces 60's yarns. It has produced 70's in the past and it is not certain if they have this capability at this time. The company does not otherwise have the ability to produce yarns finer than 70's. The **company does not produce, nor does it have the capability to produce, compact ring spun yarns in any gauge in the United States**.

There is no known production of cotton sheets of fine gauge compact ring spun yarn in the United States.

UNITED STATES' POSITION ON COMPACT RING SPUN YARNS

The United States determined, on September 29, 2005[2], that certain plied, ring spun cotton yarns, with yarn counts ranging from 42 to 102 metric cannot be supplied by

[1] 60's or fine gauge (English); 150's or fine gauge (metric).

[2] Committee for the Implementation of Textile Agreements, Designations under the Textile and Apparel Commercial Availability Provision of the United States-Caribbean Basin Trade Partnership Act (CBTPA) and the Andean Trade Promotion and Drug Eradication Act (ATPDEA). September 29, 2005.

the domestic (U.S.) industry in commercial quantities in a timely manner. When making its determination, CITA considered comments submitted by representatives of the U.S. textile industry, which stated, in part:

> "…we are aware of two processes that create a yarn virtually identical and fully substitutable for the compact cotton yarn…"

During investigation, it was suggested that yarns produced by several methods including mercerization, and Siro double creel method, are comparable to compact ring spun yarns. However, both the International Trade Commission (ITC) and the Committee for the Implementation of Textile Agreements (CITA) determined that **these processes did not produce yarns that were directly substitutable for compact ring spun yarns.**

The ITC noted that compact ring spun yarns "possess different physical and chemical properties that result in a different look, feel, and performance in the finished fabric. Given the unique properties of (compact ring spun) yarns, there appears to be no U.S. production of yarns that could be considered directly substitutable for (ring spun) yarns.". [3]

CITA agreed with this determination and approved the underlying petition. By doing so, it implicitly determined that non-compact ring spun yarns are not substitutable for compact ring spun yarns.

COMPACT RING SPUN YARN CHARACTERISTICS

Compact spinning is an enhancement of conventional ring spinning. According to the ITC:

> "During the spinning process, air suction and compaction is used to condense the fibers, causing them to lay closer together and parallel with each other, resulting in a smooth, tight yarn that has less air between the fibers. The process removes short fibers from the yarn, reduces undesirable yarn hairiness, and increases strength and evenness. Fabrics woven with compacted yarns have a smother look and feel, increased pilling resistance, and added luster. Twill fabrics made from such yarns reportedly have a cleaner look and a sharp, well-defined line."[4]

By comparison, the ITC also noted that:

> "In the conventional ring-spinning process, a weak zone known as the "spinning triangle" is formed between the clamping line and the point of

[3] Commercial Availability of Apparel Inputs (2005): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries. U.S. International Trade Commission. June 30, 2005.
[4] Ibid

twist insertion by the ring bundle. In this zone, outlying fibers may not be fully integrated into the yarn, resulting in protruding fibers or yarn hairiness. The "spinning triangle" is nearly eliminated in the compact spinning process."[5]

As noted by the ITC, the yarn produced with compact spinning is measurably less "hairy" as measured by Uster and other equipment used all over the world. In weaving, when used for warp yarn, this translates into lower weaving stops and therefore higher weaving efficiency. It is widely recognized in the industry as producing a superior yarn when compared with traditional spinning methods.

Yarn performance parameters can be grouped into two major categories: imperfections and strength.

Imperfections:

High occurrences of imperfections translate into lower weaving efficiency and undesirable fabric appearance. Test results[6] for non-compact ring spun yarns compared with results for compact ring spun yarns are listed below. These results clearly show the substantial differences in these two types of yarns:

Characteristic	Description	Non-Compact Yarn	Compact Yarn
Thin -50%	Number of thin places below -50% of mean yarn diameter measured in 1000 meters	24.50	28.4
Thick +50%	The number of thick places above +50% of mean yarn diameter measured in 1000 meters	62.00	35.6
Neps +200%	The number thick places above +200% of mean yarn diameter having length less than 0.4cm in 1000 meters	154.3	35.6
IPI	The total sum of Thin-50%, Thick +50% and Neps +200%, called IPI or Imperfections	240.8	35.6
Hairiness	Number of protruding fibers (hairs) of above 1mm length from mean yarn diameter in 1cm of yarn length	3.24	35.6

[5] Ibid

[6] Test results comparing 80 Pima cotton non-compact ring spun yarn with 80 Pima cotton compact ring spun yarn on Uster equipment. Tests performed at WestPoint Home labs.

Imperfections affect the appearance of the woven fabric as well as yarn performance in weaving. High occurrences of thins, thicks and neps can result in fabric faults that have to be removed as defectives in the greige, and undyed flecks or "knots" in finished fabric. These also impact weaving performance as higher loom stops. Hairiness is particularly important in warp yarn as small increases in hairiness can result in significant increases in warp stops because of interference with the passage of weft yarn during weaving.

Strength

Yarn strength, and high variability in strength determine the ultimate strength of the fabric but also the number of times that yarns breaks in weaving, causing lower weaving efficiency.

Characteristic	Description	Non-Compact Yarn	Compact Yarn
Breaking force	The force applied on which yarn breaks is called breaking force or force at rupture	171.6	178.2
Elongation	The percentage increase in length of yarn at which the yarn breaks in terms	3.9	4.4
Elongation CV%	The coefficient of variation among the measured values of elongation	9.3	9.6
RKM Cn/Tex	The value derived from breaking force and yarn count. Also called tenacity of yarn	23.00	25.5

Conclusion

Clearly, the United States has previously determined that compact ring spun yarns are not commercially available in the United States. In addition, they have determined that other yarns are not a substitute for the compact ring spun yarns. Thus, under the terms of the Bahrain Free Trade Agreement, for certain bed linen products in the following HTS designations, a determination should be made to allow the use of compact ring spun yarns that are not FTA originating in the manufacture of the finished good.

Correlation Table for Textile and Apparel Goods

TARIFF ITEM	UNITED STATES	BAHRAIN	DESCRIPTION
6302.21aa	6302.21.90.10		Cotton Pillowcases, other than bolster cases, not napped
6302.21bb	6302.21.90.20		Cotton Sheets, not napped
6302.31aa	6302.31.50.10		Cotton pillowcases, other than bolster cases containing embroidery, lace, braid, edging, trimming, piping or appliqué work, not napped
6302.31bb	6302.31.50.20		Cotton sheets containing embroidery, lace, braid, edging, trimming, piping or appliqué work, not napped
6302.31cc	6302.31.90.10		100% cotton (or chief weight cotton) solid, not embellished, pillowcases
6302.31dd	6302.31.90.20		Other cotton sheets, not napped
6303.91aa	6303.91.00.20		100% cotton (or chief weight cotton) bed skirt
6304.92aa	6304.92.00.00		100% cotton (or chief weight cotton) woven Sham or finished TP cover
6307.90aa	6307.90.89.45		Pillow shells of cotton
6307.90bb	6307.90.89.85		Cotton shells for quilts, eiderdowns, comforters and similar articles with 85% or more by weight of cotton
6307.90cc	6307.90.89.95		Cotton shells for quilts, eiderdowns, comforters and similar articles with less than 85% by weight of cotton