



AMERICAN WOOLEN COMPANY

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January 5, 2018

Ms. Terry Labat
Acting Chair
Committee for the Implementation of Textile Agreements
Room 30003
United States Department of Commerce
Washington, DC 20230.

Submitted via email to
OTEXA_MoroccoFTA@trade.gov

Also via email to
Terry.Labat@trade.gov and Maria.D'Andrea-Yothers@trade.gov

Subject: Request for Public Comment on a Commercial Availability Request
Under the U.S.-Morocco Free Trade Agreement

Dear Ms. Labat:

I write to oppose the request to modify the rules of origin for certain women's jackets, skirts, and pants of chief weight combed wool, classified at 6204.31.2010 Harmonized Tariff Schedule of the United States ("HTSUS"), 6204.51.0010 HTSUS, and 6204.61.8010 HTSUS, under the U.S.-Morocco Free Trade Agreement ("USMFTA"), published November 6, 2017, at 82 FR 51401. The Government of Morocco, on behalf of the apparel manufacturer Modaline, has requested that apparel articles of the above description not be excluded from USMFTA duty-free entry due to certain non-originating woven wool fabrics, specifically fabrics of 83-94% combed (worsted) wool, 4-15% nylon, and 1-7% spandex, classified at 5112.19 and 5112.20 HTSUS.

American Woolen Company is ready and able to supply the fabrics in question. Please note that "Woolen" in a company name does not mean that the company is limited to woolen (carded wool). We also weave fabrics of worsted (combed) wool and worsted wool blends, including the blends that are the subject of this request. I further note that under the terms of the USMFTA the yarns also must originate. We currently source these yarns in the U.S. for programs under other FTAs and in fabrics for U.S. Department of Defense contracts which, under the "Berry Amendment," are required to have 100% U.S. content from fiber to finished article.

By way of background, American Woolen Company has a long legacy of supplying high quality woolen and worsted woven fabrics. Our company was a leading producer of

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these types of cloth at the beginning of the 20th century. At one time, American Woolen Company owned and operated 58 textile mills throughout New England and employed over 40,000 people. The company was recognized for its superior product quality as well as its focus on innovative manufacturing processes, a distinction that helped it maintain a competitive edge in an extremely challenging industry.

In 2014, the new American Woolen Company relaunched its business through the purchase of Warren Mills, a Stafford Springs, Connecticut based textile mill. Founded in 1853, Warren Mills was originally America's most prominent manufacturer of fine camel hair and cashmere woolen fabrics.

Warren Mills in Stafford Springs, CT is the manufacturing headquarters of American Woolen Company. It is the only domestic mill capable of producing the highest qualities of both worsted and woolen cloth. American Woolen Company is committed to bringing back the jobs and technical mastery required to make the finest natural fiber fabrics in the world, in America.

Our production facility is configured to produce [****] worsted wool and wool blend fabrics [****], including the worsted (combed) wool fabric subject to this request. Our modern weaving and finishing equipment enable us to produce high quality fabrics with speed and flexibility. Our [****] employees have decades of experience with these products, including the ability to source yarns needed for use in the U.S.-Morocco Free Trade Agreement and other free trade and preference programs.

The request from the Government of Morocco should be rejected "out of hand" as failing to present any factual basis for the request. No attempt is made in the request to demonstrate short supply of the fabric in the region. No evidence is presented of any attempt to contact potential suppliers in the U.S. or Morocco. While the USMFTA does not include a "due diligence" requirement such as that in the Commercial Availability ("Short Supply") provisions of some FTAs, I believe it is an abuse of the USMFTA consultation on rules of origin provision to submit a request without doing even the slightest to determine whether it has any justification.

The sole justification given in the request for modifying the rules of origin is the December 31, 2015 expiration of the USMFTA Tariff Preference Level ("TPL") provision, in an initial amount of 30 million square meter equivalents, which was phased down to 4.3 million in the final year, and is now entirely eliminated. The TPL is a derogation from the general "yarn forward" rule of the USMFTA. The yarn forward rule is at the very foundation of U.S. FTA policy as respects textiles and apparel. The TPL was a generous *temporary* dispensation from the rule. Now that it is expired, it is inappropriate to invoke it as justification for changes to the rules of origin.

1. Morocco agreed to the yarn forward rule and should live up to that agreement.

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2. The expiration of the TPL, after ten years, is one of the provisions of the agreement. Morocco had ten years, during that transition period, to build its own industry to supply these fabrics or to establish business relations with U.S. textile manufacturers who make these fabrics. It appears that Morocco did neither.

3. Approval of this request relating to three specific types of women's wear will likely result in subsequent requests relating to other articles of apparel and other woven wool fabrics.

4. It would be unfair to the other 17 nations that are free trade partners with the U.S. under the terms of 11 agreements who, with only narrow, carefully carved out exceptions, operate under the yarn forward rule.

5. If granted, this request will prompt other current and future free trade partners to seek short supply status for the same fabrics.

6. Unlike the expired TPL, which was had annual caps, the request is unlimited as to quantity, and, if approved, would create an incentive for Morocco to increase production of apparel of third-country fabric.

Because these fabrics are available from domestic U.S. sources that will be harmed were the request granted, and because no U.S. textile industry interests can possibly be aided by the requested changes, I urge in the strongest terms that the U.S. reject this request.

If you have any questions please contact me at Jennifer.Knight@americanwoolen.com.

Sincerely,

Jennifer Knight
President & COO
American Woolen Company

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