



AMERICAN TEXTILE
MANUFACTURERS INSTITUTE

March 31, 1999
*** VIA FAX ***

Public

Chairman, Committee of Government
Representatives on Civil Society Participation
c/o Tripartite Committee
ECLAC
1825 "K" Street, N.W., Suite 1120
Washington, DC 20006

FTAA.soc/w/55
14 April 1999

Dear Mr. Chairman:

On behalf of the member companies of the American Textile Manufacturers Institute (ATMI), I would like to present our views for the Free Trade Area of the Americas (FTAA). The member companies of ATMI consume approximately 75% of the textile fibers used in the U.S. textile industry and manufacture a wide range of textile products including yarns, fabrics for industrial and apparel uses, and home furnishings.

Our industry believes that a properly constructed FTAA may provide growth through export opportunities for our products. Improperly constructed, the agreement could result in significant problems for U.S. textile manufacturers and workers and could convey benefits unjustified on countries outside of the Americas.

The U.S. textile industry has benefited from the North American Free Trade Agreement and we recommend that this be the model that should be followed with respect to textile and apparel issues in the FTAA. The key textile provisions of NAFTA include:

- **Rule of Origin** – The rule of origin should follow the NAFTA principle of "yarn forward". This means that textile and apparel products should be manufactured of yarns and fabrics produced in this hemisphere.
- **Minimal Exceptions** – A lesson to be learned from NAFTA is the necessity to minimize exceptions and avoid creating loopholes. We recommend that any exceptions to the rule of origin should be limited to products that are agreed by all parties to be unavailable in the hemisphere.



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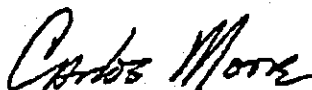
- **Customs Enforcement Measures** -- Again, NAFTA provides a loophole for the FTAA in our judgment. The key customs provisions of NAFTA include (in addition to the existing provisions available to U.S. Customs authorities):
 - Product verification through unannounced visits by Customs authorities of partner countries.
 - Audits of manufacturers operations and books by Customs authorities of partner countries.
 - Requirements that Importers must certify that the rule of origin is met.
- **Tariff Reductions** -- Textile and apparel tariff reductions should be staged identically across the FTAA countries and the staging should be negotiated among the major trading partners within the hemisphere.

We strongly recommend the creation of an FTAA textile negotiating group be done immediately. It would address the issues listed above as well as any others that may be textile specific, such as product labeling.

Finally, we recommend that there be agreement to include advisors for the business sectors to participate in that capacity during the negotiations rather than participate only at plenary sessions or at other special meetings. ATMI and its member companies are prepared to participate as advisors.

Thank you for consideration of our views.

Sincerely,



Carlos Moore
Executive Vice President