

Congress of the United States
Washington, DC 20515

May 12, 2023

The Honorable Gina Raimondo
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

Dear Secretary Raimondo:

We write to offer our strong support for maintaining the integrity of U.S. trade agreements. Accordingly, we request your attention to the textile and apparel product-specific rules of origin included in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). This agreement and its current rules have contributed to billions of dollars of investment in regional manufacturing, underpinning \$15.1 billion in annual two-way trade between the U.S. and Central America and supporting over one million textile and apparel jobs in the region.

The yarn forward rule of origin has governed textile and apparel trade in all U.S. free trade agreements (FTAs) dating back to the North American Free Trade Agreement, and recently was reaffirmed in the United States–Mexico–Canada Agreement. Its investment-based structure is a key economic driver in the Western Hemisphere and essential to stemming outward migration. We appreciate the continued and bipartisan congressional and administration support for yarn forward and current rules governing textile and apparel trade.

Agreements like CAFTA-DR contain certain limited exceptions to the yarn forward rule. One of these exceptions, known as “short supply,” permits parties to agree on a list of manufacturing inputs and materials that companies can source from a third party – usually China – while any subsequent products using that input or material will still qualify for duty-free benefits under the agreement. CAFTA-DR remains unique among U.S. FTAs in that its short supply list is considerably more expansive than that of any other U.S. trade agreement, totaling over 150 items. In comparison, USMCA’s short supply list contains a mere five items.

The rules of origin governing textile and apparel production and trade under CAFTA-DR have clear benefits and have strengthened our regional supply chains by fostering a stable business environment where American and regional manufacturers can thrive. We strongly urge you to continue following the longstanding CAFTA-DR short supply list process, which requires requestors to submit public petitions for review, and reject requests to circumvent it.

Bypassing the existing short supply petition and review system could result in non-signatory nations gaining a backdoor entrance to CAFTA-DR benefits. We fear that the People’s Republic of China (PRC), as the dominant global supplier of yarns and fabrics, would be the major winner under this proposal. The PRC could quickly displace existing sales and exports for U.S. and CAFTA-DR manufacturers of textiles. It is vital that the United States avoids any infiltration

of our FTAs by the PRC's predatory practices, including the country's abhorrent and large-scale utilization of forced labor in the Xinjiang province.

Thank you very much for your time and attention to this matter. We stand ready to work with you, domestic textile manufacturers, and regional stakeholders to strengthen, not undermine, U.S. trade agreements and regional supply chains.

SIGNED



Patrick McHenry




Bill Pascrell, Jr.



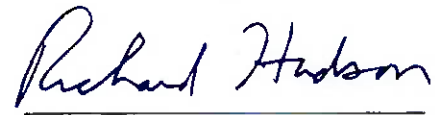
Gregory F. Murphy, MD



Daniel T. Kildee



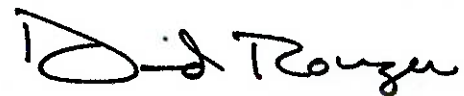
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David Rouzer



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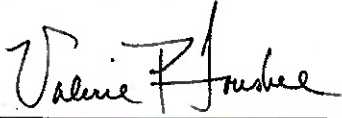
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Donald G. Davis



Virginia Foxx



Valerie P. Foushee



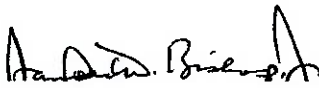
William R. Timmons IV



Chuck Edwards



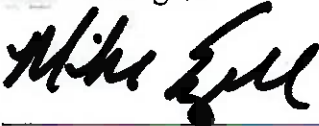
Kathy Manning



Sanford D. Bishop, Jr.



Mike D. Rogers



Mike Ezell



Austin Scott



Rick W. Allen



Russell Fry



Terri A. Sewell



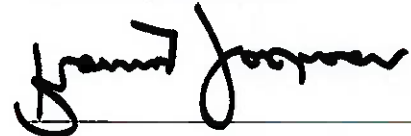
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Barry Moore

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