



International Affiliates

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In this issue:

USA-ITA Holds Webinar on Global Cotton Situation

Free Video Copy Available to IA Members

On 25 May, USA-ITA hosted a webinar entitled The Global Supply and Demand Situation for Cotton: Implications for Prices Today and Tomorrow. Attended by sourcing personnel from several top U.S. textile and apparel retailers and importers, the webinar was presented by Robert Antoshak, President of FC Stone.

Mr. Antoshak spoke about the situation around the world for cotton production, availability and pricing. With the global recession at the end of 2008 came a steep decline in both production and consumption, which had been on the rise for decades.

In the past year, however, cotton consumption has again risen, while production continued to decline in 2009. And while cotton production in 2010 is expected to rise, circumstances in several Asian countries have added to concerns that demand is far outpacing supply, which will cause a measurable increase in prices across the globe.

Mr. Antoshak's 45-minute presentation is filled with charts and graphs that highlight past and expected trends, as well as thoughtful analysis on the world cotton market.

As a service to our International Affiliates, USA-ITA is offering an online copy of this webinar free of charge. Access to the video will be available until 18 June 2010. [Click here to view the video now](#), or bookmark the page and return at a later date.

Please feel free to contact us, or Mr. Antoshak, if you have any questions about the material presented. We look forward to providing you with more educational material in the months to come.



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USA-ITA, established in 1989, is the largest U.S. trade association for importers and retailers of textile and apparel products. Headquartered in Washington, DC, USA-ITA is the voice for the industry before Congress, the Administration, the business community and the public, as well as industry groups and governments around the world.

U.S. import statistics continue to show a healthy rebound in the textile sector. Even with higher global demand and rising prices, fabrics are the first textile product to show positive year-ending growth after the global recession – up by one percent compared to last year. U.S. fabric imports during the month of March 2010 grew for nine of the top ten suppliers – seven of these by double digits. By value, during March, eight of the top ten suppliers are up by double digits (or more) for eight of the ten suppliers.

Following is a snapshot of U.S. fabric imports during the month of March. Although unit values for fabric dropped substantially during the recession, the average value climbed during the month of March, up by four percent to \$0.51 per Square Meter Equivalent (SME). Fifteen of the top twenty suppliers have a higher unit value than one year ago. Korea, Israel, and Japan all increased their unit values by more than twenty percent. Meanwhile, the value of the fabric made in top-ranked China is up by seventeen percent.

Top Fabric Categories

During the month of March, fabric represents eighteen percent of U.S. textile and apparel imports. More than eighty percent of these imports are classified in four fabric categories:

- 222: Cotton and/or Man-Made Fiber Knit Fabrics
- 223: Cotton and/or Man-Made Fiber Non-Woven Fabric
- 229: Cotton and/or Man-Made Fiber Special Purpose Fabrics
- 620: Other Man-Made Fiber Fabric of Synthetic Filament Yarns

Category 222

Although U.S. imports in Category 222 are up by thirty-two percent for the year ending March 2010, shipments during the month of March dipped slightly compared to March 2009. For both the year and the month, change is fueled by China, which supplies almost half of the U.S. imports.

Category 223

One-third of the U.S. fabric imports are in Category 223. Shipments are up for both the month of March and the year ending March 2010. China is the largest supplier, but Israel and Mexico also have double digit market shares – and strong growth. Among the top twenty suppliers, seventeen increased shipments during the month of March, compared to eleven for the year.

Category 229

Vietnam is the largest supplier of U.S. imports in Category 229, and also the fastest-growing. Although Korea, China, and Canada also have double digit market shares, all three suppliers are down for either the year or the month.

Shipments from Vietnam are up by more than two hundred percent in the month of March. Imports from Vietnam represent twenty-nine percent of overall U.S. imports for the month compared twenty-one percent for the year).

Category 620

Among the largest fabric categories, Category 620 is the only one where U.S. imports declined during the past year. Top-ranked

U.S. Fabric Imports – Month of March 2010

Country	Rnk	Million			Percent			Unit Value	
		SME	Change	Share	\$	Change	Share	% Change	
World		741.3	17.66	100.00	376.1	23.02	100.00	\$0.51	4.55
China	1	153.3	5.22	20.68	66.9	23.75	17.78	\$0.44	17.60
Korea	2	80.1	-16.45	10.80	39.0	0.51	10.37	\$0.49	20.30
Vietnam	3	60.1	251.77	8.11	13.1	241.93	3.48	\$0.22	-2.80
Canada	4	59.7	4.91	8.06	35.2	6.13	9.35	\$0.59	1.17
Israel	5	55.7	58.80	7.51	21.3	90.60	5.65	\$0.38	20.02
India	6	48.3	24.60	6.51	16.6	24.14	4.41	\$0.34	-0.37
Mexico	7	46.3	47.91	6.24	23.0	21.71	6.11	\$0.50	-17.71
Taiwan	8	28.9	10.31	3.90	16.3	11.60	4.33	\$0.56	1.17
Brazil	9	27.5	14.69	3.70	6.0	29.65	1.58	\$0.22	13.04
Germany	10	21.0	16.66	2.83	13.9	37.08	3.69	\$0.66	17.51
Turkey	11	17.7	51.38	2.39	11.2	72.56	2.97	\$0.63	13.99
Japan	12	17.7	1.25	2.39	22.6	25.93	6.00	\$1.28	24.37
France	13	13.6	103.18	1.83	7.9	25.73	2.11	\$0.58	-38.12
Pakistan	14	12.7	1.96	1.72	8.2	20.62	2.19	\$0.65	18.30
Luxemburg	15	12.0	9.24	1.62	3.7	15.95	0.98	\$0.31	6.14
Italy	16	11.1	26.05	1.49	22.8	34.44	6.06	\$2.06	6.65
Indonesia	17	8.9	62.55	1.20	5.5	85.93	1.45	\$0.61	14.39
Thailand	18	8.2	-2.77	1.11	3.9	2.25	1.05	\$0.48	5.16
UK	19	7.9	103.52	1.06	8.0	18.10	2.13	\$1.02	-41.97
Greece	20	5.5	-41.71	0.74	1.5	-36.66	0.40	\$0.27	8.65

India supplies thirty-three percent of the U.S. imports, up slightly from last year despite decreasing shipments. Meanwhile, U.S. imports from second-ranked China are up by sixty-one percent compared to last year. China's market share almost doubled, and China now represents ten percent of U.S. imports in Category 620.

Surge in Man-Made Fiber Fabrics

During the month of March, China led a surge in U.S. imports of Man-Made Fiber Fabrics. China is the largest or second-largest supplier for the three fastest-growing categories. In all three of these categories, shipments from China are up by triple digits or more compared to the same month one year ago.

Following is a list of these fast growing categories. U.S. imports of each of these fabrics are up by triple digits in the month of March:

- Category 611: Woven Fabric of Artificial Staple Fibers, >85% by Weight
- Category 614: Man-Made Fiber Fabric of Staple Fibers, Poplin & Broadcloth
- Category 621: Man-Made Fiber Impression Fabric

One Year Anniversary of the International Affiliates

Congratulations! As our charter International Affiliate members, you are a part of a strong partnership with USA-ITA and our U.S. retailer and importer members. It's an exciting time in our industry and we are very pleased that you are part of our organization.

In the coming year, we will continue providing you with the latest U.S. trade and policy information. We will offer new opportunities to expand your visibility as a USA-ITA International Affiliate.

Please look for your upcoming dues renewal notice. Your participation is very valuable to USA-ITA and our member companies.

Best Regards,

Heidi Weber
Senior Director of Membership

U.S. Regulatory Updates

U.S. Chamber of Commerce Releases Report on Trade Priorities

On 14 May 2010, the U.S. Chamber of Commerce released the report, *the State of World Trade*. The report summarizes the Chamber's position on trade policy, discussing the benefits of Free Trade Agreements (FTAs) and the problems caused by non-tariff barriers to trade, both in the U.S. and abroad. The Chamber says that the U.S. is falling behind other developed countries with regard to business innovation and trade agreements. They argue that the biggest impediments to U.S. trade policy are the labor movement and economic nationalism, particularly in the wake of the global financial downturn.

According to the Chamber, in order to ensure future prosperity, the U.S. must promote exports. They call the National Export Initiative a necessary first step. However, the Chamber also outlines the following agenda to improve the U.S. position in the world market:

- Open foreign markets. This includes the following steps:
 - Renew trade negotiating authority, which lapsed in 2007
 - Approve the FTAs with Colombia, Korea, and Panama
 - Conclude negotiations for the Trans-Pacific Partnership and the World Trade Organization (WTO) Doha Round.
- Combat economic nationalism through formal discussions such as the Transatlantic Economic Council and the U.S.-India CEO Forum.
- Resist domestic isolationism
- Reform the U.S. export control system.

Finally, the Chamber says that the best tool to create jobs and promote economic recovery is free enterprise. They call on political leaders to resist economic nationalism, and say that business and labor leaders must balance personal interest with the best interest of the economy as a whole.

U.S. Regulatory Updates

Sutton Introduces Bill To Require Foreign Manufacturers to Establish U.S. Agents

Earlier this year, Representative Betty Sutton (D-OH) introduced the Foreign Manufacturers Legal Accountability Act of 2010. The bill requires foreign manufacturers of consumer products, drugs, chemicals, and pesticides to establish “registered agents” in the U.S. who are authorized to accept legal papers. In addition, by designating an agent, the manufacturer would consent to the jurisdiction of the state where the agent is located. The bill is intended to make it easier for U.S. consumers to sue foreign manufacturers and already has twenty-six co-sponsors. The U.S. House of Representatives is expected to consider this legislation later this year.

Obama Administration National Security Strategy Plan Includes Commitment to “Ambitious and Balanced” Doha Agreement

On 27 May 2010, the Obama Administration released the National Security Strategy. This report must be submitted to the U.S. Congress every four years. The report outlines the steps the U.S. is taking to safeguard national security now and in the future. One major theme throughout the 2010 report is the connection between economic prosperity and security. The Obama Administration states that economic growth “underpins our prosperity.” They say they will “open foreign markets to our products and services” and “build cooperation with our international partners” in order to foster sustained economic growth. In addition, the Administration explicitly states that they are seeking an “ambitious and balanced” agreement in the World Trade Organization (WTO) Doha round of negotiations. Following is the excerpt from the report that describes the Administration’s plan of action on trade:

Open Foreign Markets to Our Products and Services: The United States has long had one of the most open markets in the world. We have been a leader in expanding an open trading system. That has underwritten the growth of other developed and emerging markets alike. Openness has also forced our companies and workers to compete and innovate, and at the same time, has offered market access crucial to the success of so many countries around the world. We will maintain our open investment environment, consistent with our national security goals. In this new era, opening markets around the globe will promote global competition and innovation and will be crucial to our prosperity. We will pursue a trade agenda that includes an ambitious and balanced Doha multilateral trade agreement, bilateral and multilateral trade agreements that reflect our values and interests, and engagement with the transpacific partnership countries to shape a regional agreement with high standards. As we go forward, our trade policy will be an important part of our effort to capitalize on the opportunities presented by globalization, but will also be part of our effort to equip Americans to compete. To make trade agreements work for Americans, we will take steps to restore confidence, with realistic programs to deal with transition costs, and promote innovation, infrastructure, healthcare reform and education. Our agreements will contain achievable enforcement mechanisms to ensure that the gains we negotiate.

Build Cooperation with Our International Partners: The United States has supported the G-20’s emergence as the premier forum for international economic cooperation. This flows from the recognition that we need a broader and more inclusive engagement with the countries responsible for most of global output and trade. U.S. leadership in the G-20 will be focused on securing sustainable and balanced growth, coordinating reform of financial sector regulation, fostering global economic development, and promoting energy security. We also need official international financial institutions to be as modern and agile as the global economy they serve. Through the G-20, we will pursue governance reform at the International Monetary Fund (IMF) and World Bank. We will also broaden our leadership in other international financial institutions so that the rapidly growing countries of the world see their representation increase and are willing to invest those institutions with the authority they need to promote the stability and growth of global output and trade.

Upcoming Events

SEMINAR:

Customs Penalties – Recent Developments

17 June 2010

10:00 AM - 12:00 AM EDT

@ Macy's Headquarters, New York, NY

\$65 USA-ITA Members | \$115 non-members

The textile and apparel industry has seen an increase in enforcement activities by Customs and Border Protection of late. With Revenue designated as a Priority Trade Issue and a greater use of Free Trade Agreements and other duty-free programs, importers are increasingly being audited and their shipments being scrutinized by CBP with more examinations and more Requests for Information.

When a potential issue of noncompliance is identified, what options are available to an importer? When should the filing of a prior disclosure be considered? When is a Customs investigation considered to have been commenced?

Participate in a practical discussion of different strategies available to an importer which has identified an instance of noncompliance or is facing a potential penalty liability.

Learn about the critical elements of a compliance program and factors to consider in disclosing past errors.

Presenter: Arthur W. Bodek, Esq. Partner, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP

[Click here to register](#)

WEBINAR:

Managing Your Third Party Risks Under the Foreign Corrupt Practices Act

23 June 2010

11:00 AM -12:00 Noon EDT

\$50 USA-ITA members | \$100 non-members

Do you know what your agents, sales people, distributors, freight forwarders, brokers, subcontractors and consultants are up to as they go about serving and promoting your business? In an era of increasing global enforcement of laws prohibiting payments or offers of anything of value, directly or indirectly, to any government official, the possibility that your company could be held liable for the actions of third parties is growing. An active FCPA compliance program and continuing education within your company and among those acting on behalf of your company is essential.

This highly practical program, expressly tailored for sourcing and compliance personnel, will provide:

- A comprehensive explanation of the FCPA;
- Recommendations on how to manage risk with third-party agents;
- Tips on identifying red flags and conducting FCPA internal investigations; and
- Guidance on appropriate contract provisions, establishing an effective FCPA compliance program and building a culture of compliance.

Presenter: Brenda A. Jacobs, Sidley Austin LLP

[Click here to register](#)