

United States International Trade Commission

# **Certain Yarns and Fabrics: Effect of Modification of U.S.-Singapore FTA Rules of Origin for Goods of Singapore**

Investigation No. Singapore FTA-103-10  
USITC Publication 3783  
May 2005



# U.S. International Trade Commission

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# **U.S. International Trade Commission**

Washington, DC 20436

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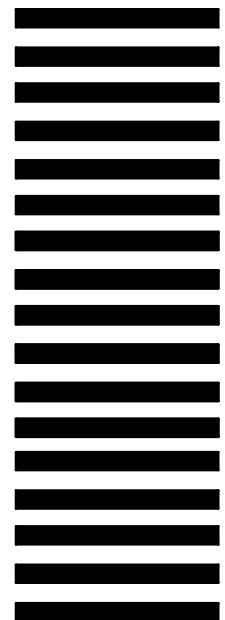
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# **CHAPTER 1: INTRODUCTION**



## Purpose, Scope, and Organization of Report

The U.S. International Trade Commission (Commission) instituted this investigation, No. Singapore FTA-103-10, *Certain Yarns and Fabrics: Effect of Modification of U.S.-Singapore FTA Rules of Origin for Goods of Singapore*, at the request of the United States Trade Representative (USTR) for the purpose of providing certain advice to the President.<sup>1</sup> The USTR asked that the Commission provide advice on the probable effect on U.S. trade under the U.S.-Singapore Free Trade Agreement (SFTA), on total U.S. trade, and on domestic producers of the affected articles, of certain modifications to the SFTA rules of origin for certain goods of Singapore. The USTR requested the advice under authority delegated by the President and pursuant to section 103 of the SFTA Implementation Act (19 U.S.C. 3805 note).<sup>2</sup> In the request letter, received by the Commission on March 2, 2005, the USTR stated that U.S. negotiators had reached agreement in principle with representatives of the Government of Singapore concerning proposed modifications to the SFTA rules of origin for the specified apparel articles. The proposed changes to these rules of origin, if implemented, would apply to U.S. imports from and U.S. exports to Singapore to determine if they qualify for duty-free entry under the SFTA.<sup>3</sup>

According to the USTR's request letter, the proposed changes to the SFTA rules of origin are in response to a request from the Government of Singapore to modify the rules for apparel articles, to allow them to be made of certain yarns and fabrics that do not originate in the United States or Singapore. As noted in the USTR request letter, the proposed rules changes<sup>4</sup> are the result of determinations that producers in the United States and Singapore are not able to produce the apparel inputs in commercial quantities in a timely manner. The yarns and fabrics have been the subject of prior determinations made by the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and/or the Andean Trade Promotion and Drug Eradication Act (ATPDEA). During the period since November 15, 2002,<sup>5</sup> CITA determined that the specified yarns and fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner and, accordingly, designated certain apparel articles made of such yarns or fabrics, regardless of the source of these apparel inputs, as eligible to enter free of quotas and duties under the commercial availability provisions of the AGOA, CBTPA, and/or ATPDEA, provided that all other yarn or fabric inputs are formed in the United States.

The yarns and fabrics under consideration in this report, as well as the proposed SFTA rules changes for apparel articles made of such yarns and fabrics, are described in table 1 on pages 6 and 7 of this report. The remainder of this chapter describes the approach used by the Commission to develop its advice, summarizes the advice, and provides an overview of U.S. trade in textiles and apparel with Singapore and Singapore's textile and apparel industry.

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<sup>1</sup> The USTR letter is in appendix A, and the Commission's notice of investigation, published in the *Federal Register* of Mar. 18, 2005 (70 F.R. 13208), is in appendix B.

<sup>2</sup> Section 202(o)(2)(B)(i) of the SFTA Implementation Act authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Singapore pursuant to Article 3.18.4(c) of the SFTA. One of the requirements set out in section 103 of the Act is that the President obtain advice from the United States International Trade Commission.

<sup>3</sup> The proposed rule changes would apply to U.S. exports of the apparel articles to Singapore, but would not affect these exports as Singapore's applied most-favored-nation rates of duty on apparel are free.

<sup>4</sup> The Commission did not have information on the exact method to be used to reflect these changes in the HTS; for example, modifications to general note 25 of the HTS (the United States-Singapore Free Trade Agreement).

<sup>5</sup> Designations made by CITA under the commercial availability provisions on or before Nov. 15, 2002, were "grandfathered" into the SFTA (see general note 25(d)(ii) of the 2005 HTS).

## **Approach and Summary of Advice**

As requested by the USTR, the Commission is providing advice on the probable effect of the proposed modifications to the SFTA rules of origin for certain apparel articles made of the specified yarns and fabrics on U.S. trade under the SFTA, on total U.S. trade, and on affected domestic producers. The Commission invited written submissions from the public, but did not receive any. The Commission did not hold a public hearing in connection with this investigation. The data and analysis presented herein draw on information collected by the Commission from publicly available sources and telephone interviews with industry representatives. The Commission conducted qualitative analysis to assess the effects the changes to the rules of origin might have, if implemented, on trade and production for the subject products. The Commission's qualitative assessment is based on the best available information, including available data and information on trade and production, information pertaining to the market conditions for the subject products (e.g., industry structure, production, product uses, and trade flows), information obtained from interested parties, including producers of the affected articles, and the Commission's own expertise.

The Commission's analysis indicates that the proposed SFTA rules changes for apparel articles made from the specified yarns and fabrics, regardless of the source of such apparel inputs, would likely have no effect on domestic producers or their workers, because any increase in U.S. trade in the affected products under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade in the affected goods, including trade with countries benefiting from U.S. trade preferences, and on U.S. apparel production. The Commission is unaware of any changes in the capability of the U.S. textile industry to supply the specified yarns and fabrics since the dates when CITA determined that the yarns and fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of the AGOA, CBTPA, and/or ATPDEA. In addition, U.S. production of apparel articles of the specified yarns and fabrics, or of garments that could be substitutable for such apparel articles, is likely to be very small and/or involve goods used by U.S. apparel companies to augment their import lines for replenishment or quick turnaround purposes. The proposed rules changes would likely benefit U.S. consumers of apparel to the extent that the garments made of the specified yarns and fabrics become more available in the U.S. market and that importers pass on some of the duty savings to retail consumers.

### **U.S. Textile and Apparel Trade with Singapore**

U.S. bilateral trade in textiles and apparel with Singapore has declined significantly since 1990, reflecting Singapore's decreasing competitiveness vis-a-vis lower cost Asian suppliers such as China. Imports of textiles and apparel from Singapore fell from more than \$600 million a year during the early 1990s to \$244 million in 2004, while U.S. exports of such goods to Singapore peaked at \$122 million in 1996, and then fell continually to \$57 million in 2004.<sup>6</sup> In 2004, the first year of the SFTA, U.S. imports of textiles and apparel from Singapore fell by 10 percent, while U.S. exports of such goods to Singapore rose by 8 percent. Singapore accounted for less than 0.5 percent of total U.S. textile and apparel trade in 2004. Data on U.S. imports of the specified yarns and fabrics, and the apparel articles made from such inputs, are not available because these items, for tariff and statistical reporting purposes, are grouped with other related yarns, fabrics, and apparel, respectively.

The textile and apparel industry in Singapore has declined in size during the past two decades, as wage rates there rose to levels higher than in any other developing country in Asia. With government encouragement, much of Singapore's apparel manufacturing operations has moved to lower cost countries

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<sup>6</sup> Data on U.S. imports and exports are official statistics of the U.S. Department of Commerce, Office of Textiles and Apparel (OTEXA), available on the OTEXA website at <http://otexa.ita.doc.gov>.

in the region. Singapore reportedly now has limited production capacity for yarns and fabrics,<sup>7</sup> and its apparel sector has evolved into more of a center for design, warehousing, and distribution for apparel than a manufacturing base. Only 126 of the 724 textile and apparel companies in Singapore in 2003 were engaged in manufacturing, and they employed 1,642 people (the non-manufacturing segment of the industry employed about 9,000 people).<sup>8</sup>

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<sup>7</sup> In 2002, Singapore did not have any capacity to make (weave) fabrics, while its installed capacity to make (spin) yarns was very small, totaling 33,000 spindles, most of which were more than 10 years old. During 1995-2003, Singapore purchased a total of 177 large (over 165 millimeter) circular knitting machines; in 2003, alone, it purchased 99 such machines. It is believed that these knitting machines are used in the production of knitted fabrics for knitted apparel articles. Data are from the International Textile Manufacturers Federation, *International Textile Machinery Shipment Statistics* (Zurich, Switzerland), vol. 26/2003, Apr. 2004.

<sup>8</sup> U.S. Department of State telegram No. 2753, "Singapore - Tracking Changes in Textiles and Apparel Employment and Production After Quota Elimination," prepared by U.S. Embassy, Singapore, Sept. 20, 2004.

**Table 1**  
**Summary of advice concerning modifications to the U.S.-Singapore FTA rules of origin for certain textile articles of the United States and Singapore**

Product <sup>1</sup>	Nature of modification	Probable effect advice
<p>Certain apparel of micro modal fibers and U.S. pima cotton</p> <p>Ring-spun single yarn of 51 and 85 number metric (nm), containing 50 percent or more, but less than 85 percent, by weight of 0.9 denier or finer micro Modal® fiber, mixed solely with U.S. extra-long pima cotton, classified in HTS subheading 5510.30.00, for use in women's and girls' knitted blouses, shirts, lingerie, and underwear (classified mainly in HTS headings 6106, 6108, 6109, and 6112).</p>	<p>The current SFTA rules specify that this type of yarn, along with the fabric made from it, must be made in a SFTA Party in order for the apparel to be considered an originating good and thus qualify for SFTA preferences.</p> <p>The proposed rules change is liberalizing because it would allow apparel to be made of this type of yarn formed outside an SFTA Party, and still be considered an originating good for SFTA purposes. The fabric would still need to be made in a SFTA Party.</p>	<p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. trade under FTA: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p> <p>The proposed rules change would likely have no effect on U.S. industry or its workers, because any increase in U.S. trade in the affected products under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in the affected goods. There is no domestic production of the yarn or of rayon fibers used to make it. The proposed action could benefit U.S. producers of pima cotton and U.S. consumers. Any increase in U.S. imports of the apparel under the SFTA would likely not be substitutable for any apparel made in the United States or in other countries having U.S. trade preferences.</p>
<p>Apparel of woven cotton flannel fabrics</p> <p>100-percent cotton woven flannel fabrics, of yarns of different colors, containing ring-spun yarns of 21 through 36 number metric (nm), of 2x2 twill weave construction, classified in HTS subheading 5208.43.00, for use in apparel other than gloves (classified mainly in HTS headings 6205, 6206, 6207, 6208, and 6211).</p>	<p>The current SFTA rules specify that this type of fabric, along with the yarn used to make it, must be made in a SFTA Party in order for the apparel to be considered an originating good and thus qualify for SFTA preferences.</p> <p>The proposed rules change is liberalizing because it would allow the apparel to be made of this type of fabric, and the yarn used to make it, formed outside a SFTA Party, and still be considered an originating good for SFTA purposes.</p>	<p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. trade under FTA: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p> <p>The proposed rules change would likely have no effect on U.S. industry or its workers, because any increase in U.S. trade in the affected products under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in the affected goods. There is no known domestic production of the affected goods, including the fabrics or the yarn used to make them, the apparel made from them, or garments that could be directly substitutable for such apparel. The proposed action would likely have no effect on U.S. trade with other countries benefiting from U.S. trade preferences. Singapore is at a competitive disadvantage in terms of sourcing costs and/or lead times compared with countries benefiting from U.S. trade preferences. The proposed rules change would likely benefit U.S. consumers of apparel to the extent that importers pass on some of the duty savings to retail consumers.</p>
<p>Blouses of woven cotton shirting fabrics</p> <p>Fabrics of cotton classified in HTS subheadings 5210.21 and 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 number metric (nm), for use in women's and girls' blouses (classified in HTS subheadings 6206.30.30 and 6211.42.00).</p>	<p>The current SFTA rules specify that this type of fabric, along with the yarn used to make it, must be made in a SFTA Party in order for the blouses to be considered an originating good and thus qualify for SFTA preferences.</p> <p>The proposed rule change is liberalizing because it would allow the blouses to be made of this type of fabric, and the yarn used to make it, formed outside a SFTA Party, and still be considered an originating good for SFTA purposes.</p>	<p>U.S. total trade: Imports: Negligible Exports: Negligible</p> <p>U.S. trade under FTA: Imports: Negligible Exports: Negligible</p> <p>U.S. production: Negligible</p> <p>The proposed rule change would likely have no effect on U.S. industry or its workers, because any increase in U.S. trade in the affected goods under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in affected goods. There is no known domestic production of the affected goods, including the fabrics or the yarn used to make them, or the blouses made from them. Although U.S. import duties on blouses made of the subject fabrics are relatively high, the proposed action would likely have no effect on U.S. trade with other countries benefiting from U.S. trade preferences. Singapore is at a competitive disadvantage in terms of sourcing costs and/or lead times compared with countries benefiting from U.S. trade preferences. The proposed rule change would likely benefit U.S. consumers of apparel to the extent that importers pass on some of the duty savings to retail consumers.</p>



**Table 1**  
**Summary of advice concerning modifications to the U.S.-Singapore FTA rules of origin for certain textile articles of the United States and Singapore**

Product <sup>1</sup>	Nature of modification	Probable effect advice
<p>Apparel of micro-denier, solution-dyed, open-end spun viscose yarn</p> <p>Micro-denier 30 singles and 36 singles solution-dyed, open-end spun, staple-spun viscose yarn, classified in HTS subheading 5510.11.00, for use in apparel (classified in HTS chapters 61 (knitted or crocheted) and 62 (not knitted or crocheted)).</p>	<p>The current SFTA rules specify that this type of yarn, along with the fabric made from it, must be made in a SFTA Party in order for the apparel to be considered an originating good and thus qualify for SFTA preferences.</p> <p>The proposed rules change is liberalizing because it would allow apparel to be made of this type of yarn formed outside a SFTA Party, and still be considered an originating good for SFTA purposes. The fabric would still need to be made in a SFTA Party.</p>	<p>U.S. total trade:            U.S. trade under FTA:    U.S. production:  Imports: Negligible       Imports: Negligible       Negligible  Exports: Negligible       Exports: Negligible</p> <p>The proposed rules change would likely have no effect on U.S. industry or its workers, because any increase in U.S. trade in the affected goods under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in the affected goods. There is no domestic production of the yarn or of rayon fibers used to make it. Although U.S. import duties on apparel made of the yarn are high, the proposed action would likely have no effect on U.S. trade with other countries benefiting from U.S. trade preferences. Singapore is at a competitive disadvantage in terms of sourcing costs and/or lead times compared with other countries benefiting from U.S. trade preferences. The proposed rules change would likely benefit U.S. consumers of apparel to the extent that importers pass on some of the duty savings to retail consumers.</p>

<sup>1</sup> The current SFTA rules of origin applicable to U.S. imports of goods of Singapore appear in general note 25 of the 2005 HTS.



## **CHAPTER 2: ADVICE AND RELATED INFORMATION**



## CERTAIN APPAREL OF MICRO MODAL FIBERS AND U.S. PIMA COTTON

### Subject product<sup>9</sup>

The Commission's advice in this section relates to a proposed modification of the SFTA rules of origin for women's and girls' knitted blouses, shirts, lingerie, and underwear, to allow them to contain certain non-originating (third-country) yarn provided for in HTS subheading 5510.30.00 and still be considered an "originating" good and, thus, qualify for SFTA preferences.<sup>10</sup> The subject yarn is a "ring spun single yarn of 51 and 85 number metric (nm), containing 50 percent or more, but less than 85 percent, by weight of 0.9 denier or finer micro Modal® fiber, mixed solely with U.S. origin extra long pima cotton."<sup>11</sup> The apparel articles are classified in HTS chapter 61 (apparel, knitted or crocheted) and subject to U.S. general rates of duty ranging from 14.9 percent to 32 percent ad valorem.<sup>12</sup> The United States eliminated duties on eligible textile and apparel articles from Singapore with the implementation of the SFTA on January 1, 2004. Singapore's applied most-favored-nation (MFN) import duties on textiles and apparel are "free."

Modal® is a licensed trademark of Lenzing AG of Austria and refers to extremely fine viscose rayon fibers manufactured from regenerated cellulose (wood pulp). According to Lenzing, the world's largest producer of cellulosic fibers, Modal® is particularly suited for blending with cotton because both fibers have similar properties and the dyeing performance of Modal® is similar to that of cotton.<sup>13</sup> U.S. pima cotton is "extra-long-staple" cotton measuring 1 $\frac{3}{8}$  inches or longer. The strength and uniformity measurements of pima cotton are much higher than those of the more commonly grown upland cotton. Because of the fineness of Modal® and pima cotton, more fibers can be spun into a yarn of a given count, which enhances the feel and softness, drapeability and brilliance of color of a fabric.<sup>14</sup>

The subject yarn is used mainly in women's and girls' knitted tops and lingerie that sell in the middle to higher end of the fashion market. The cost of the yarn (\$3.50 per pound for nm 50 yarn) is much higher

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<sup>9</sup> For more information on the articles, see the Commission's report, "Apparel of Certain Yarn of Micro Modal Fiber/Cotton," *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries* (Inv. No. 332-450-006), July 17, 2003. See CITA's notice in the *Federal Register* of Oct. 30, 2003 (68 F.R. 61792) regarding its determination that the subject yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of AGOA, CBTPA, and ATPDEA.

<sup>10</sup> Under the current rules in the SFTA, the subject yarn and the fabric made from it must be formed in the United States or Singapore in order for the apparel to be considered "originating" and, thus, qualify for SFTA preferences. The proposed rule change would permit apparel to be made in either party from the third-country subject yarn and still qualify as an originating good. No other change in existing rules of origin for the apparel would be made; thus, the origin status of the fabric and other inputs would not be changed.

<sup>11</sup> The term "number metric" indicates the number of 1,000 meter lengths in a kilogram of yarn (the higher the number, the finer the yarn). The term "micro," as used in the trade, refers to fibers measuring less than 1 denier. Denier is a measure of the linear density, or weight per unit length, of a fiber or yarn; it indicates the weight, in grams, of 9,000 meters of fiber or yarn (the lower the denier number, the finer the fiber or yarn). Data on U.S. imports of the yarn and apparel are not available because these items, for tariff and statistical purposes, are grouped with other related yarns and apparel, respectively.

<sup>12</sup> The knitted garments are classified primarily in HTS headings 6106 (blouses and shirts), 6108 (lingerie and underwear), 6109 (T-shirts, tank tops, and similar garments), and 6112 (other knitted shirts).

<sup>13</sup> Lenzing's integrated pulp and viscose fiber operation in Lenzing, Austria, has a capacity to make 200,000 tons of fibers per year (see its 2003 annual report, available at [www.lenzing-fasern.com](http://www.lenzing-fasern.com)), retrieved Apr. 4, 2005.

<sup>14</sup> Pima cotton, grown domestically only in Arizona, California, New Mexico, and Texas, accounts for 3 percent of U.S. cotton production annually; more than 90 percent of U.S. pima cotton production is exported, mainly to Asia (see website of Supima, the promotional organization of U.S. pima cotton growers, at [www.supimacotton.org](http://www.supimacotton.org)).

than that for yarn wholly of pima cotton (\$2.50) or upland cotton (\$1.70).<sup>15</sup> Fabric made of the subject yarn has “a soft and silky hand, which remains unchanged even after numerous washings,” and a “high dimensional stability” in a dry or wet state.”<sup>16</sup>

### **U.S. trade and industry and market conditions for the subject product**

A representative of the National Council of Textile Organizations (NCTO) said there is no U.S. production of the subject yarn or of the rayon fibers used to make it.<sup>17</sup> The sole producer of rayon staple fibers in North America, Liberty Fibers Corp., Lowland, TN (formerly a subsidiary of Lenzing),<sup>18</sup> does not make fibers of a kind used in the subject yarn.<sup>19</sup> The only known U.S. yarn mill using Modal® is Carolina Mills Inc., Maiden, NC.<sup>20</sup> The yarn made by Carolina Mills (1) is wholly of Modal® fibers, rather than a mixture of these fibers with extra-long pima cotton,<sup>21</sup> and (2) is an open-end (O-E) spun yarn, rather than a ring-spun yarn.<sup>22</sup> These differences suggest that the yarn made by Carolina Mills is not substitutable for, or directly competitive with, the subject yarn; for example, ring-spun yarn is stronger and softer than O-E spun yarn, and can be made in much finer grades, making them especially suited for intimate apparel.<sup>23</sup>

U.S. mills producing ring-spun yarns of U.S. pima cotton, a large portion of which are used in home textiles (e.g., sheets and towels), said they can make the subject yarn but do not do so because Modal® is not readily available in the United States.<sup>24</sup> A representative of Lenzing said that, because Modal® “has come into fashion in a big way” in recent years, the firm had been experiencing significant demand for the fiber and had been shipping it mainly to existing customers in Europe and Asia.<sup>25</sup>

The subject yarn that is sold in the United States is believed to be made mostly in Switzerland by Hermann Bühler AG, which markets the yarn through its U.S. subsidiary, Buhler Quality Yarns Corp.

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<sup>15</sup> \*\*\*

<sup>16</sup> See website of Hermann Bühler AG of Switzerland, a producer of the subject yarn, at [www.buhleryarns.com](http://www.buhleryarns.com).

<sup>17</sup> Michael Hubbard, Vice President, NCTO (a Washington, DC-based lobbying group representing the fiber, fabric, supplier, and yarn industries), telephone interview by Commission staff, Apr. 13, 2005.

<sup>18</sup> In its 2003 annual report, Lenzing said its former U.S. subsidiary had “suffered from the persisting weakness of the U.S. fiber market, as well as from strong import pressure.” On Nov. 21, 2003, Lenzing sold its remaining share in the U.S. firm to the firm's majority shareholder, a private equity group (see Lenzing press release, “The Lenzing Group Withdraws from US Minority Holding Lenzing Fibers Corporation,” Nov. 24, 2003). A recent trade report noted that the majority ownership of Liberty Fibers was acquired by a Dallas-based private equity firm (see “Lewis Hollingsworth Completes Liberty Fibers Acquisition,” *Textile World*, Feb. 2005, p. 11).

<sup>19</sup> Liberty Fibers makes rayon fibers mainly for nonwoven (fabric made of a fibrous web) uses. Doug Noble, Vice President, Marketing, Liberty Fibers Corp., telephone interview by Commission staff, Apr. 13, 2005.

<sup>20</sup> Information on Carolina Mills is from Mike Groce, Director of Sales for the firm, telephone interview by Commission staff, Apr. 22, 2005, and its website at [www.carolinamills.com](http://www.carolinamills.com).

<sup>21</sup> \*\*\*

<sup>22</sup> The main methods of making spun yarn are ring spinning and O-E spinning. Whereas ring spinning gives a tighter twist and makes a stronger, softer yarn, O-E spinning is much faster and usually lower in cost as it eliminates or combines steps required with ring spinning (e.g., roving).

<sup>23</sup> O-E spinning reportedly cannot make micro Modal® yarn finer than a 30s yarn count, whereas ring spinning can easily produce it as fine as an 80s yarn count.

<sup>24</sup> Telephone interviews with Michael H. Slocumb, Vice President - Marketing, Specialty Yarns, R.L. Stowe Mills, Inc., Belmont, NC, and Dan Nation, President, Parkdale International, Gastonia, NC, Apr. 2005.

<sup>25</sup> David Atkins, Regional Director, Lenzing of the Americas, telephone interview, Apr. 2005.

(Buhler), Jefferson, GA,<sup>26</sup> a producer of ring-spun pima cotton yarns \*\*\*. The Swiss firm created Buhler in 1995 “to provide better service to the growing market potential for top quality fine count yarns in the NAFTA region.” Buhler said it is the leading supplier of fine-count yarns to countries making apparel for export to the United States duty-free under NAFTA, CBTPA, and ATPDEA. \*\*\* Buhler said it has “no objections” to the proposed SFTA rules change, noting that it has exported pima cotton yarns to Singapore.<sup>27</sup> \*\*\*

Commission staff estimate that the U.S. market for women's and girls' knitwear of the subject yarn is very small, as is domestic production. The only known U.S. producer of such apparel is H.H. Fessler Knitting Co. Inc., Orwigsburg, PA, which makes women's and girls' high-end fashion knitwear \*\*\*.<sup>28</sup> Fessler buys the subject yarn \*\*\*, knits it into fabric, and then cuts and sews the fabric into apparel. \*\*\* Fessler said its competitive strengths are a “fashion forward attitude and customer satisfaction;” a reputation for “design, unique fabrics, quick-turn and quality;” and the use of state-of-the-art equipment in design and production. \*\*\*

\*\*\*

### **Probable effect of the proposed action on U.S. trade under the SFTA, total U.S. trade, and on domestic producers of the affected product<sup>29</sup>**

The Commission's analysis indicates that the proposed SFTA rules change for women's and girls' knitted blouses, shirts, lingerie, and underwear, made from the subject yarn of HTS subheading 5510.30.00, would likely have no effect on domestic producers or their workers, because any increase in U.S. trade in the affected products under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in the affected goods. The Commission is unaware of any changes in the capability of the U.S. textile industry to supply the subject yarn since October 2003, when CITA determined that the yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of AGOA, CBTPA, and ATPDEA. There is currently no domestic production of the yarn or of rayon fibers of a kind used to make the yarn. \*\*\* The proposed rule change could benefit U.S. producers of pima cotton, because of the requirement in the proposal that the yarn be made of micro Modal® fibers, mixed solely with U.S. extra-long pima cotton.

Although U.S. import duties on women's and girls' knitted blouses, shirts, lingerie, and underwear of the subject yarn are high, any increase in imports from Singapore under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. imports of such goods, including those from countries benefiting from U.S. trade preferences, and on U.S. apparel production.<sup>30</sup> Singapore faces high production costs and long lead times for these fashion-sensitive knitwear goods. Moreover, producers in the United States and in trade-preference countries that compete in the fashion-sensitive segment of the U.S. apparel market do so mainly on the basis of non-price factors such as “quick turns,” unique products and fabrications, and customer service. As such, any increase in imports of the knitwear

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<sup>26</sup> Information on Buhler is from its president, Werner Bieri, telephone interview by Commission staff, Apr. 13 and May 12, 2005; its website at [www.buhler yarns.com](http://www.buhler yarns.com); and a submission filed with CITA by the former American Textile Manufacturers Institute regarding a commercial availability petition on fine-count fabrics in Mar. 2001.

<sup>27</sup> A trade report noted that Buhler's pima cotton yarns were used in a knitted top made in Singapore under the Banana Republic label (see Jim Borneman, “Fashion That Starts With Fiber,” *Textile World*, Feb. 2005, p. 20).

<sup>28</sup> Information on the firm is from Timothy Osborne, H.H. Fessler Knitting Co. Inc., Orwigsburg, PA, telephone interview by Commission staff, Apr. 18, 2005, and its website at [www.fesslerusa.com](http://www.fesslerusa.com).

<sup>29</sup> The Commission's advice is based on information currently available to the Commission.

<sup>30</sup> The proposed rule change would not affect U.S. exports of the specified apparel articles to Singapore because Singapore's applied MFN rates of duty on apparel are free.

from Singapore will likely displace imports from non-preference countries. The proposed rule change would likely benefit U.S. consumers of the specified apparel articles to the extent that the garments become more available in the U.S. market and that importers pass on some of the duty savings to retail consumers.



## APPAREL OF WOVEN COTTON FLANNEL FABRICS

### Subject product <sup>31</sup>

The Commission's advice in this section relates to a proposed modification of the SFTA rule of origin for all woven apparel articles (except gloves), to allow them to contain certain non-originating (third-country) fabrics provided for in HTS subheading 5208.43.00 and still be considered an "originating" good and, thus, qualify for SFTA preferences.<sup>32</sup> The subject fabrics are "100 percent cotton woven flannel fabrics, of yarns of different colors, containing ring-spun yarns of nm 21 through nm 36, of 2x2 twill weave construction."<sup>33</sup> These light-weight flannel fabrics are used mainly in sleepwear, boxer shorts, shirts, and blouses, classified in HTS chapter 62 (apparel, not knitted or crocheted) and subject to U.S. general rates of duty ranging from 6.1 percent to 19.7 percent ad valorem.<sup>34</sup> The United States eliminated duties on eligible textile and apparel articles from Singapore with the implementation of the FTA on January 1, 2004. Singapore's applied MFN import duties on textiles and apparel are "free."

The subject fabrics are "yarn-dyed" flannel fabrics (i.e., fabrics made of yarns of different colors). Yarn-dyed flannel fabrics are made in smaller runs and provide a neater, cleaner, and more durable pattern than printed flannel fabrics. In addition, the subject fabrics are made of ring-spun yarns, which are softer, stronger, and more durable than fabrics made of open-end (O-E) spun yarns.

### U.S. trade and industry and market conditions for the subject product

A representative of the National Council of Textile Organizations (NCTO) said there is no U.S. production of the subject fabrics or of yarns used to make them.<sup>35</sup> A representative of Parkdale Mills, Inc., Gastonia, NC, the largest producer of cotton yarn in the Western Hemisphere, said the firm does not make yarns of a kind used in the subject fabrics because there is no domestic production of the fabrics.<sup>36</sup> The woven cotton flannel fabrics that are made domestically are not directly substitutable for the subject fabrics, because they either are made of O-E spun yarns (Wade Mfg. Co., Wadesboro, NC) or are heavier in weight (Carolina Mills, Maiden, NC, and Avondale Mills, Monroe, GA).<sup>37</sup> U.S.-made cotton flannel fabrics are used mainly in the manufacture of home textiles (e.g., sheets and pillowcases) and trousers. A representative of Wade Mfg. Co. stated that, while the firm is the largest U.S. producer of cotton flannel fabrics and has the capability to make flannel of ring-spun yarns, it makes the fabrics of O-E spun yarns

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<sup>31</sup> For more information on the products, see the Commission's report, "Apparel of Flannel Fabrics," *Apparel Inputs in "Short Supply" (2002): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries* (Inv. No. 332-436-004), July 23, 2002. See CITA's notice in the *Federal Register* of July 29, 2003 (68 F.R. 44528) regarding its determination that the subject fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner under the CBTPA commercial availability provisions.

<sup>32</sup> Under the current SFTA rules, the subject fabrics and the yarns used to make them must be made in the United States or Singapore in order for the apparel to be considered "originating" and, thus, qualify for SFTA preferences.

<sup>33</sup> The term "nm" means "number metric" and indicates the number of 1,000 meter lengths of fiber in one kilogram of yarn (the higher the yarn number, the finer the yarn).

<sup>34</sup> The specified flannel garments for men, women, and children are classified primarily in HTS headings 6205 and 6206 (shirts and blouses), 6207 and 6208 (sleepwear and underwear), and 6211 (other shirts).

<sup>35</sup> Michael Hubbard, Vice President, NCTO (a Washington, DC-based lobbying group representing the fiber, fabric, supplier, and yarn industries), telephone interview by Commission staff, Apr. 13, 2005.

<sup>36</sup> Dan Nation, President, Parkdale International, telephone interview by Commission staff, Apr. 25, 2005.

<sup>37</sup> Telephone interviews by Commission staff in March and April 2005 with Bernard M. Hodges, President, Wade Mfg. Co.; Gary Bowers, Carolina Mills; and Bill Schlereth, Avondale Mills. Dan River Inc., Danville, VA, ceased production of flannel fabrics in late 2004 (James E. Martin, President, Apparel Fabrics Division, Dan River, Inc., Danville, VA, telephone interview, Apr. 26, 2005).

because the market demands the lower cost O-E spun flannel. He noted that apparel flannel represents a small share (\*\*\*) of Wade's flannel fabric production, having declined in importance over the years \*\*\* as imports expanded their share of the domestic market for such apparel.

A representative of the American Apparel & Footwear Association (AAFA) and other industry sources contacted by Commission staff said they were unaware of any firms making flannel apparel domestically.<sup>38</sup> Any U.S. production of apparel made from the subject fabrics, or of garments that could be directly substitutable for such apparel, would likely involve small quantities of goods made by firms to augment their import lines. The AAFA official indicated that imports likely account for most, if not almost all, of the U.S. market for the flannel apparel. A number of U.S. firms source flannel apparel from their production-sharing operations in countries that benefit from U.S. trade preferences, such as Mexico and the CBTPA countries.

**Probable effect of the proposed action on U.S. trade under the SFTA, total U.S. trade, and on domestic producers of the affected product<sup>39</sup>**

The Commission's analysis indicates that the proposed SFTA rules change for all woven apparel (except gloves), made from the subject fabrics of HTS subheading 5208.43.00, would likely have no effect on domestic producers or their workers, because any increase in U.S. trade in the affected products under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in the affected goods.<sup>40</sup> The Commission is unaware of any changes in the capability of the U.S. textile industry to supply the subject fabrics since July 2003, when CITA determined that the fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of the CBTPA. There is no known domestic production of the subject fabrics or of yarns of a kind used to make the fabrics. In addition, there is no known domestic production of apparel made from the subject fabrics or of garments that could be considered directly substitutable for such apparel.

Although U.S. import duties on woven apparel of the subject fabrics are relatively high, any increase in U.S. imports of such apparel under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. imports of such goods, including those from countries benefiting from U.S. trade preferences. Singapore is at a competitive disadvantage in terms of sourcing costs and/or lead times vis-a-vis trade-preference countries such as the CBTPA countries, where a number of U.S. companies source flannel apparel. As such, any increase in imports of the woven cotton flannel apparel from Singapore will likely displace imports from non-preference countries. The proposed rules change would likely benefit U.S. consumers of apparel to the extent that importers pass on some of the duty savings to retail consumers.

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<sup>38</sup> Telephone interviews in Apr. 2005 with Stephen Lamar, AAFA, Arlington, VA; Bernard M. Hodges, Wade Mfg. Co.; \*\*\*.

<sup>39</sup> The Commission's advice is based on information currently available to the Commission.

<sup>40</sup> The proposed rules change would not affect U.S. exports of woven apparel to Singapore because Singapore's applied MFN rates of duty on apparel are free.

## BLOUSES OF WOVEN COTTON SHIRTING FABRICS

### Subject product <sup>41</sup>

The Commission's advice in this section relates to a proposed modification of the SFTA rule of origin for women's and girls' woven cotton blouses, to allow them to contain certain non-originating (third-country) fabrics provided for in HTS subheadings 5210.21 and 5210.31 and still be considered an "originating" good and, thus, qualify for SFTA preferences.<sup>42</sup> The subject fabrics are plain-woven cotton shirting fabrics, containing less than 85 percent by weight of cotton, mixed mainly or solely with manmade fibers, weighing not more than 200 grams per square meter, bleached (5210.21) or dyed (5210.31), and "not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 nm."<sup>43</sup> The fabrics are for use in blouses, classified in HTS chapter 62 (apparel, not knitted or crocheted) and subject to U.S. general rates of duty of 8.1 percent (subheading 6211.42.00) or 15.4 percent ad valorem (6206.30.30). The United States eliminated duties on eligible textile and apparel articles from Singapore with the implementation of the FTA on January 1, 2004. Singapore's applied MFN import duties on textiles and apparel are "free."

### U.S. trade and industry and market conditions for the subject product

A representative of the National Council of Textile Organizations (NCTO) said there is no U.S. production of the subject fabrics or of yarns used to make it.<sup>44</sup> Representatives of U.S. fabric mills having the capacity to weave the subject fabrics, Dan River, Inc., Danville, VA, and Wade Mfg. Co., Wadesboro, NC, stated that their firms' production of the fabrics is very small.<sup>45</sup> \*\*\*

A representative of the American Apparel & Footwear Association (AAFA) and other industry sources contacted by Commission staff said they were unaware of any firms making blouses of the subject fabrics domestically.<sup>46</sup> Any U.S. production of blouses made from the subject fabrics, or of apparel that could be directly substitutable for such blouses, would likely involve small quantities of goods made by firms to augment their import lines for replenishment purposes. The AAFA official indicated that the U.S. market for blouses made of the subject fabrics is accounted for mostly, if not almost entirely, by imports, including those from production-sharing operations in countries that benefit from U.S. trade preferences,

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<sup>41</sup> For more information on the products, see the Commission's report, "Blouses of Certain Shirting Fabrics," *Apparel Inputs in "Short Supply" (2002): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries* (Inv. No. 332-436-007), Jan. 29, 2003. See CITA's notice in the *Federal Register* of Apr. 28, 2003 (68 F.R. 22363) for its determination that the subject fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner under the CBTPA commercial availability provisions.

<sup>42</sup> The SFTA already grants duty-free treatment to men's woven shirts of the subject fabrics that do not originate in the United States or Singapore. Under the current rules in the SFTA for blouses, the subject fabrics and the yarns used to make them must be made in the United States or Singapore in order for the blouses to be considered "originating" and thus qualify for SFTA preferences.

<sup>43</sup> The term "nm" means "number metric" and indicates the number of 1,000 meter lengths of fiber in one kilogram of yarn (the higher the yarn number, the finer the yarn).

<sup>44</sup> Michael Hubbard, Vice President, NCTO (a Washington, DC-based lobbying group representing the fiber, fabric, supplier, and yarn industries), telephone interview by Commission staff, Apr. 13, 2005.

<sup>45</sup> Telephone interviews by Commission staff with James E. Martin, President, Apparel Fabrics Division, Dan River, Inc., Apr. 26, 2005, and Bernard M. Hodges, President, Wade Mfg. Co., Apr. 25, 2005.

<sup>46</sup> Telephone interviews in Apr. 2005 with Stephen Lamar, AAFA, Arlington, VA; James E. Martin, President, Apparel Fabrics Division, Dan River, Inc.; and Bernard M. Hodges, Wade Mfg. Co.

such as the CBTPA countries. The original petitioner, School Apparel, Inc., Star City, Arkansas, said it makes school blouses in CBTPA countries from the subject fabrics \*\*\*.<sup>47</sup>

**Probable effect of the proposed action on U.S. trade under the SFTA, total U.S. trade, and on domestic producers of the affected product<sup>48</sup>**

The Commission's analysis indicates that the proposed SFTA rule change for women's and girls' woven cotton blouses, made from the subject fabrics of HTS subheadings 5210.21 and 5210.31, would likely have no effect on domestic producers or their workers, because any increase in U.S. trade in the affected products under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in the affected goods.<sup>49</sup> The Commission is unaware of any changes in the capability of the U.S. textile industry to supply the subject fabrics since April 2003, when CITA determined that the fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of the CBTPA. There is no known domestic production of the subject fabrics or of yarns of a kind used to make the fabrics. In addition, there is no known domestic production of blouses made from the subject fabrics or of apparel that could be considered directly substitutable for such blouses.

Although U.S. import duties on the woven cotton blouses are relatively high, any increase in U.S. imports of such blouses under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. imports of such goods, including those from countries benefiting from U.S. trade preferences. Singapore is at a competitive disadvantage in terms of sourcing costs and/or lead times vis-a-vis countries benefiting from U.S. trade preferences. As such, any increase in imports of woven cotton blouses from Singapore would likely displace imports from non-preference countries. The proposed rule change would likely benefit U.S. consumers of apparel to the extent that importers pass on some of the duty savings to retail consumers.

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<sup>47</sup> David Watts, School Apparel, Inc., telephone interview by Commission staff, May 17, 2005.

<sup>48</sup> The Commission's advice is based on information currently available to the Commission.

<sup>49</sup> The proposed rule change would not affect U.S. exports of woven cotton blouses to Singapore because Singapore's applied MFN rates of duty on apparel are free.

## APPAREL OF MICRO-DENIER, SOLUTION-DYED, OPEN-END SPUN VISCOSE YARN

### Subject product<sup>50</sup>

The Commission's advice in this section relates to a proposed modification of the SFTA rules of origin for all knitted and woven apparel articles, to allow them to contain certain non-originating (third-country) yarns provided for in HTS subheading 5510.11.00 and still be considered an "originating" good and, thus, qualify for SFTA preferences.<sup>51</sup> The subject yarn is a "micro-denier 30 singles and 36 singles solution dyed, open-end spun, staple spun viscose yarn."<sup>52</sup> The yarn is often used in women's tops, pants, skirts, and intimate apparel, classified in HTS chapters 61 (apparel, knitted or crocheted) and 62 (apparel, not knitted or crocheted) and subject to U.S. general rates of duty ranging from 8 percent to 32 percent ad valorem. The United States eliminated duties on eligible textile and apparel articles from Singapore with the implementation of the FTA on January 1, 2004. Singapore's applied MFN import duties on textiles and apparel are "free."

Fabrics made of the subject yarn have exceptional "hand" (feel of the fabrics), drape, and silkiness, and are often used in women's apparel selling in the middle to high end of the fashion market. The yarn is made of very fine (micro-denier) viscose rayon staple fibers that are manufactured from regenerated cellulose (e.g., wood pulp). In general, the yarns are made by (1) processing cellulosic materials into a viscose liquid, (2) extruding the liquid through a spinneret into fiber filaments and cutting them into short, staple fibers, and (3) processing the fibers into yarn on the open-end (O-E) spinning system. The yarn is solution-dyed; that is, the color is added to the viscose liquid before extrusion in order to make the yarn colorfast.

### Discussion of U.S. trade and industry and market conditions for the subject product

A representative of the National Council of Textile Organizations (NCTO) said there is no U.S. production of the subject yarn or of rayon fibers used to make it.<sup>53</sup> The sole producer of rayon staple fibers in North America, Liberty Fibers Corp., Lowland, TN, does not make rayon fibers of a kind used in the subject yarn; it makes rayon fibers mainly for nonwoven (fabric made of a fibrous web) uses.<sup>54</sup>

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<sup>50</sup> For more information on the products, see the Commission's report, "Apparel of Viscose Rayon Yarns," *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries* (Inv. No. 332-450-007), Dec. 15, 2003. See CITA's notice in the *Federal Register* of Mar. 5, 2004 (69 F.R. 10431) regarding its determination that the subject yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of AGOA and CBTPA.

<sup>51</sup> Under the current rules in the SFTA, the subject yarn and the fabric made from it must be formed in the United States or Singapore in order for the apparel to be considered "originating" and, thus, qualify for SFTA preferences. The proposed rule change would permit apparel made in either party to be made from the third-country subject yarn and still be considered an originating good. No other change in existing rules of origin for the apparel would be made; thus, the origin status of the fabric and other inputs would not be changed.

<sup>52</sup> The term "micro-denier," as used in the trade, refers to fibers measuring less than 1 denier. Denier is a measure of the linear density, or weight per unit length, of a fiber or yarn; it indicates the weight, in grams, of 9,000 meters of fiber or yarn (the lower the denier number, the finer the fiber or yarn). The terms 30 singles and 36 singles yarns are a measure of yarn fineness, as measured by the number of 840-yard lengths in a pound of yarn (30 or 36) and the number of plies (single ply). Data on U.S. imports of the yarn and apparel are not available because these items, for tariff and statistical purposes, are grouped with other related yarns and apparel, respectively.

<sup>53</sup> Michael Hubbard, Vice President, NCTO (a Washington, DC-based lobbying group representing the fiber, fabric, supplier, and yarn industries), telephone interview by Commission staff, Apr. 13, 2005.

<sup>54</sup> Doug Noble, Vice President, Marketing, Liberty Fibers Corp., telephone interview, Apr. 13, 2005.

The only known U.S. producer of solution-dyed, O-E spun rayon yarn, Tuscarora Yarns, Inc., Mount Pleasant, NC, does not make the subject yarn.<sup>55</sup> A company official said the firm does not spin micro-denier rayon fibers; \*\*\*.

A representative of the American Apparel & Footwear Association (AAFA) said he was unaware of any firms making apparel of the subject yarn domestically.<sup>56</sup> Any U.S. production of apparel made of the subject yarn, or of garments that could be directly substitutable for such apparel, would likely involve small quantities of goods made by firms to augment their import lines for replenishment purposes. The AAFA official indicated that imports likely account for most, if not almost all, of the U.S. market for apparel made of the subject yarn. The original petitioner, Fabrictex, Inc., Lincolnton, NC, used the subject yarn in the production of knitted fabrics for sale to firms that processed the fabrics mainly into women's apparel in countries benefiting from U.S. trade preferences (e.g., the CBTPA countries).<sup>57</sup>

**Probable effect of the proposed action on U.S. trade under the SFTA, total U.S. trade, and on domestic producers of the affected product<sup>58</sup>**

The Commission's analysis indicates that the proposed SFTA rules change for knitted and woven apparel made of the subject yarn of HTS subheading 5510.11.00 would likely have no effect on domestic producers or their workers, because any increase in U.S. trade in the affected products under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. trade and production in the affected goods.<sup>59</sup> The Commission is unaware of any changes in the capability of U.S. textile mills to supply the yarn since March 2004, when CITA determined that the subject yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner under the commercial availability provisions of AGOA and CBTPA. There is no domestic production of the yarn or of rayon fibers used to make it.

Although U.S. import duties on apparel of the subject yarn are relatively high, any increase in U.S. imports of such apparel under the SFTA would likely be small in value terms and, thus, have a negligible effect on overall U.S. imports of such goods, including those from countries benefiting from U.S. trade preferences, and on U.S. apparel production. There is no known domestic production of apparel made of the subject yarn. Any increase in imports of apparel made in Singapore from the subject yarn would likely not be directly substitutable for any domestic production of apparel because U.S. apparel companies likely use the domestic product to augment their import lines for replenishment purposes. Moreover, Singapore is at a competitive disadvantage in terms of sourcing costs and/or lead times vis-a-vis trade-preference countries. As such, any increase in imports of apparel made in Singapore from the subject yarn will likely displace imports from non-preference countries. The proposed rule change would likely benefit U.S. consumers of apparel to the extent that importers pass on some of the duty savings to retail consumers.

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<sup>55</sup> Martin Foil, President, Tuscarora Yarns, Inc., telephone interview by Commission staff, Apr. 13, 2005.

<sup>56</sup> Stephen Lamar, AAFA, Arlington, VA, voice-mail message, Apr. 2005.

<sup>57</sup> Since the filing of the petition in 2003, Fabrictex was acquired by Ge-Ray Fabrics, Inc., Morganville, NJ, which filed for Chapter 11 bankruptcy in Apr. 2005. \*\*\*

<sup>58</sup> The Commission's advice is based on information currently available to the Commission.

<sup>59</sup> The proposed rule change would not affect U.S. exports of apparel to Singapore because Singapore's applied MFN rates of duty on apparel are free.

**APPENDIX A**

**REQUEST LETTER FROM THE UNITED STATES TRADE REPRESENTATIVE**





EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

FEB 28 2005

2417

The Honorable Stephen Koplan  
Chairman  
U.S. International Trade Commission  
500 E St., SW  
Washington, DC 20436

Dear Chairman Koplan:

Chapter Three and Annex 3-A of the United States-Singapore Free Trade Agreement (USSFTA) set out rules of origin for textiles and apparel for applying the tariff provisions of the USSFTA. These rules are reflected in General Note 25 of the Harmonized Tariff Schedule of the United States.

Section 202(o)(2)(B)(i) of the United States-Singapore Free Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 103, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Singapore pursuant to Article 3.18.4(c) of the Agreement. One of the requirements set out in section 103 is that the President obtain advice regarding the proposed action from the U.S. International Trade Commission (the Commission).

Our negotiators have recently reached agreement in principle with representatives of the Government of Singapore regarding modifications to the USSFTA rules of origin, which are reflected in the attached document. These changes are the result of determinations that producers in the United States and Singapore are not able to produce certain fibers and yarns in commercial quantities in a timely manner.

Under authority delegated by the President, and pursuant to section 103 of the Act, I request that the Commission provide advice on the probable effect of the modifications reflected in the enclosed proposals on U.S. trade under the USSFTA, total U.S. trade, and on domestic producers of the affected articles. I request that the Commission provide this advice at the earliest possible date, but in any event not later than three months after the date of this letter. The Commission should issue, as soon as possible thereafter, a public version of its report with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

*Peter F. Allgeier*  
Peter F. Allgeier  
Acting

Enclosure

205 MAR -2 AM 8:32

OFFICE OF THE SECRETARY  
U.S. INTERNATIONAL TRADE COMMISSION

Enclosure

Proposals under Article 3.18.4(c) of the USSFTA:

On March 16, 2004, the Government of the United States received a request from the Government of Singapore to hold consultations on the rules of origin for certain products that have been the subject of prior determinations made by CITA under AGOA, CBTPA and ATPDEA, requesting that the Government of the United States consider whether the USSFTA rules of origin for these products should be modified to allow the use of certain yarns and fabrics that do not originate in the territory of the United States or Singapore. The products covered by this request are:

- (1) Ring spun single yarn of nm 51 and 85, containing 50 percent or more, but less than 85 percent, by weight of 0.9 denier or finer micro modal fiber, mixed solely with U.S. origin extra long pima cotton, classified in subheading 5510.30.0000 of the Harmonized Tariff Schedule of the United States (HTSUS), for use in women's and girls' knit blouses, shirts, lingerie, and underwear.
- (2) 100 percent cotton woven flannel fabrics, of yarns of different colors, containing ring-spun yarns of nm 21 through nm 36, of 2 X 2 twill weave construction, classified in subheading 5208.43.0000 of the HTSUS, for use in apparel other than gloves.
- (3) Fabrics classified in subheadings 5210.21 and 5210.31 of the HTSUS, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 nm, for use in women's and girl's blouses.
- (4) Micro-denier 30 singles and 36 singles solution dyed, open-end spun, staple spun viscose yarn, classified in subheading 5510.11.0000, for use in apparel.

**APPENDIX B**  
**FEDERAL REGISTER NOTICE**



Commission's Rules of Practice and Procedure, 19 CFR 210.16, 210.42, 210.44.

Issued: March 14, 2005.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-5389 Filed 3-17-05; 8:45 am]

BILLING CODE 7020-02-P

## INTERNATIONAL TRADE COMMISSION

[Investigation No. Singapore FTA 103-10]

### Certain Yarns and Fabrics: Effect of Modification of U.S.-Singapore FTA Rules of Origin for Goods of Singapore

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of investigation and request for written submissions.

**EFFECTIVE DATE:** March 14, 2005.

**SUMMARY:** Following receipt of a request on March 2, 2005, from the Acting United States Trade Representative (USTR) under authority delegated by the President and pursuant to section 103 of the United States-Singapore Free Trade Agreement (USSFTA) Implementation Act (19 U.S.C. 3805 note), the Commission instituted Investigation No. Singapore FTA 103-10, *Certain Yarns and Fabrics: Effect of Modification of U.S.-Singapore FTA Rules of Origin for Goods of Singapore*.

**FOR FURTHER INFORMATION CONTACT:**

Information may be obtained from Robert W. Wallace, Office of Industries (202-205-3458, [robert.wallace@usitc.gov](mailto:robert.wallace@usitc.gov)); for information on legal aspects, contact William Gearhart of the Office of the General Counsel (202-205-3091, [william.gearhart@usitc.gov](mailto:william.gearhart@usitc.gov)). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819, [margaret.olaughlin@usitc.gov](mailto:margaret.olaughlin@usitc.gov)).

*Background:* Chapter 3 and Annex 3-A of the USSFTA contain the rules of origin for textiles and apparel for application of the tariff provisions of the USSFTA. These rules are set forth for the United States in general note 25 to the Harmonized Tariff Schedule (HTS). According to the request letter, U.S. negotiators have recently reached agreement in principle with representatives of the Government of Singapore to modify the USSFTA rules of origin for certain yarns and fabrics (as described below). If implemented, the proposed rules of origin would apply to U.S. imports from and exports to the USSFTA parties. Section 202(o)(2)(B)(i) of the United States-Singapore Free

Trade Agreement Implementation Act (the Act) authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications to the rules of origin as are necessary to implement an agreement with Singapore pursuant to Article 3.18.4(c) of the Agreement. One of the requirements set out in section 103 of the Act is that the President obtain advice from the United States International Trade Commission.

The request letter asked that the Commission provide advice on the probable effect of the proposed modification of the USSFTA rules of origin for the four textile articles described below on U.S. trade under the USSFTA, on total U.S. trade, and on domestic producers of the affected articles. As requested, the Commission will submit its advice to USTR by May 27, 2005, and soon thereafter, issue a public version of the report with any confidential business information deleted. Additional information concerning the articles and the proposed modifications can be obtained by accessing the electronic version of this notice at the Commission Internet site (<http://www.usitc.gov>). The current USSFTA rules of origin applicable to U.S. imports can be found in general note 25 of the 2005 HTS (see "General Notes" link at <http://www.usitc.gov/tata/hts/bychapter/index.htm>).

The articles of Singapore covered by the investigation are (1) ring spun single yarn of nm 51 and 85, containing 50 percent or more, but less than 85 percent, by weight of 0.9 denier or finer micro modal fiber, mixed solely with U.S. origin extra long pima cotton, classified in HTS subheading 5510.30.0000, for use in women's and girls' knit blouses, shirts, lingerie, and underwear; (2) 100 percent cotton woven flannel fabrics, of yarns of different colors, containing ring-spun yarns of nm 21 through nm 36, of 2 x 2 twill weave construction, classified in HTS subheading 5208.43.0000, for use in apparel other than gloves; (3) fabrics of cotton classified in HTS subheadings 5210.21 and 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 nm, for use in women's and girls' blouses; and (4) micro-denier 30 singles and 36 singles solution dyed, open-end spun, staple spun viscose yarn, classified in HTS subheading 5510.11.0000, for use in apparel.

*Written Submissions:* No public hearing is planned. However, interested parties are invited to submit written statements concerning the matters to be addressed by the Commission in this

investigation. Submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. To be assured of consideration by the Commission, written statements related to the Commission's report should be submitted to the Commission at the earliest practical date and should be received no later than the close of business on April 20, 2005. All written submissions must conform with the provisions of section 201.8 of the

*Commission's Rules of Practice and Procedure* (19 CFR 201.8). Section 201.8 of the rules requires that a signed original (or copy designated as an original) and fourteen (14) copies of each document be filed. In the event that confidential treatment of the document is requested, at least four (4) additional copies must be filed, in which the confidential business information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, [ftp://ftp.usitc.gov/pub/reports/electronic\\_filing\\_handbook.pdf](ftp://ftp.usitc.gov/pub/reports/electronic_filing_handbook.pdf)). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000 or [edis@usitc.gov](mailto:edis@usitc.gov)).

Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "nonconfidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available in the Office of the Secretary to the Commission for inspection by interested parties.

The Commission may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR and the President. As requested by the Acting USTR, the Commission will publish a public version of the report. However, in the public version, the Commission will not publish confidential business information in a manner that would

reveal the operations of the firm supplying the information.

The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) <http://edis.usitc.gov>. Hearing impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

Issued: March 15, 2005.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-5390 Filed 3-17-05; 8:45 am]

**BILLING CODE 7020-02-P**

## INTERNATIONAL TRADE COMMISSION

### Sunshine Act Meeting; Notice

[USITC SE-05-008]

**AGENCY HOLDING THE MEETING:** United States International Trade Commission.

**TIME AND DATE:** March 23, 2005 at 9:30 a.m.

**PLACE:** Room 101, 500 E Street, SW., Washington, DC 20436; Telephone: (202) 205-2000.

**STATUS:** Open to the public.

#### MATTERS TO BE CONSIDERED:

1. Agenda for future meetings: None.
2. Minutes.
3. Ratification List.
4. Inv. Nos. 731-TA-1071 and 1072 (Final) (Magnesium from China and Russia)—briefing and vote. (The Commission is currently scheduled to transmit its determination and Commissioners' opinions to the Secretary of Commerce on or before April 4, 2005.)

5. Outstanding action jackets: None.

In accordance with Commission policy, subject matter listed above, not disposed of at the scheduled meeting, may be carried over to the agenda of the following meeting.

Issued: March 16, 2005.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-5516 Filed 3-16-05; 1:19 pm]

**BILLING CODE 7020-02-P**

## DEPARTMENT OF LABOR

### Employment and Training Administration

#### Notice of Re-establishment, Advisory Committee on Apprenticeship (ACA)

**AGENCY:** Employment and Training Administration, Labor.

**ACTION:** Re-establishment of the Advisory Committee on Apprenticeship.

**SUMMARY:** Notice is hereby given that after consultation with the General Services Administration, the Department of Labor has determined that the re-establishment of a national advisory committee on apprenticeship is necessary and in the public interest. Accordingly, the Employment and Training Administration has re-chartered the Advisory Committee on Apprenticeship (ACA). The charter for the ACA expired on February 13, 2005. The current charter was signed March 2, 2005, and will expire two years from that date.

**FOR FURTHER INFORMATION CONTACT:** Mr. Anthony Swoope, Administrator, Office of Apprenticeship Training, Employer and Labor Services, Employment and Training Administration, U.S. Department of Labor, Room N-4671, 200 Constitution Avenue, NW., Washington, DC 20210. Telephone: (202) 693-2796 (this is not a toll-free number).

Signed in Washington, DC, this 14th day of March, 2005.

**Emily Stover DeRocco,**

*Assistant Secretary for Employment and Training.*

[FR Doc. 05-5357 Filed 3-17-05; 8:45 am]

**BILLING CODE 4510-30-M**

## DEPARTMENT OF LABOR

### Employment Standards Administration

#### Proposed Collection; Comment Request

**ACTION:** Notice.

**SUMMARY:** The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA95) (44 U.S.C. 3506(c)(2)(A)). This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and

financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. Currently, the Employment Standards Administration is soliciting comments concerning the proposed collection: Miner's Claim for Benefits Under the Black Lung Benefits Act; Employment History (CM-911 and CM-911a). A copy of the proposed information collection request can be obtained by contacting the office listed below in the addresses section of this notice.

**DATES:** Written comments must be submitted to the office listed in the addresses section below on or before May 17, 2005.

**ADDRESSES:** Ms. Hazel M. Bell, U.S. Department of Labor, 200 Constitution Ave., NW., Room S-3201, Washington, DC 20210, telephone (202) 693-0418, fax (202) 693-1451, e-mail [bell.hazel@dol.gov](mailto:bell.hazel@dol.gov). Please use only one method of transmission for comments (mail, fax, or e-mail).

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The Black Lung Act of 1977, as amended, 30 U.S.C. 901 *et seq.*, provides for the payment of benefits to a coal miner who is totally disabled due to pneumoconiosis (black lung disease) and to certain survivors of the miner who died due to pneumoconiosis. A miner who applies for black lung benefits must complete the CM-911 (application form). The completed CM-911 gives basic identifying information about the applicant and is the beginning of the development of the black lung claim. An applicant filing for black lung benefits must also complete a CM-911a at the same time the black lung application form is submitted. The CM-911a when completed is formatted to render a complete history of employment and helps to establish if the miner currently or formerly worked in the nation's coal mines. The Black Lung Benefits Act as amended, 30 U.S.C. *et seq.* and 20 CFR 725.304a, necessitates the collection of this information. This information collection is currently approved for use through August 31, 2005.

##### II. Review Focus

The Department of Labor is particularly interested in comments which:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including