May 31, 2022

The Honorable Kamala Harris
Vice President of the United States
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Vice President Harris,

Noting that you are leading the Summit of the Americas in early June and that the Biden administration is presently reviewing the China 301 tariff actions, we wanted to provide an update on the critical issues related to the textile and apparel industries in the United States and the Western Hemisphere.

On behalf of the apparel and textile industries in the U.S., Central America and Dominican Republic, we would like to sincerely thank you for your leadership in helping drive more investment to northern Central America and for the administration's commitment to strengthening an economic partnership forged between the United States and the region.

Perhaps most critical for our collective industries, is the administration's strong support for the "yarn forward" rule of origin in the U.S.-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), which promotes trade, investment and economic development in the United States and the region. This ensures the benefits of the agreement go to the partners in the agreement, which helps drive massive investment and certainty.

Onshoring and nearshoring these supply chains is critical to creating economic development in the United States and the region. This essential supply chain supports over 1 million jobs in the U.S. and the CAFTA-DR region, and we see enormous opportunity ahead to further expand this critical production chain.

The agreement's strong rules have brought trade and investment to the region and the U.S. and allowed us to compete against highly subsidized industries in Asia often employing illegal trade practices such as the use of forced labor.

We continue to urge the administration to hold highly subsidized economies accountable for predatory trade practices that have blatantly undermined our collective industries and our workers. It is critical for the administration to continue to ensure the 301 tariffs remain on finished apparel products that have helped bring diversification in sourcing from Asia and provided opportunities for both U.S. and Central American workers. The tariffs are playing a key role in unlocking investment in the region and the U.S.

Through the U.S.-CAFTA-DR agreement, our industries have generated nearly $13 billion in two-way annual textile and apparel trade. The textile and apparel supply chain has been strengthened by the bilateral trade agreement, where fiber, yarn, and fabric producers in the United States have partnered with firms in Central America and the Dominican Republic to effectively compete with producers from all over the world.

Today, 81% of total U.S. spun yarn exports go to the CAFTA-DR market, where they are transformed into fabric and then into apparel to be swiftly shipped to serve the U.S. market for the most part.

We are now at a critical juncture. With the severe global supply chain disruptions and changes to U.S. trade policy, such as the critically important U.S. legislation banning consumer products made with forced labor in Xinjiang, China, many buyers and investors have turned to the U.S. and the region to onshore and nearshore their production.

Our industries are witnessing strong growth in exports and massive investment in textile and apparel production, as a result of the agreement's strong rules and shifts in global sourcing. According to the most recent U.S. data, the U.S. textile and apparel industry made $1.85 billion in capital expenditures in 2020, supporting hundreds of thousands of jobs at home and in Central America through a vital co-production chain. Another nearly $1 billion in textile and apparel investment is expected in Central America this year alone, which is historic.

This is the supply chain that retooled at the start of the COVID-19 crisis and pivoted practically overnight to produce essential personal protective equipment (PPE) for the region and the United States.

In fact, if the CAFTA-DR region doubled apparel exports to the United States from the current levels, it would create at least 2.2 million jobs and $6 billion in new investments, according to a recent January 2022 study conducted by Werner International. Expanded apparel exports from the CAFTA-DR region would help mitigate outward northern migration from the region as well as environmental concerns linked to high levels of greenhouse gas emissions produced by the Asian supply chain. Our U.S. producers and workers and neighbors in Central America are poised to be part of this solution. The U.S.-CAFTA-DR supply chain is the solution to these economic, human rights, and environmental challenges.

We are convinced that the mutually beneficial economic partnership we have forged under the CAFTA-DR agreement can only grow stronger if we allow the rules to work as envisioned: promoting trade and investment within the region and strengthening our supply chain so that we can fairly compete with the rest of the world.

We thank the administration for its support of the CAFTA-DR rules and reiterate the importance of maintaining the 301 tariffs on finished apparel products at this pivotal time for the Western Hemisphere co-production chain. We look forward to working together to bring increased prosperity and progress to the companies, workers and economies of the U.S., Central America and the Dominican Republic.

Sincerely,

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