



October 21, 2015

The Honorable Michael Froman
U.S. Trade Representative
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Mr. Ambassador:

We are writing in support of the requests by the governments of Colombia and Peru to activate the regional textile and apparel cumulation provisions contained in the Colombia and Peru Trade Promotion Agreements (TPA).

Under the Andean Trade Promotion and Drug Eradication Act (ATPDEA) of 2002, Colombia and Peru were able to cumulate inputs from each other and export to the United States duty free. This benefit was lost when the TPAs entered into force and the ATPDEA expired. As a result of this severing of regional supply chains among U.S., Colombian, and Peruvian apparel companies, trade has decreased. Combined textile and apparel exports from both countries to the U.S. were as high as \$1.5 billion and constituted 1.61% of the U.S. market share during the ATPDEA years, but in 2014 dropped to approximately \$900 million, just 0.84% of the U.S. market share. As you know well, these decreases in apparel exports from Colombia and Peru to the U.S. also result in lower demand for U.S. exports of cotton, yarn, and fabric to that region.

Article 3.3.14 of both the Colombia and Peru agreements contemplated this situation and authorized the parties to enter into discussions within six months of the date of entry into force of the agreements on whether regional materials may be counted for purposes of satisfying the origin requirements.

The Peru TPA entered into force in February of 2009, and the Colombia TPA in May of 2012. The implementation of the cumulation provision for all apparel and textile categories is, therefore, long overdue. Swift implementation would help reverse the decline in textile and apparel trade between the U.S. and two of its key commercial and strategic partners in the Andean Region and South America, while boosting U.S. exports of cotton, yarn, and fabric.

We look forward to working with you to achieve this outcome in an expeditious matter.

Sincerely,

American Apparel & Footwear Association (AAFA)
National Retail Federation (NRF)
Retail Industry Leaders Association (RILA)
United States Fashion Industry Association (USFIA)

Cc:

The Hon. Orrin Hatch, Chairman of the Senate Finance Committee
The Hon. Ron Wyden, Ranking Member of the Senate Finance Committee
The Hon. Paul Ryan, Chairman of the House Ways & Means Committee
The Hon. Sandy Levin, Ranking Member of the House Ways & Means Committee