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## **USTR ROUNDTABLE HIGHLIGHTS THE UNITED STATES-CENTRAL AMERICA SUPPLY CHAIN FOR TEXTILES AND APPAREL**

WASHINGTON – Deputy United States Trade Representatives Sarah Bianchi and Jayme White co-chaired a roundtable discussion today with senior U.S. textile executives to discuss their role in creating economic opportunities in the United States and Central America, especially the Northern Triangle countries of El Salvador, Guatemala, and Honduras. Michael Pyle, Chief Economic Advisor to the Vice President, also participated.

“The Western Hemisphere supply chain for textiles and apparel is a core pillar of the partnership between the United States and the countries of the

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR),” said Deputy United States Trade Representative Bianchi. “The CAFTA-DR rules of origin provide the certainty needed by industry to invest and expand operations in a way that promotes economic opportunity for both U.S. workers and those in the region. Maintaining certainty on the rules of origin and the short supply process in CAFTA-DR is critical to facilitating investments in the region by U.S. and Central American textile producers. Recent concerns about the unreliability of geographically-extended supply chains and the pervasiveness of forced labor make this a particularly opportune time for expanding production in the Western Hemisphere.”

“USTR appreciates the U.S. textile industry’s strong commitment to the U.S. and the Central America region,” said Deputy United States Trade Representative White. “Sustainable investments by the U.S. textile industry in Central America will strengthen our supply chain resilience, boost job opportunities for the U.S. and our regional allies, and address environmental concerns, especially in light of the growing interest in onshoring and nearshoring of apparel and textile production.”

“We greatly appreciate the Biden Administration’s strong commitment to grow good paying jobs in the U.S. and the region, in a way that strengthens this important sector,” said Kim Glas, President & CEO of the National Council of Textile Organizations. “The U.S. textile industry has invested over \$20 billion dollars in the United States and billions more in the hemisphere over the last decade to grow economic opportunities in the U.S. and in the region. Onshoring and nearshoring this critical supply chain is essential and, as a result of our meeting today, further investments will be announced soon. It’s an exciting time, and we deeply appreciate the Administration’s support to create economic opportunity in the U.S., Northern Triangle and throughout the region.”

## Background:

Trade with the CAFTA-DR region supports the U.S. textile industry supply chain, which employed 530,000 workers in 2020, including jobs in the cotton farming and wool growing sectors, according to the National Council of Textile Organizations. In 2019, two-way trade in textiles and apparel between the United States and our CAFTA-DR trading partners exceeded \$12.5 billion – \$3.5 billion in U.S. exports to the region and \$9.0 billion in imports to the United States. Although the disruption caused by the global pandemic led to a decline of 25 percent in US-CAFTA-DR textile and apparel trade in 2020, trade is rebounding in 2021, and is up 45 percent year-to-date through August.

Under the CAFTA-DR “yarn-forward” rules of origin most inputs used in apparel and other finished textiles traded under the agreement must be produced in the United States or CAFTA-DR countries in order for the finished goods to qualify for duty-free entry. The agreement also includes flexibilities allowing duty-free entry for specified apparel products that are cut and sewn in the free trade area from fabrics sourced outside of the region. Additionally, there is a “short supply” mechanism that addresses fibers, yarns, and fabrics not commercially available in the region that can be used in apparel qualifying for duty-free treatment. There are currently 150 input products on the short supply list for CAFTA-DR.

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