Textile Trade Policy

Textile trade policy continues to have a substantial impact on the U.S. textile industry, both in terms of opportunities to export textiles and the pressures brought to bear by imported textiles and apparel. The U.S. currently has several free trade agreements and trade preference programs in force and continues negotiations on several others. Below is a short history of various agreements that relate to U.S. textile trade.

AGOA

The African Growth and Opportunity Act (AGOA) provides preferential access of textile and apparel products to the U.S. market for qualifying countries in Africa. The Trade Preference Extension Act extended the provisions of AGOA to September 30, 2025.

The AGOA legislation requires an annual determination of which countries are eligible to receive benefits under the trade act. Countries must make continued progress toward a market-based economy, rule of law, free trade, and economic policies that will reduce poverty and protect workers' rights. There are now 39 countries that are eligible for economic and trade benefits under AGOA. Of those 39 Sub-Saharan countries, 27 of them are eligible to receive AGOA's apparel benefits. Twenty-six countries also qualify for the LDC special rule for apparel (third-country fabric). Seventeen countries also qualify for AGOA's provisions for hand-loomed and handmade articles. Five countries qualify for AGOA's ethnic printed fabric benefits.

CAFTA-DR

The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) includes the participating countries of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. The Agreement entered into force between the United States and El Salvador on March 1, 2006, Honduras on April 1, 2006, Nicaragua on April 1, 2006, Guatemala on July 1, 2006, the Dominican Republic on March 1, 2007 and Costa Rica on January 1, 2009.

According to the provisions of the CAFTA-DR agreement, textiles and apparel are duty-free and quota-free if they meet the agreement's yarn-forward rule of origin. This means that only apparel using yarn and fabric from the U.S., Central America and the Dominican Republic qualifies for duty-free benefits.

The textile provisions also include a number of avenues for 3rd-country participation, including 'cumulation', Tariff Preference Levels (TPLs) which authorize the use of a specified quantity of 3rd country components, a fabric-forward rule of origin for certain products and allowances for 'single transformation' for a number of others.

The signatories of CAFTA-DR agreed to cumulation with Mexico and Canada for woven apparel, thus allowing a limited amount of inputs from Mexico and Canada to be used in Central American/Dominican apparel that will still qualify for duty-free benefits. The U.S. cumulation under CAFTA-DR is subject to an overall annual cap of 100 million SME. This cap can grow to 200 million SME, but the growth is tied to an increase in CAFTA-DR trade. Mexico and Canada must provide reciprocal benefits to U.S. and Central American textile and apparel exports. On

March 1 2012, the Dominican Republic lost cumulation eligibility. The Dominican Republic was only granted cumulation eligibility in regards to inputs from Mexico. In order to keep this eligibility the Dominican Republic had to conclude a free trade agreement with Mexico and provide written notification to all parties of the CAFTA-DR that the Dominican Republic and Mexico have taken actions necessary to provide reciprocal application of the rule. This had to be completed within 5 years from the date CAFTA-DR entered into force. The 5-year period expired on March 1, 2012 and the Dominican Republic had not concluded a free trade agreement with Mexico.

An amendment regarding pocketing material became effective in August 2008. Under this CAFTA-DR amendment, material for pockets going into apparel made in the CAFTA region have to be made in the U.S. or CAFTA countries for the product to enter the U.S. duty free. CAFTA-DR provided Nicaragua with a TPL of 100 million SME which phased out over 10 years. CAFTA-DR does not contain TPLs for El Salvador, Honduras or Guatemala. Nicaragua agreed that for each SME of exports of cotton and man-made fiber woven trousers entered under the TPL, Nicaragua would export to the U.S. an equal amount of cotton and man-made fiber woven trousers made of U.S. formed fabric of U.S. formed yarn. Any shortfall in meeting this commitment that was not rectified by April 1 of the succeeding year would be applied against the TPL for the succeeding year. For 2011, the shortfall in meeting the one-to-one commitment was 3,470,941 SME. This amount was deducted from the 2012 TPL, resulting in a new 2012 TPL level of 96,529,059 SME. During the 2012 preference period, 96,529,059 SME of imports were applied to this TPL, implying a 100% fill rate. During the 2013 preference period, 98,447,866 SME of imports were applied to this TPL, implying a 100% fill rate. During the 2014 preference period, 84,499,199 SME of imports were applied to this TPL, implying an 84.5% fill rate. This TPL expired at the end of 2014 and was not extended.

CAFTA-DR provides Costa Rica with TPLs for certain apparel of wool fabric, tailored wool apparel, and certain women's swimwear. Combined, these TPLs were 1,133,823 SME for the 2016 preference period (the latest data available). During this period, 1,428 SME of imports were applied to these TPLs, implying a 0.29% fill rate. These TPLs are scheduled to expire on December 31, 2018.

CAFTA-DR contains a special textile safeguard which allowed the U.S. to impose tariffs on certain goods when injury occurred due to import surges. The safeguard measure could only be applied during the first 5-year period after the implementation of the Agreement. A safeguard for a specifc good could not last more than 3 years.

The agreement also contains a revised short supply process that includes tighter timelines than in earlier short supply processes, allows items to be deemed in partial short supply, and provides for items to be added to and removed from the short supply list.

United States-Mexico-Canada Agreement

On May 18, 2017, U.S. Trade Representative Robert Lighthizer notified Congress of the President's intention to begin negotiations with Canada and Mexico to modernize the North American Free Trade Agreement (NAFTA). That notification began a 90-day process required by the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (2015 TPA)

before negotiations can begin with any country. As part of this process, the United States Trade Representative (USTR) published a notice in the Federal Register on May 23, 2017, soliciting comments from the public on NAFTA modernization. In addition, three days of hearings were held from June 27-29, 2017 where the USTR heard from over 140 witnesses, who provided testimony on a wide range of sectors, from agriculture to manufacturing and digital trade. Agriculture and textile organizations submitted comments and provided testimony expressing the need for the United States to remain a participant in a vibrant NAFTA because it has been and can continue to be a very positive trading platform for U.S. agriculture, including cotton and textiles.

The National Cotton Council (NCC), American Cotton Shippers Association (ACSA), and AMCOT submitted comments showing how NAFTA has been a success story for the U.S. cotton industry, in large part due to the duty-free trade in raw cotton and cotton textile products. Maintaining NAFTA's benefits is crucial to the cotton industry's vitality and long-term survival. The NAFTA trading partners of Canada and Mexico are significant markets for U.S. food and fiber exports. With purchases exceeding 1 million bales, Mexico has emerged as one of U.S. raw cotton's top five export destinations, and NAFTA plays a critical role in North America's highly integrated textile and apparel supply chain.

The U.S. cotton industry urged the Administration to stay involved in this important trade agreement and not weaken current provisions. It was also noted that the general objectives of U.S. negotiators should be to preserve NAFTA's current benefits while encouraging further regional integration of the cotton and textile supply chain. This could be achieved through improvements to measures affecting trade in textiles and apparel, particularly the strengthening of the textile rules of origin.

The National Council of Textile Organizations (NCTO) also submitted comments expressing the importance of NAFTA to the U.S. textile industry and noting that Mexico and Canada are the two largest export markets for U.S. textiles. NAFTA's yarn-forward rule of origin has boosted growth in regional trade and facilitated regional integration to the benefit of the U.S. textile and cotton industries.

Unfortunately, NAFTA also includes exceptions that weaken the effectiveness of the yarn-forward rule of origin. Both NCTO and the cotton organizations encouraged negotiators to eliminate all tariff-preference levels (TPLs) from NAFTA, assess the effectiveness of the "single transformation" rule, the "special regime" based on the 9802 concept, and exemptions for specific textile components in order to make NAFTA more effective. TPLs allow certain fabrics and yarns to enter a NAFTA country from a third country, be processed into a finished textile product and still receive duty-free treatment under the agreement. Single transformation provides duty-free treatment based solely on the assembly stage for specific apparel items. The special regime allows certain apparel or made-up articles to enter duty-free if the fabric is formed in the U.S. In such instances, the goods receive duty-free treatment regardless of the yarn's country of origin. NAFTA also currently exempts from the yarn-forward rule of origin certain components, such as sewing thread, pocketing, and narrow elastics.

The organizations also encouraged the U.S. to explore whether the NAFTA modernization effort provides an opportunity to close an exemption for products assembled in Mexico or Canada from application of the buy-American requirements of the Kissell Amendment. The Kissell Amendment requires the U.S. Department of Homeland Security (DHS) to purchase only textile products with 100.0% U.S. content, with limited exceptions. Unfortunately, DHS does not apply the Kissell Amendment to purchases by the Transportation Security Administration (TSA), since the U.S. failed to notify Mexico and Canada, per NAFTA's terms, of a reservation for TSA from the Government Procurement Agreement. The organization urged U.S. negotiators to look for ways to strengthen the Kissell Amendment's application with respect to Mexico and Canada.

Finally, the organizations all recommended the negotiating parties consider the establishment of a customs enforcement task force to combat duty evasion and other forms of textile-related customs fraud. Customs enforcement in the textile and apparel trade is especially important since U.S. imports in the sector account for approximately 40.0% of all U.S. duty revenue and involve 20.0% of all U.S. importers.

By late January 2018, the U.S., Canada and Mexico had held six rounds of negotiations. The first round of negotiations was held in Washington, DC August 16-20, 2017. The sixth round of negotiations was held in Montreal, Canada January 23-28, 2018. The seventh official round of negotiations were held February 26 – March 5, 2018 in Mexico City, Mexico. A planned eighth round of negotiations, that was tentatively scheduled for April 2018, was put on hold and instead a series of ministerial meetings were held.

On August 31, 2018, the President notified Congress of his intent to sign a free trade agreement with Mexico – and Canada, if it is willing, 90 days from August 31. On September 30, the U.S. and Canada reached an agreement. The new trade deal will be called the United States-Mexico-Canada Agreement (USMCA). The USMCA was signed by all three countries on November 30, 2018 in Argentina.

Andean Countries

The U.S. – Peru TPA entered into force on February 1, 2009. Under the U.S. – Peruvian agreement, textile and apparel provisions are based on the yarn-forward rule of origin. There are no provisions for TPLs or exceptions to the requirement that qualifying products contain components manufactured in the U.S. or Peru. As in NAFTA, a list of components not manufactured in either country has been developed and only those products may be sourced from a third country.

On November 22, 2006, the U.S. – Colombia Trade Promotion Agreement was signed. On June 28, 2007, the United States and Colombia signed a Protocol of Amendment revising the Agreement to reflect the bipartisan consensus on trade of May 10, 2007. The U.S. – Colombia TPA was ratified by the U.S. Congress on October 12, 2011, and signed by President Obama on October 21, 2011. The agreement was implemented on May 15, 2012.

Under the U.S. – Colombia agreement, over 80% of U.S. exports of consumer and industrial products to Colombia were duty-free immediately, and an additional 7% will be duty free within five years. All remaining tariffs will be eliminated within ten years. The textile and apparel

provisions are generally based on the yarn-forward rule of origin. Exceptions to the rules of origin will be handled through an expedited "short supply" determination process. The U.S. and Colombia agreed on 20 "short supply" items as part of the agreement. The agreement does not make use of TPLs. A "de minimis" provision will allow limited amounts of specified third-country content to go into U.S. and Colombian apparel. Also, a special textile safeguard will provide for temporary tariff relief if imports under the agreement prove to be damaging to domestic producers.

Colombia, Peru, Ecuador, and Bolivia received duty-free benefits under the Andean Trade Preference Act (ATPA). As part of the Trade Act of 2002, Congress renewed and enhanced the trade preferences for all four countries under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), which was scheduled to expire on December 31, 2006, but was extended several times. The most recent extension was enacted on November 5, 2011. It extended tariff preference programs for Colombia and Ecuador through July 31, 2013. Peru was not included because it has a free trade agreement with the U.S. that has already been implemented. As of May 15, 2012, only Ecuador was eligible for ATPDEA benefits because the U.S.-Colombia agreement was implemented on that date. The ATPDEA expired on July 31, 2013.

Haiti

The Haitian Hemispheric Opportunity through Partnership for Encouragement Act (HOPE) provides expanded duty-free, quota-free access to certain apparel products assembled in Haiti. To qualify, Haitian products are required to have 50% of the value of the finished product be provided by the U.S., Haiti, any U.S. Free Trade Agreement partner or any country in AGOA, Andean and CAFTA regions.

HOPE provides that the annual quantity of goods eligible for duty-free benefits (Value-Added Quota) will be recalculated for each subsequent 12-month period. HOPE also provides that the annual limit for qualifying apparel imported from Haiti under this provision for the 12-month period beginning on December 20, 2007 will not exceed 1.3% of the total SME of all apparel articles imported into the U.S. from Haiti in the most recent 12-month period for which data are available. The 12-month limit on duty-free benefits for the one-year period beginning on December 20, 2017 and extending through December 19, 2018 is 361,603,399 SME.

The 2008 Farm Bill included amendments to rules enacted by the HOPE Act. These amendments are referred to as the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II). HOPE II extends tariff preferences for 10 years and relaxes rules of origin for textile and apparel products from Haiti. It creates a benefit for apparel wholly assembled or knit-to-shape in Haiti that meets a "3 for 1" earned import allowance. The amendment requires the Secretary of Commerce to establish a program to provide earned import allowance certificates to any producer or entity controlling production of apparel in Haiti, such that apparel wholly assembled or knit-to-shape in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns, regardless of their source, and imported directly from Haiti or the Dominican Republic may enter the United States duty-free, pursuant to the satisfaction of the terms governing issuance of the earned import allowance certificate by the producer or entity controlling production of apparel in Haiti.

In May 2010, President Obama signed into law the Haiti Economic Lift Program Act (HELP). HELP was designed to help Haiti's economy recover from the devastating earthquake which occurred there in January 2010. HELP expanded existing preferences for apparel and established new preferences for certain non-apparel textile goods. With the exception of the Value-Added TRQ, which expires in December 2018, HELP extended existing trade preference programs for Haiti through September 2020. Key HELP act provisions increase current TPLs for certain knit and woven apparel products. In June 2015, the TPEA extended trade benefits provided to Haiti in the HOPE Act, HOPE II Act, and the HELP Act until September 30, 2025. The Trade Preferences Extension Act (TPEA) also extended the value-added rule for apparel articles wholly assembled or knit-to-shape in Haiti until December 19, 2025.

Panama

The U.S. – Panama Free Trade Agreement was signed on June 28, 2007. It was ratified by the U.S. Congress on October 12, 2011, and signed by President Obama on October 21, 2011. The U.S. – Panama TPA was implemented on October 31, 2012.

The U.S.-Panama FTA adheres to a yarn-forward rule of origin, meaning that qualifying textile and apparel products must be made using U.S. or Panamanian yarns and fabrics. Goods that meet the rule of origin qualify for immediate duty-free market access upon entry into force of the Agreement.

Consistent with other free trade agreements, elastomeric yarns, narrow elastic fabrics, pocketing fabric, thread, and visible linings must be sourced from the region for use in textile and apparel products that qualify for duty free entry.

Similar to CAFTA-DR, a streamlined commercial availability (short supply) determination process will allow yarns or fabrics that are deemed not commercially available in the region to be used in the production of apparel. Also, a textile-specific safeguard mechanism allows for temporary Most Favored Nation tariffs if a surge in imports threatens to cause serious damage to the domestic industry.

Korea

On April 1, 2007, the final day for Congressional notification under Trade Promotion Authority (TPA), the United States concluded a Free Trade Agreement with South Korea. This agreement was signed on June 30, 2007, the last day it could be signed and still be considered under TPA which expired on the same day. The agreement (referred to as the KORUS FTA) was ratified by Congress on October 12, 2011 and signed by President Obama on October 21, 2011. The KORUS FTA entered into force on March 15, 2012.

Under the KORUS FTA, all qualifying U.S. footwear and non-textile travel goods entering into Korea were duty-free immediately. Duties on the majority of qualifying U.S. textile and apparel products exported to Korea were eliminated upon entry into force of the agreement. The remainder will be eliminated in three or five year stages. Qualifying footwear and non-textile travel goods from Korea will be duty-free into the United States under KORUS, except for a few rubber/fabric and plastic/protective footwear items. Duties on these items will remain at base

rates during years one through eight. Beginning on January 1 of year nine, duties will be reduced in four equal annual stages, and then will be duty-free, effective January 1 of year 12.

The KORUS adopts a "yarn forward" rule of origin, which requires that the yarn production and all operation forward occur in either South Korea or the United States, but the fiber may be from anywhere. However, there are some exceptions in the rules requiring "fiber forward," and some requiring "fabric forward". Also, there are consultative processes to amend the rules of origin should any fiber, yarn or fabric not be commercially available in the U.S. or South Korea. If a good does not meet the rule of origin requirements, a textile or apparel product might be considered originating if all non-originating fibers and yarns make up less than a "de minimis" seven percent of the total weight of the product.

The KORUS FTA includes a special textile safeguard mechanism which provides for temporary re-application of MFN tariffs, if imports under the agreement increase either absolutely or relative to the domestic market, and are shown to be causing or threatening to cause serious damage to the domestic industry. The safeguard can only be implemented for two years, with the possibility of extension for an additional two years, up to ten years.

Trans-Pacific Partnership

In mid-December 2009, the USTR announced that the U.S. would negotiate a trade agreement with the Trans-Pacific Partnership (TPP). The initial TPP negotiation partners included Australia, Brunei Darussalam, Chile, New Zealand, Peru, Singapore, and Vietnam. Malaysia joined the negotiations in October 2010. In addition, Canada, Mexico, Japan and Thailand expressed interest in joining the talks. In June of 2012, the U.S. and the other eight countries negotiating the TPP extended an invitation to Mexico and Canada to join the TPP negotiations, pending successful conclusion of their domestic procedures. Canada and Mexico participated in the negotiations for the first time in December 2012 in New Zealand. By September 2013, Japan had joined the negotiations. Negotiations on the TPP continued in 2013 among the 12 negotiating partners of Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. In addition, South Korea expressed interest in November 2013 of joining TPP. However, its membership did not materialize.

TPP ministers met numerous times in 2013 with the final 2013 round occurring in Singapore in December. After negotiations in December, ministers stated they identified potential "landing zones" for the majority of the key outstanding issues in the TPP text. Following additional work by negotiators, ministers intended to meet again in January 2014.

During the negotiations which occurred in December 2012, the U.S. offered a new approach for negotiating market access for textiles and apparel that would allow for more exceptions to the yarn-forward rule of origin it has proposed. Under the new proposal, the general rule for apparel in the TPP would be a yarn-forward rule of origin, but there would be two short supply lists – a permanent list and a temporary one. The permanent list would include textile inputs that are never expected to be produced in the TPP region. The temporary list would last for three years and would include textile inputs that are currently not produced in the region but are expected to

be in the future. Apparel made from items on either list would be subject to a cut-and-sew rule of origin instead of a yarn-forward rule.

Trade associations representing the U.S. textile industry opposed certain aspects of the TPP. NCTO opposed the inclusion of Vietnam in the TPP due to unfair and anti-competitive subsidies, labor and environmental rules. In 2011, Rep. Gowdy (R-SC) organized a letter co-signed by 51 members to the USTR urging the inclusion of strong rules of origin for textiles in the TPP negotiations to reduce the risk to the U.S. textile and apparel industry from Vietnam's inclusion. The co-signers included three specific recommendations: 1) establish special market access rules, given Vietnam's non-market economy status and inherent advantages provided to its textile and apparel sectors; 2) adopt the basic yarn-forward rule of origin for textiles and apparel with no loopholes; and 3) strengthen customs rules. The House members also encouraged USTR to handle textiles and apparel in a separate negotiating group.

In February 2012, the Textile and Apparel Alliance for TPP (TAAT) coalition, which includes trade groups from 30 countries, was formed to show support for the U.S. negotiation position on textiles after Vietnam proposed country-of-origin rules for textiles and apparel that are much weaker than those in current U.S. FTAs and preference programs. Instead of the yarn-forward rule that is a part of many U.S. trade agreements, Vietnam is insisting on "single transformation" in TPP. Under the "single transformation" rule goods only have to be assembled in Vietnam but the textile components can come from non-TPP participating countries, such as China, and the finished product could still be exported to TPP countries duty free. According to TAAT, "single transformation" would allow Vietnam's state-owned enterprises (SOEs) to export textiles and apparel made from subsidized inputs produced by China's massive textile SOEs duty free to other TPP countries. Also, the competitive advantage gained by Vietnam's SOEs would shift business to them at the expense of privately-owned and financed textile and apparel producers in the United States and elsewhere in the NAFTA, CAFTA and AGOA trade blocs, thereby harming potential for new textile and apparel export markets for U.S. producers and those of FTA partners. Moreover, China, the largest textile and apparel exporter in the world and a country not participating in the TPP, would gain substantial new access to the U.S. market without having to make trade concessions in return.

In May 2012, seventy-six U.S. representatives sent a letter to USTR Ambassador Kirk stressing the need for job-creating textile rules in the TPP. The letter stated that the TPP negotiations are particularly important because they include Vietnam which has experienced dramatic growth in their textile and apparel exports to the U.S. in recent years fueled by Vietnam's large state-owned, state-subsidized apparel sector. According to the letter, without strong textile rules in TPP, Vietnams' state-subsidized companies could damage the U.S. domestic textile industry and those in countries with which the U.S. currently has free trade agreements and trade preference programs. Three objectives mentioned in the letter involved a yarn-forward rule of origin, market access rules which take into account Vietnam's non-market economy status and anti-competitive advantages provided to their state-owned textile and apparel sector, and strong customs enforcement rules.

Negotiations on the TPP continued in 2014 among the negotiating partners of Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.

TPP leaders met numerous times in 2014 with the final 2014 meeting occurring in Beijing in November. According to the United States Trade Representative (USTR), significant progress was made in the areas of market access, services and investment, and government procurement in 2014. Further negotiations occurred in 2015.

Negotiations on the TPP agreement concluded in October 2015 among the negotiating partners of Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.

After being inaugurated as the 45th President of the United States, Donald Trump signed a memorandum on January 23, 2017 instructing the U.S. Trade Representative to take steps to remove the U.S. from the TPP and any future negotiations under the framework of the deal as laid out in the final provisions of the TPP text.

After the U.S. withdrew from the TPP the remaining 11 countries continued to work on an agreement. The agreement was renamed the Comprehensive and Progressive TransPacific Partnership (CPTPP). The remaining countries signed the adjusted agreement on March 8, 2018 in Santiago, Chile.

Transatlantic Trade and Investment Partnership (TTIP)

In June 2013, President Obama announced that the United States and the European Union (EU) would begin negotiations on the Transatlantic Trade and Investment Partnership (TTIP). The first round of negotiations were held in July 2013 in Washington, DC and were followed by a second round of negotiations in Brussels in November. In December 2013, a third round of negotiations were held in Washington, DC. During this round, negotiating groups focusing on services; market access; competition; trade facilitation; sectoral issues; investment; textiles; labor and environment; intellectual property rights, and technical barriers to trade continued their work.

Negotiating teams for the United States and the European Union (EU) conducted four rounds of negotiations on TTIP in 2014. During the G20 Summit meeting in Australia in November 2014, President Obama and EU leaders reaffirmed their commitment to "an ambitious, comprehensive, and high standard" TTIP agreement.

Negotiating teams for the United States and the European Union (EU) conducted four rounds of negotiations on TTIP in 2015 and another four rounds of negotiations in 2016. Under the current U.S. administration, no negotiating rounds for TTIP occurred in 2017 and none have been scheduled as of yet for 2018. Future negotiations remain in doubt as the Trump administration has expressed an interest to move away from multi-lateral negotiations and focus on bi-lateral trade deals.

Trade Promotion Authority
It is generally accepted that Trade Promotion Authority (TPA) is essential to gain approval of free trade agreements. Congress last passed a trade promotion authority bill in 2002. Authority to negotiate trade agreements under that bill expired in 2007. President George W. Bush used the authority to negotiate trade agreements with nearly 15 countries, including South Korea, Colombia and Panama. Three of those agreements were approved with bipartisan support in 2011, during President Obama's first term.

On January 9, 2014, Finance Committee Chairman Baucus (D-MT), Ranking Member Hatch (R-UT) and Ways and Means Committee Chairman Camp (R-MI) introduced legislation -- the Bipartisan Congressional Trade Priorities Act of 2014 -- that would have provided so-called Trade Promotion Authority (TPA) or fast-track for four years. However, the legislation was not enacted. If enacted, the legislation would have allowed free trade agreements negotiated in compliance with the legislation's provisions to be presented to Congress for approval by an up-or-down vote without amendments.

In June 2015, Congress passed and the President signed into law two bills related to trade. The bills were the Trade Preference Extension Act and Trade Promotion Authority.

The Trade Preference Extension Act includes Trade Adjustment Assistance (TAA), extension of the African Growth and Opportunity Act (AGOA), extension of trade preferences for Haiti and extension of the Generalized System of Preferences. TAA provides job training, income support, and other employment-related benefits to American workers who have lost or may lose their jobs as a result of foreign trade.

The TPA allows free trade agreements negotiated in compliance with the legislation's provisions to be presented to Congress for approval by an up-or-down vote without amendments. The TPA was scheduled to expire June 30, 2018. On March 20, 2018, President Trump submitted to Congress a request for a three-year extension of TPA. Under the 2015 law, TPA can be extended if the President submitted a request before April 1, 2018 and neither House of Congress adopted an extension disapproval resolution before July 1, 2018. TPA was extended for three years to July 1, 2021.

China Tariffs
In August 2017, the United States Trade Representative (USTR) initiated an investigation under Section 301 of the Trade Act of 1974 to determine if China’s acts, policies, and practices related to technology transfer, intellectual property and innovation are unreasonable, unjustifiable, or discriminatory and burden or restrict U.S. commerce. In response to the findings of the investigation, President Trump announced on March 22, 2018 that the U.S. would respond to China’s harmful acts, policies, and practice in three separate actions: tariffs, dispute settlement in the WTO, and investment restrictions.

Currently, there have been three lists of goods for which the U.S. has announced tariffs. List 1, totaling $34 billion worth of imports from China is composed of 818 tariff lines. A 25% tariff was imposed on the items on this list with the tariffs going into effect July 6, 2018. List 1 did not contain any cotton, textile or apparel products. However, it did contain some textile machinery.

List 2 totaled $16 billion worth of imports from China. The 25% tariff on the 279 tariff lines on this list went into effect on August 23, 2018. List 2 also did not contain any cotton, textile, or apparel products.

The third list of tariff lines of products from China totaled approximately $200 billion. Tariffs for the items on this list went into effect on September 24, 2018 and were initially in the amount of 10%. The level of the additional tariffs was scheduled to increase to 25% starting January 1, 2019, but that date was postponed to March 1, 2019. List 3 contains products in HTS Chapters 50-60 which covers textile fibers, yarns, and fabrics. This includes all tariff lines in Chapter 52 covering products from cotton, not carded or combed, cotton waste, cotton thread, yarn, and woven fabric. Cotton knit fabric tariff lines from Chapter 60 are also covered by List 3.

None of the three lists contain finished apparel and other sewn products covered in HTS Chapters 61-63. According to NCTO, most of the textile products the U.S. imports from China are finished apparel, home furnishings and other made-up textile goods (93.5%) while fiber, yarn, and fabric imports from China represent only 6.5%.

On April 1, 2018, China's Ministry of Commerce announced China's intention to impose retaliatory tariffs on U.S. goods in response to the U.S. announcement of the 25% tariff on steel imports and 10% tariff on aluminum imports beginning June 1, 2018 (Sections 232 tariffs). China applied a 15% duty on 120 items including fruits, nuts, wine, and steel and iron tubes and pipes. A 25% duty was applied on 8 items including pork and aluminum scrap. These tariffs took effect on April 2, 2018.

On April 3, 2018, China released another retaliation list of U.S. goods worth $50 billion that could be subject to an additional 25% tariff. This list was the first one announced in retaliation to the Section 301 tariffs announced by the United States. China's List 1 contained 106 products which includes soybeans, airplanes, automobiles, beef, and chemicals. Cotton fiber (HTS 5201) was also included on this list. However, the list did not include any textiles or apparel. On June 15, 2018, China's State Council announced the addition of more goods to List 1. The 25% tariff on a total of 545 categories of goods went into effect July 6, 2018.

On August 8, 2018, China released another list of retaliatory tariffs on $16 billion in U.S. goods. This was in response to the USTR's announcement on August 7 of the final List 2 of Section 301 tariffs on $16 billion in Chinese imports. China's List 2 included cotton and MMF waste, but no other textile products were included. A tariff of 25% was applied to the goods on List 2 beginning on August 23, 2018.

Also, in August 2018, China announced List 3 for retaliatory tariffs. This announcement was in response to the U.S. announcement of a 3rd list of Section 301 related tariffs. China's List 3 contains 5,207 tariff lines worth $60 billion. The original List 3 announcement stated tariffs on these goods would be 5, 10, 20, or 25% and the tariffs would be enacted beginning September 24, 2018. On September 19, 2018, China announced the tariff rates for List 3 would be 5 or 10%. China's List 3 includes combed cotton, cotton sewing thread, some cotton yarn, cotton woven and knit fabric, and some finished textile and apparel goods.

On December 1, 2018, President Trump and China's President Xi reached an agreement on the margins of the G20 meeting in Buenos Aires to delay an increase on the third, $200 billion portion of the Section 301 related tariffs from 10 to 25%, originally scheduled for January 1, 2019. The agreement included a 90-day period of talks to resolve issues around IP theft, non-tariff barriers, and forced technology transfers. If no agreement is reached at the end of the 90-day period, the tariff increase would be implemented. According to the White House, China also agreed to purchase substantial amount of agricultural, energy, industrial and other products from the U.S. to reduce the trade imbalance. The first round of talks between the U.S. and China was held in Beijing January 7-9, 2019. Negotiations are still ongoing.

In January 2019, the WTO granted China's second request for a dispute panel to rule on the Section 301 tariffs the U.S. imposed on Chinese imports. China made its first request for a dispute panel in December 2018. That request was vetoed by the United States. However, WTO rules prevent members from blocking a dispute inquiry a second time. China asserts that the Section 301 tariffs violate WTO's Most Favored Nation rules saying the tariffs are "unilateral" and "WTO-inconsistent". The U.S. dismissed China's argument noting that China responded in kind with discriminatory duties on over $100 billion in U.S. exports.

In August 2018, in recognition of the impacts of China's retaliatory tariffs, the Trump Administration announced a plan to assist U.S. farmers and ranchers facing trade disruptions from these tariffs. The plan includes three components to assist farmers and ranchers: a Market Facilitation Program (MFP), a Food Purchase & Distribution Program, and an Agricultural Trade Promotion (ATP) Program.

The MFP provides $0.06/lb on a producer's 2018 upland and ELS cotton production (paid in two installments). Producers may apply for MFP through February 14, 2019 but have until May 17, 2019 to certify their 2018 production. The Market Facilitation payments are subject to the existing $900,000 adjusted gross income means test and a separate $125,000 per person payment limit for the eligible crops. The other commodities eligible for the program include soybeans ($1.65/bu), sorghum ($0.86/bu), wheat ($0.14/bu), corn ($0.01/bu), dairy ($0.12/cwt) and pork ($8/head).

USDA's Agricultural Marketing Service (AMS) will administer the Food Purchase and Distribution Program to purchase up to $1.2 billion in commodities. The specific commodities to be purchased are those impacted by unjustified tariffs imposed by other nations. Purchases will be spread over several months. USDA's Food and Nutrition Service will distribute these commodities through nutrition assistance programs such as The Emergency Food Assistance Program and child nutrition programs.

Through the Foreign Agricultural Service, the ATP program will provide $200 million to develop foreign markets for U.S. agricultural products. The program will help U.S. agricultural exporters identify and access new markets and help mitigate the adverse effects of other countries' restrictions. In a late January announcement, Cotton Council International will receive $9.2 million for promotional activities for cotton fiber, yarn and fabric exports.