

## **Joint position paper on the Transatlantic Trade and Investment Partnership**

### **Key priorities**

- **Mechanisms to facilitate regulatory convergence or mutual recognition of regulations and standards across the Atlantic**
- **Full, immediate, and reciprocal elimination of tariffs**
- **Flexible Rules of Origin**
- **Harmonisation of regulations on labelling, requirements on product safety, and test methods**
- **Facilitative Customs Provisions**
- **Establishment of a harmonised list of prohibited substances**

On behalf of the European Branded Clothing Alliance (EBCA), the American Apparel & Footwear Association (AAFA), and the United States Fashion Industry Association (USFIA), we welcome the commitment by the European Union (EU) and the United States (U.S) to conclude a comprehensive and ambitious Trans-Atlantic Trade and Investment Partnership (TTIP). TTIP has the potential not only to support substantial economic growth and job creation on both sides of the Atlantic, but also to make valuable contributions to global rule making, thus tackling regulatory barriers that limit free trade and EU and U.S. market access globally.

The textile and clothing industry depends on access to markets and suppliers worldwide. Our global value chain and the high trade-intensity of branded clothing products make the industry especially vulnerable to trade barriers. Tariffs and other types of trade barriers imposed at each border add to the cost of the final product and may affect the organisation of the global value chain.

A recent study of the U.S. apparel industry showed that 70 per cent of the retail value of U.S. apparel imports is created in the United States. A similar study commissioned by EBCA showed that 50 to 80 per cent of the value of European apparel and footwear imports is created in Europe. EU and U.S. apparel, textile, and footwear manufacturers rely on global value chains for their success, as they import critical inputs or see their products incorporated into future imports.

We would thus recommend that the EU and U.S. negotiators pursue and deliver on an ambitious free trade agreement, which includes:

**Mechanisms to facilitate regulatory convergence or mutual recognition of regulations and standards across the Atlantic** – The removal of non-tariff barriers on each side of the Atlantic has the potential to create significant economic growth. We believe regulatory convergence or mutual recognition should be used where possible and support the creation of a mechanism in TTIP that fosters the exchange between EU and U.S. legislative and regulatory authorities on how to address barriers to trade. Moreover, cooperation on new initiatives being developed can be an important contribution to avoiding future trade distortions.

**Full, immediate, and reciprocal elimination of tariffs** – Textile, leather, and clothing products are still among the most protected goods in the EU, the U.S. and elsewhere. In the best-case scenario, TTIP would provide for the full, reciprocal, and immediate elimination of duties on apparel, without phase-out periods to reduce trade

costs and barriers that disproportionately affect this industry, and which unnecessarily impose costs on consumers in both the U.S. and the EU.

**Flexible Rules of Origin** – Tariff elimination is rendered meaningless if parties adopt restrictive rules of origin, forcing companies to use certain inputs to gain the benefits of the free trade agreement. Such restrictive rules discourage use of the agreement by both importers and exporters. We urge the Rules of Origin in this agreement be simple and flexible to encourage the development of trade and investment of companies using global supply chains.

**Harmonisation of regulations on labelling** – We believe it would be beneficial to harmonise textile-labelling regulations between the EU and the U.S. as there are currently various differences intra-EU and across the Atlantic that add cost for businesses and consumers. Overall, the number of compulsory labelling requirements affixed to the product should be minimized to allow product-labels to be kept as simple as possible to promote consumer understanding. This simplification should include an alignment of the names of textile fibres and care instruction symbols on the basis of ISO standards and eliminate requirements at Member State and U.S. State levels for chemicals substance labelling in favour of EU/U.S. Federal level requirements.

**Harmonisation of regulations and requirements on product safety and test methods** – We strongly support the intention to harmonise technical regulations and approaches to guarantee product safety and consumer protection. Ideally, the EU and the U.S. should work to remove unnecessary and duplicative testing by expanding of acceptance of conformity assessment bodies and moving towards a single international standard test method.

**Emphasis on Facilitative Customs Provisions** – TTIP could help boost trade by reducing unnecessary border costs and delays for traders by improving predictability, simplicity, and uniformity in border procedures. We therefore support the negotiation of a Customs chapter that emphasizes trade facilitation, treats trusted traders as partners, and focuses enforcement activities on traders who are more likely to present risks. A standard approach for Customs across the U.S. and in various ports in Europe would help to eliminate current inconsistencies leading to high additional costs.

**Establishment of a harmonised list of prohibited substances** – We support the intention to work towards establishing a common list of chemicals and other substances which are prohibited or restricted in textile/clothing products as well as establishing common maximum allowed levels at EU/U.S. Federal levels. These limits and restrictions should be harmonized at Member State/State levels and applied consistently under a common framework. This area could be linked to the agreement between parties in the context of chemicals. Ideally, negotiators would agree on a simplification of compliance procedures without lowering the level of protection.

**This position paper is jointly supported by:**

The **American Apparel & Footwear Association (AAFA)** is the national trade association representing apparel, footwear, and other sewn products companies, and their suppliers, which compete in the global market. Our membership consists of about 400 American companies that represent one of the largest consumer segments in the United States. The apparel and footwear industry overall represents \$360 billion in annual domestic sales and sustains more than four million American jobs. Our members are present throughout Europe, where they employ millions of Europeans and sell billions of dollars' worth of clothes, shoes, and other fashion products.

The **United States Fashion Industry Association (USFIA)** represents the fashion industry: textile and apparel brands, retailers, importers, and wholesalers based in the United States and doing business globally. Founded in 1989 as the United States Association of Importers of Textiles & Apparel with the goal of eliminating the global apparel quota system, USFIA now works to eliminate the tariff and non-tariff barriers that impede the industry's ability to trade freely and create economic opportunities in the U.S. and abroad. Headquartered in Washington, D.C., USFIA is the most respected voice for the fashion industry in front of the U.S. government as well as international governments and stakeholders. With constant, two-way communication, USFIA staff and counsel serve as the eyes and ears of our members in Washington and around the world, enabling them to stay ahead of the regulatory challenges of today and tomorrow. Through our publications, educational events, and networking opportunities, USFIA also connects with key stakeholders across the value chain including U.S. and international service providers, suppliers, and industry groups.

The **European Branded Clothing Alliance (EBCA)** is a coalition of European and global retail clothing brands. Between us we represent more than 60 brands and employ over 150,000 people in our European operations. Established in 2007, the Alliance provides the first collective and exclusive voice for retail clothing brands in Europe. Drawing upon a balanced and representative membership present in a range of EU Member States, the Alliance seeks to serve as a sounding board for EU policy-makers as they develop trade policy that seeks to balance the interests of all Europeans in an increasingly global environment. The Alliance showcases the contribution of clothing retailers to European competitiveness and employment, and seeks to ensure a more predictable business environment, a positive trade agenda, and a better deal for European consumers and businesses