

## Transatlantic Trade & Investment Partnership

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The UK Fashion & Textile Association is in the Business of Fashion & Textiles and Export remains a fundamental part of UKFT's activities. We are the single biggest user of the UKTI Trade Show Access Programme and we are a Trade Challenge Partner affiliated with UKTI. We take over 500 British companies a year to 25 different trade shows in 7 different countries.

Our Industry sector delivers an annual GVA of £11.5 billion. The sector value of exports is now over £8.5 billion per annum, of this apparel is estimated to be £5.5 billion, 70% of which went to other EU member states. Textiles remained static in 2013 at £3 billion.

Conversely, imports were worth £16.2 billion in 2013. 75% of these imports came from outside the EU with over 30% coming from HK/China and Turkey combined. Imports of textiles were £3 billion with just over 50% coming from EU sources.

The sector employs approximately 120,000 people directly and a further 200,000 indirectly. Taken as a whole, the sector actually accounts for some 79,000 businesses. The disparate nature of the sector, however, defines that 97% of fashion and textile workplaces employ less than 50 people, of which 70% is less than ten people.

Taken as a whole, we understand the principles of Free Trade Agreements and thus the negotiations to surround in our sector specifically:

- Preferential Market Access
- Intellectual Property Rights
- Environmental Standards
- Safety and Labour standards/legislation

It might also be the case that the US will require two separate chapters of any agreement – one for Apparel and one for Textiles – as mandated by the US Trade Promotion Authority. Not having this would expose the entire agreement to rejection by Congress. This view is not shared by the EU.

Preferential Market Access must be a given. We acknowledge that both sides (EU/US) have positions to protect regarding here in Europe as Rules of Origin - and in the US as Yarn Forward. Yarn Forward is a key plank on behalf of the major textile groupings NCTO – National Council of Textile Organisations (and perhaps non-negotiable by them) but is not supported by the AAFA (Apparel & Footwear Association).

The UK exported some £490 million worth of apparel and textiles to the US in 2013; still our largest non EU export market. This figure is given based on Landed Duty Paid.

Tariffs for EU (and thus UK) exports to the US covering Fashion & Accessories are defined in a broad range, usually between 14 to 25%. This is based on the FOB price. The range is highly dependant on fibre composition. Tariffs in some categories can be as low as 5% - 8% by the same reason but not for the bulk of categories involved. At the higher tariff end, this is usually something like cotton where the US has an industry to defend. Tariffs for Textiles start at 7% but can range up to 25%, again the higher is governed by complex rule sets on fibre and product composition.

For UK fashion and textile exporters to the US, the complexities in tariff and customs procedures can be off-putting for those making their early attempts. Also, the vast majority of US customer/retailers insist on buying at LDP. Larger companies can cope but smaller companies find this daunting, and of course prices are higher in market.

By comparison, EU import tariffs are much simpler to understand and follow logic to a greater degree.

The principle of reciprocal duty free provisions remains for All Apparel and Textiles in the TTIP FTA. This will require the harmonization and simplification of a myriad of rules and regulations that govern trade both in the EU and US. In this respect, we understand the title of NTB (Non Tariff Barriers).

Such complexity is seen as:

- Labelling (compulsory affixed to garment) covering CofO, fibre composition, care instructions and manufacturer/importer name/address.
- Align names of textile fibres based on ISO standards
- Harmonize test standards
- Harmonize care labelling instructions/symbols
- Non-permanent labelling
- Made-in rules and regulations.
- MID (Manufacturer Identification) Codes
- Product safety and consumer protection
- Here the rule sets are different. Testing is not fully harmonized for in the EU but is in the US – e.g. product flammability.
- Look at EN Standards – EU laboratories recognised by US Authorities.
- Restricted Chemicals – big issue here and US – review compliance procedures but harmonization to agreed standards.

We do, however, acknowledge that the TTIP negotiations cover many different industries and agriculture, but the UKFT view is that the ECBA (European Clothing Branded Alliance) summarises the position well:

- Need for tariff dismantlement on day 1
- Base agreement on a single transformation origin rule
- Favour regulatory convergence and mutual recognition covering:
  - Labelling
  - Duplication of provisions e.g. Chemical substances
  - Simplify customs procedures and TBT (Technical Barriers to Trade)
  - Strong support for IPR chapter also covering e-commerce