

CUSTOMS AND INTERNATIONAL TRADE STRATEGY

FREE TRADE AGREEMENT PROGRAMS





Customs and International Trade Strategy Series

Volume 2

Free Trade Agreement Programs

Version 1

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Overview

Free trade agreements (FTAs) and trade preference programs benefit both the United States and our trading partners. This volume of the Tariff and Trade Series describes the free trade agreements between the United States and our major trading partners in cotton textiles.

- Part 1 outlines the parameters of free trade agreements—in particular, the rules of origin that determine whether goods are eligible for duty-free import into the United States. It also provides information relevant to trading with each individual country, including country profiles, document requirements, and logistics data.
- Part 2 identifies the most important categories of cotton products imported from these countries, ranking them by volume and identifying each country's unique characteristics as a cotton trading partner. It concludes by identifying opportunities and emerging trends in sourcing cotton products from these countries.
- Also included are a glossary of free trade agreement terminology and a list of references and resources for further information.

This volume focuses specifically on cotton textile products (apparel and home textiles made of cotton). It does not cover other types of products, such as travel goods, luggage, or footwear, or textile products made from fibers other than cotton.

Part 1

Free Trade Agreements

Section 1 — FTA Overview

What Are Trade Agreements and How Do They Work?

Trade agreements are commerce treaties that establish the terms of trade between nations. These agreements determine the duties that countries impose on each other's products. Consumers in each participating country can benefit from trade agreements that allow them to access global products at reduced prices.

Types of Trade Legislation or Agreements

- **Unilateral trade legislation** is enacted by one country.
- **Bilateral trade agreements** are agreements between two countries.
- **Multilateral trade agreements** are agreements among several countries.

Unilateral Trade Legislation

Unilateral trade legislation is enacted by one country to either increase or decrease restrictions on trade with one or more other countries. It often is used to grant another country preferential trade access, under certain conditions. The other country is not required to reciprocate. The United States and other developed countries commonly use such legislation to ease trade restrictions on less-developed countries, as a form of foreign aid to help emerging markets strengthen strategic industries. By helping emerging markets' economies to grow, the legislation creates new markets for U.S. exporters.

Bilateral Free Trade Agreements

Bilateral trade agreements are made between two countries. Both countries agree to loosen trade restrictions in order to expand business opportunities between them. They reduce or eliminate tariffs, agree not to dump products at low cost, and may agree not to subsidize competing domestic industries.

Multilateral Free Trade Agreements

Multilateral trade agreements are made among three or more countries, to loosen trade restrictions among all of them. The greater the number of parties, the more complex are the negotiations to meet each individual country's needs and requests.

Once negotiated, multilateral trade agreements are very powerful. They cover a larger geographic area, which confers a greater competitive advantage on the signatories. All of the countries give each other "most favored nation" status — granting them their most favorable trade terms and lowest tariffs.

Trade Preference Programs

A trade preference program is designed to foster economic growth, reform, and development in less-developed countries. These programs grant temporary duty-free U.S. market access to select exports from eligible countries.

Unlike free trade agreements, trade preference programs are non-reciprocal, meaning that less-developed countries are not required to provide equivalent trade benefits to the United States. Countries must meet certain eligibility criteria, however, such as providing adequate protection of intellectual property rights, operating an open market economy under established multilateral trade rules, and adopting internationally recognized workers' rights.

U.S. Free Trade Agreements and Preference Programs

The United States has entered into several bilateral and multilateral free trade agreements, and also participates in trade preference programs, as described below.

Bilateral Free Trade Agreements with the United States

The United States has bilateral free trade agreements in force with 13 other countries:

- Australia (2005) — AUFTA
- Bahrain (2006) — BHFTA
- Chile (2004) — CLFTA
- Colombia (2012) — COTPA
- Israel (1985) — ILFTA
- Japan (2020) — JFTA
- Jordan (2001) — JOFTA
- Korea (2012) — KORUS
- Morocco (2006) — MAFTA
- Oman (2009) — OMFTA
- Panama (2011) — PATPA
- Peru (2009) — PETPA
- Singapore (2004) — SGFTA

Multilateral Free Trade Agreements with the United States

The United States has two multilateral trade agreements in force, in which a total of eight other countries participate:

- USMCA (2020): Mexico and Canada (formerly NAFTA)
- CAFTA-DR (final implementation 2009): the Central American countries of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua

Trade Preference Programs with the United States

African Growth and Opportunity Act — AGOA (2003)

The African Growth and Opportunity Act was established to promote stable and sustainable economic growth and development in sub-Saharan Africa. This region is richly endowed with both natural and human resources and has enormous economic potential.

Participating countries for textiles and apparel: Botswana, Cameroon, Cape Verde, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Republic of South Africa, Rwanda, Senegal, Swaziland, Tanzania, Uganda, and Zambia

Caribbean Basin Initiative — CBI (1984)

The CBI consists of the Caribbean Basin Economic Recovery Act and the Caribbean Basic Trade Partnership Act (CBTPA). Although the effects of the CBI programs on the U.S. economy have been marginal, they are credited with significantly benefiting certain Caribbean economies. In particular, Haiti has significantly strengthened its export capacity and has taken advantage of the preferential treatment opportunities extensively, especially for exports of cotton apparel.

CBTPA beneficiaries: Barbados, Belize, Curaçao, Guyana, Haiti, Jamaica, Saint Lucia, and Trinidad and Tobago

Haitian Hemispheric Opportunity through Partnership Encouragement — Haiti HOPE (2007)

Eligibility criteria for the HAITI HOPE program include progress towards achieving a market-based economy, increasing employment, enhancing the rule of law, eliminating barriers to U.S. trade, combating corruption, and protecting internationally recognized human and workers' rights.

In 2008, the program was extended as HOPE II, which established new rules of origin, making Haiti eligible for new trade benefits for apparel imports, and enhancing sourcing flexibility for apparel producers in Haiti. In 2010, the Haiti Economic Lift Program (HELP) expanded the preference program for Haitian textile and apparel exports.

Participating countries: Haiti and the Dominican Republic

Qualifying Industrial Zone Program — QIZ (1996)

The Qualifying Industrial Zone program was established to support the peace process in the Middle East. The initiative allows Egypt and Jordan to export products to the United States duty-free as long as these products contain inputs from Israel. The goods must also be produced in designated QIZ factories and meet specific rules of origin requirements.

Participating countries: Egypt, Israel, and Jordan

Section 2 — FTA Rules and Regulations

The rules of free trade agreements are the criteria to which each country must adhere in order for its goods to qualify for duty-free status. All participating countries must adhere to rules negotiated in five fundamental areas.

The Fundamental Objectives in Trade Agreement Negotiations

- **Tariff elimination.** Participating countries agree to eliminate tariffs and other trade taxes. This gives companies within each country a price advantage over those in countries not party to the agreement. It works best when each country specializes in different industries.
- **Anti-dumping.** Participating countries agree not to dump products at low cost. Companies might do this to gain unfair market share, by reducing prices to below what a product would sell for domestically, or even selling at a loss, and then raising prices after competitors have been destroyed.
- **Anti-subsidy.** Governments of participating countries refrain from using unfair subsidies. Many countries subsidize strategic industries, such as energy or agriculture, which lowers costs for their domestic producers. Subsidies gives the companies in these industries an unfair price advantage when exporting to other countries.
- **Labor and environmental regulations.** Participating countries agree to standardize regulations, labor standards, and environmental protections. Enforcement of such provisions eliminates unfair trade advantages.
- **Intellectual property rights.** The countries agree to adopt each other's intellectual property laws, and not to steal each other's innovative products. Inventions are protected through enforcement of patent, trademark, copyright, and trade-secret laws. These include protection for digital products, such as software and test data, and deterrence of piracy and counterfeiting.

Rules of Origin

The “rules of origin” are the criteria for determining a product’s country of origin for the purpose of qualifying for duty-free status. In most cases, goods must originate and be produced in the participating country or region. The specific rules differ among the various FTAs and are found in the General Notes section of the Harmonized Tariff Schedule (HTS).

Qualifying Goods Based on the Rules of Origin

The simplest way for a product to qualify under an FTA is if it is “wholly obtained or produced entirely in the territory of the FTA partner country or the United States.” A product can also qualify if its imported raw material components are “substantially transformed” to create the finished product in the

partner country. In other words, through transformation of the raw material, classification of the product shifts from one HTS heading to another—a “tariff shift” has occurred.

The Rules of Origin for Apparel and Home Textiles

The rules of origin for apparel and home textiles dictate, among other criteria, requirements for the origin of a product’s fiber, yarn, or fabric:

- **Fiber forward** means that the fiber used to make the yarn or thread must originate in a participating country, and all operations from production of yarn or thread to product assembly must occur in a participating country.
- **Yarn forward** includes all of the production steps from formation of the yarn through knitting or weaving of the fabric to cutting and sewing of the finished product. Fiber may be imported from a third-party country, but all operations from yarn spinning forward to product assembly must occur in a participating country.
- **Fabric forward** includes all of the production steps from knitting or weaving of the fabric through cutting and sewing of the finished product. Yarn may be imported from a third-party country, but all operations from production of the fabric forward to product assembly must occur in a participating country.
- **Cut-and-sew forward** includes the production steps beginning with cutting of the fabric through sewing of the finished product. Fabric of any origin may be used, but all operations from cutting and sewing forward must occur in a participating country.

Important Note

The terms above are useful shorthands for describing rules of origin for textile products, but they are not themselves the “rules.” Always check with a licensed customs broker or an international trade attorney when determining whether a product qualifies for duty-free status under the rules of origin of a specific FTA.

The Tariff-Shift Rule

In a perfect world, all components of a product would originate from an FTA-participating country. However, this is not realistic in our global supply chain.

Substantial Transformation

The tariff-shift rule applies when a product component is imported (non-originating) but is transformed so that the finished product is classified under a different tariff heading. In other words, the product has been “transformed in either participating country so that each non-originating material undergoes a substantial change in tariff classification as a result of production.”

This substantial transformation results in a change from the HTS heading of the non-originating component(s) to the heading of the final product (e.g., yarn is transformed into fabric, or fabric transformed into a garment). The transformation of non-originating components in either the United States or the FTA partner country allows the final product to qualify for preferential treatment under the FTA, resulting in a new and different good, with a name, character, use, and HTS tariff classification different from those of its constituent materials.

Essential Character

The “essential character” is the essence, nature, or true characteristic of a product used to determine its tariff classification. Some factors considered in determining a product’s essential character may include the primary function of the product or the weight or value of a component.

Tariff-shift rules require that a product’s classification be changed to a different chapter, heading, or subheading. Exceptions (“except from” certain chapters or headings) are specified for materials that must be originating. In addition, the product must be cut or knit to shape and sewn in a participating country.

Example of a Tariff-Shift Rule

- A **change to** headings 6105 through 6111 **from** any other chapter
- **except** from headings 5111 through 5113, 5204 through 5212,* 5310 through 5311, Chapter 54, headings 5508 through 5516, or headings 6001 through 6006
- **provided that** the good is cut and/or knit to shape **and** sewn or otherwise assembled in the territory of one or more of the participating countries.

*5204–5212 are cotton headings.

The De Minimis Rule

The “de minimis” rule of origin is a provision that relaxes the rules of origin under certain conditions. It allows a small amount of non-originating materials that do not meet the tariff-shift rule to be used in the production of the goods. Each FTA specifies the maximum allowable percentage of imported fibers or yarns (by weight).

Example of the De Minimis Rule

Provided that it does not exceed the de minimis percentage, spandex yarn to blend with the major yarn may be imported from anywhere.

Restrictions on the Rules of Origin

Restrictions on the rules of origin apply when certain components that make up a product are critical in determining the product's origin. The box below gives some common examples.

Examples of Restrictions on the Rules of Origin

- Thread — Thread made in the region must be used in the assembly of qualifying apparel.
- Visible lining fabrics — Visible lining fabrics must be sourced from the region and meet the fabric-forward rule of origin (yarns from anywhere are permitted).
- Narrow elastic fabrics — Narrow elastic fabrics must be sourced from the region and meet the fabric-forward rule of origin (yarns from anywhere are permitted).

Special Situations for Qualifying Components

Short Supply (Commercial Availability)

The use of non-originating materials may be allowed if they are not readily commercially available in the region of origin. Trade agreements specify criteria and procedures (e.g., legislation or petition) for making “short supply” determinations. The participating countries consider the availability of fibers, yarns, or fabrics in the region and whether domestic producers are capable of supplying commercial quantities in a timely manner.

Examples of Short Supply

- As an exception to the yarn-forward rule, certain fabrics determined not to be commercially available in the United States or the region may be sourced from third-party countries outside the region. Garments cut and sewn from these fabrics qualify as originating in the region.
- Under CAFTA-DR, the elastomeric content of any fabric listed as being in short supply may be sourced from any country.

Cumulation of Origin

Cumulation (also called “accumulation”) allows a participant in a multilateral trade agreement to use components originating from other participant countries. For example, a fabric from Guatemala could be used in production of a garment in Honduras, because both countries participate in CAFTA-DR.

Tariff Preference Level

A tariff preference level (TPL) is a quota that provides duty-free access for specified quantities of yarns, fabrics, apparel, or made-up textile goods that do not meet the origin criteria but are subject to significant processing in the exporting country. TPLs are agreed upon annually and vary by product and by trading partner. They are monitored by Customs, and goods in excess of the TPL are subject to normal duty rates.

Rules of Value

In cases where some of the components used in a product do not originate from a participating FTA country, a regional value content (RVC) rule, which is specified in each individual FTA, assists in determining the product’s origin. RVC rules determine origin based on content value—they require that a certain percentage of the product’s value derive from originating components.

Each FTA prescribes which specific rule(s) may be used to calculate the RVC, and each RVC rule dictates what type of value may be used to calculate the RVC—transaction value, adjusted value, net cost, or value of originating or non-originating material. The rule specifies how to apply the calculation to the value of the components, and it specifies the percentage of the product’s value that must derive from qualifying content from a participating FTA country. However, if the rule of origin references the tariff-shift rule, the percentage-based RVC rule cannot be applied.

For example, an RVC rule may require at least 50% of a product’s value to derive from originating components. The percentage (RVC value) can be derived from the cost of FTA-sourced materials and/or skilled labor.

Methods for Calculating Regional Value Content

The value of the goods may be defined as follows:

- **Net cost:** Generally, the total cost minus costs for sales promotion, marketing, after-sales service, royalties, shipping and packing, and non-allowable interest costs.
- **Transaction value:** The sale price of the goods minus international shipping and packing expenses—also known as the “price paid or payable.”
- **Adjusted value:** The value of the goods for customs purposes—usually, the arms-length transaction value (sale price), adjusted, if necessary, to exclude any costs or expenses of transportation, insurance, or related services

incident to shipment of the goods from the exporting country to the place of importation.

The RVC percentage is calculated by one of the following methods, with the resulting decimal fraction expressed as a percentage:

- **Net-cost method:** The net cost of the goods minus the value of the non-originating materials is divided by the net cost.
- **Transaction-value method:** The transaction value of the goods minus the value of the non-originating materials is divided by the transaction value.
- **Build-up method:** The value of the originating materials is divided by the adjusted value of the goods.
- **Build-down method:** The adjusted value of the goods minus the value of the non-originating materials is divided by the adjusted value of the goods.

The resulting percentage is compared with the FTA RVC rule to determine whether the goods qualify for duty-free status.

Examples of RVC Calculations

The examples below illustrate each of the RVC calculation methods, all using the same costs and values:

- Net cost (NC) = \$24.00
- Transaction value (TV) = \$30.50
- Adjusted value (AV) = \$30.50
- Value of originating materials (VOM) = \$9.00
- Value of non-originating materials (VNM) = \$11.00

Applying the Net-Cost Method

$$(NC - VNM) / NC = RVC$$

$$(24.00 - 11.00) / 24.00 = 0.542 = 54.2\%$$

Applying the Transaction-Value Method

$$(TV - VNM) / TV = RVC$$

$$(30.50 - 11.00) / 30.50 = 0.639 = 63.9\%$$

Applying the Build-Up Method

$$VOM / AV = RVC$$

$$9.00 / 30.50 = 0.295 = 29.5\%$$

Applying the Build-Down Method

$$(AV - VNM) / AV = RVC$$

$$(30.50 - 11.00) / 30.50 = 0.639 = 63.9\%$$

As can be seen from these example calculations, a product might qualify under one calculation method but not under another method.

Example of an RVC Requirement: USMCA

“The regional value content shall be calculated on the basis of either the transaction value method or the net cost method.”

The Value-Added Provision

To be considered as originating under a “value-added” provision, apparel and home textile products must have sufficient content (as a percentage of the products’ value) from either the United States or the FTA region. The “value added” is calculated as the cost or value of the materials produced in the exporting country plus the direct costs of processing operations performed in the exporting country.

Example of a Value-Added Provision: JOFTA

Jordanian materials plus the direct cost of processing must equal at least 35% of the appraised value (up to 15% of U.S. content).

Rules of Restraints

All free trade agreements reference

some types of restraints to maintain fair trading standards. These include anti-dumping regulations, quotas, and safeguards.

Anti-Dumping Regulations

“Dumping” occurs when a company exports a product at a price below what it would sell for in the exporter’s domestic market. Because dumping typically involves substantial export volumes, it often endangers the financial viability of the importing nation’s manufacturers or producers of that product. Anti-dumping regulations in a free trade agreement strictly prohibit the dumping of certain products.

Quotas

“Quotas” set physical limits on the quantity of a good that can be imported into a country in a given period of time. Quotas, like other trade restrictions, typically are used to benefit the producers of a good in the importing country’s economy.

A “tariff rate quota” (TRQ) is a mechanism established under a trade agreement that allows a set amount of a specific product to be imported at a low or zero duty rate. Amounts in excess of the quota are subject to higher duty rates. A TRQ thus does not place an absolute limit on the amount of product that may be imported.

Safeguards

A “safeguard” mechanism provides for temporary tariffs if a surge in imports under a particular trade preference program is shown to cause or threaten to cause serious damage to the importing country’s domestic industry.

Section 3 — Document Requirements

Several standard types of documents must accompany goods imported under FTAs. Some of these documents must be retained for specific periods of time, whereas retention of others is recommended. This section summarizes the documents required for textile-industry imports.

Required Documents and Document Retention

The following standard documents are required at the time of importation:

- commercial invoice
- packing list
- free trade agreement declaration
- certificate of origin

The following documents must be held at the supplier's premises for at least five years:

- fabric manufacturer's affidavit of origin
- yarn supplier's affidavit of origin
- trim manufacturer's affidavit of origin

The following documents support the rules, but are not mandatory. Best practices dictate that they be held for at least one year:

- bill of materials
- raw material invoice
- garment affidavit of origin
- production: cutting records
- production: time card records

Document Retention Best Practices

It is considered best practice for importers to retain copies of the documents that support the qualification of a product for duty-free treatment. Importers should always request a copy of the FTA import documents and keep them on file for at least one year, as due diligence in case of a Customs review.

Certificate of Origin — Minimum Data Elements

The certificate of origin must indicate that the product claiming preferential treatment meets the requirements of the FTA. As the basis of a claim for preferential tariff treatment, the certificate must include the following data elements:

- **Importer, exporter, or producer certification of origin:** Indicate whether the certifier is the importer, exporter, or producer.
- **Certifier:** Provide the certifier's name, title, address, e-mail address, and telephone number.
- **Exporter:** Provide the exporter's name, address, e-mail address, and telephone number. This may be the place of export.
- **Producer:** Provide the producer's name, address, e-mail address, and telephone number. If the producer is different from the certifier or exporter, or if there are multiple producers, state "Various" or list the producers.
- **Importer:** Provide, if known, the importer's name, address, e-mail address, and telephone number.
- **Description and HTS classification of the good:** Provide a description of the good and the HTS classification of the good to the 6-digit level. If the certificate of origin covers a single shipment of a good, indicate the invoice number, if known.
- **Origin criteria:** Specify the origin criteria under which the good qualifies.
- **Blanket period:** If the certification covers multiple shipments of identical goods for a specified period of up to 12 months, state the period.
- **Authorized signature and date:** The certificate of origin must be signed and dated by the certifier and must be accompanied by the following statement:
 "I certify that the goods described in this document qualify as originating and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain and present upon request or to make available during a verification visit, documentation necessary to support this certification."

Examples of certificate of origin templates are shown on the next three pages.

The Requirement for a Certificate of Origin

The certificate of origin certifies that the goods meet all criteria for duty-free status under the terms of the FTA. Depending on the specific FTA, a certificate of origin may be required at the time of entry or upon request from Customs.

CERTIFICATION OF ORIGIN

OMB Number: 1651-0117
Expiration Date:
02/28/2022

Select Country

BLANKET ONLY:

IMPORTER

Name:

Address:

State/Province:

Zip/Postal Code:

Country:

Phone:

Email:

EXPORTER

Name:

Address:

State/Province:

Zip/Postal Code:

Country:

Phone:

Email:

Additional Information / Notes

PRODUCER

☐ Same as Exporter

Name:

Address:

State/Province:

Zip/Postal Code:

Country:

Phone:

Email:

Product(s) for which preference is claimed

☐ Blanket Period

Invoice Date	Invoice #	HTSUS #	Description	Quantity	Origin	Criterion

☐ Click this box to generate a second sheet with additional lines

I CERTIFY THAT:

The information on this document is true and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document;

I agree to maintain and present upon request, documentation necessary to support these representations;

The goods comply with all requirements for preferential tariff treatment specified for those goods in the

Agreement; and

This document consists of pages, including all attachments.

Signature:

(click or hand sign)

Name & Title:

Date: **Role:**

Phone:

Email:

PAPERWORK REDUCTION ACT NOTICE: An agency may not conduct or sponsor an information collection and a person is not required to respond to this information unless it displays a current valid OMB control number. The control number for this collection is 1651-0117. The estimated average time to complete this format is 2 hours. If you have any comments regarding the burden estimate you can write to U.S. Customs and Border Protection Office of Regulations and Rulings, 90 K Street, NE, 10th Floor, Washington DC 20229.

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CERTIFICATION OF ORIGIN

OMB Number: 1651-0117
Expiration Date:
02/28/2022

CAFTA-DR
Click To Reset

CAFTA-DR (19 CFR 10 Subpart J)
www.cbp.gov/trade/free-trade-agreements/cafta-dr

BLANKET ONLY:

IMPORTER

Name:	
Address:	
State/Province:	
Zip/Postal Code:	
Country:	United States of America
Phone:	
Email:	

Additional Information / Notes

Criterion (HTSUS GN 29(b) / CAFTA-DR Art. 4.1) Summarized:

Criterion 1 (29(b)(i) / Art. 4.1(a)): The good is wholly obtained or produced entirely in a CAFTA-DR country.

Criterion 2 (29(b)(ii)(A)&(B) / Art. 4.1(b)(i)&(ii)): Non-originating material(s) undergo(es) prescribed tariff shift and/or satisfies RVC requirements.

Criterion 3 (29(b)(iii) / Art. 4.1(c)): Good is produced entirely in a CAFTA-DR country from materials described in Criterion 1 or 2.

EXPORTER

Name:	
Address:	
State/Province:	
Zip/Postal Code:	
Country:	
Phone:	
Email:	

PRODUCER

☐ Same as Exporter

Name:	
Address:	
State/Province:	
Zip/Postal Code:	
Country:	
Phone:	
Email:	

Product(s) for which preference is claimed

☐ Blanket Period

Invoice Date	Invoice #	HTSUS #	Description	Quantity	Origin	Criterion

☐ Click this box to generate a second sheet with additional lines

I CERTIFY THAT:

The information on this document is true and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document;

I agree to maintain and present upon request, documentation necessary to support these representations;

The goods comply with all requirements for preferential tariff treatment specified for those goods in the United States-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR); and

This document consists of ☐ pages, including all attachments.

Signature: (click or hand sign)	
Name & Title:	
Date:	Role:
Phone:	
Email:	

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Bill of Materials — Minimum Data Elements

The bill of materials identifies all of a product's components, and is helpful in validating the origin of the components that went into the finished product. It can help validate a tariff shift by identifying the HTS classifications of the non-originating components.

The bill of materials must include the following information for each part or component:

- **Product name:** The name of the final product
- **Part or component name**
- **Part number**
- **Description:** A short description of the part or component and its function
- **HTS classification:** The 10-digit classification number assigned in the component's import documents
- **Country of origin**
- **Quantity:** The unit quantity of the component needed for each finished product
- **Unit of measure:** The appropriate metric for the part or component (e.g., yards, pieces, unit)
- **Supplier or vendor:** Name and contact information
- **Unit cost**
- **Total cost:** The total cost of the component as used in the finished product

How the Bill of Materials Supports Classification

The bill of materials identifies all of the components that went into the finished product. It can help in validation of a tariff shift by working “backwards” from the HTS classification of the finished product back to the HTS classifications of the non-originating components, which must differ from the classification of the final product.

Verification of Origin — Minimum Data Requirements

In some cases, Customs may request written verification of a claim that a product qualifies as originating. Upon request from Customs, an importer must submit a questionnaire, a form, or other specific documents to justify a claim for preferential treatment, typically including the following information:

- **Importer:** The name, address, and contact information of the importer of record or the importer's authorized agent
- **Exporter:** The name, address, and contact information of the exporter or producer
- **Description:** A description of the goods, quantity, numbers, marks, invoice number, and bills of lading
- **Operations summary:**
 - » A description of the production operations performed in the exporting country
 - » Identification of the direct costs of the processing operation
 - » A description of any operations performed on any foreign materials used in the good that are claimed to have been sufficiently processed in the FTA country
 - » A statement as to the origin and cost or value of any such foreign materials
- **Materials summary:**
 - » A description of any materials used in the production of the goods that are wholly of the FTA participating country or countries
 - » A description of the origin and cost or value of any foreign materials used in the good that have NOT been substantially transformed
- **Certification:**
 - “I certify that: the information on this document is true and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document;
 - “I agree to maintain, and present upon request, documentation necessary to support these representations;
 - “The goods comply with all the requirements for preferential tariff treatment specified for those goods in the [name of FTA].”

Customs may also request verification by telephone or fax or may conduct a verification visit to the premises of the exporter or producer.

Section 4 — U.S. Free Trade Agreements & Trade Preference Programs with Cotton Partner Countries

According to the Office of Textiles and Apparel, the United States has the following free trade agreements and preference programs with the countries that manufacture the majority of products made of cotton and imported into the United States:

- United States–Mexico–Canada Agreement (USMCA): Mexico, Canada
- United States–Central America–Dominican Republic Free Trade Agreement (CAFTA-DR): Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua
- United States–Colombia Trade Promotion Agreement (COTPA)
- United States–Peru Trade Promotion Agreement (PETPA)
- United States–Jordan Free Trade Agreement (JOFTA)
- Haitian Hemispheric Opportunity through Partnership Encouragement Preference Program (HAITI–HOPE): Haiti, Dominican Republic

Key Highlights of Cotton Free Trade Agreements

This section outlines the key features of the U.S. free trade agreements with countries that manufacture products made of cotton, highlighting the following attributes:

- **General information**—name of agreement, implementation date, transportation rules, countries included
- **Citations**—the General Notes reference
- **Rules of origin**—documentation, exceptions, special rules for textiles and apparel, tariff-shift rules, cumulation
- **Documentation**—certificate of origin, minimum data elements
- **Value methodology**—RVC calculations or tariff-shift rule, de minimis rules

A side-by-side comparison of the U.S. free trade agreements is followed a discussion summarizing the key points of each individual agreement, as well as cotton-specific import data.

Side-By-Side Comparison of U.S. Cotton Free Trade Agreements*

Provision	USMCA	CAFTA-DR	COTPA	PETPA	JOFTA
General Information			General Information		
Agreement name	United States–Mexico–Canada Agreement	United States–Central America–Dominican Republic Free Trade Agreement	United States–Colombia Trade Promotion Agreement	United States–Peru Trade Promotion Agreement	United States–Jordan Free Trade Agreement
Countries included	Mexico, Canada	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua	Colombia	Peru	Jordan
Implementation date	2020	Final Implementation 2009	2012	2009	2001
Direct shipment Imported directly Transit/transshipment 3rd-country transport	Transit/transshipment: May not leave Customs' control nor undergo further production in a 3rd country	Transit/transshipment: May not leave Customs' control nor undergo further production in a 3rd country	Transit/transshipment: May not leave Customs' control nor undergo further production in a 3rd country	Transit/transshipment: May not leave Customs' control nor undergo further production in a 3rd country	Imported directly: May not enter the commerce of a 3rd-party country except for non-retail sale where the importation is the result of the original transaction; may not undergo further production in a 3rd country
Cumulation	Yes, with the CAFTA-DR region	Yes, within in the region and with Mexico for yarns and fabrics for woven apparel	N/A	N/A	N/A
Citations			Citations		
HTS General Notes	GN 11(b)	GN 29(n)	GN 34(o)	GN 32(n)	GN 18(d)
Special prog. indicator	CA or MX	P or P+	CO	PE	JO
Rules of origin			Rules of origin		
Rules of origin	Wholly obtained or produced; exclusively from originating materials	Wholly obtained or produced; tariff shift and/or RVC; exclusively from originating materials or qualifying goods	Wholly obtained or produced; tariff shift and/or RVC; exclusively from originating materials	Wholly obtained or produced; tariff shift and/or RVC; exclusively from originating materials	Wholly the growth, product, or manufacture, or value content plus substantial transformation
Apparel-specific rules of origin Tariff-shift rules Tariff-change rules Product-specific rules	Inputs of non-USMCA countries may require tariff shifts or regional value content calculation To qualify for duty-free preference, each non-USMCA input must be classified in a different chapter, heading, or subheading from the finished product	Yarn forward	Yarn forward	Yarn forward	
		Knit fabric: fiber forward	Knit fabric: fiber forward	Knit fabric: fiber forward	
		Short-supply list of fibers, yarns, and fabrics	Short-supply list of fibers, yarns, and fabrics	Short-supply list of fibers, yarns, and fabrics	
		Nylon filament yarns may be sourced from Mexico, Canada, or Israel	Regional elastomeric yarns required	Regional elastomeric yarns required	
		Cotton-specific cut-and-assembly rules of origin	Nylon filament yarns may be sourced from Mexico, Canada, or Israel	Nylon filament yarns may be sourced from Mexico, Canada, or Israel	
		Essential character components: narrow elastic and visible lining fabrics must meet a fabric-forward rule; regional thread required; regional pocketing fabric yarn-forward requirement	Essential character components: narrow elastic and visible lining fabrics must meet a fabric-forward rule; regional thread required; regional pocketing fabric yarn-forward requirement	Essential character components: narrow elastic and visible lining fabrics must meet a fabric-forward rule; regional thread required; regional pocketing fabric yarn-forward requirement	
Documentation			Documentation		
Documentation required in the importer's possession at the time of the duty-free claim	Yes, freeform certificate of origin from the importer, exporter, or producer must be in importer's possession at the time of the claim	No, freeform certificate of origin upon request by Customs	No, freeform certificate of origin upon request by Customs	No, freeform certificate of origin upon request by Customs	Yes, bill of lading, commercial invoice, certificate of origin
Value			Value		
Regional value content methods and required percentages	Transaction value method — 60% Net cost method — 50%	Build-up, build-down, net cost (limited)	Build-up, build-down, net cost (limited)	Build-up, build-down, net cost (limited)	Jordanian materials plus direct cost of processing must equal at least 35% of the appraised value (up to 15%) of U.S. content
De minimis rule	7% by weight for elastomeric yarns 10% of adjusted value (with exclusions)	10% of adjusted value (with exclusions)	10% of adjusted value (with exclusions)	10% of adjusted value (with exclusions)	No

*This information is for comparative purposes only and is not legally binding.

Central & South American & Caribbean Cotton-Manufacturing Countries Participating in FTAs with the United States



United States–Mexico–Canada Agreement (USMCA) — Overview

The United States–Mexico–Canada Agreement, implemented on July 1, 2020, is considered an updated version of the North American Free Trade Agreement (NAFTA). It includes changes affecting automobiles and agriculture, as well as new policies on labor and environmental standards, intellectual property protections, and some digital trade provisions.

Textile Provisions

USMCA textile provisions incentivize greater North American textile production and apparel trade, strengthen customs enforcement, and facilitate broader consultation and cooperation among the parties on issues related to textiles and apparel trade. USMCA includes the following provisions:

- **Primary rules of origin:**
 - » Fiber—fiber forward
 - » Yarn—fiber forward
 - » Knit fabric—fiber forward
 - » Woven fabric—yarn forward
 - » Apparel—yarn forward
 - » Textile articles—yarn forward
- **Narrow elastic fabrics:** Effective during the first 18 months (transition period), the requirement for narrow elastic fabrics is the same as under CAFTA-DR, whereby yarn of any origin must be knit or woven within the region.
- **Sewing thread:** Effective during the first 12 months (transition period), the sewing thread requirement is the same as under CAFTA-DR, whereby sewing thread must be formed and finished within the region.
- **Pocket-bag fabric:** Effective during the first 30 months for blue denim apparel and 18 months for all other apparel (transition periods), the requirement for pocket-bag fabric is the same as under CAFTA-DR, whereby the pocket bag fabric must be yarn forward.
- **Visibly coated fabric** in textile articles: Effective during the first 18 months (transition period), goods containing any amount of visibly coated fabrics under Heading 5903 must be formed and finished within the region.
- **De minimis rule:** The rule has changed to 7% by weight for elastomeric yarns and 10% by weight for other fibers or yarns.
- **Sets**, such as bedding sets: No more than 10% of the value of the set may be of foreign origin.

Cotton Short-Supply List

Certain fabrics, such as velveteen, corduroy, Harris Tweed, and batiste, are considered short-supply fabrics, because they are not produced in great

quantities in the United States. Therefore, the more liberal cut-and-sew-forward rule is applied.

Apparel goods of Chapter 62 are considered to originate in the region if they are both cut and sewn or otherwise assembled in one or more of the USMCA countries and if the fabric of the outer shell, exclusive of collars or cuffs, is wholly of one or more of the following cotton fabrics:

- velveteen fabrics of Subheading 5801.23 containing 85% or more cotton by weight
- corduroy fabrics of Subheading 5801.22 containing 85% or more cotton by weight and more than 7.5 wales per centimeter
- certain cotton fabrics used in men's and boys' shirts
- certain cotton fabrics used in men's and boys' boxer shorts

Cotton Tariff Preference Levels

The cotton TPL list for USMCA is similar to the old NAFTA list, with some quantity adjustments for fabric, made-up goods, and spun yarn:

- preferential treatment for non-originating apparel except for certain cotton blue denim, oxford cloth, and circular-knit apparel between Mexico and the United States
- preferential treatment for certain non-originating cotton fabric and made-up textile goods
- preferential treatment for certain non-originating cotton spun yarn

Certificate of Origin — Minimum Data Elements

The certificate of origin is a freeform certification that can be issued by the importer, exporter, or producer and must be in the importer's possession at the time the duty-free claim is made. The USMCA certificate of origin template is shown on page 18.

Expiration of Agreement

The USMCA will automatically terminate 16 years after it entered into force, unless intervening action is taken.

United States–Mexico–Canada Agreement (USMCA) — Import Summary

General Info	
Implementation date	2020
Expiration date	2036, unless intervening action is taken
Transit/transshipment	May not leave Customs' control nor undergo further production in a 3rd country
Citations	
HTS General Note	GN 11(s)
Special HTS program indicator	CA or MX
Value	
RVC	Transaction value method — 60% Net cost method — 50%
De minimis rule	7% by weight for elastomeric yarn 10% of adjusted value (with exclusions)
Value-added provision	No more than 10% of the value of a set (such as a bedding set) may be of foreign origin
Cotton Categories and HTS Headings Most Commonly Imported into the U.S.	
Key Cotton Categories	HTS Headings
338 – M/B knit shirts	6105, 6109, 6110
347 – M/B trousers	6103, 6203
332 – Socks	6115
339 – W/G knit shirts	6106, 6109, 6110, 6114
352 – Underwear	6107, 6108, 6109, 6208
369 – Blankets, table linens, curtains	6301, 6302, 6303, 6307
363 – Towels	6302, 6307
348 – W/G trousers	6104, 6204
361 – Sheets	6302
340 – M/B woven shirts	6205
360 – Pillowcases	6302
362 – Bed linens	6302
351 – Nightwear & pajamas	6107, 6108, 6208
341 – W/G woven blouses	6206

Rules of Origin & Documentation	
Rules of origin	Wholly obtained or produced; exclusively from originating materials
Cumulation	Yes, with the CAFTA-DR region
Documentation	Freeform certificate of origin from the importer, exporter, or producer must be in importer's possession at the time of the claim
Apparel-Specific Rules of Origin	
Primary rules of origin	Fiber forward: fiber, yarn, and knit fabric Yarn forward: woven fabric, apparel, and textile articles
Exceptions to the Yarn-Forward Rule	
<p>Special cut-and-sew rules: Chapter 62 (woven apparel) goods made of short-supply fabrics only have to be cut and sewn in one or more of the USMCA territories</p> <p>Cotton fabrics short-supply list:</p> <ul style="list-style-type: none"> • Velveteen containing at least 85% cotton • Corduroy (>7.5 wales) containing at least 85% cotton • Certain cotton fabrics used M/B shirts or boxer shorts <p>Tariff preference levels: Provide duty-free access for specified quantities of yarns, fabrics, apparel, and made-up textile goods that do not meet origin criteria, but undergo transformation in one of the parties, until the quantitative levels are met</p> <p>Cotton TPL list:</p> <ul style="list-style-type: none"> • Non-originating apparel except certain cotton denim, oxford cloth, and circular-knit apparel between Mexico and the U.S. • Certain non-originating cotton fabric and made-up textile goods • Certain non-originating cotton spun yarn <p>Essential character: Components such as collars, cuffs, trim, embroidery, belt loops, zippers, and similar accessories are not considered when determining origin. The following apparel components are considered in classification:</p> <ul style="list-style-type: none"> • Narrow elastic fabrics (Headings 5806 & 6002) must be sourced in the region and meet a fabric-forward rule of origin (yarns may be from anywhere) • Regional cotton or filament sewing thread (Headings 5204 & 5401) is required in the assembly of qualifying apparel • Pocketing fabric used in qualifying apparel must be yarn forward and made in the U.S. or the region, of U.S. or regional yarns • Visibly coated fabric in textile articles containing any amount of visibly coated fabrics of Heading 5903 must be formed and finished within the region 	

United States–Central America–Dominican Republic Free Trade Agreement (CAFTA-DR) — Overview

Participating Countries: Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua

Costa Rica

Although Costa Rica participates in CAFTA-DR, this country does not export cotton textile products. Bananas, coffee, sugar, and beef form the backbone of its exports, and Costa Rica enjoys strong and stable economic growth as a result of its political stability, relatively high education levels, and free-trade agreements with the United States and other countries such as Canada, China, Mexico, Panama, Singapore, and South Korea.

General Rule of Origin

The rule of origin for textile and apparel products is yarn forward, meaning that yarn spinning and all operations from fabric production through apparel assembly take place in the United States or the CAFTA-DR region. However, there are exceptions to the yarn-forward requirement.

Exceptions to the Yarn-Forward Rule of Origin

Knit Fabric

Knit fabric follows a fiber-forward rule of origin—fiber production and all operations forward must occur in the United States and/or the CAFTA-DR region.

Short Supply

Through a streamlined process, fibers, yarns, or fabrics that are determined not to be commercially available in the United States or the region are allowed to be sourced from third-party countries, and a cut-and-sew-forward rule is applied. Products may be added to or removed from the short-supply list according to specific procedures.

Cumulation with Mexico

Certain woven apparel cut and assembled in the CAFTA-DR region may use Mexican yarns and fabric. Within the annual limit of 100 million square-meter equivalents (SME) from Mexico, the limits are 20 million SME for cotton blue denim trousers or skirts and 45 million SME for cotton or man-made-fiber trousers or skirts.

Value-Added Provision

Apparel made of U.S. fabric that is cut and sewn in the region may qualify at the value of the assembled good minus the value of fabric from the United States. The U.S. fabric makers may use foreign yarns.

Certain Nylon Filament Yarns

U.S. and CAFTA-DR fabric and apparel makers may source certain nylon filament yarns, other than elastomeric nylon filament yarns, from Mexico, Canada, or Israel for use in qualifying products.

Essential Character

A product's main component determines its essential character. Components such as collars, cuffs, trim, embroidery, belt loops, zippers, and similar accessories are not considered when determining origin. In addition, the following apparel components are considered in classification:

- Narrow elastic fabrics (Headings 5806 and 6002) must be sourced in the region and meet a fabric-forward rule of origin. (Yarns may be from anywhere.)
- Visible lining fabrics must be sourced in the region and meet a fabric-forward rule of origin. (Yarns may be from anywhere.)
- Thread made in the region must be used in the assembly of qualifying apparel.
- Pocketing fabric used in qualifying apparel must be sourced from the region and meet the yarn-forward rule of origin.

Cotton-Specific Rules of Origin for Cutting and Assembly

Yarns and fabrics for the cotton products listed below may come from countries outside of the region. The fabric must be cut and the goods assembled in one or more of the CAFTA-DR countries:

- Brassieres (Heading 6212)
- Men's and boys' woven boxers (Heading 6207)
- Men's and boys' woven sleepwear (Heading 6207)
- Women's and girls' woven sleepwear (Heading 6208)
- Girls' woven dresses (Heading 6204)
- Infants' dresses (Heading 6209)
- Women's and girls' coats (Category 335)
- Men's yarn-dyed dress shirts (Heading 6205)
- Women's and girls' suits or ensembles and jackets (Heading 6204)

Short-Supply List of Cotton-Rich Fabrics

The short-supply list currently includes 150 fabrications, of which 76 (51%) are cotton-rich fabrications in various constructions, fiber blends, and finishes. These cover three chapters in the HTS, within which are headings and fabric descriptions that define specific characteristics such as yarn size, fiber content,

weave (warp and filling), yarn number, thread count, dye method, and finish, as summarized below.

Chapter 52 includes 50 cotton-rich woven fabric descriptions under the following headings:

- Heading 5208—certain woven fabrics, of constructions including plain weave, twill weave, dobby weave, oxford weave, yarn-dyed, piece-dyed, indigo-dyed, or napped finishes, made of at least 85% cotton and weighing not more than 200 g/m².
- Heading 5209—certain woven fabrics, of constructions including plain weave, twill weave, sateen weave, dobby weave, yarn-dyed, piece-dyed, or napped finishes, with or without spandex, made of at least 85% cotton and weighing more than 200 g/m².
- Heading 5210—certain woven fabrics containing less than 85% cotton mixed with man-made fibers and weighing not more than 200 g/m².
- Heading 5211—certain woven fabrics containing less than 85% of cotton mixed with man-made fibers, such as a cotton/nylon blend, and weighing more than 200 g/m².
- Heading 5212—certain woven fabrics of other constructions and fiber content, such as a cotton/linen blend, weighing not more than 200 g/m².

Chapter 58 includes five specialty fabric descriptions under the following heading:

- Heading 5801—velveteen, corduroy

Chapter 60 includes 21 knit cotton-rich fabric descriptions under the following headings:

- Heading 6001—certain knit pile fabrics, including long-pile fabrics and terry fabrics of chief weight cotton, including circular-knit fabrics, napped finishes, or stain-release-treated fabrics that are piece-dyed, yarn-dyed, or printed.
- Heading 6005—certain warp-knit fabrics made on galloon knitting machines, including Raschel knits, such as cotton/nylon/spandex blends, that are piece-dyed, yarn-dyed, printed, or napped.
- Heading 6006—certain other knitted or crocheted fabrics of circular-knit construction that are yarn-dyed plaids or checks, either napped or unnapped.

Spandex Yarn

The CAFTA-DR short-supply list includes spandex yarn, which may be sourced from anywhere.

United States–Central America–Dominican Republic Free Trade Agreement (CAFTA-DR) — Import Summary

General Info	
Countries included	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua
Implementation date	2009 (final implementation)
Expiration date	N/A
Transit/transshipment	May not leave Customs' control nor undergo further production in a 3rd country
Citations	
HTS General Note	GN 29(n)
Special HTS program indicator	P or P+
Value	
RVC	Build-up, build-down, and net cost method (limited)
De minimis rule	10% of adjusted value (with exclusions)
Value-added provision	Apparel made of U.S. fabric that is cut and sewn in the region may qualify at the value of the assembled good minus the value of U.S. fabric. US fabric makers may use foreign yarn.
Cotton Categories and HTS Headings Most Commonly Imported into the U.S.	
Key Cotton Categories	CAFTA-DR Production Countries
338 – M/B knit shirts	Honduras, El Salvador, Nicaragua, DR, Guatemala
352 – Underwear	Honduras, El Salvador, Nicaragua, DR, Guatemala
339 – W/G knit shirts	Honduras, El Salvador, Nicaragua, DR, Guatemala
332 – Socks	Honduras, El Salvador
347 – M/B trousers	Honduras, El Salvador, Nicaragua, DR, Guatemala
363 – Towels	Guatemala, El Salvador
348 – W/G trousers	Honduras, El Salvador, Nicaragua, DR, Guatemala
340 – M/B woven shirts	Honduras, El Salvador, Nicaragua, DR, Guatemala
360 – Pillowcases	El Salvador, DR, Guatemala
341 – W/G woven blouses	Honduras, El Salvador, Nicaragua, DR, Guatemala
369 – Blankets, table linens, curtains	Honduras, El Salvador, Nicaragua, Guatemala, DR
351 – Nightwear & pajamas	El Salvador, Nicaragua, Guatemala
361 – Sheets	El Salvador, DR, Guatemala
362 – Bed linens	Guatemala, El Salvador

Rules of Origin & Documentation	
Rules of origin	Wholly obtained or produced; tariff shift and/or RVC; exclusively from originating materials or qualifying goods
Cumulation	Yes, certain woven apparel cut and sewn within the region may use Mexican yarns and fabrics
Documentation	No, freeform certificate of origin upon request by Customs
Apparel-Specific Rules of Origin	
Primary rules of origin	Yarn forward
Exceptions to the Yarn-Forward Rule	
<p>Streamlined short-supply process: Allows fibers, yarns, or fabrics determined not to be commercially available in the U.S. or the region to be sourced from 3rd-party countries for the production of qualifying textiles and apparel goods, including the following:</p> <ul style="list-style-type: none"> • Chapter 52 – Certain woven fabrics of various constructions of Headings 5208, 5209, 5210, 5211, 5212 • Chapter 58 – Certain specialty fabrics, including velveteen and corduroy of Heading 5801 • Chapter 60 – Certain knit cotton-rich fabrics of Headings 6001, 6005, 6006 • Spandex yarn <p>Knit fabric: Fiber forward</p> <p>Nylon filament yarns: Nylon filament yarns, other than elastomeric nylon filament yarns, may be sourced from Mexico, Canada, or Israel</p> <p>Cotton-specific rules of origin for cut and assembly: Yarns and fabrics for the following cotton products may come from outside the region if the fabric is cut and the goods are assembled in the region:</p> <ul style="list-style-type: none"> • Brassieres – Heading 6212 • Woven boxers and nightwear – Headings 6207, 6208 • Woven girls' dresses, suits, ensembles, and jackets – Heading 6204 • Infants' dresses – Heading 6209 • W/G coats – Category 335 • Men's yarn-dyed dress shirts – Heading 6205 <p>Essential character: Components such as collars, cuffs, trim, embroidery, belt loops, zippers, and similar accessories are not considered when determining origin. The following apparel components are considered in classification:</p> <ul style="list-style-type: none"> • Narrow elastic fabrics (Headings 5806 & 6002) must be sourced in the region and meet a fabric-forward rule of origin (yarns may be from anywhere) • Regional cotton or filament sewing thread (Headings 5204 & 5401) is required in the assembly of qualifying apparel • Pocketing fabric used in qualifying apparel must be yarn-forward and made in the U.S. or the region, of U.S. or regional yarns • Visible lining fabrics must be sourced in the region and meet a fabric-forward rule of origin (yarns may be from anywhere) 	

United States–Colombia Trade Promotion Agreement (COTPA) — Overview

General Rule of Origin

The rule of origin for textile and apparel products is yarn forward, meaning that yarn spinning and all operations from fabric production through apparel assembly take place in the United States or Colombia. However, there are exceptions to the yarn-forward requirement.

Exceptions to the Yarn-Forward Rule of Origin

Knit Fabric

Knit fabric follows a fiber-forward rule of origin—fiber production and all operations forward must occur in the United States or Colombia.

Short Supply

Through a streamlined process, fibers, yarns, or fabrics that are determined not to be commercially available in the United States or the region are allowed to be sourced from third-party countries, and a cut-and-sew-forward rule is applied.

Elastomeric Yarns

Elastomeric yarns must be sourced from the United States or Colombia for textile and apparel products to qualify as duty-free.

Certain Nylon Filament Yarns

U.S. and Colombian fabric and apparel makers may source certain nylon filament yarns, other than elastomeric nylon filament yarns, from Mexico, Canada, or Israel for use in qualifying products.

Viscose Rayon Filament Yarns

Viscose rayon filament yarns may be sourced from anywhere for use in qualifying products.

Essential Character

A product's main component determines its essential character. Components such as collars, cuffs, trim, embroidery, belt loops, zippers, and similar accessories are not considered when determining origin. In addition, the following apparel components are considered in classification:

- Narrow elastic fabrics (Headings 5806 and 6002) must be sourced in the United States or Colombia and meet a fabric-forward rule of origin. (Yarns may be from anywhere.)
- Visible lining fabrics must be sourced in the United States or Colombia and meet a fabric-forward rule of origin. (Yarns may be from anywhere.)
- Thread made in the United States or Colombia must be used in the assembly of qualifying apparel.
- Pocketing fabric used in qualifying apparel must be made in the United States or Colombia of U.S. or Colombian yarns.

United States–Colombia Trade Promotion Agreement (COTPA) — Import Summary

General Info	
Implementation date	2012
Expiration date	N/A
Transit/transshipment	May not leave Customs' control nor undergo further production in a 3rd country Must be direct shipment and imported directly
Citations	
HTS General Note	GN 34(o)
Special HTS program indicator	CO
Value	
RVC	Build-up, build-down, and net cost method (limited)
De minimis rule	10% of adjusted value (with exclusions)
Cotton Categories and HTS Headings Most Commonly Imported into the U.S.	
Key Cotton Categories	HTS Headings
363 – Towels	6302
369 – Blankets, table linens	6301, 6302
347 – M/B trousers	6103, 6203
348 – W/G woven trousers	6204
332 – Socks	6115
341 – W/G woven blouses	6206, 6211
352 – Knit underwear	6108, 6109
340 – M/B woven shirts	6205
351 – Knit pajamas	6107, 6108
362 – Bed linens	6302

Rules of Origin & Documentation	
Rules of origin	Wholly obtained or produced; tariff shift and/or RVC; exclusively from originating materials
HTS General Note reference	GN 29(n)
Cumulation	No
Documentation	No, freeform certificate of origin upon request by Customs
Apparel-Specific Rules of Origin	
Primary rules of origin	Yarn forward
Exceptions to the Yarn-Forward Rule	
<p>Streamlined short-supply process: Allows fibers, yarns, or fabrics determined not to be commercially available in the U.S. or Colombia to be sourced from 3rd-party countries for the production of qualifying textiles and apparel goods</p> <p>Knit fabric: Fiber forward</p> <p>Elastomeric yarn: Elastomeric yarns must be sourced from the U.S. or Colombia</p> <p>Nylon filament yarn: Nylon filament yarns, other than elastomeric nylon filament yarn, may be sourced from Mexico, Canada, or Israel</p> <p>Viscose rayon filament yarn: Viscose rayon filament yarns may be sourced from anywhere</p> <p>Essential character: Components such as collars, cuffs, trim, embroidery, belt loops, zippers, and similar accessories are not considered when determining origin. The following apparel components are considered in classification:</p> <ul style="list-style-type: none"> • Narrow elastic fabrics (Headings 5806 & 6002) must be sourced in the region and meet a fabric-forward rule of origin (yarns may be from anywhere) • Regional cotton or filament sewing thread (Headings 5204 & 5401) is required in the assembly of qualifying apparel • Pocketing fabric used in qualifying apparel must be yarn-forward and made in the U.S. or the region, of U.S. or regional yarn • Visible lining fabrics must be sourced in the region and meet a fabric-forward rule of origin (yarns may be from anywhere) 	

United States–Peru Trade Promotion Act (PETPA) — Overview

General Rule of Origin

The rule of origin for textile and apparel products is yarn forward, meaning that yarn spinning and all operations from fabric production through apparel assembly take place in the United States or Peru. However, there are exceptions to the yarn-forward requirement.

Exceptions to the Yarn-Forward Rule of Origin

Knit Fabric

Knit fabric follows a fiber-forward rule of origin—fiber production and all operations forward must occur in the United States or Peru.

Short Supply

Through a streamlined process, fibers, yarns, or fabrics that are determined not to be commercially available in the United States or the region are allowed to be sourced from third-party countries, and a cut-and-sew-forward rule is applied.

Elastomeric Yarns

Elastomeric yarns must be sourced from the United States or Peru for textile and apparel products to qualify as duty-free.

Certain Nylon Filament Yarns

U.S. and Peruvian fabric and apparel makers may source certain nylon filament yarns, other than elastomeric nylon filament yarns, from Mexico, Canada, or Israel for use in qualifying products.

Viscose Rayon Filament Yarns

Viscose rayon filament yarns may be sourced from anywhere for use in qualifying products.

Essential Character

A product's main component determines its essential character. Components such as collars, cuffs, trim, embroidery, belt loops, zippers, and similar accessories are not considered when determining origin. In addition, the following apparel components are considered in classification:

- Narrow elastic fabrics (Headings 5806 and 6002) must be sourced in the United States or Peru and meet a fabric-forward rule of origin. (Yarns may be from anywhere.)
- Visible lining fabrics must be sourced in the United States or Peru and meet a fabric-forward rule of origin. (Yarns may be from anywhere.)
- Thread made in the United States or Peru must be used in the assembly of qualifying apparel.
- Pocketing fabric used in qualifying apparel must be made in the United States or Peru of U.S. or Peruvian yarns.

United States–Peru Trade Promotion Agreement (PETPA) — Import Summary

General Info	
Implementation date	2009
Expiration date	N/A
Transit/transshipment	May not leave Customs' control nor undergo further production in a 3rd country Must be direct shipment and imported directly
Citations	
HTS General Note	GN 32(n)
Special HTS program indicator	PE
Value	
RVC	Build-up, build-down, and net cost method (limited)
De minimis rule	10% of adjusted value (with exclusions)
Cotton Categories and HTS Headings Most Commonly Imported into the U.S.	
Key Cotton Categories	HTS Headings
338 – M/B knit shirts	6105, 6109, 6110
339 – W/G knit shirts	6106, 6109, 6110, 6114
332 – Socks	6115
351 – Nightwear & pajamas	6107, 6108, 6208
348 – W/G trousers	6104, 6204
347 – M/B trousers	6103, 6203
340 – M/B woven shirts	6205
369 – Blankets, table linens, curtains	6301, 6302
363 – Towels	6302
352 – Underwear	6107, 6108, 6109, 6208
362 – Bed linens	6302
341 – W/G woven blouses	6206, 6211
361 – Sheets	6302
360 – Pillowcases	6302

Rules of Origin & Documentation	
Rules of origin	Wholly obtained or produced; tariff shift and/or RVC; exclusively from originating materials
Cumulation	No
Documentation	No, freeform certificate of origin upon request by Customs
Apparel-Specific Rules of Origin	
Primary rules of origin	Yarn forward
Exceptions to the Yarn-Forward Rule	
<p>Streamlined short-supply process: Allows fibers, yarns, or fabrics determined not to be commercially available in the U.S. or Colombia to be sourced from 3rd-party countries for the production of qualifying textiles and apparel goods</p> <p>Knit fabric: Fiber forward</p> <p>Elastomeric yarn: Elastomeric yarns must be sourced from the U.S. or Colombia</p> <p>Nylon filament yarns: Nylon filament yarns, other than elastomeric nylon filament yarns, may be sourced from Mexico, Canada, or Israel</p> <p>Viscose rayon filament yarns: Viscose rayon filament yarns may be sourced from anywhere</p> <p>Essential character: Components such as collars, cuffs, trim, embroidery, belt loops, zippers, and similar accessories are not considered when determining origin. The following apparel components are considered in classification:</p> <ul style="list-style-type: none"> • Narrow elastic fabrics (Headings 5806 & 6002) must be sourced in the region and meet a fabric-forward rule of origin (yarns may be from anywhere) • Regional cotton or filament sewing thread (Headings 5204 & 5401) is required in the assembly of qualifying apparel • Pocketing fabric used in qualifying apparel must be yarn-forward and made in the U.S. or the region, of U.S. or regional yarn • Visible lining fabrics must be sourced in the region and meet a fabric-forward rule of origin (yarns may be from anywhere) 	

Haitian Hemispheric Opportunity through Partnership Encouragement (Haiti HOPE) — Overview

Participating Countries: Haiti and the Dominican Republic

Imports of certain Haitian manufactured textile and apparel goods are eligible under the Haiti HOPE, HOPE II, and HELP initiatives, which provide for duty-free treatment of certain apparel wholly assembled or knit to shape in Haiti using yarns and fabrics from any country or a specified country.

Rules of Origin

- HOPE established unlimited duty-free treatment of various apparel products, with certain restrictions regarding the sources of the yarns and fabrics used in the apparel.
- HOPE II allowed for qualifying goods to be exported from either Haiti or the Dominican Republic.
- The Haiti Economic Lift Program (HELP) expanded the preference program to provide unlimited duty-free treatment for certain knit apparel and non-apparel textiles wholly assembled or knit to shape in Haiti using components from any source.

Exceptions to the Rules of Origin

Tariff Preference Levels

Tariff preference levels provide for duty-free treatment and annual quota levels for certain textile and apparel goods that are wholly assembled, knit, or knit to shape in Haiti or the Dominican Republic, using yarns and fabrics from any country.

Value-Added Tariff Rate Quotas for Apparel

The export value of apparel articles must include a specified percentage of value from inputs sourced from Haiti, the United States, or any FTA partner. The annual quota is a percentage of aggregate U.S. apparel imports in the preceding 12 months.

Tariff Rate Quotas for Woven Apparel and Knit Apparel

Annual quota limits are established for woven apparel and knit apparel products wholly assembled or knit to shape in Haiti, using fabrics from any source.

Unlimited Duty-Free Treatment for Certain Textile and Apparel Goods

Certain apparel articles (brassieres, certain headwear, certain sleepwear, and certain knit apparel) and non-apparel textile goods (luggage, certain towels, and certain bedspreads and quilts) created, wholly assembled, or knit to shape in Haiti, may use fabrics from any country.

Haiti HOPE/HOPE II/HELP Preference Program — Import Summary

General Info	
Countries included	Haiti, Dominican Republic
Implementation date	2007
Expiration date	2025
Transit/transshipment	May not leave Customs' control nor undergo further production in a 3rd country
Citations	
HTS General Note	GN 32(n)
Special HTS program indicator	E
Value	
Value-added provision	Value-added tariff rate quota for apparel — must be wholly assembled or knit to shape in Haiti; must meet applicable value percentage of aggregate U.S. apparel imports in the preceding 12-month period
De minimis rule	N/A
Cotton Categories and HTS Headings Most Commonly Imported into the U.S.	
Key Cotton Categories	HTS Headings
338 – M/B knit shirts	6109
352 – Underwear	6107, 6108, 6109, 6208
348 – W/G knit pants	6104
339 – W/G knit shirts	6109
347 – M/B woven trousers	6203
340 – Men's woven shirts	6205
341 – W/G woven blouses	6206, 6211
369 – Blankets	6301

Rules of Origin & Documentation	
Rules of origin	Wholly obtained or produced; tariff shift and/or RVC; exclusively from originating materials
Cumulation	Yes, with the Dominican Republic
Documentation	No, freeform certificate of origin upon request by Customs
Apparel-Specific Rules of Origin	
Certain apparel wholly assembled or knit to shape in Haiti using yarns and fabrics from any country or from specified countries	
HOPE	Unlimited duty-free treatment for various apparel products, with certain restrictions regarding the source of the yarns and fabrics used in assembly
HOPE II	Allows for qualifying goods to be exported from either Haiti or the Dominican Republic
HELP	Provides unlimited duty-free treatment for certain knit apparel and non-apparel textiles wholly assembled or knit to shape in Haiti using components from any source
Exceptions to the Rules of Origin	
Trade preference level quota (TPL): Duty-free treatment and annual quota levels for certain textile and apparel goods that are wholly assembled or knit to shape in Haiti, provided the yarn and fabric are sourced from the Dominican Republic	
Tariff rate quota (TRQ) for woven apparel: Unlimited duty-free treatment for qualifying woven apparel wholly assembled in Haiti using fabric from any source	
TRQ for knit apparel: Unlimited duty-free treatment for certain articles created, wholly assembled, or knit to shape in Haiti using fabric from any source	
Unlimited duty-free treatment: The following goods wholly assembled or knit to shape in Haiti using components from any source:	
<ul style="list-style-type: none"> • Brassieres • Certain headwear • Certain sleepwear • Certain knit apparel • Certain towels • Certain bedspreads and quilts 	

United States–Jordan Free Trade Agreement (JOFTA) — Overview

Qualifying goods must be grown or manufactured in Jordan, and the direct costs of processing operations performed in Jordan must be not less than 35% of the appraised value.

Qualifying Industrial Zones

The Qualifying Industrial Zones (QIZ) initiative provides a comparative advantage for Jordan for certain products by requiring a lower level of Jordanian inputs.

Qualifying Industrial Zones are industrial parks that house manufacturing operations in Jordan and Egypt. They are special free trade zones established in collaboration with neighboring Israel. Under JOFTA, goods produced in designated QIZ areas can directly access U.S. markets without tariff or quota restrictions, subject to certain conditions. To qualify, goods produced in these zones must contain a small portion of Israeli input. In addition, at least 35% in Jordanian materials and the direct cost of processing must be added to the value.

Middle Eastern Countries Participating in JOFTA and the Qualified Industrial Zones Initiative



United States–Jordan Free Trade Agreement (JOFTA) — Import Summary

General Info	
Implementation date	2001
Expiration date	N/A
Transit/transshipment	Must be imported directly; may not enter the commerce of a 3rd country except for non-retail sale where the importation is the result of the original transaction; may not undergo further production in a 3rd country
Citations	
HTS General Note	GN 18(d)
Special HTS program indicator	JO
Value	
Value added provision	Jordanian materials plus direct cost of processing must equal at least 35% of the appraised value (up to 15%) of U.S. content
De minimis rule	No
Cotton Categories and HTS Headings Most Commonly Imported into the U.S.	
Key Cotton Categories	HTS Headings
363 – Towels	6302
369 – Blankets	6307
348 – W/G woven trousers	6204
347 – M/B woven trousers	6203
Rules of Origin & Documentation	
Rules of origin	Wholly the growth, product, or manufacture or value content plus substantial transformation
Cumulation	No
Documentation	Bill of lading, commercial Invoice, certificate of origin; value delaration upon request by Customs, including a description of the article, operations performed, materials used, and origin (cost/value) of any foreign materials used that are either transformed or not substantially transformed.
Apparel-Specific Rules of Origin	
Primary rules of origin	Value added: Grown or manufactured in Jordan, with direct costs of processing operations performed in Jordan at least 35% of the appraised value
Qualified Industrial Zone (QIZ) Rule of Origin	
Goods produced in designated QIZs must contain a small portion of Israeli input and at least 35% added value in Jordanian materials and direct cost of processing	

Section 5 — Country Profiles

For the top cotton manufacturing countries with U.S. free trade agreements, country profiles are provided to assist informed decision-making. The country profiles highlight the following key attributes, along with statistical data on product categories manufactured with duty-free benefits in these countries:

- **Free trade agreement:** summary of the rules and requirements
- **Other international trade agreements** and trading partners
- **Top cotton categories** produced (by volume)
- **Shipping logistics** data and transit times
- **Country statistics:** government, natural resources, economic overview, population

International Trade Agreements

In addition to trade agreements with the United States, many participating countries have agreements with other trading partners. Knowledge of the bill of materials can help inform sourcing decisions for specific products. The rules of origin (fiber, yarn, or fabric forward) or the cut-and-sew rule under the trade agreement with the United States should always be referenced, to validate compliance.

Example

If Colombia had a trade agreement with Mexico that allowed duty-free import of cotton corduroy fabric from Mexico into Colombia (reducing the cost of that fabric for use in Colombian apparel), a garment made of that fabric would *not* qualify for duty-free import from Colombia into the United States under COTPA, because a yarn-forward rule of origin would apply. The U.S. importer would need to weigh the benefit of using the low-cost fabric against the cost of paying import duty on the finished product.


Logistics Data

Most of the FTA participating countries are in the Western Hemisphere, which reduces transit times to the United States. The transit time by vessel from most FTA countries averages 12 to 15 days, as shown in the table below.

Country	Origin Port	Average days to U.S.		Comments
		East Coast (NYC)	West Coast (LA)	
Colombia	Cartegena	5–10	11–15	–
	Caldera	—	10–14	–
Dominican Republic	Caucedo	8–9	12–16	Most shipments clear in Miami and are trucked to U.S. warehouses
El Salvador	Acajutla	—	10–18	Rarely ships to E. Coast
Guatemala	Puerto Quetzal	17	7–11	–
Haiti	Port-au-Prince	—	23	Most E. Coast shipments transload in Jamaica
Honduras	Puerto Cortes	13–20	17–24	–
Jordan	Aqaba	21	45	–
Mexico	Veracruz	7–14	—	–
	Manzanillo	—	5–11	–
Nicaragua	Corinto	14–20	12–17	–
Peru	Callao	5–10	11–15	–

COLOMBIA

COTPA

United States–Colombia Trade Promotion Agreement					
Rules of origin	Yarn forward				
De minimis rule	10% of adjusted value (with exclusions)				
Cumulation	No				
Document requirements	Freeform certificate of origin upon request by Customs				
Tariff elimination	No				
TPL	No				
Short supply	Yes, streamlined process				
International FTAs			Customs Data		
Canada European Union Northern Triangle (El Salvador, Guatemala, Honduras) Panama			Risk for inspection	high	
			Risk for seizure	high	
			Exports		
			\$40 billion	U.S. Panama China	29% 9% 6%
			Imports		
			\$45 billion	U.S. China Mexico Brazil Germany	27% 19% 8% 5% 5%
			Top Cotton Categories — U.S. Imports from Colombia		
Rank	Category	Description	HTS Headings	2019 Volume	
1	363	Towels	6302	216,000,000	
2	369	Blankets, table linens	6301, 6302	4,800,000	
3	347	M/B trousers	6103, 6203	2,632,600	
4	348	W/G woven trousers	6204	1,517,000	
5	332	Socks	6115	1,000,000	
6	341	W/G woven blouses	6206, 6211	103,200	
7	352	Knit underwear	6108, 6109	66,000	
8	340	M/B woven shirts	6205	44,200	
9	351	Knit pajamas	6107, 6108	38,400	
10	362	Bed linens	6302	6,000	
Total				226,207,400	

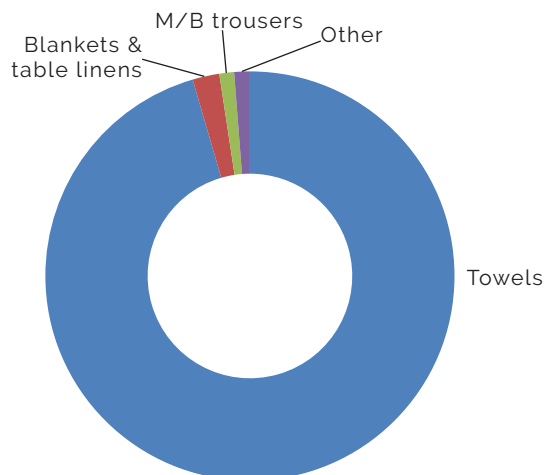


Logistics Data — Ports & Estimated Transit Time

Seaports	Cartagena, Santa Maria, Turbo
By vessel	5–10 days to the U.S. East Coast from Cartagena 11–15 days to the U.S. West Coast from Cartagena
By air	1 day — direct flights available

Country Statistics

Government	Presidential republic
Capital	Bogota
Natural resources	petroleum, natural gas, coal, iron ore, nickel, copper, emeralds, hydropower
Economic overview	In addition to being dependent on primary commodities — particularly oil, coal, and coffee — which are subject to significant price volatility, Colombia's economic development is hampered by inadequate infrastructure, poverty, narcotrafficking, and an uncertain security situation.
Avg. monthly wage	\$1,251 (USD, 2020)
GDP per capita	\$14,000 (2017 est.)
Population	48 million
Language	Spanish
Literacy	95%



DOMINICAN REPUBLIC

CAFTA-DR

United States–Central America–Dominican Republic Free Trade Agreement

Rules of origin	Yarn forward
De minimis rule	10% of adjusted value (with exclusions)
Cumulation	Yes, within the region and with Mexico
Document requirements	Freeform certificate of origin upon request by Customs
Tariff elimination	No
TPL	No
Short supply	Yes, streamlined process



International FTAs	Customs Data		
CARIFORUM–European Community	Risk for inspection	moderate	
	Risk for seizure	moderate	
	Exports		
	\$11 billion	U.S.	50%
		Haiti	10%
		Canada	9%
		India	6%
	Imports		
	\$18 billion	U.S.	42%
China		14%	
Mexico		5%	
Brazil		4%	

Top Cotton Categories — U.S. Imports from the Dominican Republic

Rank	Category	Description	HTS Headings	2019 Volume
1	352	Knit underwear	6107, 6108	127,950,000
2	338	M/B knit shirts	6109	73,900,000
3	340	M/B woven shirts	6205	859,200
4	341	W/G woven blouses	6206, 6211	570,000
5	369	Blankets, table linens, curtains	6301, 6307	438,000
6	347	M/B trousers	6203	420,600
7	348	W/G trousers	6104, 6204	304,800
8	360	Pillowcases	6302	180,000
9	361	Sheets	6302	33,600
10	339	W/G knit shirts	6106	24,000
Total				204,680,200

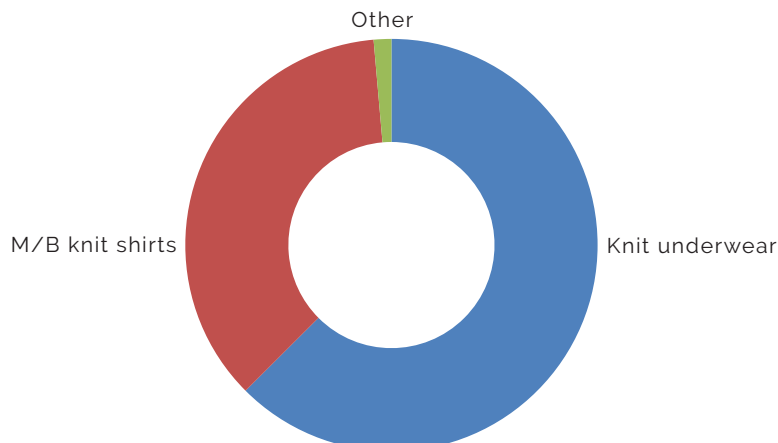


Logistics Data — Ports & Estimated Transit Time

Seaports	Caldera, Puerto Limón/Móin Bay
By vessel	8–12 days to the U.S. East Coast from Móin Bay 10–14 days to the U.S. West Coast from Caldera
By air	1 day — direct flights available

Country Statistics

Government	Presidential republic
Capital	Santo Domingo
Natural resources	nickel, bauxite, gold, silver, arable land
Economic overview	For most of its history, the Dominican Republic was primarily an exporter of sugar, coffee, and tobacco, but over the last two decades, the country has been one of the fastest-growing economies in Latin America, as a result of the positive push from tourism, construction, and the CAFTA-DR free trade agreement.
Avg. monthly wage	\$340 (USD, 2020)
GDP per capita	\$17,000 (2017)
Population	11 million
Language	Spanish
Literacy	94%



EL SALVADOR

CAFTA-DR

United States–Central America–Dominican Republic Free Trade Agreement

Rules of origin	Yarn forward
De minimis rule	10% of adjusted value (with exclusions)
Cumulation	Yes, within the region and with Mexico
Document requirements	Freeform certificate of origin upon request by Customs
Tariff elimination	No
TPL	No
Short supply	Yes, streamlined process



International FTAs	Customs Data			
C.A. Customs Union (El Salvador, Guatemala, Honduras, Nicaragua): Chile European Union Mexico Panama El Salvador–Honduras–Taiwan Northern Triangle (El Salvador, Guatemala, Honduras)–Colombia	Risk for inspection	moderate		
	Risk for seizure	moderate		
	Exports			
	\$10 billion	U.S.	46%	
		Honduras	14%	
		Guatemala	14%	
		Nicaragua	7%	
		Costa Rica	5%	
	Imports			
	\$10 billion	U.S.	37%	
Guatemala		11%		
China		9%		
Mexico		8%		
Honduras		7%		

Top Cotton Categories — U.S. Imports from El Salvador

Rank	Category	Description	HTS Headings	2019 Volume
1	352	Underwear	6107, 6108, 6109, 6208	227,916,000
2	338	M/B knit shirts	6105, 6109, 6110	142,428,000
3	363	Towels	6302, 6307	52,200,000
4	332	Socks	6115	50,000,000
5	339	W/G knit shirts	6016, 6109, 6110, 6114	38,385,000
6	347	M/B trousers	6103, 6203	12,235,000
7	348	W/G trousers	6104, 6204	7,568,000
8	340	M/B woven shirts	6205	3,801,600
9	360	Pillowcases	6302	3,426,000
10	362	Bed linens	6302, 6307	1,830,000
11	351	Nightwear & pajamas	6107, 6108, 6207, 6208	1,747,200
12	361	Sheets	6302	720,000
13	341	W/G woven blouses	6206	624,000
14	369	Blankets, table linens	6301, 6302	13,200
Total				542,894,000

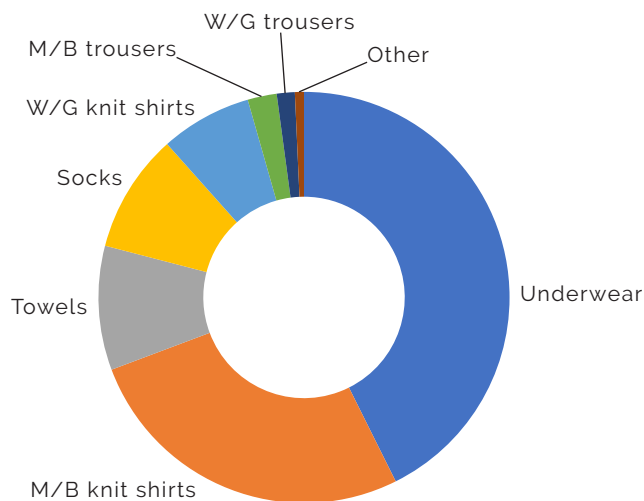


Logistics Data — Ports & Estimated Transit Time

Seaports	Acajutla
By vessel	10–18 days to the U.S. West Coast from Acajutla
By air	1 day — direct flights available

Country Statistics

Government	Presidential republic
Capital	San Salvador
Natural resources	petroleum, hydropower, geothermal power, arable land
Economic overview	El Salvador benefits greatly from CAFTA–DR and a Millenium Challenge Corporation compact, but still depends on remittances for nearly one-fifth of its GDP.
Avg. monthly wage	\$196 (USD, 2020)
GDP per capita	\$5,900 (2017)
Population	7 million
Language	Spanish
Literacy	89%



GUATEMALA

CAFTA-DR

United States–Central America–Dominican Republic Free Trade Agreement				
Rules of origin	Yarn forward			
De minimis rule	10% of adjusted value (with exclusions)			
Cumulation	Yes, within the region and with Mexico			
Document requirements	Freeform certificate of origin upon request by Customs			
Tariff elimination	No			
TPL	No			
Short supply	Yes, streamlined process			
International FTAs		Customs Data		
C.A. Customs Union (El Salvador, Guatemala, Honduras, Nicaragua): Chile European Union Mexico Panama Northern Triangle (El Salvador, Guatemala, Honduras)–Colombia Taiwan		Risk for inspection	moderate	
		Risk for seizure	moderate	
		Exports		
		\$12 billion	U.S.	34%
			El Salvador	11%
			Honduras	9%
			Nicaragua	6%
			Costa Rica	5%
Imports				
	\$18 billion	U.S.	40%	
		China	11%	
		Mexico	11%	
		El Salvador	7%	
Top Cotton Categories — U.S. Imports from Guatemala				
Rank	Category	Description	HTS Headings	2019 Volume
1	339	W/G knit shirts	6106, 6109, 6110, 6114	86,508,000
2	338	M/B knit shirts	6105, 6109, 6110	46,620,000
3	363	Towels	6302	12,000,000
4	352	Knit underwear	6107, 6108, 6109	10,464,000
5	348	W/G trousers	6104, 6204	8,532,000
6	347	M/B trousers	6103, 6203	4,373,200
7	369	Blankets, table linens, curtains	6301, 6302, 6307	2,628,000
8	361	Sheets	6302	1,320,000
9	360	Pillowcases	6302	996,000
10	351	Nightwear & pajamas	6107, 6108	420,000
11	340	M/B woven shirts	6205	90,000
12	362	Bed linens	6302	78,000
13	341	W/G woven shirts	6206	72,000
Total				174,101,200



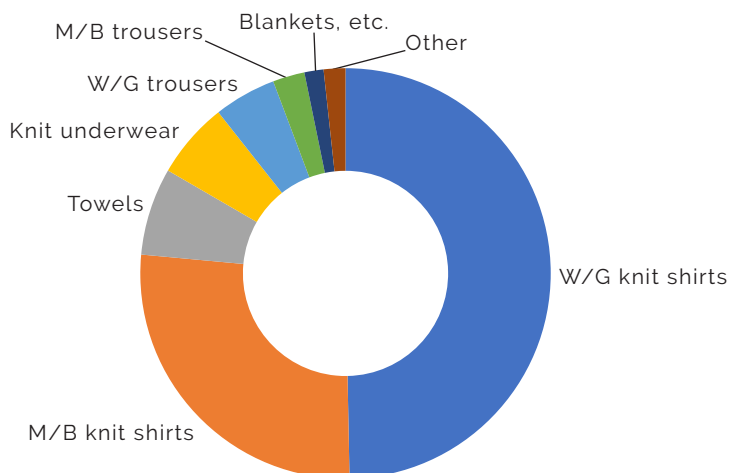


Logistics Data — Ports & Estimated Transit Time

Seaports	Puerto Quetzal
By vessel	17 days to the U.S. East Coast 7–11 days to the U.S. West Coast
By air	1 day — direct flights available

Country Statistics

Government	Presidential republic
Capital	Guatemala City
Natural resources	petroleum, nickel, rare woods, fish, chicle, hydropower
Economic overview	One of the poorest countries in Latin America and the Caribbean, with highly unequal incomes and chronically malnourished children, beset by political insecurity, and lacking skilled workers and infrastructure, Guatemala depends on remittances for nearly one-tenth of its GDP.
Avg. monthly wage	\$1,363 (USD, 2020)
GDP per capita	\$8,200 (2017)
Population	17 million
Language	Spanish
Literacy	82%



HAITI

HAITI-HOPE/HOPE II/HELP

Haitian Hemispheric Opportunity through Partnership Encouragement

Rules of origin	Wholly assembled, knit to shape, special exceptions
De minimis rule	N/A
Cumulation	Yes, with the Dominican Republic
Document requirements	Freeform certificate of origin upon request by Customs
Tariff elimination	Yes, HOPE II
TPL	Yes
TRQ	Yes, certain woven and knit apparel, brassieres, headwear, sleepwear



International FTAs	Customs Data		
CARIFORUM–European Community	Risk for inspection	low	
	Risk for seizure	low	
	Exports		
	\$1 billion	U.S.	81%
		DR	5%
	Imports		
	\$4 billion	U.S.	21%
China		19%	
indonesia		9%	

Top Cotton Categories — U.S. Imports from Haiti

Rank	Category	Description	HTS Headings	2019 Volume
1	338	M/B knit shirts	6109	141,656,600
2	352	Underwear	6107, 6108, 6109, 6208	67,278,000
3	348	W/G knit pants	6104	22,800,000
4	339	W/G knit shirts	6109	15,004,000
5	347	M/B woven trousers	6203	1,930,000
6	340	Mens' woven shirts	6205	1,020,000
7	341	W/G woven blouses	6206, 6211	624,000
8	369	Blankets	6301	1,200
Total				250,314,200

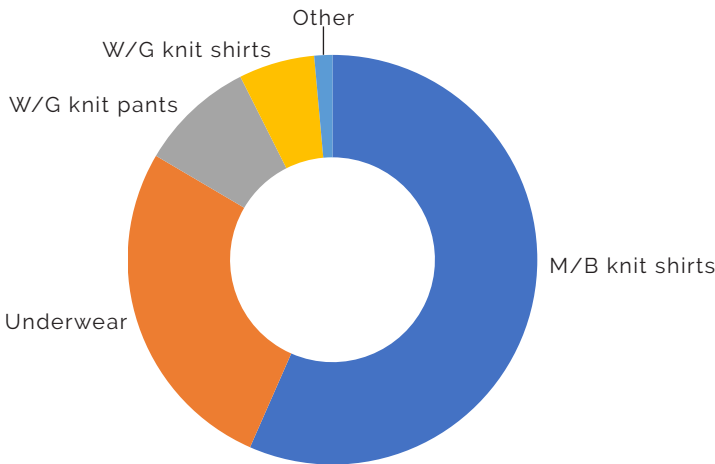


Logistics Data — Ports & Estimated Transit Time

Seaports	Port-au-Prince
By vessel	Most U.S. E. Coast shipments transload in Jamaica 23 days to the U.S. West Coast
By air	1 day — direct flights available

Country Statistics

Government	Semi-Presidential republic
Capital	Port-au-Prince
Natural resources	bauxite, copper, calcium carbonate, gold, marble, arable land
Economic overview	Haiti is the poorest country in the Western Hemisphere; 40% of Haitians depend on an agricultural sector that is vulnerable to damage from frequent natural disasters.
Avg. monthly wage	\$633 (USD, 2020)
GDP per capita	\$1,800 (2017)
Population	11 million
Language	French
Literacy	61%



HONDURAS

CAFTA-DR

United States–Central America–Dominican Republic Free Trade Agreement

Rules of origin	Yarn forward
De minimis rule	10% of adjusted value (with exclusions)
Cumulation	Yes, within the region and with Mexico
Document requirements	Freeform certificate of origin only upon request by Customs
Tariff elimination	No
TPL	No
Short supply	Yes, streamlined process



International FTAs	Customs Data			
Canada C.A. Customs Union (El Salvador, Guatemala, Honduras, Nicaragua): Chile European Union Mexico, Panama El Salvador–Honduras–Taiwan Northern Triangle (El Salvador, Guatemala, Honduras)–Colombia Peru	Risk for inspection	moderate		
	Risk for seizure	moderate		
	Exports			
	\$9 billion	U.S.	35%	
		Germany	9%	
		Belgium	8%	
		El Salvador	8%	
		Netherlands	7%	
		Guatemala	6%	
	Imports			
	\$12 billion	U.S.	41%	
		Guatemala	11%	
		China	9%	
		Mexico	7%	
		El Salvador	6%	

Top Cotton Categories — U.S. Imports from Honduras

Rank	Category	Description	HTS Headings	2019 Volume
1	338	M/B knit shirts	6105, 6109, 6110	224,780,000
2	352	Knit underwear	6107, 6108, 6109	218,580,000
3	332	Socks	6115	192,000,000
4	339	W/G knit shirts	6106, 6109, 6110, 6114	137,754,000
5	347	M/B trousers	6103, 6203	25,141,800
6	348	W/G knit pants	6104	7,550,000
7	340	M/B woven shirts	6205	3,746,400
8	341	W/G woven blouses	6206, 6211	2,658,000
9	369	Blankets, rugs, cloths	6301, 6307	528,000
Total				812,738,200

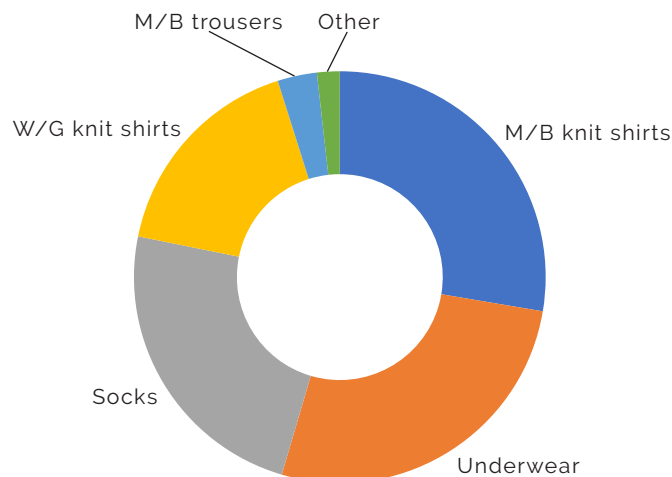


Logistics Data — Ports & Estimated Transit Time

Seaports	Puerto Cortes
By vessel	13–20 days to the U.S. East Coast 17–24 days to the U.S. West Coast
By air	1 day — direct flights available


Country Statistics

Government	Presidential republic
Capital	Tegucigalpa
Natural resources	timber, gold, silver, lead, zinc, iron ore, antimony, coal, fish, hydropower
Economic overview	One of the poorest countries in Latin America, Honduras traditionally depended on the export of bananas and coffee, and suffers from highly unequal distribution of income, as well as significant unemployment.
Avg. monthly wage	\$1,126 (USD, 2020)
GDP per capita	\$5,600 (2017)
Population	9.2 million
Language	Spanish
Literacy	89%



JORDAN

JOFTA

United States–Jordan Free Trade Agreement				
Rules of origin	Wholly the growth or product of Jordan			
Value-added provision	35% of appraised value of Jordanian origin			
Cumulation	No			
Document requirements	Origin certificate and production verification upon request by Customs			
Tariff elimination	No			
TPL	No			
International FTAs			Customs Data	
Algeria			Risk for inspection (documents)	high
Bahrain			Risk for seizure	moderate
Canada				
European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland)			Exports	
European Union			\$8 billion	U.S. 25%
Kuwait				Saudi Arabia 13%
Libya				India 9%
Pakistan				Iraq 8%
Peru				Kuwait 6%
Syria				UAE 5%
			Imports	
			\$19 billion	China 13%
				Saudi Arabia 13%
				U.S. 10%
				UAE 5%
				Germany 5%
Top Cotton Categories — U.S. Imports from Jordan				
Rank	Category	Description	HTS Headings	2019 Volume
1	363	Towels	6302	50,000,000
2	369	Blankets	6307	780,000
3	348	W/G woven trousers	6204	48,000
4	347	M/B woven trousers	6203	12,000
Total				50,840,000

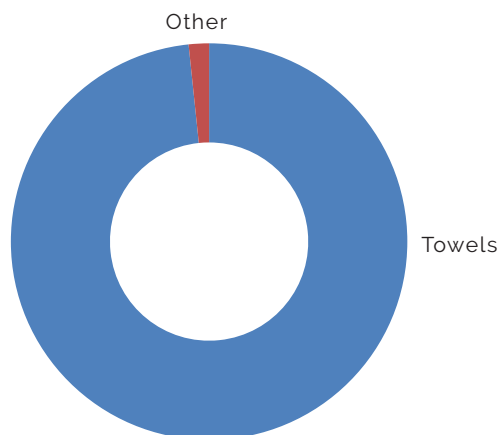


Logistics Data — Ports & Estimated Transit Time

Seaports	Aqaba
By vessel	45 days to the U.S. East Coast 21 days to the U.S. West Coast
By air	5 days — direct flights not available

Country Statistics

Government	Parliamentary constitutional monarchy
Capital	Amman
Natural resources	phosphates, potash, shale oil
Economic overview	One of the smallest economies in the Middle East; insufficient water, oil, and other natural resources underlie heavy reliance on foreign assistance. Other challenges include high rates of un- and under-employment, budget and current-account deficits, and government debt. Jordan depends almost entirely on imported energy (mostly natural gas), accounting for 25%–30% of imports.
Avg. monthly wage	\$2,268 (USD, 2020)
GDP per capita	\$9,300 (2017 est.)
Population	11 million
Language	Arabic
Literacy	98%



MEXICO

USMCA

United States–Mexico–Canada Agreement					
Rules of origin	Fiber forward/yarn forward, special cut-and-sew rules				
De minimis rule	10% of adjusted value (with exclusions)				
Cumulation	Yes, with CAFTA-DR				
Document requirements	Origin certificate in the importer's possession upon entry				
Tariff elimination	No				
TPL	Yes				
Short supply	Yes				
International FTAs			Customs Data		
Chile			Risk for inspection	low	
Colombia			Risk for seizure	low	
Costa Rica					
European Union					
Israel			Exports		
Japan			\$410 billion	U.S.	80%
Nicaragua			Imports		
Northern Triangle (El Salvador, Guatemala, Honduras)					
Panama			\$421 billion	U.S.	47%
Uruguay				China	18%
				Japan	5%
Top Cotton Categories — U.S. Imports from Mexico					
Rank	Category	Description	HTS Headings	2019 Volume	
1	338	M/B knit shirts	6105, 6109, 6110	124,473,000	
2	347	M/B trousers	6103, 6203	109,450,200	
3	332	Socks	6115	36,000,000	
4	339	W/G knit shirts	6106, 6109, 6110, 6114	25,650,000	
5	352	Underwear	6107, 6108, 6109, 6208	25,500,000	
6	369	Blankets, table linens, curtains	6301, 6302, 6303, 6307	25,076,400	
7	363	Towels	6302, 6307	8,760,000	
8	348	W/G trousers	6104, 6204	6,256,800	
9	361	Sheets	6302	2,904,000	
10	340	M/B woven shirts	6205	2,775,600	
11	360	Pillowcases	6302	2,694,000	
12	362	Bed linens	6302	1,929,600	
13	351	Nightwear & pajamas	6107, 6108, 6208	1,712,200	
14	341	W/G woven blouses	6206	1,396,500	
Total				374,578,300	

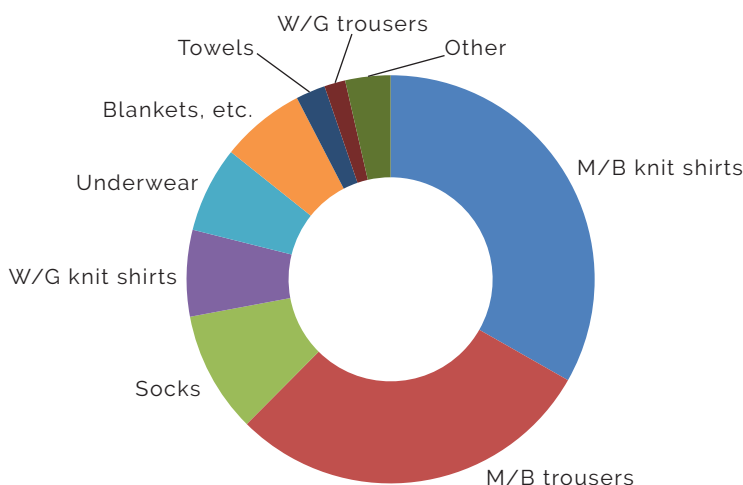


Logistics Data — Ports & Estimated Transit Time

Seaports	Altamira, Coatzacoalcas, Lazaro Cardenas, Manzanillo, Veracruz
By vessel	7–14 days to the U.S. East Coast from Veracruz 5–11 days to the U.S. West Coast from Manzanillo
By air	1 day — direct flights available
By truck	5 days

Country Statistics

Government	Federal presidential republic
Capital	Mexico City
Natural resources	copper, silver, gold, petroleum, timber, natural gas, lead, zinc
Economic overview	Since NAFTA (now USMCA) was enacted in 1994, Mexico's \$2.5-trillion economy (world's 11th largest) has increasingly focused on manufacturing; the government's emphasis on economic reforms aims to improve competitiveness and economic growth long term.
Avg. monthly wage	\$1,466 (USD, 2020)
GDP per capita	\$19,900 (2017 est.)
Population	129 million
Language	Spanish
Literacy	96%



NICARAGUA

CAFTA-DR

United States–Central America–Dominican Republic Free Trade Agreement				
Rules of origin	Yarn forward			
De minimis rule	10% of adjusted value (with exclusions)			
Cumulation	Yes, within the region and with Mexico			
Document requirements	Freeform certificate of origin upon request by Customs			
Tariff elimination	No			
TPL	No			
Short supply	Yes, streamlined process			
International FTAs		Customs Data		
Central American Customs Union (El Salvador, Guatemala, Honduras, Nicaragua): Chile European Union Mexico Panama Northern Triangle (El Salvador, Guatemala, Honduras) Taiwan		Risk for inspection	moderate	
		Risk for seizure	moderate	
		Exports		
		\$4 billion	U.S.	45%
			El Salvador	7%
			Venezuela	6%
			Costa Rica	6%
		Imports		
		\$7 billion	U.S.	21%
	China	15%		
	Mexico	11%		
	Costa Rica	8%		
	Guatemala	7%		
	El Salvador	6%		
Top Cotton Categories — U.S. Imports from Nicaragua				
Rank	Category	Description	HTS Headings	2019 Volume
1	338	M/B knit shirts	6106, 6109, 6110	166,264,000
2	338	W/G knit shirts	6106, 6109, 6110, 6114	136,068,000
3	347	M/B trousers	6103, 6203	30,940,000
4	352	Underwear	6109, 6208	30,170,400
5	340	M/B woven shirts	6205	7,530,000
6	348	W/G trousers	6104, 6204	5,808,000
7	351	Nightwear & pajamas	6107, 6108	798,000
8	341	W/G woven blouses	6206	180,000
9	369	Curtains, bed linens	6303	1,200
Total				377,759,600



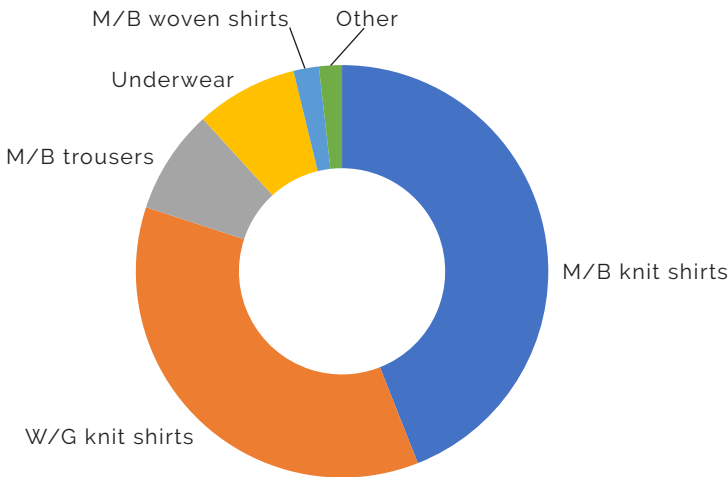


Logistics Data — Ports & Estimated Transit Time

Seaports	Corinto
By vessel	14–20 days to the U.S. East Coast 12–17 days to the U.S. West Coast
By air	1 day — direct flights available

Country Statistics

Government	Presidential republic
Capital	Managua
Natural resources	gold, silver, copper, tungsten, lead, zinc, timber, fish
Economic overview	The second poorest country in the Western Hemisphere, Nicaragua has widespread underemployment and poverty; exports are based on beef, coffee, gold, and textiles under CAFTA-DR.
Avg. monthly wage	\$550 (USD, 2020)
GDP per capita	\$5,900 (2017)
Population	6 million
Language	Spanish
Literacy	83%



PERU

PETPA

United States–Peru Trade Promotion Agreement

Rules of origin	Yarn forward
De minimis rule	10% of adjusted value (with exclusions)
Cumulation	No
Document requirements	Freeform certificate of origin upon request by Customs
Tariff elimination	No
TPL	No
Short supply	Yes, streamlined process



International FTAs	Customs Data		
Canada	Risk for inspection	moderate	
China	Risk for seizure	moderate	
European Union			
Japan	Exports		
Panama	\$45 billion	China	27%
Singapore		U.S.	16%
Thailand		Switzerland	5%
		South Korea	5%
		Spain	4%
		India	4%
	Imports		
	\$39 billion	China	23%
		U.S.	21%
		Brazil	6%
		Mexico	5%

Top Cotton Categories — U.S. Imports from Peru

Rank	Category	Description	HTS Headings	2019 Volume
1	338	M/B knit shirts	6105, 6109, 6110	18,490,000
2	339	W/G knit shirts	6106, 6109, 6110, 6114	16,943,000
3	332	Socks	6115	7,000,000
4	351	Nightwear & pajamas	6107, 6108, 6208	1,916,400
5	348	W/G trousers	6104, 6204	1,409,500
6	347	M/B trousers	6103, 6203	486,100
7	340	M/B woven shirts	6205	477,600
8	369	Blankets, towels, linens	6301, 6302	303,600
9	363	Towels	6302	240,000
10	352	Underwear	6107, 6108, 6109, 6208	222,000
11	362	Bed linens	6302	198,000
12	341	W/G woven blouses	6206, 6211	170,400
13	361	Sheets	6302	144,000
14	360	Pillowcases	6302	30,000
Total				48,030,600

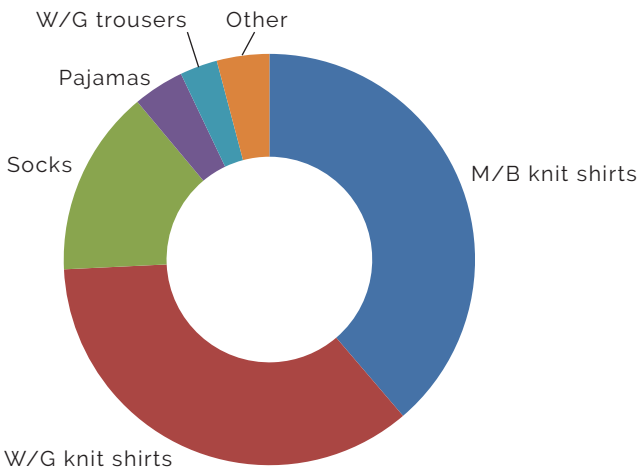


Logistics Data — Ports & Estimated Transit Time

Seaports	Callao, Matarani, Paita
By vessel	5–10 days to the U.S. East Coast 11–15 days to the U.S. West Coast from Callao
By air	1 day — direct flights available

Country Statistics

Government	Presidential republic
Capital	Lima
Natural resources	copper, silver, gold, petroleum, timber, fish, iron ore, coal, phosphate, potash, hydropower, natural gas
Economic overview	Peru's economy reflects its varied topography — an arid lowland coastal region, the central high Sierra of the Andes, and the dense rain forest of the Amazon. A wide range of important mineral resources, are found in the mountainous regions, and coastal waters provide excellent fishing grounds.
Avg. monthly wage	\$2,111.00 (USD, 2020)
GDP per capita	\$13,500 (2017 est.)
Population	32 million
Language	Spanish
Literacy	98%



Part 2

FTA Cotton Data

Section 1: FTA Cotton Categories

All apparel and home-textile product categories are referenced in the HTS by fiber. Although quota categories are no longer used for their original purpose of visa allocation and statistical reporting, they are still referenced in the HTS by fiber. The following quota categories apply to fibers in apparel and home-textile products:

- 300 series—of cotton
- 400 series—of wool
- 600 series—of man-made fiber
- 800 series—of silk blends or non-cotton vegetable fibers

The following quota categories apply to products of cotton:

330 Handkerchiefs	347 M/B trousers, breeches & shorts
331 Gloves & mittens	348 W/G trousers, breeches & shorts
332 Socks	349 Brassieres & other body-supporting garments
333 M/B suit-type coats	350 Robes, dressing gowns, etc.
334 Other M/B coats	351 Nightwear & pajamas
335 W/G coats	352 Underwear
336 Dresses	353 M/B down-filled coats
338 M/B knit shirts	354 W/G down-filled coats
339 W/G knit shirts & blouses	359 Other cotton apparel
340 M/B shirts, not knit	360 Pillowcases
341 W/G shirts & blouses, not knit	361 Sheets
342 Skirts	362 Bedspreads & quilts
345 Sweaters	363 Terry & other pile towels
369 Other cotton manufactures (includes blankets, table linens, curtains, etc.)	

Note that not all cotton categories are produced in the FTA countries.

Section 2: Category Analysis

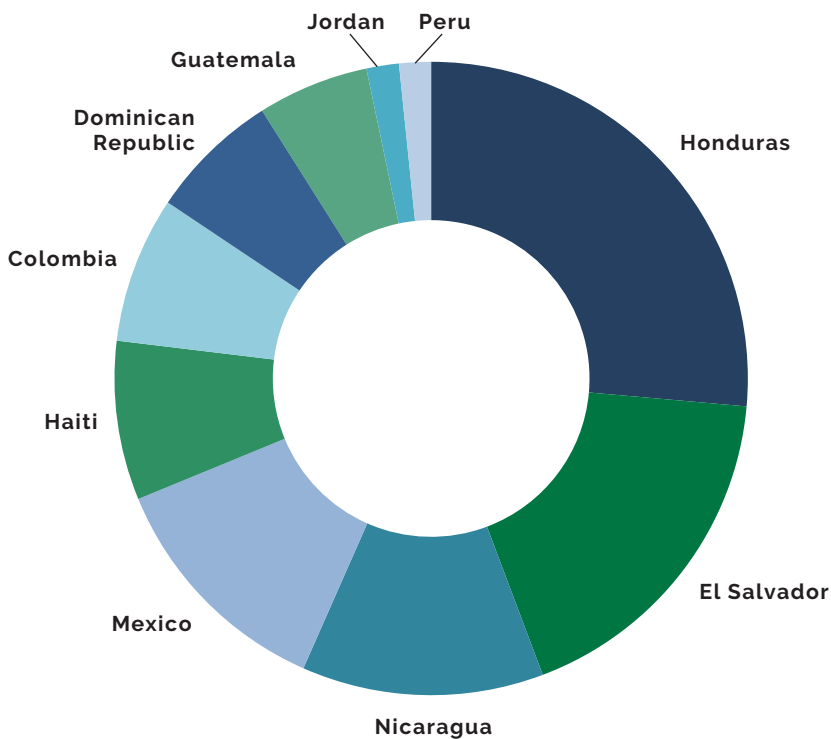
Cotton Apparel and Home Textile Categories Produced in the Participating FTA Countries, with HTS Headings

Category	Description	HTS Headings			
332	Socks	6115			
338	M/B knit shirts	6105	6109	6110	
339	W/G knit shirts	6106	6109	6110	6114
340	M/B woven shirts	6205			
341	W/G woven blouses	6206	6211		
347	M/B trousers	6103	6203		
348	W/G trousers	6104	6204		
351	Nightwear & pajamas	6107	6108	6207	6208
352	Underwear	6107	6108	6109	6208
360	Pillowcases	6302			
361	Sheets	6302			
362	Bedspreads & quilts	6302	6307		
363	Terry & other pile towels	6302	6307		
369	Other (blankets, table linens, etc.)	6301	6302	6303	6307

U.S. Cotton Import Volume by FTA Country

The ten participating FTA cotton manufacturing countries account for over 3 billion units produced and imported into the United States, in nine product categories for apparel and five product categories for home textiles. The chart below ranks these countries by total unit volume of U.S. imports of cotton products in 2019.

Rank	Country	Volume (million units)	Percentage
1	Honduras	813	26%
2	El Salvador	550	18%
3	Nicaragua	380	12%
4	Mexico	375	12%
5	Haiti	250	8%
6	Colombia	230	7%
7	Dominican Republic	205	7%
8	Guatemala	175	6%
9	Jordan	51	2%
10	Peru	50	2%
Total		3,079	100%



Section 3: Category Profiles

Each FTA country provides unique capacities for manufacturing and exporting cotton products. Each category profile lists the FTA countries where products in that category are manufactured, ranked by unit volume, based on 2019 data, along with the top HTS headings for cotton products manufactured by each country.

Category 332 — Socks

Rank	Country	Share	Headings
1	Honduras	67%	6115
2	El Salvador	17%	6115
3	Mexico	13%	6115
4	Peru	2%	6115
5	Colombia	1%	6115

Category 338 — M/B Knit Shirts

Rank	Country	Share	Headings
1	Honduras	25%	6105, 6109, 6110
2	Nicaragua	17%	6105, 6109, 6110
3	Haiti	15%	6109
4	El Salvador	13%	6105, 6109, 6110
5	Mexico	11%	6105, 6109, 6110
6	Dominican Republic	10%	6109
7	Guatemala	6%	6105, 6109, 6110
8	Peru	2%	6105, 6109, 6110
9	Colombia	1%	6105, 6109, 6110

Category 339 — W/G Knit Shirts

Rank	Country	Share	Headings
1	Nicaragua	28%	6106, 6109, 6110, 6114
2	Guatemala	25%	6106, 6109, 6110, 6114
3	Honduras	24%	6106, 6109, 6110, 6114
4	El Salvador	10%	6106, 6109, 6110, 6114
5	Mexico	5%	6106, 6109, 6110, 6114
6	Peru	3%	6106, 6109, 6110, 6114
7	Haiti	2%	6109
8	Jordan	1%	6106, 6109, 6110, 6114
9	Dominican Republic	1%	6106
10	Colombia	1%	6106, 6109, 6110, 6114

Category 340 — M/B Woven Shirts

Rank	Country	Share	Headings
1	Nicaragua	37%	6205
2	El Salvador	18%	6205
3	Honduras	18%	6205
4	Mexico	13%	6205
5	Dominican Republic	5%	6205
6	Haiti	5%	6205
7	Peru	2%	6205
8	Guatemala	1%	6205
9	Colombia	1%	6205

Category 341 — W/G Woven Blouses

Rank	Country	Share	Headings
1	Honduras	40%	6206, 6211
2	Mexico	20%	6206
3	El Salvador	10%	6206
4	Haiti	10%	6206, 6211
5	Dominican Republic	9%	6206, 6211
6	Nicaragua	5%	6206
7	Peru	3%	6206, 6211
8	Colombia	2%	6206, 6211
9	Guatemala	1%	6206, 6211

Category 347 — M/B Trousers

Rank	Country	Share	Headings
1	Mexico	52%	6103, 6203
2	Nicaragua	14%	6103, 6203
3	Jordan	12%	6203
4	Honduras	10%	6103, 6203
5	El Salvador	6%	6103, 6203
6	Guatemala	2%	6103, 6203
7	Colombia	1%	6203
8	Haiti	1%	6203
9	Dominican Republic	1%	6203
10	Peru	1%	6103, 6203

Category 348 — W/G Trousers

Rank	Country	Share	Headings
1	Haiti	21%	6104
2	Jordan	21%	6204
3	Honduras	14%	6104
4	El Salvador	13%	6104, 6204
5	Mexico	11%	6104, 6204
6	Guatemala	9%	6104, 6204
7	Nicaragua	7%	6104, 6204
8	Peru	2%	6104, 6204
9	Colombia	1%	6204
10	Dominican Republic	1%	6104, 6204

Category 351 — Nightwear & Pajamas

Rank	Country	Share	Headings
1	El Salvador	36%	6107, 6108, 6207, 6208
2	Mexico	32%	6107, 6108, 6208
3	Nicaragua	16%	6108, 6207, 6208
4	Guatemala	8%	6107, 6108
5	Peru	7%	6107, 6108, 6208
6	Colombia	1%	6107, 6108

Category 352 — Underwear

Rank	Country	Share	Headings
1	El Salvador	32%	6107, 6108, 6109, 6208
2	Honduras	28%	6107, 6108, 6109
3	Dominican Republic	18%	6107, 6109
4	Haiti	10%	6107, 6108, 6109, 6208
5	Nicaragua	4%	6109, 6208
6	Mexico	4%	6107, 6108, 6109, 6208
7	Guatemala	2%	6107, 6108, 6109
8	Peru	1%	6107, 6108, 6109, 6208
9	Colombia	1%	6108, 6109

Category 360 — Pillowcases

Rank	Country	Share	Headings
1	El Salvador	47%	6302 – plain knit with & without trim
2	Mexico	37%	6302 – printed & plain
3	Guatemala	13%	6302 – printed & plain
4	Dominican Republic	2%	6302 – plain with trim
5	Peru	1%	6302 – plain knit

Category 361 — Sheets

Rank	Country	Share	Headings
1	Mexico	57%	6302 – printed & plain
2	Guatemala	26%	6302 – printed & plain
3	El Salvador	14%	6302 – plain knit with & without trim
4	Peru	3%	6302 – plain with trim
5	Dominican Republic	1%	6302 – plain knit

Category 362 — Bedspreads & Quilts

Rank	Country	Share	Headings
1	Mexico	61%	6302 – printed & plain, bolsters, duvet covers
2	El Salvador	34%	6302 – printed & plain, bolsters, duvet covers
3	Peru	4%	6302 – plain knit with & without trim
5	Guatemala	1%	6302 – plain with trim

Category 363 — Terry & Other Pile Towels

Rank	Country	Share	Headings
1	Colombia	64%	6302 – various terry towels
2	El Salvador	15%	6302 – various terry towels
3	Jordan	13%	6302 – various terry towels
4	Guatemala	4%	6302 – various terry towels
5	Mexico	3%	6302 – various terry towels
6	Peru	1%	6302 – various terry towels

Category 369 — Other (Blankets, Table Linens, Curtains, etc.)

Rank	Country	Share	Headings
1	Mexico	71%	6301, 6302, 6303, 6307 – bed & table linens, curtains
2	Colombia	13%	6301, 6302 – blankets, toilet linens
3	Guatemala	7%	6301, 6302, 6307 – bed & table linens, curtains
4	Jordan	2%	6307 – blankets
5	Peru	2%	6301, 6302 – blankets, toilet linens, towels
6	Dominican Republic	1%	6301, 6307 – blankets, rugs, dust cloths
7	Honduras	1%	6301, 6307 – blankets, rugs, dust cloths
8	El Salvador	1%	6301, 6302, 6307 – bed, towels, blankets
9	Haiti	1%	6301 – blankets
10	Nicaragua	1%	6303 – curtains, bed valances

Section 4: Emerging Trends

We have further analyzed the data by product category to identify opportunities and emerging trends in imports of cotton products from the trading partners described in this volume.

Opportunities

- Expand manufacturing capabilities into additional cotton product categories, such as sweaters.

Emerging Trends

Although the total volume of U.S. cotton imports decreased between 2008 and 2019, sourcing shifts have occurred, resulting in substantially increased import volumes from some FTA countries in the following categories:

USMCA

- Category 360/361 — Pillowcases and sheets from Mexico
- Category 362 — Bedspreads from Mexico

CAFTA-DR

- Category 360/361 — Pillowcases and sheets from Guatemala
- Category 341 — W/G woven blouses from Honduras

Haiti HOPE

- Category 348 — W/G trousers and shorts

Jordan

- Category 338 — M/B knit shirts
- Category 363 — Terry towels

Glossary

References & Resources

Acknowledgments

Glossary of Free Trade Agreement Terminology

Accumulation — see Cumulation.

Adjusted value — the value of the goods for customs purposes; usually, the arms-length transaction value (sale price), adjusted to exclude any costs of transportation, insurance, or related services incident to shipment of the goods.

Bilateral trade agreement — a reciprocal trade agreement made between two countries.

Bill of materials — a document that identifies all of the components that went into the finished product.

Build-down method — calculation of the regional value content (percentage) as the adjusted value of the goods minus the value of the non-originating materials, divided by the adjusted value of the goods.

Build-up method — calculation of the regional value content (percentage) as the value of the originating materials divided by the adjusted value of the goods.

Commercial availability — the availability of product components (fibers, yarns, or fabrics) in the FTA region, taking into account whether domestic producers are capable of supplying commercial quantities in a timely manner.

Cumulation — a provision of multilateral trade agreements whereby goods may contain components originating in other countries that are party to the agreement.

Cut and sew forward — a rule of origin whereby all operations from cutting of the fabric to sewing of the finished product must occur in a participating country.

De minimis rule — a provision that allows a small amount of non-originating materials that would not meet the tariff-shift rule to be used in the production of the goods.

Dumping — exporting a product at a price below what it would sell for domestically.

Duty free — free of duty and taxes.

Duty rate — the percentage of the dutiable value paid by the importer at the time of entry.

Elastomeric filament yarns — polymeric yarns with good stretch and recovery properties, such as spandex and elastane.

Essential character — the significant features, materials, functions, or other characteristics that determine a good's identity or nature for the purpose of classification under the HTS.

Fabric forward — a rule of origin whereby all operations from production of the fabric forward to product assembly must occur in a participating country.

Fiber forward — a rule of origin whereby the fiber used to make the yarn or thread must originate in a participating country, and all operations from production of yarn or thread to product assembly must occur in a participating country.

Harmonized Tariff Schedule — the system developed globally by major trading countries to provide a single structure for classifying products for export and import. It uses a 6-digit classification system. The Harmonized Tariff Schedule of the United States adds 4 digits to further describe products, and it specifies the duty rates to be paid on the products.

Intellectual property rights — the right to protection of inventions through enforcement of patent, trademark, copyright, and trade-secret laws.

Most favored nation — a country that is granted trade concessions, privileges, or immunities no less favorable than those granted to any other country.

Multilateral trade agreement — a trade agreement among three or more countries.

Net cost — the total cost minus costs for sales promotion, marketing, after-sales service, royalties, shipping and packing, and non-allowable interest costs.

Non-originating materials — materials acquired or imported from a country not party to the trade agreement.

Originating materials — materials whose country of origin is the same country in which the materials are used in production of goods, as determined under a trade agreement's rules of origin.

Quota — a type of trade restriction that sets a physical limit on the quantity of a good that can be imported into a country in a given period of time.

Regional value content — the value of a good added within the territory of the exporting country (or region, in the case of multilateral trade agreements), expressed as a percentage of the total value of the good (the net cost, transaction value, or adjusted value).

Restraints — provisions of free trade agreements that place restrictions on imports and exports in order to maintain fair trading standards. These include anti-dumping regulations, quotas, and safeguards.

Rules of origin — the criteria for determining a product's country of origin for the purpose of qualifying for duty-free status.

Safeguards — a mechanism that provides for temporary tariffs if a surge in imports causes or threatens to cause serious damage to the importing country's domestic industry.

Short supply — the unavailability of product components (fibers, yarns, or fabrics) in the FTA region, based on the inability of domestic producers to supply commercial quantities in a timely manner.

Substantial transformation — the transformation of non-originating product components so that the finished product is classified under a different HTS heading; see “tariff shift.”

Tariff shift — a change from the HTS heading of a product’s non-originating component(s) to the heading of the final product (e.g., yarn is transformed into fabric, or fabric transformed into a garment); see “substantial transformation.”

Tariff preference level — a quota that provides duty-free access for specified quantities of goods that do not meet the origin criteria but are subject to significant processing in the exporting country; amounts of goods in excess of the TPL are subject to normal duty rates.

Trade preference program — a program that gives temporary, non-reciprocal, duty-free U.S. market access to select exports of eligible countries.

Transaction value — the sale price of the goods minus international shipping and packing expenses; also known as the “price paid or payable.”

Tariff rate quota — a mechanism that allows a set amount of a specific product to be imported at a low or zero rate of duty.

Trade agreements — commerce treaties that establish the terms of trade between nations.

Unilateral trade legislation — legislation enacted by one country to either increase or decrease restrictions on trade with one or more other countries.

Value-added provision — a requirement that products must have sufficient content (as a percentage of the products’ value) from the FTA region; calculated as the value of the materials produced in the exporting country plus the direct costs of processing operations performed in the exporting country.

Yarn forward — a rule of origin whereby all operations from yarn spinning to product assembly must occur in a participating country.

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Acknowledgments

For assistance in data analysis and interpretation of results:

- Sonja Chapman, Associate Professor, International Trade and Marketing for the Fashion Industries, Fashion Institute of Technology
- Maristella Iacobello, Vice President Customs Compliance and Government Relations, PVH Corp.
- Natalie Hanson, International Trade Analyst, Textiles and Apparel, U.S. International Trade Commission
- Anthony Saranchak, Customs and Trade Consultant and former Assistant Field Director, U.S. Customs and Border Protection



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