Open Executive Session to Consider Favorably Reporting the Nomination of Jamieson Greer, of Maryland, to be United States Trade Representative, with the rank of Ambassador Extraordinary and Plenipotentiary

February 11, 2025

Submission for the Record – Letter to the Senate Finance Committee as delivered on February 20, 2025

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On behalf of the Coalition for Economic Partnerships in the Americas (CEPA)

February 20, 2025

The Honorable Mike Crapo
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Wyden,

On behalf of the members of the Coalition for Economic Partnerships in the Americas (CEPA), we appreciate this opportunity to submit a statement for the record for the Committee's "Hearing to Consider the Nomination of Jamieson Greer, of Maryland, to be United States Trade Representative, with the rank of Ambassador Extraordinary and Plenipotentiary."

We are a group of major American companies and manufacturers dedicated to promoting regional trade and job growth, write today to underscore the importance of expanding trade and investment throughout the Western Hemisphere. We are particularly focused on expanding apparel sourcing from partner countries in the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR).

As a regional industry organization, we believe this agreement, which enables an integrated co-production chain between companies in the U.S. and the region, is one of the best tools to support supply chain resilience, bring manufacturing back to the Western Hemisphere, and reduce our reliance on China for textiles and apparel. Greater investment in the region will also serve to achieve President Donald Trump's goal of reducing migration by giving people economic opportunity in their home countries.

In his America First Trade Policy memo, President Trump directs federal agencies, including the Office of the U.S. Trade Representative (USTR), to address unfair and unbalanced trade. One such directive is to "investigate the causes of the persistent U.S. trade deficit." CAFTA-DR stands out as an exception to this concern: the U.S. has maintained a consistent trade surplus with the region since 2014.[1] CAFTA-DR has a proven track record of success spawning $12.6 billion in annual two-way trade and generating several hundred thousand jobs throughout the region. Recent multi-million-dollar investments in CAFTA-DR nurtures co-production

[1] *Trade in Goods with CAFTA-DR*, U.S. Census Bureau, https://www.census.gov/foreign-trade/balance/c0017.html

partnerships and economic growth. We want to build on this momentum and capitalize on industry commitments to grow manufacturing and jobs throughout the region.

The America First Trade Policy Memo also directs USTR to review existing United States trade agreements, including CAFTA-DR and USMCA, and deliver a report to President Trump, which may include recommendations for potential revisions. President Trump also directed USTR to consult with the public on the impacts of the U.S.-Mexico-Canada Agreement (USMCA) ahead of the 2026 review process.

CEPA appreciates Mr. Greer's comments in his testimony and responses for the record regarding his intention to consult closely with Congress on these and other trade matters and his commitment to developing trade policies that secure critical supply chains in the Western Hemisphere. CEPA looks forward to engaging both Congress and the Trump Administration to assist in this endeavor and offers the following recommendations to maximize our agreements in the region and ensure they are delivering for U.S. workers, businesses, and communities.

1. **Reduce non-tariff barriers and harmonize export and import processes in free trade agreements to promote trade, investment, and job growth in the region**

The harmonization of export and import processes and reduction of non-tariff barriers among free trade agreement partners will be key to strengthening regional competitiveness and integration. CEPA recommends streamlining all customs regulations to achieve the gold standard in trade facilitation and more fully foster investment and inter-regional investments. CEPA supports the report of the Commercial Customs Operations Advisory Committee (COAC) Rapid Response Subcommittee Northern Triangle Working Group which provides recommendations to reduce non-tariff barriers and improve customs processes in the Northern Triangle countries.[2] We urge Congress and the Administration to review the COAC recommendations and use them as the basis for the U.S. position in all free trade agreement customs and trade facilitation efforts.

Additionally, CEPA has identified several specific challenges and opportunities related to customs and trade facilitation.[3] Harmonizing customs procedures and port operations, reviewing and aligning foreign trade zone processes and regulations, and enhancing systems and port infrastructure across partner countries will serve to increase certainty, reliability, and consistency

[2] *Report of the Work of the COAC Subcommittee on Rapid Response (RR)- Northern Triangle Working Group*, U.S. Customs and Border Protection, (August 21, 2019), https://www.cbp.gov/sites/default/files/assets/documents/2019-Aug/COAC%20RR%20Rapid%20Response%20Subcommittee%20Northern%20Triangle%20Findings%20Report%202019%20FINAL.pdf.

[3] *Non-Tariff Barriers in Central America*, Coalition for Economic Partnerships in the Americas, https://img1.wsimg.com/blobby/go/22dee558-ac80-4801-b2f6-9c5d799b644e/downloads/CEPA%20Trade%20Facilitation%20One%20Pager%201.pdf?ver=1690894908094.

for the movement of goods across partner economies. CEPA also recommends the U.S. execute a Memorandum of Understanding on facilitation of trade and investment in support of the growth of Customs-Trade Partnership Against Terrorism (CTPAT) partners operating in the region, including by offering CTPAT partners streamlined trade facilitation among partner countries.

2. **Expand access to yarns and fabrics to fuel investment and growth in the region's apparel sector**

CAFTA-DR's built-in short supply mechanism allows sourcing flexibilities for yarns and fabrics that are not made in the U.S. or partner countries so that imports can still unlock duty-free treatment. But this process has been costly, burdensome, and inefficient over the years. Companies seeking to expand their investments have been unable to source the inputs required to manufacture high-demand products like technical apparel and fashion items in the region. Without these additional materials, companies are restricted to producing basic apparel in the region, which imposes a ceiling on the region's growth potential.

To help catalyze growth and investment in the region, we recommend that the Administration work with interested lawmakers and stakeholders — including CAFTA-DR parties, domestic manufacturers, and apparel brands and retailers — to negotiate a discrete set of yarns and fabrics to be designated in short supply. Such a list should be developed with the sole purpose of driving vertical integration for increased and sustained private sector investment in the region. The first 43 products on the CAFTA-DR short supply list were added as a group prior to the conclusion of CAFTA-DR negotiations, and the Trump Administration's review of free trade agreements offers a real opportunity to revisit the short supply list with a group of engaged partners. CEPA also stands ready to engage with Congress and the Administration on a list of key investment incentives to help drive more vertical investment beyond adding to the short supply list.

In addition, we recommend that the Administration modernize the rules governing the short supply process for textiles and apparel in CAFTA-DR. The Chair of the Committee for the Implementation of Textile Agreements (CITA) published rules for the short supply program in September 2008 under the authority granted under Article 3.25 of the agreement. Those rules have not been updated in the almost fifteen years since they took effect. At the same time, two-way trade in textiles and apparel between the United States and Central America is lower today than it was when the agreement was first signed. Using its existing authority, the Chair of CITA should initiate a new process to modernize the rules governing the short supply process with the intent of encouraging further trade and investment throughout the hemisphere.

CEPA believes a modernized short supply process should, among other items:

- Preclude claims of substitutable products in response to short supply requests for specific materials;
- Require that entities objecting to short supply petitions demonstrate actual production to specification and sales of the requested product in commercial quantities; and
- Require that entities offering to make a requested product submit a physical sample to the exact product specification within 90 days.

CEPA believes such improvements to the CAFTA-DR short supply mechanism will make the program more commercially workable, unlocking a key component to economic growth and more sustained regional investment.[4] This would, in turn, support the U.S. economy and create additional job opportunities in the partner countries.

3. **Permit cumulation of inputs between U.S. free trade agreement partners, trade preference programs, and economic frameworks to further incentivize textile and apparel investment in the Americas**

In addition to modernizing the short supply process to be more responsive to industry needs, CEPA recommends capitalizing on another flexibility that already exists in CAFTA-DR as well as in U.S. trade preference programs like Haiti HOPE/HELP — cumulation. CAFTA-DR allows accumulation for knit fabric used in garments classified under Chapter 62 (See Appendix 4.1-B).[5] CEPA supports linking all U.S. trade agreements, including USMCA, trade preference programs, and economic frameworks in the Americas together, which would create a virtuous web among U.S. trading partners without allowing textile and apparel products using inputs from China to receive the benefits of the CAFTA-DR agreement. For example, Pima cotton from Peru could be shipped to another country in the region for assembly into a garment and then enter the U.S. duty-free under the cumulation provision.

4. **Commission a study on the export competitiveness of certain apparel suppliers to the United States**

As the Trump Administration reviews existing trade agreements like CAFTA-DR and USMCA, we recommend using this exercise as an opportunity to gather more data on the apparel supply chains in those free trade agreement countries. A detailed analysis of market dynamics,

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[4] *Recommendations for an Improved CAFTA-DR Short Supply Mechanism*, Coalition for Economic Partnerships in the Americas, https://img1.wsimg.com/blobby/go/22dee558-ac80-4801-b2f6-9c5d799b644e/downloads/Short%20Supply%20One%20Pager.pdf?ver=1656008984085.
[5] *Annex 4.1 Specific Rules of Origin,* Dominican Republic-Central America Free Trade Agreement, https://tcc.export.gov/wcm/groups/tradedataanalysis/@tcc/documents/tradeagreement/cafta_annex4_1_products.pdf.

especially how U.S. free trade agreements have impacted textile and apparel supply chains and production since their implementation, would serve as a useful tool in identifying challenges, and solutions to those challenges, in the regional textile and apparel markets. CEPA would welcome the opportunity to explore this idea further with the Committee.

Conclusion

As the Trump Administration undergoes its review of U.S. trade policy in consultation with Congress, CEPA urges that all parties keep in mind the unique complexities of the textile and apparel supply chains that foster growth and support jobs both in the region and here at home. We appreciate congressional engagement in supporting strong trade partnerships throughout the Western Hemisphere, and we look forward to continuing to work with lawmakers and federal agencies like USTR to shape trade policies in a way that promotes growth for the whole supply chain.

Sincerely,

Beth Hughes

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Vice President, Trade and Customs Policy
American Apparel & Footwear Association
On behalf of CEPA