

SPC&B Update

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TPP Details Available

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TPP Details Are Available

The official text of the TPP has been released, with details of the rules of origin and duty elimination schedules for all products.

While many textile and apparel products will be duty free immediately upon implementation of the agreement, there are a number of products for which the duty rates will be phased out over different periods of years. Anyone interested in the duty elimination schedules for their products should contact us for further information.

As previously advised, generally apparel will be subject to a yarn-forward rule of origin. Exceptions include apparel made with non-originating fabric that has been designated as commercially unavailable in the TPP region ("short supply"). The list of short supply fabrics is available upon request.

Another category of exceptions to the yarn-forward rule is a limited list of products that are subject to a "single transformation" rule of origin, requiring only cutting and sewing in the TPP region, including travel bags and handbags, brassieres, and babies' garments of synthetic materials. In addition, a limited category consists of Japanese kimonos and obis, which are subject to a fabric-forward rule of origin.

Finally, as previously advised, there is an "earned import allowance" program, which will allow Vietnam to earn credits by importing a certain amount of U.S. cotton pants fabric for use against shipments of cotton pants made from third-country fabric imported into the United States duty free, similar to the 2 for 1 program for the Dominican Republic under CAFTA. For women's cotton bottoms, the exporter or producer must have matching U.S. fabric credits equal to or greater than 75% of the total square meter equivalents (SMEs) of fabric in the imported goods. For men's cotton bottoms, the exporter or producer must have U.S. fabric credits of at least 130% of the total SMEs of fabric in the imported goods. This program will go into effect no later than the date of publication of procedures for the program or 180 days after the TPP effective date, whichever is later.

As a reminder, the TPP countries are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam.

For further details on the TPP rules of origin and duty elimination schedules, please contact Gail T. Cumins at gcumins@spcblaw.com, Alli Baron at abaron@spcblaw.com, or Donna Shira at dshira@spcblaw.com, or call us at 212-425-0055.

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