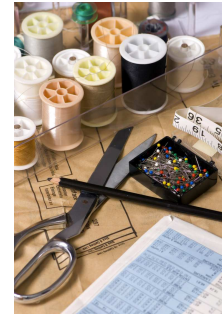

❖SPC&B Textile Report❖

A Newsletter for Clients of Sharretts, Paley, Carter & Blauvelt, P.C.

May 1, 2012

Switching From ATPDEA to U.S.- Colombia Free Trade Agreement on May 15, 2012



When the U.S.-Colombia Free Trade Agreement (FTA) goes into effect, importers of apparel from Colombia will no longer be able to make duty free claims under the Andean Trade Promotion and Drug Eradication Act (“ATPDEA”) and will be subject to the requirements of the new FTA. It is therefore crucial for importers to understand the differences between the rules of origin under the ATPDEA and the U.C.-Colombia FTA (“CFTA”), which are highlighted below.

In this regard, under the ATPDEA sewing thread was not required to be originating, but under the CTPA, most types of sewing thread must be formed and finished in the U.S. or Colombia. In addition, “elastic strips,” which were included in the 25% value allowance for findings or trimmings under the ATPDEA, must be originating under the CTPA.

The CTPA, which generally has a yarn-forward rule of origin for apparel, has no *de minimis* allowance for most foreign spandex, although gimped yarn of HTS heading 5606 does not have to be originating. On the other hand, the *de minimis* allowance for other foreign fibers and yarns is increased from 7% under the ATPDEA to 10% under the CTPA.

Finally, similar to the provisions in other recent trade agreements, the tariff shift requirements apply only to the component that determines the classification of the apparel, plus certain visible linings, pocketing fabric, and the aforementioned narrow elastics and sewing thread.

If you would like more information on how to comply with the CTPA requirements, including the rules of origin and documentation requirements, please contact Gail Cumins at gcumins@spcblaw.com, Alli Baron at abaron@spcblaw.com, or Donna Shira at dshira@spcblaw.com respectively, or call (212) 425-0055.

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