

## **TEXTILES**

The U.S.-Korea FTA represents the Administration's continued efforts to promote economic growth and expand trade with Korea, and to create opportunities for U.S. yarn and fabric exports.

Under the Agreement, Korean tariffs on qualifying U.S. yarns and fabrics will be eliminated, further improving market access for U.S. exporters. Similarly, due to the favorable conditions created by the Agreement, investment in the apparel sector in Korea is expected to grow, promoting sales of U.S. yarns and fabrics to Korea.

Key benefits to the U.S. textile and apparel industry include:

### **Duty Elimination**

The Agreement provides export opportunities for U.S. producers. Upon implementation, 87% of tariff lines will be duty-free immediately, and all tariff lines will be duty-free within 10 years of implementation.

### **Yarn-Forward Rule of Origin**

The Agreement adheres to a yarn-forward rule of origin, with limited exceptions, meaning that in order to qualify for preferential treatment, textile and apparel products must be made using U.S. or Korean yarns and fabrics.

### **Elastomeric Yarn Requirement**

Consistent with other U.S. free trade agreements, elastomeric yarns must be sourced from the United States or Korea for textile and apparel products to qualify for preferential treatment.

### **Improved Customs Procedures**

Specific strict textile customs cooperation language will help prevent transshipment and circumvention of the Agreement's rules of origin.

### **Streamlined Processes to Address Commercial Availability**

A unique transitional streamlined commercial availability determination process will allow fibers, yarns, or fabrics that are deemed not commercially available in the United States to be used in the production of articles that still qualify for preferential treatment, subject to a quantitative limit.

### **Textile Specific Safeguard**

A special textile safeguard mechanism will provide for temporary re-application of MFN tariffs, if a surge in imports under the Agreement is shown to be causing or threatening to cause serious damage to domestic industry.