



C.I.T.A. File Number 96.2008.10.23.Fabric.AM&SforSwiftGaley

PUBLIC VERSION

Mr. Matt Priest, Chairman
Committee for the Implementation of Textile Agreements
U.S. Department of Commerce
14th Street & Constitution Avenue
Room H3001A
Washington DC 20230

Re: Response to Request under the Commercial Availability Provision of the DR-CAFTA Free Trade Agreement Implementation Act

85% or More by Weight of Cotton 3-Thread or 4-Thread Twill, including Cross Twill, Woven Fabric; Bleached and Treated with Liquid Ammonia- Cotton Woven Fabric Classifiable Under HTS 5208.23.0000, 5208.29.2090, 5209.22.0020, or 5209.29.0040

Dear Mr. Priest:

Mount Vernon Mills, Inc. ("MVM") is a leading U.S. manufacturer of quality fabrics with 16 production facilities located in North Carolina, South Carolina, Georgia, Alabama, Mississippi and Texas. MVM has annual sales of about \$[*****] and employs over 3,200 people. MVM is the largest U.S. producer of cotton and poly/cotton woven twill fabrics, with most of these bleached, prepared, dyed and finished at its Trion, Georgia facility. In the past 24 months, MVM has produced [*****] square meters of cotton twill fabrics. Our current capacity on these fabrics is [*****] square meters per week. MVM is responding to the petition filed by AM&S Trade Services, on behalf of Swift Galey, regarding certain cotton woven twill fabrics not being available in commercial quantities in a timely manner in the DR-CAFTA-US countries. MVM respectfully and strongly disagrees, as MVM believes it can provide these fabrics (or acceptable substitutes), and is ready and willing to do so.

The AM&S request basically describes a cotton twill fabric that has been prepared for dyeing, finishing and further processing (such as durable press or soil release

treatment). The preparation of the fabric does not involve novel processes, but involves activities that have been around for decades. Preparation involves de-sizing the fabric, scouring the fabric, and bleaching the fabric. For cotton fabrics, one of two types of processing is conducted during preparation to impart luster, softness, strength and absorbency: (1) mercerization, or (2) liquid ammonia treatment. Despite AM&S' claims to the contrary, either mercerization or liquid ammonia treatment can be used in preparation, and in most cases, neither process is superior to the other in resulting fabric performance.

By definition, mercerization is the treatment of cotton fabrics with caustic soda. Mercerization was discovered by John Mercer in the mid-1800s when he found that his cotton filter cloth became stronger, more lustrous and more absorbent after being used in filtering the caustic soda used in his dye process (Textiles, Third Edition by Hollen and Saddler, 1968, MacMillian Company). This same publication says that mercerization "increase luster and softness, gives greater strength, and improves the affinity for dyes and water-borne finishes".

These improvements in the properties of the fabric are further borne out by Cotton Incorporated's book, "Cotton Dyeing and Finishing, A Technical Guide", which was published in 1996. Page 17 of this book contains the following text: "Mercerizing is carried out today for the following reasons: improved dye affinity, improved dye yield (dye savings), coverage of immature cotton, improved chemical reactivity, improved stability and fabric yield, improved tensile strength, luster, and smoothness of fabric." In addition, on page 25, this book says the following about liquid ammonia treatment: "Anhydrous liquid ammonia treatment has a similar effect (to mercerization) on cotton fabrics." The book goes on to say that properties improved by liquid ammonia treatment are essentially the same as those listed for mercerization.

For many years in the 1970s and 1980s, liquid ammonia was used in the treatment of denim fabrics. Liquid ammonia ranges were installed at MVM's denim mill in Trion, Georgia, and at Burlington Industries' denim mill in Erwin, North Carolina. Both operations involved the finishing of indigo denim fabrics in a process called "Sanforset." The Sanforset process used the liquid ammonia with heavy weight denim fabrics (12 ounce per yard and heavier) to reduce shrinkage going into a compression process, to improve luster on the finished fabric, and to improve fabric smoothness and appearance after washing. The Sanforset process was used instead of conventional mercerization because the warp yarns in the denim fabric were already dyed before this process. The Sanforset process did not remove the color from the yarn as might happen using caustic. This proved to be the only area in MVM fabric manufacturing where liquid ammonia provided superior results to mercerization. MVM has run many trials over the years using liquid ammonia with its piece dyed twill fabrics, but has never come up with better performance than it can achieve with mercerization. A summary of the most recent efforts is described in Exhibit A to our response. In addition, MVM no longer uses liquid ammonia with its denim manufacturing, in large part due to the extreme hazard to human safety and health presented by liquid ammonia storage. Despite all protection efforts, a

leak of liquid ammonia could prove fatal to all those in the path of the resulting ground-hugging cloud that would occur.

MVM strongly disagrees with the contention made by AM&S that liquid ammonia treatment provides better performance than mercerization. As our attached Exhibit A demonstrates, not only can we not replicate the results claimed by AM&S in our real world setting, but our results show no discernable advantage in using liquid ammonia. MVM does not believe that liquid ammonia treatment is superior to mercerization in preparation of twill fabrics for further processing. To the contrary, the two processes are quite comparable, and provide essentially the same fabric performance. AM&S' attempt to state otherwise are simply incorrect.

It is interesting to note other shortcomings of the AM&S request. We wonder how Swift Galey will effectively ship twill fabric that has been de-sized, scoured, bleached and treated with liquid ammonia into this country from points outside (presumably Asia). Preparation is only successful when the various processes are done in quick succession, followed promptly by dyeing, finishing, and other desired treatments. Fabric that has been de-sized/scoured/bleached/treated with liquid ammonia, and then placed in a container for overseas shipment to the United States, will likely deteriorate to the point of being unusable by the time it gets to Swift Galey's plant in South Carolina (especially if high heat and/or humidity is encountered en route). We suspect that the AM&S request may be a subterfuge to get Chinese greige goods into Swift Galey's Society Hill plant duty free and quota free. Who will be checking to see if the fabric was treated with liquid ammonia before it left Asia? By the time the fabric undergoes further processing at Society Hill, no one will be able to tell if liquid ammonia was used or not?

AM&S also quotes from a report by Lafer S.P.A. favoring liquid ammonia, but Lafer is a major maker of liquid ammonia treatment equipment, and the report cannot be considered any more than just advertising. Furthermore, the harmonized tariff codes referenced in the request make no distinction between liquid ammonia and mercerization in their description. If the difference between the two processes were that important, a separate tariff subclassification would be in order.

MVM is ready and willing to supply the fabrics the request describes. We believe our processing using mercerization is comparable, and easily substituted, for liquid ammonia treatment, with no impact on fabric performance or desirability by customers. The request should be denied.

Sincerely,




Edward G. Cochrane
Vice President and Secretary

Exhibit A

[*****]

Due Diligence Certification

I, Edward G. Cochrane, Vice President and Secretary of Mount Vernon Mills, Inc. certify that (1) I have read the attached submission, and (2) the information contained in the submission is, to the best of my knowledge, complete and accurate.

By: 

Edward G. Cochrane
Vice President and Secretary
Mount Vernon Mills, Inc.

Public Version



MOUNT VERNON

PASSION FOR PERFECTION

November 4, 2008

Mr. Gary Bird
Vice President Manufacturing
Swift Galey
c/o AM&S Trade Services, LLC
1200 17th Street NW, 5th Floor
Washington, DC 20036

Dear Mr. Bird:

We are responding to your July 22, 2008 inquiry to Mr. David Thrailkill of Mount Vernon's Brentex division, regarding the possibility of placing an order with Mount Vernon for the following fabrics:

- Certain 3-Thread or 4-Thread Woven Cotton Twill Fabric
- 85% or more by weight cotton
- 3.6 – 12.9 oz/square yard (132 – 190 cm width)
- Prepared (de-sized, scoured, bleached, etc.) for further processing.

Although Mr. Thrailkill did not respond affirmatively, the division he represents is not the only division of Mount Vernon that can respond to your request. This letter is the true response of Mount Vernon.

We have carefully examined your request and are happy to confirm that we would be very excited to take on this new project and provide you with the best service and quality available in market together with a competitive pricing structure.

Of course, and as I am sure you realize, we don't have an exact match within our existing fabric range for the fabrics you requested but we can provide you with fairly close alternatives that would be acceptable substitutes. The only difference is that the fabrics are mercerized instead of liquid ammonia treated. This should not affect fabric performance.

We can provide [*****] linear yards per week of fabric to you. Prices per yard would be as follows:

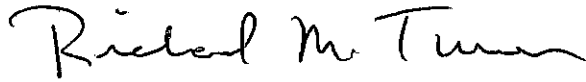
[*****]

Specific delivery dates would depend on production capacity and availability at the time we finalize the order with you, but our current backlog is less than six weeks. Normal credit approval procedures would apply.

It was unclear whether you desired a NAFTA fabric but to answer the original question the above estimates were derived on yarn and fabric produced in the U.S.

We're looking forward to hearing from you and/or meeting with you so we can more specifically discuss these projects and any other opportunities you may have for our company. We would also like to thank you for considering us as a potential supplier for this important program.

Sincerely,

A handwritten signature in black ink that reads "Richard M. Turner". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Richard Turner
President
Apparel Fabrics Division