



FILE Number: 119.2009.05.13.Fabric.AmericanDesignIndustries

May 28, 2009

PUBLIC

Ms. Janet Heinzen
Acting Chairman
The Committee for the Implementation of Textile Agreements
U.S. Department of Commerce
Room 3001A
Washington, DC 20230

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

Denim fabric
HTS Subheading: 5209.42.00
Fiber Content: 96% to 98% cotton 4% to 2% spandex / Average Yarn Number: 22.0/1MC;27.0/1MC / Thread Count: 43 warp ends x 20 filling picks per Square Centimeter / Weave Type: 3 Thread Twill / Weight: 314.45-380.49 grams/m2 / Width: 132.08 to 137.16 centimeters / Finish: Yarn Dyed; Stone Washed (Indigo)
Variance allowance of up to three percent for content, ten percent for yarn size, ten percent for thread count, and ten percent for fabric width.

Dear Ms. Heinzen:

On behalf of the International Textile Group (ITG), I am submitting a response with an offer to supply in connection to the Committee for the Implementation of Textile Agreements (CITA) Commercial Availability Request **119.2009.05.13.Fabric. AMERICAN DESIGN INDUSTRIES** for certain denim fabric.

As a brief reminder, ITG is a major U.S. producer of various types of apparel fabrics including denim. Our company employs 2800 workers in the United States with facilities mainly located in the Carolinas. ITG in fact, is a merger of two well established U.S. textile companies that have been long-term leaders in the field of denim production – Burlington Industries and Cone Denim.

Moreover, ITG has production facilities in the CAFTA region fully capable of supplying these fabrics, specifically our White Oak mill in Greensboro, North Carolina, and our Cone Denim Nicaragua mill in Ciudad Sandino, Nicaragua. Below, please find the equipment we would use to produce the fabric referenced in the offer to supply. [*]

We currently have stretch capacity in the CAFTA region to produce [*] square meters of denim, annually, which could be increased [*] if demand warranted with readily available accessories to existing equipment. In the past 24 months, Cone Denim White Oak has produced [*] square meters of the denim spandex fabric highlighted in the referenced short supply request. Cone Denim Nicaragua recently opened a state of the art fabric weaving facility in Nicaragua with a heavy focus on denim production. Both facilities are fully integrated with utilization varying by process. You may be aware of the fact that this facility in Nicaragua was recently idled due to a downturn in the market and a subsequent lack of orders. ITG stands prepared to resume production at the Nicaraguan facility and is actively seeking orders to do so. In addition, ITG has a large denim facility located in Mexico. Obviously, under the recently enacted CAFTA cumulation provisions, this order could be supplied through our Mexican facility.

As you can see, ITG possess a number of viable alternatives that would allow us to more than adequately satisfy this order.

In their due diligence process, the requestor has not contacted most of the major mills producing denim products in the CAFTA region, including the two Cone Denim mills. The list of mills in their request includes several fabric brokers, knit fabric producers, and garment manufacturers-companies unlikely to produce the requested item. The list does not include textile companies well known within the apparel industry representing over 80% of the denim production capacity in the CAFTA region.

We would also point out that the product finish requested, Stone Washed (Indigo), is outside the industry norm as a finish provided by the textile mill to an apparel manufacturer. Stone Washed as a finish is almost exclusively a garment treatment


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done in an industrial laundry post assembly of the garment. There is readily available laundry capacity for this post assembly process in the CAFTA region. Cone Denim has supplied such a finish on fabric in the past to the furniture industry, but as the stated use of this fabric is apparel, we find this an unusual request outside the industry norm.

With the exception of the unique finish requirement, there is a large range of fabric available regionally and worldwide that meets these requirements. As stated above, these fabrics can and are already being used in the CAFTA region under the Mexico cumulation exception, and in Nicaragua using a TPL. ITG is concerned that creating a further exception for this fabric will create customs enforcement difficulties with shipments of stretch garments from CAFTA countries.

Please consider this letter as our offer to supply the denim products as discussed above. If there are inquiries please feel free to contact: Chip Berry, EVP Business Development, International Textile Group, Cone Denim Division, 804 Green Valley Road, Suite 300, Greensboro, North Carolina 27408 (telephone: 337-379-6303; e-mail: chip.berry@conedenim.com)

Sincerely,
INTERNATIONAL TEXTILE GROUP, INC.

By: 
Name: Russell M. Robinson III
Title: Secretary

Cc: Chip Berry / Cone Denim
Kathy Miller / Cone Denim