



Consulting and Government Affairs Practice
700 13th Street, NW, Suite 930
Washington, DC 20005
Telephone: 202.248.5090
www.ssa-dc.com

REBUTTAL TO RESPONSE WITH AN OFFER TO SUPPLY

- - PUBLIC VERSION - -

June 5, 2009

Ms. Janet Heinzen
Acting Chair, Committee for the Implementation of Textile Agreements
Office of Textiles and Apparel, Room H3100
U.S. Department of Commerce
14th and Constitution Ave., NW
Washington, DC 20230

Re: Rebuttal to Response with an Offer to Supply
File No. 121.2009.05.15.Fabric.SS&AforCintasCorp

On behalf of Cintas Corporation (“Cintas”), and pursuant to the Committee for the Implementation of Textile Agreements’ (“CITA’s”) *Modified Final Procedures for Considering Requests Under the Commercial Availability Provision of the Dominican Republic-Central America-United States Free Trade Agreement (“CAFTA-DR”)* set forth in 73 Fed. Reg. 53200 (September 15, 2008) (“Final Procedures”), Sorini, Samet & Associates LLC (“SS&A”) submits this Rebuttal Comment (“Rebuttal”) to Springfield LLC’s (“Springfield’s”) Response With an Offer to Supply (“Response”), regarding the subject fabric described in Cintas’s pending Commercial Availability Request (“Request”).¹

The subject fabric is a woven yarn-dyed poplin fabric intended for the production of high performance, industrial uniform apparel. Cintas remains of the belief that Springfield cannot supply the subject fabric in commercial quantities in a timely manner, and this Rebuttal addresses the specific evidence and arguments raised in Springfield’s Response to Cintas’s Request.

I. DUE DILIGENCE

¹ File No. 121.2009.05.15.Fabric.SS&AforCintasCorp

- A. The Response states that Springfield “believes Cintas’s oversight was inadvertent,” in explaining why Springfield was not originally contacted as part of Cintas’s due diligence efforts in its Request. Candidly, it was not an inadvertent oversight. Springfield is well known to Cintas as a supplier of piece-dyed polyester-cottons, Nomex, and 100 percent polyester poplins and twills. Cintas is very familiar with Springfield’s experience and capabilities, and Springfield has never before supplied yarn-dyed shirting fabric to Cintas. Therefore, there was no reason for Cintas to consider contacting Springfield during the due diligence process of the Request.
- B. The Response claims that Springfield is “an established supplier of fabrics of the type sought by Cintas.” As explained in more detail in Section II of this submission, Springfield also admits in its Response that it has “not produced yarn-dyed poplin fabric in the past 24 months.” It is difficult to reconcile these two contrasting statements, and it is disingenuous for Springfield to contend that it is an established supplier of the subject fabric if it has not produced the subject fabric.

Moreover, in the past year Springfield contacted Dan Moak at Cintas, who manages the commodity category that includes yarn-dyed shirtings, and advised that they (Springfield) were in the business of supplying all-cottons and 60/40 cotton-polyester oxford blends, which in most cases cannot perform to Cintas’s high performance industrial laundry requirements. Neither at that time, nor at any time since has Springfield advised they were also suppliers of yarn-dyed shirtings in the blends, constructions, and performance characteristics that Cintas requires, and which are included in Cintas’s Request. Springfield, which was well aware of Cintas’s need for woven yarn-dyed poplin fabric, never attempted to market the fabric in question to Cintas.

II. PRODUCTION CAPABILITY

- A. The Response claims that Springfield’s “production history over the past 24 months demonstrates that it has the capability to produce yarn-dyed poplin fabric of the type requested by Cintas.” This argument is based on Springfield’s past production of poplin fabrics (not yarn-dyed) and its production of yarn-dyed striped fabrics (not poplin). Simply having past production of two different types of fabrics does not substantiate Springfield’s claim that it is capable of supplying the subject fabric requested by Cintas.

For purposes of determining whether a fabric is commercially available in a timely manner, it is inaccurate for Springfield to argue that its experience producing fabrics A and B, respectively, demonstrates that it is prepared to produce fabric C.

Springfield's argument that its past production substantiates its ability to supply the subject fabric is further weakened by not offering details on its past experience producing a fabric with the same, or even similar, construction as the fabric required by Cintas. The Response only states, "yarn sizes, fiber contents, and other details vary across orders," when referring to its past production of different fabric types. It is essential to Cintas that fabric construction parameters described in the Request, including the mechanical stretch performance, are strictly followed. In its Response to Cintas's Request, Springfield did not adequately demonstrate that it has the capability to supply a yarn-dyed poplin fabric to the required construction and performance specifications.

- B.** In addition to offering an insufficient argument that its past production of different types of fabrics somehow demonstrates its ability to supply the subject fabric, Springfield also offers an insufficient proposal to effectively coordinate a consortium of suppliers to produce the subject fabric. Springfield indentified a supply chain of potential companies that would be responsible for different operations, including: spinning the yarns, dyeing the yarns, and finishing the fabric. However, Springfield does not claim to have done any due diligence with the noted potential contractors regarding the subject fabric. The Response only suggests that these entities would have the ability to provide the required goods and/or services, but no timetables or offers are assembled, other than Springfield's speculations on delivery dates.

Specifically, Springfield notes in its Response that it "*expects* that it can obtain greige yarns from Parkdale Mills and/or Wellstone Mills," and Springfield "*anticipates* that it will contract with Burlington Manufacturing Services to dye the greige yarn." Springfield "*may also contract* with Yates Bleachery Co. or with King America Finishing for some of the fabric finishing" (emphases added). These statements, and the inclusion of third-party website information, do not constitute sufficient due diligence by Springfield regarding its ability to supply.

Cintas has experience working with similar consortium supply models involving Springfield. After Dan River exited the textile business, a team comprising several Dan River managers approached Cintas for the purpose of supplying yarn-dyed shirtings through a consortium of suppliers including spinners, yarn-dyers, weavers and finishers. The disconnected consortium performed poorly in the areas of delivery and quality. When a key member of the supplier consortium became financially incapable of continuing operations, the commercial lender involved with that supplier apparently contacted Springfield for the purpose of managing the business through WIP and raw materials ran-out.

Due to Cintas's past experience with such consortium supply models, much more detail on the proposed business model would need to be supplied to give Cintas the confidence that Springfield is indeed a legitimate supplier of the subject fabric in commercial quantities in a timely manner.

- C. The Response argues that the Springfield could supply the subject product in commercial quantities *in a timely manner*, and even outlines specific timeframes for delivery. Timely delivery is a critically important consideration. Cintas's customers will not tolerate late delivery of finished garments due to late (or insubstantial) delivery of fabric. In the Response, Springfield describes the fabric approval process as relatively expedient, simply requiring Springfield's analysis of samples sent by Cintas, and then Cintas's examination and approval of the Springfield's test production of the fabric. However, this argument does not present an accurate account of the process and the time that is necessary prior to the final delivery of the subject fabric in commercial quantities.

First, Cintas must perform the extensive product reliability testing necessary for a fabric that Springfield has never produced. Since the selection of raw materials, dyestuffs, and finishing chemicals can have a significant impact on the performance of fabrics subjected to highly alkaline laundering conditions, it will be necessary to test every color combination and each construction for its specific durability characteristics. This will be an arduous and time-consuming task, which may well exceed the time of Russell's anticipated closure (August 2009). Industry-standard testing, such that would be performed by Springfield, is not a reliable indicator of performance in Cintas's unique laundering environment.

Second, it seems impossible for Springfield to accurately estimate delivery dates of the subject fabric when dealing with a consortium of suppliers and service providers. Particularly in the current economic climate, where aspects of the textile and apparel industry have been subject to slow-downs and cutbacks, and where access to financial credit lines is increasingly difficult, a single supplier in the consortium could set back, or terminate, an entire project.

III. CONCLUSION

Cintas does not believe that the Response submitted to CITA demonstrates that Springfield has the capability to supply the subject fabric in commercial quantities in a timely manner. At this time, Springfield has not demonstrated that: (1) it has made a yarn-dyed poplin fabric, (2) it has made a fabric within the construction parameters required by Cintas, and (3) it can deliver the subject fabric in a timely manner in commercial quantities. For the reasons described in this Rebuttal, Cintas urges CITA to determine that the subject fabric is not commercially available in a timely manner from a supplier in the CAFTA-DR countries.

Cintas does not preclude the possibility that Springfield could develop into a CAFTA-DR compliant supplier of the subject fabric in the future. Springfield's Response makes clear that it is making an attempt to improve and expand its yarn-dyed fabric capabilities. Should Springfield develop into a supplier of the subject fabric in the future, it will have

the opportunity to sell the fabric to Cintas and even petition to remove or restrict the subject fabric from the list in Annex 3.25 of CAFTA-DR.

If you have any questions or require further information with regard to this Rebuttal, please contact Keith Jenkins at (202) 248-5090, or kjenkins@ssa-dc.com.

Sincerely,



Keith Jenkins
Director of Government Affairs

JUNE 5, 2009
Date