

AM&S Trade Services, LLC
1200 Seventeenth Street, NW
Fifth Floor
Washington, DC 20036

Telephone: (202) 302-0754
Facsimile: (202) 467-4732
Email: cmoore@amstradeservices.com

October 22, 2008

PUBLIC VERSION

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

**Re: Request under the Commercial Availability Provision of the Dominican-Central
America-United States Free Trade Agreement
Implementation Act**

**85 Percent 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:

On behalf of Swift Galey, and pursuant to the provisions of Section 203(o)(4) of the Dominican Republic-Central American-United States Free Trade Agreement ("DR-CAFTA") Implementation Act ("the Act") and the Federal Register Notices of February 21, 2006, March 15, 2007 and September 15, 2008 published by the Committee for the Implementation of Textile Agreements, we submit this request regarding a modification to the list of fabrics, yarns and fibers not available in commercial quantities in a timely manner in the countries of the Dominican Republic-Central America-United States Free Trade Agreement, and request that the subject fabric be placed as soon as possible on the list in Annex 3.25 of the Agreement.

**PRODUCT DESCRIPTION AND FABRIC PRETREATMENT
USING THE LIQUID AMMONIA PROCESS**

The fabric that is the subject of this petition is a woven cotton twill fabric is described in detail below:

PRODUCT DESCRIPTION

(English Equivalents In Parentheses)

<u>HTS Subheadings</u>	5208.23.0000, 5208.29.2090, 5209.22.0020, or 5209.29.0040
<u>Generic Description</u>	3-Thread or 4-Thread Twill, including Cross Twill
<u>Fiber Content</u>	85% or more by weight of cotton
<u>Warp Yarn Thread Count</u>	11/1 Nm to 68/1 or 68/2 Nm (6.5 Ne to 40/1 or 40/2 Ne)
<u>Filling Yarn Thread Count</u>	11/1 Nm to 68/1 or 68/2 Nm (6.5 Ne to 40/1 or 40/2 Ne)
<u>Weight</u>	121 to 438 grams per square meter (3.6 to 12.9 ounces per square yard)
<u>Width</u>	132 to 190 centimeters (52.0 to 74.8 inches)
<u>Finish</u>	Desized, scoured, bleached and treated with liquid ammonia

Please note that the fabric specifications for fiber content, yarn number, thread counts, weight and width include a variance of up to 3%.

Also, please note that yarn specifications in the table above describe a range of yarn sizes in their greige condition before dyeing and finishing of the yarn (if applicable), before weaving, dyeing and finishing of the fabric and before treatment of apparel made of the fabric. It is intended as a specification to be followed by the mill in sourcing yarn used to produce the fabric. Dyeing, finishing and other fabric and apparel treatments can alter the characteristics of the yarn as it appears in the finished fabric and apparel made of that fabric. These yarn specifications

therefore include yarns that could appear in the finished fabric as coarser or finer than the ranges of yarn sizes specified above, provided that the coarser or finer appearance occurs solely as the result of such processes described above

The product specifications indicate that the fabric must be desized, scoured, and bleached, plus undergo additional processing through continuous liquid ammonia treatment equipment; but not sueded, dyed, otherwise finished or sanforized. The liquid ammonia treatment process is performed in place of conventional caustic mercerizing and provides improved properties over mercerizing. When the fabric is then treated with a [*****] finish [*****], the result creates a synergy to produce a substantially different fabric than can be achieved by conventional caustic mercerizing.

Swift Galey will perform processing on the ammonia treated fabric at its Society Hill plant in South Carolina, where the fabric will be dyed and finished, [*****] which achieves the fabric performance properties that are not achievable with conventional caustic mercerizing.

This fabric will be supplied to customers who will use it in the manufacture of premium garments, and then process those made-up garments in a special process that develops the post cure wrinkle resistance. Today's premium twill casual industry prefers this type of post-cure finish for garments.

LIQUID AMMONIA PRETREATMENT AND FABRIC PERFORMANCE

The textile research and development literature has many reports of the advantages of liquid ammonia treatments of fabrics and they are in wide agreement about those advantages. Several of such reports are described below:

- “ Also liquid ammonia mercerizes cotton-based fabrics giving excellent properties and allows particular effects that are greatly superior as compared to conventional caustic soda mercerizing. The adjustability and precise control of a wide range of operating parameters allow to significantly improve:
 - handle/feel
 - crease recovery
 - dimensional stability
 - resistance to abrasion
 - dyeing uniformity, dyestuff affinity, color solidity
 - wash and wear properties.”

From *Introduction to the Liquid Ammonia Process*, (A Technical Paper Delivered at ITMA ASIA 2008, Shanghai, China by Lafer, S.P.A., Schio, Italy).

- “The modifying effects of liquid ammonia as a final finishing treatment and as a pretreatment for durable press finish on wear performance of all-cotton broadcloth were investigated. Abrasion resistance and appearance retention were taken as indicators of wear life. Abrasion was monitored by Stoll flex abrasion in dry and wet conditions and repeated laundering. Abrasion resistance was assessed from residual breaking strength and elongation-at-break behavior of fabrics, whereas wrinkle recovery, dimensional stability, and whiteness retention gave a measure of appearance retention qualities. **Liquid ammonia improved the tensile strength and Stoll flex abrasion in dry condition, as well as dimensional stability of cotton broad cloth. As a pretreatment for durable press finish, liquid ammonia significantly improved abrasion resistance, tensile strength retention, wrinkle recovery, and dimensional stability in cotton broadcloth relative to durable press treatment by itself**” (bold by AM&S)

from *Modifying Wear Life of All-Cotton Fabrics: Liquid Ammonia Treatment and Durable Press Finish*, by Mastura Raheel and Maureen Dever Lien, Department of Textiles and Interior Design, University of Illinois, Urbana-Champaign, Illinois 61801, U.S.A. Textile Research Journal, Vol. 52, No. 8, 493-503 (1982) DOI: 10.1177/004051758205200802

The textile industry world-wide has acknowledged the advantages of liquid ammonia treatment over mercerizing in improving performance in a number of properties. Swift Galey has confirmed these advantages in extensive research carried out on cotton fabrics at its Society Hill, SC facility.

Exhibit A shows that for a range of cotton fabrics, liquid ammonia treatment alone, prior to addition of resin that produced significantly higher dimensional stability (greater shrinkage of the fabric before it reaches the customer) than did two widely used types of mercerizing.

Liquid ammonia treatment swells cotton fibers to a lesser extent than mercerizing and into a more rounded cross section, while recovering the twist of the yarn. The result of this action swells the cellulosic fiber without negatively affecting the pliability of the yarn and thereby adds to the dimensional stability through crystallization of the cellulosic fibers. The comparative shape comparison between bleached, mercerized, and liquid ammonia treated fabrics can easily be seen in photographs taken through a microscope and shown in Figure 1 below.

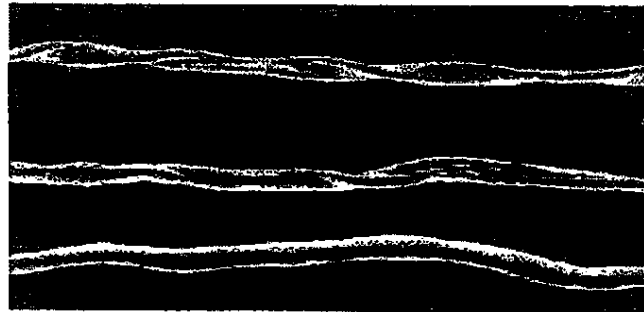
Also the physical impact of liquid ammonia treatment's increased dimensional stability over standard mercerization can be explained in the schematic of the process as shown in Figure 2 below.

Cotton Fiber Shape

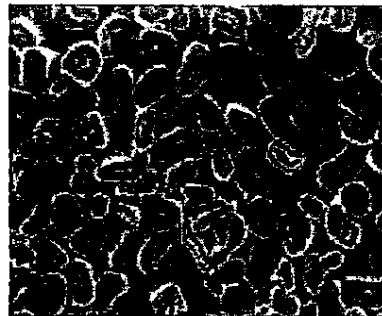
Bleached cotton

Mercerized cotton

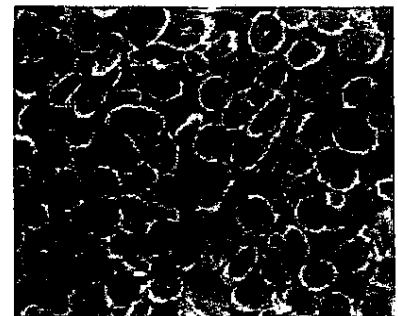
LA cotton



Bleached cotton



Mercerized cotton

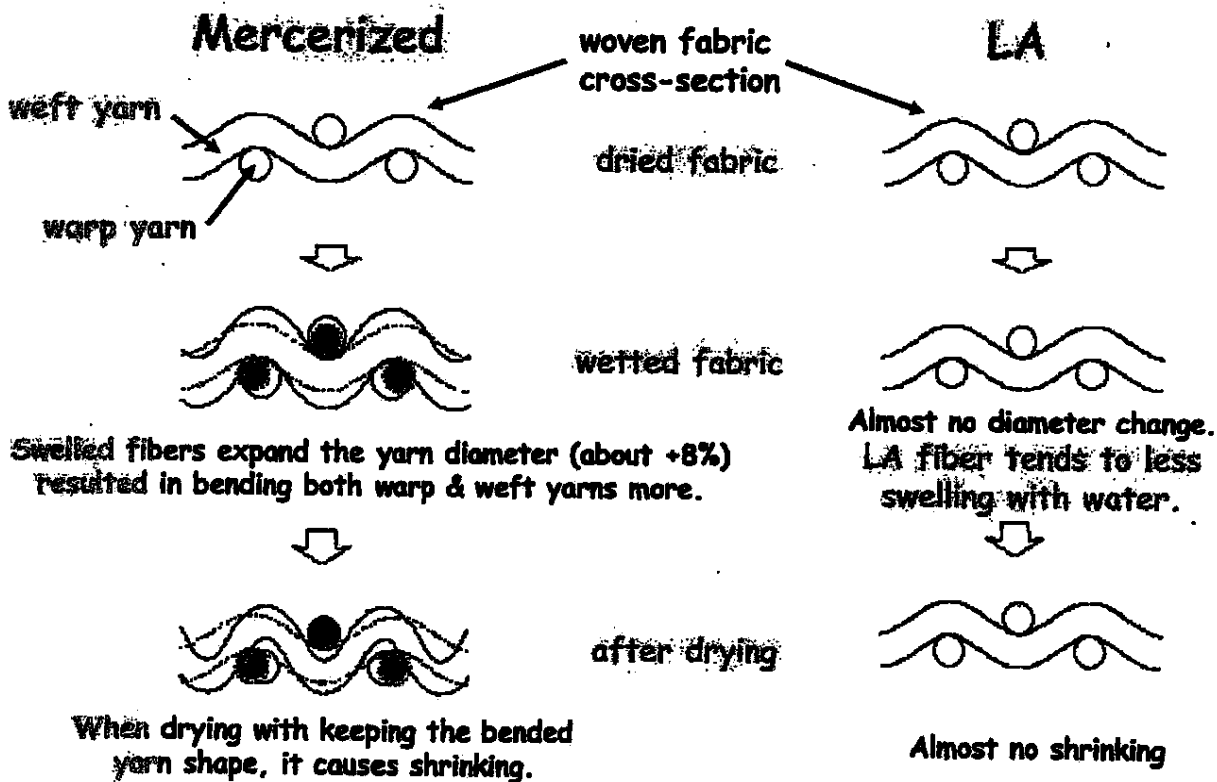


LA cotton

In addition to, and because of increased dimensional stability, liquid ammonia processing of fabric has a number of other advantages over traditional mercerizing, and when liquid ammonia is followed by application of [*****] finish, the results are even greater. These results are shown in Exhibit B.

Shrinking Mechanism

Key word: "swelling"



The liquid ammonia treatment, alone and prior to addition of resin, improves the wash and wear properties of the fabric, leaving greater strength in the garment after wrinkle resistant finishing is achieved by addition of resin. Fabric processed with conventional caustic mercerizing experiences significant degradation of strength so that when resins are added to provide wrinkle resistance the fabric weakens further. Liquid ammonia treatment weakens the fabric less and, in combination with certain resins, can impart wrinkle resistance and is stronger than mercerized fabrics after resin is applied. This results in a longer lasting garment with better long-term appearance. This superior retention of strength due to liquid ammonia treatment in comparison to conventional caustic mercerized fabrics can be seen from test results in Exhibit B.

Reasons for the improved properties of fabrics treated with liquid ammonia include:

- After the fabric has been prepared for treatment by desizing, scouring and bleaching, it is placed in liquid ammonia for a very short time. The immediate reaction of the cotton fibers to the liquid ammonia results in rapid increased swelling and rounding of the fibers and recovered twisting. This in and of itself is superior to caustic mercerization because the change within the structure of the cellulosic fiber (crystallization) and reduced time of exposure. Caustic mercerization requires up to a minute of immersion in caustic solution, followed by repeated dipping and squeezing.
- However, the primary advantages of liquid ammonia treatment is that the treated fabric can then be made dimensionally more stable with a resin application that requires [70%] less resin than does resin application after caustic mercerizing.

Because resin applications tend to weaken the fabric, using less resin results in a stronger fabric with much less deterioration in tensile strength. Mercerized fabrics generally lose about 50% of their tensile strength when resin is applied. With liquid ammonia, tensile strength loss is less, especially in the filling.

Lab tests showing the tensile strength of cotton fabrics after liquid ammonia treatment and with 3 different low levels of resin in 3 washing trials are in Exhibit B. The washing was three home wash and dry cycles, which is consistent with the test method 124 of the American Association of Textile Chemists and Colorists (AATCC).

Exhibit B also shows that fabrics treated with liquid ammonia prior to resin application exceed industry standards for maintaining their properties after washing and for maintaining the crease in trouser legs and cuffs. The AATCC wash and wear standard has the highest value of 5 and the industry norm is 3. With liquid ammonia the rating is 3.8 to 3.2. The industry norm for crease maintenance is 3 out of 5 and with liquid ammonia the rating is 4.5. Both increases are greatly above industry norms and represent very significant improvements that permit the fabric to be used to make higher quality apparel.

The tear strength of the fabric also increases significantly as shown in Exhibit B. The higher the tear strength the more flexible the fabric becomes. This increase in tear results from a combination of liquid ammonia and the small amount of resin needed (the more resin applied,

the weaker becomes the fabric). Because of this higher tear, silicone-based softeners can also be added to increase other desired properties such as hand and luster. With a weaker fabric, softeners would further decrease the fiber strength and cause significant wear along creases and cuffs.

The liquid ammonia treatment alone, prior to resin application, also improves the wrinkle resistance properties of the garment, again, allowing use of a lower level of resin chemistry to improve crease retention. Liquid ammonia treatment permits a lower level of [Swift Galey's] resin [system] to be utilized, still providing excellent crease retention results while producing a softer fabric. Thus, the finished garment will have an improved hand (softer, less stiff), more luster, and higher strength, resulting in a premium product premium with longer lasting performance properties, as required by Swift Galey's customers. This combination of improved hand and excellent crease retention while maintaining the high strength cannot be achieved when adding standard (higher) resin levels to fabrics that were conventionally treated with caustic mercerization because of the strength loss that would result.

The combination of liquid ammonia processing with [*****] finishes and resins gives customers superior garment performance with better strength, longer life, better appearance, and better hand. Swift Galey intends to market these superior-performing fabrics at higher prices to niche customers who value the premium performance. These customers will make garments for the higher end of the market, taking advantage of the appeal of the unique properties. Samples of the ammonia treated and mercerized fabrics have been provided with this petition and show the differences in hand and luster.

Cotton Incorporated, the research and promotion arm of the U.S. cotton industry has studied the use of liquid ammonia on cotton twill fabrics and in June 2004 issued Technical report TCRO-12 *"Plant and Laboratory Mercerized Verses Liquid Ammonia Pretreatments for Durable Press"*. That study quantitatively measures the effects of mercerizing and liquid ammonia treatment on untreated fabrics. The advantages of liquid ammonia treatments are significant and can be used to define specific performance parameters for the liquid ammonia process. Table 2 of the Cotton Incorporated report summarizes the results of the study and is shown as Exhibit C.

QUANTITY REQUIRED

Swift Galey requires [*****] square meters of the subject fabric delivered to its plant in Society Hill, South Carolina as soon as possible for initial production to provide sample quantities to customers. Swift Galey would then require additional quantities based on customer orders. Swift Galey expects essentially all of this fabric to be processed at Society Hill, South Carolina and to be used by customers within DR-CAFTA for making and finishing garments, with subsequent export to the United States.

DUE DILIGENCE

Swift Galey has contacted weaving and finishing mills known to it, as well as the associations representing textile producers within the CAFTA-DR region, informing them that Swift Galey is seeking liquid ammonia treated twill fabrics. These efforts did not result in identifying any parties that were able to produce the subject merchandise. In addition, Swift Galey, with its many years' experience operating in the DR-CAFTA region and a thorough knowledge of bottomweight woven fabric capability in the region made inquiries of its network of suppliers and other contacts in the DR-CAFTA region and was unable to find any companies that produced liquid ammonia treated fabrics.

As is documented below, these efforts were unsuccessful in identifying any company that could perform continuous liquid ammonia treatment. It is noteworthy that many respondents indicated that, in their professional opinion, it is not likely that the subject fabrics could be produced in the region.

One company contacted, Monte Textil, responded that it was interested in offering a substitute fabric that had undergone traditional mercerizing. Discussions between Swift Galey and Monte are summarized below and discussed in detail in the section, "Substitutable Products".

The companies and organizations listed below were contacted initially on July 21 and 22, 2008 by e-mail or telephone and asked if they, or where relevant, their member companies, were able to supply the fabrics described in this petition. Companies and organizations not responding by the requested 10 business days were contacted again on August 15, 2008. A reply was requested within 5 business days, or August 22, 2008. Copies of the actual requests for quotes and the email responses are shown in Exhibit D attached to this petition. A summary of the replies received in Swift Galey's due diligence efforts appears below.

ALICE MANUFACTURING CO.

P.O. Box 369
Easley, SC 29641

Bradley (Brad) Wurst, President
Erik Nees, VP, Sales

bwurst@alicemillsinc.com

eneees@alicemillsinc.com

7/21/08: E. Nees responded that Alice was not in a position to weave these fabrics.

CENTRAL MILLS/COTSWOLD IND

10 East 40th. St., Suite 3410
New York, NY 10016

James McKinnon, Manager, Global Support

james@cotswoldindustries.com

7/28/08: J. McKinnon responded that Central does not have the capacity to quote on this

Mr. Matt Priest
October 22, 2008
Page 10

request.

GREENWOOD MILLS
434 New York Ave.
Huntington, NY 11746
Gary Niederauer,
Vice President Sales

gniederauer@greenwoodmills.com

7/21/08: G. Niederauer responded that Greenwood does not do liquid ammonia treatment.

HAMRICK MILLS, INC.
515 W. Buford St.
Gaffney, SC 29341
Jim Hopkins, Sales Rep.

jhopkins@hamrickmills.com

7/21/08: J. Hopkins responded by e-mail that Hamrick does not have any finishing capacity.

INMAN MILLS
300 Park Rd.
Inman, SC 29349
Benjamin Truslow,
Sales Manager

btruslow@inmanmills.com

8/5/08: B. Truslow responded by e-mail that Inman does not have fabric preparation capabilities.

INTERNATIONAL TEXTILE GROUP (ITG)
894 Green Valley
Greensboro, NC 27408
Chuck Hirsch,
National Sales Manager, Burlington

chuck.hirsch@itg-global.com

7/23/08: C. Hirsch responded by email that ITG is not in a position to quote Swift Galey on the fabric.

MILLIKEN & COMPANY
910 16th. St., NW, # 402
Washington, DC 20006
Kathi Dutilh, Government
Relations Associate

kdutilh@millikendc.com

7/23/08: K. Dutilh responded by e-mail and did not offer a quote for the requested fabric.

Mr. Matt Priest
October 22, 2008
Page 11

MOUNT VERNON
P.O. Box 100
Mauldin, SC 29662
David Thraikill,
VP Marketing

DavidTh@mvmills.com

7/22/08: David Thraikill responded by e-mail that Mt. Vernon cannot finish to the requested specifications.

SPRINGFIELD, LLC
500 Lakeside Parkway
Rock hill, SC 29730
Len Fishman, VP Merchandising

len.fishman@springfieldllc.com

7/23/08: L. Fishman responded that Springfield is not equipped to process the liquid ammonia treatment.

WADE INDUSTRIES
76 Mill St.
Wadesboro, NC 28170
Mickey Langford, Sales Rep.

Tel. 706-782-3239

Message left on 7/22/08 for M. Langford. No response. Called again on August 7. No response to message.

MONTE TEXTIL S.A.
Carretera Mayan Golf
Villa Nueva, Guatemala
Juan Carlos Castaneda,
Export Manager

juancarlos@textisur.com

7/24/08: J.C. Castaneda responded by e-mail that he would review the request and reply.

9/2/08: J. C. Castaneda responded by e-mail that his company does not do liquid ammonia fabric prep. He offered to try to meet liquid ammonia specs with other treatments.

9/25/08: Gary Bird responded thanking Mr. Castaneda for his interest and indicated that Swift Galey has been unsuccessful meeting the fabric specifications with extensive work with traditional treatments and did not believe further work on these approaches would yield the desired results.

10/07/08: Gary Bird made several more attempts to contact Mr. Castaneda in order to give further consideration to Monte Textil's

offer to try to meet the fabric specifications with traditional finishing processes.

10/07/08: Mr. Castaneda responded and provided the information needed to contact him.

10/07/08: Gary Bird called Mr. Castaneda and explained Swift Galey's requirements and indicated he would send Monte Textil the fabric specifications on the 8th.

10/08/08: Gary Bird emailed the fabric construction and the specifications required:

Example of construction: 3X1 twill 106X50, warp - 20/1 KP RS 100% cotton and fill - 10/1 OE 100% cotton

Physical requirements:

- 1) DP rating of 2.0 (AATCC 124) after 3XHL
- 2) WR rating of 2.0 (AATCC 128) initially
- 3) Flex rating of 425 cycles or higher
- 4) Tear rating of 4.0 or higher in the fill
- 5) Fill shrinkage of 2.5 or less through 3XHL on prepped greige of 64" - 65" wide incoming prep

Aesthetics needed are luster and pliable (soft) hand.

10/08/08: Mr. Castaneda acknowledged receipt of the fabric and performance specifications, indicated that Monte could produce the fabric and quoted a price. He requested the quantity of fabric needed.

10/08/08: Gary Bird responded and asked for a 5 yard sample for testing by Swift Galey and also asked for Monte's test results. He indicated the tight time frame that Swift Galey is under to meet its customer's demands.

10/09/08: Mr. Castaneda replied that a sample would be sent on October 10.

10/10/08: Gary Bird responded that once sample and testing is complete, he would contact Mr. Castaneda for further discussions. He also emphasized the need for Monte's own test results on the fabric.

10/13/08: Gary Bird informed Mr. Castaneda that the sample had arrived, but without the test data and requested it again.

10/13/08: Mr. Castaneda emailed the test results.

10/17/08: Gary Bird emailed Mr. Castaneda and informed him that Swift Galey had tested Monte's sample and that Monte's test results did not include

the AATCC's tests 124 and 128. He said the Swift Galey's tests of the sample found that the Monte fabric had failed on both of those tests and that the fabric did not meet Swift Galey's specifications. He thanked Mr. Castaneda for his interest and hoped that the companies could find business opportunities in the future.

10/17/08: Gary Bird telephoned Mr. Castaneda at his request and Mr. Castaneda indicated that Monte had not included test results for AATCC 124 and 128 because Swift Galey's specs could not be met with the Monte fabric unless resins were added to the fabric. He indicated that adding the resins would also have adverse effects on the fabric. Gary Bird responded that that was the very reason Swift Galey was seeking liquid ammonia treated fabrics. He explained that Swift Galey had also been unable to meet the specifications required by its customer using traditional mercerizing.

**TEXTILES AMATITLAN, S.A., AKA
INDUSTRIAS LIZTEX**
1359 Broadway
New York, NY 10018
and Parques del Lago
Amatitlan, Guatemala City, Guatemala

Jose Habie, President
Saul Mishan, Sales Mgr.

textile@liztex.com
saul@liztex.com

No response to either e-mail.

**NATIONAL COALITION
OF TEXTILE ORGANIZATIONS**
910 17th. St., NW
Washington, DC 20006
Michael Hubbard, VP

mhubbard@ncto.org

7/21/08: M. Hubbard responded by e-mail that he would check with the NCTO members and reply. No further response to this e-mail.

Mr. Matt Priest
October 22, 2008
Page 14

**AMERICAN MANUFACTURING TRADE
ACTION COALITION**

910 16th. St., NW
Washington, DC 20006
Augustine (Auggie) Tantillo,
Executive Director
Sara Ormond, Associate

atantillo@amtacdc.org

8/1/08: S. Ormond of AMTAC responded by e-mail that they were in the process of checking with our members. No further response.

NATIONAL TEXTILE ASSOCIATION
6 Beacon St., Boston, MA 02108
David Trumbull
Director, Member Services

dtrumbull@nationaltextile.org

7/16/08: D. Trumbull responded by e-mail that the request had been circulated to NTA members and would get back to Swift Galey.

7/23/08: D. Trumbull responded by e-mail that he had received no response from NTA members.

**AMERICAN APPAREL PRODUCERS'
NETWORK**

P. O. Box 720693
Atlanta, GA 30358
Mike Todaro,
Managing Director

source@aapnetwork.net and
Miketodaro@mindspring.com

7/16/08: M. Todaro responded by e-mail but did not address the issue. No further response.

**[GUATEMALA] APPAREL
AND TEXTILE INDUSTRY
COMMISSION – VESTEX-**

15 Avenida 14-72
Zona 13
Guatemala City, Guatemala
Liggia Barrios,
Marketing and Promotion

lbarrios@apparel.com.gt

7/17/08: L. Barrios responded that VESTEX was sending request directly to its members and that they would contact Swift Galey directly.

No further response from VESTEX or its

Mr. Matt Priest
October 22, 2008
Page 15

members, except as noted above (Monte Textil).

**THE NICARAGUAN APPAREL &
TEXTILE MANUFACTURERS ASSOCIATION
(ANITEC)**

Zona Franca "Las Mercedes
Carretara Norte Bldg. 29
Managua, Nicaragua

Carlos Sandino,
President

nicaind@aol.com

No response to either e-mail.

**UNION DE INDUSTRIALES
TEXTILES (UNITEX) – EL SALVADOR**

Calle Liverpool y Calle Roma,
Edificio ASI, Col. Roma
San, Salvador, El Salvador

Ingrid Burgos, Executive Director

unitex_99@telesal.net

No response to either e-mail.

**HONDURAN MANUFACTURERS
ASSOCIATION**

Edificio Yude Canahuati
3er y 4to Piso
Avenida Circunvalacion, S.O.
San Pedro Sula, Cortes
Honduras, C.A.

Angela Castillo,
Director Promocion

promocion@ahm-honduras.com and
directorejecutivo@ahm-honduras.com

7/16/08: E-mail transmission failure: "Failed to deliver to 'promocion@ahm-honduras.com'"

7/22/08: E-mail to new address, no failure to transmit reported.

No response to e-mails.

As a result of these inquiries, Swift Galey is firmly of the conviction that the subject fabric is not available in the region.

SUBSTITUTABLE PRODUCTS

.Swift Galey has worked in its own research facilities to evaluate the possibilities of utilizing various types of mercerization to obtain results comparable to liquid ammonia treatment. The types of mercerization evaluated include hot and cold mercerization, chain and chainless mercerization, foam mercerization, mercerization prior to bleach, double mercerization, mercerization with longer dwells at lower twaddles (Twaddle is a measurement of mercerization – the amount of caustic (NaOH) used) to shorter dwells with higher twaddles. None of these trials was successful in attaining the performance parameters obtained with liquid ammonia treatment.

The result of Swift Galey's and Cotton Incorporated's research enabled Swift Galey to define minimum performance parameters for liquid ammonia treatment of twill fabrics. They are:

TABLE 1

**PERFORMANCE SPECIFICATIONS FOR LIQUID AMMONIA TREATMENT
OF CERTAIN TWILL FABRICS PRIOR TO RESIN APPLICATION**

Durable Press - AATCC Test 124 (after 3 home wash and dry Cycles)	2.0+
Flex Abrasion (number of cycles)	425+
Wrinkle Release - AATCC Test 128 (before washing)	2.0+
Tear Rating in the fill	4.0+
Fill Shrinkage (after 3 home wash and dry cycles on prepped greige on 64" – 65" wide incoming fabric)	2.5 or less
Aesthetics: luster and pliable (soft) hand.	

Liquid ammonia processing is available from only a few mills in Asia, and Swift Galey, in close cooperation with its customers and select potential Asian suppliers of this processed fabric, has developed specifications for greige fabric and for the preparatory processing (desizing, scouring, bleaching, and liquid ammonia processing) at the select Asian mills as shown in Table 1. Swift Galey has found no evidence that conventionally mercerized fabrics can produce the properties in the finished fabric that meet the above specifications and are acceptable to Swift Galey's customers.

However, Monte Textil, S.A., a fabric mill in Guatemala, expressed interest in producing an acceptable substitute for liquid ammonia treatment using conventional mercerizing. In

response to Monte's interest, Swift Galey provided the above performance specifications along with the fabric construction described in the summary of emails between Swift Galey and Monte and requested a fabric sample that would meet those specifications.. The sample that Monte produced failed to pass two key tests performed by Swift Galey on the sample: the AATCC Tests 124 (Durable Press) and 128 (Wrinkle Resistance), required in the specifications. Swift Galey informed Monte of this and pointed out that Monte did not report any results for Tests 124 and 128 in the test results that Monte sent to Swift Galey. The test results from Monte appear in Exhibit E.

Swift Galey advised Monte that its fabric was not acceptable to Swift Galey, pointing out that the need to pass AATCC's Tests 124 and 128 are two critically important quantifiable specifications essential to meet its customer's requirements.

In a subsequent telephone conversation between Swift Galey and Monte, Monte acknowledged that it did not include any test results for AATCC Tests 124 and 128, because its fabric would not pass those tests unless resins were used to treat the fabric. Swift Galey said that the very reason for its seeking liquid ammonia treated fabrics is to reduce the amount of resins that need to be applied to liquid ammonia treated fabrics in order to meet key performance requirements while maintaining strength and other properties required to produce the superior fabric demanded by its customer.

Swift Galey has submitted with this request a sample of liquid ammonia treated fabric and a sample of a caustic mercerized fabric to demonstrate some of the differences in luster and hand that can be observed by sight and touch.

Table 2 summarizes in general terms the properties desired in trouser fabrics for three widely used fabric treatments and liquid ammonia treatment.

The four processes compared are sanforizing, resin application, mercerizing and liquid ammonia treatment prior to resin application, except where noted. The desired criteria for the fabric that are evaluated are shrinkage resistance, wrinkle resistance, increased luster, increased strength, increased dye takeup, softer hand, and decreased rigidity. Only liquid ammonia treatment meets all of the criteria and none of the other applications meets more than 4 of the seven.

The last property shown in the table should be explained further. That property has to do with the permanent rigidity of the fabric, which results from the crystallization of the cellulosic fibers during ammonia treatment. Rigidity increases with increased resin application and is undesirable because it produces a fabric with a harder "hand" and is less able to "drape" and, therefore, garments made from it are less comfortable while reducing the life of a garment. A smaller amount of resin is required on liquid ammonia treated fabric than with the typical mercerized process. Therefore the fabric maintains a softer hand, and achieves, as well, the other desirable properties shown in the table. (Note: in the table YES means significant improvement.)

TABLE 2

**COTTON FABRIC PERFORMANCE WITH VARIOUS SHRINKAGE &
 WRINKLE RESISTANCE APPLICATIONS
 PRIOR TO RESIN APPLICATION, EXCEPT AS NOTED**

	SANFORIZER APPLICATION	RESIN APPLICATION ONLY	MERCERIZER APPLICATION	LIQUID AMMONIA APPLICATION*
INCREASED SHRINKAGE RESISTANCE	YES	YES	Yes	Yes
INCREASED WRINKLE RESISTANCE	No change	YES	No change	Yes
INCREASED LUSTER	Yes	No change	YES	Yes
INCREASED STRENGTH	No change	No, decreased	Yes	YES
INCREASED DYE TAKEUP	No change	No change	Yes	Yes
INCREASED SOFTNESS	Yes	No, decreased	No change	YES
DECREASED RIGIDITY	No change	Yes	No change	Yes, with added small amount of resin

*PRIOR TO RESIN, EXCEPT AS NOTED

Source: Swift Galey

Based on Swift Galey's extensive research, the work of Cotton Incorporated and recent unsuccessful efforts by Monte Textil to provide a traditionally treated alternative, it is reasonable to conclude that no known alternative fabric treatments can produce fabrics that will be acceptable substitutes for the liquid ammonia treated fabrics. This unique processing provides measurably superior wash-and-wear performance, increased strength and uniquely improved hand that have not been obtainable with any other treatment. Swift Galey is convinced that no acceptable substitutes are available in the U.S. or the CAFTA-DR region for liquid ammonia treated fabric.

SHORT SUPPLY DESIGNATIONS BASED ON FINISHING

Swift Galey has learned that the Commerce Department has flagged requests based on finishing for special scrutiny. Swift Galey finds such interest puzzling and of concern for a number of reasons discussed in detail below.

Short supply designations under CAFTA-DR and other preferential trade arrangements are almost always based on one of two broad criteria: (1) absence of production of a fiber, yarn or fabric in the US and the preferential area or (2) a finishing process that is not available in the US or the area.

The reliance on finishing processes as short supply criteria for fabrics, especially, should not be surprising because the requests fill a need for fabrics that will be directly incorporated into a garment and must respond to the demands of garment designers and makers for very specific performance attributes. Greige fabrics cannot be used directly for garment making and a typical request for a fabric short supply specifies the finished fabric in detail. However, there is nothing in law or regulation that requires a short supply request to specify only finished fabrics. A number of obvious circumstances could arise when a request could be filed for a greige fabric, or a partially finished fabric. The fabric that is the subject of this request falls into the class of requests based on a finishing process, as has been the case with many previous short supply designations.

First, as Table II below summarizes, of the 111 fabrics that have been designated to be in short supply under CAFTA-DR Annex 3.25 (Updated), a significant number were so designated based on the finishing process specified in the request. For example, cotton flannel fabrics and cotton/polyester circular knit fleece fabrics are widely used in garment production, produced in the U.S. and those that were designated to be in short supply were done so based on finishing requirements.

In the case of cotton flannels, the base (greige or yarn-dyed) forms of the flannels were cotton sheetings and twills. Those fabrics are available in the U.S. and perhaps in the CAFTA-DR region, as well. In every flannel designation shown below, the requirement that created a condition of short supply was that of napping the fabric on both sides – a finishing operation – and in one case, carbon emerizing (also a finishing operation).

In the case of circular knit fleece fabrics, some suppliers responded that the fabric is being produced in the region and it is widely known by the industry that there is extensive production in the U.S. as well. As documented in the documents on the OTEXA web site, the major specification that could not be met by U.S. or regional suppliers was the 5 percent or less horizontal and vertical shrinkage requirement. Again, a finishing operation.

Similar examples are given in the Table, including the requirement for vegetable dyes that are not available in the U.S. to color yarn that will be woven into many common fabric constructions that are produced in the U.S. A short supply designation was also granted for a

wide range of wool/polyester and polyester/wool blends requiring eight finishing operations. One well-known producer of such fabrics concluded that the finishing requirements were not available in the U.S. Another request was for a complicated-sounding composite woven-face/knit-back fabric that had fully a half page of fabric specifications. Nonetheless, potential U.S. producers appeared to be prepared to produce the fabrics, but the knit fabric producer was unable meet the specification of embossing with engraved rollers. The reality is that no company in the U.S. uses engraved embossing rollers to finish fabric.

Some may take a view that in many of the short supply designations shown in the table, no one responded and therefore finishing was not the sole criterion. In some of these cases, Swift Galey itself was able to manufacture the base fabric specified in the request, such as cotton sateen, but did not respond because it could not finish the fabric to the specification. For example, even though it has an excellent reputation as a fabric finisher, Swift Galey did not have the ability to nap cotton flannel fabric on both sides and also knew of no other U.S. company that could. Other U.S. and regional fabric producers apparently reached the same conclusion regarding cotton flannel and other requests.

A second argument in favor of short supply designations for partially finished or unfinished fabrics is the positive impact on the U.S. textile industry that does not occur when completely finished fabrics are designated. The opposite is the case with greige or partially finished fabrics. U.S. finishers get to complete the finishing operation and thereby increase business activity, exports and jobs. This may not be a regulatory criterion for a short supply determination, but it is certainly within the purview of CITA and should considered.

A third issue to consider is whether the finished product is actually different in meeting the demands of the customer. For example, some might argue that several approved requests that specified a circular knit fleece fabric at 5 percent horizontal and vertical shrinkage is not much different from one at 6 per cent which one producer offered to meet. But, obviously, both the customer and CITA thought that 5 % was very different from 6%, because it was designated to be in short supply with the 5% specification.

In the case of liquid ammonia treated fabrics, Swift Galey conducted many analyses which they included in this petition, developed and tested [*****] resins, compared the results to other traditional treatments and created what is essentially a different fabric using liquid ammonia treatment that satisfies the customer. The final product is much different from any identical greige fabric using traditional finishing methods.

A unique argument that can be made in this particular case is that Swift Galey, itself, was the only U.S. producer of the twill fabrics identified in this petition and was unable to produce the required finished fabric using traditional treatments. (Swift Galey recently entered into an agreement with Inman Mills, Inman, SC to produce these and other greige twills for Swift Galey). So, it seems obvious that if there were a way to meet the demand of Swift Galey's customer using its own or Inman's fabric with traditional treatments, it would have done so.

Finally, Swift Galey's due diligence resulted in no company indicating that it was able to produce liquid ammonia treated fabric or an acceptable substitute. This request clearly meets the test that the fabric is not available in the U.S. or the CAFTA-DR region in commercial quantities in a timely fashion and no acceptable substitutes are available given the substantially changed properties of the liquid ammonia treated fabric.

**SHORT SUPPLY DESIGNATIONS UNDER CAFTA-DR
 BASED ON FINISHING OPERATIONS**

	Short Supply Fabric	Finishing Operations	Comments
14.	Plain-weave yarn dyed fabrics - warp and filling yarns colored with vegetable dyes; 85% or more of cotton; Avg. Yarn No. >65 metric Any cotton yarns exceeding 65 metric (38 English count) and any plain weave fabrics of 85% or more of cotton	Yarns dyed with vegetable dyes	The cotton yarns and plain weave fabrics are in abundant supply in the U.S. The only criteria that qualify this fabric for short supply are the vegetable dyes that color the yarn.
52.	Woven 100% cotton flannel fabric in 5208.32.30.40 of 40.6 metric warp, 20.3 metric filling, open-end spun yarn, 24.4 warp ends/cm, 15.7 filling picks/cm, 152.6 g/sq.mtr., 150 cm wide (cuttable) The fabric is piece-dyed, sheeting weighing more than 100 g/sq.mtr., 85% or more of cotton	Napped on both sides, sanforized, piece dyed	The fabric was available in the US at the time of the designations (6/21/2004). Sheeting is one of the easiest fabrics to weave and would be made available to anyone in the US who would be able to nap the fabric. Napping on both sides of the fabric - a finishing operation - was not available in the US and remains currently unavailable
53. - 65.	Woven 100% cotton flannel fabrics similar to 52 differing in thread count, yarn size, weight and width . HTS no's. 5209.31.60.50, 5209.41.60.40, and 5208.42.30.00 The fabrics are plain weave 100% cotton, ring spun, weights 153 - 305 g/sq.mtr, width - 150 - 160 cm, Thread counts - Warp: 19.7 - 26.8 ends/cm; Filling: 11.8 - 18.1 picks/cm; Yarn No's. Warp: 20.1 - 40.6 metric, Filling - 8.46 - 20.3. Weaves: plain weave (sheeting).	Napped on both sides, sanforized, piece dyed (58 - 62 of yarns of different colors)	The yarns are readily accessible in the U.S. and the fabrics are plain-woven sheeting that is the easiest fabric to weave. Napping on both sides of the fabric - a finishing operation - was not available in the US and remains currently unavailable
67. - 68	Woven 100% cotton 4-thread twill weave flannel fabrics of yarn dyed, combed, ring spun, singles yarns (HTS 5208.43.0000) The fabrics are yarn dyed twills with weights from 136 - 303 g/sq. mtr., widths from 148 - 150 cm.	Yarn dyed, napped on both sides.	The fabric is being produced in the US, but napping on both sides is unavailable

	Short Supply Fabric	Finishing Operations	Comments
69.	Same as 67, except sateen weave, differing weight, thread count, yarn numbers.	Printed on one side, yarns of different colors, napped on both sides, sanforized	The fabric is being produced in the US, but napping on both sides is unavailable
70.	Woven 100% cotton 4-thread twill weave flannel fabrics. Same as 67 except differing weight, thread count, yarn numbers and weave	Carbon emerized on both sides, piece dyed	4-thread twill is being woven in the US and piece dyed. Carbon emerizing is not done in the US and is the only criterion that is in short supply.
73.	Woven cotton flannel fabrics, 3 or 4 thread twill weave, same as 67 with differing weight, thread count, yarn numbers	Yarns of different colors, napped on both sides, pre-shrunk	The 3- and 4-thread twills are made in the US, but napping on both sides of the fabric - a finishing operation - was not available in the US and remains currently unavailable
74.	Woven cotton flannel fabrics 3 or 4 thread twill, 84 to 86 metric warp and filling	Yarns of different colors dyed with fiber reactive dyes, napped on both sides, pre shrunk.	The 3- and 4-thread twills are made in the US, but napping on both sides of the fabric - a finishing operation - was not available in the US and remains currently unavailable
78.	Cotton/Polyester 3-thread circular knit fleece fabrics, 80/20 cotton/poly, 49 to 54 metric singles, ring span yarn in 11 different blends of dyed and undyed cotton with polyester filament tie yarns and fleece yarn of 70/30 cotton/poly staple. HTS No. 6001.21	Napped on technical back, bleached, dyed, yarns of different colors <5% vertical & horizontal shrinkage <4% vertical torque	80/20 3-thread circular fleece is available in the US and the CAFTA region. No producer is willing to guarantee 5% vertical and horizontal shrinkage. One supplier indicated this and withdrew a rebuttal on a similar fabric.
81.	Cotton/Polyester 3-thread Circular Knit Fleece Fabric, 30/70% cotton/poly, 18 to 20 metric singles yarn in fleece, tie yarn 100% polyester, face yarn 100% combed cotton	Technical (inner) back heavily napped to thickness less than 4.5 mm, including napped pile, technical back also brushed to a sueded hand, partly stain release treated, vert. and horiz. shrinkage <5%, torque not to exceed 4%, class 1 flammability rating	80/20 3-thread circular fleece is available in the US and the CAFTA region. No producer is willing to guarantee 5% vertical and horizontal shrinkage

	Short Supply Fabric	Finishing Operations	Comments
82. – 85.	Circular Knit 3-end Fleece Fabrics – similar to 81, differing in gauge. HTS No. 6001.22	Same as 81	80/20 3-thread circular fleece is available in the US and the CAFTA region. No producer is willing to guarantee 5% vertical and horizontal shrinkage
91.	3-Thread Circular Knit Fleece Fabric – 72-78 % cotton, 22-28% polyester, face yarn single ring spun cotton, yarn no. 41 to 48, tie yarn polyester filament 49-51 denier, fleece yarn, single ply staple of 57-63 % cotton and 37-43 % polyester yarn no. 24 –30 metric, 20-24 gauge 285 –300 grams/sq. mtr./ 172-183 cm wide. (Second fabric of similar specs) HTS 6001.21	Napped on technical back, bleached, yarn dyed or piece dyed, , 55 vertical And horiz shrinkage, 4% or less vertical torque. (Second fabric of same specs.)	This fabric is produced in the U.S. and the CAFTA region, but no producer is willing to guarantee 5% vertical and horizontal shrinkage.
93.	Certain Wool Blend Fabrics for Coats – 20% or more of man-made staple fibers and 36 – 80 % of wool, cashmere or camel hair fiber (or any combination thereof, various yarn sizes, 482 – 652 grams/sq. mtr. HTS No's. 51111.309000, 5515.13.0510, 5515.22.0510,5515.99.0510,5516.32.0510, and 5516.33.0510 represent combinations of wool or fine animal hair not combed, mixed with polyester staple and dyed or yarn dyed	Various colors, carbonized, fulled, brushed, dried, dyed, sheared, vaporized, rolled	The HTS no's cover a wide range of fabrics and blends, many of which are made in the US. One US weaver responded indicating the fabrics could be made in US. However, the weaver was unable to finish the fabric to the requirements of the request.
94.	Certain Composite Fabrics with Woven Face Laminated Knit Backing – 100% textured polyester 2x2 twill with mechanical stretch. Warp 114-126 metric, filling 107-118 metric, thread count 54-6- ward ends/cm, 45 to 40 filling picks/cm, 100-110 g/sq. mtr. Knit Back Fabric – 2 thread circular knit fleece, face yarn: 114-127 metric, fleece yarn 114-127 metric, 24 gauge, 133-147 g/sq. mtr. HTS no. 6001.22	Piece dyed, or printed, piece dyed or printed and embossed with engraved rollers for both woven face and knit back fabrics.	Embossing with engraved rollers is not available in the US. One US fabric company responded to the request indicating that it could make the knit fabric, but could not emboss it. Another US company responded that it could make the face fabric and had done so in the past. Embossing with engraved rollers was the criterion for the designation.

Sources of Data: CAFTA-DR Annex 3.25 (updated), Office of Textiles and Apparel, Department of Commerce; U.S. Imports, Production, Markets, Import Production Ratios and Domestic Market Shares for Textile and Apparel Product Categories, May 2008, Department of Commerce.

Mr. Matt Priest
October 22, 2008
Page 24

CONCLUSION

On behalf of Swift Galey, we respectfully request that the fabrics described herein be designated as products in short supply as provided by the U.S.– DR/CAFTA free trade agreement.

If you have any questions or require further information with regard to this request, please contact me (202 302-0754; cmoore@amstradeservices.com)

Sincerely,

Carlos Moore

Mr. Matt Priest
October 22, 2008
Page 25

BUSINESS CONFIDENTIAL INFORMATION

EXHIBIT A

[*****]

BUSINESS CONFIDENTIAL INFORMATION

EXHIBIT B

[*****]

EXHIBIT C

Table II
Test Results for Plant Mercerized ("Regular prep."), Liquid Ammonia Pre-treated, and Lab Mercerized ("Lab merc.") Samples

Sample	Tested after 3 HLTD				Tested Initially		
	Durable Press (AATCC 124)	% Shrinkage		Flex Abrasion (# cycles)	Tensile (lbs)	Tear (lbs)	Wrinkle Release (AATCC 128)
		Warp	Fill	Warp	Fill	Fill	
Finish #1							
Regular prep.	2.8	1.9	0.6	406	47	3.7	2.2
Lab merc.	2.0	1.3	0.5	356	51	3.3	1.5
Liquid Ammonia	3.0	1.6	0.3	968	55	4.7	1.8
Finish #2							
Regular prep.	3.0	1.7	0.5	338	48	3.4	2.3
Lab merc.	2.6	1.8	0.5	301	50	3.1	1.7
Liquid Ammonia	2.8	1.5	0.5	573	50	4.1	1.8
Finish #3 (No resin)							
Regular prep.	1.8	6.1	1.3	3436	74	7.1	1.5
Lab merc.	1.7	6.1	1.0	3269	71	6.6	1.0
Liquid Ammonia	1.9	5.0	0.8	3544	75	7.3	1.8
Finish #4 (Untreated)							
Regular prep.	1.0	6.4	2.2	332	98	3.6	1.4
Lab merc.	1.0	8.5	0.9	417	100	3.6	1.0
Liquid Ammonia	1.8	6.8	2.4	434	100	3.9	1.9

From: *Plant and Laboratory Mercerized Versus Liquid Ammonia Pretreatments for Durable Press*, by Kristie J. Phillips and Ken Greeson, Textile Chemistry Research and John Turner, Consultant. Cotton Incorporated Technical Report (TCR04-12), June 2004

BUSINESS CONFIDENTIAL INFORMATION

EXHIBIT D

**REQUESTS FOR QUOTES AND REPLIES FOR
LIQUID AMMONIA TREATED FABRICS**

[*****]

I

BUSINESS CONFIDENTIAL INFORMATION

EXHIBIT E

[*****]

PUBLIC VERSION

**COMMERCIAL AVAILABILITY REQUEST
LIQUID AMMONIA TREATED FABRICS**

CONSULTANT'S DUE DILIGENCE CERTIFICATION

I, Carlos Moore, of AM&S Trade Services, LLC, consultant to Swift Galey, certify that:

- I have read the attached submission, and
- Based on the information made available to me by Gary Bird, I have no reason to believe that this submission contains any material misrepresentation or omission of fact.

Signed:


Carlos Moore

Date: 10/20/08

PUBLIC VERSION

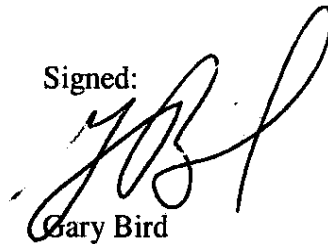
Commercial Availability Request
Liquid Ammonia Treated Fabrics

INTERESTED PARTY'S DUE DILIGENCE CERTIFICATION

I, Gary Bird, Vice President, Manufacturing, Swift Gale, certify that:

- I have read the attached submission, and
- The information contained in the submission is, to the best of my knowledge, complete and accurate.

Signed:

A handwritten signature in black ink, appearing to be 'GB', written over the printed name 'Gary Bird'.

Gary Bird

Date:

10/16/24