

COMMERCIAL AVAILABILITY REQUEST

- - PUBLIC VERSION - -

March 18, 2014

Ms. Kim Glas
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: Commercial Availability Request Under Section 202(o) of the United States-Korea Free Trade Agreement Implementation Act - Certain Cashmere Yarns

Pursuant to Section 202(o) of the United States – Korea Free Trade Agreement (“KORUS”) Implementation Act and the Interim Final Procedures set forth in 77 Fed. Reg. 1601 (March 19, 2012) (“Interim Procedures”), Kingery, Samet & Sorini PLLC (“KSS”) respectfully requests on behalf of Heritage Cashmere Korea Co., Ltd., that the yarns described herein be added to the list in Annex 4–B–1 of KORUS in an unrestricted quantity.

The yarns are not available in commercial quantities in a timely manner from a supplier in the United States. We made this determination after (1) a thorough exploration of the market in the United States, (2) through detailed engagements with potential suppliers in attempts to secure the yarns, and (3) in recognition that such yarns are deemed to be in short supply under the CAFTA-DR as well as the CBTPA and AGOA programs.

I. Detailed Product Information

100% cashmere 2-ply yarns classified in HTS subheading 5108.10 & 5108.20.

Denier and length of staple (the figures below include the +/- 10% variance that may occur after knitting, weaving and finishing)

- Weaving Count (single yarn): 22.86 – 27.94 nm (13.5 – 16.5 Ne), 25.2 - 33mm
- Knitting Count (two plied): 39.62 – 48.43 nm (23.4 – 28.626 Ne), 30.6 – 37.4mm

Yarn sizes were calculated using a conversion factor of $Ne \times 1.69336 = Nm$
Put up: Cone type packages.

II. Quantity:

Heritage Cashmere Korea Co., Ltd. requires [***] kilograms ([***) tons) annually, beginning October 2014.

III. Due Diligence

The potential suppliers were identified through our knowledge and research of the textile and apparel market in the United States, the on-line version of Davison's Textile Blue Book, and through contacts of the U.S. textile trade association. These efforts did not result in identifying any parties that were able to supply the subject fabric in a timely manner.

Engagement with Potential Suppliers:

We contacted each potential supplier and described the specifications for the subject yarns. No company stated that they were able to produce the subject yarns in commercial quantities in a timely manner. One company, Morning Star, stated that it might be able to produce the yarns in two years or more. Our requirements are that deliveries are to begin in October. The reply from Morning Star demonstrates a lack of current production capability in the United States. According to the reply, it would take two years and additional investment to become a potential supplier. Therefore, because there is no current capacity and none actually in the works, the reply does not represent an offer to supply the specified yarn in commercial quantities in a timely manner.

Record of Communications:

The following information sets forth the firms and associations that were contacted with regard to whether they, or their members, could supply the fabric described in this Request. Confirmations of the contacts are provided within Appendix I of the confidential version of this Request. All communications were conducted via e-mail unless otherwise noted.

<u>(1) Association:</u>	<u>National Council of Textile Organizations, NCTO</u>
Address:	P.O. Box 99 – Gastonia, NC 28053
Phone:	(704) 824-3522

Contact: Mike Hubbard, Vice President
Email: mhubbard@ncto.org
Date Contacted: January 13, 2014
Nature of Request: Inquiry regarding members' ability to supply subject yarns.
Sample Provided: No
Reply and Date: January 14, 2014
Association advised that it would check on the availability, including consultation with David Trumbull. Association also advised that Mr. Trumbull was the "Authority on this particular fiber".
January 14, 2014:
Mark Haney advised that KSS was in the process of contacting Mr. Trumbull directly.
January 14, 2014:
Ron Sorini a brief conversation with Mike Hubbard of NCTO on who said he was deferring to David Trumbull on matters relating to cashmere and said it was not necessary to check with Meridian Specialty Yarns and Richmond Specialty Yarns, who are members of NCTO.
Additional Contact: February 26, 2014
Repeated inquiry with removal of mule spinning and added range of accepted tolerances in product specifications.
Reply and Date: March 6, 2014
On March 6, Ron Sorini called Mike Hubbard of NCTO to follow-up on Mark Haney's email on February 26, 2014, which clarified that the specifications for cashmere yarn did not require mull spinning, and included the +/- 10 percent tolerance to account for changes from weaving, knitting, dyeing and finishing. In that conversation Mr. Hubbard confirmed that none of his members, including Kent, are in a position to provide the cashmere yarn required.

(2) Company: **Agathon Associates**
Address: 6 Beacon Street, Suite 715; Boston MA 02108
Phone: 617 237-6008
Contact: David Trumbull, Principal
Email: david@agathonassociates.com

Date Contacted: January 13, 2014
Nature of Request: Telephone inquiry from Ron Sorini to Mr. Trumbull.
Reply and Date: January 13, 2014
Mr. Trumbull advised that it was unlikely that there would be any U.S. suppliers but asked for the product specifications to confirm.

Date Contacted: January 13, 2014
Nature of Request: Mark Haney sent Mr. Trumbull the product specifications and requested advice regarding potential suppliers of subject yarns in the United States.

Sample Provided: No
Reply and Date: January 14, 2014
Mr. Trumbull suggested contacting Crescent Woolen Mills, S&D Spinning Mill, and Family Yarns.

Additional Contact: February 26, 2014
Repeated inquiry with removal of mule spinning and added range of accepted tolerances in product specifications.

Reply and Date: February 26, 2014
David Trumbull responded that he is not aware of any U.S. commercial production of 100% cashmere.

(3) Company: Dawson Forte Cashmere Co.

Address: 8 A Pleasant St S; Natick, MA USA
Phone: 508 651-7910
Contact: Unknown; email addresses were listed on company website (www.kinrothcashmere.com) as contacts for Main Office and Customer Service & Distribution.
Email: erin@dfcashmere.com; LisaR@dfcashmere.com
Date Contacted: January 13, 2014
Nature of Request: Inquiry regarding company's ability to produce subject yarns.
Sample Provided: No
Additional Contact: January 20, 2014
Repeated inquiry with modifications to requirements; namely that mule spinning was not a requirement. Quantities required were also included.
Additional Contact: February 25, 2014

Repeated inquire with removal of mule spinning and added range of accepted tolerances in product specifications.
Reply and Date: February 25, 2014
Dawson Forte Cashmere responded that is no longer a yarn supplier and now only supplies finished garments.

(4) Company: Morning Star Fiber

Address: 8522 Dover Rd.; Apple Creek, OH
Phone: 330 778-0078
Contact: J.C. Christenson, Owner, through the company’s general email address
Email: info@morningstarfiber.com
Date Contacted: January 13, 2014
Nature of Request: Inquiry regarding company’s ability to produce subject yarns.
Sample Provided: No
Additional Contact: January 29, 2014
Nature of Request: Original inquiry resent.
Reply and Date: January 30, 2014.
Morningstar advised that it had a source of raw cashmere in [Kyrgyzstan].
January 31, 2014
Mark Haney asked if they were able to spin cashmere yarns in the United States.
January 31, 2014
Morningstar advised that it was “not set up to spin cashmere in the US”.
February 2, 2014
Morningstar further advised that it would not be set up to provide the yarns for two years or more.
Additional Contact: February 25, 2014
Repeated inquiry with removal of mule spinning and added range of accepted tolerances in product specifications.
Reply and Date: No reply received

(5) Company: MS Sales Company, Inc.

Address: 4180 B Noakes St; City of Commerce, CA

Phone: 323 526-4373
Contact: General email address listed in Davison's
Email: mssales@mssalescompany.com
Date Contacted: January 13, 2014
Nature of Request: Inquiry regarding company's ability to produce subject yarns.
Sample Provided: No
Additional Contact: January 20, 2014
Repeated inquiry with modifications to requirements; namely that mule spinning was not a requirement. Quantities required were also included.
Additional Contact: February 25, 2014
Repeated inquiry with removal of mule spinning and added range of accepted tolerances in product specifications.
Reply and Date: No reply received

(6) Company: S & D Spinning Mill, Inc.

Address: 190 W Main St; PO Box 186; Millbury, MA 01527
Phone: 508 865-4870
Contact: John Dearnley; Vice President
Email: ddearnley@charterinternet.com
Date Contacted: January 13, 2014
Nature of Request: Inquiry regarding company's ability to produce subject yarns.
Sample Provided: No
Additional Contact: January 20, 2014
Repeated inquiry with modifications to requirements; namely that mule spinning was not a requirement. Quantities required were also included.
February 4, 2014
Repeated inquiry.
Reply and Date: February 6, 2014
Telephone inquiry from Mark Haney to John Dearnley. Mr. Dearnley advised that S & D was not able to supply the subject merchandise, given current factory alignment, capacity and capabilities. Mr. Dearnley suggested that we contact three other companies he thought might be in a position to supply the yarns. These companies were contacted separately.

Additional Contact: March 4, 2014
Mark Haney contacted Mr. Dearnley by telephone and inquired if S&D could produce the subject yarns without the requirement for mule spinning and with tolerances for yarn and staple size. Mr. Dearnley advised that S&D would not be able to supply the yarns.

(7) Company: Seritex Inc.

Address: 1 Madison St.; East Rutherford, NJ
Phone: 973 472-4200
Contact: General email address listed in Davison's
Email: yarn@seritex.com
Date Contacted: January 13, 2014
Nature of Request: Inquiry regarding company's ability to produce subject yarns.
Sample Provided: No
Additional Contact: January 20, 2014
Repeated inquiry with modifications to requirements; namely that mule spinning was not a requirement. Quantities required were also included.
Reply and Date: No reply received.
Additional Contact: February 25, 2014
Repeated inquiry with removal of mule spinning and added range of accepted tolerances in product specifications.
Replay and Date: No reply received

(8) Company: Crescent Woollen Mills.

Address: 1016 School St; PO Box 197; Two Rivers, WI 54241-0197
Phone: 920 793-3331
Contact: Guy Webster, President
Email: guywebster@crescentwoolenmills.com
Date Contacted: January 20, 2014
Nature of Request: Inquiry regarding company's ability to produce subject yarns.
Sample Provided: No
Reply and Date: January 21, 2014
Mr. Webster advised that they cannot do mule spinning.
January 29, 2014

Mark Haney asked if they would be able to supply the yarns without mule spinning.

January 30, 2014

Mr. Webster advised that they were not able to spin more than [25]% cashmere in any blends.

(9) Company: Family Yarns

Address: 30 Family Circle; Etna ME 04434

Phone: 207-269-3674

Contact: Joe Marchelletta, President

Email: bosscarder@aol.com

Date Contacted: January 29, 2014

Nature of Request: Inquiry regarding company's ability to produce subject yarns.

Sample Provided: No

Additional Contact: February 6, 2014
Repeated inquiry.

Reply and Date: February 8, 2014

Mr. Marchelletta responded that they do not have mule spinning, only baloonless and are not taking any new customers at this time.

Additional Contact: February 25, 2014

Repeated inquiry with removal of mule spinning and added range of accepted tolerances in product specifications.

Reply and Date: No reply received

(10) Company: Hanora Spinning

Address: 159 Singleton St.; PO Box 119; Woonsocket, RI 02895

Phone: 401 767-3360

Contact: General email address listed in Davison's

Email: hanoraspinning@verizon.net

Date Contacted: February 5, 2014

Nature of Request: Inquiry regarding company's ability to produce subject yarns.

Sample Provided: No

Reply and Date: February 7, 2014

Gerry Beyer advised that Hanora doesn't spin.

Additional Contact: March 5, 2014

Repeated inquiry regarding company's ability to supply subject yarns with +/- 10% tolerances for yarn and staple size.

Reply and Date: March 5, 2014
Gerry Beyer advised that he forwarded the inquiry to Kraemer Textile.
March 5, 2014
Mark Haney repeated inquiry regarding company's ability to supply subject yarns with +/-10% tolerance.
March 5, 2014
Mr. Beyer advised that Hanora does not spin cashmere.

(11) Company: Jagger Brothers, Inc.

Address: PO Box 188; Springvale, ME 04083
Phone: 207 324-5622
Contact: Scott A. Grey, Sales Manager
Email: sgrey@jaggeryarn.com
Date Contacted: February 5, 2014
Nature of Request: Inquiry regarding company's ability to produce subject yarns.
Sample Provided: No
Reply and Date: February 6, 2014
Mr. Grey advised that his company could not produce the subject merchandise.

Additional Contact: March 5, 2014
Repeated inquiry regarding company's ability to supply subject yarns with +/- 10% tolerances for yarn and staple size.

Reply and Date: March 6, 2014
Mr. Grey said they could do this out of Mongolia but no one in the States is going to spin this.

(12) Company: Kraemer Textiles, Inc.

Address: 240 S Main St.; PO Box 72; Nazareth, PA 18064
Phone: 610.759.4030
Contact: Victor Schmidt, Secretary/Treasurer
Email: victor@kraemeryarns.com
Date Contacted: February 5, 2014, via website inquiry mechanism
Nature of Request: Inquiry regarding company's ability to produce subject yarns.

Sample Provided: No
Reply and Date: February 6, 2014
Victor Schmidt advised that his company was not able to produce the subject yarns.
Additional Contact: March 5, 2014
Repeated inquiry regarding company's ability to supply subject yarns with +/- 10% tolerances for yarn and staple size.
Reply and Date: March 5, 2014
David Schmidt advised that they will not run any cashmere.

As a result of the above inquiries and the thorough engagement and good faith efforts to procure the subject fabric, KSS and Heritage Cashmere Korea Co., Ltd. does not believe that the subject yarns are commercially available in the United States in a timely manner and we request that they be added to Annex 4–B–1 of KORUS in an unrestricted quantity.

IV. Substitutable Products

The uniqueness of cashmere fibers, yarns, fabrics and garments is well known. Cashmere fibers are cylindrical, soft, silky, smooth, resilient, moisture-absorbing and very warm. Cashmere has a very soft and warm natural luster. No other fiber imparts these same characteristics. Thus, no other yarns can be considered substitutable.

Closing

If you have any questions or require further information with regard to this Request, please contact Megan Costello at (202) 393-4481, or mcostello@ssa-dc.com.

Sincerely,



Ron Sorini
Co-Founder & Principal

APPENDIX I

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