



we wear® global markets

**Statement of
Stephen Lamar
Executive Vice President
American Apparel & Footwear Association (AAFA)
U.S. International Trade Commission Hearing
on the African Growth and Opportunity Act
January 14, 2014**

As Prepared for Delivery

Chairman, Commissioners, thank you for providing this opportunity for us to appear before you today.

Representing more than 1,000 world famous name brands, the American Apparel & Footwear Association (AAFA) is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its four million U.S. workers, and its contribution of \$350 billion in annual U.S. retail sales.

Our members produce and sell clothing and shoes all around the world, including Africa. Our association and industry has been very active in Africa for some time. We were among the earliest supporters of the Africa Growth and Opportunity Act (AGOA), and a number of our members have used AGOA since its enactment. Most recently, we helped organize the Source Africa conference in Cape Town (and will be heading back there in a few months for the second edition of that conference). It is also great to share a panel with ACTIF, one of our partners in Source Africa.

While AGOA has had the most impact for our apparel members, it is also becoming increasingly important for our footwear members, particularly in Ethiopia. It looks like 2013 will end up with about \$20 million worth of footwear imports from Africa, about 90 percent of which is attributed to Ethiopia. While this is tiny compared to the much larger suppliers like China and Vietnam, it does reflect the trend of footwear sourcing diversifying, and we are pleased to see that Africa is benefiting from this.

Our message today is very simple, and there are four points that I would like to convey with respect to AGOA. I would note that all four points were recently included in a statement that AAFA signed along with five other trade associations, including the African Cotton & Textile Industries Federation (ACTIF).

First, we believe AGOA should be renewed as soon as possible. We note that the legislation does not expire until September 30, 2015. While that may seem like an eternity in the legislative area it is an instant for the sourcing executive. Given Congress's recent inability to approve programs on a timely basis, and the scare we experienced in 2012 with the third country fabric renewal, it is easy to see how companies are already reaching the conclusion that AGOA will not be renewed on a timely basis...or at all. Moreover, given all the other obstacles that inflate costs in Africa, continuation of the duty preference is critically important for the sourcing model. One need only look at the loss of business from Madagascar following that country's ejection from AGOA, or the dip in trade with the entire continent during the 3rd country fabric scare, to see what impact loss (or threat of loss) of duty free status can have. Uncertainty over renewal means that companies currently in Africa are unwilling to expand their businesses while companies who are not in Africa will direct their new sourcing plans elsewhere.

1601 North Kent Street
Suite 1200
Arlington, VA 22209

(703) 524-1864
(800) 520-2262
(703) 522-6741 fax
www.wewear.org

Second, when AGOA is renewed, it should be renewed on the longest possible terms. We have recommended a 15-year renewal because we want to create the kind of certainty that can lead to the long-term trade and investment decisions that all supporters of the program are trying to stimulate.

Third, focusing just on the apparel side, the third country fabric provision must be renewed for the entire length of the program. About 95 percent of apparel imports are entered under this program. Loss of third country fabric, from the perspective of the apparel sourcing executives, is identical to loss of the entire program.

Fourth, we urge that third country fabric provisions be extended equally to all AGOA beneficiaries. The key to AGOA is simplicity, consistency, and predictability. Having a rule of origin that applies to some countries, but not to all, creates an unnecessary and complicated dynamic. It also arbitrarily segments Africa at a time when we are trying to encourage regional integration.

Commissioners, thank you again for your time today, and I look forward to answering your questions.