



January 29, 2010

María L. Pagán  
Associate General Counsel  
Office of the United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508

**RE: FR Notice Volume 75, Number 5, Page 1110 (January 8, 2010) – Request for Comments  
On WTO Dispute Settlement Proceeding Regarding United States—Certain Measures  
Affecting Imports of Certain Passenger Vehicle and Light Truck Tires From China**

To Whom It May Concern:

Thank you for providing us the opportunity to submit this statement in relation to the investigation cited above – the World Trade Organization (WTO) case on the U.S. imposition of the Section 421 safeguard against U.S. imports of Chinese tires.

The American Apparel & Footwear Association (AAFA) is the national trade association representing the apparel and footwear industries, and their suppliers. Our members produce and market apparel and footwear, and the inputs for those products, throughout the United States and the world, including China. In short, our members make everywhere and sell everywhere.

Today, over 85 percent of all footwear and over 35 percent of all apparel sold in the United States is imported from China.

China, however, is not only vitally important to the U.S. apparel and footwear industries as a major supplier. China today is the fastest-growing market for U.S.-made and U.S.-branded apparel and footwear and the inputs (such as textiles and cotton) used to make that apparel and footwear.

While our members obviously do not make or market tires, we believe this WTO case has serious implications for U.S. trade policy as well as the United States' trade relationship with China.

The recent decision by the Obama administration to impose punitive duties on U.S. imports of Chinese tires under Section 421 of the *Trade Act of 1974* gives us pause. Based on our understanding of the facts in the tire case, it appears that many of the allegations in China's WTO case have merit and do not meet the thresholds specified in China's WTO accession agreement. As a result, we are very concerned that the affirmative decision on tires raises political expectations that the U.S. government would like to impose such measures on other products. Such a situation could result in retaliation by the Chinese, which would increase barriers to two way trade, close the fastest growing market for U.S. footwear and apparel brands, and their U.S. suppliers, and jeopardize our economic recovery.

In fact, the Chinese government has already launched a trade case against Chinese imports of U.S. chicken as well as a case against U.S. autos and auto parts.

Therefore, I would caution against the use of Section 421 and similar “remedies” for the purpose of resolving many of the trade issues that currently exist between the United States and China.

First, as noted above, the inappropriate use of Section 421 violates U.S. obligations under international trade rules. While many might not be concerned about this, this violation is of critical concern to our industry. As I mentioned previously, U.S. apparel and footwear firms make and sell everywhere around the world, including selling clothes and shoes made in China into major markets like Europe, Brazil and India. Any action taken by the United States against China that violates international trade rules would not only be closely watched by these countries but could be quickly replicated, closing these important markets to U.S. brands. In fact, Brazil, Ecuador, Europe and many other countries have already imposed restrictions on imports of U.S.-branded footwear and apparel.

Second, the use of Section 421 can impose punitive duties or other restrictions on many U.S. imports from China. As I have already stated, virtually all clothes and shoes sold in the United States are imported, with a significant portion being imported from China. Similar situations exist for a multitude of other consumer products used every day by hardworking American families. If such “remedies” are imposed, those remedies would amount to a new tax on hardworking American families – at a time when many of these families can least afford it. The recent Section 421 tire case clearly bears this out as hardworking American families must now pay a much higher price for lower-cost tires.

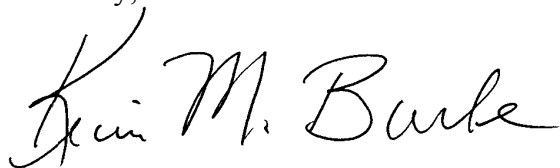
Finally, such actions actually hurt the very U.S. manufacturing base Section 421 is purportedly trying to protect. Recent history has repeatedly demonstrated this fact. Our members’ products – U.S.-made apparel and footwear – figured prominently on foreign country retaliation lists in both the WTO dispute over Foreign Sales Corporations (FSC) and the WTO dispute over the Byrd Amendment. These punitive measures severely crippled what remains of the U.S. apparel and footwear manufacturing industries as it essentially closed Europe, their primary export market, for U.S.-made footwear and apparel.

In this case, China is one of the largest and fastest growing markets for U.S. exports of all types – from yarn, fabric, waterproof textiles and rubber soles to machinery and high technology products and from cotton and soybeans to poultry.

The U.S. apparel and footwear industry recognizes that many important issues exist in the U.S.-China relationship – issues that directly affect U.S. apparel and footwear firms. However, as is the case in our industry, the relationship between the United States and China is critically important to and intimately intertwined with the U.S. economy. Therefore, I urge the U.S. government to carefully consider all aspects of this vital and complicated relationship as this WTO case moves forward.

Thank you for your time and consideration in this matter.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Burke". The signature is written in a cursive, flowing style.

Kevin M. Burke  
President & CEO