american apparel & footwear association

we wear℠ jobs

March 21, 2012

The Honorable John Bryson
Secretary
US Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Ambassador Ron Kirk
U.S. Trade Representative
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Secretary Bryson and Ambassador Kirk:

On behalf of the American Apparel & Footwear Association (AAFA) – the national trade association of the apparel and footwear industries – I urge you to immediately address the imminent expiration of the Nicaragua Tariff Preference Level (TPL) under the U.S./Central America-Dominican Republic Free Trade Agreement (CAFTA-DR).

As you know, the CAFTA-DR contains a provision that permits Nicaragua to export a limited quantity of apparel to the United States duty free regardless of the source of the fabrics or yarns.

This TPL program has been a tremendous success for U.S. fabric and yarn mills, U.S. cotton growers, U.S. apparel companies, and U.S. retailers. It is utilized by both U.S. textile manufacturers and U.S. apparel companies and is an integral part of their sourcing strategy. The TPL has led to increased apparel production in Nicaragua, supporting about 25 percent of all US apparel imports from that country, while supporting U.S. textile manufacturing through a one-for-one matching program. U.S. textile manufacturers, in fact, have benefitted tremendously as U.S. fabric exports to Nicaragua have nearly doubled during the 5 years that CAFTA-DR has been in effect, with U.S. fabric exports to Nicaragua reaching $110 million in 2011. The attached chart shows in clear terms how useful this program is for U.S. fabric manufacturers. We also note, per the attached chart, that Nicaragua is the fastest growing market for U.S. fabric exports to the CAFTA-DR region.

Unfortunately, the TPL is currently scheduled to expire on December 31, 2014. This expiration will result in a loss of business for U.S. textile manufacturers, U.S. apparel companies, and their Nicaraguan partners. With complex global supply chains, multiple sourcing options, and long lead times, the uncertainty surrounding the future of this program is already having an adverse impact. U.S. apparel companies are beginning to place new business elsewhere. Without swift action, more U.S. apparel companies will begin to shift their existing business as well. As U.S. apparel orders decline, there will be a direct adverse effect on export orders for U.S. textiles. U.S. textile export opportunities are being lost today. More losses will follow.

Orderly continuation of current business practices dictate that the expiration of Nicaraguan TPLs be addressed immediately. We urge the Administration to act now with a goal for timely resolution early this year to prevent erosion of the trade that benefits from this partnership. We need immediate action to make sure that this important provision is not allowed to expire.

I look forward to working together with you on an issue that U.S. cotton growers, U.S. yarn spinners, U.S. fabric makers, U.S. apparel companies, and U.S. retailers can all agree needs to be addressed immediately, and which will help us achieve the President's goal to double exports.

Please accept my best regards,

Kevin M. Burke

Kevin M. Burke
President & CEO

Attachments

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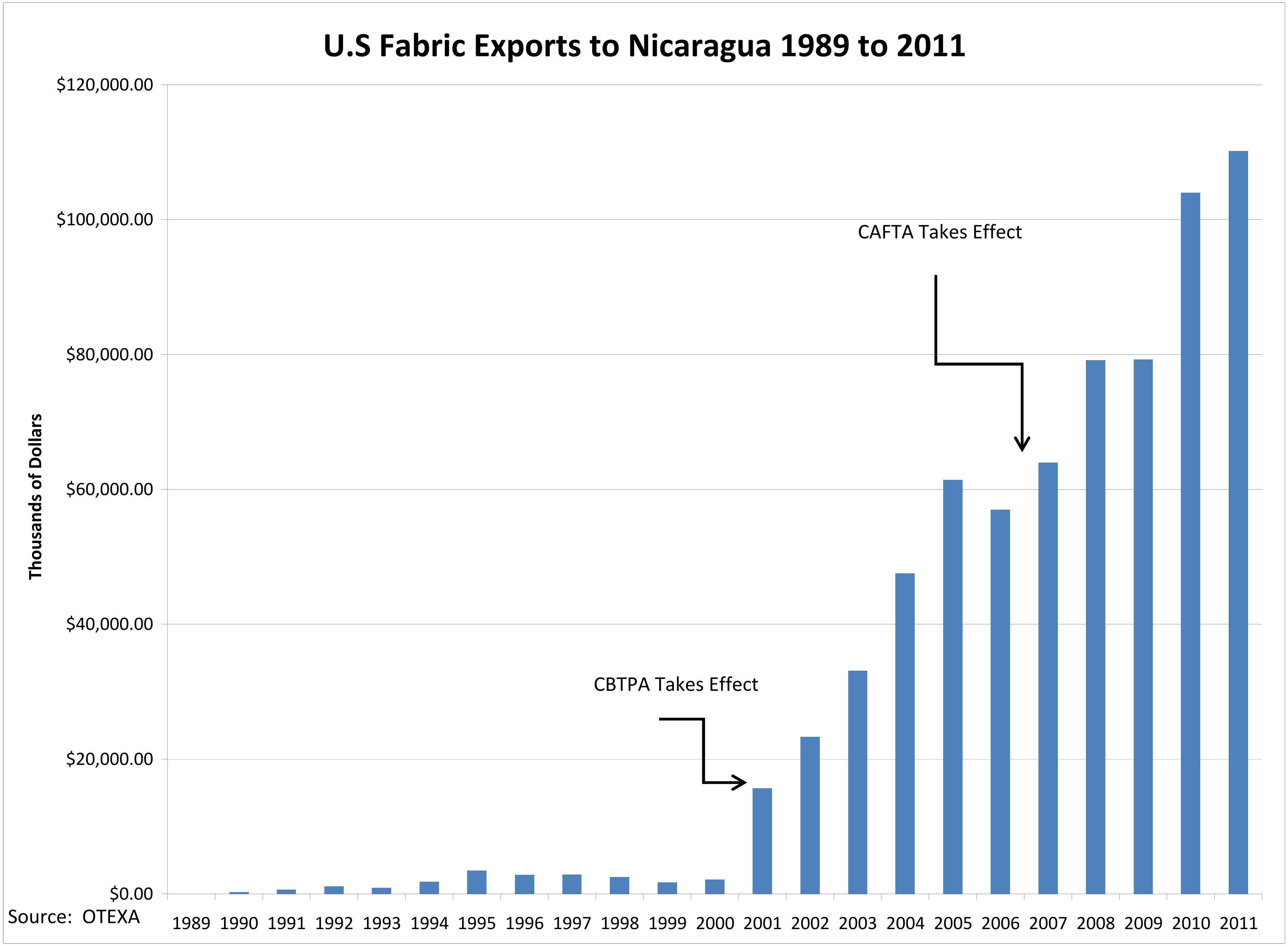
U.S Fabric Exports to Nicaragua 1989 to 2011
$120,000.00
$100,000.00
$80,000.00
$60,000.00
$40,000.00
$20,000.00
$0.00
Thousands of Dollars
CAFTA Takes Effect
CBTPA Takes Effect
1989
1990
1991
1992
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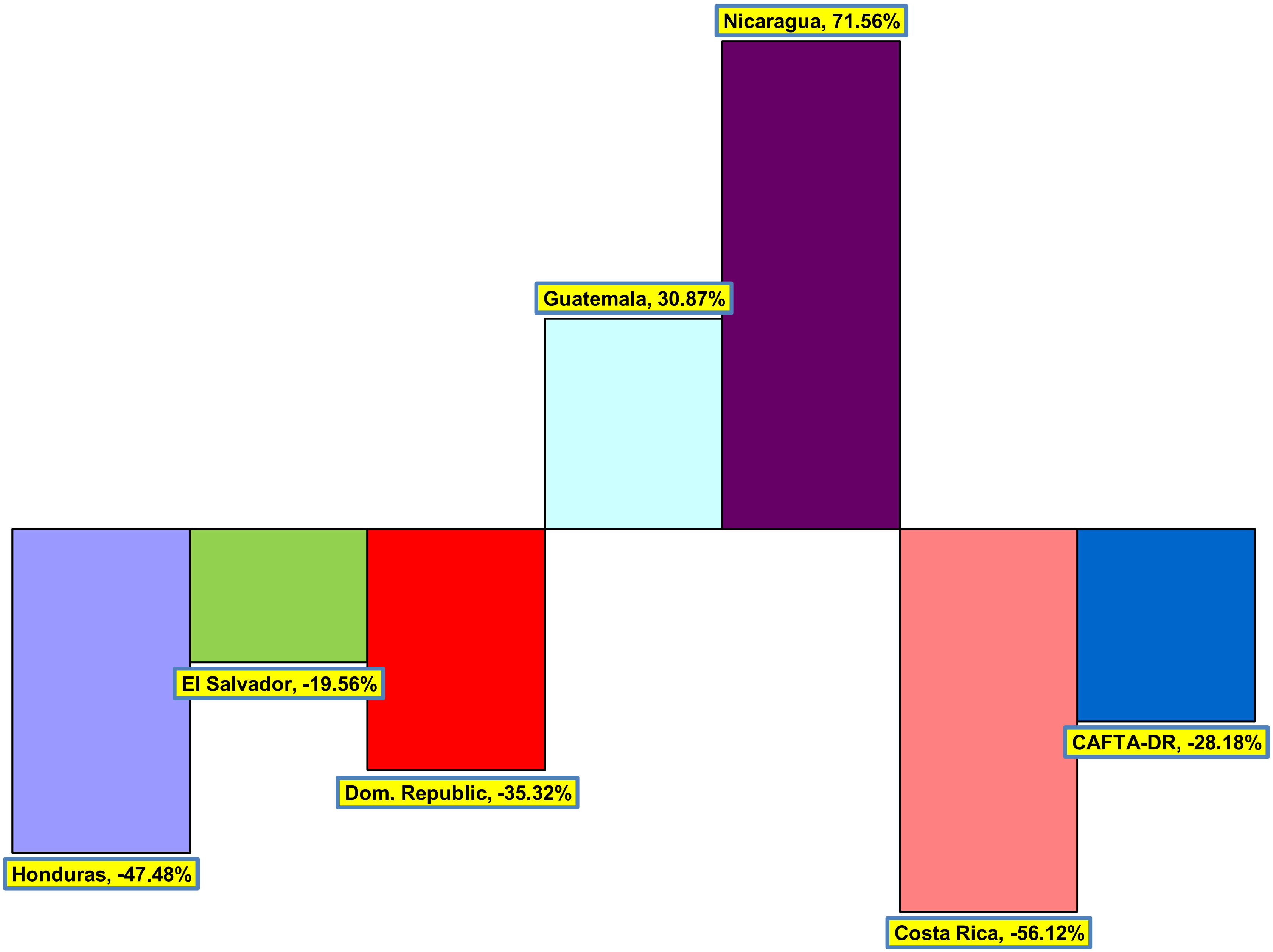
2006
2007
2008
2009
2010
2011
Source: OTEXA

U.S. Fabric Export Growth (2007 to 2011)



Source: The Export Market Report, Office of Textiles and Apparel (OTEXA), U.S. Department of Commerce