american apparel & footwear association

we wear℠ development

October 12, 2012

Constance Hamilton
Deputy Assistant U.S. Trade Representative for Africa
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

RE: FR Notice Volume 77, Number 182, Page 58205 (September 19, 2012) – Request for Public Comments on Annual Review of Country Eligibility for Benefits Under the African Growth and Opportunity Act

To Whom It May Concern:

Thank you for providing us the opportunity to submit this statement regarding country eligibility under the *African Growth and Opportunity Act* (AGOA). I would like to take this opportunity to discuss the urgent need for an eligibility criterion that is essential to the success of AGOA – long-term renewal of AGOA, including the critical the third-country fabric provision for apparel imports.

While AGOA does not expire for almost three years, U.S. businesses are taking a critical view of the future viability of AGOA now, especially in light of the recent near-expiration of the third-country fabric provision. The renewal of this provision, which is the bedrock behind most non-oil imports under AGOA, was signed into law by President Barack Obama on August 10, 2012, less than two months before the provision was set to expire.

Over 20% of U.S. non-oil imports from AGOA countries are apparel. Of that 20%, 95.5% enter under the third-country fabric provision and is the platform through which many African countries have achieved unprecedented economic development and growth.

The immense uncertainty created by the impending expiration of AGOA's third-country fabric provision led to a significant decline in U.S. apparel imports from AGOA countries, with U.S. apparel imports from AGOA falling by over one-third from their pre-recession levels (-34.21% from 2007 to 2012). Even while overall U.S. apparel imports recovered from the depths of the recession, growing a healthy 10.1% from 2009 to today, and even while U.S. apparel firms desperately searched for viable alternatives to China, U.S. apparel imports from AGOA continued their decline, falling 15.6% from 2009 to today.

Why? While some might believe renewal a mere six weeks ahead of expiration is somehow a "success," that view ignores reality of today's global apparel supply chains. U.S. apparel brands and retailers place order nine to twelve months before that order is delivered. And most brands and retailers start planning up to a year before ordering.

Further, the experience of the past two years has shaken the confidence of U.S. apparel brands and retailers in the support for AGOA among Congress and the administration. Congress today is different than Congresses past. Until this year, Congress had regularly renewed AGOA, and the third-country fabric provision, with overwhelming bi-partisan support.

Not only did Congress allow the possible expiration of AGOA's third-country provision to go to the brink, Congress has allowed two other trade preference programs, which had also received overwhelming, bi-partisan support in the past, to expire. Congress allowed the Generalized System of Preferences (GSP) program to expire on December 31, 2010

1601 North Kent Street
Suite 1200
Arlington, VA 22209

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

and allowed the *Andean Trade Preferences Act* (ATPA) to on February 12, 2011. While both programs were eventually renewed, irreparable damage had been done to the programs' beneficiary countries and U.S. importers.

The administration, working together with Congress, must show good faith by pushing for long-term renewal of AGOA and the third-country fabric provision now. Without such a public commitment, many U.S. apparel brands and retailers are already questioning whether these benefits will still be in place when their orders are delivered, or whether they will instead be on the hook for millions of dollars in unexpected duties.

Therefore, I urge the Obama administration to work with Congress to approve renewal and extension of AGOA and AGOA's third-country fabric provision now.

Thank you for your time and consideration in this matter. Please contact Nate Herman of my staff at 703-797-9062 or by e-mail at nherman@wewear.org if you have any questions or would like additional information.

Please accept my best regards,

Kevin M. Burke

Kevin M. Burke
President & CEO