



December 6, 2010

The Honorable Sandy M. Levin
Acting Chair
Ways & Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Dave Camp
Ranking Member
Ways & Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Draft Miscellaneous Tariff Bill (MTB)

Dear Chairman Levin and Ranking Member Camp:

Thank you for providing us the opportunity to submit this statement concerning the draft Miscellaneous Tariff Bill (MTB) the House Ways & Means Committee posted on its website on November 24, 2010. We hereby strongly urge that the Committee reconsider its exclusion of dozens of footwear, apparel and textile provisions from the draft MTB package.

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 sewn products throughout the United States and the world. In short, our members make everywhere and sell everywhere.

As you know, AAFA and its members have been extensively involved in and have been strong supporters of the MTB process over the years. AAFA and its members strongly support the transparent and fact-based process Congress has developed over the years to determine which provisions should be included in the Miscellaneous Tariff Bill. As such, AAFA and its members have worked diligently to ensure that the footwear, apparel and textile provisions submitted as part of the MTB process: 1) are for products no longer produced in the United States and 2) cost the U.S. Treasury no more than \$500,000 in lost revenue.

The process created by Congress, limiting tariff suspensions to only two to three years, has also ensured that these provisions are constantly reviewed to reflect changes in the U.S. economy. Such is the case with our members' products. In fact, less than half (15 out of 36) of the footwear-related provisions approved as part of the 2006 MTB package were extended in the MTB package approved earlier this year. By closely adhering to the tenets established by Congress, textiles, apparel and footwear have figured prominently in MTBs over the past decade as part of Congress' stated goal of supporting U.S. jobs and helping U.S. consumers.

We strongly supported the MTB package Congress approved earlier this year and we have worked diligently with your Committee and others in Congress on the second package of MTBs. Under consideration for the second MTB package were literally dozens of footwear, apparel and textile MTB provisions. From all reports, virtually all of these provisions fully met the criteria established by Congress for inclusion in an MTB package.

Yet, the draft legislation released by your Committee on November 24th only includes one of those provisions, an extension of the duty suspension on certain viscose rayon staple fibers that had expired last year. We do applaud the Committee for including certain related AAFA-supported provisions, including certain children's plastic wallets and certain umbrellas. However, we are disappointed that over 50 other provisions, provisions that fully met the MTB criteria established by Congress, were not included in the draft legislation.

It is our understanding that your Committee, in coordination with the Senate Finance Committee, removed these provisions because of objections of the Obama administration on the basis that they may either undermine trade negotiations or U.S. trade preference programs. These provisions were removed despite that fact over a dozen similar types of provisions were included as part of the MTB package approved by Congress earlier this year.

We again strongly urge you to reject the administration's opposition and reinstate the pending footwear, apparel and textile provisions to the draft MTB package. First and foremost, allowing the administration to make such objections sets a dangerous precedent. The result of inserting such criteria into the MTB process will be to encourage trade partners to view temporary duty breaks as permanently offered concessions – which is exactly what we want to avoid. During all previous negotiations, the existence of temporary preferences (MTBs or preference programs) was ignored in negotiations. When our trading partners wanted to pocket those temporary concessions, we brushed them off and insisted upon negotiating from MFN rates. This suggests otherwise.

Just as important, the MTB, by its very design, avoids potential conflicts with trade negotiations and preference programs. By requiring that tariff suspensions be very limited in their duration and in their revenue impact, the MTB process was developed so that the suspensions would not have any measurable impact on trade negotiations or preference programs. The provisions individually, and as a whole, are temporary and represent a very small portion of trade. On this basis, they have been accepted by every Democratic and Republican Administration over the past decades.

In this case, the MTBs are truly temporary. As noted earlier, 21 of the 36 footwear provisions included in 2006 MTB, were allowed to expire in the MTB package approved earlier this year. Further, even if all of the 50 plus pending footwear, apparel and textile provisions are included in the draft MTB package, the maximum revenue loss to the U.S. government would equal \$25 million in lost duties. That \$25 million is out of the \$11 billion in total import duties collected on imports of footwear, apparel and textiles in

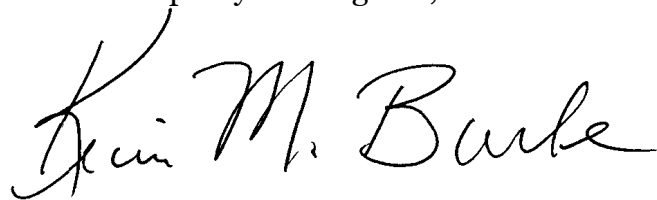
2009. That means that inclusion of all of the pending footwear, apparel and textile provisions, would, at maximum, impact only 0.2% of total duties collected. It would be hard to argue that the inclusion of these temporary, limited provisions undermine either trade negotiations or trade preferences.

To suddenly reject this longstanding rationale would undermine the entire MTB process and its benefits to U.S. companies, U.S. employment and U.S. consumers and would establish a dangerous precedent that, ironically, could undermine the very trade negotiations this new criteria is meant to protect.

Therefore, we again request that you to reject USTR's opposition and reinstate the pending footwear, apparel and textile provisions to the draft MTB package.

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

Please accept my best regards,

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

ATTACHMENTS:

- December 2, 2010 Letter from U.S. Senators to U.S. Trade Representative Ron Kirk
- November 5, 2010 Letter from U.S. Trade Associations to U.S. Trade Representative Ron Kirk