April 28, 2016

Lisa R. Barton
Secretary
U.S. International Trade Commission
500 E Street SW
Washington, D.C. 20436

Re: Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel From the Dominican Republic, Seventh Annual Review. Investigation No. 332-503

Dear Secretary Barton:

On behalf of the American Apparel & Footwear Association (AAFA), I am pleased to submit these comments on the economic impact of trade agreements pursuant to the subject investigation.

AAFA is the national trade association representing apparel, footwear, and other sewn products companies, and their suppliers, which compete in the global market. Representing more than 1,000 world famous name brands, our membership includes 340 companies, drawn from throughout the supply chain. 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 more than $360 billion in annual U.S. retail sales.

AAFA welcomes the opportunity to once again provide comments to the Commission on the operation of the Earned Import Allowance Program (EIAP) as it relates to the Dominican Republic under the U.S./Central America-Dominican Republic Free Trade Agreement (CAFTA-DR).

As you know, we were among the early supporters of this program, believing it would be an important way to expand the U.S./Dominican trade partnership in the context of the CAFTA-DR. Sadly, the program was implemented incorrectly, and in a manner that has hobbled the ability of companies to use it properly. The lack of flexibility to fix that problem and help the program evolve – through revision of the matching formula, addition of other countries, or changing the product mix – has also contributed to the program's under performance. This has diminished export opportunities for U.S. textile companies and sourcing opportunities for U.S. apparel importers and branders. Jobs in both countries have suffered as a result. We have commented orally and in writing several times in the past, most recently in 2013 and 2014.

740 6th Street, NW
Washington, D.C. 20001

(202) 853-9080
(800) 520-2262
www.wewear.org

Sadly, the underlying problems have persisted through 2015. U.S. imports of apparel made in the Dominican Republic in 2015 were down by more than 23 percent over 2008 levels. U.S. exports of fabrics were down by 21 percent during that same period. U.S. imports of trousers (categories 347, 348, 647, and 648) – the very categories intended to benefit from this program – were down by an even greater amount – more than 60 percent – during that same period.

It is our hope that action can be taken quickly to reverse this trend. We urge that this report make very strong recommendations, as it has in the past, for Congress to reform the program so that it provides commercially meaningful incentives to support exports of U.S. textiles and imports of Dominican made apparel.

This program can be successfully improved by

- Adding product categories,
- Revising the matching ratio (i.e., replacing the 2:1 ratio with a 1:1 ratio), and
- Adding additional countries

On this last point, implementing the program regionally is especially important to foster regional integration, build on the industry's propensity to view the CAFTA-DR countries regionally, and create further opportunities in other CAFTA-DR countries that have also experienced sluggish performance under the ten years the CAFTA-DR has been in effect.

While these are not new ideas, and in fact have been discussed extensively in past Commission reports, they are now urgently needed to ensure that this program and this region remain competitive in the years to come.

Thank you for your time and consideration in this matter. Please feel free to contact me at (202) 853-9347 or slamar@wewear.org if you have any questions or would like additional information.

Sincerely,

Stephen Lamar
Executive Vice President