November 19, 2012

The Honorable Ron Kirk
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Acting Secretary Rebecca Blank
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

Re: Administration Position on Miscellaneous Tariff Bills

Dear Ambassador Kirk and Acting Secretary Blank,

On behalf of the American Apparel & Footwear Association (AAFA), Footwear Distributers & Retailers of America (FDRA), National Retail Federation (NRF), Outdoor Industry Association (OIA) and the Retail Industry Leaders Association (RILA) we are writing to express our deep disappointment regarding objections raised against inclusion in a Miscellaneous Tariff Bill (MTB) of proposed temporary duty suspensions on footwear products listed in the enclosure. We believe the reasons provided for these objections are neither warranted nor persuasive, and we urgently and respectfully request that the Administration reconsider its position.

Our associations collectively represent the breadth of the U.S. footwear and retail industries, which employ literally millions of hard-working Americans across the country. The companies in our industry that import footwear pay outrageously high duties, the highest among any consumer goods. It is not unusual to have duties in the 30's, 40's and even as high as 60+ percent, which unnecessarily inflates the cost of this basic necessity for American families. Therefore, we believe it is neither fair nor reasonable to single out the footwear sector by indiscriminately opposing all proposed footwear duty suspensions/reductions.

The MTB process provides very limited, temporary, duty relief for goods that are not produced in the United States. Industries across the board are able to reinvest the duty savings into their U.S. operations (including domestic manufacturing), allowing them to provide more innovation and better value for our customers. There is no evidence that MTBs have any negative impact on free trade negotiations. Indeed, the commercial reality is that limited, temporary duty reductions will not alter the patterns of trade nor diminish the need of U.S. trading partners to seek complete and permanent duty-free access to the U.S. market through the negotiation of free trade agreements like the Trans-Pacific Partnership (TPP) negotiations.

As you know, each MTB is also limited to only to $500,000 loss to the U.S. Treasury, which means that duty suspensions are very narrow and specific. In contrast, the TPP would provide billions in duty savings across sectors; while the MTB encompasses only a fraction of U.S. trade. In 2011 the United States collected $28.6 billion in import duties. If all 1,264 MTBs introduced pass Congress, U.S. duties would be reduced by only $632 million. In the case of the 57 footwear MTBs objected to on the specious grounds of undermining trade negotiations, if all are enacted the total cost would be $28.5 million, just 1% of total footwear duties collected in 2011, compared to $2.3 billion in duties collected for all footwear.

Sixteen (16) of the footwear MTBs we are seeking are extensions of existing ones. There is no evidence that these MTBs have had any negative impact on the TPP negotiations to date, so it is not logical that their extensions would now undermine these talks. Further, it is not likely that the three-year life of these proposed MTBs would overlap the implementation of TPP. Re-imposing duties on existing MTBs, some as high as 37.5%, is not something that companies can easily absorb into their cost structures. The uncertainty that MTBs will be renewed is a risk we understand, but the administration's opposition to giving American companies temporary relief in paying these inordinately high duties is highly disruptive and disconcerting to companies that must determine how to price goods in 2013, and plan production for 2014.

Lastly, one of the MTBs the administration opposes would create statistical breakouts for performance apparel in the U.S. tariff schedule. There are no duty or revenue implications for this particular bill. As such, this bill could not possibly have negative implications for the TPP negotiations. Instead, it will provide more specific information to our industry and to U.S. government officials that will create greater knowledge of the product mix of imports. This information should help U.S. negotiators develop and pursue negotiating positions.

Thus, we strongly urge you to reconsider your opposition to these MTBs. Denying temporary duty suspensions on a limited number of footwear products will only harm U.S companies, their workers and American consumers. There were over 1,300 MTBs introduced this cycle. Please do not discriminate against MTBs supported by U.S. footwear brands and retailers. As this is a critical issue for our members, please contact us at any time if you wish to have more information.

Sincerely Yours,

Kevin M. Burke

Kevin M. Burke, President & CEO
American Apparel & Footwear Association (AAFA)

Matt Priest, President
Footwear Distributors & Retailers of America (FDRA)

Frank Hugelmeyer

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Matt Shay

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National Retail Federation (NRF)

Sandra L. Kennedy

Sandra Kennedy, President
Retail Industry Leaders Association (RILA)

Enclosure

Cc: Chairman Camp
Chairman Baucus
Ranking Member Levin
Ranking Senator Hatch