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November 19, 2012

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

Acting Secretary Rebecca Blank
U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, DC 20230

RE: Administration Objections on 2012 Miscellaneous Tariff Bills (MTBs)

Ambassador Kirk and Acting Secretary Blank:

On behalf of the American Apparel & Footwear Association (AAFA), I am writing to respectfully urge the administration to immediately withdrawal the objections outlined below that have been raised by the administration regarding the footwear and apparel bills introduced as part of the 2012 Miscellaneous Tariff Bill (MTB) process.

AAFA is the national trade association representing apparel, footwear and other sewn products companies, and their suppliers, which compete in the global market. AAFA's members produce, market, and sell apparel and footwear in virtually every country around the world, including the United States. The U.S. apparel and footwear industry employs 4 million U.S. workers who support this global supply chain in research and development, design, manufacturing, compliance, sourcing, logistics, marketing, merchandising, and retail.

The MTB process has become critical for U.S. apparel and footwear manufacturers and importers alike to reduce costs on inputs no longer available in the United States that are used in U.S. manufacturing as well as to reduce the cost of finished footwear and apparel no longer made (or never made) in the United States for American families.

The administration's stated objections to the 59 footwear provisions, that "Enactment would undermine trade negotiations," and to the half dozen or so finished apparel provisions, that "Enactment would undermine existing U.S. trade preferences" are simply false.

Barring the fact that neither objection is anticipated under the MTB process, as established by the House Ways & Means Committee and the Senate Finance Committee, the objections turn upside down U.S. trade policy and U.S. trade negotiating strategy for the last two decades. By the very fact that it is making such objections, the administration is undermining its ability to negotiate trade agreements.

On the objection that "Enactment would undermine trade negotiations," the logic just does not make sense:

- 1) MTBs, by their very nature, are temporary. In the context of footwear, almost two dozen footwear provisions that were part of the 2006 MTB were not renewed as part of the 2010 MTB;
- 2) FTAs, by their very nature, are permanent;
- 3) Successive administrations have always argued that FTAs are negotiated from MFN duty-rates. For example, in the context of the CAFTA-DR negotiations,

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U.S. negotiators insisted that the FTA be negotiated off of MFN rates even though the CAFTA-DR countries already had “permanent” preferences under the Caribbean Basin Initiative (CBI) and long-term preferences under the Caribbean Basin Trade Partnership Act (CBPTA);

- 4) Half of the affected MTBs being opposed by the administration have been in place since 2006, yet they have not impeded in any way the administration’s ability to negotiate trade agreements; and
- 5) While withdrawal of the MTBs in question will have a significant and direct impact on our members, the impact of the MTBs on the proposed Trans-Pacific Partnership (TPP) Free Trade Agreement, or any other trade negotiation for that matter, would be minimal. MTBs provide short term (3 year) duty relief and are limited to projected lost revenue to the U.S. Treasury of \$500,000 per year. There are 59 footwear MTBs; if each result in \$500,000 in lost revenue, the total cost would be only \$29.5 million – this is a mere 1.3% of total footwear duties collected in 2011 (\$2.3 billion).

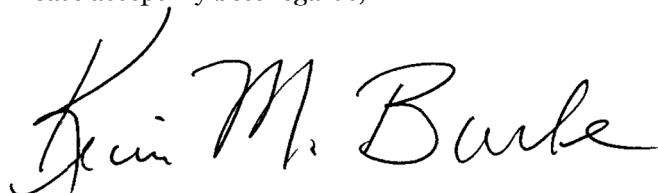
Further, the objection that “Enactment would undermine existing U.S. trade preferences” creates significant concerns. In addition to the reasons outlined above, the basic premise of this objection is faulty. To extend the logic outlined in this objection, the current negotiations toward a TPP agreement would “undermine existing U.S. trade preferences” as would negotiations toward a Doha Round agreement at the World Trade Organization.

For that matter, under this logic, any new trade negotiation would “undermine existing U.S. trade preferences.” By making such an objection, the administration is essentially arguing that U.S. trade policy should be brought to a halt altogether.

In conclusion, AAFA strongly supports the MTB process, and the inclusion of the above referenced bills in any final MTB package. As such, AAFA again respectfully urges the administration to immediately withdraw the above objections to these bills. The objections not only undermine the MTB process, but undermine the ability of the administration to negotiate trade agreements as well as undermine the very foundation of U.S. trade policy.

Thank you for your time and consideration in this matter. Please contact me at 703-797-9035 or kburke@wewear.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