



UNITED STATES
ASSOCIATION
OF IMPORTERS
OF TEXTILES
AND APPAREL

July 15, 2008

Honorable David R. Obey
Chairman
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Honorable Jerry Lewis
Ranking Member
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Honorable Alan Mollohan
Chairman
Subcommittee on Commerce, Justice,
Science And Related Industries
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Honorable Rodney Freylinghuysen
Ranking Member
Subcommittee on Commerce, Justice,
Science And Related Industries
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Obey, Chairman Mollohan, Ranking Member Lewis, and Ranking Member Freylinghuysen:

On behalf of our member companies, we are writing to express our very strong opposition to report language accompanying the House version of the Commerce, Justice, Science (CJS) and Related Agencies FY09 appropriations legislation that could have significant implications for trade. The report language (1) was inserted **without any** consultation with the affected industry, (2) would set an unjustified and harmful precedent, and (3) would attempt to expand and continue an ineffective and ill-conceived program.

At issue is House CJS report language that would have the Commerce Department's International Trade Administration (ITA) "undertake apparel import monitoring, including socks, focusing on prices of imports from China and Vietnam and whether their state-run industries are illegally pricing products and dumping in the United States." This apparent admonishment to the Commerce Department to continue and expand a special apparel monitoring program was reportedly included in response to a

request from representatives of the U.S. yarn and fabric industry, without any input from or consideration of the U.S. apparel industry, the U.S. retail and importer industries, or consumers of apparel. Had the views of any of the relevant constituencies been solicited or considered, the Appropriations Committee would have learned that such a monitoring program is controversial and should not be supported or promoted by the Congress.

It is both wrong and harmful to the U.S. economy for the Congress to urge or require the Commerce Department to single out apparel made in Vietnam or China. We are concerned that this is primarily intended to chill and micromanage trade by encouraging the movement of sourcing to other countries with no apparent gain to the United States. We would note that, if the goal is actually to assist potential trade remedy petitioners identify and address unfair trade practices, the Congress already funds such an ITA program. The Petition Counseling and Analysis Unit (PCAU) helps U.S. businesses with the process of filing a petition seeking an antidumping or countervailing duty investigation and provides businesses with the publicly available tariff and trade data.

Additionally, there is no basis for conducting monitoring and price analyses targeted at selected apparel products from a few countries but not for all other products from all other countries that might someday be the subject of unfair trading investigations. Unless the Congress is prepared to require that the Commerce Department conduct the same monitoring and analysis for all other products – from pencils to lawn mowers to mattress springs to steel products -- from all other countries, which would clearly overwhelm the agency and require a considerably larger appropriation, such special programs cannot be rationalized and could be vulnerable to a challenge in the World Trade Organization.

We also are concerned that a new apparel import monitoring program, as envisioned, would be a misuse of taxpayer funds. In order for a trade remedy case to be successful, domestic producers of like or directly competitive products must show injury from the allegedly unfairly traded products. During the past 18 months, not a single domestic apparel interest has claimed injury as a result of trade with Vietnam. Given the size and scope of the current domestic apparel industry – where most current production does not compete with imports from Asia – it is unlikely that domestic apparel producers would be able to substantiate injury from imported apparel products. Moreover, a monitoring system on apparel imports ostensibly for the benefit of U.S. yarn and fabric producers raises serious process concerns. It would appear to be an attempt to circumvent U.S. antidumping law by ignoring the standing requirements for petitioning industries and launching de facto antidumping investigations without the formal initiation of an investigation.

Although the Bush Administration made a mistake in September 2006 in acquiescing to a demand by two Senators acting on behalf of the U.S. textile industry to create a Vietnam apparel monitoring program, it repeatedly assured the business community and many in Congress that the program would end with the Administration.

The fact that two Bush Administration reviews found no evidence of dumping confirms that it never should have established the monitoring program in the first place. While the Vietnam monitoring program imposed additional costs on U.S. companies, by forcing them to reconsider sourcing plans and divert orders to other suppliers, it did not bring a single order or job to the United States.

At a time when consumer prices are increasing, Congress should not force the hand of the next Administration to spend valuable taxpayer resources on a program that will provide no real value to the domestic apparel industry, and which could likely fuel inflationary pressures.

Sincerely,



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