

December 1, 2006

The Honorable J. Dennis Hastert
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Hastert, Minority Leader Pelosi, Majority Leader Frist and Minority Leader Reid:

As representatives of the broad spectrum of the U.S. business community, we strongly urge both the House and Senate to approve a tax and trade package before the 109th Congress adjourns that would enact, renew and extend a number of important trade preference programs. These critical programs would expand U.S. trade and economic competitiveness and promote a number of U.S. foreign policy objectives. Specifically, we urge Congress to:

- **Renew the Generalized System of Preferences (GSP) program**—GSP has been an effective trade tool bolstering domestic manufacturing, expanding consumer choice, and promoting economic growth in developing countries. Allowing GSP to expire could lead to months of significant trade disruption. Not only will GSP beneficiary countries suffer losses of important export orders, but American companies who rely on lower-cost preference program inputs—which often include raw materials, components and parts used in U.S. manufacturing—will see their costs escalate and their competitiveness decline. Moreover, small and medium-sized businesses will suffer the most, since they lack financial resources to pay the import duties that will re-emerge if Congress does not act.
- **Renew the Andean Trade Preferences Act (ATPA)**-- ATPA, which expires at the end of the year, has increased trade and investment flows between the U.S. and Andean countries, and has led to a transition for some Andeans away from narcotics trade to legitimate, sustainable economic enterprise. If ATPA expires, newly established entrepreneurs could be forced to revert to illicit activities. Moreover, the Administration has long sought deepened economic ties with the countries of the Andean region through the negotiation of free trade agreements. If ATPA is not renewed this session, Peru and Colombia would be penalized for their efforts to conclude high-standard FTAs with the United States. Finally, without renewal of preferences for Peru and Colombia that would avoid trade disruption until the FTAs enter into force, U.S. workers, firms and farmers will face an uncertain investment and economic climate in these Andean countries.

- **Continue access to the “third-country fabric” provision under of the African Growth and Opportunity Act (AGOA)**— This trade program helped to spur the development of a sub-Saharan apparel industry, serving to diversify many African economies, promote growth and increase trade and investment flows between the U.S. and sub-Saharan Africa. That progress is jeopardized by the impending phase-down of a key AGOA provision -- the third country fabric provision -- that provides crucial flexibility for sub-Saharan apparel producers. Congress must act to ensure such flexibility is preserved.
- **Extend certain trade preferences to Haiti**— Congress should also act to deepen existing preferences with Haiti, the poorest country in our hemisphere. The Haitian apparel sector, one of the few manufacturing sectors in Haiti, faces numerous threats, including political instability and increased competition in a post textile quota world. Without additional preferences, it is unlikely that the industry, which still employs more than 10,000 workers, can survive.
- **Enact the Miscellaneous Tariff Bill (MTB)**—Manufacturing is one of the engines that drives the U.S. economy. However, American manufacturing costs are approximately 32 percent higher than the average for our major trading partners. Trade programs like the MTB help mitigate these higher costs by temporarily suspending or reducing duties on inputs and products not made domestically. They can also correct long-standing customs errors, including corrections resulting in part from World Customs Organization decisions. Without the MTB, manufacturing companies across the country will incur hundreds of millions of dollars in additional taxes—a damaging blow to our common goal of preserving a viable and globally competitive domestic manufacturing base.
- **Grant Permanent Normal Trade Relations (PNTR) to Vietnam**--Granting PNTR to Vietnam will benefit U.S. workers, firms, farmers and promote growth in a key developing economy. The Administration negotiated a stellar World Trade Organization (WTO) accession agreement with Vietnam. Without PNTR, the U.S. is unable to benefit fully from the accession agreement and our trade competitors would have an advantage in that marketplace. In addition, we urge a fair outcome to any procedures applied to the apparel and textile industry.

Given the benefit of these critical trade programs to U.S. workers, firms, farmers and trade partners in the developing world, the House and Senate must act on these measures in the remaining days of the 109th Congressional Session to avoid increasing manufacturing and consumer costs and significant trade disruption. We look forward to working with you on these issues over the remaining tenure of the session.

Sincerely,

3M
Ad Hoc Coalition on Tariffs
Albaugh, Inc.
Alticor
American Apparel & Footwear Association
American Beverage Association
American Chamber of Commerce and Industry of Panama
American Chamber of Commerce for Brazil
American Chamber of Commerce for Brazil – Rio de Janeiro
American Chamber of Commerce for Brazil – São Paulo
American Chamber of Commerce in Argentina
American Chamber of Commerce in Guatemala
American Chamber of Commerce in Haiti
American Chamber of Commerce of Bolivia
American Chamber of Commerce of Canada
American Chamber of Commerce of El Salvador
American Chamber of Commerce of Jamaica
American Chamber of Commerce of Mexico, A.C.
American Chamber of Commerce of Nicaragua
American Chamber of Commerce of Peru
American Chamber of Commerce of the Dominican Republic
American Chamber of Commerce of Trinidad and Tobago
American Council of Life Insurers
American Frozen Food Institute
Arlington Chamber of Commerce
ArvinMeritor
Association of American Chambers of Commerce in Latin America
Association of Equipment Manufacturers
Association of Food Industries, Inc.
Automotive Trade Policy Council
Axis Chemical
BASF
Binney & Smith, Inc.
BR-111

Business Roundtable
Cadbury Schweppes
California Chamber of Commerce
CAMELBAK Products, LLC
Cardone Industries
Cargill, Incorporated
Caribbean Central American Action
Caterpillar
Chamber of Commerce Uruguay – U.S.A.
Chevron
Chicagoland Chamber of Commerce
Chico’s FAS, Inc.
Chilean-American Chamber of Commerce
Cintas Corporation
Citigroup
Coalition for GSP
Coalition of New England Companies for Trade
Coats and Clark
Coats North America
Colombian-American Chamber of Commerce
Columbia River Customs Brokers and Forwarders Association
Comprehensive Market Access Coalition
Consumers for World Trade
Costa Rican-American Chamber of Commerce
Custom Brokers & Forwarders Association of Northern California
Customs Brokers & International Freight Forwarders Association of Washington State
DaimlerChrysler
Distilled Spirits Council of the United States
Dole Fresh Flowers, Inc.
Duke Energy International
Duluth Area Chamber of Commerce
DuPont Company
Eastman Kodak Company
Ecuadorian Chamber of Commerce of New Jersey CAMCOMEC

Ecuadorian Chamber of Commerce of New York CAMCOMEC
Ecuadorian-American Chamber of Commerce – Guayaquil
Ecuadorian-American Chamber of Commerce – Quito
EDS
Eli Lilly and Company
Emergency Committee for American Trade
Emerson Electric Co.
European-American Business Council
Florida Chamber of Commerce
Food Products Association
Forwarders Association of American
Gates Corporation
General Electric
GFSI, Inc.
Gold Toe – Moretz
Greater Dallas Chamber of Commerce
Greater Irving-Las Colinas Chamber of Commerce
Greater Kansas City Chamber of Commerce
Grocery Manufacturers
Guardian Industries
Hanesbrands, Inc.
Hartmarx Corporation
Hewlett-Packard Company
Hispanic Alliance for Free Trade
Honduran-American Chamber of Commerce
Humble Area Chamber of Commerce
INDA, Association of the Nonwoven Fabrics Industry
Indian Diamond & Colorstone Association
Information Technology Association of America
Inter-American Economic Council
International Bottled Water Association
International Dairy Foods Association
International Wood Products Association
ITT Corporation

Jockey International Inc.
Johnson City-Jonesborough-Washington County Chamber of Commerce
Jones Apparel Group
JVC Americas Corp.
Laminate Wall and Floor Panel Group
Landau Uniform Company
Largo/Mid-Pinellas Chamber of Commerce
Levi Strauss & Co.
Liberty Woods International, Inc.
Liz Claiborne Inc.
Logistics Plus
Long Beach Area Chamber of Commerce
Los Angeles Customs Brokers and Freight Forwarders Association
Lund Group of Associated Publishers
Mack Trucks Inc.
Manhattan Chamber of Commerce
Maryland/Washington, D.C. District Export Council
Mechanix Wear
MetroWest Chamber of Commerce
Miami Valley Marketing Group Inc.
Mobile Area Chamber of Commerce
Motor and Equipment Manufacturers Association
MWW Group
National Association of Manufacturers
National Chicken Council
National Customs Brokers
National Electrical Manufacturers Association
National Foreign Trade Council
National Retail Federation
Nestle USA
New Jersey Chamber of Commerce
Nortel
Northern Kentucky Chamber of Commerce
Ohio Alliance for International Trade

Oklahoma State Chamber
Orchid Ceramics
Organizacion Corona
Otis McAllister, Inc.
Outdoor Industry Association
Oxford Industries, Inc.
Pacific Coast Council of Customs Brokers and Freight Forwarders
Panasonic Corporation of North America
Paraguayan-American Chamber of Commerce
PepsiCo
Perry Ellis International
Peruvian Asparagus Importers Association
Pharmaceutical Research and Manufacturers of America (PhRMA)
Phillips-Van Heusen
Piremag Corporation
Pro Trade Group
Procter & Gamble
Prosperity Consulting Group
Retail Industry Leaders of America (RILA)
Richfield Chamber of Commerce
Robert Bosch Corporation
S & V Industries Inc.
Safeway Inc.
San Diego District Customs Brokers Association
Small Business Exporters Association of the United States
Star Children's Dress Co., Inc.
Statewide Hispanic Chamber of Commerce of NJ
Stuart Martin County Chamber
The American Spice Trade Association
The Association of Colombian Flower Exporters
The Association of Floral Importers of Florida
The Boeing Company
The Coca-Cola Company
The Dow Chemical Company

The Joint Industry Group
The McGraw-Hill Companies
The US-Colombia Business Partnership
The Washington Center
Tifton – Tift County Chamber of Commerce
Time Warner Inc.
Travel Goods Association
U.S. Business Alliance for Customs Modernization
U.S. Chamber of Commerce
United States Association of Importers of Textiles and Apparel
United Technologies Corporation
UPS
US-ASEAN Business Council
Valmont Industries, Inc.
Venezuelan-American Chamber of Commerce and Industry
VF Corporation
Wal-Mart Stores, Inc.
Warnaco, Inc.
WBC Global
Yazaki North America Inc.
ZF Sales & Service North America, LLC