



American Apparel & Footwear Association
the fashion association

May 10, 2001

ATTN: Ms. Gloria Blue
Executive Secretary, TPSC
Office of the USTR
600 17th Street, NW
Washington, DC 20508

RE: PUBLIC COMMENTS BY AMERICAN APPAREL AND FOOTWEAR ASSOCIATION (AAFA) ON U.S. OBJECTIVES AND PREPARATIONS FOR THE WORLD TRADE ORGANIZATION MINISTERIAL CONFERENCE IN DOHA, QATAR ON NOVEMBER 9-13, 2001 (66 FED. REG. 18142, DECEMBER 14, 2000)

On behalf of the American Apparel and Footwear Association (AAFA) – the national trade association that represents apparel and footwear industries – I am writing to offer comments on U.S. objectives and preparations for the World Trade Organization (WTO) ministerial conference in Doha later this year.

Our members supply clothing and footwear to a \$240 billion retail market. They are responsible for the manufacture of virtually every kind of garment or footwear item. Some post annual sales in excess of \$3 billion while many others have annual sales under \$20 million. Some manufacture exclusively in plants in the United States while others supplement domestic operations with production throughout the Western Hemisphere, in Asia, in Europe and in Africa. Although our members produce primarily for the US and European markets, they sell their products in virtually every country in the world.

Many members of the AAFA, and its predecessor organizations – American Apparel Manufacturers Association (AAMA) and Footwear Industries of America (FIA) – have been at the forefront of efforts to expand U.S. trade with Mexico, the Caribbean Basin and Africa, and previous multilateral trade initiatives. We are also participating in conversations with U.S. and regional government officials about negotiations that could lead to a Free Trade Area of the Americas (FTAA).

In general terms, the AAFA strongly supports efforts to enhance market access, improve transparency, strengthen enforcement mechanisms, and harmonize procedures governing international commerce through well-constructed trade agreements with our global partners. We also support the elimination of non-tariff trade barriers - such as

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diverse labeling requirements and customs procedures - that strangle international commerce in a sea of hidden costs, paperwork, and bureaucracy. These efforts usually mean better value for U.S. consumers, and, as one of the most globally integrated national industry segments in the world, members of the U.S. apparel and footwear industries believe they are well-positioned to compete in the world economy

Specifically, our apparel members are strongly supportive of negotiating a new round, especially one that further eliminates restrictions to the global trade in apparel. Our nonrubber footwear members and their suppliers neither oppose nor support the commencement of a new round, but insist that, if one does take place, U.S. nonrubber footwear companies and footwear suppliers must gain improved and reciprocal access to foreign markets along the lines suggested in the preceding paragraph.

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As the U.S. begins to explore this new round, we make the following observations.

Tariff Liberalization/Market Access

Historically, the apparel and footwear industries in developed countries have sought protection from low-wage imports. Many developing countries have also erected barriers for apparel and footwear products. A carefully and balanced multilateral trade round will ensure that these barriers come down in a reciprocal and binding way to ensure access for U.S. and U.S. branded goods in our key markets.

We note that the Agreement on Textiles and Clothing (ATC), by establishing a 10-year period for the "integration" of textiles and apparel into normal trade rules (and thus the elimination of import quotas), laid the foundation for a more rational system for trade in apparel products during the last round. We strongly oppose any efforts to prolong the phase out of the quota system, or replace it with something that has an equally restrictive effect on trade in apparel.

Rules of Origin

The rules of origin should be simple enough such that they do not constitute a hidden barrier to trade. We would recommend no specific rules of origin for footwear other than the general rules of origin that already govern global trade. For apparel, AAFA prefers a rule that is no more restrictive than the Breau-Cardin rules (which confer origin on assembly).

Non-Tariff Barriers

Negotiators must redouble their efforts to ensure that hard-won market access concessions are not overshadowed or rendered meaningless by customs procedures and practices that prevent or impede the entry of U.S. or U.S.-branded goods into various markets. The experience of the U.S. footwear industry under NAFTA is illustrative of this problem. Despite the agreement, which required each country to open its markets, the Mexican government found countless and novel ways to keep U.S. footwear out of the hands of Mexican consumers. Schemes included limiting the

number of customs entry points for footwear, onerous marking rules, and the establishment of "reference prices" for footwear and materials. Negotiators must write new safeguard procedures into any new negotiated round to guard against customs practices that act as non-tariff barriers.

Intellectual Property Rights

Many footwear and apparel companies have made significant investments in their designs and brand names and work vigorously to protect the integrity of their marks. Protection of intellectual property is a key issue for many U.S. footwear and apparel companies and, accordingly, such protections should be well reflected in any negotiations and final agreement.

Government Procurement

The agreement should ensure access and transparency for procurement opportunities with foreign governments (including local governments and state-owned entities) along the lines of the WTO Agreement on Government Procurement. At the same time, the agreement should not interfere with long-standing U.S. purchase requirements in place for textiles, apparel, and footwear for the U.S. Defense Department.

Harmonization/Simplification Issues

AAFA believes an overriding goal of multilateral trade negotiations, and their effective implementation, should be the progressive simplification and harmonization of international trade. The gains in reductions in tariffs and quotas, although important, can be largely meaningless if the rules that govern customs procedures act as a disincentive to that very liberalization.

Specifically, customs processes such as documentation, inspection, and clearance of imported and exported goods should be simplified, harmonized and made transparent to the greatest extent possible with an aim towards reducing delays, paperwork, and corruption. Every country in the world, including the United States, should closely examine its own procedures - such as data collection for imports and exports or paperwork storage requirements - to determine if the mechanics of trade can be made less burdensome. Customs harmonization and simplification issues, particularly to reverse the current and unmanageable proliferation of tariff lines in the Harmonized Tariff System (HTS), should be an absolute priority for negotiators.

At the same time, we strongly oppose efforts that would institute a protectionist agenda in the name of harmonization. We believe harmonization efforts can only be sustained if they reflect a consensual process that provides sufficient phase-in periods to minimize disruption to the market and confusion to the customer.

Garment Labeling

AAFA apparel members support the harmonization of garment labeling requirements - on such issues as care, fabric content, and country of origin - and believe attention in this area can greatly facilitate international trade in garments. As with NAFTA, which

called for harmonization of labeling regulations among the three NAFTA parties, a new round should encourage and facilitate such harmonization efforts.

Labor and Environment

AAFA remains concerned over plans to include provisions relating to labor and the environment in a trade deal. While we believe labor and environmental issues are important, we urge that non-trade related measures not be advanced through multilateral trade negotiations or be the subject of trade sanctions.

Moreover, we believe the debate over the inclusion of labor and environmental provisions in trade agreements unnecessarily neglects important contributions made by private groups. For example, the AAFA has endorsed a private, Industry-supported entity – the Worldwide Responsible Apparel Production (WRAP) program – which provides for independent inspection and certification of footwear and apparel facilities worldwide to ensure that they abide by basic labor, environmental, and customs standards. We are encouraging our counterpart trade associations around the world to subscribe to the WRAP program and believe that such private sector-led initiatives will provide the best foundation for improving labor and environmental standards worldwide.

AAFA appreciates the opportunity to submit these comments. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry K. Martin", with a long horizontal flourish extending to the right.

Larry K. Martin
President