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August 11, 2006

Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

Attn: MTB

To Whom It May Concern:

Please accept this as my letter of opposition to Tariff Bills numbered S. 2709, S. 2710, S. 2711, and S. 2712 currently before the ITC/Senate Finance Committee.

It is my understanding that one of the criteria for any tariff bill to be considered for passage is that it should be non-controversial and there should be no domestic production.

I am a domestic producer of dog collars, leashes, harnesses, and muzzles and I oppose these bills.

My business, Auburn Leathercrafters, has been in continuous operation since 1950 as a manufacturer of leather strap goods including, but not limited to, dog collars. We currently employ 6 people, but are in the process of expanding our markets nationally and look to employ 10 people by years end. If present conditions remain, future growth will be consistent and steady.

Temporarily suspending the 2.4% tariffs on dog collars, harnesses, muzzles, and leashes would be devastating not only to my business, but to my entire industry which is desperately trying to keep production domestic.

The following points are offered for your careful consideration:

- It is generally surmised that decreasing tariffs will serve to make a manufacturer more efficient in order to remain competitive. But because US manufacturers are, for the most part, as efficient as their budgets and regulations allow, one of two things will happen. Either they will stop producing domestically and begin importing, or they will go out of business altogether.

- A 2 year temporary suspension is just long enough to put most small American companies out of business, thus eliminating the competition for the foreign markets.

- A business that is uncertain “if” or “when” tariffs will be lifted on their product is unlikely to be as willing to invest in expanding.

- Every remaining US business is fighting for the high-end market dollars because there is no money in the low-end market. As it goes, those dollars are held by fewer and fewer people which leaves US manufacturers no place to go and fewer and fewer people to sell to.

Unfortunately, as you know, much of the consumer goods sector is very price sensitive because of retailers' "low-price-guarantee" policies. This is all well and good – I shop that way often myself. The unfortunate result, however, is that most of the consuming public does not look beyond price. So, as cheaper imported products enter in to this country, a consumer who is unaware of the subtle differences of products that make them a little more expensive, but more of a value long-term, will snatch up the less expensive product just because it is less expensive.

While the consumer is busy realizing that the product isn't as good quality it once was, the domestic manufactures' sales have dropped way off. Furthermore, because of the economies of scale of production, the prices of quality goods will likely go up, making them unattainable to many who could previously afford them.

The affects of temporarily suspending the 2.4% tariff would be no different to my industry. Not only would I be competing with imported finished goods that are priced more cheaply than mine because of labor and overhead rates, environmental restrictions (or lack thereof), and currency manipulation, but I would find it harder to find the consistent supply of quality raw materials I need to maintain a steady level of production. This I believe to be a real danger especially if my domestic competition begins outsourcing their raw materials and my domestic suppliers either go off-shore themselves, raise their prices to cover their expenses as their sales decrease or go out of business altogether.

I am beginning to see the results of this already. As my suppliers begin outsourcing for various reasons, I am beginning to be supplied with an inconsistent product as has recently happened when the fluctuations in the metal markets caused one of my suppliers of buckles to stop production and go off-shore. The result was that, although the product was sold as the same product, the specifications were drastically different. Thus, the product I had waited for arrived wrong, setting me back further in my production schedule, a schedule which depends on a 5 to 10 day turn-around time. So not only had I wasted 3 to 4 months waiting for my materials to arrive, but I was forced to search for a new supplier, further adding to my cost and further delaying my delivery times. (That does not even take in to account the customers I have lost in the mean-time.) As a small manufacturer, consistency in both my materials and my delivery times is **crucial** to the overall welfare of my business.

It is foolish to give away 2.4% in tariff revenues to the US government for the sake of the availability of cheaper (cost and quality) goods when the cumulative affect would be so great to an entire industry. The likely outcome would be more workers off the tax roles, some of whom will either find lower paying jobs or spend extended amounts of time on unemployment, leaving more vacant manufacturing buildings that local governments cannot collect taxes on, and offering less expensive goods that afford less sales tax revenues. It just doesn't make good economic sense.

Tariffs were designed to help keep trade in balance with other countries. With the enormous trade deficit we have right now, it seems to me that we should be taking every opportunity we can to balance trade fairly. I am convinced that we must oppose policies that undermine our strength and flexibility as a nation.

I thank you for your time and consideration of this matter and I look forward to your reply confirming receipt of this letter and the progress of this letter through committee.

Sincerely,

Anita Dungey, President
Auburn Leathercrafters

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August 13, 2006

Senator Charles Grassley, Chairman
Senator Max Baucus, Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Grassley and Ranking Member Baucus:

On behalf of Coastal Pet Products, Inc, I am writing to express my objection to the proposed legislation to temporarily suspend the duty on dog leashes (Senate Bill 2710), dog muzzles (Senate Bill 2709), dog harnesses (Senate Bill 2711) and dog collars (Senate Bill 2712) in the miscellaneous tariff bill. I appreciate the opportunity to voice the opinion of all Coastal Pet employees concerning this matter.

The specific concern is that by suspending duties on these products it will further allow direct importers to reduce the their costs by the rate of the duties while U.S. manufactures of these products receive NO offsetting breaks on their manufacturing costs.

<u>Background</u>

Coastal Pet Products, Inc. is a U.S. manufacturer of dog collars, leashes, harnesses and muzzles. It was established in 1969 and remains a family run business. Coastal Pet currently employs 680 employees.

By suspending duties on these products the cost gap between foreign goods coming into the U.S and the costs that domestic manufacturers must absorb widens. Thereby making an already unleveled playing field just that must more so! It is also important to continue to fight the ever rising trade deficit the U.S. is facing and suspending a revenue source such as these duties would not be in the best interest of that objective. It is the opinion and hopes of all Coastal Pet employees that the duties of the above mentioned products will remain in place to help U.S. manufactures continue to compete in the growing world economy.

Conclusion

Thank you for the opportunity to comment on Senate Bills 2709, 2710, 2711, and 2712 on the Miscellaneous Tariff Bill before you. I hope that you will look favorably on removing these bills from the legislation as I do not think it is in the best interest of the American people to continue to make it less expensive to import products than it is to manufacture them on U.S. soil.

Sincerely,
Coastal Pet Products, Inc.

Jeff Miller
General Manager

LEATHER INDUSTRIES of AMERICA

August 15, 2006

The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Max Baucus
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Re: Opposition to Duty Suspension for Dog Collars, Muzzles, Leashes, and Harnesses

Dear Chairman Grassley and Senator Baucus:

I write to you today on behalf of the Leather Industries of America (LIA) in opposition to Senate bills S. 2709, S. 2710, S. 2711, and S. 2712, which seek to temporarily suspend the duty on dog collars, muzzles, leashes, and harnesses. These bills will harm domestic producers of these products, their employees, and the U.S. producers of the input materials, including LIA members. The bills represent a complete contravention of the purpose of the miscellaneous trade bills – that is, to reduce tariffs on inputs that are not domestically available.

The Leather Industries of America, formerly the Tanners' Council of America, was formed in 1917 and is one of the oldest trade associations in the United States. LIA currently represents 45 companies engaged in tanning and/or marketing of leather, as well as the companies that supply the industry. Collectively, leather and allied products manufacturing in the United States (NAICS Code 316) employs approximately 40,000 employees, producing nearly $6 billion in leather shipments. LIA tannery members process a variety of hides and skins into leather for use in automobile and furniture upholstery, footwear, garments, luggage, bags and other fashion accessories. Several LIA members produce and sell leather to finished leather goods producers making dog collars, leashes, muzzles and similar products.

In your April 21, 2006 letter inviting members to introduce duty reduction or suspension bills, you identified two requirements a bill must satisfy for its consideration for inclusion in the omnibus miscellaneous tariff bill. The first requirement, which you identified as "foremost" and thus paramount to a bill's chances for inclusion in the omnibus tariff bill, is that a bill be "non-controversial." You clarified that a bill is "controversial" if it is objected to by a domestic producer of the product for which the duty reduction is being sought. These bills are controversial.

LIA members produce leather which, in turn, is used as input for U.S. manufacturers of the goods covered by the aforementioned bills. LIA members which produce the leather for pet products include Hermann Oak Leather in St. Louis, Missouri, Wickett & Craig of America, Inc., of Curwensville, PA, and Muir & McDonald Tanners, of Dallas, Oregon. Domestic

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manufacturers of these products include: Weaver Leather Company Inc., of Mt. Hope, Ohio; Coastal Pet Products, Inc., of Alliance, Ohio; Hamilton Products, Inc., of Ocala, Florida; and Rose America Corporation of Wichita, Kansas.

Moreover, these producers have already been harmed in recent years by the large influx of foreign made products. Imports of foreign made dog collars, leashes, muzzles, and harnesses have flooded the market, increasing 125 percent from 2000 to 2005.[1]

The second of the requirements you identified is that the cost of each bill must amount to less than $500,000 of lost revenue per year. U.S. import data compiled by the International Trade Commission suggests that these bills will result in annual revenue losses for the U.S. Treasury in excess of $6.75 million over a three-year period.

The total amount of lost revenue suffered by Treasury stands to be even greater. Because the bills suspend the duty on the aforementioned products, they confer a competitive advantage to importers of these foreign made products. U.S. producers of these products who cannot afford to compete will not do so and, as a result of their market withdrawal, will subsequently reduce the U.S. tax base.

For the aforementioned reasons, we ask that these bills not be included in an omnibus miscellaneous tariff bill.

Sincerely,

John L. Wittenborn,
President

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1 Data collected by U.S. International Trade Commission.

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