

AMTAC

American Manufacturing Trade Action Coalition

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December 1, 2009

Chairman Max Baucus
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

Sent via e-mail

RE: Opposition to S. 2589

Dear Chairman Baucus:

The American Manufacturing Trade Action Coalition (AMTAC) represents U.S manufacturers of various types of textile and apparel products. On behalf of our members, we are writing to strongly oppose S. 2589, a bill to temporarily suspend U.S. duties on certain knit to shape garments.

We have several major concerns with this legislation. First, S. 2589 covers apparel products that are made in U.S. free trade agreement (FTA) partner countries from yarn made in the United States. There are major U.S manufacturers of the yarns that are used in these types of garments. If the U.S. government provides duty free treatment for garments knit to shape in non-FTA countries from yarns formed outside of the United States, these U.S. manufacturers and their workers will suffer.

More specifically, allowing these garments to enter the United States duty-free undermines critical agreements, such as DR-CAFTA which requires garments of this type to be constructed of yarns formed in the United States or in one of the other DR-CAFTA countries. Allowing duty free treatment for garments made from yarns manufactured in China or India and shipped anywhere in the world for simple assembly puts downward pricing pressure on competing products made by our FTA partners who use U.S. components. This will harm the already weakened U.S. and DR-CAFTA textile and apparel industries.

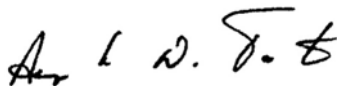
Furthermore, the Miscellaneous Tariff Bill is intended to promote U.S. manufacturing by providing limited tariff relief (up to \$500,000 for any specific tariff line) to domestic U.S. manufacturers who use inputs that are not available from a domestic source. S. 2589 grants duty relief to finished goods and would simply increase the profit margins for importers and retailers to the discouragement of domestic manufacturing.

Finally, as part of the Doha Round of the World Trade Organization talks, the United States is currently negotiating reductions in textile and apparel duties in exchange for certain trade liberalization with regard to other goods and services on the part of our trading partners. In that context it makes no sense to ignore the existence of the Doha Round by unilaterally giving up a U.S. tariff with no compensation from our trading partners.

For all these reasons, S. 2589 is in our view unacceptable and extremely controversial. We strongly oppose S. 2589 and request that it be excluded from any miscellaneous tariff package or any other trade bill considered by the United States Senate.

Thank you for the opportunity to comment on S. 2589, and we greatly appreciate your noting our opposition to this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Aug. I. N. J. B.", written in a cursive style.

Augustine Tantillo
Executive Director
AMTAC

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