

June 13, 2012

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Orrin Hatch
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Baucus and Camp and Ranking Members Hatch and Levin:

As you know, the Third Country Fabric provision of the African Growth and Opportunity Act (AGOA) is due to expire on September 30, 2012. In addition, the technical fixes approved by the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) trade ministers more than a year ago have yet to be enacted. Given the broad bipartisan support for both of these measures, the undersigned business organizations urge you to support legislation to renew the AGOA Third Country Fabric provision and enact the CAFTA-DR technical fixes without further delay.

The negative consequences of the looming expiration of AGOA's Third Country Fabric provision could be devastating for numerous African countries. Moreover, the impact is by no means limited to sub-Saharan Africa. In fact, the delay in renewing this non-controversial measure, which is at the core of the AGOA apparel provisions, has already forced many U.S. companies to shift their 3rd and 4th quarter 2012 orders to other countries to avoid uncertainties.

The delay in renewing this provision is increasingly sending the wrong message to African countries on the eve of the largest annual U.S.-Africa summit — the AGOA Forum, which will be held in Washington on June 14-15. Inaction is difficult to justify given that the Third Country Fabric provision has proven beneficial to U.S. businesses and non-controversial in both Congress and in the U.S. business community. Regardless, as uncertainty grows over renewal, African apparel producing countries have already experienced a 30% drop in apparel orders since January 2012. This decline in orders has already led to the loss of thousands of jobs in Africa, with hundreds of thousands more hanging in the balance.

Many of our member companies, including many unrelated to the apparel sector, have repeatedly expressed grave concern over the fallout of further delay. A perception among African governments that Congress is abandoning Africa is worrisome to many U.S. investors, who must rely on the goodwill of these governments as American companies seeking market access in Africa and competing against companies from other regions.

Similarly, in March 2011, the CAFTA-DR trade ministers met in El Salvador and approved several changes related to CAFTA-DR rules of origin that will benefit the Western Hemisphere textile and apparel supply chain. This move to correct technical errors in the agreement is a job-preserving measure that will allow U.S. producers to recapture market share in the important CAFTA-DR market.

All our CAFTA-DR partners have already completed the domestic procedures necessary to make these changes take effect. Only the United States has yet to take action. Continued uncertainty prompted by this delay will undermine the trade benefits that we have already seen under the CAFTA-DR. Such action is essential to supporting the hundreds of thousands of U.S., Central American, and Dominican workers whose jobs depend on a vibrant Western Hemisphere textile and apparel supply chain.

Again, we urge you to consider the broader commercial and strategic implications of any continued delay in renewal of the AGOA Third Country Fabric provision and enactment of the CAFTA-DR technical fixes. We urge you to approve this legislation as quickly as possible.

Sincerely,

African Coalition for Trade
African Cotton and Textiles Industries Federation
American Apparel & Footwear Association
American Fiber Manufacturers Association
American Manufacturing Trade Action Coalition
Corporate Council on Africa
Emergency Committee for American Trade
National Council of Textile Organizations
National Foreign Trade Council
National Retail Federation
Outdoor Industry Association
Retail Industry Leaders Association
U.S. Association of Importers of Textiles and Apparel
U.S. Chamber of Commerce

cc: The Members of the Senate Committee on Finance
The Members of the House Committee on Ways and Means