



July 21, 2015

The Honorable Michael Froman
U.S. Trade Representative
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Mr. Ambassador:

Congratulations on approval of Trade Promotion Authority (TPA)!

With TPA, we are hopeful you can now conclude a high-standard Trans-Pacific Partnership (TPP) agreement with commercially meaningful provisions for the apparel and retail industry. This includes duty-free access and sufficient flexibilities in the rule of origin to accommodate the global value chains that support U.S. jobs and underpin the competitiveness of U.S. apparel and retail companies. We encourage you to incorporate these concepts in the TPP so that the final agreement will meet the needs of American workers, retailers, brands, and consumers.

We urge the inclusion of the following elements, all of which were included in the U.S. Central America-Dominican Republic Free Trade Agreement (CAFTA-DR):

- Immediate duty-free treatment for at least 75 percent of current trade based on the way that garments are currently made.
- Minimum 50 percent duty cut for sensitive products.
- Single transformation rules for important categories.
- Flexibility to revisit the short supply list in the future to ensure market access as conditions evolve.
- Enforcement measures that recognize the importance of Trusted Trader programs and sophisticated targeting techniques instead of relying on piles of paperwork and inefficient systems.

In testimony before the Congress, you said you were working to craft an approach that would balance the differing needs of the industry, including import sensitivities, and “support the maximum number of American jobs in this country.” We favor such an approach, provided

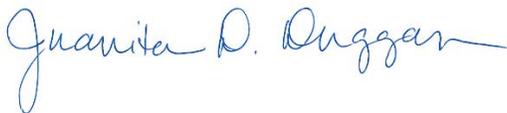
there is sufficient flexibility and market access so that U.S. companies and their U.S.-based workers throughout the supply chain can benefit from the trade liberalizing provisions that are negotiated.

As you know, our industry, and the millions of Americans we employ, relies on access to global suppliers and global markets. The TPP, which will bring together hundreds of millions of consumers and producers into a single economic bloc, can bolster the competitiveness of our members if it contains provisions that meet the needs of our industry, both today and also in the future.

Crafting an agreement that is far more restrictive than the CAFTA-DR and that locks in all the current sensitivities of a narrow segment of our industry undermines the ability of the rest of the industry to use the agreement. Without sufficient flexibilities and market access, apparel manufacturers, brands, and retailers will have a difficult time creating and supporting U.S. jobs through expanded trade and investment that this agreement is intended to foster. It would be a missed opportunity if our country negotiates the largest trade agreement ever completed in a manner that does not adequately account for the changing and dynamic character of our industry.

We are strong supporters of open markets and expanded trading opportunities both here and abroad. In the coming months, our associations and our member companies will evaluate the TPP agreement and determine the level of support based on the outcome of the negotiation. This assessment will largely be based on whether the TPP agreement creates commercially meaningful opportunities – both for now and in the future – for our members and our industry. We look forward to working closely with you and your staff on these issues in the final stages of the TPP negotiation.

Sincerely,



Juanita D. Duggan
President & CEO
American Apparel &
Footwear Association (AAFA)



Matthew Shay
President & CEO
National Retail Federation (NRF)



Sandra L. Kennedy
President
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