

AMTAC

American Manufacturing Trade Action Coalition

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

The Honorable Charles Grassley
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Sent via e-mail

RE: Opposition to S. 1981

Dear Chairman Baucus and Ranking Member Grassley:

The American Manufacturing Trade Action Committee (AMTAC) represents U.S. manufacturers of various types of textile products. On behalf of our members, we are writing to strongly oppose S. 1981, a bill to provide for the liquidation or reliquidation of certain line items regarding entries of tailored garments from Costa Rica.

We have several major concerns with this legislation. First, we understand that the products covered by this bill are certain tailored garments constructed from wool fabric blends. It is clear that the bill is seeking duty relief on the entry of these garments due to the fact that they did not qualify for tariff free treatment under the terms of DR-CAFTA. These products were obviously denied DR-CAFTA duty preferences because they are made from fabrics that were formed outside of the DR-CAFTA region.

There are major U.S manufacturers of the very fabrics that are used in these types of garments. Production facilities for these fabrics are located in a number of states including Connecticut, North Carolina and Oregon. These U.S. manufacturers and their workers will suffer if the U.S. government provides duty rebates for garments made in Costa Rica from fabrics formed outside of the DR-CAFTA region.

The DR-CAFTA is very specific in that it requires garments of this type to be constructed of fabrics that were either formed in the United States or in one of the other DR-CAFTA countries. This requirement is critical to U.S. and Central American fabric makers. The elimination of this fabric requirement would severely undermine any potential benefits for fabric producers in this region. Instead, passage of the bill would allow for fabric to be manufactured in China or India, shipped to Central America for simple assembly and then exported duty free to the United States.

In addition, we believe that S. 1981 violates the basic prerequisites for consideration under the MTB process. The bill seeks to eliminate tariffs on entries from Costa Rica retroactively. Finance committee guidelines for the MTB process prohibit such bills. Moreover, while the bill does not provide duty payment data for entries listed in the bill, we assume that the monetary loss to the U.S. Treasury would far exceed the normal \$500,000 benchmark established for bills under the miscellaneous tariff process.

For all these reasons, S. 1981 is in our view unacceptable and extremely controversial. We strongly oppose S. 1981 and request that it be excluded from any miscellaneous tariff package or any other trade bill considered by the United States Senate.

Sincerely,

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

Augustine Tantillo
Executive Director
AMTAC

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