

ES. Originals inc.

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ES.O.
FOUNDED 1954

December 4, 2009

The Honorable Max Baucus
Chairman

The Honorable Charles E. Grassley
Ranking Member

Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

VIA FACSIMILE: 202-228-0554

RE: Opposition to S 2108, S 2112, S 2424, S 2425, and S 2426 for inclusion in the Committee's miscellaneous tariff bill.

Dear Chairman Baucus and Ranking Member Grassley:

Thank you for the opportunity to provide comments on legislation introduced for possible inclusion in the Senate Finance Committee's miscellaneous tariff bill (MTB). I am writing to express opposition to S 2108, S 2112, S 2424, S 2425, and S 2426, legislation to temporarily suspend the duty on certain kinds of footwear.

E.S. Originals, headquartered in New York City, manufactures and imports a wide variety of men's, women's and children's footwear for U.S. and international consumers. E.S. Originals is perhaps the largest privately owned footwear importer in the world with over 500 employees in our domestic and overseas offices. The company produces and ships shoes with retail sales volume in excess of \$1 billion a year.

Each bill referenced above would if enacted cause substantial economic harm to ESO. The bills would also introduce new and inappropriate discrimination, including gender-based discrimination, in the tariffs imposed on otherwise similar footwear. In addition, four of the bills would result in lost tariff revenue to the U.S. Treasury far exceeding \$500,000 per year, according to 2008 Customs data:

- S. 2108 -- to suspend the duty on certain women's textile upper footwear, valued less than \$20/pair -- duty paid under HTS subheading 6404.20.60 in 2008 was \$9,120,545.
- S. 2424 -- to suspend the duty on certain sports footwear, valued at more than \$12/pair -- duty paid under HTS subheading 6402.99.90 in 2008 was \$94,789,070.

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Manufacturers and Importers of fashion footwear

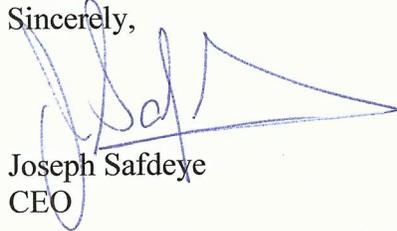
- S. 2425 -- to suspend the duty on certain women's footwear, valued at more than \$3/pair but not more than \$6.50/pair -- duty paid under HTS subheading 6402.99.70 in 2008 was \$868,430.
- S. 2426 -- to suspend the duty on certain children's footwear -- duty paid under HTS subheading 6402.99.40 in 2008 was \$1,828,729.

Roughly three quarters of the customs revenue that would be foregone as a result of these bills pertains to products imported from China. As U.S. Trade Representative Ron Kirk advised members of the Finance Committee during his confirmation process, a unilateral give-away of this nature makes no sense in the current environment; the proper venue for extending tariff concessions to China on footwear is the reciprocal context of the Doha Round market access negotiations.

In addition, we note that Senate bills 2108, 2112, 2425, and 2426 are also covered by S 730, the Affordable Footwear Act (AFA) pending in the Senate. It is clear that the plethora of other footwear duty suspension bills that have recently been submitted in the Senate reflect an attempt to break many provisions of the AFA into individual tariff bills. The idea that these bills are presented as "temporary duty suspensions" belies the fact that such temporary suspensions are often renewed for years and years, thereby effectively providing permanent duty free treatment for these items that would otherwise be dutiable. While we are noting our opposition to several of these MTB's that have an effect on our business, and which also exceed the \$500,000 limitation, we urge you to take note of the fact that the vast majority of the other duty suspension bills also exceed this limitation.

For these reasons, we urge that S. 2108, S. 2112, S. 2424, S. 2425 and S. 2426 be deemed controversial and ineligible for inclusion in the MTB by the Committee on Finance. Thank you for the opportunity to provide our comments in the MTB process.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joseph Safdeye', with a long horizontal flourish extending to the right.

Joseph Safdeye
CEO