



December 4, 2009

The Honorable Max Baucus
Chairman
Senate Committee on Finance
511 Hart Senate Office Building
Washington DC, 20510

The Honorable Charles E. Grassley
Ranking Member
Senate Committee on Finance
135 Hart Senate Office Building
Washington DC, 20510

Dear Chairman Baucus and Ranking Member Grassley:

On behalf of the American Apparel & Footwear Association (AAFA), the National Retail Federation (NRF), the Retail Industry Leaders Association of America (RILA), the U.S. Association of Importers of Textiles and Apparel (USA-ITA), and the companies we represent, we are writing to express our strong support for the knit-to-shape sweater duty suspension bills introduced by Senators John Cornyn and Kay Bailey Hutchison as part of the Senate Finance Committee's Miscellaneous Tariff Bill (MTB) process.

These bills¹ would suspend or reduce duties on certain knit-to-shape sweaters that are not produced in the United States. As you may recall, when the Multi-fiber Arrangement (MFA) quotas on textiles and apparel expired in 2005, a new system of transitional import quotas were imposed on China through a bilateral Memorandum of Understanding (MOU). During those negotiations, the U.S. Committee for the Implementation of Textile Agreements (CITA) determined that imports of knit-to-shape (looped and linked) sweaters, which are technically classified as knit tops (a quota category), did not cause domestic market disruption. These products were subsequently exempted from the quotas established under the MOU.

Knitting-to-shape is a highly specialized needle technique for knitting garments. The process involves knitting garment components to the shape of the body (instead of cutting and sewing swatches of knit fabric) and then looping and linking the components to create the final product. Commercial production of such knit-to-shape sweaters does not exist in the United States or in U.S. supply chains in the Western Hemisphere. The definition of "knit-to-shape" used in the MOU quota exemption, which was the result of negotiations with the U.S. domestic industry, is the same definition used in the pending MTB legislation.

¹ These bills are S. 2578, S. 2579, S. 2580, S. 2581, S. 2582, S. 2583, S. 2584, S. 2585, S. 2586, S. 2587, S. 2588, S. 2589, S. 2591, S. 2590, S. 2592, S. 2593, S. 2602

Knit-to-shape sweaters are an important part of the business for many of our member companies. The benefits of suspending the duties on products not made domestically go beyond the positive impact on U.S. apparel interests. Lowering costs on these key items would enable our members' to offer our customers better value, support U.S.-based jobs, and help U.S. companies remain viable and competitive, particularly during this challenging economic environment for the retail industry.

Since the U.S. Government has officially identified certain knit-to-shape sweater products as not harming a domestic industry, we strongly urge you to support the inclusion of the knit-to-shape sweater legislation (specific bill numbers listed in the footnote on page one) in the final MTB package.

Sincerely,

American Apparel & Footwear Association (AAFA)
National Retail Federation (NRF)
Retail Industry Leaders Association (RILA)
U.S. Association of Importers of Textiles and Apparel (USA-ITA)