



UNITED STATES
FASHION INDUSTRY ASSOCIATION

March 25, 2014

Mrs. Florizelle Liser
Assistant U.S. Trade Representative for Africa
United States Trade Representative
600 17th Street NW
Washington, DC 20508

RE: AGOA Roundtable Follow Up

Dear Florie:

On behalf of the apparel manufacturing, brand, and retail associations, we thank you again for convening the roundtable on December 19th to discuss the African Growth and Opportunity Act (AGOA). We think this is an important discussion that needs to occur now to facilitate a timely and long-term renewal of the AGOA program. This will ensure the continued success of the program.

After our meeting, the associations conducted a joint member survey to obtain the additional information you requested during the meeting. We surveyed our members about current issues with investing and sourcing from AGOA beneficiaries; what additional elements or benefits the U.S. could provide to incentivize additional investment; what the AGOA beneficiaries can do to encourage additional investment; and what would the impact be if AGOA is not renewed in a timely manner and for a long term.

Universally, the members reiterated the associations' October 17, 2013 joint statement which called for an immediate, long term renewal of the program with a similar long term extension of the third party fabric provision for all AGOA beneficiary countries. This is the most important action that the United States can take to ensure that current investments and sourcing remains in the AGOA countries. It also is the most important step to support opportunities to expand investments and sourcing in AGOA.

While the survey closely aligns with the discussion during the Roundtable, we highlight a few of the findings.

AGOA Needs a Long-Term Commitment and Maximum Flexibility

In the survey, the members noted that the program needs to remain as flexible as possible. In particular, they stated that trade programs that require frequent renewal are very difficult to rely on for embarking upon long-term vendor relationships.

When asked whether imports from AGOA would decrease if the program is not renewed for a long term and in a timely manner, members categorically responded “Yes”. Many noted that the reduction would be significant, with some companies saying they would reduce their sourcing in AGOA by 100 percent. They again reiterated the need for an early, long-term renewal of AGOA to build upon current investments.

AGOA Needs Capacity-Building Support for Worker Training

Apparel brands and retailers highlight the continuing need for training to help the workers in the region. Improving worker training and focusing on vertical integration will help not only attract investment, but lead to further economic development and stability. This is an area where U.S. funding for expanded capacity-building would be particularly helpful. In addition, some companies recommend that they see limits to any expansion of production of apparel in AGOA countries because the AGOA imports are almost entirely basic apparel products. Recognizing that there is an important opportunity to expand the types of textile and apparel products that are manufactured in Sub-Saharan Africa, we also recommend consideration for trade capacity-building projects to train workers in AGOA countries to produce more complicated types of garments as well as home furnishings.

AGOA Needs Capacity-Building Support for Infrastructure Improvements

Members noted that they have extremely long lead times when sourcing from AGOA countries. Most noted that from the mill to the factory, it could take between 45-90 days to get materials. It then takes an additional 45-90 days to get the product from the factory to the store. This highlights one of the major impediments to doing business under the AGOA program – infrastructure needs. The lack of adequate infrastructure and the need for longer lead times result in increased costs in sourcing in AGOA countries. In order to attract more investment, both the U.S. and the AGOA beneficiaries need to address these infrastructure challenges. This can be accomplished by focusing on capacity building in the needed areas – transportation, logistics, electricity, water, customs, etc.

AGOA Needs Capacity-Building Support to Streamline AGOA Entries

As you know, textile and apparel imports that claim AGOA duty-free benefits are required to have a paper visa to present to U.S. Customs and Border Protection at the time of entry to the U.S. This requirement for a paper visa can delay entries from AGOA countries, since the visa is not issued until the shipment leaves the AGOA country of origin. For companies that ship by air to shorten the transit time to the U.S., they find that they often have shipments sitting on the docks waiting for the paper visa to arrive. Obviously this type of delay only adds to the costs, and the frustration, of sourcing from AGOA manufacturers.

Since the visa requirement is part of AGOA in order to verify the origin of AGOA shipments, we recognize that it is important to maintain a visa requirement. However we do recommend that the visa requirement is changed from a paper visa to an electronic visa. Our understanding is

that U.S. Customs and Border Protection will accept electronic visas, but that the cost of setting up this type of visa program has proven a barrier in the AGOA countries. To try to solve this administrative barrier, we recommend that USTR and the ITC combine for a trade capacity-building project to fund the transition from paper visas to electronic visa capabilities for all AGOA countries.

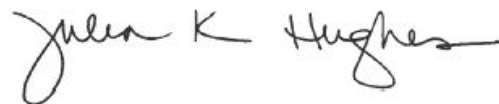
While the cost may seem prohibitive for each individual AGOA country to fund separate projects, we recommend U.S. funding to cover the cost to transfer all AGOA visas to a single electronic process.

We thank you for the opportunity to discuss AGOA renewal. We look forward to continuing the dialog and would be happy to discuss any of these issues with you.

Sincerely,



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