



## Vietnam Textile and Apparel Association – VITAS

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March 5, 2009

Honorable Daniel K. Inouye  
Chairman  
Committee on Appropriations  
United States Senate  
S-131 Capitol Building  
Washington, DC 20510

Honorable David R. Obey  
Chairman  
Committee on Appropriations  
United States House of Representative  
H-218 Capitol Building  
Washington, DC 20515

Dear Mr. Chairmen:

The Vietnam Textile and Apparel Association, VITAS, objects strenuously to a provision contained in the Report for the Commerce, Justice, Science and Related Agencies that accompanies the Omnibus Appropriations Act of 2009 approved by the U.S. House of Representatives last week and currently being considered by the U.S. Senate. That provision expresses an expectation that the U.S. Department of Commerce's Import Trade Administration will undertake "apparel imports monitoring," including apparel made in Vietnam, and assess "whether their state-run industries are illegally pricing products and dumping in the U.S. market."

The alleged need for monitoring is based upon incorrect assumptions and the implementation of monitoring would once again subject Vietnam to harmful and discriminatory treatment that violates U.S. obligations under the World Trade Organization, while providing absolutely no benefit to U.S. makers of apparel. We respectfully and strongly urge the U.S. Congress to delete this provision from its Report.

The Vietnam textile and garment industry consists of over 2,000 enterprises. Of these, only 5 are state-owned at the moment, while the rest are private, including 450 foreign direct investment (FDI) enterprises. VITAS' members alone include 470 Vietnamese owned and operated enterprises

and 130 foreign direct investment enterprises. Apparel manufacturing in Vietnam operates entirely under market economy principles, reflecting the give and take of negotiations between U.S. buyers and the factories. Moreover, Vietnam textile and garment products are mainly exported by the private and FDI companies. Only a very few state-owned textile and garment enterprises exported their products to the United States, and those exports are estimated to account for under one percent of the imports into the United States. Therefore, the Report language is inaccurate in characterizing Vietnam's apparel industry as "state-run."

In addition, the Commerce Department, over the last two years, has concluded that there is no legitimate basis for allegations that apparel made in Vietnam is illegally-priced or dumped in the United States. An earlier monitoring program, created by the last Administration as a temporary measure, conducted three separate reviews of imports of apparel made in Vietnam. Each of those reviews confirmed that there was no evidence of illegal dumping.

VITAS, and our U.S. buyers, the U.S. apparel importers and retailers, strongly objected to that earlier monitoring program, as well, even though we all were assured that it was only temporary. The apparel makers in Vietnam were hurt by that monitoring program -- but it has done nothing to help U.S. textile or apparel makers or to cause these U.S. industries to use this time period to become more globally competitive.

Although Vietnam's apparel trade continued to grow during the two year period the former monitoring measure was in force, the rate of growth achieved by Vietnam was less than what it would have been without the uncertainty that the monitoring program created. The monitoring program caused some U.S. buyers to retreat from Vietnam, and it took a great deal of active effort on the part of VITAS to win back these buyers. Ultimately, VITAS believes that the results of the first two of the three Commerce Department reviews, confirming that there was no evidence of dumping, gradually encouraged U.S. buyers to return.

U.S. buyers know that Vietnam is a fair trader, but they also believe that monitoring measures are highly political, and that the existence of monitoring that singles out one or two supplier countries gives the U.S. textile industry strong leverage to press an Administration to do a favor for the textile industry. We understand that four major apparel importing associations have already contacted you to present their objections to the Report language. Especially at the start of a new Administration, that kind of uncertainty, which no other industries and countries face, makes the monitoring program extremely unfair and threatens to curtail Vietnam's apparel exports, which are already declining because of the world economic crisis. Vietnam's apparel industry is the subject of clear discrimination.

The United States has trade remedy laws in place to provide all U.S. manufacturers with the tools they need to act if they believe there is unfair trade, including the right to file petitions to initiate investigations. VITAS respects that process and believes that the U.S. Congress should as well.

Sincerely,

A handwritten signature in blue ink, appearing to read 'L. Quoc An', with a long, sweeping flourish extending upwards and to the right.

Le Quoc An

Chairman