

October 11, 2006

The Honorable Carlos M. Gutierrez  
Secretary of Commerce  
1401 Constitution Ave., NW  
Washington, DC 20230

Ambassador Susan C. Schwab  
United States Trade Representative  
600 17th Street, NW  
Washington, DC 20508

Dear Mr. Secretary and Madam Ambassador:

We write to express our extreme disappointment at the agreement the Administration negotiated with Senators Elizabeth Dole (R-NC) and Lindsey Graham (R-SC) for the two Senators to lift their holds on legislation to provide Vietnam permanent normal trade relations status. In return, the Commerce Department will monitor import prices with a view to self initiating antidumping investigations against imports of apparel from Vietnam on behalf of the U.S. textile industry. Implementing this ill-considered and damaging agreement places at risk the ability for us and all other U.S. companies to continue current business and generate new business in Vietnam.

As parties directly affected by this agreement, we also wish to voice our displeasure that the Administration failed to consult with any representatives of our companies and industries, leading Members of Congress, and the Government of Vietnam during its discussions on this issue. Had you conferred with this group in advance, instead of just textile industry representatives, you would have learned of the very dangerous precedent created by this agreement, and the significant negative impact it will have on all U.S. businesses, workers, consumers, and the reputation of the United States.

The associations and member companies on this letter have worked for many years to develop Vietnam as a viable alternative to China for clothing, shoes, and other well-made and affordable products for American families. Consequently, we have been strong supporters of the Vietnam PNTR legislation, and have actively lobbied for swift Congressional passage of the bill. If the Administration fails to remedy the untenable situation it has placed us in, preferably by revoking this agreement, it will negate for our companies most of the benefits from the U.S./Vietnam trade partnership.

With this commitment to target textile and apparel imports from Vietnam in order to secure a November vote on PNTR in the Senate, the Administration has effectively turned its back on a long-standing policy of resisting political pressure to self-initiate antidumping cases. It sets a terrible and likely irreversible precedent for this and future administrations in the conduct of antidumping cases, which will harm not only U.S. apparel retailers, importers, and manufacturers, but any U.S. industry in manufacturing and agriculture that depends on a global supply chain. Specifically, the textile industry

and other petitioner groups will now see obstructing key legislation as a successful strategy to force the Administration to self-initiate antidumping cases against other products and countries, especially when they face legal hurdles that would otherwise hinder them from filing a petition. Although this agreement commits the Administration to monitor imports and self-initiate cases only over the remaining years of the President's term, we fear that because it expires in a crucial election year, the policy is virtually certain to be extended indefinitely.

By substantially increasing the likelihood that spurious antidumping actions will commence against imports of clothing from Vietnam in direct response to political pressure from two Members of Congress, the Administration's decision has created a much greater degree of unpredictability for U.S. companies doing business in Vietnam. Importers can never be certain whether clothing they source from Vietnam will be subject to a future antidumping investigation, whether the price they paid for the product will one day be deemed by the Commerce Department to be below normal value (*i.e.*, dumped), whether they will be assessed antidumping duties retroactively on goods they bought and sold months beforehand, and, once imposed, whether it will ever be possible to remove an antidumping order.

The prudent course for our companies in response to this very real threat to our business operations may be to withdraw orders from Vietnam. Otherwise, we face the prospect of spending hundreds of thousands, if not millions of dollars, preparing for the very real possibility of antidumping investigations on apparel that would be launched by and with the support of the U.S. Government on behalf of an industry with no legal basis to file a petition and an otherwise weak case on the merits. This situation will fundamentally alter the landscape on antidumping actions. It has further politicized the antidumping process, which is already too arbitrary and discriminatory against U.S. importers, especially where countries deemed to be non-market economies are targeted.

As a result of the increased unpredictability this agreement will create for American businesses, further trade and investment in Vietnam will be chilled as retailers and consumer brand companies shift their sourcing to suppliers in other Asian countries. A sizable decline in trade in this key sector of the Vietnamese economy because of this decision to politicize textile trade determinations will also substantially reduce the ability and incentive for Vietnamese to purchase U.S. goods and services. This was exactly the situation that U.S. and Vietnamese negotiators sought to avoid when the bilateral accession agreement was concluded earlier this year, with the inclusion of substantial protections for the textile industry against the continuation of any WTO prohibited subsidies to the Vietnamese textile and apparel industries.

Mr. Secretary, Madam Ambassador, let us be clear, this problem must be remedied and our concerns satisfactorily addressed before any "scheduled" vote in November. There is still time to remedy the damage done by this ill-conceived agreement and to restore the predictability, transparency and good faith essential to the success of U.S. business and America's credibility in the international trading community. We look forward to you working with us to achieve these important goals.

American Import Shippers Association  
American Apparel & Footwear Association  
Coalition of New England Companies for Trade (CONNECT)  
National Retail Federation  
Pacific Coast Council of Customs Brokers and Freight Forwarders Association  
Retail Industry Leaders Association  
Travel Goods Association  
U.S. Association of Importers of Textiles and Apparel (USA-ITA)  
Ann Taylor, Inc. (New York, NY)  
Biscotti, Inc. (San Francisco, CA)  
Charming Shoppes, Inc. (Bensalem, PA)  
Concorde Apparel Co. LLC (Scranton, PA)  
Deb Shops, Inc. (Philadelphia, PA)  
Eddie Bauer Inc. (Seattle, WA)  
Federated Department Stores (Cincinnati, OH)  
Gap Inc. (San Francisco, CA)  
Haggar Clothing Co. (Dallas, TX)  
J.C. Penney Corporation, Inc. and J.C. Penney Purchasing (Plano, TX)  
Jockey International, Inc. (Kenosha, WI)  
Jones Apparel Group Inc. (Bristol, PA)  
Kohl's Department Stores, Inc. (Menomonee Falls, WI)  
Levi Strauss & Co. (San Francisco, CA)  
Liz Claiborne, Inc. (New York, NY)  
New York & Company (New York, NY)  
Nike, Inc. (Beaverton, OR)  
One Step Up, Ltd. (New York, NY)  
Pacific Sunwear of California, Inc. (Anaheim, CA)  
Paul Davril Inc. (Los Angeles, CA)  
Perry Ellis International (Miami, FL)  
Phillips-Van Heusen Corporation (Bridgewater, NJ)  
Polo Ralph Lauren (New York, NY)  
Public Clothing Company, Inc. (New York, NY)  
Regent Int'l Corp. (New York, NY)  
Summit Resource Imports, LLC (Bozeman, MT)  
Target Corporation (Minneapolis, MN)  
Toys "R" Us, Inc. (Wayne, NJ)  
Warnaco Inc. (Milford, CT)