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December 20, 2006

Mr. David Spooner, Assistant Secretary for Import Administration
Room 1870, Department of Commerce
14th Street and Constitution Ave., NW
Washington, DC 20230

Response to Solicitation of Public Comments Concerning a Possible Import Monitoring Program for Imports from Vietnam

Dear Mr. Spooner:

This submission is being filed on behalf of Polo Ralph Lauren Corporation, Ralph Lauren Womenswear and their respective divisions (collectively referred to herein as "Polo"), who import high quality trousers, shirts and sweaters from Vietnam and other countries throughout the world, in opposition to the proposed import monitoring and the consequential potential for self initiation of a dumping proceeding.

Polo chooses to source in Vietnam, among other foreign countries, because of the Vietnam factories' ability to produce garments, regardless of the complexity of the design, to Polo's high standards and exact specifications. Furthermore, not only is there sufficient capacity in Vietnam to produce these intricate garments, but such garments can also be produced quickly. Polo is unaware of any U.S. factory that could come close to replicate the type of production found in Vietnam.

Polo opposes the proposed imposition of a monitoring program for the reasons set forth below.

Increased Imports from Vietnam Have Not Caused, nor do They Threaten to Cause, Market Disruption

Although shipments from Vietnam have increased, there are several global players ahead of Vietnam driving increased shipments of wearing apparel into the United States.

Not only is there is no evidence that these increased shipments threaten to injure the domestic industry or to cause market disruption, but injury from Vietnam is, in general, even more remote since Vietnamese shipments represent only a fraction of all exports to the United States. Nevertheless, the domestic industry is always eager to point to imports as the reason for the need to impose import restraints or as is the case with Vietnam, a program to monitor imports in a hope that that will result in a dumping proceeding.

It is clear, however, that imposing a monitoring program on Vietnam will not revive domestic production since the decline of the domestic industry has been continuous despite the existence of import restraints for decades.

Indeed, as stated above, it is Polo's experience that there is no viable domestic production that could match the quality and efficiency it finds in Vietnam. It is therefore disingenuous for anyone to suggest that increased Vietnam imports has, or will in the future, disrupt what for many years has been a "disrupted" market.

Imposing a Monitoring Program Will Not Result in an Increase in Domestic Production

Monitoring Vietnam imports will not generate additional production in the United States, especially when other low cost producers have been unrestrained since January 1, 2005. If the United States imposes, what are essentially, import restrictions on U.S. imports from Vietnam, it will simply serve to encourage companies to rely on other viable suppliers. In most, if not all cases, this will mean relying upon other Asian suppliers that have access to low cost labor and less expensive fabrics and other inputs.

Accordingly, monitoring Vietnam exports will not increase U.S. production nor lead to additional purchases of U.S. product since importers will only end up going to countries that produce and export apparel to the United States at quantities higher than those of Vietnam.

In fact, most importers have an array of sources at their disposal that they will move production to if it becomes too difficult to source merchandise in Vietnam. The U.S. International Trade Commission reached the same conclusion in its Investigation

No. 332-448, *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market,* January 2004, after acknowledging the common expectation that China will be the "supplier of choice" for most U.S. importers:

> To reduce the risk of sourcing from only one country, U.S. importers also plan to expand trade relationships with other low-cost countries as alternatives to China, particularly with India, which also has a very large manufacturing base for textiles and apparel and a large supply of relatively low-cost skilled labor. One or two other low-cost exporting countries in South Asia – Bangladesh or Pakistan – are expected to emerge as major suppliers for a narrower but still significant range of goods.

The report also concludes that many countries will become "second-tier suppliers" to U.S. apparel importers and retailers in niche goods and services: "As U.S. firms strive to balance cost, flexibility, speed, and risk in their sourcing strategies, they will look to the second-tier suppliers to meet those needs not met by the first-tier suppliers."

While Polo fully intends to take advantage of what Vietnam has to offer, high quality with reasonable materials and labor costs, quick turnaround time and flexibility in production, the company has balanced its sourcing needs.

Moreover, Polo has determined that if a monitoring program—which brings with it the potential for a dumping case affecting its vendors--the company will simply shift its Vietnam production to other sources. Thus, there will be no benefit to domestic production, and imports will continue to dominate, whether or not they are shipped from Vietnam.

Imposing a Monitoring Program May Interfere With the Orderly Development of Trade and Will Harm the American Consumer

We urge the Department of Commerce to consider general notions of free trade and our government's stated preference for allowing natural market forces to hold sway. Allowing market forces to control sourcing will result in a general realignment of all foreign countries in the textile and apparel trade. This was the ultimate intent of eliminating quotas -- an orderly development of trade, as market forces are allowed to make necessary adjustments after decades of artificial restraints.

Moreover, the interests of consumers should also be taken into account, since, as demonstrated above, restrictions imposed on Vietnam apparel exports will not benefit

U.S. producers. Indeed, the only immediate economic effect will be on American consumers, who will have to pay higher prices for their apparel purchases.

Apparel products are very price sensitive. Over the past decade, while overall U.S. retail prices have slowly increased, U.S. apparel prices have actually declined as a result of retailers and importers, like Polo, having the ability to source the highest quality product from the best economic source, wherever that source may be located.

As a result of lower costs, American consumers can save millions of dollars annually, money that benefits our own economy, rather than providing a subsidy to the Vietnamese Government.

Conclusion

Accordingly, monitoring exports from Vietnam, or any exporting country, will not revive a dying domestic industry. Rather, importers will simply source from other viable foreign sources. At the same time, such an action would significantly curtail the sourcing options available to companies like Polo thereby raising the cost of apparel in the United States and hurting consumers, a consequence that would impact the economy of the United States, not of Vietnam.

Polo therefore respectfully requests that the Department of Commerce reject an import monitoring program. If, however, the DOC ultimately concludes that such a monitoring program is desirable, Polo requests that it, and the rest of the importing community, be given another opportunity to provide comments once the categories to be monitored are proposed.

We stand ready to answer any questions the DOC members may have.

Respectfully submitted,

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