



***Comments of Stephen Lamar
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Import Administration Hearing on
Vietnam Textile and Apparel Import Monitoring***

As Prepared for Delivery

Thank you Assistant Secretary Spooner for providing me this opportunity to testify at this important hearing.

As you know, the American Apparel & Footwear Association – the national trade association for the apparel and footwear industries – makes, markets, and sells apparel all around the world, including the United States and in Vietnam.

We appreciate that the Department is holding this hearing and conducting an open and transparent process involving all stakeholders. This is critically important because considerable confusion and misperception over this program persists.

Recently, you reaffirmed that the Administration's commitment is to self-initiate anti-dumping actions against Vietnamese textile and apparel products **ONLY** if the facts warrant. In other words, it is **NOT** an unconditional commitment to self-initiate such actions – despite the claims of some over the past several months.

We believe such statements should be restated more often, more forcefully, and with greater precision. Specifically, there should be **NO DOUBT** that self initiation of an AD investigation would **ONLY** occur if the Department determined (a) that there is dumping of a particular product from Vietnam, (b) that U.S. domestic production of that same product is being harmed by that dumping, and (c) that those U.S. domestic producers supported self-initiation of an investigation.

So how do we get there?

First, the Department needs to provide more context and meaning for the data it is currently posting on the Internet. What are we supposed to make of this trade data, which the Department has itself noted is too broad to serve as an effective monitoring tool? Is the data a place holder or does it represent articles that are the target of a possible AD investigation? Although we are pleased that the Department has

established a special monitoring website, we find the data currently published on the site to be unacceptable.

Our concern is that the publication of unclear trade statistics for just these categories from Vietnam without any context, discussion, or methodology will only contribute to confusion and uncertainty, and generate false expectations. For example, like most of the categories currently being "monitored," Category 352/652 encompasses a range of products from men's t-shirts for screen prints to girl's cotton panties. The products selected must be distinct enough so that monitoring or action against one product does not cause disruption in another product in the same category. The China safeguard process disrupted many individual product sub-categories because it relied upon broad categories. With the AD process equipped to handle more precision, we should avoid that same mistake.

Second, the Department should only monitor the imports of those articles where the Department can first demonstrate:

- A. there is domestic production (not including production sharing),
- B. U.S. producers of those goods actively support such monitoring, and
- C. those U.S. producers can demonstrate that they have the ability to be injured by imports from Vietnam, if such imports are found to be dumped.

In other words, monitoring should occur only in those products where all the ingredients of a possible successful investigation could exist.

For example, it makes no sense to monitor the import of a product if:

- A. the products are not even made in the United States (such as the articles discussed by Jeff Meier of The Hampshire Group or performance outerwear),
- B. the products are made in the United States but cannot be injured by Vietnamese imports (such as products made for the military under the Berry Amendment), or
- C. the domestic producers do not support an investigation should one be initiated.

Yet, the Department has announced that monitoring has begun, suggesting that any or all of these circumstances could be occurring. We find this to be unacceptable as well.

Third, the Department should articulate:

- A. the timeline it will use in making decisions pursuant to any monitoring,
- B. the thresholds that must be crossed before any investigations can commence, and

- C. benchmarks so the trade can understand how the data must appear for an AD investigation to be imminent.

Specifically, that timeline should identify NOW the specific dates over the next 21 months when the Department will make its six-month evaluations. Once we have passed a six-month evaluation date, we should not fear a possible AD initiation until the next six-month date.

The thresholds must identify how the public can comment should the Administration find itself in the unlikely position of having sufficient facts to support initiation of an investigation. Specifically, this should involve hearings so interested parties have an opportunity to present additional data before a decision is made.

Benchmarks are critical so companies can understand what specific data sets might mean. One of the positive elements of the old quota system was the daily publication of "fill rates," which let companies know when they were in danger of shipping into an embargo. We believe this monitoring program should incorporate a similar concept so companies will have adequate warning of any potential investigations.

The process should identify whether products from additional categories can be added for monitoring and, if so, what the timeline for that would be. Finally, the process should clarify the application of critical circumstances and, specifically, that critical circumstances do not reach back to before the initiation of an AD safeguard.

In conclusion, because AAFA represents both domestic producers and importers of apparel, we offer a unique perspective.

We believe there is little support or interest in this monitoring program among domestic apparel producers because much of what is produced domestically does not compete against Vietnamese imports. Moreover, discouraging apparel sourcing in Vietnam – through either the threat or initiation of an AD investigation – provides no guarantee (or even likelihood) that apparel production will migrate back to the United States.

Among importer members, there is strong opposition to this program. Nevertheless, there is a high priority interest in ensuring that the monitoring program be conducted pursuant to U.S. anti dumping code, in a manner consistent with the WTO, and in a manner that is fully transparent and predictable.

Yet, three months after monitoring has begun, it is unclear exactly what is being monitored, what methodology is being used, and how these trade statistics factor into that monitoring. We need you to provide firm answers and create a fully transparent process, so that all interested parties can understand the rules and plan accordingly. Our hope is that this hearing will help generate some of these answers and provide our members with enough information so they can make informed decisions.