

June 10, 2020

The Honorable Richard Neal
Chairman
Committee on Ways and Means
US House of Representatives
Washington, DC 20515

The Honorable Charles Grassley
Chairman
Committee on Finance
US Senate
Washington, DC 20510

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
US House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
Ranking Member
Committee on Finance
US Senate
Washington, DC 20510

Dear Chairman Neal, Ranking Member Brady, Chairman Grassley and Ranking Member Wyden:

On behalf of the member companies of the American Apparel & Footwear Association (AAFA), I urge you to renew the African Growth and Opportunity Act (AGOA) this year. Although AGOA does not expire until September 2025, we urge you to take action now. With the coronavirus crisis and the upcoming trade negotiations between the U.S. and Kenya, continued certainty in this region is critical now more than ever.

AAFA is the national trade association representing apparel (including legwear), footwear, and other sewn products companies, and their suppliers, which compete in the global market. Representing more than 1,000 world famous name brands, AAFA is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its nearly four million U.S. workers, and its contribution of more than \$400 billion in annual U.S. retail sales.

Even though the AGOA expiration date is five years away, U.S. investment in the region already faces mounting uncertainty. Companies are poised to diversify out of China, and Africa is a logical place for many of them. The on-again, off-again nature of the program before the ten-year renewal was extremely disruptive and meant the industry was not able to take full advantage of the first 15 years of the program. If AGOA were to be renewed this year for another 10 years, companies would have the necessary certainty and timeframe they need to grow a vertical, responsible, and competitive industry in Africa up to and past 2025.

As more companies are beginning to utilize AGOA, and specifically the third country fabric provision, the quota fill rate will be significantly increasing in the coming years. Therefore, we also suggest raising the existing 3.5% limit to at least 4.5%, with a growth provision, so that it not be a constraint going forward.

Furthermore, we view AGOA as a bridge to other free trade agreements such as the U.S.-Kenya trade agreement. A U.S.-Kenya trade agreement will benefit both trading partners in many ways but must

include flexibilities that promote regionalization. It is critical that Kenya can still draw upon the benefits from other AGOA countries especially for the apparel and footwear industry. Moreover, AGOA countries must still be able to partner with Kenya. In the end, regionalization will encourage more countries in the region to pursue trade agreements with the U.S. As you consult with the Administration during the U.S.-Kenya trade agreement negotiations, we urge you to keep this perspective in mind, so we don't backtrack from our recent wins on U.S.-Africa trade.

As we grapple with a "new normal" due to the COVID-19 pandemic, I ask that you renew this important program this year for another 10 years and that we increase the quota so that we can reinject predictability to support investment well ahead of the current 2025 expiration.

Thank you for your consideration. Please contact Beth Hughes, Vice President, Trade & Customs Policy, at bhughes@aafaglobal.org or (202) 853-9353 if you have any questions or would like additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Lamar", with a stylized flourish at the end.

Steve Lamar
President and CEO
American Apparel & Footwear Association

CC:

Members of Committee on Ways and Means
Members of Committee on Finance
Members of the Congressional Black Caucus