



October 15, 2012

The Honorable Max Baucus, Chairman  
Senate Committee on Finance

The Honorable Dave Camp, Chairman  
House Committee on Ways and Means

The Honorable Orrin Hatch, Ranking Member  
Senate Committee on Finance

The Honorable Sander Levin, Ranking Member  
House Committee on Ways and Means

**Re: Comments of Exxel Outdoors on Miscellaneous Tariff Bills - H.R. 4973 (Aderholt)  
and H.R. 4975 (Aderholt)**

Dear Chairman Baucus, Chairman Camp, Ranking Member Hatch & Ranking Member Levin:

I wish to address the objections to H.R. 4973 and H.R. 4975 by Schneider Mills and the National Council of Textile Organizations (NCTO), as I do not think their objections are legitimate. NCTO's objection is based on that of Schneider Mills, which is one of their members.

Schneider Mills does not produce the products that these bills cover. Exxel's U.S. sleeping bag production has been well publicized, but never has Schneider Mills made an effort to sell us their fabric. In fact, in the 12 years that Exxel Outdoors has owned and run our Haleyville, Alabama factory, we have found no mill in the United States that makes the fabrics that are required to produce our mass-market sleeping bags in America.

By way of illustration -- if my Alabama factory were forced to buy only USA-made fabrics, I would be forced to entirely shut down my factory immediately, and move our manufacturing and jobs offshore to Asia.

Exxel is currently using a combination of U.S.-made and foreign-made raw materials in order to operate a stable U.S. factory, providing good jobs to over 90 employees in Alabama, with 25 supporting jobs in California.

Exxel is striving to expand our American factory and our job creation. These tariff suspension bills will serve to lower the cost of our raw materials, so we can use those funds to do just that -- create more American jobs.

Indeed, U.S. sleeping bag manufacturers face stiff competition from Asian-made imported bags. It would substantially enhance Exxel's competitiveness to have duty-free access to raw materials not produced in the United States.

I have reached out to Schneider Mills numerous times, and remain open to a compromise solution if common ground can be found. But Schneider Mills has not been forthcoming in communicating with me.

(Continued)

**To Chairman Baucus, Chairman Camp, Ranking Member Hatch, & Ranking Member Levin  
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I fail to see how a company can claim to make a product, but not make an effort to sell that product to potentially substantial customers. Clearly Schneider Mills is not making fabric commercially available to sleeping bag makers that serve the entry-level price-point market that Exxel serves.

Schneider Mills at first objected "anonymously" and would not respond to Exxel's overtures via their trade association, (NCTO). My initial letter to Schneider Mills via NCTO is attached here.

Then, when the ITC report revealed that Schneider Mills was the objector, although it was late in the process, I contacted Schneider Mills' president immediately by phone. We had what I thought was a good conversation, in which I explained how these tariff suspension bills would not affect fabrics that Schneider manufactures, and will not hurt their business. The president of Schneider actually agreed with me, and indicated that he would contact the ITC to withdraw his objection.

However, since then as far as I know, Schneider Mills' president has not taken the step to withdraw his objection. I have tried to follow up with him many times, but my calls have yet to be returned. Further, I set a meeting with Schneider's sales representative last week to see about using their fabrics in our new, higher price-point sleeping bag line. But the sales representative cancelled the appointment.

I still remain open to talking to Schneider Mills about a compromise solution.

We continue to urge you to include HR 4973 and HR 4975 in the final MTB package. The Outdoor Industry Association (OIA), the American Manufacturing Trade Action Coalition (AMTAC) and the American Apparel and Footwear Association continue to support these bills.

Please do not hesitate to contact me if you would like to discuss this further or if you have any questions.

Many thanks,



Harry Kazazian, CEO  
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Cell: 818.519.3531

Attachment: Exxel Outdoors letter of 08/27/12 to NCTO member

CC: Congressman Robert Aderholt



August 27, 2012

To The NCTO member company objecting to tariff suspension on sleeping bag shells

Dear Sirs/Madams:

I have been apprised that you object to the tariff suspension bill on certain imported sleeping bag shells as part of the MTB process in Congress. I would greatly appreciate the opportunity to talk with you by phone or meet with you in person to discuss this important matter. I would like to explain to you why this tariff suspension would in no way hurt your mill. Additionally, there may even be a business opportunity here.

By way of background, Exxel Outdoors is a U.S. manufacturer of opening-price-point sleeping bags at our factory in Haleyville, Alabama. We continually struggle to compete with stiff import competition from China and Bangladesh. In fact, we have fought hard to save American manufacturing jobs and have openly opposed tariff suspensions on goods that compete with our U.S.-made production.

Attached for your reference is the January 2012 Bloomberg BusinessWeek article about Exxel's two-year battle in DC to save our factory from unfair duty-free import competition.

Exxel has tried to source US fabrics, but no American mills have been interested in making fabrics for our types of sleeping bags. We are aware of mills supplying fabric for military sleeping bag production, but none that supply to the commercial market. Exxel would actually be delighted to have a U.S. supplier for our sleeping bag shells if one were to exist.

Based on our efforts to buy U.S. fabric and the fact that no company has tried to sell us fabric, even though Exxel's American production has been well publicized, I can't imagine the proposed tariff suspension (H.R. 4975) would harm any U.S. fabric mill. On the other hand, it will help the cause of preserving and expanding American manufacturing.

With that, I am reaching out to you to see if we can have a brief conversation to assess the situation. If you are amenable, please email me with your phone number and a good time to call you, or phone me any time. My contact information is below.

Thank you in advance for your kind consideration and I look forward to hearing from you!

Warm Regards,

A handwritten signature in black ink, appearing to read "Harry Kazazian".

Harry Kazazian, CEO  
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## Bloomberg Businessweek

### News From Bloomberg



### Sleeping-Bag Maker Wins Obama Help With Bangladesh Imports

By Eric Martin on January 02, 2012

<http://www.businessweek.com/news/2012-01-02/sleeping-bag-maker-wins-obama-help-with-bangladesh-imports.html>

(Updates with comments from Kazazian in fourth paragraph.)

Dec. 30 (Bloomberg) -- An Alabama maker of sleeping bags fighting low-cost competition from Bangladesh won a victory as President Barack Obama excluded the imports from U.S. tariff reductions for developing nations.

The move announced yesterday by the U.S. Trade Representative's office came in the annual review of the reductions, known as the Generalized System of Preferences. The benefits lapsed at the end of 2010 and were renewed in October along with approval of free-trade agreements with South Korea, Colombia and Panama.

Exxel Outdoors Inc. of Haleyville, Alabama, petitioned to exempt sleeping bags from Bangladesh from the tariff reductions. The company's founder, Harry Kazazian, has said cheap imports endangered the jobs of 84 employees at his plant. Republican Senator Jeff Sessions, who represents Alabama, blocked the renewal of the trade preferences for 129 nations last year in support of Kazazian's campaign.

"This is an amazing Christmas gift," Kazazian said in an interview yesterday. "It's something we've been fighting for two years on behalf of our workers and industry."

The Generalized System of Preferences removes duties on imports such as silver jewelry, radial tires and raw materials from eligible nations through July 2013. More than \$22.6 billion in goods entered the U.S. duty-free under the preferences in 2010, according to the U.S. International Trade Commission, giving companies such as Wal-Mart Stores Inc. and Campbell Soup Co. a combined \$689 million in savings.

#### One Product Removed

"President Obama determined that one product -- certain non-down sleeping bags -- should be removed from eligibility for duty-free treatment under GSP because it is import-sensitive," the U.S. Trade Representative's office said in an e-mailed statement.

Sessions praised the decision, saying in an e-mailed statement that it "defends the rights of workers in

Alabama and throughout the nation.”

A separate petition to remove two types of self-adhesive plastic tape was denied, according to the trade representative’s office.

The Obama administration is reviewing petitions seeking to withdraw or limit preferences based on countries’ practices, and the trade agency said it plans to hold a hearing on Jan. 24 on worker rights in Bangladesh, Georgia, Niger, Philippines, Sri Lanka and Uzbekistan.

--Editors: Judy Pasternak, Larry Liebert

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