



June 7, 2004

The Honorable William M. Thomas
Chairman, House Ways & Means Committee
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Thomas:

The American Apparel & Footwear Association (AAFA), representing apparel, footwear and other sewn products companies and their suppliers, is strongly supportive of the American Jobs Creation Act of 2004 (H.R. 4520). Furthermore, your extensive efforts to reach a consensus on this legislation to end the European Union (EU) sanctions and pass beneficial tax reforms are very much appreciated by the over 600 companies represented by AAFA.

As you know, U.S. apparel, textile and footwear products encompass one of the largest categories on the sanctions list. Like you, we were hopeful that Congress could have approved this legislation before the EU implemented the sanctions in March at 5 percent. The need for action has grown considerably with the sanctions now at 8 percent.

In 2003, \$1 billion worth of apparel, textiles and footwear products were exported to the EU (including the 10 new EU members). In the latest data available, these exports declined 6.6 percent in the first quarter of 2004 with over 40 percent of the decline occurring in March, when the EU sanctions first took effect. Since March 1, U.S. apparel, textile and footwear manufacturers have paid an estimated \$18 million in punitive duties. Other non-quantifiable effects of the sanctions include orders that were not placed and export operation shifts to service the EU from non-U.S. bases of manufacturing.

Ending the sanctions is one of many reasons to support H.R. 4520. The tax reforms included in the legislation will benefit U.S. manufacturing by removing penalties to manufacturing in the U.S. and implementing reforms to improve the U.S. tax code and make U.S. companies more competitive. Some of these reforms include a 3% rate cut for domestic manufacturing, reducing double taxation of U.S. exporting manufacturers and encouraging U.S. investment through repatriation.

Thank you for producing this legislation and I look forward to swift passage in the House.

Sincerely,

Kevin Burke
President & CEO