

deckers
OUTDOOR CORPORATION

November 19, 2012

The Honorable Dave Camp
Chairman
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20510

The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
United States House of Representatives
1106 Longworth House Office Building
Washington, D.C. 20510

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Miscellaneous Tariff Bills - H.R. 4505/S.3038, H.R.4504/S.3039, H.R. 4503/S.3036, H.R. 4502/S.3037, H.R. 4926/S. 3043, H.R. 4927/S.3042, H.R. 4928/S.3041, H.R. 4929/S.3040, H.R. 4993/S. 3055, H.R. 4994/S. 3056, H.R. 4995/S. 3058, H.R. 5330/S. 3057, S. 2400, S. 2401, S.2402, S. 2403, S. 2399, S. 3073

Dear Representative Camp, Representative Levin, Senator Baucus, and Senator Hatch,

I am writing to you in response to the Obama administration's opposition to the above referenced miscellaneous tariff bills. These bills were introduced at the request of Outdoor Industry Association (OIA) and dozens of our member companies, like Deckers Outdoor Corporation, that produce or sell specialty outdoor footwear and apparel.

The administration's stated position is that "enactment...(of these bills)...would undermine trade negotiations," with the implication being that any tariff preference for these products must be conducted through the ongoing Trans Pacific Partnership (TPP) negotiations. And more specifically that the extremely high tariffs assessed on imports of these products represent powerful negotiating leverage with Vietnam. Deckers Outdoor Corporation disagrees with this assessment for several reasons.

These MTBs provide limited and temporary duty suspensions for goods that are not produced in the United States. In fact, the total value is \$12 million annually or about 0.5 percent of all



footwear tariffs collected, hardly significant in the TPP negotiations, but hugely impactful to us and thousands of our customers.

Many of these MTBs are extensions of previously enacted duty suspensions. Since 2006, the outdoor industry has utilized these savings to improve their U.S. operations, invest in employees and develop more innovative products at an affordable price. In addition, there is no evidence that a short term MTB has had any adverse impact on long term free trade negotiations. Indeed, the commercial reality is that these limited and temporary duty reductions will not alter the patterns of trade nor diminish the need of U.S. trading partners to gain complete and permanent duty-free access to other TPP markets.

Further, by opposing these bills, the administration is forcing massive and unexpected cost increases, some as high as 40 percent, on outdoor suppliers, manufacturers, and retailers. Many of these products have already been priced, assembled, sold to retailers. The devastating consequences will no doubt result in higher retail prices, employment contraction across the outdoor industry, and a threat to the economic viability of companies across the outdoor industry. This would be particularly irresponsible during these precarious economic conditions.

Lastly, the administration also opposed S. 3073 (Wyden), a technical correction bill to distinguish certain high-tech performance outerwear apparel in the U.S. tariff schedule. It is baffling that this legislation could "undercut trade negotiations" as it has no duty or revenue impact whatsoever. We strongly believe that specialty outdoor products should be recognized in the U.S. Harmonized Tariff Schedule to provide U.S. trade officials with more specific information about the make-up of imports, which only help U.S. negotiators develop positions based on 21st Century tariff classifications.

As you know, OIA and the outdoor industry have been and continue to be highly supportive of the TPP and President Obama's goal of creating a *meaningful* 21st Century trade agreement. While we look forward to continuing our dialogue with the administration as to how this goal can be achieved, opposing these MTBs and raising costs for U.S. companies and American families, particularly right now, is impractical and in fact, harmful.

We ask that discrimination against a particular industry not be allowed and that you allow these MTBs to proceed in the process despite the administration's opposition.

I appreciate your attention to this matter and look forward to your response.

Sincerely,



Angel Martinez
Chairman, President & CEO



Zohar Ziv
COO