



PASUGUAN NG PILIPINAS

WASHINGTON, D.C.

EMBASSY OF THE PHILIPPINES

14 March 2012

The Honorable Dave Camp
Chairman, House Committee on Ways
and Means
United States House of Representatives
341 Cannon House Office Building
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member, House Committee on
Ways and Means
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Camp and Ranking Member Levin,

I wish to thank you for this opportunity to submit comments relative to the Hearing on President Obama's Trade Policy Agenda and the Future of U.S. Trade Negotiations. As a key ally and successful trading partner, the Philippines appreciates the importance of a renewed focus on global trading relationships and commends the Committee for their efforts in this regard.

The Philippines and the United States have a long and historically meaningful partnership and pursue common ideals of democracy and freedom. Our cultural ties go back over a century and last year we marked 60 years of military and security cooperation under the Philippines-United States Mutual Defense Treaty. An important aspect of this close relationship is our very balanced bilateral trade relationship. It is unfortunate that despite this balance and our strong historical ties, we have not had a bilateral trade initiative in almost half a century. We believe such arrangements will provide impetus to further deepening our trading relationship for our mutual benefit.

The SAVE Our Industries Act (H.R. 2387) will provide a notable step to further our bilateral relationship and strengthen our economies. The SAVE Act has been introduced by Congressman Jim McDermott and Congressmen Brian Bilbray and Bob Filner as co-chairs of the Philippine Friendship Caucus, to provide duty-free access for Philippine made apparel into the U.S. market. This bill will strengthen our struggling apparel industry, allowing it to compete more effectively with China while providing a meaningful export market for U.S. textile products.

The SAVE Act will provide benefits to U.S. businesses and workers. In 2011 62% of U.S. textile exports were sent to the NAFTA/CAFTA-DR regions. While the amount of U.S. textile exports to Asia is increasing it is still a minor market for your industry. The SAVE Act would open a vast new export opportunity that will drive increased production and employment in the United States.

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With the lifting of textile and garment quotas and the consolidation of China's power as a leading exporter of textile and garments, the Philippine apparel industry has seen dramatic losses in production and employment. In 2003 the Philippines employed 600,000 direct workers in our apparel manufacturing sector, we now employ about 150,000. In 2006 we exported \$2 billion in apparel to the United States, in 2011 it was just over \$1 billion. The SAVE Act would revive this industry, strengthen our trading relationship and provide the building blocks to an expanded trade relationship with the United States possibly through a bilateral or multilateral agreement.

The Philippines is known for our ability to manufacture mid- to high-end garments because of our needlework capabilities and skilled workforce. This type of garment production takes place nearly exclusively in Asia, likely with little or no U.S. content. This bill will open up a competitive sourcing option in Asia for U.S. brands and retailers, especially now as many look to diversify out of China, and provide new opportunities to use U.S. inputs.

The US rebalancing towards Asia creates new opportunities for Philippine-US engagement that must embrace the full range our relations. It is because of this and the importance of our garment sector that the Philippine government holds the SAVE Act as a top priority in our trading relationship with the United States. While we have expressed our interest in joining the Trans-Pacific Partnership, it is likely that several years will pass before our membership is completed. Thus the SAVE Act is a vital stepping stone to bridge our garment industry until such time when we could participate in the TPP.

As you look for ways to expand opportunities for U.S. business abroad, I am confident that you will find value in attaching importance to SAVE ACT and support its passage in the 112th Congress.

Sincerely yours,

(ORIGINAL COPY SIGNED)
JOSE L. CUISIA, JR.
Ambassador



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Person(s) and/or organization(s) to whom the above statement will be attributed: **Ambassador Jose L. Cuisia, Jr. Embassy of the Philippines Washington, D.C.**

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