



UNITED STATES
FASHION INDUSTRY ASSOCIATION

March 18, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

Dear Mr. Secretary:

We urge you to open a wide range of tools to help apparel, footwear, and travel goods companies and retailers manage their operations during the coronavirus crisis. This should include, but not be limited to, granting tariff relief immediately, providing for access to capital and other monetary resources to assist in challenges to liquidity, and assisting with distressed worker compensation.

Many apparel, footwear, and travel goods stores are now significantly limiting operations to follow the Administration's recommendations to slow the spread of the coronavirus. While we recognize this is critical to the Administration's efforts to combat this deadly virus, and we are proud to play our part, we are concerned that prolonged store closures could have a devastating and lasting impact on our employees and our industry, including our small and family-owned businesses. For these reasons, we ask that the Administration consider any and all efforts to protect the footwear, apparel, and travel goods sectors.

Temporary tariff relief, including refunding punitive duties paid already, is an important tool that should be deployed immediately. In 2019, our industry paid more than \$20 billion in tariffs, reflecting both punitive rates established recently and rates that were established nearly 100 years ago. While most other goods Americans import are taxed at a rate of just 1.5 percent, apparel and footwear tariff rates are much higher, often in the double digits. In fact, the highest tariff rate of a whopping 67.5% falls on lower value shoes and children's shoes, hitting working class individuals and families the hardest. For the past two years, we have struggled with tremendous uncertainty, confusion, and increased costs from the decision to impose punitive tariffs on footwear, apparel, and travel goods, which every American family must buy as a necessity. These tariffs hit at a time when retail stores throughout the country were already facing unprecedented challenges. As you implement this relief please also take action to delay the payment timetables – like what you have already signaled with income tax payments – for all tariffs.

Beyond tariffs, there are a range of mechanisms that can deliver the temporary and swift relief that our industry needs. Greater access to capital and credit to keep workers on payrolls are just two ideas that

can inject much-needed certainty and liquidity into the apparel, footwear, and travel goods sectors. The immediate loss of revenue associated with store closures, while those companies are still facing payroll, rent, and other supply chain costs, will have reverberations throughout our supply chains, hitting our 4 million American workers, including workers in design, marketing, logistics, retail, compliance, manufacturing, and so much more. Without relief, companies will be forced to make longer term decisions that will make recovery more difficult for American businesses and American workers.

As you consider measures to strengthen our economy, providing tariff relief and other economic measures would generate much-needed capital for our U.S. companies and U.S. workers during this challenging time.

Sincerely,



Steve Lamar
President and CEO
American Apparel & Footwear Association (AAFA)



Steven Kolb
President and CEO
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Matt Priest
President and CEO
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