

April 22, 2009

Ambassador Ron Kirk  
United States Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, DC 20508

Dear Ambassador Kirk:

We are writing about an issue of great importance to us: U.S. trade preferences for developing countries. As non-governmental organizations working to reduce poverty around the world and representatives of U.S. businesses interested in including developing countries in our sourcing plans, we can attest to the contribution preference programs, when properly structured, can have on the creation of economic opportunities, both in developing countries and in the United States.

We urge you to seek timely renewal of expiring preference programs for those countries found to fulfill each program's eligibility criteria and to initiate review and reform of existing U.S. preference programs. These actions, combined with a successful conclusion of the WTO Doha Development Agenda that opens major markets for both developed and developing countries and fulfills the round's original development objectives, will spur much-needed economic development and opportunity in the world's poorest countries. We ask you to pursue policies that will benefit as many of the world's poorest countries as possible, without giving an advantage to one country or region at an expense to another. Looking forward, this will include addressing the unmet needs of some very poor countries while preserving the successes of current programs, such as the opportunities created under the African Growth and Opportunity Act.

These issues are more urgent than ever. America's imports from sub-Saharan Africa have dropped from \$8 billion per month to about \$3 billion per month and Cambodia has lost one fifth of its garment industry since last fall. Many of these countries have few resources and institutions to cushion the impact declines in trade will have on workers and the poor. Swift and ambitious action on preferences renewal and reform can at least help shield them from a crisis they did not cause.

We know that you will be working closely with Congress to look at how our preference programs are working, particularly for least developed countries, as well as ways to improve their effectiveness. We hope to help you with that important effort. We also urge you to support renewing the expiring preferences for eligible countries well before they lapse so that current sourcing relationships are not damaged by uncertainty and the discussion on reform is not hurried to meet the year-end deadline. Such expiration, or removal of more advanced developing countries from eligibility, effectively increases U.S. barriers to trade in violation of the April 2, 2009 G-20 pledge "to refrain from raising new barriers to investment or to trade in goods and services... [until] the end of 2010."

To that end, we would like to take the opportunity of your keen interest in preferences reform to offer our suggestions for a new program that would, we believe, preserve the best of existing programs and repair those provisions that have not been effective. Attached is a proposal outlining key elements for reform that we agree are necessary to ensure that preferences deliver meaningful benefits to developing countries and the United States. It

represents a consensus among us that reflects several years of discussions and hard work. We hope that you find it useful. We would like to meet with you at your earliest opportunity to discuss the proposal in more detail.

We look forward to working with you on renewing expiring preference programs this year and to participating in what we anticipate will be a robust discussion on how to reform those and other programs. Such reforms are needed to ensure that these programs more effectively meet the development challenges of countries facing extreme poverty in ways that are consistent with our growing economic needs, including the needs of our companies and workers.

Sincerely,

Max Finberg, *Director*  
**Alliance to End Hunger**

Kevin Burke, *President & CEO*  
**American Apparel and  
Footwear Association**

Gabrielle Trebat, *Executive  
Director*  
**Brazil- U.S. Business Council**

**Bread for the World**

Claude G. B. Fontheim, *Senior  
Advisor*  
**Business Council for Global  
Development**

John J. Castellani, *President*  
**Business Roundtable**

Randall Soderquist, *Senior Trade  
Program Associate*  
**Center for Global Development**

Laura Baughman, *Executive  
Director*  
**Coalition for GSP**

Stephen Hayes, *President*  
**Corporate Council on Africa**

Calman J. Cohen, *President*  
**Emergency Committee for  
American Trade (ECAT)**

Sara Mayes, *President*  
**Fashion Accessories Shippers  
Association (FASA)**

Jim Kolbe, *Senior Transatlantic  
Fellow*  
**The German Marshall Fund of  
the United States**

Bill Lane  
**The HELP Commission**

Jill Lester, *President & CEO*  
**The Hunger Project**

Jennifer Potter, *President & CEO*  
**Initiative for Global  
Development**

**International Food &  
Agricultural Trade Policy  
Council**

William A. Reinsch, *President*  
**National Foreign Trade Council**

Tracy Mullin, *President*  
**National Retail Federation**

Raymond C. Offenheiser,  
*President*  
**Oxfam America**

Will Marshall, *President &  
Founder*  
**Progressive Policy Institute**

Sandy Kennedy, *President*  
**Retail Industry Leaders  
Association**

Katrin A. Kuhlmann, *President*  
**Trade, Aid & Security Coalition  
(GlobalWorks Foundation)**

Michele Marini Pittenger,  
*President*  
**Travel Goods Association  
(TGA)**

Laura E. Jones, *Executive  
Director*  
**U.S. Association of Importers  
of Textiles and Apparel**

Shamarukh Mohiuddin, *Executive  
Director*  
**U.S. Bangladesh Advisory  
Council**

**U.S. Chamber of Commerce**

Ron Somers, *President*  
**U.S. - India Business Council**

Ritu Sharma, *President & Co-  
founder*  
**Women Thrive Worldwide**

**World Vision**

## ***Joint Proposal for U.S. Preference Program Reform***

For decades, the United States has extended preferential, duty-free market access to imports from selected developing countries through a growing number of preference programs. These programs have contributed to economic development around the world and improved the livelihoods of people living in poverty. In many cases, jobs created under preference programs have provided opportunities for women and low-skilled workers who otherwise have relatively few economic alternatives in many countries yet are responsible for supporting entire families and communities.

American businesses and employees also benefit from trade preferences, with many relying on goods imported duty-free as manufacturing inputs. American families benefit from an ability to purchase a variety of high quality products at affordable prices. Finally, the requirements for participation in these programs bring about economic and legal reforms, which lead to improvements in the rights of workers, enhanced rule of law, and better local business climates, thereby building potential new markets for U.S. exports and regional trade. As such, U.S. preference programs have become key components of both U.S. development strategy and broader U.S. foreign and economic policy.

Despite existing gains, the aims of the various U.S. trade preference programs could be better achieved if they were replaced with a single, comprehensive trade preference program that increases opportunities for *all* developing countries to benefit as much as possible from global trade while, at the same time, creating certainty for exporters, importers and investors. To this end, we support the establishment of a new program with the following elements:

### **1) One simple, unified U.S. trade preference program that:**

- Extends benefits to *all* developing countries, including advanced developing countries, that meet clear eligibility criteria;
- Contains consistent, transparent, predictable and enforceable rules for termination of country and product eligibility that also, when possible, are sensitive to opportunities to expand U.S.-beneficiary, and beneficiary-beneficiary trade;
- Includes a mechanism for public comment and a clear review process for continued participation with regular reporting to Congress on performance and trends in meeting eligibility criteria;
- Uses a simple rule of origin common to all products; and
- Remains in effect for a period long enough to encourage long-term investment and sourcing.

### **2) Enhanced benefits for least developed countries, sub-Saharan Africa and designated low middle-income countries, including:**

- Extension of duty-free, quota-free market access for all products;
- A less restrictive rule of origin for eligible sub-Saharan African countries;
- Targeted trade capacity building assistance for countries in need, including programs to help producers take advantage of preferences and resources dedicated to building local and regional capacity in sub-Saharan Africa; and
- A requirement that all U.S. government foreign assistance policies and tools be aligned to support the development of strong economies and regional integration, where appropriate, to increase participation in local, regional and international trade. U.S. assistance providers would work with private sector and civil society representatives to identify opportunities to most effectively promote economic development in impoverished countries.