



March 3, 2017

The Honorable Wilbur Ross
Secretary of Commerce
U.S. Department of Commerce
Washington, D.C. 20230

Dear Secretary Ross,

Outdoor Industry Association (OIA) is the national trade association for suppliers, manufacturers and retailers in the \$646 billion outdoor recreation industry, with more than 1200 members nationwide. The outdoor industry supports more than 6.1 million American jobs and makes other significant contributions toward the goal of healthy communities and healthy economies across the United States.

On behalf of OIA, I want to congratulate you on your confirmation as the new secretary of Commerce. In particular, we look forward to working with you and the Bureau of Economic Analysis (BEA) on the implementation of the Outdoor Recreation Jobs and Enhancement Act of 2016, legislation passed last year on a unanimous bi-partisan vote that calls for an assessment and analysis of the economic impact of the outdoor recreation industry on the overall U.S. economy.

Likewise, we are eager to collaborate to expand opportunities for domestic manufacturers, identify new export markets, create jobs and build a bi-partisan consensus on trade.

OIA's trade program represents the diversity of our membership, including outdoor companies whose products are conceived, designed and produced in America and those companies that utilize global value chains to bring their products to retail markets. From some of the largest companies in the world to small, family-owned businesses, we work to ensure that U.S. federal trade policy fosters and promotes a stable and predictable environment for all outdoor industry businesses, while seeking to lower costs for outdoor businesses and their customers.

For its part, OIA pursues a "balanced trade policy," meaning that we only seek tariff eliminations on outdoor products that have no commercially viable domestic production, while for those products that are made in America, we promote federal policies that support U.S. manufacturers and help them transition to competition in a global economy.



The strength of this “balanced” approach is that it recognizes that when it comes to trade policy, one size does not fit all. It requires OIA to consider a broad range of interests, consult with domestic manufacturers and importers, go product by product and line by line in the tariff schedule to determine domestic sensitivity and develop precise, targeted initiatives that can benefit multiple stakeholders and consumers by reducing import taxes, sustaining domestic manufacturing, opening new export markets and creating high-paying U.S. jobs.

Outdoor products demand such an approach. Outdoor companies produce some of the most innovative, highly technical performance textiles, apparel, footwear and equipment designed to enhance the experience of the outdoors. They are distinct and unique from more ready-made, mass-market products but often fall in the same basket of domestically produced gear. A balanced trade policy can differentiate between import-sensitive and non-import-sensitive products and provide beneficial results for all stakeholders.

We believe it can serve as a model to develop a new consensus on trade.

A New Consensus on Trade: Made in the USA

We support the administration’s commitment to U.S. manufacturing and increasing the number of U.S. jobs. In fact, there is a growing enthusiasm among outdoor companies and consumers for “Made in the USA” products and we believe there is a tremendous opportunity for a re-birth of domestic manufacturing.

We support the development of targeted tax credits, enhanced vocational education and training and support for workers and communities who may have lost jobs and industries due to increased trade competition. In addition, we look forward to working with the next administration, in consultation with our members, to identify unnecessary and counter-productive regulations that may hinder U.S. manufacturing.

A key part of these efforts will be the development of new export markets through eliminating tariffs and non-tariff barriers on U.S.-made products. As you know, 95 percent of consumers live outside of the United States, and the growth and success of our “Made in the USA” members, particularly new “Mom and Pop” outfits, depend on the ability to tap into those markets and growing, middle-class consumers. Indeed, the number of outdoor enthusiasts participating in a wide variety of activities continues to grow, along with the demand for high-quality, U.S.-made products. Whether they be U.S.-made skis, snowboards or leather boots, outdoor consumers around the world actively seek out the “Made in the USA” label because it represents high quality and performance.



Trade agreements are a critical tool to developing these new export markets. We appreciate the fact that the administration will move away from multilateral deals and will prioritize bilateral agreements. We look forward to working with you to identify the trading partners who provide the most promise for "Made in the USA" outdoor apparel, footwear and equipment.

Finally, we believe there should be no undue burdens that would prevent outdoor companies from labeling their products "Made in the USA," a standard that outdoor consumers increasingly seek out and demand. While the Federal Trade Commission (FTC) has the authority to enforce the federal standard for "Made in the USA," some states, such as California, have enacted even tougher standards, compelling outdoor companies to comply with multiple and conflicting regulations. We strongly support legislation to ensure that the FTC has the sole authority to judge "Made in the USA" labels and preempt state laws that would compel our members to satisfy 50 different labeling standards. A clear, single, unified standard would help encourage more domestic manufacturing and give confidence to consumers that the products they buy are truly "Made in the USA."

Balanced Trade in Action: Foreign Trade Zones (FTZ)

Another opportunity to support balanced trade and the expansion of domestic manufacturing would be through the development and growth of Foreign Trade Zones (FTZ). For many of our members who manufacture in the United States, it can be challenging to find the right inputs domestically. And in some cases, they face a so-called "inverted tariff." That is, the tariff on the input is higher than on the finished product, thus providing an incentive to move manufacturing – and high-paying U.S. jobs – abroad.

FTZs are a critical tool to address these "inverted tariffs" and promote domestic manufacturing and U.S. jobs. They allow a domestic manufacturer to defer payment of an import tariff on certain inputs used in the manufacture of a finished product in the FTZ. Once the product leaves the FTZ, the manufacturer has the ability to pay the import tariff on the input or the finished product, whatever is lower. Outdoor companies have utilized this program to create new product lines and new jobs. We support efforts to expand this program in the next administration.



A New Consensus on Trade: Tariff Relief and Global Value Chains

We are committed to helping our domestic manufacturers grow and compete in a global economy. We also recognize that most of our members utilize global value chains to bring product to market. This includes many of those domestic producers who source inputs from abroad that are not available domestically.

Outdoor companies have been particularly adept at navigating these increasingly complex global value chains. Yet their ability to innovate and bring the latest outdoor gear to market is impeded by outdated and unnecessarily high import tariffs.

For these members, balanced trade means we support eliminating tariffs on outdoor products where there is no viable domestic production. While the average inbound tariff is less than 3 percent, outdoor products, on average, face tariffs of approximately 14 percent and some as high as 40 percent.

These taxes mean higher costs for outdoor companies and consumers, less innovation and fewer American jobs. As noted above, OIA works with importers and domestic manufacturers alike to identify outdoor products that are not produced domestically and develop targeted initiatives to eliminate the import taxes on those products. Adding travel goods – including backpacks and sports bags – to the Generalized System of Preferences (GSP), the main trade preference program for developing countries; the miscellaneous tariff bills (MTBs); and legislation to eliminate import tariffs on recreational performance outerwear are three good examples of this balanced approach.

Balanced Trade and the Asia-Pacific Region

Even as interest in domestic manufacturing grows, China and the countries of Southeast Asia are still critical sourcing options for outdoor companies. Simply put, they have the infrastructure, training and personnel to produce the innovative, highly technical outdoor products outdoor consumers expect. These supply chains have been developed over decades and cannot easily be changed. As such, we believe there are still substantial opportunities for tariff relief with balanced trade as guide. As the U.S. moves away from robust, multilateral trade deals, bilateral trade agreements – negotiated with a balanced approach – with countries like Vietnam and Japan can still help lower costs, spur innovation and get more Americans outdoors by eliminating outdated import taxes on outdoor apparel, footwear and equipment.



And these trade agreements create U.S. jobs, whether they are in product design, development and testing or manufacturing, as many outdoor companies who utilize global value chains are adding a "Made in the USA" component to their portfolios. As noted above, in many cases, domestic manufacturers source-critical components from the region that are not produced domestically – tariff relief, therefore, enhances job growth and fuels the growth of the outdoor recreation economy.

We agree that our trading partners should follow the rules and meet their obligations under the provisions of free trade agreements with the U.S. or as members of the World Trade Organization (WTO). We support dialogue and consultation to remedy any outstanding trade disputes. If these efforts are not successful, however, the U.S. should also act in a manner consistent with our own obligations and U.S. trade law. Unilateral and arbitrary retaliatory or punitive tariffs, will cripple the outdoor recreation economy, including the growing "Made in the USA" sector, creating uncertainty and costing U.S. jobs.

Finally, we look forward to working with you to ensure that tough, enforceable provisions regarding the environment and labor rights are included in any bilateral trade deals. These are core to the values of our industry and demanded by our consumers. Outdoor recreation companies are at the forefront of developing sustainable supply chains that protect the environment and ensure fair labor practices. Trade agreements do represent a significant opportunity to advance these standards.

We thank you for your attention to this letter and your willingness to serve your country, and we look forward to working with you.

Sincerely,

A handwritten signature in black ink that reads "Amy J. Roberts". The signature is written in a cursive, flowing style.

Amy Roberts
Executive Director