

REMARKS OF JOSE M. TORRES
EXECUTIVE VICE PRESIDENT – ADOZONA
BEFORE THE ITC

November 8, 2007

Good morning and thank for this opportunity to present our position on the benefits and effects of the special rules for textiles and apparel under the HOPE bill. My name is Jose Torres, The Executive Vice President of ADOZONA, the Association of Free Trade Zones in the Dominican Republic. I am joined by Joseph Blumberg, Vice President of Grupo M, an apparel manufacturer in the Dominican Republic and member of ADOZONA.

The Dominican Republic and Haiti are part of a strategically and economically important and dynamic textile and apparel industry. With the removal of global quotas in 2005 and other competitive forces, production throughout the hemisphere has suffered: apparel exports from the region have declined, U.S. exports of yarns and fabrics have declined and our member companies have experienced loss of sales and plant closures. In all, some 60,000 jobs have been lost in this sector during the past two years alone.

The socio-economic situation in Haiti is well documented and I need not take the Commission's time to describe the poverty and utter lack of viable economic opportunity for most Haitians. It should be noted that Haiti and the Dominican Republic are linked geographically, socially and economically. When the basics of life cannot be met in Haiti, the Dominican Republic feels the social and economic impact of more and more Haitian immigrants coming to our country. It is therefore important to consider the

where many Dominican companies have long standing co-production relationships with partner facilities in Haiti. Unfortunately, these operations are currently in danger as a direct result of the manner in which the HOPE program is being implemented.

As noted in our formal comments to the Commission, ADOZONA supports the HOPE program and believes it will have a positive impact on the textile and apparel industries in Haiti, the Dominican Republic, *AND* the United States. We note several aspects in which the program can be altered so as to enhance the benefits of the program for all concerned parties. The changes are:

- 1) Extend the program from the original 3 year period to at least 10 years.
- 2) Increase the overall cap on qualifying imports.
- 3) Provide for a tariff preference level for garments made from synthetic knit fabric
- 4) Expand the list of products that benefit from the program to include made-ups and ~~miscellaneous articles in Chapter 62 of the HTS~~
- 5) Reduce the value added requirement to 35 percent to align it with all other value-added requirements the United States currently operates for textiles, namely, the Israel FTA and the Jordan and Egypt QIZ programs.
- 6) The language of the bill itself is at best confusing leaving many of the determining procedures to "ambiguous interpretation". For example, the HOPE legislation, for purposes of measuring performance under the value added requirement, allows producers to aggregate costs for shipments that qualify for

duty free treatment under any program, while Customs regulations require that only shipments of Haitian assembled apparel are to be counted.

- 7) Finally, and most crucially, the “imported directly” provision should be modified to allow northbound shipments of goods that are HOPE compliant to be exported from the Dominican Republic.

This last point may seem minor, but it is crucially important to many companies in the Dominican Republic. I ask my colleague, Joseph Blumberg, to provide some details on co-production operations between Dominican and Haitian companies that are directly impacted by this provision.

In summary, we ask the Commission to consider the comments we have submitted along with this testimony when making an evaluation of the effectiveness or lack thereof, of the HOPE bill. The Dominican Republic is very interested in ensuring that there is meaningful employment for the Haitian people for years to come. We also need for you to recognize that the industry has developed on the “island” and that while we do have national boundaries, we are in fact a single industry that works together. The drafters of HOPE intended to help sustain this industry and in doing so, to promote jobs and viable economic opportunities on the island. Minor modifications to the program and the manner in which it is being implemented, would greatly enhance the potential for these goals being met.