

# The Duty Drawback Coalition

499 South Capitol Street, S.W., Suite 600  
Washington, D.C. 20003

*“Working to preserve export promotion programs for U.S. manufacturers and workers.”*

October 11, 2016

The Honorable Orrin Hatch  
Chairman  
Senate Finance Committee  
104 Hart Office Building  
Washington, D.C. 20510

The Honorable Kevin Brady  
Chairman  
Committee on Ways and Means  
1101 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Ron Wyden  
Ranking Member  
Senate Finance Committee  
221 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Sander Levin  
Ranking Member  
Committee on Ways and Means  
1101 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady and Ranking Member Levin:

For the past 13 years the Duty Drawback Coalition has been a staunch supporter of export promotion programs that benefit U.S. manufacturers and trade associations representing numerous sectors of the economy. We write to express our strong support for the duty drawback and deferral program and urge that all language in existing free trade agreements that restrict the application of those programs be removed. These programs enable U.S. firms to remain competitive in the global marketplace and are the last remaining WTO sanctioned export promotion programs available to U.S. manufacturers. We believe that they should remain available in an unrestricted manner to U.S. manufacturers, allowing them to compete on a level playing field with foreign manufacturers.

As you know, the North American Free Trade Agreement (“NAFTA”) and U.S.-Chile Free Trade Agreement (“USCFTA”) are the only U.S. free trade agreements (“FTAs”) that contain restrictions on duty drawback and deferral for U.S. exports. All subsequent U.S. FTAs, including the Trans-Pacific Partnership (“TPP”) agreement, have not restricted the duty drawback and deferral programs in any manner.

This discrepancy between how TPP and the NAFTA / USCFTA treat duty drawback and deferral programs will result in U.S. manufacturers being worse off with TPP and at a

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disadvantage in the global marketplace unless there is relief from the current NAFTA / USCFTA drawback and deferral restrictions. Because duty drawback is restricted under NAFTA and USCFTA, manufacturers and exporters from TPP signatories who are not part of NAFTA and USCFTA will receive greater benefits over manufacturers from NAFTA and USCFTA countries, creating an unfair playing field for U.S. companies. For example, a U.S. manufacturer importing and paying duties on foreign components from a non-TPP country, and exporting a finished U.S. good to Mexico or Canada, would be subject to greater production costs as compared to a factory located in a non-NAFTA TPP country due to the inability to obtain duty drawback or use a duty deferral program.

Further compounding the harm to U.S. manufacturers, Canadian and Mexican manufacturers have obtained substantive relief from the NAFTA drawback restrictions by the adoption of duty reduction regimes such as the Sectoral Promotion program in Mexico and targeted duty reductions in Canada designed to overcome the NAFTA duty drawback restrictions.

The duty drawback and deferral program is critical for U.S. manufacturers and exporters and we ask for your support in eliminating the duty drawback and deferral restrictions contained in the NAFTA and USCFTA, and working with our Coalition, the Office of the U.S. Trade Representative and U.S. Customs and Border Protection to accomplish this objective. We believe that such a course of action can and should be undertaken in close cooperation with our NAFTA partners and with Chile either in conjunction with the development of TPP implementing legislation or in any other appropriate legislative vehicle.

We look forward to working with you and your staff on this important policy objective. Should you or your staff have any questions or require additional information, please contact Marc Hebert at [mhebert@joneswalker.com](mailto:mhebert@joneswalker.com) or Francis Grab at [francis.grab@wc.ey.com](mailto:francis.grab@wc.ey.com). Thank you for your attention to our views and your long-standing support for U.S. manufacturers, exporters and workers, and the duty drawback and deferral programs.

Sincerely

The Duty Drawback Coalition



Marc C. Hebert  
Jones Walker, LLP

**[See list of member companies/associations on following page]**

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*On behalf of the following member companies:*

American Association of Exporters and Importers  
National Customs Brokers and Freight Forwarders Association  
American Association of Port Authorities  
American Apparel and Footwear Association  
National Retail Federation  
United States Fashion Industry Association  
National Wine Institute  
American Petroleum Institute  
Society of Chemical Manufacturers and Affiliates  
Port of New Orleans  
Constellation Brands, Inc.  
Fanwood Chemical, Inc.  
Sony Corporation  
Charter Brokerage Services Corp.  
Jones Walker, LLP  
Cerny & Associates  
C.J. Holt & Company  
Comstock & Theakston