

U.S. GLOBAL VALUE CHAIN COALITION



May 1, 2018

Secretary
United States International Trade Commission
500 E Street SW
Washington, DC 20436

Ref: Inv. No. 332-566 (Extension of Trade Authorities Procedures)

To Whom It May Concern:

These comments are being filed on behalf of the U.S. Global Value Chain Coalition – a coalition of U.S. companies and associations – that is on a mission to educate policymakers and the public about the American jobs and the domestic economic growth our companies generate through their value chains.

Global value chains include those jobs we traditionally associate with creation of a product – such as those in a factory or on a farm – as well as those positions involved in the conceiving of and delivery of those products – such as design, marketing, research and development, logistics, compliance and sales. Simply put, the global value chain accounts for all the jobs that add value to the good or service sold in the global marketplace. These positions are essential to the creation or sale of a good or service. Moreover, the jobs are here in the United States and are usually high-paying, accounting for much of the value that is paid at the register.

While we are not taking a position on trade promotion authority (TPA), *per se*, we are pleased to see that the two of the negotiating objectives – relating to goods and services – assess trade agreements through their utilization of global value chains. Such objectives are important because, in today's global economy, global value chains measure the full impact of trade policies on jobs.

Please consider the following:

Apparel

- A recent study by the U.S. Global Value Chain Coalition found that about 75 percent of the retail value of an apparel article imported from abroad and sold in the U.S. comes directly from American ingenuity. This means that despite being physically sewn overseas, the vast majority of the value found in a T-shirt, jeans, dress or suit was created by Americans and supported American jobs such as quality assurance, social and import compliance, marketing, and web development.

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- The industry directly employs about 3 million Americans, with many more indirectly employed once related industries – like textiles or dry cleaning – are factored in. These jobs are directly dependent upon an industry for which imports account for more than 97 percent of all sales.

Footwear

- The U.S. imports nearly 2.4 billion pairs of shoes every year to meet the incredible demand of U.S. consumers. That means there are 7.3 pairs of shoes each year for every man, woman, and child in America. Each one of these pairs comes in through a U.S. port, travels across the country (usually by truck), goes to a distribution center (often in rural areas), and reaches store shelves all over America. At each stop along the way, these 2.4 billion pairs of shoes support U.S. workers.
- The overwhelming value of every pair of shoes is produced here in America. Today's shoe company has entire teams of U.S. employees dedicated to sourcing, logistics, design, marketing, administration, protecting intellectual property, and navigating the more than 430 ways to classify a shoe under the U.S. Harmonized Tariff Schedule.
- New 3D printing technology advancements have significantly reduced the time required to sample new shoe designs. While the traditional way of designing and sampling shoes takes two to three weeks for each sample to be produced and shipped to the U.S., 3D printed samples can be made in the U.S. and reviewed in 1 to 2 days. This allows for more resources to be invested in the high-tech and good paying U.S. jobs focused on creating the latest footwear styles, technology, and innovation.

Promotional Products

- The promotional products industry plays an important role in the national economy—collectively, the industry provides nearly 500,000 jobs and generates revenues exceeding \$23 billion annually in the U.S. alone. Promotional products are any tangible item with an imprinted message and are one of the most effective, cost-efficient and longest-lasting media used by advertisers and marketers.
- The promotional products industry relies on a symbiotic partnership of global supply chain providers. Although most promotional products are manufactured overseas, once in the U.S., these products are sold by U.S. workers and are used to promote U.S. goods and services. But perhaps surprising, most promotional products are imported without any logo applied. There are workers in factories in every state in the country that decorate those items to fill domestic and international demand.

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Warehouse and Logistics

- The warehouse-based third-party logistics (3PLs) sector is the intersection point of the domestic and global supply chains. It is a burgeoning industry, with a 60% increase in newly opened distribution warehouses between 2013 and 2015 and an expected 10% annual growth in real revenue over the next 5 years.
- The overall economic impact of the 3PL warehouse industry includes direct, supply chain (indirect), and induced impacts through employment, labor income, value added services, and output. The 3PL industry supports economic activity and growth in engineering, specialized design, finance, insurance, real estate, transportation, and manufacturing because of its niche and specialty services.
- As the intermediary in the domestic and global supply chain, the 3PL warehouse industry accounted for 625,000 direct jobs and nearly \$80 billion in labor income and value in 2015, and supported 1.1 million additional jobs across the economy.

Ports

- Cranes to improve port productivity that enables the U.S. to reach world markets depend on crane manufacturers outside the United States.
- Moreover, American ports make our holidays brighter. Recently,
 - 58 million pounds of imported chocolate were purchased by Americans for Valentine's Day
 - 611 million pounds of turkey meat and \$238 million of cranberry preserves were exported in 2016.
 - \$463.2 million worth of Christmas lights and \$1.5 billion of Christmas ornaments were imported into the U.S. in 2016.
 - 92 percent of Pacific Northwest Christmas Trees are exported out of the region, including to markets in Japan, China, Hong Kong, and The Philippines.

These are just a few examples of how global value chains create jobs and economic opportunities across this country.

As you prepare your report on TPA, and as you evaluate future trade agreements and policies, we encourage you to view these through the lenses of global value chains to assess their impact on U.S. jobs and the U.S. economy.

Sincerely,

The U.S. Global Value Chain Coalition