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STATE OF MAINE

Citizen Trade Policy Commission

June 23, 2010

The Honorable Max Baucus
Chairman
Committee on Finance
U.S. Senate
Washington, D.C. 20515

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
U.S. Senate
Washington, D.C. 20515

Dear Chairman Baucus and Ranking Member Grassley:

The Maine Citizen Trade Policy Commission is a bipartisan commission established in 2003 to assess and monitor the legal and economic impacts of trade agreements on state and local laws, working conditions and the business environment, and to make policy recommendations to the Legislature and the Governor concerning the impact of trade agreements and trade-related policies.

The Maine Citizen Trade Policy Commission voted unanimously to express its strong support of Congressional efforts to preserve jobs in Maine that are threatened as a result of some foreign companies manipulating our tariff system to gain an unfair economic advantage over our domestic manufacturers. If left uncorrected, this situation will encourage other foreign manufactures to manipulate their products for the purposes of avoiding tariffs to which they should be subject.

Genfoot, Inc. and New Balance are among the few remaining domestic shoe manufacturers. New Balance employs roughly 1,000 individuals at their three manufacturing facilities in Maine in skilled, middle class jobs that have brought a direct economic benefit to the State of Maine during this time of high unemployment. The viability of this company has depended on duty rates Congress adopted years ago on the recommendation of the U.S. Trade

Representative. These duty rates help level the playing field and are essential to the preservation of jobs at this facility. However, some international manufacturers have found a way around these tariffs by implanting a small amount of textile material onto the sole of their footwear causing that footwear to be reclassified as a textile product subject to a lower duty rate.

We cannot afford to lose these valuable jobs in our state to unfair tariff practices especially during this time of high unemployment. We strongly urge Congress to close the loophole that allows importers to evade duties that help domestic manufacturers compete in the U.S. and global markets.

We urge you to take action to save Maine jobs and prevent importers from avoiding tariff rates that protect domestic footwear.

Sincerely,

Senator Troy Jackson, co-chair

Representative Peggy Rotundo, co-chair

cc:

Senator Susan M. Collins

Senator Olympia J. Snowe

The Honorable Michael Michaud

The Honorable Chellie M. Pingree