



Trade policy recommendations of Outdoor Industry Association to the Obama Presidential Transition Team

Outdoor Industry Association (OIA) is the national trade association for the suppliers, manufacturers and retailers in the \$289 billion active outdoor recreation industry. Our members include W.L. Gore, Columbia Sportswear, The North Face, REI and hundreds of other outdoor companies.

More than seventy percent of Americans participate in outdoor recreation each year¹, but many people don't realize that having fun and staying healthy in the outdoors is essential to the continued growth of our economy. The outdoor recreation economy, for example, supports nearly 6.5 million jobs, generates \$88 billion in state and federal tax revenue and accounts for more than eight percent of America's personal consumption expenditures². In order for the sector to thrive, however, we would recommend the Obama administration stimulate and support the outdoor industry through effective and targeted federal policy that supports economic growth, job creation and the entrepreneurial spirit in our industry.

The backbone of the outdoor industry is our small businesses -- the niche-product manufacturer or small, specialty retailer. These businesses, however, are well-positioned to help lead our nation's economic recovery. The administration can foster that economic recovery by pursuing targeted policies and enacting an economic stimulus package that reduces taxes and business costs for these small businesses, rewards innovation and reduces retail prices for hard working American families, while at the same time promoting an active life style for Americans of all economic levels, contributing to their health and well-being.

Two proposals that would achieve both lower business costs and the reduction of retail prices are the Affordable Footwear Act (H.R. 3934/S. 2372) and the Recreational Performance Outerwear Apparel Act (H.R. 6483/S.3439) which were introduced in this past Congress.

- The **Affordable Footwear Act** removes regressive import duties on a range of a basic necessity, shoes, including children's, lower-priced work shoes and some items with very high duty rates, some as high as 67 percent. The duties on footwear can represent as much as one-third of the retail cost, yet does not protect any U.S. manufacturing jobs. Much of the footwear covered by the AFA is also used by American families for recreational purposes – these high duties just make it more expensive for them to hike in the wood or walk the trails of our national parks. The AFA was developed in conjunction with remaining U.S. footwear producers who are fully protected by and supportive of the proposal.



- The **Recreational Performance Outerwear Apparel Act** re-categorizes specialty outdoor apparel into a classification that is separate from other, mass market garments. The legislation reflects a report from the International Trade Commission which stated that performance outerwear differs from other apparel and confirmed that there is no commercially viable U.S. production of performance outerwear for recreational use³. The legislation therefore removes the import duties on qualified outerwear, but similar to the AFA, was developed in consultation with the U.S. textile industry and fully protects their interests. The bill is unique, though, in that it establishes the Sustainable Textile and Apparel Research (STAR) Fund, a reinvestment in U.S. based technology and U.S. jobs that focus on sustainable manufacturing practices through supply chain efficiencies, minimizing water and energy use and reducing waste. OIA believes the proposal can offer an example of balancing the competing interests in U.S. trade policy.

Beyond these proposals, OIA and the outdoor industry proposes to participate in the establishment of a working forum on the future policy of better integrating environmental and labor standards with trade policy. For example, OIA can serve as a bridge working with the Obama Administration between the environmental community that may not always consider the costs of new proposals and the broader business community that must control costs and will bear the burden of new regulations.

Sustainable manufacturing processes – supply chain efficiencies, reduced energy use, minimizing waste and the incorporation of recycled materials – are part of the ethos of the outdoor industry. OIA businesses are at the forefront of methods and practices that account for the entire lifecycle of a product, from concept to post consumer disposal and our consumers have come to expect these practices to be incorporated into most outdoor products. We have established the OIA Eco Index Working Group, a coalition of companies with a mission to take a leadership role with assessing the life cycle environmental impact of products⁴.

Future domestic and international regulations will require compliance with increased environmental processes that are non-polluting, conserve energy and natural resources, and are economically sound and safe for employees, communities, and consumers. The sustainable practices already being implemented within the outdoor industry can, in turn, help guide development of those regulations and ultimately provide U.S. firms with a competitive advantage in the global marketplace. Moreover, our companies also give great attention to labor compliance issues and are keen to make a positive contribution working with the Obama Administration in that area also.

We expect next year and the years ahead to be challenging for our companies, our industry and our nation, but also full of opportunity. We are entering a new era of trade policy that will focus on responsibility and accountability. Through thoughtful policy initiatives that foster innovation, encourage business investment and lower retail costs for consumers we can achieve a balanced approach to trade policy where all sides can win. We look forward to working with the Obama Administration and helping to lead in these exciting times.

¹ Outdoor Recreation Participation Study, Eighth Edition, Outdoor Foundation, 2006

² The Active Outdoor Recreation Economy, Outdoor Foundation, 2006

³ Certain Textile Articles: Performance Outerwear, United States International Trade Commission Investigation No. 332-479, USITC Publication 3937, July 2007

⁴ www.oia-eco.org