



June 23, 2022

Melissa Nelson
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SUBMITTED VIA REGULATIONS.GOV

William Shpiece
Chair of the Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

RE: **2023 AGOA Eligibility Review**, Docket Number USTR-2022-0004

Dear Mr. Shpiece,

On behalf of San Mar Corporation, I am writing to submit **comments** regarding the African Growth and Opportunity Act (AGOA) and the Annual Review of Country Eligibility for Benefits Under AGOA.

San Mar Corporation (SanMar) is the largest U.S.-based apparel wholesaler servicing the imprintable sportswear and custom apparel industries. Family-owned and -operated since 1971, SanMar employs over 5,000 people working in our facilities in Washington, Nevada, Texas, Arizona, Ohio, Minnesota, New Jersey, Tennessee, and Florida.

SanMar services over 60,000 customers, the overwhelming majority of which are American small businesses who engage in light manufacturing by decorating and screen-printing shirts and other apparel items for their end users. They rely on SanMar to supply them with high quality, value-based apparel which enables them to stay competitive in their markets. Our sourcing strategy, of which AGOA is a key component, enables us to deliver value to our customers, maintain inventory to service their supply needs, and create jobs here at home in the U.S.

2022 Eligibility Review

As the AGOA TPSC Subcommittee reviews the eligibility of AGOA countries, we want to comment on the eligibility of **Ethiopia**.

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SanMar believes it is in the best interests of the U.S. to contribute to economic growth and job creation in sub-Saharan Africa, including Ethiopia. However, for SanMar to conduct business in a region, it is essential that human rights are upheld and that the local government and our sourcing partners demonstrate a commitment to protecting the rights, health, and safety of workers and the local community.

We began sourcing products from Ethiopia in 2015 and that decision was driven by Ethiopia's AGOA eligibility. Since then, we have witnessed the creation of new jobs and poverty alleviation experienced by workers and their families as a result of consistent pay and benefits received. Our partner in the region provides safe and hygienic working conditions which lead to increased worker morale, health, and productivity.

We wish to continue that progress and our commitment to our sourcing partner and workers in Ethiopia but it will be a challenge to do so unless Ethiopia's AGOA benefits are reinstated. Since Ethiopia's suspension from AGOA earlier this year, we have worked to absorb the resulting increased costs but these efforts will be only sustainable for so long, perhaps another 12 months. Without reinstatement of AGOA benefits, our Ethiopia production will likely return to Asia by the end of 2023. Such an outcome is not our preference which is why we are doing what we can to maintain production in the region with the hope that the Ethiopian Government can continue to make progress and meet the benchmarks set forth in order to reinstate their AGOA benefits. We recognize the complexity of the situation and recommend that nuanced policies are explored to look for ways to punish bad actors without eliminating jobs for innocent workers. We understand that some progress has been made on the benchmarks and are hopeful that progress continues so that Ethiopia can regain their benefits.

The Outlook for AGOA

SanMar strongly believes that reauthorizing AGOA for at least another 10 years is essential to maintaining the ongoing progress of apparel production in AGOA countries. By extending AGOA, it will enable SanMar, and other companies in the apparel industry, to properly forecast production needs in AGOA countries and commit to development cycles that typically reach two years into the future, and support capacity expansion and vertical integration projects being carried out by our sourcing partners and other regional investors, some of which will take several years to complete.

In addition to the industrial and economic benefits previously mentioned, AGOA has provided, and will continue to provide, additional social benefits, both directly and indirectly, to thousands of African workers in AGOA countries. SanMar's apparel production in AGOA countries provides employment for nearly 9,000 people. Roughly 70% to 80% of the workers manufacturing products for SanMar are women. These jobs provide stability and drive the socio-economic growth of the region. Entire families are pulled out of poverty and their living standards are increased through access to food,

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water, housing, education, health care, transportation, clothing, and other essential needs.

Thank you for the opportunity to comment on this very important issue. Please do not hesitate to reach out if you have any questions or require additional information.

Sincerely,

/s/ Melissa Nelson

Melissa Nelson
General Counsel and Corporate Secretary