



April 30, 2013

Mr. Douglas Bell  
Chair, Trade Policy Staff Committee  
Office of the United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

***RE: Docket No. USTR-2013-0019; Request for Comments Concerning Proposed Transatlantic Trade and Investment Agreement.***

Dear Mr. Bell,

This letter responds to an Office of the U.S. Trade Representative (USTR) April 1, 2013 request for comment regarding the above-referenced notice. The U.S. Hide, Skin and Leather Association (USHSLA) is a national trade association representing the interests of U.S. hide, skin and leather producers, processors and exporters. USHSLA's members account for over 90% of all U.S. hides, skins and semi-processed wet blue leather produced each year. We thank you for the opportunity to comment on this important issue.

USHSLA's members have a significant interest in the proposed Transatlantic Trade and Investment Agreement (T-TIP) with the EU. The industry is heavily dependent on the free flow of goods in the global supply chain. Over 95% of the industry's products are exported to foreign markets. Therefore, the industry supports any effort to reduce unnecessary barriers to trade or to streamline import/export regulatory procedures in the context of a free trade agreement. The benefits of these efforts will be directly and immediately felt by industry exporters, many of whom are small and medium-sized enterprises (SMEs).

Trade between the U.S. and the EU is strong in the leather sector. In 2012, U.S. companies exported approximately \$207 million in raw cattle hides and semi-processed wet blue leather products to companies in the EU, with the vast majority of those products destined for Italian tanneries and leather manufacturers. This represents nearly 10% of all U.S. exports of these products in 2012. In turn, the U.S. imported approximately \$900 million in finished leather goods and products from the EU in the same year. This, despite U.S. import tariffs ranging anywhere from 2.5% to 17% on various leather goods (HTS Chapter 42 Goods). Though the EU is not the primary export market for U.S. hides and skins, it is clear that the relationship between the EU leather producers and U.S. raw materials suppliers is mutually beneficial.

For this reason, the U.S. hides and skins industry supports an expanded trading relationship with the EU under the T-TIP negotiations. The negotiations offer a rare opportunity to recognize the equivalent efficacy of the two regulatory regimes. Moreover, a reduction of the U.S. import

tariffs on EU leather goods would stimulate demand for those goods, in turn conferring benefits on U.S. raw materials suppliers. This is especially the case as the EU cattle herd declines and Italian leather producers seek more raw material inputs from abroad.

The U.S. industry is generally supportive of the T-TIP negotiations, but there are some unnecessary or burdensome regulatory hurdles that U.S. exporters face when servicing the EU market that should be addressed by the negotiations. Specifically, the TRACES registration system for animal byproducts, as it relates to U.S. hides and skins, can be a costly and convoluted process to complete. This is especially the case for the annual re-registration requirement for each establishment. On more than one occasion, the status of an establishment in the TRACES system, or the applicability of the TRACES system to a specific animal byproduct, has led to confusion at the port of entry in the EU and consignments to be held up unnecessarily. The registration process and annual maintenance requirement should be streamlined to reflect the equivalence of the U.S. and EU animal health systems and remove the unnecessary redundancies. The T-TIP negotiations present an excellent opportunity to address this regulatory disconnect.

Similarly, the U.S. hides and skins industry is concerned about the EU's system of "categorization" for animal by-product certifications and the potential for OIE-inconsistent results. Specifically, the animal byproduct categorization regime described in Regulation (EC) No. 1069/2009, and its related measures, holds the potential to categorize all U.S. hides and skins as "Category 1" products, the most dangerous animal byproduct category, due to Articles 8(c) and 8(d) of the regulation. Though the text has not been interpreted in this manner to date, the possibility of this conclusion invites potential disruptions to emerge in the future. This is especially the case as the EU Member States increase efforts to comply with the T5 or "channeling" procedures for Category 1 animal byproducts. Therefore, the T-TIP negotiations should be used to modify or remove Articles 8(c) and 8(d) of Regulation (EC) No. 1069/2009, or reach an acceptable agreement on the issue so as to ensure that U.S. hides and skins continue to move freely in the EU market without undue regulatory hurdles.

Thank you for your time and consideration of this matter.

Best Regards,

A handwritten signature in cursive script, appearing to read "John J. Reddington", enclosed in a thin black rectangular border.

John J. Reddington  
President  
U.S. Hide, Skin and Leather Association

CC. Stephen M. Sothmann  
Director, International Affairs  
U.S. Hide, Skin and Leather Association