



May 29, 2003

The Honorable Read Van de Water
Assistant Secretary for Aviation and International Affairs
U.S. Department of Transportation
400 Seventh Street SW
Washington, DC 20590-0001

Via Fax: 202-493-2251

Re: Opposition to IATA Resolution 502 – Low Density Cargo
Docket: OST-2003-14480

Dear Assistant Secretary Van de Water:

The American Apparel & Footwear Association is the national trade association representing apparel, footwear and other sewn products companies and their suppliers, which compete in the global market. Our member companies rely heavily on air freight transportation. These companies have, for many years, developed processes to maximize production and packaging to take advantage of the efficiencies air freight provides.

This letter is to register the strong opposition of our association to Resolution 502 – Low Density Cargo, docketed by the International Air Transport Association (“IATA”), which is proposed to take effect on October 1, 2003. The proposed Resolution would change the volume to weight relationship from the present 6,000 cubic centimeters per paid kilogram to 5,000 cubic centimeters per paid kilogram. This would result in an overall increase of approximately 20 percent. If approved, the density threshold of volumetric freight would rise from 10.4 per cubic foot to 12.5 per cubic foot.

Resolution 502 is effectively a substantial rate increase being adopted by IATA at a time when shippers in the United States and around the world are suffering from continued economic weakness in the world economy. The current 6,000 cc per paid kilogram conversion ratio has been in effect since 1981, and shippers have designed and constructed their production and packaging in reliance upon the current standard. Apparel importers simply cannot refine their packaging any further to change the density of their cargo. The proposed IATA increase is unjustified, contrary to the public interest, and counter-productive to the economy’s attempt to rebound from low consumer confidence and the recent SARS epidemic. In fact, revised 2003 U.S. air import forecasts from Asia are only one half of the initial forecasted growth.

Moreover, in addition to the fact that the increase in the conversion ratio is objectionable in itself, there are several additional factors at play. Recent U.S. legislation is requiring air import shipments be subject to an Advanced Manifest process by October 1, 2003, the same date Resolution 502 is proposed to take effect. As U.S. importers have learned from the December 2, 2002 implementation of the Advanced Manifest process on ocean cargo (the "24-Hour Rule"), this process has added substantial cost to an import shipment both by extending transit times, and the US\$25.00 Advanced Manifest fee all ocean carriers have universally adopted. Peak Season Surcharges (PSS) and substantial Fuel Adjustments continue to erode already slim margins on apparel and footwear. And IATA members that have agreed with this density change are simply acting to protect each other, and certainly won't turn down any revenue opportunity, even if they feel there are other options that makes more sense. The airlines could have made the decision to seek a change in the conversion ratio on an individual airline basis, thus permitting competitive forces to work, and permitting parties satisfied with the current conversion ratio to maintain that standard. Simply stated, Resolution 502 is highly anticompetitive and inconsistent with the policy of the United States and other countries to maximize competitive forces wherever possible.

On behalf of the AAFA, I strongly urge the Department to oppose IATA's Resolution 502.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Burke". The signature is written in a cursive, flowing style.

Kevin M. Burke
President and CEO