

Statement of

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Subcommittee on the Western Hemisphere  
Chairman Eliot Engel

Mr. Chairman and Members of the House Subcommittee on the Western Hemisphere, thank you very much for the opportunity to testify here today.

Mr. Chairman, please accept my deepest appreciation for your long-standing leadership and support for sustainable development and good jobs in Bolivia.

Ametex's workers, a number of whom you met when you visited our factory floor, send you their greetings. They are very much aware of your efforts and those of your dedicated staff. They draw strength knowing that you keep them in your thoughts during these difficult times.

And these are indeed difficult times for workers and for private industry in Bolivia.

The recent suspension of Bolivia from the Andean Trade Preference Act has brought my apparel firm, Ametex, to the brink of collapse. Many other clothing manufacturers in Bolivia who rely on the U.S. market have since been shuttered. Thousands of jobs have been lost. Many more disappear with each passing day.

Worst of all, hope is fading.

Seven years ago, when we began this journey of building a formalized trade relationship between the United States and Bolivia, the future was very bright. With the removal of tariffs on finished apparel exports to the U.S. under the re-designated Andean Trade Promotion and Drug Eradication Act, Ametex, and many other clothing producers, began to flourish. ATPA enabled us all to improve our facilities, expand our training programs, and hire many more workers. By 2006, Ametex was enjoying annual growth rates of 30 percent and employed no less than 4,500 people, making us the largest private employer in Bolivia and the leader of the most cost-efficient sector for the creation of dignified and sustainable jobs.

In this way, Ametex stood as a beacon of hope to job-seekers like those living in El Alto, the poorest and fastest-growing city in Bolivia, where 50,000 people enter the job-seeking market every year.

As a high-end, low-volume producer, Ametex is a reflection of the Bolivian textile industry as a whole. As such, the ability of our workers to process orders quickly and with the highest level of quality for our U.S. customers, such as Polo Ralph Lauren, earned Ametex an unparalleled reputation in the Andean region. And, for our commitment to the rights of workers and working conditions, we were invited to become a member of the Fair Labor Association, the Washington, DC-based non-profit organization that monitors the treatment of workers in factories that supply numerous American brands.<sup>1</sup>

I say these things not to boast, but rather to emphasize that without ATPA, none of this would have been possible. For this, we owe a debt of gratitude to the American people.

And lest we forget, ATPA has been more than just an economic boon. It has been a diplomatic success by generating an enormous amount of goodwill from the people of Bolivia to the United States and its people. I witness this attitude every day. I see thousands of working Bolivians who continue to look to the U.S. for their hopes and dreams.

The benefits of ATPA are clear and proven; they have played a central role in harnessing the productive capacity of the working people of Bolivia and the expansion of an entrepreneurial sector, recognized as essential to the development of democratic institutions in developing countries.

But as you know, in recent years, the path to the future has narrowed. ATPA has been extended for short-term periods only – six, eight, and ten months at a time. In this context, I have traveled to the U.S. on repeated occasions to explain the difficult position this puts us in and described the deepening negative effects of the resulting uncertain business climate.

Under these circumstances, we were able to survive, just barely, with the threat of extinction ever-present in our minds. Through it all, we suffered lay-offs, diminished revenues, and the migration of our U.S. customers to more secure producers.

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<sup>1</sup> Ametex's commitment to sound business practices and respect for workers and working conditions was highlighted in testimony before the U.S. Congress Senate Committee on Finance at its hearing on "Oversight of U.S. Trade Preference Programs" on June 12, 2008. In response to a question by Chairman Max Baucus regarding the degree to which Andean trade preferences are helping in Bolivia and their effect on people, panel witness Grant Aldonas, former U.S. Under Secretary for International Trade (2001-2005), referenced Ametex, saying: "[Ametex] implements one of the most forward-looking policies with respect to workers and worker rights of anyone in the hemisphere. And it's a remarkable story about the incentives – and certainly [Ametex] is thinking about our market [and] – is responding, and is making available, rights to [its] workers well beyond those that are guaranteed under local law. And so that's exactly the sort of thing I think we'd want to highlight and reinforce." Ametex has received commendations from other watchdog associations, including the World Responsible Apparel Production (WRAP) organization, which monitors and certifies compliance with internationally-recognized standards for manufacturing practices.

Having gone from a job-adding venture to one struggling not to lose jobs, we have lost our reputation as a beacon of hope for those struggling to find work. Nowadays, Ametex is no longer seen as the vanguard for job-creation, but as a worsening proposition.

With the suspension of Bolivia from the ATPA, we have experienced the final, heartbreaking blow.

As to the impact on my own business, Ametex, I can speak directly:

Since the suspension:

- We have been forced to let go 1,800 direct and indirect workers from all areas of the firm, including from our administrative, productive, and executive departments;
- We have had to send the remaining workers, nearly 1,000 employees, on paid leave because there is no work;
- Our projected annual revenues from the U.S. have been reduced by half to around USD \$18 million<sup>2</sup>; and
- We have lost most of our U.S. customers.

As you may know, Bolivian authorities have stated their intention to assist the domestic apparel sector by securing other markets to replace those in the U.S. that were lost as a result of the ATPA suspension. I have been told that Venezuela is now in the process of establishing a preferential trade benefit for Bolivia, which could allow us to export our goods to their market through a state-owned company. While we hope to still export at least half of our products to the U.S., we will struggle to cover the 19 percent tariff, especially under today's increasingly difficult economic circumstances. Other than Venezuela, both Brazil and Argentina have, in the past, stated their intention to assist Bolivia in the event of the loss of our U.S. market, but neither has taken any real action to make good on their promise.

Furthermore, the relationships with American brands that we at Ametex have developed over the last 20 years are not easily replaced. As a high-end, low-volume producer, we have become well-suited to the U.S. market, developing production methods and products for its sophisticated customer base. The proposed alternative markets, Venezuela, Brazil, and Argentina, are lower-end markets. Ametex, and most Bolivian apparel producers, are much less competitive in such markets.

Chairman Engel, with all that has happened in the last year, I believe you would barely recognize the company you and your staff visited last February.

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<sup>2</sup> According to the Bolivian Chamber of Exporters (CAMEX), the textiles and clothing sector suffered a 69 percent decline in total foreign sales in the first month of 2009 since the suspension of ATPA.

The feelings of our remaining employees who know their jobs are insecure are feelings I would not wish on anyone.

But I cannot begin to imagine the trauma and the hopelessness felt by the thousands of skilled workers whose livelihoods have been cut off and whose prospects for finding alternative work have drastically decreased.

If I could offer a recommendation to the Obama Administration, I would recommend that the United States keep engaged with Bolivia by reinstating the trade benefit and helping the private sector maintain the jobs that took us so long to build.

With the price of commodities coming down, minerals and gas no longer seem the solution they did for Bolivia only months ago. We also see remittances being substantially reduced. With manufacturing limited because of the ATPA suspension and other market conditions, I foresee more and more Bolivians who are desperate for work migrating to illegal sectors that I believe will increasingly harm both Bolivia and the U.S.

As a businessperson, I believe in the ability of the Bolivian people to build a sustainable life. They have proven that they are up to any challenge.

On this path, the U.S. has been our greatest ally and champion and we, the workers of Ametex, yours as well. My company and I stand at the ready and are willing to do whatever we can to help.

Mr. Chairman and Members of the Committee, thank you for your consideration.