

Outdoor Recreation: Vast Impact of the Great Outdoors

Committee on Energy and Commerce Subcommittee on Digital Commerce and Consumer Protection Thursday, April 27, 2017; 2123 Rayburn House Office Building

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Congressman Robert Latta, Chairman, Subcommittee on Digital Commerce and Consumer Protection

Congresswoman Janice Schakowsky, Ranking Member, Subcommittee on Digital Commerce and Consumer Protection

Chairman Latta, Ranking Member Schakowsky, and members of the subcommittee - thank you for this opportunity to testify on matters of importance to the 142 million Americans who recreate outdoors each year, and to the thousands of companies that comprise the \$887 billion U.S. Outdoor Recreation Industry, an industry that supports 7.6 million American jobs and pays \$65.3 billion in federal taxes and \$59.2 billion in state and local taxes.

I'm proud to be here today on behalf of Columbia Sportswear Company, based in the beautiful Pacific Northwest, in the great state of Oregon. I currently serve as Vice President of Global Customs and Trade and have been with the company for 16 years.

Columbia Sportswear Company is a true American business success story that parallels the evolution of outdoor recreation as a vital and integral part of American culture and America's economy.

What began in 1938 as a small hat company purchased by a family that had just immigrated from Nazi Germany has grown to become a global leader in the outdoor recreation industry with \$2.4 billion in annual sales (including sales of \$1.5 billion in the U.S.), supporting over 4,200 jobs across 38 states and an additional 2,300 jobs across the globe. In 2016, the company ranked number 882 on the Fortune 1000. Next year the company will celebrate its 20th anniversary as a publically traded company.

While most people are very familiar with our \$1.9 billion Columbia Sportswear flagship brand, many are less aware that the company's brand portfolio has grown to include the SOREL, prAna, and Mountain Hardwear brands that collectively represent another \$450 million in annual sales. Each of our four brands targets specific consumer segments within the outdoor recreation industry.

Columbia Sportswear Company's rich heritage features storylines of immigration, entrepreneurship, innovation and perseverance. Today, the company's four brands and 4,200 hard-working American employees pursue a single unified mission – We Connect Active People with Their Passions.

We do that by designing innovative performance apparel, footwear and accessories that enable people to enjoy the endless variety of healthy outdoor recreational activities available across this great nation

in any climate, any weather, and any day of the year. We also support the efforts of more than 400 non-profits around the country that are working to improve access to outdoor spaces, and preserve the natural beauty of our parks, trails and wetlands, so they will be there for the next generations to enjoy.

We pride ourselves on designing products that deliver real performance benefits at accessible prices that put them within reach of consumers at all income levels. The primary raw materials that go into our products include synthetic fabrics, natural down, leather, cotton, rubber and plastics, whose prices are set by global commodities markets and apply more or less equally to all of our global competitors.

However, unlike many of the other 90 countries where our products are sold, the United States assesses among the highest import tariffs on our categories of apparel, footwear and accessories, making them more expensive for U.S. consumers than they would otherwise need to be, stifling innovation of new, highly technical and high performance products and hampering our ability to keep our prices within reach of the broadest consumer base possible.

Many of those duties, which range from 7.1 percent to as high as 67.5 percent and average approximately 15 percent, date back to the 1930s and are no longer relevant as a means to protect manufacturing jobs that migrated to other countries more than 30 years ago. Yet to this day, the broad apparel and footwear industry and the especially the outdoor industry, pays a disproportionate share of U.S. duties. For example, the amount of duties paid by Columbia Sportswear Company in 2016 ranked it 49th out of 375,000 U.S. importers. We would much rather rank number 49 on the Fortune 1000.

We and all of the thousands of companies in the outdoor recreation industry are trying to expand the market for our products and promote increased outdoor recreation from people's backyards to the backcountry. But we are hindered by these high tariffs in our ability to invest in more family-wage U.S. jobs in product innovation and design, supply-chain operations, information technology, digital commerce, marketing, finance, legal, human resources and other critical functions of our companies.

We encourage Congress to reevaluate and modernize this outdated and antiquated duty structure to bring it current with today's global market realities and help ease the unnecessary cost burden that is being borne by the outdoor recreation industry and American consumers.

We are proud to be a leader in the Outdoor Recreation Industry, an industry that embraces values that are foundational to America's heritage, its culture, and to ensuring a thriving future for all Americans. I thank you for the opportunity to testify and I look forward to your questions.

Jeffrey Tooze
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