



June 23, 2020

The Honorable Steven Mnuchin  
 Secretary of the Treasury  
 Department of the Treasury  
 1500 Pennsylvania Avenue, NW  
 Washington, DC 20220

The Honorable Wilbur Ross  
 Secretary of Commerce  
 Department of Commerce  
 1401 Constitution Avenue, NW  
 Washington, DC 20230

The Honorable Jerome Powell  
 Chairperson, Board of Governors  
 Federal Reserve System  
 Eccles Federal Reserve Board Building  
 Washington, DC 20551

Dear Secretary Mnuchin, Secretary Ross, and Chairman Powell:

Representing a wide cross section of U.S. industries and sectors – encompassing retail, manufacturing, and services – we are writing to ask your support for the establishment of an emergency, temporary federal commercial trade credit insurance backstop that will thwart an emerging credit crisis to enable and sustain the safe restart on which we and our members are working.

Commercial trade credit insurance protects sellers of goods and services against losses from customers unable to pay due to insolvency or other reasons. Commercial trade credit insurance also makes it possible for sellers to use their accounts receivable as collateral to borrow working capital from banks. Tens of thousands of U.S. companies use this product to support their trading operations, providing credit to the U.S. supply chain and supporting tens of millions of U.S. jobs.

In normal times, suppliers can purchase commercial trade credit insurance up to a pre-determined amount, based on the financial strength of a given buyer. In times of economic stress, however, credit insurers are forced to dramatically scale back the credit limits they can offer to preserve their own balance sheets. This is now happening, and this is why we need your help.

Many retailers and vendors are now overextended as a result of the unprecedented shutdowns and interruption we have experienced over the past three months. This means that U.S. jobs, including many U.S. manufacturing jobs, supported by our supply chains are at risk. The available credit insurance capacity now represents only a fraction of what was available just a few months ago, and the situation continues to deteriorate. The short-term implications of this acute problem are devastating, particularly for the many U.S. companies that will be forced to absorb nearly all the risk of new business or walk away from those business opportunities simply because a transaction that was routine in January is now considered too risky.

The spring and early summer are critically important for our supply chains in anticipation of the upcoming holiday season. Ordering for the fall is already starting to begin. As you know, for many retailers and their supply chains, the holiday sales season is the most important portion of the year; and a failure to fully restore credit to the supply chain now could extend the severe economic drag from the last few weeks of shutdowns well into the next year, harming millions of Americans who depend on these supply chains for their livelihood.

Policymakers in Germany, France, the UK, Canada, and other jurisdictions have taken steps to remedy this problem for their companies by supporting the trade credit insurance market. It is within this context that we are appealing for a similar initiative in the United States. An emergency, temporary federal reinsurance backstop would help restore the missing capacity in the commercial credit insurance market so that new orders can be placed and new business can be conducted. With the retail sector supporting 1 in 4 U.S. jobs and with retailers of all sizes anchoring supply chains that support employees and their families, distribution centers, factories, and communities throughout the United States, it is imperative that we take action now.

Through your work over the past 90 days, you have helped ensure that the U.S. jobs engine of our retail sector, and the many industries that depend upon it, was able to stay largely intact. The next 30 days, and in particular how quickly we can get our commercial trade credit insurance markets functioning again, will determine how many U.S. jobs that engine can create and sustain.

Thank you for your swift attention to this urgent request,

Accessories Council  
American Apparel & Footwear Association (AAFA)  
American Import Shippers Association (AISA)  
California Fashion Association (CFA)  
Council of Fashion Designers of American (CFDA)

The Council of Insurance Agents & Brokers (CIAB)  
Fashion Accessories Shippers Association (FASA)  
Fashion Jewelry and Accessories Trade Association (FJATA)  
Footwear Distributors & Retailers of America (FDRA)  
Gemini Shippers Association  
Halloween & Costume Association (HCA)  
Juvenile Products Manufacturers Association (JPMA)  
National Retail Federation (NRF)  
North American Association of Uniform Manufacturers and Distributors (NAUMD)  
Outdoor Industry Association (OIA)  
Promotional Products Association International (PPAI)  
Retail Industry Leaders Association (RILA)  
Sports & Fitness Industry Association (SFIA)  
The Toy Association  
Travel Goods Association (TGA)  
U.S. Fashion Industry Association (USFIA)  
U.S. Footwear Manufacturers Association (USFMA)