PRESS STATEMENT

NCTO Raises Serious Concerns over the Administration's Plan to Impose Tariffs on Mexico

May 31, 2019

WASHINGTON, DC – Kim Glas, President & CEO of the National Council of Textile Organizations (NCTO), issued the following statement today in response to the administration's decision under the International Emergency Economic Powers Act to assess penalty duties on Mexico as an attempt to address the growing immigration dispute on the U.S. southern border. The proposed 5% increase would begin on June 10 and incrementally increase to 25%, if the dispute is not resolved.

The magnitude of the trading relationship with Mexico is significant for the U.S. textile industry, representing $12.2 billion in two-way textile and apparel trade in 2018. The U.S. textile industry alone exported $4.7 billion in yarn and fabrics to Mexico last year and had a net export surplus of $3.8 billion.

As a result, Mexico is the single largest market for U.S.-made textile exports.

"We are very concerned about the impact these proposed tariffs would have on a critical and integrated supply chain for the U.S. and Mexico textile and apparel industries. Under the NAFTA agreement, the U.S. has benefited as a result of strong rules of origin that require the use of regional yarns and fabrics. As a result, the U.S. industry has made significant investment—$22.8 billion from 2006 to 2017—to help grow the manufacturing of fiber, yarns, and fabrics in the United States. NCTO supports the passage of the pending U.S.-Mexico-Canada Agreement (USMCA) because it is a critical trade agreement that will strengthen the industry's supply chain representing approximately $20 billion in three-way trade," Glas said.

"Adding tariffs to Mexican apparel imports, which largely contain U.S. textile inputs, would significantly disrupt this industry and jeopardize jobs on both sides of the border," Glas said. "And as a result, it will accelerate substantially the immigration issues the administration is seeking to address."

"In addition, this tariff increase would give a significant competitive advantage to China, which already accounts for about 38% of apparel and textile imports to the U.S." Glas added. "In fact, if this increase goes forward it will drive business back to China at a time when the administration is trying to crack down on intellectual property abuses and make systemic trade reforms that have undermined U.S. manufacturing industries for decades. This proposal is extremely concerning to U.S. textile manufacturers and we will do all we can to amplify these concerns with the administration and members of Congress."

Mexico and Canada together are the U.S. textile industry's two largest export markets worldwide. In 2018, the U.S. ran a combined $3.8 billion surplus in textiles and apparel with those two North American Free Trade Agreement trading partners.

NCTO is a Washington, DC-based trade association that represents domestic textile manufacturers, including artificial and synthetic filament and fiber producers.

- U.S. employment in the textile supply chain was 594,147 in 2018.
- The value of shipments for U.S. textiles and apparel was $76.8 billion in 2018.
- U.S. exports of fiber, textiles and apparel were $30.1 billion in 2018.
- Capital expenditures for textile and apparel production totaled $2.0 billion in 2017, the last year for which data is available.

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