



## PRESS STATEMENT

### **NCTO & Member Companies Testify at U.S. International Trade Commission Hearing on Proposed 301 Tariff List**

June 17, 2019

WASHINGTON, DC – The National Council of Textile Organizations (NCTO) and several of its member companies are set to testify at the U.S. Trade Representative’s nearly two-week long hearing on the proposed Section 301 tariff list as part of the administration’s ongoing review and consideration of the Tranche 4 of retaliatory tariffs on U.S. imports from China.

Daniel Nation, Director of Government Relations for [Parkdale Mills](#), a member of NCTO, will kick off the U.S. textile industry’s testimony on the first day of the hearing.

China’s rampant abuse of intellectual property rights and intellectual property theft has spanned decades at the direct expense of the U.S. textile industry and its supply chain, largely contributing to the U.S. trade deficit with China in textile and apparel products—totaling \$46.5 billion in 2018—and the loss of 1 million manufacturing jobs in this critical sector.

“There is little doubt that China’s extreme position in the global textile and apparel marketplace has been advanced by an elaborate system of illegal practices, that include state sponsored subsidies, unethical labor and environmental practices and theft of intellectual property,” Nation said in prepared [remarks](#) for today’s USTR hearing. “Consequently, Parkdale supports the existing Section 301 case against China.”

However, Nation stressed the effectiveness of the administration’s case has been “greatly diminished through the omission” of finished textile and apparel products from the various retaliatory tariff lists.

“Including finished textile and apparel products on the 301 retaliation list would greatly enhance the administration’s leverage in the ongoing negotiations and help redirect trade in this sector to the Western Hemisphere,” Nation said. The Western Hemisphere is a top export market for the U.S. textile industry, representing \$15.7 billion in textile and apparel exports.

“NCTO is pleased the proposed Tranche 4 includes finished imported items from China, which have the most significant impact on U.S. employment, production and investment,” said NCTO President and CEO Kim Glas, who is scheduled to testify at the hearing on June 20. “We believe this move will lead to the re-shoring of production to the United States and the Western Hemisphere production platform. It’s critical we address and mitigate China’s rampant trade distortions.”

“While NCTO members support the inclusion of finished products in Tranche 4, we are seriously concerned that certain inputs already vetted by the administration and removed from previous retaliatory tariff lists are back on this list for proposed duties,” Glas noted. “Adding tariffs on imports of manufacturing inputs that are not made in the U.S. such as certain chemicals, dyes, machinery and rayon staple fiber in effect raises the cost for American companies and makes them less competitive with China. We firmly believe the integrity of the earlier exclusion process should be upheld.”

“We also urge the U.S. government to institute a fair, transparent and expeditious exclusion system for all retaliation tranches,” Glas added.

“Lastly, we want to flag that the administration’s 301 efforts are being undermined by shipments under the \$800 Section 321 de minimis threshold, which are not subject to the retaliatory tariffs – or any tariffs. Section 321 is a substantial and growing loophole that gives China backdoor duty-free access to the U.S. market at a time when the administration is spearheading efforts to address China’s unfair trade practices,” Glas said. “This should be rectified both in the 301 and broader context.”

NCTO and its member companies are strongly encouraging the USTR’s office and President Trump to adopt the following recommendations:

- enact the proposed 25% penalty tariffs on finished apparel items and other sewn products;
- maintain the previous product input exemptions that were vetted by the U.S. government and granted and excluded from previous tranches;
- institute a transparent, fair and expeditious exclusion system for all tranches;
- and apply 301 retaliatory tariffs to Section 321 de minimis shipments.

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.

###

CONTACT: [Kristi Ellis](mailto:Kristi.Ellis@ncto.org)

(202) 684-3091

[www.ncto.org](http://www.ncto.org)