



Press Statement

NCTO Comments on the Administration's Announced Phase One Deal on 301 Tariffs

December 13, 2019

WASHINGTON, DC – The National Council of Textile Organizations (NCTO), representing the full spectrum of U.S. textiles from fiber through finished sewn products, provides initial comments on the Phase One deal on 301 tariffs reached between the United States and China today.

“We look forward to reviewing the details of the agreement as it becomes available, including the intellectual property enforcement mechanisms agreed to by both countries. We have long supported the administration’s efforts to re-balance our trade relationship with China that has significantly eroded our U.S. manufacturing base for decades,” Kim Glas, President and CEO of the National Council of Textile Organizations said.

The proposed announcement means that 301 duties on textile inputs will remain at a 25 percent tariff. Meanwhile, penalty duties on finished apparel and textile products implemented on Sept. 1st will be reduced from 15 percent to 7.5 percent, and proposed duties on finished products set to be put in place on Dec. 15th will no longer go into effect.

“NCTO has strongly supported applying tariffs on finished products as key negotiating leverage since textile and apparel production is a key pillar of the Chinese manufacturing economy. Finished apparel, home furnishings and other made-up textile goods equate to 93.5 percent of U.S imports from China in our sector, while fiber, yarn and fabric imports from China only represents 6.5 percent, according to government data. Today’s announcement reduces tariffs on finished products at the same time it keeps tariffs in place on key inputs that aren’t made in the U.S. such as certain dyes, chemicals, and textile machinery. We believe a wiser approach would be to maintain penalty duties on finished Chinese products while reducing 301 duties on key inputs that are used by U.S. manufacturers. Doing so will maintain maximum leverage on China to reach a more comprehensive and enforceable intellectual property agreement, while reducing input costs for U.S. manufacturers. As domestic textile companies fight to compete with China and their illegal trade practices, it is important that U.S. manufacturers should be the first to see penalty duties removed on inputs not made in the United States.

As we review this Phase One agreement, it is important that the administration strike the proper balance of maintaining its leverage with China by keeping duties on finished product until a final strong and enforceable deal with China is completed. We look forward to reviewing and analyzing the deal in more detail.”

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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