



PRESS STATEMENT

NCTO Supports Administration's Proposals on Economic Stimulus in Coronavirus Response; Rejects Importer Attempts to Remove China 301 Tariffs on Finished Products

March 11, 2020

WASHINGTON, DC – The National Council of Textile Organizations (NCTO), representing the full spectrum U.S. textiles from fiber through finished sewn products, issued a statement today welcoming the Trump administration's proposals on an economic stimulus package to gird the economy against the impact of the coronavirus outbreak, but the organization urged officials to reject any attempts by importers to remove China 301 tariffs on finished products as part of any relief package.

"The president has outlined the need for a broad economic stimulus package that would include various tax incentives to help impacted industries and workers. We support the administration's efforts to bolster the economy as a response to the coronavirus outbreak, while opposing add-ons to any stimulus package designed to exploit the crisis," said NCTO President and CEO Kim Glas.

"Any push by importers and retailers to take advantage of the situation and press for removing China 301 tariffs on finished consumer goods—a penalty imposed by the administration in a separate investigation of China's illegal intellectual property (IP) abuses—should be rejected immediately," she said. "Tariff breaks on finished products will only pad the pockets of retailers that have long benefitted from China's trade abuses, and ultimately will not be passed on to the consumer," Glas said.

"Granting importers a tariff break would essentially let China off the hook for systemic IP violations that have displaced U.S. workers and undermined U.S. leverage in negotiating a phase two agreement," Glas continued.

As part of a Phase One deal with China, the administration reduced duties on finished apparel and textile products implemented on Sept. 1 from 15 percent to 7.5 percent.

"NCTO has strongly supported applying tariffs on finished products as a key negotiating leverage but opposes keeping tariffs in place on certain inputs that are not made in the U.S. such as select dyes, chemicals and textile machinery. NCTO has long-argued tariffs on these inputs hurt domestic competitiveness for U.S. textile manufacturers," Glas said.

Finished apparel, home furnishings and other made-up textile goods equate to 93.5 percent of U.S. imports from China in the sector; while fiber, yarn, and fabric imports from China only represent 6.5 percent, according to government data.

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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