



D.C. REPORTER



U.S. Industrial Fabrics Institute
Narrow Fabrics Institute / April 2018

Washington Update

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USIFI/NFI DC Lobby Day April 24-25

USIFI/NFI's annual Washington, DC lobby day is scheduled for April 24-25. This year's event will kick off with a dinner with senior textile officials from Commerce and USTR on the night of Tuesday, April 24. Lobbying visits to Capitol Hill will follow the next day, Wednesday, April 25. The two-day event will conclude with a debrief dinner later that night. To register for the event, [click here](#).

Please note this year's lobby day will be held in conjunction with the 2018 [Smart Fabrics Summit](#) scheduled for April 24 in the Ronald Reagan Building and International Trade Center. Earlier this week, it was announced Commerce Secretary Wilbur Ross will keynote this IFAI and U.S. Department of Commerce-sponsored conference.

IFAI Outlook May 6-8 at Chateau Elan in Braselton, GA

IFAI Outlook is scheduled for May 6-8 at Chateau Elan in Braselton, GA. The event is a great opportunity to connect with USIFI and NFI members and get expert insight on industry trends to help your business gain a competitive edge. To register, [click here](#).

NAFTA Update

The United States has held seven formal negotiating rounds with our NAFTA partners, with the latest taking place in Mexico City in early March. An eighth formal round was supposed to begin on April 8 in Washington, but, as of this writing, that plan has been modified. Instead, news reports indicate the United States, Canada and Mexico will be holding a ministerial-level meeting this week to try to reach an agreement in principle on autos so that a breakthrough in the overall negotiation can be announced at the Summit of the Americas scheduled for mid-April.

No agreement has been reached with Canada and Mexico on textiles. For the most part, the textile talks have largely focused on technical discussions and exchanging information and proposals versus substantive decision-making. Although the USTR has not publicly released details, news outlets reported that the United States tabled text on rules of origin, including eliminating certain derogations from the yarn-forward rule in Round 3.

The talks are now entering an important stage given the informal April deadline to complete the renegotiation ahead of Mexico's presidential election this July. At the current pace of negotiations, it will prove difficult to meet this goal. Nonetheless, decisions made in the near term will set the stage for the remainder of the negotiations. The fact that Canada and Mexico's temporary exemptions from steel and aluminum tariffs expire on May 1 could provide an added incentive to conclude an agreement at least in principle in the near term.

Presuming that an agreement is not reached this spring, we expect that the pace of the talks will slow down considerably until after the Mexican elections. With U.S. midterm congressional elections following, it is possible that the talks will carry into late 2018 or early 2019 before there is a resolution.

USIFI and NFI will continue to closely monitor the negotiations and engage in efforts to achieve industry objectives including: ending tariff preference level (TPL) handouts to China; bringing NAFTA in line with CAFTA-DR rules for secondary components; closing the loophole that allows Mexico and Canada to qualify as "Buy American;" and taking concrete steps to tighten up customs enforcement.

NDAA Update

Last year's National Defense Authorization Act (NDAA) included several attacks on the Berry Amendment. While the Berry Amendment Textile Coalition (BATC) was able to defeat almost all of them, the Simplified Acquisition Threshold (SAT) was raised from \$150,000 to \$250,000.

This year, BATC partners are pushing three provisions in the FY 2019 NDAA to strengthen the Berry Amendment:

- **Decouple the Berry Amendment and the Specialty Metals Clause from the SAT**, revert both to FY 2017 levels, and chain future increases to the Consumer Price Index.
- **Restore Buy America Requirements for All Department of Defense Purchases**; when buying textile products for non-DOD entities such as the Forest Service, the Defense Logistics Agency (DLA) always bought Berry-compliant items. Last year Congress passed a measure to overturn this policy. This request seeks to reverse last year's action.
- **Adding Anti-Deficiency Act Coverage to the Specialty Metals Amendment**; this provision restores accountability to the metals acquisition process. While this is not a textile provision, it is a measure important to our metals industry Berry coalition partners. As such, supporting it strengthens government procurement-related domestic preferences and our textile/metals/labor coalition.

The strategy behind the three asks is twofold. One, we'd like to strengthen domestic preference laws. Two, if this year is like the past several, there will be more attacks on the Berry Amendment, especially in the Senate, via the NDAA process. Pushing our own

offensive provisions will give our Capitol Hill allies more bargaining chips to help fight off any attacks.

The process of drafting the FY 2019 NDAA is in full swing. Currently, the House Armed Services Committee (HASC) is expected to hold subcommittee mark ups on April 26, followed by a full committee mark up on May 9. Consideration on the House floor is expected before Memorial Day. Action in the Senate will lag that of the House, but it is expected that Senate leadership will push for that chamber to complete its work in by early summer with a goal of moving a House-Senate conference report before the November election instead of in a lame duck.

Afghan Uniform Update

Last year, Congress prohibited the expenditure of Department of Defense funds on Afghan uniforms after an inspector general's report criticized the Afghan Defense Minister's [choice](#) of a woodland camouflage pattern that necessitated the payment of licensing fees instead of using a pattern already owned by the U.S. government.

In response, USFI and NFI helped to organize a Berry Amendment Textile Coalition letter signed by 14 organizations on February 21 asking congressional appropriators to overturn the ban. View letter [here](#).

In the [FY 2018 omnibus](#) passed by Congress in late March, the Afghan Security Forces Fund was renewed until Sept. 30, 2019, at \$4,666,815,000, and it appears that there is no language limiting those funds for Afghan National Army uniforms.

DLA Strategic Plan 2018-2026

The Defense Logistics Agency (DLA) published its [strategic plan](#) for 2018-2026. The plan describes five lines of effort that DLA will leverage to support warfighters:

- [Warfighter First](#): *Strengthen Service and Combatant Command Readiness and Lethality*
- [Global Posture](#): *Prepared for Immediate Action*

- [Strong Partnerships](#): *Leverage the Joint Logistics Enterprise, Interagency, Industry, and Partner and Allied Nations*
- [Whole of Government](#): *Support to the Nation*
- [Always Accountable](#): *Assured Supply Chain, Financial and Process Excellence*

For a list of all active DLA campaigns, [click here](#).

Trump Administration Hits China with Section 301 Tariffs

On March 22, President Trump [announced](#) actions the United States planned to take in response to China's unfair trade practices covered in the [USTR Section 301 investigation](#) of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation. U.S. Trade Representative Robert Lighthizer initiated the investigation in August 2017 at the direction of President Trump.

As part of the U.S. response to China's unfair trade practices related to the forced transfer of U.S. technology and intellectual property, the Office of the U.S. Trade Representative (USTR) published a [proposed list of products](#) imported from China that could be subject to additional tariffs on April 3. While textile and printing machinery items were on the proposed tariff list, textile and apparel products were not.

Trump Administration Releases 2018 Trade Agenda and National Trade Estimate Report

U.S. Trade Representative Robert Lighthizer delivered President Trump's [Trade Policy Agenda and Annual Report](#) to Congress on February 28, outlining the Administration's efforts to promote free, fair and reciprocal trade and strongly enforce U.S. trade laws.

A [fact sheet](#) explains the president's five pillars of trade policy: 1) trade policy that supports national security policy, 2) strengthening the American economy, 3) negotiating trade deals that work for all Americans, 4) enforcing and defending U.S. trade laws, and 5) strengthening the multilateral trading system.

On March 30, USTR released the [2018 National Trade Estimate](#) (NTE), and annual report documenting foreign trade and investment barriers facing American exports around the

world. The findings of the 2018 NTE build on the major pillars of President Trump's trade policy. For a fact sheet on the major developments in the 2018 NTE, [click here](#).

ITAC Re-Chartering Complete

The Secretary of Commerce and the United States Trade Representative recently completed renewing the charters of the Industry Trade Advisory Committees (ITACs) for a four-year term to expire February 14, 2022. As part of the re-chartering, the ITACs were streamlined from sixteen to fourteen for the 2018-2022 term. Notably, the Textiles and Clothing Committee has been renumbered from ITAC 13 to ITAC 11.

Patti Bates represents USIFI on ITAC 11. Bates serves on the USIFI Board and is Vice President of Sales for Glen Raven Technical Fabrics. Additional advisors representing USIFI member companies include Jane Johnson with Unifi, who chaired the ITAC in the 2014-2018 charter term; Kathi Dutilh with Milliken & Co.; and Kathie Leonard with Auburn Manufacturing.

The ITACs provide detailed policy and technical advice, information, and recommendations to the Secretary of Commerce and the USTR regarding trade barriers, negotiation of trade agreements, and implementation of existing trade agreements affecting industry sectors; and perform other advisory functions relevant to U.S. trade policy matters as may be requested by the Secretary and the USTR or their designees.

Nominations to serve on the ITAC are accepted by Commerce and USTR on a rolling basis. If you are interested in becoming an advisor, please contact IFAI's Janelle Wells at jawells@ifai.com for more information about the eligibility criteria and nomination process.

Thank you for reading this edition of the D.C. Reporter!

[Janelle Wells](#)

Division Specialist

651.225.6948



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1801 County Road B W
Roseville, MN 55113-4061

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