



U.S. Industrial Fabrics Institute
Narrow Fabrics Institute

Washington Update

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Legislative Campfire Session at IFAI Expo

The [2018 IFAI Expo](#) will include a legislative campfire session on Wednesday, October 17 at 2:30 PM CT hosted by U.S. Industrial Fabrics Institute (USIFI) and Narrow Fabrics Institute (NFI) Washington representatives Sara Beatty and Lloyd Wood.

On that same day, Beatty and Wood are also scheduled to attend the USIFI and NFI open meetings at 11:00 AM and 4:00 PM CT respectively. The location for both events is the IFAI Hub at Booth #1143.

Co-located with CAMX, 2018 IFAI Expo is October 15-18 at the Kay Bailey Hutchison Convention Center, Dallas, TX.

USIFI/NFI Webinar: Government Affairs Q&A November 8

Join USIFI representatives, Sara Beatty and Lloyd Wood in a moderated Question & Answer session to educate yourself on current government issues and how to get the most out of your membership. The free webinar open exclusively to USIFI & NFI members is scheduled for November 8, 2018 at 11:00 AM ET / 10:00 AM CT.

This webinar will review how to be involved and take action with relevant issues involving initiatives such as protecting the Berry Amendment, tracking the China 301 tariff process, participation in MTB process and more. Register [here](#).

United States-Mexico-Canada Agreement

President Trump announced the [United States-Mexico-Canada Agreement](#) (USMCA), a proposed revision of NAFTA, on September 30. USIFI and NFI are carefully reviewing the text and will be sending a report to member companies with a complete analysis of USMCA's textile provisions at a later date.

Unlike NAFTA, the USMCA [has a separate chapter](#) delineating rules of origin governing trade in textiles and apparel. The new deal includes important enhancements to the original NAFTA, such as the requirement to use USMCA-originating thread, pocketing and narrow elastics in downstream finished goods. Rules for some coated fabrics were also strengthened.

While reductions were made in the USMCA to some of the tariff preference levels (TPLs) contained in NAFTA, they were disappointingly modest. TPLs are a loophole permitting duty-free treatment for a certain amount of trade in goods made with inputs sourced from countries not party to the agreement like China.

Outside the new textile chapter, USMCA closed the Kissell Amendment loophole allowing textiles and clothing purchased by the Transportation Security Administration (TSA) to be made in Mexico. Going forward, those goods will have to be assembled in the United States from U.S.-made inputs.

Circling back to the separate textile chapter issue and putting it into a more nuanced perspective, this is a win for the U.S. textile industry and the yarn forward concept long supported by USIFI and NFI.

Although it contains a yarn forward rule of origin, the original NAFTA is the rare U.S. free trade agreement without a separate textile chapter. USMCA fixes this oversight and cements the precedent of U.S. insistence for separate textile and apparel chapter with a yarn forward rule of origin in future trade agreements. Moreover, USMCA's separate textile chapter also contains textile-specific customs enforcement provisions consistent with recent U.S. free trade agreements, another key improvement.

The importing community has consistently opposed separate chapters in free trade agreements, preferring to lump textiles and apparel in the general rule of origin for goods which usually only requires a product to be assembled in the region to be eligible for duty-free treatment. In the textile sector, an assembly-only rule of origin is called "single transformation." In contrast, the yarn forward rule of origin supported by USIFI and NFI requires finished textile and apparel goods to be made from regional yarns and fabrics **AND** to be assembled in the region, a policy that honors and encourages regional investment along the length of the supply chain.

China Tariff Update

On September 17, the Office of the United States Trade Representative (USTR) [released a list](#) of approximately \$200 billion worth of Chinese imports to be subject to additional tariffs as part of the United States' continuing response to China's intellectual property theft and forced transfer of American technology.

At the direction of President Trump, the added tariffs became effective September 24, 2018, and initially are in the amount of 10 percent. Starting January 1, 2019, the level of the additional tariffs will increase to 25 percent if there is no formalized resolution in the China 301 case by then.

The list contains 5,745 full or partial lines of the original 6,031 tariff lines that were on a proposed list of Chinese imports announced on July 10, 2018. USTR's original July 10 list included dyes, chemicals and all products in Harmonized Tariff Schedule (HTS) Chapters 50-60, the chapters covering fibers, yarns and fabrics. No added tariffs were proposed for HTS Chapters 61-63, the chapters covering apparel and textile home furnishings.

Changes to the proposed list were made after USTR and the interagency Section 301 Committee sought and received comments over a six-week period and testimony during a six-day public hearing.

Following feedback received from numerous parties, including competitive and importing interests, during the public hearing and comment process, USTR fully or partially removed 297 tariff lines from the original proposed list, including several lines covering textile-related inputs such as rayon fiber and certain dyes and chemicals. Thirty-six (36) tariff lines affecting textile and apparel manufacturing covering \$885 million in Chinese imports were removed, including 18 lines in HTS Chapters 50-60 worth \$280 million.

For a fuller explanation of USIFI and NFI's positioning on the China tariff issue, consult the [24-page statement for the record](#) submitted jointly with the National Council of Textile Organizations as part of a previous USTR public comment process on the China 301 tariff issue that closed on May 11.

Miscellaneous Tariff Bill Enacted

President Trump signed [H.R. 4318](#), the Miscellaneous Tariff Bill (MTB), into law on September 13. Under the act, companies will be eligible to receive tariff relief beginning as early as October 13, until the law expires on December 31, 2020.

USIFI and NFI strongly supported passage and adoption of the MTB to promote the global competitiveness of U.S. textile manufacturers. Throughout the MTB petition and review process, USIFI/NFI staff worked with member companies to ensure that many objectionable textile and apparel products were removed from consideration. The final bill signed into law reflects those concerns.

The MTB process will shortly begin anew as the American Manufacturing Competitiveness Act of 2016 requires the U.S. International Trade Commission to conduct another MTB petition cycle that will begin [not later than October 15, 2019](#).

Defense Bill Finished Early

The House and Senate completed work on the FY2019 National Defense Authorization Act (NDAA), [H.R. 5515](#), in the shortest time in recent memory, with President Trump signing the bill into law on August 13.

During this year's NDAA process, USIFI and NFI helped to lead a multi-industry coalition effort to defeat a pair of anti-Berry Amendment provisions during the House Armed Services Committee's (HASC) NDAA mark up. The Berry Amendment (10 USC 2533a) prohibits the Department of Defense from procuring certain products, including textiles and clothing, unless those products are made with 100 percent U.S. content and labor.

USIFI and NFI successfully opposed a [proposal to exclude commercial goods](#), civilian items used by the military with little or no modification, from Berry Amendment coverage. Another measure defeated by NCTO would have carved out [zippers](#) and other textile-related components from Berry's ambit.

Finally, USIFI and NFI are already developing and executing a legislative strategy to pursue the industry's priorities for the FY2020 NDAA. Those USIFI and NFI member companies wishing to share ideas to strengthen the Berry Amendment should contact Janelle Wells Buerkley.

New Director at DLA-TS Clothing & Textiles

The Defense Logistics Agency, Troop Support, Clothing and Textiles [has a new director](#), Air Force Colonel Melvin Maxwell.

Previously, Col. Maxwell served at the Pentagon as chief of the enterprise strategy and analysis branch under the deputy chief of staff at Air Force Headquarters in Washington, D.C.

New Report Makes Recommendations to Strengthen Defense Industrial Base

Deputy Secretary of Defense Pat Shanahan, on behalf of Secretary of Defense Jim Mattis, presented a report, [Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States](#), to President Donald J. Trump, pursuant to Executive Order 13806 on October 5.

President Trump directed Secretary Mattis to lead a whole-of-government effort to identify and assess risks in the manufacturing and defense industrial base, including with respect to textiles and clothing. Based on the report, the Secretary made recommendations to the President to ensure a robust, resilient, secure, and ready manufacturing and defense industrial base.

The recommendations outlined in the Department of Defense report reflect the Trump administration's commitment to securing the industrial capabilities of the United States. The action that followed the President's Executive Order included a multi-agency risk assessment of the industrial base of the United States, which involved experts from the Departments of Defense, Commerce, Labor, Energy, Homeland Security, and other agencies and offices.

The report provides recommendations to address immediate risks identified in the manufacturing and defense industrial base and initiates follow-on efforts to create a strategy for building this

base for next-generation technologies. This comprehensive and government-wide effort demonstrates that manufacturing and the defense industrial base are vital to not only our nation's economic security, but also to our national security.

JAPBI Scheduled for November 28-29

The Defense Logistics Agency Troop Support (DLA-TS) Clothing & Textiles (C&T) will host the 2018 Joint Advanced Planning Brief for Industry ([JAPBI](#)) on November 28-29 at the Crowne Plaza Philadelphia-Cherry Hill in Cherry Hill, NJ.

DLA-TS C&T and its military service partners jointly brief the U.S. industrial base on future requirements and business opportunities for clothing and individual equipment at this annual event.

Bureau of Industry & Security Releases Textile and Apparel, Footwear Reports

On August 20, the U.S. Department of Commerce, Bureau of Industry and Security (BIS), Office of Technology Evaluation released two defense industrial base assessments for the year 2017, one of the U.S. [textile and apparel](#) industry and another of the [footwear](#) sector.

Compiled at the request of Congress, the two comprehensive reports were the first of their kind issued for the respective sectors since 2003.

USIFI and NFI worked with BIS staff to encourage U.S. textile, apparel and footwear producers to participate in the study.

U.S. International Trade Commission Issues Textile Reshoring Working Paper

The U.S. International Trade Commission (ITC) issued the working paper "[Textiles and Apparel: Made In USA...Again?](#)" last month. Compiled by ITC analysts Kim Freund, Mary Roop and Heidi Colby-Oizumi, it focuses on the feasibility of reshoring U.S. textile and apparel jobs.

2017-18 USIFI/NFI Initiatives & Govt. Relations Accomplishments

2017-18 was a busy year for USIFI and NFI:

- Held Productive Joint DC Lobby Day
 - USIFI and NFI members joined forces in Washington, DC, April 24-25, 2018, to discuss textile issues with Congress and key Department of Commerce and Office of the U.S. Trade Representative policymakers.

- Lobby Day is an opportunity for USIFI & NFI members to nurture stronger working relationships with officials responsible for crafting, implementing, and administering policies that directly affect domestic manufacturers. These matters include the Berry Amendment, a law requiring the Department of Defense to buy textiles and clothing made only with U.S. content and labor, the renegotiation of the North American Free Trade Agreement (NAFTA), and several other issues in between.
- Ten companies participated in the 2018 event and USIFI and NFI Washington representatives Sara Beatty and Lloyd Wood organized 26 individual or group meetings for Lobby Day attendees with 13 House and 13 Senate offices, including a group meeting with **Senate Armed Services Committee** (SASC) majority and minority staff. Member-level meetings are denoted with an *

SENATE OFFICE VISITS BY STATE

1. Sen. Joni Ernst (R-IA) *
2. Sen. Roger Wicker (R-MS)
3. Sen. Cory Booker (D-NJ)
4. Sen. Robert Menendez (D-NJ)
5. Sen. Richard Burr (R-NC)
6. Sen. Thom Tillis (R-NC)
7. Sen. Sherrod Brown (D-OH)
8. Sen. Rob Portman (R-OH)
9. Sen. Sheldon Whitehouse (D-RI) *
10. Sen. Lindsey Graham (R-SC)
11. Sen. Tim Kaine (D-VA)
12. Sen. Mark Warner (D-VA)
13. Sen. Jack Reed (D-RI) – group meeting with SASC staff

HOUSE OFFICE VISITS BY STATE

1. Rep. Rod Blum (R-IA)
2. Rep. Trent Kelly (R-MS) *
3. Rep. Frank LoBiondo (R-NJ) *
4. Rep. Donald Payne (D-NJ) *
5. Rep. Ted Budd (R-NC)
6. Rep. Patrick McHenry (R-NC) – group meeting with House Textile Caucus staff
7. Rep. John Renacci (R-OH)
8. Rep. David Cicilline (D-RI) *
9. Rep. Jim Langevin (D-RI)
10. Rep. Tom Rice (R-SC)
11. Rep. Joe Wilson (R-SC) *
12. Rep. Phil Roe (R-TN)
13. Rep. Morgan Griffith (R-VA)

- Successful Government Procurement Lobbying Efforts
 - Continues to lead Berry Amendment Textile Coalition (BATC).
 - Continued coordinated response to DuraFiber closure with respect to any DNAD (Domestic Non-Availability Determination).
 - Fought to preserve the Berry Amendment in the FY 2019 National Defense Authorization Act (NDAA), H.R. 5515.
 - USIFI/NFI issued multiple action alerts during course of consideration of the bill.
 - Stopped all efforts to weaken Berry, including defeating proposals to:
 - Remove commercial items from Berry's ambit
 - Remove certain components like zippers, snaps and like items from Berry's ambit
 - BATC coordinated two textile/metals/labor letters opposing Berry attacks.
 - USIFI and NFI also sent their own joint action alerts to Capitol Hill supporting Berry in the NDAA fight.
 - Worked with the Commerce Dept. Bureau of Industry and Security (BIS) to provide information and publicize the first studies of the health, competitiveness, and the contribution of (1) the U.S. [textile and apparel](#) industry and (2) the [footwear](#) industry to the U.S. economy, respectively, that have been published since 2003.
 - Answered questions from the U.S. Government Accountability Office (GAO) as part of the watchdog agency's [November 21, 2017 report](#) investigating the implementation of the Kissell Amendment.
 - Continued to support the Advanced Functional Fabrics of America (AFFOA) as part of the National Network of Manufacturing Innovation.
- Outreach to Trump administration and Congress on Trade Agenda
 - USIFI and NFI intensively engaged the Trump administration with respect to USIFI and NFI priorities in the NAFTA renegotiations.
 - Positive movement on coated fabrics and narrow elastics priorities in the resulting United States-Mexico-Canada Agreement (USMCA).
 - USIFI is represented on the Industry Trade Advisory Committee (ITAC) 11 for Textiles by USIFI Board Member Patti

Bates with Glen Raven. The ITACs advise the U.S. Secretary of Commerce and U.S. Trade Representative on trade policy.

- USIFI/NFI Washington representatives stay in frequent contact with the U.S. negotiating team (USTR and Commerce) and policymakers to closely track trade policy developments, keeping member companies informed and providing advice on the industry segment's objectives.
- USIFI and NFI have been extremely active in working to influence the China 301 tariff process.
 - USIFI and NFI cosigned a comprehensive 24-page public comment on Section 301 tariffs
 - Provided feedback to USTR on proposed tariff lists and kept membership apprised of opportunities to weigh in directly
 - Successful in removing rayon fiber, certain dyes and chemicals, and most types of textile machinery utilized by member companies from the tariff lists
 - Remain focused on convincing the administration to cover textile and apparel end items
- Strong Engagement in Foreign Trade Zone Requests
 - There have been ongoing efforts since 2014 to oppose FTZ tariff savings applied for by Coleman Co for imports of nylon and polyester fabrics used to produce personal flotation devices.
 - USIFI and member companies heavily engaged in efforts to defeat an appeal by Coleman to reverse an initial ruling in our favor.
 - The FTZ Board staff recently issued a final decision to reject Coleman's application.
- Active Participant in Miscellaneous Tariff Bill (MTB) Process
 - Informed membership of key deadlines for submitting petitions for duty reductions or suspensions on manufacturing inputs like rayon and acrylic fibers not available in the United States.
 - Informed membership of key deadlines and points of contact in the Commerce Department and International Trade Commission throughout the petition vetting process to identify and object to petitions covering products made domestically by USIFI and NFI member companies.

- Submitted letters of public opposition to 19 petitions that covered products made by USIFI and NFI members.
 - Successfully argued against all petitions covering textile end items like tents and pet leashes that undergo no further processing in the United States and therefore provide not benefit to domestic manufacturing.
 - MTB, H.R. 4318, signed into law on September 13
- Communications

USIFI and NFI Representatives Lloyd Wood and Sara Beatty:

- Produced the DC Reporter Newsletter and Action Alerts on breaking issues
- Made Presentations at Expo and Outlook on the Divisions' efforts regarding trade and procurement policy
- Conducted a conference call to prepare attendees for Lobby Day
- Conducted webinars on Berry and Trade
- Serve on an ongoing basis as an informational resource to help members answer questions and solve individualized problems such as clarifying trade agreement rules of origin, government procurement statute, customs enforcement concerns, etc

Thanks, and please reach out with any questions.

[Janelle Buerkley](#)
Division Supervisor
651.225.6948



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1801 County Road B W
Roseville, MN 55113-4061

Phone: +1 651 222 2508
Phone: 800 225 4324

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