



U.S. Industrial Fabrics Institute
Narrow Fabrics Institute

Washington Update Winter 2018

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2019 IFAI OUTLOOK CONFERENCE

The [IFAI Outlook Conference](#) will be held May 6-8, 2019 at The Ritz-Carlton Reynolds, Lake Oconee – Greensboro, GA.

The annual event is a signature experience for industry leaders. Attendees will dive into a deep exploration of the industrial fabrics industry and uncover:

- Essential information, including driving factors and challenges, that will define the future growth of our industry
- Exclusive insights to power informed decisions that improve our organizations and daily lives
- Empowered understanding and decreased uncertainty to mitigate risk
- Expansive, shared knowledge from across industry sectors

Join the U.S. Industrial Fabrics Institute (USIFI), Narrow Fabrics Institute (NFI) and the Military Division to explore our industry at Outlook 2019.

PRESIDENT TRUMP SIGNS USMCA

President Trump joined Canadian Prime Minister Justin Trudeau and outgoing Mexican President Enrique Pena Nieto in signing the U.S.-Mexico-Canada Agreement ([USMCA](#)) in Buenos Aires on November 30 at the G-20 Summit. U.S. textile-related exports to Canada and Mexico were a combined \$11.8 billion in 2017.

The final agreement reflects many of USIFI's and NFI's priorities, and USIFI/NFI staff were in regular communication with U.S. negotiators during USMCA talks, urging them to preserve and enhance the North American textile supply chain.

USMCA improvements over the original NAFTA include:

- A standalone chapter for textiles and apparel; NAFTA does not have a separate chapter covering textile and apparel rules of origin
- Stronger rules of origin for sewing thread, pocketing, narrow elastics and certain coated fabrics
- Fixing the Kissell Amendment loophole
- Stronger rules for customs enforcement specifically tailored to textiles

Available [here](#) is a detailed report on the final terms pertaining to textiles. **Please note that this confidential report is intended for USIFI and NFI members only**, and we ask that you not share it with parties outside of your company.

The U.S. International Trade Commission (ITC) held a [public hearing](#) on November 15-16 in Washington, DC as part of its [investigation](#) of the likely impact of the USMCA on the U.S. economy.

For more information about the details of the USMCA, contact [Sara Beatty](#).

TARIFFS ON CHINESE TEXTILES TO STAY AT 10 PERCENT

After meeting with Chinese leader Xi Jinping, President Trump [announced](#) on December 1 that added tariffs on certain imports from China scheduled to increase from 10 to 25 percent on January 1 would be delayed 90 days to pursue a negotiated settlement to the [Section 301 trade enforcement action](#). If an agreement cannot be reached by March 1, the tariff increase to 25 percent is scheduled to go ahead.

As background, [the Office of the U.S. Trade Representative \(USTR\) announced](#) the finalized \$200 billion third tranche of products in the China 301 action on September 18. The retaliatory tariffs took effect on September 24, 2018 were set at a level of 10% until the end of the year. On January 1, 2019 the tariffs were scheduled rise to 25%, but this was delayed.

A spreadsheet prepared by USIFI/NFI staff is included [here](#). It details the textile-related products that were excluded from the finalized \$200 billion China 301 list. While this information was compiled based off of the official USTR list, it is not an official document. We encourage members to review the full, [finalized list of covered products](#) as there may be other product areas of interest to your company.

Eighteen 8-digit tariff lines were excluded from the finalized list in Chapters 50-60 of the harmonized tariff schedule. All other products in these chapters are on the finalized list and subject to the 10% retaliatory duty. Additional product exclusions related to textile production include certain dyes, chemicals and finishes in Chapters 28, 29 and 32 as well as certain headwear in Chapter 65 and fiberglass products in Chapter 70. These exemptions were made by USTR based on input received from numerous parties, including competitive and importing interests, during the public hearing and comment process.

USIFI/NFI OBJECTIVES FOR U.S. TRADE TALKS WITH THE EUROPEAN UNION AND JAPAN

United States Trade Representative Robert Lighthizer [notified Congress](#) on October 16 that the Trump administration intended to negotiate three separate trade agreements with Japan, the European Union and the United Kingdom. Trade talks with the United Kingdom are not expected to begin until after that country finalizes its exit arrangement with the European Union.

“Under President Trump’s leadership, we will continue to expand U.S. trade and investment by negotiating trade agreements with Japan, the EU and the United Kingdom,” said Ambassador Lighthizer. “Today’s announcement is an important milestone in that process. We are committed to concluding these negotiations with timely and substantive results for American workers, farmers, ranchers, and businesses.”

In officially notifying Congress, the U.S. Trade Representative (USTR) is following the procedures set out in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 – often referred to as Trade Promotion Authority (TPA) – which requires ongoing consultations with Congress. These consultations ensure that USTR develops negotiating positions with the benefit of Congress’ views.

USTR also requested public comments on the direction, focus and content of the trade negotiations with the European Union and Japan. In response, USIFI, NFI and the National Council of Textile Organizations jointly filed comments outlining the U.S. textile industry’s negotiating objectives for agreements with [Japan](#) and the [European Union](#) on November 26 and December 10, respectively.

For more information about the joint comments and these negotiations, contact [Sara Beatty](#).

NEW LEADERSHIP FOR KEY CONGRESSIONAL COMMITTEES IN THE NEXT CONGRESS

Netting 40 seats from Republicans, Democrats flipped control of the U.S. House of Representatives, securing a 235-199 majority. No winner has been declared in North Carolina’s 9th Congressional District because of election irregularities.

In the U.S. Senate, Republicans added two seats to their majority for a 53-47 advantage over the Democrats. The Democratic caucus total includes independents Bernie Sanders of Vermont and Angus King of Maine.

House and Senate Armed Services Committees

There will be new leadership at both the House and Senate Armed Services Committees in the 116th Congress. The Senate Armed Services Committee will be led next year by Senator Jim Inhofe (R-OK), and the House Armed Services Committee will see Cong. Adam Smith (D-WA) as chairman. Neither of these chairmen hold the overtly hostile attitude toward domestic procurement preferences of the late Senator John McCain (R-AZ), who previously led the Senate committee, but neither do they have records of promoting domestic preferences. Nevertheless, the environment in the next Congress should be somewhat more open to legislative proposals to protect and strengthen the Berry Amendment.

Ways and Means, Finance Committees

Cong. Richard Neal (D-MA) will take over as chairman of the House Ways & Means Committee, but the chair of the all-important Trade Subcommittee will not be decided until next year. On the Senate side, Charles Grassley (R-IA) is the new chairman of the Finance Committee.

Traditional Democratic views on trade more closely align with many textile industry positions on tariffs, customs enforcement and trade agreements. Consequently, the new Democratic majority in the U.S. House of Representatives likely will take a more skeptical view toward legislative proposals to weaken tariffs or about providing duty-free treatment for finished apparel products in the Miscellaneous Tariff Bill.

Conventional wisdom anticipates that Democratic control of the House will not substantially change the prospects for passage of the United States-Mexico-Canada Agreement. The deal is expected to be sent to Congress sometime in the first quarter of 2019 and likely will enjoy broad support from the business community.

JAPBI RECAP

The fourth annual Joint Advanced Planning Brief for Industry ([JAPBI](#)), sponsored by the Defense Logistics Agency (DLA) Troop Support, was held November 28-29 in Cherry Hill, NJ, just outside Philadelphia where DLA Troop Support is headquartered. Representatives from a number of USIFI and NFI members attended.

DLA Troop Support Commander Brigadier General Mark T. Simerly presented the keynote address and emphasized DLA Director Lieutenant General Darrell K. Williams' intent to build stronger industry partnerships with supply chains that deliver products and services to DLA. The event drew the largest attendance ever with 750 members of textile product supply chains, and civilian and military members from DLA Troop Support and the Military Services. DLA headquarters' senior official for industry engagement, Mathew R. Beebe, represented Lt. Gen. Darrell K. Williams at the event.

DLA CLOTHING & TEXTILES FY 2019 FORECAST

The DLA Troop Support, Clothing & Textiles (C&T) [FY 2019 Forecast](#) has been posted to the FAQ page. As always, it's under the second section on Post Award, first question.

NORTH CAROLINA STATE RENAMES TEXTILE SCHOOL WILSON

COLLEGE OF TEXTILES

Thanks to a [\\$28 million gift from alumnus Frederick “Fred” Eugene Wilson Jr. and his family](#), North Carolina State University’s College of Textiles henceforth will be known as the Wilson College of Textiles. A world leader in textile research, the Wilson College of Textiles is the only standalone textile college in the United States.

IFAI member companies often work closely with Wilson College of Textiles faculty and students on everything from solving technical problems to innovating and manufacturing the fibers, yarns and fabrics of tomorrow. As such, this gift will the entire U.S. textile supply chain by helping to mold the next generation of leaders and innovators.

WILSON COLLEGE OF TEXTILES SPRING 2019 CAREER FAIR

[Registration](#) is now open for the Wilson College of Textiles 2019 Spring Career Fair scheduled for Thursday, February 28, 2019, from 1:00pm – 5:00pm at the College in Raleigh, North Carolina.

The Fair offers employers an opportunity to connect with 1100+ B.S., M.S. and Ph.D. students who are pursuing degrees in Textile Engineering, Textile Technology, Polymer and Color Chemistry, Fashion and Textile Design, and Fashion and Textile Management.

Employers have the chance to grow their company’s brand and increase its recruiting footprint on campus by recruiting interns, entry-level candidates and experienced textiles professionals for a variety of positions, including:

- design and process engineers
- chemists
- merchandisers
- designers
- sourcing agents
- Six Sigma and quality managers
- buyers and sales representatives

Thanks, and please reach out with any questions.

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12/21/2018

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