

TEXTILE TRADE POLICY ISSUES

Included below is a list of trade policy issues that directly impact the U.S. textile sector and are likely to be considered by Congress in the coming months.

Miscellaneous Tariff Bill

The Miscellaneous Tariff Bill (MTB) temporarily reduces or eliminates import duties on specified raw materials and intermediate products used in manufacturing that are not produced domestically. The MTB ensures that U.S. manufacturers are not unnecessarily disadvantaged compared to foreign competitors when sourcing vital manufacturing components.

The MTB is critical to many U.S. manufacturers of technical textiles and narrow fabrics, since they often use components, such as acrylic and rayon, that are unavailable from domestic sources. These materials are then processed in domestic manufacturing facilities, helping to support U.S. jobs, output, and investment. The current lapse in the MTB has significantly increased production costs for U.S. producers at an inopportune time when industry is trying to recover from the COVID-19-induced downturn.

USIFI and NFI staunchly support the adoption of MTB benefits for inputs that are not available from a domestic manufacturing source. However, USIFI and NFI are opposed to duty suspensions or reductions on finished products. Finished products are fully processed and ready for sale to consumers with no need for further value enhancement through domestic manufacturing. Granting reduced or suspended duty status to finished goods directly undermines U.S. manufacturers of that or a competitive product's upstream component parts and works at cross purposes with the stated intent of the MTB.

USIFI and NFI support renewal of MTB benefits for duty relief on inputs not available domestically that undergo further processing by U.S. manufacturers. Goods that fall under this definition help to mitigate costs on manufacturing components that are not available from a U.S. supplier.

GSP Expansion to Textile Products

The Generalized System of Preferences (GSP), which expired at the end of 2020, provides duty-free access to the U.S. market for developing countries on a range of designated products. GSP has historically included an extremely narrow grouping of textile and apparel products; however, importers, brands, and retailers propose expanding GSP eligibility to include all textile and apparel products. Doing so will afford duty-free treatment for products that compete directly with goods made domestically and by partners in FTA countries from U.S. textile inputs. This approach would severely damage U.S. and FTA-regional manufacturing and hamper the U.S. government's ability to negotiate improved market access for U.S.-made products in future FTAs.

USIFI and NFI oppose any expansion of GSP eligibility to include textile and apparel products and instead believe GSP should be approved only as a straight extension, without change in its existing terms.

China Trade and Uyghur Forced Labor

Layered on top of years of illegal trade practices that have disadvantaged U.S. textile manufacturers, the Chinese government is currently engaged in a systemic program of atrocities against Uyghur and other Muslim minority groups in the Xinjiang Uyghur Autonomous Region (XUAR). These atrocities range from relocation to re-education and forced labor camps to genocide.

China is far and away the largest global producer and exporter of textile products. The XUAR is the major cotton, textile, and apparel production center in the country, accounting for 84 percent of China's total cotton production and 20 percent of the entire world's cotton crop. The U.S. government has determined that the region's government-controlled industries systematically employ forced labor to manufacture the vast majority of all goods in the XUAR. These concerns also extend to medical personal protective equipment being produced in China.

In recent months, U.S. Customs and Border Protection (CBP) issued a series of withhold release orders (WRO) for Chinese cotton, including any cotton products like textiles and apparel made by supply chains that utilize forced labor, effectively banning these products. Congress and the administration must follow-up this important step with clear policies that demonstrate zero tolerance for slave labor and the goods produced as a result.

USIFI and NFI support CBP's enforcement actions to address forced labor and call for additional assertive action to eradicate forced labor from all global textile supply chains.