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NCTO Urges Tariff Exclusion for Made in USA Inputs as Trade War Flares

By Arthur Friedman



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The National Council of Textile Organizations ([NCTO](#)) said it supports the Trump administration's action to crack down on unfair trade practices from [China](#) but urged officials to make sure a process is in place to exclude inputs for U.S. manufacturers.

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Kim Glas, president and CEO of [NCTO](#), which represents U.S. textile manufacturers, said the organization “remains seriously concerned that some inputs critical to the competitiveness of U.S. textile manufacturers remain on the retaliation list and will now face a 25 percent tariff.

A Federal Register notice published on Thursday states the administration’s intent to raise tariffs on \$200 billion of imported Chinese goods from 10 percent to 25 percent on May 10. NCTO urged the administration to ensure “an expeditious and transparent exclusion process.”

“Duty increases on inputs alone, without addressing the growing problem of end products, can raise the cost of U.S. textile manufacturers trying to compete with like Chinese products,” Glas said. “We are pleased that the administration intends to announce an exclusion process and we urge that the process be fair, transparent and expeditious.”

USTR said it will publish a separate notice describing the product exclusion process.

NCTO also called for the inclusion of finished apparel and textile end products in new tariff measures.

“It’s long past time we address China’s unfair trade practices, particularly relating to intellectual property abuses,” she said. “However, we remain very concerned that finished Chinese textile home furnishings and apparel are not on the administration’s retaliatory tariff list,” Glas said. “Chinese imports of finished goods into the U.S. market have the most significant impact on domestic textile and apparel production, investment and jobs. In order to address the crisis, we need to get to the very heart of the problem.”

According to U.S. government data, China predominantly ships end items to the U.S. versus intermediate inputs. Finished apparel, textile 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 represent only 6.5 percent, NCTO noted.

According to the latest data from the Commerce Department’s Office of Textiles & Apparel (OTEXA) released on Thursday, overall imports of textiles and apparel increased 2.7 percent to 4.79 billion square meter equivalents (SME) in March compared to a year earlier. Industry imports from China were down 15 percent to 1.53 billion SME, OTEXA reported. Chinese shipments to the U.S. have been on a decline in the past couple of years as companies have looked to limit their risk from the U.S.-China [trade war](#) and as Chinese costs have increased.

Retail groups and the American Apparel & Footwear Association (AAFA) have called for the administration to not impose further tariffs. They say American consumers pay the price, not the Chinese government.

“We strongly oppose the President’s announcement that he will continue to penalize American families, and add additional obstacles to economic growth, by imposing further tariffs on U.S. imports from China,” Rick Helfenbein, president and CEO of AAFA said. “As has been made clear by the

Administration's use of tariffs during the past year, tariffs are an additional tax burden placed on Americans. These taxes are not paid by foreign nations and they result in higher costs that are simply passed on to the American consumer."

Helpenbein said the tariffs threatened by the President—those that would be increased to 25 percent on Friday and those that would be added to consumer goods like clothing and shoes that are not currently being charged with punitive tariffs—will only hurt U.S. families, workers, companies and the economy.

"We urge the President to refrain from imposing these additional tariffs and instead focus on negotiating and concluding the trade deal with China," he said.

U.S. and Chinese negotiators are scheduled to meet Thursday, four days after Trump threatened new tariffs if China refused to sign onto a new trade agreement. The Chinese Commerce Ministry said in response that "if the U.S. tariff measures are implemented, China will have to take necessary countermeasures."

The political rancor has companies caught in the middle. The Institute for Supply Management's "Semiannual Economic Forecast," which included a survey of executive from 17 industries, including apparel, leather products and textile mills, said that 59.1 percent of respondents said "yes" when asked, "Do you believe that tariffs have raised the price of the goods that you produce and deliver to your customers?"

When asked, "If you believe that tariffs have raised the price of your goods to your customers, by how much?" the average increase was 6.8 percent, with a median of 5 percent.

Asked "Do you believe that tariffs have caused delays and disruptions in your supply chain?" 70.2 percent said no.

For their part, U.S. apparel importers have shifted their sourcing strategies to suppliers in Asian countries such as Vietnam, Bangladesh, Cambodia, India and Pakistan, and to Western Hemisphere countries that operate under free trade agreements.

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