



PUBLIC

July 6, 2026

Megan Grimbball, Esq.
Chair of the Section 301 Committee
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

RE: Request for Comments Concerning Proposed Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor (Docket ID: USTR-2026-0265)

Dear Ms. Grimbball:

The National Council of Textile Organizations (NCTO), on behalf of its membership, submits these comments in response to the Office of the United States Trade Representative (USTR)'s request for public comments concerning proposed actions in the Section 301 investigations of the acts, policies, and practices of various economies related to the failure to impose and effectively enforce a prohibition on the importation of goods produced with forced labor, found at 91 FR 34272 and dated June 5, 2026 (Docket ID: USTR-2026-0265).

Concurrently with this submission, NCTO is submitting a business confidential version of these comments that contains sensitive, privileged commercial information, marked as business confidential, in the confidential submission's appendix. Disclosure of the business confidential information contained in the appendix to NCTO's confidential submission would endanger trade secrets or profitability, and the information would not customarily be released to the public. This business confidential information is contained in brackets and marked as business confidential in the confidential version in accordance with 15 CFR 2006.15. Consistent with USTR's regulations, NCTO is submitting this public version of the comments concurrently with its confidential submission.

Forced labor remains prevalent in global textile and apparel supply chains and unfairly disadvantages U.S. textile manufacturers. We are grateful that the administration's proposed actions in the Section 301 investigations appropriately exclude USMCA-compliant goods of Canada or Mexico and CAFTA-DR qualified imports of textiles and apparel given the significance of these markets to the U.S. textile industry. The administration now has the opportunity to take meaningful actions in the investigations, as detailed in our below comments to revitalize the domestic textile industry and to defend it from unfair, predatory trade practices like forced labor. The right approach could potentially double industry capacity; the wrong solution will cost U.S. jobs and create irreparable harm.

NCTO represents the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers of textile machinery, chemicals, information services, and other sectors that have a stake in the prosperity and survival of the U.S. textile industry. NCTO's headquarters are in Washington, DC. More information on this association of domestic textile manufacturers can be found at www.ncto.org.

I. The Textile Industry: A Critical, Strategic Sector of the U.S. Economy

The multifaceted U.S. textile supply chain directly employs 453,000 workers across the United States and produced shipments of man-made fiber, yarns, fabrics, apparel and non-apparel sewn products valued at \$61 billion last year. The United States exported \$27 billion of textile-related products in 2025 and ranks as one of the top textile exporters in the world.

Domestic textile manufacturers play a critical and strategic role in safeguarding U.S. national security by providing high-tech, functional components to the U.S. government, including more than \$1.8 billion worth of vital uniforms and equipment for our armed forces annually. The Department of Defense (DOD) estimates that the U.S. military routinely purchases over 8,000 different textile items from domestic manufacturers, or more than 30,000-line items when considering individual sizes. U.S. textile mills provide a secure supply chain for the highest quality defense materials on a timetable that our armed forces demand, so our military does not have to rely on offshore suppliers based in countries that often do not share U.S. geopolitical goals, like China.

The United States leads the world in textile innovation due to the unparalleled breadth and scope of the manufacturing capabilities of the U.S. textile industry. Over the past eight years, the U.S. textile industry has invested \$34.3 billion in the latest innovations related to sustainability and production capabilities. This focus on innovation enables the industry to create tens of thousands of products including apparel, industrial textiles, home furnishings, and personal protective equipment (PPE).

II. Recommendations Regarding Section 301 Proposed Actions

NCTO appreciates the opportunity to comment on the proposed actions in the Section 301 forced labor investigations as the administration formulates next steps in the proceedings. We offer the following recommendations regarding the proposed actions in the Section 301 investigations to inform the administration's final actions:

1) Impose Section 301 duties on imports of apparel and finished textiles (HTS Chapters 61-63) of China and countries in Asia that utilize forced labor in manufacturing.

Forced labor remains prevalent and well-documented in global textile and apparel supply chains as detailed in NCTO's comments on the initiation of the Section 301 investigations.¹ China's Xinjiang cotton made with Uyghur forced labor continues to fuel textile and apparel production in Asia.

¹ Kim Glas, Comment on Section 301 Investigation of Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor, April 10, 2026, [USTR-2026-0133-00125623](https://ustr-2026-0133-00125623), <https://comments.ustr.gov/s/commentdetails?rid=4JD3GYDB86>.

Countries in South and Southeast Asia also utilize forced labor and/or child labor in the production of garments and other textile goods.

USTR's proposed additional duties on imports of apparel and finished textiles from countries with a record for utilizing forced labor in supply chains rightly take aim at these unfair trade practices. Additional tariffs "stacked" on top of most favored nation (MFN) duties will help to offset the unfair advantage that products of these countries have because of using forced labor in production—a practice the United States prohibited for U.S. imports almost 100 years ago.

2) Preserve critically important duty-free treatment for USMCA/CAFTA-DR qualified textiles and apparel.

We thank the administration for proposing to exclude USMCA-compliant goods of Canada or Mexico and CAFTA-DR qualified imports of textiles and apparel from the Section 301 actions given the economic significance of these markets to the U.S. textile industry. We fully support preserving duty-free treatment for USMCA and CAFTA-DR qualified imports and not applying the proposed textile mechanism to trade with these countries. Our industry has established strong textile and apparel coproduction supply chains with Western Hemisphere free trade agreement (FTA) partners. Penalty tariffs on imports from these countries would decimate companies in our sector, hurt domestic producers, and benefit imports from China and Asia.

Unfair trade practices like forced labor enable Asia to continue to grow its share of the global apparel market while the Western Hemisphere loses to the detriment of U.S. textile manufacturers. Seventy percent of U.S. textile and apparel exports go to the Western Hemisphere region and many end up in apparel or finished textile products exported to the United States. We estimate that Asia has expanded its U.S. market share from 77 percent to 79 percent by quantity since 2019 while the Western Hemisphere's share has narrowed from 16 percent to 12 percent. CAFTA-DR has experienced most of this weakening in competitiveness, shrinking from 11 percent to 8 percent.

The apparel market shift to sources outside of our hemisphere means less opportunities for U.S. textile exports and further contraction of our industry at home, which has closed more than 40 factories over the past two years and has more closures on the horizon. This is a direct result of predatory trade behaviors, including forced labor, by Asian suppliers taking significant market share. Any Section 301 actions should strengthen and not undermine the vital textile and apparel coproduction chains between the United States and its Western Hemisphere trading partners, especially USMCA and CAFTA-DR countries.

3) Make necessary reforms to the proposed textile mechanism to support domestic industry growth.

USTR's proposed textile mechanism would allow for a certain volume of textile and apparel imports from designated economies to enter the United States at a reduced Section 301 tariff rate based on the quantity of U.S. textile exports to that trading partner. The mechanism would also allow a certain volume of apparel and textile imports to enter the United States at the reduced Section 301

rate based on the volume of U.S. cotton and cotton products a trading partner imports from the United States.

We want to dispel the notion that the textile mechanism proposed by USTR will promote the export of U.S. yarns and fabrics. Regrettably, it will not open market opportunities for our industry because of Asia's chronic reliance on subsidized textile inputs and will have seriously damaging effects for domestic textile manufacturers if U.S. raw cotton is included in the mechanism. For these reasons, NCTO opposes the textile mechanism as it stands. Three reforms to USTR's proposed textile mechanism would ensure it does not harm U.S. textile manufacturers and instead encourages growth of the domestic industry:

a. Exclude U.S. raw cotton from any textile mechanism that offers tariff relief to textile and apparel imports.

Granting countries Section 301 tariff reduction benefits for the purchase of U.S. cotton would exacerbate offshoring and subsidize Asian imports that compete directly with U.S. textile and apparel producers and our indispensable coproduction partners in FTA regions throughout the Western Hemisphere. We strongly urge USTR to consider several important arguments as to why the administration should exclude U.S. cotton exports from any tariff relief mechanism on textile and apparel imports from Asia:

- Exported raw cotton is a basic commodity that undergoes no value-added manufacturing processing in the United States.
- Providing additional support to Asian cotton-processing industries only exacerbates the offshoring of U.S. yarn, fabric, and apparel production damaging U.S. textile supply chains.
- Asian competitors have long capitalized on subsidies and weak environmental and labor standards to produce apparel that would benefit from duty relief.
- USMCA and CAFTA-DR regions directly compete with Asia in the U.S. textile/apparel market. These tariff benefits for Asia would clearly come at the expense of the Western Hemisphere and to the detriment of U.S. textile manufacturers, which ship 70 percent of their total annual exports to the hemisphere.
- Any apparel market shift to sources outside of the Western Hemisphere means less opportunities for U.S. textile exports and further contraction of our industry at home.
- The incentive to export cotton will certainly drive up the cost of cotton for U.S. and regional textile producers—further exacerbating the damage and making our U.S. and regional industries less competitive.

The issue of how this provision will increase raw material prices for U.S. textile manufacturers cannot be overstated. It will also artificially increase pricing to benefit a small few. If the U.S. government incentivizes offshore competitors to purchase American cotton, the laws of supply and demand dictate that the cost of cotton to U.S. textile manufacturers will naturally increase. The

subsequent increase in price of this essential raw material will then negatively impact every aspect of the domestic textile supply chain, including yarn spinners, fabric manufacturers, and apparel producers. This mechanism rewards apparel imports from Asia to the detriment of American manufacturers. A textile mechanism that incorporates raw U.S. cotton will drive up domestic industry costs while giving offshore producers a duty break and aiding their manufacturing industries. Such increases in raw material cost could not come at a more disadvantageous time due to the previously noted contraction in domestic industry output and exports over the past two plus years.

b. Exclude textile manufacturing inputs and machinery not available domestically from the scope of the proposed tariff actions.

Unfortunately, the domestic industry relies on certain textile manufacturing inputs and machinery not available domestically to maintain its competitiveness. Many of these products have not been made in the United States for several decades and will not be reshored easily or ever because there is not enough volume to justify or sustain investment. Additional tariffs on these items raise production costs by increasing the price of imported inputs and machinery and put U.S. operations at risk by exacerbating offshoring and leading to foreign competitors taking valuable market share. Additional Section 301 tariffs should not cover necessary inputs and machinery needed by domestic manufacturers to produce textiles in the United States.

NCTO recommends that USTR provide relief from additional tariffs above existing MFN duties for narrowly defined categories of machinery and manufacturing inputs that meet the following criteria:

- No commercially viable domestic producer exists.
- The product serves as a manufacturing input rather than as a consumer good.
- The product supports domestic manufacturing investment, modernization, production, and employment.

Tariff costs create disincentives for capital investment in U.S. manufacturing facilities. Over the past eight years, the U.S. textile industry has invested approximately \$34.3 billion in new plants, equipment, and technology. Additional tariffs on specialized machinery that is unavailable domestically increase the cost of capital investments and slow the deployment of advanced manufacturing capabilities in the United States.

NCTO has included in the appendix of our confidential submission a business confidential list of HTS classifications identified by member companies as examples of specialized machinery, equipment, and manufacturing inputs that warrant consideration under any tariff relief or exclusion mechanism.

Based on information provided by member companies, many of the products identified in the attachment may not be produced domestically in commercially available quantities or with equivalent technical capabilities. NCTO submits these examples to demonstrate the types of machinery and inputs for which U.S. textile manufacturers have reported sourcing challenges and tariff-related impacts.

- c. **Adopt an alternative incentive program that supports the U.S.-Western Hemisphere textile and apparel supply chain and will grow U.S. manufacturing jobs.**

USTR should include an innovative textile proposal that would reward the whole textile and apparel supply chain, including U.S. cotton through a novel program developed by NCTO and brands and retailers to create over 56,000 jobs in the United States.

We are thankful that USTR envisioned a mechanism intended to stimulate the growth of various U.S. textile-related exports. However, the textile mechanism proposed by USTR to promote the export of U.S. yarns and fabrics regrettably will not open market opportunities for our industry because of Asia's chronic reliance on subsidized textile inputs from China and other Asian suppliers. It would have seriously damaging effects for U.S. textile manufacturers if U.S. raw cotton is included in the mechanism.

USTR must craft the textile mechanism carefully to ensure that countries like Bangladesh and Indonesia and other Asian suppliers do not gain reduced duties and an enhanced position in the U.S. market without a tangible and substantive benefit accruing to domestic textile producers as discussed at length previously. NCTO has worked closely with other industry trade associations, such as the American Apparel & Footwear Association (AAFA), the United States Fashion Industry Association (USFIA) and the U.S. Industrial and Narrow Fabrics Institute (USINFI) to construct a program that strikes this delicate balance.

NCTO, AAFA, USFIA, and USINFI in a demonstration of our unified support, have agreed to file joint comments as part of this Section 301 comment period that focus on the structure of our proposed incentive program, its value to U.S. textile manufacturers, and the strong desire of these divergent groups to see such a program instituted. As noted in our joint submission, we have worked to develop an innovative economic growth plan that would achieve the president's goals of reshoring and nearshoring critical industries by incentivizing greater sourcing from domestic textile manufacturers and apparel producers in important Western Hemisphere countries.² Our discussions have involved parties that normally take strongly divergent policy positions on trade, but who joined forces in this effort to reinvigorate the U.S.-Western Hemisphere textile and apparel coproduction platform.

We believe this plan if executed has the potential to double U.S. textile exports to the Western Hemisphere, creating substantial jobs and investment in the United States. Specifically, we envision billions in new U.S. textile investment and the creation of 56,463 direct and indirect textile jobs. Simultaneously, we believe this proposal will assist USTR in its efforts to finalize agreements with various Asian countries that supply apparel to the United States in the context of the Section 301 investigations.

² Kim Glas, Comment Concerning Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure To Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced With Forced Labor, July 6, 2026, USTR-2026-0265-00131598, <https://comments.ustr.gov/s/commentdetails?rid=MBX6X28BPF>.

Our proposal includes a creative approach that would allow tariff credits to accrue to importers and retailers who buy more U.S. textiles and qualified apparel goods from USMCA or CAFTA-DR trade partners. Brands and retailers could then apply those credits to offset potential Section 301 tariffs from eligible countries—a win-win strategy for U.S. textile manufacturers and brands and retailers. We believe with the right incentives we can grow jobs substantially in the United States, reopen shuttered factories, and make the investments needed to maintain and to grow America’s textile industry and also benefit U.S. cotton farmers.

Section 301 of the Trade Act of 1974 grants the United States Trade Representative, at the direction of the President, broad authority to investigate and respond to foreign trade practices that are “unreasonable or discriminatory” and burden or restrict U.S. commerce. If the Trade Representative determines that the acts, policies, or practices are actionable, as he has in this case, Section 301(b) of the Trade Act directs the Trade Representative to “take all appropriate and feasible action authorized under [Section 301(c)], subject to the specific direction, if any, of the President regarding any such action, and all other appropriate and feasible action within the power of the President that the President may direct the Trade Representative to take under this subsection, to obtain the elimination of that act, policy, or practice.” As noted in USTR’s report in the Section 301 investigations, the failure of the economies subject to investigation to impose and effectively enforce a forced labor import prohibition burdens or restricts U.S. commerce by subjecting U.S. producers to unfair competition from forced labor goods in both export markets and the U.S. market, and by displacing foreign goods produced without forced labor or forced labor inputs from their domestic market to the United States and other markets.

Our proposal offers an attractive incentive that could persuade certain textile and apparel manufacturing economies to impose and effectively enforce a forced labor import prohibition. Such economies would benefit from the business generated from designation by USTR as a country eligible for reduced Section 301 duties on imports of apparel. Further, our initiative would reward goods produced without forced labor or forced labor inputs in the Western Hemisphere. Therefore, inclusion of our proposal in the remedy crafted to address foreign countries’ unreasonable forced labor practices is both “appropriate and feasible,” and fits squarely within the authority granted by Congress to USTR under Section 301.

We urge USTR to work with NCTO and other key industry trade associations on this plan that would have a demonstrable positive impact on U.S. manufacturers and workers immediately.

We earnestly believe that our alternative proposal, which incentivizes brands and retailers to purchase qualified apparel from USMCA and CAFTA-DR countries by rewarding those purchases with tariff offsets that reduce Section 301 duties on imports from other countries presents the best opportunity to grow our domestic textile manufacturing sector.

4) Strengthen customs enforcement.

U.S. textile manufacturers rely on the United States government to enforce its trade laws so unscrupulous importers cannot evade tariffs and thereby undermine domestic producers. Additional Section 301 penalty tariffs will undoubtedly incentivize more cheating and customs fraud.

We recognize and value the administration's commitment to strengthening customs enforcement as evidenced by the executive order on this subject signed by President Trump in early June.³ We encourage the administration to take actions accordingly to ramp up customs enforcement to ensure trade preferences and duty benefits go to importers that follow the rules, not to bad actors that skirt U.S. trade laws. We also urge the administration to deploy maximum penalties to deter customs fraud.

III. Conclusion

We welcome the Trump administration's efforts to combat the highly aggressive predatory trade practices facing our industry and to establish a more balanced trade environment for U.S. textile and apparel manufacturers. We appreciate the administration's thoughtful approach to the valuable trade partnerships we have with countries in the Western Hemisphere, on which the U.S. textile industry depends. We urge the administration to take into consideration our recommendations on the Section 301 proposed actions.

We firmly believe that with the right trade policies the United States could stabilize domestic textile production and employment, encourage additional investment and reshoring of textile manufacturing, and help to preserve the industrial base needed to provide the U.S. military and front-line medical personnel with essential uniforms, materials, and PPE. We reiterate our recommendations related to the Section 301 proposed actions to create a more balanced trading environment for U.S. textile and apparel manufacturers:

- 1) Impose Section 301 duties on imports of apparel and finished textiles (HTS Chapters 61-63) originating from China and South and Southeast Asia countries that utilize forced labor in manufacturing.
- 2) Preserve critically important duty-free treatment for USMCA/CAFTA-DR qualified textiles and apparel.
- 3) Improve the proposed textile mechanism to help the domestic textile industry.
 - a) Exclude raw cotton from the proposed textile mechanism.
 - b) Exempt textile manufacturing inputs and machinery not available domestically from additional tariffs above existing MFN duties.
 - c) Incentivize more sourcing from the Western Hemisphere to boost domestic textile manufacturing and reward apparel supply chains without forced labor.
- 4) Strengthen customs enforcement and bolster fraud deterrence measures such as penalties.

Thank you for the opportunity to provide these comments. We stand ready to provide any additional information the administration may require about our industry as the Section 301 proceedings continue.

³ Exec. Order No. 14411, 91 Fed. Reg. 35125 (June 10, 2026).

Sincerely,

A handwritten signature in blue ink that reads "Kimberly Glas". The signature is enclosed in a thin black rectangular border.

Kimberly Glas
President & CEO
National Council of Textile Organizations

Appendix Not Susceptible to Public Summarization