



July 6, 2026

Section 301 Committee
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Subject: Comments Concerning Proposed Action in Section 301 Investigations of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor (Docket No. USTR-2026-0265)

This filing is in response to the Office of the United States Trade Representative (USTR)'s request for public comments in relation to proposed actions in the Section 301 investigations of whether various economies impose and effectively enforce a prohibition on the importation of goods produced with forced labor, as published in the Federal Register on June 5, 2026, at 91 FR 34272.

These comments are submitted jointly by a broad and extremely unique coalition of associations representing U.S. textile and apparel manufacturers, as well as brands and retailers that participate in this critical segment of the U.S. economy. Further, please note that this submission should be viewed as a supplement to any individualized comments filed as part of these Section 301 investigations by the respective organizations that have cosigned this document.

The U.S. textile and apparel supply chain involves various production phases, from fibers to yarns to fabrics to finished products, as well as suppliers of textile machinery, chemicals, and other such sectors that directly support domestic textile production. U.S. textile and apparel manufacturers produced nearly \$61 billion in output in 2025, and this supply chain employs 453,000 workers nationwide. Fiber, textile, and apparel exports combined totaled \$27 billion in 2025, and 70 percent of U.S. textile exports go to the Western Hemisphere.

From a brand and retail standpoint, sales of apparel in the United States approximated \$440 billion in 2025 and supported more than 2.5 million U.S. jobs. Combined with the manufacturing output noted above, from base fiber to final retail, this industry makes a \$500 billion contribution to the U.S. economy on an annual basis, directly employing more than 3 million Americans.

In recent months, our associations and respective members have been working on the development of a unique U.S. textile and apparel trade incentive program that we believe would reshore domestic manufacturing, stabilize and grow Western Hemisphere textile and apparel supply chains, and help brands and retailers to diversify sourcing at a critical time.

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. Our joint efforts have resulted in the development of a novel trade incentive program that would achieve various important goals:

- The revitalization and growth of U.S. textile manufacturing, exports, and investment, resulting in over 56,000 new jobs, many of which would be created in the short term, in the United States.
- A decrease in the structural dependence on China-centric textile and apparel production, improving resilience against geopolitical disruption and forced labor exposure.
- The growth of Western Hemisphere share to 25 percent of total U.S. apparel imports, reversing over two decades of Asian export expansion and concentration within the U.S. market.
- A renewed and reinvigorated catalyst for investment in the textile sector across the board, including advanced manufacturing, and circular textiles within the United States and across United States-Mexico-Canada Agreement (USMCA) and Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) partner countries.

We greatly appreciate the administration's support for exempting USMCA-compliant and CAFTA-DR qualified textile and apparel goods from any proposed Section 301 tariffs as these supply chains rely on U.S. cotton and regional inputs. Our proposal, which builds on this approach, would allow brands and retailers to earn tariff credits when they buy U.S. textiles and qualified apparel goods from key Western Hemisphere U.S. free trade agreement (FTA) partners. Brands and retailers could then apply those credits to offset potential Section 301 tariffs from eligible countries—a win-win strategy to unlock significant growth for U.S. textile manufacturers, brands, and retailers. Eligibility for these credits will be based on verified supply chain information and will confirm that there is no forced labor in the supply chain.

Under our proposal, 20 percent of the declared customs value of purchases of the qualifying USMCA or CAFTA-DR apparel article would form the basis for a credit offset of Section 301 duties on imported apparel from certain eligible countries as designated by USTR. An enhanced credit would be available when the USMCA or CAFTA-DR qualified article also contains U.S. manufactured yarn or fabric:

- Brands and retailers would receive an additional 30 percent credit calculated on the export value of the U.S. yarn used in the manufacturing of the USMCA/CAFTA-DR qualified apparel, or
- Brands and retailers would receive an additional 40 percent credit calculated on the export value of the U.S. fabric used in the manufacturing of the USMCA/CAFTA-DR qualified apparel.

Beyond the base 20 percent credit, brands and retailers would be eligible to claim either the U.S. yarn or fabric enhanced credit on a specific textile export. The dollar amount of credits accumulated by brands and retailers could then be used to reduce Section 301 duties on similar apparel imports from countries designated by USTR as eligible to participate in the program. This program would not only help reinvigorate the domestic textile production chain and unleash U.S. yarn and fabric sales to our critical export markets in the Hemisphere, but it could also be used to reward countries that undertake commitments and take appropriate steps to effectively enforce prohibitions on the importation of goods produced with forced labor.

As stated earlier, the main goal of this program is to support and create U.S. textile jobs by supporting demand for U.S. yarn and fabric exports to the Western Hemisphere. This dynamic will increase the market share for key FTA partners in the Western Hemisphere, further reducing the dependence of the apparel industry on sourcing in Asia.

It cannot be overstated how growing the market share of this region is key to revitalization and growth of U.S. textile manufacturing, jobs, and investment. The benefit to the U.S. textile sector is derived from the fact that the Western Hemisphere is overwhelmingly the largest destination for U.S. yarn and fabric exports. As noted earlier, 70 percent of U.S. textile exports go to the Western Hemisphere, equating to \$14.5 billion annually.

Further, we are convinced that this proposal represents a true win for every facet of the textile production and retail chain. For example, since domestic textile mills source virtually all their cotton from U.S. growers, increased textile output will be a substantial boon to U.S. cotton farmers. In fact, less than one percent of all cotton processed in the United States is imported. Consequently, growth in domestic textile output and exports automatically equates to increased purchases of U.S. cotton.

We believe this incentive program has the potential to double U.S. textile exports to the Western Hemisphere, reaching a total of \$29 billion annually. This significant increase in U.S. textile exports would create substantial new U.S. jobs and unleash a much-needed wave of textile sector investment in the United States. Specifically, a nearly \$15 billion increase in U.S. textile exports to the Western Hemisphere would drive billions of dollars in new domestic investment and create more than 56,000 direct and indirect jobs in the U.S. textile sector. As such, this plan would not only provide a substantial boost to the domestic textile sector, but it would also result in significant gains for the U.S. economy as whole.

Moreover, this novel incentive program is needed to rebalance business back to the U.S. and the Hemisphere. Despite the best efforts of this administration to reconfigure global trading patterns in

our sector, Asia's share of the U.S. apparel market continues to grow at the expense of our Western Hemisphere coproduction partners and to the direct detriment of U.S. textile manufacturers. Since 2019, we estimate that Asia, including China, has expanded its share of total U.S. apparel imports from 77 percent to 79 percent by quantity, while the Western Hemisphere's share narrowed from 16 percent to 12 percent. CAFTA-DR has experienced most of this weakening in competitiveness, shrinking from 11 percent to 9 percent.

The concentration of apparel market sourcing outside of our Hemisphere means reduced demand for U.S. textile exports and further contraction of our industry at home. As a result, this strategically important American industry, which is a critical supplier to the U.S. military and a producer of lifesaving medical personal protective equipment (PPE), is in the midst of a prolonged and historically severe economic downturn. Over the past two and half years, the domestic textile sector has been forced to close over 40 U.S. factories. Further, this sustained downturn has led to tens of thousands of U.S. textile workers losing their jobs, leaving a devastating impact on numerous communities that depend on this industry as a main source of employment.

The severity of current economic conditions in the U.S. textile sector has incentivized the need for domestic manufacturers and retailers, who do not typically align on trade policy—particularly with respect to tariffs—to jointly search for solutions to alleviate the crisis. Despite our past differences, we are united in support of this incentive program because we believe it is both timely and credible in its potential to expand domestic cotton purchases, revitalize American textile manufacturing, restore shuttered operations, and spur new, much-needed business.

We are grateful for the Trump administration's effort to address longstanding abuses such as those associated with forced labor. 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 to 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 could burden or restrict 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 initiative would, in effect, reward goods produced without forced labor or forced labor inputs in the Western Hemisphere since it would generate credits for supply chains that (a) use U.S. textile inputs free from forced labor, (b) are already well-documented, and (c) take place under an enhanced Customs enforcement protocol as a result of the FTA. Moreover, this innovative proposal offers an attractive incentive that could persuade certain textile and apparel manufacturing economies to

impose and effectively enforce forced labor import prohibition. Seeing the benefits that accrue to key FTA partner countries would set a powerful example for how countries should align their supply chains to prevent forced labor contamination. There is no question that 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 believe that the remedy mechanism constructed under this Section 301 action is critical and should be carefully crafted to both address unfair trade practices and bolster domestic manufacturing. From the perspective of the entire textile manufacturing and retail chain, we feel strongly that any remedy provisions associated with the array of Section 301 investigations currently underway should include this novel approach designed to create a transformational and unprecedented opportunity to literally and figuratively move the needle for our collective industries. This innovative textile economic growth plan would also help to achieve the president's goals of reshoring and nearshoring vital industries by incentivizing greater sourcing from domestic textile manufacturers and apparel producers in critically important Western Hemisphere U.S. FTA countries.

Finally, such a proposal is appropriate because USTR is already exploring ways to support U.S. yarn and fabric exports through a mechanism that pairs import relief with those exports. We note that USTR has proposed a tariff rate quota (TRQ) that we believe was modeled in part on what it has previously negotiated with Bangladesh and Indonesia. Unfortunately, the traditional mechanism of TRQs—with which our industry has significant experience—will not create any substantial or immediate impact with new jobs and new business opportunities, nor do we believe the TRQ mechanism as proposed will provide companies with the predictability and incentives to support the kind of investment and sourcing decisions that are needed today in our industry. A textile mechanism is appropriate to be incorporated in the Section 301 investigation, but only if it can be structured to achieve the critical objectives we've outlined in these comments.

In conclusion, we believe with the right incentives we can grow jobs substantially in the United States, reopen shuttered factories, and make the critical investments needed to maintain and to grow America's textile industry by also helping brands and retailers find new opportunities. As such, we respectfully request the United States Trade Representative to consider including our proposed incentive program as a component of any remedy that results from the Section 301 investigations currently underway.

In summary, this initiative would advance the following meaningful outcomes:

- Provide the U.S. government with a powerful tool to reward countries that undertake commitments to purchase more American made products and that effectively enforce a prohibition on the importation of goods produced with forced labor.
- Redirect a reasonable level of current apparel sourcing away from Asia and back to America and the broader Western Hemisphere.

- Double U.S. textile exports to critical Western Hemisphere coproduction partners.
- Stimulate a much-needed wave of new domestic textile sector output and investment that would strengthen every aspect of the entire supply chain, including increased U.S. cotton consumption and could lead to the creation of over 56,000 new U.S. jobs in the textile sector itself and in the numerous sectors that support U.S. textile manufacturing.

We are appreciative of the opportunity to provide these comments. For the many important reasons outlined in this submission, we are prepared to work together with USTR to review our concept and to advance a textile incentive program. We would be grateful for the administration's strong support of a textile incentive program as part of the Section 301 proposed actions.

Sincerely,

National Council of Textile Organizations
American Apparel & Footwear Association
United States Fashion Industry Association
U.S. Industrial and Narrow Fabrics Institute