PRESS RELEASE

NCTO Voices Concerns Regarding USTR's Textile Mechanism, Part of Administration's Section 301 Actions on Forced Labor

July 24, 2026

WASHINGTON, D.C. — The National Council of Textile Organizations (NCTO), which represents the full spectrum of the U.S. textile industry from fiber, yarn, and fabric production to finished sewn products issued the following statement in response to the administration's Section 301 forced labor actions announced Thursday.

The administration announced Thursday it will impose Section 301 tariffs on goods from 60 economies for failing to implement and effectively enforce a prohibition on imports made with forced labor. A textile mechanism will offer relief from the Section 301 duties for textile and apparel imports from Bangladesh, Cambodia, Indonesia, and Malaysia based on those economies' imports of U.S. cotton and textiles through tariff-rate quotas. Furthermore, the administration did not exempt textile inputs and machinery that are not available domestically. Such exemptions are critical to onshoring the U.S. supply chain away from countries that fail to effectively prohibit and combat forced labor.

Statement by NCTO President and CEO Kim Glas:

"No other industry has been more disadvantaged by forced labor than the U.S. textile industry, which employs 453,000 workers and has lost 41 plants over the past two plus years. We remain strongly concerned that USTR's textile mechanism will harm the very domestic manufacturers the administration seeks to help.

These tariff benefits for Asia will come at the expense of U.S. textile manufacturers and the Western Hemisphere—the destination for 70 percent of total annual U.S. textile and apparel exports. Our hemispheric supply chains compete directly against Asia. 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.

U.S. apparel imports from major Asian supplier countries that use textile components from China, including Bangladesh and Indonesia, increased by double digits last year.

Since 2019, Asia has expanded its U.S. market share from 77 percent to 79 percent while the Western Hemisphere's share has narrowed from 16 percent to 12 percent. The removal of Section 301 duties on apparel imports from Asian countries will only further accelerate these alarming trends.

Cotton produced with Uyghur forced labor in Xinjiang, China is pervasive in global textile and apparel supply chains, and these imports have done irreparable economic harm to the U.S. textile industry and the Western Hemisphere. The administration should be focused on stepping up enforcement of the Uyghur Forced Labor Prevention Act, which has declined by every measure, to bolster the domestic textile industry and drive demand for U.S. cotton.

We are grateful that the administration excluded qualifying apparel and textile goods that enter the U.S. duty-free under the United States-Mexico-Canada Agreement (USMCA) or the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) from the Section 301 tariffs.

While some of the actions announced today represent a positive step forward in combatting forced labor in global supply chains, the administration's textile mechanism, which would eliminate Section 301 duties on textile and apparel imports from Bangladesh, Cambodia, Indonesia, and Malaysia for imports of U.S. cotton, will be a step backward.

As I noted in my testimony at USTR's forced labor hearing earlier this month, the inclusion of raw cotton in the mechanism will create an offshoring incentive by lowering the cost of Asian apparel imports that compete directly against manufacturing in the United States and the Western Hemisphere, artificially raising cotton prices for U.S. textile mills, and providing a tariff reward to Asian producers.

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 it will have seriously damaging effects for domestic textile manufacturers if U.S. raw cotton is included in the mechanism.

NCTO and the apparel and retail industry united for the first time behind an alternative mechanism proposal to USTR that has the potential to double U.S. textile exports, spur growth and investment in the U.S. and the Western Hemisphere and address forced labor concerns.

We will continue to work with the administration as USTR's new textile mechanism is implemented and press for meaningful solutions that will reshore domestic manufacturing and stabilize and grow Western Hemisphere textile and apparel supply chains."

**See NCTO's full written submission to USTR here.

###

NCTO is a Washington, DC-based trade association that represents domestic textile manufacturers.

- U.S. employment in the textile supply chain was 453,122 in 2025.
- The value of shipments for U.S. textiles and apparel was $60.9 billion in 2025.
- U.S. exports of fiber, textiles and apparel were $27 billion in 2025.
- Capital expenditures for textiles and apparel production totaled $5.50 billion in 2024, the last year for which data is available.

CONTACT:

Kristi Ellis

Vice President, Communications

National Council of Textile Organizations

kellis@ncto.org | 202.281.9305