

PPE Policy Reform

NCTO pressed designated federal departments for rapid adoption of the Make PPE in America Act—legislation that applies Berry Amendment rules to nearly all federal government purchases of PPE and ensures minimum two-year federal PPE contracts—with several letters to the administration, including one from Senators Rob Portman (R-OH), Gary Peters (D-MI), and Debbie Stabenow (D-MI). NCTO also worked with the Warrior Protection and Readiness Coalition, other industry associations, and labor unions to pass the Homeland Procurement Reform (HOPR) Act, as part of the FY 2023 NDAA, which is set to go into effect mid-2023. The HOPR Act encourages domestic sourcing and aims to support small businesses by improving the DHS' ability to purchase high-quality, American-made uniforms and PPE for frontline personnel.

China Enforcement

NCTO continued its support for the Section 301 case against China's intellectual property abuses, promoting tariffs on finished products, including apparel and PPE, to bring greater benefit to the North American textile supply chain. NCTO also advocated for exclusions for machinery and manufacturing inputs not available domestically. Additionally, NCTO pressed for robust enforcement of the Uyghur Forced Labor Prevention Act signed into law in late 2021 to ban all goods made in Xinjiang or elsewhere from inputs sourced in Xinjiang.

Military Activities

NCTO continued to engage directly with the Defense Logistics Agency (DLA), the Department of Defense procurement arm that buys more than \$1.6 billion in clothing and textiles annually. NCTO participated in numerous DLA planning and information-sharing forums, including DLA Troop Support's Clothing & Textiles partners meetings, and in monthly meetings with the Defense Secretary's Office of Industrial Base Policy. NCTO continued to fight throughout 2022 to preserve the Berry Amendment supply chain and worked to seek relief for those members adversely affected by unprecedented inflationary pressures while supplying to DLA fixed price contracts.

CAFTA-DR

NCTO engaged the administration and Congress to underscore the importance of strong trade rules for Central America's economic stability and for investment in regional manufacturing. The Administration strongly supports maintaining the current textile rules. We worked to counter well-funded efforts by importers to undermine CAFTA-DR's yarn forward rule of origin and coordinated with the Vice President's Office, USTR, the State Department, and the National Security Council to develop win-win solutions to increase regional co-production and expand U.S. textile export opportunities. In August 2022, North Carolina and Honduran academic institutions signed an MOU on workforce development with support by high-level government officials. **These efforts, along with VP Kamala Harris' Call to Action for new investment and the strengthening of CAFTA-DR, have led to \$2+ billion in new textile and apparel investments in the region.**

PFAS Regulation

Federal and state regulators have intensified scrutiny of PFAS chemicals in the wake of growing environmental concerns with certain applications, such as fluorinated polymers used in fire suppressing foams. These concerns have resulted in initiatives in Congress, the Biden administration, numerous state governments, and abroad to tightly regulate PFAS chemicals individually and as a class. NCTO's FluoroTechnology Working Group continued to monitor and engage on this issue in 2022 and worked with congressional allies to successfully strike language in the FY 2023 National Defense Authorization Act (NDAA) that would have banned Defense Department procurement of PFAS-treated textile and apparel products, where currently no alternative substitute meets specification standards

TextilePAC Impact

The TextilePAC is a vital aspect of NCTO's advocacy efforts in Washington. Thanks to the active participation of NCTO member companies, the TextilePAC raised \$141,590 and contributed a combined \$164,500 to candidates for the House and Senate in 2022.

Section 321

NCTO continued to highlight the worsening problem of importers circumventing the U.S. tariff schedule through the abuse of Section 321 de minimis tariff waivers for vast volumes of consumer products. NCTO raised this issue in multiple forums, including providing testimony to the International Trade Commission and collaborating on and promoting legislation that would disqualify China from de minimis benefits as well as products that are subject to penalty duties and those that originate in cross-border warehouses.

Communications Efforts

NCTO's communications strategy centered around amplifying the industry's vital contribution to the U.S. economy and the implications of a plethora of trends and policies including: onshoring and nearshoring efforts; the Western Hemisphere co-production chain and the importance of textile rules of origin in CAFTA-DR; passing legislation to close the de minimis loophole; and maintaining Section 301 China tariffs on finished textile and apparel and instituting a fair, transparent exclusion process for items that are not available domestically. **Through internal efforts and the amplification of the industry's news, NCTO generated an ad equivalency value of more than \$9.32 million in earned media.**

Membership Recruitment

The NCTO Membership Recruitment Committee met monthly to develop and conduct active recruitment efforts. The committee's primary initiative for recruitment was a series of virtual meetings to provide potential members with insight into the benefits of NCTO membership. Committee members invited potential members to the information sessions, gave presentations on the support NCTO provides, and performed follow-up with interested parties after the sessions. **In 2022, 13 new members joined NCTO, 3 that were added to the newly formed Finished Textiles and Apparel Council, 2 that were added to the Fabric & Home Furnishings Council, and 1 that was added to the Yarn Council.**