

TEXTILE INPUTS AND MACHINERY NOT AVAILABLE DOMESTICALLY

Background

The domestic textile industry strongly supports efforts by the administration and Congress to revitalize U.S. manufacturing and to restore America’s competitive industrial capacity. While we share the goal of onshoring production from overseas markets, these supply chain shifts do not occur overnight and will take time as recent policy actions, from trade to tax, reach full implementation. In the meantime, U.S. textile manufacturers—many of whom operate in highly specialized markets and supply critical sectors such as automotive, defense, medical, and infrastructure—require reliable access to manufacturing inputs and machinery not currently produced in the United States.

Continued access to these non-available inputs and machinery is essential both to preserve today’s U.S. production base and to secure the demand foundation needed for future “Made in America” growth. The Trump administration exempted hundreds of agricultural, pharmaceutical, aerospace, and other products not available in the United States from International Emergency Economic Powers Act (IEEPA) tariffs, but did not exclude key manufacturing inputs and machinery for the U.S. textile industry. A global tariff under Section 122 of the Trade Act of 1974 has replaced the IEEPA regime, but the underlying problem has gone unaddressed.

Affordable access to inputs and machinery not available domestically would greatly benefit U.S. economic and national security in addition to enhancing our global competitiveness. The U.S. textile industry remains a strategically important supplier of essential and highly advanced military equipment, such as radar dispersing camouflage tents and coverings, anti-ballistic protective vests, and extreme temperature insulating uniforms. The domestic textile industry also has reduced America’s dangerous dependence on China for essential personal protective equipment. Many of these security related items consist of technically advanced fibers and machinery not available in the United States and would directly benefit from a prudent non-availability list. This would ensure that U.S. manufacturers can source essential materials and equipment required to fulfill military and healthcare contracts at costs projected and awarded before the implementation of Section 122 tariffs.

NCTO Position

American manufacturers need ready access to necessary manufacturing machinery and inputs not made domestically to maintain our global competitiveness against foreign producers who do not face equivalent tariffs when purchasing the same items. Generally applicable global tariffs do not take into account the unintended burden passed on to American manufacturers who have no U.S. source for critical manufacturing machinery and inputs. Congress must work with the administration to implement workable solutions that ensure U.S. manufacturers have access to the materials and resources required to support and boost our American manufacturing base.

TEXTILES AND CUSTOMS ENFORCEMENT

Background

Due to the volume of duties collected on textiles and apparel—a reported \$15.7 billion in duty collections in FY 2024—there is a hefty incentive for bad actors to cheat the system and circumvent our trade laws. Currently U.S. textile production has slowed significantly as demand from our key export markets in the Western Hemisphere has dissipated. As a result, a large portion of U.S. textile production and employment is at stake if Congress and the administration do not urgently address customs enforcement.

Textile and Apparel Trade Fraud

The United States has an elaborate system of free trade agreements (FTAs) that tie lucrative duty-free benefits in the textile sector to a yarn-forward rule of origin, which largely mandates that all production steps from the yarn stage forward must occur in the FTA region. The FTA system is defrauded when importers claim FTA tariff-free treatment even though the finished item is comprised of yarn or fabric sourced from China or another non-FTA country. This is often accomplished by falsifying documents to claim that textile inputs are from a qualifying source.

Unscrupulous importers use additional methods to subvert our FTA rules and evade tariffs, including purposely misclassifying products to qualify for a lower duty rate, undervaluing goods for a lower customs assessment, and transshipping banned and non-qualifying goods through third countries to disguise them as legal imports.

Meanwhile, FTA enforcement for textiles has been inconsistent at best in recent years. For example, in FY 2022 CBP's illegal transshipment verifications resulted in a total of 38 factory visits (a combination of semi-virtual and on-site inspections) versus a total of 139 such visits in FY 2018, which reflects CBP activity in a pre-pandemic year. In addition, commercial fraud penalties levied were just \$2.5 million for FY 2022 compared to \$19 million in FY 2018. When product is pulled for lab testing, CBP reports a 50% discrepancy rate, indicating that misrepresentations are prevalent.

In FY 2024 DHS and CBP undertook an enhanced textile and apparel enforcement program focused on Western Hemisphere trading partners. Although initially encouraging, CBP has not provided a comprehensive readout on this enforcement action, including outcomes. Further, the agency has failed to report any textile enforcement statistics since FY2023, a stark departure from its standard practice of updating statistics on a quarterly basis.¹ Our concerns are further heightened with reports that DHS has reallocated many of CBP's resources to aid the administration's border and immigration goals.

NCTO Position

A proactive and robust enforcement regime is required to identify, target, and hold accountable Chinese companies and others who undermine U.S. trade laws and threaten domestic manufacturing jobs. Congress plays a vital role in conducting critical oversight over the federal government's customs enforcement practices, and this oversight is necessary to ensure DHS is aggressively enforcing the wide array of trade laws—FTAs, Section 301, AD/CVD, and UFLPA—that bad actors actively seek to evade and undermine.

¹ <https://www.cbp.gov/trade/priority-issues/textiles/textile-enforcement-statistics>

EXPANDING AMERICAN-MADE PROCUREMENT

Background

The National Council of Textile Organizations strongly supports legislation requiring all federal departments and agencies to procure uniforms made in the United States from 100% domestic materials. This policy—modeled on the long-standing Berry Amendment (10 U.S.C. § 4862)—would reinforce a critical industrial base, safeguard national security, and ensure taxpayer dollars support American workers and manufacturers rather than foreign competitors.

The U.S. textile, apparel, and fiber industries represent a strategic national asset, employing over 453,000 workers across a highly integrated domestic supply chain. Yet federal uniform procurement outside of our Armed Forces remains fragmented, inconsistent, and heavily reliant on foreign imports. A unified domestic sourcing mandate would close this gap, strengthen supply chain resilience, and bolster critical sectors of our national security industrial base.

Strengthening National Security Supply Chains

The 2024 CAMOLAND Clothing and Textile Industrial Base Wargame, commissioned by DLA Troop Support, highlighted vulnerabilities in the U.S. clothing and textile supply chain during high-stress scenarios.¹ The exercise identified several key findings, including that foreign-sourced uniform components create operational risk when global supply chains are disrupted, domestic capacity is essential for surge production during emergencies, and sustained, predictable demand from federal procurement is a critical enabler of industrial readiness.

Because a robust domestic textile base is indispensable to national security, the report made several recommendations to support this critical sector. Key among these is to expand domestic sourcing requirements like those found in the Berry Amendment to uniforms purchased by all federal agencies. This would increase opportunities for the U.S. textile industrial base and expand the production capacity of American manufacturers. Extending Berry-like requirements across all federal agencies ensures that the industrial base remains viable and responsive and demonstrates better stewardship over taxpayer dollars.

NCTO Position

A government-wide domestic sourcing requirement for federal uniforms is a strategic investment in America's industrial base, a national security imperative, and a commonsense economic policy. This would ensure that CBP and ICE uniforms currently sourced from Mexico and Honduras would instead be sourced here in the United States.

By aligning all federal uniform procurement with the principles of the Berry Amendment, Congress can ensure that the uniforms worn by federal workers—from border agents to VA nurses—are made by American workers using American materials. This policy strengthens national security, supports U.S. jobs, and reinforces the resilience of a critical manufacturing sector.

¹ <https://www.cna.org/analyses/2024/07/camoland-clothing-and-textile-industrial-base-wargame>

MAKE AMERICAN FLAGS IN AMERICA ACT

Background

The American flag is one of the most enduring symbols of our democracy, and Americans have proudly and continuously manufactured these flags on U.S. soil since before our nation's founding. This tradition continues today: U.S.-based manufacturers produce certified American flags made entirely in the United States supporting more than 5,000 American workers nationwide who form the backbone of the domestic flag industry.

Yet many U.S. flags purchased by federal agencies and flown on federal property today are manufactured overseas using foreign materials. In many instances, federal agencies unwittingly purchase these flags from e-commerce platforms where unscrupulous foreign manufacturers and importers regularly misrepresent their flags' country of origin. These entities frequently exploit unfair advantages—including state-owned and subsidized operations and low labor and environmental standards—to undercut American manufacturers on price while delivering substandard quality. This diminishes the value of our flag as a symbol of national pride and as a product emblematic of the American worker.

Make American Flags in America

The Make American Flags in America Act (H.R.1421, S.900) addresses this problem by requiring that all federal purchases of U.S. flags be made in the United States, regardless of purchase value—supporting a premise that is simple and widely shared: the American flag should be made in America. While Congress took an important step supporting this goal with the All-American Flag Act of 2024, most federal flag purchases fall below that bill's small purchase requirement, limiting its effectiveness. As a result, foreign-manufactured American flags continue to enter federal procurement channels and the broader marketplace, often mislabeled, unlabeled, or marketed in ways that obscure their true country of origin.

This important bill also addresses the current lack of consistent enforcement of labeling laws for foreign-made U.S. flags. Domestic manufacturers who comply with federal law and produce flags using American labor and materials face unfair competition from foreign-made flags that are deceptively marketed or insufficiently labeled. This not only undercuts American jobs but also diminishes the integrity of the symbol itself. As a result, H.R. 1421/S.900 also directs the Federal Trade Commission to study and report on country-of-origin labeling practices for American flags, an important first step toward improving transparency, enforcement, and consumer confidence.

NCTO Position

The American flag is not just another commodity—it represents our shared history, sacrifice, and national identity. The Make American Flags in America Act ensures that this sacred symbol will continue to represent American values by safeguarding where, how, by whom U.S. flags purchased by our federal government are made.

Members of Congress who want to demonstrate their commitment to this ideal can contact Rep. Nick Langworthy (NY-23) and Rep. Greg Landsman (D-OH) to co-sponsor H.R.1421 and Sen. Ted Cruz (R-TX) and Sen. Tammy Baldwin (D-WI) to co-sponsor S.900.

TEXTILES AND OUR MILITARY

NCTO is a unique association representing the entire spectrum of the textile sector—from fibers to finished products, and from machinery manufacturers to power suppliers, who together play a pivotal role in providing mission critical uniforms and equipment for the U.S. military. To secure domestic defense supply chains and strengthen the warm industrial base, NCTO supports the following policies and funding priorities for inclusion in the Fiscal Year 2027 (FY27) National Defense Authorization Act (NDAA) and the FY27 Defense Appropriations Bill.

- 1) The Berry Amendment and the Small Purchase Threshold. Support the integrity of the Berry Amendment and oppose any efforts to weaken the policy. Support efforts to eliminate the Berry small purchase threshold for clothing and textiles to incentivize more domestic production and federal procurement of U.S. goods.
- 2) The Military Exchange Exception. Update Berry to ensure that our warfighters only wear uniforms and other critical gear that are fully made in the U.S. All military uniforms, combat gear, and other clothing and textiles issued to our service members are required to be made 100% in the U.S. However, when our service members must purchase additional or replacement uniforms at military exchanges, they are often buying foreign-made imports.
- 3) Domestic Textile Industrial Base Funding. Request \$50 million for the Department of War's (DOW) Industrial Base and Analysis Sustainment (IBAS) office to expand domestic textile production capacity and invest in technological advancement of the domestic textile and footwear industrial base to ensure industry can support DOW's wartime contingency operation requirements.
- 4) House Berry Amendment Caucus. Support the national security policies that promote textile manufacturers supplying mission critical textiles, apparel, and gear for our service members by joining the House Berry Amendment Caucus. The caucus co-chairs are Rep. Pat Harrigan and Rep. Don Davis.
- 5) Ensure Warfighter Readiness by Procuring American-made Combat Boots. To ensure that Army and Air Force personnel are wearing the safest and highest quality American-manufactured footwear, Congress must direct DOW to conduct a review of current footwear regulations and indicate robust support for regulation improvements that support the needs of the warfighter and the domestic industrial base.

NCTO Position

It is vital for our national security that the U.S. military maintains the ability to source high-quality, innovative textile materials, apparel, and personal equipment from U.S. textile producers. Congress can take meaningful steps in the FY27 NDAA to shore up our national security, boost domestic manufacturing, and meet the mission-critical needs of our armed services.

AMERICAN TEXTILE INDUSTRY DEFENSE PRIORITIES

I: The Berry Amendment and the Small Purchase Threshold

It is essential to America's national security that the U.S. military maintains the ability to source high-quality, innovative textile materials, apparel, and personal equipment from a vibrant U.S. textile industrial base. Key to this goal is defending and strengthening the Berry Amendment (10 USC 4862), a law requiring DOW to buy textile and clothing products made with virtually 100% U.S. content and labor to support our U.S. warm industrial base.

The U.S. textile industry provides high-tech, functional components for the U.S. government, including more than \$1.8 billion worth of vital uniforms and equipment for our armed forces annually. DOW estimates that it purchases over 8,000 different textile items, which rises to more than 30,000-line items when individual sizes are considered. As domestic suppliers, U.S. textile mills provide a secure supply chain for the highest quality goods on a timetable that our armed forces demand.

The Berry Amendment ensures that there is a stable and viable domestic supply chain for these critical defense materials. A 2024 DLA War Game Report recommended strengthening Berry by eliminating the Berry small purchase threshold, currently set at \$200,000, as a means to immediately capture more U.S.-made goods in federal procurement. This step will further support the domestic supply chain, precluding the need for the U.S. military and warfighter to be dependent on offshore suppliers in this sector, especially those in countries like China that often oppose U.S. geopolitical and strategic goals. The report also recommended expanding compliance with Berry beyond DOW. The report suggests that if the Berry Amendment were expanded to include uniforms for other federal agencies, it would increase opportunities for the domestic clothing and textile industrial base and would likely increase the production capacity of current vendors.

II: The Military Exchange Exception

The Berry Amendment contains an exception for covered goods purchased for resale purposes in commissaries, exchanges, or non-appropriated fund instrumentalities operated by DOW. This creates a nonsensical domestic procurement distinction between uniforms supplied by DOW and uniforms purchased directly by servicemembers at military exchanges. Removing military uniforms and associated clothing from this exception will ensure that our war fighters are wearing uniforms made by American businesses employing American workers, while directing more crucial business to our domestic warm industrial base.

III: Domestic Textile Industrial Base Funding

An additional \$50 million for DOW's Industrial Base and Analysis Sustainment (IBAS) Office is recommended to expand domestic textile production capacity and invest in technological advancement of the domestic textile and footwear industrial base to ensure industry can support DOW's wartime contingency operation requirements. Sec. 865 of the FY26 NDAA requires the Secretary of Defense, acting through the Director of the IBAS Office, to ensure that the Textile Automation to Enhance Domestic Military Production program continues public-private partnerships and investments into technological advancement of the domestic textile and footwear industrial base.

The investments include:

- Recapitalization of textile and footwear facilities related to domestic textile and footwear development or production.
- Efficient vertical integration of such facilities.
- Expanding domestic production capacity of textiles or footwear.
- Implementing technological advancements to improve efficiency and quality assurance of domestic textiles or footwear.
- Any other investments that would encourage the maturation and qualification of domestic sources of textiles or footwear to ensure competition and reduce the reliance of DOW on textiles from foreign manufacturers that are granted exceptions under the Berry Amendment or that the Assistant Secretary of Defense for Industrial Base Policy determines necessary for the health of the industrial base.

Therefore, we support an additional \$50 million for increased textile production capacity in the FY27 Defense Appropriations Bill for DOW'S IBAS Office in the following budget account: Defense-Wide, RDTE, Line 224 Industrial Base Analysis and Sustainment Support, PE 0607210D8Z.

IV: House Berry Amendment Caucus

Members of Congress with Berry-compliant facilities in their districts represent a crucial link in America's defense industrial base. These jobs are often located in communities where other manufacturing has disappeared—and where defense contracts help sustain local economies. Joining the Berry Amendment Caucus demonstrates our commitment to protect good-paying American jobs, secure critical domestic supply chains, and support the warfighter with reliable U.S.-made gear.

House offices interested in joining the House Berry Amendment Caucus should communicate their support to caucus co-chairs Rep. Pat Harrigan (R-NC-10) and Rep. Don Davis (D-NC-01).

V: Ensure Warfighter Readiness by Procuring American-made Combat Boots

At present, DOW continues to permit the sale of substandard, Asian-manufactured footwear—including Chinese-made products—to soldiers and airmen through Army Air Force Exchange Service (AAFES) on-base locations and commercial re-sellers. Determinations regarding the appropriate approved footwear are currently made by unit-level commanders across the force, resulting in a wide disparity of footwear worn by warfighters. Over the past four years, a sharp increase in the sales of foreign-made, non-Berry-compliant footwear has occurred, and the quantity of lower-quality, foreign-made footwear worn by soldiers and airmen has grown significantly.

To ensure that Army and Air Force personnel are wearing the safest and highest quality American-manufactured footwear, Congress must direct DOW to conduct a review of current footwear regulations and indicate robust support for regulation improvements that support the needs of the warfighter and the domestic industrial base.

UNITED STATES–MEXICO–CANADA AGREEMENT JOINT REVIEW

The United States-Mexico-Canada Agreement (USMCA), like the North American Free Trade Agreement (NAFTA) before it, has fostered a vibrant and prosperous textile production chain between the United States, Canada, and Mexico of critical importance to the U.S. textile industry. NCTO strongly supports an extension of the USMCA for another 16-year term and seeks some modest improvements to the agreement through the “joint review” to ensure USMCA benefits continue to accrue to domestic textile manufacturers as intended. NCTO asks Congress to encourage the Trump administration to preserve the trilateral agreement and duty-free treatment for USMCA qualified trade and to push for stronger provisions to combat harmful customs fraud and unfair trade practices.

Limit Exceptions to Yarn Forward

Most U.S. free trade agreements (FTAs) include the yarn-forward rule of origin, which requires the production of yarn and every ensuing manufacturing stage of a textile or apparel product to be done in the FTA region because it reserves key benefits for manufacturers within the signatory countries. Exceptions to yarn forward exist in many agreements, however, including USMCA. Such exceptions include tariff preference levels (TPLs) and single transformation, assembly-only rules that permit the use of textile inputs from outside the region in the manufacturing of certain products. These exceptions shift business away from U.S. producers to non-FTA parties, namely China.

Limited deviations from the yarn-forward rule, such as TPLs on inputs not readily available in the region, like acrylic, benefit domestic and regional manufacturers. However, TPLs on finished apparel, home furnishings, and fabrics that U.S. producers can make disadvantage domestic industry. NCTO seeks targeted reforms to yarn forward exceptions like legacy TPL and single transformation provisions to promote U.S. and regional competitiveness and to drive further production in the region.

Strengthen USMCA Customs Enforcement Cooperation

The United States must strengthen customs enforcement cooperation with Canada and Mexico to address persistent customs fraud and to prevent USMCA benefits being siphoned off to third-party countries and bad actors that circumvent U.S. trade laws. Textile and apparel goods have some of the highest duty rates of all commodities imported into the United States—16 percent on average—making them extremely susceptible to fraud. Common methods of duty evasion include false origin claims of duty-free FTA qualifying status, misclassification, transshipment, and undervaluation, all of which result in access to the U.S. market for import sensitive products at lower duty rates than legally permissible. The Trump administration’s America First Trade Policy tariff regime further incentivizes malign actors to cheat the system to avoid paying higher duties.

Increased cooperation to address customs fraud, regular trade data reviews, and requiring Canada and Mexico to punish customs offenders to the highest degree—along with other measures—would strengthen USMCA customs enforcement and maximize the benefits of the agreement for manufacturers and workers in the region.

Confront China/Asia Predatory Trade Practices

The USMCA should help to address economic harm resulting from countries that engage in predatory trade practices like production overcapacity, state-sponsored subsidies, unethical labor and environmental practices, currency manipulation, and artificial pricing and dumping.

Penalty tariffs: Penalty tariffs like Section 301 duties can hold bad actors accountable for systemic unfair trade practices that harm domestic manufacturers. These tariffs should target countries that primarily depend on subsidized and/or forced labor inputs from China or Asia to hypercharge apparel manufacturing, undercutting the Western Hemisphere textile and apparel co-production chain. NCTO calls for stacked penalty tariffs on imports of finished textiles and apparel (Harmonized Tariff Schedule Chapters 61-63) from China and South and Southeast Asian major finished textile and apparel exporting countries. Canada and Mexico should impose similar penalty tariffs on Chinese goods to prevent the surge of these products into the USMCA region.

Uyghur forced labor: China's Xinjiang Uyghur Autonomous Region (XUAR)'s state-controlled industries systematically employ forced labor to manufacture most goods produced in the XUAR, including cotton, man-made fiber upstream feedstocks, and yarns and fabrics, tainting China's textile and apparel production with human rights abuses. Xinjiang forced labor cotton and man-made fiber textiles also make their way into the U.S. through imports from our FTA partners in the Western Hemisphere. Canada and Mexico should take steps to prohibit imports made with Uyghur forced labor by adopting legislation that includes a rebuttable presumption of forced labor for goods from Xinjiang, similar to the Uyghur Forced Labor Prevention Act.

CPTPP: Imports of cheap finished textile and apparel products, including goods made with Xinjiang forced labor have flooded Canada and Mexico as a result of their participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). These products can also make their way into the U.S. under the guise of the USMCA. The United States should raise the threat posed to U.S. and regional textile and apparel manufacturers by imports from CPTPP countries and consider asking Canada and Mexico to leave the CPTPP through the USMCA Joint Review.

Chinese investment: Chinese foreign direct investment in Mexico has grown rapidly over the past decade, according to data from Mexico's Secretariat of the Economy. Chinese companies can invest in Mexico or Canada and export their products, made in Mexico or Canada, to the United States without paying tariffs if the good qualifies under USMCA. This backdoor access to the U.S. market threatens American industries and jobs, undermines supply chain resilience, and may pose serious national security risks. NCTO recommends requiring Mexico to implement enhanced screening measures to address the challenges posed by growing Chinese investment.

NCTO Position

NCTO strongly supports the trilateral USMCA and welcomes congressional backing for extending the agreement, as well as targeted reforms to strengthen it, improve enforcement, and ensure its benefits accrue to U.S. textile manufacturers.

TALKING POINTS: TEXTILES AND CUSTOMS ENFORCEMENT

Main Points

- High U.S. duties on textiles and apparel (\$15.7 billion in FY 2024) create a significant incentive for bad actors to cheat the system and circumvent our trade laws
- U.S. textile production has slowed sharply as demand from key Western Hemisphere export markets has dissipated, while Asian imports are up
- Importers routinely exploit loopholes to evade tariffs and defraud the FTA system
 - Examples include false FTA origin claims, misclassifying products, undervaluing goods, and transshipping banned or non-qualifying goods through third countries
- Textile enforcement actions have declined significantly in recent years:
 - CBP conducted 38 onsite verification visits in FY 2022, compared to 139 in FY 2018
 - Commercial fraud penalties fell from \$19M in FY 2018 to just \$2.5M in FY 2022
 - CBP reports a 50% discrepancy rate when products are pulled for lab testing
- DHS and CBP launched an enhanced textile and apparel enforcement program in FY 2024, but have not provided a comprehensive readout or outcomes
 - CBP has not reported any textile enforcement statistics since FY 2023, a major departure from its longstanding quarterly reporting practice
 - Reports indicate DHS has reallocated CBP resources to support border and immigration operations, raising concerns about diminished enforcement capacity
- A proactive and robust enforcement regime is essential, and Congress plays a critical role in conducting oversight to ensure DHS aggressively enforces our trade laws

Asks

- Ensure DHS and CBP are fully enforcing textile-related trade laws and providing regular, transparent enforcement data
- House Members: Co-sign Rouzer/Espaillet bipartisan letter to DHS on customs enforcement

TALKING POINTS: MFG. INPUTS AND MACHINERY NOT AVAILABLE

Main Points

- The U.S. textile industry supports efforts by Congress and the administration to revitalize domestic manufacturing and restore America's competitive industrial capacity
- U.S. textile manufacturers require reliable access to inputs and machinery not currently produced in the United States
- Continued access to these inputs is essential to preserve today's production base and secure the demand foundation needed for future "Made in America" growth
- The Trump administration exempted hundreds of non-available products from IEEPA tariffs, but key textile manufacturing inputs and machinery were not included

Ask

- Please work with and/or press the administration to establish workable solutions that ensure U.S. manufacturers have access to essential inputs and machinery not available domestically

TALKING POINTS: EXPANDING AMERICAN-MADE PROCUREMENT

Main Points

- Federal agencies outside the Armed Forces do not consistently procure uniforms made in the United States, resulting in fragmented sourcing and heavy reliance on foreign imports
- Uniform procurement for federal agencies such as CBP and ICE is currently sourced from Mexico and Honduras rather than the United States
- A government-wide domestic sourcing requirement—modeled on the Berry Amendment—would reinforce a critical industrial base, safeguard national security, and ensure taxpayer dollars support American workers and manufacturers
- The 2024 CAMOLAND Clothing and Textile Industrial Base Wargame recommended expanding Berry-like domestic sourcing requirements to all federal agencies to strengthen the industrial base and increase production capacity
- Extending Berry-style requirements across the federal government would enhance supply chain resilience, support U.S. jobs, and ensure better stewardship of taxpayer dollars
- A unified domestic sourcing mandate would help maintain a viable, responsive industrial base capable of meeting national security needs

Ask

- Support legislation requiring all federal departments and agencies to procure uniforms made in the United States from 100% domestic materials

TALKING POINTS: MAKE AMERICAN FLAGS IN AMERICA ACT

Main Points

- More than 5,000 American workers support the domestic flag industry, yet many flags purchased by federal agencies and flown on federal property are manufactured overseas using foreign materials
- Substandard foreign-made flags continue to enter federal procurement channels through e-commerce platforms where they are often mislabeled, unlabeled, or marketed in ways that obscure their true country of origin
- The Make American Flags in America Act (H.R.1421, S.900) requires all federally purchased U.S. flags to be made in the United States, regardless of purchase value
 - This closes gaps left by the All-American Flag Act of 2024, which does not cover most federal flag purchases due to an excessively large small purchase threshold

Ask

Please co-sponsor the Make American Flags in America Act (S.900, Cruz/Baldwin and H.R.1421, Langworthy/Landsman) to ensure all federally purchased U.S. flags are made in America

TALKING POINTS: TEXTILES AND OUR MILITARY

Main Points

- The Berry Amendment
 - The Berry Amendment provides the U.S. military with high-quality textile and apparel products that are produced with 100% U.S. materials and labor
 - Annually, the U.S. textile industry provides:
 - Over \$1.8 billion in vital equipment for our armed forces
 - 8,000 different textile items, over 30,000 items when considering individual sizes
- NCTO supports the following policies in the FY 2027 NDAA and appropriations process:
- The Berry Amendment Small Purchase Threshold
 - Support efforts to eliminate the Berry small purchase threshold for clothing and textiles to incentivize more domestic production and federal procurement of U.S. goods
- The Military Exchange Exception
 - Update Berry to ensure that our warfighters only wear uniforms and other critical gear that are fully made in the U.S. All military uniforms, combat gear, and other clothing and textiles issued to our service members are required to be made 100% in the U.S. However, when our service members must purchase additional or replacement uniforms at military exchanges, they are often buying foreign-made imports.
- Domestic Textile Industrial Base Funding
 - In Sec. 865 the FY 2026 NDAA, Congress directed the Industrial Base and Analysis Sustainment (IBAS) office to continue public-private partnerships and investments into technological advancement of the domestic textile and footwear industrial base.
 - To support this directive, Congress should appropriate \$50 million for IBAS to expand domestic textile production capacity and invest in technological advancement to ensure industry can support wartime contingency operation requirements.
- House Berry Amendment Caucus
 - House members can support the national security policies that promote textile manufacturers supplying mission critical textiles, apparel, and gear for our service members by joining the House Berry Amendment Caucus. (Co-chairs: Harrigan/Davis)
- American-made Combat Boots
 - Congress can expand demand for American-made goods by requiring that Army and Air Force personnel wear American-made combat boots while on active duty

Asks

- Support efforts in the FY 2027 NDAA to eliminate or reduce the Berry small purchase threshold
- Close the exception that allows our war fighters to wear foreign-made uniforms
- Request \$50 million for IBAS partnerships with U.S. textile national security manufacturers
- In the House, please join the Berry Amendment Caucus (Co-chairs: Harrigan/Davis)

TALKING POINTS: USMCA AGREEMENT JOINT REVIEW

Main Points

- NCTO strongly supports extending the U.S.-Mexico-Canada Agreement for another 16-year term and securing modest improvements through the joint review process
- Congress should encourage the administration to preserve the trilateral agreement, maintain duty-free treatment for USMCA-qualified trade, and strengthen provisions that combat customs fraud and unfair trade practices:
 - Yarn Forward: NCTO seeks targeted reforms to exceptions to the yarn-forward rule of origin that allow the use of non-regional inputs—such as tariff preference levels (TPLs) and single-transformation rules—that undermine U.S. and regional manufacturers, shifting business away from U.S. producers to non-FTA countries, particularly China
 - Customs Enforcement: Stronger USMCA customs enforcement cooperation is needed to address persistent fraud including false origin claims, misclassification, transshipment, and undervaluation. This should include regular trade data reviews and stronger penalties for customs offenders
 - Forced Labor: Forced labor in China's Xinjiang region continues to taint global textile and apparel supply chains. To combat this, Canada and Mexico should adopt legislation similar to the Uyghur Forced Labor Prevention Act, including a rebuttable presumption for goods from Xinjiang
 - Foreign Investment: Chinese foreign direct investment in Mexico has grown rapidly, enabling Chinese companies to access the U.S. market duty-free if their goods qualify under USMCA. Mexico should implement enhanced screening measures to address risks associated with growing Chinese investment

Asks

- Please support extending the USMCA for another 16-year term with targeted reforms to yarn-forward exceptions and other updates to promote U.S. and regional competitiveness
- Encourage the administration to preserve duty-free treatment for USMCA-qualified trade and strengthen enforcement provisions

April XX, 2026

The Honorable Markwayne Mullin
Secretary
U.S. Department of Homeland Security
Washington, DC 20528

Dear Secretary Mullin:

Our congressional districts represent the multifaceted U.S. textile industry, and the 453,000 American workers it employs. Providing more than \$65 billion in annual economic output, the industry is an essential supplier of both cutting-edge military textiles to our warfighters and lifesaving personal protective equipment (PPE) to our healthcare providers.

Unfortunately, for decades, the American textile industry has suffered greatly from customs fraud and abuse by foreign competitors and organized crime. Our trade policies and tariff structures are only as effective as their enforcement. As you begin your role as Secretary, we urge you to review and ensure the U.S. Customs and Border Protection (CBP) is appropriately equipped to fully enforce our customs laws.

Customs fraud is especially common in the textile industry as a result of the high volume of duties collected by the U.S. on imported clothing and the large number of suppliers in the market. Countries such as China and Vietnam dominate the global textile market, accounting for over 35 percent of total textile and apparel imports in our market¹, and have a long history of using unfair trade practices.

In Fiscal Year (FY) 2024, CBP reported \$13.2 billion collected by the U.S. in textile related duties and fees, nearly 17 percent of all U.S. duties collected. While sector-by-sector data for FY 2025 has not yet been released, the International Trade Commission reports \$25 billion has been collected in textile-related duties in calendar year 2025² — which will only continue to grow in FY 2026 due to a full twelve-month's worth of collections under the President's tariff regime. The Department of Commerce reports over one hundred countries export textile and apparel goods to the United States, routinely exceeding \$100 billion in value per year.³

With billions in duty revenue at stake, and countless suppliers and countries involved, importers are incentivized to circumvent U.S. tariff and trade requirements. This complex system has been abused to purposefully undervalue or misclassify imported goods to pay lower

¹ U.S. International Trade Commission. "Trade Shifts Index: Textiles and Apparel." June 30, 2025. https://www.usitc.gov/research_and_analysis/tradeshifts/2024/textiles.

² U.S. International Trade Commission's DataWeb.

³ U.S. Customs and Border Protection publication #3965-0125. "FY 2025 Fact Sheet: Textile Priority Trade Issue." January 16, 2025.

duties. China and Vietnam's exports are often further corrupted by illegal subsidies, state sponsored production, forced labor, and a purposely devalued currency.⁴

Additionally, U.S. free trade agreements (FTAs) have resulted in targeted transshipping by countries without agreements to take advantage of significantly reduced tariff levels. These transshipped products, which do not meet the agreements' origin requirements, are falsely declared as "qualifying goods" to gain duty-free or lower duty entry for imports not eligible for preferential treatment.⁵ Failure to detect and penalize customs fraud allows the benefits of these agreements to flow through to third parties who are not signatories to those agreements.

Under your leadership, we urge the Department of Homeland Security to develop and institute a comprehensive textile enforcement program. This program should safeguard the interests of the domestic textile industry while also preventing unscrupulous shippers and importers from robbing the U.S. Treasury of billions of dollars of textile-related tariff revenue. Such a plan should include several key elements:

- Maximum fines and penalties (civil and criminal) for repeat violators.
- Blacklisting importers for repeat violations and revocation of trade privileges, including denial of preferential access to the U.S. market.
- Publicly listing importers who intentionally and continually violate trade laws.
- Increased customs enforcement for FTA qualifying duty-free goods.
- Increase onsite enforcement to offshore FTA production sites to verify rules of origin.
- Timely publication of textile enforcement statistics.
- Lab testing (including isotopic) of imports claiming FTA qualifying benefits to determine the origin of component parts contained in the goods.
- Frequent audits of U.S. content in goods subject to penalty tariffs.
- Incentivize good actors with excellent compliance records through programs like the Customs Trade Partnership Against Terrorism (CTPAT).

We understand the President's budget request may include an enhanced enforcement program, including additional CBP resources to ensure such a program has the means to effectively address illegal activity damaging legitimate textile manufacturers in the U.S. and our FTA partner countries. We stand ready to work with you to address customs enforcement resources for congressionally designated Priority Trade Issues like textiles and wearing apparel.

We appreciate your consideration of our request and your support of the domestic textile industry and manufacturing workforce.

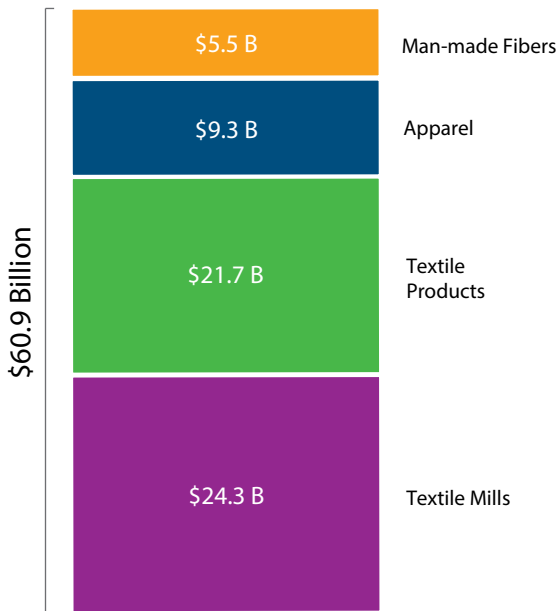
Sincerely,

⁴ National Council of Textile Organizations. Request for Comments on the operation of the United States-Mexico-Canada Agreement, 90 FR 44869 (Docket ID: USTR-2025-0004). November 3, 2025.

⁵ Ibid.

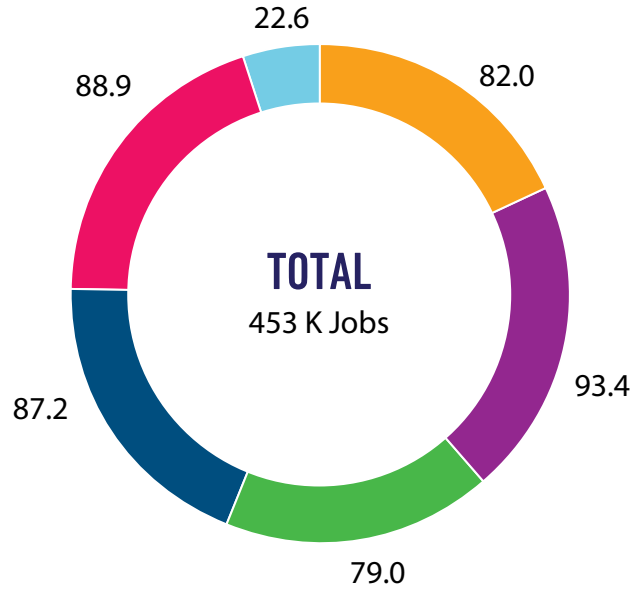
VALUE OF SHIPMENTS ¹

2025 Value of Shipments for Man-Made Fibers, Yarns, Fabrics, Apparel & Sewn Products in \$ Billions



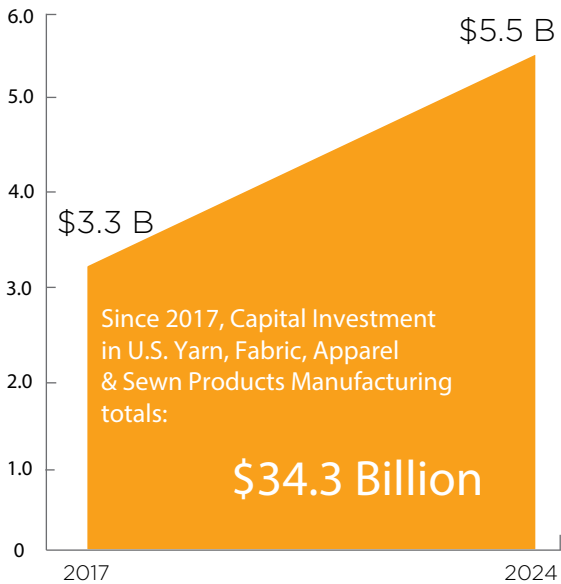
2025 EMPLOYMENT ²

2025 Textile Supply Chain Jobs in Thousands



CAPITAL INVESTMENT ³

Capital Investment in U.S. Yarn, Fabric, Apparel & Sewn Products Manufacturing – Data in \$ Billions



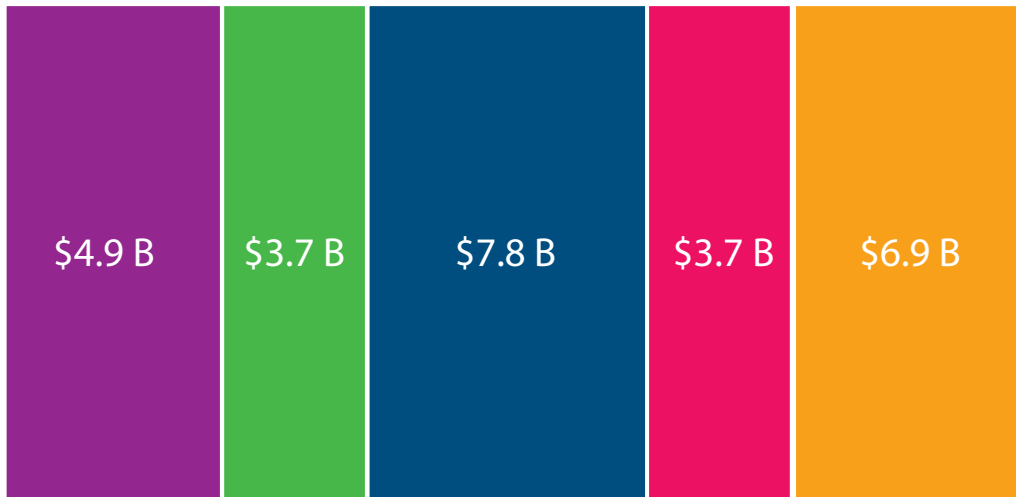
TOP 5 STATES FOR TEXTILE JOBS IN 2025⁴

1. Georgia 38,007
2. North Carolina 25,334
3. South Carolina 14,360
4. California 10,334
5. Texas 7,286

Figures exclude apparel manufacturing and cotton & wool farming jobs.

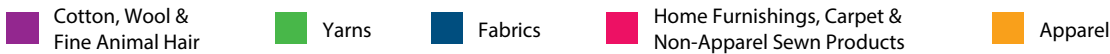
2025 EXPORT BREAKDOWN BY CATEGORY ⁵

In \$ Billions



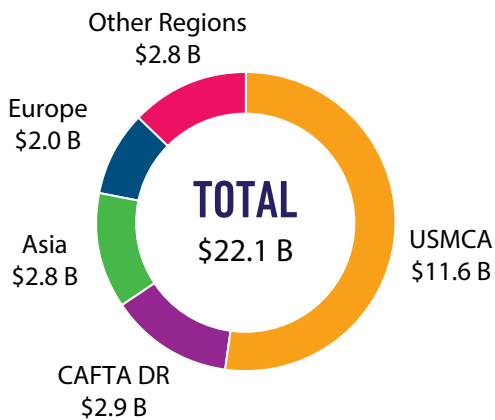
The United States is the second largest global exporter of textile-related products.

\$27.0 Billion



2025 EXPORT BREAKDOWN BY REGION ⁶

In \$ Billions



Exports for U.S. Man-Made Fibers, Yarns, Fabrics, Apparel & Sewn Products only. Raw Cotton & Wool exports excluded.

TOP 5 EXPORT MARKETS BY COUNTRY FOR U.S. FIBERS, YARNS & FABRICS ⁷

In \$ Billions

1. Mexico	\$3.4 B
2. Canada	\$1.8 B
3. Vietnam	\$1.4 B*
4. Honduras	\$1.0 B
5. Pakistan	\$0.8 B*

Figures exclude apparel & sewn products.

*The above totals include cotton fiber exports of \$1.3 B to Vietnam and \$0.75 B Pakistan.

SOURCES:

1. U.S. Census Bureau, Manufacturers' Shipments, Inventories, and Orders (M3) Survey, and Annual Survey of Manufacturers (ASM), value of shipments for NAICS 313, 314, 315 & 32522. 2021 data used to estimate 2025 NAICS 32522 figure.
2. Bureau of Labor Statistics, National Cotton Council and American Sheep Industry Association.
3. Bureau of Economic Analysis, Investment in Private Fixed Assets, Textile Mills and Textile Product Mills/Apparel and Leather and Allied Products
4. Bureau of Labor Statistics, Quarterly Census on Employment and Wages (QCEW), September 2025 NAICS 313, 314 & 32522 only.
5. U.S. Department of Commerce and U.S. International Trade Commission.
6. U.S. Department of Commerce data for Export Group 0: Textiles and Apparel.
7. U.S. International Trade Commission, data HTS chapters 50-60.

NCTO
NATIONAL COUNCIL OF TEXTILE ORGANIZATIONS

**AMERICAN
TEXTILES**
WE MAKE AMAZING