

THE FARM BILL AND AMERICAN TEXTILES

With farm bill programs currently operating under a funding extension, Congress must pass legislation to fully renew its provisions for an additional period. NCTO supports including extensions and updates in the new farm bill for the Economic Adjustment Assistance for Textile Manufacturers program (EAATM) and the Wool and Pima Cotton Trust Funds.

Economic Adjustment Assistance for Textile Manufacturers

Instituted as a part of the 2008 farm bill, the EAATM currently provides \$0.03 per pound to manufacturers who process upland cotton, supporting the only domestic consumers of the U.S. cotton crop. The EAATM assists regions experiencing adverse economic changes that have occurred suddenly or over time, including job losses resulting from plant closures, shifting trade patterns, or regulations. EAATM payments can only be used to acquire, build, modernize, or expand domestic manufacturing facilities and other depreciable fixed assets that process cotton fiber.

The program originally authorized support for the U.S. textile industry at a rate of \$0.04 per pound on every pound of upland cotton consumed. However, provisions in that bill reduced the rate by 25% to \$0.03 per pound effective on August 1, 2012. With the recent COVID-19 pandemic highlighting the instability of some global suppliers, it is critical that the new legislation further support the U.S. textile industry to meet the need to reshore or nearshore manufacturing of critical goods and materials, and we strongly support restoring the rate to \$0.04 per pound.

Wool and Pima Cotton Trust Funds

The Agriculture Wool Apparel Manufacturers Trust Fund and the Pima Agriculture Cotton Trust Fund help reduce the disadvantages that domestic manufacturers face from unfair trade policies. These programs help promote the American Pima cotton and wool textile and apparel production chains and allows these American producers, from farm to finished product, to compete against foreign suppliers on a more level playing field. They also maintain essential domestic capabilities in a highly globalized supply chain, which has significant implications for national security and health care preparedness.

Any lapse in these critical programs will almost certainly cause the United States to lose, rather than retain and expand, key components of the domestic supply chain for defense procurement and PPE, and the domestic customer base for cotton and wool fibers, yarns, and fabrics, and domestic producers of raw Pima cotton and wool will also suffer. NCTO supports restructuring and consolidating funds for these successful programs so that they become part of the funding baseline in the new farm bill.

NCTO Position

The farm bill contains a number of valuable programs that encourage investments in U.S. growers and ranchers that produce textile fibers and U.S. manufacturers that process cotton and wool products. These programs help the entire U.S. farm-to-finished-textile-and-apparel production chain to be more globally competitive, while supporting our national security and public health industrial base. NCTO strongly supports restoring the EAATM to \$0.04 per pound and safeguarding the Wool and Pima Cotton Trust Funds in the new farm bill.