Request for Continuation of the July 6, 2018 Action, As Modified, Under Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

In response to the May 5, 2022, Federal Register Notice entitled *Initiation of Four-Year Review Process: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation* and as organizations representing American manufacturing companies that benefited from the July 6, 2018 action under Section 301, as modified, we are writing to express strong support for a continuation of current Section 301 penalty tariffs on Chinese imports of finished textile and apparel products on Lists 3 and 4A, specifically.

This continuation request is submitted on behalf of the following trade associations and their respective memberships, which represent the entirety of the U.S. textile production chain.

> The **National Council of Textile Organizations (NCTO)** is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers of numerous support services such as trucking, banking, chemicals, and other such sectors that have a stake in the prosperity and survival of the U.S. textile sector. U.S. textile and apparel manufacturers produced $65.2 billion in output in 2021, and our sector's supply chain employs 534,000 workers from fiber to finished sewn products. NCTO's headquarters are in Washington, DC. www.ncto.org
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> The **Narrow Fabrics Institute (NFI)** is a division of the Advanced Textiles Association (ATA) formerly known as the Industrial Fabrics Association International (IFAI) whose mission is to work on common interests and issues in the narrow fabrics industry. Narrow fabrics are defined as textiles that are no more than 12 inches (300mm) in width and are made by weaving, knitting, or braiding fibers or yarns with an edge to prevent unraveling. The primary product areas of NFI's member companies include automotive, military, safety, transportation, medical, and others such as aerospace, industrial, pet, recreational, and electronics. The North America market for narrow fabrics is estimated at over $335 million in annual sales. https://narrowfabrics.textiles.org
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> The **United States Industrial Fabrics Institute (USIFI)** is a division of the Advanced Textiles Association (ATA) formerly known as the Industrial Fabrics Association International (IFAI). Member companies manufacture highly-specialized textile products, advanced materials, and components used to support a variety of high-value-added and sophisticated industries. These include the aerospace, automotive, construction, marine, medical, military, and safety/protective gear sectors among others. USIFI currently has over 50 member companies, and its headquarters are in Roseville, MN. https://usindustrialfabrics.textiles.org

As supporters of robust trade enforcement and a worker-centric trade agenda, we appreciate the Biden administration's deliberative approach to addressing the economic harm caused by Chinese government policies that have perpetuated and exacerbated the offshoring of many U.S. industries. A key aspect of this policy is the need to maintain Section 301 tariffs, absent substantive improvements in China's pervasive, predatory trade practices. Conversely, lifting these penalty duties will cement their destructive dominance of global manufacturing, while failing to achieve the administration's goal of easing inflationary pressures within the U.S. economy.

For decades, China's illegal actions have undermined virtually every domestic manufacturing sector and contributed to the direct loss of millions of U.S. jobs. These devastating state-sponsored practices include intellectual property theft as well as pervasive state-ownership of manufacturing, industrial subsidies, and abhorrent labor and human rights abuses in the Xinjiang region. In our previous submissions and testimony pertaining to the Section 301 case, our organizations have specifically detailed China's unfair IP practices in the textile and apparel sector and the impact of China's unprecedented domination of global textile and apparel markets. Notably, the acute focus on research and product development has and continues to make the U.S. textile industry a prime target for IP abuse.

Canceling these tariffs would create further unhealthy dependence on Chinese supply chains and embolden future systematic trade abuses as bad actors know that the U.S. will not hold them accountable. It would also do nothing to achieve the administration's goal of easing inflationary pressures, as apparel prices out of China continue to hit rock bottom even with the Section 301 tariffs. As noted in an economic study recently released by Werner International, U.S. import prices for apparel from China have dropped 25% since 2019 and 50% since 2011. Further, there are numerous other suppliers for finished textile and apparel products, including U.S. free trade agreement and preference partner countries that have duty-free access and often incorporate U.S. textile components.

Noting the administration's thoughtful approach to this matter, we support a fair, transparent Section 301 exclusion process for items that are not sensitive to U.S. manufacturers and workers and that are not available domestically. As opposed to a broad rollback of 301 penalty duties, targeted exclusions can help boost domestic competitiveness related to input materials and machinery unavailable from other sources and help U.S. manufacturers invest.

The 301 penalty tariffs are a logical companion to other important actions including enforcement of the Uyghur Forced Labor Prevention Act and the current Customs and Border Protection Withhold Release Orders on certain products originating in Xinjiang. Given that export dependent sectors, such as textiles and apparel, are pillar industries in China's economy, these policies create leverage the U.S. can exert on China to reform its trade and industrial policies.

Further, lifting Section 301 penalties would threaten to reverse the once-in-a-generation nearshoring trends that are bringing supply chains back to the U.S. and Western Hemisphere, including those identified as critical to our economy and national security. These nearshoring trends and enforcement actions pertaining to China are unlocking historic levels of investment that are also at risk if the tariffs are suspended.

As a domestic supply chain that represents over 530,000 U.S. workers, we stand ready to partner with you to address the serious harms caused by China's predatory trade practices. To that end, we strongly advise the administration to stay the course and hold China accountable by maintaining Section 301 penalty tariffs.