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Washington Policy Update: A Closer Look at Tariffs, Trade, Procurement & Regulation

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November 5, 2025



USINFI Advocacy Efforts

- USINFI engages in the federal policy arena on behalf of domestic technical textile & narrow fabric manufacturers.
- We track and analyze textile policy matters in Congress and within key government agencies:
 - U.S. Trade Representative's Office
 - Commerce Department
 - Department of Defense
 - Customs & Border Protection



USINFI Advocacy Days

- Held in Washington, D.C. - March 4-5, 2025
- Visited with Capitol Hill offices and met with key USTR and U.S. Commerce Department officials
- 36 Separate Meetings
- 25 Industry & USINFI Staff Participants
- 14 Member Companies
- 9 Different States Represented



AGENDA

- Trade Policy
- Government Procurement
- PFAS – “Forever Chemicals”
- Q & A



Trade Policy



Trump's America First Trade Policy

- Rectify the U.S. Trade Deficit - \$1.2 Trillion in 2024
- Review Trade
- Address the Fentanyl Crisis & Immigration
- Raise Revenue – Tax Cuts, Increased Defense & Border Spending
- Geopolitical concerns – E.g., India buying oil from Russia



Trump Tariffs Highly Complicated

- Rapid-Fire Decisions; Multi-layered tariffs; Ever-Changing
- International Economic Emergency Powers Act – (IEEPA)
 - Feb/March: China/Mexico/Canada – Fentanyl & Migration tariffs
 - April 2: Reciprocal Tariffs – All Countries to Address the U.S. Trade Deficit
 - For most countries new reciprocal tariffs are stacked on existing duties: MFN tariffs + Section 301 China penalty tariffs + IEEPA tariffs (EU and Japan are the exception, however)



Reciprocal Tariffs - Liberation Day

- April 2 - Sweeping tariff increases on virtually every country and product. High reciprocal duties for nearly 60 countries. All other countries at 10%
- April 9 - President reduces higher rates to 10% to give countries time to negotiate
- July 31 – President announces updated tariff rates for 67 countries, the EU and Taiwan, ranging from 10%-41%
- Negotiations have yielded agreements/frameworks with a growing number countries – including Japan, EU, Vietnam, UK, China, Malaysia, Cambodia, and Thailand
- Negotiations ongoing with numerous other countries, but progress has been slow and details scarce



Trump Tariffs Timeline

Examples of Key Textile Supplier Countries other than Free Trade Partners & China

Country	April 2	April 9	Today
Vietnam	46%	10%	20%
Bangladesh	37%	10%	20%
India	26%	10%	25% + 25% (Russian oil)
Pakistan	29%	10%	19%
EU	20%	10%	15%



Latest Deal with China

- Following a partial deal in May, the U.S. and China threatened higher duties, including Trump floating an additional 100% tariff over China's export controls of rare earths
- Trump-Xi meeting last week yielded a one-year agreement to keep the reciprocal IEEPA rate at 10% through November 10, 2026, and reduce the fentanyl IEEPA duty from 20% to 10%
- All IEEPA tariffs applied to China are “stacked” on top of regular duties as well as previous 301 tariffs assessed on China by President Trump
- China stacking equates to: MFN + 7.5% or 25% 301 Penalty Duty + 10% Fentanyl IEEPA Duty (20% through Nov 9) + 10% Reciprocal IEEPA Duty = **MFN + 27.5% or 45%**



EU and Japan – Non-Stacked Deals

- European Union and Japan were assigned new reciprocal rates of 15%
- However, these new tariffs are not stacked
- If an existing MFN tariff is less than 15%, a reciprocal rate is added to get to 15%. Any existing tariff above 15% has no additional IEEPA duty.
- EU and Japan MFN rate + IEEPA Rate
Example: 12% MFN + 3% Reciprocal = 15% Total
- EU and Japan MFN rate + IEEPA Rate
Example: 16% MFN + 0% Reciprocal = 16% Total



Trump Tariffs – Canada & Mexico (USMCA)

- Canada & Mexico have varying rates based on whether goods are deemed to qualify for duty-free treatment under USMCA free trade agreement
- Canada & Mexico USMCA Qualifying: 0%
- Mexico (Non-Qualifying): MFN Rate + March IEEPA (Fentanyl)
 $12\% + 25\% = 37\%$
- Canada (Non-Qualifying): MFN Rate + March IEEPA (Fentanyl)
 $12\% + 35\% = 47\%$

➤ Note: U.S., Canada, and Mexico are continuing to negotiating on all issues



Trump Tariffs - CAFTA-DR Countries

- Other FTA countries were not exempted from the 10% baseline reciprocal tariff (e.g., CAFTA-DR; S. Korea; Colombia)
- CAFTA-DR (Qualifying): MFN Rate + April IEEPA
 $0\% + 10\%^* = 10\%$
- CAFTA-DR (Non-Qualifying): MFN Rate + April IEEPA
 $12\% + 10\%^* = 22\%$
- *Note: Even within the CAFTA-DR bloc, there are different rates: Nicaragua **18%** IEEPA rate, Costa Rica **15%** IEEPA rate



Trump Tariffs with WH FTA Countries

- Critical that the U.S. restore duty-free treatment for qualifying goods from the CAFTA-DR region and other Western Hemisphere FTA countries
- Qualifying goods normally contain significant U.S. textile components
- These hemispheric FTA partners purchase billions in U.S. textile components annually - \$15.9 Billion in 2024 U.S. exports
- 10% reciprocal duty on qualifying goods from WH FTA partners undermines the incentive to source from these suppliers and ironically allows Asia to recapture this business



U.S. Content Deduction

- Value subject to reciprocal tariffs can be reduced by value of us components
 - U.S. content must be at least 20% of the total value of imported product
 - Content deduction only applies to reciprocal tariffs, not MFN duties
 - Content defined as value of components produced entirely, or substantially transformed in the United States
- Duty drawback permitted for reciprocal tariffs – but not for fentanyl/immigration tariffs



Tariff Exclusions: Inputs/Machinery Not Available in U.S.

- To date, there are virtually no exclusions under the new Trump tariffs for textile inputs like chemicals, fibers, and machinery not made in the U.S.
- Industry is pushing for immediate removal of reciprocal duties on all textile inputs unavailable from domestic sources
- Reciprocal tariffs on manufacturing inputs and machinery not available in America undermine the stability of the domestic supply chain & military industrial base
- These tariffs raise production costs, making U.S. companies less competitive globally, and have triggered retaliation by foreign countries, leading to closed export markets



Tariff Authority Challenged in Courts

- Importers have filed several court challenges
- Lower Courts initially ruled the President overstepped his authority by unilaterally instituting new reciprocal tariffs, but Federal Appeals Court have allowed the new tariffs to remain in place while appellate process works to a final conclusion
- Supreme Court has agreed to an expedited review and is expected to hand down a decision in the November-December timeframe – Oral arguments held today
- If tariffs are overturned, courts will determine who is entitled to a refund
- Administration officials have indicated plans to reinstate the tariffs using different executive authorities should the Supreme Court rule the use IEEPA authority is illegal



Section 232 National Security Cases

- Steel & Aluminum (50% Tariff Effective August 18, 2025)
- Timber, Furniture, and Cabinets (10% on Timber / 25% Upholstered Wood Furniture Effective October 14, 2025)

New Cases Launched on September 2, 2025

- Personal Protective Equipment, Medical Consumables, and Medical Equipment, Including Devices
- Robotics and Industrial Machinery



De Minimis Executive Action

- USINFI has been part of a broad coalition pressing for years for elimination of de minimis tariff loophole
- May 2 – White House eliminates De Minimis Benefits for China, Hong Kong & Macao
 - Int'l Mail Entries Charged a 54% Duty or Flat Assessment of \$100
 - Express carrier shipments (FedEx, UPS, Amazon) are subject to all applicable tariffs, taxes, and fees
- August 29 - White House Closes De Minimis for Other Countries and is now assessing all applicable taxes, tariffs and fees for each shipment (Int'l Mail treated differently)
- President's de minimis actions also being challenged in court



Congress Also Closes De Minimis

- Budget reconciliation bill signed by President Trump on July 4 contains language closing de minimis globally on July 1, 2027
- Critical development as legislation is needed to ensure Trump actions to close de minimis are not overturned by the next administration
- CBO estimate - \$39 billion in duty collections over 10 years



Government Procurement



Procurement Priorities

- Preserve the Berry Amendment – Defense Department
- Preserve the Kissell Amendment – Homeland Security
- Ensure Adherence to Buy-American PPE Preferences - HHS, DHS, VA
- Prevent Contracting Preference Concessions in Trade Negotiations



Procurement Victories

- Simplified Acquisition Threshold (SAT)
 - Decreased Berry threshold from \$250K to \$150K; \$50 million in contacts
 - Included in FY 2021 National Defense Authorization Act (NDAA)
- DNAD Transparency – FY 2025 NDAA
 - DLA to list publicly nonavailability determinations under Berry
 - Initial listings have been published on DLA website
- Make PPE in America Act
 - Berry rule for PPE for DHS, HHS, VA with minimum 2-year contracts
 - Signed into law in \$1 trillion Infrastructure bill approved in Dec. 2021
- Homeland Procurement Reform Act
 - Small business set-aside for 1/3 of DHS purchases of apparel, PPE, and footwear
 - Signed into law in as part of FY 2023 NDAA



National Defense Authorization Act

- Support Berry Amendment (\$1.8 billion annually in military textile purchases)
- Support eliminating \$150K Simplified Acquisition Threshold for Berry purchases
- Support BOOTS Act, directing Secretary of War to issue regulations within 2 years prohibiting members of the armed forces from wearing combat boots that are not made domestically with American-made components
- Support measured approach to PFAS regulation
- Support Increased textile stockpiling
 - 2023 DLA wargame identified Critical shortages in textile/apparel stockpiles
 - Seeking pressure on DLA to remedy stockpile deficiencies



House FY 2026 NDAA

- House Armed Services Committee passed its version of the FY 26 NDAA on Sept 10
- House-Passed Bill:
 - Eliminates the \$150K SAT for Berry Contracts
 - Includes language from BOOTS Act
 - Blocks language that would have tightened PFAS regulations for military products or prohibited



Senate FY 2026 NDAA

- On October 9, the U.S. Senate adopted its version of the FY26 NDAA
- Senate did not include language intended to eliminate the SAT or the BOOTS Act
 - These issues will be negotiated as part of the Conference Committee between the Senate and House
- Similar to the House, the Senate NDAA blocks language that would have expanded PFAS restrictions on textile products procured by the U.S. military



Procurement – Make PPE in America Act

- HHS, DHS, VA required to buy U.S.-made PPE since Feb. 2022
- Implementation has been slow, but contracts for U.S. companies finally beginning
- House Veterans Affairs Committee held oversight hearings on PPE purchases and letters have gone to VA



Presidential Executive Order

- White House Considering a Textile Buy-American EO
 - Directs the U.S. government to purchase American-made textiles to the greatest extent possible across all federal departments and agencies
 - WH Made in America Office to conduct a study on domestic procurement by the federal government of textile products, with priority analysis on products that are essential to national security
 - Federal departments to the maximum extent possible, should eliminate or voluntarily disregard existing small purchase thresholds to promote the purchase of American-made textile products



Per- or Polyfluoroalkyl Substances (PFAS) Regulation



What are PFAS?

- PFAS are organic, fluorinated chemicals
- Nearly 9,000 types of PFAS
- Used by virtually all manufacturing sectors including textiles
- Some PFAS are linked to serious environmental issues
- Growing calls to ban all PFAS treatments in products procured by the federal government, including DOD



PFAS Policy Environment

- Federal government beginning to outlaw specific PFAS chemicals
- USINFI supports a science-based approach that restricts use of specific PFAS chemicals found to be harmful, as opposed to the entire class of 9,000
- Pressure from Congress has softened under Republican control to restrict federal procurement of goods treated with PFAS, including defense materials
- States, however, are beginning to restrict the sale of goods treated with PFAS



Industry Response

- In textiles, PFAS provide durability, heat-resistance, oil and water repellency, & enhanced cleanability
- Textile sector does not use the specific types of PFAS directly tied to environmental issues
- Essential for many military, PPE & first responder products
- Requesting a precise approach that regulates those PFAS found to be harmful as opposed to the entire PFAS family



QUESTIONS?

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