

WASHINGTON POLICY AND TARIFF UPDATE

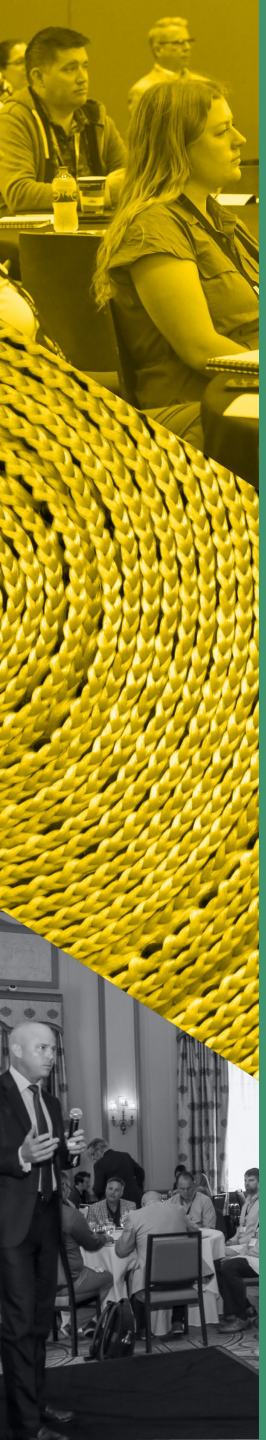
June 1, 2026

 **OUTLOOK®** LEADERSHIP CONFERENCE

Sara Beatty
Whitehaven Trade Advisors

Auggie Tantillo
SRG & Associates



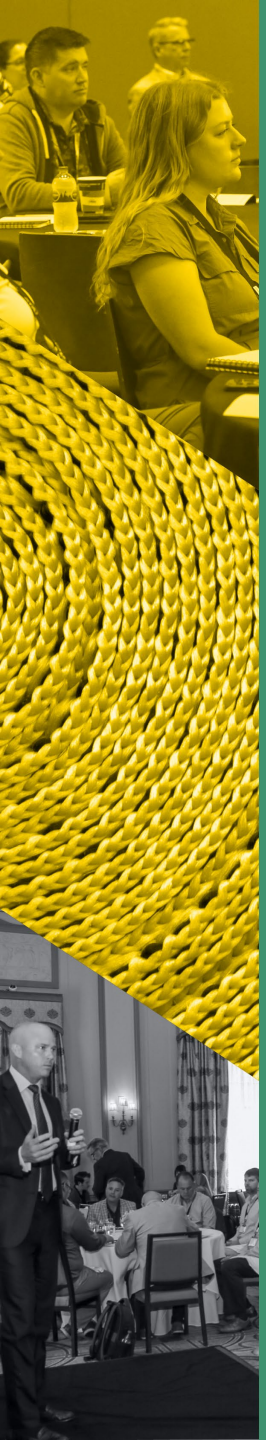


USINFI Advocacy Program

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

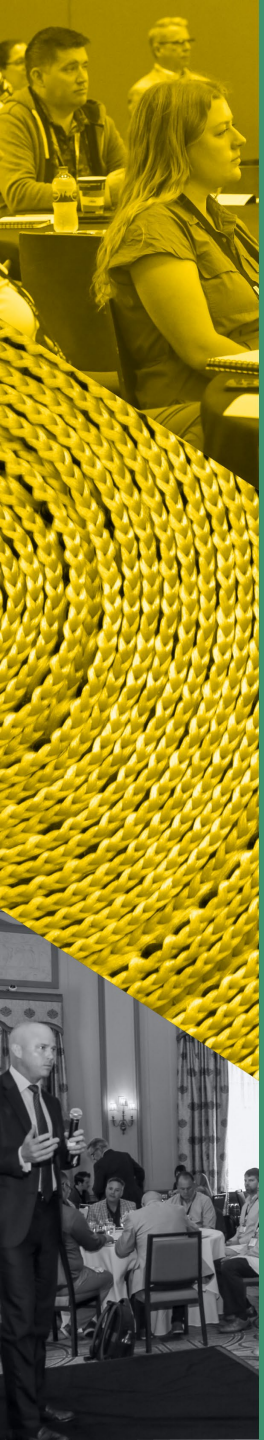


USINFI Advocacy

Once critical policy issues are identified, we work with the USINFI Board and association members to define an organizational position

We then communicate our policy positions to congressional members, relevant congressional committees & key federal agencies

We also work with broader industry coalitions to strengthen our effectiveness

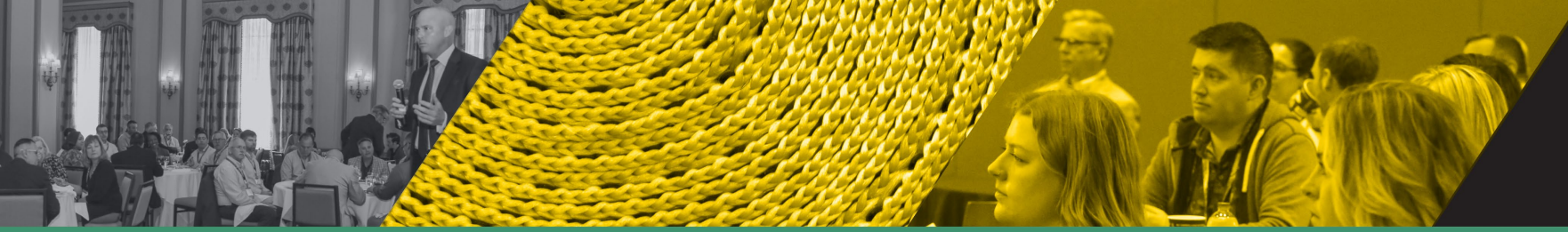


USINFI Advocacy Days

Held in Washington, D.C. - March 17-18, 2026

Visited with Capitol Hill offices and met with key USTR and U.S. Commerce Department officials

- 34 Separate Meetings
- 22 Industry & USINFI Staff Participants
- 11 Member Companies
- 10 Different States Represented (NC, SC, PA, RI, OH, TN, FL, IL, GA, CA)



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Agenda

Trade Policy

Government Procurement

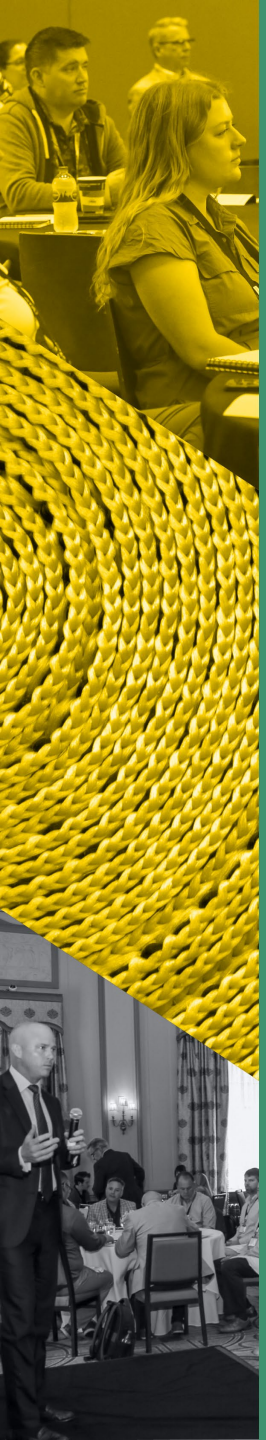
PFAS – “Forever Chemicals”

Q & A



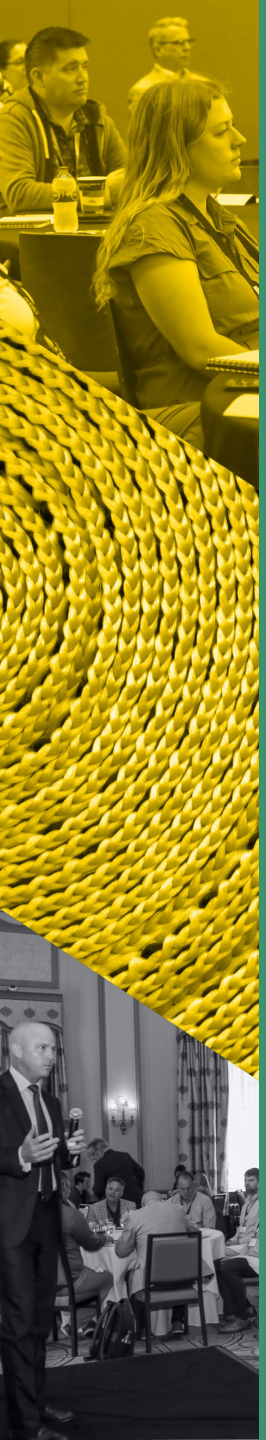
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TEXTILE TRADE POLICY



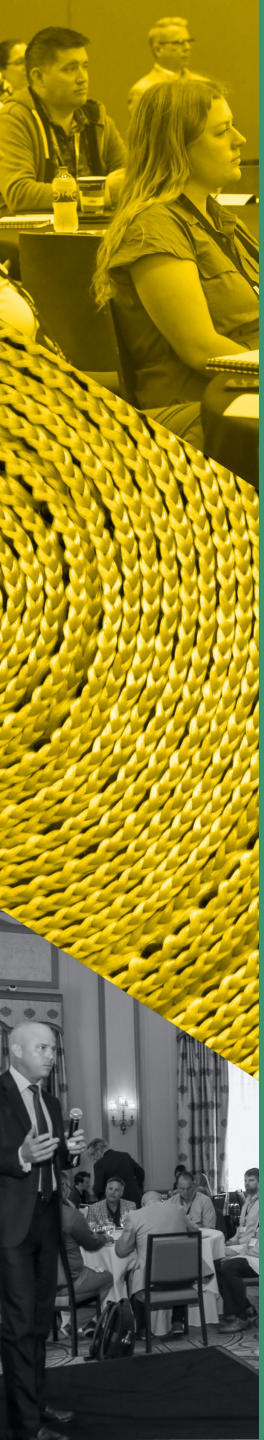
America First Trade Policy

- Sweeping Review of U.S. Trade and Economic Policies
- Tariff Increases on Virtually Every Country and Product
- Ever-Changing, Rapid-Fire Decision Making Based on Multifaceted Objectives
- Over **\$200B** in tariffs collected in 2025



Trump Tariffs – Goals

- Rectify the U.S. Trade Deficit - \$1.2 Trillion in 2024
- Address the Fentanyl Crisis & Immigration - China, Canada & Mexico
- Raise Revenue – To Fund Tax Cuts and Additional Defense and Border Protection Spending



IEEPA Tariffs

- Broad, unprecedented tariffs on imports from nearly all countries
- China, Canada, and Mexico targeted first
- Global reciprocal tariffs (10-50%) announced on April 2, 2025 “Liberation Day”
- Additional tariffs on products of certain countries (Brazil, India)
- Agreements on Reciprocal Trade (ARTs)

IEEPA Tariffs Struck Down

Feb. 20 SCOTUS ruled (6-3) IEEPA does *not* authorize the president to impose tariffs



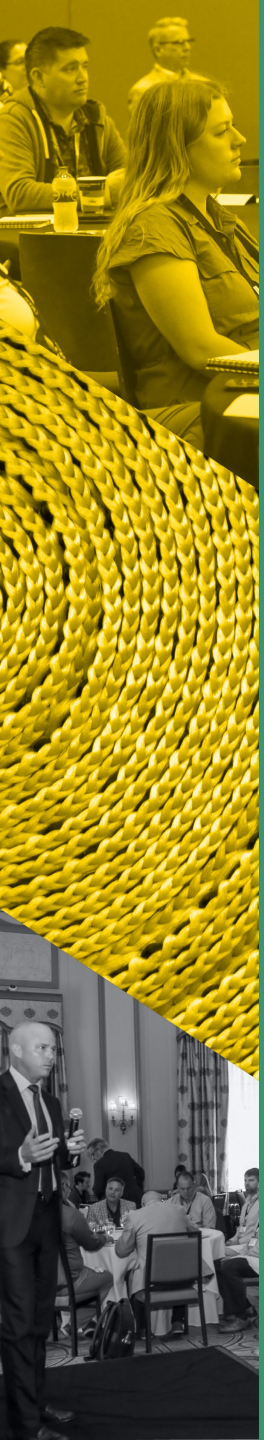
Administration officials indicate plans to reinstate tariffs under different authorities



Administration rescinds IEEPA tariffs
(duty collections end Feb. 24)

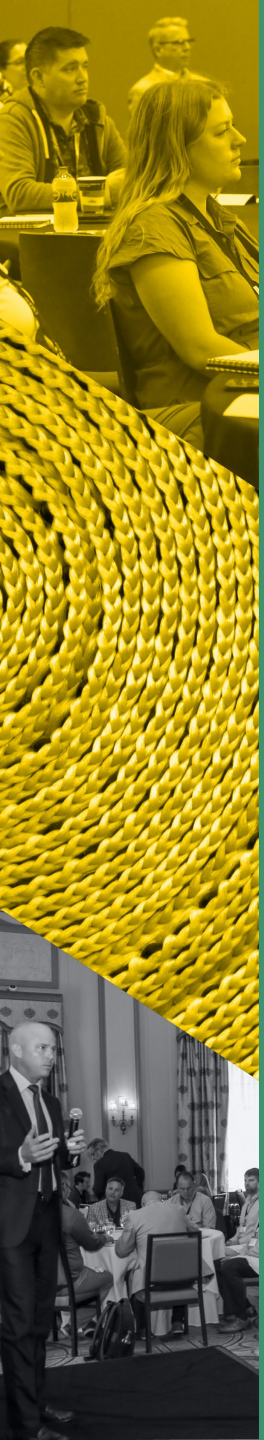


IEEPA duty refunds ordered by CIT on Mar. 4, CBP process to refund duties underway



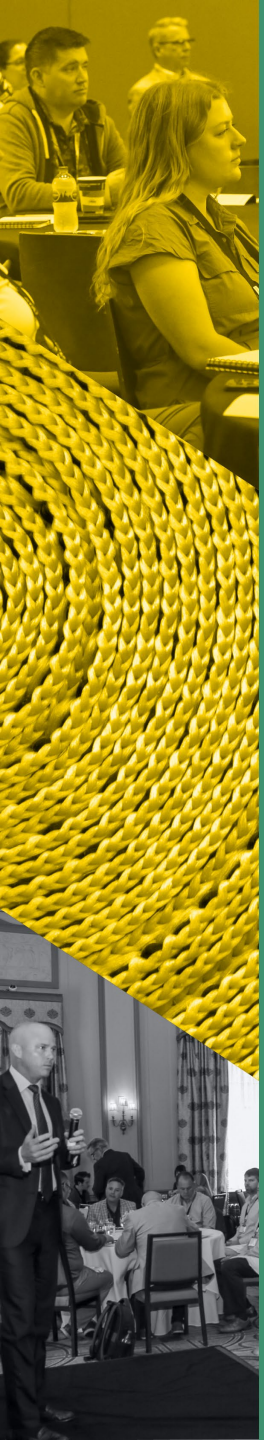
Section 122 Tariffs

- A “temporary import surcharge” imposed by the president “to deal with large and serious United States balance-of-payments deficits”
- Additional 10% duty applies to imports from every country for 150 days (Feb. 24-July 24), unless exempt
- **USMCA qualified trade and CAFTA-DR qualified textiles and apparel are exempt from the duties**
- Court of International Trade issued 2:1 decision that 10% tariff unlawful. Trump administration has filed for a stay



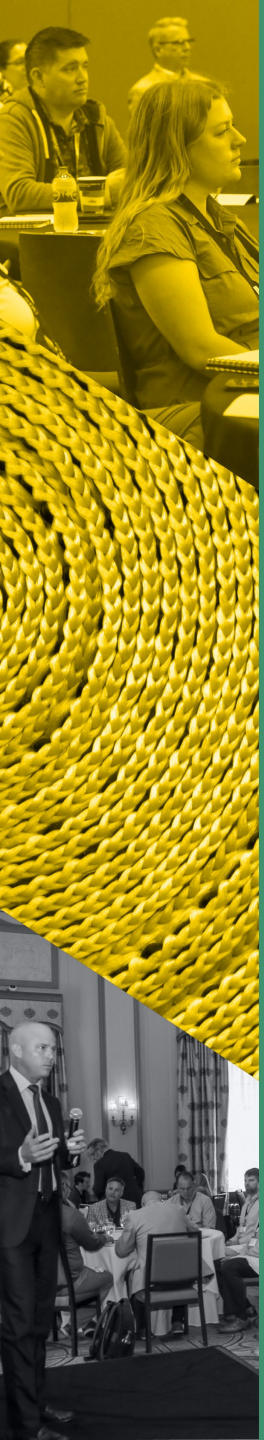
Section 301 Investigations

- New Sec. 301 investigations targeting multiple countries initiated in March
- Focused on 1) Structural Excess Capacity and 2) Forced Labor
- Accelerated timeline: investigations to conclude before Sec. 122 tariffs expire
- Expected outcome: more tariffs at rates similar to IEEPA rates



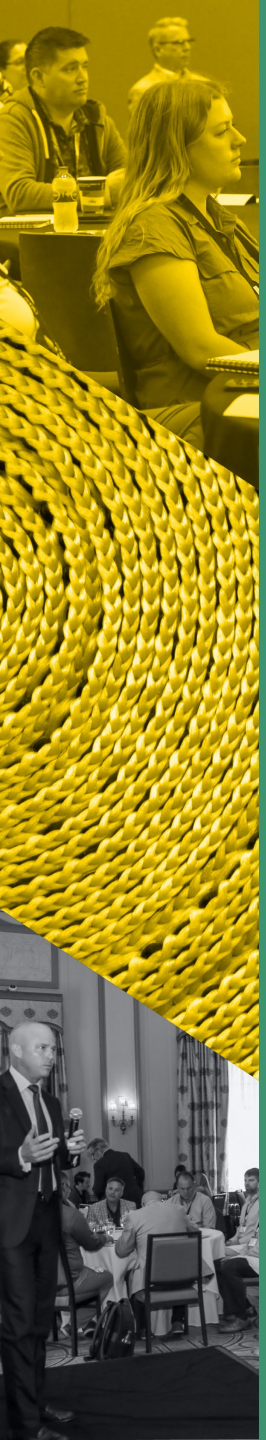
China

- Ratcheting up of tariffs on both sides last year
- Fall 2025 détente de-escalated tariff actions
- China IPR Sec. 301 exclusions extended through Nov. 10, 2026
- 10% Sec. 122 tariff applies to products of China (stacked on top of MFN and Sec. 301 duties)
- May 2026 Trump-Xi meeting yielded purchase commitments from China and setting up a Board of Trade and a Board of Investment



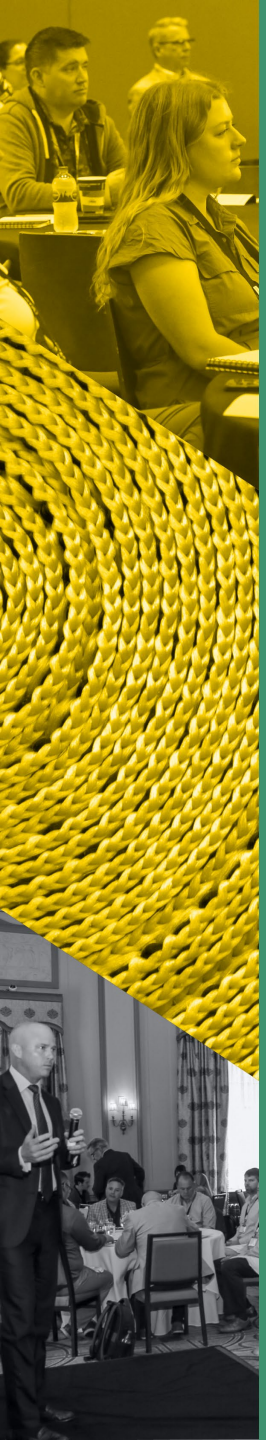
Inputs/Machinery Not Available

- Industry still seeking exclusions under new tariffs for textile manufacturing inputs and machinery not available domestically
- Additional tariffs raise production costs, make companies less competitive globally
- President Trump is the decision maker and doesn't like "exclusions"
- Key Message during Advocacy Days: Must have solutions to address unintended consequences of tariffs



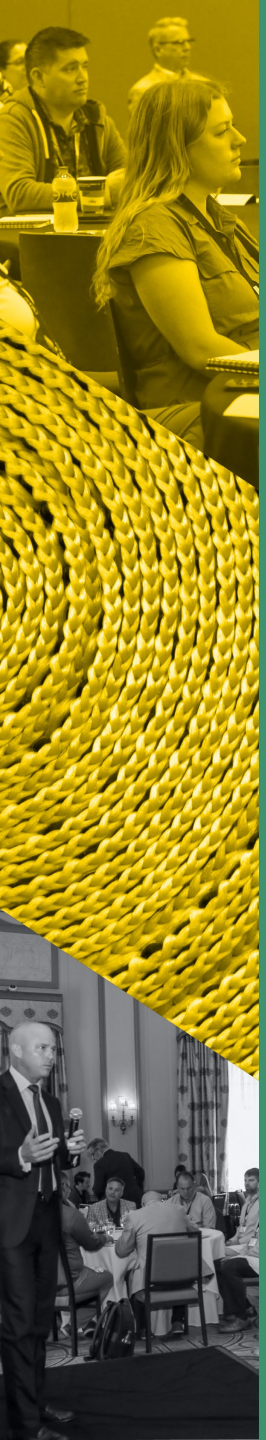
Section 232 Tariffs & Investigations

- Tariffs on steel and aluminum, lumber and upholstered furniture, autos and auto parts, copper, semiconductors
- Investigations on PPE, robotics/industrial machinery, other sectors underway
- The outcomes of investigations on imports of PPE and industrial machinery remain pending and were not expected until after the recent Trump-Xi summit



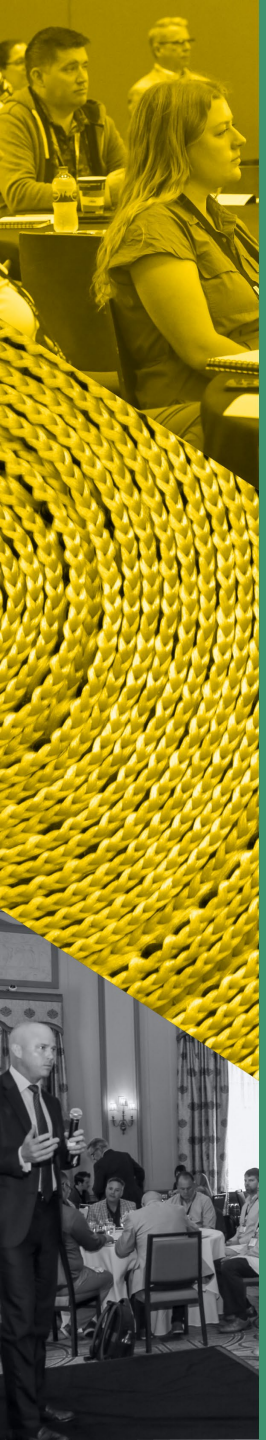
USMCA Joint Review

- USMCA parties must decide whether to extend the USMCA for another 16-year period on July 1 (the 6th anniversary of the Agreement's entry into force)
- Bilateral discussions with Mexico proceeding, Canada talks likely to start soon
- Negotiations may continue past July 1 review deadline



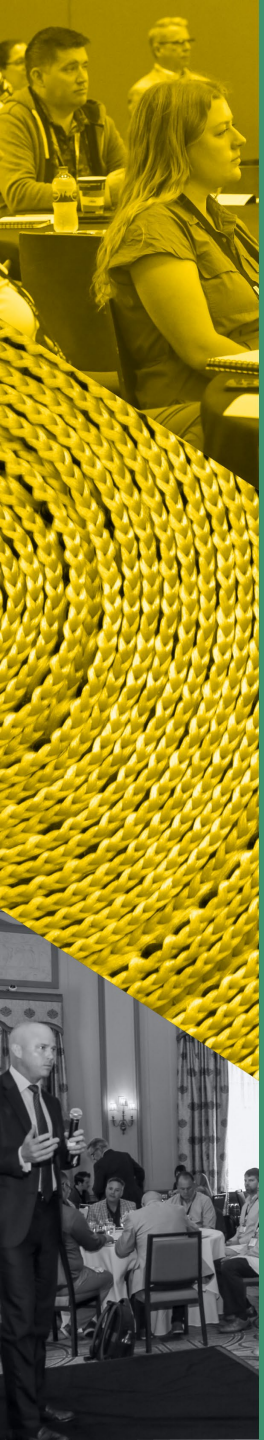
USINFI USMCA Review Objectives

- Preserve the Trilateral Agreement
- Yarn Forward: Targeted reforms to exceptions like TPLs
- Customs Enforcement: Increased cooperation, data sharing, and penalties
- Forced Labor: MEX/CAN should adopt forced labor ban (UFLPA)
- Foreign Investment: MEX should implement new limits and screening for Chinese investment



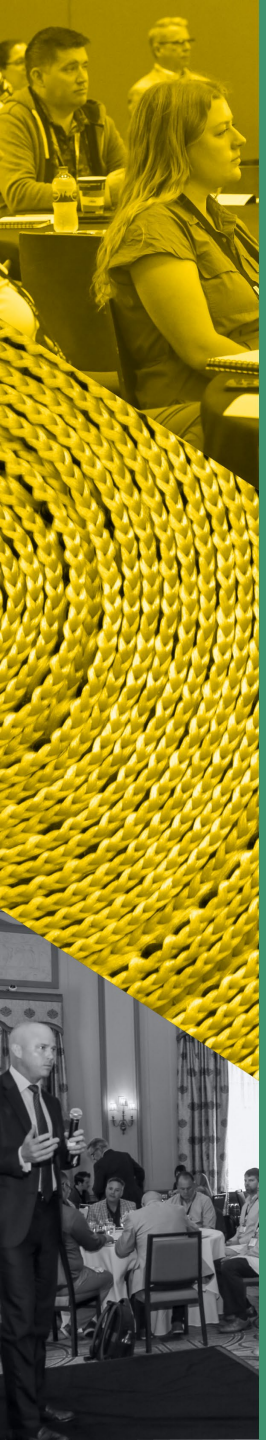
De Minimis

- USINFI is part of a broad coalition that has long pressed for elimination of the de minimis tariff loophole
- Individually-packaged goods valued under \$800 and shipped direct to consumer come in duty free
- E-commerce retailers exploit de minimis to import 4 million packages daily; 1.4 billion in FY2024
- Superhighway for slave labor goods, IPR violations, unsafe goods, fentanyl
- Over 50% of de minimis imports are textile-related goods and China was the biggest beneficiary



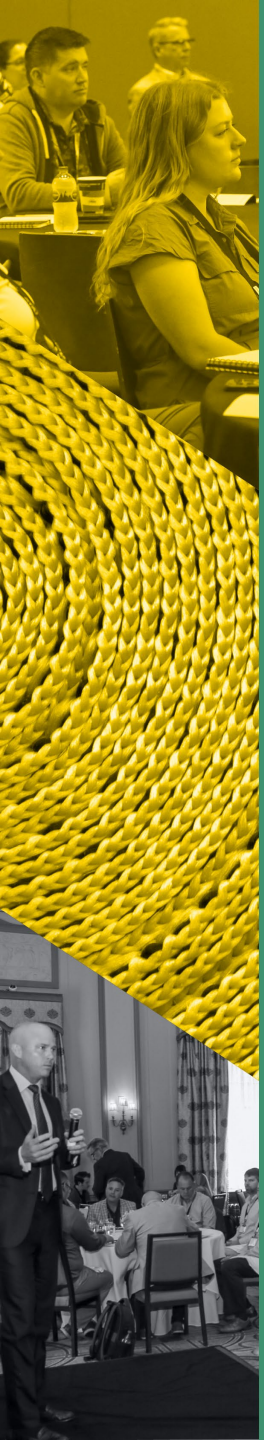
De Minimis Reform

- Last year President Trump suspended de minimis for China then globally
- Non-postal low-value commercial shipments subject to all duties, taxes, fees
- Postal shipments now subject to Sec. 122 10% duty
- Litigation at CIT pending



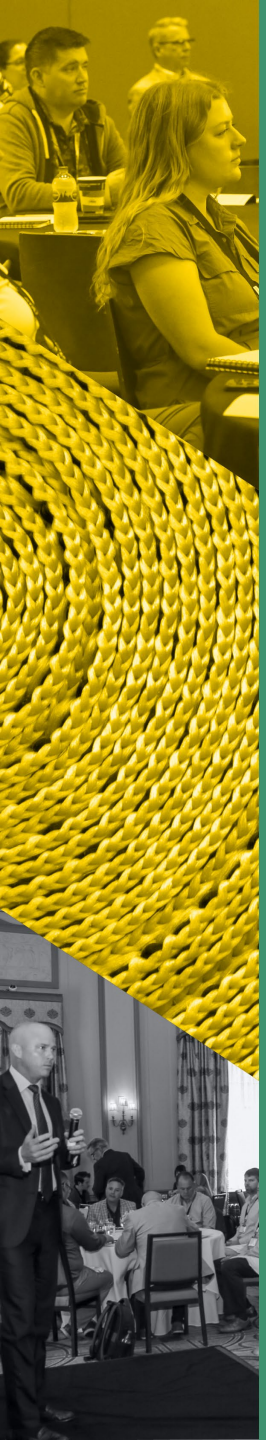
Congress Also Closes De Minimis

- Budget reconciliation bill signed by President Trump on July 4, 2026 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



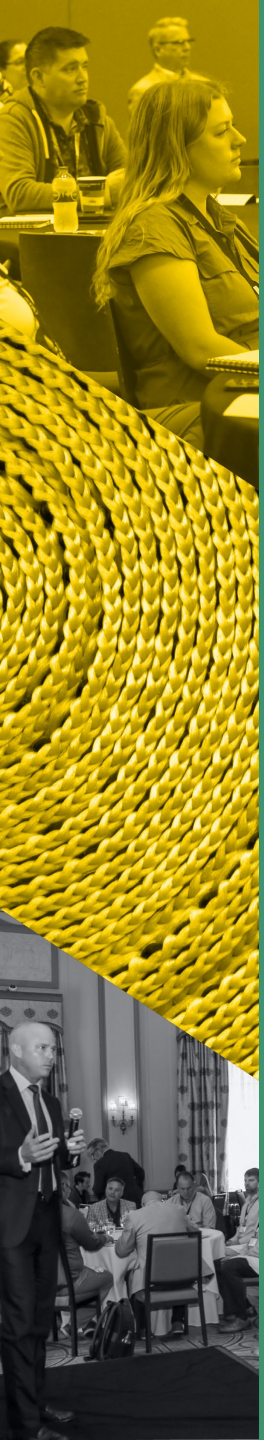
Customs Enforcement

- Textiles/apparel among the highest duty-collecting sectors, creating hefty incentives to cheat
- Bad actors avoid duties and enforcement actions via:
 - False origin claims of duty-free FTA qualifying status
 - Transshipment, undervaluation, and misclassification
- Without proper enforcement, hard-fought FTA rules and other trade laws can be undermined quickly
- Lack of enforcement puts U.S. textiles out of business



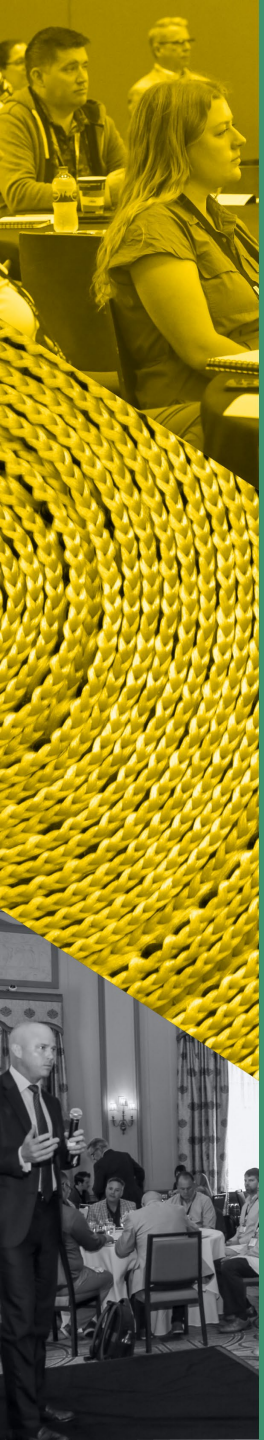
Customs Enforcement Challenges

- Evolving trade and tariff policies place new pressures on U.S. Customs and Border Protection to enforce U.S. trade laws
- Higher tariffs on imports from certain countries incentivize transshipment of goods through countries with lower duty rates on the same product
- Customs has struggled for decades from inadequate resources and lack of “political will” to emphasize textile enforcement
- IEEPA duty refunds are requiring additional CBP resources, taking away more focus from enforcement



Enforcement Stats

- Textile Production Verification Team (TPVT) foreign site visits to verify compliance with trade preference programs and FTAs
 - In FY 2022, CBP's illegal transshipment verifications resulted in a total of 38 visits (combo of semi-virtual and on-site inspections) vs. a total of 139 in FY 2018 (pre-pandemic)
- After large industry push, verifications were back up to 136 for FY24, and CBP found a substantial noncompliance rate (38%) – although these stats were never published
- **CBP hasn't published textile enforcement stats since FY 2023**

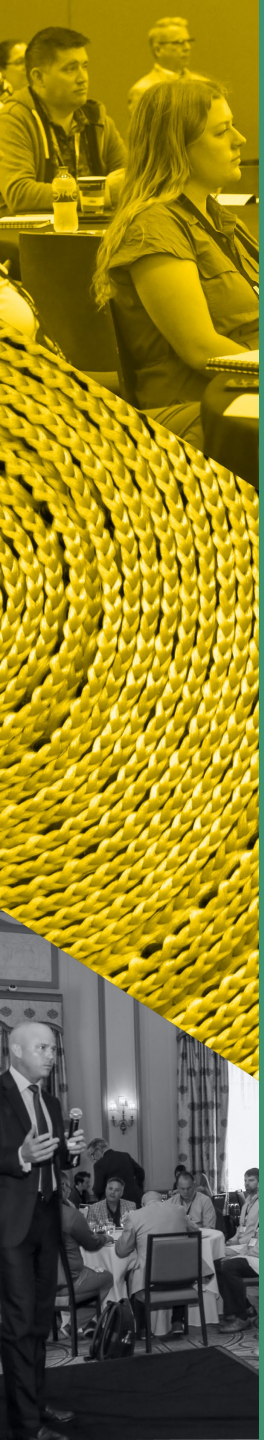


Outlook for Customs Enforcement

- USINFI is pressing Congressional offices to ensure DHS/CBP is on mission, including:
 - Enforcement of the Uyghur Forced Labor Protection Act
 - Verification of FTA rules of origin
 - Action against undervaluation, transshipment, and misclassification schemes that evade tariffs, defraud the U.S. Treasury, and undermine domestic manufacturers
- House letter on customs enforcement (Rouzer/Espallat)

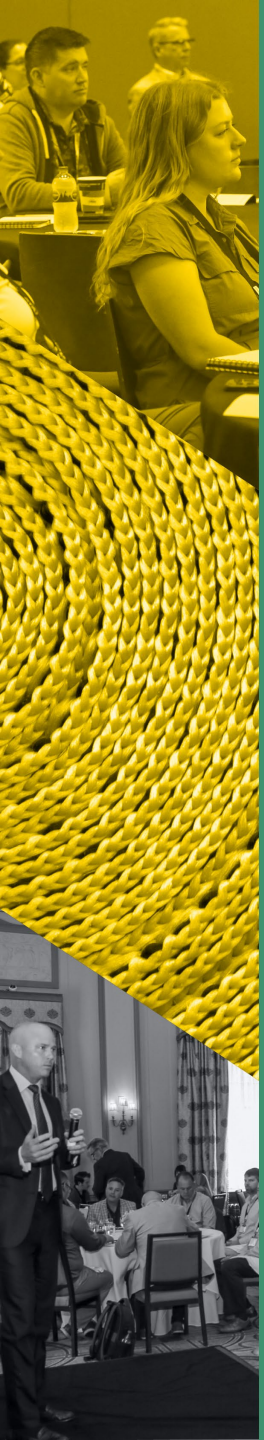


GOVERNMENT PROCUREMENT



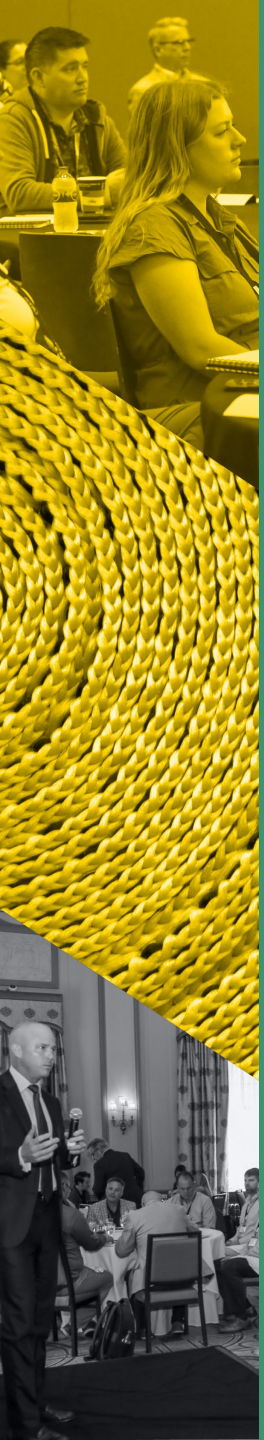
Procurement Priorities

- 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



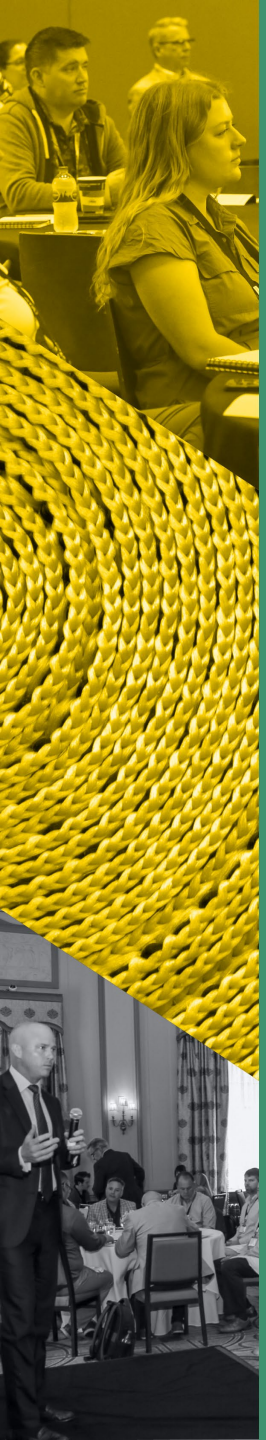
Procurement Victories

- 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



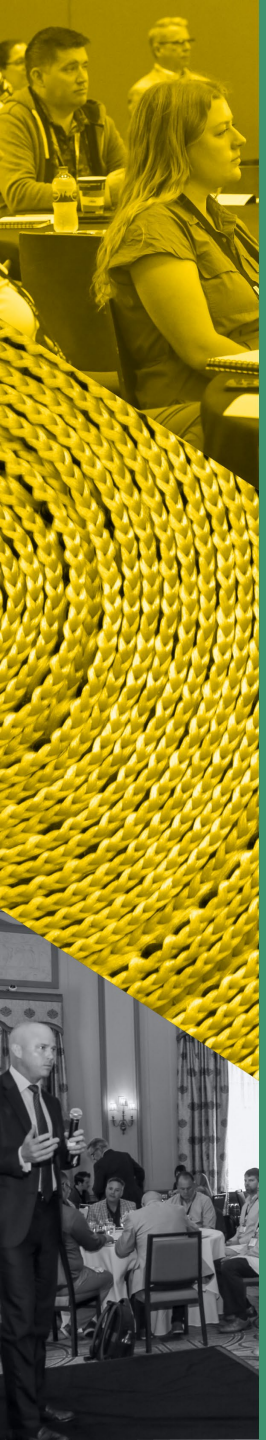
National Defense Authorization Act

- Defend the Berry Amendment from any legislative or regulatory effort to dilute its requirements to purchase fully American-made textile products
- Support elimination of the Berry Simplified Acquisition Threshold (Currently at \$200,000 following an inflation adjustment in 2025)
- All House members are encouraged to join the new bipartisan House Berry Amendment Caucus
- Request \$50 million for the DOW Industrial Base and Analysis Sustainment (IBAS) office to expand domestic textile production capacity and enhance this sector's technological advancement
- Use a science-based process to regulate PFAS as individual chemicals, rather than as a class



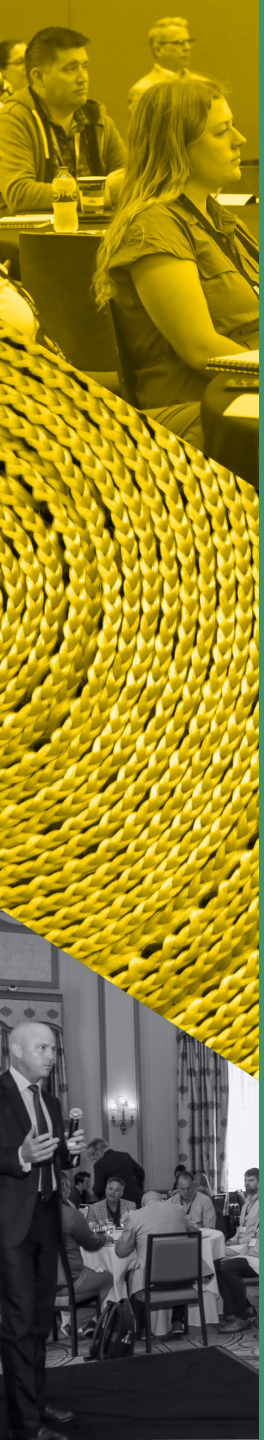
FY 2027 NDAA Timeline

- Drafting has been underway in both chambers
- House normally advances a bill first, with target of Memorial Day.
HASC Chairman's Mark is expected May 26
- In recent years Congress has routinely missed the NDAA's Sept. 30 deadline



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
- Trump directive: “All federal agencies must buy American—no excuses!” “To the D.C. Bureaucrats: No more handing out waivers like candy! No more rubber-stamping exceptions for foreign products while American workers get shafted.”



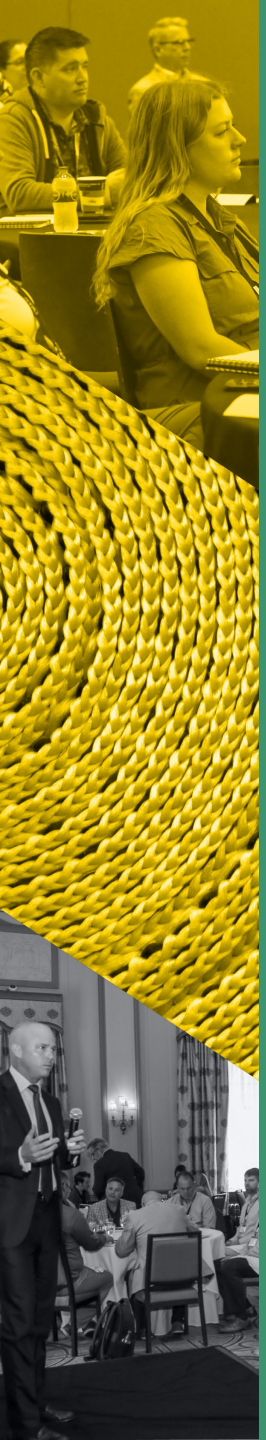
PPE Outlook

- HHS, DHS, VA required to buy U.S.-made PPE since Feb. 2022
- Implementation has been slow, but contracts are being extended to U.S. suppliers
- House Veterans Affairs Committee held oversight hearings and letters have gone to VA



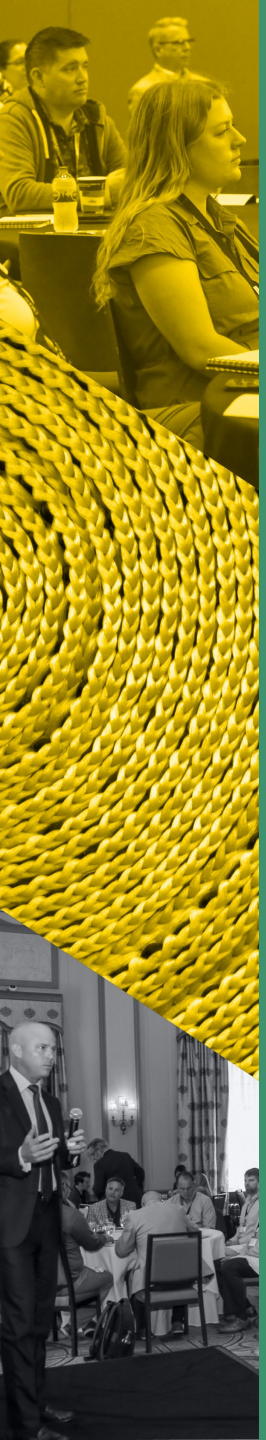
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PFAS – FOREVER CHEMICALS



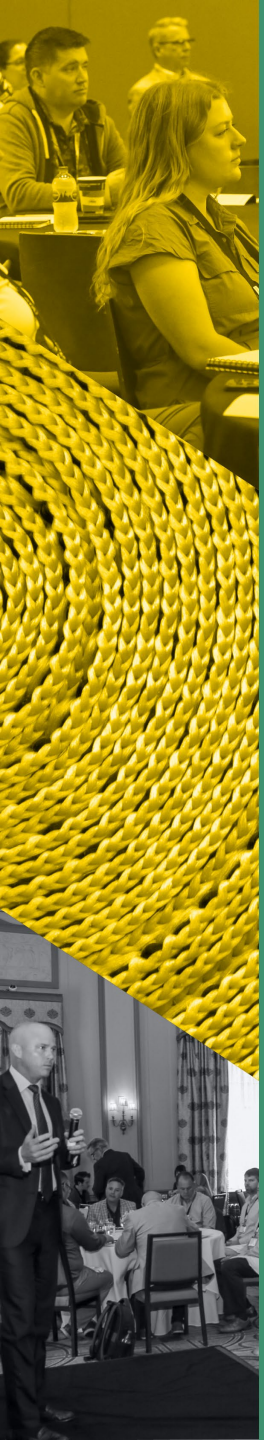
What are PFAS?

- 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 DOW



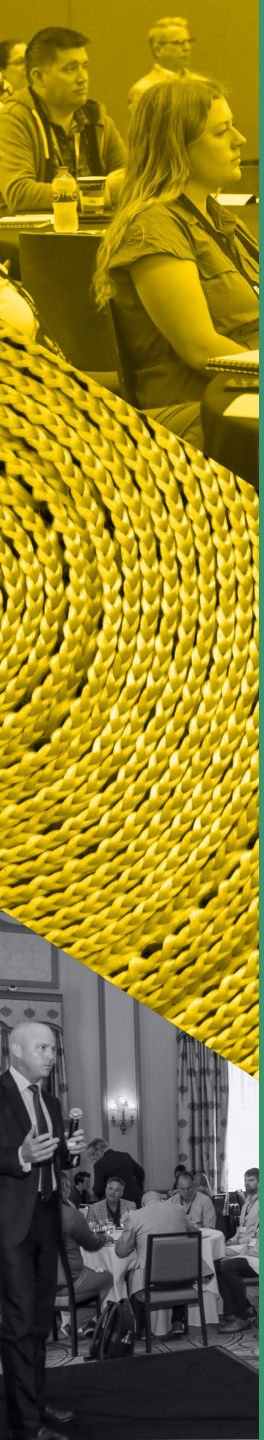
Industry Response

- 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



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



PFAS – State Activity

- Companies with PFAS Concerns Will Need to be Actively Engaged with Your Respective State Representatives
- USINFI Coordinating with Broader Industry Coalitions to Attempt to Influence Federal & State Initiatives

QUESTIONS?

