



## Textile News & Information

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Cass Johnson: 202-822-8025  
Sarah F. Pierce: 202-822-8026

October 14, 2009  
For Immediate Release

# NCTO Urges Key Committee to Expand Export Financing for Manufacturers

## - Cites Current Export Credit Freeze as Endangering U.S. Jobs -

**Washington D.C.** – Testifying before the U.S. House Small Business Committee today, NCTO President Cass Johnson urged committee members to expand Small Business Administration (SBA) loan programs to aid manufacturers in gaining access to credit, working capital and loan guarantees to produce products for export. Johnson explained that financing options play a pivotal role in the textile industry's ability to manufacture products and export to customers outside the United States. The U.S. textile industry, for example, is the world's third largest exporter of textile products, exporting over \$16 billion in goods to other nations in 2008.

Johnson noted that Asian governments have been quick to expand export financing guarantees during the financial crisis while U.S. government institutions, banks and insurers have withdrawn credit from the \$25 billion Western Hemisphere textile and apparel trade sector. Johnson noted that NCTO member companies cited the withdrawal of credit and guarantees as a principal reason for the 24 percent decline in U.S. textile exports to the region.

Johnson noted that the SBA, Office of Advocacy estimates that small businesses are responsible for over 97 percent of all U.S. exports. Currently the SBA has a 7(a) loan program called the Export Working Capital Program (EWCP) that provides export financing to small businesses. NCTO recommended that the Small Business Committee make modifications to the loan program so that small and medium manufacturers are able to benefit.

NCTO urged the committee to modify the EWCP by increasing the loan limitations and the required size standards associated with the program. NCTO recommended that the EWCP be modified to offer three loan amounts: \$5, \$10, and \$15 million and increase the size standard to 1,250 employees or less. Johnson testified that these modifications will serve as an effective mechanism to finance exports for small and medium manufacturers and automatically create new opportunities for exports. In addition, Johnson encouraged the committee to work with Ex-Im bank to ensure that Ex-Im continues to offer flexible financing options for all businesses to ensure international markets remain open to receive U.S. produced goods.

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## **Key Facts – U.S. Textile Industry**

The National Council of Textile Organizations is a unique association representing the entire spectrum of the textile sector. From fibers to finished products, from machinery manufacturers to power suppliers, NCTO is the voice of the U.S. textile industry. NCTO's mission is focused on creating powerful national and international alliances to advance the interests of the U.S. textile sector. Domestically focused to ensure a prosperous future for the U.S. textile sector and globally positioned to work effectively with our international allies, NCTO is on the front lines meeting the challenges of the 21<sup>st</sup> Century.

- One of the largest manufacturing employers in the United States, the overall textile sector employed over 675,000 workers in 2008. Textile mills alone employed 298,000 workers.
- The 3rd largest exporter of textile products in the world – more than \$16 billion in 2008.
- Nearly two-thirds of U.S. textile exports during 2008 went to developing countries. The U.S. textile industry exported to more than 50 countries, with 20 countries buying more than \$100 million a year.
- Supplies more than 8,000 different textile products a year to the U.S. military.
- U.S. textile shipments totaled \$68.5 billion in 2007.
- Invested more than \$9 billion in new plants and equipment from 2001 to 2006.
- Has increased productivity by 50 percent over the last 10 years and ranks second among all industrial sectors in productivity increases.
- In 2007, textile workers on average earned 136% more than clothing store workers (\$524 a week vs. \$222) and received health care and pension benefits.