



## **NCTO Urges New Efforts on Textile Custom Enforcement**

- Textile Industry to Introduce First Textile Enforcement Bill Next Week –**
- NCTO Cites Job Losses from Illegal Trade Plus Impacts on U.S. Treasury & National Security –**

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Washington DC) At a hearing today before the House Ways and Means Subcommittee on Trade regarding “Customs Trade Facilitation and Enforcement in a Secure Environment,” NCTO President Cass Johnson testified that Customs and Border Protection (CBP) needs new resources, new direction and new authority in order to make progress against increasing textile fraud that is taking place in trade preference and free trade areas.

Johnson noted the cost of illegal trade displacing U.S. production is a heavy one, stating “tens of thousands of textile jobs have been lost at a time when our country is facing record unemployment.”

Johnson also announced that textile state lawmakers and NCTO CEO’s would be introducing the Textile Enforcement and Security Act (TESA) in the House of Representatives on Tuesday afternoon, May 25<sup>th</sup>.

The bill will contain more than a dozen measures that will help U.S. Customs and Border Protection crack down on customs textile fraud. (A press conference regarding the bill will be held at 1:30 pm on Tuesday at the House Triangle. For more information, contact Jackie Ray at 202-822-8026 ([jray@ncto.org](mailto:jray@ncto.org)). )

During his testimony, Johnson described other impacts that textile fraud is having, saying that the “Treasury may be losing as much as one billion a year in revenue because importers are undervaluing apparel products from China or improperly claiming free trade preferences.”

Johnson described CBP staff and management as dedicated and hardworking but noted that Commercial Fraud portion of the agency has been underfunded and under-resourced for years. He also pointed out that “new funding requirements will be more than made up for by higher penalty collections for illegal goods and brings jobs and production back to this country.” He added that “new weapons against fraud, stronger enforcement powers and repositioning of resources” was essential.

Johnson described multiple schemes occurring around textiles and the free trade areas today, citing phony companies that repackage Pakistani and Chinese yarns as U.S. yarns; undervaluation of Chinese apparel in order to avoid duty payments and a flood of Chinese denim through the United States and into Mexico that illegally claims duty free preferences under NAFTA.

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