Testimony of Anderson Warlick, Chairman and CEO
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House Committee on Homeland Security
Subcommittee on Oversight, Management, and Accountability Hearing on
Call to Action: Private Sector Investment in the Northern Triangle and its Impact on Homeland Security

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Chairman Correa and Ranking Member Meijer, thank you for the opportunity to testify on this subject that is so important to the U.S. textile industry, our workers, and our Western Hemisphere trading partners.

My name is Anderson Warlick, and I am chairman and CEO of Parkdale Mills, which is headquartered in Gastonia, North Carolina. We are one of the world's leading manufacturers of spun yarns, with significant operations in the United States and Western Hemisphere.

As an industry leader for over 100 years, Parkdale produces 900 million pounds of yarns annually, enough yarn to produce 1.56 billion T-shirts every year. Our company is the largest domestic consumer of U.S. cotton, using 755 million pounds of U.S.-grown cotton per year, accounting for approximately 60 percent of total U.S. cotton consumption. Parkdale currently has 34 operations in the U.S., Latin America, and Europe. In the United States, Parkdale operates 24 locations in eight different states. Our company exports 99 percent of our yarn to Western Hemisphere countries, with 78 percent of our exports going to the Northern Triangle countries. Those exports support 4,000 jobs in the U.S. and have a substantial impact on employment in the region. We estimate that for every single yarn job created, there are 20 more direct and indirect jobs created throughout the supply chain. This demonstrates the incredibly strong textile and apparel co-production chain between the United States and the Western Hemisphere. These industries in Central America and the U.S. are partners in our own success.

Parkdale also worked hand in hand with our Central American customers to retool production lines, literally overnight, to manufacture personal protective equipment (PPE) for the U.S. government. Since the onset of the COVID-19 pandemic, Parkdale has become one of the federal government's largest domestic suppliers of PPE products, producing over 450 million testing swabs, more than 100 million face masks, and over 60 million level-1 isolation gowns.

Over nearly a decade, our company has made significant capital investments totaling $500 million, creating more than 1,500 jobs. We believe in constantly investing in our operations and people and have a relentless commitment to providing innovative and cost-effective solutions to our customers.

The Biden-Harris Administration's *Call to Action*

As a company that has fully embraced U.S. trade policy that supports and strengthens our strategic national interests and relationships in the Western Hemisphere, Parkdale commends this committee, Congress more generally, and the administration for a renewed focus on the tremendous opportunities available in the Northern Triangle and the additional policies needed to help U.S. companies take full advantage.

To be clear, the main reason that we have a domestic textile industry is because we have created a strong co-production arrangement in this hemisphere through the development of strategic free trade agreements (FTAs) that provide tangible incentives to make capital investments and manufacture products throughout North America, Central America, and the Caribbean. The success of Parkdale's operations in the U.S. is entirely dependent upon the success of our supply chains domestically and throughout the region. The **key driver** for this relationship is the prevalence of the strong rules of origin that underpin our FTAs and support these investments and jobs. If those rules of origin were undermined in any way, it would have a significant ripple impact on employment and lead to further instability and migration from the hemisphere.

When we became aware of the administration's *Call to Action* last year, Parkdale was immediately supportive. We recognize the serious problems posed, both in the U.S. and in Northern Triangle countries, by increased levels of outward migration from Central America. Our hemispheric trade platform requires a dependable business environment and stable workforce throughout the production chain. Sufficient economic and employment opportunities must exist for workers both at home and abroad, and this is one of the root causes of outward migration that must be addressed.

In addition, the *Call to Action* was issued at a critical economic moment: the ongoing coronavirus pandemic has disrupted global supply chains, prompting governments and businesses to examine the risks inherent in outsourcing all, or even a significant amount, of our manufacturing to China and other Asian countries. This reflection should lead all of us to commit to the hard work of re-shoring industries of all kinds to the U.S. and Western Hemisphere.

The need to recalibrate our supply chains is made even more apparent by the recent focus on China's history of unfair and exploitative trade practices that succeed at the expense of U.S. workers and our trading partners in the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) region. Perhaps no other sector has suffered more at the hands of Chinese trade practices than the U.S. textile and apparel industries. As Congress holds China accountable for its exploitation and genocide of the Uyghur Muslim population in China's Xinjiang Uyghur Autonomous Region (XUAR), sourcing apparel from Asia has rightly become more problematic due to its inherent link to forced labor utilized throughout the region's supply chains, including cotton production. The best alternative to China's forced labor apparel is this hemisphere's supply chains.

Opportunities for the Northern Triangle

In December, I joined executives from PepsiCo, Cargill, and other major corporations at a White House roundtable hosted by Vice President Harris to announce Parkdale's $150 million investment in a new yarn spinning facility in Honduras. Importantly, this investment will also enhance and support the production at Parkdale's textile manufacturing facility in Hillsville, Virginia. Our new investment will support approximately 500 employees at each location and also increase indirect job growth in Honduras and the United States, and particularly in the U.S. cotton industry across 18 states. This investment will help our customers shift sourcing for 1 million pounds of yarn per week away from supply chains in Asia and China, enhance U.S.-CAFTA-DR co-production resilience, and increase our product offerings in the region. The reason this investment is possible is because of the CAFTA-DR agreement's rule of origin for textiles and apparel, known as the yarn forward rule of origin, and the administration's continued support for this critical provision.

We believe Parkdale's investment is just the first of several announcements that will unlock hundreds of millions of dollars in additional yarn and fabric investment in both the CAFTA-DR region and the United States in the coming months. This is a pivotal time for nearshoring and onshoring these critical production chains amid a global supply chain crisis that is forcing importers to shift their sourcing away from elongated Asian supply chains to the Western Hemisphere and United States. We welcome the opportunity to be a solution to brands and retailers seeking to recalibrate their supply chains long term and believe we have a historic opportunity, if done right, to further strengthen the industry in both the United States and Central America.

Parkdale's investment is geared toward helping bring textile supply chains out of Asia to the region and supporting jobs in the U.S. and the region. The textile and apparel co-production chain that we share with the region is one of the most essential supply chains for employment and economic development in the United States and the CAFTA-DR region. This co-production chain currently supports over 1 million combined jobs and $12.5 billion in two-way trade.

Within the CAFTA-DR region, the most vibrant and lucrative textile relationship exists between the three countries of the Northern Triangle: Guatemala, Honduras, and El Salvador. These countries receive two-thirds of all U.S. textile exports to the CAFTA-DR region and 78 percent of U.S. spun yarn exports for further processing. In return, 70 percent of CAFTA-DR textile and apparel exports to the U.S. come from the countries of the Northern Triangle. For every $1 of U.S. textile exports to the region, we receive approximately $3.44 in apparel imports from the Northern Triangle.

CAFTA-DR is a bilateral free trade agreement that creates jobs and value through preferential market access for a completely vertical regional production chain, from base fibers through finished apparel and other textile goods. Since the adoption of the trade agreement, investments in U.S. textile production to supply the CAFTA-DR market with textile inputs has led to billions of dollars of investment in both the U.S. and the region with further bold investments to be announced soon.

However, favorable factors create an environment for us to take even greater advantage of these opportunities. For example, doubling textile and apparel exports from the region is achievable with your support, and now is the time to recalibrate these supply chains permanently. A newly released report from Werner International conservatively estimates that merely doubling apparel exports from the region to the U.S. would result in an additional $6 billion in new investment in the U.S. and CAFTA-DR region.

The study also concluded that a commitment by brands and retailers to double sourcing from CAFTA-DR to the U.S under the current yarn forward rules would result in an additional 180,000 U.S. textile jobs and 2.17 million jobs in the CAFTA-DR region. This includes direct and indirect job creation. Having a stronger, more resilient textile and apparel supply chain in the hemisphere ensures increased stability throughout the entire supply chain, including cut and sew jobs. It is because of that stability that the U.S. and regional industries were able to pivot overnight to making life-saving PPE.

Further, we can save on our greenhouse gas emissions by shifting sourcing from Asia and China to Central America and the hemisphere. By simply shipping a container from Central America instead of China, we are able to cut greenhouse gas emissions significantly. On average, apparel exported from China produces 51.8 kgs of CO_2 per ton, compared to 18.1 Kgs of CO_2 from the CAFTA-DR region.

With additional policy support from Capitol Hill, we see a once-in-a-generation opportunity to onshore and nearshore these critical co-production chains—and both the United States textile industry and that of the region stand ready to be active partners.

China, CAFTA-DR and the U.S. Textile Industry

Some argue that CAFTA-DR has not been as successful as its signatories had hoped for when it went into force. This argument underpins requests to the administration and Congress to fundamentally alter the agreement's rules of origin in favor of expanding access to third-party textile inputs from China and other low-cost Asian producers. This strategy would open a backdoor into CAFTA-DR for textile inputs from China and other third-party countries to supercharge end-stage apparel assembly in the Northern Triangle. These Trojan horse concepts would chill Parkdale's investments in the U.S. and the region, undermine new opportunities in CAFTA-DR, and cede the future for this supply chain to Asia and China. It would dismantle employment in Central America, the United States, and every free trade agreement in our hemisphere—including the newly renegotiated United States-Mexico-Canada Agreement (USMCA)—and have a profound impact on trade preference partners like Haiti, where apparel production is the predominant employment sector. Simply put, it would be a disaster.

To assess some of the headwinds our collective industries have faced, we need to review the broader factors that contributed to our current environment, including China's historical and ongoing predatory trade practices and the failure to hold China accountable for how these pervasive unfair trade practices have undermined industry both in the U.S. and in the Northern Triangle.

China's Rise to Dominance in Global Textile and Apparel Production

To better understand CAFTA-DR's historical performance in production and exports to the U.S., we must place CAFTA-DR within the context of the broader global trade environment over recent decades. In short, CAFTA-DR came online at a time when market access and other expected economic benefits were being aggressively captured by China by any means necessary.

Starting in the mid-1990s, China emerged as a large-scale predatory force benefiting from virtually limitless government programs intended to ensure that China's textile industry dominated world markets and displaced foreign competitors and workers. China leveraged the Asian financial crisis of the late 1990s to steeply devalue its currency and slash prices for textile and apparel exports by 30-80 percent virtually overnight. China paired its persistent currency devaluation with heavy industrial subsidies to its state-owned factories which has shrouded market forces, undervalued the true cost of its products, and displaced virtually all competitors.

These economic factors were compounded by a series of U.S. policy decisions that devasted U.S. textile and apparel manufacturing and our partners' operations in the Western Hemisphere. These trade liberalization policies included allowing China's non-market economy to join the WTO and entering into permanent normal trade relations with the non-market economy of Vietnam. Arrangements at the WTO that limited overproduction and dumping of textiles and apparel were also phased out, creating an opportunity to fill rising global demand for apparel with cheap, government subsidized product from China and its Asian supply chain partners.

This led to a sharp decline in U.S. textile and apparel output and employment, with far reaching implications for our trade and preference program partners in the Western Hemisphere. Despite an unprecedented increase in global apparel consumption from 1997-2009, U.S. textile and apparel production declined by 61 percent, employment decreased by a staggering 69 percent, exports fell by 15 percent, and the U.S. trade deficit for textile and apparel products increased by 82 percent. At the same time, Chinese textile and apparel exports have exploded, making China the dominant player in the global market. From 1992-2016, Chinese textile and apparel exports to the world grew by a staggering 910 percent, skyrocketing from $26.4 billion to $266.3 billion.[1] In fact, China's share of the world's textile and apparel trade quadrupled, growing from 9.5 percent in 1992 to 38.3 percent in 2016.

Unfair Trade Practices

Further fueling China's dominant global position in the textile and apparel sector is the fact that many key competitors in China are state-owned enterprises, including companies owned by the People's Liberation Army. Moreover, China is the world's leading purveyor of illegal trade practices designed to unfairly bolster a blatantly export-oriented economy. These predatory practices take many forms, from macroeconomic policies that grant across-the-board advantages to their manufacturers to industry specific programs intended to dominate global markets in targeted areas.

China's abuses include the exploitation and genocide of an estimated 800,000 to 1.8 million Uyghur Muslims in the XUAR, where forced labor camps are an integral part of cotton, textile, and apparel production. The country also actively ignores its duty to maintain any environmental standards in manufacturing, while pollution and workplace safety hazards are rampant.[2] China also continues to massively undervalue its products to maintain its dominant position in the market, slashing prices on its apparel exports by 17.3 percent between 2020 and 2021 at a time when consumer prices rose by 4.2 percent.[3]

Impact on U.S. Trade Partners in the Western Hemisphere

Of course, all this economic chicanery has had an adverse impact not only on U.S. manufacturers and workers, but also directly on our valued political and economic allies in the Western Hemisphere, contributing to economic instability and outward migration. Despite promises of preferred access to our consumer market through free trade agreements, our trading partners find themselves at a distinct disadvantage to China's aggressive trade tactics.

As the U.S. was poised to finalize CAFTA-DR and enable the region to compete for the U.S. consumer apparel market against a rising China, the major developments noted above—China's adoption of deplorable trade and economic tactics, and the liberalization of trade policy—served to directly counteract that opportunity. To be clear, these events directly impacted investment, sourcing, and production decisions in the CAFTA-DR region, which was not equipped to compete with the aggressive, predatory policies and practices employed by the Chinese Communist Party.

Despite those enormous challenges, the CAFTA-DR agreement has been a strong and critical co-production chain for all our sectors. We see tremendous opportunity right now to invest in the CAFTA-DR co-production chain and strengthen our economic partnerships. Ironically, as we are trying to recalibrate supply chains, some would ask you to consider a wholesale reassessment of CAFTA-DR.

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[1] World Integrated Trade Solution (WITS)

[2] See: https://chinadialogue.net/en/pollution/6283-the-denim-capital-of-the-world-so-polluted-you-can-t-give-the-houses-away/ and https://www.dailymail.co.uk/news/article-2994650/Secret-footage-shows-factory-workers-China-use-controversial-method-linked-dozens-deaths-make-jeans-Abercrombie-Fitch-American-Eagle-Outfitters.html

[3] BLS CPI Summary; September 14, 2021

These harmful changes are disguised as adding "flexibilities" with an eye toward allowing Chinese textiles and other third-party inputs to displace American and Central American-Dominican Republic textiles, artificially driving down the cost of sourcing from the Western Hemisphere. This would be a grave error that would reward China's often illegal trade practices and undermine existing and future investment—relegating the region to low-cost apparel assembly with no incentive to expand into more advanced manufacturing or product offerings and contributing to further rounds of migration.

Why CAFTA-DR? The Yarn Forward Rule of Origin

Apparel production in CAFTA-DR has been a success despite the headwinds from China's increased access to our market during the agreement's existence. This is due to a host of reasons, chief among them being the various benefits U.S. and regional producers receive from the agreement including high standards for workers and the environment, customs enforcement mechanisms, and reciprocal market access for all regional goods.

However, the most important element of the CAFTA-DR agreement and all other U.S. FTAs is the yarn forward rule of origin. This unique investment-based rule for textiles and apparel ensures that the signatory countries benefit from investments made in capital-intensive yarn and fabric production, capturing that important value-add from third-party countries like China. Under this model, every stage of manufacturing from yarn formation through apparel assembly must take place within a CAFTA-DR signatory country to receive duty benefits. This construct is responsible for creating a massive regional market for U.S. textile exports in the Western Hemisphere resulting in $35 billion in annual two-way trade and supporting 2 million direct jobs. In the U.S., the U.S. Department of Labor estimates that each textile job supports three additional jobs in the communities where they are located.

Would additional "flexibilities" that displace U.S. and regional textiles in favor of Chinese or other third-party textiles actually support even more manufacturing jobs, investment, and production than CAFTA-DR's existing rules support? The recent report from Werner International referenced earlier examines these exact questions, and unsurprisingly a fair analysis of these potential changes demonstrates that the opposite would be true.

Under weaker rules that would permit Chinese and other Asian textiles into the CAFTA-DR production chain, we would see a catastrophic loss of employment and investment both in the U.S. and in Northern Triangle countries. For the U.S., we would expect to see the loss of billions of dollars in exports to the CAFTA-DR region, and the loss of over 307,000 U.S. jobs in the short- to medium-term as Chinese products are substituted for American ones. As customers for American textiles decline, we would also lose vital warm industrial base capacity for mission critical military procurement—creating a national security threat. Further, a severe contraction of U.S. textile manufacturing would cause U.S. cotton farmers to lose their sole domestic customer, devastating the market for American cotton. These U.S. manufacturing and farm jobs would be lost forever to China's dominant position in the hemisphere.

The impact these proposed changes would have on the region would be even more stark. Valuable upstream textile manufacturing would be displaced by imports of cheaper Asian products, resulting in a loss of verticalization and over 247,000 jobs in Central America's textile and apparel industries. The dominoes would fall beyond CAFTA-DR as other hemispheric players, such as Haiti and Mexico, will suffer catastrophic losses in terms of sales to the U.S. market as they will be forced to compete with CAFTA-DR apparel made with subsidized, low-cost textile inputs from China and other third-country suppliers. Non-U.S. job losses would extend throughout the entire hemisphere to over 373,000 workers, likely driving additional rounds of outward migration as displaced workers look for viable employment opportunities elsewhere.

Ironically, rather than re-shoring these supply chains closer to the U.S., changes to CAFTA-DR's rule of origin for textiles and apparel would cement the region's reliance on foreign supply chains for apparel production. China and other third parties will monopolize yarn and fabric sales to the CAFTA-DR region, freezing out current and future investment in verticalization and cementing the region as a low-cost hub for assembling apparel exclusively from Asian textiles—while also severely destabilizing regional apparel assembly. This would ignore critical U.S. goals associated with nearshoring supply lines, increasing environmental sustainability, and ensuring that goods produced under abhorrent labor practices do not enter the U.S.

Recommendations

As an industry, we believe that keeping a laser focus on China is the critical issue of our time from an economic and national security perspective. We urge members of Congress to consider creating a framework that places a strong Western Hemisphere front and center in our approach to international trade, placing these priorities above the lowest common denominator policy goals of unrestricted trade flows and low retail prices. Marginal, and likely only temporary, benefits for U.S consumers simply do not justify further incentivizing the worst global labor, production, and trade practices at the expense of workers in the U.S. and Northern Triangle.

Apply Increased Pressure on International Apparel Sourcing Decisions
As mentioned previously, factors putting increased pressure on international apparel sourcing decisions include pandemic-caused supply chain disruptions, limited freight capacity, increased shipping costs from Asia, and U.S. Customs and Border Protection (CBP) actions banning cotton products from China's XUAR. These factors alone are shifting significant business to this region, with CAFTA-DR on course to have one of its best years ever in textile and apparel exports to the U.S. In fact, key CAFTA-DR suppliers are outpacing even major Asian exporters as the U.S. textile and apparel market recovers from a downturn in 2020 due to the pandemic. For the first nine months of 2021, compared to the same period in 2020, we note that regional exports of apparel to the U.S are up significantly:[4]

- Honduras: up 56.3%
- El Salvador: up 54.9%
- Nicaragua: up 45.7%
- Guatemala: up 38.7%
- Dominican Republic: up 33.2%

Over the same nine-month period, China and Vietnam have seen smaller gains of 25 percent and 15 percent, respectively.[5] Any changes to CAFTA-DR's rules of origin will have a significant adverse impact on the region's recovery versus Asia.

Uphold Pre-existing Free Trade Agreements
This important regional momentum would be upended by weakening rules to allow backdoor duty-free access for Asian and other inputs through CAFTA-DR and dismantle all current and planned textile

[4] U.S. Department of Commerce; OTEXA Major Shippers Report
[5] Ibid.

investment. We need to maintain the strong yarn forward rule and other mechanisms meant to uphold the integrity of this rule of origin and reject efforts to liberalize our FTA and preference programs. Failure to do so would create a race to the bottom on pricing, cutting corners, and abandoning the high standards our FTAs have established up to this point.

Both U.S. and regional textile and apparel manufacturers are hungry to increase regional supply chains, production capacity, and employment. This is a win-win opportunity for U.S. and regional workers alike. As the U.S. government is cracking down on these unfair practices, we are witnessing new efforts to fundamentally alter our FTAs and preference program structure with calls to liberalize rules of origin to permit cheap textiles from China and its supply chain partners to creep into the Western Hemisphere and displace America from the center of our own trade platform.

Develop Incentives to Mobilize Stronger Western Hemisphere Co-Production Chains

One of our best strategies to counter China's trade practices and dominance in our sector is to lean into the regional trade alliances we have forged in the Western Hemisphere and make these nearshore supply chains as competitive as possible. We need to prioritize reshoring and nearshoring and create an equitable industrial plan to ensure the systematic growth of this and other critical sectors. China does this routinely, relying on predatory measures to construct their industrial policy—the U.S. and region will be left behind if we don't create our own industrial plan that includes critical investments and robust trade enforcement.

Further, we should develop incentives to help mobilize stronger co-production chains in the U.S. and Northern Triangle. This includes continuing to push back publicly on Trojan horse concepts to undermine the Western Hemisphere with "flexibilities" to substitute Asian yarns and fabrics and other third-party inputs for those from the U.S. Notably, officials from the U.S. Trade Representative's Office and the Vice President's office recently convened an industry roundtable and released a statement signaling that the administration values the U.S.-Central American textile and apparel supply chain and is committed to maintaining CAFTA-DR's rules of origin to allow future investments and benefits to accrue to the CAFTA-DR signatories.[6] Congress must also remain steadfast on the critical importance of the yarn forward rule and reject any attempts to undermine or dismantle the CAFTA-DR rule of origin with these so-called flexibilities. This position is further supported by CECATEC-RD, the association representing the region's textile and apparel supply chain. Congress reaffirmed support for the yarn forward rule through its recent approval of the USMCA. Similarly, Congress should now firmly dismiss calls to dismantle the successful CAFTA-DR rule of origin.

It is also important for Congress to send a strong signal to retailers that the U.S. and Western Hemisphere supply chains are ready and open for business. This serves as an opportunity to gain long-term commitments from retailers that will unlock further domestic and regional investments to bolster this critical production chain. In addition, it will help grow jobs in both the U.S. and the region, while also nearshoring more production; help address the migration crisis; and assist us in addressing the urgent issue of climate change. There are several critical policies outlined below on how Congress could help this co-production chain further.

[6] See: https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/october/ustr-roundtable-highlights-united-states-central-america-supply-chain-textiles-and-apparel

The U.S. textile industry has invested heavily in important carbon-reducing technologies with vastly different sustainable footprints than Asia. Our industry is a world leader in clean energy, water reduction and recirculation, recycled product, and safer chemical technology to further drive innovation and sustainability. Sourcing closer to home, utilizing inputs from the U.S. and the co-production chain with the region, is critical to helping reduce dependence on an unsustainable Asian supply chain and its alarming global carbon footprint.

While the U.S. textile industry would staunchly oppose any rewrite of CAFTA-DR textile origin concepts that would erode these rules, we want to partner with Congress, the administration, and our regional allies in a concerted effort to stimulate and expand the economies of Western Hemisphere countries. Parkdale and other U.S. textile companies have direct investment experience throughout the hemisphere, and we are intimately familiar with the region's strengths and weaknesses. Many fundamental problems that plague the region are not unique to our industry and are instead systemic challenges.

While some of these issues may be difficult to resolve in the short-term, a comprehensive infrastructure plan for the Northern Triangle with targeted, high impact investments and competitive loans to upgrade regional power grids, roads, and local ports would pay immediate dividends. These improvements would help to mitigate unnecessary cost factors associated with frequent production disruptions due to power outages and product delivery complications tied to clogged highways and inefficient regional ports. These unnecessary cost factors greatly diminish the region's ability to compete with other textile and apparel players in the hemisphere, not to mention dominant Asian suppliers, who are all vying for increased access to the U.S. market.

We believe now is the time to further partner with the administration and Congress to unlock more investments and further bolster this supply chain. We believe this requires the creation of a comprehensive manufacturing plan to expand both onshoring and nearshoring this supply chain. The opportunities are ripe if we seize this moment.

There are several other initiatives that could be pursued to improve the competitive position of the CAFTA-DR region, including the Northern Triangle countries that are experiencing high rates of immigration to the U.S., such as:

- Working directly with U.S.-based textile companies to leverage further investment in the region to ensure it won't undermine U.S. employment/production through low interest loans, no interest loans, loan guarantees and other financial incentives
- Better coordination among lending agencies of the federal government, like USAID, IDB, DFC, Export-Import Bank, etc., to ensure targeted, strategic investment in this sector. Lending and funding agencies should work directly with U.S. industry who are seeking to expand necessary capacity in the region—without putting U.S. jobs at risk—as retailers look to diversify out of China/Asia. Regrettably, much of the financing that has previously been allocated to the region has been segregated and not impactful for upscaling necessary strategic investments in this sector
- Allocate funding for textile and apparel workforce training in the U.S. and the region
- Streamline H-2B processes to ensure more co-production and training opportunities in the U.S.
- Provide tax incentives to help companies invest in new equipment, processes, and R&D

- Collaborate with industry to identify necessary industrial expansion allocations to bolster this critical sector and appropriate necessary funding. This industry is the critical feedstock for the medical supply chain and our military. It must be prioritized for funding allocations
- Provide employment tax credits for domestic manufacturers
- Create onshore and nearshore tax incentives for U.S. companies that invest in the U.S. and in the region and deploy tax penalties for offshoring production to Asia
- Ensure trade stability in the region by not pursuing programs and policies that would undermine the critical co-production/employment benefits
- Provide incentives for greenhouse gas emission reductions in the supply chain, including freight and manufacturing
- Bolster trade enforcement tools for our sector to counter predatory trade practices
- Close the de minimis loophole that allows for duty free shipments from China to come to the U.S. through e-commerce platforms—closing this loophole is addressed in the House's America COMPETES Act and I strongly urge its inclusion in the final China bill
- Keep China's 301 penalty tariffs in place on finished textile and apparel products and hold China accountable to the commitments it has made
- Effectively enforce the Xinjiang cotton ban and provide CBP the necessary resources to effectively enforce illegal transshipment that has undermined textile investment in the CAFTA-DR region and our other FTA regions
- Block any efforts to expand GSP for textile and apparel products which would undermine this co-production chain

A strong and viable Western Hemisphere supply chain for textile and apparel products devoid of abhorrent human rights abuses is one of our best counters to China's global influence.

Conclusion

In conclusion, Parkdale is excited about the new opportunities available to us and other U.S. companies to lean into U.S. economic and trade relationships in the Northern Triangle. Current factors have combined to create a singular environment extremely favorable to bringing manufacturing back to the Western Hemisphere from China and other Asian countries.

For far too long we have permitted China to set the global agenda, undermining U.S. values and ideals and harming our workers and trading partners in the Western Hemisphere. With Congress's help, we can empower U.S. companies to commit sourcing and capital investments to the region, hold China accountable for its unfair trade practices that undermine U.S. and regional competitiveness, and enable the Northern Triangle countries to fully realize the benefits available to them under CAFTA-DR. Working hand in hand with the governments and industries of the Northern Triangle, we can address our shared challenges, leading to increased economic opportunity throughout the region and mitigating the underlying causes of outward migration.

I thank you for the opportunity to testify today and the committee's attention to these critical issues.