

BERRY AMENDMENT TEXTILE COALITION UPDATE

May 17, 2016

USIFI/NFI Outlook Conference
Hilton Head, SC

Ron Houle
Immediate Past Chairman
U.S. Industrial Fabrics Institute



WHAT IS THE BATC?

- › The BATC's purpose is to protect and grow the Berry Amendment.
- › The BATC is an informal coalition. It currently has four trade association members:
 - U.S. Industrial Fabrics Institute (USIFI)
 - Narrow Fabrics Institute (NFI)
 - American Fiber Manufacturers Association (AFMA)
 - National Council of Textile Organizations (NCTO)
 - › Individual companies from these trade associations also participate.
- › Past USIFI Chair Ron Houle serves as the *de facto* chair of the BATC and Lloyd Wood is its *de facto* executive director.
- › The BATC hosts regular conference calls to discuss policy agenda and legislative/executive branch action items.

VICTORY: KEPT BERRY AMENDMENT STRONG

- » Initial House mark of the FY 2016 National Defense Authorization Act (NDAA) had language to weaken Berry and Kissell Amendments.
 - Would have raised threshold to trigger them from \$150,000 to \$500,000.
 - \$157 million in contracts would have been affected.
 - If language had become law, nearly 1 dollar in 5 spent by DOD on textiles would have fallen outside Berry.

VICTORY: KEPT BERRY AMENDMENT STRONG

- For FY 2016 bill, BATC mobilized to support amendment offered by Cong. Jim McGovern (D-MA) on House floor to carve out Berry.
- McGovern Amendment was adopted by House.
- BATC then successfully worked to have the increase to the \$150k threshold removed in House-Senate conference.

VICTORY: KEPT BERRY AMENDMENT STRONG

- » Initial House mark of the FY 2017 saw recurrence of threshold increase problem.
- » For FY 2017 bill, BATC got HASC to adopt amendment offered by Cong. Walter Jones (R-NC) at markup to strike threshold increase.
 - Learned of problem late PM on a Friday.
 - Coordinated textile letter signed by 12 trade associations plus talking points to send to HASC by Tuesday.
 - Mobilized additional support for Jones Amendment from steel/specialty metals and labor by Wednesday HASC markup.

VICTORY: KEPT BERRY AMENDMENT STRONG

Signatories to BATC Letter Urging HASC to Adopt Jones/Hunter/Tsongas Amendment to Preserve Berry by Striking Threshold Increase



VICTORY: BERRY COMPLIANCE AUDITS

- » BATC-pushed law now requires DoD IG to audit DoD's compliance with Berry periodically.
- » Three audits so far:
 - Air Force – Report No. DODIG-2016-051
 - Navy – Report No. DODIG-2015-161
 - Army – Report No. DODIG-2015-026
- » Key takeaway from audits:
 - More DoD training needed.

RFT-MII

Advanced Functional Fabrics of America (AFFOA)

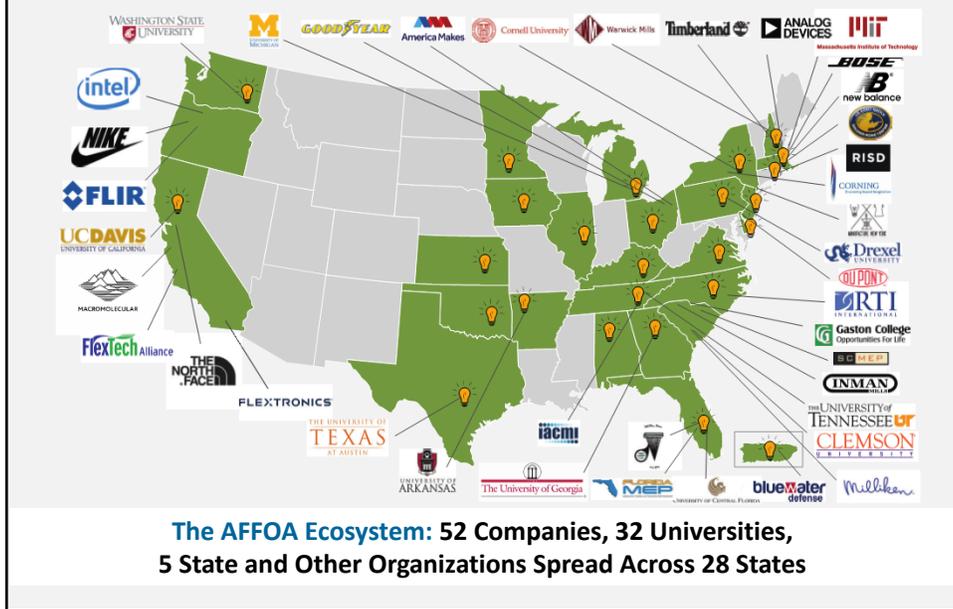
VICTORY: RFT-MII AWARDED

- » DOD awarded new Revolutionary Fibers and Textile Institute of Manufacturing Innovation (RFT-MII) on April 1.
- » Purpose of MII is to bridge gaps between research and product commercialization.
- » Designed to benefit the entire textile supply chain.

RFT-MII FAST FACTS

- » RFT-MII is the 6th of the DoD-led institutes
- » Awarded to the Advanced Functional Fabrics of America (AFFOA), a non-profit led by MIT
 - Chairman of Board: General Paul Kern
 - Executive Director: Dr. Yoel Fink
- » Chief Operating Officer: Eric Spackey
- » Total contract award nearly \$320M; \$75M of which is Federal funding over 5 years
- » Total of 89 companies, non-profits, universities, and 5 State and other organizations – spread across 28 states
- » 16 companies make up the 4 tiers of membership
- » Small to medium-sized manufacturers and academia make up the Fiber Innovation Network (FIN)

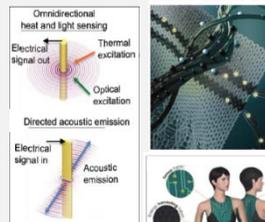
RFT-MII NETWORK



KEY MANUFACTURING FOCUS AREAS

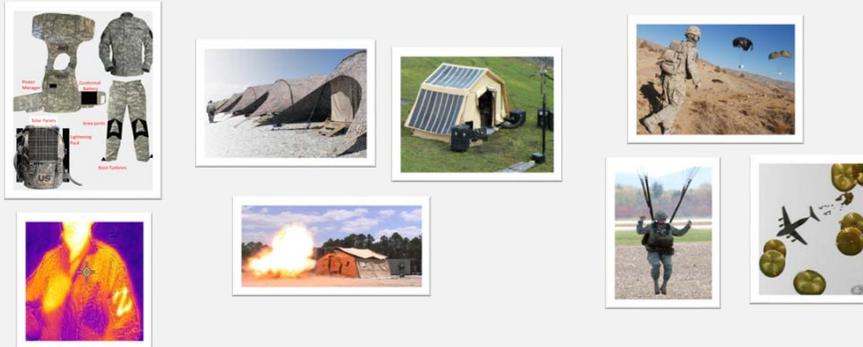
Four broad manufacturing thrusts, spanning the entire lifecycle:

1. Computer-Aided Design of Integrated Textiles (CAD-IT)
 - Integrated fabric design automation
 - Physical and digital fiber and fabric archive
 - Multiphysics modeling
2. Fiber and Yarn Devices (FYD)
 - Multimaterial fiber-draw scaling (MRL4-7)
 - Multimaterial fibers via melt-spinning
 - 3D printing of preforms
 - Functional hybrid-yarn process development
3. Textile Systems and Assemblies (TSA)
 - Surface treatment of textiles
 - Yarn-to-textile 3D manufacturing
 - Fiber, yarn and fabric testing, standardization and in-line inspection
4. System Integration (SI)
 - Fiber-circuit interconnections and packaging
 - Fabric wireless communications
 - Fabric to cloud
 - Product testing and validation



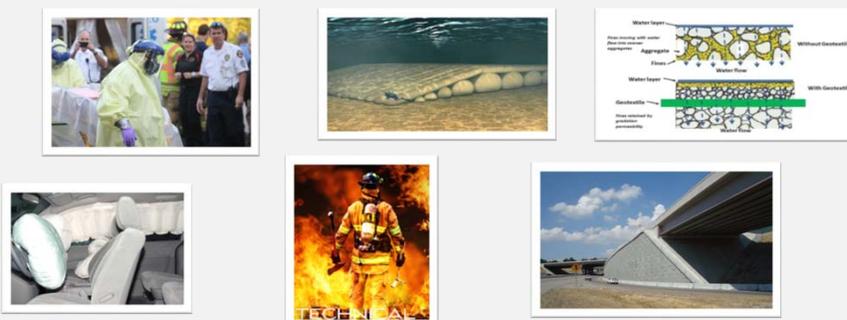
EXAMPLE APPLICATIONS: DEFENSE

- Personnel Parachuting and Cargo Airdrop Systems
- Softwall/Rigidwall Shelters and Base Camp Systems
- Integrated Soldier Power and Data System
- Soldier Uniforms (Thermal management, Chemical/Biological/Radiological/Nuclear-CBRN protection, etc.)



EXAMPLE APPLICATIONS: COMMERCIAL

- First Responder Uniforms
- Mechanical Filtration
- Automotive Airbags
- Artificial Reefs/Beach Erosion Prevention
- Reinforcement Structures (Mechanically Stabilized Earth Walls)



MORE INFORMATION ON RFT-MII

- » How can you join the RFT-MII? Opportunities include:
 - Membership (cash): 4 tiers of membership at various contribution levels
 - Fiber Innovation Network (cost share): Prototype and pilot capabilities as part of the Collaborative Infrastructure
 - Several Councils within Institute:
 - Stakeholders Council
 - Technical Advisory Council
 - Workforce Development Council
 - Economic Impact Council
 - All Members Council
- » More information is available at <http://www.affoa.org>

OTHER ISSUES

OPPORTUNITY: NEW B.I.S. STUDY

- » The Bureau of Industry and Security (BIS) has initiated a new study of “the health, competitiveness, and the contribution of the U.S. textile, apparel, and footwear industry to the U.S. economy.” Topics include:
 - Current issues and challenges, and what can be done to support the industry.
 - Effectiveness of the Berry Amendment and other Buy-American provisions.
- » BIS already has reached out to IFAI; opportunity to paint positive picture of industry.
- » Last study was in 2003: *The U.S. Textile and Apparel Industries: An Industrial Base Assessment*.

CHALLENGE: US-EU FTA (T-TIP)

- » EURATEX still asking for preferential treatment on Berry in T-TIP talks.
 - Called for United States to make concessions on Berry at February 2016 T-TIP stakeholder presentation.
 - U.S. industry adamant about keeping Berry sacrosanct.

European textile & apparel industry about the Berry Amendment

TTIP stakeholders meeting
24 February 2016

Isabelle Weiler
Trade & Industry Manager
Euratex

THE BERRY AMENDMENT – EURATEX

The Berry Amendment requires that the Department of Defense funds be used to buy items that are only wholly of US origin = **100% American-made** products.

This includes clothing, fabrics, fibres and yarns from inter alia cotton, polyester, wool and silk. *This covers not only uniforms but also tents & tarpaulins, other made-up textiles and any item of individual equipment manufactured from or containing such fibres, yarns, fabrics or materials.*

The bodies concerned are the Army, the Navy, the Air force – **17 federal agencies**

The opening of Government Procurement for Defense would open huge market opportunities for both industries



'SENSITIVE ISSUE'? – EURATEX

What is the rationale behind the Berry Amendment?

“Security and safety of armed forces”

- Does this apply to clothing items like underwear, uniforms, wool and silk products?
- Why would the advanced European textiles not meet the US requirements?

Sensitiveness of this issue

AAFA & NCTO have opposed to open DoD procurement with no other reason that the health & security issue

Some **exceptions** are already foreseen in the Berry Amendment:

- SAT (threshold)
- DNAD (non-availability)
- emergency acquisitions
- specific cases for fibres and yarns



EUROPEAN INDUSTRY'S POSITION – EURATEX

EURATEX, as the voice of the European industry:

- believes that both sides should make steps on this issue in order to reach an ambitious deal
- calls for limitation of the Berry Amendment in TTIP



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