

Unifi's Jasper helps unite industry as three-year chair

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In advance of the National Council of Textile Organization's 11th Annual Meeting, eTC caught up with William Jasper, chairman of NCTO and chairman and CEO of Unifi, Inc., Greensboro, N.C. His responses are to questions submitted to him by eTC's Devin Steele. The council meets March 25-27 in Washington, D.C.

eTC: Mr. Jasper, you're nearing the end of an unprecedented three-year term as NCTO chairman, during which time the council and the industry continued to undergo tremendous change and evolution. In general for now, please speak to the privilege of serving in such a high-profile position and advocating for the industry during this period?



Bill Jasper, chairman and CEO of Unifi, Inc., Greensboro, N.C., said the 'new' NCTO gives the council a chance to showcase the industry's significant contributions to the U.S. economy

Jasper: I'm glad you used the word "privilege," because that is truly what it has been. I am very passionate in my belief in the future of the U.S. textile industry. Those of us who have survived the tremendous erosion of the late '90s and much of the past decade have done so by being innovative and adaptive. Today's U.S. textile industry is profitable and growing, and provides employment for several hundred thousand people, paying good wages and benefits.

All of the textile leaders involved in NCTO share my passion and belief in the future of this industry. Moreover, it has been a privilege to serve during this highly crucial period, with the TPP progressing and our industry associations going through a major merger in Washington. My leading this organization the last few years has been an honor.

eTC: Three years as chairman – wow. Please provide some insights into how an original one-year term turned into a three-year term.

Jasper: I think it was primarily the need for consistent leadership through some very turbulent times. Frankly, my first year was pretty uneventful. But over the last two years we have merged the three largest industry associations into NCTO, while aggressively advocating for the industry in the Trans-Pacific Partnership (TPP) negotiations.

In addition, we changed our association leadership in mid-2013 and significantly increased the scope and intensity of our advocacy efforts. Through all that, the membership of NCTO felt it was prudent to keep a consistency of vision and strategy.

eTC: The merger last year between NCTO, the NTA (National Textile Association) and the AMTAC (American Manufacturing Trade Action Coalition) created one broad-based industry association, of course. This marriage certainly makes sense from a unifying perspective (no pun intended in relation to your company) and in creating "one voice" in Washington. How has the merger worked so far and, specifically, how has it made the industry more effective?

Jasper: The merger met my expectations in several respects. It not only resulted in NCTO becoming the unequivocal voice of the domestic textile industry in Washington, but it maximized efficiency and focus through the elimination of duplicative activities.

Industry leaders quickly came together to achieve a strategic restructuring of our federal government relations activities at a very critical time in Washington. This put us in a much stronger position as we met with U.S. trade officials, foreign delegations and our allies on Capitol Hill, as our geographic footprint has increased greatly.

In fact, NCTO members currently operate more than 330 production facilities in more than 110 congressional districts, thanks to this merger. We are called upon frequently to participate as policies are being drafted, and our staff and executives have the tools necessary to meet those demands and stay fully engaged on our key issues.

Our membership represents the entire spectrum of the textile industry: fiber, yarn, fabric, and industrial/home furnishing products, along with many of our supporting and affiliated industries. The new NCTO gives us a chance to showcase our significant contributions to the U.S. economy; we have dramatically increased our exports, invested in U.S. manufacturing facilities and added a substantial number of jobs in recent years.

I believe our accomplishments and our message reached a much wider audience with our expansion. In addition, we undertook a major grassroots campaign to engage policymakers with our greatest resource – our workforce. In many cases, this energized the people in our communities to lend their voice to our efforts. All of these activities increased our visibility in Washington and gave us a seat at the table on a host of legislative and trade issues that impact our members.

Jasper: In addition to the successful merger, we have been dealing with the ongoing TPP negotiations, which may be the most important trade agreement the U.S. has negotiated since NAFTA. It is absolutely critical that we get the details of this agreement right.

Consequently, we have expended an enormous amount of energy communicating our specific TPP concerns to the U.S. government. We have been able to state our needs in TPP, making solid business arguments and providing supporting data. This has included one major outside study, extensive work by staff, frequent consultation with member companies and direct interaction with Cabinet officials on the part of NCTO CEOs.

All this work has made a difference. To this point in the TPP negotiation, the U.S. government has been pressing forward on our initiatives, namely a yarn-forward rule of origin and extended duty phase-outs on sensitive products. This has not happened by chance. The U.S. government is responding to NCTO's direct and persistent engagement with Congressional and Executive branch officials on this critical agreement.

eTC: NCTO and the industry is facing numerous challenges, with the Trans-Pacific Partnership (TPP) agreement being the biggest and most pressing, as you mentioned. Please update us on where these talks stand today and the role trade promotion authority (TPA) legislation might play.

Jasper: The countries involved in these negotiations had hoped to conclude the agreement by the end of 2013. Having missed that deadline, negotiators now say they would like to conclude work sometime in 2014. Any agreement this extensive is time consuming and difficult. However, the complexities of such negotiations are magnified by the fact that 12 countries are involved, each with its own interests and priorities.

Vietnam continues to insist on damaging and unnecessary exceptions to the textile rules of origin, which is the primary concern for our industry. To its credit, the U.S. government is supporting a yarn-forward rule. NCTO is working to support the U.S. government with background information and data. It is imperative that the final agreement have a yarn forward rule of origin with no unnecessary exceptions. Non-textile issues are also complicating and delaying the agreement. Most recently, disagreements on agriculture between the U.S. and Japan have gotten significant attention. Auto manufacturers, pharmaceuticals and other industries also have outstanding issues to resolve.

The Administration correctly understands that Trade Promotion Authority (TPA) will be necessary for this agreement to pass Congress. With TPA, Congress would be obligated to vote on the agreement within a designated timeline. Approval would be based on a simple majority vote in both houses with no amendments. Congress has been hesitant to grant TPA to the Administration for this agreement for a variety of reasons, but I don't believe recent statements we have heard from some members of Congress mean that that TPA won't be approved down the road.

As for the impact on negotiations, some countries might say they don't want to negotiate if they fear Congress will amend the agreement. However, it's a bit surprising when countries suggest that gaining preferential access to the \$13 trillion U.S. market is not enough of an incentive to finalize a trade agreement and that somehow they also need Congressional assurances through the TPA process.

eTC: The NCTO staff and its members have worked tirelessly to raise awareness of TPP, particularly the inclusion of Vietnam in the agreement and the language of the bill, and to influence the best outcome possible. In addition to your membership calls to action, what else can council members and others in the industry do to assist these efforts?

Jasper: The most important thing companies can do is to remain informed and engaged. In this way, the industry can propose solutions, anticipate issues before they arise and respond to questions and concerns arising from other parties. More specifically, we direct company involvement in two forms. First, we ask them to provide input directly to U.S. negotiators in order to keep government officials focused on the principles and details in this agreement that matter most. Our negotiators only know the concerns of the industry if we take the time to tell them. Secondly, we ask our members to keep their Congressional representatives informed. We believe that by educating our House and Senate members as to the details of these talks, our Congressional allies can then apply pressure to the Administration on our behalf.

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This outreach is one of the great services that NCTO provides its members. We constantly monitor developments in relation to TPP, seek company feedback and then prepare a unified industry response that addresses the specific concerns of our members.

eTC: As with many past trade agreements, textiles is a big bartering chip in TPP, too, with even domestic entities such as retailers working against your efforts. How are you working to combat these highly funded campaigns? Also, do you think you're getting a positive response from the Obama administration and legislators?

Jasper: Let's look at some numbers. Vietnam is now the second largest exporter of textiles and apparel to the U.S. market, shipping more than \$8.8 billion in product last year. Vietnam's exports to the U.S. grew at a rate of nearly 16% in 2013, and their phenomenal market penetration has occurred without any duty preferences. The importers are using a production model in Vietnam that not only takes advantage of government subsidies there, but typically utilizes Chinese yarns and fabrics.

Under the TPP, the importers and retailers can continue to use this model; but for duty-free treatment to the prized U.S. apparel market, we believe the yarn-forward provision will ensure the benefits of the agreement go directly to the parties involved without giving countries such as China a back-door advantage. We also want to honor our partnerships in trade agreements in this hemisphere, such as NAFTA and CAFTA, so it is imperative that the outcome of TPP doesn't undercut producers and workers throughout the region.

We are getting a very positive response from the Administration and our legislators in support of provisions in trade agreements such as the yarn-forward rule that help protect U.S. jobs and investments. The U.S. textile and apparel supply chain employs nearly 500,000 workers nationwide with an additional 1 to 1.5 million U.S. jobs in support services such as chemicals and transportation. Notably, textile workers typically work full time and earn an average of 145% more than apparel retail workers in addition to receiving critical health care and pension benefits.

The industry is also reinvesting heavily in capital improvements. Over the last three years, U.S. textile companies invested more than \$3 billion in their domestic operations and have constructed 23 new plants. The U.S. textile industry is the third largest exporter of textiles in the world, with textile and apparel exports totaling \$23.7 billion last year. Our investment in jobs and facilities and our considerable export growth elicits a very positive response within the Congress and the Administration.

eTC: I won't ask for a rundown of the various scenarios based on the NCTO-commissioned O'Rourke Group Partners study on TPP, but what is your educated guess on the outcome and the timeline?

Jasper: It seems to be a moving target. It is one of my greatest concerns that in a rush to meet some artificial deadline set by this Administration, the negotiators will make compromises and decisions that would be costly not only to our industry and workers, but in many other areas that would threaten jobs and investment in this country. At this point, I believe the earliest the negotiations could conclude would be late in 2014, and it is difficult to speculate when Congress might bring it to a vote. With so many countries involved, and given the fact that each will have to work it through their legislative bodies, there will be additional delays before any finalized agreement is actually enacted.

eTC: Besides this 800-pound gorilla issue, what do you see as some of the industry's other looming challenges and what is the correct industry response to these?

Jasper: Negotiations on the Transatlantic Trade and Investment Partnership (TTIP) trade agreement between the U.S. and the EU are underway and present their own unique benefits and challenges. For the first time, we are negotiating with a partner who has per capita income and consumer buying power closely aligned with our own market and a fairly balanced two-way trade in textiles. While this may provide greater export opportunities for U.S. producers, we must again be vigilant in areas such as rules of origin and government procurement to ensure a fair agreement for our industry.

Defending and expanding Berry Amendment and Buy American provisions are also at the top of our list of priorities. Our textile industry supplies more than 8,000 different products per year to the U.S. military. Many NCTO companies were affected by the failure of this Congress to act on the Miscellaneous Tariff Measures that can help even the playing field for U.S. producers, so we will continue to look for legislative opportunities that enable our members to prosper and grow.

Finally, the positive impact of good trade policy is supported by strong customs enforcement. Some countries, most notably China, have shown a willingness to cheat on quotas and tariffs. A strong and effective Customs service is critical to assuring member countries of trade pacts receive the full benefit they expected. Being the primary target market in most pacts, U.S. Customs enforcement is especially important. To that end, NCTO continues to support legislation that increases the resources available to U.S. Customs in their efforts to enforce textile trade regulations.

eTC: What are some of your other efforts to continue to unite the industry, its partners and the wider players in the U.S. economy?

Jasper: Since many of the challenges facing the U.S. industry directly impact other industry sectors and regions, it is only natural that we include others in our endeavors. With educational materials and webinars for industry suppliers and customers, we have been successful in drawing companies into the discussion who otherwise do not engage in issues they view as political.

We provide NCTO members regular updates on our work, and we strive to better serve the industry in areas beyond trade. For example, in 2014 our Government Textile Contracts Committee has been active in working with the Department of Defense on a wide range of issues.

Nationally, our webinars have included companies from coast to coast. In some cases, these webinars have been designed for specific regions, such as California knitters, or for specific concerns, such as the Berry Amendment. Companies are drawn by their concerns about the impact of Vietnam in TPP, government procurement rules in international trade agreements or other issues specific to their business.

At the international level, NCTO has worked closely with our industry counterparts in Mexico, Central America and the Andean region. Industry representatives have attended TPP rounds and made joint presentations with NCTO to every partner trade association and government in that agreement.

NCTO has also been the driving force in the creation of the Textile and Apparel Alliance for TPP (TAAT), which is a coalition of trade associations in more than 30 countries concerned about the impact of TPP on their domestic industries. The coalition includes associations from Sub-Saharan Africa, Central and South America, the Caribbean and Turkey. All of these countries recognize that a weak rule of origin in TPP will displace their own industries as business shifts to Vietnam. These countries have engaged their own governments and met with U.S. negotiators.

eTC: After years of sending work overseas through intense price competition, Wal-Mart announced through an advertising and P.R. blitz that it is committing to buy hundreds of billions of additional dollars in American-made products over the next decade to help support and spur innovation in U.S. manufacturing. With Wal-Mart leading the way, there is definitely a movement afoot to "reshore" some U.S. manufacturing. How real do you see this movement and how impactful do you think it will be on the U.S. textile industry?

Jasper: The Wal-Mart sourcing initiative is exciting news for our industry. Based on what we are seeing and hearing throughout the industry, retailers and brands are making a genuine effort to source more products from U.S. suppliers. The impact is being seen in both apparel and home furnishings products. To garner more firsthand information on their re-shoring initiative, we are pleased that Wal-Mart has agreed to address the NCTO annual meeting in late March.

There has also been a wave of announcements over the last three years for new textile investments. Most of the announcements have been in the fiber and yarn sectors, but fabric and end products have also been part of this. The U.S. textile industry spends more than \$1 billion in capital investment each year to remain globally competitive with the best processes and products.

We are also benefitting from several domestic advantages, including reliable and relatively inexpensive energy supplies, infrastructure, access to raw materials and proximity to markets. We are gaining competitive advantages due to conditions outside the U.S., including rising costs in Asia, high shipping costs and port capacity restraints. Added together, the U.S. is in a strong position. The fact that companies from all over the world are investing in U.S. textile production capacity is further evidence of this.

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eTC: We've seen a number of articles recently under the general theme, "textile revival in the South." What's your take on such chatter?

Jasper: Since September of last year, investments in seven spinning operations owned by five different companies have been announced. These investments have been reported to be worth \$753 million and represent the creation of about 1,860 jobs throughout the southeast. Trade provisions such as yarn-forward rules ensure that these companies will be able to participate in every free trade agreement that the U.S. constructs.

Additionally, producers have opened new fiber, yarn and recycling facilities to convert textile waste to new textile uses and resins, such as our own Repreve® recycled polyester and nylon products. Innovation and speed to market continue to draw investments in this hemisphere and strengthen our supply chain. As labor, energy and transportation costs rise in Asia, I think you will see this revival strengthen in the next few years.

eTC: Looking in your crystal ball, where do you see the industry in the coming years?

Jasper: I am actually very optimistic regarding the overall industry. As noted earlier, production, investment and export trends are all driving in the right direction. This is why it is so critical that current policy matters, such as TPP, are resolved in a suitable manner. U.S. textile manufacturers are world-class competitors that simply need a fair and stable policy environment in order to thrive. If we can get a reasonable outcome on these critical pending policy issues, I have absolutely no doubt that the U.S. textile sector will be vibrant and profitable for the foreseeable future.

eTC: You're about to hand the gavel to Greenwood Mills' Jay Self, no stranger to leadership positions in the industry and a strong voice for U.S. textiles. Having worked closely with him, please comment on the skills and insights he brings to the table as chairman.

Jasper: Jay was highly involved with NCTO before the merger and during this period of transition. He doesn't shy away from the tough negotiations or the challenges we worked through this year during the merger. He has been an invaluable asset on our executive team and is experienced in Washington, so he will be able to step right in as chairman.

Jay is thoughtful and passionate about an industry his family has been involved with since the early 1900s and has spent countless hours advocating for his workers and our industry for many years. We're lucky to have him taking the helm.