THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

State of the Industry: SEAMS Members, Industry Insiders Share Insights

The following is an exclusive Q&A with SEAMS members and leading voices from the U.S. textile and apparel supply chain. Each was asked a series of questions on trade, policy, reshoring, innovation and the future of domestic manufacturing. Note that each question was not presented to every speaker but was tailored based on their roles.

Participants include:

- **Kim Glas**, President & CEO, National Council of Textile Organizations (NCTO)
- **Nicole Bivens Collinson**, Managing Principal, Sandler, Travis & Rosenberg, P.A.
- **Frank Henderson**, CEO, Henderson Sewing Machine Co., Inc.
- **Mitch Cahn**, President, Unionwear
- **Jim Lee**, Vice President of Sales, Champion Thread Company
- **Becky Thomas**, Manager, Third Street Sportswear

Two of the respondents – Kim Glas and Nicole Bivens Collinson – will be speaking at the AATCC/SEAMS Fabricating the Future Conference October 5-7 in Savannah, Ga. Please register now!

Now that the de minimis loophole has been closed, what are the immediate impacts you expect for U.S. textile and apparel manufacturers?

Kim Glas:

NCTO and the U.S. textile industry led critical efforts to close the de minimis loophole over the last eight years. This loophole has acted as a pipeline for cheap, subsidized and often illegal, toxic and unethical imports – half of which are estimated to be textiles and apparel. Every day, 4 million de minimis packages flood into the U.S., undermining American manufacturing, evading inspection, and allowing forced labor-made goods from Xinjiang, China as well as illicit fentanyl to reach consumers unchecked.

The end of de minimis means the end of a gateway for unchecked imports that have undermined the competitiveness of the U.S. textile industry – a key contributor to the workforce and the U.S. economy.

We are grateful to President Trump for recognizing the severe impact of this loophole and closing it to all global shipments through an Executive Order, effective Aug. 29. Coupled with recently passed bipartisan legislation to codify de minimis repeal by July 2027, this action will restore fairness for U.S. manufacturers, closes a major gateway for illegal and toxic goods, and lays the groundwork for reinvestment and job creation here at home and in the Western Hemisphere coproduction chain.

Nicole Bivens Collinson:

According to CBP, approximately 85% of all 321/de minimis entries were textile/apparel/footwear. Given the removal of 321 for all shipments under $800, these goods will now be subject to duties. It is possible that shipments will now shift to entering the U.S. using the informal or formal entry process. These processes will apply duties, and require more data to import. Trade will basically shift from the “fast lane” (or 321) to the middle lane (informal entries) or to the slow lane (formal entries) – while these lanes are not representative of how fast goods may move, it is an illustration of how goods will continue to flow into the U.S. The only difference is that now those goods will pay the same as goods not using 321.

Frank Henderson:

Closing the de minimis loophole was a great accomplishment for our industry and manufacturers of textile products in the USA. I believe this will, in the future, have an impact on the textile industry. I believe it is too early to tell the total impact on the vertical supply chain of the textile industry.

Mitch Cahn:

The de minimis closure is a game-changer that levels the playing field we've been working to create for decades. One thing to keep in mind is that the domestic textile industry is relatively small, so it doesn’t take much of a push to have a huge impact on demand. We expect immediate benefits as imported accessories lose their duty-free advantage, making our USA-made goods more price competitive. Long-term, this should accelerate the reshoring trend we've been preparing for, particularly as companies realize the true cost of imports when duties are properly applied. The broader supply chain will need to adapt quickly – those who've invested in domestic capabilities will thrive, while companies dependent on duty-free imports will face significant cost pressures.

Jim Lee:

As a supplier to textile and sewn products manufacturers, Champion Thread Company is not directly impacted by the de minimis trade policy. However, we welcome and expect the closing of this loophole to strengthen the manufacturers we supply. The relief provided through this action will have significant economic and trade implications for our industry, driving greater opportunities for CTC and other suppliers.

What other trade-related issues remain top-of-mind for the industry, and how should companies be preparing to address them?

Kim Glas:

Uncertainty stemming from the administration's ongoing global trade negotiations, coupled with reciprocal tariffs on certain imported inputs and machinery not available in the United States and punitive tariffs on qualifying trade from Western Hemisphere free trade agreement partners, puts critical textile and apparel supply chains at risk.

President Trump's "America First" trade policy rightly seeks to correct decades of unfair and unbalanced trade that has harmed U.S. manufacturers and workers. The U.S. textile industry fully supports this renewed focus on restoring American manufacturing, investment and jobs. However, our industry needs critical adjustments to President Trump's reciprocal tariff approach to achieve the shared outcomes we all want to see – expanded U.S. manufacturing here at home.

NCTO is heavily engaged on behalf of the entire U.S. textile industry in advocating for targeted tariff relief, including critical carve-outs for manufacturing inputs and machinery not made in the United States, removal of penalty tariff on qualifying CAFTA-DR imports, and long-term tariff certainty – all of which will encourage reinvestment and expansion.

Nicole Bivens Collinson:

The biggest issue, in my opinion, for industry is the uncertainty. With the variable tariffs, and never knowing if they will be implemented or could be extended or removed, it is difficult for industry to prepare and make any decisions. While the tariffs provide some protection, the possibility that they may be reduced or extended means that U.S. companies cannot plan for investment, expansion or growth.

Are you seeing renewed interest in reshoring or nearshoring production, and what factors are driving (or limiting) that shift?

Frank Henderson:

There is lot of talk and interest in reshoring and/or nearshoring of textile production to the U.S. or Western Hemisphere. However, over the last three decades the textile industry has lost much of the vertical supply chains needed to supply fiber, yarn, woven fabrics, knit fabrics, dyeing & finishing and cut-and-sew manufacturing. In the U.S. and Western Hemisphere, we have limited capacities of many textile varieties, findings and components.

Mitch Cahn:

Absolutely. We were already seeing increased interest from three key segments: domestic manufacturers seeking supply chain consistency for their "Made in USA" messaging, brands concerned with ethical sourcing and companies requiring quick-turn customization. The upcoming perfect storm of USA-themed events (2025-2028) is accelerating this trend as brands recognize the messaging risk of using imported promotional products while promoting American values.

The uncertainty caused by the tariffs has opened up many new markets for Unionwear, including as a contractor for the fashion industry and the concert and sports licensing merchandise industry. Brands are looking to add domestic suppliers, and the most successful brands know that they need to feed their vendors steady work to develop relationships. So while Unionwear isn’t necessarily replacing any primary hat or bag contractors from overseas, we are finding niche contract work with major, well-known brands in a way that hasn’t happened since the 1990s.

The limiting factor isn't demand – it's production capacity and cost competitiveness. That's why our investments in automation have been crucial. Our new automated tote bag facility has reduced the cost differential with imports by 75%, making reshoring financially viable for larger volumes. We are continuing to automate wherever possible, and lean on AI to help this cause. Automation not only solves the cost competitiveness problem, it helps us to be able to scale without adding headcount.

Jim Lee:

While growth in domestic manufacturing options is a primary objective of the tariff policy, textile and sewn products manufacturers are less likely to return production to the U.S. than other, less labor-intensive industries. As many companies struggle with the uncertainty and potential pricing increases related to tariffs, manufacturers in our industry are actively shifting sourcing away from Asia, most notably to Mexico and Central America.

We are currently witnessing an increased level of consideration and planning for shifts in global supply chains that may lead to an increase in reshoring and nearshoring. Because there is such a strong value proposition for producing closer to the U.S. market, we remain optimistic for the growth of manufacturing in North America.

How are tariffs and other trade policies currently affecting your sourcing, pricing and competitiveness?

Frank Henderson:

Tariffs are driving prices higher, limiting supplies and delaying deliveries of products. However, I support the administration for imposing tariffs to level the playing field, somewhat. It took a long time for the world to get in the mess we are in, and It will take time to right the ship.

Mitch Cahn:

Tariffs have been our ally, not our enemy. Each tariff increase reduces the cost advantage of imports, making our domestic production more competitive without us having to change anything. We source our raw materials domestically when possible, so tariffs on finished goods help us while tariffs on materials have minimal impact on our cost structure. Even when we don't source raw materials domestically, we are usually processing domestically, and the actual cost of the raw materials is a tiny percentage of our unit cost because our labor costs are so high.

Current trade policies are validating our decades-long bet on domestic manufacturing. While our competitors struggle with unpredictable tariff costs and supply chain disruptions, we offer price stability and delivery reliability that becomes more valuable with each policy change.

Jim Lee:

For CTC, it's about much more than just tariffs. While tariffs are at the forefront for many in our industry, we are taking a holistic approach to focus on all aspects of how we continue to grow in today's challenging business environment. That's not to diminish the importance of tariffs. We, along with all our customers share both short-term and long-term concerns. Still, we choose to focus on identifying opportunities and how we can best serve our customers to overcome adversity.

How is unfair trade competition still affecting U.S. textile producers, and where do you see opportunities to strengthen domestic supply chains?

Kim Glas:

Several domestic textile executives report a downturn in production and shuttered plants due to global trade pressure and predatory trade practices by foreign competitors.

Customs fraud and trade abuse are on the rise in the global textile and apparel sector, undercutting American jobs as foreign competitors play by their own rules and gain unfair advantages.

Unfortunately, bad actors undermine American manufacturing by transshipping illegal goods through third countries, undervaluing or misclassifying goods, making fraudulent origin claims under U.S. free trade agreements (FTAs) to gain duty-free access to the U.S. market, and using slave labor in their supply chains.

To counter these unfair trade practices, we have identified steps the administration can take – beyond ending de minimis and providing targeted tariff relief – to strengthen the domestic supply chain, including:

- Intensifying customs enforcement to stop illegal undervaluation, misclassification of imports and transshipment of apparel and textile goods through our free trade agreement regions.
- Maximizing customs penalties for repeat trade violators and provide public transparency of repeat trade violators and blacklists.
- Punishing countries who are violating our trade laws serving as a backdoor for illegal, subsidized Chinese inputs and finished products into the U.S. marketplace.

Nicole Bivens Collinson:

The CAFTA-DR countries are the current largest consumers of domestic production. However, with the increased reciprocal tariffs, the region is at risk of becoming less competitive. But the region could be a better competitor if they were granted an exemption from the IEEPA tariffs for CAFTA-DR originating goods as is granted to USMCA qualifying goods. This exemption will help the region remain competitive.

What policy changes or industry initiatives would make the biggest difference in strengthening domestic manufacturing?

Kim Glas:

NCTO and industry leaders will continue to advocate for targeted tariff relief on inputs and machinery not made in the United States, carve-outs from reciprocal tariffs on trade that qualifies for duty-free treatment under CAFTA-DR, preserving the current carve-out for USMCA qualifying trade and stepped up customs enforcement.

We will also join industry leaders in vigorously pressing for preservation and expansion of the Berry Amendment, which requires the Department of Defense (DOD) to purchase 100% U.S.-made textiles and clothing.

The U.S. textile industry is a key contributor to our national defense and supplies over 8,000 products a year to our men and women in uniform. As a critical military supplier, the U.S. industry provides $1.8 billion annually in high-tech, functional components for military uniforms and equipment.

The U.S. military must maintain the ability to source high-quality, innovative textile materials, apparel, and personal equipment from U.S. textile producers. Key to this goal is maintaining the integrity of the Berry Amendment and a vibrant domestic industrial base.

Nicole Bivens Collinson:

Given the fact that the CAFTA-DR is the largest consumer of U.S. domestic inputs, it stands to reason that CAFTA-DR qualifying goods should not be subject to additional tariffs and granted the same exemption as USMCA qualifying goods. This important exception will help keep the region viable and competitive. When China’s tariffs are lower than some of the regional countries, it only encourages retailers to remain in China.

Frank Henderson:

Government support and funding for automation, robotics and technology integration into textile products manufacturing.

Mitch Cahn:

First, consistent enforcement of existing "Made in USA" labeling requirements. Too many companies use misleading terms to imply domestic production without actually making goods here.

Second, government procurement policies that prioritize domestic manufacturing. Our success with military contracts shows how effective this can be - we're now the primary cap supplier to all branches of the Armed Forces because they require domestic production.

Third, incentives for automation investments that enable domestic manufacturers to compete on cost while maintaining good-paying jobs. Our state of NJ has done a great job with this.

Jim Lee:

Textile and sewn products manufacturers face many challenges today. Individual issues shift over time, from supply chain to tariffs, for example. Other challenges include costs, regulations, customer demand, supply chain management, sustainability, and many more. From a big-picture perspective, the most significant opportunity for improvement is reducing the overall uncertainty of doing business.

Becky Thomas:

I'd like to see MiUSA (Made in USA) preference be expanded among institutional buyers across a variety of industries. Anything that gives MiUSA product a chance to get to market and in front of consumers is positive for expanding domestic manufacturing. Until this year with the major tarriff discussions about trade, I think country-of-origin was a real afterthought in many supply chains. It was all about price and offshoring to the cheapest place for so long, and that just isn't attractive to many consumers or investors anymore. There is an opportunity right now to showcase USA alternatives and harness customer demand for more USA-Made goods in various sectors. This also moves the conversation away from price and excessive volume into a "fewer and better" type of consumer.

In what areas are you seeing the most promising innovation or investment across the textile sector, and what's driving those developments?

Kim Glas:

The United States is a world leader in textile innovation as the breadth, scope and manufacturing capabilities of the U.S. textile industry are unparalleled. Over the past 10 years, the U.S. textile industry has invested $22.3 billion in the latest innovations related to sustainability and production capabilities. This focus on innovation enables the industry to create tens of thousands of products including apparel, industrial textiles and home furnishings. The domestic textile industry is also a strategic, critical manufacturing sector of the overall U.S. economy with production found in every region of the country. The industry provides much-needed employment in rural areas and has functioned as a springboard for workers out of poverty into good paying jobs for generations.

Frank Henderson:

Currently, the manufacturing processes required to produce cut-and-sewn textile goods require manual interactions in nearly every assembly step to manipulate and control fabric as it is sewn by human sewing operators. Due to high labor costs, an aging and limited trained labor pool in the United States, the gaps in automation and technology to offset labor, textiles and sewn products are labor intensive to manufacture. Automation, robotics and technology integration into textile products manufacturing are the answer to primarily manual operations.

What do you see as the biggest opportunities for growth in the U.S. textile/apparel/cut-and-sew sector over the next few years?

Mitch Cahn:

The period from 2025-2028 represents the greatest opportunity for domestic manufacturing in decades. We'll see the 250th anniversary of "Made in USA" in 2025. Every company in America is going to celebrate this, and if they use promotional products like hats or tote bags, they are going to consider looking at domestic sourcing, possibly for the first time. This extravaganza is going to be followed by a USA-hosted World Cup, a USA-hosted Olympics and presidential elections through 2028, with primaries in both parties heating up in 2027. Each one of these will drive consciousness about country of origin among buyers.

Beyond events, automation technology is finally making small-batch, quick-turn production cost-competitive domestically. Companies that invest in these capabilities now will capture disproportionate market share as demand grows.

Jim Lee:

For CTC, the primary opportunity remains growing our market share, which has been the case for many years now. Our consistent increase in market share is driven by our commitment to providing a higher level of service and quality than our competitors. This level of service also includes offering custom-engineered products and continuous innovation of new products.

Becky Thomas:

We see an increased interest among younger people for higher-quality items, and pushback against fast-fashion in terms of quality, environmental and social issues. I think there is a real opportunity for some industry groups to get MiUSA (Made in USA) messaging out there and demonstrate that there are alternatives to that model already here. Connecting the idea of “paying with your pocketbook” and seeking out MiUSA products instead of imported goods drives consumer demand, and consumer demand drives retailer product choices and their willingness to stock more MiUSA goods.

What challenges – labor, raw materials, regulatory, economic, etc. – are most urgent for your company right now?

Frank Henderson:

An aging and limited trained labor force, reduced availability of raw materials, higher product cost and reduced demand are real challenges across America.

Mitch Cahn:

Our biggest challenge is scaling production capacity to meet anticipated demand. We need skilled workers who can operate our new automated equipment – this requires a different skill set than traditional sewing operators. We're investing heavily in training programs to develop this hybrid workforce.

Raw material availability for certain specialized products can be challenging since much of the textile supply chain moved offshore. However, this also represents an opportunity as more domestic suppliers emerge to serve the growing reshoring market.

Jim Lee:

In recent years, we have seen notable improvements in labor availability and a reduction in supply chain issues. For us, the biggest challenge is finding business opportunities with manufacturers who, like us, focus on growth, opportunities and their future.

Becky Thomas:

The aging, experienced textile workforce has been an issue that impacts our daily operations, and is such a tough challenge to overcome. Recruitment, training, retention are constantly things we are trying to work with as long-time employees want to reduce hours or retire, and in our area we don’t have strong training programs for sewing to choose from. We don’t really see a stigma from younger people about working in a factory or working in the garment industry – many of them are very curious about learning what manufacturing is all about, but the process of training them and getting them productive to compete with imported competitors is a constant challenge.

In what ways is your company investing in innovation, technology or workforce development to stay competitive?

Frank Henderson:

Developing automated manufacturing systems across a wide variety of sewing operations to demonstrate the ability to produce fabric components with robotically enabled sewing machines and demonstrate the ability for these automated manufacturing systems to manufacture textile sewn products with little human intervention. Automation, robotics and camera technology integration that minimizes the use of skilled labor and maximizes the quality, repeatability, efficiency and advanced automated material handling technology needed to produce textile sewn products.

Mitch Cahn:

We've made three major technology investments: launching North America's first fully automated canvas tote bag facility, developing AI-powered design tools for distributors, and creating the industry's largest online catalog with over 100,000 customizable SKUs.

For workforce development, we're creating hybrid positions that combine traditional manufacturing skills with technology operation. Our embroidery operators now work with advanced digital systems, and our production staff operates sophisticated automation equipment.

The key is investing in technology that enhances rather than replaces our workforce - maintaining our union jobs while dramatically increasing productivity and quality. This approach has allowed us to reduce costs by 75% in some product categories while preserving good-paying manufacturing jobs in Newark.

Jim Lee:

Years ago, CTC committed to investing in streamlining manufacturing processes and automation. In recent years, we have accelerated our efforts to deploy manufacturing technology and IT systems, enabling us to enhance our production efficiency and customer service levels. We have also expanded our domestic production capabilities and made significant investments in human capital in areas such as business management, production, sales, customer service, and other key areas.