



**U.S. Department of Commerce**  
**Bureau of Industry and Security**  
**Office of Technology Evaluation**



## **U.S. Textile, Apparel, and Footwear Industry Assessment**

### **Preliminary Results**

**2017 JAPBI DLA Troop Support Conference**  
**November 15, 2017**  
**Cherry Hill, NJ**

**Stamen Borisson**  
Trade and Industry Analyst  
**Elizabeth Oakes**  
Trade and Industry Analyst



## Who We Are:

- **Bureau of Industry and Security (BIS)**

**Mission:** Advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership.

- Develops export control policies
- Issues export licenses
- Prosecutes violators to heighten national security
- Develops and implements programs that ensure a technologically superior defense industrial base

- **Office of Technology Evaluation (OTE)**

**Mission:** OTE is the focal point within BIS for assessing the capabilities of the U.S. industrial base to support the national defense and the effectiveness of export controls.



## OTE Industry Surveys & Assessments Background:

- Under Section 705 of the Defense Production Act of 1950 and Executive Order 13603, ability to survey and assess:
  - Economic health and competitiveness
  - Defense capabilities and readiness
- Data is exempt from Freedom of Information Act (FOIA) Requests.
- Enable industry and government agencies to:
  - Share data and collaborate in order to ensure a healthy and competitive industrial base
  - Monitor trends, benchmark industry performance, and raise awareness of diminishing manufacturing and technological capabilities



# U.S. Textile, Apparel and Footwear Industry Assessments

## Background

- At the request of the U.S. Congress, BIS/OTE is updating a 2003 assessment of the U.S. Textile, Apparel and Footwear Industry. The updated assessment will focus on the health, competitiveness, and contribution of the industry to the U.S. economy. Other topics to be reviewed include:
  - Identify dependencies on foreign sources for critical materials
  - Evaluate potential threats to security due to foreign sourcing and dependency
  - Locate points of weakness within the domestic supply chain
  - Measure the industry's capacity to increase production in a national emergency
  - Examine Berry Amendment and other Buy-American provisions
  - Explore concerns and issues faced by domestic producers
- Project divided into two parts:
  - Footwear – survey deployed in November 2016
  - Textiles and Apparel – survey deployed in February 2017



## Methodology – Textiles and Apparel

- Scope of survey and assessment was limited to U.S. manufacturers of textiles, textile products, and apparel, as defined and classified by the North American Industry Classification System (NAICS).
  - Excluded from the scope of the survey were organizations such as distributors/importers, service providers, suppliers, designers, etc.
  - BIS decided to provide exemption from the survey requirement, if requested, for organizations with less than 10 employees.
  - The primary product line reported (some respondents reported more than one capability) was used to categorize the respondent into the following:

### Textile Mills

- Fiber, Yarn, Thread
- Broadwoven Fabric
- Narrow Fabric Mill / Schiffli Machine Embroidery
- Non-Woven Fabric
- Knit Fabric
- Textile and Fabric Finishing
- Fabric Coating

### Textile Product Mills

- Carpet and Rug
- Curtain and Linen
- Textile Bag and Canvas
- Rope, Cordage, Twine, Tire Cord, or Tire Fabric
- Other Textile Products

### Apparel Manufacturers

- Hosiery and Socks
- Other Apparel Knitting
- Cut and Sew Apparel Contractor
- Men's and Boys' Cut and Sew Apparel
- Women's and Girls' Cut and Sew Apparel
- Other Cut and Sew Apparel
- Apparel Accessories and Other Apparel



## Methodology - Textiles and Apparel (continued)

- Organization size was established based on sales from products manufactured in the U.S.
  - Small: Under \$10M in annual sales
  - Medium: \$10M-\$50M in annual sales
  - Large: Over \$50M in annual sales
- U.S. Government suppliers and U.S. Berry Amendment manufacturers were categorized based on survey responses.
- Today's presentation's data set consists of completed survey responses from 499 organizations; the final assessment data set will include additional organizations.



## Methodology - Footwear

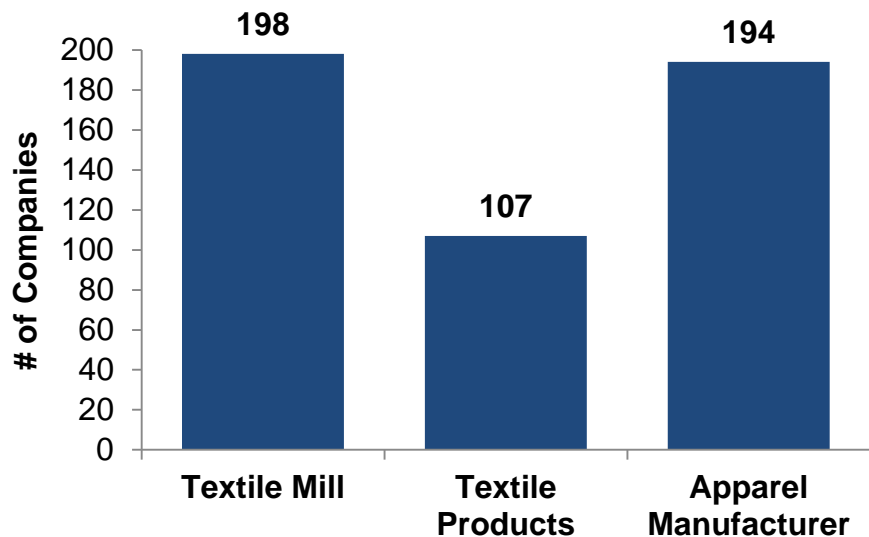
- Scope of survey and assessment was limited to U.S. manufacturers of footwear, as defined and classified by the North American Industry Classification System (NAICS).
  - Excluded from the scope of the survey were organizations such as distributors/importers, service providers, suppliers, designers, etc.
  - BIS decided to provide exemption from the survey requirement, if requested, for organizations with less than 10 employees.
- Organization size was established based on sales from products manufactured in the U.S.
  - Small: Under \$10M in annual sales
  - Medium: \$10M-\$50M in annual sales
  - Large: Over \$50M in annual sales
- U.S. Government suppliers and U.S. Berry Amendment manufacturers were categorized based on survey responses.
- Assessment data set consists of completed survey responses from 44 organizations.



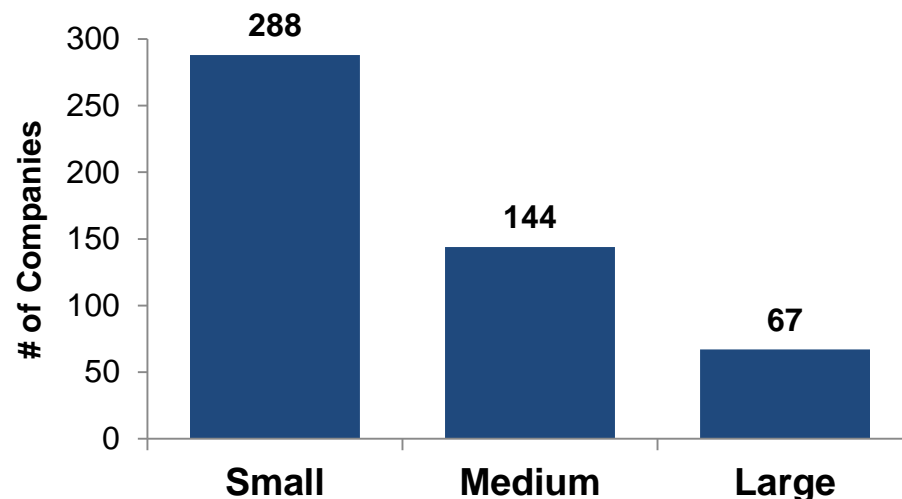
## Respondent Profile – U.S. Textile and Apparel

- 499 companies operating 764 Textile and/or Apparel manufacturing facilities in the U.S.
- Total 2016 Sales of \$39 Billion
- 2016 Sales of \$19 Billion from products manufactured in the U.S.

### Number of Companies Segmented by Type



### Number of Companies Segmented by U.S.-made Textile and Apparel Sales



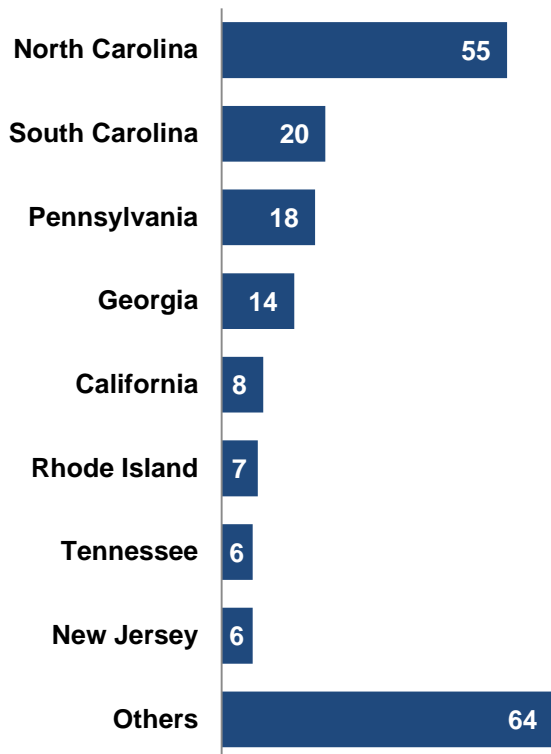
**Small: Under \$10M in annual sales    Medium: \$10M-\$50M in annual sales    Large: Over \$50M in annual sales**





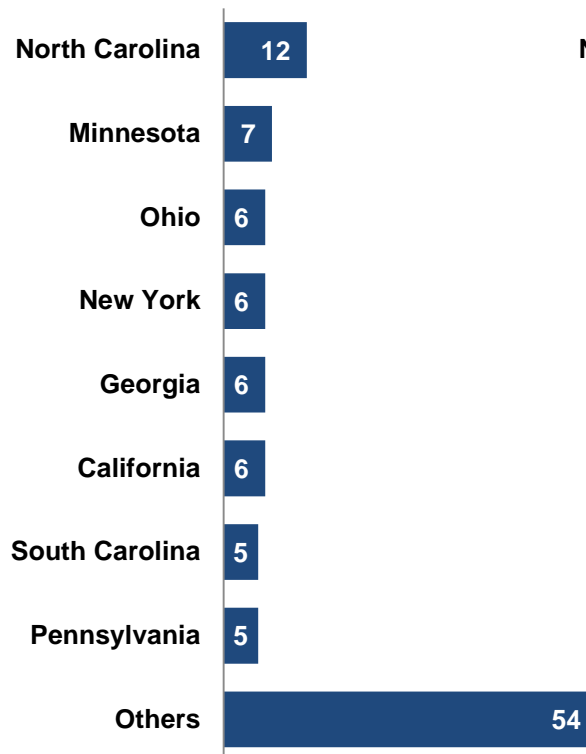
## U.S. Textile and Apparel Manufacturing Organizations - Location

### Textile Mills



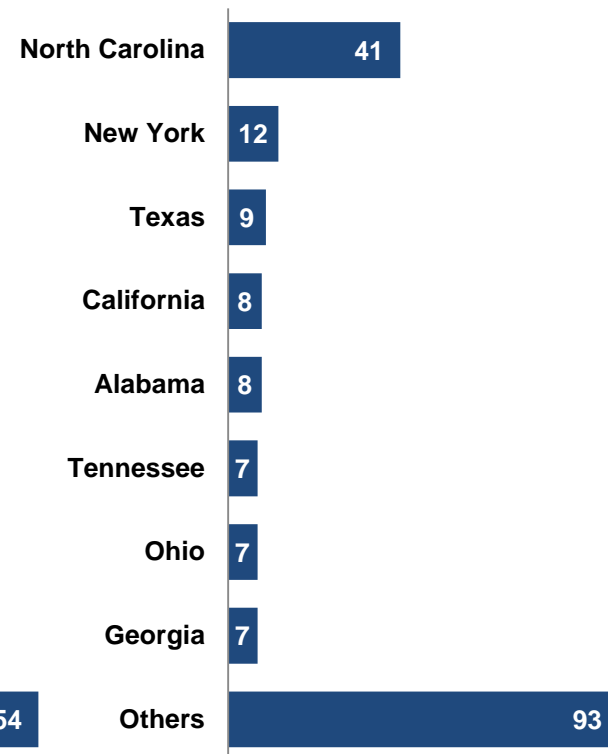
# of Responses

### Textile Product Mills



# of Responses

### Apparel Manufacturers

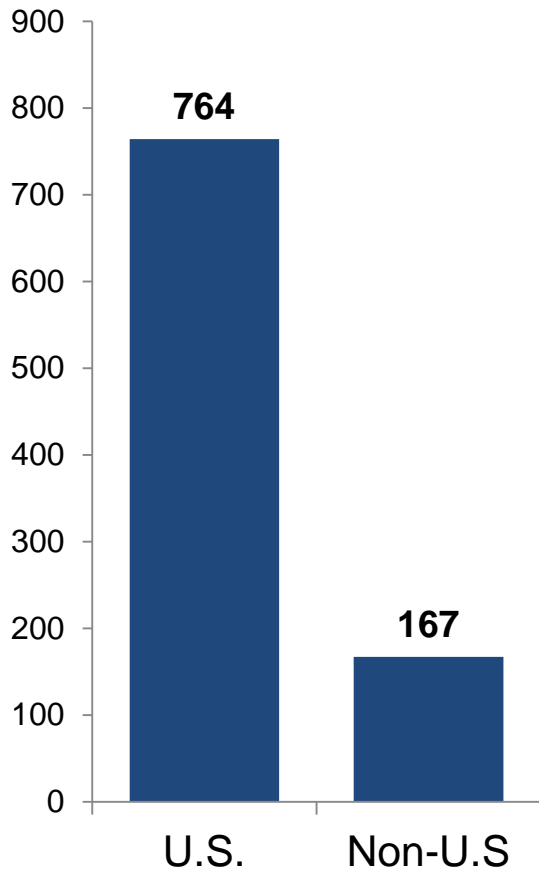


# of Responses

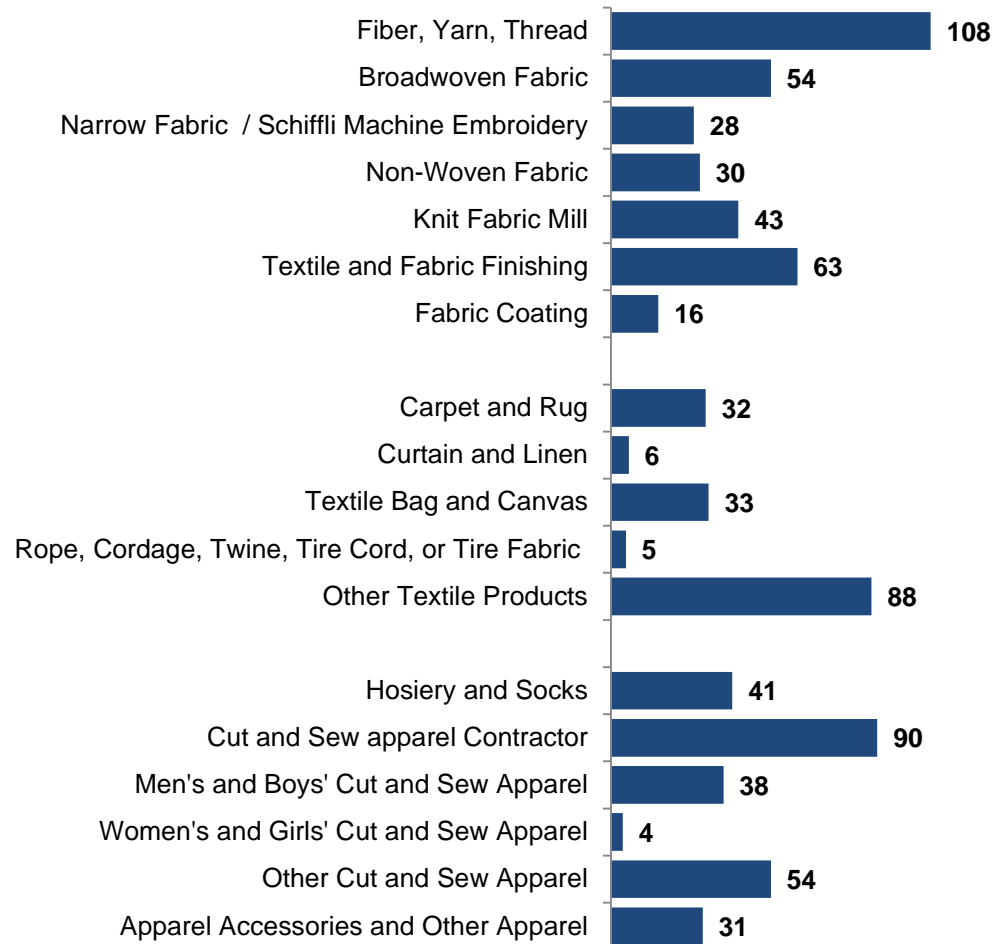


## U.S. Textile and Apparel Manufacturing Facilities

How many total textile and/or apparel manufacturing facilities does your organization currently operate?



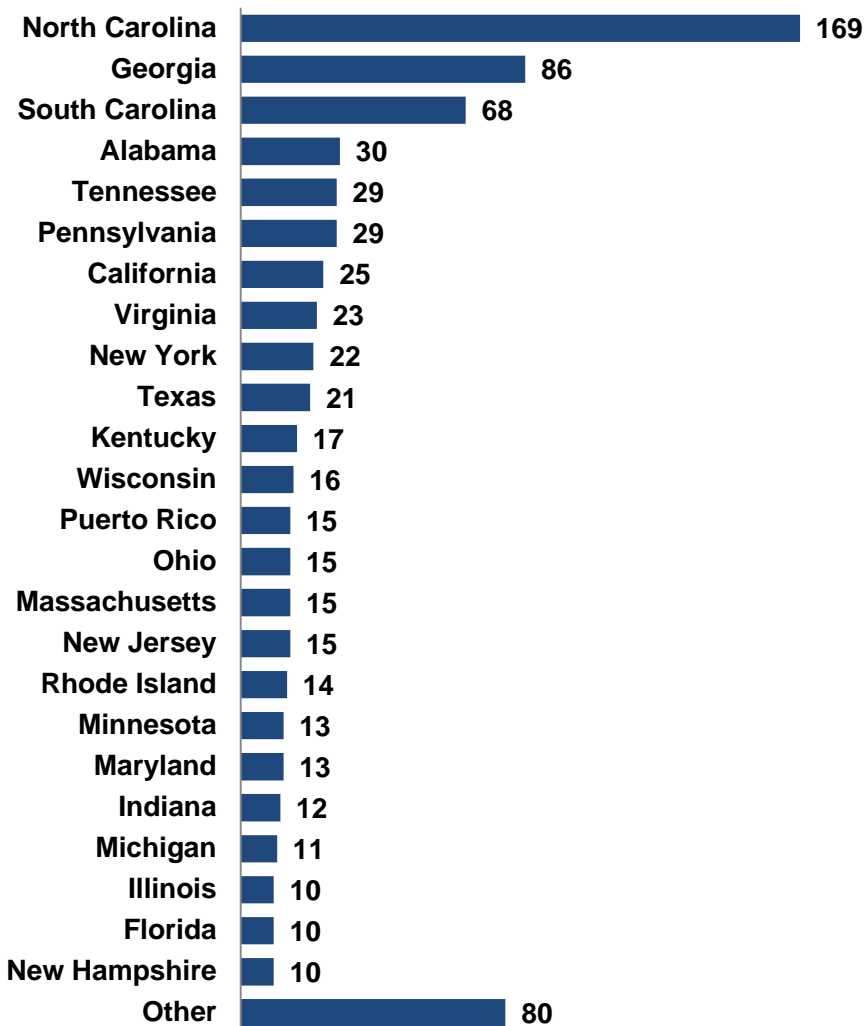
U.S. Facilities by Primary Product Line



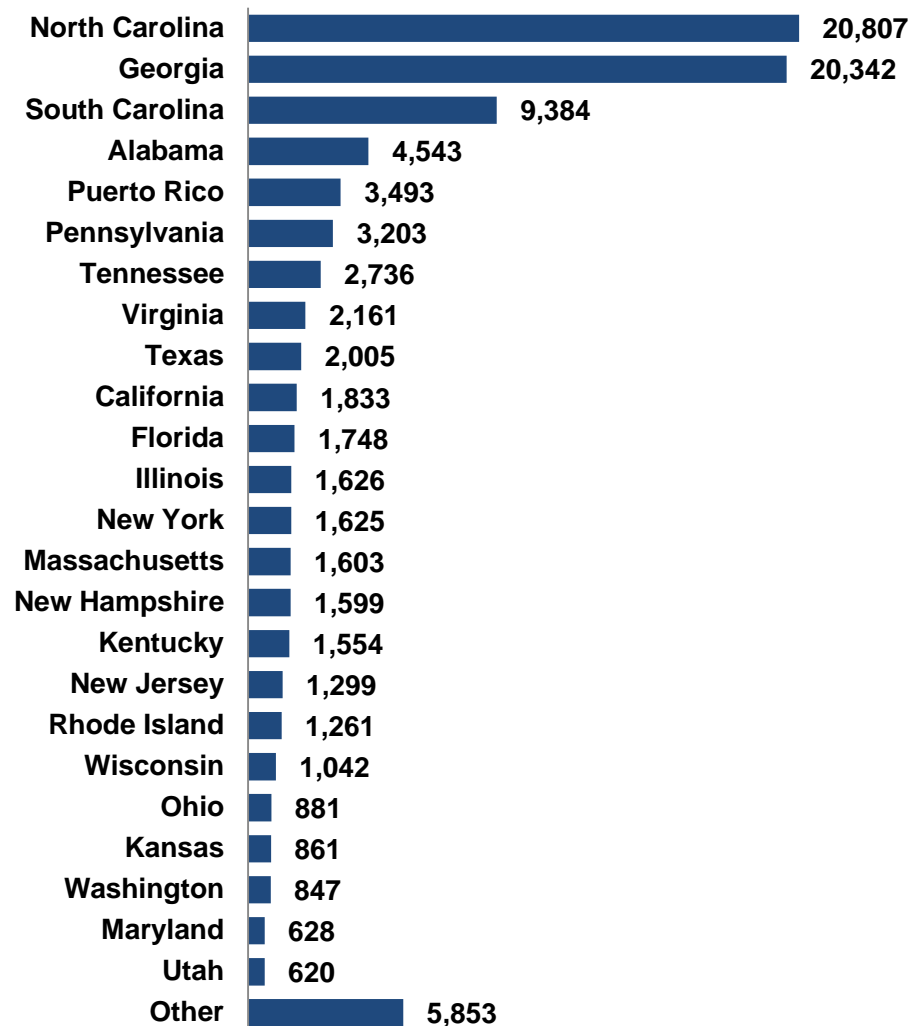


## U.S. Textile and Apparel Manufacturing Facilities –Location

### Number of Facilities



### Facility Employees

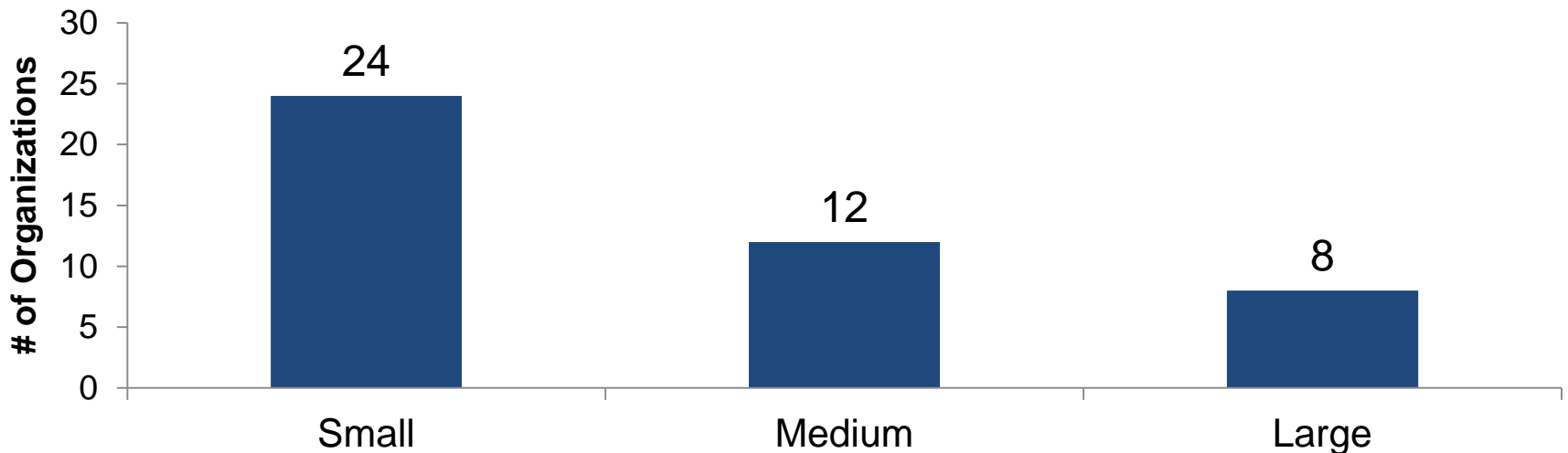




## Respondent Profile – U.S. Footwear

- 44 companies operating 65 Footwear manufacturing facilities in the U.S.
- Total 2016 Footwear Sales of \$8.5 Billion

**Number of Organizations Segmented by Sales of U.S.-manufactured Footwear**

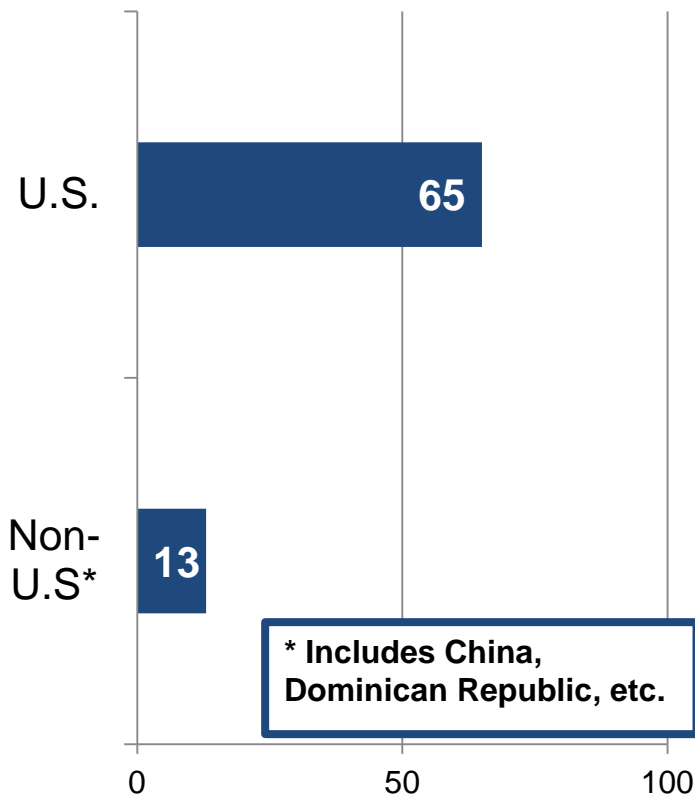


**Small: Under \$10M in annual sales    Medium: \$10M-\$50M in annual sales    Large: Over \$50M in annual sales**

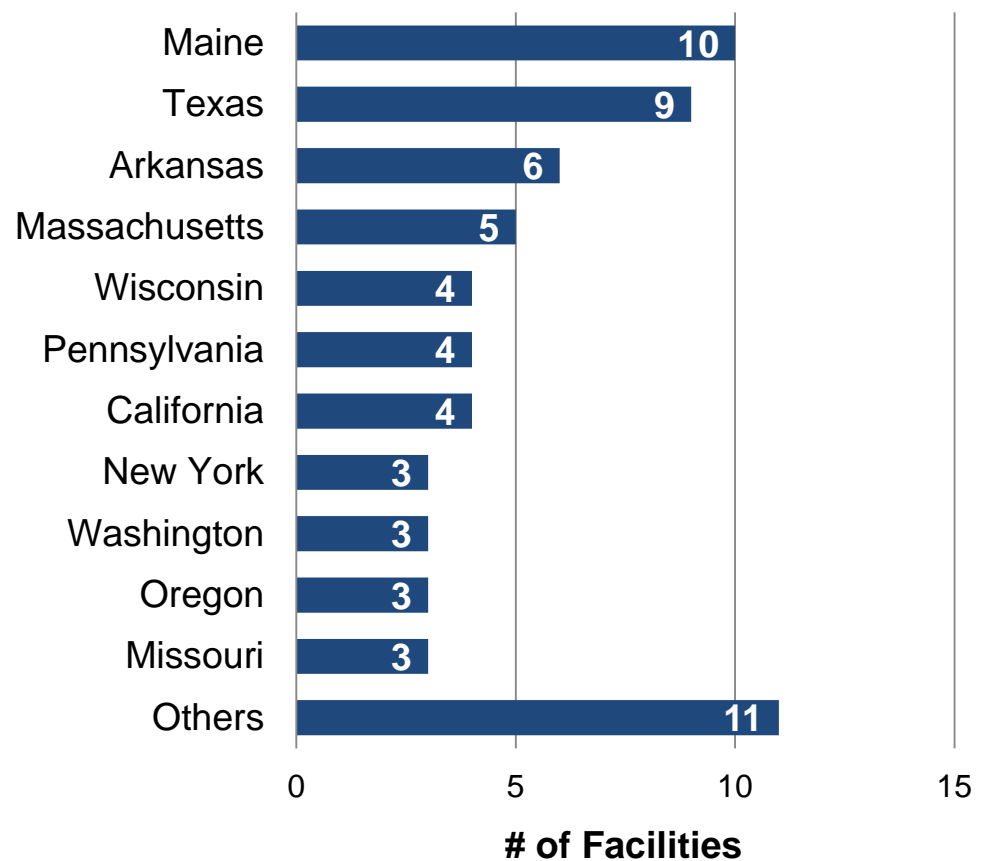


## Footwear Manufacturing Facilities - Location

### Total Footwear Manufacturing Facilities

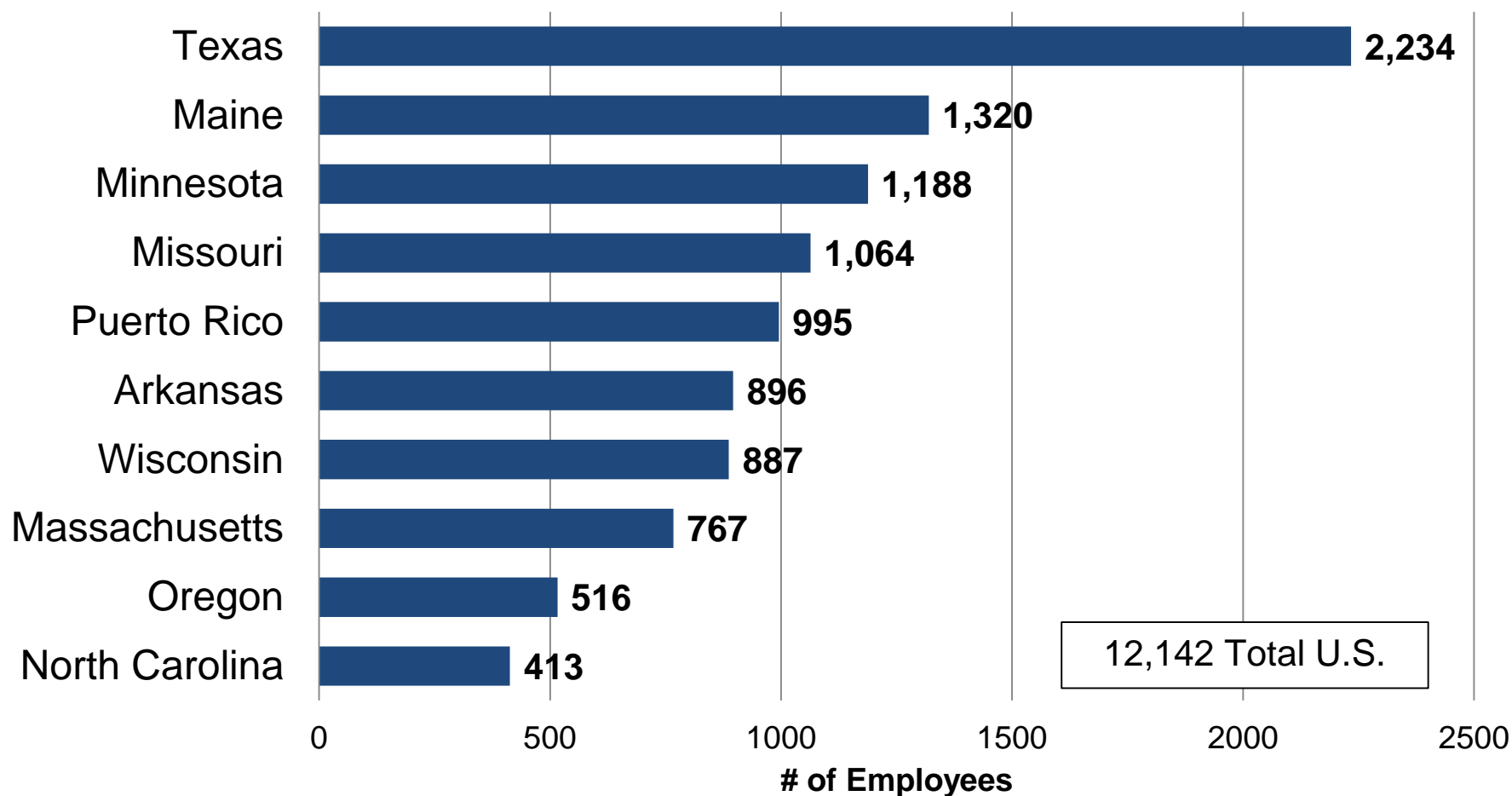


### Top 10 U.S.-based Footwear Manufacturing Facilities by State





## U.S. Footwear – Top 10 U.S. States- Full Time Equivalent (FTE) Employees

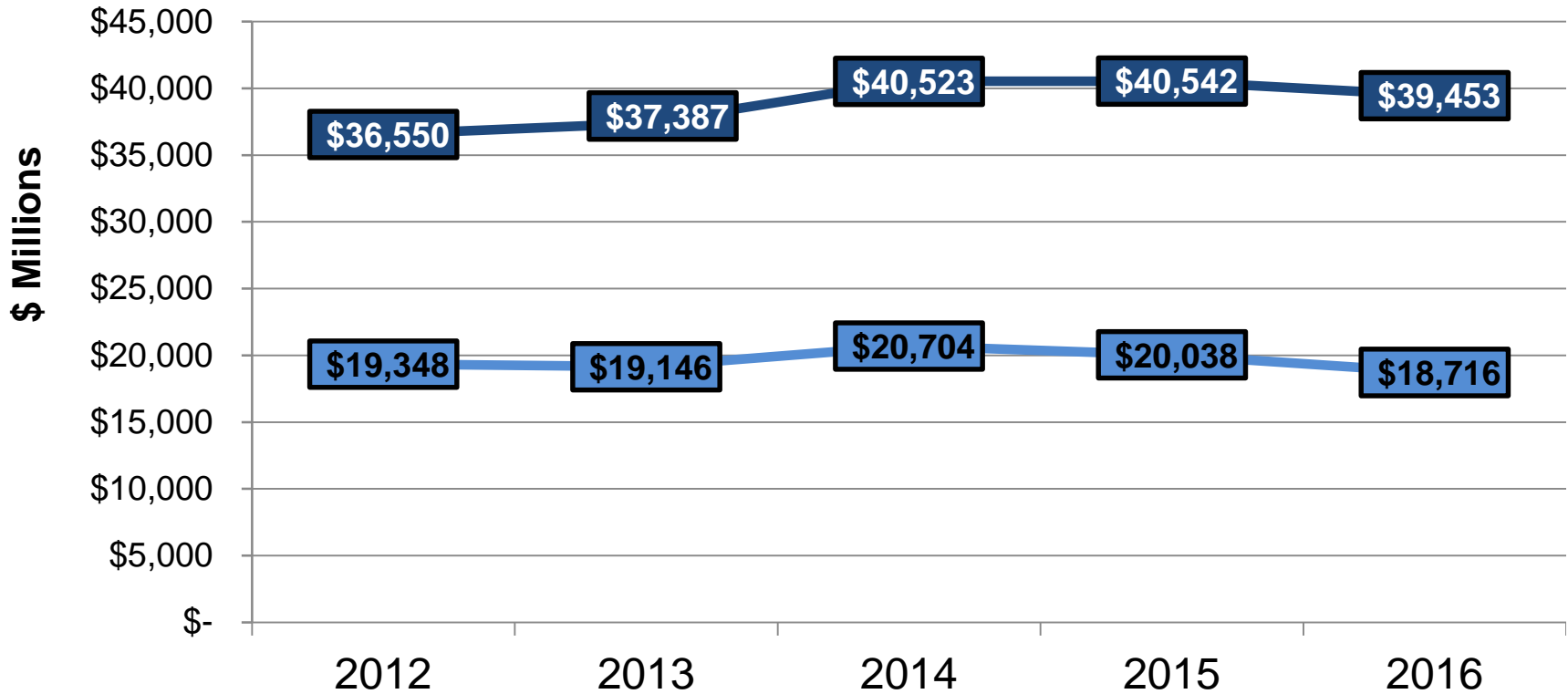




## U.S. Textile and Apparel Sales (2012-2016)

### U.S. Textile and Apparel Manufacturers

- Total Textile and Apparel-Related Sales
- Total Sales from Products Manufactured in the U.S.

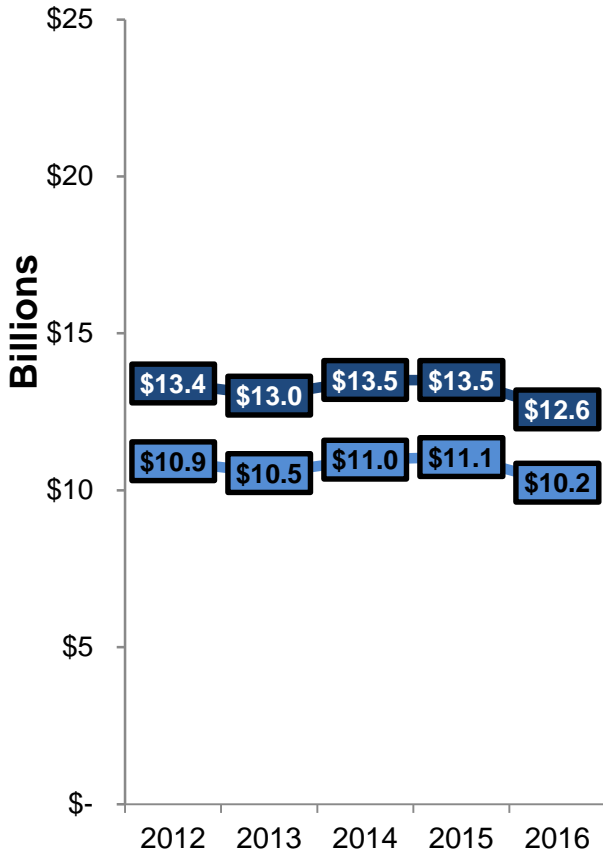




## U.S. Textile and Apparel Sales (2012-2016)

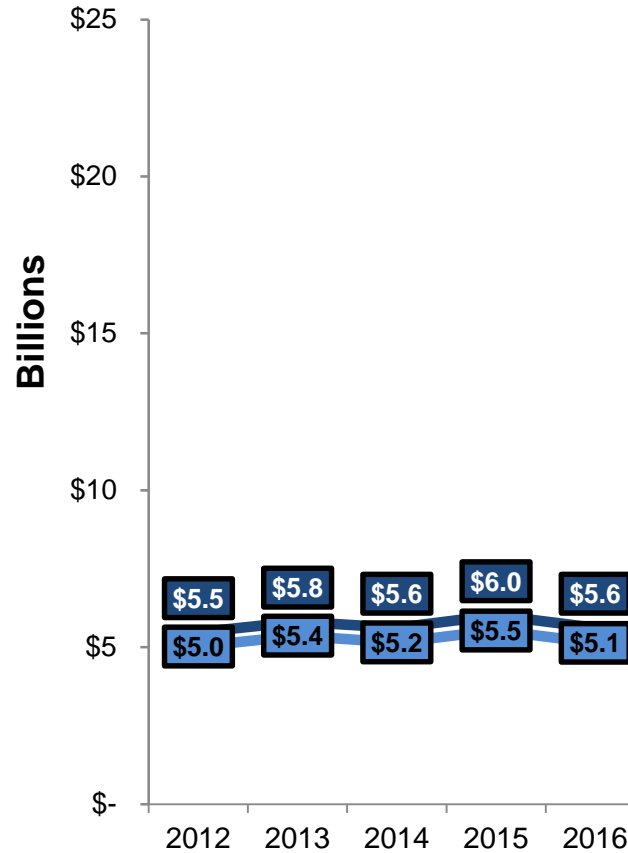
### U.S. Textile Mills

- Total Textile and Apparel-Related Sales
- Total Sales from Products Manufactured in the U.S. (81% five-year average)



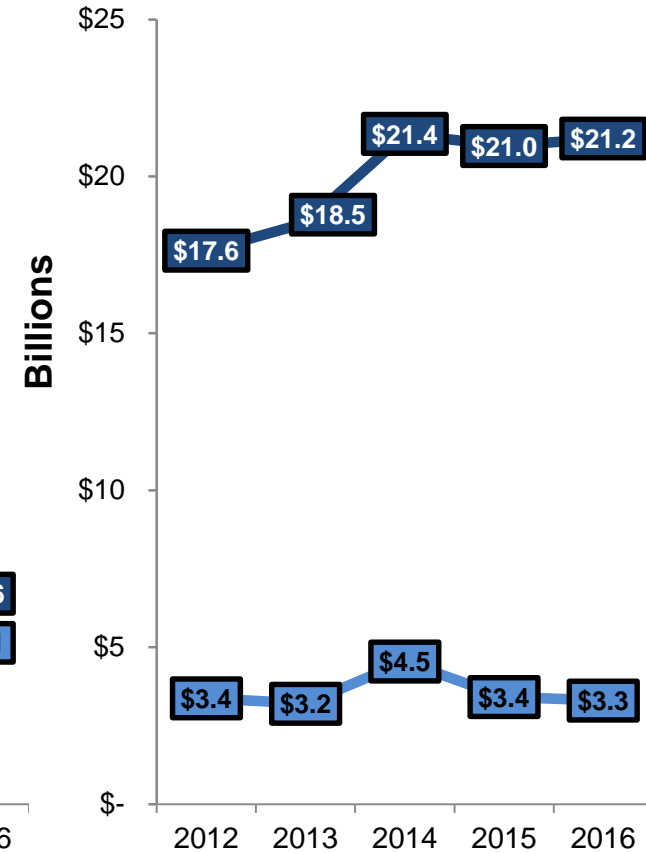
### U.S. Textile Products

- Total Textile and Apparel-Related Sales
- Total Sales from Products Manufactured in the U.S. (92% five-year average)



### U.S. Apparel Manufacturers

- Total Textile and Apparel-Related Sales
- Total Sales from Products Manufactured in the U.S. (18% five-year average)



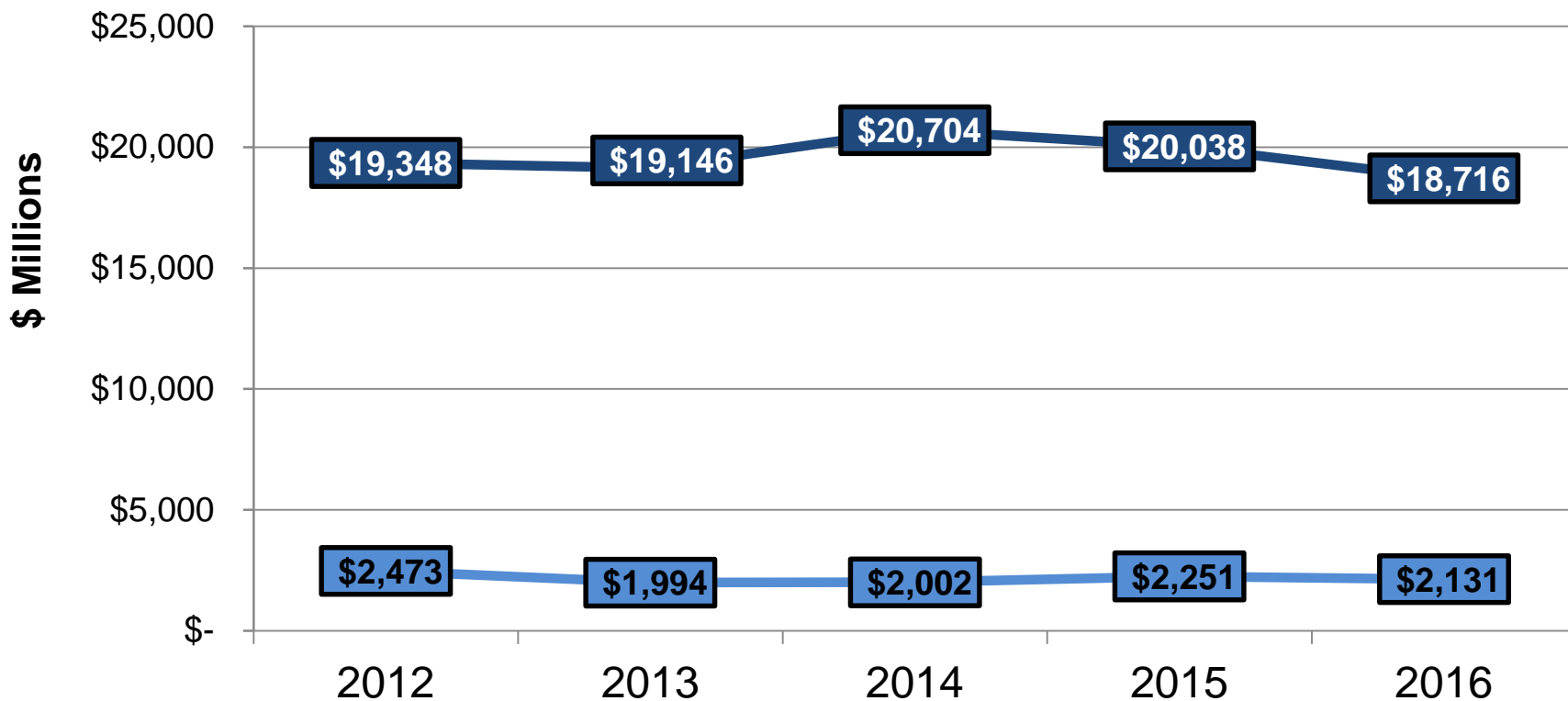




## U.S. Textile and Apparel Sales (2012-2016)

### U.S. Textile and Apparel Manufacturers

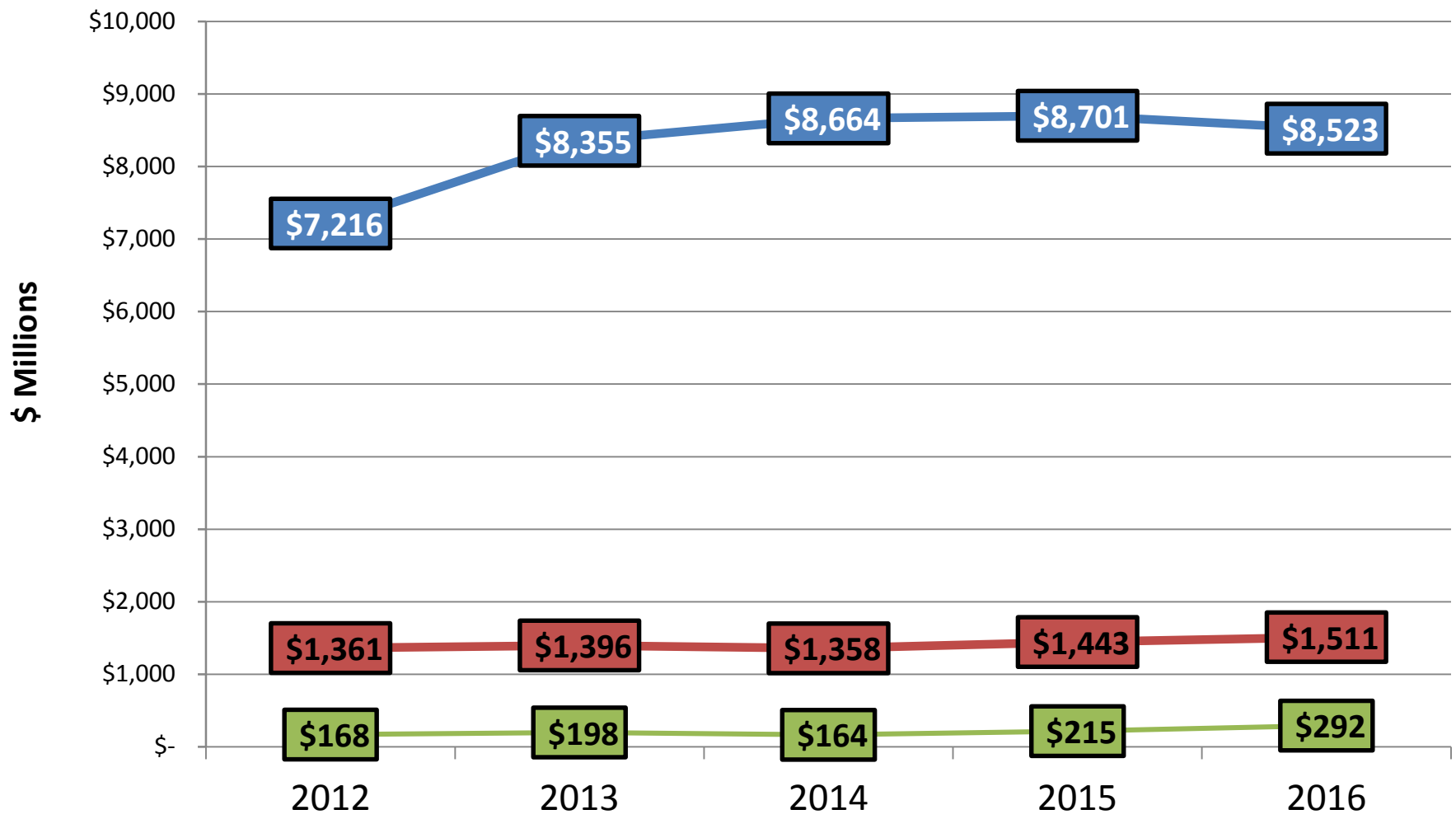
- Total Sales From Products Manufactured in the U.S.
- Total Berry Amendment-Related Sales to DoD and Armed Services





## U.S. Footwear Sales (2012-2016)

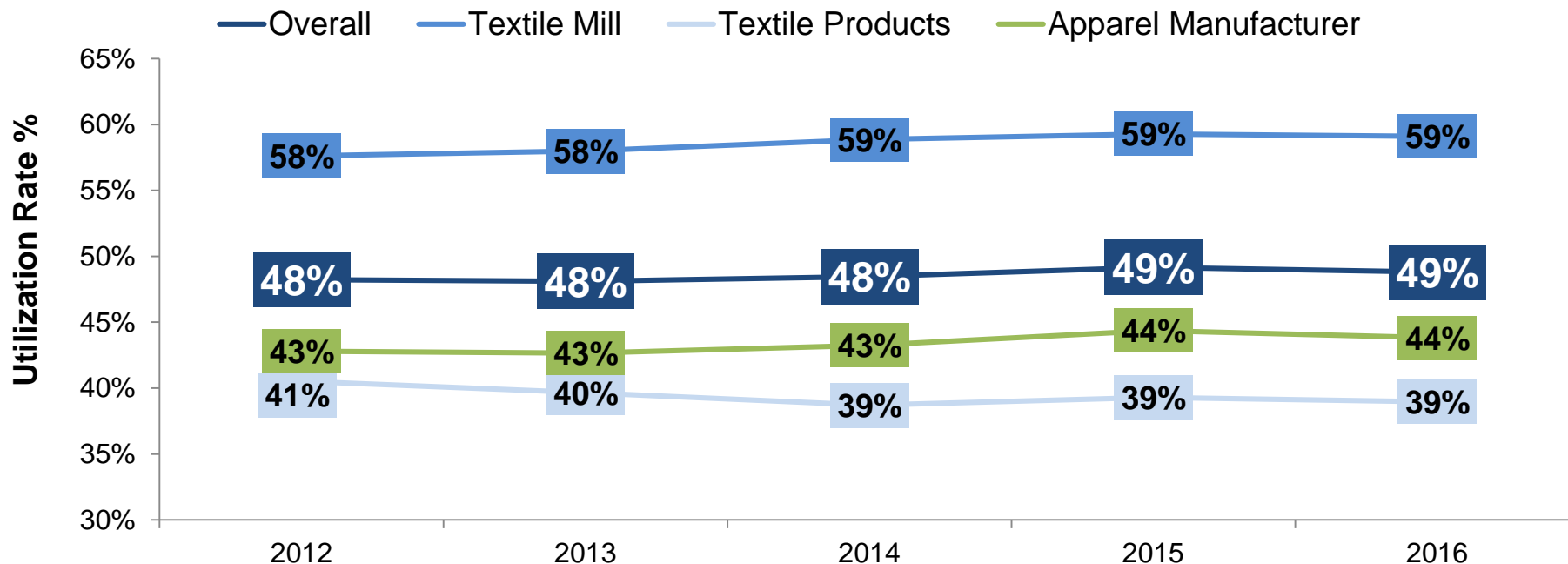
— Total Footwear-Related Sales — Total Sales from Footwear Manufactured in the U.S. — Footwear-Related Government Sales





## U.S. Textile and Apparel - Manufacturing Utilization Rate

**Estimate your organization's average annual manufacturing utilization rate for 2012-2016, as a percentage of maximum production possible under a 7-day-a-week, 24-hour-per-day operation**



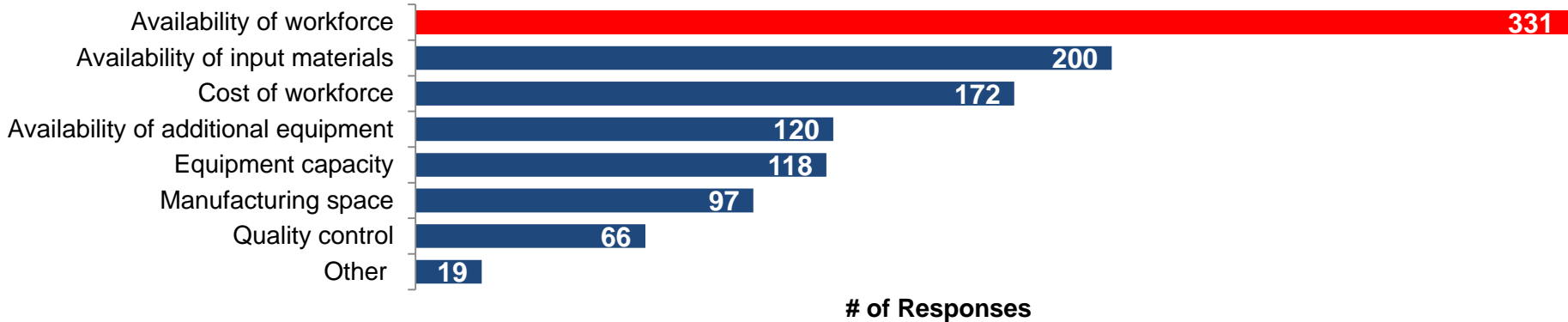
Average manufacturing utilization rate for each of the years 2012-2015, as a percentage of production possible under a 7 day-per-week, 24-hour-per-day operation.

- Note: a 100% utilization rate equals full operation with no downtime beyond that necessary for maintenance. Assuming little maintenance downtime, one 8-hour shift, 5 days per week is approximately 25% capacity utilization; two 8-hour shifts, 7 days per week is approximately 65% capacity utilization.



## U.S. Textile and Apparel – Manufacturing Utilization Rate

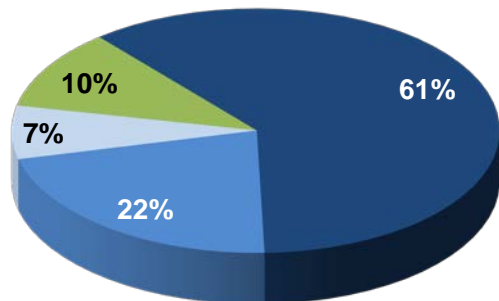
Identify which of the factors below would limit your organization's ability to raise its manufacturing utilization rate to 100% (maximum current capacity) to meet a surge in demand.



### Limiting Factors to Ramping Production to Maximum Manufacturing Capacity: Availability of Workforce

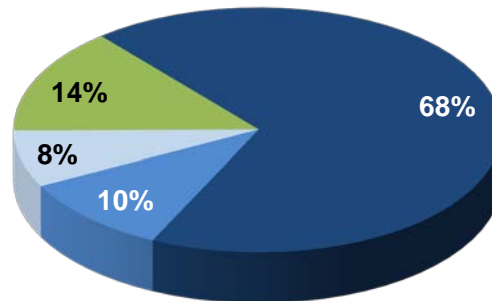
#### Textile Mills

■ Yes ■ No ■ Not Sure ■ N/A



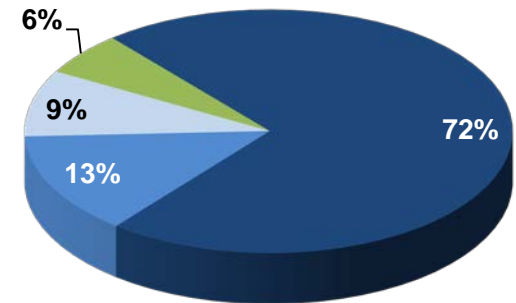
#### Textile Products

■ Yes ■ No ■ Not Sure ■ N/A



#### Apparel Manufacturers

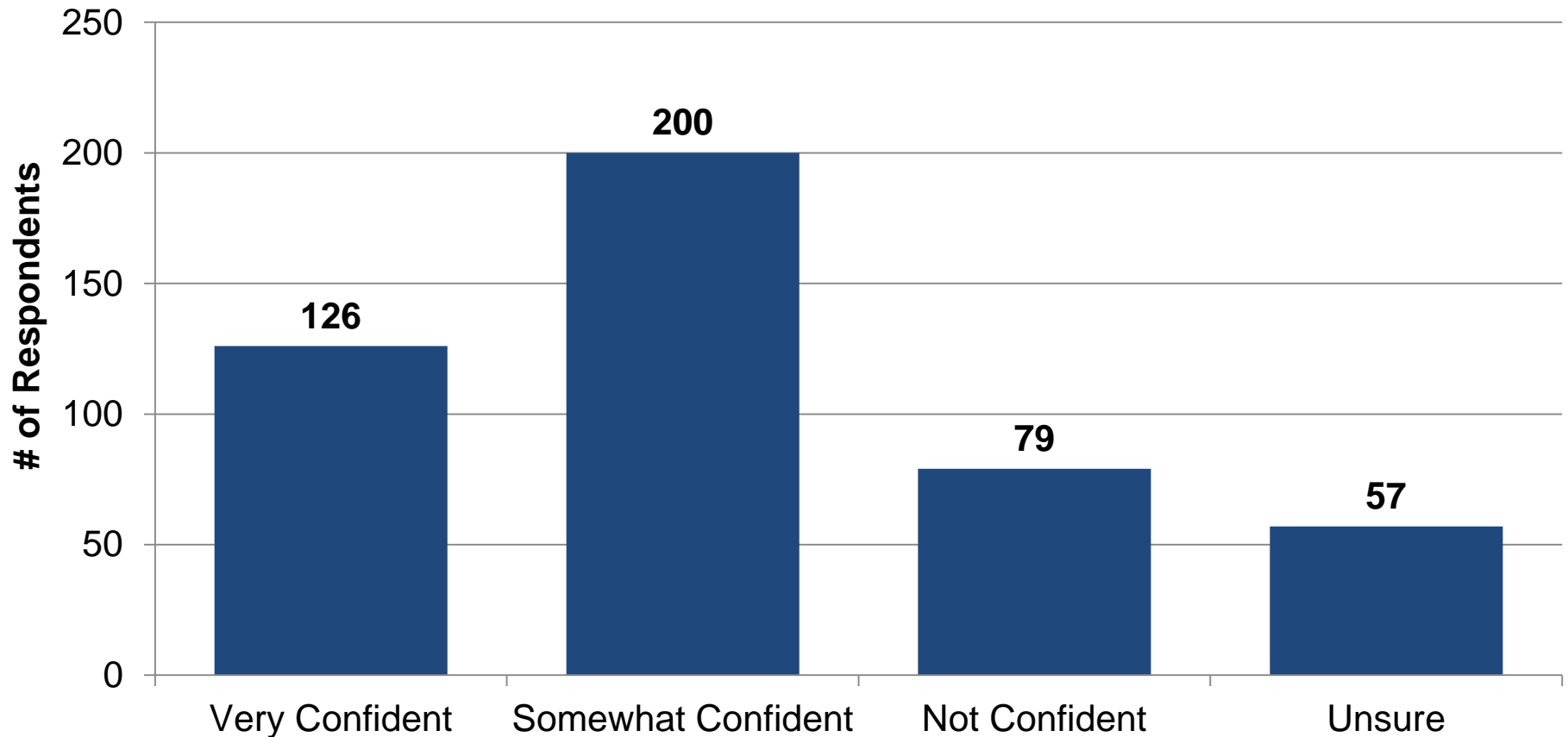
■ Yes ■ No ■ Not Sure ■ N/A





## U.S. Textile and Apparel – Surge Production Capabilities

**How confident are you that your organization could obtain the material necessary to rapidly ramp up production in the event of a national emergency?**

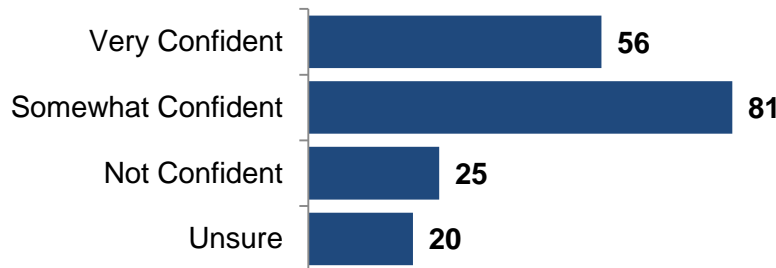




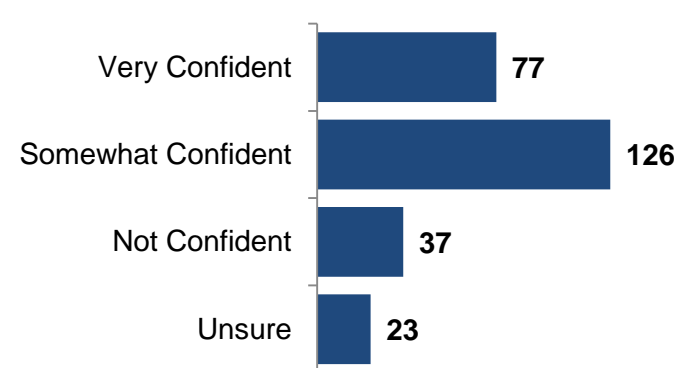
## U.S. Textile and Apparel – Surge Production Capabilities

**How confident are you that your organization could obtain the material necessary to rapidly ramp up production in the event of a national emergency?**

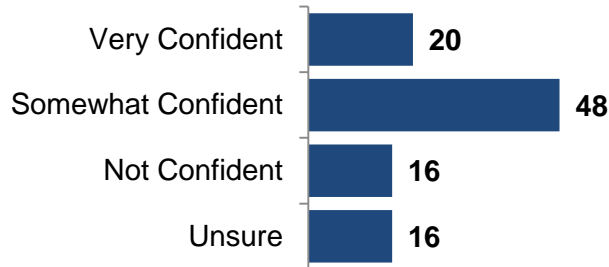
### Textile Mills



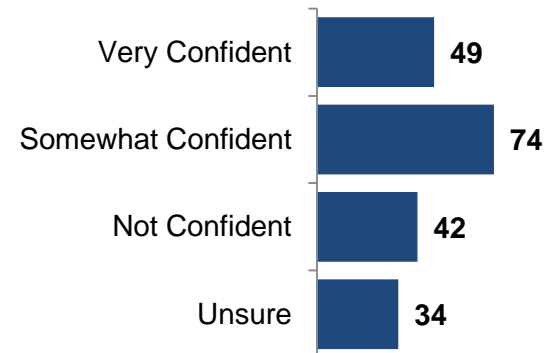
### USG Suppliers



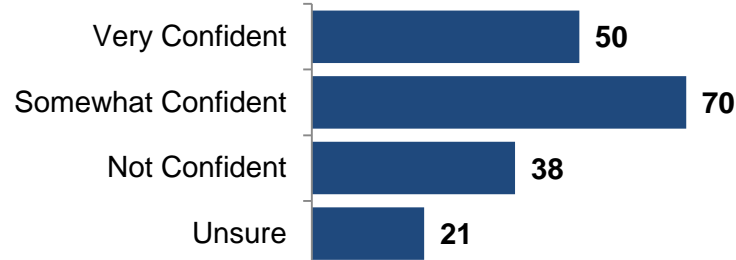
### Textile Products



### Others



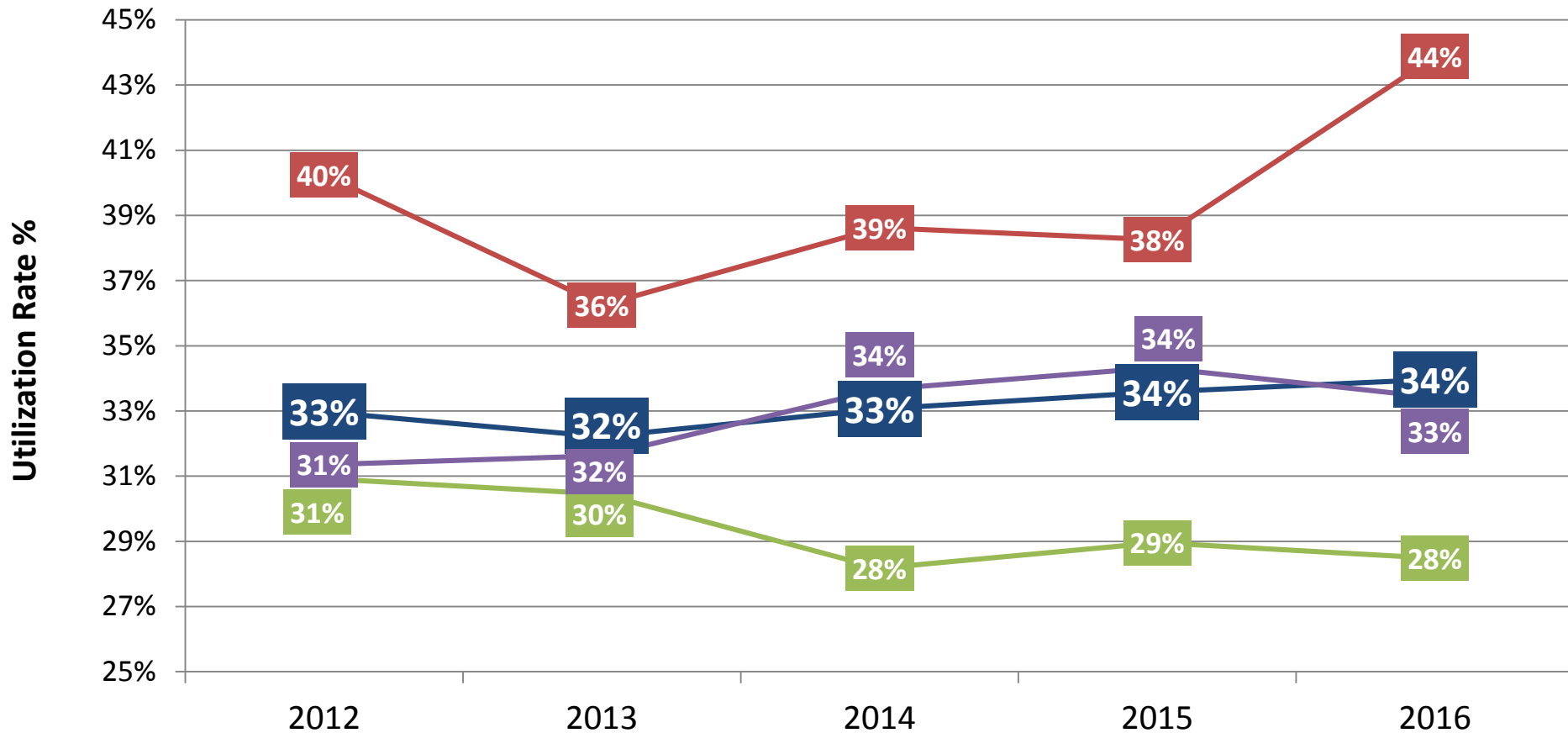
### Apparel Manufacturers





## Average Annual U.S. Footwear Capacity Utilization Rate (2012-2016)

— Average Utilization Rate — Large >\$50M — Medium \$10M-\$50M — Small <\$10M

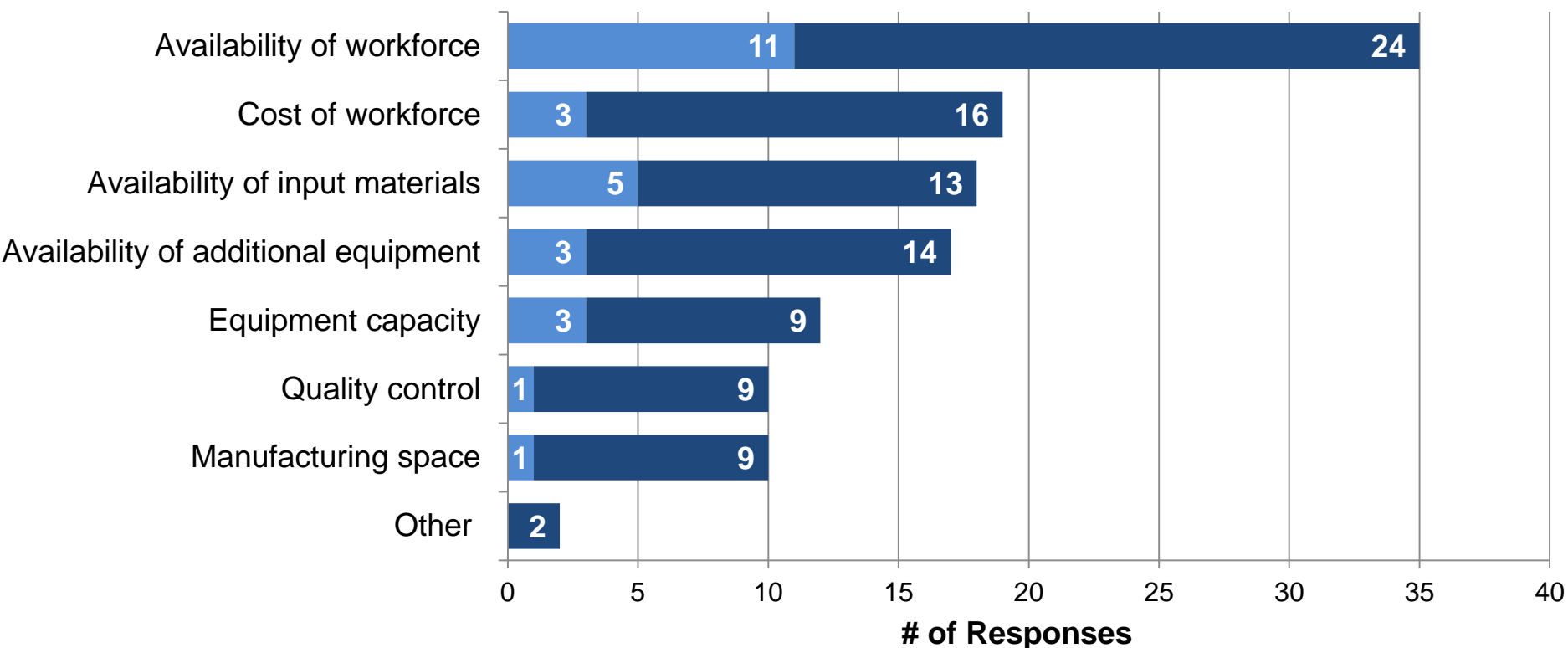




## U.S. Footwear - Manufacturing Utilization Rate

**Identify which of the factors below would limit your organization's ability to raise its manufacturing utilization rate to 100% (maximum current capacity) to meet a surge in demand.**

■ Berry Amendment Manufacturers    ■ Other Manufacturers



Q6,D

Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017

44 respondents

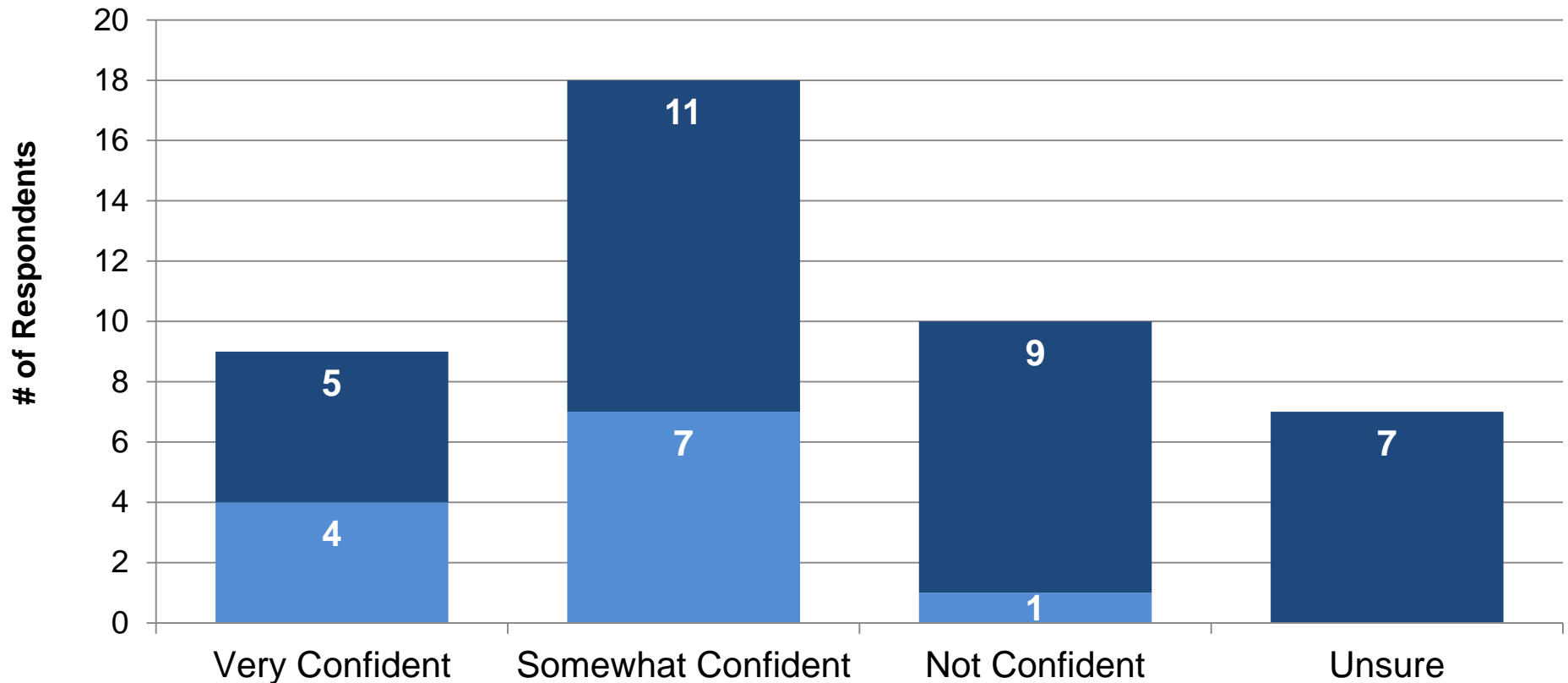




## U.S. Footwear – Surge Production Capabilities

**How confident are you that your organization could obtain the material necessary to rapidly ramp up production in the event of a national emergency?**

■ Berry Amendment Manufacturers    ■ Other Manufacturers



Q6,D

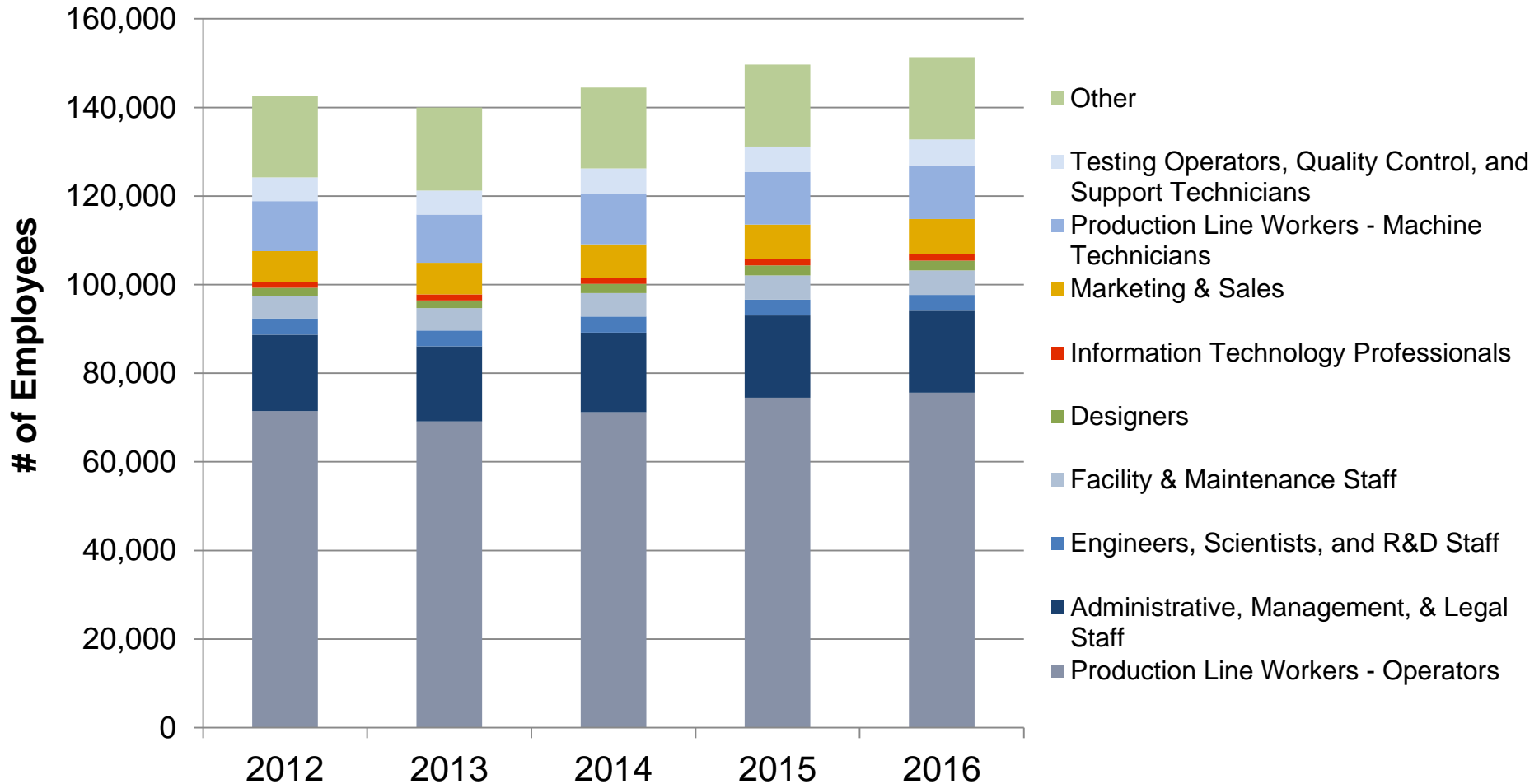
Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017

44 respondents



## U.S. Textiles and Apparel - Workforce

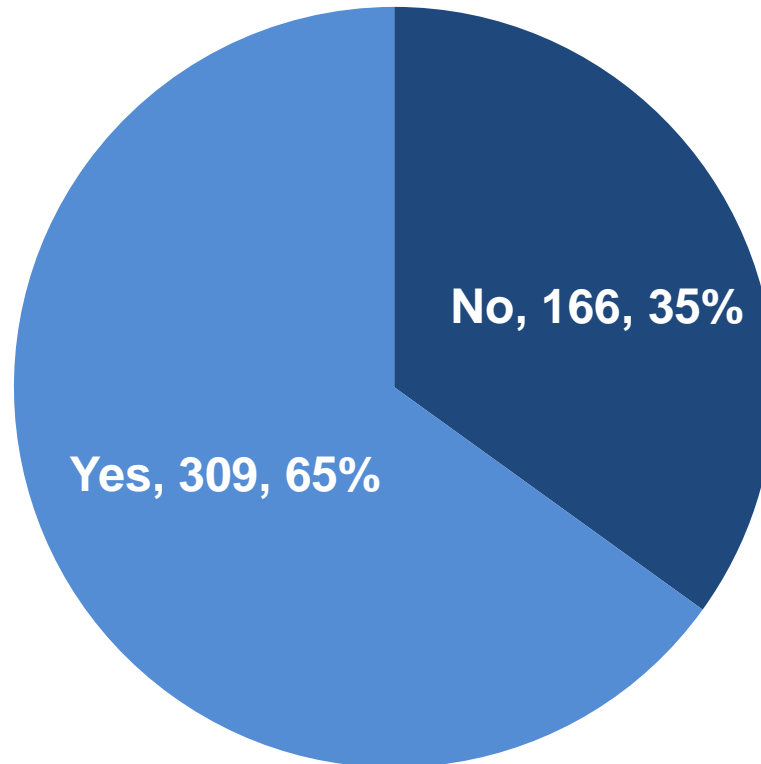
### Total number of full-time equivalent (FTE) textile and/or apparel-related employees for all your U.S.-based operations (2012-2016)





## U.S. Textiles and Apparel - Workforce

**Does your organization have difficulty hiring and/or retaining any type of employees for your textile and/or apparel-related operations?**

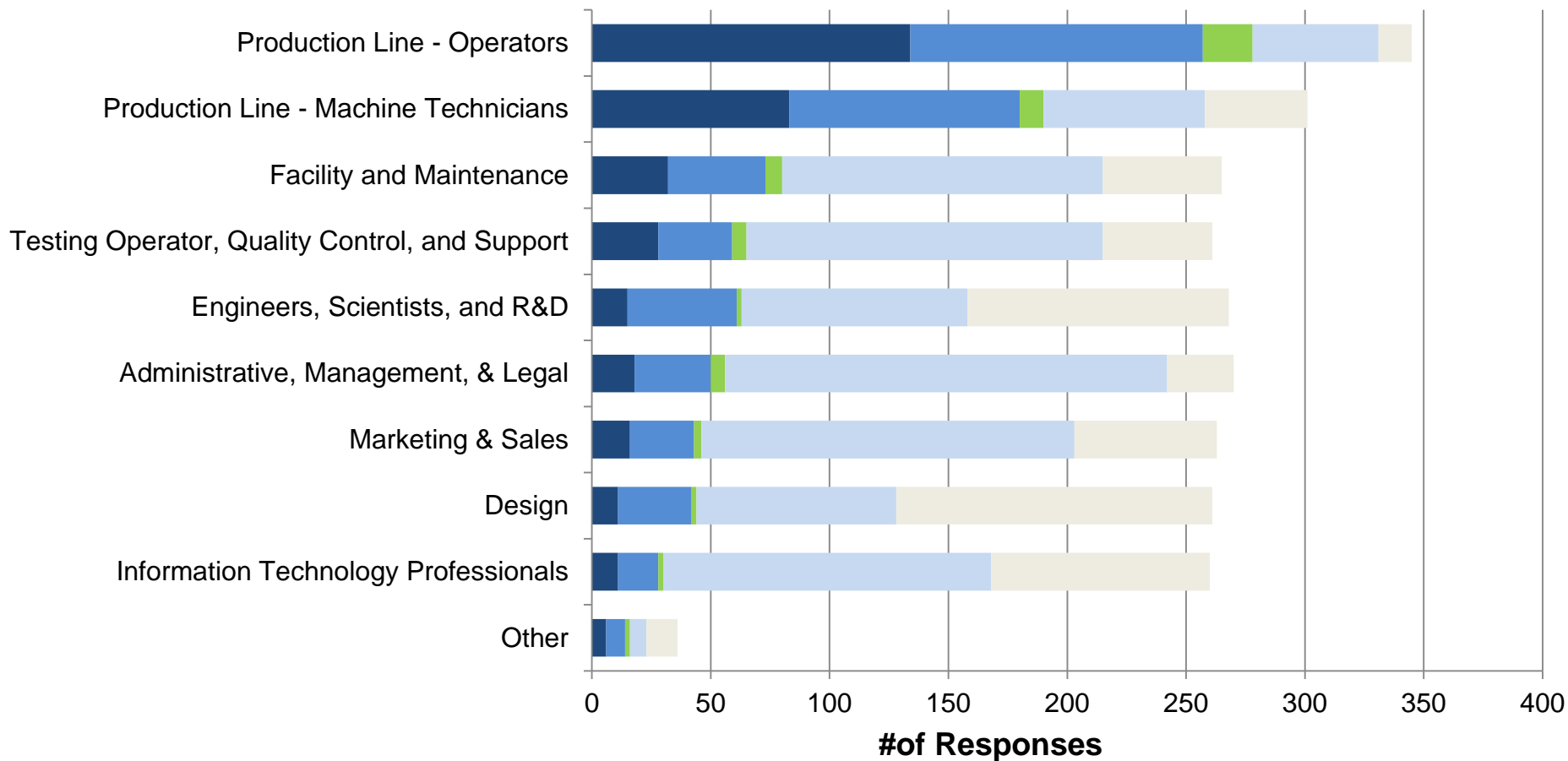




## U.S. Textiles and Apparel - Workforce

**Does your organization have difficulty hiring and/or retaining any type of employees for your textile and/or apparel-related operations?**

■ Both ■ Hiring ■ Retaining ■ Neither ■ Not Applicable



Q11a, B

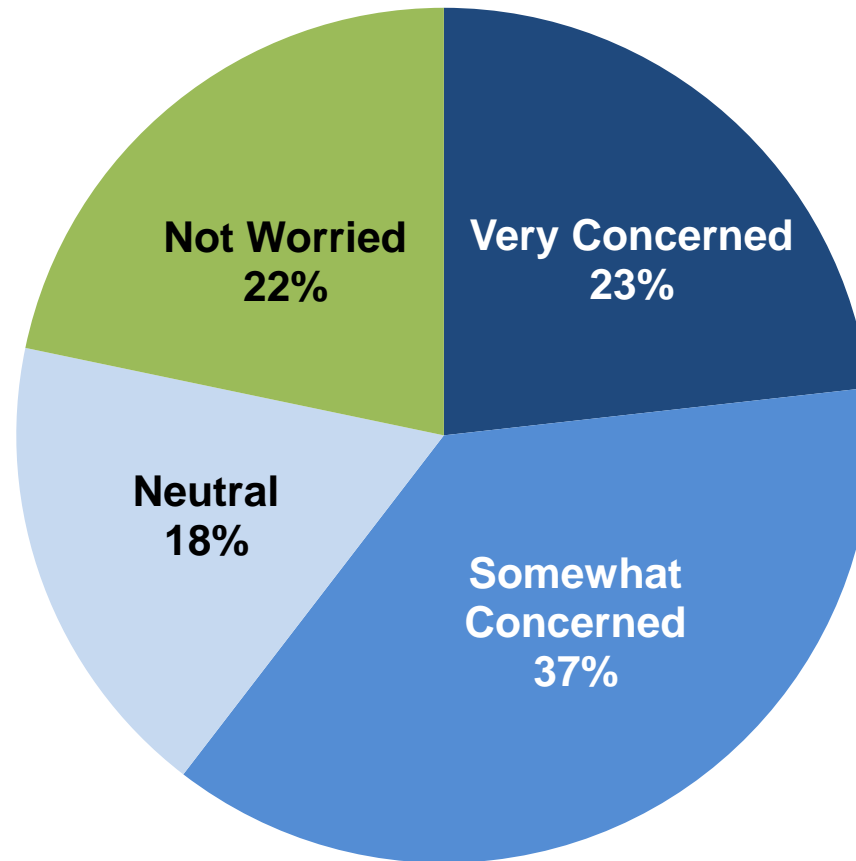
Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017

499 respondents



## U.S. Textiles and Apparel - Workforce

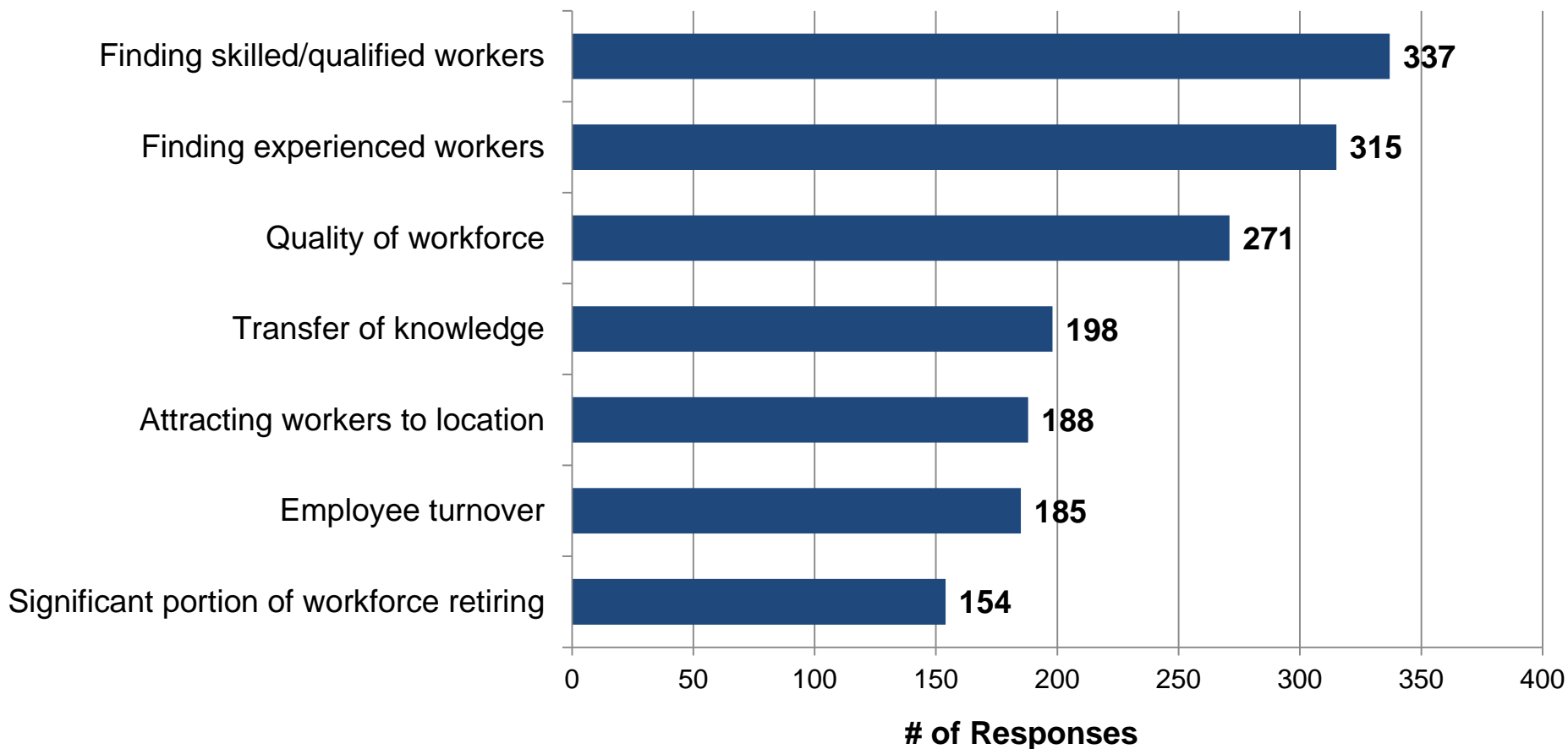
**How concerned is your organization about your current textile and/or apparel-related workforce retiring in the near future?**





## U.S. Textiles and Apparel - Workforce

**Select and explain the key workforce issues you anticipate between 2017-2021**



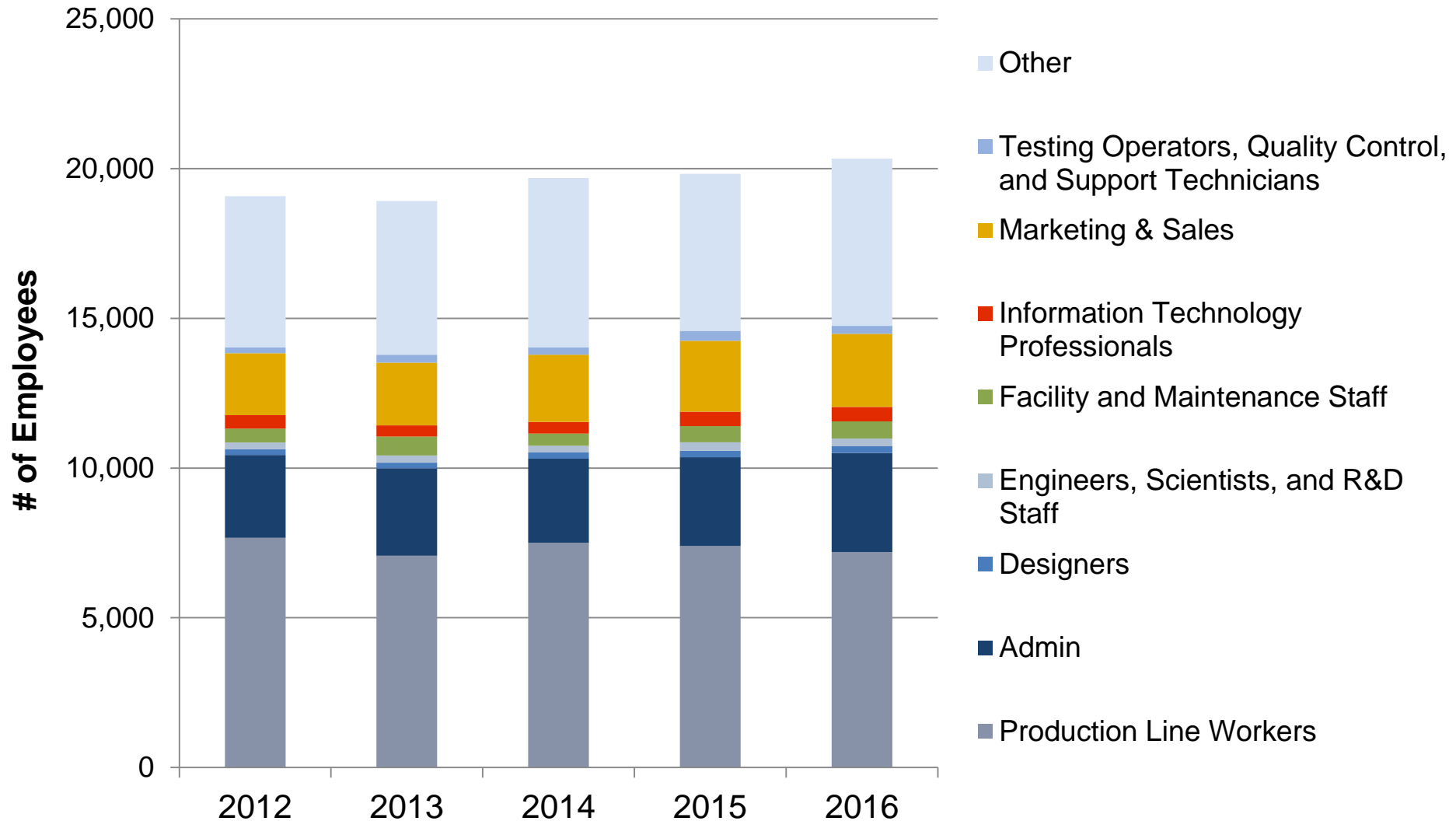
Q11b, C

Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017

499 respondents



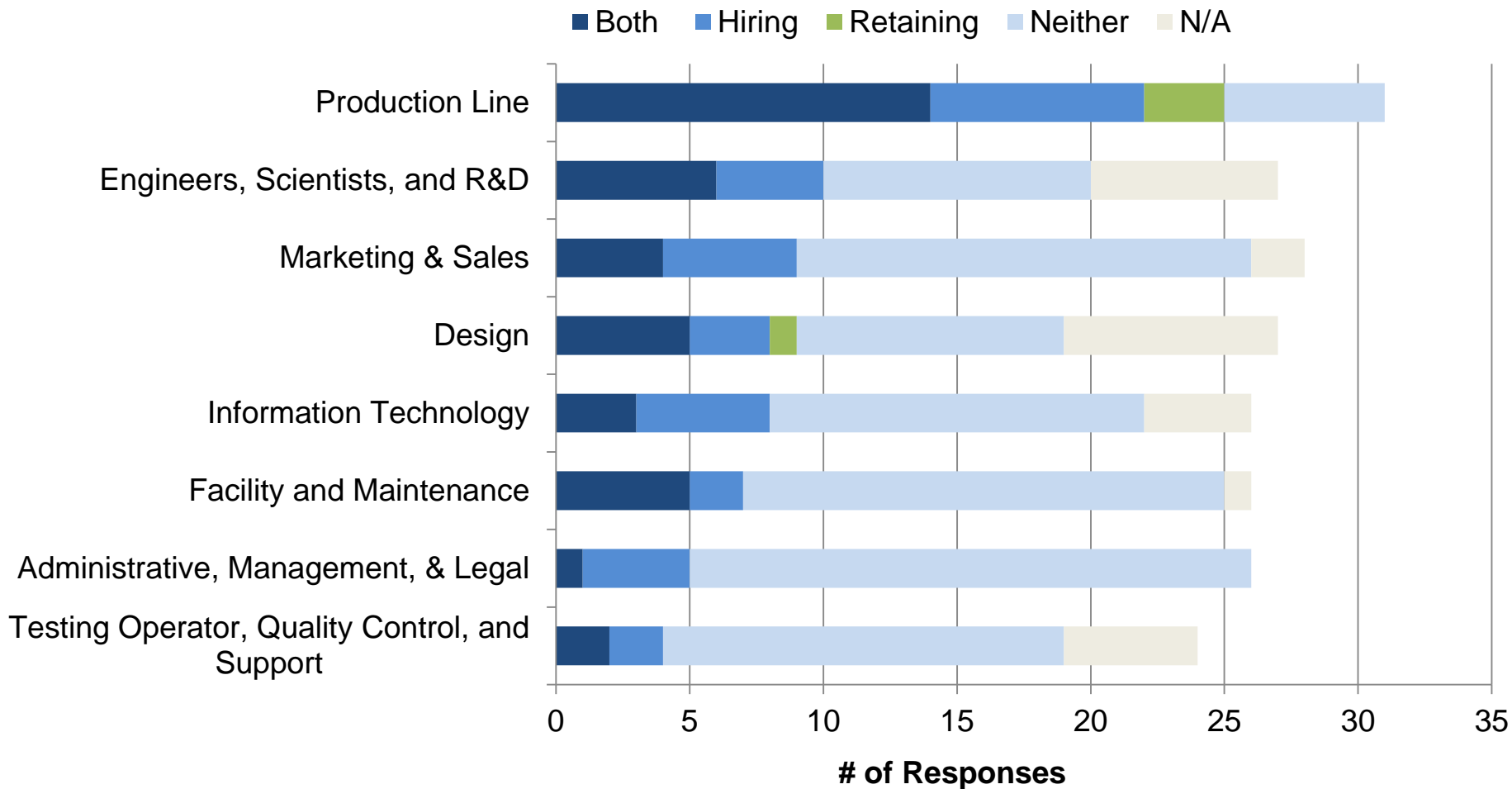
## U.S. Footwear - Workforce





## U.S. Footwear - Workforce

**Does your organization have difficulty hiring and/or retaining any type of employees for your footwear-related operations?**

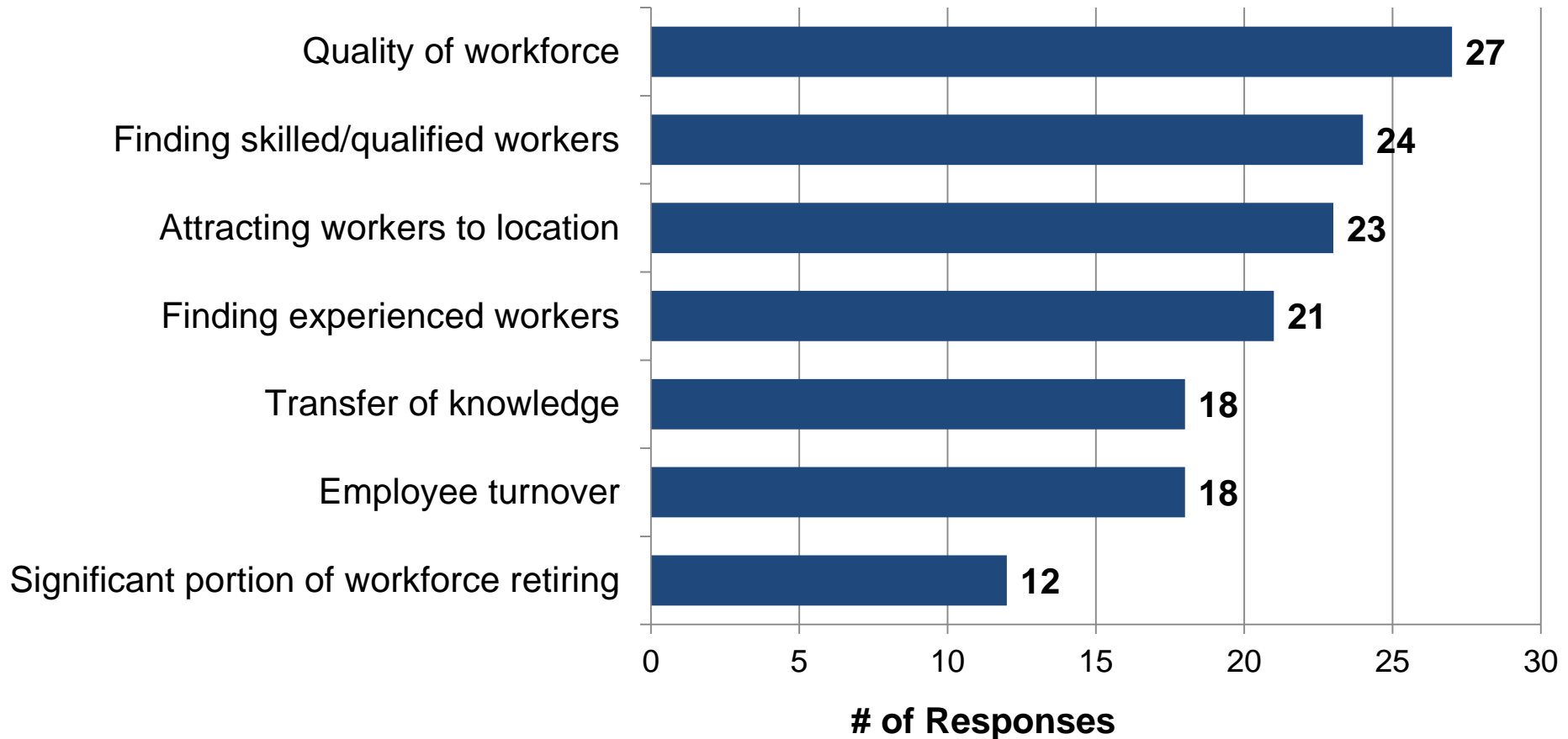






## U.S. Footwear - Workforce

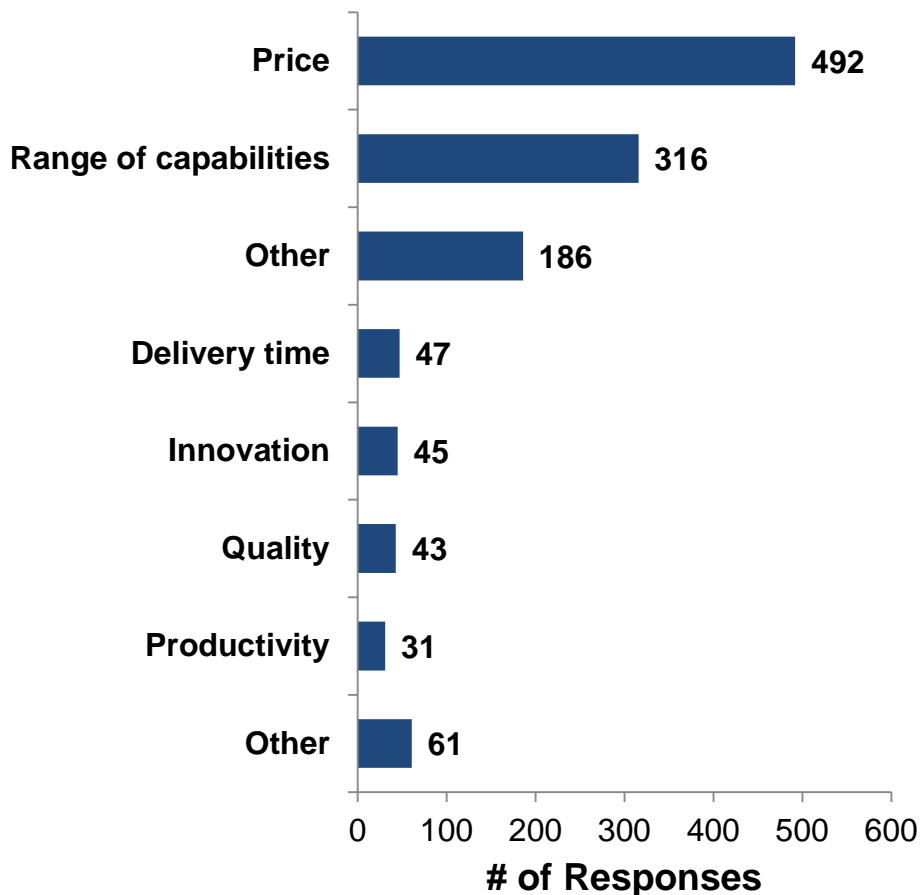
Select and explain the key workforce issues you anticipate between 2017-2021



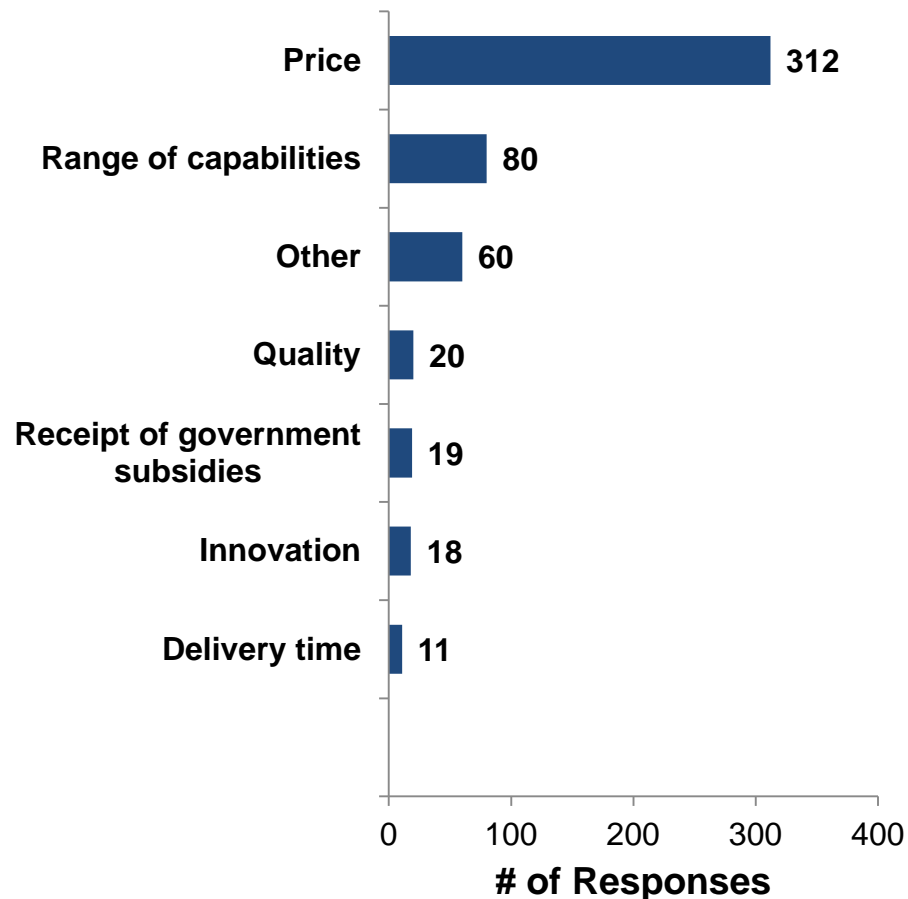


## U.S. Textiles and Apparel - Competitive Attributes

### Primary competitive attributes of leading U.S. competitors



### Primary competitive attributes of leading non-U.S. competitors



Q12b, A

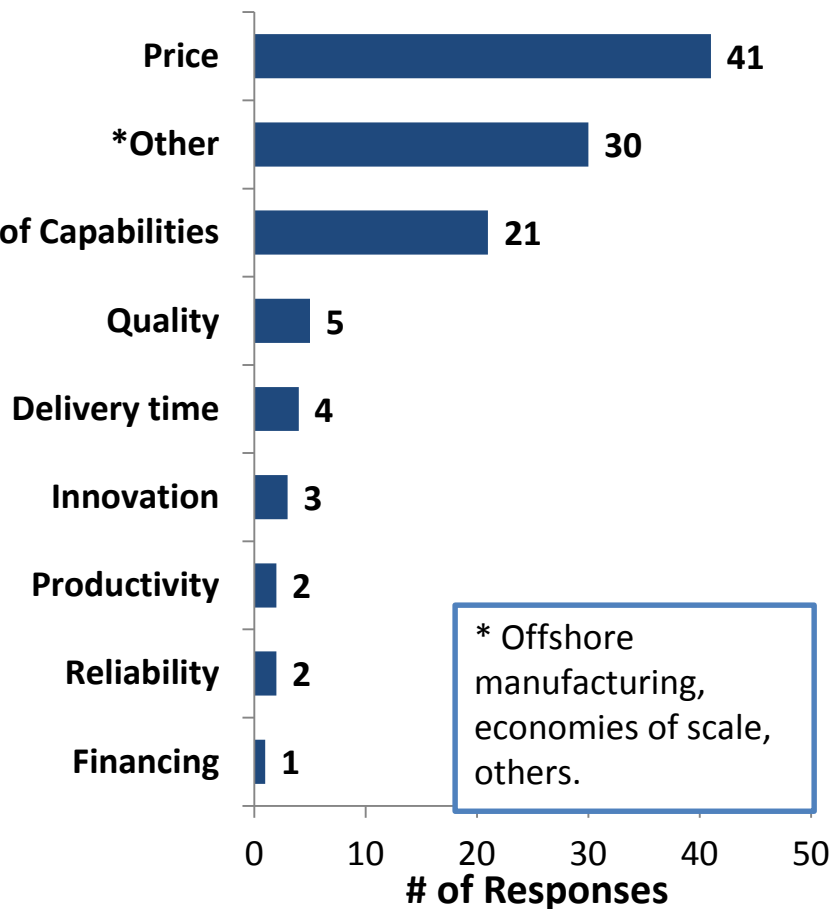
Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017

499 respondents

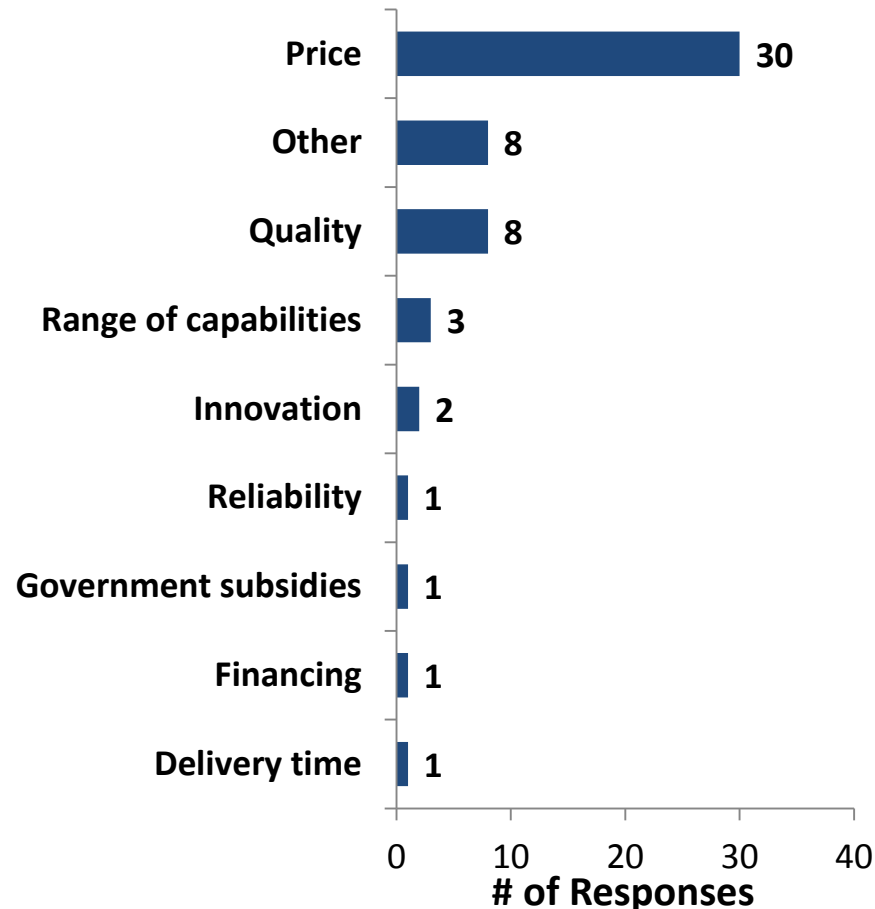


## U.S. Footwear - Competitive Attributes

### Primary competitive attributes of leading U.S. competitors



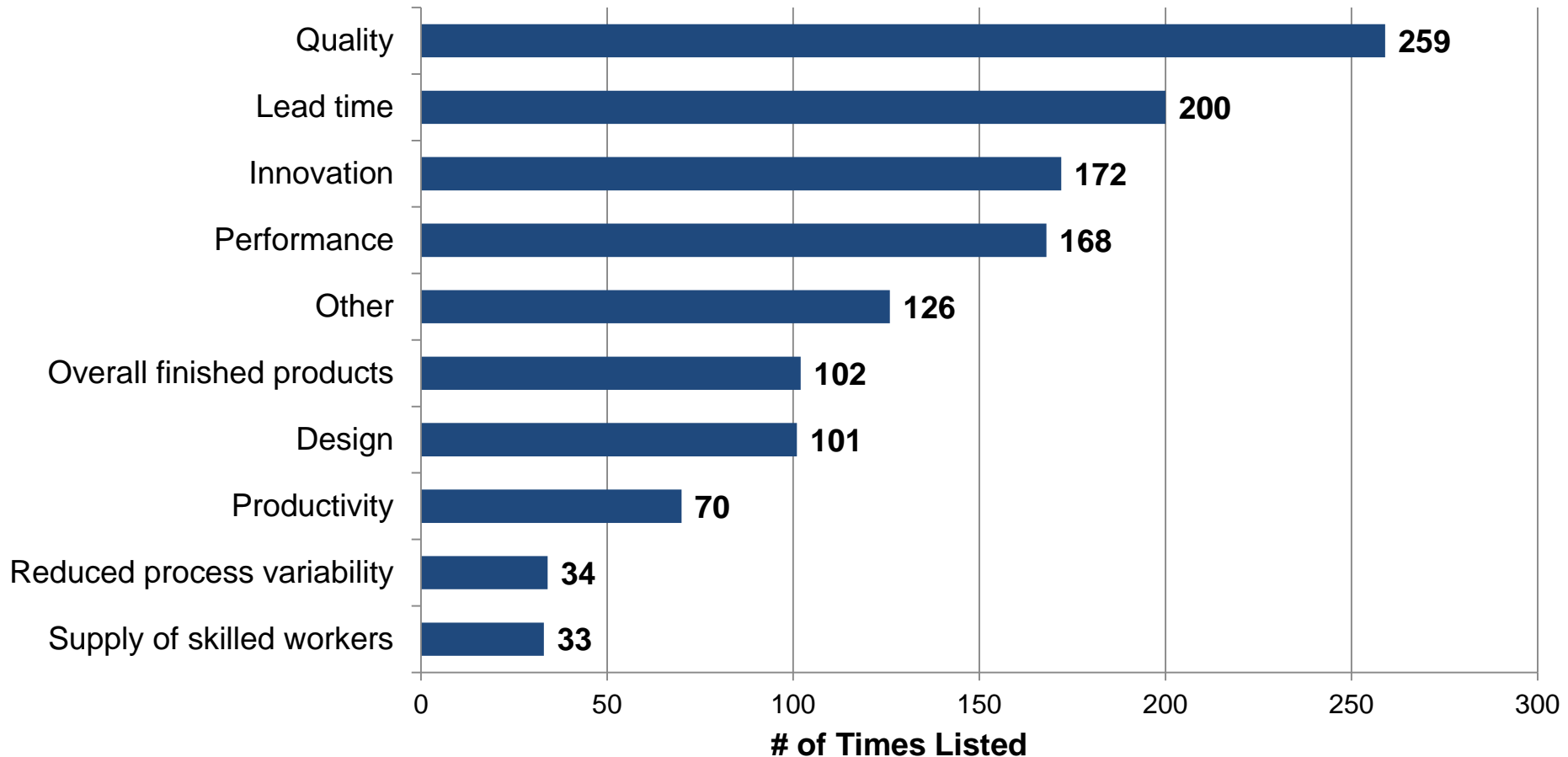
### Primary competitive attributes of leading non-U.S. competitors





# U.S. Textiles and Apparel – Top Competitive Advantages

Identify the top five competitive advantages your organization's U.S.-based manufacturing operations possess as they relate to foreign competition



Q12b, B

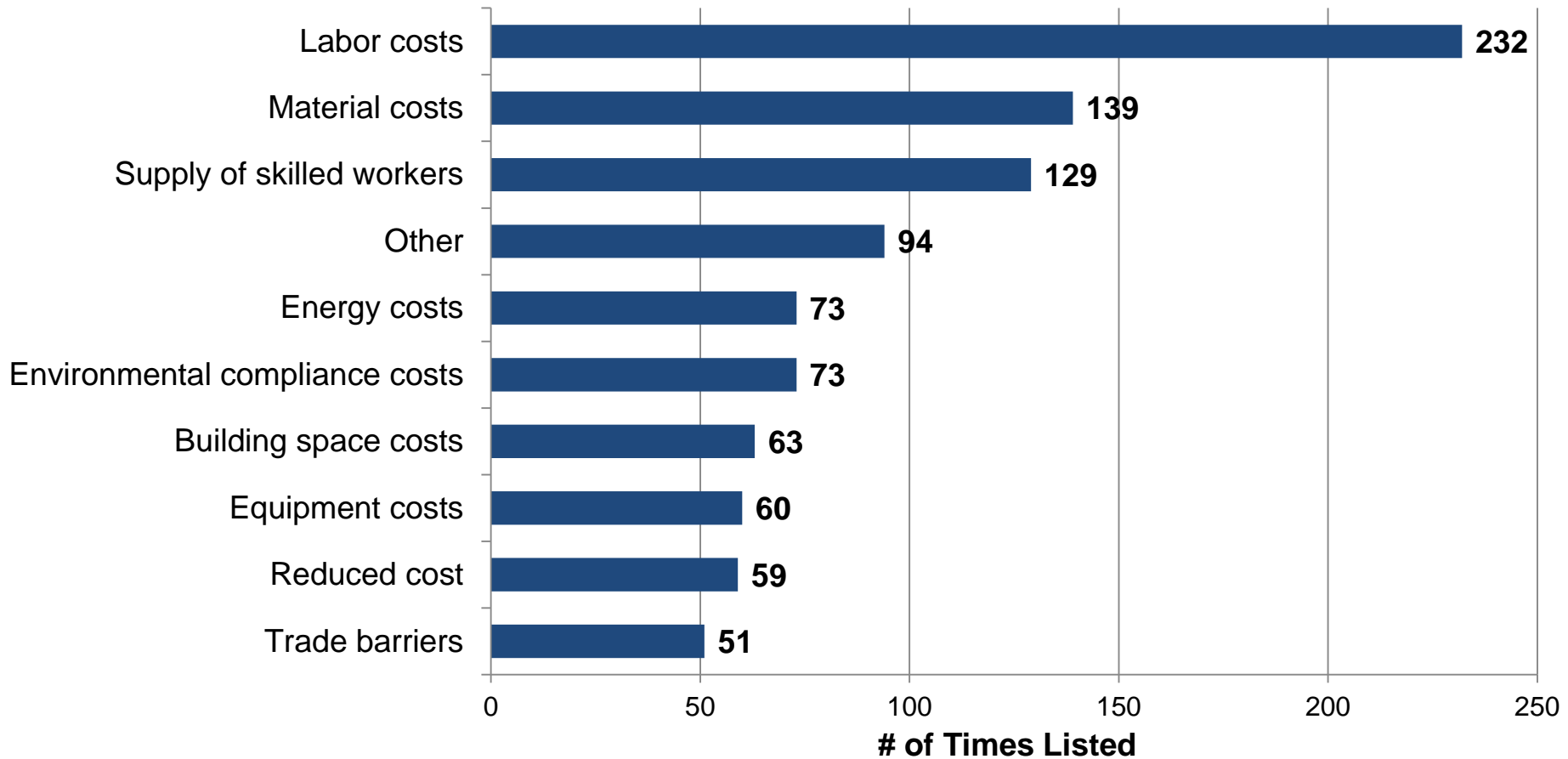
Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017

499 respondents



# U.S. Textiles and Apparel – Top Competitive Disadvantages

Identify the top five competitive disadvantages your organization's U.S.-based manufacturing operations possess as they relate to foreign competition



Q12b, B

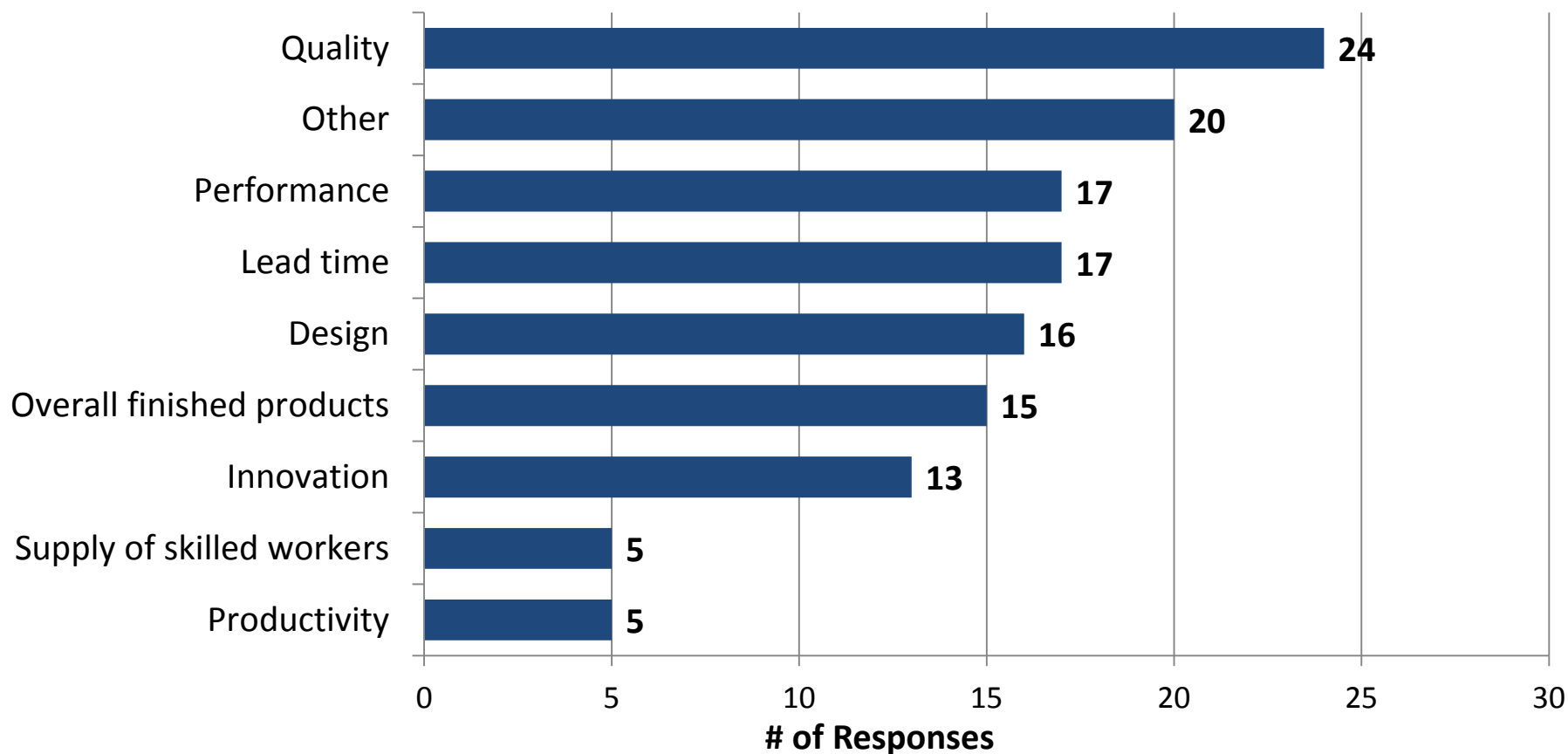
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499 respondents



## U.S. Footwear - Top Competitive Advantages

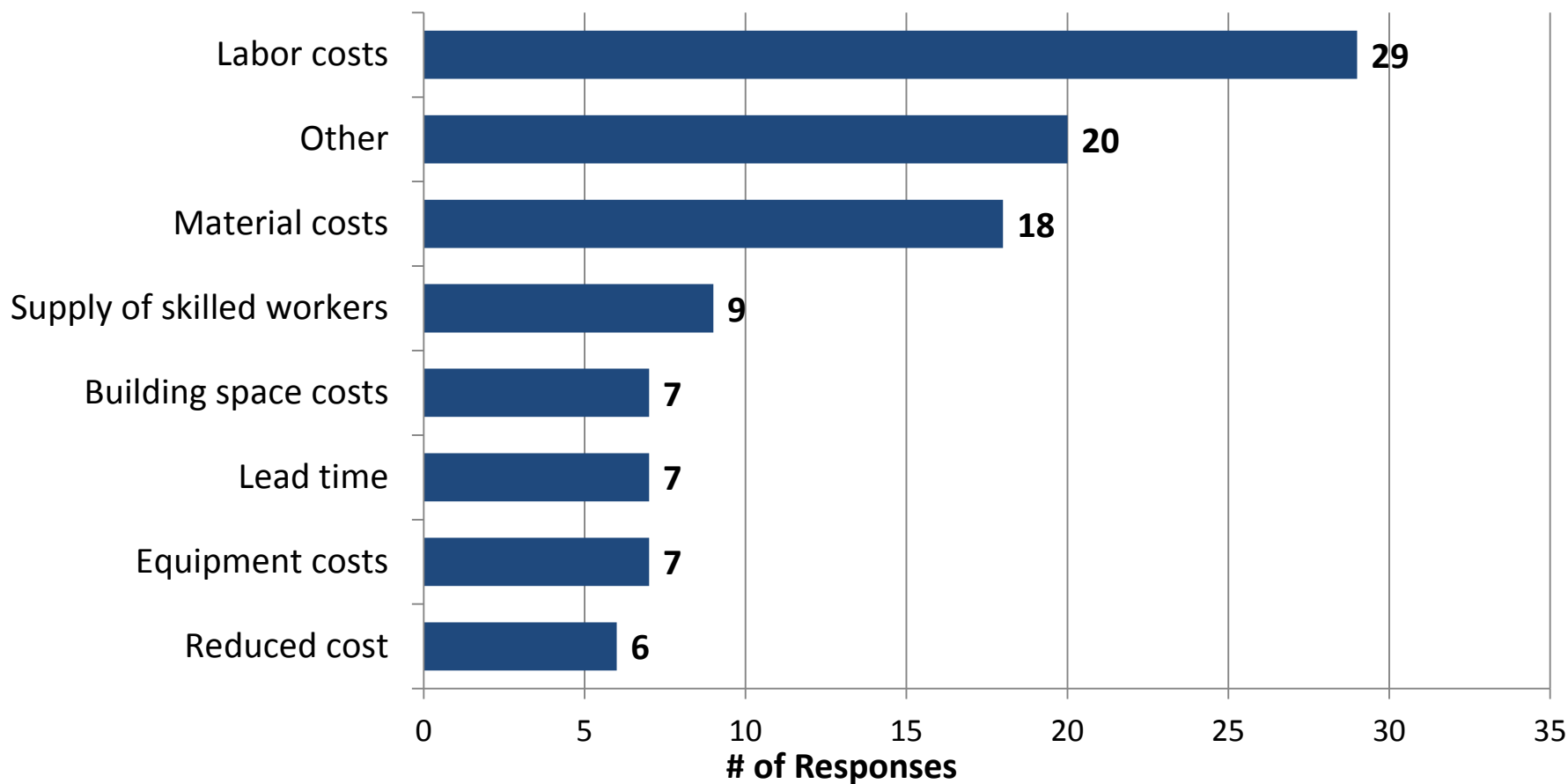
Identify the top five competitive advantages your organization's U.S.-based footwear manufacturing operations possess as they relate to foreign competition.





## U.S. Footwear - Top Competitive Disadvantages

Identify the top five competitive disadvantages your organization's U.S.-based footwear manufacturing operations possess as they relate to foreign competition.

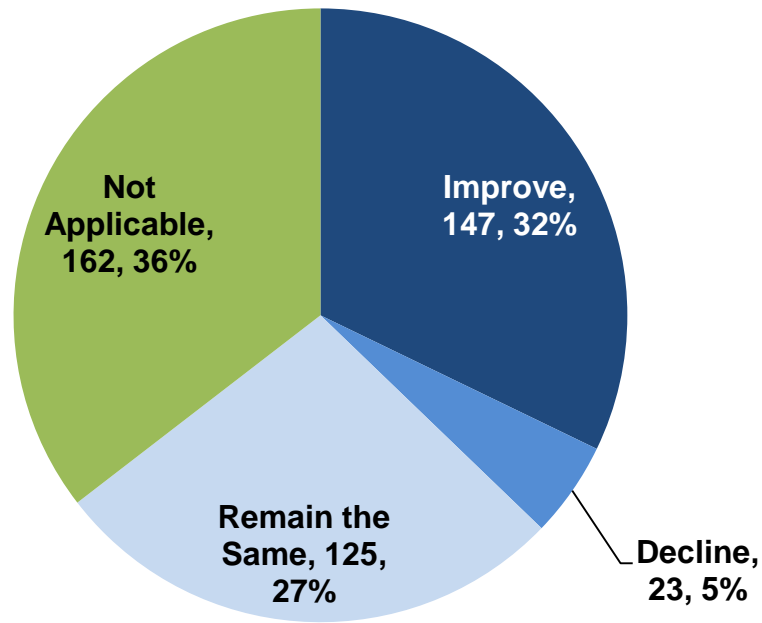




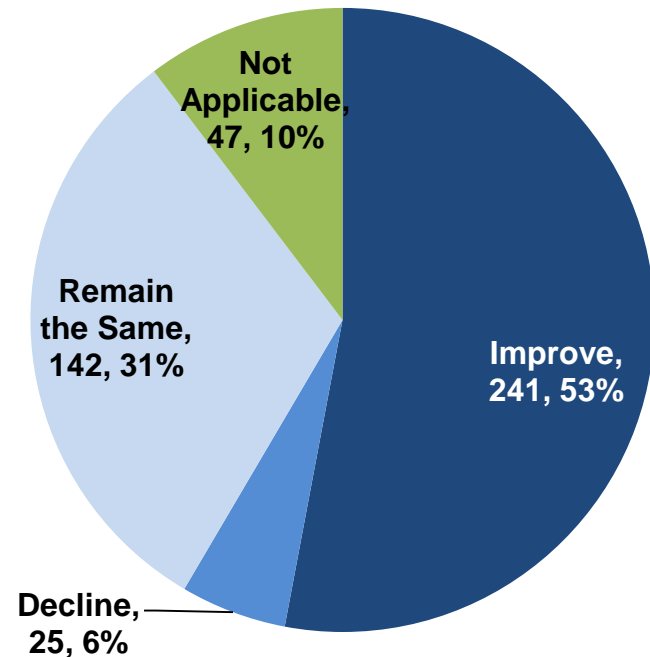
## U.S. Textiles and Apparel: Competitive Outlook (Defense-related and Commercial)

**Anticipated changes in competitive prospects for U.S. textile and/or apparel operations (both defense-related and commercial) from 2017 through 2021?**

**Defense-related: 457 respondents**



**Commercial: 455 respondents**

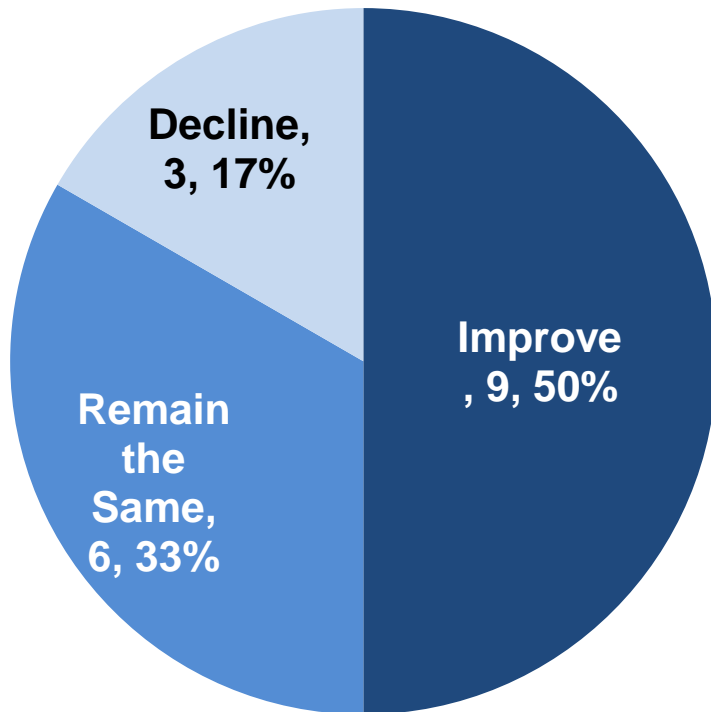






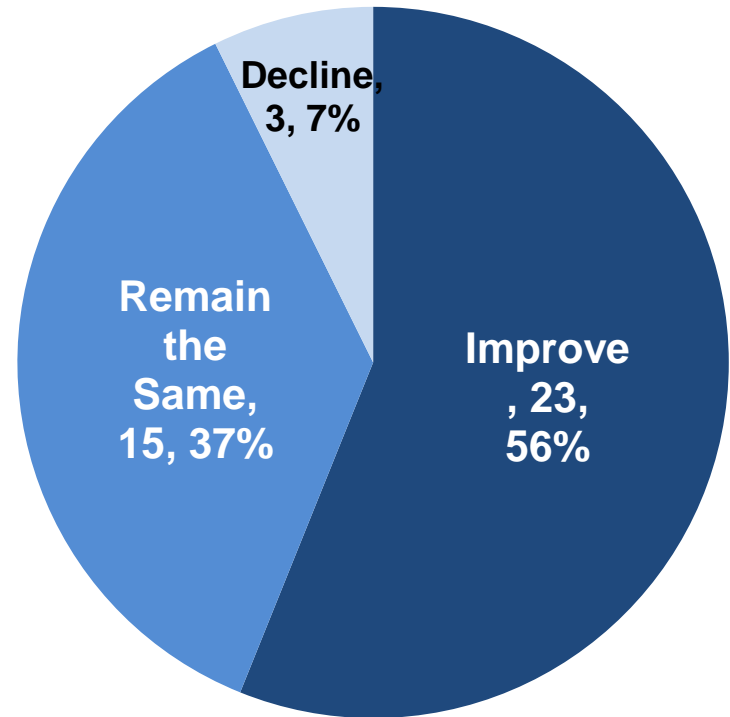
## U.S. Footwear - Competitive Outlook (2017-2021) (Defense-Related and Commercial)

### Defense-Related



\* 26 of 44 respondents selected 'Not Applicable'

### Commercial

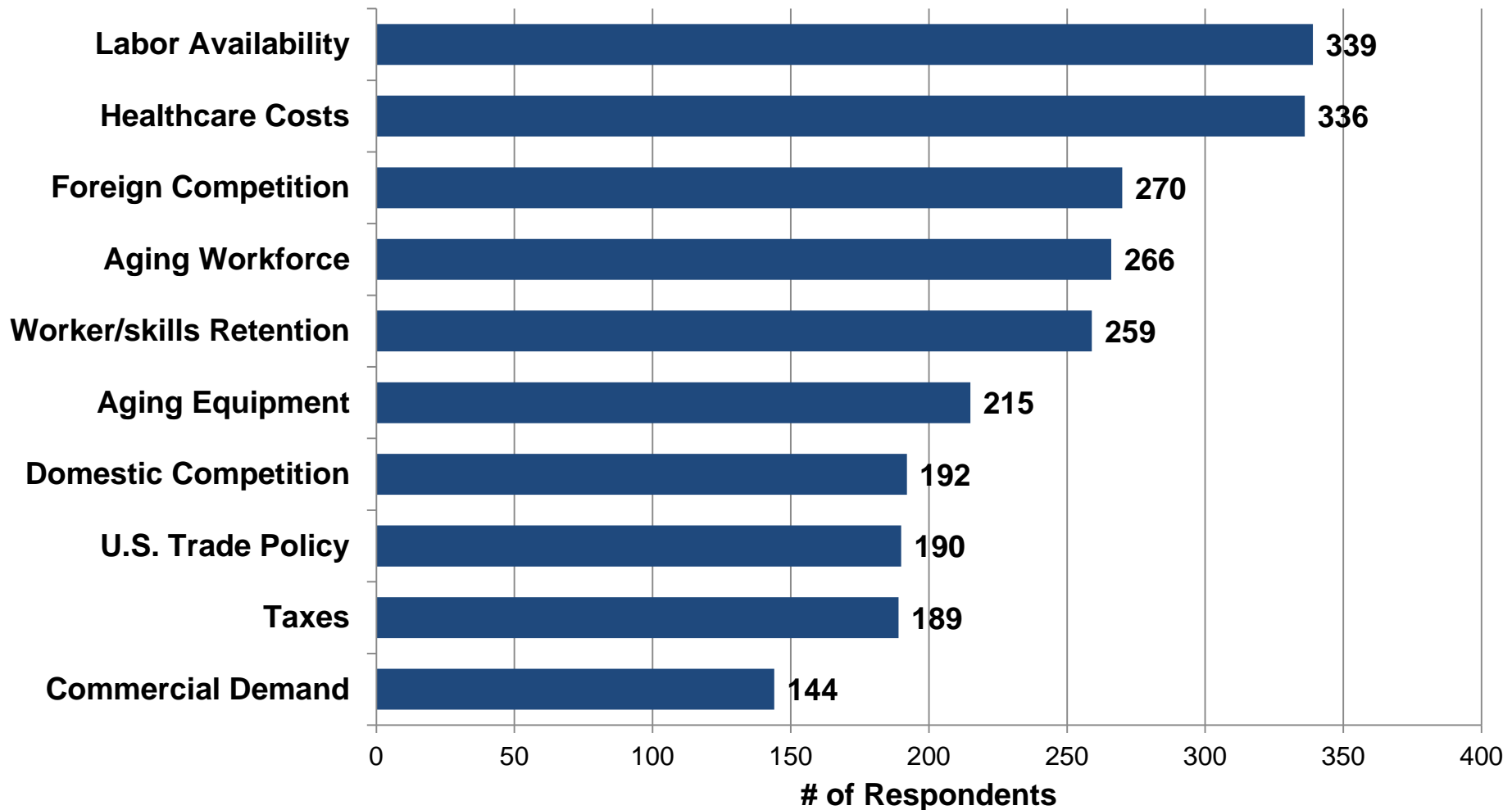


\*3 of 44 respondents selected 'Not Applicable'



## U.S. Textiles and Apparel – Challenges

### Top 10 Challenges



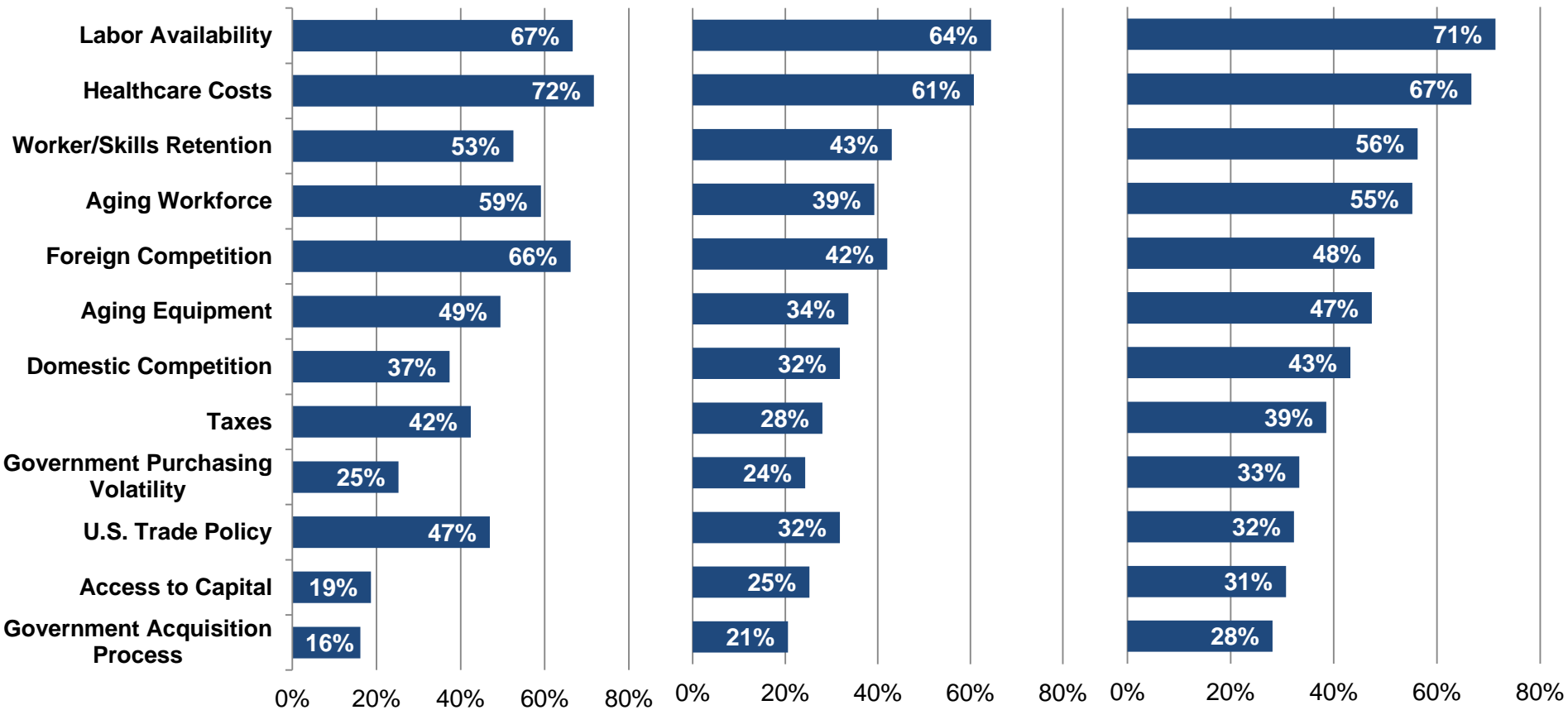


## U.S. Textiles and Apparel – Challenges Percentage of Respondents Selecting Adversely Affecting Issues

### Textile Mills

### Textile Product Mills

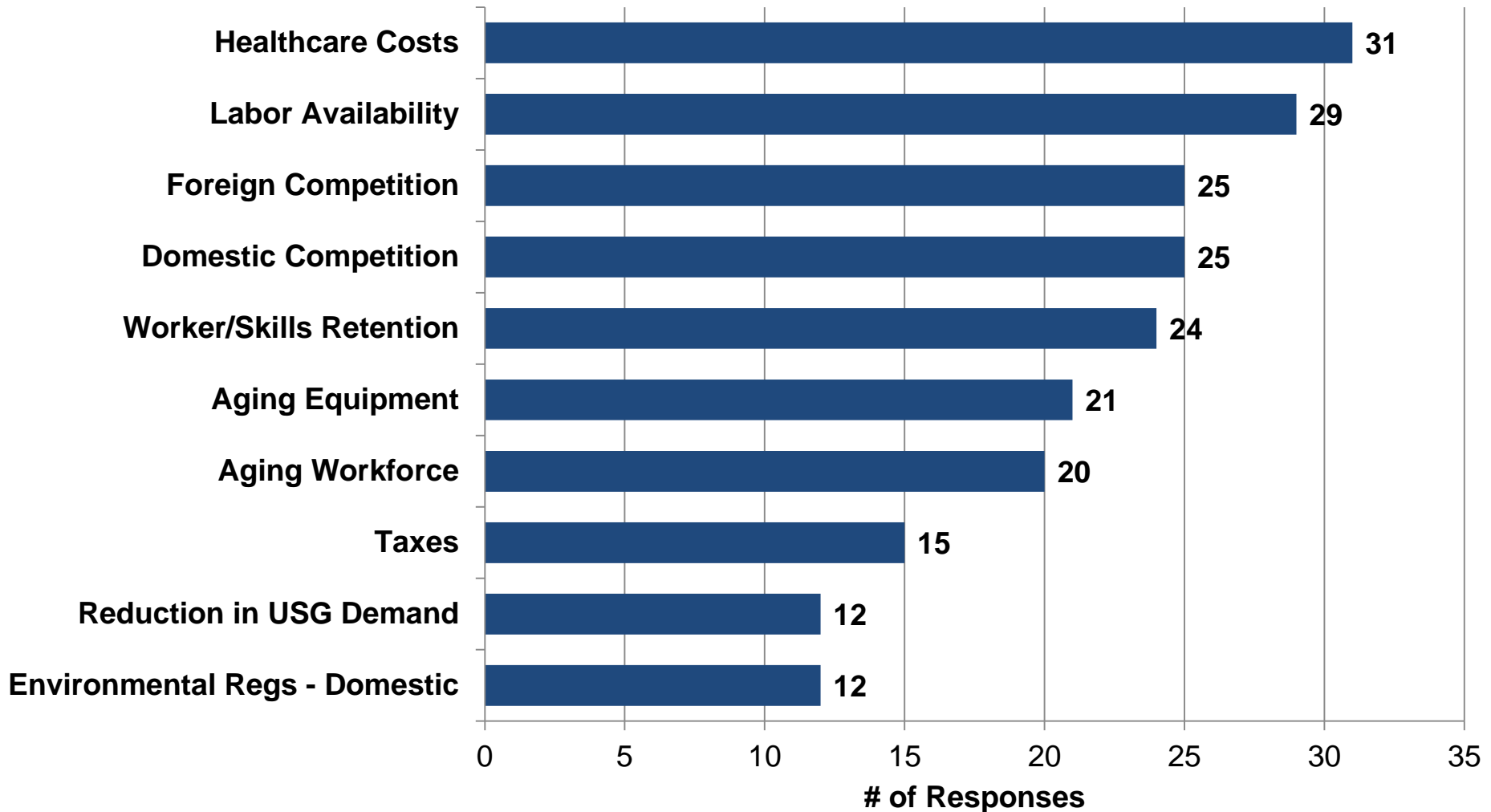
### Apparel Manufacturers





## U.S. Footwear - Challenges

### Top 10 Challenges



Q15, A

Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017

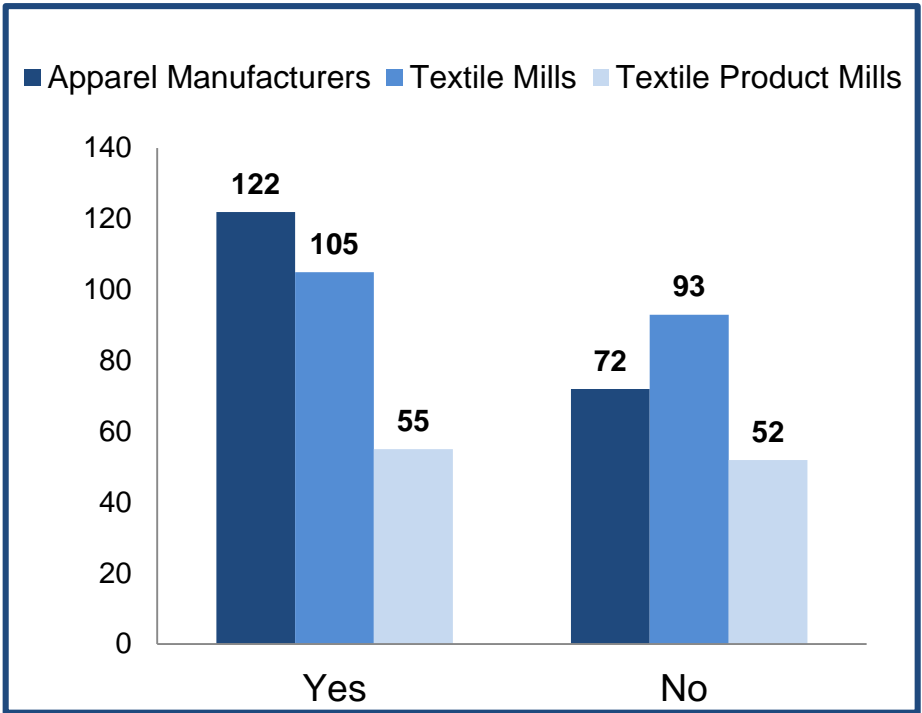
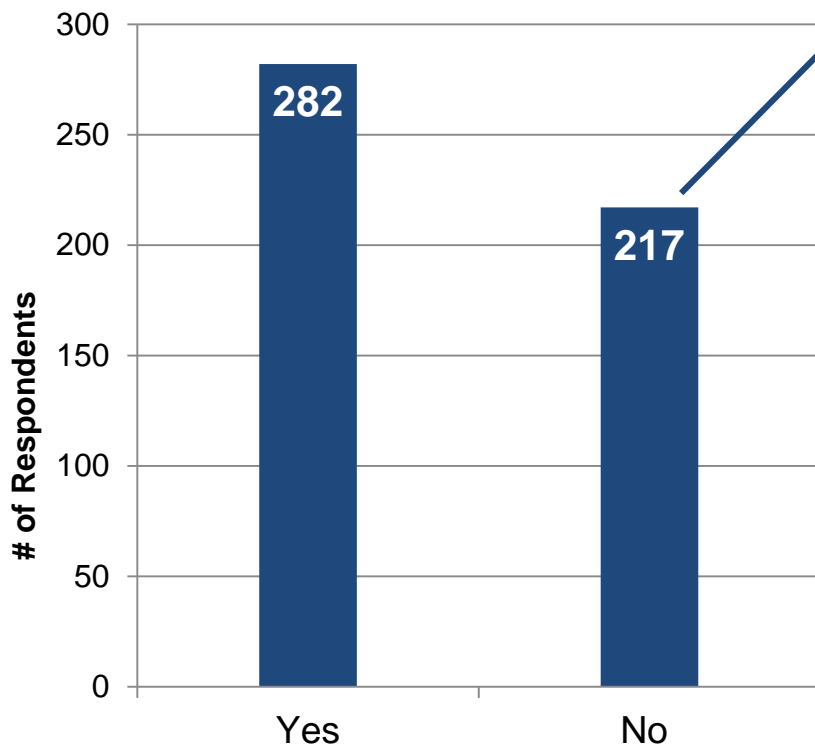
44 respondents



## U.S. Textile and Apparel - Participation in U.S. Government Programs (2012-2016)

**Has your organization manufactured textiles and/or apparel for the U.S. Government (defense and/or non-defense) during 2012 through 2016?**

185 organizations reported having interest in manufacturing for the USG.



499 respondents

Q3a, A

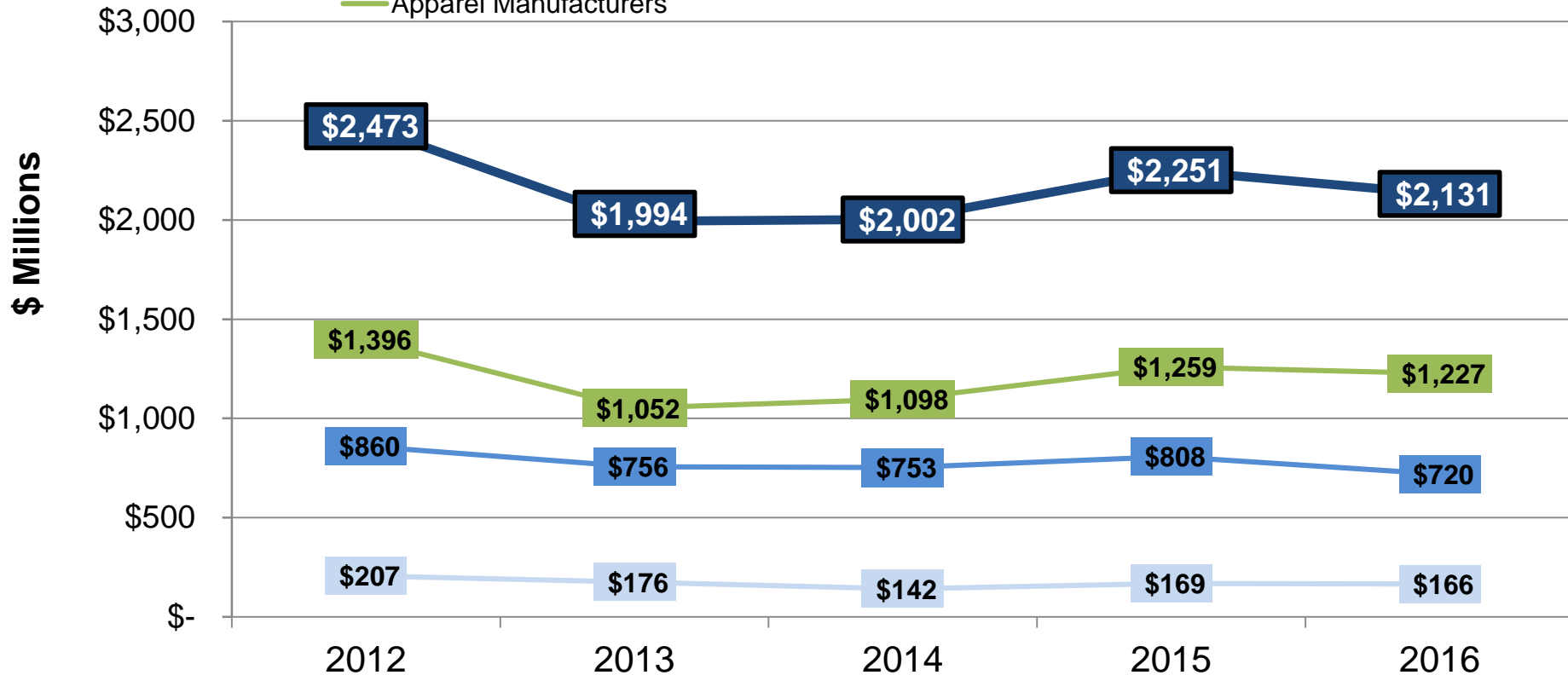
Source: U.S. Department of Commerce, Bureau of Industry and Security  
Textile, Apparel, and Footwear Industry Assessments – Preliminary, 2017



## U.S. Textile and Apparel - USG Sales (2012-2016)

### U.S. Textile and Apparel Manufacturers

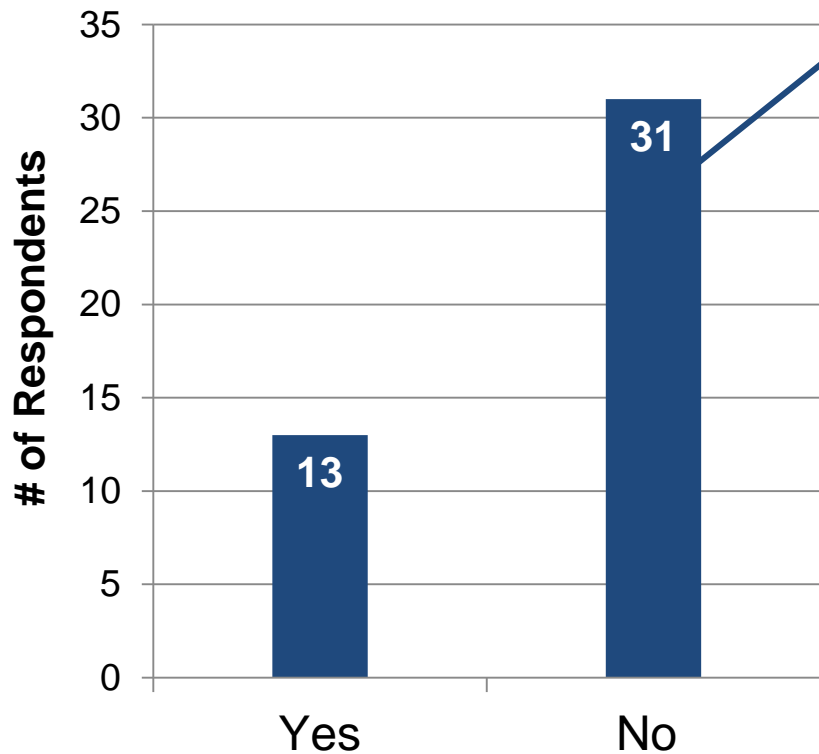
- Total Berry Amendment-Related Sales to DoD and Armed Services
- Textile Mills
- Textile Products
- Apparel Manufacturers





## U.S. Footwear - Participation in USG Programs (2012-2016)

**Has your organization manufactured footwear for the U.S. Government (defense and/or non-defense) during 2012 through 2016? )**



**10 organizations reported having interest in manufacturing footwear for the U.S. Government**

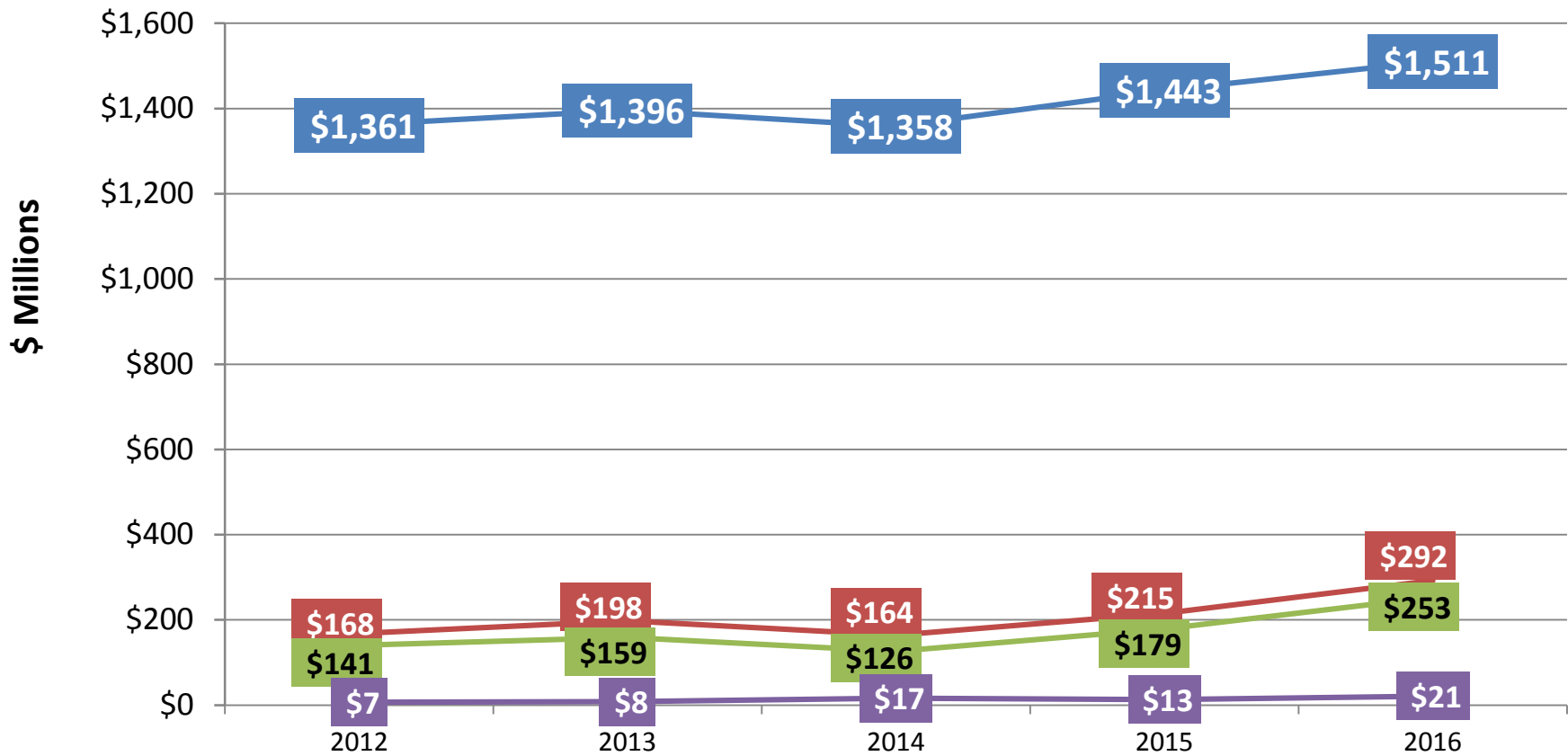


- Types of footwear products interested in supplying:**
- Boots
  - Custom shoes and boots
  - Direct Attach
  - Ice Skates & Roller Skates
  - injection molded PVC boots
  - Men's and Women's Boots, Oxfords, Athletic Shoes
  - Men's and Women's boots/shoes
  - Men's dress shoes; non-skid work shoes
  - Military boots
  - Outsoles, Shoe Lasts, Insoles, Foot beds
  - Wildland Firefighting boots or derivative



## U.S. Footwear - USG Sales (2012-2016)

- Total Sales from Finished Pairs Manufactured in the U.S.
- Footwear-Related Government Sales
- Total Berry Amendment-Related Sales to DoD
- Total footwear-related Foreign Military Sales (FMS)

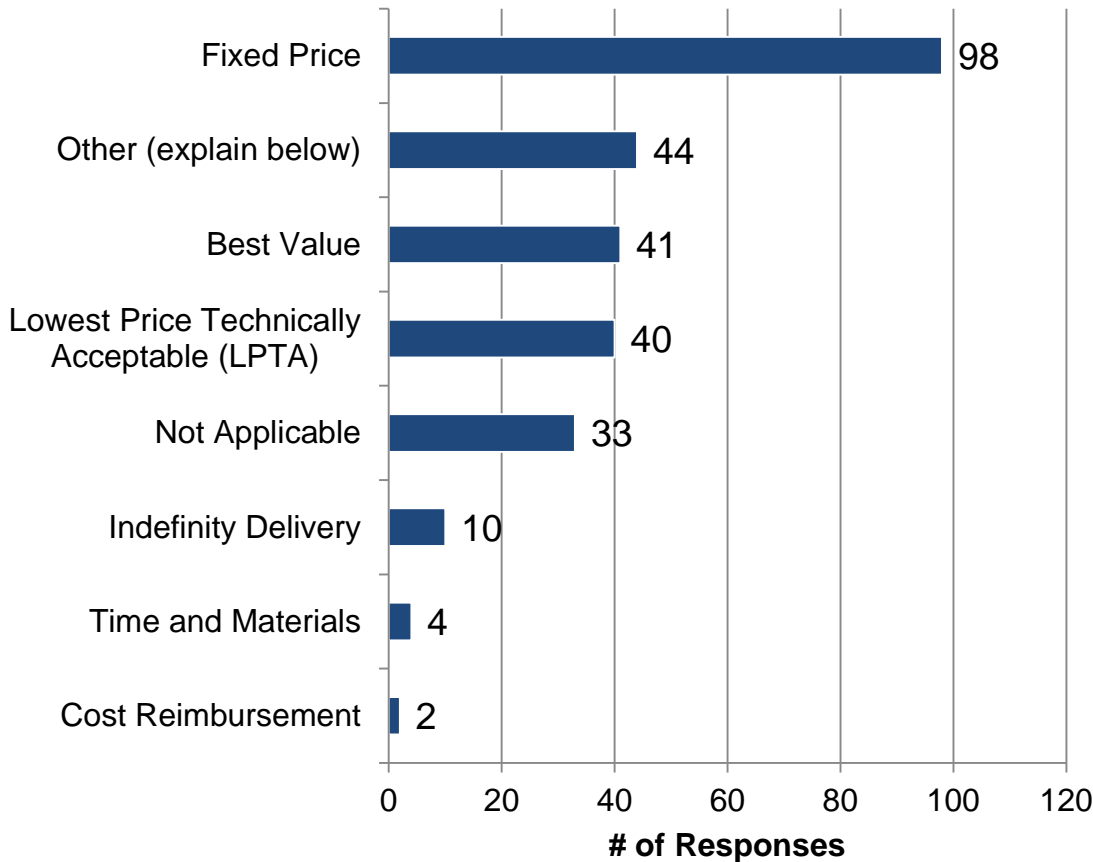






## U.S. Textiles and Apparel – USG Contracting

Select the contract type your organization most frequently uses to do business with the U.S. Government.



### COMMENTS:

#### Best Value

- Best Value, Fixed Price, IDIQ
- While the method of competing/evaluation/selection may be "best value" the type of contracts are fixed price contracts.

#### Fixed Price

- Fixed price contracts are the norm in our industry.
- Fixed Price Indefinite Quantity Contracts, specifically

#### Lowest Price Technically Acceptable (LPTA)

- LPTA- open bidding response to DLA

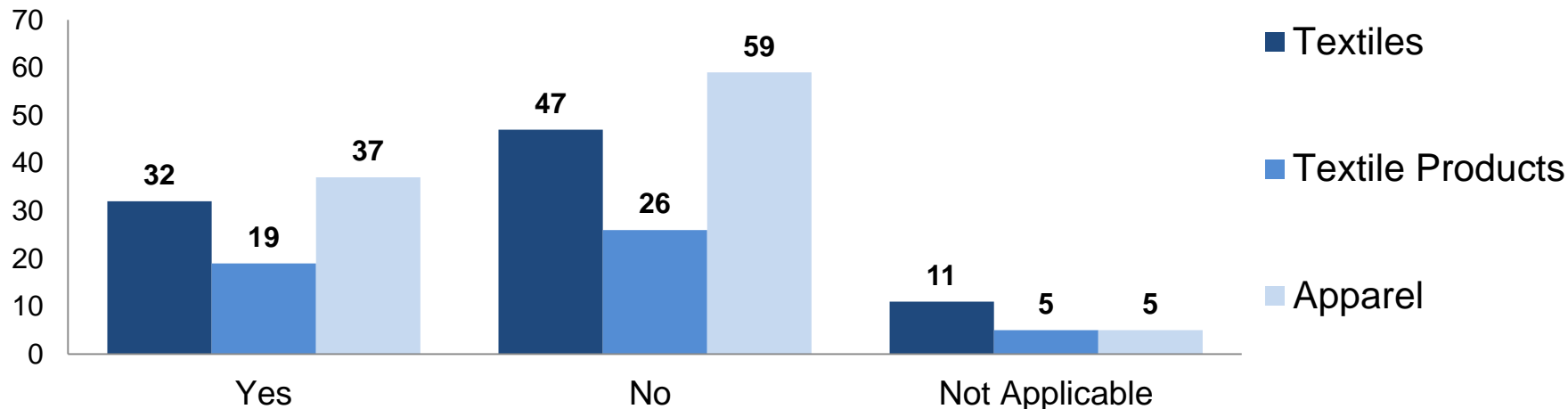
#### Other

- Mandatory source from prime
- Source America set aside
- Sub Contract
- We don't have contracts with the U.S. Government, we are subcontracted.



## U.S. Textiles and Apparel - USG Contracting

### Does your organization have any recommendations to improve the overall U.S. Government acquisition process for textiles and apparel?



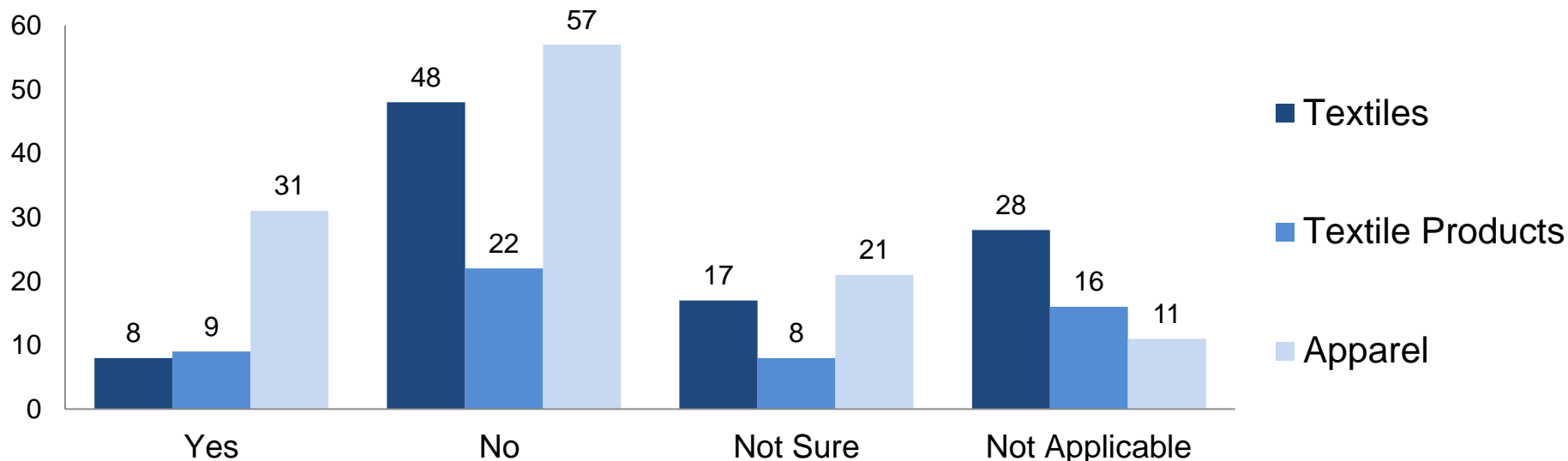
#### **RECOMMENDATIONS (sample):**

- Contracting officers need to have a working knowledge and understanding of the industry they are soliciting in before soliciting. Fixed pricing for multiple years does not work in the uniform industry. Due to volatility of raw materials and of government purchasing, a guess is all that a contractor can do. This results in higher prices to the government and volatile profitability to the contractor, so that neither party truly receives the best value.
- Cost adjustments for raw materials during contract, like the apparels have
- Delivery orders in 3 month increments do not give agencies volume buying power thereby increasing costs to the government. Nor do the short term orders allow for long term business planning/staffing/equipment for the agency.
- Deviations for product improvements should be allowed; obsolete specifications need to be updated.



## U.S. Textiles and Apparel - USG Mandatory Sourcing

### Would your organization suggest any changes in the mandatory source regulations or contracting practices?



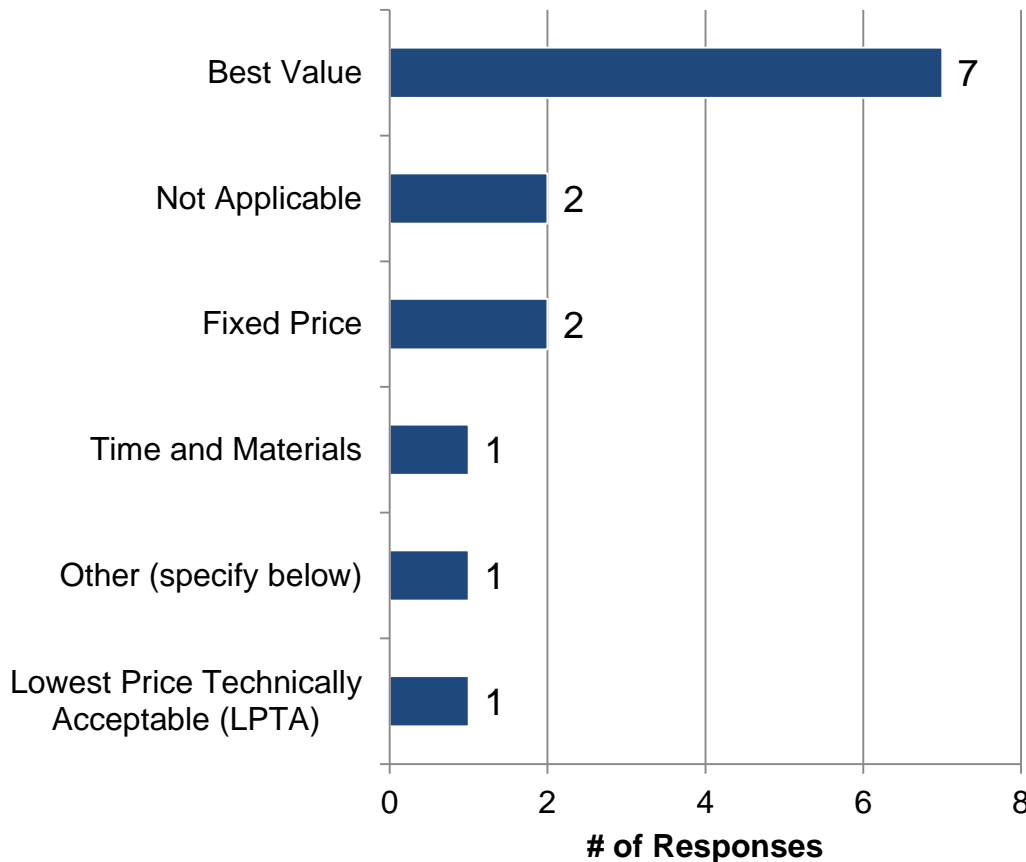
#### Comments:

- Change the ranking of priorities. Source America, then NIB, and then FPI.
- Do not allow FPI/UNICOR to bid on small business set asides.
- Eliminate FPI from offering on any type of Small Business Set-Aside
- Eliminate Mandatory Sourcing. In many cases suppliers are no longer in business.
- Federal Prison Industries has to go. Federal gov't is subsidizing the cost of sewn products by using prison labor. Why are we training prisoners for the very few sewing jobs that are still around?



## U.S. Footwear – USG Contracting

Select the contract type your organization most frequently uses to do business with the U.S. Government.



### COMMENTS:

#### Best Value

- Best value in military boots defaults primarily to cost. Most contractors are deemed equivalent so best value tradeoffs default to cost. Small Businesses are poorly represented in solicitations.
- Best Value via TLS
- We prefer best value procurements as it includes past performance (i.e. delivery and quality record) as an evaluation factor. The majority of our contracts are firm-fixed price.

#### Fixed Price

- IDIQ has also been a factor in all previous contracts.

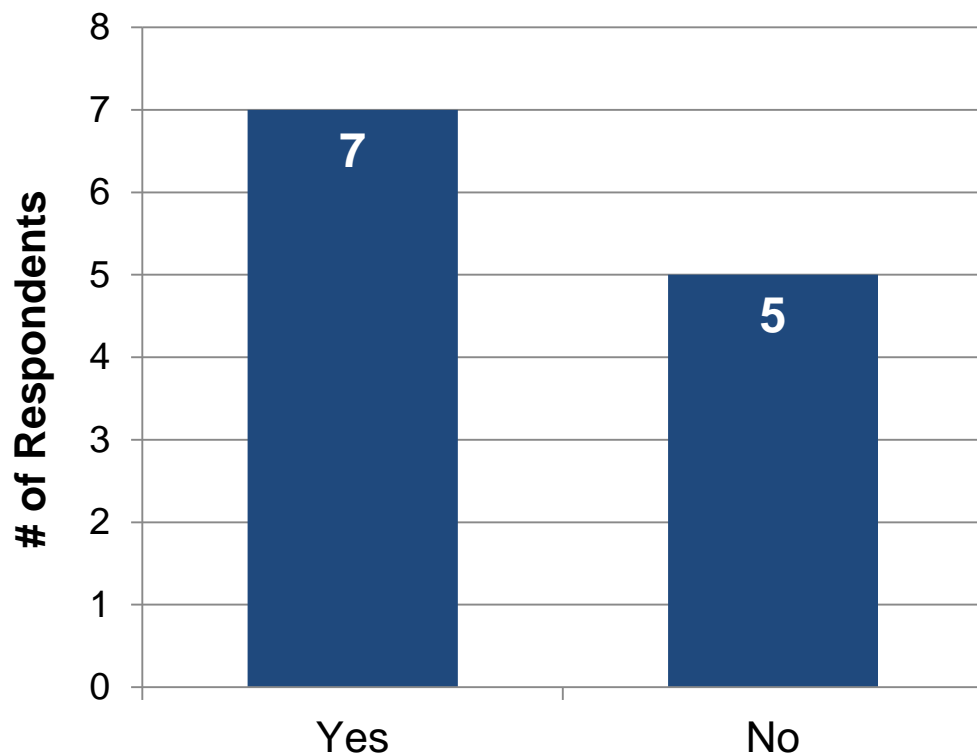
#### Lowest Price Technically Acceptable (LPTA)

- Always been this way



## U.S. Footwear – USG Contracting

Does your organization have any recommendations to improve the overall U.S. Government acquisition process for footwear?



### RECOMMENDATIONS:

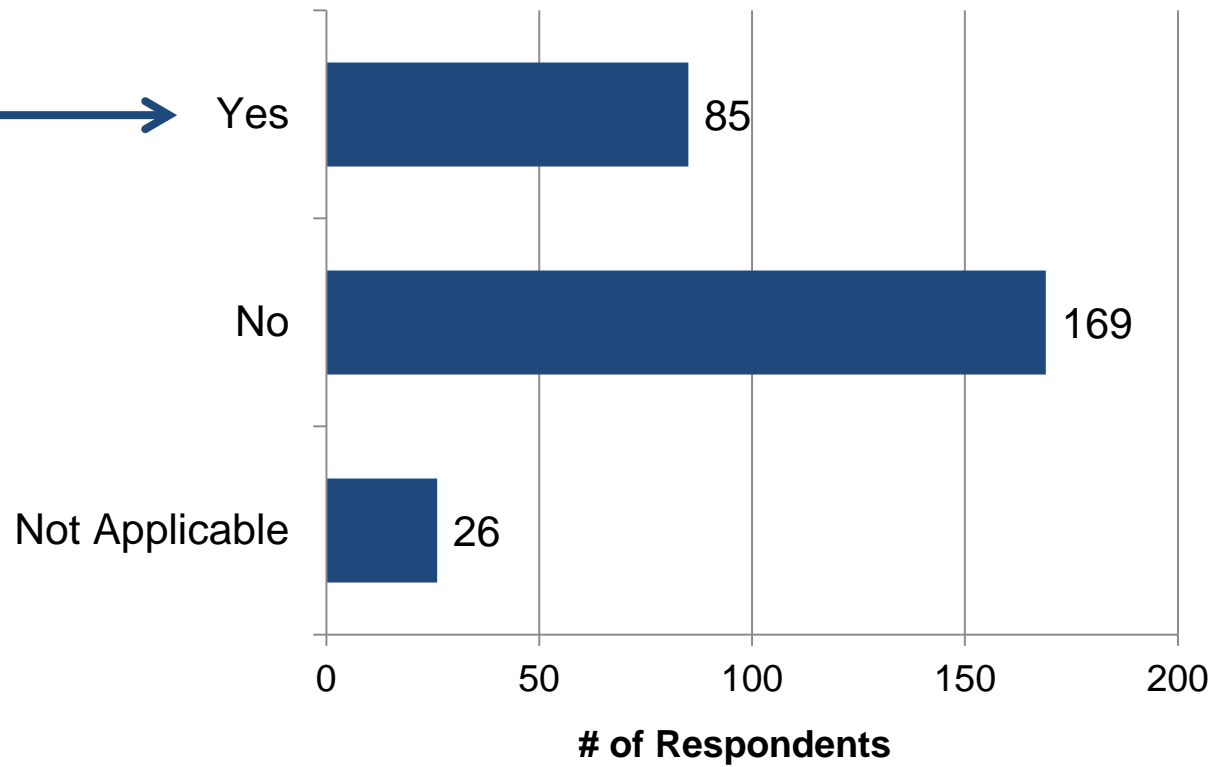
- Expand Small Business utilization in solicitations and stop removing Small Business Lots during negotiations for price. This defeats the purpose of protecting Small Businesses.
- Quicker turn-around times from market survey to pre-solicitation to solicitation to contract award. Longer lead times are needed from award to the initial delivery of product. Need government to rely in a more faithful manner on expert footwear manufacturers as it relates to product specifications and the amount of time needed to manufacture product with the highest possible quality. We would recommend the elimination of small business set-asides and HUB Zone pricing advantages.
- Shorten the time from solicitation to award
- Shorting the amount of time from bid closings to award



# U.S. Textiles and Apparel – Military Specifications (MILSPECS)

- Fabric manufacturers have a difficult time meeting the shade and physical spec on some product lines.
- Inconsistencies and errors noted in Purchase Description (PD's)
- It is sometimes difficult to obtain MILSPEC documents
- It is sometimes difficult to source materials, costs are high due to military procurement of textiles we need for other applications.
- Maintaining Berry compliance in relation to raw materials
- Majority of these specs are out of date!
- Many specifications are extremely outdated and non-applicable to current products

**Has your organization experienced difficulties working with textile and apparel-related military specifications (MILSPECS)?**





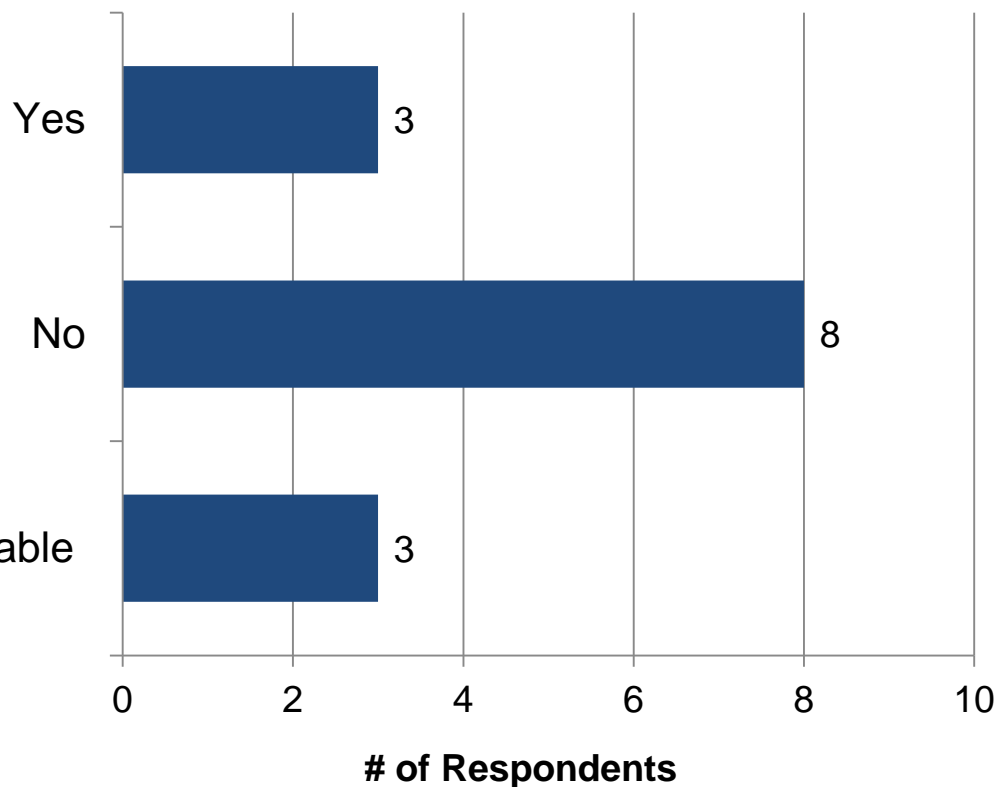
## U.S. Footwear – Military Specifications (MILSPECS)

**Has your organization experienced difficulties working with footwear-related military specifications (MILSPECS)?**

- Military specifications are very outdated and need to be updated to include any amendments/modifications the DoD has made prior to procurement issuance. A single, updated and finalized document needs to be issued to industry prior to the procurement to allow adequate time for response at time of procurement release. We would recommend the USG provide finalized specifications to be utilized in upcoming procurements at a minimum of 30 days in advance of the procurement.
- Only as it related to construction method. No other issues have been noticed.



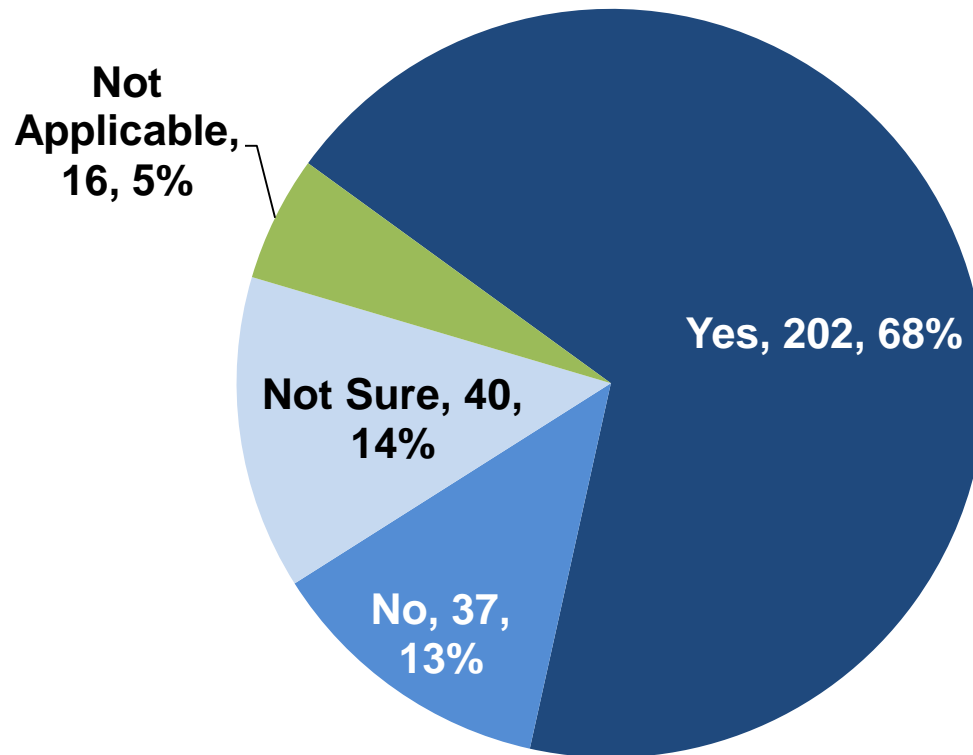
Not Applicable





# U.S. Textile and Apparel - Berry Amendment Impact

**Does the Berry Amendment have a positive impact on your organization's business?**



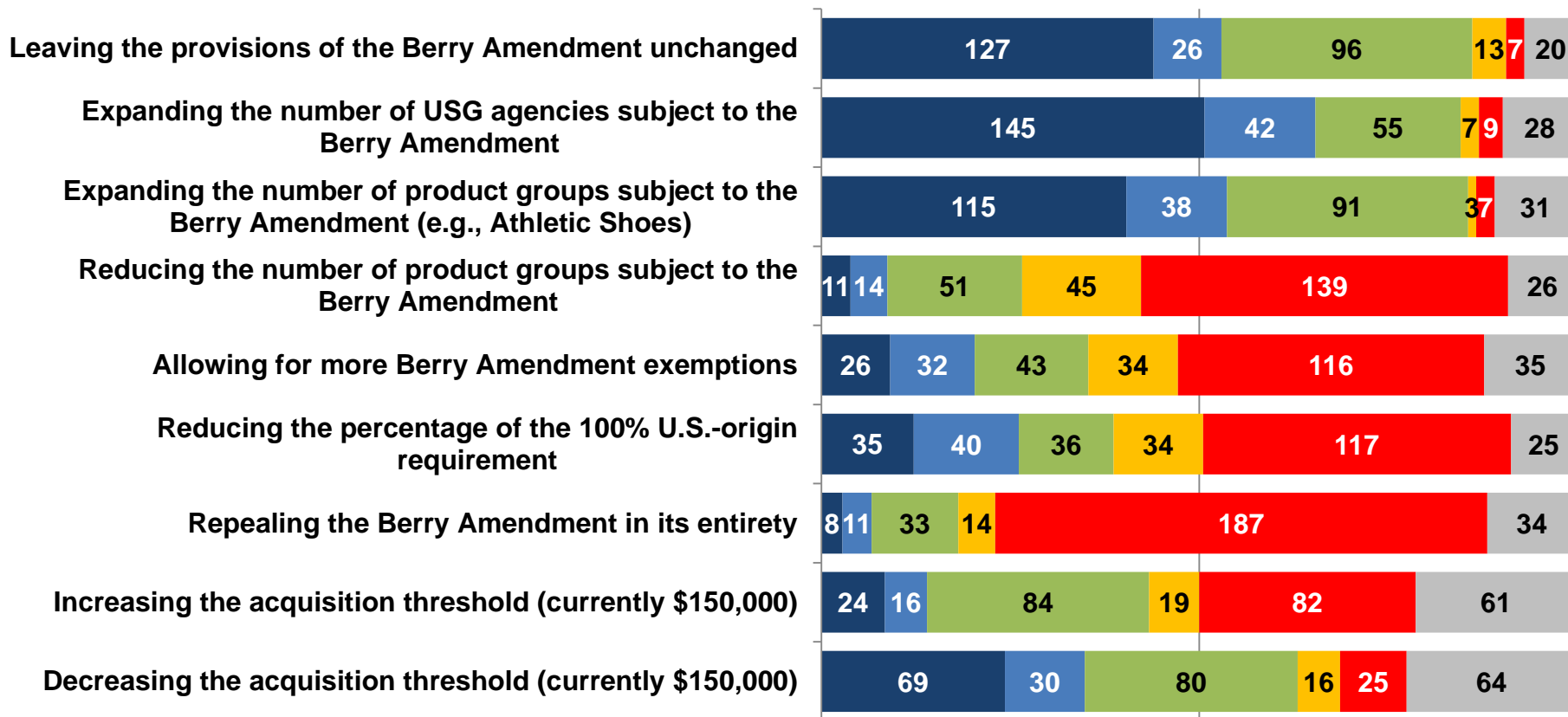




## U.S. Textile and Apparel - Berry Amendment

For the following actions, indicate the impacts on your organization as they relate to the Berry Amendment

■ Positive ■ Somewhat Positive ■ No Impact ■ Somewhat Negative ■ Negative ■ Too Difficult to Determine

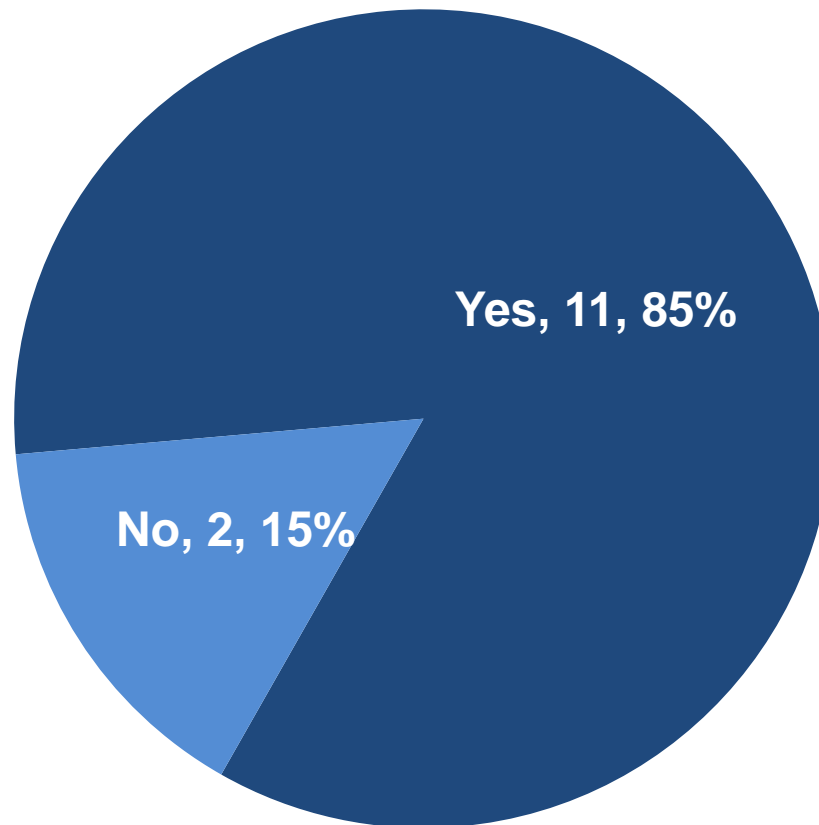


# of Responses



## U.S. Footwear - Berry Amendment Impact

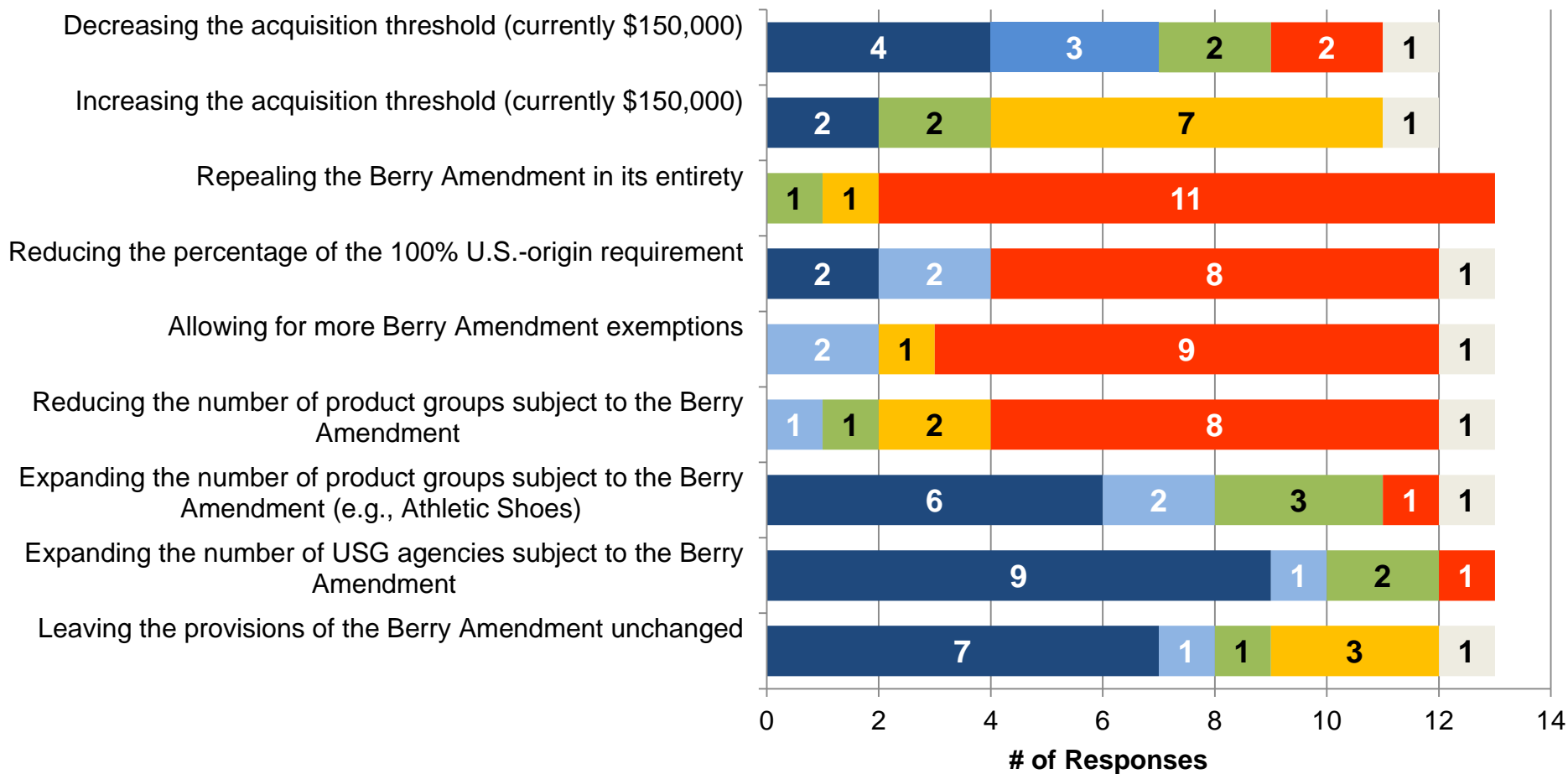
**Does the Berry Amendment have a positive impact on your organization's business?**





## U.S. Footwear - Berry Amendment

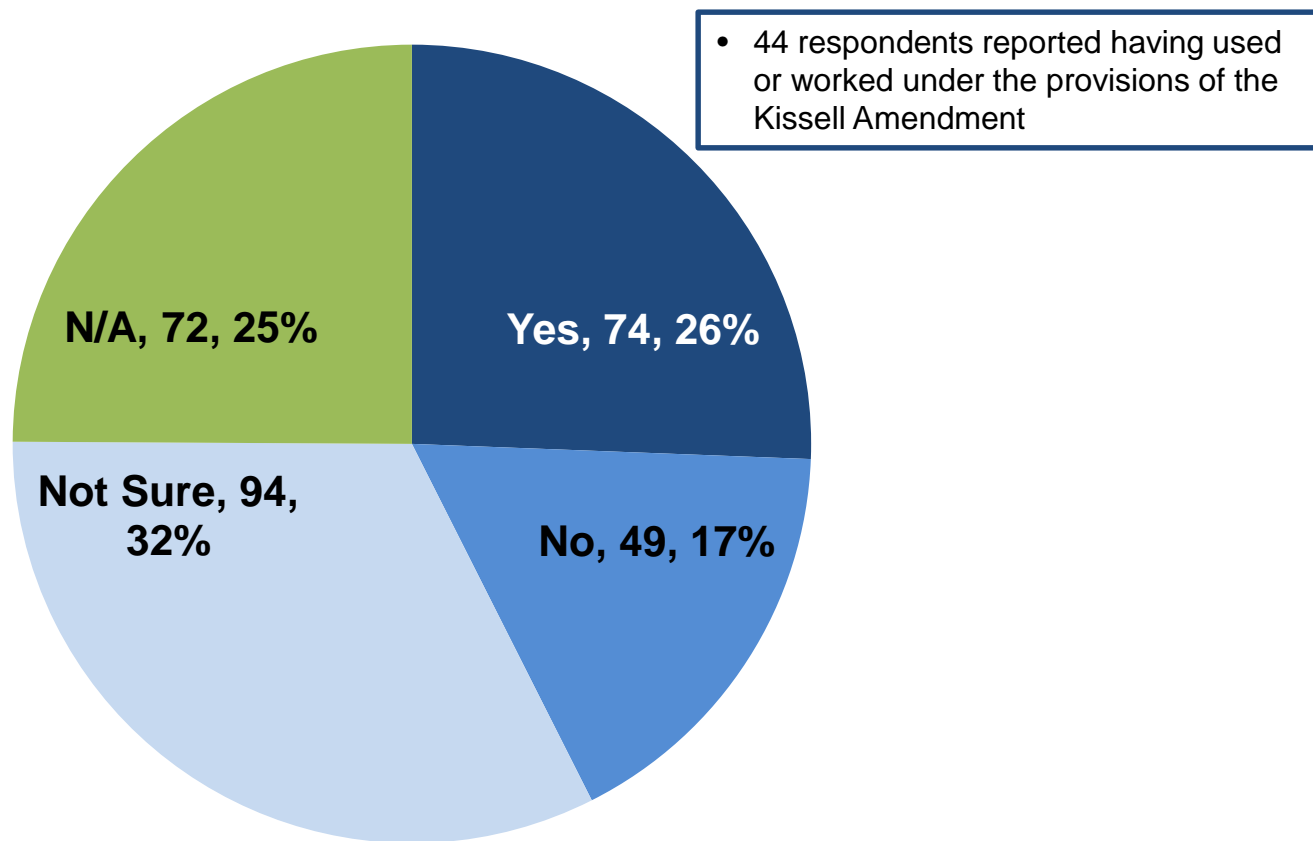
■ Positive 
 ■ Somewhat Positive 
 ■ No Impact 
 ■ Somewhat Negative 
 ■ Negative 
 ■ Too Difficult to Determine





## U.S. Textile and Apparel - Kissell Amendment Impact

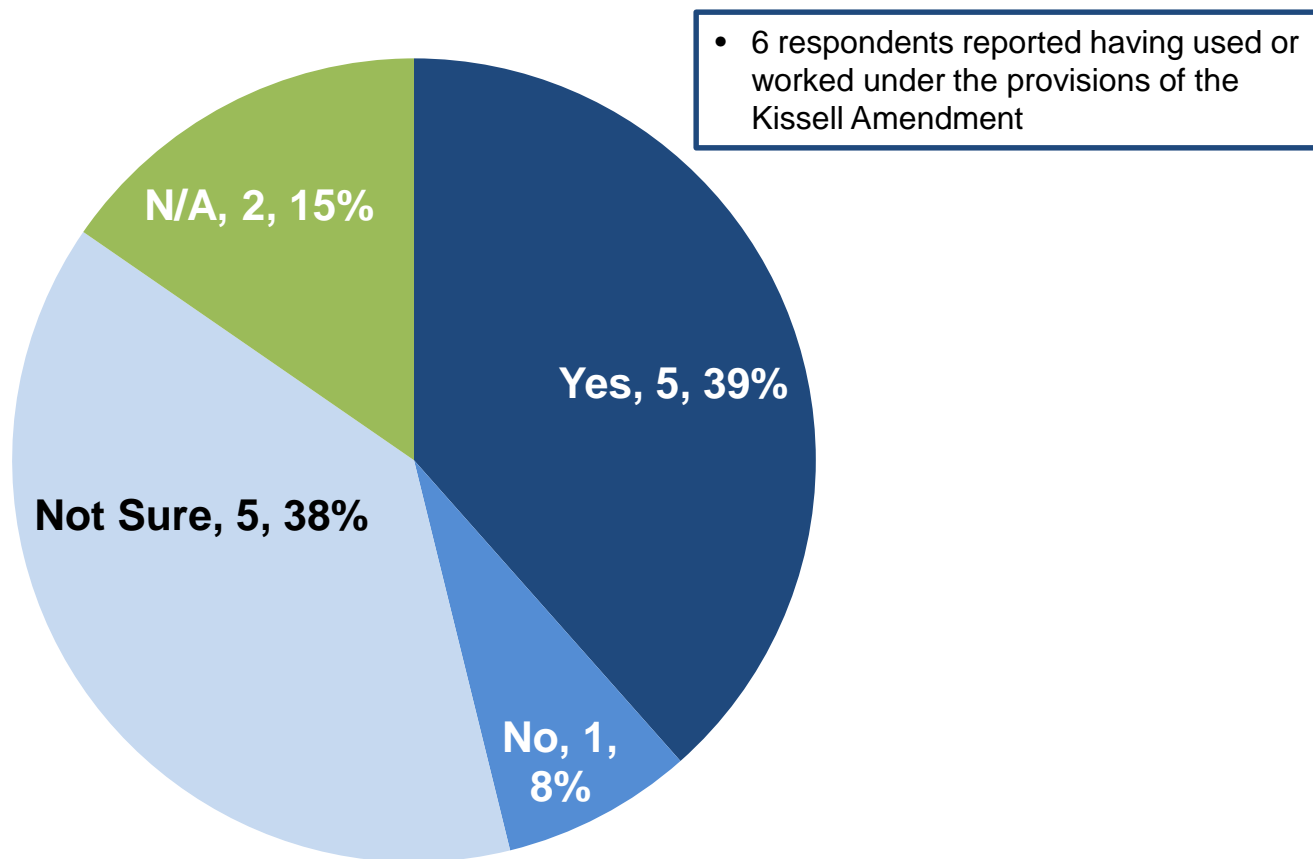
**Does the Kissell Amendment have a positive impact on your organization's business?**





## U.S. Footwear - Kissell Amendment Impact

**Does the Kissell Amendment have a positive impact on your organization's business?**





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