



November 12, 2020

Vice Admiral Michelle Skubic
Director
Defense Logistics Agency
Fort Belvoir, VA 22060

Dear Vice Admiral Skubic:

Congratulations again on your recent appointment and confirmation as Director of the Defense Logistics Agency (DLA).

We are writing today to bring to your attention an urgent issue that threatens the sustainability of the textile, clothing, and footwear sector, as well as the U.S. manufacturers and workers who owe their livelihoods to that sector. Our organizations represent the full span of companies – from those who grow and produce inputs such as cotton and leather to those who manufacture end products such as boots, dress clothing, body armor, tents, and parachutes – that are used every day by the American warfighter in partnership with DLA.

This partnership has been disrupted several times during the past two years as insufficient obligation authority has caused DLA to move to a one-month contracting model for extended periods of time. We encountered this last year for approximately three months and we are now experiencing it a second time with no clear end in sight. Of course, the problem this year is

manifesting itself as our industry is still managing and attempting to recover from the many supply chain and payment disruptions associated with the COVID-19 pandemic.

We ask that DLA exercise its discretion to shield our industry from these obligation authority disruptions. While we understand that DLA is under pressure to extend this across all its business units, we believe there are compelling reasons why the textile, apparel, and footwear sector should be treated differently.

First, we are already treated differently as the contracting model for our industry is built on the Berry Amendment (10 U.S.C. §§2533a), a longstanding provision that requires the Defense Department to supply our troops with U.S.-made textiles, apparel and other sewn products, and footwear. This provision is premised on the fact that the United States cannot mount a credible national security posture if we do not have domestic access to the textiles and related materials that clothe and equip our warfighters. In recent years, those textiles have become increasingly sophisticated, enabling our troops a better ability to communicate, withstand attacks, mount offenses, shield themselves from the enemy, and heal wounds. Our ability to raise and deploy competitive forces around the world is directly related to the strength of the industry the Berry Amendment enables.

As you can imagine, the Berry Amendment supports the employment of tens of thousands of Americans in manufacturing facilities throughout the United States and remains popular across a wide cross-section of Congress. It also enjoys broad support throughout the military, as the Berry Amendment ensures a steady supply of comfortable, high-quality uniforms and products as well as a capacity that allows this industrial base to surge in times of urgency. But the Berry Amendment can only be effective if there is consistent and predictable demand for the products our industry manufactures. Moreover, that demand needs to be carried out in a sustainable manner that enables companies to plan their production, order materials, and train and retain their workforce. The entire supply chain – and indeed our long-standing partnership with DLA – is dependent on the Berry Amendment, coupled with an orderly contracting process.

The current one-month order model punches a huge hole in that systematic contracting process. Moving to the one-month model effectively triples the cost and workload without increasing the revenue associated with a particular contract. This squeezes margins (to the point where many companies routinely operate contracts at a loss simply to retain business and keep the workers employed in the hopes that a future contract will make up for current losses), a dynamic we are already seeing as a result of increased healthcare costs, COVID-19-specific mandates and other damaging contracting practices, such as Lowest Price Technically Acceptable (LPTA). Not only does this impede the ability of companies throughout the supply chain to stay in business, but the lack of certainty makes it harder to retain workers while disrupting the ability to maintain orderly production and delivery schedules, which decimate efficiencies.

Second, unlike many of the other DLA industry partners, domestic clothing and footwear manufacturers have few options beyond the military. With import penetration in the commercial sector stubbornly stuck at about 98 percent, the opportunities to produce domestically-made clothing and footwear are limited outside the needs of the U.S. military. Numerous studies, including reviews commissioned by DLA and the Commerce department, have highlighted the

very high dependence this sector has on military contracting and, as a result, the importance of smart management of this contractor base. U.S. end item manufacturers that are unable to survive in the government contracting space are generally unable to stay in business. This, of course, has ramifications for U.S. textile and other input manufacturers who depend on that business as well.

Together, we can ensure the health and survivability of the critical domestic textile, apparel, and footwear industry. But that requires a contracting model that does not inadvertently hollow out Congress' intention in continually reauthorizing the Berry Amendment. Acting now to insulate our industry from the one-month model – both now and in the future – can ensure our industry survives to service DLA and our warfighters. Delays, however, will perpetuate this slow erosion and lead to lost jobs, factory closures, and canceled contracts.

We hope that our shared future is dictated by our shared partnership, and not by a slew of domestic non-availability determinations (DNADs). Quick action can ensure the former while delays will ensure the latter.

Thank you for your attention to this urgent request. We look forward to working with you on these important matters.

Sincerely,

AFL-CIO

American Apparel & Footwear Association

American Sheep Industry Association

National Cotton Council

National Council of Textile Organizations

National Industries for the Blind

Parachute Industry Association

SEAMS Association

Source America

South Carolina Textile Council

U.S. Footwear Manufacturers Association

Warrior Protection & Readiness Coalition