NATIONAL SPINNING CO., INC.
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James W. Chesnutt – President/CEO

World Class Employee Owned Company

November 25, 2009

The Honorable Max Baucus
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

I am writing to let you know of our company's strong support of duty suspension legislation for acrylic fiber. Legislation to suspend the duty on acrylic fiber used in our manufacturing process was introduced by Senator Hagan on October 29, 2009, and the bill number is S. 2419.

Acrylic fiber is the primary raw material and highest cost input for U.S. textile manufacturers utilizing these fibers and currently must be imported because there is no domestic supplier. Because acrylic fiber production has ceased in the United States, the imposition of tariffs on these products is no longer justified, especially when such tariffs put U.S. manufacturers at a competitive disadvantage.

As you know, the current economic environment has placed incredible demands on companies to become as lean as possible. While our U.S. operations exceed industry productivity standards, the inability to source raw material, i.e. acrylic fiber, at competitive prices has become an impediment to our ability to sustain and grow our business. Because of the unique characteristics of these fibers – water resistant, fade resistant, durability – manufacturers who use these raw materials are at the high-end of the value-added chain and can compete against foreign manufacturers as long as they have access to raw materials at competitive prices. Yet our competitors in Canada, Europe, China, India, among others do not incur tariffs on acrylic fiber, while the U.S. continues to impose an average five percent duty rate. This is a significant competitive disadvantage for our company and other U.S. manufacturers who utilize these fibers. While there are many other challenges confronting this segment of the industry, the elimination of these duties will go a long way towards equalizing the competitive landscape and allow us to grow our business.

As you know, companies like National Spinning are often one of the largest employers, largest taxpayers, and largest utility consumers in the cities and counties where we reside. So when we are forced to scale-back production or close facilities, the impact across the community is far-reaching. Additionally, the unemployment rates in most of the areas where we manufacture, primarily North Carolina, are well above the national average at almost 12 percent in most locations. While National Spinning is committed to a U.S. manufacturing strategy, we cannot continue to ignore the increased costs of production associated with these operations. <u>In fact, by the end of this year, National Spinning will close an acrylic yarn spinning plant in Burlington, North Carolina. While the duty costs associated with importing acrylic fiber were certainly not the only contributor to this decision, it was a very important factor.</u>

I further understand there are concerns regarding these bills being treated as "earmarks". I want to assure you that National Spinning stands ready to defend the inclusion of this bill should any questions arise regarding its merit. As a result of the global economic downturn, the U.S. textile and apparel industries have lost more than 37,000 jobs since January 2009. The companies utilizing the acrylic fibers defined by these proposals support

more than 3,000 jobs – jobs we cannot afford to sacrifice in this economy and jobs which our company stands ready to defend.

We look forward to working with you to ensure the more than 3,000 jobs supported by the proposals to suspend duties on acrylic fiber are preserved.

Thank you for your consideration.

Sincerely,

James W. Chesnutt
President/CEO

Cc: Senator Richard Burr
Senator Kay Hagan
Sunlight Foundation