

5/17

J.C.

P.L.'s follow up on this with
Cribb. I do not want this to just
"slip thru the cracks". It is very
important that we follow up as E.M.
said we would re enforcement + maintenance
of the Paris commitment.

J.H.B.

TEXTILES

Keep -

Textiles

Fyi copy to Cicconi



MILLIKEN

Roger Milliken
Chairman
Chief Executive Officer

December 19, 1983

James A. Baker, III, Esq.
The White House
Washington, D. C. 20500

Dear Jim:

Thank you for recognizing the seriousness of the textile/apparel import situation which has cost this country 300,000 jobs since 1980.

Your recognition of the tremendous importance of the President working to live up to his commitment in the future, even though he hasn't in the past, was most beneficial, and I thank you.

We are going to have to keep fighting for the total resolution of this problem and in favor of the three points the Senators gave to Mr. Reagan in your meeting this past week. Unless they are adopted, we can expect to see continued attrition in jobs, and I fear even with the step that was made last week--and I know how hard it was to get it adopted--we will see continued job attrition and mill closings in 1984.

With 52 percent of all the apparel that was counted 10 days ago in 54 retail establishments having been imported, it's just too big a base for any percentage of increase in imports not to have very, very, disastrous effects.

Thanks, Jim, for your support in this battle, which we appreciate. If we are not to go the way of the shoe industry, a lot more is going to have to be done as we go through time.

Sincerely,

Roger Milliken

f Textiles

FYI copy to Cicconi

STROM THURMOND
SOUTH CAROLINA



The President Pro Tempore
UNITED STATES SENATE

December 19, 1983

The Honorable James A. Baker, III
Chief of Staff
The White House
Washington, D. C. 20500

Dear Jim:

I would like to express my appreciation to you for your assistance in the approval of new textile/apparel import restraints announced by the White House this past Friday, December 16, 1983.

I am encouraged by this positive step in the right direction toward adequately restraining the massive flood of textile/apparel imports into this country. The implementation of these proposals will help President Reagan to meet his commitment to tie the rate of growth of textile imports to the rate of growth of the domestic market. More importantly, this action will help protect nearly two million textile/apparel jobs nationwide.

Thank you again for your efforts in this area, and I look forward to working with you in the future on this serious matter.

With kindest personal regards and Greetings of the Season,

Sincerely,

A handwritten signature in cursive script that reads "Strom".

Strom Thurmond

ST/eq

f textiles

THE WHITE HOUSE
WASHINGTON

December 21, 1983



TO: JAB III

Have attached our textile statement in case you did not see the final version.

Preliminary reaction from the industry has been very positive.

JC

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 16, 1983

STATEMENT BY THE PRINCIPAL DEPUTY PRESS SECRETARY

To address the textile and apparel industry's concerns with respect to U.S. textile trade policy and procedures, the Administration will:

Utilize additional criteria for addressing import increases in categories not presently controlled which, if met, will establish a presumption of market disruption or threat thereof. This will be done to ensure that appropriate action regarding market disruption is taken on a more timely and predictable basis. However, if market disruption or threat thereof is not demonstrated, quotas will not be imposed.

The additional criteria which will be used and which raise a presumption of market disruption or threat thereof are:

1. Total growth in imports in that product or category is more than 30 percent in the most recent year, or the ratio of total imports to domestic production in that product or category is 20 percent or more; and
2. Imports from the individual supplier equal 1 percent or more of the total U.S. production of that product or category.

With respect to countries with which we have Export Authorization Arrangements, E-system calls on each supplier will be made on any product or category when export authorizations issued in that particular product or category reach 65 percent of the Minimum Formula Level (MFL), and in the opinion of the Chairman of the Committee for the Implementation of Textile Agreements (CITA) would exceed the MFL if not called, and is in a category with an import to production (I/P) ratio of 20 percent or more, or in categories in which there is a 30 percent or greater increase.

Once any category is restricted after consultations under the textile import program, the Committee for the Implementation of Textile Agreements (CITA) shall take action to ensure that it shall under ordinary circumstances, remain under control for the life of the bilateral agreement that governs our textile relations with the called country.

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THE WHITE HOUSE

WASHINGTON

December 13, 1983

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*

SUBJECT: Textiles

The following points may be relevant to today's meeting with Senator Thurmond, et al, to discuss problems in the textile industry:

1. Employment, according to the industry, has fallen from 2.3 million in 1980 to 1.9 million today. The industry predicts the loss of 100,000 more jobs in 1984 if import growth continues at a 15% rate.
2. Import growth so far in 1983 is around 23%. Domestic market growth is estimated at around 5%.
3. The share of the domestic market held by imports has risen from 12.1% in 1980 to around 17% in 1983.
4. USTR predicted earlier this year that the surge in imports would flatten out toward the end of 1983. The industry has been quick to point out that the prediction has been totally wrong. (Instead of decreasing toward year end, the import rate has continued to rise.)
5. The Administration has taken a series of steps designed to tighten up on imports, including 79 unilateral quota calls this year and a crackdown on fraudulent apparel shipments. However, while demonstrating the Administration's good faith, these measures have clearly not stemmed the tide.
6. The proposal for global quotas, a long-sought goal of the industry, is a non-starter, with virtually no support in the agencies. Among other ills, global quotas would violate the Multifiber Arrangement (MFA).

7. The industry is now seeking a new form of quota calls that would address the key problem of "surges." Their proposal would make calls both more automatic and more prompt. Commerce is supportive of this idea, and argues that it is consistent with the MFA (they contend that the EC uses a similar procedure). USTR feels the proposal violates the MFA.
8. A decision of some sort needs to be made by this Friday, December 16. The industry has stated that, failing some change in textile policy by that date, they will refile their countervailing duty petition against the PRC. Commerce would then have no choice but to act within 48 hours. This should be avoided if possible since a decision on the petition would cause us damage whatever we decide.

THE WHITE HOUSE
WASHINGTON

December 13, 1983

TO: JAB III

Attached is a fact sheet
on textiles prepared by
Mac Baldrige. It gives
a good overview of the
difficulties faced by
the industry.


Jim Cicconi



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

December 12, 1983

Mr. Edwin Meese III
Counsellor to the President
The White House
Washington, D. C. 20500

Dear Ed,

I do not think that during this morning's meeting the participants gave due consideration to the underlying facts of the textile and apparel industry and the import situation that are so disturbing to the domestic industry. There is enclosed a fact-sheet which I think outlines the essential elements of most concern to the industry.

Sincerely,

LSI

Secretary of Commerce

Enclosure

FACT SHEET

- o 23 percent import growth in 1983 is the largest growth in any one year period since 1976.
- o Since the beginning of this Administration, total imports of textiles and apparel have grown by 49.3 percent while total domestic production has declined by 1.0 percent.
- o In volume terms, imports have grown from 4.9 billion square yards equivalent (bsye) to 7.3 bsye. During the same period domestic production declined by 300 msye, from 23.3 bsye to 23.0 bsye.
- o The relationship between domestic production and imports of textile and apparel is best described by the following table:

Billion Square Yards Equivalent

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>% Change 83/80</u>	<u>% Change 83/82</u>
Domestic Production	23.3	23.2	21.3	23.0	-0.9	+8.3
Imports	4.9	5.8	5.9	7.3	+49.3	+22.8

- o Total production of textiles and apparel in 1983 will increase by about 8 percent over 1982. Apparel production will increase by 6 percent while imports of apparel are expected to increase 15 percent.
- o At the beginning of 1981, the ratio of imports to domestic consumption for textiles and apparel was 13.3 percent, 24.7 percent for apparel alone and 3.1 percent for other finished products. With 23 percent import growth in 1983, the overall ratio will have increased to 17.6 percent for textiles and apparel, 29.7 percent for apparel, and 5.7 percent for other finished products.
- o Between 1981 and 1983 the annual deficit in textile and apparel trade has increased from \$3.3 billion to \$8.4 billion, an increase of 153.4 percent.

Billion Dollars

	<u>X</u>	<u>I</u>	<u>Deficit</u>
1980	3.9	7.2	3.3
1981	3.8	8.7	4.9
1982	2.8	9.2	6.3
1983	2.4	10.8	8.4

- o The number of mills producing textiles has declined from about 6,300 at the end of 1980 to about 5,800 at the end of 1983. The number of apparel plants has declined from about 22,000 to about 21,000.

- o From 1981 to 1983 employment in the textile and apparel industry declined by 9.6 percent, from 847.7 thousand to 742.0 thousand in the textile mill sector and from 1.264 million to 1.165 million in the apparel sector. The three year loss in employment is 202,000. Despite the recovery in 1983, there were 9,700 fewer employees in the industry at the end of November than at the end of November 1982. Unemployment in the mill sector is now 9.8 percent, while unemployment in the apparel sector is 12.5 percent.
- o In a joint study just completed by Milliken and Burlington Industries, in 67 stores nationwide it was discovered that 60 percent of all men's and women's apparel being exhibited in those stores were imported. Executives of both corporations believe this trend will continue unless the Administration takes action.
- o Even with continued economic growth in 1984, there is likely to be a downturn in the industry. Higher levels of domestic production and the import surge have resulted in high inventory levels at both the production and retail levels. Industry forecasters are predicting a softer market in the second and third quarters of 1984. This could result in lower production and employment.
- o At the present time, approximately 14 percent of total imports of textiles and apparel are excluded from the import control program because they are from OECD countries that are exempted. Another 51 percent of total imports are imported from low-wage countries and are already subject to some form of control. The industry's proposals would affect the balance of 35 percent of import trade that does not come from OECD countries and is not already under import restraint.

THE WHITE HOUSE

WASHINGTON

December 13, 1983

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*

SUBJECT: Textiles

The following points may be relevant to today's meeting with Senator Thurmond, et al, to discuss problems in the textile industry:

1. Employment, according to the industry, has fallen from 2.3 million in 1980 to 1.9 million today. The industry predicts the loss of 100,000 more jobs in 1984 if import growth continues at a 15% rate.
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8. A decision of some sort needs to be made by this Friday, December 16. The industry has stated that, failing some change in textile policy by that date, they will refile their countervailing duty petition against the PRC. Commerce would then have no choice but to act within 48 hours. This should be avoided if possible since a decision on the petition would cause us damage whatever we decide.

President's Campaign Commitments re: Textiles

1. Pursue policies to aid South Carolina's textile industries. (Columbia, 10/10/80) - speech.
2. Work to renew the multi-fiber agreement which expires at the end of 1981. (Columbia, 10/10/80) - speech.
3. Negotiate aggressively with our trading partners to reduce U.S. trade barriers and eliminate foreign subsidies of their exports. (Columbia, 10/10/80) - speech.
4. Support efforts to relieve the textile industry of regulatory burdens such as cotton dust standards, waste-water and air-emission controls. (Textile World, 9/80).
6. Oppose any attempt to politicize textile labor relations for short-term political gain. (Textile World, 9/80).
7. Consider tax rebates for clean-air equipment. (Textile World, 9/80).

THE WHITE HOUSE

WASHINGTON

June 29, 1983

Dear Jim:

This is to advise you of actions I am taking to address your concern over the increase this year in imports of textiles and apparel.

As discussed in your meeting last Thursday with Ed Meese, I have established an interagency Working Group to review implementation of our textile import program. Walter Lenahan will coordinate this project at the White House and will serve as the Chairman of the Working Group.

The Working Group will prepare an overview of the current situation in the textile industry and will develop options for more timely setting and effective enforcement of quotas under that program. The Working Group will also provide other recommendations for appropriate action in this field.

The Working Group will consist of senior officials of the Departments of Commerce, State, Treasury, Labor, the Office of Management and Budget, and the Office of the U.S. Trade Representative. The Cabinet Council on Commerce and Trade will meet with me and present the plans developed by the Working Group as soon as possible.

In the meantime, I anticipate that a number of recommendations of the Working Group for improvement in administration can be implemented almost immediately.

In directing the Departments, OMB and USTR to participate in the interagency Working Group, I have told them that while the work program is underway, they should vigorously implement our current agreements so as to avoid disruption in the domestic market.

I want to emphasize that we will continue to take positive steps. In fact, actions are now being taken under our textile program in response to the 1983 import increases. Our program allows additional quotas to be set by either unilateral action or through bilateral agreement to address increases in imports of particular products from various countries. In this regard, we set 30 unilateral quotas in China in January of this year. During the last few months, we have set limits in 46 instances. This is a significant step-up of action over the 8 actions initiated by this date last year, and is equal to the total number of such actions taken during all of 1982.

We also have begun effective action to stop fraudulent imports of textiles and apparel. In early April, the Commerce Department and the Customs Service, in cooperation with the Government of Taiwan, devised a new program, the "Blitz Program," to identify fraudulent shipment from Taiwan. In six weeks, over 175,000 dozen items of various types of apparel were denied entry into the United States. We plan to continue this program and to expand it to other exporting countries.

As we proceed with the activities of the Working Group, my staff will keep you informed.

Sincerely,

Ran

The Honorable James T. Broyhill
U.S. House of Representatives
Washington, D.C. 20515

Trade in Textiles

1. The Multifiber Arrangement (MFA)

The Multifiber Arrangement governs trade in textiles and permits the signatories to the arrangement to negotiate or, in emergency conditions, impose import restraints on textile and apparel products on particular textile and apparel products from particular sources without violating the GATT.

Before a country can take action under the MFA, it must be able to demonstrate serious market disruption or the threat thereof.

The Multifiber Arrangement was renegotiated for the third time in December 1981. It remains in effect until July 1986.

The principal change in the 1981 Arrangement is that with regard to major supplier countries, it enabled an importing country to be more stringent or restrictive in terms of the growth in their imports.

The MFA does not permit rollbacks. Moreover, the 1981 MFA urges avoiding restraints on small suppliers and new entrants. In short, the burden of adjustment under the current MFA falls on the largest suppliers. This change was interpretive in nature and is not found in the actual language or text of the arrangement.

2. Bilateral Textile Agreements

The United States currently has 26 bilateral textile agreements and is in the process of negotiating one more. This is a slight increase over the number of agreements we have had in the last two years, but is consistent with the number of bilateral agreements we normally have.

Significantly, all the major textile agreement we have were recently renegotiated and extend until at least January 1987.

3. Quota Calls

During 1983, we have imposed unilaterally 79 calls on particular textile and apparel import categories. This compares with fewer than 20 such calls in most years.

4. Status of the Blitz Program

The Department of Commerce and the Customs Service, in cooperation with the Government of Taiwan has denied entry to more than 250,000 dozen items of various types of apparel. We are actively pursuing this program against fraudulent shipments.

What the Domestic Textile Industry Wants

1. Global Quotas

The U.S. domestic industry has wanted global quotas for years. Every Administration has resisted such action because the Multifiber Arrangement emphasizes particular products and particular sources.

The U.S. industry modified their position in the last couple of years indicating that they would be happy with global quotas from low cost suppliers. The Administration has resisted this approach for a variety of foreign policy reasons, such as the CBI, in addition to the overriding concern that global quotas in any form would violate the MFA.

2. Increase in Quota Calls

Although we have significantly increased the number of quota calls this year, the industry wants a new device which would avoid "surges" by having us make calls both more promptly and automatically.

The industry has developed a mathematical formula to make these automatic, but many in the Administration, including USTR feel this would violate the MFA which requires that a country imposing import restraints demonstrate market disruption on an individual basis both by product and country.

There are some in the Administration (Commerce) who believe that the global formula developed by the industry is consistent with the MFA.

If we were to adopt this industry developed formula it would represent a major policy shift.

3. Increase in Renegotiating Bilateral Agreements

The industry has indicated that in the wake of the China bilateral agreement, they would like us to go back and renegotiate the Hong Kong, Taiwan, and Korea agreements.

What they would like is to put back into those agreements aggregate and group ceilings. An aggregate ceiling applies to the totality of imports from a single country. A group ceiling (such as for mill products, apparel products, etc) is a smaller designation.

The U.S. gave up these aggregate and group ceilings as part of our negotiating strategy in the recent series of renegotiated bilateral agreements in order to obtain very low growth rates in sensitive categories and to get those countries to agree to minimal swings in carry over limits.

Because of the lack of aggregate and group ceilings, previously underutilized categories are now being shipped in full measure.

Importantly, the U.S. domestic industry agreed with this negotiating strategy for the Korea, Hong Kong, and Taiwan Agreements. (China has never had group and aggregate ceilings.) It is almost certain that these countries would resist reopening the agreements to reestablish aggregate or group quotas.

Status of Countervailing Duty Action

The countervailing duty petition was withdrawn by the industry last Tuesday with the understanding that they will refile the petition in ten days unless we are able to reach an agreement on changes in textile policy. If we have not reached agreement by this Friday (December 16), the Department of Commerce has committed to make a preliminary determination on the countervailing duty case within forty-eight hours.

1. MFA allows bypass of GATT rules
2. Under MFA, can wk out bilaterals
3. To step in, must be country-specific
& product-specific; findings of mkt disruption
4. Can them impose quotas (calls)

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 16, 1983

STATEMENT BY THE PRINCIPAL DEPUTY PRESS SECRETARY

To address the textile and apparel industry's concerns with respect to U.S. textile trade policy and procedures, the Administration will:

Utilize additional criteria for addressing import increases in categories not presently controlled which, if met, will establish a presumption of market disruption or threat thereof. This will be done to ensure that appropriate action regarding market disruption is taken on a more timely and predictable basis. However, if market disruption or threat thereof is not demonstrated, quotas will not be imposed.

The additional criteria which will be used and which raise a presumption of market disruption or threat thereof are:

1. Total growth in imports in that product or category is more than 30 percent in the most recent year, or the ratio of total imports to domestic production in that product or category is 20 percent or more; and
2. Imports from the individual supplier equal 1 percent or more of the total U.S. production of that product or category.

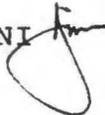
With respect to countries with which we have Export Authorization Arrangements, E-system calls on each supplier will be made on any product or category when export authorizations issued in that particular product or category reach 65 percent of the Minimum Formula Level (MFL), and in the opinion of the Chairman of the Committee for the Implementation of Textile Agreements (CITA) would exceed the MFL if not called, and is in a category with an import to production (I/P) ratio of 20 percent or more, or in categories in which there is a 30 percent or greater increase.

Once any category is restricted after consultations under the textile import program, the Committee for the Implementation of Textile Agreements (CITA) shall take action to ensure that it shall under ordinary circumstances, remain under control for the life of the bilateral agreement that governs our textile relations with the called country.

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THE WHITE HOUSE
WASHINGTON
December 16, 1983

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 
SUBJECT: Textiles

In the wake of yesterday's Trade Policy Committee meeting on textiles, revisions were made in USTR's proposal (Option 2). When discussed initially it involved a continuation of discussions with the industry that USTR has been having since last summer. Now the USTR option has been fleshed out so that it represents more of a middle ground.

The revised USTR option involves the following steps:

1. Within 30 days new criteria would be developed to tighten up the quota call system, making it "more predictable and timely."
2. Initiate an immediate review, to be completed within 30 days, of imports from major suppliers in uncontrolled categories which meet the criteria set forth in the textile industry's proposal. If it is determined that a real risk of market disruption exists in these categories, calls would be issued immediately.
3. The Administration would consult with industry leaders to "reconcile data, clarify problems and identify long term objectives within 90 days.

Under the above proposal the industry would, of course, be free to resubmit its countervailing duty petition if it wishes.

MEMORANDUM FOR JAMES A. BAKER, III
December 16, 1983
Page Two

The above option is an improvement upon the earlier version because it sets specific deadlines for decision and concedes use of the industry's criteria to examine imports from major suppliers, at least on a trial basis.

It would be pointed out that the reason for focusing initial action on major suppliers is to avoid issuing immediate calls on 30 LDC's.

This proposal, if adopted, would not be viewed by the industry as a victory. In fact, they may react in a hostile manner, redoubling efforts to obtain a legislative solution.

It is extremely important that Sen. Thurmond be on board with whatever decision the President makes. If asked, he might be willing to state that our decision is a step in the right direction, though Thurmond may need to receive a call from either you or the President.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/16/83 ACTION/CONCURRENCE/COMMENT DUE BY: _____

SUBJECT: CCCT WORKING LUNCHEON RE TEXTILES

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McFARLANE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McMANUS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	VERSTANDIG	<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input type="checkbox"/>	<input type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
HERRINGTON	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HICKEY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The attached will be discussed at the luncheon meeting today.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

THE UNITED STATES TRADE REPRESENTATIVE

WASHINGTON

20506

December 16, 1983

MEMORANDUM TO THE PRESIDENT

FROM: WILLIAM E. BROCK 

SUBJECT: Your Meeting with Senators Thurmond, Helms, Congressmen Broyhill and Campbell on Textiles and Subsequent Cabinet Level Discussions

In dealing with this issue over the past ten days we reviewed several options. By the time of the TPC meeting yesterday these had been reduced to three.

1) Accept proposals for government action in the textile import program developed by industry and the Department of Commerce in return for which the industry would not refile their CVD petition. This option poses a serious policy/legal problem. The central concern is that the proposals would give the Administration no discretion in initiating calls on developing countries and that the procedures would be in violation of our international obligations. The procedure, if adopted, would require an immediate escalation to over 140 calls with over 30 LDC's, including most members of the Caribbean Basin Initiative.

2) Let the CVD case be decided on its merits, while continuing to work with the textile industry to resolve the problems they perceive with textile policy and procedures. This course has been suggested by Senator Dole, most TPC participants and representatives of other industries, importer groups, etc. Those who favor this option believe that the integrity of the U.S. government's legal procedures would be called into question if the industry withdrew its petition on the basis of an agreed action program, as well as that the action program proposed would cause more damage to U.S.-China relations than would letting the CVD case be decided on its merits.

Since the second option would not permit us to address the issues raised with you by Congressional and industry leaders in a timely manner, and the first option could not be accepted on both legal and policy grounds by many TPC members, a third option (attached) was developed which now has the concurrence of all TPC members as a TPC recommendation.

This recommendation would commit the Administration to achieving a solution for the short-term problems addressed by the industry and congressional leaders within 30 days. It would also permit a test of criteria the industry has urged the government to use in making calls without violating our international obligations and incurring the political repercussions of issuing calls on more than 30 LDC's. It further commits the Administration to work with industry, during the next 90 days on long-term objectives and solutions.

Attachment

RECOMMENDATION

To address the textile and apparel industry's concerns with respect to U.S. textile trade policy and procedures, the Administration will:

- (1) Establish clearer criteria for addressing import increases in categories not presently controlled. This will be done to ensure that appropriate action regarding market disruption can be taken on a more timely and predictable basis.
- (2) Immediately review non-controlled categories from major suppliers which meet the criteria in the attached paragraphs. Where real risk of market disruption exists, calls will be issued forthwith.

-- Steps one and two to be completed within 30 days.

- (3) Consult with industry leaders to reconcile data, clarify problems, and identify long-term objectives for further action within 90 days.

Adoption of this Recommendation would:

- 1) Commit the Administration to achieve a solution for the problems addressed in Option 1 within 30 days.
- 2) Commit the Administration to consider Option 1 criteria on a trial basis in examining imports of non-controlled categories from major suppliers and to take action if warranted; such action would be completely consistent with both domestic law and our international obligations.
- 3) Focus the initial action on major suppliers, in order to provide experience without the adverse impact of issuing calls on over 30 small LDC's.
- 4) Commit the Administration to work with the industry, clarifying issues of concern and identifying actions which might be taken to address them over both the short and long term.
- 5) Decouple development of solution in the general trade area from the specific CVD case against China.

Attachment

COMMENTS BY ROGER MILLIKEN ON THE TEXTILE IMPORT SITUATION

"There will be a damn crisis if Brock's crowd gets away with what they are trying to do. There was a meeting this morning of the textile industry's Executive Committee with 100% attendance. This industry is ready to break with the (Republican) Party totally. Aides have made the President renege on his commitment, and it was our consensus that we do not want a President who cannot control his aides. Today is a boiling point, and the situation cannot be kept under control any longer. If the Administration does not act decisively, this will be our rubicon. Hell, another 90-day study is just not necessary. We have already lost over 300,000 jobs and another 100,000 jobs will be lost in 1984 if the situation is not controlled now. I hate to see Republicans and friends of the President forced into a position of doing the Democrats dirty work."



U.S. DEPARTMENT OF COMMERCE

To :

From:

Jim - Industry
would not go for
#2 - its another
30 days of negotiating
after 6 mos of
White House
committee work
and 3 yrs in office

Highly limits of
.8% only in
specific limit
categories.

It grows in
1983 is 12.6%.

THE WHITE HOUSE
WASHINGTON

October 4, 1982

Dear Strom:

You know that I share your concern about the unemployment and the decrease in production in the textile/apparel industry caused by imports and further exacerbated by the recession. As I mentioned during our recent discussion concerning textile industry problems, I have made a commitment that was reaffirmed last December by Jim Baker, to seek to relate total import growth to the rate of growth in the domestic market.

This year this Administration has concluded negotiations with our three largest suppliers that limit the growth in quota levels to well below the rate of growth in the domestic market for six years. These agreements compare favorably with any previously negotiated agreements.

Although significant progress has been made this year, I have instructed all agencies and departments which have responsibilities related to the textile program to continue their efforts to work vigorously towards that goal. [This applies not only for the important ongoing negotiations with the Peoples Republic of China, but also in future negotiations and implementation decisions as well.]

To that end I want to assure you that the United States will continue efforts to negotiate a new bilateral agreement with the Peoples Republic of China independent from other considerations.

Sincerely,

Ronald Reagan

The Honorable Strom Thurmond
United States Senate
Washington, D.C. 20510

also East
Heinz
Helms

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

October 1, 1982

MEMORANDUM FOR M. B. OGLESBY

FROM: ROBERT C. MCFARLANE *RCM*SUBJECT: Presidential Letter as a Followup to the
White House Meeting with the Textile
Industry

Attached is a draft letter from the President to Congressional attendees at the September 14, White House meeting with the textile industry. As requested in your memo of September 18, the content of the letter has been cleared by the relevant government agencies (the Departments of State, Commerce, Labor and USTR).

RWR: KMD: NSC: DOC: DOL: USTR: CMP

f Textiles



THE WHITE HOUSE
WASHINGTON

December 2, 1983

12/1/83

JC

*Can you please
update me on
what instruction is
+ why our lack of
progress in
this area?*

MEMORANDUM FOR EDWIN MEESE
JAMES A. BAKER ←
MICHAEL DEEVER

FROM: M. B. OGLESBY, *Jr.*

SUBJECT: TEXTILE IMPORTS

As the attached shows, Senator Thurmond is on the warpath about the record textile imports reported for October.

We will be forwarding a schedule proposal to include Senator Helms (R-NC) and Congressman Carroll Campbell (R-SC) and Jim Broyhill (R-NC) in the requested meeting.

*We should
be doing something
to keep this promise.
JAS*



The President Pro Tempore

UNITED STATES SENATE

December 1, 1983

For eyes of President only

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I was extremely disturbed at recent figures indicating that textile and apparel imports into the United States were 23 percent greater in the first ten months of 1983 over the same period in 1982. It is imperative that immediate efforts be initiated to correct this pressing problem.

In order to discuss possible solutions to this most serious situation, I respectfully request an opportunity to meet with you personally on this matter at your earliest convenience.

With kindest personal regards and best wishes,

Sincerely,

Strom Thurmond

Strom Thurmond

ST:et

Strom THURMOND

United States Senator • South Carolina



Contact: Mark Goodin

(202) 224-7730

WASHINGTON, December 1--- Senator Strom Thurmond, dismayed over the continued increase of textile and apparel imports, today requested a personal meeting with President Reagan to discuss the Administration's commitment to reduce the influx of foreign goods.

"Something must be done immediately to reverse this disastrous trend," Thurmond said. "I was extremely disturbed at recent figures indicating that textile and apparel imports into the United States were 23 percent greater in the first 10 months of 1983 over the same period last year. It is imperative that immediate efforts be initiated to correct this pressing problem and I plan to find out from President Reagan what these measures should be."

Thurmond said President Reagan had made a personal commitment to him three years ago to tie foreign import growth to domestic market growth, but the commitment has not been carried out by senior Administration officials.

Foreign textile and apparel imports, according to recent figures released by the U.S. Department of Commerce, grew at the highest levels in recent years. October's figures alone revealed a near record growth of 45 percent over October, 1982.

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THE WHITE HOUSE

WASHINGTON

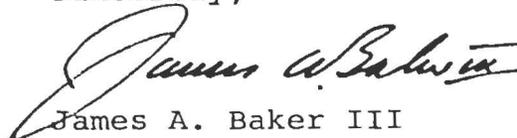
December 11, 1981

Dear Carroll:

In follow up to our recent conversations, I want to emphasize the importance that President Reagan attaches to the textile import question. In this regard, and in view of the current situation in the domestic market, the President has instructed the U.S. negotiators in Geneva to strengthen the U.S. proposal presented in Geneva on the renewal of the MFA.

This Administration will make every effort to satisfactorily conclude an MFA that will allow us to relate total import growth to the growth in the domestic textile and apparel market. The President has authorized me to reaffirm that we shall work to achieve that goal.

Sincerely,



James A. Baker III
Chief of Staff and
Assistant to the President

The Honorable Carroll A. Campbell
U.S. House of Representatives
408 Cannon House Office Building
Washington, D.C 20515