

WITHDRAWAL SHEET

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 FOIA ID: F1997-066/8, D. Cohen
 Date: 08/24/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Dennis Kass to James Baker re multifiber agreement, 3p	12/8/81	B1
2. memo	copy of item 1, 3p	12/8/81	B1
3. list	re recommendation, 1p [Item is still under review under the provisions of EO 13233]	n.d.	
4. attachment	re recommendation, 1p [Item is still under review under the provisions of EO 13233]	n.d.	
5. letter	William Brock to Reagan re meeting on textiles and subsequent Cabinet discussions, 1p [Item is still under review under the provisions of EO 13233]	12/16/83	

RESTRICTIONS

- B-1 National security classified information [(b)(1) of the FOIA].
- B-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA].
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- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
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- B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].
- B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].
- B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].
- B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

December 8, 1981

TO: JAMES A. BAKER III
FROM: DENNIS KASS *DK*
SUBJECT: Multifiber Arrangement

The U.S. position with respect to renewal of the MFA is neither "free trade" nor "protectionist".

A primary U.S. objective is to keep one of the President's campaign promises:

"The MFA...needs to be strengthened by relating import growth from all sources to domestic market growth."

Strictly speaking, this means a cap on all imports on a category-by-category basis, consistent with the level of domestic market growth. In addition to being blatantly protectionist, a capping provision within the MFA would be rejected outright by the exporting countries and therefore has no practical relevance in the renewal negotiations. However, there is strong support in major importing countries for significant restrictions on growth rates for major suppliers, such as Taiwan, Korea, and Hong Kong, who have large quotas in import sensitive categories.

In order to continue the MFA and avoid the real protectionist onslaught that would occur in its absence, there will be movement toward increased selective import restraint. Such restraint will be accomplished not by changes in the MFA, per se, but through bilateral agreements negotiated pursuant to the MFA protocol. To provide enough flexibility for negotiation of such bilateral agreements, we will seek to obtain a renewal protocol

"that would give further latitude of approach to address particular importing country concerns, but also one that provides discipline and certainty in order to accomodate exporting country concerns". (Position Paper for the GATT Textile Committee Meeting beginning July 14, 1981)

The USTR does not seek to revise the MFA by having it tie import growth to market growth, a position that the industry supports and believes the President has promised to uphold.

DECLASSIFIED / 2E / (1950)
NLS F97-066/9 #21
37 CA NARA, DATE 3/26/46

The EC is more hard-hit by imports than the U.S. Although the vast U.S. market absorbs the largest importing country share of total textile exports, most EC countries have significantly higher import penetration (i.e. import share of total domestic market). As a result, the EC's "maximum give" position will be the binding constraint on MFA renewal. The exporting countries will have to concede more to reach an accommodation with the EC than with the U.S. This places the U.S. in an ideal position: all countries agree that MFA renewal is essential to maintaining a liberal textile trade regime, but renewal will be conditioned on levels of import growth that satisfy the EC. Such levels should more than satisfy the legitimate concerns of U.S. domestic industry and labor. At the same time, the U.S. will be able to play a leadership role internationally, in terms of free trade advocacy, because it will be pushing the more protectionist EC to accommodate the developing country exporters. We are letting the EC carry our protectionist baggage along with its own.

The USTR in July proposed a protocol that was designed to be overly "protectionist" in order to evoke a "constructive" response from the exporting countries. The "textile caucus" labelled it a "weak position" and a "retrenchment from the President's position". The textile caucus still seeks "globalization" language in the MFA, and concludes its political leverage to get it is now at a maximum. As noted earlier, however, the exporting countries will reject globalization. If we actually want to see the MFA renewed, we will have to deal with industry pressures via the bilaterals.

The main U.S. objective in the ensuing bilaterals will be to achieve substantially reduced but positive growth in exports from major suppliers (i.e. Taiwan, Korea, Hong Kong) and increased market access for other developing countries, particularly those in the Caribbean. Our MFA strategy is intended to take account of other foreign policy objectives.

No consideration is being given in the current renewal negotiations to the actual growth rates that will apply to each textile category for each exporting country. We are trying to design a flexible enough protocol to permit the eventual achievement of specific country quota objectives via the bilateral negotiating process. This is the only practical way to gain the protection sought by those who endorse globalization.

The EC delegation is presently unable to agree on a final mandate with respect to quota levels. The negotiations may therefore break down, resulting in expiration of the MFA on December 31.

The PRC is an observer in the negotiations. Although it has expressed interest in the past in joining the GATT and the MFA, it is not expected to do so at this time due to the costs and obligations of membership. The PRC now has a bilateral textile trade agreement with the U.S.

INMAN MILLS

INMAN, SOUTH CAROLINA 29349 • TELEPHONE: 803 / 472-2121
ESTABLISHED 1902

November 27, 1981

JAMES A. CHAPMAN, JR.
CHAIRMAN OF THE BOARD
AND
CHIEF EXECUTIVE OFFICER

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

Dear Strom:

Thank you very much for meeting with Ellison McKissick and me today.

We are very, very concerned over the huge surge of textile imports into our markets this year.

For example:

CHINESE EXPORTS OF CATEGORY 315
PRINT CLOTHS FOR NINE MONTHS:

1980 50,478,483 square yards
1981 86,714,203 square yards UP 72%

CHINESE EXPORTS OF CATEGORY 320

PRINT CLOTHS:

	<u>1980</u>	<u>1981</u>
January	-0-	4,778,954
February	-0-	2,196,052
March	-0-	9,278,055
April	-0-	3,409,465
May	-0-	3,465,709
June	-0-	3,700,258
July	522,719	3,284,812
August	755,227	5,150,753
September	1,677,156	7,146,903
October	2,758,985	
November	1,476,253	
December	4,043,478	
TOTAL	11,233,818	42,410,961* 56,547,948**

*For nine months

**Nine months annualized

MEMORANDUM

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WASHINGTON

December 8, 1981

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Strictly speaking, this means a cap on all imports on a category-by-category basis, consistent with the level of domestic market growth. In addition to being blatantly protectionist, a capping provision within the MFA would be rejected outright by the exporting countries and therefore has no practical relevance in the renewal negotiations. However, there is strong support in major importing countries for significant restrictions on growth rates for major suppliers, such as Taiwan, Korea, and Hong Kong, who have large quotas in import sensitive categories.

In order to continue the MFA and avoid the real protectionist onslaught that would occur in its absence, there will be movement toward increased selective import restraint. Such restraint will be accomplished not by changes in the MFA, per se, but through bilateral agreements negotiated pursuant to the MFA protocol. To provide enough flexibility for negotiation of such bilateral agreements, we will seek to obtain a renewal protocol

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DECLASSIFIED (24/09/80)
NLS 897-066/9 #22
CS NARA, DATE 3/22/06

The EC is more hard-hit by imports than the U.S. Although the vast U.S. market absorbs the largest importing country share of total textile exports, most EC countries have significantly higher import penetration (i.e. import share of total domestic market). As a result, the EC's "maximum give" position will be the binding constraint on MFA renewal. The exporting countries will have to concede more to reach an accommodation with the EC than with the U.S. This places the U.S. in an ideal position: all countries agree that MFA renewal is essential to maintaining a liberal textile trade regime, but renewal will be conditioned on levels of import growth that satisfy the EC. Such levels should more than satisfy the legitimate concerns of U.S. domestic industry and labor. At the same time, the U.S. will be able to play a leadership role internationally, in terms of free trade advocacy, because it will be pushing the more protectionist EC to accommodate the developing country exporters. We are letting the EC carry our protectionist baggage along with its own.

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No consideration is being given in the current renewal negotiations to the actual growth rates that will apply to each textile category for each exporting country. We are trying to design a flexible enough protocol to permit the eventual achievement of specific country quota objectives via the bilateral negotiating process. This is the only practical way to gain the protection sought by those who endorse globalization.

The EC delegation is presently unable to agree on a final mandate with respect to quota levels. The negotiations may therefore break down, resulting in expiration of the MFA on December 31.

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WHITE HOUSE OFFICE OF RECORDS MANAGEMENT: Subject File

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Previously filed: Textiles (3) Box 13 Cicconi, James W.: Files

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Date of transfer: 8/22/02 KDB

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

ATTACHMENT

CRITERIA

CITA will issue calls, which limit imports, on growing low-wage suppliers in any product or category when total growth in imports in that product or category is more than 30 percent in the most recent year ending or the total growth in imports would lead to an import to domestic production ratio of 20 percent or more. These calls will be made on any growing low-wage supplier when imports from any such supplier reach the greater of 1 percent of total imports or the minimum consultation level in that product or category.

The Government will issue calls, which limit imports, on growing low-wage suppliers in any product or category already import impacted, that is, in which imports exceed 20 percent of U.S. production in that category. In taking these actions, the Government will call all growing low-wage suppliers that have greater than the higher of the minimum consultation level or 1 percent of total imports in any category.

With respect to Hong Kong, Taiwan and Korea, E-system calls on each supplier will be made on any product or category when E's issued in that particular product or category reaches 65 percent of the Maximum Formula Level (MFL), and in the opinion of the Chairman of 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 total imports or anticipated total imports would increase the IP.

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

THE WHITE HOUSE

WASHINGTON

October 4, 1982

Dear Jim:

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 James T. Broyhill
House of Representatives
Washington, D.C. 20515

also Campbell
Holland
Nichols

THE WHITE HOUSE

WASHINGTON

October 4, 1982

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Sincerely,

Ronald Reagan

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

also East
Aelnz
Helms

DRAFT LETTER TO: Senator Thurmond (R-South Carolina)
Senator East (R-North Carolina)
Senator Heinz (R-Pennsylvania)
Senator Helms (R-North Carolina)
Congressman Broyhill (R-North Carolina)
Congressman Campbell (R-South Carolina)
Congressman Holland (D-South Carolina)
Congressman Nichols (D-Alabama)

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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,

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

October 1, 1982

MEMORANDUM FOR M. B. OGLESBY

FROM: ROBERT C. MCFARLANE *for*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

THE WHITE HOUSE

WASHINGTON

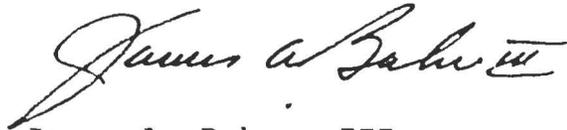
December 11, 1981

Dear Strom:

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 Strom Thurmond
United States Senate
Russell Senate Office Building
Washington, D. C. 20510

September 3, 1980

The Honorable Strom Thurmond
209 Russell Senate Office Building
Washington, D. C. 20510

Dear Strom:

The fiber/textile/apparel manufacturing complex provides 2.3 million vitally needed American jobs, including a high percentage of female and minority employees. ~~As President, I shall make sure that these jobs remain in this country.~~

The Multifiber Arrangement (MFA), which is supposed to provide orderly international trade in fibers, textiles, and apparels, was first negotiated under a Republican Administration. The MFA expires at the end of 1981 and needs to be strengthened by relating import growth from all sources to domestic market growth. I shall work to achieve that goal.

Sincerely,



RONALD REAGAN



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

Cicconi

MEMORANDUM FOR WILLIAM BROCK
MALCOLM BALDRIDGE
KENNETH DAM
JAMES A. BAKER ✓
EDWIN MEESE
JOHN SVAHN
CRAIG FULLER

FROM: M. B. OGLESBY, JR. *Bo*

The attached are copies of the documents given to the President at the textile meeting today.

United States Senate

WASHINGTON, D.C. 20510

December 12, 1983

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

Dear Mr. President:

Conditions facing our domestic textile/apparel industry are worsening as cheap foreign imports continue to flood into this country at record levels.

The following figures from the American Textile Manufacturers Institute should be noted:

- the volume of textile/apparel imports increased 23 per cent from January through October of this year over the same period a year ago. This is the highest ten-month level of imports in history;
- this past October alone the volume of textile/apparel imports was up 45 per cent over October, 1982; producing the second highest level of imports ever for one month;
- since just before you took office (October, 1980 through November, 1983) 400,000 textile/apparel workers have lost their jobs;
- the increase in textile/apparel imports so far this year is almost twice what Communist China shipped into this country in 1982. In effect, we have added two China's in one year.

Textile/apparel workers and executives are not unmindful of your 1980 pledge to Senator Thurmond to seek to limit the growth of textile imports to the growth of the domestic market. Yet the rate of growth of textile/apparel imports from 1980 through this past November is roughly 25 per cent (from 4.9 billion square yard equivalents in 1980 to 6.1 SYE through November, 1983). During the same period, the domestic market has grown little, if at all. Recently, one of your highest ranking textile officials, Mr. Wallace Lenahan, reportedly stated to a group in South Carolina that "we do not have a hope in hell of limiting import growth under the current system." The statistics certainly prove him correct.

Accordingly, I must call on you to take adequate measures, however drastic it may be necessary for them to be, to fulfill your commitment to officials of this industry and their employees.

The President
December 12, 1983
Page two

For example, Mr. Charles Dunn, Executive Director of the North Carolina Textile Manufacturers Association recently wrote on behalf of his organization suggesting the following actions:

- reexamine the Multifiber Arrangement (MFA) and the various textile bilaterals that have been negotiated under it;
- enact legislation to limit import growth of the domestic market (I am now preparing such legislation, and will solicit your and your Administration's full support at the time of its introduction and its consideration by the Senate);
- bring all categories of products under agreement;
- streamline administrative procedures to ensure prompt actions in preventing dumping and other abuses of our trade agreements; and
- require reciprocity of our trading partners.

I also urge you to consider any other options such as those under study by your White House Task Force on Textiles, headed by Mr. Lenahan. The time for you to act is growing short, and conditions are not expected to improve without your help.

Roughly 2 million Americans--one of every nine employed in manufacturing--including upwards of 300,000 in North Carolina alone, are looking to you for help and support.

Sincerely,



JESSE HELMS:sbj

To meet Short and Long Term Commitment

CHANGES TO THE U.S. TEXTILE PROGRAM

TO MEET THE PRESIDENT'S COMMITMENT

The U.S. textile program must be changed if the commitment of the President to preserve U.S. jobs and relate import growth to domestic market growth is to be met. The changes necessary to meet this commitment are:

1. Aggregate limits must be set immediately with low-wage exporting countries. These limits must be set at current trade levels and should only be permitted to grow each year so that overall import growth is at the long-term growth rate of the U.S. market (i.e., 1.5 - 2.0%). Such limits are consistent with the Multifiber Arrangement (MFA) and already exist with several supplying countries. Any flexibility should be limited to the minimum called for in the MFA.

2. The Administration should support enactment of legislation in the next session of the Congress to amend Section 204 of the Agricultural Adjustment Act of 1956. The amendment would authorize the President to act to prevent disruption of textile markets caused by imports whether or not a multilateral agreement governing significant trade in textiles is in effect.

3. An import licensing system administered by the U.S. government must be established to monitor and control imports of textiles and apparel into the U.S. from all sources.

CARROLL A. CAMPBELL, JR.
4TH DISTRICT, SOUTH CAROLINA

COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEES:
PUBLIC ASSISTANCE AND
UNEMPLOYMENT COMPENSATION
RANKING MINORITY MEMBER

OVERSIGHT

ASSISTANT REGIONAL WHIP



Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
ROOM 408
CANNON HOUSE OFFICE BUILDING
202-225-6030

DISTRICT OFFICES:

P.O. BOX 10183, FEDERAL STATION
GREENVILLE, SOUTH CAROLINA 29603
803-232-1141

P.O. BOX 1330
SPARTANBURG, SOUTH CAROLINA 29304
803-582-6422

P.O. BOX 479
UNION, SOUTH CAROLINA 29379
803-427-3172

November 8, 1983

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

Dear Jim:

I am writing in reference to Roger Milliken's letter to you of November 3.

Jim, I am deeply concerned about that letter. While some of the leaders of the textile/apparel industry may occasionally be accused of overstating the proportions of the import crisis, Roger Milliken is not one of these. Roger does not yell "wolf".

As one who expects to be heavily involved in the campaign, even beyond chairing the South Carolina effort, I cannot overemphasize my political concern about the textile import problem. As representative of South Carolina's 4th District -- the textile capital of the world -- I cannot overemphasize my concern about the economic and human impact on my constituency.

I think the time has come to take a fresh look at the entire textile/apparel import program for, should the recommendations of the Lenahan working group be as limited as most people expect and should the Commerce Department find negatively on the China countervailing duty suit, I think we can expect to run into a buzzsaw in the South in 1984. Unfortunately, the President's commitment is being viewed as empty political rhetoric in the face of skyrocketing imports. It can hurt us, and badly.

I implore you to give this problem some thought and, of course, don't hesitate to contact me if I can be of assistance in any way.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carroll".

Carroll A. Campbell, Jr.
Member of Congress

CACJr/nm
Enclosure



November 3, 1983

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

Dear Jim:

I was glad to get the letter from Ed Meese dated October 19th to me about the textile situation.

It was received in my office when I was attending a directors' meeting of the American Textile Manufacturers Institute where the primary subject of conversation was the incredibly adverse impact on the textile industry and its future caused by the continuing dramatic increase in imports.

As I wrote you earlier, we have all year forecasted that this was going to be a disaster year for imports in spite of the fact that officials in the Administration told us that the growth in imports that took place in the early part of the year would not be sustained through the whole year. As you now know, the September increase was particularly dramatic and raised the total for the year up almost one percentage point from 20 percent increase over 1982 to 20.75 percent year to date.

What really disturbs us is the fact that your letter that was written to me and signed Ed Meese on October 19th was not put into the mail in Washington until the 26th of the month. In that letter I was asked to get in touch with Wally Lenahan for input about the textile situation before the Cabinet committee met on what to do about textiles. I did not receive the letter until two days after the Cabinet committee met. What happened? Does this mean that the Administration places a very low priority on the problem that has caused 140,000 people not to have jobs this year that would otherwise have been available if the President had lived up to his written and oft-restated commitment to control the rate of growth of imports to the rate of the growth of our market?

On the measurement used, the projected increase for 1983 over 1982 will be 1.4 billion square yards equivalent, and this means that the United States will have lost the opportunity to employ 140,000 people, which would have been the number required to make that equivalent yardage. This job displacement is in addition to the some 600,000 American jobs already lost to textile/apparel imports.

This continuing climb in imports and the projection for the next few years signals the demise of a large section of this great industry with all the resulting unemployment. The Board of Directors of the American Textile Manufacturers Institute at a meeting which was attended by over 100 people was so distressed that they moved the attached resolution which properly represents their concern.

"The textile and apparel import statistics announced today (October 28th) indicate that the U.S. textile and apparel industry faces an increase of 1.4 billion square yards this year. This level of imports is the equivalent of 140,000 American jobs.

When the import surge began earlier this year, some in the Administration said the volume of imported textiles and apparel should begin to decline later in the year. We warned they would not because we could not see how they could decline under the present quota system.

We regret that we were right, as shown by the record increases for the month of September and thus far in 1983.

We wonder how many more months of record increases it will take before this Administration becomes convinced that the present quota system and other measures for moderating import growth simply are not working and must be changed."

We know the Administration is worried about its relationships with China, but people from our industry and the cotton-growing industry who have recently visited China come back full of reports about the smiles from the Chinese as to how they outwitted the Americans in trading out the textile quota. They threatened to reduce their purchases of cotton and grains but they point out they will always buy these products wherever they can get them cheapest, and it has nothing to do with the reciprocal nature of their exports to the United States.

As I also believe you know, we are deeply disturbed as an industry about the fact that the PRC is subsidizing its textile exports by giving 40 percent more local currency for the textile products which China exports to the United States and that, in addition, they have a capital subsidy.

This is a clear case for the imposition of countervailing duties! Yet, the Commerce Department is conducting a public hearing on the matter which constitutes a serious delaying action.

We would like to point out that this year the number of bales of cotton which will be imported into the United States in the form of cloth or garments amounts to 1,900,000 equivalent bales of cotton.

November 3, 1983

The most careful studies show that only 400,000 of these bales were exported by the U.S. as raw cotton to the countries shipping back cotton-containing products to the United States. This means that we are importing 1,500,000 bales of cotton which could have been grown in the United States and thus increased the domestic cotton market for the American farmer. (There is currently a raw cotton quota of 30,000 bales of upland cotton, yet we are now letting these 1,500,000 bales enter disguised as cloth or garments.)

Beyond this, we are now told by knowledgeable people in the government that in 1984 under the present textile program the growth of square yards equivalent coming into our market cannot be held below 15 percent. With imports now claiming 40 percent of our apparel market, and growing by almost 15 percent a year, we can see that the number of jobs in the textile/apparel industry will shrink by another 100,000 next year (creating that much unemployment or short time), and the country will be faced with a weekly announcement of closed textile mills and garment manufacturing operations. I am attaching a chart showing what is happening in imports and what will happen if we continue growth of imports at a 15 percent rate.

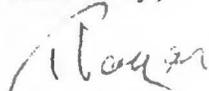
The textile/apparel industries will be fighting as hard as they know how to increase their quality and their productivity which is already very, very high, and some will survive for a few more years. But, I write to point out that the loss of another 100,000 jobs in 1984, is going to exact a very severe toll amongst those who are supporters of Ronald Reagan and Republican members of the Congress. It is very difficult for people to understand why the President of the United States is not able to live up to his widely-advertised commitment to control the growth of imports to the growth of the American market, and I am afraid that this is going to be an adverse impact in the elections 1 year from today.

I believe that the only solution to this problem is the adoption of a plan of total control of global imports of textile and apparel, and, in the interests of American employment, I urge you to make this happen. It will keep jobs in an industry that employs more women and minorities, as a percent of its total employment, than any other manufacturing industry in the United States-- and an industry that not only has large employment in the Southeast but is also the largest manufacturing employer in New York City, Los Angeles, Miami, and has more employees in the State of Pennsylvania than are employed in the steel industry.

The main purpose for my writing is to let you know that there is really total dissatisfaction with the way this Administration is handling the textile situation. And, I fear that somehow we have failed to make you understand this.

cc: The Honorable Strom Thurmond
The Honorable John H. Heinz
The Honorable Jesse A. Helms
The Honorable Mack Mattingly
The Honorable John W. Warner
The Honorable Alphonse M. D'Amato
The Honorable James T. Broyhill
The Honorable Carroll A. Campbell
The Honorable James G. Martin

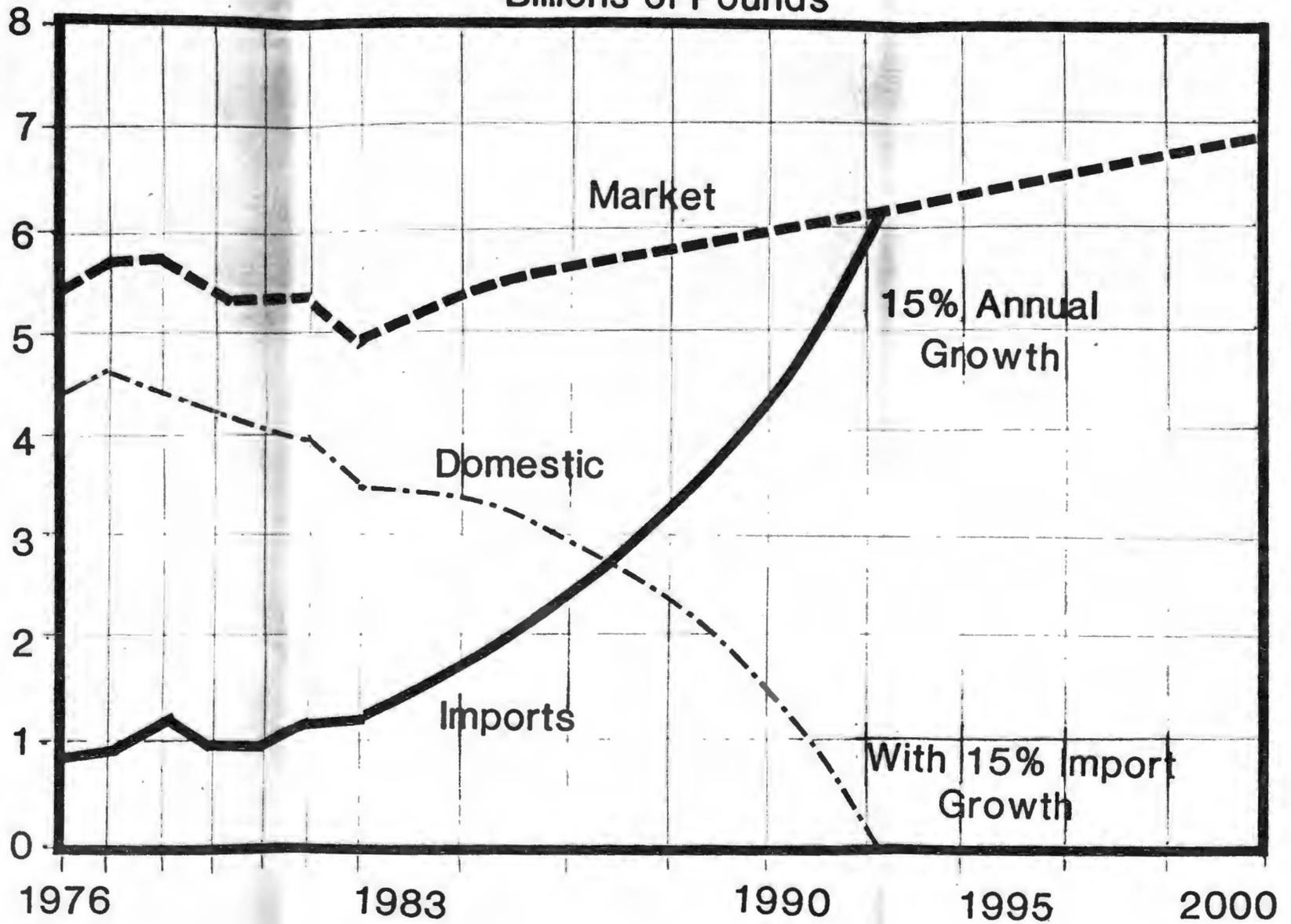
Sincerely,



Roger Milliken

U.S. APPAREL MARKET

Billions of Pounds



CONGRESSMAN JAMES T. BROYHILL

House Of Representatives

Washington, D. C.

December 7, 1983

Honorable James A. Baker, III
Chief of Staff and Assistant to
the President
The White House
Washington, D.C. 20500

Dear Jim:

This is intended as a personal letter to you because I wanted to let you know that the textile import situation continues to be politicized. As an example, I have enclosed a copy of a newsrelease recently sent to my office by the Governor of North Carolina, Jim Hunt.

As you are aware from previous correspondence and discussions with me, the situation is bad and is getting worse. This issue can be politically damaging to all those seeking reelection in 1984 if something is not done -- and done quickly.

The ball is in the Administration's court and I trust that you will see to it that what is done is right! To be frank, I am getting very frustrated at the lack of action which I have seen in this area in recent months.

Please let me know if I can assist you in this endeavor. I will be happy to work with you in every way possible.

With best regards,



James T. Broyhill
Member of Congress

JTB:sa
Enclosure

NEWS RELEASE from the Governor's Office

CONTACT: Gary Pearce, Brent Hackney or Lynne Garrison Raleigh, N.C. 27611 (919) 733-5612



DEC 7 1983 FOR IMMEDIATE RELEASE
Friday, December 2, 1983

HUNT ENDORSES TEXTILE ASSOCIATION CALL FOR IMPORT LIMITATIONS

Governor Jim Hunt today endorsed the call of the N.C. Textile Manufacturers' Association to the state's congressional delegation for drastic action by the federal government to limit textile imports.

"North Carolina is the state hardest hit by the 23 percent increase in textile and apparel imports this year," said Hunt. "It is costing our state thousands of jobs and hurting many small towns and communities that need industry most.

"While congressional action is certainly needed," said Hunt, "I do not accept the claim of the U.S. Department of Commerce that more cannot be done under present law and agreements.

"We need action now," Hunt said. "I urge the President to resolve the conflicts within his administration and to demand a speedy completion of the required investigations and hearings in order to protect our industry from unfair competition such as slave-level wage rates."

#

THE WHITE HOUSE
WASHINGTON

October 12, 1982

MEMORANDUM FOR BUD MCFARLANE

FROM: Jim Cicconi

SUBJECT: Textile Negotiations with PRC

We would appreciate it if NSC could review the attached draft letter prepared by USTR for Jim Baker's signature. Please let me know if it has your approval, or if you would suggest any changes.

Thank you.

Draft Reply to August 26 Letter of Senator Strom Thurmond
to James A. Baker III

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

OCT 8 1981

Dear Strom:

Thank you for both of your letters concerning the important Chinese textile negotiations and on textile policy in general. President Reagan addressed these points at the meeting at the White House on September 14.

As you will recall, the President indicated that we would continue to negotiate with the Chinese independent from other considerations. Just this week the Administration has concluded the second round of negotiations with the Chinese. Agreement was not reached as a consequence of the firm position of U.S. negotiations. Failing a satisfactory agreement by the end of the year, we will use unilateral measures to safeguard our market.

Further, the President clearly indicated that the Administration would continue to work toward the goal of relating total imports to the rate of growth in the domestic market.

I hope this information is useful to you and I look forward to working with you further.

Sincerely,

James A. Baker, III

Draft Reply to August 26 Letter of Senator Strom Thurmond
to James A. Baker III

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

Dear Strom:

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Further, the President clearly indicated that the Administration would continue to work toward the goal of relating total imports to the rate of growth in the domestic market.

I hope this information is useful to you and I look forward to working with you further.

Sincerely,

James A. Baker, III

RECORDS MANAGEMENT ONLY

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No. of Additional Correspondents: _____ Media: L Individual Codes: 1220 _____

Prime Subject Code: TA 004-14 Secondary Subject Codes: CP 034-02 LA 002
CM 014 TA 005
BE 003-14 FB 006-15

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C		Time: _____	P- _____
DSP		Time: _____	Media: _____

SIGNATURE CODES:

- CPn - Presidential Correspondence**
- n - 0 - Unknown
- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie

- CLn - First Lady's Correspondence**
- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan

- CBn - Presidential & First Lady's Correspondence**
- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

MEDIA CODES:

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

TA004-14

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 82/08/26 + 82/09/03

Name of Correspondent: Senator Strom Thurmond

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: discusses current textile bilateral negotiations with Mainland China and urges protection of American textile jobs

ROUTE TO:	ACTION		DISPOSITION		
	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
Office/Agency (Staff Name) <u>CS (Mr. Baker's office) Jim Ciccare</u>	<u>W</u> ORIGINATOR	<u>82/09/30</u>			<u>1 1-</u>
<u>✓ USTR Amb. Peter Murphy</u>	<u>D</u> Referral Note: <u>W</u>	<u>82/10/01</u>			<u>1 1</u>
	Referral Note:				<u>1 1</u>
	Referral Note:				<u>1 1</u>
	Referral Note:				<u>1 1</u>
	Referral Note:				<u>1 1</u>

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: Quick turnaround, please. Also, Jim Baker requested a personalized draft, but without too many specific facts

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.



2274010
91

T H E W H I T E H O U S E O F F I C E

REFERRAL

OCTOBER 1, 1982

TO: UNITED STATES TRADE REPRESENTATIVE, OFFICE OF
ATTN: AMBASSADOR PETER MURPHY

ACTION REQUESTED:

DRAFT REPLY FOR SIGNATURE OF JAMES A. BAKER

REMARKS: QUICK TURNAROUND, PLEASE, ALSO, JIM BAKER REQUESTED A
PERSONALIZED DRAFT, BUT WITHOUT TOO MANY SPECIFIC FACTS

DESCRIPTION OF INCOMING:

ID: 101454

MEDIA: LETTER, DATED AUGUST 26, 1982

TO: JAMES BAKER

FROM: THE HONORABLE STROM THURMOND
PRESIDENT PRO TEMPORE
UNITED STATES SENATE
WASHINGTON DC 20510

SUBJECT: DISCUSSES CURRENT TEXTILE BILATERAL
NEGOTIATIONS WITH MAINLAND CHINA AND URGES
PROTECTION OF AMERICAN TEXTILE JOBS

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE



The President Pro Tempore

UNITED STATES SENATE

101454

August 26, 1982

Personal Attention

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

Dear Jim:

Enclosed is a copy of my recent letter to United States Trade Representative, Bill Brock, along with two attachments concerning our current textile bilateral negotiations with Mainland China, that you will find self-explanatory.

Please note the letter from Ronald Reagan, when he was a Presidential candidate, stating that textile jobs would remain in America. I feel the Administration should initiate efforts to enable the President to meet this commitment.

Additionally, I would appreciate it if you could ensure that the State Department does not pressure the trade negotiating team to improve relations with the People's Republic of China at the expense of American textile jobs.

Thank you for your attention to this vitally important matter, and I look forward to hearing from you at your earliest convenience on this subject.

With kindest regards and best wishes,

Sincerely,

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

Strom Thurmond

ST/t
Attachments



The President Pro Tempore

UNITED STATES SENATE

September 3, 1982

The Honorable James A. Baker, III
Chief of Staff and Assistant to
the President
Executive Office of the President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Jim:

The attached telegram to U.S. Trade Representative William E. Brock further stresses the need to take immediate action towards achieving rollbacks in Chinese textile imports.

Also enclosed is a recent article taken from The State newspaper which graphically illustrates the urgency of this situation.

I have just returned from a trip to South Carolina, where I observed this crisis first-hand. This experience reinforced my firm conviction that the decline of the textile industry in my State, and throughout the Nation, will stop only when these necessary rollbacks are accomplished.

This situation can no longer be ignored, and I am confident that the President will not forsake his campaign promise to protect the more than 2,000,000 American workers in the textile and apparel industry.

Thank you for making this matter a priority, and I look forward to positive results in lifting this burden from this vital sector of our economy.

With kindest regards and best wishes,

Sincerely,

A handwritten signature in cursive script, appearing to read "Strom Thurmond".

Strom Thurmond

ST/xxq
Enclosures



Telegram

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	<input type="checkbox"/> OVER NIGHT TELEGRAM UNLESS BOX ABOVE IS CHECKED THIS MESSAGE WILL BE SENT AS A TELEGRAM

Send the following message, subject to the terms on back hereof, which are hereby agreed to

TO Ambassador William E. Brock

CARE OF OR APT. NO.

STREET & NO. 600 17th Street, N.W.

TELEPHONE

CITY & STATE Washington, D.C. 20506

ZIP CODE

19

Textile factories continue to close in South Carolina, rendering thousands jobless. Rollbacks in Chinese textile imports are a necessary course of action to prevent further economic devastation of this already crippled industry. Failure to secure rollbacks will only intensify the crisis nationwide, causing significant harm to our people and our economy, and possibly negative repercussions to the Administration. I urge you to give serious consideration to this suggestion.

Strom Thurmond
United States Senator

September 3, 1982

SENDER'S TEL. NO. 202-224-5972

NAME & ADDRESS 209 Russell Senate Office Building
Washington, D.C. 20510

STROM THURMOND, S. C., CHAIRMAN

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VINTON DEVANE LIDE, CHIEF COUNSEL

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, D.C. 20510

August 25, 1982

The Honorable William E. Brock
United States Trade Representative
Office of the U.S. Trade Representative
1800 G Street
Washington, D.C. 20506

Dear Bill:

Thank you for your response to the Textile Steering Group's letter concerning bilateral negotiations with the People's Republic of China.

I am pleased to hear that the United States will take a strong stance in these talks; however, I am disturbed that you have ruled out the possibility of rollbacks or reductions in Chinese textile imports. This policy may lead to further troubles for our domestic textile industry.

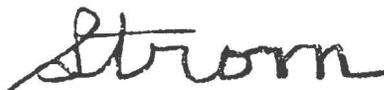
Enclosed you will find a copy of a letter from then candidate for the Presidency, Ronald Reagan, in which he committed himself to insuring that textile jobs will remain in America. I have also enclosed a list, prepared by the South Carolina Development Board, which details textile plant closings in South Carolina in this year alone, along with the number of people who lost jobs due to these closings. Obviously, drastic action must be taken to prevent the further deterioration of the textile industry.

I would be most anxious to meet with both you and Chief Textile Negotiator Peter Murphy when he returns from Peking, to discuss this matter.

Thank you for your attention to this problem of the utmost importance, and I look forward to hearing from you at your earliest convenience.

With kindest personal regards and best wishes,

Sincerely,


Strom Thurmond

ST/eq
Enclosures

RONALD REAGAN

September 3, 1980

The Honorable Strom Thurmond
209 Russell Senate Office Building
Washington, D. C. 20510

Dear Strom:

The fiber/textile/apparel manufacturing complex provides 2.3 million vitally needed American jobs, including a high percentage of female and minority employees. ~~As President, I shall make sure that these jobs remain in this country.~~

The Multifiber Arrangement (MFA), which is supposed to provide orderly international trade in fibers, textiles, and apparels, was first negotiated under a Republican Administration. The MFA expires at the end of 1981 and needs to be strengthened by relating import growth from all sources to domestic market growth. I shall work to achieve that goal.

Sincerely,



RONALD REAGAN

901 South Highland Street, Arlington, Virginia 22204

Printed by Reagan Bush Committee, United States Postal Facility, Chairman: Hon. Richard T. Trethewey

South Carolina Textile Plant Closings in 1982.

(Number of people unemployed by each closing)

The following is a list of plants which have been closed in 1982 and the number of employees at each plant.

January:	Milliken's Excelsior in Union, 175.	Creek, 50.
Riegel Textile in Walhalla, 97.	Newberry Mills in Newberry, 363.	Memorex DIC in Summerville, 36.
Anderson Hosiery in Prosperity, 240.	Thermofil in Laurens, 26.	June:
February:	Nut and Bolt House in Greenville, (no figures).	Carl Glass Sportswear in Rock Hill, 27.
Price's Apparel in Dillon, 75.	April:	True Temper in Bamberg, 10.
Plusa in Jamestown, 70.	Graniteville's Warren division in Warrenton, 500.	July:
J.P. Stevens in Rock Hill, 640.	Dan River's Woodside division in Fountain Inn, 83.	Firestone Textiles in Bennettsville, 130.
Skinner Lumber in Manning, 25.	Wallace Manufacturing in Abbeville, 6.	August:
Alice-Chalmers in Lexington, 80.	May:	Riegel Textile in Ware Shoals, 850.
K-D Tools in Walterboro, 75.	General Dynamics in Goose	J.P. Stevens in Greer, 320.
Twin Pane Glass in Greenville, (no figures).		Source: State Development Board
March:		
Oneita Knitting in Lane, 360.		