

THE WHITE HOUSE  
WASHINGTON  
November 4, 1983

TO: JAB III

The attached is for your information.  
It provides an update on our efforts  
to meet the concerns of the textile  
industry.

A handwritten signature in cursive script, appearing to be the initials 'JAB'.

THE WHITE HOUSE  
WASHINGTON

11/3

NOTE FOR: CRAIG FULLER

TO ~~FROM:~~ → WENDELL GUNN

Attached is a draft letter from Ed Meese regarding the work of the Interagency Task Force on Textiles and Apparel.

Please review and let's discuss ASAP.

Thanks.

cc: Cicconi ✓

Wendell :

Attached is a suggested sentence ~~re~~ to make the point that our efforts are ongoing.

Jim  
11/4

# DRAFT

Dear Carroll (Strom, Jessie, Jim):

In his letter of June 29, the President advised you of the formation of an Interagency Working Group to review implementation of our textile import program.

The President has asked me to inform you that the Working Group has submitted its recommendations to the Cabinet Council on Commerce and Trade, and the President has decided to implement these recommendations. We believe that implementation of the recommendations will improve the current administration of the textile import program and will serve to better control imports of textiles and apparel.

The Working Group recommendations which the President has approved and which now are being implemented include:

- o Inclusion of visa numbers on U.S. Government Customs forms on all import shipments of textiles and apparel.

This will improve the government's ability to track imports in individual categories from each exporting country. Also, it will assist the Committee for the Implementation of Textile Agreements (CITA) and the U.S. Customs Service in the control of fraudulent imports. The textile and apparel industry has requested this action on several occasions.

- o Replacing the annual Census report on domestic textile and apparel production with mandatory quarterly reporting.

Quarterly production data will substantially improve CITA's ability to assess the impact of imports on the domestic industry, thus enabling CITA to make quicker and better-informed decisions.

- o An Executive Order directing the Secretary of the Treasury, under policy guidelines of the Chairman of CITA, to enact regulations under Section 204 of the Agricultural Act.

The regulations will include measures to minimize circumvention of the textile import program and will enhance cooperation between CITA and the Customs Service in combating fraudulent imports of textiles and apparel.

- o A cooperative arrangement between CITA and the International Trade Commission (ITC) under which the ITC will perform ad hoc studies for CITA on textile production for categories for CITA requires additional information.

This will improve CITA's ability to determine whether or not there is damage or threat of damage to the domestic industry in specific categories. This also should enable CITA to make quicker, better informed decisions.

- o Measures to expand the Customs Service textile and apparel anti-fraud program. These include:
  - The assignment of six Customs Service investigators to Asian port cities to work full-time on the textile and apparel anti-fraud program;
  - Assignment of 25 domestic investigators who will concentrate their efforts on textile fraud investigations in the United States; and
  - The assignment of 24 additional import specialists to work solely on the detailed examination of textiles and apparel at the time such goods are imported.

Also, a senior Customs fraud specialist will be assigned to the Customs Service headquarters in Washington to spearhead the textile anti-fraud program. He will work with the Customs Office of Rules and Regulations to ensure that violators of Customs procedures in the textile and apparel field receive maximum penalties. At the same time, directives will be sent to all Federal District Attorneys, advising them that the prosecution of textile fraud cases is important to the Administration and should receive the highest priority. Finally, CITA and its participating agencies and the Customs Service will work with supplying countries to establish cooperative counterfraud programs.

These measures will substantially reduce the amount of textiles and apparel that is fraudulently entering into the United States.

- o Improvement of the current procedures of the Committee for the Implementation of Textile Agreements.

This will ensure that all agencies respond quickly to requests for the establishment of new import quotas for textiles and apparel.

- o Renewed consultations with the Hong Kong Government.

The objectives of these consultations are to eliminate overshipments of textiles and apparel and to achieve better cooperation from the Hong Kong Government on information exchange.

You will recall that the President instructed participating agencies to implement vigorously our current agreements so as to avoid disruption in the domestic market. Those instructions have had results. To date this year, we have established new import limits for textiles and apparel in 70 instances. Never in the history of the program have we taken so many quota actions in one year.

As indicated by these and other measures taken by the Administration, the President remains committed to a healthy and prosperous domestic textile and apparel industry.

Sincerely,

EDWIN MEESE III

*In accordance with the President's instructions, We will continue to explore other options to provide improved control of textile and apparel imports.*

**WHITE HOUSE STAFFING MEMORANDUM**

DATE: July 29 ACTION/CONCURRENCE/COMMENT DUE BY: August 1

SUBJECT: LETTER FROM SENATOR THURMOND OF 7/26/83 RE CHINESE  
TEXTILE NEGOTIATIONS

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	HARPER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HERRINGTON	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	McMANUS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VERSTANDIG	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Ken, would you please prepare an appropriate response in coordination with other.

Thank you.

**RESPONSE:**

Richard G. Darman  
Assistant to the President  
Ext. 2702



**The President Pro Tempore**

**UNITED STATES SENATE**

July 26, 1983

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

Dear Jim:

The attached wire is self-explanatory.

I am amazed that Ambassador Peter Murphy has attempted to negotiate our bilateral agreement with the Peoples Republic of China in a manner that is detrimental to our domestic textile industry.

The present level of textile imports into this country represents 700,000 jobs. The overall unemployment rate in the textile industry nationwide is 16% and in South Carolina alone, 15,200 textile jobs were lost last year.

If an unreasonable and excessive bilateral textile agreement is reached with the Peoples Republic of China, our domestic textile/apparel industry cannot be expected to continue to employ over 2 million Americans nationwide.

Thank you for your attention to this urgent matter.

With kindest personal regards and best wishes,

Sincerely,

*Strom Thurmond*  
Strom Thurmond

ST/ed  
Enclosure

*James Baker*

ATMI DC

289704A HIG CH

TO: Mr. Wendell Gunn - THE WHITE HOUSE

The labor advisors whose names appear below asked that I forward to you the following urgent telex that they sent from Geneva a few minutes ago. They also asked that copies be provided for Mr. Edwin Meese, Mr. James Baker and Mr. Craig Fuller

INDUSTRY/LABOR ADVISORS ARE SURPRISED AND DISTURBED AT U.S. GOVERNMENT POSITION IN CHINESE TEXTILE/ APPAREL NEGOTIATIONS AND SEE NO REASON TO REMAIN IN GENEVA. NO CHANGE FROM POSITION AT END OF ROUND SIX IN WASHINGTON IS INCONSISTENT WITH PRESIDENT'S COMMITMENT. ADVISORS URGE YOU TO REASSESS CURRENT NEGOTIATING INSTRUCTIONS.

AMALGAMATED TEXTILE AND CLOTHING WORKERS UNION- ARTHUR GUNDERSHEIM

AMERICAN APPAREL MANUFACTURERS ASSOCIATION- THOMAS ROBOZ AND STEWART BOSWELL

AMERICAN TEXTILE MANUFACTURERS INSTITUTE- CARLOS MOORE

INTERNATIONAL LADIES GARMENT WORKERS UNION- LAZARE TEPER

MANMADE FIBER PRODUCERS ASSOCIATION- ROBERT PENNELL

NATIONAL COTTON COUNCIL- CARL CAMPBELL

NATIONAL KNITWEAR MANUFACTURERS ASSOCIATION- ROBERT BLANCHARD

NATIONAL KNITWEAR AND SPORTSWEAR ASSOCIATION- SETH BODNER

FROM: Ray Shockley 862-0555  
American Textile Manuf. Institute  
1101 Connecticut Avenue, N.W.

289704A HIG CH

1446 07/25

PLS REPLY VIA TRT

- 
- As a result of a meeting a couple of weeks ago at the White House, we have asked Wally Lenahan to join the White House Office of Policy Development to study the current situation regarding the textile industry.
- Policies affecting the textile industry are reviewed in the Cabinet Council on Commerce and Trade and this will continue to serve as the forum within the administration for considering recommendations regarding the textile and apparel industry
- Wally will be establishing a working group to review the textile and apparel import problem. The working group will review the administrative mechanisms of the import control program and identify options that could serve to improve enforcement of the program.
- Wally will prepare an overview of the current status of the textile industry in order to identify what options are available to control the growth of textile and apparel imports while being consistent with our international obligations.

- Wally and the working group will coordinate with other agencies involved in the textile and apparel program, members of Congress, and industry groups concerned about the textile and apparel import situation.
  
- We expect to begin reviewing the findings and options identified by the working group within the next 30 to 40 days.

## ACTION PLAN FOR TEXTILE AND APPAREL REVIEW

- o Walter Lenahan, Chairman of the interagency Committee for the Implementation of Textile Agreements, has joined the White House staff on a temporary basis to address the textile and apparel import enforcement issue.
  
- o Mr. Lenahan will chair an interagency Working Group which will review the administrative mechanisms of the import control program to determine changes that could be made to improve enforcement of the program.
  
- o The Working Group will also prepare an overview of the current situation in the textile industry and develop options to control more effectively the growth of textile and apparel imports, while continuing to meet important international obligations.
  
- o The options developed by the Working Group will be presented for consideration by the Cabinet Council on Commerce and Trade in late July.

THE PRESIDENT CONTINUES TO BE CONCERNED OVER THE IMPACT OF IMPORTS ON THE DOMESTIC TEXTILE AND APPAREL INDUSTRIES.

THE DOMESTIC TEXTILE AND APPAREL INDUSTRY COMPRISES 20,000 PLANTS THROUGHOUT THE UNITED STATES THAT EMPLOY OVER 2 MILLION WORKERS, MANY OF THEM WOMEN AND MINORITIES. THE INDUSTRY IS THE LARGEST IN THE MANUFACTURING SECTOR, RESPONSIBLE FOR TEN PERCENT OF TOTAL EMPLOYMENT IN MANUFACTURING AND A \$100 MILLION CONTRIBUTION TO THE ECONOMY.

THE TEXTILE AND APPAREL INDUSTRY SUFFERED BADLY IN 1982 WHEN PRODUCTION DECLINED BY ALMOST TEN PERCENT AND EMPLOYMENT DECLINED BY 154,000 WORKERS, <sup>MANY</sup> ~~MAY~~ OF WHOM REMAIN UNEMPLOYED TODAY. WHILE THE RECESSION WAS THE PRINCIPAL FACTOR IN THIS DECLINE, INCREASING IMPORTS -- COMING INTO A FLAT MARKET -- WERE ALSO RESPONSIBLE.

THE TEXTILES AND APPAREL INDUSTRY IN 1983 HAS NOT HAD ITS RIGHTFUL SHARE IN THE ECONOMIC RECOVERY. A PRINCIPAL PROBLEM IS IMPORTS WHICH THIS YEAR HAVE FLOODED OUR MARKET AT UNPRECEDENTED LEVELS. IN RESPONSE TO THIS CRITICAL PROBLEM THE PRESIDENT HAS DECIDED TO ESTABLISH, ON A TEMPORARY BASIS, A SPECIAL POSITION WITHIN THE WHITE HOUSE TO ADDRESS THE PROBLEMS OF THE INDUSTRY, PARTICULARLY THE IMPORT PROBLEM, MR. WALTER LENAHAN, DEPT ASSISTANT SECRETARY OF COMMERCE FOR TEXTILES AND APPAREL AT THE COMMERCE DEPARTMENT, WILL FILL THIS POSITION. "-

BACKGROUND

Leaders of the textile and apparel industries are not content with the Administration's actions to implement the President's commitment to relate the growth of imports to growth in the domestic market. In the industries' view, the three percent growth of textile and apparel imports in 1982 was inappropriate given the 8-10 percent decline in domestic production in that year. Now the industry is even more concerned since textile and apparel imports have grown by 22 percent during the past four months. Various sectors of the industry are calling for the implementation of a global quota scheme with growth rates of imports not to exceed growth in the domestic market. Others are calling for a five year moratorium on any increase in imports. Yet others, probably the majority of the industries leaders, are calling for renegotiation of agreements with our major suppliers -- Hong Kong, Taiwan, South Korea -- and reconsideration of our current negotiating position with the Chinese. What the industry most wants is a commitment from the President that the growth of imports will not be allowed to exceed growth in the domestic market, or approximately 1.5 percent annually.

THE IMPORT SITUATION

- o Imports of textiles and apparel increased by 5.3 percent or 245 million square yards in 1980.
- o The import increase was 18.2 percent or about 960 million square yards in 1981.
- o Imports of textiles and apparel have grown from 4.6 billion square yards in 1979 to a projected level of 6.8 billion square yards in 1983. The share of imported textiles and apparel as a percentage of domestic production (the IP or imports to production ratio) has increased from 19 percent in 1979 to an estimated 30 percent in 1983.
- o A continuation of this trend would result in a further 2,900 myse decline in the domestic industries' share of the domestic market by 1987.
- o If our import projections (based on year-to-year statistics) prove reasonably accurate for 1983, the increase in imports in 1983 alone could be as much as nine hundred million square yards. Translated into production and employment, this could result in the shutting down of 24,000 looms and 1 million spindles and the loss of employment of over 100,000 direct-hire employees in the textile and apparel industries.
- o More importantly, several large producers -- Dan River, West Point-Pepperell and Stanwood -- who previously had declined to engage actively in imports, have recently reversed their

positions and announced their intentions to begin substantial import program. Should this become a trend there would be serious implications for the future of the domestic textile and apparel industries.

It is for these reasons that the textile and apparel industries and their Congressional supporters are seeking a more precise redefinition of the President's commitment and some indication that the Administration will act rigorously to enforce that commitment.

#### ACTION PLAN

Mr. <sup>Water</sup> Lenahan has joined the White House staff on a temporary basis to work on the textile and apparel import problem. Mr. Lenahan will review the administrative mechanisms of the import control program to determine changes that could be made to improve enforcement of the program. He also will prepare an overview of the current status of the textile industry in order to outline the options available to control the growth of the textile and apparel imports while meeting international obligations. ~~In conducting his work, Mr. Lenahan will coordinate closely with other agencies that are involved in the textile and apparel program.~~

chair a CCT wkg group which

important

the Wkg Group

and apparel

and will develop options for consideration by the CCT for more effective control of the growth of textile and apparel

## SCOPE OF WORK

- Explore options for eliminating fraudulent imports of textiles and apparel.
  - o What can Customs do to combat fraud?
  - o What efforts are required of supplying countries?
  - o Other measures?
- Investigate the possibility of "fast track" processing of antidumping and subsidy investigations by the Department of Commerce and the International Trade Commission.
- Investigate the prospects for obtaining a better data base on domestic consumption, imports, and on the domestic shipments of textiles and apparels.
  - o Can the domestic data base be improved?
  - o Should the domestic industry's reporting be compulsory?
  - o Does the Customs/Census/DOC import statistics program need improvement?
  - o Are there opportunities to improve government/industry liaison on textile and apparel issues?

### Policy Options

- o Limitation of import growth to growth of the domestic market.
- o Moratorium on import growth.
- o Global quotas.
- o Other Programs.
- Examination of the feasibility and costs and benefits, both in domestic and international terms of alternative policy options.

DRAFT

Dear Strom:

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 chaired from the White House to review implementation of our textile import program. Walter Lenahan will work on 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. Immediate steps will be taken to ensure that appropriate actions are now being pursued by the departments and agencies involved with the textile apparel industry.

The Working Group will consist of senior officials of the Departments of Commerce, State, Treasury, Labor, the Office of the U.S. Trade Representative and the Council of Economic Advisors. 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, USTR and CEA to participate in the interagency Working Group, I have told them that while the work program is underway, they should continue their strict monitoring of imports of textiles and apparel so as to avoid disruption in the domestic market.

DRAFT

I want to emphasize that we will continue to take positive steps. In fact, actions are already underway under our textile program in response to the 1983 import increases. Under our program, additional quotas may 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,

**DRAFT**

## WHITE HOUSE STAFFING MEMORANDUM

DATE: June 28 ACTION/CONCURRENCE/COMMENT DUE BY: ASAP

SUBJECT: DRAFT PRESIDENTIAL LETTER TO SENATORS HELMS & THURMOND

RE: TEXTILE IMPORTS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input type="checkbox"/>	HERRINGTON	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	McMANUS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VERSTANDIG	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	WHITTLESEY	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

The attached "textile letter" for members of Congress has been revised to reflect the suggestions received. If any remaining problems exist, please phone immediately. I expect the letter to go today.

Thank you.

**RESPONSE:**

Richard G. Darman  
Assistant to the President  
Ext. 2702

WHITE HOUSE STAFFING MEMORANDUM  
OFFICE OF PUBLIC LIAISON

DATE: MAY 23 1983 ACTION/CONCURRENCE/COMMENT DUE BY: 6/20/83

SUBJECT: Burlington Industries letter to Pres re:  
U.S. Textile Industry & imports

	ACTION	FYI		ACTION	FYI
<input checked="" type="checkbox"/> WHITTLESEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TILLER	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> VIPOND	<input type="checkbox"/>	<input type="checkbox"/>	VILA	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> ROUSSELOT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	GRAF	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> BLACKWELL	<input type="checkbox"/>	<input type="checkbox"/>	SUNDSETH	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> BUCKALEW	<input type="checkbox"/>	<input type="checkbox"/>	MOREO	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> GALE	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> <i>Tie Attaches</i>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> JACOBI	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> <i>Jeri Baker</i>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> JENSEN	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> <i>Ed Meese</i>	<input type="checkbox"/>	<input type="checkbox"/>
			<input checked="" type="checkbox"/> <i>Wendall Gunn</i>		
			<input checked="" type="checkbox"/> <i>Faith R. Whittlesey</i>		

REMARKS: *I have done so*

RESPONSE

ID: 139358 CORRESPONDENCE TRACKING WORKSHEET PAGE D01  
INCOMING CORRESPONDENCE DATE 830517 RECEIVED DATE 830520  
(PREFIX) (FIRST) (LAST) (SUFFIX)

MR. WILLIAM A. KLOPMAN

TITLE: CHAIRMAN OF THE BOARD

ORGANIZATION: BURLINGTON INDUSTRIES, INC.

STREET: 3330 WEST FRIENDLY AVENUE

CITY: GREENSBORO STATE: NC ZIP: 27420  
COUNTRY:

SUBJECT: EXPRESSES CONCERN RE: THE U. S. TEXTILE  
INDUSTRY AND THE GROWTH OF TEXTILE IMPORTS

AGY/OFF ACTION CODE TRACKING DATE  
PL MORE ORG 830520

C 830523

STAFF NAME: PRESIDENT REAGAN MEDIA: L OPID: MO TYPE: IBA  
COMMENTS: ~~ATTENTION JOAN MORECI~~

CODES: REPORT MI INDIV: USER:

PLRous RSA 830523  
See ID 139358PL IR

MAY - 19TH ROOSEVELT 12th

met with Jim Baker, Ed Meese  
on May 19th - they both assure  
me that both you & they had  
productive discussion -

LINDA - WHITE

THE WHITE HOUSE  
WASHINGTON

**DRAFT**

June 16, 1983

Dear Mr. Klopman:

The President has asked me to respond to your letter of May 17 in which you outlined your views and concerns about the Administration's handling of the textile program and, specifically, about its dedication to support your commitment to the industry. I am, of course, aware that subsequent to your letter to the President, you, Senators Thurmond and Helms, Congressmen Campbell, Broyhill and Martin, as well as Jim Baker, and Ed Meese of the White House, met on May 19 in the Roosevelt Room and discussed these concerns in great detail.

It is our understanding that since the May 19 meeting, there is a new effort underway by the Committee on the Implementation of Textile Agreements (CITA) to strengthen and improve the domestic market situation for textiles and apparel. Everyone in the White House concerned with this issue is fully aware of the accelerated rate of growth of textile imports, especially in the first two quarters of this year. Since you were in attendance at this meeting, we assume you are aware of the President's intense concern about this subject and the fact that follow-up procedures have been established with CITA to ensure that remedial actions, i.e. the enforcement of the recently negotiated trade agreements with Hong Kong, Taiwan and Korea are taken.

We thank you for your concern and want you to know that

the question of textile imports will remain a high priority item on our agenda.

Kind regards,

John H. Rousselot  
Special Assistant to the President  
and Deputy Director  
Office of Public Liaison

Mr. William A. Klopman  
Chairman of the Board  
Burlington Industries, Inc.  
Corporate Offices  
3330 West Friendly Avenue  
Greensboro, North Carolina 27420

**Burlington Industries, Inc.**

Corporate Offices  
3330 West Friendly Avenue  
Greensboro, North Carolina 27420

William A. Klopman  
Chairman of the Board

May 17, 1983

The President  
The White House  
1600 Pennsylvania Avenue  
Washington, D. C. 20500

Dear Mr. President:

As Chairman and Chief Executive Officer of Burlington Industries, Inc., the largest textile manufacturer in the United States, I am writing to express some views and concerns about the Administration's handling of the textile program and specifically about its dedication to support your commitment to the industry.

Before your election in 1980, you made commitments to the textile and apparel industry through Strom Thurmond and Carroll Campbell to relate total import growth to the rate of growth of the domestic market. This commitment was reaffirmed on your behalf in December, 1981 by Jim Baker and you again repeated the same commitment in letters to Senator Thurmond, Congressman Campbell and other concerned Congressmen in October, 1982.

I am sure you are aware that, since you took office in January 1981, textile and apparel imports have grown substantially but have you any idea of the rate of growth of these imports since you've been in office compared to the rate of growth of the domestic market? In the 2½ year period, from January 1, 1981 through March 31, 1983, imports have grown at an annual rate of 11% -- while the domestic market has shrunk at an annual rate of 2% during this same time period. At no time since the broad program was adopted in 1974 has the record been worse -- and this includes the four years of the Carter Administration.

The President  
May 17, 1983  
Page 2

When I look at the record of import growth of textiles and apparel, at your commitments and at your free trade statements as well as the free trade statements of your top adviser, I cannot help but think that the inconsistency between your commitment to our industry and your support of free trade (even though free trade does not exist anywhere in this world) is being resolved in favor of the free trade advocates.

Mr. President, it was with great hopes that we welcomed you to the White House. Our industry has been a strong supporter of yours, so I am sure you can appreciate the disillusionment we now feel.

Serious damage has befallen the textile and apparel industry through the increase in imports in the period you have been in office. This damage has resulted in mill closings, short workweeks and layoffs of thousands of workers in the southeast, with the consequent erosion of the normal, positive contribution made to the economy of the southeast by the textile and apparel industry. Nevertheless, there is still much that can be salvaged if an earnest effort is made by those in your administration responsible for implementing the textile and apparel program. Now, what can we expect Mr. President in this area during the next year and a half?

Sincerely,



William A. Klopman

ap

cc: Honorable George Bush  
Mr. James A. Baker, III

# United States Senate

WASHINGTON, D.C. 20510

May 23, 1983

DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12958, Sec. 1.3(a)

By NARA CPD Date 8/24/64

PERSONAL AND ~~CONFIDENTIAL~~

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

Gentlemen:

We appreciate the time you gave us and the textile and apparel leadership this past Thursday.

We won't belabor the points made except to say that the President's commitment to relate import growth to the domestic market simply cannot be met unless present trends are dramatically and promptly reversed. That you recognize this and are as anxious as we to see that commitment fully achieved is gratifying to us all.

Both we and the industry representatives were particularly pleased at the positive reaction you had to the problem. As we understand it, you propose to create in the White House a point of contact for the administration and implementation of the President's textile/apparel program. This person will have full authority to see that import growth is reduced and the President's commitment is met, and will work with the agencies involved to achieve these objectives.

This job will require a particularly able and knowledgeable person reporting directly to one of you. We suggested a candidate who has our confidence as well as that of the industry and could be detailed to the White House for whatever period is required to do the job. We urge you to give that individual serious consideration.

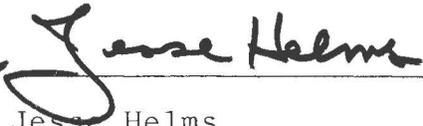
We urge you to act immediately. If this approach does not succeed in meeting the President's commitment, we would work with you to come up with alternatives. The situation

AA  
PI make 2 copies -  
Thanks  
Attached

The Honorable James A. Baker III  
The Honorable Edwin Meese III  
May 23, 1983  
Page Two

is critical and any further delay in remedying it will erode the confidence of the industry and its two million employees in this Administration.

Sincerely,

Strom Thurmond

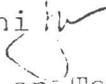
Jesse Helms

THE WHITE HOUSE

WASHINGTON

May 27, 1983

MEMORANDUM FOR CRAIG FULLER

FROM: Jim Cicconi   
SUBJECT: Follow-up on Textiles Meeting

Since you are handling follow-up to the May 19 meeting with representatives of the textile industry, I wanted to be sure you had copies of the relevant papers.

Attached is a memo prepared for the meeting by OPD (a copy of which was sent to you prior to the meeting), along with a memo sent to JAB by Ambassador Brock (which arrived too late to circulate). Also attached is a fact sheet, letter, and news article distributed at the meeting by the industry representatives.

As I recall, the major points for follow-up are:

1. The need to designate one specific person at the WH to deal with the textile problem (and, presumably, as a contact point for industry complaints);
2. The need to respond to a list of specific actions requested by the industry (they were to provide this paper at Ed Meese's request); and
3. To look into the role of the Committee to Enforce Textile Agreements, chaired by Walter Lenahan of Commerce, which monitors imports (and which the industry argues has not been strict enough in enforcing import restrictions), and assess how it might be made more effective.

You might verify the above with Ed Harper or Wendell Gunn, who took notes at the meeting for follow-up actions.

Thanks.

THE WHITE HOUSE

WASHINGTON

May 19, 1983

MEMORANDUM FOR JAMES A. BAKER, III ✓  
EDWIN MEESE, III  
ED HARPER

FROM: Jim Cicconi *JJC*  
SUBJECT: Meeting on Textiles

Attached is an additional paper on the subject of textiles which was prepared by Ambassador Brock. It includes his analysis of the issues that will be raised by textile industry representatives in today's meeting.

cc: Lee Atwater  
Wendell Gunn  
Nancy Risque

*FYI - Jim* *7/11  
4:05  
pm*  
*sent copy of this memo  
and attachment to  
Wendell Gunn, Rm. 2240EOB  
rel tog by messenger  
per your telecon  
instructions — Jan*

THE UNITED STATES TRADE REPRESENTATIVE

WASHINGTON  
20506

May 19, 1983

TO: James A. Baker, III  
FROM: William E. Brock  
SUBJECT: Your Meeting With Congressional Leaders and Textile Executives

The following is a brief analysis of the textile import situation in the first three months of this year. To the extent feasible I would strongly urge you to avoid going into details. The industry can use figures for presentational purposes better than anyone in government.

The textile industry is most alarmed with the 18% net (258 million sye) increase in imports in the first three months of 1983 over the same period of 1982. They certainly call into question our desire to meet the President's commitment to relate total imports to the rate of growth in the domestic market.

Although in the past we have avoided being pinned down to a specific target growth rate in imports, we have taken action to slow the growth in imports and are continuing in our efforts to meet the commitment. At the same time, however, we must continue to meet our international commitments, which call for, at a minimum, a threat of market disruption before action is taken.

The breakdown of the increase is as follows:

Total gross increase - 351 million square yards equivalent (sye) (i.e., counting only those categories that increased)  
Total net increase - 258 million sye (also adding the categories that decreased.)

(A) 47% of the gross increase or 165 million sye in major supplier agreements and from China where there are already agreed or unilateral quotas. It is typical for the first quarter imports to be higher than the annual level, because the annual quota ceilings are not reached until the latter part of the year. The quotas that we negotiated last year provide for 1% growth with the major suppliers and are better than any previously negotiated agreements. Also, as

an indication of our efforts to meet the President's commitment we have held six rounds of negotiations with the Chinese without reaching an agreement, despite strong pressure from the Chinese and retaliation in the agricultural sector.

(B) 25% of the gross increase in imports is from developed countries where we do not have agreements because they are not low-cost countries. The industry, therefore, is less concerned with this increase.

(C) 13% of the gross increase is in so-called basket categories. These are the miscellaneous categories that contain the less-sensitive products. We are currently conducting an investigation of these categories.

(D) Concerning the remaining 15% of the increase, the Administration has already taken considerably more action this year than at the same time last year and will continue to do so as appropriate. We have requested consultations on 14 categories compared to 4 last year and 5 or so more requests are likely in the next few weeks.

In summation, I would hope you would hear them out, emphasize the positive steps we have taken in the past, and assure them that I am determined to continue to take the necessary steps to relate total imports to the rate of growth in the domestic market.



Monitor imports  
CETA  
Chv. - DOC  
STA  
DOC  
State  
Put a call in

Refusal to implement the program.  
Most growth is from Korea, Taiwan & Hong Kong (15 to 20% growth rather than 2% as the new bilats. require.)

We only got 15% of the recommended calls implemented.

Enforcement is lacking!

**Burlington Industries, Inc.**

Corporate Offices  
3330 West Friendly Avenue  
Greensboro, North Carolina 27420

William A. Klopman  
Chairman of the Board

May 17, 1983

The President  
The White House  
1600 Pennsylvania Avenue  
Washington, D. C. 20500

Dear Mr. President:

As Chairman and Chief Executive Officer of Burlington Industries, Inc., the largest textile manufacturer in the United States, I am writing to express some views and concerns about the Administration's handling of the textile program and specifically about its dedication to support your commitment to the industry.

Before your election in 1980, you made commitments to the textile and apparel industry through Strom Thurmond and Carroll Campbell to relate total import growth to the rate of growth of the domestic market. This commitment was reaffirmed on your behalf in December, 1981 by Jim Baker and you again repeated the same commitment in letters to Senator Thurmond, Congressman Campbell and other concerned Congressmen in October, 1982.

I am sure you are aware that, since you took office in January 1981, textile and apparel imports have grown substantially but have you any idea of the rate of growth of these imports since you've been in office compared to the rate of growth of the domestic market? In the 2½ year period, from January 1, 1981 through March 31, 1983, imports have grown at an annual rate of 11% -- while the domestic market has shrunk at an annual rate of 2% during this same time period. At no time since the broad program was adopted in 1974 has the record been worse -- and this includes the four years of the Carter Administration.

The President  
May 17, 1983  
Page 2

When I look at the record of import growth of textiles and apparel, at your commitments and at your free trade statements as well as the free trade statements of your top adviser, I cannot help but think that the inconsistency between your commitment to our industry and your support of free trade (even though free trade does not exist anywhere in this world) is being resolved in favor of the free trade advocates.

Mr. President, it was with great hopes that we welcomed you to the White House. Our industry has been a strong supporter of yours, so I am sure you can appreciate the disillusionment we now feel.

Serious damage has befallen the textile and apparel industry through the increase in imports in the period you have been in office. This damage has resulted in mill closings, short workweeks and layoffs of thousands of workers in the southeast, with the consequent erosion of the normal, positive contribution made to the economy of the southeast by the textile and apparel industry. Nevertheless, there is still much that can be salvaged if an earnest effort is made by those in your administration responsible for implementing the textile and apparel program. Now, what can we expect Mr. President in this area during the next year and a half?

Sincerely,

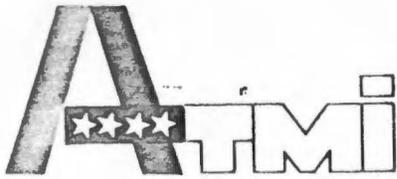
  
William A. Klopman

ap

cc: Honorable George Bush  
Mr. James A. Baker, III ✓

THE WHITE HOUSE  
WASHINGTON

June 16 ; Helms  
Fund-raiser  
at Sheraton - (Pres.  
attending)  
= need status report =



AMERICAN TEXTILE MANUFACTURERS INSTITUTE, INC.

1101 CONNECTICUT AVENUE, N.W., SUITE 300, WASHINGTON, D.C. 20036

TWX: 710-822-9489

TEL: 202/862-0500

Reply to:

May 25, 1983

James A. Chapman, Jr.  
President  
P.O. Box 207  
Inman, S.C. 29349

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

Dear Mr. Baker:

Thank you for taking time to see us, Senators Helms and Thurmond and the three Congressmen last Thursday (May 19) at the White House.

Growth of textile/apparel imports is out of control. Drastic and prompt measures are needed. Import growth should be related to that of the domestic market as promised by President Reagan.

Your concern and interest were obvious. We liked the idea of bringing someone into the White House to see that import growth is reduced to be more in line with President Reagan's commitment. He must be a strong person and given enough clout to get the job done.

If this does not work, then changes may be needed in the whole control program. We look forward to continuing our work with you and our friends on the Hill in this critical area.

With best wishes, I am

Sincerely,

*James A. Chapman, Jr.*

6/1

JAC, Jr:ak

*Jim*

Fyi

5/19/83

TEXTILE/APPAREL IMPORT FACT SHEET

1. The U.S. Textile/Apparel Market Has Grown 13% Since 1967
2. Imports of Textile/Apparel Have Grown 203% since 1967
3. For 3 Months Ending March 1983, Textile/Apparel Imports Are Up 18% over Year Ago or 258 Million Square Yard Equivalents of Fabric. At this Rate Imports in 1983 Will Increase One Billion Square Yards.
4. Textile/Apparel Import Penetration Increased from 15% in 1970 to 30% in 1982. If the Current Trend Continues this Penetration Will Be 33% in 1983 and 38% in 1984.
5. Even Under an Optimistic Long Term Growth Rate of 1.5% per Year for the Domestic Market and 8% per Year for Imports the Penetration Rate Will Be 50% by 1990 and 85% by the Year 2000.
6. Textile/Apparel Imports Have Grown at Twice the Rate during the Reagan Administration as during the Carter Era. During the Reagan Administration, There Has Been a Loss of Over 220,000 Textile/Apparel Jobs. In Contrast, 113,000 jobs Were Lost During the entire Carter Era.
7. Since President Reagan Took Office, Imports of Textile/Apparel Have Grown at an Annual Rate of 11%, While the Domestic Market Has Shrunk at an Annual Rate of 2%.
8. The Merchandise Trade Deficit Was \$34 Billion in 1982. Textile/Apparel Accounted for \$7 Billion or 20% of the Total.
9. Economic Simulation Shows that if the President's Commitments on Import Controls Are Not Kept, Textile/Apparel Employment Will Decline an Additional 545,000 and Transfer Payments Will Increase by an Additional \$6 Billion by 1990. Other Negative Economic Impacts by 1990 Are a Decline in Personal Consumption Expenditures of \$23 Billion, a GNP Which is \$35 Billion Lower and a Merchandise Trade Deficit 22% Larger.
10. The Simulation Also Shows that There Would Be No Increase in Inflation under a Shared Growth Situation.
11. During the Recent Round of Bilaterals, the Controlled Categories from the Big Importing Countries Was Limited to 1 - 2% Annual Growth. The Limits on Aggregates Were Removed. This Allows the Importing Countries to Shift their Emphasis from Low Growth Controlled Categories to High Growth Uncontrolled Categories. This Shift Has Resulted in an Increase of 108% in a Large Group of Non Quota-High Growth Imports for Q/E March 1983 over Q/E March 1982.

(CETA) Comm to Enforce Textile Agreements = monitors imports

= chd by DOC (Walter Linahan) ≡

Thurmond: should desig. one person to ride herd on this.

EM: will monitor at WH more closely

= nail down on paper → specific actions they'd like us to take

= we'll desig. a specific person to deal w/ (Linahan at DOC: <sup>per Helms</sup>)

CCLP

5/19/83

1. Toxic Torts: no decision, but...

DS: need to est. a mechanism to filter thru the E, monitor dev, set policy

= Black Lung; proj'd at \$50m/yr in 1969 = but subseq legal changes made v. liberal  
# now \$2B/yr

= Asbestos good example = of total pop = \$20-30 m people exposed in some way

= Agent Orange another ≡

CDC doing epidemiological study; ~~could~~ could take yrs

= DS: wants high-level interagency gp. // Decision: this will be done

2. Intercircuit Tribunal: overload problem / AG: arguments pro & con

= abolition of diversity jurisdiction & fed. habeas corpus ≡

= no decision today - (EM) wouldn't propose except for C.J.

= AG: perhaps agree w/ prob, argue that should look at variety of ways to deal w/ problem -

THE WHITE HOUSE

WASHINGTON

May 18, 1983

MEMORANDUM FOR JAMES A. BAKER, III ✓  
EDWIN MEESE, III

FROM: Jim Cicconi *JWC*  
SUBJECT: Meeting on Textiles

As previously discussed, a meeting has been set up at the request of Senators Thurmond and Helms, with representatives of the textile and apparel industries. They will present their concerns regarding the effect of textile imports on domestic manufacturers.

The meeting is scheduled for Thursday, May 19, from 1:30 to 2:00 in the Roosevelt Room. A list of participants is attached, along with a briefing paper on the subject prepared by OPD.

cc: Ed Harper  
Craig Fuller  
Dick Darman  
Lee Atwater  
Wendell Gunn  
Nancy Risque

THE WHITE HOUSE

WASHINGTON

MEETING ON TEXTILES

May 19, 1983

The White House, Roosevelt Room

1:30 p.m.

List of Participants

Members of Congress

Senator Strom Thurmond  
Senator Jesse Helms  
Senator John P. East

Congressman James T. Broyhill  
Congressman Carroll A. Campbell, Jr.  
Congressman James G. Martin

Representatives of the Textile Industry

James A. Chapman, Jr.  
William Klopman  
James Martin, Jr.  
Ellison McKissick, Jr.  
Roger Milliken  
W. Ray Shockley

Representatives of the Apparel Industry

Edward J. Bauman  
Stewart Boswell  
Leo J. Feuer

White House Participants

Edwin Meese, III, Counselor to the President  
James A. Baker, III, Chief of Staff and Assistant to the  
President  
Edwin Harper, Assistant to the President for Policy Development  
Lee Atwater, Deputy Assistant to the President for Political  
Affairs  
James Cicconi, Special Assistant to the President and Assistant  
to the Chief of Staff  
Wendell Gunn, Special Assistant to the President for Policy  
Development  
Nancy Risque, Special Assistant to the President for Legislative  
Affairs

## Briefing Paper on Textile Industry

### Overview

- o The U.S. textile and apparel industry is one of the nation's largest industrial employers. The industry employs almost 1.9 million workers or one out of every ten Americans with manufacturing jobs.
- o The textile and apparel industry should benefit significantly from the recovery. The industry's past and present program of substantial capital investment has resulted in some of the most up-to-date and efficient plants in the world. In the past decade the textile industry spent over \$11 billion on modernization of plant and equipment. The resulting productivity gains have been truly impressive - 50 percent higher than the average for manufacturing.
- o The efficiency and productivity of the textile industry are reflected in its success in contributing to this country's export drive. Despite recent unfavorable exchange rates, the textile industry has had a positive balance of trade since 1978.

### Import Growth

- o The textile and apparel industry has been susceptible to disruptive imports. As a result, and in recognition of the U.S. textile industry's unique characteristics, the President has made a special commitment to minimize any disruptive effects from imports. This is the purpose of the President's policy of seeking to relate total import growth to the growth of the domestic market.
- o In pursuit of this objective, the Administration concluded in 1982 new bilateral agreements with our three largest suppliers (Hong Kong, Korea, and Taiwan) that provide for growth rates in specific quota categories consistent with the rate of growth in the U.S. market for six years. These new agreements will hold these three major suppliers close to existing trade levels. (1)
- o In part as a result of these efforts, total imports in 1982 increased only 2.8 percent compared to the 15 percent increase in textile trade in 1981. The long-term agreements negotiated in 1982 should for the first time allow the domestic industry to share in the growth in the recovery process. (2)
- o Senators Helms and Thurmond will point out that based on trade data for the first quarter of 1983, the growth in imports will exceed the projected rate of growth in the U.S. market in a number of categories. USTR believes that imports will flatten out over the course of the year and fall within the negotiated levels. }

(3) 75% of all imports are subj. to  
bilateral agreements.

- o Overall the United States has negotiated bilateral restraint agreements with 25 countries under the Multifiber Arrangement (MFA) and with 8 countries that are not members of the MFA. These agreements cover 74 percent of U.S. textile and apparel imports for the year ending February 1983.

#### Bilateral Trade With China

- o Greater stability will be provided to the U.S. textile and apparel market with the conclusion of a new bilateral agreement with China. The unilateral measures currently in effect will remain in place until that agreement is concluded.
- o Thus far we have reached agreement with the Chinese on quota levels for 14 categories of textile trade (sweaters, coats, shirts, trousers, among others). Negotiations should continue in early June and we will seek quotas on an additional 20 items including print cloth. (Print cloth is of particular interest to Senator Thurmond.)

Office of Policy Development  
May 17, 1983

# 100,000 Textile, Apparel Jobs Could Disappear

By BOB DENNIS  
Observer Staff Writer

The National Science Foundation said Monday that rising imports and growing modernization of the U.S. textile and apparel industry could cost more than 400,000 workers their jobs by 1990.

An 84-page report released Monday in Washington by the foundation said employment in the two industries could drop

from nearly 2 million to about 1.6 million.

Retraining workers could save some jobs, the report said, but added, "It is extremely doubtful that employment in the U.S. textile complex will increase or even be maintained at its current level even if it becomes more competitive."

The report carries particular significance for the Carolinas, where the textile industry is the largest employer. In March, some

"It is extremely doubtful that employment in the U.S. textile complex will increase or even be maintained at its current level even if it becomes more competitive."

— National Science Foundation report

330,000 were working in the industry — 218,800 in North Carolina, 111,600 in South Carolina.

The apparel industry employs nearly 130,000 — 85,900 in North Carolina, 43,900 in South Car-

olina.

If the projected 20% job decline nationwide holds for the Carolinas, it would mean a loss of 43,700 jobs in North Carolina and 22,300 in South Carolina.

Last June, at a textile symposium in Raleigh, John Medlin, president and chief executive officer of Winston-Salem-based Wachovia Bank & Trust Co., predicted that competition from foreign mills and modernization by U.S. manufacturers made it un-

likely textile employment ever again would rise to the historic highs of 1973 and 1974.

In December 1973, N.C. textile employment peaked at 290,000. In June 1974, S.C. employment topped out at 161,000.

Charles Dunn, executive vice president of the N.C. Textile Manufacturers Association, said Monday's report "portends a major crisis" for the textile industry.

The report also underlines com-  
See 400,000 Page 3A

## 400,000 Textile, Apparel Jobs Could Disappear

Continued From Page 1A

ments earlier this year by W. Duke Kimbrell, chairman and president of Parkdale Mills Inc. of Gastonia. Kimbrell said that while total output of the U.S. textile industry will rise, "this will be accomplished with fewer machines and fewer people."

The report comes at a time the textile industry is expressing

growing concern about imports and increasing pressure to limit them. Textile trade talks between U.S. and Chinese negotiators ended last week with no definitive agreement after several months of negotiations. China is the fourth largest exporter of textiles to the United States.

Last Friday, the U.S. Commerce Department said March imports of textiles and apparel jumped

16.9% over a year ago. Textile imports soared 25.9%; apparel imports rose 10%.

The National Science Foundation report urged business and unions to prepare workers for increased automation and said the industry should get some relief from antitrust laws and greater protection against imports.

*and Tuesday*

Scott (Liken) 224-6342  
(Helms)

James A. Chapman	(803) 472-2121
Ellison McKissick, Jr.	(803) 859-6323
James Martin, Jr.	(704) 867-7271
William Klopman	(919) 379-2465
Roger Milliken	(803) 573-2811
W. Ray Shockley	862-0555

*the* { Stuart Boswell

*and family* { Gordon Allen

{ Leo Feuer

Senators

Helms  
East  
Thurmond

Congressmen

Jim Martin  
Broyhill  
Carroll Campbell