

f USTR
memo

3/10 → JC

JAB not seen

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

March 10, 1982

3/13

JC ✓
Please call
Brock + tell him
of my efforts to get
us out in front on this
issue.

MEMO TO: James Baker
FROM: William E. Brock



Jim, just briefly, I want to concur with Rich Williamson's note to you regarding the Balanced Budget Constitutional Amendment.

As I said in our earlier conversation, I regret the present timing dilemma we face on this issue. If we were going to avoid having it tied to some revenue measure, it would be far better to bring it out in mid to late September. However, the matter may be beyond our control in that regard.

I am convinced that a significant effort will be made to attach it to the debt ceiling bill no later than May. Other efforts will be designed to ride on the first reconciliation process. In either event, we may have a forcing action which, unless seized early, could deprive us of the leadership role I think we need.

I'm still not convinced as to the best way to proceed, but I did want to pass along my sense that serious effort should be made to arrive at a decision on the question before the matter becomes moot.

Thank him,
etc.

JAB

P.S. Tell
him to keep
his ideas
coming our
way.

Done. he's
apprehensive.

JC 3/17

P. S. I'm sure you've heard by now that Liddy Dole was absolutely spectacular at Saints and Sinners Roast today. You might want to give her a pat on the back, it's well deserved.

USTE memo

THE DEPUTY
UNITED STATES
TRADE REPRESENTATIVE
WASHINGTON

File
Footwear

June 15, 1981

TO: HONORABLE JAMES A. BAKER III
CHIEF OF STAFF
THE WHITE HOUSE

FROM: David R. Macdonald

I realize that there is little time
to amend the briefing paper for the
President on non-rubber footwear.
Nevertheless, I thought the attached
might be valuable for your considera-
tion.

Attachment

To Frank -
JAB has read
no comment
6/17
not

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

BACKGROUND PAPER FOR THE
PRESIDENT'S MEETING ON NON-RUBBER FOOTWEAR RELIEF

This is to provide background for your meeting with the ten Senators coming in to attempt to influence your decision in favor of a continuation of import quotas on footwear.

The ITC (Tariff Commission) in 1977 found that imports from Taiwan and Korea were injuring U.S. non-rubber footwear industry. President Carter caused USTR to negotiate Orderly Marketing Agreements (quotas) with these two countries. These 4-year agreements expire at the end of this month.

In response to the industry request to extend relief for three more years, the ITC has recommended that the OMA for Taiwan be continued for two years (other than athletic footwear), but that the OMA for Korea not be renewed.

Procedurally, this ITC recommendation goes to you -- mechanically, it is staffed out through the Trade Policy Committee system, which supplies you with an options paper and recommendations.

We would point out the following:

1. The Senators are not entitled to any particular reaction by you concerning your preferences, because you have not received the recommendations of the Trade Policy Committee.
2. If the quotas were extended, the statute says that the extension cannot exceed three years nor be more restrictive than that now in place.
3. Because this is an extension of relief, there is no Congressional override.
4. Perhaps some questions by you to the Senators would show both that you care and are familiar with the problems involved.

Possible Questions To The Senators:

- A. How do you think the industry's profitability ought to impact upon any decision in this case? (FYI. The ITC found that before-tax profits for the U.S. industry as a whole, which parallels the non-rubber segment, rose 96% from 1977 to 1980 (\$123 million to \$242 million). Also, the ratio of pre-tax profit to stockholders' equity rose from 19.3 to 28.3 percent).

- B. Do you think that the industry has been sufficiently aggressive in its capital and research expenditures during the four-year restraint period to enable itself to meet foreign competition? (FYI. The ITC found capital expenditures increased by 8.3 percent in real terms during the period 1977 to 1980, while R&D expenditures increased by only 2.2 percent).

- C. What is your opinion of the following assertions which I understand to be correct:
 - (a) Taiwan has upgraded its footwear to become competitive with high class U.S. producers?

 - (b) Other exporting countries not under restraint agreements have taken the place of Taiwan and Korea?

Possible General Comments

I am glad to have heard your views, and I can assure you that they will be taken into account when I consider the recommendations of the Trade Policy Committee. I cannot help but comment that the enactment of the bipartisan economic program should give a boost to the U.S. footwear industry, and I hope you will support that program in order that we won't see as many of these difficult import problems in the future.

David R. Macdonald
June 15, 1981