Collection: Roberts, John G.: Files
Folder Title: JGR/Textiles (2 of 6)
Box: 55

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 10, 1984

EXECUTIVE ORDER

- - - - -

TEXTILE IMPORT PROGRAM IMPLEMENTATION

By the authority vested in me as President by the Constitution and laws of the United States of America, including Section 204 of the Agricultural Act of 1956, as amended (76 Stat. 104, 7 U.S.C. 1854), and Section 301 of Title 3 of the United States Code, and in order to prevent circumvention or frustration of multilateral and bilateral agreements to which the United States is a party and to facilitate efficient and equitable administration of the United States Textile Import Program, it is hereby ordered as follows:

Section 1. (a) In accordance with policy guidance provided by the Committee for the Implementation of Textile Agreements (CITA), through its Chairman, in accordance with the provisions of Executive Order No. 11651, as amended, the Secretary of the Treasury shall issue regulations governing the entry or withdrawal from warehouse for consumption of textiles and textile products subject to Section 204 of the Act.

(b) Initial regulations promulgated under this section shall be promulgated no later than 120 days after the effective date of this order.

(c) To the extent necessary to implement more effectively the United States textile program under Section 204, such regulations shall include:

(i) clarifications in, or revisions to, the country of origin rules for textiles and textile products subject to Section 204 in order to avoid circumvention of multilateral and bilateral textile agreements;

(ii) provisions governing withdrawals from a customs bonded warehouse of articles subject to this Order transformed, changed or manipulated in a warehouse after importation but prior to withdrawal for consumption; and

(iii) any other provisions determined to be necessary for the effective and equitable administration of the Textile Import Program.

(d) Any such regulations may also include provisions requiring importers to provide additional information and/or documentation on articles subject to this order which are determined to be necessary for the effective and equitable administration of the Textile Import Program.

more

(OVER)

Sec. 2. (a) The Commissioner of Customs shall establish Textile and Apparel Task Force (the Task Force) within the United States Customs Service to coordinate enforcement of regulations concerning importation under the Textile Import Program.

(b) CITA, through its Chairman, shall, in accordance with the provisions of Executive Order No. 11651, as amended, provide information and recommendations to the Task Force, through the Department of the Treasury, on implementation and administration of the Textile Import Program.

(c) The Department of Treasury shall, to the extent practicable, inform the Chairman of CITA of the progress of all investigations concerning textile imports; provide notice to CITA of all requests for rulings on matters that could reasonably be expected to affect the implementation of the Textile Import Program; and take into consideration any comments on such requests that CITA, through its Chairman, timely submits.

Sec. 3. This order supplements, but does not supersede or amend, Executive Order No. 11651 of March 3, 1972, as amended.

Sec. 4. This order shall be effective upon its publication in the Federal Register.

RONALD REAGAN

THE WHITE HOUSE,

May 9, 1984.

# # # #

THE WAY IT SHOULD READ WITH CHANGES AS PER THIS COPY.

file w/ E.O.

EXECUTIVE ORDER

- - - - -

TEXTILE IMPORT PROGRAM IMPLEMENTATION

By the authority vested in me as President by the Constitution and laws of the United States of America, including Section 204 of the Agricultural Act of 1956, as amended (76 Stat. 104, 7 U.S.C. 1854), and Section 301 of Title 3 of the United States Code, and in order to prevent circumvention or frustration of multilateral and bilateral agreements concerning textile trade to which the United States is a party and to facilitate the efficient and equitable administration of the United States Textile Import Program, it is hereby ordered as follows:

Section 1. (a) In accordance with policy ~~recommendations~~ guidance provided by the Committee for the Implementation of Textile Agreements (CITA), through its Chairman, in accordance with the provisions of Executive Order No. 11651, as amended, the Secretary of the Treasury shall issue regulations governing the entry or withdrawal from warehouse for consumption of textiles and textile products subject to Section 204 of the Act.

(b) Initial regulations implementing this section shall be promulgated no later than 120 days after the effective date of this Order.

(c) To the extent necessary to implement more effectively the United States textile program under Section 204 ~~in accordance with multilateral and bilateral agreements to which the United States is a party~~, such regulations shall include:

(i) clarifications in, or revisions to, the country of origin rules for textiles and textile products subject to

Section 204 in order to avoid circumvention of multilateral and bilateral textile agreements;

(ii) provisions governing withdrawals from warehouse of articles subject to this Order transformed or changed ~~in a warehouse~~ after importation into the Customs territory of the United States; and

(iii) any other provisions determined to be necessary for the effective and equitable administration of the Textile Import Program.

(d) Any such regulations may also include provisions requiring importers to provide additional information and/or documentation on articles subject to this Order which are determined to be necessary for the effective and equitable administration of the Textile Import Program.

Sec. 2. (a) The Commissioner of Customs shall establish a Textile and Apparel Task Force (the Task Force) within the United States Customs Service to coordinate enforcement of regulations concerning importation under the Textile Import Program.

(b) CITA, through its Chairman, shall, in accordance with the provisions of Executive Order No. 11651, as amended, provide information and recommendations to the Task Force, through the Department of the Treasury, on implementation and administration of the Textile Import Program.

(c) The Department of the Treasury shall, to the extent practicable, inform CITA through its Chairman of the progress of all investigations concerning textile imports; provide notice to CITA of all requests for rulings on matters that could reasonably be expected to affect the implementation of the Textile Import Program; and take into consideration any comments on such requests that CITA, through its Chairman, submits in a timely manner.

Sec. 3. This Order supplements, but does not supersede or amend, Executive Order No. 11651 of March 3, 1972, as amended.

Sec. 4. This Order shall be effective upon its publication in the Federal Register.

THE WHITE HOUSE,

THE WHITE HOUSE

WASHINGTON

May 7, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Revised Executive Order Entitled "Textile Import Program Implementation"

Richard Darman has asked for comments on the above-referenced executive order by close of business today. This is the third version of the executive order to be staffed for comments. We noted no legal objection to the second version of the proposed order on April 19, 1984. The only change in this version is in section 1(c)(i). The earlier order directed the Secretary of the Treasury to issue regulations governing the entry of textiles, including "clarifications in the country of origin rules." The instant version changes this, at the request of the Department of Commerce, to "clarifications in, or revisions to, the country of origin rules." There are no other changes, and I still have no legal objections.

Attachment

THE WHITE HOUSE

WASHINGTON

May 7, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Revised Executive Order Entitled
"Textile Import Program Implementation"

Counsel's Office has reviewed the above-referenced executive order, and finds no objection to it from a legal perspective.

FFF:JGR:aea 5/7/84
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

May 7, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Revised Executive Order Entitled "Textile Import Program Implementation"

Counsel's Office has reviewed the above-referenced executive order, and finds no objection to it from a legal perspective.

FFF:JGR:aea 5/7/84
cc: FFFielding/JGRoberts/Subj/Chron

ID # 197829CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

JGR

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Richard Darman

☐ MI Mail Report   **User Codes:** (A) ____ (B) ____ (C) ____

Subject: Revised Executive order entitled "Textile Import program implementation"

ROUTE TO: | **ACTION** | **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHOU	ORIGINATOR	84,05,04			/ /
	Referral Note:				
CUAT 18	D	84,05,04		S	84,05,07
	Referral Note:				C.O.B
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

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:

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.

5/81

Document No. 197829SC

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/4/84 ACTION/CONCURRENCE/COMMENT DUE BY: 5/7/84

SUBJECT: REVISED EXECUTIVE ORDER ENTITLED "TEXTILE IMPORT PROGRAM IMPLEMENTATION"

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McFARLANE	☐	☐
MEESE	☐	☐	McMANUS	☐	☐
BAKER	☐	☐	MURPHY	☐	☐
DEAVER	☐	☐	OGLESBY	☐	☐
STOCKMAN	☐	☐	ROGERS	☐	☐
DARMAN	☐P	☑SS	SPEAKES	☐	☐
FELDSTEIN	☐	☐	SVAHN	☑	☐
FIELDING	☑	☐	VERSTANDIG	☐	☐
FULLER	☑	☐	WHITTLESEY	☐	☐
HERRINGTON	☐	☐	______	☐	☐
HICKEY	☐	☐	______	☐	☐
JENKINS	☐	☐	______	☐	☐

REMARKS:

Note: This is the second revision to this Executive Order. Previously staffed to you on March 28 and April 18.

May we have any comments by close of business Monday, May 7. Thank you.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

1984 MAY -4 PM 4:54

U.S. Department of Justice

Office of Legal Counsel 1984 MAY -4 PM 4:17

Office of the
Assistant Attorney General

Washington, D.C. 20530

MAY 4 1984

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive order entitled "Textile Import Program Implementation."

This proposed order was submitted by the Office of Policy Development and has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director.

The proposed Executive order is approved as to form and legality.

Respectfully,

Theodore B. Olson

Theodore B. Olson
Assistant Attorney General
Office of Legal Counsel

U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

MAY 4 1984

MEMORANDUM

Re: Proposed Executive order entitled "Textile Import Program Implementation"

The attached proposed Executive order was submitted by the Office of Policy Development. It has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director. Earlier versions of this order were cleared by this Department on March 27 and April 18, 1984.

The proposed order will authorize the Secretary of the Treasury to issue regulations governing the entry or withdrawal from warehouses of textiles and textile products subject to § 204 of the Agricultural Act of 1954, 7 U.S.C. § 1854. The order also directs the Commissioner of Customs to establish a Textile and Apparel Task Force which will coordinate administration of the Textile Import Program with the Department of the Treasury and the Committee for the Implementation of Textile Agreements.

The proposed Executive order is acceptable as to form and legality.

Theodore B. Olson
Assistant Attorney General
Office of Legal Counsel

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 26, 1984

RECEIVED
APR 27 9 24 AM '84
OFFICE OF LEGAL COUNSEL

Honorable William French Smith
Attorney General
Washington, D.C. 20530

Dear Mr. Attorney General:

Enclosed, in accordance with the provisions of Executive Order No. 11030, as amended, is a revised version of a proposed Executive order entitled "Textile Import Program Implementation."

The proposed order previously was submitted to your office for approval as to form and legality and submitted to the White House. The revision incorporates a technical wording change in Section 1(c)(i) at the request of the Department of Commerce.

Your staff may direct any questions concerning this proposed Executive order to Mr. John F. Cooney of this office (395-5600).

As revised, the proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

Michael J. Horowitz
Counsel to the Director

Enclosure

EXECUTIVE ORDER

\- - - - - - -

TEXTILE IMPORT PROGRAM IMPLEMENTATION

By the authority vested in me as President by the Constitution and laws of the United States of America, including Section 204 of the Agricultural Act of 1956, as amended (76 Stat. 104, 7 U.S.C. 1854), and Section 301 of Title 3 of the United States Code, and in order to prevent circumvention or frustration of multilateral and bilateral agreements to which the United States is a party and to facilitate efficient and equitable administration of the United States Textile Import Program, it is hereby ordered as follows:

Section 1. (a) In accordance with policy guidance provided by the Committee for the Implementation of Textile Agreements (CITA), through its Chairman, in accordance with the provisions of Executive Order No. 11651, as amended, the Secretary of the Treasury shall issue regulations governing the entry or withdrawal from warehouse for consumption of textiles and textile products subject to Section 204 of the Act.

(b) Initial regulations promulgated under this section shall be promulgated no later than 120 days after the effective date of this order.

(c) To the extent necessary to implement more effectively the United States textile program under Section 204, such regulations shall include:

(i) clarifications in, or revisions to, the country of origin rules for textiles and textile products subject to Section 204 in order to avoid circumvention of multilateral and bilateral textile agreements;

(ii) provisions governing withdrawals from a customs bonded warehouse of articles subject to this Order transformed, changed or manipulated in a warehouse after importation but prior to withdrawal for consumption; and

(iii) any other provisions determined to be necessary for the effective and equitable administration of the Textile Import

Program.

(d) Any such regulations may also include provisions requiring importers to provide additional information and/or documentation on articles subject to this order which are determined to be necessary for the effective and equitable administration of the Textile Import Program.

Sec. 2. (a) The Commissioner of Customs shall establish a Textile and Apparel Task Force (the Task Force) within the United States Customs Service to coordinate enforcement of regulations concerning importation under the Textile Import Program.

(b) CITA, through its Chairman, shall, in accordance with the provisions of Executive Order No. 11651, as amended, provide information and recommendations to the Task Force, through the Department of the Treasury, on implementation and administration of the Textile Import Program.

(c) The Department of Treasury shall, to the extent practicable, inform the Chairman of CITA of the progress of all investigations concerning textile imports; provide notice to CITA of all requests for rulings on matters that could reasonably be expected to affect the implementation of the Textile Import Program; and take into consideration any comments on such requests that CITA, through its Chairman, timely submits.

Sec. 3. This order supplements, but does not supersede or amend, Executive Order No. 11651 of March 3, 1972, as amended.

Sec. 4. This order shall be effective upon its publication in the Federal Register.

THE WHITE HOUSE,

THE WHITE HOUSE

WASHINGTON

April 19, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS

SUBJECT: Proposed Executive Order -- Textile Import Program Implementation (Revised)

Richard Darman has asked for comments on the above-referenced Executive Order by close of business April 25. The general purpose of the proposed Executive Order is to coordinate the efforts of Customs, under the Secretary of the Treasury, and the Committee for the Implementation of Textile Agreements (CITA), chaired by USTR, in implementing the textile program. The proposed Executive Order would direct the Secretary of the Treasury to issue regulations within 120 days to help prevent circumvention of bilateral or multilateral trade agreements by transhipments of textiles from third countries or changes to textiles after importation into American customs territory. The proposed Order would also direct the Commissioner of Customs to establish a Textile and Apparel Task Force within Customs to coordinate regulations concerning importation of textiles. The specific authority cited for the Executive Order is 7 U.S.C. § 1854, the provision authorizing the President to negotiate and implement agreements with foreign governments concerning textile imports, and 3 U.S.C. § 301, the general delegation provision. The proposed order also appropriately references Executive Order 11651, which established the CITA. The proposed order directs CITA to advise the Secretary of the Treasury on the contemplated regulations, and provide necessary information to the new Textile and Apparel Task Force.

The Executive Order was recommended by the Cabinet Council on Commerce and Trade, drafted by OPD, and is supported by all affected agencies. It has the approval of OMB and, as to form and legality, the Office of Legal Counsel. This order was originally staffed on March 29, but a dispute developed between Commerce and State over some of the language. That dispute has now been resolved to the satisfaction of all involved. I have reviewed the proposed Executive Order, and related materials, and have no legal objections.

Attachment

THE WHITE HOUSE

WASHINGTON

April 19, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING [illegible]
COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Executive Order -- Textile Import Program Implementation (Revised)

Counsel's Office has reviewed the above-referenced proposed Executive Order, and finds no objection to it from a legal perspective.

FFF:JGR:aea 4/19/84
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

April 19, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Executive Order -- Textile Import Program Implementation (Revised)

Counsel's Office has reviewed the above-referenced proposed Executive Order, and finds no objection to it from a legal perspective.

FFF:JGR:aea 4/19/84
cc: FFFielding/JGRoberts/Subj/Chron

ID # 197829 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) __/__/__

Name of Correspondent: Richard Darman

☐ **MI Mail Report** **User Codes:** (A) ______ (B) ______ (C) ______

Subject: Proposed Executive Order entitled "Textile Import Program Implementation" [Revised]

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency (Staff Name)		Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHORL		ORIGINATOR	84/04/18			/ /
		Referral Note:				
CUAT 18		D	84/04/18		S	84/04/25
		Referral Note:	C.O.B.			
			/ /			/ /
		Referral Note:				
			/ /			/ /
		Referral Note:				
			/ /			/ /
		Referral Note:				

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: ______

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.

5/81

Document No. 197829SC

WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/18/84 ACTION/CONCURRENCE/COMMENT DUE BY: 4/25/84

SUBJECT: PROPOSED EXECUTIVE ORDER ENTITLED "TEXTILE IMPORT PROGRAM IMPLEMENTATION" (REVISED)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McFARLANE	✓	☐
MEESE	☐	✓	McMANUS	☐	☐
BAKER	☐	✓	MURPHY	☐	☐
DEAVER	☐	✓	OGLESBY	✓	☐
STOCKMAN	☐	☐	ROGERS	☐	☐
DARMAN	☐ P	✓ SS	SPEAKES	☐	✓
FELDSTEIN	☐	☐	SVAHN	✓	☐
FIELDING	✓	☐	VERSTANDIG	☐	☐
FULLER	✓	☐	WHITTLESEY	☐	☐
HERRINGTON	☐	☐	______	☐	☐
HICKEY	☐	☐	______	☐	☐
JENKINS	☐	☐	______	☐	☐

REMARKS:

(This package was originally staffed to you on March 28.)

May we have your comments on the revised Executive Order by close of business April 25. Thank you.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

1984 APR 18 PM 5:36

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

1984 MAR 28 PM 1:07

March 23, 1984

MEMORANDUM FOR: THE PRESIDENT

FROM: DAVID A. STOCKMAN DAS

SUBJECT: PROPOSED EXECUTIVE ORDER ENTITLED "TEXTILE IMPORT PROGRAM IMPLEMENTATION"

SUMMARY. This memorandum forwards for your consideration a proposed Executive order which would implement the decision of a Working Group of the Cabinet Council on Commerce and Trade concerning the establishment of formal coordination mechanisms between the United States Customs Service and the Committee for the Implementation of Textile Agreements, chaired by the United States Trade Representative.

BACKGROUND. The Committee for the Implementation of Textile Agreements was established by Executive Order No. 11651 of March 3, 1972, to supervise the implementation of all textile trade agreements entered into by the United States under Section 204 of the Agriculture Act of 1956. Concerns recently have been raised that certain of these multilateral and bilateral trade agreements to which the United States is a party may have been circumvented or frustrated by transshipments of textiles from third countries and transformation or changes to textiles after their importation into the customs territory of the United States.

The proposed Executive order would establish formal coordination mechanisms between the Customs Service and the Committee on Implementation of Textile Agreements to prevent recurrence of these problems. The proposal would direct the Secretary of the Treasury to issue regulations within 120 days, in accordance with policy guidance provided by CITA through its Chairman, to govern entry or withdrawal from warehouse of textiles and textile products. The Secretary also would be directed to establish a Textile and Apparel Task Force within the Customs Service to coordinate enforcement of regulations concerning importation under Section 204 of the Textile Import Program. CITA, through its Chairman, will provide information and recommendations to the Task Force on implementation of the Textile Import Program.

U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

APR 18 1984

MEMORANDUM

Re: Proposed Executive order entitled
"Textile Import Program Implementation"

The attached proposed Executive order was submitted by the Office of Policy Development. It has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director. An earlier version of this order was cleared by this Department on March 27, 1984.

The proposed order will authorize the Secretary of the Treasury to issue regulations governing the entry or withdrawal from warehouses of textiles and textile products subject to § 204 of the Agricultural Act of 1954, 7 U.S.C. § 1854. The order also directs the Commissioner of Customs to establish a Textile and Apparel Task Force which will coordinate administration of the Textile Import Program with the Department of the Treasury and the Committee for the Implementation of Textile Agreements.

The proposed Executive order is acceptable as to form and legality.

Ralph W. Tarr
Acting Assistant Attorney General
Office of Legal Counsel

U.S. Department of Justice

Office of Legal Counsel

Rec'd ... SS

1984 APR 18 PM 3: 11

Office of the
Assistant Attorney General

Washington, D.C. 20530

APR 18 1984

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive order entitled "Textile Import Program Implementation."

This proposed order was submitted by the Office of Policy Development and has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director.

The proposed Executive order is approved as to form and legality.

Respectfully,

Ralph W. Tarr

Ralph W. Tarr
Acting Assistant Attorney General
Office of Legal Counsel

EXECUTIVE ORDER

\- - - - - - -

TEXTILE IMPORT PROGRAM IMPLEMENTATION

By the authority vested in me as President by the Constitution and laws of the United States of America, including Section 204 of the Agricultural Act of 1956, as amended (76 Stat. 104, 7 U.S.C. 1854), and Section 301 of Title 3 of the United States Code, and in order to prevent circumvention or frustration of multilateral and bilateral agreements to which the United States is a party and to facilitate efficient and equitable administration of the United States Textile Import Program, it is hereby ordered as follows:

Section 1. (a) In accordance with policy guidance provided by the Committee for the Implementation of Textile Agreements (CITA), through its Chairman, in accordance with the provisions of Executive Order No. 11651, as amended, the Secretary of the Treasury shall issue regulations governing the entry or withdrawal from warehouse for consumption of textiles and textile products subject to Section 204 of the Act.

(b) Initial regulations promulgated under this section shall be promulgated no later than 120 days after the effective date of this order.

(c) To the extent necessary to implement more effectively the United States textile program under Section 204, such regulations shall include:

(i) clarifications in the country of origin rules for textiles and textile products subject to Section 204 in order to avoid circumvention of multilateral and bilateral textile agreements;

(ii) provisions governing withdrawals from a customs bonded warehouse of articles subject to this Order transformed, changed or manipulated in a warehouse after importation but prior to withdrawal for consumption; and

(iii) any other provisions determined to be necessary for the effective and equitable administration of the Textile Import

Program.

(d) Any such regulations may also include provisions requiring importers to provide additional information and/or documentation on articles subject to this order which are determined to be necessary for the effective and equitable administration of the Textile Import Program.

Sec. 2. (a) The Commissioner of Customs shall establish a Textile and Apparel Task Force (the Task Force) within the United States Customs Service to coordinate enforcement of regulations concerning importation under the Textile Import Program.

(b) CITA, through its Chairman, shall, in accordance with the provisions of Executive Order No. 11651, as amended, provide information and recommendations to the Task Force, through the Department of the Treasury, on implementation and administration of the Textile Import Program.

(c) The Department of Treasury shall, to the extent practicable, inform the Chairman of CITA of the progress of all investigations concerning textile imports; provide notice to CITA of all requests for rulings on matters that could reasonably be expected to affect the implementation of the Textile Import Program; and take into consideration any comments on such requests that CITA, through its Chairman, timely submits.

Sec. 3. This order supplements, but does not supersede or amend, Executive Order No. 11651 of March 3, 1972, as amended.

Sec. 4. This order shall be effective upon its publication in the Federal Register.

THE WHITE HOUSE,

ID # 197829 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

John

Name of Correspondent: Richard G. Darman

☐ **MI Mail Report** **User Codes:** (A) ____ (B) ____ (C) ____

Subject: Proposed Executive Order - Textile Import Program Implementation (submitted by OPD)

DGH - THIS PACKAGE, HELD PER RGD, CAN NOW BE CLOSED OUT.

John

ROUTE TO: **DISPOSITION**

Office/Agency (Staff Name)			Type of Response	Code	Completion Date YY/MM/DD
CU Holland					/ /
CUAT18				S	84/04/02
					/ /
					/ /
					/ /

Referral Note:
/ /
Referral Note:
/ /
Referral Note:

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:

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.

5/81

Document No. 197829SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/28/84 ACTION/CONCURRENCE/COMMENT DUE BY: April 2, 1984

SUBJECT: PROPOSED EXECUTIVE ORDER - TEXTILE IMPORT PROGRAM IMPLEMENTATION (submitted by OPD)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McFARLANE	☑	☐
MEESE	☐	☑	McMANUS	☐	☑
BAKER	☐	☑	MURPHY	☐	☑
DEAVER	☐	☑	OGLESBY	☑	☐
STOCKMAN	☐	☐	ROGERS	☐	☐
DARMAN	☐P	☑SS	SPEAKES	☐	☑
FELDSTEIN	☐	☐	SVAHN	☐	☑
FIELDING	☑	☐	VERSTANDIG	☐	☐
FULLER	☑	☐	WHITTLESEY	☐	☐
HERRINGTON	☐	☐	______	☐	☐
HICKEY	☐	☐	______	☐	☐
JENKINS	☐	☐	______	☐	☐

REMARKS:

May we have your comments on the attached Executive Order by close of business April 2. Thank you.

RESPONSE:

1984 MAR 28 PM 4: 16

Richard G. Darman
Assistant to the President
Ext. 2702

U.S. Department of Justice

Office of Legal Counsel 1984 MAR 28 PM 1:07

Office of the
Assistant Attorney General

Washington, D.C. 20530

MAR 27 1984

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive order entitled "Textile Import Program Implementation."

This proposed order was submitted by the Office of Policy Development and has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director.

The proposed Executive order is approved as to form and legality.

Respectfully,

Theodore B. Olson

Theodore B. Olson
Assistant Attorney General
Office of Legal Counsel

U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

MAR 27 1984

MEMORANDUM

Re: Proposed Executive order entitled
"Textile Import Program Implementation"

The attached proposed Executive order was submitted by the Office of Policy Development. It has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director.

The proposed order will authorize the Secretary of the Treasury to issue regulations governing the entry or withdrawal from warehouses of textiles and textile products subject to § 204 of the Agricultural Act of 1954, 7 U.S.C. § 1854. The order also directs the Commissioner of Customs to establish a Textile and Apparel Task Force which will coordinate administration of the Textile Import Program with the Department of the Treasury and the Committee for the Implementation of Textile Agreements.

The proposed Executive order is acceptable as to form and legality.

Theodore B. Olson
Assistant Attorney General
Office of Legal Counsel

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Rec'd ... S
1984 MAR 28 PM 1:07

March 23, 1984

MEMORANDUM FOR: THE PRESIDENT

FROM: DAVID A. STOCKMAN DAS

SUBJECT: PROPOSED EXECUTIVE ORDER ENTITLED "TEXTILE IMPORT PROGRAM IMPLEMENTATION"

SUMMARY. This memorandum forwards for your consideration a proposed Executive order which would implement the decision of a Working Group of the Cabinet Council on Commerce and Trade concerning the establishment of formal coordination mechanisms between the United States Customs Service and the Committee for the Implementation of Textile Agreements, chaired by the United States Trade Representative.

BACKGROUND. The Committee for the Implementation of Textile Agreements was established by Executive Order No. 11651 of March 3, 1972, to supervise the implementation of all textile trade agreements entered into by the United States under Section 204 of the Agriculture Act of 1956. Concerns recently have been raised that certain of these multilateral and bilateral trade agreements to which the United States is a party may have been circumvented or frustrated by transshipments of textiles from third countries and transformation or changes to textiles after their importation into the customs territory of the United States.

The proposed Executive order would establish formal coordination mechanisms between the Customs Service and the Committee on Implementation of Textile Agreements to prevent recurrence of these problems. The proposal would direct the Secretary of the Treasury to issue regulations within 120 days, in accordance with policy guidance provided by CITA through its Chairman, to govern entry or withdrawal from warehouse of textiles and textile products. The Secretary also would be directed to establish a Textile and Apparel Task Force within the Customs Service to coordinate enforcement of regulations concerning importation under Section 204 of the Textile Import Program. CITA, through its Chairman, will provide information and recommendations to the Task Force on implementation of the Textile Import Program.

The affected agencies support the proposed Executive order.

RECOMMENDATION. I recommend that you sign the proposed Executive order.

Enclosure

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 26, 1984

Honorable William French Smith
Attorney General
Washington, D. C. 20530

Dear Mr. Attorney General:

Enclosed, in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed Executive order entitled "Textile Import Program Implementation."

The proposed Executive order was submitted by the Office of Policy Development, together with the attached memorandum.

The proposed Executive order would establish formal coordination mechanisms between the United States Customs Service and the Committee on the Implementation of Textile Agreements, established by Executive Order No. 11651, to prevent circumvention or frustration of international textile trade agreements to which the United States is a party.

The order would direct the Secretary of the Treasury to promulgate regulations within 120 days, in accordance with policy guidance to be provided by CITA, through its Chairman, to govern transshipments of textiles and textile products and transformations or changes in textiles after their entry into the customs territory of the United States. All the affected agencies support the proposed order.

Your staff may direct any questions concerning this proposed Executive order to Mr. John F. Cooney of this office (395-5600).

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

Michael J. Horowitz
Counsel to the Director

Enclosures

EXECUTIVE ORDER

- - - - -

TEXTILE IMPORT PROGRAM IMPLEMENTATION

By the authority vested in me as President by the Constitution and laws of the United States of America, including Section 204 of the Agricultural Act of 1956, as amended (76 Stat. 104, 7 U.S.C. 1854), and Section 301 of Title 3 of the United States Code, and in order to prevent circumvention or frustration of multilateral and bilateral agreements concerning textile trade to which the United States is a party and to facilitate the efficient and equitable administration of the United States Textile Import Program, it is hereby ordered as follows:

Section 1. (a) In accordance with policy recommendations provided by the Committee for the Implementation of Textile Agreements (CITA), through its Chairman, in accordance with the provisions of Executive Order No. 11651, as amended, the Secretary of the Treasury shall issue regulations governing the entry or withdrawal from warehouse for consumption of textiles and textile products subject to Section 204 of the Act.

(b) Initial regulations implementing this section shall be promulgated no later than 120 days after the effective date of this Order.

(c) To the extent necessary to implement more effectively the United States textile program under Section 204 in accordance with multilateral and bilateral agreements to which the United States is a party, such regulations shall include:

(i) clarifications in, or revisions to, the country of origin rules for textiles and textile products subject to

Section 204 in order to avoid circumvention of multilateral and bilateral textile agreements;

(ii) provisions governing withdrawals from warehouse of articles subject to this Order transformed or changed in a warehouse after importation into the Customs territory of the United States; and

(iii) any other provisions determined to be necessary for the effective and equitable administration of the Textile Import Program.

(d) Any such regulations may also include provisions requiring importers to provide additional information and/or documentation on articles subject to this Order which are determined to be necessary for the effective and equitable administration of the Textile Import Program.

Sec. 2. (a) The Commissioner of Customs shall establish a Textile and Apparel Task Force (the Task Force) within the United States Customs Service to coordinate enforcement of regulations concerning importation under the Textile Import Program.

(b) CITA, through its Chairman, shall, in accordance with the provisions of Executive Order No. 11651, as amended, provide information and recommendations to the Task Force, through the Department of the Treasury, on implementation and administration of the Textile Import Program.

(c) The Department of the Treasury shall, to the extent practicable, inform CITA through its Chairman of the progress of all investigations concerning textile imports; provide notice to CITA of all requests for rulings on matters that could reasonably be expected to affect the implementation of the Textile Import Program; and take into consideration any comments on such requests that CITA, through its Chairman, submits in a timely manner.

Sec. 3. This Order supplements, but does not supersede or amend, Executive Order No. 11651 of March 3, 1972, as amended.

Sec. 4. This Order shall be effective upon its publication in the Federal Register.

THE WHITE HOUSE,

THE WHITE HOUSE

WASHINGTON

May 29, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Administration Position Paper Regarding Freezing Textile and Apparel Imports

Richard Darman has asked for comments by close of business today on the above-referenced proposed Administration position paper and accompanying talking points and letters to Congressmen (for Ambassador Brock's signature). Although the domestic textile industry is recovering from the severe recession it experienced in 1982, imports are also rising, up 28 percent in 1983 and 48 percent in the first quarter of this year. You will recall that the Administration took controversial action in December of last year to dampen the increase in textile imports. The domestic industry is not satisfied with that action and continues to call for comprehensive ("global") quotas set at 1983 import levels. A meeting of the Textile Trade Policy Group (TTPG) took place on May 10 to develop an Administration response to such proposals. The instant draft position paper reflects the agreement of all TTPG participants to reject global quotas.

From our perspective it is significant that the draft position paper concludes that there is no domestic legal authority to impose such global quotas. I have no objection to rejecting quotas on policy grounds, but care must be taken to avoid using supposed legal limitations as an excuse for inaction. Circumstances may change and the President may want to exercise authority that was previously denied in an effort to justify what was in essence a policy, not legal, decision. In this instance, however, my review of the pertinent legal authorities compels me to conclude that the analysis in the position paper is generally sound and that the legal authority to impose quotas of the sort sought by the textile industry does not in fact exist. Assistant Attorney General Paul McGrath, who sits on the TTPG, agrees with this conclusion.

The position paper reviews six separate statutory provisions that might justify global textile quotas. It concludes that authority does not exist under 7 U.S.C. § 624, which authorizes action to prevent interference with price support programs, because there is no evidence of such interference, and because quotas, by inviting retaliation against our cotton exports, may themselves harm the price support program. The position paper rejects possible authority for global quotas under 19 U.S.C. § 2251, the principal International Trade Commission provision, on the ground that the statute is directed to particular articles and not broad categories of imports. The position paper notes that the detailed requirements of the balance of payments provision, 19 U.S.C. § 2132, are not met in this instance, and rejects possible action under the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. § 1701, on the ground that "[i]t has never been considered that the desire to protect a particular U.S. industry would justify use of this authority." The position paper contends that there is no authority under 7 U.S.C. § 1854 to impose global quotas, since that statutory provision only authorizes the President to implement bilateral agreements, and such quotas would be inconsistent with those agreements. (You will recall that 7 U.S.C. § 1854 is the statutory provision that figured in the December textile initiatives. We concluded at that time that the actions taken in December -- short of global quotas -- were themselves at the very fringe of authority under 7 U.S.C. § 1854. Based on our exhaustive review of 7 U.S.C. § 1854 at that time, it is clear that global quotas under that statute would be indefensible.) Finally, the position paper notes that global quotas cannot be justified on national security grounds, the predicate for any action under 19 U.S.C. § 1862.

I recommend two changes in the paper's discussion of domestic legal authority. In the discussion of section 201 of the Trade Act of 1974, 19 U.S.C. § 2251, the paper states that action under that statute is justified if increased imports are "the most important cause of serious injury or threat of serious injury to domestic producers." In fact, the operative statutory phrase is "substantial cause," not "most important cause." "Substantial cause" is defined as "a cause which is important and not less than any other cause," 19 U.S.C. § 2251(b)(4), but this is not the same as "most important cause," and I see no reason to depart from the precise statutory language.

In the discussion of possible authority under IEEPA, the paper recites the requirement that the action must be in response to an "unusual and extraordinary threat" to the U.S. economy, and states that "[i]t has never been considered that the desire to protect a particular U.S. industry would justify use of this authority." I am reluctant to so categorically limit Presidential authority under such a critical statute as IEEPA. One could easily postulate a case, perhaps involving an industry closely linked to national defense, in which action "to protect a particular U.S. industry" might be necessary under IEEPA. I would change the offending sentence to "It cannot be contended that extraordinary emergency action is justified under IEEPA to protect the U.S. textile industry."

I have no other objections to the position paper. Nor do I have any objections to the draft talking points or letters to Congressmen (for Brock's signature), which are both derivative of the position paper. A memorandum for Darman is attached for your review and signature.

Attachment

THE WHITE HOUSE

WASHINGTON

May 29, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING Orig signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Administration Position Paper Regarding Freezing Textile and Apparel Imports

Counsel's Office has reviewed the above-referenced draft position paper, and the accompanying draft talking points and letters to Congressmen. On page 3, line 19, "most important cause" should be changed to "substantial cause," the term used in the statute. See 19 U.S.C. § 2251. It is true that "substantial cause" is defined as "a cause which is important and not less than any other cause," 19 U.S.C. § 2251(b)(4), but this is not the same as "most important cause." If it is considered necessary to indicate how significant a cause the increased imports must be, the statutory definition of "substantial cause" should be quoted.

The last sentence of the second full paragraph on page 4 should be changed. We should not categorically restrict the President's authority under so critical a statute as the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. § 1701. It is not difficult to imagine situations in which a President may find it necessary to take action under IEEPA "to protect a particular U.S. industry." We recommend substituting "It cannot be contended that extraordinary emergency action is justified under IEEPA to protect the U.S. textile industry," or something similar.

FFF:JGR:aea 5/29/84
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

May 29, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Administration Position Paper Regarding Freezing Textile and Apparel Imports

Counsel's Office has reviewed the above-referenced draft position paper, and the accompanying draft talking points and letters to Congressmen. On page 3, line 19, "most important cause" should be changed to "substantial cause," the term used in the statute. See 19 U.S.C. § 2251. It is true that "substantial cause" is defined as "a cause which is important and not less than any other cause," 19 U.S.C. § 2251(b)(4), but this is not the same as "most important cause." If it is considered necessary to indicate how significant a cause the increased imports must be, the statutory definition of "substantial cause" should be quoted.

The last sentence of the second full paragraph on page 4 should be changed. We should not categorically restrict the President's authority under so critical a statute as the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. § 1701. It is not difficult to imagine situations in which a President may find it necessary to take action under IEEPA "to protect a particular U.S. industry." We recommend substituting "It cannot be contended that extra-ordinary emergency action is justified under IEEPA to protect the U.S. textile industry," or something similar.

FFF:JGR:aea 5/29/84
cc: FFFielding/JGRoberts/Subj/Chron

ID # CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Richard Darman

☐ **MI Mail Report** **User Codes:** (A) ______ (B) ______ (C) ______

Subject: Administration Position Paper re: Freezing Textile and Apparel Imports (prepared by USTR)

ROUTE TO: Office/Agency (Staff Name)	ACTION Action Code	Tracking Date YY/MM/DD	DISPOSITION Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	84 05 25			/ /
	Referral Note:				
CUAT 18	D	84 05 25		S	84 05 29
	Referral Note:				COB
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

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:

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.

5/81

Document No. ______________________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/25/84 **ACTION/CONCURRENCE/COMMENT DUE BY:** 5/29/84

SUBJECT: ADMINISTRATION POSITION PAPER RE FREEZING TEXTILE AND APPAREL IMPORTS (Prepared by USTR)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McMANUS	☐	☐
MEESE	☐	✓	MURPHY	☐	☐
BAKER	☐	✓	OGLESBY	✓	☐
DEAVER	☐	✓	ROGERS	☐	☐
STOCKMAN	✓	☐	SPEAKES	☐	☐
DARMAN	☐ P	✓	SVAHN	☐	✓
FELDSTEIN	☐	☐	VERSTANDIG	☐	☐
FIELDING	✓	☐	WHITTLESEY	☐	☐
FULLER	✓	☐	__________	☐	☐
HERRINGTON	☐	☐	__________	☐	☐
HICKEY	☐	☐	__________	☐	☐
McFARLANE	✓	☐	__________	☐	☐

REMARKS:

Please provide any comments/recommendations by Tuesday, May 29th.

Thank you.

RESPONSE:

1984 MAY 25 PM 12: 33

Richard G. Darman
Assistant to the President
Ext. 2702

DEPUTY UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506
202-395-5114

May 22, 1984

MEMORANDUM

TO: Under Secretary Daniel Amstutz
Secretary Malcolm Baldrige
Chairman Martin Feldstein
Assistant Attorney General J. Paul McGrath
Deputy Director Joseph Wright
Under Secretary Allen Wallis
Deputy Under Secretary Robert W. Searby
Deputy Secretary R. Timothy McNamar
Deputy Assistant to the President Roger Porter

FROM: Peter O. Murphy POM

SUBJECT: Follow-up to the Textile Trade Policy Group (TTPG) Meeting of May 10

As agreed at the TTPG meeting of May 10, attached for your comments is the draft Administration position paper on freezing textile and apparel imports at 1983 levels and global import controls. I have also attached a draft letter for your clearance in which Ambassador Brock as Chairman of the TTPG informs certain Members of Congress of the Administration position on these issues, including the fact that we will undertake a study on import licensing.

Attachments

DRAFT

Administration Position Paper

Textiles and Apparel Import Freeze at 1983 Levels and Global Import Controls

BACKGROUND

In the post World War II era, the United States has been a major impetus in the development of an international structure which establishes certain rules and regulations for the conduct of trade among nations. The GATT system has been fundamental to the preservation of U.S. trade interests and, consequently, highly beneficial to all elements of the U.S. economy.

In recognition of the volatile nature of international textile and apparel trade, the U.S. was a major force in establishing a special framework - the GATT Multifiber Arrangement - for protecting the markets of developed importing countries, while providing for orderly growth in textile/apparel exports. The MFA encompasses most of the developing nations as the textile sector has been fundamental to the economic development of these countries. The Multifiber Arrangement (MFA) permits the U.S. to establish quota restrictions to protect domestic producers from damage, or threat thereof, without payment of the normal GATT compensation. Under the MFA framework, we have negotiated 28 bilateral agreements, in which we and our trading partners have established specific rules to govern textile/apparel trade regulation.

Textile and apparel import growth was 25 percent in 1983 and 48 percent in the first quarter of 1984. Responding to the import problem, the Reagan Administration has established more than 250 quota limitations in the last three and one-half years, which along with previous limits, control the bulk of textile and apparel imports.

This tighter administration of our Textile Import Program has mobilized LDC suppliers against U.S. textile trade policy. In mid-January, the GATT Textile Committee met at the request of LDC exporters who believed U.S. actions had violated the MFA. This was the first time in the 25-year history of international arrangements on textiles that a particular country had been so formally singled out for criticism. Further, this month, for the first time in the history of the MFA, the GATT Textile Surveillance Body (TSB), the arbitration body established by the MFA, ruled a U.S. action to be inconsistent with MFA standards and recommended the quota limit established be rescinded (which we have done). Hong Kong, Korea, the Dominican Republic, and Turkey have already complained to the TSB; others are sure to follow. In addition, we have textile trade problems with Spain, Barbados, and Panama for the first time in years. Difficult negotiations have recently been concluded which should at least postpone problems with Egypt and Uruguay. We have exacerbated textile trade relations with Indonesia, Pakistan, Peru, and China, among others.

Elements of the domestic textile/apparel industry and certain Congressional supporters are seeking global quotas on all textile and apparel products, rolled backed to 1983 levels. They have suggested that such a step could be taken under existing domestic legal authority, and without contravening U.S. trade obligations. This paper addresses very briefly the domestic legal authorities the pertinent international rules, and the likely consequences of taking the requested action. Talking points are attached.

Conclusions

Under existing circumstances, there is no domestic authority to impose unilaterally the requested quotas. Therefore new legislation would be required.

The action could not be justified under the rules of the GATT or the MFA. The MFA has provided special agreed "cover" for protection of the textile industry not permitted for other sectors under normal GATT rules without incurring retaliation.

We would invite retaliation against other U.S. exports. The more than 50 countries affected by such quotas would have the right to retaliate against U.S. exports of a value comparable to the eleven billion dollars worth of imports we would be restricting. Retaliation could happen against any U.S. exports, not just textile or apparel imports.

Our action would probably be emulated by other countries (even those not directly affected by our textile action) confronted with strong domestic protectionist pressures, not only in textiles but other sectors as well.

Domestically, textile quotas would encourage other industries seeking special import protection outside existing domestic law and international rules. By abandoning the international rules that have permitted special protection for the textile industry, we would lose the domestic basis of principle for distinguishing textiles from other industries which want protection.

Domestic Law:

The industry would require new legislation for its proposal, because no existing law authorizes such action.

Section 22 (7 U.S.C. 624)

Theoretically permits global quotas on textiles and apparel, but the quotas would have to be necessary in order to prevent material interference with the domestic support programs for raw cotton and raw wool. It is extremely doubtful in present circumstances that such findings could be justified. Indeed, such quotas might be more likely in the immediate term to engender retaliation against our raw cotton exports, thus damaging rather than assisting the cotton support program.

Our domestic escape clause (section 201 of the Trade Act of 1974) authorizes quotas on particular products if increased imports of such products are the most important cause of serious injury (after ITC investigation) or threat of serious injury to domestic producers of the products in question. Whether or not this authority would enable quotas on individual products, quotas of the breadth sought by the industry almost certainly could not be justified.

Our balance of payments authority (Section 122 of the Trade Act of 1974) is triggered by a large and serious balance of payments (BOP) deficit, or imminent risk of significant depreciation of the dollar, or international cooperation to correct an international BOP disequilibrium. Those circumstances do not now exist. If they did, the President could take action to address that crisis. However, he may impose quotas only if an import surcharge would not be effective to address the BOP problem, and qotas are permitted by the GATT or IMF, and only for 150 days. Quotas only on textiles and apparel could not be justified as a BOP action.

The International Emergency Economic Powers Act would allow global quotas on textiles only if necessary to respond to an "unusual and extraordinary threat" to the economy of the United States. 50 U.S.C. 1701. It has never been considered that the desire to protect a particular U.S. industry would justify use of this authority.

Section 204 of the Agricultural Act of 1956, which is the authority for implementation of the MFA and textile bialterals, authorizes import restrictions only to carry out a bilateral or multilateral international agreement. As the industry proposal would violate the bilateral agreements and is not authorized unilateral action under the MFAm section 204 would not apply.

Section 232 of the Trade Expansion Act provides authority to limit imports for national security reasons. The industry proposal presumably could not be justified for national security reasons.

<u>The GATT</u>:

The GATT bars import quotas except in delineated circumstances, not applicable to the industry's broad proposal. We could not claim the national security exception since global quotas are not essential to our security interests. Global quotas only on textiles and apparel could not be justified under the balance of payments exception of Articles XII, even if we could show that we have a serious balance of payments problem in terms of that article. It is readily apparent that the industry's proposal is to protect further a particular sector rather than to address a serious BOP program.

Under Article XIX, global import quotas can be justified on <u>particular products</u> if it is determined that increased imports of <u>each</u> product are causing or threatening serious injury to domestic producers of that product. The industry may be able to meet these criteria in the case of particular products, but almost certainly could not for all textile and apparel imports. Furthermore, even where the GATT criteria are met, the relief must be granted on an MFN basis, so no exception could be made for Canada and the EC. Finally, the affected countries would have a right to compensation or to retaliate for our action.

The <u>section 22 waiver</u> exempts the United States from the GATT prohibition agianst quotas or import fees for actions taken under section 22. If the proposed global were legal domestically under Section 22, the waiver would therefore apply, though the waiver would not exempt us from the obligation to apply any such quotas to all suppliers on a non-discriminatory basis. However, affected countries have the GATT right, despite the waiver to seek compensation or retaliation for damage incurred, and the waiver could be revoked by a simple majority vote of the GATT Secretariat. In light of the magnitude of the proposed action, and given the GATT contracting parties would not have anticipated that the waiver would be used for this sort of action, it is likely that both retaliation and revocation of the waiver would result.

The MFA

The MFA provides special agreed international framework for a series of bilateral import restraint agreements, as well as unilateral import restrictions of particular products from particular countries in defined circumstances. The right to take unilateral restrictions is limited to situations where a sharp increase of low priced import of a particular product of a particular country causes or threatens market disruption to the U.S. producers. The level of such restraints must ensure growth, unless the supplying country agrees otherwise. That unilateral right provides import leverage to get suppliers to agree to restraints and thus avoid such unilateral action.

There is no authority to impose global quotas in the MFA, though in some sensitive products the sum of all the bilateral restraints effectively adds up to global restraints. There is also no general authority to roll back trade; indeed restraint arrangements are supposed to allow on the whole at least six percent annual growth.

The EC has in fact rolled back trade on some products from the "big three", but this has been done by bilateral agreements accepted by those supplies. We could not expect all existing and potential suppliers to agree to a roll back of all trade to 1983 levels, particularly sure this would entail breaking existing contracted obligations between importers and exporters.

The MFA prohibits new restrictions on textiles, except as authorized under the MFA <u>or</u> justified under the GATT. Industry elements have argued that a section 22 action would not violate the MFA because, though more restricitive than the MFA, the action would be "justified" under the GATT waiver. That would be theorectically true if the action were legal domestically and the waiver remained in place, but neither of those conditions wwould likely be met. In any case, such a U.S. argument for remaining in the MFA would probably be viewed as legal sophistry.

In short, the textile industry gets special protection under the MFA as an exception to normal GATT disciplines governing other products. Global quotas would go beyond the bounds of the MFA exception to GATT, violating both GATT and the MFA.

<u>CONSEQUENCES</u>:

The legal consequence of violating our international obligations is that the GATT contracting parties may authorize affected countries to retaliate. Our restrictions would affect about eleven billion dollars, so equivalent restrictions could be imposed on eleven billion dollars worth of U.S. exports.

As a practical matter, some countries would have little capacity to retaliate, while those with the capacity to retaliate would probably not against U.S. exports without waiting for GATT authority. Other net textile importers, because of domestic pressure and fear of trade diversion from the U.S. from the U.S. action, would probably take comparable action, and the existing MFA would collapse.

There is a substantial risk of a much broader break down of the trading system. The U.S., now regarded as the leading advocate of liberal trade, would have taken what would appear to be the most protectionist new action in many years, at least in the breadth of it effect. This would certainly bring into question U.S. credibility in honoring our international commitments. Trade liberalization would also certainly be dead, and the question would be whether a protectionist sp[iral could be avoided. Other countries would be tempted to emulate our action on textiles and other sectors. Domestically, without the cover of the MFA, there would be no basis of principle for differentiating textiles from other industries pressing for protection outside international rules or existing trade statutes.

Attachments

Talking Points

-- We are concerned about the growth of textile and apparel import, and we recognize the need to enforce the textile program vigorously. The recovery of our industry since 1982 is gratifying, but we are conscious that unfettered import growth could imperil that recovery.

-- However, the risks of specific retaliation against our exports and a general breakdown of the trading system are simply too great for us to agree to global quotas as proposed by some elements of domestic industry.

-- The textile industry has benefitted for more than twenty years from special protection under the international rules and under domestic authority permitting implementation of those rule. What the industry now seeks would break the international bargain under which exporting countries have accepted longstanding import controls on sensitive products without retaliating against U.S. exports.

-- The industry's proposal could not be accomplished under current U.S. law. The provisions referred to in Congressonal letters - Section 22 of the Agricultural Adjustment Act of 1933 or the balance of payments authority - were never intended for purposes of the textile industry's proposal and would not allow implementation of that proposal under current circumstances.

-- The industry's proposal would therefore require special new legislation. There would be no basis in principle for distinguishing new textile legislation from the host of similar proposals from other U.S. industries facing import problems.

-- We could expect retaliation against our exports. Some countries affected might have little capacity to retailiate, but others (e.g. China, Brazil or the ASEAN countries) could readily use our action to justify retaliatory measures.

-- A major flouting of the rules by the United States would probably result in a breakdown of the trading system generally, as new restrictions proliferated around the world. Other countries will have much greater difficulty and probably less inclinaiton to resist their own domestic pressures for pretectionism if the United States take a protective action of this magnitude.

-- The impact on the third world debt problem would also be severe, initially because of our restrictions on the exports of poorer countries, but still more broadly as protectionist actions spread worldwide.

Dear Senator :

The President has asked that I respond to the April 9 letter from you and your colleagues concerning textile and apparel import growth.

There has been no single issue with which I have been more concerned as United States Trade Representative than the question of textile and apparel imports. On the one hand, it is gratifying to see that our domestic industry, which was in the depths of recession in 1982, has experienced such a solid recovery. On the other side, the very increased demand that brought rising sales, greater employment, and better profits to our domestic producers has also drawn in imports at an unprecedented rate.

We have been most sensitive to the import problem and, as you know, have taken an unprecedented series of actions to dampen the increase. Some 80 new quotas in just the most recent 5 months is an example of our extraordinary response. Despite the efforts we have taken to date, I noted in your letter that you felt more comprehensive measures were needed. Responding to your concerns, I called a special meeting of the Textile Trade Policy Group, which I chair, to discuss your proposals. Given the importance of this discussion, I also broadened the Group to include other agencies with interests in this matter.

After considerable analysis and discussions, I and my colleagues concluded, without dissent, that we could not recommend that the United States Government adopt either a freeze of textile imports or a global quota as you have proposed. Both of these measures, we believe, would be inconsistent with the essence of our present international trade obligations, which for years have been the foundation of the trading system which has brought increased prosperity to our nation as a whole. More specifically, we believe that adoption of these measures could well invite retaliation which could have widespread adverse effects in both the manufacturing and agricultural sectors.

As you know, the Multifiber Arrangement (MFA) has provided a special internationally agreed basis for textile trade restraints which would not be permissable under normal GATT rules for trade in other sectors. The MFA has also provided a basis in principle for special treatment of textile imports under domestic law through legislation authorizing domestic enforcement of the MFA. Your proposal, however, would go beyond the restraints permitted under the MFA or our bilateral arrangements under the MFA. We see no reasonable justification for your proposal under any other international rules, nor do we believe any existing domestic legal authority would permit these actions. The balance of payments problems required for the use of Section 122 of the Trade Act of 1974 clearly do not exist. Your proposal would thus entail abandoning both the international basis for special treatment of trade in textiles and apparel, thus inviting not only retaliation by affected countries, but a spiral of trade restrictions from other sectors, both in the United States and other countries. I would add that attempts to draw legal distinctions would not have much importance, given the magnitude of the action and interests at stake.

Let me emphasize, however, that the Administration's inability to support an import freeze or global quotas should in no way be interpreted as a lack of concern with the textile import problem. We will continue to administer vigorously our present program. In this regard, we do believe it useful to study carefully the question of import licensing to see how such a system could contribute to better administration of the program. As in the past, the Administration hopes to continue to work with you on ways in which we might best chart a policy which assists our textile and apparel industry, but avoid resultant injury to other sectors of the economy.

Very truly yours,

WILLIAM E. BROCK

Dear Congressman   :

Thank you for the April 26 letter from you and Congressman ______________ concerning textile and apparel import growth. There has been no single issue with which I have been more concerned as United States Trade Representative than the question of textile and apparel imports. On the one hand, it is gratifying to see that our domestic industry, which was in the depths of recession in 1982, has experienced such a solid recovery. On the other side, the very increased demand that brought rising sales, greater employment, and better profits to our domestic producers has also drawn in imports at an unprecedented rate.

We have been most sensitive to the import problem and, as you know, have taken an unprecedented series of actions to dampen the increase. Some 80 new quotas in just the most recent 5 months is an example of our extraordinary response. Despite the efforts we have taken to date, I noted in your letter that you felt more comprehensive measures were needed. Responding to your concerns, I called a special meeting of the Textile Trade Policy Group, which I chair, to discuss your proposals. Given the importance of this discussion, I also broadened the Group to include other agencies with interests in this matter.

After considerable analysis and discussions, I and my colleagues concluded, without dissent, that we could not recommend that the United States Government adopt either a freeze of textile imports as you proposed, or other dramatic mesures such as global quotas. Both of these measures, we believe, would be inconsistent with the essence of our present international trade obligations, which for years have been the foundation of the trading system which has brought increased prosperity to our nation as a whole. More specifically, we believe that adoption of these measures could well invite retaliation which could have widespread adverse effects in both the manufacturing and agricultural sectors.

As you know, the Multifiber Arrangement (MFA) has provided a special internationally agreed basis for textile trade restraints which would not be permissable under normal GATT rules for trade in other sectors. The MFA has also provided a basis in principle for special treatment of textile imports under domestic law through legislation authorizing domestic enforcement of the MFA. Your proposal, however, would go beyond the restraints permitted under the MFA or our bilateral arrangements under the MFA. We see no reasonable justification for your proposal under any other international rules, nor do we believe any existing domestic legal authority would permit these actions. We have no evidence that either the cotton or wool support programs are being undermined as a result of textile and apparel imports.

Since this is not the case, we would not have the authority to use Section 22 of Agricultural Adjustment Act of 1933 to address the textile and apparel import problem. Your proposal would thus entail abandoning both the international basis for special treatment of trade in textiles and apparel, thus inviting not only retaliation by affected countries, but a spiral of trade restrictions from other sectors, both in the United States and other countries. I would add that attempts to draw legal distinctions would not have much importance, given the magnitude of the action and interests at stake.

Let me emphasize, however, that the Administration's inability to support an import freeze or global quotas should in no way be interpreted as a lack of concern with the textile import problem. We will continue to administer vigorously our present program. In this regard, we do believe it useful to study carefully the question of import licensing to see how such a system could contribute to better administration of the program. As in the past, the Administration hopes to continue to work with you on ways in which we might best chart a policy which assists our textile and apparel industry, but avoid resultant injury to other sectors of the economy.

Very truly yours,

WILLIAM E. BROCK