Textile imports

interim automatic ? under <u>one</u> bilaterals [6-8 of 27 have automatic]

30/20 can → no alt damage.
look at other factors after issuing adj.

→ authorization of shipments
→ min unbilateral level: up to N, N+1 after ruling

lawsuit complicates

- Article 31 none yet under MFA

- export authorization system (freeze until resolved)
[big 3]

THE WHITE HOUSE

WASHINGTON

Pursuant to Sect

MEMORANDUM TO: THE SECRETARY OF STATE
THE SECRETARY OF TREASURY
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE U.S. TRADE REPRESENTATIVE

I have determined that the actions directed to be taken by the Committee for the Implementation of Textile Agreements (CITA), in this memorandum are necessary to implement U.S. rights under the Multifiber Arrangement (MFA) and related bilateral trade agreements. I am, therefore, authorizing CITA, under Section 1(c) of Executive Order 11652 of March 3, 1972 as amended, to take such actions. These actions will be taken pursuant to Section 204 of the Agricultural Act of 1956 which provides authority to implement textile agreements, and Executive Order 11651 in which authority to perform certain actions with respect to these agreements has been delegated to CITA.

Under the MFA and our bilateral textile agreements, the United States is authorized to take action affecting imports in cases of market disruption or the threat of market disruption.

As a consequence of increasing imports of textile and textile products from low-wage countries, there has been increasing disruption and threat of disruption to the U.S. textile and apparel industry. As provided in Section 204 and our international agreements, and in order to avoid further disruption to the U.S. textile and apparel industry which is damaged or threatened with damage from imports coming from these low-wage countries, I am directing CITA to take the following actions:

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

a specific country for a specific product

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

(3) With respect to Hong Kong, Taiwan and Korea, E-system calls on each supplier will be made on any product or category when E's issued in that particular product or category reaches 65 percent of the Maximum Formula Level [MFL], and in the opinion of the Chairman of CITA would exceed the MFL if not called, and is in a category with an import to production (I/P) ratio of 20 percent or more, or total imports or anticipated total imports would increase the I/P.

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

Market disruption or the threat thereof may occur under circumstances other than those referred to above. CITA will continue to carefully monitor all textile and apparel imports and their impact on the U.S. textile and apparel industry, and where market disruption or threat occurs under such other circumstances, will take appropriate actions to limit imports.

Ronald Reagan

12/8

USTR

Textile Industry/Labor proposal

1, 2: implementation for domestic mkt. But most of calls would be made anyway under criteria in 3, 4, 5.

3: trigger

4: existing problems trigger
↓
trigger → consultation, not quotas. Doesn't tell Gov how to act, just to act [is this view shared by ind + labor ?]

5. time of request sets minimum limit

6: we try to negotiate quotas for life of agreement.

7: Baldridge reservation. will commit to study, however. Ind + labor have not come back.

3, 4: call at min level, not hold. Ind/labor share this view [Doesn't limit on negotiation or setting limits, just timing of holds]

last sentence of 3, 4: kick out new entrants.

1, 2: again just trigger consultation. If consultation fail → formula triggered.

Request consultation, → 90-day interim quota 35% of most recent year. If can't agree, → formula limits in to set quota, recent year + 20%. [This would be minimum level]

1,2: okay under bilaterals.

DOC [already] [illegible] calls on 4 of categories in (2) — (*).

Pending litigation: Suit against whole program: due process, APA, §204 (no market disruption). If put on paper, → decision being made about waiting for facts, etc. Shirley: DOC will prevail in ct. Would prefer oral argument.

[Would put 1,2 under interim]

ALICE IN WONDERLAND: DECISION FIRST

Same: predetermining issue. Could be good if [illegible] in [illegible] about procedural process

1981: Judge Ray opinion. <u>Associated Dry Goods</u> [meat + remanded]

MFA: no standard for risk of damage + threat of what designation.

annex A: no vulnerability. Formula: one or two factors.

Shirley: it's not look at MFA. Not legal language. No cause of action domestically. But still legal obligations concern.

MFA distinguish damage / what designation.

5: formula has enough of the elements in it to protect us under MFA.

Can drop calls. Industry doesn't share view.

6: DOC always tries to get amount per life of bilateral.

Level of formality? Industry wants E.O. or formulas.

PRC not MFA member

12/12 9:30

THE WALL STREET JOURNAL
WED. DEC. 14, 1983

Textile Imports Of Some Nations

At Certain Trade Level, Curbs Would Apply to China, Others With Low Wages

By Art Pine
Staff Reporter of The Wall Street Journal

WASHINGTON—The Reagan administration is considering a move to halt textile imports from so-called low-wage countries, including China, whenever total textile imports here reach a certain level.

Textile imports from countries with wages that are relatively comparable to those in the U.S., such as France and Britain, wouldn't be affected.

The plan, crafted jointly by the U.S. textile industry and the Commerce Department, is being discussed by top administration policy makers as a trade-off under which domestic textile producers would drop an unfair trade practices petition against textile imports from China. U.S. officials fear prosecution of the complaint against China could jeopardize U.S.-Chinese relations and may prompt China to refuse to buy U.S. grain.

The proposal was discussed at a meeting yesterday between President Reagan and a group of lawmakers from textile-producing states, including Sen. Strom Thurmond and Rep. Carroll Campbell, both South Carolina Republicans. Mr. Reagan reportedly didn't make a decision on the specifics of the plan, but the lawmakers said he promised the industry that the administration would act by Friday.

The government and industry representatives are expected to try to work out some agreement in time to meet a Friday deadline for reaching an informal settlement of the industry's complaint. Industry leaders agreed to suspend their petition during negotiations here.

Sen. Thurmond said later that he had urged Mr. Reagan to adopt a three-part proposal. It would include overall limits on textile imports from low-wage countries, enactment of new presidential power to block surges of textile imports even in the face of a multilateral trade agreement and a plan to require import licenses for all textile imports. However, it wasn't clear yesterday whether any of Sen. Thurmond's proposals would be adopted.

The plan, being proffered within the administration by Commerce Secretary Malcolm Baldrige, would set up a maximum import-penetration level for textile products that would be acceptable to both parties.

Whenever total textile imports exceeded that level, the U.S. would halt imports from so-called low-wage textile-producing countries, also including South Korea, Hong Kong and Taiwan, and begin proceedings leading to imposition of numerical quotas on these imports, on a product-by-product

The plan was presented to top administration policy makers several days ago, but was rejected on the ground that it was too narrow. Yesterday's discussions between President Reagan and the lawmakers were held in part to [illegible] the Cabinet-level [illegible].

Industry sources say the Commerce Department has found little evidence that the Chinese practices that the U.S. industry had cited were actually harming domestic textiles makers, who are doing relatively well this year. However, the domestic industry reportedly feels the government hasn't taken full account of a recent surge in textile imports.

If the industry and the administration can't agree on a conpromise, then the White House will be faced with a major trade decision that could have serious implications for imports from other state-run economies as well. The U.S. industry has raised two points in its complaint: Chinese textile production was being subsidized because the factories are owned and run by the state, and that Chinese exporters benefit unfairly from a multitiered exchange rate system that gives exports a price advantage.

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MEMORANDUM FOR THE PRESIDENT

Subject: Memorandum Setting Rules for the Establishment of the New Textile Quotas

BACKGROUND

You have pledged to Senator Thurmond and others to relate the growth of textile imports to growth in the domestic market. However, import growth continues at unprecedented levels. Since the beginning of your Administration, imports have grown by 49 percent while domestic production has grown only 1 percent. While domestic production has rebounded in 1983, imports continue to grow at twice the level of domestic production, resulting in further erosion of industry's domestic market share.

Dissatisfied with the operation of the textile quota program and the recently concluded Chinese textile agreement, the domestic textile and apparel industry and unions filed a countervailing duty petition to obtain relief from alleged Chinese subsidies on textile and apparel exports. The textile coalition has proposed withdrawing its petition in return for establishment of Administration rules for taking action to restrain disruptive imports from low wage countries and for Administration agreement to make calls on certain products where there is damage or risk of damage to the U.S. industry. The industry proposal, embodied in the attached memorandum, would ensure that the interagency committee responsible for setting new quotas has rules for timely action. The textile coalition believes that too often action has been unnecessarily delayed due to lack of clear guidelines and interagency indecision.

Justice and Commerce Department counsel believe the proposal is consistent with our international obligations. The proposal does not alter current procedures for consultation with the exporting countries' governments. Nor does it dictate how or at what levels quotas are negotiated.

OPTION 1: Reject the industry proposal and allow the countervailing duty case to proceed.

PROS:

- Would allow the CVD case to proceed to conclusion, thereby emphasizing our determination to objectively enforce our trade laws.

- Would underscore our willingness to resist industry desires for protection.

CONS:

- A finding in favor of the industry would badly damage our bilateral relations with China and put at risk $5 billion in bilateral trade and the overall positive gain which have been made in recent months.

- A finding against the industry, particularly when coupled with a negative decision on the industry proposal, would reinforce its view that the Administration is not prepared to implement your commitment.

- This, in turn, could lead to further problems with the domestic industry if the industry were, as it has in the past, to attempt to block Administration legislative proposals or to propose its own even more protectionist legislation.

OPTION II: Accept the industry proposal and sign the attached memorandum.

PROS:

- Would avoid the necessity of choosing between our relations with China and our domestic industry interests.

- Would demonstrate that the Administration is prepared to implement your pledge to Strom Thurmond and Members of Congress.

- Would allow us to better control imports while still allowing for reasonable import growth.

- Would promote investor confidence, leading to expanded investment.

- The proposal is consistent with our MFA obligations.

CON:

- Could lead to anxiety on the part of some trading partners that the United States is taking a more protectionist path and lead to accusations in the Multifiber arrangement that the United States is abusing its international responsibilities (although senior officials of the European Commission have indicated that it uses a similar system and that appropriately implemented it would not be seen as protectionist).

Secretary of Commerce

Attachment

NAME	AGENCY	Room	PHONE
Mike Hathaway	USTR	221	395-3432
John Murphy	Treasury	2013	566-8401
Stuart Eizenstat	Justice	7116	633-3718
LARRY TU	State	6420	632-3570
Harold Koh	Justice/OLC	5245	633-3713
BOB SHAMES	Justice/OLC	5233	633-3657
JOHN ROBERTS	WHITE HOUSE COUNSEL'S OFFICE	112	456-7953
JOHN GARSON	LABOR	N-2700	523-8627
Claud Gingrich	USTR	223	395-3150
Chip Roh	USTR	217	395-3432
W Lenahan	DOC	3001	377 3737
Shirley Coffield	DOC/GS	3327	377-4845

THE WHITE HOUSE

WASHINGTON

December 9, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Textile Proposals

To recap the events of last evening: I received at approximately 8:00 p.m. a call from Shirley Coffield, an attorney in the General Counsel's office at the Department of Commerce, advising that Commerce Undersecretary Lionel Ohlmer had telephoned Commerce General Counsel Irving Margulies from Brussels to obtain our opinion on the legality of Commerce's proposed settlement of the Chinese countervailing duty case. According to Ohlmer, Baldrige had received a commitment from you to provide such an opinion within 24 hours. The opinion was needed in order that Secretaries Baldrige, Brock, Block, and Schultz could discuss the policy question at a meeting in Brussels at 7:00 a.m. December 9 (EST). After putting a call in to you, I telephoned Margulies, who conceded that it had not been his understanding that you were expected to deliver such an instantaneous opinion, but that it was the Secretary's understanding and that the Secretary now required that your views be obtained that evening.

After our first telephone discussion, I telephoned Bob Shanks, Deputy Assistant Attorney General, OLC, and reviewed the matter with him. Shanks expressed his opinion that we would be on "solid ground" if it were clear that the formulae in the industry/labor proposal triggered only a "call," and did not speak to the level of limits ultimately imposed. In Shanks' view, a commitment by the Government to the formulae could be defended if CITA retained complete discretion after the triggering of a call in setting actual limits and, in an unusual case, even withdrawing the call. The theory underlying this view is that the factors that must be considered under the MFA or pertinent bilateral agreement that are not embraced by the formula can be considered prior to setting the ultimate limits. Shanks also recommended that the personal involvement of the President be kept at a minimum. He indicated that there was no legal necessity for the President to be involved at all, although he recognized that this was a condition insisted upon by industry and labor before they would drop the countervailing duty case.

We then had our second telephone conversation, and I telephoned Margulies to give him our advice. I told Margulies that it must be made clear to the Secretary that our office was expressing no view on the policy question, about which we had very serious concerns. I then told him that it was our view, based on the Commerce legal opinion and our necessarily brief review of the matter and consultations with the Department of Justice, that the Commerce proposal was defensible if and only if it were made explicit that the formulae triggered only a "call," and did not speak to the level of limits, if any, ultimately imposed by CITA. It must be made explicit and understood that CITA retains complete discretion in setting ultimate limits, and, in an unusual case, pulling a "call." I pointed out to Margulies that this course of action had its risks, primarily making the pending litigation by importers against the entire program more problematic, and making the defense before TSB of any limits ultimately imposed more difficult. Finally, I advised Margulies that it was our view that the direct involvement of the President should be kept at the absolute minimum necessary to secure the agreement of industry and labor, if it is determined to pursue this course. In no event would an Executive Order be issued, and the President's involvement should be as informal and nonsubstantive as possible. I then called you for the third time and repeated to you the advice I had given to Margulies.

Shirley Coffield telephoned me this morning to confirm that Margulies had conveyed our views to the Secretary last evening. I reiterated those views to her to ensure that there was no misunderstanding. Bob Shanks also called and we confirmed our mutual understanding of the advice to Margulies, as outlined above.

DRAFT

MEMORANDUM FOR: IRVING P. MARGULIES
Acting General Counsel
Department of Commerce

FROM: Fred F. Fielding
Counsel to the President
The White House

I have considered the opinion expressed in your letter concerning the consistency of changes in the textile import program with the Multifiber Arrangement, and ~~agree with the conclusion~~ *have concluded* that the ~~proposals~~ *contemplated changes* are ~~not inconsistent with~~ *defensible under* that Arrangement or related textile bilaterals.

This conclusion is contingent upon it being made explicit ~~I understand these proposals to mean~~ that the criteria proposed would merely trigger the "call" mechanisms in our bilateral agreements or, ~~lacking~~ *in the absence of* such an agreement, the provisions of Article 3 of the MFA. *It must be made clear that* ~~The~~ the level of import restraint ~~which~~ *that* may be agreed as a result of any consultations under those provisions would continue to be at the discretion of the U.S. Government. In addition ~~I understand~~ the~~se~~ proposals ~~to provide~~ *should provide* that if, after the call is made, further information shows the call to have been inappropriate, ~~that~~ the call could be discontinued and any import restrictions ~~which~~ *that* might have been imposed would be removed. Implementation of the program in this way ~~would not be inconsistent with our commitments~~ *could be defended* under the MFA. ~~given the nature of the recommended criteria themselves, which provided that action only be taken in instances when there are growing imports from low-wage suppliers.~~

~~*But [illegible] [illegible] [illegible] + TSB.*~~ *The proposed changes in the textile import program may make the defense of the program in domestic litigation more problematic, and may make the defense of any limits imposed before the TSB more difficult, and those considering the policy question should be aware of these concerns.*

This view does not address the policy implications of any decision to agree to these proposals.

~~It would be my recommendation that~~ the President's direction to implement these proposals should be by some means other than an Executive Order, as the Presidential action is consistent with the provisions of the current CITA Executive Order and does not involve its amendment. In addition, a less formal directive would minimize direct Presidential involvement in the actual implementation of the proposals.

No action by the President is necessary to implement the proposed changes in the E.O. If Pres action is to be taken, it should be .

DRAFT

MEMORANDUM TO: THE SECRETARY OF STATE
THE SECRETARY OF TREASURY
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE U.S. TRADE REPRESENTATIVE

I have determined that the actions directed to be taken by the Committee for the Implementation of Textile Agreements (CITA), in this memorandum ~~are necessary~~ to implement U.S. rights under the Multifiber Arrangement (MFA) and related bilateral trade agreements. I am, therefore, authorizing CITA, under Section 1(c) of Executive Order 11652 of March 3, 1972 as amended, to take such actions. These actions will be taken pursuant to Section 204 of the Agricultural Act of 1956 which provides authority to implement textile agreements, and Executive Order 11651 in which authority to perform certain actions with respect to these agreements has been delegated to CITA.

Under the MFA and our bilateral textile agreements, the U.S. is authorized to take action affecting imports in cases of market disruption or the threat of market disruption.

As a consequence of increasing imports of textile and textile products from low-wage countries, there has been increasing disruption and threat of disruption to the U.S. textile and apparel industry. As provided in Section 204 and our international agreements, and in order to avoid further disruption to the U.S. textile and apparel industry which is damaged or threatened with damage from imports coming from these low-wage

countries, I am directing CITA to take the following actions:

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

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

(3) With respect to Hong Kong, Taiwan and Korea, E-system calls on each supplier will be made on any product/category when E's issued in that particular product/category reaches 65 percent of the Maximum Formula Level [MFL] [and in the opinion of the Chairman of CITA would exceed the MFL if not

called] and is in a category with an I/P ratio of 20 percent or more, or total imports or anticipated total imports would increase the I/P.

(4) Once any category is restricted after consultations under the textile import program, [CITA shall take action to insure that] it shall remain under control for the life of the bilateral agreement that governs our textile relations with the called country.

Market disruption or the threat thereof may occur under circumstances other than those referred to above. CITA will continue to carefully monitor all textile and apparel imports and their impact on the U.S. textile and apparel industry, and where market disruption or threat occurs under such other circumstances, will take appropriate actions to limit imports.

Ronald Reagan

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MEMORANDUM FOR THE PRESIDENT

Subject: Memorandum Setting Rules for the Establishment of the New Textile Quotas

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Justice and Commerce Department counsel believe the proposal is consistent with our international obligations. The proposal does not alter current procedures for consultation with the exporting countries' governments. Nor does it dictate how or at what levels quotas are negotiated.

OPTION 1: Reject the industry proposal and allow the countervailing duty case to proceed.

PROS:

- Would allow the CVD case to proceed to conclusion, thereby emphasizing our determination to objectively enforce our trade laws.

- Would underscore our willingness to resist industry desires for protection.

CONS:

- A finding in favor of the industry would badly damage our bilateral relations with China and put at risk $5 billion in bilateral trade and the overall positive gain which have been made in recent months.

- A finding against the industry, particularly when coupled with a negative decision on the industry proposal, would reinforce its view that the Administration is not prepared to implement your commitment.

- This, in turn, could lead to further problems with the domestic industry if the industry were, as it has in the past, to attempt to block Administration legislative proposals or to propose its own even more protectionist legislation.

OPTION II: Accept the industry proposal and sign the attached memorandum.

PROS:

- Would avoid the necessity of choosing between our relations with China and our domestic industry interests.

- Would demonstrate that the Administration is prepared to implement your pledge to Strom Thurmond and Members of Congress.

- Would allow us to better control imports while still allowing for reasonable import growth.

- Would promote investor confidence, leading to expanded investment.

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- Could lead to anxiety on the part of some trading partners that the United States is taking a more protectionist path and lead to accusations in the Multifiber arrangement that the United States is abusing its international responsibilities (although senior officials of the European Commission have indicated that it uses a similar system and that appropriately implemented it would not be seen as protectionist).

Secretary of Commerce

Attachment

GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE
Washington, D.C. 20230

December 7, 1983

Honorable Fred F. Fielding
Counsel to the President
The White House
Washington, D.C. 20500

Dear Mr. Fielding:

Enclosed is another copy of the MFA paper and also a copy of the Preamble. Page 4 of the MFA paper was accidentally omitted with the letter sent to you from Irving Margulies dated December 6, 1983.

Sincerely,

Shirley Coffield
Attorney-Advisor
Office of the General Counsel

Enclosures

1983 DEC - ... 10:58

Requirements for Market Disruption under the MFA

Both Articles 3 and 4 of the MFA refer to "Market Disruption;" in Article 3 as the justification for action and in Article 4, "preventing the real risk of market disruption" as a basis for bilateral agreements. In both articles, reference is made to the definition of Market Disruption in Annex A.

Annex A Paragraph I, does not, however, contain any quantifiable definition of Market Disruption, but rather refers to it as "serious damage" or the "actual threat thereof." "Appropriate factors" must be examined in determining damage, an illustrative list of which is given. No mention is made of threat of damage. The definitiveness of the list of factors is further clouded by the last sentence of Paragraph I which comments that, "No one or several of these factors can necessarily give decisive guidance."

The ambiguities of Paragraph I, when seen in conjunction with the Article 3(3) provision which leaves the decision as to when Market Disruption exists to the "opinion" of the importing country (in terms of the Annex A definition) further dilutes the "definition" as it exists in Annex A Paragraph I.

Clearly, to have Market Disruption there must be serious damage or the actual threat of serious damage. In order to make a determination as to whether or not damage exists, participating countries must look at factors determined to have a bearing on the state of the domestic industry. An illustrative list of factors which may have such a bearing are:

- turnover
- market share
- profits
- export performance
- employment
- volume of disruptive and other imports
- production
- utilization of capacity
- productivity
- investments

The illustrative nature of the list, together with the caveat that "No one or several of these factors can necessarily give decisive guidance" would seem to leave to the country making the determination (under Article 3) considerable flexibility as to which factors, listed or otherwise, should be considered most important in determining whether or not damage exists.

While there is no discussion in Annex A as to what factors one should look at to determine actual threat of damage, it seems reasonable to expect that a country would look at similar factors as when determining damage but may, of course, consider some factors more important than others or look at different factors when determining if an actual threat exists.

Paragraph II which lists the factors, generally appearing in combination, which cause Market Disruption gives a more quantifiable basis for a Market Disruption determination. If those factors exist;

(i) a sharp and substantial increase or imminent increase of imports of particular products from particular sources;

(ii) those products are offered at prices which are substantially below those of similar goods in the importing market,

then it would not, in my view, be inconsistent with Annex A to presume Market Disruption. The presumption could be refuted if it was determined that no damage or threat of the damage was present after looking at factors bearing on the domestic industry's condition in accordance with Paragraph I.

With respect to agreements under Article 4 of the MFA, the standard is that the agreements should eliminate the "real risk of Market Disruption," a term translated into most U.S. bilaterals as providing for exporter and U.S. action when the "threat of Market Disruption" exists. (As contrasted to the threat of damage which can be Market Disruption in Annex A). The standard is still Annex A under the terms of Article 4, but the justification for action under an agreement is pushed back one step from Market Disruption (Article 3) to threat of Market Disruption (U.S. bilaterals).

With respect to countries not a party to the MFA, there is no requirement that Market Disruption exist. Article 8 of the MFA gives rights to MFA signatories that an importing country not allow non-participant to frustrate the operation of the MFA. It additionally provides that participants not be restrained greater than non-participants causing or threatening Market Disruption.

DRAFT PREAMBLE

I have determined that the actions set forth in this order are necessary to implement U.S. rights under the Multilateral Textile Agreement (MFA) and related bilateral trade agreements. These actions are taken pursuant to Section 204 of the Agricultural Act of 1956 which provides authority to implement these agreements, and Executive Order 11651 of March 3, 1972 as amended, in which authority to perform certain actions with respect to these agreements has been delegated to the Committee for the Implementation of Textile Agreements (CITA).

Under the MFA and our bilateral textile agreements, the U.S. is authorized to take action affecting imports in cases of market disruption or the threat of market disruption.

As a consequence of increasing imports of textile and textile products from low wage countries, there has been increasing disruption and threat of disruption to the U.S. textile and apparel industry. As provided in Section 204 and our international agreements, and in order to avoid further disruption to the U.S. textile and apparel industry which is damaged or threatened with damage from imports coming from these low wage countries, I am directing CITA to take the following actions:

.....

.....

.....

Market disruption or the threat thereof may occur under circumstances other than those referred to above. CITA will continue to carefully monitor all textile and apparel imports and their impact on the U.S. textile and apparel industry, and where market disruption or threat occurs under such other circumstances, will take appropriate actions to limit imports.