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APR 1 1976

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April 1, 1976

MEMORANDUM FOR: BILL SEIDMAN
FROM: MAX FRIEDERSDORF
SUBJECT: Footwear Quota

Please add Representative Charles Rose (D-N.C.) to those who have contacted the White House regarding the footwear issue.

Rose urges the President accept the quota recommendations of the ITC on footwear.

Converse has a big facility in Rose's District.

cc: Jack Marsh
Charlie Leppert



THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

April 16, 1976

MEMORANDUM FOR MR. MAX L. FRIEDERSDORF
Assistant to the President
for Legislative Affairs

From: Ambassador Frederick B. Dent

Subject: Presidential Announcement of
Footwear Decision

I am enclosing herewith a copy of the press release which we will issue at 2:00 p.m. today regarding the President's decision in the Footwear Escape Clause Case. I have been asked to be sure that this is not prematurely released. I understand that you will undertake to call the Congressional leadership starting at 1:30 p.m. today and I, in turn, will be calling the leadership of the Senate Finance and House Ways and Means Committees to pre-notify them of the information.

The Trade Act requires us to file a statement within 24 hours of the decision with the Speaker of the House and the President pro tempore of the Senate. We have prepared these letters for the President's signature and expect to get them off today.

I understand that you will also send copies of the press release to all those members of Congress who have written to the President on this subject.

I will report to you any Congressional reaction received as a result of my telephone calls.

Mr. FINE - 2 p.m. 4/16/76

Mrs. ROOFS - 2:07 p.m. "

Bob MICHEZ - 2:20 p.m. "

SPKR - ~~POWERS~~ - JOEL JANKOWSKY 2:38 p.m.

O'NEIL - GERARDY

FOR RELEASE AT 2:00 P.M.
FRIDAY, APRIL 16, 1976

PRESS RELEASE #222

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D. C. 20506

President Ford Selects Adjustment Assistance
For Footwear Industry and Workers

President Ford has decided, considering the interests of both American consumers and producers, that expedited adjustment assistance is the most effective remedy for injury to the U.S. footwear industry and its employees as a result of imports. This decision was announced today by Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations.

The President's decision was based upon his evaluation of the national economic interest. A remedy involving import restraints would have lessened competition in the shoe industry and resulted in higher shoe prices for American consumers at a time when lowering the rate of inflation is essential. Footwear makes up 1½ percent of the Consumer Price Index.

Import restraints would also have exposed U.S. industrial and agriculture trade to compensatory import concessions or retaliation against U.S. exports. This would have been detrimental to American jobs, and damaged U.S. exports.

The President noted that the U.S. footwear industry is benefitting from a substantial increase in production, shipments, and employment as a result of the economic recovery. Additionally, a number of plants have reopened, order backlogs of domestic manufacturers have increased, and profitability has improved.

In considering the effect of import restraints on the international economic interests of the United States, as required by the Trade Act of 1974, the President concluded that such restraints would be contrary to the U.S. policy of promoting the development of an open, nondiscriminatory and fair world economic system. The goal of this policy is to expand domestic employment and living standards through increased economic efficiency.

The U.S. International Trade Commission reported to the President on February 20, 1976, the results of its investigation of a petition for import relief filed by the American Footwear Industries Association, the Boot and Shoe Workers Union and the United Shoe Workers of America. The Commission unanimously found that imports were a substantial cause of serious injury to the domestic industry.

However, there was not a majority decision as to the recommended remedy. Three Commissioners recommended tariff increases, two recommended tariff-rate quotas and one recommended adjustment assistance.

The principal sources of footwear exports to the United States are Italy, Spain, the Republic of China, Brazil, and the Republic of Korea. Imports of footwear in 1975 totaled 287.7 million pairs and were valued at \$1.1 billion. They made up 40 percent of domestic consumption.

The President has directed the Secretaries of Commerce and Labor to give expeditious consideration to any petitions for adjustment assistance filed by footwear firms and their workers. He also instructed the Secretaries to file supplementary budget requests for adjustment assistance funds, if necessary, to carry out his program.

The President has also directed the Special Representative for Trade Negotiations to monitor U.S. footwear trade, watching levels and quantities of imports as well as domestic production and employment. If significant changes occur, they will be reported to the President with appropriate recommendations.

FOR RELEASE AT 2:00 P.M.
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FACT SHEET ON TRADE ADJUSTMENT ASSISTANCE
FOR U.S. FIRMS, WORKERS AND COMMUNITIES
PRODUCING NONRUBBER FOOTWEAR

The President has ordered expedited trade adjustment assistance for U.S. firms, workers and communities producing nonrubber footwear.

Trade adjustment assistance for workers, administered by the Secretary of Labor, includes benefits of weekly allowances of up to 70 percent of a worker's average weekly wage for 12 months, employment counseling, job retraining, job search allowances, and advances to assist in relocating if necessary for reemployment.

Adjustment for firms, administered by the Secretary of Commerce, includes technical assistance, direct loans, or loan guarantees, to aid such firms in modernizing or in switching to other product lines.

Community trade adjustment assistance, which is also administered by the Secretary of Commerce, includes technical assistance in developing recovery plans to attract new industry or to switch existing plants to more competitive fields, and loans and loan guarantees to carry out these plans.

The President chose this form of assistance to the domestic industry in meeting increased foreign competition for the following reasons:

1. "Import relief" measures (increased tariffs or tariff quotas) recommended by five members of the U.S. International Trade Commission would not be in the national economic interest.

2. Adjustment assistance will provide an effective remedy for the injury from which the industry has been found to be suffering.

3. Adjustment assistance will benefit the many smaller enterprises which have been seriously injured, whereas the USITC report casts grave doubt on import relief as an effective remedy for these firms; import relief would disproportionately benefit the 21 larger firms which produce 50% of domestic output, but which have been found to be competitive with imports.

4. The domestic industry is recovering from the recession. Employment and production are increasing.

5. Adjustment assistance is consistent with the President's efforts to control inflation, including costs to all consumers, which import restrictions would raise.

6. Adjustment assistance will not expose other industries to a compensatory reduction in their tariff and import quota rates, or retaliation by other nations against their exports, whereas import relief would.

7. The United States is pledged along with other countries to avoid trade restrictions wherever possible as they work toward the negotiation of an improved world trading system.

8. Adjustment assistance will not distort existing trade relationships and patterns, whereas import relief would.

As the U.S. economy recovers from the recession, domestic production of nonrubber footwear is rising significantly:

<u>1975</u>		<u>1976</u>
Jan.	33,932,000 million pairs	40,985,000
Feb.	<u>32,274,000</u>	<u>41,137,000</u>
	66,206,000	82,122,000
Monthly average for 12 months:		
	<u>36,143,000</u>	<u>*41,106,100</u> (2 months)
		*(Second highest since May, 1974)

U.S. employment in the industry also shows signs of picking up:

<u>1975</u>		<u>1976</u>
Jan.	166,000 workers	171,000
Feb.	<u>161,000</u>	<u>172,000</u>
	327,000	343,000
Monthly average for 12 months:		
	<u>163,000</u>	<u>*171,500</u> (2 months)
		*(Highest since July, 1974)

The import monitoring system directed to be set up by STR will be based on Bureau of the Census monthly statistics. Commodity specialists of the USITC also will be available for consultation.

FOR RELEASE AT 2:00 P.M.
FRIDAY, APRIL 16, 1976

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EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D. C. 20506

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The President noted that the U.S. footwear industry is benefitting from a substantial increase in production, shipments, and employment as a result of the economic recovery. Additionally, a number of plants have reopened, order backlogs of domestic manufacturers have increased, and profitability has improved.

In considering the effect of import restraints on the international economic interests of the United States, as required by the Trade Act of 1974, the President concluded that such restraints would be contrary to the U.S. policy of promoting the development of an open, nondiscriminatory and fair world economic system. The goal of this policy is to expand domestic employment and living standards through increased economic efficiency.

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FOR IMMEDIATE RELEASE
FRIDAY, APRIL 30, 1976

PRESS RELEASE #223

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT -
WASHINGTON, D. C. 20506

President Ford Orders Fast Processing of
Adjustment Assistance for
Stainless Steel Flatware Firms and Workers

President Ford, taking into consideration the national economic interest, has decided on expedited adjustment assistance as the most appropriate means for helping the stainless steel flatware industry to deal with problems it faces from foreign competition. This decision was announced today by Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations.

The President's decision follows a report from the U.S. International Trade Commission (USITC) on March 1, 1976 that the industry is being injured by increased imports. There was no majority recommendation for an appropriate and effective remedy. While the law provides that import relief may be given when the Commission finds that injury exists, such relief is authorized only for a limited period, during which the industry is expected to adjust to import competition. Except for the period October 1967 to October 1971, special tariff measures to protect manufacturers of stainless steel table flatware have been in effect since 1959.

The most recent special action, taken in 1971, established a five-year tariff-rate quota for flatware valued under 25 cents a piece, with duties for over-quota shipments ranging from 40 percent to more than 70 percent of the value of the imported articles. This tariff rate quota is scheduled to terminate on September 30, 1976.

Domestic production of stainless steel flatware remained fairly stable from 1971 through 1974 but dropped in 1975 as a result of the recession. Employment followed a similar trend. Imports meanwhile increased although there was a sharp drop in entries of quota-type flatware in 1975. Over half of the domestic producers are also importers, and in 1975 these producers accounted for about one quarter of total U.S. shipments of imported stainless steel flatware.

Japan, which has been voluntarily restraining its exports of quota-type articles to the United States, is the largest foreign supplier. Increased protection would entitle Japan to claim compensatory tariff concessions of equal trade value on products exported to it by the United States. Other major suppliers, particularly in lower value brackets, are Korea and Taiwan. Imports covered by the injury finding of the USITC amounted to \$52 million in 1975 and, by quantity, took 68 percent of the U.S. market.

Under the existing special protection, some firms have made adjustments enabling them to compete with foreign suppliers, and one of the largest producers opposes continuation of special protection for the industry. Although some of the companies which requested relief have shown low profits or losses, they generally account for a much smaller share of the industry's total output and employment. Additional import restrictions would thus give unnecessary protection to firms that account for a large part of domestic output. Adjustment assistance, on the other hand, would focus on the specific problems of individual firms and groups of workers that need help without increasing the burden on restaurants, hospitals, households and other users.

Information on such assistance can be obtained from the Department of Labor in the case of workers and from the Department of Commerce in the case of firms in the industry.

FOR IMMEDIATE RELEASE
FRIDAY, APRIL 30, 1976

PRESS RELEASE #224

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D. C. 20506

President Ford Terminates Import Relief for
Some Ceramic Tableware Items, Temporarily
Extends It for Others

Import relief tariff protection for domestic producers of certain ceramic earthen table and kitchenware articles -- granted in 1972 -- will be terminated on some items, and continued for one year and subsequently phased-out on others, President Ford has determined. These decisions were announced today by Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations.

The President's determinations are in response to the recommendations of the interagency Trade Policy Committee, following findings and recommendations of the U.S. International Trade Commission resulting from its investigation of a petition by the American Dinnerware Emergency Committee for continuance of the higher tariff relief, filed last October 30.

The President determined that the ceramic dinnerware industry has substantially -- but not completely -- adjusted to import competition which caused serious injury to domestic firms and workers.

Since the purpose of "escape clause" import relief is to provide temporary assistance to domestic producers to adjust to such competition, the President ended the tariff increases on items which he determined to have adjusted to competition, and ordered the extension of tariff increases for one year and their subsequent phasing down and out over a three year period for those items which are still in the process of adjusting.

The President also directed the Special Representative for Trade Negotiations to review the classification and rates of duty on dinnerware and related articles (Schedule 5, Part 2, Subpart C of the Tariff Schedules of the United States) to determine if changes are necessary to close tariff loopholes and change obsolete descriptions brought about by currency changes and inflation, and to enter into negotiations to make any changes he considers necessary.

Parts of seven categories of ceramic tableware under the Tariff Schedules of the United States (TSUS) received import relief in the form of higher tariffs as a result of the 1972 escape clause case.

As a result of today's announcement, increased duties will be terminated as of the close of business April 30 on earthen and china steins and mugs, and on low-priced earthen tableware, and phased down and terminated on April 30, 1979 on certain high-priced earthen dinnerware and other tableware, and on certain low-priced and medium-priced china tableware.