

The original documents are located in Box 11, folder “Economy - Trade Slide Fasteners” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE
WASHINGTON

4/2/76

No objection.

Ken Lazarus

① Schmeltz 
② Buchen



THE WHITE HOUSE

WASHINGTON

March 31, 1976

MEMORANDUM FOR: ✓ PHILIP BUCHEN
JAMES CANNON
MAX FRIEDERSDORF
JOHN MARSH
BRENT SCOWCROFT

FROM: L. WILLIAM SEIDMAN *fwS*

SUBJECT: Escape Clause Case--Slide Fasteners
and Parts

A memorandum from Ambassador Dent on the slide fasteners and parts escape clause case including the recommendation of the Trade Policy Committee is attached.

Please provide your comments and recommendations on this memorandum to my office no later than 3 p.m., Friday, April 2, 1976.



THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

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MEMORANDUM FOR THE PRESIDENT

26 MAR 1976

SUBJECT: Escape Clause Case - Slide Fasteners and Parts

On February 18, 1976 the United States International Trade Commission reported to you the results of its investigation made under section 201(b)(1) of the Trade Act of 1974, relating to slide fasteners and parts. The Commissioners were equally divided in their findings as to whether the domestic industry producing these items is suffering, or is threatened with, serious injury from increased imports. Those Commissioners who recommended a remedy recommended the provision of adjustment assistance.

Under the provisions of the Tariff Act of 1930, as amended, when the Commissioners are evenly divided on the question of injury, as in this instance, you are not required to take any action but you have the authority to accept the findings of either the affirmative or negative group as the findings of the Commission. If you accept the negative finding, the industry would not be eligible for import relief, but individual firms, groups of workers, and communities could be given adjustment assistance if they can satisfy the criteria of Title II, Chapters 2, 3 and 4 of the Trade Act of 1974.

We have recently received letters on this case from Senators Thurmond and Eastland, both of whom recommended that tariffs be increased substantially.

If you wish to act in this case, your decision must be made by April 19, 1976.

This case has been considered in the interagency Trade Policy Committee structure in accordance with section 242(b)(2) of the Trade Expansion Act of 1962. Agencies were unanimous in recommending that you (1) accept the decision of those Commissioners finding that increased imports are not a substantial cause of serious injury or threat thereof to the domestic industry and (2) instruct the Secretaries of Commerce and Labor to give expeditious consideration to



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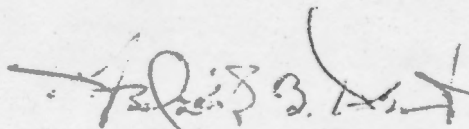
- 2 -

petitions filed with them for adjustment assistance.
I concur with those recommendations.

Approve: _____

Disapprove: _____

For your information, I am attaching a copy of the position paper on this issue prepared by the Trade Policy Staff Committee. I am also enclosing letters to the Secretary of Commerce and Secretary of Labor, a draft press release and a Federal Register notice announcing your decision if you should accept the above recommendation.



Frederick B. Dent

Attachments

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DRAFT LETTER TO SECRETARY OF COMMERCE

Dear Mr. Secretary:

After reviewing the report of the United States International Trade Commission on its investigation TA-201-6 under section 201 of the Trade Act of 1974, I have decided under authority of section 330(d)(1) of the Tariff Act of 1930, as amended, to consider as the findings of the Commission the findings of those Commissioners who voted in the negative.

While the evidence does not support a finding that the domestic industry producing slide fasteners and parts satisfies the requirements for escape clause relief, it appears that some firms producing such products have experienced serious difficulties and may be able to qualify for adjustment assistance under Title II, Chapter 3 of the Trade Act. I am directing you, therefore, to give expeditious consideration to any petitions for adjustment assistance filed with you by domestic firms producing slide fasteners and parts.

Sincerely,



DRAFT LETTER TO SECRETARY OF LABOR

Dear Mr. Secretary:

After reviewing the report of the United States International Trade Commission on its investigation TA-201-6 under section 201 of the Trade Act of 1974, I have decided under authority of section 330(d)(1) of the Tariff Act of 1930, as amended, to consider as the findings of the Commission the findings of those Commissioners who voted in the negative.

While the evidence does not support a finding that the domestic industry producing slide fasteners and parts satisfies the requirements for escape clause relief, it appears that some groups of workers producing such products have become unemployed or underemployed and may be able to qualify for adjustment assistance under Title II, Chapter 2 of the Trade Act. I am directing you, therefore, to give expeditious consideration to any petitions for adjustment assistance filed with you by workers producing slide fasteners and parts.

Sincerely,



DRAFT PRESS RELEASE

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

President Ford Determines That the Domestic
Slide Fastener Industry Does Not Qualify
for Import Relief

President Ford has accepted as the findings of the U.S. International Trade Commission the views of the Commissioners who determined that imports of slide fasteners and parts are not causing or threatening to cause serious injury to the domestic industry producing such items. The President's decision was announced today by Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations.

On February 18, 1976, the USITC reported to the President that its members were equally divided, 3 to 3, on the question of injury. In such circumstances, the President has the authority to accept either the affirmative or negative position as the findings of the Commission.

Since the President has accepted the views of those voting in the negative, no import relief measures, such as increased tariffs, will be provided. However, since certain firms in the industry have experienced declining sales and net operating losses and some workers have lost their jobs, President Ford has instructed the Secretaries of Commerce and Labor to give expeditious consideration to petitions filed by such firms and workers for adjustment assistance.



To qualify for import relief under the Trade Act of 1974 an industry must meet certain criteria. The negative finding in this case was based on the determination that increased imports were not a substantial cause of serious injury. By statute, substantial cause is defined as a cause which is important and not less than any other cause.

After reaching a level of almost 2 billion units in 1972, shipments of domestically produced slide fasteners, commonly called zippers, have declined each year. With the drop in domestic production, employment also fell significantly and a number of firms operated at a loss. Imports, which carry duties of 35 percent ad valorem on parts and 20-25 percent on fasteners, increased through 1972, remained at about the 1972 level through 1974 but dropped significantly in 1975. Most of the entries come from Japan and are accounted for by a subsidiary of a Japanese firm; this subsidiary, in addition to importing finished zippers, has a number of domestic assembly operations and since 1974 has been manufacturing parts in the United States on a substantial scale.

U.S. consumption of zippers in 1975 was well below the 1972 peak, due in large part to changes in fashion and to recession, which reduced demand for articles incorporating zippers. In the nine months of 1975 for which data on domestic shipments are available, imports accounted for about five or six percent of apparent U.S. consumption.



• economic upturn since that time warrants the expectation that the demand for slide fasteners will improve in the current year.



DRAFT FEDERAL REGISTER NOTICE

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

PRESIDENTIAL DECISION UNDER
SEC. 330(d) OF THE TARIFF ACT OF 1930

IMPORTS NOT A SUBSTANTIAL CAUSE OF INJURY
TO THE U.S. INDUSTRY PRODUCING
SLIDE FASTENERS AND PARTS

President Ford has accepted as the findings of the United States International Trade Commission the views of those Commissioners who found that the U.S. industry producing slide fasteners and parts is not being seriously injured or threatened with such injury by reason of increased imports. On February 18, 1976 the U.S. International Trade Commission reported to the President that its members were evenly divided on the petition of the domestic industry for escape clause relief. In such instances, the President has authority to accept the findings of either group of Commissioners as the findings of the Commission.

The Trade Act of 1974 requires that certain conditions be met for an industry to be eligible for import relief. Having reviewed all of the pertinent data and submissions by interested parties, the President has accepted the views of those Commissioners who determined that the statutory criteria were not satisfied. Specifically, imports were not a substantial cause of the difficulties experienced by the



domestic slide fastener industry. Under the statute "substantial cause" is defined as a cause which is important and not less than any other cause. In this case, style changes, changes in use, and recessionary pressures which developed in 1974 were considered more important than imports as causes of the domestic industry's problems.

Consistent with this decision, therefore, no import relief measures will be applied. However, in view of the fact that some slide fastener companies have not been able to operate at a reasonable level of profit and some workers have become unemployed, the President has instructed the Secretary of Commerce and the Secretary of Labor to give expeditious consideration to petitions for adjustment assistance filed by such firms and workers.

