

NC TEXTILE MANUFACTURERS ASSOCIATION

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~~Sea Island, Georgia~~

Textile Issues

*Delivered via phone hook-up  
from Washington, D.C.*

### INTRODUCTION

- (1) Praise Charles Dunn as head of  
NC TMA
- (2) Congratulate Charles Little on  
election as President of NC TMA  
in 1980
- (3) Discuss items of interest to  
textiles and NC of 1979

## TRADE -- GENERALLY

Nineteen seventy-nine has been a year of improvement in the international trade picture for the textile industry. There have been changes in imports domestically and in the structure of international trade.

Imports are down and exports are up in 1979. This has been as much a product of the drop in the dollar's value as any action by the government. Overall, the market has acted in our favor in the balance of trade.

Textile and apparel exports are up by some 47 percent over last year, while the deficit in textile and apparel trade has dropped some 21 percent.

All of this is good news, but the reality is that a trade deficit remains.

The textile industry has begun to act on the fact that a market exists for exports, and exporting must become a part of every business and a means of getting out of our deficit situation.

Nineteen seventy-nine has been a year of development in the export area. It has been a year of discussion and preparation. The 1980s must be years of action on opportunities.

At present, only an average 3.6% of textile and apparel production goes for exports. While world consumption of textiles lags behind

U.S. consumption, the rapid population growth beyond our shores represents an opportunity to expand our exports to 5% or even 6% of production.

On the industry side, I believe that the attitude is turning around. Activities such as the Textile Export Seminar held at Charlotte on October 30th and 31st is an important first step. I believe that Morris Bryan, head of the American Textile Manufacturers Institute, has given exporting a high priority for the entire nation and Charlie Dunn's leadership in North Carolina also points to steady improvement in our exporting picture.

#### TRADE -- GOVERNMENT ACTION

The signing of the Multilateral Trade Agreements has been a major success for the

textile industry.

The Administration has set in place a comprehensive review program to monitor trade developments relating to textiles. This includes import evaluation, control of import surges through bilateral arrangements, continuing negotiations on import restraint levels and the improvement of customs procedures.

We have a commitment that these actions will be carried out.

During 1978 and 1979, the Administration tightened restraint of imports from Hong Kong, Korea, Taiwan and the Peoples Republic of China.

It is essential that further orderly marketing arrangements be worked out with these countries to preserve a stable trading situation. I will be looking to see that North Carolina's interests are preserved.

Perhaps, the most important part of the MTN was the agreement by the Administration to keep tariff reductions at a minimum and in targeted areas. Many products, as you know, were exempted from coverage of the tariff reduction, with the overall reduction on tariff duties at 21%. Apparel duties are reduced 15% and these duty reductions were postponed until 1982 and then phased in over a number of years. The result is that apparel duties will be lowered only  $\frac{1}{2}$  of 1% in 1980.

Furthermore, should the Multifiber Arrangements, which are not part of the MTN, not remain in effect beyond 1981, a clause in the trade agreement will automatically restore U.S. tariffs to their pre-MTN levels.

Weaving mill products of manmade fiber, an area of traditional U.S. trade surplus, have had their duties lowered by the European Community by 28%. Canada reduced tariffs an average of 20% and Japan reduced tariffs 17% on yarn and thread mill products.

Still work remains, and in particular, bilateral negotiations are moving ahead to deal with imports from Hong Kong.

On the whole, the status of trade arrangements has improved markedly in 1979. It is

clear that the rules have been set for trade in the 1980s. It is imperative that the textile industry be prepared, and that the industry act.

#### TRADE -- EXPORT PROMOTION

To take advantage of the export market, the government has an obligation to inform and to assist, and to remove impediments to U.S. trade.

In the area of assistance, the President has undertaken a major shakeup at the Department of Commerce and at the Office of Special Trade Representative. Luther Hodges, Jr. has been charged with overseeing the change at the Department of Commerce and improvements are underway. There have been some personnel changes but by the new year the key people



should be in place.

Legislation has been sent to the Congress to facilitate trade reorganization and Senator Ribicoff of Connecticut and Senator Danforth of Missouri have set forth their own proposals for change. Action on these bills is now taking place.

Personally, I believe that a comprehensive approach is necessary. While large textile companies are already actively involved in exporting, medium sized companies must now turn greater attention to routine, rather than occasional, exporting. We must expand existing trade by large companies and encourage new exporters.

In hearings this spring before the Small Business Subcommittee on Government Procurement, which I chair, Ambassador Robert Strauss made it clear that the new International Procurement Code, which opened up government contracting overseas, is a two-way street. Foreigners can now bid for our government contracts, so it is essential that we bid for theirs.

Ambassador Strauss advocated that smaller companies take advantage of the opportunity to bid for government contracts. When I asked the Ambassador to characterize our export promotion and assistance programs for encouraging new exporters, he replied, "BUM". When I asked him to expand on that, he replied "REAL BUM".

I think that every Member of the Senate and of the House recognizes the need for export promotion and assistance. I think every Member realizes the need for the U.S. to trade its way out of our deficit. I believe that action will be forthcoming.

The states have a fundamental role to play in expanding <sup>EXPORTING.</sup> The states "know" the people and programs such as the excellent one of the N.C. Department of Commerce are vital to "beating the bushes" for expanding <sup>EXPORTS</sup> and assisting local companies work with the federal and foreign governments.

On the other side of the coin are the impediments government places to effective trading. As a member of the Senate Banking Committee, I have heard of the extensive paper-

work requirements for licenses, the problems with securing smaller Export-Import Bank loans and the difficulty of dealing with the combined Treasury-Commerce-STR bureaucracy.

Proposals for reducing paperwork, for smaller EXIM Bank loans and for one-stop shopping for export assistance and information are all in the works.

Support from you and your colleagues in other states will speed enactment of needed trade improvement legislation.

Let me end with one final note about trade. I am sure that most of you are for free enterprise and for a free market. It is a bit irritating to hear criticism of the textile industry for protectionism. It is simply not

not free trade when foreign governments subsidize companies which only return 1% on investment and assist them in a number of other ways. So long as these practices continue, I will not hesitate to support reasonable measures to equalize the value or limit the quantity of these imports. I do not enjoy doing so, but it is an action which must be taken.

### BROWN LUNG

Now let me turn to a subject of concern to every one of you -- the brown lung problem, which is real and is with us today.

This summer I SPONSORED a brown lung compensation program INTRODUCED by Senators Hollings and Thurmond of South Carolina. As I noted at the time, it is right that we provide some relief in an area where the states

have failed to act. You all know that I have acted to preserve the rights of states to act in their own jurisdictions for workmen's compensation programs and I have opposed the federalization of workmen's compensation. I don't believe that there is a federal answer to every problem.

Brown lung presents an issue which is not once intricate and complex. I supported a limited federal program because I saw that a need existed, across state lines, which was not being met.

I am aware of the progress being made in North Carolina and of the interest of the textile manufacturers. I am aware that North Carolina has paid out more brown lung claims than all other states combined. I am aware

that the Industrial Commission of North Carolina has the only organized and meaningful program to monitor and deal with brown lung claims.

We are at a threshold point at this time. We have no clear diagnostic tests and no certain standards for determining brown lung claims. This puts everyone at a disadvantage -- the worker, who is uncertain as to what his illness is, the Industrial Commission, which lacks any medical or judicial standard for making brown lung determinations, and the industry, which I believe wants to protect its workers, but at present feels the need to contest 50% of the compensation cases. It is medical and legal certainty which is needed.

At present there is delay in the system,

but I do not agree with those who feel that this is the result of some plot. There are legitimate grounds for discussion. While that discussion goes on, however, I feel that a federal program should fill the void. It is my hope that effective standards and strong state programs will eliminate the need for federal action. Until that time, a definite human need presses upon the Congress for action.

#### COTTON DUST STANDARDS

In a related matter, you are aware that there are severe cotton dust standards proposed by the Occupational Safety and Health Administration. The standards have been held in abeyance while ATMI challenges the validity of the standards before the federal courts.



The position of the industry has been that the cotton dust standards treat the symptoms of the disease without eliminating the cause; in other words, the dust in the cotton.

Let me be clear. There is a disease known as bysinosis. I am aware that it does not show up on x-ray or pathologically. It does exist and the cause is cotton dust. This does not mean that the cotton dust standards proposed by OSHA are the right answer.

Last year, I was able to secure funds for research by the National Academy of Sciences, an independent and objective research group in Washington, to explore the specific problems of detecting and treating the cotton dust problem. I am looking forward to those results, which should hold great sway with

the Congress. The first report of the Academy is due in July of 1980 and will deal with characterizing the dust agent and the efficacy of pulmonary testing.

To my mind affirmative action by the textile industry, such as the research being undertaken by Burlington Industries and the safety moves undertaken by many companies, are the best response to OSHA's basically unsubstantiated and ill-advised regulatory program. I support worker safety, but I will continue my efforts to prevent any standards from going into effect which are not technically sound, which fulfill the narrowest need and which have more than a minimum economic impact on industry.

Let me add at this point some praise for the North Carolina Textile Foundation's progressive action for education. The record \$196,000 contributed by the Textile Foundation to the School of Textiles at North Carolina State this year will go a long way towards furthering textile education and meeting challenges facing the industry into the 1980s, 1990s and the 21st century. This is money well spent.

#### ENERGY

As you know the Congress is currently reviewing the Windfall Profits Tax. This most complex bill not only seeks to capture excess profits, but also attempts to do so in a way which will not hamper oil exploration and fuel production.

We passed, earlier this month, the largest federal program undertaken to create synthetic fuels. The goal is to produce the equivalent of 1.5 million barrels of oil a day in synthetic fuels by 1990.

The Windfall Profits Tax legislation, which has taken up two weeks of the Senate's time, is vital to encourage exploration without allowing exorbitant profits to be made in a time of national distress.

I know Iran is in your minds, but not all of the energy programs are in the Middle East. Instability in that area makes it more imperative to see what we can do at home to conserve and to produce more energy.

Much of the windfall profits tax is to go for energy development in new areas such as coal gasification and solar.

The textile industry has been working hard in energy conservation. I remember the great shift a few years ago required from coal to oil to gas and the fact that the industry has shown an 16.7% improvement in energy conservation despite these changes is not unnoticed in Washington.

I am happy that natural gas supplies are up. In the last Congress, we attempted to insure that supplies did not decline and perhaps would increase. That has occurred.

In this Congress, we are acting to insure increased production through existing

methods and through new technologies.

I find the energy area one of great challenge. I am realistic about the time required to turn around our attitudes on energy and to develop new sources. But I am optimistic. While motorists have traditionally resumed fuel consumption following an embargo or supply disruption, this Thanksgiving represented the first time that holiday driving was down although supplies were adequate. In a way we have something additional to be grateful for in this development.

#### Conclusion

- This has been a good year for the textile industry and  
I believe that 1980 will be a great success as well.
- Comments about IRAN and SALT II.