

VETO OF H.R. 4328

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS VETO OF H.R. 4328, THE "TEXTILE, APPAREL, AND FOOTWEAR
TRADE ACT OF 1990"



OCTOBER 5, 1990.—Message and accompanying bill were ordered to be
printed

U.S. GOVERNMENT PRINTING OFFICE

To the House of Representatives:

I am returning herewith without my approval H.R. 4328, the "Textile, Apparel, and Footwear Trade Act of 1990," which imposes quotas on textiles, textile products, and nonrubber footwear. This highly protectionist bill would damage the national economy, increase already artificially high costs to consumers of several basic goods, and abrogate our international agreements. It would also reverse the tremendous progress we are making to generate a global economic renaissance.

Economic indicators illustrate that the problems this bill is intended to address do not exist. Despite assertions to the contrary, the textile industry has done well. Domestic production has been up slightly since 1987. Unemployment in major textile-producing States is currently lower than the national average. Since 1989, the textile industry has continued to operate at a higher rate of capacity than the average for all U.S. manufacturing industries.

All consumers, and particularly those at lower income levels, would be adversely affected if this legislation were to become law. The consumer costs of all restrictions on textile and apparel imports are conservatively estimated to increase to a total of \$160 billion over the next 5 years—that amounts to an onerous \$2,600 for a family of four over that same period. These costs would continue to rise annually. In essence, this legislation picks the pockets of U.S. consumers in order to subsidize the textile industry at a cost of \$70,000 annually per job saved.

Furthermore, U.S. Merchandise exports, which have increased by more than 9 percent in the first half of this year, would be jeopardized. We could anticipate swift retaliation by countries exporting textiles and footwear if this bill became law. These countries have large and rapidly growing markets for U.S. exports, which would be placed at risk by the new restrictions required under H.R. 4328. They would retaliate against our most competitive exports, such as agriculture, aerospace, high technology, capital goods, and services, to the detriment of domestic employment in these industries.

All of these economic costs to consumers and American industry would be incurred without eliminating a single "unfair" trade practice or opening even one closed market abroad. Rather than address the industry's competitive problems constructively, this legislation merely closes our markets and insulates the textile, apparel, and footwear industries from international competition.

We already have very effective laws that provide remedies to unfair competition from abroad, which various sectors of the textile and apparel industries have used when necessary. Our best hope for opening new markets overseas and for sustaining our textile and apparel industries is not this legislation, but the Uruguay Round of global trade talks, now in its critical final weeks.

We are working in the Uruguay Round to negotiate a means for the textile and apparel industries to:

- Enhance their international competitiveness in the long term and to open foreign markets to our exports.
- Ensure that the current special quota protection for the industry is not terminated abruptly, but is phased in over a reasonable period of time to protect those parts of the industry that require more time to adjust to import competition.
- Provide sufficient stability so that our textile and apparel industries, as well as our importers and retailers, have a smooth, gradual path of adjustment to the regular rules of the General Agreement on Tariffs and Trade (GATT), as they are strengthened in the Round.

H.R. 4328 would eliminate any hope we have of achieving a successful Uruguay Round agreement in December that accomplishes these objectives. The bill would do this by taking a sector of considerable importance in international trade off the negotiating table. Furthermore, it would be an egregious violation of GATT rules, our commitments under the Multifiber Arrangement (MFA), and the numerous bilateral agreements we have negotiated under the MFA's auspices. This protectionist bill unquestionably would result in a mass exodus of perhaps half the 100 nations participating in the Round. All that we hope to achieve for the textile and apparel industries would be lost, as would all of our efforts for American businesses, consumers, and workers.

Beyond this economic calamity, H.R. 4328 is reprehensible at a time when the United States' highest international priority is to strengthen international cooperation. Many of the countries whose interests would be damaged by H.R. 4328, such as Turkey and Egypt, are ones that have cooperated effectively in resisting Iraqi aggression in the Persian Gulf. In addition, this bill would undercut our attempts to rebuild economies on free-market principles and to build a strengthened global trading system that will permit trade to expand and thereby increase world prosperity and stability.

Additionally, while the Congress holds the authority to regulate commerce with foreign nations, several provisions of H.R. 4328 interfere with the President's constitutional prerogatives in conducting international negotiations and in proposing legislation.

The Textile, Apparel, and Footwear Trade Act of 1990 is simply not the panacea advertised by its proponents. Instead, it is blatantly protectionist, unwarranted, economically harmful, and internationally unviable.

Accordingly, I am disapproving H.R. 4328.

GEORGE BUSH.

THE WHITE HOUSE, *October 5, 1990.*