and war-time needs. The apparel industry always rises to the call of the military when the time comes, and it has always been prepared to produce the necessary clothing. If the industry were to dwindle away, it would not be viable enough to do the job. Other national emergencies also require vast amounts of clothing which can only come from a domestic industry which is equipped to handle the needs.

Fourth, balance of payments difficulties, currently a grave problem for this country, must enter into consideration. The contribution apparel imports make to our balance of payments deficit can only be enlarged if imports continue their rapid rise. In 1964, the deficit in our balance of payments attributable to apparel was $347 million. Last year this deficit was $520 million.[1] As apparel imports continue to increase, our negative trade balance in this area will surely increase also.

How can the problem of rising apparel imports be solved so that American producers can continue to contribute employment opportunities and income to our economy? We see two possible solutions, one is highly unlikely to be effective, the other is a workable solution.

Theoretically, it would be possible to solve the problem of rising imports by a tremendous expansion of apparel exports. As a practical matter, however, this solution is highly unlikely to come to pass, since the American apparel manufacturers who have attempted to export have, for the most part, met with less than spectacular success. Besides having a product whose labor costs, and therefore total costs, are usually higher than those produced in the accepting country, American apparel producers have very frequently met with non-tariff trade barriers which have absolutely prohibited their even trying to sell their products. And, not all trade barriers are non-tariff. In some Latin American countries the tariff rates are so high that they effectively prevent any imported apparel from entering the country. These prohibitions to trade make exporting difficult, if not impossible. We are not successfully eliminating non-tariff barriers, yet the only barrier we have against a large portion of apparel imports is a low tariff.

We think the solution lies not in raising our own tariff rates but in instituting an orderly access program whereby we will continue to share our growing apparel markets with imports but will not stand by and watch a virtual take-over by imports. We believe that an international arrangement, such as the LTA, covering apparel and textile products of all fibers is the way our foreign trade policy can solve the problems of the trade in these products. We would prefer to see the multilateral arrangement which an all-fiber LTA-type instrument would provide. If that were not possible, bilateral agreements with those countries which export apparel and textile products to this country would be a very similar solution. Only if these two approaches failed would we want this country to take unilateral action to regulate the inflow of apparel and textile products. In any case, we are willing to share our markets. We want imports to have orderly access to American apparel markets. We want to grow along with overseas producers; however, we do not want them to take all the market growth and some of the market which is already established.

This approach is good for all apparel producers because it permits competition and also gives exporters a fairly good idea of the dimensions of the market available to them in this Country.

The alternatives open to American apparel producers in the event that no orderly access arrangement is established are not pleasant to contemplate. Initially, at least some of the apparel makers would move their production to those countries where labor costs were at a level which would make their products competitive on the basis of price. I know apparel executives whose firms plan that all new plant and equipment will be added overseas. Some companies would start phasing out their less efficient domestic plants when the foreign capacity is built up. When this happens, a lot of small producers will also be squeezed out. This trend will snowball once it starts, and substantial employment and investment will undoubtedly be lost. This will leave our economy with greater unemployment, loss of capital, and loss of income.

[1] Includes all fibers plus leather, rubber and fur apparel but excludes exports of used apparel.