REMARKS OF SENATOR DOLE

AMERICAN APPAREL MANUFACTURERS ASSOCIATION

Friday, May 4, 1984--8:00 a.m.--Opryland Hotel, Nashville

Why worry about the deficit--What does it mean to the average American?

- If nothing is done to reduce deficit spending over the next five years, the total Federal debt will nearly double to over $10,000 for every man, woman and child in America.
- At this level, by 1989 it will take one-half of all Americans' personal income tax payments just to pay the Federal Government's interest bill.
- By 1989 the annual Federal interest cost will amount to $250 billion--about $1,100 for every American.
- That $1,100 per person interest cost is equal to 40% of each person's annual expenditure for food.
- Virtually all economists agree that the sustained enormous deficits that we are facing will be economically harmful.
- Many Americans will find home-buying more difficult with higher deficits. Consider a family purchasing a home at today's current interest rate, averaging about 12-1/2%, with a $55,000 mortgage. If the deficits push interest rates up, total interest costs over the 30 year term will be $15,500 more for each one percentage point increase.
- All Americans will directly feel the results of high deficits if they lose jobs as a result of a business slowdown resulting from a crowding out of private investment, or if they lose jobs to imported products made more competitive because of an abnormally strong dollar or if they end up paying higher prices because inflation is rekindled.

What is the Federal deficit likely to be?

- The estimates of future Federal deficits are quite sensitive to one's economic assumptions. Yet even under the most optimistic of economic assumptions, the deficit will remain at historically high $200 billion levels over the foreseeable future, unless drastic action is taken.
- Assuming an extremely strong recovery (4% real growth of GNP) is sustained over the next few years and all of the Administration's

proposed spending cuts and revenue proposals are enacted, the deficits are still projected to be:

FY 1985	FY 1986	FY 1987	FY 1988
$180 billion	$177 billion	$180 billion	$152 billion

- If economic growth is not so strong (3% real GNP growth) and interest rates are slightly higher (9% T-bill rate), and Administration's spending cuts are not enacted, the projected deficits would be:

FY 1985	FY 1986	FY 1987	FY 1988
$202.6 billion	$236.7 billion	$270 billion	$290.1 billion

- If we have an economic downturn during this period, we may be facing $300 plus billion deficits.

Why should we act this year on the deficit

- If we fail to deal with the deficit now, the problem will become worse. Current projections showing deficits holding in the range of $200 billion probably are optimistic, as they are based upon assumption of steady economic growth through 1989. However, postwar experience suggests that the average recovery lasts only 3 years, making a recession in 1985 or 1986 likely.

- If we postpone action until 1985 and we do suffer another recession, the deficits would then hit the $300-$400 billion range. At that point, it may be difficult to cut the deficit without further weakening the economy. Our choices would become very difficult indeed.

- Of course, failure to reduce the deficit in 1984 makes a recession likely to come sooner, as interest rates are forced up by private credit demands clashing with Treasury borrowing needs.

- By postponing action of the deficit, we increase the risk of recession. The average increase in the unemployment rate during a postwar recession is about three points, or three million jobs. By acting to reduce the deficit, we can significantly lower the risk that three million workers will lose their jobs in 1985 and 1986.

- The rise in interest rates will depress auto sales, housing starts, and capital goods orders. It is widely recognized that sustained economic recovery will be impossible unless these key sectors are healthy.

- Alternatively, the Fed could offset the deficits' impact on interest rates by "monetizing" the debt, leading to a resurgence of inflation in 1985. If we do nothing, we will force the Fed to choose between high interest rates and recession, or inflation.

- Failure to reduce the deficits in 1984 may also depress the stock market. A key factor in determining equity and bond prices is investors' confidence that Congress and the Administration can produce a sound fiscal policy. If we send the signal that the deficit problem is secondary to politics, equity and bond prices may fall.

- The exploding cost of servicing the Federal debt will make controlling spending more difficult each year, unless the deficits are reduced soon. Each year that we add $200 billion in new Federal debt adds about $15 billion to the next year's interest costs.

- The economy is now on a path where more and more of its resources go just to pay off the debt. According to economist Lawrence Summers, "It's a case where the miracle of compounding (interest) works against you."

- In 1976 net interest accounted for just 7% of total outlays <u>But if we do nothing</u>, by 1988 the total Federal debt will be more than half of total GNP, and the net interest cost of servicing this debt will reach 14% of all spending. Each year that we do nothing, the share of Federal spending that we can control gets smaller.

- Recent studies indicate that current and prospective budget deficits may have helped to overvalue the American dollar. If the deficits are not reduced, the problem of overvaluation could become worse, weakening the competitive position of American exports and costing the U.S. jobs in such industries as steel, electronics, and agriculture.

Deficit downpayment in 1984

- The President took the lead to begin a deficit-reduction effort in 1984 by calling for bipartisan negotiations on a package to reduce the deficit by $100 billion over 3 years. Now he has worked with congressional Republicans to outline a $150 billion package including defense savings ($40 billion), nondefense cut

($43 billion), revenue increases ($48 billion), and debt service savings ($18 billion). As the President suggests, we can work with a variety of modest spending reductions, and tax reforms that raise revenue, to enact a significant deficit "downpayment" in 1984.

- Even though election-year politics makes it difficult to launch the kind of major assault on the deficit that we really need, that is no reason to do nothing. Making a noticeable dent in the deficit will make our job easier in the years ahead. Even more importantly, it will demonstrate that we can face up to the deficit problem even in an election year.

- The Senate has adopted the Finance Committee's proposals on spending and revenue options just within its jurisdiction that achieve about $74 billion of the "downpayment" goal. To do that we draw on a number of proposals that have been on the table for some time, including some that were already in the legislative "pipeline":

  -Items included in the FY 1984 reconciliation bill, S. 2062

  -Treasury-endorsed proposals on tax shelters and other abuses

  -Administration -proposed spending cuts that were not followed through on last year

  -Administrative savings and other proposals made by the Grace Commission

  -Additional proposals considered in the Finance Committee last fall

- Target. With an overall goal of $150 billion in savings, we can raise $48 billion in revenue, save $40 billion in defense, and save $43 billion in nondefense programs, including $24 billion in spending reduction from Finance Committee programs such as $3.1 billion from Grace Commission recommendations, and $9.6 billion in debt service savings. The remainder consists of additional spending changes and controls on appropriated funds.

- Feasibility. The key is to keep following the President's suggestion and concentrate on relatively non-contentious items, avoiding things like the third-year tax cut and indexing, mean-tested entitlements, social security, and the like. Our effort must be bipartisan and balanced to do the job: Democrats and Republicans alike will benefit by cooperating to take swift action on the deficit. Time is of the essence if we are to make a beginning this year.

- Initial Action. On February 23, the Finance Committee began action to reduce the deficit. The Committee bill agreed to by the Senate includes changes in health care programs that save over $10 billion between now and 1987, the $3.1 billion in Grace Commission savings, and $9.6 billion in reduced debt service. In addition, the Senate agreed to tax reform and modest revenue raisers that generate about $48 billion between now and 1987. The House has also approved a $50 billion tax bill, so we are on our way.

Recovery--What progress have we made

Strength of recovery

- A strong recovery is on track and appears to be moderating to a pace that can be sustained in the years ahead. As an indication, look at the expansion of real gross national product. It grew by 9.7% in the second quarter of 1983, 7.9% in the third quarter, and an estimated 4.5% in the fourth quarter. By this measure, the recovery is the strongest since 1961.

- Housing starts are running at a rate of about 2.2 million units a year, and jumped 11.2 % in February.

- Industrial output in 1983 rose 6.5%, and factory utilization is up to 80.7%--the highest level in two years, and close to the normal capacity of 82%.

- The Commerce Department's survey of business plans for 1984 show that business plans to increase capital investment by 16%--this is higher than that seen at comparable points in previous postwar recoveries.

Inflation

- The best news about this recovery is that it is noninflationary. In 1983 the producer price index rose just 0.6%--the lowest increase since 1964. The CPI for 1983 was 3.8%, the lowest since 1972. Continued moderation in producer prices indicates low inflation will continue.

Creating Jobs

- People are going back to work, and the pace of job creation has been unusually high for a postwar recovery. On January 6 the Labor Department announced the civilian unemployment rate dropped from 8.4% last November to 7.8% in February. Overall, this means unemployment has dropped 2.9 percentage points over the past year.

- The continued strength of the recovery shows that recent growth in employment has not just been a statistical fluke, but shows a real turnaround in the labor market. Unemployment fell 230,000 in December, and there have been 4.9 million jobs created in the last year.

- What is more, the growth in jobs is broad-based. While manufacturing industries showed the most dramatic gains, all industries other than government and agriculture showed dramatic drops in unemployment.

HIGHLIGHTS OF SENATE DEFICIT REDUCTION DECISIONS

(Savings estimates are for period 1984-87, and include outlay savings in S. 2062)

Spending Restraint

- Medicare Part B Premium. Stablize the premium as a percent of program costs between 1985 and 1990. ($1.2 billion)

- Delay initial Medicare eligibility until month after an individual's 65th birthday. ($630 million)

- Working age. Non-working spouses age 65 to 69 could elect primary medical coverage under spouse's employer health plan rather than Medicare regardless of working spouse's age. ($1.1 billion)

- Physican freeze. Continue until July 1986 a freeze on physican's fees for those unwilling to accept assignment for all services to Medicare patients. ($2.8 billion)

- Fee schedule for lab services. Payments for clinical lab services would be held at 62 percent of prevailing charge levels through October 1987 ($1.0 billion)

- Limit on hospital costs. For FY 1985 and FY 1986 increases in hospital cost payments under Medicare would be limited to one-half percent less than the hospital wage and price index increase. ($1.1 billion)

- Grace Commission. Improved cash management techniques (e.g. faster deposits of receipts to the government), improving income verification procedures for benefit programs, and using IRS refund offsets to collect debts owed the government would be implemented. ($3.1 billion)

- Debt service. $9.6 billion.

Revenue Increases

- Tax reform. New rules would be applied to limit tax shelters in such areas as partnership allocation of expenses and income interest deductions on discount obligations, transactions between related parties, current deductions for future liabilities, and corporate deductions for extraordinary dividends received. ($10.2 billion)

- Tax benefits. Where a taxpayer receives a refund or other recovery for State taxes or other situations that previously gave rise to a deduction, the tax benefit portion of the deduction would be brought back into income first. ($800 million)

- Real Estate. Depreciation rules (20 years for all structures in FY 1984, 19 years in FY 1985, 18 years in FY 1986 and thereafter, new or used), and recapture rules for real property would be adjusted. ($4.4 billion)

- Freeze. Expensing for small business investment would be frozen at $5,000, the cost of used property eligible for the ITC would be frozen at $125,000, and the foreign earned income exclusion would be frozen at $80,000. ($1.9 billion)

- Distilled Spirits. Federal excise tax would be increased $2.00 per proof gallon ($1.0 billion)

- Income Averaging. The base period for determining the income averaging threshold would be reduced to 3 years and the formula slightly modified. ($1.6 billion)

- Earnings and Profits. The definition of earnings and profits would be modified so that it more closely reflects a corporation's economic income rather than its taxable income. This change will reduce a corporation's ability to pay tax-free dividends. ($1.7 billion)

- Add-Ons. In addition to miscellaneous items, the Committee agreed to phase in spousal IRAs; an R&D package; foundation tax changes; extend the targeted jobs credit for 3 years; enterprise zones; increase the earned income credit; Foreign Sales Corporations; energy credit extension with credit reordering; and others.

March 23, 1984

PRELIMINARY ESTIMATES OF THE SENATE FINANCE COMMITTEE PACKAGE

SPENDING	1984-87 Total (Savings in $ billions)
Reconciliation (S. 2062)	
Finance Committee provisions	3.8
Additional Spending Reductions	
*Part B Premium	0.4
*Delay in Initial Eligibility for Medicare	0.6
Working Aged	1.1
*Physician Freeze	0.8
Hospital Market Basket	1.1
Lab Fee	0.9
Medicaid Reduction	1.4
Alcohol Rebate	0.9
Revaluation of Assets	0.3
Lesser of costs of charges	0.3
Competitive Bidding/Claims	0.1
Round Part B Payments	0.2
SNF Rates	(0.1)
Grace Commission	3.1
Debt Service	9.6
Total	24.5

	1984-87 Total (In $ billions)
Reconciliation Tax Provisions (S. 2062)	21.4
Additional Revenue Items:	
Tax shelter, accounting abuse, and corporate reform	10.2
Tax Federal Home Loan Mortg. Corp.	0.3
Tax benefit rule	0.8
Alcohol and tobacco collections	0.5
Freeze ACRS expensing, ITC for used prop. and foreign income exclusion	1.9
Postpone finance lease rules	2.7
Extend telephone-excise tax	3.2
Modification of Sec. 1231	0.2
Factoring of trade receivables	1.4
Source of shipping income	0.2
Recharacterization of U.S. income as foreign source income	0.3
Trust distributions	0.7
Income averaging modification	1.6
Delay in ESOP	0.4
Corporate preference exclusion increase	0.5
Increase distilled spirits tax	1.0
Deferred rent on real and taxable property	1.7
Repeal dividend reinvestment	0.4
Installment sale recapture rule	0.2
20-year life for structures	4.2
Other miscellaneous revenue increase proposals	2.6
Major Revenue Loss Provisions:	
Spousal IRAs	-.9
Enterprise zones	-1.3
R&D credit extension and expansion	-2.0
R&D foreign source allocation	-0.2
Targeted jobs tax credit	-1.6
Life insurance tax change	-1.3
Earned income tax credit	-0.4
Mortgage revenue bond extension-IDB package	-0.6
Grand Total	$48.1

American Apparel Manufacturers Association

TRADE: TALKING POINTS

- Inspite of the record-setting increases in volume of textile and apparel imports during the first quarter of 1984, the U.S. textile industry has experienced significant growth.
- Textile production rose 14.6 percent from January 1983 to January 1984 and the Federal Reserve Board states that capacity utilization in the United States is at 89.4 percent.
- It is anticipated that negotiated specific limits and restraints on called categories are likely to slow the current rate of increase in imports during the second half of 1984.
- While we must guard against disruptive import surges, we should adhere to the multifiber arrangement (MFA) so as not to give the foreign apparel exporters an excuse to retaliate against other U.S. exports.
- The high value of the dollar, the problems of the LDC debtors, and the faster U.S. recovery have all contributed to the unprecedented size of the U.S. trade deficit, which will likely exceed $100 billion this year; the growth in apparel imports is a function of these factors as well.
- We have looked at the U.S. trade deficit in the Finance Committee to see what might be done about it.
- The most important action we can take is to reduce our budget deficits and thereby reduce the exchange value of the dollar.
- We have not ruled out a variety of other measures such as import surcharges, and a restructuring of LDC debt to free up trade with the LDCs; the debt reschedulings seem to have helped out the banks which made these loan decisions at the expense of our exporters and import sensitive industries.
- Although some argue that our trade deficit would be helped by a trade reorganization of the Executive Branch as proposed by Senator Roth, we ought to make the current system work better, before we create a whole new system.

Do Not Release to Public Until March 29, 1984

PRELIMINARY DATA
February 1984

TOTAL COTTON, WOOL AND MAN-MADE FIBER TEXTILES AND APPAREL:

1. a. February imports .... 882.6 MSYE
   b. Percent Change: Previous Month 10.5%
      Same Month Previous Year 58.0%

2. a. Year to Date Imports .... 1681.8 MSYE
   b. Percent Change: Previous year to date 44.9%

3. a. Year-ending Imports .... 7953.8 MSYE
   b. Percent Change: Previous year ending 30.1%

APPAREL IMPORTS (COTTON, WOOL AND MAN-MADE FIBER):

1. a. February imports .... 461.1 MSYE
   b. Percent Change: Previous Month 23.5%
      Same Month Previous Year 46.0%

2. a. Year to Date Imports .... 834.9 MSYE
   b. Percent Change: Previous year to date 28.1%

3. a. Year-ending Imports .... 4071.3 MSYE
   b. Percent Change: Previous year ending 16.6%

TEXTILE IMPORTS (YARN, FABRICS, AND MADE-UP AND MISC.):

1. a. February imports .... 421.5 MSYE
   b. Percent Change: Previous Month .... - 0.9%
      Same Month Previous Year 73.7%

2. a. Year to Date Imports .... 846.9 MSYE
   b. Percent Change: Previous year to date 66.5%

3. a. Year-ending Imports .... 3882.5 MSYE
   b. Percent Change: Previous year ending 48.1%

Data adjusted to exclude certain Man-Made Fiber flat goods, handbags, luggage, and cotton, wool and man-made fiber coats containing rubber or plastic material for which comparable prior data do not exist (TSUSA's 706.3400, 706.3900, 706.4140, 706.4150, 772.3015, 772.3020, 772.3025, 772.3030, 772.3032, 772.3035 and 772.3040).

Prepared by Shirley Hargrove
International Agreements and Monitoring Division
Office of Textiles and Apparel
March 23, 1984
ID#160

Textile & Apparel Import Analysis: January-February 1984

	Imports (SYE)	Change from YTD83 Volume	Change from YTD83 Percent	Percent Share
1. Textiles and Apparel	1,682	521	45	100.0
2. A. Apparel	835	183	28	35.1
B. Textiles	847	338	66	64.9
3. Country Groupings				
A. Big Five	963	191	25	37
1. Big Three	647	122	25	24
a. Hong Kong	130	29	13	6
b. Korea	202	56	39	11
c. Taiwan	249	36	22	7
2. China	186	37	25	7
3. Japan	130	32	32	6
4. Developed Countries (except Japan)	208	89	75	17
5. Other Agreement Countries	429	199	87	38
6. New Starters	81	42	107	8

o Almost all of the increase in the Big Three is in specific limit categories.

o Three fourths of the increase in imports from the developed countries is from Canada, Germany and Italy.

o Ninety percent of the import increase from other bilateral agreement partaners is accounted for by nine countries: Brazil, Egypt, India, Indonesia, Mexico, Pakistan, the Philippines, Singapore and Thailand.

4. Major Categories

o Fifty-five percent (285 MSYE) of the import growth entered in the top ten categories.

o About forty percent of this growth is in cotton yarn and cotton fabric categories (313 - Sheeting, 315 - printcloth and 320 - other cotton fabric). The other sixty percent is in cotton and man-made fiber basket categories (359, 369, 659 and 669) plus man-made fiber yarn categories (600 - textured and 602 - non-cellulosic filament).

Prepared by:Don Foote
International Agreements
and Monitoring Division
Office of Textiles and Apparel
March 28, 1984 ID103 Page 51

File

ATMI review expresses optimism concerning industry recovery

THE textile industry showed some positive signs of recovery in 1983 which were tempered by the surge of imports of textile and apparel products, the American Textile Manufacturers Institute (ATMI) reported.

In its annual business and economic review, the industry's national trade association reported that gains were made in production, shipments, sales, hours worked and earnings. However, employment fell slightly from 1982 levels and the textile and apparel trade deficit continued to climb to a record $9.7 billion, an increase of almost 35 per cent over 1982.

Employment averaged 742,000 for the year, compared with 750,000 in 1982. Near the end of the year, however, it reached 759,000. "We are encouraged that the industry is starting to come back, however, the economic indicators are still down from the period before the recession," said James H. Martin, ATMI president, who is also chairman and chief executive officer of Ti-Caro, Inc. "While some sectors of the industry have improved, our major customer, the apparel industry, remains weak.

"In 1983, the production index was up 12.4 per cent over 1982, shipments showed a 9.1 per cent increase and the index of hours worked was up 7.4 per cent, but the imports situation is holding us back from a full recovery," he said.

Martin added that the earnings on sales in textiles remained lower than earnings on sales in manufacturing as a whole.

In 1983, textile and apparel imports totaled 7.4 billion square yard equivalents, an increase of 24.7 per cent over 1982's record level. In dollar values, imports were up 18 per cent while exports were down 14.2 per cent, resulting in the $9.7 billion trade deficit.

"The bilateral textile agreements made under the Multifiber Arrangement (MFA) with Hong Kong, Korea and Taiwan, have not held down the surge of imports as was anticipated partly because of the tremendous growth taking place in categories where there are no quotas," Martin said.

"The agreement that the United States signed with the People's Republic of China in August of this year allows China greater access to the American market than do the agreements with these countries. Since 1972, imports from the PRC to the United States have grown from 12 million square yard equivalents to an annualized 789 million square yard equivalents in 1983, a 17 per cent increase over 1982. We hope the government will be diligent in pressing for alternative actions which will result in more parity in the marketplace," Martin said.

ATMI reported that there was an increase of 13.9 per cent in weekly earnings and at year's end, average hourly earnings reached $6.16. Industry investment for new plants and equipment increased from $1.33 billion in 1982 to $1.4 billion in 1983.

This year, the National Safety Council reported that the textile industry is the fourth safest of all manufacturing industries and is only a fraction of a point away from moving into first place.

Total shipments were valued at $51.5 billion, compared with $47.2 in 1982 with net sales at $46.4 billion up from $41.7 billion. Earnings on sales were 3.4 per cent, compared to an all-manufacturing average of 3.9 per cent.

Japanese fiber firms found to be dumping

THE Department of Commerce released the results of its final determination in the anti-dumping investigation concerning lightweight polyester filament fabric from Japan. All of the Japanese companies investigated were found to be dumping.

Margins ranged from 1.9 per cent to 10.8 per cent with an overall weighted average margin of 5.2 per cent. The dumping margins found by the Department of Commerce in its final determination are significantly higher than the margins found at the preliminary stage.

The petition that triggered the investigation was filed in January, 1983 by the American Textile Manufacturers Institute and seven of its member companies: Burlington Industries, Inc., Milliken & Co., J.P. Stevens and Co., Inc., Dan River Inc., Texfi Industries, Frank Ix and Sons, Inc., and Bloomburg Mills, Inc.

Japanese imports subject to the investigation increased 24 per cent in the first eight months of 1983, over the same period in 1982, and represented 30 per cent of U.S. consumption during the period January 1 through August, 1983, according to government data.

Liberty liquidates corporate assets

LIBERTY Fabrics of New York, Inc., New York City, announced that the shareholders at a special meeting held on December 28th had approved the sale of the company's North Bergen, N.J., and Gordonsville, Va., real estate and the sale of substantially all of the other assets of the company subject to substantially all of its liabilities for an amount which will yield to the company $20 for each share of common stock outstanding. The consumption of the transaction was expected to take place December 30, 1983 and is subject to the execution of certain other agreements and satisfaction of other conditions. If the transaction is consummated, common shareholders will be offered the opportunity to redeem their shares at $20 per share and the company will promptly apply for registration as a regulated investment company.

Ciba-Geigy and KBC make new agreement

CIBA-GEIGY Corp., Ardsley, N.Y., and Manufaktur Koechlin Baumgartner et Cie (KBC) Lorrach, West Germany announced that they have agreed in principle that KBC will

Textile Jobless Rate Eases in February

WASHINGTON (FNS) — Unemployment in the textile industry in February was 8.5 per cent, down from 11 per cent in January and 11.5 per cent in February 1983, the Labor Department reported Friday.

The jobless rate in the apparel industry and wholesale retail trades remained about the same.

The department said the unemployment rate for the apparel industry last month was 11.2 per cent, compared with 11.1 per cent in January and 14.9 per cent in February 1983.

Unemployment in the wholesale and retail industries was 8.3 per cent, compared with 8.4 per cent in the previous month and 10.9 in February 1983.

The department said the jobless rate for the civilian workforce last month was 7.8 per cent, the lowest since the 7.6 per cent rate set in September 1981. Total civilian employment was 103.9 million, 700,000 higher than in January.

The number of employes in the apparel industry last month reached 1,210,000, compared with 1,148,000 in February 1983.

The workforce in the textile industry totaled 762,000 compared with 726,000 in February of the previous year.

Employes in the retail industry rose to 15.5 million in February, compared with 15.2 million in the same month the previous year.

The average weekly wage for production workers in the apparel industry was $201.48 last month compared with $185.48 in February 1983.

The average weekly wage in the textile industry was $258.98, and in the retail industry the salary level was $172.87.

The highest average weekly wages were achieved in the auto industry, $550, and the steel industry, $534.

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Analysts: Mill Upturn To Continue

BY RITA LAX

NEW YORK (FNS) — Profits for the textile industry continued to accelerate through the end of 1983 and Wall Street analysts are projecting a 9 to 11 per cent dollar increase in textile shipments for 1984.

Profits for a group of major producers aggregated a 48 per cent earnings jump in the latest quarter reported and a 47 per cent income rise for the year.

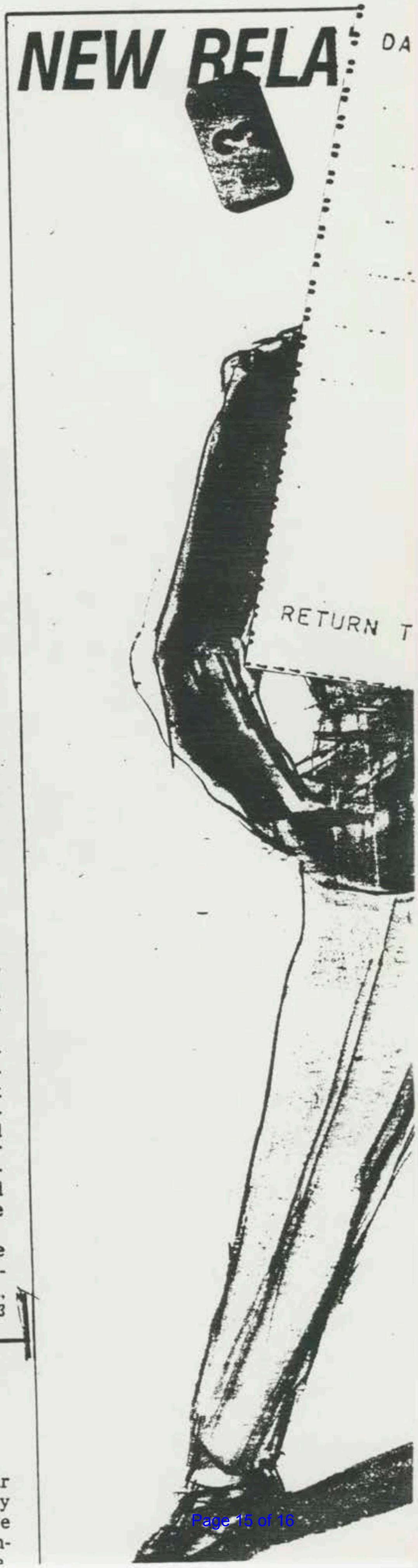
The anticipation of a weakening dollar and more stringent import quotas has Wall Street analysts optimistic on the industry's outlook. Continued strong consumer demand for fashion, coupled with lean inventories along the apparel and retail pipeline complete the bright textile picture.

Triple digit profit gainers in the quarter were Burlington Industries, ahead 407.7 per cent,

See MILL, Page 23

Mfrs. in Battle For Share in Activewear

The maturing active sportswear market has become increasingly competitive because of the throng of manufacturers and im-



Mill Shipments: Analysts See 9%-11% Hike in '84

Continued from Page 1

Collins & Aikman, up 124.2 per cent, and Bibb Company, with a 106.4 per cent rise. Lowenstein also made an impressive comeback with a 91.2 per cent earnings increase in the quarter.

Burlington, the top profit gainer, benefitted from easy comparisons against a weak year-ago quarter, according to Rita Freedman, of Provident National Bank in Philadelphia.

"Burlington has managed to reduce the losses generated by its Ireland subsidiary and has brought its knit business to a break-even point, but there are still problems in the denim and corduroy segments," Freedman said. The company was able to improve its knit division by bringing in new management and by changing the product mix. But with the denim and corduroy business, it's more difficult, Freedman explained, saying, "These fabrics are primarily used for basic jeans, a segment that isn't selling." Burlington's fully diluted earnings per share will be $4.85 in 1984 compared with $3.06 last year.

Analysts agree that Collins & Aikman's strength came from its cost cutting programs. "They've lowered manufacturing costs by consolidating and closing plants," said Ed Johnson, of The Johnson Redbook Service. "C&A is also benefitting from higher sales in home decorative fabrics," he added, alluding to the success of its wall covering and bed and bath fabric segments.

Johnson predicted earnings per share for the year ending in February 1985 will be $5.10, compared with his fiscal 1984 estimate of $4.40. In fiscal 1983 C&A earned $2.20 a share.

While stronger demand for certain products are benefitting individual companies, the weakening dollar should have a positive impact across the board for the textile industry, analysts agreed. Provident National Bank is projecting a 5 to 10 per cent weakening of the dollar this year, while Goldman, Sachs & Co. is projecting a 10 to 15 per cent weakening.

"Although imports will remain on the rise this year," acknowledged Jay Meltzer, of Goldman, Sachs & Co., "the growth rate should slow considerably to the low teens, compared with an increase that reached the mid-20s in 1983.

The combination of a weaker dollar, tighter quota laws, and the modernization programs that domestic companies have invested in over the past few years should help bring business back to the textile industry, Meltzer concluded.

Analysts were surprised at Lowenstein's profit gain. "Earnings in the quarter surpassed our expectations," Meltzer admitted, noting the success of its industrial fabrics, which comprise 60 to 65 per cent of the company's business.

Its lightweight print cloths and home furnishing textiles also did extremely well, Meltzer added. He projected earnings per share of $7.25 next year compared with $6.62.

J.P. Stevens managed to move out of the red with profits of $3,784,000 in the quarter against a loss of $765,000, on the heels of stronger sales and improved margins in the woolens, towels and industrial fabrics segments, according to Johnson.

But Stevens is still having problems with its sheets division because of late shipments and the cost of new machinery.

Stevens is hoping that its investments in the designer sheets business will pay off but Johnson has reduced his earnings per share estimates for fiscal 1984 to a range of $2 to $2.25 from his previous estimate of $2.50. Last year, Stevens earned $1.09 a share.

Crompton remained in the red for the quarter but should reduce its losses this year, according to Meltzer. Crompton is largely in problem areas such as corduroy and velveteen explained Meltzer. Both of these segments have been suffering from weak demand and heavy imports. Meltzer is confident that the worst is over from Crompton.

(000's omitted	QUARTER							YEAR					
	SALES				PROFIT			SALES			PROFITS		
COMPANY	Pd. ended	Latest	Yr. Ago	% Chg.	Latest	Yr. Ago	% Chg.	Latest	Yr. Ago	% Chg.	Latest	Yr. Ago	% Chg.
Burlington*	(12/31)	$771,789	$641,066	+20.4	$28,667	$5,647	+407.7	$3,121,085	$2,775,563	+12.4	$111,501	$45,300	+146.1
J.P. Stevens*	(2/4)	520,721	403,871	+28.9	3,784	(765)	—	2,042,987	1,784,873	+14.5	21,920	19,386	+13.1
WestPoint Pepperell*	(11/26)	341,021	287,326	+18.7	16,560	11,680	+41.8	1,259,999	1,103,259	+14.2	57,207	44,187	+29.5
Springs Industries[2]	(12/31)	261,576	234,208	+11.7	14,176	9,206	+54	894,443	874,512	+2.3	37,051	43,054	—13.9
Collins & Aikman*	(11/30)	250,352	176,063	+42.2	14,036	6,260	+124.2	932,982	685,223	+36.2	49,696	23,895	+108
Lowenstein[2]	(12/31)	178,779	145,747	+22.7	9,180	4,801	+91.2	584,879	536,650	+9	22,178	15,462	+43.4
Cone Mills[3]	(12/30)	163,945	146,130	+13.1	(22,196)	2,643	—	687,776	608,201	+13.1	(8,756)	12,806	—
Fieldcrest Mills	(12/31)	162,974	146,204	+11.5	5,480	6,039	—9.3	550,515	491,955	+11.9	15,060	10,417	+44.6
Riegel Textiles*	(12/31)	101,468	98,019	+3.5	2,316	1,978	+17.1	422,226	408,501	+3.4	8,296	9,802	—15.4
Avondale Mills*	(11/27)	84,954	67,954	+25.2	3,282	2,349	+39.7	319,231	171,061	+86.6	11,426	2,873	+297.7
Bibb Co.*	(12/31)	73,209	61,922	+18	3,043	1,474	+106.4	238,995	235,168	+1.6	8,156	5,276	+54.6
Crompton	(1/1)	15,109	13,738	+10	(4,562)	(1,534)	—	106,837	142,896	—25.3	(12,364)	(13,533)	—
TOTALS		2,925,897	2,422,248	+20.8	73,766	49,778	+48.2	11,161,955	9,817,862	+13.7	321,371	218,925	+46.8

Footnotes:
* Fiscal periods have been adjusted to conform with the calendar year.
1) In the year-ago quarter, net income includes $2,926,000 from discontinued operations. For the full year, 1982 earnings included $5,597,000 from discontinued operations.
2) Net income includes gains from repurchase of debentures in [illegible] of $971,000 and $310,000 in [illegible]
3) [illegible]