LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Restraint Action by the United States under Article 3

The following communication has been received by the Director-General from the United States mission.

I have been requested to transmit to you, for the information of the Cotton Textiles Committee, the following information pertaining to the United States Article 3 restraint request to Pakistan.

By note dated 23 December 1965 and under the authority of Article 3 of the Long-Term Cotton Textiles Arrangement, the United States Government requested the Government of Pakistan to restrain exports of cotton duck in Category 26 to the United States in view of the substantial increase in the rate of shipments which created disruption in the United States market and in consideration of equity to other foreign suppliers of duck. The restraint level was fixed at 2.2 million square yards in accordance with the formula of Annex B of the Long-Term Cotton Textiles Arrangement.

After consultations between the two Governments, the United States Government advised the Government of Pakistan on 14 April 1966 that it would finalize this restraint on the following terms in its desire to accommodate Pakistan's current marketing objectives:

1. The export restraint level for duck of Pakistan origin would continue to be 2.2 million square yards for the twelve-month period beginning 23 December 1965.

2. As a special one-time accommodation, an additional 5.5 million square yards over and above the foregoing level could be shipped from Pakistan during the period 23 December 1965-30 June 1966.

3. Five per cent growth would be permitted on the restraint level of 2.2 million square yards for the period beginning 23 December 1966 should this export restraint be renewed.
A copy of the market disruption statement follows below.

**Cotton Duck from Pakistan**

Duck imports in Category 26 from all countries declined from 41.8 million square yards in the first Long-Term Arrangement year to 35.7 million in the second Long-Term Arrangement year, partially as a result of uncertainty in the market during consideration of one-price cotton legislation. There was a sharp increase in duck imports in the third Long-Term Arrangement year to 47.5 million square yards, 33 per cent above the imports in the second Long-Term Arrangement year. In the eight months ending October 1965, imports of duck totalled 35.8 million square yards.

Imports of duck from Pakistan first entered the United States market in March 1965. In the eight months ending October, these imports totalled 3.6 million square yards, 10 per cent of the total imported in this period.

Domestic production of duck was 260.0 million square yards in 1962, 261.9 million in 1963, and 287.9 million square yards in 1964. The increase in domestic production was in part due to the enactment of one-price cotton legislation. Imports of duck from all countries were 16.5 per cent of domestic production in 1963 and substantially exceeded that rate in 1965.

Imports of two-ply filling duck have been dominating the domestic market. In the six-month period ending June 1965 imports of this type of duck were 67 per cent of the domestic production. Imports of two-ply filling duck from Pakistan during March-October 1965 totalled 3.3 million square yards or 90 per cent of its total duck imports to the United States. This was 15 per cent of the total two-ply duck imports from all countries during the period.

The principal imports from Pakistan have been double filling duck with the following constructions: 38" 84 x 28, 2 yards/pound less than for equivalent domestic goods.

Duck in Category 26 is one of the most sensitive of the fabric classifications. All significant supplying countries are under restraint. Imports from Pakistan in recent months have exceeded the levels established for all other countries except Hong Kong and Korea.