ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Measures taken by the United States on imports from Japan

Note by the Chairman

Attached is a notification received from the United States of unilateral measures taken under Article 3:5 on imports of Categories 310/318, 315/320p, 317-S and 347/348 from Japan.

Copies of the requests for consultations under Article 3:5 are attached.

*English only/Anglais seulement/Inglés solamente
The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue de Lausanne 154
1211 Geneva

Dear Mr. Chairman:

I have been instructed by my government to notify the TSB that the United States has availed itself of the provisions of Article 3.5 of the Arrangement to put into effect restraints on imports from Japan of four products for which consultations had been requested pursuant to Article 3.3 on June 30, 1986.

The date the restraints were put into place was September 15, 1986; the restraint periods are from June 30, 1986 to June 29, 1987. The restraint levels are as follows:

1. yarn dyed cotton fabric (category 310/318): 19,042,936 syds
2. cotton printcloth (category 315/320p): 10,562,022 syds
3. cotton sateen (category 317-5): 8,969,181 syds
4. cotton trousers (category 347/348): 1,442,422 doz

While it has not as yet been possible for the United States and Japan to reach a mutually satisfactory solution to the problems posed by these imports, the two parties continue to seek such a solution.

Sincerely,

Robert E. Shepherd
Minister Counsellor
The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue De Lausanne 154
1211 Geneva

Dear Ambassador Raffaelli:

Pursuant to the provisions of paragraph 3 of Article 3 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform you that, on June 30, 1986, the United States requested consultations with Japan with respect to four products: yarn-dyed fabric (category 310/318); print cloth (category 315/320 part); cotton sateen (category 317-S) and cotton trousers (category 347/348). Copies of the detailed factual statements which are called for in article 3.3 and which were provided to the Government of Japan at the time of the request are enclosed.

Sincerely,

[Signature]
Robert E. Shepherd
Minister-Counselor

Enclosure
June 30, 1986

U.S.
JAPAN

3. PRIN TECT
(COMPLIMENTARY OPENING)

I HAVE THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, WITH ANNEXES, DONE AT GENEVA ON DECEMBER 27, 1973, AND EXTENDED BY PROTOCOLS ADOPTED ON DECEMBER 14, 1977 AND DECEMBER 22, 1981 AT GENEVA (THE ARRANGEMENT).


THE GOVERNMENT OF THE UNITED STATES HAS CONCLUDED THAT IMPORTS FROM JAPAN OF CATEGORY 310/319 ARE DISRUPTING THE UNITED STATES MARKET AS PROVIDED IN ARTICLE III OF THE ARRANGEMENT. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATIONS FOR THIS CONCLUSION, WITH CURRENT SUPPORTING DATA, IS APPENDED AS ANNEX A, WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF JAPAN TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR IMPORTS OF CATEGORY 310/319, YARN-DYED FABRIC FROM JAPAN.

IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGEMENT, IF OUR GOVERNMENTS ARE UNABLE TO AGREE ON A MUTUALLY SATISFACTORY SOLUTION TO THIS MATTER WITHIN SIXTY DAYS, THE GOVERNMENT OF THE UNITED STATES RESERVES THE RIGHT TO RESTRAIN SUCH IMPORTS PRODUCED IN JAPAN AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF YOUR GOVERNMENT'S RECEIPT OF THIS REQUEST TO A LEVEL OF 19,142,976 YDS. THIS LEVEL IS BASED ON THE 1985 LIMIT, 19,428,869 YDS, PRORATED TO 13,166,606 YDS PER NINTH TWELFTHS OF THE 1985 LIMIT, ADDED TO THE JANUARY-MARCH 1986 IMPORTS OF 5,225,789 YDS.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF JAPAN RESPECTING TO JAPAN'S EXPORTS OF CATEGORY 310/319 TO THE UNITED STATES WITH REGARD TO A DATE AND PLACE FOR CONSULTATIONS.
SUMMARY AND CONCLUSIONS

UNITED STATES IMPORTS OF COTTON YARN-DYED FABRIC, IN CATEGORIES 310/319 FROM JAPAN WERE 21.4 MILLION SQUARE YARDS DURING THE YEAR ENDING APRIL 1995, UP 45 PERCENT FROM THE 14.7 MILLION SQUARE YARDS IMPORTED A YEAR PRIOR. JAPAN WAS THE LARGEST SUPPLIER OF THIS FABRIC, ACCOUNTING FOR 34 PERCENT OF THE TOTAL IMPORTS.

THE SHARP AND SUBSTANTIAL INCREASES OF IMPORTS FROM JAPAN WHICH ARE OFFERED AT DUTY PAID LANDED VALUES BELOW THE U.S. PRODUCERS PRICE ARE SEVERELY DISRUPTING THE U.S. MARKETS FOR COTTON YARN-DYED FABRICS.

THE U.S. INDUSTRY PRODUCING YARN-DYED COTTON AND COTTON/POLYESTER BLENDED FABRICS HAS BEEN ADVERSELY AFFECTED BY IMPORTS.

PRODUCTION AND MARKET SHARE


IMPORTS AND IMPORT PENETRATION

JAPAN SHIPS A WIDE VARIETY OF FABRICS IN BOTH CATEGORIES. SHIPMENTS INCLUDE 100 PERCENT COTTON AND MEDIUM FABRICS SUCH AS 55 PERCENT COTTON/45 PERCENT POLYESTER. THEY ALSO COVER A WIDE RANGE OF YARN COUNTS FROM 30's ALONG TO THE 80's. MOST OF THE SHIPMENTS ARE OF MEDIUM AND MEDIUM YARN COUNTS. THE DUTY-PAID LANDED VALUES ARE BELOW THOSE OF COMPARABLE U.S. PRODUCED FABRICS. REPRESENTATIVE EXAMPLES OF THESE DIFFERENCES ARE PROVIDED BELOW.

---

\[ \text{SUMMARY AND CONCLUSIONS} \]

UNITED STATES IMPORTS OF COTTON YARN-DYED FABRIC, IN CATEGORIES 310/319 FROM JAPAN WERE 21.4 MILLION SQUARE YARDS DURING THE YEAR ENDING APRIL 1995, UP 45 PERCENT FROM THE 14.7 MILLION SQUARE YARDS IMPORTED A YEAR PRIOR. JAPAN WAS THE LARGEST SUPPLIER OF THIS FABRIC, ACCOUNTING FOR 34 PERCENT OF THE TOTAL IMPORTS.

THE SHARP AND SUBSTANTIAL INCREASES OF IMPORTS FROM JAPAN WHICH ARE OFFERED AT DUTY PAID LANDED VALUES BELOW THE U.S. PRODUCERS PRICE ARE SEVERELY DISRUPTING THE U.S. MARKETS FOR COTTON YARN-DYED FABRICS.

THE U.S. INDUSTRY PRODUCING YARN-DYED COTTON AND COTTON/POLYESTER BLENDED FABRICS HAS BEEN ADVERSELY AFFECTED BY IMPORTS.

PRODUCTION AND MARKET SHARE


IMPORTS AND IMPORT PENETRATION

JAPAN SHIPS A WIDE VARIETY OF FABRICS IN BOTH CATEGORIES. SHIPMENTS INCLUDE 100 PERCENT COTTON AND MEDIUM FABRICS SUCH AS 55 PERCENT COTTON/45 PERCENT POLYESTER. THEY ALSO COVER A WIDE RANGE OF YARN COUNTS FROM 30's ALONG TO THE 80's. MOST OF THE SHIPMENTS ARE OF MEDIUM AND MEDIUM YARN COUNTS. THE DUTY-PAID LANDED VALUES ARE BELOW THOSE OF COMPARABLE U.S. PRODUCED FABRICS. REPRESENTATIVE EXAMPLES OF THESE DIFFERENCES ARE PROVIDED BELOW.

---

\[ \text{IMPORTS AND IMPORT PENETRATION} \]

JAPAN SHIPS A WIDE VARIETY OF FABRICS IN BOTH CATEGORIES. SHIPMENTS INCLUDE 100 PERCENT COTTON AND MEDIUM FABRICS SUCH AS 55 PERCENT COTTON/45 PERCENT POLYESTER. THEY ALSO COVER A WIDE RANGE OF YARN COUNTS FROM 30's ALONG TO THE 80's. MOST OF THE SHIPMENTS ARE OF MEDIUM AND MEDIUM YARN COUNTS. THE DUTY-PAID LANDED VALUES ARE BELOW THOSE OF COMPARABLE U.S. PRODUCED FABRICS. REPRESENTATIVE EXAMPLES OF THESE DIFFERENCES ARE PROVIDED BELOW.
### Table II

<table>
<thead>
<tr>
<th>PERIOD</th>
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<th>IMPORTS</th>
<th>RATIO</th>
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<td>29,522</td>
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<td>1984</td>
<td>151,987</td>
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<tr>
<td>1985</td>
<td>131,583</td>
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### Table III

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<td>1984</td>
<td>15,031</td>
<td>34,493</td>
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</tr>
<tr>
<td>1985</td>
<td>18,608</td>
<td>31,394</td>
<td>49,992</td>
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### Table IV

<table>
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<tr>
<th>DESCRIPTION</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSUSA NO. 331.4914 JAPAN</td>
<td>.84</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE</td>
<td>1.28</td>
</tr>
<tr>
<td>TSUSA NO. 322.4915 JAPAN</td>
<td>1.63</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE</td>
<td>1.93</td>
</tr>
</tbody>
</table>

THE GOVERNMENT OF THE UNITED STATES HAS NOTED A SHARP AND SUBSTANTIAL INCREASE IN IMPORTS OF CATEGORY 315/320 PT., PRINT CLOTH, FROM JAPAN. FOR THE YEAR ENDING APRIL 1985 IMPORTS FROM JAPAN OF CATEGORY 315/320 PT PRINT CLOTH COMPRISE 2.8 PERCENT OF ALL IMPORTS IN THE CATEGORY.

IMPORTS FROM JAPAN INCREASED FROM 2,232 MILLION SYDS (YE 4/85) TO 11,125 MILLION SYDS (YE 4/85) AN INCREASE OF 396.3 PERCENT.

THE GOVERNMENT OF THE UNITED STATES HAS CONCLUDED THAT IMPORTS FROM JAPAN OF CATEGORY 315/320 PT PRINT CLOTH, IF DISRUPTING THE UNITED STATES MARKET AS PROVIDED IN ARTICLE III OF THE ARRANGEMENT. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATIONS FOR THIS CONCLUSION, WITH CURRENT SUPPORTING DATA, IS APPENDED AS ANNEX A, WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF JAPAN TO DISCUSS AN APPROPRIATE LEVEL OF RESTRANFT FOR IMPORTS OF CATEGORY 315/320 PT., PRINT CLOTH FROM JAPAN.

IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGEMENT, IF OUR GOVERNMENTS ARE UNABLE TO ACHIEVE A MUTUALLY SATISFACTORY SOLUTION TO THIS MATTER WITHIN SIXTY DAYS, THE GOVERNMENT OF THE UNITED STATES RESERVES THE RIGHT TO RESTRAIN SUCH IMPORTS PRODUCED IN JAPAN AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF YOUR GOVERNMENT'S RECEIPT OF THIS REQUEST, TO A LEVEL NOT LESS THAN THE LEVEL OF THE UNITED STATES IMPORTS FROM JAPAN DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS, THAT IS THE YEAR ENDING MARCH 1985. THAT LEVEL IS 10,552,022 SYDS.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF JAPAN WITH RESPECT TO JAPAN'S EXPORTS OF CATEGORY 315/322 PT PRINT CLOTH TO THE UNITED STATES AND REGARDING A DATE AND PLACE FOR CONSULTATIONS.

(COMPLIMENTARY CLOSE)
SUMMARY AND CONCLUSIONS


THIS SHARP AND SUBSTANTIAL INCREASE IN IMPORTS OF LOW-VALUED FABRIC IS DISRUPTING THE U.S. MARKET FOR COTTON PRINTCLOTH.

U.S. PRODUCTION AND PRODUCERS’ MARKET SHARE


IMPORTS AND IMPORT PENETRATION

FOUR MONTHS OF 1986 AND 393 MILLION SQUARE YARDS DURING
YEAR ENDING APRIL 1986.

THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION TRIPLED FROM
23.4 PERCENT IN 1992 TO 59.9 PERCENT IN 1995. WHEN
CATEGORY 320 PT. PRINTCLOTH IMPORTS ARE INCLUDED, THE
RATIO INCREASED TO 72.5 PERCENT IN 1995.

DUTY-PAID VALUES AND U.S. PRODUCER PRICES

APPROXIMATELY 72 PERCENT OF JAPAN'S CATEGORIES 315/320
PT. IMPORTS ARE ENTERED UNDER TSUSA NOS. 322.2927 AND
322.3927. THESE FABRICS ARE COTTON PRINTCLOTH WITH YARN
COUNT IN THE TWENTIES AND THIRTIES, RESPECTIVELY. THESE
FABRICS ARE PRICED BELOW THE U.S. PRICES FOR IDENTICAL
FABRICS.

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<table>
<thead>
<tr>
<th>TABLE I</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. PRODUCTION, IMPORTS, AND MARKET</td>
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<tr>
<td>COTTON PRINTCLOTH</td>
</tr>
<tr>
<td>CATEGORIES 315/320 PT.</td>
</tr>
<tr>
<td>--- (MILLION SQUARE YARDS)</td>
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</tbody>
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<table>
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<tr>
<th>PERIOD</th>
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<th>IMPORTS</th>
<th>MARKET</th>
<th>DOMESTIC SHARE</th>
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<tbody>
<tr>
<td>1930</td>
<td>495</td>
<td>116</td>
<td>611</td>
<td>31</td>
</tr>
<tr>
<td>1931</td>
<td>410</td>
<td>293</td>
<td>703</td>
<td>58</td>
</tr>
<tr>
<td>1932</td>
<td>339</td>
<td>185</td>
<td>524</td>
<td>55</td>
</tr>
<tr>
<td>1933</td>
<td>426</td>
<td>253</td>
<td>684</td>
<td>62</td>
</tr>
<tr>
<td>1934</td>
<td>450</td>
<td>339</td>
<td>793</td>
<td>57</td>
</tr>
<tr>
<td>1935</td>
<td>415</td>
<td>285</td>
<td>701</td>
<td>59</td>
</tr>
<tr>
<td>1936</td>
<td>415</td>
<td>301</td>
<td>716</td>
<td>58</td>
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</tbody>
</table>

1/ INCLUDES CATEGORY 315 ONLY.
2/ INCLUDES CATEGORY 315 AND CATEGORY 320 PT.
PRINTCLOTH FABRIC IMPORTS. STATISTICAL SUFFIXES FOR
CATEGORY 320 PT. PRINTCLOTH FABRIC WERE NOT AVAILABLE PRIOR TO JANUARY 1995.

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**TABLE II**

U.S. PRODUCTION, IMPORTS AND IMPORT TO PRODUCTION RATIO
-- COTTON PRINTCLOTH
-- CATEGORIES 315/322 PT.
-- (MILLION SQUARE YARDS)

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>PRODUCTION</th>
<th>IMPORTS</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-- MILLION SYDS --</td>
<td>-- PERCENT --</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>495</td>
<td>115</td>
<td>23.4</td>
</tr>
<tr>
<td>1991</td>
<td>410</td>
<td>293</td>
<td>71.5</td>
</tr>
<tr>
<td>1992</td>
<td>339</td>
<td>135</td>
<td>54.5</td>
</tr>
<tr>
<td>1993</td>
<td>425</td>
<td>258</td>
<td>60.6</td>
</tr>
<tr>
<td>1994</td>
<td>450</td>
<td>339</td>
<td>75.1</td>
</tr>
<tr>
<td>1995</td>
<td>415</td>
<td>235</td>
<td>68.9</td>
</tr>
<tr>
<td>1995</td>
<td>415</td>
<td>301</td>
<td>72.3</td>
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1/ INCLUDES CATEGORY 315 ONLY.
<1/ INCLUDES CATEGORY 315 AND CATEGORY 320 PT. PRINTCLOTH FABRIC IMPORTS. STATISTICAL SUFFIXES FOR CATEGORY 320 PT. PRINTCLOTH FABRIC WERE NOT AVAILABLE PRIOR TO JANUARY 1995.

---

**TABLE III**

U.S. IMPORTS FROM JAPAN AND WORLD
-- CATEGORIES 315/320 PT.
-- (MILLION SQUARE YARDS)

<table>
<thead>
<tr>
<th>PERIOD</th>
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<th>TOTAL</th>
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<tr>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>1992</td>
<td>0.8</td>
<td>257.5</td>
<td>258.3</td>
</tr>
<tr>
<td>1993</td>
<td>0.6</td>
<td>337.4</td>
<td>338.0</td>
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<td>1994</td>
<td>6.3</td>
<td>279.3</td>
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<tr>
<td>1995</td>
<td>7.2</td>
<td>293.4</td>
<td>320.6</td>
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YE APRIL

<table>
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<tr>
<th></th>
<th>JAPAN</th>
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<th>TOTAL</th>
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<tbody>
<tr>
<td>1994</td>
<td>2.1</td>
<td>279.4</td>
<td>281.5</td>
</tr>
<tr>
<td>1995</td>
<td>9.2</td>
<td>370.5</td>
<td>379.7</td>
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<tr>
<td>1995</td>
<td>11.1</td>
<td>381.9</td>
<td>393.0</td>
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</tbody>
</table>

1/ INCLUDES CATEGORY 315 ONLY.
2/ INCLUDES CATEGORY 315 AND CATEGORY 320 PT. PRINTCLOTH FABRIC IMPORTS. STATISTICAL SUFFIXES FOR CATEGORY 320 PT. PRINTCLOTH FABRIC WERE NOT AVAILABLE PRIOR TO JANUARY 1995.

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**TABLE IV**

DUTY-PAID LANDED VALUES AND U.S. PRODUCER PRICE
-- CATEGORIES 315/322 PT. PRINTCLOTH
-- U.S. DOLLARS PER SQUARE YARD

<table>
<thead>
<tr>
<th>TSUSA NO. AND SOURCE</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>322.2927</td>
<td></td>
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</tbody>
</table>
JAPAN
U.S. PRODUCER PRICE 1.09
1.24 - 1.44

3?2.3927

JAPAN
U.S. PRODUCER PRICE 1.18
1.50 - 1.69

TSUS NUMBERS
TSUS NUMBERS FOR APRT CATEGORY 322 RANGE FROM 322.2 THROUGH
331.2, SPECIFICALLY ALL NUMBERS IN THAT RANGE ENDING WITH
STATISTICAL SUFFIX 31.
I RAVE THE HONOR TO REFER TO THE ARRANGEMENT REGARDING
INTERNATIONAL TRADE IN TEXTILES, WITH ANNEXES, DOUNP AT
GENEVA ON DECEMBER 23, 1973, AND EXTENDED BY PROTOCOLS
ADOPTED ON DECEMBER 14, 1977 AND DECEMBER 22, 1991 AT
GENEVA (THE AGREEMENT).

THE GOVERNMENT OF THE UNITED STATES HAS NOTED A SHARP
AND SUBSTANTIAL INCREASE IN IMPORTS OF PART CATEGORY
317-S, COTTON SATIN FABRIC, FROM JAPAN. FOR THE YEAR
ENDING APRIL 1986 IMPORTS FROM JAPAN OF PART CATEGORY
317-S PRODUCTS COMPRIS 17.6 PERCENT OF ALL IMPORTS IN
THE CATEGORY AND ARE 144 PERCENT HIGHER THAN FOR YE 4/85.

THE GOVERNMENT OF THE UNITED STATES HAS CONCLUDED THAT
IMPORTS FROM JAPAN IN PART CATEGORY 317-S, COTTON SATIN
FABRIC ARE DISRUPTING THE UNITED STATES MARKET AS
PROVIDED IN ARTICLE III OF THE ARRANGEMENT. A DETAILED
FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATIONS FOR
THIS CONCLUSION, WITH CURRENT SUPPORTING DATA, IS
APPENDED AS ANNEX A, WHICH IS TO BE REGARDED AS AN
INTEGRAL PART OF THIS NOTE.

ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES REQUESTS
CONSULTATIONS WITH THE GOVERNMENT OF JAPAN TO DISCUSS AN
APPROPRIATE LEVEL OF RESTRAINT FOR IMPORTS OF PART
CATEGORY 317-S, COTTON SATIN FABRIC FROM JAPAN.

IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGEMENT, IF
OUR GOVERNMENTS ARE UNABLE TO AGREE ON A MUTUALLY
SATISFACTORY SOLUTION TO THIS MATTER WITHIN SIXTY DAYS,
THE GOVERNMENT OF THE UNITED STATES RESERVES THE RIGHT TO
RESTRAIN SUCH IMPORTS PRODUCED IN JAPAN AND EXPORTED
DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF
YOUR GOVERNMENT'S RECEIPT OF THIS REQUEST, TO A LEVEL NOT
LESS THAN THE LEVEL OF THE UNITED STATES' IMPORTS FROM
JAPAN DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN
MONTHS, THAT IS THE YEAR ENDING MARCH 1986. THAT LEVEL
IS 8,859,191 YDS.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA WOULD
APPRECIATE THE VIEWS OF THE GOVERNMENT OF JAPAN WITH
RESPECT TO JAPAN'S EXPORTS OF PART CATEGORY 317-S COTTON
SATIN FABRIC TO THE UNITED STATES AND REGARDING A DATE
AND PLACE FOR CONSULTATIONS.
SUMMARY AND CONCLUSIONS

UNITED STATES IMPORTS OF CATEGORY 317 PT.—COTTON SATIN FABRIC FROM JAPAN TOTALLED 9.2 MILLION SQUARE YARDS FOR THE YEAR ENDING IN APRIL 1986, AN INCREASE OF 144 PERCENT OVER THE 3.8 MILLION SQUARE YARDS IMPORTED A YEAR EARLIER; 4.9 MILLION SQUARE YARDS OF THIS ENTERED JANUARY-APRIL 1986. JAPAN IS NOW THE SECOND LARGEST SUPPLIER OF COTTON SATIN FABRIC ACCOUNTING FOR 18 PERCENT OF THE YEAR ENDING APRIL 1986 IMPORTS. IN THE ABSENCE OF RESTRAINTS, THIS RAPID IMPORT GROWTH IS EXPECTED TO ACCELERATE.

THE MARKET FOR COTTON SATIN FABRIC IS DISRUPTED BY IMPORTS AND THE SHARP AND DISRUPTIVE GROWTH TREND OF JAPANESE COTTON SATIN FABRIC IS A MAJOR CONTRIBUTOR.

U.S. PRODUCTION AND MARKET SHARE


THE U.S. PRODUCER'S SHARE OF THE MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED COTTON SATIN FABRIC DECLINED FROM 72.3 PERCENT IN 1982 TO 52.9 PERCENT IN 1985.

U.S. IMPORTS AND IMPORT PENETRATION

U.S. IMPORTS OF COTTON SATIN FABRICS DOUBLED BETWEEN 1982 AND 1984 FROM 22.2 MILLION SQUARE YARDS TO 45.3 MILLION SQUARE YARDS. ALTHOUGH SATIN FABRIC IMPORTS DECLINED SLIGHTLY IN 1985 TO 42.0 MILLION SQUARE YARDS, IMPORTS DURING THE FIRST FOUR MONTHS OF 1986 WERE MORE THAN DOUBLED OVER THE SAME PERIOD A YEAR EARLIER. IMPORTS DURING THE YEAR ENDING APRIL 1986 WERE 52.5 MILLION SQUARE YARDS. THE IMPORT TO PRODUCTION RATIO INCREASED FROM 30.3 PERCENT IN 1982 TO 89.2 PERCENT IN 1985.

IMPORT VALUE VS DOMESTIC PRODUCER PRICE

APPROXIMATELY 61 PERCENT OF COTTON SATIN FABRIC IS ENTERING FROM JAPAN UNDER TSUSA NO. 322.395W, THESE IMPORTS ENTER AT DUTY-PAID VALUES BELOW THE U.S. PRODUCER PRICE.
### TABLE I

**U.S. Production, Imports and I/P Ratios**

**U.S. Category 317 Pt. — Cotton Satin Fabrics**

(1,000 Square Yards)

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<th>PERIOD</th>
<th>PRODUCTION</th>
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<th>RATIO</th>
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<tr>
<td>1982</td>
<td>59,072</td>
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<td>33.3</td>
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<tr>
<td>1983</td>
<td>45,612</td>
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<tr>
<td>1984</td>
<td>49,137</td>
<td>45,294</td>
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</tr>
<tr>
<td>1985</td>
<td>47,082</td>
<td>42,003</td>
<td>99.2</td>
</tr>
</tbody>
</table>

### TABLE II

**Category 317 Pt. Imports from Japan and Total**

(1,000 Square Yards)

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>JAPAN</th>
<th>OTHER</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>1,791</td>
<td>20,156</td>
<td>22,247</td>
</tr>
<tr>
<td>1983</td>
<td>2,354</td>
<td>27,965</td>
<td>30,319</td>
</tr>
<tr>
<td>1984</td>
<td>4,518</td>
<td>48,776</td>
<td>53,294</td>
</tr>
<tr>
<td>1985</td>
<td>4,999</td>
<td>37,214</td>
<td>42,213</td>
</tr>
</tbody>
</table>

### TABLE III

**U.S. Domestic Production, Market and U.S. Market Share — Category 317 Pt.**

(1,000 Square Yards)

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>U.S. PRODUCTION</th>
<th>IMPORTS</th>
<th>U.S. SHARE</th>
<th>MARKET 1/ OF MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>59,072</td>
<td>22,247</td>
<td>66.3</td>
<td>93,431</td>
</tr>
<tr>
<td>1983</td>
<td>45,612</td>
<td>32,219</td>
<td>50.1</td>
<td>75,831</td>
</tr>
<tr>
<td>1984</td>
<td>49,137</td>
<td>45,294</td>
<td>52.9</td>
<td>48,431</td>
</tr>
<tr>
<td>1985</td>
<td>47,082</td>
<td>42,003</td>
<td>52.9</td>
<td>89,085</td>
</tr>
</tbody>
</table>

1/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED FABRIC.

### TABLE IV

**Category 317 Pt. — Duty Paid Value and U.S. Producer Price**

U.S. Dollars Per Square Yard

<table>
<thead>
<tr>
<th>TSUSA NO. AND SOURCE</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>322.3959 JAPAN</td>
<td>1.71</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE</td>
<td>1.90 - 1.94</td>
</tr>
</tbody>
</table>


THE GOVERNMENT OF THE UNITED STATES HAS CONCLUDED THAT IMPORTS FROM JAPAN OF CATEGORY 347/343 ARE DISRUPTING THE UNITED STATES MARKET AS PROVIDED IN ARTICLE III OF THE ARRANGEMENT. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATIONS FOR THIS CONCLUSION, WITH CURRENT SUPPORTING DATA, IS APPENDED AS ANNEX A, WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF JAPAN TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR IMPORTS OF CATEGORY 347/343, COTTON TROUSERS FROM JAPAN.

IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGEMENT, IF OUR GOVERNMENTS ARE UNABLE TO AGREE ON A MUTUALLY SATISFACTORY SOLUTION TO THIS MATTER WITHIN SIXTY DAYS, THE GOVERNMENT OF THE UNITED STATES RESERVES THE RIGHT TO RESTRAIN SUCH IMPORTS PRODUCED IN JAPAN AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF YOUR GOVERNMENT'S RECEIPT OF THIS REQUEST, TO A LEVEL OF 1,442,422 DOZ. THIS LEVEL IS BASED ON THE TWELVE OF FOURTEEN MONTH IMPORTS FOR CATEGORY 347, 192,895 DOZEN, ADDED TO THE CATEGORY 349 LEVEL OF 1,251,527 DOZ. THE CATEGORY 349 LEVEL CONSISTS OF JANUARY, FEBRUARY, AND MARCH, 1986 IMPORTS FROM JAPAN, 439,295 DOZEN, ADDED TO THE 1985 RESIDUAL LIMIT "PRORATED BY NINE TWELFTHS, 773,232 DOZENS. THE 1985 RESIDUAL LIMIT WAS 1,032,976.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF JAPAN WITH RESPECT TO JAPAN’S EXPORTS OF CATEGORY 347/349 TO THE
UNITED STATES AND REGARDING A DATE AND PLACE FOR
CONSULTATIONS.

(COMPLIMENTARY CLOSE)

MARKET STATEMENT  JAPAN
CATEGORY 347/348 — COTTON TROUSERS, ETC.  JUNE 1985

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF CATEGORY 347/349 FROM JAPAN WERE
1,433,257 DOZEN DURING YEAR-ENDING APRIL 1986, COMPARED
TO 1,325,872 DOZEN A YEAR EARLIER, A 12 PERCENT
INCREASE. JAPAN IS THE THIRD LARGEST SUPPLIER OF
CATEGORY 347/348 AND THE LARGEST UNCONTROLLED SUPPLIER,
ACCOUNTING FOR SIX PERCENT OF TOTAL IMPORTS THROUGH
YEAR-ENDING APRIL 1986. IMPORTS REACHED 665,235 DOZEN
IN THE FIRST FOUR MONTHS OF 1986, AN INCREASE OF 32

THE U.S. MARKET FOR CATEGORY 347/349 HAS BEEN DISRUPTED
BY IMPORTS. THE SHARP AND SUBSTANTIAL INCREASE IN
IMPORTS FROM JAPAN HAS CONTRIBUTED TO THIS DISRUPTION.
ABSENCE OF CONTROL ON CATEGORY 347/349 IMPORTS FROM
JAPAN WOULD CAUSE FURTHER MARKET DISRUPTION.

U.S. PRODUCTION AND MARKET SHARE

IN 1983, U.S. COTTON TROUSER PRODUCTION DECLINED BY
419,000 DOZEN. IN 1984, PRODUCTION REBOUNDED TO
42,895,000 DOZEN, TWO PERCENT ABOVE THE 1982 LEVEL.

THE MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED
TROUSERS GREW BY SEVEN MILLION DOZEN BETWEEN 1982 AND
1994. HOWEVER, U.S. PRODUCERS PARTICIPATED LITTLE IN
THIS EXPANSION AS THEIR SHARE OF THE MARKET FELL FROM 75
TO 63 PERCENT.

U.S. IMPORTS AND IMPORT PENETRATION

IMPORTS OF CATEGORY 347/343 INCREASED FROM 13,133,000
DOZEN IN 1982 TO 18,076,000 DOZEN IN 1983, A 33 PERCENT
INCREASE. IMPORT GROWTH CONTINUED AS IMPORTS REACHED
19,174,000 DOZEN IN 1984, A SIX PERCENT INCREASE OVER
THE PREVIOUS YEAR. THE RATIO OF IMPORTS TO DOMESTIC
PRODUCTION INCREASED FROM 33 PERCENT IN 1982 TO 46
PERCENT IN 1983 TO 47 PERCENT IN 1984.

DUTY-PAID VALUE AND U.S. PRODUCER PRICE

APPROXIMATELY 59 PERCENT OF CATEGORY 347/348 IMPORTS
DURING THE FIRST FOUR MONTHS OF 1986 FROM JAPAN ENTERED
UNDER THE FOLLOWING TWO TSUSA NUMBERS: 334.4725 —
WOMEN’S, GIRLS’ AND INFANTS’ OTHER COTTON SHORTS, NOT
KNIT, NOT ORNAMENTED; 384.4755 — WOMEN’S OTHER COTTON
TROUSERS AND SLACKS, EXCEPT THOSE OF DENIM, NOT KNIT,
NOT ORNAMENTED. THESE GARMENTS FROM JAPAN ENTERED THE
U.S. AT LANDED, DUTY PAID VALUES BELOW U.S. PRODUCERS’
## Prices for Comparable Garments

### Category 347/348: U.S. Production, Imports and Import/Production Ratios

<table>
<thead>
<tr>
<th>Period</th>
<th>Production</th>
<th>Imports</th>
<th>I/P Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932</td>
<td>39,958</td>
<td>13,133</td>
<td>32.9</td>
</tr>
<tr>
<td>1933</td>
<td>39,549</td>
<td>13,076</td>
<td>45.7</td>
</tr>
<tr>
<td>1934</td>
<td>42,995</td>
<td>19,174</td>
<td>46.9</td>
</tr>
</tbody>
</table>

### Table II

Category 347/348: U.S. Market and Domestic Manufacturers' Share

<table>
<thead>
<tr>
<th>Period</th>
<th>Market 1/ Domestic</th>
<th>Manufacturers' Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932</td>
<td>53,101</td>
<td>75.3</td>
</tr>
<tr>
<td>1933</td>
<td>57,625</td>
<td>58.6</td>
</tr>
<tr>
<td>1934</td>
<td>60,063</td>
<td>58.1</td>
</tr>
</tbody>
</table>

1/ Market for domestically produced and imported cotton trousers.

### Table III

Category 347/348: U.S. Imports from Japan and the World

<table>
<thead>
<tr>
<th>Period</th>
<th>Japan</th>
<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1933</td>
<td>1,309</td>
<td>15,757</td>
<td>16,075</td>
</tr>
<tr>
<td>1934</td>
<td>1,828</td>
<td>17,346</td>
<td>19,174</td>
</tr>
<tr>
<td>Year</td>
<td>Finding</td>
<td>APRIL</td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>---------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>1,327</td>
<td>13,075</td>
<td>20,402</td>
</tr>
</tbody>
</table>

**YEAR FINDING APRIL**

<table>
<thead>
<tr>
<th>Year</th>
<th>Finding</th>
<th>APRIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>1,326</td>
<td>17,476</td>
</tr>
<tr>
<td>1995</td>
<td>1,499</td>
<td>21,745</td>
</tr>
</tbody>
</table>

**JANUARY-APRIL**

<table>
<thead>
<tr>
<th>Year</th>
<th>Finding</th>
<th>APRIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>504</td>
<td>5,553</td>
</tr>
<tr>
<td>1995</td>
<td>655</td>
<td>9,334</td>
</tr>
</tbody>
</table>

---

**TABLE IV**

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**CATEGORY 347/349: DUTY-PAID IMPORT VALUES**

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**AND U.S. PRODUCER PRICE**

---

**-- U.S. DOLLARS PER DOZEN --**

**TSUSA NO. AND SOURCE**

**VALUE/PRICE 1/**

<table>
<thead>
<tr>
<th>TSUSA No.</th>
<th>Source</th>
<th>Value/Price 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td>347.4725</td>
<td>Japan</td>
<td>47.05</td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>49.53</td>
</tr>
<tr>
<td></td>
<td>Sri Lanka</td>
<td>46.43</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>47.10</td>
</tr>
<tr>
<td></td>
<td>U.S. Producer Price</td>
<td>78.00 - 81.00</td>
</tr>
<tr>
<td>347.4765</td>
<td>Japan</td>
<td>38.27</td>
</tr>
<tr>
<td></td>
<td>South Korea</td>
<td>35.22</td>
</tr>
<tr>
<td></td>
<td>Hong Kong</td>
<td>82.97</td>
</tr>
<tr>
<td></td>
<td>Taiwan</td>
<td>97.44</td>
</tr>
<tr>
<td></td>
<td>U.S. Producer Price</td>
<td>138.00 - 141.00</td>
</tr>
</tbody>
</table>