Attached is a notification received from the United States of its intention to invoke paragraph 8 of the 1986 Protocol of Extension with respect to imports of Category 613-C (lightweight, plainweave polyester/cotton fabric) from Pakistan. The extension of the measure for a one-year period took effect on 27 April 1987.

1. The unilateral measure taken under Article 3:5 and contained in TEX.SB/1237 was not reviewed by the TSB as Pakistan had not at that time accepted the 1986 Protocol of Extension.
April 23, 1987

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue De Lausanne 154
1211 Geneva

Dear Ambassador Raffaelli:

The Government of the United States has the honor to inform the Textiles Surveillance Body of the absence of agreement between the Governments of the United States and Pakistan on extension of the existing restraint level for lightweight, plainweave polyester/cotton fabric (Category 613-C) in accordance with paragraph 8 of Article 3 of the Arrangement. The Government of the United States, therefore, has the honor to inform the Textiles Surveillance Body of its intention to invoke paragraph 8 of the 1986 Protocol of Extension with respect to imports of this product. The Government of Pakistan is being notified of this decision through the Embassy of Pakistan in Washington, D.C.

In a letter dated April 3, 1987, in accordance with paragraph 8 of Article 3 of the Arrangement, the Government of the United States proposed extending the existing restraint level for Category 613-C for an additional year, with six percent growth, i.e. at a level of 14,892,869 square yards. At that time, the Government of the United States also informed the Government of Pakistan that the United States would be pleased to hold additional consultations on this matter at mutually convenient time. On April 20, 1987 the Embassy of Pakistan in Washington, D.C. informed the Government of the United States that the Government of Pakistan had not yet taken a decision on extension of the existing restraint level. In the absence of agreement on extension of the restraint level the Government of the United States is notifying the Government of Pakistan of its intent to invoke paragraph 8 of the 1986 Protocol. The Government of the United States also reaffirms its willingness
to hold additional consultations on this matter, with a view to reaching a negotiated solution.

Sincerely,

Robert E. Shepherd
Minister-Counsellor

Attachment
I have the honor to refer to the arrangement regarding international trade in textiles, done at Geneva on December 21, 1973 and extended by protocols done at Geneva on December 14, 1977, December 22, 1991 and July 31, 1966, hereinafter referred to as the arrangement. I also have the honor to refer to consultations held on February 25, 1987 in Washington D.C. between representatives of the governments of Pakistan and the United States.

I also have the honor to refer to the letter dated April 3, 1987, in which the government of the United States informed the government of Pakistan of its desire to extend the existing restraint level for lightweight, plainweave polyester/cotton fabric (category 533-C) for an additional year at a level of 14,892,269 square yards, which represents six percent growth over the previous restraint. At that time, the government of the United States noted that it was making this proposal in order to ensure the steady and orderly development of trade and to avoid the disruptive effects of a sudden increase in imports. In accordance with paragraph 6 of article 3 of the arrangement, the government of the United States requested confirmation that extension of this restraint was acceptable to the government of Pakistan.

On April 22, 1987 the Embassy of Pakistan in Washington, D.C. informed the Department of State that the government of Pakistan has not yet decided whether or not to agree to the United States' proposal to extend this restraint. Inasmuch as the existing restraint level will expire on April 26, 1987 and the government of Pakistan has not taken a decision to agree to an extension of this restraint, the government of the United States has the right to inform the government of Pakistan of its intent to invoke paragraph 6 of the 1985 protocol of extension of the arrangement. This action is being taken to ensure the steady and orderly development of trade and to avoid the exacerbation of market disruption which would occur as a result of an immediate and measurable increase in imports of this product from Pakistan upon expiration of the existing restraint. Approximately 22 million square yards of this product from Pakistan are currently in embargo in the United States. As a result, if the United States were to rely on the procedures of Annex B of the arrangement, the resulting level of restraint would be approximately 223 percent above the existing restraint level. This sudden increase in imports would certainly exacerbate the situation of market disruption which exists in the United States' market for this product.

A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATIONS FOR THIS ACTION, WITH CURRENT SUPPORTING DATA, IS APPENDED AS ANNEX A, WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE.

AS THE GOVERNMENT OF THE UNITED STATES INFORMED THE GOVERNMENT OF PAKISTAN IN ITS LETTER OF APRIL 3, 1937, THE GOVERNMENT OF THE UNITED STATES WOULD BE PLEASED TO HOLD ADDITIONAL CONSULTATIONS ON THIS MATTER, WITH A VIEW TOWARD REACHING A NEGOTIATED SOLUTION, AT A TIME WHICH MUTUALLY CONVENIENT.

COMPLIMENTARY CLOSE

PAS I STAN

LIGHTWEIGHT, PLAINWEAVE POLYESTER/COTTON FABRIC

SUMMARY AND CONCLUSIONS


U.S. MARKET

U.S. Production

U.S. production of lightweight, plain weave polyester/cotton fabric declined from 68.2 million square yards in 1984 to 57.2 million in 1986, a decrease of 35 percent. These production data are available only on a business confidential basis.

U.S. Imports and Import Penetration

Total U.S. imports of these fabrics more than doubled, increasing from 68.6 million square yards in 1984 to 204.5 million in 1986 (these imports include the amount from Pakistan currently in exchange). Total imports for the year ending February 1987 increased 42 percent from the level of imports reached in the comparable period a year earlier. The ratio of imports to domestic production increased from 122 percent in 1984 to 352 percent in 1986.

Import Values vs Domestic Producer's Price

Approximately 57 percent of category 613 pt. — lightweight, plain weave polyester/cotton fabric — from Pakistan enter under TSUSA No. 338.5246, polyester/cotton plain cloth not over 5 oz. per square yard. These imports enter at duty-paid landed values below the U.S. producer's prices for comparable fabric.

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**Table I**

<table>
<thead>
<tr>
<th>Period</th>
<th>Imports</th>
<th>Production</th>
<th>I/P Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>88,578</td>
<td>98,771</td>
<td>99.8</td>
</tr>
<tr>
<td>1985</td>
<td>115,807</td>
<td>153,746</td>
<td>197.1</td>
</tr>
<tr>
<td>1986</td>
<td>174,475</td>
<td>157,172</td>
<td>257.5</td>
</tr>
</tbody>
</table>

### Table II

**U.S. LIGHTWEIGHT, PLAINWEAVE POLYESTER/COTTON FABRIC MARKET**

(1,232 SQUARE YARDS)

<table>
<thead>
<tr>
<th>Period</th>
<th>Production</th>
<th>Total Apparent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>88,771</td>
<td>88,576</td>
<td>177,349</td>
</tr>
<tr>
<td>1985</td>
<td>58,746</td>
<td>115,847</td>
<td>174,553</td>
</tr>
<tr>
<td>1986</td>
<td>57,172</td>
<td>234,313</td>
<td>261,495</td>
</tr>
</tbody>
</table>


2/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED 513 PT. FABRIC.

### Table III

**Imports from Pakistan and Total 1/ Category 513 PT. - LIGHTWEIGHT, PLAINWEAVE POLYESTER/COTTON FABRIC**

(1,232 SQUARE YARDS)

<table>
<thead>
<tr>
<th>Period</th>
<th>Pakistan</th>
<th>Other Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>70</td>
<td>82,349</td>
</tr>
<tr>
<td>1965</td>
<td>9,415</td>
<td>126,392</td>
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<tr>
<td>1966</td>
<td>90,039</td>
<td>131,439</td>
</tr>
</tbody>
</table>


### Table IV

**Duty-Paid Values and U.S. Producer Price**

CATEGORY 513 PT. - LIGHTWEIGHT, PLAINWEAVE POLYESTER/COTTON FABRIC

<table>
<thead>
<tr>
<th>TSUSA No. and Source</th>
<th>Value/Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>336.524E</td>
<td>.25</td>
</tr>
<tr>
<td>U.S. Producer Price</td>
<td>.45 - .47</td>
</tr>
</tbody>
</table>