ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Unilateral measures taken by the United States with respect to certain imports from Thailand

Note by the Chairman

Attached is a notification received from the United States of unilateral measures taken under Article 3:5 with respect to imports of man-made fibre luggage (Category 670L) and luggage of silk blends and non-cotton vegetable fibres (Category 870). Also attached is the notification containing market statements made by the United States under Article 3:3.

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

Dear Ambassador Raffaelli:

I refer to my letter of June 8, 1988 on the request by the United States for Article 3.3 consultations with Thailand on mmf luggage (Category 670L) and luggage of silk blends and non-cotton vegetable fibers (Category 870).

This will confirm my oral notification that the United States pursuant to Article 3.5 of the Arrangement, has imposed restraints, effective December 13, 1988, on imports from Thailand of these products. The restraint levels are set at 6,082,616 pounds for Category 670L and at 5,917,287 pounds for category 870. The restraint period for each is from May 25, 1988 through May 24, 1989.

Sincerely,

Robert E. Shepherd
Minister Counsellor
June 8, 1988

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 May 25, 1988, the United States requested consultations with Thailand with respect to man made fiber luggage (category 670-L) and luggage of silk blends and non-cotton vegetable fibers (category 870). Copies of the detailed factual statements which are called for in article 3.3 and which were provided to the Government of Thailand at the time of the request are enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure
U.S. - Thailand: Category 670-L

(COMPLIMENTARY OPNING)


DURING RECENT MONTHS THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE SHARPLY RISING LEVEL OF EXPORTS OF MAN-MADE FIBER LUGGAGE (CATEGORY 670-L) TO THE UNITED STATES FROM THAILAND. AFTER CAREFUL REVIEW, THE UNITED STATES GOVERNMENT HAS CONCLUDED THAT IMPORTS IN THIS CATEGORY ARE DISRUPTING THE UNITED STATES' MARKET AND ARE THREATENING TO IMPede THE ORDERLY DEVELOPMENT OF TRADE AS CONTEMPLATED BY ARTICLE 3 OF THE ARRANGEMENT. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATION FOR THIS CONCLUSION, WITH CURRENT DATA, IS ENCLOSED AS ANNEX A OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF THAILAND TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR THAILAND'S EXPORTS TO THE UNITED STATES OF MANMADE FIBER LUGGAGE (CATEGORY 670-L).

IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, IF OUR REPRESENTATIVES 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 RESTRRAIN SUCH IMPORTS PRODUCED IN THAILAND AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF RECEIPT OF THIS REQUEST. THIS LIMIT WILL NOT BE LESS THAN THE LEVEL OF UNITED STATES' IMPORTS AS REPORTED IN U.S. GENERAL IMPORT STATISTICS, ENTERED IN THIS CATEGORY FROM THAILAND DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH CONSULTATIONS WERE REQUESTED. BASED ON YEAR-ENDING FEBRUARY 1988 IMPORT DATA, THIS NUMBER IS 6,082,915 POUNDS.

THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE KINGDOM OF THAILAND WITH RESPECT TO THAILAND'S EXPORTS OF CATEGORY 670-L TO THE UNITED STATES AND REGARDING A DATE AND PLACE FOR CONSULTATIONS.

(COMPLIMENTARY CLOSE)
SUMMARY AND CONCLUSIONS


THE SHARP AND SUBSTANTIAL INCREASE OF LOW-VALUED MAN-MADE FIBER LUGGAGE IMPORTS FROM THAILAND IS DISRUPTING THE U.S. MARKET.

U.S. PRODUCTION AND MARKET SHARE


U.S. IMPORT AND IMPORT PENETRATION


DUTY-PAID IMPORT VALUES AND U.S. PRODUCERS' PRICE

APPROXIMATELY 97 PERCENT OF CATEGORY 670 PART IMPORTS FROM THAILAND DURING JANUARY-FEBRUARY 1988 ENTERED UNDER TSUSA NO. 706.4135 - MAN-MADE FIBER LUGGAGE, NOT BRAIDED. THESE IMPORTS FROM THAILAND ENTERED AT LOW DUTY-PAID VALUES, RESULTING IN WHOLESALE PRICES WELL BELOW THOSE OF COMPARABLE U.S. PRODUCED LUGGAGE.
<table>
<thead>
<tr>
<th>Period/Production</th>
<th>Imports 1/</th>
<th>Market 2/</th>
<th>I/P 3/</th>
<th>Share 3/</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>21,250</td>
<td>57,992</td>
<td>79,242</td>
<td>272.9</td>
</tr>
<tr>
<td>1986</td>
<td>21,081</td>
<td>68,466</td>
<td>89,527</td>
<td>324.9</td>
</tr>
<tr>
<td>1987</td>
<td>21,000</td>
<td>70,506</td>
<td>91,506</td>
<td>335.7</td>
</tr>
</tbody>
</table>

1/ Fabric consumed in the production of luggage.
2/ Fabric content estimated at 50 percent of the total import weight.
3/ Market for domestically produced and imported manmade fiber luggage.
## TABLE II

**CATEGORÝ 670 PART: LUGGAGE; U.S. IMPORTS FROM THAILAND AND THE WORLD**

- **1,000 POUNDS** -

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>THAILAND</th>
<th>OTHER</th>
<th>WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>203</td>
<td>115,780</td>
<td>115,983</td>
</tr>
<tr>
<td>1986</td>
<td>1,280</td>
<td>135,692</td>
<td>136,972</td>
</tr>
<tr>
<td>187</td>
<td>5,035</td>
<td>135,977</td>
<td>141,012</td>
</tr>
</tbody>
</table>

**YEAR-ENDING FEBRUARY**

| 1987   | 1,614 | 136,088 | 137,702 |
| 1988   | 6,483 | 132,059 | 139,141 |

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**CATEGORÝ 670 PART: COMPARATIVE PRICES OF DOMESTICALLY PRODUCED AND IMPORTS FROM THAILAND**

**WHOLESALE PRICES**

**TSUSA NO. 706.4135**

**STYLE**

<table>
<thead>
<tr>
<th>DOMESTICALLY</th>
<th>IMPORTED FROM THAILAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>NÝLÖN DIAPEì R BAGS</td>
<td>12.00 - 15.00</td>
</tr>
<tr>
<td>SHAVE BAGS</td>
<td>1.50</td>
</tr>
<tr>
<td>NÝLÖN ROLL BAGS</td>
<td>6.00 - 10.00</td>
</tr>
<tr>
<td>LÝÖN BACK PACK BAGS</td>
<td>8.00 - 10.00</td>
</tr>
<tr>
<td>5' PIECE NÝLÖN LUGGAGE SET</td>
<td>210.00 - 329.00</td>
</tr>
</tbody>
</table>

SHULTZ
U.S. - Thailand: Category 870

(COMPLIMENTARY OPENING)


DURING RECENT MONTHS THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE SHARPLY RISING LEVEL OF EXPORTS OF LUGGAGE OF SILK-BLEND AND NON-COTTON VEGETABLE FIBER (CATEGORY 870) TO THE UNITED STATES FROM THAILAND. AFTER CAREFUL REVIEW, THE UNITED STATES GOVERNMENT HAS CONCLUDED THAT EXPORTS IN THIS CATEGORY ARE DISRUPTING THE UNITED STATES' MARKET AND ARE THREATENING TO IMPIDE THE ORDERLY DEVELOPMENT OF TRADE AS CONTEMPLATED BY ARTICLE 3 OF THE ARRANGEMENT. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATION FOR THIS CONCLUSION, WITH CURRENT DATA, IS ENCLOSED AS ANNEX A OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF THE KINGDOM OF THAILAND TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR THAILAND'S EXPORTS TO THE UNITED STATES OF CATEGORY 870, LUGGAGE OF SILK BLENDS AND NON-COTTON VEGETABLE FIBER.

IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, IF OUR TWO REPRESENTATIVES 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 THAILAND AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF RECEIPT OF THIS REQUEST. THIS LIMIT WILL NOT BE LESS THAN THE LEVEL OF UNITED STATES' IMPORTS AS REPORTED IN U.S. GENERAL IMPORT STATISTICS, ENTERED IN THIS CATEGORY FROM THAILAND DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH CONSULTATIONS WERE REQUESTED. BASED ON YEAR-ENDING FEBRUARY 1988 IMPORT DATA, THIS NUMBER IS 5,917,287 POUNDS.

THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE KINGDOM OF THAILAND WITH RESPECT TO THAILAND'S EXPORTS OF CATEGORY 870 TO THE UNITED STATES AND REGARDING A DATE AND PLACE FOR CONSULTATIONS.

(COMPLIMENTARY CLOSE)
SUMMARY AND CONCLUSIONS


IMPORTS OF SILK-BLEND AND VEGETABLE FIBER, OTHER THAN COTTON, LUGGAGE COMPETE WITH DOMESTICALLY PRODUCED MAN-MADE FIBER LUGGAGE. THE U.S. MARKET FOR MAN-MADE FIBER LUGGAGE, CATEGORY 670 PART, HAS BEEN DISRUPTED BY IMPORTS. THE SHARP AND SUBSTANTIAL INCREASE OF CATEGORY 870 IMPORTS FROM THAILAND IS EXACERBATING THE DISRUPTION.

IMPORT PENETRATION AND MARKET SHARE

THE RATIO OF IMPORTS TO PRODUCTION FOR LUGGAGE IN CATEGORY 670 PART, LUGGAGE, INCREASED TO 336 PERCENT IN 1987. THE SHARE OF THIS MARKET HELD BY DOMESTIC MANUFACTURES DROPPED TO 23 PERCENT IN 1987. WHEN IMPORTS OF THE DIRECTLY COMPETITIVE CATEGORY 870 ARE INCLUDED, THE IMPORT TO PRODUCTION RATIO INCREASES TO 397 PERCENT AND THE DOMESTIC MANUFACTURERS' SHARE OF THE MARKET DECLINES TO 20 PERCENT.


DUTY PAID IMPORT VALUES AND U.S. PRODUCER'S PRICES

APPROXIMATELY 99 PERCENT OF CATEGORY 870 IMPORTS FROM THAILAND DURING THE YEAR ENDING FEBRUARY 1988 ENTERED UNDER TSUSA NO. 706.3850 LUGGAGE OF VEGETABLE FIBER EXCLUDING COTTON. THESE IMPORTS FROM THAILAND ENTERED AT LOW DUTY-PAID VALUES, RESULTING IN WHOLESALE PRICES WELL BELOW THOSE OF COMPARABLE U.S. PRODUCED LUGGAGE.
<table>
<thead>
<tr>
<th>Period</th>
<th>Thailand</th>
<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>5,227</td>
<td>20,382</td>
<td>25,609</td>
</tr>
<tr>
<td>Year Ending February 1988</td>
<td>5,917</td>
<td>28,838</td>
<td>26,755</td>
</tr>
<tr>
<td>August-February 1/</td>
<td>284</td>
<td>10,373</td>
<td>10,657</td>
</tr>
<tr>
<td>1986-1987</td>
<td>4,422</td>
<td>11,172</td>
<td>15,594</td>
</tr>
</tbody>
</table>

1/ Import data on silk-blend and vegetable fiber, other than cotton, luggage started to be collected in August 1986. Therefore, directly comparable category 870 data exist for the seven month periods August 1986-February 1987 and August 1987-February 1988.
### TABLE II

**CATEGORY 670 PART - MAN-MADE FIBER LUGGAGE:**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DOMESTIC PRODUCTION 1/</th>
<th>IMPORTS 2/</th>
<th>MARKET 3/</th>
<th>I/P SHARE 4/</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 POUNDS -</td>
<td>PERCENT -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>21,250</td>
<td>57,992</td>
<td>79,242</td>
<td>272.9</td>
</tr>
<tr>
<td>1986</td>
<td>21,061</td>
<td>68,486</td>
<td>89,567</td>
<td>324.9</td>
</tr>
<tr>
<td>1987</td>
<td>21,000 (EST.)</td>
<td>70,506</td>
<td>91,506</td>
<td>335.7</td>
</tr>
</tbody>
</table>

1/ FABRIC CONSUMED IN THE PRODUCTION OF LUGGAGE.
2/ FABRIC CONTENT ESTIMATED AT 50 PERCENT OF THE TOTAL IMPORT WEIGHT.
3/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED MAN-MADE FIBER LUGGAGE.
4/ INCLUDES IMPORTS OF SILK-BLEND AND VEGETABLE FIBER, OTHER THAN COTTON, LUGGAGE IMPORTS.

#### CATEGORY 870: COMPARATIVE PRICES OF DOMESTICALLY - PRODUCED AND IMPORTS FROM THAILAND

<table>
<thead>
<tr>
<th>STYLE</th>
<th>DOMESTICALLY PRODUCED</th>
<th>IMPORTED FROM THAILAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 PIECE LUGGAGE SET</td>
<td>210.00 - 329.00</td>
<td>54.02 - 61.31</td>
</tr>
<tr>
<td>ROLL BAGS</td>
<td>6.00 - 10.00</td>
<td>5.62 Shultz</td>
</tr>
</tbody>
</table>