ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5(i)

Unilateral Measures Taken by the United States with Respect to Imports from Thailand

Note by the Chairman

Attached is a notification received from the United States of unilateral measures taken under Article 3:5(i) of the Arrangement with respect to imports from Thailand of cotton trousers (Categories 347/348), wool trousers (Category 448), cotton and man-made fibre blouses (Categories 341/641), man-made fibre knit shirts (Categories 638/639) and silk blend and non-cotton vegetable fibre trousers (Category 847). Also attached are the notifications made in due time by the United States under Article 3:3.

Under Article 3:5(ii), Thailand had referred to the TSB the request for consultations made by the United States regarding Category 448. The Body had reviewed this matter at its two hundred and fortieth meeting, on 23 to 26 May last (see COM.TEX/SB/1485, paragraphs 12 to 15).

*English only/Anglais seulement/Inglés solamente
August 23, 1989

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs & Trade
Rue de Lausanne 154
1211 Geneva

Dear Ambassador Raffaelli:

This is to confirm my earlier oral notification that the United States has invoked the provisions of Article 3.5 of the Arrangement to impose restraints on the import of five products from Thailand, with an effective date of August 14, 1989. The products, restraint levels and restraint periods are listed below.

<table>
<thead>
<tr>
<th>Product</th>
<th>Restraint Level</th>
<th>Restraint Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton Trousers (Category 347/348)</td>
<td>262,382 doz.</td>
<td>1/1/89 - 12/31/89</td>
</tr>
<tr>
<td>Wool Trousers (Category 448)</td>
<td>7,677 doz.</td>
<td>1/1/89 - 12/31/89</td>
</tr>
<tr>
<td>Cotton and MMF Blouses (Category 341/641)</td>
<td>376,081 doz.</td>
<td>3/31/89 - 3/30/90</td>
</tr>
<tr>
<td>MMF Knit Shirts (Category 638/639)</td>
<td>1,722,290 doz.</td>
<td>3/31/89 - 3/30/90</td>
</tr>
</tbody>
</table>
The Honorable
Ambassador Marcelo Raffaelli
August 23, 1989
Page Two

Product | Restraint Level | Restraint Period
--- | --- | ---
Silk Blend and Non-Cotton Vegetable Fiber Trousers *(Category 847)* | 101,346 doz. | 5/26/89 - 5/25/90

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 January 1, 1989, the United States requested consultations with Thailand with respect to cotton trousers (category 347/348). A copy of the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of Thailand at the time of the request is enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure
The Embassy of the United States of America has the honor to refer to the arrangement regarding international trade in textiles, with annexes, done at Geneva on December 20, 1973, and extended by protocols adopted respectively on December 14, 1977, December 22, 1981 and July 31, 1986 at Geneva (the arrangement). The Embassy has the further honor to refer to section 204 of the U.S. Agricultural Act of 1956, as amended.

During recent months the government of the United States noted the level of exports of cotton trousers, slacks and shorts (category 347/348) 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 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 cotton trousers, slacks and shorts (category 347/348).

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 1988 base limit which was 262,382 dozen.

The government of the United States would appreciate the views of the government of the Kingdom of Thailand with respect to Thailand’s exports in category 347/348 to the United States and regarding a date and place for consultations.

(Complimentary Close)

Enclosures:

Annex A

Market Statement
Cotton trousers, slacks and shorts

---

Thailand

January 1989

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Thailand

January 1989
SUMMARY AND CONCLUSIONS


THE U.S. MARKET FOR COTTON TROUSERS, SLACKS, AND SHORTS -- CATEGORY 347/348 -- IS BEING DISRUPTED BY IMPORTS FROM THAILAND.


U.S. PRODUCTION, MARKET SHARE, AND IMPORT PENETRATION


The majority of the category 347/348 imports from Thailand during the first ten months of 1988 were entered under TSUSA numbers 381.6210 — men’s and boys’ cotton woven shorts, not ornamented; 381.6240 — men’s cotton woven trousers and slacks except those of denim or corduroy, not ornamented; 384.4724 — women’s and girls’ cotton woven shorts, not ornamented; and 384.4765 — women’s cotton woven trousers and slacks except those of denim, corduroy, and velveteen, not ornamented. These garments entered the U.S. at landed duty-paid values below U.S. producers’ prices for comparable garments.

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**Table I**

<table>
<thead>
<tr>
<th>Period</th>
<th>Domestic Market</th>
<th>Imports</th>
<th>Production</th>
<th>Market 2/</th>
<th>I/P</th>
<th>Share</th>
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<tr>
<td></td>
<td></td>
<td>1,000 Dozen</td>
<td></td>
<td>PERCENT</td>
<td></td>
<td></td>
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<tr>
<td>1982</td>
<td></td>
<td>39,966</td>
<td>13,133</td>
<td>53,101</td>
<td>32.9</td>
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<tr>
<td>1983</td>
<td></td>
<td>39,549</td>
<td>18,076</td>
<td>57,625</td>
<td>45.7</td>
<td>68.6</td>
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<tr>
<td>1984</td>
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<td>40,534</td>
<td>19,174</td>
<td>59,708</td>
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<td>1985</td>
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<td>38,794</td>
<td>20,402</td>
<td>59,196</td>
<td>52.6</td>
<td>65.5</td>
</tr>
<tr>
<td>1986</td>
<td></td>
<td>39,682</td>
<td>25,514</td>
<td>65,176</td>
<td>64.3</td>
<td>60.9</td>
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<tr>
<td>1987</td>
<td></td>
<td>43,378</td>
<td>29,132</td>
<td>72,510</td>
<td>67.2</td>
<td>59.8</td>
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<tr>
<td>TW '88</td>
<td></td>
<td>42,153</td>
<td>30,026</td>
<td>72,179</td>
<td>71.2</td>
<td>56.4</td>
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<tr>
<td>1987</td>
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<td>22,951</td>
<td>16,502</td>
<td>39,453</td>
<td>71.9</td>
<td>55.2</td>
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<tr>
<td>1988</td>
<td></td>
<td>21,726</td>
<td>17,396</td>
<td>39,122</td>
<td>80.1</td>
<td>55.5</td>
</tr>
</tbody>
</table>

1/ U.S. production and import data for 1982 through 1986 include infants (commercial sizes 0-24 months). Beginning in 1987, U.S. production data exclude infant’s cotton trousers, slacks, and sport production. This change in production was made as a first step in implementing the harmonized system nomenclature. Category 347/349 imports will exclude infants when the harmonized system nomenclature is implemented on January 1, 1992. The effect on the comparability of data for Category 347/349 of implementing the interim category system is minuscule.

2/ U.S. market for domestically produced and imported cotton trousers, slacks, and shorts.
TABLE II
COTTON TROUSERS, SLACKS, AND SHORTS — (CATEGORY 347/349) 1/ U.S. IMPORTS FROM THAILAND AND THE WORLD — 1,000 DOZEN —

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>THAILAND</th>
<th>OTHER</th>
<th>WORLD</th>
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<tbody>
<tr>
<td>1982</td>
<td>90</td>
<td>13,043</td>
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<td>1983</td>
<td>204</td>
<td>17,872</td>
<td>18,076</td>
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<tr>
<td>1984</td>
<td>221</td>
<td>19,953</td>
<td>19,174</td>
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<tr>
<td>1985</td>
<td>178</td>
<td>20,224</td>
<td>20,402</td>
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<tr>
<td>1986</td>
<td>221</td>
<td>24,293</td>
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<tr>
<td>1987</td>
<td>269</td>
<td>28,863</td>
<td>29,132</td>
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YEAR-ENDING OCTOBER

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<tr>
<td>1987</td>
<td>291</td>
<td>28,671</td>
<td>28,962</td>
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<td>1988</td>
<td>262</td>
<td>29,945</td>
<td>30,207</td>
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JANUARY-OCTOBER

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<tr>
<td>1987</td>
<td>239</td>
<td>24,378</td>
<td>24,617</td>
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<tr>
<td>1988</td>
<td>233</td>
<td>25,459</td>
<td>25,622</td>
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1/ DATA BASED ON THE NEW INTERIM CATEGORY SYSTEM WHICH THE U.S. IMPLEMENTED ON JANUARY 1, 1988. THIS SYSTEM WAS INITIATED AS A FIRST STEP IN IMPLEMENTING THE HARMONIZED SYSTEM NOMENCLATURE.
<table>
<thead>
<tr>
<th>TSUSA NO. AND SOURCE</th>
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<tbody>
<tr>
<td>TR1.6210</td>
<td>THAILAND</td>
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<tr>
<td></td>
<td>PRODUCER PRICE</td>
</tr>
<tr>
<td></td>
<td>88.05</td>
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<tr>
<td></td>
<td>140.00 - 150.00</td>
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<tr>
<td>TR4.6240</td>
<td>THAILAND</td>
</tr>
<tr>
<td></td>
<td>PRODUCER PRICE</td>
</tr>
<tr>
<td></td>
<td>131.66</td>
</tr>
<tr>
<td></td>
<td>210.00 - 220.00</td>
</tr>
<tr>
<td>TR4.4724</td>
<td>THAILAND</td>
</tr>
<tr>
<td></td>
<td>PRODUCER PRICE</td>
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<tr>
<td></td>
<td>92.96</td>
</tr>
<tr>
<td></td>
<td>148.00 - 158.00</td>
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<td>TR4.4765</td>
<td>THAILAND</td>
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<tr>
<td></td>
<td>PRODUCER PRICE</td>
</tr>
<tr>
<td></td>
<td>107.09</td>
</tr>
<tr>
<td></td>
<td>171.00 - 181.00</td>
</tr>
</tbody>
</table>
January 4, 1989

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 January 1, 1989, the United States requested consultations with Thailand with respect to women's and girls' wool trousers (category 448). A copy of the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of Thailand at the time of the request is enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure
U.S./Thailand  January 1989

(COMPLIMENTARY OPENING)

The Embassy of the United States of America has the honor to refer to the arrangement regarding international trade in textiles, with annexes, done at Geneva on December 26, 1973 and extended by protocols adopted respectively on December 14, 1977, December 22, 1981 and July 31, 1986 at Geneva (the Arrangement). The Embassy has the further honor to refer to section 204 of the U.S. Agricultural Act of 1956, as amended.

During recent months the Government of the United States was noted the sharply rising level of imports of wool, trousers, slacks and shorts (category 448) 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 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 wool, trousers, slacks and shorts (category 448).

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 restrain such imports produced in Thailand and exported during the twelve month period beginning on the date 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 October, 1987 import data, this number is 7,677 dozen.

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 448 to the United States and regarding a date and place for consultations.

(COMPLIMENTARY CLOSE)

ENCLOSURE.
MARKET STATEMENT: THAILAND

WOMEN'S AND GIRLS' WOOL TROUSERS, JANUARY 1989
SLACKS AND SHORTS (CATEGORY 448)

SUMMARY AND CONCLUSIONS


THE U.S. MARKET FOR WOMEN'S AND GIRLS' WOOL TROUSERS, SLACKS AND SHORTS (CATEGORY 448) IS BEING DISRUPTED BY THE SHARP AND SUBSTANTIAL INCREASE IN IMPORTS FROM THAILAND. THIS MARKET IS THREATENED WITH EVEN GREATER DISRUPTION FOLLOWING THE EXPIRATION OF THE U.S./THAILAND BILATERAL AGREEMENT AT THE END OF 1988, AS IMPORTS FROM THAILAND MAY BE EXPECTED TO CONTINUE TO GROW RAPIDLY IN THE ABSENCE OF RESTRICTIONS. THAILAND HAS AMPLU CAPACITY TO INCREASE THESE SHIPMENTS AS EVIDENCED BY THE HIGH LEVEL OF IMPORTS ATTAINED IN 1986. WITH THE DESIGNATED CONSULTATION LEVEL, THE GROUP LIMIT, AND OTHER AGREEMENT MECHANISMS REMOVED THE MARKET DISRUPTION IN CATEGORY 448 THREATENS TO BECOME MORE WIDESPREAD.

I.S. PRODUCTION MARKET SHARE, AND IMPORT PENETRATION


TUTY PAID VALUE AND U.S. PRODUCERS' PRICE


TABLE I

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRODUCTION</th>
<th>IMPORTS</th>
<th>MARKET 1/</th>
<th>I/P SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>685</td>
<td>129</td>
<td>1,014</td>
<td>14.6</td>
</tr>
<tr>
<td>1963</td>
<td>626</td>
<td>183</td>
<td>1,009</td>
<td>22.2</td>
</tr>
<tr>
<td>1964</td>
<td>723</td>
<td>263</td>
<td>986</td>
<td>36.4</td>
</tr>
<tr>
<td>1965</td>
<td>648</td>
<td>418</td>
<td>1,066</td>
<td>64.5</td>
</tr>
<tr>
<td>1966</td>
<td>378</td>
<td>372</td>
<td>742</td>
<td>100.5</td>
</tr>
<tr>
<td>1967</td>
<td>611</td>
<td>291</td>
<td>902</td>
<td>47.6</td>
</tr>
</tbody>
</table>

1/ U.S. MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED WOMEN'S AND GIRLS' WOOL TROUSERS, SLACKS, AND SHORTS.
### TABLE II

WOMEN’S AND GIRLS' WOOL TROUSERS, SLACKS, AND SHORTS (CATEGORY 448) 1/ U.S. IMPORTS FROM THAILAND AND THE WORLD

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>THAILAND</th>
<th>OTHER</th>
<th>WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>6</td>
<td>129</td>
<td>129</td>
</tr>
<tr>
<td>1983</td>
<td>9</td>
<td>183</td>
<td>183</td>
</tr>
<tr>
<td>1984</td>
<td>2</td>
<td>261</td>
<td>263</td>
</tr>
<tr>
<td>1985</td>
<td>3</td>
<td>415</td>
<td>418</td>
</tr>
<tr>
<td>1986</td>
<td>9</td>
<td>363</td>
<td>372</td>
</tr>
<tr>
<td>1987</td>
<td>6</td>
<td>285</td>
<td>291</td>
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</tbody>
</table>

YEARS ENDING OCTOBER

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<tr>
<th></th>
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<tbody>
<tr>
<td>1987</td>
<td>5</td>
<td>302</td>
<td>307</td>
</tr>
<tr>
<td>1988</td>
<td>8</td>
<td>320</td>
<td>328</td>
</tr>
</tbody>
</table>

JANUARY OCTOBER

<p>| | | | |</p>
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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1987</td>
<td>5</td>
<td>275</td>
<td>280</td>
</tr>
<tr>
<td>1988</td>
<td>7</td>
<td>309</td>
<td>316</td>
</tr>
</tbody>
</table>

1/ DATA BASED ON THE NEW INTERIM CATEGORY SYSTEM WHICH THE U.S. IMPLEMENTED ON JANUARY 1, 1988. THIS SYSTEM WAS INITIATED AS A FIRST STEP IN IMPLEMENTING THE HARMONIZED SYSTEM NOMENCLATURE.

### TABLE III

WOMEN’S AND GIRLS' WOOL TROUSERS, SLACKS, AND SHORTS: CATEGORY 448) DUTY-PAID IMPORT VALUE AND U.S. PRODUCERS’ PRICE.

<table>
<thead>
<tr>
<th>TSUSA NO AND SOURCE</th>
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</tr>
</thead>
<tbody>
<tr>
<td>384.6385</td>
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</tr>
<tr>
<td>THAILAND</td>
<td>226.83 U.S.</td>
</tr>
<tr>
<td>PRODUCER PRICE</td>
<td>315.00 - 325.00</td>
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</table>
April 14, 1989

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs & Trade
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 March 31, 1989, the United States requested consultations with Thailand with respect to women's cotton and mmf shirts and blouses (category 341/641). A copy of the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of Thailand at the time of the request is enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure
U.S. /Thailand Category 341/641

The Secretary of State presents his compliments to the Ambassador of the Government of the Kingdom of Thailand and refers to the arrangement regarding international trade in textiles, with annexes, done at Geneva on December 27, 1972 and extended by protocols adopted respectively on December 14, 1977, December 22, 1981 and July 21, 1986 at Geneva (the arrangement). The Secretary further refers to section 244 of the U.S. Agricultural Act of 1956, as amended.

During recent months the government of the United States has noted the sharply rising level of exports of women's and girls' cotton and man-made fiber non-knit shirts and blouses (category 341/641) to the United States from Thailand. After careful review, the United States government has concluded that imports in this category are upsetting the United States' market as contemplated by Article 2 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 women's and girls' cotton and man-made fiber non-knit shirts and blouses (category 341/641).

In accordance with Article 2 of the arrangement, if representatives of the two 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 Thailand and exported during the twelve month period beginning on the date of receipt of this request. This limit will not be less than 376,251 dozen. This figure is based on the previous restraint levels of 155,022 dozen and 220,991 dozen for categories 241 and 641, respectively.

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 341/641 to the United States and regarding a date and place for consultations.

Enclosure: Annex A.

Department of State.
Washington D.C.

THE U.S. MARKET FOR WOMEN'S AND GIRLS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS AND BLOUSES IS BEING DISRUPTED BY SURGING IMPORTS FROM THAILAND.

U.S. PRODUCTION, IMPORT PENETRATION AND MARKET SHARE


THOUGH IMPORTS IN 1987 DECLINED FROM THEIR 1986 RECORD LEVEL, THEY REMAINED AT THE SECOND HIGHEST EVER.

DUTY-PAID VALUE AND U.S. PRODUCERS' PRICE

APPROXIMATELY 71 PERCENT OF CATEGORY 241/641 IMPORTS FROM THAILAND DURING CALENDAR YEAR 1986 ENTERED UNDER TSUSA NUMBERS 384.4614 -- WOMEN'S COTTON WOVEN BLOUSES, OTHER THAN THOSE OF PICALIN, BROADCLOTH AND THOSE WITH TWO OR MORE COLORS IN THE WARP AND/OR THE FILLING, NOT ORNAMENTED; 384.2528 -- WOMEN'S MAN-MADE FIBER WOVEN BLOUSES AND SHIRTS. OTHER THAN THOSE WITH TWO OR MORE COLORS IN THE WARP AND/OR THE FILLING, ORNAMENTED; AND 384.9115 -- WOMEN'S MAN-MADE FIBER WOVEN BLOUSES AND SHIRTS. OTHER THAN THOSE WITH TWO OR MORE COLORS IN THE WARP AND/OR THE FILLING, NOT ORNAMENTED. THESE BLOUSES AND SHIRTS ENTERED THE U.S. AT DUTY-PAID IMPORT VALUES BELOW U.S. PRODUCERS' PRICES FOR COMPARABLE BLOUSES AND SHIRTS.

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TABLE II

WOMEN'S AND GIRLS' COTTON AND MAN-MADE FIBER WOVEN
SHIRTS AND HOUSES (CATEGORY 241/641) 1/: U.S. IMPORTS
FROM THAILAND AND THE WORLD
- 1,000 DOZEN -

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>THAILAND</th>
<th>WORLD</th>
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<tbody>
<tr>
<td>1987</td>
<td>317</td>
<td>22,768</td>
</tr>
<tr>
<td>1988</td>
<td>263</td>
<td>20,516</td>
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</tbody>
</table>

YEAR-ENDING JANUARY

<table>
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<tr>
<th>YEAR</th>
<th>THAILAND</th>
<th>WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>316</td>
<td>22,359</td>
</tr>
<tr>
<td>1989</td>
<td>285</td>
<td>20,756</td>
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</tbody>
</table>

JANUARY

<table>
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<th>YEAR</th>
<th>THAILAND</th>
<th>WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
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<tr>
<td>1989</td>
<td>51</td>
<td>2,485</td>
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</table>

DATA BASED ON THE HARMONIZED SYSTEM NOMENCLATURE.

TABLE III

WOMEN'S AND GIRLS' COTTON AND MAN-MADE FIBER WOVEN
SHIRTS AND HOUSES (CATEGORY 341/641) 1/: DUTY-PAID
IMPORT VALUES AND U.S. PRODUCERS' PRICES
- U.S. DOLLARS PER DOZEN -

<table>
<thead>
<tr>
<th>TSUSA NC AND SOURCE</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>384.4614</td>
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<tr>
<td>THAILAND</td>
<td>72.37</td>
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<tr>
<td>U.S. PRODUCER PRICE</td>
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<tr>
<td>384.2268</td>
<td></td>
</tr>
<tr>
<td>THAILAND</td>
<td>80.94</td>
</tr>
<tr>
<td>TURKEY</td>
<td>85.28</td>
</tr>
<tr>
<td>S. PRODUCER PRICE</td>
<td>122.00 - 127.00</td>
</tr>
<tr>
<td>384.9115</td>
<td></td>
</tr>
<tr>
<td>THAILAND</td>
<td>88.55</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>85.33</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE</td>
<td>132.00 - 137.00</td>
</tr>
</tbody>
</table>

April 14, 1989

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs & Trade
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 March 31, 1989, the United States requested consultations with Thailand with respect to cotton and mmf knit shirts and blouses (category 638/639). A copy of the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of Thailand at the time of the request is enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure
BEGIN TEXT OF DIPLOMATIC NOTE:


URING RECENT MONTHS THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE SHARPLY RISING LEVEL OF EXPORTS OF MEN'S AND BOYS' AND WOMEN'S AND GIRLS' MAN-MADE FIBER KNIT SHIRTS AND BICUSSES (CATEGORY 638/639) 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 AS INTENDED 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 PECISELY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF THAILAND TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR THAILAND'S EXPORTS TO THE UNITED STATES OF MEN'S AND BOYS' AND WOMEN'S AND GIRLS' MAN-MADE FIBER KNIT SHIRTS AND BICUSSES (CATEGORY 638/639).

IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, IF REPRESENTATIVES OF THE TWO GOVERNMENTS ARE UNABLE TO AGREE ON A MUTUALLY SATISFACTORY SOLUTION TO THIS MATTER WITHIN SIXY 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 1,722,292 DOZEN. THIS FIGURE IS BASED ON THE PREVIOUS RESTRAINT LEVELS OF 450,000 DOZEN AND 1,272,292 DOZEN FOR CATEGORIES 638 AND 639, RESPECTIVELY.

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 638/639 TO THE

UNITED STATES AND REGARDING A DATE AND PLACE FOR CONSULTATIONS.

ENCLOSURE: ANNEX A

DEPARTMENT OF STATE,
WASHINGTON D.C.
MARKET STATEMENT
MAN-MADE FIBER KNIT SHIRTS AND BLOUSES (CATEGORY 638/639) 

THAILAND 
MARCH 1989

SUMMARY AND CONCLUSIONS


THE U.S. MARKET FOR MAN-MADE FIBER KNIT SHIRTS AND BLOUSES IS BEING DISRUPTED BY SURGING IMPORTS FROM THAILAND.

U.S. PRODUCTION, IMPORT PENETRATION AND MARKET SHARE

BETWEEN 1982 AND THE YEAR ENDING SEPTEMBER 1988 U.S. PRODUCTION OF MAN-MADE FIBER KNIT SHIRTS AND BLOUSES DECLINED 25 PERCENT, FALLING FROM 57,668,000 DOZEN TO 43,529,000 DOZEN. DURING THIS SAME PERIOD IMPORTS INCREASED FROM 21,075,000 DOZEN TO 24,158,000 DOZEN, AN INCREASE OF 15 PERCENT. THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION IN CATEGORY 638/639 INCREASED TO 56 PERCENT IN THE YEAR ENDING SEPTEMBER 1988, UP FROM 37 PERCENT IN 1982. THE U.S. MANUFACTURERS' SHARE OF THIS MARKET DECLINED FROM 73 PERCENT IN 1982 TO 64 PERCENT IN THE YEAR ENDING SEPTEMBER 1988.

DUTY-PAID VALUE AND U.S. PRODUCERS' PRICE

<table>
<thead>
<tr>
<th>Period</th>
<th>Production</th>
<th>Imports</th>
<th>Market</th>
<th>1/P</th>
<th>Percent</th>
<th>Domestic Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>57,668</td>
<td>21,975</td>
<td>78,742</td>
<td>36.5</td>
<td>73.2</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>53,572</td>
<td>24,744</td>
<td>72,316</td>
<td>46.2</td>
<td>53.8</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>51,963</td>
<td>25,994</td>
<td>77,957</td>
<td>50.0</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>52,784</td>
<td>24,976</td>
<td>77,760</td>
<td>47.7</td>
<td>52.3</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>56,189</td>
<td>31,967</td>
<td>88,156</td>
<td>56.9</td>
<td>43.1</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>59,975</td>
<td>30,688</td>
<td>90,663</td>
<td>51.2</td>
<td>48.8</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>47,529</td>
<td>24,158</td>
<td>67,687</td>
<td>55.5</td>
<td>44.5</td>
<td></td>
</tr>
</tbody>
</table>

1/ U.S. Production and Imports data for 1982 through 1987 include Infants (commercial sizes 0-24 months). Beginning with 1987, U.S. production and imports data for Category 638/639 exclude Infants. This change occurred with the implementation of the Harmonized System Nomenclature. The effect on the comparability of data for Category 638/639 of implementing the Harmonized System Nomenclature is minuscule.

2/ U.S. Market for domestically produced and imported man-made fiber knit shirts and blouses.
### TABLE II
**MAN-MADE FIBER KNIT SHIRTS AND BLouses 1/**
(CATEGORY 638/639): U.S. IMPORTS FROM THAILAND AND THE WORLD
- 1.000 Dozen -

<table>
<thead>
<tr>
<th>Period</th>
<th>Thailand</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>1.277</td>
<td>30.682</td>
</tr>
<tr>
<td>1988</td>
<td>1.089</td>
<td>26.497</td>
</tr>
</tbody>
</table>

**YEAR-ENDING JANUARY**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value/Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>1.330</td>
</tr>
<tr>
<td>1989</td>
<td>1.277</td>
</tr>
</tbody>
</table>

**JANUARY**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value/Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>112</td>
</tr>
<tr>
<td>1989</td>
<td>223</td>
</tr>
</tbody>
</table>

1/ DATA BASED ON THE HARMONIZED SYSTEM NOMENCLATURE.

### TABLE III
**MAN-MADE FIBER KNIT SHIRTS AND BLOUSES 1/**
(CATEGORY 638/639): 1/ DUTY-PAID IMPORT VALUES
ANT U.S. PRODUCERS' PRICES
- U.S. DOLLARS PER DOZEN -

<table>
<thead>
<tr>
<th>TSUSA NO ANT SOURCE</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>381 1841</td>
<td></td>
</tr>
<tr>
<td>THAILAND</td>
<td>93.00 - 98.00</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE</td>
<td></td>
</tr>
<tr>
<td>394.8212</td>
<td></td>
</tr>
<tr>
<td>THAILAND</td>
<td>51.67</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>52.19</td>
</tr>
<tr>
<td>PHILIPPINES</td>
<td>51.94</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE</td>
<td>78.00 - 83.00</td>
</tr>
</tbody>
</table>

June 8, 1989

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs & Trade
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 26, 1989, the United States requested consultations with Thailand with respect to trousers, slacks and shorts of silk blend and vegetable fibers other than cotton (category 847). A copy of the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of Thailand at the time of the request is enclosed.

Sincerely,

Robert E. Shephard
Minister Counsellor

Enclosure

DURING RECENT MONTHS THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE SHARPLY RISING LEVEL OF EXPORTS OF TROUSERS, SLACKS AND SHORTS OF SILK-BLEND AND VEGETABLE FIBERS OTHER THAN COTTON (CATEGORY 847) 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 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 TROUSERS, SLACKS AND SHORTS OF SILK-BLEND AND VEGETABLE FIBERS OTHER THAN COTTON (CATEGORY 847).

IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, IF REPRESENTATIVES OF THE TWO 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 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 1989 IMPORT DATA, THIS NUMBER IS 101,346 DOZEN.

THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE KINGDOM OF THAILAND WITH RESPECT TO THAILAND'S EXPORTS IN CATEGORY 847 TO THE UNITED STATES AND REGARDING A DATE AND PLACE FOR CONSULTATIONS.

ENCLOSURE: ANNEX A
MARKET STATEMENT
TROUSERS, SLACKS AND SHORTS OF SILK-BLEND AND VEGETABLE FIBER OTHER THAN COTTON (CATEGORY 847)

SUMMARY AND CONCLUSIONS


VIRTUALLY ALL OF THE IMPORTS OF TROUSERS, SLACKS AND SHORTS IN CATEGORY 847 ARE OF VEGETABLE FIBER, OTHER THAN COTTON, AND COMPETE DIRECTLY WITH DOMESTICALLY PRODUCED COTTON TROUSERS, SLACKS AND SHORTS (CATEGORY 347/348). THE U.S. MARKET FOR COTTON TROUSERS, SLACKS AND SHORTS (CATEGORY 347/348) IS BEING DISRUPTED BY IMPORTS. THE SHARP AND SUBSTANTIAL INCREASE OF CATEGORY 847 IMPORTS IN CONJUNCTION WITH IMPORTS OF CATEGORY 347/348 FROM THAILAND IS CAUSING MARKET DISRUPTION.

IMPORT PENETRATION AND MARKET SHARE

U.S. PRODUCTION OF COTTON TROUSERS, SLACKS, AND SHORTS (CATEGORY 347/348) FELL 15 PERCENT IN 1988 TO ITS LOWEST LEVEL IN 13 YEARS. THE RATIO OF IMPORTS TO PRODUCTION IN CATEGORY 347/348 INCREASED TO 84 PERCENT IN 1988. THE SHARE OF THE COTTON TROUSERS, SLACKS, AND SHORTS MARKET HELD BY DOMESTIC MANUFACTURERS DROPPED TO 54 PERCENT IN 1988. IMPORTS OF CATEGORY 847 ARE EXACERBATING THE DISRUPTION.

APPROXIMATELY 92 PERCENT OF CATEGORY 847 IMPORTS FROM THAILAND DURING 1988 ENTERED UNDER HTS NUMBERS: 6203.49.3060 MEN'S AND BOYS' SHORTS OTHER THAN 70 PERCENT OR MORE BY WEIGHT SILK OR SILK WASTE, AND 6204.69.9040 - WOMEN'S AND GIRLS' TROUSERS, BREECHES AND SHORTS SUBJECT TO OTHER THAN COTTON, WOOL OR MAN-MADE FIBER RESTRAINTS. THESE TROUSERS ENTERED THE U.S. AT DUTY-PAID LANDED VALUES BELOW U.S. PRODUCERS' PRICES FOR DIRECTLY COMPETING COTTON GARMENTS.
<table>
<thead>
<tr>
<th>PERIOD</th>
<th>PRODUCTION</th>
<th>IMPORTS</th>
<th>MARKET 2/</th>
<th>I/P MARKET SHARE</th>
<th>DOMESTIC MARKET SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 DOZEN</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CATEGORY 347/348</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1982</td>
<td>39,968</td>
<td>13,133</td>
<td>53,101</td>
<td>32.9</td>
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<tr>
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<td>18,976</td>
<td>57,625</td>
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<td>19,174</td>
<td>59,708</td>
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<td>59,196</td>
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<td>65.5</td>
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<td>25,514</td>
<td>65,175</td>
<td>64.3</td>
<td>60.9</td>
</tr>
<tr>
<td>1987</td>
<td>43,379</td>
<td>29,132</td>
<td>72,511</td>
<td>67.2</td>
<td>59.8</td>
</tr>
<tr>
<td>1988</td>
<td>36,865</td>
<td>30,976</td>
<td>67,841</td>
<td>84.0</td>
<td>54.3</td>
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</table>

CATEGORY 347/348/847

<table>
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<th>IMPORTS</th>
<th>MARKET 2/</th>
<th>I/P MARKET SHARE</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1,000 DOZEN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>43,379</td>
<td>31,212</td>
<td>74,591</td>
<td>72.0</td>
<td>58.2</td>
</tr>
<tr>
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<td>35,865</td>
<td>32,837</td>
<td>69,702</td>
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</table>

ADJUSTED FOR OVERSHIPMENTS

<table>
<thead>
<tr>
<th>PERIOD</th>
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<th>IMPORTS</th>
<th>MARKET 2/</th>
<th>I/P MARKET SHARE</th>
<th>DOMESTIC MARKET SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 DOZEN</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1987</td>
<td>43,379</td>
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<tr>
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<td>36,865</td>
<td>33,898</td>
<td>70,763</td>
<td>92.0</td>
<td>52.1</td>
</tr>
</tbody>
</table>


2/ U.S. MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED COTTON, SILK BLEND AND VEGETABLE FIBER TROUSERS, SLACKS AND SHORTS.

3/ INCLUDES IMPORTS OF SILK-BLEND AND VEGETABLE FIBER, OTHER THAN COTTON, TROUSERS, SLACKS AND SHORTS.

### TABLE II

COTTON, SILK BLEND AND OTHER VEGETABLE FIBER TROUSERS, L/ SLACKS AND SHORTS (CATEGORY 847) IMPORTS FROM THAILAND AND THE WORLD (1,000 DOZEN)

<table>
<thead>
<tr>
<th>Period</th>
<th>Thailand</th>
<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>2</td>
<td>2,078</td>
<td>2,080</td>
</tr>
<tr>
<td>1988</td>
<td>42</td>
<td>1,819</td>
<td>1,861</td>
</tr>
</tbody>
</table>

ADJUSTED FOR OVERSHIPMENTS

<table>
<thead>
<tr>
<th>Period</th>
<th>Thailand</th>
<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>2</td>
<td>1,651</td>
<td>1,653</td>
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<tr>
<td>1988</td>
<td>42</td>
<td>2,246</td>
<td>2,288</td>
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YEAR ENDING MARCH 1/

<table>
<thead>
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<th>Period</th>
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<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>11</td>
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</tr>
<tr>
<td>1989</td>
<td>133</td>
<td>2,072</td>
<td>2,205</td>
</tr>
</tbody>
</table>

JANUARY-MARCH 1/

<table>
<thead>
<tr>
<th>Period</th>
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<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>9</td>
<td>1,058</td>
<td>1,067</td>
</tr>
<tr>
<td>1989</td>
<td>100</td>
<td>1,311</td>
<td>1,411</td>
</tr>
</tbody>
</table>

1/ OVERSHIPMENT DATA ARE AVAILABLE ONLY ON AN ANNUAL BASIS. AS A RESULT, IT IS IMPOSSIBLE TO ADJUST THE NON-CALENDAR YEAR PERIODS FOR OVERSHIPMENTS. SEE FOOTNOTE 4, TABLE I.
<table>
<thead>
<tr>
<th>TSUSA NO. AND SOURCE</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6203.49.3060</td>
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</tr>
<tr>
<td>THAILAND</td>
<td>57.67</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE 1/</td>
<td>87.00 - 97.00</td>
</tr>
<tr>
<td>6204.69.9040</td>
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<tr>
<td>THAILAND</td>
<td>56.58</td>
</tr>
<tr>
<td>U.S. PRODUCER PRICE 1/</td>
<td>85.00 - 95.00</td>
</tr>
</tbody>
</table>

1/ THIS IS THE U.S. PRODUCER PRICE FOR DIRECTLY COMPETING COTTON GARMENTS.

END TEXT OF ANNEX A.