ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Action taken by the United States towards Korea

Note by the Chairman

Attached is a notification received from the United States concerning a unilateral measure taken under the provisions of Article 3:5, in which imports of man-made fibre luggage (Category 670 part) from Korea has been placed under restraint for the period 9 January 1984 to 8 January 1985. Attached also is a copy of the notification made under Article 3:3.

*English only/Anglais seulement/Inglés solamente

84-0753
April 5, 1984

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
154 rue de Lausanne
CH-1211 Geneva 21

Dear Mr. Chairman:

With reference to my letter of January 9, 1984, I am instructed by my government to inform the Textiles Surveillance Body that on March 26, 1984 the United States, pursuant to Article 3.5(i) of the Arrangement, established a restraint of 18,435,270 lbs. for man-made fiber luggage in Category 670 (670 part) for the 12-month period beginning on January 9, 1984 and extending through January 8, 1985.

Consultations concerning exports of these products from Korea to the United States which had been requested on January 9, 1984 took place in Washington in early February. Since it was not possible for the two governments to reach a mutually acceptable agreement with respect to a restraint level for this category at that time, the United States took the action cited above. This action was taken without prejudice to the outcome of further consultations on this matter, which the United States is prepared to resume at any mutually convenient time.

Sincerely,

Robert E. Shepherd
Minister-Counselor
The Honorable Marcelo Rafaelli
Ambassador
Chairman, Textiles Surveillance Body
General Agreement on Tariff and Trade
Rue de Lausanne 154
1211 Geneva 21

Dear Mr. Chairman:

Pursuant to the provisions of paragraph 3 of Article 3 of the Arrangement Regarding International Trade in Textiles, I am instructed to inform you that on January 9, 1984 my Government requested consultations with the Government of Korea regarding exports from Korea to the United States of manmade fiber luggage (category 670 - part). The products included in category 670 are not covered by the current U.S.-Korean bilateral agreement.

A copy of the U.S. note, which includes the detailed factual statement called for in paragraph 3 of Article 3 is attached.

Sincerely,

Robert E. Shepherd
I have the honor to refer to the arrangement regarding international trade in textiles, with annexes, as at Geneva on December 29, 1978, and extended by Tocool Adooped on December 23, 1983, at Geneva (hereinafter referred to as the arrangement).

My government has noted a sharp increase in imports of man-made fiber luggage, (Tariff Schedule of the United States, numbers (TSUSA) 706.4144 and 706.4152, from Korea. These products were previously exempt from duty, except U.S. imports produced in Korea and exported during the three-month period ending on the date of your receipt of this request. To a level not less than the level of United States imports from Korea during the first twelve months of the most recent fourteen months, which period is November 1, 1982 to October 31, 1983, and which level is 18,435,270 pounds for Category 570.

This note, accordingly, the government of the United States hereby requests consultations with the government of the Republic of Korea to discuss appropriate levels of restraint for Republic of Korean exports of Category 570 to the United States.

In accordance with Article 3 of the arrangement, to which both the government of the Republic of Korea and the government of the United States of America are parties, if our 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 Korea and exported during the twelve-month period beginning on the date of your receipt of this request, to a level not less than the level of United States imports from Korea during the first twelve months of the most recent fourteen months, which period is November 1, 1982 to October 31, 1983, and which level is 18,435,270 pounds for Category 570.

Market Statement

Category 679 Pt. — Man-Made Fiber Luggage

U.S. Imports of Man-Made Fiber Luggage from Korea were 19,566,550 pounds during the year ending November 30, 1983. Imports increased from 6.4 million pounds during the first half of 1982 to 7.9 million during the second half. Imports from Korea during the first half of 1983 were 6.1 million pounds Assuring July-November, 1983, 10.6 million pounds. This is a sharp and substantial increase in imports in a market already severely affected by imports. These imports from Korea are imported at duty-paid values below the U.S. producer prices for similar and comparable luggage. Korea is the second largest supplier, accounting for 21 percent of the January-November 1983 imports of such luggage.

These and other factors lead the United States government to conclude that imports from Korea are disrupting the domestic market for luggage and for the man-made fiber fabrics used in domestic production of luggage and constitute a threat for further market disruption in the United States. The rapid escalation of low-priced imports from Korea, if continued, provides a real threat for continued and more substantial market disruption.
U.S. PRODUCTION OF MAN-MADE FIBER FABRIC FOR
CONSUMPTION IN LUGGAGE HAS TRENDED DOWNWARD SINCE 1970.
PRODUCTION IN 1979 WAS 29.5 MILLION POUNDS; 1980, 26.9
MILLION; 1981, 27.3 MILLION; AND 1982, 25.1 MILLION
POUNDS.

U.S. IMPORTS OF MAN-MADE FIBER LUGGAGE WERE NOT
REPORTED BY QUANTITY UNTIL MAY 1982. HOWEVER, IT IS
POSSIBLE TO UTILIZE THE VALUE DATA, DEFALTED TO CONSTANT

TOTAL IMPORTS OF MAN-MADE FIBER FABRIC CONTAINED IN
IMPORTED LUGGAGE INCREASED FROM 20.3 MILLION POUNDS IN
1981 TO 31.3 MILLION IN 1982. IMPORTS FOR THE FIRST HALF
OF 1982 WERE 11.3 MILLION POUNDS AND FOR THE SECOND HALF
19.7 MILLION POUNDS. FIRST HALF 1983 IMPORTS WERE 19.8
MILLION POUNDS, UP 75.0 PERCENT FROM THE SAME PERIOD IN
1982. IMPORTS FOR JULY-NOVEMBER 1983 WERE 24.0 MILLION
POUNDS, UP 21.2 PERCENT FROM THE 17.5 MILLION IMPORTED
DURING JULY-DECEMBER 1982. IMPORTS FOR THE FIRST ELEVEN
MONTHS OF 1983 WERE 43.6 MILLION POUNDS COMPARED WITH
31.0 MILLION FOR THE ENTIRE CALENDAR YEAR 1982.

THE RATIO OF IMPORTS OF MAN-MADE FIBER FABRICS
CONTAINED IN LUGGAGE TO DOMESTICALLY PRODUCED FABRICS FOR
LUGGAGE INCREASED FROM 74.2 PERCENT IN 1981 TO 123.7
PERCENT IN 1982. IT APPEARS THAT THE SUBSTANTIAL INCREASE
IN 1983 IMPORTS WILL RESULT IN THE RATIO REACHING NEARLY
234 PERCENT IN 1983.

IMPORTS FROM KOREA ARE VALUED AT LEVELS SIGNIFICANTLY BELOW THE U.S. PRODUCER PRICES FOR COMPARABLE LUGGAGE. A REPUTABLE RESEARCH FIRM REPORTS THAT, AT WHOLESALE, IMPORTS ARE PRICED AT A MINIMUM 25% BELOW THE PRICE FOR A LIKE U.S. PRODUCT, AND GENERALLY ONE-THIRD TO ONE-HALF BELOW. A CONSUMER RESEARCH FIRM REPORTED IN JULY 1983 CONSUMERS PAID THE FOLLOWING PRICES FOR NYLON GARMENT AND TOTE BAGS:

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<tbody>
<tr>
<td></td>
<td>DOMESTIC</td>
<td>IMPORTED</td>
</tr>
<tr>
<td></td>
<td>$19.15</td>
<td>$13.46</td>
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U.S. PRODUCTION, IMPORTS AND IMPORT RATIO
OF MAN-MADE FIBER FABRIC IN LUGGAGE

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRODUCTION</th>
<th>IMPORTS</th>
<th>RATIO</th>
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<tbody>
<tr>
<td>1981</td>
<td>27,33b</td>
<td>20,206</td>
<td>74.2</td>
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<tr>
<td>1982</td>
<td>25,26b</td>
<td>31,804</td>
<td>123.7</td>
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<td>1983</td>
<td>NII</td>
<td>43,821</td>
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U.S. LUGGAGE INDUSTRY CONSUMPTION OF MAN-MADE FIBER FABRIC

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CONSUMPTION</th>
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<tbody>
<tr>
<td></td>
<td>1,300 POUNDS</td>
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SOURCE: COTTON COUNTS ITS CUSTOMERS, N.C.C.

U.S. IMPORTS OF MAN-MADE FIBER FABRIC CONTAINED IN LUGGAGE

<table>
<thead>
<tr>
<th>YEAR OR PERIOD</th>
<th>IMPORTS</th>
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<tbody>
<tr>
<td>1981</td>
<td>27,33b</td>
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<td>1982</td>
<td>25,26b</td>
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U.S. IMPORTS OF MAN-MADE FIBER LUGGAGE FROM KOREA AND TOTAL

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>KOREA</th>
<th>OTHER</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>JANUARY-JUNE 1982</td>
<td>6,384</td>
<td>7,885</td>
<td>22,638</td>
</tr>
<tr>
<td>JULY-DECEMBER 1982</td>
<td>16,254</td>
<td>31,405</td>
<td>47,659</td>
</tr>
<tr>
<td>JANUARY-JUNE 1983</td>
<td>6,125</td>
<td>31,405</td>
<td>37,530</td>
</tr>
<tr>
<td>JULY-NOVEMBER 1983</td>
<td>10,603</td>
<td>37,414</td>
<td>48,017</td>
</tr>
</tbody>
</table>

NOTE:
1. IMPORTS AS REPORTED IN POUNDS FOR PERIOD BEGINNING JUNE 1982. PREVIOUS DATA ARE ESTIMATED BASED ON IMPORT VALUE ADJUSTED FOR INFLATION.
2. IMPORTS DO NOT INCLUDE IMPORTS, IF ANY, UNDER TSUSA NO. 706.3400.
3. ASSUMES ONE-HALF THE LUGGAGE WEIGHT IS MAN-MADE FIBER FABRIC.

U.S. IMPORTS OF MAN-MADE FIBER LUGGAGE

<table>
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<tr>
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