

✓ GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1005*
18 July 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Report on Article 3:5 Action

United States/Turkey

Note by the Chairman

Further to the oral report and in accordance with the TSB's recommendation of 12-13 June 1984, attached is a report received from Turkey on its consultations with the United States.

* English only/Anglais seulement/Inglês solamente

PERMANENT MISSION OF TURKEY
GENEVA

Geneva, 16 July 1984

Dear Mr. Ambassador,

I have the honour to refer to the recommendation adopted by the Textile Surveillance Body on 13 April 1984, concerning the unilateral measure taken by the USA, in order to restrict the import from Turkey of clothing in Category 338 of the US classification. As you know, the TSB had recommended that the two parties consult on this measure and that they report on their consultations by 30 June 1984.

The said consultations took place in Washington on 25-26 June 1984. An oral report was submitted at the time to the TSB Secretariat by this Mission. Fuller information could not however, be supplied before the expiry of the deadline. This information is therefore submitted in the following paragraphs :

During the consultations, the Turkish side initially requested that the unilateral restriction measure be lifted. This request was put forward on the strength of the TSB's recommendation of 13 April 1984, which said inter alia that "... damage caused to domestic producers by imports from Turkey of categories 338 had not been established..." The Turkish side drew the attention of its counterpart to Paragraph 7 of the 1981 Protocol of Extension of the MFA according to which "safeguard measures could only be invoked if there existed a situation of market disruption...". It was also pointed out that many of the provisions of the MFA which had been drafted to protect the interests of cotton producers and exporters, small suppliers, new entrants and developing

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countries applied to Turkey and that the unilateral restriction measure did not take these elements into consideration, as the TSB had declared in its above-mentioned recommendation. However, the US side was unable to accept the Turkish side's request to lift the unilateral restriction, in spite of the fact that the latest statistics indicated that in the first 6 months of 1984, imports of the category concerned had fallen to only 20 % of the total for 1983. There was clear likelihood that the import figure for 1984 would be much lower than the figure for 1983. Nevertheless, the US side insisted on the conclusion of a bilateral restraint agreement. The Turkish side, acting in a spirit of constructive cooperation therefore proposed a figure of 1.2 million dozens, to serve as a basis for such an agreement. This figure was put forward on the strength of the various provisions of the MFA to which reference has been made above and which require more favourable treatment to be given to countries such as Turkey. Particular attention was drawn to para 12(c) of the Protocol of Extension. In the opinion of the Turkish delegation, these provisions contained ample justification for rescinding the unilateral restriction. They could therefore all the more justify the base level suggested by it. This figure also takes account of the important role played by the textile sector in the Turkish economy and it is felt that a smaller quota would be unmanageable and difficult to distribute among the many different firms which make up the industry in Turkey. However, the US delegation was unable to agree to this figure. Moreover, it failed to suggest an alternative base level. The unwillingness of the US side to propose a figure which it would have considered as meeting the criteria contained in the TSB's recommendation has been interpreted by the Turkish side as a

sign of reluctance to abide by the terms of this recommendation. In these circumstances the consultations between the two sides were unfortunately interrupted. No date has been set for their resumption.

We wish on this occasion to reiterate our desire to reach a negotiated solution to this problem. However, Turkey feels that such a solution must take into consideration the various provisions of the MFA and its Protocol of Extension which apply to developing countries, new entrants, small suppliers and cotton producers and exporters.

Please accept, Dear Mr. Ambassador, the assurances of my highest consideration.

A handwritten signature in dark ink, appearing to read 'Ilter Türkmen', with a long, sweeping underline that extends to the right.

Ilter TÜRKMEN
Ambassador
Permanent Representative