

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1005/Add.1*
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 notification, attached is a United States statement on its consultations with Turkey, held in accordance with the TSB's recommendation of 12-13 June 1984.

* English only/Anglais seulement/Inglés solamente

U.S. STATEMENT

U.S. and Turkish delegations met in Washington, D.C. June 25 and 26 to continue consultations. The U.S. was of the view that, pursuant to the TSB's recommendation, such consultations should be held "having due regard to Turkey's position on the one hand, as well as the equity provisions of the Arrangement on the other."

The United States emphasized the advantage in its view of negotiating limits which would provide for an orderly growth of Turkish cotton T-shirt exports to the United States in the near future, while at the same time avoiding disruptive effects on the industries of either country. The United States urged Turkey to make a counter proposal to one of the earlier two U.S. offers so that progress could be made in resolving the issue.

The Turkish delegation stated that it had come to Washington to discuss two options only:

- 1) dropping the limit, or;
- 2) a limit of 1.2 million dozen.

The U.S. delegation, indicating its desire to progress to a meaningful conclusion, suggested a third option, i.e., pursuing meaningful negotiations. The U.S. side expressed its willingness and intent to take into account the appropriate MFA factors mentioned during the February bilateral consultations and noted in the TSB conclusion, namely Turkey's position as a cotton supplier, a developing country, a new entrant in the United States market and its interest as an exporting country in terms of paragraph III of Annex A.

The United States indicated that, in its view, the interests of the U.S. and Turkey with respect to this case could best be addressed in the context of an Article 4 agreement and again asked the Turkish delegation to consider seriously the option of making a counter proposal which would lead to fruitful negotiation. The Turkish delegation, however, stated that it could not negotiate below the 1.2 million dozen level. Under these circumstances, the U.S. did not make a new proposal.

At the final session, the U.S. delegation stated that it would welcome the opportunity to continue consultations, with the aim of reaching a mutually satisfactory solution.