

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1022^{*}

19 September 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 11:8

Restraints under the United States/India Agreement

Note by the Chairman

Attached is a notification received from the United States under Article 11:8, containing a report to the TSB, on the Body's recommendations made in its twelfth meeting held in July 1984.¹

¹ See COM.TEX/SB/978

^{*} English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

**1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND
Telephone: 320970**

September 13, 1984

**The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue De Lausanne 154
1211 Geneva**

Dear Mr. Chairman:

Pursuant to the provisions of paragraph 8 of Article 11 of the Arrangement, and further to the July 31 interim report by the U.S. to the Textiles Surveillance Body, I have been instructed by my government to inform the TSB as follows:

(a) The United States is rescinding the restraints on categories 445 and 446 as recommended by the TSB at its 12th meeting of 1984. The effective date will be 19 September, 1984.

(b) The United States is not, however, able to follow the recommendation to rescind the restraint on Category 334 for the reasons set out in paragraph 2 below

(c) The government of India has been so informed.

2. Since the date of the TSB's recommendation, and the presentations by the U.S. and Indian Delegations which preceded it, official U.S. census data with respect to U.S. 1983 domestic production in category 334 have become available. These data indicate that domestic production is substantially lower than the estimate provided by the U.S. delegation to the TSB at the twelfth session. Furthermore, imports in category 334 have continued to increase from India as well as other sources. Under these circumstances, the United States believes that imports from India continue to pose real risk of market disruption

in this category.

3. Attached hereto is an annex which provides detailed and up-dated information with respect to the market situation for this category.

Sincerely,



Robert E. Shepherd
Minister-Counselor

INDIA: Cotton Other Coats:
Category 334

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INDIA: Cotton Other Coats

Category 334

I. Product Description

A. Category 334, Men's and Boys' Other Coats includes: all cotton coats and jackets except suit and suit-type coats. These "other coats" have a full-front opening, sleeves, cover at least the upper part of the body and are generally worn over other garments. Topcoats, parkas, suburban car coats, warm-up and work-type jackets, raincoats, and vests with attachable sleeves are some of the styles included in this category.

B. Category 334 TSUSA Numbers and Descriptions Follow:

TSUSA No.

OTHER COATS, MEN'S AND BOYS':

376.5408

Coats, jackets, etc., Designed for Rainwear, Hunting, Fishing and Similar Uses

KNIT:

379.0215

Ornamented:

Not Ornamented:

379.3905

Jogging, Warm-up and Similar Type Athletic Jackets

379.3925

Other

NOT KNIT

Ornamented:

379.0615

3/4 Length or Longer

379.0652

Vest with Attachments for sleeves

379.0833

Imported as parts of sets

Not Ornamented:

VALUED NOT OVER \$4 EACH:

379.4310

Raincoats, 3/4 Length or Longer

379.4330

Other Coats:

379.4500

VALUED OVER \$4 EACH:

Certified Handloomed and Folklore Products

Raincoats, 3/4 Length or Longer:

379.4610

Corduroy

379.4615 :

Other :

379.4650	Other Separate Coats:
379.4660	Corduroy
379.4670	Denim
379.6445	Other
379.6908	Imported as parts of sets
	Other Coats, of Vegetable Fiber
	Containing Cotton
379.5810	Vest with Attachments for Sleeves
791.7413	Other Coats of Leather Containing Cotton

II. Market Situation

A. Real Risk of Market Disruption

1. Market Share Loss (See Table I)

The domestic market for men's and boys' other cotton coats was 1,822,000 dozen in 1983, 2 percent lower than in 1979. In between these years, the market fluctuated somewhat, but the U.S. producers' share of this market declined fairly steadily from 67 percent in 1979 to 47 percent in 1982 and sharply to 37 percent in 1983.

Approximately 90 percent of the coats imported in this category are fabricated from woven fabrics and the loss of market by U.S. producers of these coats has also been dramatic. The U.S. producers' share of this market has declined each year since 1979, falling from a 70 percent share in 1979 to 39 percent in 1983.

U.S. domestic production of Category 334 declined 46 percent during 1979-1983, totaling 670,000 dozen in the latter year. The decline is even more evident when compared with earlier periods such as during 1973-1976 when U.S.

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production averaged 3,000,000 dozen annually. In contrast, imports averaged 425,000 dozen annually during the 1973-1976 period compared with 617,000 dozen in 1979 and 1,152,000 dozen in 1983.

2. Import Penetration (See Tables II and III)

Table II demonstrates the sharp and substantial increase in imports since 1979, at which time imports were about half the 1983 levels. In addition, domestic production declined during this period. As a result, the import to production ratio rose from 49.4 percent in 1979 to 171.9 percent in 1983.

3. Employment

Employment in the industry producing these men's and boy's cotton coats declined 15 percent during 1979-1983. In the latter year, these industries employed 33,100 production workers.

4. Profits

Apparel industry profits as a percent of sales were 3.4 percent in 1983, down from 4.6 percent in 1979.

B. Sharp and Substantial Increase in Imports

1. Imports (General) (See Table IV)

U.S. imports of Category 334 were 1,263,667 dozen during the year ending July 1984, 22 percent higher than the previous 12 months. In addition, these imports increased 25 percent in 1983 compared with 1982. These imports totaled 1,152,000 dozen in 1983, the highest level on record and nearly three times greater than the annual average during 1973-1976.

Woven coats, Category 334 pt., accounted for virtually all the import growth in the first seven months of 1984. In addition, these imports have increased each year since 1979 while domestic production of Category 334 pt. declined each of those years. Category 334 pt. imports in all of 1983, at 1,028,000 dozen, were 21 percent above the previous year's level. During the year ending July 1984, these imports reached 1,147,970 dozen, which is 22 percent higher than the previous twelve months.

2. Imports (India) (See Table VI)

Category 334 imports from India more than doubled from 12,274 dozen in 1982 to 29,655 dozen in 1983. Year ending July 1984 imports reached 34,462 dozen, 71 percent higher than the previous twelve months. In addition, January to July 1984 imports, at 22,608 dozen, if annualized, would exceed 1983 totals by 31 percent. Virtually all of these imports were cotton woven coats (Category 334 Pt.)

Category 334 Pt.-Men's and Boys' Cotton Woven
Other Coats: Imports from India and Total
-1,000 Dozen-

	<u>1982</u>	<u>1983</u>	<u>Change</u>	<u>Year Ending July</u>		<u>% Change</u>
				<u>1983</u>	<u>1984</u>	
India	12	30	144	20	34	71
World	848	1,028	21	944	1,148	22

D. Values and Prices (See Table VI)

The landed unit prices of Category 334 coats from India have been among the lowest of the foreign suppliers. The landed prices were well below the U.S. producer prices for comparable garments.

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U.S. Production, Imports and Market
Cotton Other Coats
Category 334
-1,000 Dozen-

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Market 1/</u>	<u>U.S. Market Share</u>
1979	1,250	617	1,867	67%
1980	965	903	1,868	52%
1981	903	1,016	1,919	47%
1982	825	925	1,750	47%
1983	670	1,152	1,822	37%

U.S. Production, Imports and Market
Cotton Woven Other Coat
Category 334 Pt.
-1,000 Dozen-

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Market 1/</u>	<u>U.S. Market Share</u>
1979	1,236	526	1,762	70%
1980	948	747	1,695	56%
1981	886	846	1,732	51%
1982	812	848	1,660	49%
1983	657	1,028	1,685	39%

1/ Production and Imports. Value data indicates that exports trends do not significantly affect composition of the U.S. market.

U.S. Exports
Category 334
Current Dollars (1,000)

<u>Year</u>	<u>Exports</u>
1979	6,226
1980	6,836
1981	9,357
1982	4,814
1983	6,926

Note: Reliable quantity data are not available. Current dollar values, however, indicate that exports declined during 1979-1982.

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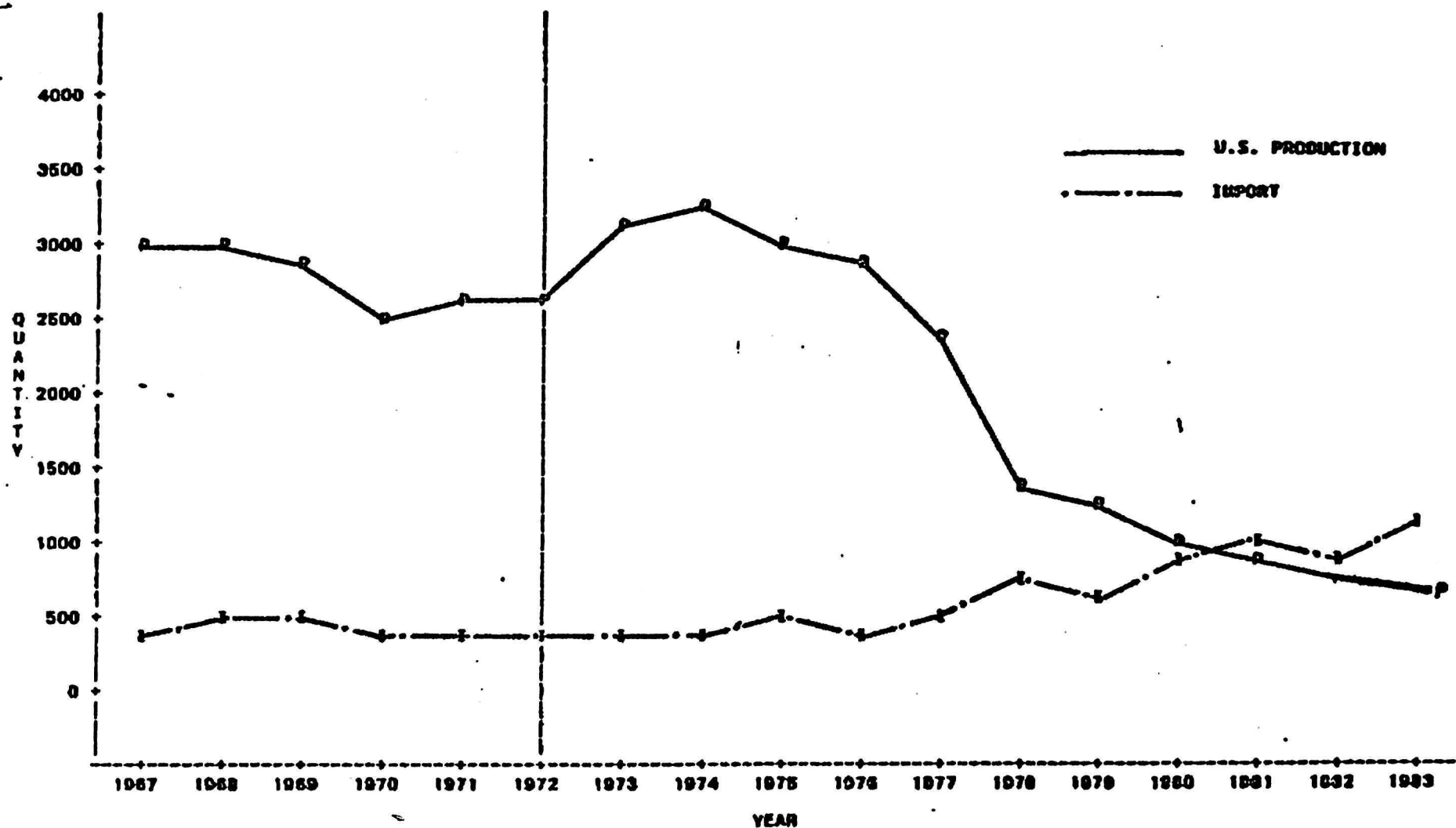
TABLE II

U.S. Production, Imports and Import/Production Ratios
Men's and Boys' Other Coats, Cotton
Category: 334
-1,000 Dozen-

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>I/P Ratio</u>
1979	1,250	617	49.4
1980	965	903	93.6
1981	903	1,016	112.5
1982	825	925	112.1
1983	670	1,152	171.9

U.S. Production and Import Trends
Mens' & Boys' Cotton Other Coats
Category 334
(Thousands of Dozens)

9 0712



U.S. Imports and Restraints: Main Suppliers
Category 334, Other Coats, H & B
(Dozens)

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TABLE IV

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>YE Oct. '83</u>	<u>YE May 1984</u>	<u>% of Total YE May 1984</u>	<u>Status 1/</u>
World	1,015,805	924,603	1,151,753	1,113,169	1,221,093	100.0	-----
China H	203,396	169,614	250,051	245,055	250,523	20.5	S.L. 208,316
Hong Kong	161,391	179,398	194,796	196,163	196,977	16.1	S.L. 214,774 (333/334)
Sri Lanka	133,291	127,566	114,818	115,707	131,504	10.8	S.L. 181,085
Philippine Republic	62,707	58,582	81,135	73,957	84,538	6.9	S.L. 85,679 (333/334)
Macau	99,861	50,164	55,986	54,099	58,865	4.8	S.L. 111,470 (333/334/335)
China T	17,100	33,895	66,202	65,329	57,413	4.7	S.L. 64,654 (333/334)
Korea Republic	30,165	41,126	51,412	53,057	53,016	4.3	S.L. 61,195 (333/334)
Romania	96,278	34,319	58,770	58,609	52,459	4.3	C.L. 257,153
Malaysia	11,656	12,859	30,304	24,319	49,063	4.0	S.L. 40,115
Pakistan	1,618	16,011	28,668	26,400	33,806	2.8	F.L. 31,680
India	5,847	12,274	29,655	23,722	31,884	2.6	F.L. 31,176
Thailand	14,173	13,228	19,209	15,502	28,568	2.3	S.L. 60,910 (334/335)
Singapore	25,425	30,789	24,088	25,256	26,507	2.2	S.L. 61,028
Japan	4,833	7,114	16,537	13,797	22,432	1.8	F.L. 20,094 2/
Dominican Republic	84,615	54,995	28,700	31,046	21,221	1.7	-----
Poland	14,329	15,278	11,154	12,316	10,929	.9	S.L. 216,949

1/ S.L. = Specific Limit; C.L. = Consultation Level; F.L. = Formula Level
 2/ Higher agreement limit negotiated.

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U.S. Monthly Imports
Category 334, Other Coats, M & B
(Dozens)

	<u>Total Imports</u>	<u>Imports From India</u>	<u>India Year Ending Total</u>
Calendar Year 1981	1,015,805	5,847	5,847
Calendar Year 1982	924,603	12,274	12,274
Calendar Year 1983	1,151,753	29,655	29,655
November 1982	75,074	157	12,459
December 1982	66,476	232	12,274
January 1983	90,423	167	11,335
February 1983	94,153	446	10,343
March 1983	62,456	2,730	11,689
April 1983	58,626	5,418	16,115
May 1983	61,938	3,914	19,313
June 1983	101,690	3,729	20,916
July 1983	106,941	1,397	20,164
August 1983	126,750	1,321	20,627
September 1983	125,063	1,298	21,348
October 1983	123,579	2,913	23,722
November 1983	85,492	3,333	26,898
December 1983	94,642	2,989	29,655
January 1984	108,672	1,828	31,316
February 1984	109,245	6,246	37,116
March 1984	100,918	2,578	36,964
April 1984	72,338	1,311	32,857
May 1984	65,763	2,941	31,884
June 1984	96,268	2,545	30,700
July 1984	154,937	5,159	34,462

Category 334:
Duty-Paid Value and U. S. Producer Price
-U.S. Dollars per Dozen-

TSUSA No. and Source

VALUE/PRICE

379.4330

India

46.13

Bangladesh

48.11

China

45.42

U.S. Producer Price

58.00-62.00

379.4670

India

82.40

Sri Lanka

81.42

Indonesia

85.90

U.S. Producer Price

105.00-112.00