

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/1024^{*}
27 September 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 11:4

Restraints under Indonesia/United States Agreement

Note by the Chairman

The attached notification from Indonesia under Article 11:4 concerns the introduction of restraints on eight categories under the terms of the bilateral agreement between Indonesia and the United States.¹

¹ COM.TEX/SB/950

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



PERMANENT MISSION
OF THE REPUBLIC OF INDONESIA
TO THE UNITED NATIONS
AND OTHER INTERNATIONAL ORGANIZATIONS
GENEVA

No.: 1467/EK-354/84

Mr. Chairman,

For	Amn	Com	Int
OPER DEPT A			X
Non Far M Div			
Development Div.			
Tech. Coop. Div.			
Trade Pol. Div.			
Spec. Proj. Div.	X		
OPER. DEPT. B			X
Econ. R/Anal. Unit			
Agriculture Div.			
Tariff Div.			
Tech. Bar. T. Div.			
Ext. Rel. Div.			
DEPT. GEN. AFF. / AGH			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

Geneva, 14 September 1984.

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For	Amn	Com
Cabinet of DG		
Info. Service		
OFFICE LEGAL AFF.		

I have the honour, upon instructions from my Government, to bring to your kind attention the unilateral restraints which the United States Government has adopted in respect of Indonesian exports of textile products of ten categories, namely categories 315, 317, 319, 320, 331, 339, 341, 604, 639 and 640 of the United States nomenclature.

Upon the invitation of the United States Government, bilateral consultations have been conducted during three meetings held since early this year, namely in Washington, D.C., on February 13-17, in Jakarta on May 30 - June 1, and again in Washington, D.C., a solution was found and agreement reached on categories 319 and 341, but on the other eight categories the consultations did not yield the result hoped for.

Article 12 of the bilateral agreement between the United States and the Republic of Indonesia provides that the United States may request consultations on textile imports that "are, due to market disruption or threat thereof, threatening to impede the orderly development of trade between the two countries with a view of easing or avoiding such market disruption". The bilateral agreement also requires the United States to provide "the Government of Indonesia at the time of the request with available data such as factors cited in Annex A of the (Multi Fibre) Arrangement which are indicated of the market situation and in the opinion of the Government of the USA show: (1) The existence of market disruption, or the threat thereof, and (2) the role of exports from Indonesia in that disruption".

The data presented by the United States Government does not, in the view of the Indonesian Government, adequately prove the existence of such disruption, or threat thereof, and the role of exports from Indonesia in that disruption.

The Honourable
Ambassador Marcelo Raffaelli
Chairman of the Textiles Surveillance Body
G A T T
Centre William Rappard
154, rue de Lausanne
1202 Geneva

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The Government of Indonesia considers the unilateral restraints adopted by the United States Government to be inconsistent with the Multi Fibre Arrangement, particularly articles 1, 3, 4, 5 and 6 thereof, with the Protocol extending the Arrangement, particularly paragraphs 2, 7, 8 and 12 thereof, and with the bilateral agreement between the United States and the Republic of Indonesia, particularly paragraphs 12 and 13 thereof.

In view of the fact that despite the extended period of consultations no agreement could be reached on most of the affected products and in the meantime serious difficulties have been encountered in our trade in those products, the Indonesian Government has decided, on the basis of article 11.4 of the Arrangement Regarding International Trade in Textiles, to bring the matter to the attention of the Textiles Surveillance Body and to request that the matter be considered by the Body at its meeting scheduled for October 24-26, 1984.

The Indonesian Government will send a representative to the meeting and will submit a detailed explanation of its position. In the interim the Mission will supply the Body with further documentation on the matter.



Sincerely yours,

rawan Darsa
Ambassador

For	Amount	Remarks
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Tech. Coop. Div.		
Trade Pol. Div.		
Spec. Proj. Div.	2	
OPER. DEPT. B		<input checked="" type="checkbox"/>
Econ. R/Anal. Unit		Gen
Agriculture Div.		
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SECRETARY TSO		

The Honourable
Ambassador Marcelo Raffaelli
Chairman of the Textiles Surveillance Body
G A T T
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4. It would seem that the U.S. production data does not include certain types of printcloth such as cheesecloth, whereas the U.S. import data does include such products. The I/P ratios are therefore overstated. This would also affect the U.S. price comparisons.

5. Imports from Indonesia are priced in the same range as imports from other suppliers to the United States market and only slightly lower than U.S. manufactures prices in Category 320pt. The Indonesian price is cited in the Market Statement at 35 cents per yard, the U.S. producer price is 37 cents per yard. In the Thailand Market Statement dated 7/83, Indonesia was not listed; however, the U.S. price was quoted at 36 cents. The other prices cited in this market statement were: PRC at 31 cents, Taiwan at 25 cents and Korea at 32 cents.

(c) Category 339 (Cotton knit shirts and blouses for women, girls and infants)

1. The preliminary U.S. production data of 8,324,357 dozen for 1983 is 13% over 1982. This is the highest level of U.S. production since 1977. The preliminary 1983 I/P ratio of 89% is at its lowest level since 1977.

2. The Indonesian Market Statement identifies Sri Lanka as a substitute for Indonesia.

3. There are significant discrepancies in the price data given in the Sri Lanka Market Statement dated 4/84 and in the Indonesian market statement dated 5/84. The U.S. price of each of the three listed TSUSA's dropped more than \$10.00 from April to May.

(d) Category 639 (Mand-made fibre knit shirts and blouses for women, girls and infants)

1. The preliminary 1983 U.S. production data was 24,348,888 dozen. This is the highest since 1979, a little more than 8% above the 1982 level.

2. The I/P figure is reported at 75.6% for 1983. This is higher than the I/P of 67.7% in 1982. However, this was due to an expansion of the market as a whole resulting in the increase of both imports and production.

3. The increase in imports from Indonesia cited in the Market Statement accounts for only a very small portion compared with the increase of imports as a whole. The major portion of the increase came from quota countries, such as Taiwan, Korea, Hong Kong, Singapore, Thailand and China. All of these countries have a higher share of the U.S. import market compared to Indonesia.

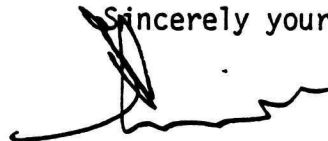
(e) Category 604 (Man-made fibre spin yarn)

1. Even though there is very little data available concerning this category, it can be safely stated that the U.S. market could not be disturbed by imports from Indonesia.
2. The I/P ratio is only 4.2% and Indonesia's share of the import market was only 5.8% through June 1984.
3. Indonesia's present market share, based upon the U.S. 1983 production figure, was only 0.4% in this product.
4. Italy and Canada both have a greater share of the U.S. import market than Indonesia but imports from the two countries still remain.

Finally, I appreciate if this information could be transmitted to the Textiles Surveillance Body members for their attention and consideration.

Thanking you, I remain

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Irawan Darsa', with a stylized flourish extending to the left.

Irawan Darsa
Ambassador