

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1031/Add.1*
5 November 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Unilateral Measure taken under Article 3:5

United States/Yugoslavia

Note by the Chairman

Further to the notification made by the United States of a unilateral restraint introduced under Article 3:5 on imports of men's and boys' suit-type wool coats (Category 433)¹, the attached communications have been received from Yugoslavia and the United States.

Both parties have requested the TSB to defer its consideration of the measure until after the next round of consultations. The communication from the United States also includes information provided to Yugoslavia at the first round of consultations.

¹TEX.SB/1031

*English only/Anglais seulement/Inglés solamente

13/140-3

579



MISSION PERMANENTE DE LA R.S.F.

DE

YUGOSLAVIEAUPRÈS DES NATIONS UNIES
A GENÈVE

5, chemin Thury - Tél. 46 44 33

23 October 1984

No. 7541

Sir,

ANSWERED	DOC. ISSUED	FOLIO
TEX-56/1031/ADD 1		
REG 23 OCT 1984		
FOR	Action	Comment
Cabinet of DG		
Info. Service		
OFFICE LEGAL AFF.		
Secs. / Council Aff. Div.		
CHAIRMAN TSB		

I have the honour to inform you that the consultations between Yugoslavia and the United States of America on restraint of exports in category 433, men's and boys' suit-type coats, were held in Geneva on 19 October 1984. As the two sides were not able to reach a mutually acceptable solution, it was agreed to continue consultations. Likewise the Yugoslav side would not like to insist that this matter be reviewed by the Textiles Surveillance Body before the end of the next round of bilateral consultations.

Accept, Sir, the assurances of my highest consideration.

Kazimir Vidas
Kazimir Vidas
Ambassador

Permanent Representative

Mr. Marcelo Raffaelli,
Chairman
Textiles Surveillance Body
GATT

FOR	Action	Comment	Int.
GEN. DEPT. A			
Adm. / Fin. Div.			
Development Div.			
Tech. Coop. Div.			
Trade Pol. Div.			
Spec. Proj. Div.			
OPER. DEPT. B			
Econ. R/Anal. Unit			
Agriculture Div.			
Tariff Div.			
Tech. Bar. T. Div.			
Ext. Rel. Div.			
DEPT. CONF. AFF./ADM.			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

TS/140-3



580

UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX

1202 GENEVA, SWITZERLAND

Telephone: 32 09 70

October 30, 1984

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

Dear Ambassador Raffaelli:

This is to confirm my oral report that: (a) U.S. and Yugoslav delegations held consultations with respect to category 433 in Geneva on October 19, 1984 but were unable to reach agreement at that time; (b) the two parties have agreed to continue consultations at a later date; and (c) the U.S. joins Yugoslavia in requesting that the TSB not review this matter before the end of the next round of consultations.

578

Further to my letter of October 12, 1984 which notified you of the action taken by the United States on this category under Article 3.5, I am also attaching herewith a paper which expands and updates the material supplied to Yugoslavia when consultations were requested. This latter paper was provided to the Yugoslav delegation during the October 19 consultations.

Sincerely,

Robert E. Shepherd
Robert E. Shepherd
Minister-Counselor

Enclosure
1/2

For	Action	Comment	Int.
OPER. DEPT. A			X
Non-Tar. 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.			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			

ANSWERED	DOC. ISSUED	FOLIO
EX-107-11001		
23 3 1 00 1984		
Cabinet of DG	Action	Comment
Info. Service		
OFFICE LEGAL AFF.		
Asst. / Council Aff. Div.		
CHAIRMAN TSB	X	

YUGOSLAVIA: WOOL SUIT-TYPE COATS, MEN'S AND BOYS'
Category 433

I. Product Description

Suit-type coats are tailored coats. They have a full front opening and are designed to be worn over a lighter garment. In appearance, suit-type coats are identical to the coats which are parts of suits. Wool suit-type coats may be wholly of wool or in chief value of wool.

Wool suit-type coats are imported under the following Tariff Schedules of the United States, annotated, numbers:

Suit-Type Coats, Men's and Boys', Wool

379.1710	Ornamented, of wool
379.6934	Not Ornamented, of Vegetable Fiber except Cotton, containing wool
379.7810	Not Ornamented, of Wool, valued not over \$4 per pound
379.7811	Not Ornamented, of Wool, valued over \$4 per pound, men's
379.7812	Not Ornamented, of Wool, valued over \$4 per pound, boys'

II. Market Situation

A. Market Disruption

1. Market Share Loss

The U.S. market for domestically produced and imported Category 433 coats increased in 1983 after declining in 1982. The 1983 market, at 520,000 dozens was up 11.6 percent from the 1981 level of 466,000 dozens. Increased imports accounted for practically all the market growth from 1981 to 1983. The import share increased from 14.2 percent in 1981 to 22.7 percent in 1983. Reports indicate that the market growth has not expanded as rapidly as imports and that the import share continued to grow in 1984.

2. Import Penetration

Imports were equal to 16.5 percent of domestic production in 1981. The ratio increased to 29.4 percent in 1983 and likely will be much higher in 1984 since the import growth for the first eight months, at 82 percent, was far greater than the market growth.

3. Employment

Production worker employment in the industry which produces men's and boys' suits and coats, SIC 2311, trended downward in the seventies and early eighties. Average employment in 1983 was 61,600 workers, the lowest level on record. This was a drop of 6.2 percent from the 1982 level of 65,700. Employment partially recovered in 1984, but the July level of 62,600 workers was well below the averages prior to 1983.

4. Profits

Apparel industry profits as a percent of sales were 3.4 percent in 1983 down from 4.2 percent in 1978. The 3.4 percent apparel profits compare with 4.0 percent for all manufacturing.

B. Sharp and Substantial Increases in Imports

1. Imports (General)

U.S. imports at Category 433 from all sources increased from 81,494 dozens in 1982 to 117,902 dozens in 1983. Imports for the first eight months of 1984 were 111,349 dozens, up 81.2 percent from the same period in 1983.

2. Imports (Yugoslavia)

Imports of Category 433 from Yugoslavia increased from 809 dozens in 1982 to 2,646 dozens in 1983. Imports for the first eight months of 1984 were 10,674 dozens, four times the imports for all of 1983. During the January-August period, Yugoslavia became the second largest supplier of these coats, accounting for 9.6 percent of the total imports.

3. Values and Prices

All of the U.S. Category 433 imports from Yugoslavia were men's wool suit-type coats entered under TSUSA No. 379.8311. These imports are being entered at duty-paid values well below the U.S. producer prices for comparable garments.

TABLE I

U.S. PRODUCTION, IMPORTS AND MARKET FOR MEN'S AND BOYS'
WOOL SUIT-TYPE COATS
- 1,000 Dozens -

<u>YEAR</u>	<u>PRODUCTION</u>	<u>IMPORTS</u>	<u>MARKET</u>
1981	400	66	466
1982	368	81	449
1983	402	118	520

NOTE: Exports, except those to be imported under Item 807, are negligible.

TABLE II

U.S. PRODUCTION, IMPORTS AND IMPORT/PRODUCTION RATIOS
 Category 433
 - 1,000 Dozens -

<u>YEAR</u>	<u>PRODUCTION</u>	<u>IMPORTS</u>	<u>RATIO</u>
1981	400	66	16.5
1982	368	81	22.0
1983	402	118	29.4

January-August

1983	61
1984	111

TABLE III

CATEGORY 433: DUTY-PAID VALUE AND U.S. PRODUCER PRICE
 - U.S. Dollars Per Dozen -

<u>TSUSA No. and Source</u>	<u>Value/Price</u>
379.8311	
Yugoslavia	\$327.67
Romania	342.23
Poland	310.25
Philippines	398.01
Taiwan	392.71
U.S. Producer Price	425.00-460.00

TABLE IV

Top Ten Suppliers and Restraint Levels
Category 433
(Dozens)

<u>Country</u>	<u>1982</u>	<u>1983</u>	<u>YE August 1984</u>	<u>Share</u>
World	81,494	117,902	167,785	100%
Italy	7,477	12,464	22,778	13.58
China	2,925	13,987	18,903	11.27
Hungary	9,349	15,866	14,231	8.48
Korea	12,944	12,778	13,385	7.98
Yugoslavia	809	2,646	13,082	7.80
Taiwan	7,070	13,064	12,951	7.72
Mexico	693	1,787	9,290	5.54
Uruguay	334	1,871	9,065	5.40
France	7,715	5,655	6,823	4.07
Colombia	3,363	3,563	6,653	3.97

TABLE V

U.S. MONTHLY IMPORTS:
 Category 433: Wool MB Suit-type Coats
 (Dozens)

	<u>Month</u>	<u>World</u>	<u>Yugoslavia</u>	<u>Cumulative Total For Yugoslavia (Year Ending)</u>
Calendar Year 1981		66,301	1,980	1,980
Calendar Year 1982		81,494	809	809
Calendar Year 1983		117,902	2,646	2,646
<u>1983</u>				
	January	3,878	-0-	1
	February	4,666	-4-	804
	March	3,262	-5-	809
	April	2,568	-5-	777
	May	16,976	30	815
	June	10,766	-0-	1
	July	14,414	-0-	1
	August	14,767	186	709
	September	25,617	669	1,248
	October	20,947	1,199	2,119
	November	6,538	59	2,165
	December	3,334	481	2,646
<u>1984</u>				
	January	7,275	538	3,184
	February	9,309	557	3,737
	March	9,931	1,436	5,186
	April	6,118	1,052	6,214
	May	10,267	517	6,694
	June	19,822	3,130	9,824
	July	22,573	1,511	11,335
	August	26,054	1,933	13,082