

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/1051*
16 November 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 11:4

Restraints under China/United States Agreement

Note by the Chairman

The attached notification from China under Article 11:4 concerns the introduction of restraints on Category 317 (cotton twill and sateen) under the terms of the bilateral agreement between China and United States.

¹ COM.TEX/SB/896

* English only/Anglais seulement/Inglés solamente

MISSION PERMANENTE DE LA REPUBLIQUE POPULAIRE DE CHINE
AUPRES DE L'OFFICE DES NATIONS UNIES A GENEVE
ET DES AUTRES ORGANISATIONS INTERNATIONALES EN SUISSE

MF/48/84

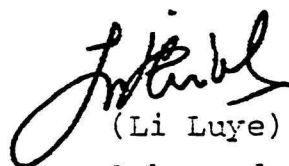
Geneva, 12 November, 1984

Dear Mr. Chairman,

Further to my letter MF/39/84 dated 1 October, 1984 with regard to a request by China to the Textile Surveillance Body to examine 7 categories of textile products, on which the United States has requested for consultations and is limiting imports, I wish to request that, in addition to the 7 categories, category 317--twill and sateen be reviewed by the Textile Surveillance Body during its meeting on November 19-21, 1984.

Your acceptance of the above and confirmation thereof will be appreciated.

Accept, Mr. Chairman, the renewed assurances of my highest consideration.



(Li Luye)

Ambassador

Permanent Representative
Permanent Mission of China
Geneva

The Honorable Marcello Raffaelli
Chairman
Textile Surveillance Body
c/o The GATT
Geneva, Switzerland

CAT. 317 (Twill & sateen)

90天 3,045,735 SY

DEPARTMENT OF STATE
WASHINGTON

90天 6,706,276 SY

30 DEC 1983

(Twill)

Excellency:

I have the honor to refer to the Agreement between the People's Republic of China and the United States of America Relating to Trade in Cotton, Wool and Man-made Fiber Textiles and Textile Products (the Agreement) effected by exchange of notes in Beijing August 19, 1983.

The United States has noted a sharp increase in imports of cotton twill and sateen (Category 317) from China. After careful review the United States has concluded that imports from China in Category 317 threaten market disruption in the United States and are threatening to impede the orderly development of trade as contemplated in paragraph 8 of the Agreement. A detailed factual statement of the reasons and justification for this conclusion with the current data are enclosed with this note. Accordingly, the United States requests consultations with the People's Republic of China on Category 317 under paragraph 8 of the Agreement with a view toward avoiding such market disruption.

His Excellency

Zhang Wenjin,

Ambassador of the People's Republic of China.

For the purpose of applying paragraph 8 (c) of the Agreement regarding a level of exports during the period of consultations, the latest 12-month period for which data is available is the that for the year ending November 1983 for which the level is 8,702,099 square yards, 35 percent of which under paragraph 8 (c) is 3,045,735 square yards.

In the event reference to paragraph 8 (d) of the Agreement should be needed, the level of imports entered during the first 12 of the most recent 14 months preceding the date of this request is that of the year ending September 1983 for which the level under paragraph 8 (d) is 5,806,276 square yards, 115.5 percent of which is 6,706,249 SYDs.

Paragraph 8(a) of the Agreement provides that "the Government of the United States shall provide the Government of the People's Republic of China at the time of the request with a detailed factual statement of the reasons and justification for its request for consultations with current data, which in the view of the Government of the United States shows:

- 1) the existence of a threat of market disruption
and,
- 2) the contribution of exports from the People's
Republic of China to that disruption."

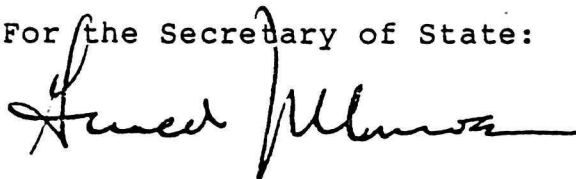
The United States would appreciate the views of the People's Republic of China with respect to the situation

pertaining to the export of cotton twill and sateen to the United States. The United States will shortly provide specific proposals for time and venue of the consultations.

The statement, provided by the U.S. Department of Commerce, is enclosed.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

A handwritten signature in dark ink, appearing to read "Andrew Mellon", written in a cursive style.

Enclosure:

As stated.

A small, handwritten mark or signature in the bottom right corner, possibly initials or a stylized "m".

MARKET STATEMENT

Category 317 -- Cotton Twills and
Sateens

CHINA

December 1983

The Government of the United States requests consultations with the Government of the People's Republic of China with a view to avoiding market disruption in Category 317 which is not covered by a specific limit. Paragraph 8 (A) of the August 19, 1983 textile agreement provides, "that the Government of the United States shall provide the Government of the People's Republic of China at the time of the request with a detailed factual statement of the reasons and justification for its request for consultations with current data, which in the view of the Government of the United States of America show:

- (1) The existence or threat of market disruption,
and
- (2) The contribution of exports from the People's Republic of China to that disruption."

This statement follows:

U.S. imports of Category 317 from China during the year ending October 1983 were 6.3 million square yards, up 21.2 percent from the 5.2 million imported a year earlier. Imports for the first ten months of 1983 were up 51.4 percent to 5.3 million square yards from 3.5 million imported during the same period in 1982.

These imports from China are entered at duty-paid landed values which are below the U.S. producer prices for comparable fabrics. These and other factors lead the United States Government to conclude that imports from China create a real threat of market disruption in the United States.

Imports from China are largely of twill construction. Twills accounted for 95.2 percent of the January-October 1983 imports from China and accounted for 8 percent of total January-October 1983 U.S. imports of cotton twill. The twill portion of Category 317 market is heavily impacted with an import to production ratio of 70.7 percent in 1982 and 108.5 percent during the first half of 1983.

U.S. production of twill fabric declined by 14 percent during the first half of 1983; imports increased 36 percent

during the same period. The import to production ratio increased to 108.5 percent during the first half of 1983 from 68.6 percent during the same period.

Imports of Category 317 from China are heavily concentrated in TSUSA Nos. 320.--58, cotton carded twills and 326.-58, cotton/polyester-carded twills. The duty-paid values of these imports from China are below the U.S. producer prices for comparable fabrics.

CATEGORY 317: DUTY-PAID VALUES AND U.S. PRODUCER PRICES
-U.S. Dollars Per Square Yard-

TSUSA No. & Source	Value/Price
320.1058	
China	\$0.60
Pakistan	0.46
Brazil	0.44
Korea	0.66
Egypt	0.45
U.S. Producer Price	0.68
320.2058	
China	0.53
Peru	0.52
Egypt	0.52
Colombia	0.55
U.S. Producer Price	0.57
326.2058	
China	0.37
Korea	0.38
U.S. Producer Price	0.56

U.S. PRODUCTION, IMPORTS AND IMPORT/PRODUCTIN RATIOS
COTTON TWILL AND SATEEN FABRICS, WOVEN, CATEGORY 317
-1,000 Square Yards-

Period	Production	Imports	I/P Ratio
1982	795,097	85,727	10.8
January-June			
1982	391,859	39,837	10.2
1983	476,224	58,402	12.3

Twills

1982	72,473	51,251	70.7
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January-June

1982	35,698	24,475	68.6
1983	30,770	33,382	108.5

U.S. IMPORTS OF TWILL AND OTHER CATEGORY 317
COTTON FABRIC FROM CHINA
-1,000 Square Yards-

Period	Twill	Other	Total
1982	4,484	94	4,578
January-October			
1982	3,420	88	3,508
1983	5,011	250	5,261