

GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/1098/Add.2*
16 April 1985

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Report on Measure Reviewed under Article 3:5

United States/Turkey

Note by the Chairman

Attached is a notification received from the United States of additional information on the situation with respect to imports of spun plied acrylic yarn (Category 604 pt) from Turkey.

* English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

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

Telephone: 32 09 70

April 12, 1985

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

Dear Mr. Chairman:

Further to my letter of April 2, 1985 (Tex.SB/1098/add 1),
I have been requested by my government to provide the TSB
with additional information on the situation with respect
to imports from Turkey of Spun Plied acrylic yarn
(category 604 pt). This information is enclosed.

Sincerely,


Robert E. Shepherd
Minister-Counselor

Enclosure
(As stated)

U.S. SUBMISSION
15 April 1985

TURKEY: Spun Plied Acrylic Yarn
Category 604 Part

I. General Market Situation:

As shown in Table II of the U.S. Submission of 25 February 1985, U.S. producers' share of the domestic market fell from 82.6 percent in 1979 to 63.6 percent in 1984. During this same period, imports in Category 604 part rose from 8.9 million pounds in 1979 to 21.7 million in 1983 and then declined slightly to 20.4 million pounds in 1984.

Data for January 1984 shows that the severity of the problem for domestic producers is accelerating rapidly. Average weekly production in January 1985 was down 35 percent from the same month a year ago. This is the largest year-to-year drop in production record.

II. Import Situation

As shown in Table IV of the 25 February submission, imports of category 604 part from Turkey increased from zero in 1983 to 1,979,663 pounds in 1984. Total imports for the 12-month periods ending in January and February 1985 were 20,122,018 and 19,017,973, respectively. Data on imports from Turkey and on imports from other sources are reflected in the attached up-dated versions of Tables III and IV of the 25 February submission.

III. Consultations

With respect to the statement in the April report by Turkey to the TSB (Tex.SB/1098) that the two sides "agreed to request the TSB to proceed to a detailed examination of the case," the U.S. understanding is somewhat different. It was (and is) the U.S. view that,

if no agreement can be reached between the U.S. and Turkey with respect to imports of category 604 part, the issue must once again be addressed by the TSB. That is not quite the same as saying that the two parties agreed to request the TSB to do so, although the U.S. does agree that it is certainly appropriate.

With respect to the U.S. offer of 525,000 pounds (an increase of more than 10 percent above the article three level), we would note that Turkey's first formal offer was 3.2 million pounds. A level of two million pounds was later suggested informally and subsequently confirmed as a formal offer via diplomatic channels. The U.S. view is, and Turkey was so informed, that these levels are far beyond a possible negotiating range for the United States. Thus, while the U.S. remains ready and willing to continue consultations, the current levels proposed by Turkey are not such as to move the consultations forward.

The two parties have also explored the possibilities of concluding a more broadly based bilateral agreement on textiles, but these discussions have not yet produced mutual agreement.

Conclusion:

The U.S. Government believes that imports of Category 604 part from Turkey have caused market disruption and that a restraint is fully justified under the MFA. The U.S. remains willing to continue consultations in an effort to reach a mutually agreeable solution on a level of restraint.

Attachments

Table III

Imports and Restraint Levels 604pt Spun Plied Yarns
Pounds

Country	Calendar Years			% Change 83/84	% Share	Restraints (in lbs)	YE February 1985
	1982	1983	1984				
World	15413125	21693105	20441383	-5.77	100.00	None	19,017,973
Italy	1864632	2540903	3889816	53.09	19.03	None	4,424,507
Romania	2038682	2978559	2885048	-3.14	14.11	2,804,806	3,371,008
Turkey	0	0	1979663	100.00	9.68	476,014 (604 part only)	2,098,490
Brazil	446478	1652649	1678395	1.55	8.21	354,931	433,509
Spain	580406	966234	1606470	66.26	7.86	857,396	1,345,332
Malaysia	1164954	1558497	1350579	-13.34	6.61	1,325,798	1,204,625
Indonesia	332653	961570	1165901	21.25	5.70	609,437 (604 part only)	600,215
Singapore	1357008	1269301	1110280	-12.53	5.43	1,273,388	1,213,577
Canada	397109	575095	941769	63.76	4.61	None	908,900
Japan	2600919	3184782	698370	-78.07	3.42	None	65,734
Philippines	1197289	1997058	626626	-68.62	3.07	2,288,290	622,214
Korea	504582	240036	550397	129.30	2.69	551,539	524,074
China T	373154	352039	422688	20.07	2.07	475,284 except 310.5049	422,688
United Kingdom	198519	205847	270129	31.23	1.32	None	268,114
Portugal	0	0	245266	100.00	1.20	None	248,215

TABLE IV

U. S. IMPORTS
Category 604PT: Spun Plied Acrylic Yarn
310.5049

<u>Period</u>	<u>World</u>	<u>Turkey</u>	<u>Turkey Year Ending</u>
Calendar Year 1981	13,771,743	--	
Calendar Year 1982	15,413,125	--	
Calendar Year 1983	21,693,105	--	
Calendar Year 1984	20,441,383	1,979,663	1,979,663

1984 Imports by Month

January	1,646,868	49,803	49,803
February	1,930,864	--	49,803
March	1,851,219	--	49,803
April	1,537,944	67,124	116,927
May	1,448,122	--	116,927
June	1,712,809	247,203	364,130
July	2,299,515	111,884	476,014
August	1,950,482	362,660	838,674 ^{1/}
September	2,684,058	472,558	1,131,232
October	933,083	105,965	1,417,197 ^{1/}
November	879,573	280,900	1,698,097
December	1,566,765	281,566	1,979,663
January	1,327,584	168,630	2,098,490
February	826,819	--	2,098,490

^{1/} In October (the call month), U.S. data showed year ending world imports through August at 21,845,925 pounds (up 14%) and Turkish imports increasing rapidly, up 76% in one month alone.