

GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1109*
31 May 1985

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

United States/Turkey

Note by the Chairman

Attached is a notification received from the United States of a restraint introduced under Article 3:5 on imports of cotton sheeting (Category 313) from Turkey. The restraint period is 28 February 1985 to 27 February 1986.

A copy of the request for consultations under Article 3:3 is also attached.

* English only/Anglais seulement/Inglés solamente

For	U.S. Department of State	
OPER. DEPT. A		X
Non-Dep. M. Div.		
Domestic Int. Div.		
Tech. Coop. Div.		
Trade Depts.		
Spec. Rep. Div.	X	
OPER. DEPT. B		X
Econ. Div.		
Agriculture Div.		
Tariff Div.		
Tech. Bar. T. E. P.		
Ext. Rel. Div.		
DEPT. OF COMMERCE		
Adm. / Fin. Div.		
Trans. / Doc. Div.		
Training Div.		
Personnel Off.		
Conference Off.		

-- I HAVE THE THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN-TEXTILES. DONE AT GENEVA ON DECEMBER 20, 1973 AND EXTENDED BY PROTOCOLS ADOPTED RESPECTIVELY ON DECEMBER 14, 1977 AND DECEMBER 22, 1981 AT GENEVA (HEREINAFTER REFERRED TO AS THE ARRANGEMENT).

UNDER ARTICLE 3 OF THE ARRANGEMENT, IF IN THE OPINION OF ANY PARTICIPATING IMPORTING COUNTRY, ITS MARKET IS BEING DISRUPTED IN TERMS OF THE DEFINITION OF MARKET DISRUPTION IN ANNEX A OF THE ARRANGEMENT BY IMPORTS OF A CERTAIN TEXTILE PRODUCT NOT ALREADY SUBJECT TO RESTRAINT, IT SHALL SEEK CONSULTATIONS WITH THE PARTICIPATING EXPORTING COUNTRY OR COUNTRIES CONCERNED WITH A VIEW TO REMOVING SUCH DISRUPTION.

-- DURING RECENT MONTHS, THE GOVERNMENT OF THE UNITED STATES OF AMERICA HAS NOTED THE RISING LEVEL OF EXPORTS OF CATEGORY 313, (COTTON SHEETING) FROM TURKEY TO THE UNITED STATES. DURING THE YEAR ENDING DECEMBER 1984 THE UNITED STATES IMPORTED 14.7 MILLION SQUARE YARDS IN CATEGORY 313 FROM TURKEY, AN AMOUNT EQUAL TO 3.6 PERCENT OF TOTAL U.S. IMPORTS OF THIS PRODUCT AS OF THAT DATE.

-- COTTON SHEETING IS AN IMPORT-SENSITIVE PRODUCT IN THE UNITED STATES. PURSUANT TO THE ARRANGEMENT AND CONSISTENT WITH THE GOALS SET OUT IN ARTICLE 1 OF THE ARRANGEMENT TO ACHIEVE THE EXPANSION OF TRADE WHILE AT THE SAME TIME ENSURING ...AVOIDANCE OF DISRUPTIVE EFFECTS, THE GOVERNMENT OF THE UNITED STATES HAS NEGOTIATED LEVELS OF RESTRAINT FOR THESE PRODUCTS WITH SEVERAL EXPORTING COUNTRIES. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF TURKEY WITH A VIEW TOWARD SETTING AN APPROPRIATE LEVEL OF RESTRAINT ON THE IMPORT INTO THE UNITED STATES OF THESE TEXTILE PRODUCTS PRODUCED IN TURKEY. IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGEMENT, TO WHICH BOTH THE GOVERNMENT OF TURKEY AND THE GOVERNMENT OF THE UNITED STATES ARE PARTIES, IF OUR TWO GOVERNMENTS ARE UNABLE TO AGREE ON A MUTUALLY SATISFACTORY SOLUTION TO THIS MATTER WITHIN SIXTY DAYS,

THE GOVERNMENT OF THE UNITED STATES RESERVES THE RIGHT TO RESTRAIN IMPORTS OF CATEGORY 313 PRODUCED IN TURKEY AND EXPORTED IN THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF YOUR RECEIPT OF THIS REQUEST, TO A LEVEL NOT LESS THAN THE LEVEL OF UNITED STATES' IMPORTS OF THIS PRODUCT FROM TURKEY DURING THE PERIOD DECEMBER 1983 THROUGH NOVEMBER 1984. THAT LEVEL IS 12,713,472 SQUARE YARDS.

-- A DESCRIPTION OF THE EFFECTS OF SUCH IMPORTS ON THE UNITED STATES MARKET, THE RECENT TRENDS OF SUCH IMPORTS FROM TURKEY, AND A TABLE OF IMPORTS AND DOMESTIC PRICE DATA ARE APPENDED AS ANNEX A, WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE.

-- (COMPLIMENTARY CLOSE)

MARKET STATEMENT
CATEGORY 313 - COTTON SHEETING

TURKEY
FEBRUARY 1985

-- U.S. IMPORTS OF CATEGORY 313 FROM TURKEY TOTALLED 14.7 MILLION SQUARE YARDS FOR THE YEAR ENDING DECEMBER 1984, A SUBSTANTIAL INCREASE OVER THE 355,000 SQUARE YARDS IMPORTED A YEAR EARLIER. THERE WERE NO IMPORTS OF CATEGORY 313 FROM TURKEY IN 1982; HOWEVER, IT IS NOW THE TENTH LARGEST SUPPLIER.

-- THE DOMESTIC INDUSTRY PRODUCING COTTON SHEETING FABRIC IS ADVERSELY AFFECTED BY IMPORTS. WHILE THE MARKET EXPANDED IN EARLY 1984 AS THE U.S. ECONOMY IMPROVED, THE U.S. PRODUCERS' SHARE OF THE MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED SHEETING DECLINED. DESPITE A STRONG FIRST QUARTER SHOWING, DOMESTIC PRODUCTION WAS RELATIVELY FLAT FOR JANUARY-SEPTEMBER, REFLECTING THE 8 PERCENT DECLINE IN SECOND AND THIRD QUARTER PRODUCTION. THIS DOWNTURN COINCIDED WITH A SUBSTANTIAL LOSS OF MARKET SHARE FOR DOMESTIC PRODUCERS; FROM 50.4 PERCENT IN JANUARY-SEPTEMBER 1983 TO 41.4 PERCENT IN 1984.

-- TOTAL IMPORTS OF COTTON SHEETING FABRIC INCREASED 28.2 PERCENT, FROM 320.5 MILLION SQUARE YARDS YEAR ENDING DECEMBER 1983 TO 412.6 MILLION SQUARE YARDS YEAR ENDING DECEMBER 1984. THIS WAS THE FIRST TIME THAT IMPORTS OF COTTON SHEETING SURPASSED THE AMOUNT DOMESTICALLY PRODUCED.

-- THE IMPORT TO PRODUCTION RATIO OF CATEGORY 313 INCREASED FROM 94.8 PERCENT IN JANUARY-SEPTEMBER 1983 TO 130.1 PERCENT IN JANUARY-SEPTEMBER 1984.

-- APPROXIMATELY 99 PERCENT OF CATEGORY 313 IMPORTS FROM TURKEY ENTER UNDER TSUSA NO. 320.1038 - COTTON ABC SHEETING. THESE IMPORTS ENTER AT DUTY-PAID VALUES BELOW THE U.S. PRODUCER PRICES FOR COMPARABLE COTTON SHEETING.

U.S. DOMESTIC PRODUCTION, APPARENT DOMESTIC MARKET, AND U.S. MARKET SHARE
CATEGORY 313:

- 1,000 SYDS -

	U.S. PRODUCTION CAT. 313	IMPORTS CAT. 313	EXPORTS CAT. 313	ADM	U.S. SHARE OF MARKET
1992	281,500	248,222	16,640	513,074	51.6
1983	325,256	320,460	11,321	634,395	49.5
JANUARY-SEPTEMBER					
1983	237,231	224,828	9,109	452,950	50.4
1984	241,936	334,226	5,529	570,633	41.4

ANNEX A

U.S. PRODUCTION, IMPORTS AND I/P RATIOS
CATEGORY 313

- 1,000 SYDS -

PERIOD	PRODUCTION	IMPORTS	RATIO
1981	322,008	319,203	99.1
1982	281,500	248,222	98.2
1983	325,256	320,460	98.5

JANUARY-SEPTEMBER

-1983	237,231	224,828	94.3
-1984	241,936	334,226	138.1

CATEGORY 313 IMPORTS FROM TURKEY AND TOTAL

	TURKEY	OTHER	TOTAL
1982	0	248,222	248,222
1983	355	320,105	320,460
1984	14,705	395,852	410,557

ANNEX A

CATEGORY 313: DUTY-PAID VALUES AND U.S. PRODUCER PRICE

- U.S. DOLLARS PER SQUARE YARD -

TSUSA NO. AND SOURCE VALUE/PRICE

-320.1038

- TURKEY	0.57
- HONG KONG	.61
- KOREA	.59
- BRAZIL	.56
- U.S. PRODUCER PRICE	.65 AR