

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

CONFIDENTIAL
TEX.SB/1155*
16 September 1985

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 11:4

India/United States

Note by the Chairman

Attached is a notification received from India in which it has referred to the restraints introduced under the terms of the bilateral agreement with the United States on Categories 310, 318 and 313.

* English only/Anglais seulement/Inglés solamente



S.P. SHUKLA
Ambassador

For	Action	Comment	Int.
OPER. DEPT. A			
Non Far M 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. GEN. AFF. ADM.			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

No. GEN/PMI/203/5/8

Dated the 9th September, 1985

Dear Mr. Ambassador

भारत का स्थायी मिशन
जेनेवा
PERMANENT MISSION OF INDIA
TO THE UNITED NATIONS OFFICES
9, RUE DU VALAIS
1202 GENEVA

TELEPHONE : 32 08 59

ANSWERED	DOC. ISSUED	FOLIO
REC 1 1 SEP 1985		
For	Action	Comment
Cabinet of DG		
Info. Service		
OFFICE L. GEN. AFF.		
Secs. / Council Aff. Div.		
CHAIRMAN TSB		

I have been directed to inform you that the following requests for consultations from the Government of U.S.A. were received in terms of paragraph 16 of the Agreement on Textiles and Textile Products between the Government of U.S.A. and the Government of India (hereinafter referred to as the Agreement).

- (i) Categories 310 & 318 Cotton -Note dated
ginghams Dec. 31, 1984
& yarn
dyed fabrics.
- (ii) Category 313 Cotton -Note dated
sheeting. Jan. 30, 1985

The Notes requesting for consultation also contained the request to hold the levels of exports in these categories during the 90 day period immediately following the receipt of the requests for consultations to the formula limit as provided for in paragraph 16(D) of the Agreement.

2. In regard to categories 310 and 318, the Indian authorities examined the factual statements of the reasons, justification and data as enclosed with the note dated December 31, 1984 from the US authorities and were of the view that the procedural and substantive requirements for initiating consultations in terms of the Agreement as well as full arrangement had not been fulfilled inter alia on the following grounds:

- (i) The two categories 310 and 318 have been clubbed together for the purpose of consultations. This is contrary to the provisions of para 3(a) read in the Annex A and paragraph 16 of the Agreement as well as the provisions of the ARRANGEMENT.
- (ii) Uptodate, relevant specific factual information demonstrating the existence of a situation of market disruption or real risk thereof in respect

of each of the two categories separately and the real and actual role of India in that disruption had not been provided. The data supplied did not show any correlation between the categories description under the Agreement, imports from India under separate categories and the structure of the US Industry.

- (iii) Data regarding import of yarn dyed apparel products have no relevance to consultations regarding fabrics. Additional relevant information was also requested from the US authorities for the purpose of consultations. A copy of the communication dated February 2, 1985 from my Government is attached(Annex-I).

3. During the consultations held in March, 1985, the Indian side emphasised inter alia that consultation calls could not be made by clubbing two product categories together since the products covered by categories 310 and 318 were different and the bilateral Agreement had two distinct category classification for these products. As such, unless de-clubbing of the said categories was done and separate market data provided for each category, there could be no meaningful consultations in terms of the Bilateral Agreement. The Indian side also brought to the notice of the US side the severe trade-inhibiting effect of imposition of temporary limit on the manufacturers and exporters in India. The available information showed that India's exports of category 310 were negligible. Even in category 318, India's share in ACM was very small. The Indian side, therefore, urged the US side to withdraw the consultation call and the 90 day limit. However, the US delegation did not agree to the request of the Indian delegation. Since then, formula limit for 1985 has been notified for these two categories clubbing them together.

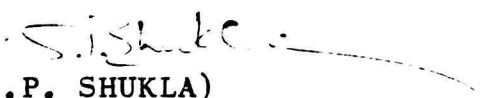
4. Regarding category 313(Cotton Sheeting), my authorities responded positively to the request for consultations in a spirit of goodwill and co-operation. Since the factual statements accompanying the Note did not contain adequate data and information in terms of Annex-A of the Arrangement read with paragraph 8 of its Protocol of Extension and the provisions of the Bilateral Agreement, a request was made to the US authorities to supply updated, relevant specific factual information before the consultations. A copy of the communication of February 21, 1985 from the Embassy of India in Washington to US authorities is attached(Annex-II).

5. The US authorities have shifted certain products falling under TSUSA number under category 320 to category 313 thereby unilaterally enlarging the scope of category 313. The Indian authorities had formally objected to this shifting pointing out this would adversely affect India's trade. Since the coverage of the original category 313 as included in the bilateral agreement had subsequently been unilaterally enlarged, the consultation call as originally issued for this category could not be sustained. Statistics from published US Government sources showed that the health of the US fabrics industry was sound and bouyant. The market data as supplied (without including the products shifted from category 320) showed that production in the domestic industry had increased in 1983 over that of 1982 and had remained stable in 1984. India had a very small share of 1.64 per cent in the ACM during 1984. Further, India's share in the global imports in the USA was also small. Price data supplied was inadequate and deficient in terms of the requirement of Annex-A of the Arrangement. Further, price data from a number of major suppliers was not furnished.

6. The Indian delegation therefore felt that the call could not be justified and should be withdrawn. The temporary limit had adversely affected export production and exports in category 313. However, the US side was not prepared to agree to revoke the restraints. Since then, specific limit has been notified for this category unilaterally.

7. My Government views this development with great concern as the action of the US authorities is violative of the letter and spirit of the bilateral agreement as well as the Arrangement and its Protocol of Extension. The unilateral restraints have caused serious disruption and dislocation in trade and industry in India. In view of the above, my Government would like to invoke the provisions of paragraph 4 of article 11 of the Arrangement and request prompt consideration of this matter by the Textiles Surveillance Body (T.S.B.) and would urge the T.S.B. to recommend that the US withdraw the restraints on categories 310, 318 and 313.

Please accept Mr. Ambassador, the assurances of my highest consideration.


(S.P. SHUKLA)
Ambassador

Ambassador Marcelo Raffaelli,
Chairman,
Textiles Surveillance Body,
GATT Secretariat,
GENEVA.

C O P Y

N.K. SABHARWAL
JOINT SECRETARY

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
(DEPARTMENT OF TEXTILES)

No.1/4/85-EP(T&J)I

2nd February, 1985.

Ministry of Commerce, Department of Textiles, Government of India presents its compliments to the Embassy of the United States of America, New Delhi and has the honour to refer to the Note dated the 31st December, 1984 from the Government of the United States of America requesting consultations regarding Categories 310 and 318, Cotton Gingham and Other Yarn-Dyed Fabrics respectively.

2. The Government of India has carefully examined the factual statement of the reasons, justification and data as enclosed with the Note. The Government of India is of the view that the procedural and substantive requirements for initiating consultations in terms of the provisions of the current India-U.S Bilateral Textile Agreement (the Agreement) and the Arrangement Regarding International Trade in Textiles (the ARRANGEMENT) and its Protocol of Extension of December 22, 1981 have not been fulfilled, inter alia, on the following grounds:

- (i) Categories 310 and 318 have been clubbed together for the purpose of consultations. This is against the provisions of para 3(a) read with Annex A and paragraph 16 of the Agreement as well as provisions of the ARRANGEMENT;
- (ii) Uptodate, relevant specific factual information demonstrating the existence of a situation of market disruption or real risk thereof in respect of each of the two categories separately and the real and actual role of India in that disruption has not been provided;
- (iii) The inclusion of 50 per cent cotton and 50 per cent polyester blends in the cotton schedule for the purpose of comparison of exports from India with U.S. domestic

production is against the provisions of para 2 of the Agreement and Article 12.1 of the ARRANGEMENT as even according to the U.S Note such blends are normally placed in the manmade fibre schedule. On the other hand, India's shipments are wholly cotton fabrics;

- (iv) The data supplied do not show any correlation between the category descriptions under the Agreement, imports from India under separate categories and the structure of the U.S. industry;
- (v) Data regarding import of yarn-dyed apparel products have no relevance to consultations regarding fabrics.

3. The government of India is further of the view that the requirements under the provisions of para 16(D) of the Agreement have not been met and that the request for temporary restraint during the 90 day period is neither justified nor warranted. Limitation of exports during this period has caused undue and avoidable hardship to the commercial participants in the trade. This has resulted in serious disruption in trade and industry in India dislocating export production and exports in the pipeline. The Government of India would, therefore, urge that the 90 day limit be withdrawn immediately.

4. The Government of India would be willing to enter into consultations regarding categories 310 and 318 provided the 90 day limit on exports is removed and deficiencies and inconsistencies in information and data as pointed out in this Note are rectified. The following additional relevant information may be provided for the purpose of these consultations :

- (i) The figures of Indian imports into U.S may be furnished separately (both for handlooms and mill made items) for each category;
- (ii) Imports from all suppliers, both restraint and non-restraint and the levels at which other suppliers have been restrained for these categories. This information may be for the last 5 years, data regarding last two years being on a monthly basis;

- (iii) Exports from the U.S. by TSUSA number, globally and individually to different countries during the last five years separately for these categories;
- (iv) Information regarding domestic production of these categories by TSUSA number during the last five years separately for each category;
- (v) Information regarding employment, investment, productivity, turnover, utilisation of capacity, profits in the U.S. domestic industry of these product categories for the past five years;
- (vi) Information regarding number of production units in the U.S. alongwith their production pattern in terms of fibre use as well as product mix;
- (vii) Price data for these categories from other suppliers. Details regarding prices charged by other suppliers, by TSUSA number with a full list of suppliers. Information is also required in regard to the basis of computation of the U.S. producers price on a comparable basis in terms of quality, stage of commercial transaction and time period.

Ministry of Commerce, Department of Textiles, Govt. of India avails itself of this opportunity to render to the Embassy of the United States of America, New Delhi, the assurances of its highest consideration.

Embassy of the United States of America,
NEW DELHI.

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Annex II

C O P Y

EMBASSY OF INDIA
COMMERCE WING
2536 MASSACHUSETTS AVE. N.W.
WASHINGTON, D.C. 20008
TELEPHONE: 265-5200

No.COM/105/2/85

February 21, 1985.

The Embassy of India presents its compliments to the U.S. Department of State and with reference to the request received from the US Deptt. of State for consultations on category 313, has the honour to State that the Government of India has noted the request of the Government of the United State for consultations in respect of Category 313 under para 16 of the Agreement relating to trade in cotton, wool and man-made fibre textiles and textile products between the Government of India and the Government of United States of America.

On perusal of the data and information supplied by the U.S. Embassy in New Delhi, the Government of India is of the view that the information supplied does not fulfil the requirement of paragraph 16(B) of the Agreement and Annex 'A' of the Arrangement regarding international trade in textiles read with paras 7 and 8 of its protocol of extension. The Government of India would therefore request for the following additional information to be supplied in order to make an assessment whether any threat of market disruption is being caused by exports of products under category 313 from India to the United States market :

- (a) Data regarding imports from India and other sources both restrained and non-restrained to U.S. during the last five years. The data for the last two years may be on a monthly basis.
- (b) The figures of Indian imports into U.S for the above period for mill-made and handloom items of this category.
- (c) The levels at which other suppliers have been restrained for this category.
- (d) Exports from the U.S., by TSUSA Number, globally and individually to different countries during the last five years.
- (e) Domestic production by TSUSA Numbers during the last five years.

- (f) Data on employment, investment, productivity, turn-over, capacity utilisation and profits in the U.S domestic industry for this product category for the last five years.
- (g) Price data from the other suppliers by TSUSA Number with a full list of suppliers.
- (h) The basis of computation of the U.S Producers price on comparable basis in terms of quality, stage of commercial transaction and time period.

The Embassy of India avails itself of this opportunity to renew to the U.S Department of State the assurances of its highest consideration.

The U.S. Department of State,
Textiles Division,
Room 3 521,
2201 'C' Street, N.W.,
Washington, D.C.

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