

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1156\*

16 September 1985

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## 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 restraint introduced under the terms of its bilateral agreement with the United States on Category 334.<sup>1</sup> The restraint on this category has already been subject to TSB review.<sup>2</sup> In a communication dated 16 July 1985, India had indicated it may bring the matter to the TSB again.<sup>2</sup>

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<sup>1</sup> COM.TEX/SB/978, 987 and 1004

<sup>2</sup> TEX.SB/1136

\* English only/Anglais seulement/Inglés solamente



S.P. SHUKLA  
Ambassador

For	
OPER. DEPT. A	X
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. C. & R. Aff. Aff.	
Adm. / Fin. Div.	
Trans. / Doc. Div.	
Training Div.	
Personnel Off.	
Conference Off.	

No.GEN/PMI/203/5/85

Dated

11 SEP 1985  
the 9th September, 1985

Dear Mr. Ambassador,

I would like to draw your attention to my letter No.GEN/PMI/203/5/84 dated November 13, 1984 forwarding to you a copy of my Government's letter of November 6, 1984 addressed to the Embassy of the United States of America in New Delhi regarding categories 445, 446 and 334. It will be recalled that these categories were the subject of reference to the Textiles Surveillance Body by India under paragraph 4 of article 11 of the Arrangement Regarding International Trade In Textiles. Consultations were held between the delegations of the Government of India and the Government of the United States of America in March, 1985 at New Delhi on a number of issues, including category 334 (other cotton coats Men's and Boys'). I have now to report that no agreement could be reached on this category during the consultations. Our letter of even number dated July 16, 1985 also refers.

2. The Textiles Surveillance Body at its meeting of the 5th July, 1984 recommended, among others, rescinding of restraint on category 334. However, the Government of U.S.A. reported to the Textiles Surveillance Body on September 13, 1984 about its inability to implement the recommendation. Revised production data were furnished by the U.S. to the T.S.B. justifying continuation of the restraint on this category on grounds of real risk of market disruption. The position of the Indian side has been that the proper course for the U.S. Government would have been to first rescind the unilateral restraint on category 334 and then seek fresh consultations, if a situation of market disruption or real risk thereof was perceived on the basis of any fresh data. However, without prejudice to this position and in response to the request of U.S. Government for fresh consultations, the Government of India agreed to review the positions on category 334 during the consultations of March, 1985.

3. The Government of India has carefully reviewed the position regarding category 334 on the basis of the data furnished and clarifications offered during the aforesaid consultations, 1985. My Government is convinced that a situation of market disruption or real risk thereof does not exist for this category in the U.S. market on the basis of exports from India. The following are some of the factors in support of the Indian position:-

(i) The production data for 1983 supplied by the

भारत का स्थायी मिशन  
जेनेवा

PERMANENT MISSION OF INDIA  
TO THE UNITED NATIONS OFFICE  
9, RUE DU VALAIS

1205 GENEVA

ANSWERED	DATE ISSUED	32	6010
11 SEP 1985			
For	Action	Comment	Inf.
Cabinet of DG			
Info. Service			
OFFICE L. & L. AFF.			
Sess. / Council Aff. Div.			
CHAIRMAN TSB			

1985

US Government in September, 1984 shows a wide discrepancy with the estimates of production supplied in July, 1984 to the Textiles Surveillance Body. The reasons for this discrepancy are not clear. However, this could be on account of the US Apparel Industry being a multi-product and a multi-fibre one. The identity of the industry sought to be protected is not clear.

(ii) During the meeting of the Textiles Surveillance Body in July, 1984 the inadequacy and the unreliability of the price data supplied by the US was highlighted. No additional data on prices has been furnished by the US subsequently.

(iii) An analysis of the market data as available during the March, 1985 consultations reveals the following position:-

(a) India's share in Apparent Consumption Market of US was only 1.64% during 1983 and the share of imports from India in total imports into US was also very small;

(b) India's exports during 1984 came down as compared to 1983. During 1984, while overall imports into US increased, imports from India decreased substantially;

(c) The information presented by the US side on employment for 1984 for overall apparel and men's and boys' suits and coats, both in overall terms and for production workers showed that employment during 1984 was higher than in 1983; in the case of overall apparel, it was higher compared to 1982 also;

(d) The production trend showed a secular decline indicating autonomous adjustment process in the US industry covering category 334;

(e) There was no causal relationship between trend of increase/decrease in imports and production;

(f) India's incremental imports during 1983 as compared to 1982 overall incremental imports into US was only 7.6%.

(iv) Even though relevant factual data for 1984 especially on production, exports, price, etc., was not made available the US Government had converted the unilateral limit for 1984 into a specific limit for 1985 and also for the duration of the current Agreement. This is violative of the provisions of the Bilateral Agreement and the Arrangement. The US delegation was not in a position to supply relevant, specific factual data through 1984 except data on imports and

to a certain extent data relating to employment.

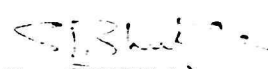
(v) According to all available indicators, the US apparel industry has shared in the recovery of the US economy and personal consumption expenditure on clothing, apparel sales, shipments, manhours worked and employment showed a healthy upswing. On the contrary, trade and industry in India has been severely and adversely affected because of the restraints imposed by the US Government.

4. The Government of India maintains that there was no case of market disruption or real risk thereof on account of imports from India either at the time of making the call for consultation for this category or at any time subsequently.

5. The Government of India is deeply concerned that the clear and categorical recommendation of the Textiles Surveillance Body in the case of category 334 has not been implemented by the US Government. This has serious implications for the credibility of the dispute-settlement mechanism under the Arrangement. My Government would, therefore, request the Textiles Surveillance Body to take note of the above position and urge upon the Government of U.S.A. to implement the recommendation for rescinding the call for restraint on category 334.

6. The Textiles Surveillance Body had taken into account the points made by the two sides in their respective presentations and 'the status and trade-inhibiting effect of the Group II limit' while recommending that the US rescind the restraints on categories 334 etc. The Textiles Surveillance Body had also reaffirmed its previous intention to revert to a discussion of group and aggregate restraints as soon as possible. During the March, 1985 consultations, the Indian side had again emphasised the deleterious effect of an overall ceiling on India's exports of garments which, along with the unilateral restraints imposed by the US Government since 1983 on several garment categories, had subjected the garment trade from India to U.S.A. to double jeopardy. No solution has been found during the consultations for this problem. The Government of India would, therefore, request the Textiles Surveillance Body to address itself expeditiously to this matter, <sup>with a view to</sup> so that the trade-inhibiting effect of the GROUP II limit is removed.

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

  
(S.P. SHUKLA)  
Ambassador

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