

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1350*
22 June 1987

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Actions taken by the United States with respect to imports from Bangladesh

Note by the Chairman

Attached is a notification received from the United States of unilateral measures taken under Article 3:5 with respect to imports of Category 645/646 (mmf sweaters) and 338/339 (cotton knit shirts) from Bangladesh. Also attached are copies of requests for consultations made under Article 3:3.

* English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX

1202 GENEVA, SWITZERLAND

Telephone: 32 09 70

June 18, 1987

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

Dear Ambassador Raffaelli:

I have been instructed by my government to notify the TSB that the United States has availed itself of the provisions of Article 3.5 of the Arrangement to put into effect restraints on imports from Bangladesh of two products for which consultations had been requested pursuant to Article 3.3.

The date the restraints were put into place is June 16, 1987. The restraint periods and the restraint levels are as follows:

1. mmf sweaters (category 645/646): a restraint at the rollback level of 98,379 dozen for the period October 30, 1986-October 29, 1987.
2. cotton knit shirts (338/339): a restraint at 350,000 dozen, a 27% increase over the rollback level of 275,474 dozen, for the period 28 February 1987-27 February 1988.

While it has not as yet been possible for the United States and Bangladesh to reach a mutually satisfactory solution to the problems posed by these imports, the two parties continue to seek such a solution. In this respect, they have scheduled another round of consultations in Washington in late July.

Sincerely,

Robert E. Shepherd
Minister Counsellor

3. BEGIN TEXT

THE EMBASSY OF THE UNITED STATES OF AMERICA HAS 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, DECEMBER 22, 1981 AND JULY 31, 1986 AT GENEVA (HEREINAFTER REFERRED TO AS THE ARRANGEMENT). UNDER ARTICLE THREE 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 SHARP AND SUBSTANTIAL INCREASE IN IMPORTS OF CATEGORY 338/339 COTTON KNIT SHIRTS AND BLOUSES FROM BANGLADESH TO THE UNITED STATES.

DURING 1986, THE UNITED STATES IMPORTED 326,865 DOZEN OF THESE SHIRTS AND BLOUSES FROM BANGLADESH, AN AMOUNT EQUAL TO 1.3 PERCENT OF TOTAL U.S. IMPORTS OF THIS PRODUCT AS OF THAT DATE.

COTTON KNIT SHIRTS AND BLOUSES ARE AN IMPORTANT SENSITIVE PRODUCT LINE IN THE UNITED STATES. PURSUANT TO THE ARRANGEMENT AND CONSISTENT WITH GOALS SET OUT IN ARTICLE ONE 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 OF AMERICA HAS NEGOTIATED LEVELS OF TRADE FOR THESE PRODUCTS WITH MANY EXPORTING COUNTRIES, SOME OF WHICH ARE BELOW THE CURRENT LEVEL OF IMPORTS FROM BANGLADESH. IMPORTS FROM BANGLADESH HAVE INCREASED FROM 76,265 DOZENS IN 1985 TO 326,865 DOZENS IN 1986, AN INCREASE OF 329 PERCENT. THE CURRENT LEVEL OF IMPORTS OF THESE COTTON KNIT SHIRTS AND BLOUSES FROM BANGLADESH IS DISRUPTING THE U.S. MARKET. IMPORTS FROM BANGLADESH, WHOSE PRICES ARE WELL BELOW THOSE PREVAILING IN THE U.S. MARKET, IF PERMITTED TO INCREASE AT OR NEAR THE CURRENT RATE, WOULD INFLECT FURTHER SERIOUS DAMAGE TO U.S. MANUFACTURERS.

A DESCRIPTION OF THE EFFECT OF SUCH IMPORTS ON THE UNITED STATES MARKET, THE RECENT TRENDS OF SUCH IMPORTS FROM BANGLADESH, 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.

IN ORDER TO ALLEVIATE MARKET DISRUPTION AND TO ENSURE EQUITABLE TREATMENT OF THOSE COUNTRIES PARTY TO THE ARRANGEMENT WHICH PRESENTLY LIMIT THEIR EXPORTS OF THIS CATEGORY TO THE UNITED STATES, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF BANGLADESH TO DISCUSS APPROPRIATE LEVELS OF RESTRAINT FOR ITS EXPORTS OF CATEGORY 338/339 PRODUCTS ENTERING THE UNITED STATES.

IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGMENT, TO WHICH BOTH THE GOVERNMENT OF BANGLADESH AND THE GOVERNMENT OF THE UNITED STATES ARE PARTIES, IF THE 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 338/339 SHIRTS AND BLOUSES PRODUCED IN BANGLADESH AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF YOUR RECEIPT OF THIS REQUEST, TO A LEVEL NOT LESS THAN THE LEVEL OF THE UNITED STATES IMPORTS OF THIS PRODUCT FROM BANGLADESH DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTH PERIOD, NOT INCLUDING THE MONTH OF FEBRUARY. THE AMOUNT

FOR THIS TWELVE MONTH PERIOD DECEMBER 1, 1985 THROUGH NOVEMBER 31, 1986 WOULD BE 275.474 DOZENS.

THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH WITH RESPECT TO THE EXPORT OF CATEGORY 338/339 PRODUCTS TO THE UNITED STATES AND AN APPROPRIATE TIME AND VENUE FOR CONSULTATIONS.

ENCLOSURE:
ANNEX A

MARKET STATEMENT
CATEGORY 338/339 -- COTTON KNIT SHIRTS
-- AND BLOUSES

BANGLADESH
FEBRUARY 1987

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF CATEGORY 338/339 FROM BANGLADESH WERE 326,865 DOZEN DURING 1986, MORE THAN FOUR TIMES THE 8,265 DOZEN IMPORTED IN 1985.

THE U.S. MARKET FOR CATEGORY 338/339 HAS BEEN DISRUPTED BY THE SHARP AND SUBSTANTIAL INCREASE OF IMPORTS FROM BANGLADESH HAS CONTRIBUTED TO THIS DISRUPTION.

U.S. PRODUCTION AND MARKET SHARE

U.S. PRODUCTION OF COTTON KNIT SHIRTS AND BLOUSES DECLINED SEVEN PERCENT FROM 24,138 THOUSAND DOZEN IN 1983 TO 22,468 THOUSAND DOZEN IN 1985. THE U.S. MANUFACTURERS' SHARE OF THIS MARKET DECLINED FROM 60 PERCENT IN 1983 TO 55 PERCENT IN 1985.

U.S. IMPORTS AND IMPORT PENETRATION

U.S. IMPORTS OF CATEGORY 338/339 GREW FROM 16,116 THOUSAND DOZEN IN 1983 TO 18,457 THOUSAND DOZEN IN 1985, A 15 PERCENT INCREASE. DURING 1986, IMPORTS OF CATEGORY 338/339 REACHED 25,237 THOUSAND DOZEN, 37 PERCENT HIGHER THAN THE LEVEL IMPORTED DURING 1985. THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION INCREASED FROM 67 PERCENT IN 1983 TO 82 PERCENT IN 1985.

EMPLOYMENT

TOTAL EMPLOYMENT IN THE U.S. INDUSTRY WHICH PRODUCES WOMEN'S AND MISSES' SHIRTS AND BLOUSES (SIC 2331) AND MEN'S AND BOYS' SHIRTS AND NIGHTWEAR (SIC 2321) DECLINED 10 PERCENT FROM 153 THOUSAND EMPLOYEES IN 1983 TO 139 THOUSAND EMPLOYEES IN 1986. THE DECLINE IN PRODUCTION WORKER EMPLOYMENT WAS ALSO 10 PERCENT OVER THIS TIME PERIOD.

APPROXIMATELY 78 PERCENT OF CATEGORY 338/339 IMPORTS FROM BANGLADESH DURING 1986 ENTERED UNDER THREE TSUSA NUMBERS: 384.4130 -- MEN'S AND BOYS' COTTON KNIT SHIRTS, EXCLUDING

T-SHIRTS, SWEATSHIRTS, AND TANK TOPS, NOT ORNAMENTED; 384.2806 -- WOMEN'S COTTON KNIT TANK TOPS, NOT ORNAMENTED; 384.2815 -- WOMEN'S COTTON KNIT BLOUSES, NOT ORNAMENTED. TSUSA NUMBER 384.2806 ALONE REPRESENTS 63 PERCENT OF CATEGORY 338/339 IMPORTS FROM BANGLADESH. THESE GARMENTS ENTERED THE U.S. AT DUTY-PAID LANDED VALUES BELOW U.S. PRODUCERS' PRICES FOR COMPARABLE GARMENTS.

TABLE I
CATEGORY 338/339: U.S. PRODUCTION, IMPORTS AND
IMPORT/PRODUCTION RATIOS
- 1,000 DOZEN -

PERIOD	PRODUCTION	IMPORTS	I/P RATIO
1983	24,138	16,115	66.8
1984	22,970	20,737	90.3
1985	22,468	18,457	82.1

TABLE II
CATEGORY 338/339: U.S. MARKET AND DOMESTIC
MANUFACTURERS' SHARE

PERIOD	MARKET 1/ - 1,000 DOZEN -	DOMESTIC MANUFACTURERS' SHARE - PERCENT -
1983	40,254	60.0
1984	43,707	52.6
1985	40,925	54.9

1/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED COTTON KNIT SHIRTS AND BLOUSES.

TABLE III

--- CATEGORY 338/339: U.S. IMPORTS FROM BANGLADESH
 --- AND THE WORLD
 --- - 1,000 DOZEN -

PERIOD	BANGLADESH	OTHER	WORLD
1983	0	16,116	16,116
1984	23	20,714	20,737
1985	76	18,381	18,457
1986	327	24,910	25,237

--- TABLE IV
 --- CATEGORY 338/339: DUTY-PAID IMPORT VALUES
 --- AND U.S. PRODUCERS' PRICES
 --- - U.S. DOLLARS PER DOZEN -

TSUSA NO. AND SOURCE	VALUE/PRICE
381.4130	
BANGLADESH	82.12
CHINA	74.25
U.S. PRODUCER PRICE	120.00 - 135.00

384.2806	
BANGLADESH	16.63
PORTUGAL	15.38
TURKEY	15.70
CHINA	16.10
U.S. PRODUCER PRICE	23.00 - 30.00

384.2815	
BANGLADESH	22.85
U.S. PRODUCER PRICE	36.00 - 45.00 WHITEHEAD

3. THE EMBASSY OF THE UNITED STATES OF AMERICA HAS 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, DECEMBER 22, 1981 AND JULY 31, 1986 AT GENEVA (HEREINAFTER REFERRED TO AS THE ARRANGEMENT). THE EMBASSY ALSO REFERS TO SECTION 204 OF THE U.S. AGRICULTURAL ACT OF 1956, AS AMENDED. UNDER ARTICLE THREE 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 SHARP AND SUBSTANTIAL INCREASE IN IMPORTS OF CATEGORY 645/646 MAN-MADE FIBER SWEATERS FROM BANGLADESH TO THE UNITED STATES. DURING THE YEAR ENDING AUGUST 1986, THE UNITED STATES IMPORTED 110,877 DOZEN OF THESE SWEATERS FROM BANGLADESH, AN AMOUNT EQUAL TO 0.9 PERCENT OF TOTAL U.S. IMPORTS OF THIS PRODUCT AS OF THAT DATE.

MAN-MADE FIBER SWEATERS ARE AN IMPORT SENSITIVE PRODUCT LINE IN THE UNITED STATES. PURSUANT TO THE ARRANGEMENT AND CONSISTENT WITH GOALS SET OUT IN ARTICLE ONE 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 OF AMERICA HAS NEGOTIATED LEVELS OF TRADE FOR THESE PRODUCTS WITH MANY EXPORTING COUNTRIES, SOME OF WHICH ARE BELOW THE CURRENT LEVEL OF IMPORTS FROM BANGLADESH.

(BANGLADESH IS ONE OF THE LARGEST UNCONTROLLED SUPPLIERS TO THE UNITED STATES MARKET FOR MAN-MADE FIBER SWEATERS IN CATEGORY 645/646. IMPORTS FROM BANGLADESH HAVE DOUBLED FROM 54,121 DOZEN IN THE TWELVE MONTHS

ENDING AUGUST 1985 TO 110,877 DOZEN IN TWELVE MONTHS ENDING AUGUST 1986, AN INCREASE OF 105 PERCENT. DURING THE PERIOD JANUARY - AUGUST 1986, IMPORTS FROM BANGLADESH OF CATEGORY 645/646 REACHED 82,312 DOZEN. THE CURRENT LEVEL OF IMPORTS OF THESE MAN-MADE FIBER SWEATER FROM BANGLADESH IS DISRUPTING THE U.S. MARKET. IMPORTS FROM BANGLADESH, WHOSE PRICES ARE WELL BELOW THOSE PREVAILING IN THE U.S. MARKET, IF PERMITTED TO INCREASE AT OR NEAR THE CURRENT RATE, WOULD INFLICT FURTHER SERIOUS DAMAGE TO U.S. MANUFACTURERS.

A DESCRIPTION OF THE EFFECT OF SUCH IMPORTS ON THE UNITED STATES MARKET, THE RECENT TRENDS OF SUCH IMPORTS FROM BANGLADESH, 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.

IN ORDER TO ALLEVIATE MARKET DISRUPTION AND TO ENSURE EQUITABLE TREATMENT OF THOSE COUNTRIES PARTY TO THE ARRANGEMENT WHICH PRESENTLY LIMIT THEIR EXPORTS OF THIS CATEGORY TO THE UNITED STATES, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF BANGLADESH TO DISCUSS APPROPRIATE LEVELS OF RESTRAINT FOR ITS EXPORTS OF CATEGORY 645/646 PRODUCTS ENTERING THE UNITED STATES.

IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGMENT, TO WHICH BOTH THE GOVERNMENT OF BANGLADESH 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 645/646 SWEATERS PRODUCED IN BANGLADESH AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF YOUR RECEIPT OF THIS REQUEST, TO A LEVEL NOT LESS THAN THE LEVEL OF THE UNITED STATES IMPORTS OF THIS PRODUCT FROM BANGLADESH DURING THE PERIOD AUGUST 1, 1985 THROUGH JULY 31, 1986. THAT AMOUNT WOULD BE 98,379 DOZEN.

MY GOVERNMENT WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF BANGLADESH WITH RESPECT TO THE EXPORT OF CATEGORY 645/646 PRODUCTS TO THE UNITED STATES AND AN APPROPRIATE TIME AND VENUE FOR CONSULTATIONS.

ENCLOSURE:
ANNEX A

MARKET STATEMENT
CATEGORY 645/646 -- MAN-MADE FIBER
SWEATERS

BANGLADESH
OCTOBER 1986

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF CATEGORY 645/646 FROM BANGLADESH WERE 110,877 DOZEN DURING THE YEAR ENDING AUGUST 1986, MORE THAN TWICE THE 54,121 DOZEN IMPORTED A YEAR EARLIER. DURING THE FIRST EIGHT MONTHS OF 1986, MAN-MADE FIBER SWEATER IMPORTS FROM BANGLADESH WERE 82,312 DOZEN, 81 PERCENT ABOVE THE 45,531 DOZEN IMPORTED DURING THE SAME PERIOD OF 1985 AND 11 PERCENT ABOVE THE AMOUNT IMPORTED DURING CALENDAR YEAR 1985.

THE U.S. MARKET FOR CATEGORY 645/646 HAS BEEN DISRUPTED BY IMPORTS AND IMPORTS FROM BANGLADESH ARE CONTRIBUTING TO THIS DISRUPTION.

U.S. PRODUCTION AND MARKET SHARE

U.S. PRODUCTION OF MAN-MADE FIBER SWEATERS DECLINED 19 PERCENT BETWEEN 1983 AND 1985 TO 5,947 THOUSAND DOZEN. THE U.S. PRODUCERS' SHARE OF THIS MARKET DECLINED FROM 40 PERCENT IN 1983 TO 33 PERCENT IN 1985.

U.S. IMPORTS AND IMPORT PENETRATION

U.S. IMPORTS OF CATEGORY 645/646 GREW FROM 10,776 THOUSAND DOZEN IN 1983 TO 12,167 THOUSAND DOZEN IN 1985, A 13 PERCENT INCREASE. DURING THE FIRST EIGHT MONTHS OF 1986 IMPORTS OF CATEGORY 645/646 REACHED 9,303 THOUSAND DOZEN, SEVEN PERCENT HIGHER THAN THE LEVEL IMPORTED DURING THE SAME PERIOD IN 1985. THE RATIO OF IMPORTS TO

DOMESTIC PRODUCTION INCREASED FROM 149 PERCENT IN 1983 TO 205 PERCENT IN 1985.

DUTY-PAID VALUE AND U.S. PRODUCERS' PRICE

APPROXIMATELY 86 PERCENT OF CATEGORY 645/646 IMPORTS FROM BANGLADESH DURING THE FIRST EIGHT MONTHS OF 1986 ENTERED UNDER TSUSA NO. 381.9035 -- MEN'S MAN-MADE FIBER KNIT SWEATERS, NOT ORNAMENTED; AND TSUSA NO. 384.8073 -- WOMEN'S AND GIRLS' MAN-MADE FIBER KNIT SWEATERS, NOT ORNAMENTED. THESE SWEATERS ENTERED THE U.S. AT DUTY-PAID VALUES BELOW U.S. PRODUCERS' PRICES FOR COMPARABLE SWEATERS.

TABLE I
CATEGORY 645/646: U.S. PRODUCTION, IMPORTS AND
IMPORT/PRODUCTION RATIOS
1,000 DOZEN

PERIOD	PRODUCTION	IMPORTS	I/P RATIO
1983	7,235	10,776	148.9
1984	6,812	10,978	161.2
1985	5,947	12,167	204.6

TABLE II
CATEGORY 645/646: U.S. MARKET AND DOMESTIC
MANUFACTURERS' SHARE

PERIOD	MARKET 1/ 1,000 DOZEN	DOMESTIC MANUFACTURERS' SHARE PERCENT
1983	18,011	40.2
1984	17,790	38.3
1985	18,114	32.8

1/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED
MAN-MADE FIBER SWEATERS.

TABLE III
CATEGORY 645/646: U.S. IMPORTS FROM BANGLADESH
AND THE WORLD
1,000 DOZEN

PERIOD	BANGLADESH	OTHER	WORLD
1983	1/	10,776	10,776
1984	9	10,969	10,978
1985	74	12,093	12,167
YEAR ENDING AUGUST			
1985	54	11,100	11,154
1986	111	12,657	12,768
JANUARY - AUGUST			
1985	46	8,656	8,702
1986	82	9,221	9,303
1/ 275 DOZEN			

TABLE IV
CATEGORY 645/646: DUTY-PAID IMPORT VALUES
AND U.S. PRODUCERS' PRICES
U.S. DOLLARS PER DOZEN

TSUSA NO. AND SOURCE	VALUE/PRICE
381.9035	
BANGLADESH	50.01
U.S. PRODUCER PRICE	84.00 - 87.00
384.8073	
BANGLADESH	56.18
PHILIPPINES	54.37
JAPAN	54.69
U.S. PRODUCER PRICE	81.00 - 84.00