

GENERAL AGREEMENT ON

CONFIDENTIAL

TARIFFS AND TRADE

TEX.SB/1361*
8 July 1987

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 China

Note by the Chairman

Attached is a notification received from the United States of measures taken under Article 3:5 with respect to imports of Categories 833 and 847 from China. Copies of the factual statements sent to China with the requests for consultations are attached.

* English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX

1202 GENEVA, SWITZERLAND

Telephone: 32 09 70

July 6, 1987

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

Dear Ambassador Raffaelli:

This will confirm my earlier oral notification that the United States has decided, effective July 2, 1987, to impose unilateral restraints on imports of two products from China: vegetable fiber suit-type coats (category 833) and silk blend and vegetable fiber trousers (category 847) for one year periods beginning on 30 September 1986 and 31 December 1986, respectively. I am attaching for the information of the TSB copies of the requests for consultations and their accompanying factual statements of the reasons and justification therefore, which were delivered to China prior to China's acceding to the 1986 protocol.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Shepherd".

Robert E. Shepherd
Minister Counsellor

Attachments

(COMPLIMENTARY OPENING)

I HAVE THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, WITH ANNEXES, DONE AT GENEVA ON DECEMBER 27, 1973 AND EXTENDED BY PROTOCOL ADOPTED ON DECEMBER 22, 1981 AND JULY 31, 1986 AT GENEVA (HEREINAFTER REFERRED TO AS THE ARRANGEMENT). I ALSO REFER TO SECTION 204 OF THE U.S. AGRICULTURAL ACT OF 1956, AS AMENDED.

MY GOVERNMENT HAS NOTED THE SHARP INCREASE IN IMPORTS OF VEGETABLE FIBER SUIT-TYPE COATS CATEGORY 933 FROM CHINA. MY GOVERNMENT HAS CONCLUDED THAT THESE IMPORTS ARE DISRUPTING THE UNITED STATES' MARKET AND ARE IMPEDING THE FREELY DEVELOPMENT OF TRADE AS CONTEMPLATED BY ARTICLE THREE OF THE ARRANGEMENT. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATION FOR THIS CONCLUSION, WITH CURRENT SUPPORTING DATA IS ENCLOSED AS ANNEX A. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF PEOPLE'S REPUBLIC OF CHINA TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR EXPORTS IN CATEGORY 933 FROM CHINA.

IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGEMENT, 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 SUCH IMPORTS PRODUCED IN CHINA AND EXPORTED DURING THE TWELVE-MONTH PERIOD BEGINNING ON THE DATE OF RECEIPT OF THIS REQUEST, TO A LEVEL NOT LESS THAN THE LEVEL OF THE UNITED STATES' IMPORTS FROM CHINA DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH THE REQUEST FOR CONSULTATIONS WAS MADE, THAT IS, THE PERIOD JULY 1, 1985 TO JUNE 30, 1986. THIS LEVEL IS 11,212 DOZEN FOR CATEGORY 933.

MY GOVERNMENT WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA WITH RESPECT TO THE SITUATION PERTAINING TO EXPORTS OF CATEGORY 933 TO THE UNITED STATES AND TO THE SETTING OF A MUTUALLY AGREEABLE TIME AND VENUE FOR CONSULTATIONS.

ENCLOSURE: ANNEX A

MARKET STATEMENT

CATEGORY 833 SILK-BLEND AND OTHER
-- VEGETABLE FIBER MEN'S
- AND BOYS' SUIT-TYPE JACKETS

CHINA
SEPTEMBER 1986

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF CATEGORY 833 FROM CHINA WERE 6,848 DOZEN DURING THE FIRST SEVEN MONTHS OF 1986 COMPARED TO 2,268 DOZEN IMPORTED DURING THE FIRST SEVEN MONTHS OF 1985, A 202 PERCENT INCREASE. CHINA IS THE SECOND LARGEST SUPPLIER OF CATEGORY 833 ACCOUNTING FOR 18 PERCENT OF TOTAL IMPORTS DURING THE YEAR ENDING JULY 1986.

IMPORTS OF SILK-BLEND MEN'S AND BOYS' SUIT-TYPE JACKETS AND MEN'S AND BOYS' SUIT-TYPE JACKETS OF VEGETABLE FIBERS OTHER THAN COTTON HAVE INCREASED DRAMATICALLY IN RECENT YEARS. THE PREDOMINATE BLENDS BEING IMPORTED ARE RAMIE/COTTON BLENDS AND LINEN BLENDED WITH VARIOUS FIBERS I.E. SILK, RAMIE AND ACRYLIC. IN SOME CASES THREE FIBERS ARE BLENDED. ALSO, A NUMBER OF SILK-BLEND MEN'S AND BOYS' SUIT-TYPE JACKETS ARE BEING IMPORTED.

IMPORTS OF SILK-BLEND AND OTHER VEGETABLE FIBER MEN'S AND BOYS' SUIT-TYPE JACKETS COMPETE WITH DOMESTICALLY PRODUCED COTTON, WOOL, AND MAN-MADE FIBER MEN'S AND BOYS' SUIT-TYPE JACKETS. THE U.S. MARKET FOR COTTON, WOOL, AND MAN-MADE FIBER MEN'S AND BOYS' SUIT-TYPE JACKETS, CATEGORY 333/433/633, HAS BEEN DISRUPTED BY IMPORTS. THE SHARP AND SUBSTANTIAL INCREASE OF CATEGORY 833 IMPORTS FROM CHINA IS CONTRIBUTING TO THE DISRUPTION OF THIS MARKET.

IMPORT PENETRATION AND MARKET SHARE

THE RATIO OF IMPORTS TO PRODUCTION IN CATEGORY 333/433/633, COTTON, WOOL AND MAN-MADE FIBER MEN'S AND BOYS' SUIT-TYPE JACKETS, INCREASED TO 49 PERCENT IN 1985. THE SHARE OF THIS MARKET HELD BY DOMESTIC MANUFACTURERS DROPPED TO 67 PERCENT IN 1985. IMPORTS OF CATEGORY 833 ARE CONTRIBUTING TO THIS MARKET DISRUPTION.

U.S. IMPORTS OF CATEGORY 833 WERE 55,220 DOZEN IN 1985. THEY INCREASED IN 1986, REACHING 39,022 DOZEN IN THE FIRST SEVEN MONTHS, 29 PERCENT HIGHER THAN THE JANUARY-JULY 1985 LEVEL.

WHEN CATEGORY 333/433/633/833 IMPORTS ARE EXPRESSED AT A 1986 ANNUAL RATE, THE IMPORT TO PRODUCTION RATIO INCREASES TO 56 PERCENT AND THE DOMESTIC MANUFACTURERS' SHARE OF THIS MARKET FALLS TO 64 PERCENT.

DUTY-PAID VALUE AND U.S. PRODUCER PRICE

ALL OF THE IMPORTS OF CATEGORY 833 FROM CHINA DURING THE FIRST SEVEN MONTHS OF 1986 ENTERED UNDER TSUSA NUMBERS 391.6987 -- MEN'S AND BOYS' SUIT-TYPE JACKETS, OF VEGETABLE FIBER OTHER THAN COTTON, NOT KNIT, NOT ORNAMENTED; AND 391.9692 - MEN'S AND BOYS' SILK-BLENDED SILK-TYPE JACKETS, NOT KNIT, NOT ORNAMENTED. THESE SUIT-TYPE JACKETS ENTERED THE U.S. AT LANDED DUTY-PAID VALUES BELOW U.S. PRODUCERS' PRICES FOR COMPARABLE SUIT-TYPE JACKETS.

TABLE I
CATEGORY 833: U.S. IMPORTS OF SILK-BLENDED 1/
AND OTHER VEGETABLE FIBER MEN'S AND BOYS'
SUIT-TYPE JACKETS FROM CHINA AND THE WORLD
- 1,000 DOZEN -

PERIOD	CHINA	OTHER	WORLD
1985	7	48	55
YEAR ENDING JULY			
1985	11	53	64
JANUARY - JULY			
1985	2	29	31
1986	7	32	39

1/ PRIOR TO AUGUST 1, 1986 THERE WERE NO TARIFF PROVISIONS THAT PICKED OUT APPAREL CONTAINING 70 PERCENT OR MORE BY WEIGHT SILK. CONSEQUENTLY, ALL 800 CATEGORIES CONTAIN SOME TRADE FOR THIS PERIOD WHICH IS NOT COVERED BY THE NEW MULTI-FIBER ARRANGEMENT.

TABLE II
 CATEGORY 333/433/633: U.S. PRODUCTION, IMPORTS AND
 -- IMPORT/PRODUCTION RATIOS OF COTTON, WOOL AND
 -- MAN-MADE FIBER MEN'S AND BOYS' SUITTYPE JACKETS
 - 1,200 DOZEN -

PERIOD	PRODUCTION	IMPORTS	I/P RATIO
1972	2,083	337	16.2
1977	1,855	475	25.6
1982	1,639	434	26.5
1983	1,667	492	29.5
1984	1,661	736	44.3
1985	1,555	762	49.0
1985	1,555	817 1/	52.5
1986 2/	1,555	874 1/	56.2

1/ INCLUDES SILK-BLEND AND OTHER VEGETABLE FIBER MEN'S AND BOYS' SUIT-TYPE JACKET IMPORTS.

2/ PRODUCTION ASSUMED TO REMAIN STABLE; JANUARY JULY IMPORTS EXPRESSED AT AN ANNUAL RATE.

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TABLE III
CATEGORY 333/433/633: U.S. MARKET
AND DOMESTIC MANUFACTURERS' SHARE

PERIOD	MARKET 1/ 1,000 DOZEN -	DOMESTIC MANUFACTURERS' SHARE PERCENT
1972	2,422	86.1
1977	2,332	79.6
1982	2,073	79.1
1983	2,159	77.2
1984	2,397	69.3
1985	2,317	67.1
1985	2,372 2/	65.6
1986 3/	2,429 2/	64.2

1/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED MEN'S
AND BOYS' SUIT-TYPE JACKETS.
2/ INCLUDES SILK-BLEND AND OTHER VEGETABLE FIBER MEN'S
AND BOYS' SUIT-TYPE JACKET IMPORTS.
3/ PRODUCTION ASSUMED TO BE STABLE; JANUARY - JULY
IMPORTS EXPRESSED AT AN ANNUAL RATE.

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TABLE IV
CATEGORY 833: DUTY-PAID IMPORT VALUES AND
U.S. PRODUCERS' PRICES FOR COMPARABLE PRODUCTS
U.S. DOLLARS PER DOZEN -

TSUSA NO. AND SOURCE	VALUE/PRICE
381.6987	
CHINA	134.23
U.S. PRODUCER COTTON SUIT-TYPE JACKET PRICE	332.00 336.00
381.8682	
CHINA	149.20
U.S. PRODUCER MAN-MADE FIBER SUIT-TYPE JACKET PRICE	392.00 - 396.00

THE EMBASSY OF THE UNITED STATES HAS THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, WITH ANNEXES, 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 (THE ARRANGEMENT). THE EMBASSY ALSO REFERS TO SECTION 224 OF THE U.S. AGRICULTURAL ACT OF 1956, AS

AMFNDDED.

DURING RECENT MONTHS THE UNITED STATES GOVERNMENT HAS NOTED THE SHARPLY RISING LEVEL OF IMPORTS OF CATEGORY 847 SILK BLEND AND VEGETABLE FIBER TROUSERS FROM CHINA TO THE UNITED STATES. AFTER CAREFUL REVIEW, THE UNITED STATES GOVERNMENT HAS CONCLUDED THAT IMPORTS IN THIS CATEGORY ARE DISRUPTING THE UNITED STATES' MARKET AND ARE IMPEDING THE ORDERLY DEVELOPMENT OF TRADE AS CONTEMPLATED BY ARTICLE 3 OF THE ARRANGEMENT.

A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATION FOR THIS CONCLUSION, WITH CURRENT DATA, IS INCLUDED AS AN ENCLOSURE TO THIS NOTE. ACCORDINGLY, THE UNITED STATES GOVERNMENT REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR EXPORTS IN CATEGORY 847 FROM CHINA.

IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, 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 SUCH IMPORTS PRODUCED IN CHINA AND EXPORTED

DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF RECEIPT OF THIS REQUEST, TO A LEVEL NOT LESS THAN THE LEVEL OF THE UNITED STATES' IMPORTS FROM CHINA DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEEDING THE MONTH IN WHICH THE REQUEST FOR CONSULTATIONS WAS MADE, THAT IS THE PERIOD OCTOBER 1, 1985 TO SEPTEMBER 30, 1986. THIS LEVEL IS 703,358 DOZEN FOR CATEGORY 847.

THE UNITED STATES GOVERNMENT WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA WITH RESPECT TO THE SITUATION PERTAINING TO THE EXPORT OF CATEGORY 847 TO THE UNITED STATES AND TO THE SETTING OF A MUTUALLY AGREEABLE TIME AND VENUE FOR CONSULTATIONS.

(COMPLIMENTARY CLOSE)

ENCLOSURE:
ANNEX A

MARKET STATEMENT

CATEGORY 847 -- SILK-BLEND AND OTHER
-- VEGETABLE FIBER TROUSERS
-- SLACKS AND SHORTS

CHINA
DECEMBER 1986

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF CATEGORY 847 FROM CHINA WERE 634,623 DOZEN DURING THE FIRST TEN MONTHS OF 1986 COMPARED TO 542,753 DOZEN IMPORTED DURING THE FIRST TEN MONTHS OF 1985, A 17 PERCENT INCREASE. CHINA IS THE LARGEST SUPPLIER OF CATEGORY 847 ACCOUNTING FOR 56 PERCENT OF TOTAL IMPORTS DURING THE FIRST TEN MONTHS OF 1986.

IMPORTS OF SILK-BLEND AND VEGETABLE FIBER OTHER THAN COTTON TROUSERS, SLACKS, AND SHORTS HAVE INCREASED DRAMATICALLY IN RECENT YEARS. THE PREDOMINATE BLEND BEING IMPORTED IS RAMIE/COTTON. MOST OF THE CATEGORY 847 IMPORTS FROM CHINA ARE RAMIE/COTTON TROUSERS, SLACKS, AND SHORTS.

IMPORTS OF SILK-BLEND AND OTHER VEGETABLE FIBER TROUSERS, SLACKS AND SHORTS COMPETE WITH DOMESTICALLY PRODUCED COTTON, WOOL, AND MAN-MADE FIBER TROUSERS, SLACKS AND SHORTS. THE U.S. MARKET FOR COTTON, WOOL, AND MAN-MADE FIBER TROUSERS, SLACKS AND SHORTS, CATEGORY 347/348/447/448/547/548, HAS BEEN DISRUPTED BY IMPORTS.

THE SUBSTANTIAL INCREASE OF CATEGORY 847 IMPORTS FROM CHINA IS CONTRIBUTING TO THE DISRUPTION OF THIS MARKET.

IMPORT PENETRATION AND MARKET SHARE

THE RATIO OF IMPORTS TO PRODUCTION IN CATEGORY 347/348/447/448/547/548, COTTON, WOOL, AND MAN-MADE FIBER TROUSERS, SLACKS AND SHORTS, INCREASED TO 48 PERCENT IN 1985. THE SHARE OF THIS MARKET HELD BY DOMESTIC MANUFACTURERS DROPPED TO 58 PERCENT IN 1985. IMPORTS OF CATEGORY 847 ARE CONTRIBUTING TO THIS MARKET DISRUPTION.

U.S. IMPORTS OF CATEGORY 847 WERE 1,225,622 DOZEN IN 1985. THEY INCREASED IN 1986 REACHING 1,132,622 DOZEN IN THE FIRST TEN MONTHS, 14 PERCENT HIGHER THAN THE JANUARY-OCTOBER 1985 LEVEL.

PRODUCTION DATA FOR 1986 ARE NOT CURRENTLY AVAILABLE;
HOWEVER, GOVERNMENT CUTTINGS DATA ARE REPORTED.
CUTTINGS 1/ DATA FOR THE FIRST TEN MONTHS OF 1986
INDICATE THAT PRODUCTION IS THREE PERCENT BELOW THE
JANUARY - OCTOBER 1985 LEVEL. IF PRODUCTION IS ASSUMED
TO REMAIN AT ITS 1985 LEVEL, AND JANUARY - OCTOBER 1986
IMPORTS OF CATEGORY 347/348/447/448/547/548/547 ARE
EXPRESSED AT AN ANNUAL RATE, THE IMPORT TO PRODUCTION
RATIO INCREASES TO 61 PERCENT AND THE DOMESTIC
MANUFACTURERS' SHARE OF THIS MARKET FALLS TO 62 PERCENT.

DUTY-PAID VALUE AND U.S. PRODUCER PRICE

APPROXIMATELY 92 PERCENT OF THE IMPORTS OF CATEGORY 847
FROM CHINA DURING THE FIRST TEN MONTHS OF 1986 ENTERED
UNDER TSUSA NUMBERS 381.6996 -- MEN'S AND BOYS' WOVEN
TROUSERS, SLACKS AND SHORTS, OF VEGETABLE FIBER OTHER
THAN COTTON, NOT ORNAMENTED; AND 384.5697 -- WOMEN'S,
GIRLS' AND INFANTS' WOVEN TROUSERS, SLACKS AND SHORTS,
OF VEGETABLE FIBER OTHER THAN COTTON, NOT ORNAMENTED.
THESE GARMENTS ENTERED THE U.S. AT LANDED DUTY-PAID
VALUES BELOW U.S. PRODUCERS' PRICES FOR COMPARABLE
GARMENTS.

1/ U.S. CUTTINGS DATA ARE FOR MEN'S, WOMEN'S, MISSES',
AND JUNIORS' COTTON, WOOL AND MAN-MADE FIBER TROUSERS
AND INCLUDE BOTH WOVEN AND KNIT TROUSERS.

TABLE I
- CATEGORY 847: U.S. IMPORTS OF SILK-BLEND 1/
AND OTHER VEGETABLE FIBER TROUSERS,
-- SLACKS AND SHORTS FROM CHINA
- AND THE WORLD
-- 1,000 DOZEN -

PERIOD	CHINA	OTHER	WORLD
1985	653	572	1,225
YEAR ENDING OCTOBER			
1986	745	622	1,367
JANUARY-OCTOBER			
1985	543	446	989
1986	635	495	1,130

1/ PRIOR TO AUGUST 1, 1986 THERE WERE NO TARIFF
PROVISIONS THAT PROHIBIT APPAREL CONTAINING 70 PERCENT
OR MORE BY WEIGHT SILK. CONSEQUENTLY, ALL 820 CATEGORIES
CONTAIN SOME TRAFFIC FOR THIS PERIOD WHICH IS NOT COVERED
BY THE NEW MULTI-FIBER ARRANGEMENT.

TABLE II

CATEGORY 347/348/447/448/647/648:
 -- U.S. PRODUCTION, IMPORTS AND IMPORT/PRODUCTION
 - RATIOS OF COTTON, WOOL AND MAN-MADE FIBER
 - TROUSERS, SLACKS AND SHORTS

PERIOD	PRODUCTION	IMPORTS	I/P RATIO
1982	82,181	26,660	32.4
1983	81,886	31,786	38.8
1984	83,185	35,695	42.9
1985	81,187	38,770	47.8
1985	81,187	39,995 1/	49.3
1986 2/	81,187	49,169 1/	60.6

1/ INCLUDES SILKBLEND AND OTHER VEGETABLE FIBER TROUSER, SLACK AND SHORT IMPORTS.

2/ PRODUCTION ASSUMED TO REMAIN CONSTANT; JANUARY-OCTOBER IMPORTS EXPRESSED AT AN ANNUAL RATE.

TABLE III
 -- CATEGORY 347/348/447/448/647/648: U.S. MARKET
 - AND DOMESTIC MANUFACTURERS' SHARE

PERIOD	MARKET 1/ - 1,000 DOZEN -	DOMESTIC MANUFACTURERS' SHARE - PERCENT -
1982	108,841	75.5
1983	113,672	72.0
1984	118,860	70.0
1985	119,957	67.7
1985	121,182 2/	67.0
1986 3/	130,356 2/	62.3

1/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED TROUSERS, SLACKS AND SHORTS.

2/ INCLUDES SILK-BLEND AND OTHER VEGETABLE FIBER TROUSER, SLACK AND SHORT IMPORTS.

3/ PRODUCTION ASSUMED TO REMAIN CONSTANT; JANUARY-OCTOBER IMPORTS EXPRESSED AT AN ANNUAL RATE.

CHINA	52.78
U.S. PRODUCER COTTON PRICE	154.50 - 163.50

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 -- TABLE IV
 -- CATEGORY 647: DUTYPAID IMPORT VALUES
 -- AND U.S. PRODUCERS' PRICES FOR COMPARABLE PRODUCTS
 -- - U.S. DOLLARS PER DOZEN -

TSUSA NO. AND SOURCE	VALUE/PRICE
381.6996	
CHINA	71.50
U.S. PRODUCER COTTON PRICE	160.50 - 169.50
384.5697	