

TARIFFS AND TRADE

TEX.SB/1471*

31 May 1988

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:8 and
paragraph 8 of the 1986 Protocol

United States/Turkey

Note by the Chairman

Attached is a notification received from the United States of a twelve-month extension of the restraint on Category 342/642 (skirts) when imported from Turkey. This extension was made pursuant to paragraph 8 of the 1986 Protocol of Extension.

¹The unilateral measure is contained in TEX.SB/1408.

* English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE			
ANSWERED	DOC. ISSUED	FOLIO	
1208 AVENUE DE LA PAIX			
1208 GENEVA, SWITZERLAND			
Telephone: 32 09 70			
REG 25 MAY 1988			
For	Action	Comment	Int.
DIRECTOR GENERAL			May 24, 1988
Info. Services			
OFFICE LEGAL AFF.			
Press / Council Aff. Div.			
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The Honor
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs and Trade
154 Rue de Lausanne
1211 Geneva

Dear Ambassador Raffaelli:

I am instructed by my government to inform the Textiles Surveillance Body of the absence of agreement between the Government of the United States and the Government of Turkey on extension of existing restraint level for cotton and mmf skirts (category 342/642) in accordance with paragraph 8 of Article 3 of the Arrangement. The Government of the United States, therefore, has the honor to inform the Textiles Surveillance Body of its intention to invoke paragraph 8 of the 1986 Protocol of Extension with respect to imports of this product. The Government of Turkey was notified of this decision through the Embassy of Turkey in Washington, D.C. on May 20 (copy attached).

In a letter dated May 3, 1988, in accordance with paragraph 8 of Article 3 of the Arrangement, the Government of the United States proposed extending the existing restraint level for Category 342/642 for an additional year, with six percent growth, i.e., at a level of 126,723 dozen. At that time, the Government of the United States also informed the Government of Turkey that the United States would be pleased to hold additional consultations on this matter at a mutually convenient time. On May 9, 1988 the Government of Turkey sent a note to the Embassy of the United States in Ankara which did not agree to the proposed extension. In the absence of

The Honorable
Ambassador Marcelo Raffaelli
May 24, 1988
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agreement on extension of the restraint level the Government of the United States has notified the Government of Turkey of its intent to invoke paragraph 8 of the 1986 Protocol. The Government of the United States also reaffirmed its willingness to hold additional consultations on this matter, with a view to reaching a negotiated solution.

Sincerely,


Robert E. Shepherd
Minister Counsellor

Attachment

US - TURKEY
MAY 20, 1988

The Secretary of State presents his compliments to His Excellency the Ambassador of Turkey and refers to the Arrangement Regarding International Trade in Textiles, done at Geneva on December 20, 1973 and extended by the protocol done at Geneva on July 31, 1986, hereinafter referred to as "the Arrangement", and to the Agreement between the United States of America and the Republic of Turkey on Bilateral Textile Trade of October 18, 1985, and subsequently amended. The Secretary of State also refers to consultations held October 14-16, 1987 in Geneva and January 13-15, 1988 in Washington, D.C., as well as informal discussions in February, March and April of 1988, between representatives of the Governments of Turkey and the United States concerning exports of cotton and man-made fiber skirts (category 342/642) from Turkey to the United States.

The Secretary of State further refers to the letter dated May 3, 1988, in which the Government of the United States informed the Government of Turkey of its desire to extend the existing restraint level for cotton and man-made fiber skirts (category 342/642) for an additional year at a level of 126,723 dozen, which represents six percent growth over the previous restraint. At that time, the Government of the United States noted that it was making this proposal in order to avoid the disruptive effects of a sudden increase in imports of this product and to ensure the steady and orderly development of

trade. In accordance with paragraph 8 of Article 3 of the Arrangement, the Government of the United States requested confirmation that extension of this restraint was acceptable to the Government of Turkey.

On May 9, 1988 the Government of Turkey informed the Embassy of the United States in Ankara that the Government of Turkey did not agree to the United States' proposal to extend this restraint. Inasmuch as the existing restraint level will expire on May 26, 1988 and the Government of Turkey has not agreed to an extension of this restraint, the Government of the United States has the honor to inform the Government of Turkey of its intent to invoke paragraph 8 of the 1986 protocol of extension of the Arrangement. This action is being taken to ensure the steady and orderly development of trade and to avoid the exacerbation of market disruption which would occur as a result of an imminent and measurable increase in imports of this product from Turkey upon expiration of the existing restraint. Approximately 53,000 dozen cotton and man-made fiber skirts from Turkey are currently in embargo in the United States, in addition to the 93,716 dozen (above the existing restraint level of 119,550 dozen), which entered the United States during the current restraint period. This sudden increase

in imports would certainly further exacerbate the situation of market disruption which exists in the United States market for this product.

In accordance, therefore, with the provisions of paragraph 8 of the 1986 protocol, the restraint for cotton and man-made fiber skirts (category 342/642) will be extended for an additional year with six percent growth. The extension of the restraint will take effect on May 27, 1988 and will be at a level of 126,723 dozen. It will remain in effect through May 26, 1989.

A detailed factual statement of the reasons and justifications for this action, with current supporting data, is appended as Annex A, which is to be regarded as an integral part of this note.

As the Government of the United States informed the Government of Turkey in its letter of May 3, the Government of the United States would be pleased to hold additional consultations on this matter when our two Governments meet again in Turkey June 1-3.

Attachment:

Annex A

Department of State,
Washington,

Annex A

MARKET STATEMENT
Cotton and Man-Made Fiber Skirts
(Category 342/642)

Turkey
May 1988

Summary and Conclusions

Turkey was called on cotton and man-made fiber skirts (Category 342/642) in May 1987. Following a failure to reach a negotiated solution to this matter a restraint level of 119,550 dozen was imposed for the period May 27, 1987 through May 26, 1988. Turkey's imports reached a peak 433,556 dozen for the calendar year 1987. This level was seven times Turkey's previous year's trade, three and one half times the restraint level, and accounted for five percent of total Category 342/642 imports. Turkey's goods were embargoed on November 20, 1987; through the end of February 1987, 53,029 dozen of Turkey's cotton and man-made fiber skirts were embargoed. As a result of the embargo, Turkey's year ending import level fell steadily dropping to 363,621 dozen for the year ending March 1988, still three times the annual restraint level. In the absence of restraints, indications are that there will once again be a sharp and substantial increase in imports of cotton and man-made fiber skirts (Category 342/642) from Turkey.

The U.S. market for cotton and man-made fiber skirts (Category 342/642) has been disrupted by imports. The removal of restraints and the resulting imminent and measurable increase in imports of cotton and man-made fiber skirts from Turkey would exacerbate the market disruption and impede the steady and orderly development of trade.

U.S. Production and Market Share

U.S. production of cotton and man-made fiber skirts has been on the decline, dropping from 9,101 thousand dozen in 1982 to a depressed 7,940 thousand dozen average during 1984 and 1985, a decline of 13 percent. Production in 1986 recovered slightly, reaching 8,126 thousand dozen, but fell again in 1987 to a level of 8,017 thousand dozen, 12 percent below the 1982 level.

The domestic manufacturers' share of the market dropped 34 percentage points in just five years, falling from 83 percent in 1982 to 49 percent in 1987.

U.S. Imports and Import Penetration

U.S. imports of cotton and man-made fiber skirts (Category 342/642) have increased steadily since 1982, increasing from 1,818 thousand dozen in 1982 to 8,285 thousand dozen in 1987, an average annual rate of 37 percent. During the first three months of 1988, imports of cotton and man-made fiber skirts (Category 342/642) reached 2,654 thousand dozen, 14 percent above the level imported during the same period in 1987. The ratio of imports to domestic production increased fivefold, rising from 20 percent in 1982 to 103 percent in 1987.

Duty-Paid Value and U.S. Producers' Price

The majority of Turkey's cotton and man-made fiber skirt imports enter under the following TSUSA numbers: 384.3444 -- women's and girls' cotton knit skirts, not ornamented; 384.5251 -- women's cotton woven skirts, not of corduroy, denim or velveteen, not ornamented; and 384.9445 -- women's man-made fiber woven skirts, not ornamented. These skirts entered the U.S. at landed duty-paid values below U.S. producers' prices for comparable skirts.

TABLE I
Cotton and Man-made Fiber Skirts (Category 342/642):
U.S. Production, Imports, Market,
Import/Production Ratios, and
Domestic Market Share

Period	Production	Imports	Market 1/	I/P	Domestic Market Share
	1,000 Dozen			Percent	
1982	9,101	1,818	10,919	20.0	63.4
1983	8,233	2,798	11,031	34.0	74.6
1984	7,943	3,452	11,395	43.5	69.7
1985	7,937	3,795	11,732	47.8	67.7
1986	8,126	5,995	14,121	73.8	57.6
1987 Prel.	8,017	8,285	16,302	103.3	49.2

1/ U.S. market for domestically produced and imported cotton and man-made fiber skirts.

TABLE II
Cotton and Man-made Fiber Skirts
(Category 342/642): U.S. Imports from Turkey
and the World 1,000 Dozen

Period	Monthly Turkey	Turkey	World
1982		276	1,817,338
1983		4,219	2,797,615
1984		12,283	3,451,798
1985		31,350	3,794,421
1986		60,187	5,994,945
1987		433,556	8,284,995
1986			
January	3,561	33,333	4,122,578
February	8,259	38,030	4,458,415
March	4,460	39,466	4,738,767
April	7,444	38,970	4,877,654
May	3,363	40,722	5,084,410
June	4,748	45,047	5,333,198
July	3,000	46,948	5,535,411
August	2,967	48,332	5,695,923
September	3,644	49,318	5,740,308
October	3,757	51,552	5,767,903
November	6,269	55,888	5,886,305
December	8,715	60,187	5,994,949
1987			
January	25,755	82,381	6,144,408
February	45,428	119,550	6,245,549
March	35,673	150,763	6,342,051
April	25,111	168,430	6,623,351
May	31,615	196,682	6,775,452
June	49,227	241,161	6,982,478
July	28,229	266,390	7,263,418
August	20,726	284,149	7,469,353
September	26,740	307,245	7,632,538
October	70,155	373,643	7,976,600
November	47,423	414,797	8,126,646
December	27,474	433,556	8,285,001
1988			
January	23,260	431,061	8,424,777
February	10,406	396,039	8,556,325
March	3,255	363,621	8,604,373

TABLE III
 Cotton and Man-made Fiber Skirts (Category 342/642):
 Duty-Paid Import Values and
 U.S. Producers' Prices
 U.S. Dollars Per Dozen

TSUSA No. and Source	Value/Price
384.3444	
Turkey	68.04
U.S. Producer Price	130.00 - 140.00
384.5251	
Turkey	57.36
U.S. Producer Price	103.00 - 113.00
384.9445	
Turkey	120.37
U.S. Producer Price	189.00 - 198.00

Drafter:EB/TEX:RRitterhoff *RRH*
5/20/88:Ext. 71997:ID # 2136

Clearances:EB/TEX:DSteinberg *DPK*
Commerce:DBass *DB*
Labor:DLippoldt *DL*
USTR:EDibble *ED*
S/S-S:JAlbas/S-S *JA*

Allen
APR 20 1988