

# GENERAL AGREEMENT ON

CONFIDENTIAL

## TARIFFS AND TRADE

---

TEX.SB/1531\*

9 January 1989

### Textiles Surveillance Body

#### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

##### Notification under Article 3:5

##### Unilateral measures taken by the United States with respect to certain imports from Thailand

##### 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 man-made fibre luggage (Category 670L) and luggage of silk blends and non-cotton vegetable fibres (Category 870). Also attached is the notification containing market statements made by the United States 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**

December 20, 1988

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

Dear Ambassador Raffaelli:

I refer to my letter of June 8, 1988 on the request by the United States for Article 3.3 consultations with Thailand on mmf luggage (Category 670L) and luggage of silk blends and non-cotton vegetable fibers (Category 870).

This will confirm my oral notification that the United States pursuant to Article 3.5 of the Arrangement, has imposed restraints, effective December 13, 1988, on imports from Thailand of these products. The restraint levels are set at 6,082,616 pounds for Category 670L and at 5,917,287 pounds for category 870. The restraint period for each is from May 25, 1988 through May 24, 1989.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert E. Shepherd", written in a cursive style.

Robert E. Shepherd  
Minister Counsellor

TS/1140-3



755

**UNITED STATES TRADE REPRESENTATIVE**

**1-3 AVENUE DE LA PAIX**

**1202 GENEVA, SWITZERLAND**

**Telephone: 32 09 70**

**June 8, 1988**

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

Dear Ambassador Raffaelli:

Pursuant to the provisions of paragraph 3 of Article 3 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform you that, on May 25, 1988, the United States requested consultations with Thailand with respect to man made fiber luggage (category 670-L) and luggage of silk blends and non-cotton vegetable fibers (category 870). Copies of the detailed factual statements which are called for in article 3.3 and which were provided to the Government of Thailand at the time of the request are enclosed.

Sincerely,

Robert E. Shepherd  
Minister Counsellor

Enclosure

ANSWERED 100.0000  
10  
REC 13 JUN 1988  
For  
Director of A.  
S. H. H. H.  
S. H. H. H.  
CHAIKIN, TSB  
S. H. H. H. Pol. Aff. Div.

Art 3 request.  
L.J.

For	Action	Comment	Int.
OPER. DEPT. A			<input checked="" type="checkbox"/>
NTM & Surv. Div.			
Development Div.			
Trade & Fin. Div.			
Tech. Coop. Div.			
Spec. Proj. Div.			
GNS Div.			
OPER. DEPT. B			
Econ. R/Anal. Unit.			
Agriculture Div.			
Tariff Div.			
Tech. Bar. T. Div.			
Ext. Rel. Div.			
Training Div.			
Coord. / Admin.			
Trans./Doc. Div.			
Conference Off.			

U.S. - Thailand: Category 670-L

(COMPLIMENTARY OPENING)

THE EMBASSY OF THE UNITED STATES OF AMERICA 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 HAS THE FURTHER HONOR TO REFER TO SECTION 204 OF THE U.S. AGRICULTURAL ACT OF 1956, AS AMENDED.

DURING RECENT MONTHS THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE SHARPLY RISING LEVEL OF EXPORTS OF MAN-MADE FIBER LUGGAGE (CATEGORY 670-L) TO THE UNITED STATES FROM THAILAND. AFTER CAREFUL REVIEW, THE UNITED STATES GOVERNMENT HAS CONCLUDED THAT IMPORTS IN THIS CATEGORY ARE DISRUPTING THE UNITED STATES MARKET AND ARE THREATENING TO IMPEDE 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 ENCLOSED AS ANNEX A OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF THAILAND TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR THAILAND'S EXPORTS TO THE UNITED STATES OF MANMADE FIBER LUGGAGE (CATEGORY 670-L).

IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, IF OUR TWO REPRESENTATIVES 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 THAILAND AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF RECEIPT OF THIS REQUEST. THIS LIMIT WILL NOT BE LESS THAN THE LEVEL OF UNITED STATES' IMPORTS AS REPORTED IN U.S. GENERAL IMPORT STATISTICS, ENTERED IN THIS CATEGORY FROM THAILAND DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH CONSULTATIONS WERE REQUESTED. BASED ON YEAR-ENDING FEBRUARY 1988 IMPORT DATA, THIS NUMBER IS 6,082,616 POUNDS.

THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE KINGDOM OF THAILAND WITH RESPECT TO THAILAND'S EXPORTS OF CATEGORY 670-L TO THE UNITED STATES AND REGARDING A DATE AND PLACE FOR CONSULTATIONS.

(COMPLIMENTARY CLOSE)

ENCLOSURE:  
ANNEX A

MARKET STATEMENT  
CATEGORY 670 PART -- MAN-MADE FIBER  
-- LUGGAGE

THAILAND  
MAY 1988

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF MAN-MADE FIBER LUGGAGE -- CATEGORY 670 PART -- FROM THAILAND WERE 6.1 MILLION POUNDS DURING THE YEAR ENDING FEBRUARY 1988, NEARLY FOUR TIMES THE 1.6 MILLION POUNDS IMPORTED A YEAR EARLIER. IN THE YEAR ENDING FEBRUARY 1988, THAILAND WAS THE FOURTH LARGEST SUPPLIER OF MAN-MADE FIBER LUGGAGE, ACCOUNTING FOR FOUR PERCENT OF THE TOTAL IMPORTS. IN THE PREVIOUS YEAR, THAILAND WAS THE EIGHTH LARGEST SUPPLIER, SUPPLYING ONE PERCENT OF TOTAL IMPORTS.

THE SHARP AND SUBSTANTIAL INCREASE OF LOW-VALUED MAN-MADE FIBER LUGGAGE IMPORTS FROM THAILAND IS DISRUPTING THE U.S. MARKET.

U.S. PRODUCTION AND MARKET SHARE

U.S. PRODUCTION OF MAN-MADE FIBER FABRIC FOR LUGGAGE REMAINED FLAT AT 21 MILLION POUNDS FROM 1985 THROUGH 1987. DURING THIS TWO YEAR PERIOD THE U.S. PRODUCERS' SHARE OF THE MAN-MADE FIBER LUGGAGE MARKET DROPPED FOUR PERCENTAGE POINTS FROM 27 PERCENT IN 1985 TO 23 PERCENT IN 1987.

U.S. IMPORT AND IMPORT PENETRATION

U.S. IMPORTS OF MAN-MADE FIBER LUGGAGE -- CATEGORY 670 PART -- AT 141 MILLION POUNDS IN 1987 WERE 22 PERCENT ABOVE THE 116 MILLION POUND 1985 LEVEL. THE IMPORT TO DOMESTIC PRODUCTION RATIO REACHED 336 PERCENT IN 1987, UP FROM 273 PERCENT IN 1985.

DUTY-PAID IMPORT VALUES AND U.S. PRODUCERS' PRICE

APPROXIMATELY 97 PERCENT OF CATEGORY 670 PART IMPORTS FROM THAILAND DURING JANUARY-FEBRUARY 1988 ENTERED UNDER TSUSA NO. 706.4135 -- MAN-MADE FIBER LUGGAGE, NOT BRAIDED. THESE IMPORTS FROM THAILAND ENTERED AT LOW DUTY-PAID VALUES, RESULTING IN WHOLESALE PRICES WELL BELOW THOSE OF COMARABLE U.S. PRODUCED LUGGAGE.

TABLE I

CATEGORY 670 PART - LUGGAGE: U.S. PRODUCTION, IMPORTS,  
MARKET, IMPORT/PRODUCTION RATIOS AND  
DOMESTIC MARKET SHARE

PERIOD/PRODUCTION	1/	IMPORTS 2/	MARKET 3/	I/P	DOMESTIC MARKET SHARE
- - 1,000 POUNDS - - -				- PERCENT -	

1985	21,250	57,992	79,242	272.9	25.9
1986	21,081	68,486	89,567	324.9	23.5
1987	21,000	70,506	91,506	335.7	23.0

(IST,)

1/ FABRIC CONSUMED IN THE PRODUCTION OF LUGGAGE.

2/ FABRIC CONTENT ESTIMATED AT 50 PERCENT OF THE TOTAL  
IMPORT WEIGHT.

3/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED  
MANMADE FIBER LUGGAGE.

TABLE II

CATEGORY 670 PART LUGGAGE: U.S. IMPORTS FROM THAILAND  
AND THE WORLD  
- 1,000 POUNDS -

PERIOD	THAILAND	OTHER	WORLD
1985	203	115,780	115,983
1986	1,280	135,592	136,972
187	5,035	135,977	141,012

YEAR-ENDING FEBRUARY

1987	1,614	136,088	137,702
1988	6,083	132,059	139,141

CATEGORY 670 PART: COMPARATIVE PRICES OF  
DOMESTICALLY - PRODUCED AND IMPORTS  
FROM THAILAND

(WHOLESALE PRICES)

TSUSA NO. 706.4135

STYLE	DOMESTICALLY PRODUCED	IMPORTED FROM THAILAND
NYLON DIAPER BAGS	12.00 - 15.00	3.91
SHAVE BAGS	1.50	.75
NYLON ROLL BAGS	6.00 - 10.00	3.30
LONG BACK PACK BAGS	8.00 - 10.00	2.49
5 PIECE NYLON LUGGAGE SET SHULTZ	210.00 - 329.00	71.46

(COMPLIMENTARY OPENING)

THE EMBASSY OF THE UNITED STATES OF AMERICA 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 HAS THE FURTHER HONOR TO REFER TO SECTION 204 OF THE U.S. AGRICULTURAL ACT OF 1956, AS AMENDED.

DURING RECENT MONTHS THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE SHARPLY RISING LEVEL OF EXPORTS OF LUGGAGE OF SILK-BLENDS AND NON-COTTON VEGETABLE FIBER (CATEGORY 870) TO THE UNITED STATES FROM THAILAND. AFTER CAREFUL REVIEW, THE UNITED STATES GOVERNMENT HAS CONCLUDED THAT

IMPORTS IN THIS CATEGORY ARE DISRUPTING THE UNITED STATES' MARKET AND ARE THREATENING TO IMPEDE 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 ENCLOSED AS ANNEX A OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF THE KINGDOM OF THAILAND TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR THAILAND'S EXPORTS TO THE UNITED STATES OF CATEGORY 870, LUGGAGE OF SILK BLENDS AND NON-COTTON VEGETABLE FIBER.

IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, IF OUR TWO REPRESENTATIVES 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 THAILAND AND EXPORTED DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF RECEIPT OF THIS REQUEST. THIS LIMIT WILL NOT BE LESS

THAN THE LEVEL OF UNITED STATES' IMPORTS AS REPORTED IN U.S. GENERAL IMPORT STATISTICS, ENTERED IN THIS CATEGORY FROM THAILAND DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH CONSULTATIONS WERE REQUESTED. BASED ON YEAR-ENDING

FEBRUARY 1988 IMPORT DATA, THIS NUMBER IS 5,917,287 POUNDS.

THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF THE KINGDOM OF THAILAND WITH RESPECT TO THAILAND'S EXPORTS OF CATEGORY 870 TO THE UNITED STATES AND REGARDING A DATE AND PLACE FOR CONSULTATIONS.

(COMPLIMENTARY CLOSE)



ENCLOSURE:  
ANNEX A

MARKET STATEMENT  
CATEGORY 870 -- LUGGAGE OF SILK-BLEND AND  
-- VEGETABLE FIBER OTHER THAN COTTON

THAILAND  
MAY 1988

#### SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF CATEGORY 870 LUGGAGE -- SILK-BLEND AND VEGETABLE FIBER OTHER THAN COTTON -- FROM THAILAND REACHED 5.9 MILLION POUNDS FOR THE YEAR ENDING FEBRUARY 1988, MAKING THAILAND THE NUMBER ONE SUPPLIER ACCOUNTING

FOR 22 PERCENT OF TOTAL CATEGORY 870 IMPORTS. IMPORTS OF CATEGORY 870 FROM THAILAND WERE 4.4 MILLION POUNDS DURING THE SEVEN MONTH PERIOD, AUGUST 1987 THROUGH FEBRUARY 1988, NEARLY SIXTEEN TIMES THE 284 THOUSAND POUNDS IMPORTED DURING THE YEAR EARLIER COMPARABLE PERIOD. 1/ DURING THE LATEST SEVEN MONTHS, AUGUST 1987 THROUGH FEBRUARY 1988, THAILAND'S SHARE OF CATEGORY 870 IMPORTS REACHED 28 PERCENT.

IMPORTS OF SILK-BLEND AND VEGETABLE FIBER, OTHER THAN COTTON, LUGGAGE COMPETE WITH DOMESTICALLY PRODUCED MAN-MADE FIBER LUGGAGE. THE U.S. MARKET FOR MAN-MADE FIBER LUGGAGE, CATEGORY 670 PART, HAS BEEN DISRUPTED BY IMPORTS. THE SHARP AND SUBSTANTIAL INCREASE OF CATEGORY 870 IMPORTS FROM THAILAND IS EXACERBATING THE DISRUPTION.

#### IMPORT PENETRATION AND MARKET SHARE

THE RATIO OF IMPORTS TO PRODUCTION FOR LUGGAGE IN CATEGORY 670 PART, LUGGAGE, INCREASED TO 336 PERCENT IN 1987. THE SHARE OF THIS MARKET HELD BY DOMESTIC MANUFACTURES DROPPED TO 23 PERCENT IN 1987. WHEN IMPORTS OF THE DIRECTLY COMPETITIVE CATEGORY 870 ARE INCLUDED, THE IMPORT TO PRODUCTION RATIO INCREASES TO 397 PERCENT AND THE DOMESTIC MANUFACTURERS' SHARE OF THE MARKET DECLINES TO 20 PERCENT.

1/ IMPORT DATA ON SILK-BLEND AND VEGETABLE FIBER, OTHER THAN COTTON, LUGGAGE STARTED TO BE COLLECTED IN AUGUST 1986. THEREFORE, DIRECTLY COMPARABLE CATEGORY 870 IMPORT DATA EXIST FOR THE SEVEN MONTH PERIODS AUGUST 1986 THROUGH FEBRUARY 1987 AND AUGUST 1987 THROUGH FEBRUARY 1988.

#### DUTY PAID IMPORT VALUES AND U.S. PRODUCER'S PRICES

APPROXIMATELY 99 PERCENT OF CATEGORY 870 IMPORTS FROM THAILAND DURING THE YEAR ENDING FEBRUARY 1988 ENTERED UNDER TSUSA NO. 706.3850 LUGGAGE OF VEGETABLE FIBER EXCLUDING COTTON. THESE IMPORTS FROM THAILAND ENTERED AT LOW DUTY-PAID VALUES, RESULTING IN WHOLESALE PRICES WELL BELOW THOSE OF COMPARABLE U.S. PRODUCED LUGGAGE.

--  
 --                                   TABLE I  
 --   CATEGORY 870: U.S. IMPORTS OF SILK-BLEND AND  
 --   VEGETABLE FIBER, OTHER THAN COTTON, LUGGAGE  
 --                                   FROM THAILAND AND WORLD  
 --                                   (1,000 POUNDS)

PERIOD	THAILAND	OTHER	WORLD
1987	5,227	20,382	25,609
YEAR ENDING FEBRUARY			
1988	5,917	28,838	26,755
AUGUST-FEBRUARY 1/			
1986-1987	284	10,373	10,657
1987-1988	4,422	11,172	15,594
JANUARY-FEBRUARY			
1987	215	2,694	2,909
1988	905	3,151	4,056

1/ IMPORT DATA ON SILK-BLEND AND VEGETABLE FIBER, OTHER THAN COTTON, LUGGAGE STARTED TO BE COLLECTED IN AUGUST 1986. THEREFORE, DIRECTLY COMPARABLE CATEGORY 870

IMPORT DATA EXIST FOR THE SEVEN MONTH PERIODS AUGUST 1986-FEBRUARY 1987 AND AUGUST 1987-FEBRUARY 1988.

TABLE II  
 CATEGORY 670 PART - MAN-MADE FIBER LUGGAGE:  
 U.S. PRODUCTION, IMPORTS, MARKET, IMPORT/PRODUCTION  
 RATIOS AND DOMESTIC MARKET SHARE

PERIOD	PRODUCTION 1/ - - - - 1,000 POUNDS -	IMPORTS 2/ -	MARKET 3/ PERCENT -	I/P PERCENT -	DOMESTIC MARKET SHARE
1985	21,250	57,992	79,242	272.9	26.8
1986	21,081	68,486	89,567	324.9	23.5
1987	21,000 (EST.)	70,506	91,506	335.7	23.0
1987	21,000 (EST.)	83,311 4/	104,311 4/	396.7	20.0

1/ FABRIC CONSUMED IN THE PRODUCTION OF LUGGAGE.

2/ FABRIC CONTENT ESTIMATED AT 50 PERCENT OF THE TOTAL

IMPORT WEIGHT.

3/ MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED  
 MAN-MADE FIBER LUGGAGE.

4/ INCLUDES IMPORTS OF SILK-BLEND AND VEGETABLE FIBER,  
 OTHER THAN COTTON, LUGGAGE IMPORTS.

CATEGORY 870: COMPARATIVE PRICES OF  
 DOMESTICALLY - PRODUCED AND IMPORTS  
 FROM THAILAND

(WHOLESALE PRICES)

USA NO. 706.3850

STYLE	DOMESTICALLY PRODUCED	IMPORTED FROM THAILAND
5 PIECE LUGGAGE SET	210.00 - 329.00	54.02 - 61.31
ROLL BAGS	6.00 - 10.00	5.62 SHULTZ