

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/849\*  
17 June 1983

Textiles Surveillance

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Action taken by the United States towards the Maldives

Note by the Chairman

Attached is a notification<sup>1</sup> received from the United States concerning two unilateral measures taken under the provisions of Article 3:5, in which imports of wool sweaters (categories 445 and 446) from the Maldives are placed under restraint for the periods 29 September 1982 to 28 September 1983 (category 446), and 26 December 1982 to 25 December 1983 (category 445).

<sup>1</sup> The Republic of Maldives addressed a notification on the same subject to the Chairman of the TSB on 11 June (see document TEX.SB/848).

\*English only/Anglais seulement

TS/140-3

TS/140-1 (557)



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UNITED STATES TRADE REPRESENTATIVE

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	Action	Comment	Int.
OPER. DEPT. A.			X
Non-Tar. M. Div.			
Development Div.			
Tech. Coop. Div.			
Inter-Agency Aff.			
Spec. Prog. Div.			
OPER. DEPT. B.			X
Econ. R. / Anal. Unit			
Agriculture Div.			
Textile Div.			
Tech. Bar. T. Div.			
Conf. Coord. Aff. / Admin.			
Adm. / Fin. Div.			
Trans./Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

June 13, 1983

The Honorable  
Ambassador Marcelo Raffaeli  
Chairman, Textiles Surveillance Body  
154, rue de Lausanne  
CH-1211 Geneva.

Dear Ambassador Raffaelli

Pursuant to the recent acceptance by the Republic of the Maldives of the Arrangement Regarding International Trade in Textiles, my Government has instructed me to inform the Textiles Surveillance Body that the United States is currently maintaining unilateral restrictions on imports from the Maldives of wool sweaters (categories 445 and 446).

Consultations to discuss a restraint level for these categories were requested with the Maldives in September 1982 for category 446 and in December for Category 445.

Wool sweaters are an extremely sensitive apparel product in the United States, and imports of these products from the Maldives had risen sharply from zero in 1980 to an annual level of over 15,000 for the two categories combined in 1981. Imports for category 446 had reached 32,748 for the year ending July 1982, thus prompting the initial request for consultations. Imports of category 445 reached 14,752 for the year ending October 1982, thus leading to the second request.

Although the Republic of the Maldives was not a member of the Arrangement at the time consultations were requested or at the time that import restraints were established, the United States informed the Maldives that it intended to comply with the Arrangement, and in particular Article 3 thereof, concerning resolution of the matter.

When the two parties failed to reach agreement in the initial consultations with respect to the two categories in question, the United States established import restraints pending further discussions, at annual levels (equivalent to the rollback levels) of 12,756 dozen for category 445 and 15,210 dozen for category 446. These levels are substantially higher than the restraint levels for these products which the United States has negotiated in Article 4 agreements with several traditional suppliers.

Further consultations were held in Washington on May 31 and June 1. Although it was still not possible for the two parties to reach a mutually agreeable solution during this meeting, the United States remains willing to pursue the matter further at any mutually convenient date. In the meantime the current restraints remain in place.

The pertinent periods and levels are outlined below:

<u>CATEGORY</u>	<u>ROLLBACK LEVELS AND DATES</u>	<u>RESTRAINT LEVELS AND DATES</u>
446 .	15,210 (7/81-6/82)	15,210 (9/29/82-9/28/83)
445	12,756 (10/81-9/82)	12,756 (12/26/82-12/25/83)

Attached hereto are copies of the diplomatic notes requesting consultations with respect to the two wool sweater categories, along with the detailed factual statements supporting the request.

Sincerely,

  
Robert E. Shepherd  
Minister-Counselor

September 23, 1982

U.S. Request for Consultations: Category 446

During recent months, the government of the United States of America has noted the sharply rising level of exports of women's wool sweaters from Republic of the Maldives to the United States. During the first seven months of 1982 the United States imported 20,457 dozen women's sweater from the Maldives, exceeding the levels for the whole year of 1981 by 53 percent.

Women's wool sweaters are an extremely sensitive apparel product in the United States. Pursuant to the GATT arrangement regarding international trade in textiles (hereinafter referred to as "The Arrangement"), the government of the United States of America has negotiated levels of trade for this product with several exporting countries consistent with the goals set out in Article 1 of the arrangement "to achieve the expansion of trade... while at the same time ensuring ...avoidance of disruptive effects as defined in annex A of "The Arrangement." The level of imports from the Maldives has now passed the agreed export limits of several traditional suppliers of this product, and is disrupting the U.S. market in terms of the definition of market disruption as set forth in Annex A of "The Arrangement."

The effect of such imports on the United States market, the recent trends of such imports from the Maldives and a table of import and domestic price data are appended as an Annex, which is to be regarded as an integral part of this note.

Thus, in order to avoid market disruption and to ensure equitable treatment to those countries party to "The Arrangement" which are presently limiting their exports of women's wool sweaters to the United States, the Government of the United States of America hereby requests consultations with the Government of the Republic of Maldives to discuss an appropriate level of restraint for Maldivian exports of women's wool sweaters to the United States. The United States will shortly provide specific proposals for the time and venue of the consultations.

Although the Government of the Republic of Maldives is not a signatory to "The Arrangement", the Government of The United States of America intends to comply with "The Arrangement" concerning resolution of the matter. Accordingly, the Government of the United States looks forward to reaching a mutually satisfactory solution to this matter within sixty days, or as soon thereafter as it is possible to hold consultations. However, the Government of the United States of America reserves the right to restrain imports of women's wool sweaters produced in the Maldives and exported during the twelve-month period beginning the date of your receipt of this request, to a level not less than the level of United States' imports of wool sweaters from the Maldives during July 1981 through June 1982, I.E. 15,210 dozen.

MARKET STATEMENT -CATEGORY 446 - WOMEN'S GIRLS AND INFANTS' WOOL SWEATERS.

Imports of category 446 from the Maldives totaled 32,748 dozen for the year ending July 1982. Between January-July 1982 imports were 20,457 dozen compared with only 1, 099 for the same period in 1981 when the first imports occurred. This was a sharp and substantial increase of imports in a sector already severely impacted by imports. These imports from the Maldives are imported at Duty-Paid values near or below those of other suppliers and well below the U.S. producer prices for similar and comparable garments. These and other factors lead the United States Government to conclude that imports from the Maldives are disrupting the domestic market for such garments and constitute a threat for further market distribution in the United States, as provided for in Article 3 of the Arrangement Regarding International Trade in textiles. The rapid escalation of low priced imports from the Maldives, if continued, provides a real threat for continued and more substantial market disruption.

Category 446 includes all women's girls' and infants' sweaters of wool or animal hair. Domestic production of wool sweaters declined by 50 percent from 1972 to 1981, imports increased by 66 percent and the ratio of imports to production increased 233 percent. The domestic market for women's girls' and infants' wool sweaters has been and is severely impacted by imports. The Maldives is an important supplier of these wool sweaters, ranking seventh largest with 2.43 percent of total category 446 imports.

Production of women's girls' and infants sweaters trended downward from 910 thousand dozens in 1972 to 445 thousand in 1981, a 50 percent decline.

Imports of women's girls' and infants' sweaters trended upward from 1.0 million dozen in 1972 to 1.7 million ind 1981, an increase of 66 percent.

Category 446 imports from the Maldives began in 1981 when 13,390 dozen were imported. Imports for the first seven months of 1982 were 20,457 dozen, exceeding the level for the whole year of 1981 by 53 percent.

The ratio of imports to production for category 446 increased from 110.5 percent in 1972 to 367.5 percent in 1981. All of the imports from Maldives in category 446 during the January July 1982 period were entered under TSUA No. 383.6371 -- Women's wool sweaters valued over 5.00 dollars per pound.

The duty-paid values of such sweaters from Maldives are near or below those of other major suppliers and well below the U.S. producer price.

WOMEN'S WOOL SWEATERS DUTY-PAID VALUES AND DOMESTIC PRICES  
- U.S. DOLLARS PER DOZEN.

TSUSA NO. AND SOURCE	VALUE/PRICE
383.6371	
MALDIVES	75.64
CHINA	69.38
KOREA	76.17
HONG KONG	113.09
TAIWAN	105.67
U.S. PRODUCER PRICE	120.00

U.S. PRODUCTION IMPORTS AND IMPORT/PRODUCTION RATIOS  
SWEATERS, WOMEN'S, GIRLS' AND INFANTS, WOOL CATEGORY 446  
(1,00 DOZEN)

YEAR	PRODUCTION	IMPORTS	I/P RATIO
1972	910	1,006	110.5
1973	554	869	156.7
1974	451	630	139.7
1975	375	703	187.5
1976	358	1,397	390.5
1977	452	1,928	426.5
1978	608	1,222	201.0
1979	526	1,129	214.6
1980	469	2,048	436.7
1981 est.	455	1,672	367.5

December 26, 1982

U.S. Request for Consultations: Category 445

During recent months, the Government of the United States of America has noted the sharply rising level of exports of men's wool sweaters from Republic of the Maldives to the United States. During the month of September 1982 the United States imported 12,631 dozen men's wool sweaters from the Maldives, exceeding the level for the whole of 1981 by 700 percent.

Men's wool sweaters are an extremely sensitive apparel product in the United States. Pursuant to the GATT arrangement regarding international trade in Textiles (hereinafter referred to as "The Arrangement") the Government of the United States of America has negotiated levels of trade for this product with several exporting countries consistent with the goals set out in Article 1 of the arrangement "To achieve the expansion of trade... while at the same time ensuring ... avoidance of disruptive effects", as defined in Annex A of the Arrangement. Under that arrangement, the U.S. has agreed that exports from member countries will not be restrained more severely than similar exports from non-member countries (i.e., in this case the Maldives). The U.S. has also agreed to take action consistent with its laws to prevent frustration of the operation of the arrangement by non-parties.

The levels of imports from the Maldives has now passed the agreed export limits of several traditional suppliers of this product, and is disrupting the U.S. Market as set forth in Annex A of -"The Arrangement." The effects of such imports on the United States market, the recent trends of such imports from the Maldives and a table of import and domestic price data are appended as an Annex, which is to be regarded as an integral part of this note.

Thus, in order to avoid market disruption and to ensure equitable treatment to those countries party to "the Arrangement" which are presently limiting their exports of men's wool sweaters to the United States, the Government of the United States of America hereby requests consultations with the Government of the Republic of Maldives to discuss an appropriate level of restraint for Maldivian exports of men's wool sweaters to the United States.



Although the Government of the Republic of Maldives is not a signatory to "the Arrangement", and thus is not required to be given the benefits of its specific procedural and substantive safeguards, the Government of the United States of America intends nonetheless to comply with "the Arrangement", and in particular Article 3 thereof, concerning resolution of the matter. Accordingly, the Government of the United States of America looks forward to reaching a mutually satisfactory solution to this matter within sixty days, or as soon as it is possible to hold consultations. However, the Government of the United States of America reserves the right to restrain imports of men's wool sweaters produced in the Maldives and exported during the Twelve-month period beginning the date of your receipt of this request, to a level not less than the level of United States' imports of men's wool sweaters from the Maldives during October 1981 through September 1982, i.e. 12,756 dozen.

MARKET STATEMENT CATEGORY 445 -- Men's and Boys' Wool  
Sweaters  
Republic of Maldives, November 1982.

Imports of category 445 from the Maldives first occurred in November 1981. During the twelve month period, November 1981 through October 1982, imports from the Maldives increased from zero to 14,752 dozen. This is a sharp and substantial increase of imports in a sector already severely affected by imports. These imports from the Maldives are imported at duty-paid values near or below those of other major suppliers and well below the U.S. producer prices for similar and comparable garments. These and other factors lead the United States government to conclude that imports from the Maldives are disrupting the domestic market for such garments and constitute a threat for further market disruption in the United States, as provided for in Article 3 of the Arrangement Regarding International Trade in Textiles. The rapid escalation of low-priced imports from the Maldives, if continued, provides a real threat for continued and more substantial market disruption.

Category 445 includes all men's and boys' sweaters of wool or animal hair. Domestic production of wool sweaters declined by 30 percent from 1972 to 1981, imports increased by 66 percent, and the ratio of imports to production increased 138 percent. The domestic market for men's and boys' wool sweaters has been and is severely affected by imports. Maldives is an important supplier of these wool sweaters, accounting for 1.5 percent of total category 445 imports.

Production of men's and boys' wool sweaters trended downward from 1,242 thousand dozens in 1972 to 870 thousand in 1981, a 30 percent decline. Imports of men's and boys' wool sweaters trended upward from 388 thousand dozen in 1972 to 645 thousand dozen in 1981, an increase of 66 percent. Imports reached 1,006 thousand dozen for the year ending October 1982, up 62 percent from a year earlier. Imports during January-October 1982, at 935 thousand dozen, increased 63 percent over the 574 thousand dozen level of a year earlier.

Category 445 imports from the Maldives began in November 1981 and reached 14,752 dozen for the twelve month period ending October 1982. In just twelve months the Maldives has become an increasingly important supplier of men's and boys' wool sweaters, having risen from zero to 1.5 percent in the space of a year.

The ratio of imports to production for category 445 increased from 31.2 percent in 1972 to 74.1 percent in 1981.

During January-September 1982, approximately 67 percent of category 445 imports from the Maldives were entered under TSUA NO. 379.7630 -- men's wool sweaters. The Maldives is a low-cost supplier of these sweaters with duty-paid import values near or below those of other low cost major suppliers and well below the prices of U.S. producers of similar and comparable garments.

U.S. PRODUCTION, IMPORTS AND IMPORT/PRODUCTION RATIOS  
SWEATERS, MEN'S AND BOYS', WOOL  
CATEGORY 445  
(1,000 DOZEN)

<u>YEAR</u>	<u>PRODUCTION</u>	<u>IMPORTS</u>	<u>IP RATIO</u>
1972	1,242	388	31.2
1973	1,267	417	32.9
1974	1,122	374	33.3
1975	746	286	38.3
1976	580	421	72.6
1977	830	575	69.3
1978	743	686	92.3
1979	858	532	62.0
1980	845	506	59.9
1981 est	870	645	74.1

Men's wool sweater: Duty-paid values and domestic prices  
(U.S. Dollars per Dozen)

<u>TSUSA No and source</u>	<u>Value/Price</u>
Hong Kong	143.69
China	94.18
Taiwan	121.24
Macao	111.60
Sri Lanka	79.80
Maldives	83.69
U.S. Producer Price	210.00