

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/870*
14 September 1983

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notifications by the Republic of the Maldives and the United States under Article 3:8

Note by the Chairman

Notifications pursuant to Article 3:8 of the Arrangement have been received from the Republic of Maldives and the United States, concerning a proposal by the United States, which has not been accepted by the Maldives, to extend the unilateral restraint on wool sweaters for an additional twelve-month period.

The Maldives has notified the following proposal by the United States, and request by the Maldives to the TSB:

United States' proposal

"The United States Government suggest the unilateral limit be extended for an additional twelve-month period pending final resolution. We propose an extension from 29 September, 1983 to 28 September, 1984, at a level of 36,040 dozen, which is the current unilateral limit plus 6 per cent growth."

Maldives' request

"We understand this to be a proposal from the United States under Article 3, paragraph 8 of the MFA to extend the unilateral on categories 445/446 for an additional year. We note that such an extension under the provisions of Article 3, paragraph 8 requires the approval of the Republic of Maldives and a recommendation by the TSB. The Republic of Maldives had notified the United States that it will not give its approval to such an extension. We hereby request that this matter be placed before the TSB at its next meeting pursuant to Article 3, paragraph 8 and request that the United States' proposal for an extension not be recommended by the TSB."

The United States' notification is as follows:

"Pursuant to the provisions of Article 3, paragraph 8, of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform the Textiles Surveillance Body that:

* English only/anglais seulement

(A) The Government of the United States on 26 August, 1983 proposed to the Government of the Republic of the Maldives that the unilateral restraint currently in effect with respect to the import of wool sweaters be extended for an additional twelve-month period (i.e. 29 September, 1983 to 28 September, 1984) with six per cent growth;

(B) The Government of the Republic of the Maldives replied that it could not accept the United States' proposal;

(C) Since the Maldives are not able to concur in the United States' proposal, the United States will not extend the current restraint. The proposal for an extension was made in accordance with the provisions of Article 3, paragraph 8. The timing was occasioned by the need to provide prior public notice of any such extension in the United States Federal Register.

The United States remains committed to seeking a mutually agreeable solution to the problem posed by wool sweater imports from the Maldives, and the Maldives have indicated their desire to do likewise. Therefore, the United States will continue to seek an Article 4 agreement in the context of the negotiations which are currently under way between the two governments."

Complete texts of the two notifications in question are attached hereto.

TS/140-3

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RECEIVED	DOC. ISSUED	FOLIO
SEP - 6 SEP 1983		
For	Action	Comment
Cabinet of DG		
Ext. Rel/Info. Div.		
OFFICE LEGAL AFF.		
Sess. / Council Aff. Div.		
CHAIRMAN TSB	/X	

to: his excellency ambassador marcello raffaelli
chairman, textiles surveillance body
154 rue, de lausanne
ch-1211 geneva, switzerland

For	Action	Comment
OPER. DEPT. A.		/X
Non-Tar. M. Div.		
Development Div.		
Tech. Coop. Div.		
Inter-Agency Aff.		
Spec. Proj. Div.		
OPER DEPT. B.		
Econ. R / Anal. Unit		
Agriculture Div.		
Tariff Div.		
Tech. Bar. T. Div.		
SEPT. BUREAU AFF/ADM		
Adm. / Fin. Div.		
Trans./Sec. Div.		
Training Div.		
Personnel Off.		

dear mr. chairman:

this is to report on the latest developments concerning the unilateral restraints imposed by the united states on wool sweater shipments from the republic of maldives.

subsequent to the last tsb meeting, the republic of maldives, at the insistence on the united states of america, made two proposals. the first was on a three-year wool only limit of 172,000 dozen, of which not more than 59,000 dozen could be shipped in any one year. the second was for a two-year agreement on all sweaters, a cluster approach, starting at 60,000 dozen with three percent growth in the second year. there would be seven percent carryforward permitted in the first year and eleven percent carryover in the second year.

we were very reluctant to accept the cluster approach. as you know we do not at this time produce sweaters other than of wool. we insisted that any negotiations on cluster include language that would

preserve our rights for future limits and that any agreement be for two years only.

in mid august the united states responded to our cluster proposal with a proposal for three years starting at 51,000 dozen with three percent annual growth, 11 percent carryover, and six percent carryforward. they had no proposal on language preserving our position on future limits. nor did they have a response on wool only sweater limit.

we indicated to the united states that we need a full and complete response to our proposal. we are still waiting.

on august 22/8/83, the united states proposed an extension of the unilateral limit because "it does not appear likely that the wool sweater issue will be resolved prior to the expiration of the current unilateral limit."

the u.s. proposal and our reply is quoted below.

quote:

to. ministry of foreign affairs
male', republic of maldives

pursuant to our telephone conversation today, as it does not appear likely that the wool sweater issue will be resolved prior to the expiration of the current unilateral limit on september 28, 1983, the u.s. government suggests the unilateral limit be extended for an additional twelve month period pending final resolution. we propose an extension from september 29, 1983 to september 28, 1984, at a level of 36,040 dozen, which is the current unilateral limit plus 6 percent growth.

as i mentioned to you today, we need to give the public 30 days advance notice of an extension of the unilateral limit through publication in the federal register. therefore, i would welcome your reply by return telex, if possible. should we still have difficulties communicating by telex, i will try to phone you on wednesday or thursday.

unquote:

quote:

re your proposal on the sweater cluster concept, my government wishes to make the following comments.

the republic of maldives had indicated reluctance to consider the cluster scenario proposed by the united states for the reasons out-lined to the representatives in geneva. inspite of the constraints, the maldives delegation responded to the cluster scenario on the promise and understanding that both options are open for negotiation.

hence, my government regret their inability to respond effectively to the cluster concept, and would urge the united states government to make a counter offer on the wool sweater limit.

in order that the negotiation process could proceed, effectively, it is hoped that united states government would make a proposal on the wool sweater limit proposed by the republic of maldives.

unquote:

we understand this to be a proposal from the united states under article 3, paragraph 8 of the mfa to extend the unilateral on categories 445/446 for an additional year. we note that such an extension under the provisions of article 3, paragraph 8 requires the approval of the republic of maldives and a recommendation by the tsb. the republic of maldives had notified the united states that it will not give its approval to such an extension. we hereby request that this matter be placed before the tsb at its next meeting pursuant to article 3, paragraph 8 and request that the u.s. proposal for an extension not be recommended by the tsb.

best regards
i.h.zaki
under secretary
ministry of foreign affairs
republic of maldives

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UNITED STATES TRADE REPRESENTATIVE

-1-3 AVENUE DE LA PAIX

1202 GENEVA, SWITZERLAND

Telephone: 32 09 70

September 13, 1983

Dear Mr. Chairman:

- (A) The Government of the United States on August 26, 1983 proposed to the Government of the Republic of the Maldives that the unilateral restraint currently in effect with respect to the import of wool sweaters be extended for an additional 12 month period (i.e., September 29, 1983 to September 28, 1984) with six percent growth;

- (E) The Government of the Republic of the Maldives replied that it could not accept the U.S. proposal;

- (C) Since the Maldives are not able to concur in the U.S. proposal, the United States will not extend the current restraint.

The proposal for an extension was made in accordance with the provisions of Article 3, paragraph 8. The timing was occasioned by the need to provide prior public notice of any such extension in the U.S. Federal Register.

The United States remains committed to seeking a mutually agreeable solution to the problem posed by wool sweater imports from the Maldives, and the Maldives have indicated their desire to do likewise. Therefore, The United States will continue to seek an Article 4 agreement in the context of the negotiations which are currently under way between the two governments.

Sincerely,

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

Robert E. Shepherd
Minister-Counselor