

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/939^{*}
14 March 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Statement by Romania under Article 11:4

Note by the Chairman

Attached is a copy of the statement made by the Romanian delegation during the TSB's review under Article 11:4 of the question relating to product coverage in the agreement between Romania and the United States.

The statement is being circulated to members and alternates at the request of the Romanian Mission.

* English only/Anglais seulement/Inglés solamente



MISSION PERMANENTE
DE LA
RÉPUBLIQUE SOCIALISTE DE ROUMANIE
GENÈVE

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TEX. 58/939		
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CHAIRMAN TSB	X	

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Geneva, March 9, 1984

For	Acting	Comment
OPER. DEPT. A		
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Development Div.		
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Dear Mr. Raffaelli,

Following our discussion, I have the pleasure to send you enclosed the Statement of the Romanian Delegation delivered at the TSB meeting on February 23, 1984, which was mentioned in paragraph 14 of the document TEX. SB/W/344 of February 28, 1984.

I would be much obliged if you could dispose its circulation as a TSB document.

Please accept, Dear Mr. Raffaelli, the assurance of my highest consideration.

Yours faithfully,

Liviu PAUNESCU

Resident Representative
of Romania to the GATT

Mr. Marcelo RAFFAELLI
Chairman,
Textiles Surveillance Body
G A T T - Geneva

T S B - 23 February, 1984

STATEMENT OF THE ROMANIAN DELEGATION

1. PRODUCT DESCRIPTION

Ladies' suits made of linen and polyester blended fabrics (Genua quality fabric) are one of the textile items exported by Romania to United States of America during the period 1981-1983; The item is in chief-value linen. This was recognized from the beginning by the US authorities and confirmed in a letter addressed by US Department of State to the Romanian Embassy in Washington at 4-th of August 1983, too. By weight, the product was fifty per cent linen and fifty per cent polyester. Romanian delegation would like to point out, in this context, that during all this period, 1981-1983 no change was made in the fibre composition of the suits in question. Throughout, the entire period, the coats of the suits had lining and the weight of lining was included in the fifty per cent share of polyester fibre in the total weight of the product.

2. BILATERAL AGREEMENT PROVISIONS

Romania and the United States of America concluded two bilateral agreements based on MFA provisions: one relating to trade in wool and man-made fibre textiles and the other one concerning trade in cotton textile. I would like to refer myself to some of the main features of the first one, i.e. the agreement relating to trade in wool and man-made fibre textiles which, in the opinion of my delegation, are crucial in considering the case raised today by Romania. More particularly, I would like to mention the provisions concerning the product coverage contained in article 12:

- the paragraph a) of article 12 has, more or less, the same content as Geneva MFA, article 12:1 and I shall not insist on it;

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- the paragraph b) comes to specify more clear the object of the agreement saying that " textile products are subject to the Agreement if wholly or in chief value of man-made fibre or wool". Further on, the sub-paragraphs 1,2 and 3 of paragraph 12:b) are strictly referring to cotton, wool and man-made components.

I also like to mention that in article 13 it is stipulated that "the Government of the United States of America and the Government of the Socialist Republic of Romania agree to consult on any question arising in the implementation of the Agreement. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time on problems which have been the subject of consultations" they "may refer such problems to the TSB in accordance with article 11 of the Arrangement."

Further more, in article 14 the two parties agreed that "mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation."

(Before continuing with my presentation I would like to underline one point: we can admit that the bilateral agreement it is not clear enough in paragraph 12, but this is in our opinion one more reason pleading in favour of consulting procedure provided for by the Agreement).

3. MAIN LINES OF PRESENT CASE

During the period 1981-1983 my country exported on US market women's suits made of linen and polyester blended fabric, product described in details in the first part of my intervention. The product was not exported on US market before 1981. US authorities considered that the product was not subject to bilateral agreement and consequently all suits exported by Romania in the first two years 1981-1982, were correctly classified by US customs service as chief value linen products, free of quota limitation.

However, with effect from 1 January 1983, the US authorities unilaterally re-classified the imports of this product as polyester chief weight product, falling within category 643/644 and thus subject to restraint limits.

Neither the Romanian authorities, nor the exporter were consulted or informed about the intention of the US authorities to change the classification of the product in question. Later on, more precisely in July 1983, the Romanian exporters realized the modification made by US authorities because the women's suits exported in 1983 were charged to category 643/644 under restriction. In this way a period of bilateral discussion and exchange of letters of this subject started between the two parties. Finally, on the first November 1983, the Embassy of Romania in Washington addressed a Note-Verbale to the US Department of State indicating the intention of the Romanian Government to refer the problem to the TSB, in the absence of a mutually satisfactory solution.

4. DISRUPTIVE EFFECTS

The unilateral change applied by the US authorities in the classification of women's suits imported in 1983 and their charging to the category 643/644 under restriction have caused difficulties to the Romanian exports and have had disruptive effects on Romania's textile production, contrary to the provisions of Article 1:2 of Geneva Multifibre Arrangement. The change of classification introduced unilaterally by the US authorities, without consulting the Romanian authorities,

a) has placed under temporary embargo an important quantity of Romanian suits;

b) has obliged the Romanian manufacturers to stop production for orders previously confirmed.

The damages caused to the Romanian textile industry were the following:

i) The Bucharest factory for garments, the biggest factory in the country, was obliged to stop produc-

tion - in the ladies' product section - for about 20.000 days/worker. This situation directly caused production gap and partial unemployment;

- ii) A stock of about 300.000 sq.m. of fabrics was registered to the producing factory of fabrics CARPATEX in Braşov. Important stocks of accessories were also registered: about 1 mil. pcs. of buttons and 100.000 pcs. zippers, for exemple;
- iii) Important quantities of goods were denied for entry by the US customs service and the American importers were obliged to send them back, all transport charges being on the account of the Romanian exporter:
 - PEABODY HOUSE Inc.N.Y. 15.000 suits
 - WEINTRAUB Inc. 13.000 suits
 - CARAVELLE pour hommes 2.380 suits
 - CHIEF Apparel Inc. 1.200 suits
- iv) A quantity of 10.000 suits were left in warehouse in another factory for garments located in the central part of the country, in a small city named Odorhei.
- v) More dangerous for the Romanian export interests was the fact that a total lack of confidence had been created on US market to the importers mentioned above, as well as to other importing companies. For exemple, the importing company PEABODY HOUSE Inc.N.Y. has given up in 1984 the business with CONFEX, the Romanian exporter. To give you an idea about the size of this damage, I can mention that with this US company Romania used to do business in women's garments for about 14 mill. US doll.yearly.

5. CLAIMS

The Romanian authorities request the recognition of their right to export free of any limitation on the US market women's suits of linen and polyester blended fabric having as chief value linen in conformity with the relevant provisions of the existing bilateral agreement between Romania and USA. For this purpose

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the unilateral re-classification of the product has to be rectified.

At the same time to compensate the damage caused in 1983 the quota for polyester suits (category 643/644) must be supplemented in 1984 with the quantity that was unilaterally deducted in the previous year.