

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

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6 April 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3

Communication from Turkey

Note by the Chairman

Attached is a communication received from Turkey concerning the measures taken by the United States with respect to imports of men's and boys' cotton knit shirts (Category 338) from Turkey.

*English only/Anglais seulement/Inglés solamente

Letter from the Turkish Permanent Mission to the Chairman, TSB

Geneva, 3 April 1984

Mr. Chairman,

I have the honour to communicate to you hereunder the point of view of the Turkish Government in regard to the unilateral restraints which the United States of America has adopted in respect of Turkish exports of cotton T-shirts for men and boys (Category 338 of the United States nomenclature).

By a communication dated 29 December 1983, the United States of America had invited the Turkish authorities to enter into consultations with a view to limiting exports under that category to the United States. The consultations which took place at Ankara on 27 and 28 February 1984 did not yield the result hoped for, mainly because of the very wide gap between the proposals presented by the two parties.

The United States delegation, citing an increase in the number of T-shirts exported by Turkey to its country from 305 dozen in 1982 to 264,000 dozen in 1983, had offered a basic quota of 316,000 dozen in the event that Turkey was willing to conclude a consultation agreement. That agreement would have subjected Turkish exports in 106 categories covering the entire Turkish textile sector to a system of verification and restraint. The ceiling was to be lowered to 282,000 dozen in the event that the United States proposal was not accepted by Turkey.

The Turkish delegation rejected that proposal, finding it inconsistent with its Government's trade policy and with the export régime put into effect in co-operation with the IMF. It suggested, on the other hand, that the consultations should cover only the T-shirt category, as requested in the initial communication from the United States. Although Turkey considered any restriction on exports of products in that category as being contrary to the various provisions of the Multifibre Arrangement and its Protocol of Extension, it nevertheless offered a level of 1,200,000 dozen with a view to arriving at an agreement that would allow its exports to the United States to progress regularly. The Turkish position was established taking into account the following considerations:

(a) Turkey's present textile exports make up only 0.19 per cent of total United States imports of these products. Their value is US\$7 million, of which US\$1.8 million for the category under reference. The smallness of this quantity shows very clearly that Turkish exports cannot constitute the least source of disruption of the United States market in terms of Annex A of the Multifibre Arrangement.

(b) Furthermore, that Arrangement and its Protocol of Extension contain various provisions in favour of cotton-producing states, those which are in the process of development and those which are new entrants to the market concerned. In the view of the Turkish Government, the United States proposal to hold consultations with Turkey did not take those provisions into consideration because they all apply to my country. Turkey is the sixth

largest world producer of cotton. Its textile exports are almost entirely based on cotton. This sector is of great significance in the Turkish economy, since it employs 10.1 per cent of all workers in manufacturing industry in Turkey. It also constitutes one of the principal outlets for female workers. The textiles sector represents a major and even indispensable source of foreign exchange earnings, since 26 per cent of Turkey's total exports and 48 per cent of its exports of manufactures came from this sector in 1983.

(c) Lastly, the trade balance between Turkey and United States shows a clear surplus in favour of the latter country. As may be seen from the table annexed hereto, the deficit for Turkey totalled US\$440 million for the first eleven months of 1983. This deficit has been rising steadily in recent years, and in the view of the Turkish authorities only the textiles sector has any potential for reducing it. Indeed, the same table shows clearly that Turkish exports to the United States reached a ceiling in 1981 and have been declining steadily since.

(d) Furthermore, Turkey is beset by chronic difficulties in the area of external payments, because of considerable deficits in its trade balance. As may be seen from the attached table, the deficit for the first eleven months of 1983 was in excess of US\$3 billion. The development programme currently being implemented in Turkey provides for a substantial increase in the country's trade. Its implementation will be jeopardized, however, if Turkey's exports cannot increase in parallel with its imports.

Nevertheless, the United States preferred not to take account of the above-mentioned considerations and rejected the Turkish proposal. After the consultations failed and were suspended, the two parties agreed to resume them at a later date. Meanwhile, however, the United States has imposed a unilateral restraint limiting to 264,020 dozen the quantity of products in the category concerned which Turkey can export to that country in the period 29 December 1983 to 28 December 1984. On the basis of the aforementioned provisions of the Multifibre Arrangement and its Protocol of Extension, the Turkish Government hereby requests the Textiles Surveillance Body to declare this restraint inconsistent with the Arrangement.

Ilter Türkmen
Ambassador
Permanent Representative

EVOLUTION OF BALANCE OF TRADE BETWEEN TURKEY-USA
(DOLLARS U.S.A.)

	<u>IMPORTS</u>	<u>EXPORTS</u>	<u>BALANCE</u>
1961	139.472.862	65.204.505	-74.268.357
1962	180.417.514	74.896.555	-105.520.959
1963	210.689.157	49.783.220	-160.905.937
1964	154.606.032	72.987.246	- 81.618.786
1965	160.638.371	82.329.440	-78.308.931
1966	172.597.826	80.239.544	-92.358.282
1967	122.731.919	92.932.255	-29.799.664
1968	120.617.613	72.533.145	-48.084.468
1969	154.525.452	59.884.702	-94.640.750
1970	206.044.540	56.234.074	-149.810.466
1971	171.974.615	68.846.440	-103.128.175
1972	191.823.403	103.505.902	-88.317.501
1973	185.442.297	130.809.608	-54.632.689
1974	350.358.648	144.195.749	-206.162.899
1975	425.749.540	147.118.888	-278.630.652
1976	437.880.240	191.409.526	- 246.470.714
1977	502.779.750	121.821.865	- 380.957.885
1978	280.792.957	153.150.014	-127.642.943
1979	377.705.354	104.499.010	- 273.206.344
1980	442.378.315	127.389.751	- 314.988.564
1981	589.357.207	267.931.464	- 321.425.743
1982	813.524.583	251.597.878	- 561.926.705
1983 /a/	616.522.673	175.994.224	- 440.528.449

/a/ January-November

EVOLUTION OF TURKISH BALANCE OF TRADE

	<u>IMPORTS</u>	<u>EXPORTS</u>	<u>BALANCE</u>
1961	507.204.542	346.739.856	-160.464.686
1962	619.447.071	381.197.452	-238.249.619
1963	687.616.228	368.086.824	-319.525.404
1964	537.396.757	410.771.316	-126.625.441
1965	571.952.867	463.738.093	-108.214.774
1966	718.269.231	490.507.794	-227.761.437
1967	684.668.960	522.334.147	-162.334.813
1968	763.663.217	496.419.037	-267.244.180
1969	801.235.398	536.833.645	-264.401.753
1970	947.605.027	588.476.202	-359.128.825
1971	1.170.841.343	676.601.578	-494.239.765
1972	1.562.553.971	884.968.749	-677.585.222
1973	2.086.214.737	1.317.082.917	-769.131.820
1974	3.777.558.987	1.532.181.582	- 2.245.377.405
1975	4.738.558.186	1.401.075.096	- 3.337.483.090
1976	5.128.646.897	1.960.214.301	- 3.168.432.596
1977	5.796.277.925	1.753.026.046	- 4.043.251.879
1978	4.599.024.605	2.288.162.686	- 2.310.861.919
1979	5.069.431.610	2.261.195.313	- 2.808.236.297

	<u>IMPORTS</u>	<u>EXPORTS</u>	<u>BALANCE</u>
1980	7.909.364.105	2.910.121.619	-4.999.242.486
1981	8.933.373.864	4.702.934.406	-4.230.439.458
1982	8.734.414.976	5.745.973.041	-2.988.441.935
1983 /a/	8.144.916.745	5.053.793.234	-3.091.122.511

/a/ January-November