GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL TEX.SB/960* 24 April 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Action taken by the United States towards Korea

Note by the Chairman

Attached is a notification received from the United States concerning a unilateral measure taken under the provisions of Article 3:5, in which imports of man-made fibre luggage (Category 670 part) from Korea has been placed under restraint for the period 9 January 1984 to 8 January 1985. Attached also is a copy of the notification made under Article 3:3.

^{*}English only/Anglais seulement/Inglés solamente





UNITED STATES TRADE REPRESENTATIVE For

1-3 AVENUE DE LA PAIX 1202 GENEVA, SWITZERLAND

Telephone: 32 09 70

OPER DEPT A
Non-Tar M Div.
Development Div.
Tech Coop. Div.
Trade Pol. Div.
Spec. Proj. Civ.
198 CPER. DEPT. 8
Econ. R/Anal. Unit

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
154 rue de Lausanne
CH-1211 Geneva 21

Dear Mr. Chairman:

529

April 5,

Tariff Div.
Tech. Bar. T. Div.
Ext. Rel. Div.
DEPT.COMF.AFF/AUM
Adm. / Fin. Div.
Trans. / Doc. Div.
Training Div.
Personnel Off.
Conference Off.

Agriculture Div.

With reference to my letter of January 9, 1984, I am instructed by my government to inform the Textiles Surveillance Body that On March 26, 1984 the United States, pursuant to Article 3.5(i) of the Arrangement, established a restraint of 18,435,270 lbs. for man-made fiber luggage in Category 670 (670 part) for the 12-month period beginning on January 9, 1984 and extending through January 8, 1985.

Consultations concerning exports of these products from Korea to the United States which had been requested on January 9, 1984 took place in Washington in early February. Since it was not possible for the two governments to reach a mutually acceptable agreement with respect to a restraint level for this category at that time, the United States took the action cited above. This action was taken without prejudice to the outcome of further consultations on this matter, which the United States is prepared to resume at any mutually convenient time.

Sincerely,

REG - 6 APR 1934

For Action Comment Inf.
Cabinet of DG
Info. Service
OFFICE LEGAL AFF.
Sess. / Council Arf. Div.
CHAIRMAN TSB

Robert E. Shepherd Minister-Counselor T5/140-5





UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX 1202 GENEVA, SWITZERLAND

> Telephone: 320970 January 9, 1984

The Honorable Marcelo Rafaelli Ambassador Chairman, Textiles Surveillance Body General Agreement on Tariff and Trade Rue de Lausanne 154 1211 Geneva 21

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Dear Mr. Chairman:

Pursuant to the provisions of paragraph 3 of Article 3 of the Arrangement Regarding International Trade in Textiles, I am instructed to inform you that on January 9, 1984 my Government requested consultations with the Government of Korea regarding exports from Korea to the United States of manmade fiber luggage (category 670 - part). The products included in category 670 are not covered by the current U.S.-Korean bilateral agreement.

A copy of the U.S. note, which includes the detailed factual statement called for in paragraph 3 of Article 3 is attached.

Sincerely,

Robert E. Shepherd

Attachment: (as stated)

For the Claimais information 1.9.

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U.S. HOTE

I HAVE THE HONOR TO REFER TO THE ARRANGEMENT ARDING INTERNATIONAL TRADE IN TEXTILES. WITH ANNEXES E AT GENEVA ON DECEMBER 20. 1973, AND EXTENDED BY TOCOL ADOPTED ON DECEMBER 23-1981 AT GENEVA (HEREIN-ER REFERRED TO AS THE ARRANGEMENT).

MY GOVERNMENT HAS NOTED A SHARP INCREASE IN IMPORTS MI GOVERNMENT HAS NOTED A SHARP INCREASE IN IMPORTS
MAN-MADE FIBER LUGGAGE, (TARIFF SCHEDULE OF THE UNITED
TES, NUMBERS (TSUSA) 706.4144 AND 776.4152 JITFIN
EGORY 670), FROM KOREA. THESE PRODUCTS WERE PREVIOUSLY
TED UNDER TSUSA NUMBER 706.4150 BEFORE JANUARY 1, 1964. ER CAREFUL KEVIEW, MY COVERNMENT HAS CONCLUDED THAT SE IMPORTS FROM KOREA IN CATEGORY 670 ARE CAUSING KET DISRUPTION IN THE UNITED STATES AND ARE THREATENING MET DISHUPTION IN THE UNITED STATES AND ARE THREATENING IMPEDE THE DRUZPLY DEVELOPMENT OF TRADE AS CONTEMPLATED. ER ARTICLE 3 OF THE ARRANGEMENT. A DETAILED FACTUAL TEMENT OF THE BEASON AND JUSTIFICATION FOR THIS CONTEMPLATED AS SIGN, WITH CURRENT SUPPORTING DATA, IS APPEALED AS SIGN, WITH CURRENT SUPPORTING DATA, IS APPEALED AS SIGN, WITH CURRENT SUPPORTING DATA, IS APPEALED AS

THIS NOTE. ACCORDINGLY. THE LOVERNMENT OF THE UNITED STATES HEREBY BEQUESTS CONSULTATIONS WITH THE COVERNMENT OF THE REPUBLIC OF KOREA TO DISCUSS APPROPRIATE LEVELS OF RESTRAINT FOR REPUBLIC OF KOREAN EXPORTS OF CATEGORY 570 TO THE UNITED STATES.

-- IN ACCORDANCE WITH ARTICLE 3 OF THE ARRANGEMENT, TO WHICH BOTH THE GOVERNMENT OF THE REPUBLIC OF KOREA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA ARE PARTIES, IF OUR TWO GOVERNMENTS ARE UNABLE TO AGREE ON A MUTUALLY SATISFACTORY SOLUTION TO THIS MATTER JITHIN SIXTY DAYS, THE GOVERNMENT OF THE UNITED STATES RESERVES THE RIGHT TO RESTRAIN SUCH IMPORTS PRODUCED IN KOREA AND EXPORTED DURING THE TWELVE-MONTH PERIOD BEGINNING ON THE DATE OF YOUR RECEIPT OF THIS REQUEST. TO A LEVEL NOT LESS THAN THE LEVEL OF UNITED STATES' IMPORTS FROM KOREA LURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS.
WHICH PERIOD IS NOVEMBER 1, 1982 TO OCTOBER 31, 1983. AND
WHICH LEVEL IS 18,435,276 POUNDS FOR CAIRGORY 677.

MARKET STATEMENT

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KORFA JANUARY 1953

CATEGORY 670 PT. - MAN-MADE FIBER LUGGUAGE

TSUSA NO. 706.4144

TSUSA NO. 706.4152

U.S. IMPORTS OF MAN-MADE FIBER LUGGAGF FROM KOREA
WERE 19.540.359 POUNDS DURING THE YEAR ENDING NOVEMBER 33.
1983. IMPORTS INCREASED FROM 6.4 MILLION POUNTS CURING
THE FIRST HALF OF 1982 TO 7.9 MILLION DURING THE SECOND
HALF. IMPORTS FROM KOREA DURING THE FIRST HALF OF 1983
WERE 8.1 MILLION POUNDS AND DURING JULY-NOVEMBER 1983 WERE 8.1 MILLION POUNDS AND DURING JULY-NOVEMPER, 1983.

10.6 MILLION POUNDS. THIS IS A SHARP AND SUBSTANTIAL
INCREASE IN IMPORTS IN A MARKET ALREADY SEVERLY AFFECTED BY IMPORTS. THESE IMPORTS FROM KOREA ARE IMPORTED AT DUTY-PAID VALUES BELOW THE U.S. PRCDUCER PRICES FOR SIMILAR AND COMPARABLE LUGGAGE. KOREA IS THE SECOND LARGEST SUPPLIER, ACCOUNTING FOR 21 PERCENT OF THE JANUARY-NOVEMBER 1983 IMPORTS OF SUCH LUGGAGE.

THESE AND CTHER FACTORS LEAD THE UNITED STATES
GOVERNMENT TO GONGLUDE THAT IMPORTS FROM KOREA ARE
DISRUPTING THE DOMESTIC MARKET FOR LUGGAGE AND FOR THE
MAN-MADE FIBER FABRICS USED IN DOMESTIC PRODUCTION OF
LUGGAGE AND CONSTITUTE A THREAT FOR FURTHER MARKET DISRUPTION IN THE UNITED STATES. THE RAPID ESCALATION OF LOW-PRICED IMPORTS FROM KOREA. IF CONTINUED, IRRUTTES A FEAL THREAT FOR CONTINUED AND MORE SUBSTANTIAL MARKET DISKUITION.

- -- U.S. PRODUCTION OF MAN-MADE FIBER PABRIC FOR CONSUMPTION IN LUGGAGE HAS TRENDED DOWNWARD SINCE 1979. PROPUCTION IN 1979 WAS 29.5 MILLION POUNDS; 1960. 28.9 MILLION; 1961, 27.3 MILLION; AND 1982, 25.1 MILLION POUNDS.
- -- U.S. IMPORTS OF MAN-MADE FIBER LUGGAGE WERE NOT REPORTED BY QUANFITY UNTIL MAY 1982. HOWEVER, IT IS POSSIBLE TO UTILIZE THE VALUE DATA, DEFLATED TO CONSTANT DOLLARS, TO CALCULATE IMPORTS FORM 1981 THROUGH JUNE 1982.
- TOTAL IMPORTS OF MAN-MADE FIBER FABRIC CONTAINED IN IMPORTED LUGGAGE INCREASED FROM 20.3 MILLION POUNDS IN 1991 TO 31.3 MILLION IN 1982. IMPORTS FOR THE FIRST ; HALF OF 1962 WERE 11.3 MILLION POUNDS AND FOR THE SECOND HALF 19.7 MILLION POUNDS. FIRST HALF 1983 IMPORTS WERE 19.6 MILLION POUNDS, UP 75.0 PERCENT FROM THE SAME PERIOD IN 1982. IMPORTS FOR JULY-NOVEMBER 1983 WERE 24.0 MILLION POUNDS, UP 21.2 PERCENT FROM THE 17.5 MILLION IMPORTED DURING JULY-NOVEMBER 1982. IMPORTS FOR THE FIRST ELRYEN MCHTHS OF 1983 WERE 43.8 MILLION POUNDS, COMPARED WITH 31.3 MILLION FOR THE ENTIRE CALENDAR YEAR 1982.
- THE RATIO OF IMPORTS OF MAN-MADE FIBER FABRICS CONTAINED IN LUGGAGE TO DOMESTICALLY PRODUCED FABRICS FOR LUGGAGE INCREASED FROM 74.2 PERCENT IN 1981 TO 123.7 PERCENT IN 1982. IT APPEARS THAT THE SUBSTANTIAL INCREASE IN 1983 IMPORTS WILL RESULT IN THE RATIO REACHING NEARLY 220 PERCENT IN 1983.
- -- IMPORTS FROM KOREA ARE VALUED AT LEVELS SIGNIFICANTLY BELOW THE U.S. PRODUCER PRICES FOR COMPARABLE
 LUGGAGE. A REPUTABLE RESEARCH FIRM REPORTS "THAT, AT
 WHOLESALE, IMPORTS ARE PRICED AT A MINIMUM 25% BELOW THE
 PRICE FOR A LIKE U.S. PRODUCT, AND GENERALLY ONE-THIRD TO
 ONE-HALF BELOW." A CONSUMER RESEARCH FIRM REPORTED "IN
 JULY 1983 CONSUMERS PAID THE FOLLOWING PRICES FOR NYLON
 GARMENT AND TOTE BAGS:

DOMESTIC - \$19.15 PER BAG

- IMPORTED - \$13.46 PER BAG.

- J.S. PRODUCTION, IMPORTS AND IMPORT RATIOS
- OF MAN-MADE FIBER FABRIC IN LUGGAGE
- 1.000 POUNDS-

FEAR	PRODUCTION	IMPORTS	RATIO
1991	27.336	20,286	74.2
1992	25, 266	31,004	123.7
1983			
JAKUARY	-novemper	43,821	

U.S. LUGGAGE INCUSTRY CONSUMPTION OF MAK-MADE FIBER FABRIC

-- 1981 27,336 -- 1982 25,366

SOURCE: COTTON COUNTS ITS CUSTOMERS, N.C.C.

U.S. IMPORTS OF MAN-HADE FIBER FABRIC CONTAINED IN LUGGAGE -- -1.330 POUNDS-

	YEAR OR PERIOD	IMFORTS
'	1981	20,286
	1962 TOTAL	31.97
	JANUARY-JUNE 1982	11,319
	JULY-DECEMBER 1982	19,685
	1983	6
	JANUARY-JUNE	19.796
	JULY-NOVEMBER .	24, 825

NOT E:

1. IMPORTS AS REPORTED IN POUNDS FOR PERIOD BEGINNING JUNE 1982. PREVIOUS DATA ARE ESTIMATED BASED ON IMPORT VALUE ADJUSTED FOR INFLATION.

2. IMPORTS DO NOT INCLUDE IMPORTS, IF ANY, UNDER TSUSA NO. 706.3490.

3. ASSUMES ONE-HALF THE LUGGAGE WEIGHT IS MAN-MADE FIRER FABRIC.

U.S. IMPORTS OF MAN-MADE FIRER LUGGAGE FROM KOREA AND TOTAL -1.220 POUNDS-

PERIOD KOREA OTHER TOTAL

--JANUARY-JUNE 6.384 16,251 22,636 --JULY-DECEMBER 7,865 31,405 39,270 1993 --JAKUARY-JUNE F,125 31,467 39.592 --JULY-NOVEMBER 10.603 37.415 48.**0**51

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