

GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/969*

11 May 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Action taken by the United States towards Peru

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 cotton duck (Category 319) produced or manufactured in Peru have been placed under restraint for the period 31 January 1984 to 30 January 1985.

*English only/Anglais seulement/Inglés solamente

15/140-3



551

UNITED STATES TRADE REPRESENTATIVE
1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND
Telephone: 32 09 70

ANSWERED	DOC. ISSUED	FOLIO
	TEX 55/969	
27 APR 1984		
FOR	ACCT	INSTR
OPER. DEPT. A		
Non-Tar M. Div.		
Development		
Tech. Coop. Div.		
Trade Pol. Div.		
Spec. Proj. Div.		
OPER. DEPT. B		
Econ. R/Anal. Unit		
Agriculture Div.		
Tariff Div.		
Ext. Rel. Div.		
DEPT. CONF. AFF. / AGO		
Adm. / Fin. Div.		
Trans. / Doc. Div.		
Training Div.		
Personnel Off.		
Conference Off.		

The Honorable Marcelo Rafael
Ambassador
Chairman, Textiles Surveillance Body
General Agreement on Tariffs
and Trade
154, rue de Lausanne
1211 Geneva 21

For	Action	Comment	Int.
OPER. DEPT. A			<input checked="" type="checkbox"/>
Non-Tar M. Div.			
Development	APR 11	24, 1984	
Tech. Coop. Div.			
Trade Pol. Div.			
Spec. Proj. Div.			
OPER. DEPT. B			<input checked="" type="checkbox"/>
Econ. R/Anal. Unit			
Agriculture Div.			
Tariff Div.			
Ext. Rel. Div.			
DEPT. CONF. AFF. / AGO			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

Dear Mr. Chairman:

With reference to my letter of February 13, 1984, I am instructed by my government to inform the Textiles Surveillance Body that on April 11, 1984 the United States, pursuant to Article 3.5(i) of the Arrangement, established a restraint of 15,076,495 square yards for the period beginning January 31, 1984 and ending on January 30, 1985 for imports of cotton duck (category 319) produced or manufactured in Peru.

Although the Government of Peru did not agree to hold consultations pursuant to the January 31 request by the United States, the U.S. remains willing to undertake such negotiations at any mutually convenient time. To that end, the U.S. has recently provided Peru additional information with respect to market conditions in this product. A copy of this latter submission is attached, and additional information will be provided to you shortly.

Sincerely,

Robert E. Shepherd
Robert E. Shepherd
Minister-Counsellor

Attachment

US-PERU : ADDITIONAL STATEMENT

BEGIN TEXT:

-- PERU: COTTON DUCK, CATEGORY 319

I. PRODUCT DESCRIPTION

- A. CATEGORY 319 COVERS ALL TYPES OF COTTON DUCK INCLUDING NUMBER DUCK, FLAT ALSO KNOWN AS OUNCE DUCK, AND ARMY DUCK. THE FLAT OR OUNCE DUCKS ALWAYS HAVE SINGLE WARP YARNS WOVEN IN PAIRS; THEY MAY HAVE SINGLE

OP PLY FILLING YARN. THE IMPORTS FROM PERU ARE LARGELY FLAT OR OUNCE DUCKS, WITH SINGLE FILLING YARNS.

-- B. THE TYPE DUCKS IMPORTED FROM PERU ARE TYPICALLY USED FOR COATED FABRICS AND SHOE LININGS.

II. U.S. IMPORTS FROM PERU

-- PERU IS THE SECOND LARGEST SUPPLIER OF CATEGORY 319. IT ACCOUNTED FOR 22.6 PERCENT OF THE 1983 TOTAL U.S. IMPORTS. IT IS THE LARGEST SUPPLIER OF SINGLE FILLING YARN DUCK, TSUSA NOS. 322.--21 AND 322.--22. ABOUT 61 PERCENT OF THE TOTAL PERUVIAN CATEGORY 319 IMPORTS WERE ENTERED IN TSUSA NO. 322.--21 WHICH WEIGHS UNDER 7 1/2 OUNCES PER SQUARE YARD AND 25 PERCENT UNDER TSUSA NO. 322.--22, 7 1/2 OUNCES AND HEAVIER.

-- PERU'S IMPORTANCE AS A SUPPLIER INCREASE SIGNIFICANTLY DURING 1983. IMPORTS FROM PERU WERE UP 4.2 MILLION SQUARE YARDS DURING THE LAST HALF OF 1983 COMPARED WITH THE FIRST HALF. PERU ACCOUNTED FOR 90 PERCENT OF THE TOTAL INCREASE OF 4.6 MILLION SQUARE YARDS FROM ALL SOURCES DURING THE SECOND HALF OF 1983.

III. EXISTENCE OF MARKET DISRUPTION

-- A. EVIDENCE OF DAMAGE TO THE DOMESTIC INDUSTRY

-- 1. MARKET SHARE LOSS

-- AS IS SHOWN BELOW THE MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED COTTON DUCK HAS TRENDED DOWNWARD FOR MORE THAN A DECADE.

-- MARKET FOR DOMESTICALLY PRODUCED AND
-- IMPORTED COTTON DUCK
-- - MILLION SYDS-

PERIOD	PRODUCTION	IMPORTS	TOTAL	DOMESTIC SHARE
	(PERCENT DECREASE)			
1972-74	197	94	291	68
1975-77	152 (-23)	73 (-22)	225 (-23)	68
1978-80	119 (-22)	58 (-21)	177 (-21)	67
1981-83	97 (-18)	78 (PLUS 34)	175 (-1)	55

-- THE MARKET FOR U.S. PRODUCED AND IMPORTED COTTON DUCK DECREASED 43 PERCENT OR 116 MILLION SQUARE YARDS FROM 1972-74 TO 1981-83. THE MARKET FOR U.S. PRODUCED DUCK DROPPED BY 100 MILLION SQUARE YARDS OR 86 PERCENT OF THE TOTAL REDUCTION. THE ABOVE DATA CLEARLY INDICATE THAT THE DOMESTIC PRODUCERS MARKET SHARE SHARPLY FELL FROM THE 1972-74 PERIOD TO THE 1981-83 PERIOD.

-- 2. IMPORT PENETRATION

-- ANNEX I PROVIDES DATA ON U.S. PRODUCTION AND IMPORTS FROM 1977 THROUGH 1983. PRODUCTION IN 1983 WAS 132 MILLION SQUARE YARDS, 23 PERCENT BELOW THE 1977 LEVEL. IMPORTS WERE 76 MILLION SQUARE YARDS, UP 10 PERCENT FROM 1977. THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION ROSE FROM 52.1 PERCENT IN 1977 TO 74.2 PERCENT IN 1983.

-- 3. EMPLOYMENT

-- TOTAL EMPLOYMENT IN THE INDUSTRY PRODUCING COTTON DUCK DECLINED FROM AN AVERAGE OF 160,300 EMPLOYEES IN 1977 TO 122,900 IN 1983. PRODUCTION WORKER EMPLOYMENT DECLINED FROM 144,522 IN 1977 TO 129,222 IN 1983 AND MAN-HOURS WORKED IN THE INDUSTRY DROPPED 24.1 PERCENT OVER THE PERIOD.

-- 4. EQUIPMENT

-- THERE HAS BEEN A SUBSTANTIAL DECLINE IN THE NUMBERS OF OPERATING LOOMS ASSIGNED TO COTTON DUCK. AT THE END OF 1977, 2,398 LOOMS WERE OPERATING TO PRODUCE COTTON DUCK, WHEREAS, AT THE END OF 1983, THE NUMBER OF LOOMS HAD DECLINED TO 1,549, OR BY 35.4 PERCENT OVER THE PERIOD.

-- 5. PROFITS

-- TEXTILE INDUSTRY PROFITS DURING THE FIRST THREE QUARTERS OF 1983 AS A PERCENT OF SALES AVERAGED 3.4 PERCENT COMPARED WITH 3.9 PERCENT FOR ALL MANUFACTURING.

F. SHARP AND SUBSTANTIAL INCREASE IN IMPORTS

-- 1. IMPORTS

-- U.S. IMPORTS FROM ALL SOURCES INCREASED 12 PERCENT IN 1983 TO 73.9 MILLION SQUARE YARDS COMPARED WITH 67.6 MILLION A YEAR EARLIER. IMPORTS FROM PERU INCREASED 54 PERCENT FROM 11.1 MILLION SQUARE YARDS IN 1982 TO 17.1 MILLION IN 1983.

-- 2. EQUITY

-- IMPORTS FROM PERU IN 1983 WERE HIGHER THAN ANY SUPPLIER OTHER THAN HONG KONG. U.S. IMPORTS FROM HONG KONG WERE SUBJECT TO AN AGREED LIMIT IN 1983. IMPORTS FROM SEVERAL SUPPLIERS SMALLER THAN PERU HAVE AGREEMENTS WHICH PROVIDE SPECIFIC LEVELS OR DESIGNATED CONSULTATION LEVELS WHICH WERE BELOW THE U.S. 1983 IMPORTS FROM PERU.

-- IN 1983 THERE WERE SEVERAL FILATERAL TEXTILE AGREEMENTS IN EFFECT COVERING CATEGORY 319.

COUNTRY	TYPE 1/	LEVEL
PAKISTAN	S.L.	15,294,734
BAZIL	S.L.	7,490,020
THAILAND	S.L.	6,022,022
PHILIPPINE REP.	D.C.L.	3,682,822
SINGAPORE	D.C.L.	3,020,222
KOREA	AGREED LEVEL	7,494,226
TAIWAN	AGREED LEVEL	18,092,022

1/ TYPE - S.L. EQUALS SPECIFIC LIMIT: D.C.L. EQUALS DESIGNATED CONSULTATION LEVEL.

C. PRICE DATA OF IMPORTS FROM PERU

-- PRICE DATA WAS SHOWN ON FOUR TSUSA NUMBERS IN CATEGORY 319 INSTEAD OF ALL TSUSA BECAUSE 89 PERCENT OF SHIPMENTS FROM PERU ARE IN THE FOUR TSUSA NUMBERS: 320.0221, 320.1221, 320.0222 AND 321.1022.

-- PERUVIAN IMPORT VALUE IS BASED ON THE DUTY-PAID LANDED VALUES FOR THE IMPORTS DURING OCTOBER THROUGH DECEMBER 1983. UNITED STATES PRODUCER PRICES ARE THE AVERAGE OF TWO QUOTATIONS ON COMPARABLE FABRICS. THESE QUOTATIONS ARE OBTAINED FROM THE TRADE, AND ARE IN THE SAME STAGE IN THE COMMERCIAL PROCESS.

-- IMPORTS FROM PERU OF CATEGORY 319 HAVE DUTY-PAID LANDED VALUES THAT ARE SIGNIFICANTLY LOWER THAN THE U.S. PRODUCER PRICE, WHICH IS THE BASIS FOR THE UNITED STATES GOVERNMENT'S DETERMINATION OF THE EXISTENCE OR THREAT OF MARKET DISRUPTION. THE LIST OF PRICES FROM COUNTRIES OTHER THAN THE UNITED STATES OR PERU THAT IS SHOWN IN REF (B) IS INFORMATIONAL, BUT NOT ESSENTIAL TO THE CASE WITH PERU.

-- ANNEX I

U.S. PRODUCTION, IMPORTS AND IMPORT/PRODUCTION RATIOS
-- COTTON DUCK FABRICS, WOVEN
-- CATEGORY 319
-- -1.022 SQUARE YARDS-

YEAR	PRODUCTION	IMPORTS	I/P RATIO
1977	132,423	69,965	52.1
1978	132,737	67,298	50.7
1979	131,960	63,969	48.4
1980	93,104	71,614	76.9
1981	95,251	91,912	96.7
1982	93,625	67,614	72.2
1983	102,354	75,947	74.2

END TEXT



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UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX

1202 GENEVA, SWITZERLAND

Telephone: 32 09 70

February 13, 1984

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

Dear Mr. Chairman:

Pursuant to the provisions of paragraph 3 of Article 3 of the Arrangement Regarding International Trade in Textiles, and further to my February 12⁵³⁴ letter to you, I am instructed to inform you that on January 31, 1984 my government requested consultations with the Government of Peru regarding exports from Peru to the United States of cotton duck (category 319).

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

ANSWERED	COPIES ISSUED	FOLIO
	16	
REG 21 FEB 1984		
For	RECEIVED	DATE
Cabinet of the		
Info. Service		
OFFICE LEGAL AFF.		
Pres. / Council Aff. Div.		
CHAIRMAN TSB	X	

Attachment
(as stated)

Sincerely,

Robert J. Stephenson
Robert J. Stephenson
Minister-Counselor

Development Div.	
Tech. Coop. Div.	
Ext. Pol. Div.	
Spec. Proj. Div.	
OPER. DEPT. 8	
Econ. R. Anal. Unit	
Agriculture Div.	
Tariff Div.	
Tech. Bar. T. Div.	
Ext. Rel. Div.	
Adm. / Fin. Div.	
Trans. / Doc. Div.	
Training Div.	
Personnel Off.	
Conference Off.	

*For the information of
the Chairman
J.G.*

M.B.T.

U.S. NOTE

-- I HAVE THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, WITH ANNEXES, DONE AT GENEVA ON DECEMBER 20, 1973 AND EXTENDED BY PROTOCOLS ADOPTED RESPECTIVELY ON DECEMBER 17, 1977 AND DECEMBER 22, 1981, AT GENEVA HEREINAFTER REFERRED TO AS (THE ARRANGEMENT).

-- DURING RECENT MONTHS MY GOVERNMENT HAS NOTED A SHARP

INCREASE IN IMPORTS OF COTTON DUCK (CATEGORY 319) FROM PERU. AFTER CAREFUL REVIEW, MY GOVERNMENT HAS CONCLUDED THAT IMPORTS IN CATEGORY 319 FROM PERU ARE CAUSING MARKET DISRUPTION OR THE THREAT THEREOF IN THE UNITED STATES AND ARE THREATENING TO IMPEDE THE ORDERLY DEVELOPMENT OF TRADE AS CONTEMPLATED UNDER ARTICLE THREE OF THE ARRANGEMENT. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATION FOR THIS CONCLUSION, WITH CURRENT SUPPORTING DATA, IS APPENDED AS ANNEX A WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE. ACCORDINGLY, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF PERU TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR PERUVIAN EXPORTS OF COTTON DUCK (CATEGORY 319) TO THE UNITED STATES.

-- IN ACCORDANCE WITH ARTICLE THREE OF THE ARRANGEMENT, TO WHICH BOTH THE GOVERNMENT OF PERU 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 WITHIN SIXTY DAYS, THE GOVERNMENT OF THE UNITED STATES RESERVES THE RIGHT TO RESTRAIN SUCH IMPORTS PRODUCED IN PERU AND EXPORTED TO THE UNITED STATES 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 PERU DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH THE REQUEST TO CONSULTATIONS WAS MADE, THAT IS THE PERIOD OF NOVEMBER 1, 1982 TO OCTOBER 31, 1983, THAT LEVEL IS 15,076,495 SQUARE YARDS FOR CATEGORY 319.

--- THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF PERU WITH RESPECT TO THE SITUATION PERTAINING TO THE EXPORT OF COTTON DUCK TO THE UNITED STATES.

-- (COMPLIMENTARY CLOSE)
ENCLOSURE:
ANNEX A

MARKET STATEMENT
PERU CATEGORY 319 --COTTON DUCK

ANNEX A
JANUARY 1984

-- U.S. IMPORTS OF CATEGORY 319 FROM PERU AMOUNTED TO 15.6 MILLION SQUARE YARDS DURING THE YEAR ENDING NOVEMBER 1983, UP 43.5 PERCENT FROM THE 12.9 MILLION SQUARE YARDS IMPORTED A YEAR EARLIER. PERU WAS THE SECOND LARGEST SUPPLIER OF CATEGORY 319, ACCOUNTING FOR 21.3 PERCENT OF THE TOTAL YEAR ENDING NOVEMBER 1983 IMPORTS. U.S. IMPORTS FROM HONG KONG, THE LARGEST SUPPLIER, WERE SUBJECT TO AN AGREED LIMIT RESULTING FROM A CONSULTATION CALL IN 1983. IMPORTS FROM THREE SUPPLIERS, PAKISTAN, BRAZIL, AND THAILAND, ARE SUBJECT TO SPECIFIC LIMITS. OTHER MAJOR SUPPLIERS ARE CONTROLLED BY AGREED LEVELS OR DESIGNATED CONSULTATION LEVELS.

-- DOMESTIC PRODUCTION OF CATEGORY 319 DECLINED FROM 95.1 MILLION SQUARE YARDS IN 1981 TO 93.6 MILLION IN 1982. PRODUCTION FOR THE FIRST SIX MONTHS OF 1983 WAS UP SLIGHTLY TO 50.8 MILLION SQUARE YARDS FROM 50.7 MILLION FROM THE SAME PERIOD IN 1982.

-- IMPORTS DECLINED FROM 92 MILLION SQUARE YARDS IN 1981 TO 68 MILLION IN 1982. IMPORTS FOR THE FIRST ELEVEN MONTHS OF 1983 WERE UP TO 68 MILLION SQUARE YARDS FROM 62 MILLION DURING THE SAME PERIOD IN 1982.

-- IMPORTS OF CATEGORY 319 HAVE DISRUPTED THE DOMESTIC MARKET FOR A NUMBER OF YEARS. IMPORTS WERE EQUAL TO 72.2 PERCENT OF PRODUCTION IN 1982 AND WERE PROBABLY HIGHER IN 1983.

-- APPROXIMATELY 63 PERCENT OF THE TOTAL CATEGORY 319 IMPORTS FROM PERU ENTER UNDER TSUSA NO. 320.--31 -- GREY COTTON DUCK, SINGLE WARP AND SINGLE FILLING, UNDER 7-1/2 OUNCES PER SQUARE YARD AND 26 PERCENT ENTER UNDER TSUSAS NO. 320.--42 -- SAME TYPE FABRIC, 7-1/2 OUNCES AND OVER. THESE FABRICS ENTER AT DUTY-PAID VALUES WELL BELOW THE U.S. PRODUCER PRICE FOR COMPARABLE FABRICS.

U.S. IMPORTS OF CATEGORY 319 FROM PERU AND TOTAL
-MILLION YDS-

PERIOD	PERU	OTHER	TOTAL
1981	15.6	76.1	91.9
1982	11.1	55.5	57.6
JANUARY-NOVEMBER			
1982	9.9	52.2	62.1
1983	11.4	53.6	66.0
YEAR ENDING NOVEMBER			
1982	12.9	57.6	62.5
1983	15.6	57.9	73.5

U.S. PRODUCTION, IMPORTS AND IMPORT/PRODUCTION RATIOS
COTTON DUCK FABRICS, WOVEN
CATEGORY 319
-1.002 SQUARE YARDS-

YEAR	PRODUCTION	IMPORTS	I/P RATIO
1981	95,251	91,910	96.7
1982	93,625	67,614	72.2
JANUARY-JUNE			
1982	50,705	35,652	70.3

1983 52,794 31,954 52.9

CATEGORY 319 DUTY-PAID VALUES AND U.S. PRODUCER PRICE
-U.S. DOLLARS PER SQUARE YARD-

TSUSA NO. & SOURCE VALUE/PRICE

320.0001

PERU	0.53
BRAZIL	0.43
U.S. PRODUCER PRICE	0.53

320.1001

PERU	0.52
BRAZIL	0.51
KOREA	0.48
TAIWAN	0.48
U.S. PRODUCER PRICE	0.55
TSUSA NO. AND SOURCE	VALUE/PRICE

320.0002

PERU	0.64
BRAZIL	0.55
INDONESIA	0.63
U.S. PRODUCER PRICE	0.70

320.1002

PERU	0.70
BRAZIL	0.72
U.S. PRODUCER PRICE	0.75