

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/238

1 September 1977

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3

Bilateral Agreement between Austria and Korea

Note by the Chairman

Attached is a copy of a letter received from the Permanent Mission of Austria, together with the notes exchanged between Austria and Korea regarding the extension of their existing agreement¹ until 31 July 1978.

¹For previous agreement see document COM.TEX/SB/192.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 3

Accord bilatéral conclu entre l'Autriche et la Corée

Note du Président

On trouvera ci-joint copie d'une lettre de la Mission permanente d'Autriche, ainsi que les notes échangées par l'Autriche et la Corée au sujet de la prorogation, jusqu'au 31 juillet 1978, de l'accord déjà conclu entre les deux pays¹.

¹Voir le texte de cet accord dans le document COM.TEX/SB/192.

MISSION PERMANENTE DE L'AUTRICHE
AUPRÈS DE L'OFFICE DES NATIONS UNIES ET
DES INSTITUTIONS SPÉCIALISÉES À GENÈVE

No. 5013-A/77

Dear Mr. Ambassador,

For:	Action	Comment	Inf.
TRADE POLICY DT.			
Gen. Div.		Geneva, 22 August 1977	X
Agri. Div.			
Special Proj:			
TRADE DEVELOP. DT.:			X
Sp. Asst. Tr. Negs			
Dev. Div.			
Intel. Div.			
CHAIR. TSS	X		
OFFICE OF D-G:			X
Consultant (ADG)			
Conf. Div.			
Dir. Ext. Rels/Info.			
Ext. Rels. Sec.			
Info/Lib. Serv.			
Training Prog.			

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ARW

With reference to Article 3 of the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (hereinafter referred to as the ARRANGEMENT) I have the honour to transmit herewith copies of notes exchanged by Austria and the Republic of Korea dated 28 June 1977 by which the validity of the bilateral agreement concerning exports of socks of synthetic fibres, BTN No. ex 60.03 A, from the Republic of Korea to Austria, concluded on 30 June 1976 and 2 July 1976, respectively, was extended for the twelve-month period ending 31 July 1978.

In this connection I should like to recall that the aforementioned agreement dated 30 June and 2 July 1976, respectively, which was circulated by the Textiles Surveillance Body to participating countries in the ARRANGEMENT in COM.TEX/SB/192 of 11 October 1976, provided for an export level of 6.000.000 pairs of socks as specified above for the fourteen-month period 1 June 1976 to 31 July 1977.

The new agreement provides for an export level of 5.297.145 pairs of socks for the twelve month period 1 August 1977 to 31 July 1978, this amount representing the aforementioned level of 6.000.000 pairs reduced to the level for a notional twelve-month period (5.142.857 pairs) plus 3 per cent. This growth rate was agreed in accord with paragraph 2 of Annex B

./.

of the ARRANGEMENT providing that in exceptional cases where there are clear grounds for holding that the situation of market disruption will recur if the growth rate of 6 per cent is implemented, a lower positive growth rate may be decided upon after consultation with the exporting country concerned.

Total imports of socks of synthetic fibres increased from 2.987.081 pairs in 1972 to 11.204.776 pairs in 1976, the dominant supplier being the Republic of Korea with 1.141.227 pairs in 1972 and 6.575.805 pairs in 1976.

Between 1972 and 1976 domestic production fell from 6.951.806 pairs to 5.907.438 pairs. During the first quarter of 1977 domestic production continued to decline, amounting to only 1.363.000 pairs (first quarter 1976: 1.599.199 pairs). Employment in the domestic industry decreased from 1.898 in 1974 to 955 in March 1977, and during the same period 9 factories out of 19 closed down. At present the utilization of capacity of the remaining 10 factories amounts to only 60 per cent. In respect of the production index, domestic production of the products in question continues to lag substantially behind that of Austrian industry generally as well as that of the domestic textile industry as a whole.

As regards Austrian imports of socks of synthetic fibres from the Republic of Korea, the share of such imports in total imports from all sources rose from about 33 per cent in 1974 to about 59 per cent in 1976. During the same period the ratio of such imports to domestic production rose from about 26 per cent to over 111 per cent.

Further details concerning the development of imports, exports, domestic production, prices, apparent consumption, turnover, profits, employment, factory closures, utilization of capacity and production index may be taken from the attached tables.

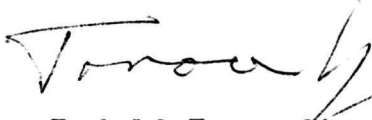
So far, export restraint agreements concerning products of man-made fibres have been concluded between Austria and the Republic of Korea only in respect of woven shirts of discontinuous synthetic fibres and socks of synthetic fibres. However, as may be taken from the attached table showing the balance of trade in all textiles between Austria and the Republic of Korea as well as the overall balance of trade between the two countries, there has been a sharp and substantial increase also in Austrian imports of textile products of all kinds from the Republic of Korea. Between 1974 and 1976 Austrian imports of textiles and clothing from that source rose from about US \$ 7.300.000 to about US \$ 18.300.000. Imports of the aforementioned shirts and socks aggregating about US \$ 3.300.000 in 1976, the bulk of this remarkable increase in Korean exports of textiles and clothing has been accounted for by textile products not under restraint.

I should be glad if you would make this information available to the members of the Textiles Surveillance Body.

Accept, Sir, the assurances of my highest consideration.

Mr.P.Wurth
Chairman
Textiles Surveillance
Body - GATT

G e n e v a


Rudolf Torovsky
Deputy Permanent Representative

IMPORTS OF SOCKS AND STOCKINGS OF SYNTHETIC FIBRES INTO AUSTRIA
 Quantity (Q) in pairs; Value (V) in 1.000 AS

Table 1

	1 9 7 4		1 9 7 5		1 9 7 6	
	Q	V	Q	V	Q	V
<u>Total:</u>	<u>4,995.296</u>	<u>38,585</u>	<u>9,959.537</u>	<u>61.674</u>	<u>11,204.776</u>	<u>67.242</u>
Germany F.R.	575.048	6.715	775.557	8.114	909.631	12.143
Italy	1,590.800	10.807	2,545.901	13.569	1,537.416	8.520
France	66.725	878	32.698	672	24.582	595
Switzerland	199.420	3.161	449.527	6.213	233.483	2.646
U. K.	267.604	3.125	321.108	3.817	294.112	3.411
Portugal	75.648	410	67.406	289	72.120	254
Germany D.R.	-	-	75.900	614	148.595	839
Romania	95.021	460	614.038	2.969	1,002.794	4.731
Hungary	236.188	1.965	178.016	1.270	98.400	637
Taiwan	-	-	-	-	208.905	807
Hong-Kong	35.400	312	38.478	245	18.137	133
Rep. of Korea	1,636.266	9.649	4,794.636	22.674	6,575.805	31.114
U. S. A.	51.106	839	34.317	641	46.214	995
Other countries	166.070	1.164	31.955	587	34.582	417

Source: Österreichisches Statistisches Zentralamt.

Table 2

IMPORTS OF SOCKS AND STOCKINGS OF SYNTHETIC FIBRES
 INTO AUSTRIA
 Quantity (Q) in pairs; Value (V) in 1.000 AS

	I - III / 1976		I - III / 1977	
	Q	V	Q	V
<u>Total:</u>	<u>3,058.990</u>	<u>16.842</u>	<u>2,273.390</u>	<u>15.055</u>
Germany F. R.	151.631	1.909	277.921	4.092
Italy	323.803	2.238	427.402	2.447
France	3.785	87	5.054	85
Switzerland	81.157	785	75.672	672
U. K.	61.688	902	107.645	1.102
Portugal	26.640	95	-	-
Germany D. R.	51.225	339	12.000	82
Romania	337.234	1.569	240.008	1.134
Hungary	14.400	50	12.000	102
Taiwan	28.833	155	3.500	39
Hong-Kong	10.371	86	5.080	60
Rep. of Korea	1,948.561	8.233	1,080.540	4.786
U. S. A.	18.006	338	10.989	326
Other countries	1.656	56	15.579	128

Table 3

DOMESTIC PRODUCTION, TOTAL IMPORTS AND IMPORTS FROM
THE REPUBLIC OF KOREA OF SOCKS AND STOCKINGS OF
SYNTHETIC FIBRES

Quantity (Q) in pairs; Value (V) in 1.000 AS

=====

	Domestic Production		Total Imports		Imports from the Rep. of Korea	
	Q	V	Q	V	Q	V
1 9 7 4	6,299.532	103.252	4,995.296	38.585	1,636.266	9.649
1 9 7 5	6,122.270	113.227	9,959.537	61.674	4,794.636	22.674
1 9 7 6	5,907.438	115.257	11,204.776	67.242	6,575.805	31.114
I-III/1976	1,599.159	31.436	3,058.990	16.842	1,948.561	8.233
I-III/1977	1,363.000	28.961	2,273.390	15.055	1,080.540	4.780

RATIO OF IMPORTS FROM THE REPUBLIC OF KOREA
TO DOMESTIC PRODUCTION IN PER CENT

=====

1 9 7 4	25,97
1 9 7 5	78,31
1 9 7 6	111,31
I-III/1976	121,85
I-III/1977	79,28

RATIO OF IMPORTS FROM THE REPUBLIC OF KOREA
TO TOTAL IMPORTS IN PER CENT

=====

1 9 7 4	32,76
1 9 7 5	48,14
1 9 7 6	58,69
I-III/1976	63,70
I-III/1977	47,53

Table 4

AVERAGE PRICES OF SOCKS AND STOCKINGS OF SYNTHETIC
FIBRES IMPORTED INTO AUSTRIA

	1 9 7 4 A.S.	1 9 7 5 A.S.	1 9 7 6 A.S.	I-III/76 A.S.	I-III/77 A.S.
Germany F.R.	11,68	10,46	13,35	12,59	14,72
Italy	6,79	5,33	5,54	6,91	5,73
France	13,16	20,55	24,20	22,99	16,82
Switzerland	15,85	13,82	11,33	9,67	8,88
U. K.	11,68	11,89	11,60	14,62	10,24
Portugal	5,42	4,29	3,52	3,57	-
Germany D. R.	-	8,09	5,65	6,62	6,83
Romania	4,84	4,84	4,72	4,65	4,72
Hungaryl	4,51	7,13	6,47	3,47	8,50
Taiwan	-	-	3,86	5,38	11,14
Hong-Kong	8,81	6,37	7,33	8,29	11,81
Rep. of Korea	5,90	4,73	4,73	4,23	4,43
U. S. A.	16,42	18,68	21,53	18,77	29,67

Table 5

EXPORTS OF SOCKS AND STOCKINGS OF SYNTHETIC FIBRES FROM AUSTRIA
 Quantity (Q) in pairs; Value (V) in 1.000 AS
 Average Price (A.P.) in AS

	1 9 7 4			1 9 7 5			1 9 7 6		
	Q	V	A.P.	Q	V	A.P.	Q	V	A.P.
Total	2,107.110	29.434	13,97	1,795.287	27.136	15,12	2,044.616	32.027	15,66
Germany F. !R.	18.816	366	19,45	84.609	1.941	22,94	334.974	5.419	16,18
France	-	-	-	3.689	140	37,95	8.753	239	27,30
Netherlands	-	-	-	-	-	-	21.039	283	13,45
Switzerland	1,381.134	18.952	13,72	1,071.864	14.926	13,93	992.477	14.001	14,11
U. K.	23.674	327	13,81	37.903	459	12,11	216.504	3.960	18,29
Denmark	251.980	2.896	11,49	199.497	2.402	12,04	172.924	2.210	12,78
Norway	108.001	1.995	18,47	74.973	1.588	21,18	59.584	1.015	17,03
Sweden	179.749	2,074	11,54	150.813	1.980	13,13	102.253	1.872	18,31
Iceland	14.370	243	16,91	17.220	316	18,35	8.470	142	16,77
Poland	65.107	1.046	16,07	94.689	1.735	18,32	83.336	1.771	21,25
Japan	20.851	532	25,51	9.552	363	38,00	7.337	270	36,80
Canada	11.085	304	27,42	19.447	611	31,42	17.547	543	30,95
Other countries	33.343	699	20,96	31.031	675	21,75	19.418	302	15,55

Table 6

EXPORTS OF SOCKS AND STOCKINGS OF SYNTHETIC FIBRES
FROM AUSTRIA;

Quantity (Q) in pairs; Value (V) in 1.000 AS;

Average Price (A.P.) in AS

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	I - III / 1976			I - III / 1977		
	Q	V	A.P.	Q	V	A.P.
<u>Total:</u>	<u>363.685</u>	<u>5.088</u>	<u>13,99</u>	<u>480.688</u>	<u>6.520</u>	<u>13,56</u>
Germany F.R.	56.429	1.082	19,17	55.783	1.199	21,49
France	300	13	43,33	1.896	24	12,66
Italy	360	6	16,67	4.296	107	24,91
Netherlands	3.000	31	10,33	2.675	59	22,06
Switzerland	175.145	2.361	13,48	278.977	3.335	11,95
U. K.	15.383	236	15,34	35.766	463	12,95
Denmark	41.163	459	11,15	26.879	385	14,32
Norway	38.396	261	6,80	6.702	123	18,35
Sweden	16.998	252	14,83	61.041	766	12,55
Iceland	8.470	142	16,77	-	-	-
Cyprus	-	-	-	6.288	48	7,63
Japan	4.624	186	40,22	-	-	-
Other countries:	3.417	59	17,27	385	11	28,57

Table 7

APPARENT CONSUMPTION OF SOCKS AND STOCKINGS OF SYNTHETIC FIBRES;
 RATIO OF IMPORTS FROM THE REPUBLIC OF KOREA TO APPARENT CONSUMPTION;
 Quantity (Q) in pairs; Value (V) in 1.000 AS

	Domestic Production	+	Imports	-	Exports	=	Apparent Consumption	Imports from the Rep. of Korea	Percentage Share of the Rep. of Korea
Q 1974	6,299.532	+	4,995.296	-	2,107.110	=	9,187.718	1,636.266	17,81
V	103.252	+	38.585	-	29.434	=	112.403	9.649	8,58
Q 1975	6,122.270	+	9,959.537	-	1,795.287	=	14,286.520	4,794.636	33,56
V	113.227	+	61.674	-	27.136	=	147.765	22.674	15,34
Q 1976	5,907.438	+	11,204.776	-	2,044.616	=	15,067.598	6,575.805	43,64
V	115.257	+	67.242	-	32.027	=	150.472	31.114	20,68
Q I-III/76	1,599.159	+	3,058.990	-	363.685	=	4,294.464	1,948.561	45,37
V	31.436	+	16.842	-	5.088	=	43.190	8.233	19,06
Q I-III/77	1,363.000	+	2,273.390	-	480.688	=	3,155.702	1,080.540	34,24
V	28.961	+	15.055	-	6.520	=	37.496	4.786	12,76

Table 8

TURNOVER, PROFITS, EMPLOYMENT, UTILIZATION
OF CAPACITY, PRODUCTION INDEX, INVESTMENTS
=====

1. TURNOVER

In recent years, turnover was also lower than production;
as a result, stocks continued to grow.

2. PROFITS

Profits are falling; in respect of socks, domestic production
suffers heavy losses.

3. EMPLOYMENT AND ENTERPRISES

	<u>Employment</u>	<u>Enterprises</u>
1974	1.898	19
1975	1.350	,14
Dec. 1976	970	10
March 1977	955	10

4. UTILIZATION OF CAPACITY

60 per cent.

5. PRODUCTION INDEX (Basis: 1971 = 100)

	1974	1975	1976	I-II/76	I-II/77
Austrian industry in general	118,8	110,2	117,4	105,1	116,4
Textile industry in general	107,4	93,6	99,0	93,4	108,0
Knitting industry in general	97,6	79,4	86,4	78,6	94,3
Socks and stockings of synthetic fibres	87,8	85,3	82,3	83,2	65,7

6. INVESTMENTS

No investments can be made because of the bad earnings performance.
Moreover, a big part of the capital is tied up by excessive stocks.

Trade Balance between Korea and Austria

(In thousand \$U.S.)

	<u>Korean Export</u>	<u>Korean Import</u>	<u>Balance</u>
1972	360	6,253	-5,893
1973	327	8,489	-8,162
1974	2,657	3,949	-1,292
1975	10,830	1,267	9,563
1976	23,130	35,077	-11,947

A U S T R I A - K O R E A
OVERALL BALANCE OF TRADE IN TEXTILES AND OVERALL TRADE BALANCE

Quantity (Q): metric tons, Value (V): 1000 A.S.

Austrian Imports from Korea

	1974		1975		1976	
	Q	V	Q	V	Q	V
Textiles	375,4	25.156	306,6	16.312	737,5	36.732
Clothing	622,9	100.733	952,1	149.969	1.501,1	275.886
Textiles & Clothing	998,3	125.889	1.258,7	166.281	2.238,4	312.618

Austrian Exports to Korea

Textiles	4,7	1.640	0,1	124	3,5	933
Clothing	--	--	--	--	--	2
Textiles & Clothing	4,7	1.640	0,1	124	3,5	935

Overall Trade Balance

<u>Total Imports from Korea</u>	3.243,1	234.938	3.636,8	281.569	5.810,5	535.423
<u>Total Exports to Korea</u>	961,2	49.145	5.350,6	414.172	1.924,8	351.244

BUNDESMINISTERIUM
FÜR HANDEL GEWERBE UND INDUSTRIE

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Wien

Zl.: 27.638/13-II/7/77 /.....

Vienna, 23 June 1977

Sir,

I have the honour to refer to the negotiations which took place between representatives of Austria and of the Republic of Korea on 9, 10 and 11 June 1977 in Geneva. As a result of these negotiations the following agreement concerning exports of socks of synthetic fibres, BIN ex No. 60.03 A from the Republic of Korea to Austria under Article 3 of the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES has been reached:

(1) Direct and/or indirect exports of socks of synthetic fibres from the Republic of Korea to Austria will be limited to a quantity of 5.297.145 pairs during the period 1 August, 1977 to 31 July 1978.

(2) For purposes of this agreement the expression "socks of synthetic fibres" includes socks in which such fibres represent 50 or more per cent by weight of the product.

(3) Upon presentation of export recommendations issued by the Korean authorities on the basis of irrevocable letters of credit for direct and/or indirect exports to Austria of socks of synthetic fibres of Korean origin, the competent Austrian authorities will licence the corresponding imports within a period of three weeks.

./.

(4) Austria and the Republic of Korea shall have full regard to the provisions relating to carryover and carry forward as set down in paragraph 5 of Annex B of the Arrangement Regarding International Trade in Textiles.

(5) Austria will, so far as possible, inform the Republic of Korea when imports into Austria of the products that have been debited to the agreed limit are subsequently re-exported from Austria. The Republic of Korea may then credit the quantities involved to the limit set down in paragraph 1 above.

(6) Consultations regarding the conduct of exports of the aforementioned socks from the Republic of Korea to Austria will be held if so desired by either party.

I should be grateful if you would kindly confirm that this letter sets out correctly the understanding reached between the representatives of the two countries.

Accept, Sir, the assurances of my highest consideration.

Dr. Rudolf Willenpart
Director

H.E.
Mr. Young Choo Kim
Ambassador of the Republic of Korea
V i e n n a

EMBASSY OF THE REPUBLIC OF KOREA
VIENNA

June 28, 1977

Sir,

I have the honour to acknowledge the receipt of your letter of 28 June, 1977, Ref.No.27-638/13-II/7/77 which reads as follows:

"Sir,

I have the honour to refer to the negotiations which took place between representatives of Austria and of the Republic of Korea on 9, 10 and 11 June 1977 in Geneva. As a result of these negotiations the following agreement concerning exports of socks of synthetic fibres, BTN ex No. 60.03 A from the Republic of Korea to Austria under Article 3 of the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES has been reached:

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Accept, Sir, the assurances of my highest consideration."

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Accept, Sir, the assurances of my highest consideration.


Young Choo Kim
Ambassador

Dr. Rudolf Willenpart
Director
Ministry of Trade, Commerce
and Industry

V i e n n a