

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL
TEX.SB/388
5 April 1979

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Articles 7 and 8

Note by the Chairman

The attached communication received from the United States concerns a unilateral measure taken under Article 3:5(i) of the Arrangement with regard to imports of brassieres from the Dominican Republic into the United States. Also attached is the request for restraint addressed to the Chairman in accordance with Article 3:3.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément aux articles 7 et 8

Note du Président

On trouvera ci-joint une communication des Etats-Unis relative à une mesure prise unilatéralement au titre de l'article 3:5 i) de l'Arrangement en ce qui concerne les importations américaines de soutiens-gorge en provenance de la République Dominicaine. On trouvera également ci-joint la demande de limitation adressée au Président conformément à l'article 3:3.

TS/140-3



UNITED STATES MISSION TO INTERNATIONAL ORGANIZATIONS
GENEVA, SWITZERLAND

March 27, 1979

ANSWERED	DOC. ISSUED	FOLO
<input checked="" type="checkbox"/>	167 96/389	
REG 29 MAR 1979		
TRADE POLICY DT:		
Gen. Div.		
Agri. Div.		
Special Proj:		
TRADE DEVELOP. DT.:		<input checked="" type="checkbox"/>
Sp. Asst. Tr. Negs		
Dev. Div.		
Intel. Div.		
CHAIR. TS.	<input checked="" type="checkbox"/>	
OFFICE OF D-G:		<input checked="" type="checkbox"/>
Consultant (ADG)		
Conf. Div.		
Ext. Affairs		
Training Pr. g.		

463

110

The Honorable
Ambassador Paul Wurth
Chairman, Textiles Surveillance Body
Centre William Rappard
154, rue de Lausanne
CH-1211 Geneva 21

Dear Mr. Chairman:

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I refer to my letter of December 13, 1978 which, in accordance with the provisions of Paragraph 3 of Article 3 of the MFA, informed the Chairman of the TSB of a request by my Government for consultations with the Government of the Dominican Republic under the provisions of Article 3 of the MFA regarding exports of Category 649 (brassieres) from the Dominican Republic to the United States.

This letter is to notify the Textiles Surveillance Body that, following failure of negotiations and consultations under both Articles 4 and 3 of the Arrangement, the Government of the United States of America has invoked its rights under Para 5(i) of Article 3 of the MFA, effective March 12, 1979.

I am instructed by my Government to call to the attention of the Textiles Surveillance Body the fact that the original request for consultations was made on November 30, 1978 and that the resulting restraint action was taken on March 12, 1979, both actions having taken place prior to the acceptance of the Protocol of Extension of the MFA by the Dominican Republic on March 14, 1979. Notification of this action to the TSB, therefore, is being made pursuant to the provisions of Article 7 and 8 of the Arrangement.

A copy of the text of the United States Note of March 12, 1979 giving effect to the restraint is attached hereto.

Sincerely,

Harry M. Phelan, Jr.
Minister Counselor

Attachment
as stated

UNITED STATES NOTE

Following is the text of a Note from the Government of the United States of America delivered to the Government of the Dominican Republic in Santo Domingo on March 12, 1979.

Quote:

Excellency:

I have the honor to refer to the arrangement regarding international trade in textiles done under the auspices of the General Agreement on Tariffs and Trade at Geneva on December 20, 1973, and extended by protocol adopted on December 14, 1977 at Geneva (hereafter referred to as the "Arrangement"), and specifically to the market disruption and equity provisions of Article 3 of the Arrangement in which the United States of America is a participant.

I also have the honor to refer to the Note dated November 30, 1978 from the Government of the United States of America to the Government of the Dominican Republic and to the related consultations held in Santo Domingo February 22 to March 2, 1979. Taking into account the fact that no agreement was reached between the two governments during those consultations, the Government of the United States of America wishes to point out that total exports in Category 649 (man-made fiber brassieres and other body supporting garments) to the United States of America from all suppliers continue to cause market disruption as defined in Annex A of the Arrangement. Exports to the United States of America from the Dominican Republic are contributing to this market disruption.

In order to avoid further market disruption and to ensure equitable treatment to those countries party to the Arrangement which are presently limiting their exports in Category 649 to the United States of America, the Government of the United States of America, in accordance with the provisions of Article 3 of the Arrangement, will limit imports from the Dominican Republic to 1,134,636 dozen during the twelve month period from November 1, 1978 to October 31, 1979, pending conclusion of a bilateral textile agreement in accordance with the provisions of Article 4 of the Arrangement. The Government of the United States of America is prepared to resume negotiations on such an agreement at a mutually agreed time.

Accept, Excellency, the renewed assurances of my highest consideration. Unquote.



UNITED STATES MISSION TO INTERNATIONAL ORGANIZATIONS
GENEVA, SWITZERLAND

December 13, 1978

The Honorable
Ambassador Paul Wurth
Chairman, Textiles Surveillance Body
Centre William Rappard
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, I am instructed by my government to inform the Chairman of the TSB of a request for consultations made on November 30, 1978, by my government regarding exports of Category 649 (brassieres) from the Dominican Republic to the United States.

For over a year prior to the request for consultations, the Government of the United States has sought to negotiate a bilateral textile agreement with the Dominican Republic. While agreeing to negotiate, the Government of the Dominican Republic has repeatedly postponed the initiation of negotiations. Although a supposedly firm date for these negotiations has now been agreed for February 15, 1979, my government has, in the meantime, been forced to safeguard its position regarding the rapidly rising imports in Category 649. My government is of the opinion that this problem will be subsumed in the conclusion of a bilateral Article 4 agreement before the restraint action becomes necessary.

Attached hereto is a copy of the text of the US Note requesting consultations along with a detailed factual statement of justification for the request (received in Geneva only today).

Sincerely,

Harry M. Phelan, Jr.
Minister Counselor

Attachments:
As stated

U.S. NOTE

" (Complimentary opening) ... and also refers to the Arrangement Regarding International Trade in Textiles, as extended, hereinafter referred to as the MFA, to which the USG is a signatory.

-- The USG takes note of the request of the GDR for an additional postponement until February 15, 1979, for the opening of negotiations of a bilateral agreement on trade in textiles. The USG wishes to assure the GDR that it appreciates the GDR's reasons for this request. At the same time, it is the opinion of the USG that the domestic market in the United States is being disrupted by imports of man-made fiber brassieres (Category 649) from the GDR in terms of the definition of market disruption set forth in Annex A of the MFA. Accordingly, while accepting the proposal of the GDR to begin negotiations on February 15, 1979, in Washington pursuant to Article 4 of the MFA, the USG hereby requests consultations with the GDR, pursuant to Article 3 of the MFA, with a view to removing the disruption in Category 649. In order that this consultation might take place simultaneously with the aforementioned negotiation, the USG is prepared to waive the requirement that consultations take place within 60 days, as set forth in Article 3 paragraph 5 (I) of the MFA, if the GDR agrees to such a waiver and if the GDR is prepared to hold the consultations and negotiations simultaneously no later than February 15, 1979, in Washington.

-- According to the latest data available, U.S. imports in Category 649 from the DR for the twelve months ending August 31, 1978, amounted to 1,049,413 dozens. All available pertinent data, together with a detailed factual statement of the reasons and justification for this request, will be forwarded to the GDR as soon as possible through the U.S. Embassy in Santo Domingo. Copies will also be sent by the USG to the Chairman of the Textile Surveillance Body together with a copy of this note pursuant to Article 3, paragraph 3 of the MFA. (Complimentary close)"

Cat. 649 - Body Supporting Garments

Apparel items contained in this category include all man-made fiber brassieres, girdles, corsets, garters and other body supporting garments.

The U.S. man-made fiber body supporting garment industry is one of the severely impacted areas of the U.S. apparel industry. The import/production ratio was 50.7 in 1977, up from 42.9 percent in 1976.

Imports: Total U.S. imports of man-made fiber body supporting garments increased from 610,000 dozen in 1967 to 9,420,283 dozen in 1977 and to 10,273,634 dozen in the year ending September 1978. Brassieres accounted for 96 percent of this total.

The Dominican Republic is the fifth largest supplier of these items to the United States, accounting for 10 percent of total imports. The Philippine Republic is the largest supplier with 22 percent.

Imports from the Dominican Republic increased from 2,151 dozen in 1972 to 478,247 dozen in 1976, 821,065 dozen in 1977 and 1.1 million dozen in the year ending September 1978. Brassieres

both ornamented and non-ornamented, account for 97 percent of these items imported from the Dominican Republic.

Among the major suppliers of these items, the Philippine Republic, Hong Kong, Haiti and Korea control their exports to the United States.

	ACTION	INFO
1		
2		
3		
4		

rec'd 11/16
rec'd 2

Prices: The CIF value, including import duties of imports in this category from Dominican Republic are substantially below the domestic prices for similar goods produced in the United States.

Domestic Production: U.S. domestic production of man-made fiber body supporting garments declined from 22.1 million dozen in 1967 to 19.5 million dozen in 1976 a drop of 11.8 percent. Production in 1977 has declined an additional 5 percent from the 1976 levels. Brassieres account for 78 percent of U.S. production of the items in this category.

Employment: Total employment in the body supporting garment industry declined from 31,300 in 1972 to 24,000 in 1976. Employment in 1977 decreased by about 13.7 percent to 20,700 from 1976 levels. Employment in August 1978 was down an additional 7.2 percent from December 1977.

TABLE 1: U.S. IMPORTS FROM THE WORLD AND FROM
DOMINICAN REPUBLIC OF BODY SUPPORTING GARMENTS,
MAN-MADE FIBER, CAT. 649
(Dozens)

	<u>Total Imports</u>	<u>Imports from Dominican Republic</u>		
1972	4,778,648	2,151		
1973	5,352,572	43,683		
1974	5,867,566	257,085		
1975	6,573,278	378,871		
1976	8,377,876	478,247		
1977	9,420,283	821,065		
YE Jan. 1978	9,295,909	840,547	Jan. 1978	67,030
YE Feb. 1978	9,449,121	840,003	Feb. 1978	43,195
YE Mar. 1978	9,482,690	874,803	Mar. 1978	64,663
YE Apr. 1978	9,717,912	934,162	Apr. 1978	114,188
YE May 1978	9,766,416	965,270	May 1978	99,088
YE June 1978	9,867,701	988,874	June 1978	12,589
YE July 1978	10,132,414	1,036,793	July 1978	116,070
YE Aug. 1978	10,174,447	1,049,413	Aug. 1978	79,734
YE Sept. 1978	10,273,634	1,107,746	Sept. 1978	131,712

Market Analysis Division
Office of Textiles
October 24, 1978

TABLE 2: RESTRAINT LEVELS FOR CURRENT FIVE YEAR

Cat. 649

<u>Specific Level</u>	<u>Dozen</u>	<u>SYE</u>
Haiti	771,301	3,702,245
Philippines	3,400,404	16,321,939
Hong Kong	1,023,419	4,912,411

Designated Consultation Level

Korea	218,750	1,050,000
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Market Analysis Division
Office of Textiles
October 25, 1978

TABLE 3: MAJOR SUPPLIERS TO THE U.S. MARKET OF MAN-MADE FIBER BODY SUPPORTING GARMENTS (CAT. 649) 1/
(1000 Dozen)

	1972	1973	1974	1975	1976	1977	<u>YE July 1978</u>	<u>YE Aug. 1978</u>
1) Philippine Republic	1,613	2,032	2,060	1,905	2,104	2,179	2,229	2,240
2) Mexico	969	1,322	1,567	1,864	2,119	2,137	2,079	2,064
3) Hong Kong	666	465	385	614	941	1,041	1,192	1,143
4) Costa Rica	472	451	509	531	934	1,047	1,090	1,139
5) Dominican Republic	2	44	257	379	478	621	1,036	1,049
6) Haiti	78	111	165	309	516	741	845	840
7) Barbados	10	18	-	-	135	338	376	386
8) Honduras	215	230	210	197	252	236	271	293
9) El Salvador	9	9	15	54	177	206	269	275
10) Jamaica	438	384	421	305	266	266	266	270
11) Trinidad	64	97	126	124	159	151	133	128
12) Korea Rep.	1	-	-	22	143	168	136	127
All Other	242	190	153	269	154	89	210	220
Total	4,779	5,353	5,868	6,573	6,378	9,420	10,132	10,174

1/ Ranked as of YE August 1978

Table 4: IMPORTS FROM DOMINICAN REPUBLIC BY COMMODITY
AND TSUSA NUMBER
(Dollars)

<u>Stat. No.</u>	<u>TSUSA NUMBER</u>	<u>YE 9/77</u>	<u>YE 9/78</u>	<u>Major Suppliers</u>
49	Brassieres and other body supporting garments, man-made fiber			
	Total U.S. Imports	9,229,423	10,273,634	
	Imports from the Dominican Republic (Rank 5)	714,200	1,107,746	Phil. Rep., Mexico, Costa Rica, Hong Kong, Dominican Republic, Haiti
	376.2430 Brassieres, orn.,	-	394,030	Mexico, Phil. Republic, Costa Rica, Dominican Rep, Haiti
	376.2445 Brassieres, orn.,	377,705	108,627	Mexico, Haiti, Phil. Rep. Costa Rica, Dom. Republic
	376.2470 Body Supporting Garments, Except Brassieres, orn.	-	4,574	Mexico, Haiti, Dominican
	376.2485 Body Supporting Garments, Except Brassieres, orn., Women's & Girls'	1,466	2,939	Mexico, Haiti, Dom. Republic
	376.2495 Body Supporting Garments, Except Brassieres, orn., Men's & Boys'	-	1,303	Dominican Republic
	376.2830 Brassieres, ^{n.orn.} orn.	-	451,397	Phil. Rep., Hong Kong, Dom. Republic, Mexico, Costa Rica
	376.2845 Brassieres, N.orn.	334,351	137,495	Phil. Rep., Hong Kong, Mexico, Costa Rica, Dominican Republic, Haiti
	376.2885 Body Supporting Garments, Ex., Brassieres, N. orn., Women's, Girls', Infants'	678	1,265	Mexico, Costa Rica, Japan Dominican Republic
	376.2886 Body Supporting Garments, Ex., Brassieres, n.orn.	-	25,346	Mexico, Costa Rica, Dominican Republic

TABLE 5: COMPARABLE EXPORT AND DOMESTIC PRICE DATA 1/
(U.S. Dollars Per Dozen)

Cat. 649 - Body Supporting Garments - Dozen

376.2430	Brassieres, orn.	
	Mexico	\$ 18.75
	Haiti	12.25
	Phil. Rep.	10.00
	Costa Rica	14.00
	Hong Kong	20.50
	Dom. Rep.	18.50
	U.S.	44.50

376.2830	Brassieres, N. orn.	
	Mexico	\$ 13.50
	Haiti	9.50
	Phil. Rep.	8.25
	Costa Rica	11.00
	Hong Kong	12.00
	Dom. Rep.	12.50
	U.S.	40.75

1/ Imports are average duty paid CIF value

Market Analysis Division
Office of Textiles
October 25, 1978

TABLE 6: PRODUCTION, IMPORTS AND IMPORT/PRODUCTION RATIO
 BODY SUPPORTING GARMENTS
 MAN-MADE FIBER, CATEGORY 649
 (1,000 Dozen)

<u>YEAR</u>	<u>PRODUCTION</u>	<u>IMPORTS</u>	<u>RATIO</u>
1967	22,111	610	2.8
1968	23,634	1,430	6.1
1969	23,433	1,835	7.8
1970	22,109	2,674	12.1
1971	21,870	3,745	17.1
1972	22,122	4,779	21.6
1973	21,330	5,353	25.1
1974	18,692	5,868	31.4
1975	17,899	6,573	36.7
1976	19,525	8,378	42.9
1977 Prelim.	18,595	9,420	50.7

Market Analysis Division
 Office of Textiles
 November 3, 1978

Table 7:

U.S. PRODUCTION-BODY SUPPORTING
GARMENTS-CAT. 649

(1,000 Dozen)

Cat. 649 - Body Supporting Garments-Man-Made Fiber

<u>SIC Product Code</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
2342110 Brassieres	16,445	16,307	16,353	13,487	15,236	14,42
234210 Girdles	5,677	5,023	4,339	4,412	4,289	4,17
Total Cat. 649	<u>22,122</u>	<u>21,330</u>	<u>18,692</u>	<u>17,899</u>	<u>19,525</u>	<u>18,59</u>

Market Analysis Division
Office of Textiles
November 3, 1978

Table 8

EMPLOYMENT IN BODY SUPPORTING GARMENTS INDUSTRY
(1000)

<u>PERIOD</u>	<u>APPAREL</u>	<u>BODY SUPPORTING GARMENTS</u>
1972	1,382.7	31.3
1973	1,438.1	29.8
1974	1,362.6	27.6
1975	1,243.3	24.1
1976	1,318.1	24.0
1977	1,312.3	20.7
JAN. 1978	1,294.4	20.3
FEB. 1978	1,309.5	19.9
MAR. 1978	1,327.0	20.6
APR. 1978	1,325.7	20.3
MAY 1978	1,328.2	20.0
JUNE 1978	1,341.8	19.7
JULY 1978	1,263.6	19.1
AUG. 1978	1,317.1	19.3
SEPT. 1978	1,326.6	NA
OCT. 1978	1,327.5	NA

Market Analysis Division
Office of Textiles
November 9, 1978

TABLE 9: FRB INDUSTRIAL PRODUCTION INDICES
(1967 = 100)

<u>PERIOD</u>	<u>APPAREL</u>
1972	109.4
1973	117.3
1974	114.3
1975	107.6
1976	122.2
1977	124.2
Jan. 1978	118.6
Feb. 1978	121.1
Mar. 1978	122.8
Apr. 1978	126.1
May 1978	125.9
Jun 1978	126.8
July 1978	124.6

Market Analysis Division
Office of Textiles
October 25, 1978