

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Bilateral Agreement Between the United States and Poland¹

The following communication, concerning a bilateral agreement concluded between the Governments of the United States and Poland, under Article 4 of the Long-Term Arrangement Regarding International Trade in Cotton Textiles, has been transmitted to the Executive Secretary by the United States Mission for notification to the Cotton Textiles Committee.

This is to inform you that initially the United States on 26 May 1964 requested the Government of Poland to restrain its exports to the United States in categories 46 and 47 under Articles 3 and 6(c) of the Long-Term Arrangement.² However, in subsequent consultations with the Government of Poland, agreement was reached under Article 4. In accordance with this agreement, which was confirmed by a letter dated 23 June 1964 from the United States Department of State to the Polish Embassy in Washington, D.C., and by a letter from the latter to the Department of State dated 7 July 1964, the United States will permit entry for consumption of up to 20,000 dozen men's cotton flannel shirts (classified in either category 46 or 47) from Poland for the twelve-month period beginning on 26 May 1964, and the Government of Poland would limit its exports to 4,000 dozen in the appropriate category for the twelve-month period beginning on 26 May 1965, in the event that further restraint should be necessary. The restraint will be limited to the appropriate category. The Government of Poland was provided with market disruption data as outlined in the enclosed statement.

¹Not party to the Long-Term Arrangement.

²See document COT/26/Add.1.

MARKET DISRUPTION DATA ON CATEGORIES 46 AND 47

Over the last few years, the United States market for category 46 cotton textiles (sport shirts) has been severely disrupted by rapidly rising imports. During the Short-Term Arrangement year imports in this category were 1,713,000 dozen. They increased by 24 per cent during the first Long-Term Arrangement year to a total of 2,112,000 dozen. Imports have continued at a high level during the second year of the Long-Term Arrangement. All the major suppliers of sport shirts have agreed to limit their exports to the United States markets.

Imported sport shirts are traditionally offered in the United States domestic market at prices ranging from 25 to 50 per cent below comparable garments made by United States manufacturers. Men's imported sport shirts, made up in corduroy, cotton flannel, and gingham frequently retail at \$2.98 where the comparable domestic shirt retails at \$5.98 and \$4.98.

Rising imports have also exerted pressure on the United States market for category 47 cotton textiles (work shirts). This market is suffering from oversupply by domestic manufacturers and is closely related to the market for category 46, sport shirts and work shirts being frequently substitutable. In the twelve-month period ending on 31 March 1964, imports in this category exceeded 100,000 dozen.

Like the sport shirts, imported work shirts are also being offered at prices 25 to 50 per cent below those of similar United States-made shirts.