

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COT/65/Add.1

30 June 1966

Special Distribution

Original: English

LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL
TRADE IN COTTON TEXTILES

Restraint by the United States in Accordance with
Articles 3 and 6(c)

Addendum

The following communication has been received by the Director-General from the United States mission.

I refer to my letter to you of 27 April 1966¹ concerning the United States Government request to the Government of Singapore to restrain exports of cotton textiles in seven categories.

I have been requested to supplement the information provided in the 27 April letter with the attached "market disruption" statements. I would appreciate the Secretariat making these statements available to the Cotton Textiles Committee.

¹See COT/65.

MARKET STATEMENTSCategory 31: Shop Towels

Imports of shop towels from all countries were 32.0 million pieces in the first Long-Term Arrangement year, 45.2 million in the second Long-Term Arrangement year and 54.8 million in the third Long-Term Arrangement year, an increase of more than 70 per cent from the first to the third Long-Term Arrangement year.

Practically all (98 per cent) of the towels in Category 31 imported from Singapore are shop towels. Imports of shop towels in Category 31 from Singapore first appeared in April 1964, and in the remaining six months of the second Long-Term Arrangement year totalled 2.0 million pieces. These imports increased sharply to 14.0 million pieces in the third Long-Term Arrangement year. Imports of shop towels from Singapore during April-September 1964, were 10 per cent of the total shop towels imported from all countries for the same period. Imports from Singapore increased substantially during the third Long-Term Arrangement year to more than 26 per cent of the total.

In 1963, total imports of shop towels from all countries were 34.6 million pieces or 23.6 per cent of the domestic production of 146.6 million pieces. By 1964, imports of 49.1 million increased to 35.7 per cent of the domestic production of 158.0 million pieces.

An 18 ins. x 18 ins. shop towel is base size on which prices of other towels are determined according to size. There is sharp and substantial difference in prices of domestic shop towels and those offered from Singapore. Light weight base towels (14/15 to the pound) are offered from Singapore for \$38 per thousand while comparable domestic towels sell for \$61.50 per thousand. Regular weight towels (11 to the pound) from Singapore are being offered from \$46 to \$48 a thousand compared to \$66.25 per thousand for domestic towel.

Shop towel imports from Singapore in the third Long-Term Arrangement year were at a higher level than three of four principal suppliers with specific ceilings. In addition to these four countries, there are nine other suppliers which have maximum levels for Category 31 under bilateral arrangements with the United States. A substantial increase in imports under Category 31, shop towels, offered at prices 30 to 35 per cent less than comparable towels of domestic manufacture, has seriously disrupted the United States market.

Category 43: Shirts, Knit, Other than T-Shirts and Sweatshirts

Imports of knit shirts in Category 43 from all countries increased sharply from 600,000 dozen in 1958 to 1,322,000 dozen in 1962, to 1,384,000 dozen in the first Long-Term Arrangement year. They declined to 1,109,000 dozen in the second

Long-Term Arrangement year but increased substantially to 1,512,000 dozen in the third Long-Term Arrangement year.

Statistical data for domestic production include knit shirts classified in both Categories 42 and 43, also girl's and infant's knit outer-wear shirts made from other fibres. On this basis, domestic production of knit shirts increased from 16.7 million dozen in 1958, to 17.9 million dozen shirts in 1962 but declined to an estimated 16.4 million dozen in 1964.

In 1958, imports of knit shirts in Categories 42 and 43 were 5.4 per cent of the domestic production. This ratio increased to 9.5 per cent in 1962 and to 10.3 per cent in 1964. Imports of knit shirts in Category 43 are about 70 per cent of the total imports in Categories 42 and 43.

Knit shirts under Category 43, from Singapore, were first imported in February 1965. In the nine months ending October 1965, these imports amounted to 33,183 dozen, 2.4 per cent of the total imports from all countries for the same period.

Most of the facilities used by Singapore for the manufacture of apparel are owned or controlled by Hong Kong interests. Similar knit shirts can be purchased in Hong Kong or in Singapore for delivery from either place. However, textile products from Singapore are usually lower in price than those from Hong Kong.

Long sleeved, knit shirts with fashioned collars and two-button front opening in sizes three to seven are marked "Made in Singapore" retailed at \$1.19 each. A comparable domestic knit shirt would retail for \$1.79 each.

The landed, duty-paid price of men's knit shirts from Singapore allow them to be retailed for \$1.98 each. These would compare favourably with domestic shirts retailing for \$2.98 each.

Restraint levels have been established in Category 43 with thirteen countries including specific ceilings for five countries. In nine months, imports from Singapore already exceed applicable limits for these suppliers.

Category 45: Men's, Boys' Dress Shirts, Not Knit

Imports of dress shirts in Category 45 from all countries have increased sharply and substantially from 151,000 dozen in 1958 to 653,000 dozen in 1961, to 921,000 dozen in 1963, to 1,257,000 dozen in 1964, or more than eight times over 1958 levels. Under the Long-Term Arrangement, imports increased 35 per cent from 976,000 dozen in the first Long-Term Arrangement year to 1,313,000 dozen in the third Long-Term Arrangement year.

Shipments from Singapore first entered in April 1965. In the seven months ending October 1965, imports from Singapore totalled about 30,000 dozen or 5 per cent of the total imports of 608,281 dozen from all countries for the same period.

Statistical data for domestic production include dress shirts made of fibres other than cotton. Domestic production has increased from 7.4 million dozen in 1958, to 8.7 million dozen in 1961, to 10.8 million dozen in 1963 and to an estimated 12.3 million dozen in 1964. Total imports have advanced at a much faster pace than domestic production. As a result, imports of cotton dress shirts were 2.1 per cent of the domestic production of all dress shirts in 1958, 6.5 per cent in 1961, 8.5 per cent in 1963 and 10.2 per cent in 1964.

Mens' broadcloth dress shirts from Hong Kong are offered at \$15.50 per dozen while comparable domestic dress shirts sell for \$22.50 per dozen. Dress shirts can be bought in Hong Kong or Singapore for delivery from either place since many of the factories in Singapore are owned or controlled by Hong Kong interests. Apparel prices for Singapore shirts are less than those quoted for Hong Kong.

The landed, duty-paid price of dress shirts from Singapore allow them to be sold retail for \$1.98 while comparable domestic shirts would retail for \$2.98.

With imports totalling more than 10 per cent of the domestic production and selling at prices considerably lower than comparable domestic made dress shirts, the domestic market is particularly sensitive to imports of men's and boys' dress shirts in Category 45.

Thirteen countries are under specific ceilings or have maximum levels under group ceilings in bilateral arrangements. Imports from Singapore are already more than the levels established for all these countries except Hong Kong, Taiwan and Japan.

Category 46: Men's and Boys' Sport Shirts, Not Knit

Imports of sport shirts in Category 46 from all countries increased sharply from 1,303,000 dozen in 1958 to 1,714,000 dozen in the Short-Term Arrangement year, to 2,112,000 dozen in the first Long-Term Arrangement year. Imports levelled off in the second and third Long-Term Arrangement years to 2,111,000 dozen and 2,090,000 dozen respectively.

Statistical data on domestic production include sport shirts made of cotton as well as other fibres. Domestic production increased from 16.7 million dozen in 1958, to 19.3 million in 1962, to 21.1 million dozen in 1964. Total imports increased at a faster rate than domestic production. Imports were 7.8 per cent of the domestic production in 1958, 9.7 per cent

in 1962, and 10.2 per cent in 1964. These ratios would be considerably higher were it possible to compare imports with domestic production of sport shirts made wholly or of chief value of cotton only.

Shipments of sport shirts in Category 46, from Singapore, were first entered in June 1965. In the five months ending October 1965, imports totalled 29,698 dozen, about 3 per cent of the total imports from all countries for this period.

Most of the apparel plants in Singapore are owned or controlled by Hong Kong interests. Articles of apparel can be bought in either Hong Kong or Singapore for delivery from either place. Prices of apparel items in Singapore are lower than similar items made in Hong Kong.

Boys' flannel sport shirts in sizes six to sixteen from Hong Kong are offered at \$6.75 a dozen in flat fold and \$8.75 a dozen for a set-up collar. Similar goods from Singapore would be offered for less. Comparable domestic flannel sport shirts are sold at \$11.00 to \$13.50 a dozen.

The landed, duty-paid price of men's flannel sport shirts imported from Singapore permit them to be sold retail for 98 cents each. These would compare to domestic flannel shirts selling for \$1.69.

The United States market for sport shirts has been seriously disrupted due to the large quantities of imports selling for prices lower than comparable domestic goods. Fourteen countries have specific restraint levels or have a level under the group ceiling in the bilateral arrangement. Imports from Singapore in the five months ending October 1965, are already higher than annual levels for all but five of these countries.

Category 50: Men's and Boys' Trousers,
Slacks and Shorts, Not Knit

Total imports from all countries in Category 50 increased sharply from 333,000 dozen in 1958 to 1,283,000 dozen in 1960, to 1,517,000 dozen in the first Long-Term Arrangement year. Imports declined to 1,422,000 dozen in the second Long-Term Arrangement year but rose to 1,507,000 dozen in the third Long-Term Arrangement year.

Imports from Singapore in Category 50 first entered the United States market in February 1965. In the nine months ending October 1965, imports from Singapore totalled 31,436 dozen or equivalent to an annual rate of 110,000 dozen. For the nine months ending October 1965, imports from all countries totalled 1,279,000 dozen, 13 per cent more than in the same period of 1964. Imports from Singapore were 6.4 per cent of the total imports for the nine-month period ending October 1965.

Statistical data on domestic production also include suit pants and uniform trousers of cotton and other fibres. Domestic production has increased from 17.9 million dozen in 1958, to 23.4 million dozen in 1962, to an estimated 27.2 million dozen in 1964. Total imports in Category 50 increased from 2 per cent of domestic production in 1958 to 7.5 per cent in 1962. In 1964, total imports were 5.4 per cent of domestic production.

Domestic producers cannot make comparable goods to sell in the same price range as imported goods. In many cases, items made to retail at \$1.98 each are sold for \$1.79 in order to compete with similar imported goods in a lower price range. For example, domestically produced boys' cotton denim jeans in sizes six to sixteen are selling for \$1.79 each in an effort to compete with jeans made in Singapore selling for \$1.19 each. Domestically made men's jeans are selling for \$2.49 compared to similar jeans made in Singapore selling for \$1.99. Boys' cotton twill, domestically made camp shorts in sizes six to sixteen are sold at \$2.99 compared to similar shorts made in Singapore selling for \$1.99.

Due to the sensitivity of the market to imported articles in Category 50, arrangements are in effect with eight countries for specific ceilings. In nine months, the total imports from Singapore have already exceeded annual levels set for five of these eight countries.

United States apparel manufacturers operate in an extremely competitive market and on very narrow profit margins. As a result, this type of competition from imports is particularly damaging to price and to profit structure of the United States industry and results in serious disruption of the domestic market.

Category 51: Women's and Girls' Trousers, Slacks,
Shorts (Outer), Not Knit

Imports in Category 51 from all countries increased sharply from 1,874,000 dozen in 1958 to 3,241,000 dozen in 1960 to a peak of 4,114,000 dozen in 1963. This high level of imports caused serious disruption in the United States market compelling the United States Government to take action limiting exports. Specific ceilings were arranged with eight countries. As a result, imports were 3,680,000 dozen in the second Long-Term Arrangement year and 3,484,000 dozen in the third Long-Term Arrangement year.

There is no history of trade with Singapore in Category 51 before March 1965. In the eight months ending October 1965, imports totalled 37,000 dozen for an annual rate of 130,000 dozen. These imports were approximately 4 per cent of the total imports of 2,343,000 dozen from all countries for the same period.

Domestic production increased from 10.2 million dozen in 1958 to 11.9 million dozen in 1962 to 12.2 million dozen in 1963, the last year for which production data are available. The ratio of total imports from all countries to domestic production was exceptionally high at 20 per cent in 1958. This ratio increased to 30 per cent in 1962 and 34 per cent in 1963 making Category 51 one of the most sensitive Categories.

Imported girls' Jamaica shorts, sizes seven to fourteen, made of poplin and woven plaids are being offered at \$6.50 to \$7.75 per dozen wholesale to retail at \$1.00. Comparable domestic shorts sell for \$12 a dozen and retail for \$1.69.

Domestic apparel manufacturers have an excellent reputation for producing style items in volume at popular prices. The market for trousers, slacks, shorts and allied items is extremely competitive and domestic producers must work within narrow profit margins depending on staple items for volume. The high level of imports as evidenced by the high ratio of imports to domestic production competes mostly with basic items and sells at prices considerably lower than garments of domestic manufacture. This had caused a substantial disruption in the United States market for these goods.

Category 60: Pyjamas and Other Nightwear

Total United States imports of cotton pyjamas and other nightwear in Category 60, from all countries, have increased substantially in recent years. These imports were 229,000 dozen in 1953, 483,000 dozen in 1961, 669,000 dozen in 1962 and 800,000 dozen in 1963. Total imports of 888,000 dozen in the third Long-Term Arrangement year were 42 per cent more than imports of 626,000 dozen in the Short-Term Arrangement year and four times the imports in 1958.

The first shipment from Singapore in Category 60 totalled 1,000 dozen and were imported in November 1964. No other shipments were entered in the next two months. Since February 1965, substantial and regular monthly shipments entered from Singapore totalling 126,789 dozen in the year ending October 1965.

Domestic production, including items made from fibres other than cotton as well as cotton, increased from 13,682,000 dozen in 1958 to 15,484,000 dozen in 1961 and 17,602,000 dozen in 1963, the last year statistical data are available. However, imports are increasing proportionately greater than domestic production resulting in an increasing share of the market for imported nightwear.

Imports of cotton nightwear in Category 60 from Singapore are being sold in the United States market at prices well below comparable domestic goods. Women's two-piece, 72 by 69 broadcloth pyjamas from Singapore are selling for \$12 per dozen wholesale compared to similar domestic pyjamas selling for \$13.50 to \$14.50 per dozen. Generally, domestic pyjamas retail for \$1.98 a pair while imported pyjamas retail for \$1.69 a pair.

Boys' two-piece broadcloth coat style pyjamas, sizes six to sixteen are being offered at \$11.50 per dozen wholesale, while comparable domestic pyjamas are sold at \$14.00 per dozen. Domestic pyjamas sell for \$1.98 as compared to \$1.59 for imported pyjamas.

Due to a substantial increase in imported sleepwear in Category 60, selling at prices well below comparable domestic goods, specific restraint levels were established with seven major supplying countries. Imports from Singapore, in one year, already exceeded ceilings set for five of these countries and were very close to the ceiling established for Japan.

The domestic apparel market is extremely competitive and manufacturers are compelled to work on narrow profit margins. The United States apparel producers are recognized as leaders in production of style items, but most depend on basic styles, for volume. A large quantity of imports in basic styles, selling at prices considerably lower than domestic made goods, resulted in a serious disruption of the domestic market.