

RESTRICTED

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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LONG-TERM ARRANGEMENT REGARDING TRADE IN COTTON TEXTILES

Restraint Request Made by the United States
under Article 3 and 6(c)

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

By note dated 30 June 1967, the United States Government, acting under Article 3 and 6(c) of the Long-Term Arrangement, requested the Government of Brazil to restrain Brazilian exports of Category 15 (carded poplin and broadcloth) at 635,000 square yards during the twelve-month period beginning as of the date of the note.

I have been requested to transmit the above information together with the text of the United States note to you for notification to the Cotton Textiles Committee.

Department of State,
Washington.

30 June 1967

The Secretary of State presents his compliments to His Excellency the Brazilian Ambassador and has the honour to refer to the Long-Term Arrangement Regarding International Trade in Cotton Textiles, done at Geneva on 9 February 1962, and especially to the market disruption provision of Article 3 and the equity provision of Article 6(c) of said Arrangement.

The Government of the United States has noted with concern the rising imports of carded poplin and broadcloth (Category 15). Total imports from all sources in Category 15 increased from 9 million square yards in the calendar year 1964 to 31 million square yards in 1966. Imports from Brazil amounted to approximately 635,000 square yards for the twelve months ending 28 February 1967 and have continued to grow. The only importation from Brazil prior to 1966 was 3,074 square yards in 1961. Fabric imported from Brazil in Category 15 is priced somewhat below comparable fabric produced in the United States.

A factual statement describing domestic market conditions and the effect of imports on the market for the product in question is appended as an annex to this note.

To prevent further disruption of the United States market, the Government of the United States has taken action in accordance with the provisions of the Long-Term Arrangement concerning exports in Category 15 from nineteen supplying countries. Most of these countries are participants in the Long-Term Arrangement and, as such, are entitled to the protection afforded by Article 6(c).

Having carefully reviewed both market conditions and long-term market prospects in the United States as well as the world-wide supply situation for this commodity; and taking into account the obligations which the Government of the United States has to its domestic industry and the specific equity obligation to supplying countries whose exports already are under restraint, the Government of the United States feels constrained to act at this time to avoid further market disruption. Accordingly, it respectfully requests the Government of Brazil to limit Brazilian exports to the United States of cotton textiles in Category 15 to 635,000 square yards for the twelve-month period beginning as of the date of this note.

This level has been set in accordance with the formula of Annex B of the Long-Term Arrangement. It represents the level of imports into the United States from Brazil of cotton textiles in Category 15 for the first twelve of the fifteen months preceding the month in which this note is delivered; that is, the twelve months ending 28 February 1967.

The Government of the United States will assist the Government of Brazil in implementing the aforementioned level of restraint through the facilities of the United States Bureau of Customs.

The Government of the United States again wishes to assure the Government of Brazil of its willingness to hold bilateral consultations for the purpose of reaching a mutually satisfactory understanding on all problems concerning the exportation of cotton textile products from Brazil to the United States. Meanwhile, the Government of the United States would greatly appreciate being informed of action taken by the Government of Brazil pursuant to the request for restraint on exports in Category 15, carded poplin and broadcloth, from Brazil to the United States.

Enclosure: Annex

ANNEX

MARKET STATEMENT

Category 15 - Poplin and Broadcloth, Carded

Domestic production

Since 1960, the domestic production trend for carded poplin and broadcloth fabrics has tended to move downward. From 1960-62 production levels fluctuated around 650 million square yards. Since 1963, production has levelled off, and in 1965 was about 575 million square yards. From 1960-65, production declined 12 per cent.

Imports

From 1960-65, imports of carded poplin and broadcloth have demonstrated a somewhat mixed picture, fluctuating from year to year. In 1960, imports in this category amounted to 15 million square yards and then declined in 1961. In 1962, they rose to a level of 20 million yards but declined to 9 million in 1964. They rose to 17.5 million yards in 1965 and to 30.6 million in 1966. For the twelve months ending April 1967 imports amounted to 27.9 million square yards, a 59 per cent increase over 1965.

Before January 1966, there was only a single shipment in Category 15 from Brazil of 3,074 square yards in 1961. Brazil became a regular supplier in Category 15 in January 1966. For the twelve months ending 30 April 1967, imports had reached a level of 772,644 square yards.

Prices

Carded broadcloth fabrics from Brazil are in the standard construction of 41" 97 x 56 30s x 40s and are 15.4 cents landed value including duty. Prices of comparable domestic fabrics have been falling steadily since August 1966, when the price was 19 to 20 cents. The current price for United States goods is 17 cents.