

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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ARTICLE XIX - PROPOSED ACTION BY THE UNITED STATES

Leather Wearing Apparel

The following communication, dated 12 February 1980, has been received from the Permanent Mission of the United States.

On 24 January 1980, the United States International Trade Commission (USITC) reported to the President that it had determined that coats and jackets of leather (described in Items 791.7620 and 791.7640 of the tariff schedules of the United States annotated) are being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

To remedy the serious injury found to exist, the Commission recommended that, in lieu of the existing rate of 6 per cent ad valorem applicable to United States imports of coats and jackets of leather entered under Items 791.7620 and 791.7640, the following rates be imposed on such articles (if valued not over \$150 each) for a period of three years:

<u>Year</u>	<u>Rate</u> (Per cent Ad Valorem)
First	31
Second	26
Third	21

The Commission report reveals the following:

(a) Imports have increased relative to domestic shipments with the result that the United States producers share of the market has declined more than 45 per cent since 1975.

(b) The number of coats and jackets shipped by United States producers in 1978 was the lowest of any year in the four-year period 1975/78 and the number shipped in the first eight months of 1979 was 13 per cent below the corresponding period of 1978.

(c) Capacity utilization in United States producers facilities declined from 78 per cent in 1975 to 71 per cent in 1978 and to less than 60 per cent in the first eight months of 1979.

(d) Producers profits in 1978 were 40 per cent below those in 1975 and profits in the first half of 1979 were more than 75 per cent below those for the corresponding period of 1978.

United States imports of coats and jackets of leather by principal sources for the years 1975/78 are as follows (value in millions of dollars):

Item 791.7620 - Men's and Boys'

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
All Countries	58.4	86.3	89.6	129.1
Korea	11.4	29.8	35.8	51.8
Taiwan	10.7	14.2	13.2	18.1
Argentina	0.6	2.0	3.9	9.3
Mexico	4.3	5.1	5.7	9.1
Hong Kong	5.8	6.0	6.4	7.6
Uruguay	1.6	3.4	4.6	6.5
Brazil	2.6	2.9	2.8	5.3
Spain	6.7	7.4	4.1	5.3
Canada	6.0	5.3	4.4	4.5
Colombia	0.6	0.5	0.7	1.5

Item 791.7640 - Women's and Girls'

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
All Countries	61.4	98.9	112.0	164.8
Korea	12.3	31.9	38.4	55.4
Argentina	2.2	7.3	13.8	33.1
Uruguay	6.3	13.3	18.2	25.6
Taiwan	10.1	13.4	12.4	17.0
Mexico	4.3	5.2	5.8	9.2
Canada	7.9	6.9	5.8	5.9
Hong Kong	3.7	3.8	4.1	4.9
Brazil	1.6	1.7	1.7	3.2
Spain	2.8	3.1	1.7	2.3

The rate of 6 per cent ad valorem applicable to coats and jackets of leather entered under Items 791.7620 and 791.7640 reflects duty reductions incorporated in the GATT schedules of tariff concessions.

Additional details are presented in the USITC Report to the President, Commission Publication 1030, dated January 1980.

Under Section 202 of the Trade Act of 1974, the President has sixty days following the receipt of a recommendation from the USITC for the provision of import relief to determine the method and amount of import relief he will provide or determine that the provision of such relief is not in the national economic interest of the United States.

The United States is prepared to consult with the CONTRACTING PARTIES and with contracting parties having a substantial interest as exporters of leather wearing apparel to the United States under Article XIX:2 of the General Agreement.