

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4942

20 February 1980

Limited Distribution

Original: English

ARTICLE XIX - ACTION BY THE EUROPEAN COMMUNITIES

Yarn of Synthetic Fibres

The following communication, dated 19 February 1980, has been received from the delegation of the European Communities.

I have the honour to advise you for the information of the contracting parties that the Commission of the European Communities has decided, by Regulations Nos. 387/80 and 388/80 of 20 February 1980 to take emergency action in pursuance of Article XIX of the General Agreement in respect of textile yarns falling within CCT heading ex-51.01 A: yarn of polyester fibres and yarn of polyamides for production of carpets.

Under these Regulations imports into the United Kingdom of these yarns from third countries, other than those which enter under an agreement providing for a free-trade régime on entry into the Community or under an agreement between the Community and any third country on trade in textile products, are subject to presentation of an import authorization. Such authorization shall be granted up to a total of 9,053 tonnes of polyester yarns and 7,500 tonnes of yarns of polyamide for the whole of 1980. This measure follows prior consultations with the principal supplying country. The Commission considers that a critical situation now exists in which delay in the application of import measures would cause damage difficult to repair.

The reason for this measure is that yarns of synthetic fibres are being imported into the United Kingdom in such increased quantities and under such conditions as to cause serious injury to domestic producers of the products concerned.

Imports of polyester yarn into the United Kingdom from third countries, as indicated above, have increased from approximately 3,300 tonnes in 1976 to 13,063 in 1979, resulting in an increase in the market share from 4.9 per cent to 18.3 per cent. More recently there has been a particularly sharp and substantial increase in imports from the major supplier (United States) whose exports

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increased by over 140 per cent from 5,114 tonnes in 1978 to 12,391 tonnes in 1979, with the market share increasing from 7.1 per cent to 17.7 per cent in those years rising above 25 per cent in the last months of 1979. In the period 1976-79, domestic production of these fibres in the United Kingdom has fallen from 48,115 tonnes to 39,164 tonnes and employment in the industry has fallen from 35,000 to 29,500. Substantial further redundancies are foreseen.

During 1979 the average price for all imports of polyester yarns into the United Kingdom was £1.53 per kg. compared with an import price from the major supplying country of £1.12 per kg. This compares with break-even prices for domestic producers in the United Kingdom at the end of 1979 of £1.50 per kg., while the average price obtained for sales was £1.20 per kg.: domestic producers were consequently obliged to sell at a substantial loss in order to compete with imports.

Imports into the United Kingdom from third countries, as indicated above, of yarn of polyamides for production of carpets increased from approximately 3,400 tonnes in 1976 to 5,757 tonnes in 1979, resulting in an increase in the market share from 4.3 per cent in 1976 to 20.7 per cent in 1979. More recently there has been a particularly sharp and substantial increase in imports from the major supplier which from 1978 to 1979 increased from 2,714 tonnes to 5,015 tonnes, thus increasing their market share from 8.6 per cent in 1978 to 18.1 per cent in 1979 rising above 25 per cent in the last months of 1979.

Domestic production of these fibres in the United Kingdom has fallen from 27,819 tonnes in 1976 to 15,392 tonnes in 1979. During 1979 the average price offered by importers of yarns of polyamides for carpets was 10/20 pence per kg. below the prices of United Kingdom manufacturers. As a result United Kingdom manufacturers incurred substantial losses while their share of the domestic market decreased from 56.2 per cent in 1976 to 30.9 per cent in 1979.

In accordance with the provisions of the General Agreement, the European Communities declare their readiness to enter into consultations with contracting parties having a substantial interest as exporters of the products concerned.

