

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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TRADE IN TEXTILES

Communication from the United States

The following communication, dated 29 November 1984, has been received from the United States Trade Representative with the request that it be circulated to contracting parties.

At the CONTRACTING PARTIES' fortieth session, during the discussion of Point 6 - Trade in Textiles - of the Council's report (L/5734), the United States reserved its position, particularly in response to the statement by the Pakistani representative on behalf of developing countries, exporters of textiles and clothing. The United States indicated that it might wish to make a further intervention on this item for the record.

There are several points in the Pakistani presentation with which the United States flatly disagrees:

- The United States has not in any sense disregarded its international obligations in the field of textiles. Since the inauguration of MFA III in January 1982, imports into the United States have increased by amounts far greater than any into any other MFA participant. They have increased by some 70 per cent in volume and are currently running at an annual level of over \$13 billion per year.
- Actions taken to seek restraint and if necessary to invoke provisions of the MFA or our bilateral agreements for different products from a number of countries have been taken pursuant to those provisions.
- The contention that consultation calls have been made automatically "as soon as they are triggered by the quantitative criteria (announced on December 16, 1983) and often before it" is absolutely without foundation. As the United States delegation to last October's Textile Committee pointed out, the number of calls made since last December is far less than the number of cases meeting those criteria. The cumulative figures for the first seven months of 1984 were cited as follows:

	<u>Potential calls</u>	<u>Actual calls</u>
January	143	18
February	155	9
March	168	14
April	165	6
May	177	16
June	186	15
July	218	8

- The Pakistani statement does admit that there was a strong rise in imports into the United States in 1983 and 1984 (the increases were on the order of 25 per cent for 1983 and 40 per cent for the first nine months of this year). The contention that the volume of imports from developing MFA suppliers has increased much less rapidly than imports from non-restrained suppliers is wrong, however, and the chart annexed to Pakistan's written statement is misleading. It is correct that the rate of growth has been higher in percentage terms for unrestrained suppliers, but the growth in absolute volume has been substantially greater from developing countries, as shown below.

- For example, the annual level of imports from the ten countries making up the European Community increased from 474 million square yards equivalent in 1982 to 663 million in 1983 to 1,027 million for the year ending in September 1984 - an increase of 116 per cent for that period in percentage terms and an increase of 553 million square yards equivalent in volume terms.

For the same period, imports from our four largest developing country suppliers increased from 3,215 million in 1982 to 3,902 in 1983 to 4,491 for the year ending in September 1984 (more than four times the EC total). This is an increase in percentage terms of 40 per cent (far less than the EC's 116 per cent), but an increase in volume of some 1,276 million square yard equivalent (well over twice as much in actual shipments).

Thus, while it would be correct to say that imports from developed countries are increasing at a rate faster than those from developing countries, it is highly misleading to imply that the bulk of the actual increase is coming from unrestrained developed countries.

- The statement that United States Government actions with respect to the countervailing duty investigations by the United States Department of Commerce and the implementation of new interim customs regulations "received the unanimous condemnation of members of the Textiles Committee" is manifestly false, as anyone who cares to read the reports of recent Textiles Committee meetings can easily attest. The United States does not accept the contention that these measures "are in conflict with Article 9 of the MFA and paragraph 23 of the Protocol of Extension" and this contention has not been substantiated in either the Textiles Surveillance Body (TSB) or the Textiles Committee.

- Countries wishing to comment formally upon, or consult directly with respect to, the interim customs regulations have been given every opportunity to do so and their views will be taken fully into account before a final decision is reached on any new regulations.

With respect to the countervailing duty investigations, these have been undertaken in response to petitions from United States industry and labour groups who, in filing the petitions, were exercising their legal rights under the United States Countervailing Duty Statute to seek redress for alleged unfair trading practices.

The administration of the CVD Law is a transparent process, with abundant opportunities for oral and written comments, for explanations to and from the Department of Commerce (DOC), and for the receipt of relevant information, to determine whether products are being traded unfairly.

Once a CVD petition is filed, subsequent events occur more or less automatically, and are subject to a specific time-table. The United States Congress set up the CVD process in this manner to make certain that it operated as efficiently as possible and to ensure that cases would be concluded in a timely manner.

The Congress also designed the United States CVD Law to be insulated from political pressures. The statute is precise and DOC has no discretionary authority of a political nature. Neither domestic nor foreign political factors may be considered in the course of a CVD investigation.

Finally, we would add that the United States remains fully committed to promoting trade liberalization in a GATT context for all goods and services. With respect to textiles, that means trade liberalization with respect to restrictions applied outside the MFA, as well as those pursuant to it.

This does not reflect a policy or a pattern of overly protectionist action.