ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Unilateral Measures Taken With Respect to a Textile product

United States/Costa Rica

Note by the Chairman

Attached is a notification received from the United States of a unilateral measure introduced with respect to imports of Category 331 (cotton gloves and mittens) from Costa Rica. The factual statement made under Article 3:3 is also attached.
May 31, 1989

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue de Lausanne 154
1211 Geneva

Dear Ambassador Raffaelli:

I refer to my letter of December 5, 1988 on the request by the United States for Article 3.3 consultations with Costa Rica on cotton gloves and mittens (Category 331).

This will confirm my oral notification that the United States, pursuant to Article 3.5 of the Arrangement, has imposed a restraint, effective March 10, 1989, on imports from Costa Rica of this product. The restraint level is set at 698,289 dozen pairs; the restraint period is from November 30, 1988 to November 29, 1989.

Sincerely,

Robert E. Shepherd
Minister Counselor
The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue De Lausanne 154
1211 Geneva

Dear Ambassador Raffaelli:

Pursuant to the provisions of paragraph 3 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform you that, on November 30, 1988, the United States requested consultations with Costa Rica with respect to cotton gloves and mittens (Category 331). A copy of the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of Costa Rica at the time of the request is enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure
THF EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS OF COSTA RICA AND HAS THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, DONE AT GENEVA ON DECEMBER 26, 1973 AND EXTENDED BY PROTOCOL DATED JULY 31, 1986, AT GENEVA (HEREAFTER REFERRED TO AS THE ARRANGEMENT). THE EMBASSY ALSO HAS THE HONOR TO REFER TO THE BILATERAL TEXTILE CONSULTATIONS BETWEEN THE GOVERNMENTS OF COSTA RICA AND THE UNITED STATES DURING NOVEMBER 2-4 IN WASHINGTON, D.C.

UNDEP ARTICLE 3 OF THE ARRANGEMENT, IF, IN THE OPINION OF ANY PARTICIPATING IMPORTING COUNTRY, ITS MARKET IS BEING DISRUPTED IN TERMS OF THE DEFINITION OF MARKET DISRUPTION IN ANNEX A OF THE ARRANGEMENT BY IMPORTS OF A CERTAIN TEXTILE PRODUCT NOT ALREADY SUBJECT TO RESTRAINT, IT SHALL SEEK CONSULTATIONS WITH THE PARTICIPATING EXPORTING COUNTRY WITH A VIEW TOWARD REMOVING SUCH DISRUPTION.

IN RECENT MONTHS, THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE RISING LEVEL OF CATEGORY 331 COTTON GLOVE AND MITTEN EXPORTS FROM COSTA RICA TO THE UNITED STATES. THE UNITED STATES EXPRESSED THIS CONCERN DURING THE BILATERAL TEXTILE CONSULTATIONS HELD IN WASHINGTON, D.C. NOVEMBER 2, 3, AND 4. AFTER CAREFUL REVIEW, THE GOVERNMENT OF THE UNITED STATES HAS CONCLUDED THAT IMPORTS OF THIS PRODUCT FROM COSTA RICA ARE DISRUPTING THE MARKET FOR CATEGORY 331 COTTON GLOVES AND MITTENS IN THE UNITED STATES. IN ORDER TO AVOID FURTHER DISRUPTION OF THIS MARKET, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF COSTA RICA TO DISCUSS AN APPROPRIATE LEVEL OF RESTRAINT FOR COSTA RICAN EXPORTS OF CATEGORY 331 COTTON GLOVES AND MITTENS TO THE UNITED STATES. A DETAILED FACTUAL STATEMENT OF THE REASONS AND JUSTIFICATION FOR THIS CONCLUSION, WITH CURRENT SUPPORTING DATA, IS ENCLOSED AS ANNEX A AND SHOULD BE REGARDED AS AN INTEGRAL PART OF THIS NOTE.

THE UNITED STATES GOVERNMENT LOOKS FORWARD TO REACHING A MUTUALLY SATISFACTORY SOLUTION OF THIS MATTER IN ACCORDANCE WITH THE ARRANGEMENT. IF THE GOVERNMENT OF COSTA RICA AND THE GOVERNMENT OF THE UNITED STATES ARE UNABLE TO AGREE ON A MUTUALLY SATISFACTORY SOLUTION TO THIS MATTER WITHIN SIXTY DAYS FROM THE RECEIPT OF THIS NOTE, THE GOVERNMENT OF THE UNITED STATES RESERVES ITS RIGHT TO RESTRAIN IMPORTS OF CATEGORY 331 COTTON GLOVES PRODUCED IN COSTA RICA AND EXPORTED TO THE UNITED STATES DURING THE 12-MONTH PERIOD BEGINNING ON THE DATE OF THE RECEIPT OF THIS REQUEST TO A LEVEL NOT LESS THAN THE LEVEL OF U.S. IMPORTS OF THIS PRODUCT FROM COSTA RICA DURING THE FIRST 12 OF THE MOST RECENT 14 MONTHS PRECEDING THE MONTH IN WHICH THIS REQUEST IS MADE (THAT IS, NOT INCLUDING NOVEMBER). BASED ON YEAR-ENDING AUGUST 1988 IMPORT DATA, THIS LEVEL IS 698,289 DOZEN PAIRS.
THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF COSTA RICA WITH RESPECT TO COSTA RICA'S EXPORTS OF CATEGORY 371 COTTON GLOVES AND MITIENS TO THE UNITED STATES AND WITH RESPECT TO A DATE AND PLACE FOR CONSULTATIONS.
SUMMARY AND CONCLUSIONS


THE U.S. MARKET FOR COTTON GLOVES AND MITTENS (CATEGORY 331) HAS BEEN DISRUPTED BY IMPORTS. THE SHARP AND SUBSTANTIAL INCREASE IN IMPORTS FROM COSTA RICA IS CONTRIBUTING TO THIS DISRUPTION.

U.S. PRODUCTION AND MARKET SHARE


U.S. IMPORTS AND IMPORT PENETRATION


DUTY-PAID VALUE AND U.S. PRODUCERS' PRICE

### TABLE I

**COTTON GLOVES AND MITTENS (CATEGORY 331): U.S. PRODUCTION, IMPORTS, MARKET, IMPORT/PRODUCTION RATIOS AND DOMESTIC MARKET SHARE**

<table>
<thead>
<tr>
<th>Period</th>
<th>Production</th>
<th>Imports</th>
<th>Market</th>
<th>I/P Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>16,410</td>
<td>15,550</td>
<td>31,960</td>
<td>94.8</td>
</tr>
<tr>
<td>1986</td>
<td>15,550</td>
<td>16,265</td>
<td>31,823</td>
<td>104.5</td>
</tr>
<tr>
<td>1987</td>
<td>14,993</td>
<td>15,731</td>
<td>30,724</td>
<td>104.9</td>
</tr>
<tr>
<td>1988</td>
<td>15,015</td>
<td>17,151</td>
<td>32,166</td>
<td>114.2</td>
</tr>
</tbody>
</table>

1/ The methodology used to calculate production for 1994 through 1987 is consistent. However, according to a new glove survey released by the Census Bureau in September 1988, production of cotton gloves and mittens totalled 22,861 thousand dozen pair in 1987. This survey shows more fiber detail and includes a broader definition of work gloves. The methodology used to calculate cotton glove production based on this more detailed survey is not comparable to the methodology used to compute the production shown in the table.

2/ U.S. market for domestically produced and imported cotton gloves and mittens.
### TABLE II
COTTON GLOVES AND MITTENS (CATEGORY 331): U.S. IMPORTS FROM COSTA RICA AND THE WORLD

<table>
<thead>
<tr>
<th>Period</th>
<th>Costa Rica</th>
<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>0</td>
<td>15,731</td>
<td>15,731</td>
</tr>
<tr>
<td>1987</td>
<td>453</td>
<td>16,698</td>
<td>17,151</td>
</tr>
</tbody>
</table>

**YEAR-ENDING SEPTEMBER**

| 1987         | 245        | 15,817| 16,062  |
| 1988         | 903        | 18,609| 19,412  |

**JANUARY-SEPTEMBER**

| 1987         | 245        | 12,264| 12,539  |
| 1988         | 595        | 14,176| 14,771  |

### TABLE III
COTTON GLOVES AND MITTENS (CATEGORY 331): DUTY-PAID VALUE AND U.S. PRODUCER PRICES

<table>
<thead>
<tr>
<th>TSUSA No. and Source</th>
<th>Value/Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>704.4025</td>
<td>1.46</td>
</tr>
<tr>
<td><strong>Costa Rica</strong></td>
<td><strong>U.S. Producer Price</strong></td>
</tr>
<tr>
<td></td>
<td>2.90 - 3.00</td>
</tr>
<tr>
<td>704.4506</td>
<td>1.3F</td>
</tr>
<tr>
<td><strong>Costa Rica</strong></td>
<td><strong>U.S. Producer Price</strong></td>
</tr>
<tr>
<td></td>
<td>2.70 - 2.80</td>
</tr>
</tbody>
</table>