ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5(i)

Unilateral Measure Taken by the United States with Respect to Imports from Guatemala

Note by the Chairman

Attached is a notification received from the United States of a unilateral measure taken under Article 3:5(i) with respect to imports of cotton trousers (Category 347/348) from Guatemala. Also attached is the notification made by the United States under Article 3:3.

*English only/Anglais seulement/Inglés solamente
July 17, 1989

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs & Trade
Rue de Lausanne 154
1211 Geneva

Dear Ambassador Raffaelli:

Pursuant to the provisions of Article 3.5(i) I am instructed by my government to inform the Textiles Surveillance Body that, effective July 13, 1989, my government invoked the provisions of that Article to impose a restraint on imports of cotton trousers (Category 347/348) from Guatemala. The restraint is effective for exports of this product from Guatemala for the period April 26, 1989 - April 25, 1990.

Sincerely,

Robert E. Shepherd
Minister Counsellor
May 2, 1989

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs & Trade
Rue de Lausanne 154
1211 Geneva

Dear Ambassador Raffaelli:

Pursuant to the provisions of paragraph 3 of Article 3 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform you that, on April 26, 1989, the United States requested consultations with Guatemala with respect to cotton trousers (category 347/348). A copy of the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of Guatemala at the time of the request is enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure
The Embassy of the United States of America presents its compliments to the Government of Guatemala and has the honor to refer to the arrangement regarding international trade in textiles, with annexes, done at Geneva on December 26, 1977 and extended by protocols adopted.

There have been recent months the Government of the United States has noted the sharply rising level of exports of men's and women's cotton trousers, slacks and shorts (Category 347/348) to the United States from Guatemala. After careful review, the United States government has concluded that imports in this category are disrupting the United States' market as contemplated by Article 2 of the arrangement. A statement of the reasons and justification for this conclusion, with current data, is enclosed as Annex A of this note.

Accordingly, the Government of the United States hereby requests consultations with the Government of Guatemala to discuss an appropriate level of restraint for Guatemala's exports to the United States of cotton trousers, slacks and shorts (Category 347/348).

In accordance with Article 3 of the arrangement, if representatives of the two governments are unable to agree on a mutually satisfactory solution to this matter within sixty days, the government of the United States reserves the right to restrain such imports produced in Guatemala and exported during the twelve month period beginning on the date of receipt of this request. This limit will not be less than the level of United States imports of products in report Category 347/348 from Guatemala during the first 12 months preceding the 12 month period in which this request is made. That figure, for the 12 months ending January 31, 1989, is 26,662 dozen. This formulation is in accordance with the provisions of Article 3 of the arrangement.

The government of the United States would appreciate the views of the Government of Guatemala with respect to Guatemala's exports in Category 347/348 to the United States and regarding a date and place for consultations.

End text of diplomatic note

Enclosure: Annex A
MARKET STATEMENT  
GUATEMALA  
COTTON TROUSERS, SLACKS AND SHORTS  
(CATEGORY 347/348)  
APRIL 1989

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF COTTON TROUSERS, SLACKS AND SHORTS  
(CATEGORY 347/348) FROM GUATEMALA REACHED 696,662 DOZEN  
DURING THE YEAR ENDING JANUARY 1989, MORE THAN DOUBLE THE  
322,522 DOZEN IMPORTED A YEAR EARLIER. COTTON TROUSERS,  
SLACKS AND SHORT IMPORTS FROM GUATEMALA WERE 672,563 DOZEN  
in 1987 AND 272,592 DOZEN IN 1986. IN THE MONTH OF  
JANUARY 1989, IMPORTS OF COTTON TROUSERS, SLACKS AND  
SHORTS (CATEGORY 347/348) FROM GUATEMALA REACHED 59,110  
DOZEN, 31 PERCENT ABOVE THE 44,891 DOZEN IMPORTED DURING  

THE U.S. MARKET FOR COTTON TROUSERS, SLACKS AND SHORTS  
(CATEGORY 347/348) IS BEING DISRUPTED BY THE SHARP AND  
SUBSTANTIAL INCREASE OF IMPORTS FROM GUATEMALA.

U.S. PRODUCTION AND MARKET SHARE

U.S. PRODUCTION OF COTTON TROUSERS, SLACKS AND SHORTS  
REMAINED RELATIVELY FLAT BETWEEN 1982 AND 1986 AVERAGING  
29.76C COTTON DOZEN ANNUALLY. U.S. PRODUCTION INCREASED IN  
1987 REACHING 43.370 COTTON DOZEN AND THEN FELL DURING THE  
FIRST NINE MONTHS OF 1988 RESULTING IN A YEAR ENDING  
SEPTEMBER 1988 PRODUCTION LEVEL OF 38.165 COTTON DOZEN, 12  
PERCENT BELOW THE 1987 LEVEL AND FOUR PERCENT BELOW THE  
1982-86 AVERAGE LEVEL. DOMESTIC MANUFACTURERS OF COTTON  
TROUSERS, SLACKS, AND SHORTS LOST MARKET SHARE IN EVERY  
YEAR SINCE 1982. THEIR MARKET SHARE FELL FROM 75 PERCENT  
IN 1982 TO 60 PERCENT IN 1987, A DROP OF 15 PERCENTAGE  
POINTS. DOMESTIC MANUFACTURERS LOST ANOTHER FIVE  
PERCENTAGE POINTS AS THEIR SHARE OF THE MARKET PLUNGED TO  

U.S. IMPORTS AND IMPORT PENETRATION

U.S. IMPORTS OF COTTON TROUSERS, SLACKS AND SHORTS MORE  
THAN DOUBLED BETWEEN 1986 AND 1988, INCREASING FROM  
13,133 COTTON DOZEN IN 1986 TO 30,976 COTTON DOZEN IN 1988.  
U.S. IMPORTS OF CATEGORY 347/348 FOR THE YEAR ENDING  
JANUARY 1989 INCREASED THREE PERCENT OVER THE YEAR ENDING  
JANUARY 1988 LEVEL. THE RATIO OF IMPORTS TO DOMESTIC  
PRODUCTION DOUBLED, INCREASING FROM 23 PERCENT IN 1982 TO  
67 PERCENT IN 1987. THE IMPORT TO PRODUCTION RATIO  
TUTY-PAID VALUE AND U.S. PRODUCERS' PRICE


TABLE I

MEN'S AND BOYS' WOMEN'S AND GIRLS' 1/2 COTTON TROUSERS STACKS AND SHORTS (CATEGORY 347/348): U.S. PRODUCTION IMPORTS MARKET, IMPORT/PRODUCTION RATIO, AND DOMESTIC MARKET SHARE

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRODUCTION</th>
<th>IMPORTS</th>
<th>MARKET</th>
<th>I/P SHARE</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>70,968</td>
<td>17,177</td>
<td>57,181</td>
<td>37.9</td>
<td>75.3</td>
</tr>
<tr>
<td>1988</td>
<td>79,549</td>
<td>25,276</td>
<td>54,273</td>
<td>45.7</td>
<td>68.6</td>
</tr>
<tr>
<td>1989</td>
<td>47,534</td>
<td>15,174</td>
<td>32,360</td>
<td>47.3</td>
<td>67.9</td>
</tr>
<tr>
<td>1990</td>
<td>70,754</td>
<td>27,422</td>
<td>43,332</td>
<td>52.6</td>
<td>65.5</td>
</tr>
<tr>
<td>1991</td>
<td>39,662</td>
<td>25,514</td>
<td>14,148</td>
<td>64.3</td>
<td>60.9</td>
</tr>
<tr>
<td>1992</td>
<td>43,370</td>
<td>25,132</td>
<td>18,238</td>
<td>67.2</td>
<td>59.8</td>
</tr>
</tbody>
</table>

JANUARY-SEP.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRODUCTION</th>
<th>IMPORTS</th>
<th>MARKET</th>
<th>I/P SHARE</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>70,964</td>
<td>27,516</td>
<td>56,180</td>
<td>66.9</td>
<td>60.0</td>
</tr>
<tr>
<td>1988</td>
<td>73,700</td>
<td>22,510</td>
<td>51,190</td>
<td>83.0</td>
<td>56.2</td>
</tr>
</tbody>
</table>


2/ U.S. MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED MEN'S AND BOYS', WOMEN'S AND GIRLS' COTTON TROUSERS STACKS AND SHORTS
### TABLE II
**Men's and Boys', Women's and Girls' Cotton Trousers, Stacks and Sports (Category 347/348) 1/:**
*U.S. Imports from Guatemala and the World*

<table>
<thead>
<tr>
<th>Period</th>
<th>Guatemala</th>
<th>Other</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>271</td>
<td>29.461</td>
<td>29.172</td>
</tr>
<tr>
<td>1986</td>
<td>677</td>
<td>36.873</td>
<td>36.676</td>
</tr>
</tbody>
</table>

**Year-Ending January**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>367</td>
<td>29.468</td>
<td>29.701</td>
</tr>
<tr>
<td>1986</td>
<td>687</td>
<td>36.998</td>
<td>36.705</td>
</tr>
</tbody>
</table>

**January**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>45</td>
<td>2.264</td>
<td>2.339</td>
</tr>
<tr>
<td>1986</td>
<td>56</td>
<td>2.089</td>
<td>2.148</td>
</tr>
</tbody>
</table>

*Data based on the Harmonized System Nomenclature.*

### TABLE III
**Men's and Boys', Women's and Girls' Cotton Trousers, Stacks and Sports (Category 347/348) 1/:**
*Input-Unit Import Values and U.S. Producers' Prices - U.S. Dollars per Dozen -*

<table>
<thead>
<tr>
<th>TXUSA NO AND SOURCE</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>361 6217</td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>35.04</td>
</tr>
<tr>
<td>U.S. Producer Price</td>
<td>73.00 - 83.02</td>
</tr>
<tr>
<td>284.4776</td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>41.12</td>
</tr>
<tr>
<td>U.S. Producer Price</td>
<td>66.00 - 76.00</td>
</tr>
<tr>
<td>284.4765</td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>65.23</td>
</tr>
<tr>
<td>U.S. Producer Price</td>
<td>129.62 - 119.00</td>
</tr>
</tbody>
</table>

1/ Data based on the various schedules of the United States Annotated in effect during calendar year 1982.

End spread 1