Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Unilateral measure taken by the United States with respect to imports from Costa Rica

Note by the Chairman

Attached is a notification received from the United States of an unilateral measure taken with respect to imports of men's and boys' wool suits (Category 443) from Costa Rica. The restraint is applicable for the period 30 August 1991 to 29 August 1992. Attached also is the request for consultations made by the United States under Article 3:3.
November 5, 1991

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

Dear Ambassador Raffaelli:

This is to inform the Textiles Surveillance Body that, effective October 29, 1991, the United States Government invoked the provisions of Article 3.5 of the arrangement to impose a restraint on imports of mens' and boys' wool suits (category 443) from Costa Rica. The restraint period is from August 30, 1991 through August 29, 1992. The level was set at 176,810 pieces.

Sincerely,

Robert E. Shepherd
Minister Counsellor
September 3, 1991

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 Article 3 of the Arrangement Regarding International Trade in Textiles, I am instructed by my government to inform you that, on August 30, 1991, the United States requested consultations with Costa Rica with respect to men's and boys' wool suits (category 443). 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
Excellency:

I have the honor to refer to the Arrangement regarding international trade in textiles done in Geneva on December 20, 1973, as extended (the Multi-fiber Arrangement). I have the further honor to refer to Section 204 of the U.S. Agricultural Act of 1956, as amended.

During recent months, the Government of the United States has noted the rapidly increasing levels of imports of products in Category 443 (men's and boys' wool suits) from Costa Rica. After careful review, the Government of the United States has concluded that these imports from Costa Rica are causing disruption of the market for these products in the United States. A detailed factual statement of the reasons and justifications for this conclusion is attached as an appendix to and is an integral part of this note.

In order to avoid further market disruption, 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 products in category 443 to the United States.

His Excellency

Dr. Gonzalo J. Facio,
In accordance with Article Three of the Arrangement, if representatives of the two governments are not able 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 Costa Rica and exported to the United States during the twelve month period beginning on the date of the receipt of this request. For category 443 this limit would be 176,810 units, based on trade for the year ending May 1991. This limit is calculated on the basis of the trade levels reported in U.S. General Import Statistics, during the first twelve of the most recent fourteen months preceding the months in which the call was made. Such annual specific limit would be no less than the level of United States imports entered in this category from Costa Rica during the first twelve of the most recent fourteen months preceding the month in which the call was made.

The Government of the United States would appreciate the views of the Government of Costa Rica concerning the date and manner of mutually convenient dates and a venue for these consultations.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:

Attachment: Market Statement for Category 443
Market Statement
Category 443
Men's and Boys' Wool Suits

Import Situation and Conclusion

U.S. imports of men's and boys' wool suits, Category 443, from Costa Rica reached 184,857 units (15,405 dozen) during the year ending in June 1991, 25 percent above the 147,372 units (12,281 dozen) imported during the year ending in June 1990. In the first six months of 1991 imports of Category 443 from Costa Rica reached 96,702 units (8,059 dozen), 32 percent above the 73,155 units (6,096 dozen) shipped during the same time period in 1990. Costa Rica is the fourth largest supplier of men's and boys' wool suits to the U.S., accounting for 7.7 percent of total category 443 imports during the first half of 1991. In calendar year 1990, Costa Rica's category 443 imports accounted for 5.5 percent of total category imports.

The sharp and substantial increase in category 443 imports from Costa Rica is disrupting the U.S. Market for men's and boys' wool suits.

U.S. Production, Import Penetration and Market Share

U.S. production of men's and boys' wool suits, Category 443, has declined sharply since 1988, falling to 354,000 dozen in 1990, 25 percent below the 470,000 dozen produced in 1989, and 27 percent below the 482,000 dozen produced in 1988. In contrast, U.S. imports of men's and boys' wool suits, Category 443, increased from 167,000 dozen in 1988 to 195,000 dozen in 1990, a 17 percent increase. Category 443 imports continue to increase in 1991, surging to 104,959 dozen in the first six months of 1991, 16 percent above the January - June 1990 level. The ratio of imports to production in Category 443 has risen from 35 percent in 1988 to 55 percent in 1990. The domestic manufacturers' share of the men's and boys' wool suit market declined from 61 percent in 1988 to 65 percent in 1990, a
Approximately 70 percent of category 443 imports from Costa Rica during the first six months of 1991 entered the U.S. under HTSUSA number 6203.11.2000 — men’s and boys’ wool suits, other than those containing 30 percent or more by weight of silk. These garments entered at a duty-paid landed value below U.S. producers' prices for comparable suits.

<table>
<thead>
<tr>
<th>Category 443</th>
<th>Men’s and Boys’ Wool Suits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landed Duty-Paid Value and U.S. Producers' Price</td>
<td>(U.S. Dollars Per Unit)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>HTSUSA Number and Source</th>
<th>Value/Price</th>
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</thead>
<tbody>
<tr>
<td>6203.11.2000</td>
<td>77.80</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>115.00 - 125.00</td>
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</tbody>
</table>
Table I  
Category 443  
Men's and Boys' Wool Suits  
U.S. Production, Imports, Market, Import/Production  
and Domestic Market Share  

<table>
<thead>
<tr>
<th>Period</th>
<th>Production</th>
<th>Imports</th>
<th>Market l/</th>
<th>I/P</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 dozen</td>
<td>--------</td>
<td>-----------</td>
<td>-----</td>
<td>---------------</td>
</tr>
<tr>
<td>1988</td>
<td>482</td>
<td>167</td>
<td>649</td>
<td>35</td>
<td>74</td>
</tr>
<tr>
<td>1989</td>
<td>470</td>
<td>225</td>
<td>695</td>
<td>48</td>
<td>68</td>
</tr>
<tr>
<td>1990</td>
<td>354</td>
<td>195</td>
<td>549</td>
<td>55</td>
<td>63</td>
</tr>
</tbody>
</table>

Table II  
Category 443  
Men's and Boys' Wool Suits  
Imports from Costa Rica and the World  

<table>
<thead>
<tr>
<th>Period</th>
<th>Costa Rica</th>
<th>World:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Units)</td>
<td>(Dozen)</td>
</tr>
<tr>
<td>1989</td>
<td>129,004</td>
<td>10,570</td>
</tr>
<tr>
<td>1990</td>
<td>161,310</td>
<td>13,443</td>
</tr>
</tbody>
</table>

Year Ending June  
- 1990 - 1991 -  

January - June  
- 1990 - 1991 -