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 by it with respect to imports of men's and boys' wool trousers (Category 447) from Costa Rica for the period 25 February 1993 to 24 February 1994. The notification also contains the request for consultations made under Section 204 of the US Agricultural Act of 1956. This request was made prior to Costa Rica's acceptance of the 1992 Protocol of Extension.
July 9, 1993

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

Dear Ambassador Raffaelli:

This is to confirm my oral notification that, effective July 1, 1992, the United States invoked the provisions of article 3.5 of the MFA to impose restraints on imports of men’s and boys’ wool trousers (category 447) from Costa Rica. The restraint period is from February 25, 1993 to February 24, 1994. The restraint level is set at 7,971 Dozen.

Attached, hereto, is a copy of the request for consultations, which was made pursuant to Section 204 of the U.S. Agricultural Act of 1956, as amended, prior to Costa Rica’s acceptance of the current protocol of extension.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Attachment
(COMPLIMENTARY OPENING) ... AND HAS THE HONOR TO REFER TO SECTION 204 OF THE U.S. AGRICULTURAL ACT OF 1956, AS AMENDED, AND TO THE BILATERAL TEXTILE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND COSTA RICA, SIGNED IN WASHINGTON, D.C., ON MARCH 20, 1992.

DURING RECENT MONTHS, THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE RAPIDLY INCREASING LEVELS OF IMPORTS OF PRODUCTS IN CATEGORY 447, MEN'S AND BOYS' WOOL TROUSERS, PANTS AND SHORTS, 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 THIS PRODUCT 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 APPROPRIATE LEVELS OF RESTRAINT FOR COSTA RICAN EXPORTS OF PRODUCTS IN CATEGORY 447 TO THE UNITED STATES.

THIS REQUEST FOR CONSULTATIONS IS BEING TAKEN PURSUANT TO SECTION 204 OF THE U.S. AGRICULTURAL ACT OF 1956, AS AMENDED. ALTHOUGH THE GOVERNMENT OF COSTA RICA IS NOT A SIGNATORY TO THE DECEMBER 9, 1992 PROTOCOL OF EXTENSION TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (THE MULTIFIBER ARRANGEMENT), AND THUS, IS NOT REQUIRED TO BE GIVEN THE BENEFITS OF ITS PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, THE GOVERNMENT OF THE UNITED STATES NONETHELESS INTENDS TO FOLLOW THE PROCEDURES OF THE ARRANGEMENT, AND, IN PARTICULAR, ARTICLE THREE THEREOF, IN RESOLVING THIS MATTER.

IF REPRESENTATIVES OF THE GOVERNMENT OF COSTA RICA AND THE GOVERNMENT OF THE UNITED STATES ARE NOT ABLE 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 SUCH IMPORTS PRODUCED IN COSTA RICA AND EXPORTED TO THE UNITED STATES DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF THE GOVERNMENT OF COSTA RICA'S RECEIPT OF THIS NOTE. SUCH ANNUAL SPECIFIC LIMITS WILL BE CALCULATED ON THE BASIS OF THE LEVELS OF UNITED STATES IMPORTS OF PRODUCTS IN CATEGORY 447 FROM COSTA RICA REPORTED IN U.S. GENERAL STATISTICS DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH THIS REQUEST WAS MADE. FOR CATEGORY 447, THIS LIMIT WOULD BE
7971 DOZEN, BASED ON YEAR-ENDING NOVEMBER 1992 DATA THIS FORMULATION IS IN ACCORDANCE WITH ARTICLE THREE OF THE MULTIFIBER ARRANGEMENT.

THE GOVERNMENT OF THE UNITED STATES WOULD APPRECIATE THE VIEWS OF THE GOVERNMENT OF COSTA RICA WITH RESPECT TO THE SETTING OF MUTUALLY CONVENIENT DATES AND A VENUE FOR THESE CONSULTATIONS.

(COMPLIMENTARY CLOSE)

ATTACHMENT: APPENDIX A

MARKET STATEMENT

MEN'S AND BOYS' WOOL TROUSERS,
SLACKS AND SHORTS
CATEGORY 447

COSTA RICA
FEBRUARY 1993

IMPORT SITUATION AND CONCLUSION


THE SHARP AND SUBSTANTIAL INCREASE IN CATEGORY 447 IMPORTS FROM COSTA RICA IS DISRUPTING THE U.S. MARKET FOR MEN'S AND BOYS' WOOL TROUSERS, SLACKS AND SHORTS.

U.S. PRODUCTION, IMPORT PENETRATION, AND MARKET SHARE


The ratio of imports to domestic production doubled between 1990 and 1992, increasing from 47 percent in 1990 to 80 percent in 1991 to 57 percent during January-September 1992. The domestic manufacturers' share of the U.S. market for men's and boys' wool trousers, slacks and shorts fell from 69 percent in 1990 to 56 percent in 1991 to 51 percent during January-September 1992, a decline of 17 percentage points.

Duty-paid value and U.S. producers' price

Approximately 85 percent of Category 447 imports from Costa Rica during 1992 entered the U.S. under HTSUSA number 6203.41.1010—men's wool trousers and breeches. These men's wool trousers and breeches entered the U.S. at landed duty-paid values below U.S. producers' prices for comparable men's wool trousers and breeches.

Men's and boys' wool trousers, slacks and shorts
Category 447
Landed duty-paid values and U.S. producers' prices
(U.S. dollars per dozen)

<table>
<thead>
<tr>
<th>HTSUSA NUMBER AND SOURCE</th>
<th>VALUE/PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6203.41.1010</td>
<td>274.51</td>
</tr>
<tr>
<td>COSTA RICA</td>
<td></td>
</tr>
<tr>
<td>U.S. PRODUCERS' PRICE</td>
<td>410.00 – 425.00</td>
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Table I
Men's and boys' wool trousers, slacks and shorts
Category 447
U.S. production, imports, market
Import/production ratio and domestic market share

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>PRODUCTION</th>
<th>IMPORTS</th>
<th>MARKET 1/</th>
<th>I/P</th>
<th>DOMESTIC MARKET SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>745</td>
<td>403</td>
<td>1,148</td>
<td>54</td>
<td>65</td>
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<tr>
<td>1988</td>
<td>858</td>
<td>444</td>
<td>1,302</td>
<td>52</td>
<td>66</td>
</tr>
<tr>
<td>1989</td>
<td>648</td>
<td>329</td>
<td>977</td>
<td>51</td>
<td>66</td>
</tr>
<tr>
<td>1990</td>
<td>536</td>
<td>249</td>
<td>785</td>
<td>47</td>
<td>68</td>
</tr>
<tr>
<td>1991</td>
<td>382</td>
<td>279</td>
<td>629</td>
<td>80</td>
<td>56</td>
</tr>
</tbody>
</table>

January - September

| 1991       | 271        | 204     | 475       | 75  | 57                    |
| 1992       | 261        | 254     | 515       | 97  | 51                    |

1/ U.S. market for domestically produced and imported men's and boys' wool trousers, slacks and shorts.
TABLE 11
MEN’S AND BOYS’ WOOL
TROUSERS, SLACKS AND SPORTS
CATEGORY 447
IMPORTS FROM COSTA RICA AND THE WORLD
(1,000 DOZEN)

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>COSTA RICA</th>
<th>WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>4</td>
<td>249</td>
</tr>
<tr>
<td>1991</td>
<td>4</td>
<td>279</td>
</tr>
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<td>1992</td>
<td>8</td>
<td>334</td>
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