

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1575*

16 June 1989

TARIFFS AND TRADE

Textiles Surveillance Body

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.

*English only/Anglais seulement/Inglés solamente

140-3



UNITED STATES TRADE REPRESENTATIVE
143 AVENUE DE LA PAIX
1201 GENEVA, SWITZERLAND
Telephone: 32 05 70

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

SEARCHED	INDEXED	FILED
JUN 2 1989		
FBI - GENEVA		
TS 15		
K		
A		
B		



UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX

1202 GENEVA, SWITZERLAND

Telephone : 32 09 70

December 5, 1988

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

[illegible]

COPIES DESTROYED
FROM R-4041 Unit
10-1-60

THE 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 20, 1977 AND EXTENDED BY PROTOCOL DATED JULY 31, 1986, DONE AT GENEVA (HEREINAFTER 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.

UNDER 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 331 COTTON GLOVES AND
MITIENS TO THE UNITED STATES AND WITH RESPECT TO A DATE
AND PLACE FOR CONSULTATIONS.

ANNEX A

MARKET STATEMENT
COTTON GLOVES AND MITTENS
-- (CATEGORY 331)

COSTA RICA
NOVEMBER 1988

SUMMARY AND CONCLUSIONS

U.S. IMPORTS OF COTTON GLOVES AND MITTENS (CATEGORY 331) FROM COSTA RICA REACHED 802,585 DOZEN PAIR DURING THE YEAR ENDING SEPTEMBER 1988, MORE THAN THREE TIMES THE 244,900 DOZEN PAIR IMPORTED A YEAR EARLIER. DURING THE FIRST NINE MONTHS OF 1988, IMPORTS OF CATEGORY 331 FROM COSTA RICA REACHED 594,505 DOZEN PAIR, NEARLY TWO AND ONE-HALF TIMES THE 244,900 DOZEN PAIR IMPORTED DURING THE SAME PERIOD OF 1987, AND 31 PERCENT ABOVE THE TOTAL IMPORTED IN CALENDAR YEAR 1987. THERE WERE NO IMPORTS OF COTTON GLOVES AND MITTENS FROM COSTA RICA IN 1986.

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. PRODUCTION OF COTTON GLOVES AND MITTENS HAS BEEN ON THE DECLINE, DROPPING FROM 16,410 THOUSAND DOZEN PAIR IN 1984 TO 15,004 THOUSAND DOZEN PAIR AVERAGE DURING 1986 AND 1987, A DECLINE OF NINE PERCENT. THE DOMESTIC MANUFACTURERS' SHARE OF THE MARKET FELL BELOW 50 PERCENT, DROPPING FROM 51 PERCENT IN 1984 TO 47 PERCENT IN 1987.

U.S. IMPORTS AND IMPORT PENETRATION

U.S. IMPORTS OF CATEGORY 331 INCREASED 4.6 PERCENT IN 1985 THEN DECLINED 3.2 PERCENT IN 1986, AVERAGING 15,849 DOZEN PAIR ANNUALLY DURING THE THREE YEAR PERIOD 1984-1986. IN 1987 IMPORTS BEGAN SURGING, INCREASING NINE PERCENT IN 1987 OVER 1986 AND ANOTHER 18 PERCENT DURING THE FIRST NINE MONTHS OF 1988 OVER THE JANUARY-SEPTEMBER 1987 LEVEL. THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION INCREASED 19 PERCENTAGE POINTS, RISING FROM 95 PERCENT IN 1984 TO 114 PERCENT IN 1987.

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

APPROXIMATELY 96 PERCENT OF CATEGORY 331 IMPORTS FROM COSTA RICA DURING THE FIRST NINE MONTHS OF 1988 ENTERED UNDER TSUSA NUMBERS 704.4025 -- COTTON WOVEN GLOVES AND GLOVE LININGS, NOT ORNAMENTED, AND 704.4506 -- COTTON GLOVES AND GLOVE LININGS, NOT WOVEN, WITHOUT FOURCHETTES OR SIDEWALLS, THE Lisle TYPE, NO PILE, NOT BRUSHED OR NAPPED, NOT ORNAMENTED. THESE GLOVES ENTERED THE U.S. AT LANDED DUTY-PAID VALUES BELOW U.S. PRODUCERS' PRICES FOR COMPARABLE GLOVES.

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

PERIOD	PRODUCTION 1/ - - - 1,000 DOZEN PAIR - - -	IMPORTS	MARKET 2/ - - -	I/P - -	DOMESTIC MARKET SHARE PERCENT - -
1984	16,410	15,550	31,960	94.8	51.3
1985	15,558	16,265	31,823	104.5	48.9
1986	14,993	15,731	30,724	104.9	48.8
1987	15,015	17,151	32,166	114.2	46.7

1/ THE METHODOLOGY USED TO CALCULATE PRODUCTION FOR 1984 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
- 1,000 DOZEN PAIR -

PERIOD	COSTA RICA	OTHER	WORLD
1986	0	15,731	15,731
1987	453	16,698	17,151

YEAR-ENDING SEPTEMBER

1987	245	15,817	16,062
1988	803	18,609	19,412

JANUARY-SEPTEMBER

1987	245	12,264	12,509
1988	595	14,176	14,771

TABLE III
COTTON GLOVES AND MITTENS (CATEGORY 331): DUTY-PAID
VALUE AND U.S. PRODUCERS' PRICES
- U.S. DOLLARS PER DOZEN PAIR -

TSUSA NO. AND SOURCE	VALUE/PRICE
704.4025	
COSTA RICA	1.46
U.S. PRODUCER PRICE	2.90 - 3.00
704.4506	
COSTA RICA	1.38
U.S. PRODUCER PRICE	2.70 - 2.80