

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1957*

26 October 1992

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

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 an unilateral measure taken under Article 3:5 with respect to cotton and man-made fibre shirts (Category 340/640) when imported from Guatemala. Also attached is the request for consultations made under Article 3:3.

* English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND

October 15, 1992

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

Dear Ambassador Raffaelli:

This is to confirm my oral notification that, effective September 16, 1992, the United States invoked the provisions of article 3.5 of the MFA to impose restraints on imports of cotton and mmf shirts (category 340/640) from Guatemala. The restraint period is from June 22, 1992 to June 21, 1993. The restraint level is set at 798,980 dozen.

Sincerely,

Robert E. Shepherd
Minister Counsellor

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UNITED STATES TRADE REPRESENTATIVE

1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND

October 15, 1992

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
General Agreement on Tariffs and 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 June 22, 1992, the United States requested consultations with Guatemala with respect to cotton and mmf ~~sales~~ ^{uses}. A copy of the request for consultations and the detailed factual statement which is called for in Article 3.3 and which was provided to the Government of the Guatemala at the time of the request is enclosed.

Sincerely,

Robert E. Shepherd
Minister Counsellor

Enclosure

Article 3 request

4. (BEGIN TEXT OF NOTE)

(COMPLIMENTARY OPENING) AND HAS THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, WITH ANNEXES, DONE AT GENEVA ON DECEMBER 20, 1973, AND EXTENDED BY PROTOCOL ADOPTED ON JULY 31, 1991 AT GENEVA (THE ARRANGEMENT).

DURING RECENT MONTHS, THE GOVERNMENT OF THE UNITED STATES HAS NOTED THE RAPIDLY INCREASING LEVELS OF IMPORTS OF CATEGORY 340/640 (MEN'S AND BOYS' COTTON AND MAN-MADE PER WOVEN SHIRTS) FROM GUATEMALA. AFTER CAREFUL REVIEW, THE GOVERNMENT OF THE UNITED STATES HAS CONCLUDED THAT THESE IMPORTS FROM GUATEMALA ARE CAUSING DISRUPTION OF THE MARKET FOR THESE PRODUCTS IN THE UNITED STATES. DETAILED FACTUAL STATEMENTS OF THE REASONS AND JUSTIFICATIONS FOR THIS CONCLUSION ARE ATTACHED AS ANNEX A AND ARE AN INTEGRAL PART OF THIS DIPLOMATIC NOTE.

IN ORDER TO AVOID FURTHER MARKET DISRUPTION, THE GOVERNMENT OF THE UNITED STATES HEREBY REQUESTS CONSULTATIONS WITH THE GOVERNMENT OF GUATEMALA TO DISCUSS

THE APPROPRIATE LEVEL OF RESTRAINT FOR GUATEMALAN EXPORTS OF MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS, CATEGORY 340/640, TO THE UNITED STATES.

THIS REQUEST FOR CONSULTATIONS IS BEING TAKEN PURSUANT TO ARTICLE 3 OF THE ARRANGEMENT.

IF REPRESENTATIVES OF THE GOVERNMENT OF GUATEMALA 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 GUATEMALA AND EXPORTED TO THE UNITED STATES DURING THE TWELVE MONTH PERIOD BEGINNING ON THE DATE OF THE GOVERNMENT OF GUATEMALA'S RECEIPT OF THIS NOTE. SUCH A 12 MONTH SPECIFIC LIMIT WILL BE CALCULATED ON THE BASIS OF THE LEVELS OF UNITED STATES IMPORTS OF PRODUCTS IN CATEGORY 340/640 REPORTED IN U.S. GENERAL IMPORT STATISTICS DURING THE FIRST TWELVE OF THE MOST RECENT FOURTEEN MONTHS PRECEDING THE MONTH IN WHICH THIS REQUEST WAS MADE. FOR CATEGORY 340/640, THIS LIMIT WOULD BE 198,980 DOZEN, BASED ON THE YEAR ENDING MARCH 1992. THIS FORMULATION IS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE THREE OF THE MULTIFIBER ARRANGEMENT.
(COMPLIMENTARY CLOSE)

ANNEX A

MARKET STATEMENT

GUATEMALA MEN'S AND BOYS'
COTTON AND MAN-MADE FIBER WOVEN SHIRTS
CATEGORY 340/640
MARCH 1992

IMPORT SITUATION AND CONCLUSION

U.S. IMPORTS OF MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS, CATEGORY 340/640, FROM GUATEMALA REACHED 198,980 IN THE YEAR ENDING MARCH 1992, 68 PERCENT ABOVE THE 474,954 DOZEN IMPORTED DURING THE YEAR ENDING IN MARCH 1991. DURING THE FIRST THREE MONTHS OF 1992, IMPORTS OF CATEGORY 340/640 FROM GUATEMALA SURGED TO 257,310 DOZEN, ALMOST 3 TIMES THE 93,289 DOZEN IMPORTED DURING THE SAME PERIOD A YEAR EARLIER.

THE SHARP AND SUBSTANTIAL INCREASE IN CATEGORY 340/640

IMPORTS FROM GUATEMALA IS CAUSING DISRUPTION IN THE U.S. MARKET FOR MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS.

U.S. PRODUCTION, IMPORT PENETRATION AND MARKET SHARE

U.S. PRODUCTION OF MEN'S AND BOY'S COTTON AND MAN-MADE FIBER WOVEN SHIRTS, CATEGORY 340/640, DECLINED 28 PERCENT, FALLING FROM 16,401,000 DOZEN IN 1988 TO 11,797,000 DOZEN IN 1991. U.S. IMPORTS OF MEN'S AND BOYS COTTON AND MAN-MADE FIBER WOVEN SHIRTS, CATEGORY 340/640 DECLINED IN 1990 AND 1991. HOWEVER, CATEGORY 340/640 IMPORTS SURGED IN 1992, REACHING 7,155,498 DOZEN IMPORTED DURING THE FIRST THREE MONTHS OF 1992, 26 PERCENT ABOVE THE LEVEL IMPORTED DURING THE JANUARY-MARCH 1991 PERIOD. IF CATEGORY 340/640 IMPORTS CONTINUE TO GROW AT THIS RATE, THEY WILL REACH A RECORD 28,620,000 DOZEN IN CALENDAR YEAR 1992.

THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION INCREASED FROM 157 PERCENT IN 1988 TO 203 PERCENT IN 1991, WHILE THE DOMESTIC MANUFACTURERS' SHARE OF THE MARKET FOR MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS FELL FROM 39 PERCENT IN 1988 TO 33 PERCENT IN 1991. IF IMPORTS CONTINUE TO INCREASE AT THEIR CURRENT RATE OF GROWTH AND DOMESTIC PRODUCTION REMAINS AT THE 1991 LEVEL, THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION WOULD INCREASE TO 243 PERCENT AND THE DOMESTIC MANUFACTURERS' SHARE OF THE MARKET FOR MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS WOULD FALL TO 29 PERCENT IN 1992.

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

APPROXIMATELY 74 PERCENT OF CATEGORY 340/640 IMPORTS FROM GUATEMALA DURING THE YEAR ENDING MARCH 1992 ENTERED THE U.S. UNDER THE HTSUSA NUMBERS 6205.20.2025 -- MEN'S COTTON DRESS SHIRTS, OTHER THAN YARN DYED, 6205.20.2050 -- MEN'S YARN DYED COTTON SHIRTS THAT ARE NOT NAPPED, AND NOT CORDUROY, 6205.20.2065 -- OTHER MEN'S COTTON SHIRTS, OTHER THAN YARN DYED, AND 6205.20.2075 -- OTHER BOYS' COTTON SHIRTS. THESE SHIRTS ENTERED THE U.S. AT LANDED DUTY-PAID VALUES BELOW U.S. PRODUCERS' PRICES FOR COMPARABLE SHIRTS.

MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS CATEGORY 340/640

LANDED DUTY PAID VALUES AND U.S. PRODUCERS' PRICES (U.S. DOLLARS PER DOZEN)

HTSUSA AND SOURCE	VALUE/PRICE
6205.20.2025	
GUATEMALA	68.90
U.S. PRODUCER PRICE	110.00 - 125.00
6205.20.2050	

GUATEMALA 68.93
U.S. PRODUCERS' PRICE 120.00 - 130.00

6205.20.2065

GUATEMALA 58.72
U.S. PRODUCERS' PRICE 95.00 - 105.00

6205.20.2075

GUATEMALA 34.47
U.S. PRODUCERS' PRICE 85.00 - 95.00

TABLE 1

MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS

CATEGORY 340/640

U.S. PRODUCTION, IMPORTS, MARKET,
IMPORT/PRODUCTION RATIO AND DOMESTIC MARKET SHARE

PERIOD	PRODUCTION	IMPORTS	MARKET	1/ I/P	DOMESTIC MARKET SHARE
	----- 1,000 DOZEN -----				-----PERCENT-----
1988	16,401	25,705	42,106	157	39
1989	16,956	26,637	43,593	157	39
1990	12,801	24,995	37,796	195	34
1991	11,797	23,991	35,788	203	33
1992 EST 2/	11,797	28,620	40,417	243	29

1/ U.S. MARKET FOR DOMESTICALLY PRODUCED AND IMPORTED MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS

2/ U.S IMPORTS IN 1992 WERE ANNUALIZED BASED ON FIGURES FOR THE FI
QUARTER OF 1992. U.S. PRODUCTION WAS ASSUMED TO BE CONSTANT BETWE
1991 AND 1992.

TABLE II
MEN'S AND BOYS' COTTON AND MAN-MADE FIBER WOVEN SHIRTS
CATEGORY 340/640
U.S. IMPORTS FROM GUATEMALA AND THE WORLD
(1,000 DOZEN)

	<u>PERIOD</u>	<u>GUATEMALA</u>	<u>WORLD</u>
	1990	460	24,995
	1991	635	23,991
YEAR ENDING MARCH			
	1991	475	24,109
	1992	799	25,469
JANUARY - MARCH			
	1991	93	5,678
	1992	257	7,155

(END OF DIPLOMATIC NOTE)