

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/2020*

15 July 1993

TARIFFS AND TRADE

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 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.

*English only/Anglais seulement/Inglés solamente

**UNITED STATES TRADE REPRESENTATIVE**

1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND

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

RECEIVED	
24 SEP 1993	
RES 12 JUL 1993	
For	
Director's Office	
ADP	
ADG	
ADH	
ADI	
ADJ	
ADM	
ADN	
ADO	
ADP	
ADQ	
ADR	
ADS	
ADT	
ADU	
ADV	
ADW	
ADX	
ADY	
ADZ	

(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

U.S. IMPORTS OF MEN'S AND BOYS' WOOL TROUSERS, SLACKS AND SHORTS, CATEGORY 447, FROM COSTA RICA REACHED 8,704 DOZEN IN 1992, MORE THAN DOUBLE THE 4,064 DOZEN IMPORTED DURING 1991. COSTA RICA BECAME THE TENTH LARGEST SUPPLIER OF MEN'S AND BOYS' WOOL TROUSERS, SLACKS AND SHORTS TO THE U.S. MARKET, ACCOUNTING FOR 2.6 PERCENT OF TOTAL CATEGORY 447 IMPORTS IN 1992. COSTA RICA BECAME THE TENTH LARGEST SUPPLIER OF MEN'S AND BOYS' WOOL TROUSERS, SLACKS AND SHORTS TO THE U.S. MARKET, ACCOUNTING FOR 2.6 PERCENT OF TOTAL CATEGORY 447 IMPORTS IN 1992. IN 1991, COSTA RICA RANKED THIRTEENTH AMONG THE MAJOR SUPPLIERS ACCOUNTING FOR 1.5 PERCENT OF TOTAL CATEGORY IMPORTS.

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

U.S. PRODUCTION AND U.S. IMPORTS OF MEN'S AND BOYS' WOOL TROUSERS, SLACKS AND SHORTS, CATEGORY 447, FOLLOWED THE SAME TREND BETWEEN 1987 AND 1989, INCREASING IN 1988 AND DECREASING IN 1989. THE PERCENT CHANGES DURING THIS PERIOD WERE APPROXIMATELY THE SAME FOR PRODUCTION AND IMPORTS. DURING 1987-1989, THE IMPORT TO PRODUCTION RATIO REMAINED RELATIVELY CONSTANT AVERAGING 52 PERCENT. THE U.S. PRODUCERS' SHARE OF THE MARKET REMAINED CONSTANT AT 66 PERCENT DURING 1987-1989.

SINCE 1990, U.S. PRODUCTION OF MEN'S AND BOYS' WOOL TROUSERS, SLACKS AND SHORTS, CATEGORY 447, CONTINUED THE DECLINE BEGUN IN 1988, FALLING 35 PERCENT IN 1991 FROM THE 1990 LEVEL AND FOUR PERCENT IN THE FIRST THREE QUARTERS OF 1992 FROM THE JANUARY-SEPTEMBER 1991 LEVEL. U.S. IMPORTS ON THE OTHER HAND HAVE INCREASED SINCE 1990, INCREASING 12 PERCENT IN 1991 OVER THE 1990 LEVEL AND SURGING IN 1992, UP 20 PERCENT OVER THE 1991 LEVEL.

THE RATIO OF IMPORTS TO DOMESTIC PRODUCTION DOUBLED BETWEEN 1990 AND 1992 INCREASING FROM 47 PERCENT IN 1990 TO 80 PERCENT IN 1991 TO 97 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 68 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)

HTSUSA NUMBER AND SOURCE	VALUE/PRICE
6203.41.1010	
COSTA RICA	274.51
U.S. PRODUCERS' PRICE	410.00 - 425.00

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

PERIOD	PRODUCTION ----- 1,000 DOZEN -----	IMPORTS	MARKET 1/ -----	I/P	DOMESTIC MARKET SHARE ----- PERCENT -----
1987	745	403	1,148	54	65
1988	858	444	1,302	52	66
1989	648	329	977	51	66
1990	536	249	785	47	68
1991	350	279	629	80	56
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 SHORTS
CATEGORY 447
IMPORTS FROM COSTA RICA AND THE WORLD
(1,000 DOZEN)

PERIOD	COSTA RICA	WORLD
1990	4	249
1991	4	279
1992	8	334