

UNITED STATES - RESTRICTIONS ON IMPORTS  
OF COTTON AND MAN-MADE UNDERWEAR

Request for Consultations by Costa Rica

The following communication, dated 22 December 1995, from the Permanent Mission of Costa Rica to the Permanent Mission of the United States and to the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

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The Government of Costa Rica requests consultations with the United States under Article 4 and the other relevant provisions of the Understanding on Rules and Procedures Governing the Settlement of Disputes, Article XXIII of the General Agreement on Tariffs and Trade 1994, and the corresponding provisions of the Agreement on Textiles and Clothing (ATC), in connection with the introduction and implementation of quantitative restrictions on Costa Rican exports of cotton and man-made fibre underwear (Category 352/652). The restrictions were established in a directive by the United States Committee for the implementation of textiles agreements and published in the Federal Register of 23 June 1995 (60 FR 121, page 32653).

The Government of Costa Rica considers that these restrictions are not compatible with the obligations assumed by the United States under the ATC; in particular, those under Article 6.

On 27 March 1995, the Government of the United States requested consultations with Costa Rica on the aforementioned textiles category under Article 6 of the ATC. After the bilateral consultations had broken down and restrictions were placed on Costa Rican exports, on 21 July the Textiles Monitoring Body (TMB) reviewed the matter. It found that serious damage, as envisaged in paragraphs 2 and 3 of Article 6, had not been demonstrated. It could not reach consensus on the existence of actual threat of serious damage. It recommended that "... further consultations be held between the United States and the parties concerned, with a view to arriving at a mutual understanding, bearing in mind the above, and with due consideration to the particular features of this case, as well as equity considerations" (G/TMB/R/2).

The parties held further bilateral consultations on 16 and 17 August, but these did not lead to a mutually satisfactory understanding. Discussions in the TMB during its subsequent review on 19 October reaffirmed its previous conclusions (G/TMB/R/2, first two sentences of paragraph 16). On this occasion, the TMB "considered its review of the matter completed" (G/TMB/R/5).

The TMB procedure has now been concluded without the matter being resolved because the Government of the United States, despite not having been able to prove the existence of an actual threat of serious damage, continues to apply unilateral restrictions.

The Government of Costa Rica considers that these restrictions nullify or impair benefits directly or indirectly accruing under the aforesaid Agreements.

I await your response to this request so as to fix a mutually convenient date for the consultations.