

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

Request for the Establishment of a Panel by Costa Rica

The following communication, dated 22 February 1996, from the Permanent Mission of Costa Rica to the Chairman of the Dispute Settlement Body is circulated at the request of the Permanent Mission of Costa Rica.

On 22 December 1995, the Government of Costa Rica requested 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 (DSU), 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 request for consultations was distributed to Members on 15 January 1996 as document WT/DS24/1.

It was on 27 March 1995 that the Government of the United States called consultations with Costa Rica on the above-mentioned category of textiles, under Article 6 of the ATC. The call for consultations was made public through publication in the Federal Register of 21 April 1995 (60 FR 77, page 19891). 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". The parties held further bilateral consultations on 16 and 17 August, without reaching a mutually satisfactory understanding. Discussions in the TMB during its subsequent review on 19 October confirmed its previous conclusions. On that occasion, the TMB "... considered its review of the matter completed".

After the conclusion of the TMB procedure, and as a result of the request submitted by Costa Rica on 22 December, the two Governments held consultations on 18 January and 1 February 1996. Costa Rica requested the consultations for the purpose of achieving a settlement of the dispute caused by the introduction of the above-mentioned quantitative restrictions and in order to assess their

compatibility with the ATC, as the Government considers that they impair or nullify the benefits afforded by the World Trade Organization (WTO) and by the ATC in particular.

Unfortunately, these consultations did not serve to produce a solution to the dispute, and so the Government of Costa Rica requests the establishment of a panel under the terms of Article XXIII of the GATT 1994, Articles 4 and 6 of the DSU and the corresponding provisions of the ATC.

The Government of Costa Rica requests that the panel be established with the standard terms of reference set out in Article 7 of the DSU. At the same time, it requests a review and a finding by the panel that:

1. The quantitative restriction introduced by the United States is inconsistent with Articles 2, 6 and 8 of the ATC;
2. The measure in question nullifies or impairs the benefits accruing to Costa Rica from the WTO and under the ATC in particular;
3. The Government of the United States should withdraw the measure.

The Government of Costa Rica requests the convening of a special meeting of the Dispute Settlement Body within the next 15 days, in accordance with Article 6 of the DSU, and asks that this request for the establishment of a panel be included in the agenda for the meeting.

I would ask you to communicate the above to the Members of the WTO.