

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/441

5 July 1979

Special Distribution

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between the United States and Mexico

The Textiles Surveillance Body has received a notification from the United States of a new comprehensive agreement covering textile products concluded between the United States and Mexico under Article 4 of the Arrangement.^{1/}

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4^{2/}, has examined the relevant documentation and is circulating the text of the notification to participating countries for their information.

^{1/} For details of the original agreement and subsequent amendments, see COM.TEX/SB/90, 175, 265 and 395.

^{2/} See COM.TEX/SB/35, Annex B.

March 9, 1979
No. 61

UNITED STATES AND MEXICO
SIGN NEW TEXTILE AGREEMENT

The United States and Mexico exchanged notes dated February 26, 1979 to effect a new bilateral textile agreement. The texts of the notes follow:

UNITED STATES NOTE

February 26, 1979

His Excellency
Hugo B. Margain
Ambassador of Mexico

Excellency:

I have 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 December 14, 1977 at Geneva (hereinafter referred to as the Arrangement).

I have also the honor to refer to recent discussions between representatives of the Government of the United Mexican States and the Government of the United States of America, concerning exports to the United States of America of cotton, wool, and man-made fiber textiles and textile products manufactured in the United Mexican States. As a result of these discussions, and in conformity with Article 4 of the Arrangement, I have the honor to propose, on behalf of the Government of the United States of America, the following agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between the United Mexican States and the United States of America.

1. The term of this Agreement shall be from May 1, 1978 through December 31, 1981. The first Agreement Period shall be the eight month period from May 1, 1978 through December 31, 1978. The second, third and fourth Agreement Periods shall be calendar years, with the second Agreement

Period beginning January 1, 1979 and ending on December 31, 1979.

2. Textiles and textile products covered by this Agreement shall be classified in three groups for the second, third and fourth Agreement Periods as follows:

<u>Group</u>	<u>Definition</u>
I	Yarns of cotton, wool and man-made fibers. (Categories 300, 301, 400, 600-605).
II	Fabrics, made-up goods and miscellaneous non-apparel products of cotton, wool and man-made fibers. (Categories 310-320, 360-363, 369, 410, 411, 425, 429, 464, 465, 469, 610-614, 625-627, 665, 666, 669).
III	Apparel of cotton, wool and man-made fibers. (Categories 330-342, 345, 347-352, 359, 431-436, 438, 440, 442-448, 459, 630-652, 659).

The determination of whether a textile or textile product is of cotton, wool, or man-made fiber shall be made in accordance with the terms of paragraph 9. The Categories referred to in the above definitions of groups are those listed in Annex A.

3. The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing this agreement for the second, third and fourth Agreement Periods except that the following pairs of Categories are varied and treated as single Categories and Sub-categories as indicated, with Specific Limits for Categories and Specific Sub-limits for Sub-categories as set out in Annex B:

<u>Categories Merged</u>	<u>Designation</u>	<u>Sub-categories</u>
338, 339	338/339	None
347, 348	347/348	347;348
634, 635	634/635	634;635
638, 639	638/639	638;639
647, 648	647/648	647;648

4. During the first Agreement Period, the Government of the United Mexican States shall limit exports from the United Mexican States to the United States of America of cotton, wool, and man-made fiber textiles and textile products to:

(A) 104.67 percent of two-thirds of the Specific Limits applicable to the May 1, 1977 to April 30, 1978 Agreement Period under the provisions of the agreement relating to trade in cotton, wool, and man-made fiber textiles, with annexes, effected by exchange of notes at Washington, May 12, 1975, as amended (hereinafter referred to as the 1975 Agreement);

(B) The minimum consultation levels and two-thirds of the designated consultation levels applicable to the May 1, 1977 to April 30, 1978 Agreement Period under the provisions of the 1975 Agreement, except as provided for in Sub-paragraph 4 (C);

(C) 48,666,667 square yards equivalent for Categories 300 and 301 combined, and 29,333,333 square yards equivalent for Category 300 and for Category 301.

5. During the second, third and fourth Agreement Periods, the Government of the United Mexican States shall limit exports from the United Mexican States to the United States of America of cotton, wool and man-made fiber textiles and textile products to the Specific Limits and Sub-limits set out in Annex B, as such Limits may

be adjusted in accordance with paragraphs 7 and 8. The Limits set out in Annex B do not include any adjustments permitted under paragraphs 7 and 8.

6. During the second, third and fourth Agreement Periods, exports from the United Mexican States to the United States of America classified in Categories not subject to Specific Limits shall be regulated as follows:

(A) (1) With regard to imports into the United States from Mexico in Categories 300-320, 360-369, 600-627, 665-669, 400-429 and 464-469, the Government of the United States of America may request consultations with the Government of the United Mexican States with a view towards eliminating real risks of market disruption, as defined in Annex A of the Arrangement. The Government of the United States of America shall provide the Government of the United Mexican States with the reasons and justification which in the view of the Government of the United States of America demonstrate such market disruption, and which prompted the request, and with the latest data concerning elements of market disruption. Consultations under this paragraph will not be requested for any Category when exports from the United Mexican States to the United States of America are at annual levels less than 1,000,000 square yards equivalent for cotton and man-made fiber textiles and textile products, and 100,000 square yards equivalent for wool textiles and textile products.

(2) the Government of the United Mexican States agree to consult with the Government of the United States of America within 60 days of receipt of the request for consultations. Both Governments agree to make every effort to reach agreement on a mutually satisfactory level.

within 90 days of the receipt by the Government of the United Mexican States of the request, unless this period is extended by mutual agreement. During the 90 day period, the Government of the United Mexican States will limit exports to the United States of America in the Category or Categories in question to an amount equal to 27.5 percent of the level of exports from the United Mexican States to the United States of America during the first twelve months of the fourteen months preceding the request for consultations, unless both Governments agree that a larger percentage is appropriate to account for seasonal factors. In reaching a mutually satisfactory level, the two Governments will take into account the situation in the United States market and will act in accordance with:

- 1) the history of textile trade between the United Mexican States and the United States of America,
- 2) the previous permissible levels of trade,
- 3) the equitable treatment of the United Mexican States as compared with other suppliers of like textiles and textile products, and
- 4) if appropriate, the United Mexican States' position as a potential new entrant in respect of certain textiles and textile products.

To the extent possible, the United States of America will recognize the need to avoid undue hardship to the commercial participants in the trade involved. If agreement is not reached on a mutually satisfactory level during the 90 days' period, the Government of the United Mexican States agrees to limit its exports in the Category or Categories in question in that Agreement Period to 111 percent of the highest level of annual trade reached during any one of the three Agreement Years of the 1975 Agreement.

(3) Notwithstanding the provisions of paragraph 6(A)(2) above, the Government of the United States of America will not restrain imports below 44 million square yards equivalent in either Category 300 (Carded cotton yarn) or 301 (Combed cotton yarn), or below 73 million square yards equivalent in Categories 300 and 301 combined.

(B) Categories not subject to Specific Limits or Sub-limits or to Sub-paragraph 6 (A) of this Agreement are subject to consultation levels. In the event the Government of the United Mexican States wishes to permit exports to the United States of America in any such Category in excess of the applicable consultation level during any Agreement Period, the Government of the United Mexican States shall request consultations with the Government of the United States of America which shall respond within 30 days. Until agreement on a different level of exports is reached, the Government of the United Mexican States shall limit exports to the United States of America in the Category or Categories in question to the existing consultation level. Except as specified in Annex C, the annual consultation level for each Category not given a specific limit and not subject to Subparagraph 6 (A) shall be 700,000 square yards equivalent for cotton and man-made fiber Categories, and 100,000 square yards equivalent for wool Categories.

7. During any Agreement Period, any Specific Limit or Specific Sublimit established in Subparagraph 4(A) or Annex B may be exceeded by not more than 7 percent. Adjustments made pursuant to this paragraph are in addition to those made pursuant to paragraph 8 of this Agreement.

8. (A) In any Agreement Period, in addition to any adjustments pursuant to paragraph 7 of this Agreement, exports may exceed by a maximum of 11 percent (6 percent during the first Agreement Period) any Specific Limit or Specific Sublimit by allocating to such limit for that Agreement Period an unused portion ("Shortfall") of the corresponding Limit for the previous Agreement Period ("Carryover") or a portion of the corresponding Limit for the succeeding Agreement Period ("Carry Forward") subject to the following conditions:

(I) Carryover may be utilized as available up to 11 percent of the receiving Agreement Period's applicable Limits, provided, however, that Carryover during the second Agreement Period may be utilized up to 7.25% of the receiving Agreement Period's applicable Limit;

(II) The combination of Carryover and Carry Forward may not exceed 11 percent of the receiving Agreement Period's applicable Limits;

(III) Carry Forward may be utilized up to 6 percent of the receiving Agreement Period's applicable Limits and charged against the immediately following Agreement Period's corresponding Limits;

(IV) Carryover of Shortfall (as defined in Sub-paragraph 8 (B) of this Agreement) shall be applied to any Specific Limits or Specific Sub-Limit following notice given by the Government of the United Mexican States, and confirmation by the Government of the United States of America that sufficient Shortfall exists. If the Government of the United States of America believes sufficient Shortfall does not exist, it will promptly provide data to support that

belief. If substantial statistical differences exist between the import and export data upon which Shortfall for a given Agreement Period is computed, the parties shall work to resolve these differences as soon as possible.

(B) For purposes of this Agreement, a Shortfall occurs when exports of textiles or textile products of Mexican origin to the United States of America during an Agreement Period are below any applicable Specific Limit or Specific Sublimit specified in Annex B. In the Agreement Period following the Shortfall, exports from the United Mexican States to the United States of America may be permitted to exceed the Specific Limits and Sublimits, subject to conditions of Subparagraph 8 (A) of this Agreement, by Carryover of Shortfalls in the following manner:

(I) The Carryover applied to a Category or Sub-Category shall not exceed the amount of Shortfall in any applicable Specific Limit or Specific Sub-limit;

(II) In the case of Shortfall in a Category or Sub-category subject to a Specific Limit or Specific Sub-Limit, the Shortfall shall be used in the same Category or Sub-category in which the Shortfall occurred.

(C) The limits referred to in Sub-paragraph (A) and (B) of this paragraph are without any adjustment under this paragraph or paragraph 7 of this Agreement.

(D) The total adjustment under this paragraph shall be in addition to the adjustments to the Limits permitted by paragraph 7.

9. (A) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products, all being products which derive their chief characteristics from their textile components, of cotton, wool, or man-made fibers, or blends thereof, in which any or all of those fibers in combination represent either the chief

value of the fibers or 50 percent or more by weight (or 17 percent or more by weight of wool) of the product, are subject to the terms of this Agreement.

(B) For the purposes of this Agreement, textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of any of these fibers. Any products covered by Sub-paragraph 9(A) but not in chief value of cotton, wool or man-made fiber shall be classified as:

(i) Cotton textiles if containing 50 percent or more by weight of cotton, or if the cotton component exceeds by weight the wool and/or the man-made fiber component;

(ii) Wool textiles if not cotton, and the wool equals or exceeds 17 percent by weight of all component fibers; and

(iii) Man-made fiber textiles if neither of the foregoing applies.

10. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

11. The Governments of the United States of America and the United Mexican States recognize that the successful implementation of this Agreement depends in large part upon mutual cooperation on statistical questions. The Government of the United States of America shall promptly supply the Government of the United Mexican States with data on monthly imports of cotton, wool and man-made fiber textiles from the United Mexican States. The Government of the United Mexican States shall promptly supply the Government of the United States of America with data on monthly exports of cotton, wool and man-made fiber textiles to the United States of America. Each

Government agrees to supply promptly any other available relevant statistical data requested by the other Government.

12. The Government of the United Mexican States shall use its best efforts to space exports from the United Mexican States to the United States of America within each Category or Sub-category evenly throughout each Agreement Period, taking into consideration normal seasonal factors.

13. If the Government of the United Mexican States considers that, as a result of limitations specified in this Agreement, it is being placed in an inequitable position in relation to a third country, the Government of the United Mexican States may request consultations with the Government of the United States of America with a view to taking remedial action such as a reasonable modification of this agreement. These consultations will begin within 30 days from the date of request, unless mutually agreed otherwise.

14. Both Governments shall take appropriate measures of export and import control to implement the Limitation provisions of the Agreement. The nature of these measures may be a matter of discussion pursuant to paragraph 10.

15. In conformity with Article 12, paragraph 3, of the Arrangement, this Agreement shall not apply to Mexican exports of handloom fabrics of the cottage industry, or hand-made cottage industry products made of such handloom fabrics, or traditional folklore handicraft textile products, provided that such exports are properly certified under arrangements established between the two Governments pursuant to paragraphs 13 and 17 of this Agreement.

16. Mexican exports of textiles and textile products in shipments individually valued at less than \$250.00 shall not be charged to the limits of this Agreement provided that such are properly certified.

17. The visa and certification system established by the Governments of the United States of America and the United Mexican States by exchange of letters dated October 6, 1975 will be re-established subject to such modifications as may be agreed to under paragraph 10.

18. (A) The Government of the United States of America and the United Mexican States agree to consult, upon the request of either Government, on any question arising in the implementation of this Agreement. If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time to problems which have been the subject of consultations under the Agreement, either Government may, after notification to the other Government, refer such problems to the Textile Surveillance Body in accordance with Article II of the Arrangement.

(B) The two Governments agree to undertake a major review of this Agreement before the end of the second Agreement Period unless the two Governments mutually agree otherwise.

(C) Notwithstanding any other provision of this Agreement, the Government of the United Mexican States will limit Mexican exports to the United States of America of products classified in TSUSA 310.3049 as a Sub-category of Category 604 to 3.5 million square yards equivalent during the second Agreement Period. Adjustments to the levels for the 1980 and 1981 Agreement Periods will be determined by bilateral consultation prior to those Agreement Periods.

(D) Pending resolution of data discrepancies between United States import and Mexican export statistics for Categories 228 and 641 (man-made fiber blouses, not knit), overshipments in the last Agreement Period of the 1975 Agreement will be charged to one or more periods of this Agreement.

19. Either Government may terminate this Agreement effective at the end of any Agreement Period, by written notice to the other Government, to be given at least 90 days prior to the end of such Agreement Period. Either Government may at any time propose revisions in the terms of this Agreement.

20. During the term of the Agreement, the Government of the United States of America will not apply the provisions of Article 3 of the Arrangement to any textile or apparel product covered by this Agreement.

If the foregoing conforms with the understanding of the Government of the United Mexican States, this note and your Excellency's note of confirmation on behalf of the Government of the United Mexican States shall constitute an Agreement between our two Governments effective on the date of your Excellency's note of confirmation.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:
/s/ William Barraclough

ANNEX A

Category	Description	Conversion Factor	Unit of Measure
<u>YARN</u>			
-- Cotton			
300	Carded	4.6	Lb.
301	Combed	4.6	Lb.
-- Wool			
400	Topps and yarn	2.0	Lb.
-- Man-made fiber			
600	Textured	3.5	Lb.
601	Cont. cellulosic	5.2	Lb.
602	Cont. noncellulosic	11.6	Lb.
603	Spun cellulosic	3.4	Lb.
604	Spun noncellulosic	4.1	Lb.
605	Other yarns	3.5	Lb.
<u>FABRIC</u>			
-- Cotton			
310	Ginghams	1.0	STD
311	Velvetens	1.0	STD
312	Conducoy	1.0	STD
313	Sheeting	1.0	STD
314	Broadcloth	1.0	STD
315	Printcloths	1.0	STD
316	Shirtings	1.0	STD
317	Twills and Sateens	1.0	STD
318	Yarn-dyed	1.0	STD
319	Deck	1.0	STD
320	Other fabrics, n.k.	1.0	STD
-- Wool			
410	Woolens and worsted	1.0	STD
411	Tapestries and upholstery	1.0	STD
425	Knit	2.0	Lb.
429	Other Fabrics	1.0	STD

-- Man-made fiber

610	Cont. cellulosis, n.k.	1.0	STD
611	Spun cellulosis, n.k.	1.0	STD
612	Cont. noncellulosis, n.k.	1.0	STD
613	Spun noncellulosis, n.k.	1.0	STD
614	Other fabrics, n.k.	1.0	STD
625	Knit	7.8	Lb.
626	File and tufted	1.0	STD
627	Specialty	7.8	Lb.

APPAREL

-- Cotton

330	Handkerchiefs	1.7	Dz.
331	Gloves	3.5	DPR
332	Hosiery	4.6	DPR
333	Suit-type coats, M and S	36.2	Dz.
334	Other coats, M and S	41.3	Dz.
335	Coats, W, G and I	41.3	Dz.
336	Dresses (inc. uniforms)	45.3	Dz.
337	Playsuits, sunsuits, windsuits, creepers	25.0	Dz.
338	Knit shirts, (inc. T- shirts, other and sweatshirts) M and S	7.2	Dz.
339	Knit shirts and blouses (inc. T-shirts, other & sweatshirts) W, G and I	7.2	Dz.
340	Shirts, n.k.	24.0	Dz.
341	Blouses, n.k.	14.5	Dz.
342	Skirts	17.8	Dz.
345	Sweaters	36.8	Dz.

347	Trousers, slacks, and shorts (outer) M and B	17.8	Dz.
348	Trousers, slacks and shorts (outer) W, G and I	17.8	Dz.
349	Brasieres, etc.	4.8	Dz.
350	Dressing gowns, inc. bathrobes, and beach robes, lounging gowns house coats, and dusters	51.0	Dz.
351	Pajamas and other nightwear	52.0	Dz.
352	Underwear (inc. union suits)	11.0	Dz.
359	Other apparel	4.6	Lb.
-- Wool			
431	Gloves	2.1	DPR
432	Hosiery	2.8	DPR
433	Suit-type coats, M and B	3.0	No.
434	Other coats, M and B	4.5	No.
435	Coats, W, G and I	4.5	No.
436	Dresses	4.2	No.
438	Knit shirts and blouses	15.0	Dz.
440	Shirts and blouses, n.k.	24.0	Dz.
442	Shirts	1.5	No.
443	Suits, M and B	4.5	No.
444	Suits, W, G and I	4.5	No.
445	Sweaters, M and B	14.88	Dz.
446	Sweaters, W, G and I	14.88	Dz.
447	Trousers, slacks, and shorts (outer) M and B	1.5	No.

448	Trousers, slacks and shorts (outer) W, G and I	1.5	No.
459	Other wool apparel	2.0	Lb.
-- Man-made fiber			
630	Handkerchiefs	1.7	Dz.
631	Gloves	3.5	DPR
632	Hosiery	4.6	DPR
633	Suit-type coats, M and B	36.2	Dz.
634	Other coats, M and B	41.3	Dz.
635	Coats, W, G and I	41.3	Dz.
636	Dresses	45.3	Dz.
637	Flaysuits, sunsuits, waksuits, etc.	21.3	Dz.
638	Knit shirts, (inc. T- shirts), M and B	18.0	Dz.
639	Knit shirts and blouses (inc. T-shirts), W, G and I	15.0	Dz.
640	Shirts, n.k.	24.0	Dz.
641	Blouses, n.k.	14.5	Dz.
642	Skirts	17.8	Dz.
643	Suits, M and B	4.5	No.
644	Suits, W, G and I	4.5	No.
645	Sweaters, M and B	36.8	Dz.
646	Sweaters W, G and I	36.8	Dz.
647	Trousers, slacks, and shorts (outer), M and B	17.8	Dz.
648	Trousers, slacks and shorts (outer), W, G and I	17.8	Dz.

649	Brassieres, Etc.	4.8	Ds.
650	Dressing gowns, inc.		
	bath and beach robes	51.0	Ds.
651	Pajamas and other		
	nightwear	52.0	Ds.
652	Underwear	16.0	Ds.
659	Other apparel	7.8	Lb.

MADE-UPS AND MISC.

-- Cotton

360	Pillowses	1.1	No.
361	Sheets	6.2	No.
362	Sodspreads and quilts	6.9	No.
363	Terry and other pile		
	towels	0.5	No.
369	Other cotton		
	manufactures	4.6	Lb.

-- Wool

464	Blankets and auto robes	1.3	Lb.
465	Floor covering	0.1	SFT
469	Other wool manufactures	2.0	Lb.

-- Man-made fiber

663	Floor coverings	0.1	SFT
666	Other furnishings	7.8	Lb.
669	Other man-made		
	manufactures	7.8	Lb.

ANNEX B

SPECIFIC LIMITS AND SUB-LIMITS

<u>Category</u>	<u>Description</u>	<u>Units</u>	<u>Specific Limits</u>			
			<u>1979</u>	<u>1980</u>	<u>1981</u>	
335	Women's, Girls' and Infants' Coats	DOZ	32,082	34,320	36,731	7%
338/339	Knit shirts and blouses	DOZ	368,056	393,820	421,387	7%
347/348	Trousers	DOZ	526,626	563,490	602,934	7%
(347)	Men's and Boys'	DOZ	(315,976)	(338,094)	(361,761)	
(348)	Women's, Girls' and Infants'	DOZ	(315,976)	(338,094)	(361,761)	
633	Men's and Boys' Suit-Type Coats	DOZ	46,961	50,248	53,766	7%
634/635	Other Coats	DOZ	267,710	286,450	306,501	
(634)	Men's and Boys' Other Coats	DOZ	(160,626)	(171,870)	(183,901)	
(635)	Women's, Girls' and Infants' Coats	DOZ	(160,626)	(171,870)	(183,901)	
638/639	Knit shirts and blouses	SYM	12,872,433	13,774,573	14,738,793	
(638)	Men's and Boys'	SYM	(7,724,060)	(8,264,744)	(8,843,276)	
(639)	Women's, Girls' and Infants'	SYM	(7,724,060)	(8,264,744)	(8,843,276)	
641	Blouses, Not Knit	DOZ	265,222	283,788	303,653	7%
647/648	Trousers	DOZ	1,309,185	1,400,828	1,498,886	
(647)	Men's and Boys'	DOZ	(785,511)	(840,497)	(899,332)	
(648)	Women's, Girls' and Infants'	DOZ	(785,511)	(840,497)	(899,332)	
649	Brassieres, etc.	DOZ	2,277,083	2,437,500	2,606,250	

ANNEX C

DESIGNATED CONSULTATION LEVELS
(SQUARE YARDS EQUIVALENT)

<u>Category</u>	<u>Description</u>	<u>Limit</u>
331	Gloves	2,000,000
334	Men's and Boys' Other Coats	1,000,000
336	Dresses	1,000,000
340	Shirts, Not Knit	2,200,000
341	Blouses, Not Knit	1,000,000
433	Men's and Boys' Suit-Type Coats	200,000
434	Men's and Boys' Other Coats	125,000
435	Women's, Girls' and Infants' Coats	800,000
636	Dresses	7,500,000
640	Shirts, Not Knit	9,100,000
642	Skirts	2,000,000
644	Women's, Girls' and Infants' Suits	2,000,000
651	Nightwear	4,000,000
652	Underwear	24,000,000
659	Other Apparel	18,000,000

MEXICAN NOTE

Washington, February 26, 1979

His Excellency
Cyrus Vance
Secretary of State
Washington, D.C.

Mr. Secretary:

I have the honor to acknowledge receipt of your note of this date proposing an Agreement relating to Trade in Cotton, Wool, and Man-made Fiber Textiles between Mexico and the United States.

On behalf of the Government of Mexico I should like to confirm that the terms expressed in your note conform with the understandings reached during the discussions to which Your Excellency refers. Therefore, your note and this note of confirmation shall constitute an Agreement between our two Governments on this matter.

I renew to your Excellency the assurances of my highest and most distinguished consideration.

/S/ Hugo B. Margain
Ambassador