

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/864

8 July 1983

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 Hungary

The Textiles Surveillance Body has received from the United States a notification of a new bilateral agreement with Hungary, concluded under Article 4 of the MFA, valid for the period 1 October 1982 to 31 December 1986.

The TSB, pursuant to its procedures regarding bilateral agreements notified under Article 4, has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.

¹ See COM.TEX/SB/35, Annex B.

UNITED STATES NOTE

February 15, 1983
Budapest, Hungary

Dear Mr. Minister,

I have the honor to refer to the arrangement regarding international trade in textiles (hereinafter referred to as "The Arrangement"), done at Geneva on December 20, 1973 and as extended by the protocol adopted on December 22, 1981.

I also refer to discussions held in Budapest from October 18 to October 20, 1982 and in Washington January 25-26 between representatives of the Government of the United States of America and the Government of the Hungarian People's Republic (hereinafter referred to as Hungary), concerning exports to the United States of wool textile products manufactured in Hungary. As a result of these discussions, I propose on behalf of the Government of the United States of America, under Article 4 of, and in conformity with, "The Arrangement", the following agreement relating to trade in wool textiles products between Hungary and the United States of America.

1. The term of the agreement shall be from October 1, 1982 to December 31, 1986 for categories 443 and 444, and from January 1, 1983 to December 31, 1986 for category 433. Each "agreement year" shall be a twelve-month period, beginning on January 1 and ending on December 31, except that the first "agreement year" for categories 443 and 444 shall be a fifteen-month period beginning on October 1, 1982 and ending on December 31, 1983.
2. The categories of textile products covered by the agreement and the rates of conversion into square yards equivalent are set out in Annex A in accordance with the "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated," published by the United States Department of Commerce. The determination of whether a textile product is of wool shall be made in accordance with the terms of paragraph 6.
3. During the term of the agreement, the Government of Hungary shall limit annual exports from Hungary to the United States of America of the textile products of Hungarian origin listed in Annex A, to the specific limits set forth in Annex B hereto, as such limits may be adjusted in accordance with paragraphs 4 and 5, subject to the provisions of paragraph 4 (B). The limits set out in Annex B are without such adjustments. Exports are subject to limits for the year in which exported.

His Excellency
Peter Veress
Minister for Foreign Trade of the
Hungarian People's Republic

4. (A) During any agreement year, a specific limit set out in Annex B, other than that of category 433, may be exceeded by not more than five percent of its square yards equivalent limit as calculated on the basis of the conversion factor set out in Annex A, provided that the amount of the increase is compensated for by an equivalent decrease in another specific limit, other than that of category 433. When requesting use of the provisions of this paragraph, the Government of Hungary will indicate the category to be decreased by the commensurate quantity.

(B) In the case of category 433, the limit in Annex B includes all adjustments pursuant to this paragraph.

5. (A) In any agreement year, in addition to any adjustment pursuant to paragraph 4, exports may exceed by a maximum of 11 percent any limit set out in Annex B by allocating to such limit for that agreement year an unused portion of the corresponding limit for the previous agreement year ("carryover") or a portion of the corresponding limit for the succeeding agreement year ("carryforward") subject to the following conditions:

(1) Carryover may be utilized as available (subject to paragraph 5. (B)) up to 11 percent of the receiving agreement year's applicable limit. No carryover shall be available for application during the first agreement year.

(2) Carryforward may be utilized up to six percent of the receiving agreement year's applicable limit. Carryforward used shall be charged against the immediately following agreement year's corresponding limit. No carryforward shall be available for application during the fourth agreement year.

(3) The combination of carryover and carryforward shall not exceed eleven percent of the receiving agreement year's applicable limit in any agreement year.

(B) For purposes of the agreement, a shortfall occurs when exports of textiles or textile products from Hungary to the United States of America during an agreement year are below any applicable specific limits as set out in Annex B. In the agreement year following the shortfall, such exports from Hungary to the United States of America may be permitted to exceed the applicable limits, subject to conditions of sub-paragraph 5 (A), by carryover of shortfall in the following manner.

(1) The carryover shall not exceed the amount of shortfall in any applicable limit; and

(2) The shortfall shall be used in the category in which the shortfall occurred,

6. Textile products listed in Annex A hereto (being products which derive their chief characteristics from their textile components) of wool or a blend of wool, cotton and/or man-made fiber materials, in which the wool component comprises the chief value of the fibers or 17 percent or more by weight of the product, are subject to the agreement.

7. (A) The Government of the United States of America may assist the Government of Hungary in implementing the limitation provisions of the agreement by controlling its imports of the textile products covered by the agreement.

(B) Exports from Hungary in excess of authorized limits in any agreement period may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement period.

(C) Exports from Hungary in excess of authorized limits in any agreement year will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

8. The Government of the United States of America shall promptly supply the Government of Hungary with monthly data on imports of textile products subject to this agreement; and the Government of Hungary shall promptly supply the Government of the United States of America with quarterly data on exports of such products to the United States. Each government agrees to supply promptly any other pertinent and readily available statistical data requested by the other government.

9. The Government of the United States of America and the Government of Hungary agree to consult on any question arising in the implementation of this agreement.

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

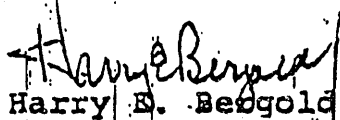
11. If the Government of Hungary considers that, as a result of a limitation specified in this agreement, Hungary is being placed in an inequitable position vis-a-vis a third country, the Government of Hungary may request consultations with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of the agreement.

12. For the duration of the agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the arrangement to request restraints on the export from Hungary of textiles covered by Annex A of the agreement. The Government of the United States of America and the Government of Hungary reserve their rights under the arrangement with respect to textiles and textile products not subject to this agreement.

13. Either government may terminate the agreement effective at the end of any agreement year by written notice to the other government to be given at least ninety days prior to the end of such agreement year. Either government may at any time propose revisions in the terms of the agreement.

If the foregoing proposal is acceptable to the Government of Hungary, this letter and your letter of acceptance on behalf of the Government of Hungary shall constitute an agreement between the Government of the United States of America and the Government of Hungary, effective from October 1, 1982

Sincerely,



Harry E. Beegold Jr.
Ambassador

Annex A

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u>	<u>Unit of Measure*</u>
433	Suit-type coats, M and B	36.0	dozen
443	Suits, M and B	54.0	dozen
444	Suits, W, G and I	54.0	dozen

Annex B

<u>Category</u>	<u>Unit*</u>	<u>Calendar Year</u>			
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
433 A	dozen	7,350	7,424	7,498	7,573

<u>Category</u>	<u>Unit*</u>	<u>Oct. 1, 1982- Dec. 31, 1983</u>	<u>Calendar Year</u>		
			<u>1984</u>	<u>1985</u>	<u>1986</u>
443 B	dozen	8,740	7,062	7,133	7,204
444 B	dozen	6,209	5,017	5,067	5,118

"A" includes annual growth and intercategory flexibility (swing).

"B" includes annual growth; does not include intercategory flexibility (swing).

* One dozen consists of twelve pieces.

HUNGARIAN PEOPLE'S REPUBLIC NOTE

Budapest, February 25, 1983

His Excellency
Harry E. Bergold, Jr.
Ambassador of the United States
of America
Budapest

Dear Mr. Ambassador:

I have the honor to acknowledge receipt of your letter dated February 15, 1983 proposing an agreement relating to trade in wool textile products between the Government of the Hungarian People's Republic and the Government of the United States, which reads as follows:

(Text of United States' Note)

I have the honor to confirm on behalf of the Government of the Hungarian People's Republic that the foregoing proposal is acceptable to the Government of the Hungarian People's Republic and that your letter and my reply thereto shall constitute an agreement between the Government of the Hungarian People's Republic and the Government of the United States, effective from October 1, 1982.

Sincerely,


Péter Veress

Minister of Foreign Trade of the
Hungarian People's Republic