

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1066*
10 May 1985

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between the United States and Peru

The Textiles Surveillance Body has received a notification from the United States of a bilateral agreement with Peru, concluded under Article 4 of the MFA, valid for the period 1 May 1984 to 30 April 1989.

The TSB, pursuant to its procedures regarding bilateral agreements notified under Article 4¹, has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.²

¹ See COM.TEX/SB/35, Annex B

² For the TSB's observations on this notification, see COM.TEX/SB/1067

* English and Spanish only/Anglais et espagnol seulement/Inglés y español solamente

UNITED STATES AND PERU SIGN
BILATERAL TEXTILE AGREEMENT

The United States and Peru exchanged notes in Lima on 3 January 1985, to effect a bilateral textile agreement concerning exports of cotton, wool, and man-made fibre textiles and textile products manufactured in Peru and exported to the United States. Texts of the notes follow.

UNITED STATES NOTE

Lima, 3 January 1985

His Excellency
Dr. Luis Percovich Roca
Minister of Foreign Relations
Palacio Torre Tagle
Lima

Excellency,

I have the honour to refer to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the Arrangement), done at Geneva on 20 December 1973, as extended by the Protocol on 22 December 1981.

I also refer to discussions between representatives of the Government of Peru and the Government of the United States in Washington, D.C. from 4-7 December 1984, concerning exports of cotton, wool and man-made fibre textiles and textile products manufactured in Peru and exported to the United States. As a result of these discussions, I propose on behalf of the Government of the United States, under Articles 4 and 6, and in conformity with the Arrangement, the following Agreement relating to trade in cotton, wool and man-made fibre textiles and textile products between the Government of Peru and the Government of the United States.

Agreement term

1. The term of this Agreement will be the period from 1 May 1984 through 30 April 1989. Each "agreement period" shall be a twelve-month period from 1 May of a given year to 30 April of the following year.

Coverage of Agreement

2. (A) Textiles and textile products covered by this Agreement are those summarized in Annex A. Tops, yarn, piece goods, made-up articles, garments and other textile manufactured products, all being products which derive their chief characteristics from their textile components, if all those fibres represent either the chief value of the fibres or 50 per cent or more by weight (or 17 per cent or more by weight of wool) of the products, are subject to this Agreement.

Classification

(B) For the purposes of this Agreement, textile products shall be classified as cotton, wool or man-made fibre textiles if wholly or in chief value of any of these fibres. Any products covered by paragraph 2 but not in chief value of cotton, wool or man-made fibre shall be classified as:

- (i) cotton textiles if containing 50 per cent or more by weight of cotton, or if the cotton component exceeds by weight the wool and/or the man-made fibre components;
- (ii) wool textiles if not cotton, and wool equals or exceeds 17 per cent by weight of all component fibres; and
- (iii) man-made fibre textiles if neither of the foregoing applies.

(C) The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing this Agreement.

(D) For purposes of computing limits and charges to limits, the rates of conversion for individual categories set out in Annex A shall be applied.

Hand loom - folklore - cottage industry exemption

3. In conformity with Article 12, paragraph 3, of the Arrangement, this Agreement shall not apply to exports of hand loom fabrics, folklore products, cottage industry products, or hand-made products, of Peru. Hand loom fabrics, folklore products, cottage industry products, or hand-made products, of Peru, shall be properly certified under arrangements to be established between the two Governments.

Specific limits

4. Commencing with the first agreement period and during the subsequent term of this Agreement, the Government of Peru shall limit annual exports from Peru to the United States of cotton, wool and man-made fibre textiles and textile products to the specific limits set out in Annex B, as such specific limits may be adjusted in accordance with paragraph 5. The specific limits in Annex B include growth, but do not include flexibility under paragraph 5.

Flexibility (swing)

5. During any agreement period, the specific limits set out in Annex B may be exceeded by not more than the 7 per cent swing (5 per cent for wool categories), provided that a corresponding reduction in square yards equivalent is made in one or more other specific limits during the same agreement year.

(A) The Government of Peru shall indicate to the Government of the United States the specific limits it intends to increase and which it wishes to decrease.

Flexibility (carryover/carry forward)

6. The extent to which any specific limit set out in Annex B may be exceeded in any agreement period by carry forward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of any unused yardage (shortfall) of the corresponding specific limit for the previous agreement period) is 11 per cent, of which carry forward shall not constitute more than 7 per cent.

(A) For the purposes of the Agreement, a shortfall occurs when exports of textiles or textile products from Peru to the United States during an agreement year are below any specific limit as set out in Annex B or, in the case of any limit decreased pursuant to paragraph 5, when such exports are below the limit as decreased.

(B) No carryover shall be available for application in the first agreement period. No carry forward shall be available for application in the final agreement period.

(C) The Government of Peru will notify the Government of the United States when it wishes to use unused yardage (shortfall) available in categories for carryover, or for use by other categories for swing; subject to the provisions set out above.

Designated consultation levels

7. The categories listed in Annex C are subject to the annual designated consultation levels specified therein. The cotton apparel and wool product group levels listed in Annex D shall be treated as designated consultation levels.

(A) If the Government of Peru wishes to export textile products to the United States in excess of the applicable designated consultation levels, the Government of Peru shall request the higher levels. The Government of the United States shall consider such requests sympathetically. The Government of the United States shall respond promptly and make every effort to resolve the issue within thirty days of the initial request. If the Government of the United States is unable to comply fully with the request due to problems of market disruption, as described in Annex A of the Arrangement, or the real risk thereof, in a category or product subject to such request, the Government of the United States will so inform the Government of Peru. The Government of the United States will supply data which form the basis of the position it has taken. Until a mutually satisfactory change in the consultation level in question is established, shipments shall not exceed the existing consultation level.

Consultation mechanism

8. (A) In the event that the Government of the United States believes that imports of cotton, wool or man-made fibre textiles or textile products from Peru, in any category or product not covered by specific limits or designated consultation levels listed in Annex C are, due to market disruption or the real risk thereof, threatening to impede the orderly development of trade between the two countries, the Government of the United States may request consultations with the Government of Peru with a view to avoiding such market disruption or the real risk thereof. The Government of the United States will provide the Government of Peru, at the time of request, with a detailed and factual statement of reasons for its request for consultation which, in the view of the Government of the United States demonstrates:

- (i) the existence or the real risk of market disruption; and
- (ii) the rôle of exports from Peru in that disruption or real risk of disruption.

(B) The Government of Peru agrees to consult with the Government of the United States within thirty days of receipt of the request for consultations. Both sides agree to make every effort to reach agreement on a mutually satisfactory resolution of the issue within ninety days of the receipt of such request, unless extended by mutual agreement.

(C) During the ninety-day consultation period, the Government of Peru agrees to hold its shipments to the United States of cotton, wool or man-made fibre textiles or textile products subject to these consultations to a level no greater than 35 per cent of the amount entered, as reported in U.S. General Import Statistics, during the first twelve of the most recent fourteen months preceding the month in which the request for consultations was made.

(D) If no mutually satisfactory solution is reached during these consultations, the Government of the United States may establish annual specific limits for shipments of cotton, wool or man-made fibre products in the product or categories concerned for the duration of the Agreement. The amount will not be less than the amount, as reported in U.S. General Import Statistics, entered during the first twelve of the most recent fourteen months preceding the month in which the request for consultations was made, plus 20 per cent for cotton and man-made fibre product categories, and 6 per cent for wool product categories.

(E) The first term of any specific limit established under sub-paragraph 8(D) will begin on the first day following the conclusion of the consultation period and end on the last day of the agreement period in which the specific limit was established. If a specific limit is established during an agreement period, that limit and any applicable swing

or carry forward will be pro-rated to correspond to the period of time remaining in the current agreement period. Carryover will not be available in the first agreement period. For each remaining agreement period any specific limit established under sub-paragraph 8(D) will be increased by 7 per cent per agreement period in the case of cotton and man-made fibre categories and by 1 per cent per agreement period in the case of wool categories.

Overshipment charges

9. Exports from Peru 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. The Government of the United States shall inform the Government of Peru of any such charges.

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

(B) Any action taken pursuant to this paragraph will not prejudice the rights of either side regarding consultations.

Spacing provisions

10. The Government of Peru shall use its best efforts to space exports to the United States within each category, sub-category or part category evenly throughout each agreement period, taking into consideration normal seasonal factors.

U.S. assistance in implementation of the limitation provisions

11. The Government of Peru shall administer its export control system under this Agreement. The Government of the United States may assist the Government of Peru in implementing the limitation provisions of this Agreement by controlling imports, by the date of export, of textiles and textile products covered by this Agreement.

Exchange of data

12. The Government of the United States shall promptly supply the Government of Peru with data on monthly imports of cotton, man-made fibre and wool textiles and textile products into the United States from Peru. The Government of Peru shall promptly supply the Government of the United States with data on monthly exports of cotton, man-made fibre and wool textiles and textile products from Peru to the United States. Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement.

Mutually satisfactory administrative arrangement

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

Consultation on implementation questions

14. The Government of the United States and the Government of Peru agree, upon the request of the other to consult on any question arising in the implementation of this Agreement.

Right to propose revisions to the Agreement

15. The Government of the United States and the Government of Peru may at any time propose revisions in the terms of this agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon. The Agreement is subject to both parties being free to request, at any time, consultations with a view to proposing revisions in the light of any successor to the current Arrangement.

Consultations in case of inequity vis-à-vis a third country

16. If the Government of Peru 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 Peru may request consultations with the Government of the United States with a view to taking appropriate remedial actions, such as a reasonable modification of this Agreement.

17. For the duration of this Agreement, the Government of the United States shall not invoke the procedures of Article 3 of the Arrangement to request restraint on the exports of cotton, wool and man-made fibre textiles and textile products covered by this Agreement to the United States. The Government of the United States and the Government of Peru reserve their rights under the Arrangement with respect to textiles and textile products not covered by this Agreement.

Visa system

18. Both Governments agree to establish a correct category/correct quantity visa system.

Provision for textile agreements Harmonized Commodity Code

19. Both parties recognize that adoption by the Government of the United States of the Harmonized Commodity Code may result in some changes in the United States category system of textile products as presently covered by this Agreement. If such changes are made during the term of this Agreement,

the Government of the United States and the Government of Peru will consult with the view of reaching a satisfactory resolution of issues concerning categories covered by this Agreement. The Government of Peru recognizes that, should there be not resolution in such consultations, the Government of the United States reserves its rights to make such adjustments to Annexes A, B, C and D as necessary to bring it into conformity with the new category system and with the Harmonized Commodity Code. The intent of this conversion on the part of the Government of the United States is solely to align the current category system and limit with the Harmonized Commodity Code; it is not to diminish or alter overall trade in textiles and apparel with Peru.

(A) Consultations under this provision shall be conducted no later than ninety-days before final adoption of the Harmonized Commodity Code by the Government of the United States.

Exchange of information

20. Each Government agrees to supply promptly any information reasonably believed to be necessary to the enforcement of this Arrangement requested by the other Government.

Right to terminate the Agreement

21. Either Government may terminate this Agreement, effective at the end of an agreement period, by written notice to the other Government, to be given at least ninety-days prior to the end of such agreement period.

Closing paragraph

If the foregoing conforms with the understanding of the Government of Peru, this note and Your Excellency's note of confirmation on behalf of the Government of Peru shall constitute an Agreement between our two Governments.

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

ANNEX A

Category	Description	Conversion Factor	Unit of Measure
Yarn			
- cotton			
300	Cotton carded yarn	4.6	lb.
301	Cotton combed yarn	4.6	lb.
- wool			
400	Tops and yarns	2.0	lb.
- man-made fibre			
600	Textured	3.5	lb.
601	Continuous cellulosic	5.2	lb.
602	Continuous non-cellulosic	11.6	lb.
603	Spun cellulosic	3.4	lb.
604	Spun non-cellulosic	4.1	lb.
605	Other yarns	3.5	lb.
Fabric			
- cotton			
310	Gingham	1.0	syd
311	Velveteen	1.0	syd
312	Corduroy	1.0	syd
313	Sheeting	1.0	syd
314	Broadcloth	1.0	syd
315	Printcloth	1.0	syd
316	Shirtings	1.0	syd
317	Twills and Sateens	1.0	syd
318	Yarn-dyed	1.0	syd
319	Duck	1.0	syd
320	Other fabrics, n.k.	1.0	syd
- wool			
410	Woollens and worsted	1.0	syd
411	Tapestries and upholstery	1.0	syd
425	Knit	2.0	lb.
429	Other fabrics	1.0	syd

Category	Description	Conversion Factor	Unit of Measure
Fabric (cont'd)			
- man-made fibre			
600	Textured	3.5	lb.
601	Continuous cellulosic	5.2	lb.
602	Continuous non-cellulosic	11.6	lb.
603	Spun cellulosic	3.4	lb.
604	Spun non-cellulosic	4.1	lb.
605	Other yarns	3.5	lb.
610	Continuous cellulosic, n.k.	1.0	syd
611	Spun cellulosic, n.k.	1.0	syd
612	Continuous non-cellulosic, n.k.	1.0	syd
613	Spun non-cellulosic, n.k.	1.0	syd
614	Other fabrics, n.k.	1.0	syd
625	Knit	7.8	lb.
626	Pile and tufted	1.0	syd
627	Speciality	7.8	lb.
Apparel			
- cotton			
330	Handkerchieves	1.7	doz.
331	Gloves	3.5	dpr
332	Hosiery	4.6	dpr
333	Suit-type coats, M and B	36.2	doz.
334	Other coats, M and B	41.3	doz.
335	Coats, W, G and I	41.3	doz.
336	Dresses (incl. uniforms)	45.3	doz.
337	Playsuits, sunsuits, washsuits, creepers, rompers, etc.	25.0	doz.
338	Knit shirts (incl. T-shirts, other, and sweatshirts), M and B	7.2	doz.
339	Knit shirts and blouses (incl. T-shirts, other, and sweatshirts), W, G and I	7.2	doz.
340	Shirts, n.k.	24.0	doz.
341	Blouses, n.k.	14.5	doz.
342	Skirts	17.8	doz.
345	Sweaters	36.8	doz.
347	Trousers, slacks and shorts (outer) M and B	17.8	doz.

Category	Description	Conversion Factor	Unit of Measure
Apparel (cont'd)			
348	Trousers, slacks and shorts (outer) W, G and I	17.8	doz.
349	Brassières, etc.	4.8	doz.
350	Dressing gowns, incl. bathrobes, beach house coats and dusters	51.0	doz.
351	Pyjamas and other nightwear	52.0	doz.
352	Underwear (incl. union suits)	11.0	doz.
353	Down and featherfilled coats, jackets, vests, M and B	41.3	doz.
354	Down and featherfilled coats, jackets, vests, W, G and I	41.3	doz.
359	Other apparel	4.6	lb.
431	Gloves	2.1	dpr
432	Hosiery	2.8	dpr
- wool			
434	Other coats, M and B	54.0	doz.
435	Coats, W, G and I	54.0	doz.
436	Dresses	49.2	doz.
438	Knit shirts and blouses	15.0	doz.
440	Shirts and blouses, n.k.	24.0	doz.
442	Skirts	18.0	doz.
443	Suits, M and B	54.0	doz.
444	Suits, W, G and I	54.0	doz.
445	Sweaters, M and B	14.88	doz.
446	Sweaters, W, G and I	14.88	doz.
447	Trousers, slacks and shorts (outer) M and B	18.0	doz.
448	Trousers, slacks and shorts (outer) W, G and I	18.0	doz.
459	Other wool apparel	2.0	lb.
- man-made fibre			
630	Handkerchieves	1.7	doz.
631	Gloves	3.5	dpr
632	Hosiery	4.6	dpr
633	Suit-type coats, M and B	36.2	doz.
634	Other coats, M and B	41.3	doz.
635	Coats, W, G and I	41.3	doz.
636	Dresses	45.3	doz.

Category	Description	Conversion Factor	Unit of Measure
Apparel (cont'd)			
637	Playsuits, sunsuits, washsuits, etc.	21.3	doz.
638	Knit shirts, (incl. T-shirts) M and B	18.0	doz.
639	Knit shirts and blouses (incl. T-shirts) W, G and I	15.0	doz.
640	Shirts, n.k.	24.0	doz.
641	Blouses, n.k.	14.5	doz.
642	Skirts	17.8	doz.
643	Suits, M and B	54.0	doz.
644	Suits, W, G and I	54.0	doz.
645	Sweaters, M and B	36.8	doz.
646	Sweaters, W, G and I	36.8	doz.
647	Trousers, slacks and shorts (outer), M and B	17.8	doz.
648	Trousers, slacks and shorts (outer), W, G and I	17.8	doz.
649	Brassières, etc.	4.8	doz.
650	Dressing gowns (incl. bath and beach robes)	51.0	doz.
651	Pyjamas and other nightwear	52.0	doz.
652	Underwear	16.0	doz.
653	Down and featherfilled coats, jackets, vests, M and B	41.3	doz.
654	Down and featherfilled coats, jackets, vests, W, G and I	41.3	doz.
659	Other apparel	7.8	lb.
Made-ups and miscellaneous			
- cotton			
360	Pillowcases	1.1	no.
361	Sheets	6.2	no.
362	Bedspreads and quilts	6.2	no.
363	Terry and other pile towels	0.5	no.
369	Other cotton manufactures	4.6	lb.

Category	Description	Conversion Factor	Unit of Measure
- wool			
464	Blankets and auto robes	1.3	lb.
465	Floor coverings	0.1	sft.
469	Other wool manufactures	2.0	lb.
Made-ups and miscellaneous			
- man-made fibre			
665	Floor coverings	0.1	sft.
666	Other furnishings	7.8	lb.
669	Other man-made manufactures	7.8	lb.
670	Luggage, flatgoods, handbags	2.0	lb.

ANNEX B

	PERIOD I 5.1984-4.1985	PERIOD II 5.1985-4.1986	PERIOD III 5.1986-4.1987	PERIOD IV 5.1987-4.1988	PERIOD V 5.1988-4.1989
315	3,600,000	3,852,000	4,121,640	4,410,155	4,718,866
317 (sateen sub-limit)	15,000,000 (4,500,000)	16,050,000 (4,815,000)	17,173,500 (5,152,050)	18,375,645 (5,512,693)	19,661,940 (5,898,582)
319 (SYDS)	20,000,000	21,400,000	22,898,000	24,500,860	26,215,920
320 (SYDS) (print cloth sub-limit SYE)	14,500,000 (4,000,000)	15,515,000 (4,280,000)	16,601,050 (4,579,600)	17,763,123 (4,900,172)	19,006,542 (5,243,184)

ANNEX C

DESIGNATED CONSULTATION LEVEL

CATEGORY	LEVEL
300	3 million lbs (13,800,000 SYE)
301	2.25 million lbs (10,350,000 SYE)
313	15 million SYDS
410	1.5 million SYDS

ANNEX D

GROUP LEVELS

Wool product: 4 million SYE

Cotton apparel: 10 million SYE

PERU NOTE

Lima, 3 January 1985

His Excellency
The Ambassador of the United States
Lima

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note No. 003 of 3 January 1985, by means of which Your Excellency's Government proposes to the Government of Peru the conclusion of an agreement regarding trade in textiles and textile products between the Republic of Peru and the United States.

The text of Your Excellency's note reads as follows:

UNITED STATES NOTE

I have the honour to express the concurrence of my Government with the agreement transcribed above and to agree that Your Excellency's note and this reply shall constitute an agreement between both Governments, which shall enter into force on today's date.

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