

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1297*

6 August 1987

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Articles 7 and 8

Bilateral Agreement between the United States and the Dominican Republic

The Textiles Surveillance Body received a notification under Articles 7 and 8 from the United States of a bilateral agreement concluded with the Dominican Republic for the period 1 December 1986 to 31 May 1988.¹

The notification was made in accordance with the request by the Textiles Committee that agreements concluded with non-participating countries be notified, and the TSB is forwarding it to participating countries for their information.

¹ Another agreement between the parties and modifications are contained in COM.TEX/SB/970, 1027 and 1298.

* English only/Anglais seulement/Inglés solamente

**UNITED STATES AND DOMINICAN REPUBLIC
SIGN NEW BILATERAL TEXTILE AGREEMENT**

The United States and the Dominican Republic sign a new bilateral textile agreement on December 18, 1986. Texts of the notes follow:

UNITED STATES NOTE

Santo Domingo
December 18, 1986

Excellency,

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, as extended by protocols dated December 14, 1977 and December 22, 1981 and July 31, 1986. I also refer to the Bilateral Textile Agreement between the Government of the Dominican Republic and the United States Government effected by an exchange of Notes in Santo Domingo dated December 30, 1983.

I also have the honor to refer to President Reagan's speech in Grenada on February 20, 1986, and to discussions between representatives of the Government of the Dominican Republic and the Government of the United States of America concerning the CBI Special Access Textile Program and exports of cotton, wool, and man-made fiber textiles and textile products manufactured in the Dominican Republic 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 Caribbean Basin Special Access Agreement (hereinafter referred to as the Special Access Agreement) relating to trade in cotton, wool, and man-made fiber textiles and textile products between the Government of the Dominican Republic and the Government of the United States.

AGREEMENT TERM

1. The term of this Special Access Agreement will be the period from December 1, 1986 through May 31, 1988. Each "Agreement Period" shall be a twelve-month period from June 1 of a given year to May 31 of the next year with the exception of the first agreement period which shall be from December 1, 1986 to May 31, 1987.

COVERAGE OF AGREEMENT

2. (A) Textiles and textile products covered by this special Access Agreement are those summarized in Annex A. The terms "textiles" and "textile products" are limited to tops, yarns, piece-goods, madeup articles, garments and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof with other fibers 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.

CLASSIFICATION

(B) For the purposes of this Special Access 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 Paragraph 2 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 components;

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

(III) Man-made fiber 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 Special Access Agreement.

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

GROUP I - GUARANTEED ACCESS LEVELS (GALS)

3. The categories in Group I are those which the Government of the Dominican Republic intends to export to the United States under the Caribbean Basin Textile Product Program. These products which will be assembled in the Dominican Republic of United States-formed fabrics, cut in the United States for re-export to the United States under contracts governed by TSUSA Item Number 807.0010, are subject to the annual Guaranteed Access Levels specified in Annex B. The levels listed for the first agreement period are prorated from the annual levels for the second agreement period.

(A) If the Government of the Dominican Republic wishes to apply for a new Guaranteed Access Level or to export textile products to the United States in excess of existing Guaranteed Access Levels (GALS), the Government of the Dominican Republic shall submit a request for the new or increased levels. The Government of the United States shall consider such requests sympathetically and respond promptly within 30 U.S. working days of the receipt of the initial request in Washington. Among other factors the United States will take into consideration export performance, current levels of exports, unused production capacity, expected new investment and the potential for market disruption, taking into account the United States content of the product.

(B) If the Government of the United States fails to reply within 30 U.S. working days, the request of the Government of the Dominican Republic becomes the new Guaranteed Access Level. 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 the Dominican Republic within 30 U.S. working days. In this case, until a mutually satisfactory change in the GAL in question is established, shipments shall not exceed the existing GAL. The United States response will be supported by data which form the basis of the position it has taken. Either government may request consultations to discuss such request for increases in GALS.

GROUP II - DESIGNATED CONSULTATION LEVELS (DCLS)

4. (A) The categories in Group II listed in Annex C are those which the Government of the Dominican Republic intends to export to the United States, but not under the Caribbean Basic Textile Product Program, and which are subject to Designated Consultation Levels (DCLS) listed in Annex C. The levels listed for the first agreement period are prorated from the annual levels for the second agreement period.

(B) If the Government of the Dominican Republic wishes to export textile products to the United States in excess of the applicable DCLS, the Government of the Dominican Republic 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 30 U.S. working days of the receipt in Washington of the initial request. Until a mutually satisfactory change in the consultation level in question is established, shipments shall not exceed the existing DCL. If the Government of the United States is unable to comply fully with the request due to problems of market disruption, or the real risk thereof, as described in Annex A of the Arrangement, in a category or product subject to such a request, the Government of the United States will so inform the Government of the Dominican Republic. Either government may request consultations to discuss such requests for DCL increases.

GROUP III - OTHER CATEGORIES AND PRODUCTS

5. Categories and products in Group III are those not included in Group I (GALS) and II (DCLS). Categories and products in Group III are free of all restrictions at this time but each government reserves its rights to take action in accordance with the Arrangement with respect to these categories and products.

OVERSHIPMENT CHARGES

6. (A) Exports from the Dominican Republic in excess of agreed levels in any agreement period may be denied entry into the United States. Any such shipments denied entry into the United States may be permitted entry in the succeeding agreement period and charged to the applicable limit. The Government of the United States shall inform the Government of the Dominican Republic of any such charges.

(B) Exports from the Dominican Republic in excess of authorized limits in any agreement period will, if entered into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

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

SPACING PROVISIONS

7. The Government of the Dominican Republic 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

8. The Government of the Dominican Republic shall administer its export control system under this Special Access Agreement. The Government of the United States may assist the Government of the Dominican Republic in implementing the provisions of this Special Access Agreement by controlling imports by the date of export of textiles and textile products covered by this Special Access Agreement.

EXCHANGE OF DATA

9. (A) In accordance with their respective domestic laws, the Government of the United States and the Government of the Dominican Republic shall promptly exchange statistics on monthly bilateral trade in cotton, wool, and man-made fiber and other fiber textiles and textile products. Similarly, each government agrees to supply promptly any other available statistical data necessary to the implementation of this Special Access Agreement.

(B) It is recognized that in order for the Government of the Dominican Republic to discharge its obligations under Paragraph 9 (A), the Government of the United States shall provide the Government of the Dominican Republic on request with technical assistance, including training, to upgrade and simplify existing data-gathering procedures.

MUTUALLY SATISFACTORY ADMINISTRATIVE ARRANGEMENTS

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

CONSULTATION ON IMPLEMENTATION QUESTIONS

11. The Government of the United States and the Government of the Dominican Republic agree, upon request of the other, to consult on any question arising in the implementation of this Special Access Agreement.

RIGHT TO PROPOSE AMENDMENTS TO THE SPECIAL ACCESS AGREEMENT

12. The Government of the United States and the Government of the Dominican Republic may at any time propose amendments in the terms of this Special Access Agreement. Each agrees to consult promptly with the other about such proposals with a view to making such amendments to this Special Access Agreement, or taking such other appropriate action as may be mutually agreed upon. The Special Access Agreement is subject to both parties being free to request, at any time, a review and amendments to this Special Access Agreement in light of successor international arrangements including, if appropriate, a review and amendments regarding fibers other than cotton, wool and man-made fiber.

CONSULTATIONS IN CASE OF INEQUITY VIS-A-VIS THIRD COUNTRY

13. If either government considers that as a result of any provisions of this Special Access Agreement, it is being placed in an inequitable position in relation to a third country, either government may request consultations with the other with a view to taking appropriate remedial actions, such as a reasonable modification of this Special Access Agreement.

VISA AND CERTIFICATION SYSTEM

14. Both governments agree to replace the existing visa system with a certification system for products covered by both the Special Access Agreement and the Bilateral Agreement Between the Government of the United States and the Government of the Dominican Republic.

PROVISION FOR HARMONIZED COMMODITY CODE

15. (A). Both parties recognize that adoption by the government of the United States and the Government of the Dominican Republic of the harmonized commodity code may result in some changes in the United States category system of textile products as presently covered by this Special Access Agreement. If such changes are made during the term of this Special Access Agreement, the Government of the United States

and the Government of the Dominican Republic will consult with the view of reaching a satisfactory resolution of issues concerning categories covered by this Special Access Agreement. The Government of the Dominican Republic recognizes that, should there be no resolution in such consultations, the Government of the United States reserves its rights to make such adjustments to the annexes 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 limits with the Harmonized Commodity Code; it is not to diminish or alter overall trade in textiles and apparel with the Dominican Republic.

(B) Consultations under this provision shall be conducted no later than 90 days before final adoption of the Harmonized Commodity Code by the Government of the United States or an adjusted time schedule as mutually agreed.

COOPERATION IN THE PREVENTION OF CIRCUMVENTION

16. (A) Subject to domestic laws, and pursuant to Paragraph 16 of the July 31, 1986 protocol to the Arrangement, and bearing in mind the provisions of Paragraph 9(B) of this Special Access Agreement, the competent authorities of the Dominican Republic shall cooperate with the competent authorities of the United States in ensuring that the Special Access Agreement is not circumvented by transshipment, rerouting, misdescription, underinvoicing or by whatever means. To this end the competent authorities of the Dominican Republic and those of the United States shall assist each other:

(I) In securing documents, correspondence and reports from parties considered relevant to investigations.

(II) By providing for plant visits and inspections whether by prior notification or impromptu, by authorized personnel.

(III) By facilitating personal interviews designed to ascertain needed facts.

(B) Where information available to the Government of the United States or to the Government of the Dominican Republic, as a result of investigations, indicates evidence that products subject to this Special Access Agreement have been transshipped, rerouted, misdescribed or otherwise imported into the United States in circumvention of this Special Access Agreement, either government may request consultations with a view to taking remedial measures, including, as relevant:

(1) An equivalent adjustment of the corresponding agreed levels established under the Special Access Agreement;

(2) The prohibition, in accordance with any relevant domestic laws, whether on a temporary or permanent basis, of any person natural or juridical, in respect of whom there is evidence of the commission of fraud or other circumvention of this Special Access Agreement, from participation in this program.

EXCHANGE OF INFORMATION

17. Subject to their domestic laws, each government agrees to supply promptly any information reasonably believed to be necessary to the enforcement of this Special Access Agreement requested by the other government.

RIGHT TO TERMINATE THE SPECIAL ACCESS AGREEMENT

18. Either government may terminate this Special Access Agreement, effective at the end of an agreement period, by written notice to the other government, to be given at least 90 days prior to the end of such agreement period.

CLOSING PARAGRAPH

If the foregoing conforms with the understanding of the Government of the Dominican Republic, this Note and Your Excellency's Note of Confirmation on behalf of the Government of the Dominican Republic shall constitute an agreement between our two governments.

ANNEX A

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>CONVERSION FACTOR</u>	<u>UNIT OF MEASURE</u>
-YARN- COTTON			
340	Shirts, N.K.	24.0	Dz.
644	Suits, WG&I	54.0	Dz.

ANNEX B

**GUARANTEED ACCESS LEVELS (GALS)
FOR PRODUCTS OF THE CARIBBEAN BASIN APPAREL PROGRAM**

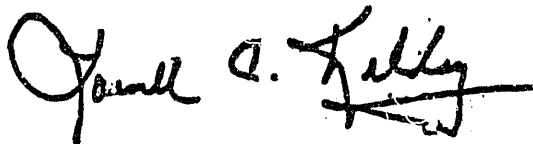
<u>CATEGORY</u>	<u>DECEMBER 1, 1986 TO MAY 31, 1987</u>	<u>JUNE 1, 1987 TO MAY 31, 1988</u>
340	322,500 Dz.	645,000 Dz.
644	100,000 Dz.	200,000 Dz.

ANNEX C

DESIGNATED CONSULTATION LEVELS

<u>CATEGORY</u>	<u>DECEMBER 1, 1986 TO MAY 31, 1987</u>	<u>JUNE 1, 1987 TO MAY 31, 1988</u>
340	95,000 Dz.	190,000 dz.

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



Embassy of the United States of America,

Santo Domingo, December 18, 1986.

DOMINICAN REPUBLIC NOTE

(Informal Translation)

Santo Domingo
December 18, 1986

Excellency:

I have the honor to refer to your note dated December 18, 1986 which refers to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the Arrangement), done at Geneva on December 20, 1973, as extended by protocols dated December 14, 1977 and December 22, 1981 and July 31, 1986, and to the Bilateral Textile Agreement between the Government of the Dominican Republic and the United States Government effected by an exchange of notes in Santo Domingo dated December 30, 1983.

Your note also refers to President Reagan's speech in Grenada on February 20, 1986, and to discussions between representatives of the Government of The Dominican Republic and the Government of the United States of America concerning the CBI Special Access Textile Program and exports of cotton, wool, and man-made fiber textiles and textile products manufactured in The Dominican Republic and exported to the United States. As a result of these discussions, under the referred Note, your Excellency proposes, on behalf of the Government of the United States, under Articles 4 and 6, and in conformity with the Arrangement, the following Special Access Agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between the Government of The Dominican Republic and the Government of the United States.

(The Spanish version of the text of the Agreement agrees in all substantive respects with the original English text.)

I am pleased to inform you that the Government of the Dominican Republic has given its approval for the ratification of this Agreement, and therefore your Note and this Note of response shall constitute an agreement between our Governments.

I avail myself of this opportunity to renew to you the assurances of my highest and distinguished consideration.

(s) Donald J. Reid Cabral
Secretary of State
For Foreign Relations