

TARIFFS AND TRADE

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Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Modification of the bilateral agreement between  
the United States and Hong Kong

The Textiles Surveillance Body received a notification from the United States of an amendment of its agreement with Hong Kong resulting from changes in the United States' category system related to the adoption of the Harmonized Commodity Code by the United States.<sup>1</sup>

The TSB, pursuant to its procedures regarding notifications made under Article 4,<sup>2</sup> has examined the relevant documentation, and is forwarding the text of the notification to participating countries for their information.

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<sup>1</sup>The bilateral agreement is contained in COM.TEX/SB/1186.

<sup>2</sup>See COM.TEX/SB/35, Annex B

\* English only/Anglais seulement/Inglés solamente

UNITED STATES AND HONG KONG AMEND  
BILATERAL TEXTILE AGREEMENT

The United States and Hong Kong exchanged letters on March 2, 1988 and March 7, 1988 to amend their Bilateral Textile Agreement. Text of the letters follow:

UNITED STATES LETTER

March 2, 1988

Ms. Sandra Lee  
Counsellor  
Hong Kong Commercial Affairs  
British Embassy  
1233 20th Street, N.W., Suite 504  
Washington, D.C. 20036

Dear Ms. Lee:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles, done at Geneva on December 20, 1973, as extended, and to the Agreement on Trade in Cotton, Wool, Man-Made Fiber, Silk-Blend and Non-cotton Vegetable Fiber Textiles and Textile Products between the Government of Hong Kong and the Government of the United States of America dated August, 4, 1986, as amended (the Agreement). I also refer to consultations held in Washington from 29 June to 2 July, from 28 to 29 July, and from 14 to 17 September 1987, in Geneva from 19 to 21 October 1987, and in Hong Kong from 14 to 15 November 1987. The consultations referred to the effects on the Agreement of changes in the United States category system for textiles and textile products related to the adoption of the Harmonized Commodity Code by the United States. I further refer to the Memorandum of Understanding signed in Washington on December 9, 1987.

On behalf of my Government and in accordance with the above mentioned Memorandum of Understanding, I propose the following amendments to the Agreement:

I. Paragraph 3(a), (b) and (c) of the Agreement shall be amended to read as follows:

"3. Textiles and textile products covered by this Agreement are as follows:

(a) Group I - being products other than apparel (including yarn, fabric, and other made-up and miscellaneous products) of cotton, wool and/or man-made fiber (Categories 200, 201, 218, 219, 220, 222, 223, 224, 225, 226, 227, 229, 300, 301, 313, 314, 315, 317, 326, 360, 361, 362, 363, 369, 400, 410, 414, 464, 465, 469, 600, 603, 604, 606, 607, 611, 613, 614, 615, 617, 618, 619, 620, 621, 622, 624, 625, 626, 627, 628, 629, 665, 666, 669, 670).

(b) Group II - being apparel of cotton, wool, and/or man-made fiber (Categories 239, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 345, 347, 348, 349, 350, 351, 352, 353, 354, 359, 431, 432, 433, 434, 435, 436, 438, 439, 440, 442, 443, 444, 445, 446, 447, 448, 459, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 659, 443/444/643/644/843/844(1) to cover men's, boys', women's and girls' made-to-measure suits of wool, man-made fiber, silk-blend and non-cotton vegetable fibers).

(c) Group III - being apparel, other than sweaters, of silk blend and/or non-cotton vegetable fiber (Categories 831, 832, 833, 834, 835, 836, 838, 839, 840, 842, 843, 844, 847, 850, 851, 852, 858, 859)."

II. Paragraph 5 of the Agreement shall be amended as follows:

"(i) to amend paragraph 5(d) to read as follows:

(d) For the purposes of (a), (b) and (c) preceding, calculations shall be in square meters equivalent on the basis of the conversion factors set out in Annex B and, in the case of merged categories, as set out in paragraph 9. As regards merged Category 633/634/635, the conversion factor of the affected Sub-Limit or Sub-Limits will apply.

(ii) to add paragraph 5(e):

(e) In addition to provision (c) preceding, as from 1988:

(i) The Specified Limit of Category 648 set out in Annex A (or pursuant to any amendment thereof) may, during any agreement year, be exceeded by not more than 7 percent of which any swing in excess of 5 percent set out in Annex C must originate from Category 647;

(ii) The Specified Limits of Categories 443, 444 and 644 set out in Annex A (or pursuant to any amendment thereof) may be exceeded during any agreement year up to the levels (dozens) specified below:

<u>Category</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
443	4,127	4,147	4,168	4,188
444	8,759	8,847	8,935	9,024
644	25,298	25,930	26,578	27,242

with transfer-in, on an upper-cum-lower garment basis, from the relevant component garment categories specified as follows:

<u>Category</u>	<u>Component garment categories</u>
443	433 and 447/448
444	435 and 442 or 447/448
644	635 and 642 or 648

In the event of any transfer into Categories 444 and 644 from their component garment categories, the Group II Limit of the agreement year in which the transfer is effected will be adjusted downwards to take account of such transfer and the difference in their respective conversion factors.

(iii) to add paragraph 5(f):

(f) For the 1988 agreement year only, in addition to the provisions (c) and (e), the Specified Limits of the following categories set out in Annex A (or pursuant to any amendment thereof) may be exceeded by an additional one percent:

Cat. 333/334  
 Cat. 633/634/635  
 Cat. 335

Cat. 352  
 Cat. 652

Cat. 336  
 Cat. 636

Cat. 341  
 Cat. 641

Cat. 342  
 Cat. 442  
 Cat. 642

Cat. 345  
 Cat. 645/646

Cat. 438  
 Cat. 638/639

Cat. 444  
 Cat. 644

The additional swing can only be utilized with yardage from categories of like products in Group II. Hong Kong shall decide prior to 1989 whether any yardage thus swung in 1988 should be permanently transferred. This swing provision would thereafter no longer apply.

(iv) to add paragraph 5(g):

(g) In addition to provision (a), the Group III Limit set out in Annex A (or pursuant to any amendment thereof) may be exceeded during any agreement year with transfer in, on a temporary basis, from Group II up to the levels (square meters equivalent) indicated below:

<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
808,475	822,623	841,132	862,160

(v) to add paragraph 5(h):

(h) Notwithstanding provision (c), the Specified Limits of Categories 835, 836, 840 and 846(1) set out in Annex A (or pursuant to any amendment thereof) may be exceeded during any agreement year up to the levels (dozens) specified below:

<u>Category</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
835	10,083	10,133	10,184	10,235
836	9,431	9,667	9,909	10,157
840	5,773	5,802	5,831	5,860
846(1)	5,792	5,821	5,850	5,879

with transfer-in, on a temporary basis, from the relevant category of like products specified as follows:

<u>Category</u>	<u>From Category</u>
835	335
836	336
840	341
846(1)	645/646

(vi) to add paragraph 5(i):

(i) Notwithstanding provision (c), the 1988 Specified Limit of Category 845(1) set out in Annex A (or pursuant to any amendment thereof) may be exceeded by transfer from Category 345 in an amount not exceeding 28,298 dozens. Hong Kong shall decide towards 1989 whether any of the yardage transferred should be made permanent as from 1989."

III. Paragraph 8 of the Agreement shall be amended to read as follows:

"8. (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, man-made fiber, silk, non-cotton vegetable fibers, or blends thereof, in which any or all of those fibers in combination represent the chief weight of the product, are subject to this Agreement.

(b) For the purposes of this Agreement, textile products covered by sub-paragraph (a) above shall be classified as:

(i) Man-made fiber textiles, if the product is in chief weight of man-made fibers, unless:

(A) the product is knitted or crocheted apparel in which wool equals or exceeds 23 percent by weight of all fibers, in which case the product will be a wool textile; or

(B) the product is apparel, not knitted or crocheted, in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile;

(C) the product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

(ii) Cotton textiles, if not covered by (i) and if the product is in chief weight of cotton, unless the product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

(iii) Wool textiles, if neither of the foregoing applies, and the product is in chief weight of wool.

(iv) Silk blend or non-cotton vegetable fiber textiles, if none of the foregoing applies and the product is in chief weight of silk or non-cotton vegetable fiber, unless:

(A) cotton with wool and/or man-made fibers in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components, in which case the product will be a cotton textile.

(B) if not covered by (iv) (A) and wool exceeds 17 percent by weight of all component fibers, in which case the product will be considered a wool textile.

(C) if not covered by (iv) (A) or (B) and man-made fibers in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the man-made fiber component exceeds the weight of the total wool and/or total cotton component, in which case the product will be considered a man-made fiber textile.

(c) Notwithstanding the above, garments which contain 70 percent or more by weight silk (unless they also contain over 17 percent by weight wool), and products other than garments which contain 85 percent or more by weight silk, are not subject to this Agreement. Silk blend and non-cotton vegetable fiber sweaters, as determined above, shall be divided into "silk blend" sweaters and "non-cotton vegetable fiber" sweaters. For the purpose of this division, sweaters shall be

classified as "silk blend" if the silk component exceeds by weight the non-cotton vegetable fiber component (if any). Sweaters not classified as "silk blend" sweaters in accordance with the foregoing shall be classified as "non-cotton vegetable fiber" sweaters. Garments containing 70 percent or more by weight silk and over 17 percent by weight wool shall be classified as wool textiles, under subparagraph (b) (iv) (B).

(d) For textile products covered by this Agreement but for which a chief weight determination cannot be made pursuant to subparagraph (b) above because two or more fibers are of equal weight, then products with wool as one of the fibers of equal weight shall be classified in accordance with the provisions for wool determination for the respective products specified in subparagraph (b) above, and products not classified as wool textiles in accordance with the foregoing shall be classified as non-cotton vegetable fiber, silk, man-made fiber, cotton and wool in that order of preference.

(e) Coverage under this paragraph is intended to be identical with the terms of Article 12 of the Arrangement Regarding International Trade in Textiles and in conformance with paragraph 24 of the July 31, 1986, Protocol of Extension. In the event of a question regarding whether a product is covered by this Agreement by virtue of being in chief weight of cotton, wool, man-made fiber, silk, or non-cotton vegetable fiber, the chief value of the fibers may be considered."

IV. Paragraph 9(a) and (b) of the Agreement shall be amended as follows:

"9. (a) The system of categories and the rates of conversion into square meters equivalent listed in Annex B hereto shall apply in implementing this Agreement, except as provided for in paragraph 9 hereof.

(b) For the purposes of this Agreement and with reference to the particular circumstances of Hong Kong's trade patterns with the United States of America, the categories below are merged as



indicated and treated as single categories, with limits for categories and sub-categories as set out in Annex A (or pursuant to any amendment thereof).

<u>Categories merged</u>	<u>Designation in Agreement</u>
1) 225, 317 and 326	225/317/326
2) 226 and 313	226/313
3) 333 and 334	333/334
4) 338 and 339	338/339
5) 347 and 348	347/348
6) 445 and 446	445/446
7) 447 and 448	447/448
8) 633, 634 and 635	633/634/635
9) 638 and 639	638/639
10) 645 and 646	645/646

For the purposes of paragraph 5, the conversion factors for individual categories set out in Annex B shall be applied, except that for Categories 333 and 334 the conversion factor shall be 33.0 square meters equivalent per dozen, for Categories 633 and 634 the conversion factor shall be 33.9 square meters equivalent per dozen, and for Categories 638 and 639 the conversion factor shall be 13.0 square meters equivalent per dozen."

V. Annex A (or pursuant to any amendment thereof), Annex B and Annex C of the Agreement shall be amended and replaced by the relevant Annexes A to C attached to this letter.

These amendments shall be retroactive to January 1, 1988, with the understanding that the above arrangements may have to be reviewed in the light of both Governments' experience with the new textile category system. Any such review will be undertaken through consultations with a view to ensuring that Hong Kong's access rights, entitlements and flexibility arrangements under the Agreement will be fully preserved.

It is further understood that the special licensing arrangements implemented by Hong Kong because the legislation for the adoption of the Harmonized Commodity Code was not passed by the United States Congress before January 1, 1988, are set out in Appendix I to this letter.

If the foregoing is acceptable to your Government, this letter and the letter of acceptance on behalf of your Government shall constitute an amendment to the Agreement.

Sincerely yours,

Donald K. Steinberg  
Chief, Textiles Division  
Bureau of Economic and  
Commercial Affairs

Attachments:  
Annexes A, B and C  
Appendix 1

Annex A

	<u>Imperial Units</u>			<u>Metric Units</u>				
	Category or Sub-Category	Unit of Measure	Third Year Units	Unit of Measure	Third Year Units	Fourth Year Units	Fifth Year Units	Sixth Year Units
<u>Group 1 : Cotton Wool and Man-made Fiber Men Apparel</u> <u>Cotton/Man-made Fiber</u>		SYD	230 120 533	M <sup>2</sup>	192 410 074	195 777 250	200 182 238	205 186 75
Sewing thread and yarns put up for retail sale	200	LD	562 600	KG	255 191	261 571	268 110	274 81
Duck	219	SYD	35 400 000	M <sup>2</sup>	29 598 909	30 338 882	31 097 354	31 874 79
Denim (cotton or mix), twills (cotton) and velvets (cotton)	225/217/326	SYD	59 400 000	M <sup>2</sup>	49 665 965	50 410 954	51 167 118	51 938 63
Denescolin, batiste (cotton or mix) and sheeting (cotton)	226/313	SYD	63 500 000	M <sup>2</sup>	53 094 087	54 421 439	55 780 975	57 176 52
<u>Cotton</u>								
Poplin and broadcloth	314	SYD	17 125 188	M <sup>2</sup>	14 318 838	14 676 809	15 043 729	15 419 02
Perincloths	335	SYD	8 466 751	M <sup>2</sup>	7 079 282	7 256 264	7 437 671	7 623 61
Shop Towels	369 (1)	LB	1 282 590	KG	581 773	596 317	611 225	626 51
<u>Man-made Fiber</u>								
Staple Synthetic Yarn	604	LD	306 185	KG	175 171	179 550	184 039	188 64
<u>Group 2 : Cotton Wool and Man-made Fiber-Apparel</u>								
<u>Cotton/Man-made Fiber</u>		SYD	856 395 897	M <sup>2</sup>	711 039 276	723 482 464	739 760 819	750 254 81
<u>Infants' wear</u>								
	239	LB	6 502 224	KG	2 949 360	3 000 347	3 068 514	3 129 81

Imperial Units

Metric Units

Category or Sub-Category	Unit of Measure	Third Year Units	Unit of Measure	Third Year Units	Metric Units			
					Fourth Year Units	Fifth Year Units	Sixth Year Units	
Cotton								
Gloves	DPR	3 543 395	DPR	3 503 395	3 619 229	3 655 421	3 691 975	
Coats, Men and Boys	DOZ	238 262	DOZ	238 262	241 836	265 464	249 166	
Coats, Women and Girls	DOZ	302 122	DOZ	302 122	303 633	305 151	306 677	
Dresses	DOZ	163 714	DOZ	163 714	167 807	172 002	176 102	
Playuits, Sunuits, Washuits, Rompers, Creepers, etc.	DOZ	702 994	DOZ	702 994	720 569	738 583	757 048	
Shirts and Blouses other than Tank Tops, knit	DOZ	2 593 503	DOZ	2 593 503	2 606 648	2 619 500	2 632 518	
Tank tops	DOZ	1 923 635	DOZ	1 923 635	1 933 253	1 942 919	1 952 614	
Shirts, not knit	DOZ	2 483 551	DOZ	2 483 551	2 495 969	2 508 449	2 520 771	
Blouses, not knit	DOZ	2 521 335	DOZ	2 521 335	2 533 942	2 546 612	2 559 345	
Skirts	DOZ	425 308	DOZ	425 308	431 688	438 163	444 335	
Sweaters	DOZ	362 434	DOZ	362 434	367 871	373 389	378 898	
Trousers, Slacks and Shorts (outer)	DOZ	5 936 415	DOZ	5 936 415	5 966 097	5 995 927	6 025 907	
Men and Boys	DOZ	(2 921 678)	DOZ	(2 921 678)	(2 936 286)	(2 950 967)	(2 965 722)	
Women and Girls	DOZ	(4 498 841)	DOZ	(4 498 841)	(4 521 335)	(4 543 942)	(4 566 682)	
Dressing Gowns	DOZ	110 524	DOZ	110 524	112 182	113 865	115 573	
Pajamas and other Nightwear	DOZ	1 061 769	DOZ	1 061 769	1 067 078	1 072 413	1 077 775	
Underwear	DOZ	4 965 767	DOZ	4 965 767	5 110 411	5 238 171	5 369 125	

	<u>Imported Units</u>			<u>Metric Units</u>				
	Category or Sub-Category	Unit of Measure	Third Year Units	Unit of Measure	Third Year Units	Fourth Year Units	Fifth Year Units	Sixth Year Units
Coveralls, Overall, Jumpsuits	359 (1)	LB	1 028 311	KG	466 434	475 763	485 278	494 964
Outer Vests	359 (2)	LB	2 143 216	KG	972 147	991 590	1 011 422	1 031 650
<u>Wool</u>								
Coats, Men and Boys	434	DOZ	9 283	DOZ	9 283	9 376	9 470	9 565
Coats, Women and Girls	435	DOZ	68 276	DOZ	68 276	68 617	68 960	69 303
Dresses	436	DOZ	88 924	DOZ	88 924	89 369	89 816	90 265
Shirts and Blouses, Knit	438	DOZ	773 227	DOZ	773 227	777 093	780 978	784 863
Skirts	442	DOZ	75 963	DOZ	75 963	76 723	77 490	78 265
Suits, Men and Boys	443	NO	56 112	NO	56 112	56 366	56 664	56 952
Suits, Women and Girls	444	NO	34 392	NO	34 392	34 740	35 088	35 436
Sweaters	445/446	DOZ	1 207 139	DOZ	1 207 139	1 213 175	1 219 241	1 225 377
Trousers, Sleds and Shorts (outer)	447/448	DOZ	60 706	DOZ	60 706	61 010	61 315	61 622
<u>Man-made Fiber</u>								
Gloves	631	OPR	475 049	OPR	475 049	486 925	499 096	511 575
Coats	633/634/635	DOZ	1 088 765	DOZ	1 088 765	1 105 096	1 121 672	1 138 477
Men and Boys	(633/634)	DOZ	(406 011)	DOZ	(406 011)	(412 101)	(418 203)	(424 577)

	<u>Imperial Units</u>					<u>Metric Units</u>				
	Category or Sub-Category	Unit Measure	Third Year Units	Unit Measure	Third Year Units	Fourth Year Units	Fifth Year Units	Sixth Year Units		
Women and Girls	(635)	DOZ	(836 571)	DOZ	(835 571)	(849 120)	(861 857)	(874 785)		
Dresses	636	DOZ	224 079	DOZ	224 079	229 681	235 423	243 309		
Playuits, Smalls, Meshuits, Rompers, Creepers, etc.	637	DOZ	152 926	DOZ	152 926	156 749	160 668	164 685		
Shirts and Blouses, knit	638/639	DOZ	4 311 056	DOZ	4 311 056	4 332 611	4 354 274	4 376 035		
Shirts, not knit	640	DOZ	726 375	DOZ	726 375	740 903	755 721	770 855		
Blouses, not knit	641	DOZ	744 933	DOZ	744 933	748 654	752 401	756 163		
Shirts	642	DOZ	177 500	DOZ	177 500	181 938	186 486	191 148		
Suits, Women and Girls	644	NO	32 544	NO	32 544	33 360	34 200	35 032		
Sweaters	645/646	DOZ	1 250 499	DOZ	1 250 499	1 256 751	1 263 035	1 269 350		
Trousers, Slacks and Shorts (outer), Men and Boys	647	DOZ	395 177	DOZ	395 177	405 056	415 182	425 542		
Trousers, Slacks and Shorts (outer), Women and Girls	648	DOZ	928 968	DOZ	928 968	938 258	947 641	957 117		
Beatalones, etc.	649	DOZ	608 414	DOZ	608 414	623 626	639 215	655 195		
Dressing gowns, Incl. Bathrobes and Beachrobes	650	DOZ	125 818	DOZ	125 818	128 963	132 187	135 492		
Pajamas and other Nightwear	651	DOZ	240 942	DOZ	240 942	246 966	253 140	259 449		
Underwear	652	DOZ	3 802 696	DOZ	3 802 696	3 878 750	3 956 325	4 035 852		
Coveralls, Overall, Jumpsuits	659 (1)	LB	1 136 553	KG	515 532	325 843	536 360	547 007		
Saltwater	659 (2)	LB	442 942	KG	200 915	205 938	211 006	216 363		

Imperial Units

Metric Units

Category or Sub-Category	Unit of Measure	Third Year Units	Unit of Measure	Third Year Units	Metric Units			
					Fourth Year Units	Fifth Year Units	Sixth Year Units	
Other 5 to or 5 Other	443/444/643/644/843/844(1)	NO	NO	48 960	49 452	49 944	50 448	
	[443/643/843(1)]							
	[444/644/844(1)]							
<u>Group III : Silk Blend and Non-Cotton Vegetable Fiber-Apparel Other Than Sweaters</u>								
Coats, Women and Girls	835	DOZ	STD	47 521 114	40 429 044	41 338 697	42 372 164	
Dresses	836	DOZ		96 221	97 183	98 155	99 137	
Shirts and Blouses, not knit	840	DOZ		125 301	127 807	130 363	132 970	
Skirts	842	DOZ		571 558	577 274	583 067	588 877	
Trousers, Slacks and Shorts (outer)	847	DOZ		208 320	211 445	214 617	217 836	
				306 948	310 017	313 117	316 248	

Sweaters, non-cotton vegetable fiber, not made from knit to shape component parts knitted elsewhere

Sweaters, non-cotton vegetable fiber, made from knit to shape component parts knitted elsewhere

Sweaters, silk blend, not made from knit to shape component parts knitted elsewhere

Sweaters, silk blend, made from knit to shape component parts knitted elsewhere

845 (1)	DOZ	1 095 290	DOZ	1 095 290	1 096 385	1 097 481	1 098 578
845 (2)	DOZ	2 621 707	DOZ	2 621 707	2 624 329	2 626 553	2 629 580
846 (1)	DOZ	177 119	DOZ	177 119	177 296	177 473	177 650
846 (2)	DOZ	426 789	DOZ	426 789	427 216	427 643	428 071

## ANNEX B

Category	Description	Conversion Factor to square meters	Unit
YARN			
200	Sewing thread and yarn put up for retail sale, C or MMF	6.6	KG
201	Other yarn, C or MMF	6.5	KG
300	Carded yarn, cotton	8.5	KG
301	Combed yarn, cotton	8.5	KG
400	Yarn, wool	3.7	KG
600	Textured filament yarn, MMF	6.5	KG
603	Staple artificial yarn, MMF	6.3	KG
604	Staple synthetic yarn, MMF	7.6	KG
606	Non-textured filament, MMF	20.1	KG
607	Staple yarn, MMF	6.5	KG
800	Yarn of silk blends and non-cotton vegetable fibers (SB or NCVF)	8.5	KG
FABRIC			
218	Yarns of different colors, C or MMF	1.0	M2
219	Duck, C or MMF	1.0	M2
220	Fabric of special weave, C or MMF	1.0	M2
222	Knit fabric, C or MMF	12.3	KG
223	Non-woven fabrics, C or MMF	14.0	KG
224	Pile and tufted fabrics, C or MMF	1.0	M2
225	Denim, C or MMF	1.0	M2
226	Cheesecloth, batistes, etc., C or MMF	1.0	M2
227	Oxford cloth, C or MMF	1.0	M2
229	Special purpose fabric, C or MMF	13.6	KG
313	Sheeting, cotton	1.0	M2
314	Poplin and broadcloth, cotton	1.0	M2
315	Printcloth, cotton	1.0	M2
317	Twills, cotton	1.0	M2
326	Sateens, cotton	1.0	M2
410	Woven fabrics containing 36 percent or more by weight wool	1.0	M2
414	Other wool fabrics	2.8	KG
611	Staple artificial fabric, by weight, 85 percent or more	1.0	M2
613	Sheeting, MMF	1.0	M2
614	Poplin and broadcloth, MMF	1.0	M2
615	Printcloth, MMF	1.0	M2
617	Twills and sateens, MMF	1.0	M2



618	Cellulosic filament, MMF	1.0	M2
619	Non-cellulosic filament, poly	1.0	M2
620	Other non-cellulosic filament	1.0	M2
621	Impression	14.4	KG
622	Filament glass fiber	1.0	M2
624	Man-made fiber fabric, woven, containing more than 15 percent but not more than 36 percent wool	1.0	M2
	Staple/filament combinations:		
625	Poplin and broadcloth, MMF	1.0	M2
626	Printcloth, MMF	1.0	M2
627	Sheeting, MMF	1.0	M2
628	Twills and sateens, MMF	1.0	M2
629	Other MMF	1.0	M2
810	Fabric of Silk Blends & Other Non-Cotton Vegetable Fiber	1.0	M2
	INFANTS' WEAR		
239	Infants' wear, C or MMF	8.79	KG
439	Infants' wear, wool	6.3	KG
839	Infants' wear, silk blends and other non-cotton vegetable fibers	6.3	KG
	APPAREL		
330	Handkerchiefs, cotton	1.4	DOZ
331	Gloves and mittens, cotton	2.9	DPR
332	Hosiery, cotton	3.8	DPR
333	M and B suit-type coats, cotton	30.3	DOZ
334	Other M and B coats, cotton	34.5	DOZ
335	W and G coats, cotton	34.5	DOZ
336	Dresses, cotton	37.9	DOZ
337	Playsuits, sunsuits, etc., cotton	20.9	DOZ
338	M and B knit shirts, cotton	6.0	DOZ.
339	W and G knit shirts and blouses, cotton	6.0	DOZ
340	M and B shirts, not knit, cotton	20.1	DOZ
341	W and G shirts and blouses, not knit, cotton	12.1	DOZ
342	Skirts, cotton	14.9	DOZ
345	Sweaters, cotton	30.8	DOZ
347	M and B trousers, slacks, and shorts, cotton	14.9	DOZ
348	W and G trousers, slacks, and shorts, cotton	14.9	DOZ
349	Brassieres and body supporting garments, cotton	4.0	DOZ
350	Dressing gowns, etc., cotton	42.6	DOZ
351	Nightwear and pajamas, cotton	43.5	DOZ
352	Underwear, cotton	9.2	DOZ

353	M and B down-filled coats, cotton	34.5	DOZ
354	W and G down-filled coats, cotton	34.5	DOZ
359	Other cotton apparel, cotton	8.5	KG
431	Gloves and mittens, wool	1.8	DPR
432	Hosiery, wool	2.3	DPR
433	M and B suit-type coats, wool	30.1	DOZ
434	Other M and B coats, wool	45.1	DOZ
435	W and G coats, wool	45.1	DOZ
436	Dresses, wool	41.1	DOZ
438	Knit shirts and blouses, wool	12.5	DOZ
440	Shirts and blouses, not knit, wool	20.1	DOZ
442	Skirts, wool	15.0	DOZ
443	M and B suits, wool	3.76	NO
444	W and G suits, wool	3.76	NO
445	M and B sweaters, wool	12.4	DOZ
446	W and G sweaters, wool	12.4	DOZ
447	M and B trousers, slacks and shorts, wool	15.0	DOZ
4 48	W and G trousers, slacks, and shorts, wool	15.0	DOZ
4 59	Other wool apparel	3.7	KG
630	Handkerchiefs, MMF	1.4	DOZ
631	Gloves and mittens, MMF	2.9	DPR
632	Hosiery, MMF	3.8	DPR
633	M and B suit-type coats, MMF	30.3	DOZ
634	Other M and B coats, MMF	34.5	DOZ
635	W and G coats, MMF	34.5	DOZ
636	Dresses, MMF	37.9	DOZ
637	Playsuits, sunsuits, etc., MMF	17.8	DOZ
638	M and B knit shirts, MMF	15.0	DOZ
639	W and G knit shirts and blouses, MMF	12.5	DOZ
640	M and B shirts, not knit, MMF	20.1	DOZ
641	W and G shirts and blouses, not knit, MMF	12.1	DOZ
642	Skirts, MMF	14.9	DOZ
643	M and B suits, MMF	3.76	NO
644	W and G suits, MMF	3.76	NO
645	M and B sweaters, MMF	30.8	DOZ
646	W and G sweaters, MMF	30.8	DOZ
647	M and B trousers, slacks, and shorts, MMF	14.9	DOZ
648	W and G trousers, slacks, and shorts, MMF	14.9	DOZ
649	Brassieres and body supporting garments, MMF	4.0	DOZ
650	Dressing gowns, etc., MMF	42.6	DOZ
651	Nightwear and pajamas, MMF	43.5	DOZ
652	Underwear, MMF	13.4	DOZ

653	M and B down-filled coats, MMF	34.5	DOZ
654	W and G Down-filled coats, MMF	34.5	DOZ
659	Other man-made fiber apparel	14.4	KG
443/444/ 643/644/ 843/ 844(1)	Made-to-Measure Suits of wool, MMF, SB or NCVF for men, boys, women and girls	3.76	NO
831	Gloves and mittens, SB or NCVF	2.9	DPR
832	Hosiery, SB or NCVF	3.8	DPR
833	M and B suit-type coats, SB or NCVF	30.3	DOZ
834	Other M and B coats and jackets, SB or NCVF	34.5	DOZ
835	W and G coats and jackets, SB or NCVF	34.5	DOZ
836	Dresses, SB or NCVF	37.9	DOZ
838	Knit Shirts, blouses and tops, SB or NCVF	11.7	DOZ
840	Not knit shirts and blouses, SB or NCVF	16.7	DOZ
842	Skirts, SB or NCVF	14.9	DOZ
843	M and B suits, SB or NCVF	3.76	NO
844	W and G suits, SB or NCVF	3.76	NO
845	Sweaters of vegetable fiber	30.8	DOZ
846	Sweaters of silk blend	30.8	DOZ
847	Trousers, slacks, and shorts, SB or NCVF	14.9	DOZ
850	Robes and dressing gowns, SB or NCVF	42.6	DOZ
851	Nightwear and pajamas, SB or NCVF	43.5	DOZ
852	Underwear, SB or NCVF	11.3	DOZ
858	Neckwear, SB or NCVF	6.6	KG
859	Other apparel, SB or NCVF	12.5	KG
Made-Up and Miscellaneous Textiles			
360	Pillowcases, cotton	0.9	NO
361	Sheets, cotton	5.2	NO
362	Bedsread and quilts, cotton	5.8	NO
363	Terry and other pile towels, cotton	0.4	NO
369	Cotton manufactures, not specified [nspf]	8.5	KG
464	Blankets, wool	2.4	KG
465	Floor Coverings, wool	1.0	M2
469	Wool manufactures, nspf	3.7	KG
665	Floor coverings, MMF	1.0	M2
666	Other furnishings, MMF	14.4	KG
669	Man-made fiber manufactures, nspf	14.4	KG

670	Flat goods, handbags, luggage, MMF	3.7	KG
863	Towels, SB or NCVF	0.4	No
870	Luggage, SB or NCVF	3.7	KG
871	Handbags and Flatgoods, SB or NCVF	3.7	KG
899	Other Made-Ups, SB or NCVF	11.1	KG

Abbreviations:

C = cotton

MMF = man-made fiber

SB or NCVF = silk blend or non-cotton vegetable fiber

Annex C

<u>Category or Sub-category Number</u>	<u>Percentage</u>
200	7
219	7
225/317/326	6
226/313	7
239	25
314	7
315	7
331	5
333/334	6
335	5
336	7
337	7
338/339 tank tops	5
338/339 other	5
340	5
341	5
342	6
345	6
347/348	5
(347)	(5)
(348)	(5)
350	7
351	5
352	7
359(1)	7
359(2)	7
369(1)	7
434	7
435	5
436	5
438	5
442	7
443	5
444	7
445/446	5
447/448	5
604	7
631	7
633/634/635	6
(633/634)	(6)
(635)	(6)

<u>Category or Sub-category Number</u>	<u>Percentage</u>
636	7
637	7
638/639	5
640	7
641	5
642	7
644	7
647	7
648	5
649	7
650	7
651	7
652	7
659(1)	7
659(2)	7
443/444/643/644/843/844(1)	5
835	5
836	7
840	5
842	7
847	5

APPENDIX ISpecial Licensing Arrangement Implemented by Hong Kong

(Effective from January 1, 1988 until such time as legislation adopting the Harmonized Commodity Code is passed by the United States Congress.)

1. It is understood that until the Harmonized Commodity Code is passed by the U.S. Congress and the new Harmonized Commodity Code tariffs are implemented, the United States will not implement some of the new arrangements under the new textile and apparel category system. These include:

- (a) new arrangements on suits;
- (b) new arrangements on infants' wear (excluding cotton and man-made fiber infants sets);
- (c) new Category 611; and
- (d) chief weight criterion for classification purposes.

Moreover, the United States will not implement the metric system until the Harmonized Commodity Code tariffs are adopted. It is understood that for export control purposes, Hong Kong has to implement the new arrangements as from January 1, 1988. Due to implications on quota commitments, it is not possible to switch from the previous arrangements to the new arrangements in the middle of the textile agreement year.

Contingency Arrangements with Respect to Suits, Infants' wear, Category 611 and Chief Weight Criterion

2. Hong Kong will implement the following arrangements as from January 1, 1988 and until such time as legislative authority for the Harmonized Commodity Code is obtained:

- (a) Hong Kong will implement the new category system as from January 1, 1988, for export control purposes:
- (b) For the affected categories, exporters will submit two sets of EL applications with respect to each consignment: one with the proper classification under the new arrangement (EL-A) and another with the classification under the old arrangement (EL-B). For the purpose of export control in Hong Kong, EL-A with the new classification will be used. Hong Kong's

shipment return will also show the quantity licensed under the new arrangements. On the other hand, Hong Kong will issue the visa copy of EL-B only to the Hong Kong exporter for sending over to the United States importer for customs clearance purposes. No visa copy of EL-A will be issued.

- (c) Hong Kong will provide the United States Department of Commerce at the end of each month a monthly return on the actual licensed quantities in the categories concerned according to the new category system. The monthly return will have details of visa numbers and for each visa number the category and quantity licensed. The United States Department of Commerce will debit the respective restraint limits according to the monthly returns supplied by Hong Kong.

Contingency Arrangements in respect of Metrication

3. For textile export control purposes, Hong Kong will convert to metric as from January 1, 1988. Quota units in imperial units will also be shown on all export licenses. However, for data reconciliation and quota accounting purposes between Hong Kong and the United States, only the data/statistics recorded in metric units will be used.

4. For classification purposes, the following arrangements will apply:

- (a) Sweaters:

As from January 1, 1988, Hong Kong will introduce the "nine stitches per two centimeters" criteria. Exporters will be required to declare the stitch counts in both metric and imperial units to facilitate customs clearance.

- (b) Yarns and Fabrics:

Hong Kong will classify yarns and fabrics in 1988 according to the classification criteria in metric units, i.e., grams per square meter, total number of warp and filling yarns per square centimeter, etc. The average yarn number will accordingly be calculated under the metric system. To avoid confusion, export licenses issued from January 1, 1988, onwards will only indicate the description of the yarns/fabrics set out in metric units.



Possible Hold-ups

5. In view of the significant changes in classification under the new category system, it is envisaged that there will be hold-ups. Both the United States and Hong Kong undertake to deal with held-up cases expeditiously. While the established waiver arrangement will be used to clear held-up shipments, to avoid further confusion and delay the United States Customs will give clear reasons for any hold-up. It is also agreed that the subject of hold-ups will be included in the mid-1988 review.

END.

HONG KONG LETTER

7 March 1988

Mr. Donald K. Steinberg  
Chief, Textiles Division  
Bureau of Economic and  
Commercial Affairs  
Room 2835  
U.S. Department of State  
2201 C St., N.W.  
Washington D.C. 20520

Dear Mr. Steinberg

Thank you for your letter of 2 March 1988 proposing certain amendments to the Hong Kong/US Bilateral Textiles Agreement of 4 August 1986 (as amended) pursuant to the consultations held in Washington from 29 June to 2 July, from 28 to 29 July, and from 14 to 17 September 1987, in Geneva from 19 to 21 October 1987, and in Hong Kong from 14 to 15 November 1987 between the Government of the United States and the Government of Hong Kong on the effects on the Agreement of changes in the United States category system for textiles and textile products related to the adoption of the Harmonized Commodity Code by the United States.

On behalf of the Government of Hong Kong, I have the honour to accept the amendments as proposed by the Government of the United States.

I confirm that these amendments are retroactive to 1 January 1988, with the understanding that the above arrangements may have to be reviewed in the light of both Governments' experience with the new textile category system. Any such review will be undertaken through consultations with a view to ensuring that Hong Kong's access rights, entitlements and flexibility arrangements under the Agreement will be fully preserved.

I further confirm that pending adoption of the Harmonized Commodity Code by the United States, special licensing arrangements have been instituted by my Government in respect of certain shipments as set out in Appendix I to your letter under reference.

Yours sincerely

Sandra Lee  
Counsellor  
Hong Kong Economic & Trade Affairs