

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1471*

3 May 1989

TARIFFS AND TRADE

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral Agreement between the United States and the Dominican Republic

The Textiles Surveillance Body received a notification from the United States of a bilateral agreement concluded with the Dominican Republic for the period 1 June 1988 to 31 May 1992.¹

The TSB, pursuant to its procedures regarding bilateral agreements concluded under Article 4,² has examined the relevant documentation and is forwarding the text³ of the notification to participating countries for their information.

¹The two previous bilateral agreements and amendments are contained in COM.TEX/SB/970, 1027, 1297 and 1298.

²See COM.TEX/SB/35, Annex B

³For the TSB's observations on this notification see COM.TEX/SB/1472

* English only/Anglais seulement/Inglés solamente

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 125

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 protocols adopted respectively on December 14, 1977, December 22, 1981, and July 31, 1986, at Geneva (hereinafter referred to as "the Arrangement") and to the speech given by Ronald Reagan, President of the United States of America, in Grenada on February 20, 1986. I also refer to discussions between the Governments of the Dominican Republic and the United States of America held in Santo Domingo in March 1988, and in Washington, D.C. in May 1988, concerning cotton, wool and man-made fiber textiles and textile products manufactured in the Dominican Republic and exported to the United States of America. As a result of these discussions, and under Article 4 of the Arrangement, I have the honor to propose, on behalf of the Government of the United States, the following 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 of America.

Agreement Term

1. The term of this Agreement will be the period from June 1, 1988, through May 31, 1992. Each "agreement period" shall be a twelve-month period from June 1 of a given year to May 31 of the following year.

Coverage and Classification of Agreement

2. Until adoption by the United States of America of the Harmonized Commodity Code (HCC), the following language will apply:

2.(1) Textiles and textile products covered by this Agreement are those set forth in Annex A(1). The system of categories and the rates of conversion into square yards equivalent (SYE) listed in Annex A(1) shall apply in implementing this Agreement.

2.(2) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products which derive their chief characteristics from their textile components as described below are subject to this Agreement. 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. Products covered by this paragraph, 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 cotton in combination with wool or man-made fibers in the aggregate equals or exceeds 50 percent by weight and the cotton component equals or exceeds the weight of each of the total wool and/or total man-made fiber components.

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

or

(iii) Man-made fiber textiles if not cotton or wool as described in (i) or (ii) above and containing 50 percent or more by weight of man-made fiber, or if man-made fiber in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibers and the man-made fiber component exceeds the weight of the total wool and/or total cotton component.

UPON ADOPTION BY THE UNITED STATES OF THE HARMONIZED COMMODITY CODE (HCC), THE FOLLOWING LANGUAGE WILL APPLY:

3. Textiles and textile products covered by this Agreement are those set forth in Annex A2. The system of categories and the rates of conversion into square meters listed in Annex A2 shall apply in implementing this Agreement.

3.(1) 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 fiber 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. Components of an article which are not considered relevant to the classification under the General Rules of Interpretation or the Legal Notes to Section XI of the Harmonized System are likewise to be disregarded here. For the purposes of this Agreement, textile products covered by this paragraph shall be classified as:

(i) Cotton textiles if the product is in chief weight of cotton, or if the 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, 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.

(ii) Wool textiles, if the product is in chief weight of wool, or, in the case of products which are chief weight of silk or non-cotton vegetable fibers, wool exceeds 17 percent by weight of all fibers.

(iii) Man-made fiber textiles, if the product is in chief weight of man-made fibers, or if the 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 cotton component, 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; or

(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.

3.(2) Coverage under the preceding paragraph is intended to be identical with the terms of Article 12 of the Arrangement Regarding International Trade in Textiles. In the event of a question regarding whether a product is covered by this Agreement by virtue of being chief weight cotton, wool, and man-made fiber, the chief value of the fibers may be considered.

Merged Categories and Conversion Factors

4. For purpose of this Agreement, and in recognition of the patterns of trade between the Dominican Republic and the United States, the categories below are merged and treated as single categories, with relevant conversion factors, as indicated:

Categories Merged	Designation in Agreement	Conversion Factor Current System	Conversion Factor HCC System
338,638	338/638	11.6	9.7
339,639	339/639	11.2	9.36
340,640	340/640	24.0	20.1
342,642	342/642	17.8	14.9
347,348,647,648	347/348/647/648	17.8	14.9
347,348	347/348	17.8	14.9
647,648	647/648	17.8	14.9

Guaranteed Access Levels (GALS).

5. The products and categories in Annex B are those which the Government of the Dominican Republic intends to export to the United States under the Caribbean Basin Special Access Program for Textiles. These products, which will be assembled in the Dominican Republic of fabrics formed and cut in the United States, for re-export to the United States are subject to the annual Guaranteed Access Levels (GALs) specified in Annex B.

A. If the Government of the Dominican Republic wishes to apply for a new Guaranteed Access Level (GAL) or to export textile products to the United States under the Caribbean Basin Special Access Program for Textiles in excess of the existing GAL, the Government of the Dominican Republic shall submit a request for a new or increased level. 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 Government of 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.

Specific Limits

6. The category and products in Annex C are those which the Government of the Dominican Republic intends to export to the United States, which are not eligible for the Caribbean Basin Special Access Program for Textiles, and which are subject to specific limits (SLs).

Other Categories and Products

7. Categories and products not included in Annex B (GALS) or Annex C (SLs) 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.

Flexibility Adjustments

8. A. Any adjustments permitted under this paragraph are not included under specific limits listed in Annex C.
- B. During any agreement period, any specific limit may be exceeded by not more than seven (7) percent swing, provided that a corresponding reduction in square yards equivalent is made in other specific limits during the same agreement period.
- C. (I) The extent to which any specific limit may be exceeded by carryforward (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 eleven (11) percent, of which carryforward shall not constitute more than seven (7) percent.
- (II) No carryover shall be available for application in the first agreement period. No carryforward shall be available for application in the final agreement period.
- D. For purposes of this Agreement, a shortfall in a specific limit occurs when exports of textiles or textile products of the Dominican Republic to the United States during any agreement period are below the applicable specific limit as set out in Annex C or, in the case of any limit decreased pursuant to the provisions of this Paragraph, when such exports are below the specific limit as decreased.

E. The Government of the United States may apply flexibility under this paragraph to specific limits on any category or product whenever that adjustment appears appropriate to facilitate the flow of trade and the sound administration of the Agreement. To the extent that such adjustments are actually utilized they will be implemented by means of carryover and carryforward in that order. Any unused flexibility will be re-credited to the donor limit. This procedure will not prejudice the outcome of any consultations between our Governments concerning the amounts of flexibility available.

Overshipment Charges

9. A. Products of the Dominican Republic shipped in excess of authorized 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 of America shall inform the Government of the Dominican Republic of any such charges.
- B. Products of the Dominican Republic shipped in excess of authorized levels in any agreement period will, if entered into the United States during that agreement period, be charged to the applicable level 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

10. The Government of the Dominican Republic shall use its best efforts to space exports of its products to the United States within each 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 the Dominican Republic shall administer its export control system under this Agreement. The Government of the United States may assist the Government of the Dominican Republic in implementing the 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.(A) In accordance with their respective domestic laws, the Government of the United States shall promptly supply to the Government of the Dominican Republic statistics on monthly imports of textiles and textile products covered by this Agreement into the United States from the Dominican Republic. The Government of the Dominican Republic shall promptly supply the Government of the United States with statistics on monthly exports of textiles and textile products covered by this Agreement from the Dominican Republic to the United States. Each Government agrees to supply promptly any other available statistical data necessary to the implementation of this Agreement.

12.(B) In order to assist the Government of the Dominican Republic to discharge its obligations under Paragraph 12(A), the Government of the United States shall endeavor to provide to the Government of the Dominican Republic, if requested, technical assistance, including training, to upgrade and simplify existing data gathering procedures.

Mutually Satisfactory Administrative Arrangements

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 the Dominican Republic agree, upon request of the other, to consult on any question arising in the implementation of this Agreement.

Right to Propose Amendments to the Agreement

15. The Government of the Dominican Republic and the Government of the United States may at any time propose amendments in the terms of this agreement. Each agrees to consult promptly with the other about such proposals with a view to making such amendments to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

Consultations in Case of Inequity Vis-à-vis
a Third Country

16. If either Government considers that as a result of any provisions of this 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 Agreement.

Visa and Certification System

17. Both Governments agree to maintain a correct category/correct quantity visa and certification system for items covered by this agreement in accordance with the terms of the Visa Administrative Arrangement concluded between the two governments.

Harmonized Commodity Code

18. In accordance with Paragraph 18 of the 1986 Protocol of Extension of the Arrangement, the United States Government reaffirms its willingness to consult promptly with the Government of the Dominican Republic regarding any questions of implementation or interpretation which may arise as a result of the adoption by the United States Government of the Harmonized Commodity Code. The United States Government also reaffirms that changes resulting from the adoption by the United States Government of the Harmonized Commodity Code are intended to be trade neutral and that they are not intended to alter the ability of the Dominican Republic to use or benefit fully from the Agreement.

Cooperation in the Prevention of Circumvention

19. 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 Agreement, the competent authorities of the Dominican Republic shall cooperate with the competent authorities of the United States in ensuring that the Agreement is not circumvented by transshipment, re-routing, 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 considered relevant to investigations;
- (II) by providing for plant visits and inspections, whether by prior notification or impromptu, by authorized personnel; and
- (III) by facilitating personal interviews designed to ascertain needed facts.

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

- (I) adjusting to an equivalent degree the corresponding agreed levels established under the Agreement;

(II) prohibiting, in accordance with any relevant domestic laws, any person or firm from participating in the Special Access Program if it is determined that such person or firm has committed fraud or circumvention of this Agreement while participating in the Special Access Program.

Exchange of Information

20. Subject to domestic laws, each Government agrees to supply promptly any information reasonably believed to be necessary to the enforcement of this Agreement 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 90 days prior to the end of such agreement period.

If the foregoing conforms to the understanding of the Government of the Dominican Republic, this note and your Excellency's note of confirmation shall constitute an Agreement between our two countries.

Embassy of the United States of America,

Santo Domingo, D.N., January 20, 1989.

ANNEX A1
(Current U.S. Category System)

CATEGORY	DESCRIPTION	CONVERSION FACTOR (SQUARE YARD EQUIVALENT)	UNIT OF MEASURE
--COTTON--			
338	M and B Knit Shirts	7.2	Doz
339	W, G and I Knit Shirts and Blouses	7.2	Doz
340	M and B Shirts, Not Knit	24.0	Doz
342	Skirts	17.8	Doz
347	M and B Trousers, Slacks, and Shorts	17.8	Doz
348	W, G and I Trousers, Slacks and Shorts	17.8	Doz
--MAN-MADE FIBER--			
638	M and B Knit Shirts	18.0	Doz
639	W, G and I Knit Shirts and Blouses	15.0	Doz
640	M and B Shirts, Not Knit	24.0	Doz
642	Skirts	17.8	Doz
644	W, G and I Suits	4.5	Nos
647	M and B Trousers, Slacks, and Shorts	17.8	Doz
648	W, G and I Trousers, Slacks, and Shorts	17.8	Doz

ANNEX A2

(To enter into effect on notification by the United States that it has adopted the Harmonized Commodity Code.)

CATEGORY	DESCRIPTION	CONVERSION FACTOR (SQUARE METER EQUIVALENT)	UNIT OF MEASURE
--COTTON--			
338	M and B knit shirts	6.0	Doz
339	W and G knit shirts and blouses	6.0	Doz
340	M and B shirts, not knit	20.1	Doz
342	Skirts	14.9	Doz
347	M and B trousers, slacks, and shorts	14.9	Doz
348	W and G trousers, slacks, and shorts	14.9	Doz
--MAN-MADE FIBER--			
638	M and B knit shirts	15.0	Doz
639	W and G knit shirts and blouses	12.5	Doz
640	M and B shirts, not knit	20.1	Doz
642	Skirts	14.9	Doz
644	W and G suits	3.76	Nos
647	M and B trousers, slacks, and shorts	14.9	Doz
648	W and G trousers, slacks, and shorts	14.9	Doz

ANNEX B

GUARANTEED ACCESS LEVELS (GALs)

(For Products of the Caribbean Basin
Special Access Program For Textiles)

CATEGORY	GUARANTEED ACCESS LEVEL	PERIOD
644	2,400,000 nos.	6/1/88 - 5/31/89
340	500,000 doz.	6/1/88 - 11/31/88
347/348	1,000,000 doz.	6/1/88 - 11/31/88
338/638	500,000 doz.	12/1/88 - 5/31/89
339/639	500,000 doz.	12/1/88 - 5/31/89
340/640	500,000 doz.	12/1/88 - 5/31/89
342/642	500,000 doz.	12/1/88 - 5/31/89
347/348/ 647/648	1,750,000 doz.	12/1/88 - 5/31/89

CATEGORY	ANNUAL LEVELS FOR		
	JUNE 1, 1989 - MAY 31, 1990		
	JUNE 1, 1990 - MAY 31, 1991 AND		
	JUNE 1, 1991 - MAY 31, 1992		
338/638	1,000,000	dozen	
339/639	1,000,000	dozen	
340/640	1,000,000	dozen	
342/642	1,000,000	dozen	
347/348/647/648	3,500,000	dozen	
644	2,400,000	numbers	

ANNEX C(1)

SPECIFIC LIMITS (SLS)
(Current Category System)

CATEGORY	JUNE 1, 1988 - MAY 31, 1989 (BASE LEVELS)	JUNE 1, 1988 - MAY 31, 1989 (ADJUSTED LEVELS) (a)
338/638	450,000 doz.	650,000 doz.
339/639	450,000 doz.	650,000 doz.
340/640	425,000 doz.	475,000 doz.
342/642	300,000 doz.	450,000 doz.
347/348/647/648	1,000,000 doz.	1,300,000 doz.
(347/348)	(700,000 doz.)	(700,000 doz.)
(647/648)	(600,000 doz.)	(900,000 doz.)
644	650,000 nos.	850,000 nos.

(a) Adjusted to provide for shipments which qualified for the CBI Special Access Program made between June 1, 1988 and December 1, 1988, when the new GALs enter into effect.

CATEGORY	JUNE 1, 1989 - MAY 31, 1990	JUNE 1, 1990 - MAY 31, 1991
338/638	477,000 doz.	505,620 doz.
339/639	477,000 doz.	505,620 doz.
340/640	450,500 doz.	477,530 doz.
342/642	318,000 doz.	337,080 doz.
347/348/647/648	1,060,000 doz.	1,123,600 doz.
(347/348)	(742,000 doz.)	(786,520 doz.)
(647/648)	(636,000 doz.)	(674,160 doz.)
644	689,000 nos.	730,340 nos.

CATEGORY	JUNE 1, 1991 - MAY 31, 1992
338/638	535,957 doz.
339/639	535,957 doz.
340/640	506,182 doz.
342/642	357,305 doz.
347/348/647/648	1,191,016 doz.
(347/348)	(833,711 doz.)
(647/648)	(714,610 doz.)
644	744,160 nos.

ANNEX C(2)

SPECIFIC LIMITS (SLS)

(To enter into effect on notification by the United States that it has adopted the Harmonized Commodity Code.)

CATEGORY	JUNE 1, 1988 - MAY 31, 1989 (BASE LEVELS)	JUNE 1, 1988 - MAY 31, 1989 (ADJUSTED LEVELS) (a)
338/638	450,000 doz.	650,000 doz.
339/639	450,000 doz.	650,000 doz.
340/640	425,000 doz.	475,000 doz.
342/642	326,000 doz.	476,000 doz.
347/348/647/648	1,000,182 doz.	1,300,182 doz.
(347/348)	(700,000 doz.)	(700,000 doz.)
(647/648)	(600,000 doz.)	(900,000 doz.)
644	338,000 nos.	538,000 nos.

(a) Adjusted to provide for shipments which qualified for the CBI Special Access Program and were made between June 1, 1988 and December 1, 1988, when the new GALs entered into effect.

CATEGORY	JUNE 1, 1989 - MAY 31, 1990	JUNE 1, 1990 - MAY 31, 1991
338/638	477,000 doz.	505,620 doz.
339/639	477,000 doz.	505,620 doz.
340/640	450,500 doz.	477,530 doz.
342/642	345,560 doz.	366,294 doz.
347/348/647/648	1,060,000 doz.	1,123,600 doz.
(347/348)	(742,000 doz.)	(786,520 doz.)
(647/648)	(636,000 doz.)	(674,160 doz.)
644	358,280 nos.	379,777 nos.

CATEGORY	JUNE 1, 1991 - MAY 31, 1992
338/638	535,957 doz.
339/639	535,957 doz.
340/640	506,182 doz.
342/642	388,271 doz.
347/348/647/648	1,191,016 doz.
(347/348)	(833,711 doz.)
(647/648)	(714,610 doz.)
644	402,563 nos.