

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1506*

15 December 1989

TARIFFS AND TRADE

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Amendment of the Bilateral Agreement between the United States and Brazil

The Textile Surveillance Body received a notification from the United States of an amendment of its agreement with Brazil. These amendments, resulting from the application of the Harmonized System, concerned the replacement of Categories 337 and 637 by new Category 237, and changes¹ in certain administrative aspects of implementing the agreement.

The TSB pursuant to its procedures regarding notifications made under Article 4,² has examined the relevant documentation and is forwarding the³ text of the notification to participating countries for their information.

¹The bilateral agreement is contained in COM.TEX/SB/1453.

²See COM.TEX/SB/35, Annex B

³For the TSB's observation on this notification see COM.TEX/SB/1523

* English only/Anglais seulement/Inglés solamente

6 January 1989

United States and Brazil Amend
Bilateral Textile Agreement

The United States and Brazil amended their bilateral textile agreement on 12 October 1988 and 25 November 1988. Text of the notes follow:

United States Note

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of the Federative Republic of Brazil and has the honour to refer to the Arrangement Regarding International Trade in Textiles, with annexes, done at Geneva on 20 December 1973 and extended by protocols adopted respectively on 14 December 1977, 22 December 1981 and 31 July 1986 at Geneva (hereinafter referred to as the Arrangement) and to the Agreement between the Governments of the Federative Republic of Brazil and of the United States concerning trade in cotton, wool and man-made fibre textiles and textile products manufactured in Brazil and exported to the United States, effected by exchange of notes in Washington dated 15 September and 19 September 1988 (the Agreement), and the administrative visa arrangement effected by exchange of letters in Washington dated 15 September and 19 September 1988 (the Visa Arrangement).

As stated in a recent letter, the Government of the United States will implement the Harmonized Commodity Code Nomenclature on 1 January 1989. In order to facilitate successful implementation of the Harmonized System, the Acting Secretary of State would like to describe how it will affect the treatment of textile products exported from Brazil to the United States on or after 1 January 1989.

I. All textile shipments from Brazil subject to United States import quotas, which are exported in 1988 and which arrive in the United States on or after 1 January 1989, will be charged to the appropriate category based on the 1988 textile category system. All quota charges for shipments exported on or after 1 January 1989 will be made according to the Harmonized System. All goods, including textile goods, entering the United States on or after 1 January 1989 will be subject to the duty rates applicable under the Harmonized System.

II. Non calendar-year "agreement period"

(a) The Agreement provides for twelve-month non-calendar "agreement periods" that end on 31 March. Last year, to facilitate the adoption of a new textile category system by the Government of the United States, it was agreed to divide the agreement period into two parts; the first part ended on 31 December 1987 and the second on 31 March 1988. This year it will not be necessary to split the agreement period.

(b) Starting on 1 January 1989, the Government of the United States will automatically convert the twelve-month agreement period limits and category charges to metric units, in accordance with Annex A(2) of the Agreement. The conversion factors that will be used are 0.45359237 kg. per lb. and 0.83612736 square metres per square yard.

III. With regard to the Visa System covering exports of textile products from Brazil to the United States, all goods subject to the Visa Arrangement exported on or after 1 January 1989 must be covered by a visa showing the correct Harmonized System category number and correct quantity. In addition, please note that under the Harmonized System measurements must be in metric units rather than in imperial units as provided for in Annex A(2) of the Agreement.

IV. All provisions of the Agreement regarding the Harmonized System will take effect 1 January 1989. In particular, Annexes A(2) and B(2) will be used for all goods exported on or after 1 January 1989.

V. Playsuits in Categories 337 and 637

(a) Harmonized System regulations require new treatment of two-piece playsuits in Categories 337 and 637 for Customs purposes. Currently, United States Customs classifies certain two piece children's garments as one garment under either Category 337 or Category 637. These garments are treated as an entirety because the two pieces are physically connected. A common construction of these garments is a 100 per cent cotton trouser or short along with an acrylic or man-made fibre/cotton blend top. United States Customs now classifies the whole garment either in 337 or 637 based on an "essential character" determination.

(b) Under the Harmonized System, United States Customs must classify the tops and bottoms of these two piece garments separately for tariff and quota purposes. Breakouts in the tariff schedule are being obtained to classify such components as "imported as parts of playsuits", thereby maintaining the playsuit designation. Nevertheless one-half unit of a playsuit could be charged to Category 337 and the other half unit charged to 637. This would require two separate visas for a single shipment of playsuits. In addition, United States Customs would have to charge playsuit shipments to limits in two separate categories. Currently, United States Customs can charge the whole unit to either 337 or 637. These difficulties could lead to problems with the current quota limits.

VI. The Acting Secretary of State has the honour to propose, in accordance with the situation described in Part V above, the following amendments to the Agreement.

(a) Effective 1 January 1989, Annex A(2) shall be amended to delete Categories 337 and 637.

(b) New Category 237 covers cotton and man-made fibre playsuits, sunsuits, wash-suits, rompers, creepers etc., hitherto classified under old Categories 337 and 637. Effective 1 January 1989, Annex A(2) shall be amended to add Category 237 as follows:

| <u>Category</u> | <u>Description</u> | <u>Conversion Factor to square metres</u> | <u>Unit</u> |
|-----------------|------------------------------|---|-------------|
| 237 | Playsuits, sunsuits, etc. | 19.2 | doz. |

(c) Effective 1 January 1989, Annex B(2) of the Agreement shall be amended to delete Category 337.

If the foregoing is acceptable to the Government of the Federative Republic of Brazil, then this note and a note of confirmation on behalf of the Government of the Federative Republic of Brazil shall constitute an amendment to the Agreement.

Department of State,
Washington

Brazil Note

Washington D.C.
25 November 1988

Excellency,

I have the honour to refer to your Note of 12 October 1988, in which the then Acting Secretary of State described how the Harmonized System will affect the treatment of textile products exported from Brazil to the United States on or after 1 January 1989 and proposed that:

(a) Effective 1 January 1989, Annex A(2) shall be amended to delete Categories 337 and 637;

(b) New Category 237 covers cotton and man-made fibre playsuits, sunsuits, wash-suits, rompers, creepers etc., hitherto classified under old Categories 337 and 637. Effective 1 January 1989, Annex A(2) shall be amended to add Category 237 as follows:

| <u>Category</u> | <u>Description</u> | <u>Conversion Factor to square metres</u> | <u>Unit</u> |
|-----------------|------------------------------|---|-------------|
| 237 | Playsuits, sunsuits, etc. | 19.2 | doz. |

(c) Effective 1 January 1989, Annex B(2) of the Agreement shall be amended to delete Category 337.

2. In reference to the description of the impact of the Harmonized System on the treatment of imports of textile products from Brazil, I wish, on behalf of my Government, to reserve our rights under Article 21 of the Agreement between the Governments of the Federative Republic of Brazil and of the United States concerning trade in cotton, wool and man-made fibres, textiles and textile products manufactured in Brazil and exported to the United States, effected by exchange of notes in Washington, dated 15 September and 19 September 1988 (the Agreement).

3. In reference to the proposal above-referenced, I wish, on behalf of my Government, to confirm that it is acceptable and that your Note and this Note in reply constitute an amendment to the Agreement.

José Artur Denot Medeiros
Chargé d'Affaires, a.i.