

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1508*

15 December 1989

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 Malaysia

The Textiles Surveillance Body received a notification from the United States of an amendment of its agreement with Malaysia. 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 previous amendment and extensions are contained in COM.TEX/SB/1118, 1165, 1182, 1332, 1333 and 1334.

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

3 January 1989

United States and Malaysia Amend
Bilateral Textile Agreement

The United States and Malaysia exchanged notes on 10 November 1988 and 21 November 1988 to amend their bilateral textile agreement. Text of the notes follow.

United States Note

Kuala Lumpur
10 November 1988

The Embassy of the United States presents its compliments to the Government of Malaysia and has the honour to refer to the bilateral agreement relating to trade in cotton, wool and man-made fibre textiles and textile products, effected by exchange of notes dated 1 and 11 July 1985 and extended by notes in Kuala Lumpur on 3 August 1987, as amended (the Agreement). The Embassy has the further honour to refer to the amendment to the Agreement effected by exchange of notes dated 29 March and 19 April 1988, concerning adoption of the Harmonized Commodity Code by the United States (the Amendment) and to the Visa System that was effected by Annex C of the Agreement (the Visa System).

The Government of the United States will implement the Harmonized Commodity Code (Harmonized System) on 1 January 1989. In order to facilitate successful implementation of the Harmonized System, the Embassy would like to take this opportunity to describe how the Harmonized System will affect textile products exported from Malaysia to the United States on or after 1 January 1989.

I. All textile shipments from Malaysia 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 unfilled 1988 quota limit. All textile shipments, whether or not subject to import quotas, that are exported in 1989 must conform to the Harmonized System standards.

II. The Agreement provides for calendar-year "Agreement Years" that end on 31 December. As such, all 1988 overshipments will be charged to the applicable 1989 Harmonized System category, regardless of the arrival date.

III. With regard to the Visa System covering exports of textile products from Malaysia to the United States, all goods 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 all measurements must be in metric units rather than in imperial units as provided for in Annex A(2) of the Amendment.

IV. All provisions of the Amendment regarding the Harmonized System will take effect 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. The 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 has determined that it 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.

(c) But, for a playsuit, one-half unit could be charged to Category 337 and the other half unit charged to Category 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 Embassy of the Government of the United States, 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 replace Categories 337 and 637 with the new Category 237;
- (b) new Category 237, which covers cotton and man-made fibre playsuits, sunsuits, wash-suits, rompers, creepers, etc., hitherto classified under old Categories 337 and 637 shall be added to annex A(2) as follows:

Category	Description	Conversion factor to square metres	Units
237	Playsuits, sunsuits, etc.	19.2	doz.

(c) effective 1 January 1989, Annex B(2) shall be amended to replace merged Category 337/637 with new Category 237 as follows:

Category	Unit	1989	1990	1991
237	doz.	226,293	239,871	254,263

(d) Paragraph 3 of the Agreement shall be amended to delete merged Category 337/637.

This note and a note of confirmation on behalf of the Government of Malaysia shall constitute an Amendment (concerning playsuits) to the Agreement.

The Embassy of the United States avails itself of this opportunity to renew to the Ministry of Trade and Industry of the Government of Malaysia the renewed assurances of its highest consideration.

Malaysia Note

Kuala Lumpur
21 November 1988

Excellency,

I have the honour to acknowledge receipt of the United States Embassy's Note No. 466 dated 10 November 1988 regarding trade in textiles and textile products, under the bilateral textile agreement between Malaysia and the United States effected by the exchange of notes dated 1 and 11 July 1985 and extended by notes on 3 August 1987 (hereinafter referred to as the "Agreement"). I have the further honour to refer in particular to the amendment to the Agreement effected by exchange of notes dated 29 March and 19 April 1988 concerning adoption of the Harmonized Commodity Code by the United States and the Visa System that was effected by Annex C of the Agreement (the Visa System).

2. The Government of Malaysia recognizes that the Government of the United States will implement the Harmonized Commodity Code (Harmonized System) on 1 January 1989 and also has taken notes on the explanation given in the United States Embassy's Note No. 466 how the Harmonized System will affect textile products exported from Malaysia to the United States on or after 1 January 1989.

3. I have the further honour to inform you that the Government of Malaysia agrees to the proposal by the Government of the United States to amend the Annex A(2) of the Agreement to replace Categories 337 and 637 (cotton and mmf playsuits, sunsuits, etc.) with new Category 237 effective

1 January 1989 with a conversion factor of 19.2 square metres per dozen. Accordingly, the Annex B(2) shall be amended to replace Category 337/637 with new Category 237 as follows:

Category	Unit	1989	1990	1991
237	doz.	226,293	239,871	254,263

4. In accordance with the above amendment, paragraph 3(C) of the Agreement shall be amended to delete merged Category 337/637.

5. The United States Embassy's Note No. 466 and this reply on behalf of my Government shall constitute an amendment to the Agreement.

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

Yours sincerely,

(Asmat Kamaludin)
Deputy Secretary General II,
for Secretary General
Ministry of Trade and Industry