

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1509*

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 Mexico

The Textiles Surveillance Body received a notification from the United States of an amendment of its agreement with Mexico. 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/1394.

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

27 March 1989

United States and Mexico Amend
Bilateral Textile Agreement

The United States and Mexico exchanged notes on 7 November 1988 and 3 January 1989 to amend their bilateral textile agreement. Text of the notes follow.

United States Note

7 November 1988

The Embassy of the United States presents its compliments to the Secretariat of Foreign Affairs of the United Mexican States 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 Protocol adopted respectively on 14 December 1977, 22 December 1981, and 31 July 1986 at Geneva (hereinafter referred to as "the Arrangement"). The Embassy also has the honour to refer to the Bilateral Textile Agreement between the Government of the United Mexican States and the Government of the United States effected by an exchange of notes dated 13 February 1988.

The Embassy has the further honour to advise the Secretariat of several matters related to the 1 January 1989 implementation of the Harmonized System (HS) by the Government of the United States, and to propose an Amendment to the Bilateral Textile Agreement pertaining to that implementation.

In order to facilitate successful implementation of the Harmonized System, the Embassy would like to describe how the Harmonized System will affect the treatment of textile products exported from Mexico to the United States on or after 1 January 1989.

I. All textile shipments from Mexico 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 quota charges for shipments exported on or after 1 January 1989, will be made according to the Harmonized System.

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

III. With regard to the Visa System covering exports of textile products from Mexico 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 all 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, Annex A(2), Annex B(2) and Annex C(2), as well as paragraph 2 of the Agreement regarding classification under the Harmonized System, will take force.

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. 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. Currently, United States Customs classifies these two-piece children's garments as a single garment, because the two pieces are physically connected, and classifies the whole garment either in 337 or 637 based on an "essential character" determination. In the case of Mexico, a single charge is made against merged Category 337/637 for each complete, two-part garment.

(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. Nevertheless, such a classification would result in a single charge against merged Category 337/637 for each bottom unit and a second charge against that same Category for each top. These difficulties could lead to problems with the current quota limits. In addition, two separate visas would be required for a single shipment of playsuits.

VI. The Embassy therefore has the honour, in accordance with the situation described in Part IV above, to propose the following amendments to the Agreement:

Effective 1 January 1989, Annex A(2) shall be amended to delete Categories 337 and 637 and replace them with Category 237 as noted below.

New Category 237 covers cotton and man-made fibre playsuits, sunsuits, wash-suits, rompers, creepers etc., hitherto classified under old Categories 337 and 637.

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

Paragraph 4 of the Agreement shall be amended to delete the Category number 337 and 637 from the column labelled "Categories Merged" and to delete the merged Category 337/637 from the column labelled "Designation in Agreement".

Annex C(2) shall be amended by substitution of Category number 237 for merged Category number 337/637. The base level and unit of measurement for Category 237 shall be 80,000 dozen.

Effective 1 January 1989, each two-part playsuit formerly classified under Category 337/637 will result in a single charge against new Category 237. All visas issued for such goods exported on or after 1 January 1989, must be issued as Category 237.

The intent of this classification change on the part of the Government of the United States is solely to align the current category system with the Harmonized Commodity Code nomenclature; it is not to diminish or alter overall trade in textiles and apparel with Mexico. This Amendment does not affect any of the limits on specific categories agreed to by the two Governments in the Annexes to the Agreement.

If the foregoing is acceptable to the Government of Mexico, this note and the Secretariat's note of confirmation shall constitute an Amendment to the Agreement concerning the classification of playsuits.

The Embassy of the United States avails itself of this opportunity to renew to the Secretariat of Foreign Relations the assurances of its highest consideration.

Embassy of the United States
Mexico, D.F., 7 November 1988

Mexico Note

3 January 1989

The Department of Foreign Relations has the honour to address the Embassy of the United States in reference to its Note No. 1687 written from this City on 7 November 1988, with respect to the Arrangement regarding international trade in textiles, done at Geneva on 20 December 1973.

The Department wishes to inform the Embassy that the Government of Mexico accepts the terms of the aforementioned note relative to the proposal for modification resulting from the next implementation of the Harmonized System and taking into consideration that the proposed changes do not affect the balance of the trade flow in that matter.

(Diplomatic close)

Department of Foreign Relations
Tlatelolco, D.F., 3 January 1989