

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1510*

15 December 1989

Special Distribution

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Amendment of the Bilateral Agreement between the United States and Sri Lanka

The Textiles Surveillance Body received a notification from the United States of an amendment of its agreement with Sri Lanka. 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 the text of the notification to participating countries for their information.³

¹The bilateral agreement is contained in COM.TEX/SB/1444.

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 February 1989

United States and Sri Lanka Amend
Bilateral Trade Agreement

The United States and Sri Lanka exchanged notes on 17 November 1988 to amend their bilateral textile agreement. Texts on the notes follow.

United States Note

Colombo
17 November 1988

The Embassy of the United States presents its compliments to the Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka and has the honour to refer to the Arrangements 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 bilateral textile agreement between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of the United States effected by an exchange of notes dated 23 May 1988 and 24 May 1988 (hereinafter referred to as the Agreement).

The Embassy has the further honour to advise the Ministry 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 Sri Lanka to the United States on or after 1 January 1989.

1. All textile shipments from Sri Lanka 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.

2. Non-Calendar Year "Agreement Period":

(a) The Agreement provides for twelve-month non-calendar "agreement periods" that end on 30 June. 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 30 June 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.

3. With regard to the visa system covering exports of textile products from Sri Lanka 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.

4. All provisions of the Agreement regarding the Harmonized System will take effect 1 January 1989. In particular, Annex A(2) and Annex B(2) of the Amendment will take force.

5. 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 Sri Lanka, 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 of one-half unit against merged Category 337/637 for each bottom unit and a second one-half unit charge against the same category for each top. These difficulties could lead to problems with the current quota limits.

6. The Embassy therefore has the honour, in accordance with the situation described in Part 5 above, to propose the following amendments to the Agreement:

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

- (b) Effective 1 January 1989, Annex A(2) shall be amended to add 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	Unit
237	Playsuits, sunsuits, etc.	19.2	doz.

Paragraph 4 of the Agreement shall be amended to delete merged Category 337/637.

Annex B(2) shall be amended by substitution of Category 237 for merged Category 337/637. The Specific Limit for Category 237 for each respective period shall remain as listed in the Agreement for Category 337/637.

Upon implementation of this amendment, each two-part playsuit formerly classified under merged Category 337/637 will result in a single charge against new Category 237. All visas 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 System, it is not to diminish or alter overall trade in textiles and apparel with Sri Lanka. 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 forgoing is acceptable to the Government of the Democratic Socialist Republic of Sri Lanka, this Note and the Ministry's Note of Confirmation shall constitute an amendment to the Agreement concerning the classification of playsuits.

The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka the assurances of its highest consideration.

The Embassy of the United States
Colombo, 17 November 1988

Sri Lanka Note

Colombo

17 November 1988

The Ministry of Foreign Affairs of the Government of the Democratic Socialist Republic of Sri Lanka presents its compliments to the Embassy of the United States and has the honour to refer to the TPN number 363 of 17 November 1988 proposing an amendment to the Bilateral Textile Agreement between Sri Lanka and the United States as a result of the implementation of the Harmonized System (HS) by the Government of the United States with effect from 1 January 1989.

The Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka confirms the acceptance by the Government of Sri Lanka of the proposed amendment as detailed in that Note pertaining to the implementation of the Bilateral Textile Agreement under reference.

The Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka avails itself of the opportunity to renew to the Embassy of the United States the assurances of its highest consideration.

Colombo, 27 November 1988
The Embassy of the United States
Colombo