

# GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1511\*

15 December 1989

## TARIFFS AND TRADE

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Textiles Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification under Article 4

#### Amendments of the Bilateral Agreement between the United States and China

The Textiles Surveillance Body received a notification from the United States of amendments of its agreement with China resulting from the implementation by the United States of the Harmonized Commodity Code.<sup>1</sup>

The TSB pursuant to its procedures regarding notifications made under Article 4,<sup>2</sup> has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.<sup>3</sup>

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<sup>1</sup>The bilateral agreement is contained in COM.TEX/SB/1412.

<sup>2</sup>See COM.TEX/SB/35, Annex B

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

\* English only/Anglais seulement/Inglés solamente

June 1, 1989

UNITED STATES AND CHINA AMEND  
BILATERAL TEXTILE AGREEMENT

The United States and The People's Republic of China exchanged letters dated November 7, 1988 and January 24, 1989 to amend their bilateral textile agreement. Text of the letters follow:

UNITED STATES NOTE Beijing

November 7, 1988

Mr. Li Guodong  
Deputy Director  
Foreign Trade Administration  
Ministry of Foreign Economic  
Relations and Trade  
2 Dong Chang An Street  
Beijing

Dear Mr. Li:

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 (the Arrangement) and to the Agreement on Trade in Cotton, Wool, Man-made Fiber, Vegetable Fiber other than Cotton, and Silk-blend Textiles and Textile Products between the Government of the People's Republic of China and the Government of the United States of America dated February 2, 1988 (the Agreement), as amended. I further refer to consultations held in Haikou, China May 5-6, 1988 and in Washington July 26-29, 1988 concerning the adoption of the harmonized commodity code by the Government of the United States of America and its effect on the Agreement.

The Government of the United States of America will implement the Harmonized Commodity Code (Harmonized System) on January 1, 1989. In order to facilitate successful implementation of the Harmonized System in the absence of an agreed Annex B2 of the Agreement, I have the honor to propose that the attached Annex B2 be implemented under the terms of the Agreement pending further consultations. Such consultations to take place as soon after January 1, 1989 as is mutually acceptable to both governments.

Further, I would like to describe how the conversion to the Harmonized System will affect the treatment of textiles and textile products exported from the People's Republic of China to the United States on or after January 1, 1989.

I. All textile shipments from China subject to U.S. import quotas which are exported in 1988 and which arrive in the United States on or after January 1, 1989, will be charged to the appropriate category based on the 1988 Textile Category System. All quota charges for shipments exported on or after January 1, 1989 will be made according to the Harmonized System.

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

III. With regard to the visa system covering exports of textile products from China to the United States, all goods subject to the Visa Arrangement exported on or after January 1, 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 A2 of the Agreement. The Government of the United States will convert units of measure as follows:

--0.45359237 kilograms per pound.

--0.83612736 square meters per square yard.

--0.09290304 square meters per square foot.

IV. All provisions of the Agreement regarding the Harmonized System will take effect January 1, 1989.

If the foregoing proposal regarding Annex B2 is acceptable to the Government of the People's Republic of China, then this letter and a letter of confirmation on behalf of the Government of the People's Republic of China shall constitute an Administrative Arrangement under the Agreement.

If you or a member of your staff have any further questions about the above materials, please feel free to contact me.

Sincerely,

James A. Larocco  
Economic Counselor

Enclosures: As stated

## ANNEX B2

GROUP I  
SPECIFIC LIMITS:

NOTES: A) CATEGORY 410-A IS COMPOSED OF WOOLENS  
B) CATEGORY 410-B IS COMPOSED OF WORSTEDS

<u>CAT.</u>	<u>HS UNIT</u>	<u>1989 LIMIT</u>	<u>1990 LIMIT</u>	<u>1991 LIMIT</u>
200	KG	528,344	549,478	571,457
218	SME	9,454,928	9,719,656	9,991,817
219	SME	1,907,152	1,964,367	2,023,299
226	SME	8,659,862	6,919,658	9,187,248
237	DOZ	1,394,513	1,456,609	1,521,635
239	KG	2,359,351	2,430,142	2,523,046
300/301	KG	3,254,525	3,335,988	3,419,286
313	SME	35,612,941	36,610,183	37,635,185
314	SME	40,206,953	41,413,162	42,655,556
315	SME	143,638,948	146,037,719	149,031,492
317/326	SME	15,907,946	16,544,264	17,206,034
326	SME	3,043,504	3,165,244	3,291,853
331	DPR	4,193,020	4,318,910	4,448,375
333	DOZ	70,350	73,868	77,561
334	DOZ	253,448	263,586	274,129
335	DOZ	333,775	342,797	352,042
336	DOZ	133,900	137,917	142,055
338/339	DOZ	2,045,160	2,116,741	2,190,827
335-S/ 339-S	DOZ	1,552,500	1,606,837	1,663,077
340	DOZ	734,514	751,408	768,690
340-2	DOZ	367,257	375,704	384,345
341	DOZ	575,680	591,799	608,369
341-Y	DOZ	345,408	355,079	365,022
342	DOZ	227,552	233,239	239,070
45	DOZ	109,200	113,568	118,111
347/348	DOZ	2,127,980	2,191,819	2,257,574
350	DOZ	119,700	125,685	131,969
351	DOZ	388,500	407,925	428,321
352	DOZ	1,495,395	1,562,688	1,633,409
359-C	KG	437,336	458,328	480,327
359-V	KG	696,128	717,012	738,522
360	NOS	6,009,999	6,190,298	6,376,007
360-P	NOS	4,099,400	4,222,382	4,349,053
361	NOS	3,328,560	3,445,060	3,565,637
363	NOS	25,357,500	26,245,012	27,163,588
369-D	KG	3,978,912	4,059,491	4,139,660
369-H	KG	3,959,635	4,065,545	4,176,341
369-L	KG	2,381,360	2,500,428	2,625,449
410	SME	1,845,208	1,863,660	1,882,296
410-A	SME	1,479,132	1,493,923	1,508,863
410-B	SME	1,479,132	1,493,923	1,508,863
433	DOZ	21,715	21,932	22,151
434	DOZ	12,373	12,496	12,621
435	DOZ	22,725	22,952	23,182
436	DOZ	14,140	14,281	14,424
438	DOZ	24,745	24,992	25,242
440	DOZ	35,350	35,704	36,061
440-M	DOZ	20,200	20,402	20,606
442	DOZ	39,390	39,784	40,182
443	NOS	127,260	129,533	129,818
444	NOS	189,192	191,084	192,995
445/446	DOZ	272,700	275,427	278,181
447	DOZ	73,472	74,207	74,949
448	DOZ	20,200	20,402	20,606
607	KG	2,569,601	2,646,689	2,726,389
611	SME	4,392,177	4,523,942	4,659,661
613	SME	6,029,478	6,209,333	6,395,613
614	SME	9,473,323	9,757,523	10,050,249

615	SME	19,721,736	20,313,388	20,922,790
617	SME	13,779,379	14,192,760	14,618,543
631	DPR	910,011	960,062	1,012,855
634	DOZ	487,485	504,547	522,206
635	DOZ	509,220	527,043	545,499
636	DOZ	420,800	442,682	465,701
638/639	DOZ	2,142,000	2,184,840	2,228,537
640	DOZ	1,274,720	1,310,412	1,347,104
(YARN-DYED)DOZ				
641	DOZ	1,095,120	1,138,925	1,184,492
642	DOZ	266,500	273,163	279,992
645/646	DOZ	740,050	758,551	777,515
647	DOZ	1,112,716	1,157,225	1,203,514
648	DOZ	1,071,309	1,108,805	1,147,613
649	DOZ	706,160	734,406	753,793
650	DOZ	92,997	95,601	98,278
651	DOZ	593,560	620,270	649,182
651-B	DOZ	104,500	109,203	114,117
652	DOZ	2,024,880	2,105,875	2,190,110
659-C	KG	335,544	344,940	354,598
659-E	KG	2,193,988	2,291,747	2,373,017
659-S	KG	500,383	512,893	525,715
669-P	KG	1,427,999	1,513,679	1,604,500
670-L	KG	12,265,138	12,755,743	13,255,973
831	DPR	395,544	411,761	429,643
833	DOZ	21,425	22,174	22,950
835	DOZ	98,895	102,950	107,171
840	DOZ	384,707	400,480	416,899
842	DOZ	214,245	221,744	229,505
845	DOZ	2,158,800	2,219,246	2,291,395
846	DOZ	144,200	148,526	152,982
847	DOZ	1,044,444	1,081,000	1,118,835

## GROUP II

COTTON, WOOL AND MAN-MADE FIBER APPAREL NOT SUBJECT TO SPECIFIC LIMITS IN GROUP I:

NOTE: THE LIMITS FOR CATEGORIES 330/630, 633 AND 643, 870 ARE SUBJECT TO FURTHER CONSULTATIONS.

CAT.	HS	1989 UNIT LIMIT	1990 LIMIT	1991 LIMIT
GROUP II	SME	102,325,256	107,953,156	113,990,580
330/630	DOZ	4,792,439	4,912,250	5,035,056
633	DOZ	37,513	38,451	39,412
643	NOS	426,656	437,322	448,255

## GROUP III:

COTTON, WOOL AND MAN-MADE FIBER NON-APPAREL NOT SUBJECT TO SPECIFIC LIMITS IN GROUP I:

UNIT	1989 LIMIT	1990 LIMIT	1991 LIMIT
SME	275,616,104	289,948,141	305,025,445

## GROUP IV:

NEW MFA FIBER APPAREL NOT SUBJECT TO SPECIFIC LIMITS IN GROUP I:

UNIT	1989 LIMIT	1990 LIMIT	1991 LIMIT
SME	21,271,080	22,547,345	23,900,186

## OTHER:

CAT.	HS	1989 UNIT LIMIT	1990 LIMIT	1991 LIMIT
870	KG	2,892,270	3,065,806	3,249,754

PEOPLE'S REPUBLIC OF CHINA

Mr. James A. Larocco  
Economic Counselor  
Embassy of the  
United States of America  
Beijing

January 24, 1989

Dear Mr. Larocco,

I have the honor to refer to your letter of November 7, 1988 concerning the adoption of the Harmonized Commodity Code by the Government of the United States of America and its effect on the Agreement on Trade in Cotton, Wool, Man-made Fiber, Vegetable Fiber other than Cotton, and Silk-Blend Textiles and Textile Products between the Government of the People's Republic of China and the Government of the United States of America dated February 2, 1988, as amended ( the Agreement ).

I further have the honor to refer to paragraph 17 of the Agreement relating to the adoption of the Harmonized Commodity Code by the United States which ensures that conversion to the U.S. Harmonized System is to be trade neutral and does not diminish overall trade with the People's Republic of China.

I have the honor to inform you that the proposals set forth in your letter are acceptable to the Government of the People's Republic of China and to confirm that your letter and this letter shall constitute an administrative arrangement under the Agreement. I further wish to inform you that pursuant to paragraph 17 of the Agreement, the Government of the People's Republic of China may request consultations and amendments to Annex B2 in the event

U.S. implementation of the Harmonized System, through unforeseen classification or otherwise, results in a diminution of overall trade from the People's Republic of China.

Sincerely,

Li Guodong  
Deputy Director  
Foreign Trade Administration  
Ministry of Foreign Economic  
Relations and Trade

May 3, 1989

UNITED STATES AND CHINA AMEND  
BILATERAL TEXTILE AGREEMENT

The United States and China exchanged notes dated April 28, 1989 and May 1, 1989 to amend their bilateral textile agreement. Text of the notes follow:

UNITED STATES NOTE

April 28, 1989

28 APR 1989

Excellency:

I have the honor to refer to the Arrangement regarding International Trade in Textiles, done at Geneva on December 20, 1973, as extended by the Protocol of July 31, 1986 (the Arrangement), and to the Agreement on Trade in Cotton, Wool, Man-Made Fiber, Vegetable Fiber other than Cotton, and Silk-Blend Textiles and Textile Products between the Governments of the People's Republic of China and of the United States of America dated February 2, 1988 (the Agreement), as amended. I further refer to consultations held in Washington February 21-24, 1989 concerning effects on the Agreement caused by the adoption of the Harmonized Commodity Code nomenclature by the United States.

As a result of these consultations, I have the honor to propose the following amendments to the Agreement:

I. Due to the new classification guidelines under the Harmonized Commodity Code, categories 447 and 448 will be increased by 72 dozen and 473 dozen, respectively, to account for migration of trade. Annex B2, Group I limits shall be amended as follows:

<u>Cat.</u>	<u>Unit of Measure</u>	<u>1989 Limit</u>	<u>1990 Limit</u>	<u>1991 Limit</u>
447	doz	73,544	74,279	75,022
448	doz	20,673	20,880	21,089

II. Due to the new classification guidelines under the Harmonized Commodity Code, categories 647 and 648 will be increased by 2,203 dozen and 58 dozen, respectively, to account for migration of trade. In addition to these increases, the limit for category 648 shall be decreased by 150,000 dozen and the limit for category 647 shall be increased by 150,000 dozen to account for migration of trade. The transfer of 150,000 dozen will be considered permanent unless the Government of the People's Republic of China notifies the Government of the United States of America prior to 1990 that it wishes to have all or part of the 150,000 dozen revert. In the absence of such a request, the Annex B2, Group I limits shall be amended as follows:

<u>Cat.</u>	<u>Unit of Measure</u>	<u>1989 Limit</u>	<u>1990 Limit</u>	<u>1991 Limit</u>
647	doz	1,264,919	1,315,516	1,368,137
648	doz	921,367	953,615	986,992



The Government of the United States reaffirms its willingness to hold consultations with the People's Republic of China on any question arising in the implementation of the Agreement as provided for in paragraph 19.

If the foregoing conforms with the understanding of the Government of the People's Republic of China, this note and a note of acceptance on the part of the Government of the People's Republic of China shall constitute an amendment to the Agreement.

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

For the Secretary of State:

THE PEOPLE'S REPUBLIC OF CHINA NOTE

May 1, 1989

Dear Mr. McConville:

I have the honor to acknowledge the receipt of your note dated April 28, 1989 relating to the proposed amendment to the Textile Agreement between our two countries.

I have the honor to confirm on behalf of the Government of the People's Republic of China that the proposed amendment conforms with the understanding of my Government and agree that your note and this note shall constitute an amendment to the agreement between our two countries.

Accept the renewed assurance of my highest consideration.

For the Ambassador of the  
People's Republic of China