

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1522*

15 December 1989

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Articles 7 and 8

Amendment of the Bilateral Agreement between the United States and Nepal

The Textiles Surveillance Body received a notification from the United States of a modifications in its agreement with Nepal resulting from the implementation of the Harmonized commodity code by the United States.¹

The notification was made in accordance with a request made by the Textiles Committee that agreements concluded with non-participants in the MFA be notified. The TSB is forwarding the text of the notification to participating countries for their information.

¹The bilateral agreement is contained in COM.TEX/SB/1179.

* English only/Anglais seulement/Inglés solamente

6 January 1989

United States and Nepal Amend
Bilateral Textile Agreement

The United States and Nepal amended their bilateral textile agreement by exchange of notes dated 17 November 1988 and 4 December 1988 in Kathmandu. Texts of the notes follow.

United States Note

Kathmandu
17 November 1988

The Embassy of the United States presents its compliments to the Ministry of Foreign Affairs of His Majesty's Government of Nepal and has the honour to refer to the bilateral textile agreement between His Majesty's Government and the Government of the United States effected by an exchange of notes in Kathmandu dated 30 May 1986 and 1 June 1986 as amended (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 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 Nepal to the United States on or after 1 January 1989.

I. All textile shipments from Nepal subject to United States import quotas which are exported in 1989 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. With regard to the visa system covering exports of textile products from Nepal 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 in Annex A(2) of the Agreement.

III. All provisions of the agreement regarding the Harmonized System will take effect 1 January 1989. In particular, Annex A(2) will take force.

IV. 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 Nepal, a single charge is made against Category 337 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, this change could lead to problems with the current quota limits and visa system.

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

- (a) effective 1 January 1989, Annex A(2) shall be amended to delete Category 337;
- (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 Category 337.

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

The Embassy has the further honour to note that the current agreement contains a limit only on Category 337 goods, while Category 637 remains unrestricted, and that Nepal's exports of Category 337 goods to the United States for the current agreement period are 659 dozen. The Embassy therefore has the honour to propose that the current Specific Limit on Category 337 goods be eliminated from the Agreement and, accordingly, that Category 337 be deleted from Annex B of the Agreement.

Please note that upon implementation of this amendment, all visas issued for such two-part playsuits 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 Nepal.

If the foregoing is acceptable to His Majesty's Government of Nepal, this Note and the Ministry's Note of confirmation shall constitute an amendment to the Agreement.

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

Embassy of the United States
Kathmandu, 17 November 1988

Nepal Note

Kathmandu
4 December 1988

The Ministry of Foreign Affairs, His Majesty's Government of Nepal, presents its compliments to the Embassy of the United States in Kathmandu, and has the honour to refer latter's Note No. 118 dated 17 November 1988.

The Ministry has the pleasure to convey to them the acceptance of the Ministry of Commerce, His Majesty's Government of Nepal of their proposed amendments to the bilateral textile agreement of paragraph V, sub-paragraph (a) and (b) of Page No. 3 of their note.

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

4 December 1988
The Embassy of the United States
Kathmandu