

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1780*

24 August 1992

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Extensions and modifications of the bilateral agreement between the United States and the Czech and Slovak Federal Republic

The Textiles Surveillance Body received a notification from the United States of extensions with modifications of its agreement with the Czech and Slovak Federal Republic. The two extensions cover the period from 1 June 1989 to 31 May 1993.¹

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.

¹The bilateral agreement is contained in COM.TEX/SB/1229.

²See COM.TEX/SB/35, Annex B.

*English only/Anglais seulement/Inglés solamente

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

**THE UNITED STATES AND THE PEOPLE'S REPUBLIC OF CZECHOSLOVAKIA
AMEND THE BILATERAL TEXTILE AGREEMENT**

UNITED STATES NOTE

No. 191

The Embassy of the United States of America presents its compliments to the Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic and has the honour to refer to the bilateral agreement regarding textile trade between the Czechoslovak Socialist Republic and the United States, effected by exchange of notes dated 25 June and 22 July 1986, as amended (hereinafter referred to as the Agreement). The Embassy further has the honour to refer to consultations in Prague which took place 19-21 May 1989, regarding exports from Czechoslovakia of certain textile products to the United States.

As a result of those consultations, the Embassy, on behalf of the Government of the United States, proposes that the agreement be extended and amended as follows:

1. The term of the Agreement shall be extended for a period of three years until 31 May 1992. The first Agreement period shall begin 1 June 1989 and end 31 May 1990.
2. The specific limits for Categories 435 and 443 shall be extended at the levels detailed below. In addition, Categories 433, 434 and merged Category 410/624 shall be subject to the specific limits detailed below. Accordingly, Annex A shall be deleted and replaced by the following new Annex A:

ANNEX A

Category	1 June 1989 31 May 1990	1 June 1990 31 May 1991	1 June 1991 31 May 1992
435 Wool women's and girls' coats	7,300 doz	7,373 doz	7,447 doz
443 Wool men's and boys' suits	77,860 nos	78,639 nos	79,425 nos
433 Wool men's and boys' suit-type coats	8,000 doz	8,080 doz	8,161 doz

Category	1 June 1989 31 May 1990	1 June 1990 31 May 1991	1 June 1991 31 May 1992
434 Other men's and boys' coats	11,800 doz	11,918 doz	12,037 doz
410/ Woven fabric of wool 624 and woven man-made fibre fabric 15-36% wool	950,000 m2	959,500 m2	969,095 m2

Conversion to square meter equivalent:

435	45.10
443	3.76
433	30.10
434	45.10
410/624	1.00

3. For the new categories subject to specific limits, the flexibility provisions and the one (1) per cent annual growth rate in the Agreement shall apply.

4. All other provisions of the Agreement shall apply for the new Agreement term specified in paragraph one above.

If this proposal is acceptable to your Government, then this note and the note of confirmation on behalf of the Government of the Czechoslovak Socialist Republic shall constitute an extension of and amendment to the Agreement.

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

Embassy of the United States of America
Prague, 12 June 1989

CZECHOSLOVAKIA NOTE

Unofficial translation

The Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic presents its compliments to the Embassy of the United States of America and has the honour to acknowledge receipt of the Embassy's Note No. 191 of 12 June 1989 and to confirm that the Government of the Czechoslovak Socialist Republic accepts the proposal for extending the Agreement on exports from Czechoslovakia of certain textile products to the United States in accordance with the text of the above mentioned Note of the Embassy No. 191.

Note of the Embassy No. 191 of 12 June 1989 and this Note therefore shall constitute an extension of and amendment to the Agreement for a period of three years until 31 May 1992.

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

Prague, 10 August 1989

**Federal Ministry of Foreign Affairs
of the Czech and Slovak Federal Republic**

No. 91.946/92

The Federal Ministry of Foreign Affairs of the Czech and Slovak Federal Republic presents its compliments to the Embassy of the United States of America and has the honour to confirm the receipt of the Note No. 14 dated 14 January 1992 of the Embassy concerning exports of certain textile products from the Czech and Slovak Federal Republic to the United States and Memorandum of Understanding signed by representatives of our two governments on 17 September 1991 which reads as follows:

"The Embassy of the United States of America presents its compliments to the Federal Ministry of Foreign Affairs of the Czech and Slovak Federal Republic 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 protocols /hereinafter referred to as the Arrangement/ and to the Bilateral Agreement Regarding Textile Trade between the Government of the Czech and Slovak Federal Republic and the United States, effected by exchange of notes dated 25 June 1986 and 3 July 1986, as amended /hereinafter referred to as the Agreement/.

The Embassy of the United States of America also has the honour to refer to discussions held in Washington, 16-17 September 1991, between representatives of the Government of the United States and the Government of the Czech and Slovak Federal Republic concerning exports from the Czech and Slovak Federal Republic of certain textile products to the United States and to the Memorandum of Understanding signed by representatives of our two governments on 17 September 1991 which reads as follows:

"Representatives of the Governments of the United States and the Czech and Slovak Federal Republic met in Washington, DC, on 16 and 17 September 1991 to discuss President Bush's trade enhancement initiative for Eastern Europe as it relates to textile trade. Recognizing the significant measures undertaken by the Government of the Czech and Slovak Federal Republic to move towards a market economy, the two governments agreed to amend and extend the current Bilateral Textile Agreement of 26 June and 22 July 1986, as amended, as follows:

1. The term of the Agreement will be extended to include one new period from 1 June 1992 through 31 May 1993.
2. The specific limits on Categories 434 and 624 will be dropped.

3. The specific limits on the remaining Categories will be as follows:

Category	1 June 1991- 31 May 1992	1 June 1992- 31 May 1993
410 Wool woven fabric, containing 36 per cent or more by weight of wool	1,600,000 Sqm	1,616,000 Sqm
433 M+B suit-type coats, wool	16,500 doz	16,665 doz
435 W+G wool coats	20,000 doz	20,200 doz
443 M+B suits, wool	160,000 nos	161,600 nos

4. The special carry forward applied to Category 443 for the period 1 June 1990 to 31 May 1991 will not be deducted from subsequent quota periods.

5. Swing will be increased from five per cent to seven per cent.

6. All other provisions of the Agreement shall apply for the new Agreement term specified in paragraph one above.

7. This Memorandum of Understanding will be effective immediately upon signature.

8. An exchange of diplomatic notes will follow with the text of this Memorandum of Understanding.

(Signed) Ronald J. Sorini
for the Government of the United States of America

Jiri Scharff
for the Government of the Czech and Slovak Federal Republic

Washington, D.C.
17 September 1991".

As a result of the above mentioned discussions and Memorandum of Understanding, and in conformity with Article 4 of the Arrangement, a consolidated amendment and extension of the Agreement is attached as an appendix to and is an integral part of this note.

This note and a note of confirmation on behalf of the Government of the Czech and Slovak Federal Republic shall constitute an extension of and amendment to the Agreement.

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

The Federal Ministry of Foreign Affairs of the Czech and Slovak Federal Republic has the honour to confirm the understanding reached between the delegations of our two governments that the above mentioned Note No. 14 of 14 January 1992 of the Embassy of the United States of America and this note constitute an extension of and amendment to the Agreement.

The Federal Ministry of Foreign Affairs of the Czech and Slovak Federal Republic avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

Prague, 15 May 1992.

APPENDIX

BILATERAL AGREEMENT REGARDING TEXTILE TRADE BETWEEN THE GOVERNMENTS OF THE CZECH AND SLOVAK FEDERAL REPUBLIC AND THE UNITED STATES OF AMERICA

Agreement Term

1. The term of the agreement shall be extended for a period of one year through 31 May 1993. Each "agreement year" shall be a twelve-month period from 1 June of a given year to 31 May of the next year.

Coverage of Agreement

2. For the purposes of this agreement, textile products shall be classified as:

(A)(I) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products, all being products which derive their chief characteristics from their textile components of cotton, wool, man-made fibre, or blends thereof, in which any or all of these fibres in combination represent the chief weight of the product, are subject to this agreement. Components of an article which are not considered relevant to the classification under the general rules of interpretation or the legal notes to Section XI of the Harmonized System are likewise to be disregarded here. For the purposes of this agreement, textile products covered by this paragraph shall be classified as:

- (A) Cotton textiles, if the product is in chief weight of cotton, or if cotton with wool and/or man-made fibres in the aggregate equal or exceed 50 per cent by weight of the component fibres thereof and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fibre components, unless the product is a woven fabric in which wool equals or exceeds 36 per cent by weight of all fibres, in which case the product will be a wool textile.
- (B) Wool textiles, if the product is in chief weight of wool, or, in the case of products which are chief weight of silk or non-cotton vegetable fibres, wool exceeds 17 per cent by weight of all fibres.
- (C) Man-made fibre textiles, if the product is in chief weight of man-made fibres, or if the man-made fibres in combination with cotton and/or wool in the aggregate equal or exceed 50 per cent by weight of the component fibres thereof and the man-made fibre component exceeds the weight of the total wool and/or cotton component, unless:

(1) The product is knitted or crocheted apparel in which wool equals or exceeds 23 per cent by weight of all fibres, in which case the product will be a wool textile; or

(2) The product is apparel, not knitted or crocheted, in which wool equals or exceeds 36 per cent by weight of all fibres, in which case the product will be a wool textile;

(3) The product is woven fabric in which wool equals or exceeds 36 per cent by weight of all fibres, in which case the product will be a wool textile.

(A)(II) Coverage under this paragraph is intended to be identical with the terms of Article 12 of the Arrangement Regarding International Trade in Textiles. In the event of a question regarding whether a product is covered by this agreement by virtue of being in chief weight of cotton, wool, or man-made fibre, the chief value of the fibres may be considered.

3. Commencing with the first agreement period and during the subsequent term of this agreement, the Government of the Czech and Slovak Federal Republic shall limit exports to the United States of textiles to the specific limits set out in Annex A, as such specific limits may be adjusted in accordance with paragraph 4.

Flexibility Adjustments

4. (A) The specific limits set out in Annex A do not include any adjustment permitted under paragraph 4.

(B) (I) The extent to which any specific limit set out in Annex A may be exceeded in any agreement period by carry forward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of any unused quantity of shortfall of the corresponding specific limit for the previous agreement period) is eleven (11) per cent, of which carry forward shall not constitute more than six (6) per cent.

(II) No carryover shall be available for application in the first agreement period. No carry forward shall be available for application in the final agreement period.

(C) For the purposes of the agreement, a shortfall occurs when exports of textiles from the Czech and Slovak Federal Republic to the United States during any agreement year are below any specific limit as set out in Annex A or, in the case of any limit decreased pursuant to paragraph 4, when such exports are below the limit as decreased.

(D) The Government of the Czech and Slovak Federal Republic will notify the Government of the United States through official channels when it wishes to use an unused quantity (shortfall) available in categories for carryover or when it wishes to use carry forward, subject to the provisions set out above. However, the Government of the United States may apply adjustments under this paragraph to any specific limit whenever that adjustment

appears appropriate to facilitate the flow of trade and the sound administration of the agreement. To the extent that such adjustments are actually utilized, they will be implemented by means of carryover and carry forward, in that order. Any unused carry forward will be reccredited to the following period limit. This procedure will not prejudice the outcome of any consultations that may be held between our Governments concerning the amounts of available carryover and carry forward.

- (E) During any agreement year, the specific limits set out in Annex A may be increased by not more than seven (7) per cent (swing) provided that a corresponding reduction in square meters equivalent is made in one or more other specific limits during the same agreement year.
- (F) The Government of the Czech and Slovak Federal Republic shall indicate to the Government of the United States the specific limits or sub-limits it would like to increase and which it would like decreased.

Overshipment Charges

- 5. (A) Products of the Czech and Slovak Federal Republic shipped in excess of authorized limits in any agreement period may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement period. The Government of the United States shall inform the Government of the Czech and Slovak Federal Republic of any such charges.
- (B) Products of the Czech and Slovak Federal Republic shipped in excess of applicable limits in any agreement period will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.
- (C) Any action taken pursuant to sub-paragraphs (A) and (B) above will not prejudice the rights of either side regarding consultations.

Spacing Provision

- 6. The Government of the Czech and Slovak Federal Republic shall space exports to the United States within each category evenly throughout each agreement period, taking into consideration normal seasonal factors.

US Assistance in Implementation of the Limitation Provisions

- 7. The Government of the Czech and Slovak Federal Republic shall administer its export control system under this agreement. The Government of the United States may assist the Government of the Czech and Slovak Federal Republic in implementing the limitation provisions of this agreement by controlling imports of textiles and textile products covered by this agreement.

Exchange of Information

8. (A) The Government of the United States shall promptly supply the Government of the Czech and Slovak Federal Republic with data on monthly imports of the textiles or textile products listed in Annex A into the United States from the Czech and Slovak Federal Republic.
- (B) The Government of the Czech and Slovak Federal Republic shall promptly supply the Government of the United States with data on monthly exports of textiles or textile products listed in Annex B from Czechoslovakia to the United States.
- (C) Each Government agrees to promptly supply needed statistical data necessary to the implementation of this agreement requested by the other government.

Mutually Satisfactory Administrative Arrangements

9. Mutually satisfactory administrative arrangements of adjustments may be made to resolve minor problems arising in the implementation of this agreement, including differences in points of procedures or operation.

Consultation on Implementation Questions

10. The Government of the United States and the Government of the Czech and Slovak Federal Republic agree to consult upon the request of the other, on any question arising in the implementation of this agreement.

Right to Propose Revisions to the Agreement

11. The Government of the United States and the Government of the Czech and Slovak Federal Republic may at any time propose revisions to the terms of this agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to this agreement, or taking such other appropriate action as may be mutually agreed upon.

Consultations in Case of Inequity Vis-à-Vis a Third Country

12. If the Government of the Czech and Slovak Federal Republic considers that as a result of limitations specified in this agreement it is being placed in an inequitable position relative to a third country, the Government of the Czech and Slovak Federal Republic may request consultations with the Government of the United States with a view of taking appropriate remedial actions, such as a reasonable modification of this agreement.

Article Three Procedures

13. For the duration of this agreement, the Government of the United States shall not invoke the procedures of Article three of the Arrangement to request restraints on the exports of wool, cotton and man-made fibre textiles cited in Annex A of the agreement. The Government of the United States and the Government of the Czech and Slovak Federal Republic reserve their rights under the Arrangement with respect to textiles and textile products not subject to Annex A of this agreement.

Agreement Circumvention

14. Both Governments agree to cooperate to avoid circumvention of this agreement. Each government agrees to supply to the other government any information within its possession which it reasonably believes to be necessary for the enforcement of this agreement.

15. Either government may terminate this agreement, effective at the end of any agreement period, by written notice to the other government to be given at least 90 days prior to the end of such agreement period.

16. Annex A to this agreement and any future annexes to this agreement shall be considered an integral part thereof. Any such future annexes to this agreement shall be agreed upon and confirmed through diplomatic channels.

Enclosure: Annex A

ANNEX A

Category	1 June 1991- 31 May 1992	1 June 1992- 31 May 1993
410 Wool woven fabric, containing 36 per cent or more by weight of wool	1,600,000 m2	1,616,000 m2
433 M+B suit-type coats, wool	16,500 doz	16,665 doz
435 W+G wool coats	20,000 doz	20,200 doz
443 M+B suits, wool	160,000 nos	161,600 nos

Conversion factors to square meter equivalent:

Category	Unit of Measure	Conversion Factor
410	Square meters	1.0
433	Dozen	30.10
435	Dozen	45.10
443	Numbers	3.76