

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1781\*

24 August 1992

Special Distribution

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### Textiles Surveillance Body

#### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

##### Notification under Article 4:4

##### Extension and modification of the bilateral agreement between the United States and Egypt

The Textiles Surveillance Body received a notification from the United States of an extension with modifications of its agreement with Egypt for the period 1 January 1992 to 31 December 1993.<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.

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<sup>1</sup> The agreement and a previous extension are contained in COM.TEX/SB/1397 and 1568.

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

\* English only/Anglais seulement/Inglés solamente

**EMBASSY OF THE  
UNITED STATES OF AMERICA**

**No. 315**

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Arab Republic of Egypt and has the honour to refer to the Arrangement Regarding International Trade in Textiles done at Geneva on 20 December 1973, as extended by protocols adopted respectively on 17 December 1977, 22 December 1981, 31 July 1986 and 31 July 1991 at Geneva, (hereinafter known as the Arrangement), and to the Agreement between the Government of the Arab Republic of Egypt and the Government of the United States of America Concerning Trade in Cotton, and Certain Man-made Fibre Textiles and Textile Products, established by exchange of notes dated 7 December 1977 and 28 December 1977, as amended (hereinafter known as the Agreement). The Embassy of the United States America has the further honour to refer to discussions between representatives of the Government of the Arab Republic of Egypt and the Government of the United States of America held in Washington, D.C., 12-14 October 1991.

The Embassy of the United States, in accordance with the consultations mentioned above, has the privilege to propose that the Agreement between the Arab Republic of Egypt and the United States of America Concerning Trade in Cotton and Certain Man-made Fibre Textiles and Textile Products, be amended, standardised, consolidated, and made consistent with the Memorandum of Understanding to extend the Agreement initialled on 12-14 October 1991, to read as follows:

**Agreement Term**

1. (A) The term of this agreement shall be the period from 1 January 1992 through 31 December 1993. Each "Agreement Period" of "Agreement Year" shall be a twelve-month period from January first of a given year to December thirty-first of the same year.

(B) Either government may request consultations with a view to bringing the provisions of this agreement and any subsequent amendment thereof into conformity with the Arrangement (and any extension thereof) or with any subsequent international régime for textile trade modifying, extending or replacing the Arrangement.

**Coverage of Agreement and Classification by Fibre**

2. The textiles and textile products covered by this agreement are those summarised in Annex A. The system of categories and the rates of conversion into square meters equivalent (SME) listed in Annex A shall apply in implementing this agreement.

### **Classification**

3. (A) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton and man-made fibres 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.

(B) For the purposes of this agreement, textile products covered by Sub-Paragraph (A) above shall be classified as:

(1) cotton textiles if the product is in chief weight of cotton, 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 shall be a wool textile and not subject to this agreement.

(2) Man-made fibre textiles, if the product is in chief weight of man-made fibres, unless:

(a) 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 shall be a wool textile and not subject to this agreement; or,

(b) 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 shall be a wool textile and not subject to this agreement.

(c) 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 shall be a wool textile and not subject to this agreement.

(3) Silk or non-cotton vegetable fibre textiles, if none of the foregoing applies and the product is in chief weight of silk or non-cotton vegetable fibre, unless:

(a) 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, in which case the product shall be a cotton textile.

(b) if not covered by (3)(a) and wool exceeds 17 per cent by weight of all component fibres, in which case the product shall be considered a wool textile and not subject to this agreement.

(c) if not covered by (3)(a) or (b) and 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 total cotton component, in which case the product shall be considered a man-made fibre textile.

(d) Notwithstanding the above, garments which contain 70 per cent or more by weight silk (unless they also contain over 17 per cent by weight wool), and products other than garments which contain 85 per cent or more by weight silk, are not subject to this agreement. Silk and non-cotton vegetable fibre sweaters, as determined above, shall be divided into "silk" sweaters and "non-cotton vegetable fibre" sweaters. For the purpose of this division, sweaters shall be classified as "silk" if the silk component exceeds by weight the non-cotton vegetable fibre component (if any). Sweaters not classified as "silk" sweaters, in accordance with the foregoing, shall be classified as "non-cotton vegetable fibre" sweaters.

(e) coverage under this paragraph is intended to be identical with the terms of Article 12 of the Arrangement and in conformance with Paragraph 24 of the 31 July 1986, Protocol of Extension. 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, man-made fibre, silk, or non-cotton vegetable fibre, the chief value of the fibres may be considered.

4. For the purposes of this agreement, the categories listed below are merged and treated as single categories as indicated:

<b>Categories Merged</b>	<b>Designation in Agreement</b>	<b>Sub-Category</b>	<b>Conversion Factor</b>
<b>300, 301</b>	<b>300/301</b>	<b>301</b>	<b>8.5</b>

#### **Flexibility Adjustments**

#### **5. (A) Swing**

(1) The group and specific limits set out in Annex B do not include any adjustments permitted under Paragraph 5.

(2) During any Agreement Period, the group and specific limits set out in Annex B may be increased by not more than 6 per cent swing provided that a corresponding reduction in square meters equivalent is made in one or more specific limits during the same Agreement Year. With respect to merged categories (e.g. 300/301) any swing adjustment shall increase or decrease the sub-limits within the merged limit by the same proportion as the merged limit.

(3) No swing is available among categories within a merged category.

(4) Sub-limits within the fabric group (218-326) may be increased by not more than six (6) per cent swing, provided that a corresponding reduction in square meters equivalent is made in one or more specific limits during the same Agreement Year. Adjustments to any of the sub-limits shall increase or decrease the group limit in square meters equivalent.

(5) No specific limit may be decreased pursuant to Paragraph 5(A)(1) to a level which is below the level of exports charged against that category's limit for that Agreement Year.

(6) The Government of the Arab Republic of Egypt shall indicate to the Government of the United States the specific limits or sub-limits it would like increased and those which it would like decreased by commensurate quantities in square meters equivalent.

**(B) Carryover and Carry forward**

(1) The extent to which any group or specific limit set out in Annex B may be increased in any Agreement Period by carry forward (borrowing a portion of the corresponding group or specific limit from the succeeding Agreement Period) and/or carryover (the use of any unused yardage ((shortfall)) of the corresponding group or specific limit for the previous Agreement Period) is 11 per cent, of which carry forward shall not constitute more than 6 per cent.

(2) 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. Carryover shall be available between the 1991 and 1992 Agreement Years.

(C) For the purposes of the Agreement, a shortfall occurs when exports of textiles or textile products of the Arab Republic of Egypt to the United States during any Agreement Period are below any specific limit as set out in Annex B (or, in the case of any limit decreased pursuant to Paragraph 5, when such exports are below the limit as decreased).

(D) The Government of the Arab Republic of Egypt shall be notify the Government of the United States when it wishes to use unused meterage (shortfall) available in categories for carryover, or for use by other categories for swing, subject to the provisions set out above. However, the Government of the United States may supply adjustments under this section 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 re-credited to the following period's limit. This procedure shall not prejudice the outcome of any consultations that may be held between our governments concerning the amounts of available carryover and carry forward.

### **Consultation Mechanism**

6. (A) In the event that the Government of the United States believes that imports of textile and apparel products of the Arab Republic of Egypt listed in Annex a to this agreement and not subject to specific limits under this agreement are, due to market disruption or the real risk of market disruption, threatening to impede the orderly development of trade between the two countries, the Government of the United States may request consultations with the Government of the Arab Republic of Egypt with a view to easing or avoiding such market disruption or the real risk thereof. The Government of the United States shall provide the Government of the Arab Republic of Egypt, at the time of the request, with a statement of reasons and justifications for its request for consultations, which in the view of the Government of the United States demonstrates:

(1) the existence of the real risk of market disruption;  
and,

(2) the rôle of products of the Arab Republic of Egypt in that disruption or real risk thereof.

(B) The Government of the Arab Republic of Egypt agrees to consult with the Government of the United States within 30 days of receipt of the request for consultations. Both sides agree to make every effort to reach agreement on a mutually satisfactory solution of the issue within 90 days of the receipt of such request, unless extended by mutual agreement.

(C) (1) Upon receipt of the request for consultations, and for the period remaining in the Agreement year in which the request is made, the Government of the Arab Republic of Egypt agrees to hold its shipments to the United States of textiles or textile products in the category or categories subject to those consultations to a level no greater than twenty (20) per cent above the amount entered, as reported in US General Import Statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, prorated for the amount of time remaining in the year.

(2) Where three or fewer months remain in an Agreement Year at the time of the request for consultations, upon receipt of the request for consultations, the Government of the Arab Republic of Egypt agrees to hold its shipments to the United States of textiles or textile products of Egypt in the category or categories subject to those consultations for the remaining period of the agreement year plus the subsequent year to a level no greater than twenty (20) per cent above the amount entered, as reported in US General Import Statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, prorated for the remaining period of the Agreement Year plus the subsequent year.

(D) If no mutually satisfactory solution is reached during the 90-day consultation period, consultations shall continue and the Government of the United States may continue the limits for textiles or textile products in the category or categories subject to these consultations for the duration of the Agreement.

(E) (1) The first term of any restraint limit established under the preceding sub-paragraph shall be effective for the period beginning on the date of the request for consultations and ending on the last day of the Agreement Year in which the restraint limit was established, or where three or fewer months remained in the Agreement Year at the time of the request for consultations, for the period ending on the last day of the subsequent year.

(2) For each remaining Agreement Year any restraint limit established under this provision shall be increased by six (6) per cent annual growth per year. The successive restraint limits shall have any available swing, carryover or carry forward as provided for specific limits under Paragraph 5 of this agreement (but only within the group in which the restraint limit is established). Carryover shall not be available in the first of the remaining Agreement Years.

#### **Overshipment Charges**

7. (A) Products of the Arab Republic of Egypt shipped in excess of authorized limits in any Agreement Period may be denied entry into the United States. Any such shipment denied entry may be permitted into the United States and charged to the applicable limit in the succeeding Agreement Period.

(B) Products of the Arab Republic of Egypt shipped in excess of applicable limits in any agreement Period shall, 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-Paragraph 7(A) and 7(B) above, shall not prejudice the rights of the other side regarding consultations.

#### **Spacing Provisions**

8. The Government of the Arab Republic of Egypt shall use its best efforts to space exports of its products to the United States within each category, sub-category or part category evenly throughout each Agreement Period, taking into consideration normal seasonal factors.

#### **US Assistance in Implementation of the Limitation Provisions**

9. The Government of the Arab Republic of Egypt shall administer its export control system under the Agreement. The Government of the United States may assist the Government of the Arab Republic of Egypt in implementing the limitation provisions of this agreement by controlling, by the date of export, imports of textiles and textile products covered by this agreement.

#### **Commercial Samples and Personal Shipments**

10. Properly marked commercial samples, valued at \$250 or less, and items for the personal use of the importer and not for resale, regardless of value, need not be accompanied by an export visa or certification and shall not be subject to the limits established under this agreement.

### **Exchange of Information**

11. Subject to domestic laws, at the request of the other government, each government agrees to supply any information within its possession reasonably believed to be necessary for the enforcement of this agreement.

### **Exchange of Data**

12. (A) The Government of the United States shall promptly supply the Government of the Arab Republic of Egypt with data on monthly imports of cotton, and certain man-made fibre textiles and textile products of the Arab Republic of Egypt into the United States.

(B) The Government of the Arab Republic of Egypt shall promptly supply the Government of the United States with data on monthly exports of cotton, man-made fibre, textiles and textile products of the Arab Republic of Egypt to the United States.

### **Cooperation in the Prevention of Circumvention**

13. (A) The Government of the United States of America and the Government of the Arab Republic of Egypt shall cooperate to prevent circumvention of the Agreement.

(B) Subject to domestic laws, the competent authorities of the Arab Republic of Egypt shall cooperate with the competent authorities of the United States in ensuring that the Agreement is not circumvented by transshipment, re-routing, misdescription, underinvoicing or by whatever means. To this end, the competent authorities of the Arab Republic of Egypt and those of the United States shall assist each other:

(1) in securing documents, correspondence and reports considered relevant to investigations;

(2) by providing for plant visits and inspections, whether by prior notification or impromptu, by authorized personnel; and

(3) by facilitating personal interviews designed to ascertain needed facts.

(C) Where information available to the Government of the United States or the Government of the Arab Republic of Egypt, as a result of investigations, constitutes evidence that products subject to this agreement have been transshipped, rerouted, misdescribed, underinvoiced or otherwise traded in circumvention of this agreement, either government may request consultations, with a view to invoking penalties beyond an equivalent adjustment of the corresponding agreed levels established under this agreement, as appropriate. Such consultation shall take place and be concluded within 120 days of such request.

### **Mutually Satisfactory Administrative Arrangements**

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



### **Consultation on Implementation Questions**

15. The Government of the United States and the Government of the Arab Republic of Egypt each 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**

16. The Government of the United States and the Government of the Arab Republic of Egypt may, at any time, propose revisions to the terms of this agreement. Each agrees to consult promptly with the other about such proposals or to take such other appropriate action as may be mutually agreed upon.

### **Consultations in Case of Inequity Vis-a-vis a Third Country**

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

### **Reservation of Rights**

18. The Government of the United States and the Government of the Arab Republic of Egypt each reserve their rights under the Arrangement with respect to textiles and textile products not subject to this agreement.

### **Right to Terminate the Agreement**

19. Either government may terminate this agreement, effective at the end of an Agreement Period, by written notice to the other government, to be given at least 90 days prior to the end of such Agreement Period.

If the foregoing conforms with the understanding of the Government of the Arab Republic of Egypt, this note and the note of acceptance shall constitute an agreement between the Government of the Arab Republic of Egypt and the Government of the United States of America.

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

Enclosures: Annex A: Textiles and textile products covered by the Agreement  
Annex B: Specific limits

Embassy of the United States of America,  
Cairo, 15 March 1992.

Annex A

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square metres</u>	<u>Unit</u>
<u>Yarn</u>			
200	Yarns put up for retail sale, and sewing thread, cotton, wool and man-made fibre	6.6	kg.
201	Other yarns, c & mmf	6.5	kg.
300	Carded yarns, cotton	8.5	kg.
301	Combed yarns, cotton	8.5	kg.
<u>Fabric</u>			
218	Yarns of different colours, c & mmf	1.0	m <sup>2</sup>
219	Duck, c & mmf	1.0	m <sup>2</sup>
220	Fabric of special weave, c & mmf	1.0	m <sup>2</sup>
222	Knit fabric, c & mmf	12.3	kg.
223	Non-woven fabrics, c & mmf	14.0	kg.
224	Pile and tufted fabrics, c & mmf	1.0	m <sup>2</sup>
225	Denim, c & mmf	1.0	m <sup>2</sup>
226	Cheesecloth, batistes, etc., c & mmf	1.0	m <sup>2</sup>
227	Oxford cloth, c & mmf	1.0	m <sup>2</sup>
229	Special purpose fabric, c & mmf	13.6	kg.
313	Cotton sheeting	1.0	m <sup>2</sup>
314	Cotton poplin and broadcloth	1.0	m <sup>2</sup>
315	Cotton printcloth	1.0	m <sup>2</sup>
317	Cotton twills	1.0	m <sup>2</sup>
326	Cotton sateens	1.0	m <sup>2</sup>
<u>Apparel</u>			
237	Playsuits, sunsuits, etc.	19.2	Doz
239	Infants' wear of cotton and man-made fibre	6.3	kg.
330	Handkerchiefs	1.4	Doz
331	Gloves and mittens	2.9	Dpr
332	Hosiery	3.8	Dpr
333	M and B suit-type coats	30.3	Doz
334	Other M and B coats	34.5	Doz
335	W and G coats	34.5	Doz
336	Dresses	37.5	Doz
338	M and B knit shirts	6.0	Doz
339	W and G knit shirts and blouses	6.0	Doz
340	M and B shirts, not knit	20.1	Doz
341	W and G shirts and blouses, not knit	12.1	Doz
342	Skirts	14.9	Doz
345	Sweaters	30.8	Doz

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square metres</u>	<u>Unit</u>
<u>Apparel</u> (cont'd)			
347	M and B trousers, slacks and shorts	14.9	Doz
348	W and G trousers, slacks and shorts	14.9	Doz
349	Brassières and body supporting garments	4.0	Doz
350	Dressing gowns, etc.	42.6	Doz
351	Nightwear and pyjamas	43.5	Doz
352	Underwear	9.2	Doz
353	M and B down-filled coats	34.5	Doz
354	W and G down-filled coats	34.5	Doz
359	Other cotton apparel	8.5	kg.
<u>Made-up and Miscellaneous Textiles</u>			
360	Pillowcases	0.9	Nos
361	Sheets	5.2	Nos
362	Bedspread and quilts	5.8	Nos
363	Terry and other pile towels	0.4	Nos
369	Cotton manufactures, not specified [nspf]	8.5	kg.

**ANNEX B**

**Specific Limits**

<b>Category</b>	<b>Unit</b>	<b>Cf</b>	<b>Growth</b>	<b>1992 Base</b>	<b>1993 Base</b>
300/301	Kg	8.50	6.40	6,376,834	6,784,951
(301)	Kg	8.50	6.40	2,000,000	2,128,000
339	Doz	6.00	6.30	772,915	821,609
369-S	Kg	8.50	6.00	980,500	1,039,330
<b>Fabric</b>					
<b>Group</b>	<b>SME</b>	<b>1.00</b>	<b>6.30</b>	<b>69,286,342</b>	<b>73,651,382</b>
218	SME	1.00	0.00	2,508,000	2,508,000
219	SME	1.00	6.30	16,295,283	17,321,886
220	SME	1.00	6.30	16,295,283	17,321,886
224	SME	1.00	6.30	16,295,283	17,321,886
225	SME	1.00	6.30	16,295,283	17,321,886
226	SME	1.00	6.30	16,295,283	17,321,886
227	SME	1.00	6.30	16,295,283	17,321,886
313	SME	1.00	6.30	29,922,811	31,807,948
314	SME	1.00	6.30	16,295,283	17,321,886
315	SME	1.00	6.30	19,135,698	20,341,247
317	SME	1.00	6.30	16,295,283	17,321,886
326	SME	1.00	0.00	2,508,000	2,508,000

**MINISTER OF ECONOMY  
AND FOREIGN TRADE**

**9 June 1992**

His Excellency  
Robert H. Pelletreau  
Ambassador of the  
United States of America  
Cairo

Excellency,

I have the honour to refer to your diplomatic Note No. 315 dated 15 March 1992 concerning the amendments to the agreement between the Government of the United States of America and the Government of the Arab Republic of Egypt regarding trade in cotton and certain man-made fibre textiles and textile products which was initialled on 12-14 October 1991.

I have the honour to inform your Excellency that the proposal stated in your diplomatic Note No. 315, is acceptable to my government, and agree that your note and this note in reply will constitute an agreement between our two governments.

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

Sincerely,

Dr. Yousri Ali Moustafa  
Minister of Economy and Foreign Trade