

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1782\*

24 August 1992

Special Distribution

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### Textiles Surveillance Body

#### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification of an amendment of the bilateral agreement between the United States and Hungary

The Textiles Surveillance Body received a notification from the United States of an amendment of its Article 4 agreement with Hungary in order to bring the agreement into conformity with 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<sup>3</sup> text of the notification to participating countries for their information.

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<sup>1</sup>The agreement, previous amendments and extensions are contained in COM.TEX/SB/864, 972, 1063, 1194, 1301, 1321, 1440, 1449 and 1501.

<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/1793.

\* English only/Anglais seulement/Inglés solamente

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

**UNITED STATES AND HUNGARY AMEND BILATERAL TEXTILE AGREEMENT**

The United States and Hungarians exchanged notes in Budapest on 25 May and 17 June 1988, to amend their Bilateral Textile Agreement. Text of the notes follows:

**UNITED STATES NOTE**

Budapest, 25 May 1988

The Embassy of the United States presents its compliments to the Ministry of Trade of the People's Republic of Hungary and has the honour to refer to the Arrangement Regarding International Trade in Textiles (The Arrangement) and to the bilateral agreement between the Government of United States of America, and the Government of the Hungarian People's Republic relating to trade in cotton, wool and man-made fibre textiles and textile products, with annexes, effected by exchange of notes done at Budapest dated 15 and 25 February 1983, as amended (The agreement). The Embassy also refers to discussions between representatives of the Government of the United States and Hungary during 22 and 23 January 1988. And further refers to Note 624 of 15 December 1987: This note supersedes and replaces Note 624.

The Embassy of the United States has the honour to propose, on behalf of the Government of the United States of America, that the Agreement be amended as follows. These changes will be necessary in order to bring the bilateral agreement into conformity with the Harmonized Commodity Code (HCC).

I. The following changes shall be made to Annexes A and B.

A. Effective 1 January 1988, Annex A of the Agreement is replaced by Annex A (1) below. Annex A (1) will remain in effect until the Government of the People's Republic of Hungary is otherwise notified by the Government of the United States of America.

**Annex A (1)**

**Interim HCC Listings  
(Effective 1 January 1988)**

<b>Category</b>	<b>Description</b>	<b>Conversion Factor To square Yards</b>	<b>Units</b>
<b>YARN</b>			
<b>COTTON</b>			
300	Carded yarns	4.6	LB
301	Combed yarn	4.6	LB
<b>FABRIC</b>			
<b>WOOL</b>			
410	Woven fabrics of Wool	1.0	SYD
<b>APPAREL</b>			
<b>WOOL</b>			
433	M and B Suit-type Coats	36.0	Doz
434	Other M and B Coats	54.0	Doz
435	W, G and I Coats	54.0	Doz
442	Skirts	18.0	Doz
443	M and B Suits	4.5	Nos
444	W, G and I Suits	4.5	Nos
445	M and B Sweaters	14.88	Doz
446	W, G and I Sweaters	14.88	Doz
448	W, G and I Trousers, Slacks and Shorts	18.0	Doz
<b>MAN-MADE FIBRE</b>			
645	M and B Sweaters	36.8	Doz
646	W, G and I Sweaters	36.8	Doz

B. Effective on 1 January 1988, Annex B of the Agreement shall be replaced by Annex B (1) below:

**ANNEX B (1)****Limits Under New Category System**

Category	Unit	1988	1989	1990	1991
<b>YARN</b>					
<b>COTTON</b>					
300/301	LBS:	2,500,000	2,650,000	2,809,000	2,977,540
<b>FABRIC</b>					
<b>WOOL</b>					
410	SYD	1,000,000	1,010,000	1,020,100	1,030,301
<b>APPAREL</b>					
<b>WOOL</b>					
433	Doz	7,725	7,802	7,880	7,959
434	Doz	7,500	7,575	7,651	7,726
435	Doz	10,145	10,246	10,348	10,451
442	Doz	21,000 (A)	18,180	18,362	18,545
443	Nos	88,188	89,064	89,952	90,852
444	Nos	62,652	63,276	63,912	64,548
445/446 (B)	Doz	41,212	41,624	42,040	42,461
448	Doz	19,772	19,970	20,170	20,372
<b>MAN-MADE FIBRE</b>					
645/646	Doz	90,100	95,506	101,236	107,310

(A) Level is for the period 11/1/87 to 12/31/88.

(B) Not more than 75 per cent of the specific limits noted for Category 445/446 above may be utilized in either part of the merged category in any agreement period.

III. Upon notification by the United States that it has adopted the Harmonized Commodity Code (HCC), paragraphs 2 and 6 shall be immediately amended by substituting the following language:

"2. Textiles and textile products covered by this Agreement and the rates of conversion into square meters equivalent are those listed in Annex A (2). 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, wool, man-made fibres, or blend thereof, in which any or all of those 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 of the legal notes to section XI of the Harmonized System, are likewise to be disregarded here. The determination of whether a textile product is of wool, cotton or man-made fibre shall be made in accordance with the terms of paragraph 6."

"6. For the purposes of this Agreement, textile products covered by this paragraph be classified as:

(I) Cotton textiles if the product is in chief weight of cotton, or if cotton with wool and/or man-made fibres in the aggregate equals or exceeds 50 per cent by weight of the component fibres thereof and the cotton component equals or exceeds the weight of each of total wool and/or man-made fibre components unless:

(A) 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.

(II) 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.

(III) 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:

(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 will be a wool textile;

(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 will be a wool textile;

(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 will be a wool textile. Coverage under this paragraph is intended to be identical with the terms of Article 12 of the Arrangement Regarding International Trade in Textiles 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, or man-made fibre the chief value of the fibres may be considered.

IV. Upon adoption of the complete Harmonized System (HCC) by the United States of America, Annex A (1) will be replaced by Annex A (2) below and Annex B (1) will be replaced by Annex B (2) below.

**Annex A (2)**

**HCC Listings**  
(Enters into effect upon congressional approval)

<b>Category</b>	<b>Description</b>	<b>Conversion Factor To square Yards</b>	<b>Units</b>
<b>YARN</b>			
<b>COTTON</b>			
300	Carded yarns	8.5	Kg
301	Combed yarn	8.5	Kg
<b>FABRIC</b>			
<b>WOOL</b>			
410	Woven fabrics containing 36 per cent or more by weight wool	1.0	M2
<b>APPAREL</b>			
<b>WOOL</b>			
433	M and B Suit-type Coats	30.1	Doz
434	Other M and B Coats	45.1	Doz
435	W and G Coats	45.1	Doz
442	Skirts	15.0	Doz
443	M and B Suits	3.76	Nos
444	W and G Suits	3.76	Nos
445	M and B Sweaters	12.4	Doz
446	W and G Sweaters	12.4	Doz
448	W and G Trousers, Slacks an Shorts	15.0	Doz
<b>MAN-MADE FIBRE</b>			
645	M and B Sweaters	30.8	Doz
646	W, G and I Sweaters	30.8	Doz

**ANNEX B (2)**

**Limits Under the Harmonized Code**

Category	Unit	1988	1989	1990	1991
<b>YARN</b>					
<b>COTTON</b>					
300/301	Kg:	1,133,981	1,202,020	1,274,141	1,350,589
<b>FABRIC</b>					
<b>WOOL</b>					
410	M2	836,127	844,489	852,934	861,463
<b>APPAREL</b>					
<b>WOOL</b>					
433	Doz	8,025	8,105	8,186	8,268
434	Doz	7,500	7,575	7,651	7,726
435	Doz	13,287	13,420	13,554	13,690
442	Doz	21,000 (A)	18,180	18,362	18,545
443	Nos	84,588	85,434	86,288	87,151
444	Nos	24,948	25,197	25,449	25,703
445/446 (B)	Doz	41,212	41,624	42,040	42,461
448	Doz	19,937	20,163	20,337	20,540
<b>MAN-MADE FIBRE</b>					
645/646	Doz	90,100	95,506	101,236	107,310

(A) Level is for the period 11/1/87 to 12/31/88.

(B) Not more than 75 per cent of the specific limits noted for Category 445/446 above may be utilized in either part of the merged category in any agreement period.

In accordance with paragraph 18 of the 1986 Protocol of Extension, the United States Government also reaffirms its willingness to consult promptly with the Government of Hungary regarding any questions of implementation of interpretation which may arise as a result of the conversion to the HCC. The United States Government also reaffirms that these changes are intended to be trade neutral and that they are not intended to alter the ability of Hungary to use or benefit fully from the bilateral textile agreement.

V. If these proposals are acceptable to Government of the People's Republic of Hungary, then this note and the note of confirmation of the Government of the People's Republic of Hungary, shall constitute an amendment to The Agreement between our two governments.

The Embassy of the United State of America takes this opportunity to present to the Ministry of Trade of the Hungarian People's Republic the assurances of its highest consideration.

Embassy of the United States of America,

Budapest 25 May 1988



**HUNGARIAN NOTE**

**No. 779**

**Budapest 17 June 1988**

The Ministry of Trade of the Hungarian People's Republic presents its compliments to the Embassy of the United States of America in Budapest and has the honour to refer to the Embassy's Note No. 058 dated 25 May 1988 which reads as follows:

**"UNITED STATES NOTE"**

The Ministry of Trade has the honour to confirm on behalf of the Government of the Hungarian People's Republic that the foregoing proposal is acceptable to the Government of the Hungarian People's Republic and this reply thereto shall constitute an agreement between the Government of the Hungarian People's Republic and the Government of the United States of America.

The Ministry of Trade of the Hungarian People's Republic takes this opportunity to present to the Embassy of the United States of America the assurances of its highest consideration.

**Budapest, 17 June 1988**