

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1783*

24 August 1992

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Extension with modification of the bilateral agreement between the United States and Hungary

The Textiles Surveillance Body received a notification from the United States of an extension with modifications of its bilateral agreement with Hungary. The agreement was extended for the period 1 January 1992 to 31 December 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 agreement, amendments and previous extensions are contained in COM.TEX/SB/864, 972, 1063, 1194, 1301, 1321, 1440, 1449, 1501 and 1782.

²See COM.TEX/SB/35, Annex B.

*English only/Anglais seulement/Inglés solamente

Embassy of the United States of America

UNITED STATES NOTE

No. 021

The Embassy of the United States of America presents its compliments to the Ministry of International Economic Relations of the Republic of Hungary 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 between the Government of the United States of America and the Government of the Republic of Hungary relating to trade in cotton, wool, and man-made fibre textiles and textile products, with annexes, effected by exchange of notes dated 15 and 25 February 1983, as amended (the Agreement).

The Embassy of the United States of America also has the honour to refer to discussions held in Washington 9-10 October 1991 between representatives of the Government of the United States of America and the Government of the Republic of Hungary concerning exports from the Republic of Hungary of certain textile products to the United States of America, and to the memorandum of understanding signed by representatives of our two governments on 10 October 1991.

As a result of the above-mentioned discussions and memorandum of understanding, and in conformity with Article 4 of the Arrangement, the Embassy of the United States of America has the honour to propose a consolidated amendment and extension of the Agreement as follows.

1. The term of the Agreement shall be extended for a period of two years from 1 January 1992 through 31 December 1993. Each "agreement year" shall be a twelve-month period, beginning on 1 January and ending on 31 December of the same year.

2. Textiles and textile products covered by this agreement and the rates of conversion into square meters equivalent are those listed in Annex A. Tops, yarns, piece goods, made-up articles, garments and other textile manufacture 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.

3. During the term of the Agreement, the Government of the Republic of Hungary shall limit annual exports from Hungary to the United States of America of the textile products of Hungarian origin listed in Annex A, to the specific limits set forth in Annex B hereto, as such limits may be adjusted in accordance with paragraphs 4 and 5, subject to the provisions of

paragraph 4(b). The limits set out in Annex B are without such adjustments. Exports are subject to limits for the year in which exported.

4. During any agreement year, a specific limit set out in Annex B may be exceeded by not more than seven (7) per cent of its square meters equivalent limit as calculated on the basis of the conversion factor set out in Annex A, provided that the amount of the increase is compensated for by an equivalent decrease in another specific limit. When requesting use of the provisions of this paragraph, the Government of the Republic of Hungary will indicate the category to be decreased by the commensurate quantity.

5.(a) In any agreement year, in addition to any adjustment pursuant to paragraph 4, exports may exceed by a maximum of 11 per cent any limit set out in Annex B by allocating to such limit for that agreement year an unused portion of the corresponding limit for the previous agreement year ("carryover") or a portion of the corresponding limit for the succeeding agreement year ("carry forward") subject to the following conditions:

- (i) Carryover may be utilized as available (subject to paragraph 5(b)) up to 11 per cent of the receiving agreement year's applicable limit. No carryover shall be available for application during the first agreement year. Carryover shall be available for the 1992 and 1993 agreement years.
- (ii) Carry forward may be utilized up to six per cent of the receiving agreement year's applicable limit. Carry forward used shall be charged against the immediately following agreement year's corresponding limit. No carry forward shall be available for application during the final agreement year. Carry forward shall be available for the 1992 agreement year.
- (iii) The combination of carryover and carry forward shall not exceed eleven per cent of the receiving agreement year's applicable limit in any agreement year.

(b) For purposes of the Agreement, a shortfall occurs when exports of textiles or textile products from Hungary to the United States of America during an agreement year are below any applicable specific limit as set out in Annex B. In the agreement year following the shortfall, such exports from Hungary to the United States of America may be permitted to exceed the applicable limits, subject to conditions of sub-paragraph 5(a), by carryover of shortfall in the following manner.

- (i) The carryover shall not exceed the amount of shortfall in any applicable limits; and
- (ii) The shortfall shall be used in the category in which the shortfall occurred.

6. For the purposes of this Agreement, textile products covered by this paragraph shall 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 the 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 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 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.

7.(a) The Government of the United States of America may assist the Government of Hungary in implementing the limitation provisions of the Agreement by controlling its imports of the textile products covered by the agreement.

(b) Exports from Hungary 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.

(c) Exports from Hungary in excess of authorized limits in any agreement year will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

8. The Government of the United States of America shall promptly supply the Government of the Republic of Hungary with monthly data on imports of textile products subject to this Agreement, and the Government of the Republic of Hungary shall promptly supply the Government of the United States of America with quarterly data on exports of such products to the United States. Each government agrees to supply promptly any other pertinent and readily available statistical data requested by the other government.

9. The Government of the United States of America and the Government of the Republic of Hungary agree to consult on any question arising in the implementation of this agreement.

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

11. If the Government of the Republic of Hungary considers that, as a result of a limitation specified in this Agreement, Hungary is being placed in an inequitable position vis-a-vis a third country, the Government of the Republic of Hungary may request consultations with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of the Agreement.

12. For the duration of the Agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the Arrangement to request restraints on the export from the Republic of Hungary of textiles covered by Annex A of the Agreement. The Government of the United States of America and the Government of Hungary reserve their rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

13. Either government may terminate the Agreement effective at the end of any agreement year by written notice to the other government to be given at least ninety days prior to the end of such agreement year. Either government may at any time propose revisions in the terms of the Agreement.

If the foregoing is acceptable to the Government of the Republic of Hungary, then this note and a note of confirmation from your government shall constitute an amendment to the Agreement.

The Embassy of the United States of America takes this opportunity to convey to the Ministry of International Economic Relations of the Republic of Hungary the renewed assurances of its highest consideration.

Embassy of the United States of America
Budapest, 24 January 1992

ANNEX A

Category	Description	Conversion Factor to Square Meter Equivalent	Unit of Measure
410	Woven fabrics containing 36 per cent or more by weight wool	1.0	m ²
433	M&B suit-type coats, wool	30.1	doz
434	Other M&B wool coats	45.1	doz
435	W&G wool coats	45.1	doz
443	M&B wool suits	3.76	nos
444	W&G wool suits	3.76	nos
448	M&B wool trousers, slacks and shorts	15.0	doz
604	Yarn containing 85 per cent or more by weight synthetic staple fibre	7.6	kg

ANNEX B

<u>Category</u>	<u>Unit</u>	<u>1992</u>	<u>1993</u>
410	m ²	870,078	878,779
433	doz	16,500	16,665
434	doz	14,000	14,140
435	doz	22,000	22,220
443	nos	155,000	156,550
444	nos	50,000	50,500
448	doz	28,000	28,280
604	kg	858,975	910,514

Republic of Hungary
Ministry of International
Economic Relations

HUNGARIAN NOTE

The Ministry of International Economic Relations of the Republic of Hungary presents its compliments to the Embassy of the United States of America and has the honour to acknowledge receipt of Note No. 021 dated Budapest, 24 January 1992, which reads as follows:

"UNITED STATES NOTE"

The Ministry of International Economic Relations of the Republic of Hungary has the honour to confirm that the foregoing proposal is acceptable to the Government of the Republic of Hungary and that the above note and this note of confirmation shall constitute an agreement between our Governments.

The Ministry of International Economic Relations of the Republic of Hungary takes this opportunity to extend to the Embassy of the United States of America assurances of its highest consideration.

The Ministry of International
Economic Relations of the
Republic of Hungary

Budapest, 6 February 1992