

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1787*
25 August 1992

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Extension and amendment of the bilateral agreement between the United States and Malaysia

The Textiles Surveillance Body received a notification from the United States of a further extension with amendments of its agreement with Malaysia for the period 1 January to 31 December 1992.¹

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, previous amendments and extension are contained in COM.TEX/SB/1118, 1166, 1332, 1333, 1334 and 1508.

²See COM.TEX/SB/35, Annex B.

* English only/Anglais seulement/Inglés solamente
92-1137

UNITED STATES NOTE

No. 43

The Embassy of the United States of America presents its compliments to the Government of Malaysia 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 Relating to Trade in Cotton, Wool, Man-made Fibre, Silk Blend and Other Non-Cotton Vegetable Fibre Textiles and Textile Products, effected by exchange of notes dated 1 and 11 July 1985 and extended by notes in Kuala Lumpur on 3 August 1987, as amended (hereinafter referred to as the Agreement).

The Embassy has the further honour to refer to discussions held in Kuala Lumpur, 11-12 October 1991, between representatives of the Government of the United States of America and the Government of Malaysia concerning exports from Malaysia of certain textile products to the United States, and to the Memorandum of Understanding signed by representatives of our two Governments in Kuala Lumpur on 12 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, on behalf of the Government of the United States of America, an extension of the Agreement between the Government of Malaysia and the Government of the United States of America with certain modifications, the text to read as follows.

Agreement Term

1. The term of this Agreement shall be extended for one calendar year through 31 December 1992. Each "Agreement Year" shall be a twelve-month period from 1 January of a given year to 31 December of the same year.

Coverage of Agreement

2.(A) Textiles and Textile Products covered by this Agreement are those summarised in Annex A.

2.(B) 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, silk blends, and non-cotton vegetable fibres, or blends 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 or the legal notes to Section XI of the harmonized commodity code are likewise to be disregarded here. For the purposes of this Agreement, textile products covered by Paragraph 2(A) above shall be classified as:

(I) 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 will be a wool textile; 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 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.

(II) Cotton textiles if not covered by (I) and 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 will be a wool textile.

(III) Wool textiles if neither of the foregoing applies, and the product is in chief weight of wool.

2.(C) Apparel of silk or non-cotton vegetable fibre, if none of the foregoing applies and the product is in chief weight of silk or non-cotton vegetable fibre, unless:

(I) 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 component, in which case the products will be a cotton textile.

(II) If not covered by (2).(C)(I) and wool exceeds 17 per cent by weight of all component fibres, in which case the product will be considered a wool textile.

(III) If not covered by (2).(C)(I) or (2).(C)(II) 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 will be considered a man-made fibre textile.

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), 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. Garments containing 70 per cent or more by weight silk and over 17 per cent by weight wool shall be classified as wool textiles, under sub-paragraph B(IV)(8).

2.(D) 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, man-made fibre, silk blend, or non-cotton vegetable fibre, the chief value of the fibres may be considered.

3.(A) The system of categories and the rates of conversion into square meters equivalent listed in Annex A shall apply in implementing this Agreement.

3.(B) For purposes of computing limits and charges to limits the rates of conversion for individual categories set out in Annex A shall be applied.

3.(C) For purposes of this Agreement, the categories listed below are merged and treated as single categories and sub-categories as indicated:

Categories Merged	Designation in Agreement	Sub-categories
300, 301	300/301	None
613, 614, 615, 617	613/614/615/617	None
331, 631	331/631	None
333, 334, 335, 835	333/334/335/835	333, 334, 335, 835
336, 636	336/636	None
338, 339	338/339	None
340, 640	340/640	None
341, 641	341/641	341
342, 642, 842	342/642/842	None
347, 348	347/348	None
351, 651	351/651	None
445, 446	445/446	None
634, 635	634/635	635
638, 639	638/639	None
645, 646	645/646	None
647, 648	647/648	647-K, 648-K

4. The Government of Malaysia shall limit annual shipments of exports which are the products of Malaysia to the United States of America of cotton, wool, and man-made fibre textiles and textile products and apparel made of silk blends and vegetable fibres other than cotton to the group and specific limits set out in Annex B, as such group and specific limits may be adjusted in accordance with Paragraph 5.

Flexibility Adjustments

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

5.(A)(II) During any Agreement year, the specific limit set out in Annex B may be increased by not more than 5 per cent (swing) provided that a corresponding reduction in square meters equivalent is made in one or more other specific limits in the same group or from the Group II limit during the same Agreement year.

5.(A)(III) The Group II limit may be increased by not more than 10 per cent (swing), provided that a corresponding reduction in square meters equivalent is made in one or more specific limits in Group I during the same Agreement year.

5.(A)(IV) The Government of Malaysia 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.

5.(A)(V) Within the Group II limit, as it may be adjusted pursuant to Paragraph 5.(A)(III) and 5.(B)(I), any specific limit within Group II may be exceeded by not more than 5 per cent swing, in addition to carryover and carry forward permitted pursuant to Paragraph 5.(B)(II), provided that the Group II limit as adjusted is not exceeded in any one Agreement year.

5.(B)(I) The extent to which the Group II limit set forth in Annex B may be exceeded in any Agreement period by carry forward and/or carryover is eleven (11) per cent, of which carry forward shall not constitute more than six (6) per cent.

5.(B)(II) The extent to which any specific limit may be exceeded in any agreement period by carry forward and/or carryover is eleven (11) per cent, of which carry forward shall not constitute more than six (6) per cent.

5.(B)(III) No carryover shall be available for application in the first Agreement year. No carry forward shall be available for application in the final Agreement year. Carryover shall be available in the 1992 Agreement year.

5.(B)(IV) Special carry forward shall be available between 1991 and 1992 for Category 338/339 of up to 60,000 dozens and for Category 638/639 of up to 35,000 dozens.

5.(C) For the purposes of the Agreement, a shortfall in a specific limit or Group II limit occurs when exports of textiles or textile products from Malaysia to the United States of America during any Agreement year are below any specific limit or Group II 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 specific limit or Group II limit as decreased.

5.(D) The Government of Malaysia will notify the Government of the United States when it wishes to use unused quantity (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 apply adjustments under this paragraph to any specific limit or the Group II 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 utilised, 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.

In case of such adjustments, the Government of the United States would immediately notify the Government of Malaysia. 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.

Consultation Mechanism

6.(A) In the event that the Government of the United States of America believes that imports of textile and apparel products from Malaysia in categories listed in Annex A to this Agreement (textiles and textile products made of cotton, wool and man-made fibre and apparel made of silk blends and vegetable fibres other than cotton) and not covered by specific limits under this Agreement are, due to market disruption or the real risk thereof, threatening to impede the orderly development of trade between the two countries, the Government of the United States of America may request consultations with the Government of Malaysia with a view to eliminating market disruption or the real risk of market disruption. The Government of the United States of America will provide the Government of Malaysia, at the time of the request, with a Statement of Reasons for its request for consultations which, in the view of the Government of the United States, demonstrate:

- (I) The existence of the real risk of market disruption; and
- (II) The rôle of exports from Malaysia in that disruption or risk of disruption.

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

6.(C) During the 90-day consultation period, the Government of Malaysia agrees to hold its shipments to the United States, whether direct or indirect, of cotton, wool or man-made fibre textiles or textile products or apparel made of silk blends and vegetable fibres other than cotton in the category or categories subject to these consultations to a level no greater than 35 per cent of 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.

6.(D) If no mutually satisfactory solution is reached during the 90-day consultation period, the Government of the United States of America may establish annual specific limits for shipments of cotton, wool, or man-made fibre products or apparel made of silk blends or vegetable fibres other than cotton in the product or categories concerned for the duration of this Agreement. The amount will not be less than the amount, as reported in US General Import Statistics, entered during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made plus 20 per cent for cotton, man-made and silk blends and vegetable fibre product categories, and 6 per cent for wool product categories.

6.(E) The first term of any specific limit established under sub-paragraph 6.(D) will be effective for the period beginning on the first day following the conclusion of the 90-day consultation period and ending on the last day of the Agreement year in which the specific limit was established. If a specific limit is established, the specific limit and any available swing/carry forward will be prorated to correspond to the period of time remaining in the existing Agreement year. Carryover will not be available in the first Agreement year following the 90-day consultation period. For each remaining Agreement year the specific limit established under sub-paragraph 6.(D) will be increased 6.0 per cent annual growth per year in the case of cotton, man-made and silk blend and other vegetable fibre categories and by 1 per cent per year in the case of wool categories.

Overshipment Charges

7.(A) Products of Malaysia in excess of authorised limits in any Agreement year 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 year.

7.(B) Products of Malaysia in excess of authorised limits in any Agreement year will, if allowed entry into the United States during that Agreement year, be charged to the applicable limit in the succeeding Agreement year.

7.(C) Any action taken pursuant to Sub-paragraph 7.(A) and 7.(B) above, will not prejudice the rights of either side regarding consultations.

Exports of Certified Hand-Loomed Folklore Products

8. In accordance with Article 12, Paragraph 3 of the arrangement, and subject to the Visa Certification System, Malaysian exports of hand-loomed fabrics of the cottage industry or hand-made cottage industry products made of such hand-loomed fabrics, or traditional folklore handicraft textile products, will not be subject to the provisions of the Agreement.

Spacing Provisions

9. The Government of Malaysia shall to the best of its abilities space exports from Malaysia to the United States of America within each category, sub-category or part-category evenly throughout each Agreement year, taking into consideration normal seasonal factors.

Implementation of the Limitation Provisions

10. The Government of Malaysia shall administer its export control system under this Agreement. The Government of the United States of America may assist the Government of Malaysia in implementing the limitation provisions of this Agreement by controlling imports of textiles and textile products covered by this Agreement.

Exchange of Information

11. With regard to fraud and circumvention, each Government agrees to cooperate and to supply to the other Government any information within its possession which it reasonably believes to be necessary for the enforcement of this Agreement.

Exchange of Data

12.(A) The Government of the United States of America shall promptly supply the Government of Malaysia with data on monthly imports of cotton, man-made fibre, and wool textiles and textile products and apparel made of silk blends and vegetable fibres other than cotton into the United States of America from Malaysia.

12.(B) The Government of Malaysia shall promptly supply the Government of the United States of America with data on monthly exports of cotton, man-made fibre, and wool textiles and textile products and apparel made of silk blends and vegetable fibres other than cotton from Malaysia to the United States of America.

12.(C) Each Government agrees to supply any other available statistical data necessary to the implementation of this Agreement requested by the other Government.

Mutually Satisfactory Administrative Arrangement

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

Consultation on Implementation Question

14. The Government of the United States of America and the Government of Malaysia 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

15. The Government of the United States of America and the Government of Malaysia may at any time propose revisions in 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

16. If the Government of Malaysia considers that as a result of provisions specified in this Agreement, it is being placed in an inequitable position in relation to a third country, the Government of Malaysia may request consultations with the Government of the United States of America with a view to taking appropriate remedial actions, such as reasonable modification of this Agreement. The Government of the United States of America shall consult with the Government of Malaysia in the event of such a request.

Article 3 Procedures

17. For the duration of this Agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the Arrangement to request restraint on the export of cotton, wool, man-made fibre textiles and textile products and apparel made of silk blends and vegetable fibres other than cotton of Malaysia covered by this Agreement. The Government of the United States and the Government of Malaysia reserve their rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

Correct Category/Quantity Visa System

18. The provisions of the Visa Agreement as listed in Annex C between the Government of the United States of America and the Government of Malaysia will govern the certification of exports from Malaysia.

Agreement Circumvention

19. Both governments shall take actions as are necessary to prevent circumvention of this Agreement.

Termination Clause

20. Either Government may terminate this Agreement, effective at the end of Agreement year, by written notice to the other Government, to be given at least 90 days prior to the end of such Agreement year.

Closing Paragraph

21. If the foregoing conforms with the understanding of the Government of Malaysia, this note and the note of confirmation on behalf of the Government of Malaysia shall constitute an Agreement between our two governments.

The Embassy of the United States of America avails itself of the opportunity to renew to the Government of Malaysia the assurances of its highest consideration.

Enclosures: Annexes A, B and C

Embassy of the United States of America

Kuala Lumpur, 6 February 1992

UNITED STATES TEXTILES CATEGORIZATION

Harmonized Commodity Code Listings

Categories numbered in the:

200 Series are of cotton and/or man-made fibre.

300 Series are of cotton.

400 Series are of wool.

600 Series are of man-made fibre.

800 Series are of silk blends or other non-cotton vegetable fibres.

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square metres</u>	<u>Unit</u>
Yarn:			
Cotton and Man-made Fibre:			
200	Yarns put up for retail sale, and sewing thread	6.6	kg.
201	Specialty yarns	6.5	kg.
Cotton:			
300	Carded yarns, cotton	8.5	kg.
301	Combed yarns, cotton	8.5	kg.
Wool:			
400	Wool yarn	3.7	kg.
Man-made Fibre:			
600	Textured filament yarns	6.5	kg.
603	Yarn containing 85 per cent or more by weight artificial staple fibre	6.3	kg.
604	Yarn containing 85 per cent or more by weight synthetic staple fibre	7.6	kg.
606	Non-textured filament	20.1	kg.
607	Other Staple fibre yarn	6.5	kg.
Silk blend and non-cotton vegetable fibre:			
800	Silk blend or non-cotton vegetable fibre yarn	8.5	kg.
Fabric:			
Cotton and Man-made fibre:			
218	Of Yarns of different colours	1.0	m ²
219	Duck	1.0	m ²
220	Fabric of special weave	1.0	m ²
222	Knit fabric	12.3	kg.
223	Non-woven fabrics	14.0	kg.
224	Pile and tufted fabrics	1.0	m ²
225	Blue Denim	1.0	m ²
226	Cheesecloth, batistes, lawns, or voiles	1.0	m ²
227	Oxford cloth	1.0	m ²
229	Special purpose fabric	13.6	kg.

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square metres</u>	<u>Unit</u>
	Cotton:		
313	Sheeting	1.0	m ²
314	Poplin and broadcloth	1.0	m ²
315	Printcloth	1.0	m ²
317	Twills	1.0	m ²
326	Sateens	1.0	m ²
	Wool:		
410	Woven fabrics containing 36 per cent or more by weight wool	1.0	m ²
414	Other wool fabrics	2.8	kg.
	Man-made fibre:		
611	Woven Man-made fibre fabrics containing 85 per cent or more by weight artificial staple fibres	1.0	m ²
613	Sheeting	1.0	m ²
614	Poplin and broadcloth	1.0	m ²
615	Printcloth	1.0	m ²
617	Twills and sateens	1.0	m ²
618	Woven artificial filament fabric	1.0	m ²
619	Polyester filament fabric, less than 170 gr. per M2	1.0	m ²
620	Other synthetic filament fabric	1.0	m ²
621	Impression fabric	14.0	kg.
622	Glass fibre fabric	1.0	m ²
624	Man-made fibre fabric, containing more than 15 per cent but less than 36 per cent wool	1.0	m ²
	Staple/Filament combination:		
625	Poplin and broadcloth	1.0	m ²
626	Printcloth	1.0	m ²
627	Sheeting	1.0	m ²
628	Twills and sateens	1.0	m ²
629	Other MMF	1.0	m ²
	Silk-blend and non-cotton Vegetable fibre:		
810	Woven fabrics of silk blends and non-cotton vegetable fibre	1.0	m ²
	Apparel:		
	Cotton and man-made fibre:		
237	Playsuits, sunsuits, etc.	19.2	Doz
239	Infants' wear	6.3	kg.
	Cotton:		
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

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square metres</u>	<u>Unit</u>
335	W and G coats	34.5	Doz
336	Dresses	37.9	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
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.
	Wool:		
431	Gloves and mittens	1.8	Dpr
432	Hosiery	2.3	Dpr
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
436	Dresses	41.1	Doz
438	Knit shirts and blouses	12.5	Doz
439	Infants' wear	6.3	kg.
440	Shirts and blouses, not knit	20.1	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
447	M and B trousers, slacks and shorts	15.0	Doz
448	W and G trousers, slacks and shorts	15.0	Doz
459	Other wool apparel	3.7	kg.
	Man-made fibre:		
630	Handkerchiefs	1.4	Doz
631	Gloves and mittens	2.9	Dpr
632	Hosiery	3.8	Dpr
633	M and B suit-type coats	30.3	Doz
634	Other M and B coats	34.5	Doz
635	W and G coats	34.5	Doz
636	Dresses	37.9	Doz
638	M and B knit shirts	12.96	Doz
639	W and G knit shirts and blouses	12.96	Doz
640	M and B shirts, not knit	20.1	Doz
641	W and G shirts and blouses, not knit	12.1	Doz
642	Skirts	14.9	Doz

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square metres</u>	<u>Unit</u>
643	M and B suits	3.76	Nos
644	W and G suits	3.76	Nos
645	M and B sweaters	30.8	Doz
646	W and G sweaters	30.8	Doz
647	M and B trousers, slacks and shorts	14.9	Doz
648	W and G trousers, slacks and shorts	14.9	Doz
649	Brassières and body supporting garments	4.0	Doz
650	Dressing gowns, etc.	42.6	Doz
651	Nightwear and pyjamas	43.5	Doz
652	Underwear	13.4	Doz
653	M and B down-filled coats	34.5	Doz
654	W and G down-filled coats	34.5	Doz
659	Other man-made fibre apparel	14.4	kg.
Silk-blends and non-cotton vegetable fibre:			
831	Gloves and mittens	2.9	Dpr
832	Hosiery	3.8	Dpr
833	M and B suit-type coats	30.3	Doz
834	Other M and B coats and jackets	34.5	Doz
835	W and G coats and jackets	34.5	Doz
836	Dresses	37.9	Doz
838	Knit shirts, blouses and tops	11.7	Doz
839	Infants' wear	6.3	kg.
840	Not knit shirts and blouses	16.7	Doz
842	Skirts	14.9	Doz
843	M and B suits	3.76	Nos
844	W and G suits	3.76	Nos
845	Sweaters of vegetable fibre	30.8	Doz
846	Sweaters of silk blend	30.8	Doz
847	Trousers, slacks and shorts	14.9	Doz
850	Robes and dressing gowns	42.6	Doz
851	Nightwear and pyjamas	43.5	Doz
852	Underwear	11.3	Doz
858	Neckwear	6.6	kg.
859	Other apparel	12.5	kg.
Made-up and Miscellaneous Textiles:			
Cotton:			
360	Pillowcases	0.9	Nos
361	Sheets	5.2	Nos
362	Bedsread and quilts	5.8	Nos
363	Terry and other pile towels	0.4	Nos
369	Cotton manufactures, not specified [nspf]	8.5	kg.
Wool:			
454	Blankets	2.4	kg.
455	Floor coverings	1.0	m ²
469	Wool manufactures, nspf	3.7	kg.

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square metres</u>	<u>Unit</u>
	Man-made fibre:		
665	Floor coverings	1.0	m ²
666	Other furnishings	14.4	kg.
669	Man-made fibre manufactures, nspf	14.4	kg.
670	Flat goods, handbags, luggage	3.7	kg.
	Silk blends and non-cotton vegetable fibre:		
863	Towels	0.4	Nos
870	Luggage	3.7	kg.
871	Handbags and flat goods	3.7	kg.
899	Other silk blend and non-cotton vegetable fibre manufactures	11.1	kg.

ANNEX B

CATEGORY	1992 BASE LEVEL	UNIT
GROUP I NON-APPAREL		
200	200,312	Kg
300/301	2,124,532	Kg
FABRIC GROUP	73,891,406	SME
218	4,750,162	M2
219	23,011,895	M2
220	23,011,895	M2
225	23,011,895	M2
226	23,011,895	M2
227	23,011,895	M2
313	27,445,380	M2
314	29,556,563	M2
315	23,011,895	M2
317	23,011,895	M2
326	3,166,774	M2
613/4/5/7	23,011,895	M2
363	5,352,902	NOS
369-S	579,730	Kg
604	931,560	Kg
GROUP I APPAREL:		
237	269,519	Doz
331/631	1,458,672	Doz
333/4/5/835	167,279	Doz
333	83,639	Doz
334	83,639	Doz
335	83,639	Doz
835	83,639	Doz
336/636	309,309	Doz
338/339	766,852	Doz
340/640	937,895	Doz
341/641	1,215,547	Doz
341	433,647	Doz
342/642/842	291,150	Doz
345	111,645	Doz
347/348	314,033	Doz
351/651	180,660	Doz
435	14,410	Doz
438-W	11,793	Doz
442	17,562	Doz
445/446	27,876	Doz
634/635	567,331	Doz
635	247,571	Doz
638/639	334,202	Doz
645/646	255,618	Doz
647/648	1,202,905	Doz
647-K	842,033	Doz
648-K	842,033	Doz
GROUP II	29,891,573	SME

ANNEX C

**VISA AND EXEMPT CERTIFICATION ARRANGEMENT BETWEEN THE
GOVERNMENT OF MALAYSIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA
CONCERNING TEXTILES AND TEXTILE PRODUCTS**

1. Definition:

A. For the purpose of this Arrangement, the term "Textiles" means Textiles and Textile Products of Cotton, Wool and Man-made Fibres, Other Vegetable Fibres, Blends of any of the foregoing Fibres and Blends containing Silk, but does not include garments which contain 70 per cent or more silk by weight, or products other than garments which contain 85 per cent or more silk by weight.

B. The term "Category" includes part categories and merged categories as established in the bilateral agreement.

2. Visa Requirements:

A. Each shipment of Textiles or Textiles Products produced or manufactured in Malaysia and exported to the United States which are subject to the terms of the MFA, and as defined in Paragraph 1, above, regardless of value, of cotton, wool, man-made fibre, vegetable fibres other than cotton, and silk blend textiles and textile products in Categories 200-239, 300-369, 400-469, 600-670 and 831-859, including part categories and merged categories, and those categories which are not eligible for the exemptions noted in the exempt certification requirements in Section 3 below and those shipments not excluded by Section 5 below, shall be visaed by the Government of Malaysia. This visa shall be presented to the US Customs Service before entry, or withdrawal from warehouse for consumption, into the Customs territory of the United States, (the 50 States, the District of Columbia and Puerto Rico).

B. Shipments covering merchandise in Categories 800-810 and 863-899 do not require a visa. However, should additional categories, merged categories or part categories be added to the bilateral agreement the entire category or categories shall be automatically included in the coverage of the visa arrangement. Merchandise exported on or after the date the Category(s) is added to the agreement shall require a visa.

C. A shipment shall be visaed by the stamping of the original circular visa in blue ink on the front of the original commercial invoice. The original visa shall not be stamped on duplicate copies of the invoice. The original of the invoice with the original visa stamp will be required to enter the shipment into the United States. Duplicates of the invoice and/or visa may not be used for this purpose.

D. Each visa stamp will include the following information:

I. The Visa Number:

The visa number shall be in the standard nine digit letter format beginning with one numeric digit for the last digit of the year of export, followed by the two character alpha country code specified by the International Organization for Standardization - (ISO) - (the code for Malaysia is "MY"), and a six digit numeric serial number identifying the shipment; e.g., 7MY123456).

II. The date of issuance:

The date of issuance shall be the day, month and year on which the visa was issued.

III. The signature of the issuing official:

The signature shall be that of the issuing official of the Malaysian Government.

IV. Category and quantity information:

The correct category(s), merged category(s), part category(s), quantity(s), and unit(s) of quantity in the shipment in the unit(s) of quantity provided for in the US Department of Commerce correlation and in the US Tariff schedules of the United States annotated (TSUSA) shall be reported in the spaces provided within the Visa Stamp, e.g., "CAT.340-510DZ". Quantities must be stated in whole numbers. Decimals or fractions will not be accepted. Merged category quota merchandise may be accompanied by either the appropriate merged category visa or the correct category visa corresponding to the actual shipment. (For example, quota Category 347/348 may be visaed as "Cat. 347/348" or if the shipment consists solely of Category 347 merchandise, the shipment may be visaed as "Cat. 347", but not as "Cat. 348").

E. If the quantity indicated on the visa is less than that of the shipment, entry shall not be permitted.

F. If the quantity indicated on the visa is more than that of the shipment, entry shall be permitted.

G. The visa will not be accepted and entry will not be permitted if the shipment does not have a visa, or if the visa number, date of issuance, signature, category, quantity or units of quantity are missing, incorrect, illegible or have been crossed out or altered in any way.

H. The categories and quantities shall be those determined by the US Customs Service.

I. If the visa is not acceptable then a new visa must be obtained from the Malaysian Government or a visa waiver issued by the US Department of Commerce at the request of the Malaysian Government and presented to the US Customs Service before any portion of the shipment will be released. The waiver, if used, only waives the requirement to present a visa with the shipment. It does not waive the quota requirement.

J. If the visaed invoice is deficient, the US Customs Service will not return the original document after entry, but will provide a certified copy of that visaed invoice for use in obtaining a new correct original visaed invoice, or a visa waiver.

K. If import quotas are in force, only the actual quantity in the shipment and the correct category will be charged to the restraint level.

L. If a shipment from Malaysia has been allowed entry into the commerce of the United States with either an incorrect visa or no visa and redelivery is requested but cannot be made, the shipment will be charged to the correct category limit whether or not a replacement visa or visa waiver is provided.

M. The Government of the United States of America will make available to the Government of Malaysia upon request, information on the amounts and categories involved for all items subject to quota administered by the US Customs Service including items covered in 2(L) above.

3. Exempt certification requirements:

A. Shipments of certified hand printed batik, defined as fabric to which the design has been applied by hand in units of the Malaysian cottage industry, shall be exempt from the levels of the bilateral agreement if they are certified prior to leaving Malaysia, by the placing of the original rectangular-shaped stamped marking in blue ink on the front of the original commercial invoice. The original exempt certification shall not be affixed to duplicate copies of the invoice. The original copy of the invoice with the original exempt certification will be required to enter the shipment into the United States. Duplicate copies of the invoice and/or exempt certification may not be used.

B. Requirements for exempt certification stamp:

Each exempt certification stamp will include the following information:

I. Date of issuance

II. Signature of issuing official

III. The basis for the exemption, which shall be noted as:

A. Handprinted batik.

B. The name of the particular traditional folklore handicraft product (Malaysian item) as cited in a list to be agreed upon by the Government of Malaysia and the Government of the United States.

C. Should a shipment be exported from Malaysia with an incorrect exempt certification (i.e. the date of issuance, signature or basis for exemption is missing, incorrect or illegible or has been crossed out or altered in any way), then the exempt certification will not be accepted and entry shall not be permitted until a replacement certification is issued.

D. Should a shipment be exported from Malaysia without an exempt certification being issued prior to the date of exportation or if the merchandise does not qualify for the exemption, then an exempt certification will not be accepted and entry shall not be permitted. In such a case, a visa or a visa waiver must be obtained prior to release of any portion of the shipment. If quotas are in force, the shipment will be charged to the appropriate quota level.

4. The Government of Malaysia shall provide the Government of the United States every six months with a list of all shipments certified exempt by the Government of Malaysia during the previous six months. The list shall contain the following information for each shipment: description of items, units, and quantities.

5. Shipments not requiring visas:

Merchandise imported for the personal use of the importer and not for resale, regardless of value, and properly marked commercial sample shipments valued at 250 US Dollars or less do not require a visa for entry and shall not be charged to agreement levels.

6. Other provisions:

A. The Government of the United States shall publish a notice in the Federal Register regarding the visa and certification systems hereby established. The Government of Malaysia shall provide the Government of the United States with two identical original facsimiles of the visa and exempt certification stamp markings and the signature of each official authorized to issue and sign them. A maximum of 10 officials will be designated by the Government of Malaysia. Any change to the stamped markings must be approved by the Government of the United States prior to its use, to be effective sixty days after approval. The Government of Malaysia shall notify the Government of the United States of any changes of authorized officials.

B. List of part-categories and merged categories currently included in the Arrangement:

PART-CATEGORIES:

369-S
369-O
438-W 438-O
647-K
648-K

MERGED CATEGORIES:

300/301	342/642/842
613/614/615/617	347/348
331/631	351/651
333/334/335/835	445/446
336/636	634/635
338/339	638/639
340/640	645/646
341/641	647/648

C. Except as provided in Paragraph 5 of this Arrangement and as stated in Paragraphs 2.D and 2.F of this Arrangement, any shipment which is not accompanied by a valid and correct visa or exempt certification in accordance with the foregoing provisions shall be denied entry by the Government of the United States unless the Government of Malaysia authorizes the entry and any charges to the agreement levels.

D. An invoice may cover visaed merchandise or exempt certification merchandise but not both.

E. This Arrangement shall be effective for merchandise exported on or after 1 September 1987.

F. Either government may terminate, in whole or in part, the above Arrangement by giving ninety days written notice to the other.

**Ministry of Foreign Affairs
Malaysia**

CU 40/92

The Ministry of Foreign Affairs of Malaysia presents its compliments to the Embassy of the United States of America 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 relating to Trade in Cotton, Wool, Man-made Fibre, Silk Blend and Other Non-Cotton Vegetable Fibre Textiles and Textile Products, effected by exchange of Notes dated 1 and 11 July 1985 and extended by Notes in Kuala Lumpur on 3 August 1987, as amended (hereinafter referred to as the Agreement).

The Ministry of Foreign Affairs has further the honour to refer to the discussions held in Kuala Lumpur, 11-12 October 1991 between representatives of the Government of Malaysia and the Government of the United States of America concerning exports from Malaysia of certain textile products to the United States, and to the Memorandum of Understanding signed by representatives of our two Governments in Kuala Lumpur on 12 October 1991.

With reference to the above-mentioned discussions and Memorandum of Understanding, and in conformity with Article 4 of the Arrangement, the Ministry of Foreign Affairs, on behalf of the Government of Malaysia has the honour to confirm that the amendment to the Agreement as proposed is acceptable to the Government of Malaysia. This reply and the Embassy's Note shall constitute an Agreement between our two Governments.

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

**Ministry of Foreign Affairs
Kuala Lumpur**

20 May 1992