

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1800*

12 October 1992

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between the United States and Panama

The Textiles Surveillance Body received notification from the United States of two agreements concluded with Panama. The first agreement was superseded by an agreement concluded in April 1992 and valid for the period 1 April 1991 to 31 March 1994.¹

The TSB, pursuant to its procedures regarding notifications reviewed under Article 4,² has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.

¹The previous agreement, transmitted under Articles 7 and 8, as Panama was not participating in the MFA at the time of notification, expired on 31 March 1990 and is contained in COM.TEX/SB/1376.

²See COM.TEX/SB/35, Annex B.

* English only/Anglais seulement/Inglés solamente

Embassy of the United States of America

No. 221

United States Note

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Relations of the Republic of Panama and has the honour to refer to discussions held between representatives of the Government of Panama and the Government of the United States of America in Washington, D.C. from 16-17 January 1992, concerning exports of cotton textiles and textile products of Panama exported to the United States. On behalf of the Government of the United States, and under Article 4 of the Multi-fibre Arrangement, the Embassy proposes the following agreement:

1. The term of this agreement will be the period from 1 April 1991 through 31 March 1994. Each agreement period shall be a twelve-month period from first April of a given year to thirty-first March of the following year.

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.

**Flexibility Adjustments
Carryover and Carry forward**

3. (A)(i) The specific limits set out in Annex B do not include any adjustments permitted under paragraph 3. The designated consultation level cannot be used for flexibility.

(A)(ii) During any agreement period, the extent to which any specific limit set out in Annex B 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 meterage (shortfall) of the corresponding specific limit for the previous agreement period) is 11 per cent, of which carry forward shall not constitute more than 6 per cent.

(A)(iii) No carryover shall be available for application in the 1 April 1992 - 31 March 1993 agreement period. No carry forward shall be available for application in the final agreement period.

(B) For the purposes of the agreement, a shortfall occurs when exports of textiles or textile products of Panama 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 3, when such exports are below the limit as decreased).

(C) The Government of Panama will 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 carry forward, subject to the provisions set out above. 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 will not prejudice the outcome of any consultations that may be held between our governments concerning the amounts of available carryover and carry forward.

4. The guaranteed access levels as agreed to in the exchange of letters dated 6 November 1991 and 29 November 1991 will remain unchanged.

5. The provisions of the visa arrangement will govern the licensing and/or certification of exports of all textile and apparel products from Panama to the United States.

6. 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 this agreement conforms with the understanding of the Government of Panama, this note and the Ministry's note of confirmation shall constitute an agreement between the two governments.

The Embassy of the United States of America avails itself of this opportunity to reiterate to the Ministry of Foreign Relations of the Republic of Panama the assurances of its highest consideration.

Embassy of the United States of America
Panama, 16 March 1992

ANNEX A

<u>Description</u>	<u>Conversion factor</u>	<u>Unit</u>
347 Men's and boys' trousers, slacks, and shorts	14.9	Doz
348 Women's and girls' trousers, slacks, and shorts	14.9	Doz

ANNEX B

<u>Category</u>	<u>1.4.91-31.3.92</u>	<u>1.4.92-31.3.93</u>	<u>1.4.93-31.3.94</u>
347/348	450,000 dozen	700,000 dozen	742,000 dozen

Republica de Panama
Ministerio de Relaciones Exteriores
Panama 4, Panama

Panama Note

DGAJT/DT/150

The Ministry of External Relations presents its compliments to the United States Embassy and has the honour to acknowledge the receipt of the Embassy's Note No. 221 of 16 March 1992 reading as follows:

"US Note"

The Ministry of External Relations has the honour to communicate to the Embassy of the United States of America that the above proposal is acceptable to the Government of the Republic of Panama and that the Embassy's note and the present note constitute an agreement between our two Governments.

The Ministry of External Relations takes this opportunity to express to the Embassy of the United States of America the renewed assurances of its highest consideration.

Panama City, 10 April 1992

A la Honorable
Embajada de los Estados
Unidos de América
Ciudad.

No. 2001

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Relations of the Republic of Panama and has the honour to refer to the Memorandum of Understanding on textiles and apparel Trade signed by the Government of the United States and the Government of Panama on 6 November 1991. The Government of the United States has the further honour to refer to Section 204 of the Agricultural Act of 1956.

The Government of the United States has the honour to propose the following quota levels for Category 347/348 (cotton trousers, shorts and breeches):

Designated Consultation Levels:

<u>Category</u>	<u>1.4.91-31.3.92</u>	<u>1.4.92-31.3.93</u>	<u>1.4.93-31.3.94</u>
347/348	350,092 dozen	350,092 dozen	350,092 dozen

If the Government of Panama wishes to export textile products to the United States in excess of the applicable designated consultation levels, the Government of Panama shall request higher levels. The Government of Panama agrees that requests for increases to the designated consultation level will also be subject to the criteria specified in the Memorandum of Understanding of 6 November 1991. The United States Government shall consider such requests sympathetically. Until a mutually satisfactory change in the designated consultation level in question can be established, shipments shall not exceed the existing designated consultation level. Either Government may request consultations to discuss requests for designated consultation level increases.

The categories and products listed in the Memorandum of Understanding of 6 November 1991 as designated consultation levels are those which the Government of Panama intends to export to the United States, which are not eligible for the Caribbean Basin Textile Special Access Programme and are subject to designated consultation levels (DCLs).

The Government of the United States has the further honour to propose the following guaranteed access levels:

<u>Category</u>	<u>1.2.92-31.3.93</u>	<u>1.4.93-31.3.94</u>
347/348	400,000 dozen	400,000 dozen

If the Government of Panama wishes to apply for a new guaranteed access level or if it wishes to export textile products to the United States under the Caribbean Basin Special Access Programme in excess of the existing guaranteed access level, the Government of Panama shall submit a request for a new or increased level. The Government of the United States shall consider such requests sympathetically. The Government of the United States shall respond promptly and make every effort to resolve the issue within 30 United States working days of the receipt of the initial request by the United States Government in Washington. Among other factors, the US Government will take into consideration export

performance, current levels of exports, unused production capacity, expected new investment, and the potential for market disruption, taking into account the United States origin content of the product. If the Government of the United States fails to reply within 30 US working days, the level requested by the Government of Panama becomes the new guaranteed access level. If the Government of the United States is unable to comply fully with the request due to problems of market disruption or the real risk thereof as described in Annex A of the Multi-fibre Arrangement (MFA) as extended (providing that, at the time, both countries are signatories of the current protocol to the MFA) in the category or product subject to such a request the Government of the United States will so inform the Government of Panama within thirty United States working days. In this case, until a mutually satisfactory change in the guaranteed access level in question is established, shipments shall not exceed the existing guaranteed access level. The United States response will be supported by data which form the basis of the position it has taken. Either Government may request consultations to discuss requests for guaranteed access level increases.

The products and the categories listed as guaranteed access levels in the Memorandum of Understanding of 6 November 1991 are those which the Government of Panama intends to export to the United States under the Caribbean Basin Textile Special Access Programme. These products which are defined in paragraph 4 (A) and 4 (B) of the amended visa arrangement, are subject to the annual guaranteed access level specified in the Memorandum of Understanding.

If the foregoing is acceptable to the Government of Panama, this note and the note of acceptance on behalf of the Government of Panama shall constitute an agreement between the two Governments.

The Embassy of the United States of America avails itself of this opportunity to reiterate to the Ministry of Foreign Relations of the Republic of Panama the assurances of its highest consideration.

Embassy of the United States of America
Panama, 22 November 1991

The Governments of the United States and Panama exchanged notes in Panama City 22 November and 29 November 1991, respectively, to effect an agreement relating to trade in textiles and textile products between the United States and Panama. Texts of the notes follow.

(United States Note No. 2001 and Panamanian Note No. DGAJT/DT/486)

Republic of Panama
Ministry of Foreign Relations
Panama 4, Panama

DGAJT/DT/486

The Ministry of Foreign Relations presents its compliments to the Embassy of the United States of America and has the honour to acknowledge receipt of its Note Verbale No. 2001 of 22 November 1991, which reads as follows:

[The Spanish translation of US Embassy Note Verbale No. 2001 dated 22 November 1991, agrees in all substantive respects with the original English text with the following exception:

Paragraph 3, line 9, "Until a mutually satisfactory change ..." has been rendered in Spanish as "Until a --- satisfactory change..."].

The Ministry of Foreign Relations has the honour to inform the Embassy of the United States of America that the foregoing proposal is acceptable to the Government of the Republic of Panama and that the US Embassy Note and this reply constitute an agreement between our two Governments.

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

Panama, 29 November 1991

[Signature]

[Ministry stamp]

Embassy of the United States of America,
Panama City, Panama.