

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1813\*

15 December 1992

Special Distribution

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Textiles Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification under Article 4:4

#### Bilateral agreement between the United States and the Dominican Republic

The Textiles Surveillance Body received a notification from the United States of a bilateral agreement concluded with the Dominican Republic for the period 1 June 1991 to 31 December 1993, superseding the previous agreement which was valid until 31 May 1992.<sup>1</sup>

The TSB, pursuant to its<sup>2</sup> procedures regarding bilateral agreements notified 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 previous agreement is contained in COM.TEX/SB/1471.

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

\* English only/Anglais seulement/Inglés solamente

**EMBASSY OF THE UNITED STATES OF AMERICA**

**Note No. 77**

The Embassy of the United States of America presents its compliments to the Secretariat of State for Foreign Relations of the Dominican Republic 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 adopted respectively on 14 December 1977, 22 December 1981, 31 July 1986 and 31 July 1991, at Geneva (hereinafter referred to as "The Arrangement") and to the speech given by Ronald Reagan, President of the United States of America, in Grenada on 20 February 1986. The Embassy also refers to discussions between the Governments of the Dominican Republic and the United States of America held in Santo Domingo on 5-6 March 1992 and in Washington 23-24 April 1992, concerning Cotton, Wool and Man-made Fibre Textiles and Textile Products manufactured in the Dominican Republic and exported to the United States of America. As a result of these discussions, and under Article 4 of the Arrangement, the Embassy of the United States has the honour to propose, on behalf of the Government of the United States, the following Agreement relating to trade in Cotton, Wool and Man-made Fibre Textiles and Textile products between the Government of the Dominican Republic and the Government of the United States of America.

**AGREEMENT TERM**

1. The term of this agreement will be the period from 1 June 1991, through 31 December 1993, unless a new Uruguay Round Textile Arrangement is implemented before 1 January 1993. Each "Agreement period" shall be a twelve-month period from 1 January of a given year to 31 December of the same year, with the exception of the first period, which is from 1 June 1991 to 31 December 1991.

**COVERAGE AND CLASSIFICATION OF AGREEMENT**

2. Textiles and textile products covered by this agreement are those set forth in Annex A. The system of categories and the rates of conversion into square meter equivalents listed in Annex A shall apply in implementing this agreement.

A. 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 or man-made fibre 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 System are likewise to be disregarded here. 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 the 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, 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.
- (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 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; or
- (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.

B. Coverage under the preceding paragraph is intended to be identical with the terms of Article 12 of the Arrangement Regarding International Trade in Textiles. In the event of a question regarding whether a product is covered by this agreement by virtue of being chief weight cotton, wool, and man-made fibre, the chief value of the fibres may be considered.

#### **MERGED CATEGORIES AND CONVERSION FACTORS**

3. For purposes of this agreement, and in recognition of the pattern of trade between the Dominican Republic and the United States, the categories below are merged and treated as single categories, with relevant conversion factors, as indicated:

<b>Categories Merged</b>	<b>Designation in Agreement</b>	<b>Conversion Factor</b>
338, 638	338/638	9.7
339, 639	339/639	9.36
340, 640	340/640	20.1
342, 642	342/642	14.9
347, 348, 647, 648	347/348/647/648	14.9
347, 348	347/348	14.9
351, 651	351/651	43.5
647, 648	647/648	14.9

#### **GUARANTEED ACCESS LEVELS (GALs)**

4. The categories in Annex B are those which the Government of the Dominican Republic intends to export to the United States under the Caribbean Basin Special Access Programme for textiles. These products, which will be:

-- assembled in the Dominican Republic of United States-formed fabrics, cut in the United States for re-export to the United States under contracts governed by USTS item number 9802.00.8010 under the Harmonized Commodity Code, or

-- assembled in the Dominican Republic of United States-formed fabrics, cut in the United States and then subject to bleaching, acid washing, stonewashing, permapressing or garment dyeing in the Dominican Republic following assembly, for re-export to the United States under contracts governed by the statistical headnote under Chapter 62 of the Harmonized Commodity Code, as implemented by the Government of the United States requiring the use of the statistical prefix "H"; are subject to the annual Guaranteed Access Levels (GALs) specified in Annex B.

A. If the Government of the Dominican Republic wishes to apply for a new Guaranteed Access Level (GAL) or to export textile products to the United States under the Caribbean Special Access Programme for textiles in excess of the existing GAL, the Government of the Dominican Republic shall submit a request for a new or increased level. The Government of the United States shall consider such requests sympathetically and respond promptly within 30 US working days of the receipt of the initial request in Washington. Among other factors, the Government of the United States will take into consideration export performance, current level of exports, unused production capacity, expected new investment, and the potential for market disruption, taking into account the United States content of the product.

B. If the Government of the United States fails to reply within 30 US working days, the request of the Government of the Dominican Republic 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, as described in Annex A of the Arrangement, or the real risk thereof, in a category or product subject to such request, the Government of the United States will so inform the Government of the Dominican Republic within 30 US working days. In this case, until a mutually satisfactory change in the GAL in question is established, shipments shall not exceed the existing GAL. 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 such request for increases in GALs.

#### **SPECIFIC LIMITS**

5. The categories and products in Annex C are those which the Government of the Dominican Republic intends to export to the United States which are not eligible for the Caribbean Basin Special Access Programme for textiles, and which are subject to Specific Limits (SLs).

#### **DESIGNATED CONSULTATION LEVEL (DCLs)**

6. A. The categories and products listed in the agreement as Designated Consultation Levels are those which the Government of the Dominican Republic 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).

B. If the Government of the Dominican Republic wishes to export textile products to the United States in excess of the applicable DCLs, the Government of the Dominican Republic shall request the higher levels. 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 US working days of the receipt by the United States Government in Washington of the initial request. Until a mutually satisfactory change in the consultation level in question is established, shipments shall not exceed the existing DCL. 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 Arrangement, in the category or product subject to such a request, the Government of the United States will so inform the Government of the Dominican Republic. Either Government may request consultations to discuss such requests for DCL increases.

#### OTHER CATEGORIES AND PRODUCTS

7. Categories and products not included in Annex B (GALs) Annex C (SLs) or Annex D (DCLs) are free of all restrictions at this time, but each Government reserves its rights to take action in accordance with the Arrangement with respect to these categories and products.

#### FLEXIBILITY ADJUSTMENTS

8. A. Any adjustments permitted under this paragraph are not included under specific limits listed in Annex C.

B. During any agreement period, any specific limit may be exceeded by not more than seven (7) per cent swing, provided that a corresponding reduction in square meters equivalent is made in other specific limits during the same agreement period. There is an exception in the case of Categories 338/638 and 339/639. There will be a special shift in dozens of an extra ten (10) per cent in either direction between Categories 338/638 and 339/639. This is in addition to the normal seven per cent swing.

C. (I) The extent to which any specific limit may be exceeded 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 eleven (11) per cent, of which carry forward shall not constitute more than seven (7) per cent.

(II) No carry forward shall be available for application in the final agreement period.

D. For purposes of this agreement, a shortfall in a specific limit occurs when exports of textiles or textile products of the Dominican Republic to the United States during any agreement period are below the applicable specific limit as set out in Annex C or, in the case of any limit decreased pursuant to the provisions of this paragraph, when such exports are below the specific limit as decreased.

E. The Government of the United States may apply flexibility under this paragraph to specific limits on any category or product 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 flexibility will be re-credited to the donor limit. This procedure will not prejudice the outcome of any consultations between our Governments concerning the amounts of flexibility available.

**OVERSHIPMENT CHARGES**

9. A. Products of the Dominican Republic shipped in excess of authorized levels in any agreement period may be denied entry into the United States. Any such shipments denied entry into the United States may be permitted entry in the succeeding agreement period and charged to the applicable limit. The Government of the United States of America shall inform the Government of the Dominican Republic of such charges.

B. Products of the Dominican Republic shipped in excess of authorized levels in any agreement period will, if entered into the United States during that agreement period, be charged to the applicable level in the succeeding agreement period.

C. Any action taken pursuant to this paragraph will not prejudice the rights of either side regarding consultations.

**SPACING PROVISIONS**

10. The Government of the Dominican Republic shall use its best efforts to space exports of its products to the United States within each category evenly throughout each agreement period, taking into consideration normal seasonal factors.

**US ASSISTANCE IN IMPLEMENTATION OF THE LIMITATION PROVISIONS**

11. The Government of the Dominican Republic shall administer its export control system under this agreement. The Government of the United States may assist the Government of the Dominican Republic in implementing the provisions of this agreement by controlling imports by the date of export of textiles and textile products covered by the agreement.

**EXCHANGE OF DATA**

12. A. In accordance with their respective domestic laws, the Government of the United States shall promptly supply to the Government of the Dominican Republic statistics on monthly imports of textiles and textile products covered by this agreement into the United States from the Dominican Republic. The Government of the Dominican Republic shall promptly supply the Government of the United States with statistics on monthly exports of textiles and textile products covered by this agreement from the Dominican Republic to the United States. Each Government agrees to supply promptly any other statistical data necessary to the implementation of this agreement.

B. In order to assist the Government of the Dominican Republic discharge its obligations under Paragraph 12(A), the Government of the United States shall endeavour to provide to the Government of the Dominican Republic, if requested, technical assistance, including training, to upgrade and simplify existing data gathering procedures.

**MUTUALLY SATISFACTORY ADMINISTRATIVE ARRANGEMENTS**

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 or procedure or operation.

**CONSULTATION ON IMPLEMENTATION QUESTIONS**

14. The Government of the United States and the Government of the Dominican Republic agree, upon request of the other, to consult on any question arising in the implementation of this agreement.

**RIGHT TO PROPOSE AMENDMENTS TO THE AGREEMENT**

15. The Government of the Dominican Republic and the Government of the United States may at any time propose amendments in the terms of this agreement. Each agrees to consult promptly with the other about such proposals with a view to making such amendments to this agreement, or taking such other appropriate action as may be mutually agreed upon.

**CONSULTATIONS IN CASE OF INEQUITY VIS-A-VIS A THIRD COUNTRY**

16. If either Government considers that as a result of any provision of this agreement, it is being placed in an inequitable position in relation to a third country, either Government may request consultations with the other with a view to taking appropriate remedial actions, such as a reasonable modification of this agreement.

**VISA AND CERTIFICATION SYSTEM**

17. Both Governments agree to maintain a correct category/correct quantity visa and certification system for items covered by this agreement in accordance with the terms of the visa administrative arrangement concluded between the two Governments.

**COOPERATION IN THE PREVENTION OF CIRCUMVENTION**

18. A. Subject to domestic laws, and pursuant to paragraph 16 of the 31 July 1986 Protocol to the Arrangement, and bearing in mind the provisions of paragraph 9(B) of this agreement, the competent authorities of the Dominican Republic shall cooperate with the competent authorities of the United States in ensuring that the agreement is not circumvented by transshipment, re-routing, misdescription, under-invoicing or by whatever means. To this end, the competent authorities of the Dominican Republic and those of the United States shall assist each other:

(I) In securing documents, correspondence and reports considered relevant to investigations;

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



(III) By facilitating personal interviews designed to ascertain needed facts.

B. Where information available to the Government of the Dominican Republic or to the Government of the United States, as a result of investigation, constitutes evidence that products subject to this agreement have been transshipped, re-routed, misdescribed or otherwise traded in circumvention of this agreement, either government may request consultations with a view to taking remedial measures, including, as relevant:

(I) Adjusting to an equivalent degree the corresponding agreed levels established under the agreement;

(II) Prohibiting, in accordance with any relevant domestic laws, any person or firm from participating in the special access programme if it is determined that such person or firm has committed fraud or circumvention of this agreement while participating in the Special Access Programme.

#### EXCHANGE OF INFORMATION

19. Subject to domestic laws, each Government agrees to supply promptly any information reasonably believed to be necessary to the enforcement of this agreement requested by the other Government.

#### RIGHT TO TERMINATE THE AGREEMENT

20. Either Government may terminate this Agreement, effective at the end of an agreement, 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 to the understanding of the Government of the Dominican Republic, this note and your Excellency's Note of confirmation shall constitute an agreement between our two countries.

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Signature

EMBASSY OF THE UNITED STATES  
SANTO DOMINGO, D.N.,

\_\_\_\_\_  
Date

## ANNEX A

Category	Description	Conversion factor (square meter equivalent)	Unit of measure
<b>COTTON</b>			
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
342	Skirts	14.9	Doz
347	M and B trousers, slacks and shorts	14.9	Doz
348	W and G trousers, slacks and shorts	14.9	Doz
351	Nightwear and pyjamas	43.5	Doz
<b>WOOL</b>			
433	M and B suit-type coats	30.1	Doz
448	W and G trousers	15.0	Doz
<b>MAN-MADE FIBRE</b>			
633	M and B suit-type coats	30.3	Doz
638	M and B knit shirts	15.0	Doz
639	W and G knit shirts and blouses	12.5	Doz
640	M and B shirts, not knit	20.1	Doz
642	Skirts	14.9	Doz
647	M and B trousers, slacks and shorts	14.9	Doz
648	W and G trousers, slacks and shorts	14.9	Doz
651	Nightwear	43.5	Doz

**ANNEX B**

**GUARANTEED ACCESS LEVELS (GALs)**

Category	Period		
	1.6.91-31.12.91	1.1.92-31.12.92	1.1.93-31.12.93
338/638	583,333 Doz	1,000,000 Doz	1,000,000 Doz
339/639	583,333 Doz	1,000,000 Doz	1,000,000 Doz
340/640	583,333 Doz	1,000,000 Doz	1,000,000 Doz
342/642	583,333 Doz	1,000,000 Doz	1,000,000 Doz
347/8/647/8	2,963,333 Doz	7,000,000 Doz	7,000,000 Doz
351/651	583,333 Doz	1,000,000 Doz	1,000,000 Doz
433			21,000 Doz
448		40,000 Doz	40,000 Doz
633	23,333 Doz	40,000 Doz	40,000 Doz

**ANNEX C**

**SPECIFIC LIMITS**

Category	Period		
	1.6.91-31.12.91	1.1.92-31.12.92	1.1.93-31.12.93
338/638	312,642 Doz	554,715 Doz	602,201 Doz
339/639	312,642 Doz	617,682 Doz	716,620 Doz
340/640	295,273 Doz	552,067 Doz	619,933 Doz
342/642	226,491 Doz	401,860 Doz	436,261 Doz
347/8/647/8	694,759 Doz	1,400,000 Doz	1,484,000 Doz
(347/348)	486,331 Doz	1,050,000 Doz	1,113,000 Doz
(647/648)	416,856 Doz	739,621 Doz	783,998 Doz
351/651	371,000 Doz	673,990 Doz	743,194 Doz
433			20,413 Doz
448		35,204 Doz	35,704 Doz
633	42,931 Doz	80,723 Doz	90,962 Doz

**ANNEX D**

**DESIGNATED CONSULTATION LEVELS**

Category	Period	
	1.6.91-31.12.91	1.1.92-31.12.92
448	43,750 Doz	
433		27,474 Doz

The Embassy of the United States avails itself of the opportunity to renew assurances of its highest consideration to the Secretariat of State for Foreign Relations.

Embassy of the United States of America  
Santo Domingo, 11 June 1992