

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
COM.TEX/SB/1929*
18 August 1994
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Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

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

The Textiles Surveillance Body received a notification from the United States of an extension with amendments of its agreement with the Philippines for the period 1 January 1994 to 31 December 1995.¹

The TSB, pursuant to its procedures regarding notifications received under Article 4², has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.

¹The agreement and a previous extension are contained in COM.TEX/SB/1304 and 1795.

²See COM.TEX/SB/35, Annex B.

*English only/Anglais seulement/Inglés solamente

The Department of State refers the Embassy of the Republic of the Philippines to the Arrangement Regarding International Trade in Textiles done at Geneva on 20 December 1973, as extended, (the Arrangement) and to the Agreement on Trade in Cotton, Wool, Man-Made Fibre Textiles and Textile Products and Silk-blend and Other Vegetable Fibre Apparel between the Government of the Republic of the Philippines and the Government of the United States of America dated 6 March 1992, as amended (the Agreement).

The Department of State also refers to discussions between representatives of the Government of the Republic of the Philippines and the Government of the United States of America in Washington 28-29 September 1993, 18 November 1993, and 25-26 January 1994, concerning exports to the United States of cotton, wool, man-made fibre, silk-blend and non-cotton vegetable fibre textiles and textile products manufactured in the Republic of the Philippines and to the memorandum signed by representatives of our two Governments on 26 January 1994.

As a result of the above mentioned discussions and Memorandum of Understanding, and in conformity with Article 4 of the Arrangement, the Department of State wishes to propose the amendment and extension of the Agreement between the Government of the Republic of the Philippines and the Government of the United States of America as enclosed with this note.

Department of State,
Washington

10 March 1994

Enclosure: as stated.

Agreement Term

1. The term of this Agreement shall be extended for two calendar years through 31 December 1995. Each "Agreement Period" shall be a twelve-month period from 1 January of a given year to 31 December of the same year.

Coverage and Structure

2. (a) Textiles and textile products covered by this Agreement are those set forth in Annex A.
- (b) Textiles and textile products covered by this Agreement shall be structured in two groups, as follows:
 - (i) Group I: cotton, wool and man-made fibre apparel and non-apparel products subject to the Specific Limits set forth in Annex B.
 - (ii) Group II: cotton, wool and man-made fibre textiles and textile products and silk-blend and vegetable fibre apparel not included in either Group I or subject to a Designated Consultation Level at the time of signature of the Agreement. The Group II limits are set forth in Annex B.
 - (iii) Designated Consultation Levels are set forth in Annex B.
- (c) Properly marked commercial samples valued at \$250 or less and items for personal use of the importer and not for re-sale shall not be subject to the limits set forth in this Agreement.

Classification

3. (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, man-made fibre, silk-blends, and vegetable fibres other than cotton, 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.
- (b) 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 wool textile.
- (iii) Wool textiles if neither of the foregoing applies, and the product is in chief weight of wool.
- (iv) Silk or vegetable fibre other than cotton textiles, if none of the foregoing applies and the product is in chief weight of silk or non-cotton vegetable fibre, unless:
 - (a) 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;
 - (b) if not covered by (iv)(a) and wool exceeds 17 per cent by weight of all component fibres, in which case the product will be considered a wool textile;
 - (c) if not covered by (iv)(a) or (b) 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.
- (v) 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), and products other than garments which contain 85 per cent or more by weight silk, 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 subparagraph (b)(iv)(b).

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 chief weight of cotton, wool, man-made fibre, silk, or non-cotton vegetable fibre, the chief value of the fibres may be considered.

Merged Categories

4. (a) The system of categories and the rates of conversion into square meters equivalent listed in Annex A shall apply in implementing this Agreement, except as provided for in paragraph 4 hereof.
- (b) For the purposes of this Agreement, the categories listed below are merged and treated as single categories as indicated:

Category	Designation in agreement	Conversion factor to SME	Unit
331 and 631	331/631	2.9	dpr.
333 and 334	333/334	34.53	doz.
338 and 339	338/339	6.0	doz.
340 and 640	340/640	20.1	doz.
341 and 641	341/641	12.1	doz.
342 and 642	342/642	14.9	doz.
347 and 348	347/348	14.9	doz.
351 and 651	351/651	43.5	doz.
352 and 652	352/652	11.3	doz.
359-C and 659-C	359-C/659-C	10.1	kg.
445 and 446	445/446	12.4	doz.
638 and 639	638/639	12.96	doz.
645 and 646	645/646	30.8	doz.
647 and 648	647/648	14.9	doz.

Limits

5. Commencing with the first Agreement Period and during the subsequent term of this Agreement, the Government of the Philippines shall limit annual shipments to the United States of textiles and textile products to the Group Limit, Specific Limits and Designated Consultations Levels set out in Annex B. The limits may be adjusted in accordance with paragraph 6.

Flexibility Adjustments

6. (a) (i) During any Agreement Period the Group II limit set forth in Annex B may be exceeded by seven per cent swing, and 15 per cent special shift, provided a corresponding reduction is made in one or more Specific Limits in Group I.

- (ii) The Specific Limits set forth in Annex B do not include any adjustments permitted under paragraph 6.
- (iii) During any Agreement Period, any Specific Limit may be increased by not more than seven (7) per cent swing, provided a corresponding reduction is made to another Specific Limit and/or to the Group II limit.
- (iv) In addition to the adjustments pursuant to subparagraph 6(a)(iii), during any Agreement Period special shift into category 239 shall be available from any Specific Limit which currently includes infants' wear. The special shift shall be limited to 85 per cent of the donor category limit. The donor category's limit shall be reduced by a corresponding amount.
- (v) During any Agreement Period the Specific Limit for category 239 may be increased by not more than 8,403,080 square metres provided that a corresponding reduction is made in the Group II limit.
- (vi) During any Agreement Period, special shift shall be available for the remainder of the Agreement as follows:
 - (a) special shift may be taken out of category 643, as available, up to 20 per cent of the base limit for that category. That quantity, converted from units to dozens, may be shifted to the limits for categories 633 and 647/648;
 - (b) special shift may be taken out of category 335, as available, up to 30 per cent of the base limit for that category. That quantity, calculated in dozens, may be shifted to the limit for category 333/334. The sublimit for category 333 shall remain as stated in the Agreement;
 - (c) special shift of up to 20 per cent shall be available for category 634 to be taken out of category 635; or, special shift of up to 30 per cent shall be available for category 633 to be taken out of category 634. The combination of special shift into category 633 and category 634 shall not exceed 30 per cent. The special shift shall be calculated on the base limit of the receiving category with an equal quantity in dozens deducted from the Specific Limit of the donor category;
 - (d) special shift may be taken out of category 341/641, as available, up to 10 per cent of the base limit for that category. That quantity, calculated in dozens, may be shifted to the limit for category 340/640;
 - (e) special shift of 15 per cent shall be available between categories 338/339 and 638/639;
 - (f) special shift of 10 per cent shall be available between categories 347/348 and 647/648;
 - (g) special shift shall be available between categories 351/651 and 350 in the amount of 10 per cent (calculated on the base level of the receiving category, provided a corresponding quantity in square metres equivalent is deducted from the donor category);

- (h) special shift shall be available between categories 237 and 359-C/659-C in the amount of 20 per cent (in square metres equivalent, to be calculated against the base level of category 237);
 - (i) special shift shall be available between categories 336 and 636 in the amount of 20 per cent;
 - (j) special shift shall be available between categories 331/631 and 659-H in the amount of 20 per cent (calculated on the base level of the receiving category, provided a corresponding quantity in square metres equivalent is deducted from the donor category);
 - (k) special shift shall be available between category 335 and category 635 in the amount of 30 per cent;
 - (l) special shift shall be available between categories 347/348 and 847 in the amount of 10 per cent;
 - (m) special shift shall be available between categories 333/334 and 634 in the amount of 10 per cent.
- (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.
- (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.
- (iii) Carryover and carry forward shall be available between the 1993 and 1994 Agreement Periods. No carry forward shall be available for application in the final Agreement Period.
- (iv) The Government of the United States may apply flexibility under paragraphs 6(b)(i) and (ii) to any Specific Limits 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 utilized they will be implemented by means of carryover and carry forward in that order. Any unused flexibility will be reccredited to the donor limit. This procedure will not prejudice the outcome of any consultations between our Governments concerning the amounts of flexibility available.
- (c) For the purposes of the Agreement, a shortfall in a Specific Limit or the Group II limit occurs when textiles or textile products of the Philippines exported to the United States during any Agreement Period are less than the applicable Specific Limit or Group II limit as set out in Annex B or, in the case of any limit decreased pursuant to paragraph 6(a) or 6(b), when such exports are below the Specific Limit or Group II limit, as decreased.

Designated Consultation Levels

7. In the event the Government of the Republic of the Philippines wishes to export to the United States of America textiles and textile products in excess of any applicable Designated Consultation Level, the Government of the Republic of the Philippines shall request the higher levels and the Government of the United States of America shall consider the request sympathetically and shall respond within 30 days. If, because of problems of market disruption, as defined in Annex A of the Arrangement, in the United States of America, in a category subject to such a request, the United States of America is unable to comply fully, the Government of the United States will so inform the Government of the Philippines and will supply data which form the basis for the position taken by the Government of the United States of America. If requested by the Government of the Philippines, the Government of the United States will consult promptly respecting the presence or absence of market disruption.

United States Assistance in Implementation of the Limitation Provisions

8. (a) The Government of the Philippines shall administer its export control system under this Agreement. The Government of the United States may assist the Government of the Philippines in implementing the limitation provisions of this Agreement by controlling imports of textiles and textile products covered by this Agreement.
- (b) Products of the Philippines exported 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) Products of the Philippines shipped in excess of applicable limits in any Agreement Period will, if allowed entry into the United States during that Agreement Period, be charged to the applicable limit in the succeeding Agreement Period.
- (d) Any action taken pursuant to paragraphs 7(a) and 7(b) above, will not prejudice the rights of either side regarding consultations.

Spacing Provisions

9. The Government of the Philippines shall use its best efforts to space exports to the United States within each category or product evenly throughout each Agreement Period, taking into consideration normal seasonal factors.

Exchange of Data

10. (a) The Government of the United States shall promptly supply the Government of the Philippines with data on monthly imports of cotton, man-made fibre, and wool textiles and textile products and silk-blend and other vegetable fibre apparel into the United States from the Philippines.
- (b) The Government of the Philippines 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 silk-blend and other vegetable fibre apparel from the Philippines to the United States of America.

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

Mutually Satisfactory Administrative Arrangements

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

Consultations on Implementation Questions

12. The Government of the United States and the Government of the Philippines 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

13. The Government of the United States and the Government of the Philippines may at any time, including the period following the establishment of any successor to the current Arrangement, propose revisions to the terms of the 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.

Consultation in Case of Inequity *Vis-a-Vis* a Third Country

14. If the Government of the Philippines considers that, as a result of limitations specified in this Agreement, it is being placed in an inequitable position in relation to a third country, the Government of the Philippines may request consultations with the Government of the United States with a view to taking appropriate remedial actions, such as a reasonable modification of this Agreement.

Consultation Mechanism

15. (a) In the event that the Government of the United States believes that imports of textile and apparel products from the Philippines in categories listed in Annex A to this Agreement (textiles and apparel made of cotton, wool, and man-made fibre and apparel made of silk-blends and vegetable fibres other than cotton) and not subject to Specific Limits or Designated Consultation Levels 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 may request consultations with the Government of the Philippines with a view to easing or avoiding such market disruption or the real risk thereof. The Government of the United States will provide the Government of the Philippines, at the time of the request, with a statement of reasons for the request for consultations which in the view of the Government of the United States demonstrates:
- (i) the existence or real risk of market disruption; and
 - (ii) the role of products of the Philippines in that disruption or risk of disruption.

- (b) The Government of the Philippines agrees to consult with the Government of the United States within 30 days of receipt of the request for consultations. Both sides agree to make every effort to reach agreement on a mutually satisfactory solution of the issue within 90 days of the receipt of such request, unless extended by mutual agreement.
- (c) During the 90 day consultation period, the Government of the Philippines agrees to hold its shipments to the United States, whether direct or indirect, of textiles or textile products 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 U.S. General Import Statistics, during the first twelve of the most recent fourteen months preceding the month in which the request for consultations was made.
- (d) If no mutually satisfactory solution is reached during the 90 day consultation period, the Government of the United States may establish annual Specific Limits for textiles or textile products in the category or categories subject to these consultations for the duration of the Agreement. The Specific Limit will not be less than the amount, as reported in U.S. General Import Statistics, entered during the first twelve of the most recent fourteen months preceding the month in which the request for consultations was made, plus twenty (20) per cent for cotton, man-made fibre, and apparel made of vegetable fibres and silk-blends, and six (6) per cent for wool product categories.
- (e) The first term of any Specific Limit established under the preceding subparagraph will be effective for the period beginning on the first day following the conclusion of the consultation period and ending on the last day of the Agreement Period in which the Specific Limit was established. If a Specific Limit is established, the Specific Limit and any available swing or carry forward will be prorated to correspond to the period of time remaining in the existing Agreement Period. Carryover will not be available in the first Agreement Period following the 90 day consultation period. For each remaining agreement period any Specific Limits established under this provision will be increased by six (6) per cent annual growth per year in the case of cotton, man-made fibre, vegetable fibres other than cotton, and silk-blend product categories, and one per cent in the case of wool product categories.

Article 3 Procedures

16. For the duration of this Agreement, the Government of the United States shall not invoke the procedures of Article 3 of the Arrangement to request restraint on the exports of cotton, wool and man-made fibre textiles and textile products to the United States and covered by this Agreement. The Government of the United States and the Government of the Philippines reserve their rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

Philippine Products

17. Philippine folklore and handicraft items listed in Annex C are exempt from this Agreement.

Visa System

18. Both Governments agree to maintain the visa and certification system effected by exchange of letters dated 1 July and 7 July 1976, to be amended to conform with the provisions of this Agreement.

Cooperation in Prevention of Circumvention

19. The Government of the United States and the Government of the Philippines recognize and acknowledge the seriousness of the problems facing each country in dealing with illegal transshipments. Both countries recognize that such transshipment is detrimental to the economic interests of each country and that the current process for addressing individual cases of transshipment has been too slow. In an effort to speed up the process of addressing specific instances of transshipment and to promote greater cooperation and effort to address transshipment, both countries agree as follows:

- (A) The Government of the United States and the Government of the Philippines agree to take measures necessary to address, to investigate and, where appropriate, to take legal and/or administrative action to prevent circumvention of this Agreement by transshipment rerouting, false declaration concerning country of origin, falsification of official documents or any other means;
- (B) Both parties agree to the speedy implementation of an electronic visa verification system as an important means of preventing circumvention and transshipment;
- (C) Both parties agree to cooperate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention of the agreement, to address problems arising from circumvention and to establish the relevant facts in the places of import, export and, where applicable, transshipment. Such cooperation, to the extent consistent with domestic laws and procedures, will include investigation of circumvention practices; exchange of documents, correspondence, reports and other relevant information to the extent available; and facilitation of impromptu plant visits, in accordance with agreed procedures, and contacts by representatives of either party, upon request and on a case-by-case basis;
- (D) If either party believes that this Agreement is being circumvented, it may request consultations to address the matter or matters concerned with a view to seeking a mutually satisfactory solution. Each party agrees to hold such consultations promptly, beginning within 30 days of a request by a party and concluding within 90 days, unless extended by mutual agreement, and to cooperate fully in terms of the elements set out in paragraph (c) above;
- (E) Should the parties be unable to reach a satisfactory solution in the course of the consultations called for under paragraph (d), then the Governments of the Philippines and the United States agree that in cases where clear evidence regarding circumvention has been provided, the United States may deduct from the quantitative limits for that agreement period amounts equivalent to the amount of transshipped products of Philippines origin. In addition, consistent with their domestic laws and procedures, the Governments of the Philippines and the United States agree that deductions from the quantitative limits established under this agreement may be made in those instances in which: (a) the United States possesses clear evidence showing a substantial likelihood that circumvention has occurred; (b) the United States has requested from the Government of the Philippines cooperation or information relevant to the possible circumvention that is of a type that is available to or could reasonably be obtained by the Government of the Philippines; and (c) the Government of the Philippines has not provided such information or cooperation within the period for consultation outlined in paragraph (D). Any such action shall be notified to the TSB with full justification;

- (F) Should the United States choose to exercise its rights under paragraph (E) to deduct an amount or amounts from the quantitative limits of a country where more than two instances of circumvention have been demonstrated within the current or immediately preceding agreement year, then the United States may deduct from the quantitative limit amounts up to three times the amounts transshipped, provided that such deductions are distributed equally in each of the three following years;
- (G) Where there is clear evidence in addition to information that may appear on falsified visas showing that goods originating in another country have been shipped through the Philippines to the United States as though they were products of the Philippines, the Governments of the Philippines and the United States agree to take appropriate action. Such action may include the introduction of restraints in the relevant category or categories or deducting the amount of goods so shipped from the quantitative limits established for the current agreement year under this agreement for shipments originating in the Philippines. Any such actions, together with their timing and scope, may be taken after consultation held with a view of arriving at a mutually satisfactory solution and shall be notified to the TSB with full justification. Such consultations should be held promptly, beginning within 30 days of a request by a party and concluding within 90 days, unless extended by mutual agreement. Should the parties be unable to reach a satisfactory solution, then the Governments of the Philippines and the United States agree that in those instances in which (i) the United States possesses clear evidence showing a substantial likelihood that circumvention has occurred; (ii) the United States has requested from the Philippines cooperation or information relevant to the possible circumvention that is of a type that is available to or could reasonably be obtained by the Government of the Philippines; and (iii) the Government of the Philippines has not provided such information or cooperation within the period for consultations outlined above, the United States may introduce a restraint or, where a restraint already exists, may deduct from the quantitative limits established under this Agreement an amount equivalent to the amount of product transshipped through the Philippines. As soon as the Philippines has sufficiently established that the goods in question have not been transshipped through the Philippines, and the true country of origin has been determined and deductions applied to its quota, the United States shall immediately restore the amounts deducted to their corresponding levels of restraint or remove the new restraints introduced under this provision;
- (H) Should the Government of the Philippines find that goods were imported into the United States using fraudulent visa falsely declaring such items to be a product of the Philippines, then the Government of the Philippines shall notify the Government of the United States. If, after six months from the time at which such notice was given to the United States, no action has been taken or consultations sought with regard to such shipments, and if it has been established that the goods in question are not of Philippine origin, the Government of the Philippines may request consultations with the Government of the United States with a view to seeking a mutually satisfactory solution. Consistent with its domestic laws and procedures, the Government of the United States shall agree to hold such consultations promptly, beginning within 30 days;
- (I) Parties agree that false declaration concerning fibre content, quantities, description or classifications of merchandise also frustrates the objective of this Agreement. Where there is evidence that any such false declaration has been made for purposes of circumvention, both parties agree to take appropriate measures, consistent with

their domestic laws and procedures, against exporters or importers involved. Should either party believe that this Agreement is being circumvented by such false declaration and that no, or inadequate, administrative measures are being applied to address and/or to take action against such circumvention, that party should consult promptly with the party involved with a view to seeking a mutually satisfactory solution. Such consultations should be held promptly, beginning within 30 days of a request by a party and concluding within 90 days, unless extended by mutual agreement. Should the parties be unable to reach a satisfactory solution, then the Government of the Philippines and the United States agree that in cases where evidence regarding such false declarations has been provided, then the United States may deduct from the quantitative limits established for the current agreement year an amount equivalent to the amount of product subject to the false declaration or classification. This provision is not intended to prevent parties from making technical adjustments when inadvertent errors in declarations have been made;

- (J) The parties note that some cases of circumvention may involve shipments transiting through the Republic of the Philippines with no changes or alterations made to the goods in the Republic of the Philippines. They note that it may be generally impracticable for the Government of the Philippines to exercise control over such shipments.

Conforming Clause

20. The provisions set out in paragraphs 3, 6, 7, 8, 9, 10, 11, 12, 18, 19, and the visa arrangement will be directly relevant to the ability of the United States and the Philippines to implement the Uruguay Round Textiles Agreement. Therefore, upon entry into force of the Uruguay Round agreement, those provisions will remain in force and will be notified to the Textiles Monitoring Body.

Right to Terminate the Agreement

21. 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 the foregoing conforms with the understanding of the Government of the Philippines, this note and the note of confirmation on behalf of the Government of the Philippines shall constitute an agreement between our two Governments.

Department of State,
Washington.

Enclosures: Annexes A, B and C

ANNEX A

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.

Category	Description	Conversion Factor	Unit
YARN			
Cotton and man-made fibre:			
200	- Yarns put up for retail sale & 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.
600	- Textured filament yarns	6.5	kg.
603	- Yarn containing 85% or more by weight artificial staple fibre	6.3	kg.
604	- Yarn containing 85% 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.

Category	Description	Conversion Factor	Unit
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 & 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.
Cotton:			
313	- Sheeting	1.0	m ²
314	- Poplin & 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% 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% or more by weight artificial staple fibres	1.0	m ²
613	- Sheeting	1.0	m ²
614	- Poplin & broadcloth	1.0	m ²
615	- Printcloth	1.0	m ²
617	- Twills & sateens	1.0	m ²
618	- Woven artificial filament	1.0	m ²
619	- Polyester filament fabric, less than 170 g/m ²	1.0	m ²
620	- Other synthetic filament fabric	1.0	m ²
621	- Impression fabric	14.4	kg.
622	- Glass fibre fabric	1.0	m ²
624	- Woven man-made fibre fabrics containing more than 15% but less than 36% wool	1.0	m ²

Category	Description	Conversion Factor	Unit
Staple/filament combination:			
625	- Poplin & broad cloth	1.0	m ²
626	- Printcloth	1.0	m ²
627	- Sheeting	1.0	m ²
628	- Twills & sateens	1.0	m ²
629	- Other man-made fibres	1.0	m ²
Silk blend and non-cotton vegetable fibre:			
810	Woven fabric 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' apparel	6.3	kg.
Cotton:			
330	- Handkerchiefs	1.4	doz.
331	- Gloves & mittens	2.9	dpr.
332	- Hosiery	3.8	dpr.
333	- M & B suit-type coats	30.3	doz.
334	- Other M & B coats	34.5	doz.
335	- W & G coats	34.5	doz.
336	- Dresses	37.9	doz.
338	- M & B knit shirts	6.0	doz.
339	- W & G knit shirts & blouses	6.0	doz.
340	- M & B shirts, not knit	20.1	doz.
341	- W & G shirts & blouses, not knit	12.1	doz.
342	- Skirts	14.9	doz.
345	- Sweaters	30.8	doz.
347	- M & B trousers, slacks & shorts	14.9	doz.
348	- W & G trousers, slacks & shorts	14.9	doz.
349	- Brassieres & body supporting garments	4.0	doz.
350	- Dressing gowns, etc.	42.6	doz.
351	- Nightwear & pyjamas	43.5	doz.
352	- Underwear	9.2	doz.
353	- M & B down-filled coats	34.5	doz.
354	- W & G down-filled coats	34.5	doz.
359	- Other cotton apparel	8.5	kg.

Category	Description	Conversion Factor	Unit
Wool:			
431	- Gloves & mittens	1.8	dpr.
432	- Hosiery	2.3	dpr.
433	- M & B suit-type coats	30.1	doz.
434	- Other M & B coats	45.1	doz.
435	- W & G coats	45.1	doz.
436	- Dresses	41.1	doz.
438	- Knit shirts & blouses	12.5	doz.
439	- Infants' wear	6.3	kg.
440	- Shirts & blouses, not knit	20.1	doz.
442	- Skirts	15.0	doz.
443	- M & B suits	3.76	Nos.
444	- W & G suits	3.76	Nos.
445	- M & B sweaters	12.4	doz.
446	- W & G sweaters	12.4	doz.
447	- M & B trousers, slacks & shorts	15.0	doz.
448	- W & G trousers, slacks & shorts	15.0	doz.
459	- Other wool apparel	3.7	kg.
Man-made fibre:			
630	- Handkerchiefs	1.4	doz.
631	- Gloves & mittens	2.9	dpr.
632	- Hosiery	3.8	dpr.
633	- M & B suit-type coats	30.3	doz.
634	- Other M & B coats	34.5	doz.
635	- W & G coats	34.5	doz.
636	- Dresses	37.9	doz.
638	- M & B knit shirts	15.0	doz.
639	- W & G knit shirts & blouses	12.5	doz.
640	- M & B shirts, not knit	20.1	doz.
641	- W & G shirts & blouses, not knit	12.1	doz.
642	- Skirts	14.9	doz.
643	- M & B suits	3.76	Nos.
644	- W & G suits	3.76	Nos.
645	- M & B sweaters	30.8	doz.
646	- W & G sweaters	30.8	doz.
647	- M & B trousers, slacks & shorts	14.9	doz.
648	- W & G trousers, slacks & shorts	14.9	doz.
649	- Brassieres & body supporting garments	4.0	doz.
650	- Dressing gowns, etc.	42.6	doz.
651	- Nightwear & pyjamas	43.5	doz.
652	- Underwear	13.4	doz.
653	- M & B down-filled coats	34.5	doz.
654	- W & G down-filled coats	34.5	doz.
659	- Other man-made fibre apparel	14.4	kg.

Category	Description	Conversion Factor	Unit
Silk-blends and non-cotton vegetable fibre:			
831	- Gloves & mittens	2.9	dpr.
832	- Hosiery	3.8	dpr.
833	- M & B suit-type coats	30.3	doz.
834	- Other M & B coats & jackets	34.5	doz.
835	- W & G coats & jackets	34.5	doz.
836	- Dresses	37.9	doz.
838	- Knit shirts, blouses & tops	11.7	doz.
839	- Infants' wear	6.3	kg.
840	- Not knit shirts & blouses	16.7	doz.
842	- Skirts	14.9	doz.
843	- M & B suits	3.76	Nos.
844	- W & G suits	3.76	Nos.
845	- Sweaters of vegetable fibre	30.8	doz.
846	- Sweaters of silk	30.8	doz.
847	- Trousers, slacks & shorts	14.9	doz.
850	- Robes & dressing gowns	42.6	doz.
851	- Nightwear & pyjamas	43.5	doz.
852	- Underwear	11.3	doz.
858	- Neckwear	6.6	kg.
859	- Other apparel	12.5	kg.
MADE-UP & MISCELLANEOUS TEXTILES			
Cotton:			
360	- Pillow cases	0.9	Nos.
361	- Sheets	5.2	Nos.
362	- Bedspread & quilts	5.8	Nos.
363	- Terry & other pile towels	0.4	Nos.
369	- Other cotton manufactures, not specifically provided for (NSPF)	8.5	kg.
Wool:			
464	- Blankets	2.4	kg.
465	- Floor coverings	1.0	m ²
469	- Other wool manufactures (NSPF)	3.7	kg.

Category	Description	Conversion Factor	Unit
Man-made fibre:			
665	- Floor coverings	1.0	m ²
666	- Other furnishings	14.4	kg.
669	- Other 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	Flatgoods and handbags	3.7	kg.
899	Other silk blend and non-cotton vegetable fibre manufactures (NSPF)	11.1	kg.

ANNEX B

Category	Growth	1994 base level	1995 base level
GROUP I			
237	6.0	1,337,255 dz.	1,417,490 dz.
239	6.0	8,068,604 kg.	8,552,720 kg.
331/631	6.0	4,330,455 dpr.	4,590,282 dpr.
333/334	6.0	209,483 dz.	222,052 dz.
333	6.0	30,073 dz.	31,877 dz.
335	6.0	136,352 dz.	144,533 dz.
336	6.0	496,198 dz.	525,970 dz.
338/339	4.0	1,819,393 dz.	1,892,169 dz.
340/640	4.0	807,917 dz.	840,234 dz.
341/641	4.0	729,042 dz.	758,204 dz.
342/642	6.0	429,187 dz.	454,938 dz.
345	6.0	127,810 dz.	135,479 dz.
347/348	6.0	1,503,631 dz.	1,593,849 dz.
350	6.0	113,147 dz.	119,936 dz.
351/651	6.0	468,112 dz.	496,199 dz.
352/652	6.0	1,838,400 dz.	1,948,704 dz.
359-C/659-C	6.0	636,000 kg.	674,160 kg.
361	6.0	1,429,219 Nos.	1,514,972 Nos.
369-S	6.0	323,968 kg.	343,406 kg.
431	1.0	162,429 dpr.	164,053 dpr.
433	1.0	3,198 dz.	3,230 dz.
443	1.0	38,673 Nos.	39,060 Nos.
445/446	1.0	26,415 dz.	26,679 dz.
447	1.0	7,345 dz.	7,418 dz.
611	6.0	4,289,201 m ²	4,546,553 m ²
633	6.0	27,654 dz.	29,313 dz.
634	6.0	343,118 dz.	363,705 dz.
635	2.0	315,037 dz.	321,338 dz.
636	6.0	1,293,122 dz.	1,370,709 dz.
638/639	4.0	1,869,013 dz.	1,943,774 dz.
643	6.0	660,549 Nos.	700,182 Nos.
645/646	5.0	594,155 dz.	623,863 dz.
647/648	6.0	907,277 dz.	961,714 dz.
649	5.0	5,996,169 dz.	6,295,977 dz.
650	6.0	80,983 dz.	85,842 dz.
659-H	6.0	1,065,516 kg.	1,129,447 kg.
847	6.0	706,737 dz.	749,141 dz.

Category	Growth	1994 base level	1995 base level
GROUP II	9.0	115,685,943 sme.	126,097,678 sme.
604	6.0	1,515,244 kg.	1,606,159 kg.
Designated			
Consultation Levels:			
669-P		3,173,611 kg.	3,173,611 kg.
670-L		5,405,405 kg.	5,405,405 kg.

ANNEX C

PHILIPPINE ITEMS

Philippine Traditional Folklore Handicraft Textile Products

Philippine items are traditional Philippine products, cut, sewn or otherwise fabricated by hand in cottage units of the cottage industry. The following is the agreed upon list of such items:

- batik and hablon fabrics - hand woven fabrics of the cottage industry;
- banaue cloth - cotton handloom fabric in multi-colours;
- other hand woven and handloom fabrics of the cottage industry;
- articles and garments made by hand from hand woven and hand loomed fabrics.

No. 095.94

The Embassy of the Philippines presents its compliments to the Department of State and has the honour to refer to the Arrangement regarding International Trade in Textiles done in Geneva on 20 December 1973, as extended, (the Arrangement) and to the Agreement on Trade in Cotton, Wool, Man-Made Fibre Textiles and Textile Products as Silk-blend and Other Vegetable Fibre Apparel between the Government of the United States and the Government of the Republic of the Philippines dated 6 March 1992, as amended, (the Agreement).

The Embassy of the Philippines also refers to the discussions between representatives of the Government of the United States of America and the Government of the Republic of the Philippines in Washington, D.C. on 28-29 September 1993; 18 November 1993; and 25-26 January 1994, concerning exports to the United States of cotton, wool, man-made fibre, silk-blend and non-cotton vegetable fibre textiles and textile products manufactured in the Republic of the Philippines and to the Memorandum of Understanding signed by representatives of both Governments on 26 January 1994.

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 Republic of the Philippines confirms acceptance of the proposal of the Department of State regarding the amendment and extension of the Agreement between the Government of the United States of America and the Government of the Republic of the Philippines as enclosed with this note.

The Embassy of the Philippines avails itself of this opportunity to renew to the Department of State the assurances of its highest consideration.

19 March 1994