

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

COM.TEX/SB/1159*
13 June 1986

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement
between the United States and Guatemala

The Textiles Surveillance Body received a notification from the United States of a bilateral agreement concluded under Article 4 with Guatemala for the period 1 January 1985-31 December 1988.

The TSB, pursuant to its procedures for the review of bilateral agreements concluded under Article 4,¹ has examined the necessary documentation, and is forwarding the text of the notification to participating countries for their information.

¹ See COM.TEX/SB/35, Annex B

* English only/Anglais seulement/Inglés solamente

UNITED STATES AND GUATEMALA SIGN NEW
BILATERAL TEXTILE AGREEMENT ON COTTON TEXTILES

The United States and Guatemala exchange notes dated August 23, 1985 and October 25, 1985 to establish a new bilateral textile agreement relating to trade in cotton textile. The text of the note follows:

UNITED STATES NOTE

Guatemala
August 23, 1985

Your Excellency:

I have the honour to refer to the arrangement regarding international trade in textiles (hereinafter referred to as the Arrangement) with annexes, done at Geneva on December 20, 1973, as extended by the protocol on December 22, 1981.

I also refer to discussions between representatives of the Government of Guatemala and the Government of the United States of America in Washington, D.C. from April 2-3 1985, concerning exports of cotton textiles manufactured in Guatemala and exported to the United States. As a result of these discussions, I propose on behalf of the Government of the United States, under Articles 4 and 6 and in conformity with the Arrangement, the following Agreement relating to trade in certain cotton textiles between the Government of Guatemala and the Government of the United States.

Agreement Term

1. The term of this agreement will be the period from January 1, 1985 through December 31, 1988. Each "agreement period" shall be a twelve-month period from January 1 of a given year to December 31 of the same year.

Coverage of Agreement

2. Textiles covered by this Agreement are those summarized in Annex A. Under this Agreement, textiles are classified as cotton if wholly or of chief value cotton. Products covered by this Agreement, but not in chief value cotton, wool, or man-made fibre, shall be classified as cotton textiles if containing 50 per cent of more by weight of cotton, or if the cotton with wool and/or man-made fibre in the aggregate equals or exceeds 50 per cent by weight of each of the total wool and/or man-made fibre components.

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

(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.

4. Commencing with the first agreement period and during the subsequent term of this Agreement, the Government of Guatemala shall limit exports to the United States of cotton textiles to the specific limits set out in Annex B, as such specific limits may be adjusted in accordance with paragraph 5.

Flexibility Adjustments

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

(B) (I) 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 yardage or 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.

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

(C) For the purposes of the Agreement, a shortfall occurs when exports of textiles from Guatemala to the United States during any agreement year are below any specific 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 limit as decreased.

(D) The Government of Guatemala will notify the Government of the United States through official channels when it wishes to use unused yardage (shortfall) available in categories for carryover or when it wishes to use carry forward, subject to the provision set out above. However, the Government of the United States may apply adjustments under this paragraph to any specific 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 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.

Overshipment Charges

6. (A) Products of Guatemala shipped 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 application limit in the succeeding agreement period. The Government of the United States shall inform the Government of Guatemala of any such charges.

(B) Products of Guatemala 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.

(C) Any action taken pursuant to Sub-paragraphs 6(A) and 6(B) above will not prejudice the rights of either side regarding consultations.

Spacing Provision

7. The Government of Guatemala shall space exports to the United States within each category evenly throughout each agreement period, taking into consideration normal seasonal factors.

United States Assistance in Implementation of the Limitation Provision

8. The Government of Guatemala shall administer its export control system under this Agreement. The Government of the United States may assist the Government of Guatemala in implementing the limitation provisions of this Agreement by controlling imports of textiles listed in Annex A of this Agreement. The date of export determines the year to which exports of Annex A textiles are charged.

Exchange of Information

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

10. (A) The Government of the United States shall promptly supply the Government of Guatemala with data on monthly imports of the cotton textiles listed in Annex A into the United States from Guatemala.

(B) The Government of Guatemala shall promptly supply the Government of the United States with data on monthly exports of cotton textiles listed in Annex A from Guatemala to the United States.

(C) Each Government agrees to promptly supply needed statistical data requested by the other Government, provided the data is available.

Mutually Satisfactory Administrative Arrangement

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.

Consultation on Implementation Questions

12. The Government of the United States and the Government of Guatemala 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 Guatemala may at any time propose revisions to 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-a-vis a Third Country

14. If the Government of Guatemala considers that as a result of limitations specified in this Agreement it is being placed in an inequitable position relative to a third country, the Government of Guatemala 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.

Article 3 Procedure

15. 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 textiles covered by this Agreement. The Government of the United States and the Government of Guatemala reserve their rights under the arrangement with respect to textiles and textile products not subject to this Agreement.

Provision for Textile Agreements Harmonized Commodity Code

16. (A) Both parties recognize that adoption of the harmonized commodity code (HCC) may result in some changes in the U.S. categorization of textile products covered under this Agreement. If such changes are made during the term of this Agreement, the Government of the United States and the Government of Guatemala will consult with a view toward reaching a satisfactory resolution of issues concerning categories covered by this Agreement. The Government of Guatemala recognizes that should there be no resolution in such consultations, the Government of the United States reserves its right to make such adjustments to Annexes A and B as necessary to bring them into conformity with the new category system and with the harmonized commodity code. The intent of this conversion on the part of the United States is solely to align the system and limits with the HCC, it is not intended to diminish or alter overall trade in textiles with Guatemala.

(B) Consultations under this provision shall be conducted no later than 90 days before final adoption of the harmonized commodity code by the Government of the United States.

Agreement Circumvention

17. Both Governments agree to cooperate to avoid circumvention of this Agreement.

Right to Terminate the Agreement

18. 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 ninety days prior to the end of such agreement period.

If the foregoing conforms with the understanding of the Government of Guatemala, this note and your Excellency's note of confirmation on behalf of the Government of Guatemala shall constitute an Agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

ANNEX A

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u>	<u>Unit of Measure</u>
310	Ginghams	1.0	SYD
318	Yarn Dyed Fabric	1.0	SYD

ANNEX B

<u>Category</u>	<u>Description</u>	<u>Unit of Measure</u>	<u>Period of Exportation</u>	<u>Limit</u>
310/318	All Yarn Dyed Fabric	SYD	1.1-12.31.85	5,050,000
			1.1-12.31.86	5,353,000
310/318	All Yarn Dyed Fabric	SYD	1.1-12.31.87	5,674,180
			1.1-12.31.88	6,014,631

GUATEMALA NOTE

Guatemala, October 25, 1985

Mr. Ambassador:

I have the honor to refer to Your Excellency's note dated June 14, 1985, which reads as follows:

[The Spanish translation of Ambassador Piedra's note of August 23, 1985 agrees in all substantive respects with the original English text.]

In response, I am pleased to inform Your Excellency that the Government of Guatemala accepts all the terms of the proposal contained in the transcribed note. Therefore, your note and this reply shall constitute a formal agreement between our two governments on this matter, which shall enter into force on this date.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Fernando Andrade Diaz-Duran
Minister of Foreign Relations

H.E. Alberto M. Piedra
Ambassador Extraordinary and
Plenipotentiary of the
United States of America,
Guatemala City