ARTICLE XXVIII:1 NEGOTIATIONS

Schedule XX - United States

The following communication, dated 28 September 1978, has been received from the United States Permanent Mission.

In accordance with the provisions of Article XXVIII:1, its ad article in Annex I and document L/4651, the United States wishes to enter into negotiations to modify Schedule XX through the incorporation of the substance of legislation which has been applied since 1968.

Effective 24 December 1968, United States Public Law 90-638 amended the headnotes to schedule 3 of the Tariff Schedules of the United States (TSUS) by adding the following headnote 7:

"With respect to fabrics provided for in part 3 (other than fabrics valued over $2 per pound provided for in item 337.50) and in part 4 of this schedule, provisions for fabrics in chief value of wool shall also apply to fabrics in chief weight of wool (whether or not in chief value of wool). For the purposes of the preceding sentence, a fabric is in chief weight of wool if the weight of the wool component is greater than the weight of each other textile component (i.e., cotton, vegetable fibers except cotton, silk, man-made fiber, or other textile materials) of the fabric."

Part 3 of the Tariff Schedules of the United States (corresponding to Chapter 3 of Part I of the 1977 draft consolidated Schedule XX) covers woven fabrics, and part 4 (corresponding to Chapter 4 of Schedule XX) covers fabrics of special construction or for special purposes, articles of wadding or felt, fish nets, and machine clothing. The item partially excepted (item 337.50 in both the Tariff Schedules and in Schedule XX) covers woven fabrics in chief value, but not wholly, of silk containing over 17 per cent of wool by weight, which are not jacquard-figured.

The same legislation added to the 32 per cent ad valorem duty in items 355.70, 356.30 and 359.30 a specific rate of 37.5 cents per pound. Item 355.70 covers woven or knit fabrics (except pile or tufted fabrics) of wool coated or filled with rubber or plastic material, or laminated with sheet rubber or plastics. Item 356.30 covers such fabrics of wool coated or filled with material not specially provided for; but it does not cover oilcloths, tracing cloth, or window hollands in chief value of cotton. Item 359.30 covers wool fabrics, including laminated fabrics, which are not specially provided for elsewhere in the TSUS.
In 1967 some trade in the following TSUS items would have been affected by the addition of headnote seven:

332.40 - Woven fabrics, in chief value, but not wholly, of cotton: other

337.50 - Woven fabrics of silk, in chief value, but not wholly of silk: containing over 17 percent of wool by weight: not jacquard-figured: valued not over $2 per pound

355.65 - Woven or knit fabrics (except pile or tufted fabrics), of textile materials, coated or filled with rubber or plastics material, or laminated with sheet rubber or plastics: of vegetable fibers

359.20 - Textile fabrics, including laminated fabrics, not specially provided for: of vegetable fibers, except cotton

359.60 - Textile fabrics, including laminated fabrics, not specially provided for: other

The annex to this document shows trade in these items and items 337.50 and 359.30 which would have been affected in 1967, the only year for which the calculation could be made. Also shown are the contracting parties, if any, with which each concession was initially negotiated prior to the Kennedy Round and the TSUS items under which the affected trade would have been reclassified with the corresponding rates. In 1967 no imports entered under item 356.30, but the concession granted on this item is shown in the Annex.

Compensation for these modifications will be found in the final U.S. multilateral trade negotiations (MTN) offers. The United States envisions that agreement between the contracting parties principally concerned and satisfaction of any contracting parties with a substantial interest will be achieved as part of the MTN rather than in separate Article XXVIII negotiations.

The United States has made MTN offers on items affected by these proposed modifications on the assumption that the Article XXVIII negotiations would be successfully concluded. Thus, for example, the MTN formula reductions offered on items 355.70, 356.30 and 359.30 were calculated from a base including the proposed specific element of 37.5 cents per pound. If confirmed in the final MTN agreement, these offers would supersede the modifications proposed in this document.
Item 332.40

Concessions: Kennedy Round - 15 percent, Japan - 20 percent

1967 imports: All potentially affected imports came from Italy, which supplied 962,019 sq. yards (513,172 lbs.) worth $595,000.

New classification: $565,000 of potentially affected 1967 imports would have been reclassified under item 336.50 (dutiable at 37.5 cents per lb. plus 60 percent) while the remainder would have been reclassified under item 336.55 (dutiable at $1.135 per pound).

Item 337.50

Concessions: Kennedy Round - 17.5 percent, EEC(6) - 35 percent, Japan - 35 percent, Switzerland - 50 percent.

1967 imports: All potentially affected imports came from Italy, which supplied 3,291,548 square yards (1,909,187 lbs.) worth $1,500,000.

New classification: All potentially affected 1967 trade would have been reclassified under item 336.50 (dutiable at 37.5 cents per lb. plus 60 percent).

Item 355.65

Concessions: Kennedy Round - 8.5 percent, EEC(6) - 11 percent,
UK - 11 percent, Japan - 11 percent

1967 imports: All potentially affected imports came from Italy, which supplied 489,113 sq. yards worth $552,000.

New classification: All potentially affected 1967 trade would have been reclassified under item 355.70 (dutiable at 32 percent plus 37.5 cents per lb. under Public Law 90-638).

**Item 355.70**

Concessions: UK - 32 percent

1967 imports: Imports from Canada worth $30,000 (19,553 sq. yds.) constituted the entire trade.

**Item 356.30**

Concessions: UK - 32 percent

**Item 359.20**

Concessions: Kennedy Round - 6.5 percent, EEC(6) - 13.5 percent, UK - 13.5 percent, Japan - 13.5 percent
1967 imports: All potentially affected imports came from Italy, which supplied 1,547,909 lbs. worth $1,544,000.

New classification: All potentially affected 1967 trade would have been reclassified under item 359.30 (dutiable at 37.5 cents per lb. plus 32 percent under Public Law 90-638).

359.30

Concessions: UK - 32 percent

1967 imports: Virtually all imports were supplied by Italy, which shipped 67,505 lbs. worth $100,000.

359.60

Concessions: Kennedy Round - 8.5 percent, Canada - 25 cents per pound plus 20 percent, EEC(6) - 17.5 percent, Japan - 17.5 percent, UK - 17.5 percent.

1967 imports: All potentially affected imports came from Italy, which supplied 446,179 lbs. worth $556,000.

New classification: All potentially affected 1967 trade would have been reclassified under item 359.30 (dutiable at 37.5 cents per pound plus 32 percent under Public Law 90-638).